

DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

July 25, 2014

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- July 22
 - CPI (Jun)
 - Existing home sales (Jun)
- July 24
 - Initial jobless claims (Jul 19)
 - New home sales (Jun)
- July 25: Durable goods orders (Jun)

EUROZONE

- July 24: PMI (Jul)

SEE

SERBIA

- July 21: CAD (May)
- July 22: 3-Y EUR T-bonds auction
- July 25: Real wages (Jun)

ROMANIA

- July 21: 2021 T-bonds auction
- July 24: 2018 T-bonds auction

BULGARIA

- July 23: Gross external debt (May)

Source: Reuters, Bloomberg,
Eurobank Global Markets
Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The **USD** retained a positive tone in European trade on Friday on news that US initial jobless claims declined to an eight-month low last week. Separately, **major European bourses** were firmer in early trade supported by a string of encouraging US Q2 corporate earnings results; **USTs** and **Bunds** remained under pressure for the second session in a row.

GREECE: A **multi-bill containing relevant legislation for the implementation of pending prior actions** attached to the release of the next EFSF sub-tranche (€1bn) will be reportedly submitted to the Hellenic Parliament next week. In other news, the latest BoG data showed that **Greece's travel balance** recorded a surplus of €1.13bn in the first five months of this year, marking a 6.7% increase on an annual basis. The **incoming passenger traffic** including cruise passengers – calculated on the basis of the number of tourists - increased by 17% YoY coming in at 3.57mn.

SOUTH EASTERN EUROPE

SERBIA: Minister of Public Administration Kori Udovicki stressed earlier this week that a **loan agreement with the IMF is highly needed** for maintaining investor confidence towards domestic economy.

ROMANIA: The **MoF issued RON 300mn in 4Y bonds** on Thursday at an average accepted yield of 3.10%.

BULGARIA: The National Assembly of the Republic of Bulgaria approved on Thursday the **resignation of Prime Minister Plamen Oresharski**.

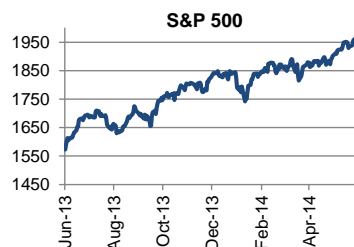
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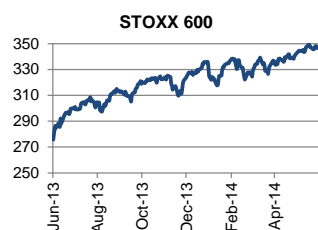
Latest world economic & market developments

GLOBAL MARKETS

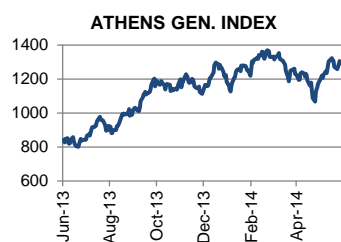
The USD retained in a positive tone in European trade on Friday following news that US initial jobless claims declined more-than-expected last week coming in at the lowest level in more than eight years. The EUR/USD was hovering around 1.3447/50 at the time of writing, within distance from a two-month low of 1.3435 recorded on Thursday, after Germany's ZEW announced that its business climate index fell for a third consecutive month in July to a lower-than-expected 108.0 from 109.7 in the prior month. Separately, major European bourses were standing in positive territory in early trade supported by a string of encouraging US Q2 corporate earnings results. Meanwhile, USTs and Bunds were under pressure early on Friday for the second consecutive session weighed down by positive data released from both the US and China earlier this week. Yet, in view of lingering geopolitical risks in Ukraine and the Gaza Strip, there is little to suggest that core sovereign bonds are poised to embark on a sustained short-term downward trend. On the calendar front, focus today is on US durable goods orders for the month of June which have the potential to push the USD higher if they deliver a positive surprise. Consensus is for a 0.2% mom increase in the headline following a 1.0% mom drop in the prior month.



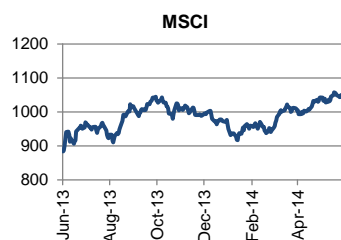
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research

GREECE

A multi-bill containing the legislation for the implementation of pending prior actions attached to the release of the next EFSF sub-tranche (€1bn) will be reportedly submitted to the Hellenic Parliament next week. Completion of these milestones should also open the way for the transfer to Greece of €2.1bn in ANFA and SMP profits. In other news, the latest BoG data showed that Greece's travel balance recorded a surplus of €1.13bn in the first five months of this year, marking a 6.7% increase on an annual basis on the back of a €0.186bn (10.6%YoY) rise in travel receipts. The incoming passenger traffic including cruise passengers – calculated on the basis of the number of tourists - increased by 17%YoY coming in at 3.57mn compared to 3.08mn in the same period a year earlier.

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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	Caa3	B	B-

Source: Reuters, Bloomberg, Eurobank Global Markets Research

Latest developments in the CESEE region

SERBIA

SERBIA: Indicators	2012	2013e	2014f
Real GDP growth %	-1.5	2.5	-0.4
CPI (pa, yoy %)	7.8	7.8	2.5
Budget Balance/GDP	-7.5	-5.8	-8.0
Current Account/GDP	-10.9	-5.0	-4.2
EUR/RSD (eop)	112.37	114.57	117.00
	2013	current	2014f
Policy Rate (eop)	9.50	8.50	8.00

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

(Belgrade, 24/7/2014, 18:00 CET): **Latest Political & Macro Developments:** Minister of Public Administration Kori Udovicki stressed earlier this week that a new loan agreement with the IMF is highly needed for maintaining investor confidence towards domestic economy. She also warned that, any kind of detour would lead to a "Greek scenario" or even a worse path. On the latter, Fiscal Council Chairman Vladimir Vuckovic said that Serbia will need at least 10 years to reduce its public debt to a "legally prescribed ceiling" of 45%-of-GDP. For 2014, Serbia's public debt is projected at 65%-of-GDP. **Market Developments:** The EUR/RSD closed at 116.45/65 on Thursday, modestly weaker compared to the settlement of 116.65/85 in the prior session with the technical picture suggesting that strong support stands at 116.00/20.

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ROMANIA

ROMANIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.6	3.5	3.0
CPI (pa, yoy %)	3.3	4.0	1.7
Budget Balance/GDP	-3.0	-2.3	-2.2
Current Account/GDP	-4.4	-1.1	-1.0
EUR/RON (eop)	4.44	4.46	4.40
	2013	current	2014f
Policy Rate (eop)	4.00	3.50	3.50

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

(Bucharest, 25/7/2014, 09:00 EET): **Market Developments:** The EUR/RON extended its recent losses on Thursday closing at 4.4080, after recording an intraday low of 4.4020. In money markets, short term RON rates fell sharply ahead of ca RON 6bn in sovereign debt maturities and coupon payments due on Monday. The 1W implied rate from swaps fell to 2.00% from levels around 2.50% earlier this week, while the rate for 1M tenor declined by 20bps to 2.00%. In government bond markets, the MoF issued RON 300mn in 4Y bonds on Thursday at an average accepted yield of 3.10%.

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BULGARIA

BULGARIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.6	0.9	1.8
CPI (pa, yoy %)	3.0	0.9	-0.9
Budget Balance/GDP	-0.8	-1.5	-3.0
Current Account/GDP	-0.9	1.9	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

(Sofia, 25/6/2014, 10:30 EET): **Latest Political & Macro Developments:** The National Assembly of the Republic of Bulgaria approved on Thursday the resignation of Prime Minister Plamen Oresharski. A caretaker government will subsequently take office, probably in the first week of August, ahead of early parliamentary elections scheduled for October 5. **Market Developments:** All major stock indices ended in positive territory on Thursday but gains were limited on renewed political jitters. The SOFIX added 0.19% to close at 540.12 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	1987.98	0.0%	7.6%	EUR/USD	1.3445	-0.1%	-2.2%	UST - 10yr	2.51	1	-52	GOLD	1293	0.0%	7.3%
Nikkei 225	15457.87	1.1%	-5.1%	GBP/USD	1.6969	-0.1%	2.5%	Bund-10yr	1.17	0	-76	BRENT CRUDE	182	0.0%	8.6%
STOXX 600	343.80	-0.2%	4.7%	USD/JPY	101.93	-0.1%	3.3%	JGB - 10yr	0.54	1	-21	LMEX	3316	1.3%	5.0%

SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	6.59	-1	-142
1-week	6.88	0	-140
1-month	7.25	6	-133
3-month	7.68	-5	-120
6-month	8.00	-2	-115

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	9.34	3	-62
5Y RSD	10.30	0	-252
7Y RSD	11.29	0	-252

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.79	0	-122
USD Nov-24	0.72	-582	-619

CDS

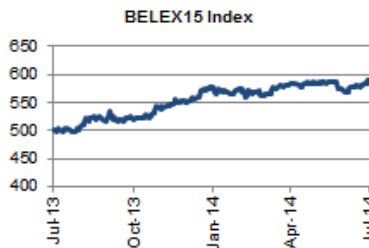
	Last	ΔDbps	ΔYTD bps
5-year	292		27
10-year	342	28	-2

STOCKS

	Last	ΔD	ΔYTD
BELEX15	590.9	0.43%	5.90%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	115.4	0.30%	-1.54%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.5	-46	76
1-month	2.08	-4	20
3-month	2.2	0	-24
6-month	2.54	0	-45
12-month	2.67	-1	-48

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	2.49	-4	-146
5Y RON		-3	#VALUE!
10Y RON	4.08	-3	-122

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	2.22	0	-163
USD Aug-23	3.90	-2	-91

CDS

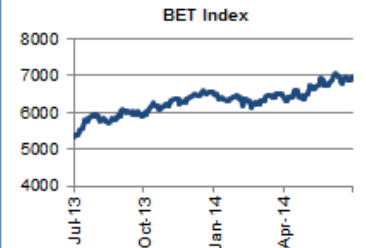
	Last	ΔDbps	ΔYTD bps
5-year	136	-5	-50
10-year	184	-5	1

STOCKS

	Last	ΔD	ΔYTD
BET	6979.6	0.35%	7.48%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.391	0.33%	1.87%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.04	1	-3
1-month	0.24	0	-8
3-month	0.51	0	-14
6-month	0.96	0	-20
12-month	1.83	0	-36

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	1.28	-2	18
5Y BGN	1.96	-1	12
10Y BGN	3.23	0	-26

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	1.02	-5	44
EUR Jul-17	1.50	15	-30

CDS

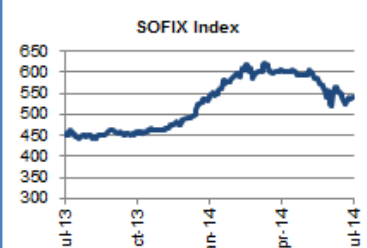
	Last	ΔDbps	ΔYTD bps
5-year	130	-10	-5
10-year	176	-10	0

STOCKS

	Last	ΔD	ΔYTD
SOFIX	540.0	-0.02%	9.86%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.4548	-0.14%	-2.18%



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 12:00 EET

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