

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- April 6
 - Catholic Easter Monday
 - ISM non-manuf. (Mar)
- April 8
 - FOMC March 17-18 meeting minutes
 - Fed's Dudley speaks
- April 9: Initial jobless claims (Apr 4)

EUROZONE

- April 7: PMI services (f, Mar)

GREECE

- April 9
 - HICP/CPI (Mar)
 - Labour Force Survey (Jan)
 - Industrial Prod. (Feb)
- April 10: Good Friday

CYPRUS

- April 7: HICP (Mar)

SEE

BULGARIA

- April 6: 2018 T-Notes auction
- April 7: FX reserves (Mar)
- April 8
 - Industrial prod. (Feb)
 - Retail sales (Feb)
- April 9: U/E rate (Mar)

ROMANIA

- April 6: Net wages (Feb)
- April 7: GDP (Q4, f)
- April 9
 - Industrial prod. (Feb)
 - Trade balance (Feb)
 - RON 300mn T-Bonds auction
- April 7
 - CPI (Mar)
 - CAD (Feb)

SERBIA

- April 9: MPC meeting

Source: Reuters, Bloomberg, Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The two-day BoJ policy meeting concluded earlier today with the Central Bank keeping its monetary policy on hold on the view that rising wages and improving domestic economic activity will accelerate inflation toward its 2% target around this fiscal year ending March 2016. However, the prospect of further BoJ monetary easing ahead cannot be ruled out completely.

GREECE: Greece's Prime Minister Alexis Tsipras is scheduled to meet Russian President Vladimir Putin in Moscow later today. According to a statement issued by the Greek Premier's press office, talks will concentrate on several subjects of bilateral interest including commercial and financial cooperation, investments, energy, tourism and cooperation in matters of education and culture. In other news, the two-day Euro Working Group meeting starts later today to assess, among other, the progress that has been made so far in ongoing official discussions between Greece's negotiating team and the institutions' technocrats in an effort to prepare the ground for the next Eurogroup scheduled for April 24.

CYPRUS: Russian Agriculture Minister Nikolai Fyodorov reportedly said on Tuesday that the government is considering of lifting a ban on food imports from Greece, Cyprus and Hungary.

SOUTH EASTERN EUROPE

ROMANIA: According to final estimates, real GDP rose by 2.7%YoY in Q4 2014, a tad above a preliminary reading of +2.6%YoY, bringing the full-year increase to 2.8%. The later compares with a previously reported 2.9% rise and growth of 3.5% registered in 2013.

SERBIA: The Public Debt Administration sold on Tuesday RSD 5.422bn of the planned RSD 7.980bn amount in a re-tap of the March 17, 2016 T-bills, at an average accepted yield of 8.14%.

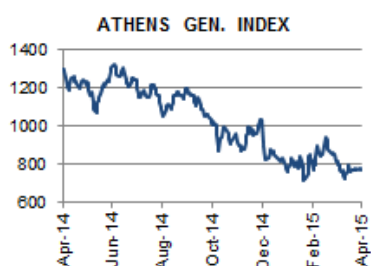
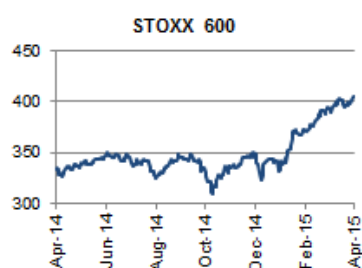
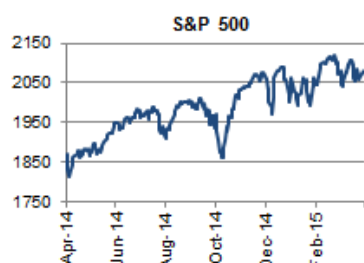
CESEE MARKETS: In line with the broadly positive trend in major European and Asian bourses on Wednesday, **emerging stock markets** extended their recent gains, while **CESEE currencies** broadly firmed in European trade. The upcoming release of the Fed's March 17-18 meeting minutes lures market attention today.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

The two-day BoJ policy meeting concluded earlier today with the Central Bank keeping its monetary policy on hold on the view that rising wages and improving domestic economic activity will accelerate inflation toward its 2% target around this fiscal year ending March 2016. However, the prospect of further BoJ monetary easing ahead cannot be ruled out completely. Speaking to international press earlier this week, Kozo Yamamoto, an economist and leading expert on monetary policy of Japan's ruling Liberal Democratic Party, was quoted as saying that the economy is at a standstill and prices are seen falling ahead leaving the Central bank with no other option than to ease monetary policy further at its next policy meeting on April 30. Expectations for further BoJ monetary easing ahead helped the majority of Asian bourses to move higher today while the JPY weakened. The USD/JPY was hovering around 119.85/90 on Wednesday in European trade at the time of writing, within distance from a multi-session peak near 120.45 touched in the prior session. Focus today is on the release of the minutes of the March FOMC meeting which may shed some light on the more dovish than expected tone of the accompanying policy statement.

GREECE

Greece's Prime Minister Alexis Tsipras is scheduled to meet Russian President Vladimir Putin in Moscow later today. According to a statement issued by the Greek Premier's press office, talks will concentrate on several subjects of bilateral interest including commercial and financial cooperation, investments, energy, tourism and cooperation in matters of education and culture. Meanwhile, Russian Finance Minister Anton Siluanov was quoted as saying in international newswires that Greece has not requested a loan and this issue will not be raised during the meeting. In other news, the two-day Euro Working Group meeting starts later today to assess, among other, the progress that has been made so far in ongoing official discussions between Greece's negotiating team and the institutions' technocrats in an effort to prepare the ground for the next Eurogroup scheduled for April 24. According to y-day's comments by Deputy Chief Spokesperson for the European Commission Alexander Winterstein, official talks are expected to "carry on for the next few days and weeks", echoing Eurogroup President Jeroen Dijsselbloem's remarks last week suggesting that a final agreement on the Greek list of reforms is still some way off.

ppetropoulou@eurobank.gr

CYPRUS

Russian Agriculture Minister Nikolai Fyodorov reportedly said on Tuesday that the government is considering of lifting a ban on food imports from Greece, Cyprus and Hungary. Recall that, Russia imposed a ban in agricultural products from EU, USA, Australia, Norway, Canada in August last year in response to a series of sanctions against the country in view of the ongoing geopolitical tensions with Ukraine. On the data front, HICP dropped by 1.4%YoY in March, following a 0.8% fall in the prior month, marking the highest rate of decline since January 2014 and the fourth consecutive month in the red.

gphoka@eurobank.gr

| CYPRUS: Indicators | 2013 | 2014e | 2015f |
|---------------------|------|-------|-------|
| Real GDP growth % | -5.4 | -2.3 | 0.4 |
| HICP (pa, yoy %) | 0.4 | -0.3 | 0.7 |
| Budget Balance/GDP | -4.7 | 0.4 | -1.2 |
| Current Account/GDP | -1.9 | -1.1 | -0.8 |

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

April 8, 2015

Latest world economic & market developments in the CESEE region

ROMANIA

| ROMANIA: Indicator: | 2013 | 2014e | 2015f |
|----------------------|------|---------|-------|
| Real GDP growth % | 3.5 | 2.9 | 2.7 |
| CPI (pa, yoy %) | 4.0 | 1.3 | 2.6 |
| Budget Balance/GDP * | -2.5 | -1.9 | -2.0 |
| Current Account/GDP | -1.1 | -1.2 | -0.5 |
| EUR/RON (eop) | 4.46 | 4.40 | |
| | 2014 | current | 2015f |
| Policy Rate (eop) | 2.75 | 2.25 | 2.00 |

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

| SERBIA: Indicators | 2013 | 2014e | 2015f |
|---------------------|--------|---------|--------|
| Real GDP growth % | -1.5 | -1.8 | -0.5 |
| CPI (pa, yoy %) | 7.8 | 2.0 | 3.5 |
| Budget Balance/GDP | -6.5 | -7.1 | -5.5 |
| Current Account/GDP | -6.1 | -6.1 | -6.0 |
| EUR/RSD (eop) | 114.60 | 120.96 | 125.00 |
| | 2014 | current | 2015f |
| Policy Rate (eop) | 8.00 | 7.50 | 7.50 |

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

According to final estimates, real GDP rose by 2.7%YoY in Q4 2014, a tad above a preliminary reading of +2.6%YoY, bringing the full-year increase to 2.8%. The later compares with a previously reported 2.9% rise and growth of 3.5% registered in 2013. Highlighting a rebalancing of the domestic economy from an export-oriented pattern towards domestic demand-led growth, final consumption rose by 4.6% last year, significantly outstripping near flat growth in FY2013. Notably, private expenditure provided the highest input in real GDP over the said period. On the other hand, the contribution from net exports was flat as exports growth of 8.1% marginally outpaced a concomitant 7.7% increase in imports. Looking into 2015, we anticipate real GDP to come in around last year's levels, with domestic demand likely to remain the main driver of growth. Higher real disposable income in an environment of low inflation and Central Bank monetary easing conditions is expected to favour consumption. On this basis, a revival in investments, both private and public, is likely, thanks to the continuing recovery in local currency lending, recently adopted economic stimulus measures (tax exemption on reinvested profits, reduction in social security contributions and lower tax on constructions) as well as enhanced EU funds absorption. It is also worth noting that Prime Minister Victor Ponta said on Tuesday that the government approved a series of tax cuts thanks to higher-than-expected budget revenues so far this year. Among other, these include a reduction on the VAT rate on all food products and food services to 9% from 24% before, scheduled to come into effect in June and a cut in the main VAT rate to 20% from 24% currently as of January 2016. The Prime Minister expressed belief that the IMF and the EU won't oppose the government's measures as long as they prove sustainable.

SERBIA

The Public Debt Administration sold on Tuesday RSD 5.422bn of the planned RSD 7.980bn amount in a re-tap of the March 17, 2016 T-bills. The auction produced an average accepted yield of 8.14% and the bid-to-cover ratio stood at 1.

CESEE MARKETS

In line with the broadly positive trend in major European and Asian bourses on Wednesday, **emerging stock markets** extended their recent gains. The MSCI Emerging Markets index rose by 1.2% at the time of writing having touched a 6 ½-month peak near 1,018 points earlier in the session. In the CESEE region, most stock indices firmed modestly, with Hungary's BUX leading the way higher, registering a 0.9% advance. Separately, **CESEE currencies** broadly firmed in European trade on Wednesday. The Turkish lira outperformed its regional peers trimming part of losses recorded yesterday against a backdrop of a stronger US dollar and mounting domestic political tensions. In more detail, the USD/TRY eased by ca 0.6% in Europe today to stand close to 2.5870, though within distance from a multi-session peak near 2.6040 hit on Tuesday. The upcoming release of the Fed's March 17-18 meeting minutes, due later today, is likely to set the direction for the Turkish currency in the coming days. With the overall tone likely to reinforce expectations for higher FOMC interest rates a retest of USD/TRY's y-day peak is possible ahead of more crucial support at 2.6225 (March 31, 2015 peak).

gphoka@eurobank.gr


Credit Ratings

| L-T ccy | 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

April 8, 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 | 2076.33 | -0.2% | 0.8% | EUR/USD | 1.0864 | 0.5% | -10.2% | UST - 10yr | 1.88 | -1 | -29 | GOLD | 1211 | 0.2% | 2.2% |
| Nikkei 225 | 19789.81 | 0.8% | 13.4% | GBP/USD | 1.4898 | 0.6% | -4.4% | Bund-10yr | 0.16 | -3 | -38 | BRENT CRUDE | 176 | 0.0% | 0.2% |
| STOXX 600 | 404.93 | 0.1% | 18.2% | USD/JPY | 119.87 | 0.3% | -0.2% | JGB - 10yr | 0.36 | 0 | 4 | LMEX | 2772 | 0.6% | -4.9% |

CESEE

SERBIA

Money Market

| BELIBOR | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| T/N | on | -1 | -407 |
| 1-week | 6.45 | -1 | -356 |
| 1-month | 7.13 | -3 | -292 |
| 3-month | 7.54 | -9 | -231 |
| 6-month | 7.88 | -7 | -191 |

RS Local Bonds

| | Last | ΔDbps | ΔYTD bps |
|--------|-------|-------|----------|
| 3Y RSD | 8.51 | -4 | -57 |
| 5Y RSD | 10.00 | -1 | -18 |
| 7Y RSD | 10.71 | 1 | -137 |

RS Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| USD Nov-17 | 3.60 | -1 | -66 |
| USD Nov-24 | 6.42 | -1 | -17 |

CDS

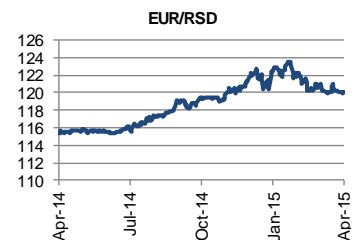
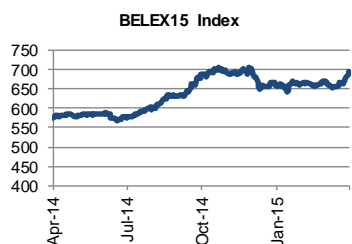
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 227 | -2 | -63 |
| 10-year | 281 | -3 | -75 |

STOCKS

| | Last | ΔD | ΔYTD |
|---------|-------|-------|-------|
| BELEX15 | 696.0 | 1.16% | 4.34% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|--------|-------|
| EUR/RSD | 120.03 | -0.04% | 1.10% |



ROMANIA

Money Market

| ROBOR | Last | ΔDbps | ΔYTD bps |
|----------|------|-------|----------|
| O/N | 1.5 | 0 | 93 |
| 1-month | 1.49 | 0 | 58 |
| 3-month | 1.46 | 0 | -24 |
| 6-month | 1.69 | 0 | -32 |
| 12-month | 1.71 | 0 | -31 |

RO Local Bonds

| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 3Y RON | 2.00 | -2 | -31 |
| 5Y RON | 2.28 | -1 | -43 |
| 10Y RON | 3.27 | -1 | -39 |

RO Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| EUR Sep-20 | 1.31 | -2 | -42 |
| USD Aug-23 | 3.29 | -4 | -32 |

CDS

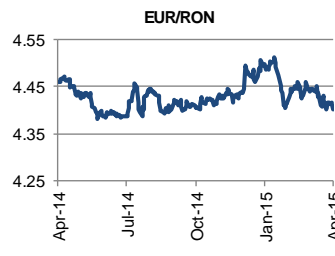
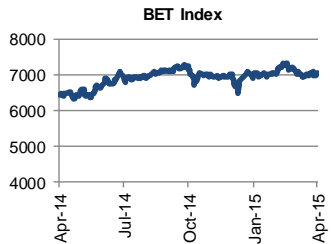
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 103 | 0 | -40 |
| 10-year | 147 | 0 | -40 |

STOCKS

| | Last | ΔD | ΔYTD |
|-----|--------|-------|--------|
| BET | 7043.9 | 0.19% | -0.55% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|-------|-------|
| EUR/RON | 4.4025 | 0.25% | 1.84% |



BULGARIA

Money Market

| SOFIBOR | Last | ΔDbps | ΔYTD bps |
|----------|------|-------|----------|
| LEONIA | 0.01 | 0 | -1 |
| 1-month | 0.17 | 0 | -5 |
| 3-month | 0.36 | 0 | -7 |
| 6-month | 0.70 | 0 | -9 |
| 12-month | 1.30 | 0 | -21 |

BG Local Bonds

| (yields) | Last | ΔDbps | ΔYTD bps |
|----------|------|-------|----------|
| 3Y BGN | 0.51 | -3 | -53 |
| 5Y BGN | 0.80 | -5 | -65 |
| 10Y BGN | 2.07 | #N/A | N/A |

BG Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| EUR Jul-17 | 0.75 | -2 | -41 |
| EUR Sep-24 | 2.26 | 5 | -61 |

CDS

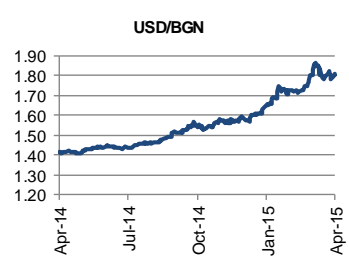
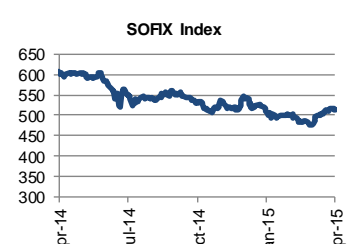
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 158 | -1 | -33 |
| 10-year | 207 | -1 | -34 |

STOCKS

| | Last | ΔD | ΔYTD |
|-------|-------|--------|--------|
| SOFIX | 514.8 | -0.05% | -1.41% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|-------|---------|
| USD/BGN | 1.8004 | 0.46% | -10.21% |



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

Data updated as of 11:00 EET

Contributors

Paraskevi Petropoulou
G10 Markets 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

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

Dorđe Lučić
Fixed Income Dealer, Eurobank a.d. Beograd
+381 11 2065891
djordje.lucic@eurobank.rs

Ivan Radović
Head, Brokerage, Eurobank ad Beograd
+381 11 30 27 533
Ivan.Radovic@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

Research Team

Anna Dimitriadou: Economic Analyst
andimitriadou@eurobank.gr, + 30 210 37 18 793

Ioannis Gkionis: Research Economist
igkionis@eurobank.gr + 30 210 3337305

Stylianos Gogos: Economic Analyst
sgogos@eurobank.gr + 30 210 3337004

Olga Kosma: Economic Analyst
okosma@eurobank.gr + 30 210 3337249

Arkadia Konstantopoulou: Research Assistant
arkonstantopoulou@eurobank.gr + 30 210 337037

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

Global Markets Sales

Nikos Laios: Head of Treasury Sales
nlaios@eurobank.gr, + 30 210 37 18 910

Alexandra Papathanasiou: Head of Institutional Sales
apapathanasiou@eurobank.gr, + 30 210 37 18 996

John Seimenis: Head of Corporate Sales
yseimenis@eurobank.gr, + 30 210 37 18 909

Achilleas Stogioglou: Head of Private Banking Sales
astogioglou@eurobank.gr, + 30 210 37 18 904

George Petrogiannis: Head of Shipping Sales
gpetrogiannis@eurobank.gr, + 30 210 37 18 915

Vassilis Gioulbaxiotis: Head Global Markets International
vgioulbaxiotis@eurobank.gr, + 30 210 37 18 995

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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