



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Tuesday, June 21, 2016

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- June 21: Yellen testifies on monetary policy before the Senate Banking Committee
- June 22: Existing home sales (May)
- June 23
 - Jobless claims (weekly)
 - New home sales (May)
- June 24
 - Durable goods orders (May)
 - UoM consumer sentiment (May, f)

EUROZONE

- June 21: DE: ZEW (Jun)
- June 23: PMI manufacturing & services (Jun)
- June 24: DE: Ifo business climate (Jun)
- June 26: Spain General elections

GREECE

- June 21
 - Current account balance (Apr)
 - Turnover Index in Industry (Apr)

UK

- June 23: Referendum on EU membership

SEE

SERBIA

- June 21: 1.5% 2018 EUR bonds auction
- June 22: 2.0% 2019 bonds auction
- June 23: 2Y floating bonds auction
- June 24
 - 6.0% 2019 bonds auction
 - Real gross wages (May)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Trailing gains in Wall Street overnight and in Asian bourses earlier on Tuesday, European stock markets moved cautiously higher after two UK opinion polls published on Monday showed the "Remain" campaign leading, while another indicated a slight lead for the "Leave" camp. Along these lines, the Sterling retained a firm tone earlier today, with the GBP/USD rising to a 5-month peak of 1.4781 in European trade. Looking into the remainder of the week, Fed Chair Yellen's speech on monetary policy before the Senate Banking Committee lures market attention today, while the UK referendum on the country's EU membership takes centre stage on Thursday. Spain's repeat general elections on Sunday also feature high on the calendar in the coming days.

GREECE: The first loan sub-tranche of ca €7.5 bn from the second installment (total €10.3 bn) is expected to be disbursed to Greece later today. According to the MoU compliance report that was published last week €5.7 bn from the first sub-tranche will cover debt servicing needs until the end of August while the remaining €1.8 bn will be used for arrears clearance.

SOUTH EASTERN EUROPE

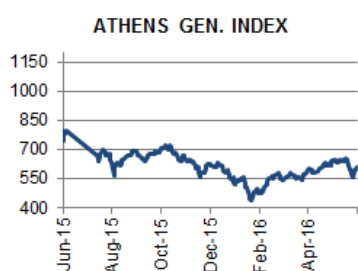
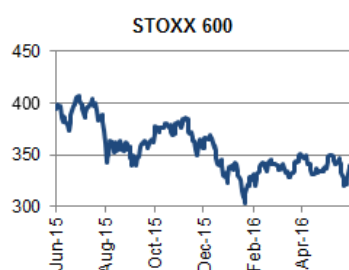
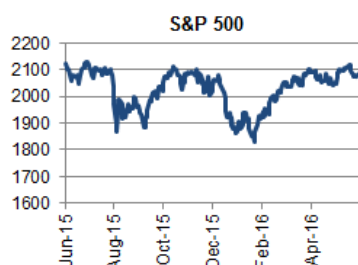
BULGARIA: The domestic equity market extended its recent uptrend over the last few days, favored by dividend news of large cap Chimimport AD. On the other hand, the local sovereign debt market was little changed over the last week or so, while yields on Eurobonds increased for paper of longer maturity.

SERBIA: The dinar gained some traction last week, with the EUR/RSD trimming some of its recent gains. In other news, the Public Debt Administration sold €75mn yesterday worth of 53-week EUR-denominated bills. Pressured by heavy demand, the average accepted yield dropped to 0.85%, from 0.89% scored at a recent auction of same maturity paper. A busy week lies ahead in the domestic fixed income space.

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Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

GLOBAL MARKETS

Trailing gains in Wall Street overnight and in Asian bourses earlier on Tuesday, European stock markets moved cautiously higher after two UK opinion polls published on Monday showed the “Remain” campaign leading, while another indicated a slight lead for the “Leave” camp. Along these lines, the Sterling retained a firm tone earlier today, with the GBP/USD rising to a 5-month peak of 1.4781 in European trade having jumped by more than 2% in the prior session. Looking into the remainder of the week, Fed Chair Yellen’s speech on monetary policy before the Senate Banking Committee lures market attention today, while the UK referendum on Britain’s EU membership takes centre stage on Thursday. Spain’s repeat general elections on Sunday also feature high on the calendar in the coming days. Data-wise the focus is on US May existing and new homes sales (Wednesday and Thursday respectively), durable goods orders and University of Michigan consumer (Friday). PMI manufacturing and services data for June (Thursday) are amongst the most notable macroeconomic data releases in the Eurozone this week.

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GREECE

The first loan sub-tranche of ca €7.5 bn from the second installment (total €10.3 bn) is expected to be disbursed to Greece later today. According to the MoU compliance report that was published last week €5.7 bn from the first sub-tranche will cover debt servicing needs until the end of August while the remaining €1.8 bn will be used for arrears clearance. Note, however, that the stock of arrears was already at €6.7 bn at the end of April. From the second sub-tranche of €2.8 bn only €1.7 bn will be used for arrears clearance. According to the MoU Compliance Report the completion of arrears clearance is expected by June 2017 and it will be subject to the strict monitoring by the ESM and the European Commission. On Wednesday the ECB is expected to decide on the reinstatement of the waiver for the use of GGBs as collateral for banks’ liquidity. According to the State Budget Execution data for May 2016 the respective fiscal deficit was at €0.8 bn, against a targeted deficit of €3.9 bn in the 2016 Budget. The State Budget Primary Balance recorded a surplus of €2.3 bn, against a targeted primary deficit of €0.8 bn in the 2016 Budget. The shortfall in state budget revenues against their target was at €0.8 bn. At the same time, expenditure was lower by €2.4 bn relative to its 2016 Budget target.

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June 21, 2016

BULGARIA: Indicators	2014	2015e	2016f
Real GDP growth %	1.6	2.9	3.0
CPI (pa, yoy %)	-1.4	-0.1	1.0
Budget Balance/GDP*	-3.7	-3.3	-2.0
Current Account/GDP	0.9	1.5	1.0
EUR/BGN (eop)	1.9558		
	2015	current	2016f
Policy Rate (eop)	N/A	N/A	N/A

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

CYPRUS: Indicators	2014	2015e	2016f
Real GDP growth %	-2.5	1.5	1.8
HICP (pa, yoy %)	-0.3	-1.5	0.5
Budget Balance/GDP*	-0.2	-0.9	-0.1
Current Account/GDP	-5.1	-5.5	-4.5

* ESA 2010

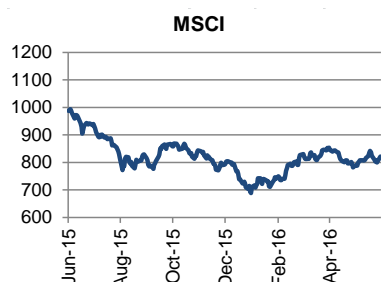
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

ROMANIA: Indicator:	2014	2015e	2016f
Real GDP growth %	2.9	3.8	4.1
CPI (pa, yoy %)	1.1	-0.4	-0.1
Budget Balance/GDP *	-1.9	-1.9	-2.8
Current Account/GDP	-0.4	-1.0	-2.0
EUR/RON (eop)	4.48	4.52	4.35
	2015	current	2016f
Policy Rate (eop)	1.75	1.75	2.00

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

SERBIA: Indicators	2014	2015e	2016f
Real GDP growth %	-1.8	0.7	1.8
CPI (pa, yoy %)	2.1	1.5	2.8
Budget Balance/GDP	-6.7	-3.7	-4.0
Current Account/GDP	-6.0	-4.7	-4.6
EUR/RSD (eop)	121.38	121.52	125.00
	2015	current	2016f
Policy Rate (eop)	4.25	4.25	4.00

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	B1	BB-	B+
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BB+	BBB-
CYPRUS	B1	BB-	B+

Source: IMF, EC, Reuters, Bloomberg, National
Authorities, Eurobank Research

Latest world economic & market developments in the CESEE region

BULGARIA

The domestic equity market extended its recent uptrend over the last few days, with the main SOFIX index standing at 459 points earlier on Tuesday, 3% higher compared to its level on the June 10 settlement. Dividend news of large cap Chimimport AD, favoured the local stock market which broadly outperformed other emerging market peers over the said time span. On the other hand, the local sovereign debt market was little changed over the last week or so, while yields on Eurobonds increased as whole for a maximum of 15 bps last week in the longest end.

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SERBIA

The dinar gained some traction last week, with the EUR/RSD trimming some of its recent gains having eased to multi-session lows of 123.05/25, while strong support was confirmed at 123.00. Overall, we believe that the dinar will closely trail the broader trend in the region (HUF, RON, PLN) as investors await the UK referendum on Thursday. In other news, the Public Debt Administration sold €75mn yesterday worth of 53-week EUR-denominated bills. Pressured by heavy demand, the average accepted yield dropped to 0.85%, from 0.89% scored on a recent auction of same maturity paper. A busy week lies ahead in the domestic fixed income space. Along with yesterday's tender, the Public Debt Administration is scheduled to auction four additional debt securities; €64.89mn in 2Y EUR-denominated Notes on Tuesday, €150mn worth of 3Y EUR-denominated paper on Wednesday, 2Y RSD amortized bonds with floating coupon (KPR+ fixed spread) for the amount of RSD10bn on Thursday and RSD57.7bn 3y RSD denominated coupon bonds on Friday.

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June 21, 2016

GLOBAL MARKETS

Stock markets	FOREX			Government Bonds			Commodities								
Last	ΔD	ΔYTD	Last	ΔD	ΔYTD	(yields)	Last	ΔD	ΔYTD						
S&P 500	2083.25	0.6%	1.9%	EUR/USD	1.1335	0.2%	4.4%	UST - 10yr	1.68	-1	-59	GOLD	1279	-0.8%	20.5%
Nikkei 225	16169.11	1.3%	-15.1%	GBP/USD	1.4737	0.3%	0.0%	Bund -10yr	0.07	2	-56	BRENT CRUDE	50	-0.9%	34.6%
STOXX 600	339.43	0.5%	-7.2%	USD/JPY	104.58	-0.6%	14.8%	JGB - 10yr	-0.14	0	-41	LMEX	2295	1.6%	4.2%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	292	1	-11
1-week	3.02	2	-17
1-month	3.20	2	-31
3-month	3.43	2	-40
6-month	3.64	0	-39

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.19	-5	-35
5Y RSD	5.26	0	13
7Y RSD	5.76	0	-193

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.54	-2	-62
USD Nov-24	6.23	-1	-19

CDS

	Last	ΔDbps	ΔYTD bps
5-year	250	0	-25
10-year	294	0	-46

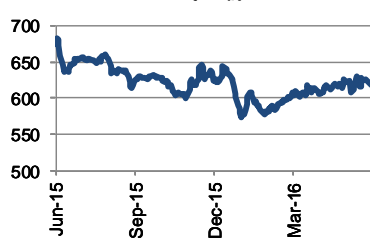
STOCKS

	Last	ΔD	ΔYTD
BELEX15	619.3	0.28%	-3.85%

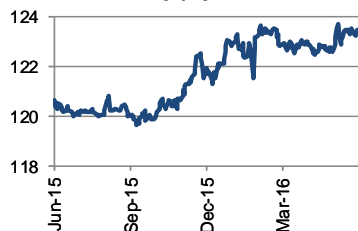
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.46	0.00%	-1.52%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.41	#VALUE!	-12
1-month	0.58	#VALUE!	-11
3-month	0.75	#VALUE!	-27
6-month	1.01	#VALUE!	-33
12-month	1.18	#VALUE!	-34

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.79	-1	-14
5Y RON	2.70	-1	-10
10Y RON	3.56	-1	-22

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.45	#N/A	N/A
USD Jan-24	3.37	-4	-42

CDS

	Last	ΔDbps	ΔYTD bps
5-year	125	-3	-8
10-year	166	-3	-5

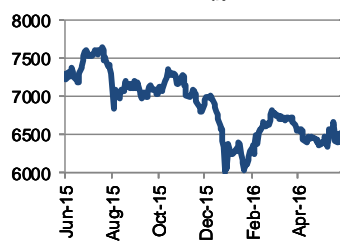
STOCKS

	Last	ΔD	ΔYTD
BET	6529.6	0.65%	-6.78%

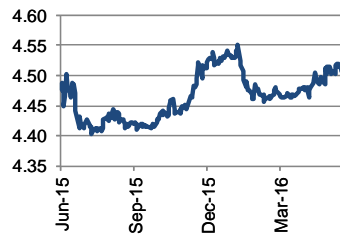
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5401	-0.19%	-0.57%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.40	0	-41
1-month	-0.16	0	-31
3-month	-0.05	0	-31
6-month	0.10	0	-43
12-month	0.45	0	-52

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.38	0	-22
5Y BGN	1.11	0	-16
10Y BGN	2.41	0	-25

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.10	17	3
EUR Sep-24	2.22	34	-20

CDS

	Last	ΔDbps	ΔYTD bps
5-year	165	-4	-7
10-year	213	-4	-3

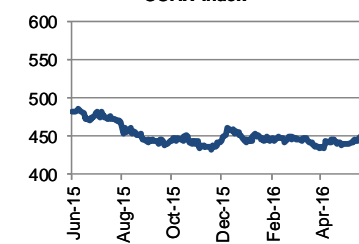
STOCKS

	Last	ΔD	ΔYTD
SOFIX	457.5	-0.16%	-0.74%

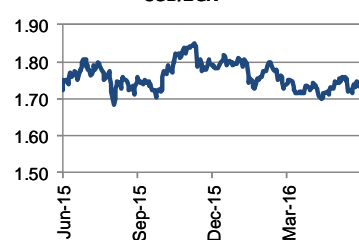
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7255	0.22%	4.34%

SOFIX Index



USD/BGN



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 13:30 EEST

June 21, 2016

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