



# DAILY OVERVIEW

## OF GLOBAL MARKETS & THE SEE REGION

Wednesday, March 08, 2017

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### GLOBAL

##### US

- Mar 6: Factory orders (Jan)
- Mar 7: Trade balance (Jan)
- Mar 8: ADP employment change (Feb)
- Mar 9: Jobless claims (weekly)
- Mar 10
  - Non-farm payrolls (Feb)
  - U/E rate (Feb)
  - Average hourly earnings (Feb)

##### EUROZONE

- Mar 7: GDP (Q4, f)
- Mar 9: ECB decision & press conference
- Mar 9-10: EU Council summit

##### GREECE

- Mar 6: GDP (Q4, f)
- Mar 9
  - U/E rate (Dec)
  - Euroworking group
- Mar 10
  - Industrial production (Jan)
  - CPI/HICP (Feb)

##### CYPRUS

- Mar 7: HICP (Feb)
- Mar 10: GDP (Q4, f)

##### SEE

##### BULGARIA

- Mar 7: GDP (Q4, f)
- Mar 9
  - Industrial production (Jan)
  - Retail sales (Jan)

##### ROMANIA

- Mar 6: 2022 T-bonds auction
- Mar 7: GDP (Q4, p)
- Mar 9: T-bonds auction
- Mar 10: CPI (Feb)

##### SERBIA

- Mar 7: PPI (Feb)

Source: Reuters, Bloomberg,  
Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GREECE:** Deliberations between Greek officials and the institutions will continue today in Athens with the aim of accelerating progress ahead of tomorrow's Euroworking Group (EWG). According to press reports, differences have been bridged in a number of areas, namely: 1) the 2018 fiscal performance where the IMF has reportedly accepted that there will be no fiscal gap, 2) the legal framework for the out-of-court workout, and 3) the progress in the privatisations programme. On the other hand, the issues that remain open are: 1) the measures for 2019 and beyond, 2) the offsetting measures to be implemented if the primary surplus targets are outperformed, 3) the energy market reform, and 4) the labour market reform.

### SOUTH EASTERN EUROPE

**ROMANIA:** The revised Q4-2016 GDP estimate was confirmed at the flash estimate of +1.5% QoQ/+4.8% YoY, +4.7% YoY in unadjusted terms.

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## Latest world economic & market developments

### GREECE

Deliberations between Greek officials and the institutions will continue today in Athens with the aim of accelerating progress ahead of tomorrow's Euroworking Group (EWG). According to press reports, differences have been bridged in a number of areas, namely: 1) the 2018 fiscal performance where the IMF has reportedly accepted that there will be no fiscal gap, 2) the legal framework for the out-of-court workout, and 3) the progress in the privatisations programme. On the other hand, the issues that remain open are: 1) the measures for 2019 and beyond, 2) the offsetting measures to be implemented if the primary surplus targets are outperformed, 3) the energy market reform, and 4) the labour market reform. Although many significant issues, in the context of the February 20 Eurogroup agreement, remain unresolved, government sources do not exclude the possibility of a Staff Level Agreement (SLA) by the March 20 Eurogroup, which will include only the items attached to the 3rd Economic Adjustment Programme for the period up to end-2018, with the exception of the labour market reform. Nevertheless, it is not yet clear if this plan is feasible let alone whether it will be adequate to allow the release of the installment attached to the 2nd review (€6.1 bn), even in the form of gradual disbursements. On this wavelength, speaking yesterday to press, German FinMin Wolfgang Schaeuble, expressed the view that the review will be completed provided that all participants stick to the agreement reached at the February 20 Eurogroup. The EWG which is scheduled for tomorrow will assess the progress made and the next steps ahead.

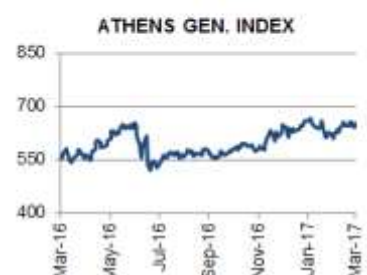
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## Latest economic & market developments in the CESEE region

### ROMANIA

The revised estimate on the Q4-2016 seasonally adjusted GDP was confirmed at the flash estimate of +1.5% QoQ/+4.8% YoY, +4.7% YoY in unadjusted terms. The stronger than expected print compares to +0.5% QoQ/ +4.4% YoY in Q3-2016. From the demand side, private consumption expanded by +0.2% QoQ/+4.3% YoY in Q4 down from -0.7% QoQ/+6.4% YoY in Q3 still providing a hefty contribution (+2.7ppts). Gross fixed capital formation registered the first negative reading (-3.7% QoQ/-6.6% YoY) on an annual basis since Q4 2013. Investments were also negatively affected by the high base in Q4-2015, the lower EU funds absorption throughout 2016 and the underperformance of the public investments program. Surprisingly, inventories had an even more positive contribution than private consumption (+3.3ppts) outweighing the negative contribution of gross fixed capital formation (-1.9ppts). On the positive side, net exports had a small positive contribution (+0.3ppts) mirroring the better quarterly performance of exports (+0.2% QoQ/+9.7% YoY) vs. imports (+1.5% QoQ/+7.4% YoY). Overall, real GDP expanded by 4.8% in FY2016 up from 3.9% in FY2015 outperforming regional peers for a fourth consecutive year. Looking ahead, a soft landing scenario is the most likely outcome in 2017. The incoming government after the parliamentary elections of last December will most probably need to adopt a more conservative stance in order to bring the projected fiscal deficit below 3%, which will have a decelerating impact on the economy at some point in the 2H. Assuming no policy change, the deficit is expected to surpass the 3% of GDP EU threshold in 2017. Given the size of additional stimulus (additional 1.1% of GDP in 2017), risks to our earlier growth forecast of 3.8% in 2017 now lie to the upside. The EC's projection currently stands at 4.4% vs. a government forecast of 5.2% which lies significantly above consensus forecast.

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Source: Reuters, Bloomberg, Eurobank Research

March 8, 2017

## 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	2368.39	-0.3%	5.8%	EUR/USD	1.0553	-0.1%	0.3%	UST - 10yr	2.54	3	10	GOLD	1212	-0.3%	5.2%
Nikkei 225	19254.03	-0.5%	0.7%	GBP/USD	1.2161	-0.3%	-1.6%	Bund-10yr	0.35	3	14	BRENT CRUDE	56	-0.5%	-2.1%
STOXX 600	372.33	0.0%	3.0%	USD/JPY	114.08	-0.1%	2.6%	JGB - 10yr	0.08	0	3	LMEX	2800	-1.2%	5.3%

## CESEE MARKETS

### SERBIA

#### Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	304	0	4
1-week	3.18	0	1
1-month	3.37	1	2
3-month	3.52	1	5
6-month	3.70	1	4

#### RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	5.08	1	-1
5Y RSD	5.44	0	8
7Y RSD	5.71	0	8

#### RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.02	1	-30
USD Nov-24	6.51	2	10

#### CDS

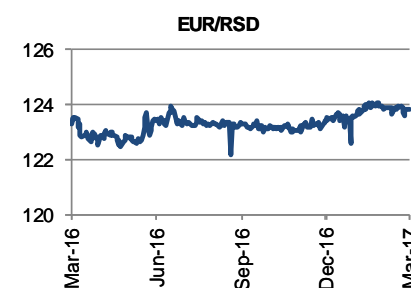
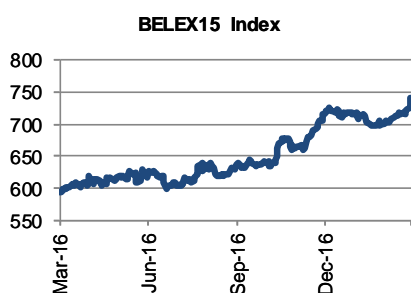
	Last	ΔDbps	ΔYTD bps
5-year	204	0	-3
10-year	247	0	-9

#### STOCKS

	Last	ΔD	ΔYTD
BELEX15	739.9	-0.09%	3.14%

#### FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.84	-0.04%	-0.30%



### ROMANIA

#### Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.46	-1	-10
1-month	0.6	-1	-16
3-month	0.82	0	-8
6-month	1.06	0	-5
12-month	1.24	1	-1

#### RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.71	2	9
5Y RON	2.75	6	23
10Y RON	3.81	2	16

#### RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.00	0	-14
USD Jan-24	3.61	4	-25

#### CDS

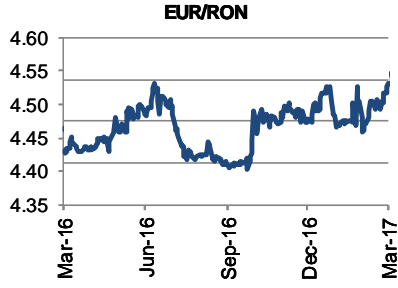
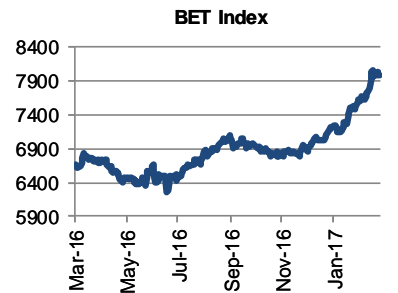
	Last	ΔDbps	ΔYTD bps
5-year	92	-1	-17
10-year	137	-2	-16

#### STOCKS

	Last	ΔD	ΔYTD
BET	7916.1	0.13%	11.73%

#### FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5453	-0.07%	-0.14%



### BULGARIA

#### Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.25	-2	-25
1-month	-0.17	0	-1
3-month	-0.09	0	-2
6-month	0.04	0	-4
12-month	0.39	0	-1

#### BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.07	-1	-9
5Y BGN	0.40	2	-11
10Y BGN	1.72	0	-19

#### BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.55	-5	-23
EUR Sep-24	1.49	0	-19

#### CDS

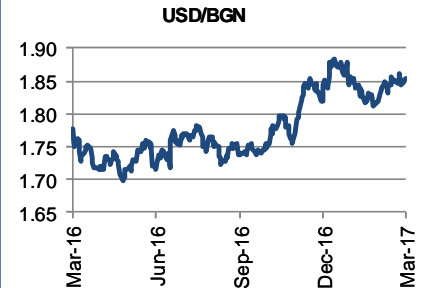
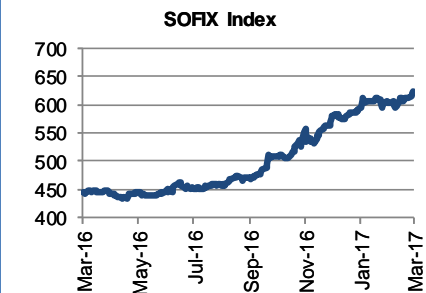
	Last	ΔDbps	ΔYTD bps
5-year	114	-1	-38
10-year	159	-1	-35

#### STOCKS

	Last	ΔD	ΔYTD
SOFIX	621.4	-0.08%	5.97%

#### FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.8537	-0.15%	0.25%



March 8, 2017

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