



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Tuesday 30 July 2019

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- July 30:
 - Personal Spending (Jun)
 - Personal Income (Jun)
 - PCE Core Deflator (Jun)
 - Conference Board Consumer Confidence (Jul)
- July 31:
 - ADP Employment (Jul)
 - FOMC Rate Decision
- August 01:
 - ISM Manufacturing (Jul)
 - Construction spending (Jun)
 - Total Vehicles Sales (Jul)
- August 02:
 - Change in Nonfarm Payrolls (Jul)
 - Unemployment Rate (Jul)
 - Average Weekly Hours (Jul)

EUROZONE

- July 30:
 - European Commission Economic Confidence (Jul)
 - Consumer Confidence (Jul, F)
- July 31:
 - Unemployment Rate (Jun)
 - Real GDP (Q2)
 - CPI (Jul)
- August 01:
 - Markit Manufacturing PMI (Jul)
- August 02: Retail Sales (Jun)

GREECE

August 2: Sovereign Debt to be rated by Fitch

SEE

BULGARIA:

- July 29: Gross External Debt (May)
- July 30: PPI (Jun)
- July 31:
 - Budget Balance (Jun)
 - MPC Meeting

SERBIA:

- July 31:
 - Industrial Output (Jun)
 - GDP (Q2)
 - Retail Sales (Jun)
 - Trade Balance (Jun)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The majority of Asian equity markets traded in the black on Tuesday, with Japan's Nikkei 225 Index advancing 0.4% and showing limited reaction to the BoJ's anticipated decision to maintain its monetary policy unchanged at their meeting overnight. Nevertheless, the accompanying statement added a new sentence stating that, "the Bank will not hesitate to take additional easing measures if there is a greater possibility that the momentum towards achieving the price stability target will be lost." In FX markets, the GBP/USD was trading around a 28-month low of 1.2120 at the time of writing on increasing worries that the UK will leave on Oct. 31 without a deal. Buoyed by sterling's plunge, the US dollar added to the previous day's gains, with the DXY dollar index trading around a two-month high of 98.206.

GREECE: According to press, the Minister of Development and Investments Adonis Georgiadis announced yesterday his intention to amend the legal framework for the protection of bank executives responsible for loan restructurings, the legal framework governing bankruptcies and the out-of-court workout (OCW) for debts.

SOUTH EASTERN EUROPE

BULGARIA: The findings of a comprehensive assessment of ECB revealed capital shortfalls for two out of the six Bulgarian banks.

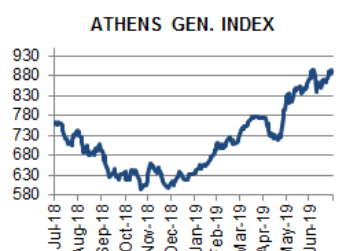
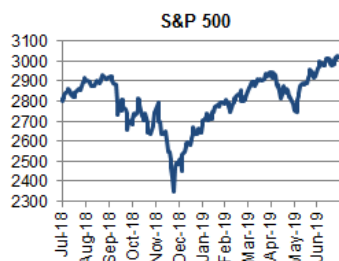
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Tuesday 30 July 2019

Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

The majority of Asian equity markets traded in the black on Tuesday as U.S. Treasury Secretary Steven Mnuchin and Trade Representative Robert Lighthizer are meeting today in Shanghai Chinese Vice Premier Liu He for trade negotiations. Japan's Nikkei 225 Index advanced 0.4%, showing limited reaction to the BoJ's anticipated decision to maintain its monetary policy unchanged at their meeting overnight. Nevertheless, the accompanying statement added a new sentence stating that, "In particular, in a situation where downside risks to economic activity and prices, mainly regarding developments in overseas economies, are significant, the Bank will not hesitate to take additional easing measures if there is a greater possibility that the momentum towards achieving the price stability target will be lost." In its quarterly Outlook Report, the central bank's projections for GDP growth and core inflation were revised down for 2019 by one-tenth to +0.7% and +1.0%, respectively. In FX markets, the GBP/USD was trading around a 28-month low of 1.2120 at the time of writing, following Prime Minister Boris Johnson's comments that the Withdrawal Agreement is dead and unless the European Union renegotiates, the UK will leave on Oct. 31 without a deal. Buoyed by sterling's plunge, the US dollar added to the previous day's gains, with the DXY dollar index trading around a two-month high of 98.206, while the EUR/USD consolidated around levels of 1.1140 in European trade, after edging up 0.15% in the prior session. Looking at today's calendar, the Fed begins its 2-day meeting later today ahead of tomorrow's respective decision, with the Fed highly expected to cut rates by 25 basis points. On the data front, US personal income and spending releases (June), as well as the Conference Board's consumer confidence index (July) are due later in the day. In the Eurozone, consumer confidence indicators (July) will also lure market attention.

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GREECE

According to press, the Minister of Development and Investments Adonis Georgiadis announced yesterday his intention to amend the legal framework for the protection of bank executives responsible for loan restructurings, the legal framework governing bankruptcies and the out-of-court workout (OCW) for debts. As regards the latter, the amendment is expected to accelerate the procedures as the OCW has been in place since August 2017 but has not produced significant results yet. In other news, the Hellenic Corporation of Assets and Participations (HCAP) will reportedly nominate Georgios Stassis for the position of CEO of the Public Power Corporation. He currently holds the position of CEO and Country Manager at ENEL Romania.

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Tuesday 30 July 2019

Latest economic & market developments in the CESEE region

BULGARIA

BULGARIA: Indicators 2017 2018 2019F

Real GDP growth %	3.8	3.1	3.5
CPI (pa, yoy %)	1.2	2.6	2.8
Fiscal Balance/GDP*	0.8	0.1	-0.5
Current Account/GDP	3.1	4.6	1.0

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

CYPRUS: Indicators 2017 2018 2019F

Real GDP growth %	4.5	3.9	3.3
HICP (pa, yoy %)	0.7	0.8	1.0
Fiscal Balance/GDP*	1.8	2.9	3.0
Current Account/GDP	-8.4	-7.0	-7.5

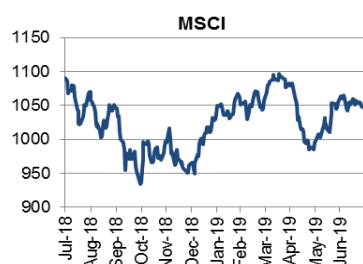
* ESA 2010

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

SERBIA: Indicators 2017 2018 2019F

Real GDP growth %	2.0	4.3	3.5
CPI (pa, yoy %)	3.2	2.0	2.6
Fiscal Balance/GDP	1.1	0.6	-0.5
Current Account/GDP	-5.2	-5.2	-5.3

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+

On Friday, the ECB published the findings of a comprehensive assessment of six Bulgarian banks. The exercise, which comprised of an asset quality review and a stress test for UniCredit Bulbank AD, DSK Bank EAD, United Bulgarian Bank AD, First Investment Bank AD, Central Cooperative Bank AD, and Investbank AD, started in November 2018 following Bulgaria's official request to establish close co-operation with the ECB on July 2018 as part of its endorsed strategy to simultaneously join the ERM2 mechanism and the Banking Union. The AQR for the Bulgarian banks was carried out on the basis of the ECB's updated AQR methodology, which was published in June 2018 and took in account the impact of accounting standard IFRS 9. The AQR was complemented by a stress test exercise, which looked at how the banks' capital positions would evolve under hypothetical baseline and adverse scenarios over the next three years (2019-21). The stress test was conducted using the methodology applied in the European Banking Authority's 2018 stress test. The comprehensive assessment identified capital shortfalls for two out of the six banks. More specifically, First Investment Bank AD and Investbank AD face a capital shortfall of €262.9mn and €51.8mn respectively. Four of the six banks covered by the comprehensive assessment – UniCredit Bulbank AD, DSK Bank EAD, United Bulgarian Bank AD and Central Cooperative Bank AD – do not face any capital shortfalls, as they did not fall below the relevant thresholds used in the AQR and the stress test.

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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	3020.97	-0.2%	20.5%	EUR/USD	1.1142	0.0%	-2.9%	UST - 10yr	2.05	-1	-63	GOLD	1427	0.0%	11.2%
Nikkei 225	21709.31	0.4%	8.5%	GBP/USD	1.2175	-0.3%	-4.6%	Bund-10yr	-0.40	0	-64	BRENT CRUDE	64	0.9%	19.5%
STOXX 600	388.04	-0.7%	14.9%	USD/JPY	108.56	0.2%	1.1%	JGB - 10yr	-0.15	-1	-15	LMEX	2847	0.8%	1.6%

SERBIA

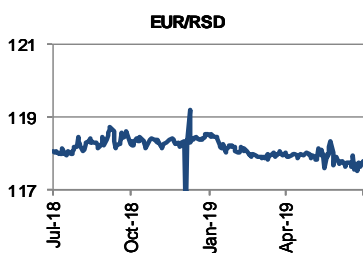
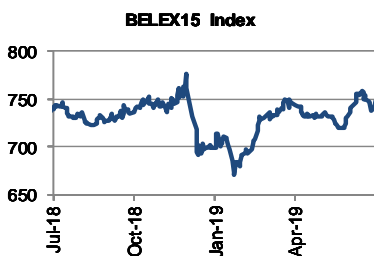
Money Market			
BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	1.79	0	-65
1-week	1.90	0	-66
1-month	2.17	0	-56
3-month	2.43	0	-60
6-month	2.63	0	-55

RS Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y RSD	2.60	-1	-46
5Y RSD	3.00	0	-50
7Y RSD	3.24	0	-91

RS Eurobonds			
	Last	ΔDbps	ΔYTD bps
USD Feb-20	2.74	0	-126

STOCKS			
	Last	ΔD	ΔYTD
BELEX15	748.7	0.97%	-1.70%

FOREX			
	Last	ΔD	ΔYTD
EUR/RSD	117.65	0.08%	0.50%



ROMANIA

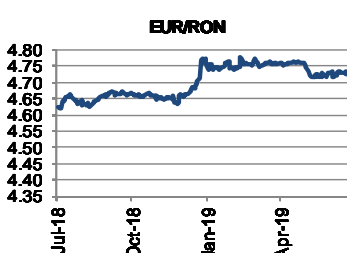
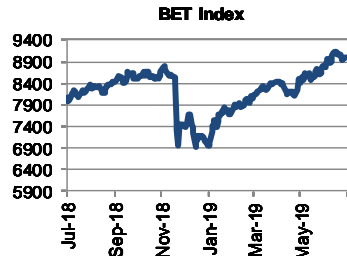
Money Market			
ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.66	-14	157
1-month	2.78	-2	91
3-month	3.06	-2	101
6-month	3.2	-2	93
12-month	3.36	-1	104

RO Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y RON	3.41	0	-62
5Y RON	3.80	0	-54
10Y RON	4.17	0	-64

RO Eurobonds			
	Last	ΔDbps	ΔYTD bps
EUR Oct-25	0.75	-	-79
USD Jan-24	2.97	1	-127

STOCKS			
	Last	ΔD	ΔYTD
BET	8990.4	-0.09%	21.76%

FOREX			
	Last	ΔD	ΔYTD
EUR/RON	4.7302	0.00%	-1.61%



BULGARIA

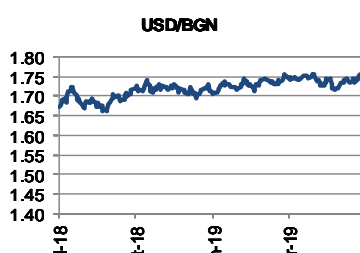
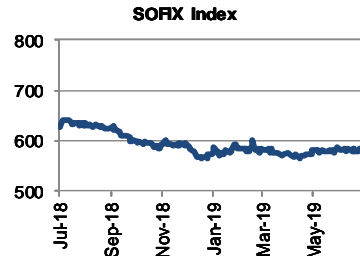
Money Market			
SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.22	8	3
3-month	-0.14	9	4
6-month	-0.02	10	3
12-month	0.36	14	4

BG Local Bonds			
(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.28	0	-22
5Y BGN	-0.09	0	-21
10Y BGN	0.21	0	-54

BG Eurobonds			
	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.20	0	-18
EUR Sep-24	-0.02	-2	-50

STOCKS			
	Last	ΔD	ΔYTD
SOFIX	583.8	0.05%	-1.79%

FOREX			
	Last	ΔD	ΔYTD
USD/BGN	1.7554	-0.02%	-2.84%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 12:00 EEST

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