



DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Wednesday, February 17, 2016

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- February 15: Presidents' day
- February 16
 - Empire State Index (Feb)
 - NAHB Index (Feb)
- February 17
 - Housing starts & permits (Jan)
 - Industrial production (Jan)
 - FOMC minutes
- February 18
 - Jobless claims (weekly)
 - Philly Fed Index (Feb)
- February 19: CPI (Jan)

EUROZONE

- February 15: ECB president Draghi to testify before the EU parliament's Economic Committee
- February 16: Germany's ZEW Index (Feb)
- February 18: January 21 ECB MPC minutes

GREECE

- February 17: HICP (Jan)
- February 19: Turnover in Industry (Dec)

CYPRUS

- February 16: HICP (Jan)

SEE

BULGARIA

- February 15
 - CPI (Jan)
 - 2019 T-Bonds auction
 - U/E rate (Jan)
- February 17: CAD (Dec)

ROMANIA

- February 15: CPI (Jan)
- February 18: 4.75% 2025 T-Bonds auction

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: In an effort to contain an oversupply of oil, Russia and Saudi Arabia agreed to freeze output at January levels noting though that the deal is contingent on other oil producers joining in. Elsewhere, European bourses opened higher on Wednesday while the USD moved lower, especially against the JPY, following comments by Boston Fed President Eric Rosengren that the Central Bank might be prudent to wait for stronger US inflation before it pushes interest rates higher.

GREECE: Greece's Prime Minister Alexis Tsipras is due to meet European Commission President Jean-Claude Juncker later today. The progress made so far towards the completion of the 1st programme review and the refugee crisis are expected to be high on the agenda.

SOUTH EASTERN EUROPE

SERBIA: According to local media quoting the head of the IMF team visiting the country, James Roaf, the Fund plans to complete the 4th review under Serbia's 36-month Stand-By Arrangement after the upcoming early general elections which are expected to be held in late April/May.

CESEE MARKETS: Emerging stock markets recoiled earlier on Wednesday as renewed concerns over an oil supply glut hit energy-related shares anew. On the flipside, CESEE bourses and regional currencies mostly firmed, outperforming their global emerging market peers, while local government bonds were mixed in European trade.

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Latest world economic & market developments

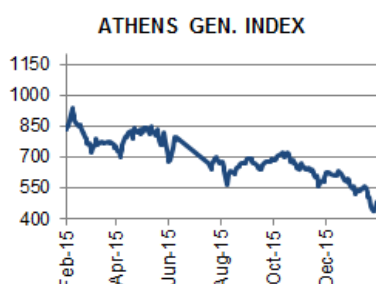
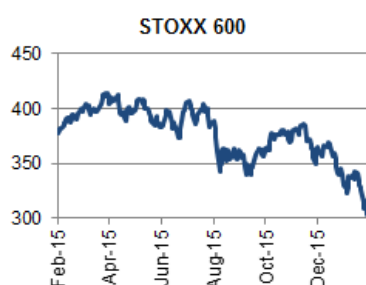
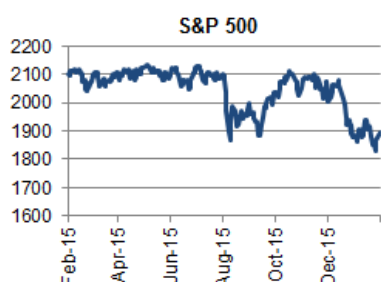
GLOBAL MARKETS

In an effort to contain an oversupply of oil, Russia and Saudi Arabia agreed to freeze output at January levels noting though that the deal is contingent on other oil producers joining in. Oil prices rose after the news with the Brent crude oil price hitting multi-session highs of \$34.5/barrel at some point yesterday before retreating to levels around \$32.5/barrel in European trade at the time of writing amid concerns that Iran may reject the deal. Elsewhere, European bourses opened higher on Wednesday as recent remarks by ECB President Mario Draghi for further monetary policy stimulus at the next Governing Council meeting on March, continue to have an impact. In FX markets, the USD moved lower especially against the JPY following comments by Boston Fed President Eric Rosengren that the Central Bank might be prudent to wait for stronger US inflation before it pushes interest rates higher. The USD/JPY was trading close to 113.90/95 at the time of writing, after marking session highs slightly below 115.00 on Tuesday. Looking at today's calendar, US industrial production and housing starts & permits all for the month of January take centre stage. Today also sees the release of the minutes from the FOMC January meeting which are expected to reflect fairly high confidence among the majority of the Committee members for further rate tightening ahead despite prevailing global downside risks to the US economic outlook.

GREECE

Greece's Prime Minister Alexis Tsipras is due to meet European Commission President Jean-Claude Juncker later today and the progress made so far towards the completion of the 1st programme review and the refugee crisis are expected to be high on the agenda. Meanwhile, speaking during a press briefing yesterday, government spokesman Olga Gerovasili said that long-distance discussions between the government and official creditors are continuing adding that the EC/ECB/IMF/ESM mission heads will hopefully return to Athens "very soon". She also cautioned that although the government is determined to fully abide by the agreement signed with official creditors last year, it is not willing to back down from its red lines. According to the local press, a number of technical teams representing official creditors are expected to arrive in Athens early next week and, provided that discussions evolve as planned, after a fortnight hiatus the heads may return a few days later. Greece's Premier is due to return to Athens on Friday in time for a parliamentary debate on certain measures included in the government's so-called "parallel program" that is designed to alleviate the burden of the bailout programme on society's most vulnerable groups. As per the same sources, the relevant bill is likely to come for vote in Parliament on Saturday.

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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: Indicators	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	0.6	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)	4.50	4.50	4.50

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

Latest world economic & market developments in the CESEE region

SERBIA

An IMF mission arrived to Serbia today to hold discussions with domestic authorities over the country's fourth review under the 36-month €1.2bn Stand-By Arrangement (SBA), where it will stay until February 26. According to local media quoting the head of the IMF team visiting the country, James Roaf, the Fund plans to complete the said review after the upcoming early general elections which are expected to be held in late April/May.

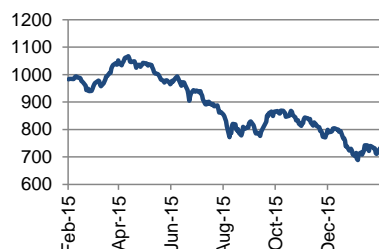
CESEE MARKETS

Emerging stock markets recoiled earlier on Wednesday as renewed concerns over an oil supply glut hit energy-related shares anew. Against this backdrop, the MSCI Emerging Markets index stood in a modestly negative territory of 0.5% at the time of writing, having snapped a 2-session rising streak. On the flipside, bourses in the CESEE region mostly firmed, outperforming their global emerging market peers.

Albeit not managing to escape the recent turmoil in global financial markets unscathed, regional assets have remained broadly supported compared to their global developing-country peers on comparably better economic growth prospects, hopes for further ECB stimulus as soon as next month and broadly accommodative Central Bank monetary policies. Additionally, their oil-importer characteristic has largely shielded CESEE markets against falling oil prices and has boded well for maintaining inflation pressures subdued, supporting real disposable incomes and assisting to keep external imbalances in check.

In this context, **CESEE currencies** were flat to firmer early today. The Romanian leu remained amongst the region's best performers thanks to recently hawkish Central Bank comments. Along these lines the EUR/RON slid to a new 3-month low of 4.4477 in European trade. In the local rates markets, the majority of **government bonds** were mixed at the time of writing, with paper of longer maturity outperforming.

MSCI



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
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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	1895.58	1.7%	-7.3%	EUR/USD	1.1172	0.3%	2.9%	UST - 10yr	1.74	-3	-53	GOLD	1209	0.7%	13.9%
Nikkei 225	15836.36	-1.4%	-16.8%	GBP/USD	1.4269	-0.3%	-3.2%	Bund-10yr	0.25	-2	-38	BRENT CRUDE	32	-0.2%	-13.8%
STOXX 600	320.37	-0.4%	-12.4%	USD/JPY	113.51	0.5%	5.8%	JGB - 10yr	0.06	3	-21	LMEX	2175	-0.1%	-1.3%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	285	-4	-18
1-week	2.95	-5	-24
1-month	3.11	-9	-40
3-month	3.31	-9	-52
6-month	3.51	-9	-52

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.48	-3	-19
5Y RSD	5.09	0	-4
7Y RSD	7.72	0	2

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.00	-1	-16
USD Nov-24	6.26	-1	-15

CDS

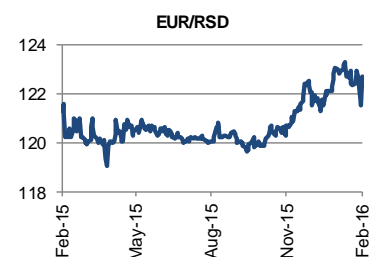
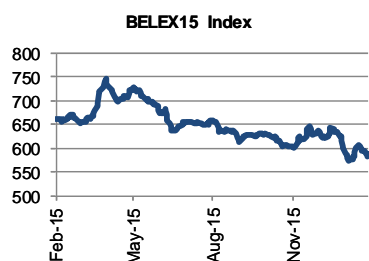
	Last	ΔDbps	ΔYTD bps
5-year	288	0	14
10-year	334	1	-5

STOCKS

	Last	ΔD	ΔYTD
BELEX15	583.1	-0.77%	-9.48%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	122.70	0.09%	-0.91%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.39	0	-14
1-month	0.52	0	-17
3-month	0.79	0	-23
6-month	1.02	0	-32
12-month	1.19	0	-33

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.65	0	-28
5Y RON	2.46	0	-34
10Y RON	3.28	0	-50

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.43	0	-14
USD Jan-24	3.43	-6	-36

CDS

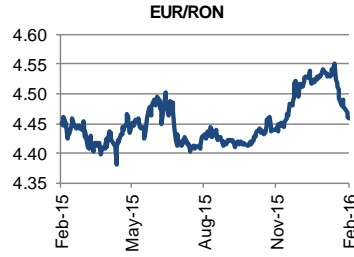
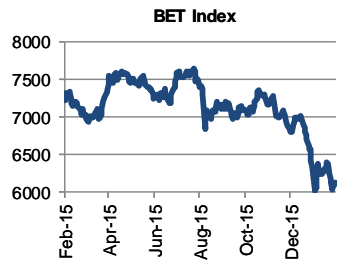
	Last	ΔDbps	ΔYTD bps
5-year	138	4	5
10-year	183	4	12

STOCKS

	Last	ΔD	ΔYTD
BET	6132.1	0.30%	-12.45%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4588	0.07%	1.24%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.08	0	-9
1-month	-0.07	0	-22
3-month	0.04	0	-22
6-month	0.24	0	-29
12-month	0.58	0	-39

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.40	-1	-21
5Y BGN	1.12	0	-16
10Y BGN	2.65	0	-1

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.32	0	-38
EUR Sep-24	2.43	-7	0

CDS

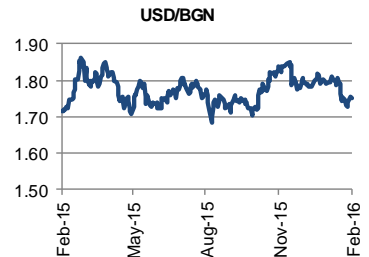
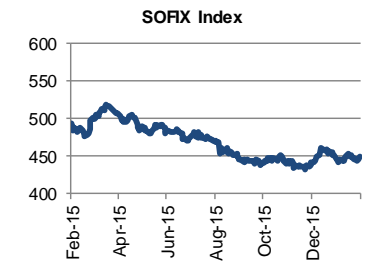
	Last	ΔDbps	ΔYTD bps
5-year	173	-3	2
10-year	219	-4	3

STOCKS

	Last	ΔD	ΔYTD
SOFIX	448.5	0.94%	-2.69%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7506	0.35%	2.84%



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

Data updated as of 10:00 EET

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