

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- Nov 26:
 - Chicago Fed national activity index (Oct)
 - Dallas Fed manufacturing activity Index (Nov)
- Nov 27: CB consumer confidence (Nov)
- Nov 28
 - GDP (Q3, 2nd estimate)
 - New home sales (Oct)
 - FOMC Chair Jerome Powell speaks
- Nov 29
 - Initial jobless claims (24/11)
 - Personal income & spending (Oct)
 - Pending home sales (Oct)
- Nov 30
 - Chicago PMI (Oct)

EUROZONE

- Nov 26: German Ifo business climate (Nov.)
- Nov 28: M3 money supply (Oct)
- Nov 29
 - Economic sentiment indicator (Nov)
 - German CPI (Nov., prel.)
- Nov 30:
 - Unemployment rate (Oct)
 - CPI (Nov., prel.)

GREECE

- Nov 29
 - Economic Sentiment (Nov)
- Nov 30
 - PPI (Oct)
 - Retail Sales (Sep)

SEE

BULGARIA

- Nov 28: Gross External Debt (Sep)
- Nov 30:
 - Budget Balance (Oct)
 - KPR Meeting

ROMANIA

- Nov 26: M3 Money Supply (Oct)

SERBIA

- Nov 30:
 - GDP (Q3, Final)
 - Trade Balance (Oct)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: All eyes are on the meeting between US President Donald Trump and his Chinese counterpart Xi Jinping on the sidelines of the G20 summit in Argentina late on Saturday which will aim at resolving the trade dispute between the two countries. Awaiting the outcome of the meeting, Asian bourses ended mixed earlier today and major European bourses opened slightly lower. The November FOMC minutes that were released yesterday supported the view for another 25bps rate hike at the Fed's next policy meeting in December. More importantly, they revealed that the Committee discussed that the post-meeting statement might need to be revised "at coming meetings", particularly the phrase referring to expectations for "further gradual increases" in the target range, fueling market talk that the Fed may be close to the end of its rate tightening cycle. In reaction to the above, US Treasuries extended recent gains and the USD remained under pressure for the second session in a row. On the data front, focus today is on the Eurozone's November flash inflation numbers.

GREECE: In a report yesterday, Moody's rating agency mentioned that the Bank of Greece's plan for the management of NPEs is a credit positive development for the domestic banking system.

SOUTH EASTERN EUROPE

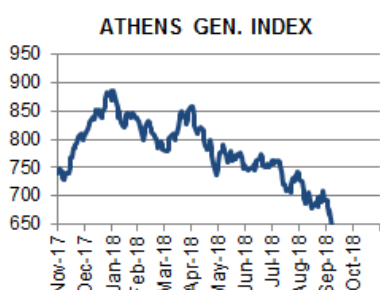
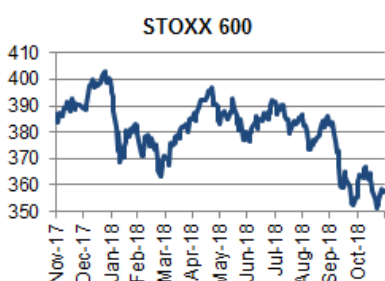
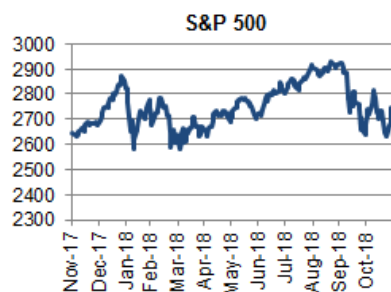
CESEE MARKET DEVELOPMENTS: Emerging markets assets gained yesterday favored by Federal Reserve Chairman Jerome Powell's more dovish than expected comments and market optimism for a positive outcome at the G-20 summit regarding the trade dispute between the US and China.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

All eyes are on the meeting between US President Donald Trump and his Chinese counterpart Xi Jinping on the sidelines of the G20 summit in Argentina late on Saturday which will aim at resolving the trade dispute between the two countries. According to some press reports, the meeting might result in a “framework” for future trade talks and concessions by China so as the US to delay any further increase in tariffs imposed on imports from China. Awaiting the outcome of the meeting, Asian bourses ended mixed earlier today and major European bourses opened slightly lower while core government bonds retained a positive tone. The 10-yr UST yield was c. 1.3bp lower on the day hovering around 3.02% in European trade at the time of writing after testing levels slightly below 3.00% on Thursday for the first time in 2 ½ months, affected by the lower than expected 0.1% mom increase in the core PCE deflator in October. The perceived dovish tone of the November FOMC minutes that were released yesterday have also had an impact with the 2/10-yr yield curve undertaking some further bullish flattening today and the respective spread standing close to 21.5bps, the narrowest since mid-September. The minutes supported the view for another 25bps rate hike at the Fed’s next policy meeting in December revealing that “almost all participants expressed the view that another increase in the target range for the federal funds rate was likely to be warranted fairly soon”. More importantly, the minutes revealed that “a few participants” expressed uncertainty about the timing of additional rate hikes emphasizing that future rate moves will be data dependent. As a result, the Committee discussed that the post-meeting statement might need to be revised “at coming meetings”, particularly the phrase referring to expectations for “further gradual increases” in the target range, fueling market talk that the Fed may be close to the end of its rate tightening cycle. In FX markets, the DXY remained under pressure for the second session in a row but the EUR/USD was still hovering at around 1.1370/80 at the time of writing, little changed on the day and still below this month’s peak of 1.1500 (7 Nov.). On the data front, focus today is on the Eurozone’s November flash inflation numbers. Market consensus is for an unchanged core at 1.1%YoY and a deceleration in the headline to 1.9%YoY from 2.2%YoY in October on the back of lower energy prices.

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GREECE

The Bank of Greece’s Governor Yannis Stournaras stressed yesterday at the NPL Summit 2018 the importance of investments in boosting the growth outlook of the Greek economy following the end of the 3rd Economic Adjustment Programme in August 2018. In addition, the BoG Governor underlined the importance of the move towards a more extrovert growth model for the Greek economy. He also stated that the management of NPEs constitutes the most significant challenge for the domestic banking system. On a positive note, in a report yesterday, Moody’s credit rating agency mentioned that the Bank of Greece’s plan for the management of NPEs is a credit positive development for the domestic banking system.

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Latest economic & market developments in the CESEE region

CESEE MARKET DEVELOPMENTS

Emerging markets assets gained yesterday on the back of market optimism for a positive outcome at the G-20 summit in Buenos Aires regarding the trade dispute between the US and China. US President Donald Trump and Chinese President Xi Jinping will meet over dinner on Saturday on the sidelines of the summit and although a final solution for the ongoing trade conflict is not expected, broad focus is on where the outcome of the meeting will signal a reduction or even an end point to the rise in trade tension between the two countries. Regional markets performance was also supported by Federal Reserve Chairman Jerome Powell's more dovish than expected comments which supported the view for a more gradual than currently expected pace of rate tightening ahead that could act as tailwind towards capital flows in the region.

In detail, yesterday almost all regional currencies appreciated against the Euro with the Hungarian forint reporting daily gains of ca 0.10% while the Polish zloti closed near 3 week highs at 4.2905. Regional equity markets ended on the black with the Polish blue chip index gaining 1.2% and closing near its highest level since early October. Apparently, polish assets are recouping losses caused by the noise of the corruption scandal that forced the head of the financial market regulator to quit. Increased risk appetite put some pressure on the regional government bond with Poland's 10 year bond yield falling by 4bps to a one month low of 3.135%.

In other news, the economic sentiment indicator (ESI) for November in the EU and Euro area was released yesterday. ESI came in broadly stable for the Euro Area (-0.2 points to 109.5) while it decreased in the EU (-0.8 points to 109.9) and the CESEE region (ca -1 point). Later today we anticipate Serbia's final Q3 GDP estimate following the flash estimate the previous month which recorded a growth rate of 3.7% YoY.

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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

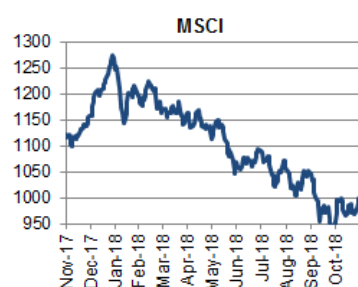
* ESA 2010

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

ROMANIA: Indicator:	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	2.50	3.00

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities



Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	Ba3	BB	BB
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BBB-	BBB
CYPRUS	Ba2	BBB-	BB+

Friday 30 November 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	2737.76	-0.2%	2.4%	EUR/USD	1.1386	-0.1%	-5.2%	UST - 10yr	3.03	0	62	GOLD	1225	0.1%	-6.0%
Nikkei 225	22351.06	0.4%	-1.8%	GBP/USD	1.278	-0.1%	-5.5%	Bund-10yr	0.33	1	-10	BRENT CRUDE	60	0.3%	-10.8%
STOXX 600	358.10	0.2%	-8.0%	USD/JPY	113.45	0.0%	-0.7%	JGB - 10yr	0.09	1	4	LME X	2894	0.5%	-15.4%

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.47	0	-5
1-week	2.57	0	-4
1-month	2.70	0	-15
3-month	3.05	0	-7
6-month	3.17	1	-7

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.09	-1	-119
5Y RSD	3.65	0	-65
7Y RSD	4.16	0	-101

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	4.21	0	121

CDS

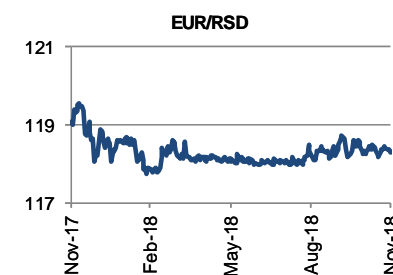
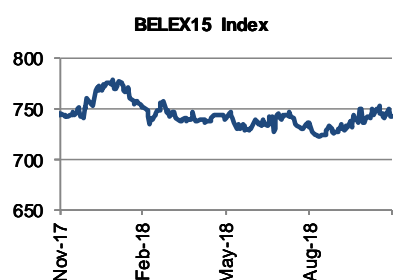
	Last	ΔDbps	ΔYTD bps
5-year	111	0	-7
10-year	153	0	-9

STOCKS

	Last	ΔD	ΔYTD
BELEX15	742.7	-0.01%	-2.25%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.31	0.02%	0.51%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.32	0	123
1-month	2.95	0	108
3-month	3.09	0	104
6-month	3.36	0	109
12-month	3.54	0	122

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.96	0	58
5Y RON	4.37	0	59
10Y RON	4.96	0	65

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.53	-1	-1
USD Jan-24	4.49	-8	149

CDS

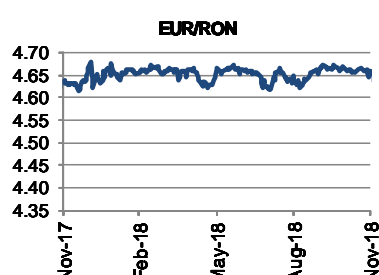
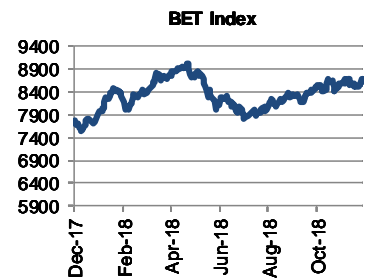
	Last	ΔDbps	ΔYTD bps
5-year	105	0	15
10-year	148	-1	15

STOCKS

	Last	ΔD	ΔYTD
BET	8665.4	1.02%	11.76%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6599	0.00%	0.11%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.22	8	3
3-month	-0.14	9	4
6-month	-0.02	10	3
12-month	0.36	14	4

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.07	-1	0
5Y BGN	0.07	0	-7
10Y BGN	0.74	0	-23

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.06	0	11
EUR Sep-24	0.63	0	5

CDS

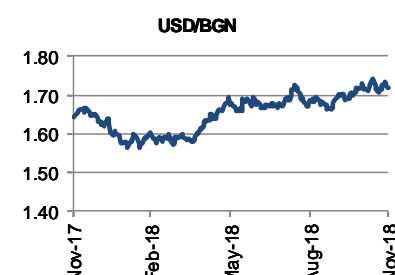
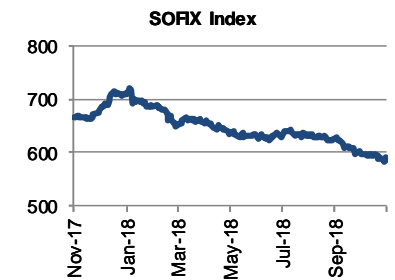
	Last	ΔDbps	ΔYTD bps
5-year	80	0	-17
10-year	126	0	-16

STOCKS

	Last	ΔD	ΔYTD
SOFIX	591.7	1.20%	-12.65%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7179	-0.06%	-5.15%



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

Data updated as of 10:18 EEST

Friday 30 November 2018

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