

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Tuesday, December 29, 2015

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL

#### US

- December 28: Dallas Fed manufacturing activity (Dec)
- December 29: Conference Board Consumer confidence index (Dec)
- December 30: Pending home sales (Nov)
- December 31
  - Jobless claims (weekly)
  - Chicago Purchasing Manager index (Dec)

#### GREECE

- December 31: Retail sales (Oct)

### SEE

#### BULGARIA

- December 30: Budget balance (Nov)

#### SERBIA

- December 30
  - Industrial production (Nov)
  - Trade balance (Nov)
  - Retail sales (Nov)

Source: Reuters, Bloomberg, Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Shrugging off the negative tone in Wall Street overnight, Asian stock markets returned into a positive territory on Tuesday reversing part of losses encountered in the prior session thanks to recovering Chinese shares and crude oil prices. In FX markets, the US dollar remained under pressure, with the DXY index hitting a new 2-week low at 97.799 in Asian trade.

### SOUTH EASTERN EUROPE

**CESEE MARKETS:** The majority of **emerging stock markets** moved broadly lower in European trade on Tuesday. Elsewhere, **CESEE bourses** were mixed with Bulgaria's SOFIX leading the way higher. **Regional currencies** were broadly weaker earlier today, with the Romanian leu posing amongst the main underperformers.

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## Latest world economic & market developments

### GLOBAL MARKETS

Shrugging off the negative tone in Wall Street overnight, Asian stock markets returned into a positive territory on Tuesday reversing part of losses encountered in the prior session thanks to recovering Chinese shares and crude oil prices. Indicatively, the Shanghai Composite Index ended today with gains in the tune of 0.8% after the People's Bank of China pledged yesterday to maintain appropriate liquidity, reasonable credit growth and keep the yuan stable. The said index fell by 2.6% on Monday, its worst daily performance in a month, in view of downbeat industrial production data for November and concerns that looming changes in company listings may weigh on demand for existing stocks. Meanwhile, Brent crude prices rose modestly by ca 0.2% at the time of writing to \$36.70 bbl compared to the prior session's settlement after falling by more than 3.0% yesterday, though remaining within distance from an 11-year low of \$35.98 bbl hit last week. Against a similar backdrop, European stock markets opened broadly higher today, with trade volumes remaining particularly thin ahead of year end. In FX markets, the US dollar remained under pressure, with the DXY index hitting a new 2-week low at 97.799 in Asian trade. Profit taking in the wake of the Fed's first rate hike since 2006 earlier in December has weighed on the greenback over the last couple of weeks. Along these lines, the USD/JPY hovered around levels of 120.45/46 at the time of writing, within distance from Friday's 2-month intraday low of 120.02. Meanwhile, the EUR/USD stood near 1.0978/79 in morning European trade today, a tad above yesterday's 1.0965 settlement and not too far from a 2-week peak of 1.0992 hit intraday on Monday.

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

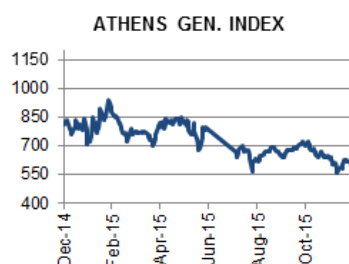
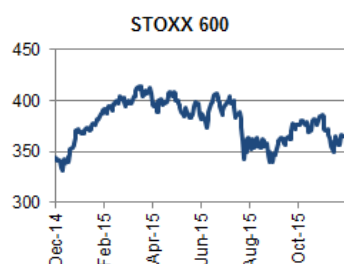
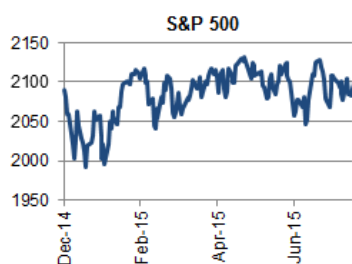
### ROMANIA

The consolidated general government budget came in at a surplus of RON 5.33bn (~€1.17bn) or 0.8% of projected GDP over the first eleven months of the year. This compares with a surplus of 1.3% of GDP in the January-October period and a deficit of 0.04% of GDP recorded in 11M-2014. Total revenues (29.8% of projected GDP) rose by 7.5%YoY in the first eleven months of 2015 primarily thanks to higher VAT revenue (+10.8%YoY) and income tax (+12.1%YoY) as a result of buoyant consumption and improved tax collection. On the other hand, total expenditure (29.0% of GDP) expanded by 4.6%YoY, with lower debt servicing costs (-11.3%YoY) and capital expenses (-13.4%YoY) partially offsetting concomitant increases in personnel expenditure (+7.2%YoY) and total transfers (+9.8%YoY). All in all the data confirms the view that the 1.9% of GDP full year deficit target, agreed with official lenders, will probably be outperformed by a significant margin. Albeit a large portion of public spending traditionally materializes over the last two months of the year, December's budget data is unlikely to reveal a deficit significantly close to the said target.

### CESEE MARKETS

The majority of **emerging stock markets** moved broadly lower in European trade on Tuesday, largely shrugging off the positive tone in major European and Asian bourses as weak commodity prices continued to take a toll on developing markets. Despite a timid rebound earlier today, oil prices remain near multi-year lows, while concerns about a global oil supply glut persist. Elsewhere, **CESEE bourses** were mixed with Bulgaria's SOFIX leading the way higher. **Regional currencies** were broadly weaker, with the Romanian leu posing amongst the underperformers after sliding to a 2-year low near 4.5420/EUR in European trade due to seasonal factors and potential triggering of stop losses.

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Source: Reuters, Bloomberg, Eurobank Research

## 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	2051.94	-0.4%	-0.3%	EUR/USD	1.0978	0.0%	-9.3%	UST - 10yr	2.24	0	7	GOLD	1071	-0.4%	-9.6%
Nikkei 225	18873.35	0.6%	8.2%	GBP/USD	1.4905	0.5%	-4.3%	Bund - 10yr	0.61	-3	7	BRENT CRUDE	37	-2.8%	-35.8%
STOXX 600	364.96	-0.4%	6.5%	USD/JPY	120.4	-0.1%	-0.6%	JGB - 10yr	0.27	-1	-6	LMEX	2195	-0.4%	-24.7%

## CESEE MARKETS

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	302	-3	-689
1-week	3.19	-3	-682
1-month	3.51	-5	-654
3-month	3.83	-8	-602
6-month	4.04	-5	-575

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.67	2	-541
5Y RSD	5.13	0	-505
7Y RSD	7.70	0	-438

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.09	-9	-117
USD Nov-24	6.43	0	-16

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	274	0	-16
10-year	339	0	-17

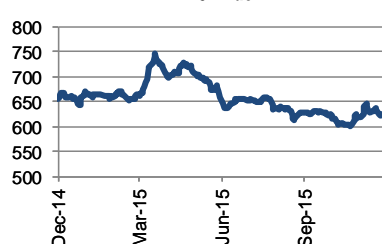
## STOCKS

	Last	ΔD	ΔYTD
BELEX15	624.7	0.26%	-6.35%

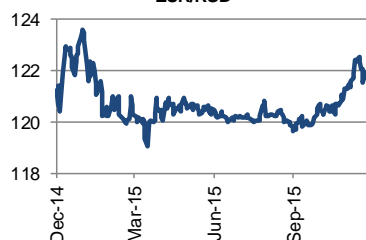
## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	121.41	0.23%	-0.05%

BELEX15 Index



EUR/RSD



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.58	#VALUE!	1
1-month	0.72	#VALUE!	-19
3-month	1.02	#VALUE!	-68
6-month	1.36	#VALUE!	-65
12-month	1.52	#VALUE!	-50

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.44	0	-87
5Y RON	1.99	0	-72
10Y RON	3.72	-1	6

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.04	1	-69
USD Aug-23	3.71	-2	10

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	131	-1	-11
10-year	172	-1	-15

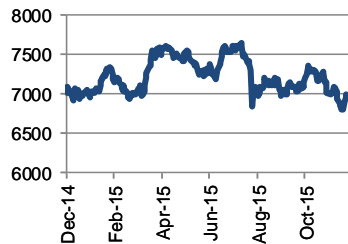
## STOCKS

	Last	ΔD	ΔYTD
BET	6958.9	-0.41%	-1.75%

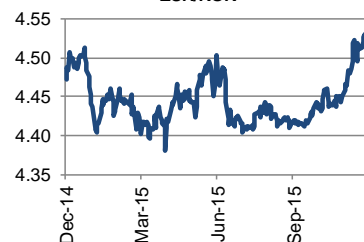
## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.526	0.08%	-0.94%

BET Index



EUR/RON



## BULGARIA

## Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.16	0	-6
3-month	0.28	0	-16
6-month	0.53	0	-27
12-month	0.97	0	-53

## BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.00	-26	-103
5Y BGN	0.37	-3	-107
10Y BGN	1.94	0	-81

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.17	-5	-99
EUR Sep-24	2.38	54	-48

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	165	-2	-25
10-year	217	-2	-23

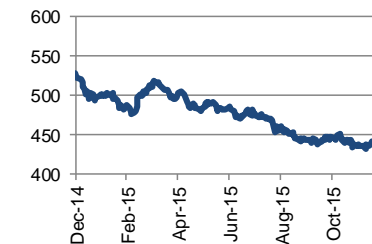
## STOCKS

	Last	ΔD	ΔYTD
SOFIX	450.4	0.53%	-13.73%

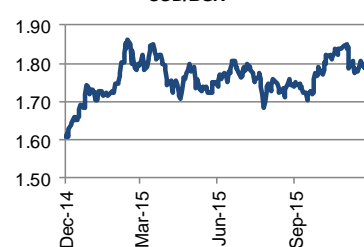
## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7815	0.02%	-9.26%

SOFIX Index



USD/BGN



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

Data updated as of 16:50 EET of previous session

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