



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Wednesday, April 12, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Apr 10: FOMC Chair Yellen speaks
- Apr 13
 - Initial jobless claims (weekly)
 - PPI (Mar)
 - UoM Consumer confidence (Mar)
- Apr 14
 - CPI (Mar)
 - Retail sales (Mar)

EUROZONE

- Apr 11
 - DE: ZEW index (Apr)
 - Industrial prod/n (Feb)

GREECE

- Apr 10
 - Industrial prod/n (Feb)
 - CPI/HICP (Mar)

SEE

BULGARIA

- Apr 10
 - Industrial prod/n (Feb)
 - Retail sales (Feb)
 - Trade balance (Feb)
- Apr 12: CPI (Mar)

ROMANIA

- Apr 10
 - Trade balance (Feb)
 - 3.25% 2021 T-bonds auction
- Apr 11
 - Industrial prod/n (Feb)
 - /sales (Feb)
 - CPI (Mar)
- Apr 12: NBR meeting minutes
- Apr 13
 - 3.4% 2022 T-bonds auction
 - Current account deficit (Feb)

SERBIA

- Apr 11
 - 4.5% 2020 T-bonds auction
 - MPC meeting
- Apr 12: CPI (Mar)

TURKEY

- Referendum on constitutional amendments

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Escalating geopolitical jitters over North Korea and Syria continue to weigh on investors' sentiment, sending the safe-haven Japanese yen and gold to five-month highs. Against this background, the USD/JPY fell yesterday below 110 for the first time since 17 November, extending its losses on Wednesday and hovering around 109.35 in Asian trade. Elsewhere, possible US military attack continues to weigh on the US dollar, with the EUR/USD trading around 1.0620 in European trade at the time of writing, within distance from yesterday's multi session peak of 1.0630. Risk-off sentiment underpinned US Treasuries as well, with the 30-yr Treasury yield plunging to a nearly three-month low of 2.91%.

SOUTH EASTERN EUROPE

SERBIA: In line with market and our expectations the Central Bank of Serbia held the key policy rate unchanged for the 9th month running at a record low level of 4.00% at its monetary policy meeting yesterday.

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April 12, 2017

Latest world economic & market developments

GLOBAL MARKETS

Escalating geopolitical jitters over North Korea and Syria continue to weigh on investors' sentiment, sending the safe-haven Japanese yen and gold to five-month highs. According to local media reports, North Korea threatened on Tuesday with a nuclear attack to the US to respond to any US aggression, while US President Donald Trump made a hawkish comment at his tweeter, highlighting that Pyongyang was "looking for trouble" and the US would "solve the problem" with or without China's help. Japan's Nikkei 225 average index fell more than 1% as an appreciating yen weighed on exporters' equity prices. Against this background, the USD/JPY fell yesterday below 110 for the first time since 17 November, extending its losses on Wednesday and hovering around 109.35 in Asian trade. Elsewhere, possible US military attack continues to weigh on the US dollar, with the EUR/USD trading around 1.0620 in European trade at the time of writing, within distance from yesterday's multi session peak of 1.0630. Risk-off sentiment underpinned US Treasuries as well, with the 10-yr Treasury yield remaining in a downward trend for a third session in a row and recording an intraday multi-session low of 2.27%, and the 30-yr Treasury yield plunging to a nearly three-month low of 2.91%.

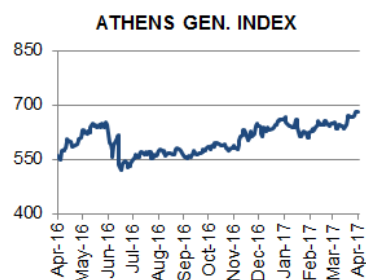
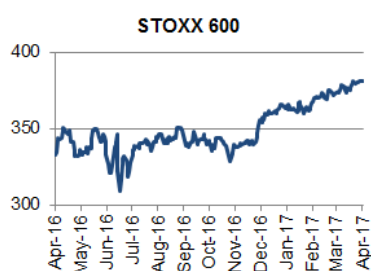
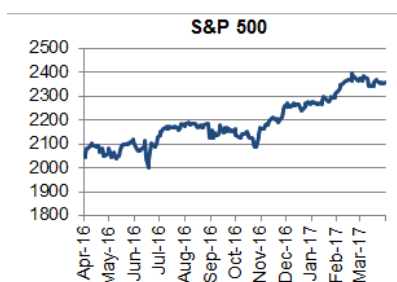
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Latest economic & market developments in the CESEE region

SERBIA

In line with market and our expectations the Central Bank of Serbia held the key policy rate unchanged for the 9th month running at a record low level of 4.00% at its monetary policy meeting yesterday. Behind its latest decision NBS cited factors such as the effects of past monetary easing and expectations that inflation will remain within the target tolerance band of 3.0% \pm 1.5 in the period ahead. The recent CPI spike was also acknowledged. Recall that, the headline index reached a 3 ½ year high of 3.2%YoY in February. However, the Central Bank reiterated that the move higher is mostly attributed to temporary factors, such as the recovery in global oil prices in H2 2016 and an increase in fruit and vegetable prices amid adverse weather conditions earlier this year. In an additional sign that inflation pressures remain low, NBS highlighted that the core CPI index (excluding food, energy, alcohol and cigarettes) stood at 1.7%YoY in January and February, while inflation expectations are anchored within the Central Bank targeted range. Looking ahead, the NBS Executive Board noted that it will continue to closely monitor developments internationally, especially in relation to trends in financial markets and movements in primary commodity prices. NBS acknowledged that monetary policies by major Central Banks, such as the ECB and the Fed, may affect global capital flows towards emerging markets, but highlighted the Serbian economy's resilience thanks to improved macroeconomic fundamentals. Against this backdrop, we anticipate the Central Bank to maintain its key policy rate stable throughout this year. In other news, the finance ministry sold on Tuesday, RSD 14.51bn (~€0.12bn) of 3-year paper. The amount sold was slightly less than initial plans of RSD 15bn, while the tender's bid to cover ratio stood at 1.12 yesterday. The average yield came in at 5.0%, unchanged from an earlier placement of the paper on April 3rd. The issue matures on April 5, 2020 and bears a coupon of 4.5%.

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Source: Reuters, Bloomberg, Eurobank Research

April 12, 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	2345.20	-0.5%	4.8%	EUR/USD	1.0624	0.3%	1.0%	UST - 10yr	2.31	-5	-13	GOLD	1267	1.0%	10.0%
Nikkei 225	18747.87	-0.3%	-1.9%	GBP/USD	1.2454	0.3%	0.8%	Bund-10yr	0.21	0	0	BRENT CRUDE	56	-0.7%	-2.2%
STOXX 600	381.04	-0.1%	5.4%	USD/JPY	110.16	0.7%	6.2%	JGB - 10yr	0.04	-2	-1	LMEX	2799	-1.5%	5.2%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	298	0	-2
1-week	3.15	0	-2
1-month	3.34	0	-1
3-month	3.52	-1	5
6-month	3.71	-1	5

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	5.00	0	-9
5Y RSD	5.34	0	-1
7Y RSD	5.63	0	-1

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	1.80	0	-52
USD Nov-24	6.42	0	0

CDS

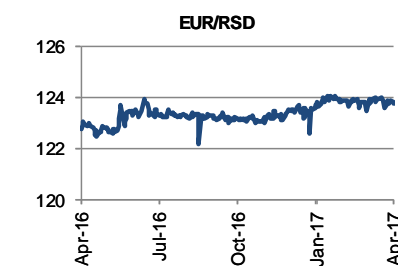
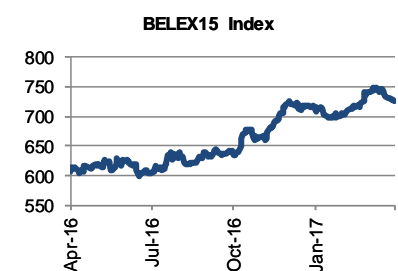
	Last	ΔDbps	ΔYTD bps
5-year	190	0	-18
10-year	244	0	-12

STOCKS

	Last	ΔD	ΔYTD
BELEX15	734.0	1.12%	2.32%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.68	0.11%	-0.18%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.45	-1	-11
1-month	0.61	-1	-15
3-month	0.86	-1	-4
6-month	1.08	-2	-3
12-month	1.26	-1	1

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.55	0	-7
5Y RON	2.47	-1	-5
10Y RON	3.48	-1	-17

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.01	4	-13
USD Jan-24	3.35	1	-50

CDS

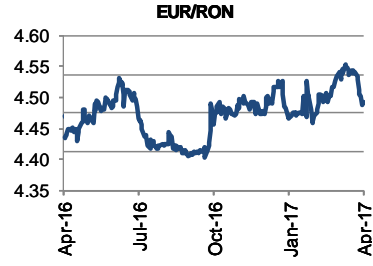
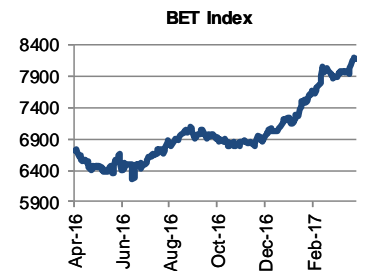
	Last	ΔDbps	ΔYTD bps
5-year	99	-1	-10
10-year	149	-1	-3

STOCKS

	Last	ΔD	ΔYTD
BET	8199.7	-0.18%	15.73%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5143	-0.05%	0.55%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.40	0	-40
1-month	-0.17	0	0
3-month	-0.08	0	-1
6-month	0.05	0	-3
12-month	0.43	0	2

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.03	-5	-18
5Y BGN	0.31	-4	-19
10Y BGN	1.60	0	-31

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.75	0	-43
EUR Sep-24	1.37	9	-31

CDS

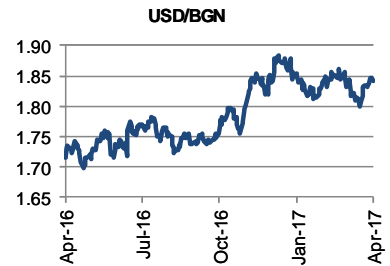
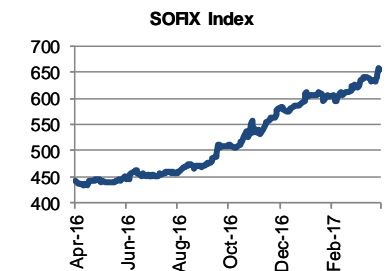
	Last	ΔDbps	ΔYTD bps
5-year	115	0	-37
10-year	173	0	-21

STOCKS

	Last	ΔD	ΔYTD
SOFIX	656.5	0.34%	11.94%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.841	0.27%	0.95%



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

Data updated as of 17:45 EEST of previous session

April 12, 2017

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