



# DAILY OVERVIEW

## OF GLOBAL MARKETS & THE SEE REGION

Thursday, April 13, 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:** The USD was weaker in European trade on Thursday while US Treasuries gained in reaction to comments by US President Donald that the US dollar was “getting too strong” and would weigh on the US economy while he is in favor of low Fed interest rates. On the data front, US PPI for March, initial jobless claims for the week ending 8 April and the Michigan consumer sentiment index for April are due later in the day.

**GREECE:** Speaking at an event in Brussels on Wednesday, IMF Managing Director reportedly said that although the scope of Greek debt restructuring will be decided at the end of the current bailout programme in mid-2018, the modalities have been defined upfront in order for the IMF Board to propose the Fund’s participation in the existing programme. She also empathized that the technical details have to be made specific while “sufficient level of commitment” by Greece’s official creditors is also required.

### SOUTH EASTERN EUROPE

**CYPRUS:** Consumer prices, measured by HICP, edged further up to +0.9% MoM/+1.5% YoY in March vs. +0.1% MoM/+1.4% YoY in February.

**BULGARIA:** Inflation accelerated for a fourth consecutive month on an annual basis to -0.5% MoM/+1.9% YoY in March vs. +0.0% MoM/+1.7% YoY in February.

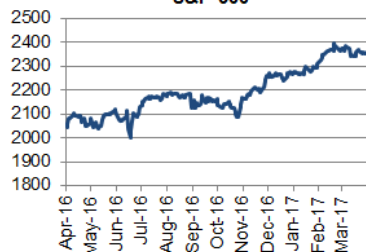
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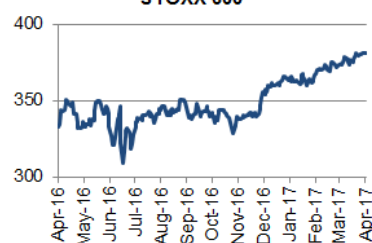
April 13, 2017

## Latest world economic & market developments

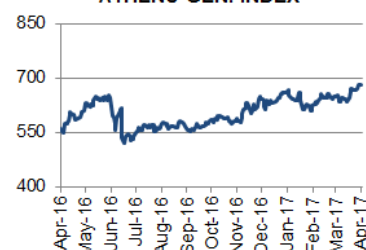
S&amp;P 500



STOXX 600



ATHENS GEN. INDEX



Source: Reuters, Bloomberg, Eurobank Research

### GLOBAL MARKETS

The DXY dollar index fell to a two week low of 100.01 on Thursday, following US President Donald Trump's comments made in a newspaper interview published overnight that the US dollar was "getting too strong" and would weigh on the US economy. Against this background, the USD/JPY plunged to a five month low of 108.73 in Asian trade, before retreating marginally to levels around 109.00 in European trade recording losses of c. 2% so far this week, with the safe-haven JPY capitalising on mounting geopolitical jitters. Furthermore, Donald Trump added that he is in favor of low Fed interest rates and left the door open for reappointment of Chair Janet Yellen when her four-year term ends in early February 2018. In reaction to these comments, US Treasuries gained, with the 10-yr yield falling to a five-month low of 2.22% in European trade. Investor concerns about possible U.S. military attacks against Syria and North Korea have also contributed to the recent downward trend in US Treasury yields. On the US macro data front, US PPI for March, initial jobless claims for the week ending 8 April and the Michigan consumer sentiment index for April are due later in the day, while in Europe the final estimate for German March CPI inflation and BoE Credit Conditions and bank Liabilities Surveys are expected to lure markets' attention.

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### GREECE

Speaking at an event on the course of the global economy that was held in Brussels on Wednesday, IMF Managing Director reportedly said that although the scope of Greek debt restructuring will be decided at the end of the programme in mid-2018, the modalities have been defined upfront in order for the IMF Board to propose the Fund's participation. She also empathized that the technical details have to be made specific while "sufficient level of commitment" by Greece's creditors is also required. Furthermore, referring to Greece's 2nd programme review, the IMF Managing Director acknowledged that developments in recent weeks "are heading in the right direction" noting though that "we are only halfway through in the discussions" suggesting that further work is needed for its successful completion. On the same issue, government spokesman Dimitris Tzanakopoulos was quoted saying earlier this week that after the Spring Meeting of the IMF and the World Bank on April 21-23, the technical teams representing official creditors are expected to return to Athens. He added that the prior actions attached to the 2nd programme review will be legislated ahead of the next Eurogroup scheduled for May 22nd making clear though that their implementation depends on further debt relief measures after the completion of the current bailout programme.

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April 13, 2017

## Latest economic & market developments in the CESEE region

### CYPRUS

Consumer prices, measured by HICP, have entered positive territory since December. Having jumped to +0.1% MoM/+1.4% YoY in February up from -0.8% MoM/+0.7% YoY in January and only +0.3% MoM/+0.1% YoY in December, HICP edged further up to +0.9% MoM/+1.5% YoY in March. The biggest increase on an annual basis were observed in the categories of Transportation (+0.8% MoM/+3.1% YoY in March vs. -0.2% MoM/+4.1% YoY in February) and Utilities (+1.8% MoM/+10.2 YoY vs. +1.7% MoM/+7.7% YoY), which reflect the pass through of rising world energy prices and the subsequent increase in the local electricity tariffs.

As of March, the rise of energy prices and volatile food (fruit and vegetables) accounted for 1.3 ppts and 0.7ppts respectively while non-energy industrial goods and services subtracted another 0.2 ppts from the headline respectively. The March reading is the third consecutive positive in 2017, but also the highest reading since March 2013, after that of last January which marked the end of the prolonged-four year- period of deflation in the island. As a result, the average annual HICP came already at +1.2% YoY in Q1-2017 up from -1.2% YoY in FY2016, -1.4% YoY in FY2015 and -0.7% YoY in FY2014.

### BULGARIA

Consumer prices climbed further for a fourth consecutive month in March. Inflation rose to -0.5% MoM/+1.9% YoY in March vs. +0.0% MoM/+1.7% YoY in February, up from +1.3% MoM/+1.4% YoY in January. Food prices, both the largest as well as the most volatile component of CPI, were kept high at -0.5% MoM/+4.1% YoY in March compared to +0.9% MoM/+3.7% YoY in February, up from -0.1% MoM/-0.2% YoY in January. The main driver was the rise in the prices of vegetables (+18.0% YoY). Reflecting the normalization of global energy prices in Q1-2017, transportation prices jumped to -0.2% MoM/+7.6% YoY in March up from +0.4% MoM/+6.0% YoY in February, compared to only +1.1% MoM/+2.3% YoY in January and a one year low of +1.2% MoM/-11.5% YoY in last May. Looking ahead, any further recovery in world energy prices plus the planned sharp adjustment of gas prices by the market regulator (KEVR) as of April and the expected hike in universities tuition fees are expected to maintain inflationary pressures intact in the coming months. Our average inflation forecast for the FY2017, stands currently at 1.5% YoY up from -0.8% YoY in FY2016 and -0.1% YoY in FY2015.

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		
	2016	current	2017
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

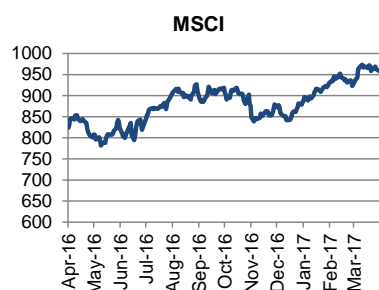
ROMANIA: Indicator:	2015	2016e	2017f
Real GDP growth %	3.7	5.0	3.5
CPI (pa, yoy %)	-0.6	-1.8	1.5
Budget Balance/GDP *	-1.9	-2.8	-3.7
Current Account/GDP	-1.1	-3.0	-3.2
EUR/RON (eop)	4.48	4.54	4.60
	2016	current	2017
Policy Rate (eop)	1.75	1.75	1.75

\* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

SERBIA: Indicators	2015	2016e	2017f
Real GDP growth %	0.8	2.8	3.0
CPI (pa, yoy %)	1.9	1.2	2.1
Budget Balance/GDP	-3.7	-1.4	-1.3
Current Account/GDP	-4.7	-4.0	-3.9
EUR/RSD (eop)	121.38	123.40	125.5
	2016	current	2017
Policy Rate (eop)	4.00	4.00	4.00

Source: Reuters, Bloomberg, Eurobank Research, National Authorities



Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	Ba3	BB-	BB-
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BB+	BBB-
CYPRUS	B1	BB+	BB-

Source: Reuters, Bloomberg, Eurobank Research

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April 13, 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**

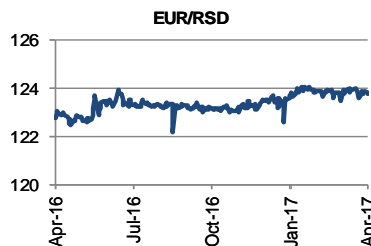
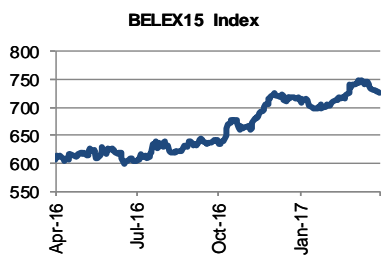
	Last	ΔDbps	ΔYTD bps
5-year	190	0	-18
10-year	244	0	-12

**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**

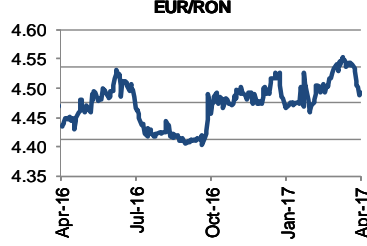
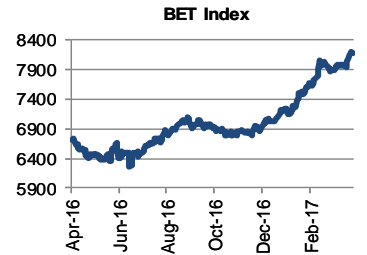
	Last	ΔDbps	ΔYTD bps
5-year	99	-1	-10
10-year	149	-1	-3

**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**

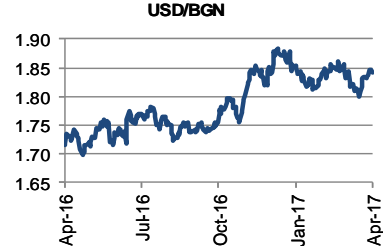
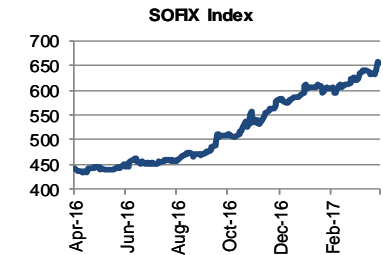
	Last	ΔDbps	ΔYTD bps
5-year	115	0	-37
10-year	173	0	-21

**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 13, 2017

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