



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Friday, September 30, 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: Risk off mode prevailed in Asia earlier today and in major European equity markets in early trading on the back of mounting worries over Deutsche Bank's ability to withstand pending legal penalties. Lower oil prices on market skepticism over whether OPEC will finally proceed with a cut in oil production at the upcoming meeting on November 30, also had an impact. Increased risk aversion favored the safe-haven appeal of major government bonds while, in FX markets, the CHF was among the main outperformers. For the remainder of the day, the main data releases include US personal income & spending for August, September Chicago PMI and the final reading of UM consumer sentiment for September.

GREECE: The Euroworking Group that convened yesterday affirmed the progress made by the Greek side in fulfilling the 15 prior actions but will give the green light for the release of the €2.8bn sub-tranche once the few, still open issues have been settled as well. The draft budget for 2017 is expected to be tabled in Parliament on Monday (October 3rd) and will reportedly forecast GDP growth +2.7% for the coming year. According to data released by the Greek Tourism Confederation (SETE), international arrivals at Greece's main airports in August 2016 were up by 6.4%yoy while year-to-date they increased by 6.5%yoy, reaching 11.7mn.

SOUTH EASTERN EUROPE

CESEE MARKETS: Emerging market assets were under pressure earlier on Friday as global risk sentiment soured on the back of increased concerns over the European banking sector's outlook. A drop in oil prices today also affected negatively related shares, while domestic political noise in Poland and a referendum on migrant quota in Hungary on Sunday also had an impact.

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

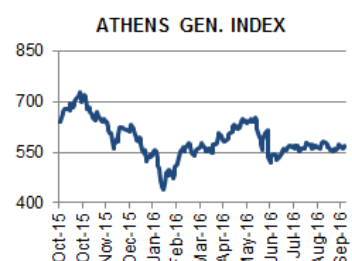
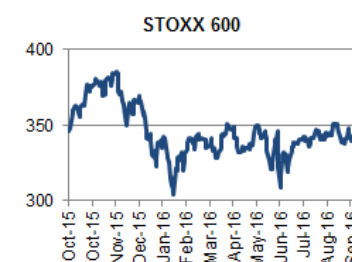
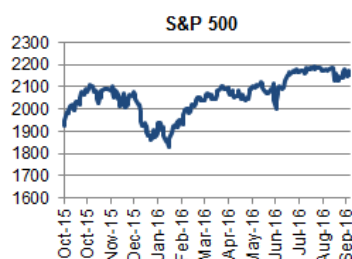
Risk off mode prevailed in Asia earlier today and in major European equity markets in early trading on the back of mounting worries over Deutsche Bank's ability to withstand pending legal penalties. Lower oil prices on market skepticism over whether OPEC will finally proceed with a cut in oil production at the upcoming meeting on November 30, also had an impact. Brent crude price was hovering around \$48.60/bp at the time of writing, c. 2.4% lower from Thursday's multi-session peak hit soon after press reports suggested that OPEC reached a preliminary agreement at this week's meeting to limit output to between 32.5mn and 33mn barrels per day from an estimated 33.25mn currently, aiming to address the oversupply problem. Increased risk aversion favored the safe-haven appeal of major government bonds with the 2-yr Swatch yield falling to -0.710% earlier today, within distance from -0.717% record low marked a couple of sessions earlier. In FX markets, the CHF was among the main outperformers with the EUR/CHF falling to a six-week low near 1.0800 earlier today after recording levels slightly above 1.0900 in the prior session. Elsewhere, the JPY failed to capitalize much on investors' risk-off sentiment probably due to position adjustment ahead of month-end or Q3-end. After hitting 101.75 session highs earlier today, the USD/JPY was trading close to 101.00 at the time of writing, remaining though below levels near 101.90 marked in the prior session. For the remainder of the day, the main data releases include US personal income & spending for August, September Chicago PMI and the final reading of UM consumer sentiment for September.

ppetropoulou@eurobank.gr

GREECE

The Euroworking Group that convened yesterday affirmed the progress made by the Greek side in fulfilling the 15 prior actions but will give the green light for the release of the €2.8bn sub-tranche once the few, still open issues have been settled as well, which reportedly, the Greek government intends to do in the next few days. According to press reports, a non-regular Euroworking Group may convene on October 10th, in order to verify Greece's compliance with the remaining programme conditionality and open the way for the Eurogroup on the same day to approve the release of the funds. Meanwhile, the draft budget for 2017 is expected to be tabled in Parliament on Monday (October 3rd) and will reportedly forecast GDP growth +2.7% for the coming year. In other news, according to data released by the Greek Tourism Confederation (SETE), international arrivals at Greece's main airports in August 2016 were up by 6.4%yoy while year-to-date they increased by 6.5%yoy, reaching 11.7mn. Road arrivals, however, fell by 0.7%yoy in August 2016 and by 3.8%yoy for the period January – August 2016.

andimitriadou@eurobank.gr



Source: Reuters, Bloomberg, Eurobank Research

September 30, 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

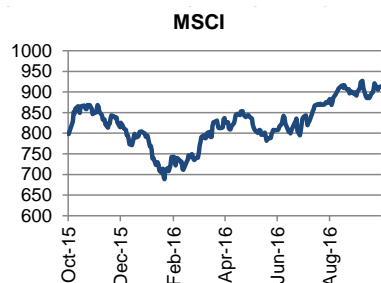
Latest economic & market developments in the CESEE region

CESEE MARKETS

Emerging market assets were under pressure earlier on Friday as global risk sentiment soured on the back of increased concerns over the European banking sector's outlook. In developing bourses, the MSCI Emerging Markets index fell in Asian markets for the first time over the last four sessions. Financial and energy equity led the way lower, with a drop in oil prices today also affecting negatively related shares.

In the CESEE region, Hungarian assets came under additional pressure ahead of a referendum due on Sunday that is related to the EU's migrant settlement plans. Against this backdrop, Hungary's main BUX index broadly underperformed its regional peers, sliding by 1.2% at the time of writing. Moreover, the forint slid as far as a 1 ½ week trough of 309.55/€ in late Asian trade and the 10-year Hungarian benchmark bond yield rose 6bps compared to the prior session's settlement to 2.9% earlier today. Polish assets also declined, weighted further down by increased domestic political noise. In more detail, the main WIG index fell 0.3% on the day in European trade poised to end the week 1% lower after Prime Minister Beata Szydlo announced a cabinet reshuffle earlier this week, replacing previous Finance Minister Pawel Szalamacha with deputy Prime Minister Mateusz Morawiecki, in a move indicating potential power-struggle within the government and raising fiscal loosening worries.

Today's focus was, among others, on the National Bank of Romania, which vindicated market expectations maintaining its key policy rate unchanged at the current record low level of 1.75%. A review on Bulgaria's sovereign credit ratings by Moody's later on Friday and September's CPI data from Poland also lure market attention today. Meanwhile, the Hungarian referendum on migrant quotas takes centre stage over the weekend. The consensus view is that Hungarian voters are likely to reject the EU's plans, however it is questionable whether the turnout will be adequate for the vote to be considered as valid.

gphoka@eurobank.gr


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

September 30, 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	2151.13	-0.9%	5.2%	EUR/USD	1.1176	-0.4%	2.9%	UST - 10yr	1.54	-2	-72	GOLD	1327	0.5%	25.0%
Nikkei 225	16449.84	-1.5%	-13.6%	GBP/USD	1.2983	0.1%	-11.9%	Bund-10yr	-0.15	-3	-78	BRENT CRUDE	48	-1.8%	29.7%
STOXX 600	339.47	-0.9%	-7.2%	USD/JPY	101.11	-0.1%	18.7%	JGB - 10yr	-0.09	-1	-35	LMEX	2459	0.5%	11.6%

CESEE MARKETS

SERBIA

Money Market

	Last	ΔDbps	ΔYTD bps
BELIBOR			
T/N	300	0	-3
1-week	3.13	0	-6
1-month	3.28	0	-23
3-month	3.46	-4	-37
6-month	3.65	-4	-38

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	2.08	xs	-102
5Y RSD	4.34	-1	-77
7Y RSD	5.67	0	-202

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.16	8	-100
USD Nov-24	6.55	1	14

CDS

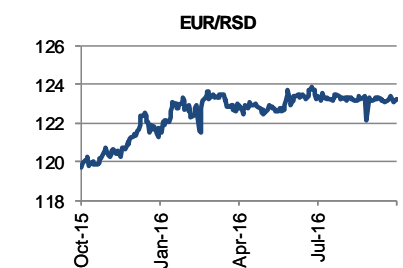
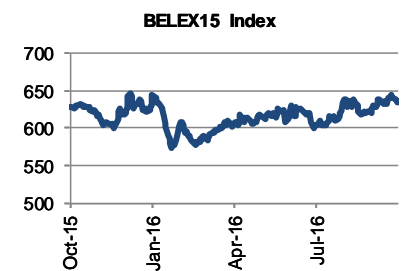
	Last	ΔDbps	ΔYTD bps
5-year	198	0	-76
10-year	241	0	-98

STOCKS

	Last	ΔD	ΔYTD
BELEX15	636.5	0.10%	-1.19%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.28	-0.01%	-1.38%



ROMANIA

Money Market

	Last	ΔDbps	ΔYTD bps
ROBOR			
O/N	0.49	4	-4
1-month	0.55	0	-14
3-month	0.69	-1	-33
6-month	0.92	0	-42
12-month	1.09	0	-43

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.40	-1	-53
5Y RON	2.10	0	-70
10Y RON	2.85	0	-93

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.65	#N/A	N/A
USD Jan-24	2.48	-18	-130

CDS

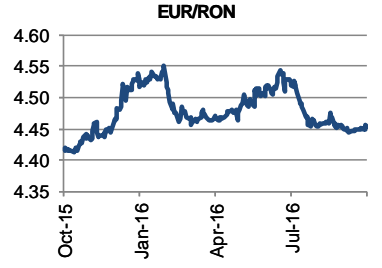
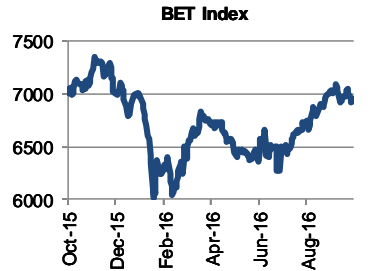
	Last	ΔDbps	ΔYTD bps
5-year	101	0	-32
10-year	145	0	-26

STOCKS

	Last	ΔD	ΔYTD
BET	6918.1	-0.90%	-1.23%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4543	0.03%	1.34%



BULGARIA

Money Market

	Last	ΔDbps	ΔYTD bps
SOFIBOR			
LEONIA	-0.30	-23	-31
1-month	-0.15	1	-31
3-month	-0.05	1	-31
6-month	0.10	0	-42
12-month	0.41	0	-57

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.19	0	-41
5Y BGN	0.54	0	-73
10Y BGN	1.84	0	-82

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.11	-7	-18
EUR Sep-24	1.40	7	-102

CDS

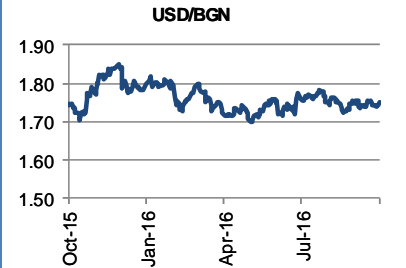
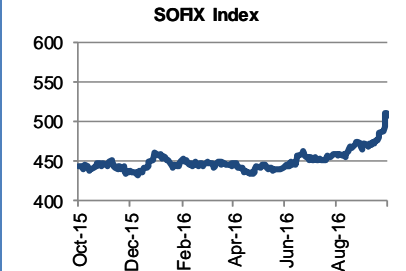
	Last	ΔDbps	ΔYTD bps
5-year	135	0	-37
10-year	177	-2	-40

STOCKS

	Last	ΔD	ΔYTD
SOFIX	506.8	-0.66%	9.95%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7499	-0.39%	2.88%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 13:15 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

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>

