

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- June 22
 - Existing home sales (May)
- June 23
 - Durable goods (May)
 - New home sales (May)
 - PMI manufacturing (Jun, p)
- June 24: GDP (Q1, 3rd est.)
- June 25
 - Personal income (May)
 - Personal spend. (May)
 - Core PCE deflator (May)
 - Initial jobless claims (June 20)
 - PMI services & composite (Jun, p)
- June 26: UoM (Jun, f)

EUROZONE

- June 22: Consumer confidence (Jun, A)
- June 23: PMI (Jun, p)
- June 25-26: EU Summit

GREECE

- June 22
 - Eurogroup
 - Euro Summit
 - CAD (Apr)

SEE

BULGARIA

- June 26: Gross external debt (Apr)

ROMANIA

- June 22: 5.75% 2020 T-bonds auction
- June 25: 6.75% 2017 T-bonds auction

SERBIA

- June 22: June 17: Current account (Apr)
- June 24: Floating bonds auction
- June 25: Real gross wages (May)
- June 26: IMF to approve 1st review under SBA

Source: Reuters, Bloomberg, Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Global equity markets welcomed the latest reform proposal submitted by the Greek authorities as a positive step towards an agreement between Greece and the Institutions. In response Asian equities closed higher for the fourth consecutive session on Tuesday and European bourses extended a 3-session rising streak, while periphery government bonds rallied.

GREECE: On the negotiations front, the latest proposal of the Greek government to the Institutions – amounting reportedly to €8bn – was received positively by the Institutions, who, nevertheless, requested the proposal to be further elaborated.

SOUTH EASTERN EUROPE

BULGARIA: Speaking to local media, Bulgaria's finance minister said on Monday that Central Bank Governor Ivan Iskrov would resign this week, ahead of the expiry of his 6-year mandate due in October.

ROMANIA: The finance ministry sold yesterday the planned RON 300mn (€67mn) amount of 5.75% April 29, 2020 T-bonds, at an average accepted yield of 3.04%.

SERBIA: According to local media reports, finance minister Dusan Vujovic expressed optimism that the IMF will approve the first review of the country's 3-year €1.2bn Stand-By Arrangement (SBA) later in the week.

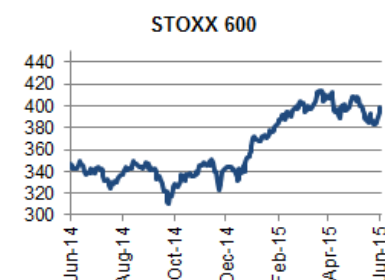
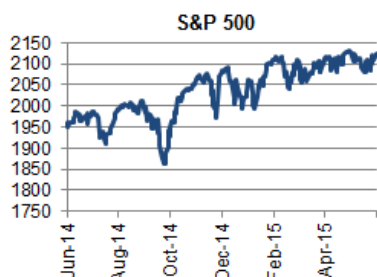
CESEE MARKETS: The majority of **emerging market assets** extended yesterday's gains in European trade on Tuesday amid optimism that a deal between Greece and the Institutions will eventually be reached. In **today's calendar**, Turkey's and Hungary's MPC meetings take centre stage.

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June 23, 2015

Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

GLOBAL MARKETS

Global equity markets welcomed the latest reform proposal submitted by the Greek authorities as a positive step towards an agreement between Greece and the Institutions. In response Asian equities closed higher for the fourth consecutive session on Tuesday, with the Nikkei index surging to new 15-year highs. In a similar tone, European bourses extended a 3-session rising streak, with the Stoxx Europe 600 Index touching three week highs earlier today, and periphery government bonds rallied. In FX markets, the euro failed to capitalize on investor optimism over upcoming developments in Greece, amid persisting expectations about monetary policy divergence between the Fed and the ECB. Against this backdrop, the EUR/USD fell to 1.1245/50 in early European trade at the time of writing, from levels around 1.1340 in the prior session's settlement, having hit a multi-session low near 1.1230 in Asian trade. The USD was stronger across the board, as US existing home sales increased more than expected in May, surging to near 6-year highs. As a result, the DXY index was hovering around 94.966 at the time of writing, 1.5% above its one-month trough of 93.563 on June 18, 2015.

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GREECE

On the negotiations front, the latest proposal of the Greek government to the Institutions – amounting reportedly to €8bn – was received positively by the Institutions, who, nevertheless, requested the proposal to be further elaborated. This development marks the beginning of intensive discussions with the aim to have the deal validated by the extraordinary Eurogroup on Wednesday. Once this happens, the agreement will have to be ratified by the Greek Parliament and, then, by certain European Parliaments. According to press reports, the revised proposals that were submitted by the Greek government to the Institutions provide, among others, for a number of changes in the social security system, including the partial abolishment of an early retirement scheme.

According to media reports, the ECB's Governing Council increased today, for the fourth time in less than a week, the ELA funding ceiling for Greek banks. In more detail, the latest increase, which is estimated to be a bit less than €1bn, brings the value of the ECB's ELA programme for Greece to around €89bn.

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June 23, 2015

Latest world economic & market developments in the CESEE region

BULGARIA

Speaking to local media, Bulgaria's finance minister said on Monday that Central Bank Governor Ivan Iskrov would resign this week, ahead of the expiry of his 6-year mandate due in October. The news follows weeks of media speculation that the incumbent governor will step down from his post, following last year's banking sector crisis. A BNB spokeswoman was quoted as saying to media that Mr. Iskrov "has not resigned and has not declared his intention to do so", refusing to comment further on the issue. There are four candidates for the said position, with senior IMF economist Dimitar Radev, backed by the government, currently being cited as a favorite by the media. Parliament will reportedly vote on the governor's successor in early July. Among the other candidates are financial expert on the board of the Deposit Insurance Fund Biser Manolov, former deputy economy minister Grigorii Vazov, and Bulgaria's representative at the IMF Victor Yotzov.

ROMANIA

The finance ministry sold yesterday the planned RON 300mn (€67mn) amount of 5.75% April 29, 2020 T-bonds, at an average accepted yield of 3.04%. The latter came in above a yield of 2.75% achieved at a prior auction of the same paper held in May, as government bond yields have moved broadly higher over the last few sessions, in line with a regional uptrend, amid mounting concerns over the Greek issue. The tender's bid to cover ratio stood at 3.09 on Monday.

SERBIA

According to local media reports, finance minister Dusan Vujovic expressed optimism that the IMF will approve the first review of the country's 3-year €1.2bn Stand-By Arrangement (SBA) later in the week. Recall that, the IMF had reached in May a staff-level agreement with domestic authorities on the set of policies needed to complete the programme's first review. The completion is subject to a final approval by the Fund's Management and the Executive Board expected on June 26, and will make about €146mn available for disbursement, though the government is unlikely to draw any of the SBA's available funds. In other news, Serbia is reportedly negotiating a €200mn loan with the EBRD aimed at overhauling the state-owned power utility Elektroprivreda Srbije (EPS). On the data front, the current account deficit narrowed by ca 94%YoY to €11mn in April, bringing the corresponding shortfall over the first four months of the year 31% lower on an annual basis to €458mn cumulatively. The aforementioned improvement in the January-April period came primarily on the back of a ca 27%YoY narrowing to €328mn in the primary income deficit and a 13%YoY rise in secondary income to €1,042mn. A 15%YoY advance in services exports to €1,250mn also favored.

CESEE MARKETS

The majority of **emerging market assets** extended yesterday's gains in European trade on Tuesday amid optimism that a deal between Greece and the Institutions will eventually be reached. In **today's calendar**, Turkey's and Hungary's MPC meetings take centre stage. With regards to the former, the Central Bank of Turkey is broadly anticipated to stay put on interest rates, maintaining the benchmark repurchase rate at 7.50%, as well as the overnight lending and borrowing rates at 10.75% and 7.25%, respectively. On the flipside, Hungary's MPC is broadly expected to deliver a 15bps cut on its key policy rate, which, if delivered, will push the 2-week deposit rate to a new record low of 1.50%. The accompanying statement will likely be closely scrutinized by market participants, for any hints about the MNB's monetary policy deliberations ahead.

BULGARIA: Indicators	2013	2014e	2015f
Real GDP growth %	1.1	1.7	1.8
CPI (pa, yoy %)	0.9	-1.4	-0.5
Budget Balance/GDP*	-1.8	-3.7	-3.0
Current Account/GDP	1.0	0.9	0.5
EUR/BGN (eop)	1.9558		
	current	2014	2015f
Policy Rate (eop)	N/A	N/A	N/A

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

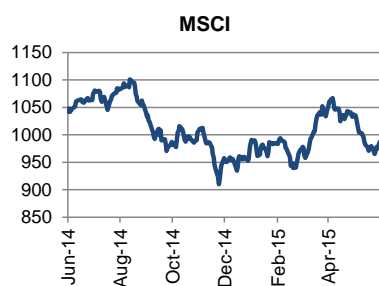
ROMANIA: Indicator	2013	2014e	2015f
Real GDP growth %	3.4	2.9	3.1
CPI (pa, yoy %)	4.0	1.1	0.3
Budget Balance/GDP*	-2.2	-1.9	-1.9
Current Account/GDP	-0.8	-0.4	-1.0
EUR/RON (eop)	4.46	4.40	4.45
	2014	current	2015f
Policy Rate (eop)	2.75	1.75	1.75

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

SERBIA: Indicators	2013	2014e	2015f
Real GDP growth %	2.6	-1.8	0.0
CPI (pa, yoy %)	7.9	2.2	3.0
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	123.00
	2014	current	2015f
Policy Rate (eop)	8.00	6.00	5.50

Source: Reuters, Bloomberg, Eurobank Research, National Authorities



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

June 23, 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	2122.85	0.6%	3.1%	EUR/USD	1.1244	-0.9%	-7.1%	UST - 10yr	2.37	-1	19	GOLD	1184	-0.2%	-0.1%
Nikkei 225	20809.42	1.9%	19.2%	GBP/USD	1.5795	-0.2%	1.4%	Bund-10yr	0.86	-2	32	BRENT CRUDE	184	0.0%	5.3%
STOXX 600	398.34	1.0%	16.3%	USD/JPY	123.65	-0.2%	-3.2%	JGB - 10yr	0.47	3	14	LMEX	2603	-0.2%	-10.7%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	450	-6	-541
1-week	4.80	-5	-521
1-month	5.27	-6	-478
3-month	5.81	4	-404
6-month	6.11	9	-368

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	6.16	0	-293
5Y RSD	8.32	0	-186
7Y RSD	8.75	-1	-333

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.52	-4	-74
USD Nov-24	6.44	-1	-15

CDS

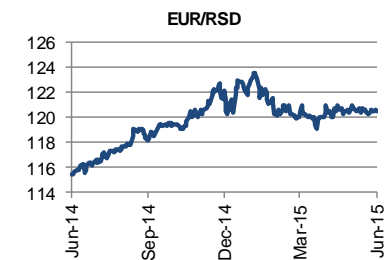
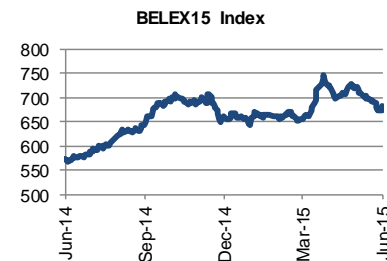
	Last	ΔDbps	ΔYTD bps
5-year	208	-1	-82
10-year	258	-1	-98

STOCKS

	Last	ΔD	ΔYTD
BELEX15	683.1	1.16%	2.41%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.66	0.00%	0.58%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.51	-7	-6
1-month	1.19	5	28
3-month	1.3	1	-40
6-month	1.55	-2	-46
12-month	1.63	0	-39

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	2.07	-1	-24
5Y RON	2.67	-3	-4
10Y RON	3.99	-6	33

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.71	-9	-2
USD Aug-23	3.73	2	11

CDS

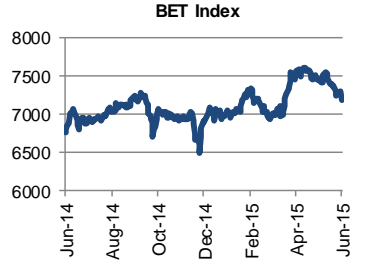
	Last	ΔDbps	ΔYTD bps
5-year	132	-1	-11
10-year	176	0	-11

STOCKS

	Last	ΔD	ΔYTD
BET	7192.5	-1.39%	1.55%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4807	0.17%	0.06%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.18	0	-3
3-month	0.35	0	-8
6-month	0.69	0	-11
12-month	1.27	0	-24

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.54	1	-50
5Y BGN	1.04	0	-40
10Y BGN	2.64	0	-11

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.89	0	-27
EUR Sep-24	3.11	64	24

CDS

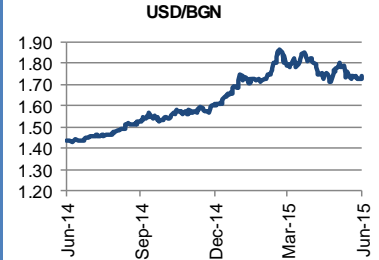
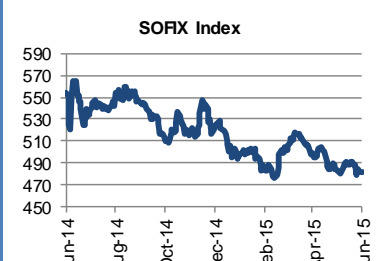
	Last	ΔDbps	ΔYTD bps
5-year	175	-1	-16
10-year	226	0	-15

STOCKS

	Last	ΔD	ΔYTD
SOFIX	481.3	-0.18%	-7.82%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7396	-0.86%	-7.08%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 12:30 EET

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