



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Thursday, November 03, 2016

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Oct 31
 - Personal income/spending (Sep)
 - Core PCE deflator (Sep)
 - Chicago PMI (Oct)
- Nov 1
 - ISM manufacturing (Oct)
 - Auto sales (Oct)
- Nov 2
 - ADP employment (Oct)
 - FOMC interest rate decision
- Nov 3
 - Jobless claims (weekly)
 - ISM non-manuf. (Oct)
- Nov 4
 - Non-farm payrolls (Oct)
 - Trade balance (Sep)
 - U/E rate (Oct)
 - Average hourly rate (Oct)

EUROZONE

- Oct 31: GDP (Q3, flash)
- Nov 2: PMI manufacturing (Oct, f)
- Nov 2-10: EC autumn forecasts

GREECE

- Oct 31: Retail sales (Aug)
- Nov 1: PMI manufacturing (Oct)

CYPRUS

- Nov 3: CPI (Oct)

SEE

BULGARIA

- Oct 31-Nov 3: Budget valance (Sep)
- Nov 6: Presidential elections

ROMANIA

- Nov 1: International reserves (Oct)
- Nov 2: PPI (Sep)
- Nov 3: ILO U/E rate (Sep)
- Nov 4: MPC meeting

SERBIA

- Oct 31
 - Trade balance (Sep)
 - Retail sales (Sep)
 - Industrial output (Sep)
 - GDP (Q3, p)
- Nov 4: EUR 1% 2018 T-bond auction

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: US Treasuries retained a firm tone and the US currency remained under pressure amid market anxiety about the outcome of the November 8th US Presidential elections. With US politics taking the front seat, the outcome of the FOMC November 1-2 monetary policy meeting for unchanged interest rates failed to exert a significant market impact. Looking at the day ahead, focus is on the updated BoE Inflation Report and the BoE monetary policy meeting. Furthermore, the UK High Court is scheduled to announce its rule on whether the Government should require formal parliamentary approval to trigger Article 50.

GREECE: ELA-ceiling for Greek banks was reduced by €0.7 billion to €51.1 billion reflecting an improvement of the liquidity situation in Greece due to reduced uncertainty and stabilized private sector deposit flows. According to Bank of Greece provisional data, in H1 2016 nominal prime office prices for the country as a whole increased marginally by 0.2% compared with H2 2015 while nominal prime retail prices for the country as a whole decreased 0.8% compared with H2 2015.

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Latest world economic & market developments

GLOBAL MARKETS

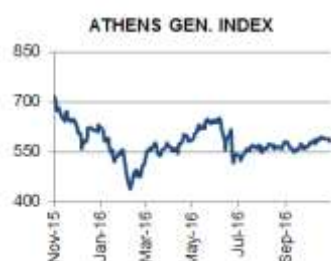
US Treasuries retained a firm tone for the second session in a row in European trade on Thursday supported by market anxiety about the outcome of the November 8th US Presidential elections. The latest opinion polls indicate that Democratic candidate Hillary Clinton's lead over Republican candidate Donald Trump has shrunk while recent news suggest that the FBI reopened a probe into Hillary Clinton's emails related to the private server used when she was Secretary of State. The lack of any explicit FOMC commitment to a rate hike in the imminent future may have also had an impact. In line with market expectations, the FOMC decided at the November 1-2 monetary policy meeting to keep interest rates unchanged while the tone of the policy statement was little changed compared to the previous one. The committee indicated that the case for a rate increase "has continued to strengthen" and, equally important, added that it waits "for some further evidence of continued progress towards its objectives". All in all, the FOMC left the door open to a rate hike at the next meeting due in mid- December on the condition that upcoming key US data including Friday's non-farm payrolls report will not yield negative surprises and the outcome of next week's US presidential election will not affect significantly financial conditions. With US politics taking the front seat, the 10-yr US Treasury yield was hovering around 1.81% at the time of writing, not much changed compared to Wednesday's settlement after hitting multi-month highs near 1.88% just a couple of sessions earlier. Short-dated US notes outperformed with the 2-yr yield trading close to 0.814%, the lowest in nearly a week. In FX markets, US political uncertainty kept the US currency under pressure with the DXY index falling to a three-week low of 97.041 earlier today. Favored by a broadly weaker USD, the EUR/USD rebounded to levels close to 1.1125 today for the first time in nearly three weeks while the USD/JPY was hovering around 102.85/90, well below 105.53 October 28 high. Looking at the day ahead, focus is on the updated BoE Inflation Report and the BoE monetary policy meeting where expectations are for unchanged interest rates due to the UK economy's resilience so far to the Brexit referendum outcome as well as the GBP's recent sharp weakness. Furthermore, the UK High Court is scheduled to announce its rule on whether the Government should require formal parliamentary approval to trigger Article 50.

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GREECE

ELA-ceiling for Greek banks was reduced by €0.7 billion to €51.1 billion reflecting an improvement of the liquidity situation in Greece due to reduced uncertainty and stabilized private sector deposit flows. According to Bank of Greece provisional data, in H1 2016 nominal prime office prices for the country as a whole increased marginally by 0.2% compared with H2 2015 continuing a marginal positive trend for the 3rd semester in a row (H1 2015: +0.2%, H2 2015: 0.1%). More specifically, in H1 2016 nominal prime office prices declined by 0.5% in the greater Athens area compared with H2 2015, whereas in Thessaloniki prices increased by 1.4%. On the contrary, in H1 2016 nominal prime retail prices for the country as a whole decreased 0.8% compared with H2 2015. For H2 2015 and H1 2015 the changes compared to the previous semesters were +0.4% and -3.6% respectively. In more detail, in H1 2016 nominal prime retail prices fell by 1.3% in Athens and 1.1% in Thessaloniki compared with H2 2015.

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Source: Reuters, Bloomberg, Eurobank Research

November 3, 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	2097.94	-0.7%	2.6%	EUR/USD	1.1105	0.1%	2.3%	UST - 10yr	1.80	0	-47	GOLD	1298	0.1%	22.3%
Nikkei 225	17134.68	-1.8%	-10.0%	GBP/USD	1.234	0.3%	-16.3%	Bund-10yr	0.14	1	-49	BRENT CRUDE	47	0.4%	26.2%
STOXX 600	331.91	0.1%	-9.3%	USD/JPY	102.86	0.4%	16.7%	JGB - 10yr	-0.06	-2	-33	LMEX	2509	-0.4%	13.9%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	304	3	1
1-week	3.18	1	-1
1-month	3.31	0	-20
3-month	3.51	-2	-32
6-month	3.67	-2	-36

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	2.55	0	-104
5Y RSD	4.31	-2	-81
7Y RSD	5.60	-1	-209

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.32	-2	-84
USD Nov-24	6.49	0	7

CDS

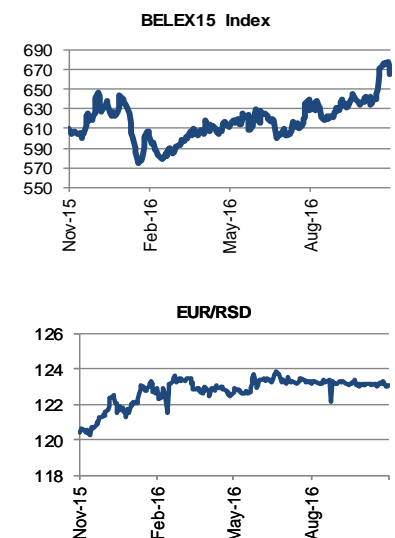
	Last	ΔDbps	ΔYTD bps
5-year	198	0	-76
10-year	244	-1	-95

STOCKS

	Last	ΔD	ΔYTD
BELEX15	665.4	-1.09%	3.31%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.09	0.01%	-1.22%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.59	0	6
1-month	0.65	0	-4
3-month	0.73	0	-29
6-month	0.94	0	-40
12-month	1.08	0	-44

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.35	0	-58
5Y RON	2.19	0	-61
10Y RON	3.10	2	-68

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.89	1	-68
USD Jan-24	2.99	0	-80

CDS

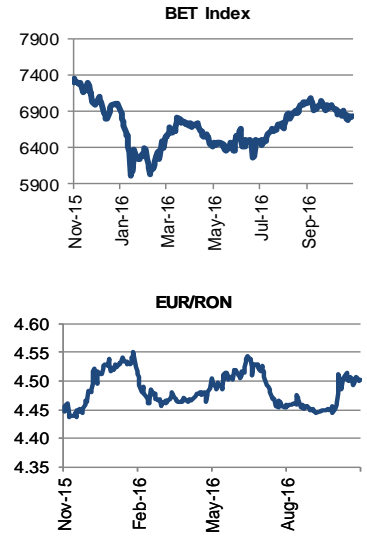
	Last	ΔDbps	ΔYTD bps
5-year	107	1	-26
10-year	151	1	-21

STOCKS

	Last	ΔD	ΔYTD
BET	6801.5	0.10%	-2.90%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5016	-0.05%	0.28%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.22	0	-23
1-month	-0.15	0	-30
3-month	-0.06	-1	-32
6-month	0.10	0	-43
12-month	0.41	0	-57

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.20	0	-41
5Y BGN	0.48	1	-79
10Y BGN	1.87	0	-79

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.30	27	-37
EUR Sep-24	1.43	9	-99

CDS

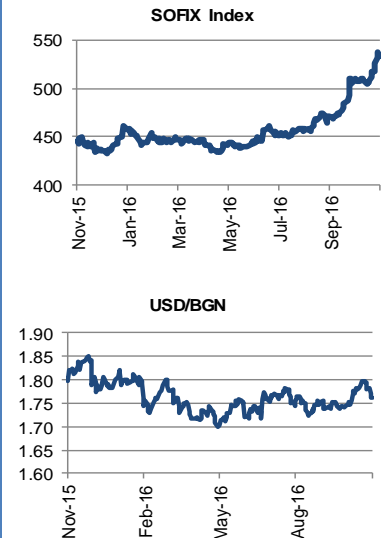
	Last	ΔDbps	ΔYTD bps
5-year	140	1	-31
10-year	184	1	-32

STOCKS

	Last	ΔD	ΔYTD
SOFIX	533.5	0.00%	15.75%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7611	0.07%	2.23%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 10:30 EET

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