



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Wednesday, September 07,

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Sep 6: ISM non-manufacturing (Aug)
- Sept 8: Jobless claims (weekly)

EUROZONE

- Sep 5: PMI (Aug, f)
- Sep 6: GDP (Q2, f)
- Sep 8: ECB monetary policy meeting & press conference
- Sep 9/10: Eurogroup/Ecofin meetings

GREECE

- Sep 7: Commercial transactions (Jul, p)
- Sep 8
- Labour force survey (Jun, p)
- Motor Vehicle Circulation Licenses (Aug)
- Sep 9
 - Eurogroup
 - Industrial production (Jul)
 - CPI (Aug)

CYPRUS

- Sep 6: HICP (Aug)
- Sep 8: GDP (Q2, f)

SEE

BULGARIA

- Sept 9
 - Retail sales (Jul)
 - Industrial production (Jul)

ROMANIA

- Sep 5: Retail sales (Jul)
- Sep 6
 - Net wages (Jul)
 - GDP (Q2,p)
- Sept 8: 3.25% 2021 T-bonds auction
- Sept 9: Trade balance (Jul)

SERBIA

- Sep 8
 - MPC meeting
 - €100mn 2.5% 5-year T-bonds auction

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The US' ISM-non manufacturing report for the month of August surprised negatively, prompting a dovish shift in Fed rate hike expectations. US Treasury yields dropped across the curve. European equity markets were firmer in early trade, the USD weakened and US Treasury yields dropped across the curve with short-dated notes outperforming. Looking at today's calendar, the Fed's Beige Book should be the main focus today.

GREECE: In an unofficial government committee meeting yesterday Greek Prime Minister Alexis Tsipras reportedly urged his ministers to speed up their efforts for the completion of all pending issues for the release of the next ESM sub-tranche (€2.8bn). According to Eurostat, Greece was the only economy among the EU28 member states with a negative annual real GDP growth rate (-0.9%) in 2016 Q2.

SOUTH EASTERN EUROPE

CESEE MARKETS: The majority of emerging market assets extended earlier on Wednesday a rally staged after August's downbeat US non-farm payrolls report released last week. Looking into today's CESEE calendar, Poland's monetary policy meeting announcement later on Wednesday takes centre stage. The market's median forecast is for the key policy rate to remain unchanged at the current record low level of 1.50%.

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

GLOBAL MARKETS

The US' ISM-non manufacturing report surprised negatively with the headline falling from 55.5 in July to a 6 ½ year low 51.4 in August, marking the biggest monthly decline since late 2008. Adding to the gloomy note of the report, key forward looking indicators disappointed with new orders declining to the lowest level since late 2013. The above report that followed the release of the slightly weaker than anticipated August non-farm payrolls survey last week, prompted a dovish shift in Fed rate hike expectations. European equity markets were firmer in early trade while US Treasury yields dropped across the curve with short-dated notes outperforming. The 2-yr note was yielding levels around 0.74% in European trade at the time of writing after testing levels slightly above 0.80% in the prior session ahead of the release of the ISM non-manufacturing report. Lower Treasury yields weighed on the USD with the DXY index falling to as low as 94.690 earlier today, the lowest in near two weeks after testing levels near 95.860 early on Tuesday. With the 20-21 September Fed monetary policy meeting still two weeks away, upcoming speeches by Fed officials will be closely scrutinized as market participants try to assess the Fed's appetite for a rate hike this month following the recent string of weaker-than-anticipated US data. Looking at today's calendar, the Fed's Beige Book should be the main focus today.

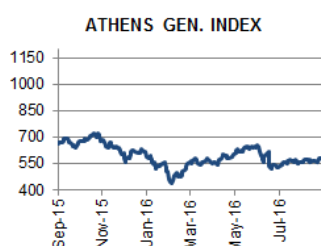
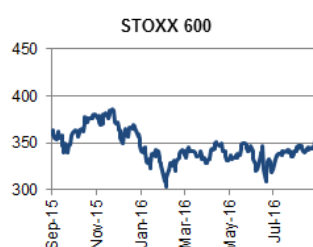
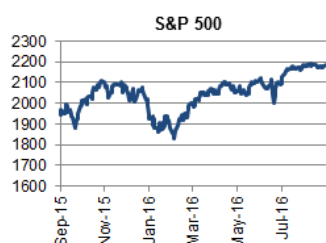
ppetropoulou@eurobank.gr

GREECE

In an unofficial government committee meeting yesterday Greek Prime Minister Alexis Tsipras reportedly urged his ministers to speed up their efforts for the completion of all pending issues for the release of the next ESM sub-tranche (€2.8bn). Assuming that all prior actions are accomplished by the end of September, Eurozone finance ministers are expected to approve the release of the sub-tranche at the October 10th Eurogroup.

According to Eurostat, Greece was the only economy among the EU28 member states with a negative annual real GDP growth rate (-0.9%) in 2016 Q2. The respective figures for EA19 and EU28 were 1.6% and 1.8% slightly lower relative to 2016 Q1. The country with the highest percentage increase in its domestic production/income was Romania (5.9%) followed by Slovakia (3.7%), Spain (3.2%) and Poland (3.1%). On a quarterly basis only France (0.0%), Italy (0.0%), Finland (0.0%) and Austria (0.1%) had real GDP growth rates lower than Greece (0.2%). The opportunity cost of not growing, especially for an economy as Greece where there was a massive cumulative loss in its real GDP during the last 8 years, is not negligible. Missing growth translates into missing jobs, income, physical and human capital, social security contributions, taxes, public goods etc.

ppetropoulou@eurobank.gr
sgogos@eurobank.gr



Source: Reuters, Bloomberg, Eurobank Research

September 7, 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

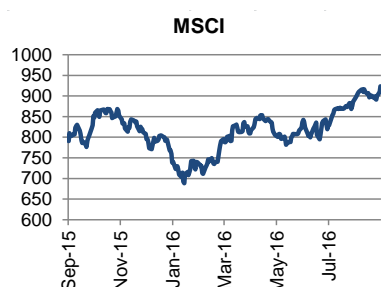
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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

CESEE MARKETS

The majority of emerging market assets extended earlier on Wednesday a rally staged after August's downbeat US non-farm payrolls report. The disappointing US labor market data released last week prompted a scale back in expectations for a Fed rate hike in the imminent future providing support to emerging markets' high yield allure. The case against a Fed rate hike in September was further strengthened by yesterday's worse-than-anticipated ISM non-manufacturing data for August. Expectations for lower-for-longer Fed interest rates and ongoing monetary stimulus by major Central Banks around the globe, such as ECB and BoJ, have supported high-yielding assets over recent months, with a 2-week correction seen since mid-August amid hawkish Fed officials' remarks around the Jackson Hole symposium proving to have been temporary.

With a further recovery in commodity prices providing an additional lift on related shares, the MSCI Emerging Markets index rose by 0.5% higher in Asian markets today, bringing its gains to 3.8% so far this month and being poised to mark its highest close since July 2015. In the CESEE region, most main indices stood in the black in morning trade, with Poland's WIG leading the way higher marking a 0.6% advance compared to the prior session's settlement.

In view of improving risk sentiment towards risky assets and a weaker US dollar, regional currency and government bonds broadly firmed in European trade on Wednesday. In FX markets, the Turkish lira bucked the positive trend a day after Deputy Prime Minister Nurettin Canikli expressed support for lower interest rates, echoing President Tayyip Erdogan's recent comments. Additionally, the Central Bank announced on Tuesday a reduction in the reserve requirements for banks, the third such move since July's attempted coup in order to boost lira and FX liquidity of the domestic financial system. Along these lines, the USD/TRY rose by 0.3% in European trade on Wednesday to hover around levels of 2.9300, though remaining not too far from a 3-week peak of 2.9175 achieved in Asian markets.

Looking into today's CESEE calendar, the conclusion of Poland's two-day monetary policy meeting later on Wednesday features high on the agenda. The market's median forecast is for the key policy rate to remain unchanged at the current record low level of 1.50%. Elsewhere, the minutes from the latest MPC meeting in Hungary are also in focus.

gphoka@eurobank.gr

September 7, 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	2186.48	0.3%	7.0%	EUR/USD	1.124	-0.1%	3.5%	UST - 10yr	1.54	1	-73	GOLD	1350	0.0%	27.2%
Nikkei 225	17012.44	-0.4%	-10.6%	GBP/USD	1.3392	-0.3%	-9.1%	Bund-10yr	-0.11	0	-74	BRENT CRUDE	48	1.1%	28.1%
STOXX 600	349.84	0.1%	-4.4%	USD/JPY	101.61	0.4%	18.2%	JGB - 10yr	-0.05	-3	-31	LMEX	2353	-0.2%	6.8%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	303	0	0
1-week	3.17	1	-2
1-month	3.31	1	-20
3-month	3.57	1	-26
6-month	3.78	1	-25

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	2.79	xs	-63
5Y RSD	4.49	0	-64
7Y RSD	5.74	0	-196

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.19	-1	-97
USD Nov-24	6.49	0	8

CDS

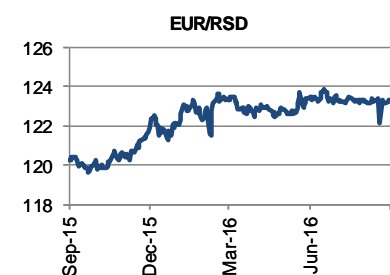
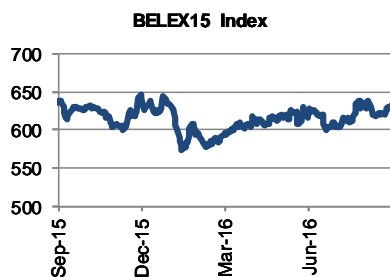
	Last	ΔDbps	ΔYTD bps
5-year	218	0	-56
10-year	261	1	-79

STOCKS

	Last	ΔD	ΔYTD
BELEX15	632.8	0.03%	-1.75%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.31	0.02%	-1.40%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.45	0	-8
1-month	0.55	0	-14
3-month	0.73	-2	-29
6-month	0.95	-1	-39
12-month	1.12	1	-40

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.48	-1	-45
5Y RON	2.14	-1	-66
10Y RON	2.93	-1	-85

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.64	-3	-93
USD Jan-24	2.70	0	-109

CDS

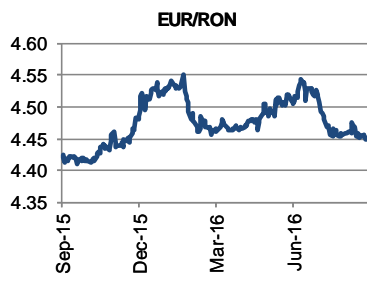
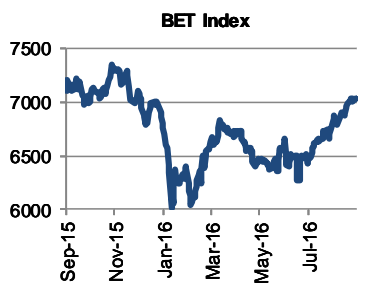
	Last	ΔDbps	ΔYTD bps
5-year	107	-2	-26
10-year	151	-2	-20

STOCKS

	Last	ΔD	ΔYTD
BET	7049.0	0.15%	0.64%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4522	0.00%	1.39%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.06	0	-7
1-month	-0.14	0	-30
3-month	-0.03	0	-29
6-month	0.12	0	-41
12-month	0.44	0	-53

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.20	0	-40
5Y BGN	0.58	2	-70
10Y BGN	1.91	0	-75

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.08	-5	-15
EUR Sep-24	1.50	27	-92

CDS

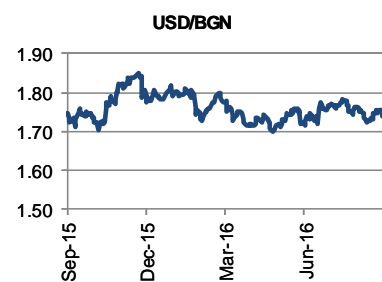
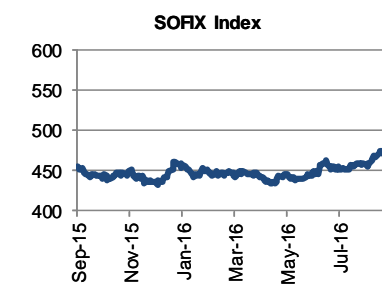
	Last	ΔDbps	ΔYTD bps
5-year	140	-2	-32
10-year	182	-2	-35

STOCKS

	Last	ΔD	ΔYTD
SOFIX	473.3	0.30%	2.69%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7402	-0.13%	3.45%



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

Data updated as of 12:00 EEST

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

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: 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>

