

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

March 4, 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: Taking their cue from losses in Wall Street overnight, Asian stock markets moved broadly lower on Wednesday as caution prevailed ahead of the ECB meeting and key US data later in the week. In FX markets, the USD extended its recent gains remaining supported by market expectations that the Fed will embark on a rate tightening cycle by Q3 this year.

GREECE: Several press reports suggested today that, in an effort to potentially secure an early disbursement of the pending €7.3bn loan installment, Greece's Minister of Finance Yanis Varoufakis will present in detail a bulk of key reforms -incorporated in the recently approved list- at next week's Eurogroup (March 9) in an effort to reach an agreement on which ones can be implemented immediately.

SOUTH EASTERN EUROPE

SERBIA: In view of moderate dinar demand from local corporate clients, the EUR/RSD extended its recent uptrend on Tuesday to close modestly higher at 120.77/97.

ROMANIA: In line with the broadly weakening trend witnessed in emerging market currencies on Tuesday, the EUR/RON firmed by ca 0.5% to close at 4.4580 by the session's settlement.

CESEE MARKETS: Most **emerging stock markets** fell in morning trade as caution prevailed ahead of the ECB meeting and key US labour data due later in the week. In the FX markets, **CEE currencies** extended their recent losses ahead of Poland's Central Bank monetary policy announcement later today, where the MPC is broadly anticipated to cut its key policy rate by 25bps to a new record low of 1.75%.

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Latest world economic & market developments

GLOBAL MARKETS

Taking their cue from losses in Wall Street overnight, Asian stock markets moved broadly lower on Wednesday as caution prevailed ahead of the ECB meeting and key US data later in the week. Against this backdrop and in the wake of weaker than expected PMI services data releases in the Eurozone, European bourses trimmed initial gains. In FX markets, the USD extended its recent gains remaining supported by market expectations that the Fed will embark on a rate tightening cycle by Q3 this year. Along these lines, the DXY dollar index, which measures the greenback's strength against a basket of major currencies, spiked to an 11-year peak of 95.73 points earlier today and the EUR/USD slid to a 1½ month low near 1.1115 in European trade.

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GREECE

According to the most recent Bank of Greece data, the total amount of funding taken from the Eurosystem rose in January for the second consecutive month coming in at €87.5bn, the highest level since April 2013, from €56.0bn in the prior month mainly due to the sharp drop in private sector bank deposits over the last few months. Out of this amount, €82.3bn was drawn from the ECB and the remaining from the ELA facility. In other news, press reports suggested today that, in an effort to potentially secure an early disbursement of the pending €7.3bn loan installment (€1.8bn EFSF + €1.9bn SMP & ANFA + €3.5bn IMF), Greece's Minister of Finance Yanis Varoufakis will present in detail a bulk of key reforms -incorporated in the recently approved list- at next week's Eurogroup (March 9) in an effort to reach an agreement on which ones can be implemented immediately. As per the same sources, those reforms will be discussed at a special Euro Working Group meeting that will be held this week.

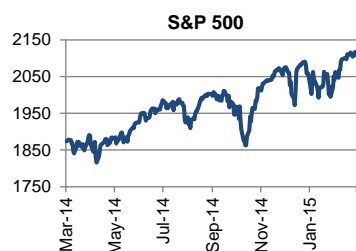
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Latest developments in the CESEE region

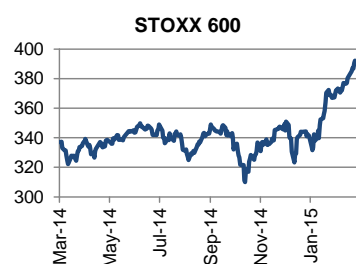
CESEE markets

Most **emerging stock markets** fell in morning trade as caution prevailed ahead of the ECB meeting and key US labour data due later in the week. The MSCI Emerging Markets index slid by ca 0.5% at the time of writing, to stand in a negative territory for the fourth session running. In the FX markets, **CEE currencies** extended their recent losses ahead of Poland's Central Bank monetary policy announcement later today. In line with our expectations, the market's median forecast is for a 25bps rate cut to a new record low of 1.75%. In support of the aforementioned, deflation pressures persist since July last year with CPI hitting a record low of -1.3%YoY in January, remaining firmly below the NBP's 2.5+/-1% inflation target over the last two years or so. The Hungarian forint posed amongst the region's worst performers earlier today as a Polish rate cut later in the session is likely to support the prevailing view about a resumption of MNB rate cuts as soon as in March. As a result, the EUR/HUF bounced to a 2-week peak of 307.80/EUR intraday before giving back some ground towards 307.10 at the time of writing. Separately, the Turkish lira slid to a lifetime trough of 2.55/USD weighed down by a stronger US dollar and concerns about the Central Bank's independence following recent comments from President Tayyip Erdogan criticizing the CBT's monetary policy. On the flipside, the Ukrainian hryvnia firmed by ca 9% to the US dollar after the country's National Bank announced its decision on Tuesday to hike its benchmark refinancing rate to a 15-year high of 30% from 19.5% previously in order to support the domestic currency.

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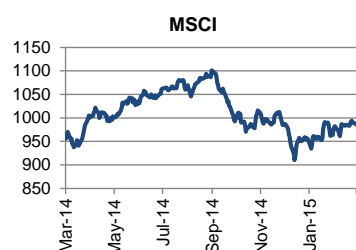
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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

Source: Reuters, Bloomberg, Eurobank Global Markets Research

SERBIA

SERBIA: Indicators	2013	2014e	2015f
Real GDP growth %	-1.5	-1.8	-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
	2014	current	2015f
Policy Rate (eop)	8.00	8.00	7.50

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

(Belgrade, 4/3/2015, 09:00 CET): **Market Developments:** In view of moderate dinar demand from local corporate clients, the EUR/RSD extended its recent uptrend on Tuesday to close modestly higher at 120.77/97, near a recent 2-week peak of 120.90/10. It is worth noting that, as trade volumes are likely to remain thin in the coming days, any changes in the demand or supply of the domestic currency are likely to exacerbate the cross's moves.

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ROMANIA

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	
	2014	current	2015f
Policy Rate (eop)	2.75	2.25	2.00

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

(Bucharest, 4/3/2015, 10:00 EET): In line with the broadly weakening trend witnessed in emerging market currencies on Tuesday, the EUR/RON firmed by ca 0.5% to close at 4.4580 by the session's settlement approaching anew a 1-month peak of 4.4650 hit in late February. Separately, money market rates were little changed, with those of shorter tenure remaining trapped near the deposit facility rate of 0.25%. In a similar vein, government bonds were little changed in thin trade volumes.

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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	2107.78	-0.5%	2.4%	EUR/USD	1.1173	0.0%	-7.6%	UST - 10yr	2.13	1	-4	GOLD	1205	0.1%	1.7%
Nikkei 225	18703.60	-0.6%	7.2%	GBP/USD	1.5364	0.0%	-1.4%	Bund-10yr	0.38	2	-16	BRENT CRUDE	174	0.0%	-0.7%
STOXX 600	387.68	-0.9%	13.2%	USD/JPY	119.7	0.0%	0.0%	JGB - 10yr	0.41	3	8	LMEX	2716	-1.0%	-6.8%

SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	on	-3	-15
1-week	9.96	1	-5
1-month	10.07	1	2
3-month	10.31	4	46
6-month	10.41	4	62

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	9.37	0	33
5Y RSD	9.88	0	-30
7Y RSD	11.26	0	1

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	264	-1	-26
10-year	293	-1	-63

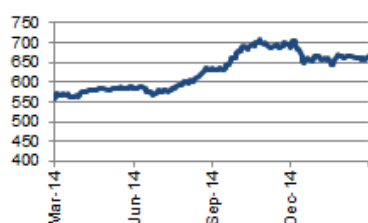
STOCKS

	Last	ΔD	ΔYTD
BELEX15	664.5	0.41%	-0.38%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.90	0.03%	0.37%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.66	0	9
1-month	0.77	0	-14
3-month	1.39	0	-31
6-month	1.63	0	-38
12-month	1.67	0	-35

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.91	0	-40
5Y RON	2.11	0	-60
10Y RON	2.83	0	-83

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.27	0	-46
USD Aug-23	3.23	2	-39

CDS

	Last	ΔDbps	ΔYTD bps
5-year	107	2	-35
10-year	150	3	-37

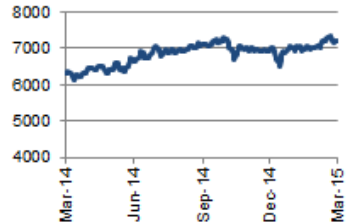
STOCKS

	Last	ΔD	ΔYTD
BET	7198.3	0.12%	1.63%

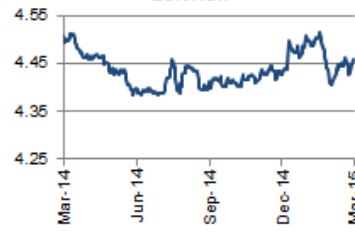
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.458	0.07%	0.57%

BET Index



EUR/RON



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	0.37	0	-72
5Y BGN	0.67	0	-78
10Y BGN	1.90	0	-85

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.78	-2	-38
EUR Sep-24	2.21	-15	-66

CDS

	Last	ΔDbps	ΔYTD bps
5-year	170	0	-21
10-year	218	0	-23

STOCKS

	Last	ΔD	ΔYTD
SOFIX	487.8	0.36%	-6.57%

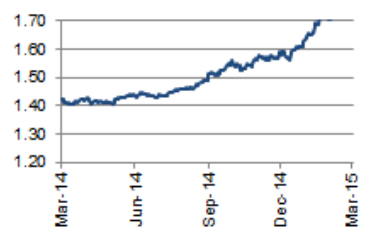
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7506	-0.03%	-7.66%

SOFIX Index



USD/BGN



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 09:45 EET

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