

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Apr 3
 - ISM manufacturing (Mar)
 - Construction spending (Mar)
- Apr 3: Vehicle sales (Mar)
- Apr 4
 - ADP employment change (Mar)
 - ISM non-manuf (Mar)
 - Durable goods orders (Feb)
 - Fed's Bullard speaks
 - FOMC minutes (Mar 20-21)
- Apr 5
 - Jobless claims (weekly)
 - Trade balance (Feb)
- Apr 6
 - Non-farm payrolls (Mar)
 - Fed's Chair Powell speaks

EUROZONE

- Apr 3
 - PMI Manuf (Mar, final)
 - German retail sales (Feb)
- Apr 4
 - Unemployment rate (Feb)
 - CPI (Mar, p)
- Apr 5
 - Services PMI (Mar, final)
 - Retail sales (Feb)
- Apr 6: DE: Industrial prod. (Feb)

UK

- Apr 3: PMI manuf (Mar)
- Apr 5: Markit/CIPS services (Mar)

GREECE

- Apr 2: PMI manuf (Mar)
- Apr 5: Industrial prod. (Feb)

SEE

BULGARIA

- Apr 6: Moody's sovereign credit rating review

ROMANIA

- Apr 2: Internat/I reserves (Mar)
- Apr 3: PPI (Feb)
- Apr 4
 - ILO U/E rate (Feb)
 - MPC rate announcement
- Apr 5: Retail sales (Feb)
- Apr 6: GDP (Q4, final)

SERBIA

- Apr 3: T-bonds auction

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The majority of Asian bourses ended in positive territory on Monday following global equity markets' strong performance late last week on perceived progress on North Korea's nuclear program and technology stock's recovery. China's equity markets was a laggard following the announcement by China's finance ministry late on Sunday on the imposition of retaliatory tariffs of up to 25% on 128 US goods, effective from today April 2. In FX markets, the DXY index was a tad lower on the day but 1% firmer on a weekly basis ahead of a string of key US data releases this week, including the US non-farm payrolls report for March on Friday and ISM surveys later today and on Thursday. In the euro area, we expect inflation data for March and February's unemployment rate both on Wednesday followed by retail sales for the month of February on Thursday.

GREECE: According to press reports the Ministry of Energy has prepared in collaboration with DGComp the bill that will specify the terms and commitments for the divestment of the lignite fired capacity units of the PPC. The call for the tender will reportedly take place in May and its completion in October. The seasonally adjusted IHS Markit Manufacturing PMI came in at 55.0 signaling a marked year-on-year growth, albeit at more moderate levels compared to February (56.1).

SOUTH EASTERN EUROPE

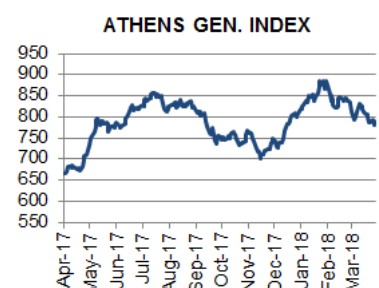
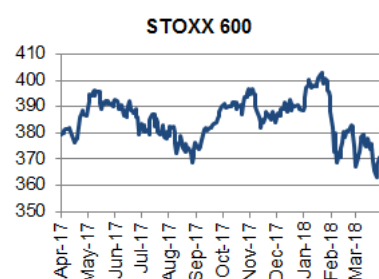
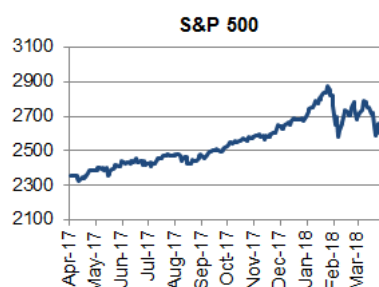
BULGARIA: The main equity SOFIX index extended its recent downtrend over the last few days, while fx and local currency government bond yields eased on a weekly basis on Friday.

SERBIA: Downside pressures on the EUR/RSD persisted last week, with the pair ending on Friday at 118.10/30, after opening at 118.25/45 on Monday.

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Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

GLOBAL MARKETS

The majority of Asian bourses ended in positive territory on Monday following global equity markets' strong performance late last week on perceived progress on North Korea's nuclear program and technology stock's recovery. China's equity markets was a laggard following the announcement by China's finance ministry late on Sunday on the imposition of retaliatory tariffs of up to 25% on 128 US goods, effective from today April 2, matching a list of potential tariffs on up to \$3bn in US imports announced on March 23. The above announcement followed the US administration's decision last month to impose tariffs of up to \$60bn on Chinese imports, designed to address two problems: (i) trade practices by China that involve, according to the US administration, intellectual property abuse that is forbidden by World Trade Organization agreements; and (ii) a steep and persistent US trade deficit. Against this background, market concerns over an escalating trade friction between the world's two biggest economies are mounting with press reports suggesting that the US administration is expected to unveil later this week a list of Chinese imports to be covered by the proposed US tariffs, focusing on technology, telecommunications and intellectual property. The tariffs would be levied under Section 301 of the Trade Act of 1974, which empowers the US President to impose trade sanctions against countries that are found to be engaged in violating international trade deals. In FX markets, the DXY index was a tad lower on the day but 1% firmer on a weekly basis ahead of a string of key US data releases this week, including the US non-farm payrolls report for March on Friday and ISM surveys later today and on Thursday. In the euro area, we expect inflation data for March and February's unemployment rate both on Wednesday followed by retail sales for the month of February on Thursday.

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GREECE

According to press reports the Ministry of Energy has prepared in collaboration with DGComp the bill that will specify the terms and conditions for the divestment of the lignite fired capacity units of the PPC, including issues pertaining to the staff of these units. The bill is expected to be put to public consultation this week and then to vote by the Hellenic Parliament. The call for the tender will reportedly take place in May and its completion in October. On the economic data front, the seasonally adjusted IHS Markit Manufacturing PMI came in at 55.0 signaling a marked year-on-year growth, albeit at more moderate levels compared to February (56.1). Although the rates of expansion in new orders, purchasing activity and output softened in March, business confidence continued to climb contributing to the fastest rise in employment since the survey began.

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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

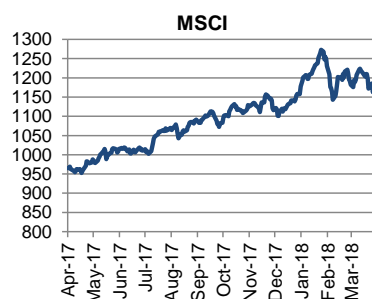
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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	2.25	3.00

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

SERBIA: Indicators	2016	2017e	2018f
Real GDP growth %	2.7	1.9	3.0
CPI (pa, yoy %)	1.1	3.2	3.0
Budget Balance/GDP	-1.3	0.5	-0.6
Current Account/GDP	-3.1	-5.7	-4.7
EUR/RSD (eop)	123.40	118.2	116.5
	2017	current	2018
Policy Rate (eop)	3.50	3.25	4.00

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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

Latest economic & market developments in the CESEE region

BULGARIA

The main equity SOFIX index extended its recent downtrend over the last few days, falling by 2.8% on a weekly basis on Friday to end at 649.17 points, while trading volumes remained strong at €10.8mn. So far this year, the index has shed 5.5% of its value reflecting recent developments worldwide that have weighed on global risk appetite. Elsewhere, external government bond yields dropped across the board, with paper maturing in 2023 and 2024 exhibiting the largest changes, of 10 and 9 bps declines, respectively. Local currency bonds also followed the trend higher, with the yields of 5 and 6 year tenors showing modest drops of 2 bps each. On the flipside, that of 7 year tenor bucked the falling trend to advance modestly, by 1.5 bps on a weekly basis.

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SERBIA

Downside pressures on the EUR/RSD persisted last week, with the pair ending on Friday at 118.10/30, after opening at 118.25/45 on Monday. A move towards a two-week low of 118.05/25 intraday on Thursday was a trigger for the National Bank of Serbia (NBS) to buy €35mn in the FX market in order to mitigate the dinar's appreciation and limit excessive daily oscillations in the foreign exchange market. Aiming to alleviate persisting upside pressures on the dinar, NBS bought last week a cumulative amount of €55mn. Along the same lines, it has purchased a total of €580mn so far this year. Looking ahead, the EUR/RSD appears very likely to remain bound within the 6-week range of 118.00-118.70 as recent history suggests that NBS will probably intervene anew in order to maintain the pair above 118.00.

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Monday 02 April 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	2640.87	1.4%	-1.2%	EUR/USD	1.2331	0.1%	2.7%	UST - 10yr	2.76	2	35	GOLD	1332	0.5%	2.2%
Nikkei 225	21388.58	-0.3%	-6.0%	GBP/USD	1.4063	0.3%	4.0%	Bund-10yr	0.50	0	7	BRENT CRUDE	70	0.5%	4.2%
STOXX 600	370.87	0.4%	-4.7%	USD/JPY	106.3	0.0%	6.0%	JGB - 10yr	0.05	0	0	LMEX	3205	0.2%	-6.3%

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.34	0	-18
1-week	2.48	0	-13
1-month	2.66	0	-19
3-month	2.91	0	-21
6-month	3.09	0	-15

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.83	0	-45
5Y RSD	4.12	0	-12
7Y RSD	4.55	0	-63

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.47	#N/A N/A	48
USD Nov-24	-4.31	#N/A N/A	-436

CDS

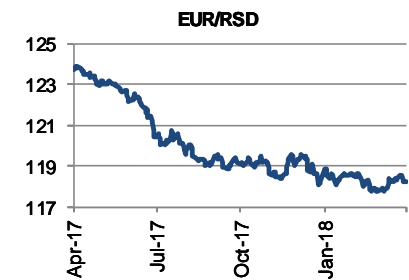
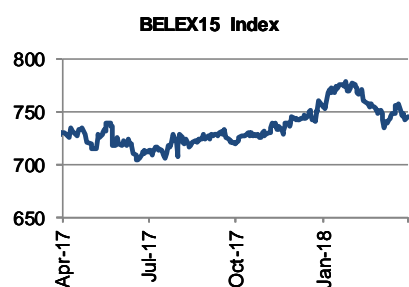
	Last	ΔDbps	ΔYTD bps
5-year	109	0	-9
10-year	151	-1	-11

STOCKS

	Last	ΔD	ΔYTD
BELEX15	745.1	0.31%	-1.94%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.39	0.20%	0.44%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.54	-2	45
1-month	1.68	-1	-19
3-month	2.08	0	3
6-month	2.39	0	12
12-month	2.52	0	20

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.28	0	-10
5Y RON	4.02	0	24
10Y RON	4.46	0	14

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.55	0	-5
USD Jan-24	3.80	#N/A N/A	80

CDS

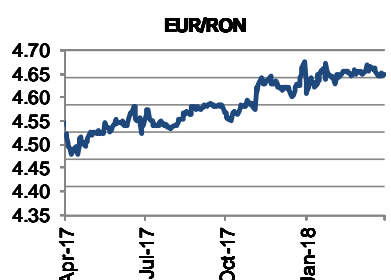
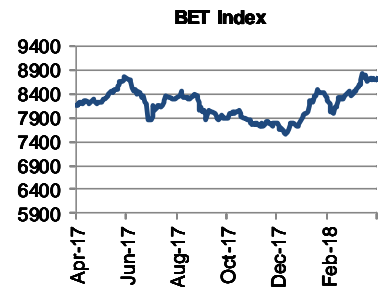
	Last	ΔDbps	ΔYTD bps
5-year	85	0	-5
10-year	129	-1	-4

STOCKS

	Last	ΔD	ΔYTD
BET	8710.0	-0.05%	12.33%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6547	-0.01%	0.22%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.27	0	-2
3-month	-0.19	0	-1
6-month	-0.06	0	-1
12-month	0.27	0	-5

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.02	1	4
5Y BGN	0.18	-2	3
10Y BGN	1.05	0	8

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.16	-4	24
EUR Sep-24	0.75	22	17

CDS

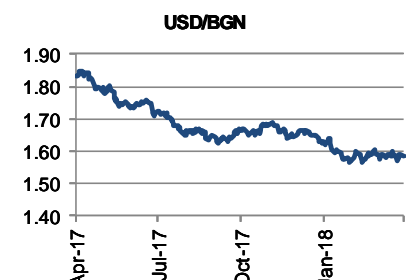
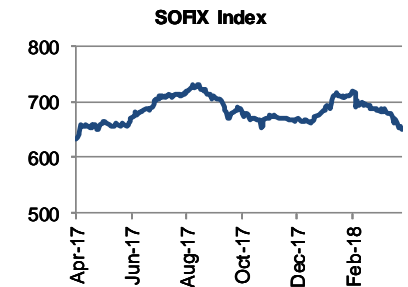
	Last	ΔDbps	ΔYTD bps
5-year	65	0	-32
10-year	105	0	-37

STOCKS

	Last	ΔD	ΔYTD
SOFIX	649.2	-0.75%	-4.17%

FOREX

	0	ΔD	ΔYTD
USD/BGN	1.5863	0.06%	2.72%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 11:15EST

Monday 02 April 2018

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