

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Wednesday, September 23, 2015

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL

#### US

- September 21
  - Existing home sales (Aug)
  - Fed's Lockhart speaks
- September 22: Fed's Lockhart speaks
- September 23: Fed's Lockhart speaks
- September 24
  - Durable goods orders (Aug)
  - Initial jobless claims (Sep 19)
  - New home sales (Aug)
  - Fed Chair Yellen speaks in Amherst
- September 25
  - GDP (Q2, f)
  - UoM Consumer Confidence (Sep)
  - Fed's Bullard speaks
  - Fed's George speaks

#### EUROZONE

- September 23
  - PMI manufacturing/ services (Sep)
  - ECB President Draghi speaks before the EU parliament's committee
- September 24: DE: Ifo business climate (Sep)

#### GREECE

- September 21: Current account deficit (Jul)

#### SEE

#### BULGARIA

- September 24: Gross external debt (Jul)

#### ROMANIA

- September 21: 4.75% 2025 T-Bonds auction
- September 24: 2.5% 2019 T-Bonds auction

#### SERBIA

- September 21: Current account balance (Jul)
- September 25: Real gross wages (Aug)

Source: Reuters, Bloomberg,  
Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** The preliminary Caixin/Markit China Manufacturing Purchasing Managers' Index (PMI) for August unexpectedly slipped for the seventh straight month coming in at its lowest level in near 6 ½ years. Against this background, the majority of global equity markets moved lower and commodity related currencies weakened.

**GREECE:** The new cabinet was officially announced late yesterday and was sworn in earlier this morning. Euclid Tsakalotos and Giorgos Stathakis returned to their post as Minister of Finance and Minister of Economy, Infrastructure, Shipping and Tourism, respectively. In other news, the Euro Working Group (EWG) convenes tomorrow, Thursday, September 24, ahead of the upcoming Eurogroup scheduled for October 5 to reportedly discuss, among others, the prior actions that the need to be fulfilled by the Greek side for the release of the outstanding €3bn sub-tranche of the first loan disbursement. Speaking to international newswires yesterday, EWG President Thomas Wieser was quoted saying that the said sub-tranche will be paid in two installments, each one attached to a set of milestones "which have to be implemented over the coming weeks or two months".

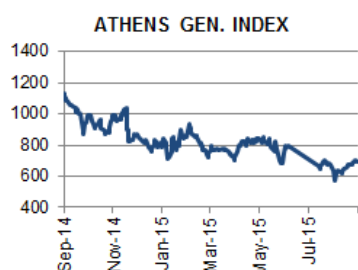
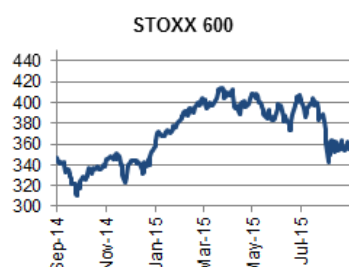
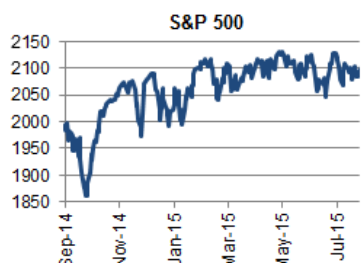
### SOUTH EASTERN EUROPE

**ROMANIA:** The main opposition party, PNL, filed earlier this week its fourth no-confidence vote against Prime Minister Victor Ponta's government.

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## Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

### GLOBAL MARKETS

The preliminary Caixin/Markit China Manufacturing Purchasing Managers' Index (PMI) for August unexpectedly slipped for the seventh straight month coming in at its lowest level in near 6 ½ years. Major components were more bearish than the headline index, reinforcing market concerns about the growth prospects of the second largest world economy. Against this background, the majority of global equity markets moved lower on Wednesday while long-dated US Treasuries gained with the 10-yr yield trading close to a multi-session low of 2.12% in early European trade. As a result, the 2/10- UST yield curve undertook some bullish flattening today with the corresponding spread hovering around a multi-week low of 143bps. In FX, commodity related currencies weakened while the JPY was among the main outperformers favored by its safe-haven appeal. Elsewhere, the EUR/USD fell to a two-week trough near 1.1100 earlier today before recovering modestly to levels around 1.1125/30 at the time of writing, remaining though below highs of 1.1460 hit a few sessions ago. Dovish comments by a number of ECB officials lately continue to weigh on the EUR with market participants early awaiting ECB President Mario Draghi's testimony before the European Parliament later today (13:00GMT).

### GREECE

The new cabinet was officially announced late yesterday and was sworn in earlier this morning. Euclid Tsakalotos and Giorgos Stathakis returned to their post as Minister of Finance and Minister of Economy, Infrastructure, Shipping and Tourism, respectively. George Chouliarakis, the head of the Council of Economic Advisors (SOE) was appointed as Alternate Minister of Revenue. According to some press reports, it appears that the government will not proceed with the formation of a new ministry, dubbed by some media as "super Troika ministry" that would have the mandate to assess, among others, the implementation of the prior actions attached to the new ESM bailout program. Meanwhile, Prime Minister Alexis Tsipras departs from Athens later today to attend an emergency EU ministers meeting on the migration crisis in Brussels where he is expected to hold sideline meetings with German Chancellor Angela Merkel and EU Commission President Jean-Claude Juncker. Separately, the e Euro Working Group (EWG) convenes tomorrow, Thursday, September 24, ahead of the upcoming Eurogroup scheduled for October 5 to reportedly discuss, among others, the prior actions that need to be fulfilled by the Greek side for the release of the outstanding €3bn sub-tranche of the first loan disbursement. Speaking to international newswires yesterday, EWG President Thomas Wieser was quoted saying that the said sub-tranche will be paid in two installments, each one attached to a set of milestones "which have to be implemented over the coming weeks or two months". According to the EWG President the second installment will be attached milestones related to financial-sector governance and financial-sector reforms. With respect to the first set of prior actions, local press reports quoted a couple of unnamed EU officials saying that they will mainly focus on administrative and pension-related reforms.

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

BULGARIA: Indicators	2014e	2015f	2016f
Real GDP growth %	1.7	1.8	2.2
CPI (pa, yoy %)	-1.4	0.3	1.2
Budget Balance/GDP*	-3.7	-2.5	-2.4
Current Account/GDP	0.9	2.0	1.5
EUR/BGN (eop)	1.9558		
	2014	current	2015f
Policy Rate (eop)	N/A	N/A	N/A

\* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

CYPRUS: Indicators	2014e	2015f	2016f
Real GDP growth %	-2.3	0.4	1.4
HICP (pa, yoy %)	-0.3	-0.8	0.9
Budget Balance/GDP*	-8.8	-1.1	-0.1
Current Account/GDP	-5.1	-3.9	-4.2

\* ESA 2010

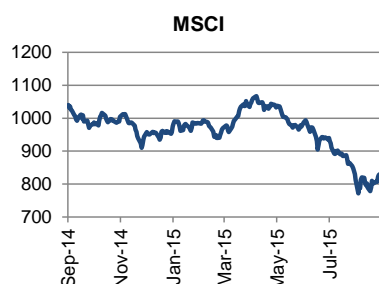
Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

ROMANIA: Indicators	2014e	2015f	2016f
Real GDP growth %	2.9	3.4	3.5
CPI (pa, yoy %)	1.1	-0.5	1.8
Budget Balance/GDP *	-1.9	-1.9	-2.8
Current Account/GDP	-0.4	-1.0	-1.5
EUR/RON (eop)	4.40	4.45	4.40
	2014	current	2015f
Policy Rate (eop)	1.75	1.75	2.50

\* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

SERBIA: Indicators	2014e	2015f	2016f
Real GDP growth %	-1.8	0.0	1.5
CPI (pa, yoy %)	2.1	2.2	3.8
Budget Balance/GDP	-6.7	-5.3	-4.6
Current Account/GDP	-6.0	-4.3	-4.1
EUR/RSD (eop)	120.96	123.00	124.00
	2014	current	2015f
Policy Rate (eop)	8.00	5.00	4.50

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

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

### ROMANIA

The main opposition party PNL (National Liberal party) filed earlier this week its fourth no-confidence vote against Prime Minister Victor Ponta's government. The motion for the no-confidence vote will be read out today but will be debated on next Tuesday. The previous no-confidence motion was filed in early June, after the parliament majority vetoed the prosecution charges brought against the Prime Minister by the National Anticorruption Directorate (DNA) related to his activities during his political career. However, the no-confidence motion failed on June 12th because it was backed by only 194 MPs, falling short of the majority needed in the 555-seat house. Yet, the National Anticorruption Directorate (DNA) investigation expanded on additional allegations related to his activities before assuming the post of the Prime Minister and resulted in his indictment. The indictment of the Prime Minister has increased dramatically pressures on him to step down. Despite President Klaus Iohannis urging him to resign, Mr. Ponta refused to do so. At this point, the constitutional options of the President Klaus Iohannis to dismiss him are limited unless the Parliament approves a no-confidence motion against him. The decision of the National Executive Committee of the ruling Social Democratic Party (PSD) which convened yesterday along with the other two junior members of the ruling coalition to back Prime Minister Ponta makes it less likely for the no-confidence vote to succeed.

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

## 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	1966.97	0.5%	-4.5%	EUR/USD	1.1204	0.1%	-7.4%	UST - 10yr	2.17	-4	-1	GOLD	1135	0.2%	-4.2%
Nikkei 225	18070.21	-2.0%	3.5%	GBP/USD	1.5477	-0.2%	-0.6%	Bund-10yr	0.65	-4	11	BRENT CRUDE	48	-1.5%	-15.9%
STOXX 600	351.23	-1.8%	2.5%	USD/JPY	119.87	0.6%	-0.2%	JGB - 10yr	0.31	0	-2	LMEX	2399	0.0%	-17.7%

## CESEE MARKETS

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	361	0	-630
1-week	3.78	-1	-623
1-month	4.13	0	-592
3-month	4.48	-1	-537
6-month	4.75	-1	-504

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	5.60	0	-348
5Y RSD	7.09	0	-309
7Y RSD	8.29	0	-379

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.14	1	-112
USD Nov-24	6.44	0	-15

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	276	0	-14
10-year	320	0	-36

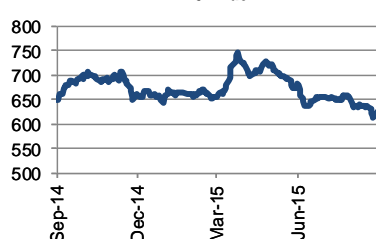
## STOCKS

	Last	ΔD	ΔYTD
BELEX15	624.4	0.13%	-6.39%

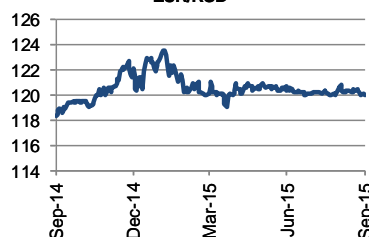
## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.08	-0.03%	1.06%

BELEX15 Index



EUR/RSD



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.56	0	-1
1-month	1.48	8	57
3-month	1.48	3	-22
6-month	1.66	1	-35
12-month	1.73	-1	-29

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.90	1	-41
5Y RON	2.32	1	-39
10Y RON	3.78	1	12

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.38	2	-35
USD Aug-23	3.62	2	1

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	127	6	-16
10-year	172	6	-15

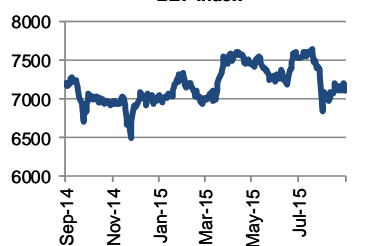
## STOCKS

	Last	ΔD	ΔYTD
BET	7192.4	-0.28%	1.54%

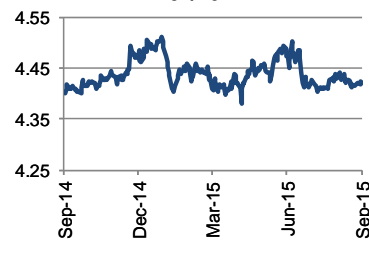
## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4214	-0.04%	1.40%

BET Index



EUR/RON



## BULGARIA

## Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.17	0	-4
3-month	0.33	0	-10
6-month	0.62	0	-18
12-month	1.21	0	-29

## BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.72	36	-32
5Y BGN	0.47	0	-98
10Y BGN	2.17	0	-58

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.40	5	-76
EUR Sep-24	2.75	38	-12

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	179	6	-12
10-year	227	6	-13

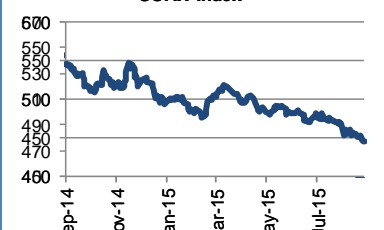
## STOCKS

	Last	ΔD	ΔYTD
SOFIX	444.4	-0.22%	-14.87%

## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7455	0.14%	-7.39%

SOFIX Index



USD/BGN



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

Data updated as of 12:45 EEST

## 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)

**Anna Dimitriadou (Special Contributor)**  
Economic Analyst, Eurobank Ergasias  
+30 210 3718793  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

**Arkadia Konstantopoulou (Special Contributor)**  
Research Assistant, Eurobank Ergasias  
+30 210 3371224  
[arkonstantopoulou@eurobank.gr](mailto:arkonstantopoulou@eurobank.gr)

**Olga Kosma (Special Contributor)**  
Economic Analyst, Eurobank Ergasias  
+30 210 3371227  
[okosma@eurobank.gr](mailto:okosma@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)

**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 3718 793

**Ioannis Gkionis: Research Economist**  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr) +30 210 3371 225

**Stylianos Gogos: Economic Analyst**  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr) +30 210 3371 226

**Olga Kosma: Economic Analyst**  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr) +30 210 3371 227

**Arkadia Konstantopoulou: Research Assistant**  
[arkonstantopoulou@eurobank.gr](mailto:arkonstantopoulou@eurobank.gr) +30 210 3371 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 3371 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

**Stefanos Togoussidis: Head of Retail Sales**  
[stogoussidis@eurobank.gr](mailto:stogoussidis@eurobank.gr), +30 210 37 18 917

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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