

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### GLOBAL

- April 16-17: G20 FinMin & Central Banks meeting
- April 17-19: IMF and World Bank spring meeting

#### US

- April 15
  - Empire State Index (Apr)
  - Industrial production (Mar)
  - NAHB Index (Apr)
- April 16
  - Initial jobless claims (Apr 11)
  - Housing starts (Mar)
  - Housing permits (Mar)
  - Philly Fed (Apr)
- April 17
  - CPI (Mar)
  - UoM cons conf (Apr)

#### EUROZONE

- April 15: ECB MPC meeting & press conference

#### SEE

##### BULGARIA

- April 15
  - CPI (Mar)
  - U/E rate (Mar)
- April 17: CAD (Feb)

##### ROMANIA

- April 16: RON 200mn Feb 2025 T-Bonds auction

##### SERBIA

- April 15: CAD (Jan)

Source: Reuters, Bloomberg,  
Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Speaking in the press conference that followed the conclusion of y-day's ECB policy meeting, President Mario Draghi made clear that speculation about earlier-than-planned tapering is premature. He also said that, the risks surrounding the euro area's economic outlook have become more balanced and economic recovery is expected to broaden and strengthen gradually in the period ahead. Reacting to the ECB President's comments, the majority of EMU periphery sovereign debt spreads narrowed and the EUR edged higher in European trade on Thursday.

**GREECE:** S&P downgraded y-day Greece's long- and short-term severing credit rating by one notch to CCC+/C from B-/B, respectively. The accompanying statement read that Greece's solvency hinges increasingly on favorable business, financial and economic conditions which have worsened due to the uncertainty stemming from the prolonged negotiations between the Greek government and the official lenders. Responding to a relevant question in the Q&A session, ECB President Mario Draghi reiterated that a precondition for the Central Bank to reinstate a Greek collateral waiver is the establishment of a "credible perspective" for a successful conclusion of Greece's review under the current arrangements.

### SOUTH EASTERN EUROPE

**BULGARIA & ROMANIA:** According to a statement released in its website on Wednesday, the Bulgarian government approved a draft Protocol of Intention between the Ministry of Tourism and the Ministry of Economy, Trade, and Tourism of Romania.

**SERBIA:** According to media reports, pensioners rallied on Wednesday against pension cuts aimed at curbing the country's fiscal deficit in line with the conditions set out under the country's €1bn 3-year IMF Stand-By Arrangement.

**CESEE MARKETS:** Most emerging stock markets closed lower on Wednesday amid lingering concerns about the sustainability of the global economic recovery. Meanwhile, **CESEE currencies and government bonds** broadly weakened in view of waning risk appetite.

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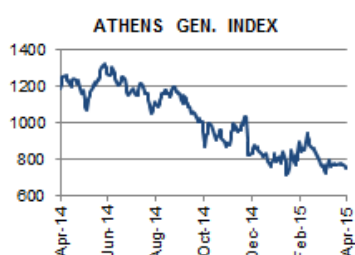
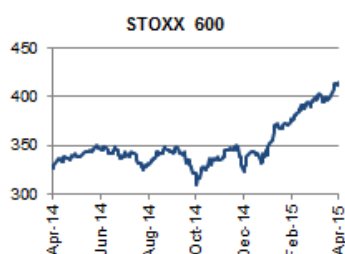
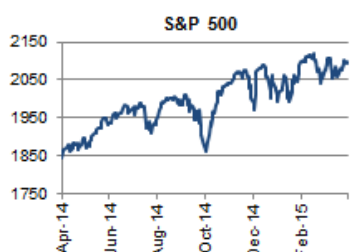
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## Latest world economic & market developments

### GLOBAL MARKETS

In line with market expectations, the ECB decided at y-day's policy meeting to keep its key interest rates unchanged. Speaking in the press conference that followed, President Mario Draghi noted that the expanded asset purchase programme will continue until the end of September 2016, as scheduled, or, in any case, until a sustained adjustment of the path of inflation consistent with the 2% medium-term target is witnessed, making clear that speculation about earlier-than-planned tapering is premature. He also said that, while remaining on the downside, the risks surrounding the euro area's economic outlook have become more balanced and economic recovery is expected to broaden and strengthen gradually in the period ahead. Reacting to the ECB President's comments, the majority of EMU periphery sovereign debt spreads narrowed while major European bourses consolidated y-day's hefty gains in early trade on Thursday. In FX markets, the EUR edged higher with the EUR/USD hovering around 1.0650/55 in European trade at the time of writing, not far from a multi-session peak near 1.0750 hit earlier today. However, with the monetary policy divergence between the ECB and the Fed remaining a key theme in FX markets, any further gains in the coming sessions are likely to prove limited.



Source: Reuters, Bloomberg, Eurobank Research

### GREECE

S&P downgraded y-day Greece's long- and short-term severing credit rating by one notch to CCC+/C from B-/B, respectively. The accompanying statement read that Greece's solvency hinges increasingly on favorable business, financial and economic conditions which have worsened due to the uncertainty stemming from the prolonged negotiations between the Greek government and the official lenders. Furthermore, S&P removed Greece's ratings from CreditWatch and adopted a negative outlook citing the risk of further worsening in liquidity for the sovereign, the banks and the economy. Separately, the Public Debt Management Agency (PDMA) successfully auctioned yesterday €0.625bn in 26 Week T-Bills at a 2.70% yield, unchanged compared to the March auction when T-bills of the same maturity were sold. The bid-to-cover ratio came in at 1.30 and the PDMA accepted a total of €0.813bn. Meanwhile, responding to a relevant question in the Q&A session following the conclusion of y-day's policy meeting, ECB President Mario Draghi reiterated that a precondition for the Central Bank to reinstate a Greek collateral waiver is the establishment of a "credible perspective" for a successful conclusion of Greece's review under the current arrangements. He also stated that the ECB will continue to approve the provision of ELA facility to Greek banks as long as they are solvent and they have adequate collateral to back refinancing transactions. The ECB President also noted that, during the policy meeting, the issue of haircuts on collateral the Central Bank accepts on Greek sovereign debt in ELA was raised and decided "to carefully monitor whether conditions would warrant a change". According to the most recent Bank of Greece data, the total amount of funding taken from the Eurosystem rose in March for the sixth consecutive month coming in at €107.2bn, the highest in nearly two years. Out of this amount, €68.5bn was drawn by the ELA facility, c. €2.9bn higher compared to the prior month, while the ECB funding came in at €38.7bn, almost unchanged relative to February. As a reminder, the ECB decided earlier this week to increase the ELA funding ceiling for Greek banks by a further €800mn to €74bn.

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## Latest world economic & market developments in the CESEE region

BULGARIA: Indicators	2013	2014e	2015f
Real GDP growth %	1.1	1.7	0.8
CPI (pa, yoy %)	0.4	-1.4	-0.5
Budget Balance/GDP	-1.8	-3.7	-3.0
Current Account/GDP	1.0	0.0	-0.5
EUR/BGN (eop)	1.9558		
	current	2014	2015f
Policy Rate (eop)	N/A	N/A	N/A

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

### BULGARIA & ROMANIA

According to a statement released in its website on Wednesday, the Bulgarian government approved a draft Protocol of Intention between the Ministry of Tourism and the Ministry of Economy, Trade, and Tourism of Romania. The Protocol encourages the development of joint tourism products between the two countries and aims "to strengthen friendly relations and contribute to their economic development and tourism potential growth". In an effort to enhance the influx of Chinese tourists to these countries, it envisions, among other, a joint tourist information centre in China.

### SERBIA

According to media reports, pensioners rallied on Wednesday against pension cuts aimed at curbing the country's fiscal deficit in line with the conditions set out under the country's €1bn 3-year IMF Stand-By Arrangement. Reducing pensions and civil servants wages has been the cornerstone of the fiscal reform that came into effect in Q4 2014. Under the IMF programme, the government targets a reduction in the consolidated budget deficit to 5.9% of GDP in 2015 and to 3.8% of GDP by 2017 after the full-fledged reform process has been implemented. Indeed, Q1 2015 data appeared to vindicate the government's efforts, with the "Republic's" deficit amounting to half the planned shortfall of RSD 55bn, coming in at just RSD 22bn.

SERBIA: Indicators	2013	2014e	2015f
Real GDP growth %	2.6	-1.8	-0.5
CPI (pa, yoy %)	7.9	2.1	3.5
Budget Balance/GDP	-5.6	-7.5	-5.9
Current Account/GDP	-6.1	-6.1	-4.7
EUR/RSD (eop)	114.60	120.96	125.00
	2014	current	2015f
Policy Rate (eop)	8.00	7.00	7.00

Source: Reuters, Bloomberg, Eurobank Research, National Authorities



### CESEE MARKETS

Most **emerging stock markets** closed lower on Wednesday amid lingering concerns about the sustainability of the global economic recovery. Against this backdrop, the MSCI Emerging Markets index ended in a marginally negative territory of 0.05%. Yet, it remained near a 6-month peak near 1,045 points hit earlier in the week on hopes that Chinese authorities will adopt new stimulus measures to support the domestic economy. Separately, the majority of CESEE bourses closed yesterday in the black with Serbia's BELEX 15 leading the way higher to end at a near 4-year peak close to 740 points. Meanwhile, **CESEE currencies** broadly weakened on Wednesday. The Turkish lira led the losers' pack amid mounting political uncertainty ahead of the June 7 parliamentary elections. Downbeat macro data, that showed a spike to a 5-year high of 11.3% in the rate of unemployment over the December-February period and a widening to TRY 6.8bn in March's budget deficit, did not favor either. Comments by Finance Minister Mehmet Simsek earlier on Wednesday suggesting that real GDP growth of 4% is feasible this year appeared to have a rather limited impact on the currency. Against this backdrop, the USD/TRY hit a new record high near 2.7300 intraday. The Hungarian forint followed suit, with the EUR/HUF rising ca 0.75% on the day to close near 298.70. Meanwhile the Polish zloty ended marginally weaker at 4.018/EUR after the NBP announced its decision to stay put on its monetary policy and maintain its key policy rate at the current record low level of 1.50%, in line with market expectations. In view of waning risk appetite **government bonds** closed broadly lower on Wednesday. Turkish paper led the losses in the region with the 2- and 10-year benchmark yields rising by 17bps and 20bps respectively, to around 9.03% and 8.72%.

L-T ccy	Credit Ratings		
	Moody's	S&P	Fitch
SERBIA	B1	BB-	B+
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BB+	BBB-
CYPRUS	B3	B+	B-

Source: IMF, EC, Reuters, Bloomberg, National Authorities, Eurobank Research

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April 16, 2015

## 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	2104.13	0.4%	2.2%	EUR/USD	1.0609	-0.4%	-12.3%	UST - 10yr	1.88	-2	-29	GOLD	1196	0.3%	1.0%
Nikkei 225	19869.76	-0.2%	13.9%	GBP/USD	1.4786	0.0%	-5.1%	Bund-10yr	0.11	-3	-43	BRENT CRUDE	176	0.0%	0.2%
STOXX 600	414.06	0.6%	20.9%	USD/JPY	119.15	0.2%	0.4%	JGB - 10yr	0.33	0	0	LMEX	2749	0.0%	-5.7%

## CESEE MARKETS

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	on	9	-430
1-week	5.99	9	-402
1-month	6.59	0	-346
3-month	7.11	0	-274
6-month	7.55	2	-224

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	8.51	0	-54
5Y RSD	9.91	2	-27
7Y RSD	10.60	1	-147

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.57	-1	-69
USD Nov-24	6.43	0	-16

## CDS

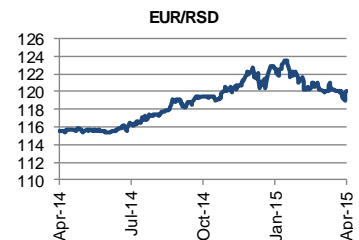
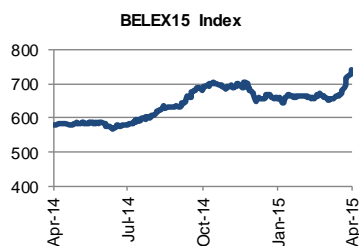
	Last	ΔDbps	ΔYTD bps
5-year	226	0	-64
10-year	279	0	-78

## STOCKS

	Last	ΔD	ΔYTD
BELEX15	739.2	1.32%	10.83%

## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.00	-0.04%	1.12%



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.89	-14	32
1-month	1.25	-1	34
3-month	1.33	-1	-37
6-month	1.55	-1	-46
12-month	1.61	0	-41

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.88	0	-43
5Y RON	2.14	2	-57
10Y RON	3.16	1	-50

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.31	0	-42
USD Aug-23	3.28	-5	-33

## CDS

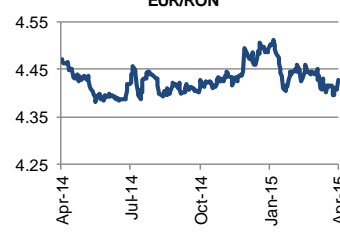
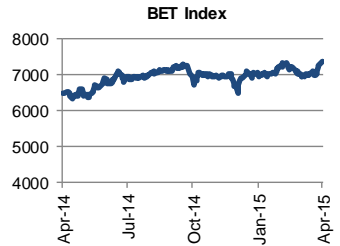
	Last	ΔDbps	ΔYTD bps
5-year	105	-3	-38
10-year	149	-3	-38

## STOCKS

	Last	ΔD	ΔYTD
BET	7349.4	0.18%	3.76%

## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4261	-0.32%	1.30%



## BULGARIA

## Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.17	0	-5
3-month	0.36	0	-8
6-month	0.70	0	-9
12-month	1.30	0	-21

## BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.53	3	-51
5Y BGN	0.77	2	-67
10Y BGN	2.04	0	-71

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.68	-2	-48
EUR Sep-24	2.23	-9	-63

## CDS

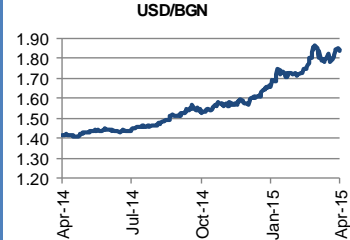
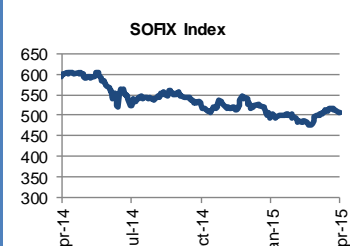
	Last	ΔDbps	ΔYTD bps
5-year	153	-3	-38
10-year	201	-4	-40

## STOCKS

	Last	ΔD	ΔYTD
SOFIX	507.2	0.14%	-2.85%

## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.8435	-0.42%	-12.31%



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

Data updated as of 18.20 EET of previous session

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