

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

April 1, 2014

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- Apr 1: ISM manuf (Mar)
- Apr 2: ADP employment chg (Mar)
- Apr 3
 - Initial jobless (Mar 28)
 - Trade balance (Feb)
- Apr 4
 - NFP report (Mar)
 - U/E rate (Mar)

EUROZONE

- Mar 31: HICP (Mar)
- Apr 1: PMI manuf (Apr, f)
- Apr 3
 - PMI services (Apr, f)
 - ECB policy rate announcement

SEE

SERBIA

- Mar 31
 - GDP (Q4, f)
 - IP (Feb)
 - Trade balance (Feb)
 - Retail sales (Feb)
 - 2-year RSD T-bonds auction

ROMANIA

- Apr 1: International reserves (Mar)
- Apr 2
 - Retail sales (Feb)
 - PPI (Feb)
 - GDP (Q4, f)

BULGARIA

- Mar 31: Budget balance (Feb)
- Apr 1: International reserves (Mar)

Source: Reuters, Bloomberg,
Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Tracking gains in Asia earlier today, major European bourses opened firmer on Tuesday supported by FOMC Chairman Janet Yellen's comments y-day which somewhat tempered market expectations for a sooner-than-previously expected rate hike. In FX markets, the EUR/USD was hovering slightly below 1.3800 having recovered from y-day's 1.3733 session low in spite of a bigger-than-expected drop in the Eurozone's March CPI.

GREECE: According to comments by Eurogroup President Jeoren Dijsselbloem, today's informal Eurogroup which takes place in Athens is expected to give the green light for the release of the next EU loan installment to Greece and specify its exact size and timeline of disbursements.

SOUTH EASTERN EUROPE

SERBIA: 2013 GDP growth came in at 2.5%, outpacing a flash estimate of 2.4%.

ROMANIA: MoF to issue RON 4.3bn in ROMGBs in April, below redemptions and coupon payments of RON 8bn for the month.

BULGARIA: The general government budget deficit improved further on annual basis in February, but at slower pace.

CESEE Markets: Emerging stock markets kicked off the week on a firm footing, after Sunday's local elections in Turkey. Hopes about diplomatic progress between Russia and the US, upbeat Q4 GDP and better-than-anticipated trade balance data from Turkey as well as comments by Fed Chair Janet Yellen on Monday, also provided support.

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Latest world economic & market developments

GLOBAL MARKETS

Tracking gains in Asia earlier today, major European bourses opened firmer on Tuesday supported by FOMC Chairman Janet Yellen's comments y-day which somewhat tempered market expectations for a sooner-than-previously expected rate hike. Official data from China showing that the manufacturing Purchasing Managers' Index edged up to 50.3 in March from a seven-month low of 50.2 in February against expectations for a modest cline to 50.1, also favored. In FX markets, the JPY remained under pressure in for the second session in a row weighed down by the weaker-than-expected Q1 2014 BoJ Tankan survey. Elsewhere, the EUR/USD was hovering slightly below 1.3800 having recovered from y-day's 1.3733 session low in spite of a drop in the Eurozone's March CPI to a four-year low of 0.5%YoY from 0.7%YoY in the prior month. Though the prospect of a rate cut at next week's ECB monetary policy meeting cannot be ruled out completely, the majority of market participants share the view that the Central Bank will probably stay put on interest rates on the basis that the March CPI decline was mainly driven by cyclical factors and does not necessarily suggest that the euro area has already embarked upon a deflationary cycle.

Greece

According to comments by Eurogroup President Jeoren Dijsselbloem, today's informal Eurogroup which takes place in Athens is expected to give the green light for the release of the next EU loan installment to Greece and specify its exact size and timeline of disbursements. The said installment will reportedly amount €8.3bn and will be split into three sub-tranches. As per the same press wires, the first one, amounting €6.3bn, will arrive in State coffers by April-end.

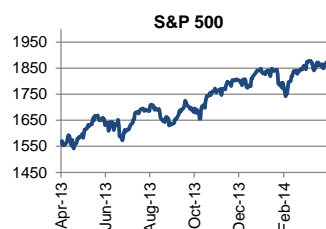
ppetropoulou@eurobank.gr

Latest developments in the CESEE region

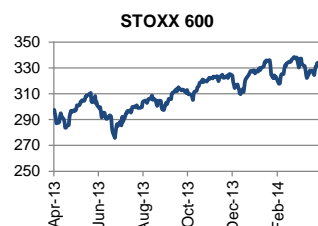
CESEE markets

Emerging stock markets kicked off the week on a firm footing, after Sunday's local elections in Turkey showed a clear victory for the ruling AK Party, alleviating concerns about domestic political uncertainty. Hopes about diplomatic progress between Russia and the US, upbeat Q4 GDP and better-than-anticipated trade balance data from Turkey as well as comments by Fed Chair Janet Yellen on Monday, also provided support. Against this backdrop, the MSCI emerging equities index firmed for the 7th consecutive session on Monday, ending 0.99% higher at a new 3-month peak of 994.65pts. The index registered monthly gains of ca 3% in March as sentiment towards the region improved over the last few weeks on optimism about eventually easing geopolitical tensions in Ukraine after Crimea's annexation to the Russian Federation, and expectations about stimulus measures from the Chinese authorities aimed at supporting the domestic economy. Bourses in the CESEE region were mixed on Monday, with Poland's WIG outperforming its regional peers with gains of 1.05%. Turkey's BIST 100 followed suit with a 0.90% rise, while equity markets in Romania, Serbia and Ukraine closed marginally lower. Separately, **CESEE currencies** broadly firmed yesterday, with the Turkish lira leading the winners' pack in the wake of the municipal elections and upbeat macro data. As a result, the USD/TRY plummeted to a 3-month trough of 2.1350 intraday on Monday from 2.1868 on Friday's settlement. Elsewhere, the Hungarian forint spiked to a 2-month peak of 306.78/EUR ahead of the April 6 general elections and following a higher-than-expected Q4 current account surplus.

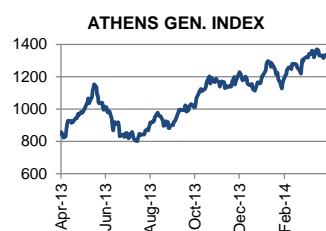
gphoka@eurobank.gr



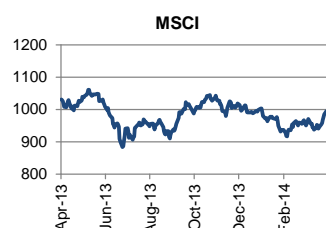
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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Source: Reuters, Bloomberg, Eurobank Global Markets Research

L-T ccy	Moody's	S&P	Fitch
SERBIA	B1	BB-	B+
ROMANIA	Baa3	BB+	BBB-
BULGARIA	Baa2	BBB	BBB-
CYPRUS	Caa3	B-	B-

Source: Reuters, Bloomberg, Eurobank Global Markets Research

SERBIA: Indicators	2012	2013e	2014f
Real GDP growth %	-1.5	2.4	1.0
CPI (pa, yoy %)	7.8	7.8	3.5
Budget Balance/GDP	-6.4	-6.5	-7.4
Current Account/GDP	-10.9	-4.6	-3.4
EUR/RSD (eop)	112.37	114.57	118.00
	2013	current	2014f
Policy Rate (eop)	9.50	9.50	9.50

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

SERBIA

(Belgrade, 31/3/2014, 18:10 CET): **Latest Political & Macro Developments:** The Statistical Office of the Republic of Serbia announced on Monday that according to final estimates, real GDP grew by 2.7%YoY in Q4 2013, marking a slowdown from 3.8%YoY a quarter earlier. For the whole of 2013, final GDP growth came in at 2.5%YoY, a tad higher compared to a previous flash estimate of 2.4%YoY. **Market Developments:** The EUR/RSD was trapped within a tight range of 115.35/55 – 115.45/65 on Monday in the wake of Friday's Central Bank intervention in the FX markets aimed at halting the dinar's recent appreciating momentum. Elsewhere, the Belex15 index closed in a marginally negative territory, registering daily losses to the tune of 0.16%.

Zoran.Korac@eurobank.rs

ivan.radovic@eurobank.rs

ROMANIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.7	3.5	2.7
CPI (pa, yoy %)	3.3	4.0	3.8
Budget Balance/GDP	-3.0	-2.6	-2.2
Current Account/GDP	-4.4	-1.0	-1.2
EUR/RON (eop)	4.44	4.46	4.70
	2013	current	2014f
Policy Rate (eop)	4.00	3.50	3.50

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

ROMANIA

(Bucharest, 1/4/2014, 09:10 EET): **Latest Political & Macro Developments:** The Ministry of Finance published on Monday the public debt issuance calendar for April, targeting proceeds of RON 4.3bn, nearly half the RON 8bn redemptions and coupon payments at the end of the month. **Market Developments:** The EUR/RON was little changed on Monday, consolidating near levels of 4.4550/650, following a ca 1.5% drop in the second half of March. Portfolio reshuffling was witnessed in government bonds on Monday, as traders prepare for the April primary market public debt auctions, with some small losses evidenced in particular maturities. However, there was no significant change in overall yields.

Bogdan.Radulescu@bancpost.ro

BULGARIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.6	0.8	1.8
CPI (pa, yoy %)	3.0	0.9	1.5
Budget Balance/GDP	-0.5	-1.9	-1.8
Current Account/GDP	-1.3	2.0	1.0
EUR/BGN (eop)		1.95583	
	current	2013	2014f
Policy Rate (eop)	N/A	N/A	N/A

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

BULGARIA

(Sofia, 31/3/2014, 17:40 EET): **Latest Political & Macro Developments:** Bulgaria's general government budget deficit narrowed by 6%YoY to BGN 688.2mn in February. Revenues and grants rose by 9.8%YoY to BGN 4 202.8mn, thus fulfilling up to 13.5% of the annual plan for 2014. Meanwhile, fiscal reserves amounted to BGN 6.1bn over the said month, out of which BGN 4.2bn were placed in bank deposits and BGN 1.9bn in EU fund receivables for certified expenditure and advance payments. **Market Developments:** The domestic stock market moved broadly higher on Monday, with the main SOFIX index closing in a marginally positive territory of 600.32 points and the broader equally-weighted index BG TR30 surging by 0.65%.

VBoteva@postbank.bg

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	1872.34	0.8%	1.3%	EUR/USD	1.3777	0.1%	0.2%	UST - 10yr	2.74	2	-29	GOLD	1285	0.1%	6.6%
Nikkei 225	14798.99	-0.2%	-9.2%	GBP/USD	1.6664	0.0%	0.7%	Bund-10yr	1.57	0	-36	BRENT CRUDE	167	-0.1%	0.0%
STOXX 600	334.31	0.2%	1.8%	USD/JPY	103.25	0.0%	2.0%	JGB - 10yr	0.62	-2	-12	LMEX	2997	0.1%	-5.1%

SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	7.93	1	-8
1-week	8.16	-1	-12
1-month	8.45	-1	-13
3-month	8.83	-2	-5
6-month	9.06	-1	-9

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	10.20	0	24
5Y RSD	11.40	0	-142
7Y RSD	12.12	0	-168

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	4.08	0	-92
USD Nov-24	5.36	-129	-998

CDS

	Last	ΔDbps	ΔYTD bps
5-year	332	-3	-77
10-year	371	-3	-76

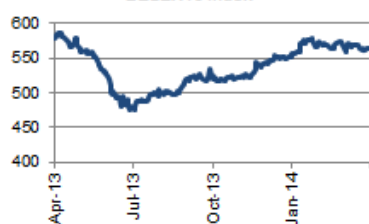
STOCKS

	Last	ΔD	ΔYTD
BELEX15	564.2	-0.16%	1.11%

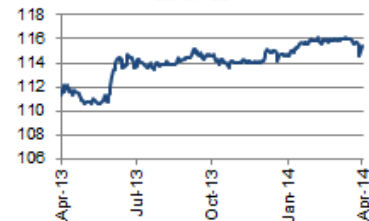
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	115.3	-0.01%	-0.63%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.24	0	50
1-month	2.23	0	35
3-month	2.97	0	53
6-month	3.33	0	34
12-month	3.38	0	23

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.81	0	-14
5Y RON	4.51	0	-14
10Y RON	5.33	0	3

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	3.44	0	-41
USD Aug-23	4.54	0	-27

CDS

	Last	ΔDbps	ΔYTD bps
5-year	167	0	-18
10-year	219	7	-14

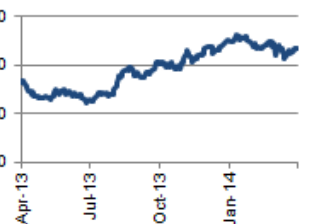
STOCKS

	Last	ΔD	ΔYTD
BET	6323.7	-0.12%	-2.62%

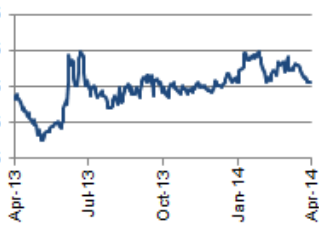
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4621	-0.01%	0.24%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.06	2	-1
1-month	0.29	1	-3
3-month	0.56	0	-9
6-month	1.08	0	-8
12-month	2.09	1	-11

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.98	0	-12
5Y BGN	1.61	0	-23
10Y BGN	3.27	0	-22

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.68	-2	11
EUR Jul-17	1.41	0	-39

CDS

	Last	ΔDbps	ΔYTD bps
5-year	127	0	4
10-year	175	0	1

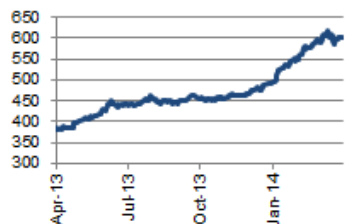
STOCKS

	Last	ΔD	ΔYTD
SOFIX	600.3	0.05%	22.14%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.4197	0.04%	0.24%

SOFIX Index



USD/BGN



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 09:15 EET

Contributors to this issue

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

Paraskevi Petropoulou

G10 Markets Analyst, Eurobank Ergasias

+30 210 3718991

ppetropoulou@eurobank.gr

Galatia Phoka

Emerging Markets Analyst, Eurobank Ergasias

+30 210 3718922

galatia.phoka@eurobank.gr

Ivan Radović

Head, Brokerage Department, 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 Global Markets Research

Global Markets Research Team

Dr. Platon Monokrousos: Head of Global Markets
Research pmonokrousos@eurobank.gr, +30 210 37 18 903

Paraskevi Petropoulou: G10 Markets Analyst
ppetropoulou@eurobank.gr, +30 210 37 18 991

Galatia Phoka: Emerging Markets Analyst
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 International Sales
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

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