

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: The majority of major global bourses opened lower on Tuesday amid market cautiousness ahead of this week's FOMC two-day policy meeting which commences later today. With investors awaiting the outcome of the FOMC policy meeting for more clues about the timing of the first rate hike since June 2006, the USD was under pressure against most of its currency peers in European trade on Tuesday.

GREECE: Speaking to a local TV station late y-day, Greece's Prime Minister Alexis Tsipras expressed his optimism that an initial agreement with the Institutions on a package of reforms will be reached this week or next, in time for a c. €EUR 780bn amortization payment to the IMF due on May 12th. Mr. Tsipras ruled out the likelihood of calling snap elections noting though that the government may have to resort to a referendum if it ends up with an agreement that "falls outside" the electorate's mandate. Local press reports suggested that the Greek negotiating team was reshuffled with Euclid Tsakalotos, Alternate Foreign Minister of International Economic Relations, taking over the coordination of the Greek team

CYPRUS: Technical officials from the IMF, ECB and the European Commission are reportedly scheduled to resume discussions with the Central Bank of Cyprus later today in the context of the programme's 5th review. Separately, the Republic of Cyprus opened on Tuesday the books on a seven-year euro-denominated (May 2022) benchmark bond with yield guidance in the 4.125% area.

SOUTH EASTERN EUROPE

ROMANIA: The finance ministry reportedly announced on Monday that the general government consolidated balance came in at a surplus of 0.7%-of-GDP in Q1 2015.

CESEE MARKETS: Emerging stock markets kicked off the week on a positive footing on optimism about further economic stimulus measures by Chinese authorities. The prevailing market perception that the Fed is in no rush to embark on a rate-tightening cycle also continued to favour. Along similar lines, **CESEE currencies** broadly strengthened on Monday, recovering ground in the wake of Friday's losses. Meanwhile, government bonds closed mixed.

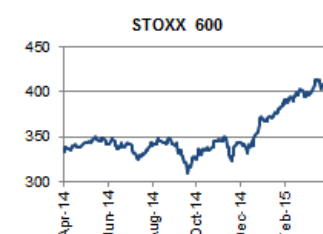
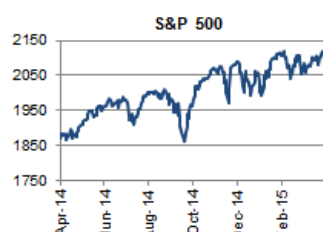
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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

The majority of major global bourses opened lower on Tuesday amid market cautiousness ahead of this week's FOMC two-day policy meeting which commences later today. Appetite for profit taking following recent hefty gains, also had an impact. With investors awaiting the outcome of the FOMC policy meeting for more clues about the timing of the first rate hike since June 2006, the USD was under pressure against most of its currency peers in European trade on Tuesday. The EUR/USD was hovering around 1.0881/85 at the time of writing, not far from a near three-week high of 1.0925 hit at some point on Monday favored by increased optimism over a final agreement between the Greek government and the Institutions. Against the JPY, the USD was standing close to 119.00 in European trade, having retreated from Monday's 119.50 intraday high. News that Fitch ratings agency downgraded Japan's sovereign credit rating by one notch to A, was finally shrugged off by FX market participants as such a move was well anticipated. Ahead of a bank holiday in Japan and the conclusion of the FOMC's policy meeting both on Wednesday, consolidation within the recent range of 118.50-120.50 will likely prevail today.

GREECE

Speaking to a local TV station late y-day, Greece's Prime Minister Alexis Tsipras expressed his optimism that an initial agreement with the Institutions on a package of reforms will be reached this week or next, in time for a c. €EUR 780bn amortization payment to the IMF due on May 12th. He said that speeding up of the privatization of two major assets, (the Piraeus port, the country's largest port and the lease of 14 regional airports) would be among the concessions the Greek government would offer in exchange for an interim deal. Greece's Premier acknowledged that the government faces a "liquidity issue" noting that its priority is the payment of wages and pensions adding though that defaulting on debt is not an option. Mr. Tsipras ruled out the likelihood of calling snap elections noting though that the government may have to resort to a referendum if it ends up with an agreement that "falls outside" the electorate's mandate. / Local press reports suggested that the Greek negotiating team was reshuffled with Euclid Tsakalotos, Alternate Foreign Minister of International Economic Relations, taking over the coordination of the Greek team. George Chouliarakis will be the new Greek representative in Brussels Group, replacing Mr. Theocharakis.

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CYPRUS

Technical officials from the IMF, ECB and the European Commission are reportedly scheduled to resume discussions with the Central Bank of Cyprus later today in the context of the 5th programme review. The officials are expected to remain in Cyprus until April 20th, with talks expected to focus on NPLs restructuring and other supervision issues. Another technocratic mission that arrived yesterday in Nicosia will reportedly hold discussions with officials from the Ministry of Finance. According to media reports quoting Central Bank of Cyprus spokesperson, Aliko Stylianou, the technical teams are expected to return to the island on May 6 to discuss the updated Memorandum. With government bond yields having eased significantly since the parliamentary adoption of the insolvency framework, the Republic of Cyprus opened on Tuesday the books on a seven-year euro-denominated (May 2022) benchmark bond. According to media reports the yield's guidance is in the 4.125% area and initial interest seems to be in excess of €1.1bn.

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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

ROMANIA

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

The finance ministry reportedly announced on Monday that the general government consolidated balance came in at a surplus of 0.7%-of-GDP in Q1 2015. This compares with a surplus of 0.3%-of-GDP recorded over the January-February period and a budget deficit target of 1.8%-of-GDP agreed with official lenders for the whole of 2015 in cash terms (1.4% of GDP in ESA terms), almost flat versus the outcome of 2014. The aforementioned improvement in the country's fiscal position so far this year is likely to further strengthen the government's rhetoric over the adoption of recently announced tax cut plans, earmarked to come into effect between June 2015 and 2019.

CESEE MARKETS

Emerging stock markets kicked off the week on a positive footing on optimism about further economic stimulus measures by Chinese authorities. The prevailing market perception that the Fed is in no rush to embark on a rate-tightening cycle also continued to favour. With this backdrop largely overshadowing uncertainty over Greece's negotiations with Institutions, CESEE bourses also closed in the black on Monday. Hungary's BUX led the gains in the region after Hungarian pharmaceutical Richter received a positive assessment by the European Medicines Agency (EMA) in its application to extend the use of one of its products. In more detail, the index ended ca 1.8% higher on the day, outperforming a concomitant increase of 0.5% in the broader MSCI Emerging Markets index which closed at 7-½-month highs.



Along similar lines, **CESEE currencies** broadly strengthened on Monday, recovering ground in the wake of Friday's losses. The Turkish lira led the gains in the region with the USD/TRY recoiling by 1.5% on the day to 2.6735 at the session's settlement. Yet, the pair remains not too far from a record peak near 2.7430 hit last week. Renewed lira weakness in the coming days/weeks can not be ruled out as domestic political uncertainty ahead of the June general elections persists. Meanwhile, the prospect of reemerging political rate-cut pressures on the Central Bank, a resumption of the CBT's monetary easing cycle later this year, ongoing external vulnerabilities and looming Fed hikes do not bode well for the domestic currency either. Elsewhere, the Polish zloty and the Hungarian forint also rallied yesterday, each ending ca 1% firmer against the euro near 3.9865 and 299.70, respectively. The Romanian leu lagged the momentum to stand modestly firmer at 4.4095/EUR on Monday's settlement.

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

In the **local rate markets**, government bonds closed mixed on Monday, with paper of shorter maturity outperforming that of longer. Turkey's government bonds recovered ground with the yield of the corresponding benchmark ending 3bps lower at 10.04%, remaining though within distance from a multi-month closing peak of 10.07% hit in the prior session amid persisting domestic political uncertainty ahead of the June parliamentary elections.

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April 28, 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	2108.92	-0.4%	2.4%	EUR/USD	1.0889	0.0%	-10.0%	UST - 10yr	1.92	0	-25	GOLD	1202	0.0%	1.5%
Nikkei 225	20058.95	0.4%	14.9%	GBP/USD	1.5248	0.1%	-2.1%	Bund-10yr	0.16	-1	-38	BRENT CRUDE	176	0.0%	0.2%
STOXX 600	410.74	-0.4%	19.9%	USD/JPY	118.97	0.1%	0.6%	JGB - 10yr	0.30	-1	-3	LMEX	2830	1.1%	-2.9%

CESEE MARKETS

SERBIA

Money Market			
BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	5.38	-6	-453
1-week	5.88	-8	-413
1-month	6.43	-10	-362
3-month	6.98	-8	-287
6-month	7.48	-7	-231

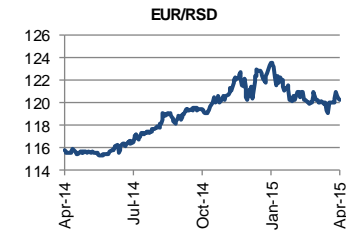
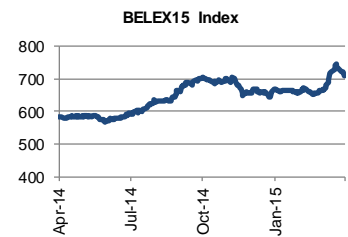
RS Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y RSD	8.31	-15	-74
5Y RSD	10.04	-3	-14
7Y RSD	9.98	-25	-210

RS Eurobonds			
	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.75	-2	-51
USD Nov-24	6.44	0	-15

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	214	-9	-76
10-year	266	-10	-90

STOCKS			
	Last	ΔD	ΔYTD
BELEX15	707.2	-1.77%	6.02%

FOREX			
	Last	ΔD	ΔYTD
EUR/RSD	120.31	0.07%	0.86%



ROMANIA

Money Market			
ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.02	0	145
1-month	1.59	0	68
3-month	1.46	0	-24
6-month	1.65	0	-36
12-month	1.67	0	-35

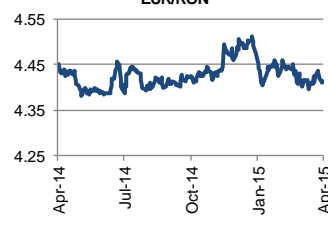
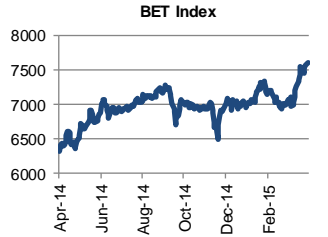
RO Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y RON	1.90	0	-41
5Y RON	2.30	0	-41
10Y RON	3.34	0	-32

RO Eurobonds			
	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.36	0	-37
USD Aug-23	3.41	1	-21

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	106	-1	-36
10-year	147	-2	-40

STOCKS			
	Last	ΔD	ΔYTD
BET	7599.8	0.18%	7.30%

FOREX			
	Last	ΔD	ΔYTD
EUR/RON	4.4142	-0.05%	1.57%



BULGARIA

Money Market			
SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.16	0	-5
3-month	0.34	0	-9
6-month	0.69	0	-10
12-month	1.28	0	-22

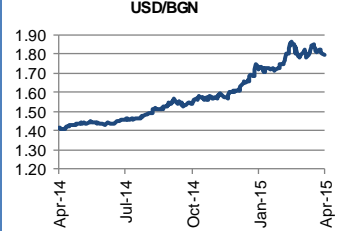
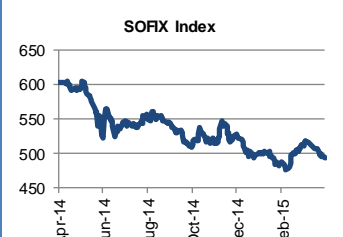
BG Local Bonds			
(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.50	1	-54
5Y BGN	0.72	1	-73
10Y BGN	1.86	0	-89

BG Eurobonds			
	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.76	0	-40
EUR Sep-24	2.27	-12	-59

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	152	0	-39
10-year	201	0	-40

STOCKS			
	Last	ΔD	ΔYTD
SOFIX	493.5	-0.19%	-5.48%

FOREX			
	Last	ΔD	ΔYTD
USD/BGN	1.7964	-0.01%	-10.01%



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

Data updated as of 10.40 EET

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