

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Apr 10: PPI (March)
- April 11
 - CPI (March)
 - Minutes of the 20/21 March FOMC meeting
- Apr 12: Initial jobless claims (Apr 7)
- Apr 13: UM consumer sentiment (Apr)

EUROZONE

- Apr 9: German exports (Feb)
- April 10
 - France's industrial production (Feb)
 - Italy's industrial production (Feb)
- Apr 12
 - Eurozone's industrial production (Feb)
 - France's CPI (Mar)
 - Accounts of the 8 March ECB meeting

UK

- Apr 11: Industrial production (Feb)

GREECE

- Apr 12: Unemployment rate (Jan)
- Apr 13: CPI (Mar)

SEE

BULGARIA

- April 10
 - Retail Sales (Feb)
 - Industrial Production (Feb)
- April 12: Trade Balance (Feb)

ROMANIA

- April 10: Trade Balance (Feb)
- April 11:
 - Net Wages (Feb)
 - NBR meeting minutes
- April 12: Industrial Production & Sales (Feb)
- April 13: Current Account (Feb)

SERBIA

- April 10: PPI index (Mar)
- April 12:
 - NBS policy meeting
 - CPI Index (Mar)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Major European bourses were firmer in early trade, US Treasuries weakened and safe-haven currencies lost some ground on somewhat easing market worries over an escalating US-China trade war. Speaking at the Bo'ao Forum for Asia, China's President Xi Jinping warned against returning to a "Cold War mentality" and reiterated pledges for securing more market access to foreign investors including, inter alia, lower import tariffs on vehicles, protection of intellectual property of foreign firms, access to the insurance sector and expansion of the permitted business scope for foreign financial institutions. Today's economic agenda is quite light with just industrial production data for February from France and Italy.

GREECE: In the coming days, the Greek government is reportedly planning to informally present its holistic, long-term growth strategy to the institutions in order to receive their feedback before it is officially presented to the 27 April Eurogroup. The government is expected to table to Parliament today the bill which will lay out the procedure for the divestment of the PPC lignite-fired capacity units and also regulate staff-related issues. According to the Hellenic Statistical Authority provisional data on commercial transactions, for the period January - February 2018 the total value of imports-arrivals amounted to EUR 8,658.9 million (+0.2%YoY) while the total value of exports-dispatches for the respective period was EUR 4,950.7 million (+16.5%YoY).

SOUTH EASTERN EUROPE

BULGARIA: Moody's didn't review the sovereign rating of Bulgaria on the scheduled date of April 9th.

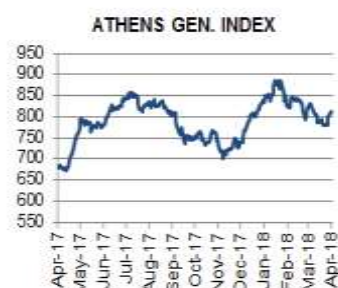
SERBIA: The EUR/RSD traded unchanged at 118.05/25 in the past week.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Reflecting the positive tone in Asian equity markets today, major European bourses were firmer in early trade while US stock futures point to a firmer opening later today amid somewhat easing market worries over an escalating US-China trade war. Speaking at the Bo'ao Forum for Asia – the equivalent of the Davos World Economic Forum – China's President Xi Jinping warned against returning to a "Cold War mentality" and reiterated pledges for securing more market access to foreign investors including lower import tariffs on vehicles, protection of intellectual property of foreign firms, access to the insurance sector and expansion of the permitted business scope for foreign financial institutions. US Treasuries weakened with the 10-yr yield rising to 2.80% in early trade, c. 2bps higher on the day mainly due to equity markets' improved performance. Supply jitters also had an impact with yesterday's release of the CBO Budget and Economic Outlook: 2018 to 2028 confirming that the US federal budget deficit will move above the \$1trn mark in 2020, two years earlier than estimated previously. Meanwhile, core Eurozone government bond yields were held near recent lows ahead of hefty sovereign debt redemptions in the remainder of the week with the 10-yr UST/German yield spread approaching 232bp year-to-date high. In FX markets, safe-haven currencies weakened with the USD/JPY rebounding to levels slightly above 107.00 while the GBP firmed to 1.4170 against the USD, the highest in two weeks on BoE policymaker Ian McCafferty's hawkish comments. Today's economic agenda is quite light with just industrial production data for February from France and Italy. That said, investors will probably wait for more important releases later this week including the US' March inflation report and the FOMC minutes of the March meeting, both on Wednesday, ahead of Thursday's ECB accounts.

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GREECE

In the coming days, the Greek government is reportedly planning to informally present its holistic, long-term growth strategy to the institutions in order to receive their feedback before it is officially presented to the 27 April Eurogroup. Among others the strategic plan will include the reforms that the Greek government pledges to make after the end of the Financial Assistance Facility Agreement in August 2018. Meanwhile, according to press reports, the government is expected to table to Parliament today the bill which will lay out the procedure for the divestment of the PPC lignite-fired capacity units. The bill reportedly foresees the establishment of two PPC subsidiaries each comprising the company's under divestment assets in Northern and Southern Greece respectively, which will then be sold through an international tender procedure. The bill will also regulate issues related to the management of staff in these units, reportedly including a non-redundancy clause for six years. In other news, after the amendment of the Code of Public Revenue Collection, e-auctions for debts to the tax authorities are expected to begin on 27 April with starting prices that will reflect property market values. According to press, the e-auctions schedule of the Independent Public Revenue Authority includes 17,000 e-auctions for 2018, a target that is considered difficult to attain. On the privatisations front, among the government's priorities for the coming period is the evacuation of the site of Hellinikon where 69 organisations are currently housed, such as the Transport Organisation, the Civil Aviation Authority, Hellinikon Municipality services, etc. According to the Hellenic Statistical Authority provisional data on commercial transactions, for the period January - February 2018 the total value of imports-arrivals amounted to EUR 8,658.9 million (+0.2%YoY) while the total value of exports-dispatches for the respective period was EUR 4,950.7 million (+16.5%YoY).

Latest economic & market developments in the CESEE region

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	2.25	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	3.0
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	3.25	4.00

Source: Reuters, Bloomberg, Eurobank Research, National Authorities



Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	Ba3	BB	BB
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BBB-	BBB
CYPRUS	B1	BB+	BB-

BULGARIA

Moody's didn't review the sovereign rating of Bulgaria on the scheduled date of April 9th. This is the second time the agency decided to not review Bulgaria's sovereign rating since its latest update at the end of May 2017. Moody's currently assigns Baa2 to Bulgaria long-term sovereign rating. On December 1st, both Fitch and S&P had upgraded the long-term sovereign rating of Bulgaria by one notch in their respective ratings scale. More specifically, Fitch had upgraded the long term sovereign rating from BBB- to BBB with a stable outlook. At the same time, Standard and Poor's had upgraded the long-term sovereign rating from BB+ to BBB- placing Bulgaria at the investment grade for the first time since December 2014.

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SERBIA

The EUR/RSD made absolutely no move last week with volumes significantly below average. The dinar is strongly supported by NBS interventions. For that purpose, NBS has bought EUR610mn on FX market on a year-to-date basis to sooth the accumulated pressure. For the time being we don't see a reason for the dinar to start giving up its gains as well. The currency should be well supported by EUR-indexed loan expansion and by the attractiveness of RSD bonds to foreign investors (transactions are funded through simple FX spot). In other news, Serbia's trade deficit widened by 46.9% YoY in February which represents a total deficit of USD918.7mn for the first two months of 2018. That was the combined result of exports rising by 31% YoY while, at the same time, imports grew by 34.5% YoY.

Moreover, Prime Minister Ana Brnabic said that the government aims to cut the unemployment rate to below 10% in 2018. The government works on increasing the share of non-taxable income and providing incentives for support of employment. She pointed out that the economy at the local level and a policy supporting projects of regional importance will be the engine of future growth. Serbia's unemployment rate rose to 14.7% in the fourth quarter of 2017, up by 1.8 percentage points compared to the previous quarter.

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Tuesday 10 April 2018

GLOBAL MARKETS

Stock markets

	Last	ΔD	ΔYTD
S&P 500	2614.45	1.3%	-2.2%
Nikkei 225	21319.55	0.1%	-6.3%
STOXX 600	368.16	-0.2%	-5.4%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.2266	0.0%	2.2%
GBP/USD	1.4062	0.0%	4.0%
USD/JPY	106.5	0.1%	5.8%

Government Bonds

	Last	ΔDbps	ΔYTD bps
(yields)			
UST - 10yr	2.78	0	37
Bund-10yr	0.50	0	8
JGB - 10yr	0.03	0	-2

Commodities

	Last	ΔD	ΔYTD
GOLD	1337	0.3%	2.6%
BRENT CRUDE	68	-0.4%	1.4%
LMEX	3220	0.5%	-5.8%

SERBIA

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.34	0	-18
1-week	2.48	-1	-13
1-month	2.66	0	-19
3-month	2.90	-1	-22
6-month	3.09	-1	-15

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.83	0	-45
5Y RSD	4.12	0	-12
7Y RSD	4.55	0	-63

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.45	-1	46
USD Nov-24	-4.59	26	-465

CDS

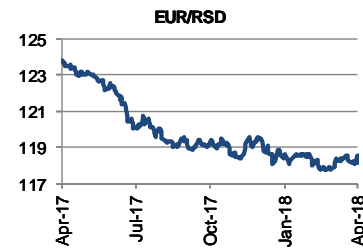
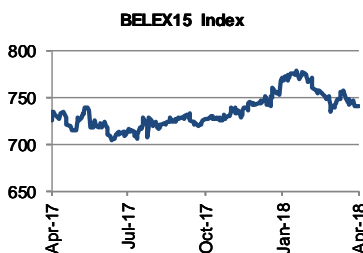
	Last	ΔDbps	ΔYTD bps
5-year	110	2	-8
10-year	150	1	-12

STOCKS

	Last	ΔD	ΔYTD
BELEX15	747.0	0.20%	-1.69%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.21	-0.06%	0.60%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.56	0	47
1-month	1.69	0	-18
3-month	2.09	0	4
6-month	2.41	0	14
12-month	2.53	0	21

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.26	0	-12
5Y RON	4.02	0	24
10Y RON	4.44	0	13

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.55	#N/A	N/A
USD Jan-24	3.80	0	80

CDS

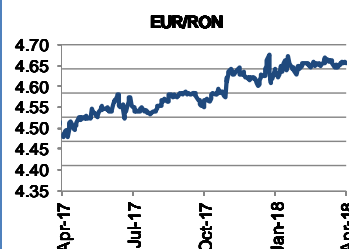
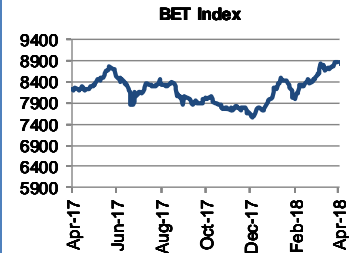
	Last	ΔDbps	ΔYTD bps
5-year	86	2	-4
10-year	131	3	-2

STOCKS

	Last	ΔD	ΔYTD
BET	8770.0	0.06%	13.11%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6603	0.14%	0.10%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.27	0	-2
3-month	-0.19	0	-1
6-month	-0.06	0	-1
12-month	0.27	0	-5

BG Local Bonds

	Last	ΔDbps	ΔYTD bps
(yields)			
3Y BGN	-0.04	-1	2
5Y BGN	0.19	0	4
10Y BGN	1.09	0	12

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.15	0	23
EUR Sep-24	0.78	-1	20

CDS

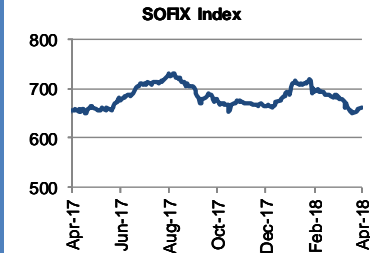
	Last	ΔDbps	ΔYTD bps
5-year	67	0	-30
10-year	108	4	-33

STOCKS

	Last	ΔD	ΔYTD
SOFIX	653.1	0.00%	-3.59%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.5946	-0.03%	2.18%



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

Data updated as of 11:00 EST

Tuesday 10 April 2018

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