DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Monday, April 06, 2015

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- April 6
  - Catholic Easter Monday
  - ISM non-manuf. (Mar)
- April 8
  - FOMC March 17-18 meeting minutes
  - Fed's Dudley speaks
- April 9: Initial jobless claims (Apr 4)

EUROZONE

- April 7: PMI services (f, Mar)

GREECE

- April 9
  - HICP/CPI (Mar)
  - Labour Force Survey (Jan)
  - Industrial Prod. (Feb)
  - April 10: Good Friday

CYPRUS

- April 7: HICP (Mar)

SEE

BULGARIA

- April 6: 2018 T-Notes auction
- April 7: FX reserves (Mar)
- April 8
  - Industrial prod. (Feb)
  - Retail sales (Feb)
- April 9: U/E rate (Mar)

ROMANIA

- April 6: Net wages (Feb)
- April 7: GDP (Q4, f)
- April 9
  - Industrial prod. (Feb)
  - Trade balance (Feb)
  - RON 300mn T-Bonds auction
- April 7
  - CPI (Mar)
  - CAD (Feb)

SERBIA

- April 9: MPC meeting

Source: Reuters, Bloomberg, Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The majority of Asian stock markets kicked off the week on a positive footing after downbeat US data released on Friday stirred speculation that the Fed may delay its rate- hiking cycle, expected to incept later in the year. Against this backdrop, US Treasury yields fell and the USD remained under pressure in European trade on Monday.

GREECE: In a brief statement issued after her unscheduled meeting with the Greek Minister of Finance in Washington y-day, IMF Managing Director Christine Lagarde confirmed that official discussions between Greece's negotiating team and the representatives of the four Institutions are expected to resume today (Monday, April 6) and the Greek government will pay a c. €442bn interest payment to the Fund due on Thursday.

SOUTH EASTERN EUROPE

BULGARIA: The domestic equity market extended its recent rally last week, on improving sentiment towards the country's assets amid ongoing government discussions, namely over changes on the pensions reform and land ownership restrictions.

ROMANIA: The EUR/RON closed lower on a weekly basis to stand near 4.4150 on Friday's settlement, remaining within distance from the previous week's two-month low of 4.3980, with the MPC's decision on Tuesday having a limited impact as it had been broadly priced in.

SERBIA: The EUR/RSD remained trapped within a tight range of 119.60/80-120.15/35 last week as renewed Central Bank interventions at levels just below 120.00 capped any further upside RSD pressures.

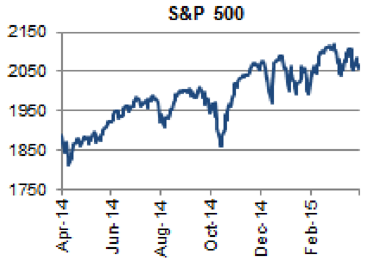
CESEE MARKETS: **Emerging stock markets** closed broadly higher on Friday in the wake of the disappointing US NFP data. In view of improving risk sentiment, **CESEE currencies and government bonds** broadly firmed on Friday.

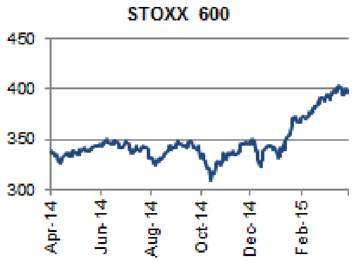
Latest world economic & market developments

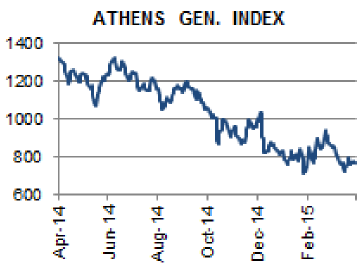
GLOBAL MARKETS

The majority of Asian stock markets rose on Monday after downbeat US data released on Friday stirred speculation that the Fed may delay its rate-hiking cycle, expected to incept later in the year. Trade volumes remained thin as major European bourses are closed for the Easter holidays, due to reopen on Tuesday. Meanwhile, futures pointed to a lower open in Wall Street, after being closed for the Good Friday holiday on April 3. In more detail, US nonfarm payrolls increased by 126k in March, marking the smallest gain since December 2013 and coming in well below a market consensus for a rise of 245k after a downwardly revised 264k advance (from 295k initially reported) in the prior month. Against this backdrop, US Treasury yields fell and the USD remained under pressure in European trade on Monday. Indicatively, the 2-and 10-year benchmark Treasury yields both hit 2-month lows near 0.4760% and 1.8240%, respectively, earlier today. Separately, the EUR/USD hovered around levels of 1.0973/77 in European trade, standing within distance from a multi-session high of 1.1026 hit on Friday and moving further away from a 12-year low of 1.0457 hit in mid-March.

gphoka@eurobank.gr







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

GREECE

In a brief statement issued after her unscheduled meeting with the Greek Minister of Finance in Washington on Catholic Easter Sunday (y-day, March 5), IMF Managing Director Christine Lagarde confirmed that official discussions between Greece's negotiating team and the representatives of the four Institutions are expected to resume today (Monday, April 6) and the Greek government will pay a c. €442bn interest payment to the Fund due on Thursday. In more detail, the said statement read that the IMF Managing Director expressed her appreciation of the Greek Minister's "commitment to improve the technical teams' ability to work with the authorities to conduct the necessary due diligence in Athens, and to enhance the policy discussions with the teams in Brussels, both of which will resume promptly on Monday". In addition, the statement also read that both the IMF Managing Director and the Greek Minister "noted that continuing uncertainty is not in Greece's interest" and the former "welcomed confirmation by the Minister that payment owing to the Fund would be forthcoming on April 9."

ppetropoulou@eurobank.gr

Latest world economic & market developments in the CESEE region

BULGARIA

The domestic equity market extended its recent rally last week, on improving sentiment towards the country's assets amid ongoing government discussions over changes on the pensions reform and land ownership restrictions. Upbeat corporate earnings reports and dividend distributions also favoured. In more detail, the main SOFIX index added 0.9% on a weekly basis, having hit a 3-month intraday high on Thursday. Separately, government bonds were little changed in the aftermath of the previous week's rally. Taking into account the strong Q1 2015 budget performance (surplus of BGN 250mn or 0.3% of GDP), MinFin cancelled the planned 3-year T-notes auction scheduled for April 6th. In line with the latter, the 5-year T-Notes tender scheduled for April 20th is likely to be cancelled as well.

VBoteva@postbank.bg

ROMANIA: Indicators	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,

ROMANIA

The EUR/RON closed lower on a weekly basis to stand near 4.4150 on Friday's settlement, remaining within distance from the previous week's two-month low of 4.3980, with the MPC's decision on Tuesday having a limited impact as it had been broadly priced in. On Monday, the central bank organized a one week repo operation injecting RON 950mn into the market as O/N rates spiked to 2.30% from around 0.60% previously on the back of high monthly and quarterly tax payments. The repo operation, the first one since October 2014, confirms NBR's commitment to keep RON rates low. This was also evidenced by last week's monetary policy decision. In support of the aforementioned, the repo operation helped stem the recent rise in RON rates, with 1-12M implied rates from swaps closing the week little changed compared to their levels on the prior Friday. Separately, the MoF announced a light primary market calendar for April, with RON 1bn in T-Bills and only RON 1.5bn in T-bonds, out of which only RON 400mn are of maturities above 5Y. Despite the NBR cut and a light auction calendar planned for this month, the bond market remained under bear steepening pressure, with the 10Y bond yields moving some 5bps higher from the previous week's close.

Bogdan.Radulescu@bancpost.ro

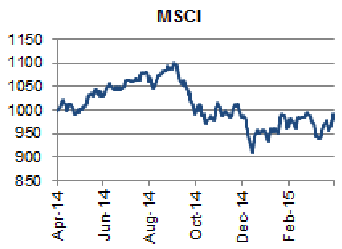
SERBIA: Indicators	2013	2014e	2015f
Real GDP growth %	-1.5	-1.8	-0.5
CPI (pa, yoy %)	7.8	2.0	3.5
Budget Balance/GDP	-6.5	-7.1	-5.5
Current Account/GDP	-6.1	-6.1	-6.0
EUR/RSD (eop)	114.60	120.96	125.00
	2014	current	2015f
Policy Rate (eop)	8.00	7.50	7.50

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

SERBIA

The EUR/RSD remained trapped within a tight range of 119.60/80-120.15/35 last week as renewed Central Bank interventions at levels just below 120.00 capped any further upside RSD pressures. In line with the amounts purchased in earlier interventions, NBS bought around €40mn cumulatively this week. Including last week's figures, the Central Bank has bought ca €300mn so far this year. Looking ahead, NBS is likely to maintain the pace of its FX purchases making the current trading range too narrow for any kind of profitable short term positions. Meanwhile, a heavy RSD-denominated T-bond schedule is likely to keep the market strongly EUR-offered.

Zoran.Korac@eurobank.rs



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

CESEE MARKETS

Emerging stock markets closed broadly higher on Friday, as disappointing US data stirred speculation about a potential delay in the inception of the Fed's monetary tightening cycle later in the year. Trade volumes were thin as major US and European bourses were closed for the Easter holidays. The MSCI Emerging Markets index ended 0.8% higher at 4-month peak, registering weekly gains of 4.5%. In view of improving risk sentiment, **CESEE currencies and government bonds** broadly firmed on Friday. The Turkish lira advanced ca 0.7% on the day to 2.5660/USD, while Hungary's 10-year T-bond yield eased ca 5bps after the US NFP data.

gphoka@eurobank.gr

GLOBAL MARKETS

Stock markets

	Last	ΔD	ΔYTD
S&P 500	2066.96	0.4%	0.4%
Nikkei 225	19435.08	0.6%	11.4%
STOXX 600	397.80	-0.2%	16.1%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.0988	1.0%	-9.2%
GBP/USD	1.4911	0.6%	-4.3%
USD/JPY	118.92	0.7%	0.6%

Government Bonds

(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	1.84	-7	-33
Bund-10yr	0.19	3	-35
JGB - 10yr	0.37	3	4

Commodities

	Last	ΔD	ΔYTD
GOLD	1211	0.7%	2.2%
BRENT CRUDE	176	0.0%	0.2%
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	9.97	4	-21
7Y RSD	10.51	2	-157

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.63	1	-63
USD Nov-24	6.43	0	-16

CDS

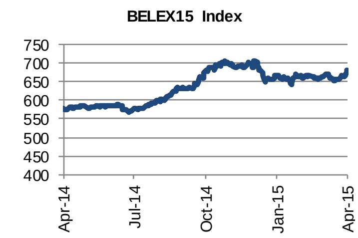
	Last	ΔDbps	ΔYTD bps
5-year	230	-3	-60
10-year	282	0	-74

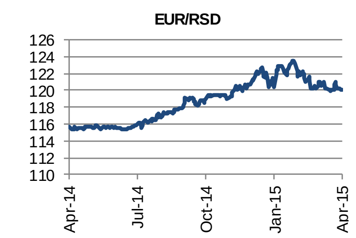
STOCKS

	Last	ΔD	ΔYTD
BELEX15	679.8	0.96%	1.91%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.11	-0.05%	1.03%





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	2.09	0	-22
5Y RON	2.34	-1	-37
10Y RON	3.28	-1	-38

RO Eurobonds

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

CDS

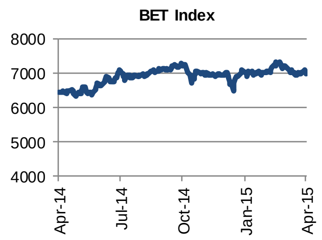
	Last	ΔDbps	ΔYTD bps
5-year	105	-6	-38
10-year	149	-7	-38

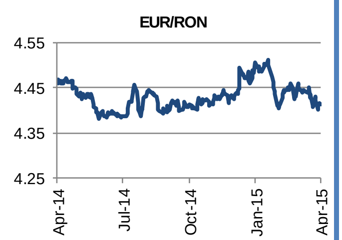
STOCKS

	Last	ΔD	ΔYTD
BET	6972.6	-1.82%	-1.56%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4131	0.09%	1.60%





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	0.55	-1	-49
5Y BGN	0.84	-2	-60
10Y BGN	2.03	#N/A N/A	-72

BG Eurobonds

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

CDS

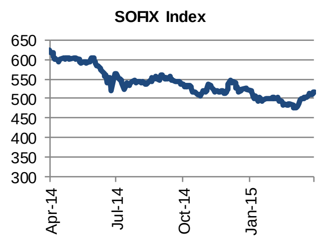
	Last	ΔDbps	ΔYTD bps
5-year	160	-1	-31
10-year	207	-1	-34

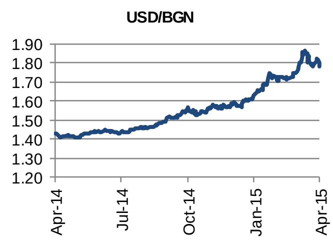
STOCKS

	Last	ΔD	ΔYTD
SOFIX	516.5	-0.15%	-1.07%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.78	0.99%	-9.19%





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

Data updated as of 18:40 EET of prior session

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*
pmonokrousos@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 3337305

Stylianos Gogos: *Economic Analyst*
sgogos@eurobank.gr + 30 210 3337004

Olga Kosma: *Economic Analyst*
okosma@eurobank.gr + 30 210 3337249

Arkadia Konstantopoulou: *Research Assistant*
arkonstantopoulou@eurobank.gr + 30 210 337037

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

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 3718995

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
Follow us on twitter: http://twitter.com/Eurobank