

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### GLOBAL US

- April 28
  - Case-Shiller-House price index (Feb)
  - CB Consumer confidence (Apr)
- April 29
  - GDP (A, Q1 2015)
  - Pending home sales (Mar)
  - FOMC decision
- April 30
  - Personal income (Mar)
  - Personal spending (Mar)
  - Core PCE deflator (Mar)
  - Initial jobless claims (Apr 25)
  - Chicago PMI (Apr)
- May 1
  - ISM manuf (Apr)
  - UM Consumer sentiment (May)

#### EUROZONE

- April 30: HICP (flash, Apr)

#### GREECE

- April 30: Retail sales (Feb)

#### SEE

##### BULGARIA

- April 28: Gross external debt (Feb)
- April 30: Budget (Mar)

##### ROMANIA

- April 30: ILO U/E (Mar)

##### SERBIA

- April 30
  - Industrial prod. (Mar)
  - Retail sales (Mar)
  - Trade balance (Mar)
  - GDP (Q1, p)
  - CAD (Feb)

Source: Reuters, Bloomberg,  
Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** In the statement issued after the conclusion of its monetary policy meeting y-day, the FOMC acknowledged that the US growth slowdown in the early months of the year was in part due to transitory factors. However, the forward-looking parts of the said statement were unchanged, suggesting that the prospect of higher interest rates later this year remains on the cards. The above along with a poorly received German 5-yr government debt auction triggered a global bond sell-off. Elsewhere, weaker-than-expected US Q1 GDP data weighed on global equity markets while in FX markets the USD remained under pressure in European trade.

**GREECE:** The cabinet will convene later today to discuss a draft multi-bill prepared by the government, containing the relevant legislation required for the implementation of several reforms incorporated in the detailed list the Greek Minister of Finance submitted to the Institutions late last month. Upon approval, the Greek government is reportedly expected to hand the said multi-bill to the Institutions for deliberation before it submits it to the Hellenic Parliament for approval in an effort to speed up the pace of official discussions. In other news, Moody's Investors Service downgraded late y-day Greece's government bond rating to Caa2 from Caa1 with a negative outlook. On the data front, private sector deposits dropped by €1.9bn in March coming in at ca €138.6bn. Elsewhere, the Economic Sentiment Indicator deteriorated in April for the second consecutive month standing at 92.7, the lowest level since December 2013.

### SOUTH EASTERN EUROPE

**ROMANIA:** General Director of the Treasury and Public Debt Department in the Ministry of Public Finance Stefan Nanu said on Wednesday that a planned Eurobond issue will have a maturity longer than 10 years, adding that the placement's timing will depend on favourable market conditions.

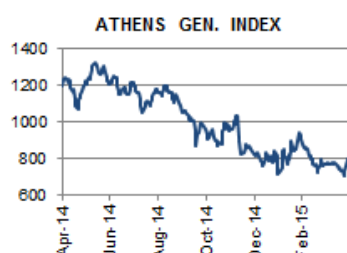
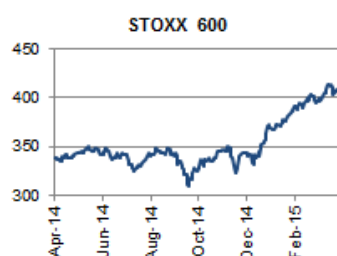
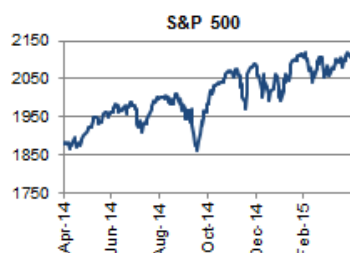
**CESEE MARKETS:** Emerging market assets closed broadly lower on Wednesday, as investor caution prevailed ahead of the conclusion of the 2-day FOMC meeting. That said, losses were somewhat trimmed after downbeat US macro data.

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## Latest world economic & market developments

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

As was widely expected, the FOMC stayed put on interest rates at its policy meeting y-day. Focus was on the accompanying policy statement which revealed a slightly more dovish tone compared to that issued at the FOMC policy meeting last month. The Central Bank acknowledged that the US growth slowdown in the early months of the year was in part due to transitory factors, *e.g.* adverse winter weather conditions and the labor dispute at major West Coast ports. However, the forward-looking parts of the FOMC statement were unchanged, suggesting that the prospect of higher interest rates later this year remains on the cards, although it may come later than previously expected. In more detail, the FOMC monetary policy committee continues to expect the economy to expand at a moderate pace, the unemployment rate to move towards its objective of maximum employment and inflation towards its target of 2.0%. The above along with a poorly received German 5-yr government debt auction triggered a global bond sell-off. The 10-yr UST yield broke the upper boundary of the recent range hitting its highest level in six weeks while the 10-yr German Bund yield rose to its highest in near two months. Elsewhere, weaker-than-expected US Q1 GDP data weighed on global equity markets while in FX markets the USD remained under pressure with the EUR/USD hitting a fresh multi-week high of 1.1250 in European trade earlier today. Yet, until there is more clarity on the Greek issue, it would be likely premature to assess that the EUR/USD has already embarked on a sustained upward trend near term.

### GREECE

The cabinet will convene later today to discuss a draft multi-bill prepared by the government, containing the relevant legislation required for the implementation of several reforms incorporated in the detailed list the Greek Minister of Finance submitted to the Institutions late last month. Upon approval, the Greek government is reportedly expected to hand the said multi-bill to the Institutions for deliberation before it submits it to the Hellenic Parliament for approval in an effort to speed up the pace of official discussions. Should this be the case, an interim agreement with official creditors could reportedly be reached at an extraordinary Eurogroup in early May, ahead of the next scheduled meeting on May 11, that could potentially allow a partial disbursement of the pending loan tranche. In terms of upcoming debt and amortization payments, the next major hurdle comes on May 1, when two interest payments to the IMF are due (c. €200mn cumulatively) followed by an amortization payment scheduled for May 12 (c. €760mn). In other news, Moody's Investors Service downgraded late y-day Greece's government bond rating to Caa2 from Caa1 with a negative outlook. In the accompanying statement, the ratings agency cited that the main drivers behind the downgrade were: (i) the high uncertainty over whether Greece's government will reach an agreement with official creditors in time to meet upcoming debt repayments; and (ii) the significant implementation risks of a follow-up, medium-term financing programme even if an agreement is reached, given the weakened economy and a fragile domestic political environment. On the data front, the most recent Bank of Greece data showed that euro-denominated deposits & repos of domestic households and non-financial corporations in Greek MFIs excluding the Bank of Greece (BoG) fell in March for the sixth month in a row. Specifically, private sector deposits dropped by €1.9bn coming in at ca €138.6bn, recording a c. €26.2bn fall cumulatively since September 2014 mainly due to political woes. Elsewhere, the Economic Sentiment Indicator for Greece deteriorated in April for the second consecutive month coming in at 92.7, the lowest level since December 2013.

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

| 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           |              |
|                      | <b>2014</b> | <b>current</b> | <b>2015f</b> |
| Policy Rate (eop)    | 2.75        | 2.00           | 2.00         |

\* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities



### ROMANIA

General Director of the Treasury and Public Debt Department in the Ministry of Public Finance Stefan Nanu said on Wednesday that a planned Eurobond issue will have a maturity longer than 10 years, adding that the placement's timing will depend on favourable market conditions. He also said that the recently approved by the government debt buyback and exchange of medium- and long-term domestic and foreign treasuries plan would most likely come into effect in H2 2015.

### CESEE MARKETS

**Emerging stock markets** closed broadly lower on Wednesday, as investor caution prevailed ahead of the conclusion of the 2-day FOMC meeting. That said, losses were somewhat trimmed after downbeat US macro data. Along these lines, the MSCI Emerging Markets index snapped a 6-session upward streak, falling by ca 0.6% and easing from a 7-½-month intraday high hit earlier in the week on the back of optimism about further economic stimulus measures by Chinese authorities and expectations that the Fed is in no rush to embark on a rate-tightening cycle.

In a similar vein, most **CESEE currencies** recoiled on Wednesday. The Romanian leu posed among the region's worst performers, possibly weighed further down by profit taking. The currency gave back part of recent gains recorded thanks to improving fiscal data and strong investor demand for a T-Bills auction held earlier in the week. In more detail, the EUR/RON bounced towards 4.4090 near the session's settlement from Tuesday's intraday 2-year trough of 4.3665. The pair's technical picture suggests that a break above yesterday's 4.4150 peak may pave the way for 4.4210 (April 27 high) ahead of 4.4260 (60-day moving average). On the downside, a re-test of Wednesday's trough of 4.3720 prior to 4.3665 (April 28 low) is possible, especially if the April FOMC statement proves more dovish than expected. The Hungarian forint and Polish zloty also came under pressure, easing to respective multi-session lows of 303.15 and 4.0195 against the euro intraday. On the flipside, the Turkish lira modestly extended its recent gains, firming as far as a 2-week peak of 2.6430/USD at some point on Wednesday after downbeat US Q1GDP data mitigated the possibility for potential imminent Fed rate hikes.

| L-T ccy  | Credit Ratings |      |       |
|----------|----------------|------|-------|
|          | 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 rate markets**, government bonds closed broadly weaker ahead of the conclusion of the FOMC meeting yesterday. In more detail, the yield on Hungary's 2 and 10-year T-bonds inched up 4bps and 8.5bps to 2.25% and 3.45% respectively on Wednesday. Meanwhile, the corresponding yields on Turkish paper closed ca 5bps higher each at respective levels of 9.75% and 9.13%.

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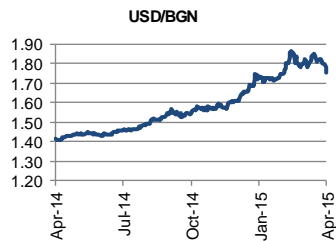
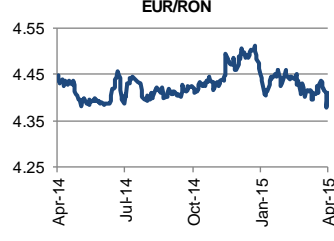
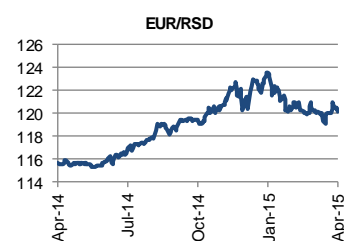
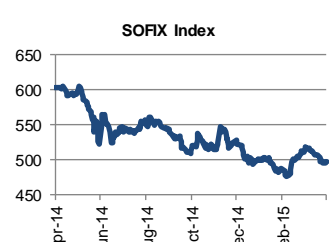
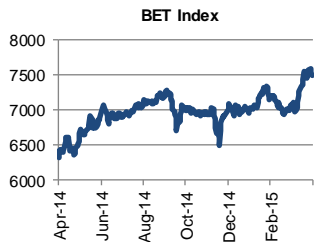
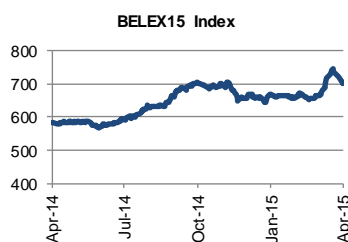
April 30, 2015

**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       | 2108.10  | -0.3% | 2.4%  | EUR/USD | 1.1156 | 1.6%  | -7.8%            | UST - 10yr | 2.07 | 7           | -10      | GOLD        | 1211 | -0.1% | 2.2%  |
| Nikkei 225    | 20058.95 | 0.4%  | 14.9% | GBP/USD | 1.5464 | 0.8%  | -0.7%            | Bund-10yr  | 0.29 | 12          | -25      | BRENT CRUDE | 176  | 0.0%  | 0.2%  |
| STOXX 600     | 399.28   | -1.7% | 16.6% | USD/JPY | 118.97 | -0.1% | 0.6%             | JGB - 10yr | 0.30 | 0           | -3       | LMEX        | 2848 | 0.7%  | -2.3% |

**CESEE MARKETS**

| SERBIA                |        |        |          | ROMANIA               |        |        |          | BULGARIA              |        |       |          |               |        |        |          |
|-----------------------|--------|--------|----------|-----------------------|--------|--------|----------|-----------------------|--------|-------|----------|---------------|--------|--------|----------|
| <b>Money Market</b>   |        |        |          | <b>Money Market</b>   |        |        |          | <b>Money Market</b>   |        |       |          |               |        |        |          |
| <b>BELIBOR</b>        | Last   | ΔDbps  | ΔYTD bps | <b>ROBOR</b>          | Last   | ΔDbps  | ΔYTD bps | <b>SOFIBOR</b>        | Last   | ΔDbps | ΔYTD bps | <b>LEONIA</b> | Last   | ΔDbps  | ΔYTD bps |
| T/N                   | 532    | -2     | -459     | O/N                   | 2.69   | 30     | 212      | 1-month               | 0.17   | 0     | -5       | 1-month       | 0.01   | 0      | -1       |
| 1-week                | 5.80   | -1     | -421     | 1-month               | 1.62   | 2      | 71       | 3-month               | 0.34   | 0     | -9       | 3-month       | 0.17   | 0      | -5       |
| 1-month               | 6.35   | -4     | -370     | 3-month               | 1.51   | 2      | -19      | 6-month               | 0.69   | 0     | -10      | 6-month       | 0.34   | 0      | -9       |
| 3-month               | 6.89   | -5     | -296     | 6-month               | 1.66   | 1      | -35      | 12-month              | 1.28   | 0     | -22      | 12-month      | 0.69   | 0      | -10      |
| 6-month               | 7.35   | -5     | -244     | 12-month              | 1.66   | -1     | -36      |                       |        |       |          |               |        |        |          |
| <b>RS Local Bonds</b> |        |        |          | <b>RO Local Bonds</b> |        |        |          | <b>BG Local Bonds</b> |        |       |          |               |        |        |          |
|                       | Last   | ΔDbps  | ΔYTD bps |                       | Last   | ΔDbps  | ΔYTD bps | (yields)              | Last   | ΔDbps | ΔYTD bps |               | Last   | ΔDbps  | ΔYTD bps |
| 3Y RSD                | 8.30   | 0      | -75      | 3Y RON                | 1.90   | 1      | -41      | 3Y BGN                | 0.50   | 0     | -54      | 3Y RSD        | 8.30   | 0      | -75      |
| 5Y RSD                | 10.00  | -1     | -18      | 5Y RON                | 2.31   | 1      | -40      | 5Y BGN                | 0.73   | 0     | -72      | 5Y RSD        | 10.00  | -1     | -18      |
| 7Y RSD                | 9.97   | 0      | -210     | 10Y RON               | 3.37   | 2      | -29      | 10Y BGN               | 1.87   | 0     | -88      | 7Y RSD        | 9.97   | 0      | -210     |
| <b>RS Eurobonds</b>   |        |        |          | <b>RO Eurobonds</b>   |        |        |          | <b>BG Eurobonds</b>   |        |       |          |               |        |        |          |
|                       | Last   | ΔDbps  | ΔYTD bps |                       | Last   | ΔDbps  | ΔYTD bps |                       | Last   | ΔDbps | ΔYTD bps |               | Last   | ΔDbps  | ΔYTD bps |
| USD Nov-17            | 3.75   | 3      | -51      | EUR Sep-20            | 1.36   | 1      | -37      | EUR Jul-17            | 0.84   | -21   | -32      | USD Nov-17    | 3.75   | 3      | -51      |
| USD Nov-24            | 6.44   | 0      | -15      | USD Aug-23            | 3.47   | 9      | -14      | EUR Sep-24            | 2.30   | -34   | -57      | USD Nov-24    | 6.44   | 0      | -15      |
| <b>CDS</b>            |        |        |          | <b>CDS</b>            |        |        |          | <b>CDS</b>            |        |       |          |               |        |        |          |
|                       | Last   | ΔDbps  | ΔYTD bps |                       | Last   | ΔDbps  | ΔYTD bps |                       | Last   | ΔDbps | ΔYTD bps |               | Last   | ΔDbps  | ΔYTD bps |
| 5-year                | 223    | 8      | -67      | 5-year                | 108    | 2      | -35      | 5-year                | 150    | -2    | -41      | 5-year        | 223    | 8      | -67      |
| 10-year               | 274    | 8      | -82      | 10-year               | 149    | 2      | -38      | 10-year               | 199    | -2    | -42      | 10-year       | 274    | 8      | -82      |
| <b>STOCKS</b>         |        |        |          | <b>STOCKS</b>         |        |        |          | <b>STOCKS</b>         |        |       |          |               |        |        |          |
|                       | Last   | ΔD     | ΔYTD     |                       | Last   | ΔD     | ΔYTD     |                       | Last   | ΔD    | ΔYTD     |               | Last   | ΔD     | ΔYTD     |
| BELEX15               | 701.4  | -0.32% | 5.15%    | BET                   | 7482.0 | -0.55% | 5.63%    | SOFIX                 | 497.7  | 0.23% | -4.68%   | BELEX15       | 701.4  | -0.32% | 5.15%    |
| <b>FOREX</b>          |        |        |          | <b>FOREX</b>          |        |        |          | <b>FOREX</b>          |        |       |          |               |        |        |          |
|                       | Last   | ΔD     | ΔYTD     |                       | Last   | ΔD     | ΔYTD     |                       | Last   | ΔD    | ΔYTD     |               | Last   | ΔD     | ΔYTD     |
| EUR/RSD               | 120.15 | 0.05%  | 1.00%    | EUR/RON               | 4.4117 | -0.72% | 1.63%    | USD/BGN               | 1.7537 | 1.56% | -7.82%   | EUR/RSD       | 120.15 | 0.05%  | 1.00%    |



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

Data updated as of 18.10 EET of previous session

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