

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

January 22, 2014

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL

#### US

- Jan. 23
  - Initial jobless claims (Jan. 18)
  - House price index (Nov)
  - Existing home sales (Dec)

### EUROZONE

- Jan. 21
  - DE: ZEW (Jan)
- Jan. 23: PMI manuf (Jan)

### SEE

#### SERBIA

- Jan. 20: CAD (Nov)
- Jan. 24: real wages (Dec)

### ROMANIA

- Jan. 20: RON500mn T-bonds auction
- Jan. 23: RON1bn 3.4% 2019 T-bonds auction

### BULGARIA

- Jan. 20
  - U/E rate (Dec)
  - T-bonds auction
- Jan. 24: Gross external debt (Nov)

Source: Reuters, Bloomberg,  
Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** The majority of **Asian bourses** firmed today with Chinese stocks outperforming after the People's Bank of China injected a hefty 225bn yuan liquidity earlier this week in an attempt to curb a recent spike in money market rates. In **FX markets**, the AUD was among the main outperformers on stronger-than-expected Australia's Q4 inflation data.

### SOUTH EASTERN EUROPE

**SERBIA:** Serbia's gross debt to GDP came in at 61.2% in 2013.

**ROMANIA:** An IMF mission arrived to Bucharest to start official discussions with domestic authorities in the context of the second review of the current Stand-By Agreement.

**BULGARIA:** According to its latest Regional Economics Prospects report, EBRD Bank revised downwards its 2014 real GDP growth forecast for Bulgaria to 1.8% from 2.0% previously.

**CESEE Markets:** The majority of **CESEE stock markets** advanced on Tuesday, tracking major bourses in Asia and developed European markets higher. **Regional currencies** remained under pressure as the USD retained a firm tone.

## DISCLAIMER

This report has been issued by Eurobank Ergasias S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees. Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.

## Latest world economic & market developments

### GLOBAL MARKETS

The majority of Asian bourses firmed today with Chinese stocks outperforming after the People's Bank of China injected a hefty 225bn yuan liquidity earlier this week in an attempt to curb a recent spike in money market rates. Meanwhile, in its updated World Economic Outlook, the IMF revised upward its 2014 global GDP forecast to 3.7% compared with 3.6% projected previously mainly due to higher inventory demand in advanced economies.. In FX markets, the AUD was among the main outperformers on stronger-than-expected Q4 inflation data.

### GREECE

**Market Developments:** Selling pressures on Greek corporate names, including Ote18 and Hellenic Petroleum, persisted on Tuesday amid increased volumes.

[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

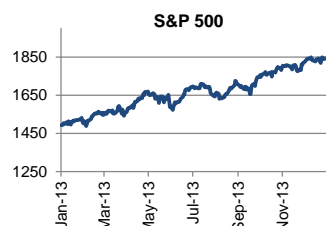
[ChaPapadopoulos@eurobank.gr](mailto:ChaPapadopoulos@eurobank.gr)

## Latest developments in the CESEE region

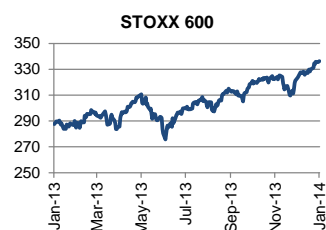
### CESEE markets

The majority of **CESEE stock markets** advanced on Tuesday, tracking major bourses in Asia and developed European markets higher. Poland's WIG outperformed its regional peers, posting daily gains of 1.35%. Ukraine's PFTS bucked the region's trend to close 0.53% lower amid escalating domestic political tensions. Recall that Ukraine has been mired in political uncertainty for weeks, after the government decided not to sign an EU trade agreement late last year. Tensions intensified on Sunday after the endorsement of laws on January 16<sup>th</sup>, which protesters allege they limit rights to the freedom of speech and peaceful assembly. Opposition parties have reportedly called for early presidential elections and recently voiced their intention to form a "people's government". **Regional currencies** remained under pressure as the USD retained a firm tone. The Turkish lira slid to a new all-time low of 2.2691/USD in the wake of the MPC's decision to stay put on interest rates. In detail, the Central Bank maintained its main policy rate (1-week repo rate) at 4.50%, while the overnight borrowing and lending rates were left at 3.50% and 7.75%, respectively. Although CBT's decision was in line with the market's median forecast, speculation had recently emerged about a potential increase in the overnight lending rate to support the TRY and contain inflation pressures. Note that CPI stood at 7.4%YoY in December 2013, well above the CBT's 5% target, and the lira has depreciated ca 25% vs. the USD since end-2012, weighed down by persisting domestic political jitters and the Fed's decision to start tapering its QE programme. Nonetheless, acknowledging increased risks to the domestic inflation outlook, the Central Bank noted it would adjust money market liquidity via higher interbank interest rates "at 9% during additional monetary tightening days instead of 7.75%". Elsewhere, the Hungarian forint regained some ground on Tuesday with the EUR/HUF ending at 302.70 after hitting at some point a 1-½-month high of 303.31 earlier on the day, largely shrugging off a slightly higher (15bps) than anticipated (10bps) MNB interest rate cut in the base rate to a new record low of 2.85%.

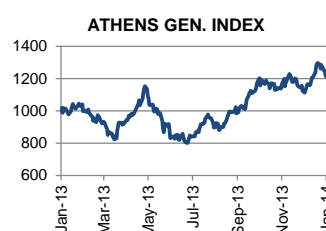
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr)



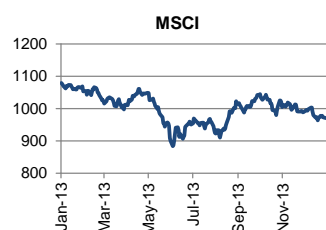
Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



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-

SERBIA: Indicators	2012	2013e	2014f
Real GDP growth %	-1.7	2.0	1.0
CPI (pa, yoy %)	7.3	7.9	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	114.57	115.00
	<b>current</b>	<b>2013</b>	<b>2014f</b>
Policy Rate (eop)	10.00	9.50	9.50

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

## SERBIA

(Belgrade, 21/1/2014, 16:00 CET): **Latest Political & Macro Developments:** Government authorities announced on Tuesday that Serbia's gross public debt amounted to EUR 20.09bn at end-2013, EUR 2.42bn higher compared to a year earlier and equivalent to 61.2% of GDP. Direct liabilities amounted to EUR 17.67bn, while contingent liabilities (debt assumed by state-owned companies and guaranteed by the state) came in at EUR 2.81bn.

**Market Developments:** The EUR/RSD edged slightly lower on Tuesday after the Central Bank intervened in the FX markets selling directly EUR20mn. The pair slid to 115.65/85, 5 pips lower compared to its opening level. Year to date the National bank of Serbia has sold ca EUR200mn to support the dinar. On the stock exchange, the Belex15 index edged 0.28% higher.

[zeljko.devic@eurobank.rs](mailto:zeljko.devic@eurobank.rs)

[Zoran.Korac@eurobank.rs](mailto:Zoran.Korac@eurobank.rs)

[ivan.radovic@eurobank.rs](mailto:ivan.radovic@eurobank.rs)

ROMANIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.7	2.2	2.2
CPI (pa, yoy %)	3.3	4.0	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	4.46	4.70
	<b>2013</b>	<b>current</b>	<b>2014f</b>
Policy Rate (eop)	4.00	3.75	3.75

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

## ROMANIA

(Bucharest, 22/1/2014, 09.15 EET): **Latest Political & Macro Developments:** An IMF mission arrived to Bucharest to start official discussions with domestic authorities in the context of the second review of the current Stand-By Agreement. Discussions will likely focus on offsetting measures for the coverage of a 2014 fiscal gap that emerged in the wake of the government's decision to postpone an increase in fuel taxes. **Market Developments:** RON markets were relatively calm on Tuesday, with the EUR/RON consolidating around 4.5350 and short term interest rates remaining close to the deposit facility rate of 0.75%. Meanwhile, prices of government bonds were largely unchanged.

[Bogdan.Radulescu@bancpost.ro](mailto:Bogdan.Radulescu@bancpost.ro)

BULGARIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.8	0.5	1.5
HICP (pa, yoy %)	2.4	0.4	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	
	<b>current</b>	<b>2013</b>	<b>2014f</b>
Policy Rate (eop)	N/A	N/A	N/A

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

## BULGARIA

(Sofia, 21/01/2014, 17.30 EET): **Latest Political & Macro Developments:** According to its latest Regional Economics Prospects report, EBRD Bank revised downwards its 2014 real GDP growth forecast for Bulgaria to 1.8% from 2.0% previously following an estimated real GDP growth of 0.7% in the prior year. It also highlighted that capital outflows from emerging economies will likely continue in the period ahead amid expectations for further withdraw of the Fed's QE. **Market Developments:** All Indices on BSE-Sofia stock market closed in red territory on Tuesday on profit-taking. Meanwhile, government bond yields across the curve were largely unchanged.

[YKoseva@postbank.bg](mailto:YKoseva@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	1843.80	0.3%	-0.2%	EUR/USD	1.3541	-0.1%	-1.5%	UST - 10yr	2.85	2	-18	GOLD	1240	-0.1%	2.9%
Nikkei 225	15820.96	0.2%	-2.9%	GBP/USD	1.6542	0.4%	-0.1%	Bund-10yr	1.75	2	-18	BRENT CRUDE	167	0.0%	0.0%
STOXX 600	336.24	0.1%	2.4%	USD/JPY	104.4	-0.1%	0.9%	JGB - 10yr	0.68	-1	-7	LMEX	3174	0.2%	0.5%

## SEE MARKETS

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	7.86	-2	-15
1-week	8.16	-5	-12
1-month	8.48	-3	-10
3-month	8.83	0	-5
6-month	9.13	3	-2

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	10.79	-3	-27
5Y RSD	12.14	0	-68
7Y RSD	13.34	0	-46

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	4.29	1	-72
USD Nov-24	6.80	0	-11

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	363	1	-46
10-year	399	1	-48

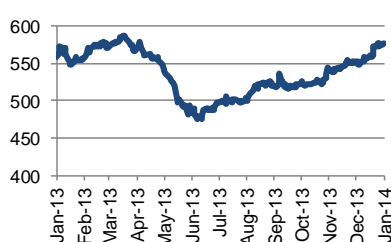
## STOCKS

	Last	ΔD	ΔYTD
BELEX15	576.0	-0.21%	3.24%

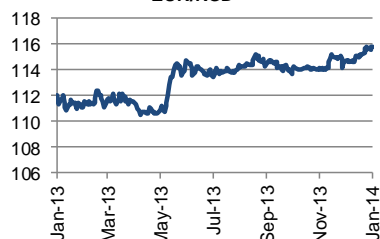
## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	115.7	-0.08%	-0.99%

BELEX15 Index



EUR/RSD



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.95	-3	-79
1-month	1.43	0	-45
3-month	1.98	-1	-46
6-month	2.65	-1	-34
12-month	2.77	1	-38

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.16	0	-79
5Y RON	4.14	-1	-51
10Y RON	5.09	1	-21

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	3.58	2	-26
USD Aug-23	4.80	3	0

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	180	0	-4
10-year	226	-3	-7

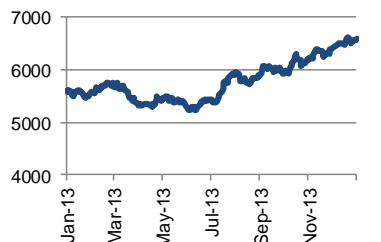
## STOCKS

	Last	ΔD	ΔYTD
BET	6567.0	0.00%	1.13%

## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5326	0.00%	-1.32%

BET Index



EUR/RON



## BULGARIA

## Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.03	0	-4
1-month	0.31	0	-1
3-month	0.64	-1	-1
6-month	1.16	0	0
12-month	2.22	1	3

## BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	1.10	0	1
5Y BGN	1.81	0	-3
10Y BGN	3.54	0	5

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.77	0	19
EUR Jul-17	1.69	-6	-11

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	124	0	0
10-year	173	-1	-2

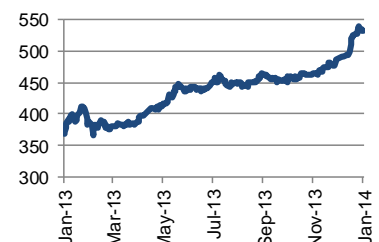
## STOCKS

	Last	ΔD	ΔYTD
SOFIX	531.7	-0.07%	8.18%

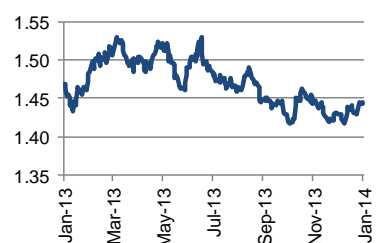
## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.4444	-0.15%	-1.47%

SOFIX Index



USD/BGN



## Contributors to this issue

### **Zeljko Devcic**

Head of Trading, Eurobank ad Beograd

+381 11 206 5822

[zeljko.devcic@eurobank.rs](mailto:zeljko.devcic@eurobank.rs)

### **Zoran Korac**

FX dealer, Eurobank ad Beograd

+381 11 206 5821

[zoran.korac@eurobank.rs](mailto:zoran.korac@eurobank.rs)

### **Yoneta Koseva**

Chief Expert, Trading desk, Eurobank Bulgaria

+359 28166482

[ykoseva@postbank.bg](mailto:ykoseva@postbank.bg)

### **Paraskevi Petropoulou**

G10 Markets Analyst, Eurobank Ergasias

+30 210 3718991

[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

### **Galatia Phoka**

Emerging Markets Analyst, Eurobank Ergasias

+30 210 3718922

[galatia.phoka@eurobank.gr](mailto:galatia.phoka@eurobank.gr)

### **Ivan Radović**

Head, Brokerage Department, Eurobank ad Beograd

+381 11 30 27 533

[ivan.radovic@eurobank.rs](mailto:ivan.radovic@eurobank.rs)

### **Bogdan Radulescu, CFA**

Senior Trader, Bancpost

+40 21 3656291

[bogdan.radulescu@bancpost.ro](mailto:bogdan.radulescu@bancpost.ro)

## Eurobank Global Markets Research

### **Global Markets Research Team**

**Dr. Platon Monokroussos:** Head of Global Markets  
Research [pmonokroussos@eurobank.gr](mailto:pmonokroussos@eurobank.gr), +30 210 37 18 903

**Paraskevi Petropoulou:** G10 Markets Analyst  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr), +30 210 37 18 991

**Galatia Phoka:** Emerging Markets Analyst  
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr), +30 210 37 18 922

### **Global Markets Sales**

**Nikos Laios:** Head of Treasury Sales  
[nlaios@eurobank.gr](mailto:nlaios@eurobank.gr), +30 210 37 18 910

**Alexandra Papathanasiou:** Head of Institutional Sales  
[apapathanasiou@eurobank.gr](mailto:apapathanasiou@eurobank.gr), +30 210 37 18 996

**John Seimenis:** Head of Corporate Sales  
[yseimenis@eurobank.gr](mailto:yseimenis@eurobank.gr), +30 210 37 18 909

**Achilleas Stogioglou:** Head of Private Banking Sales  
[astogioglou@eurobank.gr](mailto:astogioglou@eurobank.gr), +30 210 37 18 904

**George Petrogiannis:** Head of Shipping Sales  
[gpetrogiannis@eurobank.gr](mailto:gpetrogiannis@eurobank.gr), +30 210 37 18 915

**Vassilis Gioulbaxiotis:** Head International Sales  
[vgioulbaxiotis@eurobank.gr](mailto: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](mailto:EurobankGlobalMarketsResearch@eurobank.gr)

## Eurobank Global Markets Research

More research editions available at <http://www.eurobank.gr/research>

**Greece Macro Monitor:** Periodic overview of key macro & market developments in Greece

**Daily overview of global markets & the SEE region:**

Daily overview of key developments in global markets & the SEE region

**South East Europe Monthly:**

Monthly overview of economic & market developments in the SEE region

**Global Markets & SEE themes:** Special focus reports on Global Markets & the SEE region

Subscribe electronically at <http://www.eurobank.gr/research>

Follow us on twitter: <https://twitter.com/Eurobank Group>