

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- Oct 29: Personal income & spending (Sep)
- Oct 30: CB consumer confidence (Oct)
- Oct 31:
 - ADP employment (Oct)
- Nov 01:
 - Initial jobless claim (27/10)
 - PMI manufacturing (Oct, final)
 - Construction spending (Sep)
 - ISM manufacturing (Oct)
- Nov 02:
 - Trade balance (Sep)
 - Non farm payrolls (Oct)
 - Factory orders (Sep)
 - Durable goods orders (Sep)

EUROZONE

- Oct 30:
 - GDP (Q3, prel)
 - Consumer confidence (Oct, final)
 - Unemployment rate (Sep)
- Oct 31: CPI (Oct, prel)
- Nov 02: PMI manufacturing (Oct, final)

GREECE

- Oct 31: Turnover Index in Retail Trade (Aug)
- Nov 1: PMI manufacturing (Oct)

SEE

BULGARIA

- Oct 30: PPI (Sep)
- Oct 31:
 - Budget balance (Sep)
 - KPR

CYPRUS

- Nov 01: CPI (Oct)

ROMANIA

- Oct 31: Unemployment rate (Sep)
- Nov 01: International reserves (Oct)
- Nov 02: PPI (Sep)

SERBIA

- Oct 31:
 - Industrial output (Sep)
 - GDP (Q3, Prel)
 - Trade balance (Sep)
 - Retail sales (Sep)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: In FX markets, the GBP gained across the board supported by UK press reports suggesting that UK Prime Minister Theresa May has reached a tentative agreement with EU27 that would give UK financial services firms continued access to European markets after Brexit. Meanwhile, the EUR/USD was firmer on the day, albeit still within recent ranges, in the wake of yesterday's flash Eurozone inflation report which supported the view that the ECB could end its asset purchases programme in end-December, as planned, and deliver a rate hike in late Q3/early Q4 next year. Today, focus will be on the UK with the BoE expected to announce the outcome of the latest MPC meeting and publish its updated Inflation Report.

GREECE: According to the World Bank Doing Business 2019 report, Greece scores 72nd among 190 countries with the OECD figure at 18. Its ease of doing business score stands at 68.08 (DB 2019 score) from 68.20 (DB 2018 score) with the regional average (OECD high income) at 77.8. On the privatisations front, the government has submitted an amendment to Law 4062/2012, which, according to the preamble, will facilitate the smooth execution of construction works at Hellinikon.

SOUTH EASTERN EUROPE

CESEE MACRO DEVELOPMENTS: According to the Doing Business report published yesterday by the World Bank, individual doing business country rankings in the CESEE region extend widely from the 10th to the 72nd place.

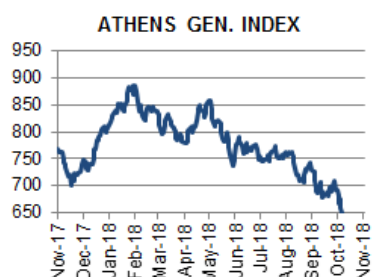
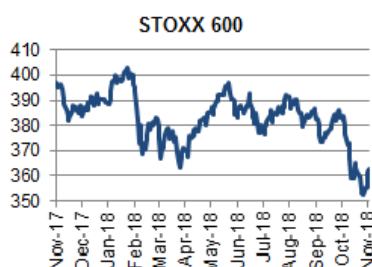
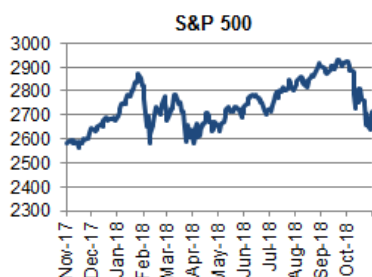
SERBIA: GDP expanded by 3.7% YoY in Q3-2018 following 4.8% YoY and 4.6% YoY in Q2-2018 and Q1-2018 respectively.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

The majority of European bourses opened modestly higher today, taking their lead from Wall Street's positive performance overnight favored by positive US company earnings results while bargain hunting following recent hefty losses on the back of market concerns over a slower global growth momentum and ongoing US/China trade dispute, also helped. Turning to FX markets, the GBP gained across the board supported by UK press reports suggesting that UK Prime Minister Theresa May has reached a tentative agreement with EU27 that would give UK financial services firms continued access to European markets after Brexit. As per the same sources, in a letter to the Commons Brexit committee that was published yesterday, UK Brexit Secretary Dominic Raab said that the government expects to have the said deal completed within three weeks and expressed optimism that, although the Northern Irish backstop is still a matter of "concern", the two sides are not far from a deal on the issue. The GBP/USD gained 1.1% on the day hitting a multi-session peak of 1.2909 earlier today while the EUR/GBP was standing slightly above 0.8800 at the time of writing, 0.6% weaker compared to Wednesday's settlement as Italian budget worries continued to exert a negative impact. Meanwhile, the EUR/USD was firmer on the day, albeit still within recent ranges, in the wake of yesterday's flash Eurozone inflation report, which supported the view that the ECB could end its asset purchases programme in end-December, as planned, and deliver a rate hike in late Q3/early Q4 next year. Headline inflation rose to 2.2%YoY in October from 2.1%YoY in the prior month while core inflation increased to 1.1% vs. 0.9%YoY in September, as expected, mainly driven by higher core services inflation. Today, focus will be on the UK with the BoE expected to announce the outcome of the latest MPC meeting and publish its updated Inflation Report. Expectations are for a unanimous vote in favor of stable interest rates with the BoE waiting for more clarity from Brexit negotiations before resuming its rate tightening cycle.

ppetropoulou@eurobank.gr

GREECE

According to the World Bank Doing Business 2019 report, Greece scores 72nd among 190 countries with the OECD figure at 18. Its ease of doing business score (i.e. the gap from the best regulatory performance with 100 representing the best performance) stands at 68.08 (DB 2019 score) from 68.20 (DB 2018 score) with the regional average (OECD high income) at 77.8. As regards Greece's score in individual topics, it has ameliorated by 1.14 ppts in 'dealing with construction permits' but has retreated in the following topics: 'registering property' -2.08 ppts, 'paying taxes' -0.08 ppts and 'resolving insolvency' -0.20 ppts. Overall, Greece ranks higher in 'trading across borders' (31st), 'dealing with construction permits' (39th) and 'starting a business' (44th) and lower in 'registering property' (153rd), 'enforcing contracts' (132nd) and 'getting credit' (99th). On the privatisations front, the government has submitted an amendment to Law 4062/2012, which, according to the preamble, will facilitate the smooth execution of construction works at Hellinikon.

andimitriadou@eurobank.gr

Thursday 01 November 2018

BULGARIA: Indicators	2016	2017e	2018f
Real GDP growth %	3.9	3.8	3.8
CPI (pa, yoy %)	-0.8	2.1	2.4
Budget Balance/GDP*	1.6	0.8	-1.0
Current Account/GDP	5.4	5.0	4.5
EUR/BGN (eop)	1.9558		
	2016	current	2017
Policy Rate (eop)	N/A	N/A	N/A

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

CYPRUS: Indicators	2016	2017e	2018f
Real GDP growth %	3.0	3.8	3.6
HICP (pa, yoy %)	-1.2	0.7	1.0
Budget Balance/GDP*	0.4	0.2	0.4
Current Account/GDP	-5.7	-5.4	-6.2

* ESA 2010

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

ROMANIA: Indicator:	2016	2017e	2018f
Real GDP growth %	4.8	7.0	4.0
CPI (pa, yoy %)	-1.6	1.3	3.5
Budget Balance/GDP *	-2.4	-3.0	-4.4
Current Account/GDP	-2.2	-3.5	-4.0
EUR/RON (eop)	4.54	4.67	4.70
	2017	current	2018
Policy Rate (eop)	1.75	2.50	3.00

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	Ba3	BB	BB
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BBB-	BBB
CYPRUS	Ba2	BBB-	BB+

Latest economic & market developments in the CESEE region

CESEE MARKET DEVELOPMENTS

According to the Doing Business report published yesterday by the World Bank, doing business rankings in the CESEE region extend widely from the 10th to the 72nd place, while almost all regional economies except Poland succeeded to increase their score.

Serbia, standing almost in the median of the countries under our microscope, ranks 48th among 190 countries on the ease of doing business compared to the 43rd place it held last year. Even though its total score rose by 0.36pts to 73.49, mainly due to procedural improvement regarding the construction permits, with most of sub-scores remaining relatively stable, it slid 5 places due to the fact that other countries improved their business regulatory environment faster. Moving downwards, Croatia and Bulgaria scored 58th (vs 51st in 2018) and 59th (vs 50th in 2018) respectively.

Concluding, we point out FYROM's 10th place (vs 11th in 2018), Albania's 63rd (65th vs in 2018), Turkey's 43rd (60th vs in 2018) and Cyprus's 57th (vs 53rd in 2018).

SERBIA

According to the official data published yesterday, GDP growth in Serbia expanded by 3.7% YoY in Q3-2018 following 4.8% YoY and 4.6% growth in Q2-2018 and Q1-2018 respectively. The slowdown is probably attributed to subdued external demand – as other indicators suggest that domestic demand has remained solid – remaining though to be verified by detailed data on national accounts expected on November 30.

mkasola@eurobank.gr

Thursday 01 November 2018

GLOBAL MARKETS

Stock markets				FOREX			Government Bonds			Commodities					
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD	(yields)	Last	ΔDbps	ΔYTD bps	Last	ΔD	ΔYTD	
S&P 500	2711.74	1.1%	1.4%	EUR/USD	1.1379	0.6%	-5.2%	UST - 10yr	3.16	2	76	GOLD	1226	0.9%	-5.9%
Nikkei 225	21687.65	-1.1%	-4.7%	GBP/USD	1.2909	1.1%	-4.5%	Bund-10yr	0.41	3	-2	BRENT CRUDE	75	-0.7%	11.4%
STOXX 600	362.80	0.3%	-6.8%	USD/JPY	112.88	0.1%	-0.2%	JGB - 10yr	0.12	0	8	LMEX	2857	-0.9%	-16.4%

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.38	0	-14
1-week	2.48	1	-13
1-month	2.65	0	-20
3-month	2.97	-1	-15
6-month	3.14	0	-10

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.17	-2	-111
5Y RSD	3.65	0	-65
7Y RSD	4.15	0	-102

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	4.08	-1	108

CDS

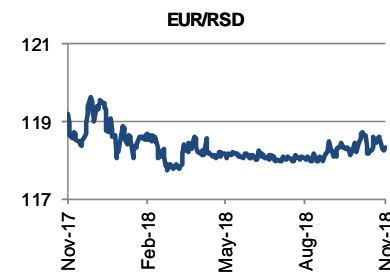
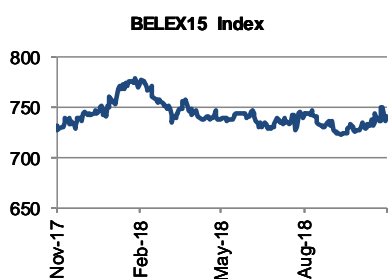
	Last	ΔDbps	ΔYTD bps
5-year	112	1	-5
10-year	153	-6	-9

STOCKS

	Last	ΔD	ΔYTD
BELEX15	740.2	0.00%	-2.57%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.31	0.03%	0.51%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.77	0	168
1-month	3.26	0	139
3-month	3.31	0	126
6-month	3.51	0	124
12-month	3.64	0	132

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	4.45	0	107
5Y RON	4.64	0	86
10Y RON	5.09	0	77

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.53	#N/A	N/A
USD Jan-24	4.41	0	141

CDS

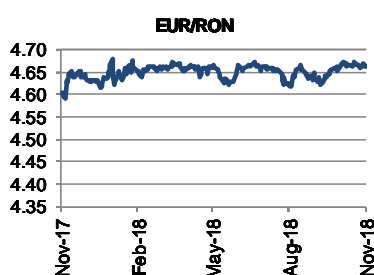
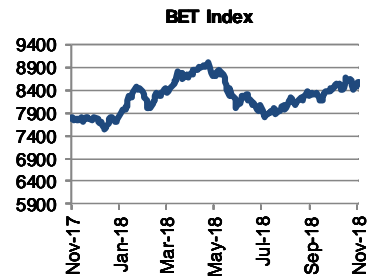
	Last	ΔDbps	ΔYTD bps
5-year	101	0	11
10-year	144	0	10

STOCKS

	Last	ΔD	ΔYTD
BET	8561.0	0.49%	10.41%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6635	0.01%	0.03%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.30	0	-5
3-month	-0.23	0	-5
6-month	-0.12	0	-7
12-month	0.22	1	-10

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.04	0	2
5Y BGN	0.11	0	-4
10Y BGN	0.79	0	-18

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.08	0	0
EUR Sep-24	0.43	0	-15

CDS

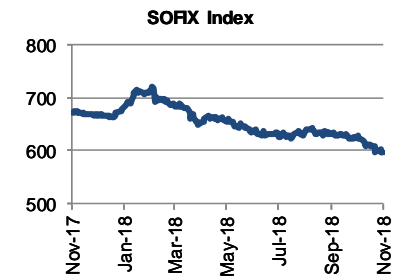
	Last	ΔDbps	ΔYTD bps
5-year	81	0	-16
10-year	123	0	-18

STOCKS

	Last	ΔD	ΔYTD
SOFIX	596.2	-0.11%	-12.00%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7189	0.60%	-5.21%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research

Data updated as of 10:35 EEST

Thursday 01 November 2018

Contributors

Paraskevi Petropoulou
Senior Economist, Eurobank
Ergasias
+30 210 3718991
ppetropoulou@eurobank.gr

Ioannis Gkionis
Senior Economist, Eurobank
Ergasias
+30 210 3337305
igkionis@eurobank.gr

Anna Dimitriadou
Economic Analyst, Eurobank
Ergasias
+30 210 3718793
andimitriadou@eurobank.gr

Olga Kosma
(Special Contributor)
Research Economist, Eurobank
Ergasias
+30 210 3371227
okosma@eurobank.gr

Stelios Gogos
(Special Contributor)
Economic Analyst, Eurobank
Ergasias
+30 210 3371226
sgogos@eurobank.gr

Theodoros Stamatou
(Special Contributor)
Senior Economist, Eurobank
Ergasias
+30 210 3371228
tstamatou@eurobank.gr

Maria Kasola
(Special Contributor)
Economic Analyst, Eurobank
Ergasias
+30 210 3371224
mkasola@eurobank.gr

Eurobank Economic Analysis and Financial Markets Research

Dr. Tasos Anastasatos: Group Chief Economist
tanastasatos@eurobank.gr, +30 210 33 71 178

Research Team

Anna Dimitriadou: Economic Analyst
andimitriadou@eurobank.gr, +30 210 3718 793

Marisa Yiannissi: Administrator
magiannisi@eurobank.gr, +210 3371242

Ioannis Gkionis: Senior Economist
igkionis@eurobank.gr, +30 210 33 71 225

Dr. Stylianos Gogos: Economic Analyst
sgogos@eurobank.gr, +30 210 33 71 226

Maria Kasola: Economic Analyst
mkasola@eurobank.gr, +30 210 3371224

Olga Kosma: Research Economist
okosma@eurobank.gr, +30 210 33 71 227

Paraskevi Petropoulou: Senior Economist
ppetropoulou@eurobank.gr, +30 210 37 18 991

Dr. Theodoros Stamatou: Senior Economist
tstamatou@eurobank.gr, +30 210 3371228

Elia Tsiampaou: Economic Analyst
etsiampaou@eurobank.gr, +30 210 3371207

Eurobank Ergasias S.A, 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: Research@eurobank.gr

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