

DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Thursday, March 15, 2018

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Mar 13: CPI (Feb)
- Mar 14
 - Retail sales (Feb)
 - Producer prices (Feb)
- Mar 15
 - Jobless claims (weekly)
 - Empire State Index (Mar)
 - Philly Fed (Mar)
 - NAHB index (Mar)
- Mar 16
 - Housing starts/permits (Feb)
 - Industrial production (Feb)
 - UoM Cons. sentiment (Mar)

EUROZONE

- Mar 13: Eurogroup meeting
- Mar 14: Industrial prod/n (Feb)
- Mar 16: HICP (Feb)

GREECE

- Mar 12: Industrial prod/n (Feb)
- Mar 15: U/E rate (Q4)

CYPRUS

- Mar 16
 - HICP (Feb)
 - Debt rating review by S&P

SEE

BULGARIA

- Mar 13: Trade balance (Jan)
- Mar 14: CPI (Feb)
- Mar 15: U/E rate (Feb)

ROMANIA

- Mar 12
 - Trade balance (Jan)
 - 4.25% 2023 T-bonds auction
- Mar 13
 - Wages (Jan)
 - CPI (Feb)
- Mar 14: Industrial production/sales (Jan)
- Mar 15: 5.8% 2027 T-bonds auction
- Mar 16: CAD (Jan)

SERBIA

- Mar 12
 - Trade balance (Jan)
 - CPI (Feb)
- Mar 13: 4.5% 2023 T-bonds auction
- Mar 14: MPC rate decision

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GREECE: The Hellenic Republic auctioned yesterday for the first time since April 2010, a 52-week T-bill at a 1.25% yield and raised EUR 812.5 million. The auctioned amount was EUR 625 million and total bids stood at EUR 1,986 million bringing the coverage ratio at 3.18. Electronic auctions are reportedly gaining pace with 280 e-auctions conducted yesterday and 3,550 auctions having been announced on the electronic platform.

SOUTH EASTERN EUROPE

SERBIA: The MPC cut the key policy rate by 25bps to a new 3.25% low yesterday following stable rates in the prior four meetings.

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Latest world economic & market developments

GREECE

The Hellenic Republic auctioned yesterday for the first time since April 2010, a 52-week T-bill at a 1.25% yield and raised EUR 812.5 million. The auctioned amount was EUR 625 million and total bids stood at EUR 1,986 million bringing the coverage ratio at 3.18. According to press reports, in the coming months the Hellenic Republic is planning to proceed with the issuance of either a 3-year or a 10- or 12-year GGB, which will be earmarked for the cash buffer that Greece is building ahead of the expiration of the ESM programme in August 2018. It is noted that Greece has already raised EUR 4.5 billion for this purpose with the issuance of a 5-year GGB in July 2017 and a 7-year GGB in February 2018. In other news, electronic auctions are reportedly gaining pace with 280 e-auctions conducted yesterday and 3,550 auctions having been announced on the electronic platform. It is reminded that the unimpeded conduct of e-auctions is a pre-requisite for the disbursement of the remaining EUR 1 billion sub-tranche from the 3rd programme review.

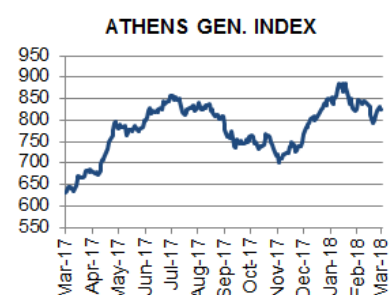
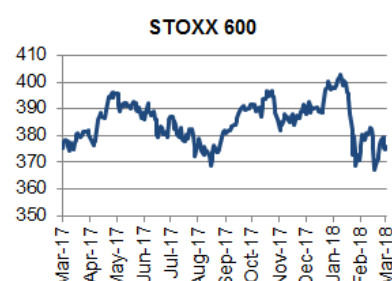
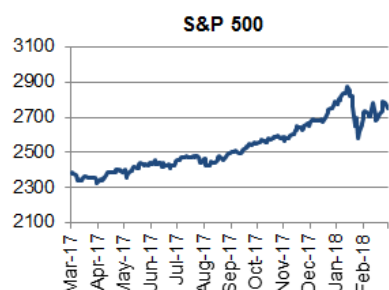
andimitriadou@eurobank.gr

Latest economic & market developments in the CESEE region

SERBIA

The MPC cut the key policy rate by 25bps to a new 3.25% low yesterday following stable rates in the prior four meetings. The move confounded our expectations and a consensus forecast for the Central Bank to stay put on its monetary policy. That said, we were not taken completely aback as the dinar strengthened to 3 ½ year highs just below 118.00/€ recently and most recent inflation figures had proven weak, having somewhat stirred market talk about another rate cut during this month's meeting. In the accompanying statement, the Executive Board underscored that the decision was taken on the back of low inflation pressures and is aimed at supporting domestic credit and economic growth. It also noted the recent decrease in headline CPI in February, which slid to a 1-½-year low of 1.5%YoY on base effects and touched the lower bound of the 3.0±1.5% target band, a range that has been held since late 2016. The Committee added that the corresponding core index came in at 1.3%YoY, 0.1ppts above January's life-time low of 1.2%YoY, which confirms that inflationary pressures remain subdued. It also highlighted that, as envisioned in the updated Inflation Report that was released in February, inflation is expected to slowdown in the coming months amid base effects. However, it is anticipated to gradually approach the target mid-point sometime in 2019, also assisted by strengthening domestic demand dynamics. Casting a note of caution, the MPC outlined in the said statement several risks, mostly external, such as "developments in the international financial market and movements of global primary commodity prices" as well as uncertainty of the future path of major Central Banks' monetary policies. Nevertheless, underscored the domestic economy's resilience in the event of an adverse impact from these factors. Although another rate cut in the months ahead cannot be ruled out, especially if appreciation pressures on the dinar persist and upcoming inflation indicators continue to prove weak, we reiterate that several factors suggest that the monetary easing cycle is close to reaching or has reached its bottom. Lower CPI readings have been - and are expected to remain for some time - driven by one-off factors. A move higher is seen later in the year as domestic demand dynamics improve further, labour market conditions remain tight and some fiscal loosening takes place in 2018. The pace of monetary policy normalization by major CBs and movements in global oil and food prices will also be key to future MPC decisions.

gphoka@eurobank.gr



Source: Reuters, Bloomberg, Eurobank Research

March 15, 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	2749.48	-0.6%	2.8%	EUR/USD	1.2365	0.0%	3.0%	UST - 10yr	2.82	0	41	GOLD	1324	-0.1%	1.6%
Nikkei 225	21803.95	0.1%	-4.2%	GBP/USD	1.3946	-0.1%	3.1%	Bund-10yr	0.59	0	16	BRENT CRUDE	65	0.0%	-2.9%
STOXX 600	376.02	0.3%	-3.4%	USD/JPY	105.93	0.4%	6.4%	JGB - 10yr	0.05	0	0	LMEX	3299	-0.1%	-3.5%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.57	0	5
1-week	2.70	0	9
1-month	2.88	0	3
3-month	3.14	0	2
6-month	3.30	0	6

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.92	-1	-36
5Y RSD	4.23	0	-1
7Y RSD	4.59	#N/A	N/A
			-60

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.43	0	44
USD Nov-24	6.36	-18	32

CDS

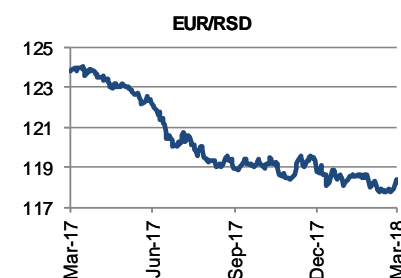
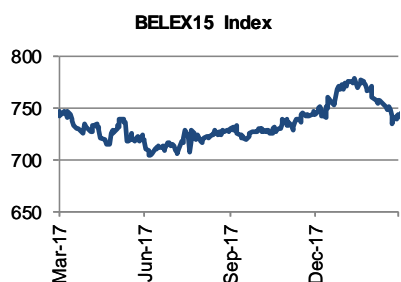
	Last	ΔDbps	ΔYTD bps
5-year	93	0	-25
10-year	134	0	-28

STOCKS

	Last	ΔD	ΔYTD
BELEX15	741.9	-0.26%	-2.36%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.21	0.05%	0.59%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.31	0	22
1-month	1.57	0	-30
3-month	2.03	0	-2
6-month	2.36	0	9
12-month	2.5	0	18

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.25	0	-13
5Y RON	3.90	0	12
10Y RON	4.57	0	26

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.56	0	1
USD Jan-24	3.75	0	75

CDS

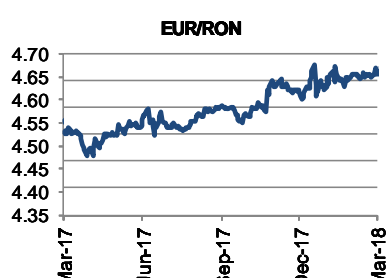
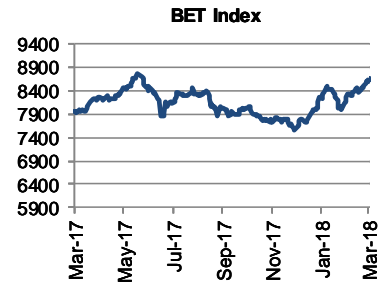
	Last	ΔDbps	ΔYTD bps
5-year	81	0	-9
10-year	125	0	-8

STOCKS

	Last	ΔD	ΔYTD
BET	8632.5	0.36%	11.33%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6621	-0.01%	0.06%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.28	0	-3
3-month	-0.19	0	-1
6-month	-0.05	0	0
12-month	0.27	0	-5

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.00	0	6
5Y BGN	0.24	0	9
10Y BGN	1.10	0	13

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.20	0	28
EUR Sep-24	0.87	0	29

CDS

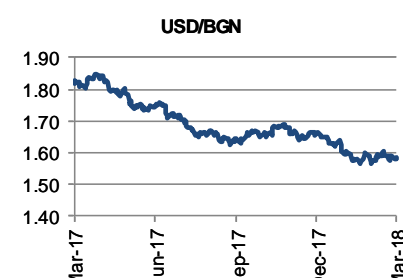
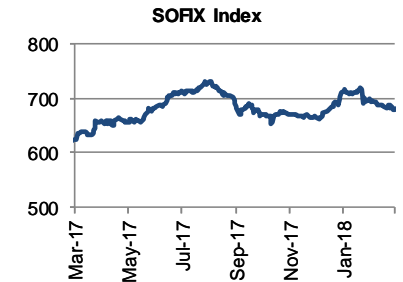
	Last	ΔDbps	ΔYTD bps
5-year	56	1	-41
10-year	99	1	-43

STOCKS

	Last	ΔD	ΔYTD
SOFIX	674.9	-0.70%	-0.37%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.5817	-0.02%	3.02%



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

Data updated as of 12:15 EST

March 15, 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

Regional Contributors

Đorđe Lučić
Fixed Income Dealer, Eurobank a.d. Beograd
+381 11 2065891
djordje.lucic@eurobank.rs

Zoran Korac
FX dealer, Eurobank ad Beograd
+381 11 206 5821
zoran.korac@eurobank.rs

Ruslan Raychev
Trader, Eurobank Bulgaria
+359 2 8166 482
rsraychev@postbank.bg

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

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

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

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

Mariana Papoutsaki
mpapoutsaki@eurobank.gr + 30 210 33 71 224

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

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

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

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