



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Friday 13 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 CPI rose 2.9%YoY in June, the biggest annual increase in nearly 6 ½ years and core CPI increased to an 18-month high of 2.3%YoY, supporting the case for two additional Fed rate hikes by the end of this year. Turning to FX markets, the DXY index moved above 95.00 earlier today for the first time in the last ten sessions, 0.4% higher on the day and poised for weekly gains to the tune of 1.2%. Focus today is on the release of the Fed's semi-annual monetary policy report to Congress ahead of Fed Chair Jerome Powell's semi-annual testimony before the Senate Panel next Tuesday. DBRS will also review Italy's sovereign credit rating, which currently stands at BBB, with stable outlook.

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

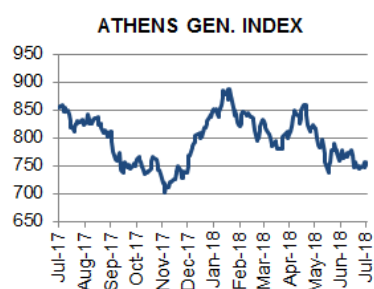
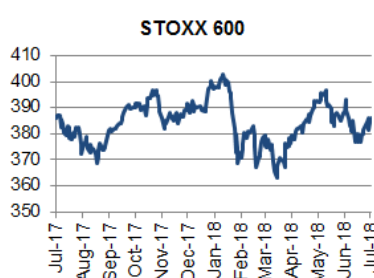
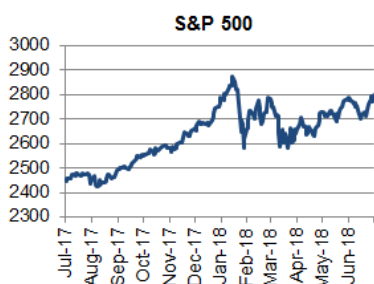
GLOBAL MARKETS

US CPI rose 2.9%YoY in June, the biggest annual increase in nearly 6 ½ years after advancing 2.8%YoY in May, mainly due to firmer core goods prices, suggesting a steady buildup of inflation pressures. Further bolstering the case for two additional Fed rate hikes by the end of this year, core CPI increased to an 18-month high of 2.3%YoY from 2.2%YoY in the prior month. In a separate report released yesterday, initial jobless claims dropped by 18k to a seasonally adjusted 214k in the week ended July 7, the lowest level since early May, pointing to a continuous improvement in labor market dynamics.

In reaction to the above, US government bond yields moved higher yesterday with short-dated notes underperforming. The US yield curve continued to flatten with the 2/10-yr yield spread narrowing to a fresh multi-year low close to 25bps earlier today, a warning signal for some Fed officials of a looming recession. Attention now turns to the auction of 30-yr UST bonds later today following a well-received sale of 10-yr bonds on Wednesday.

Higher bond yields favored the USD, with the DXY index moving above 95.00 earlier today for the first time in the last ten sessions, 0.4% higher on the day and poised for weekly gains to the tune of 1.2%. The USD's appreciation this week was more pronounced against the JPY hitting a six-month high of 112.79, 1.8% firmer on a weekly basis, the biggest gain since mid-September. Meanwhile, the EUR/USD moved lower marking an intraday low of 1.1613 earlier today, the lowest in more than a week, pressured by the US currency's broad-based appreciation and the dovish tone of the accounts of the June ECB monetary policy meeting released yesterday. In line with the ECB policy statement released after the conclusion of the June policy meeting, the accounts suggested that the asset purchases program could be extended beyond December 2018, if macro conditions were to worsen materially and the first rate hike is not expected before September 2019 at the earliest. In response to the USD's improved performance, the GBP also lost some ground marking a 1 ½ week low of 1.3117 earlier today amid concerns about heightened political uncertainty following a series of resignations from the UK cabinet in reaction to Prime Minister Theresa May's latest Brexit plans which suggested a shift towards a softer form of Brexit. Comments by US President Donald Trump on the sidelines of the NATO Summit that the UK government's newly-announced Brexit blueprint "will probably kill" hopes of a possible US/UK trade deal, have also had an impact.

Focus today is on the release of the Fed's semi-annual monetary policy report to Congress ahead of Fed Chair Jerome Powell's semi-annual testimony before the Senate Panel next Tuesday. DBRS rating agency is also scheduled to review Italy's sovereign credit rating, which currently stands at "BBB", with stable outlook.



Source: Reuters, Bloomberg, Eurobank Research

Friday 13 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	2798.29	0.9%	4.7%	EUR/USD	1.1629	-0.4%	-3.1%	UST - 10yr	2.85	0	44	GOLD	1242	-0.4%	-4.7%
Nikkei 225	22597.35	1.8%	-0.7%	GBP/USD	1.3128	-0.6%	-2.9%	Bund-10yr	0.34	-1	-8	BRENT CRUDE	74	-1.2%	10.0%
STOXX 600	386.16	0.5%	-0.8%	USD/JPY	112.78	-0.2%	-0.1%	JGB - 10yr	0.04	0	-1	LMEX	3010	0.7%	-12.0%

SERBIA

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.29	1	-23
1-week	2.40	1	-21
1-month	2.61	1	-24
3-month	2.91	0	-21
6-month	3.04	1	-20

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.47	-1	-80
5Y RSD	3.90	#N/A N/A	-34
7Y RSD	4.39	#N/A N/A	-79

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.62	1	63
USD Nov-24	#N/A N/A	#N/A N/A	-13164

CDS

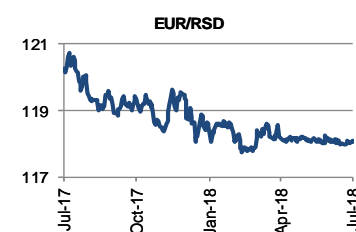
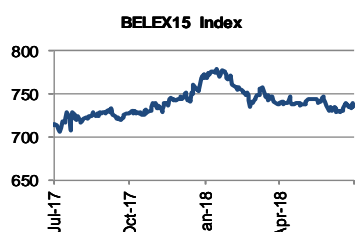
	Last	ΔDbps	ΔYTD bps
5-year	121	-1	3
10-year	172	-1	10

STOCKS

	Last	ΔD	ΔYTD
BELEX15	732.6	-0.50%	-3.58%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.05	-0.03%	0.73%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.7	0	161
1-month	3.28	0	141
3-month	3.35	0	130
6-month	3.46	0	119
12-month	3.55	0	123

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	4.24	0	86
5Y RON	4.72	0	94
10Y RON	4.94	0	63

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.65	0	5
USD Jan-24	4.06	0	106

CDS

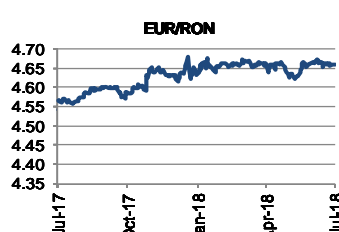
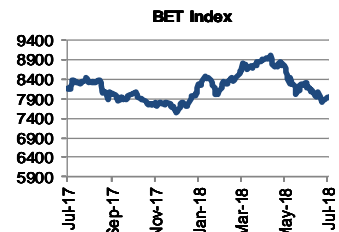
	Last	ΔDbps	ΔYTD bps
5-year	88	-1	-2
10-year	131	-1	-2

STOCKS

	Last	ΔD	ΔYTD
BET	7941.3	0.26%	2.42%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6587	0.01%	0.13%



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	-0.12	-3	-6
5Y BGN	0.09	-1	-6
10Y BGN	0.90	0	-7

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.03	-1	11
EUR Sep-24	0.61	-1	3

CDS

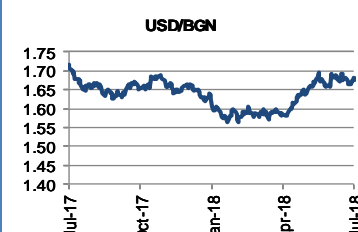
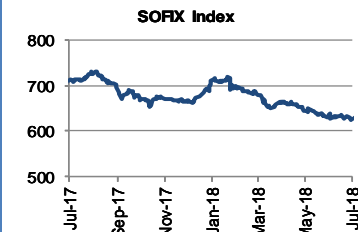
	Last	ΔDbps	ΔYTD bps
5-year	74	0	-23
10-year	121	-1	-21

STOCKS

	Last	ΔD	ΔYTD
SOFIX	628.0	0.07%	-7.30%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6821	-0.37%	-3.13%



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

Data updated as of 11:30 EEST

Friday 13 July 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 Stamatiou (Special Contributor)
Senior Economist, Eurobank Ergasias
+ 30 210 3371228
tstamatiou@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

Dr. Theodoros Stamatiou: Senior Economist
tstamatiou@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>

