

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- June 29: Pending home sales (May)
- June 30
 - Chicago PMI (Jun)
 - CB Cons. Sent. (Jun)
- July 1
 - ADP employment (Jun)
 - ISM manuf. (Jun)
- July 2
 - Non-farm payrolls (Jun)
 - U/E (Jun)
 - Initial jobless claims (June 28)
 - Industrial orders (May)
- July 3: Market holiday

EUROZONE

- June 29: Economic sentiment (Jun)
- June 30: HICP (Jun, flash)
- July 1: PMI manuf. (Jun, f)
- July 2: ECB June minutes
- July 3: PMI services (Jun, f)

GREECE

- June 30
 - Retail trade (Apr)
 - IMF loan repayment of three June tranches totaling €1.58bn
 - 4-month programme extension expires
- July 5: Referendum

CYPRUS

- July 2: CPI (Jun)

SEE

BULGARIA

- June 30: Budget (May)
- July 1: BNB reserves (Jun)

ROMANIA

- June 30: ILO U/E (May)
- July 1
 - CB reserves (Jun)
 - MPC meeting
- July 3: Retail sales (May)

SERBIA

- June 30
 - IP (May)
 - Trade Balance (May)
 - Retail sales (May)

Source: Reuters, Bloomberg,
Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Reacting relatively calm ahead of Sunday's referendum in Greece, the majority of global equity markets moved modestly higher on Thursday. In a similar tone, most of EMU sovereign debt spreads undertook some narrowing for the second session in a row, while yields of US Treasuries and German government bonds hit multi-session highs affected by a fresh string of positive US data y-day. In FX markets, the USD was among the main outperformers ahead of the US non-farm payrolls report for June due for release later in the day.

GREECE: In a televised address to the nation y-day, Prime Minister Alexis Tsipras urged citizens to vote "No" in the July 5 referendum and accused official creditors of instigating the closure of domestic banks so as to blackmail the Greek people. Shortly after, Eurogroup President Jeroen Dijsselbloem was quoted saying that he "sees little chance of progress" on Greece after Mr. Tsipras's earlier televised address. In a letter sent to the Greek Prime Minister, the Eurogroup President reportedly said that "we will come back to your request for financial stability support from the ESM only after and on the basis of the outcome of the referendum".

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July 2, 2015

Latest world economic & market developments

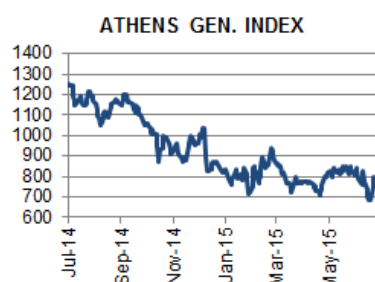
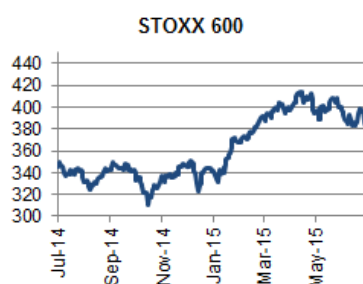
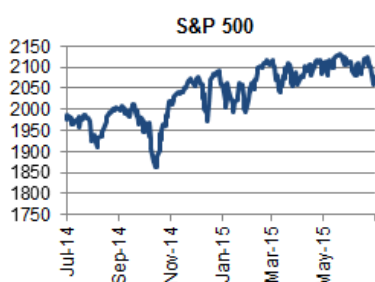
GLOBAL MARKETS

Reacting relatively calm ahead of Sunday's referendum in Greece, the majority of global equity markets moved modestly higher on Thursday. In a similar tone, most of EMU sovereign debt spreads undertook some narrowing for the second session in a row while yields of US Treasuries and German government bonds hit multi-session highs earlier today affected by a fresh string of positive US data released in the prior session. According to the ADP's June national employment report, private non-farm payrolls rose by a higher-than-expected 237k, boding well for today's US non-farm payrolls report. In addition, the ISM national factory activity index rose to 53.5 in June, the highest level in six months while construction spending advanced by a solid 0.8% mom in May, pushing total activity to the highest level since the fall of 2008. Against this background, the USD was among the main outperformers in FX markets, with the USD/JPY rising to levels close to 123.50 earlier today after falling to a four-week low of 121.90 just a couple of sessions ago. Elsewhere, the EUR/USD remained range bound ahead of Sunday's referendum in Greece. A firmer-than-expected US non-farm employment report is likely to assist the USD to gain some ground. On the flip side, a disappointing US report could weigh on the USD against most of its currency peers. Yet, vs. the EUR, any potential USD losses may prove relatively limited as investors will probably be reluctant to establish fresh sizable positions on the common currency ahead of the upcoming referendum in Greece.

GREECE

In a televised address to the nation y-day, Prime Minister Alexis Tsipras urged citizens to vote "No" in the July 5 referendum, claiming that a "No" outcome would strengthen the government's negotiating position vis a vis official creditors. Furthermore, Mr. Tsipras accused official creditors of instigating the closure of domestic banks so as to blackmail the Greek people and rejected repeated warnings from EU officials that the upcoming referendum is essentially a question on whether Greece wants to remain or not in the euro area. Shortly after, Eurogroup President Jeroen Dijsselbloem was quoted saying that he "sees little chance of progress" on Greece after Mr. Tsipras's earlier televised address. In an extraordinary teleconference y-day, euro area finance ministers concluded that they will not reconvene to discuss on the Greek issue before next Sunday's referendum. In a letter sent to the Greek Prime Minister, the Eurogroup President reportedly said that "we will come back to your request for financial stability support from the ESM only after and on the basis of the outcome of the referendum".

In other news, the ECB decided at y-day's non-monetary policy meeting to keep the Emergency Liquidity Assistance (ELA) ceiling for Greek banks unchanged at its current level (reportedly estimated at c. €89bn). Separately, Moody's lowered Greece's sovereign credit rating to Caa3 from Caa2 and placed the rating on review for further downgrade. According to the accompanying statement, without ongoing support from official creditors, Greece will default on its privately-held debt.



Source: Reuters, Bloomberg, Eurobank Research

July 2, 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	2077.42	0.7%	0.9%	EUR/USD	1.1075	0.2%	-8.5%	UST - 10yr	2.43	1	26	GOLD	1164	-0.4%	-1.8%
Nikkei 225	20522.50	1.0%	17.6%	GBP/USD	1.5603	-0.1%	0.2%	Bund-10yr	0.86	4	32	BRENT CRUDE	182	0.0%	4.1%
STOXX 600	387.07	1.5%	13.0%	USD/JPY	123.43	-0.2%	-3.0%	JGB - 10yr	0.53	4	20	LMEX	2628	1.0%	-9.8%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	458	0	-533
1-week	4.83	0	-518
1-month	5.23	0	-482
3-month	5.76	0	-409
6-month	6.06	0	-373

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	6.03	-2	-300
5Y RSD	10.21	0	3
7Y RSD	8.76	0	-332

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.54	-1	-72
USD Nov-24	6.45	0	-14

CDS

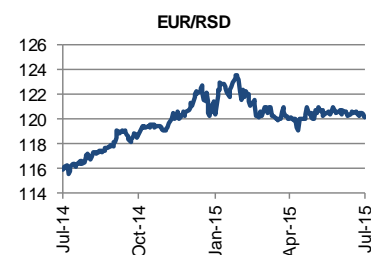
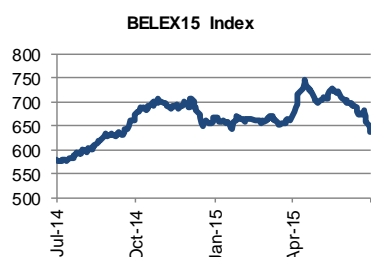
	Last	ΔDbps	ΔYTD bps
5-year	260	-7	-30
10-year	311	-2	-45

STOCKS

	Last	ΔD	ΔYTD
BELEX15	636.4	-1.46%	-4.60%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.18	0.06%	0.97%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.67	0	10
1-month	1.08	0	17
3-month	1.3	0	-40
6-month	1.55	0	-46
12-month	1.64	0	-38

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	2.12	0	-19
5Y RON	2.71	0	0
10Y RON	4.18	1	52

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.94	-4	21
USD Aug-23	3.92	5	31

CDS

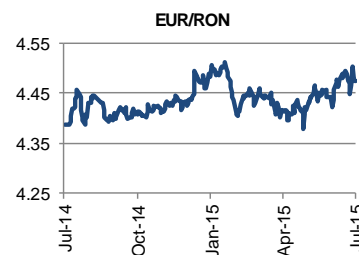
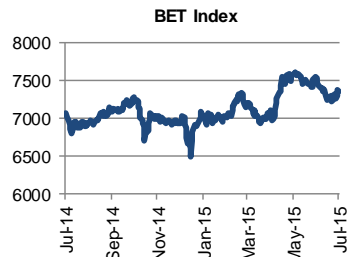
	Last	ΔDbps	ΔYTD bps
5-year	127	0	-15
10-year	169	0	-17

STOCKS

	Last	ΔD	ΔYTD
BET	7366.2	-0.21%	4.00%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4749	0.02%	0.19%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	-1	-1
1-month	0.18	0	-4
3-month	0.35	0	-9
6-month	0.69	1	-11
12-month	1.27	1	-24

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.51	-3	-53
5Y BGN	1.06	-7	-39
10Y BGN	2.56	0	-19

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.79	2	-37
EUR Sep-24	3.09	101	22

CDS

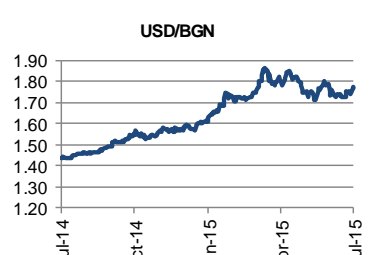
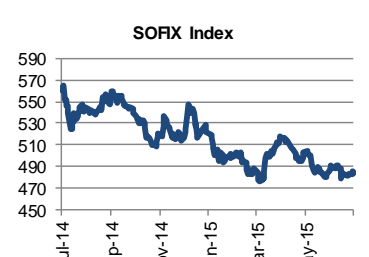
	Last	ΔDbps	ΔYTD bps
5-year	179	-6	-12
10-year	227	-6	-14

STOCKS

	Last	ΔD	ΔYTD
SOFIX	483.8	-0.29%	-7.33%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7661	0.20%	-8.47%



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

Data updated as of 10:10 EET

July 2, 2015

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