

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

December 9, 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

US: US November non-farm payrolls came in stronger than expected, providing further support to the view that the Fed may start curtailing its stimulus program earlier than currently expected.

GREECE: After a temporary pause, the heads of the troika mission to Greece are reportedly expected to return to Athens later this week to resume talks with the Greek government in the context of the current (5th) program review.

SOUTH EASTERN EUROPE

SERBIA: The EUR/RSD was little changed on Friday. The main stock market index gained 0.47%, on above-average liquidity.

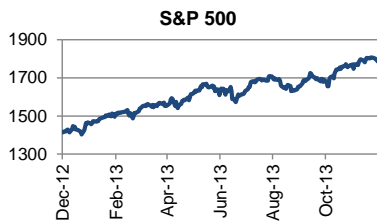
ROMANIA: RON markets slowly recovered on Friday on waning political jitters.

BULGARIA: Bulgaria's GDP grew by 0.7%YoY in Q3 2013, downwardly revised from a flash estimate of 0.8%YoY after expanding by 0.5%YoY in the prior quarter.

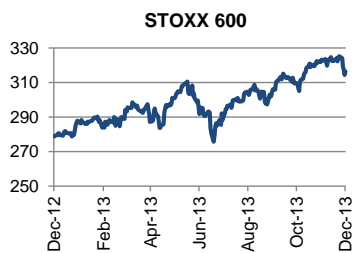
CESEE Markets: CESEE stock markets moved higher, regional currencies broadly firmed on Friday, after a stronger-than-expected NFP report from the US raised hope about improved economic prospects ahead in the world's largest economy.

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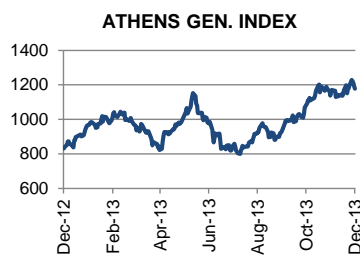
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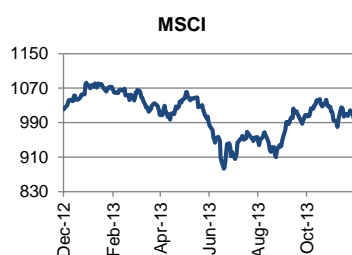
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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Credit Ratings

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

Source: Reuters, Bloomberg, Eurobank Global Markets Research

Latest world economic & market developments

US

US November non-farm payrolls came in stronger than expected, providing further support to the view that the Fed may start curtailing its stimulus program earlier than currently expected. In more detail, the US economy generated 203k new jobs in November compared to market expectations for a 180k rise following a (modestly downward revised) gain of 200k in the prior month. The unemployment rate dropped to a five-year low of 7.0% in November from 7.3% in the prior month against market expectations were for a decline to 7.2%.

Global Markets

The majority of Asian bourses kicked off the week on a firmer tone assisted by somewhat easing concerns about the sustainability of the global economic recovery following the stronger-than-expected US November non-farm payrolls report. In FX markets, the EUR retained a firm tone in European trade on Monday favored by improved risk appetite.

GREECE

Latest Political & Macro Developments: After a temporary pause, the heads of the troika mission to Greece are reportedly expected to return to Athens later this week to resume talks with the Greek government in the context of the current program review. Under the current planning, they will reportedly remain in Athens for around a week. In a brief statement released late on Saturday, a European Commission Spokesman for Economic and Monetary Affairs clarified that a full negotiating team will return in Athens in January 2014 "after the (domestic) authorities have made further progress in implementation with the objective of reaching a staff level agreement".

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Latest developments in the CESEE region

CESEE markets

CESEE stock markets moved higher on Friday, after a stronger-than-expected NFP report from the US raised hope about improved economic prospects ahead in the world's largest economy. Turkey's BIST 100 index, led the gains in the region, bouncing by ca 2.0%, somewhat mitigating hefty losses suffered early last week amid persisting uncertainty surrounding the exact timing of the Fed tapering its QE programme. Ukraine's main stock index PFTS halted an 8-session losing streak on Friday, to close around 0.4% higher. Cumulatively, the index suffered losses to the tune of 1.62% last week in view of escalating political jitters. As a reminder, the government recently declined to sign, as planned originally, a trade agreement with the EU and opposition leaders called for President and his cabinet to resign. Along similar lines, **regional currencies** broadly firmed on Friday after the NFP report release. The Turkish lira outperformed its regional peers hitting a multi-session peak of 2.0188/USD intraday. The currency has come under pressure over recent months on worries that the Fed may start withdrawing its stimulus program earlier than previously expected and thus bear a negative impact on foreign capital inflows to Turkey, which presently constitute a significant share of the country's current account financing. Separately, the Serbian dinar regained some ground on Friday, a day after the Central Bank intervened in the FX markets to stem its recent depreciation. Notably, this was the first such action in three months and materialized after the EUR/RSD cross bounced to a three-month peak of 115.49/EUR on Thursday.

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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, 6/12/2013, 16:00 CET): **Market Developments:** The EUR/RSD was little changed on Friday, consolidating in a tight range just below a one-month high of 115.10/30 reached in the prior session. According to the Finance Ministry, Serbia plans to raise up to RSD 10bln in a 2 year bond auction on December 10th. Furthermore, the main stock market index BELEX15 gained 0.47% on Friday. Liquidity exceeded year-to-date average, amounting to €0.7mn.

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ROMANIA

(Bucharest, 6/12/2013, 17.40 EET): **Latest Political & Macro Developments:** The week finished quietly on Friday in the absence of any major macroeconomic data or political news. **Market Developments:** As worries over the recently escalated political noise around the 2014 budget law start to dissipate, markets slowly recovered on Friday. The EUR/RON continued to move lower, getting close to the Oct-Nov average around 4.4500, 0.6% below Tuesday's 4.4780 intraday high. EUR/RON swaps decreased with tenors up to 6M returning to levels seen before the political fights. Better bids also appeared in Government bonds, however the yield curve remained unchanged ahead of a 7Y bond auction on Monday, where expectations are for allocation of around 5.15-20.

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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

BULGARIA

(Sofia, 6/12/2013, 18.00 EET): **Latest Political & Macro Developments:** Bulgaria's GDP grew by 0.7%YoY in Q3 2013, downwardly revised from a flash estimate of 0.8%YoY after expanding by 0.5%YoY in the prior quarter. **Market Developments:** Bulgarian equities continued to advance on Friday with the main benchmark SOFIX index reaching its highest level since Oct-09. Meanwhile, market liquidity remained at decent levels, supporting the index's recent rally. Domestic government bonds remained well-bid, with demand concentrated in the 2-5 year maturity spectrum.

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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

December 9, 2013

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	1801.43	0.9%	26.3%	EUR/USD	1.3689	0.2%	3.8%	UST - 10yr	2.85	-2	109	GOLD	1234	0.7%	-26.4%
Nikkei 225	15299.86	0.8%	47.2%	GBP/USD	1.6376	0.3%	0.8%	Bund-10yr	1.84	-2	52	BRENT CRUDE	168	0.0%	7.6%
STOXX 600	316.43	0.6%	13.1%	USD/JPY	102.64	-0.8%	-15.5%	JGB - 10yr	0.67	4	-12	LMEX	3045	-0.3%	-11.8%

SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	8.54	-2	-132
1-week	8.76	-1	-169
1-month	9.01	-2	-209
3-month	9.30	-1	-245
6-month	9.61	3	-260

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	11.15	0	-77
5Y RSD	13.23	2	280
7Y RSD	13.81	0	107

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	5.20	-1	89
USD Nov-24	6.94	0	653

CDS

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

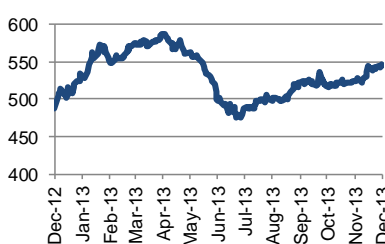
STOCKS

	Last	ΔD	ΔYTD
BELEX15	546.2	0.47%	4.27%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	115.0	-0.28%	-2.01%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.79	-35	-451
1-month	2.05	-14	-399
3-month	2.7	-7	-335
6-month	3.13	-4	-314
12-month	3.32	-2	-298

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	4.15	-1	-195
5Y RON	4.84	-1	-126
10Y RON	5.37	1	-88

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	4.08	-1	-59
USD Aug-23	4.84	-3	43

CDS

	Last	ΔDbps	ΔYTD bps
5-year	187	0	-28
10-year	245	0	-7

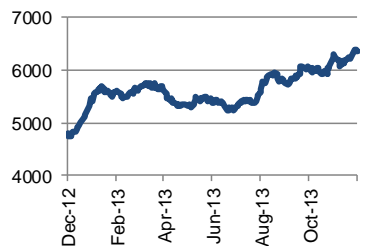
STOCKS

	Last	ΔD	ΔYTD
BET	6359.5	-0.05%	23.50%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4553	0.17%	-0.26%

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	1	-80

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	1.09	0	-7
5Y BGN	1.90	0	25
10Y BGN	3.50	0	14

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.71	0	-54
EUR Jul-17	1.80	27	-28

CDS

	Last	ΔDbps	ΔYTD bps
5-year	124	0	25
10-year	174	0	42

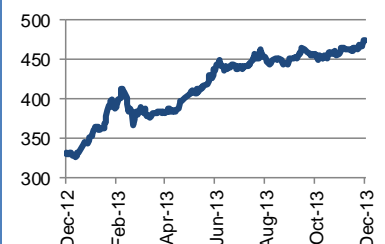
STOCKS

	Last	ΔD	ΔYTD
SOFIX	473.6	0.15%	37.10%

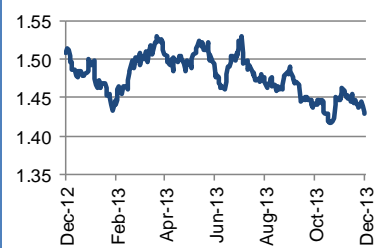
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.4287	0.17%	3.71%

SOFIX Index



USD/BGN



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