

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Jan 29: Personal income & spending (Dec)
- Jan 30: CB consumer conf (Jan)
- Jan 31
 - ADP payrolls (Jan)
 - Employment Cost Index (Q4)
 - Chicago PMI (Jan)
 - Pending home sales (Jan)
 - FOMC rate decision
- Feb 1
 - Jobless claims (weekly)
 - ISM manufacturing (Jan)
- Feb 2
 - Non-farm payrolls (Jan)
 - Factory orders (Dec)
 - UM consumer conf. (Feb)

EUROZONE

- Jan 30
 - GDP (Q4 17)
 - Economic sentiment (Jan)
- Jan 31
 - CPI (Jan)
 - Unemployment rate (Dec)
- Feb 1: PMI manuf. (Jan, final)

GREECE

- Jan 30: PPI (Dec)
- Jan 31: Retail Sales (Nov)
- Feb 1: PMI Manuf. (Jan)

CYPRUS

- Feb 4: Presidential Elections (2nd round)

SEE

BULGARIA

- Jan 29: Gross External Debt
- Jan 30: PPI Index (Dec)
- Jan 31
 - Budget Balance (Dec)
 - Base Interest Rate (Feb)

ROMANIA

- Jan 3:
 - Unemployment (Dec)
 - Int. Reserves (€ bn, Jan)
- Feb 2: PPI Index (Dec)

SERBIA

- Jan 31:
 - Industrial Production (Dec)
 - GDP (NSA YoY%, Q4)
- Trade Balance (Dec)
- Retail Sales (Dec)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The majority of US data continue to surprise positively, supporting the prevailing view for further acceleration in US GDP growth this year and higher FOMC interest rates in the coming months. US Treasury yields moved higher with the 10-yr yield breaking above 2.80% at some point earlier today for the first time in nearly four years. Nevertheless, the USD remained under pressure as US structural and political woes continue to weigh. Focus today is on US non-farm payrolls for January which are expected to show another solid increase of 180k, higher than 148k in the prior month and last year's monthly average of 171k. The unemployment rate is seen standing at a 17-year low of 4.1% for the fourth month in a row.

GREECE: According to the Hellenic Statistical Authority (ELSTAT), the overall volume index in retail trade in November 2017 decreased by 2.9% compared to the corresponding index of November 2016. The seasonally adjusted overall volume index in November 2017 compared with the corresponding index of October 2017 decreased by 1.1%.

SOUTH EASTERN EUROPE

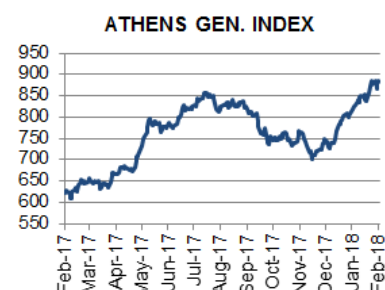
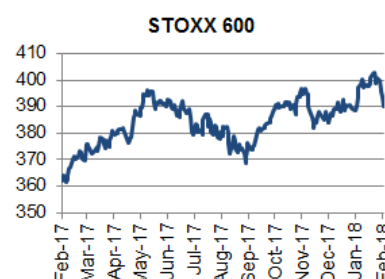
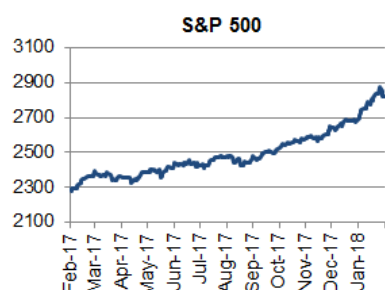
CESEE MARKETS: In the external debt markets, Romania tapped yesterday international markets, issuing a total of €2bn in a dual-tranche Eurobond.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

The majority of US data continue to surprise positively, supporting the prevailing view for further acceleration in US GDP growth this year and higher FOMC interest rates in the coming months. According to official data released yesterday, weekly jobless claims for the week ended January 27 unexpectedly declined by 1,000 to 230,000 while the ISM manufacturing index fell less than expected in January coming in at 59.1 from 59.7 in December, remaining well above the boom-or-bust level of 50.0. Coming on the heels of the more hawkish than expected FOMC January monetary policy statement, yesterday's firmer than expected US data pushed US Treasury yields higher with the 10-yr yield breaking above 2.80% at some point earlier today for the first time in nearly four years. Adding to evidence that a synchronous recovery in global economy is under way, the euro area's PMI manufacturing index edged down to 59.6 in January, albeit still close to December's 60.6 record high. The 10-yr Bund yield hit a fresh multi-year peak slightly above 0.75% earlier today with the 2/10-yr yield spread widening further to c. 128bps, the highest since mid-March 2017. Taking their cue from Wall Street's lackluster performance overnight, major European bourses were standing in the red in early trade on Friday on the view that higher interest rates raise borrowing costs, hurting corporate earnings. In FX markets, the USD remained under pressure failing to gain support from higher US Treasury yields. US structural and political woes continue to have an impact on market sentiment towards the USD along with the market's perception of monetary tightening in other parts of the world outside the US. The DXY index was hovering around 88.760 at the time of writing, poised for 0.3% losses on a weekly basis and 3.7% so far this year. Focus today is on US non-farm payrolls for January which are expected to show another solid increase of 180k, higher than 148k in the prior month and last year's monthly average of 171k. The unemployment rate is seen standing at a 17-year low of 4.1% for the fourth month in a row.

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GREECE

According to the Hellenic Statistical Authority (ELSTAT), the overall volume index in retail trade in November 2017 decreased by 2.9% compared to the corresponding index of November 2016. The decrease was mainly due to changes in the following store categories: supermarkets (-7.2%YoY), automotive fuel (-3.7%YoY) and pharmaceutical products/cosmetics (-0.2%YoY). On the other hand an increase was recorded in the following categories: books, stationary, other goods (+1.4%YoY) and furniture, electrical equipment, household equipment (+11.6%). The seasonally adjusted overall volume index in November 2017 compared with the corresponding index of October 2017 decreased by 1.1%.

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February 2, 2018

BULGARIA: Indicators	2016	2017e	2018f
Real GDP growth %	3.4	3.8	3.5
CPI (pa, yoy %)	-0.8	1.6	1.5
Budget Balance/GDP*	1.6	0.0	-1.0
Current Account/GDP	5.4	4.0	3.0
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 %	2.8	3.5	3.1
HICP (pa, yoy %)	-1.2	1.0	1.5
Budget Balance/GDP*	0.4	0.2	0.4
Current Account/GDP	-5.7	-5.9	-6.3

* ESA 2010

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

ROMANIA: Indicator:	2016	2017e	2018f
Real GDP growth %	4.8	5.5	4.0
CPI (pa, yoy %)	-1.6	1.4	3.1
Budget Balance/GDP *	-2.4	-3.7	-3.8
Current Account/GDP	-2.2	-3.0	-2.8
EUR/RON (eop)	4.54	4.67	4.62
	2017	current	2018
Policy Rate (eop)	1.75	2.00	2.50

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

SERBIA: Indicators	2016	2017e	2018f
Real GDP growth %	2.8	2.0	3.0
CPI (pa, yoy %)	1.1	3.0	3.0
Budget Balance/GDP	-1.2	0.5	-0.6
Current Account/GDP	-4.0	-4.0	-3.9
EUR/RSD (eop)	123.40	118.2	116.5
	2017	current	2018
Policy Rate (eop)	3.50	3.50	4.00

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

Latest economic & market developments in the CESEE region

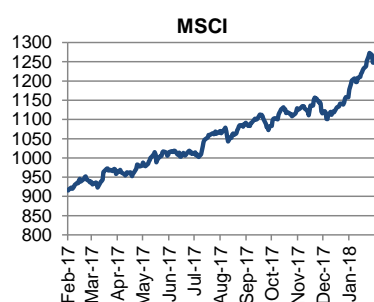
CESEE MARKETS

In the external debt markets, Romania tapped yesterday international markets, issuing a total of €2bn in a dual-tranche Eurobond. In more detail, the government raised EUR750m in 12yr at MS+133bps and EUR1.25bn in 20yr at MS+190bps. The auction lured strong investor demand with orderbooks for both papers exceeding €5.3bn and resulting to a tightening from initial price guidance of 150bps over mid-swaps for the 12-year paper and +210bps for the 20-year. The former paper matures on February 8, 2030 and bears a coupon of 2.5%, while the latter expires on February 8, 2038 and has a 3.375% coupon. The finance ministry plans to issue a total of €4.5-5.0bn in international markets this year.

Romania's government also raised yesterday RON 247.1mn (~€53.13mn) in paper maturing on October 27 2021 and bearing a coupon of 4.0%. The tender's bid to cover ratio came in at 1.31, while the average price and yield at 100.7958 and 3.76%, respectively. The latter stands higher than that achieved at a prior auction of the same paper held in January this year, when the average yield was 13bps lower. Yields have increased this year, especially after a Central Bank rate hike in early January, the first in a decade.

Elsewhere, Serbia's finance ministry sold on Thursday €26mn of 2-year EUR-denominated paper. Investors offered to buy 1.08 times the amount of the bond sold. The average accepted yield came in at 0.96% and the average price at 100.79. The security matures on February 5, 2020 and bears an annual coupon of 1.0%.

In other news, Bulgaria's finance ministry announced yesterday the finalized data for the budget execution for the whole of last year. In more detail, the general government recorded a BGN845mn surplus, which corresponds to 0.8% of GDP. The latter compares with an initial target for a deficit of 1.4%. Recall that, the budget target for this year envisions a deficit of 1% of GDP.

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Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	Ba3	BB	BB
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BBB-	BBB
CYPRUS	B1	BB+	BB-

February 2, 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	2821.98	-0.1%	5.5%	EUR/USD	1.2488	-0.2%	4.0%	UST - 10yr	2.80	1	39	GOLD	1345	-0.2%	3.2%
Nikkei 225	23274.53	-0.9%	2.2%	GBP/USD	1.4215	-0.3%	5.1%	Bund-10yr	0.75	3	32	BRENT CRUDE	70	-0.1%	4.1%
STOXX 600	389.87	-0.9%	0.2%	USD/JPY	109.87	-0.4%	2.6%	JGB - 10yr	0.09	-1	4	LMEX	3443	0.3%	0.7%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.51	0	-1
1-week	2.64	0	3
1-month	2.82	0	-3
3-month	3.11	0	-1
6-month	3.23	0	-1

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.99	0	-29
5Y RSD	4.24	0	-6
7Y RSD	4.79	0	-39

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.20	2	21
USD Nov-24	6.12	-28	9

CDS

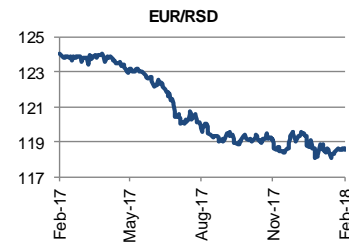
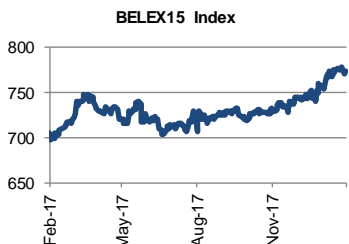
	Last	ΔDbps	ΔYTD bps
5-year	97	-1	-21
10-year	145	-3	-17

STOCKS

	Last	ΔD	ΔYTD
BELEX15	778.4	0.55%	2.44%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.59	0.94%	0.27%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.14	-1	5
1-month	1.5	-1	-37
3-month	1.97	0	-8
6-month	2.25	0	-2
12-month	2.35	0	3

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.42	0	4
5Y RON	3.88	0	10
10Y RON	4.47	0	16

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.53	#N/A	N/A
USD Jan-24	3.35	3	35

CDS

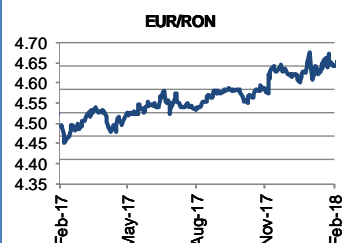
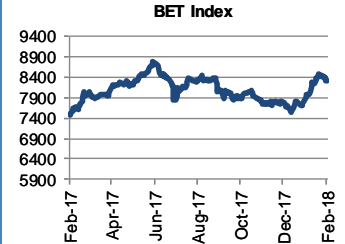
	Last	ΔDbps	ΔYTD bps
5-year	85	0	-5
10-year	131	0	-2

STOCKS

	Last	ΔD	ΔYTD
BET	8296.2	-0.27%	7.00%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6513	0.02%	0.29%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.28	1	-2
3-month	-0.19	0	-1
6-month	-0.06	0	-1
12-month	0.32	0	-1

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.06	2	1
5Y BGN	0.22	1	7
10Y BGN	1.06	0	9

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.15	0	22
EUR Sep-24	0.75	0	17

CDS

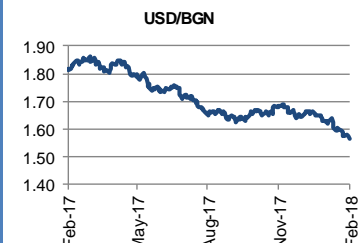
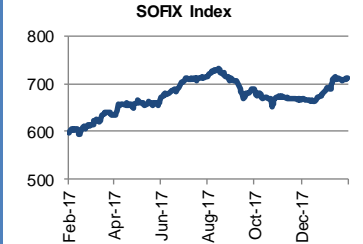
	Last	ΔDbps	ΔYTD bps
5-year	62	0	-35
10-year	108	0	-34

STOCKS

	Last	ΔD	ΔYTD
SOFIX	716.0	0.58%	5.68%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.5662	-0.16%	4.04%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 12:10 EST

February 2, 2018

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