



# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Tuesday 23 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:** Following light volumes in Wall Street overnight, Asian equity indices advanced marginally on Tuesday with many markets reopening after the Easter holiday. Oil prices surged to a fresh year-to-date high after the Trump administration's decision not to extend waivers that allow eight countries to import Iranian crude oil without facing U.S. sanctions. In FX markets, driven by the surge in oil, the Russian ruble hit its highest level against the EUR in more than a year, while the USD retained a firm tone, overshadowing weak US home sales reported yesterday. In terms of data releases, April consumer confidence print for the Euro Area is due later today, while in the US, FHFA house price index for February, March new home sales and April Richmond Fed manufacturing index will be also worth watching.

**GREECE:** According to data referring to the Balance of Payments (BoP), released by the Bank of Greece (BoG), total Greek exports increased on an annual basis by 7.7% or €628.6 mn (current prices) in Jan-Feb 2019. For the same period, total Greek imports grew by 5.8% or €641.5 mn. As such, the deficit in the goods and services balance widened marginally by €12.9 mn.

### SOUTH EASTERN EUROPE

**CYPRUS:** Non-performing exposure (NPEs) declined by €834mn in December 2018, bringing the NPEs ratio down to 30.3%.

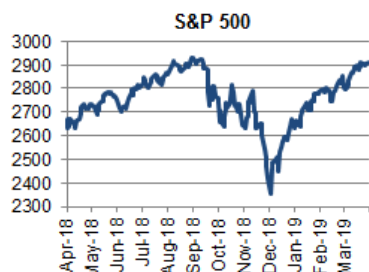
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## Latest world economic & market developments

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank  
Research

Following light volumes in Wall Street overnight, Asian equity indices advanced marginally on Tuesday with many markets reopening after the Easter holiday. In commodity markets, oil prices surged to a fresh year-to-date high after the Trump administration's decision not to extend the existing set of waivers that expire May 2, according to which eight countries (China, Greece, India, Italy, Japan, South Korea, Taiwan and Turkey) could import Iranian crude oil without facing U.S. sanctions. In response, an Iranian military official reported that Iran would close the Strait of Hormuz should the US finally blocks the country's exports. As a result, Brent crude oil was trading near a six-month high of \$74.58/bbl in early European trade on Tuesday on growing risks of oil market disruptions and concerns about tight global supplies. In FX markets, driven by the surge in oil, the Russian ruble hit its highest level against the EUR in more than a year, while the USD retained a firm tone with the DXY dollar index a tad higher at 97.376 at the time of writing, within distance from the 2019 high of 97.71 hit in early March, overshadowing weak US home sales reported yesterday. According to the National Association of Realtors, existing home sales dropped by 4.9%MoM to 5.21 million in March, the sharpest monthly decline since 2015 and the second sharpest since 2011, coupled with a downwards revision to February's sales pace to 5.48 from the previously reported 5.51 million. The US dollar has generally firmed in recent weeks amid higher US Treasury yields and a string of better-than-expected US macroeconomic data. In terms of data releases, April consumer confidence print for the Euro Area is due later today, while in the US, FHFA house price index for February, March new home sales and April Richmond Fed manufacturing index will be also worth watching.

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### GREECE

According to data referring to the Balance of Payments (BoP), released by the Bank of Greece (BoG), total Greek exports increased on an annual basis by 7.7% or €628.6 mn (current prices) in Jan-Feb 2019. The services sector, supported by strong growth in transportation (10.0% or €236.3 mn) and travel (41.1% or €128.5 mn) receipts, contributed the most (70.1%) in the increase of total Greek exports in Jan-Feb 2019. On the other hand, exports in the goods sector grew by 3.9% or €188.2mn, with the sub-sectors of oil and ships contributing negatively. Exports of goods, excluding oil and ships, increased by 7.7% or €257.3mn. Referring to imports, the annual change of total Greek imports stood at 5.8% or €641.5mn in Jan-Feb 2019, with the goods sector contributing the most (71.0%) of the aforementioned increase. Finally, given the performance of exports and imports, the widening of the goods trade deficit (€267.0mn) was marginally counterbalanced by the respective increase of the services trade surplus (€254.1 mn) and as such the deficit in the goods and services balance widened only by €12.9 mn in Jan-Feb 2019.

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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: Indicator:	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

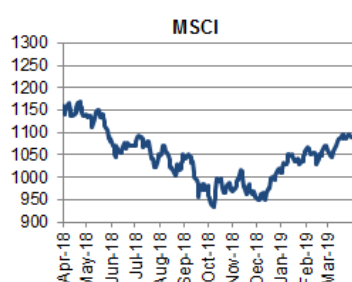
SERBIA: Indicators	2016	2017e	2018f
Real GDP growth %	2.7	1.9	3.5
CPI (pa, yoy %)	1.1	3.2	3.0
Budget Balance/GDP	-1.3	0.5	-0.6
Current Account/GDP	-3.1	-5.7	-4.7
EUR/RSD (eop)	123.40	118.2	116.5
	2017	current	2018
Policy Rate (eop)	3.50	3.00	3.00

Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

## Latest economic & market developments in the CESEE region

### CYPRUS

On the data front, non-performing exposure (NPEs) declined by €834mn in December, after having posted a minor increase by €10mn in November. Recall that NPEs decreased by €5.6bn in September, reflecting the carve out of the Cyprus Cooperative Bank (CCB) bad loans- after registering minor decreases in August and July compared to €3.3bn in June, bringing the stock of NPEs down by 62.4% over the period from December 2014 to December 2018. Having decreased by €6.6bn from €41.3bn in June 2018 to €34.6bn in September 2018, loan exposures (performing plus non-performing) declined by €1.037mn in December, which is a higher decrease than that in their non-performing component alone. As a result, the ratio of NPEs (non-performing to total exposures) declined to 30.3% in December down from 31.8% in November vs. 40.3% in June 2018, compared to 43.7% in December 2017, 47.2% in December 2016, 45.8% in December 2015 and 47.8% in December 2014. Recall that according to the EBA conservative definition, a restructured NPE is still classified as an NPE for a probation period of at least 12 months, even if it is properly serviced without incurring new arrears. As a result, a large fraction of the restructured loans are still classified as NPEs (€4.6bn out of €6.6bn in December 2018). Further progress on the NPEs issue hinges upon two more game-changing factors: 1) the implementation of the reformed insolvency and foreclosures framework and 2) the government-subsidized ESTIA plan. In late January of this year, the parliamentary committee on budgetary and financial affairs approved the release of the funds designated for the ESTIA government plan in 2019. According to news media, at the time of the writing, the implementation of the scheme has encountered further delays as the MoU draft between the banks and the state was under the scrutiny of the Legal Service and an online platform to collect the applications was still under construction.

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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+

## Tut GLOBAL MARKETS

## Stock markets

	Last	ΔD	ΔYTD
S&P 500	2907.97	0.1%	16.0%
Nikkei 225	22252.86	0.2%	11.2%
STOXX 600	390.46	0.2%	15.6%

## FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.1248	-0.1%	-1.9%
GBP/USD	1.2982	0.0%	1.7%
USD/JPY	111.88	0.1%	-1.9%

## Government Bonds

(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	2.57	-1	-11
Bund-10yr	0.03	0	-21
JGB - 10yr	-0.03	0	-3

## Commodities

	Last	ΔD	ΔYTD
GOLD	1273	-0.2%	-0.8%
BRENT CRUDE	74	0.6%	38.5%
LMEX	3001	-0.8%	7.2%

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.30	2	-14
1-week	2.40	1	-16
1-month	2.61	0	-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	4.03	0	-13

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.40	0	-60

## CDS

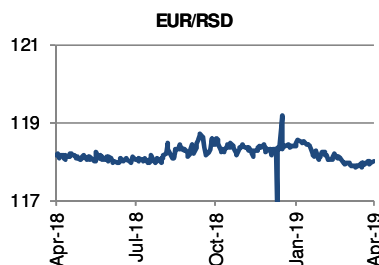
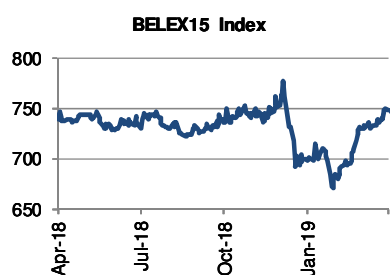
	Last	ΔDbps	ΔYTD bps
5-year	108	0	-10
10-year	154	0	-8

## STOCKS

	Last	ΔD	ΔYTD
BELEX15	748.3	-0.11%	-1.75%

## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	117.98	0.11%	0.22%



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	3.45	0	236
1-month	3.4	0	153
3-month	3.4	0	135
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	4.50	0	16
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	-83

## CDS

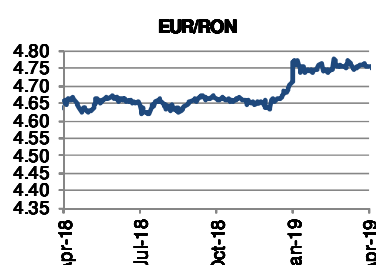
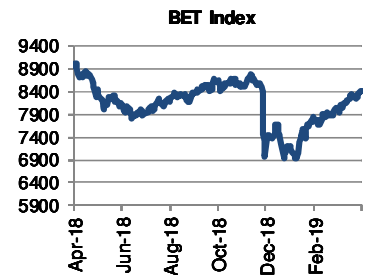
	Last	ΔDbps	ΔYTD bps
5-year	106	0	16
10-year	154	0	21

## STOCKS

	Last	ΔD	ΔYTD
BET	8402.9	0.62%	13.80%

## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.7565	0.01%	-2.15%



## 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	-0.27	-1	-21
5Y BGN	0.02	0	-9
10Y BGN	0.48	#N/A	-27

## BG Eurobonds

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

## CDS

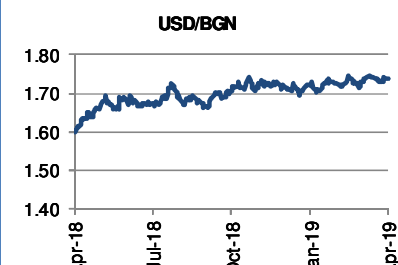
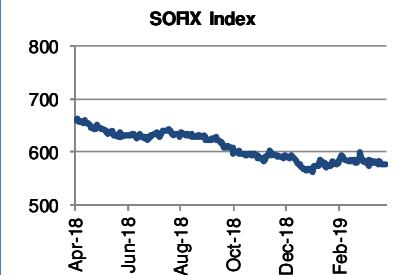
	Last	ΔDbps	ΔYTD bps
5-year	82	0	-15
10-year	122	0	-19

## STOCKS

	Last	ΔD	ΔYTD
SOFIX	575.3	-0.04%	-3.22%

## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.739	-0.08%	-1.93%



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

Data updated as of 8:55 EEST

Tuesday 23 April 2019

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