Eurobank Global Markets Research

www.eurobank.gr/research EurobankGlobalMarkets Research@eurobank.gr

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
 - o ISM non-manuf. (Mar)
- April 8
 - FOMC March 17-18 meeting minutes
 - o 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)
 - o Industrial Prod. (Feb)
 - April 10: Good Friday

CYPRUS

• April 7: HICP (Mar)

<u>SEE</u>

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
 - o Industrial prod. (Feb)
 - Trade balance (Feb)
 - RON 300mn T-Bonds auction
- April 7
 - o CPI (Mar)
 - o 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.

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 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.

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION



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

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION



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

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

SERRIA

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

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

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,

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

	or care r	ta cirigo	
L-T ccy	Moody's	S&P	Fitch
SERBIA	B1	BB-	B+
ROMANIA	Ваа3	BBB-	BBB-
BULGARIA	Baa2	BB+	BBB-
CYPRUS	В3	B+	B-

Source: IMF, EC, Reuters, Bloomberg, National Authorities, Eurobank Economic Analysis and Financial Markets Research

Eurobank Global Markets Research

GLOBAL MARKETS
Stock markets

Last

2066.96

ΔD

0.4%

ΔΥΤΟ

0.4%

FOREX

EUR/USD

Last

1.0988

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

ΔΥΤΟ

-9.2%

1.0%

Government Bonds

Last

1.84

ΔDbps ΔYTD bps

(yields)

UST - 10yr



ΔD

0.7%

0.0%

-0.1%

ΔYTD

2.2%

0.2%

-5.5%

Commodities

GOLD

-33

Last

1211

176

2755

April 6, 2015

S&P 500

S&P 500	2066.96	0.4%	0.4%	EUR/USD	1.0988	1.0%	-9.2%	UST -	- 10yr 1.84		-7 -	33 GOLD
likkei 225	19435.08	0.6%	11.4%	GBP/USD	1.4911	0.6%	-4.3%	Bund	1-10yr 0.1 9)	3 -	35 BRENT C
TOXX 600	397.80	-0.2%	16.1%	USD/JPY	118.92	0.7%	0.6%	JGB -	10yr 0.37	,	3	4 LMEX
ESEE												
ERBIA				ROMANIA				BULGARIA				
Money Mark				Money M					Money Marke	_		
ELIBOR	Last	ΔDbps	ΔYTD bp:		Last	ΔDbps	∆YTD b		SOFIBOR	Last	ΔDbps	ΔYTD bps
T/N	on	-2	-406	O/N	2.36	1	179		LEONIA	0.01	0	-1
-week	6.48	-5	-353	1-month	1.53	2	62		1-month	0.16	0	-5
-month	7.18	-3	-287	3-month	1.49	1	-21	_	3-month	0.36	0	-7
-month	7.65	-3	-220	6-month	1.69	0	-32		6-month	0.71	1	-9
-month	7.98	-3	-181	12-month	1.7	0	-32	_	12-month	1.30	0	-21
S Local Bon	ds			RO Local I	Bonds				BG Local Bon	ds		
	Last	ΔDbps	ΔYTD bp:	s	Last	ΔDbps	∆YTD b	ps	(yields)	Last	ΔDbps	ΔYTD bps
Y RSD	8.95	7	-10	3Y RON	2.09	0	-22		3Y BGN	0.55	-1	-49
Y RSD	9.97	4	-21	5Y RON	2.34	-1	-37		5Y BGN	0.84	-2	-60
Y RSD	10.51	2	-157	10Y RON	3.28	-1	-38		10Y BGN	2.03	#N/A N/A	-72
S Eurobond	ls			RO Eurob	onds				BG Eurobond	s		
	Last	ΔDbps	ΔYTD bp:		Last	ΔDbps	ΔYTD b	ps		Last	ΔDbps	ΔYTD bps
SD Nov-17	3.63	1	-63	EUR Sep-2		1	-40		EUR Jul-17	0.75	0	-41
SD Nov-24	6.43	0	-16	USD Aug-	23 3.32	-3	-30		EUR Sep-24	3.06	-619	19
DS				CDS					CDS			
<i>D3</i>	Last	ΔDbps	ΔYTD bp:		Last	ΔDbps	ΔYTD b	nns	<u>CD3</u>	Last	ΔDbps	ΔYTD bps
-year	230	-3	-60	5-year	105	-6	-38		5-year	160	-1	-31
0-year	282	0	-74	10-year	149	-7	-38		10-year	207	-1	-34
TOCKS				STOCKS					STOCKS			
	Last	ΔD	ΔΥΤΟ	0.57	Last	ΔD	ΔΥΤΕ			Last	ΔD	ΔYTD
ELEX15	679.8	0.96%	1.91%	BET	6972.6	-1.82%	-1.56	%	SOFIX	516.5	-0.15%	-1.07%
OREX				FOREX					FOREX			
	Last	ΔD	ΔYTD		Last	ΔD	ΔΥΤΕ			Last	ΔD	ΔYTD
UR/RSD	120.11	-0.05%	1.03%	EUR/RON	4.4131	0.09%	1.609	%	USD/BGN	1.78	0.99%	-9.19%
					BE	T Index						
	BELEX15	Index										
750 —	BELEX15	Index		8000 —				-	650	SOFIX I	Index	
750 700	BELEX15	index		7000	***************************************	~~~~	 ^	- A	650 600	SUFIX	Index	
700 650	BELEX15	5 Index	~	7000		~~~	~ ~	- •	600 550	SUFIX	Index	
700 650 600 550	BELEX15	index	~~	7000	Market	~~~	···^	- •	600	SOFIX	Index	<u></u>
700 650 600 550 500	BELEX15	index	~~~	7000	A Profession	-		- - -	550 500 450 400	SUFIX I	Index	<u></u>
700 650 600 550 500 450 400				7000 6000 5000 4000	A/A/1			- - -	550 500 450 400 350	No.	index	
700 650 600 550 500 450 400			n-15 -	7000 6000 5000 4000	- 11-14	ot-14 -	- dr-m	or-15	600 550 500 450 400 350 300	/////	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	
700 650 600 550 500 450	- 41-luC	Oct-14 - 14-17	Jan-15 -	7000	Jul-14 -	Oct-14 -	Jan-15 -	Apr-15 -	550 500 450 400 350	- 41-InC	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	Jan-10
700 650 600 550 500 450 400			Jan-15 -	7000 6000 5000 4000			Jan-15 -	Apr-15 -	600 550 500 450 400 350 300	/////	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	Jan-15
700 650 650 550 550 450 400 4400 400 71-1dV		Oct-14 -	Jan-15	4000 41-14 4000 41-14 4000 41-14		- 41-10 Oct-14 -	Jan-15 -	Apr-15 [⊥] >	600 550 500 450 400 350 300	/////	Oct-14 -	Jan-15
700 650 650 550 450 400 71-JdV	- Jul-14 -	Oct-14 -	Jan-15 -	7000 6000 5000 4000			Jan-15 -	Apr-15 -	600 550 500 450 400 350 300 47 1.90	Jul-14 -	Oct-14 -	Jan-15
700 650 650 550 500 450 400 4124 126 124 122	- Jul-14 -	Oct-14 -	Jan-15	4000 41-14 4000 41-14 4000 41-14			Jan-15 -	Apr-15 -	600 550 450 400 350 300 71-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-	Jul-14 -	Oct-14 -	clinac
700 650 650 550 500 450 440 440 440 440 440 440 4	- Jul-14 -	Oct-14 -	Jan-15 -	7000 6000 5000 4000 4.55 4.45			Jan-15	Apr-15 -	1.90 1.80 1.60	Jul-14 -	Oct-14 -	clives
700 650 650 550 500 450 400 450 400 451 400 451 400 451 400 451 400 451 400 451 451 451 451 451 451 451 451 451 451	- Jul-14 -	Oct-14 -	Jan-15	7000 6000 5000 4000 4000 4.55			- Gan-15	Apr-15 -	1.90 1.80 1.70 1.50	Jul-14 -	Oct-14 -	-ct-res
700 650 650 550 500 450 400 400 400 400 400 400 4	- Jul-14 -	Oct-14 -	Jan-15 -	7000 6000 5000 4000 71-id 4.55 4.45			~ *	Apr-15 -	1.90 1.80 1.60	Jul-14 -	Oct-14 -	Total Part of the
700 650 650 550 550 450 4400 4124 122 124 122 118 116 1114 1112	EUR/	Oct-14	Muna	7000 6000 5000 4000 1 1-d 4.55 4.45 4.25	EU	R/RON	~ *		1.90 1.80 1.70 1.50 1.40 1.30	USD/B	Oct -14 -	^^
700 650 650 550 550 400 400 124 122 122 122 120 118 114 114	- Jul-14 -	Oct-14	Muna	7000 6000 5000 4000 4.55 4.45			Jan-15 - Jan	Apr-15 Apr-15 Apr-15	1.90 1.80 1.60 1.50 1.70 1.60 1.50 1.30	Jul-14 -	GN Oct-14-	Jan-15 Jan-15 Apr-15

Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research Data updated as of 18:40 EET of prior session

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION



April 6, 2015

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

Ivan Radović

Head, Brokerage, Eurobank ad Beograd +381 11 30 27 533

Ivan.Radovic@eurobank.rs

Zoran Korac

FX dealer, Eurobank ad Beograd +381 11 206 5821

zoran.korac@eurobank.rs

Bogdan Radulescu, CFA Senior Trader, Bancpost

+40 21 3656291 bogdan.radulescu@bancpost.ro

Đorđe Lučić

Fixed Income Dealer, Eurobank a.d. Beograd +381 11 2065891

djordje.lucic@eurobank.rs

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.qr, +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

 $Eurobank \ Ergasias \ S.A, 8 \ Othonos \ Str. \ 105 \ 57 \ Athens, tel: +30 \ 210 \ 33 \ 37 \ 000, fax: +30 \ 210 \ 33 \ 37 \ 190, email: \\ \textbf{Eurobank Global Markets Research@eurobank.gr}$

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

