

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### GLOBAL US

- April 28
  - Case-Shiller-House price index (Feb)
  - CB Consumer confidence (Apr)
- April 29
  - GDP (A, Q1 2015)
  - Pending home sales (Mar)
  - FOMC decision
- April 30
  - Personal income (Mar)
  - Personal spending (Mar)
  - Core PCE deflator (Mar)
  - Initial jobless claims (Apr 25)
  - Chicago PMI (Apr)
- May 1
  - ISM manuf (Apr)
  - UM Consumer sentiment (May)

#### EUROZONE

- April 30: HICP (flash, Apr)

#### GREECE

- April 30: Retail sales (Feb)

#### SEE

##### BULGARIA

- April 28: Gross external debt (Feb)
- April 30: Budget (Mar)

##### ROMANIA

- April 30: ILO U/E (Mar)

##### SERBIA

- April 30
  - Industrial prod. (Mar)
  - Retail sales (Mar)
  - Trade balance (Mar)
  - GDP (Q1, p)
  - CAD (Feb)

Source: Reuters, Bloomberg, Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Renewed concerns that the US economy will probably struggle to rebound from the Q1 soft patch following Friday's weaker-than-expected US March capital goods orders, weighed on the USD. Yet, with the monetary policy divergence theme continuing to have an impact on market sentiment towards the US currency, losses were limited. Looking at this week's global calendar, market focus is on the FOMC's two-day policy meeting which commences on Tuesday, the first estimate of US Q1 GP due on Wednesday as well as the BoJ's monetary policy meeting and Eurozone's April inflation data, both scheduled for Thursday.

**GREECE:** Speaking in the press conference that followed the April 24 Eurogroup, President Jeroen Dijsselbloem acknowledged that some progress has been made in official discussions between the Greek authorities and the Institutions over the past few weeks. Yet, he added that a divergence of views still exists on a number of issues noting that further progress is needed before the Institutions approve a comprehensive package of reforms. According to some press reports, the Brussels Group will convene later today while another meeting will follow on Wednesday with the Greek government aiming for an agreement to be reached by early May, ahead of the next Eurogroup scheduled for May 11.

**CYPRUS:** Fitch Ratings affirmed late on Friday Cyprus's Long-term foreign and local currency Issuer Default Ratings (IDRs) at 'B-' with a Positive Outlook. Eurogroup President Jeroen Dijsselbloem said that euro area finance ministers welcomed the recent parliamentary endorsement of the insolvency framework in Cyprus, which brings the country's economic reform program back on track and paves the way for a return of the Institutions to Nicosia to carry out the next review.

### SOUTH EASTERN EUROPE

**BULGARIA:** The persistently low trade volumes in the local stock market and in the absence of fresh triggers pushed domestic indices lower on a weekly basis on Friday.

**SERBIA:** The EUR/RSD closed little changed on the week, with NBS intervention in the FX markets to support the dinar offsetting dinar depreciation pressures after a disappointing 3-year T-bond auction.

**CESEE MARKETS:** Taking their cue from the broadly positive trend in global stock markets, the majority of **emerging stock markets** closed higher on Friday on the prevailing market perception that the Fed is in no rush to embark on a rate-tightening cycle and optimism about further economic stimulus measures by Chinese authorities. **CESEE currencies** closed little changed on the week.

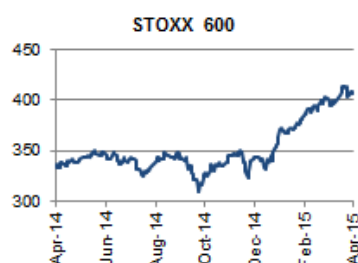
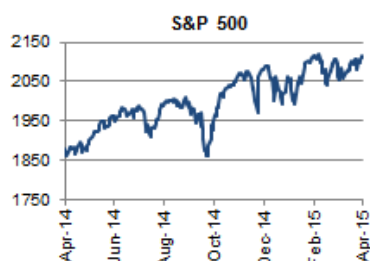
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## Latest world economic & market developments

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

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

Renewed concerns that the US economy will probably struggle to rebound from the Q1 satch following Friday's weaker-than-expected US March capital goods orders, weighed on the USD. Yet, with the monetary policy divergence theme continuing to have an impact on market sentiment towards the US currency, losses were limited. The EUR/USD was hovering close to 1.0855/60 in European trade at the time of writing, not far from a near two-week high of 109.00 touched in the prior session, remaining though within the recent 1.0500 - 1.1000 range. Looking at this week's global calendar, market focus is on the FOMC's two-day policy meeting which commences on Tuesday, the first estimate of US Q1 GP due on Wednesday as well as the BoJ's monetary policy meeting and Eurozone's April inflation data, both scheduled for Thursday.

### GREECE

Speaking in the press conference that followed the April 24 Eurogroup, President Jeroen Dijsselbloem acknowledged that some progress has been made in official discussions between the Greek authorities and the Institutions over the past few weeks. Yet, he added that a divergence of views still exists on a number of issues noting that further progress is needed before the Institutions approve a comprehensive package of reforms which will then be submitted to the Eurogroup for a political decision. Furthermore, the Eurogroup President made clear there will not be a partial disbursement of the pending loan tranche to Greece stressing that an agreement is necessary in the next few weeks ahead of the June deadline. He also noted that a potential third bailout package can be negotiated only after talks on the current review have concluded. On their part, European Stability Mechanism Klaus Regling said that the pending loan tranche of €7.2bn will be available only until June while ECB President Mario Draghi cautioned that rising Greek government bond yields are diminishing the value of Greek banks' collateral. According to some press reports, the Brussels Group will convene later today while another meeting will follow on Wednesday with the Greek government aiming for an agreement to be reached by early May, ahead of the next Eurogroup scheduled for May 11.

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

### CYPRUS

Fitch Ratings affirmed late on Friday Cyprus's Long-term foreign and local currency Issuer Default Ratings (IDRs) at 'B-' with a Positive Outlook. The Short-term foreign currency IDR and issue ratings on Cyprus's senior unsecured foreign and local currency bonds were also affirmed at 'B' and 'B-', respectively. Meanwhile, the Country Ceiling was raised by three notches to 'BB-' in reflection of the removal of capital controls in April. The agency noted that "the recent fiscal over-performance has improved the public debt dynamics", adding that the general government debt is expected to peak at just over 110% of GDP in 2015 and 2016 before easing to ca 90.7% of GDP by 2022. It also highlighted that risks to the implementation of the "EU-IMF programme" remain elevated and that a high public debt ratio, "reduces the fiscal scope to absorb any additional domestic or external shocks". Fitch also underscored that the environment for the domestic banking sector as well as economic conditions remain challenging as NPLs reached near 50% of total loans by end-2014, while real GDP growth is anticipated to contract, for the fourth consecutive year in 2015. In other news, speaking on the sidelines of the April 24 Eurogroup meeting President Jeroen Dijsselbloem said that euro area finance ministers welcomed the recent parliamentary endorsement of the insolvency framework in Cyprus adding that this development brings the country's programme with its creditors back on track and paves the way for a return of the Institutions to Nicosia to carry out the next review.

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

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

### BULGARIA

The persistently low trade volumes in the local stock market and in the absence of fresh triggers pushed domestic indices lower on a weekly basis on Friday. In support of the aforementioned, the main benchmark SOFIX index dropped by ca 2.3% to a 6-week low of 494.29 points. Looking ahead, we expect domestic bourses to regain ground in the coming sessions ahead of corporate earnings results, due this week. In the local rates markets, the Ministry of Finance successfully placed BGN 50mn of a new 10-year government bond issue early last week at an average accepted yield of 2.031%. The auction's bid to cover ratio came in at 2.44. Banks remained the major buyers on the primary market acquiring 74.4% of the issue, followed by pension funds with 18.6%. Guarantee state and mutual funds amassed the rest. Yields on the secondary bond market ended the week little changed on Friday, with those of the new Eurobond issues ending modestly higher.

[VBoteva@postbank.bg](mailto:VBoteva@postbank.bg)

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

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	-6.1	-4.7
EUR/RSD (eop)	114.60	120.96	125.00
	2014	current	2015f
Policy Rate (eop)	8.00	7.00	7.00

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

### SERBIA

The EUR/RSD closed little changed on the week at 120.70/90, with Central Bank intervention in the FX markets in order to support the dinar offsetting depreciation pressures on the currency in the wake of a disappointing 3-year T-bond auction. In more detail, NBS intervened around a multi-week peak hit near 121.00 late last week, selling €30mn. Looking into this week, the EUR/RSD is likely to remain bound around its recent range of 120.00 - 121.00. On the data front, real gross wages declined for the second month running on an annual basis in March, registering a 2.9% drop after recording a -3.8% print in February. All in all, the data reflects the impact from the government's fiscal consolidation measures, which came into effect late last year and include, among other, cuts in public sector wages. It also adds to the view that domestic consumption likely remained weak in the first quarter of the year.

[Zoran.Korac@eurobank.rs](mailto:Zoran.Korac@eurobank.rs)

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



### CESEE MARKETS

Taking their cue from the broadly positive trend in global stock markets, the majority of **emerging stock markets** closed higher on Friday on the prevailing market perception that the Fed is in no rush to embark on a rate-tightening cycle and optimism about further economic stimulus measures by Chinese authorities. In more detail, the MSCI Emerging Markets index ended ca 0.6% higher on Friday, bringing its weekly advance to 1.7%. Meanwhile, Hungary's BUX index posed among emerging markets' outperformers jumping by 5% on the week on the back of improving domestic growth prospects. Tuesday's broadly anticipated Central Bank rate cut of 15bps, which pushed the key policy rate to a new record low of 1.80%, as well as expectations for some further monetary easing ahead may also had a positive impact. On the flipside, **CESEE currencies** closed little changed on the week. On the flipside, the Turkish lira spiked to new record lows of 2.7430/USD on Friday on persisting domestic political uncertainty ahead of the June general elections. The recently adopted measures at the Central Bank's MPC meeting held earlier in the week to support the currency providing little respite. This week, CESEE focus primarily lies on Q1 GDP data from Serbia and Ukraine, while globally, the FOMC meeting takes centre stage.

[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

April 27, 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	2116.04	0.1%	2.8%	EUR/USD	1.0866	0.4%	-10.2%	UST - 10yr	1.91	-5	-26	GOLD	1178	-1.3%	-0.5%
Nikkei 225	20020.04	-0.8%	14.7%	GBP/USD	1.5167	0.7%	-2.6%	Bund-10yr	0.16	-1	-39	BRENT CRUDE	176	0.0%	0.2%
STOXX 600	408.05	0.2%	19.1%	USD/JPY	118.98	0.5%	0.6%	JGB - 10yr	0.29	-3	-4	LMEX	2745	-0.2%	-5.8%

**CESEE MARKETS**

**SERBIA**

**Money Market**

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	544	-4	-447
1-week	5.96	-2	-405
1-month	6.53	-1	-352
3-month	7.06	-2	-279
6-month	7.55	-2	-224

**RS Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RSD	8.45	0	-59
5Y RSD	10.08	-1	-11
7Y RSD	10.22	-3	-186

**RS Eurobonds**

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.76	-2	-50
USD Nov-24	6.44	0	-15

**CDS**

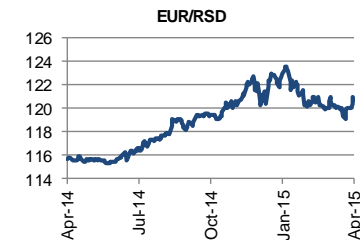
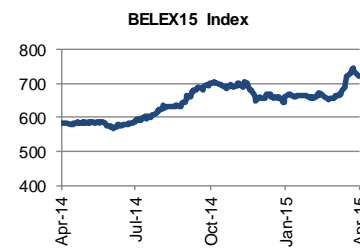
	Last	ΔDbps	ΔYTD bps
5-year	223	-3	-67
10-year	276	-1	-80

**STOCKS**

	Last	ΔD	ΔYTD
BELEX15	719.9	-0.37%	7.93%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RSD	120.76	0.13%	0.49%



**ROMANIA**

**Money Market**

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.04	112	147
1-month	1.6	1	69
3-month	1.48	1	-22
6-month	1.63	-1	-38
12-month	1.64	-1	-38

**RO Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RON	1.91	-1	-40
5Y RON	2.30	-1	-41
10Y RON	3.34	-2	-32

**RO Eurobonds**

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.34	-4	-39
USD Aug-23	3.42	-5	-20

**CDS**

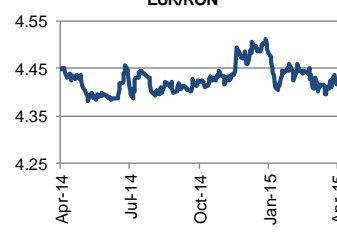
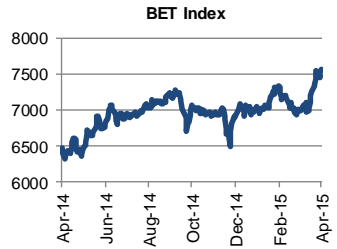
	Last	ΔDbps	ΔYTD bps
5-year	120	14	-23
10-year	167	16	-20

**STOCKS**

	Last	ΔD	ΔYTD
BET	7561.9	0.38%	6.76%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RON	4.4155	0.23%	1.54%



**BULGARIA**

**Money Market**

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.17	0	-5
3-month	0.34	-1	-9
6-month	0.69	-1	-10
12-month	1.28	-1	-22

**BG Local Bonds**

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.49	-1	-54
5Y BGN	0.71	-2	-74
10Y BGN	1.87	0	-88

**BG Eurobonds**

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.77	0	-39
EUR Sep-24	2.30	637	-56

**CDS**

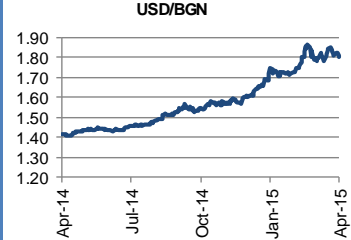
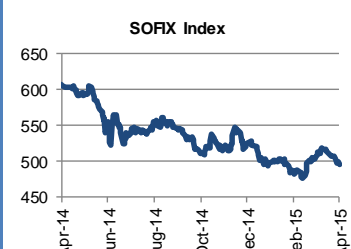
	Last	ΔDbps	ΔYTD bps
5-year	168	16	-23
10-year	217	17	-24

**STOCKS**

	Last	ΔD	ΔYTD
SOFIX	494.9	-0.85%	-5.22%

**FOREX**

	Last	ΔD	ΔYTD
USD/BGN	1.8003	0.37%	-10.21%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research  
Data updated as of 18.20 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)

**Dorđe 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

**Stylios 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 Stamatou: Senior Economist**  
[tstamatou@eurobank.gr](mailto:tstamatou@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)

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