

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- February 1
 - Personal income (Dec)
 - Personal spending (Dec)
 - Core PCE deflator (Dec)
 - ISM manufacturing (Jan)
- February 3
 - ADP employment (Dec)
 - ISM non-manufacturing (Jan)
- February 4
 - Jobless claims (Jan 24)
 - Industrial orders (Dec)
- February 5
 - NFP payrolls (Jan)
 - U/E rate (Jan)

EUROZONE

- February 1: PMI manufacturing (Jan, f)
- February 3: PMI services (Jan, f)

GREECE

- February 1
 - PMI manufacturing (Jan)
 - Official discussions in the context of the 1st programme review commence
- February 5: Commercial Transactions (p, Dec)

SEE

BULGARIA

- February 5: Moody's sovereign credit rating review

ROMANIA

- February 1
 - T-bonds auction
 - Intern/I reserves (Jan)
- February 2: ILO U/E rate (Dec)
- February 3: Retail sales (Dec)
- February 5: MPC meeting

SERBIA

- February 1
 - GDP (Q4, 2015, p)
 - 1.5% 2018 EUR T-bonds auction

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

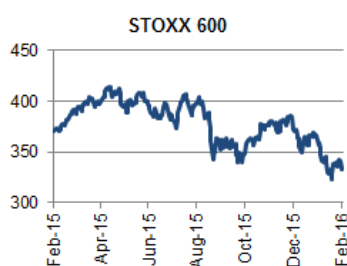
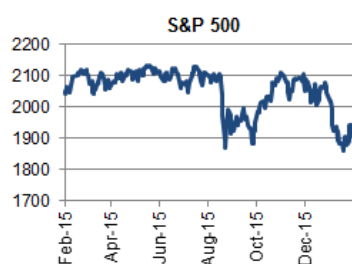
GLOBAL MARKETS: Weaker-than-expected US ISM-non manufacturing activity data and dovish comments by Fed N.Y President William Dudley triggered a dovish shift in Fed rate hike expectations. Futures markets have priced out almost any chance of a Fed rate hike in March and currently imply a federal funds rate of 0.515% by December 2016. Against this background, US Treasuries firmed while the USD moved lower across the board.

GREECE: Discussions between the mission heads and Minister of Labour, Social Insurance and Social Solidarity Georgios Katrougalos will resume today after yesterday's scheduled meeting was reportedly cancelled. As per the same sources, the meeting has been scheduled for 2:00pm Athens time. Meanwhile, the country's two largest unions representing employees in the public and private sectors (ADEDY & GSEE) have called a nationwide one-day strike today protesting against the government's planned overhaul in the tax and social security pension system. According to the local press, the mission heads will depart from Athens on Friday and, provided that things go as planned, they are reportedly expected to return by mid-February. In the meantime, discussions on all open issues of the review will continue between the Greek authorities and the Athens-based technical teams representing official creditors.

DISCLAIMER

This document has been issued by Eurobank Ergasias S.A. (Eurobank) and may not be reproduced in any manner. The information provided has been obtained from sources believed to be reliable but has not been verified by Eurobank and the opinions expressed are exclusively of their author. This information does not constitute an investment advice or any other advice or an offer to buy or sell or a solicitation of an offer to buy or sell or an offer or a solicitation to execute transactions on the financial instruments mentioned. The investments discussed may be unsuitable for investors, depending on their specific investment objectives, their needs, their investment experience and financial position. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions, all of which are subject to change without notice. No responsibility or liability, whatsoever or howsoever arising, is accepted in relation to the contents thereof by Eurobank or any of its directors, officers and employees.

Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

GLOBAL MARKETS

The US ISM-non manufacturing activity index fell from 55.8 in December to 53.5 in January, the lowest level in nearly a year, suggesting that domestic economic activity has probably further weakened at the start of the year even though labor market conditions have continued to improve. Meanwhile, Fed N.Y President William Dudley suggested yesterday that tighter financial conditions and a weakening outlook for the global economy should be taken into account at the upcoming monetary policy meeting in mid-March adding that the firmer US currency could have "significant consequences" for the domestic economy. Reacting to the above, futures markets have priced out almost any chance of a Fed rate hike in March and imply a federal funds rate of 0.515% by December 2016. Against this background, US Treasury yields moved lower with the 10-yr yield hovering around 1.89% at the time of writing, not too far from a one-year trough of 1.79% touched at some point on Wednesday and below levels near 2.0% recorded a week earlier. Lower sovereign bond yields pushed the USD lower across the board with the EUR/USD hitting a near four month high of 1.1160 earlier today. Focus today is on US factory orders data and official speeches scheduled to be given by Cleveland Fed President Loretta Mester and Boston Fed President Eric Rosengren.

GREECE

Discussions between the mission heads and Minister of Labour, Social Insurance and Social Solidarity Georgios Katrougalos will resume today after yesterday's scheduled meeting was reportedly cancelled. As per the same sources, the meeting has been scheduled for 2:00pm Athens time. Meanwhile, the country's two largest unions representing employees in the public and private sectors (ADEDY & GSEE) have called a nationwide one-day strike today protesting against the government's planned overhaul in the tax and social security pension system. According to the local press, the heads have raised certain objections on the government's social security reform plan including, inter alia: (i) they oppose the government's proposal for a 1.5% increase in social security contributions as a mean to avert further cuts in existing main pensions arguing that it would hamper business competitiveness; (ii) they argue in favor of the introduction of income eligibility criteria for the provision of the national state guaranteed pension to pensioners with no less than 20 years of insurance compared to 15 years proposed by the Greek side; (ii) they insist on the implementation of relatively lower replacement rates for pensioners with 15-25 years of insurance so as to provide incentives to employees to continue working for more than 25 years; and (iii) they propose the gradual abolishment of the pension lump sum payments. According to the local press, the mission heads will depart from Athens on Friday and, provided that things go as planned, they are reportedly expected to return by mid-February. In the meantime, discussions on all open issues of the review will continue between the Greek authorities and the Athens-based technical teams representing official creditors. An official decision on the exact timing of the mission heads' return will be reached at the March 11th Eurogroup after assessing how close the two sides are on reaching a staff level agreement on all prior actions attached to the review.

ppetropoulou@eurobank.gr

February 4, 2016

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 | 1892.05 | -0.6% | -7.4% | EUR/USD | 1.1048 | 1.2% | 1.8% | UST - 10yr | 1.85 | 1 | -42 | GOLD | 1139 | 0.8% | 7.3% |
| Nikkei 225 | 17191.25 | -3.2% | -9.7% | GBP/USD | 1.4565 | 1.1% | -1.2% | Bund-10yr | 0.28 | -3 | -35 | BRENT CRUDE | 35 | 5.6% | -7.3% |
| STOXX 600 | 3294.3 | -1.5% | -9.9% | USD/JPY | 117.87 | 1.8% | 1.9% | JGB - 10yr | 0.07 | -2 | -20 | LMEX | 2163 | -0.3% | -1.8% |

CESEE MARKETS

SERBIA

Money Market

| BELIBOR | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| T/N | 292 | 1 | -11 |
| 1-week | 3.02 | -1 | -17 |
| 1-month | 3.24 | 1 | -27 |
| 3-month | 3.46 | -1 | -37 |
| 6-month | 3.65 | -2 | -38 |

RS Local Bonds

| | Last | ΔDbps | ΔYTD bps |
|--------|------|-------|----------|
| 3Y RSD | 3.54 | -2 | -13 |
| 5Y RSD | 5.09 | 0 | -4 |
| 7Y RSD | 7.82 | 0 | 12 |

RS Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| USD Nov-17 | 3.06 | -3 | -10 |
| USD Nov-24 | 6.42 | 0 | 1 |

CDS

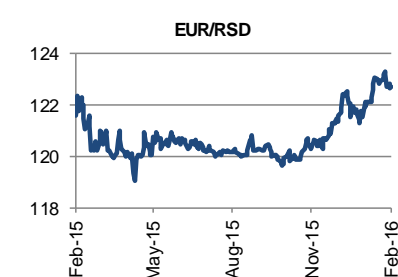
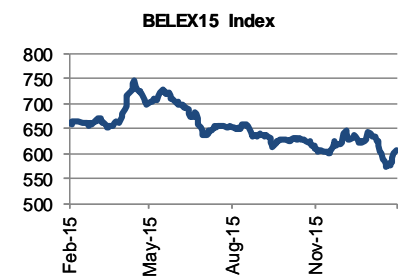
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 288 | 0 | 13 |
| 10-year | 334 | 0 | -5 |

STOCKS

| | Last | ΔD | ΔYTD |
|---------|-------|--------|--------|
| BELEX15 | 603.4 | -0.58% | -6.31% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|--------|--------|
| EUR/RSD | 122.61 | -0.12% | -0.84% |



ROMANIA

Money Market

| ROBOR | Last | ΔDbps | ΔYTD bps |
|----------|------|-------|----------|
| O/N | 0.4 | -1 | -13 |
| 1-month | 0.51 | 0 | -18 |
| 3-month | 0.83 | 0 | -19 |
| 6-month | 1.11 | -1 | -23 |
| 12-month | 1.31 | 1 | -21 |

RO Local Bonds

| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 3Y RON | 1.56 | -3 | -37 |
| 5Y RON | 2.35 | -4 | -45 |
| 10Y RON | 3.24 | -6 | -54 |

RO Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| EUR Oct-25 | 2.46 | 0 | -10 |
| USD Jan-24 | 3.64 | 0 | -14 |

CDS

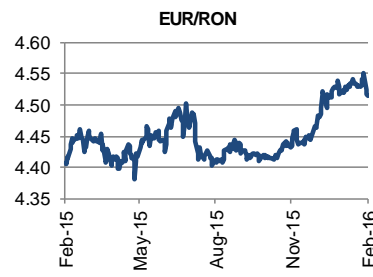
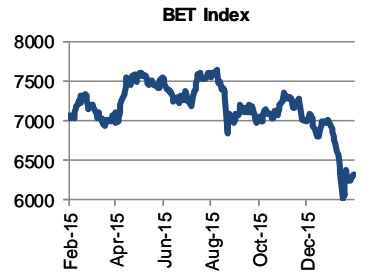
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 128 | 2 | -5 |
| 10-year | 172 | 2 | 0 |

STOCKS

| | Last | ΔD | ΔYTD |
|-----|--------|--------|---------|
| BET | 6289.6 | -0.26% | -10.20% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|-------|-------|
| EUR/RON | 4.5133 | 0.06% | 0.02% |



BULGARIA

Money Market

| SOFIBOR | Last | ΔDbps | ΔYTD bps |
|----------|-------|-------|----------|
| LEONIA | -0.16 | -8 | -17 |
| 1-month | -0.05 | 0 | -20 |
| 3-month | 0.06 | 1 | -20 |
| 6-month | 0.24 | 0 | -29 |
| 12-month | 0.61 | 0 | -36 |

BG Local Bonds

| (yields) | Last | ΔDbps | ΔYTD bps |
|----------|----------|----------|----------|
| 3Y BGN | #N/A N/A | #N/A N/A | -16 |
| 5Y BGN | 0.21 | 0 | -17 |
| 10Y BGN | 1.80 | 0 | -5 |

BG Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| EUR Jul-17 | 0.07 | 0 | 0 |
| EUR Sep-24 | 2.38 | -15 | -4 |

CDS

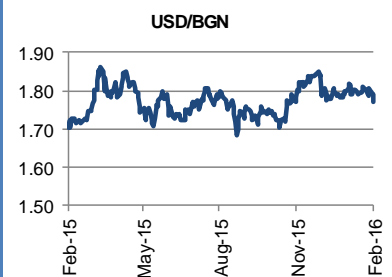
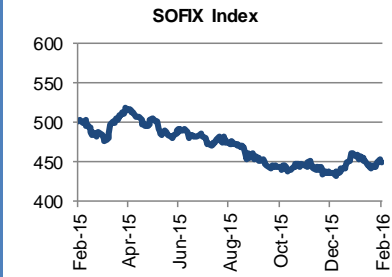
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 170 | 4 | -1 |
| 10-year | 216 | 5 | 0 |

STOCKS

| | Last | ΔD | ΔYTD |
|-------|-------|--------|--------|
| SOFIX | 448.8 | -0.31% | -2.63% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|-------|-------|
| USD/BGN | 1.7705 | 1.17% | 1.68% |



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 19:10 EET of previous session

February 4, 2016

Contributors

Paraskevi Petropoulou
G10 Markets Analyst, Eurobank Ergasias
+30 210 3718991
pmpetropoulou@eurobank.gr

Galatia Phoka
Research Economist, Eurobank Ergasias
+30 210 3718922
gphoka@eurobank.gr

Ioannis Gkionis (Special Contributor)
Research Economist, Eurobank Ergasias
+30 210 3337305
IGKIONIS@eurobank.gr

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

Stylianos G. Gogos (Special Contributor)
Economic Analyst, Eurobank Ergasias
+30 210 3371226
sgogos@eurobank.gr

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

Regional Contributors

Vessela Boteva
Expert, trading desk, Eurobank Bulgaria
+359 (2) 8166 491
vboteva@postbank.bg

Zoran Korac
FX dealer, Eurobank ad Beograd
+381 11 206 5821
zoran.korac@eurobank.rs

Bogdan Radulescu, CFA
Senior Trader, Bancpost
+40 21 3656291
bogdan.radulescu@bancpost.ro

Eurobank Economic Analysis and Financial Markets Research

Dr. Platon Monokroussos: Group Chief Economist
pmonokroussos@eurobank.gr, +30 210 37 18 903

Dr. Tassos Anastasatos: Deputy Chief Economist
tanastasatos@eurobank.gr, +30 210 33 71 178

Research Team

Anna Dimitriadou: Economic Analyst
andimitriadou@eurobank.gr, +30 210 3718 793

Ioannis Gkionis: Research Economist
igkionis@eurobank.gr +30 210 33 71 225

Stylianos Gogos: Economic Analyst
sgogos@eurobank.gr +30 210 33 71 226

Olga Kosma: Economic Analyst
okosma@eurobank.gr +30 210 33 71 227

Arkadia Konstantopoulou: Research Assistant
arkonstantopoulou@eurobank.gr +30 210 33 71 224

Paraskevi Petropoulou: G10 Markets Analyst
pmpetropoulou@eurobank.gr, +30 210 37 18 991

Galatia Phoka: Research Economist
gphoka@eurobank.gr, +30 210 37 18 922

Theodoros Stamatou: Senior Economist
tstamatou@eurobank.gr, +30 210 3371228

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

Eurobank Economic Analysis and Financial Markets
Research

More research editions available at <http://www.eurobank.gr/research>

- **Daily Overview of Global markets & the SEE Region:** Daily overview of key macro & market developments in Greece, regional economies & global markets
- **Greece Macro Monitor:** Periodic publication on the latest economic & market developments in Greece
- **Regional Economics & Market Strategy Monthly:** Monthly edition on economic & market developments in the region
- **Global Economy & Markets Monthly:** Monthly review of the international economy and financial markets

Subscribe electronically at <http://www.eurobank.gr/research>

Follow us on twitter: <http://twitter.com/Eurobank>

