

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: Major currency pairs remained within recent ranges in European trade on Tuesday, ahead of a string of major risk events in the coming sessions including the OPEC meeting on Wednesday, US November non-farm payrolls data on Friday and the Italian constitutional referendum on Sunday that will coincide with the repeated presidential election in Austria. Elsewhere, US Treasury yields were little changed on a daily basis and Bunds outperformed the majority of EMU periphery markets, on lingering euro area political woes. Looking at the day ahead, focus is on the second release of the US Q3 GDP and the US Conference Board consumer confidence for November.

GREECE: Speaking at a conference in Athens yesterday, Greek FinMin Euclid Tsakalotos expressed his concern over the potential need for Greece to take additional measures in order to allay the IMF's worries that a 3.5% primary surplus beyond 2018 is not attainable and bring the Fund into the programme. At the same conference, EU Commissioner for Economic Affairs Moscovici claimed that the IMF's participation in the programme is necessary and appeared confident that a comprehensive agreement incorporating provisions on the debt relief measures and primary surplus targets, at the December 5 Eurogroup is feasible. In October 2016 total credit extended to the domestic private sector contracted -1.6%YoY, from -1.7%YoY in the previous month while private sector deposits reached €124.6bn, higher by €1.2bn compared to the previous month.

SOUTH EASTERN EUROPE

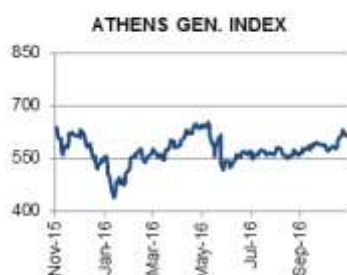
CESEE MARKETS: The majority of emerging market assets moved broadly lower earlier on Tuesday following losses in Wall Street overnight. In addition, investor caution prevailed ahead of the OPEC meeting of oil producers tomorrow, key labour data from the US on Friday and the Italian referendum on Sunday.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Major currency pairs remained within recent ranges in European trade on Tuesday, ahead of a string of major risk events in the coming sessions including the OPEC meeting on Wednesday, US November non-farm payrolls data on Friday and the Italian constitutional referendum on Sunday that will coincide with the repeated presidential election in Austria. After hitting a fresh-year-to-date low of 1.0515 late last week, the EUR/USD was hovering around the 1.0600 area at the time of writing, not much changed compared to Monday's settlement. Against this background, ECB President Mario Draghi's comments before the European Parliament suggesting that the Central Bank will look for ways to maintain the current supply of monetary stimulus at the upcoming policy meeting on December 8, failed to exert a significant impact. Meanwhile, the JPY failed to capitalise on positive Japanese macro data, with the USD/JPY standing close to 112.58/60, little changed relative to Monday's close and slightly lower from an eight-month peak near 114.00 marked late last week. Elsewhere, US Treasury yields were little changed on a daily basis and Bunds outperformed the majority of EMU periphery markets on lingering euro area political woes. Most of major European bourses were modestly firmer in early trade, with commodities-related stocks underperforming ahead of Wednesday's OPEC meeting where, following the September tentative agreement, a potential oil output cut to contain a supply glut will dominate discussions. Brent crude oil price was hovering slightly below \$48/br at the time of writing, some 2% lower from last week's multi-session closing highs. If an OPEC agreement is reached, oil price could rally towards \$50/br, while, under an adverse scenario, there are risks for a retest of the \$43.60/br recent low. Looking at the day ahead, focus is on the second release of the US Q3 GDP and the US Conference Board consumer confidence for November.

ppetropoulou@eurobank.gr

GREECE

Speaking at a conference in Athens yesterday, Greek FinMin Euclid Tsakalotos expressed his concern over the potential need for Greece to take additional measures in order to allay the IMF's worries that a 3.5% primary surplus beyond 2018 is not attainable and bring the Fund into the programme. At the same conference, EU Commissioner for Economic Affairs Pierre Moscovici spoke about the need for inclusive economic growth for Greece as well as fair burden sharing across society. He also stressed the importance of ownership of reforms across the political spectrum in order for them to be implemented and bear fruits. Finally, Mr. Moscovici claimed that the IMF's participation in the programme is necessary and appeared confident that a comprehensive agreement incorporating provisions on the debt relief measures and primary surplus targets, at the December 5 Eurogroup is feasible. Meanwhile, addressing the European Committee for Economic Affairs, Eurogroup President Jeroen Dijsselbloem stated that with regard to Greece's programme there is a need to be realistic and that indeed the IMF has a point when it says that "running a primary surplus of 3.5%-of-GDP for a very long time is a huge thing to ask". On the same wavelength, ECB President Mario Draghi reportedly stated that there are still concerns as to the sustainability of Greece's public debt and it is to the benefit of the Eurozone as a whole to come up with a lasting solution that will ensure both its short- and its long-term sustainability. On the economic data front, according to the Bank of Greece in October 2016, total credit extended to the domestic private sector contracted -1.6%YoY, from -1.7%YoY in the previous month. The annual growth rate of credit to corporations fell -0.3%YoY, from -0.5%YoY in September 2016 while credit to individuals and private non-profit institutions decreased -2.8%YoY, from -3.0%YoY in the previous month. Furthermore, in October 2016 private sector deposits reached €124.6bn, higher by €1.2bn compared to the previous month.

andimitriadou@eurobank.gr

November 29, 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

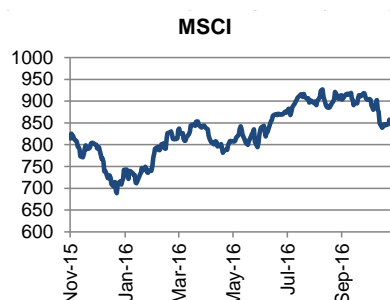
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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

CESEE MARKETS

The majority of emerging market assets moved broadly lower earlier on Tuesday following losses in Wall Street overnight. In addition, investor caution prevailed ahead of the OPEC meeting of oil producers tomorrow, key labour data from the US on Friday and the Italian referendum on Sunday. In this context, the MSCI Emerging Markets index fell by 0.3% earlier today, easing below a 2-week high hit earlier in the week. The index is being further weighed down by falling oil prices amid uncertainty over whether this week's OPEC meeting will cement the implementation of proposals for output reduction agreed in September. Bourses in the CESEE region seemed to fare better, trading little changed compared to the prior session's settlement, receiving support from the positive tone in main European markets. Elsewhere, CESEE currencies were broadly weaker while government bonds were mixed in European trade on Tuesday.

Looking into the remainder of the week, the Statistical Office of the Republic of Serbia releases on Wednesday the breakdown of Q3 gross domestic product data. According to the flash estimate, the domestic economic recovery continued through to Q3 this year, with real GDP growth coming in at 2.5%YoY following readings of 3.8%YoY in Q1 and 2.0%YoY in Q2. The breakdown of last quarter's data is likely to reveal that private investment and net exports were the main drivers of growth in Q3 as has been the case for some time now. At the same time, private consumption is expected to have provided a small, nevertheless still positive contribution in Q3, driven by higher real wages, further improvement in labor market conditions as well as recovering credit dynamics.

Also on Wednesday, the Central Statistical Office of Poland releases final National Accounts data. Recall that, according to a flash estimate real GDP expanded by 2.5%YoY in Q3, after growth readings of 3.1%YoY and 3.0%YoY in Q2 and Q1 2016, respectively, primarily driven higher by domestic consumption. For the whole of the year, the government has penciled in growth at 3.4%, but the Central Bank's recently updated 3.0% forecast seems more realistic in our view. Additionally, the Polish statistical office also releases on the same day preliminary CPI data for November. According to a market consensus, the headline index is anticipated to come in flat following more than two years of deflation and persistently below target (2.5%) inflation since late 2012, as the impact of low global commodity prices gradual wanes. Furthermore, CESEE PMI manufacturing for November, due on Thursday, as well as sovereign credit rating reviews no Friday by Moody's for Turkey and Romania, S&P for Poland and Bulgaria and by Fitch for Bulgaria are also on the spotlight later in the week.

gphoka@eurobank.gr

November 29, 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	2201.72	-0.5%	7.7%	EUR/USD	1.0603	-0.1%	-2.3%	UST - 10yr	2.33	2	6	GOLD	1188	-0.5%	12.0%
Nikkei 225	18307.04	-0.3%	-3.8%	GBP/USD	1.2465	0.4%	-15.4%	Bund-10yr	0.20	-1	-43	BRENT CRUDE	47	-1.7%	27.2%
STOXX 600	339.61	-0.1%	-7.2%	USD/JPY	112.49	-0.5%	6.7%	JGB - 10yr	0.02	0	-25	LMEX	2857	0.6%	29.7%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	302	0	-1
1-week	3.15	-1	-4
1-month	3.31	0	-20
3-month	3.45	-1	-38
6-month	3.63	-1	-40

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	5.07	0	-35
5Y RSD	5.72	0	-139
7Y RSD	5.71	0	-7

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.46	-1	-70
USD Nov-24	6.45	3	4

CDS

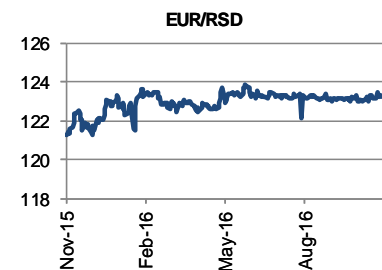
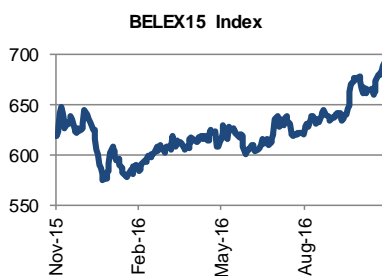
	Last	ΔDbps	ΔYTD bps
5-year	207	0	-67
10-year	254	0	-85

STOCKS

	Last	ΔD	ΔYTD
BELEX15	691.3	-0.14%	7.33%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.23	0.03%	-1.34%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.54	-2	1
1-month	0.64	-2	-5
3-month	0.8	0	-22
6-month	1.04	1	-30
12-month	1.15	0	-37

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.53	3	-40
5Y RON	2.40	-2	-40
10Y RON	3.42	-2	-36

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.24	1	-32
USD Jan-24	3.76	0	-2

CDS

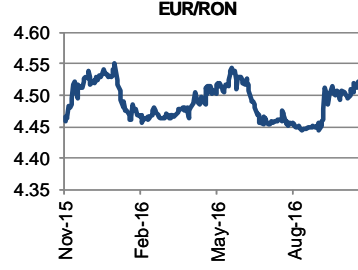
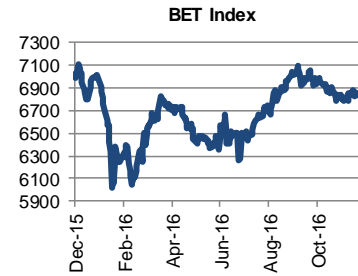
	Last	ΔDbps	ΔYTD bps
5-year	112	0	-21
10-year	154	-1	-17

STOCKS

	Last	ΔD	ΔYTD
BET	6801.5	0.18%	-2.90%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.516	-0.03%	-0.04%



BULGARIA

Money Market

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

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.24	0	-37
5Y BGN	0.66	-1	-62
10Y BGN	2.01	0	-64

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.02	0	-5
EUR Sep-24	1.91	-5	-51

CDS

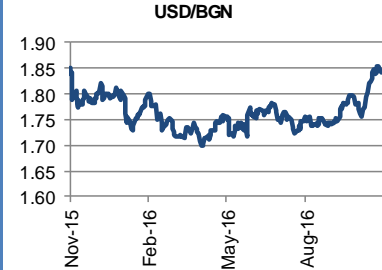
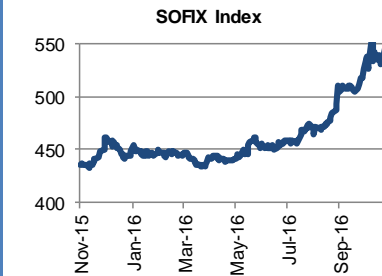
	Last	ΔDbps	ΔYTD bps
5-year	149	0	-22
10-year	187	0	-29

STOCKS

	Last	ΔD	ΔYTD
SOFIX	564.1	1.40%	22.40%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.8445	-0.04%	-2.40%



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

Data updated as of 12:45 EET

November 29, 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
pmonokrousos@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

Stylianos 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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