

DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Monday, April 11, 2016

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- April 13
 - Retail sales (Mar)
 - Business inventories (Feb)
- April 14
 - CPI (Mar)
 - Initial jobless claims
- April 15
 - Empire manufacturing (Apr)
 - Industrial production (Mar)
 - Univ. of Michigan Confidence (Apr, p.)
 - Total Net TIC flows (Feb)

EUROZONE

- April 13: Industrial production (Feb)
- April 14: CPI (Mar, f.)

GREECE

- April 12
 - Mission heads expected to depart from Athens
 - Building activity (Jan)
- April 15: IMF 2016 Spring Meeting

SEE

BULGARIA

- April 11: Trade balance (Feb)
- April 12: CPI (Mar)
- April 15: U/E rate (Mar)

ROMANIA

- April 11
 - CPI (Mar)
 - Trade Balance (Feb)
 - 2.25% 2020 T-bonds auction
- April 12: Industrial output (Feb)
- April 13: CAD (Feb)
- April 14: 3.25% 2022 T-bonds auction

SERBIA

- April 12: HICP (Mar)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The majority of European equity markets were slightly firmer in early trading on Monday as recent drawdowns in US crude stockpiles have raised hopes that an end for global oil oversupply may be in sight. Yet, overall market sentiment remains cautious amid lingering downside risks to the global economy. Against this background, the JPY remained among the main outperformers in FX markets.

GREECE: In the context of the 1st programme review, the institutions have reportedly prepared two draft documents – a MoU and a MEFP on behalf of the European institutions and the IMF respectively - which describe the measures the Greek government needs to take for the review to be completed. Provided that these documents are signed, the April 22nd Eurogroup will give the “green light” for the next loan tranche disbursement, which, however, will most likely only materialize once the measures have been legislated by the Greek Parliament.

SOUTH EASTERN EUROPE

SERBIA: The EUR/RSD consolidated within the 122.50 – 123.00 range last week.

ROMANIA: In the absence of major FX market movers, the EUR/RON was little changed last week continuing to trade with the 4.4630/710 range that we have seen since mid-February.

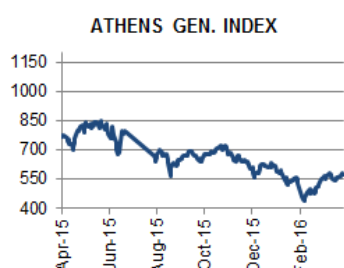
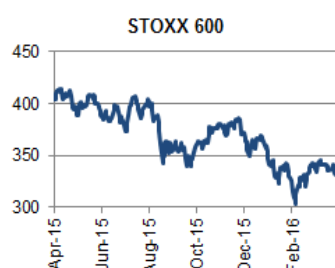
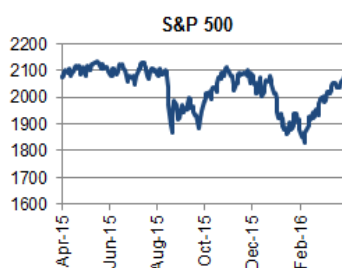
BULGARIA: The major equity market index SOFIX finished 1.3% lower on Friday to 440.64 points amid thin trading.

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April 11, 2016

BULGARIA



Source: Reuters, Bloomberg, Eurobank Research

Latest world economic & market developments

GLOBAL MARKETS

The majority of European equity markets were slightly firmer in early trading on Monday as recent drawdowns in US crude stockpiles have raised hopes that an end for global oil oversupply may be in sight. Brent crude was hovering around \$41.69/barrel at the time of writing, little changed compared to Friday's settlement but near 11% higher on a weekly basis. Data from China suggesting that deflationary pressures may be easing, also had an impact. China's CPI was unchanged in March at 2.3%YoY, slightly lower than 2.5%YoY expected while PPI rose more than expected in the same month to -4.3%YoY from -4.9%YoY in February. Yet, overall market sentiment remains cautious amid lingering downside risks to the global economy. Against this background, the JPY remained among the main outperformers in FX markets with investors shrugging off a string of verbal warnings from Japanese officials aiming to halt the currency's pace of appreciation. The USD/JPY was hovering around 108.20/25 in European trade at the time of writing within distance from a fresh 5 ½ month low of 107.60 marked earlier today. Favoring by the USD's broad based weakness, the EUR/USD was trading close to 1.1385/90, within distance from a multi-month peak of 1.1453 recorded a couple of sessions earlier. On the prevailing view that the Fed will likely proceed cautiously in hiking interest rates amid lingering concerns about the growth prospects of the global economy, the risk of further USD losses in the coming sessions cannot be ruled out completely. Yet in view of its recent fast losses, any further USD weakness is likely to prove limited. Looking at this week's calendar, focus is on US retail sales and inflation data both for March due on Wednesday and Thursday respectively while in the euro area, final CPI for March on Thursday take centre stage. ppetropoulou@eurobank.gr

GREECE

A marathon meeting between Greek government officials and the institutions' (EU/ESM/ECB/IMF) representatives was concluded early this morning without however, producing an agreement in the context of the 1st programme review. According to press reports, the Greek Minister of the Economy Mr. Stathakis, stated that the two sides have so far reached an agreement only on the tax system reform, while the Minister of Finance Mr. Tsakalotos claimed that an agreement has been reached with regard to the level of the tax-free threshold but a number of other issues remain unresolved. According to press reports, the institutions have presented to the Greek government two draft agreements – a Memorandum of Understanding (MoU) on behalf of the European institutions and a Memorandum of Economic and Financial Policies (MEFP) on behalf of the IMF - which describe in detail the measures that the Greek side needs to take in order for the review to be completed and the next loan tranche to be disbursed. The two draft documents are reportedly identical in their description of the required measures in the areas of tax and pension reforms and non-performing loans but differ in their estimation of the return of the fiscal measures (the European side estimates it at 3% of GDP whereas the IMF at 2.5% of GDP) and the primary surplus (the European side estimates it at 3,5% of GDP in 2018 whereas the IMF at 1.5% in 2018). In addition, the MEFP mentions the standing position of the IMF for debt relief. If an agreement on these two documents is reached by tomorrow between the Greek government and the institutions, the issue of the debt relief will be discussed on the sidelines of the spring meeting of the IMF in Washington DC during the coming weekend (15-17 April) and then the Eurogroup of the 22nd of April will confirm the measures, discuss the level and type of debt relief and approve the disbursement of the loan tranche. With regard to the latter, however, it will most likely not materialize unless the required measures have been voted by the Greek Parliament first.

April 11, 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

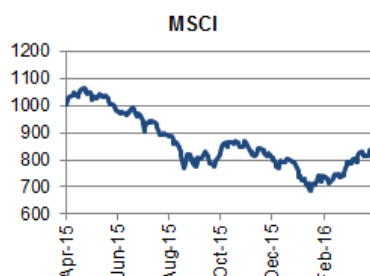
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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

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

SERBIA

The EUR/RSD consolidated within the 122.50 – 123.00 range last week. The National Bank of Serbia's decision to keep interest rates unchanged, in line with market expectations amid uncertainty over the Fed's and the ECB's policy deliberations ahead provided some support to the dinar. Range trading for the EUR/RSD will likely prevail in the coming sessions as we get closer to the upcoming general elections scheduled for April 24th. In other news, the Central bank conducted a 1W reverse repo auction worth RSD40bln mid last week. The auction was well received, with the average accepted yield coming in at 2.52%.

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ROMANIA

In the absence of major FX market movers, the EUR/RON was little changed last week continuing to trade with the 4.4630/710 range that we have seen since mid-February. The RON money market remained extremely rich in liquidity, with the short term rates stuck close to the deposit facility rate of 0.25%. The implied RON rate from swaps for the 1M maturity ended near 0.47%, not much changed on a weekly basis, while the 12M rate remained near 0.75%. Activity in the RON government bonds market slowed down, with little trading and no changes in the yield curve over the week.

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BULGARIA

The major equity market index SOFIX finished 1.3% lower on Friday to 440.64 points amid thin trading. Turnover hardly exceeded half million of euros dropping to a 9-week low. Meanwhile, BGN-denominated papers remained well supported on the bond market, especially in the 7-10 sector of the curve where yields decreased by 7-9bps. Bulgarian Eurobonds, on the other hand, extended their recent rally with yields dropping by 15 bps in the longest end of the curve. New 23's and 28's ended 6 and 14 bps lower respectively on a weekly basis.

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April 11, 2016

GLOBAL MARKETS

Stock markets	FOREX	Government Bonds	Commodities																																																																
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CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	286	-1	-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	3.41	-3	-15
5Y RSD	5.29	0	16
7Y RSD	7.08	-1	-62

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.06	0	-10
USD Nov-24	6.23	0	-18

CDS

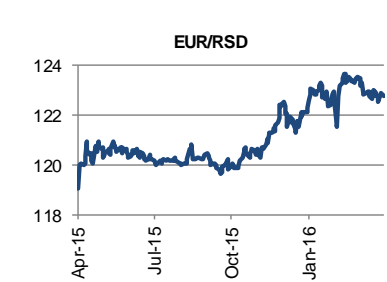
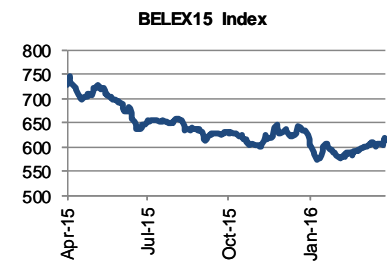
	Last	ΔDbps	ΔYTD bps
5-year	270	8	-4
10-year	307	1	-32

STOCKS

	Last	ΔD	ΔYTD
BELEX15	609.9	-0.70%	-5.31%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	122.70	0.05%	-0.91%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.42	0	-11
1-month	0.58	0	-11
3-month	0.76	-1	-26
6-month	1.02	-1	-32
12-month	1.17	-2	-35

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.75	0	-18
5Y RON	2.57	0	-23
10Y RON	3.36	0	-42

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.39	#N/A	N/A
USD Jan-24	3.32	2	-46

CDS

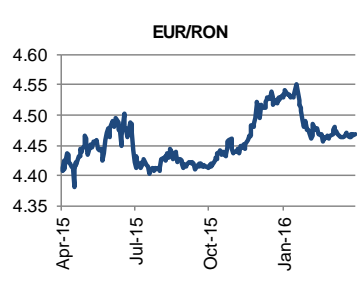
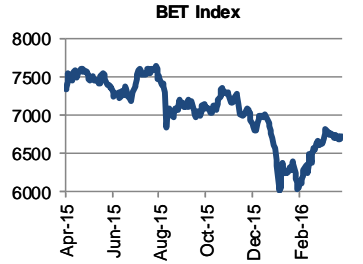
	Last	ΔDbps	ΔYTD bps
5-year	120	0	-13
10-year	164	0	-8

STOCKS

	Last	ΔD	ΔYTD
BET	6724.4	-0.06%	-4.00%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4666	0.02%	1.06%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	0
1-month	-0.17	0	-32
3-month	-0.05	0	-31
6-month	0.10	0	-43
12-month	0.43	0	-54

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.38	0	-22
5Y BGN	1.03	-2	-24
10Y BGN	2.52	0	-14

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.08	0	2
EUR Sep-24	2.32	-23	-11

CDS

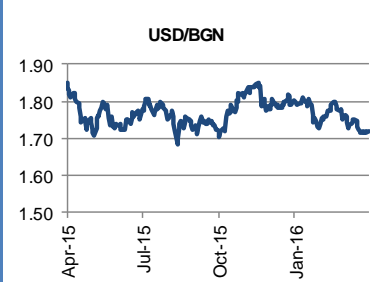
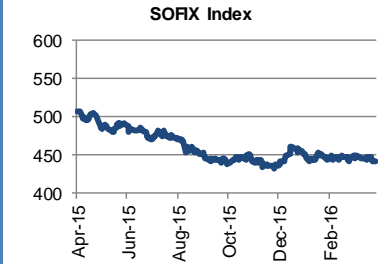
	Last	ΔDbps	ΔYTD bps
5-year	170	0	-2
10-year	217	0	1

STOCKS

	Last	ΔD	ΔYTD
SOFIX	441.2	0.03%	-4.28%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7184	-0.13%	4.77%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 12:00 EEST, April 11, 2016

April 11, 2016

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