

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- US-China trade talks set to continue early this week
- Feb 12: Fed Chair Powell speaks
- Feb 13
 - CPI (Jan.)
 - Fed's Mester speaks
 - Fed's George speaks
- Feb 14:
 - Initial jobless claims (Feb. 9)
 - PPI (Jan.)
 - Retail sales (Dec.)
- Feb 15:
 - Empire State Index (Feb.)
 - IP (Jan.)
 - UM Consumer confidence (Feb)

EUROZONE

- Feb 13: IP (Dec.)
- Feb 14: German Q4 GDP

UK

- Feb 11:
 - IP (Dec.)
 - Q4 GDP (prel.)
- Feb 13: CPI (Jan.)
- Feb 14:
 - Brexit vote
 - Retail sales (Jan.)

GREECE

- Feb 12: Building activity (Nov.)
- Feb 14: CPI (Jan.)

SEE

BULGARIA

- Feb 12:
 - Trade balance (Dec.)
 - Q4 GDP (prel.)
- Feb 15:
 - CPI (Jan.)
 - Unemployment rate (Jan.)

CYPRUS

- Feb 14: Q4 GDP (prel.)

ROMANIA

- Feb 11: Trade balance (Dec.)
- Feb 13: CPI (Jan.)
- Feb 14: Q4 GDP (advance)

SERBIA

- Feb 14: Current account balance (Dec.)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: According to a number of US media reports, Republicans and Democrats in the US have reached a tentative agreement on the US budget dispute aiming to avert another government shutdown due to start on Saturday. Meanwhile, White House adviser Kellyanne Conway announced that the US President wants to meet his Chinese counterpart "very soon" to strike a trade deal. The above positive developments boosted market appetite for risk taking, while core government bonds gave back some of their recent hefty gains. In FX markets, the EUR/USD fell below 1.1300 for the first time in about two weeks.

GREECE: According to press reports, during the meeting yesterday between government and systemic banks' officials on the new household insolvency framework the government brought forward a proposal that foresees that the criterion for the protection of the first residence will be the level of the outstanding debt rather than the value of the property. An agreement between the banks and the government on the new framework is a prerequisite for the return of the SMP/ANFA equivalent income. On the privatisations front, according to press the Ministry of Energy is examining the possibility of re-launching the tender for the sale of the two lignite fired units of PPC given that the first tender was fruitless and the government wants to avoid the sale of hydroelectric units. This course of action however would first have to be approved by DGComp.

SOUTH EASTERN EUROPE

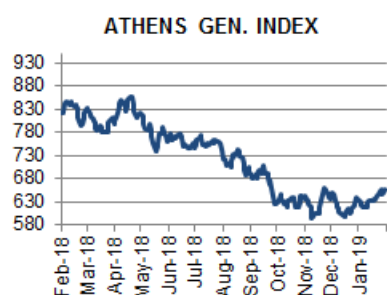
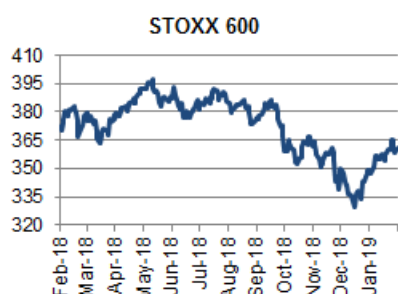
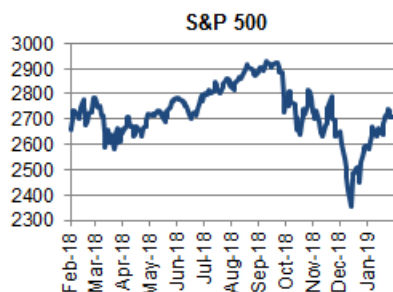
CESEE MARKETS: Following past Thursday's decision to keep the key policy interest rate unchanged at 2.50%, the National Bank of Romania published yesterday its Inflation Report according to which inflation forecast for 2019 was slightly upwards revised to 3.00% YoY from 2.90% YoY previously. The calendar for the remaining of the week is rather heavy. Flash estimates of GDP growth for Q4 will be released for several countries among which Romania, Hungary and Poland on Thursday and the Czech Republic on Friday. Along with GDP flash estimates, we have many CPI data releases. Inflation data for December will be announced tomorrow in Romania and the Czech Republic and on Friday in Poland.

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

According to a number of US media reports, Republicans and Democrats in the US have reached a tentative agreement on the US budget dispute aiming to avert another government shutdown due to start on Saturday. As per the same sources, the agreement envisions around \$1.4bn allocated for constructing 55 miles of additional barriers along the US-Mexico border, far below \$5.7bn originally demanded by US President Donald Trump. Meanwhile, White House adviser Kellyanne Conway announced that the US President wants to meet his Chinese counterpart "very soon" to strike a trade deal. The above announcement supported market optimism that the March 1 deadline may be extended and the US might not raise the tariff rate on \$250bn worth of Chinese imports from 10% to 25%, even if a final US/China trade deal has not been sealed by then, as the US President has threatened. High-level negotiations between the two countries are scheduled for Thursday and Friday in Beijing, while US President's economic adviser Larry Kudlow announced late last week that, of the 142 US demands, the number of issues deemed non-negotiable by China has been sharply reduced. The above positive developments boosted market appetite for risk taking, with European bourses opening higher today, mirroring Asian equity markets' positive performance. On the flipside, core government bonds came under some pressure with the 10-yr US yield hitting a session peak of 2.684% earlier today, some 2bps on the day. Along these lines, the 10-yr Bund yield tested levels slightly above 0.12% in early European trade, but still not too far from last week's 0.085%, the lowest level since October 2016. In FX markets, the DXY index extended recent gains marking a fresh year-to-date high close to 97.200 earlier today. Against a broadly firmer USD, the EUR fell below 1.1300 for the first time in about two weeks and troughed at 1.1254 earlier today, the lowest level since mid-November 2018.

ppetropoulou@eurobank.gr

GREECE

According to press reports, during the meeting yesterday between government and systemic banks' officials on the new household insolvency framework the government brought forward a proposal that foresees that the criterion for the protection of the first residence will be the level of the outstanding debt rather than the value of the property. The government would reportedly favour the said threshold to be set at €150,000 of outstanding debt. Other elements of the reported government proposal are as follows: 1) All individuals should be allowed to apply for protection under the new framework regardless of their professional status, e.g. employees, pensioners, freelancers, etc. 2) The new framework should also cover corporate loans for which the first residence of the debtor has been used as collateral. 3) The settlement and its characteristics will be decided by the bank and the debtor based on the current Code of Conduct. 4) The 'haircut', if any, will be applied at loan maturity provided that the loan has been properly serviced until then. In any case there will apparently be no extension of the existing household insolvency framework beyond 28 February while an agreement between the banks and the government on the new framework is a prerequisite for the return of the SMP/ANFA equivalent income. On the privatisations front, according to press the Ministry of Energy is examining the possibility of re-launching the tender for the sale of the two lignite fired units of PPC given that the first tender was fruitless and the government wants to avoid the sale of hydroelectric units. This course of action however would first have to be approved by DGComp who is reportedly conducting an investigation on PPC for abuse of dominant position and manipulation of the wholesale market.

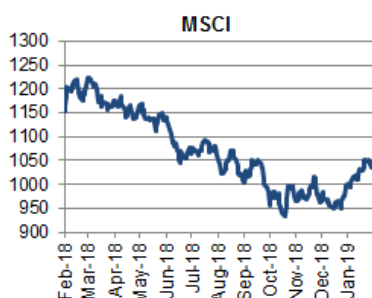
andimitriadou@eurobank.gr

Tuesday 12 February 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

Following past Thursday's decision to keep the key policy interest rate unchanged at 2.50%, the National Bank of Romania published yesterday its Inflation Report according to which inflation forecast for 2019 was slightly upwards revised to 3.00% YoY from 2.90% YoY previously. The projected quote is still broadly in line with the targeted interval (2.5%, $\pm 1\%$) and the adjustment is mainly triggered by a slightly higher contribution of the adjusted CORE2 inflation (CPI excluding administered and volatile prices, alcohol and tobacco). In the presentation of the Inflation Report, the NBR Governor, Mugur Isarescu, commented on the bank tax, which is included in the 2019 budget, approved by the government on past Friday. His comments were broadly expected and focused on the complications that the bank tax may have on the economy and monetary policy given the tax's direct linkage with the interbank interest rates. The aforementioned bank tax along with increased taxes on energy firms was first announced two months ago and caused a plunge in Romanian markets, which conceived the additional taxation as a means for increased public spending. The budget approval on Friday weighed on the Romanian stock market as the Bucharest's main stock index BETI concluded the previous week with losses close to 2.5% after a six consecutive sessions' positive streak. However, at the time of writing, Romanian stocks seem to be slowly recovering from yesterday's losses.

The calendar for the remaining of the week is rather heavy. Flash estimates of GDP growth for Q4 will be released for several counties among which Romania, Hungary and Poland on Thursday and Czech Republic on Friday. For Romania, Hungary and Poland estimates are expected above 4% YoY while the in Czech Republic growth is expected lower, i.e. ca 2.4%. Along with GDP flash estimates, we have many CPI data releases. Inflation data for December will be announced tomorrow in Romania and the Czech Republic and on Friday in Poland.

mkasola@eurobank.gr

Tuesday 12 February 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> <tbody> <tr> <td>S&P 500</td> <td>2709.80</td> <td>0.1%</td> <td>8.1%</td> </tr> <tr> <td>Nikkei 225</td> <td>20864.21</td> <td>2.6%</td> <td>4.2%</td> </tr> <tr> <td>STOXX 600</td> <td>361.12</td> <td>0.9%</td> <td>7.0%</td> </tr> </tbody> </table>		Last	ΔD	ΔYTD	S&P 500	2709.80	0.1%	8.1%	Nikkei 225	20864.21	2.6%	4.2%	STOXX 600	361.12	0.9%	7.0%	<table border="1"> <thead> <tr> <th></th> <th>Last</th> <th>ΔD</th> <th>ΔYTD</th> </tr> </thead> <tbody> <tr> <td>EUR/USD</td> <td>1.1283</td> <td>0.1%</td> <td>-1.6%</td> </tr> <tr> <td>GBP/USD</td> <td>1.287</td> <td>0.1%</td> <td>0.9%</td> </tr> <tr> <td>USD/JPY</td> <td>110.57</td> <td>-0.2%</td> <td>-0.8%</td> </tr> </tbody> </table>		Last	ΔD	ΔYTD	EUR/USD	1.1283	0.1%	-1.6%	GBP/USD	1.287	0.1%	0.9%	USD/JPY	110.57	-0.2%	-0.8%	<table border="1"> <thead> <tr> <th>(yields)</th> <th>Last</th> <th>ΔDbps</th> <th>ΔYTD bps</th> </tr> </thead> <tbody> <tr> <td>UST - 10yr</td> <td>2.68</td> <td>3</td> <td>-1</td> </tr> <tr> <td>Bund-10yr</td> <td>0.14</td> <td>2</td> <td>-10</td> </tr> <tr> <td>JGB - 10yr</td> <td>-0.01</td> <td>2</td> <td>-2</td> </tr> </tbody> </table>	(yields)	Last	ΔDbps	ΔYTD bps	UST - 10yr	2.68	3	-1	Bund-10yr	0.14	2	-10	JGB - 10yr	-0.01	2	-2	<table border="1"> <thead> <tr> <th></th> <th>Last</th> <th>ΔD</th> <th>ΔYTD</th> </tr> </thead> <tbody> <tr> <td>GOLD</td> <td>1312</td> <td>0.3%</td> <td>2.3%</td> </tr> <tr> <td>BRENT CRUDE</td> <td>62</td> <td>0.5%</td> <td>14.9%</td> </tr> <tr> <td>LMEX</td> <td>2917</td> <td>-0.9%</td> <td>4.2%</td> </tr> </tbody> </table>		Last	ΔD	ΔYTD	GOLD	1312	0.3%	2.3%	BRENT CRUDE	62	0.5%	14.9%	LMEX	2917	-0.9%	4.2%
	Last	ΔD	ΔYTD																																																																
S&P 500	2709.80	0.1%	8.1%																																																																
Nikkei 225	20864.21	2.6%	4.2%																																																																
STOXX 600	361.12	0.9%	7.0%																																																																
	Last	ΔD	ΔYTD																																																																
EUR/USD	1.1283	0.1%	-1.6%																																																																
GBP/USD	1.287	0.1%	0.9%																																																																
USD/JPY	110.57	-0.2%	-0.8%																																																																
(yields)	Last	ΔDbps	ΔYTD bps																																																																
UST - 10yr	2.68	3	-1																																																																
Bund-10yr	0.14	2	-10																																																																
JGB - 10yr	-0.01	2	-2																																																																
	Last	ΔD	ΔYTD																																																																
GOLD	1312	0.3%	2.3%																																																																
BRENT CRUDE	62	0.5%	14.9%																																																																
LMEX	2917	-0.9%	4.2%																																																																

SERBIA

Money Market			
BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.36	1	-8
1-week	2.48	0	-8
1-month	2.69	1	-4
3-month	3.02	-1	-1
6-month	3.17	0	-1

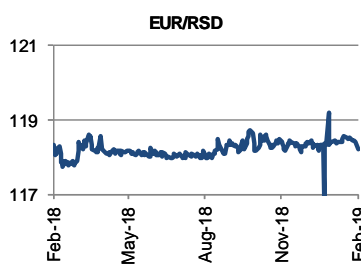
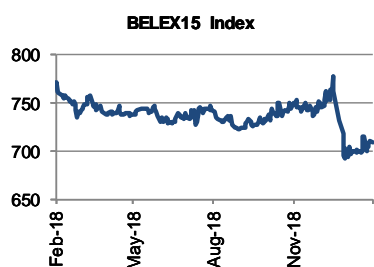
RS Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y RSD	3.17	-1	11
5Y RSD	3.78	0	27
7Y RSD	4.17	0	1

RS Eurobonds			
	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.72	0	-28

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	101	-9	-17
10-year	148	-11	-15

STOCKS			
	Last	ΔD	ΔYTD
BELEX15	709.4	-0.14%	-6.87%

FOREX			
	Last	ΔD	ΔYTD
EUR/RSD	118.23	-0.15%	0.01%



ROMANIA

Money Market			
ROBOR	Last	ΔDbps	ΔYTD bps
O/N	3.54	0	245
1-month	3.25	0	138
3-month	3.1	0	105
6-month	3.29	0	102
12-month	3.5	0	118

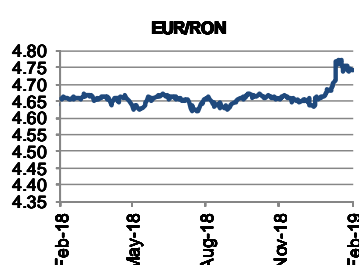
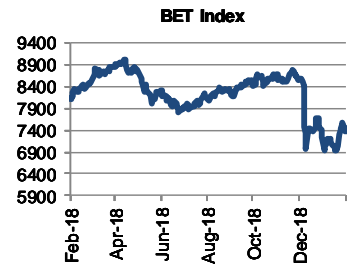
RO Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y RON	3.92	0	-11
5Y RON	4.28	0	-6
10Y RON	4.83	0	2

RO Eurobonds			
	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.54	-	1
USD Jan-24	3.71	2	-52

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	104	0	14
10-year	148	0	15

STOCKS			
	Last	ΔD	ΔYTD
BET	7371.6	-2.45%	-0.16%

FOREX			
	Last	ΔD	ΔYTD
EUR/RON	4.7407	0.07%	-1.83%



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

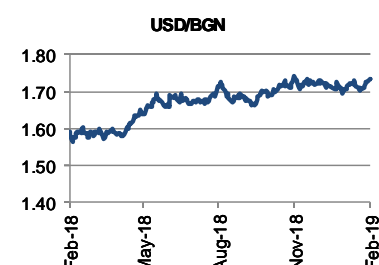
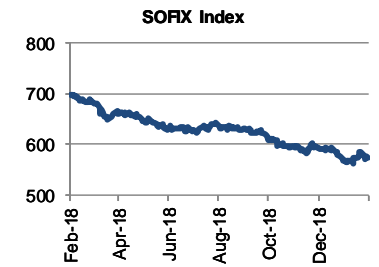
BG Local Bonds			
(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.11	#N/A	N/A
5Y BGN	0.07	#N/A	N/A
10Y BGN	0.70	#N/A	N/A

BG Eurobonds			
	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.07	0	-2
EUR Sep-24	0.24	0	-24

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	79	0	-17
10-year	123	0	-19

STOCKS			
	Last	ΔD	ΔYTD
SOFIX	573.4	-0.31%	-3.54%

FOREX			
	Last	ΔD	ΔYTD
USD/BGN	1.7335	0.06%	-1.62%



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

Data updated as of 9:15 EEST

Tuesday 12 February 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 Yiannisis: 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

