



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Friday, May 29, 2015

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

- May 27-29: G7 finance ministers and central bank governors meeting

US

- May 26
 - Durable goods (Apr)
 - CB consumer sentiment (May)
 - New home sales (Apr)
- May 28
 - Initial jobless claims (May 23)
 - Pending home sales (Apr)
- May 29
 - GDP (Q1, 2nd est.)
 - Chicago PMI (May)
 - UoM consumer confidence (May)

GREECE

- May 28
 - Greek PM Tsipras and Eurogroup's Dijsselbloem attend EU parliament's political leaders meeting
 - Deposits/Credit (Apr)
- May 29
 - GDP (Q1, p)
 - Retail sales (Mar)

CYPRUS

- May 25: Retail sales (Mar)
- May 28: Industrial production (Mar)
- May 29: Tourism revenues (Mar)

SEE

BULGARIA

- May 25: T-bonds auction
- May 28: External debt (Mar)
- May 29: Budget (Apr)

SERBIA

- May 25: Real gross wages (Apr)
- May 29
 - Industrial prod (Apr)
 - Trade balance (Apr)
 - Retail sales (Apr)
 - GDP (Q1, f)

Source: Reuters, Bloomberg, Eurobank
Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GREECE: In their teleconference y-day, Euro Working Group (EWG) members reportedly warned Greece's representatives that a comprehensive agreement with official creditors has to be reached by the end of next week so as to ensure that the pending loan tranche will be disbursed by the end of June. On the data front, the Economic Sentiment Indicator for Greece dropped in May for the sixth month in a row coming in at 91.4, the lowest since December 2013, from 92.7 in the prior month.

CYPRUS: The Economic Sentiment Index (ESI) eased to 103.4 in May down from 107.3 in April.

SOUTH EASTERN EUROPE

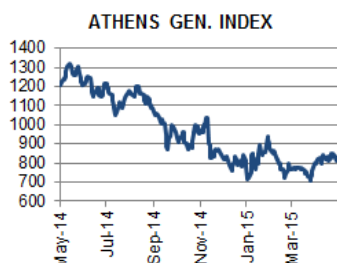
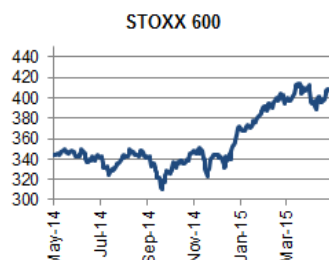
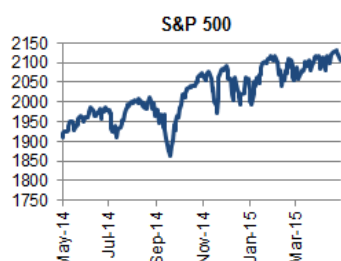
BULGARIA: The Economic Sentiment Index (ESI) improved to 104.4 in May for a second consecutive month.

ROMANIA: The Economic Sentiment Index (ESI) edged further up to 103.2 in May from 103.0 in April.

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Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

GREECE

In their teleconference y-day, Euro Working Group (EWG) members reportedly warned Greece's representatives that a comprehensive agreement with official creditors has to be reached by the end of next week so as to ensure that the pending loan tranche will be disbursed by the end of June. As per the same sources, this is needed so as to allow for the required time for the approval of a potential staff level agreement between the two sides by the next EWG meeting on June 11 and then by the Eurogroup on June 18 before several EU Parliaments - where applicable - complete the necessary national procedures ahead of the summer recess. Meanwhile, IMF Managing Director was quoted as saying in an international newspaper that it is "very unlikely" a comprehensive agreement to be sealed in the new few days adding that a Greek exit from the euro zone was "possible" and noted that this would not mark the end of the single currency. On the data front, the Economic Sentiment Indicator for Greece dropped in May for the sixth month in a row coming in at 91.4, the lowest since December 2013, from 92.7 in the prior month. The breakdown of the report showed that the May decline was attributed to the Services Confidence Indicator and the Consumer Confidence Indicator, which both dropped to fresh multi-month lows.

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CYPRUS

The Economic Sentiment Index (ESI) eased by 3.5 points to 103.4 in May down from 107.3 in April vs. 101.7 in last January but still running above the long-term average. The deterioration of expectations was broad based in most sectors, with industry and services registering the biggest declines. In contrast, consumer confidence climbed for a second consecutive month in May an illustration of the improved households' economic and financial expectations. Industrial production expanded by +1.7% on a yearly basis in March up from -1.8% in February, bringing the overall contraction at -0.5% on a yearly basis in Q1-2015 down from -1.5% in Q1-2014.

Elsewhere, according to the preliminary budget execution data the general government registered a deficit of -0.2% of GDP in the first four months of the year compared to a +0.7% of GDP surplus recorded in the corresponding period of 2014. However, the reading of the same period last year includes the dividends from the Central Bank and the Port Authority disbursed in April 2014. Excluding those dividends, the general government would have recorded a -0.4% of GDP deficit in Jan-April 2014.

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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	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

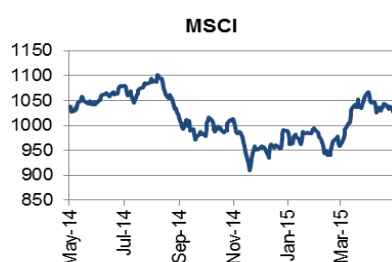
ROMANIA: Indicators	2013	2014e	2015f
Real GDP growth %	3.4	2.9	3.1
CPI (pa, yoy %)	4.0	1.1	0.3
Budget Balance/GDP*	-2.2	-1.9	-1.9
Current Account/GDP	-0.8	-0.4	-1.0
EUR/RON (eop)	4.46	4.40	4.45
	2014	current	2015f
Policy Rate (eop)	2.75	1.75	1.75

* 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	6.50	6.00

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

BULGARIA

The Economic Sentiment Index (ESI) improved further in May for a second consecutive month. The headline indicator is now at 104.4 up from 100.5 at the end of last year, and its previous twelve month high at 104.1 in May 2014. The improvement in sentiment and high frequency data coupled with the first quarter GDP data release vindicates our view that growth would gain momentum in 2015 instead of slowing down.

Meanwhile, the gross external debt amounted to €39.3bn or 92.3% of projected GDP at end-March 2015, decreasing by €386.9mn from end-December 2014 (EUR 39.8 bn, 94.7% of GDP). On a year-on-year basis, gross external debt increased by €2.2bn (+6% yoy) from March 2014 (€ 37.2 bn, 88.5% of GDP). The annual dynamics were dominated by the hefty increase of the general government sector denominated debt by €2.9bn. In addition, intercompany lending increased by €140mn while banking and other sectors decreased by €705mn and €200mn respectively.

ROMANIA

The Economic Sentiment Index (ESI) edged further up to 103.2 in May from 103.0 in April vs. 101.8 in last December. The headline index has been climbing for an eighth month in a row, reaching a new post-Lehman period high in May. Looking at the break down of the survey, the strong performance of the headline index was supported by a further improvement in consumer sentiment and the upbeat picture of industry. The reading is consistent with the strong GDP growth numbers of the first quarter (+1.6%QoQ/+4.3%YoY in Q1-2015 up from +1%QoQ/+2.7%YoY in Q4-2014) and in line with the picture of the high-frequency indicators analysis that consumer spending has taken over as the leading growth driver.

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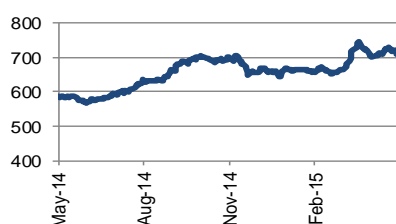
GLOBAL MARKETS

Stock markets				FOREX				Government Bonds				Commodities			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD	(yields)	Last	ΔDbps	ΔYTD bps		Last	ΔD	ΔYTD
S&P 500	2120.79	-0.1%	3.0%	EUR/USD	1.0931	-0.2%	-9.6%	UST - 10yr	2.13	-1	-4	GOLD	1188	0.0%	0.3%
Nikkei 225	20563.15	0.1%	17.8%	GBP/USD	1.529	-0.1%	-1.8%	Bund-10yr	0.51	-2	-3	BRENT CRUDE	184	0.0%	5.3%
STOXX 600	406.83	-0.5%	18.8%	USD/JPY	123.99	0.0%	-3.5%	JGB - 10yr	0.40	-1	7	LMEX	2779	0.8%	-4.7%

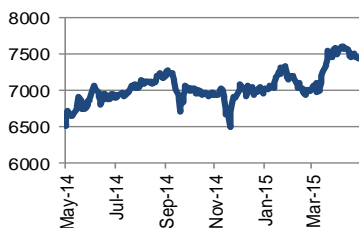
CESEE MARKETS

SERBIA				ROMANIA				BULGARIA			
Money Market				Money Market				Money Market			
BELIBOR	Last	ΔDbps	ΔYTD bps	ROBOR	Last	ΔDbps	ΔYTD bps	SOFIBOR	Last	ΔDbps	ΔYTD bps
T/N	508	-2	-483	O/N	0.67	0	10	LEONIA	0.02	0	0
1-week	5.45	0	-456	1-month	1.07	0	16	1-month	0.17	0	-5
1-month	5.97	3	-408	3-month	1.25	0	-45	3-month	0.34	0	-9
3-month	6.44	7	-341	6-month	1.5	0	-51	6-month	0.67	0	-13
6-month	6.90	5	-289	12-month	1.56	0	-46	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	7.34	0	-174	3Y RON	1.92	0	-39	3Y BGN	0.48	0	-56
5Y RSD	9.27	-1	-91	5Y RON	2.47	-1	-24	5Y BGN	0.82	0	-63
7Y RSD	9.21	3	-286	10Y RON	3.49	0	-17	10Y BGN	2.19	0	-56
RS Eurobonds				RO Eurobonds				BG Eurobonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
USD Nov-17	3.55	-1	-71	EUR Sep-20	1.58	-1	-15	EUR Jul-17	0.85	0	-31
USD Nov-24	6.43	0	-16	USD Aug-23	3.53	-4	-9	EUR Sep-24	2.45	58	-42
CDS				CDS				CDS			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
5-year	209	2	-81	5-year	116	0	-27	5-year	170	0	-21
10-year	248	0	-108	10-year	164	1	-23	10-year	219	-1	-22
STOCKS				STOCKS				STOCKS			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
BELEX15	711.1	0.17%	6.61%	BET	7389.6	-0.46%	4.33%	SOFIX	479.8	-0.13%	-8.10%
FOREX				FOREX				FOREX			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
EUR/RSD	120.65	-0.04%	0.58%	EUR/RON	4.4435	0.02%	0.90%	USD/BGN	1.7892	-0.16%	-9.65%

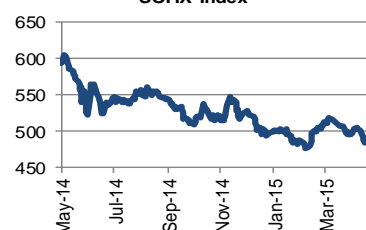
BELEX15 Index



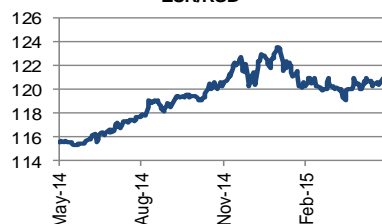
BET Index



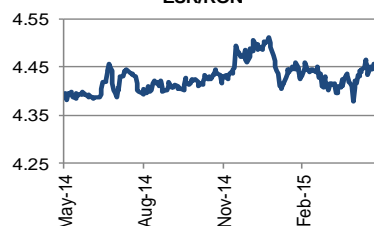
SOFIX Index



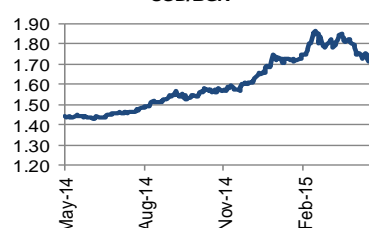
EUR/RSD



EUR/RON



USD/BGN



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

Data updated as of 10:00 EET

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