



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Monday, August 10, 2015

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- August 3
 - Personal income / spending (Jun)
 - Core PCE deflator (Jun)
 - ISM index manufacturing (Jul)
- August 4: Industrial orders (Jul)
- August 5
 - ADP employment change (Jul)
 - Trade balance (Jun)
 - ISM index non-manufacturing (Jul)
- August 6: Initial jobless claims (August 1)
- August 7
 - Non-farm payrolls (Jul)
 - U/E rate (Jul)

EUROZONE

- August 11: ZEW Survey Expectations (f, August)
- August 12: Industrial Production (June)

GREECE

- August 13: Quarterly National Accounts (estimates - 2nd quarter 2015)

SEE

BULGARIA

- August 10:
 - Trade Balance (Jun)
 - Industrial Production (Jun)
 - Retail Sales (Jun)
- August 12: CPI (Jul)

ROMANIA

- August 10: Trade Balance (Jun)
- August 11: CPI (Jul)
- August 11: Industrial Production (Jun)

Source: Reuters, Bloomberg, Eurobank Global Markets Research

HIGHLIGHTS

SOUTH EASTERN EUROPE

BULGARIA

Domestic market continued to consolidate without surprises. A quite slow week in tune with August mode, except for few corporate events. Indices remained anchored to the unchanged mark almost all week.

ROMANIA

RON markets had a quiet summer week with little trading and no significant changes in levels. NBR's decision to keep rates on hold was widely expected among debates over planned fiscal easing and thus was not a market mover.

SERBIA

The EUR/RSD pair is still hovering around recent levels in the absence of trading volumes and crucial macroeconomic data. In more detail, the currency pair was trapped between 120.00/20 and 120.25/45 during the whole week, having closed Friday's session at the level of 120.12/32.

CESEE MARKETS

Emerging market stocks edged higher on Monday driven by expectations that more policy stimulus is on the pipeline mirroring the weak Chinese exports data released. At the same time, emerging currencies came under pressure on the back of lower oil prices –Brent traded at 48.45/barrel nearly a six month low- and a stronger US Dollar as well as country specific factors.

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Latest world economic & market developments in the CESEE region

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

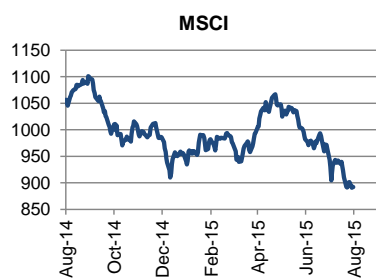
ROMANIA: Indicator	2014e	2015f	2016f
Real GDP growth %	2.9	3.4	3.5
CPI (pa, yoy %)	1.1	-0.5	1.8
Budget Balance/GDP *	-1.9	-1.9	-2.8
Current Account/GDP	-0.4	-1.0	-1.5
EUR/RON (eop)	4.40	4.45	4.40
	2014	current	2015f
Policy Rate (eop)	1.75	1.75	2.50

* 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	6.00	5.50

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

BULGARIA

Domestic market continued to consolidate without surprises. A quite slow week in tune with August mode, except for few corporate events. Indices remained anchored to the unchanged mark almost all week. Even the Q2 company reports didn't spur investors' reaction. The major benchmark SOFIX rose by 0.81% to 477.48 points after adding 1.1% on large spreads in single session on Friday. Turnover stood firmly below the 3-month average with just EUR 720k of trades. Local government market also remained muted, while Eurobonds continued to recover ground. Adjustment was stronger at the mid-end of the curve, where yields declined by 20 bps.

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ROMANIA

RON markets had a quiet summer week with little trading and no significant changes in levels. NBR's decision to keep rates on hold was widely expected among debates over planned fiscal easing and thus was not a market mover. The EURRON traded in a tight range between 4.4010/160, similar to the previous week, while money market RON rates were stable with the 1W around 0.50%. In government bonds primary market auctions started to gain traction again with the MoF issuing RON 300mn each in 2Y and 8Y bonds (against 6-10Y auctions getting cancelled in June and July).

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SERBIA

The EUR/RSD pair is still hovering around recent levels in the absence of trading volumes and crucial macroeconomic data. In more detail, the currency pair was trapped between 120.00/20 and 120.25/45 during the whole week, having closed Friday's session at the level of 120.12/32. The National bank of Serbia (NBS) intervened again in effort to halt dinar gains, by buying EUR10 mn on Monday after EUR/RSD had reached 120.00/20. With this latest intervention, total intervention amount climbed to EUR650 mn this year. Looking into next week, the EUR/RSD pair is still to remain bound within a narrow range of 120.00/20-120.25/45 as NBS stands ready to defend five-and-a-half-month support line of 120.0 whereas demand for the hard currency is still not strong enough to pull the pair up.

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CESEE MARKETS

The release of the labor data on Friday evening gave further rise to speculation that US Fed may hike interest rates as early as September. The US Non-farm payrolls increased by 215,000 in July, slightly below consensus expectations, driven by a pickup in the manufacturing and construction sectors. Moreover, the data of the previous two months were revised upwards by a cumulative 14,000. **Emerging market stocks** edged higher on Monday driven by expectations that more policy stimulus is on the pipeline mirroring the weak Chinese exports data released. Chinese exports fell by 8.3% in last July, the largest decline in the last four months. The MSCI Emerging Markets Index was little changed at 885.44 with 321 shares rising and 283 falling. At the same time, **emerging currencies** came under pressure on the back of lower oil prices –**Brent** traded at 48.45/barrel nearly a six month low- and a stronger US Dollar as well as country specific factors. After hitting a five month low versus the USD at 64.70 on Friday, the **Russian ruble** fell on Monday as low as 70.95/€, a five month low against the EUR. The **Turkish lira** extended Friday's losses, easing by 0.3% to 2.79/USD as a fresh spate of violence hit the country. In contrast, CEE currencies mostly eased mildly on Monday. The **Polish zloty** was little changed at 4.18/€ after depreciating to 4.1998/€ last week, the weakest reading since July 10. The **Czech crown** edged up to 27.02/€ after inflation data showed a slowdown in July.

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August 10, 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	2077.57	-0.3%	0.9%	EUR/USD	1.0929	-0.3%	-9.7%	UST - 10yr	2.19	3	2	GOLD	1095	0.1%	-7.6%
Nikkei 225	20808.69	0.4%	19.2%	GBP/USD	1.546	-0.2%	-0.8%	Bund-10yr	0.68	2	14	BRENT CRUDE	49	0.6%	-14.7%
STOXX 600	397.05	0.0%	15.9%	USD/JPY	124.78	-0.4%	-4.1%	JGB - 10yr	0.41	-1	8	LMEX	2399	-0.2%	-17.7%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	460	1	-531
1-week	4.74	-5	-527
1-month	5.16	-5	-489
3-month	5.61	-6	-424
6-month	5.84	-9	-395

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	6.05	-1	-299
5Y RSD	8.27	0	-191
7Y RSD	8.82	0	-326

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.48	0	-78
USD Nov-24	6.49	0	-10

CDS

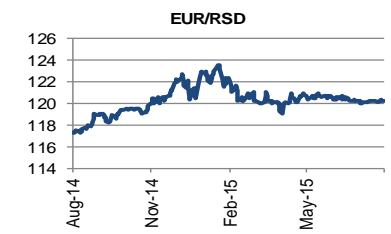
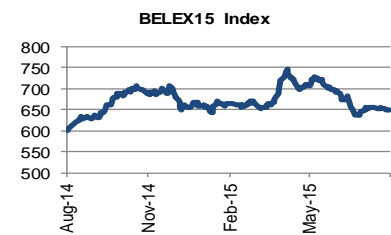
	Last	ΔDbps	ΔYTD bps
5-year	270	0	-20
10-year	316	0	-41

STOCKS

	Last	ΔD	ΔYTD
BELEX15	650.4	0.32%	-2.50%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.21	0.04%	0.95%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.74	-2	17
1-month	1.01	2	10
3-month	1.3	1	-40
6-month	1.53	1	-48
12-month	1.65	0	-37

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.96	0	-35
5Y RON	2.49	0	-22
10Y RON	3.82	0	16

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.47	0	-26
USD Aug-23	3.71	-3	10

CDS

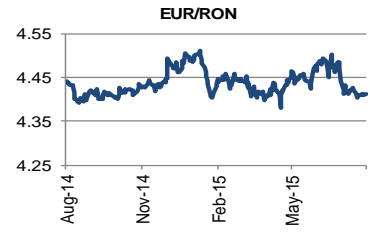
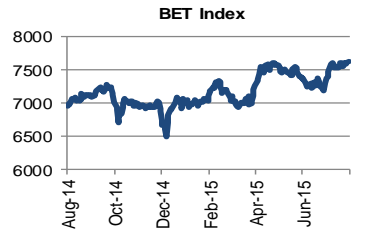
	Last	ΔDbps	ΔYTD bps
5-year	123	0	-19
10-year	168	0	-19

STOCKS

	Last	ΔD	ΔYTD
BET	7621.0	0.26%	7.60%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4127	-0.06%	1.60%



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	0.63	0	-17
12-month	1.22	0	-29

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.55	0	-55
5Y BGN	1.05	0	-40
10Y BGN	2.67	0	-8

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.45	0	-71
EUR Sep-24	2.85	-35	-2

CDS

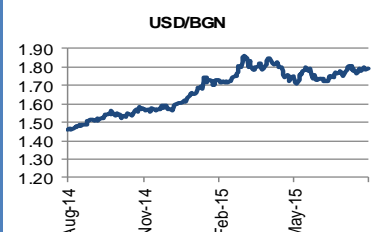
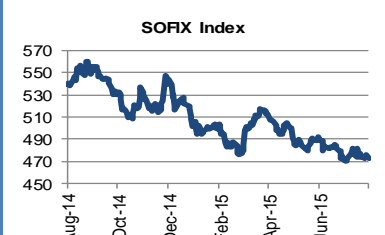
	Last	ΔDbps	ΔYTD bps
5-year	174	3	-17
10-year	221	3	-20

STOCKS

	Last	ΔD	ΔYTD
SOFIX	472.6	-0.75%	-9.49%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7895	-0.32%	-9.67%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 17:45 EEST of previous session

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