

DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Monday 22 April 2019

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- Apr 22:
 - Existing Home Sales (Mar.)
 - Chicago Fed National Activity index (Mar.)
- Apr 23:
 - Richmond Fed Manufacturing Index (Feb.)
 - New Home Sales (Mar.)
- Apr 24: MBA Mortgage Applications (April)
- Apr 25:
 - Durable Goods Orders (Mar)
 - Initial Jobless Claims (April 20th)
- Apr 26:
 - GDP (Q1 A 2019)
 - University of Michigan consumer sentiment (April, F)

EUROZONE

- Apr 23: Consumer Confidence (April A.)
- Apr 24: IFO Business Climate (Germany, April)

GREECE

- Apr 25:
 - Retail Sales YoY (Feb)
 - Producer Price Index in Industry (Mar)

SEE

CYPRUS:

- Apr 22: Industrial Turnover Index (Jan)

ROMANIA:

- Apr 25: Money Supply M3 YoY (Mar.)

SERBIA

- Apr 25: Real Gross Wages YoY (Mar.)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Oil prices surged earlier today on press reports conveying that, as of 2 May, the US will no longer grant sanctions waivers to any country that is currently importing Iranian crude. Brent crude was 2.4% higher on the day at the time of writing, hitting a fresh year-to-date peak of \$74.3 per barrel. Following the Good Friday holiday, financial markets in many major EU countries will remain closed today for Easter Monday. In FX markets, the USD retained a firm tone supported by the US economy's relative better performance compared to that of other major economies. In terms of data releases, focus this week is on the advance estimate for Q1 US GDP on Thursday.

GREECE: According to the Hellenic Statistical Authority (ELSTAT), the overall turnover index in Industry in February 2019 increased by 7.7%YoY while in February 2018 it had increased by 3.9%. On a monthly basis, the said index recorded an increase of 13.1%. The evolution of the index is in alignment with the Markit Manufacturing PMI for February and March 2019 which came in at 54.2 and 54.7 respectively, showing an improvement in the manufacturing sector.

SOUTH EASTERN EUROPE

SERBIA: The EUR/RSD remained bound within a 117.95 – 118.10 trading range in the past week.

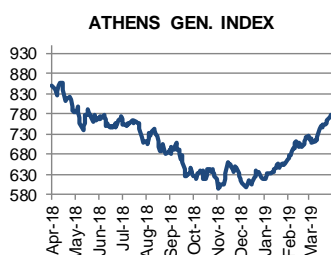
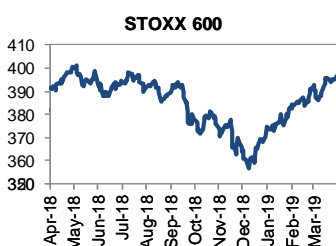
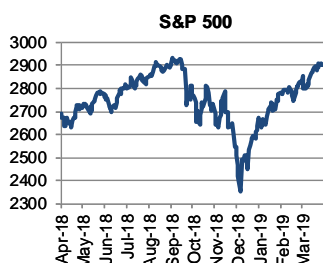
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Monday 22 April 2019

Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Oil prices surged earlier today on press reports conveying that, as of 2 May, the US will no longer grant sanctions waivers to any country that is currently importing Iranian crude. Brent crude was 2.4% higher on the day at the time of writing, hitting a fresh year-to-date peak of \$74.3 per barrel. Meanwhile, major equity markets in Asia ended lower with Chinese bourses underperforming after comments by high level officials raised concerns that the authorities may slow the pace of policy easing following signs of stabilization over the last few weeks. Following the Good Friday holiday, financial markets in many major EU countries will remain closed today for Easter Monday.

In FX markets, the USD retained a firm tone supported by the US economy's relative better performance compared to that of other major economies. The DXY index was hovering around 97.371 in early European trade at the time of writing, within distance from last week's peak of 97.485, the highest since 2 April, following a recent string of better than expected US data including a 1.6%MoM rise in March retail sales, the strongest increase since September 2007. In terms of data releases, focus this week is on the advance estimate for Q1 US GDP on Thursday, which is expected to slow to an annualized growth rate of 2.5%, faster than 2.2% in the prior quarter, in spite of fears earlier this year that the US could slid into recession mainly because of the temporary government shutdown. On Friday, the S&P is scheduled to publish a review of its rating on the Italian sovereign credit rating that is currently BBB, two notches above non-investment grade. On Sunday, Spain holds snap general election with recent opinion polls suggesting that no party will win an absolute majority of seats and, as such, alliances will have to be formed.

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GREECE

According to the Hellenic Statistical Authority (ELSTAT), the overall turnover index in Industry in February 2019 increased by 7.7%YoY while in February 2018 it had increased by 3.9%. On a monthly basis, the said index recorded an increase of 13.1%. The evolution of the index is in alignment with the Markit Manufacturing PMI for February and March 2019 which came in at 54.2 and 54.7 respectively, showing an improvement in the manufacturing sector. For the 12-month period from March 2018 to February 2019, the overall turnover index in industry rose by 9.7% while in March 2017 – February 2018 the rate of increase was also 9.7%. As regards the individual sub-indices for the industrial sectors, in February 2019, the turnover index in manufacturing increased by 7.9% while that of mining and quarrying decreased by 3.7%. As regards the sub-indices of the domestic and non-domestic market, the turnover index for the first increased by 6.1%, while that of the latter increased by 9.4%. Meanwhile, the economic data calendar this week includes the fiscal data (1st notification) 2015-2018 on Tuesday and retail sales for February 2019 on Thursday.

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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

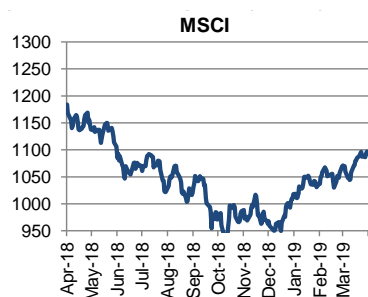
Latest economic & market developments in the CESEE region

SERBIA

The Euro gained a bit of ground against Serbian currency in the past week, closing the Friday's trading at 118.00-118.10. The Dinar saw brief losses on Wednesday but managed to stabilize throughout Thursday and Friday. Overall, moves in EUR/RSD are very much limited as long as National Bank of Serbia (NBS) keeps sending signals of intervention readiness. Meanwhile, after a ten-year period, a compromise solution has been reached by Swiss franc borrowers, banks and the state, with the state allocating RSD11.7bn. Speaking about a draft law on the conversion of housing loans indexed in Swiss francs at the Serbian National Assembly, the Minister of Finance, Mr. Mali, said that the "lex specialis"- referring to the special purpose legislation drafted for the issue - would include all citizens with loans in the Swiss currency, i.e. 15,785 of them. The Minister mentioned in his speech that "some economists think the state should not pay for wrong choices made by individuals but those citizens should not be left on the street". He then added that it was "hypocritical for the opposition to use the debtors' difficult situation to score cheap political points." On the macroeconomic data front, the current account deficit rose to €455.4mn in the first two months of 2019, from €348.2mn in the same period of the previous year. The trade in goods was in deficit of €856.2mn in January-February, while the trade in services recorded a surplus of €181.4mn, according to the Central Bank Balance of Payments data. The primary income deficit amounted to €352.8mn in the first two months of 2019, whereas the secondary income surplus came in at €572.2mn.

*We would like to thank Djordje Lucic from Eurobank Beograd for his valuable contribution in today's issue.

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**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+

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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	2905.03	0.2%	15.9%	EUR/USD	1.1244	0.0%	-2.0%	UST - 10yr	2.57	1	-12	GOLD	1278	0.2%	-0.4%
Nikkei 225	22217.90	0.1%	11.0%	GBP/USD	1.2995	0.0%	1.8%	Bund-10yr	0.03	0	-22	BRENT CRUDE	74	2.5%	37.1%
STOXX 600	390.46	0.2%	15.6%	USD/JPY	111.91	0.0%	-2.0%	JGB - 10yr	-0.03	0	-3	LME X	3001	-0.8%	7.2%

SERBIA

Money Market			
BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.28	0	-16
1-week	2.39	-1	-17
1-month	2.61	-1	-12
3-month	2.97	0	-6
6-month	3.10	0	-8

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.13	-1	7
5Y RSD	3.76	0	26
7Y RSD	4.02	0	-13

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.40	#N/A N/A	-60

CDS

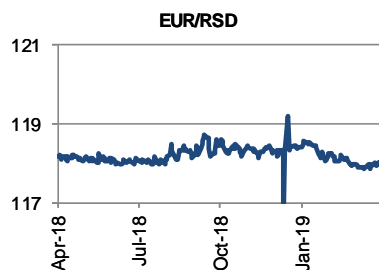
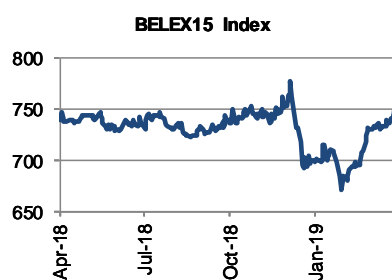
	Last	ΔDbps	ΔYTD bps
5-year	108	0	-10
10-year	154	155	-8

STOCKS

	Last	ΔD	ΔYTD
BELEX15	749.2	0.19%	-1.64%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.02	0.00%	0.19%



ROMANIA

Money Market			
ROBOR	Last	ΔDbps	ΔYTD bps
O/N	3.56	0	247
1-month	3.4	0	153
3-month	3.39	0	134
6-month	3.43	0	116
12-month	3.55	0	123

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.80	0	-23
5Y RON	4.51	0	17
10Y RON	4.95	0	14

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.45	-	-9
USD Jan-24	3.40	#N/A N/A	-83

CDS

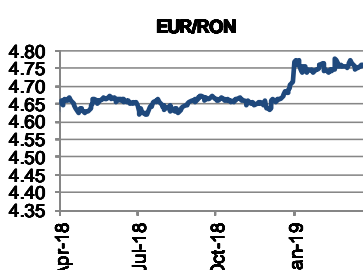
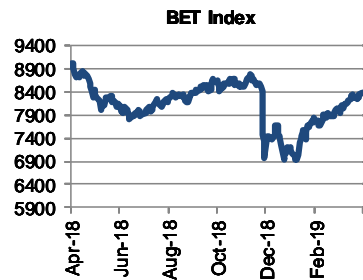
	Last	ΔDbps	ΔYTD bps
5-year	106	0	16
10-year	155	1	21

STOCKS

	Last	ΔD	ΔYTD
BET	8366.8	0.19%	13.31%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.7599	-0.05%	-2.22%



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	-0.31	-2	-26
5Y BGN	-0.01	-3	-12
10Y BGN	0.48	0	-27

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.09	0	-5
EUR Sep-24	0.18	0	-31

CDS

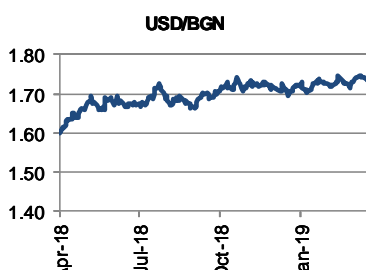
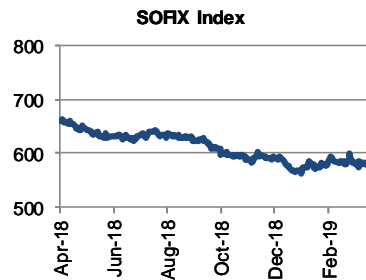
	Last	ΔDbps	ΔYTD bps
5-year	82	0	-15
10-year	122	0	-19

STOCKS

	Last	ΔD	ΔYTD
SOFIX	575.3	-0.04%	-3.22%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7396	-0.01%	-1.96%



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

Data updated as of 10:35 EEST

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