



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Friday, February 10, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Feb 6: Trade balance (Dec)
- Feb 9: Initial claims (weekly)
- Feb 10: UoM consumer sentiment (p, Feb)

EUROZONE

- Feb 8: ECB President Draghi speaks

GREECE

- Feb 9
 - U/E rate (Nov)
 - Industrial Production (Dec)

SEE

BULGARIA

- Feb 8
 - Industrial Production (Dec)
 - Retail sales (Dec)
- Feb 9: Trade balance (Dec)

ROMANIA

- Feb 6: 3.5% 2022 T-Bonds auction
- Feb 7: MPC meeting announcement
- Feb 9
 - Trade balance (Dec)
 - Industrial sales (Dec)
 - Net wages (Dec)
 - 2.25% 2020 T-Bonds auction
- Feb 10: Industrial Production (Dec)

SERBIA

- Feb 7: PPI (Jan)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Major European equity markets were firmer in early trade favored by US President Donald Trump's declaration about a "phenomenal tax plan" in the next two to three weeks, encouraging trade data from China, positive US Q4 corporate earnings results and firmer than expected US data. Increased risk appetite dented the safe-haven appeal of major government bonds. In FX markets, the USD gained some ground while the AUD was among the main G10 outperformers. Market focus today is on the two-day summit between the US President and Japan's Prime Minister where currency policy is likely to be among the main issues of discussion.

GREECE: According to press reports, a senior European official said that European officials and the IMF have reached an agreement between themselves on a common stance on Greece. Later today the Greek FinMin Euclid Tsakalotos and high level executives from the official lenders (EC, ECB, ESM and IMF) are expected to meet to potentially reach a comprehensive agreement on the projected fiscal gap for 2018 as well as pension, tax, labour and energy market reforms in order for negotiations to resume and the 2nd programme review to close by the end of February.

SOUTH EASTERN EUROPE

CESEE MARKETS: Taking their cue from the rally in major global bourses, emerging stock markets moved broadly higher earlier on Friday on US President Trump's forthcoming tax revamp plan. Better-than-expected data from China as well as the US and upbeat corporate earnings results also provided support to risk sentiment. Separately, regional currencies and government bonds were mixed.

DISCLAIMER

This document has been issued by Eurobank Ergasias S.A. (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 (express 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

Reflecting the positive tone in Wall Street overnight and in Asian bourses earlier today, major European equity markets were firmer in early trade with the FTSEurofirst 300 index trading close to a multi-session high of 1,451 at the time of writing, approaching a year-to-day intraday peak of 1,457 marked in late January. The main reason behind today's increased risk appetite was US President Donald Trump's declaration about a "phenomenal tax plan" in the next two to three weeks. Positive data from China showing a higher than expected annual increase in both January imports and exports also helped. Positive US Q4 corporate earnings results also had an impact. More than half of S&P 500 companies have already reported Q4 results pointing to an 8.2% increase in earnings, the best performance since Q3 2014. Adding to the above, US initial jobless claims unexpectedly dropped last week coming in at 234k, close to a 43-year low of 233k recorded in early November 2016. The improved tone in the majority of global equity markets dented the safe-haven appeal of major government bonds with the 10-yr US Treasury yield rising close to 2.41% in European trade after falling near 2.32% in the prior session. The increase in US yields was spilled over into the EGB universe, with the 10-yr Bund yield hovering around 0.32% at the time of writing after dropping slightly below 0.29% in the prior session for the first time since early January. In FX markets, the USD gained some ground with the DXY index rising 0.2% on a daily basis hitting a multi-week peak of 100.870 earlier in the day. Elsewhere, the AUD was outperforming other G10 currencies favored by China's upbeat trade data and positive comments by RBA Governor Phillip Lowe on the economy's near-term macro outlook. Market focus today is on the two-day summit between the US President and Japan's Prime Minister where currency policy is likely to be among the main issues of discussion. Moody's will publish its updated sovereign rating assessment for France and Italy. On the data front, the University of Michigan consumer confidence index for February and UK industrial production for December lure market attention.

ppetropoulou@eurobank.gr

GREECE

According to press reports, a senior EU official said that European officials and the IMF have reached an agreement between themselves on a common stance on Greece. Later today the Greek FinMin Euclid Tsakalotos and high level executives from the official lenders (EC, ECB, ESM and IMF) are expected to meet to potentially reach a comprehensive agreement on the projected fiscal gap for 2018 as well as pension, tax, labour and energy market reforms in order for negotiations to resume and the 2nd programme review to close by the end of February. A meeting between Mr. Tsakalotos and the German Chancellor Angela Merkel may also reportedly take place in the following days. Meanwhile, on the back of the German FinMin's comment that pressure on Greece to undertake reforms should be maintained otherwise it can't remain in the Euro area, the German Chancellor stated that the euro zone must remain together with all euro member states delivering what they have agreed. In a press conference yesterday the IMF Communications Director Gerry Rice stated among others that the Fund's strong preference is for a primary surplus of 1.5% of GDP for the period after 2018, which can be attained by the policies envisaged in the current ESM programme, but should be accompanied by significant debt relief. Nevertheless, if the Greek and European authorities decide to go with the 3.5% primary surplus, such a higher level is sustainable for a limited number of years and only if it is underpinned by high-quality structural reforms and growth-friendly measures. With regard to pension and tax reforms in particular, Mr. Rice claimed that they are necessary for the modernisation and competitiveness of the Greek economy and they can be legislated now but implemented only in the near future to give time for the economic recovery to firm up. Finally, Mr. Rice stated that he has no indication that the incoming US administration has had any effect on the Fund's position on Greece.

February 10, 2017

BULGARIA: Indicators	2015	2016e	2017f
Real GDP growth %	3.6	3.5	3.0
CPI (pa, yoy %)	-0.1	-0.7	0.6
Budget Balance/GDP*	-2.9	-0.8	-1.4
Current Account/GDP	0.4	3.0	1.5
EUR/BGN (eop)	1.9558		
	2015	current	2016
Policy Rate (eop)	N/A	N/A	N/A

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

CYPRUS: Indicators	2015	2016e	2017f
Real GDP growth %	1.7	2.8	3.0
HICP (pa, yoy %)	-1.5	-1.1	0.5
Budget Balance/GDP*	0.0	-0.3	-0.6
Current Account/GDP	-3.0	-2.8	-3.3

* ESA 2010

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

ROMANIA: Indicator	2015	2016e	2017f
Real GDP growth %	3.7	5.0	3.5
CPI (pa, yoy %)	-0.6	-1.8	1.5
Budget Balance/GDP*	-1.9	-2.8	-3.7
Current Account/GDP	-1.1	-3.0	-3.2
EUR/RON (eop)	4.48	4.54	4.60
	2015	current	2016
Policy Rate (eop)	1.75	1.75	1.75

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

SERBIA: Indicators	2015	2016e	2017f
Real GDP growth %	0.8	2.7	3.0
CPI (pa, yoy %)	1.4	1.0	2.1
Budget Balance/GDP	-3.7	-2.1	-1.7
Current Account/GDP	-4.7	-4.1	-3.9
EUR/RSD (eop)	121.38	123.40	125.5
	2015	current	2016
Policy Rate (eop)	4.25	4.00	4.00

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

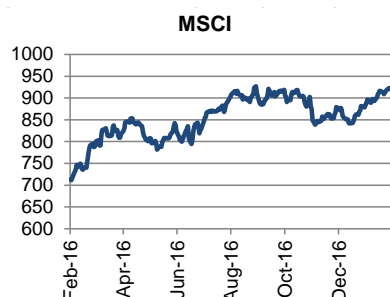
Latest economic & market developments in the CESEE region

CESEE MARKETS

Taking their cue from the rally in major global bourses, emerging stock markets moved broadly higher earlier on Friday on US President Trump's forthcoming tax revamp plan. Better-than-expected data from China as well as the US and upbeat corporate earnings results also provided support to risk sentiment. Against this backdrop, most indices in the CESEE region stood in the black in early European trade. Following yesterday's 2% rally, Poland's main WIG index continued to outperform its regional peers, with a 0.85% advance that pushed it to a near 2-year high. The country's shares have been lately supported by positive earnings results and gains in oil stock prices.

Separately, regional currencies and government bonds were mixed. In FX markets, the Romanian leu lost some further ground earlier today, giving up some of this week's recovery gains. Largely shrugging off the positive industrial output data released earlier on Friday, the EUR/RON hovered around a session high near 4.4990 hit earlier in European trade, pulling further away from Wednesday's 4-month trough of 4.4790, but remaining below a 7½ month high of 4.5530 reached last week. Industrial output for December in Romania exceeded expectations for an annual increase of 2.0%, marking a 3.9%YoY rise and picking up pace from a 1.9%YoY increase in November (revised from 1.5%YoY initially reported).

In the local rates markets, the Romanian finance ministry sold yesterday a planned amount of RON 600mn (~€133.4mn) in 3-year T-bonds. The average accepted yield came in at 2.20%, a tad above 2.05% achieved at a prior auction of the same paper held in mid-January as government bond yields have increased lately due to the recent political turmoil. Despite the said rise in yields, investors' demand at the auction proved strong as domestic political uncertainty appears to have eased over the last few days after the government repealed on Sunday a decree that had triggered street protests and survived a no-confidence motion in parliament earlier in the week. In this context, the tender's bid to cover ratio came in at 2.6. The issue bears a coupon of 2.25% and matures on February 26, 2020.

gphoka@eurobank.gr


Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	B1	BB-	BB-
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BB+	BBB-
CYPRUS	B1	BB-	B+

Source: IMF, EC, Reuters, Bloomberg, National
Authorities, Eurobank Research

February 10, 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	2307.87	0.6%	3.1%	EUR/USD	1.0642	-0.1%	1.2%	UST - 10yr	2.41	2	-3	GOLD	1225	-0.3%	6.3%
Nikkei 225	19378.93	2.5%	1.4%	GBP/USD	1.2498	0.0%	1.1%	Bund-10yr	0.33	1	12	BRENT CRUDE	56	1.1%	-1.0%
STOXX 600	367.08	0.1%	1.6%	USD/JPY	113.66	-0.4%	2.9%	JGB - 10yr	0.09	-1	5	LMEX	2821	-0.8%	6.1%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	298	-1	-2
1-week	3.10	-1	-7
1-month	3.35	1	0
3-month	3.46	0	-1
6-month	3.68	0	2

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	5.07	0	-1
5Y RSD	5.46	0	10
7Y RSD	5.69	0	6

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.03	-1	-29
USD Nov-24	6.47	1	5

CDS

	Last	ΔDbps	ΔYTD bps
5-year	205	5	-2
10-year	248	0	-8

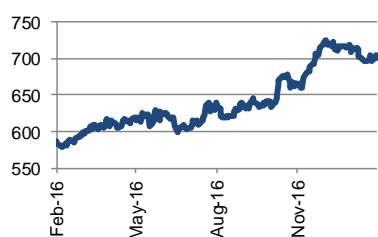
STOCKS

	Last	ΔD	ΔYTD
BELEX15	703.6	-0.23%	-1.92%

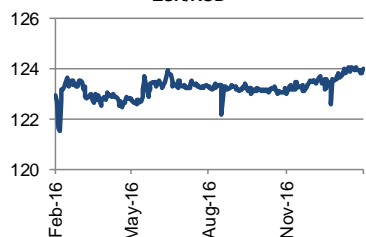
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.87	-0.06%	-0.33%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.45	0	-11
1-month	0.63	0	-13
3-month	0.81	0	-9
6-month	1.05	0	-6
12-month	1.22	0	-3

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.66	0	4
5Y RON	2.62	0	10
10Y RON	3.54	2	-11

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.11	0	-2
USD Jan-24	3.62	1	-24

CDS

	Last	ΔDbps	ΔYTD bps
5-year	97	-1	-13
10-year	141	0	-12

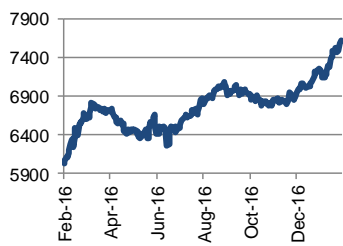
STOCKS

	Last	ΔD	ΔYTD
BET	7662.8	0.46%	8.16%

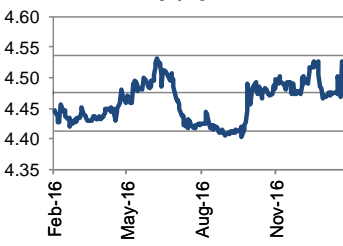
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4995	-0.08%	0.88%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.09	0	-9
1-month	-0.17	0	0
3-month	-0.07	1	0
6-month	0.07	1	-1
12-month	0.40	0	0

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.08	-2	-8
5Y BGN	0.44	1	-7
10Y BGN	1.75	0	-15

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.87	0	-55
EUR Sep-24	1.64	0	-4

CDS

	Last	ΔDbps	ΔYTD bps
5-year	120	-1	-32
10-year	161	-4	-33

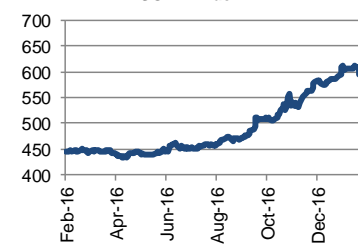
STOCKS

	Last	ΔD	ΔYTD
SOFIX	603.0	-0.02%	2.82%

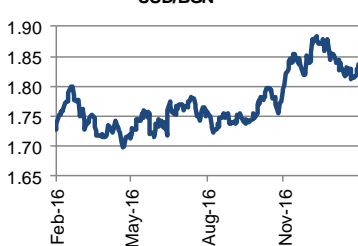
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.8378	-0.12%	1.12%

SOFIX Index



USD/BGN



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

Data updated as of 12:00 EET

February 10, 2017

Contributors

Paraskevi Petropoulou
Economic Analyst, Eurobank Ergasias
+30 210 3718991
ppetropoulou@eurobank.gr

Galatia Phoka
Research Economist, Eurobank Ergasias
+30 210 3718922
gphoka@eurobank.gr

Ioannis Gkionis (Special Contributor)
Research Economist, Eurobank Ergasias
30 210 3337305
igkionis@eurobank.gr

Anna Dimitriadou (Special Contributor)
Economic Analyst, Eurobank Ergasias
+30 210 3718793
andimitriadou@eurobank.gr

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

Theodoros Stamatou (Special Contributor)
Senior Economist, Eurobank Ergasias
30 210 3371228
tstamatou@eurobank.gr

Regional Contributors

Vessela Boteva
Expert, trading desk, Eurobank Bulgaria
+359 (2) 8166 491
vboteva@postbank.bg

Zoran Korac
FX dealer, Eurobank ad Beograd
+381 11 206 5821
zoran.korac@eurobank.rs

Bogdan Radulescu, CFA
Senior Trader, Bancpost
+40 21 3656291
bogdan.radulescu@bancpost.ro

Eurobank Economic Analysis and Financial Markets Research

Dr. Platon Monokrousos: Group Chief Economist
pmonokrousos@eurobank.gr, +30 210 37 18 903

Dr. Tassos Anastasatos: Deputy Chief Economist
tanastasatos@eurobank.gr, +30 210 33 71 178

Research Team

Anna Dimitriadou: Economic Analyst
andimitriadou@eurobank.gr, +30 210 3718 793

Ioannis Gkionis: Research Economist
igkionis@eurobank.gr, +30 210 33 71 225

Stylianios Gogos: Economic Analyst
sgogos@eurobank.gr, +30 210 33 71 226

Olga Kosma: Research Economist
okosma@eurobank.gr, +30 210 33 71 227

Arkadia Konstantopoulou: Research Assistant
arkonstantopoulou@eurobank.gr, +30 210 33 71 224

Paraskevi Petropoulou: G10 Markets Analyst
ppetropoulou@eurobank.gr, +30 210 37 18 991

Galatia Phoka: Research Economist
gphoka@eurobank.gr, +30 210 37 18 922

Theodoros Stamatou: Senior Economist
tstamatou@eurobank.gr, +30 210 3371228

Eurobank Ergasias S.A, 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: EurobankGlobalMarketsResearch@eurobank.gr

Eurobank Economic Analysis and Financial Markets
Research

More research editions available at <http://www.eurobank.gr/research>

- **Daily Overview of Global markets & the SEE Region:** Daily overview of key macro & market developments in Greece, regional economies & global markets
- **Greece Macro Monitor:** Periodic publication on the latest economic & market developments in Greece
- **Regional Economics & Market Strategy Monthly:** Monthly edition on economic & market developments in the region
- **Global Economy & Markets Monthly:** Monthly review of the international economy and financial markets

Subscribe electronically at <http://www.eurobank.gr/research>

Follow us on twitter: <http://twitter.com/Eurobank>

