



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Wednesday, September 28, 2016

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Sep 26: New home sales (Aug)
- Sep 27: CB consumer confidence (Sep)
- Sep 28: Durable goods orders (Aug)
- Sep 29
 - GDP (final, Q2)
 - Jobless claims (weekly)
 - Pending home sales (Aug)
- Sep 30
 - Personal income/spending (Aug)
 - Core PCE deflator (Aug)
 - Chicago PMI (Sep)
 - UoM consumer sentiment (Sep)

EUROZONE

- Sep 26
 - IT: cabinet to decide on the referendum date
 - DE: Ifo business (Sep)
 - ECB President speaks
- Sep 27: PMI manufacturing & services (Sep)
- Sep 28: ECB President speaks
- Sep 29: Economic sentiment (Sep)
- Sep 30: HICP (flash, Sep)

SEE

BULGARIA

- Sep 28: Gros external debt (Jul)
- Sep 30: Sovereign credit rating review by Moody's

ROMANIA

- Sep 26: 2.5% 2022 T-Bonds auction
- Sep 30
 - MPC decision
 - International reserves (Sep)

SERBIA

- Sep 26: Real gross wages (Aug)
- Sep 30
 - Trade balance (Aug)
 - Retail sales (Aug)
 - Industrial output (Aug)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: German government bonds retained a firm tone in European trade on Wednesday and the EUR moved lower amid heightened concerns about the health of the European banking sector. Focus today is on ECB President Mario Draghi who is scheduled to appear before a Bundestag committee in Berlin while Fed Chair Janet Yellen will deliver her semi-annual testimony before the U.S House Financial Services Committee. On the data front, key releases today include US durable goods orders for August.

GREECE: The multi-bill with the legislative actions pertaining to a number of items for the release of the €2.8 ESM loan sub-tranche passed in Parliament yesterday, with the support of the SYRIZA-ANEL coalition MPs. According to the final State Budget Execution data for August 2016 the respective fiscal deficit was at €1.04 bn, against a targeted deficit of €3.88 bn in the 2016 Budget. According to the Bank of Greece (BoG), the annual growth rate of total credit extended to the domestic private sector in August 2016 stood at -1.7% from -1.6% in the previous month. While deposits and repos of non MFIs in MFIs in Greece (excluding the BoG) increased by €750mn in August 2016.

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.

September 28, 2016

Latest world economic & market developments

GLOBAL MARKETS

German government bonds retained a firm tone in European trade on Wednesday supported by heightened market concerns about the health of the European banking sector. The 2-yr yield hit a fresh record low while the 10-yr yield was trading close to two-week lows at the time of writing with the corresponding spread narrowing around 56bps, the lowest level since September 8th. US Treasuries followed suit on the view that worries over the health of the European banking sector could probably further delay a Fed rate hike. The 10-yr yield ended on Tuesday at a three-week trough of 1.546% before rising modestly to 1.572% in early European trade, remaining though below levels close to 1.70% recorded late last week. In FX markets, the USD gained some ground against the JPY standing close to 100.75/80 after testing a one-month low of 100.07 in the prior session. Technically, strong support lies at the psychologically key level of 100.00 in the way to 99.00 while on the upside, only a sustained move above 103.00/50 could point to an improved short-term outlook. Elsewhere, pressured by European banking woes, the EUR moved lower against the USD hovering around 1.1200 at the time of writing after marking a multi-session high of 1.1280 a couple of sessions earlier. European political jitters including the continuing political impasse in Spain and uncertainty about the outcome of the referendum on Constitutional reforms in Italy on December 4th, also exerted a negative impact on the EUR. Focus today is on ECB President Mario Draghi who is scheduled to appear before a Bundestag committee in Berlin to respond to questions from German lawmakers about the Central Bank's monetary policy. Fed Chair Janet Yellen will deliver her semi-annual testimony before the U.S House Financial Services Committee but, with the last FOMC meeting just a few days ago, she is unlikely to provide detailed guidance over the Committee's policy deliberations. On the data front, key releases today include US durable goods orders for August, which are expected to contract by 1.0% mom after posting hefty gains in the prior couple of months.



Source: Reuters, Bloomberg, Eurobank Research

ppetropoulou@eurobank.gr

GREECE

The multi-bill with the legislative actions pertaining to a number of items for the release of the €2.8 ESM loan sub-tranche passed in Parliament yesterday, with the support of the SYRIZA-ANEL coalition MPs. The September 29 Euroworking Group is now expected to positively assess Greece's compliance with the programme conditionality so that the October 10 Eurogroup may approve the disbursement of the sub-tranche. Based on this timeline, the 2nd programme review could commence around mid-October with the aim to be concluded by end-October opening the way for Greece's inclusion in the ECB's QE programme. In this wavelength, European Commissioner for Economic and Financial Affairs Pierre Moscovici stated on Tuesday that he is hoping for a deal on Greece that would include its debt and the participation of the IMF in the Greek programme by the end of the year. In other news, according to the final State Budget Execution data for August 2016 the respective fiscal deficit was at €1.04 bn, against a targeted deficit of €3.88 bn in the 2016 Budget. The State Budget Primary Balance recorded a surplus of €3.75 bn, against a targeted primary deficit of €0.98bn in the 2016 Budget. Ordinary Budget net revenues over-performed their target by €0.46bn. This overperformance was mainly due to an increase in the VAT and consumption taxes revenues by €0.29bn and €0.11bn relative to the 2016 Budget target. At the same time, Ordinary Budget expenditures were lower by €2.55 bn compared to their 2016 Budget target. According to data released by the Bank of Greece (BoG), the annual growth rate of total credit extended to the domestic private sector in August 2016 stood at -1.7% from -1.6% in the previous month. The monthly net flow of total credit to the domestic private sector was negative at €904mn, compared with a negative net flow of €630mn in the previous month. Meanwhile, deposits and repos of non MFIs in MFIs in Greece (excluding the BoG) increased by €750mn in August 2016.

tstamatiou@eurobank.gr
andimitriadou@eurobank.gr

September 28, 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	2159.93	0.6%	5.7%	EUR/USD	1.1187	-0.3%	3.0%	UST - 10yr	1.56	1	-71	GOLD	1324	-0.3%	24.7%
Nikkei 225	16465.40	-1.3%	-13.5%	GBP/USD	1.3015	-0.1%	-11.7%	Bund-10yr	-0.15	-1	-78	BRENT CRUDE	46	0.1%	23.4%
STOXX 600	343.30	0.9%	-6.2%	USD/JPY	100.73	-0.3%	19.2%	JGB - 10yr	-0.09	-2	-36	LMEX	2430	-0.4%	10.3%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	300	-1	-3
1-week	3.13	1	-6
1-month	3.28	-1	-23
3-month	3.50	1	-33
6-month	3.69	1	-34

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	2.61	xs	-98
5Y RSD	4.35	#N/A N/A	-77
7Y RSD	5.67	0	-202

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.12	-4	-105
USD Nov-24	6.56	-1	14

CDS

	Last	ΔDbps	ΔYTD bps
5-year	198	0	-76
10-year	241	1	-99

STOCKS

	Last	ΔD	ΔYTD
BELEX15	637.4	-0.07%	-1.04%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.17	-0.13%	-1.29%

ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.46	0	-7
1-month	0.54	0	-15
3-month	0.68	0	-34
6-month	0.92	0	-42
12-month	1.07	0	-45

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.40	0	-53
5Y RON	2.09	0	-71
10Y RON	2.83	-2	-95

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.63	0	-93
USD Jan-24	2.66	0	-113

CDS

	Last	ΔDbps	ΔYTD bps
5-year	99	-1	-34
10-year	143	-2	-29

STOCKS

	Last	ΔD	ΔYTD
BET	6937.4	0.35%	-0.96%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4492	0.00%	1.46%

BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.07	0	-8
1-month	-0.15	-1	-31
3-month	-0.05	0	-31
6-month	0.10	-1	-43
12-month	0.41	-3	-56

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.19	0	-41
5Y BGN	0.53	0	-74
10Y BGN	1.82	0	-84

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.11	0	-18
EUR Sep-24	1.41	-17	-101

CDS

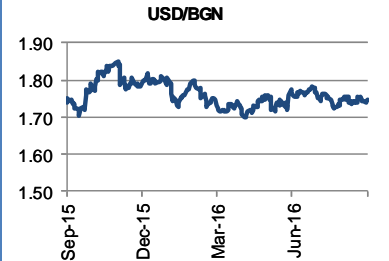
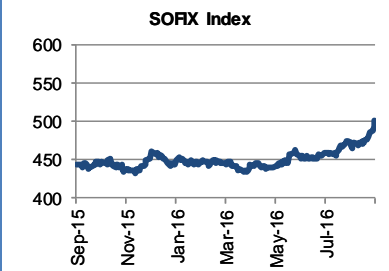
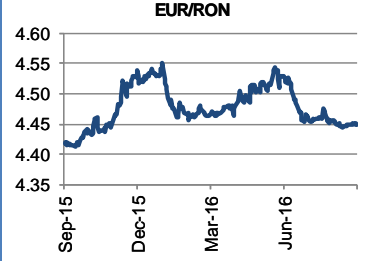
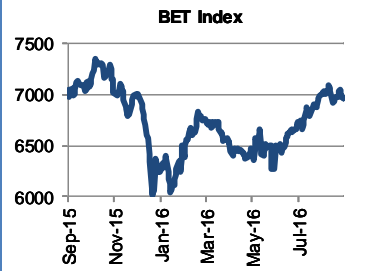
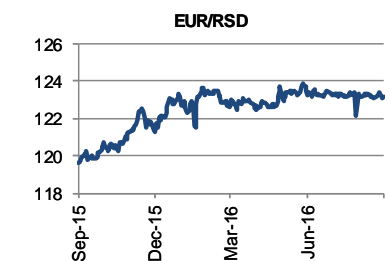
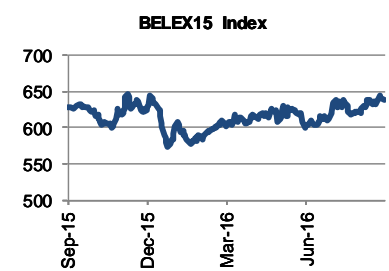
	Last	ΔDbps	ΔYTD bps
5-year	135	-5	-37
10-year	179	-5	-38

STOCKS

	Last	ΔD	ΔYTD
SOFIX	500.6	1.48%	8.60%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7485	-0.25%	2.96%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 10:45 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>

