

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

September 17, 2014

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL

#### US

- September 15
  - Empire State Indec (Sep)
  - Industrial production (Aug)
- September 17
  - CPI (Aug)
  - FOMC meeting
- September 18
  - Initial jobless claims (Sep 13)
  - Housing starts (Aug)
  - Building permits (Aug)
  - Philly Fed (Sep)
  - EUROZONE

#### EUROZONE

- September 16
  - DE: ZEW (Sep)
- September 17: HICP (Aug)
- September 18
  - UK: Scottish referendum

#### SEE

##### ROMANIA

- September 15: 2021 T-Bonds auction
- September 18: 2019 T-Bonds auction

##### BULGARIA

- September 15
  - CPI (Aug)
  - CAD (Aug)
  - Bonds auction

Source: Reuters, Bloomberg,  
Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Tracking gains in Wall Street overnight, the majority of Asian bourses firmed on Wednesday supported by a newswire report suggesting that, at its two-day monetary policy meeting which concludes later in the day, the FOMC will stop short of altering the forward guidance and its reference "it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable time after the asset purchase program ends".

**GREECE:** Greece's Public Debt Management successfully offered on Tuesday €1.3bn (including €0.3bn in non-competitive bids) in 3-month T-bills. In other news, Greece's Prime Minister Antonis Samaras played down once again the prospect of early national elections.

### SOUTH EASTERN EUROPE

**SERBIA:** The National Bank of Serbia (NBS) intervened in the FX markets anew on Tuesday, in order to support the dinar.

**ROMANIA:** Following a spike over the key policy rate of 3.25% earlier in the session, short term RON rates staged a relief rally after the Central Bank held a one week repo auction.

**CESEE MARKETS: Emerging stock markets** staged a relief rally in European trade on Wednesday in the wake of news that People's Bank of China injected 500bn yuan into the markets in order to support the domestic economy. A more hawkish-than-expected shift in the FOMC rhetoric at today's policy meeting may weigh on regional assets. Market caution also prevails ahead of tomorrow's independence referendum in Scotland.

#### 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

Tracking gains in Wall Street overnight, the majority of Asian bourses firmed on Wednesday supported by a newswire report suggesting that, at its two-day monetary policy meeting which concludes later in the day, the FOMC will stop short of altering the forward guidance and its reference "it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable time after the asset purchase program ends". Yet, the policy statement is expected to reflect a somewhat hawkish shift as the Committee is anticipated to revise upward its assessment on the growth outlook of the domestic economy. Moreover, the FOMC is widely expected to reduce the pace of its asset purchases by a further \$10bn to \$15bn. A possible change in the accompanying statement that could trigger a hawkish shift in FOMC rate hike expectations may exert a negative impact on USTs, especially on the short end of the yield curve. Should this be the case, the USD will likely extend its recent gains with the technical picture suggesting that the next strong support for the EUR/USD stands at 1.2860 (Sep. 9 trough). On the flipside, an unchanged FOMC policy rhetoric may assist the EUR/USD in moving higher towards 1.3100/50.

### GREECE

Greece's Public Debt Management successfully offered on Tuesday €1.3bn (including €0.3bn in non-completive bids) in 3-month T-bills. The auction produced an average accepted yield of 1.70%, modestly lower compared to 1.75% recorded in August when paper of the same maturity was offered. The sale's bid-to-cover ratio stood at 2.51, down from 2.61 in the previous sale. / Greece's Prime Minister Antonis Samaras played down once again the prospect of snap elections saying y-day that "whoever speaks about national elections right now knows nothing about politics, does not want to serve the country's interests or only wants to serve his own interests".

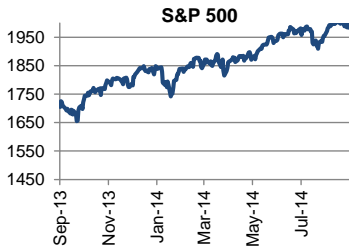
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

## Latest developments in the CESEE region

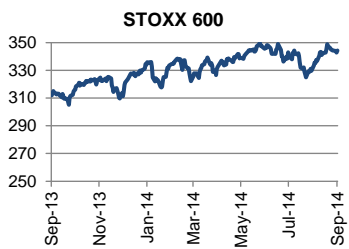
### CESEE MARKETS

**Emerging stock markets** staged a relief rally in European trade on Wednesday in the wake of news that People's Bank of China injected 500bn yuan into the markets in order to support the domestic economy. Against this background, the MSCI index of emerging equities firmed by 0.8% on the day at the time of writing, recouping part of ca 4.5% losses suffered over the last few sessions amid expectations about a more aggressive than previously expected monetary policy tightening path by the Fed. A more hawkish-than-expected shift in the FOMC rhetoric at today's policy meeting may weigh on regional assets. Market caution also prevails ahead of tomorrow's independence referendum in Scotland. Elsewhere, **CESEE currencies** were mixed in morning trade on Wednesday, with the Polish zloty hovering around levels of 4.1870/EUR, little changed compared to Tuesday's settlement. Inflation, employment and corporate wage data for August released yesterday, which came in broadly in line with the market's consensus, did not alter our expectations for 50bps of cumulative cuts in the key policy rate by year-end. Today's industrial production data (consensus is for a slowdown in the annual pace of increase to 0.2%YoY from 2.3%YoY in the prior month) will likely be closely scrutinized by market participants as a disappointing figure may fan expectations for more aggressive than currently expected Central Bank monetary easing ahead.

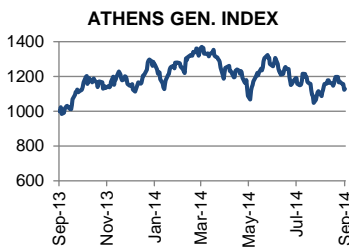
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr)



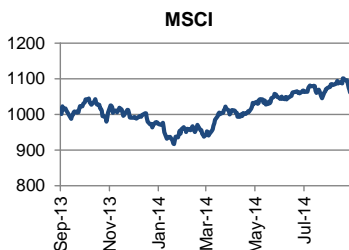
Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research

L-T ccy	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

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

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	3.25	3.00

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

## SERBIA

(Belgrade, 16/9/2014, 17:25 CET): **Market Developments:** The EUR/RSD moved slightly lower on Tuesday to close at 118.75/95 after opening at 119.00/20, in the wake of renewed National Bank of Serbia (NBS) intervention in the FX markets earlier in the session aimed at supporting the dinar. Vindicating our expectations for renewed action, the Central Bank sold EUR20mn in the FX markets. Should the EUR/RSD attempts to re-test the 119.00 level in the days ahead, similar Central Bank moves are likely and thus. That said, range-bound trading around 118.50-119.00 is expected to prevail in the coming sessions/weeks.

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

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

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

## ROMANIA

(Bucharest, 17/9/2014, 9:20 EET): **Market Developments:** The EUR/RON remained bound within a tight range of 4.4115/190 on Tuesday. Meanwhile, following a spike over the key policy rate of 3.25% earlier in the session, short term RON rates staged a relief rally after the Central Bank held a one week repo auction at the 3.25%. This is the fourth repo auction so far this year and the first since April, as money market rates had remained at levels below the monetary policy rate over the last few months. Against this backdrop, the 1W implied rate from swaps dropped 100bps to close at 3.40% from 4.40% in the prior session's settlement. Along similar lines, government bonds moved higher, with the corresponding 1-2year yields recoiling by ca 10bps.

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

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

**GLOBAL MARKETS**

Stock markets	FOREX	Government Bonds	Commodities													
<table border="1"> <thead> <tr> <th></th> <th>Last</th> <th>ΔD</th> <th>ΔYTD</th> </tr> </thead> <tr> <td>S&amp;P 500</td> <td>1998.98</td> <td>0.7%</td> <td>8.1%</td> </tr> <tr> <td>Nikkei 225</td> <td>15888.67</td> <td>-0.1%</td> <td>-2.5%</td> </tr> <tr> <td>STOXX 600</td> <td>344.25</td> <td>0.4%</td> <td>4.9%</td> </tr> </table>		Last	ΔD	ΔYTD	S&P 500	1998.98	0.7%	8.1%	Nikkei 225	15888.67	-0.1%	-2.5%	STOXX 600	344.25	0.4%	4.9%
	Last	ΔD	ΔYTD													
S&P 500	1998.98	0.7%	8.1%													
Nikkei 225	15888.67	-0.1%	-2.5%													
STOXX 600	344.25	0.4%	4.9%													

 |         | Last   | ΔD    | ΔYTD  | |---------|--------|-------|-------| | EUR/USD | 1.2962 | 0.0%  | -5.7% | | GBP/USD | 1.6322 | 0.3%  | -1.4% | | USD/JPY | 107.24 | -0.1% | -1.8% | | | (yields)   | Last | ΔDbps | ΔYTD bps | |------------|------|-------|----------| | UST - 10yr | 2.58 | -2    | -45      | | Bund-10yr  | 1.07 | 1     | -86      | | JGB - 10yr | 0.56 | -2    | -18      | | |             | Last | ΔD   | ΔYTD | |-------------|------|------|------| | GOLD        | 1236 | 0.0% | 2.5% | | BRENT CRUDE | 181  | 0.0% | 8.0% | | LMEX        | 3203 | 1.2% | 1.4% | |

**SEE MARKETS**

SERBIA	ROMANIA	BULGARIA																						
<p><b>Money Market</b></p> <table border="1"> <thead> <tr> <th>BELIBOR</th> <th>Last</th> <th>ΔDbps</th> <th>ΔYTD bps</th> </tr> </thead> <tr> <td>T/N</td> <td>6.75</td> <td>0</td> <td>-126</td> </tr> <tr> <td>1-week</td> <td>6.96</td> <td>-1</td> <td>-132</td> </tr> <tr> <td>1-month</td> <td>7.27</td> <td>-1</td> <td>-131</td> </tr> <tr> <td>3-month</td> <td>7.75</td> <td>-1</td> <td>-113</td> </tr> <tr> <td>6-month</td> <td>8.07</td> <td>-1</td> <td>-108</td> </tr> </table>	BELIBOR	Last	ΔDbps	ΔYTD bps	T/N	6.75	0	-126	1-week	6.96	-1	-132	1-month	7.27	-1	-131	3-month	7.75	-1	-113	6-month	8.07	-1	-108
BELIBOR	Last	ΔDbps	ΔYTD bps																					
T/N	6.75	0	-126																					
1-week	6.96	-1	-132																					
1-month	7.27	-1	-131																					
3-month	7.75	-1	-113																					
6-month	8.07	-1	-108																					

**RS Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RSD	9.29	0	-176
5Y RSD	10.22	0	-260
7Y RSD	11.31	0	-250

**RS Eurobonds**

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.90	-1	-111
USD Nov-24	-5.36	-1192	-1226

**CDS**

	Last	ΔDbps	ΔYTD bps
5-year	251	1	-159
10-year	300	1	-146

**STOCKS**

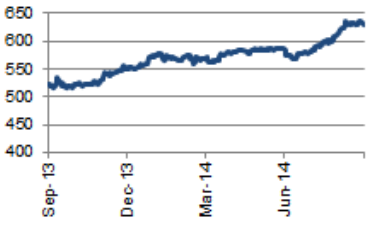
	Last	ΔD	ΔYTD
BELEX15	630.6	-0.37%	13.02%

**FOREX**

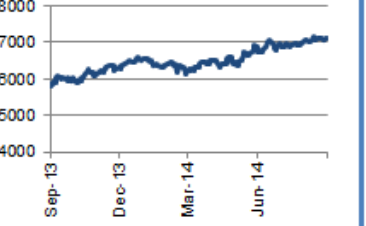
	Last	ΔD	ΔYTD
EUR/RSD	118.70	0.11%	-3.47%

 **Money Market**   | ROBOR    | Last | ΔDbps | ΔYTD bps | |----------|------|-------|----------| | O/N      | 3.29 | -42   | 155      | | 1-month  | 2.98 | -6    | 110      | | 3-month  | 2.88 | -2    | 44       | | 6-month  | 2.94 | -1    | -5       | | 12-month | 2.91 | -1    | -24      |   **RO Local Bonds**   |         | Last | ΔDbps | ΔYTD bps | |---------|------|-------|----------| | 3Y RON  | 2.80 | -1    | -115     | | 5Y RON  | 3.38 | -1    | -127     | | 10Y RON | 4.32 | 0     | -98      |   **RO Eurobonds**   |            | Last | ΔDbps | ΔYTD bps | |------------|------|-------|----------| | EUR Sep-20 | 2.22 | 0     | -162     | | USD Aug-23 | 3.99 | -1    | -81      |   **CDS**   |         | Last | ΔDbps | ΔYTD bps | |---------|------|-------|----------| | 5-year  | 140  | 0     | -46      | | 10-year | 186  | 0     | -47      |   **STOCKS**   |     | Last   | ΔD    | ΔYTD   | |-----|--------|-------|--------| | BET | 7190.7 | 1.13% | 10.73% |   **FOREX**   |         | Last   | ΔD     | ΔYTD  | |---------|--------|--------|-------| | EUR/RON | 4.4225 | -0.16% | 1.14% | | **Money Market**   | SOFIBOR  | Last | ΔDbps | ΔYTD bps | |----------|------|-------|----------| | LEONIA   | 0.02 | 0     | -5       | | 1-month  | 0.22 | 0     | -10      | | 3-month  | 0.47 | 0     | -18      | | 6-month  | 0.86 | 0     | -30      | | 12-month | 1.64 | 0     | -55      |   **BG Local Bonds**   | (yields) | Last | ΔDbps | ΔYTD bps | |----------|------|-------|----------| | 3Y BGN   | 1.06 | 0     | -3       | | 5Y BGN   | 1.70 | 0     | -15      | | 10Y BGN  | 2.98 | 0     | -51      |   **BG Eurobonds**   |            | Last | ΔDbps | ΔYTD bps | |------------|------|-------|----------| | USD Jan-15 | 0.40 | -12   | -18      | | EUR Jul-17 | 1.18 | -4    | -63      |   **CDS**   |         | Last | ΔDbps | ΔYTD bps | |---------|------|-------|----------| | 5-year  | 130  | 0     | 9        | | 10-year | 177  | 0     | 3        |   **STOCKS**   |       | Last  | ΔD     | ΔYTD   | |-------|-------|--------|--------| | SOFIX | 552.7 | -0.04% | 12.45% |   **FOREX**   |         | Last  | ΔD    | ΔYTD   | |---------|-------|-------|--------| | USD/BGN | 1.509 | 0.01% | -5.69% | |

**BELEX15 Index**



**BET Index**



**SOFIX Index**



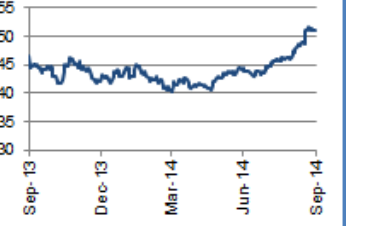
**EUR/RSD**



**EUR/RON**



**USD/BGN**



Source: Reuters, Bloomberg, Eurobank Global Markets Research  
Data updated as of 11:10 EET

## Contributors to this issue

### Vessela Boteva

Expert, trading desk, Eurobank Bulgaria

+359 (2) 8166 491

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

### Zoran Korac

FX dealer, Eurobank ad Beograd

+381 11 206 5821

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

### 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

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

### Boqdan Radulescu, CFA

Senior Trader, Bancpost

+40 21 3656291

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

### Ivan Radović

Head, Brokerage Department, Eurobank and Beograd

+381 11 30 27 533

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

## Eurobank Global Markets Research

### Global Markets Research Team

#### Dr. Platon Monokroussos:

Chief Market Economist

[pmonokrousos@eurobank.gr](mailto:pmonokrousos@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>