

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Thursday, May 05, 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: Market concerns about the growth prospects of the world economy prevail, keeping major sovereign bond markets well supported. In FX markets, the USD gained some ground on market optimism that the US economy may gain some ground in Q2 after nearly stalling in the prior quarter. Looking at today's calendar, US initial jobless claims feature high ahead of Friday's US key report.

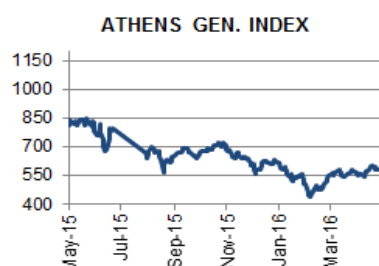
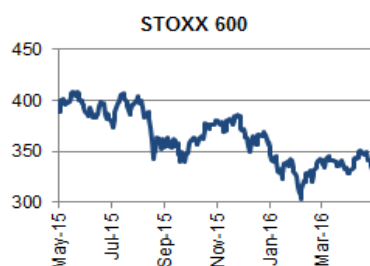
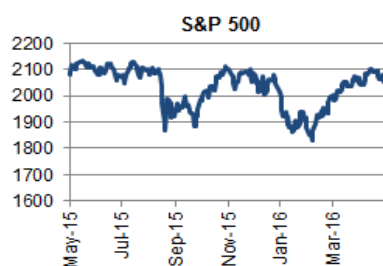
GREECE: According to the official agenda, the extraordinary Eurogroup of May 9th will discuss the state of play of Greece's macroeconomic adjustment programme. Deliberations will cover a comprehensive package of policy reforms and the sustainability of Greece's public debt, two elements that need to be in place for the finalization of Greece's 1st programme review and the release of the next loan tranche. Meanwhile the President of the European Council, Donald Tusk, urged the euro area finance ministers to re-double their efforts in finalizing Greece's programme review by May 26-27 when the G7 meeting is scheduled to be held.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Market concerns about the growth prospects of the world economy prevail, keeping major sovereign bond markets well supported. China's Caixin/Market services PMI dropped from 52.2 in March to 51.8 in April, while a bag of mixed US data yesterday failed to provide clear signals on the health of the US economy and the timing of the next FOMC rate hike. US orders for non-defense capital goods excluding aircraft – a gauge of business confidence and spending plans- edged up by 0.1%MoM in March, while inventories of factory goods rose by 0.2%MoM, halting an 8-month declining streak. On a similar positive tone, the US' ISM non-manufacturing index rose in April by 1.2ppt to 55.7 supported by higher new orders and employment. Separately, the US's trade deficit fell more than expected in March to \$404.bn, the smallest since February 2015, as imports dropped to the lowest level since late 2010, suggesting that the advance Q1 GDP estimate would be revised higher. On the flipside, the US services sector generated just 156k new jobs in April, the smallest gain in two years, a development that does not bode well for Friday's US non-farm payrolls report. Against this background, the 10-yr US Treasury was yielding levels around 1.796% in European trade at the time of writing, not far from a two-week closing low of 1.775% marked in the prior session and below levels around 1.85% recorded a week earlier. In FX markets, the USD gained some ground on market optimism that the US economy may gain some ground in Q2 after nearly stalling in the prior quarter. After marking a session low of 106.23 on Wednesday, the USD/JPY was hovering around 107.10/15 at the time of writing, pulling further away from an 18-month trough of 105.50 marked earlier this week. The view that the "line-in the sand" for FX intervention by Japanese authorities is relatively higher, may have also had an impact. Looking at today's calendar, US initial jobless claims feature high ahead of Friday's US key report.

GREECE

According to the official agenda, the extraordinary Eurogroup of May 9th will discuss the state of play of Greece's macroeconomic adjustment programme. Deliberations will cover a comprehensive package of policy reforms and the sustainability of Greece's public debt, two elements that need to be in place for the finalization of Greece's 1st programme review and the release of the next loan tranche. Following the conclusion of yesterday's Euro Working Group meeting, a high level European official was quoted saying that progress has been made towards a deal between the Greek government and the institutions but differences prevail. Reportedly, the contingent package of additional measures –on top of the new package measures worth €5.4bn– remains the main contentious issue. As per the same sources, the IMF and a number of euro area countries demand the Greek government to legislate and quantify specific measures that would come in force should Greece deviate from the agreed fiscal targets. On its part, the Greek side insists on the adoption of a mechanism of automatic adjustments in case of deviations from the agreed fiscal targets. Meanwhile the President of the European Council, Donald Tusk, urged the euro area finance ministers to re-double their efforts in finalizing Greece's programme review by May 26-27 when the G7 meeting is scheduled to be held.

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May 5, 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	2051.12	-0.6%	0.4%	EUR/USD	1.1455	-0.3%	5.5%	UST - 10yr	1.79	1	-48	GOLD	1277	-0.2%	20.3%
Nikkei 225	16147.38	-3.1%	-15.2%	GBP/USD	1.448	-0.1%	-1.7%	Bund-10yr	0.21	0	-42	BRENT CRUDE	46	2.7%	22.9%
STOXX 600	332.69	0.3%	-9.1%	USD/JPY	107.14	-0.1%	12.1%	JGB - 10yr	-0.12	0	-39	LMEX	2345	-0.6%	6.4%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	286	-1	-17
1-week	2.96	-1	-23
1-month	3.09	-3	-42
3-month	3.26	-5	-57
6-month	3.53	-3	-50

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.36	#N/A N/A	-23
5Y RSD	5.25	-4	12
7Y RSD	6.69	1	-101

RS Eurobonds

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

CDS

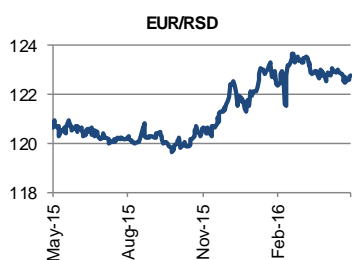
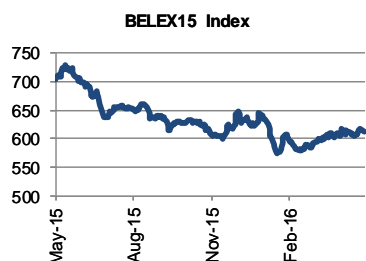
	Last	ΔDbps	ΔYTD bps
5-year	250	0	-24
10-year	292	1	-47

STOCKS

	Last	ΔD	ΔYTD
BELEX15	612.7	0.10%	-4.88%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	122.78	-0.05%	-0.97%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.46	-3	-7
1-month	0.63	1	-6
3-month	0.76	0	-26
6-month	1.01	0	-33
12-month	1.17	1	-35

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.86	-1	-7
5Y RON	2.68	0	-12
10Y RON	3.59	0	-19

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.42	#N/A N/A	-15
USD Jan-24	3.43	1	-35

CDS

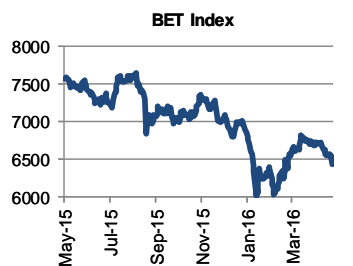
	Last	ΔDbps	ΔYTD bps
5-year	115	0	-18
10-year	155	0	-16

STOCKS

	Last	ΔD	ΔYTD
BET	6446.6	0.26%	-7.96%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.504	0.01%	0.22%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.40	0	-41
1-month	-0.18	0	-33
3-month	-0.06	0	-32
6-month	0.09	0	-43
12-month	0.42	0	-55

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.39	1	-21
5Y BGN	1.13	0	-15
10Y BGN	2.50	0	-16

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.07	0	-14
EUR Sep-24	2.27	0	-15

CDS

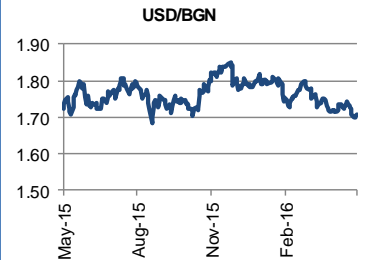
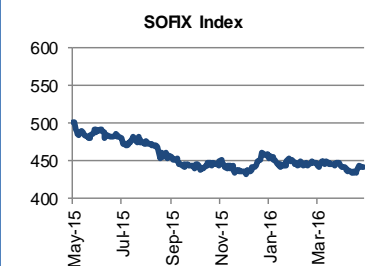
	Last	ΔDbps	ΔYTD bps
5-year	158	0	-14
10-year	204	0	-13

STOCKS

	Last	ΔD	ΔYTD
SOFIX	441.9	0.00%	-4.13%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7076	-0.28%	5.43%



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

Data updated as of 11:00 EEST, May 5, 2016

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