

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

February 16, 2015

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL US

- February 16: Presidents' day
- February 17
  - Empire State Index (Feb)
  - NAHB Index (Feb)
- February 18:
  - PPI (Jan)
  - Housing starts & permits (Jan)
  - Industrial production (Jan)
  - FOMC minutes
- February 19:
  - Initial jobless claims (Feb. 1)
  - Philly Fed Index (Feb)

### EUROZONE

- February 16: Eurogroup
- February 17: Germany's ZEW Index (Feb)
- February 19: January 22 ECB monetary policy minutes
- February 20: PMI manufacturing & services (preliminary, Feb).

### SEE SERBIA

- February 18: 2-Year EUR T-Bonds auction
- February 23: HICP

### ROMANIA

- February 16: 3.25% 2018 T-Bonds auction
- February 19: 5.75% 2020 T-Bonds auction

### BULGARIA

- February 16: CAD (Dec)
- February 16-20: U/E rate (Dec)

Source: Reuters, Bloomberg,  
Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** The majority of major European equity markets opened modestly lower on Monday as investors eagerly await the outcome of today's Eurogroup, which is scheduled to convene at 14:00GMT. In FX markets, most of major currency pairs consolidated within recent ranges.

**GREECE:** The Eurogroup is scheduled to convene today at 14:00 GMT where the Greek issue is expected to feature high on the agenda. According to press reports, if today's Eurogroup does not produce a final outcome, an emergency Eurogroup will likely take place on Thursday (Feb. 19) followed by, if needed, an EU Council meeting on Friday (Feb. 20). In an interview published in local press on Sunday, Greece's Minister of Finance Yanis Varoufakis expressed his optimism that a deal between Greece and Europe will be sealed, even at the last minute. In other news, the first round of voting in Parliament for the election of the President of the Hellenic Republic is scheduled to take place on Wednesday, Feb. 18. The ECB also meets on Wednesday to reassess Greek banks' access to the ELA facility.

### SOUTH EASTERN EUROPE

**SERBIA:** According to recent local media reports citing Prime Minister Aleksandar Vucic, the 36-month precautionary IMF Stand-By Arrangement will probably be sealed on February 23<sup>rd</sup>.

**BULGARIA:** According to the latest NSI data, real GDP growth slowed to 1.2%YoY in Q4 2014 from 1.5%YoY a quarter earlier.

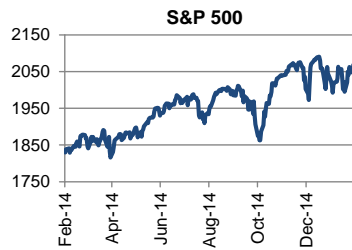
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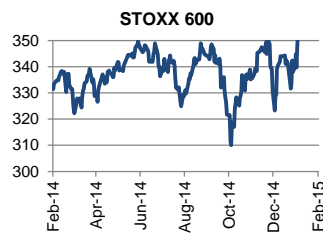
## Latest world economic & market developments

### GLOBAL MARKETS

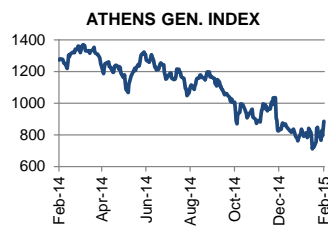
The majority of major European equity markets opened modestly lower on Monday as investors eagerly await the outcome of today's Eurogroup, scheduled to convene at 14:00GMT. In FX markets, most of major currency pairs consolidated within recent ranges. Indicatively, the EUR/USD was hovering around 1.1415/20 in European trade at the time of writing, remaining stuck within 1.1230-1.1530 as investors await the outcome of today's Eurogroup ahead of the minutes from the ECB January 21-22 policy meeting on Thursday and the Eurozone's preliminary February PMIs on Friday. On the flipside, the GBP was among the main outperformers hitting a six-week high of 1.5544 against the US dollar earlier today in European trade following hawkish comments by several BoE officials.



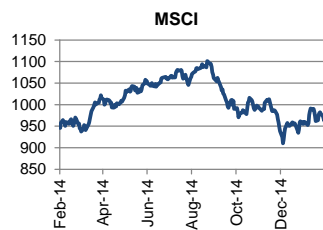
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	B1	BB-	B+
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BBB-	BBB-
CYPRUS	B3	B+	B-

Source: Reuters, Bloomberg, Eurobank Global Markets Research

### GREECE

The Eurogroup is scheduled to convene today at 14:00 GMT where the Greek issue is expected to feature high on the agenda. Aiming to find common ground ahead of today's Eurogroup, three-day long discussions between technical teams from Greece and institutions concluded late on Sunday with press reports suggesting that, though some signs of progress have been made, the distance to a final agreement has yet to be fully covered. As per the same sources, two draft statements will be presented at today's Eurogroup. The one will be reportedly prepared by the Greek side and the other by the European Commission aiming to assist euro area finance ministers to swiftly realise the issues on which there is convergence and the issues on which there is divergence of views. According to press reports, if today's Eurogroup does not produce a final outcome, an emergency Eurogroup will likely take place on Thursday (Feb. 19) followed by, if needed, an EU Council meeting on Friday (Feb. 20). In an interview published in local press on Sunday, Greece's Minister of Finance Yanis Varoufakis expressed his optimism that a deal between Greece and Europe will be sealed, even at the last minute. On his part, Germany's Minister of Finance Wolfgang Schaeuble was quoted as saying in a radio interview that he is "very skeptical" over the prospect of an agreement at today's Eurogroup. The German minister reportedly added that Germany does not want a Greek exit from the euro area but the new Greek government has to fulfil "the minimum of the claims". In other news, the first round of voting in Parliament for the election of the President of the Hellenic Republic is scheduled to take place on Wednesday, Feb. 18. Speaking to reporters y-day, the government spokesman said that Prime Minister Alexis Tsipras will announce his party's candidate on Tuesday, Feb. 17. The ECB also meets on Wednesday to reassess Greek banks' access to the ELA facility. Speaking on the sidelines of a seminar in Prague on Friday, ECB's Nowotny was quoted as saying that the Greek banks could return to normal ECB liquidity provision mechanisms should an agreement on the Greek issue be finally reached. However, the ECB official added that, even if there is no agreement, the ECB will not stop "automatically" Greek banks' access to the ELA facility.

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SERBIA: Indicators	2013	2014e	2015f
Real GDP growth %	-1.5	-2.0	0.0
CPI (pa, yoy %)	7.8	2.0	3.5
Budget Balance/GDP	-5.8	-7.2	-5.7
Current Account/GDP	-5.0	-6.1	-4.7
EUR/RSD (eop)	114.57	120.50	124.50
	<b>2014</b>	<b>current</b>	<b>2015f</b>
Policy Rate (eop)	8.00	8.00	7.00

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

## SERBIA

(Belgrade, 13/2/2015, 16:30 CET): **Latest Political & Macro Developments:** According to recent local media reports citing Prime Minister Aleksandar Vucic, the 36-month precautionary IMF Stand-By Arrangement will probably be sealed on February 23<sup>rd</sup>. According to the same reports, a Memorandum of Understanding is likely to include systemic solutions on the restructuring of four of the largest public enterprises in Serbia (electric power utility company EPS, natural gas distributor Srbijagas, railroad company Zeleznice and roads firm Putevi Srbije). Based on these reports, IMF officials will give the final approval on the agreement if the aforementioned strategy is in line with the IMF-backed fiscal programme. **Market Developments:** The EUR/RSD extended its recent downtrend on Friday, to close at 121.05/25 after opening at 121.30/50 amid mounting expectations about the finalization of an IMF agreement in the coming days. The pair's technical picture suggests that strong resistance currently lies at 121.00.

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BULGARIA: Indicators	2013	2014e	2015f
Real GDP growth %	1.1	1.5	0.8
CPI (pa, yoy %)	0.4	-1.5	0.1
Budget Balance/GDP	-1.8	-3.7	-3.0
Current Account/GDP	2.1	2.2	1.8
EUR/BGN (eop)		1.9558	
	<b>current</b>	<b>2014</b>	<b>2015f</b>
Policy Rate (eop)	N/A	N/A	N/A

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

## BULGARIA

(Sofia, 13/2/2015, 17:30 CET): **Latest Political & Macro Developments:** According to the latest NSI data, real GDP growth slowed to 1.2%YoY in Q4 2014 from 1.5%YoY a quarter earlier. The breakdown of the data showed that gross fixed capital formation rose by 3.1%YoY, while final consumption advanced by 1.2%YoY. Meanwhile, a 4.5%YoY increase in exports of goods and services was outpaced by a 6.9%YoY rise in imports. In other news, deflation pressures persisted early this year with the rate of annual increase of the Consumer Price Index remaining in a negative territory for the eighteenth consecutive month in January, marking a 1% decline in the wake of a 0.9% drop a month earlier. The highest drop was seen, once again, in transport (-14.3%) and communications sectors (-6.7%), while furnishing & household equipment posted the greatest increase (+5.4%). **Market Developments:** The domestic stock market recovered ground, in line with the trend in most global bourses on Friday, as bargain hunting emerged in the wake of Thursday's decline. Along these lines, the main SOFIX index advanced by 0.54% to close at 496.97 points at the session's settlement.

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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	2096.99	0.4%	1.9%	EUR/USD	1.14	0.1%	-5.8%	UST - 10yr	2.05	0	-12	GOLD	1235	0.4%	4.2%
Nikkei 225	18004.77	0.5%	3.2%	GBP/USD	1.5394	0.1%	-1.2%	Bund-10yr	0.35	1	-19	BRENT CRUDE	175	0.0%	0.0%
STOXX 600	376.64	-0.1%	10.0%	USD/JPY	118.62	0.1%	0.9%	JGB - 10yr	0.44	2	11	LME X	2749	0.0%	-5.7%

**SEE MARKETS**

SERBIA				ROMANIA				BULGARIA			
<b>Money Market</b>				<b>Money Market</b>				<b>Money Market</b>			
<b>BELIBOR</b>	Last	ΔDbps	ΔYTD bps	<b>ROBOR</b>	Last	ΔDbps	ΔYTD bps	<b>SOFIBOR</b>	Last	ΔDbps	ΔYTD bps
T/N	on	15	-230	O/N	0.53	-1	-4	LEONIA	0.01	0	-1
1-week	7.83	12	-218	1-month	0.72	4	-19	1-month	0.17	0	-4
1-month	8.16	7	-189	3-month	1.42	1	-28	3-month	0.39	0	-5
3-month	8.54	4	-131	6-month	1.65	0	-36	6-month	0.77	0	-3
6-month	8.79	2	-100	12-month	1.7	1	-32	12-month	1.41	-1	-10
<b>RS Local Bonds</b>				<b>RO Local Bonds</b>				<b>BG Local Bonds</b>			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps	(yields)	Last	ΔDbps	ΔYTD bps
3Y RSD	9.18	1	10	3Y RON	1.92	1	-39	3Y BGN	0.39	0	-64
5Y RSD	10.19	0	1	5Y RON	2.07	-1	-64	5Y BGN	0.69	0	-75
7Y RSD	11.29	0	4	10Y RON	2.92	1	-74	10Y BGN	2.08	0	-67
<b>RS Eurobonds</b>				<b>RO Eurobonds</b>				<b>BG Eurobonds</b>			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
USD Nov-17	4.02	-1	-24	EUR Sep-20	1.38	0	-35	EUR Jul-17	0.73	-1	-43
USD Nov-24	6.50	0	-9	USD Aug-23	3.39	-4	-22	EUR Sep-24	2.24	-4	-63
<b>CDS</b>				<b>CDS</b>				<b>CDS</b>			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
5-year	259	-4	-31	5-year	117	-1	-26	5-year	193	16	2
10-year	285	-6	-71	10-year	161	-2	-26	10-year	230	8	-11
<b>STOCKS</b>				<b>STOCKS</b>				<b>STOCKS</b>			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
BELEX15	665.9	0.03%	-0.16%	BET	7237.3	0.59%	2.18%	SOFIX	495.0	-0.39%	-5.19%
<b>FOREX</b>				<b>FOREX</b>				<b>FOREX</b>			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
EUR/RSD	121.18	-0.09%	0.14%	EUR/RON	4.441	0.05%	0.96%	USD/BGN	1.7156	-0.01%	-5.78%

**BELEX15 Index**

**BET Index**

**SOFIX Index**

**EUR/RSD**

**EUR/RON**

**USD/BGN**

Source: Reuters, Bloomberg, Eurobank Global Markets Research  
Data updated as of 12:00 EET

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