

### KEY UPCOMING DATA & EVENTS THIS WEEK GLOBAL

#### US

- April 25: New home sales (Mar)
- April 26
  - Durable goods orders (Mar)
  - Case-Shiller index (Feb)
  - Consumer sentiment CB (Apr)
- April 27: FOMC meeting
- April 28
  - Q1 GDP
  - Initial jobless claims
- April 29
  - Personal income & spending (Mar)
  - Chicago PMI (Apr)

#### EUROZONE

- April 25: German IFO business climate (Apr)
- April 28: Economic sentiment indicator (Apr)
- April 29: Q1 GDP (prel.)

#### GREECE

- April 28
  - Extraordinary Eurogroup (likely)
  - Producer Price Index in Industry (Mar)
  - Turnover index in Retail Trade (Feb)

#### SEE

##### BULGARIA

- April 26: Gross external debt (Feb)
- April 29- May 1: Budget balance (Mar)

##### ROMANIA

- April 25: 3.25% 2021 T-bonds auction
- April 29: ILO U/E rate (Mar)

##### SERBIA

- April 25: Real gross wages (Mar)
- April 28
  - Trade balance (Mar)
  - Retail sales (Mar)
  - Industrial production (Mar)

Source: Reuters, Bloomberg, Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** The JPY kicked off the week on a weak note pressured by market talk over further BoJ monetary policy easing at this week's policy meeting. Market focus this week is also on the two-day FOMC meeting that concludes on Wednesday with investors appearing to be bracing for a more hawkish message. We share the view that the Fed will stay put on its monetary policy and will adopt a rather cautious tone despite the improvement in financial market conditions over the past month.

**GREECE:** The Eurogroup of the 22<sup>nd</sup> of April assessed the state of play of the negotiations between Greece and its official lenders in the context of the 1<sup>st</sup> review of the programme noted the significant progress that has been achieved and pointed out the remaining open issues in policy areas such as fiscal strategy and the new privatisation fund. In addition, it came to the decision that the reform package will also contain contingency measures to be activated in case the programme deviates from the fiscal target of 3.5% primary surplus in 2018.

### SOUTH EASTERN EUROPE

**ROMANIA:** Romanian FX and money markets were relatively quiet last week.

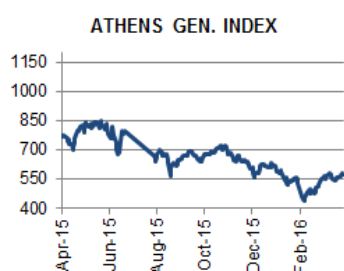
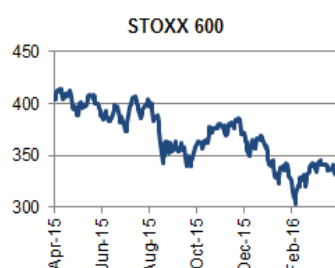
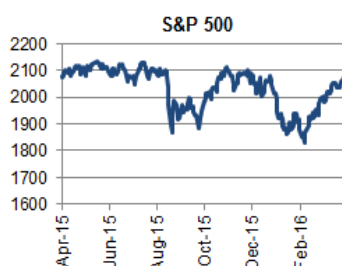
**BULGARIA:** Failing to gain from the positive tone in major European equity market last week, local equities lost ground.

**SERBIA:** As was widely expected the ruling center-right Progressive Party won Sunday's snap general elections, after scoring a reported share of around 50%.

#### 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.

## BULGARIA



Source: Reuters, Bloomberg, Eurobank Research

## Latest world economic & market developments

### GLOBAL MARKETS

The JPY kicked off the week on a weak note pressured by market talk over further BoJ monetary policy easing at this week's meeting possibly including further cuts in the rate of interest on excess reserves held in the BoJ's current account. After falling to levels near 109.00 in the prior session, the USD/JPY recovered hovering around 111.15/18 in European trade at the time of writing, close to a multi-session high of 111.90 marked earlier in the day. Besides Thursday's BoJ policy meeting, market focus this week is on the two-day FOMC meeting that concludes on Wednesday with investors appearing to be bracing for a more hawkish message. Against this background, the USD was firmer against most of its major currency peers with the EUR/USD standing close to 1.1260, not far from a three-week low near 1.1200 marked earlier in the day. We share the view that the Fed will stay put on its monetary policy and will adopt a rather cautious tone despite the improvement in financial market conditions over the past month. After growing by 1.4% in Q4 2015, real GDP growth is expected to slow to around 0.5% qoq annualised in Q1 (data are due on Friday), global risks prevail while US core inflation edged down in March. Meanwhile, the GBP gained some ground reaching one-month highs against both EUR and the USD on hopes that public opinion may tilt in favour of the UK staying in the EU after US President Barack Obama threw his weight behind the "in" campaign. UK Q1 GDP data are due on Wednesday and are expected to reveal that economic activity slowed to around 0.4% qoq versus 0.6% qoq in the final quarter of 2015 amid heightened market uncertainty about the outcome of the June 23rd EU referendum.

[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

### GREECE

The Eurogroup of the 22nd of April assessed the state of play of the negotiations between Greece and its official lenders in the context of the 1st review of the programme noted the significant progress that has been achieved and pointed out the remaining open issues in policy areas such as fiscal strategy and the new privatisation fund. In addition, it came to the decision that the reform package will also contain contingency measures to be activated in case the programme deviates from the fiscal target of 3.5% primary surplus in 2018. This contingency mechanism will need to be credible, legislated upfront, automatic and based on objective factors which would trigger the contingent measures. According to the Eurogroup President Jeroen Dijsselbloem more work is needed on the preparation of the contingency mechanism but if both the main package of measures as well as the package of contingent measures are ready and delivered upfront in time, an extraordinary Eurogroup can convene on Thursday, April 28<sup>th</sup>. It should be noted that this contingency mechanism will contain highly unpopular measures such as cuts in public sector employees' wages, further cuts in pensions and an increase in the VAT on the electricity and water bills. On the internal political front, the institutions' request for a contingent mechanism has raised strong opposition from a number of SYRIZA party members including 14 MPs who have reportedly threatened to reject the relevant bill in Parliament. According to press reports, in attempt to bypass this internal discontent, the government is examining an alternative proposal suggesting the inclusion of a fiscal rule in the updated MoU that would entail an automatic horizontal 5% cut in the budget of all ministries should the programme go off track. However, there is no indication yet as to whether such a proposal would be acceptable by the institutions. Meanwhile, on the debt sustainability issue the Eurogroup dismissed the possibility of a nominal haircut and instead will consider debt re-profiling options on the provision that Greece fulfills its obligations attached to the 1<sup>st</sup> review first.

[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

April 25, 2016

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: Indicator:	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	0.7	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)	4.25	4.25	4.25

Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

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

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

## Latest world economic & market developments in the CESEE region

### ROMANIA

Romanian FX and money markets were relatively quiet last week. While the EUR/RON temporarily touched a 2 ½ month high of 4.4880 on Wednesday, it remained trapped for the week within a narrow range of 4.4650- 4.4850. The pair closed at 4.4750 on Friday, roughly unchanged compared to 4.4780 in the previous week. The RON money market remained extremely rich in liquidity, with the short term rates stuck close to the deposit facility rate of 0.25%. The implied RON rate from swaps for the 1M maturity ended at 0.55% ,little changed on a weekly basis while the 12M rate was stuck at 0.85%. On the flipside, RON government bonds remained under off-shore selling pressure, especially the long end of the curve. While yields up to 5Y maturities were unchanged on a weekly basis supported by cheap money market funding, the 10Y yield climbed around 12bps to 3.62%.

[Bogdan.Radulescu@bancpost.ro](mailto:Bogdan.Radulescu@bancpost.ro)

### BULGARIA

Failing to gain from the positive tone in major European equity market last week, local equities lost ground with the major index SOFIX ending 0.24% lower on a weekly basis at 435.65 points after recording a 4-month low of 433.24 points two sessions earlier. Meanwhile on the bond market, BGN-denominated curve was little changed with short and mid-end moving slightly to the upside. Elsewhere, Bulgarian Eurobonds retained a firm tone even though European government bonds came under pressure late last week following the conclusion of the ECB monetary policy meeting.

[VBoteva@postbank.bg](mailto:VBoteva@postbank.bg)

### SERBIA

The EUR/RSD was stuck within a narrow range last week with the National bank of Serbia spending EUR85 mio from its reserves to prevent the pair from breaking above the 123.0 level. In other news, the NBS auctioned 29.6 billion dinars of seven-day reverse repos on Wednesday, draining excess liquidity from the Serbian money market. Serbian Banking system placed their funds at an average rate of 2.54%, just 4bps above the O/N depo rate.

[Zoran.Korac@eurobank.rs](mailto:Zoran.Korac@eurobank.rs)

As was widely expected the ruling center-right Progressive Party won Sunday's snap general elections, after scoring a reported share of around 50%. Junior coalition partner Socialist Party of Serbia (SPS) is the runner up, having received approximately 11% of the vote. Official preliminary results are expected to be announced later on Monday. Prime Minister Aleksandar Vucic and the SNS are deriving their success thanks to the fight against corruption and a pro-EU agenda. His new landslide victory is expected to reinforce the reforms agreed under the current precautionary IMF Stand-By Arrangement, such as privatisations and restructuring of loss making state-owned enterprises as well as reducing the oversized public sector. Although the Progressive Party seems braced for another absolute legislative majority, the Prime Minister has signaled he may, once again, offer a minority role to a smaller party, in order to build a stronger mandate for what now seems a crucial 4-year tenure in the way to the EU accession and economic reforms.

[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr)

April 25, 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	2091.48	-0.5%	2.3%	EUR/USD	1.1282	-0.1%	3.9%	UST - 10yr	1.85	-1	-42	GOLD	1249	0.1%	17.7%
Nikkei 225	17572.49	1.2%	-7.7%	GBP/USD	1.4355	0.2%	-2.6%	Bund-10yr	0.22	-2	-41	BRENT CRUDE	45	0.8%	20.4%
STOXX 600	348.32	-0.4%	-4.8%	USD/JPY	110.31	-0.8%	8.8%	JGB - 10yr	-0.11	0	-38	LMEX	2377	0.1%	7.9%

**CESEE MARKETS**

**SERBIA**

**Money Market**

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	287	-1	-16
1-week	2.98	-1	-21
1-month	3.12	-3	-39
3-month	3.28	-6	-55
6-month	3.55	-7	-48

**RS Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.37	-3	-18
5Y RSD	5.29	0	16
7Y RSD	7.07	1	-62

**RS Eurobonds**

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.94	-1	-22
USD Nov-24	6.23	0	-18

**CDS**

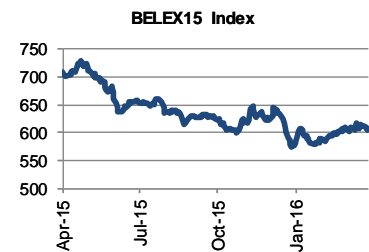
	Last	ΔDbps	ΔYTD bps
5-year	260	0	-14
10-year	306	0	-33

**STOCKS**

	Last	ΔD	ΔYTD
BELEX15	605.5	0.10%	-6.00%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RSD	122.86	0.00%	-1.04%



**ROMANIA**

**Money Market**

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.41	0	-12
1-month	0.6	-1	-9
3-month	0.78	0	-24
6-month	1.02	0	-32
12-month	1.17	-1	-35

**RO Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RON	1.84	0	-9
5Y RON	2.65	1	-15
10Y RON	3.61	2	-17

**RO Eurobonds**

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.33	#N/A	N/A
USD Jan-24	3.37	1	-42

**CDS**

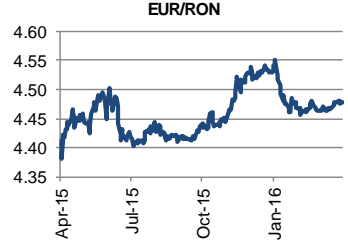
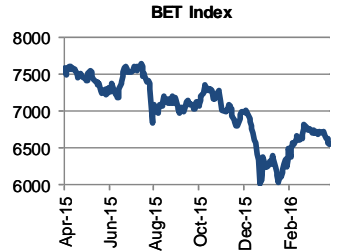
	Last	ΔDbps	ΔYTD bps
5-year	118	3	-15
10-year	161	3	-10

**STOCKS**

	Last	ΔD	ΔYTD
BET	6590.5	0.65%	-5.91%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RON	4.4798	-0.04%	0.76%



**BULGARIA**

**Money Market**

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.40	0	-41
1-month	-0.18	0	-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	0.37	1	-23
5Y BGN	1.14	2	-14
10Y BGN	2.49	0	-16

**BG Eurobonds**

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.05	0	-2
EUR Sep-24	2.27	6	-15

**CDS**

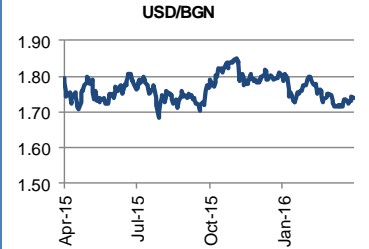
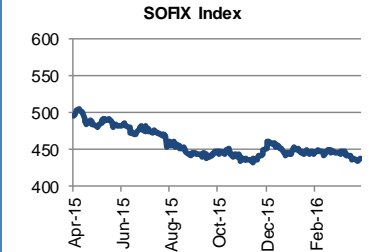
	Last	ΔDbps	ΔYTD bps
5-year	163	4	-8
10-year	210	4	-7

**STOCKS**

	Last	ΔD	ΔYTD
SOFIX	435.4	0.26%	-5.54%

**FOREX**

	Last	ΔD	ΔYTD
USD/BGN	1.7338	-0.06%	3.84%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research  
Data updated as of 12:00 EEST, April 22, 2016

April 25, 2016

## Contributors

**Paraskevi Petropoulou**  
G10 Markets Analyst, Eurobank Ergasias  
+30 210 3718991  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Galatia Phoka**  
Research Economist, Eurobank Ergasias  
+30 210 3718922  
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr)

**Ioannis Gkionis (Special Contributor)**  
Research Economist, Eurobank Ergasias  
+30 210 3337305  
[IGKIONIS@eurobank.gr](mailto:IGKIONIS@eurobank.gr)

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

**Stylianos G. Gogos (Special Contributor)**  
Economic Analyst, Eurobank Ergasias  
+30 210 3371226  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr)

**Olga Kosma (Special Contributor)**  
Economic Analyst, Eurobank Ergasias  
+30 210 3371227  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr)

## Regional Contributors

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

**Zoran Korac**  
FX dealer, Eurobank ad Beograd  
+381 11 206 5821  
[zoran.korac@eurobank.rs](mailto:zoran.korac@eurobank.rs)

**Bogdan Radulescu, CFA**  
Senior Trader, Bancpost  
+40 21 3656291  
[bogdan.radulescu@bancpost.ro](mailto:bogdan.radulescu@bancpost.ro)

## Eurobank Economic Analysis and Financial Markets Research

**Dr. Platon Monokroussos: Group Chief Economist**  
[pmonokrousos@eurobank.gr](mailto:pmonokrousos@eurobank.gr), + 30 210 37 18 903

**Dr. Tassos Anastasatos: Deputy Chief Economist**  
[tanastasatos@eurobank.gr](mailto:tanastasatos@eurobank.gr), + 30 210 33 71 178

### Research Team

**Anna Dimitriadou: Economic Analyst**  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr), + 30 210 3718 793

**Ioannis Gkionis: Research Economist**  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr) + 30 210 33 71 225

**Stylianos Gogos: Economic Analyst**  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr) + 30 210 33 71 226

**Olga Kosma: Economic Analyst**  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr) + 30 210 33 71 227

**Arkadia Konstantopoulou: Research Assistant**  
[arkonstantopoulou@eurobank.gr](mailto:arkonstantopoulou@eurobank.gr) + 30 210 33 71 224

**Paraskevi Petropoulou: G10 Markets Analyst**  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr), + 30 210 37 18 991

**Galatia Phoka: Research Economist**  
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr), + 30 210 37 18 922

**Theodoros Stamatou: Senior Economist**  
[tstamatou@eurobank.gr](mailto: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](mailto: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>

