

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- June 5: ISM Non-manuf. (May)
- June 6: Trade balance (Apr.)
- June 7
 - Initial jobless claims (Jun. 2)
 - Consumer credit (Apr.)

EUROZONE

- June 4:
 - PPI (Apr.)
- June 5: Retail sales (Apr.)
- June 7: German industrial orders (Apr.)
- June 8
 - German trade balance (Apr.)
 - German & French industrial production (Apr.)

GREECE

- June 4: Q1 GDP (provisional estimate)
- June 7: Unemployment (Mar.)
- June 8
 - Industrial output (Apr.)
 - CPI May)

SEE

BULGARIA

- June 7: GDP SA (Q1-2018, preliminary data)
- June 8:
 - Industrial Production (Apr)
 - Retail Sales (Apr)

ROMANIA

- June 4:
 - International Reserves (May)
 - PPI (Apr)
- June 5: Retail Sales (Apr)
- June 7: GDP SA (Q1-2018, provisional data)

SERBIA

- June 7
 - PPI (Apr)
 - NBS Meeting

CYPRUS

- June 5:
 - Registered Unemployment (May)
 - Tourism revenues (March)
- June 7: CPI (May)
- June 8: GDP SA (Q1-2018, provisional data)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Eurozone government bond yields rose on Wednesday and the EUR/USD hit a multi-session high of 1.1770 following comments by ECB chief economist Peter Praet that the Central Bank will debate at next week's policy meeting whether progress so far has been sufficient to warrant a gradual unwinding of the asset purchase programme. The new government in Italy supported by the Five Star Movement and League won its first confidence vote in the Senate and will face another confidence vote in the Chamber of Deputies later today where it has a comfortable majority. In his inaugural speech to the Senate, the new Prime Minister Giuseppe Conte gave the impression that the government does not intend to water down any of its major programme policies fueling worries that it could be set on a coalition course with European authorities.

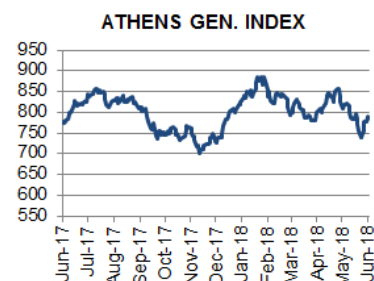
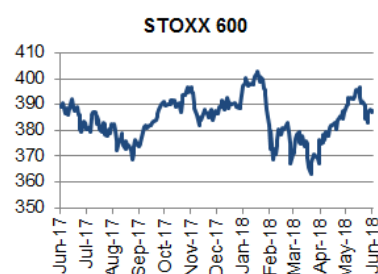
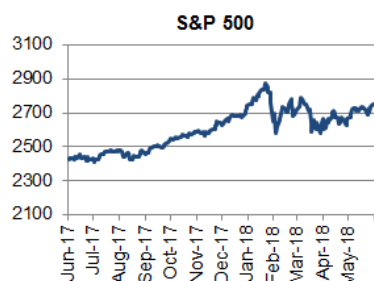
GREECE: The MTF5 2019-2022, which will be tabled to Parliament in the coming weeks, foresees a primary surplus as a percentage of GDP – in Financing Facility Agreement (FFA) terms – that will gradually increase from 3.56% in 2018 to 5.19% in 2022 against the programme target of 3.5% of GDP per year for the said period. Additionally, it envisions GDP increases (in constant prices) of 2.0%, 2.4%, 2.3%, 2.1% and 1.8% for the years 2018 to 2022. According to the Minister of Infrastructure, George Stathakis, the Public Gas Corporation (DEPA) will be separated into two companies: an infrastructure and a commercial one, while the tender process will likely commence in September.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

The new government in Italy supported by the Five Star Movement and League won its first confidence vote in the upper house Senate yesterday with 171 in favor votes, as expected. Later today, it will face another confidence vote in the lower house Chamber of Deputies where it has a comfortable majority, after which it will be fully empowered. In his inaugural speech to the Senate, the new Prime Minister Giuseppe Conte said that the government policy will be based on the coalition deal and the first priorities will be the introduction of a basic income scheme and a crackdown on immigration. He also referred to an overhaul of income tax with just two, much lower rates, giving the impression that the government does not intend to water down any of its major programme policies. The Italian Prime Minister emphasized that "leaving the euro has never been considered and it is not being considered" but, commenting on a particular sensitive issue for the markets, he said that the Eurozone's fiscal rules should be "aimed at helping citizens" and Italy would negotiate changes to EU governance, fueling worries that the new government could be set on a coalition course with European authorities. In reaction to the Italian Premier's speech early yesterday afternoon, German Bund yields moved lower but reversed course following comments by ECB chief economist Peter Praet that the Central Bank is increasingly confident that inflation is rising back towards the 2% target and at next week's policy meeting it will debate whether progress so far has been sufficient to warrant a gradual unwinding of the asset purchase programme. The 10-yr Bund yield was higher by some 4.5bps on the day standing close to 0.42% in early European trade at the time of writing. EMU periphery bonds underperformed resulting to wider periphery spreads and in FX markets, the EUR firmed hitting a ten-session high of 1.1770 against the USD.

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GREECE

The Hellenic Fiscal Council released its assessment for the Medium-Term Fiscal Strategy (MTFS) 2019-2022 that the Greek government intends to table to the Hellenic Parliament in the coming weeks. The MTFS 2019-2022 foresees a primary surplus as a percentage of GDP – in Financing Facility Agreement (FFA) terms – that will gradually increase from 3.56% in 2018 to 5.19% in 2022 against the programme target of 3.5% of GDP per year for the said period. This medium-term fiscal trajectory will be based on moderate public spending and slightly increasing public revenue. Additionally, the MTFS envisions GDP increases (in constant prices) of 2.0%, 2.4%, 2.3%, 2.1% and 1.8% for the years 2018 to 2022. Considering the above, as well as the other macroeconomic assumptions included in the MTFS 2019-2022, the Hellenic Fiscal Council expresses the view that the projections for a substantial increase in investment over the period at hand presuppose the stabilisation of expectations, a significant improvement in the investment and business climate and a favourable international environment. Given that some of these prerequisites are still not in place, the MTFS 2019-2022 projections for sustainable annual GDP growth above 2% are deemed optimistic. On the privatisations front, according to the Minister of Infrastructure, George Stathakis, the Public Gas Corporation (DEPA) will be separated into two entities: an infrastructure company, which will have all the networks of the country – in Athens, Thessaloniki and the rest of Greece – as well as international projects and will remain under public control with the State keeping its 65% share and a commercial company in which the State will retain a 14.9% share. The tender process is reportedly scheduled to commence in September.

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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	2748.80	0.1%	2.8%	EUR/USD	1.1772	0.5%	-1.9%	UST - 10yr	2.95	2	54	GOLD	1295	-0.1%	-0.6%
Nikkei 225	22625.73	0.4%	-0.6%	GBP/USD	1.3428	0.3%	-0.7%	Bund-10yr	0.44	7	1	BRENT CRUDE	76	0.2%	12.9%
STOXX 600	387.59	0.2%	-0.4%	USD/JPY	110.16	-0.3%	2.3%	JGB - 10yr	0.06	0	1	LMEX	3443	1.2%	0.7%

SERBIA

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.27	0	-25
1-week	2.38	0	-23
1-month	2.56	0	-29
3-month	2.87	0	-25
6-month	3.03	0	-21

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.53	0	-75
5Y RSD	3.94	4	-30
7Y RSD	4.42	#N/A N/A	-77

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.96	0	97
USD Nov-24	#N/A N/A	#N/A N/A	-13164

CDS

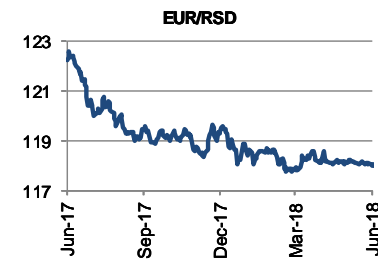
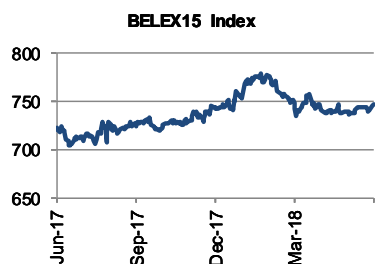
	Last	ΔDbps	ΔYTD bps
5-year	116	0	-2
10-year	162	-1	0

STOCKS

	Last	ΔD	ΔYTD
BELEX15	745.8	-0.05%	-1.84%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.11	0.10%	0.68%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.93	-1	184
1-month	2.9	1	103
3-month	2.87	2	82
6-month	2.98	2	71
12-month	3.08	2	76

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	4.02	0	64
5Y RON	4.57	0	79
10Y RON	4.95	0	63

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.58	#N/A N/A	-2
USD Jan-24	4.21	1	121

CDS

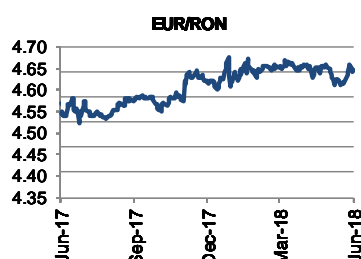
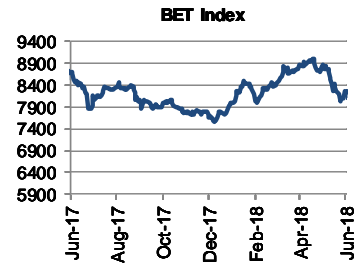
	Last	ΔDbps	ΔYTD bps
5-year	98	0	8
10-year	143	-1	9

STOCKS

	Last	ΔD	ΔYTD
BET	8244.8	-0.07%	6.33%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6519	-0.01%	0.28%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.30	0	-4
3-month	-0.23	0	-5
6-month	-0.11	0	-6
12-month	0.22	0	-10

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.04	-1	2
5Y BGN	0.17	-1	2
10Y BGN	1.03	0	6

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.10	0	18
EUR Sep-24	0.72	0	15

CDS

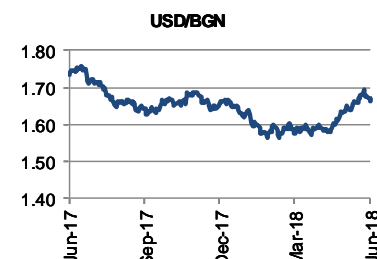
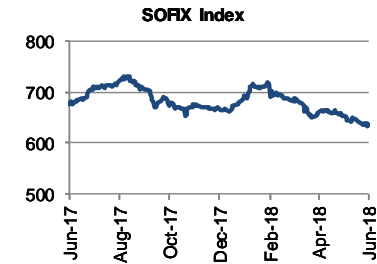
	Last	ΔDbps	ΔYTD bps
5-year	78	0	-19
10-year	124	1	-18

STOCKS

	Last	ΔD	ΔYTD
SOFIX	636.4	0.42%	-6.06%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6615	0.45%	-1.93%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 13:00 EEST

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