

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Friday, April 24, 2015

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- April 21: Existing homes sales (Mar)
- April 23
 - Initial jobless claims (Apr 18)
 - New homes sales (Mar)
- April 24: Durable goods orders (Mar)

EUROZONE

- April 21: DE: ZEW (Apr)
- April 23: PMI (Apr)
- April 24:
 - DE: Ifo (Apr)
 - Eurogroup meeting

GREECE

- April 20
 - Turnover Index in industry (Feb)
 - CAD (Feb)

CYPRUS

- April 24: Fitch credit rating review

SEE

BULGARIA

- April 20: 2.3% 2025 T-Bonds auction

ROMANIA

- April 20: RON 200mn T-Bonds 2021 auction
- April 23: RON 400mn T-Bonds auction
- April 24: Fitch credit rating review

SERBIA

- April 22: 3.5% T-Bonds auction
- April 23: 3-year 10% T-Notes auction
- April 24: Real gross wages (Mar)

Source: Reuters, Bloomberg, Eurobank
Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GREECE: Speaking to reporters after the conclusion of a meeting held with Greece's Prime Minister on the sidelines of an emergency EU Summit on migration in Brussels y-day, German Chancellor Angela Merkel said that she held "constructive and positive" talks with Mr. Alexis Tsipras adding that the likelihood of Greece running out of cash before an agreement is reached should be averted. On his part, the Greek Premier said that he was optimistic that the two sides are close to an agreement. The Eurogroup convenes later today to assess the progress on official discussions made so far on the Greek issue.

CYPRUS: According to local media reports, Finance Minister Haris Georgiades said that the President of the Eurogroup is expected to make statements on Cyprus and expressed optimism that the Eurogroup will give the green light for the resumption of the 5th review under the country's economic reform program.

SOUTH EASTERN EUROPE

ROMANIA: The finance ministry sold on Thursday the planned RON 400mn (approximately €90.6mn) amount of June 2019 RON-denominated T-bonds at an average accepted yield of 2.33%, in line with consensus forecasts.

SERBIA: Public Debt Administration (PDA) sold at an auction on Thursday RSD11.106bn (equivalent to ca €0.09bn) of 3-year RSD-denominated T-bonds at an average accepted yield of 8.23%.

CESEE MARKETS: Following the positive trend in global bourses, **emerging stock markets** broadly extended this week's gains in European trade on Friday. Separately, the majority of **CESEE currencies** broadly weakened as the US dollar regained ground in European trade today and **government bonds** were mixed.

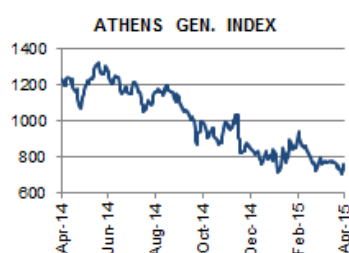
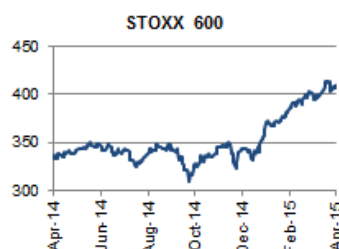
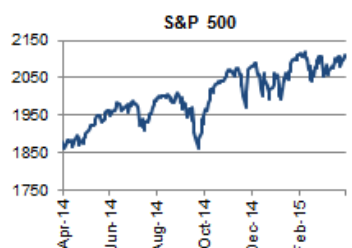
DISCLAIMER

This report has been issued by Eurobank Ergasias S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees.

Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.

Latest world economic & market developments

GREECE



Source: Reuters, Bloomberg, Eurobank Research

Speaking to reporters after the conclusion of a meeting held with Greece's Prime Minister on the sidelines of an emergency EU Summit on migration in Brussels y-day, German Chancellor Angela Merkel said that she held "constructive and positive" talks with Mr. Alexis Tsipras adding that the likelihood of Greece running out of cash before an agreement is reached should be averted. On his part, the Greek Premier said that he was optimistic that the two sides are close to an agreement, noting that "significant progress" has been made recently in discussions with the Brussels Group. The Eurogroup convenes later today to assess the progress made so far on official discussions on the Greek issue. Meanwhile, local newswires quoted Eurogroup President Jeroen Dijsselbloem as saying that there is a "great sense of urgency" for an agreement to be reached and that an (early) partial disbursement of the pending loan tranche (€7.2bn) to Greece is likely, provided that an agreement is sealed that is approved by the Institutions and the Eurogroup. According to the local press, issues on which a tentative agreement has been reached between the Greek side and the country's creditors include: (i) adoption of a new general government primary surplus target of c. 1.5%-of-GDP for this year; (ii) speeding up the implementation of the privatization program; and (iii) strengthening the independence of both the General Secretariat of Public Revenues (GSPR) and the Hellenic Statistical Authority (EL.STAT.). As per the same reports, issues that are still pending include, among others: (i) labor market reform; (ii) social security reform; and (iii) streamline of the VAT system. A number of EU sources have been quoted over the last few days as saying that chances are rather slim for an agreement on the Greek issue to be reached at today's Eurogroup. After that, the next scheduled Eurogroup meeting is on May 11, but, according to some press reports, the likelihood of euro area finance ministers holding an extraordinary meeting earlier, cannot be ruled out completely. Speaking to a local TV station, government spokesman Gabriel Sakellariadis reportedly said that the Greek government is not mulling on calling a referendum or a snap election as it has a recent popular mandate.

ppetropoulou@eurobank.gr

CYPRUS

According to local media reports, Finance Minister Haris Georgiades intends to inform his counterparts at today's Eurogroup about the recent parliamentary endorsement of the new corporate and personal insolvency framework, a key condition for the implementation of a previously adopted bill on foreclosures. Additionally, Mr. Georgiades said that the Eurogroup will also be notified about the waiver of all capital controls on the banking system, which was introduced around two years ago. According to the same reports, the finance minister noted that the President of the Eurogroup is expected to make statements on Cyprus and expressed optimism that the Eurogroup will give the green light for the resumption of the 5th review under the country's economic reform program. Recall that the approval of the 5th review by the IMF was put on hold in February due to the suspension of the effective application of the foreclosure framework. The finance minister also highlighted that Public Debt Management Office technocrats are already working on Cyprus's return anew to international bond markets, for the second time since June 2014, which, he added, should materialize before year-end. Note that government yields have significantly eased over recent days on optimism about a successful completion of the pending review after the parliamentary endorsement of the insolvency framework.

gphoka@eurobank.gr

CYPRUS: Indicators	2013	2014e	2015f
Real GDP growth %	-5.4	-2.8	0.4
HICP (pa, yoy %)	0.4	-1.4	0.7
Budget Balance/GDP	-4.9	-3.0	-3.0
Current Account/GDP	-1.9	-1.1	-0.8

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

Latest world economic & market developments in the CESEE region

ROMANIA

The finance ministry sold on Thursday the planned RON 400mn (approximately €90.6mn) amount of June 2019 RON-denominated T-bonds. The average accepted yield stood at 2.33%, in line with consensus forecasts and little changed from 2.35% achieved at a prior auction of same maturity paper held in March. The tender's bid to cover ratio came in at 2.45 and the issue bears an annual coupon of 4.75%.

ROMANIA: Indicator:	2013	2014e	2015f
Real GDP growth %	3.5	2.9	2.7
CPI (pa, yoy %)	4.0	1.3	2.6
Budget Balance/GDP *	-2.5	-1.9	-2.0
Current Account/GDP	-1.1	-1.2	-0.5
EUR/RON (eop)	4.46	4.40	
	2014	current	2015f
Policy Rate (eop)	2.75	2.00	2.00

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

SERBIA

Public Debt Administration (PDA) sold at an auction on Thursday RSD11.106bn (equivalent to ca €0.09bn) of 3-year RSD-denominated T-bonds at an average accepted yield of 8.23%. The issue bears an annual coupon of 10% and matures on April 27, 2018. The initial amount of government securities planned to be offered at the auction was RSD 50bn. However, the PDA announced earlier in the week its decision to reduce it to RSD 30bn.

SERBIA: Indicators	2013	2014e	2015f
Real GDP growth %	2.6	-1.8	-0.5
CPI (pa, yoy %)	7.9	2.1	3.5
Budget Balance/GDP	-5.6	-7.5	-5.9
Current Account/GDP	-6.1	-6.1	-4.7
EUR/RSD (eop)	114.60	120.96	125.00
	2014	current	2015f
Policy Rate (eop)	8.00	7.00	7.00

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

CESEE MARKETS

Following the positive trend in global bourses, **emerging stock markets** broadly extended this week's gains in European trade on Friday. Indicatively, the MSCI Emerging Equities index rose by 0.6% on the day at the time of writing, poised to end the week 1.7% higher. In the CESEE region, Hungary's BUX led the winners' pack on a weekly basis, standing ca 4% firmer earlier today, on improving domestic growth prospects and a Central Bank rate cut delivered earlier in the week.



Separately, the majority of **CESEE currencies** broadly weakened as the US dollar regained ground in European trade today. In more detail, the Turkish lira spiked to new record lows of 2.7340/USD as the Central Bank's recently adopted measures at its MPC meeting earlier in the week to support the currency fell short of market expectations, while the tone in the accompanying statement was perceived as more dovish than expected by investor participants. Recall that the CBT announced on Wednesday a 50bps hike in TRY reserves and reduced the rates applied to banks' one week maturity borrowings from the Central Bank from 4.5% to 4.0% for USD and from 2.5% to 2.0% for EUR, in an apparent attempt to support the lira.

Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	B1	BB-	B+
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BB+	BBB-
CYPRUS	B3	B+	B-

Source: IMF, EC, Reuters, Bloomberg, National Authorities, Eurobank Research

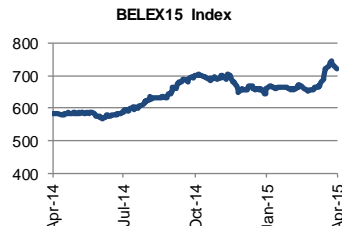
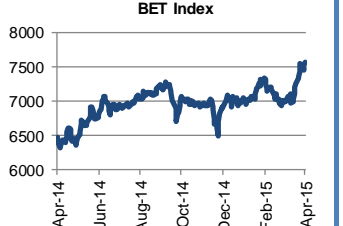
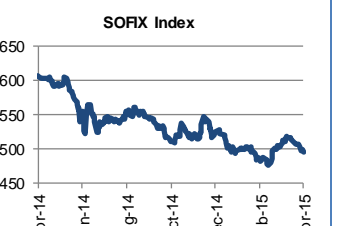
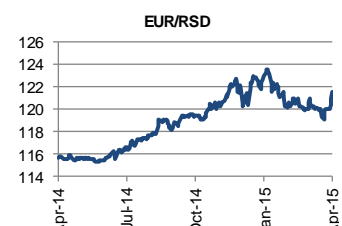
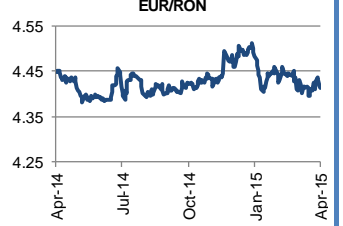
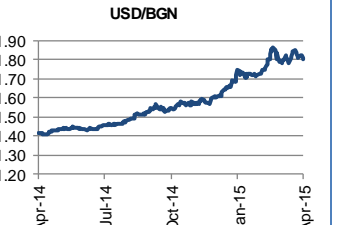
In the local rates markets, **government bonds** were mixed earlier today. Short-term Turkish paper recovered some ground paring some of the recent losses suffered amid mounting domestic political uncertainty ahead of the June general elections. As a result, the corresponding 2-year benchmark bond yield eased by ca 4bps to 9.98% sliding below a multi-month closing peak of around 10.02% on Thursday.

gphoka@eurobank.gr

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	2112.93	0.2%	2.6%	EUR/USD	1.0866	0.4%	-10.2%	UST - 10yr	1.96	1	-21	GOLD	1193	-0.1%	0.6%
Nikkei 225	20020.04	-0.8%	14.7%	GBP/USD	1.5133	0.5%	-2.9%	Bund-10yr	0.18	1	-37	BRENT CRUDE	176	0.0%	0.2%
STOXX 600	409.55	0.6%	19.6%	USD/JPY	119.56	0.0%	0.1%	JGB - 10yr	0.29	-3	-4	LMEX	2745	-0.2%	-5.8%

CESEE MARKETS

SERBIA				ROMANIA				BULGARIA			
Money Market				Money Market				Money Market			
BELIBOR	Last	ΔDbps	ΔYTD bps	ROBOR	Last	ΔDbps	ΔYTD bps	SOFIBOR	Last	ΔDbps	ΔYTD bps
T/N	544	-4	-447	O/N	2.04	112	147	LEONIA	0.01	0	-1
1-week	5.96	-2	-405	1-month	1.6	1	69	1-month	0.17	0	-5
1-month	6.53	-1	-352	3-month	1.48	1	-22	3-month	0.34	-1	-9
3-month	7.06	-2	-279	6-month	1.63	-1	-38	6-month	0.69	-1	-10
6-month	7.55	-2	-224	12-month	1.64	-1	-38	12-month	1.28	-1	-22
RS Local Bonds				RO Local Bonds				BG Local Bonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps	(yields)	Last	ΔDbps	ΔYTD bps
3Y RSD	8.45	0	-59	3Y RON	1.90	-1	-41	3Y BGN	0.49	-1	-54
5Y RSD	10.08	-1	-10	5Y RON	2.30	-1	-41	5Y BGN	0.71	-2	-73
7Y RSD	10.24	0	-184	10Y RON	3.33	-2	-33	10Y BGN	1.87	0	-88
RS Eurobonds				RO Eurobonds				BG Eurobonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
USD Nov-17	3.78	0	-48	EUR Sep-20	1.34	-4	-39	EUR Jul-17	0.77	0	-39
USD Nov-24	6.44	0	-15	USD Aug-23	3.49	2	-12	EUR Sep-24	2.30	637	-56
CDS				CDS				CDS			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
5-year	223	-3	-67	5-year	120	14	-23	5-year	168	16	-23
10-year	276	-1	-80	10-year	167	16	-20	10-year	217	17	-24
STOCKS				STOCKS				STOCKS			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
BELEX15	720.4	-0.30%	8.01%	BET	7567.6	0.46%	6.84%	SOFIX	495.0	-0.83%	-5.19%
FOREX				FOREX				FOREX			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
EUR/RSD	120.95	-0.03%	0.33%	EUR/RON	4.4125	0.30%	1.61%	USD/BGN	1.7998	0.39%	-10.18%
											
											

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

Data updated as of 12.20 EET

Contributors

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

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

Đorđe Lučić
Fixed Income Dealer, Eurobank a.d. Beograd
+381 11 2065891
djordje.lucic@eurobank.rs

Ivan Radović
Head, Brokerage, Eurobank ad Beograd
+381 11 30 27 533
Ivan.Radovic@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

Research Team

Anna Dimitriadou: Economic Analyst
andimitriadou@eurobank.gr, + 30 210 37 18 793

Ioannis Gkionis: Research Economist
igkionis@eurobank.gr, + 30 210 33 71 225

Stylianios 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
ppetropoulou@eurobank.gr, + 30 210 37 18 991

Galatia Phoka: Research Economist
gphoka@eurobank.gr, + 30 210 37 18 922

Theodoros Stamatiou: Senior Economist
tstamatiou@eurobank.gr, + 30 210 33 71 228

Global Markets Sales

Nikos Laios: Head of Treasury Sales
nlaios@eurobank.gr, + 30 210 37 18 910

Alexandra Papathanasiou: Head of Institutional Sales
apapathanasiou@eurobank.gr, + 30 210 37 18 996

John Seimenis: Head of Corporate Sales
yseimenis@eurobank.gr, + 30 210 37 18 909

Achilleas Stogioglou: Head of Private Banking Sales
astogioglou@eurobank.gr, + 30 210 37 18 904

George Petrogiannis: Head of Shipping Sales
gpetrogiannis@eurobank.gr, + 30 210 37 18 915

Vassilis Gioulbaxiotis: Head Global Markets International
vgioulbaxiotis@eurobank.gr, + 30 210 37 18 995

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>

