

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Thursday, March 03, 2016

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL US

- February 29
  - Chicago PMI (Feb)
  - Pending home sales (Jan)
- March 1: ISM manufacturing (Feb)
- March 2
  - ADP employment (Feb)
  - Fed beige book
- March 3
  - Jobless claims (weekly)
  - Factory orders (Jan)
  - ISM non-manufacturing (Feb)
- March 4
  - Non-farm payrolls (Feb)
  - U/E rate (Feb)
  - Average hourly earnings (Feb)
  - Trade balance (Jan)

### EUROZONE

- February 29: HICP (Jan, A)
- March 1: PMI manufacturing (Feb, f)
- March 2: PMI services (Feb, f)

### GREECE

- February 29
  - Retail sales (Dec)
  - GDP (quarterly, Q4, f)
- March 1: PMI (Feb)
- March 4: GDP (est, annual)

### CYPRUS

- March 3: CPI (Feb)

### SEE

#### BULGARIA

- February 29: Budget balance (Jan)

#### ROMANIA

- March 1
  - ILO U/E (Jan)
  - International Reserves (Feb)
- March 3: Retail sales (Dec)

#### SERBIA

- February 29
  - Industrial prod (Jan)
  - GDP (Q4, f)
  - CAD (Dec)

Source: Reuters, Bloomberg, Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** US Treasuries weakened and global equity markets were firmer today following a positive US' ADP employment report. In FX markets, the USD was little changed against both the EUR and the JPY as investors adopt a cautious stance ahead of Friday's US non-farm payrolls data. Mounting political uncertainty in Spain.

**GREECE:** According to some press reports, some convergence was achieved at yesterday's dinner between the representatives of the IMF, the European Commission and the European Central Bank on the projected size of Greece's fiscal gap in the period between FY-2016 and FY-2018. Market focus now turns on the March 7<sup>th</sup> Eurogroup where euro area finance ministers will assess the progress made so far by the Greek side in the implementation of the prior actions required for the successful completion of the review and will likely reach a decision on the exact timing of the mission heads' return to Athens to resume discussions with domestic authorities in the context of the pending 1<sup>st</sup> review.

### SOUTH EASTERN EUROPE

**CESEE MARKETS:** Emerging stock markets extended their positive momentum on Thursday, following recently released upbeat data from the US and optimism that Chinese authorities may announce further stimulus measures aimed at boosting economic activity. In view of improving global risk sentiment, most **regional currencies** retained a firm tone earlier on Thursday.

## 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

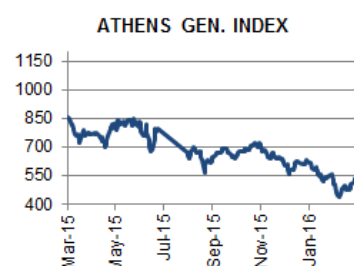
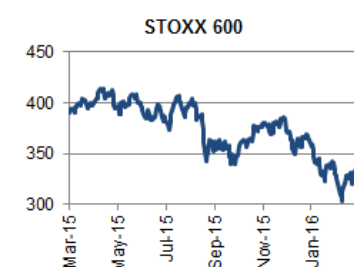
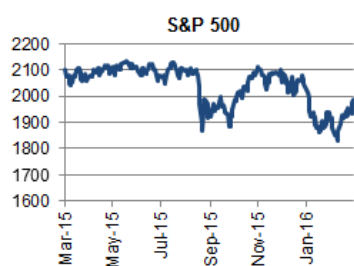
### GLOBAL MARKETS

The US' ADP employment report for the month of February surprised positively, boding well for Friday's US non-farm payrolls survey. US private employees added 214k new jobs in February, above market consensus for an increase of 190k following a downwardly revised figure to 193k in the prior month from 205k earlier reported. Against this background, US Treasuries weakened with the long-dated paper underperforming. Taking their cue from the positive tone in Asian bourses, the majority of European equity markets were firmer in early European trade today supported by positive US data and higher oil prices amid expectations for an agreement among OPEC countries to freeze oil production in the foreseeable future. In FX markets, the USD was little changed compared to both the EUR and the JPY as investors are reluctant to establish fresh sizable positions ahead of the US non-farm payrolls report later this week. The EUR/USD was hovering around 1.0868/70 at the time of writing, not far from a one-month trough of 1.0823 recorded yesterday. Expectations for further ECB monetary policy stimulus at the March 10<sup>th</sup> meeting and mounting political uncertainty in Spain continued to exert a negative impact on the EUR. At yesterday's vote in the 350-seat Parliament, the leader of the centre-left PSOE did not manage to secure the required absolute majority in order to be elected as the new Spanish Prime Minister. A second vote will be held on Friday, March 4<sup>th</sup> where a simple majority is now required. Unless a positive outcome is reached, early elections might be called within the next couple of months. On the data front, focus today is on the US non-manufacturing report, and particularly on the employment component for clues about Friday's key US non-farm payrolls report.

### GREECE

According to some press reports, some convergence was achieved at yesterday's dinner between the representatives of the IMF, the European Commission and the European Central Bank on the projected size of Greece's fiscal gap in the period between FY-2016 and FY-2018. Market focus now turns on the March 7<sup>th</sup> Eurogroup where euro area finance ministers will assess the progress made so far by the Greek side in the implementation of the prior actions required for the successful completion of the review and will likely reach a decision on the exact timing of the mission heads' return to Athens to resume discussions with domestic authorities in the context of the pending 1<sup>st</sup> review. During a hearing in the European Parliament's Economic Committee, Greece's Minister of Finance commented that the main open issues of the 1<sup>st</sup> review are the projected size of the fiscal gap until FY-2018, the income tax reform, the overhaul of the pension system and the finalisation of the NPL resolution framework. The Greek minister stressed that the government's intention is to complete the review as soon as possible warning that a delay endangers the success of Greece's economic adjustment programme.

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



Source: Reuters, Bloomberg, Eurobank Research

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

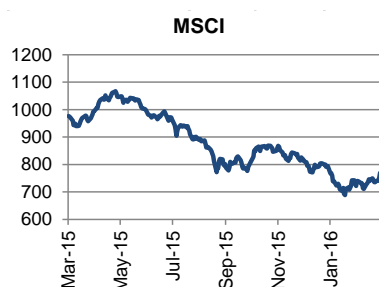
Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

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

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

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

### CESEE MARKETS

**Emerging stock markets** extended their positive momentum on Thursday, following recently released upbeat data from the US and optimism that Chinese authorities may announce further stimulus measures aimed at boosting economic activity. Against this backdrop, the MSCI Emerging Markets index rose by 0.7% at the time of writing compared to the prior session's settlement. The index stood in the black for the 5<sup>th</sup> session running having recorded cumulative gains in excess of 5% on a weekly basis. Bourses in the CESEE region were mixed, with Turkey's BIST100 leading the way higher with a 0.7% advance. On the flipside, indices in Romania, Serbia and Ukraine were in a modestly negative territory at the same time.

In view of improving global risk sentiment, most **regional currencies** retained a firm tone earlier on Thursday. Indicatively, the Polish zloty remained within distance from a new 2-month peak of 4.3120/EUR hit yesterday continuing to receive support from strong economic growth prospects and scaled back expectations for further monetary easing in the coming months. Elsewhere, the Romanian leu hovered close to Wednesday's 3-month peak of 4.4462/EUR at the time of writing, following recent hawkish comments by the Central Bank Governor who left the door open for tightening of monetary conditions in 2016. This rhetoric comes in contrast with the stance of other Central Banks in the region where most retain a dovish tone and an accommodative stance.

The Turkish lira hit a multi-session high at 2.9165/USD in European trade after February's consumer inflation fell more than anticipated somewhat soothing inflation worries and concerns over the Central Bank credibility. In more detail, headline CPI came in at 8.78%YoY last month from 9.58%YoY in January, though remaining well above the 5% CBT target. The market's median forecast was for a timid slowdown to 9.40%YoY.

With little data of high significance due for release in the remainder of the week, the focus now turns to the upcoming US non-farm payrolls report tomorrow. A strong reading may weigh on emerging market assets as it may add to expectations for further Fed monetary tightening this year.

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

## 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	1986.45	0.4%	-2.8%	EUR/USD	1.0866	0.0%	0.1%	UST - 10yr	1.85	1	-42	GOLD	1241	0.1%	16.9%
Nikkei 225	16960.16	1.3%	-10.9%	GBP/USD	1.4069	-0.1%	-4.5%	Bund-10yr	0.19	-1	-44	BRENT CRUDE	37	-0.7%	-1.7%
STOXX 600	339.89	-0.3%	-7.1%	USD/JPY	113.93	-0.4%	5.4%	JGB - 10yr	-0.01	2	-28	LMEX	2288	1.4%	3.8%

## CESEE MARKETS

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	284	0	-19
1-week	2.95	0	-24
1-month	3.11	-1	-40
3-month	3.27	-3	-56
6-month	3.47	-3	-56

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.42	-8	-25
5Y RSD	5.21	-1	8
7Y RSD	7.63	0	-6

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.94	-2	-22
USD Nov-24	6.18	0	-24

## CDS

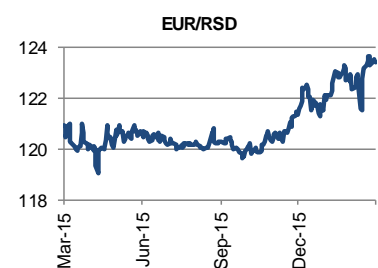
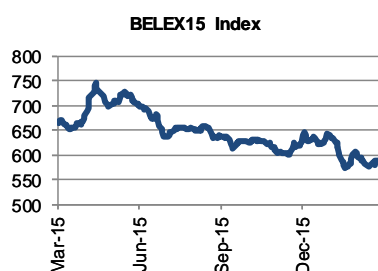
	Last	ΔDbps	ΔYTD bps
5-year	288	0	14
10-year	334	0	-5

## STOCKS

	Last	ΔD	ΔYTD
BELEX15	585.5	0.00%	-9.10%

## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.35	0.10%	-1.43%



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.4	-2	-13
1-month	0.54	0	-15
3-month	0.76	0	-26
6-month	1.03	0	-31
12-month	1.2	1	-32

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.85	3	-8
5Y RON	2.73	1	-7
10Y RON	3.44	-1	-34

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.49	#N/A	-8
USD Jan-24	3.35	2	-44

## CDS

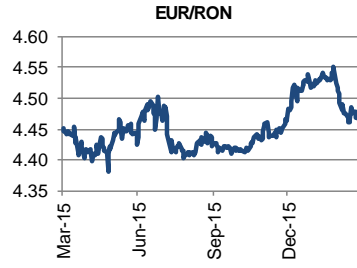
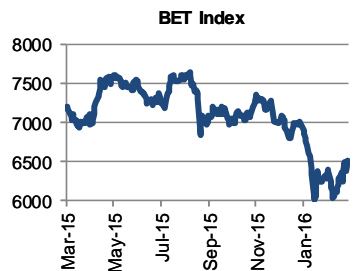
	Last	ΔDbps	ΔYTD bps
5-year	120	-2	-13
10-year	166	-2	-6

## STOCKS

	Last	ΔD	ΔYTD
BET	6531.5	-0.11%	-6.75%

## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4569	-0.07%	1.28%



## BULGARIA

## Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.00	0	-1
1-month	-0.07	0	-23
3-month	0.04	1	-22
6-month	0.23	0	-30
12-month	0.58	0	-39

## BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.35	0	-25
5Y BGN	1.14	5	-13
10Y BGN	2.65	0	-1

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.03	-66	-4
EUR Sep-24	2.37	24	-5

## CDS

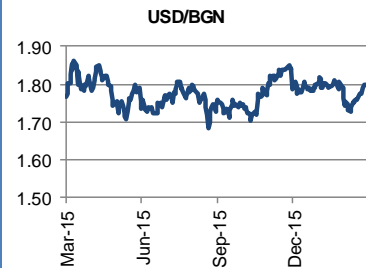
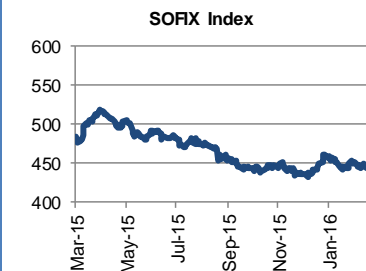
	Last	ΔDbps	ΔYTD bps
5-year	166	-1	-6
10-year	213	-1	-3

## STOCKS

	Last	ΔD	ΔYTD
SOFIX	446.8	-0.70%	-3.07%

## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.8001	-0.03%	0.01%



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

Data updated as of 17:30 EET

## 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)

**Stylianios G. Gogos (Special Contributor)**  
Economic Analyst, Eurobank Ergasias  
+30 210 3371226  
[sgogos@eurobank.gr](mailto:sgogos@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**  
[pmonokrousos@eurobank.gr](mailto:pmonokrousos@eurobank.gr), +30 210 37 18 903

**Dr. Tassos Anastasatos: Deputy Chief Economist**  
[tanastasatos@eurobank.gr](mailto:tanastasatos@eurobank.gr), +30 210 33 71 178

## 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 33 71 225

**Stylianios Gogos: Economic Analyst**  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr), +30 210 33 71 226

**Olga Kosma: Economic Analyst**  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr), +30 210 33 71 227

**Arkadia Konstantopoulou: Research Assistant**  
[arkonstantopoulou@eurobank.gr](mailto:arkonstantopoulou@eurobank.gr), +30 210 33 71 224

**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 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](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>

Follow us on twitter: <http://twitter.com/Eurobank>

