



# DAILY OVERVIEW

## OF GLOBAL MARKETS & THE SEE REGION

Wednesday, April 19, 2017

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### GLOBAL

##### US

- Apr 17
  - Empire State Index (Apr)
  - NAHB index (Apr)
- Apr 18
  - Housing starts (Mar)
  - Housing permits (Mar)
  - Industrial production (Mar)
- April 19: Fed's Beige Book
- Apr 21: Existing home sales (Mar)

#### EUROZONE

- Apr 19: CPI (final, Mar)
- Apr 21: PMI manufacturing & services (Apr)

#### SEE

##### BULGARIA

- Apr 20: Current Account (Feb)

##### CYPRUS

- Apr 21: Fitch sovereign review

##### ROMANIA

- Apr 20: 2.25% 2020 T-bonds auction
- Apr 21: Moody's sovereign review

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** In FX markets, GBP retained a firm tone in European trade on Wednesday supported by British PM Theresa May's unexpected call for a snap general election on June 8 seeking a stronger mandate for the ruling Conservative Party ahead of the upcoming Brexit negotiations. Elsewhere, prevailing geopolitical jitters continued to support top rated sovereign bonds. Looking at the day ahead, the Fed is scheduled to release the latest Beige Book and Boston Fed President Eric Rosengren will speak about the US economy.

**GREECE:** The IMF, on its World Economic Outlook report presented yesterday, lowered its 2017 and 2018 real GDP forecast for Greece to 2.2% and 2.7% from 2.8% and 3.1% in October 2016

### SOUTH EASTERN EUROPE

**CESEE MARKETS:** CESEE assets were mixed earlier on Wednesday, with the majority of main stock indices and government bonds moving higher, while most regional currencies stood on the back foot. In FX markets, the Turkish lira posed among the region's main underperformers, trimming part of its recent post-referendum gains.

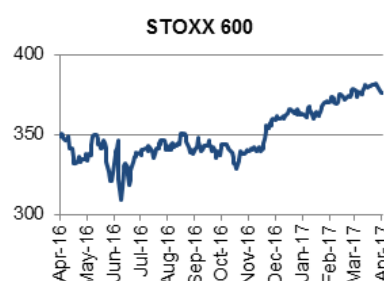
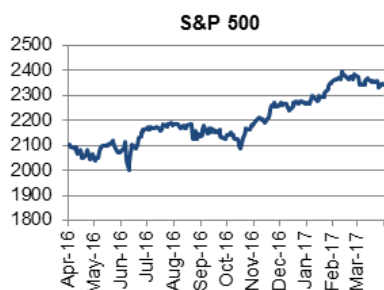
#### DISCLAIMER

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.

April 19, 2017

## Latest world economic & market developments

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

In FX markets, GBP retained a firm tone in European trade on Wednesday supported by British PM Theresa May's unexpected call for a snap general election on June 8 seeking a stronger mandate for the ruling Conservative Party ahead of the upcoming Brexit negotiations. In line with Britain's Fixed-Term Parliaments Act, the House of Commons is expected to approve the PM's call by a 2/3rds majority later today. With recent opinion polls suggesting increasing popularity for the Conservative Party, GBP/USD hit a year-to-date peak slightly above 1.2900 on Tuesday soon after the snap election announcement, before retreating to levels around 1.2810/15 in European trade on Wednesday. In spite of today's down move, the pair remained above the upper boundary of the 1.2350-1.2650 range that prevailed over the last few weeks. Elsewhere, lingering geopolitical jitters continued to support top rated sovereign bonds. The 10-yr US bond yield was hovering around 2.19% at the time of writing, not far from Tuesday's intraday low close to 2.17%, the lowest since the post US Presidential election sell off, having declined by 41bps cumulatively from a year-to-date peak hit in mid-March. A recent string of weaker than expected US data have triggered a dovish shift in short-term Fed rate hike expectations while the majority of market participants do not expect a comprehensive US tax reform to be implemented until late 2017. US data released on Tuesday revealed a bigger than expected decline in March housing starts while manufacturing output dropped in the same month for the first time since last August, adding to the view that the US economy has probably slowed in Q1 2017 after an annualized growth rate of 2.1% in Q4 2016. UK sovereign paper also retained a positive tone supported by political jitters while market uncertainty ahead of the first round of the French presidential election on Sunday, April 23 continued to exert a positive impact on German Bunds. The 10-yr Bund yield was hovering around 0.18% at the time of writing, close to Tuesday's 3 ½ month intraday low of 0.16% and well below levels around 0.25% recorded a week earlier. Looking at the day ahead, the Fed is scheduled to release the latest Beige Book and Boston Fed President Eric Rosengren will speak about the US economy.

[pptropoulou@eurobank.gr](mailto:pptropoulou@eurobank.gr)

### GREECE

The IMF, on its World Economic Outlook report presented yesterday by its Chief Economist Maurice Obstfeld, lowered its 2017 and 2018 real GDP forecast for Greece to 2.2% and 2.7% respectively. Real GDP growth forecasts for 2017 and 2018 were at 2.8% and 3.1% in October 2016 (World Economic Outlook, October 2016). Moreover, the IMF forecasted long term growth (post -2022) at 1.0% annually in-line with the forecasts of the 2016 Article IV Consultation for Greece published in February 2017. The IMF's lower short term forecasts are in accordance with its current request for more debt relief for Greece. According to the preliminary State Budget Execution data for January – March 2017, the budget balance recorded a deficit of ca €1.37 bn, ca €0.04 bn narrower relatively to the respective 2017 Budget target (deficit €1.41 bn). The primary balance recorded a surplus of ca €1.07 bn, significantly outperforming the 2017 Budget target (primary surplus €0.99 bn). In more detail, ordinary budget net revenue for January – March 2017 amounted to ca €10.76 bn, lower by ca €1.88 bn (or -7.3%) compared with the 2017 Budget target (€11.63 bn). This shortfall was mainly due to the delay of the payment of the €1.23 bn from Fraport AG for the concession of 14 regional Greek airports. The payment initially was scheduled for March 2017 but it was received on April 11th 2017. Ordinary budget expenditure for January-March 2017 amounted to ca €12.42 bn, undershooting the respective 2017 Budget target by ca €0.76 (or -5.7%). Primary spending amounted to €9.99 bn, undershooting the respective 2017 Budget target by ca €0.79 bn (or -7.3%).

April 19, 2017

## Latest economic & market developments in the CESEE region

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

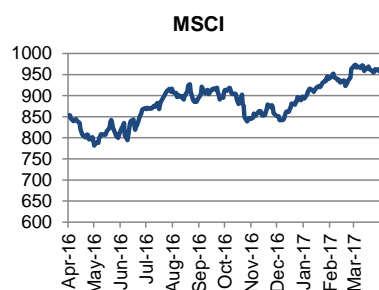
ROMANIA: Indicator:	2015	2016e	2017f
Real GDP growth %	3.7	5.0	3.5
CPI (pa, yoy %)	-0.6	-1.8	1.5
Budget Balance/GDP *	-1.9	-2.8	-3.7
Current Account/GDP	-1.1	-3.0	-3.2
EUR/RON (eop)	4.48	4.54	4.60
	2016	current	2017
Policy Rate (eop)	1.75	1.75	1.75

\* 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

### CESEE MARKETS

CESEE assets were mixed earlier on Wednesday, with the majority of main stock indices and government bonds moving higher, while most regional currencies stood on the back foot. Hungary's BUX and Poland's WIG led the gains with advances of ca 0.45% each. On the flipside, Romania's BETI index bucked the positive trend to stand 0.5% weaker compared to Tuesday's settlement.

In FX markets, the Turkish lira posed among the region's main underperformers, trimming part of its recent post-referendum gains. With the prospect of early general elections having been reduced after the "Yes" vote prevailed on Sunday's plebiscite, the USD/TRY slid as far as a 2-week low of 3.6260 on Monday. In support of the aforementioned, Deputy Prime Minister Mehmet Simsek was quoted as saying in an interview to Reuters on Monday - a day after Turks voted in favor of constitutional changes - that President Tayyip Erdogan has no plans to call snap elections ahead of the 2019 vote, ending recently emerged speculation that he would call an early ballot that would allow all constitutional amendments to come into effect earlier. However, the USD/TRY pulled back to trade around levels of 3.6650 in European trade today as domestic political uncertainty is likely to persist ahead, with an imminent cabinet reshuffle being on the cards.

Looking into the remainder of the week, the CESEE calendar is particularly light in the aftermath of the Easter holidays. Government bond auctions in Hungary and Romania lure market attention. Meanwhile, sovereign credit reviews for Poland by S&P, Cyprus by Fitch and Romania by Moody's take centre stage on Friday. Recall that Standard and Poor's upgraded in March the sovereign rating of Cyprus by one notch from BB to BB+ with a stable outlook and Moody's deferred a few days later its review on the country retaining its B1 rating which currently stands four notches below investment grade. Taking into account the recent improvement in the country's macroeconomic fundamentals and that Fitch's rating currently at BB-, two notches below that of S&P, an upgrade on Friday is highly likely, albeit not certain.

[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr)

April 19, 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	2342.19	-0.3%	4.6%	EUR/USD	1.0723	-0.1%	1.9%	UST - 10yr	2.19	3	-25	GOLD	1284	-0.4%	11.4%
Nikkei 225	18432.20	0.1%	-3.6%	GBP/USD	1.2817	-0.2%	3.7%	Bund-10yr	0.17	2	-4	BRENT CRUDE	55	0.3%	-3.2%
STOXX 600	376.94	0.2%	4.3%	USD/JPY	108.87	-0.4%	7.5%	JGB - 10yr	0.01	0	-4	LME X	2709	-2.3%	1.8%

**CESEE MARKETS**

**SERBIA**

**Money Market**

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	299	0	-1
1-week	3.15	0	-2
1-month	3.34	0	-1
3-month	3.53	0	6
6-month	3.71	0	5

**RS Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RSD	5.30	31	22
5Y RSD	5.34	0	-2
7Y RSD	5.63	0	0

**RS Eurobonds**

	Last	ΔDbps	ΔYTD bps
USD Nov-17	1.72	-2	-60
USD Nov-24	6.41	0	0

**CDS**

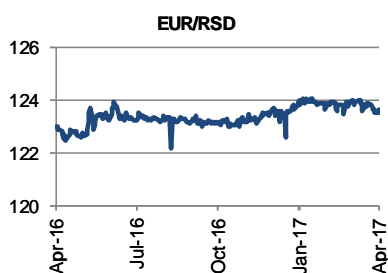
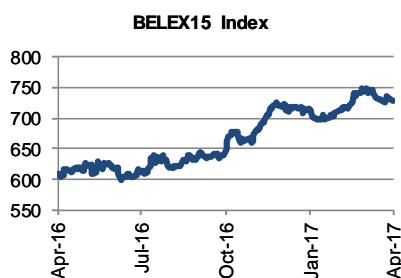
	Last	ΔDbps	ΔYTD bps
5-year	191	-1	-17
10-year	244	-1	-11

**STOCKS**

	Last	ΔD	ΔYTD
BELEX15	727.9	0.17%	1.47%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RSD	123.61	-0.07%	-0.12%



**ROMANIA**

**Money Market**

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.43	0	-13
1-month	0.61	0	-15
3-month	0.86	0	-4
6-month	1.07	0	-4
12-month	1.26	0	1

**RO Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RON	1.55	-1	-7
5Y RON	2.47	0	-5
10Y RON	3.46	-1	-19

**RO Eurobonds**

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.00	#N/A	N/A
USD Jan-24	3.36	1	-50

**CDS**

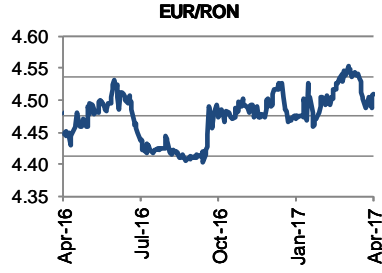
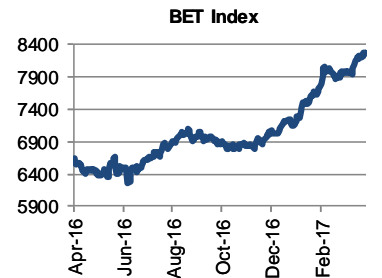
	Last	ΔDbps	ΔYTD bps
5-year	103	-2	-7
10-year	150	0	-2

**STOCKS**

	Last	ΔD	ΔYTD
BET	8198.6	-0.41%	15.72%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RON	4.5276	-0.05%	0.25%



**BULGARIA**

**Money Market**

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.40	0	-40
1-month	-0.16	0	1
3-month	-0.07	0	0
6-month	0.05	0	-3
12-month	0.43	0	3

**BG Local Bonds**

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.01	0	-15
5Y BGN	0.35	1	-15
10Y BGN	1.55	0	-35

**BG Eurobonds**

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.58	-5	-25
EUR Sep-24	1.52	-110	-16

**CDS**

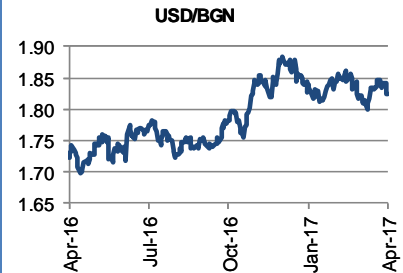
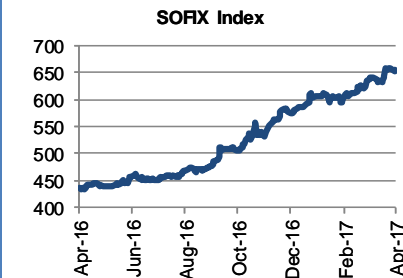
	Last	ΔDbps	ΔYTD bps
5-year	115	0	-37
10-year	173	1	-21

**STOCKS**

	Last	ΔD	ΔYTD
SOFIX	654.1	0.19%	11.55%

**FOREX**

	Last	ΔD	ΔYTD
USD/BGN	1.824	-0.05%	1.89%



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

Data updated as of 11:20 EEST

April 19, 2017

## Contributors

**Paraskevi Petropoulou**  
Economic Analyst, Eurobank Ergasias  
+30 210 3718991  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Galatia Phoka**  
Research Economist, Eurobank Ergasias  
+30 210 3718922  
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr)

**Ioannis Gkionis (Special Contributor)**  
Research Economist, Eurobank Ergasias  
30 210 3337305  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr)

**Anna Dimitriadou**  
Economic Analyst, Eurobank Ergasias  
+30 210 3718793  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

**Olga Kosma (Special Contributor)**  
Research Economist, Eurobank Ergasias  
+30 210 3371227  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr)

**Theodoros Stamatou (Special Contributor)**  
Senior Economist, Eurobank Ergasias  
30 210 3371228  
[tstamatou@eurobank.gr](mailto:tstamatou@eurobank.gr)

## Regional Contributors

**Vessela Boteva**  
Expert, trading desk, Eurobank Bulgaria  
+359 (2) 8166 491  
[vboteva@postbank.bg](mailto:vboteva@postbank.bg)

**Zoran Korac**  
FX dealer, Eurobank ad Beograd  
+381 11 206 5821  
[zoran.korac@eurobank.rs](mailto:zoran.korac@eurobank.rs)

**Bogdan Radulescu, CFA**  
Senior Trader, Bancpost  
+40 21 3656291  
[bogdan.radulescu@bancpost.ro](mailto:bogdan.radulescu@bancpost.ro)

## Eurobank Economic Analysis and Financial Markets Research

**Dr. Platon Monokrousos: Group Chief Economist**  
[pmonokrousos@eurobank.gr](mailto:pmonokrousos@eurobank.gr), +30 210 37 18 903

**Dr. Tassos Anastasatos: Deputy Chief Economist**  
[tanastasatos@eurobank.gr](mailto:tanastasatos@eurobank.gr), +30 210 33 71 178

## Research Team

**Anna Dimitriadou: Economic Analyst**  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr), +30 210 3718 793

**Ioannis Gkionis: Research Economist**  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr), +30 210 33 71 225

**Stylianos Gogos: Economic Analyst**  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr), +30 210 33 71 226

**Olga Kosma: Research Economist**  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr), +30 210 33 71 227

**Arkadia Konstantopoulou: Research Assistant**  
[arkonstantopoulou@eurobank.gr](mailto:arkonstantopoulou@eurobank.gr), +30 210 33 71 224

**Paraskevi Petropoulou: G10 Markets Analyst**  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr), +30 210 37 18 991

**Galatia Phoka: Research Economist**  
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr), +30 210 37 18 922

**Theodoros Stamatou: Senior Economist**  
[tstamatou@eurobank.gr](mailto: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](mailto: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>

