

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Friday, April 03, 2015

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL

#### US

- March 30
  - Core PCE (Feb)
  - Pending home sales (Feb)
- March 31
  - CB Consumer confidence Mar)
  - Fed's Fischer, Lacker, Lockhart, Mester and George speak
- April 1
  - ADP employment (Mar)
  - ISM manuf (Mar)
  - Fed's Williams and Lockhart speak
- April 2
  - Initial jobless claims (Mar 27)
  - Fed's Yellen speaks
- April 3
  - NFP (Mar)
  - U/E rate (Mar)

#### EUROZONE

- March 30: ESI (Mar)
- March 31: HICP (flash, Mar)
- April 1: PMI manuf (f, Mar)

#### CYPRUS

- April 2: CPI (Mar)

#### SEE

#### BULGARIA

- March 31: Budget (Feb)

#### ROMANIA

- March 31
  - MPC meeting
  - ILO U/E (Feb)
- April 3: Retail sales (Feb)

#### SERBIA

- March 30
  - Ind. Production (Feb)
  - Trade balance (Feb)
  - Retail sales (Feb)
- April 2: 2-year 8% T-Notes auction

Source: Reuters, Bloomberg, Eurobank  
Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Tracking the positive tone in Wall Street overnight most major Asian equity markets moved higher on Friday, ahead of the US non-farm payrolls report, due later on the day. Trade volumes remained thin as major bourses in US and Europe are closed for the Easter holidays. In the FX markets, the USD consolidated near yesterday's levels as caution prevailed ahead of the NFP report.

**GREECE:** Reuters quoted government spokesman Gabriel Sakellaris as saying y-day that "there is no chance that Greece will not meet its obligations to the IMF on April 9".

**CYPRUS:** In a media address today, the President of the Cyprus republic Nikos Anastasiadis, announced a package of measures aimed at fully restoring confidence in the banking system and stimulating the domestic economy. In other news, Parliament voted on a further suspension of the implementation of the law on foreclosures until April 17, just before the April 24 Eurogroup.

### SOUTH EASTERN EUROPE

**ROMANIA:** The finance ministry sold, as planned, RON 400mn in 3.25% January 2018 T-Notes on Thursday, at an average accepted yield of 2.11%, which came in broadly in line with consensus.

**SERBIA:** The Public Debt Administration sold on Thursday the planned RSD 10bn amount in 2-year government bonds at an average accepted yield of 8.63%, below 9.09% produced at a prior auction of similar maturity paper held in March.

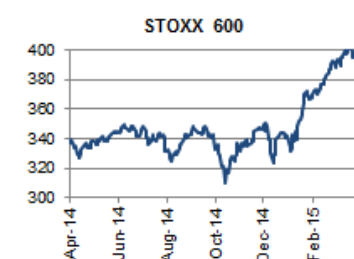
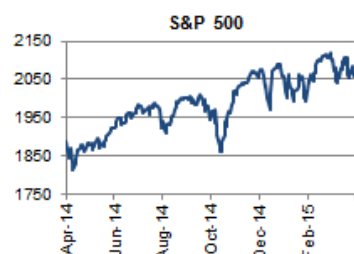
**CESEE MARKETS:** The majority of **emerging stock markets** moved higher in morning European trade on Friday, ahead of the non-farm payrolls report due later on the day. With several indices in the region closed for the Easter holidays, **CESEE bourses** were little changed earlier today, while **CESEE currencies and government bonds** traded sideways.

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## Latest world economic & market developments

### GLOBAL MARKETS



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

CYPRUS: Indicators	2013	2014e	2015f
Real GDP growth %	-5.4	-2.3	0.4
HICP (pa, yoy %)	0.4	-0.3	0.7
Budget Balance/GDP	-4.7	0.4	-1.2
Current Account/GDP	-1.9	-1.1	-0.8

Source: EC Economic Forecasts, Reuters, Bloomberg, Eurobank Global Markets Research, local authorities

Tracking the positive tone in Wall Street overnight most major Asian equity markets moved higher on Friday, ahead of the US non-farm payrolls report, due later on the day. Trade volumes remained thin as major bourses in US and Europe are closed for the Easter holidays. In the FX markets, the USD consolidated near yesterday's levels as caution prevailed ahead of the NFP report. Against this backdrop, the EUR/USD hovered around levels of 1.0878/80 in European trade, standing within distance from a multi-session high of 1.0903 hit yesterday amid recently released disappointing US macroeconomic data. That said, with the monetary policy divergence between the Fed and the ECB remaining a key theme in FX markets, there is little to suggest that the EUR/USD is poised for further significant and sustainable gains in the coming sessions.

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### GREECE

Reuters quoted government spokesman Gabriel Sakellaris as saying y-day that "there is no chance that Greece will not meet its obligations to the IMF on April 9". The above came on the heels of Greece's Minister of Interior and Administrative Reconstruction Nikos Boutsis's comments a day earlier to a German newspaper that, if no official funding comes to State coffers by April 9, then Greece will first pay salaries and pensions and then ask official creditors to agree the next debt payment to the Fund due on that day (c. €448mn) to be postponed. All in all, total interest and amortization payments on Greek sovereign debt (held by both official- and private-sector accounts) in the period between April and December 2015 are as follows: Q2: €3.8bn; Q3: €10.2bn; and Q4: €2.3bn. In addition to these, maturing T-bill exposures scheduled for the remainder of the current year stand at €10.1bn in Q2 and €4.4bn in Q3.

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### CYPRUS

In a media address today, the President of the Cyprus republic Nikos Anastasiadis, announced a package of measures aimed at fully restoring confidence in the banking system and stimulating the domestic economy. The package includes i) the full lift of capital controls effective from Monday April 6<sup>th</sup>, ii) the deployment of extra €280mn for infrastructure projects from the budget, iii) the acceleration of the implementation of the EIB projects in Cyprus of €162mn iv) programs to subsidize employment worth €58mn, v) measures in the area of urban planning aimed to stimulate real estate investments. In other news, Parliament reportedly voted on a further suspension of the implementation of the law on foreclosures until April 17, just before the April 24 Eurogroup. According to the same media reports, an extraordinary session will be held on the same day over the five bills that govern the insolvency framework. Recall that, a vote on the insolvency bill was supposed to be held on April 2, but was recently deferred for after Easter as the House Finance and Interior Committees did not have the time to review it. As a result, the implementation of the foreclosures law, that was passed in Parliament late last year on the provision of the adoption of the insolvency framework, has been delayed further. Their adoption and implementation is key for the completion of the 5<sup>th</sup> review of the country's adjustment programme by international creditors and is likely to pave the way for new government bond issuance in the Q2 2015.

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

### ROMANIA

The finance ministry sold, as planned, RON 400mn in 3.25% January 2018 T-Notes on Thursday. The auction produced an average accepted yield of 2.11%, which came in broadly in line with consensus and a tad above 2.08% achieved at a prior auction of similar maturity paper held in March. Reflecting strong investor demand, the bid-to-cover ratio was 3.40%. In total, the government plans to sell RON 2.5bn of debt in April, out of which RON 1bn is anticipated to come from T-bills and the rest from 3-, 5-, 7- and 10-year bonds.

### SERBIA

The Public Debt Administration sold on Thursday the planned RSD 10bn amount in 2-year government bonds at an average accepted yield of 8.63%, which came in below 9.09% produced at a prior auction of similar maturity paper held in March. The issue bears an 8% annual coupon and the auction's bid-to-cover ratio stood at 1.71%.

### CESEE MARKETS

majority of **emerging stock markets** moved higher in morning European trade on Friday, ahead of the non-farm payrolls report due later on the day. Trade volumes were thin as major US and European stock markets are closed until Monday for the Easter holidays. Indicatively, the MSCI Emerging Markets index stood 0.4% firmer at the time of writing near a 1-month peak of 997 points hit intraday, poised to end the week with gains in the tune of 4% thanks to a 4-session rally in Hong Kong-listed Chinese shares. With several indices in the region closed for the Easter holidays, **CESEE bourses** were little changed earlier today, while **CESEE currencies and government bonds** traded sideways. In the FX markets, the Turkish lira broadly underperformed its regional peers after March's CPI came in stronger-than-anticipated reviving concerns about a potential renewal of frictions between Prime Minister Tayyip Erdogan and the Central Bank. In more detail, annual CPI rose to 7.61% last month from 7.55% in February, outpacing consensus expectations and rising for the second month running. It is also worth noting that inflation has remained firmly above the CBT's 5% target since April 2011. Along these lines, the USD/TRY rose by ca 0.5% on the day at the time of writing, hovering around levels of 2.5960. The pair's technical picture suggests that a break above today's intraday high of 2.5970 may pave the way towards 2.6240 (March 27, high) ahead of strong resistance of 2.6480 (March 13 record peak). The Serbian dinar was little changed at the time of writing, a day after the Central Bank intervened in the FX markets purchasing euros, just below EUR/RSD levels of 120, to stem further appreciation pressures on the currency, which was largely buoyed by a well-received T-Notes auction and the positive impact from the ECB's QE on the region's assets. The upcoming release of the US non-farm payrolls report takes centre stage today. With investors' focus over recent months being primarily on the timing and pace of the Fed's looming monetary policy tightening, a positive surprise in the NFP is likely to weigh on regional assets.

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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	2.25	2.00

\* on a cash basis

Source: EC Economic Forecasts, Reuters, Eurobank Global Markets Research, local authorities

SERBIA: Indicators	2013	2014e	2015f
Real GDP growth %	-1.5	-1.8	-0.5
CPI (pa, yoy %)	7.8	2.0	3.5
Budget Balance/GDP	-6.5	-7.1	-5.5
Current Account/GDP	-6.1	-6.1	-6.0
EUR/RSD (eop)	114.60	120.96	125.00
	2014	current	2015f
Policy Rate (eop)	8.00	7.50	7.50

Source: EC Economic Forecasts, Reuters, Bloomberg, Eurobank Global Markets Research, local authorities



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 Economic Analysis and Financial Markets 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	2066.96	0.4%	0.4%	EUR/USD	1.0881	0.0%	-10.1%	UST - 10yr	1.91	0	-26	GOLD	1202	-0.1%	1.4%
Nikkei 225	19435.08	0.6%	11.4%	GBP/USD	1.482	-0.1%	-4.9%	Bund-10yr	0.19	3	-35	BRENT CRUDE	176	0.0%	0.2%
STOXX 600	397.80	-0.2%	16.1%	USD/JPY	119.68	0.0%	0.0%	JGB - 10yr	0.37	3	4	LMEX	2755	-0.1%	-5.5%

## CESEE

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	on	-2	-406
1-week	6.48	-5	-353
1-month	7.18	-3	-287
3-month	7.65	-3	-220
6-month	7.98	-3	-181

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	8.95	7	-10
5Y RSD	9.93	0	-25
7Y RSD	10.49	1	-159

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.62	0	-64
USD Nov-24	6.43	0	-16

## CDS

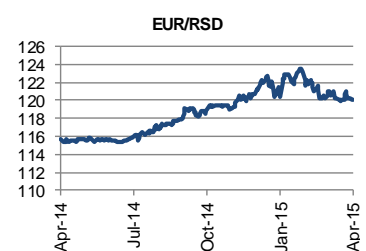
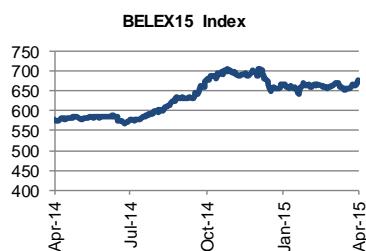
	Last	ΔDbps	ΔYTD bps
5-year	230	-3	-60
10-year	282	0	-74

## STOCKS

	Last	ΔD	ΔYTD
BELEX15	677.5	0.63%	1.57%

## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	119.94	0.10%	1.18%



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.36	1	179
1-month	1.53	2	62
3-month	1.49	1	-21
6-month	1.69	0	-32
12-month	1.7	0	-32

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	2.10	0	-21
5Y RON	2.34	-1	-37
10Y RON	3.29	0	-37

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.33	1	-40
USD Aug-23	3.32	-3	-30

## CDS

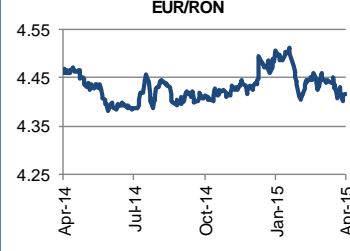
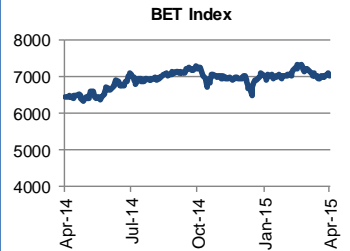
	Last	ΔDbps	ΔYTD bps
5-year	105	-6	-38
10-year	149	-7	-38

## STOCKS

	Last	ΔD	ΔYTD
BET	7030.3	-1.01%	-0.74%

## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4157	0.03%	1.54%



## BULGARIA

## Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.16	0	-5
3-month	0.36	0	-7
6-month	0.71	1	-9
12-month	1.30	0	-21

## BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.56	0	-48
5Y BGN	0.86	0	-59
10Y BGN	2.05	0	-70

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.75	0	-41
EUR Sep-24	3.06	-619	19

## CDS

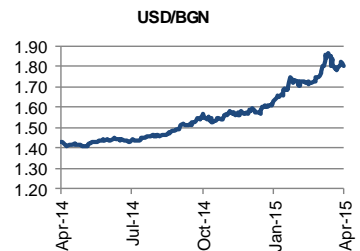
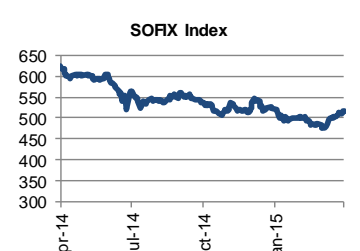
	Last	ΔDbps	ΔYTD bps
5-year	160	-1	-31
10-year	207	-1	-34

## STOCKS

	Last	ΔD	ΔYTD
SOFIX	516.5	-0.15%	-1.07%

## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7975	0.01%	-10.07%



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

Data updated as of 13:00 EET

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