



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Monday, November 20, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- Nov 21: Existing home sales (Oct)
- Nov 22
 - Jobless claims (weekly)
 - Durable goods orders (Nov)
 - FOMC meeting minutes (November meeting)

EUROZONE

- Nov 23
 - DE: GDP (Q3)
 - PMI manufacturing & services (Nov,p)
 - ECB accounts (October meeting)
- Nov 24: DE: Ifo business climate (Nov)

GREECE

- Nov 20: Current Account Balance (Sep)

SEE

ROMANIA

- Nov 20: 5.95% 2021 T-bonds auction

SERBIA

- Nov 20: 2020 EUR T-bonds auction
- Nov 21: 2021 EUR T-bonds auction
- Nov 24: Real gross wages (Oct)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GREECE: According to press reports, in spite of the significant number of prior actions that are still pending, a staff level agreement for the 3rd programme review is possible at the December 4 Eurogroup with a formal closing of the review and subsequent release of the next loan tranche (c. EUR5.5 billion) at the January 22 Eurogroup. Once the 3rd programme review has been closed, discussions will commence on the post-programme regime as well as the potential debt relief measures with a view to reaching an overall political decision by May or June 2018 at the latest.

SOUTH EASTERN EUROPE

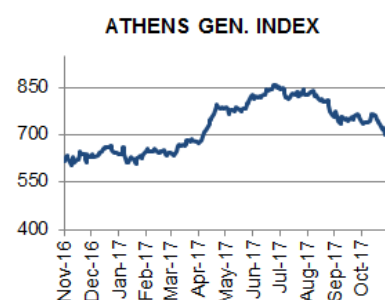
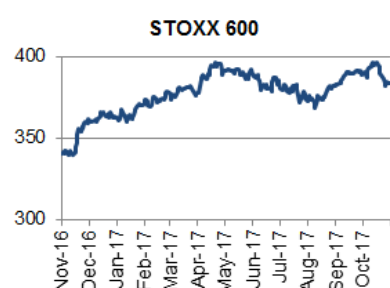
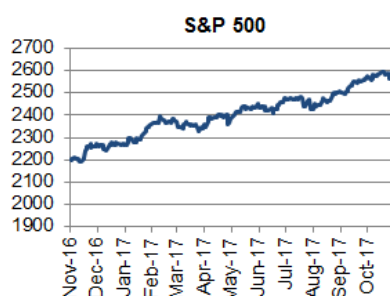
BULGARIA: Bulgarian equities dropped modestly last week, with the blue chip SOFIX ending 0.44% lower on a weekly basis at 668.87 points on Friday. Meanwhile, the local and foreign currency debt markets ended little changed last week.

SERBIA: The EUR/RSD continued to trade last week within a range of 118.35 -118.90, that has been held over the last couple of weeks, closing Friday's session at 118.40/60.

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Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

GREECE

According to press reports, in spite of the significant number of prior actions that are still pending, a staff level agreement for the 3rd programme review is possible at the December 4 Eurogroup with a formal closing of the review and subsequent release of the next loan tranche (c. EUR5.5 billion) at the January 22 Eurogroup. This schedule, however, is conditional on at least the implementation of two prior actions: the commencement of electronic auctions on November 29 and a decision on the PPC lignite fired units that will be sold. Additionally, there is reportedly pressure by the institutions on making progress in significant privatisation projects, particularly Hellinikon and Egnatia motorway. Once the 3rd programme review has been closed, discussions will commence on the post-programme regime as well as the potential debt relief measures with a view to reaching an overall political decision by May or June 2018 at the latest. The post-programme regime will likely be characterized by increased surveillance under a framework broadly similar to the ESM Enhanced Conditions Credit Line (ECCL). According to the ESM Guideline on Precautionary Financial Assistance, an ECCL beneficiary shall "adopt corrective measures aimed at addressing specific weaknesses and avoid any future problems in respect of access to market financing, while ensuring a continuous respect of the eligibility criteria which were considered met when the credit line was granted. The monitoring of the respect of the eligibility criteria and of any corrective measures shall be ensured by the European Commission, in liaison with the ECB". According to European sources, for Greece in particular, the post-programme period would entail the obligation to: attain the agreed primary surplus targets of 3.5% of GDP over the medium term, implement structural reforms and not backtrack from applied reforms, complete the agreed privatisation programme and adopt a development strategy based on technical and economic assistance by the European Union. In other news, the 2018 State Budget that is expected to be submitted to Parliament tomorrow, will reportedly envisage a GDP growth projection in the area of +1.4% for 2017, downwards revised from +1.8% projected in the draft State Budget (October 2017) and below the EC Autumn Economic Forecast of +1.6%.

andimitriadou@eurobank.gr

BULGARIA

Bulgarian equities dropped modestly last week, with the blue chip SOFIX ending 0.44% lower on a weekly basis at 668.87 points on Friday. The trading volume continued to be relatively high by reaching BGN 6.3mn last week, the highest turnover since the beginning of August. Eurobonds did not exhibit any significant moves, with the exception of the 2023 paper, which saw its yield falling by 12% (3bps). Local currency bonds offered even less volatility, with the largest change being witnessed in the 8 year tenor, with the corresponding yield dropping by 4.5 bps.

RSRaychev@postbank.bg

SERBIA

The EUR/RSD continued to trade last week within a range of 118.35 -118.90, that has been held over the last couple of weeks, closing Friday's session at 118.40/60. The National Bank of Serbia (NBS) continued intervening in the FX markets in order to halt the dinar's appreciation trend. In more detail, NBS bought roughly € 30mn, mostly between 118.55 and 118.60, which makes a total of €140mn purchases so far this month. In a rather quiet week, the only catalyst in the way of instigating any price movement was the NBS monthly inflation report, which only fortified the already strong dinar. According to the report (published on Wednesday), NBS expects YoY inflation to continue moving within the lower bound of the targeted band in the next two years. On top of that, NBS sees steady and robust growth in 2018 of around 3.5%.

Djordje.Lucic@eurobank.rs

November 20, 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	2578.85	-0.3%	15.2%	EUR/USD	1.1782	-0.1%	12.0%	UST - 10yr	2.33	-1	-11	GOLD	1292	-0.2%	12.1%
Nikkei 225	22261.76	-0.6%	16.5%	GBP/USD	1.3246	0.2%	7.2%	Bund-10yr	0.36	0	15	BRENT CRUDE	62	-0.4%	9.9%
STOXX 600	384.01	0.1%	6.3%	USD/JPY	112.06	0.0%	4.4%	JGB - 10yr	0.04	0	-1	LMEX	3207	0.7%	20.6%

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	2.50	0	-50	O/N	2.79	0	223	LEONIA	0.01	0	1	
1-week	2.61	0	-56	1-month	2.21	0	145	1-month	-0.26	1	-10	
1-month	2.80	0	-55	3-month	2.18	0	128	3-month	-0.18	-1	-11	
3-month	3.06	0	-41	6-month	2.29	0	118	6-month	-0.05	0	-13	
6-month	3.24	0	-42	12-month	2.33	0	108	12-month	0.33	0	-7	
RS Local Bonds				RO Local Bonds				BG Local Bonds				
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps	(yields)	Last	ΔDbps	ΔYTD bps	
3Y RSD	4.10	-1	-98	3Y RON	3.36	0	184	3Y BGN	-0.31	-2	-46	
5Y RSD	4.50	0	-86	5Y RON	3.76	0	134	5Y BGN	-0.08	-1	-58	
7Y RSD	4.87	-1	-76	10Y RON	4.62	0	115	10Y BGN	0.91	0	-99	
RS Eurobonds				RO Eurobonds				BG Eurobonds				
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps	
USD Feb-20	2.95	0	-126	EUR Oct-25	1.63	#N/A	N/A	-50	EUR Mar-22	0.04	-16	-83
USD Nov-24	6.04	-31	-22	USD Jan-24	3.17	0	-73	EUR Sep-24	0.69	-418	-100	
CDS				CDS				CDS				
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps	
5-year	133	-2	-74	5-year	98	-1	-12	5-year	97	-1	-55	
10-year	182	-1	-73	10-year	153	-1	1	10-year	152	-1	-42	
STOCKS				STOCKS				STOCKS				
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD	
BELEX15	735.7	0.34%	2.56%	BET	7778.6	0.08%	9.79%	SOFIX	668.9	0.00%	14.06%	
FOREX				FOREX				FOREX				
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD	
EUR/RSD	118.47	0.18%	4.21%	EUR/RON	4.6493	-0.23%	-2.37%	USD/BGN	1.6599	-0.07%	11.96%	

BELEX15 Index		BET Index		SOFIX Index	
EUR/RSD		EUR/RON		USD/BGN	

Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 10:20 EST

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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
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

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 37 18 793

Ioannis Gkionis: Research Economist
igkionis@eurobank.gr, + 30 210 33 71 225

Stylios Gogos: Economic Analyst
sgogos@eurobank.gr, + 30 210 33 71 226

Olga Kosma: Research Economist
okosma@eurobank.gr, + 30 210 33 71 227

Mariana Papoutsaki
mpapoutsaki@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 33 71 228

Elia Tsiampaou: Economic Analyst
etsiampaou@eurobank.gr, + 30 210 33 71 207

Eurobank Ergasias S.A, 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: EurobanKEA_FMR@eurobank.gr

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