

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- July 01:
 - Markit Manufacturing PMI (Jun, F)
 - ISM Manufacturing (Jun)
 - Construction spending (May)
- July 02: Auto Sales (June)
- July 03:
 - ADP Employment Change (Jun)
 - Trade Balance (May)
 - Initial Jobless Claims (29/06)
 - Factory Orders (May)
 - ISM Non-Manufacturing (Jun)
 - Markit Services and Composite PMI (Jun, F)
- July 05: Non Farm Payrolls (Jun)

EUROZONE

- July 01:
 - Markit Eurozone Manufacturing PMI (Jun, F)
 - M3 Money Supply (May)
 - Unemployment Rate (May)
- July 03: Markit Services and Composite PMI (Jun, F)
- July 04: Retail Sales (May)

GREECE

- July 01: Markit Manufacturing PMI

SEE

CYPRUS:

- July 04: CPI (Jun)

ROMANIA:

- July 01: Unemployment Rate (May)
- July 04:
 - Retail Sales (May)
 - Key Policy Rate Meeting

TURKEY:

- July 01: Markit Manufacturing PMI (Jun)
- July 03: CPI (Jun)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: At their meeting on the sidelines of the G20 meeting on Saturday in Osaka, US President Donald Trump and Chinese President Xi Jinping agreed on a truce in their trade war following mutual compromises. Trade talks will resume but no deadline was set for progress on a final deal. In reaction to the G20 meeting outcome, risk appetite increased. Meanwhile, fixed income assets weakened but losses were limited on the view that, although the G20 meeting outcome reduces for the time being some of the downside risks for the global economy, it is not enough to remove market uncertainty around trade policy. In FX markets, the so-called safe-haven currencies JPY and CHF weakened. On today's calendar, the main releases are Germany's June labor data and US June ISM manufacturing ahead of Friday's US non-farm payrolls report.

GREECE: According to the latest poll (MRB for "TA NEA", Saturday 29 June), opposition party New Democracy (ND) appears to be securing absolute majority under any scenario and irrespective of the number of parties that pass the 3% threshold to enter Parliament, with seats ranging from 155 to 163. On the economic data front, according to the Hellenic Statistical Authority (ELSTAT), in April 2019 the overall volume index in retail trade decreased by 2.7%YoY while the seasonally adjusted overall volume index decreased by 3.8%MoM.

SOUTH EASTERN EUROPE

SERBIA: The EUR/RSD remained bound within a 117.80/90 – 117.87/97 trading range in the past week.

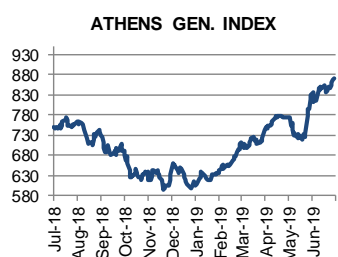
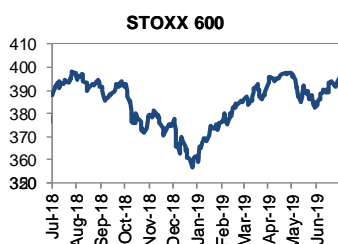
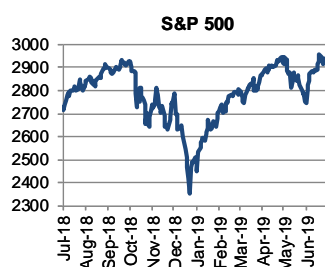
DISCLAIMER

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.

Monday 01 July 2019

Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

At their meeting on the sidelines of the G20 meeting on Saturday in Osaka, US President Donald Trump and Chinese President Xi Jinping agreed on a truce in their trade war following mutual compromises. The US President agreed to refrain from imposing tariffs on the remaining c. \$300bn worth of Chinese imports and to lift the ban on Chinese tech company Huawei from buying software and technology from US suppliers. However, it remains unclear whether Huawei will be removed from the so-called "entity list" or whether the removal of restrictions will be temporary. On its part, China agreed to buy an unspecified large amount of US agricultural products. Trade talks will resume but no deadline was set for progress on a final deal. In reaction to the agreement for resumption of US/China trade talks, risk appetite increased with Asian bourses posting hefty gains earlier today and major European bourses starting today's session in positive territory. Meanwhile, fixed income assets weakened in early European trade but losses were limited on the view that, although the G20 meeting outcome reduces for the time being some of the downside risks for the global economy, it is not enough to remove market uncertainty around trade policy. The trade war truce does not envision rolling back any of the tariffs that are already in place while the two leaders did not provide clarity on certain issues, suggesting that the resumption of US/China trade talks does not indicate that the likelihood of a final deal has necessarily increased. In FX markets, the so-called safe-haven currencies JPY and CHF weakened with the USD/JPY rising 0.5% on the day to hit a near two-week high of 108.53 earlier today, while the EUR/CHF gained 0.3% compared to Friday's settlement marking a multi-session high of 1.1153 in early European trade. In other news, oil prices remained in an upward trend with Brent crude hovering around last Friday's five-week high of \$66.82/br on news that Saudi Arabia and Russia signaled their support for renewing the output curb that was agreed upon last December. On today's calendar, the main releases are Germany's June labor data and US ISM manufacturing ahead of Friday's US non-farm payrolls report for June, which is expected to show employment growth of around 170k after the meagre rise of 75k in May.

ppetropoulou@eurobank.gr

GREECE

According to the latest poll (MRB for "TA NEA", Saturday 29 June), opposition party New Democracy (ND) appears to be securing absolute majority under any scenario and irrespective of the number of parties that pass the 3% threshold to enter Parliament, with seats ranging from 155 to 163. More specifically, the poll estimates the following shares of votes: ND 35.4% to 40.4%, SYRIZA 26.5% with 31.5%, KINAL. 6.4% with 9.8%, KKE 3.7% to 6.3%, Golden Dawn 2.6% to 5%, Greek solution 2.5% to 4.8%, DiEM25 2.2% with 4.4%, and Union of Centrists 1.4% to 3.2%. General elections will take place on Sunday, 7 July. On the economic data front, according to the Hellenic Statistical Authority (ELSTAT), in April 2019 the overall volume index in retail trade decreased by 2.7%YoY while the seasonally adjusted overall volume index decreased by 3.8%MoM. As regards the specialized store categories, the annual changes of the volume index were as follows: pharmaceutical products, cosmetics -6.8%, automotive fuel -5.0%, supermarkets -3.2%, clothing and footwear -2.5% and books, stationary, other goods +16.5%. Finally, the overall volume index except automotive fuel dropped 2.7%YoY. This week's interest focuses on the June PMI Manufacturing data release later today.

andimitriadou@eurobank.gr

Latest economic & market developments in the CESEE region

SERBIA

BULGARIA: Indicators	2017	2018	2019F
Real GDP growth %	3.8	3.1	3.5
CPI (pa, yoy %)	1.2	2.6	2.8
Fiscal Balance/GDP*	0.8	0.1	-0.5
Current Account/GDP	3.1	4.6	1.0

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

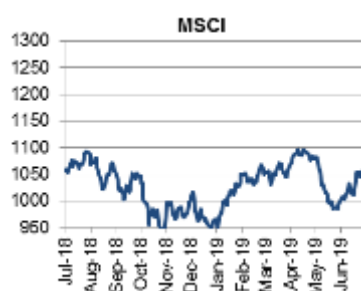
CYPRUS: Indicators	2017	2018	2019F
Real GDP growth %	4.5	3.9	3.3
HICP (pa, yoy %)	0.7	0.8	1.0
Fiscal Balance/GDP*	1.8	2.9	3.0
Current Account/GDP	-8.4	-7.0	-7.5

* ESA 2010

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

SERBIA: Indicators	2017	2018	2019F
Real GDP growth %	2.0	4.3	3.5
CPI (pa, yoy %)	3.2	2.0	2.6
Fiscal Balance/GDP	1.1	0.6	-0.5
Current Account/GDP	-5.2	-5.2	-5.3

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+

The EUR/RSD pair continues to test the 117.80 support level and keeps its stability above it by virtue of relentless Central bank (NBS) interventions. On Friday, NBS bought around €45 mn, which brought the total amount at €165mn in the past week. On a year-to-date basis, NBS has bought €1.07 bn in order to halt the domestic currency's gains, whereas on the other side it has sold €130 mn.

In June 27th, Serbia opened Chapter 9, which deals with financial services of the accession talks with the European Union. At an intergovernmental conference, Serbia signed an agreement under which it will receive €179mn in grants from the EU-28. The European Integration Minister Mrs. Jadranka Joksimovic said that the opening of Chapter 9 would ensure the security of the domestic financial system. She stressed that "Serbia is not losing momentum" on its EU integration path. On the occasion of Serbia's opening of Chapter 9 in the EU accession talks, NBS concluded yesterday that all chapters in the EU accession process within the NBS's competence had been opened. The NBS recalled that Chapter 17, referring to the "Economic and Monetary Policy", had been opened in December 2018.

On the macroeconomic data front, industrial production remained in negative territory. Industrial production declined by -0.6% YoY in May, bringing the year-to-May decline at -1.3% YoY. On a monthly and seasonally adjusted basis, industrial production expanded by 1.3% MoM driven by the 2.6% MoM rise in manufacturing.

igkionis@eurobank.gr

*We would like to thank Djordje Lucic from Eurobank Beograd for his valuable contribution in today's issue.

Monday 01 July 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	2941.76	0.6%	17.3%	EUR/USD	1.1321	-0.4%	-1.3%	UST - 10yr	2.04	3	-65	GOLD	1384	-1.8%	7.9%
Nikkei 225	21729.97	2.1%	8.6%	GBP/USD	1.2666	-0.2%	-0.7%	Bund-10yr	-0.32	1	-56	BRENT CRUDE	67	2.7%	23.6%
STOXX 600	384.87	0.7%	14.0%	USD/JPY	108.5	-0.6%	1.1%	JGB - 10yr	-0.15	1	-15	LMEX	2819	0.2%	0.6%

GLOBAL MARKETS

Stock markets				FOREX			Government Bonds				
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD	(yields)	Last	ΔDbps	ΔYTD bps
S&P 500	2941.76	0.6%	17.3%	EUR/USD	1.1321	-0.4%	-1.3%	UST - 10yr	2.04	3	-65
Nikkei 225	21729.97	2.1%	8.6%	GBP/USD	1.2666	-0.2%	-0.7%	Bund-10yr	-0.32	1	-56
STOXX 600	384.87	0.7%	14.0%	USD/JPY	108.5	-0.6%	1.1%	JGB - 10yr	-0.15	1	-15

SERBIA

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.19	0	-25
1-week	2.29	0	-27
1-month	2.51	0	-22
3-month	2.95	0	-8
6-month	3.07	0	-11

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	2.86	-1	-20
5Y RSD	3.32	0	-19
7Y RSD	3.54	0	-61

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	2.78	-1	-122

CDS

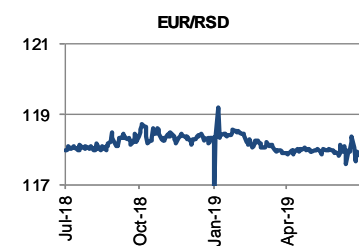
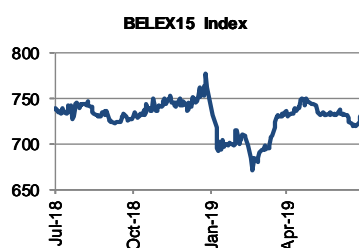
	Last	ΔDbps	ΔYTD bps
5-year	90	0	-27
10-year	138	0	-24

STOCKS

	Last	ΔD	ΔYTD
BELEX15	731.6	0.21%	-3.95%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	117.37	0.45%	0.74%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.58	0	149
1-month	3	0	113
3-month	3.23	0	118
6-month	3.37	0	110
12-month	3.54	0	122

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.71	0	-33
5Y RON	4.15	0	-20
10Y RON	4.62	0	-19

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	0.83	#N/A	N/A
USD Jan-24	2.93	2	-131

CDS

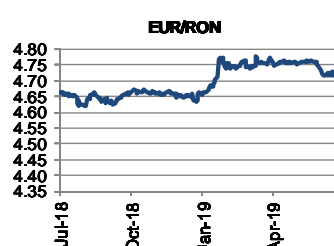
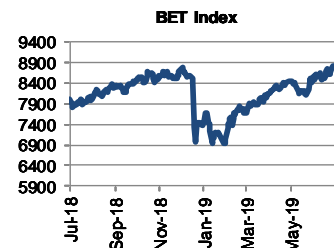
	Last	ΔDbps	ΔYTD bps
5-year	89	0	-1
10-year	131	-3	-2

STOCKS

	Last	ΔD	ΔYTD
BET	8808.2	-0.07%	19.29%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.73	-0.08%	-1.60%



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	-0.29	-1	-23
5Y BGN	-0.01	0	-12
10Y BGN	0.25	0	-50

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.17	0	-15
EUR Sep-24	0.03	0	-45

CDS

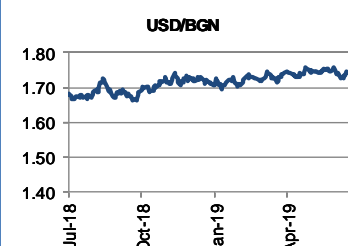
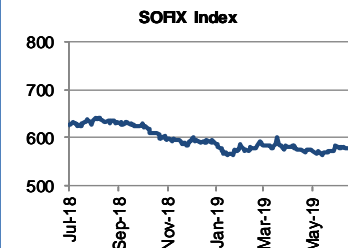
	Last	ΔDbps	ΔYTD bps
5-year	80	0	-17
10-year	129	0	-12

STOCKS

	Last	ΔD	ΔYTD
SOFIX	587.8	1.01%	-1.12%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7277	-0.44%	-1.28%



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

Data updated as of 10:20 EEST

Monday 01 July 2019

Contributors

Paraskevi Petropoulou
Senior Economist, Eurobank
Ergasias
+30 210 37 18 991
ppetropoulou@eurobank.gr

Ioannis Gkionis
Senior Economist, Eurobank
Ergasias
+30 214 40 59 707
igkionis@eurobank.gr

Anna Dimitriadou
Economic Analyst, Eurobank
Ergasias
+30 210 37 18 793
andimitriadou@eurobank.gr

Olga Kosma
(Special Contributor)
Research Economist, Eurobank
Ergasias
+30 210 37 18 728
okosma@eurobank.gr

Stelios Gogos
(Special Contributor)
Economic Analyst, Eurobank
Ergasias
+30 210 37 18 733
sgogos@eurobank.gr

Theodoros Stamatou
(Special Contributor)
Senior Economist, Eurobank
Ergasias
+30 214 40 59 708
tstamatou@eurobank.gr

Maria Kasola
(Special Contributor)
Economic Analyst, Eurobank
Ergasias
+30 210 33 18 708
mkasola@eurobank.gr

Eurobank Economic Analysis and Financial Markets Research

Dr. Tasos Anastasatos: Group Chief Economist
tanastasatos@eurobank.gr, +30 214 40 59 706

Research Team

Anna Dimitriadou: Economic Analyst
andimitriadou@eurobank.gr, +30 210 3718 793

Marisa Yiannisis: Administrator
magiannisi@eurobank.gr, +214 40 59 711

Ioannis Gkionis: Senior Economist
igkionis@eurobank.gr, +30 214 40 59 707

Dr. Stylianos Gogos: Economic Analyst
sgogos@eurobank.gr, +30 210 37 18 733

Maria Kasola: Economic Analyst
mkasola@eurobank.gr, +30 210 33 18 708

Olga Kosma: Research Economist
okosma@eurobank.gr, +30 210 37 18 728

Paraskevi Petropoulou: Senior Economist
ppetropoulou@eurobank.gr, +30 210 37 18 991

Dr. Theodoros Stamatou: Senior Economist
tstamatou@eurobank.gr, +30 214 40 59 708

Elia Tsiampaou: Economic Analyst
etsiampaou@eurobank.gr, +30 214 40 59 712

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

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

