

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

September 8, 2014

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL

#### US

- September 11  
Initial jobless claims  
(Sep 6))
- September 12
  - Retail sales (Aug)
  - UoM consumer  
confidence (Sep)

#### EUROZONE

- September 12  
Industrial production  
(Jul)

### SEE

#### SERBIA

- September 9
  - 7-year RSD bond  
auction
- September 11
  - MPC policy  
announcement
- September 12
  - HICP (Aug)

#### ROMANIA

- September 8
  - Industrial sales (Jul)
  - 2027 T-bonds auction
- September 9
  - Trade balance (Jul)
- September 12
  - CPI (Aug)
- September 11
  - Industrial production  
(Jul)
  - 2016 T-bonds auction

#### BULGARIA

- September 8
  - Unemployment rate  
(Aug)
- September 9
  - Industrial production  
(Jul)
  - Retail sales (Jul)
- September 12
  - Trade balance (Jul)

Source: Reuters, Bloomberg,  
Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** In FX markets, the **GBP** was among the main underperformers in early European trade on Monday pressured by the results of a **YouGov survey** which revealed that, for the first time since the campaign began for the September 18<sup>th</sup> Scottish independence referendum, the "Yes" camp has taken a narrow lead scoring 51% vs. 49% for the "No" camp.

### GREECE

In his keynote speech at the 79<sup>th</sup> Thessaloniki International Fair on Saturday, Greece's Prime Minister Antonis Samaras announced a 30% reduction of the special consumption tax on heating oil and pledged a cut in the solidarity tax and an increase in the maximum number of monthly settlements for overdue tax payments and social security contributions, upon finalization of the 2015 Budget.

### SOUTH EASTERN EUROPE

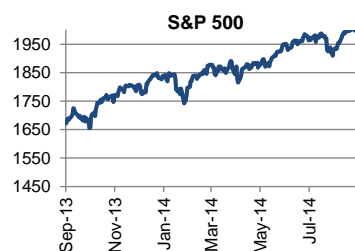
**SERBIA:** The dinar remained under pressure on Friday failing to capitalize much on renewed intervention by the National Bank of Serbia.

**ROMANIA:** The primary market auction of RON 100mn 2027 bonds, takes centre stage today.

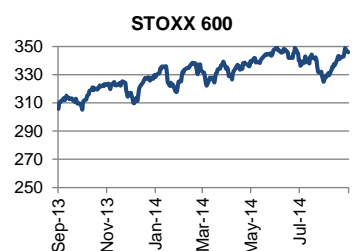
**BULGARIA:** According to Finance Minister Rumen Porozhanov, the caretaker government intends to propose an increase in this year's State budget deficit target to ca 2.6%-2.8% on a cash basis from 1.8% initially planned.

## DISCLAIMER

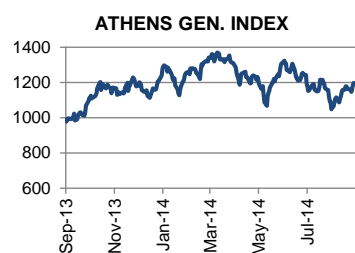
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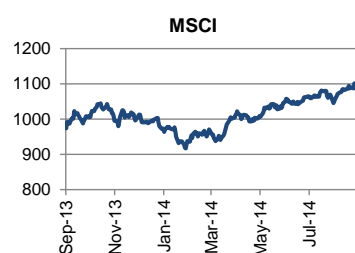
Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research

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

## Latest world economic & market developments

### GLOBAL MARKETS

In FX markets, the **GBP** was among the main underperformers in European trade on Monday pressured by the results of a **YouGov survey** which revealed that, for the first time since the campaign began for the Scottish independence referendum scheduled for September 18<sup>th</sup>, the "Yes" camp has taken a narrow lead scoring 51% vs. 49% for the "No" camp. With investors keeping their focus on the publication of new polls, the GBP/USD was hovering around 1.6150/55 at the time of writing, within distance from a 10-month low of 1.6143 hit earlier today. Technically, strong support lies at 1.6100/1.6000 with the technical picture suggesting that a sustainable move below that area could potentially open the way for further weakness towards 1.5800 or even lower on a multi-session/week basis. Against this background, weaker-than-expected **US August non-farm payrolls** were broadly shrugged off by FX participants. Specifically, US non-farm payrolls rose by 142k, less than 230k expected after increasing by more than 200k in each of the previous six months. On a positive tone, the US unemployment rate remained on a downward trend falling to 6.1% from 6.2% in the prior month as the participation rate dropped by 0.1ppt to 62.8%. Failing to capitalize on the weaker-than-expected US data, the **EUR/USD** was hovering around 1.2930/35 at the time of writing, not far from a 14-month trough of 1.2920 recorded late last week following the ECB's policy decision for a 10bps cut in the key interest rates and the purchase, as of October 2014, of a broad portfolio of asset-backed securities (ABSs) as well as euro-denominated covered bonds. In view of a fairly thin euro area and US calendar this week, consolidation close to 1.2900/50 is likely to prevail in the coming sessions with any news on the **Ukraine crisis front** likely to prove the main driver for the FX market.

### GREECE

In his keynote speech at the 79<sup>th</sup> Thessaloniki International Fair on Saturday, Greece's Prime Minister Antonis Samaras expressed his confidence that, after being mired in recession for six years in a row, the Greek economy will switch into positive year-on-year real GDP growth this year. He insisted that the government will be able to secure the backing of the required number of lawmakers for the upcoming election of the President of the Hellenic Republic warning that the likelihood of early national elections would threaten to destabilize the domestic economy risking "a return to chaos". On the tax front, the Greek Premier announced a 30% reduction of the special consumption tax on heating oil and pledged a cut in the solidarity tax and an increase in the maximum number of monthly settlements for overdue tax payments and social security contributions upon finalization of the 2015 Budget (expected to be submitted to Parliament on October 6, 2014).

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## Latest developments in the CESEE region

### SERBIA

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

(Belgrade, 6/9/2014, 18:10 CET): **Market Developments:** The dinar remained under pressure on Friday, with the EUR/RSD closing at 118.95/119.15, within distance from an all-time high of 119.10/30 hit in mid-August 2012. Renewed intervention by the National Bank of Serbia (NBS) in the FX market in order to halt the domestic currency's depreciating momentum, where the NBS sold around €20-30mn, appeared to have a rather limited impact. Notwithstanding the aforementioned, the ECB's monetary policy easing announcement on Thursday, may eventually provide some support to the dinar in the coming sessions.

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### ROMANIA

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

(Bucharest, 8/9/2014, 9:30 EET): **Market Developments:** The EUR/RON remained bound within its recent tight range of 4.3985/4.4065 on Friday. Meanwhile, money market rates continued to ease, with 1-week to 1-month implied RON rates from swaps decreasing some 10bps on the day. Romanian government bonds gained in the wake of last week's ECB monetary policy easing decision and reports about a ceasefire agreement between Ukraine and pro-Russian rebels. Buying interest was evidenced across the curve, with paper of longer maturities (7-10 years) outperforming. Indicatively, the 2021 bond yield decreased to around 3.80% from 3.90% the previous day and the corresponding 2023 yield eased to 3.95% from 4.05% at the prior session's settlement. Today's primary market auction of RON 100mn 2027 bonds takes centre stage.

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### BULGARIA

BULGARIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.6	0.9	1.8
CPI (pa, yoy %)	3.0	0.9	-0.9
Budget Balance/GDP	-0.8	-1.5	-3.0
Current Account/GDP	-0.9	1.9	1.0
EUR/BGN (eop)	1.95583		
	current	2013	2014f
Policy Rate (eop)	N/A	N/A	N/A

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

(Sofia, 5/9/2014, 17:20 EET): **Latest Political & Macro Developments:** According to Finance Minister Rumen Porozhanov, the caretaker government intends to propose an increase in this year's State budget deficit target to ca 2.6%-2.8% on a cash basis from 1.8% initially planned, remaining though below the EU limit of 3.0% of GDP. The Finance Minister also announced that the domestic economy is expected to post a real GDP growth rate of 1.5%-1.6% this year, down from 1.8% projected earlier.

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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	2007.71	0.5%	8.6%	EUR/USD	1.2949	0.0%	-5.8%	UST - 10yr	2.43	-3	-60	GOLD	1268	-0.1%	5.2%
Nikkei 225	15705.11	0.2%	-3.6%	GBP/USD	1.6153	-1.1%	-2.4%	Bund-10yr	0.93	0	-100	BRENT CRUDE	181	0.0%	8.0%
STOXX 600	345.82	-0.5%	5.3%	USD/JPY	105.13	0.0%	0.2%	JGB - 10yr	0.53	-1	-21	LMEX	3285	0.2%	4.0%

## SEE MARKETS

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	6.67	-1	-134
1-week	6.89	-2	-139
1-month	7.22	-2	-136
3-month	7.74	2	-114
6-month	8.04	1	-111

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	9.38	0	-58
5Y RSD	10.27	-2	-255
7Y RSD	11.27	2	-254

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.82	1	-119
USD Nov-24	-3.08	-964	-999

## CDS

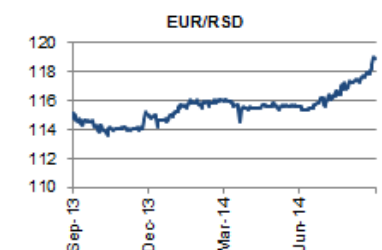
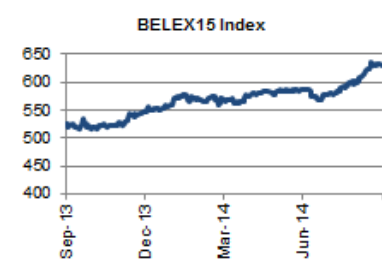
	Last	ΔDbps	ΔYTD bps
5-year	252	0	-157
10-year	303	0	-144

## STOCKS

	Last	ΔD	ΔYTD
BELEX15	630.5	-0.38%	13.00%

## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	115.4	-0.27%	-3.66%



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.5	-1	76
1-month	2.37	1	49
3-month	2.39	1	-5
6-month	2.66	0	-33
12-month	2.75	1	-40

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	2.59	-1	-136
5Y RON	3.17	-3	-148
10Y RON	3.95	-3	-135

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	2.04	-1	-180
USD Aug-23	3.78	-2	-102

## CDS

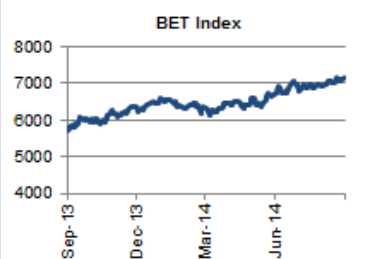
	Last	ΔDbps	ΔYTD bps
5-year	133	0	-50
10-year	176	-1	-56

## STOCKS

	Last	ΔD	ΔYTD
BET	7139.5	0.21%	9.94%

## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4087	-0.15%	1.46%



## BULGARIA

## Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.05	0	-2
1-month	0.22	0	-10
3-month	0.47	0	-18
6-month	0.85	0	-30
12-month	1.64	0	-55

## BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	1.28	10	19
5Y BGN	1.86	0	2
10Y BGN	3.13	0	-36

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.62	2	3
EUR Jul-17	1.21	0	-59

## CDS

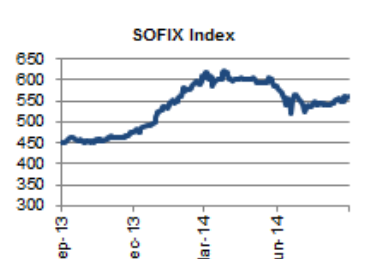
	Last	ΔDbps	ΔYTD bps
5-year	130	0	8
10-year	178	0	3

## STOCKS

	Last	ΔD	ΔYTD
SOFIX	559.1	0.43%	13.74%

## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.5106	-0.02%	-5.79%



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