

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: Market sentiment turned sour again early today with US stock futures pointing to a softer start and major European bourses opening in the red, amid prevailing worries over a trade war and escalating tensions in Syria. US Treasuries and German Bunds were higher on the day ahead of today's US CPI for March which has the potential to drive yields higher across the curve in the coming sessions. Market consensus is for a return in core inflation to 2.0%YoY for the first time since March 2017 mainly because of a positive base effect and a rise in the headline inflation to 2.3%YoY from 2.2%YoY in February. Market focus today is also on the minutes of the March FOMC meeting.

GREECE: In an interview yesterday Finance Minister Euclid Tsakalotos spoke of a post programme surveillance which will include the prior actions that have already been agreed but cannot be fulfilled by the end of the Financial Assistance Facility Agreement due to technical reasons. He added that some of Greece's European partners may require additional conditionality potentially linked to debt relief, arguing though that the specificities of such terms have not been discussed yet. According to press, Greece's holistic growth strategy will be discussed tomorrow at the Euroworking Group.

SOUTH EASTERN EUROPE

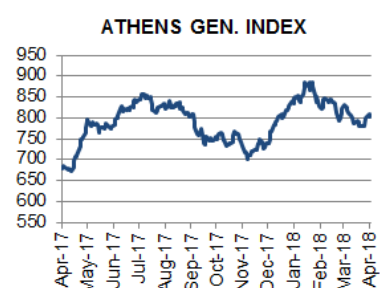
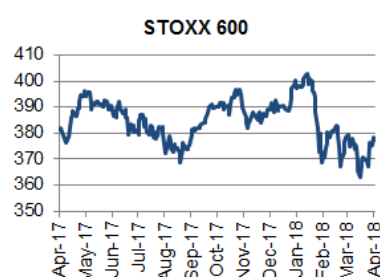
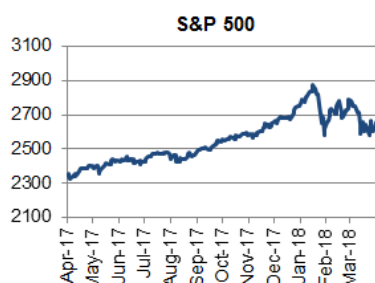
CESEE MARKETS: Emerging market assets traded mixed earlier on Wednesday amid ongoing trade jitters between US and China as well as mounting geopolitical tensions in Syria. In this context, Russian and Turkish assets remained under pressure.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Market sentiment turned sour again early today with US stock futures pointing to a softer start and major European bourses opening in the red, giving back part of gains recorded earlier this week. Both China's President Xi Jinping and US President Donald Trump adopted conciliatory tones this week fueling market hopes of a compromise that could avert a trade war. However, Chinese President's pledges for further opening up of China's economy to foreign investment were reiterations of reforms originally announced in November and no definite timeline was provided. Escalating tensions in Syria, were also behind today's cautious investor sentiment. Press reports suggested that the US and its Western allies are discussing possible military action against Syrian President Bashar al-Assad's forces over a suspected poison gas attack in Douma (Syria) last weekend, a move that could provoke a response from Russia. Meanwhile, US Treasuries were slightly firmer on the day ahead of today's US CPI for March which has the potential to drive yields higher across the curve in the coming sessions, unless US stock markets come under renewed pressure or/and market fears over a trade war intensify. Market consensus is for a return in core inflation to 2.0%YoY for the first time since March 2017 from 1.8%YoY in February mainly because of a positive base effect and a rise in the headline inflation to 2.3%YoY from 2.2%YoY. German Bunds also gained some ground favored by yesterday's weaker than expected February's industrial production data from France and Italy. Austrian Central Bank Governor Ewald Nowotny's comments that the ECB could lift the deposit rate to -0.2% from -0.4% as the first step of normalizing interest rates following the completion of the QE programme were quickly labelled by an ECB spokesman who clarified that these are personal views and do not represent the Governing Council. Besides US CPI, today's market focus is also on the minutes of the March FOMC meeting that is likely to reflect a positive assessment for the economic outlook, in line with FOMC Chair Jerome Powell's comments in a speech last week.

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GREECE

In an interview yesterday Greek Finance Minister Euclid Tsakalotos spoke of a post programme surveillance which will include the prior actions that have already been agreed but, due to technical reasons, cannot be fulfilled by the end of the Financial Assistance Facility Agreement such as the cadaster, the appointment of Division Heads in the public sector and the casino license for Hellinikon. He added that some of Greece's European partners may require additional conditionality potentially linked to debt relief, arguing though that the specificities of such terms have not been discussed yet. Speaking about the holistic growth strategy prepared by the Greek government he mentioned that it will look after the middle and lower income groups through the creation of the necessary fiscal space. According to press, Greece's holistic growth strategy will be discussed tomorrow at the Euroworking Group.

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Latest economic & market developments in the CESEE region

CESEE MARKETS

Emerging market assets traded mixed earlier on Wednesday amid ongoing trade jitters between US and China as well as mounting geopolitical tensions in Syria. In this context, Russian and Turkish assets remained under pressure, with the lira plummeting to new record lows near 4.1555 against the USD and 5.1435 vs. the euro in late Asian trade. The Turkish currency currently stands among the worst performing in the EM space so far this year amid worries over the lack of a more aggressive Central Bank monetary policy response despite elevated, double-digit inflation and escalating geopolitical tensions in Syria. Today's release of February's current account deficit data, which came in slightly better than a market consensus, was largely shrugged off. In more detail, the shortfall stood at \$4.152bn in February, vs. a market median forecast of \$4.2bn, below the prior month's deficit of \$7.039bn. That said, the shortfall came in wider than a gap of \$2.566bn registered over February 2017, highlighting the country's external vulnerabilities. Accordingly, 5-year CDS spreads rose to a 4.5-year high at 215bps, and the 10Y local currency bond yield climbed to 13.50% from 13.41% at yesterday's close. On the flipside, the main stock market index BIST 100 recouped a small part of yesterday's losses, inching up by 0.35% earlier today, following a 2.2% drop on Tuesday.

Along similar lines, the Russian ruble extended its recent losses in European trade on Wednesday on the back of the US government announcement of further sanctions against Russia on last Friday. Media news reports that the US authorities are planning a new round of sanctions next week and Russian authorities' announcement that there will be a response taking into account the consequences of the measures on the domestic economy, are weighing further on Russian assets. Against this backdrop, the USD/RUB spiked as far as 64.7420 in European markets today, its highest level since 2016, before somewhat retreating towards 64.2300 shortly after.

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

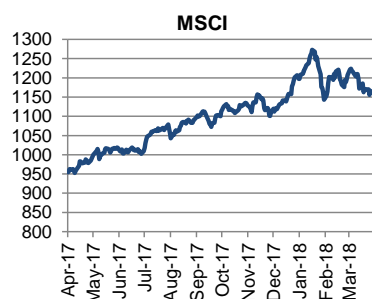
ROMANIA: Indicators	2016	2017e	2018f
Real GDP growth %	4.8	7.0	4.0
CPI (pa, yoy %)	-1.6	1.3	3.5
Budget Balance/GDP *	-2.4	-3.0	-4.4
Current Account/GDP	-2.2	-3.5	-4.0
EUR/RON (eop)	4.54	4.67	4.70
	2017	current	2018
Policy Rate (eop)	1.75	2.25	3.00

* 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
ROMANIA	Baa3	BBB-
BULGARIA	Baa2	BBB
CYPRUS	B1	BB-

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Wednesday 11 April 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	2656.87	1.7%	-0.6%	EUR/USD	1.2367	0.1%	3.0%	UST - 10yr	2.79	-1	39	GOLD	1344	0.3%	3.1%
Nikkei 225	21687.10	-0.5%	-4.7%	GBP/USD	1.4197	0.1%	5.0%	Bund-10yr	0.51	-1	8	BRENT CRUDE	71	-0.5%	5.7%
STOXX 600	377.33	-0.3%	-3.0%	USD/JPY	106.96	0.2%	5.4%	JGB - 10yr	0.04	0	-1	LMEX	3330	1.6%	-2.6%

SERBIA

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.41	7	-11
1-week	2.51	3	-10
1-month	2.66	-1	-19
3-month	2.90	-2	-22
6-month	3.08	0	-16

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.83	0	-45
5Y RSD	4.12	0	-12
7Y RSD	4.54	0	-64

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.44	0	44
USD Nov-24	-3.36	102	-342

CDS

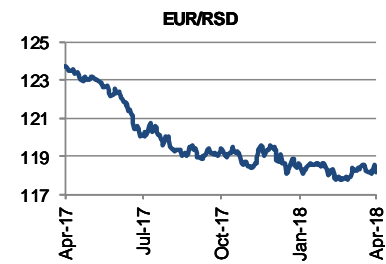
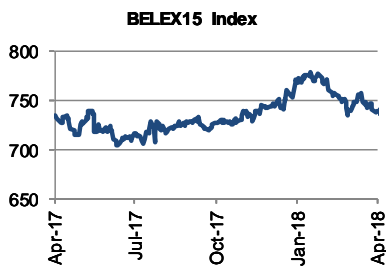
	Last	ΔDbps	ΔYTD bps
5-year	110	0	-8
10-year	151	0	-12

STOCKS

	Last	ΔD	ΔYTD
BELEX15	739.3	0.31%	-2.69%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.28	0.50%	0.53%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.4	-2	31
1-month	1.59	-2	-28
3-month	2.09	0	4
6-month	2.42	1	15
12-month	2.52	0	20

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.13	0	-25
5Y RON	3.94	0	16
10Y RON	4.41	0	10

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.51	0	-3
USD Jan-24	3.80	0	80

CDS

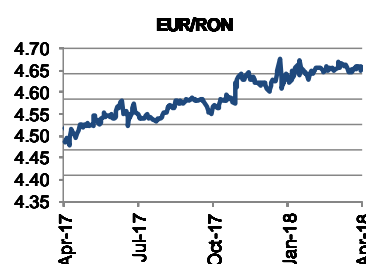
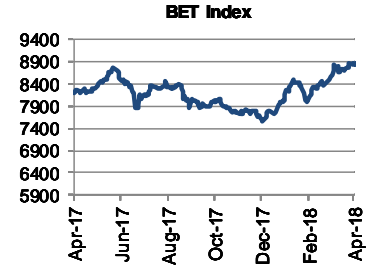
	Last	ΔDbps	ΔYTD bps
5-year	87	0	-3
10-year	132	1	-2

STOCKS

	Last	ΔD	ΔYTD
BET	8855.9	0.16%	14.21%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6607	-0.09%	0.09%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.29	0	-3
3-month	-0.21	0	-3
6-month	-0.07	0	-2
12-month	0.24	0	-8

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.05	-2	1
5Y BGN	0.18	-1	4
10Y BGN	1.04	0	7

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.14	0	22
EUR Sep-24	0.78	-1	20

CDS

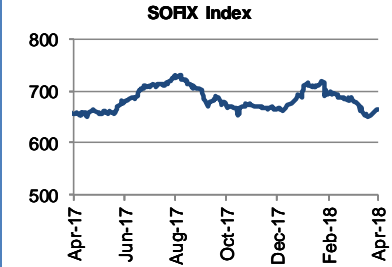
	Last	ΔDbps	ΔYTD bps
5-year	65	-2	-31
10-year	106	-2	-35

STOCKS

	Last	ΔD	ΔYTD
SOFIX	664.6	-0.02%	-1.90%

FOREX

	0	ΔD	ΔYTD
USD/BGN	1.5816	0.09%	3.02%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 11:40 EST

Wednesday 11 April 2018

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