

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### US

- May 14:
  - NFIB Small Business Optimism (Apr)
  - Import Price Index (Apr)
- May 15:
  - Retail Sales less Autos (Apr)
  - Empire Manufacturing (Apr)
  - Capacity Utilisation (Apr)
  - NAHB Housing Market Index (May)
- May 16:
  - Initial Jobless Claims (May 11)
  - Philadelphia Fed Manufacturing (May)
  - Housing Starts (Apr)
  - Building Permits (Apr)
- May 17:
  - U. of Michigan Sentiment (May, P)
  - Leading Indicators (Apr)

#### EUROZONE

- May 14:
  - Industrial Production (Mar)
  - ZEW Survey Expectations (May)
- May 15:
  - GDP (Q1, P)
  - GDP (Q1, P, Germany)
- May 17:
  - EU 27 New Car Registrations (Apr)
  - CPI (Apr)

#### GREECE

- May 14: Industrial Imports Price Index (Mar)

#### SEE

##### BULGARIA:

- May 13: Trade Balance (Mar)
- May 15:
  - GDP (Q1, P)
  - CPI (Apr)
  - Unemployment Rate (Apr)

##### CYPRUS:

- May 15:
  - CPI Harmonised (Apr)
  - GDP (Q1, P)

##### SERBIA

- May 13: CPI (Apr)
- May 16: Current Account Balance (Mar)

Source: Reuters, Bloomberg,  
Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Following a new round of tit-for-tat tariffs over the last few sessions, US/China trade tensions intensified further yesterday. The US administration signed an executive order adding Huawei Technologies and 70 affiliates to its "Energy List", barring US companies from using telecommunications equipment made by those firms deemed to oppose a national security risk. However, keeping its focus on its trade battle with China, the US administration decided to put off for about six months a decision on whether to increase tariffs on imports of cars and vehicle parts. Core government bonds remained well supported. In FX markets, the EUR/USD continued to consolidate around the 1.1200 handle, failing to capitalize on yesterday's poor US data.

**GREECE:** Bank of Greece's Governor Yiannis Stournaras expressed reservations as to whether the fiscal space that will be created in 2019 will allow for the implementation of the recently announced expansionary measures by the government to which he also partly attributed the recent hike of the Greek sovereign paper yields. Meanwhile, according to the preliminary data available by the Ministry of Finance for the period of January - April 2019 the State Budget Primary Balance amounted to a surplus of €1,461 million, against the primary deficit target of €670 million and the primary surplus of €1,800 million recorded in the same period of the previous year. This is largely attributed to the revenue from the extension of the concession of the Athens International Airport amounting to €1,176 million.

### SOUTH EASTERN EUROPE

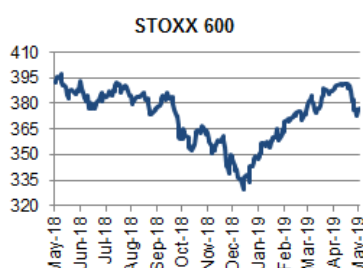
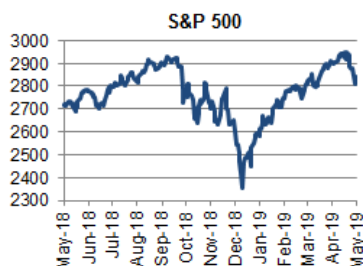
**CYPRUS:** According to the flash estimate, real GDP expanded by 0.9% QoQ/3.5% YoY in Q1-2019 down from 1.0% QoQ/3.8% YoY in Q4-2018.

#### 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

Following a new round of tit-for-tat tariffs over the last few sessions, US/China trade tensions intensified further yesterday. The US administration signed an executive order adding Huawei Technologies and 70 affiliates to its "Energy List", barring US companies from using telecommunications equipment made by those firms deemed to oppose a national security risk. However, keeping its focus on its trade battle with China, the US administration decided to put off for about six months a decision on whether to increase tariffs on imports of cars and vehicle parts. According to unnamed US top administration officials, a final decision is expected by Saturday, 18 May. Against this background, core government bonds remained well supported. The 10-yr Bund yield remained in a downtrend hovering around -0.11% in early European trade at the time of writing, moving closer to its record low of -0.19% touched on 8 July 2016 in the aftermath of the UK Brexit decision. Along these lines, the 10-yr UST yield fell to a seven-week low of 2.356% earlier today, c. 2bps lower on the day and some 22bps below its recent peak recorded on 3 May. Yesterday's poor US data, also favored US sovereign paper. US retail sales unexpectedly fell by 0.2%MoM in April following a surge of 1.7%MoM in March, which was the largest increase since September 2017, while industrial production dropped by 0.5%MoM over the same month, the third drop so far this year, led by manufacturing. Failing to capitalize on disappointing US data, the EUR/USD continued to consolidate around the 1.1200 handle amid market anxiety ahead of the European Parliament elections given the implications of the outcome at the individual country level and especially with regard to the respect of EU fiscal rules. Elsewhere, the GBP remained under broad pressure as political uncertainty looms. UK Premier Theresa May announced earlier this week that she will bring her Brexit deal back to the parliament in the first week of June, after the European Parliament election on 23 May and before the summer recess. On the data front, today's highlights include US housing starts and building permits for April and the May Philly Fed PMI.

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

### GREECE

Bank of Greece's Governor Yiannis Stournaras expressed reservations as to whether the fiscal space that will be created in 2019 will allow for the implementation of the recently announced expansionary measures by the government to which he also partly attributed the recent hike of the Greek sovereign paper yields. Indicatively, since the announcement on May 8, the 10-yr benchmark yield is trading between 3.515% - 3.585% when in the month before that it was trading around 3.357%. In the corresponding period, the 5-yr benchmark is ranging between 2.386% - 2.470% from a range of 2.160% - 3.309% the month before. The BoG Governor also cautioned that the potential non-attainment of the primary surplus target may result in the further curtailment of public expenditure and the Public Investment Programme which will in turn hamper economic growth. Meanwhile, according to the preliminary data available by the Ministry of Finance for the execution of the State Budget on a modified cash basis, the State Budget balance for the period of January - April 2019 presented a deficit of €1,043 million, against a target of a deficit of €3,117 million that was incorporated for the same period of 2019 in the 2019 Budget introductory report and a surplus of €119 million for the same period of 2018. The State Budget Primary Balance amounted to a surplus of €1,461 million, against the primary deficit target of €670 million and the primary surplus of €1,800 million recorded in the same period of the previous year. This result is to a large extent attributed to the revenue from the extension of the concession of the Athens International Airport amounting to €1,176 million.

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

Thursday 16 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

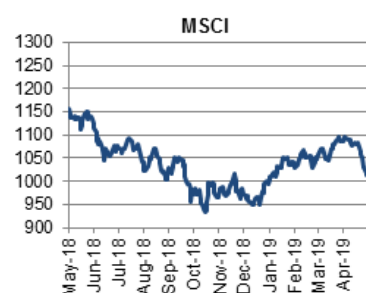
	2017	current	2018
Policy Rate (eop)	1.75	2.50	3.00

\* 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 flash estimate of Q1-2019 confirmed that economic activity has embarked on a decelerating path. Real GDP remained flat at 1.0% on a quarterly basis bringing the annual rate of expansion at 3.5% YoY in Q4-2018 on a seasonally adjusted basis compared to 3.8% YoY in Q4-2018 & Q3-2018 vs. 3.5% YoY in Q4-2017. Although the components are not known yet, we expect no major breakthrough in the trends witnessed so far. Domestic demand is expected to have 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 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 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.

Looking ahead, the growth trajectory suggests that the soft landing we penciled in all previous analyses has already started. Real GDP expanded by 3.9% in 2018 compared to 4.2% in 2017, 4.8% in 2016 and only 2.0% in 2015. The growth dynamics are expected to remain relatively strong- yet still lower than last year- at 3.3% in 2019 driven primarily again by buoyant foreign-funded investments and solid private consumption. However, there is an increasing number of downside external and internal environment risks to our forecast. The external risks stem from the slowing Euro area growth performance, a potentially hard Brexit and the challenges posed for the tourism sector, one of the key export industries of the Cypriot economy. Those stem from lower tourism arrivals not only from a less favorable external environment but also as a result of the increasing competition from the re-opening of neighbor markets, where safety concerns are abating and the bankruptcy of some air-carriers servicing the island. The internal risks are concentrated around the systemic financial risks posed by the still large amount of NPEs and high private sector indebtedness. Decisive government action on the resolution of the Cyprus Co-operative Bank (CCB) allowed for an important – but one-off – decline in the NPEs ratio from 40% to the much lower 30%. However, NPEs remain in the broader economy despite their removal from the banking system's balance sheet.

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

Thursday 16 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	2850.96	0.6%	13.7%	EUR/USD	1.121	0.1%	-2.3%	UST - 10yr	2.35	-2	-33	GOLD	1299	0.2%	1.3%
Nikkei 225	21062.98	-0.6%	5.2%	GBP/USD	1.2823	-0.2%	0.5%	Bund-10yr	-0.12	-2	-36	BRENT CRUDE	72	0.4%	33.9%
STOXX 600	377.32	-0.2%	11.7%	USD/JPY	109.38	0.2%	0.3%	JGB - 10yr	-0.06	-1	-7	LMEX	2865	1.0%	2.3%

## SERBIA

Money Market			
BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.28	3	-16
1-week	2.37	3	-19
1-month	2.60	0	-13
3-month	2.96	-1	-7
6-month	3.09	-1	-9

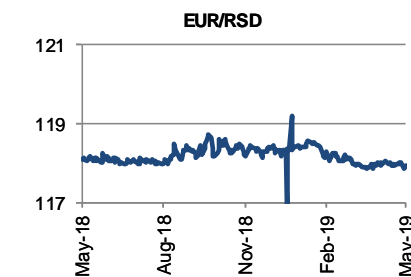
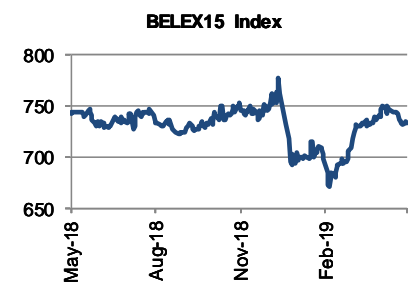
RS Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y RSD	3.00	-2	-6
5Y RSD	3.79	0	28
7Y RSD	4.03	0	-13

RS Eurobonds			
	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.22	-1	-78

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	105	0	-13
10-year	150	0	-12

STOCKS			
	Last	ΔD	ΔYTD
BELEX15	733.0	-0.28%	-3.77%

FOREX			
	Last	ΔD	ΔYTD
EUR/RSD	117.99	-0.01%	0.21%



## ROMANIA

Money Market			
ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.74	0	65
1-month	3.11	0	124
3-month	3.28	0	123
6-month	3.38	0	111
12-month	3.54	0	122

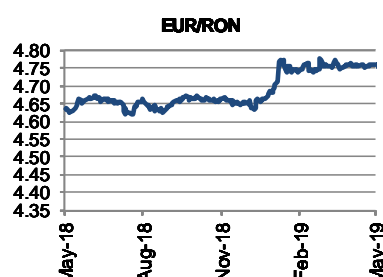
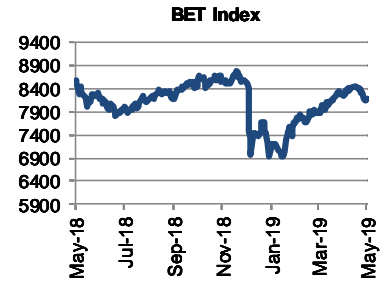
RO Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y RON	3.80	0	-23
5Y RON	4.44	0	10
10Y RON	4.91	0	10

RO Eurobonds			
	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.39	-	-16
USD Jan-24	3.37	1	-86

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	90	2	0
10-year	135	2	1

STOCKS			
	Last	ΔD	ΔYTD
BET	8179.3	0.06%	10.78%

FOREX			
	Last	ΔD	ΔYTD
EUR/RON	4.7617	0.01%	-2.26%



## 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

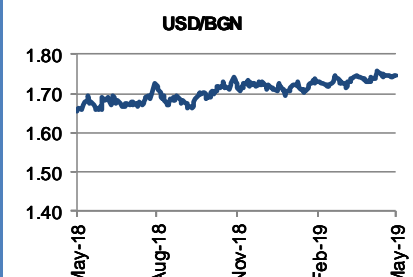
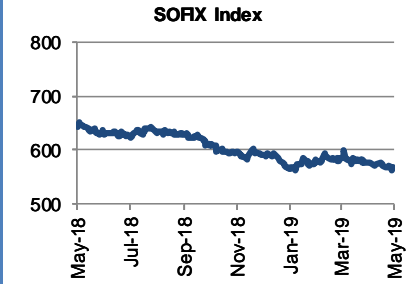
BG Local Bonds			
(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.24	-1	-19
5Y BGN	-0.03	-1	-14
10Y BGN	0.47	0	-28

BG Eurobonds			
	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.12	0	-9
EUR Sep-24	0.15	0	-33

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	80	0	-17
10-year	128	0	-13

STOCKS			
	Last	ΔD	ΔYTD
SOFIX	567.4	0.18%	-4.56%

FOREX			
	Last	ΔD	ΔYTD
USD/BGN	1.7447	0.07%	-2.25%



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

Data updated as of 10:30 EEST

Thursday 16 May 2019

## Contributors

**Paraskevi Petropoulou**  
Senior Economist, Eurobank  
Ergasias  
+30 210 3718991  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Ioannis Gkionis**  
Senior Economist, Eurobank  
Ergasias  
+30 210 3337305  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr)

**Anna Dimitriadou**  
Economic Analyst, Eurobank  
Ergasias  
+30 210 3718793  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

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

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

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

**Maria Kasola**  
(Special Contributor)  
Economic Analyst, Eurobank  
Ergasias  
+30 210 3371224  
[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), +30 210 33 71 178

## 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), +210 3371242

**Ioannis Gkionis: Senior Economist**  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr), +30 210 33 71 225

**Dr. Stylianos Gogos: Economic Analyst**  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr), +30 210 33 71 226

**Maria Kasola: Economic Analyst**  
[mkasola@eurobank.gr](mailto:mkasola@eurobank.gr), +30 210 3371224

**Olga Kosma: Research Economist**  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr), +30 210 33 71 227

**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), +30 210 3371228

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

