

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- December 1: ISM manufacturing (Nov)
- December 2
 - Fed Chair Yellen speaks
 - Fed Beige Book
 - ADP employment (Nov)
- December 3
 - Fed Chair Yellen speaks
 - Jobless claims (weekly)
 - Industrial orders (Oct)
 - ISM non-manuf (Nov)
- December 4
 - NFP (Nov)
 - U/E rate (Nov)
 - Trade balance (Oct)

EUROZONE

- December 1: PMI manuf (Nov, f)
- December 2: HICP (fl, Nov)
- December 3
 - ECB MPC meeting
 - PMI services/ composite (Nov, f)

GREECE

- November 30: Retail sales (Sep)
- December 1: PMI manuf (Nov)

SEE

BULGARIA

- November 30: Budget balance (Oct)
- December 1: Reserve Assets (Nov)
- December 4: GDP (Q3, f)

ROMANIA

- December 2: International reserves (Nov)
- December 3
 - 3.25% 2018 T-bonds
 - Retail sales (Oct)
- December 4: GDP (Q3, f)

SERBIA

- November 30
 - GDP (Q3, f)
 - IP (Oct)
 - Trade balance (Oct)
 - Retail sales (Oct)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: This week the financial markets are mainly focused on the ECB monetary policy meeting on Thursday, where the Central Bank is widely expected to deliver new easing measures to address the risk of inflation remaining below its medium-term target for longer than expected. Against this background, German government bonds retained a firm tone, while the EUR remained under pressure in European trade on Monday, hitting a fresh eighth-month low of 1.0564 against the US currency.

GREECE: In a council meeting that took place on Saturday November 28th, opposition political leaders failed to reach an agreement with Prime Minister Alexis Tsipras on the main proposals of the upcoming overhaul of the pension system. This item constitutes one of the prior actions required for the completion of the 1st programme review and the Greek government reportedly intends to submit to the Hellenic Parliament the relevant legislative law before the recess for the Christmas holidays./ Despite the downward revision in Q3 2015 real GDP growth, we continue to expect a milder than earlier expected full-year GDP contraction. We maintain our forecast for a full-year reading between -0.5% and 0.0%, mainly on the back of a more resilient than previously expected private consumption and a positive contribution from net exports.

SOUTH EASTERN EUROPE

BULGARIA: The Economic Sentiment Index (ESI) edged up to 105.7 in November, compared to 105.6 in October, driven by the improvement in the subsectors of industry and retail trade.

ROMANIA: RON markets were relatively quiet last week ahead of the Saint Andrew and National Day market holidays on November 30th and December 1st, respectively.

SERBIA: The EUR/RSD extended its recent upward momentum, rising to a fresh 9-month high at 121.30/50 late last week, amid increased EUR local corporate demand from state oil companies for payments abroad. Seasonal factors and souring risk sentiment globally may have also provided an additional lift for the pair.

CESEE MARKETS: The majority of **emerging stock markets** kicked off the week on a negative footing. Most CESEE assets fared better ahead of the ECB meeting on Thursday.

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Latest world economic & market developments

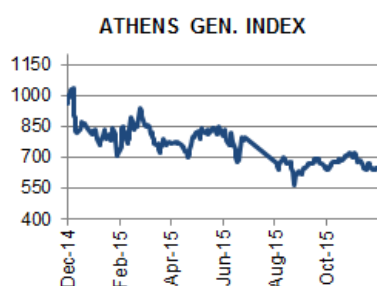
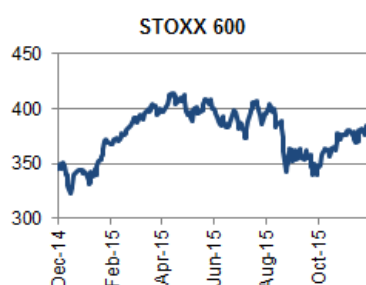
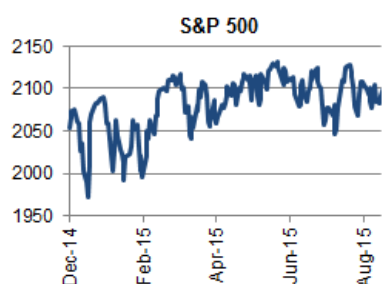
GLOBAL MARKETS

This week the financial markets are mainly focused on the ECB monetary policy meeting on Thursday, where the Central Bank is widely expected to deliver new easing measures to address the risk of inflation remaining below its medium-term target for longer than expected. The ECB is expected, among others, to lower its deposit rate by 10 or 20bps, extend the time frame of its asset purchase programme and amend some of the parameters. Against this background, the EUR remained under pressure in European trade on Monday, hitting a fresh eight-month low of 1.0564 against the US currency earlier in the day. Should the ECB leave the door open for further monetary policy easing ahead, the prospect of the EUR extending its recent losses in the coming sessions cannot be ruled out. Technically, next strong support for the EUR/USD stands at 1.0520 in the way to year-to-date trough of 1.0455 hit in mid-March. Meanwhile, German government bonds retained a firm tone with the 2-yr Schatz yield hovering around -0.413% at the time of writing, not far from a record closing low of -0.419% marked a few sessions earlier. In case the ECB President adopts a more dovish than expected tone at the post-meeting press conference, the two-year Schatz yields could move even lower with the technical picture suggesting that the next key level stands at -0.5%.

GREECE

In a council meeting that took place on Saturday November 28th, opposition political leaders (with the exception of the General Secretary of the Communist Party and the Secretary-General of Golden Dawn who did not participate) failed to reach an agreement with Prime Minister Alexis Tsipras on the main proposals of the upcoming overhaul of the pension system. This item constitutes one of the prior actions required for the completion of the 1st programme review and the Greek government reportedly intends to submit to the Hellenic Parliament the relevant legislative law before the recess for the Christmas holidays. According to an official statement, the Governor of the Bank of Greece, Yannis Stournaras, stressed that a consensus on the issue "should be safeguarded to secure political stability, support a definite exit from the crisis and pave the way toward growth". Meanwhile, the EC/ECB/IMF/ESM mission heads are reportedly expected to return to Athens soon after the upcoming December 7th Eurogroup to assess, among others, the progress by the Greek side in implementing the agreed 13 prior actions required for the release of the next ESM loan installment amounting to €1bn. In other news, according to provisional data, Greece's real gross domestic product for Q3 in seasonally and calendar adjusted terms contracted by 0.9% QoQ / 1.1% YoY, downwardly revised from an initial estimate (13/11/2015) in the Q3 flash report of -0.5% QoQ / -0.4% YoY. The breakdown of the data revealed that the drivers behind real Q3 GDP contraction were investment and exports. Despite the downward revision in Q3 2015 real GDP growth, we continue to expect a milder than earlier expected full-year GDP contraction. We maintain our forecast for a full-year reading between -0.5% and 0.0% mainly on the back of a more resilient than previously expected private consumption and a positive contribution from net exports.

ppetropoulou@eurobank.gr



Source: Reuters, Bloomberg, Eurobank Research

November 30, 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

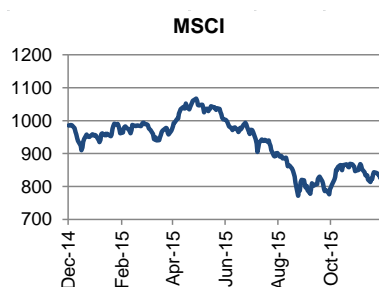
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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

BULGARIA

The Economic Sentiment Index (ESI) edged up to 105.7 in November compared to 105.6 in October, driven by the improvement in the subsectors of industry and retail trade. The improvement of expectations year to November has been impressive (ESI stood at only 100.5 at the end of last year) and broad-based in all sub-categories. Among those, services and consumer, have been those ones registering the highest gains in the same period. The readings of ESI in October and November support the idea of growth accelerating in the last quarter of the year. So far, the released flash estimate brought third quarter output performance at 2.9% yoy in Q3-2015, up from 2.6% yoy in Q1 & Q2-2015 (revised from 2.3% and 2.2% respectively). If the final Q3 GDP data are not heavily revised downwards, and the government actually implements its earlier announced decision to expand fiscally in Q4 and switch to a 3.3% of GDP fiscal deficit down from a +0.7% of GDP surplus in Jan-Sep2015, full year real GDP growth is expected to jump to almost 3.00% in 2015 up from 1.7% in 2014.

igkionis@eurobank.gr

ROMANIA

RON markets were relatively quiet last week ahead of the Saint Andrew and National Day market holidays on November 30th and December 1st, respectively. In more detail, the EUR/RON remained range-bound between 4.4350/4.4530, closing the week roughly unchanged around 4.4480. RON liquidity remained ample in the money market, with expectations for a further increase in the coming days, as the MoF will likely try to cram more than 1% of GDP of public spending in the last month of the year. As a result, short term rates remained at relatively low levels last week, with implied rates up to 1M standing around 0.50-60%. Government bonds largely consolidated around their current levels, with the 1-year yield hovering around levels just under 1.00%, the 3-year at 1.80% and the 10-year around 3.51-3.52%.

Bogdan.Radulescu@bancpost.ro

SERBIA

The EUR/RSD extended its recent upward momentum, rising to a fresh 9-month high of 121.30/50 late last week, amid increased EUR local corporate demand from state oil companies for payments abroad. Seasonal factors and souring risk sentiment globally may have also provided an additional lift for the pair. In response, the National Bank of Serbia sold before Friday's settlement around €10mn at a rate of around 121.30, in order to halt the EUR/RSD's upside. Looking ahead, we anticipate the Central Bank to likely continue counterweighting any potential rally for the pair, and expect range-trading around 120.00-121.00 held over recent months to continue into year-end.

Zoran.Korac@eurobank.rs

CESEE MARKETS

The majority of **emerging stock markets** kicked off the week on a negative footing, extending their recent losses led by a decline in Chinese equity markets. CESEE bourses fared better ahead of the ECB meeting on Thursday, where the market's median forecast is for the Central Bank to announce a further extension of its monetary stimulus measures. In a similar vein, **regional currencies** and **government bonds** stood broadly firmer in early European trade on Monday, trimming part of the losses registered last week. Looking into **this week**, CESEE focus is on the MPC meeting in Poland, final Q3 GDP readings in Serbia, Poland, Romania, Hungary, Bulgaria as well as on November PMIs and CPI readings in several counties in the region. Globally, the ECB meeting, November's US non-farm payrolls and Fed Chair Janet Yellen's speech take centre stage in the coming days.

gphoka@eurobank.gr

November 30, 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	2090.11	0.1%	1.5%	EUR/USD	1.0575	-0.2%	-12.6%	UST - 10yr	2.23	1	6	GOLD	1056	-0.1%	-10.9%
Nikkei 225	19747.47	-0.7%	13.2%	GBP/USD	1.5019	-0.1%	-3.6%	Bund-10yr	0.47	1	-7	BRENT CRUDE	45	1.3%	-20.7%
STOXX 600	384.40	0.2%	12.2%	USD/JPY	123.02	-0.2%	-2.7%	JGB - 10yr	0.31	0	-2	LMEX	2141	-2.0%	-26.6%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	307	0	-684
1-week	3.23	-1	-678
1-month	3.55	0	-650
3-month	3.89	0	-596
6-month	4.09	0	-570

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.72	-2	-536
5Y RSD	5.05	0	-513
7Y RSD	7.43	3	-138

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.02	1	-124
USD Nov-24	6.39	0	-20

CDS

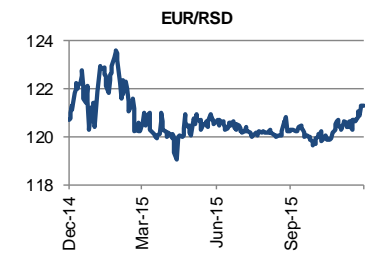
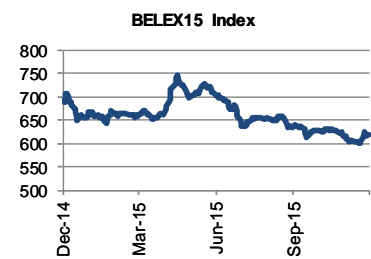
	Last	ΔDbps	ΔYTD bps
5-year	274	0	-16
10-year	339	0	-17

STOCKS

	Last	ΔD	ΔYTD
BELEX15	620.0	-0.05%	-7.06%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	121.18	-0.02%	0.14%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.62	0	5
1-month	0.78	0	-13
3-month	1.07	0	-63
6-month	1.4	0	-61
12-month	1.53	0	-49

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.46	0	-85
5Y RON	1.95	0	-76
10Y RON	3.52	0	-14

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.08	0	-66
USD Aug-23	3.58	0	-4

CDS

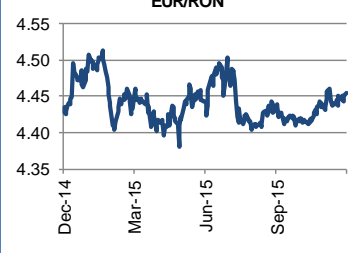
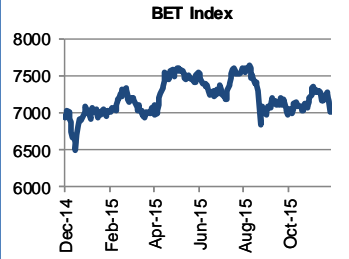
	Last	ΔDbps	ΔYTD bps
5-year	134	1	-9
10-year	175	0	-12

STOCKS

	Last	ΔD	ΔYTD
BET	7018.1	-1.87%	-0.92%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4549	-0.09%	0.64%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.18	0	-4
3-month	0.30	0	-13
6-month	0.57	0	-23
12-month	1.06	-1	-45

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.25	-4	-79
5Y BGN	0.48	-8	-97
10Y BGN	1.94	0	-81

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.24	0	-92
EUR Sep-24	2.33	46	-54

CDS

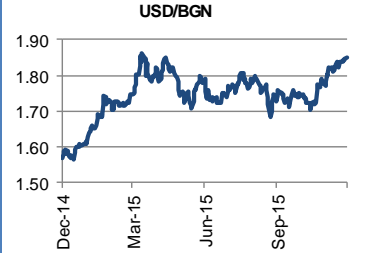
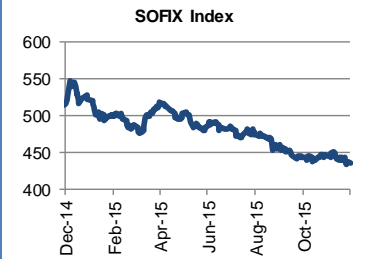
	Last	ΔDbps	ΔYTD bps
5-year	169	2	-21
10-year	217	2	-23

STOCKS

	Last	ΔD	ΔYTD
SOFIX	436.0	-0.41%	-16.49%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.8495	-0.17%	-12.60%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 12:45 EET

November 30, 2015

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

Arkadia Konstantopoulou (Special Contributor)
Research Assistant, Eurobank Ergasias
+30 210 3371224
arkonstantopoulou@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
pmonokrousos@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

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