

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Friday, October 02, 2015

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- September 28
 - Personal income/spending (Aug)
 - Core PCE defl. (Aug)
 - Pend home sales (Aug)
 - Fed's Dudley, Evans, Williams speak
- September 29: CB consum. confidence (Sep)
- September 30
 - ADP empl. (Sep)
 - Chicago PMI (Sep)
 - Fed's Dudley, Yellen, Bullard speak
- October 1
 - Jobless claims (Sep 26)
 - ISM manuf (Sep)
 - Fed's Brainard, Williams speak
- October 2
 - NFP (Aug)
 - Factory orders (Sep)

EUROZONE

- September 29: ESI (Sep)
- September 30
 - HICP (Sep)
 - U/E rate (Aug)
- October 1: PMI man. (Sep)

GREECE

- September 30: Retail sales (Jul)

SEE

BULGARIA

- September 28: T-bonds auction
- September 30: Budget balance (Aug)

ROMANIA

- September 29: No-confidence vote
- September 30
 - ILO U/E rate (Aug)
 - MPC announcement
- October 2: Retail sales (Aug)

SERBIA

- September 30
 - Industrial prod (Aug)
 - Trade balance (Aug)
 - Retail sales (Aug)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Wall Street closed modestly higher overnight ahead of today's US nonfarm payrolls report. Trailing modest gains in Wall Street overnight, most Asian bourses traded slightly higher on Friday. Focus today is on the September US nonfarm payrolls report due at 15:30 EEST, with consensus estimates looking for a 201k monthly increase, following a 173k rise in the prior month.

GREECE: The Euro Working Group reportedly holds a teleconference later in the day to determine the prior actions required to be fulfilled by the Greek side for the release of the outstanding €3bn sub-tranche of the first loan disbursement under the ESM loan facility. The said prior actions will be presented at the Eurogroup that is scheduled to convene on Monday, October 5. Meanwhile, local newswires suggested yesterday that staff of senior inspectors representing Greece's official creditors are expected to visit Athens by the end of next week to prepare the ground for the official discussions in the context of the 1st programme review.

SOUTH EASTERN EUROPE

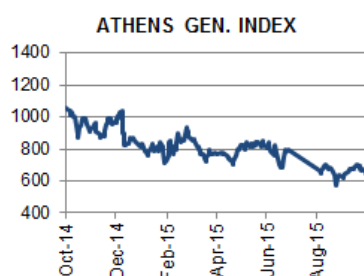
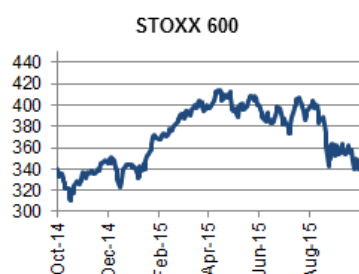
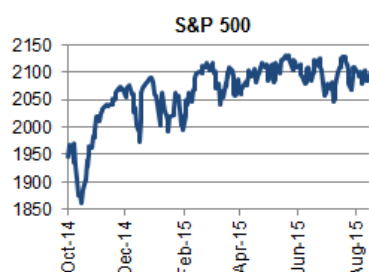
ROMANIA: The finance ministry reportedly unveiled on Thursday its plans to sell RON 3.4bn (~€0.77bn) in leu-denominated T-bills and T-bonds in October, penciling in another RON 300mn (~€68mn) in non-competitive offers.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Wall Street closed modestly higher overnight ahead of today's US nonfarm payrolls report. Meanwhile, yesterday's US macroeconomic data were rather mixed. In more detail, the US ISM manufacturing index declined to a two-year low of 50.2 in September, below consensus expectations of 50.6. Additionally, initial jobless claims for the week ending September 25 increased slightly to 277k from 267k in the previous week, remaining below 300k for the 30th straight week, a development that is associated with a continuing improvement in the labor market. Trailing modest gains in Wall Street overnight, most Asian bourses traded slightly higher on Friday. In FX markets, the EUR/USD was standing 0.3% lower at 1.1163/64 in early European trade, retreating down from this week's peak of 1.1282 hit on Tuesday amid heightened expectations for further ECB monetary policy stimulus ahead after data released earlier this week showed a drop in the Eurozone September headline inflation back to negative territory. Separately, the USD/JPY consolidated around levels of ca. 120.10 at the time of writing, trapped within a tight range of 119.74-120.10 so far this week. Focus today is on the September US nonfarm payrolls report due at 15:30 EEST, with consensus estimates looking for a 201k monthly increase, following a 173k rise in the prior month.

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GREECE

The Euro Working Group reportedly holds a teleconference later in the day to determine the prior actions required to be fulfilled by the Greek side for the release of the outstanding €3bn sub-tranche of the first loan disbursement under the ESM loan facility. As was recently suggested by Euro Working Group President Thomas Wieser, the outstanding sub-tranche will be released in two installments, each one attached to a specific set of milestones. Reportedly, the first installment, amounting to €2bn, will be disbursed by mid-October upon completion of certain prior actions outlined in the MoU mainly focused on administrative and pension-related reforms including all pending milestones that were agreed to be delivered in the period between August and September. As per the same sources, the second installment amounting to €1bn will be released by early November subject to completion of some of the relatively harsher prior actions in the entire MoU, including, inter alia, fiscal policy measures, pension reform and measures for the resolution of non-performing loans (NPLs). The said prior actions will be presented at the Eurogroup that is scheduled to convene on Monday, October 5. Meanwhile, local newswires suggested yesterday that staff of senior inspectors representing Greece's official creditors are expected to visit Athens by the end of next week to prepare the ground for the official discussions in the context of the 1st programme review. As per the same sources, the mission heads are scheduled to arrive in mid-October with an intention to have the programme review completed by early November, at the latest.

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BULGARIA: Indicators	2014e	2015f	2016f
Real GDP growth %	1.7	1.8	2.2
CPI (pa, yoy %)	-1.4	0.3	1.2
Budget Balance/GDP*	-3.7	-2.5	-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	0.4	1.4
HICP (pa, yoy %)	-0.3	-0.8	0.9
Budget Balance/GDP*	-8.8	-1.1	-0.1
Current Account/GDP	-5.1	-3.9	-4.2

* ESA 2010

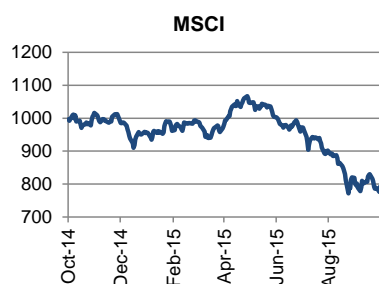
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

ROMANIA: Indicators	2014e	2015f	2016f
Real GDP growth %	2.9	3.4	3.5
CPI (pa, yoy %)	1.1	-0.5	1.8
Budget Balance/GDP *	-1.9	-1.9	-2.8
Current Account/GDP	-0.4	-1.0	-1.5
EUR/RON (eop)	4.40	4.45	4.40
	2014	current	2015f
Policy Rate (eop)	1.75	1.75	2.50

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

SERBIA: Indicators	2014e	2015f	2016f
Real GDP growth %	-1.8	0.0	1.5
CPI (pa, yoy %)	2.1	2.2	3.8
Budget Balance/GDP	-6.7	-5.3	-4.6
Current Account/GDP	-6.0	-4.3	-4.1
EUR/RSD (eop)	120.96	123.00	124.00
	2014	current	2015f
Policy Rate (eop)	8.00	5.00	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	B+	B-

Latest world economic & market developments in the CESEE region

ROMANIA

The finance ministry reportedly unveiled on Thursday its plans to sell RON 3.4bn (~€0.77bn) in leu-denominated T-bills and T-bonds in October, penciling in another RON 300mn (~€68mn) in non-competitive offers, vs. RON 3.71bn (~€0.84mn) sold in last month. According to the same reports, a cumulative amount of RON 1.4bn (~€0.32mn) is earmarked for paper of one-year and seven month maturity, while six tenders are scheduled for bonds with outstanding maturities between 2-12 years. In other news, international reserves of the National Bank of Romania (NBR), including foreign currencies and gold inched down to €32.48bn in September from €32.67mn in the prior month. The breakdown of the data showed that the stock of gold remained unchanged at 103.7 tones, while foreign exchange reserves slightly fell to €29.14bn from €29.34bn in August. According to NBR, inflows totaled € 200mn, reflecting, among other, changes in the foreign exchange reserve requirements of the credit institutions, inflows into the Ministry of Public Finances' accounts, inflows into the European Commission's account. Outflows amounted to €403mn, primarily driven by changes in the foreign exchange reserve requirements of the credit institutions, interest and principal payments on foreign currency public debt.

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October 2, 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	1923.82	0.2%	-6.6%	EUR/USD	1.1169	-0.2%	-7.7%	UST - 10yr	2.05	1	-12	GOLD	1108	-0.5%	-6.5%
Nikkei 225	17725.13	0.0%	1.6%	GBP/USD	1.5157	0.2%	-2.7%	Bund-10yr	0.56	3	2	BRENT CRUDE	48	0.6%	-16.3%
STOXX 600	350.09	1.1%	2.2%	USD/JPY	120.1	-0.1%	-0.3%	JGB - 10yr	0.32	-1	-1	LMEX	2342	-1.2%	-19.6%

CESEE MARKETS

SERBIA

Money Market

	Last	ΔDbps	ΔYTD bps
BELIBOR			
T/N	355	0	-636
1-week	3.79	-2	-622
1-month	4.11	-3	-594
3-month	4.49	-2	-536
6-month	4.75	-3	-504

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	5.27	0	-381
5Y RSD	7.09	0	-309
7Y RSD	7.16	0	-492

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.41	0	-85
USD Nov-24	6.45	0	-14

CDS

	Last	ΔDbps	ΔYTD bps
5-year	280	0	-10
10-year	327	-2	-29

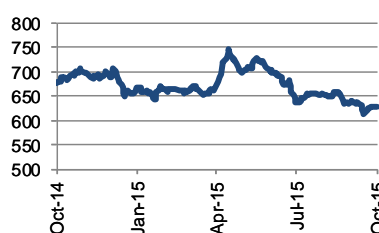
STOCKS

	Last	ΔD	ΔYTD
BELEX15	627.5	0.00%	-5.93%

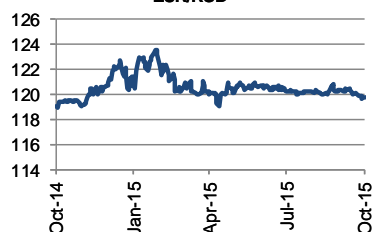
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	119.75	-0.04%	1.34%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

	Last	ΔDbps	ΔYTD bps
ROBOR			
O/N	1.4	-10	83
1-month	1.44	-3	53
3-month	1.46	-4	-24
6-month	1.67	-2	-34
12-month	1.76	0	-26

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.86	-1	-45
5Y RON	2.26	-1	-45
10Y RON	3.57	-1	-9

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.33	2	-40
USD Aug-23	3.69	-1	8

CDS

	Last	ΔDbps	ΔYTD bps
5-year	133	-1	-9
10-year	172	-2	-15

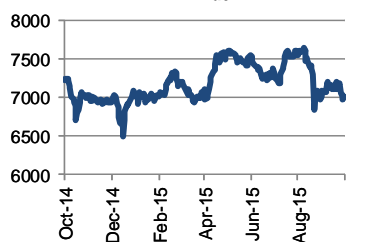
STOCKS

	Last	ΔD	ΔYTD
BET	7056.3	0.74%	-0.38%

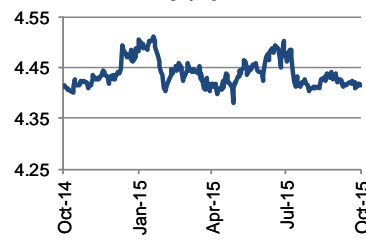
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4162	-0.02%	1.52%

BET Index



EUR/RON



BULGARIA

Money Market

	Last	ΔDbps	ΔYTD bps
SOFIBOR			
LEONIA	0.01	0	-1
1-month	0.18	0	-4
3-month	0.32	0	-11
6-month	0.61	0	-18
12-month	1.20	-1	-30

BG Local Bonds

	Last	ΔDbps	ΔYTD bps
(yields)			
3Y BGN	0.38	0	-66
5Y BGN	0.63	0	-82
10Y BGN	2.21	0	-54

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.41	-5	-75
EUR Sep-24	2.85	-21	-2

CDS

	Last	ΔDbps	ΔYTD bps
5-year	179	-2	-12
10-year	224	-2	-17

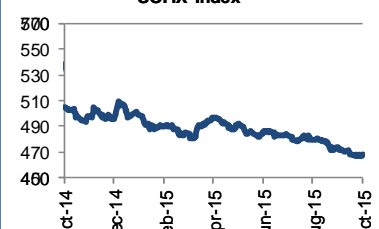
STOCKS

	Last	ΔD	ΔYTD
SOFIX	444.0	0.08%	-14.95%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7513	-0.24%	-7.70%

SOFIX Index



USD/BGN



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

Data updated as of 12:05 EEST

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