

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Friday, May 15, 2015

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL

#### US

- May 13: Retail sales (Apr)
- May 14: Initial jobless claims (May 9)
- May 15
  - Empire state manuf (May)
  - Industrial prod. (Apr)
  - UoM cons sent (May)

#### EUROZONE

- May 13: GDP (Q1, flash)

#### GREECE

- May 11
  - Industrial prod (Mar)
  - Eurogroup meeting
- May 12: IMF loan repayment (ca €760mn)
- May 15: GDP (Q1, A)

#### CYPRUS

- May 12: HICP (Apr)
- May 13: GDP (Q1, p)

#### SEE

##### BULGARIA

- May 11: T-bonds auction
- May 8
  - Retail sales (Mar)
  - Industrial production (Mar)

##### ROMANIA

- May 11
  - 3.25% 2018 T-bonds auction
  - Trade balance (Mar)
- May 12
  - CPI (Apr)
  - Industrial production (Mar)
- May 13: GDP (Q1, A)
- May 14: 4.75% 2019 T-bonds auction
- May 15: CAD (Mar)

##### SERBIA

- May 11: MPC meeting
- May 12: HICP (Apr)
- May 14: 8% 2017 T-bonds auction

Source: Reuters, Bloomberg, Eurobank  
Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Major US equity markets firmed overnight with the S&P 500 index closing at a new record high on the view that the Fed will not rush to raise interest rates. In FX markets, the US remained under pressure against most of its major currency peers with the DXY index standing c. 1.5% lower so far this week and down by c. 6.1% from a 12-yr peak of 100.39 hit in mid-March.

**GREECE:** Addressing a news conference y-day, government spokesman Gavriil Sakellaris was quoted saying that the Greek government will make sure that it will meet upcoming debt interest and amortization payments. The government official added that Greece may ask for an emergency Eurogroup at the end of the month on the view that an agreement with official creditors has to be sealed soon so as the country's liquidity needs are addressed.

### SOUTH EASTERN EUROPE

**BULGARIA:** Bulgaria's unemployment rate eased to 10.7% in April from 11.0% in March and 11.8% over the same month a year earlier.

**ROMANIA:** Romania's finance ministry sold at an auction on Thursday RON 207mn (equivalent to €46.5mn) of T-bonds that mature in June 2019 and bear a coupon of 4.75%.

**SERBIA:** Serbia's Public Debt Administration sold at an auction on Thursday the planned RSD 10bn (equivalent to €0.08bn) of May 2017 T-bonds carrying an annual coupon of 8%.

**CESEE MARKETS:** Trailing gains in major global bourses **emerging stock markets** moved broadly higher in European trade on Friday, on the perception that the Fed will not rush to raise interest rates soon. In a similar mode, **regional currencies** broadly firmed earlier today and **government bonds** retained a firm tone following yesterday's recovery.

## DISCLAIMER

This document has been issued by Eurobank Ergasias S.A. (Eurobank) and may not be reproduced in any manner. The information provided has been obtained from sources believed to be reliable but has not been verified by Eurobank and the opinions expressed are exclusively of their author. This information does not constitute an investment advice or any other advice or an offer to buy or sell or a solicitation of an offer to buy or sell or an offer or a solicitation to execute transactions on the financial instruments mentioned. The investments discussed may be unsuitable for investors, depending on their specific investment objectives, their needs, their investment experience and financial position. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions, all of which are subject to change without notice. No responsibility or liability, whatsoever or howsoever arising, is accepted in relation to the contents thereof by Eurobank or any of its directors, officers and employees.

## Latest world economic & market developments

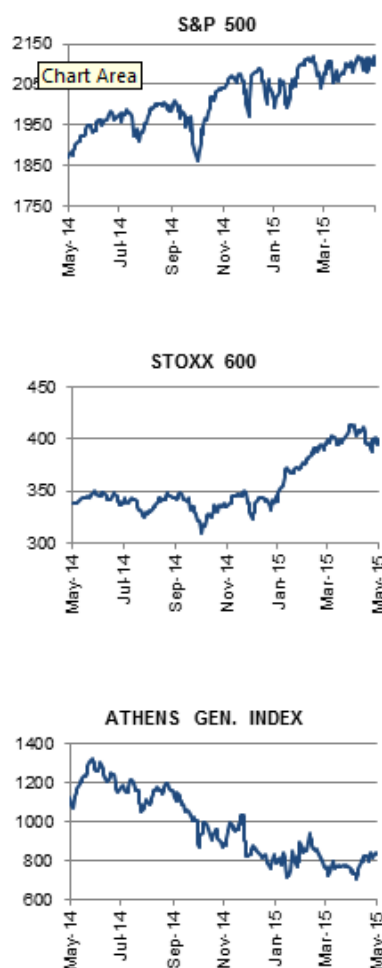
### GLOBAL MARKETS

Major US equity markets firmed overnight with the S&P 500 index closing at a new record high on the view that the Fed will not rush to raise interest rates. US initial jobless claims for the week ended May 9 dropped by 1,000 to a seasonally adjusted 264,000, within distance from a 15-year low reached two weeks ago. However, inflation pressures remain subdued with the April headline PPI dropping by 1.3%YoY, the biggest decline in near five years. Along these lines, the majority of European bourses opened higher earlier today with investors awaiting a bulk of key US data releases later today including April industrial production and the University of Michigan consumer confidence indicator for May. Weaker-than-expected US PPI data also favored US Treasuries with the 10-yr bond yield standing close to 2.19% in European trade on Thursday after ending slightly above 2.30% y-day. A well received 30-yr US Treasury bond auction also helped. In FX markets, the US remained under pressure against most of its major currency peers with the DXY index hovering around 93.377 at the time of writing, c. 1.5% lower so far this week and down by c. 6.1% from a 12-yr peak of 100.39 hit in mid-March.

### GREECE

According to local press reports, official discussions at the technical level between the Greek authorities and the institutions resumed y-day and are expected to intensify over the coming sessions. Addressing a news conference y-day, government spokesman Gavriil Sakellaris was quoted saying that the Greek government will make sure that it will meet upcoming debt interest and amortization payments. The government official added that Greece may ask for an emergency Eurogroup at the end of the month on the view that an agreement with official creditors has to be sealed soon so as the country's liquidity needs are addressed. / Speaking in an informal meeting of the IMF Executive Board y-day on the state of official negotiations between the Greek side and the institutions, Poul Thomsen, Director of the IMF's European Department, stressed that the two sides have come closer to a compromise on a number of issues noting though that several contentious issues persist including the social security and labor market reform. The IMF official stated that the Fund is willing to accept a general government primary surplus target for this year lower than the 3%-of-GDP envisaged in the 2nd bailout program noting though that the IMF will not make further loan disbursements to Greece until a comprehensive agreement is reached on the full range of issues in the context of the current review.

[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)



Source: Reuters, Bloomberg, Eurobank Research

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

### BULGARIA

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		
	<b>current</b>	<b>2014</b>	<b>2015f</b>
Policy Rate (eop)	N/A	N/A	N/A

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

Bulgaria's unemployment rate eased to 10.7% in April from 11.0% in March and 11.8% over the same month a year earlier. The unemployment rate is likely to remain in double digit figures this year in view of weak domestic demand dynamics.

### 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	
	<b>2014</b>	<b>current</b>	<b>2015f</b>
Policy Rate (eop)	2.75	2.00	2.00

\* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

Romania's finance ministry sold at an auction on Thursday RON 207mn (equivalent to €46.5mn) of T-bonds that mature in June 2019 and bear a coupon of 4.75%. The auction produced an average accepted yield of 2.61% above 2.33% achieved at a prior auction of same maturity paper held in late April. Despite a bid-to-cover ratio of 2.35, the amount allotted was below initial government plans for a sale of RON 400mn, in view of the recent rise in government bond yields in core European and US markets as well as domestically.

### SERBIA

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	-6.0	-4.7
EUR/RSD (eop)	114.60	120.96	125.00
	<b>2014</b>	<b>current</b>	<b>2015f</b>
Policy Rate (eop)	8.00	6.50	6.00

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

Serbia's Public Debt Administration sold at an auction on Thursday the planned RSD 10bn (equivalent to €0.08bn) of May 2017 T-bonds carrying an annual coupon of 8%. The auction produced an average accepted yield of 7.2%, well below 8.63% achieved at a prior auction of similar maturity paper held in early April. The bid-to-cover ratio stood at 2.96.

### CESEE MARKETS

Trailing gains in major global bourses **emerging stock markets** moved broadly higher in European trade on Friday, on the perception that the Fed will not rush to raise interest rates soon. In more detail, the broad MSCI index was poised to end the week in the black as expectations for the inception of the FOMC's rate-hiking cycle have been somewhat pushed back of late following recent downbeat macroeconomic data releases from the US.

In a similar mode, **regional currencies** broadly firmed earlier today and **government bonds** retained a firm tone following yesterday's recovery. With recent upbeat GDP data for Q1 still in investors' ears, the Romanian leu led the gains in the region with the EUR/RON sliding to a multi-session low of 4.4305 in European trade easing further below a 4-month peak of 4.4665 hit early this week. Likewise, the Polish zloty and the Hungarian forint inched up ca 0.3% and 0.1% respectively against the euro to hover around levels of 4.05 and 305.70 at the time of writing.

[gphoka@eurobank.gr](mailto: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-

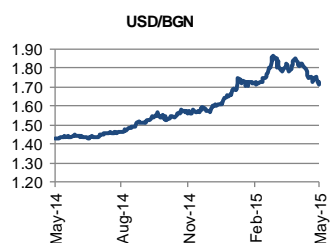
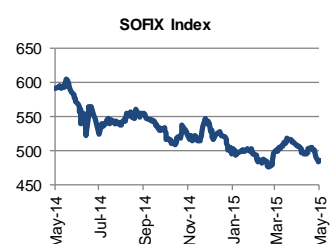
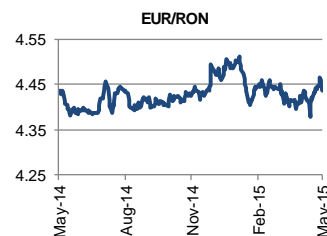
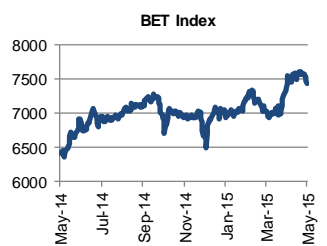
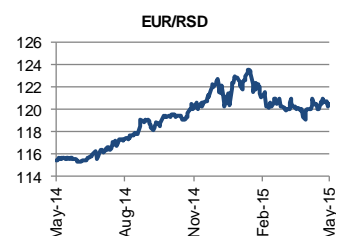
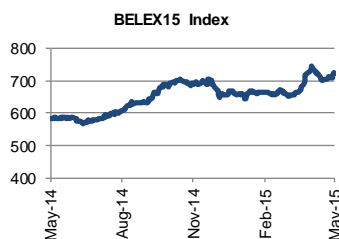
Source: IMF, EC, Reuters, Bloomberg, National Authorities, Eurobank Research

## 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	2121.10	1.1%	3.0%	EUR/USD	1.1357	-0.5%	-6.1%	UST - 10yr	2.19	-4	2	GOLD	1219	-0.1%	2.9%
Nikkei 225	19732.92	0.8%	13.1%	GBP/USD	1.5738	-0.2%	1.0%	Bund-10yr	0.64	-6	10	BRENT CRUDE	176	0.0%	0.2%
STOXX 600	400.21	0.6%	16.8%	USD/JPY	119.52	-0.3%	0.1%	JGB - 10yr	0.40	-5	8	LMEX	2913	-0.4%	-0.1%

## CESEE MARKETS

SERBIA				ROMANIA				BULGARIA			
Money Market				Money Market				Money Market			
<b>BELIBOR</b>	Last	ΔDbps	ΔYTD bps	<b>ROBOR</b>	Last	ΔDbps	ΔYTD bps	<b>SOFIBOR</b>	Last	ΔDbps	ΔYTD bps
T/N	510	-6	-481	O/N	0.67	-3	10	LEONIA	0.02	0	0
1-week	5.52	-9	-449	1-month	1.22	-1	31	1-month	0.16	0	-5
1-month	6.04	-11	-401	3-month	1.34	-2	-36	3-month	0.34	0	-9
3-month	6.51	-15	-334	6-month	1.56	-2	-45	6-month	0.67	0	-13
6-month	7.02	-12	-277	12-month	1.6	-2	-42	12-month	1.27	0	-24
RS Local Bonds				RO Local Bonds				BG Local Bonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps	(yields)	Last	ΔDbps	ΔYTD bps
3Y RSD	8.25	0	-83	3Y RON	2.02	-1	-29	3Y BGN	0.52	0	-52
5Y RSD	9.27	4	-91	5Y RON	2.61	2	-10	5Y BGN	0.80	-1	-64
7Y RSD	9.79	0	-229	10Y RON	3.62	-2	-4	10Y BGN	2.15	0	-60
RS Eurobonds				RO Eurobonds				BG Eurobonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
USD Nov-17	3.65	-3	-61	EUR Sep-20	1.63	-2	-10	EUR Jul-17	0.77	9	-39
USD Nov-24	6.45	-1	-14	USD Aug-23	3.66	-8	4	EUR Sep-24	2.45	97	-42
CDS				CDS				CDS			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
5-year	234	0	-56	5-year	115	-3	-28	5-year	164	-1	-26
10-year	286	0	-70	10-year	161	-4	-26	10-year	215	-1	-25
STOCKS				STOCKS				STOCKS			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
BELEX15	720.1	-0.53%	7.96%	BET	7431.8	-0.55%	4.92%	SOFIX	484.9	0.16%	-7.12%
FOREX				FOREX				FOREX			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
EUR/RSD	120.50	-0.08%	0.71%	EUR/RON	4.4376	0.30%	1.03%	USD/BGN	1.7221	-0.46%	-6.13%



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

Data updated as of 11.45 EET

**Contributors**

**Paraskevi Petropoulou**  
G10 Markets Analyst, Eurobank Ergasias  
+30 210 3718991  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Galatia Phoka**  
Research Economist, Eurobank Ergasias  
+30 210 3718922  
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr)

**Ioannis Gkionis (Special Contributor)**  
Research Economist, Eurobank Ergasias  
+30 210 3337305  
[IGKIONIS@eurobank.gr](mailto:IGKIONIS@eurobank.gr)

**Regional Contributors**

**Vessela Boteva**  
Expert, trading desk, Eurobank Bulgaria  
+359 (2) 8166 491  
[vboteva@postbank.bg](mailto:vboteva@postbank.bg)

**Zoran Korac**  
FX dealer, Eurobank ad Beograd  
+381 11 206 5821  
[zoran.korac@eurobank.rs](mailto:zoran.korac@eurobank.rs)

**Đorđe Lučić**  
Fixed Income Dealer, Eurobank a.d. Beograd  
+381 11 2065891  
[djordje.lucic@eurobank.rs](mailto:djordje.lucic@eurobank.rs)

**Ivan Radović**  
Head, Brokerage, Eurobank ad Beograd  
+381 11 30 27 533  
[Ivan.Radovic@eurobank.rs](mailto:Ivan.Radovic@eurobank.rs)

**Bogdan Radulescu, CFA**  
Senior Trader, Bancpost  
+40 21 3656291  
[bogdan.radulescu@bancpost.ro](mailto:bogdan.radulescu@bancpost.ro)

**Eurobank Economic Analysis and Financial Markets Research**

**Dr. Platon Monokroussos: Group Chief Economist**  
[pmonokroussos@eurobank.gr](mailto:pmonokroussos@eurobank.gr), + 30 210 37 18 903

**Research Team**

**Anna Dimitriadou: Economic Analyst**  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr), + 30 210 37 18 793

**Ioannis Gkionis: Research Economist**  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr), + 30 210 33 71 225

**Stylianios Gogos: Economic Analyst**  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr), + 30 210 33 71 226

**Olga Kosma: Economic Analyst**  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr), + 30 210 33 71 227

**Arkadia Konstantopoulou: Research Assistant**  
[arkonstantopoulou@eurobank.gr](mailto:arkonstantopoulou@eurobank.gr), + 30 210 33 71 224

**Paraskevi Petropoulou: G10 Markets Analyst**  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr), + 30 210 37 18 991

**Galatia Phoka: Research Economist**  
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr), + 30 210 37 18 922

**Theodoros Stamatiou: Senior Economist**  
[tstamatiou@eurobank.gr](mailto:tstamatiou@eurobank.gr), + 30 210 33 71 228

**Global Markets Sales**

**Nikos Laios: Head of Treasury Sales**  
[nlaios@eurobank.gr](mailto:nlaios@eurobank.gr), + 30 210 37 18 910

**Alexandra Papathanasiou: Head of Institutional Sales**  
[apapathanasiou@eurobank.gr](mailto:apapathanasiou@eurobank.gr), + 30 210 37 18 996

**John Seimenis: Head of Corporate Sales**  
[yseimenis@eurobank.gr](mailto:yseimenis@eurobank.gr), + 30 210 37 18 909

**Achilleas Stogioglou: Head of Private Banking Sales**  
[astogioglou@eurobank.gr](mailto:astogioglou@eurobank.gr), + 30 210 37 18 904

**George Petrogiannis: Head of Shipping Sales**  
[gpetrogiannis@eurobank.gr](mailto:gpetrogiannis@eurobank.gr), + 30 210 37 18 915

**Vassilis Gioulbaxiotis: Head Global Markets International**  
[vgioulbaxiotis@eurobank.gr](mailto: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](mailto:EurobankGlobalMarketsResearch@eurobank.gr)

**Eurobank Economic Analysis and Financial Markets Research**

More research editions available at <http://www.eurobank.gr/research>

- **Daily Overview of Global markets & the SEE Region:** Daily overview of key macro & market developments in Greece, regional economies & global markets
- **Greece Macro Monitor:** Periodic publication on the latest economic & market developments in Greece
- **Regional Economics & Market Strategy Monthly:** Monthly edition on economic & market developments in the region
- **Global Economy & Markets Monthly:** Monthly review of the international economy and financial markets

Subscribe electronically at <http://www.eurobank.gr/research>

