

# DAILY OVERVIEW

## OF GLOBAL MARKETS & THE SEE REGION

Monday 09 July 2018

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### US

- July 9: Consumer credit (JMay)
- July 11: PPI (Jun)
- July 12
  - Jobless claims (7 Jul)
  - CPI (Jun)
- July 4
  - Import prices (Jun)
  - UM consumer confidence (Jul)

#### EUROZONE

- July 9
  - German exports (May)
  - ECB President Draghi speaks
- July 10
  - German ZEW (Jul)
  - ECB President speaks
- July 12: Industrial production (May)

#### UK

- July 10
  - Industrial production (May)
  - Trade balance (May)

#### GREECE

- Jul 10
  - CPI (Jun)
  - Industrial production (May)
- July 12: Unemployment rate (Apr)

#### SEE

##### BULGARIA

- July 9
  - Industrial Production (May)
  - Retail Sales (May)
- July 12: Trade Balance (May)

##### ROMANIA

- July 9: Wages Net (May)
- July 10: Trade Balance (May)
- July 11
  - Industrial Sales (May)
  - CPI (June)
  - NBR Board meeting minutes
- July 12: Industrial Production (May)

##### CYPRUS

- July 10: Real Estate Prices (Q1-2018, CYSTAT)
- July 11: Tourism Revenues (April)

##### SERBIA

- July 12
  - CPI (Jun)
  - NBS Board meeting (Jul)

Source: Reuters, Bloomberg,  
Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** US non-farm payrolls rose by a higher than expected 213k in June but the unemployment rate rose for the first time in the last ten months at 4.0% from 3.8% in May and average hourly earnings were held steady at 2.7%YoY. In reaction to the above, the USD moved lower across the board. The EUR/USD hit a 3 ½ week high of 1.1780 earlier today and the GBP/USD rose to 1.3362, the highest since mid-June, favored by the UK government's agreement on the proposed UK's future relationship with the EU that effectively calls for a soft-Brexit scenario. Looking at this week's calendar, major data releases include US CPI for June (Tuesday) ahead of July's UM consumer sentiment (Friday) while there will be a public hearing before the European Court of Justice on the legality of the ECB's public asset purchase program (Tuesday).

**GREECE:** Euroworking Group President Hans Vijlbrief argued in an interview in favour of the pre-legislated fiscal package for 2019 and 2020 on the grounds that not only is it necessary for a friendlier-to-growth budget in line with the agreed primary surpluses but it is also conducive to a fairer pension system and to greater intra-generational justice. According to ELSTAT, for the 5-month period from January to May 2018, the total value of imports-arrivals amounted to €21,966 million increased by 0.4% YoY while exports-dispatches amounted to 13,414 million recording an increase of 13.7% YoY. According to the General Government data, the stock of the general government arrears to the private sector at the end of May 2018 was at €3.0 bn from €3.4 bn at the end of April 2018.

### SOUTH EASTERN EUROPE

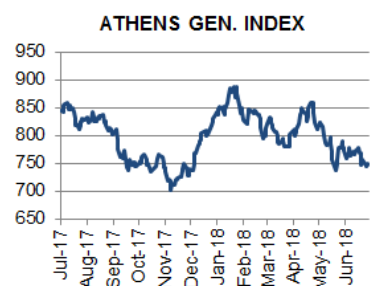
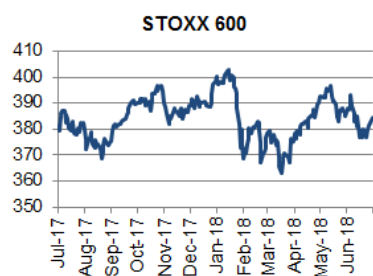
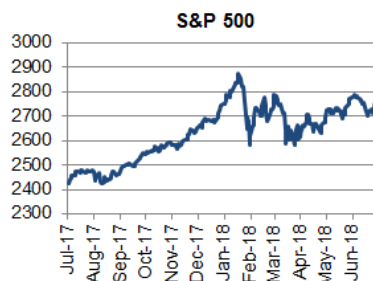
**BULGARIA:** The main Bulgarian equity SOFIX index remained practically unchanged on a weekly basis on Friday. Elsewhere, external government bonds remained largely unchanged while local-currency government bonds ended little changed.

**SERBIA:** The EUR/RSD is trading near the 118.0/€ threshold, almost unchanged on the day and the past week.

#### DISCLAIMER

This document has been issued by Eurobank Ergasias SA (Eurobank) and may not be reproduced in any manner. The information provided has been obtained from sources believed to be reliable, but has not been verified by Eurobank, and the opinions expressed are exclusively of their author. This information does not constitute an investment advice or any other advice, or an offer to buy or sell, or a solicitation of an offer to buy or sell, or an offer or a solicitation to execute transactions on the financial instruments mentioned. The investments discussed may be unsuitable for investors, depending on their specific investment objectives, their needs, their investment experience and financial position. No representation or warranty (expressed or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions, all of which are subject to change without notice. No responsibility or liability, whatsoever or howsoever arising, is accepted in relation to the contents thereof by Eurobank or any of its directors, officers and employees.

## Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

### GLOBAL MARKETS

US non-farm payrolls rose by a higher than expected 213k in June while the figures of the prior two months were revised higher by 37k cumulatively. However, the unemployment rate rose for the first time in the last ten months coming in at 4.0% from 3.8% in May following a rise of 601k in the number of people participating in the work force that more than reversed a cumulative decline of 382k over the previous three months. The rise in labor force participation was a key reason behind relatively subdued wage growth. Average hourly gains were held steady at 2.7%YoY, supporting the view for a gradual Fed rate tightening ahead on the back of limited risks for an acceleration in inflation any time soon. In reaction to the above, the USD moved lower across the board with the DXY index moving below 94.000 earlier today for the first time in the last three weeks. Favored by the USD's broad-based weakness, the EUR/USD hit an intraday high of 1.1780 earlier today, the highest since mid-June. ECB President Mario Draghi is scheduled to speak later today and has the potential to push the pair higher should his comments trigger a hawkish adjustment in rate tightening expectations. The GBP also gained some ground marking a 3 ½ week high of 1.3362 against the USD earlier today. The main driver was the UK government's agreement on the proposed UK's future relationship with the EU that effectively calls for a soft-Brexit scenario, shrugging off news that Brexit Secretary David Davis resigned in protest at the Brexit plan and reports conveying that other Brexiteer ministers may also quit (the full details on the UK proposal will be published in a White Paper on July 12). Looking at this week's calendar, major data releases include US CPI for June (Tuesday) ahead of July's UM consumer sentiment (Friday) while there will be a public hearing before the European Court of Justice on the legality of the ECB's public asset purchase program (Tuesday).

[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

### GREECE

Euroworking Group President Hans Vijlbrief argued in an interview in favour of the pre-legislated fiscal package for 2019 and 2020 on the grounds that not only is it necessary for a friendlier-to-growth budget in line with the agreed primary surpluses but it is also conducive to a fairer pension system and to greater intra-generational justice. Therefore, not implementing the fiscal package would be self-defeating. As regards the European Commission projection for GDP growth of 1% on average after 2023, EWG President said it was due to negative assumptions for demographics and productivity so it is thus imperative that Greece continue reforms in labour and product markets as well as in the justice system and the public administration. On the economic data front, according to the Hellenic Statistical Authority (ELSTAT), for the 5-month period from January to May 2018, the total value of imports-arrivals amounted to €21,966 million increased by 0.4% YoY. Exports-dispatches amounted to 13,414 million recording an increase of 13.7% YoY. According to the General Government data, the stock of the general government arrears to the private sector at the end of May 2018 was at €3.0 billion from €3.4 billion at the end of April 2018, a monthly decrease of -11.4%. All categories of General Government arrears followed a decreasing pattern in May 2018. Compared to their most recent peak in August 2017 (€6.0 billion) general government arrears registered a decrease of -50.6%. According to the most recent Compliance Report (March 2018) arrears are expected to be cleared by the official end of the Third Economic Adjustment programme in August 2018.

[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

[tstamatiou@eurobank.gr](mailto:tstamatiou@eurobank.gr)

Monday 09 July 2018

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

ROMANIA: Indicator:	2016	2017e	2018f
Real GDP growth %	4.8	7.0	4.0
CPI (pa, yoy %)	-1.6	1.3	3.5
Budget Balance/GDP *	-2.4	-3.0	-4.4
Current Account/GDP	-2.2	-3.5	-4.0
EUR/RON (eop)	4.54	4.67	4.70
	2017	current	2018
Policy Rate (eop)	1.75	2.50	3.00

\* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

SERBIA: Indicators	2016	2017e	2018f
Real GDP growth %	2.7	1.9	3.5
CPI (pa, yoy %)	1.1	3.2	3.0
Budget Balance/GDP	-1.3	0.5	-0.6
Current Account/GDP	-3.1	-5.7	-4.7
EUR/RSD (eop)	123.40	118.2	116.5
	2017	current	2018
Policy Rate (eop)	3.50	3.00	3.00

Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

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

## Latest economic & market developments in the CESEE region

### BULGARIA\*

The main Bulgarian equity SOFIX index remained practically unchanged over the week ending at 633.69 points or -0.09% lower than the previous week's close. The weekly volume remained at the 3 month average of €1.38mn. External government bonds on the shorter end had a little more to show for, with yield drops between 2-6 bps, while longer maturities remained largely unchanged. Local government bonds also dropped across the board led by the 8 year tenor yield, which dropped by a little over 6 bps.

### SERBIA\*

The EUR/RSD is trading near the 118.0/€ threshold, almost unchanged on the day and the past week. The main reason behind that is that the NBS remains active on the market forbidding Dinar firming versus the Euro. By doing so, the NBS bought €70mn this week increasing the year to date intervention to €1.435mn. The trading range 117.90 - 118.50, that has been holding since last March, is still the support and resistance level for the pair. In other news, Prime Minister Ana Brnabic was quoted in a government statement, saying that the central government's budget surplus currently stood at 29.7bn dinars and the central government debt is currently equivalent to 59.6% of the projected 2018 GDP.

\* We would like to thank Ruslan Raychev from Eurobank Bulgaria and Zoran Korac from Eurobank AD Beograd for their invaluable contribution in today's issue.

[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr)

Monday 09 July 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	2759.82	0.8%	3.2%	EUR/USD	1.1754	0.1%	-2.1%	UST - 10yr	2.84	2	44	GOLD	1260	0.4%	-3.3%
Nikkei 225	22052.18	1.2%	-3.1%	GBP/USD	1.3298	0.1%	-1.6%	Bund-10yr	0.30	1	-12	BRENT CRUDE	77	0.4%	15.8%
STOXX 600	384.25	0.5%	-1.3%	USD/JPY	110.51	-0.1%	2.0%	JGB - 10yr	0.04	1	-1	LMEX	3061	-0.6%	-10.5%

SERBIA

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.30	2	-22
1-week	2.40	2	-21
1-month	2.61	2	-24
3-month	2.91	1	-21
6-month	3.04	0	-20

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.48	3	-80
5Y RSD	3.98	-2	-26
7Y RSD	4.39	#N/A	N/A

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.65	-1	65
USD Nov-24	#N/A	N/A	-13164

CDS

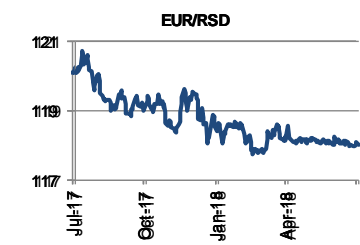
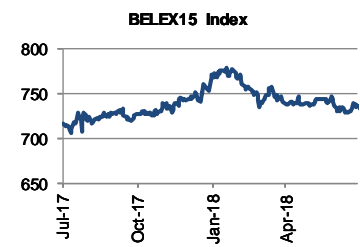
	Last	ΔDbps	ΔYTD bps
5-year	125	2	7
10-year	176	2	14

STOCKS

	Last	ΔD	ΔYTD
BELEX15	736.1	0.26%	-3.11%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.04	0.46%	0.73%



ROMANIA

Money Market	Last	ΔDbps	ΔYTD bps
ROBOR	3.34	0	225
O/N	3.34	0	225
1-month	3.39	0	152
3-month	3.39	0	134
6-month	3.47	0	120
12-month	3.53	0	121

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	4.36	0	98
5Y RON	4.92	0	114
10Y RON	5.17	0	86

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.66	#N/A	N/A
USD Jan-24	4.16	-1	117

CDS

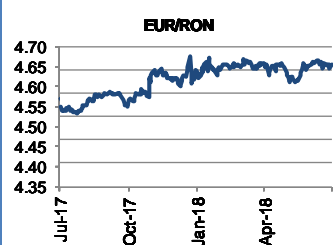
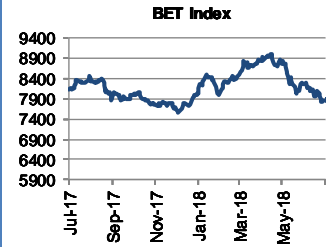
	Last	ΔDbps	ΔYTD bps
5-year	97	-1	7
10-year	142	-1	8

STOCKS

	Last	ΔD	ΔYTD
BET	7870.5	0.45%	1.51%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6627	0.04%	0.05%



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	-0.12	0	-7
12-month	0.22	1	-10

BG Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.10	2	-4
5Y BGN	0.10	0	-4
10Y BGN	0.93	0	-3

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.04	0	12
EUR Sep-24	0.61	0	4

CDS

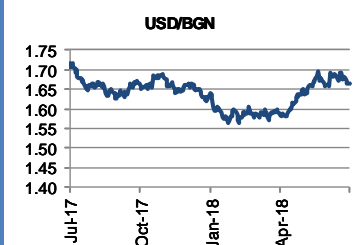
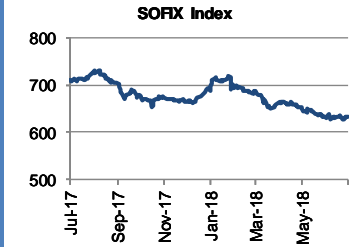
	Last	ΔDbps	ΔYTD bps
5-year	78	-1	-19
10-year	125	0	-16

STOCKS

	Last	ΔD	ΔYTD
SOFIX	633.4	-0.05%	-6.50%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6642	0.09%	-2.09%



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

Data updated as of 10:30 EEST

Monday 09 July 2018

**Contributors**

**Paraskevi Petropoulou**  
Senior Economist, Eurobank Ergasias  
+30 210 3718991  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Ioannis Gkionis**  
Senior Economist, Eurobank Ergasias  
+30 210 3337305  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr)

**Anna Dimitriadou**  
Economic Analyst, Eurobank Ergasias  
+30 210 3718793  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

**Olga Kosma (Special Contributor)**  
Research Economist, Eurobank Ergasias  
+30 210 3371227  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr)

**Stelios Gogos (Special Contributor)**  
Economic Analyst, Eurobank Ergasias  
+30 210 3371226  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr)

**Theodoros Stamatiou (Special Contributor)**  
Senior Economist, Eurobank Ergasias  
+ 30 210 3371228  
[tstamatiou@eurobank.gr](mailto:tstamatiou@eurobank.gr)

**Eurobank Economic Analysis and Financial Markets Research**

**Dr. Tasos Anastasatos: Group Chief Economist**  
[tanastasatos@eurobank.gr](mailto:tanastasatos@eurobank.gr), +30 210 33 71 178

**Research Team**

**Anna Dimitriadou: Economic Analyst**  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr), +30 210 3718 793

**Marisa Yiannisis: Administrator**  
[magiannisi@eurobank.gr](mailto:magiannisi@eurobank.gr) +210 3371242

**Ioannis Gkionis: Senior Economist**  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr) +30 210 33 71 225

**Dr. Stylianos Gogos: Economic Analyst**  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr) +30 210 33 71 226

**Olga Kosma: Research Economist**  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr) +30 210 33 71 227

**Paraskevi Petropoulou: Senior Economist**  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr), +30 210 37 18 991

**Dr. Theodoros Stamatiou: Senior Economist**  
[tstamatiou@eurobank.gr](mailto:tstamatiou@eurobank.gr), +30 210 3371228

**Elia Tsiampaou: Economic Analyst**  
[etsiampaou@eurobank.gr](mailto:etsiampaou@eurobank.gr), +30 210 3371207

Eurobank Ergasias S.A, 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: [Research@eurobank.gr](mailto:Research@eurobank.gr)

**Eurobank Economic Analysis and Financial Markets Research**

More research available at <https://www.eurobank.gr/en/group/economic-research>

- **7 Ημέρες Οικονομία:** Weekly review of the Greek economy
- **Greece Macro Monitor - Focus Notes:** Periodic publication on the latest economic & market developments in Greece
- **Economy & Markets:** Analysis & research on the Greek and international economy
- **Regional Economics & Market Strategy Monthly:** Monthly edition on economic & market developments in the region
- **Emerging Markets Special Focus Reports:** Periodic publication on specific EM economy and markets developments
- **Daily Overview of Global markets & the SEE Region:** Daily overview of key macro & market developments in Greece, regional economies & global markets
- **Global Macro Themes & Market Implications for the EA Periphery and the CESEE:** Monthly review of the international economy and financial markets
- **Global Markets Special Focus Reports:** Periodic publication on specific global economy and markets developments

Subscribe electronically at <https://www.eurobank.gr/el/omilos/oikonomikes-analuseis>

