



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Thursday, July 13, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- Jul 12
 - Fed Chair Yellen testifies before House Financial Services Committee
 - Fed's Beige Book
- Jul 13
 - Jobless claims (weekly)
 - Fed Chair Yellen testifies before Senate
- Jul 14
 - CPI (Jun)
 - Retail sales (Jun)
 - Industrial prod/n (Jun)
 - UoM consumer confidence (Jul, p)

EUROZONE

- Jul 10: Eurogroup
- Jul 11: Ecofin

GREECE

- Jul 10
 - HICP/CPI (Jun)
 - Industrial prod/n (May)

CYPRUS

- Jul 11: HICP (Jun)

SEE

BULGARIA

- Jul 10
 - Retail sales (May)
 - Industrial prod/n (May)
 - Trade balance (May)
- Jul 13: CPI (Jun)

ROMANIA

- Jul 10
 - Trade balance (May)
 - 3.25% 2024 T-bonds auction
 - MPC meeting minutes
- Jul 11
 - Industrial sales (May)
 - CPI (Jun)
- Jul 12: Industrial prod/n (May)
- Jul 13: 1.35% 2019 T-Bonds auction
- Jul 14
 - CAD (May)
 - Fitch rating review

SERBIA

- Jul 10: MPC meeting
- Jul 12
 - CPI (Jun)
 - 2-year T-Bonds auction

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Global equity markets and core government bonds were firmer while USD was under pressure across the board in European trade on Thursday reacting to the tone of Fed Chair Janet Yellen at her semi-annual testimony to the House Finance Committee on Wednesday that was perceived as more dovish than expected. The Fed Chair will deliver the second leg of her testimony before the Senate Banking Committee today while on the data front, of greater importance will be the US June PPI report and US initial jobless claims for the week ended July 8.

GREECE: The European Commission recommended yesterday to the Council to close the Excessive Deficit Procedure (EDP) for Greece following the progress that Greece has made in consolidating its public finances and implementing the ESM programme. In particular, the general government balance has improved from a deficit of 15.1% of GDP in 2009 to a surplus of 0.7% of GDP in 2016, well below the 3% threshold of the Treaty on the Functioning of the European Union.

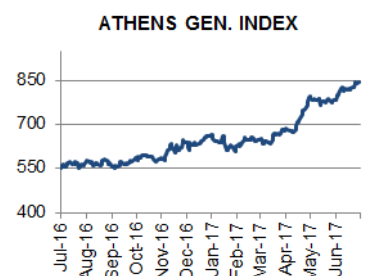
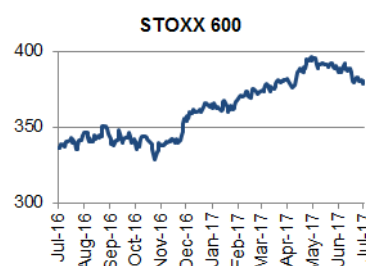
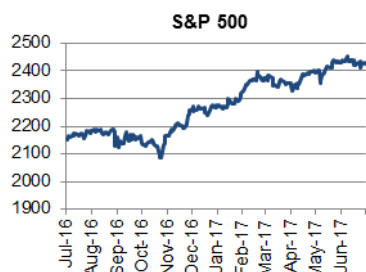
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July 13, 2017

Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Global equity markets and core government bonds were firmer while USD was under pressure across the board in European trade on Thursday reacting to the tone of Fed Chair Janet Yellen at her semi-annual testimony to the House Finance Committee on Wednesday that was perceived as more dovish than expected. The Fed Chair reiterated the comments delivered at the June-FOMC press conference that the recent downward surprises in inflation were partly due to an “unusual reduction in certain categories of prices”. However, she appeared less confident about recent inflation weakness being transitory emphasizing that there is “uncertainty about when—and how much— inflation will respond to the tightening resource utilization”, prompting a dovish shift in short-term Fed rate hike expectations. With respect to the balance-sheet run off, she stated that it should start “relatively soon” and is expected to reach “normal” by around 2022. In response to her comments, US Treasury yields fell across the curve with long-dated paper outperforming. The 10-yr UST yield was hovering around 2.31% at the time of writing, close to a near two-week low of 2.30% marked in the prior session remaining c. gbps lower from recent multi-month highs. The 2/10-yr yield curve undertook some bullish flattening with the respective spread standing close to a week low of 97bps. German Bund yields also fell albeit to a lesser extent with the 10-yr Bund/UST spread narrowing to a fresh year-to-date low of 174bps. In FX markets, USD moved lower across the board with the DXY index marking a fresh eight-month low of 95.464 earlier today. Favored by USD’s weakness, GBP was firmer by 0.4% on the day moving above the 1.2900 level for the first time since late last week. UK data showing that average weekly earnings growth increased by 2.0%YoY in the three months to May, up from 1.8%YoY in the three months of April, also favored. CAD was also firmer following the BoC’s decision to hike interest rates at yesterday’s monetary policy meeting for the first time in seven years USD/CAD was standing close to 1.2745/50 at the time of writing, within distance from a one-year low of 1.2860 marked in the prior session. The Fed Chair will deliver the second leg of her testimony before the Senate Banking Committee today where she is expected to reiterate what she said before the House of Representatives. On the data front, of greater importance will be the US June PPI report and US initial jobless claims for the week ended July 8.

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GREECE

The European Commission recommended yesterday to the Council to close the Excessive Deficit Procedure (EDP) for Greece following the progress that Greece has made in consolidating its public finances and implementing the ESM programme. In particular, the general government balance has improved from a deficit of 15.1% of GDP in 2009 to a surplus of 0.7% of GDP in 2016, well below the 3% threshold of the Treaty on the Functioning of the European Union. According to the relevant EU press release, the positive fiscal performance of Greece is considered durable and the fiscal measures undertaken so far under the 3rd Economic Adjustment Programme will continue to make a positive impact on the process of fiscal consolidation even beyond 2018, as effects accumulate. In other news, according to the provisional data of the Hellenic Statistical Authority, the total building activity (private and public) in Greece during the period January – April 2017 recorded a 7.8% increase in the number of issued building permits, a 17.6% increase in surface and a 15.7% increase in volume compared to the corresponding period in 2016.

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July 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	2443.25	0.7%	9.1%	EUR/USD	1.1394	-0.2%	8.3%	UST - 10yr	2.31	-1	-14	GOLD	1222	0.1%	6.1%
Nikkei 225	20099.81	0.0%	5.2%	GBP/USD	1.293	0.4%	4.6%	Bund-10yr	0.56	-2	35	BRENT CRUDE	47	-0.6%	-16.5%
STOXX 600	386.81	0.5%	7.0%	USD/JPY	112.99	0.2%	3.5%	JGB - 10yr	0.08	-1	4	LMEX	2838	0.3%	6.7%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.99	2	-1
1-week	3.14	2	-3
1-month	3.32	1	-3
3-month	3.54	1	7
6-month	3.74	-1	8

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.85	-1	-17
5Y RSD	5.22	0	-14
7Y RSD	5.59	0	-4

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	1.84	-5	-48
USD Nov-24	6.32	0	-9

CDS

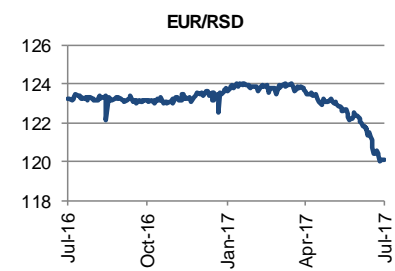
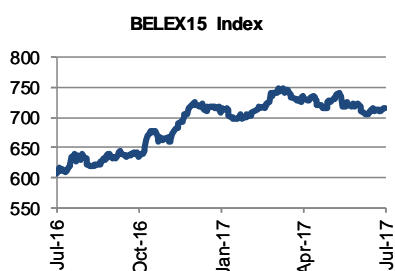
	Last	ΔDbps	ΔYTD bps
5-year	149	0	-59
10-year	197	0	-58

STOCKS

	Last	ΔD	ΔYTD
BELEX15	714.4	-0.15%	-0.41%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.09	0.00%	2.81%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.51	0	-5
1-month	0.64	0	-12
3-month	0.87	-1	-3
6-month	1.03	0	-8
12-month	1.2	0	-5

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.30	-4	-32
5Y RON	2.24	-3	-28
10Y RON	3.45	-2	-20

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.96	0	-18
USD Jan-24	3.39	0	-47

CDS

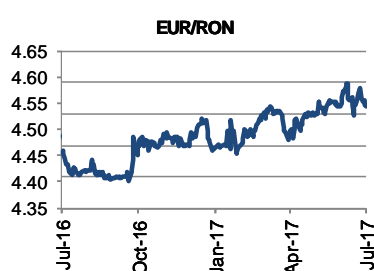
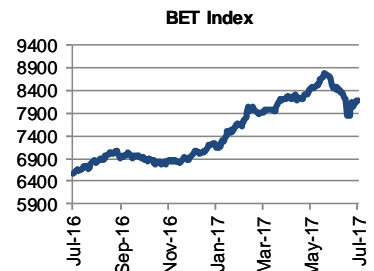
	Last	ΔDbps	ΔYTD bps
5-year	107	0	-2
10-year	150	0	-3

STOCKS

	Last	ΔD	ΔYTD
BET	8174.0	0.02%	15.37%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5628	0.02%	-0.52%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.16	0	0
3-month	-0.10	-1	-3
6-month	0.04	0	-4
12-month	0.41	0	1

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.08	1	-23
5Y BGN	0.18	3	-33
10Y BGN	1.53	0	-37

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-24	1.31	1	-37

CDS

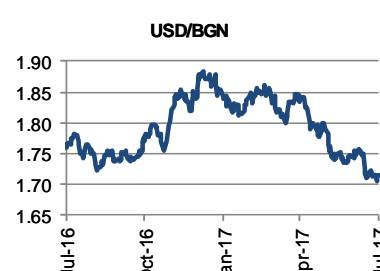
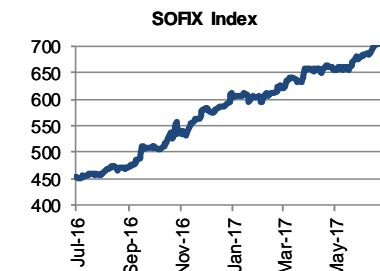
	Last	ΔDbps	ΔYTD bps
5-year	113	3	-39
10-year	163	3	-30

STOCKS

	Last	ΔD	ΔYTD
SOFIX	708.6	-0.36%	20.83%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7166	-0.16%	8.26%



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

Data updated as of 12:50 EEST

July 13, 2017

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