

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- May 23
 - New home sales (Apr)
 - FOMC meeting minutes
- May 24
 - Initial jobless claims (May 19)
 - Existing home sales (Apr)
- May 25
 - Durable goods orders (Apr)
 - UM consumer sentiment (May)

EUROZONE

- May 23
 - PMI manufacturing (May, prel.)
 - PMI services (May, prel.)
- May 24
 - German Gfk consumer confidence (Jun)
 - French business climate INSEE (May)
- May 25: German IFO business climate (May)

UK

- May 23: CPI (Apr)
- May 24: Retail sales (Apr)
- May 25: Q1 GDP (2nd estimate)

GREECE

- May 21: Current account (Mar)

SEE

ROMANIA

- May 21: T-bonds auction
- May 24: T-bonds auction

SERBIA

- May 22: T-bonds auction
- May 25: Real Gross Wages (Mar)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Core government bonds retained a firm tone in European trade on Friday favored by reignited concerns about US/North Korea relations and renewed risks of a full-blown trade war. US President Donald Trump called off a key summit with North Korean leader Kim Jong Un (originally scheduled for 12 June in Singapore) and asked Commerce Secretary Wilbur Ross earlier this week to start a national security investigation into car and truck imports under Section 232 of the Trade Expansion Act of 1962, that could lead to tariffs on imports of cars and trucks. In FX markets, the JPY lost some ground and the EUR/USD continued to consolidate around 1.1700, not far from a fresh y-t-d low of 1.1674 marked earlier this week. Focus today is on German Ifo Business Climate Index which is likely to show a further decline in May while UKL Q1 GDP is expected to remain unrevised at 0.1%QoQ.

SOUTH EASTERN EUROPE

CYPRUS: The general government surplus increased to 2.1% of GDP in 4M-2018.

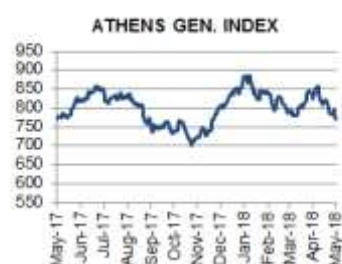
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Latest world economic & market developments

GLOBAL MARKETS

Core government bonds retained a firm tone in European trade on Friday favored by reignited concerns about US/North Korea relations and renewed risks of a full-blown trade war. US President Donald Trump called off a key summit with North Korean leader Kim Jong Un (originally scheduled for 12 June in Singapore) because of the “tremendous anger and open hostility” that Pyongyang has aimed at Washington. In addition, he asked Commerce Secretary Wilbur Ross earlier this week to start a national security investigation into car and truck imports under Section 232 of the Trade Expansion Act of 1962 that could lead to tariffs on imports of cars and trucks, similar to those imposed on imported steel and aluminum. Against this background, the 10-yr US yield dropped to a two-week low of 2.95% yesterday before moving back to 2.967% in European trade at the time of writing, albeit still well off a seven-year high of 3.128% marked a few sessions ago. Along these lines, the 10-yr Bund yield marked a four-month low of 0.442% earlier today, 2.6bps lower on the day and 19.4bps lower since late last week amid concerns over whether the Q1 GDP soft patch in the euro area will extend and market fears over systemic spillovers from Italian political risks into EMU periphery. In FX markets, the JPY lost some ground after, in response to the US President’s decision to call off a summit with the North Korean leader, North Korean Vice Foreign Minister Kim Kye Gwan said that Pyongyang is still willing to meet Donald Trump and is open to resolving tensions with the US. Against this background, the USD/JPY bounced to 109.74 earlier today, having recovered from yesterday’s two-week low of 108.94. Meanwhile, the EUR/USD continued to consolidate around 1.1700, not far from a fresh y-t-d low of 1.1674 marked earlier this week, poised for the sixth consecutive week of losses. Focus today is on German Ifo Business Climate Index, which is likely to show a further decline in May while UKL Q1 GDP is expected to remain unrevised at 0.1%QoQ.



Source: Reuters, Bloomberg, Eurobank Research

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CYPRUS

The general government fiscal accounts were in surplus during the first four months of 2018. The consolidated government surplus increased to €425.1mn in 4M-2018, up from €191.9mn in 4M-2017. As a percentage of GDP, the general government surplus came at +2.1% in 4M-2018, compared to +1.0% of GDP in 4M-2017. The primary surplus climbed to €527.0mn or +2.6% of GDP in 4M-2018 compared to €292.5mn or +1.5% of GDP during the same period a year ago. Total revenues improved by +13.6% YoY, driven by double digit growth in all revenue items except for the property tax income. Net VAT revenue performance impressed, expanding by 25.6% YoY which corresponds to €139,3mn, and reached a total of €682,9mn (in comparison to €543,6mn in 2017). On the other hand, total expenditure remained relatively contained, expanding by +3.3% YoY driven by higher spending on current transfers (+5.8% YoY), procurement (+6.5% YoY), pensions (+5.1% YoY), public wages (+4.0% YoY).

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Friday 25 May 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	2727.76	-0.2%	2.0%	EUR/USD	1.1688	-0.3%	-2.6%	UST - 10yr	2.97	-1	57	GOLD	1303	-0.1%	0.0%
Nikkei 225	22450.79	0.1%	-1.4%	GBP/USD	1.3344	-0.3%	-1.3%	Bund-10yr	0.45	-2	2	BRENT CRUDE	78	-0.5%	17.3%
STOXX 600	392.28	0.4%	0.8%	USD/JPY	109.4	-0.1%	3.0%	JGB - 10yr	0.04	-1	-1	LMEX	3343	0.4%	-2.2%

SERBIA

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.28	-3	-24
1-week	2.39	-3	-22
1-month	2.58	-2	-27
3-month	2.88	0	-24
6-month	3.04	-2	-20

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.57	#N/A N/A	-70
5Y RSD	3.90	0	-34
7Y RSD	4.45	19	-73

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.98	0	98
USD Nov-24	#N/A N/A	#N/A N/A	-13164

CDS

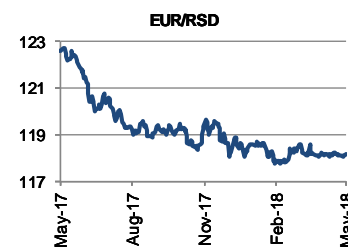
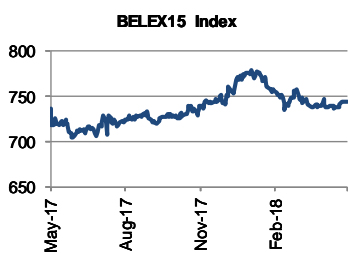
	Last	ΔDbps	ΔYTD bps
5-year	112	-2	-6
10-year	161	-2	-1

STOCKS

	Last	ΔD	ΔYTD
BELEX15	743.0	-0.16%	-2.22%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.06	0.18%	0.72%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.8	0	171
1-month	2.8	0	93
3-month	2.79	0	74
6-month	2.92	0	65
12-month	3.03	0	71

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.86	0	48
5Y RON	4.40	0	62
10Y RON	4.82	0	51

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.54	#N/A N/A	-6
USD Jan-24	4.14	0	114

CDS

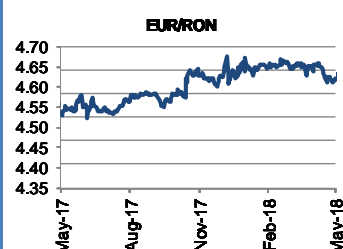
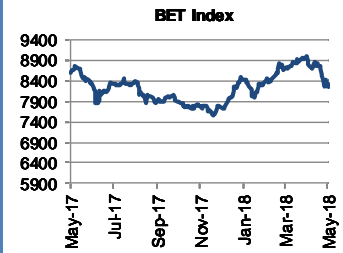
	Last	ΔDbps	ΔYTD bps
5-year	95	0	5
10-year	139	1	6

STOCKS

	Last	ΔD	ΔYTD
BET	8289.9	0.31%	6.91%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6312	-0.05%	0.73%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.30	0	-4
3-month	-0.22	0	-4
6-month	-0.10	0	-5
12-month	0.23	-1	-10

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.09	-1	-3
5Y BGN	0.17	0	3
10Y BGN	1.01	0	4

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.11	0	19
EUR Sep-24	0.77	-1	19

CDS

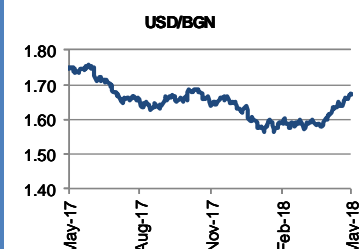
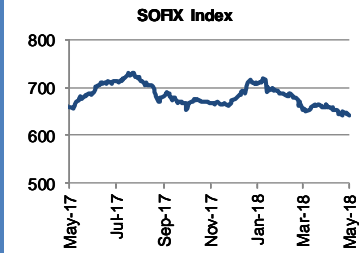
	Last	ΔDbps	ΔYTD bps
5-year	70	0	-27
10-year	113	0	-28

STOCKS

	Last	ΔD	ΔYTD
SOFIX	640.9	-0.30%	-5.39%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6734	-0.27%	-2.63%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 11:10 EEST

Friday 25 May 2018

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