

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Aug 29
 - Personal income & spending (Jul)
 - PCE core & deflator (Jul)
- Aug 31
 - Fed's Rosengren speaks
 - Fed's Evans speaks
 - Fed's Kashkari speaks
 - Consumer conf. (Aug)
 - MBA Mortgage applications (Aug 26)
 - Chicago PMI (Aug)
 - Pending home sales (Jul)
- Sep 1
 - Jobless claims (weekly)
 - ISM manufacturing (Aug)
- Sep 2
 - Non-farm payrolls (Aug)
 - Durable goods (Jul, f)
 - Fed's Lacker speaks

EUROZONE

- Aug 30: ESI (Aug)
- Aug 31: CPI (Aug)
- Sep 1: PMI manufacturing (Aug, f)

GREECE

- Aug 29
 - GDP (Q2, f)
 - EU's Moscovici meets Greek FinMin & EconMin
- Aug 31: Retail sales (Jun)
- Sep 1: Markit manufact (Aug)
- Sep 2: Fitch sovereign debt rating review

SEE

BULGARIA

- Aug 31-Sept 1: Budget balance (Jul)

ROMANIA

- Aug 31: ILO U/E (Jul)
- Sep 1: International reserves (Aug)

SERBIA

- Aug 31
 - Trade balance (Jul)
 - Retail Sales (Jul)
 - Industrial output (Jul)
 - GDP (Q2, f)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: US stocks closed in the red overnight, as a decline in technology stocks dragged the S&P 500 Index lower for the fourth time in five days, ending 0.20% lower. Elsewhere, major equity indices in Asia and Europe traded mixed at the time of writing, ahead of the August US employment report due on Friday that is expected to provide further clues on the timing of the next Fed interest rate hike. In FX markets, the US dollar rose against its major currency peers, as traders pared short positions ahead of Friday's nonfarm payroll report. Among key euro area macro data releases today are flash August inflation and July unemployment, while, in the US, the August ADP employment report and Chicago PMI are also expected to lure market attention. In terms of speeches by ECB officials, Villeroy is in Frankfurt and Praet features on a panel event in Beijing.

GREECE: The Greek government must proceed swiftly with the completion of the remaining prior actions in the areas of, among others, energy and privatisations for the disbursement of the €2.8bn ESM sub-tranche. Eurostat released yesterday the economic sentiment indicator for August 2016 for Greece, which increased for the second consecutive month to 92.5 from 90.9 in July and 89.7 in June. The improvement in economic sentiment resulted from an improvement in all business sectors except consumer confidence.

SOUTH EASTERN EUROPE

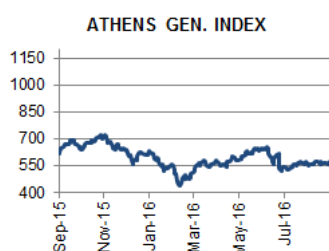
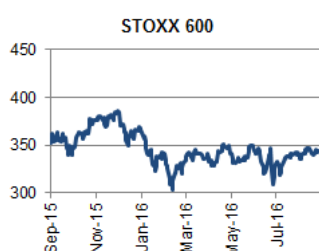
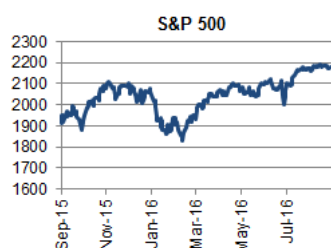
CYPRUS: The Economic Sentiment Index (ESI) jumped in August, coming very close to the pre-crisis all time high recorded in August 2007.

CESEE MARKETS: Emerging Market assets treaded water earlier on Wednesday as caution prevails ahead of a key US labour market data release later in the week, which is eagerly awaited by investors for any hints over the Fed's monetary policy deliberations ahead.

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

US stocks closed in the red overnight, as a decline in technology stocks dragged the S&P 500 Index lower for the fourth time in five days, ending 0.20% lower. A firmer than expected US consumer confidence survey helped equity indexes to par most of intraday losses. In more detail, the Conference Board consumer confidence index showed an impressive increase to an 11-month high of 101.1 in August from 96.7 in July, reinforcing the notion that household spending will continue to support overall economic growth in the coming months. The improvement in the August headline spanned a hefty increase in both the present situation and expectations components, while the assessment on labor market conditions was also a net positive. In Japan, the Nikkei 225 average index closed 1.0% higher on further JPY weakness. Sluggish Japanese industrial output data, which revealed a flat reading in July after a 2.3%MoM increase in June, reinforced expectations for further easing by the BoJ. Elsewhere, major equity indices in Asia and Europe traded mixed at the time of writing, ahead of the August US employment report due on Friday that is expected to provide further clues on the timing of the next Fed interest rate hike. In FX markets, the US dollar rose against its major currency peers, as traders pared short positions ahead of Friday's nonfarm payroll report. Against this background, the USD/JPY hit a one-month high of 103.34 earlier today, while the EUR/USD fell to a three-week low of 1.1130 in late Asian trade. In commodity markets, WTI crude oil price was moving downwards for a third session in a row on Wednesday, amid lingering oversupply worries and a stronger US dollar. Among key euro area macro data releases today are flash August inflation and July unemployment, while, in the US, the August ADP employment report and Chicago PMI are also expected to lure market attention. In terms of speeches by ECB officials, Villeroy is in Frankfurt and Praet features on a panel event in Beijing.

okosma@eurobank.gr

GREECE

The Greek government must proceed swiftly with the completion of the remaining prior actions for the disbursement of the €2.8bn ESM sub-tranche which, among others, include reforms in the energy sector, the ratification in the Hellenic Parliament of the Share Purchase Agreement of Ellinikon, the nominations of the Supervisory Board of the new Investment Fund and the transfer to the Fund of a second group of State Owned Companies. In other news, Eurostat released yesterday the economic sentiment indicator for August 2016 for Greece, which increased for the second consecutive month to 92.5 from 90.9 in July and 89.7 in June. The rise in the August headline resulted from an improvement in all business sectors except consumer confidence. In particular, industry confidence advanced to -5.1 (from -7.3) mainly due to optimistic views on export order books and improved selling price expectations. Services confidence eased at -4.0 (from -8.3) with increased expectations for demand, employment and selling prices over the next few months. Retail trade confidence rose to 9.3 (from 8.2) attributable to improved expectations about the anticipated business situation and consequent intention of placing orders. Construction confidence came in at -52.5 (from -55.6) with slightly better expectations regarding employment. Consumer confidence deteriorated slightly to -70.1 (from 69.2) reflecting more pessimistic views regarding price trends and major purchases over the next 12 months.

andimitriadou@eurobank.gr

August 31, 2016

BULGARIA: Indicators	2014	2015	2016f
Real GDP growth %	1.6	3.0	2.6
CPI (pa, yoy %)	-1.4	-0.1	-0.5
Budget Balance/GDP*	-3.7	-2.9	-2.0
Current Account/GDP	0.9	1.4	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	2015	2016f
Real GDP growth %	-2.5	1.6	2.5
HICP (pa, yoy %)	-0.3	-1.5	-0.7
Budget Balance/GDP*	-0.2	0.0	-0.4
Current Account/GDP	-4.6	-3.6	-4.2

* ESA 2010

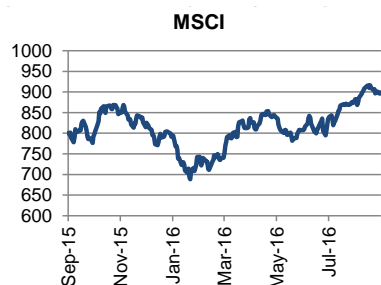
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

ROMANIA: Indicator:	2014	2015	2016f
Real GDP growth %	2.9	3.8	4.2
CPI (pa, yoy %)	1.1	-0.6	-1.5
Budget Balance/GDP *	-1.9	-1.9	-2.8
Current Account/GDP	-0.4	-1.1	-3.0
EUR/RON (eop)	4.48	4.52	4.60
	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	2015	2016f
Real GDP growth %	-1.8	0.8	1.8
CPI (pa, yoy %)	2.1	1.5	2.8
Budget Balance/GDP	-6.7	-4.1	-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	4.00	4.00

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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

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

Latest economic & market developments in the CESEE region

CYPRUS

The Economic Sentiment Index (ESI) reached a new post-Lehman high in August, coming very close to the pre-crisis high recorded in August 2007. The ESI jumped by 6.1 points to 116.2 compared to 110.1 in last July vs. 117.8 in August 2007. With the exception of construction, all other sub-components of the index improved. The more pronounced improvement in expectations came from the sectors of services (by 12.3 points) and industry (by 8.6 points). The improvement recorded in the past three years – a total of 48 points since April 2013- is the highest in EU-28 over the same period. The sentiment improvement, the second after the UK referendum, suggests that its impact on the expectations of economic agents was short-lived. Sentiment improvement is one of the key drivers of the consumption rebound taking place and feeds into output growth. All in, the ESI Index trajectory spurs optimism for short-term economic activity prospects. After a three year recession in 2012-2014 and a cumulative drop of 10.5% of GDP, the economy expanded by +1.6% YoY in 2015 and is expected to gain further momentum to +2.5% YoY in 2016. This forecast stands above the most recent EU Commission Spring forecast of +1.7%, as lower energy prices, strong sentiment improvement, a more lenient fiscal policy in the post-MoU era and a flourishing tourism sector are expected to provide more support to consumption's recovery and net exports.

igkionis@eurobank.gr

CESEE MARKETS

Emerging Market assets treaded water earlier on Wednesday as caution prevails ahead of a key US labour market data release later in the week, which is eagerly awaited by investors for any hints over the Fed's monetary policy deliberations ahead. Following Fed Chair Janet Yellen's and Vice Chair Fischer's hawkish comments last week, a strong non-farm payrolls reading for August will likely add to expectations for an FOMC rate hike as soon as September. By implication, higher US interest rates will dent emerging market assets high yield allure.

In the stock markets, the MSCI Emerging Markets index stood in a marginally negative territory in Asian trade today, while main CESEE indices were little changed at the time of writing. A similar picture was witnessed in regional currency and government bond markets as investors adopt a wait-and-see stance ahead of the much anticipated US labor market data release on Friday. The Turkish lira led the gains in the region's FX markets, having broadly underperformed its peers yesterday against a stronger US dollar and elevated external financing requirements, such as a comparably large current account deficit. In more detail, the USD/TRY hovered around levels of 2.9542 at the time of writing, having eased from a 1-week peak near 2.9670 hit intraday on Tuesday. The pair's technical picture suggests that immediate support lies at today's trough of 2.9519 ahead of 2.9425 (14-day MA). On the upside, initial resistance stands at yesterday's intraday high in the way to 2.9681 (Aug 24 high) and 2.9761 (30-day MA).

Focus today is on Poland's CPI for August, which according to the market's median forecast is anticipated to remain unchanged from the prior month at -0.9%YoY. In Serbia, the Q2 final GDP reading, as well as retail sales and industrial production data for July take centre stage.

gphoka@eurobank.gr

August 31, 2016

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	2176.12	-0.2%	6.5%	EUR/USD	1.1144	0.0%	2.7%	UST - 10yr	1.58	1	-69	GOLD	1314	0.3%	23.8%
Nikkei 225	16887.40	1.0%	-11.3%	GBP/USD	1.3137	0.4%	-10.9%	Bund-10yr	-0.09	0	-72	BRENT CRUDE	48	-0.5%	29.1%
STOXX 600	345.35	0.2%	-5.6%	USD/JPY	103.15	-0.2%	16.4%	JGB - 10yr	-0.06	1	-33	LMEX	2350	-0.3%	6.7%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	303	-1	0
1-week	3.16	-1	-3
1-month	3.31	1	-20
3-month	3.57	0	-26
6-month	3.77	-1	-26

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	2.80	xs	-66
5Y RSD	4.49	0	-64
7Y RSD	5.74	0	-196

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.27	-1	-89
USD Nov-24	6.49	1	8

CDS

	Last	ΔDbps	ΔYTD bps
5-year	218	0	-56
10-year	261	1	-78

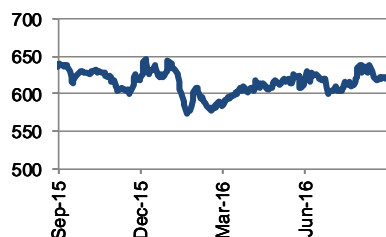
STOCKS

BELEX15	Last	ΔD	ΔYTD
	625.0	0.70%	-2.97%

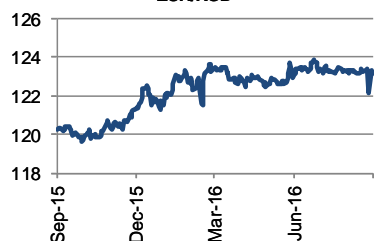
FOREX

EUR/RSD	Last	ΔD	ΔYTD
	123.19	0.07%	-1.30%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.5	-4	-3
1-month	0.58	-2	-11
3-month	0.76	-1	-26
6-month	0.97	-3	-37
12-month	1.13	-2	-39

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.48	-1	-45
5Y RON	2.10	0	-70
10Y RON	2.85	0	-93

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.68	-3	-89
USD Jan-24	2.69	-3	-110

CDS

	Last	ΔDbps	ΔYTD bps
5-year	112	0	-21
10-year	158	0	-14

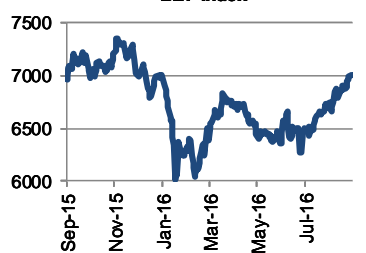
STOCKS

BET	Last	ΔD	ΔYTD
	7039.3	0.25%	0.50%

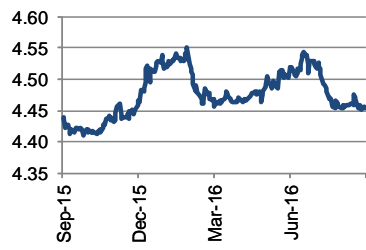
FOREX

EUR/RON	Last	ΔD	ΔYTD
	4.4543	0.05%	1.34%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.06	-1	-7
1-month	-0.14	0	-30
3-month	-0.03	0	-30
6-month	0.12	0	-41
12-month	0.45	0	-52

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.22	0	-39
5Y BGN	0.60	-2	-68
10Y BGN	1.93	0	-73

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.06	-9	-13
EUR Sep-24	1.54	54	-88

CDS

	Last	ΔDbps	ΔYTD bps
5-year	145	7	-27
10-year	187	7	-29

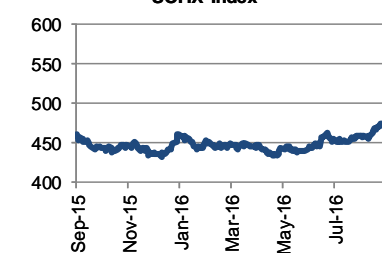
STOCKS

SOFIX	Last	ΔD	ΔYTD
	467.2	-0.27%	1.38%

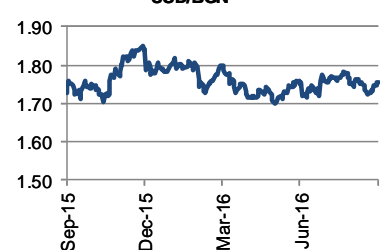
FOREX

USD/BGN	Last	ΔD	ΔYTD
	1.7552	0.01%	2.57%

SOFIX Index



USD/BGN



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research

Data updated as of 12:30 EEST

August 31, 2016

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 (Special Contributor)
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 Stamatiou (Special Contributor)
Senior Economist, Eurobank Ergasias
30 210 3371228
tstamatiou@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

Bogdan Radulescu, CFA
Senior Trader, Bancpost
+40 21 3656291
bogdan.radulescu@bancpost.ro

Eurobank Economic Analysis and Financial Markets Research

Dr. Platon Monokroussos: Group Chief Economist
pmonokroussos@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 3718 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

Arkadia Konstantopoulou: Research Assistant
arkonstantopoulou@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 Stamatiou: Senior Economist
tstamatiou@eurobank.gr, +30 210 3371228

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

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 <http://www.eurobank.gr/research>

Follow us on twitter: <http://twitter.com/Eurobank>

