

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Mar 27: CB consumer confidence (Mar)
- Mar 28
 - Q4 GDP (3rd est.)
 - Pending home sales (Feb)
- Mar 29
 - Jobless claims (weekly)
 - Personal income & spending (Feb)
 - PCE price index (Feb)
 - Chicago PMI (Mar)
 - UM consumer conf. (Mar)

EUROZONE

- Mar 26: FR: GDP (Q3, final)
- Mar 27
 - M3 money supply (Feb)
 - ESI (Mar)
 - Business confidence (Mar)
- Mar 29
 - DE: CPI (Mar)
 - DE: unemployment (Mar)
- Mar 30: France's CPI (Mar)

UK

- Mar 29: GDP (final, Q4)

GREECE

- Mar 27: ESI (Mar)
- Mar 30: Retail sales (Feb)

SEE

BULGARIA

- Mar 28: Gross external debt (Jan)
- Mar 30
 - PPI (Feb)
 - Budget balance (Feb)

ROMANIA

- Mar 26: 2.3% 2020 T-bonds auction

SERBIA

- Mar 26
 - 10-Yr T-bonds auction
 - Gross wages (Jan)
- Mar 27: 4.5% 2023 T-Bonds auction
- Mar 28: 3-Yr T-bonds auction
- Mar 30
 - Industrial production (Feb)
 - Trade balance (Feb)
 - Retail sales (Feb)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Major US stock indices recorded sharp gains overnight supported by technology stocks' recovery and perceived progress on North Korea's nuclear programme. Elsewhere, core bond markets remained well supported on Thursday while, in FX markets, the DXY index was weaker on the day presumably on position adjustment ahead of quarter-end. Markets will be closed on Friday due to the observance of Good Friday.

GREECE: The HRADF requested improved offers for the acquisition of 66% of DESFA, which are expected to be submitted after the Orthodox Easter (8 April). The IMF Communications Director Gerry Rice stated at a press conference that technical work and discussions on debt relief have intensified and all partners are working to achieve a positive outcome that will credibly alleviate Greece's debt burden. According to the BoG report on operational targets for non-performing exposures (NPEs), at end-December 2017 the stock of NPEs decreased 4.8% compared to end-September 2017 and reached EUR94.4 billion or 48.6% of total exposures.

SOUTH EASTERN EUROPE

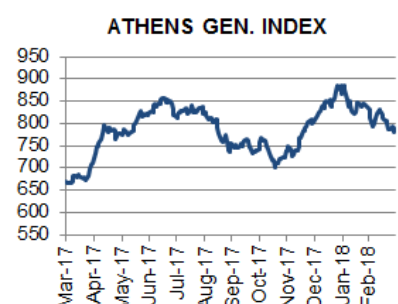
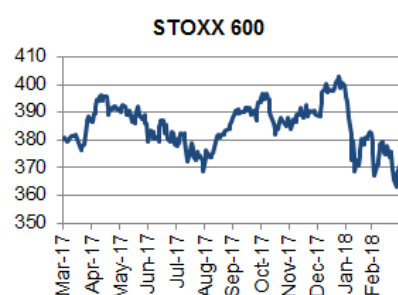
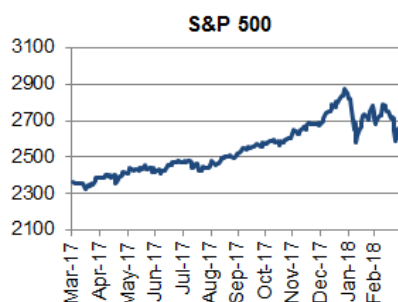
CESEE MARKETS: The majority of emerging market assets were somewhat firmer earlier on Friday, with trading volumes being thin in view of the Easter holidays.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Major US stock indices recorded sharp gains overnight supported by technology stocks' recovery and perceived progress on North Korea's nuclear programme. In his first known trip outside North Korea since he assumed power in 2011, North Korea's leader Kim Jong Un met China's President Xi Jinping earlier this week. Though North Korea's official media made no reference, the Chinese President confirmed that the North Korea's leader pledged his commitment to denuclearisation and to meet US officials, reportedly by the end of May. In spite of yesterday's gains, US equity indices recorded monthly and quarterly sharp losses mainly due to worries over a full-blown trade war between the world's two biggest economies. Positive US data releases yesterday also favored risk sentiment. Following a higher than expected upward revision in US Q4 GDP earlier this week, initial jobless claims for the week ended March 24 dropped by 12k to 215k, the lowest in more than 45 years while the University of Michigan consumer sentiment index rose from February's 99.7 to 101.4 in March, the highest since January 2004, supported by an ongoing improvement in labor market conditions and income tax cuts. However, in spite of strong consumer confidence, personal spending has been tepid, rising by 0.2% mom in February after a similar gain in January. Elsewhere, core bond markets remained well supported. The 10-yr UST yield closed at 2.74% on Thursday, the lowest since the market turbulence in early February, mainly favored by the recent sell-off in equity markets. Along these lines, the 10-yr Bund yield ended at 0.49%, not far from a two-month intraday low of 0.47% recorded earlier this week amid increased confidence that the ECB will proceed with caution in unwinding years of loose monetary policy following weaker than expected preliminary German inflation data for March. In FX markets, the DXY index was 0.3% weaker on the day hovering around 89.920 at the time of writing following a short-lived spike to one-week high of 90.178 on Thursday presumably on position adjustment ahead of quarter-end. Markets will be closed today due to the observance of Good Friday.

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GREECE

The binding offers for the acquisition of 66% of the Hellenic Gas Transmission System Operator (DESFA) that were submitted on 16 February were unsealed yesterday and according to the Minister of the Environment and Energy George Stathakis, both offers exceeded EUR 400 mn. Based on the terms of the tender, the HRADF requested improved offers, which are reportedly expected to be submitted after the Orthodox Easter (8 April) while the preferred bidder will be selected in the weeks thereafter. In other news, the IMF Communications Director Gerry Rice stated at a press conference that technical work and discussions on debt relief have intensified and all partners are working to achieve a positive outcome that will credibly alleviate Greece's debt burden. He refrained, however, from setting a timeline for when these discussions will conclude or for the next mission of the IMF to Greece. On the economic data front, according to the latest (29 March) BoG report on operational targets for non-performing exposures (NPEs), at end-December 2017 the stock of NPEs decreased 4.8% compared to end-September 2017 and reached EUR94.4 billion or 48.6% of total exposures. The reduction of NPEs in Q4 2017 was driven by write-offs, which amounted to EUR2.1 bn and sales which amounted to EUR1.8 bn while the quarterly cure rate improved at 1.8% exceeding the default rate that shows a decelerating trend at 1.7%. Total write-offs and sales for the whole year reached EUR6.5 bn and EUR3.6 bn respectively. The NPE ratio still remains high across most asset classes. For end-December 2017, the NPE ratio is 43.4% for residential, 49.3% for consumer and 41.8% for the business portfolio.

Friday 30 March 2018

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

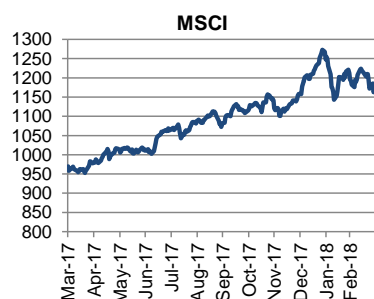
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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	3.25	4.00

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-

Latest economic & market developments in the CESEE region

CESEE MARKETS

The majority of emerging market assets were somewhat firmer earlier on Friday, with trading volumes being thin in view of the Easter holidays. Despite ongoing optimism about growth prospects, mounting global trade war fears have remained in the forefront over recent weeks denting emerging market assets' high yield allure. The recent decline in tech stocks and worries over tighter controls on the US tech industry have also weighed negatively on global risk sentiment. With several main stock indices around the globe closed today due to the Easter holidays, the MSCI Emerging Markets firmed modestly in morning European trade, albeit still poised to end the second consecutive month in the red.

In FX markets, regional currencies mostly firmed, with the Turkish lira bucking the positive trend giving away part of Thursday's gains. The USD/TRY rose by 0.3% on the day in the wake of yesterday's 1.7% decline after the release of the Q4 GDP growth data which showed that economic activity came in at 7.3%YoY slowing less than expected from the Q3 reading of 11.1%YoY and bringing the full-year rate to 7.4%, also in excess of market expectations of 7.2%. Nonetheless, both the USD/TRY and the EUR/TRY remained not too far from recent lifetime lows of 4.0346 and 4.9728, respectively, as the Turkish currency is amongst the most vulnerable to Fed rate hikes due to the country's elevated external imbalances, having come under additional pressure in recent months in view of ongoing geopolitical jitters, increased frictions with the EU and the US and the lack of a more aggressive Central Bank action despite elevated inflation.

Today's CESEE calendar of main events and macroeconomic data releases today is relatively thin. Turkey announced trade balance data and tourist arrivals, while Serbia also releases later on the day trade balance, retail sales and industrial production and Poland budget balance data, all for the month of February. Looking further ahead, March CPI inflation data are due on Tuesday for Russia and Turkey and PMI manufacturing data for the same month are due on Tuesday and Wednesday in the region. The MPC meeting of the National Bank of Romania (NBR) takes centre stage on Wednesday, with the market's median forecast envisioning a 25bps hike to 2.50% in the key policy rate. On Friday, Romania releases final Q4 2017 national accounts data, while Moody's reviews Bulgaria's sovereign credit rating.

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Friday 30 March 2018

GLOBAL MARKETS

Stock markets

	Last	ΔD	ΔYTD
S&P 500	2640.87	1.4%	-1.2%
Nikkei 225	21454.30	1.4%	-5.8%
STOXX 600	370.87	0.4%	-4.7%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.2327	0.2%	2.7%
GBP/USD	1.405	0.2%	3.9%
USD/JPY	106.17	0.2%	6.1%

Government Bonds

(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	2.74	0	33
Bund-10yr	0.50	-1	7
JGB - 10yr	0.05	1	0

Commodities

	Last	ΔD	ΔYTD
GOLD	1325	0.0%	1.7%
BRENT CRUDE	69	0.8%	3.7%
LMEX	3205	0.2%	-6.3%

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.34	0	-18
1-week	2.48	0	-13
1-month	2.66	0	-19
3-month	2.91	0	-21
6-month	3.10	0	-14

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.83	0	-45
5Y RSD	4.12	0	-12
7Y RSD	4.55	0	-63

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.46	0	47
USD Nov-24	-4.94	0	-499

CDS

	Last	ΔDbps	ΔYTD bps
5-year	109	3	-9
10-year	152	-4	-11

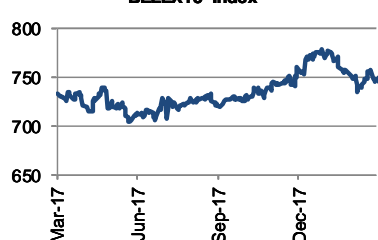
STOCKS

	Last	ΔD	ΔYTD
BELEX15	746.8	-0.28%	-1.71%

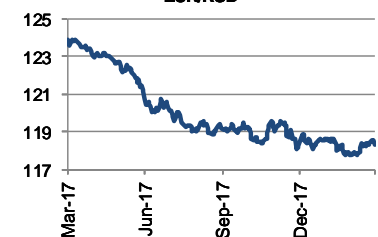
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.65	-0.08%	0.22%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.56	0	47
1-month	1.69	1	-18
3-month	2.08	0	3
6-month	2.39	0	12
12-month	2.52	-1	20

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.28	0	-10
5Y RON	4.02	0	24
10Y RON	4.46	0	15

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.55	0	-5
USD Jan-24	3.80	0	80

CDS

	Last	ΔDbps	ΔYTD bps
5-year	85	-1	-5
10-year	129	-1	-4

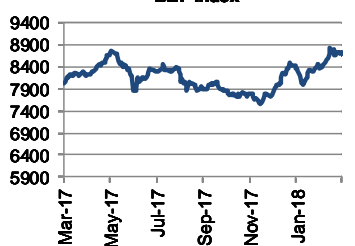
STOCKS

	Last	ΔD	ΔYTD
BET	8717.5	0.43%	12.43%

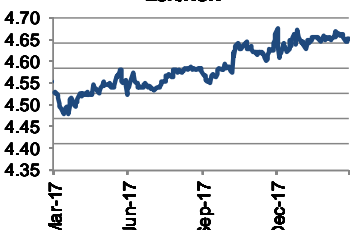
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.658	0.04%	0.15%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
O/N	0.01	0	1
1-month	-0.27	0	-2
3-month	-0.19	0	-1
6-month	-0.06	0	-1
12-month	0.27	0	-5

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.03	-2	3
5Y BGN	0.20	1	5
10Y BGN	1.05	0	9

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.15	4	23
EUR Sep-24	0.78	-22	21

CDS

	Last	ΔDbps	ΔYTD bps
5-year	65	0	-31
10-year	105	-7	-36

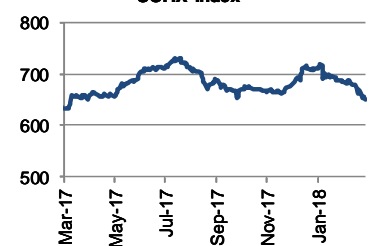
STOCKS

	Last	ΔD	ΔYTD
SOFIX	649.2	-0.75%	-4.17%

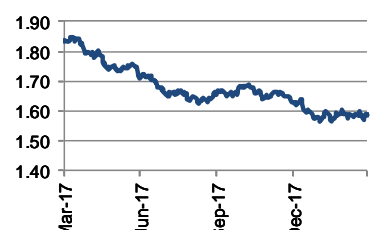
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.5867	0.23%	2.69%

SOFIX Index



USD/BGN



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

Data updated as of 12:00EST

Friday 30 March 2018

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