



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Monday, October 09, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

- Oct 13-15: IMF/World Bank Annual Meetings

US

- Oct 11: FOMC meeting minutes (Sept 19/20)
- Oct 12: Jobless claims (weekly)
- Oct 13
 - CPI (Sep)
 - Retail sales (Sep)
 - UoM Consumer sentiment (Oct)

EUROZONE

- Oct 9-10: Eurogroup/Ecofin meetings

GREECE

- Oct 10
 - HICP (Sep)
 - CPI (Sep)
 - Industrial production (Aug)

SEE

BULGARIA

- Oct 9
 - Industrial production (Aug)
 - Retail sales (Aug)
- Oct 10: Trade balance (Aug)
- Oct 13: CPI (Sep)

ROMANIA

- Oct 9
 - Net Wages (Aug)
 - 3.25% 2024 T-bonds auction
- Oct 10
 - Trade balance (Aug)
 - Industrial sales (Aug)
 - GDP (Q2,f)
 - MPC meeting minutes
- Oct 11: CPI (Sep)
- Oct 12: Industrial output (Aug)

SERBIA

- Oct 9: MPC meeting
- Oct 12: CPI (Sep)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GREECE: According to press reports, the preparatory work of the technical staff of the institutions (EC/ESM/ECB/IMF) has so far revealed that only 20 prior actions have been completed out of the c. 130 remaining ones in the context of the 3rd programme review, therefore, a more realistic scenario would envisage the completion of the 3rd review in January 2018 rather than before the end of 2017. In the sidelines of today's Eurogroup the Greek FinMin Euclid Tsakalotos will brief his counterparts on issues such as the progress of state arrears clearance, the 2018 state budget and Greek banks.

SOUTH EASTERN EUROPE

BULGARIA: The Bulgarian stock market was under pressure for most of last week. Separately, the domestic sovereign debt yield curve displayed moderate changes, while Eurobonds were little changed last week.

SERBIA: The EUR/RSD traded within a tight range of 119.00 to 119.30 last week.

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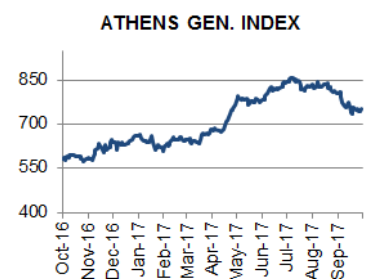
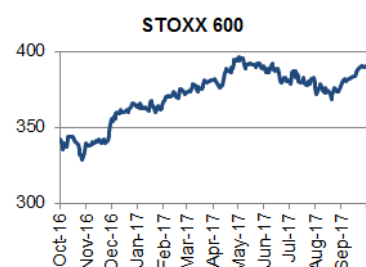
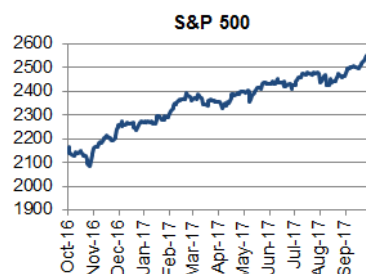
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Latest world economic & market developments

GREECE

According to press reports, the preparatory work of the technical staff of the institutions (EC/ESM/ECB/IMF) has so far revealed that only 20 prior actions have been completed out of the c. 130 remaining ones in the context of the 3rd programme review. The institutions' heads are reportedly expected to arrive in Athens on 20 October for a week and then again in November to monitor the progress in the 3rd programme review. Therefore, a more realistic scenario would envisage the completion of the 3rd review in January 2018 rather than before the end of 2017. Meanwhile, although Greece is not in the official agenda of today's Eurogroup, it is expected that in the sidelines of the meeting the Greek FinMin Euclid Tsakalotos will brief his counterparts on issues such as the progress of state arrears clearance, the 2018 state budget and Greek banks. With regard to the latter, according to press, Greek banks have submitted to the ECB revised plans for addressing the NPLs problem which foresees the acceleration of electronic auctions and sale of loan portfolios as well as a more decisive stance against entrepreneurs with considerable personal wealth but indebted corporations.

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Source: Reuters, Bloomberg, Eurobank Research

Latest economic & market developments in the CESEE region

BULGARIA

The Bulgarian stock market was under pressure for most of last week, with the main SOFIX index registering four consecutive sessions of declines, before reversing course to close 0.98% higher on Friday. Nonetheless, the index fell by 1.25% on a weekly basis ending at 679.50 points. Meanwhile, the trading volume reached its lowest level since mid-July, coming in at €1.822mn. Separately, the domestic sovereign yield curve displayed moderate changes, with the 1 year and 8 year tenors dropping 14 and 8 points, respectively. On the other hand, the yields of paper of 6 and 9 year tenors gained 4.5 and 5.0 basis points, correspondingly. Elsewhere, Eurobonds were little changed last week, with both bonds maturing in 2024 and 2027 decreasing by 3 basis points each.

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SERBIA

The EUR/RSD traded within a tight range of 119.00 to 119.30 last week. The pair has remained bound within an area of 119.0 – 120.00 over the last two months or so as repeated Central Bank interventions pose as an obstacle for further dinar strength, while very weak demand for hard currencies has averted a sustainable EUR/RSD up-move. The Central Bank bought €15mn last week, to halt any further dinar upside, reinforcing our view that the 3.4% advance registered so far this year against the euro is unlikely to be extended going towards year-end. So far this year, the National Bank of Serbia has bought €1.125bn and it is likely continue intervening in the FX markets if the domestic currency's appreciation momentum persists. Looking ahead, a move towards 120.0 is likely on renewed Central Bank action in the FX markets in order to mitigate further dinar strength is likely and increased EUR demand from exporters towards year-end. An EUR/RSD rally is likely to be capped at 121.00 as the Central Bank will likely intervene at these levels, if not sooner, in order to mitigate excessive volatility in the FX markets.

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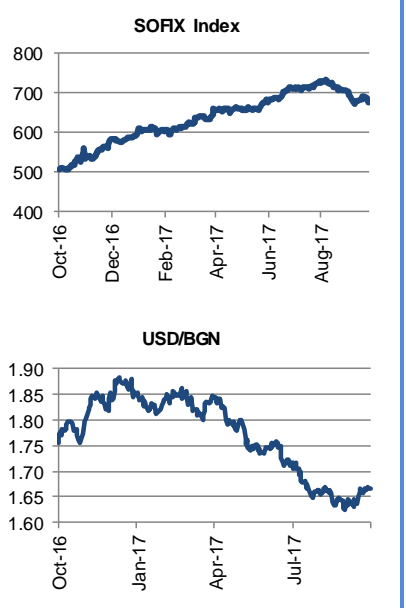
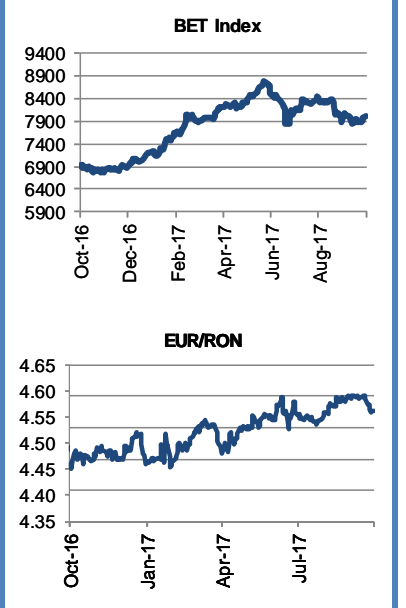
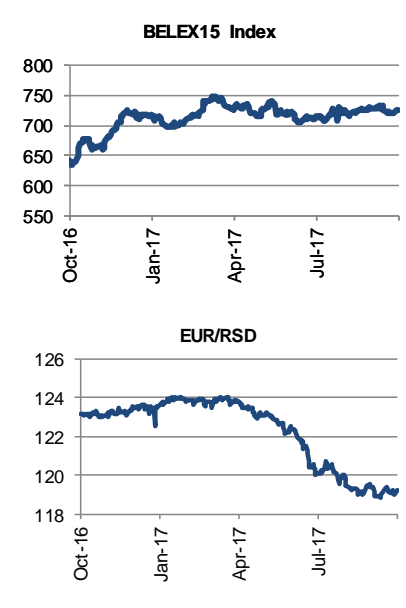
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GLOBAL MARKETS

Stock markets				FOREX			Government Bonds			Commodities					
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD	(yields)	Last	ΔDbps	ΔYTD bps	Last	ΔD	ΔYTD	
S&P 500	2549.33	-0.1%	13.9%	EUR/USD	1.174	0.1%	11.6%	UST - 10yr	2.36	0	-9	GOLD	1283	0.5%	11.4%
Nikkei 225	20690.71	0.3%	8.2%	GBP/USD	1.3121	0.4%	6.2%	Bund-10yr	0.45	-1	24	BRENT CRUDE	55	-0.3%	-2.4%
STOXX 600	390.37	0.2%	8.0%	USD/JPY	112.66	0.0%	3.9%	JGB - 10yr	0.06	0	1	LMEX	3198	-0.9%	20.2%

CESEE MARKETS

SERBIA				ROMANIA				BULGARIA			
Money Market				Money Market				Money Market			
BELIBOR	Last	ΔDbps	ΔYTD bps	ROBOR	Last	ΔDbps	ΔYTD bps	SOFIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.71	0	-29	O/N	1.88	1	132	LEONIA	0.01	0	1
1-week	2.83	0	-34	1-month	1.82	1	106	1-month	-0.21	-1	-5
1-month	3.04	0	-31	3-month	1.79	1	89	3-month	-0.13	-1	-6
3-month	3.28	0	-19	6-month	1.91	4	80	6-month	-0.04	-2	-12
6-month	3.49	0	-17	12-month	1.94	6	69	12-month	0.28	-3	-13
RS Local Bonds				RO Local Bonds				BG Local Bonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps	(yields)	Last	ΔDbps	ΔYTD bps
3Y RSD	4.49	-1	-54	3Y RON	2.00	1	38	3Y BGN	-0.20	1	-35
5Y RSD	4.92	-5	-44	5Y RON	2.62	2	10	5Y BGN	0.01	-1	-49
7Y RSD	5.20	0	-44	10Y RON	3.92	4	27	10Y BGN	1.03	0	-88
RS Eurobonds				RO Eurobonds				BG Eurobonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
USD Nov-17	1.59	0	-74	EUR Oct-25	1.62	-1	-52	EUR Mar-22	0.17	-5	-70
USD Nov-24	6.38	1	-4	USD Jan-24	3.03	0	-86	EUR Sep-24	0.82	-1	-86
CDS				CDS				CDS			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
5-year	140	0	-68	5-year	97	0	-12	5-year	94	0	-58
10-year	191	0	-65	10-year	143	4	-9	10-year	141	-2	-53
STOCKS				STOCKS				STOCKS			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
BELEX15	725.2	-0.12%	1.09%	BET	7995.8	0.14%	12.85%	SOFIX	679.9	0.06%	15.94%
FOREX				FOREX				FOREX			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
EUR/RSD	119.20	-0.09%	3.57%	EUR/RON	4.5768	-0.01%	-0.83%	USD/BGN	1.6659	0.05%	11.56%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 11:45 EEST

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