

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 USD was modestly lower against most of its major currency peers in early European trade on Tuesday amid market anxiety about the outcome of this week's two-day FOMC policy meeting which commences today. We share the view that the Fed will likely stay put on its monetary policy and will adopt a rather cautious tone despite the improvement in financial market conditions over the past month.

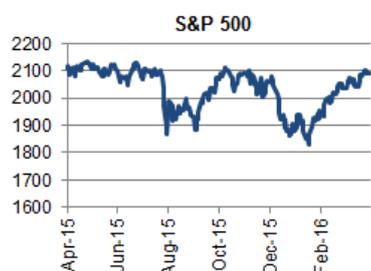
GREECE: Negotiations between the Greek government and official creditors on the contingency package of additional measures that would be implemented only if necessary for Greece to reach a primary surplus target of 3.5%-of-GDP by 2018, will continue today. A final agreement on the issue which represents a prerequisite for the completion of the 1st programme review is reportedly requested by early tomorrow at the latest, so as an extraordinary Eurogroup to take place on Thursday to assess the progress in official negotiations in the context of the review.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

The USD was modestly lower against most of its major currency peers in early European trade on Tuesday amid market anxiety about the outcome of this week's two-day FOMC policy meeting which commences today. After hitting a three-week high near 112.00 in the prior session, the USD/JPY retreated to levels around 110.80/85 at the time of writing, in spite of persisting market talk of additional BoJ policy easing this week. Yesterday's US data which revealed that new home sales unexpectedly fell in March, also weighed on the US dollar. US new home sales dropped by 1.5% YoY to a seasonally adjusted annual rate of 511,000 units confounding expectations for an increase to 520,000 units, adding to a recent string of weaker than expected US data suggesting a slowdown in domestic economic activity in the first quarter of this year. Elsewhere, the EUR/USD was hovering around 1.1275/80 in European trade, having recovered from a three-week trough of 1.1213 marked at some point in the prior session shrugging off an unexpected drop in German IFO business climate index. In more detail, the IFO business climate index inched down to 106.6 in April from 106.7 in March, marking the fourth decline in the last five months, weighed down by a fall in the current assessment component. On a positive note, the expectations component increased for the second consecutive month after posting a hefty decline in February. Today's US calendar includes durable goods orders for March, February's Case-Shiller index and the CB's consumer sentiment index for April ahead of the outcome of the FOMC meeting late on Wednesday. We share the view that the Fed will likely 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 (the advance estimate is due on Thursday), global risks prevail while US core inflation edged down in March.

GREECE

Negotiations between the Greek government and official creditors on the contingency package of additional measures that would be implemented only if necessary for Greece to reach a primary surplus target of 3.5%-of-GDP by 2018, will continue today. A final agreement on the issue which represents a prerequisite for the completion of the 1st programme review is reportedly requested by early tomorrow at the latest, so as an extraordinary Eurogroup to take place on Thursday to assess the progress in official negotiations in the context of the review. As per the same sources, the two sides are close to a staff level agreement on a package incorporating fiscal measures/reforms worth 3.0%-of-GDP (or €5.4bn in terms of net fiscal impact) for the period 2016-2018. Yet, a divergence of views remains on the contingency package. Official creditors insist the measures incorporated in that package, worth 2%-of-GDP (or c. €3.6bn) to be "credible, legislated up-front, automatic and based on objective factors". On its part, the Greek government argues that there is no provision in the Constitution of Greece for legislating contingent measures. Therefore, the Greek side has counter proposed the adoption of a mechanistic scheme envisioning automatic adjustments in case of deviations from the agreed fiscal targets. Comments by President Jeroen Dijsselbloem at the press conference following the conclusion of the April 22nd Eurogroup that the contingency package should be designed "in a way that delivers credibility and is legally possible" does in fact leave some room for such an alternative proposal. In a press briefing yesterday, European Commission spokesperson Annika Breidthadt said that whether an extraordinary Eurogroup meeting will be held on Thursday has yet to be decided and will depend on the progress of talks between Greece and the institutions.

April 26, 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	2087.79	-0.2%	2.1%	EUR/USD	1.1264	0.0%	3.8%	UST - 10yr	1.89	-2	-38	GOLD	1234	-0.3%	16.3%
Nikkei 225	17353.28	-0.5%	-8.8%	GBP/USD	1.4531	0.3%	-1.4%	Bund-10yr	0.26	-1	-37	BRENT CRUDE	45	0.8%	20.3%
STOXX 600	348.50	0.5%	-4.7%	USD/JPY	110.87	0.3%	8.3%	JGB - 10yr	-0.11	-5	-38	LMEX	2380	-0.5%	8.0%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	287	0	-16
1-week	2.97	-1	-22
1-month	3.12	0	-39
3-month	3.31	3	-52
6-month	3.55	0	-48

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.46	-3	-21
5Y RSD	5.28	0	15
7Y RSD	7.08	0	-62

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.96	-1	-20
USD Nov-24	6.26	1	-16

CDS

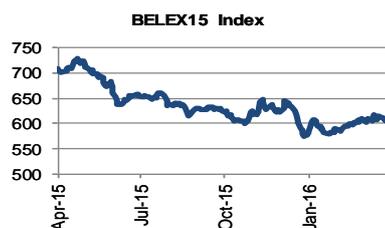
	Last	ΔDbps	ΔYTD bps
5-year	260	0	-14
10-year	306	0	-33

STOCKS

	Last	ΔD	ΔYTD
BELEX15	615.0	1.27%	-4.52%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	122.73	0.04%	-0.93%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.47	0	-6
1-month	0.61	0	-8
3-month	0.77	0	-25
6-month	1.02	0	-32
12-month	1.17	0	-35

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.86	1	-7
5Y RON	2.71	1	-9
10Y RON	3.66	0	-12

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.37	1	-20
USD Jan-24	3.48	6	-31

CDS

	Last	ΔDbps	ΔYTD bps
5-year	116	-2	-17
10-year	159	-2	-13

STOCKS

	Last	ΔD	ΔYTD
BET	6592.8	0.40%	-5.87%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4798	0.00%	0.76%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.40	0	-41
1-month	-0.18	0	-33
3-month	-0.06	0	-32
6-month	0.09	0	-44
12-month	0.42	0	-55

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.39	1	-22
5Y BGN	1.13	1	-15
10Y BGN	2.47	1	-18

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.07	-5	0
EUR Sep-24	2.28	12	-14

CDS

	Last	ΔDbps	ΔYTD bps
5-year	162	-1	-9
10-year	208	-1	-8

STOCKS

	Last	ΔD	ΔYTD
SOFIX	433.4	-0.12%	-5.97%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7363	-0.02%	3.69%



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

Data updated as of 10:45 EEST

April 26, 2016

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