

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- Apr 01:
 - Retail Sales less Autos (Feb.)
 - ISM Manufacturing (Mar.)
 - Construction Spending (Feb.)
- Apr 02: Durable Goods Orders (Feb.prel.)
- Apr 03:
 - MBA Mortgage Applications (29/03)
 - ADP Employment Change (Mar.)
 - Markit Services and Composite PMI (Mar.)
 - ISM Non-Manufacturing Index (Mar.)
- Apr 04:
 - Initial Jobless Claims (30/03)
 - Continuing Claims (23/03)
- Apr 05:
 - Change in Nonfarm Payrolls (Mar.)
 - Unemployment Rate (Mar.)
 - Average Hourly Earnings (Mar.)
 - Consumer Credit (Feb.)

EUROZONE

- Apr 01:
 - Markit Manufacturing PMI (Mar.)
 - Unemployment Rate (Feb.)
 - CPI Core (Mar.adv.)
- Apr 03:
 - Markit Services and Composite PMI (Mar.)
 - Retail Sales (Feb.)

GREECE

- Apr 01: Markit Manufacturing PMI (Mar.)

SEE

CYPRUS

- Apr 01: CPI (Mar.)

ROMANIA

- April 01: Unemployment rate (Feb.)
- April 02: KPR Meeting
- April 05: Retail Sales (Feb.)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Focus today is on the second round of “indicative votes” in the House of Commons on alternatives to PM Theresa May’s Brexit plan, after the latter was rejected on Friday for the third time. The debate will start around 19:00CET and the vote is expected to start at 21:00CET. As things stand, the legal default is no deal-Brexit on 12 April with European Council President Donald Tusk announcing on Friday an emergency summit on 10 April to discuss the latest developments on Brexit. In reaction to pronounced Brexit uncertainty, the GBP came under pressure while the USD was firmer across the board supported by market uncertainty on the economic growth outlook in the Eurozone and other major economies, mainly on the back of continued US/China trade talks, the threat of US tariffs on EU cars and prolonged Brexit uncertainty.

GREECE: The institutions are scheduled to return to Athens today for the 3rd EPPS review and according to press, among the most prominent issues in the agenda are the proposal of the government regarding debts to social security funds and the tax authorities and the progress in privatisations, particularly energy ones (PPC, HELPE, DEPA) and Egnatia motorway. According to the Hellenic Statistical Authority (ELSTAT), the s.a. overall volume index in January 2019 decreased for a second month in a row standing in January 2019 at 99.3 units, against 101.1 in December 2018 and 102.1 in November 2018. In March 2019 the economic sentiment indicator remained unchanged on a monthly basis at 101.3. Confidence rose in services (+4.4 units), among consumers (+1.6 units) and in construction (+13.3 units) but contracted in industry (-1.1 units) and retail trade (-5.9 units).

SOUTH EASTERN EUROPE

CESEE MARKETS: This week opened in the aftermath of the municipal Turkish elections which took place yesterday and at the time of writing President’s Tayyip Erdogan’s ruling party AK seems to have lost ground in major cities including Ankara and most probably Istanbul too. Speaking of elections, earlier in the week, the Serbian ruling party (SNS) has shown willingness to hold early presidential elections following months of anti-government protests across many cities in Serbia. However, President Aleksandar Vucic stated he is still undecided on the matter and that elections could be held in short notice or according to the regular election schedule. In this week’s regional calendar we point out the Monetary Policy Committees (MPC) in Romania and Poland on Tuesday and Wednesday respectively.

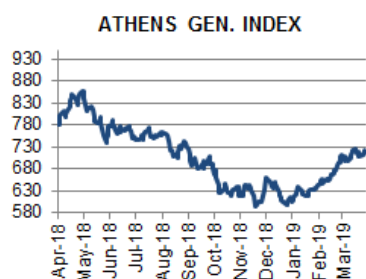
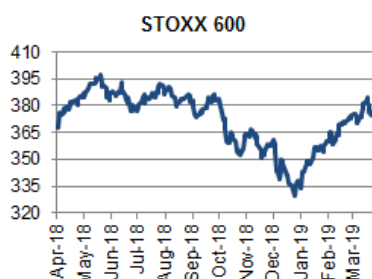
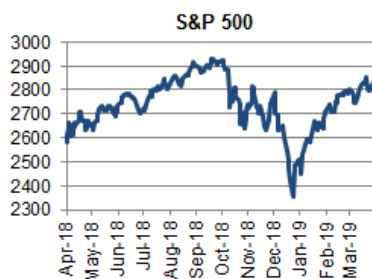
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Monday 01 April 2019

Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank
Research

Focus today is on the second round of “indicative votes” in the House of Commons on alternatives to PM Theresa May’s Brexit plan, after the latter was rejected on Friday for the third time. In the first round of “indicative votes” last week, none of the eight proposed Brexit options secured a majority with the ones that received the most support including a second referendum and a customs union between the UK and the EU. The debate will start around 19:00CET and the vote is expected to start at 21:00CET. As things stand, the legal default is no deal-Brexit on 12 April with European Council President Donald Tusk announcing on Friday an emergency summit on 10 April to discuss the latest developments on Brexit following the new rejection of Theresa May’s Brexit plan.

In reaction to pronounced Brexit uncertainty, the GBP came under pressure across the board falling below 1.3000 against the USD on Friday for the first time in around three weeks before recovering modestly to levels around 1.3060/70 in early European trade today, remaining though 1.0% weaker on a weekly basis and some 2.5% lower from recent highs (13 March). Meanwhile, the USD was firmer across the board with the DXY index standing not far from Friday’s three-week intraday highs supported by market uncertainty on the economic growth outlook in the Eurozone and other major economies, mainly on the back of continued US/China trade talks, the threat of US tariffs on EU cars and prolonged Brexit uncertainty. Turning to fixed income markets, US Treasuries were modestly weaker today on global equity markets’ improved performance following positive factory data from China and signs of progress in the latest round of US/China trade talks that concluded last week. Trade discussions are set to continue this week with a Chinese delegation led by Vice Premier Liu He visiting Washington. On the data front, today’s major data releases include February’s retail sales and the March manufacturing PMI in the US ahead of Friday’s non-farm payrolls report for March. In the Eurozone, today we expect preliminary inflation data for February with last week’s data from Germany, France and Italy, suggesting risk of a drop in the core figure to 0.9%YoY from February’s 1.0%YoY.

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GREECE

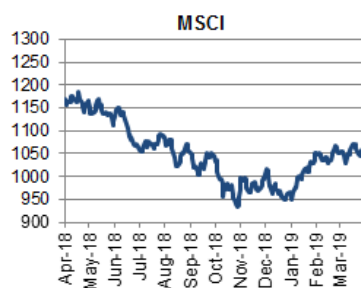
The institutions are scheduled to return to Athens today for the 3rd EPPS review and according to press, among the most prominent issues in the agenda are the proposal of the government regarding debts to social security funds and the tax authorities and the progress in privatisations, particularly energy ones (PPC, HELPE, DEPA) and Egnatia motorway. On the economic data front, according to the Hellenic Statistical Authority (ELSTAT), the s.a. overall volume index in January 2019 decreased for a second month in a row standing in January 2019 at 99.3 units, against 101.1 in December 2018 and 102.1 in November 2018. A monthly drop in the said index was recorded in almost all goods’ categories with the most significant ones being observed in food, beverages, tobacco (-6.4 units), department stores (-6.0 units), clothing and footwear (-4.6 units) and automotive fuel (-3.8 units). On the other hand, the said index for books, stationery, other goods, and pharmaceuticals and cosmetics rose by 6.7 and 1.7 units accordingly on a monthly basis. Meanwhile, according to the March 2019 EU business and consumer survey results the economic sentiment indicator remained unchanged on a monthly basis at 101.3. Confidence rose in services (+4.4 units), among consumers (+1.6 units) and in construction (+13.3 units) but contracted in industry (-1.1 units) and retail trade (-5.9 units).

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Monday 01 April 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

Emerging market assets concluded the week on Friday with no major fluctuations. The MSCI Emerging Markets index closed the week almost unchanged (-0.1%) and so did the respective currency index (-0.2%). However, this week opened in the aftermath of the municipal elections in Turkey yesterday and at the time of writing President's Tayyip Erdogan's ruling party AK seems to have lost ground in major cities including Ankara and most probably Istanbul too. At the time of writing, the state news agency has stopped reporting the outcome of the close race in Istanbul with the Turkish Lira coming again under pressure (-2.25%).

Speaking of elections, earlier in the week, the Serbian ruling party (SNS) has shown willingness to hold early parliamentary elections following months of anti-government protests across many cities in Serbia. However, President Aleksandar Vucic stated he is still undecided on the matter and that elections could be held in short notice, i.e. this June, or in next spring, according to the regular election schedule.

Elsewhere, in the CESEE region, the EUR/RSD was held steady around 118.00 during last week, remaining bound within a tight range of 117.80-117.90 amid low trading volumes. The National Bank of Serbia (NBS) continued with the pattern of buying euros directly in the FX market, intervening for the seventh consecutive session in order to mitigate prevailing downside pressure on the EUR/RSD. In fact, NBS bought 15mn euros on Friday, which sets the cumulative volume of euro purchases within the past 12 months at 165mn euros.

Finally, in Bulgaria, the blue chip index SOFIX continued to wobble between small gains and losses, ending 0.3% higher at 583.87 points amid usual trading volume of EUR1.3mn. External government yields dropped across the board within a 1-6 bps range. Local yields presented a more mixed picture, with short term yields rising between 1-4 bps, while longer tenors saw their yields drop within the same range.

In this week's regional calendar we point out the Monetary Policy Committee meetings (MPC) in Romania and Poland on Tuesday and Wednesday respectively. Despite the inflationary pressures in Romania, as depicted in February's CPI higher reading (3.8% YoY in February vs 3.4% YoY in January), that could justify potential tightening, markets do not anticipate any change in this meeting. On the flipside, in Poland, where inflation remains subdued (1.7% YoY in March), policy stance is expected to remain unchanged with any hawkish comments most probably stemming from recent fiscal loosening.

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Monday 01 April 2019

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	2834.40	0.7%	13.1%	EUR/USD	1.1234	0.2%	-2.0%	UST - 10yr	2.44	4	-24	GOLD	1289	-0.3%	0.5%
Nikkei 225	21509.03	1.4%	7.5%	GBP/USD	1.3061	0.2%	2.4%	Bund-10yr	-0.04	3	-28	BRENT CRUDE	68	0.8%	26.7%
STOXX 600	379.09	0.6%	12.3%	USD/JPY	111.1	-0.2%	-1.3%	JGB - 10yr	-0.08	1	-8	LME X	3057	1.4%	9.1%

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.28	0	-16
1-week	2.40	1	-16
1-month	2.60	-1	-13
3-month	2.95	0	-8
6-month	3.07	-1	-11

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.17	-1	11
5Y RSD	3.78	0	27
7Y RSD	4.02	0	-13

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.52	-2	-48

CDS

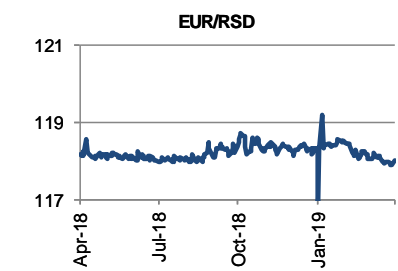
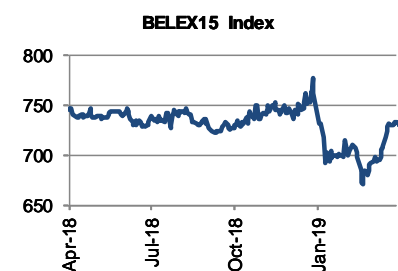
	Last	ΔDbps	ΔYTD bps
5-year	109	0	-9
10-year	156	0	-7

STOCKS

	Last	ΔD	ΔYTD
BELEX15	732.9	0.18%	-3.78%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	117.99	-0.02%	0.21%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	3.45	0	236
1-month	3.21	0	134
3-month	3.23	0	118
6-month	3.32	0	105
12-month	3.53	0	121

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.67	0	-36
5Y RON	4.31	0	-3
10Y RON	4.79	0	-3

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.46	-	-8
USD Jan-24	3.35	0	-88

CDS

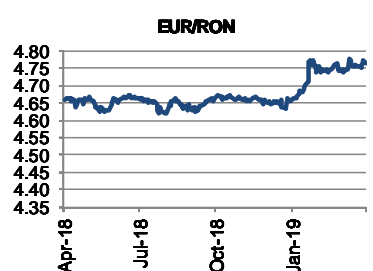
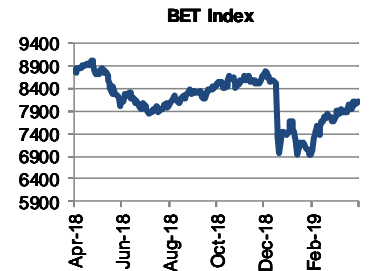
	Last	ΔDbps	ΔYTD bps
5-year	116	12	26
10-year	164	15	31

STOCKS

	Last	ΔD	ΔYTD
BET	8111.0	0.82%	9.85%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.7657	0.18%	-2.34%



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	-0.28	-1	-22
5Y BGN	0.01	0	-10
10Y BGN	0.52	0	-23

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.09	0	-4
EUR Sep-24	0.18	0	-31

CDS

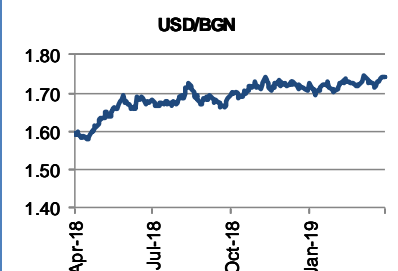
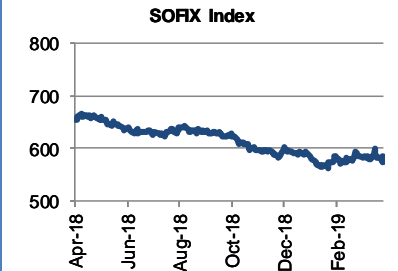
	Last	ΔDbps	ΔYTD bps
5-year	80	2	-16
10-year	119	3	-22

STOCKS

	Last	ΔD	ΔYTD
SOFIX	583.9	1.65%	-1.78%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.741	0.10%	-2.04%



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

Data updated as of 10:05 EES

Monday 01 April 2019

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