

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### GLOBAL

##### US

- Nov 27: New home sales (Oct)
- Nov. 28: CB consumer confidence (Nov)
- Nov 29
  - Q3 GDP (2<sup>nd</sup> estimate)
  - Pending home sales (Oct)
  - Fed's Beige Book
- Nov 30
  - Personal income & spending (Oct)
  - Initial jobless claims (weekly)
- Dec. 1
  - ISM manufacturing (Nov)
  - Auto sales (Nov)

##### EUROZONE

- Nov 28: M3, loans to the private sector (Oct)
- Nov. 29: Economic sentiment (Nov)
- Nov. 30
  - CPI (prel. Nov)
  - Unemployment rate (Oct)
- Dec. 1: PMI manufacturing (Nov)

##### GREECE

- Nov 30
  - PPI (Oct)
  - Retail Sales (Sep)

##### SEE

##### BULGARIA

- Nov 30:
  - Producer's Price Index (Oct)
  - Budget Balance (Oct)

##### ROMANIA

- Nov 29: Unemployment Rate (Oct)

##### SERBIA

- Nov 30:
  - Industrial Production (Oct)
  - Trade Balance (Oct)
  - Retail Sales (Oct)
  - GDP (NSA YoY%, Q3)

Source: Reuters, Bloomberg,  
Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** US Q3 GDP was revised upwards by three-tenths to 3.3% saar, the highest in three years mainly supported by a more positive assessment of business capex and a higher than previously estimated contribution to GDP growth of changes in inventories. The above positive development followed a string of firmer than expected US data over the last few sessions while hawkish comments by Fed Chair Janet Yellen and the release of the latest Beige Book supported market optimism over the growth prospects of the US economy. Meanwhile, the Senate has taken important steps this week toward the passage of the tax reform bill. In reaction to the above, UST yields remained in an upward trend across the board while core bond yields followed suit, shrugging off fresh geopolitical jitters from North Korea. Looking in the day ahead, focus is on the OPEC meeting while in Germany, President Frank-Walter Steinmeier will meet the party leaders of the CDU, the CSU and the SPD to discuss the formation of a new "grand coalition". Date-wise, today's key highlights include the US core PCE deflator for October.

**GREECE:** Following the successful GGB strip re-profiling where according to the Public Debt Management Agency (PDMA) preliminary data participation reached c. 85.76%, the Greek government is reportedly examining tapping the financial markets two or three times in 2018 and until the Economic Adjustment Programme expires in August 2018. As regards the 3<sup>rd</sup> programme review, the institutions' heads discussed yesterday with the Minister of Administrative Reconstruction Olga Gerovasili the progress in changes in public administration and according to press reports, a staff-level agreement on these issues is already being prepared in spite of a number of technical difficulties. The completion of the alignment of property tax assessment zonal values with market prices has been reportedly postponed for March 2018 whereas as the deadline for the submission of binding offers for DESFA has been moved to January.

### SOUTH EASTERN EUROPE

**CYPRUS:** Confidence rebounded further in October reaching a new pre-Lehman period peak.

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## Latest world economic & market developments

### GLOBAL MARKETS

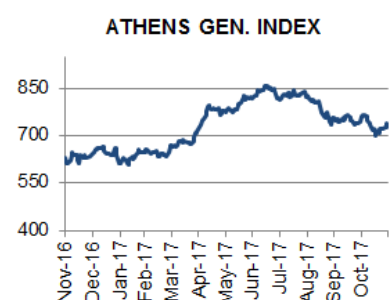
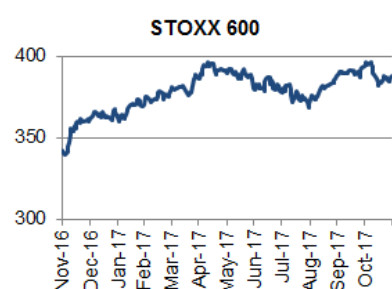
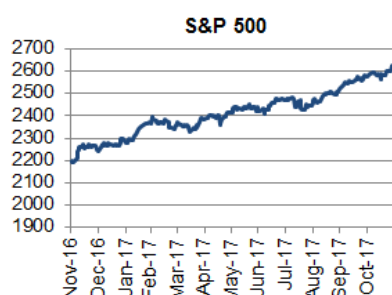
US Q3 GDP was revised upwards by three-tenths to 3.3% saar, the highest in three years mainly supported by a more positive assessment of business capex and a higher than previously estimated contribution to GDP growth of changes in inventories. The above positive development followed a recent string of firmer than expected US data while hawkish comments by Fed Chair Janet Yellen before Capitol Hill and the release of the latest Beige Book supported market optimism over the growth prospects of the US economy. Meanwhile, the Senate has taken important steps this week toward the passage of the tax reform bill. After the Senate Budget Committee approved the tax reform bill on Tuesday, Senate Republicans passed a procedural motion on Wednesday to begin the consideration of the bill on the Senate floor (the so-called "vote-a-rama" where the Senate can consider several amendments on the bill in a debate that will take up to 20 hours). In reaction to the above, UST yields remained in an upward trend for the second session in a row with the 10-yr yield hitting a two-week high slightly above 2.40% earlier today after falling to as low as 2.31% two sessions ago. Shrugging off fresh geopolitical jitters from North Korea, other core bond yields also moved higher including UK gilts on press reports conveying that the UK government and the EU have reached an agreement in principle on the terms of the Brexit financial settlement after the UK PM secured the backing from pro-Brexit hardliners in her cabinet for an increase in the so-called divorce bill to an amount between €45bn and €55bn. In FX markets, the USD retained a firm tone for the third consecutive session while the GBP was among the main outperformers the EUR/GBP extending recent losses and moving below 0.8800 earlier in European trade for the first time in the last three weeks. Looking at the day ahead, focus is on the OPEC meeting where oil producers are likely to agree to extend the supply-cut agreement while in Germany, President Frank-Walter Steinmeier will meet the party leaders of the CDU, the CSU and the SPD to discuss the formation of a new "grand coalition". Date-wise, today's key highlights include the US core PCE deflator for October.

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

### GREECE

Following the successful GGB strip re-profiling where according to the Public Debt Management Agency (PDMA) preliminary data participation reached c. 85.76%, the Greek government is reportedly examining tapping the financial markets two or three times in 2018 and until the Economic Adjustment Programme expires in August 2018. According to press reports, if the 3<sup>rd</sup> programme review is successfully completed at the January 22<sup>nd</sup> Eurogroup, there will be three bond issuances, namely a 7-year bond in February followed by a 3-year and a 10-year bond by the end of the programme. Meanwhile, as regards the 3<sup>rd</sup> programme review, the institutions' heads discussed yesterday with the Minister of Administrative Reconstruction Olga Gerovasili the progress in the new mobility and evaluation scheme for public servants as well as other issues pertaining to changes in public administration. Although there are a number of technical difficulties particularly as regards the appointment of General Secretaries, according to press reports, a staff-level agreement on these issues is already being prepared. Another issue that was discussed yesterday pertains to the alignment of property tax assessment zonal values with market prices the completion of which has reportedly been postponed for March 2018 due to difficulties stemming from the fact that in a large part of the country, transactions are so few that the available data is insufficient. With respect to the privatisation of 66% of DESFA, upon request by the two investment schemes that have qualified for the next phase of the tender process, the deadline for the submission of their binding offers has been moved to January, instead of December 22<sup>nd</sup> as was initially planned.

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



Source: Reuters, Bloomberg, Eurobank Research

November 30, 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

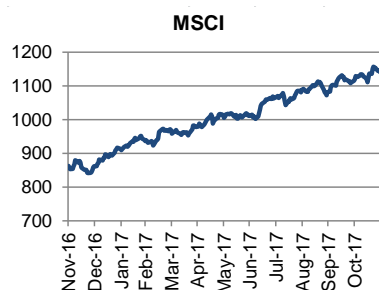
ROMANIA: Indicator:	2015	2016	2017f
Real GDP growth %	3.7	4.8	5.5
CPI (pa, yoy %)	-0.6	-1.6	1.4
Budget Balance/GDP *	-1.9	-2.4	-3.7
Current Account/GDP	-1.1	-2.2	-3.0
EUR/RON (eop)	4.48	4.54	4.62
	2016	current	2017
Policy Rate (eop)	1.75	1.75	1.75

\* 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

### CYPRUS

In Cyprus, the ESI Index rebounded further in October on top of September after a temporary slump in August. In more detail, ESI expanded further by 0.9 points to 118.8 in October up from 113.5 in September, compared to 110.7 in August, reaching a new multi-month high. The more pronounced improvement in expectations came from services and construction components which expanded by 7.7 and 6 points respectively. All other components of the index-except that of the retail trade which retrenched back to the September levels-improved too. Consumer sentiment and industry improved by 3.1 and 0.8 points respectively.

Including the latest reading, the ESI index still stands at a very high level- reaching a new pre-Lehman Brothers period peak (the previous pre-Lehman period peak stood at 117.3, which was recorded in August 2007). It also stands above its long-term average, spurring optimism for the prospects of short-term economic activity. The improvement recorded in the past four years – a total of 47 points since the crisis period in April 2013- is still the highest among all countries in EU-28 over the same sample period.

The sentiment improvement is illustrative of the progress of the Cypriot economy in the past four years within the economic adjustment program and one of the key drivers of the consumption rebound, which feeds into output growth. According to the latest flash estimate release, real GDP on an unadjusted basis expanded by 3.8% YoY in Q3-2017 bringing the year to date performance at 3.8% in 9M-2017. On a seasonally adjusted basis, GDP growth expanded by 0.9% MoM/3.9% YoY in Q3-2017 compared to 1.0% QoQ/3.9% YoY in Q2-2017 and 0.7% QoQ/3.7% YoY in Q1-2017, up from 0.8% QoQ/2.9% YoY in Q3-2016. The GDP growth rate of Q3 is among the second highest in EA-19 and the fifth highest in EU-28 and, for an eighth consecutive quarter in a row, above that of EA-19. During 2015 and 2016 the Cypriot economy expanded much faster than previously perceived, with the Statistical Service revising the GDP growth rate up to 2.0% and 3.0% respectively, from the earlier estimates of 1.7% and 2.8%. As a result, the level of GDP in 2016 stood only 5% below that in 2011 and is expected to surpass the level of 2008 by the end of 2018 under the assumption of real GDP growth averaging 3.5% YoY in 2017-2018.

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

November 30, 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	2626.07	0.0%	17.3%	EUR/USD	1.1862	0.1%	12.8%	UST - 10yr	2.39	0	-5	GOLD	1282	-0.2%	11.2%
Nikkei 225	22724.96	0.6%	18.9%	GBP/USD	1.3471	0.5%	9.0%	Bund-10yr	0.40	2	19	BRENT CRUDE	63	0.6%	11.7%
STOXX 600	387.96	0.2%	7.3%	USD/JPY	112.29	-0.3%	4.2%	JGB - 10yr	0.04	1	-1	LMEX	3186	-0.6%	19.8%

## CESEE MARKETS

### SERBIA

#### Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.52	0	-48
1-week	2.62	1	-55
1-month	2.81	2	-54
3-month	3.08	1	-39
6-month	3.23	1	-43

#### RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.10	-1	-98
5Y RSD	4.50	-1	-86
7Y RSD	4.88	0	-75

#### RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	2.92	0	-129
USD Nov-24	6.02	-32	-24

#### CDS

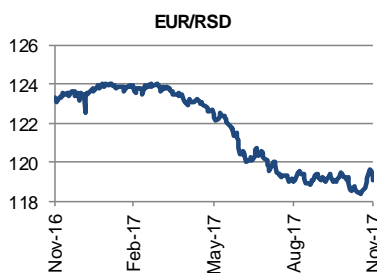
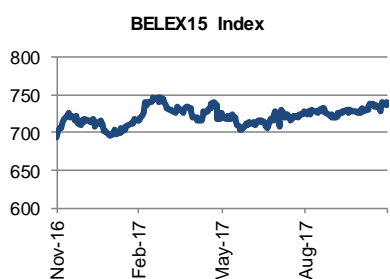
	Last	ΔDbps	ΔYTD bps
5-year	120	-2	-87
10-year	163	-2	-92

#### STOCKS

	Last	ΔD	ΔYTD
BELEX15	736.3	-0.42%	2.64%

#### FOREX

	Last	ΔD	ΔYTD
EUR/RSD	119.12	0.16%	3.65%



### ROMANIA

#### Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.19	0	163
1-month	2.19	0	143
3-month	2.2	0	130
6-month	2.34	0	123
12-month	2.38	0	113

#### RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.47	0	195
5Y RON	3.80	0	138
10Y RON	4.51	0	104

#### RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.62	#N/A	N/A
USD Jan-24	3.03	0	-86

#### CDS

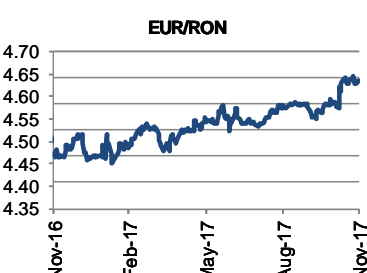
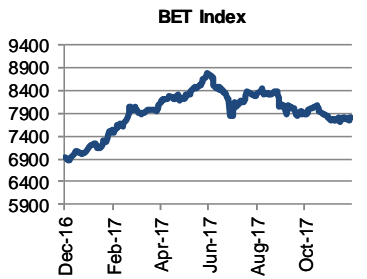
	Last	ΔDbps	ΔYTD bps
5-year	99	5	-10
10-year	155	8	2

#### STOCKS

	Last	ΔD	ΔYTD
BET	7796.2	-0.08%	10.04%

#### FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6456	-0.06%	-2.29%



### BULGARIA

#### Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.24	1	-8
3-month	-0.17	0	-10
6-month	-0.05	0	-13
12-month	0.33	0	-8

#### BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.30	-3	-46
5Y BGN	-0.07	-1	-57
10Y BGN	0.93	0	-98

#### BG Eurobonds

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

#### CDS

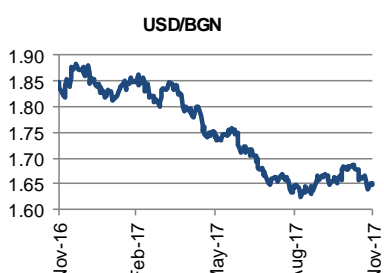
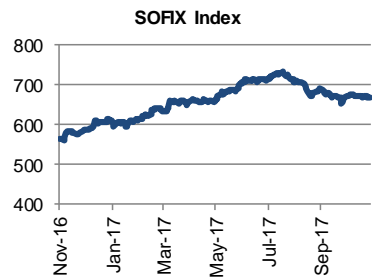
	Last	ΔDbps	ΔYTD bps
5-year	92	-2	-60
10-year	133	-2	-60

#### STOCKS

	Last	ΔD	ΔYTD
SOFIX	667.3	0.00%	13.79%

#### FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6488	0.12%	12.71%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research  
Data updated as of 10:05 EST

November 30, 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)

## 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 37 18 793

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

**Stylios 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

**Mariana Papoutsaki**  
[mpapoutsaki@eurobank.gr](mailto:mpapoutsaki@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 33 71 228

**Elia Tsiampaou: Economic Analyst**  
[etsiampaou@eurobank.gr](mailto: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](mailto:EurobankEA_FMR@eurobank.gr)

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