

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### US

- Mar 11: Retail sales (Jan.)
- Mar 12: CPI (Feb.)
- Mar 13:
  - Durable goods orders (Jan. P.)
  - PPI (Feb.)
  - Construction spending (Jan.)
- Mar 14:
  - Initial jobless claims (09/03)
  - Import price index (Feb.)
  - New home sales (Jan.)
- Mar 15:
  - Empire State manufacturing (Mar.)
  - Industrial production (Feb.)
  - UM consumer confidence (Mar. P.)

#### EUROZONE

- Mar 13: Industrial production (Jan.)
- Mar 15: CPI (Feb.)

#### UK

- Mar 12: Start of the Brexit votes

#### GREECE

- Mar 12:
  - CPI (Feb.)
  - Unemployment rate (Q4 2018.)

#### SEE

##### BULGARIA

- Mar 13: Trade balance (Jan.)
- Mar 14: CPI (Feb.)

##### CYPRUS

- Mar 15: CPI (Feb.)

##### ROMANIA

- Mar 12:
  - CPI (Feb.)
  - Trade balance (Jan.)

##### SERBIA

- Mar 12:
  - CPI (Feb.)
  - Trade balance (Jan.)

Source: Reuters, Bloomberg,  
Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** With a margin of 43 votes, the UK House of Commons approved yesterday evening an amended motion ruling out a 'no-deal' Brexit in any circumstances. UK MPs will vote today on whether to authorize PM Theresa May to request an extension of Article 50. In FX markets, the GBP moved lower from yesterday's post-vote highs amid prevailing Brexit-related uncertainty. Elsewhere, the outcome of yesterday's vote in the UK House of Commons, failed to exert a long lasting impact on core government bonds as global growth concerns prevail while the US and China seem to be still some way off a final trade deal. Market focus today will remain on Brexit developments while on the data front, the calendar is quite light with only import prices, weakly claims and new home sales in the US due for release.

**GREECE:** According to ELSTAT's HICP Index, the annual inflation rate in Greece stood at 0.8% in February 2019 from 0.5% in January 2019 and 0.4% in February 2018. Based on IMF's 1st PPM (post-program monitoring) report (12/3/2019), the FY-2019 annual inflation rate in Greece is estimated at 1.1% from 0.8% in 2018. In the medium term it is projected to converge to a rate of 1.8%.

### SOUTH EASTERN EUROPE

**TURKEY:** National accounts release of Q4-2018 confirms that the economy is officially in technical recession.

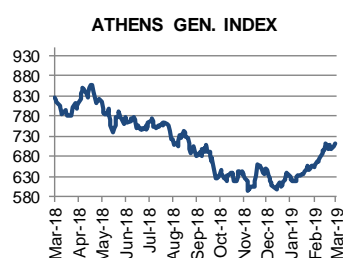
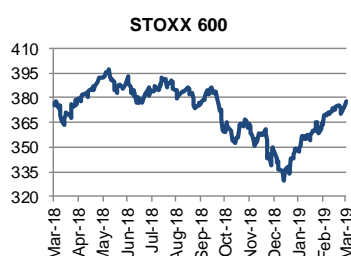
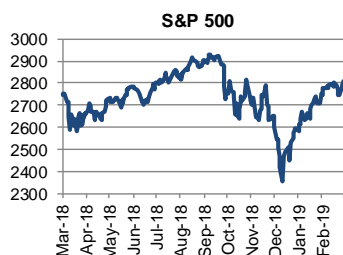
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Thursday 14 March 2019

## Latest world economic & market developments

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

With a margin of 43 votes, the UK House of Commons approved yesterday evening an amended motion ruling out a 'no-deal' Brexit in any circumstances. This followed endorsement of the so-called Spelman amendment proposed by Remain-leaning MPs, sought to take a 'no-deal' Brexit off the table categorically, not just on March 29, as PM Theresa May's motion envisioned. However, the vote is not legally binding, suggesting that a 'no-deal' Brexit on 29 March remains the default, unless, the House of Commons reaches a deal on a Brexit plan by then or decides to revoke Article 50. Following yesterday's result, MPs will vote today on whether to authorize PM Theresa May to request an extension of Article 50. The government's motion states that, if the House of Commons approves a Brexit plan by 20 March (ahead of the 21/22 EU Council meeting), it will seek a three-month extension to the end of June in order to pass the legislation necessary for implementing the deal. If no Brexit plan is approved by 20 March, the government's motion states that a much longer extension will be needed, requiring the UK to take part in European Parliamentary elections.

In reaction to the outcome of yesterday's vote, the GBP gained across the board hitting a peak of 1.3383 against the USD, the highest since June 2018, before retreating to levels around 1.3275/80 in early European trade amid prevailing Brexit-related uncertainty. Elsewhere, the EUR/USD continued to consolidate around 1.1300, failing to capitalize on a higher than expected 1.4% mom increases in euro area January industrial production. That is probably because, recent surveys, including February's manufacturing PMI, point to protracted industrial weakness mainly due to prevailing external headwinds including the US/China trade dispute and Brexit. Meanwhile, the outcome of yesterday's vote in the UK House of Commons, failed to exert a long lasting impact on core government bonds as global growth concerns prevail while the US and China seem to be still some way off a final trade deal. Industrial data from China earlier today came in weaker than expected fueling market worries over a more pronounced than expected slowdown in the world's second biggest economy. Adding to the above, US President Donald Trump said to reporters yesterday that he is in no rush to complete a trade deal with China, insisting that it should include intellectual property, a still major sticky issue between the two sides after months of negotiations. Against this background, the 10-yr Bund yield hit a session peak of 0.094% earlier today before moving back to levels slightly below 0.08% at the time of writing, remaining within the 0.05%-0.08% range that prevails since the ECB monetary policy meeting last week. Market focus today will remain on Brexit developments while on the data front, the calendar is quite light with only import prices, weakly claims and new home sales in the US due for release.

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### GREECE

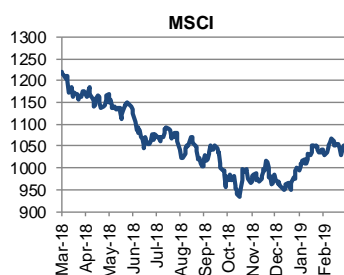
According to ELSTAT's HICP Index, the annual inflation rate in Greece stood at 0.8% in February 2019 from 0.5% in January 2019 and 0.4% in February 2018. In what concerns the respective sub-indices of the 12 main groups of goods and services, 6 categories recorded an annual increase in February 2019. These were: food and non-alcoholic beverages 1.8%, alcoholic beverages and tobacco 1.6%, housing 1.1%, health 0.6%, communication 0.3% and hotels-cafes-restaurants 0.7%. Based on IMF's 1st PPM (post-program monitoring) report (12/3/2019), the FY-2019 annual inflation rate in Greece is estimated at 1.1% from 0.8% in 2018. In the medium term it is projected to converge to a rate of 1.8%.

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Thursday 14 March 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

### TURKEY

The official national accounts release of the Q4-2018 data confirmed that the economy is officially in technical recession. GDP contracted by -3.0% YoY in Q4-2018 sharply down from 1.8% YoY in Q3-2018, 5.3% YoY in Q2-2018 and 7.4% YoY in Q1-2018, bringing the FY2018 performance at only 2.6%. The aforementioned growth performance – which is significantly below the government target of 3.8% – is unfavorable and disproportionate compared to 7.4% in FY2017, one year ago, which was the highest since 2013. The currency crisis in Q3 undermined business and consumer confidence resulting in a domestic demand collapse in Q4, which shaved 11.4ppts off the headline GDP figure. In more detail, private consumption and gross fixed capital formation declined by -8.9% YoY and -12.9% respectively. On the positive side, strong net exports data averted a growth crash adding 8.4ppts to quarterly GDP. That was the combined result of exports' double digit expansion by 10.6% YoY (down from 13.6% YoY in Q3) and imports impressive contraction by -24.4% YoY (down from -16.8% YoY). The ongoing rebalancing of Turkey has resulted in a rapidly shrinking current account deficit. The twelve-month rolling current account deficit ended at USD21.6bn in January 2019 less than half the amount recorded a year ago (USD 51.7bn in January 2018). Looking ahead, there are some timid signs of a rebound in Q1-2019, with the recent announcements of leading indicators such as PMI and sentiment pointing to a bottoming out.

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Thursday 14 March 2019

## GLOBAL MARKETS

Stock markets	FOREX	Government Bonds	Commodities																																																																
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### SERBIA

#### Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.29	0	-15
1-week	2.41	0	-15
1-month	2.63	-1	-10
3-month	2.96	-1	-7
6-month	3.10	0	-8

#### RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.16	-2	10
5Y RSD	3.77	0	27
7Y RSD	3.98	0	-18

#### RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.74	-1	-26

#### CDS

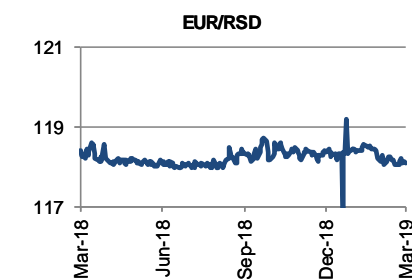
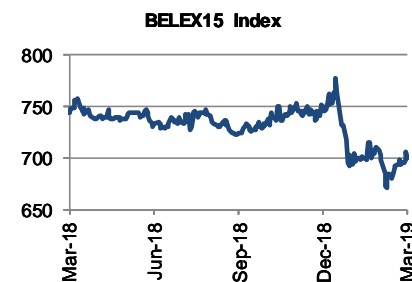
	Last	ΔDbps	ΔYTD bps
5-year	104	6	-13
10-year	145	-6	-17

#### STOCKS

	Last	ΔD	ΔYTD
BELEX15	699.9	-0.78%	-8.11%

#### FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.17	0.28%	0.06%



### ROMANIA

#### Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.7	0	61
1-month	2.81	0	94
3-month	3.06	0	101
6-month	3.27	1	100
12-month	3.47	1	115

#### RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.75	0	-28
5Y RON	4.40	0	6
10Y RON	4.85	0	4

#### RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.41	-	-13
USD Jan-24	3.62	-1	-61

#### CDS

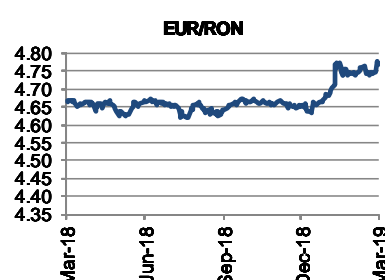
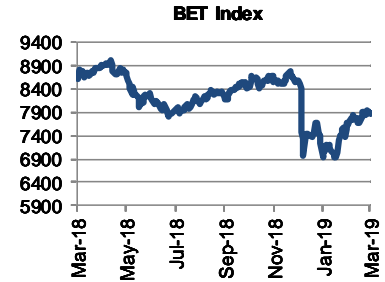
	Last	ΔDbps	ΔYTD bps
5-year	99	-3	9
10-year	146	-3	12

#### STOCKS

	Last	ΔD	ΔYTD
BET	7888.5	0.39%	6.84%

#### FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.7675	0.17%	-2.38%



### 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	-0.17	-2	-10
5Y BGN	0.07	3	-5
10Y BGN	0.64	0	-9

#### BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.07	0	-5
EUR Sep-24	0.23	8	-26

#### CDS

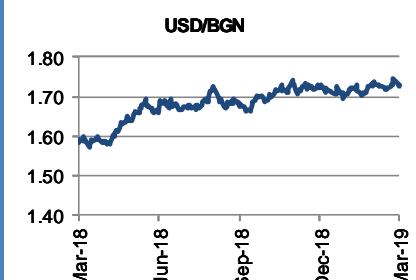
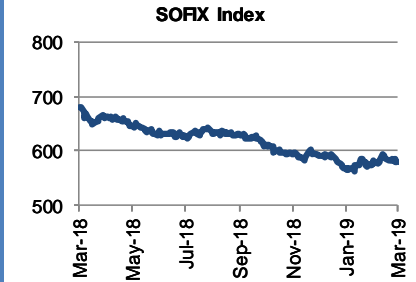
	Last	ΔDbps	ΔYTD bps
5-year	77	0	-19
10-year	119	0	-22

#### STOCKS

	Last	ΔD	ΔYTD
SOFIX	578.9	0.02%	-2.62%

#### FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7281	-0.11%	-1.31%



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

Data updated as of 11:45 EEST

Thursday 14, March 2019

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