

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- April 30
 - Personal income & spending (Mar)
 - Core PCE price index (Mar)
 - Pending home sales (Mar)
 - Chicago PMI (Apr)
- May 1
 - ISM manuf. (Apr)
 - Auto sales (Apr)
- May 2
 - ADP employment change (Apr)
 - Fed interest rates
- May 3
 - Jobless claims (weekly)
 - Trade balance (Mar)
 - ISM non-manuf. (Apr)
 - Factory orders (Mar)
- May 4: Non-farm payrolls (Apr)

EUROZONE

- Apr 30
 - M3 money supply (Feb)
 - DE: CPI (Mar)
- May 2
 - GDP (p, Q1)
 - U/E rate (Mar)
 - PMI manuf. (Apr, final)
- May 3: CPI (Mar, p)

UK

- May 1: PMI manuf. (Mar)
- May 3: PMI services (Mar)

GREECE

- Apr 30: Retail sales (Feb)
- May 2: PMI manufacturing (Apr)

SEE

BULGARIA

- April 30: Budget (Mar)

ROMANIA

- May 2
 - ILO U/E rate (Mar)
 - International reserves (Apr)
- May 4: Retail sales (Mar)

SERBIA

- Apr 30
 - Industrial production (Mar)
 - GDP (Q1, p)
 - Trade balance (Mar)
 - Retail sales (Mar)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: At this week's two-day FOMC policy meeting which concludes later today (20:00 CET) the target range for the federal funds rate is expected to remain unchanged at 1.50%-1.75%. The accompanying statement is likely to be broadly unchanged with FOMC officials continuing to view the Q1 slowdown as temporary and remaining confident that inflation will move up and stabilize around the 2% target in the medium-term. Supporting the Fed's view for higher inflation pressures ahead, data released earlier this week revealed that core PCE jumped to 1.9%YoY, the highest since February 2017 while the prices paid component of the ISM manufacturing report rose to the highest since April 2011. In FX markets, the USD retained a firm tone across the board while US Treasury yields edged higher ahead of the US Treasury's quarterly refunding announcement at 14:30 CET.

GREECE: The OECD economic survey on Greece published on April 30, acknowledged that the economy is recovering underpinned by increased exports and improved competitiveness due to labour market reforms. The primary balance has returned to a surplus and tax expenditure has been reduced but the tax system relies on high rates and narrow bases hampering growth and creating inequities. According to the Hellenic Statistical Authority (ELSTAT), the overall volume index in retail trade in February 2018 decreased by 0.1% compared with the corresponding index of February 2017.

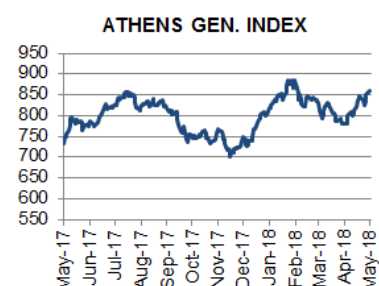
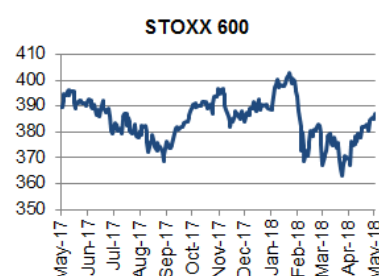
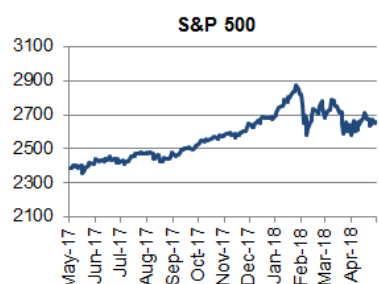
SOUTH EASTERN EUROPE

CESEE MARKETS: Emerging market assets traded mixed this morning as caution prevailed ahead of the conclusion of the FOMC meeting later on the day, with a strong USD continuing to dent risky assets' high yield allure. In an unexpected move, S&P announced on Tuesday that it lowered Turkey's foreign currency long- and short-term sovereign credit ratings to 'BB-/B' from 'BB/B'. The outlook was revised to stable from negative.

DISCLAIMER

This document has been issued by Eurobank Ergasias SA (Eurobank) and may not be reproduced in any manner. The information provided has been obtained from sources believed to be reliable, but has not been verified by Eurobank, and the opinions expressed are exclusively of their author. This information does not constitute an investment advice or any other advice, or an offer to buy or sell, or a solicitation of an offer to buy or sell, or an offer or a solicitation to execute transactions on the financial instruments mentioned. The investments discussed may be unsuitable for investors, depending on their specific investment objectives, their needs, their investment experience and financial position. No representation or warranty (expressed or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions, all of which are subject to change without notice. No responsibility or liability, whatsoever or howsoever arising, is accepted in relation to the contents thereof by Eurobank or any of its directors, officers and employees.

Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

GLOBAL MARKETS

At this week's two-day FOMC policy meeting which concludes later today (20:00 CET), the target range for the federal funds rate is expected to remain unchanged at 1.50%-1.75%. The accompanying statement is likely to be broadly unchanged with FOMC officials continuing to view the Q1 slowdown as temporary and remaining confident that inflation will move up and stabilize around the 2% target in the medium-term. There will not be a new dot plot, economic projections or a press conference. Supporting the Fed's view for higher inflation pressures ahead, data released earlier this week revealed that PCE index rose to 2.0%YoY in March, the highest since February 2017, while core PCE, the Fed's preferred gauge of inflation, jumped to 1.9%YoY, also the highest since February 2017, from 1.6%YoY in the prior month. Adding to the above, whereas the US ISM index of national factory activity dropped in March for the second consecutive month to 57.3 amid concerns about higher commodity prices, the prices paid component rose to the highest since April 2011. Meanwhile, US Treasury yields were higher with the 10-yr yield hovering around 2.985% at the time of writing in early European trade, c. 3bps higher so far this week, albeit lower from a four-week high of 3.035% touched at some point late last week. Anxiety ahead of the US Treasury's quarterly refunding announcement at 14:30 CET today, have also had an impact. The US Treasury said in a statement earlier this week that it expects to issue \$75bn in net marketable debt in Q2, a record amount for that period. In FX markets, the USD retained a firm tone with the DXY index standing close to Tuesday's four-month peak of 92.566. On the data front, today we expect euro area Q1 GDP 2018, which is anticipated to decelerate to 0.4%QoQ from 0.7%QoQ in Q4 2017. At last week's post-meeting press conference, ECB President Mario Draghi expressed confidence about the growth outlook but warned that the Q1 soft patch warrants monitoring.

ppetropoulou@eurobank.gr

GREECE

The OECD economic survey on Greece published on April 30, acknowledged that the economy is recovering underpinned by increased exports and improved competitiveness due to labour market reforms. External and fiscal imbalances are being addressed with the primary balance having returned to a surplus. Tax expenditure has been reduced but the tax system relies on high rates and narrow bases hampering growth and creating inequities. Public debt remains high and, according to the OECD, the reduction of the debt to GDP ratio should hinge on reforms to raise long term growth, prudent fiscal policy and additional debt restructuring as needed. The OECD report also notes that investment has dropped 60% since its pre-crisis levels and in spite of actions to boost investments, more needs to be done in order to improve the business environment, strengthen the rule of law and increase trust in the government. On the economic data front, according to the Hellenic Statistical Authority (ELSTAT), the overall volume index in retail trade in February 2018 decreased by 0.1% compared with the corresponding index of February 2017. The seasonally adjusted overall volume index in February 2018 compared with the corresponding index of January 2018 increased by 1.3%.

andimtriadou@eurobank.gr

Latest economic & market developments in the CESEE region

CESEE MARKETS

Emerging market assets traded mixed this morning as caution prevailed ahead of the conclusion of the FOMC meeting later on the day, with a strong USD continuing to dent risky assets' high yield allure. Mixed PMI manufacturing data also added to the cautious sentiment. Against this backdrop, the MSCI Emerging Markets stock index slid by 0.4% on the day at the time of writing, registering losses for the second session in a row after yesterday's 0.34% decline. In the CESEE space, the majority of main bourses stood in the black in European markets, with Turkey's main BIST index underperforming its regional peers, falling by 0.9% on the day after reaching a 5-month low intraday, following a downgrade by S&P on the country's sovereign debt ratings.

In an unexpected move, S&P announced on Tuesday that it lowered Turkey's foreign currency long- and short-term sovereign credit ratings to 'BB-/B' from 'BB/B'. The outlook was revised to stable from negative. The agency cited a deterioration in the country's external, inflation, and fiscal outlook as well as the ongoing domestic currency's depreciation and volatility, which has lost 8% against the USD since the beginning of the year, also highlighting that "signs of distress in the private sector are starting to show." The news also weighed on the lira and Turkish government bonds. The US dollar's ongoing strength added to the currency's downside pressures, with the USD/TRY hovering around levels of 4.1100, 0.2% weaker compared to the Tuesday's settlement and not too far from a 2-week high of 4.1225 reached intraday yesterday and a record peak of 4.1920 hit on April 11. The lira is currently placed amongst the worst performing currencies so far this year in view of elevated external financing requirements, high inflation in tandem with the lack of more aggressive Central Bank monetary policy response and heightened geopolitical risks. Meanwhile, news about early presidential and parliamentary elections and new Central Bank monetary tightening delivered last week appeared to have failed to provide a lasting impact. In view of the aforementioned, Turkey's CPI data for April takes centre stage tomorrow, with a higher than expected reading to possibly exert additional pressures on the country's assets.

gphoka@eurobank.gr

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

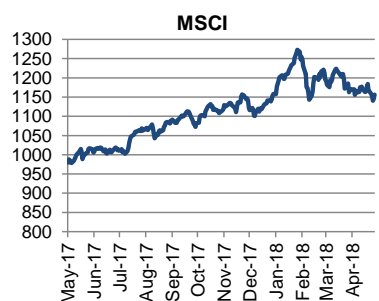
ROMANIA: Indicators	2016	2017e	2018f
Real GDP growth %	4.8	7.0	4.0
CPI (pa, yoy %)	-1.6	1.3	3.5
Budget Balance/GDP *	-2.4	-3.0	-4.4
Current Account/GDP	-2.2	-3.5	-4.0
EUR/RON (eop)	4.54	4.67	4.70
	2017	current	2018
Policy Rate (eop)	1.75	2.25	3.00

* 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	3.00	3.00

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	Ba3	BB+

Wednesday 02 May 2018

GLOBAL MARKETS

Stock markets	FOREX	Government Bonds	Commodities																																																																
<table border="1"> <thead> <tr> <th></th> <th>Last</th> <th>ΔD</th> <th>ΔYTD</th> </tr> </thead> <tbody> <tr> <td>S&P 500</td> <td>2654.80</td> <td>0.3%</td> <td>-0.7%</td> </tr> <tr> <td>Nikkei 225</td> <td>22472.78</td> <td>-0.2%</td> <td>-1.3%</td> </tr> <tr> <td>STOXX 600</td> <td>387.23</td> <td>0.6%</td> <td>-0.5%</td> </tr> </tbody> </table>		Last	ΔD	ΔYTD	S&P 500	2654.80	0.3%	-0.7%	Nikkei 225	22472.78	-0.2%	-1.3%	STOXX 600	387.23	0.6%	-0.5%	<table border="1"> <thead> <tr> <th></th> <th>Last</th> <th>ΔD</th> <th>ΔYTD</th> </tr> </thead> <tbody> <tr> <td>EUR/USD</td> <td>1.2004</td> <td>0.1%</td> <td>0.0%</td> </tr> <tr> <td>GBP/USD</td> <td>1.3643</td> <td>0.2%</td> <td>0.9%</td> </tr> <tr> <td>USD/JPY</td> <td>109.83</td> <td>0.0%</td> <td>2.6%</td> </tr> </tbody> </table>		Last	ΔD	ΔYTD	EUR/USD	1.2004	0.1%	0.0%	GBP/USD	1.3643	0.2%	0.9%	USD/JPY	109.83	0.0%	2.6%	<table border="1"> <thead> <tr> <th>(yields)</th> <th>Last</th> <th>ΔDbps</th> <th>ΔYTD bps</th> </tr> </thead> <tbody> <tr> <td>UST - 10yr</td> <td>2.99</td> <td>3</td> <td>59</td> </tr> <tr> <td>Bund-10yr</td> <td>0.58</td> <td>2</td> <td>15</td> </tr> <tr> <td>JGB - 10yr</td> <td>0.05</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	(yields)	Last	ΔDbps	ΔYTD bps	UST - 10yr	2.99	3	59	Bund-10yr	0.58	2	15	JGB - 10yr	0.05	0	0	<table border="1"> <thead> <tr> <th></th> <th>Last</th> <th>ΔD</th> <th>ΔYTD</th> </tr> </thead> <tbody> <tr> <td>GOLD</td> <td>1309</td> <td>0.4%</td> <td>0.5%</td> </tr> <tr> <td>BRENT CRUDE</td> <td>73</td> <td>0.3%</td> <td>9.7%</td> </tr> <tr> <td>LMEX</td> <td>3275</td> <td>-0.7%</td> <td>-4.2%</td> </tr> </tbody> </table>		Last	ΔD	ΔYTD	GOLD	1309	0.4%	0.5%	BRENT CRUDE	73	0.3%	9.7%	LMEX	3275	-0.7%	-4.2%
	Last	ΔD	ΔYTD																																																																
S&P 500	2654.80	0.3%	-0.7%																																																																
Nikkei 225	22472.78	-0.2%	-1.3%																																																																
STOXX 600	387.23	0.6%	-0.5%																																																																
	Last	ΔD	ΔYTD																																																																
EUR/USD	1.2004	0.1%	0.0%																																																																
GBP/USD	1.3643	0.2%	0.9%																																																																
USD/JPY	109.83	0.0%	2.6%																																																																
(yields)	Last	ΔDbps	ΔYTD bps																																																																
UST - 10yr	2.99	3	59																																																																
Bund-10yr	0.58	2	15																																																																
JGB - 10yr	0.05	0	0																																																																
	Last	ΔD	ΔYTD																																																																
GOLD	1309	0.4%	0.5%																																																																
BRENT CRUDE	73	0.3%	9.7%																																																																
LMEX	3275	-0.7%	-4.2%																																																																

SERBIA

BELIBOR	Last	ΔDbps	ΔYTD bps
7/N	2.32	0	-20
1-week	2.42	0	-19
1-month	2.61	0	-24
3-month	2.86	0	-26
6-month	3.06	0	-18

RS Local Bonds	Last	ΔDbps	ΔYTD bps
3Y RSD	3.73	0	-55
5Y RSD	4.11	0	-13
7Y RSD	4.54	0	-64

RS Eurobonds	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.78	4	78
USD Nov-24	#N/A N/A	#N/A N/A	-13164

CDS	Last	ΔDbps	ΔYTD bps
5-year	108	3	-10
10-year	156	2	-6

STOCKS	Last	ΔD	ΔYTD
BELEX15	738.5	0.14%	-2.80%

FOREX	Last	ΔD	ΔYTD
EUR/RSD	118.10	0.01%	0.68%

ROMANIA

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.48	#VALUE!	139
1-month	2.44	#VALUE!	57
3-month	2.47	#VALUE!	42
6-month	2.57	#VALUE!	30
12-month	2.67	#VALUE!	35

RO Local Bonds	Last	ΔDbps	ΔYTD bps
3Y RON	3.52	0	14
5Y RON	4.19	0	41
10Y RON	4.55	0	24

RO Eurobonds	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.56	#N/A N/A	-4
USD Jan-24	4.14	7	114

CDS	Last	ΔDbps	ΔYTD bps
5-year	88	1	-2
10-year	130	0	-3

STOCKS	Last	ΔD	ΔYTD
BET	8753.9	0.47%	12.90%

FOREX	Last	ΔD	ΔYTD
EUR/RON	4.6645	-0.14%	0.01%

BULGARIA

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.28	0	-2
3-month	-0.20	0	-3
6-month	-0.08	0	-3
12-month	0.24	1	-8

BG Local Bonds	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.06	0	0
5Y BGN	0.20	0	6
10Y BGN	1.05	0	8

BG Eurobonds	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.14	0	22
EUR Sep-24	0.78	-1	20

CDS	Last	ΔDbps	ΔYTD bps
5-year	67	1	-30
10-year	108	0	-34

STOCKS	Last	ΔD	ΔYTD
SOFIX	657.2	-0.13%	-2.98%

FOREX	Last	ΔD	ΔYTD
USD/BGN	1.6292	0.10%	0.01%

Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 11:35 EST

Wednesday 02 May 2018

Contributors

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

Galatia Phoka
Research Economist, Eurobank Ergasias
+30 210 3718922
gphoka@eurobank.gr

Ioannis Gkionis (Special Contributor)
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

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

Regional Contributors

Đorđe Lučić
Fixed Income Dealer, Eurobank a.d. Beograd
+381 11 2065891
djordje.lucic@eurobank.rs

Zoran Korac
FX dealer, Eurobank ad Beograd
+381 11 206 5821
zoran.korac@eurobank.rs

Ruslan Raychev
Trader, Eurobank Bulgaria
+359 2 8166 482
rsraychev@postbank.bg

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 37 18 793

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

Stylianios Gogos: Economic Analyst
sgogos@eurobank.gr + 30 210 33 71 226

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

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

Galatia Phoka: Research Economist
gphoka@eurobank.gr, + 30 210 37 18 922

Theodoros Stamatou: Senior Economist
tstamatou@eurobank.gr, + 30 210 33 71 228

Elia Tsiampaou: Economic Analyst
etsiampaou@eurobank.gr, +30 210 33 71 207

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

Eurobank Economic Analysis and Financial Markets Research

More research available at <https://www.eurobank.gr/en/group/economic-research>

- **7 Ημέρες Οικονομία:** Weekly review of the Greek economy
- **Greece Macro Monitor - Focus Notes:** Periodic publication on the latest economic & market developments in Greece
- **Economy & Markets:** Analysis & research on the Greek and international economy
- **Regional Economics & Market Strategy Monthly:** Monthly edition on economic & market developments in the region
- **Emerging Markets Special Focus Reports:** Periodic publication on specific EM economy and markets developments
- **Daily Overview of Global markets & the SEE Region:** Daily overview of key macro & market developments in Greece, regional economies & global markets
- **Global Macro Themes & Market Implications for the EA Periphery and the CESEE:** Monthly review of the international economy and financial markets
- **Global Markets Special Focus Reports:** Periodic publication on specific global economy and markets developments

Subscribe electronically at <https://www.eurobank.gr/el/omilos/oikonomikes-analuseis>

