

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- April 13
 - Retail sales (Mar)
 - Business inventories (Feb)
- April 14
 - CPI (Mar)
 - Initial jobless claims
- April 15
 - Empire manufacturing (Apr)
 - Industrial production (Mar)
 - Univ. of Michigan Confidence (Apr, p.)
 - Total Net TIC flows (Feb)

EUROZONE

- April 13: Industrial production (Feb)
- April 14: CPI (Mar, f.)

GREECE

- April 12
 - Mission heads expected to depart from Athens
 - Building activity (Jan)
- April 15: IMF 2016 Spring Meeting

SEE

BULGARIA

- April 11: Trade balance (Feb)
- April 12: CPI (Mar)
- April 15: U/E rate (Mar)

ROMANIA

- April 11
 - CPI (Mar)
 - Trade Balance (Feb)
 - 2.25% 2020 T-bonds auction
- April 12: Industrial output (Feb)
- April 13: CAD (Feb)
- April 14: 3.25% 2022 T-bonds auction

SERBIA

- April 12: HICP (Mar)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

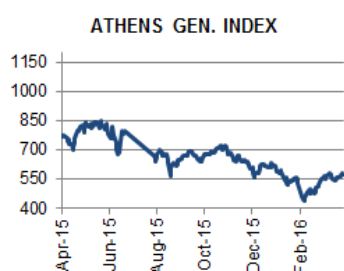
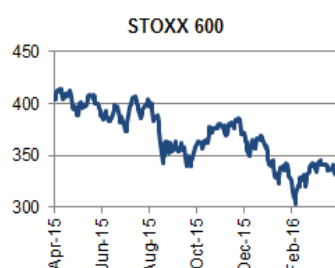
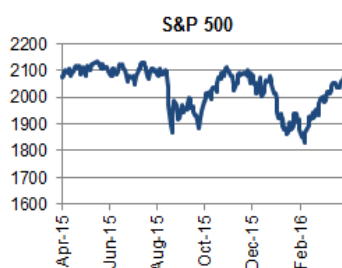
GLOBAL MARKETS: Taking their lead from the positive tone in Asia earlier today, major European bourses were firmer in early trade led by the financial sector. The positive tone in equity markets dented the safe heaven appeal of the JPY while comments by BoJ Governor Haruhiko Kuroda that the Central Bank is ready to expand monetary stimulus again, if needed, did not help the currency either. On the data front, US CPI for March and initial jobless claims will dominate the US calendar today. Elsewhere, the BoE's monetary policy committee meets today but no change in its monetary policy stance is expected.

GREECE: France's President Francois Holland received Greece's Prime Minister Alexis Tsipras at the Elysée Palace yesterday and reportedly agreed that Greece's 1st programme review should conclude as quickly as possible, even next week. According to the local press, although there has been convergence between the Greek government and official creditors on some of the prior actions, key stumbling blocks remain including the finalization of the NPLs framework, the level of the income tax-free threshold and the extent of a purportedly cut in auxiliary pensions.

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BULGARIA



Source: Reuters, Bloomberg, Eurobank Research

Latest world economic & market developments

GLOBAL MARKETS

Taking their lead from the positive tone in Asia earlier today, major European bourses were firmer in early trade led by the financial sector. Italy's biggest domestic banks, insurers and asset managers agreed earlier this week to create a €5bn backstop fund to bail out weaker lenders in an effort to somewhat ease investors' worries over the effect on financial stability of €360bn of non-performing loans. News earlier today that the Monetary Authority of Singapore set the rate of appreciation of the Singapore dollar's nominal effective exchange rate policy band at zero percent, also favored market sentiment towards risky assets. The positive tone in equity markets dented the safe heaven appeal of the JPY with the USD/JPY hovering around 109.40/45 at the time of writing, extending its recovery from a 17-month low of 107.60 recorded earlier this week. Comments by BoJ Governor Haruhiko Kuroda that the Central Bank is ready to expand monetary stimulus again if recent weaknesses in inflation expectations persist, did not help the JPY either. Against this background, yesterday's poor US data were broadly shrugged off by FX market participants. US March retail sales unexpectedly declined by 0.3% MoM while PPI dipped 0.1% YoY after being unchanged in February, adding to the view that the Fed will not rush to push interest rates higher. On the data front, US CPI for March and initial jobless claims will dominate the US calendar today. Elsewhere, the BoE's monetary policy committee meets today but no change in its monetary policy stance is expected.

GREECE

France's President Francois Holland received Greece's Prime Minister Alexis Tsipras at the Elysée Palace yesterday and reportedly agreed that Greece's 1st programme review should conclude as quickly as possible, even next week. Along these lines, ESM Managing Director Klaus Regling was quoted saying in an interview that, although "politically difficult issues" are currently being discussed in the context of the review, it would be a realistic scenario to expect that over the next four weeks it will conclude. As was suggested by Greece's Minister of Finance Euclid Tsakalotos earlier this week, the mission heads are expected to return to Athens on Monday 18th April, after the conclusion of the IMF 2016 Spring Meeting, to resume discussions with domestic authorities with an intention to complete the review in time for the April 22nd Eurogroup. However, he added that should a final agreement not be reached by then, euro area finance ministers could hold an extraordinary meeting on April 24th or 25th. According to the local press, although there has been convergence between the two sides on some of the prior actions, key stumbling blocks remain including the finalization of the NPLs framework, the level of the income tax-free threshold and the extent of a purportedly cut in auxiliary pensions. As per the same sources, official creditors approved the government's proposal for a 1% VAT rate increase to 24% in certain goods including packaged food in an effort to secure budgetary revenue of 1%-of-GDP via a bundle of parametric and non-parametric measures. The Greek government is requested to adopt measures worth €3.0%-of-GDP (or c. €5.4bn) in terms of net fiscal impact to cover a projected fiscal gap in the period between 2016 and 2018 so as to secure fulfillment of the agreed fiscal target for a primary surplus of 3.5%-of-GDP in 2018. As was publicly revealed by government spokesperson Olga Gerovasilis, the projected fiscal shortfall will be equi-proportionally covered by the following three sources: (a) the reform of the social security pension system; (b) the income tax code reform; and (iii) a bundle of parametric & non-parametric measures.

April 14, 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	2082.42	1.0%	1.9%	EUR/USD	1.1253	-0.2%	3.7%	UST - 10yr	1.76	-1	-51	GOLD	1241	-0.1%	17.0%
Nikkei 225	16911.05	3.2%	-11.2%	GBP/USD	1.4128	-0.5%	-4.1%	Bund-10yr	0.13	0	-50	BRENT CRUDE	44	-1.1%	17.2%
STOXX 600	342.07	-0.3%	-6.5%	USD/JPY	109.21	0.1%	9.9%	JGB - 10yr	-0.09	-2	-36	LMEX	2301	1.6%	4.4%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	287	2	-16
1-week	2.97	1	-22
1-month	3.12	2	-39
3-month	3.30	0	-53
6-month	3.56	0	-47

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.33	-10	-16
5Y RSD	5.29	0	16
7Y RSD	7.06	0	-63

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.02	-1	-14
USD Nov-24	6.23	0	-18

CDS

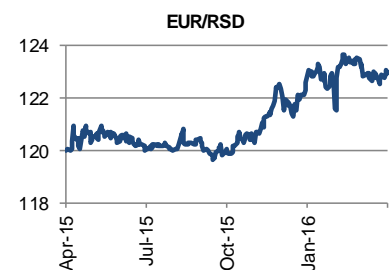
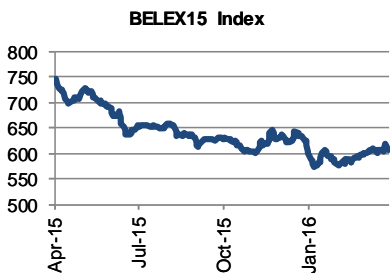
	Last	ΔDbps	ΔYTD bps
5-year	262	-8	-12
10-year	306	306	-33

STOCKS

	Last	ΔD	ΔYTD
BELEX15	611.3	-0.24%	-5.10%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	122.94	0.09%	-1.10%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.42	1	-11
1-month	0.57	-1	-12
3-month	0.77	0	-25
6-month	1.02	0	-32
12-month	1.19	0	-33

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.77	1	-16
5Y RON	2.58	1	-22
10Y RON	3.43	2	-35

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.34	#N/A	N/A
USD Jan-24	3.33	2	-46

CDS

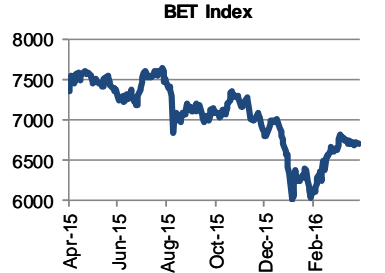
	Last	ΔDbps	ΔYTD bps
5-year	130	7	-3
10-year	174	8	3

STOCKS

	Last	ΔD	ΔYTD
BET	6750.0	0.27%	-3.63%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.471	-0.03%	0.96%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	0
1-month	-0.17	0	-32
3-month	-0.05	0	-31
6-month	0.10	0	-43
12-month	0.43	0	-54

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.35	-1	-25
5Y BGN	1.05	3	-22
10Y BGN	2.53	0	-12

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.12	1	5
EUR Sep-24	2.27	48	-15

CDS

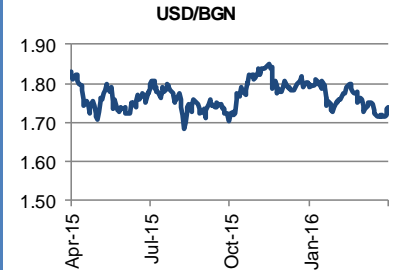
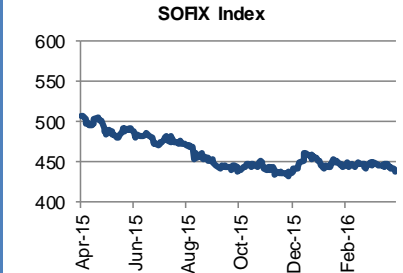
	Last	ΔDbps	ΔYTD bps
5-year	163	-2	-9
10-year	209	212	-7

STOCKS

	Last	ΔD	ΔYTD
SOFIX	437.6	-0.09%	-5.06%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7384	-0.18%	3.56%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
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April 14, 2016

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