

DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Thursday 25 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: The majority of Asian equity markets traded in the red on Thursday, after a sharp deterioration in German and South Korean economic data regenerated fears about global economic slowdown. Risk-off sentiment pushed investors to safe haven assets, with the 10-yr Bund yield hovering near a two-week low of -0.017% and the 10-yr Treasury yield trading also around a two-week low of 2.52% in early European trade. In FX markets, the EUR/USD fell to a 22-month low of 1.114 yesterday and traded around this level at the time of writing, while the JPY/USD dropped marginally to near 112.00 in early European trade on Thursday, within distance from yesterday's four-month high of 112.39, after the Bank of Japan left its policy unchanged at its monetary policy meeting overnight.

GREECE: According to the Bank of Greece, in February 2019, travel receipts increased 29.6%YoY while for the period January-February 2019, travel receipts totaled €441million, up by 41.1% compared to the respective period of 2018. An important element is that the average non-resident expenditure per trip in Greece in the period January to February stood at €378, up by 32%YoY, while in the corresponding period of 2018 it stood at €287 down by 5% relative to the respective period of 2017. According to INSETE, an annual decrease of 7.7% is recorded in international airport arrivals in Q1-2019, which is attributed solely to an increase in arrivals to the city-break destinations Athens and Thessaloniki.

SOUTH EASTERN EUROPE

SERBIA: The delegation of Serbia led by President Aleksandar Vucic inked a number of bilateral agreements in the area of infrastructure and innovations in Beijing yesterday, with the estimated cost of all projects exceeding EUR1.1bn and pertaining to roads, railroads and an industrial park construction in Serbia. Moreover, an IMF mission will arrive in Serbia at the beginning of May for a two weeks visit. The mission will assess the results achieved in 2018 and the progress in the implementation of structural reforms. Finally, the Ministry of Finance raised RSD7.1bn in three-year bonds on Tuesday, at the reopening of the January 15, 2019 bond issue. The notes bear a 3.75% annual coupon, were sold at an average yield of 3.68%, down from the yield of 3.69% achieved on the Mar 19 auction of dinar bonds with the same maturity, and expire on January 17, 2022.

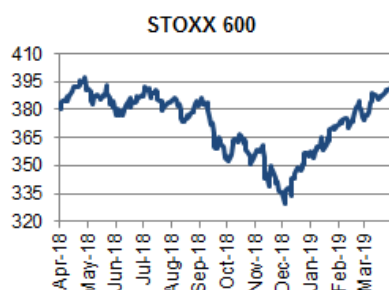
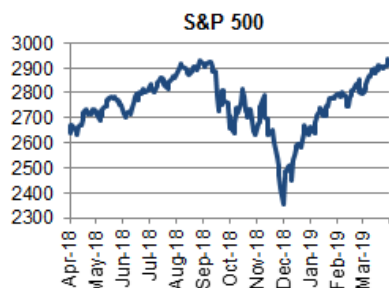
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Thursday 25 April 2019

Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank
Research

The majority of Asian equity markets traded in the red on Thursday, after a sharp deterioration in German and South Korean economic data regenerated fears about global economic slowdown. More specifically, the German IFO business climate index dropped to a three-year low of 99.2 in April from 99.7 in the prior month (vs. consensus forecast for a rise to 99.9), with weakness mainly stemming from the manufacturing sector, while services and construction were marginally stronger supporting the composite index. The current assessment sub-index declined by 0.6pp to 103.3, while the business expectations sub-index dropped by 0.4pp to 95.2. In South Korea, Q1 GDP growth decelerated to -0.3%QoQ (from 1.0%QoQ in the prior quarter), its weakest pace since 2008 and well below market expectations +0.3%QoQ. Risk-off sentiment pushed investors to safe haven assets, with the 10-yr Bund yield hovering near a two-week low of -0.017% and the 10-yr Treasury yield trading also around a two-week low of 2.52% in early European trade. 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. Against this backdrop, the DXY dollar index was hovering around 98.020 in early European trade at the time of writing, not far from yesterday's 23-month high of 98.189. The EUR/USD fell to a 22-month low of 1.114 yesterday and traded around this level at the time of writing, following deteriorating German business confidence data that increased investors' fears over a slowdown in the euro area economy. Elsewhere, the JPY/USD dropped marginally to near 112.00 in early European trade on Thursday, within distance from yesterday's four-month high of 112.39, after the Bank of Japan left its policy unchanged at its monetary policy meeting overnight. The only noteworthy change in the statement was the Central Bank's intention to keep interest rates low at least until spring 2020, in contrast to its previous announcement that rates would stay low for an "extended period". Looking at today's calendar, preliminary March durable and capital goods orders data, latest jobless claims and April Kansas City Fed manufacturing survey for the US are due.

okosma@eurobank.gr

GREECE

According to the Bank of Greece, in February 2019, travel receipts increased 29.6%YoY with receipts from EU28 residents rising by 27.3%YoY and those by residents outside of the EU28 rising by 33.2%YoY. For the period January-February 2019, travel receipts totaled €441million, up by 41.1% compared to the respective period of 2018. This is attributed to a 32.0%YoY increase in travel receipts from EU28 residents, which amounted to €241 million and a 54.3% YoY increase in travel receipts from residents outside EU28, which reached €200 million. An important element is that the average non-resident expenditure per trip in Greece in the period January to February stood at €378, up by 32%YoY, while in the corresponding period of 2018 it stood at €287, down by 5% relative to the respective period of 2017. Meanwhile, according to INSETE (Institute of the Greek Tourism Confederation), an annual decrease of 7.7% is recorded in international airport arrivals in Q1-2019 despite their marginal increase in March 2019. This development is attributed solely to an increase in arrivals to the city-break destinations Athens and Thessaloniki. On the other hand, road arrivals for the same period have decreased by 19.6% on an annual basis.

andimitriadou@eurobank.gr

Thursday 25 April 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**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

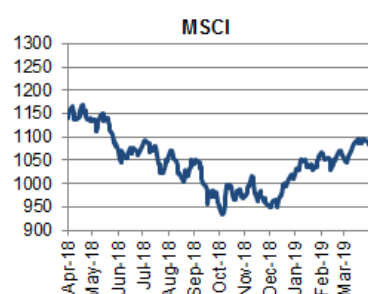
Latest economic & market developments in the CESEE region

SERBIA

The delegation of Serbia led by President Aleksandar Vucic inked a number of bilateral agreements in the area of infrastructure and innovations in Beijing yesterday. The estimated cost of all projects in the pipeline exceed EUR1.1bn and pertains to roads, railroads and an industrial park construction in Serbia.

Moreover, an IMF mission will arrive in Serbia at the beginning of May for a two weeks visit. The mission will assess the results achieved in 2018 and the progress in the implementation of structural reforms. At glance, the overview is expected to be favorable, especially on the fiscal discipline front, as in Q1 2019 the Serbian budget posted a surplus of RSD15.8bn compared to a planned deficit of about RSD19.0bn.

In other news, the Ministry of Finance raised RSD7.1bn in three-year bonds on Tuesday, at the reopening of the January 15, 2019 bond issue. The initial target of the auction was RSD28.3bn, but the placement was capped at RSD8.0bn with investors submitting bids for RSD7.1bn. The notes bear a 3.75% annual coupon, were sold at an average yield of 3.68%, down from the yield of 3.69% achieved on the Mar 19 auction of dinar bonds with the same maturity, and expire on January 17, 2022.

mkasola@eurobank.gr
**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+

Thursday 25 April 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	2927.25	-0.2%	16.8%	EUR/USD	1.1157	0.0%	-2.7%	UST - 10yr	2.52	1	-16	GOLD	1276	0.0%	-0.5%
Nikkei 225	22321.46	0.5%	11.5%	GBP/USD	1.2903	0.0%	1.1%	Bund-10yr	-0.01	0	-25	BRENT CRUDE	75	0.3%	39.0%
STOXX 600	390.98	-0.1%	15.8%	USD/JPY	111.93	0.2%	-2.0%	JGB - 10yr	-0.03	0	-4	LME	2985	0.4%	6.6%

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.29	-1	-15
1-week	2.39	-1	-17
1-month	2.61	-1	-12
3-month	2.98	0	-5
6-month	3.10	-1	-8

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.05	-3	1
5Y RSD	3.76	0	26
7Y RSD	4.01	-1	-13

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.36	-1	-63

CDS

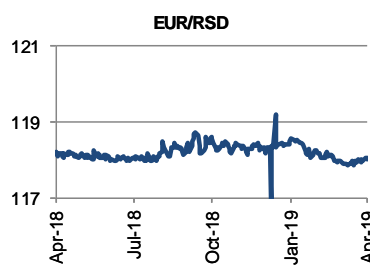
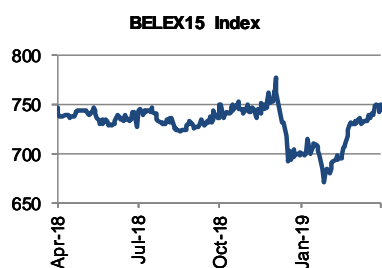
	Last	ΔDbps	ΔYTD bps
5-year	107	-1	-11
10-year	153	-1	-9

STOCKS

	Last	ΔD	ΔYTD
BELEX15	749.6	1.07%	-1.59%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.11	-0.06%	0.11%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	3.55	0	246
1-month	3.38	0	151
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	3.77	0	-26
5Y RON	4.44	0	10
10Y RON	4.93	0	12

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.42	-	-11
USD Jan-24	3.40	0	-83

CDS

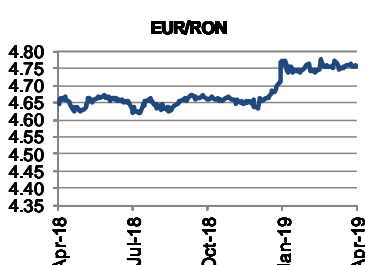
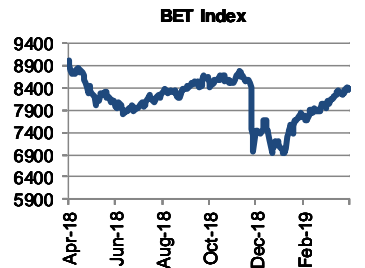
	Last	ΔDbps	ΔYTD bps
5-year	103	-3	13
10-year	152	-3	18

STOCKS

	Last	ΔD	ΔYTD
BET	8370.1	0.14%	13.36%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.7562	0.04%	-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	-0.22	-1	-15
5Y BGN	0.01	0	-10
10Y BGN	0.46	0	-29

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.10	0	-5
EUR Sep-24	0.18	0	-30

CDS

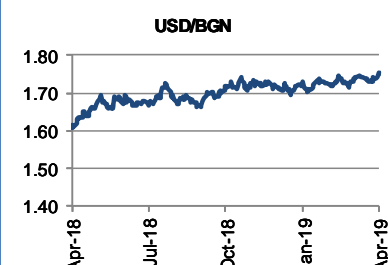
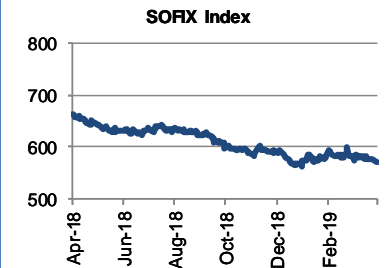
	Last	ΔDbps	ΔYTD bps
5-year	81	0	-15
10-year	122	0	-19

STOCKS

	Last	ΔD	ΔYTD
SOFIX	569.7	-0.17%	-4.17%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7532	-0.01%	-2.72%



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

Data updated as of 8:55 EEST

Thursday 25 April 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 Stamatiou
(Special Contributor)
Senior Economist, Eurobank
Ergasias
+30 210 3371228
tstamatiou@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 Yiannissis: 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 Stamatiou: Senior Economist
tstamatiou@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

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