



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Friday, September 09, 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

GLOBAL MARKETS: The ECB kept its key interest rates unchanged at the September 8th monetary policy meeting and refrained from announcing any adjustment in the modalities of the technical parameters of its purchase programme, disappointing the majority of market participants who were poised for an extension of the QE. In reaction to the ECB's policy decision, major European bourses were weaker in early trade on Friday, German government bond yields moved higher and the EUR was modestly firmer. With the September 8th ECB policy meeting out of the way, market focus now shifts to the Fed's meeting later this month.

GREECE: The Eurogroup is scheduled to convene today in Bratislava to discuss, among others, the progress made in the 15 prior actions for the release of the €28bn loan sub-tranche. The seasonally adjusted unemployment rate for June 2016 was 23.4% compared to 24.9% in June 2015 and the upward revised 23.6% in May 2016.

SOUTH EASTERN EUROPE

CYPRUS: The second estimate of CYSTAT on the seasonally adjusted Q2 GDP reading matched the flash estimate of +0.7% QoQ/+2.7% YoY.

SERBIA: At its monetary policy meeting yesterday, the Central Bank of Serbia kept its key policy rate unchanged at the current record low level of 4.00%, in line with market expectations.

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

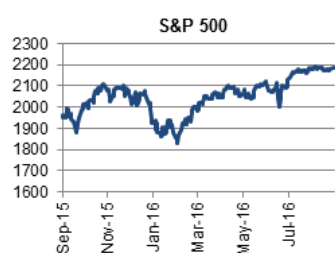
The ECB kept its key interest rates unchanged at the September 8th monetary policy meeting and refrained from announcing any adjustment in the modalities of the technical parameters of its purchase programme, disappointing the majority of market participants who were poised for an extension of the QE programme beyond its currently scheduled expiration for March 2017. Speaking in the post-meeting press conference, President Mario Draghi noted that “for the time being the changes (in the updated forecasts) are no substantial, as to warrant a decision to act” adding that the Governing Council did not discuss a potential extension of QE. However, he noted that “the Governing Council tasked the relevant committees to evaluate the options that ensure a smooth implementation of our purchase programme”, leaving the door open for a time extension of QE and changes to some of the technical parameters, most likely in December with the next round of macroeconomic forecasts is due. In reaction to the ECB’s policy decision, major European bourses were weaker in early trade on Friday. Renewed global jitters following news that North Korea had conducted a nuclear test, may also had an impact. Elsewhere, German government bond yields moved higher with the 10-yr Bund yielding levels around -0.039% in European trade at the time of writing, the highest since mid-August after testing levels near to -0.127% a couple of sessions earlier. In FX markets, the EUR was modestly firmer hovering around 1.1267 vs. the USD at the time of writing, c. 0.1% higher compared to Thursday’s settlement and below a multi-session peak of 1.1327 recorded at some point on Thursday shortly after the ECB’s monetary policy decision. With the September 8th ECB policy meeting out of the way, market focus now shifts to the Fed’s meeting later this month (September 20-21).

ppetropoulou@eurobank.gr

GREECE

The Eurogroup is scheduled to convene today in Bratislava to discuss, among others, the progress made in the pending prior actions. It should be noted that, upon completion of all open issues, the decision for the disbursement of the remaining €2.8bn sub-tranche is expected to be made at the October 10 Eurogroup and, reportedly, the Greek government appears confident that all items will have been closed by then. According to press reports, the Greek Minister of Finance aims to also raise today the issue of a revision of the primary surplus target below 3.5% for 2019 and 2020 as well as potential specification of debt relief measures. In other news, according to the Hellenic Statistical Authority (ELSTAT), the seasonally adjusted unemployment rate for June 2016 was 23.4% compared to 24.9% in June 2015 and the upward revised 23.6% in May 2016. The number of employed in June 2016 increased 1.7%YoY and 0.4%MoM while the number of unemployed decreased 6.1%YoY and 0.6%MoM.

andimitriadou@eurobank.gr



Source: Reuters, Bloomberg, Eurobank Research

September 9, 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

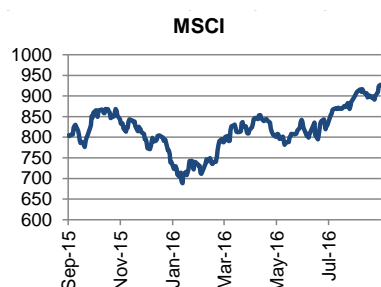
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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

CYPRUS

The second estimate of CYSTAT on the seasonally adjusted Q2 GDP reading matched the flash estimate of +0.7% QoQ/+2.7% YoY. The strong reading-the sixth consecutive positive on both quarterly and an annual basis after a three year recession compares to +1.0% QoQ/+2.7% YoY in Q1-2016 vs. +0.8% QoQ/+1.2% YoY in Q2-2015. The consumption rebound continued for yet another quarter in Q2-2016. Final consumption expanded by +0.8% QoQ/+1.9% YoY in Q2-2016 up from +0.1% QoQ/+1.4% YoY in Q1-2016 vs. +0.3% QoQ/+1.0% YoY in Q2-2015, making a +1.6ppts contribution to growth. The consumption rebound is driven by the strong sentiment improvement mirroring the lasting progress within the economic adjustment program, a flourishing tourism sector (+19.8% YoY in tourist arrivals in 7M-2016 & +13.8% YoY in tourism revenues in 1H-2016), lower energy prices on an annual basis, lower unemployment (11.6% in July, the highest decline in EU-28 in the past twelve months), agents' expectations of further fiscal relaxation and a rise in real incomes. Moreover, investments skyrocketed by 104.7% YoY in Q2-2016 driven entirely by transportation equipment items which most probably could be attributed to ship purchases. As a result, the hefty contribution of investments was largely offset by the negative contribution of net exports (imports: +18.9% YoY vs. exports: -3.3% YoY), so that both components added another 1.1ppts each.

Sentiment indicators continued to surprise positively in Q3. Despite Brexit woes, the Economic Sentiment Index (ESI) reached a new post-Lehman high in August, coming very close to the pre-crisis high recorded in August2007. The ESI jumped by 6.1 points to 116.2 in August compared to 110.1 in last July vs. 117.8 in August 2007. Cyprus has become the third country after Portugal and Ireland to have made a clean exit from the economic adjustment program (March 2016). 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 further gain momentum to above +2.5% YoY in 2016 above the most recent EU Commission Spring forecast of +1.7%. Still, after the parliamentary elections of May, a handful of unfinished structural reforms need to progress in the areas of privatizations, public administration and health sectors, while addressing the challenges of a still high NPLs stock. The banking system-wide NPEs ratio- a more conservative asset quality EBA methodology, which inflates NPLs numbers by including restructured loans for a probation period of at least 12 months-edged up to 49.7% in May 2016, up from 45.8% in December2015, compared to 47.8% in December2014.

igkionis@eurobank.gr

SERBIA

At its monetary policy meeting yesterday, the Central Bank of Serbia kept its key policy rate unchanged at the current record low level of 4.00%. In the accompanying statement, the NBS Executive Board cited behind its decision the impact of past monetary easing (775bps of rate cuts since May 2013) and expectations for a return of annual inflation (CPI at 1.2% in July) within the 4.0±1.5% target tolerance band in the first half of 2017. NBS anticipates the latter to be mainly driven by increasing aggregate demand and base effects, while low food prices will likely provide a drag to inflation for some time. The Central Bank also acknowledged the existence of "persistent uncertainties in the international commodity and financial markets". However, it highlighted the economy's increased resilience to external shocks thanks to ongoing fiscal consolidation and improved macroeconomic prospects. NBS last lowered its key policy rate by 25bps in July, having stayed put on its monetary policy last month.

gphoka@eurobank.gr

September 9, 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	2181.30	-0.2%	6.7%	EUR/USD	1.127	0.1%	3.8%	UST - 10yr	1.61	1	-66	GOLD	1336	-0.1%	25.9%
Nikkei 225	16965.76	0.0%	-10.9%	GBP/USD	1.3303	0.1%	-9.7%	Bund-10yr	-0.04	2	-67	BRENT CRUDE	49	-1.3%	32.3%
STOXX 600	348.59	-0.2%	-4.7%	USD/JPY	102.15	0.3%	17.5%	JGB - 10yr	-0.02	2	-28	LMEX	2366	0.2%	7.4%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	302	-2	-1
1-week	3.15	-3	-4
1-month	3.31	-1	-20
3-month	3.54	-7	-29
6-month	3.73	-10	-30

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	2.82	xs	-84
5Y RSD	4.49	0	-64
7Y RSD	5.74	0	-196

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.13	2	-103
USD Nov-24	6.50	0	8

CDS

	Last	ΔDbps	ΔYTD bps
5-year	219	0	-56
10-year	261	0	-79

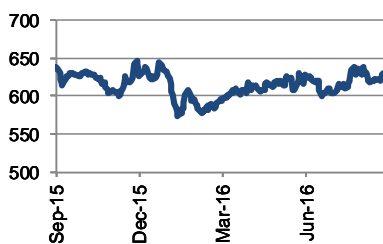
STOCKS

	Last	ΔD	ΔYTD
BELEX15	635.9	-0.49%	-1.27%

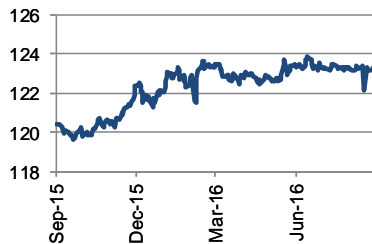
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.31	-0.04%	-1.40%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.44	-1	-9
1-month	0.55	0	-14
3-month	0.74	0	-28
6-month	0.96	0	-38
12-month	1.11	0	-41

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.46	0	-47
5Y RON	2.13	0	-67
10Y RON	2.94	2	-84

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.57	0	-100
USD Jan-24	2.64	1	-114

CDS

	Last	ΔDbps	ΔYTD bps
5-year	105	-1	-29
10-year	149	-1	-23

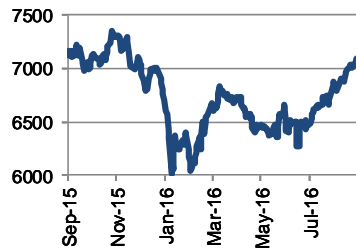
STOCKS

	Last	ΔD	ΔYTD
BET	7033.8	-0.38%	0.42%

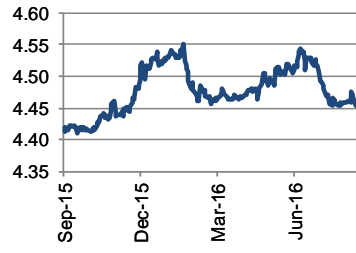
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4505	-0.08%	1.43%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.06	0	-7
1-month	-0.14	0	-30
3-month	-0.04	-1	-30
6-month	0.12	0	-41
12-month	0.44	0	-53

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.21	1	-39
5Y BGN	0.57	1	-70
10Y BGN	1.90	0	-76

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.14	0	-21
EUR Sep-24	1.35	34	-107

CDS

	Last	ΔDbps	ΔYTD bps
5-year	135	0	-37
10-year	176	0	-40

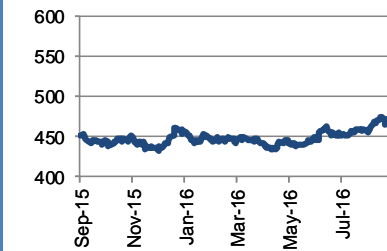
STOCKS

	Last	ΔD	ΔYTD
SOFIX	471.6	0.62%	2.32%

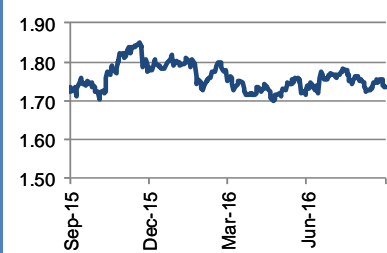
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7355	0.08%	3.73%

SOFIX Index



USD/BGN



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

Data updated as of 11:50 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
pmonokrousos@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>

