

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Nov 8: Presidential elections
- Nov 10: Jobless claims (weekly)
- Nov 11 UoM consumer sentiment (p, Nov)

EUROZONE

- Nov 7: Eurogroup/Ecofin meetings
- Nov 9: EC autumn forecasts

GREECE

- Nov 9: Industrial production (Sep)
- Nov 10
 - U/E rate (Aug)
 - CPI/HICP (Oct)

CYPRUS

- Nov 8: HICP (Oct)
- Nov 7-11: reunification talks
- Nov 11: Moody's sovereign rating review

SEE

BULGARIA

- Nov 8
 - Retail sales (Sep)
 - Industrial production (Sep)
- Nov 9: Trade balance (Sep)

ROMANIA

- Nov 7
 - Retail sales (Sep)
 - Net wages (Sep)
 - 2.25% T-bonds auction
- Nov 9: Trade balance (Sep)
- Nov 10: 3.65% 2031 T-bonds auction
- Nov 11
 - Industrial sales (Sep)
 - CPI (Oct)
 - MPC meeting minutes

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: Market sentiment towards risky assets improved on Tuesday on the view that Democratic candidate Hillary Clinton is more likely to win today's US Presidential election. US Treasury yields were modestly lower, while the US currency was slightly weaker on a daily basis. The first US states are expected to begin announcing election results from 0:01 GMT on Wednesday.

GREECE: The state of play of the 2nd programme review was discussed at yesterday's Eurogroup. According to the Eurogroup President, Jeroen Dijsselbloem, cooperation between the institutions and the Greek authorities is reported as fruitful and progress is being made while the swift conclusion of the review is to the interest of all. With respect to medium-term debt relief measures, Greece, the IMF and the European Commission are reportedly pushing for more details now, while German FinMin argues that anything beyond the short-term measures will be discussed after the completion of the programme (i.e. August 2018). According to ELSTAT, the total value of goods exports for the 9-month period from January to September 2016 amounted to €18.6bn in comparison with €19.3bn for the corresponding period of 2015, recording a drop of 3.7% YoY.

SOUTH EASTERN EUROPE

BULGARIA: With 95.17% of the vote having been counted, the candidate of opposition Socialist party and former air force commander, Rumen Radev, won the first round on Sunday's presidential election with a share of 25.7% of the vote. Parliament speaker and ruling centre-right Citizens for European Development of Bulgaria (GERB) party nominee Tsetska Tsacheva proved the runner up, having scored 22.0% of the tally. With no candidate having achieved an overall majority, the two will compete in a run-off that is scheduled on November 13.

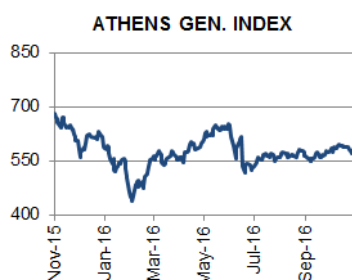
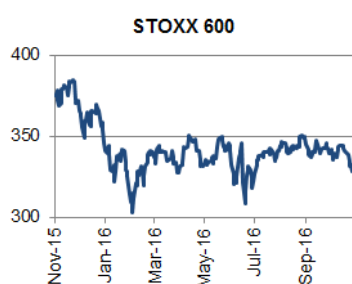
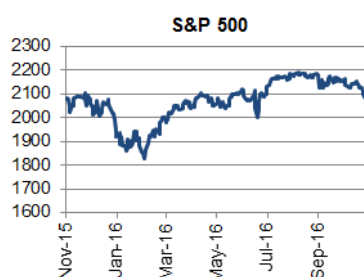
ROMANIA: Nominal wage growth remained robust in September while the parliament endorsed a new round of public sector wage hikes ahead of the parliamentary elections in December.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Market sentiment towards risky assets improved on Tuesday on the view that Democratic candidate Hillary Clinton is more likely to win the US Presidential election. Hillary Clinton is perceived as the status quo candidate, while investors are reportedly concerned about the potential impact on global growth of Republican candidate Donald Trump's proposals on foreign policy, fiscal policy, trade and immigration. Against this background, European bourses moved higher in early trade, taking their cue from firmer major US equity indices, which recorded overnight the biggest one-day percentage gain since early March after falling for nine consecutive sessions. US Treasury yields were modestly lower, while the US currency was slightly weaker on a daily basis. The DXY index was standing close to 97.597 points at the time of writing, around 0.2% lower compared to the settlement in the prior session but above 96.894 multi-week high recorded a couple of sessions ago. The EUR/USD was hovering around 1.1062 after ending at 1.1038 in the prior session, albeit still away from a multi-week high of 1.1143 marked at some point in the prior session. The first US states are expected to begin announcing election results from 0:01 GMT on Wednesday and media could subsequently start calling the race as of 2:00GMT, assuming that the voting outcome in key states will be clear cut. In a risk positive election outcome, the USD could move higher as market focus will swiftly turn to the US' positive economic fundamentals with investors adjusting higher their expectations for a 25bps Fed rate hike in December. In a risk adverse election outcome, investors could potentially start withdrawing from US assets in a knee jerk reaction, pushing the USD lower, especially against safe-haven currencies including the JPY and the CHF.

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GREECE

The state of play of the 2nd programme review was discussed at yesterday's Eurogroup. According to the Eurogroup President, Jeroen Dijsselbloem, cooperation between the institutions and the Greek authorities is reported as fruitful and progress is being made while the swift conclusion of the review is to the interest of all. The issue will be discussed more extensively at the December 5 Eurogroup when more will be known on the work the ESM is doing on the possible short-term debt relief measures as well as on the important reforms of the current review, namely labour market reform, social system reform and the fiscal trajectory of the coming years, particularly the 2017 and 2018 budgets. Conditional to the progress that will have been made until the December 5 Eurogroup, according to Mr. Dijsselbloem, the IMF's European Department Director, Poul Thomsen, reconfirmed yesterday the intention to go to the Fund's Board before the end of the year regarding the IMF's participation in the Greek bailout programme. With respect to medium-term debt relief measures, Jeroen Dijsselbloem stated that they cannot be determined now as they depend on a number of factors between now and the 2nd half of 2018, while German FinMin Wolfgang Shaeuble stood firm in his position that anything beyond the short-term measures will be discussed after the completion of the programme (i.e. August 2018) as it was agreed by the Eurogroup in May 2016. However, Greece, the IMF and the European Commission are reportedly pushing for more details now, as this would boost investor confidence and support growth. On the economic data front, according to the Hellenic Statistical Authority (ELSTAT), the total value of goods exports for the 9-month period from January to September 2016 amounted to €18.6bn in comparison with €19.3bn for the corresponding period of 2015, recording a drop of 3.7%YoY. The corresponding change excluding oil products recorded an increase of €131.5 million or 1.0%YoY.

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November 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

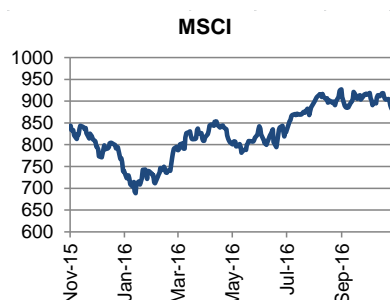
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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

BULGARIA

With 95.17% of the vote having been counted, the candidate of the opposition Socialist party and former air force commander, Rumen Radev, won the first round on Sunday's presidential election with a share of 25.7% of the vote. Parliament speaker and ruling centre-right Citizens for European Development of Bulgaria (GERB) party nominee Tsetska Tsacheva proved the runner up, having scored 22.0% of the tally. With no candidate having achieved an overall majority, the two will compete in a run-off that is scheduled on November 13. The result confounded opinion surveys conducted ahead of Sunday's polls, which indicated that Rumen Radev was likely to lose the first round but win the second. Albeit the President's position is largely ceremonial, he or she can, among other, veto legislation. Additionally, GERB leader and Prime Minister Boyko Borisov said that if his party's candidate losses the upcoming run-off then the country will head for early elections, in a development that is likely to lead to a prolonged period of increased domestic political uncertainty. A referendum on the electoral system and financing of political parties was also held on Sunday, with the majority of voters backing the changes.

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ROMANIA

Nominal wage growth edged further higher, by almost 1ppt on a monthly basis in September. Net wages came in at +0.9% MoM/+14.2% YoY in September, up from -0.1%MoM/+11.7% YoY in August and down from +10.2% MoM /+13.3% YoY in last December. The slowdown on an annual basis reflects primarily negative base effects. Petroleum industry (+20.6% MoM) and Education (+8.0% MoM) were among those private and public sectors which recorded the highest monthly expansion. If the negative inflation stemming from the headline and VAT food stuff rate cuts is factored in, real wages growth is still expanding in double digit territory at 14.9% YoY in September up from 14.4% YoY in August compared to +14.2% YoY in December. The reading is still the highest in EU-28 and close to the recently recorded post-crisis high for the standards of Romania.

Generous wage increases approved by the parliament for all other unions of the broad public sector - effective from last December except for the education and the health sectors which received 15% and 25% increases, respectively, is the main driver behind wage acceleration. Meanwhile, the parliament endorsed yesterday a new round of an additional 15% wage increases for the education and health sectors. In response, the government is anticipated to challenge this decision in the Constitutional Court. The incoming government - after the parliamentary elections scheduled for December 11th, will most probably need to adopt a more conservative stance in order to bring the projected fiscal deficit below 3% (assuming no policy change the deficit is expected to surpass 3.7% of GDP in 2017), which will have a material decelerating impact on the economy next year.

Robust real wage growth in private and public sector in tandem with improving sentiment and labor market tightening conditions have been fueling a consumption spending boom throughout 2015-2016. In an illustration of this, retail sales on seasonally and working adjusted basis have been expanding by +11.1% YoY in September cooling off from +13.2% YoY in August vs. a multi month peak of 19.5% YoY in last March. On the downside, double digit wage formation entails negative implications for the price competitiveness of the tradeables sector which reflects on the net exports side and effectively will be RON negative.

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November 8, 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	2131.52	2.2%	4.3%	EUR/USD	1.1049	0.1%	1.8%	UST - 10yr	1.81	-2	-46	GOLD	1284	0.2%	21.0%
Nikkei 225	17171.38	0.0%	-9.8%	GBP/USD	1.2427	0.2%	-15.7%	Bund-10yr	0.14	-1	-49	BRENT CRUDE	47	1.0%	25.0%
STOXX 600	334.31	0.1%	-8.6%	USD/JPY	104.52	0.0%	14.9%	JGB - 10yr	-0.06	-2	-33	LMEX	2579	1.7%	17.0%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	307	0	4
1-week	3.20	-1	1
1-month	3.33	0	-18
3-month	3.52	0	-31
6-month	3.66	0	-37

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	#N/A N/A	#N/A N/A	-104
5Y RSD	4.33	-1	-78
7Y RSD	5.57	-1	-212

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.30	-2	-86
USD Nov-24	6.46	1	5

CDS

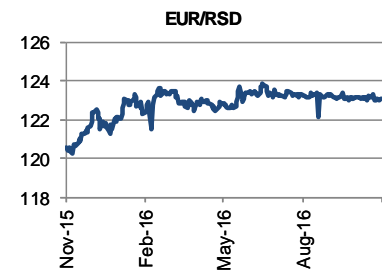
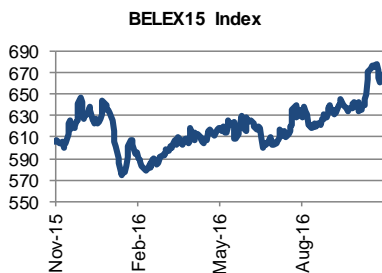
	Last	ΔDbps	ΔYTD bps
5-year	198	0	-76
10-year	245	0	-94

STOCKS

	Last	ΔD	ΔYTD
BELEX15	664.5	0.43%	3.17%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.05	0.03%	-1.19%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.55	-2	2
1-month	0.64	0	-5
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	1	-58
5Y RON	2.21	0	-59
10Y RON	3.08	-1	-70

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.93	0	-64
USD Jan-24	2.97	-2	-82

CDS

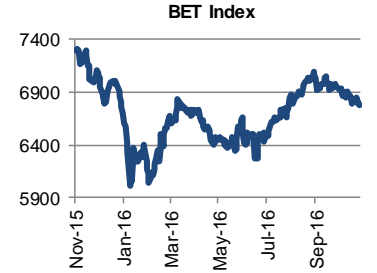
	Last	ΔDbps	ΔYTD bps
5-year	102	0	-31
10-year	145	0	-26

STOCKS

	Last	ΔD	ΔYTD
BET	6818.3	-0.06%	-2.66%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5038	-0.10%	0.23%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.19	0	-20
1-month	-0.15	0	-30
3-month	-0.05	0	-31
6-month	0.10	0	-43
12-month	0.41	0	-56

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.18	0	-42
5Y BGN	0.48	1	-80
10Y BGN	1.89	0	-76

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.05	-2	-2
EUR Sep-24	1.45	43	-97

CDS

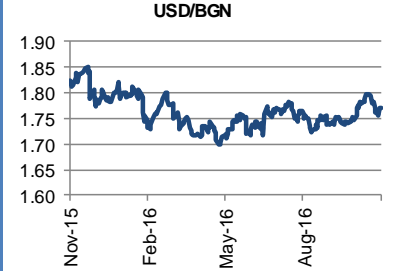
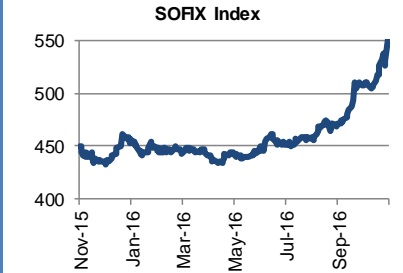
	Last	ΔDbps	ΔYTD bps
5-year	138	-3	-34
10-year	181	-3	-35

STOCKS

	Last	ΔD	ΔYTD
SOFIX	561.1	1.79%	21.74%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.77	0.10%	1.71%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 12:00 EET

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