

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Wednesday, December 09, 2015

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- December 10: Jobless claims (weekly)
- December 11
 - Retail sales (Nov)
 - UoM sentiment (Dec, p)

EUROZONE

- December 7: Eurogroup meeting
- December 8
 - Ecofin meeting
 - GDP (Q3)

GREECE

- December 10
 - IP (Oct)
 - CPI (Nov)
 - U/E rate (Sep)

CYPRUS

- December 8: HICP (Nov)
- December 9: GDP (Q3)

SEE

BULGARIA

- December 7
 - 2.3% 2025 T-bonds auction
 - Reserve assets (Nov)
- December 8
 - Industrial production (Oct)
 - Retail sales (Oct)
- December 9: U/E rate (Oct)

ROMANIA

- December 7: 4.75% 2025 T-bonds auction
- December 8
 - Industrial sales (Oct)
 - Net wages (Oct)
- December 10
 - Trade balance (Oct)
 - 3.5% 2022 T-bonds auction
- December 11: CPI (Oct)

SERBIA

- December 10
 - MPC meeting
 - 6% T-bonds sale
- December 11: HICP (Oct)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Crude oil prices remained in a downward trend for the third consecutive session following the OPEC's decision last week to leave unchanged the oil production level – estimated at around 31mn barrels a day- despite persisting oversupply in the market. Against this background, major European government bonds remained well supported and the majority of equity markets weakened.

GREECE: Speaking to reporters yesterday, the Chairman of the Hellenic Republic Asset Development Fund (HRADF), Stergios Pitsiorlas, said that the privatization program is expected to generate annual proceeds of around €2-3bn in 2016. / A multi-bill incorporating the legislation required for the implementation of the second set of prior actions is expected to come for vote in the Hellenic Parliament by December 18th so as the next ESM loan installment (€1bn) to arrive in State coffers before the end of the year.

SOUTH EASTERN EUROPE

CYPRUS: HICP came in at -1.5%YoY in November vs. -1.8%YoY in the prior month. In other news, Moody's revised the outlook of the Cypriot banking sector from negative to stable citing the modest economic recovery that will bring an end to five years of acute asset quality deterioration.

ROMANIA: Nominal wage growth accelerated further in October factoring in the generous wage increase of 25% in the public health sector. As a result, net wages stepped up further by +2.1%MoM/+9.7%YoY from +1.1%MoM/+8.0%YoY in September and compared to -1.9%MoM/+7.7%YoY in August.

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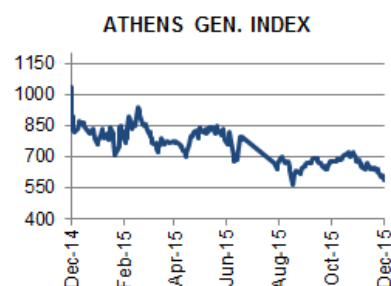
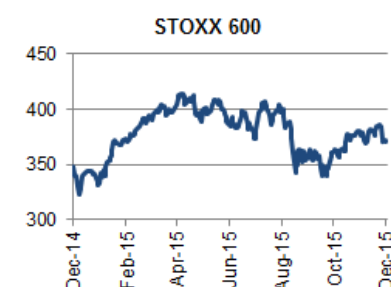
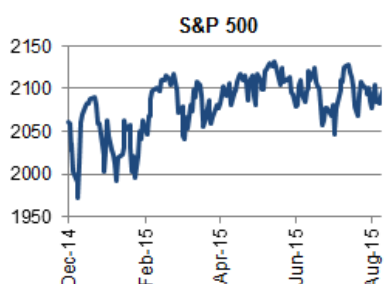
Latest world economic & market developments

GLOBAL MARKETS

Crude oil prices remained in a downward trend for the third consecutive session following the OPEC's decision last week to leave unchanged the oil production level –estimated at around 31mn barrels a day- despite persisting oversupply in the market. Against this background, major European government bonds remained well supported and the majority of equity markets weakened also dragged lower by lingering concerns about the growth outlook of the Chinese economy. In FX markets, commodity-related currencies were among the main underperformers. The global data calendar is quiet today with focus turning on a number of ECB speakers for hints on the prospect of further policy stimulus ahead.

GREECE

Speaking to reporters yesterday, the Chairman of the Hellenic Republic Asset Development Fund (HRADF), Stergios Pitsiorlas, said that the privatization program is expected to generate annual proceeds of around €2-3bn in 2016. According to the HRADF Chairman, the operating concession deal of 14 regional airports is expected to be signed within the next 10 days. Mr. Pitsiorlas also announced a two-week extension of the deadline for the submission of binding offers for a 51% stake in Greece's largest port, Piraeus Port Authority (OLP) as the consultation on the share purchase agreement and the shareholders' agreement is still pending. According to the HRADF Chairman, the tender for Piraeus Port Authority will have been completed in H1 2016, along with the tender for Thessaloniki Port Authority. Furthermore, the HRADF head announced that the process for the transfer of a controlling stake in gas transmission network operator DESFA to Azeri state firm Socar is close to completion with the final agreement expected in Q1 2016. In addition, a due diligence process for the sale of an additional 16% stake in DESFA will start this week. Mr. Pitsiorlas added that the date for the submission of binding offers for railway companies Trainose and Rosco, initially planned for December 2015 and then for mid-January, will be extended to mid-February. / Official discussions between the Greek government and the EC/ECB/IMF/ESM mission heads on the 13 agreed prior actions attached to the release of the next (pending) ESM loan installment (€1bn) commenced yesterday and are expected to last until the end of this week. According to press reports, the most contentious issues include inter alia: (i) the privatization of the transmission company ADMIE (unless an alternative scheme is provided with equivalent results in terms of completion and prospects of investment); (ii) the adoption of steps for accelerating resolution of NPLs; and (iii) the appointment of an independent Task Force to identify options and prepare recommendations on the operational goals. As per the same sources, a multi-bill incorporating the legislation required for the implementation of the agreed 13 prior actions is expected to come for vote in the Hellenic Parliament by December 18th so as the €1bn loan installment to arrive in State coffers before the end of the year.



Source: Reuters, Bloomberg, Eurobank Research

According to recent custom based statistics (EL.STAT. data) exports stood at €2,220.84 mn in October 2015 recording a negative -12.49% change (YoY%) for the fifth consecutive month mainly due to a drop in the exports of oil products (exports excluding oil products and including the value of ships fell -2.3%YoY). Imports stood at €4,278.42 mn from €4,291.51 mn in the same month a year earlier, recording an annual change of -0.31%, the smallest in the last six months, mostly attributed to an increase in the imports of ships from third countries. Imports excluding ships dropped -18.4%YoY while excluding oil products and including the value of ships increased 28.6%YoY. Given the aforementioned changes the trade deficit deteriorated - for the first time since April 2015 - by €303.93 mn coming in at -€2,057.58 mn compared to -€1,753.65 mn in October 2014. ppetropoulou@eurobank.gr

BULGARIA: Indicators	2014e	2015f	2016f
Real GDP growth %	1.7	2.9	3.0
CPI (pa, yoy %)	-1.4	0.1	1.0
Budget Balance/GDP*	-3.7	-3.3	-2.0
Current Account/GDP	0.9	2.5	1.4
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	1.2	1.6
HICP (pa, yoy %)	-0.3	-2.1	-0.4
Budget Balance/GDP*	-0.2	-1.3	0.1
Current Account/GDP	-5.1	-5.5	-4.5

* ESA 2010

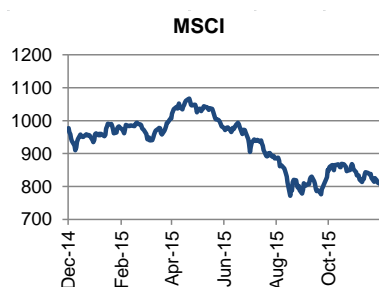
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

ROMANIA: Indicators	2014e	2015f	2016f
Real GDP growth %	2.9	3.5	4.1
CPI (pa, yoy %)	1.1	-0.8	0.5
Budget Balance/GDP *	-1.9	-1.9	-2.8
Current Account/GDP	-0.4	-0.7	-1.0
EUR/RON (eop)	4.40	4.45	4.40
	2014	current	2015f
Policy Rate (eop)	1.75	1.75	1.75

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

SERBIA: Indicators	2014e	2015f	2016f
Real GDP growth %	-1.8	1.0	2.0
CPI (pa, yoy %)	2.1	1.7	3.5
Budget Balance/GDP	-6.7	-3.5	-4.6
Current Account/GDP	-6.0	-4.3	-4.1
EUR/RSD (eop)	120.96	122.00	124.00
	2014	current	2015f
Policy Rate (eop)	8.00	4.50	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	BB-	B+

Source: IMF, EC, Reuters, Bloomberg, National
Authorities, Eurobank Research

Latest world economic & market developments in the CESEE region

CYPRUS

Consumer prices, measured by HICP, edged further up to -1.5%YoY in November up from -1.8%YoY in October compared to +0.0%YoY in November 2014. The biggest declines were observed in the categories of transportation (-1.7%MoM/-4.6%YoY) and utilities (-0.4%MoM/-10.6%YoY) reflecting lower energy prices. On the other hand, the food component registered a sharp increase-the highest among other categories-in November (+1%MoM/+1%YoY). Overall, deflation has continued for a third year in a row in 2015 albeit decelerated compared to last year. The average annual HICP came at -1.6%YoY in the first eleven months of the year up from -2.1%YoY in FY2014 and -0.3%YoY in FY2013.

Moody's revised the outlook of the Cypriot banking sector from negative to stable citing the modest economic recovery that will bring an end to five years of acute asset quality deterioration.

ROMANIA

Nominal wage growth accelerated further in October factoring in the generous wage increase of 25% in the public health sector. As a result, net wages stepped up further by +2.1%MoM/+9.7%YoY in October from +1.1%MoM/+8.0%YoY in September and compared to -1.9% MoM/+7.7% YoY in August. If the negative inflation stemming from the VAT food stuff rate cut is factored in, real wages growth has now entered double digit territory. Real wages expanded by 11.5% YoY in October up from +9.7% YoY in September and +9.6% in August. The reading is not only the highest in EU-28, but a new post-crisis peak for the standards of Romania. The generous wage increase approved recently by the parliament for all other unions of the broad public sector- effective from December except for the education and the health sectors -will continue to put further upward pressure to the average wage in the near term. Private sector wage growth is also catching up at a fast step-at 8.4% YoY in October. Robust real wage growth in private and public sector in tandem with improving sentiment and labor market tightening conditions have been fueling a revival of consumption spending throughout 2015, a trend which will most probably continue in 2016.

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December 9, 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	2059.97	-0.8%	0.1%	EUR/USD	1.0883	0.4%	-10.0%	UST - 10yr	2.23	1	6	GOLD	1075	0.3%	-9.3%
Nikkei 225	19492.60	-1.0%	11.7%	GBP/USD	1.5003	-0.3%	-3.7%	Bund-10yr	0.58	-1	3	BRENT CRUDE	40	-1.2%	-29.8%
STOXX 600	365.71	-1.8%	6.8%	USD/JPY	122.87	0.4%	-2.6%	JGB - 10yr	0.32	-1	-1	LMEX	2140	-1.4%	-26.6%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔD	ΔYTD
T/N	307	0	-684
1-week	3.24	2	-677
1-month	3.55	6	-650
3-month	3.89	4	-596
6-month	4.09	6	-570

RS Local Bonds

	Last	ΔD	ΔYTD
3Y RSD	3.66	0	-543
5Y RSD	5.06	0	-512
7Y RSD	7.36	3	-472

RS Eurobonds

	Last	ΔD	ΔYTD
USD Nov-17	3.08	2	-119
USD Nov-24	6.41	0	-18

CDS

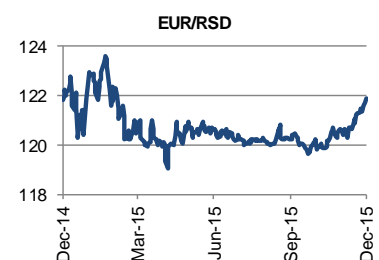
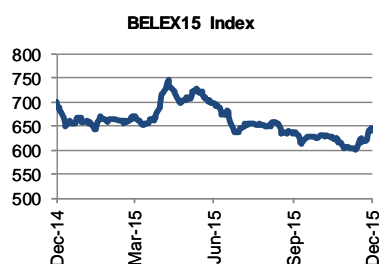
	Last	ΔD	ΔYTD
5-year	274	0	-16
10-year	339	1	-17

STOCKS

	Last	ΔD	ΔYTD
BELEX15	642.0	-0.79%	-3.75%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	121.91	-0.19%	-0.46%



ROMANIA

Money Market

ROBOR	Last	ΔD	ΔYTD
O/N	0.56	-2	-1
1-month	0.74	-1	-17
3-month	1.03	0	-67
6-month	1.34	-1	-67
12-month	1.52	0	-50

RO Local Bonds

	Last	ΔD	ΔYTD
3Y RON	1.45	-1	-86
5Y RON	1.96	-3	-75
10Y RON	3.66	-1	0

RO Eurobonds

	Last	ΔD	ΔYTD
EUR Sep-20	1.12	0	-61
USD Aug-23	3.64	-1	2

CDS

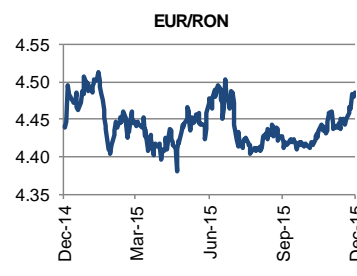
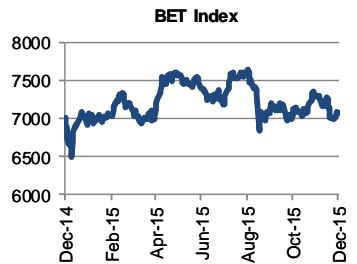
	Last	ΔD	ΔYTD
5-year	135	2	-7
10-year	176	2	-11

STOCKS

	Last	ΔD	ΔYTD
BET	7062.6	-0.51%	-0.29%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4849	-0.09%	-0.03%



BULGARIA

Money Market

SOFIBOR	Last	ΔD	ΔYTD
LEONIA	0.01	0	-1
1-month	0.18	0	-4
3-month	0.31	1	-12
6-month	0.57	0	-23
12-month	1.06	0	-45

BG Local Bonds

(yields)	Last	ΔD	ΔYTD
3Y BGN	0.20	-3	-85
5Y BGN	0.39	-4	-105
10Y BGN	1.91	0	-84

BG Eurobonds

	Last	ΔD	ΔYTD
EUR Jul-17	0.22	5	-94
EUR Sep-24	2.37	18	-50

CDS

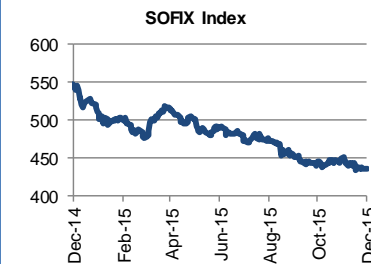
	Last	ΔD	ΔYTD
5-year	168	2	-23
10-year	219	2	-22

STOCKS

	Last	ΔD	ΔYTD
SOFIX	434.7	-0.14%	-16.75%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7972	0.43%	-10.05%



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

Data updated as of 18:00 EET of previous session

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