

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- April 5: ISM index (non-manufacturing) (Mar)
- April 6: FOMC minutes from the March 15-16 policy meeting
- April 7: Initial jobless claims

EUROZONE

- April 5: PMI manufacturing (Mar. f.)
- April 7: ECB releases minutes on monetary policy considerations as of March 10

GREECE

- April 4: Official discussions resume in the context of the 1st programme review between the mission heads and the Greek authorities
- April 7
 - Euro Working Group convenes
 - Labour force survey (Jan.)
 - Commercial transactions (Feb. prov.)

SEE

BULGARIA

- April 8
 - Retail Sales (Feb)
 - Industrial Production (Feb)
- April 9: Unemployment Rate (March)

ROMANIA

- April 4: Producer's Price Index (Feb)
- April 5: Retail Sales (Feb)
- April 6: Net Wages (Feb)
- April 8: GDP (SA, Q4)

SERBIA

- April 7
 - NBS policy meeting
 - Producer's Price Index (Feb)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Major European equity markets were weaker in early trade on Tuesday pressured by a renewed drop in oil prices amid market doubts whether OPEC and non-OPEC members will agree at their April 17th meeting to freeze their oil output. Equity markets' lackluster performance favored the safe-haven appeal of major government bonds while, in FX markets, the USD remained under pressure against most of its major currency peers on the view that the Fed will not rush to push interest rates higher.

GREECE: The first meeting in a new round of official talks between the Greek government and the ECB/IMF/EC/ESM mission heads on the 1st programme review took place yesterday. Speaking to reporters soon after the conclusion of the meeting, Greece's Minister of Finance Euclid Tsakalotos said that the two sides held "an introductory talk" setting the schedule of discussions until next Monday, April 11th and a roadmap until the April 22nd Eurogroup.

SOUTH EASTERN EUROPE

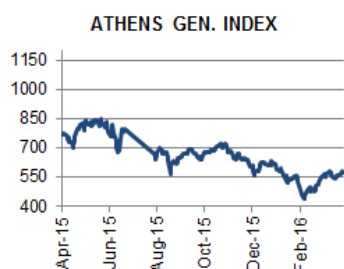
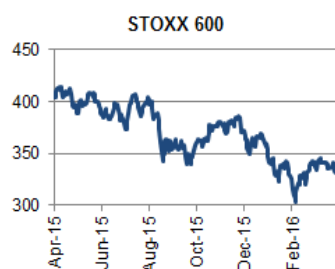
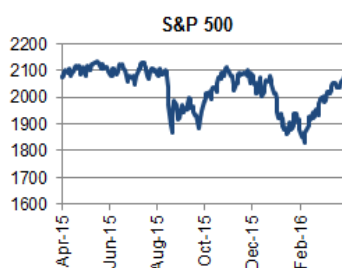
ROMANIA: The Ministry of Finance sold RON 1bn in 1Y T-bills at an average yield of 0.66%

BULGARIA: Unemployment declined to 7.4% in February down from 9.8% a year ago.

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BULGARIA



Source: Reuters, Bloomberg, Eurobank Research

Latest world economic & market developments

GLOBAL MARKETS

Major European equity markets were weaker in early trade on Tuesday pressured by a renewed drop in oil prices amid market doubts whether OPEC and non-OPEC members will agree at their April 17th meeting to freeze their oil output. This holds following comments by Saudi officials suggesting that they are unwilling to make such an agreement unless other major oil producers, including Iran, follow the same line. Meanwhile, after the recent lift of international sanctions, Iran is trying to win back market share in key Asian markets. High level Iranian officials suggested that while they will attend the upcoming meeting, they will not necessary join talks about holding output at current levels. Brent crude oil price was hovering around \$37.62/barrel in European trade at the time of writing, 0.3% lower compared to the settlement in the prior session following a 2.5% drop on Monday. Mixed comments from a number of FOMC policymakers which reinforced market uncertainty about the timing of the next rate hike, also weighed on market sentiment towards risky assets. Equity markets' lackluster performance favored the safe-haven appeal of major government bonds with the 10-yr Treasury yield hovering around 1.73% at the time of writing, the lowest in near a month. In FX markets, the USD remained under pressure against most of its major currency peers. Failing to capitalize on BoJ Governor Haruhiko Kuroda's comments suggesting that the Central Bank is ready to expand stimulus further, if needed, the USD/JPY extended recent losses hitting a fresh year-to-date low of 110.31. On the data front, focus today will be on the US non-manufacturing ISM.

GREECE

The first meeting in a new round of official talks between the Greek government and the ECB/IMF/EC/ESM mission heads on the 1st programme review took place yesterday. Speaking to reporters soon after the conclusion of the meeting, Greece's Minister of Finance Euclid Tsakalotos said that the two sides held "an introductory talk" setting the schedule of discussions until next Monday, April 11th and a roadmap until the April 22nd Eurogroup. According to the local press, the government's intention is to reach an agreement with official creditors on the bulk of open issues by April 12th-13th when the mission heads are scheduled to depart from Athens to attend the IMF 2016 Spring Meeting in Washington D.C. which commences on April 15th. Should this be the case, debt relief could be reportedly an issue of discussions on the sidelines of this week's IMF meeting. Speaking yesterday to the parliamentary group of his party SYRIZA, Greece's Prime Minister Alexis Tsipras expressed his optimism that the two sides could reach a staff level agreement on the policies underlying the review on time for the next Eurogroup. Yet, if no final agreement is reached by then but sufficient progress is made by the end of the month, the Eurogroup could hold an extraordinary meeting (potentially on April 29th) to approve the conclusion of the review. Official talks between the two sides are reportedly expected to continue on Wednesday. In the meantime the government is likely to submit to official lenders an amended list of fiscal measures, including indirect taxes, projecting to secure revenues of 1%-of-GDP to partially cover a projected 3.0%-of-GDP fiscal gap in the period between 2016 and 2018. Reportedly, German Chancellor Angela Merkel and IMF Managing Director Christine Lagarde will meet in Berlin today and the Greek issue is likely to feature high in the agenda of the discussion. The said issue is also likely to be discussed in another meeting today that will be reportedly held between German FinMin Wolfgang Schaeuble and Director of the IMF's European Department Poul Thomsen.

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April 5, 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

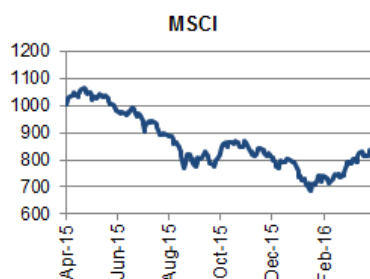
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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 Ministry of Finance sold at an auction on Monday RON1bn, slightly more than initially planned, of 1 Year T-bills at an average accepted yield of 0.66%, marginally lower than the 0.68% achieved at a prior tender of the same maturity paper on March 21st. The amount of total bids came at RON 2.6bn, an illustration of strong interest for the issue.

BULGARIA

According to the latest Eurostat data, the unemployment rate declined to 7.4% in February down from 9.8% in February 2015. The decline of unemployment in Bulgaria is the third highest in EU-28 after Cyprus and Spain. The labor market improvement has set the foundations for the recovery of consumption, more visible in the 2H-2015, that will most probably extend in 2016 as well. Full year growth accelerated to +3.0% YoY in 2015, the highest growth rate since 2008, up from +1.6% in 2014. Labor intensive industries in the areas of specialized services (Information & Communication, Logistics, and Business Services) have taken the lead in job creation from traditional industries like manufacturing, retail and wholesale trade, construction. Employment expectations have remained relatively strong throughout Q4-2015 (especially in the area of retail trade), pointing to a further tightening in the labor market in the first months of 2016.

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April 5, 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	2067.46	-0.3%	1.2%	EUR/USD	1.1385	0.0%	4.9%	UST - 10yr	1.77	0	-50	GOLD	1219	-0.3%	14.8%
Nikkei 225	16123.27	-0.3%	-15.3%	GBP/USD	1.4269	0.3%	-3.2%	Bund-10yr	0.13	0	-50	BRENT CRUDE	38	-1.6%	2.1%
STOXX 600	334.41	0.4%	-8.6%	USD/JPY	111.19	0.4%	8.0%	JGB - 10yr	-0.08	-2	-34	LMEX	2279	0.4%	3.4%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	286	-2	-17
1-week	2.97	-1	-22
1-month	3.10	-2	-41
3-month	3.28	0	-55
6-month	3.54	0	-49

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.48	#N/A N/A	-11
5Y RSD	5.30	0	17
7Y RSD	7.25	0	-44

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.19	-2	2
USD Nov-24	6.23	0	-18

CDS

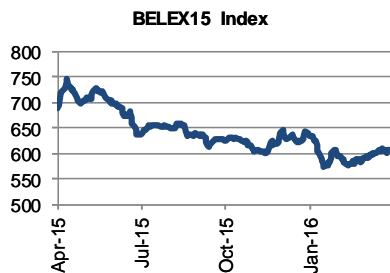
	Last	ΔDbps	ΔYTD bps
5-year	260	0	-14
10-year	306	0	-33

STOCKS

	Last	ΔD	ΔYTD
BELEX15	607.9	-0.15%	-5.62%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	122.70	0.13%	-0.91%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.42	-1	-11
1-month	0.57	0	-12
3-month	0.78	0	-24
6-month	1.03	0	-31
12-month	1.19	-1	-33

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.77	0	-16
5Y RON	2.58	-1	-22
10Y RON	3.33	1	-45

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.39	#N/A N/A	-17
USD Jan-24	3.37	1	-42

CDS

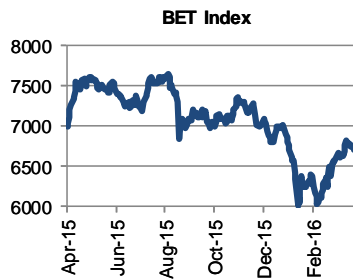
	Last	ΔDbps	ΔYTD bps
5-year	117	0	-16
10-year	160	0	-11

STOCKS

	Last	ΔD	ΔYTD
BET	6732.0	0.40%	-3.89%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4648	0.07%	1.10%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	0
1-month	-0.14	0	-30
3-month	-0.03	0	-29
6-month	0.12	0	-41
12-month	0.44	0	-53

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.41	-1	-20
5Y BGN	1.05	0	-22
10Y BGN	2.62	0	-4

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.15	-10	8
EUR Sep-24	2.38	-10	-4

CDS

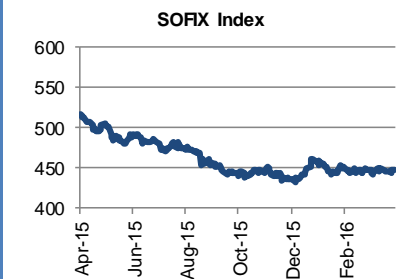
	Last	ΔDbps	ΔYTD bps
5-year	165	2	-7
10-year	212	2	-4

STOCKS

	Last	ΔD	ΔYTD
SOFIX	446.8	0.13%	-3.05%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.718	-0.05%	4.79%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
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April 5, 2016

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