



# DAILY OVERVIEW

## OF GLOBAL MARKETS & THE SEE REGION

Thursday 24 January 2019

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### US

- Jan 22: Existing home sales (Dec)
- Jan 23:
- Jan 24:
  - Initial jobless claims (19/1)
  - Markit Composite PMI (Jan, prel)
- Jan 25:
  - Durable goods orders (Dec, prel)
  - New home sales (Dec)
- Jan 22 – Feb 02:
  - New home sales (Nov)
  - Construction spending (Nov)
  - Factory orders (Nov)
  - Durable goods orders (Nov, fin)
  - Trade balance (Nov)

#### EUROZONE

- Jan 22: ZEW survey (Jan)
- Jan 23: European Commission Consumer confidence (Jan)
- Jan 24:
  - Markit Composite PMI (Jan, prel)
  - ECB policy meeting
- Jan 25: German Ifo business climate (Jan)

#### UK

- Jan : Premier Theresa May to present to the House of Commons her new Brexit plan

#### GREECE

- Jan 21: Current account balance (Nov)
- Jan 21-22: Credit expansion (November)

#### SEE

##### ROMANIA

- Jan 25: Money supply (Dec)

##### SERBIA

- Jan 25: Real gross wages (Dec)

Source: Reuters, Bloomberg,  
Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Today's market focus is on the ECB monetary policy meeting, where the Governing Council is expected to keep its rate guidance unchanged. However, following a string of poor Eurozone data that leave no hope for a reacceleration in economic activity following a weak Q3 GDP, President Mario Draghi is likely to adopt a more dovish tone at the post-meeting press conference. Ahead of the conclusion of the ECB meeting, investors await the release of the preliminary January PMIs for Germany, France and the Eurozone for clues over whether the H2 2018 slowdown marks a temporarily soft patch or the Eurozone is heading for a more protracted economic slowdown. Meanwhile, core Eurozone government bonds were firmer in early trade, while the EUR/USD remained under pressure standing not far from this week's three-week intraday low of 1.1333.

**GREECE:** The Minister of Labour Effie Achtsioglou is reportedly opting for a raise of c. 8% in the minimum wage and the abolishment of the sub-minimum wage. The increase in the minimum wage will lead to increases in social security contributions as well as a number of benefits that are calculated based on the level of the minimum wage. In the coming two weeks the Ministry of Finance will reportedly submit for approval to the DGComp the HFSF Asset Protection Scheme while it will also establish a task force to work out the details of the BoG proposal.

### SOUTH EASTER EUROPE

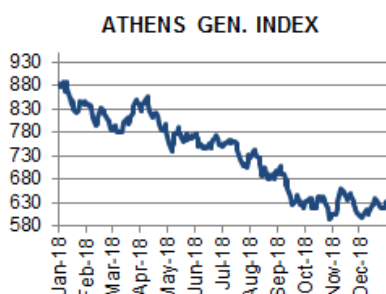
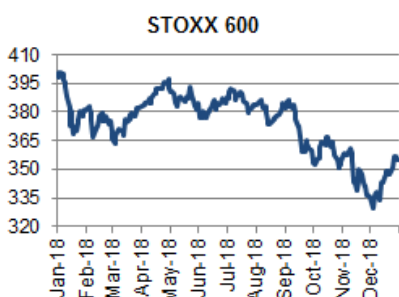
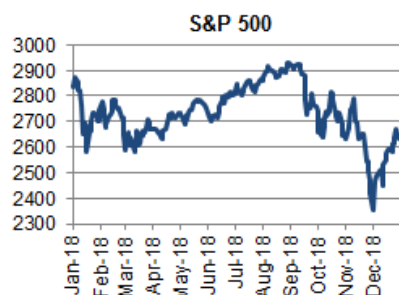
**CESEE MARKETS:** Most emerging markets' assets traded on a positive footing in European trade on Thursday morning on the back of yesterday's Chinese Vice President Wang Qishan statement at the World Economic Forum at Davos that "China's economy will continue to achieve sustainable growth". Elsewhere, the Romanian Leu is on the spotlight having reached a historical low on Tuesday at 4,765 against the EUR and recovering modestly ever since. The depreciation of the Leu begun in late December and is plunging ever since on the back of market discomfort over a bank tax to be imposed in 2019. On the data front, we anticipate no major data releases today in the CESEE region, apart from unemployment data for December from Poland. Today's attention will focus on the ECB monetary policy meeting with the subsequent press conference scheduled to start at 14:30 CET.

#### 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

Today's market focus is on the ECB monetary policy meeting, where the Governing Council is expected to keep its rate guidance unchanged. However, following a string of poor Eurozone data that leave no hope for a reacceleration in economic activity following a weak Q3 GDP, President Mario Draghi is likely to adopt a more dovish tone at the post-meeting press conference. In line with his comments at the plenary debate of the European Parliament earlier this month, he is likely to acknowledge that recent economic developments have been weaker than expected and uncertainties, notably related to external factors, remain prominent so that the phase of the economic slowdown may prove longer than expected and a significant amount of monetary policy stimulus is still needed. The ECB will probably want to wait until its next monetary policy meeting on 7 March before making a decision on the future path of policy rates to allow some time for more clarity on key downside risks stemming from the external side, including the Brexit process and US/China trade negotiations so as to be able to make a better assessment on the Eurozone's underlying growth momentum. Focus is also on whether the ECB President will provide some hints for further liquidity support to banks. Ahead of the conclusion of the ECB meeting, investors await the release of the preliminary January PMIs for Germany, France and the Eurozone for clues over whether the H2 2018 slowdown marks a temporary soft patch or the Eurozone is heading for a more protracted economic slowdown. Turning to financial markets, European equity markets were little changed in early trade today, following conflicting US/China trade negotiations reports over the last few sessions and negative earnings results from major companies. Core Eurozone government bonds were firmer on the day, with the 10-yr US/Bund yield spread widening to a one-month high close to 253bps earlier today. In FX markets, the EUR/USD remained under pressure hovering around 1.1355/60 at the time of writing, 0.2% weaker on the day and not far from this week's three-week intraday low of 1.1333.

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

### GREECE

The Minister of Labour Effie Achtsioglou, reportedly presented yesterday to the institutions the findings of the experts' committee regarding the revision of the minimum wage. The final decision on the subjects will be made next week but according to press, the Minister is opting for a raise of c. 8% in the minimum wage and the abolishment of the sub-minimum wage. The institutions do not in principle disagree with the increase, they do however express concerns about its size considering that youth unemployment remains high and the share of minimum wage earners in the youth population also appears to be high (41% in 2017). Additionally, according to the 1<sup>st</sup> EPPS review, if the current sub-minimum wage were abolished and aligned with the standard minimum rate, it would imply an increase of c. 14.7% in one year, and that is before any potential increase in the 2019 minimum rate. It should also be noted that the increase in the minimum wage will lead to increases in social security contributions as well as a number of benefits that are calculated based on the level of the minimum wage. Currently the minimum wage stands at EUR586 and the sub-minimum wage at EUR510. Meanwhile, the Greek Ministry of Finance is reportedly intensifying efforts to tackle the NPLs problem. In the coming two weeks it intends to submit for approval to the DGComp the HFSF Asset Protection Scheme while it will also establish a task force to work out the details of the BoG proposal.

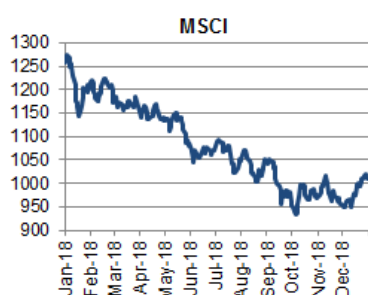
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

## Latest economic & market developments in the CESEE region

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+

### CESEE MARKETS

Most emerging markets' assets traded on a positive footing in European trade on Thursday morning on the back of the Chinese Vice President Wang Qishan statement at the World Economic Forum at Davos that "China's economy will continue to achieve sustainable growth". The Chinese official's statement over the country's sustainable growth was followed by Q3 soft growth data, that came into light earlier this week, and coincided with the German Chancellor's and Japanese Prime Minister's defensive statements around globalization and multilateralism, recently put at stake amid trade conflicts between the US and China. That said, risk sentiment in emerging markets improved and at the time of writing, the MSCI Emerging Index is trading higher by 0.25% compared to yesterday's settlement at 1.011,6, which is close to a seven month high after bottoming out in late December.

Elsewhere, the Romanian Leu is on the spotlight having reached a historical low on Tuesday at 4,7655 against the EUR and recovering modestly ever since. The depreciation of the Leu begun in late December and is carrying on in 2019 driven by market discomfort over a bank tax to be imposed in 2019. Market discomfort is spurred by fears that government attempts towards a budget income increase may lead to the adoption of further controversial policies in order to reduce the budget deficit. Furthermore, the current bank tax is likely to complicate monetary policy decisions as it is based on interbank interest rates.

On the data front, no major data releases are anticipated today for the CESEE region, apart from unemployment data for December from Poland. Today's attention will focus on the ECB monetary policy meeting with the subsequent press conference scheduled to start at 14:30 CET.

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

Thursday 24 January 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	2638.70	0.2%	5.3%	EUR/USD	1.1374	-0.1%	-0.8%	UST - 10yr	2.74	-1	5	GOLD	1281	-0.2%	-0.1%
Nikkei 225	20574.63	-0.1%	2.8%	GBP/USD	1.3054	-0.1%	2.3%	Bund-10yr	0.22	-1	-3	BRENT CRUDE	61	-0.6%	13.0%
STOXX 600	354.89	-0.1%	5.1%	USD/JPY	109.69	-0.1%	0.0%	JGB - 10yr	0.01	1	1	LMEX	2865	0.8%	2.3%

## SERBIA

### Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.43	0	-1
1-week	2.61	2	5
1-month	2.76	1	3
3-month	3.09	1	6
6-month	3.23	0	5

### RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.06	-2	0
5Y RSD	3.55	0	5
7Y RSD	4.06	-1	-10

### RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.71	-1	-28

### CDS

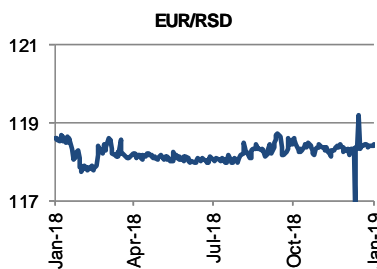
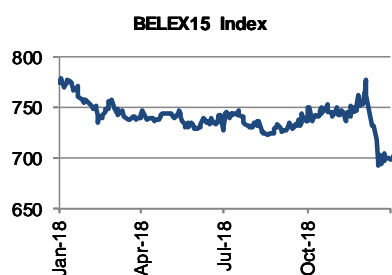
	Last	ΔDbps	ΔYTD bps
5-year	108	-1	-10
10-year	156	0	-6

### STOCKS

	Last	ΔD	ΔYTD
BELEX15	699.1	-0.21%	-8.22%

### FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.44	0.02%	-0.17%



## ROMANIA

### Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.83	0	74
1-month	3.07	0	120
3-month	3.03	0	98
6-month	3.31	0	104
12-month	3.5	0	118

### RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	4.18	0	15
5Y RON	4.60	0	26
10Y RON	5.05	0	24

### RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.55	-	1
USD Jan-24	4.14	0	-10

### CDS

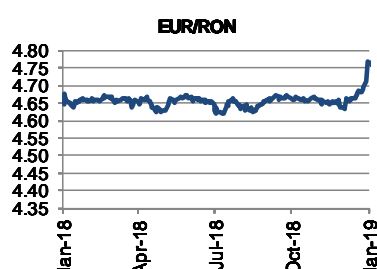
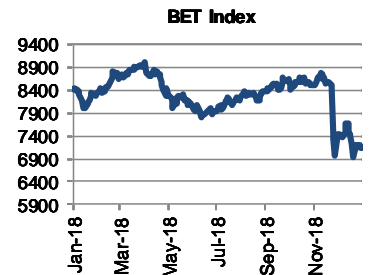
	Last	ΔDbps	ΔYTD bps
5-year	104	-1	14
10-year	146	-1	12

### STOCKS

	Last	ΔD	ΔYTD
BET	7141.6	-0.72%	-3.28%

### FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.7635	0.09%	-2.30%



## 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	-0.20	-2	-13
5Y BGN	0.05	-1	-5
10Y BGN	0.69	0	-6

### BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.04	0	1
EUR Sep-24	0.40	0	-8

### CDS

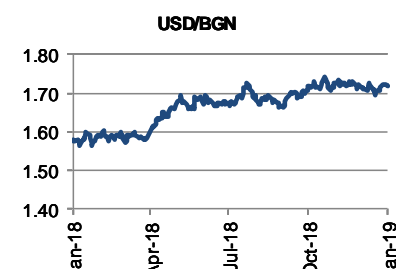
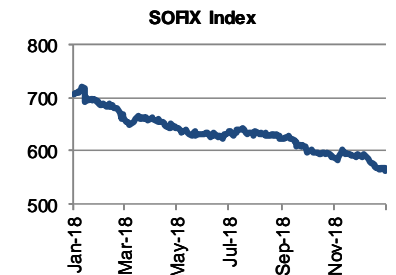
	Last	ΔDbps	ΔYTD bps
5-year	79	0	-18
10-year	126	0	-15

### STOCKS

	Last	ΔD	ΔYTD
SOFIX	562.9	-0.75%	-5.32%

### FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7196	-0.06%	-0.82%



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

Data updated as of 08:45 EEST

Thursday 24, January 2019

## Contributors

**Paraskevi Petropoulou**  
Senior Economist, Eurobank  
Ergasias  
+30 210 3718991  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Ioannis Gkionis**  
Senior Economist, Eurobank  
Ergasias  
+30 210 3337305  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr)

**Anna Dimitriadou**  
Economic Analyst, Eurobank  
Ergasias  
+30 210 3718793  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

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

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

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

**Maria Kasola**  
(Special Contributor)  
Economic Analyst, Eurobank  
Ergasias  
+30 210 3371224  
[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), +30 210 33 71 178

## 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), +210 3371242

**Ioannis Gkionis:** Senior Economist  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr), +30 210 33 71 225

**Dr. Stylianos Gogos:** Economic Analyst  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr), +30 210 33 71 226

**Maria Kasola:** Economic Analyst  
[mkasola@eurobank.gr](mailto:mkasola@eurobank.gr), +30 210 3371224

**Olga Kosma:** Research Economist  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr), +30 210 33 71 227

**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), +30 210 3371228

**Elia Tsiampaou:** Economic Analyst  
[etsiampaou@eurobank.gr](mailto: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](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)

