

### 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 slightly lower overnight, dragged down by the energy sector on lower crude oil prices. Elsewhere, Asian equity markets traded mixed on Thursday. In Europe, 10Y Spanish government bond yields rose by 6bps above 1% for the first time in three weeks after caretaking Prime Minister Mariano Rajoy lost a confidence vote in the Spanish parliament. In FX markets, the DXY dollar index was hovering near yesterday's three-week high of 96.255 at the time of writing ahead of the closely watched US employment report due on Friday. Today's US economic calendar includes the ISM manufacturing index for August and weekly jobless claims. In the euro area, the PMI manufacturing index for August will also lure market attention.

**GREECE:** According to ECB President Mario Draghi, at the moment there is no specific timeline regarding Greece's inclusion in the ECB's QE programme. In June 2016, the retail trade overall volume index dropped 3.6% YoY, while the seasonally adjusted overall volume index rose by 0.7% MoM. The seasonally adjusted Markit Manufacturing PMI for Greece rebounded to 50.4 in August 2016, up from 48.7 in July.

### SOUTH EASTERN EUROPE

**BULGARIA:** Unemployment inched down to 7.9% in July compared to 9.2% a year ago.

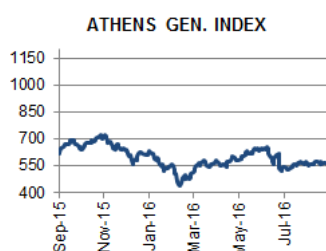
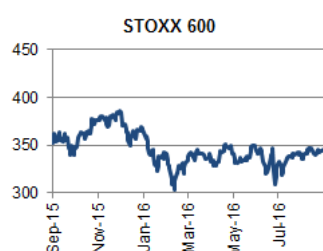
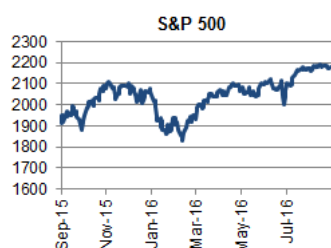
**CYPRUS:** Unemployment declined to 11.4% in July down from 15.0% a year ago.

**SERBIA:** According to the latest quarterly national accounts data for Q2 2016 released yesterday, real GDP growth was revised modestly higher to 2.0%YoY from 1.8%YoY previously reported.

#### 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 slightly lower overnight, dragged down by the energy sector on lower crude oil prices. The ADP employment report, which revealed stronger than expected private jobs gains of 177k in August and a sharp upward revision in July's reading (to 194k from an initial estimate of 179k) failed to give boost to Wall Street. Elsewhere, Asian equity markets traded mixed on Thursday, while the Japanese Nikkei 225 average index traded marginally higher rising 0.23%. China's official PMI positive reading, which unexpectedly increased to 50.4 in August from 49.9 in July, was shrugged off as market participants' attention turned to the private Caixin/Markit Manufacturing PMI that declined to 50.0 in August from 50.6 in the prior month. In Europe, 10Y Spanish government bond yields rose by 6bps above 1% for the first time in three weeks after caretaking Prime Minister Mariano Rajoy lost a confidence vote in the Spanish parliament. In FX markets, the DXY dollar index was hovering near yesterday's three-week high of 96.255 at the time of writing ahead of the closely watched US employment report due on Friday. Against this background, the USD/JPY hit a new one-month high of 103.65 in late Asian trade. Today's US economic calendar includes the ISM manufacturing index for August and weekly jobless claims. In the euro area, the PMI manufacturing index for August will also lure market attention.

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

### GREECE

In a letter to a Greek MEP, ECB President Mario Draghi stated yesterday that the central bank has no specific timeline as to the possible purchases of marketable instruments issued or guaranteed by the Hellenic Republic under the public sector purchase programme (PSPP). ECB needs to perform a debt sustainability analysis first but this cannot happen as long as the measures to bring Greece's debt on a declining path and gross financing needs to sustainable levels remain unspecified. According to data on retail trade for June 2016 released yesterday by the Hellenic Statistical Authority, the overall volume index dropped 3.6% YoY, while the seasonally adjusted overall volume index rose by 0.7% MoM. With regard to the specialized store categories, on a monthly basis the highest increases were recorded in supermarkets (+3.3%), department stores (+3.5%) and clothing and footwear (+2.8%), while decreases occurred in pharmaceutical products (-3.1%), automotive fuel (-1.2%) and furniture and household equipment (-0.2%). The seasonally adjusted Markit Manufacturing PMI for Greece rebounded to 50.4 in August 2016, up from 48.7 in July and above the 50.0 no-change threshold. According to the Markit report new orders expanded for the first time since August 2014 and Greek manufacturers reported the sharpest increase in new export orders for 25 months.

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

September 1, 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

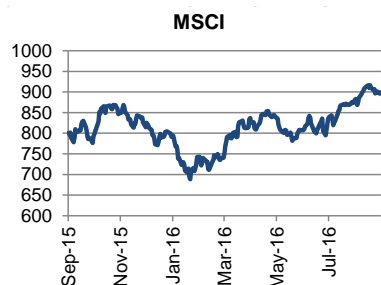
Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

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	0.7	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

### BULGARIA

According to the latest Eurostat data, the unemployment rate declined to 7.9% in July down from 9.2% in July 2015. Labor intensive industries in the areas of specialized services (Information & Communication, Logistics, and Business Services) have taken the lead in job creation from traditional industries like manufacturing, retail and wholesale trade, construction. Employment expectations have remained relatively strong throughout Q2 and Q3 (especially in the area of retail trade), pointing to a further tightening in the labor market. The improvement of labor market conditions in 2015 and further in 1H-2016 has set the foundations for consumption to have a bigger weight on this year's GDP growth.

### CYPRUS

According to the latest Eurostat data, unemployment on a seasonally adjusted basis came down to 11.4% in July 2016 down from 11.6% in June 2016 compared to 15.0% in July 2015 and 17% at its peak in October 2013. Cyprus recorded the highest unemployment decline in EU-28 in the past twelve months. Yet, despite the improvement trend, the unemployment in Cyprus is still the fourth largest in EU-28, behind Greece, Spain and Croatia. In particular, youth & long-term unemployment is a source of concern and necessitates more attention.

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

### SERBIA

According to the final quarterly national accounts data for Q2 2016 released yesterday, real GDP growth was revised modestly higher to 2.0%YoY from 1.8%YoY previously reported. The revised reading confirms a slowdown from economic expansion of 3.8%YoY in the prior quarter, but this is mostly attributed to favorable base effects in Q1. Additionally, it marks a pick up from 1.1%YoY over the same period of 2015, a 1.8%YoY contraction in Q1 2015 and growth of 0.8%YoY for the FY2015. Furthermore, it is the fifth consecutive quarter of positive annual growth rates after the 2014 floods which pushed the domestic economy into recession. From the expenditure side, consumption recovered further ground in Q2, with household final expenditure rising by 1.3%YoY from 0.9%YoY in Q1 marking the second consecutive quarter in the black after nine consecutive quarters of annual declines. Public spending also accelerated (to 4.6%YoY from 3.3%YoY in Q1). Last year's positive trends broadly continued into 1H-2016, with exports' growth remaining robust (+10.0%YoY in Q2 vs. 11.6%YoY) and continuing to provide the highest input in domestic economic activity. Yet, a significant acceleration in the annual rate of increase in imports (to 12.3%YoY from 4.7%YoY a quarter earlier) and a slowdown in gross fixed capital formation (to 4.9%YoY in Q2 from 8.4%YoY in Q1) explain the slowdown in real GDP growth in Q2. Looking ahead, economic activity is expected to accelerate to around 2.5% for the whole of this year according to the most recent IMF and Central Bank forecasts.

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

September 1, 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**

	Last	ΔDbps	ΔYTD bps
BELIBOR			
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**

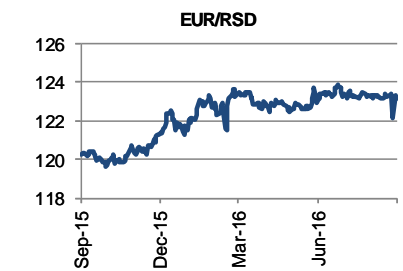
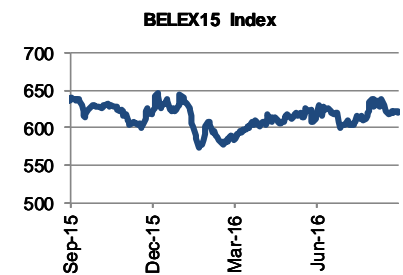
	Last	ΔDbps	ΔYTD bps
5-year	218	0	-56
10-year	261	1	-78

**STOCKS**

	Last	ΔD	ΔYTD
BELEX15	625.0	0.70%	-2.97%

**FOREX**

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



**ROMANIA**

**Money Market**

	Last	ΔDbps	ΔYTD bps
ROBOR			
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**

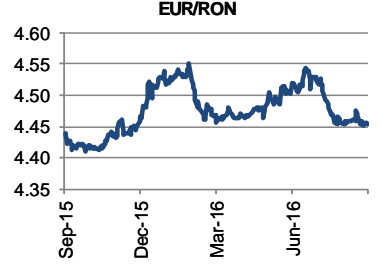
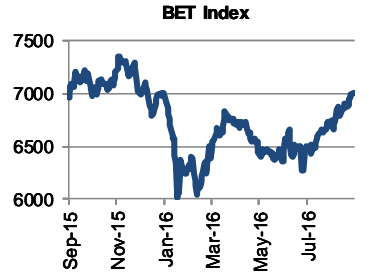
	Last	ΔDbps	ΔYTD bps
5-year	112	0	-21
10-year	158	0	-14

**STOCKS**

	Last	ΔD	ΔYTD
BET	7039.3	0.25%	0.50%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RON	4.4543	0.05%	1.34%



**BULGARIA**

**Money Market**

	Last	ΔDbps	ΔYTD bps
SOFIBOR			
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**

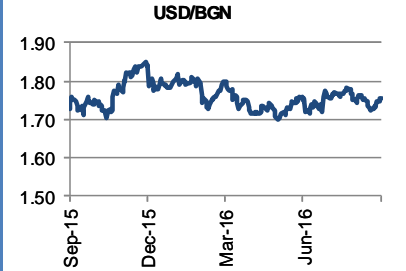
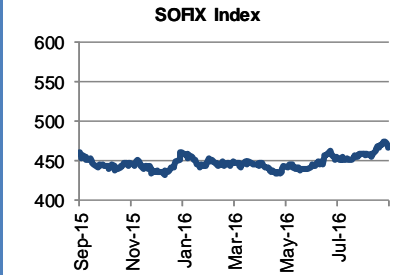
	Last	ΔDbps	ΔYTD bps
5-year	145	7	-27
10-year	187	7	-29

**STOCKS**

	Last	ΔD	ΔYTD
SOFIX	467.2	-0.27%	1.38%

**FOREX**

	Last	ΔD	ΔYTD
USD/BGN	1.7552	0.01%	2.57%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research  
Data updated as of 17:00 EEST of previous session

## 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 (Special Contributor)**  
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 Stamatiou (Special Contributor)**  
Senior Economist, Eurobank Ergasias  
30 210 3371228  
[tstamatiou@eurobank.gr](mailto:tstamatiou@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)

**Bogdan Radulescu, CFA**  
Senior Trader, Bancpost  
+40 21 3656291  
[bogdan.radulescu@bancpost.ro](mailto:bogdan.radulescu@bancpost.ro)

## Eurobank Economic Analysis and Financial Markets Research

**Dr. Platon Monokroussos: 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 3718 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

**Arkadia Konstantopoulou: Research Assistant**  
[arkonstantopoulou@eurobank.gr](mailto:arkonstantopoulou@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 Stamatiou: Senior Economist**  
[tstamatiou@eurobank.gr](mailto: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](mailto: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>

