



DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Tuesday, February 06, 2018

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

CHINA

- Feb 9: CPI (Jan)

US

- Feb 5: ISM non-manuf. (Jan)
- Feb 6: Trade balance (Dec)
- Feb 8: jobless claims (weekly)

EUROZONE

- Feb 5: PMI services final (Jan)
- Feb 6
 - German industrial production (Dec)
 - EU Commission publishes Winter Forecast
- Feb 8: German exports (Dec)
- Feb 9: France's & Italy's industrial production (Dec)

UK

- Feb 5: PMI services (Jan)
- Feb 8: BoE rate decision, Inflation Report, MPC minutes
- Feb 9: Industrial prod. (Dec)

GREECE

- Feb 7: Commercial Transactions (provisional, Dec)
- Feb 8: Labour Force Survey (Nov)
- Feb 9: Industrial Production (Dec)

CYPRUS

- Feb 6: CPI (Jan)

SEE

BULGARIA

- Feb 8
 - Industrial Production (Dec)
 - Retail Sales (Dec)
- Feb 9: Trade Balance (Dec)

ROMANIA

- Feb 5
 - Retail Sales (Dec)
 - T-bonds auction
- Feb 7: MPC meeting
- Feb 8: T-bonds auction
- Feb 9
 - Trade Balance (Dec)
 - Industrial Sales (Dec)
 - Net wages (Dec)

SERBIA

- Feb 8: MPC meeting

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Mounting inflation worries appear to be the main trigger for the latest sell off in global equity markets after last week's January non-farm payrolls data showed a 2.9%YoY increase in average hourly earnings, the highest since mid-2009, raising worries over a steeper path of Fed rate tightening. Keen to avoid further risk taking, investors appear to be shifting to safe-haven core bonds. Looking at today's calendar, Germany's December factory orders and US December trade balance are the main releases of note. Elsewhere, St. Louis Fed President James Bullard is scheduled to speak at the 29th Annual Gatton College of Business and Economics Economic Outlook Conference in Lexington, Kentucky.

GREECE: The EU Commissioner for Economic and Financial Affairs Pierre Moscovici is expected in Athens on February 8 and 9 and will reportedly have meetings with the Greek Prime Minister Alexis Tsipras, the leaders of the two main opposition parties, the Ministers of Finance and Economy and representatives of the Hellenic Federation of Enterprises and the Greek Tourism Confederation. The Public Debt Management Agency has reportedly decided to briefly postpone the issuance of a 7-year GGB following the sharp drop in global equity markets.

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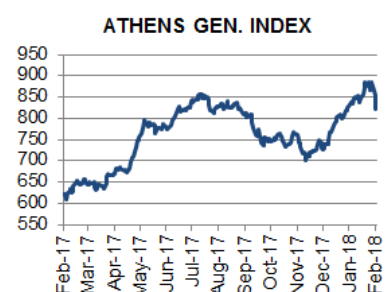
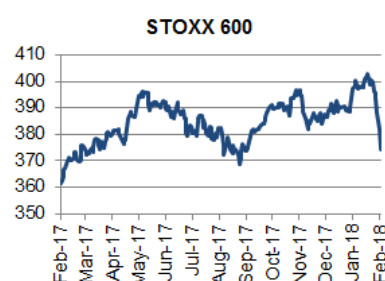
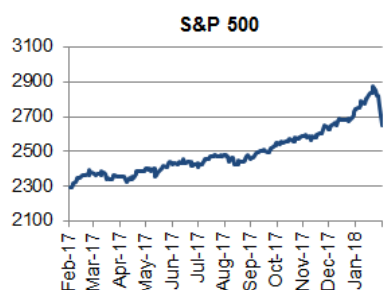
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Latest world economic & market developments

GLOBAL MARKETS

Taking their cue from Wall Street's hefty losses overnight, Asian equity markets closed lower today and European bourses were trading in the red in early trade. Mounting inflation worries appear to be the main trigger for the latest sell off in global equity markets after last week's January non-farm payrolls data showed a 2.9%YoY increase in average hourly earnings, the highest since mid-2009, raising worries over a steeper path of Fed rate tightening. US stock market volatility came to the fore with the CBOE index jumping to 38.80 at some point in yesterday's session before closing at 37.32, marking a 20 points daily rise, the highest since mid- 2015. Keen to avoid further risk taking, investors appear to be shifting to safe-haven core bonds, shrugging off Monday's US data showing a 3.9 points increase to a higher than expected 59.9 in the ISM January non-manufacturing activity index. Against this environment, the 10-yr US Treasury yield was standing close to a multi-session low of 2.750% in European trade at the time of writing, some 13bps lower from Monday's four-year intraday peak. Long-dated paper outperformed with the 2/10-yr yield spread narrowing to 71bps, c. 4.5bps lower compared to Monday's settlement which was the highest since late October 2017. Core euro area bonds followed suit with the 10-yr Bund yield falling close to 0.69% today after testing levels slightly above 0.77% in the prior session for the first time since mid-September 2015. In FX markets, favored by its safe-haven appeal, the JPY firmed in early trade taking the USD/JPY close to a multi-session intraday low of 108.40 before retreating to levels around 109.10/15 at the time of writing, nearly unchanged on the day. Looking at today's calendar, Germany's December factory orders and US December trade balance are the main releases of note. Elsewhere, St. Louis Fed President James Bullard is scheduled to speak about the US economy and monetary policy at the 29th Annual Gatton College of Business and Economics Economic Outlook Conference in Lexington, Kentucky.

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Source: Reuters, Bloomberg, Eurobank Research

GREECE

The EU Commissioner for Economic and Financial Affairs Pierre Moscovici is expected in Athens on February 8 and 9 and will reportedly have meetings with the Greek Prime Minister Alexis Tsipras, the leaders of the two main opposition parties Kyriakos Mitsotakis and Fofi Gennimata, the Finance Minister Euclid Tsakalotos, the Minister and Alternate Minister of Economy Dimitris Papadimitriou and Alexis Charitsis, the chairman of the Hellenic Federation of Enterprises (SEV) and representatives of the Greek Tourism Confederation (SETE). Meanwhile, the Public Debt Management Agency has reportedly decided to briefly postpone the issuance of a 7-year GGB following the sharp drop in global equity markets.

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February 6, 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 | 2648.94 | -4.1% | -0.9% | EUR/USD | 1.241 | 0.3% | 3.4% | UST - 10yr | 2.70 | 0 | 30 | GOLD | 1344 | 0.3% | 3.2% |
| Nikkei 225 | 21610.24 | -4.7% | -5.1% | GBP/USD | 1.3968 | 0.1% | 3.3% | Bund-10yr | 0.68 | -6 | 25 | BRENT CRUDE | 67 | -1.0% | 0.1% |
| STOXX 600 | 374.06 | -2.1% | -3.9% | USD/JPY | 108.92 | 0.1% | 3.5% | JGB - 10yr | 0.08 | -1 | 3 | LMEX | 3448 | 1.2% | 0.8% |

CESEE MARKETS

SERBIA

Money Market

| BELIBOR | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| T/N | 2.52 | 1 | 0 |
| 1-week | 2.63 | 0 | 2 |
| 1-month | 2.83 | 1 | -2 |
| 3-month | 3.11 | 1 | -1 |
| 6-month | 3.23 | 0 | -1 |

RS Local Bonds

| | Last | ΔDbps | ΔYTD bps |
|--------|------|-------|----------|
| 3Y RSD | 3.98 | 0 | -30 |
| 5Y RSD | 4.24 | 0 | -6 |
| 7Y RSD | 4.79 | 0 | -39 |

RS Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| USD Feb-20 | 3.24 | 1 | 24 |
| USD Nov-24 | 6.17 | -25 | 14 |

CDS

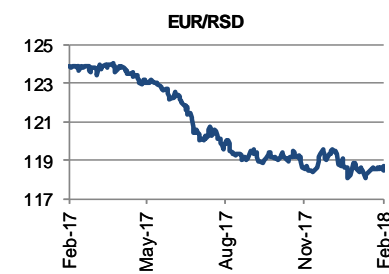
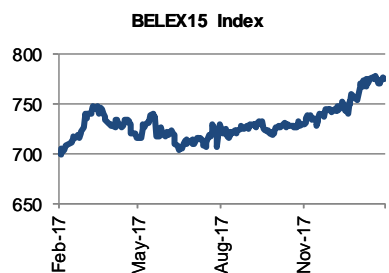
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 99 | 1 | -18 |
| 10-year | 145 | 0 | -17 |

STOCKS

| | Last | ΔD | ΔYTD |
|---------|-------|--------|-------|
| BELEX15 | 773.3 | -0.22% | 1.78% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|--------|-------|
| EUR/RSD | 118.64 | -0.04% | 0.23% |



ROMANIA

Money Market

| ROBOR | Last | ΔDbps | ΔYTD bps |
|----------|------|-------|----------|
| O/N | 1.15 | 0 | 6 |
| 1-month | 1.51 | 0 | -36 |
| 3-month | 1.97 | 0 | -8 |
| 6-month | 2.26 | 1 | -1 |
| 12-month | 2.36 | 0 | 4 |

RO Local Bonds

| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 3Y RON | 3.45 | 0 | 7 |
| 5Y RON | 3.95 | 0 | 17 |
| 10Y RON | 4.55 | 0 | 24 |

RO Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| EUR Oct-25 | 1.53 | #N/A | N/A |
| USD Jan-24 | 3.41 | -2 | 41 |

CDS

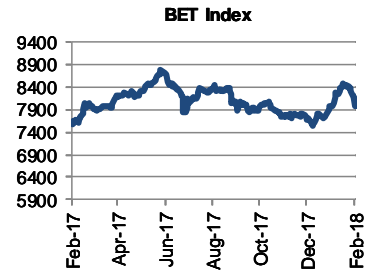
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 88 | 2 | -2 |
| 10-year | 134 | 2 | 1 |

STOCKS

| | Last | ΔD | ΔYTD |
|-----|--------|--------|-------|
| BET | 7983.7 | -2.42% | 2.97% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|--------|-------|
| EUR/RON | 4.6409 | -0.09% | 0.52% |



BULGARIA

Money Market

| SOFIBOR | Last | ΔDbps | ΔYTD bps |
|----------|-------|-------|----------|
| LEONIA | 0.01 | 0 | 1 |
| 1-month | -0.28 | -4 | -3 |
| 3-month | -0.19 | 0 | -1 |
| 6-month | -0.06 | 0 | -1 |
| 12-month | 0.32 | 0 | -1 |

BG Local Bonds

| (yields) | Last | ΔDbps | ΔYTD bps |
|----------|-------|-------|----------|
| 3Y BGN | -0.04 | -1 | 2 |
| 5Y BGN | 0.22 | -2 | 7 |
| 10Y BGN | 1.04 | 0 | 7 |

BG Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| EUR Mar-22 | 0.15 | 0 | 22 |
| EUR Sep-24 | 0.75 | 0 | 17 |

CDS

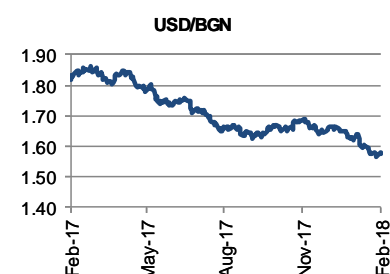
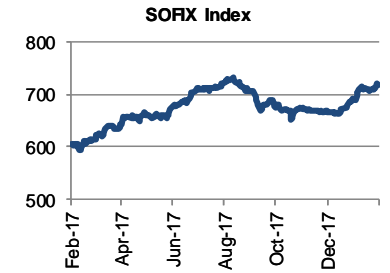
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 62 | 0 | -35 |
| 10-year | 107 | 1 | -34 |

STOCKS

| | Last | ΔD | ΔYTD |
|-------|-------|--------|-------|
| SOFIX | 698.7 | -2.44% | 3.13% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|-------|-------|
| USD/BGN | 1.5761 | 0.35% | 3.38% |



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

Data updated as of 12:30 EST

February 6, 2018

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