

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Thursday, March 26, 2015

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL

#### US

- March 23: Existing home sales (Feb)
- March 24
  - CPI (Feb)
  - New home sales (Feb)
- March 25: Durable goods orders (Feb)
- March 26: Initial jobless claims (Mar 21)
- March 27: GDP (Q4, 3<sup>rd</sup>)

#### EUROZONE

- March 23: ECB's Draghi speaks
- March 24: PMI manufacturing (Mar)

#### CYPRUS

- March 26: CAD (Q414)
- March 27
  - Labour force surv. (Q4)
  - Retail trade (Jan)

#### GREECE

- March 23: Current account balance (Jan)
- March 26: Deposits (Jan)

#### SEE

#### BULGARIA

- March 23: 3.1% 2025 T-Bonds auction
- March 27: Gross external debt (Jan)

#### SERBIA

- March 23: 5-year EUR T-Notes auction
- March 24: 7-year RSD T-bonds auction
- March 25:
  - Gross wages (Feb)
  - 2-year floating RSD T-Notes auction
- March 20: CAD (Dec)

Source: Reuters, Bloomberg, Eurobank  
Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** The majority of global equity markets moved lower on Thursday and US Treasuries firmed in early European trade on the back of news that Saudi Arabia and other Gulf states launched airstrikes against rebel forces in Yemen's capital. Y-day's weaker-than-expected US February's durable goods orders mainly affected by adverse weather conditions, also had an impact.

**GREECE:** The ECB reportedly renewed its approval for the provision of ELA facility to Greek banks at its meeting y-day and increased the funding ceiling by €1.3bn to €71.1bn. In other news, the Euro Working Group decided at its meeting y-day that Greece is not legally entitled to receive the €1.2bn of the remaining €10.9bn HFSF buffer that has already been returned back to the ESM and the issue will be re-assessed at a later stage. Speaking to a local TV station earlier today, Minister of Economy, Infrastructure, Shipping and Tourism George Stathakis expressed his optimism that Greece will reach an agreement early next week with its EU partners on the package of reforms the government will propose and on the release of official funding.

### SOUTH EASTERN EUROPE

**BULGARIA:** Prime Minister Boyko Borisov said on Wednesday that state budget revenues in Q1 2015 increased by BGN 820mn on an annual basis thanks to measures recently adopted by the government in its fight against contraband.

**ROMANIA:** The government approved on Wednesday a tax-cuts plan for the period of 2016-2019 in a move aimed at boosting the domestic economy.

**SERBIA:** The Public Debt Administration sold RSD 2.6bn of 2-year floating T-Notes at an auction on Wednesday, well below amounts of RSD 10bn offered and RSD 7.1bn bid. The issue bears an annual coupon of Reference Interest Rate NBS + Fixed Spread, with the average fixed margin coming in at 1.34% above the Central Bank (NBS) key policy rate of 7.50%.

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## Latest world economic & market developments

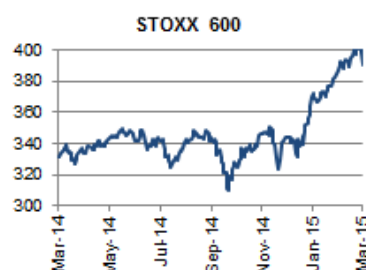
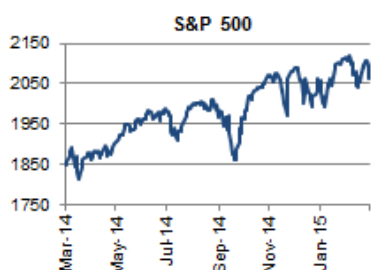
### GLOBAL MARKETS

The majority of global equity markets moved lower on Thursday and US Treasuries firmed in early European trade on the back of news that Saudi Arabia and other Gulf states launched airstrikes against rebel forces in Yemen's capital. Y-day's weaker-than-expected US February's durable goods orders mainly affected by adverse weather conditions, also had an impact. In FX markets, the USD moved lower, giving back some of its recent hefty gains, on the view that the Fed will not rush to push interest rates higher. Chicago Fed president Charles Evans was quoted as saying y-day that he is concerned that the strong US currency's "clear disinflationary pressure" could get embedded in inflation expectations adding that there is "no compelling reason" for the Central Bank to raise interest rates before the second half of the year. Elsewhere, the EUR gained some ground favored by a string of firmer-than-expected data this week including Germany's March IFO and euro area's March PMIs supporting the view that Q1 GDP growth in the region will provide a solid start to the year. Against this background, the EUR/USD retained a firm tone for the fourth consecutive session hovering close to a three-week high of 1.1050 hit earlier today. However, with the monetary policy divergence between the Fed and the ECB continuing to play a key role on investor sentiment, it would be premature to assess that the EUR/USD has already embarked on a sustained upward trend short-term.

### GREECE

The ECB reportedly renewed its approval for the provision of ELA facility to Greek banks at its meeting y-day and increased the funding ceiling by €1.3bn to €71.1bn. According to the same sources, the ECB requested Greek banks not to increase their exposure to T-bills for prudential reasons. Note that Greece has to roll over T-bills of €2.4bn next month. In other news, the Euro Working Group decided at its meeting y-day that Greece is not legally entitled to receive the €1.2bn of the remaining €10.9bn HFSF buffer that has already been returned back to the ESM and the issue will be re-assessed at a later stage. Speaking to a local TV station earlier today, Minister of Economy, Infrastructure, Shipping and Tourism George Stathakis expressed his optimism that Greece will reach an agreement early next week with its EU partners on the package of reforms the government will propose and on the release of official funding. According to press reports, provided that the Greek side presents a comprehensive list of reforms that is positively assessed by the Institutions, euro area finance ministers could meet in the middle of next week.

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## Latest world economic & market developments in the CESEE region

ROMANIA: Indicator:	2013	2014e	2015f
Real GDP growth %	3.5	2.9	2.7
CPI (pa, yoy %)	4.0	1.3	2.6
Budget Balance/GDP *	-2.5	-1.9	-2.0
Current Account/GDP	-1.1	-1.2	-0.5
EUR/RON (eop)	4.46	4.40	
	<b>2014</b>	<b>current</b>	<b>2015f</b>
Policy Rate (eop)	2.75	2.25	2.00

\* on a cash basis

Source: EC Economic Forecasts, Reuters, Bloomberg,  
Eurobank Global Markets Research, local authorities

### BULGARIA

According to the government's press office, Prime Minister Boyko Borisov said, during a regular meeting of the Council of Ministers on Wednesday, that state budget revenues in Q1 2015 increased by BGN 820mn on an annual basis thanks to measures recently adopted by the government in its fight against contraband. On the sidelines of the same meeting, Finance Minister Vladislav Goranov reportedly noted that the government plans to repay on March 27 a €1.5bn syndicated bridge loan, received by four large international commercial banks late last year, after it raised earlier this month €3.1bn of debt in global markets earlier in March.

SERBIA: Indicators	2013	2014e	2015f
Real GDP growth %	-1.5	-1.8	-0.5
CPI (pa, yoy %)	7.8	2.0	3.5
Budget Balance/GDP	-6.5	-7.1	-5.5
Current Account/GDP	-6.1	-6.1	-6.0
EUR/RSD (eop)	114.60	120.96	125.00
	<b>2014</b>	<b>current</b>	<b>2015f</b>
Policy Rate (eop)	8.00	7.50	7.50

Source: EC Economic Forecasts, Reuters, Bloomberg,  
Eurobank Global Markets Research, local authorities

### ROMANIA

After Wednesday's Parliamentary vote that allows prosecutors to arrest former finance minister Darius Valcov amid corruption allegations, Prime Minister Victor Ponta is expected to nominate soon a replacement for the ministerial post. Separately, the government approved on Wednesday a tax-cuts plan for the period of 2016-2019 in a move aimed at boosting the domestic economy. Among the scheduled measures envisioned to come into effect over the aforementioned time frame are reductions in several VAT rates, lower social security contributions, elimination of a dividends and special buildings taxes as well as cuts in excise taxation. The cabinet estimates the gross budgetary impact of the VAT cuts at RON 12.3bn in 2016 and expects to recoup RON 6.8bn via higher VAT, security and wage tax revenues over that year. It also expects that the aforementioned measures will add 1.6% to GDP in 2016 and generate 340k of new jobs. The proposals are expected to be submitted to Parliament for endorsement in the imminent future, with Prime Minister having been quoted recently as saying that he expects them to pass by the end of June.



### SERBIA

Real gross wage growth returned into a negative territory of 3.8%YoY in February, with a rebound to +3.3%YoY a month earlier proving short lived. In the period January-February 2015, average net salaries and wages decreased by 0.4%YoY in real terms. In other news, the Public Debt Administration sold RSD 2.6bn of 2-year floating T-Notes at an auction on Wednesday, well below amounts of RSD 10bn offered and RSD 7.1bn bid. The issue bears an annual coupon of Reference Interest Rate NBS + Fixed Spread. The average fixed margin came in at 1.34% above the Central Bank (NBS) key policy rate of 7.50%, below a 1.45% fixed spread achieved at a prior auction of similar maturity paper held in February when the NBS benchmark rate stood at 8.00%.

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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-

## 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	2061.05	-1.5%	0.1%	EUR/USD	1.1038	0.6%	-8.8%	UST - 10yr	1.90	-3	-28	GOLD	1213	1.5%	2.4%
Nikkei 225	19471.12	-1.4%	11.6%	GBP/USD	1.4979	0.7%	-3.8%	Bund-10yr	0.21	-1	-33	BRENT CRUDE	174	0.0%	-0.7%
STOXX 600	390.68	-1.8%	14.1%	USD/JPY	118.44	0.9%	1.0%	JGB - 10yr	0.33	0	0	LMEX	2796	-0.6%	-4.1%

## SEE MARKETS

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	on	-6	-335
1-week	7.31	1	-270
1-month	7.86	-1	-219
3-month	8.34	-1	-151
6-month	8.63	-1	-116

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	9.12	-1	4
5Y RSD	10.14	0	-4
7Y RSD	11.20	1	-5

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.61	0	-65
USD Nov-24	6.43	0	-16

## CDS

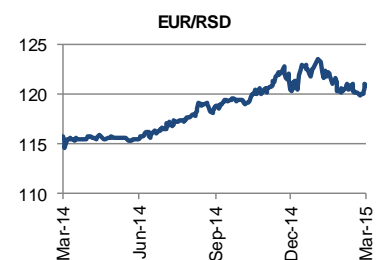
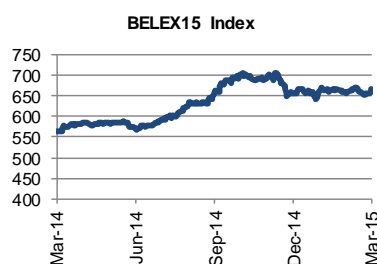
	Last	ΔDbps	ΔYTD bps
5-year	235	-15	-55
10-year	266	-15	-90

## STOCKS

	Last	ΔD	ΔYTD
BELEX15	666.2	0.75%	-0.13%

## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.85	0.12%	0.41%



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.02	126	145
1-month	1.41	55	50
3-month	1.4	11	-30
6-month	1.63	9	-38
12-month	1.67	7	-35

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	2.05	2	-26
5Y RON	2.32	1	-39
10Y RON	3.19	3	-47

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.31	1	-42
USD Aug-23	3.34	3	-28

## CDS

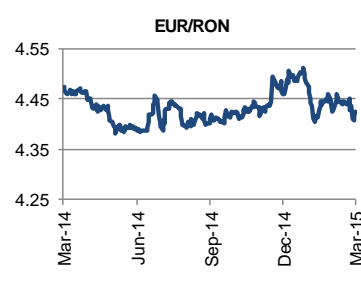
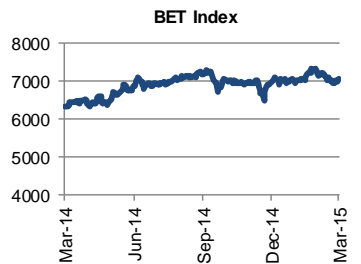
	Last	ΔDbps	ΔYTD bps
5-year	106	-4	-37
10-year	150	-4	-37

## STOCKS

	Last	ΔD	ΔYTD
BET	7041.7	0.64%	-0.58%

## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4259	-0.19%	1.30%



## BULGARIA

## Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.16	0	-5
3-month	0.36	0	-7
6-month	0.70	0	-9
12-month	1.31	0	-19

## BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.53	-1	-51
5Y BGN	0.83	-1	-62
10Y BGN	1.82	0	-93

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.73	-4	-43
EUR Sep-24	2.31	3	-56

## CDS

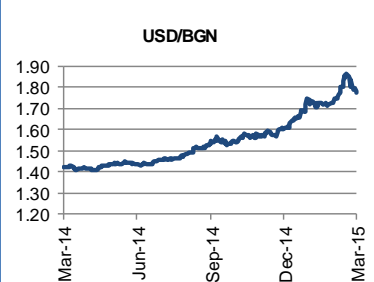
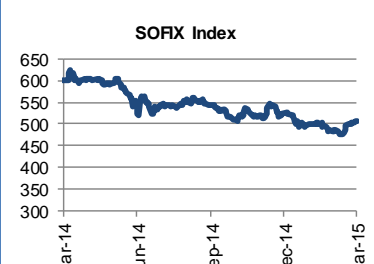
	Last	ΔDbps	ΔYTD bps
5-year	160	-1	-31
10-year	207	-1	-34

## STOCKS

	Last	ΔD	ΔYTD
SOFIX	508.0	0.06%	-2.70%

## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7722	0.61%	-8.79%



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 11:40 EET

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