



# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Monday, February 29, 2016

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL US

- February 29
  - Chicago PMI (Feb)
  - Pending home sales (Jan)
- March 1: ISM manufacturing (Feb)
- March 2
  - ADP employment (Feb)
  - Fed beige book
- March 3
  - Jobless claims (weekly)
  - Factory orders (Jan)
  - ISM non-manufacturing (Feb)
- March 4
  - Non-farm payrolls (Feb)
  - U/E rate (Feb)
  - Average hourly earnings (Feb)
  - Trade balance (Jan)

### EUROZONE

- February 29: HICP (Jan, A)
- March 1: PMI manufacturing (Feb, f)
- March 2: PMI services (Feb, f)

### GREECE

- February 29
  - Retail sales (Dec)
  - GDP (quarterly, Q4, f)
- March 1: PMI (Feb)
- March 4: GDP (est, annual)

### CYPRUS

- March 3: CPI (Feb)

### SEE

#### BULGARIA

- February 29: Budget balance (Jan)

#### ROMANIA

- March 1
  - ILO U/E (Jan)
  - International Reserves (Feb)
- March 3: Retail sales (Dec)

#### SERBIA

- February 29
  - Industrial prod (Jan)
  - GDP (Q4, f)
  - CAD (Dec)

Source: Reuters, Bloomberg, Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Asian bourses kicked off the week on a negative tone pressured by the lack of concrete measures from the group of G20 at the February 26-27 meeting to prevent a pronounced slowdown in the global economy. A string of positive US data which revived expectations for higher Fed interest rates in the coming months also had an impact. In FX markets, increased risk aversion favored the safe haven appeal of the JPY.

**GREECE:** According to provisional seasonally adjusted data released today by the Hellenic Statistical Authority (ELSTAT), real GDP in Q4 increased by 0,1% QoQ (against the 12 February flash estimate of -0,6%QoQ) and 0,8% YoY (against the 12 February flash estimate of -1,9%). The Euro Working Group will convene to evaluate the progress achieved in the negotiations between the technical staff of the institutions (EC/ECB/ESM/IMF) and the Greek officials on the open issues pertaining to the 1st programme review. On the front of the refugee crisis, the European Commission is examining the provision of humanitarian aid to Greece.

### SOUTH EASTERN EUROPE

**BULGARIA:** ESI sentiment in Bulgaria came in at 104.8 in February marginally down from 105.0 in January, still close to the multi-month high of 105.8 achieved in December.

**ROMANIA:** The EUR/RON gradually drifted lower last week, hovering close to a 2-week trough near 4.4600 on Friday vs. a close of 4.4730 a week earlier. Ample RON liquidity still keeps money market rates unchanged near their historical lows despite recent Central Bank Governor's hawkish comments.

**SERBIA:** The EUR/RSD moved modestly higher on a weekly basis last week, ending near 123.20 on Friday's settlement, despite strong interventions by the National Bank of Serbia in the FX markets to halt the domestic currency's depreciation momentum.

## 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

Asian bourses kicked off the week on a negative tone pressured by disappointing corporate earnings results as well as the lack of concrete measures from the group of G20 at the February 26-27 meeting to prevent a pronounced slowdown in the global economy. A string of positive US data which revived expectations for higher Fed interest rates in the coming months also had an impact. According to data released last Friday, US consumer spending increased by 0.5% mom in January, the largest monthly rise in eight months while core PCE, the Fed's preferred inflation measure, gained 1.7% in the 12 months through January, the largest increase since July 2014. In addition, US Q4 GDP was revised upwards to 1.0% QoQ annualized mainly due to an upward revision in private inventory investments, confounding for a downward reassessment to 0.4% QoQ annualized from 0.7% QoQ initially reported. In this context, European stock markets opened in the red, following the negative tone in Asian bourses. Increased risk aversion favored the safe haven appeal of the JPY with the EUR/JPY hovering around 123.75/80 in European trade at the time of writing, approaching a ten-month low of 122.43 recorded late last week. Heightened expectations for a more aggressive than currently expected ECB stimulus package at the March 10<sup>th</sup> monetary policy meeting following a flurry of weak euro area data weighed on the EUR. Eurozone economic sentiment fell more than expected in February coming in at 103.8 from 105.1 in the prior month. In addition, February's inflation data from Germany and France surprised to the downside supporting expectations for a renewed drop of the euro area CPI into negative territory in the same month from 0.3% YoY in January (data are due for release later in the day). Looking at this week's calendar, key data releases include Tuesday's US ISM manufacturing survey and Thursday's US non-ISM manufacturing survey ahead of the key US non-farm payrolls report on Friday.

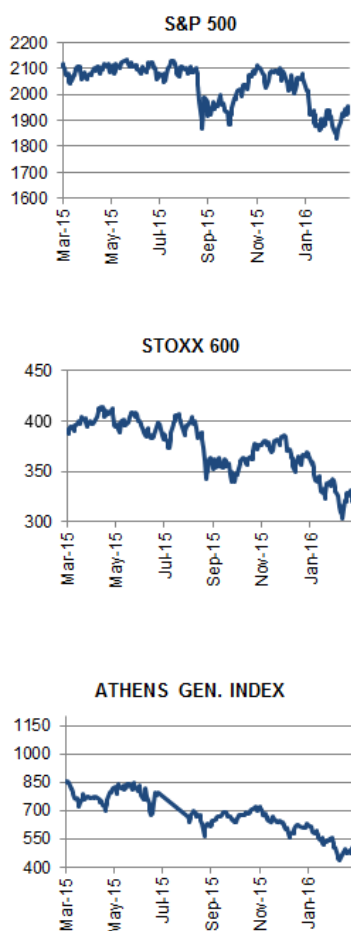
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

### GREECE

Today, the Euro Working Group will convene to evaluate the progress achieved in the negotiations between the technical staff of the institutions (EC/ECB/ESM/IMF) and the Greek officials on the open issues pertaining to the 1st programme review. According to press reports, an agreement has yet to be reached regarding the fiscal gap for the period 2016-2018. The IMF reportedly estimates this amount at 4-5% of GDP, i.e. between EUR7.5 – 9bn, the EC and the ECB around 3% of GDP and the Greek side around 1.5% of GDP. Another sticking point is the Privatizations Fund where although there has been convergence as to the structure of the new organisation, it remains to be determined which State assets will be transferred under its jurisdiction and how. With regard to the resolution of NPLs, there is disaccord as to the repurchase regime of NPLs where the ECB insists on full deregulation whereas the Greek side prefers the exemption of certain categories of loans from potential repurchase. On the front of the refugee crisis, the European Commission is examining the provision of humanitarian aid to Greece. More concrete solutions to this issue will be sought at the March 7th EU Summit where Turkey will also participate. According to provisional seasonally adjusted data released today by the Hellenic Statistical Authority (ELSTAT), real GDP in Q4 increased by 0.1% QoQ (against the 12 February flash estimate of -0.6% QoQ) and 0.8% YoY (against the 12 February flash estimate of -1.9%). According to ELSTAT, the positive surprise relative to the flash estimates is due to better than previously expected monthly and quarterly data. On an annual basis real GDP is expected at -0.3% in line with our (Eurobank Research, 21/12/2015) respective forecast. In addition, provisional data on retail trade for December 2015 show an increase of the overall volume index in retail trade increased by 0.4% relative to December 2014, the seasonally adjusted volume index increased by 1.7% relative to November 2015.

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

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

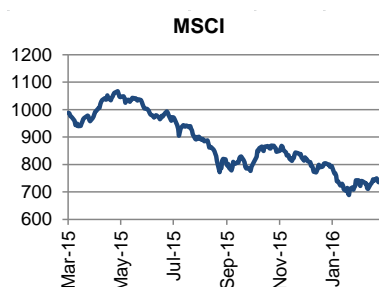
Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

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)	4.25	4.25	4.25

Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

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

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

### BULGARIA

ESI sentiment in Bulgaria came in at 104.8 in February marginally down from 105.0 in January, still close to the multi-month high of 105.8 achieved in December. The main driver behind the deterioration was the weakening of the manufacturing confidence indicator which more than offset the improvement in the services and consumer sentiment components. In other news, according to the latest (Bulgarian National Bank) BNB monthly data, the gross external debt declined to €34.14bn equivalent to 76.5% of GDP in December 2015 down from €39.36bn or 92.1% of GDP in December 2014. The €5.2bn decline came primarily as a result of the decrease in intercompany lending, by €3.2bn, and the banking sector's external debt, by €1.35bn.

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

### ROMANIA

The EUR/RON gradually drifted lower last week, hovering close to a 2-week trough near 4.4600 on Friday vs. a close of 4.4730 a week earlier. Ample RON liquidity still keeps money market rates unchanged near their historical lows despite recent Central Bank Governor's hawkish comments. Implied rates from swaps up to 1M remain under 0.30%, while the 3M rate has been unchanged for weeks around 0.55%. Notwithstanding the aforementioned, Central Bank Governor's comments did impact bond yields, especially those of shorter tenure, with the 2-year benchmark yield moving up by 10bps over the week to 1.25% and the 3Y yield rising by 7bps compared to the prior Friday's settlement to 1.75%. The long end however remained roughly stable, supported by off-shore demand, with the yield curve bear flattening as a result.

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

### SERBIA


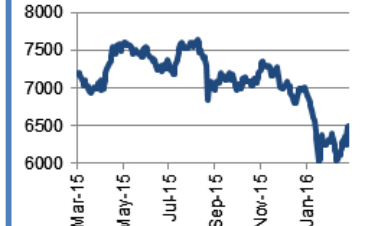
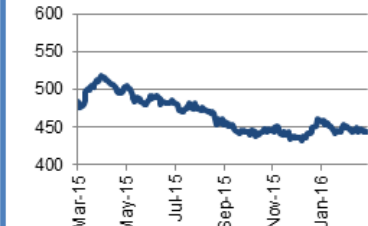
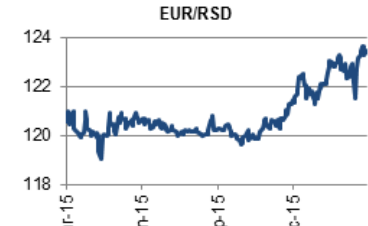


The EUR/RSD moved modestly higher on a weekly basis last week, ending near 123.40 on Friday's settlement, despite strong interventions by the National Bank of Serbia in the FX markets to halt the domestic currency's depreciation momentum. In more detail, the NBS sold €100mn last week with the last such action taking place on Friday at an EUR/RSD rate of 123.50. A modest retracement towards the 123.00 area is likely in the coming sessions as the dinar's recent depreciation trend seems to have been somewhat overdone while seasonal factors also support the case for an eventual increased EUR supply in the coming sessions.

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

## GLOBAL MARKETS

Stock markets	FOREX	Government Bonds	Commodities																																																																				
<table> <tr> <th></th><th>Last</th><th>ΔD</th><th>ΔYTD</th></tr> <tr> <td>S&amp;P 500</td><td>1948.05</td><td>-0.2%</td><td>-4.7%</td></tr> <tr> <td>Nikkei 225</td><td>16026.76</td><td>-1.0%</td><td>-15.8%</td></tr> <tr> <td>STOXX 600</td><td>329.70</td><td>-0.6%</td><td>-9.9%</td></tr> </table>		Last	ΔD	ΔYTD	S&P 500	1948.05	-0.2%	-4.7%	Nikkei 225	16026.76	-1.0%	-15.8%	STOXX 600	329.70	-0.6%	-9.9%	<table> <tr> <th></th><th>Last</th><th>ΔD</th><th>ΔYTD</th></tr> <tr> <td>EUR/USD</td><td>1.0899</td><td>-0.3%</td><td>0.4%</td></tr> <tr> <td>GBP/USD</td><td>1.3864</td><td>-0.1%</td><td>-5.9%</td></tr> <tr> <td>USD/JPY</td><td>112.96</td><td>0.9%</td><td>6.3%</td></tr> </table>		Last	ΔD	ΔYTD	EUR/USD	1.0899	-0.3%	0.4%	GBP/USD	1.3864	-0.1%	-5.9%	USD/JPY	112.96	0.9%	6.3%	<table> <tr> <th></th><th>Last</th><th>ΔD</th><th>ΔYTD</th></tr> <tr> <td>(yields)</td><td></td><td></td><td></td></tr> <tr> <td>UST - 10yr</td><td>1.74</td><td>-2</td><td>-53</td></tr> <tr> <td>Bund-10yr</td><td>0.11</td><td>-4</td><td>-52</td></tr> <tr> <td>JGB - 10yr</td><td>-0.06</td><td>1</td><td>-33</td></tr> </table>		Last	ΔD	ΔYTD	(yields)				UST - 10yr	1.74	-2	-53	Bund-10yr	0.11	-4	-52	JGB - 10yr	-0.06	1	-33	<table> <tr> <th></th><th>Last</th><th>ΔD</th><th>ΔYTD</th></tr> <tr> <td>GOLD</td><td>1235</td><td>1.0%</td><td>16.3%</td></tr> <tr> <td>BRENT CRUDE</td><td>35</td><td>0.7%</td><td>-5.2%</td></tr> <tr> <td>LMEX</td><td>2242</td><td>1.6%</td><td>1.8%</td></tr> </table>		Last	ΔD	ΔYTD	GOLD	1235	1.0%	16.3%	BRENT CRUDE	35	0.7%	-5.2%	LMEX	2242	1.6%	1.8%
	Last	ΔD	ΔYTD																																																																				
S&P 500	1948.05	-0.2%	-4.7%																																																																				
Nikkei 225	16026.76	-1.0%	-15.8%																																																																				
STOXX 600	329.70	-0.6%	-9.9%																																																																				
	Last	ΔD	ΔYTD																																																																				
EUR/USD	1.0899	-0.3%	0.4%																																																																				
GBP/USD	1.3864	-0.1%	-5.9%																																																																				
USD/JPY	112.96	0.9%	6.3%																																																																				
	Last	ΔD	ΔYTD																																																																				
(yields)																																																																							
UST - 10yr	1.74	-2	-53																																																																				
Bund-10yr	0.11	-4	-52																																																																				
JGB - 10yr	-0.06	1	-33																																																																				
	Last	ΔD	ΔYTD																																																																				
GOLD	1235	1.0%	16.3%																																																																				
BRENT CRUDE	35	0.7%	-5.2%																																																																				
LMEX	2242	1.6%	1.8%																																																																				

## CESEE MARKETS

SERBIA	ROMANIA	BULGARIA
<b>Money Market</b>	<b>Money Market</b>	<b>Money Market</b>
<b>BELIBOR</b>	<b>ROBOR</b>	<b>SOFIBOR</b>
<b>Last</b>	<b>Last</b>	<b>Last</b>
<b>ΔDbps</b>	<b>ΔDbps</b>	<b>ΔDbps</b>
<b>ΔYTD bps</b>	<b>ΔYTD bps</b>	<b>ΔYTD bps</b>
T/N	O/N	LEONIA
1-week	1-month	1-month
1-month	3-month	3-month
3-month	6-month	6-month
6-month	12-month	12-month
<b>RS Local Bonds</b>	<b>RO Local Bonds</b>	<b>BG Local Bonds</b>
<b>Last</b>	<b>Last</b>	<b>(yields)</b>
<b>ΔDbps</b>	<b>ΔDbps</b>	<b>Last</b>
<b>ΔYTD bps</b>	<b>ΔYTD bps</b>	<b>ΔDbps</b>
3Y RSD	3Y RON	3Y BGN
5Y RSD	5Y RON	5Y BGN
7Y RSD	10Y RON	10Y BGN
<b>RS Eurobonds</b>	<b>RO Eurobonds</b>	<b>BG Eurobonds</b>
<b>Last</b>	<b>Last</b>	<b>Last</b>
<b>ΔDbps</b>	<b>ΔDbps</b>	<b>ΔDbps</b>
<b>ΔYTD bps</b>	<b>ΔYTD bps</b>	<b>ΔYTD bps</b>
USD Nov-17	EUR Oct-25	EUR Jul-17
USD Nov-24	USD Jan-24	EUR Sep-24
<b>CDS</b>	<b>CDS</b>	<b>CDS</b>
<b>Last</b>	<b>Last</b>	<b>Last</b>
<b>ΔDbps</b>	<b>ΔDbps</b>	<b>ΔDbps</b>
<b>ΔYTD bps</b>	<b>ΔYTD bps</b>	<b>ΔYTD bps</b>
5-year	5-year	5-year
10-year	10-year	10-year
<b>STOCKS</b>	<b>STOCKS</b>	<b>STOCKS</b>
<b>Last</b>	<b>Last</b>	<b>Last</b>
<b>ΔD</b>	<b>ΔD</b>	<b>ΔD</b>
<b>ΔYTD</b>	<b>ΔYTD</b>	<b>ΔYTD</b>
BELEX15	BET	SOFIX
<b>FOREX</b>	<b>FOREX</b>	<b>FOREX</b>
<b>Last</b>	<b>Last</b>	<b>Last</b>
<b>ΔD</b>	<b>ΔD</b>	<b>ΔD</b>
<b>ΔYTD</b>	<b>ΔYTD</b>	<b>ΔYTD</b>
EUR/RSD	EUR/RON	USD/BGN
<b>BELEX15 Index</b>	<b>BET Index</b>	<b>SOFIX Index</b>
		
<b>EUR/RSD</b>	<b>EUR/RON</b>	<b>USD/BGN</b>
		

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

Data updated as of 12:25 EET

## 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)

**Stylianios 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

**Stylianios 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 Stamatiou: Senior Economist**  
[tstamatiou@eurobank.gr](mailto:tstamatiou@eurobank.gr), +30 210 33 71 228

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>

