HIGHLIGHTS
WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Focus today is on the release of April PMIs for the manufacturing and services sector in the Eurozone for more clues over the economic growth outlook. Awaiting the data, EMU core government bond prices were relatively higher on the day with the 10-yr Bund yield hovering around 0.075% at the time of writing after surpassing temporarily yesterday the 0.10% level for the first time in nearly a month. A string of positive data from China earlier this week and increased optimism for a US/China trade deal in the near future may have also had an impact. In FX markets, the EUR/USD remained trapped within the 1.1250-1.1320 recent range.

GREECE: European Commission Vice-President Valdis Dombrovskis stated in an interview that the EC could consent to the annulment of the reduction of the tax-free threshold – scheduled to take effect on 1 January 2020 – if there is fiscal space beyond the attainment of the primary surplus targets and this constitutes a priority for the Greek government. The reduction of the tax-free threshold was agreed between Greece and the institutions in 2017 as a means to broaden the tax base and deliver net savings of 1% of GDP in 2020 and over the medium term.

SOUTH EASTERN EUROPE

BULGARIA: According to data released yesterday by the National Bank of Bulgaria (BNB), the current account surplus increased by 111.9% YoY to €416.2mn in February. The strong improvement was broadly based on the narrowing of the trade and the primary income deficit and the mild widening of the secondary income surplus during the month.

SERBIA: Earlier in the previous week, during the Spring Meetings of the International Monetary Fund (IMF) and the World Bank Group in Washington D.C., the Serbian delegation, led by the Governor of the National Bank of Serbia (NBS) Jorgovanka Tabaković, met Mr. Tao Zhang, the IMF Deputy Managing Director. Mr. Zhang assessed that Serbia is fully committed to the implementation of reforms and that the IMF will continue to provide full support to the key reforms in Serbia while Governor Tabaković outlined that within the past five years, Serbia has gone a long way in terms of macroeconomic stability strengthening.

KEY UPCOMING DATA & EVENTS THIS WEEK

US
- Apr 15: Empire State Manufacturing Index (Apr.)
- Apr 16:
  - Industrial Production (Mar.)
  - NAHB Housing Market Index (Apr.)
- Apr 17:
  - Trade Balance (Feb.)
  - Fed releases Beige Book
- Apr 18:
  - Retail Sales (Mar.)
  - Business Inventories (Feb.)
  - Leading Indicators (Mar.)
  - Philly Fed Index (Apr.)
- Apr 19:
  - Housing Starts (Mar.)
  - Building Permits (Mar.)

EUROZONE
- Apr 16: German ZEW Survey (Apr.)
- Apr 17:
  - Trade Balance (Feb.)
  - CPI (Mar.)
- Apr 18: Markit PMIs (Apr., prel.)

GREECE
- Apr 19:
  - Current Account (Feb.)
  - Turnover Index in Industry (Feb.)

SEE
- Apr 15: CPI (Mar.)
- Apr 16: Unemployment (Mar.)
- Apr 17: Current Account (Feb.)

CYPRUS:
- Apr 17: CPI Harmonised (Mar.)

SERBIA
- Apr 17: Current Account (Feb.)

Source: Reuters, Bloomberg, Eurobank Research

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Latest world economic & market developments

GLOBAL MARKETS

Focus today is on the release of April PMIs for the manufacturing and services sector in the Eurozone for more clues over the economic growth outlook. The services PMI is likely to rise modestly from March’s 55.3 supported by resilient domestic demand and the fading negative effect of temporary factors, including the yellow vest protests in France. However, the decoupling of the manufacturing and the services indices is likely to continue, taking into account that key components such as the new orders suggest that the former has yet to bottom out.

Awaiting today’s PMI data, EMU core government bond prices were relatively higher on the day with the 10-yr Bund yield hovering around 0.075% at the time of writing after surpassing temporarily yesterday the 0.10% level for the first time in nearly a month. A string of positive data from China earlier this week and increased optimism for a US/China trade deal in the near future may have also had an impact. On the latter, unnamed senior officials from both sides were quoted saying that face-to-face trade negotiations are scheduled to continue aiming to reach a compromise deal by early May and the US President and his Chinese counterpart to sign it later that month. In the EMU periphery, Spain outperformed its regional peers. The 10-yr yield spread against its Germany counterpart narrowed close to 98bps earlier today, the lowest in around six weeks, ahead of the 28 April general election which is likely, according to recent opinion polls, to yield an increasingly fragmented political landscape. However, investors do not seem to be overly worried as available data suggest that Spain’s 2018 positive growth momentum has been carried over into the early months of this year. Following a hefty growth rate of 2.6% in 2018, well above the Eurozone’s 1.8% annual average, Spain is expected to grow by around 2.0% this year, outperforming again other large euro area economies. In FX markets, the EUR/USD retreated to levels close to 1.1270 earlier today after marking a three-week intraday peak of 1.1324 yesterday, remaining trapped within the 1.1250-1.1320 recent range.

GREECE

European Commission Vice-President Valdis Dombrovskis stated in an interview that the EC could consent to the annulment of the reduction of the tax-free threshold – scheduled to take effect on 1 January 2020 – if there is fiscal space beyond the attainment of the primary surplus targets and this constitutes a priority for the Greek government. It is reminded that the reduction of the tax-free threshold was agreed between Greece and the institutions in 2017 in the context of the 2nd review of the 3rd Economic Adjustment Programme in order to broaden the tax base and deliver net savings of 1% of GDP in 2020 and over the medium term. The agreement also foresaw that if the achievement of the primary surplus target was deemed to be secured in a growth-friendly manner, the size of the tax credit reduction in that year could be adjusted by the Greek authorities in agreement with the institutions.
Latest economic & market developments in the CESEE region

**BULGARIA**

According to data released yesterday by the National Bank of Bulgaria (BNB), the current account surplus increased by 111.9% YoY to €416.2mn in February. The strong improvement was broadly based on the narrowing of the trade and the primary income deficit and the mild widening of the secondary income surplus during the month. The goods trade surplus shrunk by 54.0% YoY to EUR 111.1mn during the month mirroring a sizable acceleration of exports growth by 24.4% YoY. Imports expanded by 15.6% YoY, presumably on the back of solid domestic demand and the surge of global oil prices in February. The primary income posted a EUR10.6mn surplus in February visibly recovering from a EUR66.4mn deficit in the same month of the previous year. The improvement reflected, inter alia, portfolio investment revenues from Bulgaria in February. The secondary income surplus rose by 7.5% YoY to EUR 427.2mn in February due to increased revenues from EU funds absorption.

**SERBIA**

Earlier this week, during the Spring Meetings of the International Monetary Fund (IMF) and the World Bank Group in Washington D.C., the Serbian delegation, led by the Governor of the National Bank of Serbia (NBS) Jorgovanka Tabaković, met Mr. Tao Zhang, the IMF Deputy Managing Director. According to the relevant press release from the NBS, meetings were also held with IMF European Department Director Poul Thomsen, the IMF team for Serbia and representatives from a large number of investors.

Analysing the results achieved in the prior period and the implementation of the new arrangement in the form of the Policy Coordination Instrument (PCI), Mr. Zhang assessed that Serbia is fully committed to the implementation of reforms and that the IMF will continue to provide full support to the key reforms in Serbia. He added that Serbia demonstrated unambiguously its strong willingness and determination to further progress.

Governor Tabaković outlined that within the past five years, Serbia has gone a long way in terms of macroeconomic stability strengthening. Inflation has been kept at modest levels, the current account deficit halved, the country risk premium significantly reduced and the credit rating upgraded. Strong fiscal adjustment enabled a faster than expected drop in public debt to GDP – to about 50%.

In addition, Serbia was recognised as the leading country in terms of the resolution of non-performing loans, whose share fell to 5.7% in December last year. It was concluded that stability and favourable growth prospects of the domestic economy underpin investors’ long-term interest in Serbia, confirming the results achieved in improving the domestic business environment and progress on global competitiveness lists.
## GLOBAL MARKETS

### Stock markets

<table>
<thead>
<tr>
<th>Index</th>
<th>Last</th>
<th>ΔD (bps)</th>
<th>ΔYTD (bps)</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500</td>
<td>2900.45</td>
<td>-0.2%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Nikkei 225</td>
<td>22900.12</td>
<td>-0.8%</td>
<td>10.4%</td>
</tr>
<tr>
<td>STOXX 600</td>
<td>388.50</td>
<td>-0.3%</td>
<td>25.1%</td>
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### Commodities

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Last</th>
<th>ΔD (bps)</th>
<th>ΔYTD (bps)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOLD</td>
<td>1275</td>
<td>0.1%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>BRENT CRUDE</td>
<td>71</td>
<td>-0.6%</td>
<td>32.4%</td>
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<tr>
<td>LMEX</td>
<td>3023</td>
<td>0.5%</td>
<td>8.0%</td>
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### Money Market

#### Serbia

<table>
<thead>
<tr>
<th>BELIBOR</th>
<th>Last ΔDbps ΔYTD bps</th>
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<tbody>
<tr>
<td>7/N</td>
<td>2.25 -1 -19</td>
</tr>
<tr>
<td>1-week</td>
<td>2.36 0 -20</td>
</tr>
<tr>
<td>1-month</td>
<td>2.59 -1 -14</td>
</tr>
<tr>
<td>3-month</td>
<td>2.96 1 -7</td>
</tr>
<tr>
<td>6-month</td>
<td>3.08 0 -10</td>
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#### Romania

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<thead>
<tr>
<th>ROBOR</th>
<th>Last ΔDbps ΔYTD bps</th>
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<tbody>
<tr>
<td>0/N</td>
<td>3.55 2 246</td>
</tr>
<tr>
<td>1-month</td>
<td>3.4 1 153</td>
</tr>
<tr>
<td>3-month</td>
<td>3.39 1 134</td>
</tr>
<tr>
<td>6-month</td>
<td>3.42 0 115</td>
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<tr>
<td>12-month</td>
<td>3.56 0 124</td>
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#### Bulgaria

<table>
<thead>
<tr>
<th>SOFIBOR</th>
<th>Last ΔDbps ΔYTD bps</th>
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<tbody>
<tr>
<td>1-month</td>
<td>-0.22 8 3</td>
</tr>
<tr>
<td>3-month</td>
<td>-0.14 9 4</td>
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<tr>
<td>6-month</td>
<td>-0.02 10 3</td>
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<tr>
<td>12-month</td>
<td>0.36 14 4</td>
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### Local Bonds

#### Russia

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<thead>
<tr>
<th>3Y RSD</th>
<th>Last ΔDbps ΔYTD bps</th>
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<tbody>
<tr>
<td>3.15</td>
<td>-2 9</td>
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<tr>
<td>5Y RSD</td>
<td>3.77 0 26</td>
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<tr>
<td>7Y RSD</td>
<td>4.03 0 -13</td>
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#### Romania

<table>
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<tr>
<th>RO Eurobonds</th>
<th>Last ΔDbps ΔYTD bps</th>
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<tr>
<td>EUR Oct-25</td>
<td>1.47 - -7</td>
</tr>
<tr>
<td>USD Jan-24</td>
<td>3.44 - -79</td>
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#### Bulgaria

<table>
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<tr>
<th>BG Eurobonds</th>
<th>Last ΔDbps ΔYTD bps</th>
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<tbody>
<tr>
<td>EUR Mar-22</td>
<td>-0.09 0 -5</td>
</tr>
<tr>
<td>EUR Sep-24</td>
<td>0.18 0 -31</td>
</tr>
</tbody>
</table>

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

**Data updated as of 11:05 EEST**
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- Ημερής Οικονομία: Weekly review of the Greek economy
- Ελληνική Εμπορική & Κεφαλαιακή Πολιτική: Periodic publication on the latest economic & market developments in Greece
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