

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### GLOBAL

##### US

- November 12: Jobless Claims
- November 13
  - Retail sales (Oct)
  - UoM sent.(Nov, p)

##### EUROZONE

- November 9: OECD Economic Outlook
- November 11: ECB President Draghi speaks

##### GREECE

- November 9: Eurogroup
- November 11: EC/ECB/IMF/ESM mission heads reportedly expected to arrive in Athens

##### CYPRUS

- November 10: HICP (Oct)
- November 13: Conclusion of 8<sup>th</sup> programme review
- November 14: GDP (Q3, p)

##### SEE

##### BULGARIA

- November 9
  - Trade balance (Sep)
  - Ind. production (Sep)
  - Retail sales (Sep)
  - T-bonds auction
- November 12: CPI (Oct)
- November 13
  - GDP (Q3, p)
  - U/E rate (Oct)

##### ROMANIA

- November 9
  - Trade balance (Sep)
  - T-bonds auction
- November 10: Industrial production (Sep)
- November 11: CPI (Oct)
- November 13
  - GDP (Q3, A)
  - CAD (Sep)
- November 3: Retail sales (Sep)

##### SERBIA

- November 12
  - HICP (Oct)
  - MPC meeting

Source: Reuters, Bloomberg,  
Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** The majority of European bourses opened higher on Wednesday favored by increased optimism for further ECB monetary policy accommodation, possibly as soon as the next meeting scheduled for December 3<sup>rd</sup>. In FX markets, the EUR remained under pressure across the board, especially against the USD, as diverging Fed and ECB monetary policy outlooks continue to play a key role in FX markets.

**GREECE:** According to the local press, the Greek government is planning to submit to Parliament by the end of next week a multi-bill incorporating the legislation required for the fulfillment of: (i) all pending prior actions for the release of the next ESM loan tranche (€2bn) that is part of the €3bn outstanding sub-tranche of the €26bn first loan disbursement released to Greece in mid-August; and (ii) some of the key MoU milestones related to banking sector governance.

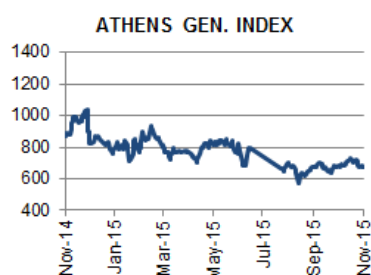
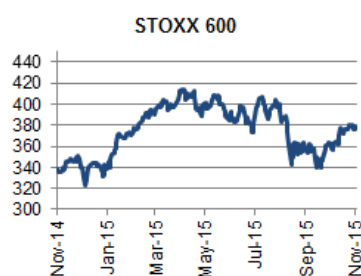
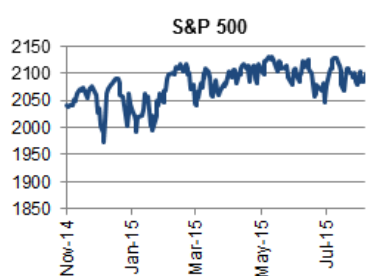
### SOUTH EASTERN EUROPE

**ROMANIA:** In a more or less anticipated move, President Klaus Iohannis nominated former European agriculture commissioner Mr.Dacian Cioloș as the new Prime Minister.

**SERBIA:** Upon conclusion of an IMF staff mission visit to Serbia on November 10 in the context of the 3<sup>rd</sup> review under the country's 36-month €1.2bn Stand-By Arrangement, the Fund noted that a staff-level agreement with the domestic authorities was reached.

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Source: Reuters, Bloomberg, Eurobank Research

## Latest world economic & market developments

### GLOBAL MARKETS

The majority of European bourses opened higher on Wednesday favored by increased optimism for further ECB monetary policy accommodation, possibly as soon as the next meeting scheduled for December 3<sup>rd</sup>. Against this background, weaker-than-expected industrial data from China failed to exert a significant impact. In FX markets, the EUR remained under pressure across the board, especially against the USD, as diverging Fed and ECB monetary policy outlooks continue to play a key role in FX markets. Political jitters in Portugal also weighed on the EUR. The minority conservative government led by Prime Minister Pedro Passos Coelho was ousted yesterday after the Parliament rejected his government's programmatic statements by a vote of 123 to 107. Meanwhile, the leader of the Socialist Party, António Costa has already signaled that he has the support of radical-left parties, the Communist Party and the Left Bloc, controlling cumulatively an absolute majority in Parliament. Therefore, the prospect of the Portuguese President Aníbal Cavaco Silva asking Mr Passos Coelho in the coming sessions to assess the possibility of forming a government enjoying the support of Parliament seems highly likely. The EUR/USD was hovering around 1.0755/60 in European trade at the time of writing, close to a fresh multi-month trough of 1.0673 hit in the prior session. Technically, a sustained break below recent lows could potentially open the way for further weakness towards the 1.0500 area.

### GREECE

According to the local press, the Greek government is planning to submit to Parliament by the end of next week a multi-bill incorporating the legislation required for the fulfillment of: (i) all pending prior actions for the release of the next ESM loan tranche (€2bn) that is part of the €3bn outstanding sub-tranche of the €26bn first loan disbursement released to Greece in mid-August; and (ii) some of the key MoU milestones related to banking sector governance. According to the November 9<sup>th</sup> Eurogroup statement, compliance with the aforementioned key deliverables (i) and (ii) would pave the way, not only for the release of the €2bn loan installment but also for the first loan tranche of €10bn earmarked, under the new ESM loan facility, for the potential recapitalization and resolution needs of the domestic banking system. Meanwhile, the EC/ECB/IMF/ESM mission heads reportedly returned to Athens yesterday to resume negotiations with domestic authorities in the context of the 1<sup>st</sup> programme review. As per the same sources, completion of the pending prior actions and the identification of the milestones required for the unlocking of the second (and final) instalment of the €3bn outstanding sub-tranche, amounting to €1bn, are expected to dominate the agenda. The heads will reportedly depart by the end of the week and will return later this month with an intention the review to be completed swiftly.

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November 11, 2015

BULGARIA: Indicators	2014e	2015f	2016f
Real GDP growth %	1.7	2.1	2.5
CPI (pa, yoy %)	-1.4	0.2	0.8
Budget Balance/GDP*	-3.7	-2.0	-2.4
Current Account/GDP	0.9	2.0	1.5
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

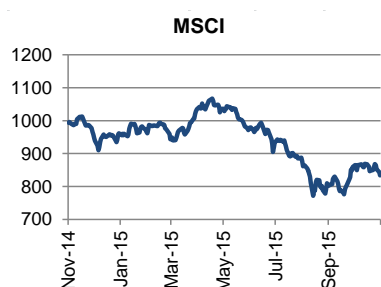
Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

ROMANIA: Indicator:	2014e	2015f	2016f
Real GDP growth %	2.9	3.4	3.8
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	4.00

Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

L-T ccy	Credit Ratings		
	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

In a more or less anticipated move, President Klaus Iohannis nominated former European agriculture commissioner Dacian Ciolos as the new Prime Minister. According to the briefing, the new government's mandate is expected to last until the regular parliamentary elections take place in late 2016. The nomination of a technocrat in the PM post takes the scenario of early parliamentary elections off the table for the moment. The new PM is expected to receive multi-party support in the parliament in the next ten days. Although the cabinet composition has not been confirmed, it is expected to consist mainly of technocrat members. The technocratic solution, one of the scenarios we penciled in our analysis last week, is on average good news for financial markets. Favored also by the Central Bank governor as a solution, the new technocratic government provides some comfort against political uncertainty given the ongoing public outcry. The new PM, as a technocrat, is more pro-market in terms of economic policies thinking, and will most probably provide some resistance against fiscally irresponsible and populist measures, while likely being more willing to strike a new precautionary IMF/EU agreement. On the other hand, the cabinet change will not be a game changer as far as implemented economic policies and government efficiency in the lower levels of administration are concerned. In a pre-election year, the risk for a shift to market and credit negative more populist policies still lies ahead.

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### SERBIA

Upon conclusion of an IMF staff mission visit to Serbia on November 10 in the context of the 3<sup>rd</sup> review under the country's 36-month €1.2bn Stand-By Arrangement, the Fund noted that a staff-level agreement with the domestic authorities was reached. The agreement is subject to approval by IMF Management and Executive Board, tentatively scheduled for mid-December. The completion of the review will make available ca. €89.6mn to Serbia, bringing the total amount of funds available so far under the current programme to €627mn, though Serbian authorities have indicated that they intend to treat the arrangement as precautionary. In a statement issued at its website, the mission acknowledged that the economic recovery continues and revised upwards its real GDP growth projections for 2015 and 2016 to 0.75% and 1.75%, respectively, from 0.5% and 1.5% before, citing an earlier-than-expected recovery of the mining and energy sector and accelerating investments as well as job creation. The Fund highlighted that consumption remains subdued despite a milder-than-previously projected decline. On the fiscal front, the IMF acknowledged that the strong fiscal performance continued into Q3, with the 9-month budget realization outperforming the respective programme targets thanks to improved revenue collection and lower-than-planned public investment expenditure. Against this backdrop, the Fund pencils in the general government deficit in 2015 at 4.1% of GDP, well below the initial target of 5.9% of GDP and last year's 6.7% of GDP shortfall. Nonetheless, it underscored certain delays in fiscal and structural reforms, advising the government to put the public sector reform firmly on track and pursue more decisive reforms of state-owned enterprises. Overall, the IMF acknowledged that the government's "comprehensive adjustment and reform program has delivered very good results in its first year", though adding that public debt has to be placed on a downward path and noting lingering external risks, such as rising global interest rates, the economic slowdown in emerging markets and a potential escalation of the refugee crisis.

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November 11, 2015

## 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	2081.72	0.2%	1.1%	EUR/USD	1.075	0.2%	-11.1%	UST - 10yr	2.33	-1	16	GOLD	1089	0.0%	-8.1%
Nikkei 225	19691.39	0.1%	12.8%	GBP/USD	1.5144	0.2%	-2.8%	Bund-10yr	0.63	0	8	BRENT CRUDE	47	-0.3%	-17.5%
STOXX 600	378.39	0.6%	10.5%	USD/JPY	123.08	0.1%	-2.8%	JGB - 10yr	0.32	0	-1	LMEX	2257	-0.7%	-22.6%

## CESEE MARKETS

### SERBIA

#### Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	308	1	-683
1-week	3.24	0	-677
1-month	3.55	0	-650
3-month	3.90	1	-595
6-month	4.09	0	-570

#### RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.24	#N/A N/A	-480
5Y RSD	6.58	-1	-360
7Y RSD	6.88	2	-520

#### RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.13	4	-114
USD Nov-24	6.44	0	-15

#### CDS

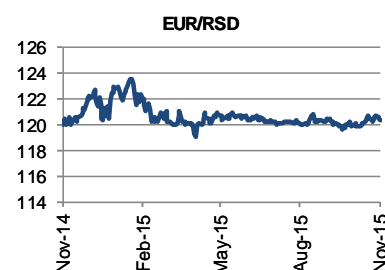
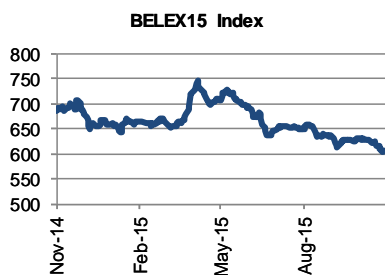
	Last	ΔDbps	ΔYTD bps
5-year	286	3	-4
10-year	350	3	-6

#### STOCKS

	Last	ΔD	ΔYTD
BELEX15	606.9	0.13%	-9.01%

#### FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.56	0.00%	0.65%



### ROMANIA

#### Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.55	-6	-2
1-month	0.88	-3	-3
3-month	1.11	-2	-59
6-month	1.4	-1	-61
12-month	1.56	-1	-46

#### RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.53	-2	-78
5Y RON	2.09	-2	-62
10Y RON	3.56	-3	-10

#### RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.21	0	-52
USD Aug-23	3.78	3	17

#### CDS

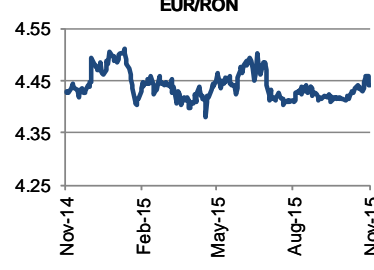
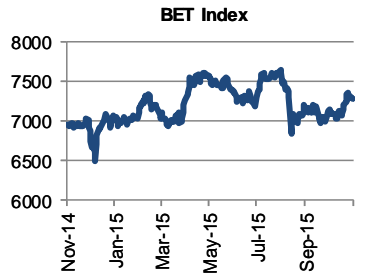
	Last	ΔDbps	ΔYTD bps
5-year	135	-2	-8
10-year	177	-3	-10

#### STOCKS

	Last	ΔD	ΔYTD
BET	7297.0	0.09%	3.02%

#### FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4436	0.02%	0.90%



### BULGARIA

#### Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.18	0	-4
3-month	0.31	0	-13
6-month	0.57	0	-22
12-month	1.13	0	-38

#### BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.29	9	-75
5Y BGN	0.55	-2	-89
10Y BGN	2.13	0	-63

#### BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.36	0	-80
EUR Sep-24	2.50	18	-37

#### CDS

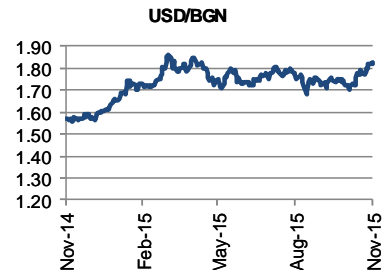
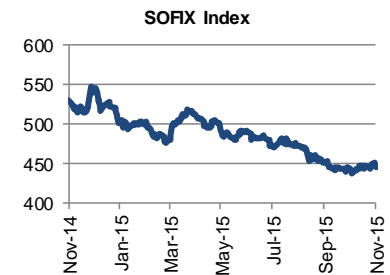
	Last	ΔDbps	ΔYTD bps
5-year	170	-8	-21
10-year	217	-8	-23

#### STOCKS

	Last	ΔD	ΔYTD
SOFIX	445.6	-0.87%	-14.65%

#### FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.8194	0.25%	-11.15%



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

Data updated as of 12:00 EET

November 11, 2015

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