

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### US

- June 17:
  - Empire Manufacturing (Jun)
  - NHBAB Housing Market Index (Jun)
- June 18:
  - Housing Starts (May)
  - Building Permits (May)
- June 19: FOMC Rate Decisions
- June 20:
  - Current Account Balance (Q1, 2019)
  - Initial Jobless Claims (15/06)
  - Retail Sales Advance (May)
- June 21:
  - Existing Home Sales (May)
  - Markit Manufacturing, Services, Composite PMI (June, prel)

#### EUROZONE

- June 17:
  - CPI & CPI Core (May)
  - ZEW Survey Current Situation & Expectations (Germany, Jun)
- June 18:
  - EU 28 New Car Registrations (May)
  - CPI (May)
  - ZEW Survey Expectations (Jun)
- June 20: Consumer Confidence (Jun, prel)
- June 21: Markit Manufacturing, Services, Composite PMI (June, prel)

#### GREECE

- June 19-20: Current Account Balance (Apr)

#### SEE

##### BULGARIA:

- Jun 19: Current Account Balance (Apr)

##### TURKEY:

- Jun 18: Industrial Production (Apr)

##### SERBIA

- June 19: Current Account Balance (Apr)

Source: Reuters, Bloomberg, Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Weighed down by renewed geopolitical tensions, the majority of Asian bourses ended in red territory today and major European equity markets opened lower, giving back some of their post-Fed gains. On the flipside, increased risk aversion along with the recent shift of both the ECB and the Fed to a more dovish stance, allowed fixed income markets to retain a firm tone. In FX markets, the USD continued to face selling pressure today as the more dovish tone the Fed adopted at this week's meeting, reinforced market expectations for lower interest rates in the coming months. In the final ballot of Conservative MPs for the party leadership yesterday, pro-Brexit Boris Johnson and Jeremy Hunt emerged as the only two candidates left in the race to replace outgoing PM Theresa May. The around 160,000 Conservative party members will determine the winner in a postal ballot on a "one member one vote" basis, with the result expected to be announced in the week commencing 22 July. Looking at the remainder of the day, preliminary euro area PMIs for June is today's highlight.

**GREECE:** According to the Bank of Greece, in April 2019 the current account recorded a deficit of €1.4 billion, down by €85 million YoY, due to an improvement in the goods and services balances, which was partly offset by the deterioration in the primary and secondary income accounts. In the January-April 2019 period, the current account showed a deficit of €5.1 billion, up by €335 million YoY. This development is mainly attributed to the deterioration of the secondary income account.

### SOUTH EASTERN EUROPE

**CESEE MACRO & MARKET DEVELOPMENTS:** This week was broadly filled with Current Account data for April for many CESEE countries. In Bulgaria, the current account posted EUR 149.2mn surplus in April compared to a EUR 78.4mn deficit in the same month of the previous year. In Serbia, the CA deficit widened by 18.3% YoY to EUR 1.1bn in January-April. For both countries, timid growth in the euro area emerges as a pivotal factor for the evolution of the current account throughout 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

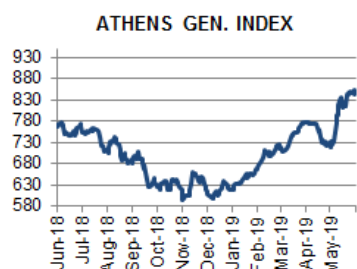
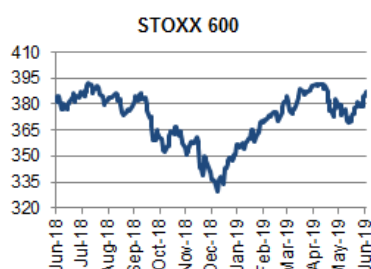
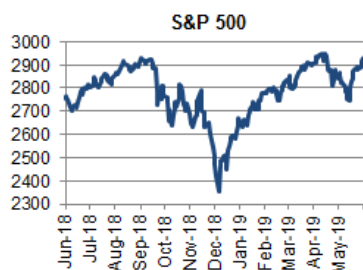
Weighed down by renewed geopolitical tensions, the majority of Asian bourses ended in red territory today and major European equity markets opened lower, giving back some of their post-Fed gains. Fears of a military confrontation in the Middle East Gulf were raised after Iran shot down a US military drone and US President Donald Trump initially approved military strikes on Friday against Iran in retaliation but pulled back afterwards. Increased risk aversion along with the recent shift of both the ECB and the Fed to a more dovish stance, allowed fixed income markets to retain a firm tone. In FX markets, the USD continued to face selling pressure today as the more dovish tone the Fed adopted at this week's meeting, reinforced market expectations for lower interest rates in the coming months. The DXY index extended post-FOMC losses recording a two-week low of 96.495 earlier today. In spite of EU political uncertainty after European leaders failed to resolve their dispute overnight on the next President of the European Commission and agreed to resume negotiations in 10 days, the EUR/USD continued to consolidate around 1.1300 in early European trade, within distance from yesterday's 1.1317 multi-session high. USD losses were more pronounced against the JPY marking a six-week low close to 107.00. Favored by the USD's broad based weakness, the GBP/USD approached levels near 1.2700 for the first time in more than a week, in spite of prolonged Brexit uncertainty. In the final ballot of Conservative MPs for the party leadership yesterday, pro-Brexit Boris Johnson and Jeremy Hunt emerged as the only two candidates left in the race to replace outgoing PM Theresa May. The around 160,000 Conservative party members will determine the winner in a postal ballot on a "one member one vote" basis, with the result expected to be announced in the week commencing 22 July. Looking at the remainder of the day, preliminary euro area PMIs for June is today's highlight with manufacturing PMI expected to remain in contractionary territory for the fifth month in a row.

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

### GREECE

According to the Bank of Greece, in April 2019 the current account recorded a deficit of €1.4 billion, down by €85 million YoY, due to an improvement in the goods and services balances, which was partly offset by the deterioration in the primary and secondary income accounts. The decrease in the deficit of the balance of goods by €99 million is attributable to a decline in the net oil import bill (by €63 million), while the non-oil goods deficit increased slightly (by €62 million). Total exports of goods grew by 11.6%YoY while non-oil exports in particular rose by 11.7%YoY. The improvement in the services surplus is due to an increase in net receipts from transport services, which is attributable to an improvement in the sea transport balance by 9.5%YoY. The travel balance deteriorated slightly, as the increase in relevant payments more than offset the 6.9% rise in receipts. In the January-April 2019 period, the current account showed a deficit of €5.1 billion, up by €335 million YoY mainly attributed to the deterioration of the secondary income account. During the said period, a rise in the deficit of the balance of goods was largely offset by an increase in the services surplus. The primary income account improved slightly. The deficit of the balance of goods grew, mainly due to the higher net import bill for goods excl. oil. The oil balance also worsened, but to a smaller extent. Total exports of goods rose by 3.6%YoY, while non-oil exports of goods grew by 6.0%. Total imports of goods increased by 5.6%YoY. The rise in the services surplus is attributable to an improvement, primarily in the transport balance and, secondarily, in the travel and other services balances. Finally, the primary income account improved slightly, while the secondary income account registered a deficit.

[andimitradiou@eurobank.g2](mailto:andimitradiou@eurobank.g2)



Source: Reuters, Bloomberg, Eurobank Research

## Latest economic & market developments in the CESEE region

### CESEE MACRO & MARKET DEVELOPMENTS

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

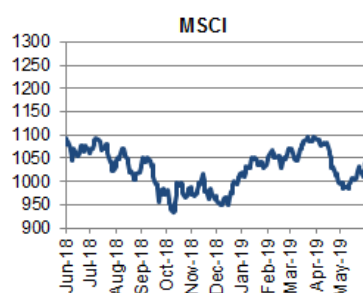
CYPRUS: Indicators	2017	2018	2019F
Real GDP growth %	4.5	3.9	3.3
HICP (pa, yoy %)	0.7	0.8	1.0
Fiscal Balance/GDP*	1.8	2.9	3.0
Current Account/GDP	-8.4	-7.0	-7.5

\* 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+

This week was broadly filled with Current Account (CA) data for April for many CESEE countries.

In Bulgaria, according to data released from the National Bank of Bulgaria (BNB) on Wednesday, the CA posted a EUR 149.2mn surplus in April compared to a EUR 78.4mn deficit in the same month of the previous year. The cumulative surplus reached EUR 703.7mn in the first four months of 2019, up from a EUR 72.7mn deficit in January - April 2018. The increased current account surplus was driven by a narrowing merchandise trade deficit, rising net services' surplus and primary income. The trade deficit narrowed by 47.5% YoY to EUR 117.6mn, as export growth accelerated and outpaced that of imports. The merchandise trade deficit will presumably continue its narrowing pace over the next months, but at a limited pace as demand from eurozone trade partners and Turkey is likely to remain subdued due to their slowing economies, in our view, thus exerting a downward pressure on export growth.

In Serbia, the CA deficit widened by 18.3% YoY to EUR 1.1bn in January-April, according to the latest figures by the National Bank of Serbia (NBS) released on Wednesday. In April alone, the CA ran a deficit of EUR 194.3mn compared to EUR 231.6mn in the same month a year ago. The widening of the CA gap in the first four months of the year came on the back of a higher merchandise trade deficit and a lower surplus on the secondary income account. The trade deficit expanded by 14.4% YoY in January-April as import growth of 10.0% YoY outpaced export growth of 8.6% YoY. Timid growth in the euro area is a pivotal factor for Serbia's CA as well, as it will probably continue to weigh on export growth. Another country specific factor is the 100% customs tariffs imposed by Kosovo with no clear view regarding their offset. The CA deficit was completely covered by non-debt flows with net FDI standing at EUR 1.1bn, up by 13.2% YoY, mainly consisted of equity transactions and reinvested earnings. The central bank projects that the CA deficit will narrow to 5.0% of GDP in 2019 from 5.2% of GDP in 2018 on the back of the improved balance of services and more favourable movements in the primary income account. However, the IMF is more conservative and forecasts that the CA deficit will widen to 5.5% of GDP in 2019.

Concluding with some market news, the Serbian Ministry of Finance raised yesterday EUR 42.6mn in 5-year bonds, at the reopening of January 29, 2019 issue. The initial target of the auction was EUR 141.2mn but the Ministry capped the issuance at EUR 89.0mn with investors placing bids for EUR 60.3mn. The notes, bearing a 1.75% annual coupon, were sold at an average yield of 1.48%, which is lower than the yield of 1.68% achieved at the May 23 auction of EUR-denominated securities with the same maturity, and expire on January 31, 2024.

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

Friday 21 June 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	2948.93	0.8%	17.6%	EUR/USD	1.1282	0.5%	-1.6%	UST - 10yr	1.98	-4	-70	GOLD	1385	1.8%	8.0%
Nikkei 225	21462.86	0.6%	7.2%	GBP/USD	1.2695	0.4%	-0.5%	Bund-10yr	-0.32	-3	-56	BRENT CRUDE	64	4.3%	19.8%
STOXX 600	386.81	0.5%	14.6%	USD/JPY	107.57	0.5%	2.0%	JGB - 10yr	-0.17	-3	-17	LMEX	2783	-0.4%	-0.7%

### SERBIA

#### Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.21	-1	-23
1-week	2.30	-1	-26
1-month	2.53	-1	-20
3-month	2.96	-2	-7
6-month	3.10	-1	-8

#### RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	2.91	-4	-15
5Y RSD	3.32	-6	-19
7Y RSD	3.55	-2	-61

#### RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	2.42	-2	-158

#### CDS

	Last	ΔDbps	ΔYTD bps
5-year	96	0	-21
10-year	140	0	-22

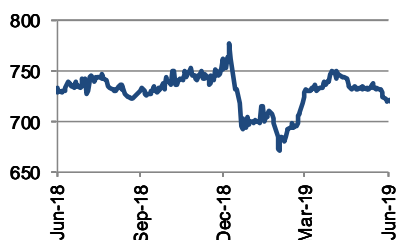
#### STOCKS

	Last	ΔD	ΔYTD
BELEX15	720.5	0.06%	-5.41%

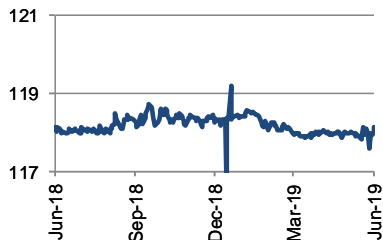
#### FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.34	-0.28%	-0.09%

BELEX15 Index



EUR/RSD



### ROMANIA

#### Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.73	-55	64
1-month	3.02	-2	115
3-month	3.23	0	118
6-month	3.36	0	109
12-month	3.53	0	121

#### RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.75	0	-28
5Y RON	4.17	0	-17
10Y RON	4.49	0	-32

#### RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	0.84	-	-69
USD Jan-24	2.86	-11	-138

#### CDS

	Last	ΔDbps	ΔYTD bps
5-year	88	0	-2
10-year	132	-1	-1

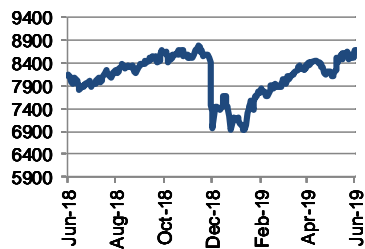
#### STOCKS

	Last	ΔD	ΔYTD
BET	8672.3	1.04%	17.45%

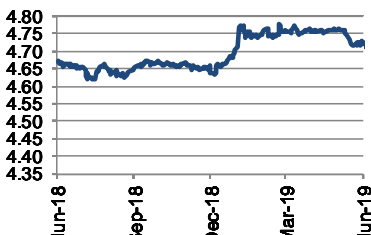
#### FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.7222	0.15%	-1.44%

BET Index



EUR/RON



### 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	-0.34	-6	-29
5Y BGN	0.00	-2	-11
10Y BGN	0.35	0	-40

#### BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.17	0	-12
EUR Sep-24	0.04	8	-44

#### CDS

	Last	ΔDbps	ΔYTD bps
5-year	80	0	-17
10-year	129	0	-12

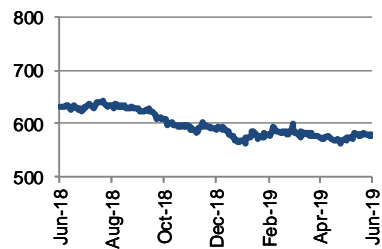
#### STOCKS

	Last	ΔD	ΔYTD
SOFIX	577.7	-0.39%	-2.82%

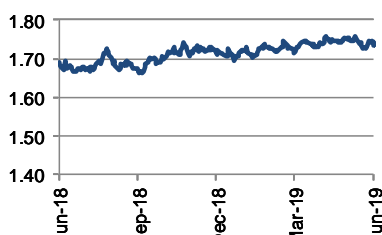
#### FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7335	0.50%	-1.62%

SOFIX Index



USD/BGN



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

Data updated as of 19:00 EEST of the previous session

Friday 21 June 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)

**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)

**Maria Kasola**  
(Special Contributor)  
Economic Analyst, Eurobank  
Ergasias  
+30 210 33 18 708  
[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), +30 214 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)

