

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Thursday, January 14, 2016

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- January 13: Fed Beige Book
- January 14: Jobless claims (weekly)
- January 15
 - Empire State Index (Jan)
 - Retail sales (Dec)
 - IP (Dec)
 - UoM sentiment (Jan)

EUROZONE

- January 14: ECB MPC December 3 meeting minutes

GREECE

- January 11: Greek FinMin meets his Finn counterpart
- January 12: FinMin meets Eurogroup President
- January 13
 - Greek FinMin meets his German counterpart
 - CPI/HICP (Dec)

CYPRUS

- January 12: HICP (Dec)

SEE

BULGARIA

- January 11
 - Trade balance (Nov)
 - U/E rate (Dec)
- January 13: CPI (Dec)

ROMANIA

- January 11
 - Trade balance (Nov)
 - 3.5% 2022 T-bonds auction
- January 13
 - Net wages (Nov)
 - CPI (Dec)
 - IP (Nov)
 - CAD (Nov)
- January 14: 3.5% 2022 T-bonds auction
- January 15: GDP (Q3, f)

SERBIA

- January 12
 - HICP (Dec)
 - MPC meeting

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Oil prices remained under pressure on Thursday weighed down by lingering oversupply jitters and persisting worries over the growth prospects of China. Against this background, most European equity markets were weaker in early trade while oil-related currencies underperformed their major currency peers. Looking at today's calendar, the BoE MPC policy meeting lures market attention where the Central Bank is expected to stay put on interest rates in view of persistently subdued inflation pressures.

GREECE: The Eurogroup convenes later in the day (15:00 CET) and Greece's stabilization programme features high on the agenda. In more detail, official discussions are expected to place particular emphasis on the progress made thus far by the Greek side in implementing a number of agreed milestones and particularly on the overhaul of the social security pension system, which constitutes one of the prior actions required for the completion of the 1st programme review. On the data front, the Harmonized Index of Consumer Prices (HICP) increased by 0.4%YoY in December marking the first positive annual rate of growth in the last 33 months.

SOUTH EASTERN EUROPE

ROMANIA: Nominal wage growth accelerated further in November both on a monthly and annual basis, coming in at +2.5% MoM/+10.0% YoY from +2.1% MoM/+9.7% YoY in October, on the back of the granting of occasional and performance bonuses given at this point of the year.

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Latest world economic & market developments

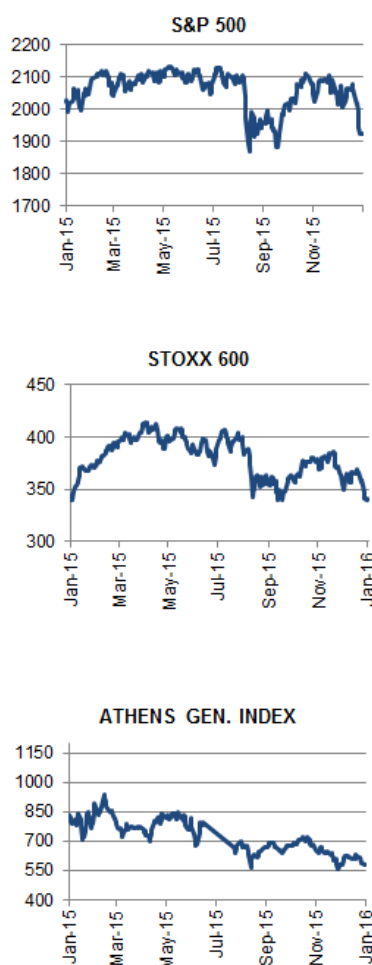
GLOBAL MARKETS

Oil prices remained under pressure on Thursday weighed down by lingering oversupply jitters and persisting worries over the growth prospects of China. The Brent crude oil price was standing close to \$30.50 per barrel in European trade at the time of writing after falling temporarily below the psychologically important level of \$30.00 at some point earlier in the day for the first time since April 2004 having recorded losses of near 20% so far this year. Against this background, most European equity markets were weaker in early trade on Thursday while oil-related currencies underperformed their major currency peers with the CAD falling to as low as 1.4334 per USD earlier in the day, the lowest since April 2003. Looking at today's calendar, the BoE MPC policy meeting lures market attention where the Central Bank is expected to stay put on interest rates in view of persistently subdued inflation pressures mainly due to lower oil prices. The release of the ECB monetary policy account of the December 3rd policy meeting also takes centre stage today.

GREECE

The Eurogroup convenes later in the day (15:00 CET) and Greece's stabilization programme features high on the agenda. In more detail, official discussions are expected to place particular emphasis on the progress made thus far by the Greek side in implementing a number of agreed milestones and particularly on the overhaul of the social security pension system, which constitutes one of the prior actions required for the completion of the 1st programme review. As suggested by Eurogroup President Jeroen Dijsselbloem earlier this week, the successful completion of the review is a key precondition for the release of additional official funding under the 3-year ESM loan facility and the initiation of official discussions on the sustainability of Greek public debt. With regard to a potential reintroduction of a Greek collateral waiver, ECB President Mario Draghi suggested yesterday that strong commitment to the financial assistance programme and demonstration of ownership, are key prerequisites. On the data front, the Harmonized Index of Consumer Prices (HICP) increased by 0.4%YoY in December marking the first positive annual rate of growth in the last 33 months. For the full-year 2015, the annual average rate of change was -1.1%YoY compared to -1.4%YoY a year earlier.

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Source: Reuters, Bloomberg, Eurobank Research

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

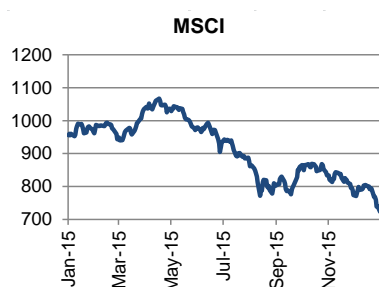
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

ROMANIA: Indicator	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

ROMANIA

Nominal wage growth accelerated further in November both on a monthly and annual basis factoring in the granting of occasional and performance bonuses given at that time of the year. As a result, net wages stepped up further by +2.5% MoM/+10.0% YoY in November from +2.1% MoM/+9.7% YoY in October and +1.1% MoM/+8.0% YoY in September. 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 +11.3%YoY a notch down from +11.5% YoY in October and +9.7% YoY in September. The wages in the sectors of computer informatics (+2.7% MoM/+16.9%YoY), manufacturing (+4.8% MoM/+9.8%YoY) and financial sector (+6.2% MoM/+6.7%YoY) were among those recording the highest monthly increases.


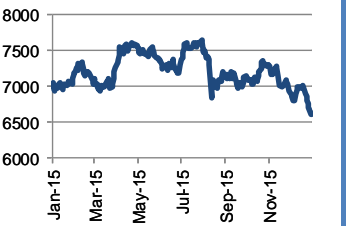
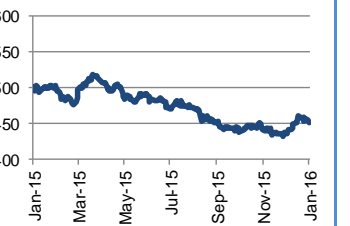
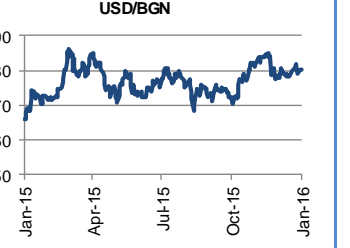
The reading is not only the highest in the EU-28, but also a new post-crisis peak for the standards of Romania. A generous wage increase approved by the parliament for all other unions of the broad public sector- effective from December except for the education and the health sectors which have already received 15% and 25% increases respectively -will continue to put further upward pressure to the average wage in the near term. 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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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	1950.30	0.6%	-4.6%	EUR/USD	1.0856	0.0%	0.0%	UST - 10yr	2.13	2	-14	GOLD	####	0.2%	2.6%
Nikkei 225	17715.63	2.9%	-6.9%	GBP/USD	1.4429	-0.1%	-2.1%	Bund-10yr	0.58	5	-5	BRENT CRUDE	32	3.0%	-14.8%
STOXX 600	347.45	1.2%	-5.0%	USD/JPY	118.1	-0.4%	1.7%	JGB - 10yr	0.20	-2	-7	LMEX	####	-0.7%	-7.0%

CESEE MARKETS

SERBIA				ROMANIA				BULGARIA			
Money Market				Money Market				Money Market			
BELIBOR	Last	ΔDbps	ΔYTD bps	ROBOR	Last	ΔDbps	ΔYTD bps	SOFIBOR	Last	ΔDbps	ΔYTD bps
T/N	291	0	-12	O/N	0.37	-2	-16	LEONIA	-0.09	0	-10
1-week	3.02	0	-17	1-month	0.59	-1	-10	1-month	-0.02	-2	-17
1-month	3.31	0	-20	3-month	0.92	-3	-10	3-month	0.11	0	-15
3-month	3.54	0	-29	6-month	1.29	0	-5	6-month	0.35	0	-18
6-month	3.75	0	-28	12-month	1.48	0	-4	12-month	0.80	0	-17
RS Local Bonds				RO Local Bonds				BG Local Bonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps	(yields)	Last	ΔDbps	ΔYTD bps
3Y RSD	3.63	5	-3	3Y RON	1.74	-4	-19	3Y BGN	0.15	10	11
5Y RSD	5.11	3	-1	5Y RON	2.56	-6	-24	5Y BGN	0.26	-1	-12
7Y RSD	7.70	0	0	10Y RON	3.51	-8	-27	10Y BGN	1.80	0	-5
RS Eurobonds				RO Eurobonds				BG Eurobonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
USD Nov-17	3.20	-1	3	EUR Oct-25	2.50	0	-7	EUR Jul-17	0.00	386	-7
USD Nov-24	6.42	0	1	USD Jan-24	3.73	5	-5	EUR Sep-24	2.38	4	-4
CDS				CDS				CDS			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
5-year	279	0	4	5-year	127	-4	-6	5-year	170	1	-2
10-year	322	-1	-17	10-year	164	-4	-7	10-year	214	1	-2
STOCKS				STOCKS				STOCKS			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
BELEX15	616.2	-1.41%	-4.33%	BET	6580.7	0.18%	-6.05%	SOFIX	451.0	-0.72%	-2.14%
FOREX				FOREX				FOREX			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
EUR/RSD	122.41	-0.15%	-0.67%	EUR/RON	4.5312	-0.03%	-0.38%	USD/BGN	1.8018	-0.01%	-0.08%
BELEX15 Index				BET Index				SOFIX Index			
											
EUR/RSD				EUR/RON				USD/BGN			
											

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

Data updated as of 16:55 EET of previous session

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