

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### US

- June 11:
  - NFIB Small Business Optimism (May)
  - PPI Final Demand (May)
- June 12:
  - CPI (May)
  - Monthly Budget Statement (May)
- June 13:
  - Initial Jobless Claims (08/06)
  - Continuing Claims (01/06)
  - Retail Sales Advance (May)
- June 14:
  - Industrial Production (May)
  - Capacity Utilisation (May)
  - U. of Michigan Sentiment (June)

#### EUROZONE

- June 11:
  - Sentix Investor Confidence (June)
- June 12:
  - Unemployment Rate (Apr)
  - CPI (May)
- June 13:
  - Industrial Production (April)

#### GREECE

- June 10:
  - CPI (May)
  - Industrial Production (Apr)
- June 13: Unemployment Rate (Q1)

#### SEE

##### BULGARIA:

- Jun 11: Trade Balance (Apr)
- Jun 14: CPI (May)

##### CYPRUS:

- Jun 14: CPI Harmonised (May)

##### ROMANIA:

- Jun 10: Trade Balance (Apr)
- Jun 12: CPI (May)
- Jun 13: Current Account (Apr)

##### SERBIA

- June 12: CPI (May)

Source: Reuters, Bloomberg,  
Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Risk-on sentiment prevailed in early trade today following the US' agreement to indefinitely suspend plans to impose tariffs on Mexican imports after the two countries reached a deal last Friday to curb migration. Chinese authorities' decision to allow local governments to use proceeds from special bonds as capital for major investment projects in an effort to support the slowing economy, also favored sentiment towards risk assets. However, equity markets' gains were limited amid prevailing US/China trade jitters. Dented by global equity markets' improved performance, UST and Bund yields rose further off recent lows. In FX markets, the EUR/USD was little changed on the day while the EUR/GBP extended recent gains amid increasing worries over a no-deal Brexit.

**GREECE:** General elections to be conducted on July 7<sup>th</sup>, as expected, following the Prime Minister's meeting with the President of the HR yesterday. On the economic data front, according to the Hellenic Statistical Authority (ELSTAT), the consumer price index (CPI) for May 2019 increased 0.2%YoY and decreased by 1.1%MoM. The rate of change for the overall industrial production index (IPI) in April 2019 was -0.8%YoY while the corresponding rate of change for the average overall IPI for the period January - April 2019 was +0.8%YoY.

### SOUTH EASTERN EUROPE

**CYPRUS:** The second GDP growth estimate for Q1-2019 – a tad lower compared to the flash CYPSTAT estimate – confirmed that the soft landing of economic activity has already started.

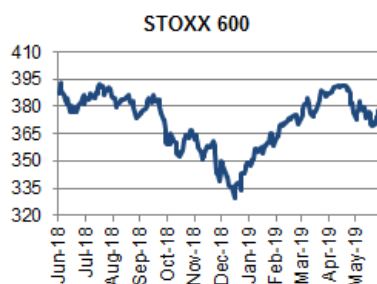
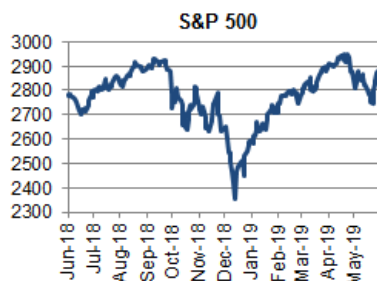
#### DISCLAIMER

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.

Tuesday 11 June 2019

## Latest world economic & market developments

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Risk-on sentiment prevailed in early trade today following the US' agreement to indefinitely suspend plans to impose tariffs on Mexican imports after the two countries reached a deal last Friday to curb migration. Chinese authorities' decision to allow local governments to use proceeds from special bonds as capital for major investment projects in an effort to support the slowing economy, also favored sentiment towards risk assets. Asian bourses ended higher earlier today, led by Chinese shares, while European stock markets retained in early trade a positive tone for the sixth session in a row, favored by ECB President Mario Draghi's dovish tone at last week's post-meeting press conference and increased expectations for lower Fed interest rates later this year after a number of Fed officials, including Chair Jerome Powell, hinted recently that they are open to easing monetary policy if trade tensions start to weigh on the domestic economy. However, equity markets' gains were limited amid prevailing US/China trade jitters. US President Donald Trump said yesterday that he is ready to impose another round of tariffs on Chinese imports if he does not reach a trade deal with China's President Xi Jinping at the G20 meeting scheduled for 28/29 June. China's Ministry of Foreign Affairs said on Monday that the country is open to more trade talks with the US but did not officially confirm whether the Chinese President intends to hold a meeting with the US President on the sidelines of the upcoming G20 meeting.

Dented by global equity markets' improved performance, UST and Bund yields rose further off recent lows. The 10-yr UST yield was standing close to 2.15% in early European trade at the time of writing after marking a near 1 ½ year low of 2.05% on Monday while the 10-yr Bund yield was hovering around -0.225%, some 3.5bps higher from Monday's record low. In FX markets, the EUR/USD was little changed on the day hovering around 1.1320/25 at the time of writing while the EUR/GBP extended recent gains marking a five-month intraday high of 0.8932 earlier today amid increasing worries over a no-deal Brexit. The first vote for the Conservative Party leadership contest is scheduled for Thursday, 13 June. Ten candidates have been confirmed for succeeding Theresa May as the next party leader and UK Prime Minister after nominations for the Conservative leadership race closed yesterday. Worryingly, nearly all of them have stepped up their rhetoric on Brexit, appearing determined to deliver Brexit as soon as possible with or without a deal.

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

### GREECE

General elections to be conducted on July 7<sup>th</sup>, as expected, following the Prime Minister's meeting with the President of the HR yesterday. On the economic data front, according to the Hellenic Statistical Authority (ELSTAT), the consumer price index (CPI) for May 2019 increased 0.2%YoY while in May 2018 it had increased by 0.6%YoY. On a monthly basis, the CPI decreased by 1.1% while in May 2018 the corresponding rate of change was -0.3%. The average CPI for the 12-month period June 2018 – May 2019 increased 0.9%YoY, while for the 12-month period June 2017 – May 2018 it had increased 0.6%YoY. Meanwhile, the rate of change for the overall industrial production index (IPI) in April 2019 was -0.8%YoY against +2.0%YoY in April 2018, while the corresponding rate of change for the average overall IPI for the period January - April 2019 was +0.8%YoY against +0.1YoY in January - April 2018. The seasonally adjusted overall IPI fell by 0.6%MoM in April 2019 against a drop of 2.4%MoM in April 2018.

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

Tuesday 11 June 2019

## Latest economic & market developments in the CESEE region

### CYPRUS

| 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

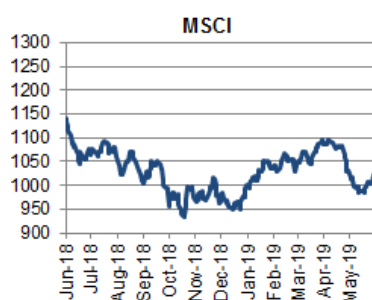
| CYPRUS: Indicators  | 2017 | 2018 | 2019F |
|---------------------|------|------|-------|
| Real GDP growth %   | 4.5  | 3.9  | 3.3   |
| HICP (pa, yoy %)    | 0.7  | 0.8  | 1.0   |
| Fiscal Balance/GDP* | 1.8  | 2.9  | 3.0   |
| Current Account/GDP | -8.4 | -7.0 | -7.5  |

\* 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 second and latest estimate of CYPSTAT on the seasonally adjusted Q1-2019 GDP reading, trimmed by 0.1ppts on an annual basis off the flash, confirmed that economic activity has embarked on a decelerating path in the first quarter of 2019. Real GDP expanded by 0.7% (down from 0.9% in the flash) on a quarterly basis, bringing the annual rate of expansion to 3.4% YoY in Q1-2019 on a seasonally adjusted basis, lower than 3.8% YoY in Q4-2018 & Q3-2018, vs. 4.0% YoY in Q1-2018.

Real GDP growth marked the seventeenth consecutive positive reading both on a quarterly and annual basis after a previous three-year recession. The GDP growth rate of Q1-2019 is still among the highest in EA-19 and EU-28, both on a quarterly and an annual basis and, for a fifteenth consecutive quarter in a row, above that of EA-19 (Figure 1). This output performance is still among the highest during the post-Lehman period, coming closer to analysts' expectations and international organizations' full year initial or revised forecasts. However, it marks the end of a period of buoyant growth and – ceteris paribus – suggests that the soft landing of the economy has already started. Domestic demand has had the lion's share in the GDP growth reading of Q1, while net exports are most likely to have come under pressure echoing the deterioration in the world economic environment.

Final consumption (+3.1ppts contribution to GDP growth) is rallying underpinned by a number of factors, which all boil down to the rise of disposable incomes and the propensity to consume, namely: sustained sentiment improvement (the ESI index still close to multi-month highs), tightening labor market conditions (unemployment at 7.1% in Q1-2019, now standing below EA-19 levels), further property market stabilization (RPPI index in positive territory in the last seven quarters), the impact from the fiscal relaxation after the graduation from the economic adjustment programme and the acceleration of public consumption in 2H-2018. Investments (+7.9ppts contribution to growth) have so far received strong support from the stream of ongoing residential and tourism infrastructure construction projects. The program "citizenship through inward investment" has helped to attract foreign investment in the real estate sector in the form of high-rise residential towers, particularly in the Limassol & Paphos areas. On the other hand, the positive investments' performance was more than offset by the net exports' negative contribution (-8.5ppts), a trend we witnessed again in Q1-2018. That was the combined effect of both exports contracting by +2.8% QoQ/-9.1% YoY, and imports remaining contained at -2.4% QoQ/+3.0% YoY. The contraction of exports reflects negative base effects from the outstanding performance of goods exports in the same quarter a year ago but also the deterioration in the world economic outlook and the slowdown in the main trade partner Euroarea.

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

Tuesday 11 June 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       | 2886.73  | 0.5% | 15.2% | EUR/USD | 1.1324 | 0.1%  | -1.3%            | UST - 10yr | 2.15  | 0           | -53      | GOLD        | 1324 | -0.3% | 3.2%  |
| Nikkei 225    | 21204.28 | 0.3% | 5.9%  | GBP/USD | 1.2701 | 0.1%  | -0.5%            | Bund-10yr  | -0.22 | 0           | -46      | BRENT CRUDE | 63   | 0.7%  | 16.6% |
| STOXX 600     | 380.06   | 0.5% | 12.6% | USD/JPY | 108.58 | -0.1% | 1.0%             | JGB - 10yr | -0.11 | 1           | -11      | LMEX        | 2763 | 1.0%  | -1.3% |

### SERBIA

#### Money Market

| BELIBOR | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| T/N     | 2.23 | 2     | -21      |
| 1-week  | 2.34 | 1     | -22      |
| 1-month | 2.55 | 0     | -18      |
| 3-month | 2.96 | -2    | -7       |
| 6-month | 3.09 | -2    | -9       |

#### RS Local Bonds

|        | Last | ΔDbps | ΔYTD bps |
|--------|------|-------|----------|
| 3Y RSD | 3.00 | -1    | -7       |
| 5Y RSD | 3.49 | 0     | -2       |
| 7Y RSD | 3.83 | 0     | -32      |

#### RS Eurobonds

|            | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| USD Feb-20 | 2.80 | -3    | -120     |

#### CDS

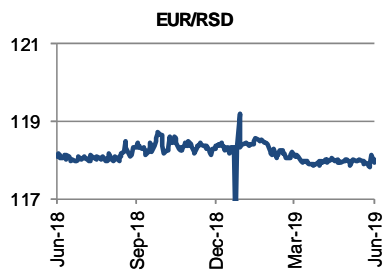
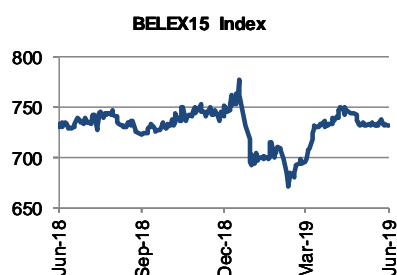
|         | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year  | 102  | -1    | -16      |
| 10-year | 147  | -1    | -16      |

#### STOCKS

|         | Last  | ΔD    | ΔYTD   |
|---------|-------|-------|--------|
| BELEX15 | 731.9 | 0.00% | -3.91% |

#### FOREX

|         | Last   | ΔD     | ΔYTD  |
|---------|--------|--------|-------|
| EUR/RSD | 118.07 | -0.13% | 0.14% |



### ROMANIA

#### Money Market

| ROBOR    | Last | ΔDbps | ΔYTD bps |
|----------|------|-------|----------|
| O/N      | 2.69 | 0     | 160      |
| 1-month  | 3.1  | 0     | 123      |
| 3-month  | 3.24 | 0     | 119      |
| 6-month  | 3.37 | 0     | 110      |
| 12-month | 3.54 | 0     | 122      |

#### RO Local Bonds

|         | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 3Y RON  | 3.78 | 0     | -26      |
| 5Y RON  | 4.28 | 0     | -6       |
| 10Y RON | 4.61 | 0     | -20      |

#### RO Eurobonds

|            | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| EUR Oct-25 | 1.20 | -     | -34      |
| USD Jan-24 | 3.03 | 0     | -121     |

#### CDS

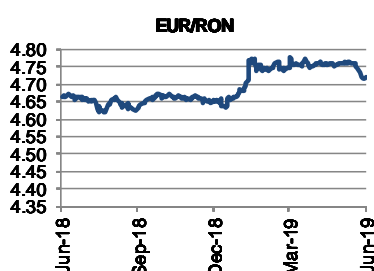
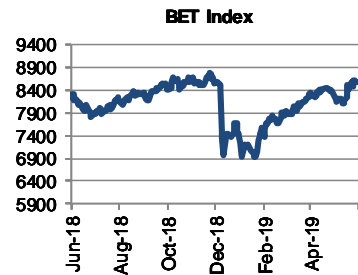
|         | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year  | 87   | -1    | -3       |
| 10-year | 131  | -1    | -3       |

#### STOCKS

|     | Last   | ΔD    | ΔYTD   |
|-----|--------|-------|--------|
| BET | 8606.2 | 0.27% | 16.56% |

#### FOREX

|         | Last   | ΔD     | ΔYTD   |
|---------|--------|--------|--------|
| EUR/RON | 4.7218 | -0.11% | -1.43% |



### 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   | -0.30 | 1     | -24      |
| 5Y BGN   | -0.09 | 0     | -20      |
| 10Y BGN  | 0.37  | #N/A  | N/A      |

#### BG Eurobonds

|            | Last  | ΔDbps | ΔYTD bps |
|------------|-------|-------|----------|
| EUR Mar-22 | -0.14 | 0     | -9       |
| EUR Sep-24 | 0.11  | 2     | -38      |

#### CDS

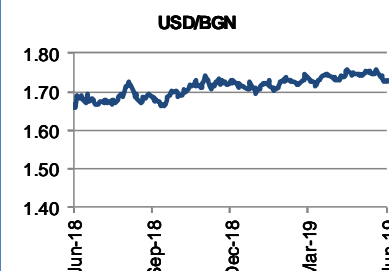
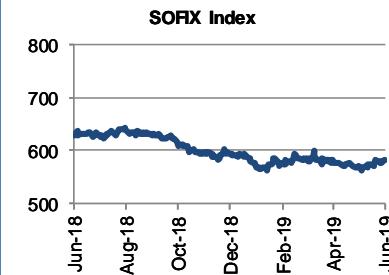
|         | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year  | 80   | 0     | -16      |
| 10-year | 129  | -1    | -13      |

#### STOCKS

|       | Last  | ΔD    | ΔYTD   |
|-------|-------|-------|--------|
| SOFIX | 581.4 | 0.00% | -2.20% |

#### FOREX

|         | Last   | ΔD    | ΔYTD   |
|---------|--------|-------|--------|
| USD/BGN | 1.7274 | 0.10% | -1.27% |



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

Data updated as of 9:40 EEST

Tuesday 11 June 2019

## Contributors

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

**Ioannis Gkionis**  
Senior Economist, Eurobank  
Ergasias  
+30 214 40 59 707  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr)

**Anna Dimitriadou**  
Economic Analyst, Eurobank  
Ergasias  
+30 210 37 18 793  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

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

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

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

**Maria Kasola**  
(Special Contributor)  
Economic Analyst, Eurobank  
Ergasias  
+30 210 33 18 708  
[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), +30 214 40 59 706

## Research Team

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

**Marisa Yiannisis: Administrator**  
[magiannisi@eurobank.gr](mailto:magiannisi@eurobank.gr), +214 40 59 711

**Ioannis Gkionis: Senior Economist**  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr), +30 214 40 59 707

**Dr. Stylianos Gogos: Economic Analyst**  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr), +30 210 37 18 733

**Maria Kasola: Economic Analyst**  
[mkasola@eurobank.gr](mailto:mkasola@eurobank.gr), +30 210 33 18 708

**Olga Kosma: Research Economist**  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr), +30 210 37 18 728

**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), +30 214 40 59 708

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

