



# DAILY OVERVIEW

## OF GLOBAL MARKETS & THE SEE REGION

Wednesday, May 04, 2016

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### GLOBAL

##### US

- May 2: ISM manufacturing index (Apr)
- May 3: Auto sales (Apr)
- May 4:
  - ADP employment change (Apr)
  - Trade balance (Mar)
  - ISM non-manufacturing (Apr)
  - Industrial orders (Mar)
- May 5: Initial jobless claims
- May 6: Non-farm payrolls (Apr)

##### EUROZONE

- May 2: PMI manufacturing (Apr. final)
- May 4: PMI services (Apr. final)

##### GREECE

- May 4: Euro Working Group
- May 6: Commercial Transactions (Mar. provisional data)

##### SEE

##### ROMANIA

- May 3:
  - Producer's Price Index (Mar)
  - International Reserves (Apr)
- April 4: Retail sales (Mar)
- May 5: NBR policy meeting

##### SERBIA

- May 4: GDP (NSA, Q1)
- May 6: Producer's Price Index (Apr)

Source: Reuters, Bloomberg,  
Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** US Treasuries and German Bunds retained a firm tone in European trade on Wednesday supported by heightened concerns about the global growth outlook following a recent string of disappointing manufacturing surveys around the world. In FX markets, the USD recovered some of its recent hefty losses on position adjustments ahead of Friday's US non-farm payrolls report for April.

**GREECE:** The Euro Working Group will reportedly hold a teleconference later today ahead of the extraordinary Eurogroup scheduled for Monday, May 9<sup>th</sup>. According to comments by two unnamed European officials, the upcoming Eurogroup is unlikely to result in a final agreement between Greece and its official creditors on the contingent package of additional measures worth €3.6bn that will have to be activated if Greece fails to meet the 3.5%-of-GDP primary surplus target by 2018. According to the spring 2016 European Economic Forecast, the European Commission expects Greece's real GDP to contract by 0.3% in 2016, slightly less than 0.7% expected earlier, as the adverse trends in the second half of 2015 turned out more moderate than projected. The seasonally adjusted Markit Manufacturing Purchasing Managers' Index rose to a three-month high of 49.7 in April from 49.0 in March.

### SOUTH EASTERN EUROPE

**ROMANIA:** Retail sales showed no signs of cooling off in the third month of the year, pointing to strong domestic demand dynamics.

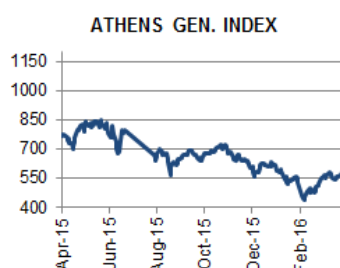
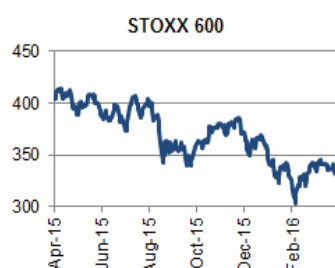
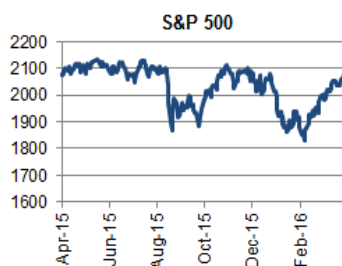
#### DISCLAIMER

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.

May 4, 2016

## Latest world economic & market developments

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

### GREECE

The Euro Working Group will reportedly hold a teleconference later today ahead of the extraordinary Eurogroup scheduled for Monday, May 9<sup>th</sup>. According to comments by two unnamed European officials, next week's Eurogroup is unlikely to result in a final agreement between Greece and its official creditors on the contingent package of additional measures worth €3.6bn that will have to be activated if Greece fails to meet the 3.5%-of-GDP primary surplus target by 2018. As per the same sources, more work is needed and a final agreement is likely to be reached at another Eurogroup on May 24<sup>th</sup>. According to the spring 2016 European Economic Forecast, the European Commission expects Greece's real GDP to contract by 0.3% in 2016, slightly less than 0.7% expected earlier, as the adverse trends in the second half of 2015 turned out more moderate than projected. The European Commission projects that while fiscal consolidation should continue to weigh on household disposable income, the fall in public and private consumption is expected to be partly offset by a positive contribution of net exports, another good year for tourism and positive trends in the export of goods. Yet, the European Commission warned that uncertainties around the forecasts remain large noting that the projected recovery is contingent on the timely conclusion of the first review of the ESM programme as well as positive financial market and trade developments. Elsewhere, the seasonally adjusted Markit Manufacturing Purchasing Managers' Index rose to a three-month high of 49.7 in April from 49.0 in March. In spite of the April improvement, the index remained below the boom-or-bust level of 50.0 pointing to continued downturn in Greece's manufacturing index. Incoming new orders received by Greek factories dropped for the 20th month in a row while outstanding business levels deteriorated.

May 4, 2016

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

### ROMANIA

On a seasonally and working day adjusted basis, retail sales edged up by +0.5% MoM/+18.5% YoY in March up from +0.4% MoM/+16.7% YoY in February compared to +2.4% MoM/+15.4% YoY in January. A large part of the increase is explained by the explosive rise of the food-related items (+1.1% MoM/+26.0% YoY vs.+0.6% MoM/+26.3% YoY in February) as a result of the deep VAT rate cut on food items effective since last June (from 24% to 9%) and their large share in the consumption basket (28%).

The 4ppts headline VAT rate cut (from 24% to 20%) effective since the beginning of the year is reflected upon the dynamics of non-food items and fuel sales. Non-food items slowed to -1.7% MoM/+15.5% YoY in March still close to the highest expansion rate in years recorded in last February (+2.7% MoM/+17% YoY). Fuel sales accelerated by -0.7% MoM/+12.7% YoY in March up from +4.1% MoM /+9.7% YoY in February. Overall, the robust performance of retail sales is a very good proxy of domestic demand remaining strong in the first quarter of 2016, offsetting any external sector weakness. Retail trade confidence data came out strong throughout the first quarter (Retail trade: 6.4 in January-12.9 in February-8.6 in March), a reflection of spending intentions remaining strong. On the other hand, it is still quite puzzling that the retail trade confidence index eased further to 4.8 in April in contrast to the upward trend of the consumer confidence and services index.

Finally, the latest EU Commission Spring forecast report maintained unchanged its forecasts on Romania. Romania is anticipated to stand of the pack for yet another year growing at 4.2% in 2016 and 3.7% in 2017, up from 3.8% in 2015. However, growth dynamics are largely driven by domestic demand and financed by the expansionary fiscal policy at the expense of pushing government finances off consolidation track against repeated IMF and EU advice.

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

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

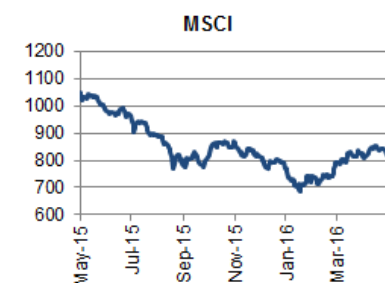
ROMANIA: Indicator:	2014	2015e	2016f
Real GDP growth %	2.9	3.8	4.1
CPI (pa, yoy %)	1.1	-0.4	-0.1
Budget Balance/GDP *	-1.9	-1.9	-2.8
Current Account/GDP	-0.4	-1.0	-2.0
EUR/RON (eop)	4.48	4.52	4.35
	2015	current	2016f
Policy Rate (eop)	1.75	1.75	2.00

\* 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	B1	BB-	B+

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

May 4, 2016

**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	2063.37	-0.9%	1.0%	EUR/USD	1.1509	0.1%	6.0%	UST - 10yr	1.81	1	-46	GOLD	1283	-0.3%	20.9%
Nikkei 225	16147.38	-3.1%	-15.2%	GBP/USD	1.4568	0.2%	-1.1%	Bund-10yr	0.22	2	-41	BRENT CRUDE	45	0.0%	20.7%
STOXX 600	335.56	-1.7%	-8.3%	USD/JPY	106.78	-0.2%	12.4%	JGB - 10yr	-0.12	0	-39	LMEX	2359	-2.3%	7.1%

**CESEE MARKETS**

**SERBIA**

**Money Market**

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	287	0	-16
1-week	2.97	-1	-22
1-month	3.12	0	-39
3-month	3.31	3	-52
6-month	3.56	1	-47

**RS Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.54	-2	-13
5Y RSD	5.29	0	16
7Y RSD	7.11	0	-59

**RS Eurobonds**

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.92	-1	-25
USD Nov-24	6.24	0	-17

**CDS**

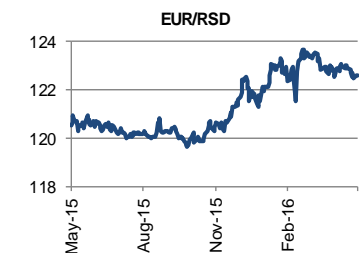
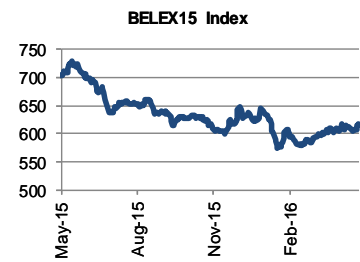
	Last	ΔDbps	ΔYTD bps
5-year	250	1	-24
10-year	291	0	-48

**STOCKS**

	Last	ΔD	ΔYTD
BELEX15	617.6	0.67%	-4.12%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RSD	122.61	0.08%	-0.84%



**ROMANIA**

**Money Market**

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.51	0	-2
1-month	0.61	0	-8
3-month	0.76	0	-26
6-month	1.01	0	-33
12-month	1.16	0	-36

**RO Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RON	1.88	0	-5
5Y RON	2.69	-1	-11
10Y RON	3.58	-1	-20

**RO Eurobonds**

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.39	N/A	-18
USD Jan-24	3.42	3	-36

**CDS**

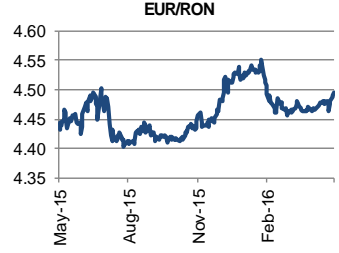
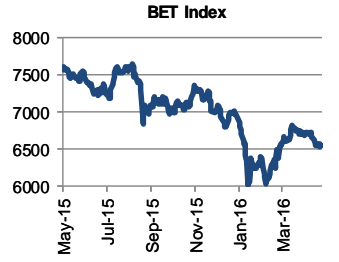
	Last	ΔDbps	ΔYTD bps
5-year	115	1	-18
10-year	155	1	-16

**STOCKS**

	Last	ΔD	ΔYTD
BET	6415.3	0.15%	-8.41%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RON	4.4956	-0.11%	0.41%



**BULGARIA**

**Money Market**

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.40	0	-41
1-month	-0.18	0	-33
3-month	-0.05	0	-32
6-month	0.09	0	-43
12-month	0.42	-1	-55

**BG Local Bonds**

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.39	0	-21
5Y BGN	1.13	0	-14
10Y BGN	2.51	0	-15

**BG Eurobonds**

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.04	-10	-3
EUR Sep-24	2.32	-41	-10

**CDS**

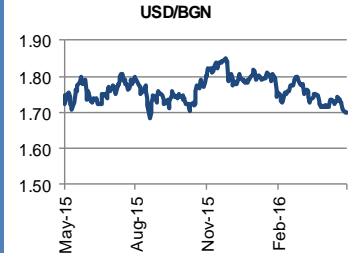
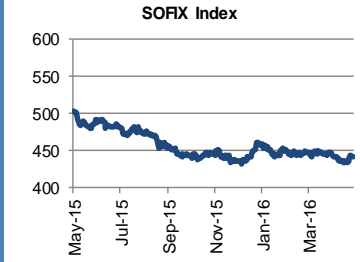
	Last	ΔDbps	ΔYTD bps
5-year	158	0	-14
10-year	203	0	-13

**STOCKS**

	Last	ΔD	ΔYTD
SOFIX	441.3	-0.29%	-4.25%

**FOREX**

	Last	ΔD	ΔYTD
USD/BGN	1.6993	0.06%	5.94%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research  
Data updated as of 10:10 EEST, May 4, 2016

May 4, 2016

## 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)

**Stylianos 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

**Stylianos 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 Stamatou: Senior Economist**  
[tstamatou@eurobank.gr](mailto:tstamatou@eurobank.gr), + 30 210 3371228

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>

