

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Nov 29
 - GDP (Q2 2016, 2nd est)
 - Case Shiller index (Sep)
 - Cons. confidence (Nov)
- Nov 30
 - ADP employment (Nov)
 - Personal income/ spending (Oct)
 - Core PCE deflator
 - Chicago PMI (Nov)
 - Pending home sales (Oct)
- Dec 1
 - Jobless claims (weekly)
 - ISM manufacturing (Nov)
- Dec 2
 - Non-farm payrolls (Nov)
 - U/E rate (Nov)

EUROZONE

- Nov 28: ECB's Draghi speaks
- Nov 29: ESI (Nov)
- Nov 30
 - HICP headline & core (Nov, flash)
 - ECB' Draghi speaks
- December 1
 - PMI manuf. (Nov, f)
 - U/E rate (Oct)
- December 4: Italy referendum

GREECE

- Nov 28: Euroworking Group
- Nov 29: GDP (Q3, prov.)
- Nov 30: Retail sales (Sep)

CYPRUS

- Dec 1: CPI (Nov)

SEE

BULGARIA

- Nov 28: Gross ext. debt (Sep)
- Dec 2: Sovereign credit reviews by S&P and Fitch

ROMANIA

- Nov 29: ILO u/e rate (Oct)
- Dec 2
 - Moody's sovereign review
 - Intern/I reserves (Nov)

SERBIA

- Nov 30
 - Trade balance (Oct)
 - Retail sales (Oct)
 - IP (Oct)
 - GDP (Q3, f)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Oil prices were lower in early European trade on market uncertainty over whether OPEC producers will manage to finalise at the November 30th meeting a preliminary agreement reached in September over an output production. Major European bourses were weaker in early trade, US Treasury yields moved lower and the USD was weaker across the board. After PM François Fillon won the second and final round of the center-right primary elections on Sunday, the next focus on the European political front turns to Italy, where the referendum on Constitutional reforms proposed by PM Matteo Renzi will be held on Sunday, December 4, in tandem with the repeated presidential election in Austria.

GREECE: The Euroworking Group that is scheduled to convene today is expected to assess the progress made in the fulfilment of the prior actions in the context of the 2nd programme review. According to press reports, key pending items remain unresolved particularly the labour market reform and the fiscal strategy mainly for the years 2019 and 2020. Nevertheless, officials from both the Greek side and the institutions claim that a political agreement on the December 5 Eurogroup is still possible.

SOUTH EASTERN EUROPE

BULGARIA: The domestic stock market regained ground last week as buying interest in blue chips offset domestic political concerns. Local and foreign currency sovereign bonds also firmed.

ROMANIA: RON markets stabilized over the previous week, after coming under pressure in the aftermath of the US elections.

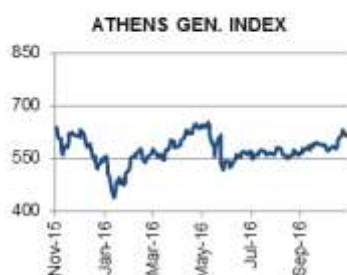
SERBIA: A mixture of increased local EUR demand and a selloff in the domestic government bond market put pressure on the dinar last week. However, the bullish EUR/RSD momentum stalled after another Central Bank intervention in the FX markets aimed at mitigating depreciation pressures on the dinar. In other news, the EBRD is preparing to offer the first ever dinar denominated paper, a three year issue planned to be offered at a fixed price of Belibor plus 0.4% worth RSD 2.5bn (ca. €20mn).

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Oil prices were lower in early European trade on market uncertainty over whether OPEC producers will manage to finalise at the November 30th meeting a preliminary agreement reached in September over an output production to between 32.5mn and 33.0mn barrels per day. Market participants question how any output cut decision could be implemented, especially after Iran and Iraq have raised certain conditions for participants in such a deal. Brent crude oil price was hovering around \$46.80/bbl at the time of writing, 0.7% lower on a daily basis following multi-session highs near \$50/bbl last week. Against this background, major European bourses were weaker in early trade, while US Treasury yields moved lower. Long-dated USTs outperformed, with the 10-yr US Treasury yield hovering around 2.32% in European trade after hitting a 16-month intraday high near 2.42% late last week, albeit still above the 1.82% November 8th close, the day of the US Presidential election. In FX markets, the USD was weaker across the board weighed down by lower US Treasury yields, with the DXY index standing close to 101.00 at the time of writing, 0.5% lower compared to the settlement in the prior session, but still not too far from a 13 ½ year peak of 102.050 late last week. Favored by the USD's weakness, the EUR/USD rebounded to levels around 1.0640/45 in European trade, after ending at 1.0585 on Friday and marking a fresh year-to-date low of 1.0515 two sessions ago. News that former PM François Fillon won the second and final round of the center-right primary elections on Sunday was broadly shrugged off. The next focus on the European political front turns to Italy, where the referendum on Constitutional reforms proposed by PM Matteo Renzi will be held on Sunday, December 4, in tandem with the repeated presidential election in Austria. On the data front, focus is on US November non-farm payrolls (Friday), while, in the euro area, the main highlight will be the flash estimate for November CPI inflation (Wednesday).

ppetropoulou@eurobank.gr

GREECE

The Euroworking Group that is scheduled to convene later today is expected to assess the progress made in the fulfilment of the prior actions in the context of the 2nd programme review. According to press reports, although the Greek authorities conferred with the institutions during the weekend on a number of open issues, key pending items remain unresolved. The two sides have reportedly not yet managed to reach an accord on the labour market reform and the fiscal strategy particularly for the years 2019 and 2020 in the context of the 2017-2020 Medium – Term Fiscal Strategy (MTFS). Nevertheless, officials from both sides claim that a political agreement on the December 5 Eurogroup is still possible. In fact, Pierre Moscovici, the European Commissioner for Economic Affairs, who is expected to meet the Greek Prime Minister and Finance Minister in Athens today, stated that it is absolutely feasible for a staff level agreement to close in the following days. With regard to the debt relief measures, he argued that "May's agreement defines clearly the next steps, with three packages of measures (long-term, short-term and mid-term) that remain to be agreed. The further discussions on the debt will play a very important role in IMF's participation in the programme as it was agreed in May". Meanwhile, the IMF claims that Greece cannot attain sustainable growth without more generous debt relief and for this purpose it recommends that the long-term primary surplus targets be lowered to 1.5%-of-GDP (from 3.5% that the programme foresees). Otherwise, according to the Fund, additional reforms will be needed in the public sector, the social security system and the tax system in order to render public debt sustainable. The IMF is expected to release in December its debt sustainability analysis along with a report on the Greek economy.

andimitriadou@eurobank.gr

November 28, 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

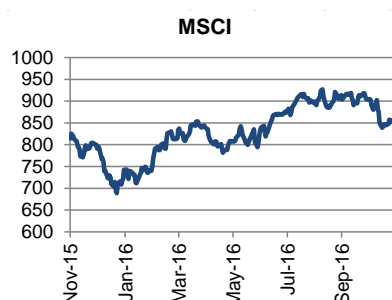
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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

The domestic stock market regained ground last week as buying interest in blue chips offset domestic political concerns. In more detail, the main SOFIX index surged by 4.6% on a weekly basis to end at 555.32 points on Friday, though overall liquidity remained light in the absence of relevant corporate news. Meanwhile, local and foreign currency sovereign bonds also firmed, with yields modestly adjusting lower for a maximum of 8bps in the mid-term segment.

VBoteva@postbank.bg

ROMANIA

RON markets stabilized over the previous week, after coming under pressure in the aftermath of the US elections. Indicatively, the EUR/RON was little changed trading in a tight range of 4.5040/4.5190 and closing the week almost flat around 4.5130. Near term RON rates started sliding back lower as the money market remained very liquid. In more detail, the 1W and 1M implied rates from swaps moved 15bps lower compared to the previous Friday's settlement to close at 0.30% and 0.50% respectively last week, while the 3M rate decreased 10bps to 0.75%. On the other hand, the 12M rate was little changed ending the week at 1.00%. Government bonds also stabilized, with yields for maturities up to 5Y closing roughly unchanged over the week. Yields of longer-maturity paper moved around 5bps lower, with the 9Y down to 3.48% and the 11Y down to 3.76%.

Bogdan.Radulescu@bancpost.ro

SERBIA

A mixture of increased local EUR demand and a selloff in the domestic government bond market put pressure on the dinar last week. However, the bullish EUR/RSD momentum stalled after another Central Bank intervention in the FX markets aimed at mitigating depreciation pressures on the dinar, which put a lid on the cross's up-move at 123.45. This latest Central Bank action confounds our earlier view that the dinar is poised to depreciate further and move towards 124.00 until year-end. In other news, the EBRD is preparing to offer the first ever dinar denominated paper, a three year issue planned to be offered at a fixed price of Belibor plus 0.4% worth RSD 2.5bn (ca. €20mn). The issue will be subsequently listed on the prime market of the Belex exchange in Belgrade. Although it is relatively small in size, it is a step in what the institution calls enhancing the macroeconomic, regulatory and market framework to ensure long-term, sustainable and liquid local currency markets.

Zoran.Korac@eurobank.rs

November 28, 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	2213.35	0.4%	8.3%	EUR/USD	1.0636	0.4%	-2.0%	UST - 10yr	2.33	-3	6	GOLD	1190	0.5%	12.1%
Nikkei 225	18356.89	-0.1%	-3.6%	GBP/USD	1.2433	-0.4%	-15.6%	Bund-10yr	0.21	-3	-42	BRENT CRUDE	47	0.2%	27.0%
STOXX 600	340.13	-0.7%	-7.0%	USD/JPY	112.39	0.7%	6.8%	JGB - 10yr	0.02	-2	-24	LMEX	2841	0.5%	28.9%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	303	0	0
1-week	3.16	-1	-3
1-month	3.31	0	-20
3-month	3.45	-1	-38
6-month	3.64	0	-39

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	5.05	0	-36
5Y RSD	5.72	0	-139
7Y RSD	5.71	-3	-7

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.48	-2	-68
USD Nov-24	6.45	3	4

CDS

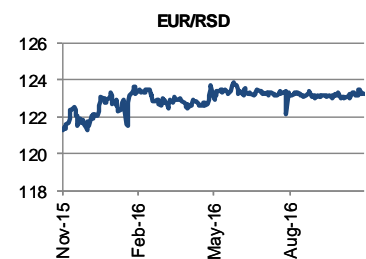
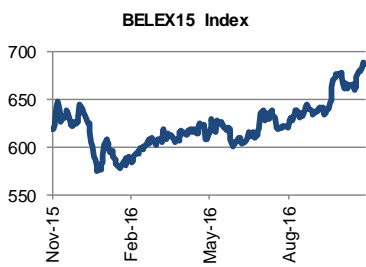
	Last	ΔDbps	ΔYTD bps
5-year	208	0	-67
10-year	255	1	-85

STOCKS

	Last	ΔD	ΔYTD
BELEX15	686.4	-0.39%	6.57%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.27	0.04%	-1.36%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.56	3	3
1-month	0.66	-2	-3
3-month	0.8	0	-22
6-month	1.03	0	-31
12-month	1.15	0	-37

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.50	1	-43
5Y RON	2.43	-1	-37
10Y RON	3.45	-2	-33

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.23	0	-33
USD Jan-24	3.79	-2	0

CDS

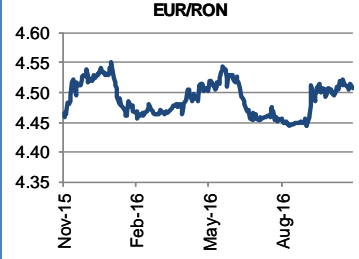
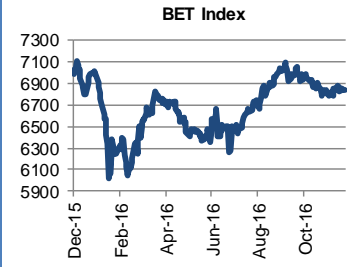
	Last	ΔDbps	ΔYTD bps
5-year	112	1	-21
10-year	155	0	-17

STOCKS

	Last	ΔD	ΔYTD
BET	6813.2	-0.33%	-2.73%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5084	0.04%	0.12%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.18	12	-19
1-month	-0.16	0	-32
3-month	-0.07	0	-33
6-month	0.08	-1	-45
12-month	0.40	-1	-57

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.23	1	-37
5Y BGN	0.67	0	-61
10Y BGN	2.03	0	-63

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.04	0	-3
EUR Sep-24	1.85	44	-57

CDS

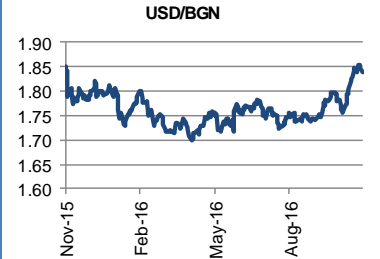
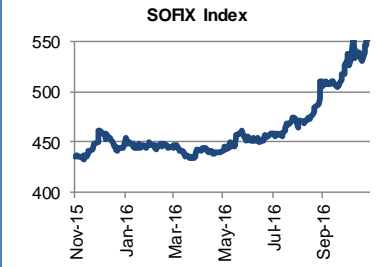
	Last	ΔDbps	ΔYTD bps
5-year	149	1	-22
10-year	188	1	-28

STOCKS

	Last	ΔD	ΔYTD
SOFIX	553.8	-0.27%	20.16%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.839	0.44%	-2.10%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 12:10 EET

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 Economistpmonokroussos@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 3371228Eurobank Ergasias S.A., 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: EurobankGlobalMarketsResearch@eurobank.grEurobank Economic Analysis and Financial Markets
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