

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Nov 15
 - Retail sales (Oct)
 - Empire state index (Oct)
- Nov 16
 - Industrial production (Oct)
 - NAHB index (Nov)
- Nov 17
 - Jobless claims (weekly)
 - CPI (Oct)
 - Housing starts (Oct)
 - Building permits (Oct)
 - Philly Fed (Nov)

EUROZONE

- Nov 17
 - HICP (Oct, f)
 - ECB Oct meeting minutes
 - ECB Draghi speaks

GREECE

- Nov 14: GDP (Q3, A)
- Nov 15: Mission heads return to Athens to resume discussions with Greek authorities on 2nd review
- Nov 18: Turnover Index in Industry (Sep)

CYPRUS

- Nov 15: GDP (Q3, p)

SEE

BULGARIA

- Nov 14: CPI (Oct)
- Nov 15
 - GDP (Q3, p)
 - U/E rate (Oct)
- Nov 16: Current account balance (Sep)

ROMANIA

- Nov 14
 - IP (Sep)
 - Current account balance (Sep)
 - 1.35% 2019 T-bonds auction
- Nov 15: GDP (Q3, A)
- Nov 17: 3.25% 2024 T-bonds auction

SERBIA

- Nov 14: HICP (Oct)
- Sovereign credit rating review by Moody's

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: US Treasury yields were modestly lower in European trade on Thursday with long-dated paper outperforming on softer than expected macro data. On the back of lower US Treasury yields the USD lost some ground, giving back some of its recent hefty gains. Looking at the day ahead, the ECB is scheduled to publish its account of the October monetary policy meeting while Fed Chair Janet Yellen will testify before Congress Joint Economic Committee.

GREECE: The proposal that the Ministry of Finance reportedly submitted yesterday regarding the legal framework for the out-of-court workout foresees up to 50% haircut for companies that are deemed viable based on their operating results. The haircut will apply to all types of debts, including those to tax authorities, social security funds and banks. According to data published yesterday by the Greek Tourism Confederation (SETE), international airport and road arrivals to Greece for the period January – October 2016 reached 26.8 million, surpassing total international arrivals for the whole year 2015, which stood at 26.1 million.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

US Treasury yields moved modestly lower in European trade on Thursday with long-dated paper outperforming on softer than expected macro data. US industrial production was flat in October weighed down by a 2.6% drop in utility output confounding expectations for a 0.2% MoM increase while, in spite of higher energy prices, October PPI was unexpectedly unchanged on a monthly basis. Reacting to the above, the 10-yr Treasury yield was hovering around 2.19% at the time of writing after ending at 2.23% in the prior session and hitting a multi-month high of 2.30% earlier this week. In the meantime, the 2-yr US bond was yielding levels close to 0.99% after ending slightly above 1.00% in the prior session but still above 0.71% recent low. Against this background, the 2/10-yr US Treasury yield curve undertook some further bullish flattening for the second session in a row with the corresponding spread hovering around 119.8bps at the time of writing after recording a nearly one-year high of 123.4bps earlier this week. On the back of lower US Treasury yields, the USD lost some ground, giving back some of its recent hefty gains recorded on the back of increased expectations for a Fed rate hike in December on the view that US President-elect's policies over a sizable fiscal stimulus and trade protectionism will likely boost inflation pressures. The DXY index was 0.2% lower on a daily basis remaining though above the key level of 100.00 for the fourth session in a row. Fed speakers yesterday continued to support expectations for a December rate hike with St. Louis President James Bullard (voter) favoring higher interest rates next month, unless there is a major shock to the economy. Looking at the day ahead, the ECB is scheduled to publish its account of the October monetary policy meeting with investors awaiting potential hints on changes to the parameters of the asset-purchase programme. Furthermore, Fed Chair Janet Yellen will testify before Congress Joint Economic Committee, her first speech on the US' economic outlook since the Republican party secured a sweep victory in the presidential election. On the US data front, October CPI data, initial jobless claims, building permits for October and November Philly Fed manufacturing index should be closely watched.

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GREECE

With regard to the ongoing 2nd programme review, the Ministry of Finance reportedly submitted yesterday a proposal for the legal framework for the out-of-court workout for companies with debts to the tax authorities, social security funds, banks, suppliers or other entities. The proposal reportedly foresees that all types of arrears will potentially be subject to a "haircut" including those to the tax authorities, a provision that the General Secretariat for Public Revenues (GSPR) reportedly initially opposed. Nevertheless, it remains to the GSPR to prioritise which types of arrears will be cut first (e.g. basic debt, fines, surcharges, etc) depending on their fiscal impact. It should be noted that a company may be liable to debt haircut only if it is deemed viable based on its operating results and the haircut may reach at most 50% of its total debts. In other news, according to data published yesterday by the Greek Tourism Confederation (SETE), international arrivals at Greece's main airports in October 2016 reached 1.3 million visitors recording a 25.2% YoY increase. Arrivals year-to-October stood at 16.2 million, already higher by 4.8% than the total airport arrivals of 2015, which were 15.5 million. International road arrivals in October 2016 reached 841 thousand up by 12.5% YoY bringing the year-to-October total to 10.6 million, slightly less than the road arrivals of the corresponding period of 2015 (10.7 million). In total, airport and road arrivals year-to-October 2016 reached 26.8 million surpassing total international arrivals for the whole year 2015, which stood at 26.1 million.

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November 17, 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	2175.13	-0.2%	6.4%	EUR/USD	1.0681	-0.4%	-1.6%	UST - 10yr	2.22	0	-5	GOLD	1226	-0.2%	15.5%
Nikkei 225	17862.21	1.1%	-6.2%	GBP/USD	1.2445	-0.1%	-15.5%	Bund-10yr	0.30	-1	-33	BRENT CRUDE	47	0.4%	26.4%
STOXX 600	338.82	-0.1%	-7.4%	USD/JPY	109.26	-0.1%	9.9%	JGB - 10yr	0.03	2	-24	LMEX	2703	-0.4%	22.7%

CESEE MARKETS

SERBIA				ROMANIA				BULGARIA			
Money Market				Money Market				Money Market			
BELIBOR	Last	ΔDbps	ΔYTD bps	ROBOR	Last	ΔDbps	ΔYTD bps	SOFIBOR	Last	ΔDbps	ΔYTD bps
T/N	305	1	2	O/N	0.51	-2	-2	LEONIA	-0.30	0	-31
1-week	3.18	0	-1	1-month	0.69	1	0	1-month	-0.15	0	-30
1-month	3.33	1	-18	3-month	0.81	1	-21	3-month	-0.06	1	-32
3-month	3.46	-3	-37	6-month	1.01	0	-33	6-month	0.09	0	-44
6-month	3.65	-3	-38	12-month	1.14	0	-38	12-month	0.40	0	-57
RS Local Bonds				RO Local Bonds				BG Local Bonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps	(yields)	Last	ΔDbps	ΔYTD bps
3Y RSD	5.07	0	-34	3Y RON	1.53	2	-40	3Y BGN	0.26	-1	-34
5Y RSD	5.63	0	-147	5Y RON	2.47	2	-33	5Y BGN	0.68	5	-60
7Y RSD	5.75	3	-4	10Y RON	3.48	2	-30	10Y BGN	2.09	0	-57
RS Eurobonds				RO Eurobonds				BG Eurobonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
USD Nov-17	2.61	1	-55	EUR Oct-25	2.33	-5	-24	EUR Jul-17	0.02	15	-5
USD Nov-24	6.51	-4	10	USD Jan-24	3.79	-2	1	EUR Sep-24	1.95	9	-47
CDS				CDS				CDS			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
5-year	208	0	-67	5-year	106	0	-27	5-year	146	0	-26
10-year	254	-1	-85	10-year	150	0	-21	10-year	191	0	-25
STOCKS				STOCKS				STOCKS			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
BELEX15	660.7	0.04%	2.58%	BET	6843.1	-0.47%	-2.30%	SOFIX	534.5	-0.75%	15.96%
FOREX				FOREX				FOREX			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
EUR/RSD	123.31	-0.02%	-1.40%	EUR/RON	4.5212	-0.19%	-0.16%	USD/BGN	1.8314	-0.38%	-1.70%

BELEX15 Index

BET Index

SOFIX Index

EUR/RSD

EUR/RON

USD/BGN

Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
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