



# DAILY OVERVIEW

## OF GLOBAL MARKETS & THE SEE REGION

Friday 07 December 2018

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### US

- Dec 03: ISM Manufacturing (Nov)
- Dec 05:
  - ISM non-manufacturing (Nov)
  - Fed Beige Book
- Dec 06:
  - Trade balance (Oct)
  - Jobless claims (24/11)
  - Durable goods orders (Oct, final)
  - Fed Chair testifies before the Joint Economic Committee of Congress
- Dec 07:
  - Non farm payrolls (Nov)
  - Unemployment rate (Nov)
  - Average hourly earnings (Nov)
  - UM consumer sentiment (Dec, prel)

#### EUROZONE

- Dec 03: Markit Manufacturing PMI (Nov, final)
- Dec 04:
  - ECOFIN Council meeting
- Dec 05:
  - Markit Services PMI (Nov, final)
  - Retail sales (Oct)
- Dec 07:
  - GDP (Q3, final)
  - Q3 wage growth

#### GREECE

- Dec 3: PMI Manufacturing (Nov)
- Dec 04: GDP (Q3, provisional)
- Dec 06: Unemployment rate (Sep)

#### SEE

##### BULGARIA

- Dec 07: GDP (Q3, final)

##### CYPRUS

- Dec 06: CPI (Nov)
- Dec 07: GDP (Q3, final)

##### ROMANIA

- Dec 04: PPI (Oct)
- Dec 05: Retail Sales (Oct)
- Dec 07: GDP (Q3, prel.)

##### SERBIA

- Dec 6: KPR (Q3, Final)
- Dec 07: PPI (Nov)

Source: Reuters, Bloomberg, Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Wall Street managed to close well off the mid-session sell-offs overnight (Dow Jones, S&P 500 and Nasdaq closed -0.3%, -0.2% and +0.4%, respectively), while the majority of Asian equity indices traded higher on Friday. Core government bonds extended their recent rally, with the 10-yr UST and Bund yields plunging to a three-month low of 2.83% and a six-month low of 0.22% y-day, respectively. In FX markets, the US dollar recovered marginally in European trade on Friday against the Yen, with the USD/JPY trading around levels of 112.84 at the time of writing, following a 1 ½ month low of 112.24 hit yesterday amid speculation that the Federal Reserve might give an end to its tightening rate cycle in 2019.

**GREECE:** In an effort to accelerate the privatisation of Hellinikon, the government submitted yesterday an amendment to Law 4512/2018 while the Gaming Commission submitted for public consultation a draft casino regulation and the relevant technical specifications. On the economic data front, according to the Hellenic Statistical Authority (ELSTAT), the unemployment rate continued its downward trend coming in at 18.6% (seasonally adjusted) in September 2018 compared to 20.8% in September 2017 and 18.9% in August 2018.

### SOUTH EASTERN EUROPE

**CESEE MACRO AND MARKET DEVELOPMENTS:** The majority of emerging market assets weakened earlier on Friday with the MSCI Emerging Market index reporting losses by -2.3% and closing at 978.9 in yesterday's settlement. The pivotal factor for the prevailing risk-off sentiment is considered the arrest of the HUAWEI Chief Financial Officer Meng Wanzhou in Canada, an outcome which will most probably weigh on the trade dispute truce. In other news, the National Bank of Serbia kept the Key Policy Rate (KPR) unchanged at 3% in yesterday's meeting.

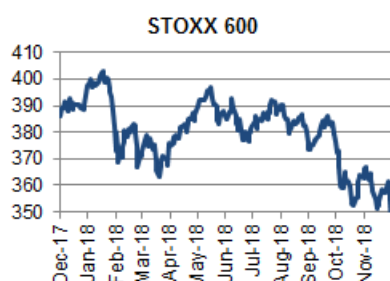
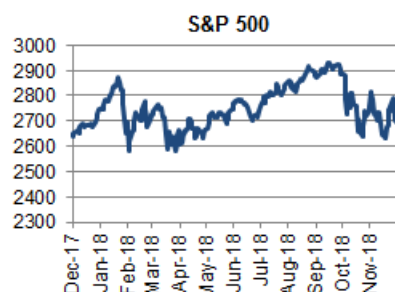
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## Latest world economic & market developments

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Wall Street managed to close well off the mid-session sell-offs overnight (Dow Jones, S&P 500 and Nasdaq closed -0.3%, -0.2% and +0.4%, respectively), while the majority of Asian equity indices traded higher on Friday, as both the US and Chinese authorities have reportedly been aware of the Huawei CFO's arrest before last weekend's negotiations, which means that the arrest itself does not constitute a threat to the US-China tariff truce. Against this backdrop, core government bonds extended their recent rally, with the 10-yr UST yield plunging to a three-month low of 2.83% yesterday before trading higher around 2.88% in European trade on Friday. In Germany, the 10-yr Bund yield followed suit falling to a six-month low of 0.22% y-day before retreating marginally to levels around 0.24% at the time of writing. In FX markets, the US dollar recovered marginally in European trade on Friday against the Yen, with the USD/JPY trading around levels of 112.84 at the time of writing, following a 1 ½ month low of 112.24 hit yesterday amid speculation that the Federal Reserve might give an end to its tightening rate cycle in 2019. A Wall Street Journal report commented that Fed officials are considering adopting a wait-and-see approach on future rate increases after a likely rate increase at their FOMC meeting in 18-19 December. In commodity markets, oil was trading marginally lower below 60\$/bbl, as OPEC postponed a decision on oil output cuts while waiting for a commitment from non-OPEC heavyweight Russia before deciding the exact volumes for a production reduction. Looking at the day ahead, the November employment report in the US takes centre stage, where consensus estimates are for a 198k increase after a stronger-than-expected 250k rise in the prior month. Average hourly earnings are expected to increase by +0.3%MoM, keeping the annual growth rate stable at +3.1%YoY.

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### GREECE

In an effort to accelerate the privatisation of Hellinikon, the government submitted yesterday an amendment to Law 4512/2018 incorporating revisions of the framework governing the operation of casinos. At the same time, the Gaming Commission submitted yesterday for public consultation a draft casino regulation and the relevant technical specifications in accordance with the provisions of Law 4512/2018. The public consultation will be concluded on 21 December 2018. Commenting on the subject, FinMin Euclid Tsakalotos reportedly stated yesterday that the casino tender procedure will begin in one month at the latest. On the economic data front, according to the Hellenic Statistical Authority (ELSTAT), the unemployment rate continued its downward trend coming in at 18.6% (seasonally adjusted) in September 2018 compared to 20.8% in September 2017 and 18.9% in August 2018. The number of employed persons increased by 2.3%YoY/0.8%MoM, while the number of unemployed persons decreased by 11.1%YoY/1.1%MoM.

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## Latest economic & market developments in the CESEE region

### CESEE MACRO AND MARKET DEVELOPMENTS

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

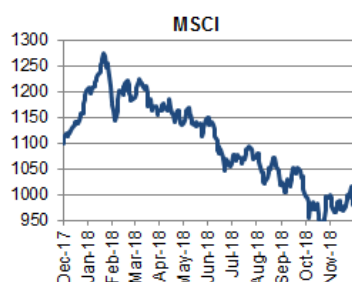
\* on a cash basis

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



The majority of emerging market assets weakened earlier on Friday with the MSCI Emerging Market index reporting losses by -2.3% and closing at 978.9 in yesterday's settlement. The pivotal factor for the prevailing risk-off sentiment is considered the arrest of the HUAWEI Chief Financial Officer Meng Wanzhou in Canada, an outcome which will most probably weigh on the trade dispute truce. In the CESEE region, almost all currencies depreciated modestly against the Euro and at the time of writing the Czech Crown, the Hungarian Forint, the Polish Zloti and the Romanian Leu remained under pressure. Regional bourses traded in red yesterday with losses varying from 1.89% in Poland (WIG20 index) to 0.32% in Bulgaria (Sofix index).

In other news, the National Bank of Serbia kept the Key Policy Rate (KPR) unchanged at 3% in yesterday's meeting on the back of stable inflationary conditions. Inflation remains subdued at 2.2% YoY in October and is expected to continue as such in the next two years as the breakdown of figures implies that any price acceleration so far is mainly attributed to volatile prices (i.e. food and fuel prices behavior within the past twelve months). Moreover, the appreciation of the Serbian Dinar towards the Euro is considered manageable and remains under control through the required interventions by the NBS that stepped into purchases of €15mn during November, a volume which is considered rather modest.

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Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	Ba3	BB	BB
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BBB-	BBB
CYPRUS	Ba2	BBB-	BB+

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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	2695.95	-0.2%	0.8%	EUR/USD	1.1372	0.0%	-5.3%	UST - 10yr	2.87	-3	46	GOLD	1241	0.2%	-4.8%
Nikkei 225	21678.68	0.8%	-4.8%	GBP/USD	1.2752	-0.3%	-5.7%	Bund-10yr	0.24	0	-19	BRENT CRUDE	60	-0.7%	-10.8%
STOXX 600	343.31	-3.1%	-11.8%	USD/JPY	112.78	-0.1%	-0.1%	JGB - 10yr	0.06	-1	1	LMEX	2875	-1.6%	-15.9%

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.43	-2	-9
1-week	2.54	-2	-7
1-month	2.70	0	-15
3-month	3.04	-1	-8
6-month	3.18	0	-6

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.08	-1	-120
5Y RSD	3.66	0	-64
7Y RSD	4.16	0	-101

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	4.19	1	120

## CDS

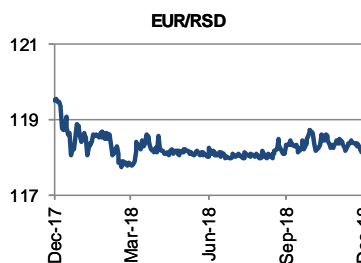
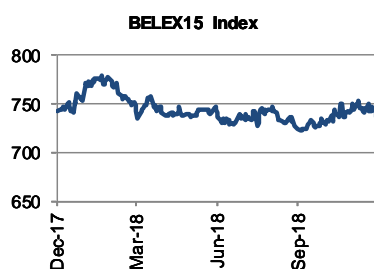
	Last	ΔDbps	ΔYTD bps
5-year	112	0	-6
10-year	152	-1	-10

## STOCKS

	Last	ΔD	ΔYTD
BELEX15	738.5	0.23%	-2.81%

## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.27	0.05%	0.54%



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.14	0	105
1-month	2.82	0	95
3-month	3.08	0	103
6-month	3.38	0	111
12-month	3.54	0	122

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.90	0	52
5Y RON	4.31	0	53
10Y RON	4.89	0	58

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.53	0	-2
USD Jan-24	4.47	0	147

## CDS

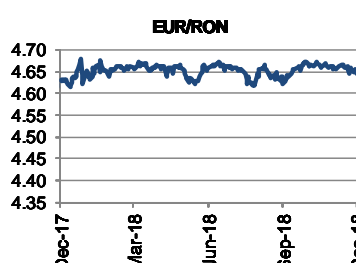
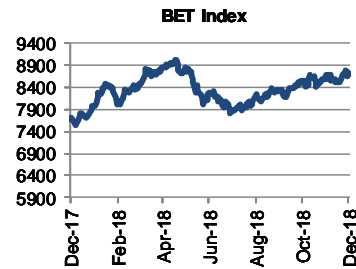
	Last	ΔDbps	ΔYTD bps
5-year	106	0	16
10-year	150	0	16

## STOCKS

	Last	ΔD	ΔYTD
BET	8693.9	0.43%	12.12%

## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6463	0.12%	0.40%



## BULGARIA

## Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.22	8	3
3-month	-0.14	9	4
6-month	-0.02	10	3
12-month	0.36	14	4

## BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.06	0	0
5Y BGN	0.10	0	-4
10Y BGN	0.76	0	-21

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.04	0	9
EUR Sep-24	0.58	0	1

## CDS

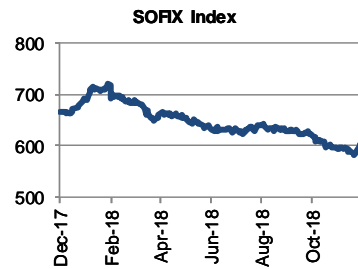
	Last	ΔDbps	ΔYTD bps
5-year	80	0	-17
10-year	127	0	-15

## STOCKS

	Last	ΔD	ΔYTD
SOFIX	592.5	-0.80%	-12.55%

## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.72	-0.05%	-5.27%



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

Data updated as of 9:40 EEST

Friday 07 December 2018

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