



# DAILY OVERVIEW

## OF GLOBAL MARKETS & THE SEE REGION

Wednesday 04 April 2018

### 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:** The US administration unveiled yesterday a detailed list of some 1,300 Chinese imports worth \$50bn that could be subject to a 25% tax, in retaliation for China's intellectual property practices. The duties will be implemented in June at the earliest while the matter is still subject to public hearings. The US ADP employment report for March is featuring high in today's calendar but is not expected to have a lasting impact on core bond markets ahead of the US's non-farm payrolls report and FOMC Chair Jerome Powell's speech on the US's economic outlook, both on Friday. In FX markets, the EUR/USD continued to consolidate within the 1.2250-1.2450 recent range ahead of today's euro area flash CPI estimate for March.

**GREECE:** According to newspaper Handelsblatt France and the ESM have submitted proposals for the relief of Greece's public debt, which will potentially be implemented after the end of the 3rd Economic Adjustment Programme. The French proposal reportedly foresees the reduction of debt repayments if the five year average GDP growth is below 3.4% and no repayments if it is below 2.8%. The ESM reportedly proposes maximum annual debt repayments of 1.5% of GDP if GDP growth falls below a certain level, e.g. 3.25%. According to the General Government data published earlier this week, the stock of the general government arrears to the private sector at the end of February 2018 was at €3.39 bn from €3.14 bn at the end of January 2018.

### SOUTH EASTERN EUROPE

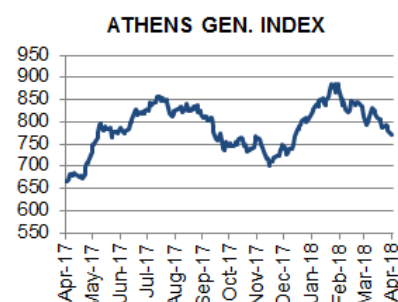
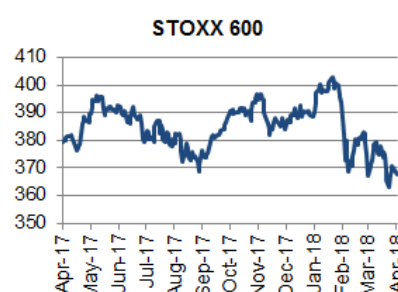
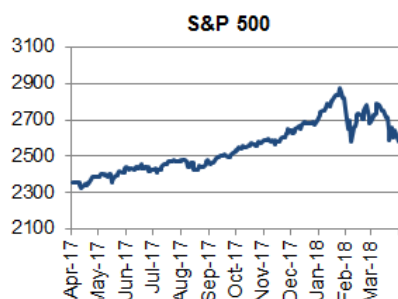
**CYPRUS:** The government made a deposit of €2.5bn to the state-owned Co-operative Bank issuing long-term bonds.

#### 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

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

The majority of Asian bourses ended in negative territory today as lingering worries over trade frictions between the US and China overshadowed Wall Street's gains overnight. The US administration unveiled yesterday a detailed list of some 1,300 Chinese imports worth \$50bn that could be subject to a 25% tax, in retaliation for China's intellectual property practices following an investigation under Section 301 of the 1974 US Trade Act. The duties will be implemented in June at the earliest while the matter is still subject to public hearings. In response to the above US action, China's Commerce Ministry said in a statement that it "will soon take measures of equal intensity and scale against US goods" adding that these measures will be announced "shortly" while China's ambassador to the World Trade Organisation urged members to "join with China in firmly resisting US protectionism". This followed China's decision on Sunday to impose tariffs up to 25% on 128 US goods in response to the US duties on imports of aluminum and steel the US administration announced in early March. Elsewhere, core government bond yields were higher in early European trade following Wall Street's positive performance overnight. The 10-yr UST yield was standing close to 2.78% at the time of writing, virtually unchanged compared to Tuesday's close but up by c. 4bps from Monday's two-month low. The US ADP employment report for March is featuring high in today's calendar but is not expected to have a lasting impact on core bond markets ahead of Friday's US non-farm payrolls and a speech on the US economic outlook by FOMC Chair Jerome Powell. In addition, the major impulses in recent days for bond markets have been the evolution of US/China trade frictions and equity markets' performance rather than data releases. In FX markets, the EUR/USD continued to consolidate within the 1.2250-1.2450 recent range while today's euro area flash CPI estimate for March is unlikely to provide the impulse for a sustained break in either side of the range.

[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

### GREECE

According to newspaper Handelsblatt, France and the ESM have submitted proposals for the relief of Greece's public debt, which will potentially be implemented after the end of the 3rd Economic Adjustment Programme. The French proposal reportedly foresees the reduction of debt repayments if the five year average GDP growth is below 3.4% and no repayments if it is below 2.8%. The ESM reportedly proposes maximum annual debt repayments of 1.5% of GDP if GDP growth falls below a certain level, e.g. 3.25%. Additionally, both proposals reportedly suggest extension of debt maturities and a ceiling to interest rates. Nevertheless, according to the press report, a number of European countries remain cautious against these proposals and request that debt relief also be linked to reforms and not just GDP growth. According to the General Government data published earlier this week, the stock of the general government arrears to the private sector at the end of February 2018 was at €3.39 bn from €3.14 bn at the end of January 2018. All categories of General Government arrears increased in February 2018. Compared to their recent peak in August 2017 (EUR6.0 bn) general government arrears registered a decrease of -43.7%. According to the most recent Compliance Report (March 2018) arrears are expected to be cleared by June 2018.

[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

[tstamatiou@eurobank.gr](mailto:tstamatiou@eurobank.gr)

## Latest economic & market developments in the CESEE region

### CYPRUS

On April 4th, Cyprus issued a number of 15-20Y government bonds of total nominal value of €2.35bn in market terms with the right for early redemption. Thereafter, the government placed a deposit of €2.5bn in the Cyprus Cooperative Bank (CCB) and took in exchange €7.6bn in collateral for the deposit, which comprises of all non-performing loans from the bank's portfolio, equity participation of the CCB in various private and cooperative societies, and a number of real estate properties in both the southern and the northern parts of Cyprus. The Ministry of Finance (MoF) issued a statement clarifying that the total value of the collateral is approximately €10bn if the real estate collateral of NPLs is taken into account. In addition, it stated that the transaction aimed at securing all depositors – who are primarily Cypriot residents – and fully guaranteeing all deposits from any theoretical risk. Finally, the MoF elaborated that the drastic strengthening of both assets and liabilities in the bank's balance sheet broadens the investment options for the CCB, which, according to the plan, are expected to be finalized during April. Recall that, on March 19th, CCB, the second largest bank in terms of assets in the domestic market, provided access to a virtual data room in order to attract private investors to the bank's equity, aiming to reduce the state's participation in its ownership structure. Currently there are two options for potential buyers, either to subscribe additional capital, or to buy its assets and liabilities. The government intervention is expected to result in the public debt to GDP ratio rising again at 110% vs 97.4% at the end of 2017.

[igkionis@eurobank.gr](mailto:igkionis@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

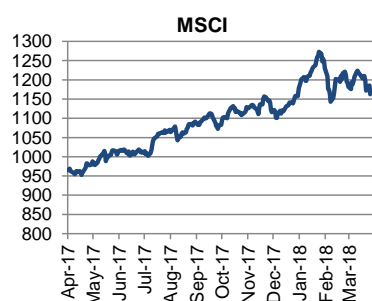
ROMANIA: Indicators	2016	2017e	2018f
Real GDP growth %	4.8	7.0	4.0
CPI (pa, yoy %)	-1.6	1.3	3.5
Budget Balance/GDP*	-2.4	-3.0	-4.4
Current Account/GDP	-2.2	-3.5	-4.0
EUR/RON (eop)	4.54	4.67	4.70
	2017	current	2018
Policy Rate (eop)	1.75	2.25	3.00

\* 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	3.25	4.00

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	B1	BB+	BB-

## 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	2614.45	1.3%	-2.2%	EUR/USD	1.2266	0.0%	2.2%	UST - 10yr	2.78	0	37	GOLD	1337	0.3%	2.6%
Nikkei 225	21319.55	0.1%	-6.3%	GBP/USD	1.4062	0.0%	4.0%	Bund-10yr	0.50	0	8	BRENT CRUDE	68	-0.4%	1.4%
STOXX 600	368.16	-0.2%	-5.4%	USD/JPY	106.5	0.1%	5.8%	JGB - 10yr	0.03	0	-2	LMEX	3220	0.5%	-5.8%

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.34	0	-18
1-week	2.48	-1	-13
1-month	2.66	0	-19
3-month	2.90	-1	-22
6-month	3.09	-1	-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	3.45	-1	46
USD Nov-24	-4.59	26	-465

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	109	1	-8
10-year	151	0	-11

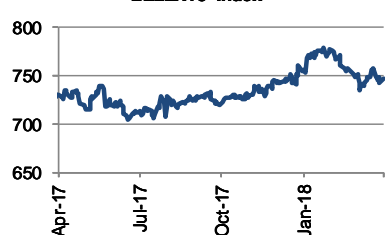
## STOCKS

	Last	ΔD	ΔYTD
BELEX15	747.0	0.20%	-1.69%

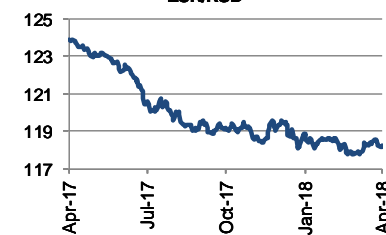
## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.21	-0.06%	0.60%

BELEX15 Index



EUR/RSD



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.56	0	47
1-month	1.69	0	-18
3-month	2.09	0	4
6-month	2.41	0	14
12-month	2.53	0	21

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.26	0	-12
5Y RON	4.02	0	24
10Y RON	4.44	0	13

## RO Eurobonds

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

## CDS

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

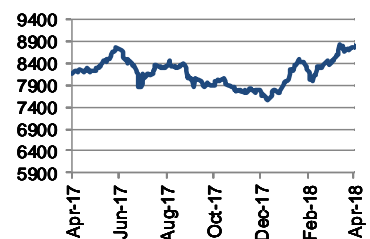
## STOCKS

	Last	ΔD	ΔYTD
BET	8770.0	0.06%	13.11%

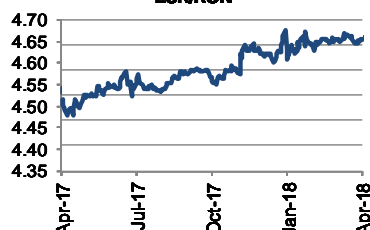
## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6603	0.14%	0.10%

BET Index



EUR/RON



## 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	-0.04	-1	2
5Y BGN	0.19	0	4
10Y BGN	1.09	0	12

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.15	0	23
EUR Sep-24	0.78	-1	20

## CDS

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

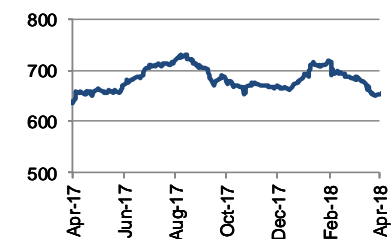
## STOCKS

	Last	ΔD	ΔYTD
SOFIX	653.1	0.00%	-3.59%

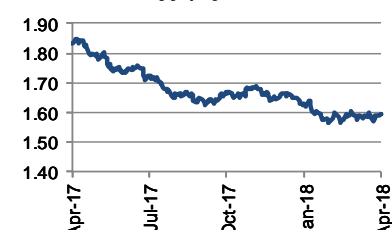
## FOREX

	0	ΔD	ΔYTD
USD/BGN	1.5946	-0.03%	2.18%

SOFIX Index



USD/BGN



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

Data updated as of 10:40 EST

## Contributors

**Paraskevi Petropoulou**  
Senior Economist, Eurobank Ergasias  
+30 210 3718991  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Galatia Phoka**  
Research Economist, Eurobank Ergasias  
+30 210 3718922  
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr)

**Ioannis Gkionis (Special Contributor)**  
Senior Economist, Eurobank Ergasias  
++30 210 3337305  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr)

**Anna Dimitriadou**  
Economic Analyst, Eurobank Ergasias  
+30 210 3718793  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

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

**Theodoros Stamatiou (Special Contributor)**  
Senior Economist, Eurobank Ergasias  
+ 30 210 3371228  
[tstamatiou@eurobank.gr](mailto:tstamatiou@eurobank.gr)

## Regional Contributors

**Đorđe Lučić**  
Fixed Income Dealer, Eurobank a.d. Beograd  
+381 11 2065891  
[djordje.lucic@eurobank.rs](mailto:djordje.lucic@eurobank.rs)

**Zoran Korac**  
FX dealer, Eurobank ad Beograd  
+381 11 206 5821  
[zoran.korac@eurobank.rs](mailto:zoran.korac@eurobank.rs)

**Ruslan Raychev**  
Trader, Eurobank Bulgaria  
+359 2 8166 482  
[rsraychev@postbank.bg](mailto:rsraychev@postbank.bg)

## Eurobank Economic Analysis and Financial Markets Research

**Dr. Tasos Anastasatos: Group Chief Economist**  
[tanastasatos@eurobank.gr](mailto:tanastasatos@eurobank.gr), +30 210 33 71 178

## Research Team

**Anna Dimitriadou: Economic Analyst**  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr), +30 210 3718 793

**Ioannis Gkionis: Senior Economist**  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr), +30 210 33 71 225

**Stylianios Gogos: Economic Analyst**  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr), +30 210 33 71 226

**Olga Kosma: Research Economist**  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr), +30 210 33 71 227

**Paraskevi Petropoulou: Senior Economist**  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr), +30 210 37 18 991

**Galatia Phoka: Research Economist**  
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr), +30 210 37 18 922

**Theodoros Stamatiou: Senior Economist**  
[tstamatiou@eurobank.gr](mailto:tstamatiou@eurobank.gr), +30 210 3371228

**Elia Tsiampaou: Economic Analyst**  
[etsiampaou@eurobank.gr](mailto: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](mailto: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>

