

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: U/E Rate (Jul)

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 were under renewed pressure in early trade on Friday and core government bonds retained a positive tone amid heightened fears over a further deterioration in the trade dispute between the US and China. According to newswires, US President Donald Trump is ready to impose tariffs on an additional \$200bn of imports from China as soon as next week, when a public hearing period on the proposed levy ends. In FX markets, the CHF firmed favored by increased global risk aversion while the EU/USD continued to trade between 1.1600 and 1.1700 without clear direction. After today's close in Europe, the Fitch rating agency is scheduled to release its review on Italy's sovereign credit rating, which is currently BBB—two notches above non-investment grade—with a stable outlook.

GREECE: The Economic Sentiment Indicator contracted slightly (-0.1 points) in August 2018 due to a deterioration of expectations in the services sector by 4.0 points. In June 2018 the overall volume index in retail trade increased by 1.8% compared with the corresponding index of June 2017 while the s.a. overall volume index remained unchanged compared with the corresponding index of May 2018.

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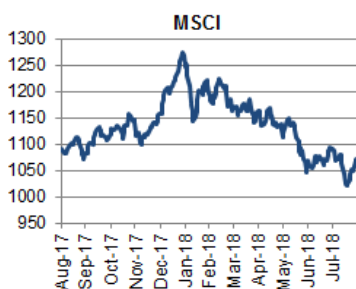
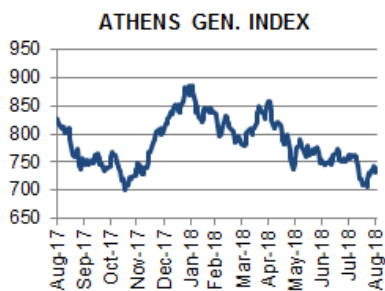
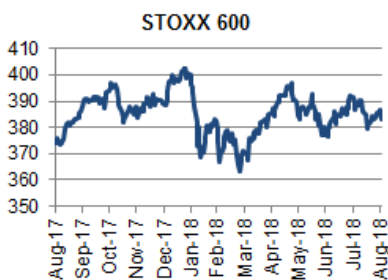
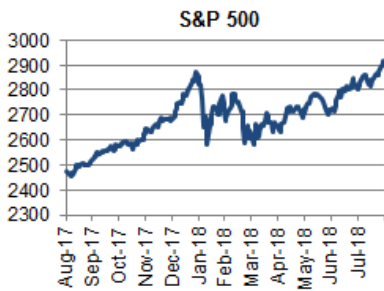
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Friday 31 August 2018

Latest world economic & market developments

GLOBAL MARKETS

The majority of global equity markets were under renewed pressure in early trade on Friday amid heightened fears over a further deterioration in the trade dispute between the US and China. According to newswires, US President Donald Trump is ready to impose tariffs on an additional \$200bn of imports from China as soon as next week, when a public hearing period on the proposed levy ends. In an interview earlier this month, the US President was quoted saying that resolving the trade war with China would “take time” and that he had “no time frame” for ending it. Amid increased US-China trade war worries, investors shrugged off positive data from China showing that the official manufacturing Purchasing Manager's Index (PMI) unexpectedly picked up in August after a two-month falling trend to 51.3 from 51.2 in July, remaining in expansionary territory for the 25th straight month.



Favored by ongoing US-China trade jitters, UST and EGB government bonds retained a positive tone with the 10-yr UST yield falling to a multi-session trough of 2.84% earlier today, 1.2bps lower on the day and its German counterpart testing levels close to 0.34% after hitting a three-week high of 0.41% just two sessions ago. After today's close in Europe, the Fitch rating agency is scheduled to release its review on Italy's sovereign credit rating, which is currently BBB—two notches above non-investment grade—with a stable outlook. According to some reports, the rating agency is likely to push back the review until after the Italian 2019 Budget is unveiled, in order to have a clearer view on the country's policy direction under the new coalition government. Meanwhile, amid increased concerns about a potential budget clash between Italy and the EU, the 10-yr BTP-Bund yield spread was hovering close to 285bps at the time of writing, the widest since mid-July 2013. In FX markets, the CHF firmed favored by increased global risk aversion while the EU/USD continued to trade between 1.1600 and 1.1700 without clear direction. Eurostat will publish today the preliminary estimate for Eurozone August inflation numbers. According to market consensus, both headline and core inflation are expected to remain unchanged at 1.1%YoY and 2.1%YoY, respectively, with risks skewed to the downside following yesterday's lower than expected inflation figures from Germany.

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GREECE

The Economic Sentiment Indicator contracted slightly (-0.1 points) in August 2018 due to a deterioration of expectations in the services sector by 4.0 points. Confidence improved in all other areas as follows: industry +0.9 points, consumers +2.1 points, retail +4.8 and construction +0.7. According to the Hellenic Statistical Authority (ELSTAT), in June 2018 the overall volume index in retail trade increased by 1.8% compared with the corresponding index of June 2017 while the s.a. overall volume index remained unchanged compared with the corresponding index of May 2018.

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Friday 31 August 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	2901.13	-0.4%	8.5%	EUR/USD	1.1682	0.1%	-2.7%	UST - 10yr	2.85	0	45	GOLD	1208	0.6%	-7.3%
Nikkei 225	22865.15	0.0%	0.4%	GBP/USD	1.3013	0.0%	-3.8%	Bund-10yr	0.36	1	-7	BRENT CRUDE	77	-0.4%	15.8%
STOXX 600	383.35	-0.5%	-1.5%	USD/JPY	110.75	0.2%	1.8%	JGB - 10yr	0.11	0	6	LMEX	2964	-0.8%	-13.3%

SERBIA

Money Market

	Last	ΔDbps	ΔYTD bps
BELIBOR			
T/N	2.30	-1	-22
1-week	2.42	-1	-19
1-month	2.61	-1	-24
3-month	2.89	-1	-23
6-month	3.06	-1	-18

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.39	0	-88
5Y RSD	3.84	0	-41
7Y RSD	4.35	0	-83

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.78	0	79

CDS

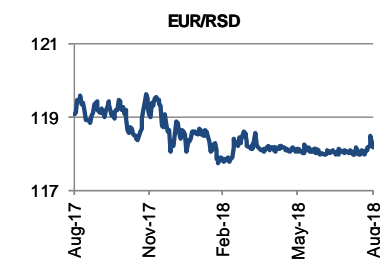
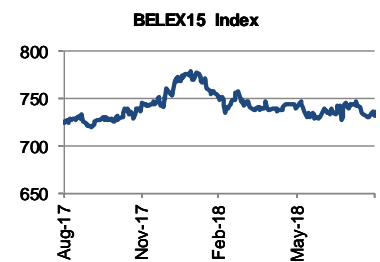
	Last	ΔDbps	ΔYTD bps
5-year	113	2	-5
10-year	151	3	-11

STOCKS

	Last	ΔD	ΔYTD
BELEX15	732.4	0.06%	-3.60%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.18	0.09%	0.62%



ROMANIA

Money Market

	Last	ΔDbps	ΔYTD bps
ROBOR			
O/N	2.71	2	162
1-month	3.16	-1	129
3-month	3.22	-2	117
6-month	3.41	-1	114
12-month	3.53	-1	121

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.95	0	56
5Y RON	4.37	0	59
10Y RON	4.81	0	50

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.55	-1	1
USD Jan-24	4.08	0	108

CDS

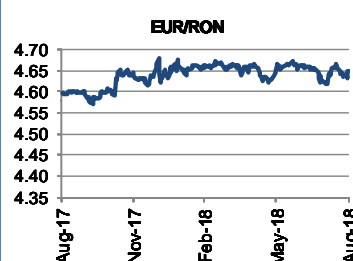
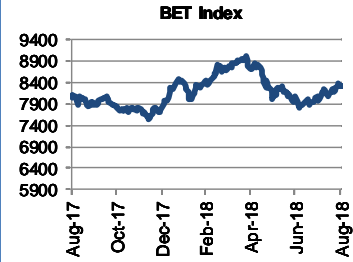
	Last	ΔDbps	ΔYTD bps
5-year	97	1	7
10-year	139	0	6

STOCKS

	Last	ΔD	ΔYTD
BET	8297.4	-0.54%	7.01%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6472	0.01%	0.38%



BULGARIA

Money Market

	Last	ΔDbps	ΔYTD bps
SOFIBOR			
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

	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.09	0	-3
5Y BGN	0.05	0	-9
10Y BGN	0.84	0	-12

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.05	-1	3
EUR Sep-24	0.39	-1	-19

CDS

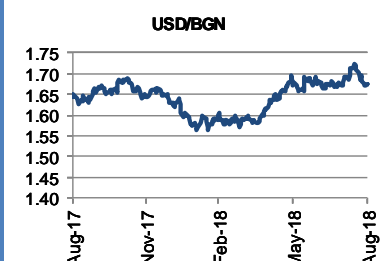
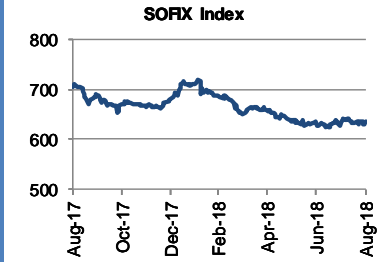
	Last	ΔDbps	ΔYTD bps
5-year	78	0	-19
10-year	122	0	-19

STOCKS

	Last	ΔD	ΔYTD
SOFIX	634.9	0.15%	-6.28%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6743	0.10%	-2.68%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 11:37 EEST

Friday 31 August 2018

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