

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Tuesday 28 August 2018

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- Aug 28: CB consumer confidence (Aug)
- Aug 29
 - Q2 GDP (2nd estimate)
 - Pending home sales (Jul)
- Aug 30:
 - Initial jobless claims (25 Aug)
 - Personal income & spending (Jul)
- Aug 31:
 - Chicago PMI (Aug)
 - UM consumer confidence (Aug)

EUROZONE

- Aug 27: German IFO business climate (Aug)
- Aug 28: Euro area M3 money supply (Jul)
- Aug 30:
 - German consumer prices (Aug, first Länder results)
 - Euro area economic & business sentiment (Aug)
- Aug 31:
 - Euro area consumer prices (Aug)
 - Euro area unemployment rate (Jul)

GREECE

- Aug 30: PPI (Jul)
- Aug 31: Retail sales (Jun)

SEE

BULGARIA

- Aug 28: Gross External Debt (Jun)
- Aug 31:
 - Consolidated State Budget Balance (Jul)
 - BNB policy meeting

CYPRUS

- Aug 14: GDP (Jun)
- Aug 17: CPI (Jul)

ROMANIA

- Aug 31: NBR policy meeting

SERBIA

- Aug 31
 - Industrial output (Jul)
 - GDP (Q2, final)
 - Trade balance (Jul)
 - Retail sales (Jul)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The majority of global equity markets retained a positive tone in early trade on Tuesday supported by an agreement between the US and Mexico to overhaul the North American Free Trade Agreement (NAFTA). Fed Chairman Jerome Powell's confirmation of more gradual rate tightening ahead in his speech in Jackson Hole late last week and market talk that the US is pressing the European Union to speed up trade negotiations launched after last month's meeting between US President Donald Trump and EU Commission President Jean-Claude Juncker, have also favored risk appetite. Easing trade tensions dented the safe-haven appeal of US Treasuries and German Bunds. In terms of FX, the USD remained under pressure with the EUR/USD rising to 1.1700 earlier today, the highest level in near a month.

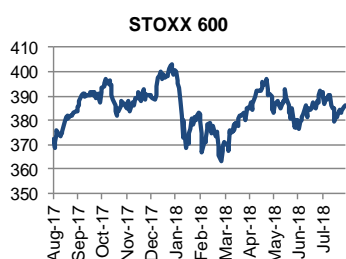
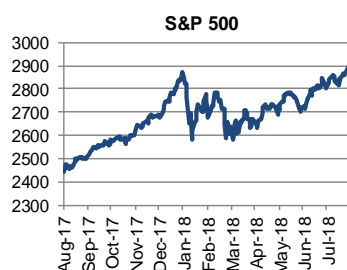
GREECE: The first mission of the institutions to Greece in the context of the Enhanced Post Programme Surveillance framework is reportedly scheduled to take place on 10 September 2018. The focus will be placed on the progress in the reforms of the 3rd ESM programme that have not been completed yet, the 2019 State Budget and possibly other issues such as the implementation of the pre-legislated pension cuts as of January 2019. The 2019 State Budget is expected to be tabled to Parliament on 1 October and then submitted for approval to the European Commission on 16 October, as required under the EU 'Six-Pack' legislative framework.

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Latest world economic & market developments

GLOBAL MARKETS



The majority of global equity markets retained a positive tone in early trade on Tuesday supported by an agreement between the US and Mexico to overhaul the North American Free Trade Agreement (NAFTA). The said deal reportedly envisions an increase in the auto content threshold for tariff-free access in the NAFTA region to 75% from 62.5% currently and also requires 40-45% of auto content to be made by workers earning at least \$16 per hour. Talks with Canada are expected to begin shortly with an aim to reaching a final agreement by Friday. Fed Chairman Jerome Powell's confirmation of more gradual rate tightening ahead in his speech in Jackson Hole late last week and market talk that the US is pressing the European Union to speed up trade negotiations launched after last month's meeting between US President Donald Trump and EU Commission President Jean-Claude Juncker, have also favored risk appetite. At their meeting in July, the two leaders agreed to hold off on further tariffs, including a potential 25% US tariff on cars and auto parts imported from the EU, as long as the two parties are negotiating on trade. Easing trade tensions dented the safe-haven appeal of US Treasuries with the 10-yr yield rising to a one-week high of 2.86% earlier today, pushing the spread against the 2-yr paper to a fresh multi-year low of 20bps. Along these lines, the 10-yr Bund yield was hovering close to Monday's multi-session intraday peak of 0.38% in European trade at the time of writing, also affected by a stronger than expected Ifo Business Climate index. According to yesterday's release, the German index rose to 103.8 in August from 101.7 in the prior month, the largest monthly increase since December 2014, mainly due to a 3.0 point rise in the forward-looking business expectations component, its first increase since November 2017 and the strongest advance in more than five years, presumably due to a de-escalation in the EU-US trade dispute in recent weeks. Turning to FX markets, the USD remained under pressure against the majority of its currency peers pushing the EUR/USD to 1.1700 earlier today, the highest level in near a month. In terms of data, focus today is on M3 month supply for the euro area and the US CB consumer confidence index while ECB's Peter Praet will speak at the 33rd Annual Congress of the European Economic Association.

ppetropoulou@eurobank.gr

Source: Reuters, Bloomberg, Eurobank Research

GREECE

The first mission of the institutions to Greece in the context of the Enhanced Post Programme Surveillance framework is reportedly scheduled to take place on 10 September 2018. The focus will be placed on the progress in the reforms of the 3rd ESM programme that have not been completed yet, the 2019 State Budget and possibly other issues such as the implementation of the pre-legislated pension cuts as of January 2019, a matter that has been prevalent in the domestic political agenda lately. Meanwhile, the 2019 State Budget is expected to be tabled to Parliament on 1 October and then submitted for approval to the European Commission on 16 October, as required under the EU 'Six-Pack' legislative framework. In other news, the election of the Interior Minister Panos Skourletis as General Secretary of Syriza's central committee is likely to trigger a broader cabinet reshuffle also in view of the upcoming 83rd Thessaloniki International Fair, though key Ministers are expected to maintain their positions.

andimitriadou@eurobank.gr

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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	2896.74	0.8%	8.3%	EUR/USD	1.1689	0.1%	-2.6%	UST - 10yr	2.85	0	44	GOLD	1213	0.1%	-6.9%
Nikkei 225	22813.47	0.1%	0.2%	GBP/USD	1.2896	0.0%	-4.6%	Bund-10yr	0.37	-1	-6	BRENT CRUDE	77	0.5%	14.6%
STOXX 600	386.22	0.2%	-0.8%	USD/JPY	111.12	0.0%	1.4%	JGB - 10yr	0.10	0	5	LMEX	2970	1.6%	-13.1%

SERBIA

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.29	1	-23
1-week	2.41	4	-20
1-month	2.62	3	-23
3-month	2.91	3	-21
6-month	3.08	4	-16

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.44	0	-84
5Y RSD	3.84	-3	-41
7Y RSD	4.35	-1	-83

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.77	3	78

CDS

	Last	ΔDbps	ΔYTD bps
5-year	113	0	-5
10-year	152	0	-10

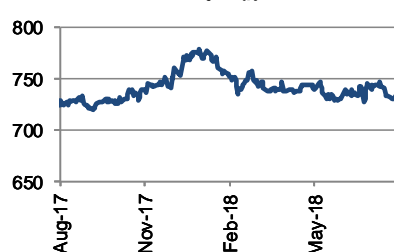
STOCKS

	Last	ΔD	ΔYTD
BELEX15	733.1	-0.17%	-3.51%

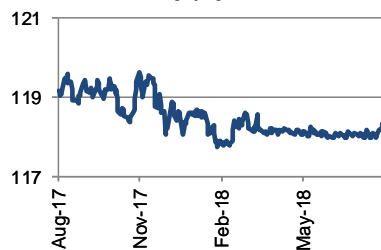
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.32	-0.06%	0.50%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.72	-3	163
1-month	3.18	-3	131
3-month	3.25	-2	120
6-month	3.43	0	116
12-month	3.55	0	123

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.89	0	51
5Y RON	4.30	0	52
10Y RON	4.73	0	42

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.57	#N/A	2
USD Jan-24	4.07	#N/A	107

CDS

	Last	ΔDbps	ΔYTD bps
5-year	97	-1	7
10-year	140	0	7

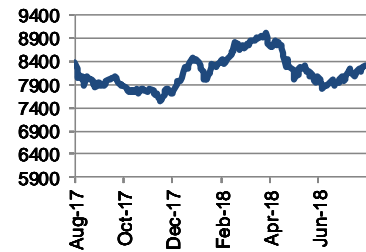
STOCKS

	Last	ΔD	ΔYTD
BET	8299.4	-0.02%	7.04%

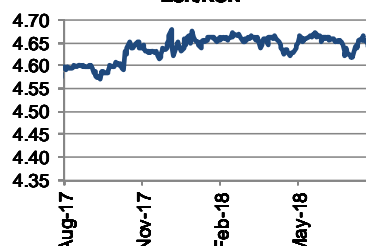
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6462	-0.07%	0.40%

BET Index



EUR/RON



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	-0.09	-3	-3
5Y BGN	0.05	-1	-10
10Y BGN	0.84	0	-13

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.04	-1	3
EUR Sep-24	0.39	-1	-19

CDS

	Last	ΔDbps	ΔYTD bps
5-year	78	0	-19
10-year	124	0	-18

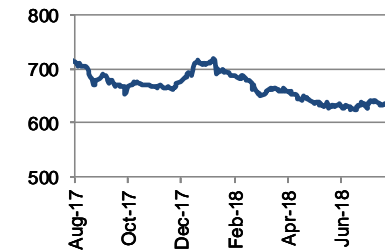
STOCKS

	Last	ΔD	ΔYTD
SOFIX	633.5	-0.20%	-6.49%

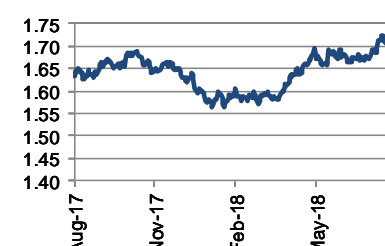
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6735	0.09%	-2.64%

SOFIX Index



USD/BGN



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

Data updated as of 11:43 EEST

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 Yiannissis: 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

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