

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

GLOBAL MARKETS: The USD was under pressure while US government bonds were firmer in European trade on Thursday following the release of the FOMC minutes which were perceived as more dovish than expected. In more detail, the minutes revealed that “many” committee members were in favor of a near-term rate hike but some expressed concerns that weakness in inflation may prove to be not just due to transitory factors. Looking at today’s calendar, focus is on the euro zone’s flash Markit manufacturing and service PMI readings for November, the minutes from the ECB’s October monetary policy meeting and the second estimate for UK Q3 2017 alongside the expenditure breakdown. Both US and Japanese markets are closed today due to national holidays.

GREECE: The 3rd programme review is at a critical point as, according to press reports, only around 30% of prior actions have only been completed, rendering the attainment of a staff-level agreement at the December 4 Eurogroup more difficult. For this purpose, the Greek PM Alexis Tsipras is reportedly planning to visit all competent ministries in order to put pressure towards accelerating the implementation of remaining items. The divestment from the Public Power Corporation’s lignite – fired production capacity remains among the stickiest issues.

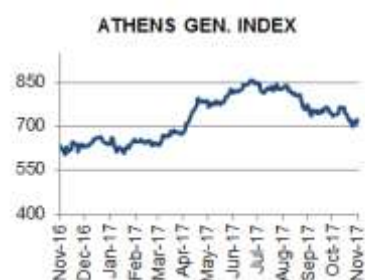
SOUTH EASTERN EUROPE

ROMANIA: EU authorities address a second warning to Romanian authorities to correct excessive expansionary fiscal policies.

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



Source: Reuters, Bloomberg, Eurobank Research

GLOBAL MARKETS

The USD was under pressure while US government bonds were firmer in European trade on Thursday following the release of the FOMC minutes which were perceived as more dovish than expected. In more detail, the minutes revealed that “many” committee members were in favor of a near-term rate hike, providing further support to the prevailing view for a 25bps rate hike at the next meeting in December. However, some members expressed concerns that weakness in inflation may prove to be not just due to transitory factors, raising market uncertainty over the Fed’s monetary policy deliberations in the period ahead. Admittedly, the tone of the FOMC minutes did not differ much from comments by FOMC Chair Janet Yellen earlier this week that US inflation will soon rebound but she is “very uncertain” about that prospect and cannot rule out that inflation could remain low for years to come. The DXY index extended Wednesday’s losses hitting a one month trough of 93.122 earlier today, more than 1% lower from last week’s multi-session highs marked in reaction to the approval by the US House of Representatives of their draft on tax reform. Supported by the USD’s broad-based weakness, the EUR/USD firmed hitting a one-week high of 1.1846 earlier today, approaching a 1 ½ month high of 1.1860 marked in mid-November in spite of the ongoing political impasse in Germany. In reaction to the FOMC minutes, short-dated US notes which are more sensitive to the Fed’s policy deliberations underperformed. The 2-yr UST bond yield ended at 1.727% on Wednesday, c. 4.5bps lower from a fresh nine-year high marked a day earlier marking the biggest daily drop in the last two months. The 2/10-yr yield spread ended slightly below 60bps, a tad higher from year-to-date lows marked in the prior session while the UST flattening trend is expected to prevail short-to-medium term as the Fed is anticipated to further normalize interest rates in the coming months. Looking at today’s calendar, focus is on the euro zone’s flash Markit manufacturing and service PMI readings for November which are expected to provide further evidence of an ongoing economic recovery. The ECB will also publish the minutes from the October monetary policy meeting while in the UK we expect the second estimate for Q3 2017 alongside the expenditure breakdown. Both US and Japanese markets are closed today due to national holidays.

ppetropoulou@eurobank.gr

GREECE

The 3rd programme review is at a critical point as, according to press reports, only around 30% of prior actions have only been completed, rendering the attainment of a staff-level agreement at the December 4 Eurogroup more difficult. For this purpose, the Greek PM Alexis Tsipras is reportedly planning to visit all competent ministries in order to put pressure towards accelerating the implementation of remaining items. The divestment from the Public Power Corporation’s lignite – fired production capacity remains among the stickiest issues. Although there has apparently been an agreement between the Greek side and the DG Competition regarding the production units that will be put up for sale, the Greek side now reportedly requests that: the market test be postponed for January or February 2018, the quantity of lignite and hydroelectric capacity that is currently being offered through the NOME auctions mechanism be reduced and the life of two lignite-fired production units be extended from 17,000 to 32,000 hours. A new meeting is to be held today among the competent authorities.

andimitriadou@eurobank.gr

November 23, 2017

Latest economic & market developments in the CESEE region

BULGARIA: Indicators	2015	2016	2017f
Real GDP growth %	3.6	3.4	3.6
CPI (pa, yoy %)	-0.1	-0.8	1.6
Budget Balance/GDP*	-2.8	1.6	-1.3
Current Account/GDP	-0.1	5.4	3.5
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	2016	2017f
Real GDP growth %	1.7	2.8	3.5
HICP (pa, yoy %)	-1.5	-1.2	1.0
Budget Balance/GDP*	0.1	0.4	0.2
Current Account/GDP	-3.0	-5.7	-5.9

* ESA 2010

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

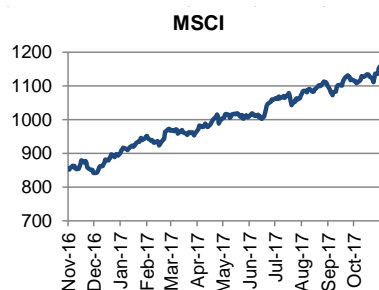
ROMANIA: Indicator:	2015	2016	2017f
Real GDP growth %	3.7	4.8	5.5
CPI (pa, yoy %)	-0.6	-1.6	1.4
Budget Balance/GDP *	-1.9	-2.4	-3.7
Current Account/GDP	-1.1	-2.2	-3.0
EUR/RON (eop)	4.48	4.54	4.62
	2016	current	2017
Policy Rate (eop)	1.75	1.75	1.75

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

SERBIA: Indicators	2015	2016	2017f
Real GDP growth %	0.8	2.8	2.0
CPI (pa, yoy %)	1.4	1.2	3.0
Budget Balance/GDP	-3.7	-1.3	-0.5
Current Account/GDP	-4.7	-4.0	-4.0
EUR/RSD (eop)	121.38	123.40	120.0
	2016	current	2017
Policy Rate (eop)	4.00	3.50	3.50

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

ROMANIA

According to the EU Commission report on European Semester Autumn Package, Romania failed to take effective action to correct its significant deviation from the adjustment path towards the medium-term budgetary objective (MTO). The EU Council had issued recommendation of an annual structural adjustment of 0.5% of GDP to Romania under the Significant Deviation Procedure (SDP) in last June. Following the lack of adequate response on behalf of the Romanian authorities, the EU Commission has upwardly revised the previous annual structural adjustment estimate to at least 0.8% of GDP. On the positive side, in an assessment of last year's developments, the EU Commission report identifies no macroeconomic imbalances in Romania, so that it does not deem necessary to prepare IDRs for the country. However, a number of scoreboard indicators are beyond the indicative threshold, namely the net international investment position (NIIP) and real house prices. Moreover the current account deficit has widened but stayed well below the scoreboard threshold, the net international investment position has improved driven by strong output growth which has allowed for net external debt reduction but still must converge to the threshold of 35% of GDP. Labor costs have accelerated on the back of pro-cyclical fiscal policies, at the expense of competitiveness edging down, possibly exacerbating overheating pressures. The correction of real house prices reversed in 2015 and prices further accelerated in 2016. The banking sector remains well capitalized and liquid. Non-performing loans appear to be on a firm downward trend and do not seem to pose a risk to financial stability, despite still relatively high levels. Overall, the EU Commission report highlights issues related to the external position and to the sustainability of the fiscal policy, macroeconomic risks appear contained. As a result, the EU Commission will, at this stage, not carry out further in-depth analysis in the context of the macroeconomic imbalances procedure (MIP).

igkionis@eurobank.gr

November 23, 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	2597.08	-0.1%	16.0%	EUR/USD	1.1844	0.2%	12.6%	UST - 10yr	2.32	0	-13	GOLD	1288	-0.3%	11.8%
Nikkei 225	22523.15	0.5%	17.8%	GBP/USD	1.33	-0.2%	7.6%	Bund-10yr	0.36	1	15	BRENT CRUDE	63	-0.4%	11.0%
STOXX 600	386.28	-0.2%	6.9%	USD/JPY	111.25	0.0%	5.2%	JGB - 10yr	0.03	0	-2	LMEX	3262	0.7%	22.6%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.51	0	-49
1-week	2.61	1	-56
1-month	2.81	1	-54
3-month	3.07	0	-40
6-month	3.25	0	-41

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.10	-2	-99
5Y RSD	4.51	-1	-85
7Y RSD	4.89	1	-74

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	2.94	0	-127
USD Nov-24	6.03	-31	-24

CDS

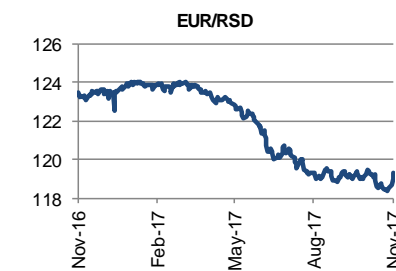
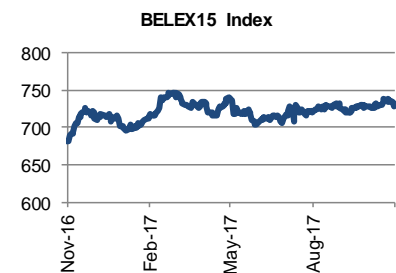
	Last	ΔDbps	ΔYTD bps
5-year	128	-5	-80
10-year	173	-8	-82

STOCKS

	Last	ΔD	ΔYTD
BELEX15	731.6	-0.03%	1.98%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	119.25	-0.07%	3.53%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.22	-36	66
1-month	2.12	1	136
3-month	2.15	1	125
6-month	2.29	1	118
12-month	2.36	2	111

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.42	0	190
5Y RON	3.75	0	133
10Y RON	4.57	0	109

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.62	0	-51
USD Jan-24	3.15	0	-74

CDS

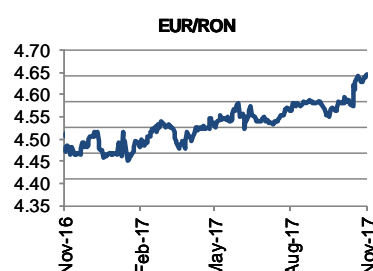
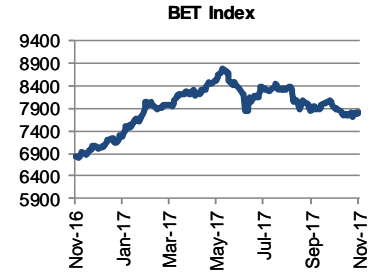
	Last	ΔDbps	ΔYTD bps
5-year	98	0	-11
10-year	153	-1	1

STOCKS

	Last	ΔD	ΔYTD
BET	7790.6	0.23%	9.96%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6537	-0.06%	-2.46%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.26	0	-10
3-month	-0.18	0	-11
6-month	-0.05	0	-13
12-month	0.33	0	-8

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.28	1	-44
5Y BGN	-0.07	-1	-57
10Y BGN	0.93	0	-98

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.00	-1	-87
EUR Sep-24	0.01	-2	-167

CDS

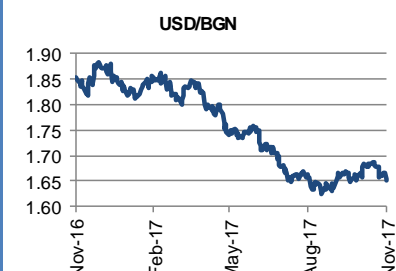
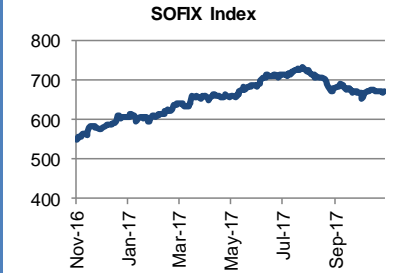
	Last	ΔDbps	ΔYTD bps
5-year	93	-4	-59
10-year	144	-6	-49

STOCKS

	Last	ΔD	ΔYTD
SOFIX	668.3	-0.16%	13.96%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6513	0.19%	12.54%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 11:40 EST

November 23, 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
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

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

Follow us on twitter: https://twitter.com/Eurobank_Group

