

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- March 28: Personal income & spending (Feb)
- March 29
 - Case Shiller house price index (Jan)
 - Conference Board consumer confidence (Mar)
- March 30: ADP employment report (Mar)
- March 31
 - Jobless claims (weekly)
 - Chicago PMI (Mar)
- April 1
 - Non-farm payrolls (Mar)
 - ISM index manuf. (Mar)

EUROZONE

- March 29: M3 money supply (Feb)
- March 30: Economic sentiment indicator (Mar)
- March 31: CPI (Mar, prel.)
- April 1: PMI manuf. (Mar, f.)

GREECE

- March 31: Turnover index in retail trade (Jan)

SEE

BULGARIA

- March 31-April 1: Budget balance (Feb)

ROMANIA

- March 28: 3.25% 2021 T-Bonds auction
- March 31: MPC meeting
- April 1: International Reserves (Mar)

SERBIA

- March 31
 - Trade Balance (Feb)
 - Retail sales (Feb)
 - Industrial output (Feb)
 - Current account balance (Jan)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: A string of downbeat US data yesterday supported the view that, in spite of the recent hawkish commentary from a number of FOMC policymakers, the Central Bank is unlikely to push interest rates higher any time soon. Against this background, US Treasuries firmed with long-dated paper outperforming. Meanwhile, the US dollar was little changed against its major currency peers as investors are reluctant to establish fresh sizable positions ahead of a speech by FOMC Chair Janet Yellen scheduled for 16:20GMT today.

GREECE: According to some press reports, technical teams representing official creditors are anticipated to return to Athens later this week to prepare the ground for the resumption of official negotiations between the Greek government and the ECB/ESM/IMF/EC mission heads, expected to arrive on April 2nd.

SOUTH EASTERN EUROPE

ROMANIA: The consolidated government surplus narrowed down to RONo.8bn or 0.1% of projected GDP in January-February 2016.

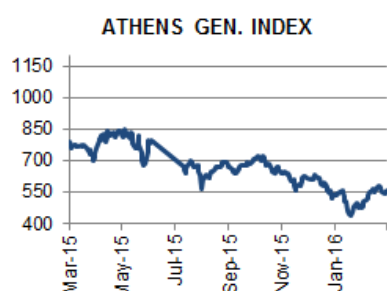
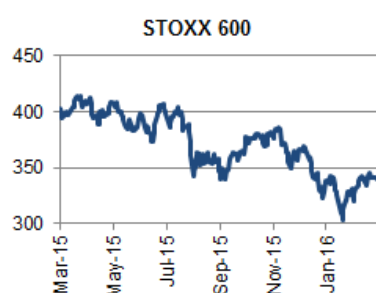
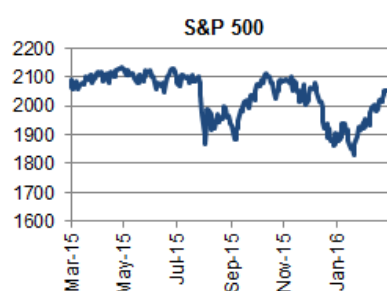
DISCLAIMER

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.

March 29, 2016

Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

US consumer spending edged up by 0.1%MoM in February while the respective figure of the prior month was revised lower to 0.1%MoM from 0.5%MoM previously reported. Separately, the US goods trade deficit stood at \$62.86bn in February compared to \$62.23bn in the prior month, remaining in a widening trend for the fourth month in a row. In the wake of the above data releases, the Atlanta Fed was quoted writing on its website that US real GDP is now projected to grow by 0.6%QoQ annualized, slower than 1.4% previously estimated. Adding to yesterday's US data releases, the personal consumption expenditures (PCE) price index dropped by 0.1%MoM in February after rising by 0.1%MoM in January taking the annual rate to 1.0% from 1.2%. The core PCE, the Fed's preferred indicator for gauging inflation, gained 0.1%MoM after rising by 0.3%MoM in January taking the annual rate at a lower than expected 1.7%. The above weaker than expected US data supported the view that, in spite of the recent hawkish commentary from a number of FOMC policymakers, the Central Bank is unlikely to push interest rates higher any time soon. Against this background, US Treasuries firmed with long-dated paper outperforming. The 10-yr yield was hovering around a three-week low of 1.87% at the time of writing with the 2/10-yr yield curve undertaking some bullish flattening. Meanwhile, the US dollar was little changed against its major currency peers as investors seem reluctant to establish fresh sizable positions ahead of a speech by FOMC Chair Janet Yellen scheduled for 16:20GMT today. After hitting a multi-session low of 95.927 earlier today, the DXY index regained some ground hovering around 96.119 at the time of writing, 0.2% higher compared to the prior session's settlement.

GREECE

According to some press reports, technical teams representing official creditors are anticipated to return to Athens later this week to prepare the ground for the resumption of official negotiations between the Greek government and the ECB/ESM/IMF/EC mission heads, expected to arrive on April 2nd. As was recently suggested by Greece's Minister of Finance Euclid Tsakalotos, the government aims discussions on the 1st programme review to conclude by April 12th-13th, before the mission heads' departure for the IMF's 2016 Spring Meeting that commences on April 15th. He also said that, such a development could pave the way for the launch of official discussions on the provision of additional debt relief to Greece and a final decision on the issue could be reached on April 22nd, when the next Eurogroup is scheduled to take place. Aiming to seal a staff agreement with official creditors on the conditionality attached to the review in time for the IMF Spring Meeting, the Greek side is required, among other prior actions, to identify offsetting measures for the coverage of a projected 3%-of-GDP fiscal gap for the period between FY-2016 and FY-2018 so as to secure fulfillment of the agreed fiscal target for a primary surplus of 3.5%-of-GDP in FY-2018. Reportedly, out of that amount, €2.1bn will be generated from spending-side measures, mostly cuts in pension related expenditure and the remaining €3.3bn from revenue-side measures. On the revenue side, €1.8bn will reportedly be generated from the planned income tax code reform, €500mn from the government's proposal for an increase in social security contributions and the remaining €1bn from indirect taxes including, inter alia, an increase in the special consumption tax on fuel, the imposition of a levy on cable TV, an increase in the tax on cell phone services and a hike in the Supplementary Property Tax which is currently imposed on owners whose properties are valued at more than €300k.

March 29, 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

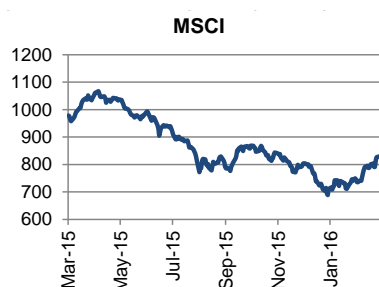
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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

Credit Ratings			
L-T ccy	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

The consolidated government surplus narrowed down to RON0.8bn or 0.1% of projected GDP in January-February 2016 compared to RON2.3bn or 0.33% of GDP in the same period of 2015 against a hefty surplus of RON4.73bn or 0.63% of projected GDP recorded in January 2016. The poor budget performance in February alone was the combined result of a contraction in total revenues (-3.0% YoY) coupled with an acceleration in total expenditure (+10.9% YoY). The slump in total revenues was driven by lower VAT revenues (-15% YoY in February) mirroring the impact of the headline VAT rate cut by 4ppts effective from January 1st. Yet the impressive result of VAT collections in January plus the sustained robust performance of income tax (+39.3% YoY) in February maintained revenues expansion at positive territory (+4.6% YoY) in the first two months.

On the other hand, total expenditure spiked by +9.9% YoY in January-February 2016 driven by the generous wages increases in the public sector. Staff costs were up by +21.8% YoY reflecting a 10% wage hike was approved by the parliament for all public sector employees except for those in public health and education, who have already received a generous 25% and 15% wage increase respectively. The unwarranted pro-cyclical fiscal stimulus ahead of the parliamentary elections this year, induced by the amended Fiscal Code tax-cuts and the wide-spread public sector wage rises threaten to push the fiscal deficit in cash terms above the 2.8% of GDP target (2.95% in ESA2010) in 2016.

In other news, The Ministry of Finance sold at an auction on Monday RON500mn of 5 Year T-bonds at an average accepted yield of 2.66%, a bit higher than the 2.56% achieved at a prior tender of the same maturity paper on February 22th. The amount of total bids came at RON 1.3bn, thus pushing the bid to cover ratio at 2.46.

igkionis@eurobank.gr

March 29, 2016

GLOBAL MARKETS

Stock markets	FOREX	Government Bonds	Commodities																																																																
<table border="1"> <thead> <tr> <th></th> <th>Last</th> <th>ΔD</th> <th>ΔYTD</th> </tr> </thead> <tr> <td>S&P 500</td> <td>2033.85</td> <td>-0.1%</td> <td>-0.5%</td> </tr> <tr> <td>Nikkei 225</td> <td>17134.37</td> <td>0.8%</td> <td>-10.0%</td> </tr> <tr> <td>STOXX 600</td> <td>335.10</td> <td>-1.5%</td> <td>-8.4%</td> </tr> </table>		Last	ΔD	ΔYTD	S&P 500	2033.85	-0.1%	-0.5%	Nikkei 225	17134.37	0.8%	-10.0%	STOXX 600	335.10	-1.5%	-8.4%	<table border="1"> <thead> <tr> <th></th> <th>Last</th> <th>ΔD</th> <th>ΔYTD</th> </tr> </thead> <tr> <td>EUR/USD</td> <td>1.1214</td> <td>0.4%</td> <td>3.3%</td> </tr> <tr> <td>GBP/USD</td> <td>1.4246</td> <td>0.8%</td> <td>-3.3%</td> </tr> <tr> <td>USD/JPY</td> <td>113.27</td> <td>-0.2%</td> <td>6.0%</td> </tr> </table>		Last	ΔD	ΔYTD	EUR/USD	1.1214	0.4%	3.3%	GBP/USD	1.4246	0.8%	-3.3%	USD/JPY	113.27	-0.2%	6.0%	<table border="1"> <thead> <tr> <th>(yields)</th> <th>Last</th> <th>ΔDbps</th> <th>ΔYTD bps</th> </tr> </thead> <tr> <td>UST - 10yr</td> <td>1.87</td> <td>-3</td> <td>-40</td> </tr> <tr> <td>Bund-10yr</td> <td>0.18</td> <td>0</td> <td>-45</td> </tr> <tr> <td>JGB - 10yr</td> <td>-0.08</td> <td>1</td> <td>-35</td> </tr> </table>	(yields)	Last	ΔDbps	ΔYTD bps	UST - 10yr	1.87	-3	-40	Bund-10yr	0.18	0	-45	JGB - 10yr	-0.08	1	-35	<table border="1"> <thead> <tr> <th></th> <th>Last</th> <th>ΔD</th> <th>ΔYTD</th> </tr> </thead> <tr> <td>GOLD</td> <td>1220</td> <td>0.3%</td> <td>15.0%</td> </tr> <tr> <td>BRENT CRUDE</td> <td>40</td> <td>-1.2%</td> <td>7.2%</td> </tr> <tr> <td>LMEX</td> <td>2289</td> <td>-0.4%</td> <td>3.9%</td> </tr> </table>		Last	ΔD	ΔYTD	GOLD	1220	0.3%	15.0%	BRENT CRUDE	40	-1.2%	7.2%	LMEX	2289	-0.4%	3.9%
	Last	ΔD	ΔYTD																																																																
S&P 500	2033.85	-0.1%	-0.5%																																																																
Nikkei 225	17134.37	0.8%	-10.0%																																																																
STOXX 600	335.10	-1.5%	-8.4%																																																																
	Last	ΔD	ΔYTD																																																																
EUR/USD	1.1214	0.4%	3.3%																																																																
GBP/USD	1.4246	0.8%	-3.3%																																																																
USD/JPY	113.27	-0.2%	6.0%																																																																
(yields)	Last	ΔDbps	ΔYTD bps																																																																
UST - 10yr	1.87	-3	-40																																																																
Bund-10yr	0.18	0	-45																																																																
JGB - 10yr	-0.08	1	-35																																																																
	Last	ΔD	ΔYTD																																																																
GOLD	1220	0.3%	15.0%																																																																
BRENT CRUDE	40	-1.2%	7.2%																																																																
LMEX	2289	-0.4%	3.9%																																																																

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	287	2	-16
1-week	2.97	1	-22
1-month	3.09	-2	-42
3-month	3.26	-5	-57
6-month	3.53	-3	-50

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.49	#N/A	N/A
5Y RSD	5.30	0	17
7Y RSD	7.25	4	-45

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.17	4	1
USD Nov-24	6.20	1	-21

CDS

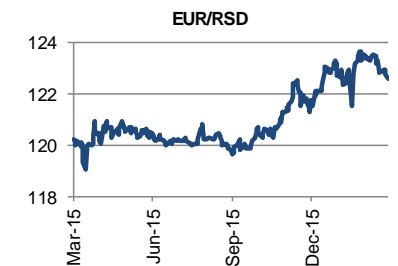
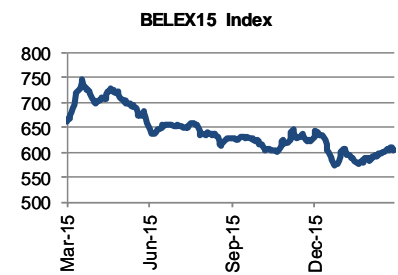
	Last	ΔDbps	ΔYTD bps
5-year	290	30	15
10-year	333	-1	-6

STOCKS

	Last	ΔD	ΔYTD
BELEX15	604.6	-0.70%	-6.13%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	122.61	0.18%	-0.84%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.42	0	-11
1-month	0.56	-1	-13
3-month	0.78	0	-24
6-month	1.02	0	-32
12-month	1.19	0	-33

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.80	0	-13
5Y RON	2.62	1	-18
10Y RON	3.37	0	-41

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.39	0	-17
USD Jan-24	3.37	0	-41

CDS

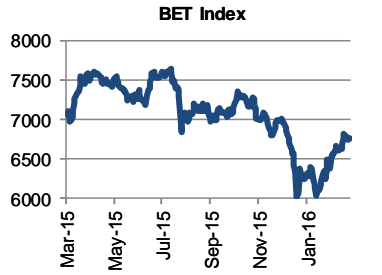
	Last	ΔDbps	ΔYTD bps
5-year	115	0	-18
10-year	163	1	-9

STOCKS

	Last	ΔD	ΔYTD
BET	6752.6	-0.04%	-3.59%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.462	0.04%	1.17%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.00	0	-1
1-month	-0.14	0	-29
3-month	-0.03	0	-29
6-month	0.12	0	-41
12-month	0.43	0	-54

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.40	-1	-21
5Y BGN	1.03	-8	-24
10Y BGN	2.62	0	-4

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.05	0	-1
EUR Sep-24	2.37	15	-5

CDS

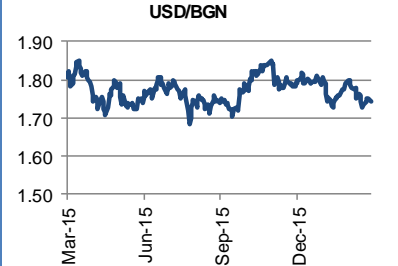
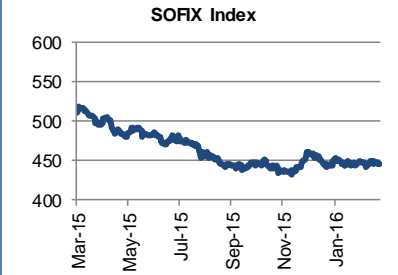
	Last	ΔDbps	ΔYTD bps
5-year	168	2	-3
10-year	218	0	1

STOCKS

	Last	ΔD	ΔYTD
SOFIX	444.3	-0.34%	-3.60%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7442	0.42%	3.22%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 18:10 EET Monday, March 28, 2016

March 29, 2016

Contributors

Paraskevi Petropoulou
G10 Markets Analyst, Eurobank Ergasias
+30 210 3718991
pmpetropoulou@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

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

Olga Kosma (Special Contributor)
Economic Analyst, Eurobank Ergasias
+30 210 3371227
okosma@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
pmonokroussos@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

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

Olga Kosma: Economic Analyst
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
pmpetropoulou@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>

