



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Thursday 09 May 2019

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- May 9:
 - PPI Final Demand (Apr)
 - Trade Balance (Mar)
 - Initial Jobless Claims (May 4)
 - Wholesale Inventories (Mar, F)
- May 10:
 - CPI (Apr)
 - Monthly Budget Statement

EUROZONE

- May 06:
 - Markit Services and Composite PMI (Apr, F)
 - Sentix Investor Confidence (May)
 - Retail Sales (Mar)
- May 07:
 - Commission Economic Forecasts
 - Industrial Orders (Germany, Mar)
- May 08: Industrial Production (Germany, Mar)

GREECE

- May 09: Unemployment Rate (Feb)
- May 10:
 - CPI (Apr)
 - Industrial Output (Mar)

SEE

BULGARIA:

- May 10:
 - Industrial Production (Mar)
 - Retail Sales (Mar)

ROMANIA:

- May 06: Retail Sales (Mar)
- May 10: Trade Balance (Mar)

SERBIA

- May 09: MPC Meeting

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Asian equity markets traded around eight-week lows on Thursday on the back of heightened uncertainty over the outcome of the US/China trade negotiations. US and German government bonds gained momentum, while the USD/JPY fell to a six-week low of 109.70 overnight on Thursday, as the safe haven government bonds and the JPY were favored by risk-off sentiment amid renewed trade war frictions. Elsewhere, the EUR/USD consolidated around levels of 1.1200 in European trade at the time of writing, trading in a tight 1.1159- 1.1218 range during the week. In commodity markets, the Brent crude oil was trading ca. 1.0% lower at the time of writing amid increased US/China trade tensions, overshadowing a sudden drop in US crude stockpiles.

GREECE: Meetings between the Greek government and the institutions in the context of the 3rd Enhanced Surveillance Post Programme (EPPS) review concluded yesterday and creditors' officials stated that talks on economic policy challenges and priorities will continue with the Greek government. As regards the measures announced by the Greek PM Alexis Tsipras on Tuesday evening, the institutions stated that they will be assessed "with a view to compliance with agreed fiscal targets and consistency with Greece's post-programme commitments to the Eurogroup".

SOUTH EASTERN EUROPE

CYPRUS: The EU Commission downgraded its GDP growth forecasts for the Cypriot economy in its latest Spring-forecasts.

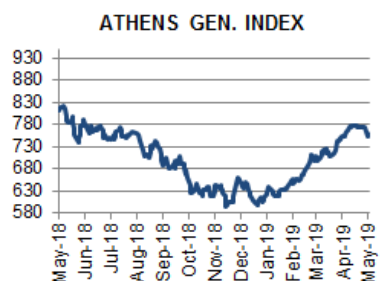
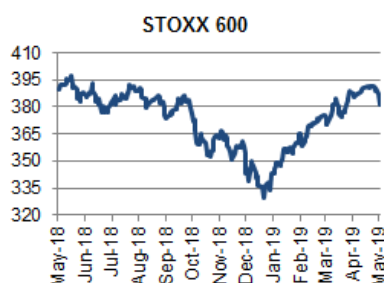
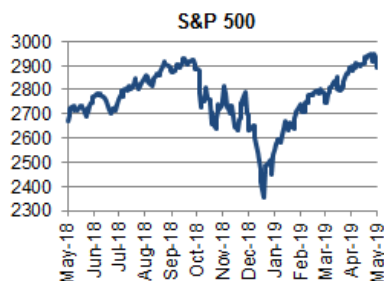
DISCLAIMER

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.

Thursday 09 May 2019

Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Asian equity markets traded around eight-week lows on Thursday, with Chinese equity indices hovering close to its 2 ½-month lows, on the back of heightened uncertainty over the outcome of the US/China trade negotiations. Chinese Vice Premier Liu He is set to visit Washington for a new round of talks with the US Trade Representative Robert Lighthizer and US Treasury Secretary Steven Mnuchin later today and tomorrow in order to avert a sharp increase in US tariffs on Chinese imported goods. Against this backdrop, US and German government bonds gained momentum. In detail, the 10-yr Treasury yield was losing 3bps to 2.45% in European trade at the time of writing, within distance from its lowest level in five weeks of 2.43% on Wednesday, while the 10-yr Bund yield traded around yesterday's six-week low of -0.06%. In FX markets, the USD/JPY fell to a six-week low of 109.70 overnight on Thursday, as the safe haven yen was favored by risk-off sentiment amid renewed trade war frictions. Elsewhere, the EUR/USD consolidated around levels of 1.1200 in European trade at the time of writing, trading in a tight 1.1159- 1.1218 range during the week. In commodity markets, the Brent crude oil was trading ca. 1.0% lower at the time of writing -just below 70\$/bbl- amid increased US/China trade tensions, overshadowing a sudden drop in US crude stockpiles. Looking at today's calendar, the April PPI data and latest jobless claims print for the US are due later in the day, while Fed President Jerome Powell is scheduled to speak in the afternoon.

okosma@eurobank.gr

GREECE

Meetings between the Greek government and the institutions in the context of the 3rd Enhanced Surveillance Post Programme (EPPS) review concluded yesterday and creditors' officials stated that talks on economic policy challenges and priorities will continue with the Greek government. As regards the measures announced by the Greek PM Alexis Tsipras on Tuesday evening, the institutions stated that they will be assessed "with a view to compliance with agreed fiscal targets and consistency with Greece's post-programme commitments to the Eurogroup". Referring to this particular issue, European Commission Vice President Valdis Dombrovskis also noted that it is important that Greece stick to the agreed post-programme fiscal targets and that more in-depth discussions need to take place to clarify the intentions of the Greek government. The announcement of the measures was not too well received by the financial markets either with the 10-year GGB yield closing yesterday at 3.464% after having traded in a range of 3.286 – 3.385% for almost a month. It is noted that the said measures that are to be implemented in 2019 and 2020, include the cancellation of the reduction of the tax-free threshold, the reduction of the income tax rate from 22% to 20%, the reduction of the solidarity levy or its cancellation for those with annual income less than €20,000, the reduction of the middle VAT rate from 13% to 11%, the reduction of the income tax rate and property tax rate for islands with small population, the increase of the heating allowance for mountain areas, VAT reductions in food, energy and restaurants, the subsidy of the social security contributions to companies that hire young, i.e. under 29 years of age, employees, the deduction from taxable income of mortgage interest payments and the increase of the depreciation rate applied to investments in industrial and technological equipment.

andimitriadou@eurobank.gr

Thursday 09 May 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

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

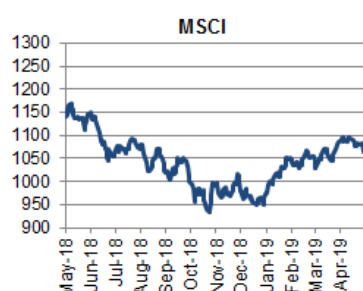
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

ROMANIA: Indicators	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

SERBIA: Indicators	2016	2017e	2018f
Real GDP growth %	2.7	1.9	3.5
CPI (pa, yoy %)	1.1	3.2	3.0
Budget Balance/GDP	-1.3	0.5	-0.6
Current Account/GDP	-3.1	-5.7	-4.7
EUR/RSD (eop)	123.40	118.2	116.5
	2017	current	2018
Policy Rate (eop)	3.50	3.00	3.00

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

CYPRUS

The EU Commission downgraded its GDP growth forecasts for the Cypriot economy in its latest Spring-forecasts. The EU Commission now sees Cyprus expanding at 3.1% in 2019, down from 3.3% in the Winter-forecasts, further down from 3.5% in the Autumn-forecasts, compared to 3.3% in the previous Spring-forecasts, up from 2.8% in the previous Winter-forecasts. GDP growth is now forecasted to decelerate to 2.7% in 2020 unchanged from its previous forecast vs. 2.9% in the Autumn-forecasts. The growth momentum is supported by solid private consumption, the latter being driven by the boost in confidence and disposable incomes following further labor market tightening and moderately higher wages. Public consumption is also expected to provide more support underpinned by the automatic indexation of public wages, wage increments and the unfreezing of promotions. In addition, investment is forecasted to expand in double digits making a positive contribution on the back of strong construction activity in the areas of tourism infrastructure projects and residential housing, the latter being financed by foreign inflows stemming from the Citizenship by Investment programme. Net exports are expected to be a drag on growth given the high import content of domestic demand and the challenges confronted by the tourism sector, one of the key export industries of the Cypriot economy. In that direction, the EU Commission underlined the risks from the less favorable external environment in 2019-2020. Slowing growth in the euro area and persistent uncertainties in major trading partners weigh on Cyprus' outlook and increase downside risks. Moreover, the economy is also heavily reliant on foreign funding, which leaves it vulnerable to external developments.

In the fiscal metrics, European Commission anticipates the general government to record a surplus of 3% of GDP in 2019-2020 after posting a temporary deficit of 4.8% of GDP in 2018 due to the one off support measures related to the Cyprus Cooperative Bank sale. Finally, the EU Commission identified that the main downside risks to the fiscal outlook relate to uncertainties surrounding the macroeconomic outlook, the outcome of court rulings on past measures concerning the public sector wage bill and the potential deficit of public healthcare providers during the first years of the national health insurance system. Overall, international organizations forecasts have increasingly recognized downside global environment risks in their economic forecast for Cyprus in 2019-2020. From that point of view, IMF most recent mission's statement upon the conclusion of the third post-program monitoring (PPM) discussions in late March sees GDP growth reaching a still-robust 3.0-3.5% in 2019-20 but down from 4.2% in previously in December.

igkionis@eurobank.gr

Thursday 09 May 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	2897.22	0.5%	15.6%	EUR/USD	1.1205	0.1%	-2.3%	UST - 10yr	2.45	0	-23	GOLD	1282	-0.2%	0.0%
Nikkei 225	21602.59	-1.5%	7.9%	GBP/USD	1.301	-0.5%	2.0%	Bund-10yr	-0.05	-1	-29	BRENT CRUDE	70	0.8%	30.9%
STOXX 600	382.65	0.3%	13.3%	USD/JPY	110.15	0.1%	-0.4%	JGB - 10yr	-0.05	0	-5	LMEX	2879	-0.7%	2.8%

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.28	-1	-16
1-week	2.39	0	-17
1-month	2.61	1	-12
3-month	2.97	0	-6
6-month	3.10	1	-8

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.02	0	-4
5Y RSD	3.79	0	28
7Y RSD	4.03	0	-13

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.28	0	-72

CDS

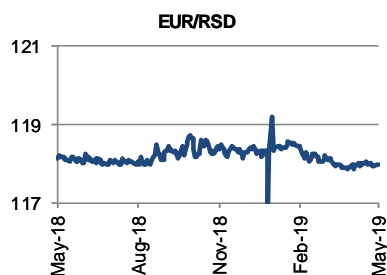
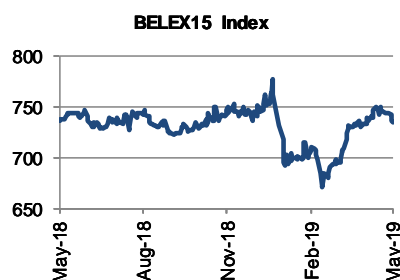
	Last	ΔDbps	ΔYTD bps
5-year	103	0	-15
10-year	148	0	-14

STOCKS

	Last	ΔD	ΔYTD
BELEX15	735.0	-0.18%	-3.50%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.02	-0.15%	0.18%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.56	-7	147
1-month	3.15	0	128
3-month	3.3	-1	125
6-month	3.4	0	113
12-month	3.54	-1	122

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.74	0	-29
5Y RON	4.40	0	6
10Y RON	4.95	0	14

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.39	-	-15
USD Jan-24	3.33	1	-91

CDS

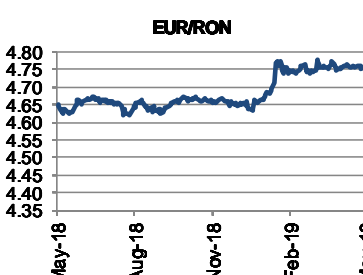
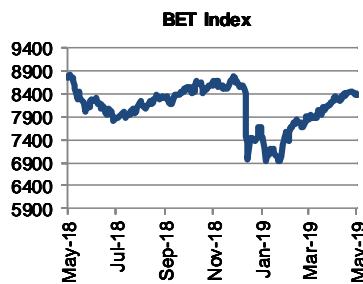
	Last	ΔDbps	ΔYTD bps
5-year	90	0	0
10-year	134	0	1

STOCKS

	Last	ΔD	ΔYTD
BET	8370.7	-0.58%	13.37%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.7575	0.00%	-2.17%



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	-0.22	-5	-16
5Y BGN	0.00	0	-12
10Y BGN	0.48	0	-27

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.11	0	-7
EUR Sep-24	0.17	1	-31

CDS

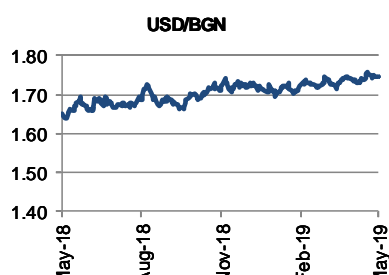
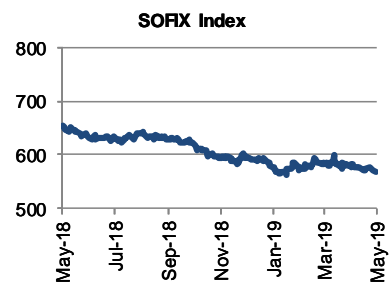
	Last	ΔDbps	ΔYTD bps
5-year	80	0	-16
10-year	128	0	-13

STOCKS

	Last	ΔD	ΔYTD
SOFIX	567.0	-0.13%	-4.62%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7456	0.13%	-2.30%



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

Data updated as of 18:40 EEST of the previous session

Thursday 09 May 2019

Contributors

Paraskevi Petropoulou
Senior Economist, Eurobank
Ergasias
+30 210 3718991
ppetropoulou@eurobank.gr

Ioannis Gkionis
Senior Economist, Eurobank
Ergasias
+30 210 3337305
igkionis@eurobank.gr

Anna Dimitriadou
Economic Analyst, Eurobank
Ergasias
+30 210 3718793
andimitriadou@eurobank.gr

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

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

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

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

Eurobank Economic Analysis and Financial Markets Research

Dr. Tasos Anastasatos: Group Chief Economist
tanastasatos@eurobank.gr, +30 210 33 71 178

Research Team

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

Marisa Yiannissis: Administrator
magiannisi@eurobank.gr, +210 3371242

Ioannis Gkionis: Senior Economist
igkionis@eurobank.gr, +30 210 33 71 225

Dr. Stylianos Gogos: Economic Analyst
sgogos@eurobank.gr, +30 210 33 71 226

Maria Kasola: Economic Analyst
mkasola@eurobank.gr, +30 210 3371224

Olga Kosma: Research Economist
okosma@eurobank.gr, +30 210 33 71 227

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

Dr. Theodoros Stamatou: Senior Economist
tstamatou@eurobank.gr, +30 210 3371228

Elia Tsiampaou: Economic Analyst
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

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

