



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Wednesday, April 20, 2016

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- April 18: NAHB index (Apr)
- April 19
 - Housing starts (Mar)
 - Housing permits (Mar)
- April 20: Existing home sales (Mar)
- April 21
 - Initial jobless claims
 - Philly Fed (Apr)

EUROZONE

- April 20: ZEW index (Apr)
- April 21
 - ECB policy meeting
 - Consumer confidence (Apr)
- April 22
 - PMI manuf. (Apr)
 - PMI services (Apr)

GREECE

- April 19:
 - Mission heads expected to return to Athens
 - Turnover index in Industry (Feb)
- April 22: Eurogroup

SEE

ROMANIA

- April 21: 2.5% 2019 T-Bond auction (Feb)
- April 22: Sovereign debt rating review by Moodys

SERBIA

- April 20: CAD (Feb)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

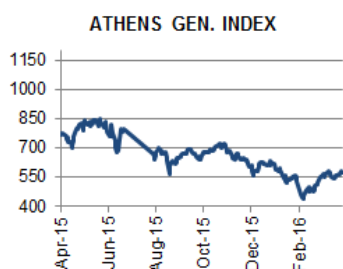
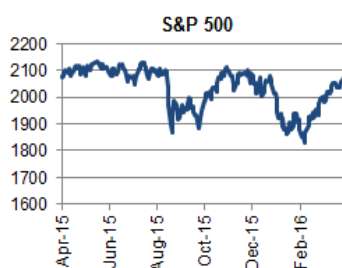
GLOBAL MARKETS: Yesterday's rally in oil prices stalled on news that Kuwaiti oil producers ended a three-day strike which had reduced daily production by 60%. Commodity-related currencies moved lower while German government bonds were modestly firmer ahead of Thursday's ECB monetary policy meeting. Looking at the day ahead, focus is on US existing home sales for March.

GREECE: Official discussions between the ECB/IMF/ESM/EC mission heads and the Greek government in the context of the 1st programme review continue today with fiscal issues reportedly dominating the agenda. An unnamed Finance Ministry official was quoted saying in the local press that the government has rejected official creditors' call for the legislation of an additional bundle of contingency measures worth c. €2.7- €3.6bn to support the achievement of a 3.5%-of-GDP primary surplus in 2018.

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BULGARIA



Source: Reuters, Bloomberg, Eurobank Research

Latest world economic & market developments

GLOBAL MARKETS

Yesterday's rally in oil prices stalled on news that Kuwaiti oil producers ended a three-day strike which had reduced daily production by 60%. After hitting levels slightly above \$44/barrel on Tuesday, Brent crude retreated hovering around \$43/barrel at the time of writing, exerting a negative impact on commodity-related currencies. The AUD/USD was hovering around 0.7788/93 at the time of writing after hitting a nine-month peak of 0.7826 in the prior session. Yet, in spite of today's down move, the pair remained above recent multi-session lows of 0.7588 amid easing worries over a "hard landing" in China. Elsewhere, the EUR/USD was standing close to 1.1365/68, within distance from a one-week peak of 1.1385 marked in the prior session ahead of the ECB monetary policy meeting on Thursday. The Central Bank is expected to stay put on its monetary policy while President Mario Draghi is anticipated to make clear in the press conference that the ECB is ready to adopt additional expansionary measures, if needed, to boost inflation and support the euro area's economic recovery. Meanwhile, German government bonds were modestly firmer with the 10-yr Bund yielding levels close to 0.16% after ending at 0.18% on Tuesday. Along these lines, the 10-yr Treasury yield was hovering around 1.76%, 1.5% lower compared to the settlement in the prior session, remaining though within the 1.81%-1.69% range that prevails since early April. Looking at the day ahead, focus is on UK labour market data while in the US existing home sales for March take centre stage especially after housing starts and permits that were released earlier this week came in weaker than expected, fueling market worries over a slowdown in economic growth in Q1 2016.

GREECE

Official discussions between the ECB/IMF/ESM/EC mission heads and the Greek government in the context of the 1st programme review continue today with fiscal issues reportedly dominating the agenda. An unnamed Finance Ministry official was quoted saying in the local press that the government rejected official creditors' call for the legislation of an additional bundle of contingency measures worth c. €2.7-€3.6bn to support the achievement of a 3.5%-of-GDP primary surplus in 2018. Reportedly, in an effort to reach a compromise for a swift conclusion of the review, the government seems to accept the updated MoU to incorporate a clause suggesting that Greece is committed to legislate additional structural measures if the general government balance does not record a primary surplus of 3.5%-of-GDP in 2018. Meanwhile, official creditors have reportedly expressed certain reservations on the draft bills the government submitted to the Hellenic Parliament earlier this week containing the relevant legislation for the social security pension reform and the overhaul of the income tax code. The former bill reportedly envisions inter alia, an income tax threshold for wage earners and pensioners at €9,091 while official creditors argue for a lower one at €8,182. The latter bill incorporates, among others, a 0.5% increase in social security contributions for both employers and employees for a three year period as a means to partially cover a projected €700mn shortfall in this year's budget for the Supplementary Insurance Unified Fund, a measure official creditors vehemently oppose. The said bills are reportedly expected to come for vote after the Orthodox Easter and may be subjects to amendments. This phase of official discussions is set to conclude on Thursday as the mission heads and Greece's Minister of Finance are scheduled to depart from Athens for the April 22nd Eurogroup.

April 20, 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	2100.80	0.3%	2.8%	EUR/USD	1.1364	0.1%	4.7%	UST - 10yr	1.76	-3	-51	GOLD	1248	-0.2%	17.5%
Nikkei 225	16906.54	0.2%	-11.2%	GBP/USD	1.4371	-0.2%	-2.5%	Bund-10yr	0.15	-2	-48	BRENT CRUDE	43	-2.2%	15.5%
STOXX 600	348.24	-0.3%	-4.8%	USD/JPY	108.98	0.2%	10.2%	JGB - 10yr	-0.13	-1	-40	LMEX	2349	1.8%	6.6%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	290	4	-13
1-week	3.00	3	-19
1-month	3.16	6	-35
3-month	3.35	7	-48
6-month	3.61	7	-42

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.43	0	-17
5Y RSD	5.28	0	16
7Y RSD	7.08	0	-61

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.98	-2	-19
USD Nov-24	6.23	0	-18

CDS

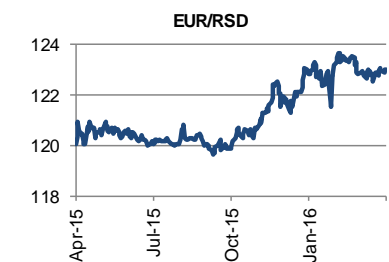
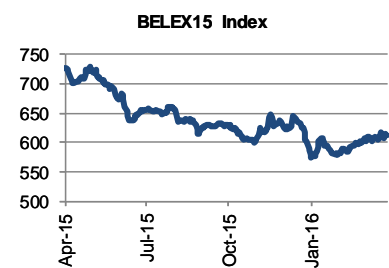
	Last	ΔDbps	ΔYTD bps
5-year	259	-13	-15
10-year	306	-1	-33

STOCKS

	Last	ΔD	ΔYTD
BELEX15	608.4	0.07%	-5.54%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.00	-0.02%	-1.15%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.41	-1	-12
1-month	0.6	0	-9
3-month	0.78	0	-24
6-month	1.03	1	-31
12-month	1.18	0	-34

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.80	1	-13
5Y RON	2.63	1	-17
10Y RON	3.52	1	-26

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.33	-1	-23
USD Jan-24	3.34	0	-44

CDS

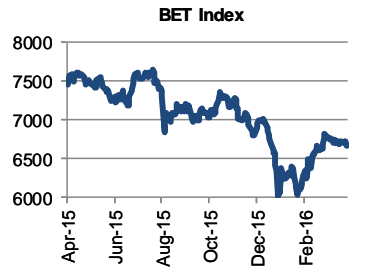
	Last	ΔDbps	ΔYTD bps
5-year	116	-6	-17
10-year	159	-7	-13

STOCKS

	Last	ΔD	ΔYTD
BET	6589.4	-0.62%	-5.92%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4826	-0.10%	0.70%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.40	0	-41
1-month	-0.17	-1	-33
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	0.39	3	-21
5Y BGN	1.08	1	-20
10Y BGN	2.48	0	-17

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.08	0	1
EUR Sep-24	2.30	24	-12

CDS

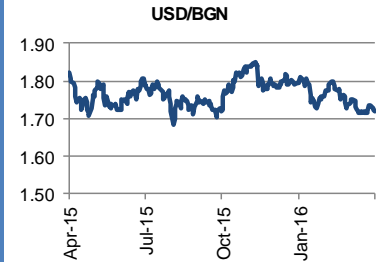
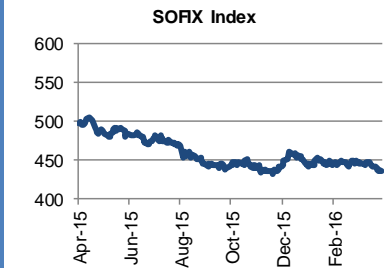
	Last	ΔDbps	ΔYTD bps
5-year	160	-2	-11
10-year	206	-2	-10

STOCKS

	Last	ΔD	ΔYTD
SOFIX	432.3	-0.67%	-6.21%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7212	0.05%	4.60%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 12:00 EEST, April 20, 2016

April 20, 2016

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