

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

November 24, 2014

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL

#### US

- November 25
  - GDP (Q3, 3<sup>rd</sup>)
  - CB Consumer sentiment (Nov)
- November 26
  - Durable goods (Oct)
  - Initial jobless claims (Nov. 22)
  - Chicago PMI (Nov)
  - UoM consumer confidence (Nov)
  - New home sales (Oct)
  - Pending home sales (Oct)

#### EUROZONE

- November 24: DE: IFO (Nov)

#### SEE

##### SERBIA

- November 24: Floating 2016 RSD 3.2bn T-bonds auction
- November 25
  - Real gross wages (Oct)
  - RSD 10bn T-bonds auction
- November 26: T-bonds auction
- November 28
  - GDP (Q3, f)
  - Industrial production (Oct)
  - Trade balance (Oct)
  - Retail sales (Oct)

##### ROMANIA

- November 24: 2020 T-Bonds auction

##### BULGARIA

- November 25: Gross external debt (Sep)
- November 28: Budget balance (Oct)

Source: Reuters, Bloomberg,  
Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Tracking the positive momentum in most Asian bourses, European stock markets were in the black in morning trade on Monday and the euro came under renewed pressure amid expectations for further monetary policy easing in China and Europe.

### SOUTH EASTERN EUROPE

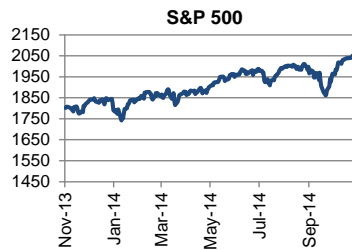
**SERBIA:** According to local media reports quoting the Director of the Public Debt Administration, there is no need for Eurobond issuance this year after an IMF staff-level agreement over a precautionary SBA was reached last week.

**ROMANIA:** Today the MoF holds the last primary debt market auction for November, for RON 300mn bonds maturing in April 2020. The auction is expected to produce an average yield of around 2.95-3.00%.

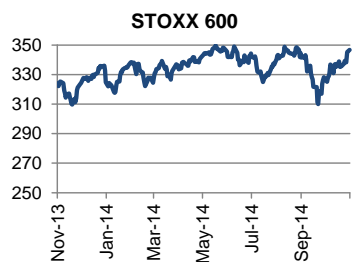
**CESEE MARKETS:** Taking their cue from gains in major global bourses, the majority of **emerging stock markets** moved higher in European trade on Monday amid expectations for further monetary policy stimulus in China and Europe. In the FX markets, **CESEE currencies** were mixed, with the Turkish lira broadly underperforming.

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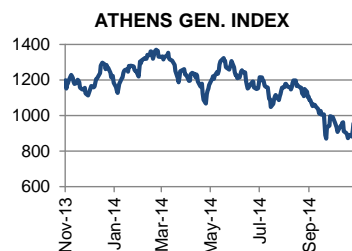
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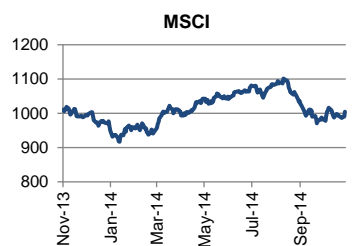
Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research

L-T ccy	Credit Ratings		
	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 world economic & market developments

### GLOBAL MARKETS

Tracking the positive momentum in most Asian bourses, European stock markets were in the black in morning trade on Monday amid expectations for further monetary policy easing in China and Europe. The People's Bank of China unexpectedly cut interest rates on Friday, reducing its one-year benchmark lending and deposit rates by 40bps and 25bps to 5.6% and 2.75%, respectively, in order to support the world's second largest economy, while the door remains open for further easing ahead. Separately, ECB President Mario Draghi's comments last week added to the view that the prospect of ECB sovereign bond purchases cannot be ruled out entirely. In the FX markets, the euro came under renewed pressure amid expectations for further ECB easing. Against this backdrop, the EUR/USD was hovering around levels of 1.2401/05 at the time of writing after hitting a new 2-year low of 1.2357 in Asian trade today.

## Latest developments in the CESEE region

### CESEE MARKETS

Taking their cue from gains in major global bourses, the majority of **emerging stock markets** moved higher in European trade on Monday amid expectations for further monetary policy stimulus in China and Europe. In more detail, the MSCI index of emerging equities rallied by 0.9% at the time of writing hitting its highest level in nearly a month. On the flipside, Turkey's main stock index BIST 100 led the losses in the region after S&P affirmed its unsolicited "BB+/B" long- and short-term foreign currency sovereign credit ratings on the country maintaining the negative outlook. The agency cited "downside risks of Turkey's still-substantial dependency on external financing in 2015" and expressed expectations for the country's current account deficit to remain near the projected 2014 levels of 5.3% of GDP until 2017. In the FX markets, **CESEE currencies** were mixed earlier today. The Turkish lira broadly underperformed its regional peers in the wake of the S&P review, with the USD/TRY pulling back towards 2.2290 earlier today from Friday's 3-week trough of 2.2135. Looking ahead, the USD/TRY's technical picture suggests that a break below Friday's trough may pave the way towards 2.2055 (61.8% Fibonacci retracement from September's lows to October's highs). On the upside, immediate resistance stands at today's peak of 2.2320, before 2.2350 (60-day moving average). Elsewhere, the Polish zloty retained a firm tone in European trade on Monday, amid mitigated expectations for Central Bank rate cuts this year after upbeat Q3 GDP data released earlier this month. Against this background, the EUR/PLN hovered around levels of 4.1940 at the time of writing, within distance from a 2-½ month low of 4.1910 hit late last week. In a similar vein, the EUR/HUF briefly eased to a new 5-month trough of 303.62 in Asia before pulling back towards 304.65 at the time of writing.

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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
	<b>2013</b>	<b>current</b>	<b>2014f</b>
Policy Rate (eop)	9.50	8.00	8.00

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

## SERBIA

(Belgrade 21/10/2014, 17:00 CET): **Latest Political & Macro Developments:** According to local media reports quoting the Director of the Public Debt Administration of Serbia's ministry of finance, Branko Drcelic, there is no need for the country to resort to Eurobond issuance this year after a staff-level agreement was reached over a €1bn 3-year precautionary Stand-By Arrangement with the IMF late last week. **Market Developments:** The EUR/RSD remained bound within a tight range of 120.15-120.40 on Friday. Looking ahead, the outcome of the upcoming RSD-denominated T-bond auctions scheduled for Monday and Tuesday is likely to set the tone for the dinar over the next few days.

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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
	<b>2013</b>	<b>current</b>	<b>2014</b>
Policy Rate (eop)	4.00	2.75	2.75

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

## ROMANIA

(Bucharest, 24/11/2014, 9:20 EET): **Market Developments:** The leu tread water on Friday, lagging the firming momentum witnessed in most CESEE currencies, with the EUR/RON remaining stuck within a tight-range of 4.4385-4.4435. In money markets, short term rates remained on Friday significantly below the 2.75% monetary policy rate, largely shrugging off the inception of the new reserve period today. In a similar mode, the 1W implied rate from swaps was little changed on the day at 0.95%, while the 1M rate closed at 1.15%. On the flipside, local-currency government bonds rallied on Friday, favoured by ECB President Draghi's comments, trailing gains in Polish and Hungarian debt. Along these lines, the corresponding 3-5Y yields moved some 5bps lower, each, and the 10Y yield eased ca 8bps. Today the MoF holds the last primary market auction for November. The planned amount totals RON 300mn and the said paper matures on April 2020. The auction is expected to produce an average yield of around 2.95-3.00%.

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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	2063.50	0.5%	11.6%	EUR/USD	1.2404	0.1%	-9.7%	UST - 10yr	2.33	2	-70	GOLD	1195	-0.5%	-0.8%
Nikkei 225	17357.51	0.3%	6.5%	GBP/USD	1.5653	0.0%	-5.5%	Bund-10yr	0.78	1	-115	BRENT CRUDE	177	0.0%	6.0%
STOXX 600	346.63	0.4%	5.6%	USD/JPY	118.27	-0.4%	-11.0%	JGB - 10yr	0.46	0	-28	LMEX	3150	1.1%	-0.3%

SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	6.62	0	-139
1-week	6.85	0	-143
1-month	7.15	0	-143
3-month	7.70	0	-118
6-month	8.03	-1	-112

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	9.30	-12	-66
5Y RSD	10.22	0	-260
7Y RSD	11.24	1	-257

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.60	-1	-141
USD Nov-24	2.38	-411	-453

CDS

	Last	ΔDbps	ΔYTD bps
5-year	255	-3	-154
10-year	321	-3	-126

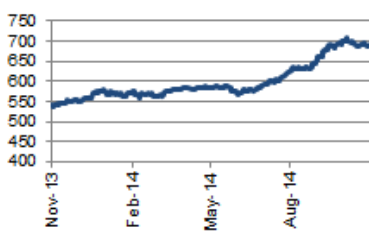
STOCKS

	Last	ΔD	ΔYTD
BELEX15	692.7	0.50%	24.14%

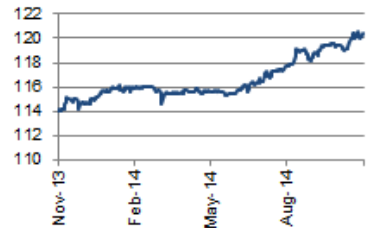
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.38	-0.11%	-4.83%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.94	48	-80
1-month	1.1	0	-78
3-month	1.81	0	-63
6-month	2.15	1	-84
12-month	2.16	1	-99

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.96	2	-199
5Y RON	2.48	-1	-217
10Y RON	3.64	-3	-166

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.91	0	-194
USD Aug-23	3.69	2	-112

CDS

	Last	ΔDbps	ΔYTD bps
5-year	143	-2	-40
10-year	188	-2	-44

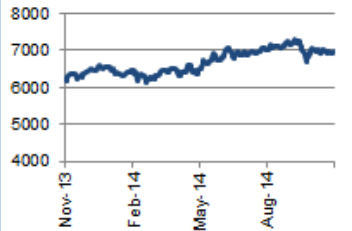
STOCKS

	Last	ΔD	ΔYTD
BET	6970.3	0.29%	7.34%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4339	0.09%	0.88%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.02	0	-5
1-month	0.23	0	-9
3-month	0.43	0	-21
6-month	0.79	0	-36
12-month	1.54	0	-65

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	1.45	2	35
5Y BGN	1.86	-2	2
10Y BGN	3.05	0	-44

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	-0.08	-15	-67
EUR Jul-17	1.26	0	-54

CDS

	Last	ΔDbps	ΔYTD bps
5-year	153	-5	24
10-year	211	-3	36

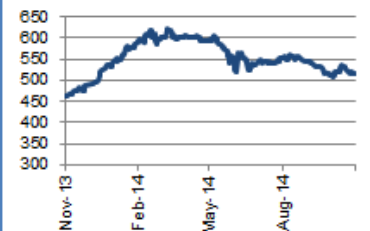
STOCKS

	Last	ΔD	ΔYTD
SOFIX	515.8	0.11%	4.94%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.577	0.10%	-9.76%

SOFIX Index



USD/BGN



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 13:00 EET

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