

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- Aug 22: Chicago FED Nat Activity Index (Jul)
- Aug 23
 - New home sales (Jul)
 - Richmond Fed manufacturing (Aug)
 - Markit PMI manufacturing (Aug, p)
- Aug 24
 - MBA Mortgage applications (Aug 19)
 - FHFA House price index (Jun)
 - Existing home sales (Jul)
- Aug 25
 - Jobless claims (weekly)
 - Durable goods orders (Jul, p)
 - Kansas Fed manufacturing index (Aug)
- Aug 26
 - GDP (Q2, 2nd est)
 - UoM sentiment (Aug, f)
 - Fed Chair Janet Yellen speaks at Jackson Hole Symposium

EUROZONE

- Aug 23: Markit PMIs (Aug, p)
- Aug 24: DE: GDP (Q2)
- Aug 25: DE: Ifo business climate (Aug)

SEE BULGARIA

- Aug 26: Gross external debt (Jun)

ROMANIA

- Aug 22: 2.25% 2020 T-bonds auction
- Aug 25: 3.25% 2024 T-bonds auction

SERBIA

- Aug 22: Current account balance (Jun)
- Aug 25: Real gross wages (Jul)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Wall Street closed little changed overnight and the majority of Asian equity markets ended mixed earlier on Tuesday as energy-related shares declined in tandem with falling crude oil prices while investors are trying to weigh the possibility of a Fed rate hike this year. On the flipside, European bourses stood on a firmer footing in morning trade thanks to gains in mining and banking stocks amid a rebound in the prices of metals and following positive Eurozone data. In FX markets, the US dollar lost ground earlier on Tuesday, with the DXY dollar index, a measure of the greenback's performance against a basket of six foreign currencies, sliding to an intraday low of 94.214 in Asian trade before pulling back slightly towards 94.416 later on the day.

SOUTH EASTERN EUROPE

ROMANIA: The finance ministry sold on Monday the planned RON 500mn (~€112.2mn) of 2020 Treasury bonds at an average accepted yield of 1.81%.

CESEE MARKETS: Emerging market assets treaded water earlier on Tuesday following a recent streak of hawkish Fed officials' comments and prevailing caution ahead of Fed Chair Yellen's speech on Friday, while a weaker US dollar provided some support. Today's focus in the EM space lies primarily on Hungary's and Turkey's monetary policy meetings.

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.

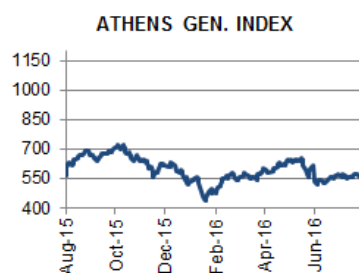
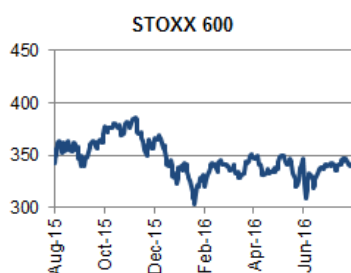
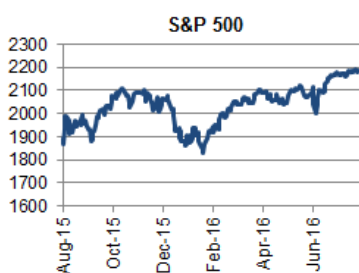
Latest world economic & market developments

GLOBAL MARKETS

Wall Street closed little changed overnight and the majority of Asian equity markets ended mixed earlier on Tuesday as energy-related shares declined in tandem with falling crude oil prices while investors are trying to weigh the possibility of a Fed rate hike this year. Oil snapped a week-long rising streak on Monday, with its losses extended earlier on Tuesday amid speculation for higher output from Iraq and Nigeria. Against this backdrop, the WTI fell by ca 1% in European trade today after dropping 3% yesterday. Meanwhile, caution prevails ahead of Fed Chair Janet Yellen's speech on Friday at the annual meeting of world central bankers in Jackson Hole, Wyoming. Her comments come on the heels of a recent set of hawkish Fed officials' remarks which brought forward expectations for a rate hike by the end 2016. According to Fed fund futures contracts, the probability of a rate hike by December lately increased to a 2-month high of 51%, compared to 44.8% a week ago and 35.7% at the end of July.

On the flipside, European bourses stood on a firmer footing in morning trade thanks to gains in mining and banking stocks amid a rebound in the prices of metals and following positive Eurozone data. On the latter, the euro-area economy maintained its momentum in August, with growth showing little sign of being curtailed by potential fallout from the U.K.'s Brexit vote in late June. The composite Purchasing Managers Index for the 19-nation region rose for the second month running to 53.3 from 53.2 in July. That's above the 50 level that divides expansion from contraction and marks the best reading in seven months. Germany's – Europe's biggest economy – August flash PMI composite index fell to 54.4 from 55.3 in the prior month but remained comfortably above the 50-boom-or-bust level. The breakdown of the data showed that the manufacturing sub-index eased slightly to 53.6 from 53.8 in July as output, new orders and employment rose at a weaker pace. Meanwhile, the services component inched down to a 15-month low of 53.3 as business expectations fell to the lowest level in almost two years. Additionally, French data showed that the composite and services indices rose to a 10-month peak.

In FX markets, the US dollar lost ground earlier on Tuesday, with the DXY dollar index, a measure of the greenback's performance against a basket of six foreign currencies, sliding to an intraday low of 94.214 in Asian trade before pulling back slightly towards 94.416 later on the day. Similarly, the EUR/USD hovered around levels of 1.1328/30 at the time of writing, having bounced from yesterday's multi-session trough of 1.1269 and approaching anew an 8-week peak of 1.1365 hit late last week. Meanwhile, the USD/JPY traded near 100.17/20 in early European trade, within distance from Monday's 3-session intraday high of 100.93.



Source: Reuters, Bloomberg, Eurobank Research

August 23, 2016

BULGARIA: Indicators

	2014	2015	2016f
Real GDP growth %	1.6	3.0	2.6
CPI (pa, yoy %)	-1.4	-0.1	-0.5
Budget Balance/GDP*	-3.7	-2.9	-2.0
Current Account/GDP	0.9	1.4	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	2015	2016f
Real GDP growth %	-2.5	1.6	2.5
HICP (pa, yoy %)	-0.3	-1.5	-0.7
Budget Balance/GDP*	-0.2	0.0	-0.4
Current Account/GDP	-4.6	-3.6	-4.2

* ESA 2010

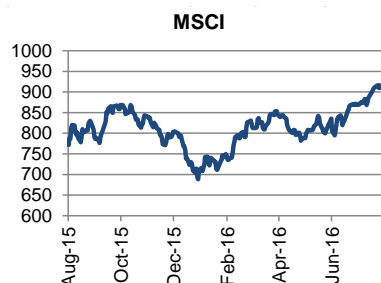
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities**ROMANIA: Indicator:**

	2014	2015	2016f
Real GDP growth %	2.9	3.8	4.2
CPI (pa, yoy %)	1.1	-0.6	-1.5
Budget Balance/GDP *	-1.9	-1.9	-2.8
Current Account/GDP	-0.4	-1.1	-3.0
EUR/RON (eop)	4.48	4.52	4.60
	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	2015	2016f
Real GDP growth %	-1.8	0.8	1.8
CPI (pa, yoy %)	2.1	1.5	2.8
Budget Balance/GDP	-6.7	-4.1	-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	4.00	4.00

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

Credit Ratings

L-T ccy	Moody's	S&P	Fitch
SERBIA	B1	BB-	BB-
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BB+	BBB-
CYPRUS	B1	BB-	B+

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

Latest economic & market developments in the CESEE region

ROMANIA

The finance ministry successfully raised on Monday the planned RON 500mn (~€112.2mn) of 2020 Treasury bonds. The average accepted yield came in at 1.81%, below 2.00% achieved at a prior auction of same maturity paper held about a month earlier, while the tender's bid to cover ratio came in at 2.7%, reflecting strong investor demand. The issue matures on February 26, 2020 and bears a coupon of 2.25%.

CESEE MARKETS

Emerging market assets treaded water earlier on Tuesday following a recent streak of hawkish Fed officials' comments and prevailing caution ahead of Fed Chair Yellen's speech on Friday, while a weaker US dollar provided some support. Most emerging market bourses stood in a modestly positive territory with the MSCI EM index advancing by 0.2% on the day at the time of writing. The picture in the CESEE region was rather mixed with Serbia's BELEX15 index leading the way higher (+0.6%) and Poland's WIG underperforming its peers (-0.6%) weighed down by declining financial shares.

In FX markets, the Turkish lira was little changed on a daily basis, though the USD/TRY hovered around levels of 2.9395 not too far from yesterday's 1-week peak of 2.9508 hit in the aftermath of news that Fitch revised the country's sovereign credit rating outlook to negative from stable. The agency kept the country's ratings at investment grade but cited for its decision to cut the outlook last month's military coup attempt which adds uncertainty over the domestic political landscape.

Today's focus in the EM space lies primarily on Hungary's and Turkey's monetary policy meetings. The market's median forecast is for the former to stay put on its monetary policy and maintain the key policy rate at the current record low of 0.90%. Turkey's Central Bank is also broadly anticipated to keep its key policy rate at 7.50%, but the market's consensus also envisions a 25bps reduction in the overnight lending rate.

gphoka@eurobank.gr

August 23, 2016

GLOBAL MARKETS

Stock markets	FOREX	Government Bonds	Commodities													
Last	ΔD	ΔYTD	Last	ΔD	ΔYTD	Last	ΔD	ΔYTD	Last	ΔD	ΔYTD					
S&P 500	2183.87	-0.1%	6.8%	EUR/USD	1.1296	-0.3%	4.1%	(yields)	UST - 10yr	1.58	0	-69	GOLD	1336	-0.4%	25.8%
Nikkei 225	16598.19	0.3%	-12.8%	GBP/USD	1.3091	0.1%	-11.2%	Bund-10yr	-0.07	-3	-70	BRENT CRUDE	49	-2.9%	32.5%	
STOXX 600	340.53	0.1%	-6.9%	USD/JPY	100.61	-0.4%	19.3%	JGB - 10yr	-0.06	2	-33	LMEX	2415	-0.4%	9.6%	

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	304	1	1
1-week	3.17	0	-2
1-month	3.30	-1	-21
3-month	3.57	0	-26
6-month	3.78	0	-25

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	2.74	xS	-93
5Y RSD	4.49	0	-64
7Y RSD	5.71	0	-199

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.34	-3	-82
USD Nov-24	6.40	-1	-2

CDS

	Last	ΔDbps	ΔYTD bps
5-year	231	0	-44
10-year	280	1	-60

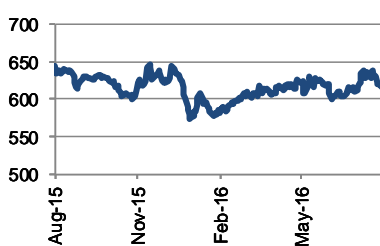
STOCKS

	Last	ΔD	ΔYTD
BELEX15	616.5	-0.40%	-4.28%

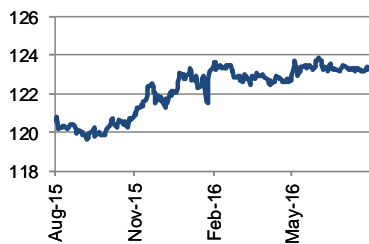
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.37	-0.07%	-1.45%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.48	-1	-5
1-month	0.59	0	-10
3-month	0.77	0	-25
6-month	1.02	0	-32
12-month	1.15	0	-37

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.48	0	-45
5Y RON	2.11	-1	-69
10Y RON	2.82	-1	-96

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.80	3	-77
USD Jan-24	2.75	-1	-104

CDS

	Last	ΔDbps	ΔYTD bps
5-year	110	-2	-23
10-year	154	-2	-17

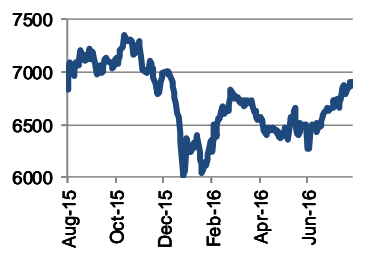
STOCKS

	Last	ΔD	ΔYTD
BET	6895.6	-0.18%	-1.55%

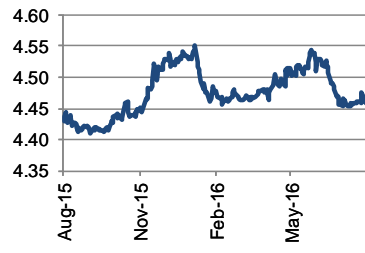
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4579	0.24%	1.26%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.00	0	-1
1-month	-0.15	0	-30
3-month	-0.03	0	-29
6-month	0.12	0	-41
12-month	0.45	0	-52

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.30	3	-30
5Y BGN	0.73	-11	-55
10Y BGN	2.01	1	-65

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.04	-4	-11
EUR Sep-24	1.67	-10	-75

CDS

	Last	ΔDbps	ΔYTD bps
5-year	145	0	-26
10-year	191	0	-25

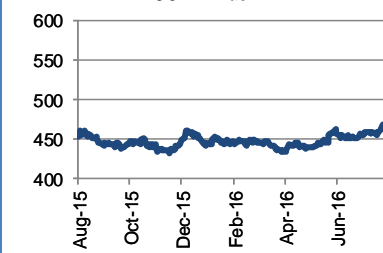
STOCKS

	Last	ΔD	ΔYTD
SOFIX	468.7	0.44%	1.68%

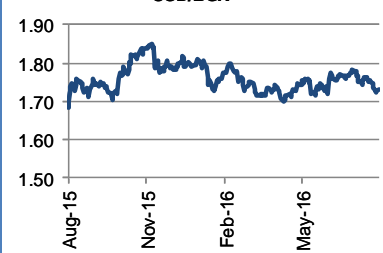
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7315	-0.24%	3.97%

SOFIX Index



USD/BGN



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 13:35 EEST of previous session

Contributors

Paraskevi Petropoulou
Economic Analyst, Eurobank Ergasias
+30 210 3718991
ppetropoulou@eurobank.gr

Galatia Phoka
Research Economist, Eurobank Ergasias
+30 210 3718922
gphoka@eurobank.gr

Ioannis Gkionis (Special Contributor)
Research Economist, Eurobank Ergasias
+30 210 3337305
igkionis@eurobank.gr

Anna Dimitriadou (Special Contributor)
Economic Analyst, Eurobank Ergasias
+30 210 3718793
andimitriadou@eurobank.gr

Olga Kosma (Special Contributor)
Research Economist, Eurobank Ergasias
+30 210 3371227
okosma@eurobank.gr

Theodoros Stamatou (Special Contributor)
Senior Economist, Eurobank Ergasias
+30 210 3371228
tstamatou@eurobank.gr

Regional Contributors

Vessela Boteva
Expert, trading desk, Eurobank Bulgaria
+359 (2) 8166 491
vboteva@postbank.bg

Zoran Korac
FX dealer, Eurobank ad Beograd
+381 11 206 5821
zoran.korac@eurobank.rs

Bogdan Radulescu, CFA
Senior Trader, Bancpost
+40 21 3656291
bogdan.radulescu@bancpost.ro

Eurobank Economic Analysis and Financial Markets Research

Dr. Platon Monokroussos: Group Chief Economist
pmonokrousos@eurobank.gr, + 30 210 37 18 903

Dr. Tassos Anastasatos: Deputy Chief Economist
tanastasatos@eurobank.gr, + 30 210 33 71 178

Research Team

Anna Dimitriadou: Economic Analyst
andimitriadou@eurobank.gr, + 30 210 3718 793

Ioannis Gkionis: Research Economist
igkionis@eurobank.gr + 30 210 33 71 225

Stylios Gogos: Economic Analyst
sgogos@eurobank.gr + 30 210 33 71 226

Olga Kosma: Research Economist
okosma@eurobank.gr + 30 210 33 71 227

Arkadia Konstantopoulou: Research Assistant
arkonstantopoulou@eurobank.gr + 30 210 33 71 224

Paraskevi Petropoulou: G10 Markets Analyst
ppetropoulou@eurobank.gr, + 30 210 37 18 991

Galatia Phoka: Research Economist
gphoka@eurobank.gr, + 30 210 37 18 922

Theodoros Stamatou: Senior Economist
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

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>

