

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

April 29, 2014

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL US

- Apr 28: Pending home sales (Mar)
- Apr 29: Cons conf (Apr)
- Apr 30
  - ADP employment (Apr)
  - Chicago PMI (Apr)
  - FOMC decision
- May 1
  - Initial jobless claims (Apr 26)
  - ISM manuf (Apr)
- May 2
  - NFP report (Apr)
  - U/E rate (Apr)

### EUROZONE

- Apr 29: Economic Sentiment Indicator (Apr)
- Apr 30: HICP (Apr)

### SEE SERBIA

- April 30
  - GDP (Q1, p)
  - IP (Mar)
  - Trade balance (Mar)
  - Retail sales (Mar)

### ROMANIA

- May 2: Intl reserves (Apr)

### BULGARIA

- Apr 28: EUR 25mn 2021 bonds auction
- Apr 30: Budget (Mar)
- May 1: Intl reserves (Apr)

Source: Reuters, Bloomberg,  
Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Asian stock markets were broadly mixed on Tuesday as geopolitical jitters in Ukraine persist. Moreover, investors are cautious ahead of a string of key macroeconomic data from the Eurozone, UK and US in the coming days as well as the FOMC monetary policy meeting announcement on Wednesday. Elsewhere, European bourses opened broadly higher today, favored by a rally in technology shares. In the FX markets, the euro retained a firm tone in European trade on Tuesday supported by ECB policy makers' comments which mitigated expectations for the adoption of a QE program any time soon. Expectations that April's Eurozone preliminary CPI report, due on Wednesday, will show a bounce in the headline index from last month's four-year lows, also favored the common currency.

### SOUTH EASTERN EUROPE

**SERBIA:** According to Ministry of Finance data, the government budget increased by RSD 38.4bn in March.

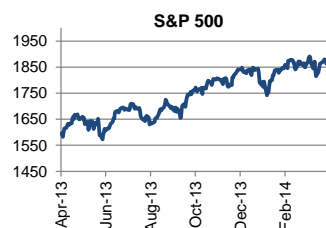
**ROMANIA:** MoF budget execution data for March unexpectedly showed a surplus of RON 2.1bn.

**BULGARIA:** According to BNB monetary statistics, total loans of the non-government sector rose by 1.4%YoY to BGN 55.087bn, while NPLs decreased by 0.29ppts to 22.48% of the total loan portfolio.

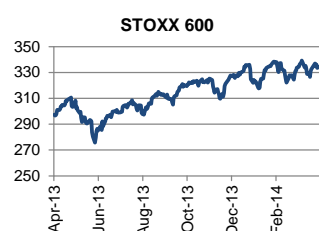
**CESEE Markets: Emerging stock markets** closed modestly lower on Monday, having erased part of their earlier losses after new sanctions imposed against Russia from the US and the EU eased concerns about direct negative repercussions on the Russian economy.

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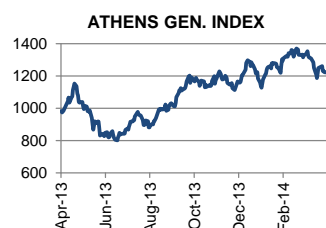
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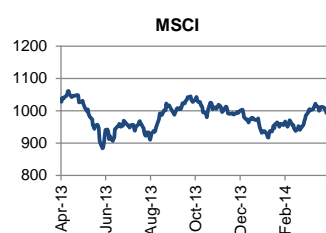
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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Source: Reuters, Bloomberg, Eurobank Global Markets Research



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Credit Ratings			
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

## Latest world economic & market developments

### GLOBAL MARKETS

**Asian stock markets** were broadly mixed on Tuesday as geopolitical jitters in Ukraine persist. Moreover, investors are cautious ahead of a string of key macroeconomic data from the Eurozone, UK and US in the coming days as well as the FOMC monetary policy meeting announcement on Wednesday. Elsewhere, **European bourses** opened broadly higher today, favored by a rally in technology shares, while a number of positive corporate earnings results also provided support. **In the FX markets**, the euro retained a firm tone in European trade on Tuesday supported by ECB policy makers' comments which mitigated expectations for the adoption of a QE program any time soon. Expectations that April's Eurozone preliminary CPI report, due on Wednesday, will show a bounce in the headline index from last month's four-year lows, also favored the common currency. Against this background, the EUR/USD was hovering around 1.3865/70 at the time of writing, within distance from a multi-session high of 1.3880 hit in the prior session.

## Latest developments in the CESEE region

### CESEE markets

**Emerging stock markets** closed modestly lower on Monday, having erased part of their earlier losses after new sanctions imposed against Russia from the US and the EU eased concerns about direct negative repercussions on the Russian economy. In more detail, the White House announced on Monday the imposition of sanctions against seven Russians and 17 companies linked to President Vladimir Putin. Meanwhile, on the same day, the EU added 15 more individuals to a list of persons facing asset freezes and visa bans. Against this backdrop, the broad MSCI emerging stocks index closed in a marginally negative territory having regained some ground after hitting a 1-month trough at 991.91 points intraday. The majority of bourses in the **CESEE** region moved lower as persisting geopolitical jitters in Ukraine continue to weigh on investor sentiment. Mounting domestic political uncertainty in Slovenia added to the region's negatives, after Prime Minister Alenka Bratusek lost the leadership of her Positive Slovenia party over the weekend, fanning speculation about her imminent resignation as soon as today and stirring concerns about potential delays in economic reforms. Bucking Monday trend in the CESEE region, Turkey's BIST 100 index registered daily gains of 1.41% and bounced from a near 1-month trough hit earlier in the session, led higher by rising shares in the country's largest mobile phone company Turkcell after a court decision which opens the door for the resolution of a dispute among the operator's shareholders. An almost 8%MoM rise in April's consumer confidence index to a 9-month peak of 78.5 points also favoured. In the **FX markets**, CESEE currencies broadly firmed, with the Turkish lira outperforming its regional peers. The Central Bank's quarterly Inflation Report due on April 30, is anticipated to be closely scrutinized by market participants for any hints on the Bank's policy deliberations ahead. Indicatively, the USD/TRY slid as far as a 2-week low of 2.1222 at some point on Monday, from Friday's 2.1341 settlement.

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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, 28/4/2014, 15:20 CET): **Latest Political & Macro Developments:** According to Ministry of Finance data, the government budget increased by RSD 38.4bn in March, bringing the shortfall for the first three months of the year to RSD 71.8bn (€620mn). This comes against a full-year government budget deficit target (unconsolidated) of RSD 182.5bn. At the same time, public debt increased by €109mn in March, to a total of €20.5bn or 62.3% of the projected GDP in Q1 2014. **Market Developments:** The recently elected Prime Minister held yesterday a three hour speech where he outlined his future plans of economic reforms and significant budget consolidation. In response, the EUR/RSD ended at 115.55/75 on Monday from 115.65/85 on Friday's close.

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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, 29/4/2014, 09:30 EET): **Latest Political & Macro Developments:** According to MoF budget execution data for March, the central government budget unexpectedly posted a surplus of RON 2.1bn. This may also partially explain the tight RON liquidity in the money market over the recent past. **Market Developments:** The EUR/RON remained in a tight 4.4500/580 range on Monday. In money markets, the O/N rate implied from swaps traded around 4.0%, above the monetary policy rate of 3.5%. Meanwhile, government bonds modestly retreated, with the yield curve moving ca 5bps higher across the board.

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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, 28/4/2014, 17:35 EET): **Latest Political & Macro Developments:** According to BNB monetary statistics, non-government sector deposits increased by 8.6%YoY in March to BGN 57.718 bn. On the other hand, total loans rose by 1.4%YoY to BGN 55.087bn, following growth of 0.7%YoY a month earlier. The highest increase was observed in loans extended to financial institutions (+11.3%YoY), while the lowest was in households' lending (+0.3%YoY). Non-performing and restructured loans (excluding financial institutions and overdrafts) declined by 0.29ppts on an annual basis to EUR 4.963bn and corresponded to 22.48% of the total loan portfolio, the lowest rate in more than a year. **Market Developments:** Domestic stock indices closed little changed on Monday, with SOFIX falling by 0.21% to 602.46 points.

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## 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	1869.43	0.3%	1.1%	EUR/USD	1.3869	0.1%	0.9%	UST - 10yr	2.71	1	-31	GOLD	1290	-0.5%	7.0%
Nikkei 225	14288.23	-1.0%	-12.3%	GBP/USD	1.6803	0.0%	1.5%	Bund-10yr	1.53	3	-40	BRENT CRUDE	167	0.0%	-0.1%
STOXX 600	335.10	0.3%	2.1%	USD/JPY	102.67	-0.2%	2.6%	JGB - 10yr	0.62	0	-12	LMEX	3096	-0.6%	-2.0%

## SEE MARKETS

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	7.89	1	-12
1-week	8.15	-3	-13
1-month	8.43	-3	-15
3-month	8.83	-2	-5
6-month	9.09	-3	-5

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	10.07	-8	11
5Y RSD	11.51	0	-131
7Y RSD	12.24	2	-156

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	4.30	-1	-71
USD Nov-24	3.84	-271	-306

## CDS

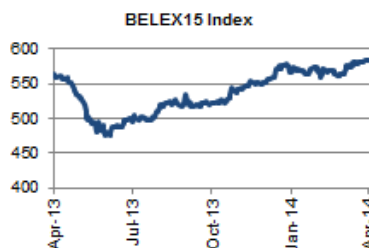
	Last	ΔDbps	ΔYTD bps
5-year	308	0	-101
10-year	347	0	-99

## STOCKS

	Last	ΔD	ΔYTD
BELEX15	583.7	-0.09%	4.61%

## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	115.4	0.06%	-0.97%



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	3.99	35	225
1-month	3.35	20	147
3-month	3.17	9	73
6-month	3.43	3	44
12-month	3.45	2	30

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.72	0	-23
5Y RON	4.23	-2	-42
10Y RON	5.05	-1	-25

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	2.98	0	-86
USD Aug-23	4.29	4	-52

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	173	#N/A	-11
10-year	212	#N/A	-21

## STOCKS

	Last	ΔD	ΔYTD
BET	6327.8	-0.06%	-2.56%

## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4399	0.31%	0.74%



## BULGARIA

## Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.04	0	-3
1-month	0.29	0	-3
3-month	0.57	0	-7
6-month	1.09	0	-7
12-month	2.10	1	-10

## BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.93	-3	-16
5Y BGN	1.55	-1	-30
10Y BGN	3.16	0	-34

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.52	7	-6
EUR Jul-17	1.37	-6	-44

## CDS

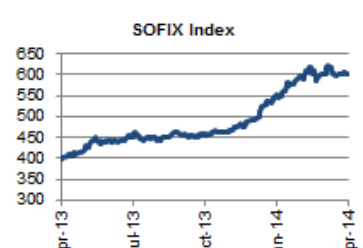
	Last	ΔDbps	ΔYTD bps
5-year	124	#N/A	1
10-year	167	#N/A	-7

## STOCKS

	Last	ΔD	ΔYTD
SOFIX	602.4	-0.01%	22.55%

## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.4104	0.11%	0.90%



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 11:45 EET

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