

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: The EUR extended recent gains and German Bund yields rose amid increased expectations that the ECB will communicate at next week's monetary policy meeting its intention to end the asset purchase programme (APP) by the end of the year. Final Q1 GDP growth data for the euro area is due later today.

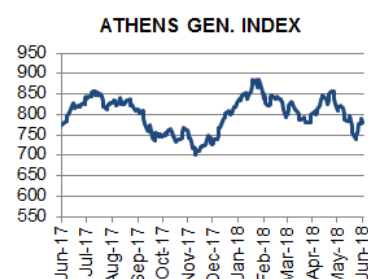
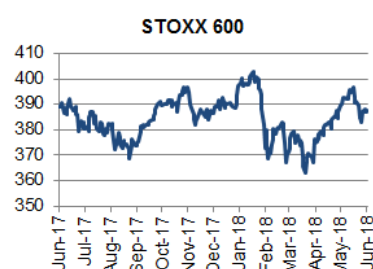
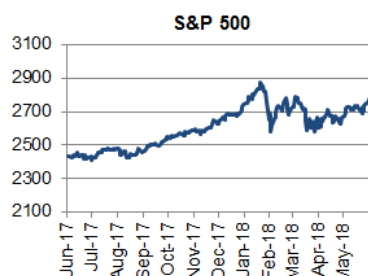
GREECE: The Euroworking Group that convenes today in Paris will further discuss the potential debt relief measures for Greece in view of the 21 June Eurogroup where a comprehensive agreement on all open issues – review, debt relief and post-programme framework – is expected to be reached. According to the Bank of Greece Report on Operational Targets for Non-Performing Exposures released yesterday, at end-March 2018, the stock of non-performing exposures (NPEs) decreased by 2.1% compared to end-December 2017 reaching €92.4 billion or 48.5% of total exposures.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

The EUR extended recent gains and Bund yields rose amid increased expectations that the ECB will communicate at next week's monetary policy meeting its intention to end the asset purchase programme (APP) by the end of the year. ECB chief economist Peter Praet said earlier this week 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 purchases". These comments coincided with remarks by Bank of Estonia President and ECB Governing Council member Ardo Hansson in an interview to a regional newspaper that "the market expectation is such that the rates might start rising at a moderate rate in the middle of next year" and that "when we are confident that inflation is on a moderate growth path, exiting may be a bit faster". Along similar lines, ECB Governing Council member Klaas Knot said in the Dutch Parliament that "it would be reasonable to announce the end of asset purchases soon". Against this background, the ECB is highly likely to start discussing at the June 14 policy meeting how to proceed with the APP beyond September 2018. However, on the back of prevailing political jitters in Italy and ECB uncertainty surrounding the sources of the recent growth moderation and the extent to which the Eurozone recovery is slowing, the formal announcement on QE intentions may come at the subsequent meeting in July. Reacting to ECB hawkish comments, the 10-yr Bund yield moved above 0.50% for the first time in two weeks while the EUR/USD hit a two-week high of 1.1838 earlier today, 0.6% firmer on the day and c. 3% higher compared to the year-to-date low of 1.1506 hit on May 29. Final Q1 GDP growth data for the euro area is due later today.

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GREECE

The Euroworking Group that convenes today in Paris will further discuss the potential debt relief measures for Greece in view of the 21 June Eurogroup where a comprehensive agreement on all open issues – review, debt relief and post-programme framework – is expected to be reached. Today's meeting may also provide more clarity regarding the IMF's role in the programme. According to the Bank of Greece Report on Operational Targets for Non-Performing Exposures released yesterday, at end-March 2018, the stock of non-performing exposures (NPEs) decreased by 2.1% compared to end-December 2017 reaching €92.4 billion or 48.5% of total exposures (amount includes on-balance sheet items only while including off-balance sheet items the stock of NPEs is reduced by 2.3% in the first quarter of 2018 at €93.5 billion or 43.1% of total exposures). The reduction of NPEs in Q1 2018 is driven by write-offs which amounted to €1.7 billion. The quarterly cure rate remained at the same level as in Q4 2017 at 1.8%, a little lower than the default rate that increased in Q1 2018 reaching 1.9% thus reversing the good performance noticed in Q4 2017. The performance in collections, liquidations and sales is slightly worse compared to the previous quarter. An improved picture is expected in the near future, as banks have already announced and in some cases executed sales of loans.

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Thursday 07 June 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	2772.35	0.9%	3.7%	EUR/USD	1.1818	0.4%	-1.6%	UST - 10yr	2.98	1	58	GOLD	1299	0.2%	-0.3%
Nikkei 225	22823.26	0.9%	0.3%	GBP/USD	1.339	-0.2%	-1.0%	Bund-10yr	0.50	3	7	BRENT CRUDE	76	1.4%	14.2%
STOXX 600	387.46	0.1%	-0.4%	USD/JPY	110.04	0.1%	2.4%	JGB - 10yr	0.06	0	1	LMEX	3484	1.2%	1.9%

SERBIA

BELIBOR			
	Last	ΔDbps	ΔYTD bps
T/N	2.29	2	-23
1-week	2.42	4	-19
1-month	2.60	4	-25
3-month	2.88	1	-24
6-month	3.06	3	-18

RS Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y RSD	3.53	0	-75
5Y RSD	3.94	0	-30
7Y RSD	4.41	0	-77

RS Eurobonds			
	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.97	-1	97
USD Nov-24	#N/A N/A	#N/A N/A	-13164

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	118	2	0
10-year	164	2	2

STOCKS			
	Last	ΔD	ΔYTD
BELEX15	740.2	-0.51%	-2.58%

FOREX			
	Last	ΔD	ΔYTD
EUR/RSD	118.11	0.42%	0.68%

ROMANIA

Money Market			
	Last	ΔDbps	ΔYTD bps
ROBOR	2.92	-1	183
O/N	2.92	-1	183
1-month	2.9	0	103
3-month	2.87	0	82
6-month	2.98	0	71
12-month	3.08	0	76

RO Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y RON	4.04	0	66
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	4.22	-1	122

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

STOCKS			
	Last	ΔD	ΔYTD
BET	8285.4	-0.05%	6.86%

FOREX			
	Last	ΔD	ΔYTD
EUR/RON	4.6562	-0.02%	0.18%

BULGARIA

Money Market			
	Last	ΔDbps	ΔYTD bps
SOFIBOR	0.01	0	1
LEONIA	0.01	0	1
1-month	-0.30	0	-5
3-month	-0.23	0	-5
6-month	-0.11	0	-6
12-month	0.22	-1	-11

BG Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.05	-1	1
5Y BGN	0.17	0	3
10Y BGN	1.00	0	3

BG Eurobonds			
	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.08	5	16
EUR Sep-24	0.70	10	13

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	78	0	-19
10-year	123	-1	-18

STOCKS			
	Last	ΔD	ΔYTD
SOFIX	632.4	-0.28%	-6.65%

FOREX			
	Last	ΔD	ΔYTD
USD/BGN	1.6549	0.38%	-1.54%

Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 14:50 EEST

Thursday 07 June 2018

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