

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- June 12
 - US President meets North Korean leader
 - CPI (May)
- June 13
 - FOMC rate decision & Chair Powell's press conference
- June 14
 - Import prices (May)
 - Retail sales (May)
- June 15
 - Empire State manuf. (Jun)
 - Industrial production (May)
 - UM consumer conf. (Jun)

EUROZONE

- June 12: DE: ZEW survey (Jun)
- June 13: Industrial prod. (Apr)
- June 14: ECB meeting

UK

- June 11: Industrial prod. (Apr.)
- June 12
 - Houser of Commons votes on Withdrawal Bill changes
 - Average earnings (Apr)
 - U/E rate (Apr)
- June 13: CPI (May)

GREECE

- June 14: U/E rate (Q1)

CYPRUS

- June 12: HICP (May)

SEE

BULGARIA

- June 11: Trade balance (Apr)
- June 13: CPI (May)
- June 15: U/E rate (May)

ROMANIA

- June 11
 - Trade balance (Apr)
 - Net wages (Apr)
 - T-bonds auction
- June 12
 - Industrial production & sales (Apr)
 - CPI (May)
- June 13: CAD (Apr)
- June 14: T-bonds auction

SERBIA

- June 12: CPI (May)
- June 15: Sovereign debt rating by S&P and Fitch

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Eurozone periphery government bond prices were higher on the day with Italy outperforming following reassuring comments by Italy's Finance Minister Giovanni Tria on the government's commitment to the euro and the continuing decline in the public debt/GDP ratio. In FX markets, the EUR/USD was trading above 1.18 ahead of this week's monetary policy meeting from the Fed and the ECB. In the UK, the House of Commons will vote this week on key amendments to the EU Withdrawal Bill.

GREECE: The multi-bill that was tabled to Parliament on Friday and is scheduled to be voted by 14 June, addresses the remaining prior actions for the 4th and last programme review. It also includes the Medium Term Fiscal Strategy 2019-2022, which foresees annual GDP growth of 2.0% in 2018, 2.4% in 2019, 2.3% in 2020, 2.1% in 2021 and 1.8% in 2022. Unemployment is expected to gradually ease from 18.3% in 2018 to 13.1% in 2022.

SOUTH EASTERN EUROPE

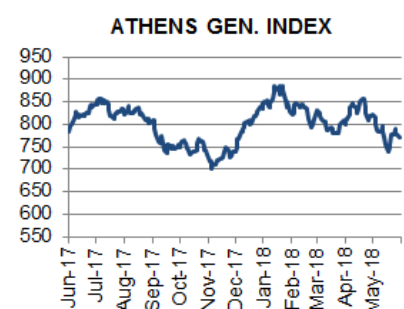
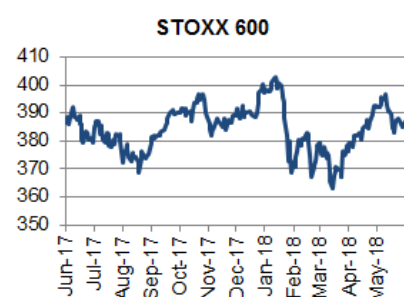
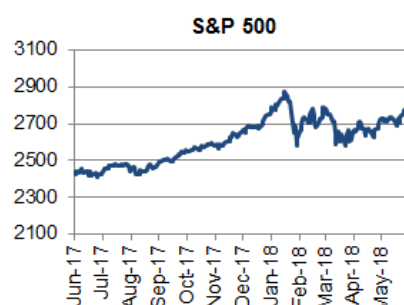
BULGARIA: The main equity SOFIX ended 0.95% lower on a weekly basis on Friday, while external government bonds showed little change and local currency bonds also followed a similar trend.

SERBIA: The EUR/RSD remained bound around the 118.00 area with any appreciation attempts by the dinar having been successfully offset by repeated NBS interventions in the FX markets. In its latest Global Economic Prospects report, World Bank retained Serbia's GDP growth at 3.0% for 2018, while penciling in economic expansion of 3.5% in 2019.

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

Eurozone periphery government bond prices were higher on the day with Italy outperforming following reassuring comments by Italy's Finance Minister Giovanni Tria on the government's commitment to the euro and the continuing decline in the public debt/GDP ratio. In his first interview since taking office a week ago, Italy's Premier stressed that "the government position is clear and unanimous (...) there is no discussions about leaving the euro" adding that "the government is determined to prevent any emergence of market conditions that would lead to leaving the euro". He also stated that the government is committed to guaranteeing a continued decline in the public debt/GDP ratio and will prioritize structural reforms over fiscal stimulus. The 2-yr Italian bond yield was down by more than 50bps on a daily basis at 1.15% while the 10-yr yield dropped 28bps at 2.85% narrowing the spread against its German counterpart to 238bps, some 30bps lower compared to Friday's close. Meanwhile, the 10-yr Bund was yielding levels around 0.47% at the time of writing, some 2.3bps higher on the day in spite of growing trade tensions between the US and its major allies. The US President Donald Trump rejected a previously agreed joint G7 communique and left the two-day meeting early on Saturday before its conclusion to travel to Singapore to prepare for his summit with North Korean leader Kim Jong Un tomorrow (Tuesday, June 12). After leaving the summit, the US President tweeted personal attacks on Canada's Premier and warned the rest of G7 leaders that retaliation against US tariffs on steel and aluminum would be a mistake. In FX markets, the EUR/USD was trading above 1.18 ahead of this week's monetary policy meeting from the Fed and the ECB. A 25bps Fed rate hike is already fully priced-in while the ECB is likely to hint that the end of its QE is in sight. In the UK, the House of Commons will vote this week on key amendments to the EU Withdrawal Bill.

ppetropoulou@eurobank.gr

GREECE

The multi-bill that was tabled to Parliament on Friday and is scheduled to be voted by 14 June, addresses the remaining prior actions for the 4th and last programme review including, among others, provisions pertaining to: amendments to the household insolvency framework, the arbitration and mediation procedures in the labour market, the social security contributions, the supplementary pensions, the execution of clawbacks in the health sector and inclusion of additional items under the clawback, the RES account, the Single Treasury Account, land uses, the fight against smuggling in the tobacco industry and the evaluation and mobility schemes of public sector employees. Additionally, the multi-bill includes the Medium Term Fiscal Strategy 2019-2022, which foresees annual GDP growth of 2.0% in 2018, 2.4% in 2019, 2.3% in 2020, 2.1% in 2021 and 1.8% in 2022. Unemployment is expected to gradually ease from 18.3% in 2018 to 13.1% in 2022. The primary surplus as a percentage of GDP (based on the Financial Facility Agreement terms) is projected at 3.56% in 2018, 3.96% in 2019, 4.15% in 2020, 4.63% in 2021 and 5.19% in 2022. Finally, general government debt as a percentage of GDP is expected to gradually drop from 183.1% in 2018 to 150.3% in 2022.

andimitriadou@eurobank.gr

Monday 11 June 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

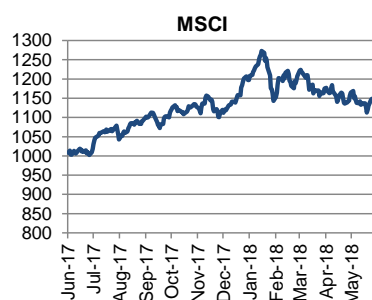
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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	3.0
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	3.00	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 equity SOFIX index wobbled between gains and losses last week, eventually finishing 0.95% lower at 631.83 points. The total trading volume reached €10.8mn, of which €9.3mn was generated on Friday. External government bonds showed little change last week with shorter maturity yields dropping between 1-3 bps, while those of longer maturities rose between 1-7 bps. Local bonds also followed a similar trend with the exception that, while the shorter end of the curve dropped by 1-3 bps, the longer maturities exhibited no changes.

SERBIA*

The EUR/RSD remained bound around the 118.00 area with any appreciation attempts by the dinar having been successfully offset by repeated NBS interventions in the FX markets. In its latest Global Economic Prospects report, World Bank retained Serbia's GDP growth at 3.0% for 2018, while penciling in economic expansion of 3.5% in 2019. Looking into the latest available National Accounts data, real GDP growth came in at 4.6%YoY in at Q1 2018.

* 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.

Monday 11 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	2779.03	0.3%	3.9%	EUR/USD	1.1798	0.2%	-1.7%	UST - 10yr	2.96	1	55	GOLD	1296	-0.2%	-0.5%
Nikkei 225	22804.04	0.5%	0.2%	GBP/USD	1.3372	-0.3%	-1.1%	Bund-10yr	0.46	2	4	BRENT CRUDE	76	-0.1%	14.2%
STOXX 600	386.93	0.5%	-0.6%	USD/JPY	109.95	-0.4%	2.5%	JGB - 10yr	0.05	0	0	LMEX	3489	-0.3%	2.0%

SERBIA

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.29	0	-23
1-week	2.42	0	-19
1-month	2.60	0	-25
3-month	2.88	0	-24
6-month	3.06	0	-18

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.57	4	-70
5Y RSD	3.97	3	-27
7Y RSD	4.42	0	-77

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.99	0	99
USD Nov-24	#N/A N/A	#N/A N/A	-13164

CDS

	Last	ΔDbps	ΔYTD bps
5-year	121	2	3
10-year	167	2	5

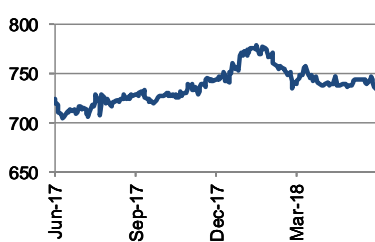
STOCKS

	Last	ΔD	ΔYTD
BELEX15	732.6	-0.48%	-3.58%

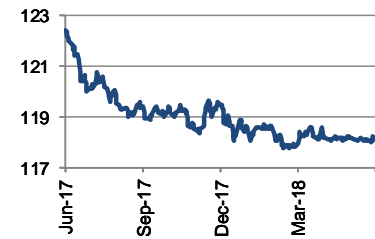
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.31	-0.17%	0.51%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.8	-6	171
1-month	2.89	1	102
3-month	2.9	1	85
6-month	3	0	73
12-month	3.1	0	78

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	4.05	0	67
5Y RON	4.60	0	82
10Y RON	4.96	0	64

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.58	#N/A N/A	-2
USD Jan-24	4.29	1	129

CDS

	Last	ΔDbps	ΔYTD bps
5-year	101	6	11
10-year	146	7	13

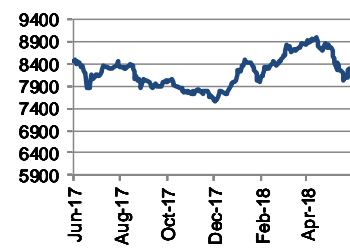
STOCKS

	Last	ΔD	ΔYTD
BET	8261.6	0.10%	6.55%

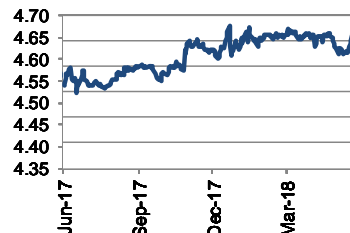
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6575	0.02%	0.16%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
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	0.23	1	-10

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.07	1	-1
5Y BGN	0.16	1	1
10Y BGN	1.02	0	6

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.08	5	16
EUR Sep-24	0.70	13	12

CDS

	Last	ΔDbps	ΔYTD bps
5-year	77	-1	-19
10-year	122	-1	-19

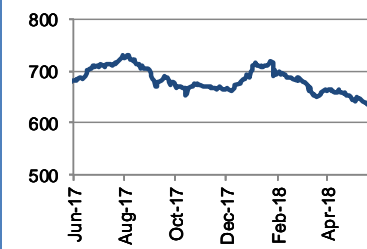
STOCKS

	Last	ΔD	ΔYTD
SOFIX	630.8	-0.16%	-6.88%

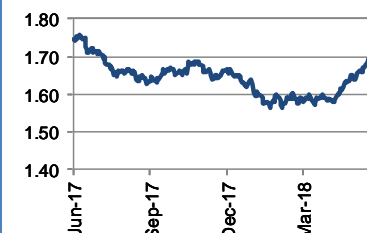
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6579	0.24%	-1.72%

SOFIX Index



USD/BGN



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

Data updated as of 11:40 EEST

Monday 11 June 2018

Contributors

Paraskevi Petropoulou
Senior Economist, Eurobank Ergasias
+30 210 3718991
ppetropoulou@eurobank.gr

Galatia Phoka
Research Economist, Eurobank Ergasias
+30 210 3718922
gphoka@eurobank.gr

Ioannis Gkionis (Special Contributor)
Senior Economist, Eurobank Ergasias
++30 210 3337305
igkionis@eurobank.gr

Anna Dimitriadou
Economic Analyst, Eurobank Ergasias
+30 210 3718793
andimitriadou@eurobank.gr

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

Theodoros Stamatou (Special Contributor)
Senior Economist, Eurobank Ergasias
+ 30 210 3371228
tstamatou@eurobank.gr

Eurobank Economic Analysis and Financial Markets Research

Dr. Tasos Anastasatos: Group Chief Economist
tanastasatos@eurobank.gr, + 30 210 33 71 178

Research Team

Anna Dimitriadou: Economic Analyst
andimitriadou@eurobank.gr, + 30 210 3718 793

Marisa Yiannisis: Administrator
magiannisi@eurobank.gr+210 3371242

Ioannis Gkionis: Senior Economist
igkionis@eurobank.gr + 30 210 33 71 225

Dr. Stylianos Gogos: Economic Analyst
sgogos@eurobank.gr + 30 210 33 71 226

Olga Kosma: Research Economist
okosma@eurobank.gr + 30 210 33 71 227

Paraskevi Petropoulou: Senior Economist
ppetropoulou@eurobank.gr, + 30 210 37 18 991

Galatia Phoka: Research Economist
gphoka@eurobank.gr, + 30 210 37 18 922

Dr. Theodoros Stamatou: Senior Economist
tstamatou@eurobank.gr, + 30 210 33 71 228

Elia Tsiampaou: Economic Analyst
etsiampaou@eurobank.gr, +30 210 33 71 207

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

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>

