

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### US

- Feb 25: Wholesale inventories (Jan)
- Feb 26
  - Housing starts & permits (Jan)
  - CB consumer confidence (Feb)
  - Fed Chair testifies before Senate Banking Committee
- Feb 27:
  - Factory orders (Dec)
  - Pending home sales (Dec)
- Feb 28:
  - GDP (Q4 2018)
  - Chicago PMI (Feb.)
- Mar 01:
  - Personal income \* spending (Dec)
  - ISM manufacturing (Feb)
  - UM consumer confidence (Feb., final)

#### EUROZONE

- Feb 27:
  - M3 money supply (Jan)
  - Economic confidence (Feb)
- Mar 01:
  - Markit manufacturing PMI (Feb., final)
  - CPI (Feb., prel.)
  - Unemployment rate (Jan)

#### GREECE

- Feb 28: Retail sales (Dec)
- Mar 01: Markit manufacturing PMI (Feb)

#### SEE

#### BULGARIA

- Feb 28
  - Gross external debt (Dec)
  - Budget balance (Jan)
  - Key Policy Interest Rate announcement

#### ROMANIA

- Mar 01:
  - Unemployment rate (Jan.)
  - International reserves (Feb)

#### SERBIA

- Feb 25: Real gross wages (Dec)
- Feb 28: GDP (Q4)

Source: Reuters, Bloomberg, Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** US Treasuries and German Bunds remained under pressure in early European trade on Friday, on market perception that the latest political developments in the UK have reduced the risk of a hard Brexit in the near future. US GDP data late on Thursday, showing a higher than expected 2.6%QoQ annualized growth rate in Q4 2018 from 3.4% in the prior quarter, also had an impact. Meanwhile, taking their lead from Asian bourses' positive tone today, major European equity markets opened higher. In FX markets, the DXY index was firmer on a daily basis in early European trade, but still down 0.6% from its mid-February peaks.

**GREECE:** The two month extension of the Law 3869/2010 on the restructuring of debt of over-indebted individuals (Katseli Law) for the protection of the primary residencies expires today. The ECB, in its opinion published yesterday, mentioned a series of negative implications of the draft law aiming to replace Law 3869/2010.

### SOUTH EASTERN EUROPE

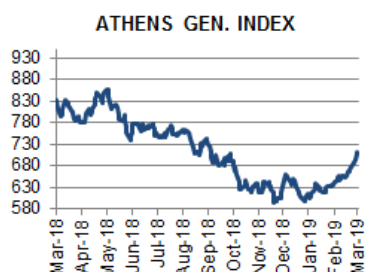
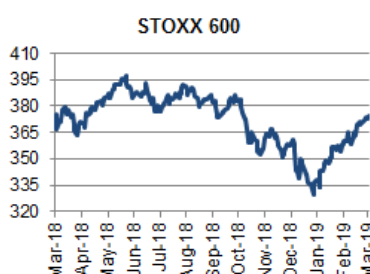
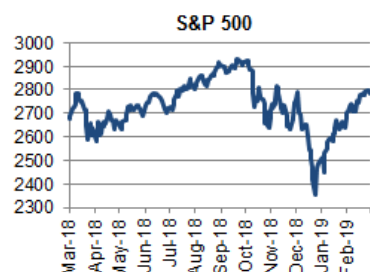
**CYPRUS:** The general government recorded a -5.1% of GDP deficit in FY2018, reflecting the negative result of the sale of CCB to Hellenic Bank.

#### DISCLAIMER

This document has been issued by Eurobank Ergasias SA (Eurobank) and may not be reproduced in any manner. The information provided has been obtained from sources believed to be reliable, but has not been verified by Eurobank, and the opinions expressed are exclusively of their author. This information does not constitute an investment advice or any other advice, or an offer to buy or sell, or a solicitation of an offer to buy or sell, or an offer or a solicitation to execute transactions on the financial instruments mentioned. The investments discussed may be unsuitable for investors, depending on their specific investment objectives, their needs, their investment experience and financial position. No representation or warranty (expressed or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions, all of which are subject to change without notice. No responsibility or liability, whatsoever or howsoever arising, is accepted in relation to the contents thereof by Eurobank or any of its directors, officers and employees.

## Latest world economic & market developments

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

US Treasuries and German Bunds remained under pressure in early European trade on Friday, on market perception that the latest political developments in the UK have reduced the risk of a hard Brexit in the near future. US GDP data late on Thursday, showing a higher than expected 2.6%QoQ annualized growth rate in Q4 2018 from 3.4% in the prior quarter, also had an impact. The main positive contribution to Q4 GDP growth came from consumer spending (1.92 percentage points), more than offsetting a subtraction of 0.22 percentage points from net trade. For the whole 2018, US GDP growth rose by 2.8%, the strongest pace since 2015, from 2.2% in 2017. In response to positive US Q4 GDP data, the 10-yr UST yield hit a three-week high of 2.73% on Thursday, before easing modestly to levels around 2.72% in early European trade today, poised for a weekly rise of around 7bps. Along these lines, the 10-yr Bund yield continued to move higher on Friday for the fifth session in a row, the longest upward streak since September 2018, hitting an intraday peak close to 0.20% earlier today, the highest since 5 February. Meanwhile, taking their lead from Asian bourses' positive tone today, major European equity markets opened higher after China's PMI manufacturing index for the month of February from Caixin, surprised to the upside. On the flipside, despite stronger-than-expected US GDP figures, Wall Street finished lower overnight as investors are cautious over whether the US and China are close to a final agreement following mixed comments from US high-level officials on trade talks. In FX markets, the DXY index was firmer on a daily basis in early European trade, but still down 0.6% from its mid-February peaks. The GBP was slightly weaker ahead of the next key votes in the UK House of Commons on the Brexit process in mid-March, while the EUR/USD was consolidating around 1.1350 after failing to break convincingly much above 1.1400 yesterday. On the data front, today's major releases include the US' February ISM manufacturing while, in the Eurozone, we expect preliminary inflation data for February.

[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

### GREECE

The two month extension of the Law 3869/2010 on the restructuring of debt of over-indebted individuals (Katseli Law) for the protection of the primary residencies expires today. The ECB, in its opinion published yesterday, mentioned a series of negative implications of the draft law aiming to replace Law 3869/2010. The ECB stressed, among others, the absence of an estimation of the financial impact of the proposed legal reforms and the negative implications for credit institutions, especially for their capital adequacy, provisioning needs and asset quality, as they may have to adjust the valuation of their loan books given the uncertainty introduced by the draft law in terms of, for example, the number of debtors that will eventually apply to the scheme, the amount of debt to be included, the level of haircuts to be applied, and the valuation that may need to be performed for supervisory and accounting reasons upon the introduction of the scheme. The ECB suggests that the Greek authorities should engage in meaningful and timely consultations with all relevant stakeholders, including the Bank of Greece, as such consultations might shed light on aspects of the draft law which are not immediately apparent. On the data front, PMI manufacturing rose to 54.2 index units in Feb-19 - a 9-month high - from 53.7 index units in Jan-19, indicating a further improvement in the operating conditions of the Greek manufacturing sector at the start of the current year.

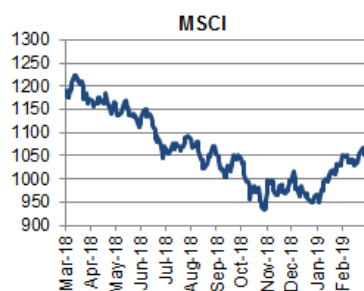
[tstamatiou@eurobank.gr](mailto:tstamatiou@eurobank.gr)

[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr)

Friday 01 March 2019

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

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+

## Latest economic & market developments in the CESEE region

### CESEE MARKETS

According to the preliminary fiscal results released by CYPSTAT yesterday, the general government recorded a €1.050,9mn deficit in 2018 compared to a €344,2mn surplus in 2017. As a percentage of GDP, the general government deficit stood at -5.1% in 2018 vs. a 1.8% surplus in 2017. The aforementioned fiscal results reflect the impact (για να μην επαναλαμβάνεις τη λέξη result) of the public support measures for the sale and orderly winding down of Cyprus Co-operative Bank (CCB) to Hellenic Bank in Q3-2018. Excluding the fiscal burden of CCB, the general government recorded a surplus of 611,1mn or 2.9% of GDP in 2018. The primary surplus stood at -2.5% of GDP in 2018 compared to +4.3% of GDP in 2017.

Total revenues improved by +7.4% YoY, driven by double digit growth in net VAT revenues collection (+12.3% YoY) and social security contributions (+7.8% YoY). The only item which registered a decrease was property taxes (-21.6% YoY). On the other hand, total expenditure-notwithstanding the negative result of the CCB sale -remained relatively contained, expanding by +4.1% YoY driven by higher spending on public wages (+3.0% YoY), social benefits (+3.4% YoY) and current transfers (+2.2% YoY). On the other hand, spending items such as interest payments (+2.5% YoY) were subdued and capital investment (-4.5% YoY) decreased. The aforementioned performance is even more impressive despite the lower Central Bank dividend by about 0.2 pts of GDP relative to last year, and despite the gradual withdrawal as of July 1, 2018 of the public sector wage cuts and their estimated fiscal impact of about 0.1 ppt.

According to the draft budget plan of this year, the general government primary and headline surplus is expected to reach 5.6% and 3.1% of GDP respectively. The gradual withdrawal of public sector wage cuts and the introduction of the ESTIA subsidy plan are the main discretionary initiatives introduced in the budget of 2019. The first one was legislated in June 2018 and is estimated to cost about 0.2% of GDP on an annual basis in 2019-2023. The second is estimated to cost around 0.1% of GDP on an annual basis in 2019. The state intervention in the banking system occurred at the expense of temporarily reversing the downward trend in public debt dynamics. The one-off banking system state injection pushed the projected public debt to GDP ratio temporarily up to 104% of GDP in 2018 from 97.5% in 2017. This increase is not expected to reverse the overall downward trajectory of debt-to-GDP, provided fiscal policy remains prudent and nominal GDP growth remains robust. The public debt-to-GDP ratio is expected to decline to 97% in 2019 and further to 91% in 2020 and to 85% in 2021.

[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr)

Friday 01 March 2019

GLOBAL MARKETS

Stock markets	FOREX	Government Bonds	Commodities													
<table border="1"> <thead> <tr> <th></th> <th>Last</th> <th>ΔD</th> <th>ΔYTD</th> </tr> </thead> <tr> <td>S&amp;P 500</td> <td>2784.49</td> <td>-0.3%</td> <td>11.1%</td> </tr> <tr> <td>Nikkei 225</td> <td>21602.69</td> <td>1.0%</td> <td>7.9%</td> </tr> <tr> <td>STOXX 600</td> <td>374.54</td> <td>0.5%</td> <td>10.9%</td> </tr> </table>		Last	ΔD	ΔYTD	S&P 500	2784.49	-0.3%	11.1%	Nikkei 225	21602.69	1.0%	7.9%	STOXX 600	374.54	0.5%	10.9%
	Last	ΔD	ΔYTD													
S&P 500	2784.49	-0.3%	11.1%													
Nikkei 225	21602.69	1.0%	7.9%													
STOXX 600	374.54	0.5%	10.9%													

 |         | Last   | ΔD    | ΔYTD  | |---------|--------|-------|-------| | EUR/USD | 1.1361 | -0.1% | -0.9% | | GBP/USD | 1.325  | -0.1% | 3.8%  | | USD/JPY | 111.91 | -0.5% | -2.0% | | | (yields)   | Last  | ΔDbps | ΔYTD bps | |------------|-------|-------|----------| | UST - 10yr | 2.72  | 1     | 4        | | Bund-10yr  | 0.19  | 0     | -6       | | JGB - 10yr | -0.01 | 2     | -1       | | |             | Last | ΔD    | ΔYTD  | |-------------|------|-------|-------| | GOLD        | 1307 | -0.5% | 1.9%  | | BRENT CRUDE | 67   | 0.5%  | 23.9% | | LME X       | 3058 | 0.1%  | 9.2%  | |

SERBIA

**Money Market**

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.32	-1	-12
1-week	2.46	-1	-10
1-month	2.68	1	-5
3-month	2.99	-1	-4
6-month	3.14	1	-4

**RS Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.17	0	11
5Y RSD	3.77	0	27
7Y RSD	3.98	-4	-18

**RS Eurobonds**

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.81	1	-19

**CDS**

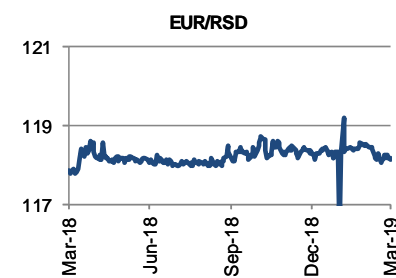
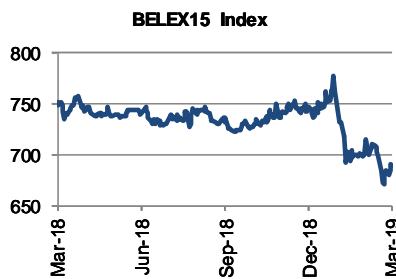
	Last	ΔDbps	ΔYTD bps
5-year	102	-6	-16
10-year	154	-2	-8

**STOCKS**

	Last	ΔD	ΔYTD
BELEX15	689.9	-0.05%	-9.42%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RSD	118.13	0.06%	0.09%



ROMANIA

**Money Market**

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	3.38	0	229
1-month	3.31	0	144
3-month	3.26	0	121
6-month	3.38	0	111
12-month	3.52	0	120

**RO Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RON	3.76	0	-27
5Y RON	4.27	0	-8
10Y RON	4.73	0	-8

**RO Eurobonds**

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.49	-	-5
USD Jan-24	3.70	0	-54

**CDS**

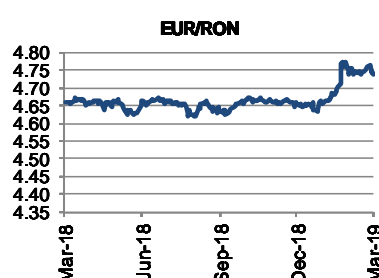
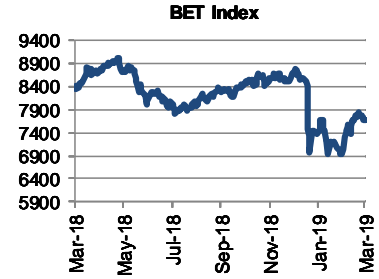
	Last	ΔDbps	ΔYTD bps
5-year	107	0	17
10-year	153	2	20

**STOCKS**

	Last	ΔD	ΔYTD
BET	7679.6	0.06%	4.01%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RON	4.7403	0.12%	-1.82%



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	-0.13	#N/A	N/A
5Y BGN	0.07	-3	-4
10Y BGN	0.69	0	-6

**BG Eurobonds**

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.07	0	-3
EUR Sep-24	0.22	0	-26

**CDS**

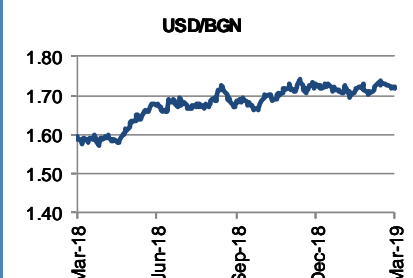
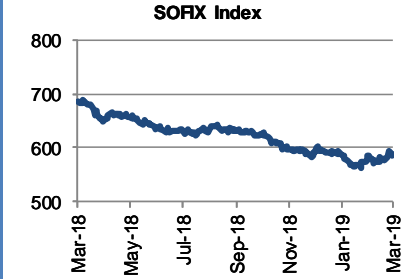
	Last	ΔDbps	ΔYTD bps
5-year	78	0	-19
10-year	120	0	-22

**STOCKS**

	Last	ΔD	ΔYTD
SOFIX	586.5	0.20%	-1.33%

**FOREX**

	Last	ΔD	ΔYTD
USD/BGN	1.7215	-0.19%	-0.93%



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

Data updated as of 10:30 EEST

Friday 01 March 2019

## Contributors

**Paraskevi Petropoulou**  
Senior Economist, Eurobank  
Ergasias  
+30 210 3718991  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Ioannis Gkionis**  
Senior Economist, Eurobank  
Ergasias  
+30 210 3337305  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr)

**Anna Dimitriadou**  
Economic Analyst, Eurobank  
Ergasias  
+30 210 3718793  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

**Olga Kosma**  
(Special Contributor)  
Research Economist, Eurobank  
Ergasias  
+30 210 3371227  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr)

**Stelios Gogos**  
(Special Contributor)  
Economic Analyst, Eurobank  
Ergasias  
+30 210 3371226  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr)

**Theodoros Stamatou**  
(Special Contributor)  
Senior Economist, Eurobank  
Ergasias  
+30 210 3371228  
[tstamatou@eurobank.gr](mailto:tstamatou@eurobank.gr)

**Maria Kasola**  
(Special Contributor)  
Economic Analyst, Eurobank  
Ergasias  
+30 210 3371224  
[mkasola@eurobank.gr](mailto:mkasola@eurobank.gr)

## Eurobank Economic Analysis and Financial Markets Research

**Dr. Tasos Anastasatos: Group Chief Economist**  
[tanastasatos@eurobank.gr](mailto:tanastasatos@eurobank.gr), +30 210 33 71 178

## Research Team

**Anna Dimitriadou: Economic Analyst**  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr), +30 210 3718 793

**Marisa Yiannissis: Administrator**  
[magiannisi@eurobank.gr](mailto:magiannisi@eurobank.gr), +210 3371242

**Ioannis Gkionis: Senior Economist**  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr), +30 210 33 71 225

**Dr. Stylianos Gogos: Economic Analyst**  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr), +30 210 33 71 226

**Maria Kasola: Economic Analyst**  
[mkasola@eurobank.gr](mailto:mkasola@eurobank.gr), +30 210 3371224

**Olga Kosma: Research Economist**  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr), +30 210 33 71 227

**Paraskevi Petropoulou: Senior Economist**  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr), +30 210 37 18 991

**Dr. Theodoros Stamatou: Senior Economist**  
[tstamatou@eurobank.gr](mailto:tstamatou@eurobank.gr), +30 210 3371228

**Elia Tsiampaou: Economic Analyst**  
[etsiampaou@eurobank.gr](mailto: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](mailto:Research@eurobank.gr)

## Eurobank Economic Analysis and Financial Markets Research

More research available at <https://www.eurobank.gr/en/group/economic-research>

- **7 Ημέρες Οικονομία:** Weekly review of the Greek economy
- **Greece Macro Monitor - Focus Notes:** Periodic publication on the latest economic & market developments in Greece
- **Economy & Markets:** Analysis & research on the Greek and international economy
- **Regional Economics & Market Strategy Monthly:** Monthly edition on economic & market developments in the region
- **Emerging Markets Special Focus Reports:** Periodic publication on specific EM economy and markets developments
- **Daily Overview of Global markets & the SEE Region:** Daily overview of key macro & market developments in Greece, regional economies & global markets
- **Global Macro Themes & Market Implications for the EA Periphery and the CESEE:** Monthly review of the international economy and financial markets
- **Global Markets Special Focus Reports:** Periodic publication on specific global economy and markets developments

Subscribe electronically at <https://www.eurobank.gr/el/omilos/oikonomikes-analuseis>

Follow us on twitter: [https://twitter.com/Eurobank\\_Group](https://twitter.com/Eurobank_Group)

