

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- Feb 19:
NHAB Housing Market Index
- Feb 20
 - MBA
Mortgage Applications
 - FOMC Meeting Minutes
- Feb 21:
 - Initial jobless claims
(Feb. 16)
 - Durable Goods Orders
(Dec. Prel)
 - Markit Manufacturing,
Services and Composite
PMI (Feb., prel)
 - Leading Indicator (Jan.)
 - Existing Home Sales (Jan.)

EUROZONE

- Feb 19:
ZEW Survey Expectations
(Feb.)
- Feb 20: Consumer Confidence
(Feb.)
- Feb 21: Markit Manufacturing,
Services and Composite PMI
(Feb., prel)
- Feb 22:
 - CPI (Jan.)
 - CPI Core (Jan.)

GREECE

- Feb 19:
Turnover index in industry
(Dec.)
- Feb 20:
Current Account (Dec.)

SEE

BULGARIA

- Feb 19: Current Account (Dec.)

CYPRUS

- Feb 22: CPI Harmonised (Jan.)

SERBIA

- Feb 22: CPI (Jan.)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The Eurozone Composite PMI improved in February for the first time since August 2018, supported by a rebound in the services PMI. On the gloomy side, the manufacturing PMI declined below the boom-or-bust level of 50.0 for the first time since mid-2013 amid mounting uncertainty over trade tensions and the Brexit process. The February Composite PMI modest increase weighed on German Bunds while the EUR/USD continued to consolidate within recent ranges. Turning to Euro area periphery government bonds, Spanish paper outperformed, appearing resilient to political uncertainty over the outcome of the April 28 general election. On the flipside, Italy underperformed ahead of the Fitch review on its sovereign credit rating, expected to be announced after US markets close today.

GREECE: According to press reports, the institutions find that the pending actions in the context of the 2nd EPPS review are still largely incomplete and time is running out until the 11 March Eurogroup when Eurozone Finance Ministers will decide whether to clear the return of the SMP/ANFA profits and the abolition of the step-up interest rate margin related to the debt buy-back tranche of the 2nd Greek programme as of 2018. On the privatisations front, the tender for the casino at the Hellinikon site has been launched and the deadline for the submission of binding offers is 22 April. According to the Bank of Greece, travel receipts in 2018 increased 10.1%YoY against 10.8%YoY that they had increased in 2017.

SOUTH EASTERN EUROPE

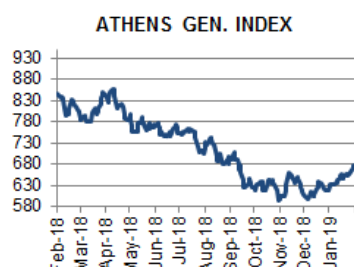
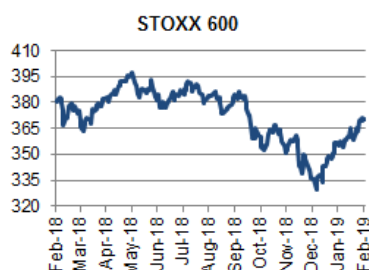
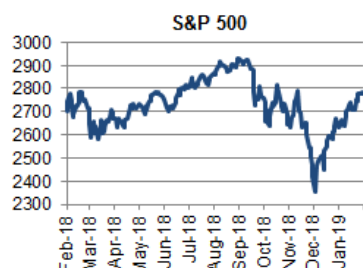
CESEE MARKETS: Emerging market assets are concluding the week broadly on a positive footing. At the time of writing, both the MSCI Emerging Market Equity and Currency Indices are reporting gains ca +2.30% and +0.50% respectively on a weekly basis. The main driver for their positive performance was the favorable sentiment almost throughout the week regarding the US – China trade negotiations. Elsewhere, in the CESEE region data front, despite the lack of important releases throughout the week, we took notice of the retail sales in Poland for January that came in yesterday increased by 6.6% YoY vs market consensus at 6.4% YoY.

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

The Eurozone Composite PMI improved in February for the first time since August 2018, coming in at a three-month high of 51.4 from January's 51.0. The improvement was driven by a rebound in the services PMI to 52.3 from 51.2 in the prior month, as the disruptions caused by the yellow vests movement in France started easing. On the gloomy side, the manufacturing PMI declined to 49.2 from 50.5, marking the first reading below the boom-or-bust level of 50.0 since mid-2013, reflecting mounting uncertainty over trade tensions and the Brexit process. The modest February Composite PMI rise weighed on German Bunds with the 10-yr yield standing slightly above 0.11% in early European trade at the time of writing, not far from Thursday's multi-session peak close to 0.15% marked soon after the release of the Eurozone Composite PMI and c. 1.2bp higher from this week's trough seen on Tuesday. Turning to Euro area periphery government bonds, Spanish paper outperformed, appearing resilient to political uncertainty over the outcome of the April 28 general election. That is probably because, although the latest polls continue to point to a hung parliament, support for anti-EU parties is limited while, as things stand, the prevailing post-election scenario is the formation of a coalition government comprised of right/centre right parties that could be viewed as more market-friendly and more stable than the current Socialist minority administration. The 10-yr SPGB yield moved below 1.20% today for the first time so far this year, on the back of increased appetite for risk mainly due to rising optimism for a positive outcome in US/China trade talks and the Fed's shift to a patient stance on further rate hikes in the short-term. On the flipside, Italy underperformed with the respective paper yielding levels close to 2.86% earlier today, 3bps higher on the day, ahead of the Fitch review on its sovereign credit rating, expected to be announced after US markets close today. In FX markets, the EUR/USD continued to consolidate within recent ranges while the GBP was slightly weaker on market anxiety ahead of next week's Brexit vote.

ppetropoulou@eurobank.gr

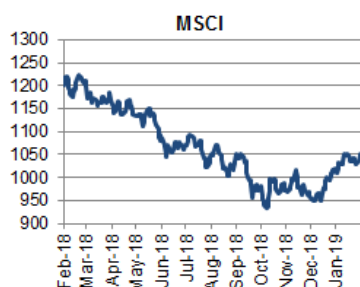
GREECE

According to press reports, the institutions find that the pending actions in the context of the 2nd EPPS review are still largely incomplete and time is running out until the 11 March Eurogroup when Eurozone Finance Ministers will decide whether to clear the return of the SMP/ANFA profits and the abolition of the step-up interest rate margin related to the debt buy-back tranche of the 2nd Greek programme as of 2018. Meanwhile, the Greek government and banks have reportedly agreed on the new household insolvency framework, which will now have to be approved by the institutions and the ECB in particular before being ratified by the Greek Parliament. On the privatisations front, the tender for the casino at the Hellinikon site has been launched and the deadline for the submission of binding offers is 22 April although an extension cannot be excluded. The integrated casino resort will reportedly include among others, a 5-star hotel, convention facilities and theme parks. On the economic data front, according to the Bank of Greece, travel receipts in 2018 increased 10.1%YoY against 10.8%YoY that they had increased in 2017. As regards the country of origin, the largest increases were recorded by Germany (+16.1%YoY) and USA (+28.1%) while France and the UK, which also constitute strong markets for Greek tourism, recorded drops of -3.8% and -5.9% respectively. Average non-resident expenditure per trip in Greece stood at €521 almost unchanged compared to 2017 (€522). A worthwhile element is that in December 2018 inbound traveller flows rose by 16.8%YoY and travel receipts by 40%YoY when the respective changes in December 2017 were -0.3%YoY and 5%YoY, continuing a trend that was also observed in November and October 2018 and may imply an extension of the tourism season beyond the traditional peak months.

Friday 22 February 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

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

CESEE MARKETS

Emerging market assets are concluding the week broadly on a positive footing. At the time of writing, both the MSCI Emerging Market Equity and Currency Indices are reporting gains ca +2.30% and +0.50% respectively on a weekly basis. Moreover, the majority of emerging market bond yields remained almost flat within the week with the JP Morgan EM Bonds Return Index sliding since the beginning of February, after hiking earlier this year on the back of concerns triggered by Chinese soft GDP growth data. The main driver for their positive performance was the favorable sentiment almost throughout the week regarding the US – China trade negotiations which may result in multiple memorandums of understanding (MoUs) that would outline the main points of a final trade deal.

Elsewhere, in the CESEE region data front, despite the lack of important releases throughout the week, we took notice of the retail sales in Poland for January that came in yesterday increased by 6.6% YoY vs market consensus at 6.4% YoY. The mild, still positive, surprise supported the Polish Zloti which however remained under pressure throughout the week amid concerns over a slowdown in the economic zone that may affect the growth in Poland following GDP growth reading at 4.9% YoY in Q4 from 5.1% in Q3, released in the previous week. Notably, this was the first quarter, since Q2 2017, that economic growth fell below 5.0%. Later in the day, we anticipate the CPI reading for January in Serbia, for which we anticipate a figure ca 2.0% YoY.

mkasola@eurobank.gr

Friday 22 February 2019

GLOBAL MARKETS

Stock markets	FOREX	Government Bonds	Commodities																																																																
<table border="1"> <thead> <tr> <th></th> <th>Last</th> <th>ΔD</th> <th>ΔYTD</th> </tr> </thead> <tr> <td>S&P 500</td> <td>2774.88</td> <td>-0.4%</td> <td>10.7%</td> </tr> <tr> <td>Nikkei 225</td> <td>21425.51</td> <td>-0.2%</td> <td>7.0%</td> </tr> <tr> <td>STOXX 600</td> <td>370.05</td> <td>-0.1%</td> <td>9.6%</td> </tr> </table>		Last	ΔD	ΔYTD	S&P 500	2774.88	-0.4%	10.7%	Nikkei 225	21425.51	-0.2%	7.0%	STOXX 600	370.05	-0.1%	9.6%	<table border="1"> <thead> <tr> <th></th> <th>Last</th> <th>ΔD</th> <th>ΔYTD</th> </tr> </thead> <tr> <td>EUR/USD</td> <td>1.1347</td> <td>0.1%</td> <td>-1.1%</td> </tr> <tr> <td>GBP/USD</td> <td>1.3033</td> <td>-0.1%</td> <td>2.1%</td> </tr> <tr> <td>USD/JPY</td> <td>110.74</td> <td>0.0%</td> <td>-0.9%</td> </tr> </table>		Last	ΔD	ΔYTD	EUR/USD	1.1347	0.1%	-1.1%	GBP/USD	1.3033	-0.1%	2.1%	USD/JPY	110.74	0.0%	-0.9%	<table border="1"> <thead> <tr> <th>(yields)</th> <th>Last</th> <th>ΔDbps</th> <th>ΔYTD bps</th> </tr> </thead> <tr> <td>UST - 10yr</td> <td>2.68</td> <td>-1</td> <td>-1</td> </tr> <tr> <td>Bund-10yr</td> <td>0.11</td> <td>-1</td> <td>-13</td> </tr> <tr> <td>JGB - 10yr</td> <td>-0.04</td> <td>0</td> <td>-4</td> </tr> </table>	(yields)	Last	ΔDbps	ΔYTD bps	UST - 10yr	2.68	-1	-1	Bund-10yr	0.11	-1	-13	JGB - 10yr	-0.04	0	-4	<table border="1"> <thead> <tr> <th></th> <th>Last</th> <th>ΔD</th> <th>ΔYTD</th> </tr> </thead> <tr> <td>GOLD</td> <td>1327</td> <td>0.2%</td> <td>3.5%</td> </tr> <tr> <td>BRENT CRUDE</td> <td>67</td> <td>0.1%</td> <td>24.8%</td> </tr> <tr> <td>LMEX</td> <td>3003</td> <td>0.2%</td> <td>7.2%</td> </tr> </table>		Last	ΔD	ΔYTD	GOLD	1327	0.2%	3.5%	BRENT CRUDE	67	0.1%	24.8%	LMEX	3003	0.2%	7.2%
	Last	ΔD	ΔYTD																																																																
S&P 500	2774.88	-0.4%	10.7%																																																																
Nikkei 225	21425.51	-0.2%	7.0%																																																																
STOXX 600	370.05	-0.1%	9.6%																																																																
	Last	ΔD	ΔYTD																																																																
EUR/USD	1.1347	0.1%	-1.1%																																																																
GBP/USD	1.3033	-0.1%	2.1%																																																																
USD/JPY	110.74	0.0%	-0.9%																																																																
(yields)	Last	ΔDbps	ΔYTD bps																																																																
UST - 10yr	2.68	-1	-1																																																																
Bund-10yr	0.11	-1	-13																																																																
JGB - 10yr	-0.04	0	-4																																																																
	Last	ΔD	ΔYTD																																																																
GOLD	1327	0.2%	3.5%																																																																
BRENT CRUDE	67	0.1%	24.8%																																																																
LMEX	3003	0.2%	7.2%																																																																

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.36	1	-8
1-week	2.49	1	-7
1-month	2.68	0	-5
3-month	3.02	1	-1
6-month	3.15	1	-3

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.17	-1	10
5Y RSD	3.78	0	27
7Y RSD	4.17	0	1

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.81	0	-19

CDS

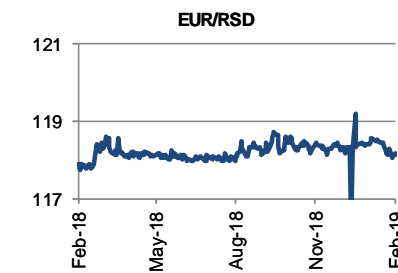
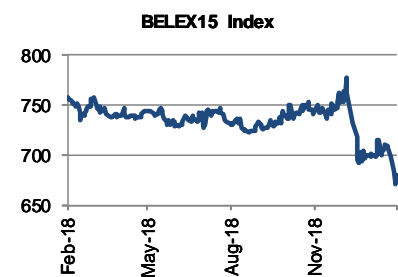
	Last	ΔDbps	ΔYTD bps
5-year	110	1	-7
10-year	160	1	-2

STOCKS

	Last	ΔD	ΔYTD
BELEX15	680.6	1.47%	-10.64%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.14	0.06%	0.08%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	3.72	0	263
1-month	3.38	0	151
3-month	3.28	0	123
6-month	3.41	0	114
12-month	3.55	0	123

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.88	0	-15
5Y RON	4.35	0	1
10Y RON	4.78	0	-4

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.53	-	0
USD Jan-24	3.72	-1	-51

CDS

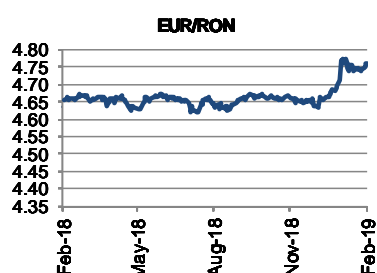
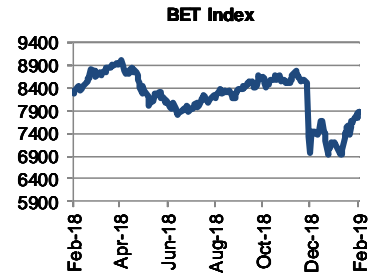
	Last	ΔDbps	ΔYTD bps
5-year	106	0	16
10-year	150	0	17

STOCKS

	Last	ΔD	ΔYTD
BET	7874.3	0.23%	6.64%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.7604	0.01%	-2.23%



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	-1	-10
5Y BGN	0.07	2	-4
10Y BGN	0.67	0	-8

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.06	0	-2
EUR Sep-24	0.24	0	-25

CDS

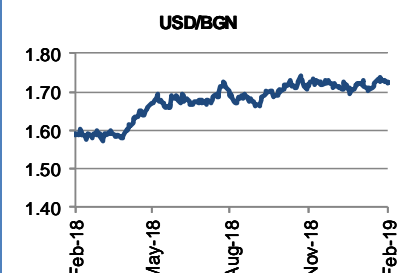
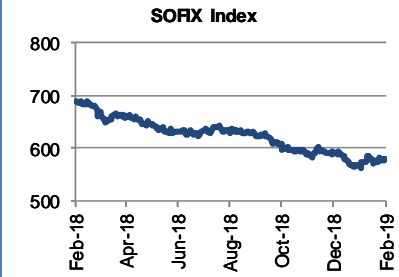
	Last	ΔDbps	ΔYTD bps
5-year	78	0	-18
10-year	121	1	-21

STOCKS

	Last	ΔD	ΔYTD
SOFIX	577.9	0.00%	-2.78%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7235	0.09%	-1.04%



Friday 22 February 2019

Contributors

Paraskevi Petropoulou
Senior Economist, Eurobank
Ergasias
+30 210 3718991
ppetropoulou@eurobank.gr

Ioannis Gkionis
Senior Economist, Eurobank
Ergasias
+30 210 3337305
igkionis@eurobank.gr

Anna Dimitriadou
Economic Analyst, Eurobank
Ergasias
+30 210 3718793
andimitriadou@eurobank.gr

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

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

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

Maria Kasola
(Special Contributor)
Economic Analyst, Eurobank
Ergasias
+30 210 3371224
mkasola@eurobank.gr

Eurobank Economic Analysis and Financial Markets Research

Dr. Tasos Anastasatos: Group Chief Economist
tanastasatos@eurobank.gr, +30 210 33 71 178

Research Team

Anna Dimitriadou: Economic Analyst
andimitriadou@eurobank.gr, +30 210 3718 793

Marisa Yiannisis: Administrator
magiannisi@eurobank.gr, +210 3371242

Ioannis Gkionis: Senior Economist
igkionis@eurobank.gr, +30 210 33 71 225

Dr. Stylianos Gogos: Economic Analyst
sgogos@eurobank.gr, +30 210 33 71 226

Maria Kasola: Economic Analyst
mkasola@eurobank.gr, +30 210 3371224

Olga Kosma: Research Economist
okosma@eurobank.gr, +30 210 33 71 227

Paraskevi Petropoulou: Senior Economist
ppetropoulou@eurobank.gr, +30 210 37 18 991

Dr. Theodoros Stamatou: Senior Economist
tstamatou@eurobank.gr, +30 210 3371228

Elia Tsiampaou: Economic Analyst
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

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

