Eurobank Monthly Global Economic & Market Monitor

June 2016

Olga Kosma, Research Economist

Paraskevi Petropoulou, Economic Analyst

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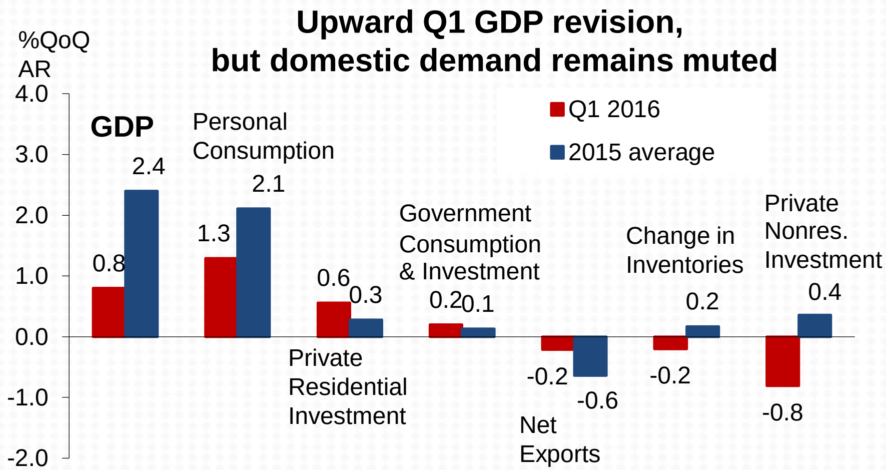
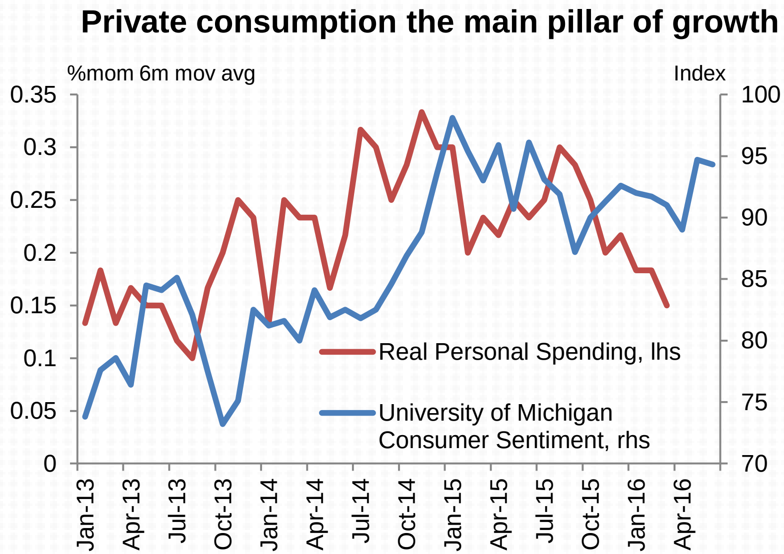
I. Economics

USA: Consumer-driven rebound in Q2 real GDP growth



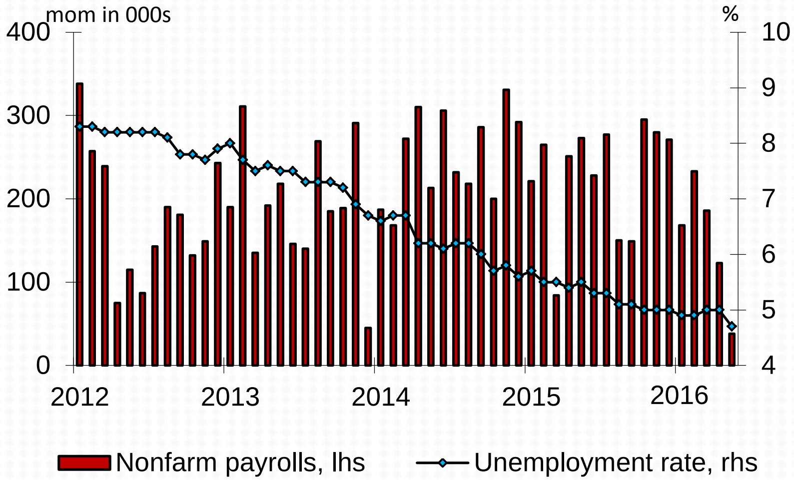


Source: US BEA, University of Michigan, Eurobank Economic Research

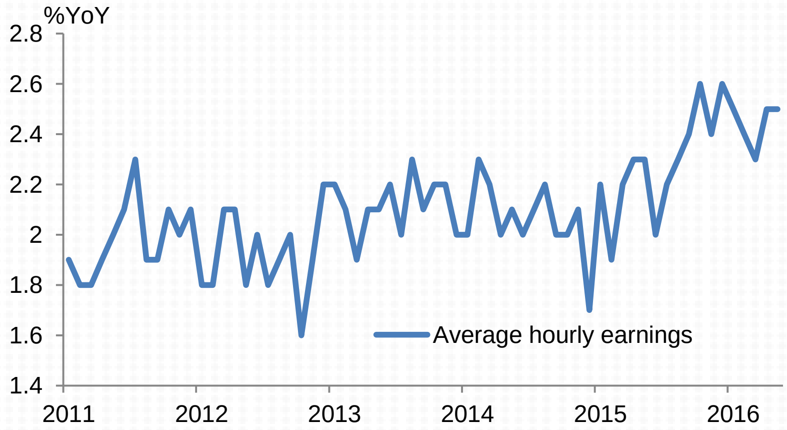
- According to the BEA's second estimate, Q1 GDP growth was upwardly revised at 0.8%QoQ saar from 0.5%QoQ saar in the advance estimate. Real personal consumption growth was confirmed at 1.9%QoQ saar, decelerating from 2.4%QoQ saar in the prior quarter amid slowing motor vehicle purchases that weighed on durable goods. Final sales to domestic purchasers were also confirmed at 1.2%, while net exports and inventory accumulation drove most of the upward Q1 revision.
- Although GDP growth in Q1 still looks disappointing, the most recent data indicate that the domestic economy is bouncing back solidly in Q2. Continued strength in retail sales over the past couple of months bodes well for a consumer-driven rebound in second quarter growth. Indeed, core retail sales increased 0.4%MoM in May with fairly broad-based gains across major sales categories, while April's sales growth was revised higher by one tenth to 1.0%MoM. Meanwhile, the University of Michigan index of consumer sentiment showed signs of stabilization in the preliminary June estimate, edging marginally down to 94.3 from 94.7 in the prior month, with current conditions reaching a new post-recession high of 111.7 while consumers' expectations decelerating to 83.2 after having surged to 84.9 in May. On the flipside, slower external demand continues to weigh on the manufacturing sector, although the modest upward revisions to core capital goods orders and shipments point to a bit more equipment investment in Q2.
- Overall, we expect real GDP growth to average 1.9% in 2016 from 2.4% in 2015, supported by robust consumption growth, increasing employment, positive real wage growth and solid residential investment. The ca. 18% USD appreciation since summer 2014 will continue to have a negative impact on the manufacturing sector, while net exports will probably keep representing a headwind for US growth amid weaker global demand.

USA: Disappointing US May's payroll gain and dovish Fed decrease the odds for an imminent rate hike

Weakest payroll growth since September 2010



Gradual uptrend in wage growth since mid-2015



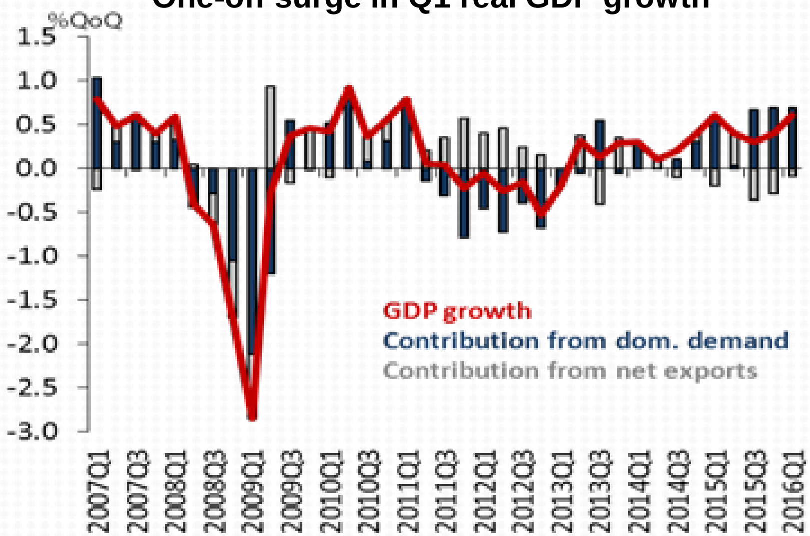
- US nonfarm payrolls for May fell short of market expectations, increasing by a mere 38k versus consensus estimates for a rise of 160k. The monthly gain was the lowest since September 2010, while the previous two-months payroll increase was downwardly revised by 59k. Some of the weakness in May's establishment report was due to the Verizon strike, with the BLS calculating that the said strike subtracted roughly 35k information sectors jobs. Even after excluding the Verizon strike effect, payroll gains have been remarkably weak and have actually been on a downward trend since February when employment growth rose by 233k. As far as the May's household survey is concerned, civilian employment gained a modest 26k and the unemployment rate dropped to its lowest level since late 2007 of 4.7% from 5.0% in the prior month, taking advantage of a decline in the participation rate by two-tenths to 62.6%. Over the past two months, the participation rate has fallen 0.4pp cumulatively, reversing most of the 0.6pp increase recorded between September 2015 and March 2016. Average hourly earnings increased by 0.2%MoM in May, with the annual rate of growth remaining unchanged at 2.5%.

- The FOMC left its fed funds rate unchanged at its 14-15 June monetary policy meeting, adopting a rather cautious tone in the accompanying statement, lowering its economic growth forecasts for 2016 and 2017 (2016: 1.9-2.0% from 2.1-2.3% in December and 2017: 1.9-2.2% from 2.0-2.3% previously). The committee highlighted the rebound in economic activity led by household spending while calling attention to a slower pace of payroll growth, with Fed Chair Janet Yellen noting that labor market data are subject to large revisions and, therefore, time is needed to conclude if the recent weakness in labor markets is permanent or not. Meanwhile, the number of FOMC participants expecting only one interest rate hike in 2016 increased to six (out of 17) from one previously, although the median remained at two interest rate hikes. Furthermore, the number of anticipated interest rate hikes for 2017 and 2018 was also lowered to just three per year. After the June FOMC statement, market-implied probabilities for the next interest rate hike have declined to 5.9% for July and 24.3% for September. Although we cannot exclude an interest rate hike over the next three months, it is likely that such a move will be delayed until December, when the uncertainty over the US November elections will has passed (November 8). In any case, the future interest rate path will be highly dependent on the evolution of domestic activity, particularly labor market conditions.

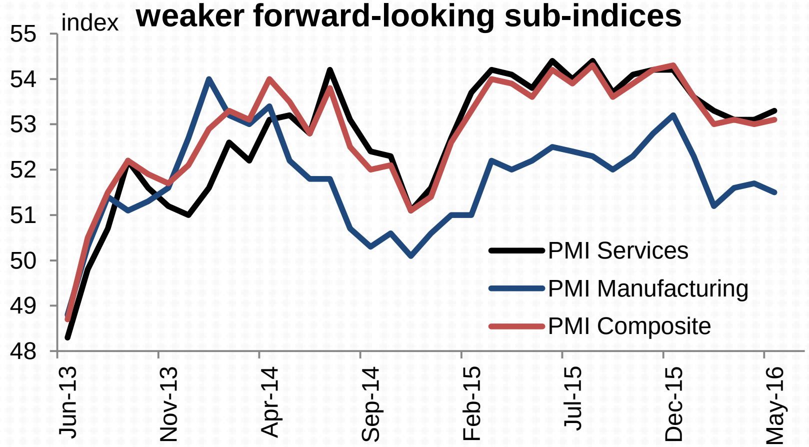
Source: Bureau of Labor Statistics (BLS), Federal Reserve, Eurobank Economic Research

Euro area: Slowing momentum in Q2 after a one-off surge in Q1; Political uncertainty prevails

One-off surge in Q1 real GDP growth



Stabilization in headline PMIs but weaker forward-looking sub-indices

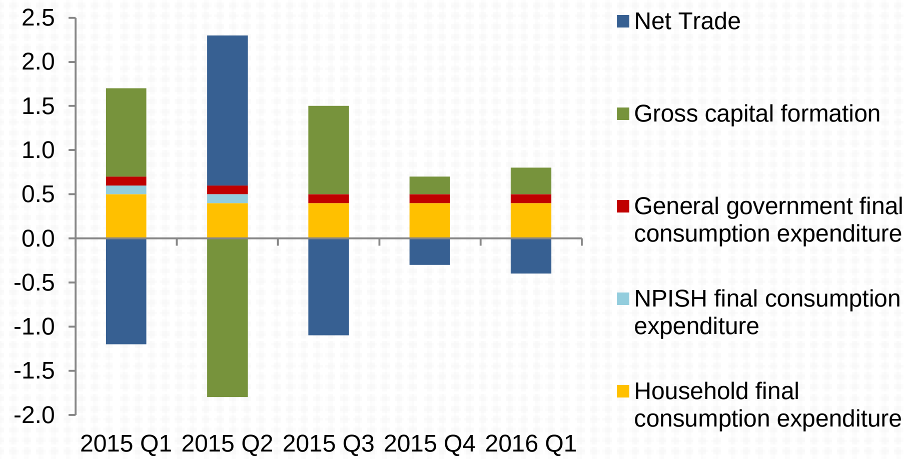


Source: ECB, Eurostat, Eurobank Economic Research

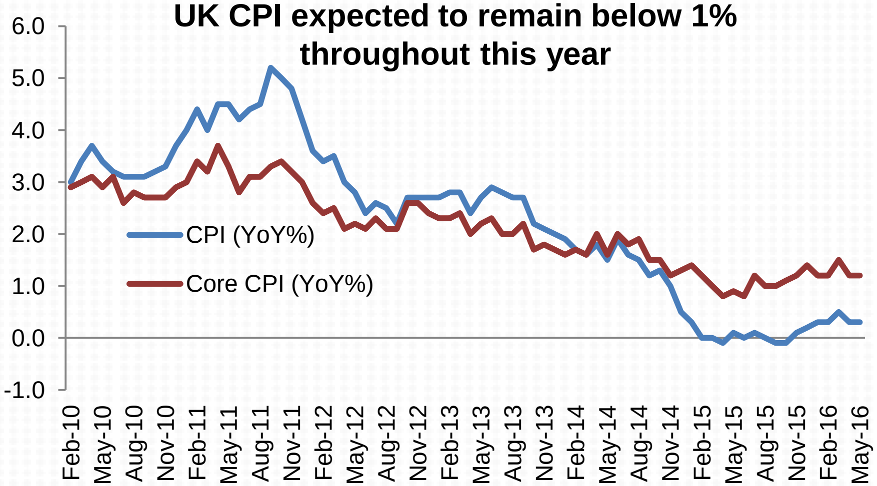
- According to Eurostat's final estimate, real GDP growth came in at 0.6%QoQ sa (1.7%YoY) in Q1 2016, accelerating from 0.4%QoQ in Q4 2015. Domestic demand remained the main contributor to euro area growth. Household final consumption expenditure rebounded to 0.6%QoQ, doubling its Q4 2015 growth rate which was dampened by temporary factors such as the Paris terrorist attacks and mild weather. Government consumption growth remained robust across the board, with migrant related expenditures exerting upward pressure on total public spending. Furthermore, gross fixed capital formation remained firm in Q1 and rose by 0.8%QoQ following a surge by 1.7%QoQ in the previous quarter. On the flipside, net exports were again a drag on growth albeit slightly a lesser one than in the prior quarter, as imports halved their rate of growth (to 0.7%QoQ) and exports growth decelerated significantly to 0.4%QoQ from 1.7%QoQ in Q4 amid weak global demand and a stronger EUR.
- The latest high-frequency activity and confidence indicators suggest that the economic recovery should continue in the coming quarters although at a more moderate pace than in Q1. Although the Euro area May final composite PMI index increased marginally to 53.1 from 52.9 in the previous month, forward-looking sub-indices moderated somewhat with new orders plunging to a 16-month low. Furthermore, consumer confidence indicator increased markedly in May by 2.3 points to -7.0 compared to April, rebounding from the March trough of -9.7, but this improvement reflected improved expectations with respect to the general economic situation while other sub-indices, including major purchases or unemployment expectations, continued to decline.
- Overall, full year real GDP growth is projected at ca. 1.6% in 2016 and ca. 1.7% in 2017, up from 1.5% in 2015, supported by robust private consumption growth, improving labor market conditions, and a gradual pick-up in investment growth albeit at a slower pace compared to past recoveries dampened by political uncertainty (Brexit woes, Spain election, refugee crisis). The expected decline in real interest rates and higher profit margins should also have a positive impact. Domestic demand will also capitalize on some fiscal easing in the short to medium-term, while the ECB's accommodative monetary policy stance will continue to be transmitted to the economy.

UK: Economic activity to slow down in Q2 as EU referendum uncertainty hits a peak

UK Q1 GDP: contribution to growth, QoQ%, for the expenditure components (SA)



UK CPI expected to remain below 1% throughout this year



Source: UK Office for National Statistics, Eurobank Analysis and Financial Markets Research

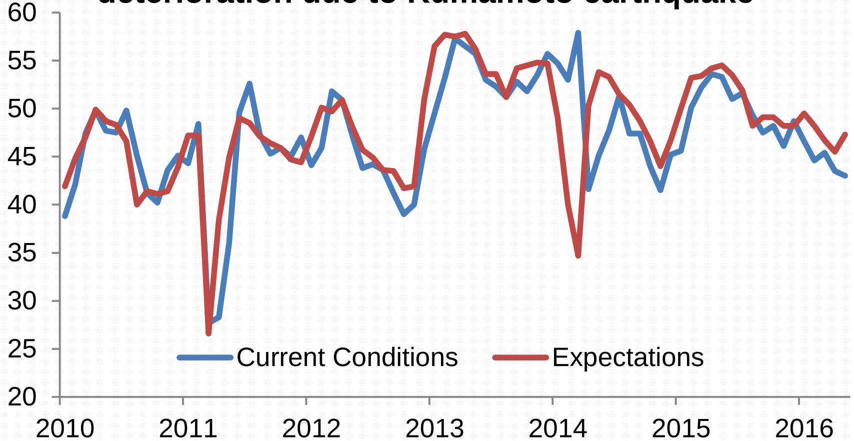
- According to the second estimate, Q1 GDP grew by 0.4%QoQ, in line with the preliminary estimate but lower than 0.6%QoQ in Q4 2015, confirming that economic activity has been slowing as the June 23rd EU referendum is getting closer. On an annual basis, Q1 GDP grew by 2.0%, slightly lower than the initial estimate of 2.1% that was unchanged compared to Q4 2015.

- The expenditure breakdown revealed that Q1 GDP growth was mainly driven by private consumption (0.7%QoQ, +0.4ppts contribution), marginally accelerating from Q4 2015 (0.6%QoQ, +0.4ppts) in spite of worsening household confidence mainly due to mounting EU referendum uncertainty. Gross capital formation also surprised to the upside growing by 1.4%QoQ from 1.3%QoQ in the prior quarter, contributing 0.3ppts vs. 0.2ppts in Q4 2015. Net trade exerted the biggest drag on Q1 GDP growth, subtracting 0.4ppts. Looking ahead economic activity is expected to lose some momentum in Q2 as some businesses are likely to postpone investment decisions and households to be cautious regarding spending decisions in the run-up to the June 23rd referendum until uncertainty surrounding the outcome is resolved. A rebound in economic growth is expected in H2 2016, assuming that the UK will avoid Brexit. However, in the event of Brexit, market uncertainty is expected to push the UK into a technical recession within two years.

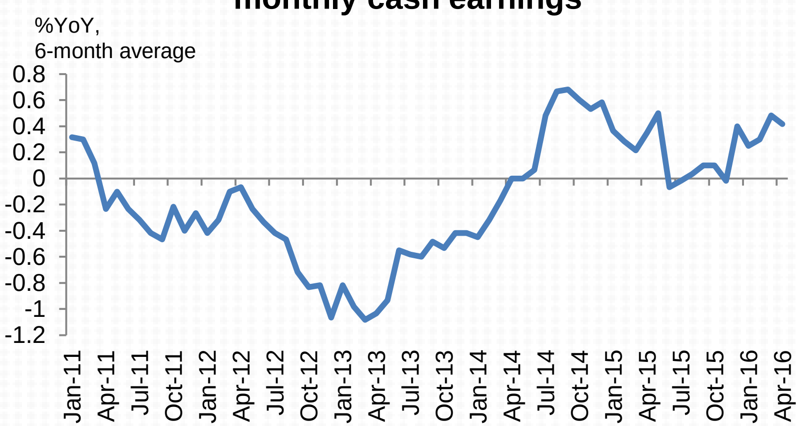
- Consumer prices data for May surprised slightly to the downside, with headline CPI headline remaining unchanged from the prior month at 0.3%MoM, against expectations for a modest increase to 0.4%YoY, as a renewed fall in clothing prices offset pressures from fuel. Assuming that the UK remains in the EU, inflation is expected to pick up gradually in the coming months, albeit slowly, on the back of higher oil prices and GBP depreciation, averaging 0.7%YoY in 2016, up from zero in 2015, the lowest on records. According to the BoE, inflation is expected to stay below 1.0% until almost the end of the year and to undershoot its 2.0% target until 2018.

Japan: Tepid output growth on lower demand from EMs and sluggish private consumption growth

Japan Economy Watchers Survey: Slight deterioration due to Kumamoto earthquake



Gradual pickup in average monthly cash earnings



- According to the Japanese government's second preliminary estimate, Q1 real GDP growth was revised slightly upward to 1.9%QoQ saar from an initial estimate of 1.7%QoQ saar. The revision reflected upward adjustments to private capex and private consumption (to -0.7%QoQ from -1.4% and to 0.6%QoQ from 0.5%, respectively), which more than offset downward revisions to public fixed capital formation and inventory accumulation. Looking ahead, real GDP growth is projected to be around 0.7% in 2016 from 0.5% in 2015, supported by a gradual pick-up in wages. The VAT hike scheduled for April 2017 has been postponed for October 2019 amid elevated global risks.

- According to the Cabinet Office's Economy Watchers survey, the overall current conditions DI deteriorated by 0.5 points in May to 43.0, the lowest level since November 2014, following a 1.9 points decline in April due to the earthquake impact. Along the same lines, both the household activity DI and the corporate activity DI worsened by 0.3 and 1.5 points to 41.9 and 43.5, respectively.

- The April national core CPI came in at -0.3%YoY down from 0.1%YoY in March, the lowest level in three years with a larger negative contribution from energy. Nevertheless, energy prices look set to bottom out soon as energy import prices finally turned positive in April. Core CPI decelerated as well to 0.9%YoY from 1.1%YoY over the first three months of the year.

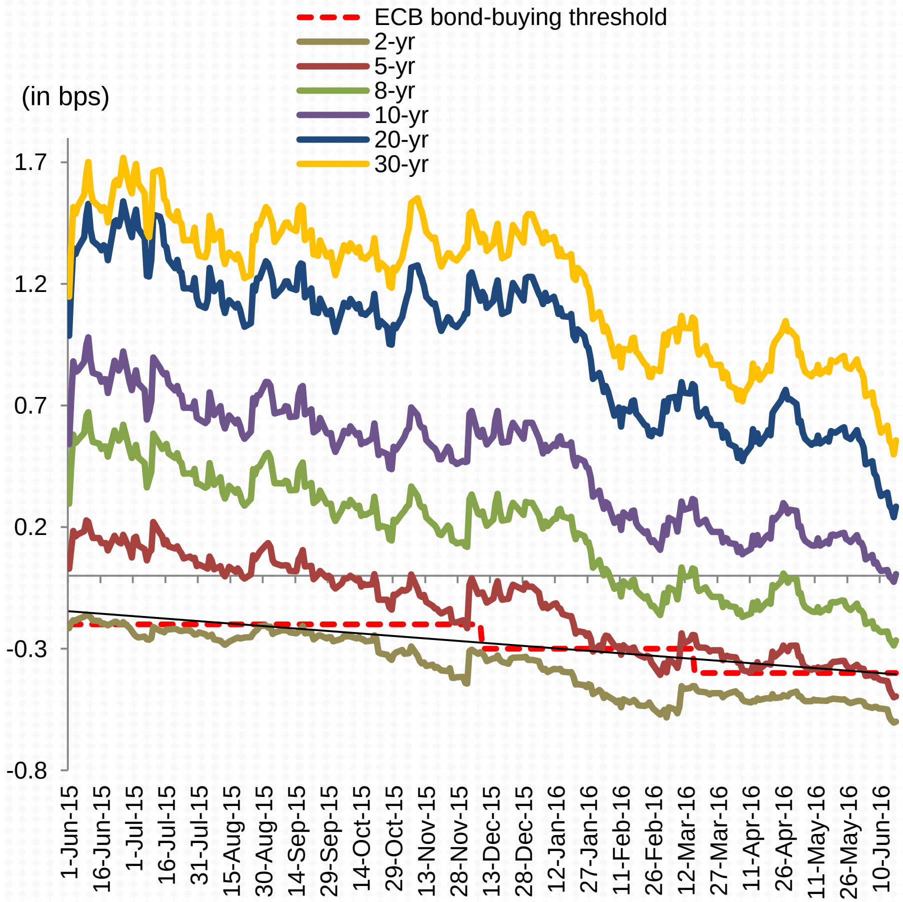
- The Bank of Japan (BoJ) left monetary policy unchanged at its June 15-16 Monetary Policy Meeting (MPM), keeping its overall economic assessment for a moderate recovery trend while slightly revising upwardly its assessment for housing and public investment. In terms of the price outlook, the BoJ noticed the annual rate of core CPI "is likely to be slightly negative or about 0% for the time being" vs the previous "is likely to be about 0% for the time being." Should the JPY appreciate further, additional monetary policy easing measures cannot be ruled out, with a potential cut to the IOER rate applied to the policy-rate balance of current account deposits (which currently stands at -0.1%), or/and an increase in the BoJ's annual ETF and J-REIT purchases from their current level of JPY3trn and JPY90bn, respectively.

Source: Economic and Social Research Institute (ESRI), Eurobank Economic Research

II. Fixed Income

The prospect of further downward pressure on German bond yields cannot be ruled out short- term

German government bonds to remain well supported short term

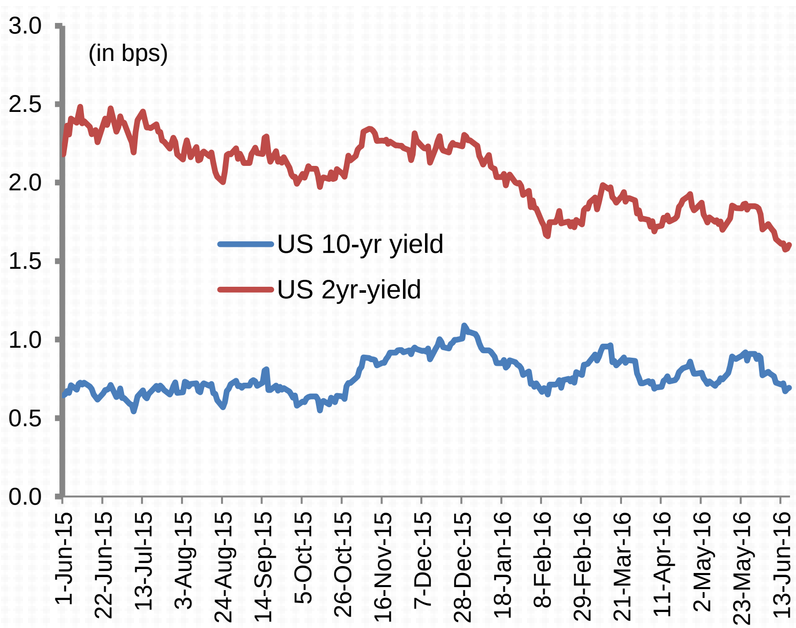


Source: Bloomberg , Eurobank Analysis and Financial Markets Research

- German government bond yields hit fresh record lows in mid-June amid mounting Brexit jitters ahead of the UK's EU referendum on June 23rd. The prospect of a relatively modest pace of Fed rate tightening in the months ahead, the ECB's ongoing purchasing programme and the likelihood of a step-up in the ECB's QE in the coming months, especially in case euro area inflation pressures remain muted, also favored German sovereign paper. Bunds with maturities of up to 8 years are currently trading at levels below the ECB's deposit rate of -0.40%, suggesting that they cannot be eligible for asset purchases by the Bundesbank. With respect to the long-end, the 10-yr yield fell into negative territory for the first time ever on June 14th,before moving to levels near 0.05% two sessions later after the killing of a British pro-EU lawmakers was perceived by investors as swaying sentiment towards the "Remain" camp.
- While higher oil prices and the prospect of tighter Fed monetary policy by year-end pose risks of modestly higher German bond yields longer-term, on a multi-session/week basis German government bond yields are expected to remain under pressure and the prospect of new lows cannot be ruled out, especially if - contrary to our main scenario- the UK votes to leave the EU. Short-end German yields will likely outperform in view of persistently contained euro area inflation pressures, subdued euro area economic growth and lingering political risks, potentially triggering a modest steepening in the 2/10 & 5/10 Bund yield curves.

US Treasuries expected to retain a positive tone short-term on investors' appetite for higher yields, Fed's wait-and-see mode

US 2yr/10yr yield spread

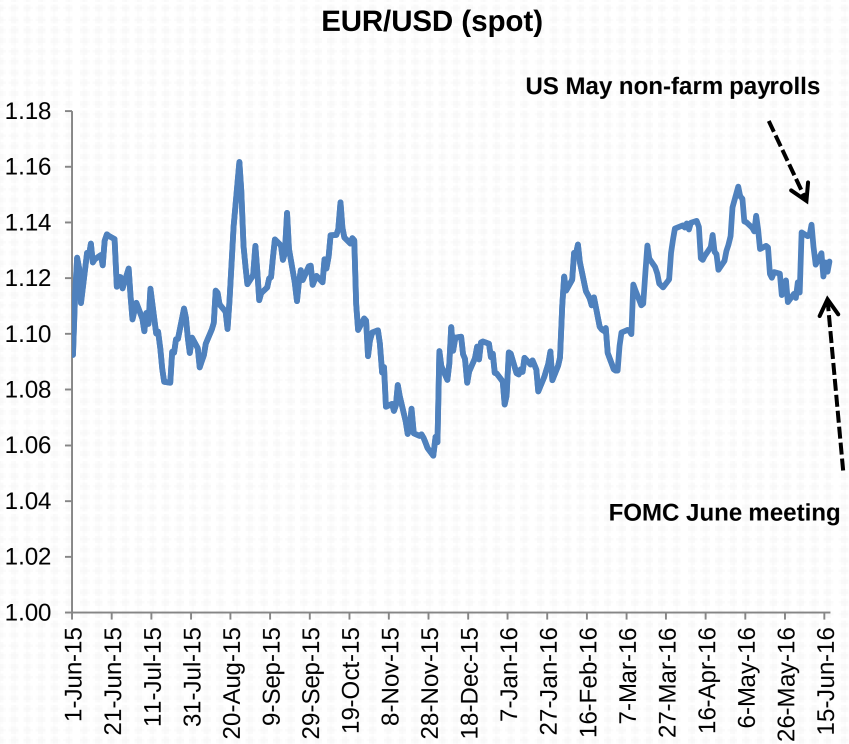


Source: Bloomberg, Eurobank Analysis and Financial Markets Research

- Assuming that the UK remains in the EU, the Fed will likely wait until September, at the earliest, before delivering another rate hike. In our view, more than one positive US non-farm payrolls report is needed to give the Fed comfort on the outlook of the domestic labor market. Yet, should the June report due on July 8th surprises to the upside, the prospect of a rate hike next month cannot be ruled out completely. However, in case of Brexit, the Fed will most probably delay further the second hike to assess the impact on the domestic economy.
- US Treasury yields moved lower over the last few session amid lingering Brexit jitters, the disappointing May's non-farm payrolls and the more dovish than expected FOMC participants' assessments on appropriate monetary policy. In the statement issued following the conclusion of the June monetary policy meeting, the Fed did not incorporate once again the balance of risks assessment avoiding to provide a forward looking policy bias. All in all, the Fed made implicitly clear that, though the door remains open for higher interest rates ahead, the timing of the next move remains highly uncertain, dependent on the evolution of upcoming domestic data, especially those related to the labor market, and persisting geopolitical jitters.
- The 10-yr Treasury yield broke below the lower boundary of the recent 1.70%-1.95% range in early June falling as low as 1.52% in mid-June, the lowest since September 2012. Looking ahead, investors' appetite for higher yields that has been intensified lately following record-low German and Japanese yields, is expected to continue favoring long-dated US Treasuries in the coming sessions/weeks. Meanwhile, any uptick in short-dated US notes is likely to prove limited as the Fed is not expected to deliver another rate hike any time soon. Should this be the case, we see scope for some further flattening of the 2yr/10-yr curve.

III. FX Markets

Less hawkish than expected Fed leaves the USD vulnerable short-term



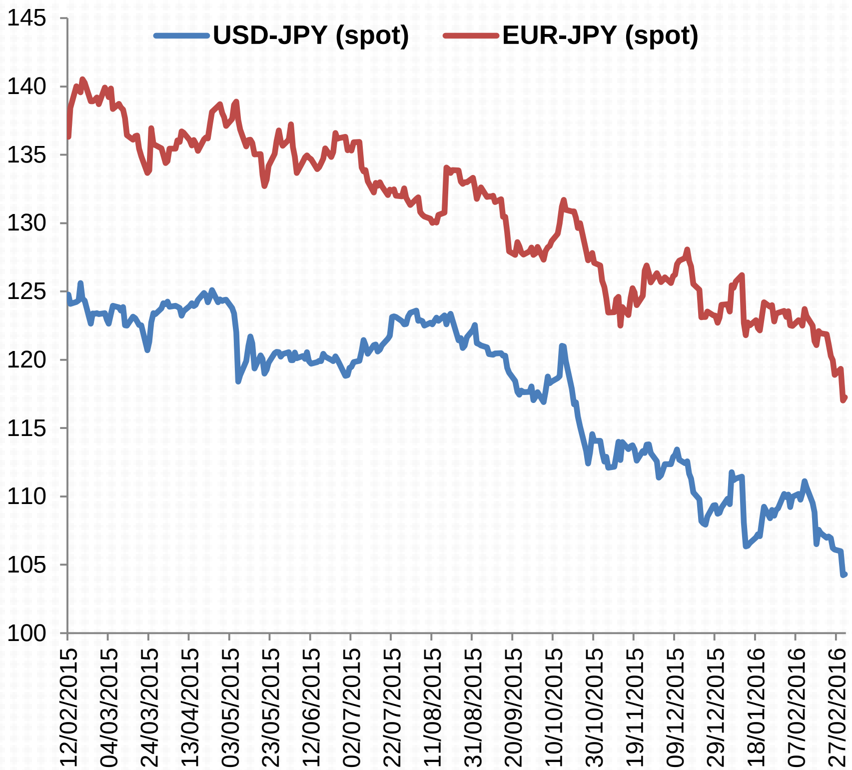
Source: Eurobank Analysis and Financial Markets Research , Reuters

- The Fed adopted a balanced tone at the June 14-15 policy meeting, acknowledging a pick up in economic activity on firmer household spending and noting a slower pace of improvement in jobs growth. The updated economic forecasts lower GDP growth (0.2pp lower for 2016 and 0.1pp lower for both 2017 & 2018), while the most dovish sign was the concentration of the “dots” on the updated interest rate forecasts. While the median remained for two hikes this year, there were six participants (out of 17) who expected one hike this year compared to six in March. In addition, the median for the interest rate path in 2017 and 2018 was reduced by one hike to three for each year. All in all, the overall Fed tone was perceived as more dovish than expected confirming that the Central Bank is in a “wait-and-see” mode, as it needs some time to form a clearer view on the labor market outlook before it decides to tighten policy further.

- On its part, the ECB also reaffirmed the prevailing view at the June 2nd policy meeting that it retains a “wait and see stance” awaiting to make a judgment on certain factors before reassessing its policy stance, if needed. These factors include, inter alia, the outcome of the UK’s EU referendum and the impact of the Corporate Sector Purchase Programme (CSPP) that commenced on June 8th, as well as the first TLTRO II auction scheduled for June 22nd . Interestingly, President Mario Draghi left the door ajar for additional easing stressing that the risks to the euro area growth outlook, albeit improved, remain to the downside and the ECB, if warranted, will use all the instruments available within its mandate to achieve the objective of price stability.

- After hitting a multi-week peak of 1.1415 in early June following the disappointing US May's non-farm payrolls report, the EUR/USD moved lower, hovering around 1.1260/65 at the time of writing this report (Friday, June 17trh) weighed down by worries over the impact of a Brexit to the euro area. Looking ahead, the Fed’s less hawkish than expected tone at the June meeting leaves the USD vulnerable short-term. Assuming that the UK remains in the EU, a EUR/USD rest/upward break of recent highs towards 1.1615 (May 3rd peak) cannot be ruled out short-term, especially if the June non-farm payrolls report (due on July 8th) comes in weaker than expected.

Expectations of further JPY policy easing ahead do not bode well for the JPY vs. the USD

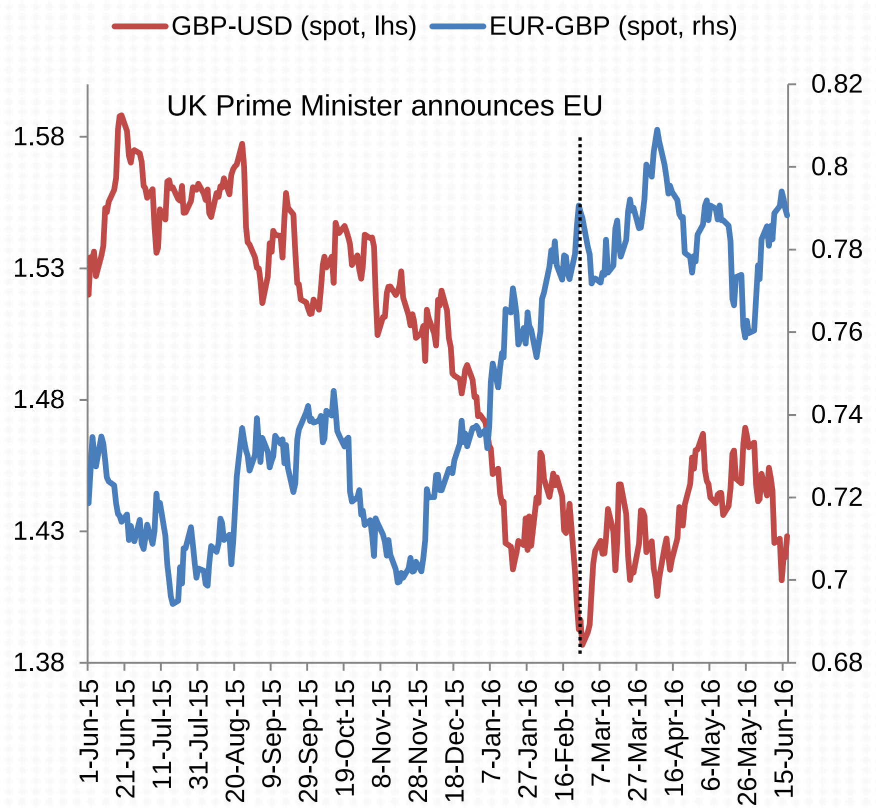


Source: Eurobank Analysis and Financial Markets Research, Reuters

- In line with our expectations, the BoJ decided to leave its monetary policy unchanged at the June 15th meeting, despite subdued inflation pressures and the JPY's appreciation in recent weeks. The firmer domestic currency is posing headwinds to domestic inflation, but part of this strength could be attributed to market uncertainty around the outcome of the EU referendum in the UK. Unless the JPY weakens sharply in the coming sessions, the prospect of additional BoJ easing policy remains on the cards, in an attempt by the Central Bank to meet its 2.0% inflation target by March 2018. We expect such a move to be delivered at the July meeting (28-29), when both the UK referendum and the Japanese House of Councilors election will be out of the way andthe BoJ' s quarterly Outlook Report will also be due for release.

- Favoring by its safe-haven appeal in view of lingering Brexit jitters and the BoJ's decision to refrain from further policy easing at the June 15th meeting, the JPY firmed sharply over the last few sessions, with the USD/JPY falling to 103.60 on June 16th before recovering modestly to levels around 104.30 in European trade the day after. Yet, with the BoJ keeping an easing bias, there is little to suggest that the JPY has embarked on a sustained upward short-term trend vs. the USD. Furthermore, Japanese officials sound loud alarms lately on the risk of direct intervention in FX markets, while weakness in EM currencies does not bode well for the JPY's outlook vs. the USD. Yet, if the UK leaves the EU, the JPY would favor sharply from the "flight to safety", with the USD/JPY expected to come under sizeable and sustained downward pressure.

The outcome of the June 23rd EU referendum to determine the GBP's outlook



Source: Eurobank Research Analysis and Financial Markets Research, Reuters

- Published results of as many as 11 opinion polls carried out after June 8th, when the ITV referendum debate was held, suggest that although the "Leave" campaign took a lead (47% vs. 43%) the outcome remains too close to call. Meanwhile, the prevailing uncertainty surrounding the June 23rd EU referendum takes a toll on domestic economic activity, with a recent string of poor data/surveys suggesting that Q2 GDP will slow further, as the EU referendum date is drawing nearer.
- With the UK referendum looming and the domestic economy loosing momentum, the GBP has retained a negative tone across the board over the last few weeks. Failing to capitalize on the more dovish than expected Fed June monetary policy outcome, GBP/USD dropped to a six-week low of 1.4010 on June 16th before recovering to levels near 1.4300 the following day after the killing of a British pro-EU lawmaker appeared to have been interpreted by investors as swaying sentiment towards the "Remain" camp. Along the same lines, EUR/GBP hit multi-week highs near 0.8000, approaching a near two-year peak of 0.8117 recorded in late April .
- In case the UK remains in the EU, GBP is expected to gain momentum with GBP/USD testing levels above 1.4500 in the weeks ahead favored by the Fed's wait-and-see stance. Yet, in the event of a vote for Brexit, GBP is expected to come under sustained and severe pressure especially against the JPY and the USD, mainly due to market uncertainty that such an outcome would create. GBP losses against the EUR are anticipated to be less pronounced, amid worries over the impact of a UK exit to the euro area.

IV. Eurobank Macro Forecasts

Eurobank Macro Forecasts

	GDP (YoY%)			CPI (YoY%)			Current Account (% of GDP)			General Budget Balance (% of GDP)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
World	3.1	3.0	3.4	2.8	2.9	3						
USA	2.4	1.9	2.2	0.1	1.3	2.2	-2.6	-3.0	-3.2	-3.8	-3.6	-3.3
Europe												
Eurozone	1.7	1.5	1.6	0.0	0.3	1.3	3.6	3.7	3.6	-2.1	-1.9	-1.6
Belgium	1.4	1.2	1.6	0.6	1.7	1.6	1.3	1.8	1.9	-2.6	-2.8	-2.3
Cyprus	1.6	2.0	2.5	-1.6	0.3	1.2	-4.7	-4.4	-3.8	-1.5	0.0	0.8
France	1.2	1.3	1.7	0.1	0.1	1.0	-1.5	-1.1	-1.0	-3.5	-3.4	-3.2
Germany	1.7	1.6	1.6	0.1	0.3	1.5	8.8	8.5	8.3	0.7	0.2	0.1
Greece	-0.2	-0.3	2.7	-1.1	-0.3	0.6	0.0	0.5	0.7	-7.2	-3.1	-1.8
Ireland	7.8	4.9	3.7	0.0	0.3	1.3	4.4	4.6	4.6	-2.3	-1.1	-0.6
Italy	0.8	1.1	1.3	0.1	0.2	1.4	2.2	2.4	2.3	-2.6	-2.4	-1.9
Netherlands	2.0	1.7	2.0	0.2	0.4	1.3	9.2	8.9	8.2	-1.8	-1.7	-1.2
Portugal	1.5	1.5	1.7	0.5	0.7	1.2	-0.1	0.3	0.5	-4.4	-2.7	-2.3
Spain	3.2	2.6	2.5	-0.6	-0.1	1.4	1.4	1.5	1.3	-5.1	-3.9	-3.1
Sweden	4.1	3.4	2.9	0.7	0.9	1.2	4.9	5.8	5.7	0.0	-0.4	-0.7
Switzerland	0.9	1.2	1.6	-1.1	-0.6	0.3	11.4	9.3	8.9	-0.2	-0.1	0.0
UK	2.3	1.8	2.0	0.0	0.8	1.5	-5.2	-4.9	-4.4	-4.4	-3.4	-2.4

Source: Eurobank Economic Research, IMF, EU Commission, Bloomberg

Eurobank Macro Forecasts

	GDP (YoY%)			CPI (YoY%)			Current Account (% of GDP)			General Budget Balance (% of GDP)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Asia/Pacific												
Japan	0.5	0.7	0.7	0.8	0.6	1.5	3.3	3.6	3.7	-5.2	-4.5	-4.2
Australia	2.5	2.6	2.9	1.5	1.8	2.4	-4.6	-4.2	-3.5	-1.9	-2.5	-2.2
Emerging Economies												
BRIC												
Brazil	-3.8	-3.5	0.8	9.0	8.6	6.5	-3.2	-1.9	-1.4	-8.2	-8.5	-7.5
China	6.9	6.5	6.2	1.4	2.0	2.0	3.1	2.7	2.5	-3.5	-3.0	-3.2
India	7.3	7.5	7.6	5.9	5.0	5.0	-1.1	-1.0	-1.2	-3.5	-3.9	-3.5
Russia	-3.7	-1.5	1.2	15.6	8.0	6.7	5.3	3.8	4.2	-2.8	-3.8	-3.0
CESEE												
Bulgaria	3.0	2.6	3.0	-0.1	-0.5	1.2	1.4	1.0	0.5	-2.9	-2.0	-1.4
Romania	3.8	4.2	3.5	-0.6	-1.5	2.5	-1.1	-3.0	-3.2	-1.9	-2.8	-3.7
Serbia	0.7	1.8	2.2	1.5	2.8	3.9	-4.7	-4.6	-4.3	-4.1	-4.0	-2.6

Source: Eurobank Economic Research, IMF, EU Commission, Bloomberg

Eurobank Fixed Income Forecasts

		2016		2017	
	Current (June 17)	September	December	March	June
USA					
Fed Funds Rate (%)	0.500%	0.500%	0.500%	0.500%	0.750%
1 m Libor (%)	0.450%	0.520%	0.560%	0.640%	0.670%
3m Libor (%)	0.650%	0.710%	0.780%	0.820%	0.860%
2yr Notes (%)	0.695%	0.800%	0.880%	0.950%	0.990%
10 yr Bonds (%)	1.609%	1.665%	1.710%	1.760%	1.784%
Eurozone					
Refi Rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%
3m Euribor (%)	-0.260%	-0.270%	-0.290%	-0.300%	-0.330%
2yr Bunds (%)	-0.600%	-0.595%	-0.600%	-0.605%	-0.610%
10yr Bunds (%)	0.005%	0.030%	0.050%	0.070%	0.095%
UK					
Repo Rate (%)	0.50%	0.50%	0.50%	0.50%	0.50%
3m (%)	0.570%	0.550%	0.540%	0.540%	0.570%
10-yr Gilt (%)	1.140%	1.184%	1.220%	1.270%	1.300%
Switzerland					
3m Libor Target (%)	-0.77%	-0.94%	-1.00%	-1.04%	-1.04%
10-yr Bond (%)	-0.540%	-0.520%	-0.510%	-0.480%	-0.450%

Source: Eurobank Economic Analysis and Financial Markets Research, Derivatives Trading Desk

Eurobank

Eurobank FX Forecasts

		2016		2017	
	Current (June 16)	September	December	March	June
EUR-USD	1.1200	1.1600	1.2000	1.2300	1.2400
USD-JPY	104.40	106.00	109.00	110.00	110.00
EUR-JPY	116.60	122.96	130.80	135.30	136.40
GBP-USD	1.4140	1.4400	1.4600	1.5000	1.5200
EUR-GBP	0.7900	0.8056	0.8219	0.8200	0.8158
USD-CHF	0.9680	0.9483	0.9333	0.9268	0.9274
EUR-CHF	1.0810	1.1000	1.1200	1.1400	1.1500
USD-CAD	1.300	1.3000	1.3000	1.3000	1.3000
AUD-USD	0.7350	0.7300	0.7500	0.7800	0.8000
NZD-USD	0.7030	0.6800	0.6800	0.7100	0.7300
EUR-SEK	9.3900	9.34	9.36	9.40	9.40
EUR-NOK	9.3800	9.25	9.20	9.10	9.10

Source: Eurobank Economic Analysis and Financial Markets Research, FX Trading Desk

Eurobank Economic Analysis and Financial Markets Research

Dr. Platon Monokroussos: 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
Stylianos Gogos: Economic Analyst
sgogos@eurobank.gr + 30 210 33 71 226
Olga Kosma: Research Economist
okosma@eurobank.gr + 30 210 33 71 227

Arkadia Konstantopoulou: Research Assistant
arkonstantopoulou@eurobank.gr + 30 210 33 71 224
Paraskevi Petropoulou: Economic Analyst
ppetropoulou@eurobank.gr, + 30 210 37 18 991
Galatia Phoka: Research Economist
gphoka@eurobank.gr, + 30 210 37 18 922
Theodoros Stamatiou: Senior Economist
tstamatiou@eurobank.gr, + 30 210 33 71 228

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

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