

# DAILY OVERVIEW

## OF GLOBAL MARKETS & THE SEE REGION

March 2, 2015

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### GLOBAL US

- March 2
  - Personal income/spending (Jan)
  - PCE core (Jan)
  - ISM manufacturing (Feb)
- March 4
  - ADP employment (Feb)
  - ISM non-manufacturing (Feb)
- March 5
  - Initial jobless claims (Feb. 28)
  - Factory orders (Jan)
  - CPI (Jan)
- March 6
  - NFP (Feb)
  - U/E rate (Feb)
  - Average hourly earnings (Feb)
  - Trade balance (Jan)

#### EUROZONE

- March 2
  - PMI manufacturing (Feb)
  - HICP (Feb, flash)
- March 4: PMI services (Feb, f)
- March 5: ECB meeting
- March 6: GDP (Q4, 2014, p)

#### SEE

##### SERBIA

- March 2: Retail sales (Jan)

##### ROMANIA

- March 3: Retail sales (Jan)
- March 5: 5.95% 2021 T-bonds sales
- March 5: GDP (Q414, p)

##### BULGARIA

- March 6
  - GDP (Q414, f)
  - International reserves (Feb)

Source: Reuters, Bloomberg,  
Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** The USD retained a firm tone in European trade on Monday supported by market expectations that the Fed will embark on a rate tightening cycle by Q3 this year. Meanwhile, most of major European bourses were firmer in early trade favored by the unexpected decision of the central bank of China (PBOC) over the weekend to cut both its benchmark interest rate and one-year benchmark deposit rate by 0.25%.

**GREECE:** Greek Minister of Finance **Yanis Varoufakis** was quoted as saying to international newswires that payments to the IMF are a priority for the government which will "squeeze blood out of stone" so as to meet the four principal payments to the Fund due this month amounting to c. €1.5bn cumulatively. On the data front, the year-on-year growth of the **retail trade volume index**, including automotive fuel, fell by 1.2%YoY in December 2014, marking the second consecutive monthly decline while **Greece's Manufacturing Purchasing Managers' Index (PMI)** remained in February below the boom-or-bust level of 50.0 for the eighth month out of the last nine.

### SOUTH EASTERN EUROPE

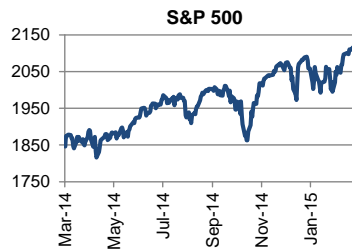
**SERBIA:** According to the latest data released by the Statistical Office of the Republic of Serbia, the final estimate showed that real GDP growth contracted by 1.8%YoY in Q4 2014, with negative annual growth rates of 0.2%, 1.2% and 3.8% in Q1, Q2 and Q3 respectively, bringing the annual rate of decrease for the whole of last year to 1.8%.

**ROMANIA:** Fitch ratings affirmed on Friday Romania's long-term foreign and local currency Issuer Default Ratings (IDR) at "BBB-" and "BBB", respectively, with stable outlook.

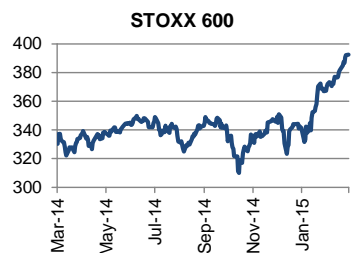
**BULGARIA:** According to media reports citing unnamed sources on Friday, the Bulgarian government plans to start a 3-day roadshow on March 16<sup>th</sup> for the sale of T- bonds in global markets.

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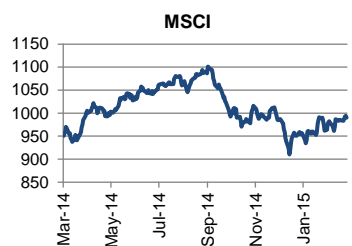
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research

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

Source: Reuters, Bloomberg, Eurobank Global Markets Research

## Latest world economic & market developments

### GLOBAL MARKETS

Tracking the positive tone in Asia today, most of major European bourses were firmer in early trade on Monday favored by the unexpected decision of the central bank of China (PBOC) over the weekend to cut its benchmark interest rate by 0.25% for the second time in three months, to 5.35%, and lower its one-year benchmark deposit rate by the same amount to 2.5%. The FTSEurofirst 300 index hit a fresh seven-year peak earlier today slightly above 1,567 points while expectations for the launch of the ECB's QE program this month also exerted a positive impact. In FX markets, the USD retained a firm tone with the DXY index hitting a fresh multi-year high of 95.505 earlier today supported by market expectations that the Fed will embark on a rate tightening cycle by Q3 this year. On the data front, Monday sees US January's ISM manufacturing index which is expected to inch up to 53.8 from 53.5 in the prior month. Moreover, US February's non-farm payrolls report, due for release on Friday, is expected to show a new multi-year low in the unemployment rate to 5.6% from 5.7% in January. In the euro area, focus is on the ECB monetary policy meeting on Thursday where the Central Bank is likely to announce further details of the QE programme.

### GREECE

**Greek Minister of Finance Yanis Varoufakis** was quoted as saying to international newswires that payments to the IMF are a priority for the government which will "squeeze blood out of stone" so as to meet the four principal payments to the Fund due this month (between 6 and 20) amounting to c. €1.5bn cumulatively. The Greek minister added that repayments to the ECB are "in a different league" suggesting that the government intends to bring the issue under discussion with its creditors in the run up to the expiry of the Master Financial Assistance Facility Agreement in June (four Greek sovereign bonds mature in July and August for a total notional amount of c. €6.7bn). Meanwhile, **Eurogroup President Jeroen Dijsselbloem** was quoted as saying in an interview with the FT that euro area finance ministers are prepared to make a "first disbursement" of the €7.2bn pending loan tranche to Greece as early as this month provided that the government starts implementing some of the reforms recently approved by the Eurogroup before the April deadline. On the data front, the year-on-year growth of the **retail trade volume index**, including automotive fuel, fell by 1.2%YoY in December 2014, marking the second consecutive monthly decline. Separately, **Greece's Manufacturing Purchasing Managers' Index (PMI)** came in at 48.4 in February little changed compared to January's 48.3 remaining below the boom-or-bust level of 50.0 for the eighth month out of the last nine. The breakdown of the February report showed that factory output declined for the second month in a row, falling by its fastest rate in 16 months as new orders dropped by their sharpest pace since July 2013, marking their sixth consecutive monthly fall.

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SERBIA: Indicators	2013	2014e	2015f
Real GDP growth %	-1.5	-2.0	-0.5
CPI (pa, yoy %)	7.8	2.0	3.5
Budget Balance/GDP	-6.5	-7.1	-5.5
Current Account/GDP	-6.1	-6.1	-4.6
EUR/RSD (eop)	114.60	120.96	125.00
	<b>2014</b>	<b>current</b>	<b>2015f</b>
Policy Rate (eop)	8.00	8.00	7.50

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

## SERBIA

(Belgrade, 27/2/2015, 16:30 CET): **Latest Political & Macro Developments:** According to the latest data released by the Statistical Office of the Republic of Serbia, the final estimate showed that real GDP growth contracted by 1.8%YoY in Q4 2014, with negative annual growth rates of 0.2%, 1.2% and 3.8% in Q1, Q2 and Q3 respectively, bringing the annual rate of decrease for the whole of last year to 1.8%. The breakdown of the data showed that last year's contraction was primarily led by shrinking domestic demand. In more detail, household final consumption expenditure declined by 1.3% and gross fixed capital formation by 2.7%, while goods and services exports grew by 3.9% of marginally outpaced a concomitant 3.3% increase in imports. In a more encouraging note, January's industrial production fell by 2.4%YoY, after a 5.3%YoY drop in the prior month, marking the slowest pace of annual contraction over the last eight months. **Market Developments:** The EUR/RSD closed little changed on Friday at 120.25/45, as the Central Bank intervened anew in the FX markets with approximately EUR 20mn purchases in order to halt the cross's downside momentum which hit a 3-month low of 119.85/05 earlier in the session. Looking ahead, range-trading is likely to prevail in the sessions head, as recent history suggests that the NBS is likely to intervene anew in the FX markets in order to maintain the pair above the level of 120.00.

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ROMANIA: Indicators	2013	2014e	2015f
Real GDP growth %	3.5	2.9	2.7
CPI (pa, yoy %)	4.0	1.3	2.6
Budget Balance/GDP	-2.3	-2.2	-2.2
Current Account/GDP	-1.1	-1.2	-0.5
EUR/RON (eop)	4.46	4.40	
	<b>2014</b>	<b>current</b>	<b>2015f</b>
Policy Rate (eop)	2.75	2.25	2.00

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

## ROMANIA

(Bucharest, 2/3/2015, 12:3 EET): **Latest Political & Macro Developments:** Fitch ratings affirmed on Friday Romania's long-term foreign and local currency Issuer Default Ratings (IDR) at "BBB-" and "BBB", respectively, with stable outlook. The agency noted that the ratings assigned were supported by the country's improving fiscal position and economic growth prospects, adding however, that constraints lied in the face of structural weaknesses in the economy.

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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, 27/2/2015, 17:35 EET): **Latest Political & Macro Developments:** According to media reports citing unnamed sources on Friday, the Bulgarian government plans to start a 3-day roadshow on March 16<sup>th</sup> for the sale of T- bonds in global markets. The exact amount has yet to be decided. **Market Developments:** Bucking the broadly negative trend in emerging stock markets domestic stock indices closed in a positive territory on Friday, with the main SOFIX inching up by 0.36% to end at 487.79 points.

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March 2, 2015

## 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	2104.50	-0.3%	2.2%	EUR/USD	1.1223	0.2%	-7.2%	UST - 10yr	2.00	1	-17	GOLD	1217	0.3%	2.7%
Nikkei 225	18826.88	0.2%	7.9%	GBP/USD	1.5413	-0.2%	-1.1%	Bund-10yr	0.32	-1	-22	BRENT CRUDE	174	0.0%	-0.7%
STOXX 600	392.48	0.1%	14.6%	USD/JPY	119.8	-0.2%	-0.1%	JGB - 10yr	0.35	2	2	LMEX	2753	-0.1%	-5.5%

## SEE MARKETS

### SERBIA

#### Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	on	7	-12
1-week	9.95	8	-6
1-month	10.06	1	1
3-month	10.27	14	42
6-month	10.37	13	58

#### RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	9.20	0	16
5Y RSD	10.10	0	-9
7Y RSD	11.27	1	2

#### RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.32	0	-94
USD Nov-24	6.40	0	-19

#### CDS

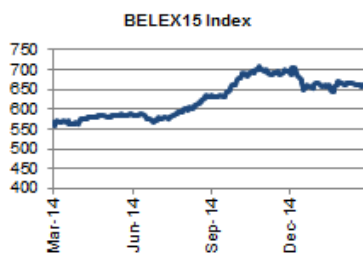
	Last	ΔDbps	ΔYTD bps
5-year	265	0	-25
10-year	293	0	-63

#### STOCKS

	Last	ΔD	ΔYTD
BELEX15	661.1	0.47%	-0.89%

#### FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.42	-0.28%	0.77%



### ROMANIA

#### Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.7	-1	13
1-month	0.78	0	-13
3-month	1.4	2	-30
6-month	1.63	1	-38
12-month	1.67	0	-35

#### RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.90	-2	-41
5Y RON	2.08	-2	-63
10Y RON	2.81	-1	-85

#### RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.29	-4	-44
USD Aug-23	3.23	0	-39

#### CDS

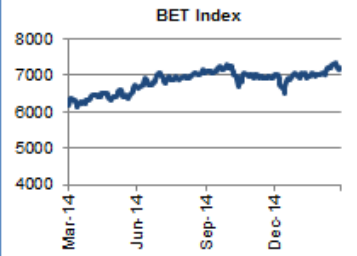
	Last	ΔDbps	ΔYTD bps
5-year	108	1	-34
10-year	152	1	-35

#### STOCKS

	Last	ΔD	ΔYTD
BET	7191.2	0.64%	1.53%

#### FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4414	-0.17%	0.95%



### BULGARIA

#### Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.17	0	-5
3-month	0.37	0	-7
6-month	0.73	0	-6
12-month	1.38	0	-12

#### BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.43	0	-60
5Y BGN	0.69	-1	-76
10Y BGN	1.95	0	-80

#### BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.65	-2	-51
EUR Sep-24	2.22	-19	-64

#### CDS

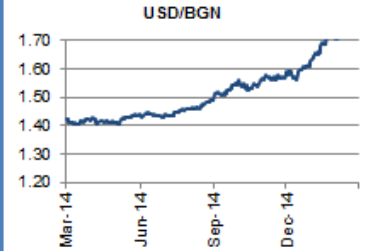
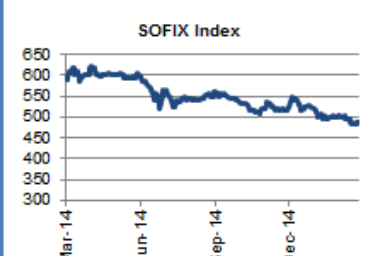
	Last	ΔDbps	ΔYTD bps
5-year	170	-2	-21
10-year	219	6	-22

#### STOCKS

	Last	ΔD	ΔYTD
SOFIX	487.8	0.36%	-6.57%

#### FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7427	0.24%	-7.24%



Source: Reuters, Bloomberg, Eurobank Global Markets Research  
Data updated as of 12:30 EET

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