

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Friday, October 09, 2015

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL

- October 9-11: World Bank and IMF annual meeting

### US

- October 5: ISM non-manufacturing (Sep)
- October 6: Trade balance (Aug)
- October 7: FOMC minutes (16/17 Sept)
- October 8: Jobless claims (Oct 3)

### EUROZONE

- October 5: PMI services/composite (Sep, f)
- October 7: German Chancellor Merkel and Hollande to speak at EU parliament in Strasbourg
- October 8: ECB Minutes (September meeting)

### GREECE

- October 5
  - Eurogroup
  - Greek government presents draft 2016 Budget
  - Greek government starts presenting its programmatic statements
- October 7: Greek government requests vote of confidence

### SEE

#### BULGARIA

- October 7: Reserve assets (Sep)
- October 8
  - Industrial production (Aug)
  - Retail sales (Aug)
- October 9: U/E rate (Sep)

#### ROMANIA

- October 5: 5.8% 2027 T-Bonds auction
- October 7
  - GDP (Q2, f)
  - Net wages
- October 8: 5.85% 2018 T-Bonds auction

Source: Reuters, Bloomberg, Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Global equity markets were firmer in European trade on Friday while the USD was on the back foot following the release of the FOMC minutes of the September 16-17 meeting yesterday which added to the view that the Central Bank may not rush to increase interest rates any time soon amid persisting global jitters.

**GREECE:** According to the local press, the Greek government is expected to submit to the Parliament next Monday (October 12) the omnibus bill containing the required legislation for the implementation of the 49 prior actions attached to the release of the €2bn installment out of the outstanding €3bn sub-tranche of the first loan disbursement.

### SOUTH EASTERN EUROPE

**BULGARIA:** According to the preliminary data released yesterday by the National Statistics Institute, industrial production on a seasonally adjusted basis expanded by 0.1%MoM in August, bringing the annual growth rate on a working day adjusted basis to +4.3%YoY, up from +3.4%YoY in July.

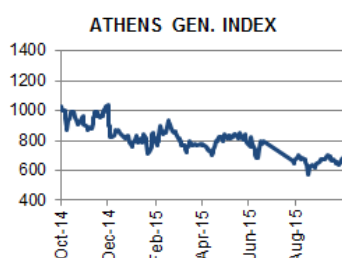
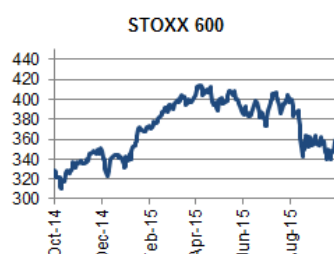
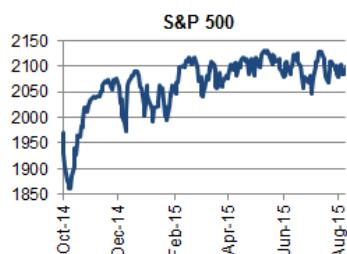
**ROMANIA:** The finance ministry sold on Thursday the planned RON 500mn (~113.34mn) of 3.25% January 2018 T-bonds at an average accepted yield of 1.70%.

**CESEE MARKETS:** Emerging stock markets moved broadly higher in early European trade on Friday on scaled back expectations for an imminent Fed rate hike. In FX markets, **CESEE currencies** were little changed earlier today compared to the prior session's settlement, while **government bonds** broadly firmed.

## 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.

## Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

### GLOBAL MARKETS

Global equity markets were firmer in European trade on Friday while the USD was on the back foot following the release of the FOMC minutes of the September 16-17 meeting yesterday which added to the view that the Central Bank may not rush to increase interest rates any time soon amid persisting global jitters. In more detail, the minutes which were perceived as mirroring the dovish tone of the September FOMC policy statement rather than the relatively hawkish tone a number of FOMC speakers adopted in the aftermath of the meeting, revealed that “most participants continue to anticipate that, based on their assessment of current economic conditions and their outlook for economic activity, the labour market, and inflation, the conditions for policy firming had been met or would likely be met by the end of the year”. Yet, there were some more cautious FOMC members who judged that “the downside risks to the outlook for economic growth and inflation had increased”. Against this background, they proposed, according to the FOMC minutes, the Central Bank to await additional evidence before embarking on a rate tightening cycle that would suggest whether the domestic economic recovery remains on track in view of mounting global headwinds and whether inflation is still on a path to return to the 2% target over the medium term. In FX markets, the EUR/USD was trading near 1.1300 at the time of writing, having recovered from Thursday’s 1.1230 session low shrugging off weaker-than-expected German exports and imports data. Yet, in view of prevailing expectations for further ECB monetary policy stimulus ahead, any further EUR appreciation against the US currency in the coming sessions is likely to prove limited.

### GREECE

According to the local press, the Greek government is expected to submit to Parliament next Monday (October 12) the omnibus bill containing the required legislation for the implementation of the 49 prior actions attached to the release of the €2bn installment out of the outstanding €3bn sub-tranche of the first loan disbursement. As per the same sources, it is yet unclear whether the said bill will comprise of more than one article. As per the same sources, the said bill will be subject to a vote in the 300-seat Parliament on October 17. Among others, these prior actions include: (i) the adoption of the OECD recommendation on pharmacy ownership; (ii) the adoption of certain steps for the sale of the regional airports at the existing terms with the winning bidder already selected; and (iii) offsetting measures for substituting the 23% VAT rate on private education. In other news, speaking during the annual IMF-World Bank meeting in Lima, Peru yesterday, IMF Managing Director Christine Lagarde was quoted saying that preconditions for the Fund joining Greece’s ESM bailout programme include: (i) more progress to be made by the Greek side in implementing the agreed reforms, especially on pension and bank governance, and; (ii) action by EU creditors for ensuring medium-term Greek debt sustainability.

[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

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

### BULGARIA

According to the preliminary data released yesterday by the National Statistics Institute, industrial production on a seasonally adjusted basis expanded by 0.1%MoM in August 2015 up from a revised -0.8%MoM in July 2015 vs. -0.7%MoM in August 2014. As a result, the annual growth rate on a working day adjusted basis came in at +4.3%YoY in August 2015 edging up from +3.4%YoY in July compared to -2.3%YoY in August 2014. The breakdown of the data showed that the sectors of other transport equipment (+16.7%MoM/+58.8YoY) and mining of metal ores (-6.5%MoM/-14%YoY) had the highest and the lowest performance on a monthly basis respectively. In a separate release yesterday, the retail trade turnover (excl. motor vehicles and motorcycles) in real terms declined by -0.8%MoM in August up from -1.1%MoM in July. On an annual basis, retail trade turnover entered into red in August for the first time since March 2013 posting a -1.9%YoY decrease down from +0.1%YoY in July. The decline was driven to a large extent by the fall in the groups of food, beverages and tobacco (-0.5%MoM/-5.3%YoY) and automotive fuel in specialized stores (-2.4%MoM/-8.9%YoY) owed to a large extent to negative base effects. In other news, the parliament approved in the first reading amendments to the law on employment promotion. The amendments aim to stimulate employment in the most sensitive social groups- unskilled workers or unemployed (up to 24 years and above 50 years) providing subsidies to companies for hiring them.

[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr)

[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr)

### ROMANIA

Romania's finance ministry sold on Thursday the planned RON 500mn (~113.34mn) of 3.25% January 2018 T-bonds at an average accepted yield of 1.70%. The latter was 31bps below a yield of 2.01% achieved at a prior auction of the same paper held in September thanks to strong investor demand. In support of the aforementioned the bid to cover ratio stood at 2.8.

### CESEE MARKETS

**Emerging stock markets** moved broadly higher in early European trade on Friday on scaled back expectations for an imminent Fed rate hike. The MSCI Emerging Markets index rose by more than 1% at the time of writing, having fully reversed yesterday's modest losses marking its seventh session in the black over the last eight and reaching new 1-½ month highs in Asian trade. Since early last week the said index has amassed gains in excess of 10%.

In FX markets, **CESEE currencies** were little changed earlier today compared to the prior session's settlement. The Hungarian forint broadly outperformed its regional peers with the EUR/HUF standing modestly lower at the time of writing around levels of 310.95. In the local rates markets, **government bonds** broadly firmed in early European trade on Friday. Turkish 2- and 10-year paper led the winners' pack with the corresponding benchmark yields easing by 15bps and 13bps to 10.54% and 10.00%, respectively.

[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr)

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

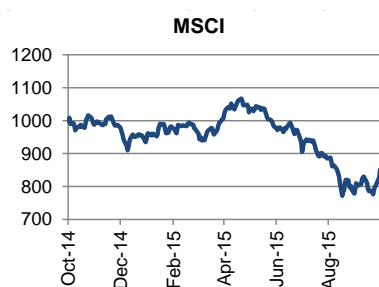
ROMANIA: Indicators	2014e	2015f	2016f
Real GDP growth %	2.9	3.4	3.5
CPI (pa, yoy %)	1.1	-0.5	1.8
Budget Balance/GDP *	-1.9	-1.9	-2.8
Current Account/GDP	-0.4	-1.0	-1.5
EUR/RON (eop)	4.40	4.45	4.40
	2014	current	2015f
Policy Rate (eop)	1.75	1.75	2.50

\* 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-

Source: IMF, EC, Reuters, Bloomberg, National Authorities, Eurobank Research

October 9, 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	1995.83	0.8%	-3.1%	EUR/USD	1.1256	0.2%	-7.0%	UST - 10yr	2.05	-1	-12	GOLD	1140	-0.5%	-3.8%
Nikkei 225	18141.17	-1.0%	4.0%	GBP/USD	1.5269	-0.3%	-2.0%	Bund-10yr	0.57	-2	3	BRENT CRUDE	52	1.0%	-9.6%
STOXX 600	360.16	-0.2%	5.1%	USD/JPY	119.91	0.1%	-0.2%	JGB - 10yr	0.33	-1	0	LMEX	2375	0.9%	-18.5%

## CESEE MARKETS

## SERBIA

## Money Market

	Last	ΔDbps	ΔYTD bps
BELIBOR			
T/N	356	-1	-635
1-week	3.81	6	-620
1-month	4.15	6	-590
3-month	4.51	6	-534
6-month	4.77	3	-502

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	5.27	0	-381
5Y RSD	7.09	0	-309
7Y RSD	7.63	0	-118

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.28	-1	-98
USD Nov-24	6.44	0	-15

## CDS

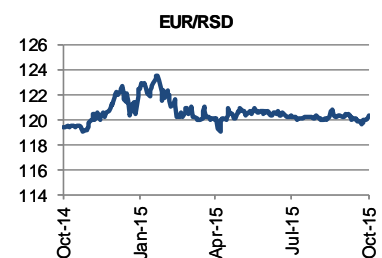
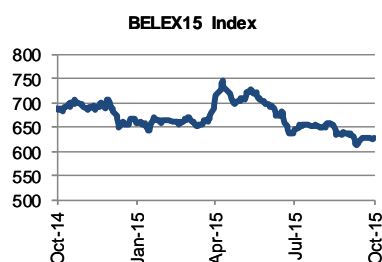
	Last	ΔDbps	ΔYTD bps
5-year	293	0	3
10-year	338	1	-18

## STOCKS

	Last	ΔD	ΔYTD
BELEX15	629.8	0.19%	-5.58%

## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.30	-0.17%	0.87%



## ROMANIA

## Money Market

	Last	ΔDbps	ΔYTD bps
ROBOR			
O/N	1.03	-8	46
1-month	1.27	-5	36
3-month	1.41	0	-29
6-month	1.61	1	-40
12-month	1.69	-2	-33

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.73	-5	-58
5Y RON	2.10	-5	-61
10Y RON	3.41	-4	-25

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.31	-5	-42
USD Aug-23	3.49	-3	-12

## CDS

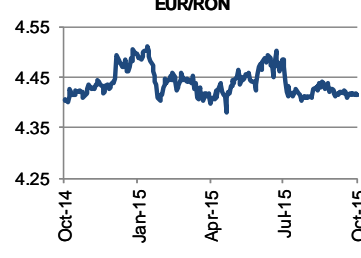
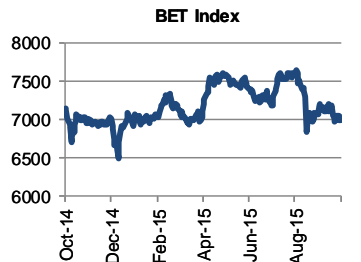
	Last	ΔDbps	ΔYTD bps
5-year	132	-1	-11
10-year	172	-1	-15

## STOCKS

	Last	ΔD	ΔYTD
BET	7037.5	0.55%	-0.64%

## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4163	-0.06%	1.52%



## 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	-19
12-month	1.20	0	-31

## BG Local Bonds

	Last	ΔDbps	ΔYTD bps
(yields)			
3Y BGN	0.26	-3	-78
5Y BGN	0.62	1	-82
10Y BGN	2.20	0	-55

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.38	0	-78
EUR Sep-24	2.75	8	-11

## CDS

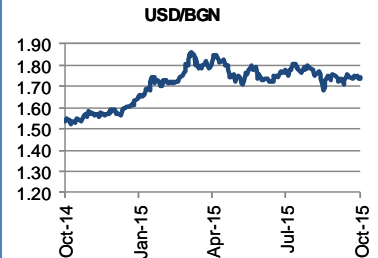
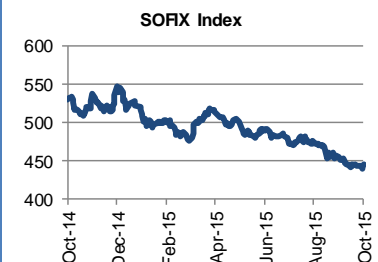
	Last	ΔDbps	ΔYTD bps
5-year	168	-2	-23
10-year	212	-3	-29

## STOCKS

	Last	ΔD	ΔYTD
SOFIX	445.1	0.72%	-14.75%

## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7377	0.17%	-6.97%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research  
Data updated as of 16:20 EEST of previous session

## Contributors

**Paraskevi Petropoulou**  
G10 Markets Analyst, Eurobank Ergasias  
+30 210 3718991  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Galatia Phoka**  
Research Economist, Eurobank Ergasias  
+30 210 3718922  
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr)

**Ioannis Gkionis (Special Contributor)**  
Research Economist, Eurobank Ergasias  
+30 210 3337305  
[IGKIONIS@eurobank.gr](mailto:IGKIONIS@eurobank.gr)

**Anna Dimitriadou (Special Contributor)**  
Economic Analyst, Eurobank Ergasias  
+30 210 3718793  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

**Arkadia Konstantopoulou (Special Contributor)**  
Research Assistant, Eurobank Ergasias  
+30 210 3371224  
[arkonstantopoulou@eurobank.gr](mailto:arkonstantopoulou@eurobank.gr)

**Olga Kosma (Special Contributor)**  
Economic Analyst, Eurobank Ergasias  
+30 210 3371227  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr)

## Regional Contributors

**Vessela Boteva**  
Expert, trading desk, Eurobank Bulgaria  
+359 (2) 8166 491  
[vboteva@postbank.bg](mailto:vboteva@postbank.bg)

**Zoran Korac**  
FX dealer, Eurobank ad Beograd  
+381 11 206 5821  
[zoran.korac@eurobank.rs](mailto:zoran.korac@eurobank.rs)

**Bogdan Radulescu, CFA**  
Senior Trader, Bancpost  
+40 21 3656291  
[bogdan.radulescu@bancpost.ro](mailto:bogdan.radulescu@bancpost.ro)

## Eurobank Economic Analysis and Financial Markets Research

**Dr. Platon Monokroussos: Group Chief Economist**  
[pmonokroussos@eurobank.gr](mailto:pmonokroussos@eurobank.gr), +30 210 37 18 903

## Research Team

**Anna Dimitriadou: Economic Analyst**  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr), +30 210 3718 793

**Ioannis Gkionis: Research Economist**  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr) +30 210 3371 225

**Stylianios Gogos: Economic Analyst**  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr) +30 210 3371 226

**Olga Kosma: Economic Analyst**  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr) +30 210 3371 227

**Arkadia Konstantopoulou: Research Assistant**  
[arkonstantopoulou@eurobank.gr](mailto:arkonstantopoulou@eurobank.gr) +30 210 3371 224

**Paraskevi Petropoulou: G10 Markets Analyst**  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr), +30 210 37 18 991

**Galatia Phoka: Research Economist**  
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr), +30 210 37 18 922

**Theodoros Stamatiou: Senior Economist**  
[tstamatiou@eurobank.gr](mailto:tstamatiou@eurobank.gr), +30 210 3371 228

## Global Markets Sales

**Nikos Laios: Head of Global Markets Trading, Sales & Structuring**, [nlaios@eurobank.gr](mailto:nlaios@eurobank.gr), +30 210 37 18 910

**John Seimenis: Head of Treasury Sales**  
[yseimenis@eurobank.gr](mailto:yseimenis@eurobank.gr), +30 210 37 18 909

**Alexandra Papathanasiou: Head of Institutional Sales**  
[apapathanasiou@eurobank.gr](mailto:apapathanasiou@eurobank.gr), +30 210 37 18 996

**Tania Pavlidi: Head of Corporate Sales**  
[TPavlidi@eurobank.gr](mailto:TPavlidi@eurobank.gr), +30 210 37 18 947

**Achilleas Stogioglou: Head of Private Banking Sales**  
[astogioglou@eurobank.gr](mailto:astogioglou@eurobank.gr), +30 210 37 18 904

**Vassilis Gioulbaxiotis: Head Global Markets International**  
[vgioulbaxiotis@eurobank.gr](mailto:vgioulbaxiotis@eurobank.gr), +30 210 37 18 995

**Stefanos Togoussidis: Head of Retail Sales**  
[stogoussidis@eurobank.gr](mailto:stogoussidis@eurobank.gr), +30 210 37 18 917

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](mailto: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>

