

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Apr 3
 - ISM manufacturing (Mar)
 - Construction spending (Feb)
- 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: Market concerns about the global growth outlook due to escalating trade tensions between the US and China are rising while the threat of government regulation has fueled worries over the outlook of technology shares. Taking their lead from Wall Street's losses overnight, major European bourses remained under pressure today while the USD was weaker against most of its currency peers. Elsewhere, US Treasuries were weaker on the day after the release of the US ISM manufacturing report for March revealed an increase in the prices index to the highest level in nearly seven years.

GREECE: According to press reports the Ministry of Finance and the Bank of Greece are looking into a proposal for an asset protection scheme to provide guarantees for non-performing loans and give banks with more leeway in dealing with them. Improved bids for the acquisition of 66% of DESFA and EESSTY (ROSCO) are expected to be submitted by 12 April

SOUTH EASTERN EUROPE

CYPRUS: The IMF second post-program mission sees GDP growth accelerating to 4-4.25% in 2018.

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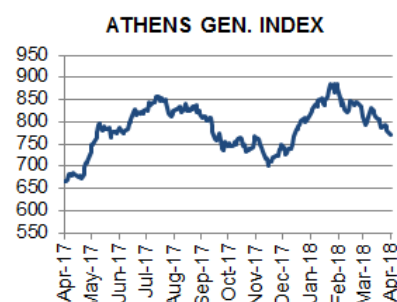
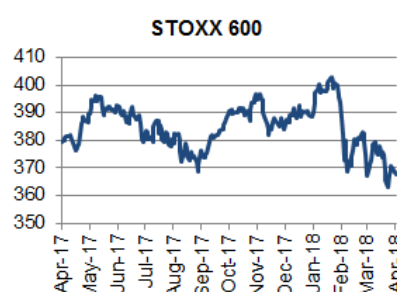
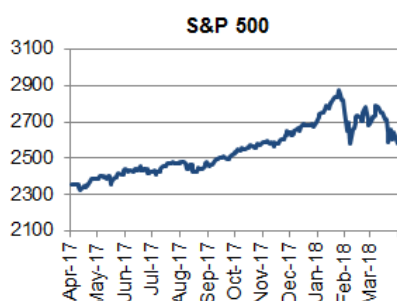
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Latest world economic & market developments

GLOBAL MARKETS

Taking their lead from Wall Street's losses overnight, major European bourses remained under pressure today on the back of increased concerns about the global growth outlook due to escalating trade tensions between the US and China. In retaliation for China's intellectual property practices following an investigation under Section 301 of the 1974 US Trade Act, the US administration is expected to unveil later this week a list of Chinese imports worth up to \$50-60bn to be covered by the proposed US tariffs. On its part, China reportedly warned that it will take counter-measures of the "same proportion" and scale if the US imposes more tariffs on Chinese goods. According to the same reports, the tariffs up to 25% on 128 US goods that China unveiled on Sunday were in response to the US duties on imports of aluminum and steel and not the Section 301 investigation. Adding to reduced appetite for risk taking, the threat of government regulation has fueled worries over the outlook of technology shares. US President Donald Trump attacked Amazon.com Inc, the world's largest online retailer, over the pricing of its deliveries through the United States Post Service and vowed unspecified changes, accusing the company of not paying enough taxes to state and local governments, taking advantage of the US postal system and putting small retailers out of business. In FX markets, the DXY index was 0.2% weaker on the day with the EUR/USD recovering modestly to levels around 1.2320/25 in European trade at the time of writing after ending at 1.2300 in the prior session. High-yielding currencies including the CAD, the AUD and the NZD were also firmer against the USD while the USD/JPY gained some ground revisiting levels slightly above 106.00 earlier today after ending at 105.88 on Monday. Elsewhere, US Treasuries were weaker on the day after the release of the US ISM manufacturing report for March revealed an increase in the prices index to the highest level in nearly seven years. The 2-yr yield rose by 2.4bps to resulting in a modest bear-flattening.

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Source: Reuters, Bloomberg, Eurobank Research

GREECE

According to press reports the Ministry of Finance and the Bank of Greece are looking into a proposal for an asset protection scheme to provide guarantee for non-performing loans and give banks with more leeway in dealing with them. The required funds would reportedly come from the unused EUR 10 billion of the ESM programme that were earmarked for banks but have not been utilised along with private funds and funds from supranational organisations such as the European Investment Bank. On the privatisations front, the improved bids for the acquisition of 66% of DESFA and EESSTY (ROSCO) are expected to be submitted by 12 April, while according to press, the Chairman of the HRADF Aris Xenofos has appeared confident that the privatisation of DESFA will be closed by end-2018.

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Tuesday 03 April 2018

Latest economic & market developments in the CESEE region

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

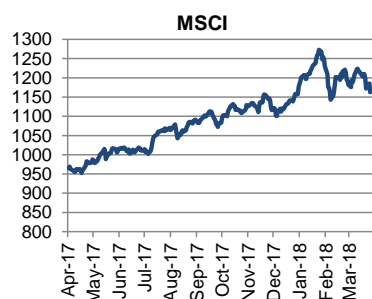
ROMANIA: Indicators	2016	2017e	2018f
Real GDP growth %	4.8	7.0	4.0
CPI (pa, yoy %)	-1.6	1.3	3.5
Budget Balance/GDP*	-2.4	-3.0	-4.4
Current Account/GDP	-2.2	-3.5	-4.0
EUR/RON (eop)	4.54	4.67	4.70
	2017	current	2018
Policy Rate (eop)	1.75	2.25	3.00

* 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	3.25	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-

CYPRUS

On March 30th, IMF published the concluding statement of the second post-program monitoring mission in Cyprus. Although, the mission findings praised the sizeable improvement in macroeconomic and fiscal fundamentals, they emphasized that private sector indebtedness and non-performing loans remain high. According to IMF, GDP growth is now expected to accelerate further to 4-4.25% in 2018. GDP growth is going to receive support from mainly foreign-funded, large construction projects, notwithstanding some deceleration in private consumption growth dynamics mirroring better households' compliance to their contractual debt obligations. Over the medium term, GDP growth is projected to ease to 2.5% as construction projects are gradually completed. Output growth reached a new post-Lehman high in 2017. Real GDP growth expanded by 3.9% YoY in 2017 up from 3.4% YoY 2016, compared to 2.0% YoY in 2015, and after three years of recession and a cumulative drop of 10.1% over 2012-2014. This is among the highest growth rates between Euro Area members (behind Ireland, Malta, Slovenia, Estonia and Latvia) and 1.7 times the average 2017 growth rate in the Euro Area.

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Tuesday 03 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	2581.88	-2.2%	-3.4%	EUR/USD	1.2327	0.2%	2.7%	UST - 10yr	2.75	2	34	GOLD	1337	-0.3%	2.6%
Nikkei 225	21292.29	-0.5%	-6.5%	GBP/USD	1.4081	0.3%	4.1%	Bund-10yr	0.51	1	8	BRENT CRUDE	68	0.5%	1.6%
STOXX 600	367.74	-0.8%	-5.5%	USD/JPY	106.14	-0.2%	6.2%	JGB - 10yr	0.03	-2	-2	LMEX	3205	0.2%	-6.3%

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.34	0	-18
1-week	2.49	1	-12
1-month	2.66	0	-19
3-month	2.91	0	-21
6-month	3.10	1	-14

RS Local Bonds

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

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.46	0	46
USD Nov-24	-4.96	195	-502

CDS

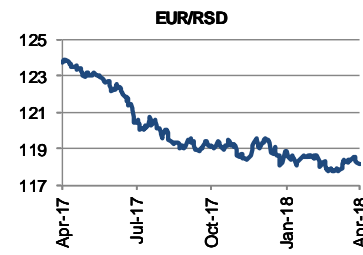
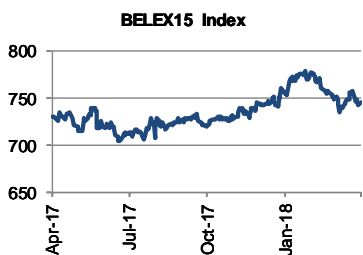
	Last	ΔDbps	ΔYTD bps
5-year	109	0	-9
10-year	151	0	-11

STOCKS

	Last	ΔD	ΔYTD
BELEX15	745.5	-0.01%	-1.89%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.29	-0.07%	0.52%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.56	2	47
1-month	1.69	1	-18
3-month	2.09	1	4
6-month	2.41	2	14
12-month	2.53	1	21

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.28	0	-10
5Y RON	4.03	0	25
10Y RON	4.46	0	14

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.55	#N/A N/A	-5
USD Jan-24	3.79	#N/A N/A	79

CDS

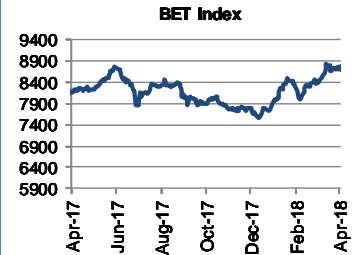
	Last	ΔDbps	ΔYTD bps
5-year	85	0	-5
10-year	129	0	-4

STOCKS

	Last	ΔD	ΔYTD
BET	8705.9	-0.72%	12.28%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6586	0.06%	0.13%



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	-0.03	-1	3
5Y BGN	0.19	1	4
10Y BGN	1.07	0	10

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.15	0	23
EUR Sep-24	0.78	-8	21

CDS

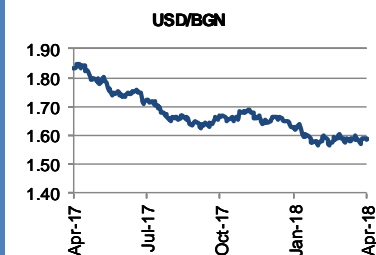
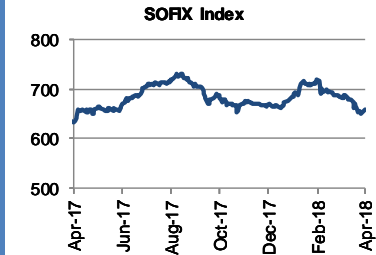
	Last	ΔDbps	ΔYTD bps
5-year	65	0	-31
10-year	105	0	-37

STOCKS

	Last	ΔD	ΔYTD
SOFIX	658.8	1.48%	-2.76%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.5867	0.20%	2.69%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 11:25EST

Tuesday 03 April 2018

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