



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Friday, February 17, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Feb 14: Fed Chair Yellen delivers semi-annual testimony to the Senate Banking Panel
- Feb 15
 - Empire State Index (Feb)
 - CPI (Jan)
 - Retail sales (Jan)
 - Industrial production (Jan)
 - NAHB Index (Feb)
 - Fed Chair Yellen delivers semi-annual testimony to Congress' House Financial Services Committee
- Feb 16
 - Housing starts (Jan)
 - Housing permits (Jan)
 - Initial claims (weekly)
 - Philly Fed (Feb)

EUROZONE

- Feb 14: GDP (p, Q4 2016)
- Feb 16: ECB Jan 19 minutes

GREECE

- Feb 14: GDP (A, Q4 2016)
- Feb 15: HICP/CPI (Jan)

SEE

BULGARIA

- Feb 14: GDP (p, Q4 2016)
- Feb 15
 - CPI (Jan)
 - U/E rate (Jan)
- Feb 17: Current account balance (Dec)

ROMANIA

- Feb 13: Current account deficit (Dec)
- Feb 14
 - GDP (A, Q4 2016)
 - NBR meeting minutes
- Feb 15: CPI (Jan)
- Feb 16: 3.25% 2024 T-bonds auction

SERBIA

- Feb 13: 3.50% 2019 T-bonds auction
- Feb 14
 - 1.00% 2019 T-Bonds auction
 - MPC meeting announcement

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The ECB Minutes from the mid-January monetary policy meeting that were released yesterday, supported the view that a substantial degree of monetary accommodation is still warranted and, thus, talk of ECB tapering seems premature. Regarding the implementation of the APP programme, the ECB noted that "limited and temporary deviations" from the capital key purchases rule "were possible and inevitable", and the Central Bank stands ready "to make further adaptations" to securities lending arrangements, if needed. EMU sovereign bonds reacted positively to the ECB January meeting minutes, with sovereign bond yields moving lower and sovereign debt spreads narrowing. In FX markets, the USD gained some ground supported by positive US data, remaining though below recent highs amid prevailing market uncertainty over the US administration's trade policies as well as the timing and size of fiscal stimulus.

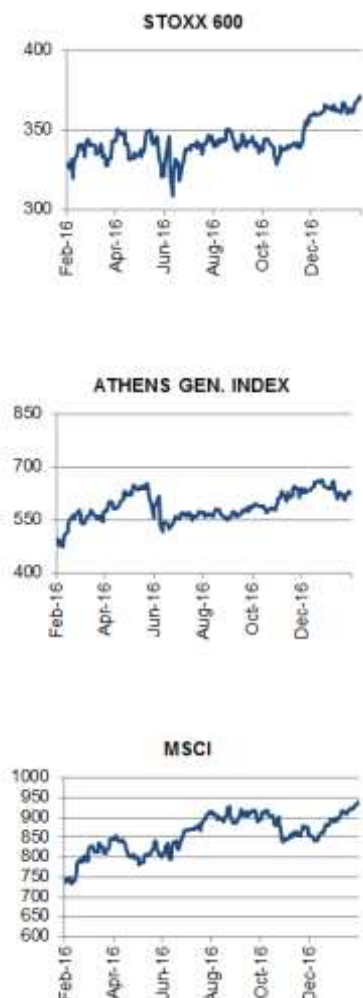
GREECE: According to its official agenda, the 20 February Eurogroup will take stock of the ongoing implementation of Greece's macroeconomic adjustment programme focusing on plans to carry forward the second review of the programme. Based on recent press reports, the aim is to reach an in principle agreement that will allow the return of the institutions' mission heads to Greece with a view to reaching a Staff Level Agreement in March.

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

The ECB Minutes from the mid-January monetary policy meeting that were released yesterday, supported the view that a substantial degree of monetary accommodation is still warranted and, thus, talk of ECB tapering seems premature. Governing Council members acknowledged that although the economy has evolved in line with the Euro system staff macroeconomic projections presented at the December meeting, uncertainty prevails and risks remain skewed to the downside. On the inflation front, they argued that, in spite of the recent rise in headline inflation, there is no evidence so far of second-round effects, probably due to, among others, the labor market slack. Regarding the implementation of the APP programme, the ECB noted that "limited and temporary deviations" from the capital key purchases rule "were possible and inevitable", and the Central Bank stands ready "to make further adaptations" to securities lending arrangements, if needed. EMU sovereign bonds reacted positively to the ECB January meeting minutes, with sovereign bond yields moving lower and sovereign debt spreads narrowing. Indicatively, Spain's 10-yr yield dropped to a two-week low of 1.585% shortly after the release of the minutes on Thursday before rising modestly to levels around 1.618% in European trade on Friday, remaining though some 2.5bps lower from yesterday's intraday peak and around 10bps lower from year-to-date highs marked earlier this month. The spread against its German counterpart narrowed to levels around 128bps in European trade, c. 14bps narrower from multi-month highs recorded a few sessions ago. Elsewhere, in spite of yesterday's positive US data related to the manufacturing sector, the housing and the labor market, US Treasuries were modestly firmer in European trade as US stock markets ended lower overnight after a string of seven consecutive positive closes. In FX markets, the USD gained some ground remaining though below recent highs amid prevailing market uncertainty over the US administration's trade policies as well as the timing and size of fiscal stimulus. The DXY index was hovering around 100.680 at the time of writing up from Thursday's 100.440 settlement, albeit still 0.6% lower from a multi-week peak recorded a couple of sessions ago in the wake of the more hawkish than expected tone the Fed Chair adopted at the semi-annual testimony.

ppetropoulou@eurobank.gr

GREECE

According to its official agenda, the 20 February Eurogroup will take stock of the ongoing implementation of Greece's macroeconomic adjustment programme focusing on plans to carry forward the second review of the programme. Based on recent press reports, the aim is to reach an in principle agreement that will allow the return of the institutions' mission heads to Greece with a view to reaching a Staff Level Agreement in March. Press reports quoted a European official stating that what is required by the Greek side at this point is to commit to the upfront legislation of a package of measures to be implemented upon completion of the 3rd Economic Adjustment Programme, in 2018. The exact measures and the fiscal impact that they should have will reportedly be determined once the institutions' technical staff examine the over-performance of the 2016 fiscal target and determine whether it was of a temporary or sustainable nature. On its part, the Greek government is reportedly pursuing a comprehensive agreement that will also include offsetting measures to be activated after 2018 if the official primary surplus target is outperformed. These measures may reportedly comprise: reduction of the minimum VAT rate, the property tax rate, the personal income tax rate and the corporate income tax rate. Meanwhile, sources from the Ministry of Finance are said to anticipate that the primary surplus of 2016 may reach 3%-of-GDP, exceeding even the latest estimation of 2%-of-GDP and well above the official target of 0.5%-of-GDP. In other news, according to a German newspaper, the German Chancellor Angela Merkel and the IMF Managing Director Christine Lagarde agreed recently that the IMF will participate in the programme and that the debt relief issue will be dealt with in 2018.

2
andimitriadou@eurobank.gr

February 17, 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	2347.22	-0.1%	4.8%	EUR/USD	1.0645	-0.3%	1.2%	UST - 10yr	2.45	0	0	GOLD	1238	-0.1%	7.4%
Nikkei 225	19234.62	-0.6%	0.6%	GBP/USD	1.249	0.0%	1.1%	Bund-10yr	0.34	-1	13	BRENT CRUDE	56	0.3%	-1.8%
STOXX 600	370.13	0.0%	2.4%	USD/JPY	113.2	0.0%	3.4%	JGB - 10yr	0.09	-1	5	LMEX	2894	-0.9%	8.8%

CESEE MARKETS

SERBIA				ROMANIA				BULGARIA			
Money Market				Money Market				Money Market			
BELIBOR	Last	ΔDbps	ΔYTD bps	ROBOR	Last	ΔDbps	ΔYTD bps	SOFIBOR	Last	ΔDbps	ΔYTD bps
T/N	294	1	-6	O/N	0.43	0	-13	LEONIA	-0.09	-1	-9
1-week	3.05	4	-12	1-month	0.61	0	-15	1-month	-0.17	0	0
1-month	3.33	1	-2	3-month	0.82	0	-8	3-month	-0.08	0	-1
3-month	3.46	4	-1	6-month	1.05	0	-6	6-month	0.06	0	-2
6-month	3.69	9	3	12-month	1.22	0	-3	12-month	0.40	0	-1
RS Local Bonds				RO Local Bonds				BG Local Bonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps	(yields)	Last	ΔDbps	ΔYTD bps
3Y RSD	5.07	-1	-1	3Y RON	1.66	2	4	3Y BGN	0.12	1	-3
5Y RSD	5.46	0	10	5Y RON	2.64	0	12	5Y BGN	0.39	-2	-12
7Y RSD	5.71	#N/A	N/A	10Y RON	3.61	-3	-4	10Y BGN	1.71	0	-20
RS Eurobonds				RO Eurobonds				BG Eurobonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
USD Nov-17	2.06	-1	-27	EUR Oct-25	2.11	-3	-2	EUR Jul-17	-0.49	-5	-17
USD Nov-24	6.50	0	8	USD Jan-24	3.66	-1	-20	EUR Sep-24	1.66	0	-2
CDS				CDS				CDS			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
5-year	204	0	-3	5-year	96	-2	-14	5-year	116	1	-36
10-year	247	-1	-9	10-year	138	-3	-15	10-year	157	1	-37
STOCKS				STOCKS				STOCKS			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
BELEX15	708.8	0.75%	-1.19%	BET	7724.0	0.16%	9.02%	SOFIX	594.2	0.00%	1.32%
FOREX				FOREX				FOREX			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
EUR/RSD	123.70	0.14%	-0.19%	EUR/RON	4.5173	0.16%	0.48%	USD/BGN	1.8374	-0.25%	1.14%

BELEX15 Index		BET Index		SOFIX Index	

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

Data updated as of 10:40 EET

February 17, 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>

