

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- March 10: Initial jobless claims (Mar. 5)

EUROZONE

- March 8: Q4 GDP (details)
- March 10: ECB monetary policy meeting

GREECE

- March 7: Eurogroup
- March 8: Motor Vehicle Circulation Licences (January 2016)
- March 9- Industrial Production Index (December 2015)

CYPRUS

- March 7- Eurogroup
- March 8: HICP (Feb)
- March 10: GDP (NSA, Q4)

SEE

BULGARIA

- March 8: GDP (WDA, Q4)
- March 11: Trade Balance (Jan)
- March 10:
 - Retail Sales (Jan)
 - Industrial Production (Jan)

ROMANIA

- March 8: GDP (WDA, Q4)
- March 9: Net wages (Jan)
- March 11:
 - Industrial Sales (Jan)
 - Trade Balance (Jan)
 - CPI (Feb)

SERBIA

- March 7: Producers Price Index (Feb)
- March 11: HICP (Feb)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Major European bourses were firmer in early trade and sovereign bonds across the G10 retained a positive tone amid expectations for further monetary stimulus by the ECB at Thursday's policy meeting.

GREECE: Official discussions in the context of the 1st programme review are reportedly expected to resume today. As per the same sources, the first meeting will take place at 14:00 EET as Greece's Minister of Finance Euclid Tsakalotos and Greece's Minister of Economy, Development and Tourism Giorgos Stathakis are scheduled to meet the ECB/IMF/ESM/EC mission heads. Meanwhile, France's finance minister Michel Sapin reportedly said that official discussions on a new debt relief package for Greece would commence at the 2016 Spring Meetings of the IMF on April 15th -17th.

SOUTH EASTERN EUROPE

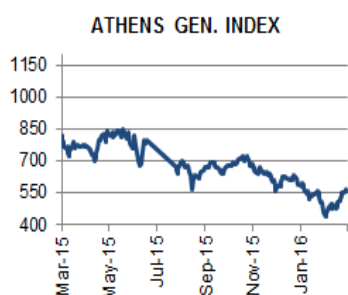
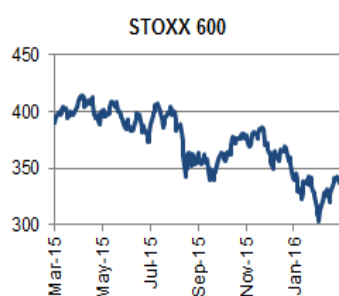
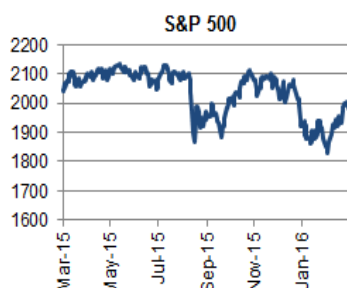
BULGARIA: According to the revised estimate of the Statistical Service, GDP growth came at +0.7% QoQ/+3.0% YoY in Q4-2015, bringing FY growth at +3.0% in 2015.

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.

March 9, 2016

Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

GLOBAL MARKETS

The majority of Asian bourses weakened on Wednesday, pressured by lower oil prices and China's disappointing trade data for the month of February. Comments by IMF official David Lipton that the world faces a growing "risk of economic derailment" and immediate action to boost demand is needed may also had an impact. On the flip side, after a two-session falling streak, major European bourses were firmer in early trade amid expectations for further monetary stimulus by the ECB at Thursday's policy meeting. In FX markets, the USD remained under some pressure against the JPY amid market anxiety ahead of next week's FOMC policy meeting. After hitting session highs of 113.50 on Tuesday, the USD/JPY retreated hovering around 112.50/55 in European trade at the time of writing, within distance from a fresh multi-session low of 112.43 recorded earlier in the day. Technically, strong support lies at 111.00, a level that may contain any further weakness ahead of the upcoming two-day FOMC monetary policy meeting that commences on March 15th. Elsewhere, sovereign bonds across the G10 retained a firm tone with Germany's 2-yr bond yield hovering around multi-session lows of -0.547% at the time of writing. Looking at today's calendar, focus is on UK IP data for February while the BoC holds its regular policy meeting where it is expected to stay on hold leaving the overnight rate at 0.50% (16:00 CET).

GREECE

Official discussions in the context of the 1st programme review are reportedly expected to resume today. As per the same sources, the first meeting will take place at 14:00 EET as Greece's Minister of Finance Euclid Tsakalotos and Greece's Minister of Economy, Development and Tourism Giorgos Stathakis are scheduled to meet the ECB/IMF/ESM/EC mission heads. The issues attached to the review that are reportedly expected to dominate official discussions between the heads and the Greek authorities in the coming sessions include the following: (i) the overhaul of the social security pension system with official creditors reportedly arguing, among others, on the adoption of relatively lower replacement rates and the establishment of a lower national state guaranteed pension compared to those the government's initial plan envisioned; (ii) the income tax code reform with official creditors insisting, inter alia, on the integration of the solidarity surcharge into the income tax, in line with the MoU conditionality; (iii) the size of the projected fiscal gap for the period between FY-2016 and FY-2018 as well as sources of funding for its coverage; and (iv) the finalization of the outstanding issues related to the NPL resolution framework. With regard to the social security pension system reform a meeting between the mission heads and Greece's Minister of Labour, Social Insurance and Social Solidarity Georgios Katrougalos has been scheduled for tomorrow (Thursday, March 10th). According to the local press, the heads will depart by the end of next week, ahead of the Catholic Easter that falls on March 27th. Unless a staff level agreement has been reached by then, the heads are reportedly expected to return in early April with an intention to complete the review by the Orthodox Easter which falls on May 1st. Meanwhile, France's finance minister Michel Sapin reportedly said that official discussions on a new debt relief package for Greece would commence at the 2016 Spring Meetings of the IMF scheduled for April 15th -17th.

ppetropoulou@eurobank.gr

March 9, 2016

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: Indicator:	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	0.7	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)	4.25	4.25	4.25

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

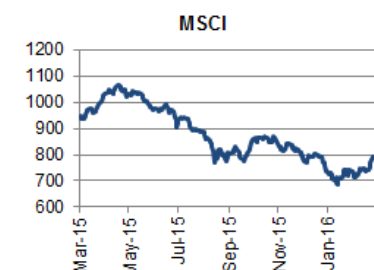
Latest world economic & market developments in the CESEE region

BULGARIA

The second estimate on the seasonally adjusted Q4 GDP reading trimmed 0.1ppt off the initial flash estimate of +0.8% QoQ/+3.1% YoY. As a result, GDP growth is now seen at +0.7% QoQ/+3.0% YoY in Q4-2015, the highest pace since Q2-2011, up from +0.7% QoQ/+2.9% YoY in Q3-2015 vs. +0.6% QoQ/+1.8% YoY in Q4-2014. This minor revision in the last quarter's data doesn't change the big picture in the economy. From a demand side point of view, total consumption made a strong come-back, expanding by +0.9% QoQ/+2.7% YoY in Q4-2015 up from +1% QoQ/+1% YoY in Q3-2015 vs. -0.8% QoQ/+1.1% YoY in Q4-2014. In addition, investments entered in positive territory after four consecutive quarters in the red (+1.1% QoQ/+1.7% YoY in Q4, up from +0.6% QoQ/-0.4% YoY in Q3).

The spending recovery was mainly driven by the increase in government spending mirroring the increased EU funds absorption ahead of the closing of the programming period 2007-2013 by year end. In addition, rising real wages, improving sentiment, declining energy prices-Bulgaria has the highest energy consumption intensity in EU-28-and further gains in employment have helped private spending gain more speed in Q4. Unemployment declined further to 7.9% of the labor force in Q4-2015, down from 8.3% in Q3-2015 compared to 10.6% in Q4-2014. Against an unfavorable external backdrop, net exports accomplished to make a further positive contribution to growth in Q4. Exports decelerated to +5.6% QoQ/+4.2% YoY in Q4 down from -1.9% QoQ/+5.8% YoY in Q3, yet still outpaced imports which edged to +3.9% QoQ/+3.4% YoY in Q4 vs. -0.8% QoQ/+3.3% YoY in Q3.

Summing up, full year growth accelerated to +3.0% YoY in 2015, the highest growth rate since 2008, up from +1.6% in 2014. Looking ahead, our GDP forecast stands at 2.6% in 2016 as we see downside risks for growth stemming primarily from lower EU funds absorption mirroring the beginning of the new multi-annual EU budgeting program period and the need for fiscal consolidation. The consolidated government deficit target is set at 2% in 2016 down from a realized 2.9% in 2015. In any case, Bulgaria needs to accelerate structural reforms in order to accelerate living standards convergence with EU-28.

igkionis@eurobank.gr


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

March 9, 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	1979.26	-1.1%	-3.2%	EUR/USD	1.0972	-0.3%	1.1%	UST - 10yr	1.86	3	-41	GOLD	1257	-0.4%	18.4%
Nikkei 225	16642.20	-0.8%	-12.6%	GBP/USD	1.4209	0.0%	-3.6%	Bund-10yr	0.21	3	-42	BRENT CRUDE	40	0.2%	6.6%
STOXX 600	340.18	0.8%	-7.0%	USD/JPY	112.55	0.1%	6.7%	JGB - 10yr	-0.02	8	-28	LMEX	2293	-3.0%	4.1%

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	284	1	-19	O/N	0.39	0	-14	LEONIA	0.00	0	-1
1-week	2.96	1	-23	1-month	0.54	0	-15	1-month	-0.08	0	-23
1-month	3.12	0	-39	3-month	0.77	0	-25	3-month	0.03	1	-24
3-month	3.30	0	-53	6-month	1.03	0	-31	6-month	0.22	0	-31
6-month	3.50	0	-53	12-month	1.2	0	-32	12-month	0.58	0	-39
RS Local Bonds				RO Local Bonds				BG Local Bonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps	(yields)	Last	ΔDbps	ΔYTD bps
3Y RSD	3.46	-3	-20	3Y RON	1.87	1	-6	3Y BGN	0.36	0	-24
5Y RSD	5.22	0	9	5Y RON	2.65	0	-15	5Y BGN	1.01	-7	-26
7Y RSD	7.64	0	-6	10Y RON	3.35	0	-43	10Y BGN	2.63	0	-2
RS Eurobonds				RO Eurobonds				BG Eurobonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
USD Nov-17	2.97	0	-19	EUR Oct-25	2.45	0	-12	EUR Jul-17	0.07	-75	0
USD Nov-24	6.18	0	-24	USD Jan-24	3.42	-2	-37	EUR Sep-24	2.41	8	-1
CDS				CDS				CDS			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
5-year	270	0	-4	5-year	128	-2	-5	5-year	172	1	0
10-year	334	0	-5	10-year	174	-2	3	10-year	220	1	4
STOCKS				STOCKS				STOCKS			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
BELEX15	591.8	-0.51%	-8.12%	BET	6665.5	-0.13%	-4.84%	SOFIX	443.7	0.00%	-3.74%
FOREX				FOREX				FOREX			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
EUR/RSD	123.36	-0.04%	-1.44%	EUR/RON	4.4646	0.01%	1.11%	USD/BGN	1.7826	-0.36%	0.99%

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 10:50 EET

March 9, 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>

