



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Thursday, April 27, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Apr 25
 - Case Shiller house price index (Feb)
 - CB consumer sentiment (Apr)
 - New home sales (Mar)
- Apr 27
 - Jobless claims (weekly)
 - Pending home sales (Mar)
- Apr 28
 - GDP (1st est, Q1 2017)
 - Chicago PMI (Apr)
 - UoM Consumer sentiment (May)

EUROZONE

- Apr 24: DE: Ifo business climate (Apr)
- Apr 27
 - ESI (Apr)
 - ECB interest rate decision & press conference
- Apr 28: HICP (Apr)
- Apr 29: Extraordinary EU Summit on Brexit

GREECE

- Apr 28
 - Retail sales (Feb)
 - PPI (Feb)

SEE

BULGARIA

- Apr 24: 0.3% 2021 T-bonds auction
- Apr 27: Gross external debt (Feb)
- Apr 28
 - PPI (Mar)
 - Budget balance (Mar)

ROMANIA

- Apr 24: 1.35% 2019 T-Bonds sale

SERBIA

- Apr 24: 2% 2020 T-Bonds sale
- Apr 25: Real gross wages (Mar)
- Apr 28
 - Industrial production (Mar)
 - Retail sales (Mar)
 - Trade balance (Mar)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The USD was modestly weaker and US Treasuries gained some ground in European trade, in reaction to the lack of details in the US administration's tax reform plan. Focus today is on the ECB Governing Council meeting where the Central Bank is widely expected to stay put on its monetary policy and maintain its forward guidance on interest rates while President Mario Draghi is unlikely to materially change his rhetoric tone at the post-meeting post conference.

GREECE: Informing the European Parliament today on the state of play in the negotiations of Greece with the official lenders in the context of the 2nd programme review, Eurogroup President Jeroen Dijsselbloem acknowledged that a lot has been accomplished during the first half of the current programme and that an agreement on the whole package pertaining to the 2nd review will be reached very soon. With regard to the ESM Eurogroup President stated that it should be developed into a European Monetary Fund in order to further strengthen the European Monetary Union. In other news, the bill for the out-of-court workout is expected to be voted by the Hellenic Parliament tomorrow.

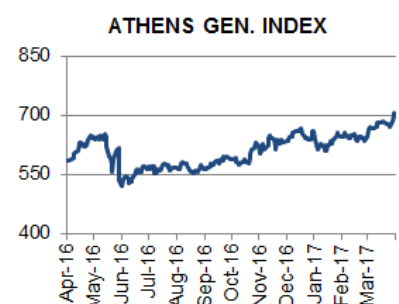
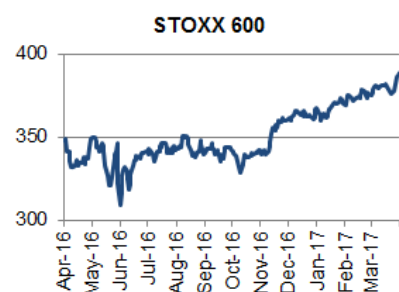
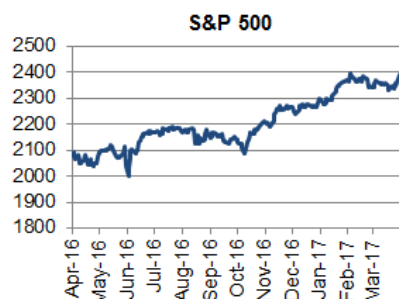
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April 27, 2017

Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Major European equity markets were weaker in European trade and fixed-income safe havens gained some ground, in reaction to the lack of details in the US administration's tax reform plan that was released in the prior session. The said proposal reportedly envisions, among others, a reduction in the number of income tax brackets from seven to three with a top rate of 35% and lower rates of 25% and 10% without though specifying which income ranges will fall under those brackets, a drop in the corporate tax rate from 35% currently to 15%, a "one-time tax" on repatriated corporate earnings and elimination of certain tax deductions. Undoubtedly, the plan lacked details both on the reform and on the implementation side. In addition, it did not provide specifics on how the ensuring increase in the budget deficit would be covered, raising the possibility of major adjustments down the road so as to secure approval by the Congress. The 10-yr UST yield retreated to levels around 2.30% in European trade, c. 5bps lower relative to a two-week intraday peak recorded in the prior session ahead of the release of the US tax reform plan. In a similar note, after testing levels slightly above 0.39% on Wednesday for the first time in nearly two months, the 10-yr yield on the German sovereign paper was trading close to 0.36% at the time of writing ahead of today's ECB Governing Council monetary policy meeting. The Central Bank is widely expected to stay put on its monetary policy and maintain its forward guidance on interest rates while President Mario Draghi is unlikely to materially change his rhetoric tone at the post-meeting post conference on the back of persistently subdued underlying price pressures. In FX markets, the lack of details in the US tax reform plan weighed on the USD with the DXY index hovering around 98.864 at the time of writing, 0.2% lower on a daily basis and 2.4% weaker from a multi-week peak recorded a fortnight ago.

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GREECE

Informing the European Parliament today on the state of play in the negotiations of Greece with the official lenders in the context of the 2nd programme review, Eurogroup President Jeroen Dijsselbloem acknowledged that a lot has been accomplished during the first half of the current programme such as reforms in the financial sector, the set-up of the Independent Authority for Public Revenue, the implementation of the first leg of an ambitious income, tax and pension reform and the establishment of the Hellenic Corporation of Assets & Participations. According to Mr. Dijsselbloem, these resulted in bolstered confidence that allowed partial return of deposits, decreased dependence on ELA and a better than expected fiscal performance in 2016. Eurogroup President explained that at this point the Greek authorities and the institutions have agreed on the size, the sequencing and the timing of the reform measures underpinning a growth-friendly rebalancing of the economy and appeared confident that an agreement on the whole package will be reached very soon. He added that the Eurogroup will then also review Greece's medium-term fiscal trajectory and debt sustainability and expressed the opinion that the 10-year period for maintaining the 3.5% of GDP primary surplus target should be shortened. Finally, Jeroen Dijsselbloem argued that this process will allow all the institutions to come to the conclusion that the numbers "add up" and the IMF to financially participate. With regard to the ESM Eurogroup President stated that it should be developed into a European Monetary Fund in order to further strengthen the European Monetary Union. In other news, the bill for the out-of-court workout is expected to be voted by the Hellenic Parliament tomorrow.

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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	2387.45	0.0%	6.6%	EUR/USD	1.0914	0.1%	3.7%	UST - 10yr	2.31	1	-13	GOLD	1264	-0.4%	9.7%
Nikkei 225	19251.87	-0.2%	0.7%	GBP/USD	1.289	0.3%	4.3%	Bund-10yr	0.36	1	16	BRENT CRUDE	52	-0.4%	-9.2%
STOXX 600	388.73	0.5%	7.6%	USD/JPY	111.36	-0.3%	5.1%	JGB - 10yr	0.02	0	-3	LMEX	2788	0.3%	4.8%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	3.07	5	7
1-week	3.20	4	3
1-month	3.37	2	2
3-month	3.55	1	8
6-month	3.73	1	7

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.97	-2	-11
5Y RSD	5.31	-1	-4
7Y RSD	5.62	0	-1

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	1.70	-4	-62
USD Nov-24	6.42	-1	0

CDS

	Last	ΔDbps	ΔYTD bps
5-year	178	-10	-30
10-year	228	-12	-27

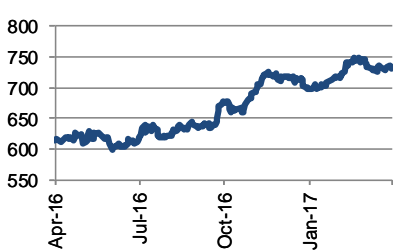
STOCKS

	Last	ΔD	ΔYTD
BELEX15	731.6	-0.12%	1.98%

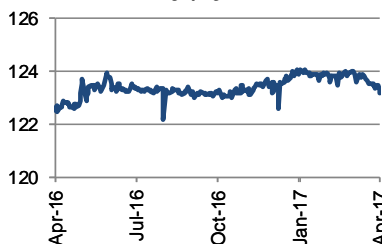
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.20	0.06%	0.21%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.56	0	0
1-month	0.67	0	-9
3-month	0.88	0	-2
6-month	1.09	0	-2
12-month	1.27	0	2

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.59	0	-3
5Y RON	2.50	0	-2
10Y RON	3.54	0	-11

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.03	0	-11
USD Jan-24	3.38	2	-47

CDS

	Last	ΔDbps	ΔYTD bps
5-year	105	-2	-4
10-year	150	0	-2

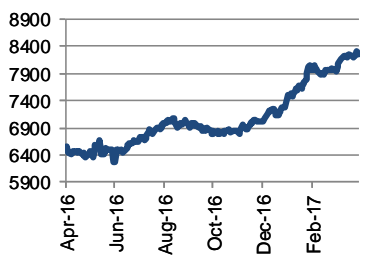
STOCKS

	Last	ΔD	ΔYTD
BET	8214.5	-0.29%	15.94%

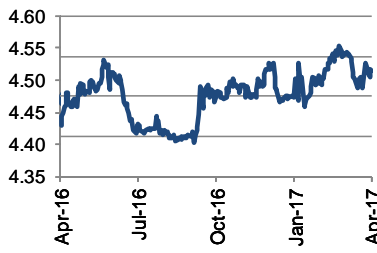
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5308	0.07%	0.18%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.40	0	-40
1-month	-0.17	0	0
3-month	-0.08	0	-1
6-month	0.04	0	-4
12-month	0.43	0	2

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.01	-1	-16
5Y BGN	0.33	-1	-17
10Y BGN	1.63	0	-28

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.81	0	-22
EUR Sep-24	1.46	#VALUE!	-22

CDS

	Last	ΔDbps	ΔYTD bps
5-year	112	0	-40
10-year	170	0	-24

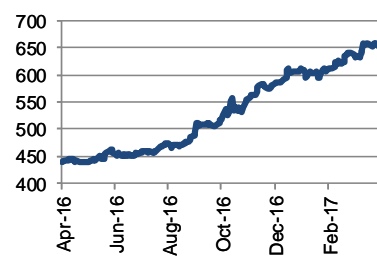
STOCKS

	Last	ΔD	ΔYTD
SOFIX	650.8	-0.46%	10.97%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7922	0.08%	3.69%

SOFIX Index



USD/BGN



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 10:00 EEST

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