

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- Oct 10:
 - PPI (Sep)
- Oct 11:
 - CPI (Sep)
 - Initial jobless claims (06/10)
- Oct 12:
Consumer sentiment (UoM, Oct P)

EUROZONE

- Oct 08:
Sentix investor confidence (Oct)
- Oct 11
ECB releases account of 13 Sep. monetary policy meeting
- Oct 12:
Industrial production (Aug)

GREECE

- Oct 10:
 - Industrial production (Aug)
 - CPI (Sep)
- Oct 11:
Unemployment rate (July)

SEE

BULGARIA

- Oct 09:
 - Retail sales (Aug)
 - Industrial production (Aug)
- Oct 10: Trade balance (Aug)

ROMANIA

- Oct 10:
 - Trade balance (Aug)
 - CPI (Sep)
 - GDP (Q2 F)
- Oct 12:
Industrial output (Aug)

SERBIA

- Oct 08: KPR
- Oct 12: CPI (Sep)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Market sentiment towards risky assets improved today with major equity markets recovering part of Thursday's hefty losses. Meanwhile, the 10-yr UST yield was 3bps higher on the day in spite of yesterday's weaker than expected US inflation data for September. In FX markets, the EUR/USD continued its slow recovery and the GBP/USD was consolidating its recent gains on market optimism for an agreement in principle on the issue of the Irish border backstop at next week's EU Council meeting. Turning to Italy, both the Senate and the Lower House approved the government's Update to the Economic Financial Document 2018 yesterday.

GREECE: According to press, on Monday the Greek government is planning to submit to the European Commission the 2019 draft budget without the legislated pension cuts. According to the Hellenic Statistical Authority (ELSTAT), the seasonally adjusted unemployment rate in July 2018 was 19.0% compared to 20.9% in July 2017 and 19.1% in June 2018.

SOUTH EASTERN EUROPE

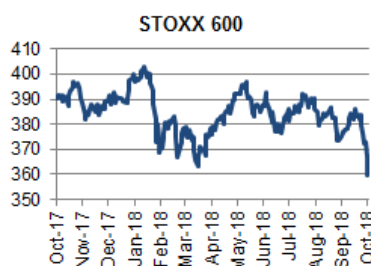
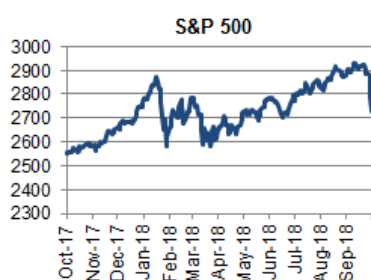
ROMANIA: The inflation rate declined to 5.03% YoY in September vs 5.06% YoY in August.

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

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Market sentiment towards risky assets improved today with major equity markets recovering part of Thursday's hefty losses. Whereas US equity markets continued to decline overnight for the sixth session in a row amid concerns about the prospect of higher Fed interest rates, the IMF's warning about financial stability and continued trade tensions, Japan's Nikkei closed 0.5% higher and the MSCI index of Asia-Pacific shares outside Japan gained 2.0% after ending down 3.6% on Thursday to a 1½ year low. Along these lines, major European equity markets opened in positive territory with the FTSEurofirst 300 index standing 0.8% higher in early trade at the time of writing after ending at a 21-month low on Thursday.

Meanwhile, the 10-yr UST yield was 3bps higher on the day standing close to 3.18% in early European trade today in spite of yesterday's weaker than expected US inflation data. US headline inflation rose by 0.1% mom in September after gaining 0.2% mom in the prior month with the annual rate dropping 0.4pp to 2.3% mainly on the back of lower energy prices and a slower increase in both indexes for rent and owners' equivalent rent. Along these lines, core inflation rose by a mere 0.1% mom for the second month in a row against consensus for a 0.2% mom increase with the year-on-year rate flat at 2.2%. However, with US wage growth showing signs of acceleration in recent months, the weaker than expected September inflation report is unlikely to deter the Fed from raising interest rates further, albeit gradually. Along these lines, the 10-yr Bund yield was some 2bps higher on the day standing close to 0.54% at the time of writing with the 10-yr BTP/Bund yield spread narrowing slightly below the psychologically important level of 300bps after closing at a five-year high of 306bps in the prior session. Both Italy's Senate and Lower House approved the government's Update to the Economic Financial Document 2018 yesterday. The Italian cabinet will reportedly meet on Monday to discuss the 2019 Budget Law. In FX markets, the EUR/USD continued its slow recovery trading at just below 1.1600 at the time of writing, while the GBP/USD was consolidating its recent gains on market optimism for an agreement in principle on the issue of the Irish border backstop at next week's EU Council meeting.

ppetropoulou@eurobank.gr

GREECE

According to press, on Monday the Greek government is planning to submit to the European Commission the 2019 draft budget without the legislated pension cuts. Among others the issue will reportedly be discussed today on the sidelines of the IMF/World Bank Annual Meetings between the Greek FinMin Euclid Tsakalotos and the IMF Managing Director Christine Lagarde. According to the Hellenic Statistical Authority (ELSTAT), the seasonally adjusted unemployment rate in July 2018 was 19.0% compared to 20.9% in July 2017 and 19.1% in June 2018. Compared to July 2017, the number of employed increased by 45,057 persons while the number of unemployed decreased by 104,449 persons.

andimitriadou@eurobank.gr

Friday 12 October 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

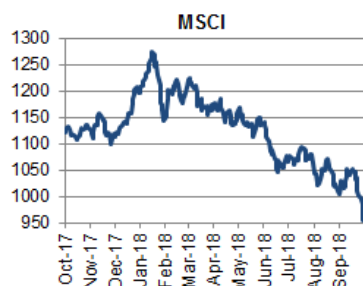
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

Latest economic & market developments in the CESEE region

ROMANIA

Having peaked in June at 5.4% YoY and falling to 4.6% YoY in July, the inflation rate declined to 5.03% YoY in September vs 5.06% YoY in August. The increase in September is mainly attributed to higher vegetables prices. Specifically, a shortage in potato crop within the current year was captured in September prices. Unlike headline's mixed trajectory the past six months, the adjusted Core 2 CPI from 3.1% YoY in April is on a declining track – after peaking at 3% in March, the highest level since June 2013 - coming in at 2.77% YoY in September vs 2.85% YoY in August on the back of benign food prices.

Despite NBR's revised projection for 3.5% YoY in August vs 3.6% YoY in May, inflation continues to lie outside the target band (2.5%, $\pm 1\%$) which renders it rather unlikely to approach it by year end or even early 2019 as forecasted by the NBR due, inter alia, to the energy prices hiking trajectory in the past twelve months.

mkasola@eurobank.gr


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+

Friday 12 October 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	2728.37	-2.1%	2.0%	EUR/USD	1.16	0.1%	-3.4%	UST - 10yr	3.17	2	77	GOLD	1219	-0.4%	-6.4%
Nikkei 225	22694.66	0.5%	-0.3%	GBP/USD	1.3251	0.1%	-2.0%	Bund-10yr	0.54	2	11	BRENT CRUDE	81	1.3%	21.5%
STOXX 600	363.07	1.0%	-6.7%	USD/JPY	112.35	-0.2%	0.3%	JGB - 10yr	0.15	0	10	LMEX	2978	-0.1%	-12.9%

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.28	-1	-24
1-week	2.39	-1	-22
1-month	2.61	0	-24
3-month	2.93	2	-19
6-month	3.09	1	-15

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.18	-1	-110
5Y RSD	3.65	0	-65
7Y RSD	4.15	0	-102

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.91	0	91

CDS

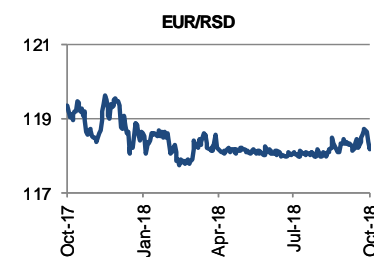
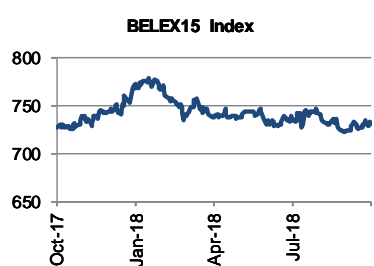
	Last	ΔDbps	ΔYTD bps
5-year	111	0	-7
10-year	159	1	-4

STOCKS

	Last	ΔD	ΔYTD
BELEX15	731.9	-0.08%	-3.67%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.36	0.64%	0.46%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.75	0	166
1-month	3.1	0	123
3-month	3.17	0	112
6-month	3.43	0	116
12-month	3.56	0	124

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	4.16	0	78
5Y RON	4.73	0	95
10Y RON	5.10	0	78

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.58	-	-1
USD Jan-24	4.34	0	134

CDS

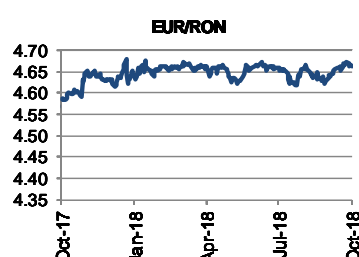
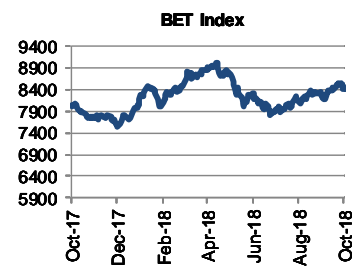
	Last	ΔDbps	ΔYTD bps
5-year	101	0	11
10-year	143	0	9

STOCKS

	Last	ΔD	ΔYTD
BET	8392.5	-0.11%	8.24%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6621	0.08%	0.06%



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

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.05	0	1
5Y BGN	0.08	0	-7
10Y BGN	0.81	0	-16

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.05	-33	13
EUR Sep-24	0.61	-88	3

CDS

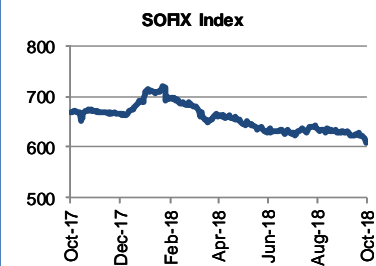
	Last	ΔDbps	ΔYTD bps
5-year	79	0	-18
10-year	125	0	-16

STOCKS

	Last	ΔD	ΔYTD
SOFIX	608.4	-0.11%	-10.19%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6862	0.05%	-3.37%



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

Data updated as of 10:20 EEST

Friday 12 October 2018

Contributors

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

Ioannis Gkionis
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

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

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

Maria Kasola
(Special Contributor)
Economic Analyst, Eurobank
Ergasias
+30 210 3371224
mkasola@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 Yiannissi: 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

Maria Kasola: Economic Analyst
mkasola@eurobank.gr, +30 210 3371224

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

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

Dr. Theodoros Stamatou: Senior Economist
tstamatou@eurobank.gr, +30 210 3371228

Elia Tsiampaou: Economic Analyst
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

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>

Follow us on twitter: https://twitter.com/Eurobank_Group

