

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Apr 23: Existing home sales (Mar)
- April 24
 - CB consumer confidence (Apr)
 - New home sales (Apr)
 - S&P/Case-Shiller Home Price Index (Feb)
- April 26
 - Jobless claims (weekly)
 - Durable goods orders (Mar)
- Apr 27
 - GDP (Q1 2018)
 - Employment cost index (Q1)
 - UM cons/r sentiment (May)

EUROZONE

- Apr 23: Eurozone PMIs (Apr)
- April 24: DE: IFO business climate (Apr)
- April 26: ECB policy meeting
- April 27
 - DE: U/E rate (Apr)
 - ESI (Apr)

UK

- Apr 27: Q1 GDP

GREECE

- April 27: ESI (Apr)

SEE

BULGARIA

- April 26: Gross external debt (Feb)

ROMANIA

- April 23: T-Bonds auction
- April 26: T-Bonds auction

SERBIA

- April 24: 4.5% 2023 T-Bonds auction
- April 27: Real wages (Feb)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: UST and German Bund yields were lower in early European trade on Tuesday and EMU periphery sovereign bonds retained a positive tone even though recent economic data point to a moderation in the pace of Eurozone economic growth and recent comments by a number of EU high level officials suggest that the EU integration process has probably stalled. In FX markets, the USD extended recent gains with the DXY index standing close to the highest level since mid-January. Looking at today's calendar, focus is on US CB consumer sentiment index for April and US March home sales ahead of the more crucial ECB policy meeting on Thursday and the US Q1 GDP report on Friday. The ECB will also publish the results of its euro-area Bank Lending Survey for the first quarter of the year.

GREECE: According to ELSTAT 1st 2018 Fiscal Data Notification the 2017 primary surplus and gross general government debt in ESA2010 terms were at 4.0% of GDP and 178.6% of GDP respectively.

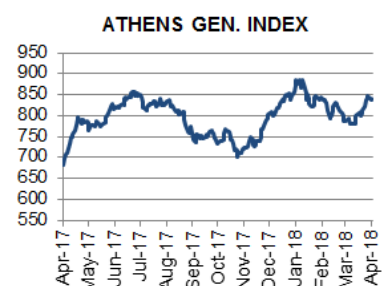
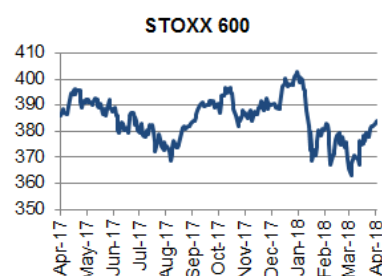
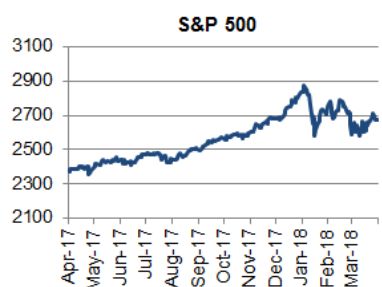
SOUTH EASTERN EUROPE

CYPRUS: On Friday evening, Fitch upgraded the long-term sovereign rating of Cyprus by one notch from BB to BB+ with a positive 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



Source: Reuters, Bloomberg, Eurobank Research

GLOBAL MARKETS

US Treasury yields were lower in early European trade on Tuesday with the 10-yr paper yielding levels around 2.966% at the time of writing after rising to 2.998% in the prior session, the highest in more than four years and within distance from the psychologically important level of 3.00%. In a similar vein, the 10-yr Bund yield fell by c. 1bps on the day at 0.633% in early European trade following a drop in Germany's IFO Business Climate Index in April for the fifth consecutive month to a lower than expected 102.1 mainly due to growing geopolitical fears. Meanwhile, EMU periphery sovereign bonds retained a positive tone even though recent economic data point to a moderation in the pace of Eurozone economic growth and recent comments by a number of EU high level officials suggest that the EU integration process has probably stalled. Indicatively, the 10-yr Italy/German yield spread was hovering around a multi-month low of 116.5bps at the time of writing, in spite of the ongoing political uncertainty in the country following the inconclusive outcome of the March general election. In FX markets, the USD extended recent gains with the DXY index standing close to the highest level since mid-January, 0.2% firmer on the day and 1.1% higher so far this week favored by increased optimism that a trade war will be averted and a compromise between the US and China will be reached. Somewhat easing geopolitical jitters also had an impact following recent pledges by North Korea's leader Kim Jong Un to immediately suspend nuclear and missile tests. Looking at today's calendar, focus is on US CB consumer sentiment index for April and US March home sales ahead of the more crucial ECB policy meeting on Thursday and the US Q1 GDP report on Friday. The ECB will also publish the results of its euro-area Bank Lending Survey for the first quarter of the year.

ppetropoulou@eurobank.gr

GREECE

According to ELSTAT's 1st 2018 Fiscal Data Notification the 2017 overall fiscal balance in ESA2010 terms registered a surplus of 0.8% of GDP (€1.5 bn) and the primary balance registered a surplus of 4.0% of GDP (€7.1 bn). In Third Economic Adjustment Programme terms the aforementioned 2017 primary surplus is at 4.2% of GDP according to an announcement by the Greek Ministry of Finance. The latter figure is significantly higher compared to the respective 2018 Budget target for 2017 of 2.44% of GDP or the respective Third Economic Adjustment Programme target for 2017 of 1.75% of GDP. As a result 2017 was the 4th year out of the last 5 years with a positive primary balance (the primary balance of 2014 is at zero after an ex-post revision). According to ELSTAT's 1st notification, the 2017 gross general government debt was at 178.6% of GDP (€317.4 bn) higher compared to the respective 2018 Budget figure of 178.2% of GDP.

tstamatiou@eurobank.gr

Tuesday 24 April 2018

Latest economic & market developments in the CESEE region

CYPRUS

On Friday evening, Fitch upgraded the long-term sovereign rating of Cyprus by one notch from BB to BB+ with a positive outlook. The rating agency cited the improvement in terms of external financing flexibility following the country's exit from the economic adjustment program in March 2016, which is evidenced in the government's ability to tap international bond markets as well as the large FDI inflows' increase in the construction, tourism, energy and education sectors, as the main driver behind its decision. Fitch currently forecasts real GDP growth to remain robust in the coming years and average 3.4% in 2018-19, supported by a dynamic tourism sector and buoyant construction activity. Finally, the agency took note of the recent developments in the Co-operative Bank (CCB), identified the weakness of the banking sector as a risk to public finances and linked future positive or negative developments in addressing asset quality concerns as a key drivers for future rating actions. As things stand at this point, the divergence of views between the rating agencies on the sovereign rating of Cyprus, remains. Currently, the distance from investment grade status is one notch for S&P (currently at BB+, last upgrade in mid-March last year) and for Fitch (currently at BB+), three notches for both Moody's (currently at Ba3, last upgrade in late July last year) and DBRS (currently at BB Low, last upgrade in early June last year by two notches).

igkionis@eurobank.gr

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

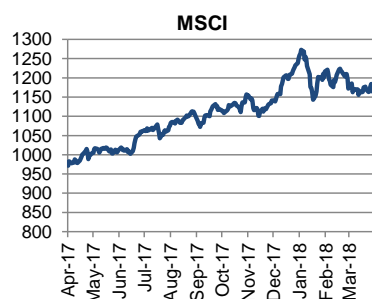
ROMANIA: Indicators	2016	2017e	2018f
Real GDP growth %	4.8	7.0	4.0
CPI (pa, yoy %)	-1.6	1.3	3.5
Budget Balance/GDP *	-2.4	-3.0	-4.4
Current Account/GDP	-2.2	-3.5	-4.0
EUR/RON (eop)	4.54	4.67	4.70
	2017	current	2018
Policy Rate (eop)	1.75	2.25	3.00

* 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	3.00	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	B1	BB+

Tuesday 24 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	2670.29	0.0%	-0.1%	EUR/USD	1.2194	-0.1%	1.6%	UST - 10yr	2.96	-1	55	GOLD	1326	0.1%	1.8%
Nikkei 225	22278.12	0.9%	-2.1%	GBP/USD	1.3937	0.0%	3.1%	Bund-10yr	0.62	-2	19	BRENT CRUDE	75	0.5%	12.3%
STOXX 600	384.00	0.2%	-1.3%	USD/JPY	108.84	-0.1%	3.5%	JGB - 10yr	0.06	-1	1	LMEX	3365	-2.7%	-1.6%

SERBIA

BELIBOR			
	Last	ΔDbps	ΔYTD bps
T/N	2.34	1	-18
1-week	2.45	1	-16
1-month	2.63	1	-22
3-month	2.88	1	-24
6-month	3.07	0	-17

RS Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y RSD	3.74	0	-54
5Y RSD	4.13	3	-11
7Y RSD	4.52	-2	-66

RS Eurobonds			
	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.64	3	65
USD Nov-24	-21.20	-438	-2124

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	118	8	0
10-year	163	13	1

STOCKS			
	Last	ΔD	ΔYTD
BELEX15	740.0	0.00%	-2.61%

FOREX			
	Last	ΔD	ΔYTD
EUR/RSD	118.14	-0.60%	0.65%

ROMANIA

Money Market			
	Last	ΔDbps	ΔYTD bps
ROBOR	2.2	56	111
O/N	2.27	11	40
1-month	2.28	6	23
3-month	2.52	3	25
6-month	2.62	2	30

RO Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y RON	3.38	0	-1
5Y RON	4.16	0	38
10Y RON	4.52	0	21

RO Eurobonds			
	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.51	#N/A	N/A
USD Jan-24	3.95	0	95

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

STOCKS			
	Last	ΔD	ΔYTD
BET	8967.0	0.11%	15.65%

FOREX			
	Last	ΔD	ΔYTD
EUR/RON	4.6548	0.08%	0.21%

BULGARIA

Money Market			
	Last	ΔDbps	ΔYTD bps
SOFIBOR	0.01	0	1
LEONIA	-0.29	-1	-3
1-month	-0.21	0	-3
3-month	-0.07	0	-2
6-month	0.26	2	-7

BG Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.04	0	2
5Y BGN	0.20	1	6
10Y BGN	1.08	0	11

BG Eurobonds			
	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.15	0	23
EUR Sep-24	0.78	0	21

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	61	-2	-35
10-year	101	-2	-40

STOCKS			
	Last	ΔD	ΔYTD
SOFIX	658.2	-0.14%	-2.85%

FOREX			
	Last	ΔD	ΔYTD
USD/BGN	1.604	-0.12%	1.58%

Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 11:45 EST

Tuesday 24 April 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 37 18 793

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

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

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>

