

Tuesday 04 September 2018

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- Sep 4:
 - ISM Manufacturing (Aug)
 - Auto Sales (Aug)
- Sep 5: Trade Balance (Jul)
- Sep 6:
 - Initial Jobless Claims (01/09)
 - ADP Employment Change (Aug)
 - Factory orders (Jul)
 - ISM non-manufacturing (Aug)
- Sep 7:
 - Non Farm Payrolls (Aug)

EUROZONE

- Sep 3: PMI Manufacturing (Aug, final)
- Sep 4: PPI (Jul)
- Sep 5:
 - PMI Services (Aug, final)
 - Retail Sales (Jul)
- Sep 7:
 - German industrial production (Jul)
 - GDP (Q2 Final)

GREECE

- Sep 3:
 - PMI manufacturing (Aug)
 - GDP (Q2, provisional)
- Sep 3: Unemployment rate (June)

SEE

BULGARIA

- Sep 7: GDP (Q2 Final)

CYPRUS

- Sep 6: CPI (Aug)

ROMANIA

- Sep 4:
 - Retail Sales (Jul)
 - PPI (Jul)
- Sep 07:
 - Net Wages (July)
 - GDP (Q2)

SERBIA

- Sep 6:
 - 1 w Repo Announcement
- Sep 7: PPI (Aug)

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: EMU periphery sovereign bonds were firmer in early trade on Tuesday with Italy outperforming on reports conveying that Italian Economy Minister Giovanni Tira is putting pressure on the coalition partners to keep next year's budget deficit below 2% of GDP. In FX markets, the USD was firmer across the board favored by its perceived safe-haven status. In terms of data, focus today is on the US ISM manufacturing index for August, which is anticipated to recover slightly.

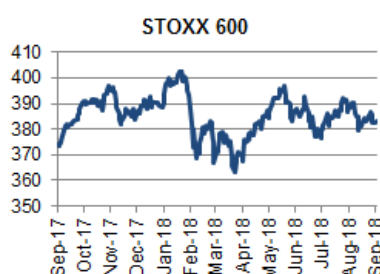
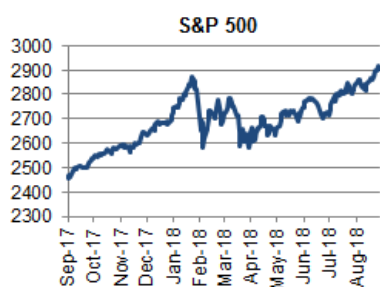
GREECE: Prospective investors for the acquisitions of the PPC's lignite plants that are to be divested have reportedly requested the extension of the deadline for the submission of binding offers which expires in October. Meanwhile, according to press reports, the upgrade of the e-auctions platform is expected to boost buyers' interest, which has so far been lackluster. IHS Markit Manufacturing PMI reached a 3-month high in August coming in at 53.9, up from 53.5 in the previous month.

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Latest world economic & market developments

GLOBAL MARKETS



Investors retained a cautious stance towards risk assets in early trade on Tuesday amid mounting EM related woes and lingering concerns about escalating trade disputes between the US and major economies. US President Donald Trump is reportedly ready to impose tariffs on an additional \$200bn of imports from China by the end of this week, shortly after the period for written comments on the additional proposed levy expires on 6 September. With respect to the new NAFTA deal, negotiations between the US and Canada will resume on Wednesday after contentious talks ended last Friday without a deal. Canada will either participate in the new NAFTA deal the US and Mexico sealed last week or strike a separate one. Otherwise, US President Donald Trump has threatened to impose tariffs on automobile imports from Canada. Meanwhile, EMU periphery sovereign bonds were firmer in early trade on Tuesday with Italy outperforming on reports conveying that Italian Economy Minister Giovanni Tira is putting pressure on the coalition partners to keep next year's budget deficit below 2% of GDP. The aforementioned reports followed comments by Deputy Prime Minister and leader of the League party Matteo Salvini that the 2019 budget deficit could go as high as 2.9% of GDP given that part of the government's electoral promises could be implemented as early as next year. In FX markets, the USD was firmer across the board favored by its perceived safe-haven status. The DXY index was 0.4% higher on the day standing at 95.522 at the time of writing, the highest level since 24 August pushing the EUR/USD to a multi-session low of 1.1558 earlier today. Yesterday's data from the Eurozone, which showed that the final HIS Markit PMI for August came in at 54.6, the slowest growth since November 2016, unchanged from the flash estimate but down from July's 55.1, may have had an impact. The main driver behind the August drop was a decline in the new orders component to the slowest rate in two years purportedly as a result of the EUR's appreciation since earlier in the year and the damaging impact of tariffs. Focus today is on the US ISM manufacturing index for August, which is anticipated to recover slightly to 58.5 from July's 58.1.

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GREECE

Prospective investors for the acquisitions of the PPC's lignite plants that are to be divested have reportedly requested the extension of the deadline for the submission of binding offers which expires in October. Meanwhile, according to press reports, around half of the e-auctions that were carried out in the period Jan – Jul 2018 were incomplete due to lackluster buyers' interest. At the same time, bank data reportedly reveal that only around 5% of debtors sought to settle their debt under the threat of having their property auctioned. Anaemic buyers' demand is expected to be boosted by the reported upgrade of the e-auctions platform in the coming weeks. On the economic data front, IHS Markit Manufacturing PMI reached a 3-month high in August coming in at 53.9, up from 53.5 in the previous month. The overall growth performance was driven by output growth and new orders while the rate of job creation accelerated and the rate of input cost inflation eased. Manufacturers remained strongly positive with business confidence reaching a 4-month high.

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Source: Reuters, Bloomberg, Eurobank Research

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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	2901.52	0.0%	8.5%	EUR/USD	1.1572	-0.4%	-3.6%	UST - 10yr	2.88	2	48	GOLD	1195	-0.5%	-8.3%
Nikkei 225	22696.90	0.0%	-0.3%	GBP/USD	1.2841	-0.2%	-5.0%	Bund-10yr	0.35	2	-8	BRENT CRUDE	78	0.1%	17.0%
STOXX 600	383.15	0.2%	-1.5%	USD/JPY	111.44	-0.3%	1.1%	JGB - 10yr	0.12	0	7	LMEX	2917	-0.4%	-14.7%

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.29	-2	-23
1-week	2.38	-5	-23
1-month	2.60	-2	-25
3-month	2.89	-1	-23
6-month	3.06	-1	-18

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.42	-3	-86
5Y RSD	3.84	-3	-41
7Y RSD	4.35	#N/A N/A	-83

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.78	#N/A N/A	78

CDS

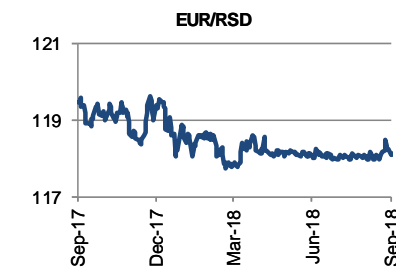
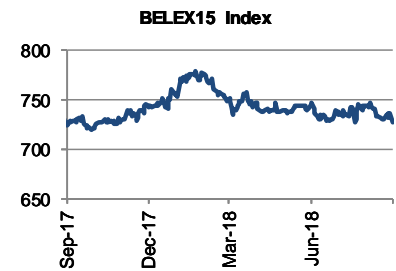
	Last	ΔDbps	ΔYTD bps
5-year	109	0	-8
10-year	154	0	-8

STOCKS

	Last	ΔD	ΔYTD
BELEX15	727.9	-1.24%	-4.20%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.09	0.06%	0.69%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.72	0	163
1-month	3.15	0	128
3-month	3.22	0	117
6-month	3.41	0	114
12-month	3.54	0	122

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.97	0	59
5Y RON	4.36	0	58
10Y RON	4.81	0	49

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.57	0	2
USD Jan-24	4.10	0	110

CDS

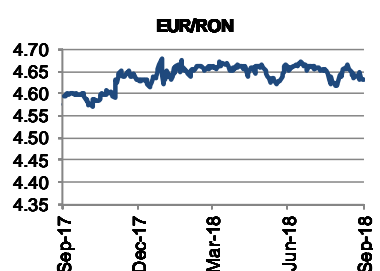
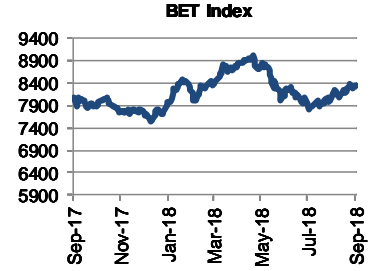
	Last	ΔDbps	ΔYTD bps
5-year	95	0	5
10-year	137	0	4

STOCKS

	Last	ΔD	ΔYTD
BET	8331.7	0.27%	7.45%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6308	0.04%	0.73%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.30	0	-5
3-month	-0.23	0	-5
6-month	-0.12	0	-7
12-month	0.22	1	-10

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.11	0	-5
5Y BGN	0.03	-1	-12
10Y BGN	0.83	0	-13

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.04	-6	4
EUR Sep-24	0.42	-4	-16

CDS

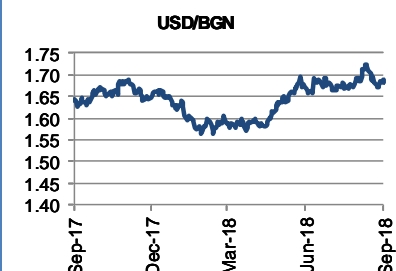
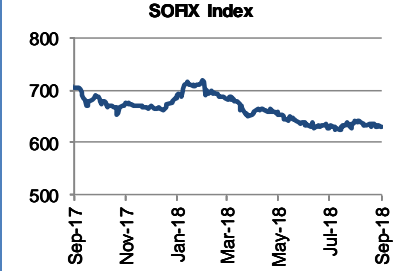
	Last	ΔDbps	ΔYTD bps
5-year	79	0	-18
10-year	121	0	-21

STOCKS

	Last	ΔD	ΔYTD
SOFIX	631.0	0.15%	-6.85%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6902	-0.43%	-3.60%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 10:48 EEST

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