



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Friday, May 12, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- May 11
 - Initial jobless claims (weekly)
 - PPI (Apr)
- May 12
 - CPI (Apr)
 - Retail sales (Apr)
 - UoM consumer sentiment (May, p)

EUROZONE

- May 11: European Commission releases Spring Forecast
- May 12
 - DE: GDP (Q1, 1st est)
 - Industrial production (Mar)

GREECE

- May 10
 - Industrial production (Mar)
 - CPI /HICP (Apr)
- May 11: U/E rate (Feb)

SEE

BULGARIA

- May 9
 - Industrial production (Mar)
 - Retail sales (Mar)
- May 10: Trade balance (Mar)

ROMANIA

- May 8: RON 500mn3.4% 2022 T-bonds auction
- May 9: Net wages (Mar)
- May 10: Trade balance (Mar)
- May 11
 - Industrial production (Mar)
 - CPI (Apr)

SERBIA

- May 8: PPI (Apr)
- May 12
 - CPI (Apr)
 - MPC meeting

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: In line with market expectations, the BoE voted by a majority of 7-1 to keep the Bank rate unchanged at 0.25% and maintain the asset purchase programme at £435bn. The BoE policy decision was accompanied by the release of the policy statement which supported the view that, on the assumption of a "smooth" transition to Brexit, monetary policy will likely tighten by a somewhat greater extent than the market is currently pricing-in. However, in spite of the modestly hawkish bias of the BoE statement, GBP came under pressure across the board. EUR also remained under pressure against the USD for the third session in a row on the back of recent ECB dovish comments which added to the view that the Central Bank is in no rush to push interest rates higher or/and scale back its monetary stimulus. Looking at the remainder of the day, focus is on US inflation and retail data for April, both of which are expected to rise on a monthly basis.

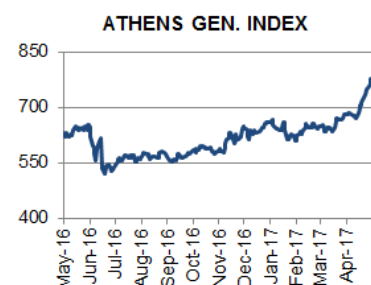
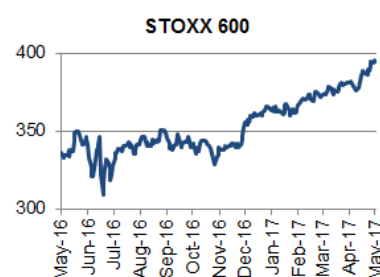
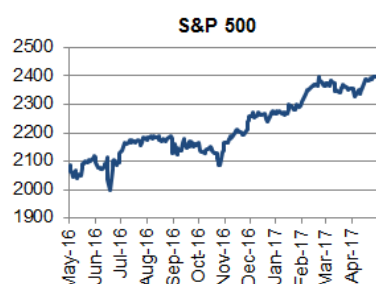
GREECE: The multi-bill containing all the prior actions that need to be legislated in the context of the 2nd programme review is expected to be tabled to the Hellenic Parliament by tomorrow, whereas the voting is scheduled for May 18th. Meanwhile, on the sidelines of the G7 Finance Ministers Summit in Bari, the Washington Group will discuss today the issue of the Greek public debt and the potential debt relief framework in view of the May 22nd Eurogroup.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

In line with market expectations, the BoE voted by a majority of 7-1 to keep the Bank rate unchanged at 0.25% and maintain the asset purchase programme at £435bn. The BoE policy decision was accompanied by the release of the policy statement, which supported the view that, on the assumption of a "smooth" transition to Brexit, monetary policy will likely tighten by a somewhat greater extent than the market is currently pricing-in. However, in spite of the modestly hawkish bias of the BoE statement, GBP came under pressure across the board hovering around 1.2860/65 against USD in European trade at the time of writing, close to a one-week low of 1.2847 marked in the prior session. GBP's negative reaction could be justified by the fact that, against market expectations for at least two BoE dissenting votes in favor of higher interest rates on the back of increased inflation pressures triggered by GBP's post-Brexit depreciation, Kristin Forbes was again the sole dissenter. Furthermore, according to the May Inflation Report, though the BoE revised upwards its 2018 and 2019 GDP forecasts to 1.7% and 1.8% respectively, its inflation projections were revised down for both 2018 and 2019 to 2.6% and 2.2% from 2.8% and 2.5% previously. In other news, the EUR remained under pressure against the USD on the back of recent ECB dovish comments which support the view that the Central Bank is in no rush to push interest rates higher or/and scale back its monetary stimulus. After hitting a six-month high of 1.1022 on Monday, EUR/USD was standing close to 1.0860/65 at the time of writing with 1.0850 marking the next strong support level (Fib). Looking at the remainder of the day, focus is on US inflation and retail data for April, both of which are expected to rise on a monthly basis.

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GREECE

The multi-bill containing all the prior actions that need to be legislated in the context of the 2nd programme review is expected to be tabled to the Hellenic Parliament by tomorrow, whereas the voting is scheduled for May 18th. According to press reports, it is understood that the multi-bill will be approved by the governing coalition SYRIZA-ANEL parties without defects and rejected by at least the major opposition party New Democracy. Meanwhile, on the sidelines of the G7 Finance Ministers Summit in Bari, the Washington Group (comprised of the Finance Ministers of Germany, France and Italy, the Heads of the ESM and the IMF, the Governor of the ECB, the European Commissioner for Economic and Financial Affairs and the Eurogroup President) will discuss today the issue of the Greek public debt and the potential debt relief framework in view of the May 22nd Eurogroup. Coming to the meeting, IMF Managing Director Christine Lagarde stated that Greece's European lenders are still not clear on their intentions regarding debt relief and thus more work is needed. At the same time, German FinMin Wolfgang Schaeuble stated that the May 2016 agreement is still the basis for debt discussions and that he still favours a political agreement on the 22nd May Eurogroup. It should be noted that during the IMF Spring Meetings in Washington in April, the IMF European Department Director Poul Thomsen had stated that at this stage an outline of the medium term debt relief measures coupled with the clarification of the size and duration of the primary surplus targets in the post-programme period by European partners would suffice for him to propose to the IMF's Governing Council the financial participation of the Fund in Greece's bailout programme. As per a number of press reports, the primary surplus target beyond the programme period is in fact a key issue of dispute between the IMF and the European partners. Another Washington Group meeting on the subject will reportedly take place on May 15th, before the Euroworking Group that is scheduled to convene then, while during his visit to Beijing the Greek PM is expected to meet IMF Head Christine Lagarde as was confirmed yesterday at an IMF press briefing.

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May 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	2399.63	0.1%	7.2%	EUR/USD	1.0859	-0.1%	3.2%	UST - 10yr	2.42	0	-3	GOLD	1221	0.2%	6.0%
Nikkei 225	19961.55	0.3%	4.4%	GBP/USD	1.2865	-0.6%	4.1%	Bund-10yr	0.45	3	24	BRENT CRUDE	51	1.1%	-10.6%
STOXX 600	394.74	-0.4%	9.2%	USD/JPY	113.93	0.3%	2.7%	JGB - 10yr	0.05	1	1	LMEX	2694	-0.2%	1.3%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	3.03	-3	3
1-week	3.17	-4	0
1-month	3.35	-2	0
3-month	3.54	-1	7
6-month	3.72	-1	6

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.98	-1	-10
5Y RSD	5.38	0	2
7Y RSD	5.69	0	6

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	1.81	-3	-51
USD Nov-24	6.40	0	-1

CDS

	Last	ΔDbps	ΔYTD bps
5-year	174	0	-33
10-year	228	0	-27

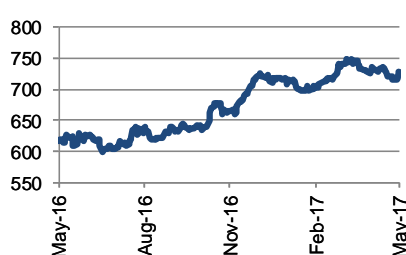
STOCKS

	Last	ΔD	ΔYTD
BELEX15	729.1	0.59%	1.64%

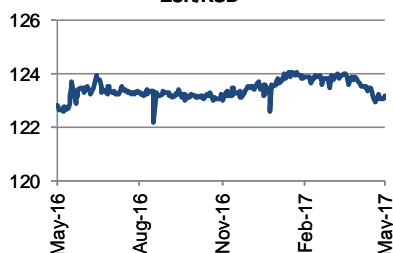
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.14	-0.01%	0.26%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.49	-4	-7
1-month	0.67	1	-9
3-month	0.87	-1	-3
6-month	1.08	-2	-3
12-month	1.25	-1	0

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.51	-2	-11
5Y RON	2.46	-1	-6
10Y RON	3.58	-1	-7

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.01	0	-13
USD Jan-24	3.37	0	-49

CDS

	Last	ΔDbps	ΔYTD bps
5-year	104	-1	-6
10-year	149	-1	-4

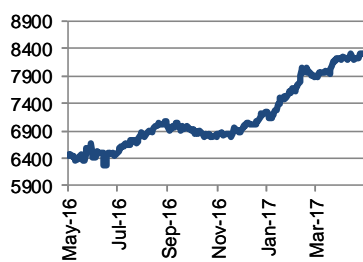
STOCKS

	Last	ΔD	ΔYTD
BET	8371.7	0.63%	18.16%

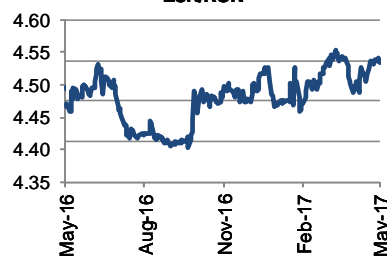
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5468	0.15%	-0.17%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.29	0	-29
1-month	-0.17	0	0
3-month	-0.08	1	-1
6-month	0.04	0	-4
12-month	0.41	-1	1

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.02	-1	-14
5Y BGN	0.30	-4	-21
10Y BGN	1.65	0	-25

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.70	0	-37
EUR Sep-24	1.44	0	-24

CDS

	Last	ΔDbps	ΔYTD bps
5-year	110	0	-42
10-year	168	0	-26

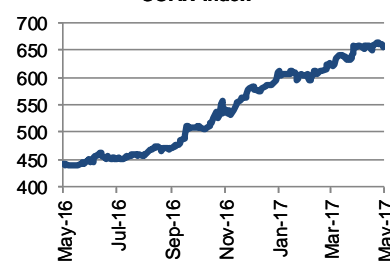
STOCKS

	Last	ΔD	ΔYTD
SOFIX	655.4	-0.41%	11.75%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.8013	-0.08%	3.17%

SOFIX Index



USD/BGN



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

Data updated as of 16:30 EEST of previous session

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