

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

December 10, 2013

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Dec. 11
 - Budget (Nov)
- Dec. 12
 - Retail sales (Adv, Nov)
 - Initial jobless claims (Dec 7)
 - Business Inventories (Oct)

EUROZONE

- Dec. 9: Eurogroup meeting
- Dec. 12
 - ECB monthly report
 - IP (Oct)
- Dec. 13: Employment (Q3)

SEE

SERBIA

- Dec 10: 2Y 10% T-Bond auction
- Dec 12: HICP (Nov)

ROMANIA

- Dec 9: 2020 T-Note auction
- Dec 10
 - Trade Balance (Oct)
 - IP (Oct)
- Dec 11: CPI (Nov)
- Dec 13
 - CAD (Oct)
 - 2015 T-Note auction

BULGARIA

- Dec 9
 - IP (Oct)
 - Retail sales (Oct)
- Dec 10: Trade Balance (Oct)
- Dec 13: CPI (Nov)

Source: Reuters, Bloomberg, Eurobank
Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

Global Markets: The majority of Asian bourses retained a positive tone on Tuesday assisted by somewhat easing concerns about the sustainability of the global economic recovery following the stronger-than-expected US November non-farm payrolls report released late last week. In FX markets, the GBP was among the main outperformers.

GREECE: Speaking during a press conference that followed the conclusion of the December 9 Eurogroup, President Jeroen Dijsselbloem confirmed that the heads of the troika mission will return to Athens today to resume talks with the Greek government in the context of the current program review.

SOUTH EASTERN EUROPE

SERBIA: In January 2014, Serbian authorities are expected to commence negotiations with the World Bank on a \$250mn loan.

ROMANIA: Transport companies went on strike on Monday to protest against the government's plan for a hefty increase in fuel excises.

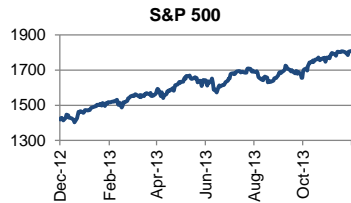
BULGARIA: Bulgarian Parliament approved Budget for 2014.

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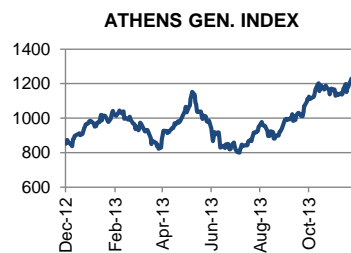
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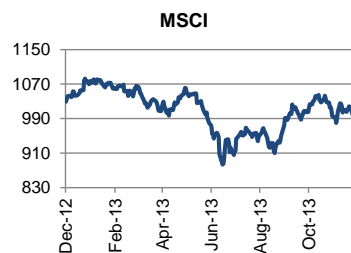
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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Source: Reuters, Bloomberg, Eurobank Global Markets Research



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Latest world economic & market developments

Global Markets

The majority of Asian bourses retained a positive tone on Tuesday assisted by somewhat easing concerns about the sustainability of the global economic recovery following the stronger-than-expected US November non-farm payrolls report released late last week. In FX markets, the GBP was among the main outperformers supported by increased market optimism about the growth outlook of the domestic economy. Speaking in New York y-day, BoE Governor Mark Carney expressed his confidence that the domestic economic recovery is on its way of achieving self-sustaining momentum, adding that the central bank's expansionary monetary policy has to remain in place for some time.

GREECE

Latest Political & Macro Developments: Speaking during a press conference that followed the conclusion of the December 9 Eurogroup, President Jeroen Dijsselbloem confirmed that the heads of the troika mission will return to Athens today to resume talks with the Greek government in the context of the current program review. The ECB President expressed his hope that the outstanding prior auction for the unlocking of the next EU loan installment (i.e., the restructuring plan for Hellenic Defense Systems) will be fulfilled, adding that it would be "very, very hard if not impossible" for the troika review to be completed by the end of this month.

According to provisional data, Greece's real Q3 2013 GDP declined by 3.0%YoY in non-seasonally adjusted basis, in line with the flash estimate, bringing the average rate output contraction in the first nine months of the year to 4.06%YoY. This follows cumulative real output losses of 21.8% over the period 2018-2012 in what turned out to be the deepest and most drawn out recession in recent economic history. Note that the troika (revised) baseline macro scenario forecasts a 4.0% real GDP contraction this year following a 6.4% decline in 2012, before a shift to positive output dynamics from 2014 onwards. Elsewhere, Greece's EU-harmonized consumer inflation rate (HICP) dropped to 2.9%YoY in November, the lowest level since 1996 when data collection by ELSTAT began, on the back of, among others, subdued domestic demand and ample spare capacity in the domestic economy. Market consensus was for a drop to -1.7%YoY following a 1.9%YoY decline in the prior month.

Market Developments: Monday was a quiet session for Greek corporate names. Prices closed broadly unchanged with trading volumes remaining low. Some selling interest was seen in Hellenic Petroleum and some buyers in Frigoglass.

Credit Ratings

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

Source: Reuters, Bloomberg, Eurobank Global Markets Research

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Latest developments in the CESEE region

SERBIA

SERBIA: Indicators	2012	2013f	2014f
Real GDP growth %	-1.7	2.0	1.0
CPI (pa, yoy %)	7.3	8.4	5.5
Budget Balance/GDP	-6.4	-5.6	-5.5
Current Account/GDP	-10.5	-4.1	-3.2
EUR/RSD (eop)	112.30	115.00	116.00
	current	2013f	2014f
Policy Rate (eop)	10.00	10.00	9.50

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

(Belgrade, 9/12/2013, 16:00 CET): **Latest Political & Macro Developments:** In January 2014, Serbian authorities are expected to commence negotiations with the World Bank on a \$250mn loan. The loan will be submitted for vote on February 27th 2014, provided that the Serbian Assembly has secured approval of three laws which are deemed crucial in promoting the country's economic reform; the law on Bankruptcy, Privatization and Construction Permits. **Market Developments:** The EUR/RSD moved lower in early Monday's trading recording an intraday low of 114.60 before gaining some momentum thereafter closing near the 114.90 area. It remains to be seen whether the Central bank will try to defend the EUR/RSD at 115.0. Should this be the case (as happened when the NBS intervened buying EUR325mn cumulatively in the period from October 2012 to November 2013 aiming to halt the pace of the EUR's depreciation) consolidation within the 114.00 – 115.00 range will likely prevail on a longer term basis. Elsewhere, both main stock indexes remained fairly stable, posting marginal losses of 0.07%.

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ROMANIA: Indicators	2012	2013f	2014f
Real GDP growth %	0.7	2.2	2.2
CPI (pa, yoy %)	5.0	1.8	3.0
Budget Balance/GDP	-3.0	-2.5	-2.2
Current Account/GDP	-4.0	-1.2	-1.5
EUR/RON (eop)	4.44	4.43	4.45
	current	2013f	2014f
Policy Rate (eop)	4.00	4.00	4.00

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

ROMANIA

(Bucharest, 9/12/2013, 17.40 EET): **Latest Political & Macro Developments:** Transport companies went on strike on Monday to protest against the government's plan for a hefty increase in fuel excises. In reaction to the protest, the Prime Minister announced that the government may postpone its plan by three months, in an effort to identify alternative tax treatment of fuel for commercial transport. The tax increase for petrol will come into force as of January 1st, as initially planned. **Market Developments:** The EUR/RON consolidated around 4.4500 on Monday, while short term RON rates dropped amid plentiful liquidity in the money market. Elsewhere, the MoF sold 500 million in 7Y bonds at an average yield of 5.14/maximum of 5.17, almost in line with market expectations.

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BULGARIA: Indicators	2012	2013f	2014f
Real GDP growth %	0.8	0.5	1.5
HICP (pa, yoy %)	2.4	0.5	1.4
Budget Balance/GDP	-0.8	-2.0	-2.0
Current Account/GDP	-1.3	0.3	0.0
EUR/BGN (eop)		1.95583	
	current	2013f	2014f
Policy Rate (eop)	N/A	N/A	N/A

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

BULGARIA

(Sofia, 9/12/2013, 18.00 EET): **Latest Political & Macro Developments:** Bulgaria's Parliament approved at second reading on Monday the budget for 2014. The budget envisions GDP growth of 1.8%YoY and gross debt of BGN 18bn. The general government deficit is projected to narrow from 2.0%-of-GDP in 2013 to 1.8%-of-GDP, while for 2015 and 2016 is expected at 1.5% and 1.1%-of-GDP respectively. According to preliminary seasonally adjusted data, turnover in the sector "retail trade, except motor vehicles and motorcycles", increased by 6.9%YoY on October 2013. **Market Developments:** The Government held a 7Y EUR benchmark bond auction on Monday. On the stock market, SOFIX gained 0.19%.

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December 10, 2013

Stock markets

	Last	ΔD	ΔYTD
S&P 500	1808.37	0.2%	26.8%
Nikkei 225	15611.31	-0.2%	50.2%
STOXX 600	317.15	0.2%	13.4%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.3748	0.1%	4.2%
GBP/USD	1.6449	0.1%	1.2%
USD/JPY	103.32	0.0%	-16.0%

Government Bonds

(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	2.83	-1	108
Bund-10yr	1.84	0	52
JGB - 10yr	0.66	0	-13

Commodities

	Last	ΔD	ΔYTD
GOLD	1247	0.5%	-25.6%
BRENT CRUDE	168	0.0%	7.6%
LMEX	3083	0.5%	-10.7%

SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	8.53	-1	-133
1-week	8.70	-6	-175
1-month	9.01	0	-209
3-month	9.29	-1	-246
6-month	9.57	-4	-264

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	11.15	0	-77
5Y RSD	12.77	0	233
7Y RSD	13.78	0	103

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	5.15	0	84
USD Nov-24	6.94	0	653

CDS

	Last	ΔDbps	ΔYTD bps
5-year	425	12	78
10-year	469	13	71

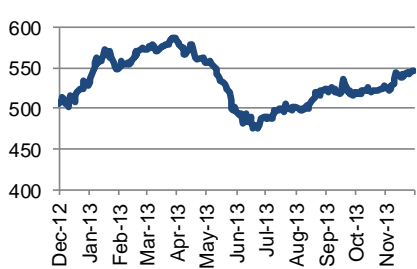
STOCKS

	Last	ΔD	ΔYTD
BELEX15	545.9	-0.07%	4.19%

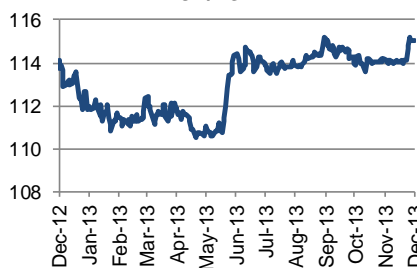
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	115.0	-0.08%	-2.04%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.68	0	-462
1-month	2.01	0	-403
3-month	2.71	0	-334
6-month	3.14	0	-313
12-month	3.32	0	-298

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	4.15	0	-195
5Y RON	4.85	0	-125
10Y RON	5.37	0	-88

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	4.02	-2	-64
USD Aug-23	4.83	-1	42

CDS

	Last	ΔDbps	ΔYTD bps
5-year	187	0	-28
10-year	242	0	-10

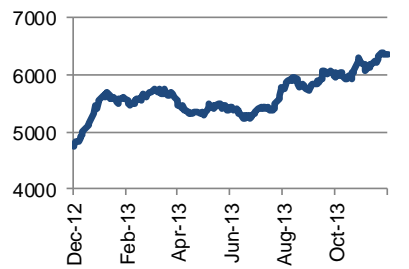
STOCKS

	Last	ΔD	ΔYTD
BET	6355.8	-0.06%	23.42%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4523	0.00%	-0.19%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.02	0	-2
1-month	0.31	0	-10
3-month	0.65	0	-28
6-month	1.16	0	-52
12-month	2.23	0	-80

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	1.09	0	-8
5Y BGN	1.89	0	24
10Y BGN	3.50	0	15

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.67	-2	-56
EUR Jul-17	1.81	-3	-27

CDS

	Last	ΔDbps	ΔYTD bps
5-year	129	0	29
10-year	173	0	40

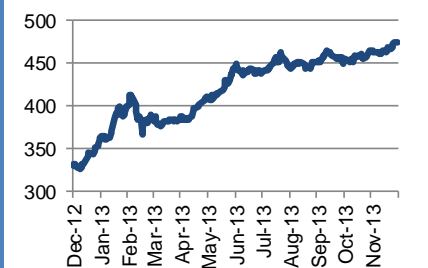
STOCKS

	Last	ΔD	ΔYTD
SOFIX	474.5	0.19%	37.36%

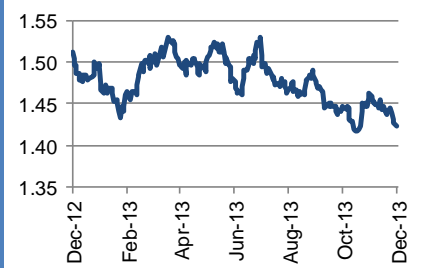
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.4228	0.06%	4.14%

SOFIX Index



USD/BGN



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