

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

September 23, 2014

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- September 22: Existing home sales (Aug)
- September 22/23: Fed's Dudley, Bullard, George speak
- September 24
 - New home sales (Aug)
 - Fed's Evans speaks
- September 25
 - Initial jobless claims (Sep 20)
 - Durable goods orders (Jul)
- September 26
 - GDP (f, Q2)
 - UoM Consumer confidence (Sep)

EUROZONE

- September 22: ECB President Draghi speaks
- September 23: PMI (Sep)
- September 24:
 - DE: Ifo (Sep)

SEE

SERBIA

- September 22/23: Current account (Jul)
- September 23: 3YEUR T-Bonds auction
- September 25: Real gross wages (Aug)

ROMANIA

- September 22: 2025 T-Bonds auction

BULGARIA

- September 22: National holiday
- September 23:
 - Gross external debt (Jul)
 - 2021 T-Bonds auction

Source: Reuters, Bloomberg,
Eurobank Global Markets Research

HIGHLIGHTS

SOUTH EASTERN EUROPE

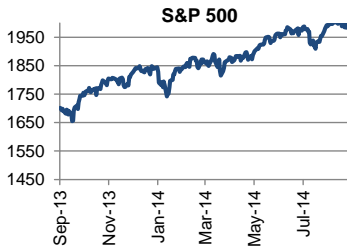
SERBIA: EUR/RSD near a recent 2-week trough.

ROMANIA: The MoF sold RON 240mn in 10-year bonds, less than RON 400mn initially planned. The auction produced an average accepted yield of 4.36%, which came in broadly in line with market expectations.

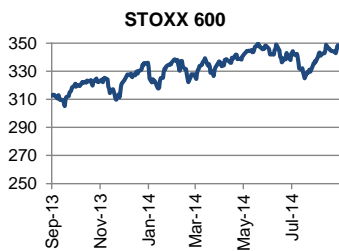
CESEE MARKETS: Persisting concerns about the prospects of the Chinese economy and disappointing macroeconomic data from the US and the Eurozone, released yesterday, weighed down on **emerging stock markets** in early European trade on Tuesday.

DISCLAIMER

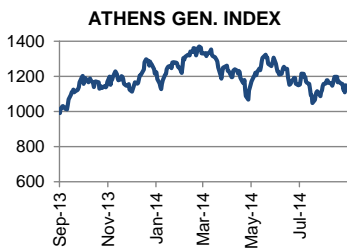
This report has been issued by Eurobank Ergasias S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an 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.



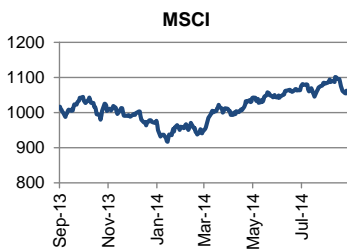
Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Latest world economic & market developments

Latest developments in the CESEE region

CESEE MARKETS

Persisting concerns about the prospects of the Chinese economy and disappointing macroeconomic data from the US and the Eurozone, released yesterday, weighed down on **emerging stock markets** in early European trade on Tuesday. The MSCI emerging equities index slid close to a 3-½ month low of 1,036.30 in Asia, with the likelihood of a more aggressive than currently expected monetary policy tightening path by the Fed, continuing to exert a negative impact on risky assets. The latter has taken a significant toll on the **Turkish lira** which slid to a 6-month trough of 2.2490/USD on Monday. The country's assets are vulnerable to the Fed's monetary policy outlook as higher US yields dent their carry allure and, as a consequence, weigh on foreign capital inflows which assist in the financing of Turkey's relatively high current account deficit (market consensus at 6%-of-GDP in 2014). Separately, the **Hungarian forint** regained some ground ahead of the Central Bank (MNB) monetary policy meeting announcement due later on the day, with the EUR/HUF sliding as far as 310.90 and approaching anew Friday's 1-½-month low of 310.10. MNB is broadly anticipated to stay put on rates, maintaining the base rate at a record low of 2.10% after 490bps of cumulative monetary policy easing since August 2012. Meanwhile, the **Polish zloty** was little changed in European trade, hovering around 4.18/EUR at the time of writing. The currency appeared to be little affected by a government reshuffling late last week after outgoing Prime Minister Donald Tusk vacated his post to become President of the European Council. Yet, key ministerial posts, such as finance, defence, and treasury remained unchanged.

gphoka@eurobank.gr

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

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

SERBIA

(Belgrade, 22/9/2014, 18:30 CET): **Market Developments:** The EUR/RSD closed at 118.35/55 on Monday after marking a 2-week trough of 118.10/30 at some point. Technically, a sustained break above 118.50 may pave the way for a resumption of the pair's uptrend. However, any further upside will likely prove limited as the Central Bank is expected to intervene anew in the FX markets to halt the dinar's depreciating momentum, at levels near 119.00.

Zoran.Korac@eurobank.rs

ivan.radovic@eurobank.rs

gphoka@eurobank.gr

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

ROMANIA

(Bucharest, 23/9/2014, 9:15 EET): **Market Developments:** The EUR/RON remained trapped within a tight range of 4.3980/4.4050 on Monday. On the money market, short term RON rates moved around 20bps higher, ahead of the start of the new reserve period on Wednesday, as some market participants rush to cover funding needs. The 1W implied rate from swaps closed near 3.60% on Monday from 3.40% in the prior session, while the 1M edged up to 3.30% from 3.10%. In other news, the MoF issued RON 240mn in 10-year bonds, less than RON 400mn initially planned. The auction produced an average accepted yield of 4.36%, which came in broadly in line with market expectations.

Bogdan.Radulescu@bancpost.ro

gphoka@eurobank.gr

GLOBAL MARKETS

Stock markets	FOREX	Government Bonds	Commodities												
Last	ΔD	ΔYTD	Last	ΔD	ΔYTD	Last	ΔDbps	ΔYTD bps	Last	ΔD	ΔYTD				
S&P 500	1994.29	-0.8%	7.9%	EUR/USD	1.2874	0.2%	-6.3%	UST - 10yr	2.54	-2	-48	GOLD	1225	0.8%	1.6%
Nikkei 225	16205.90	-0.7%	-0.5%	GBP/USD	1.6352	-0.1%	-1.2%	Bund-10yr	1.00	-1	-93	BRENT CRUDE	181	0.0%	8.0%
STOXX 600	342.88	-1.1%	4.5%	USD/JPY	108.39	0.4%	-2.8%	JGB - 10yr	0.54	0	-20	LMEX	3120	-1.4%	-1.2%

SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
7/N	6.70	-3	-131
1-week	6.94	-2	-134
1-month	7.27	-4	-131
3-month	7.78	-4	-110
6-month	8.10	-2	-105

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	9.35	0	-60
5Y RSD	10.20	0	-262
7Y RSD	11.27	0	-254

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.82	0	-119
USD Nov-24	-6.60	-1317	-1351

CDS

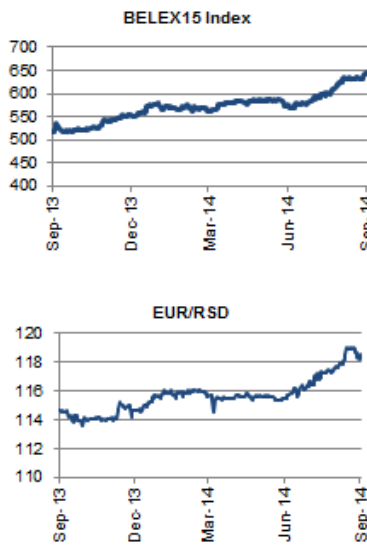
	Last	ΔDbps	ΔYTD bps
5-year	256	4	-154
10-year	308	6	-139

STOCKS

	Last	ΔD	ΔYTD
BELEX15	646.7	0.69%	15.90%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.42	-0.07%	-3.25%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.43	-71	69
1-month	3.15	12	127
3-month	2.99	8	55
6-month	3.03	7	4
12-month	3	7	-15

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	2.83	3	-112
5Y RON	3.37	2	-128
10Y RON	4.24	1	-106

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	2.18	0	-166
USD Aug-23	3.97	-2	-84

CDS

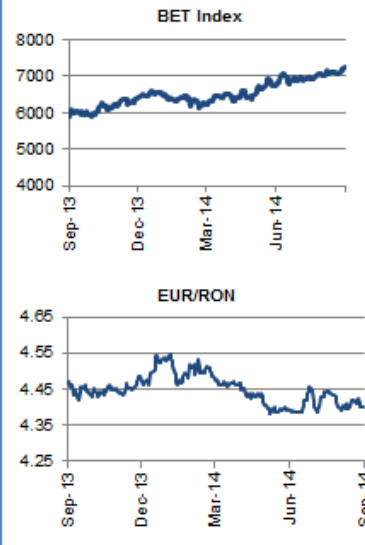
	Last	ΔDbps	ΔYTD bps
5-year	142	3	-41
10-year	190	5	-43

STOCKS

	Last	ΔD	ΔYTD
BET	7196.6	-0.56%	10.82%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4021	-0.02%	1.61%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-6
1-month	0.22	0	-10
3-month	0.46	0	-18
6-month	0.85	0	-31
12-month	1.62	0	-57

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.84	-11	-31
5Y BGN	1.71	-4	-14
10Y BGN	3.04	0	-46

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.46	6	-13
EUR Jul-17	1.17	-2	-64

CDS

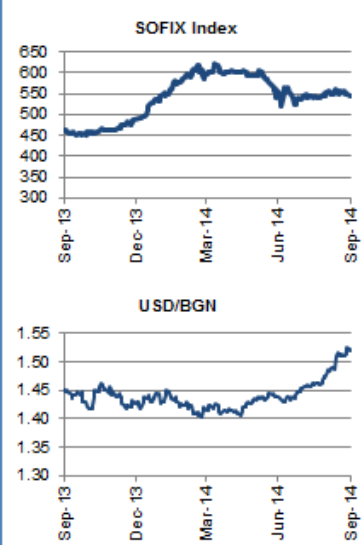
	Last	ΔDbps	ΔYTD bps
5-year	140	4	15
10-year	189	6	15

STOCKS

	Last	ΔD	ΔYTD
SOFIX	545.8	-0.26%	11.05%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.5191	0.20%	-6.32%



Source: Reuters, Bloomberg, Eurobank Global Markets Research
Data updated as of 12:15 EET

Contributors to this issue

Vessela Boteva

Expert, trading desk, Eurobank Bulgaria

+359 (2) 8166 491

vboteva@postbank.bg

Zoran Korac

FX dealer, Eurobank ad Beograd

+381 11 206 5821

zoran.korac@eurobank.rs

Paraskevi Petropoulou

G10 Markets Analyst, Eurobank Ergasias

+30 210 3718991

ppetropoulou@eurobank.gr

Galatia Phoka

Emerging Markets Analyst, Eurobank Ergasias

+30 210 3718922

gphoka@eurobank.gr

Bogdan Radulescu, CFA

Senior Trader, Bancpost

+40 21 3656291

bogdan.radulescu@bancpost.ro

Ivan Radović

Head, Brokerage Department, Eurobank and Beograd

+381 11 30 27 533

ivan.radovic@eurobank.rs

Eurobank Global Markets Research

Global Markets Research Team

Dr. Platon Monokroussos:

Chief Market Economist

pmonokrousos@eurobank.gr, +30 210 37 18 903

Paraskevi Petropoulou: G10 Markets Analyst

ppetropoulou@eurobank.gr, +30 210 37 18 991

Galatia Phoka: Emerging Markets Analyst

gphoka@eurobank.gr, +30 210 37 18 922

Global Markets Sales

Nikos Laios: Head of Treasury Sales

nlaios@eurobank.gr, +30 210 37 18 910

Alexandra Papathanasiou: Head of Institutional Sales

apathanasiou@eurobank.gr, +30 210 37 18 996

John Seimenis: Head of Corporate Sales

yseimenis@eurobank.gr, +30 210 37 18 909

Achilleas Stogioglou: Head of Private Banking Sales

astogioglou@eurobank.gr, +30 210 37 18 904

George Petrogiannis: Head of Shipping Sales

gpetrogiannis@eurobank.gr, +30 210 37 18 915

Vassilis Gioulbaxiotis: Head International Sales

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

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>