

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Wednesday, April 22, 2015

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL US

- April 21: Existing homes sales (Mar)
- April 23
  - Initial jobless claims (Apr 18)
  - New homes sales (Mar)
- April 24: Durable goods orders (Mar)

### EUROZONE

- April 21: DE: ZEW (Apr)
- April 23: PMI (Apr)
- April 24:
  - DE: Ifo (Apr)
  - Eurogroup meeting

### GREECE

- April 20
  - Turnover Index in industry (Feb)
  - CAD (Feb)

### CYPRUS

- April 24: Fitch credit rating review

### SEE BULGARIA

- April 20: 2.3% 2025 T-Bonds auction

### ROMANIA

- April 20: RON 200mn T-Bonds 2021 auction
- April 23: RON 400mn T-Bonds auction
- April 24: Fitch credit rating review

### SERBIA

- April 22: 3.5% T-Bonds auction
- April 23: 3-year 10% T-Notes auction
- April 24: Real gross wages (Mar)

Source: Reuters, Bloomberg, Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Mirroring the positive tone in Asia today, the majority of European bourses retained a firm tone in early trade supported by the recent decision of the People's Bank of China (PBoC) to cut banks' reserve requirements for the second time in the last couple of months. In FX markets, major currency crosses consolidated in early European trade.

**GREECE:** The Euro Working Group will convene later today to prepare the ground for Friday's Eurogroup where euro area finance ministers will reportedly take stock of the progress of negotiations between the Greek government and the Institutions. Speaking to reporters y-day, European Commission President Jean-Claude Juncker said that while official discussions between the two sides have accelerated in the past few days, they have not advanced yet enough for a final agreement to be reached soon.

**CYPRUS:** According to data released by Eurostat on Tuesday, Cyprus's general government deficit came in at 8.8% of GDP in 2014, well in excess of the 3% of GDP Maastricht criterion.

### SOUTH EASTERN EUROPE

**ROMANIA:** According to data released by Eurostat on Tuesday, Bulgaria's general government deficit (based on the ESA 2010 system of national accounts) widened to 2.8% of GDP in 2014 from a shortfall of 0.9% of GDP a year earlier, though remaining below the 3% of GDP Maastricht criterion.

**ROMANIA:** According to data released by Eurostat on Tuesday, Romania's general government deficit (based on the ESA 2010 system of national accounts) narrowed to 1.5% of GDP in 2014 from a 2.2% of GDP shortfall in the prior year, remaining below the 3% of GDP Maastricht criterion.

**SERBIA:** Speaking to the press on the sidelines of a meeting with European Commissioner for Neighbourhood Policy and Enlargement Negotiations Johannes Hahn on Tuesday, Prime Minister Aleksandar Vucic expressed belief that negotiating chapters of the country's EU accession will be opened in June adding that Serbia will complete in the coming days an action plan for two of the 35 Chapters, namely, Chapters 23 and 24.

**CESEE MARKETS:** Taking their cue from gains in European stock markets, **emerging bourses** resumed their uptrend on Tuesday snapping a 2-session losing streak. On the flipside, **CESEE currencies** and **government bonds** were mixed.

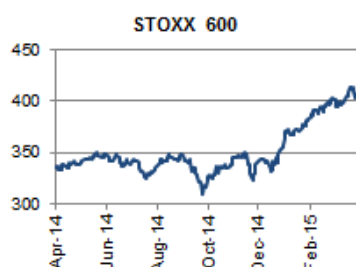
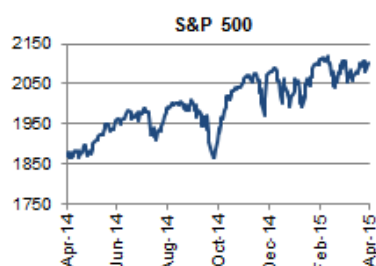
## DISCLAIMER

This report has been issued by Eurobank Ergasias S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees.

Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.

## Latest world economic & market developments

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Mirroring the positive tone in Asia today, the majority of European bourses retained a firm tone in early trade supported by the recent decision of the People's Bank of China (PBoC) to cut banks' reserve requirements for the second time in the last couple of months. The prevailing market view that the Fed will not probably rush to embark on a rate tightening cycle and comments by ECB President Mario Draghi last week that QE tapering talk is premature, also continued to favor. In FX markets, major currency crosses consolidated with the EUR/USD hovering around 1.0765/70 in European trade at the time of writing, remaining trapped within the 1.0500-1.0100 range we have been witnessing since early last month. Market uncertainty over official negotiations between Greece and the Institutions continues to affect invest sentiment towards the EUR, limiting the potential impact of euro area positive data releases. On the other hand, investors are awaiting clear evidence that the US Q1 economic soft patch was due to one-off factors and the growth is likely to improve in the coming months. Looking ahead, range trading will likely prevail in the sessions ahead before we see a clear break in either side of the 1.0500/1.1000 range.

### GREECE

The Euro Working Group will convene later today to prepare the ground for Friday's Eurogroup where euro area finance ministers will reportedly take stock of the progress of negotiations between the Greek government and the Institutions. Speaking to reporters y-day, European Commission President Jean-Claude Juncker said that while official discussions between the two sides have accelerated in the past few days, they have not advanced yet enough for a final agreement to be reached soon. On the issue, Greece's Minister of Finance Yanis Varoufakis told reporters y-day that there is "clear convergence" between domestic authorities and the representatives of the Institutions adding though that this does not mean that an agreement will be sealed at this week's Eurogroup. / According to several press reports, the ECB is examining ways of potentially reducing the supply of liquidity provided to Greek banks by increasing the haircut imposed on the collateral they pledge at ELA in exchange for cash. As per the same sources, the issue has not been formally discussed by the Governing Council but it may be considered should Greece fail to quickly seal an agreement with the Institutions. / Greek Prime Minister Alexis Tsipras is scheduled to meet German Chancellor Angela Merkel on the sidelines of an emergency EU Summit that will take place in Brussels on Thursday where the sole issue of discussion will be the mounting migration crisis in Europe and particularly the Mediterranean.

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

### CYPRUS

According to data released by Eurostat on Tuesday, Cyprus's general government deficit came in at 8.8% of GDP in 2014, well in excess of the 3% of GDP Maastricht criterion. The aforementioned figure marked the highest shortfall in the EU, which registered an average deficit of 2.9% of GDP over the same period, and compares to a 4.9% of GDP deficit recorded in 2013. Public debt also deteriorated in 2014. As a percentage of GDP, it rose to 107.5% last year from 102.2% in 2013 and 66% in 2011. Notwithstanding the aforementioned, it is worth noting that the above figures are based on the ESA 2010 system of national accounts and include one off items, such as the recapitalization cost of Cypriot cooperative banks. On a cash basis, government finances actually improved last year, with the central government balance swinging into a surplus of 0.41% of GDP from a 5.15% of GDP shortfall in the prior year.

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

CYPRUS: Indicators	2013	2014e	2015f
Real GDP growth %	-5.4	-2.8	0.4
HICP (pa, yoy %)	0.4	-1.4	0.7
Budget Balance/GDP	-4.9	-3.0	-3.0
Current Account/GDP	-1.9	-1.1	-0.8

Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

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

### BULGARIA

According to data released by Eurostat on Tuesday, Bulgaria's general government deficit (based on the ESA 2010 system of national accounts) widened to 2.8% of GDP in 2014 from a shortfall of 0.9% of GDP a year earlier, though remaining below the 3% of GDP Maastricht criterion. A worsening was also evidenced in public debt which rose to 27.6% of GDP last year from 18.3% of GDP in 2013, yet marking the third lowest reading in EU and coming in well below an EU average of 86.8% of GDP.

### ROMANIA

According to data released by Eurostat on Tuesday, Romania's general government deficit (based on the ESA 2010 system of national accounts) narrowed to 1.5% of GDP in 2014 from a 2.2% of GDP shortfall in the prior year, remaining below the 3% of GDP Maastricht criterion for the third year running. Meanwhile, public debt inched up to 39.8% of GDP in 2014 from 38.0% in 2013.

### SERBIA

Speaking to the press on the sidelines of a meeting with European Commissioner for Neighbourhood Policy and Enlargement Negotiations Johannes Hahn on Tuesday, Prime Minister Aleksandar Vucic said that discussions focused on the issue of opening negotiating chapters for Serbia's accession to the EU as well as on regional cooperation. Furthermore, the Premier expressed belief that negotiating chapters will be opened in June adding that Serbia will complete in the coming days an action plan for two of the 35 Chapters of the acquis, namely, Chapters 23 (Judiciary and fundamental rights) and 24 (Justice, freedom and security).

### CESEE MARKETS

Taking their cue from gains in European stock markets, **emerging bourses** resumed their uptrend on Tuesday snapping a 2-session losing streak. **Turkey's BIST 100 index** led the winners' pack, rising ca 2.4% on the day to close at its highest level since early March and outperforming a concomitant increase of ca 0.8% in the broad MSCI Emerging Markets index. On the flipside, **CESEE currencies** were mixed. The forint ended little changed near 298.50/EUR yesterday after the Central Bank vindicated market expectations for a 15bps cut to a new record low of 1.80% in the key policy rate at its MPC meeting leaving the door open for further "cautious" monetary easing ahead. Meanwhile, the Polish zloty closed modestly firmer after hitting a new 3-½-year high at 3.9650/EUR intraday. The currency continued to receive support from upbeat macro data released on Monday, which added to hopes about improving growth prospects in the region. On the other hand, the Serbian dinar was slightly weaker on Tuesday's settlement after the National Bank of Serbia (NBS) intervened for the second consecutive day this week in the FX markets to stem persisting appreciation pressures on the currency. NBS reportedly intervened at 119.85 EUR/RSD levels pushing the pair slightly above 120 by the session's close. In all, we anticipate EUR/RSD range-trading around 120 to continue in the coming days as ample euro liquidity in view of this week's government bond auctions is likely to be offset by renewed NBS euro purchases. In the local rates markets, **government bonds** closed mixed on Tuesday. Turkish paper of shorter maturity broadly underperformed ahead of tomorrow's MPC where the Central Bank is broadly anticipated to stay put on interest rates. Indicatively, the corresponding benchmark yields of the 2-year T-Notes rose by 33bps to close at 9.77% on Tuesday.

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

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	2.00	2.00

\* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities



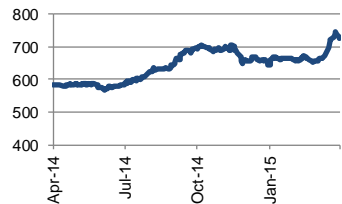
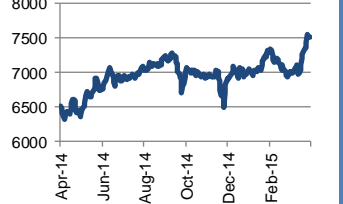
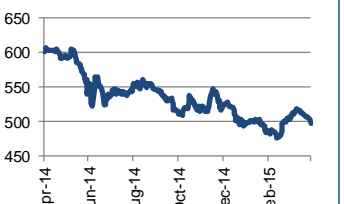
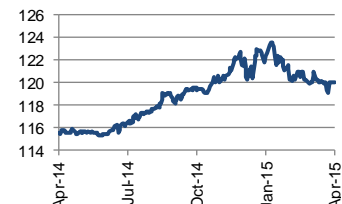
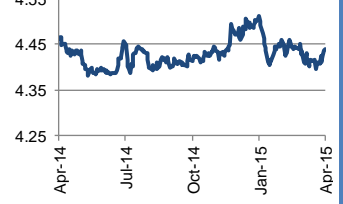
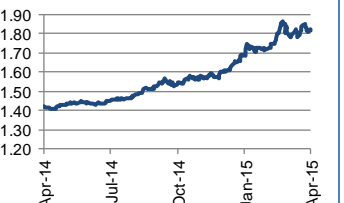
Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	B1	BB-	B+
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BB+	BBB-
CYPRUS	B3	B+	B-

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

## 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	2102.53	0.1%	2.1%	EUR/USD	1.0761	0.2%	-11.1%	UST - 10yr	1.90	1	-27	GOLD	1199	0.2%	1.2%
Nikkei 225	19909.09	1.4%	14.1%	GBP/USD	1.4951	0.3%	-4.0%	Bund-10yr	0.10	3	-44	BRENT CRUDE	176	0.0%	0.2%
STOXX 600	409.91	0.7%	19.7%	USD/JPY	119.53	-0.3%	0.1%	JGB - 10yr	0.32	1	-1	LMEX	2756	-0.9%	-5.4%

## 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	on	-1	-446	O/N	0.77	-3	20	LEONIA	0.01	0	-1
1-week	5.94	-5	-407	1-month	1.38	10	47	1-month	0.17	0	-5
1-month	6.53	-4	-352	3-month	1.38	5	-32	3-month	0.36	0	-8
3-month	7.05	-8	-280	6-month	1.59	4	-42	6-month	0.70	0	-9
6-month	7.53	-8	-226	12-month	1.64	3	-38	12-month	1.30	0	-21
RS Local Bonds				RO Local Bonds				BG Local Bonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps	(yields)	Last	ΔDbps	ΔYTD bps
3Y RSD	8.52	1	-57	3Y RON	1.92	3	-39	3Y BGN	0.51	1	-53
5Y RSD	9.93	3	-25	5Y RON	2.31	8	-40	5Y BGN	0.73	1	-72
7Y RSD	10.69	0	-139	10Y RON	3.38	10	-28	10Y BGN	1.89	0	-86
RS Eurobonds				RO Eurobonds				BG Eurobonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
USD Nov-17	3.77	10	-49	EUR Sep-20	1.41	2	-32	EUR Jul-17	0.83	-32	-33
USD Nov-24	6.45	1	-14	USD Aug-23	3.47	3	-15	EUR Sep-24	2.38	-44	-49
CDS				CDS				CDS			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
5-year	225	0	-65	5-year	113	8	-30	5-year	149	-1	-42
10-year	278	0	-78	10-year	158	9	-29	10-year	197	-1	-44
STOCKS				STOCKS				STOCKS			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
BELEX15	726.0	-0.52%	8.85%	BET	7503.6	0.04%	5.94%	SOFIX	497.6	-0.93%	-4.70%
FOREX				FOREX				FOREX			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
EUR/RSD	120.04	0.01%	1.09%	EUR/RON	4.4373	-0.06%	1.04%	USD/BGN	1.8176	0.21%	-11.06%
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 18.15 EET of previous session



## 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>

