

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Friday, February 05, 2016

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: Most Asian equity indices closed in the red on Friday, partly reflecting a strengthening yen that exerted downward pressure on major Japanese exporters. Elsewhere, most European bourses opened slightly higher on Friday ahead of the January US payroll report that could give some hints on the Fed monetary tightening path. In FX markets, the US dollar received some respite against its major currency peers on increased concerns about the sustainability of the US economic recovery following a recent string of weaker-than-expected economic data and dovish Fed officials' comments that triggered a downward shift in FOMC rate hike expectations.

GREECE: The mission heads are reportedly scheduled to meet later this morning the Minister of Labour, Social Insurance and Social Solidarity, Georgios Katrougalos, before they depart from Athens. According to the local press, it appears that quite diverse views continue to exist between the Greek government and official creditors on the planned overhaul of the social security pension system. Provided that things go as planned, the heads are reportedly expected to return by mid-February with an intention to have the review completed by late February/early March. In its Winter 2016 Economic Forecast published yesterday, the European Commission revised higher Greece's GDP growth forecast for 2015 and 2016 to 0.0% and -0.7%, respectively, from -1.4% and 1.-3% previously.

SOUTH EASTERN EUROPE

CESEE MARKETS: Emerging stock markets moved modestly higher in early European trade on Friday, extending the prior session's hefty gains on scaled back expectations for the timing of the next Fed rate hike. **Bourses in the CESEE** region were little changed probably as caution prevailed ahead of the non-farm payrolls report due later on the day. Along these lines, most **CESEE currencies** and **local government bonds** were mixed in morning European trade today.

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

GLOBAL MARKETS

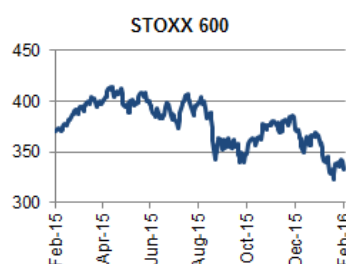
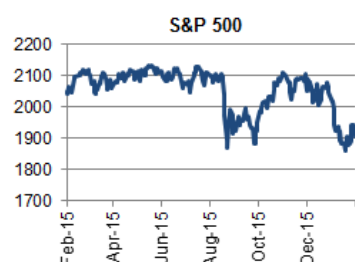
Most Asian equity indices closed in the red on Friday, partly reflecting a strengthening yen that exerted downward pressure on major Japanese exporters. Elsewhere, most European bourses opened slightly higher on Friday ahead of the January US payroll report that could give some hints on the Fed monetary tightening path. In FX markets, the US dollar received some respite against its major currency peers, with the DXY index rising 0.2% to 96.650 in early European trade at the time of writing, remaining though not too far from a three-month low of 96.259 hit yesterday on increased concerns about the sustainability of the US economic recovery following a recent string of weaker-than-expected economic data and dovish Fed officials' comments that triggered a downward shift in FOMC rate hike expectations. Adding to Fed N.Y. President William Dudley's recent comments on tighter financial conditions and a weakening global economic outlook that should be taken into account at the upcoming monetary policy meeting in mid-March, Fed Dallas Robert Steven Kaplan highlighted that he wants to be "very patient" in assessing the outlook for the U.S. economy. Market focus today centres on the key US nonfarm payroll report for January which is expected to show a 190k monthly increase in total nonfarm payrolls, following a 292k gain in the prior month.

okosma@eurobank.gr

GREECE

The mission heads are reportedly scheduled to meet later this morning the Minister of Labour, Social Insurance and Social Solidarity, Georgios Katrougalos, before they depart from Athens. According to the local press, it appears that quite diverse views continue to exist between the Greek government and official creditors on the planned overhaul of the social security pension system. As per the same sources, official creditors oppose, among others, the government's proposal for a 1.5% increase in social security contributions. They also insist on the adoption of eligibility income criteria for the provision of a national state guaranteed pension to pensioners with 67 years of age and with at least 20 years of insurance compared to 15 years that the Greek side has proposed. Provided that things go as planned, the heads are reportedly expected to return by mid-February with an intention to have the review completed by late February/early March. 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 euro area finance ministers assess how close the two sides are on reaching a staff level agreement on all prior actions attached to the review. In its Winter 2016 Economic Forecast published yesterday, the European Commission revised higher Greece's GDP growth forecast for 2015 and 2016 to 0.0% and -0.7% respectively from -1.4% and 1.-3% previously. In addition, the European Commission suggests that "further measures will be needed in 2016 and 2017 in order for Greece to reach the programme's primary surplus targets of 0.5%-of-GDP in 2016 and 1.75%-of-GDP in 2017.

ppetropoulou@eurobank.gr



Source: Reuters, Bloomberg, Eurobank Research

| BULGARIA: Indicators | 2014 | 2015e | 2016f |
|----------------------|--------|---------|-------|
| Real GDP growth % | 1.6 | 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 | 1.5 | 1.0 |
| EUR/BGN (eop) | 1.9558 | | |
| | 2015 | current | 2016f |
| Policy Rate (eop) | N/A | N/A | N/A |

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

| CYPRUS: Indicators | 2014 | 2015e | 2016f |
|---------------------|------|-------|-------|
| Real GDP growth % | -2.5 | 1.5 | 1.8 |
| HICP (pa, yoy %) | -0.3 | -1.5 | 0.5 |
| Budget Balance/GDP* | -0.2 | -0.9 | -0.1 |
| Current Account/GDP | -5.1 | -5.5 | -4.5 |

* ESA 2010

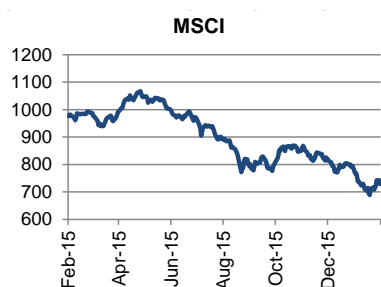
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

| ROMANIA: Indicators | 2014 | 2015e | 2016f |
|----------------------|------|---------|-------|
| Real GDP growth % | 2.9 | 3.8 | 4.1 |
| CPI (pa, yoy %) | 1.1 | -0.4 | -0.1 |
| Budget Balance/GDP * | -1.9 | -1.9 | -2.8 |
| Current Account/GDP | -0.4 | -1.0 | -2.0 |
| EUR/RON (eop) | 4.48 | 4.52 | 4.35 |
| | 2015 | current | 2016f |
| Policy Rate (eop) | 1.75 | 1.75 | 2.00 |

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

| SERBIA: Indicators | 2014 | 2015e | 2016f |
|---------------------|--------|---------|--------|
| Real GDP growth % | -1.8 | 0.6 | 1.8 |
| CPI (pa, yoy %) | 2.1 | 1.5 | 2.8 |
| Budget Balance/GDP | -6.7 | -3.7 | -4.0 |
| Current Account/GDP | -6.0 | -4.7 | -4.6 |
| EUR/RSD (eop) | 121.38 | 121.52 | 125.00 |
| | 2015 | current | 2016f |
| Policy Rate (eop) | 4.50 | 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

CESEE MARKETS

Emerging stock markets moved modestly higher in early European trade on Friday, extending the prior session's hefty gains on scaled back expectations for the timing of the next Fed rate hike. Dovish comments by ECB President Mario Draghi yesterday, which added to the prevailing market view for further monetary stimulus at the upcoming MPC meeting in March, also provided support. Against this backdrop, the MSCI Emerging Markets index firmed by 0.4% on a daily basis at the time of writing, adding to yesterday's 2.5% rally and nearly erasing to the full this week's earlier losses.

Bourses in the CESEE region were little changed probably as caution prevailed ahead of the non-farm payrolls report due later on the day. Along these lines, most **CESEE currencies** and **local government bonds** were mixed in morning European trade today. The Hungarian forint, Polish zloty and Romanian leu broadly outperformed their regional peers, with the latter hitting a 1-½-month peak near 4.4895/EUR in Europe earlier today, recoiling further below a 2-½-year trough of 4.5605 hit in late January and standing modestly firmer on a year to date basis.

gphoka@eurobank.gr

GLOBAL MARKETS

| Stock markets | | | | FOREX | | | | Government Bonds | | | | Commodities | | | |
|---------------|----------|-------|--------|---------|--------|-------|-------|------------------|------|-------|----------|-------------|------|------|-------|
| | Last | ΔD | ΔYTD | | Last | ΔD | ΔYTD | | Last | ΔDbps | ΔYTD bps | | Last | ΔD | ΔYTD |
| S&P 500 | 1915.45 | 0.2% | -6.3% | EUR/USD | 1.1195 | -0.1% | 3.1% | (yields) | 1.85 | 1 | -42 | GOLD | 1158 | 0.2% | 9.1% |
| Nikkei 225 | 16819.59 | -1.3% | -11.6% | GBP/USD | 1.4544 | -0.3% | -1.3% | UST - 10yr | 0.30 | -1 | -33 | BRENT CRUDE | 35 | 1.2% | -6.4% |
| STOXX 600 | 330.29 | 0.5% | -9.7% | USD/JPY | 116.93 | -0.1% | 2.7% | Bund-10yr | 0.03 | -3 | -24 | LMEX | 2220 | 0.9% | 0.7% |
| | | | | | | | | JGB - 10yr | | | | | | | |

CESEE MARKETS

SERBIA

Money Market

| BELIBOR | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| T/N | 291 | -1 | -12 |
| 1-week | 3.01 | -1 | -18 |
| 1-month | 3.23 | -1 | -28 |
| 3-month | 3.46 | 0 | -37 |
| 6-month | 3.64 | -1 | -39 |

RS Local Bonds

| | Last | ΔDbps | ΔYTD bps |
|--------|------|-------|----------|
| 3Y RSD | 3.48 | -2 | -18 |
| 5Y RSD | 5.07 | 0 | -5 |
| 7Y RSD | 7.79 | 0 | 9 |

RS Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| USD Nov-17 | 3.05 | 1 | -12 |
| USD Nov-24 | 6.42 | 0 | 1 |

CDS

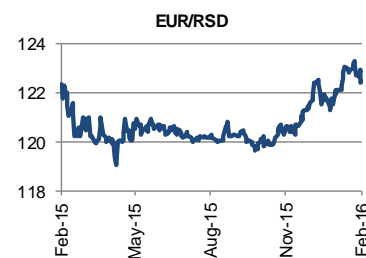
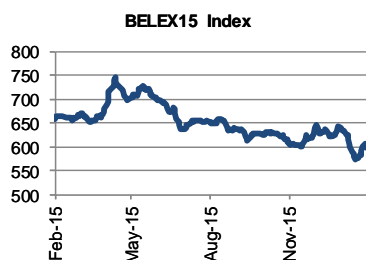
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 288 | 0 | 13 |
| 10-year | 334 | 0 | -5 |

STOCKS

| | Last | ΔD | ΔYTD |
|---------|-------|--------|--------|
| BELEX15 | 595.1 | -0.66% | -7.61% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|-------|--------|
| EUR/RSD | 122.44 | 0.02% | -0.70% |



ROMANIA

Money Market

| ROBOR | Last | ΔDbps | ΔYTD bps |
|----------|------|-------|----------|
| O/N | 0.39 | -1 | -14 |
| 1-month | 0.52 | -2 | -17 |
| 3-month | 0.82 | 1 | -20 |
| 6-month | 1.05 | 1 | -29 |
| 12-month | 1.23 | -3 | -29 |

RO Local Bonds

| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 3Y RON | 1.54 | -2 | -39 |
| 5Y RON | 2.36 | 0 | -44 |
| 10Y RON | 3.24 | -1 | -54 |

RO Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| EUR Oct-25 | 2.46 | 0 | -10 |
| USD Jan-24 | 3.57 | -1 | -21 |

CDS

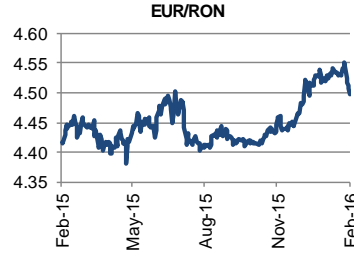
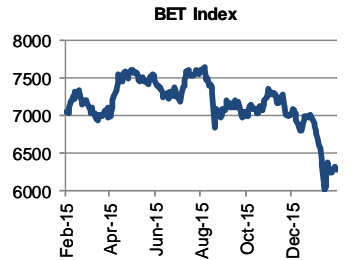
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 126 | -1 | -7 |
| 10-year | 170 | -1 | -1 |

STOCKS

| | Last | ΔD | ΔYTD |
|-----|--------|-------|--------|
| BET | 6406.9 | 0.20% | -8.53% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|-------|-------|
| EUR/RON | 4.4991 | 0.18% | 0.33% |



BULGARIA

Money Market

| SOFIBOR | Last | ΔDbps | ΔYTD bps |
|----------|-------|-------|----------|
| LEONIA | -0.08 | 8 | -9 |
| 1-month | -0.06 | -1 | -21 |
| 3-month | 0.06 | 0 | -20 |
| 6-month | 0.24 | 0 | -29 |
| 12-month | 0.59 | -2 | -38 |

BG Local Bonds

| (yields) | Last | ΔDbps | ΔYTD bps |
|----------|----------|----------|----------|
| 3Y BGN | #N/A N/A | #N/A N/A | -16 |
| 5Y BGN | 0.20 | 1 | -17 |
| 10Y BGN | 1.81 | 0 | -4 |

BG Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| EUR Jul-17 | 0.04 | 0 | -3 |
| EUR Sep-24 | 2.39 | -16 | -3 |

CDS

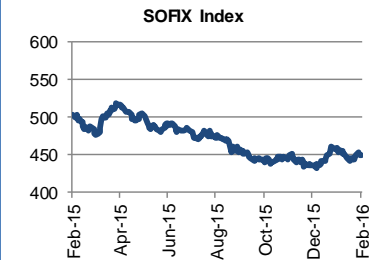
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 168 | -2 | -3 |
| 10-year | 215 | -2 | -1 |

STOCKS

| | Last | ΔD | ΔYTD |
|-------|-------|-------|--------|
| SOFIX | 448.5 | 0.06% | -2.69% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|--------|-------|
| USD/BGN | 1.7472 | -0.14% | 3.04% |



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

Data updated as of 12:00 EET

Contributors

Paraskevi Petropoulou
G10 Markets Analyst, Eurobank Ergasias
+30 210 3718991
ppetropoulou@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

Stylianios 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

Stylianios 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
ppetropoulou@eurobank.gr, +30 210 37 18 991

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

Theodoros Stamatiou: Senior Economist
tstamatiou@eurobank.gr, +30 210 33 71 228

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>

