

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

- Nov 10: MPC meeting

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The initial risk-off reaction to Republican candidate Donald Trump's presidential election victory in early Wednesday was significantly tempered in a period of just few hours, mostly due to the conciliatory tone the US President-elect adopted in his victory speech. Looking ahead, it would be premature to assess at this point whether today's improved risk mode and USD gains have legs to go up further in the coming sessions/weeks. Uncertainty remains high as little is known about the US President-elect's priorities. To this end, his upcoming speeches will be closely scrutinized by market participants, especially with respect to his policy priorities and the composition of his cabinet.

GREECE: With regard to the 2nd programme review, according to press reports the prior action concerning the legal framework for the out-of-court workout is being processed by the General Secretariat for Public Revenues in view of the forthcoming arrival of the ECB/IMF/ESM/EC mission heads to Athens on 14 November 2016. According to the European Commission Autumn 2016 Economic Forecast, for 2016, Greece's real GDP is expected to mildly contract by 0.3% while economic recovery is expected to return strongly in 2017 with growth at 2.7% on account of the assumed gradual normalisation of the financial sector, which should lead to the gradual relaxation of capital controls over time.

SOUTH EASTERN EUROPE

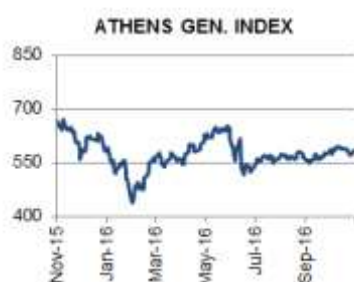
CYPRUS: The European Commission published its autumn 2016 European Economic Forecast yesterday. According to the Commission, economic activity is expected to cool down in the next two years from this year's projected reading, yet to remain robust.

CESEE MARKETS: Emerging market assets broadly recovered ground earlier on Thursday as risk sentiment improved a day after coming under selling pressure following news that nominee of the Republican Party Donald Trump unexpectedly proved to be the winner of Presidential elections in the US.

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Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

GLOBAL MARKETS

The initial risk-off reaction to Republican candidate Donald Trump's presidential election victory in early Wednesday was significantly tempered in a period of just few hours, mostly due to the conciliatory tone the US President-elect adopted in his victory speech. After having fallen by around 2.3% at some point in the prior session, the FTSEurofirst300 index rebounded recording gains around 1% in early trade on Thursday taking its cue from Wall Street's positive performance overnight. Defying earlier expectations for a lackluster performance, the Dow Jones index approached all-time closing highs amid speculation that the President-elect and a Republican-controlled Congress will likely pursue business friendly policies. Dented by improved risk appetite, major bond markets gave back some ground. After marking multi-month highs close to 1.71% in early European trade on Wednesday, the 10-yr US Treasury yield moved higher hovering around 2.03% at the time of writing, within distance from yesterday's 2.09% multi-month intraday high reflecting the prevailing view over the likelihood of higher inflation expectations and increased Treasury supply assuming that the new US government's proposal for hefty fiscal stimulus will be enacted. Higher US Treasury yields assisted the USD recoup post-US presidential election losses with the DXY index hovering around 98.507 points in European trade after recording 95.855 multi-week intraday low in the prior session. Looking ahead, it would be premature to assess at this point whether today's improved risk appetite and USD gains have legs to go further up in the coming sessions/weeks. Uncertainty remains high as little is known about the Donald Trump's priorities. To this end, upcoming speeches by the US President-elect will be closely scrutinized by market participants, especially with respect to his policy priorities and the composition of his cabinet.

ppetropoulou@eurobank.gr

GREECE

With regard to the 2nd programme review, according to press reports the prior action concerning the legal framework for the out-of-court workout is being processed by the General Secretariat for Public Revenues in view of the forthcoming arrival of the ECB/IMF/ESM/EC mission heads to Athens on 14 November 2016. The bill under consideration will determine how private debt towards tax authorities, banks and social security funds will be handled, when the debtors are companies that are deemed viable. Another prior action that is reportedly underway is the privatisation of the Thessaloniki Port Authority (OLTH) where the submission of binding offers is expected to take place in January 2017. In other news, the European Commission released yesterday its Autumn 2016 Economic Forecast report where Greece's economic activity is expected to gradually pick up as of the H2 2016 and accelerate markedly in 2017, on account of strengthened economic sentiment after the conclusion of the 1st review of the programme, and stabilisation of public finances. For 2016, real GDP is expected to mildly contract by 0.3% while economic recovery is expected to return strongly in 2017 with growth at 2.7%, on account of the assumed gradual normalisation of the financial sector, which should lead to the gradual relaxation of capital controls over time. In 2018, GDP growth is forecast to reach 3.1%. Unemployment is set to continue decreasing from very high levels. Risk factors are related mainly to the 2nd programme review as well as regional geopolitical tensions and the refugee crisis.

andimitriadou@eurobank.gr

November 10, 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

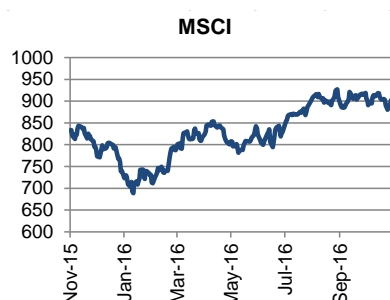
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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 European Commission published its autumn 2016 European Economic Forecast yesterday. According to the Commission, economic activity is expected to cool down in the next two years from this year's projected reading, yet to remain robust. The report envisages real GDP growth at 2.8% in 2016, 2.5% in 2017 and 2.3% in 2018, up from 1.7% in 2017 and 2.0% in 2018 expected in spring. Growth is seen driven by private consumption and investment, the latter benefitting from a stabilizing housing market. Tourism is expected to support growth, but not be as buoyant as in the preceding period. Accordingly, unemployment will further decline to 12.5% in 2016, 11.1% in 2017 and 10% in 2018. As far as fiscal performance is concerned, the general government primary surplus and headline deficit are expected to end at +2.3% of GDP and -0.3 of GDP% in 2016, respectively. The report took note of the fiscal relaxation in 2017, as a consequence of extra spending on professional soldiers, the abolishment of the property income tax, the expiration of the special payroll contribution levied in response to the crisis plus the unfreezing of the public sector wage bill. Thus, even though the headline deficit is forecasted to inch up to -0.4% in 2017 and decline to a balanced position in 2018, the structural balance is expected to switch from a surplus of +0.2% of GDP in 2016 to a deficit of -1.3% of GDP in 2017 and -1.8% of GDP in 2018. After peaking at 107.5% in 2015, gross public debt is projected at 107.1% in 2016 and further ease to 103.7% and 100.6% in 2017 and 2018, respectively.

igkionis@eurobank.gr

CESEE MARKETS

Emerging market assets broadly recovered ground earlier on Thursday as risk sentiment improved a day after coming under selling pressure following news that nominee of the Republican Party Donald Trump unexpectedly proved to be the winner of Presidential elections in the US. The initially negative knee-jerk reaction to the news, proved to be short-lived, while CESEE assets fared better than LATAM and Asian peers on strong economic fundamentals, closest links to the Eurozone than US and lower USD funding needs for the coverage of external financing requirements. Trailing gains in major global bourses, the MSCI Emerging Markets index stood in the black in Asian trade, paring losses to the tune of 2.5% recorded in the prior session and pulling back from a 3-month trough hit intraday on Wednesday. Main indices in the CESEE region also firmed, with Bulgaria's SOFIX leading the way higher with a 2.7% jump. Regional local currency government bonds and currencies were mixed in European trade today, though having recovered ground from lows hit yesterday. In LATAM FX, the Mexican peso, which was most hit yesterday, recouped some of Wednesday's losses earlier on Thursday. The currency stood approximately 4.5% firmer in European trade today compared to a record low of 20.77/\$ hit at some point on Wednesday amid mounting concerns about the impact of new US government policies on LATAM's second biggest economy. In the CESEE space, the Turkish lira led the way higher. In more detail, the USD/TRY hovered around levels of 3.2060 at the time of writing having eased from yesterday's new record intraday peak of 3.2890. The Turkish currency has been under pressure over the last few days primarily on idiosyncratic factors, such as growing concerns about the country's economic growth prospects and persisting domestic political noise, which overshadowed a revision on the country's sovereign credit rating outlook by S&P to stable from negative announced late last week. Elsewhere, the Polish zloty was little changed on a daily basis in European trade today, though standing 0.4% firmer compared to yesterday's 2-month intraday lows of 4.3550/€. The Polish Central Bank vindicated market expectations for staying put at its monetary policy during its MPC meeting yesterday, with Governor Adam Glapinski expressing belief for unchanged interest rates in 2017.

November 10, 2016

GLOBAL MARKETS

Stock markets	FOREX	Government Bonds	Commodities																																																													
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CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	305	-2	2
1-week	3.17	-4	-2
1-month	3.31	-2	-20
3-month	3.48	-4	-35
6-month	3.64	-1	-39

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	5.07	0	-34
5Y RSD	5.61	0	-150
7Y RSD	5.76	0	-2

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.36	4	-80
USD Nov-24	6.46	1	5

CDS

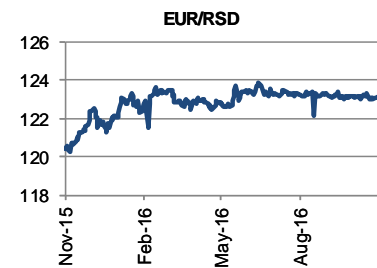
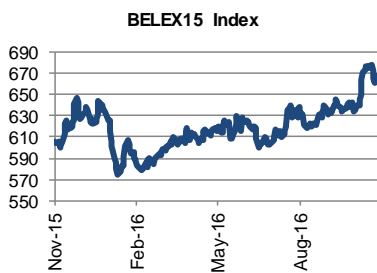
	Last	ΔDbps	ΔYTD bps
5-year	198	0	-76
10-year	244	0	-95

STOCKS

	Last	ΔD	ΔYTD
BELEX15	665.9	0.12%	3.38%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.13	-0.02%	-1.26%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.55	-2	2
1-month	0.64	1	-5
3-month	0.74	1	-28
6-month	0.94	0	-40
12-month	1.09	1	-43

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.39	3	-54
5Y RON	2.26	1	-54
10Y RON	3.16	2	-62

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.96	0	-61
USD Jan-24	3.19	16	-60

CDS

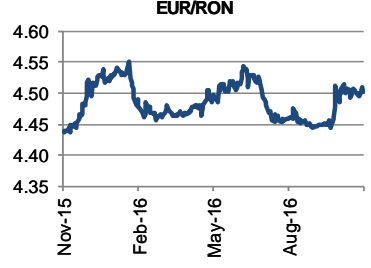
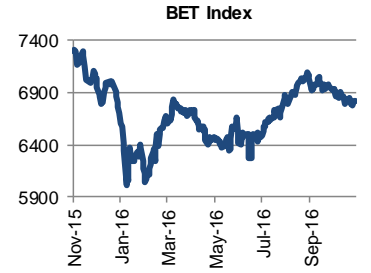
	Last	ΔDbps	ΔYTD bps
5-year	104	2	-29
10-year	147	3	-25

STOCKS

	Last	ΔD	ΔYTD
BET	6852.7	1.06%	-2.16%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5018	0.08%	0.27%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.30	-14	-31
1-month	-0.15	0	-30
3-month	-0.05	-1	-31
6-month	0.10	0	-43
12-month	0.40	0	-57

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.17	0	-43
5Y BGN	0.49	2	-78
10Y BGN	1.90	0	-76

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.09	-5	2
EUR Sep-24	1.51	-2	-91

CDS

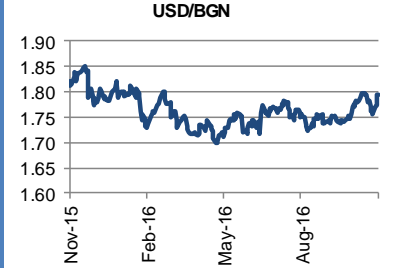
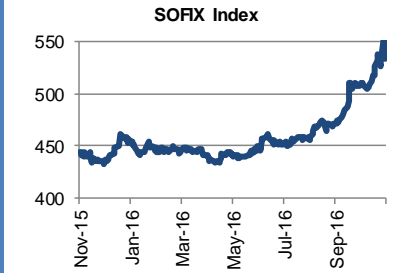
	Last	ΔDbps	ΔYTD bps
5-year	138	3	-33
10-year	182	3	-34

STOCKS

	Last	ΔD	ΔYTD
SOFIX	546.1	2.52%	18.48%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7953	-0.41%	0.28%



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

November 10, 2016

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

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