

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### US

- July 15: Empire Manufacturing (Jul)
- July 16:
  - Import Price Index (Jun)
  - Advance Retail Sales (Jun)
  - Industrial Production (Jun)
  - NAHB Index (Jul)
- July 17:
  - Housing Starts (Jun)
  - Building Permits (Jun)
  - Fed's Beige Book
- July 18:
  - Philadelphia Fed Manufacturing (Jul)
  - CB Leading Indicator (Jun)
  - Initial Claims
- July 19: UM Consumer Confidence Index (Jul., P)

#### EUROZONE

- July 16: Germany's ZEW Economic Sentiment (Jul)
- July 17:
  - EU27 New Car Registrations (Jun)
  - CPI (Jun)

#### GREECE

- July 19:
  - Current Account (May)
  - Turnover Index in Industry (May)

#### SEE

##### BULGARIA:

- July 15:
  - CPI (Jun)
  - Unemployment Rate (Jun)
- July 19: Current Account (May)

##### CYPRUS:

- July 17: CPI (Jun)

##### ROMANIA:

- July 15: Current Account (May)

##### SERBIA:

- July 19: Current Account (May)

Source: Reuters, Bloomberg, Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Asian bourses performed quite poorly overnight and European equity markets opened in the red earlier today, as investors await more earnings reports from US corporates and renewed trade uncertainty hurts market sentiment. Turning to fixed income markets, US Treasuries were little changed on the day following yesterday's mixed US data releases. Retail sales increased by a higher than expected 0.4%MoM in June while industrial output was flat in June, confounding expectations for a 0.2%MoM gain. In FX markets, the EUR/USD continued to struggle around 1.1200 as investors hesitate to establish fresh sizable positions ahead of the upcoming policy meetings by the Fed and the ECB later this month. Elsewhere, the GBP came under renewed pressure amid growing fears over a no-deal Brexit scenario. In other news, the European Parliament confirmed yesterday Ursula von der Leyen as the next European Commission President, who received 383 positive votes, above the required absolute majority of 374.

**GREECE:** Greece managed to access the international markets for the third time in 2019 with the issuance of a 2.5 bn 7-year bond at a yield of 1.9%. The total amount raised by Greece from the beginning of the year stands at 7,5 bn against annual financing needs of 7.0bn according to the PDMA.

### SOUTH EASTERN EUROPE

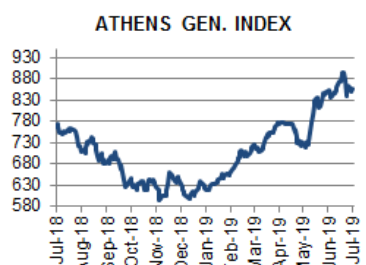
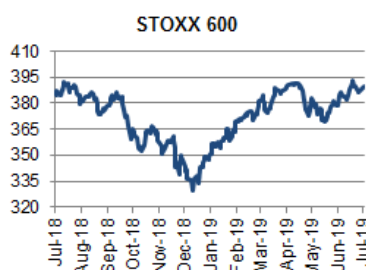
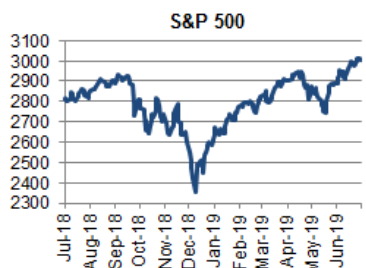
**CYPRUS:** Tourism revenues declined by -1.9% YoY in January-April 2019.

#### 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

Asian bourses performed quite poorly overnight and European equity markets opened in the red earlier today, as investors await more earnings reports from US corporates and renewed trade uncertainty hurts market sentiment. Speaking at a Cabinet meeting yesterday, US President Donald Trump stressed that the US and China have a long way to go to seal a trade deal and warned that the US administration could impose tariffs on an additional \$325bn worth of Chinese imports, if needed. Turning to fixed income markets, US Treasuries were little changed on the day following yesterday's mixed US data releases. Retail sales increased by a higher than expected 0.4%MoM in June mainly due to higher purchases of motor vehicles, while, industrial output was flat in June, confounding expectations for a 0.2%MoM gain. The implied probability of a 50bp rate cut at the 30-31 July FOMC policy meeting is still at a non-negligible 28%, while the probability of a 25bps rate cut, which seems as a more likely scenario, is almost fully priced-in. In FX markets, the EUR/USD continued to struggle around 1.1200 as investors hesitate to establish fresh sizable positions ahead of the upcoming policy meetings by the Fed and the ECB later this month. Elsewhere, the GBP came under renewed pressure testing levels slightly below 1.2400 against the USD while the EUR/GBP moved above 0.9000 for the first time since early January, amid growing fears over a no-deal Brexit scenario. Sky News reported yesterday that Eurosceptic Boris Johnson who is highly likely to win the Conservative party leadership contest and become the next UK PM, is considering suspending parliament around the 31 October Brexit deadline to prevent MPs from blocking a no-deal Brexit. In other news, the European Parliament confirmed yesterday as the next European Commission President Ursula von der Leyen who received 383 positive votes, above the required absolute majority of 374.

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

### GREECE

Greece managed to access the international markets for the third time in 2019 with the issuance of a €2.5 bn 7-year bond at a yield of 1.9%. According to press reports, there was strong demand for the new 7-year bond by long term investors. The total amount raised by Greece from the beginning of the year stands at €7,5 bn against annual financing needs of €7.0bn according to the PDMA. Klaus Regling, the ESM's Managing Director, in a speech y-day mentioned that the reform drive of the new government to stimulate the business environment and investment climate is welcome as long as the country respects the established surveillance framework and its programme commitments. According to the preliminary State Budget Execution data for January – June 2019 the overall fiscal balance registered a deficit of €2.7 bn, against a targeted deficit of €4.8 bn in the 2019 Budget and a deficit of €0.05 bn in the respective period of 2018. The State Budget Primary Balance recorded a surplus of €0.4 bn, against a targeted primary deficit of €1.6 bn in the 2019 Budget. State Budget net revenue over-performed its target by €1.9 bn mainly as a result of increased revenues from a) taxes (€0.4 bn), b) Transfers (including Public Investment Budget Revenues) by €0.6 bn and c) revenues from privatizations (mainly the revenues from the extension of the concession rights of the Athens International Airport received in March 2019 and amounting to €1.2 bn). Tax refunds were above their 2019 Budget target by €0.2 bn. State Budget expenditure was lower by €0.2 bn compared to the respective 2019 Budget target despite the fact that the majority of the expenditure items were above their 2019 Budget targets, mainly as a result of the expansionary measures (allowance to pensioners) introduced in May 2019, with the exception of interest payments, purchases of fixed assets and Public Investment Budget expenditure.

Wednesday 17 July 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

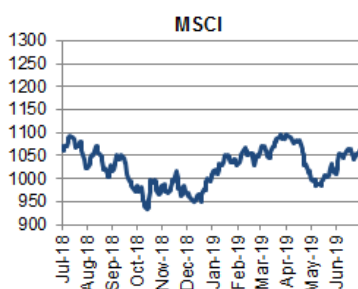
CYPRUS: Indicators	2017	2018	2019F
Real GDP growth %	4.5	3.9	3.3
HICP (pa, yoy %)	0.7	0.8	1.0
Fiscal Balance/GDP*	1.8	2.9	3.0
Current Account/GDP	-8.4	-7.0	-7.5

\* 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+

On the data front, tourism revenues declined by -1.9% YoY in January-April 2019 to €375.2mn, down from €382.5mn compared to the same period last year. On top, the corresponding statistics for expenditure per person are on a declining trend. The expenditure per person for the 4M-2019 period reached €546,32 compared to €559,54 in the corresponding period of the previous year, recording a decrease of 2.4%. In fact, the expenditure per person/per day for the period of January-April 2019 compared to the period of January-April 2018 remained flat (from €66,61 to €66,62). This declining trend is attributed to a number of reasons, not least to the changing composition of tourist origin markets, which is shifting towards ones with lower income and purchasing power (e.g. Eastern Europe) and the disruption of the traditional tourist product from new digital platforms of the sharing economy (e.g. Airbnb).

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

Wednesday 17 July 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	3004.04	-0.3%	19.8%	EUR/USD	1.1214	0.0%	-2.2%	UST - 10yr	2.11	1	-58	GOLD	1403	-0.2%	9.4%
Nikkei 225	21469.18	-0.3%	7.3%	GBP/USD	1.2413	0.0%	-2.7%	Bund-10yr	-0.27	-2	-51	BRENT CRUDE	65	0.5%	20.2%
STOXX 600	389.38	0.1%	15.3%	USD/JPY	108.27	0.0%	1.3%	JGB - 10yr	-0.12	0	-12	LME X	2855	0.8%	1.9%

## SERBIA

### Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	1.93	-1	-51
1-week	2.00	-2	-56
1-month	2.32	-1	-41
3-month	2.65	-1	-38
6-month	2.79	-1	-39

### RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	2.58	-1	-48
5Y RSD	3.06	0	-44
7Y RSD	3.34	0	-81

### RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	2.83	-3	-117

### CDS

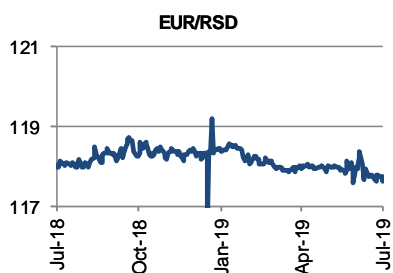
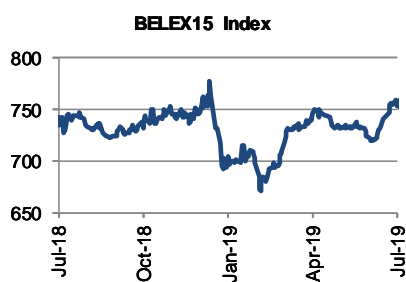
	Last	ΔDbps	ΔYTD bps
5-year	88	0	-30
10-year	135	0	-27

### STOCKS

	Last	ΔD	ΔYTD
BELEX15	752.3	-0.69%	-1.23%

### FOREX

	Last	ΔD	ΔYTD
EUR/RSD	117.77	-0.09%	0.40%



## ROMANIA

### Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.07	-12	98
1-month	2.86	0	99
3-month	3.14	1	109
6-month	3.31	0	104
12-month	3.48	-1	116

### RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.61	0	-42
5Y RON	4.07	0	-27
10Y RON	4.53	0	-28

### RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	0.79	-	-75
USD Jan-24	3.01	-3	-122

### CDS

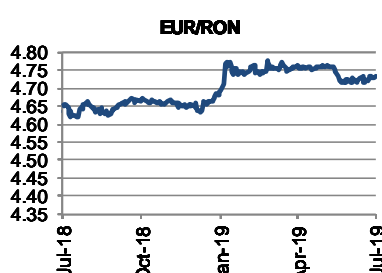
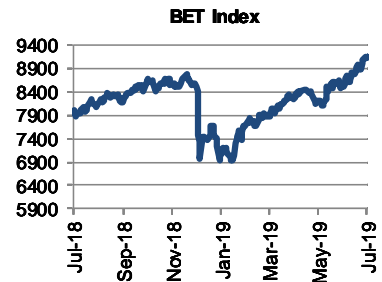
	Last	ΔDbps	ΔYTD bps
5-year	87	0	-3
10-year	129	0	-5

### STOCKS

	Last	ΔD	ΔYTD
BET	9146.9	0.22%	23.88%

### FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.7342	-0.09%	-1.69%



## 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	0	-14
10Y BGN	0.26	0	-49

87.94

### BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.16	0	-11
EUR Sep-24	0.03	0	-45

### CDS

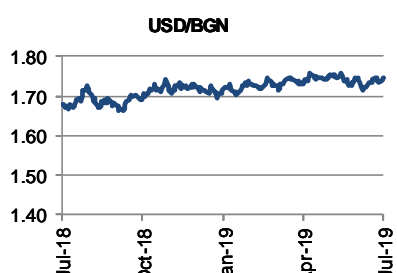
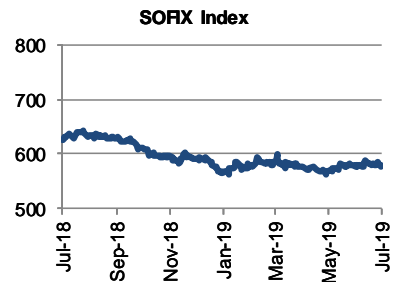
	Last	ΔDbps	ΔYTD bps
5-year	79	0	-18
10-year	125	-1	-17

### STOCKS

	Last	ΔD	ΔYTD
SOFIX	577.6	-0.17%	-2.84%

### FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7443	0.04%	-2.22%



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

Data updated as of 10:40 EEST

Wednesday 17 July 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)

## Maria Kasola

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

## 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)

