



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Thursday, September 08, 2016

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

GREECE: According to the data published yesterday by the Greek Ministry of Finance, general government arrears to the private sector for July 2016 were at ca €5.53 bn from ca €5.91 bn at the end of June 2016, a decrease of € 0.38 bn or -6.4% on a monthly basis.

SOUTH EASTERN EUROPE

CESEE MARKETS: Emerging market assets extended earlier on Thursday a rally staged after disappointing US macroeconomic data prompted a scale back in expectations for a Fed rate hike in the imminent future. A further surge in global oil prices and better-than-expected trade data from China boosted further investor sentiment towards risky assets.

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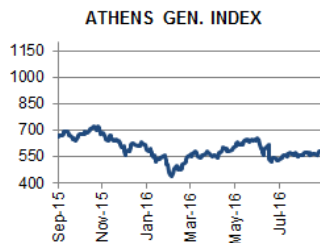
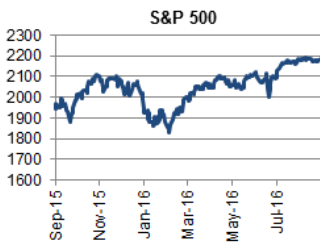
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Latest world economic & market developments

GREECE

According to the data published yesterday by the Greek Ministry of Finance, general government arrears to the private sector for July 2016 were at ca €5.53 bn from ca €5.91 bn at the end of June 2016, a decrease of € 0.38 bn or -6.4% on a monthly basis. According to the ESM Compliance Report for the 3rd Economic Adjustment Programme (June 2016), ca €3.5 bn will be disbursed for the payment of general government arrears until the end of 2016 (€1.8 bn from the 1st sub-tranche already disbursed & €1.7 bn from the 2nd sub-tranche expected to be disbursed by September 2016 conditional on the fulfillment of the prior actions attached to it). According to the state budget execution data for July 2016, ca € 0.97 bn from the first instalment of € 1.7 bn have already been disbursed to the private sector. General government tax arrears were at ca € 1.36 bn in July 2016 from € 1.31 bn in June 2015, an increase of € 0.33 bn or 4.6% on a monthly basis.

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Source: Reuters, Bloomberg, Eurobank Research

September 8, 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

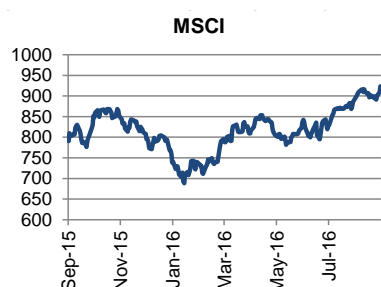
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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

Emerging market assets extended earlier on Thursday a rally staged after disappointing US macroeconomic data prompted a scale back in expectations for a Fed rate hike in the imminent future. A further surge in global oil prices and better-than-expected trade data from China boosted further investor sentiment towards risky assets. In this context, the MSCI Emerging Markets index stood in a marginally positive territory in Asian trade, having posted cumulative gains of ca 4.0% over the last five sessions and marked on Wednesday its highest close in 13 months.

In FX markets, most regional currencies held onto their recent gains earlier on Thursday. Similarly, the polish zloty retained a firm tone, with this week's uptrend further supported by Central Bank Governor Adam Glapinski's relatively hawkish comments in the aftermath of the announcement of the Monetary Policy Council's decision yesterday. At its two-day monetary policy meeting, Poland's Central Bank stayed put on its monetary policy maintaining the key policy (reference) rate at the current record low of 1.50%, vindicating market expectations. In the post meeting press conference, the NBP Governor highlighted that economic activity is expected to pick up pace in 2017 thanks to enhanced EU funds absorption, adding that a rate cut would not support growth and that the next move in interest rates would be a hike in view of improving economic growth prospects. Along the same lines, the accompanying MPC statement read that "deflation will be gradually subsiding due to dissipating effects of low commodity prices in the global markets". With market expectations for further monetary easing having been largely dispelled, the EUR/PLN slid as far as a 2-week trough of 4.3045 in Asian trade before pulling back slightly towards 4.3110 in European markets today.

Looking into CESEE calendar today, Serbia's monetary policy meeting takes centre stage. The market's median forecast is for the key policy rate to remain unchanged at the current record low level of 4.00%. Elsewhere, Serbia's finance ministry sells EUR-denominated 5-year Notes and Romania plans to issue 2021 T-bonds later on Thursday. August CPI data released from Hungary earlier today showed an unexpected decline in annual consumer inflation to -0.1% from -0.3% in the prior month, which confounded market expectations for a bounce to +0.1%. Industrial production data for July from Turkey also disappointed expectations, marking a drop of 4.9%YoY vs. a market's median forecast of +1.3%YoY and a 1.2%YoY advance marked in June.

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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

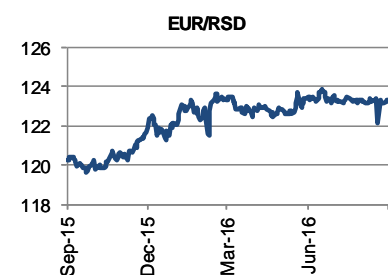
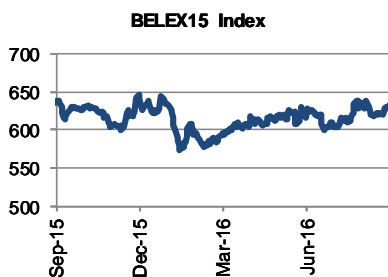
	Last	ΔDbps	ΔYTD bps
5-year	218	0	-56
10-year	261	1	-79

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

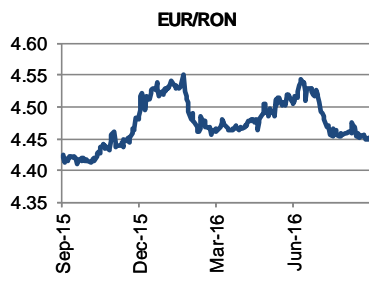
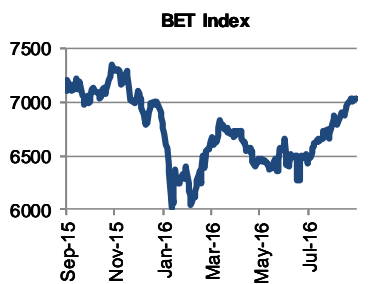
	Last	ΔDbps	ΔYTD bps
5-year	107	-2	-26
10-year	151	-2	-20

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

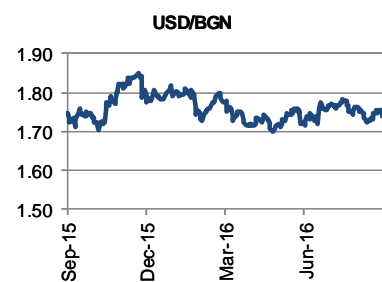
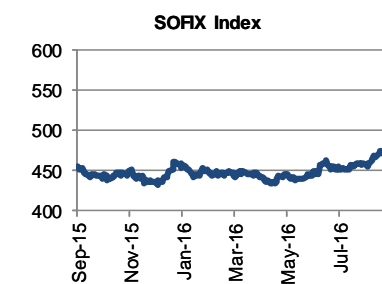
	Last	ΔDbps	ΔYTD bps
5-year	140	-2	-32
10-year	182	-2	-35

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 of previous session

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