

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Friday 15 March 2019

## 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:** European equity markets opened mixed earlier today with no clear direction, amid trade talk uncertainty. Although some reports conveyed that the US and China have made further substantial progress on trade negotiations, a summit between US President Donald Trump and his Chinese counterpart Xi Jinping for signing a deal may take place later than expected. Meanwhile, Brexit-related uncertainty continues. The UK House of Commons voted yesterday evening in favor of the Government's motion for a delay of the UK's exit from the EU. That means that the UK government will now have to submit a request for an extension of Article 50 to EU27 leaders upon which the European Council will decide at its next meeting on 21/22 March. With investors eagerly awaiting the outcome of next week's vote on the PM Theresa May's Brexit deal that has twice been decisively rejected, the GBP's recent rally has come to a halt. Meanwhile, the USD was weaker against the majority of its currency peers ahead of next week's FOMC meeting, poised for the biggest weekly drop in three months.

**GREECE:** On the political front, the Hellenic Parliament took a step yesterday towards disconnecting the Presidential election from the general parliamentary elections, which is believed to contribute to political stability. On economic data, according to the Hellenic Statistical Authority, in Q4 2018 the unemployment rate was 18.7%, slightly up from 18.3% in the previous quarter and down from 21.2% in Q4 2017. According to the Civil Aviation Authority, in February 2019, international arrivals to Greece's airports increased by 12.7%YoY.

### SOUTH EASTERN EUROPE

**BULGARIA:** According to the official statistical data released yesterday, headline inflation rose by 0.5% MoM and 3.2% YoY in February after a 0.5% MoM and 3.0% YoY increase in January.

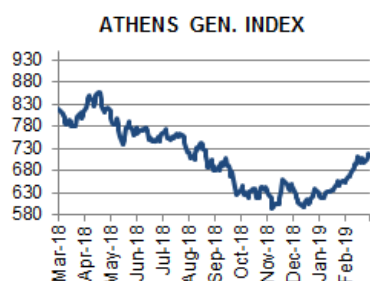
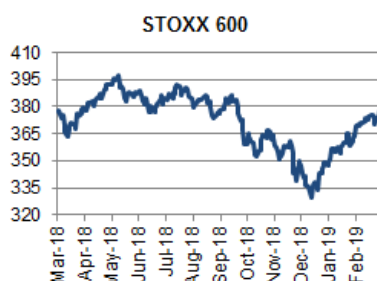
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## Latest world economic & market developments

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

European equity markets opened mixed earlier today with no clear direction, amid trade talk uncertainty. Although some reports conveyed that the US and China have made further substantial progress on trade negotiations, a summit between US President Donald Trump and his Chinese counterpart Xi Jinping for signing a deal may take place later than expected. In more detail, Bloomberg reported today that a meeting between the two leaders is now unlikely to happen before end-April, contrary to recent press reports that had suggested that a trade deal could be signed as early as late this month. Meanwhile, Brexit-related uncertainty continues. By 412 votes to 202, the UK House of Commons voted yesterday evening in favor of the Government's motion for a delay of the UK's exit from the EU. That means that the UK government will now have to submit a request for an extension of Article 50 to EU27 leaders upon which the European Council will decide at its next meeting on 21/22 March. The length of the extension the UK government will request depends on whether the House of Commons approves PM Theresa May's Brexit plan at a third attempt on Wednesday 20 March (on the eve of the EU Council meeting). If the plan is approved, the UK government will request a three-month extension to end-June, only for the purpose of passing the legislation necessary for implementing the Brexit deal. If the Brexit plan is not approved, a longer extension will have to be requested. In that case, the EU27 leaders will need to know the purpose of the extension, not least to determine its length, and the UK will have to take part in European Parliament elections in May.

With investors eagerly awaiting the outcome of next week's vote on the PM Theresa May's Brexit deal that has twice been decisively rejected, the GBP's recent rally has come to a halt. The GBP/USD was consolidating above 1.3200 in early European trade at the time of writing, after hitting a nine-month high of 1.3380 earlier this week on news that UK MPs approved an amended motion ruling out a 'no-deal' Brexit under any circumstances. Meanwhile, the USD was weaker against the majority of its currency peers ahead of next week's FOMC meeting with the DXY index standing 0.2% weaker on the day and poised for the biggest weekly drop in three months. Besides final euro area February's inflation numbers, today's agenda is focused on US economic data, including February's industrial production and UM consumer sentiment index for March. Moody's is scheduled to announce its review of Italy's sovereign credit rating, after late last year's downgrade to Baa3, one notch above non-investment grade.

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### GREECE

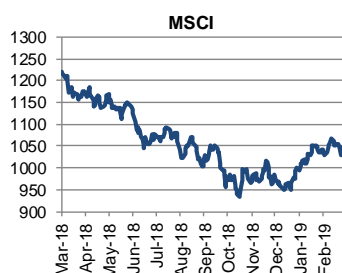
On the political front, the Hellenic Parliament took a step yesterday towards disconnecting the Presidential election from the general elections, which is believed to contribute to political stability. The procedure will have to be ratified by the Parliament that will be formed after the next general elections as it requires a change in the Constitution. On economic data, according to the Hellenic Statistical Authority, in Q4 2018 the unemployment rate was 18.7%, slightly up from 18.3% in the previous quarter and down from 21.2% in Q4 2017. The number of employed persons fell by 1.6%QoQ and rose 2.6%YoY, while the number of unemployed persons increased by 1.1%QoQ and decreased by 12.5%YoY. Meanwhile, according to the Civil Aviation Authority, in February 2019, international arrivals to Greece's airports increased by 12.7%YoY. Total (i.e. both domestic and international) airport passenger traffic for the first two months of 2019 rose by 10.7YoY.

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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

### BULGARIA

According to the official statistical data released yesterday, in February inflation picked up for a second consecutive month. Headline inflation rose by 0.5% MoM and 3.2% YoY after a 0.5% MoM and 3.0% YoY increase in January. Inflation in Bulgaria has been slightly fluctuating around 2.5% since 2017 and ever since the highest reading was recorded in past October when headline CPI came in at 3.6% YoY. With respect to February's figures, the acceleration of inflation on an annual basis is attributed to a sizeable acceleration in food prices to 5.0% YoY and to a lesser extent to increased utilities' prices. The pickup of food inflation to 4.9% YoY was broadly driven by the 22.0% YoY increase in vegetables' prices.

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## 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	2808.48	-0.1%	12.0%	EUR/USD	1.132	0.1%	-1.3%	UST - 10yr	2.62	-1	-7	GOLD	1303	0.5%	1.6%
Nikkei 225	21450.85	0.8%	7.2%	GBP/USD	1.3213	-0.2%	3.6%	Bund-10yr	0.07	-1	-17	BRENT CRUDE	67	0.3%	25.3%
STOXX 600	378.52	0.8%	12.1%	USD/JPY	111.67	0.0%	-1.8%	JGB - 10yr	-0.04	1	-4	LMEX	3023	-0.9%	7.9%

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.29	0	-15
1-week	2.39	-2	-17
1-month	2.62	-1	-11
3-month	2.96	0	-7
6-month	3.08	-2	-10

## RS Local Bonds

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

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.75	1	-25

## CDS

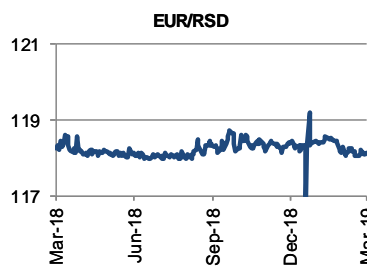
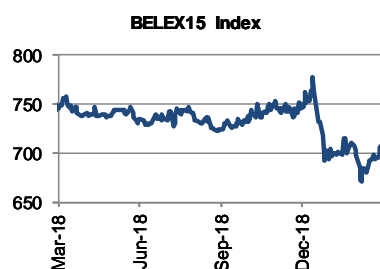
	Last	ΔDbps	ΔYTD bps
5-year	105	0	-13
10-year	145	0	-17

## STOCKS

	Last	ΔD	ΔYTD
BELEX15	707.1	0.23%	-7.17%

## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.26	-0.13%	-0.02%



## 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	0	100
12-month	3.47	0	115

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.80	0	-24
5Y RON	4.50	0	16
10Y RON	4.93	0	12

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.44	-	-10
USD Jan-24	3.61	0	-63

## CDS

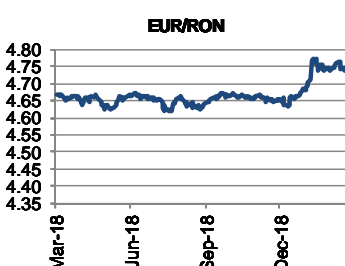
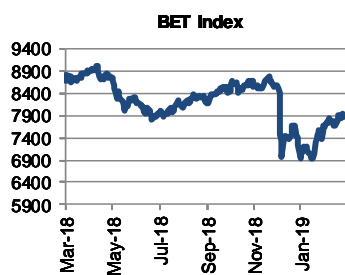
	Last	ΔDbps	ΔYTD bps
5-year	99	0	9
10-year	146	0	13

## STOCKS

	Last	ΔD	ΔYTD
BET	7858.2	0.01%	6.43%

## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.7575	0.14%	-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	-0.15	0	-10
5Y BGN	0.04	0	-7
10Y BGN	0.60	0	-15

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.06	0	-2
EUR Sep-24	0.23	-5	-25

## CDS

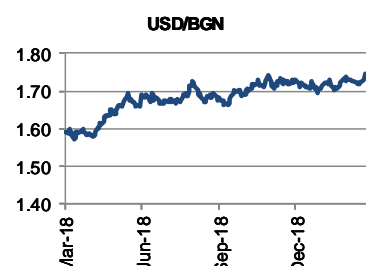
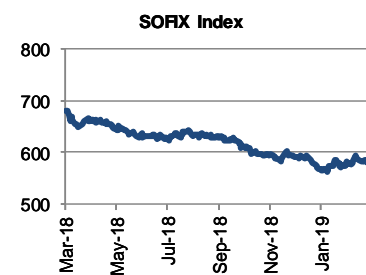
	Last	ΔDbps	ΔYTD bps
5-year	77	0	-19
10-year	119	0	-22

## STOCKS

	Last	ΔD	ΔYTD
SOFIX	579.5	0.13%	-2.52%

## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7279	0.13%	-1.30%



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

Data updated as of 10:05 EEST

Friday 15 March 2019

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