

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

December 22, 2014

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL

#### US

- December 22
  - Durable goods orders (Nov)
- December 23
  - Durable goods orders (Nov)
  - Q3 GDP (3<sup>rd</sup> estimate)
  - UM Consumer sentiment (Dec)
  - Personal income (Nov)
  - New home sales (Nov)
- December 24
  - Initial jobless claims

#### EUROZONE

- December 13
  - Greece- Second round of presidential election

### SEE

#### SERBIA

- December 22
  - Current account balance (Oct)
- December 25
  - Real Gross Wages (Nov)

#### ROMANIA

- December 23
  - Money supply M2 (Nov)

#### BULGARIA

- December 23
  - Gross External Debt (Oct)

Source: Reuters, Bloomberg,  
Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Mirroring Friday's gains on Wall Street, major European stock markets kicked off the week on a firm note assisted by the prevailing market view that the FOMC will not rush to embark on a rate tightening cycle. A modest rebound in oil prices over the last couple of sessions also helped.

**GREECE:** In an unscheduled televised address y-day, Greece's Prime Minister Antonis Samaras urged lawmakers to "listen to the voice of national interest and common sense" and reach a consensus for the election of the government's presidential nominee by the present Parliament so as political uncertainty to come to an end and the country to avoid early general elections.

### SOUTH EASTERN EUROPE

**ROMANIA:** In spite of persisting domestic and global jitters, the EUR/RON continued to consolidate within a tight range on Friday.

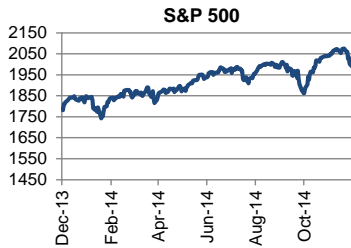
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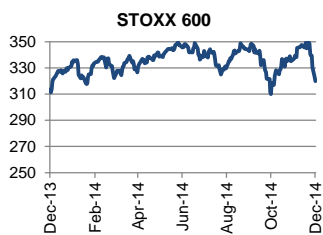
## Latest world economic & market developments

### GLOBAL MARKETS

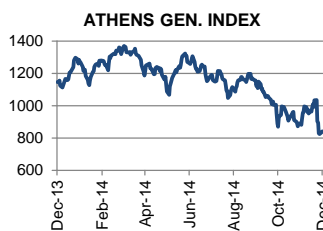
Mirroring Friday's gains on Wall Street, major European stock markets kicked off the week on a firm note assisted by the prevailing market view that the FOMC will not rush to embark on a rate tightening cycle. A modest rebound in oil prices over the last couple of sessions following recent comments by Saudi Arabia's oil minister also helped. Specifically, speaking to reporters the said minister said that the recent sharp fall in oil prices "is a temporary situation" and is not driven by political will. Elsewhere, the EUR remained under pressure in European trade on Monday amid mounting expectations of further monetary policy easing by the European Central Bank in the coming months. In a newspaper interview that was published on Sunday, ECB policy member Luc Coene was quoted as saying that the Central Bank should start buying government bonds to support both investor confidence and inflation in the euro area. Along similar lines, ECB Vice President Vitor Constancio was quoted as saying in a magazine interview over the weekend that he expects euro area inflation rate to turn negative in the coming months mainly due to oil price developments adding that the Central Bank will assess in early 2015 the effectiveness of the policy measures already adopted. Against this background, the EUR/USD was hovering around 1.2260/65 at the time of writing, within distance from a fresh 2 year low of 1.2217 marked earlier today. Meanwhile, the global calendar is relatively quiet this week with Tuesday's US November durable goods orders and UM consumer sentiment for December luring market attention.



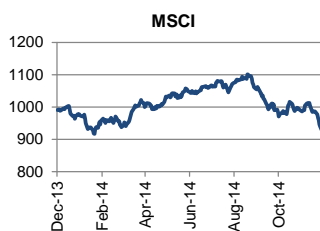
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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### GREECE

In an unscheduled televised address y-day, Greece's Prime Minister Antonis Samaras urged lawmakers to "listen to the voice of national interest and common sense" and reach a consensus for the election of the government's presidential nominee by the present Parliament so as political uncertainty to come to an end and the country to avoid early general elections. Greece's Prime Minister also said that the election of a new President by the present Parliament could be followed by the formation of a broader coalition government with "pro-European parties" while the constitutional review process could continue uninterrupted. Furthermore, the Greek Premier added that "then, shielded economically and politically, we can find a suitable timeframe for national elections, even at the end of 2015", i.e., earlier than June 2016 when the government's four-year term expires.

According to press reports released earlier today, a couple of independent MPs who had voted "present" in the first ballot for the election of a new President on December 17<sup>th</sup> (i.e., had casted a negative vote) welcomed the Prime Minister's call and expressed their intention to vote in favor at the next round scheduled for Tuesday, December 23<sup>rd</sup> at 12:00 noon. As per the same sources, the main opposition party SYRIZA as well as Independent Greeks and former junior coalition partner Democratic Left rejected the proposal made by the Greek Premier.

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Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	B1	BB-	B+
CROATIA	B2	BB-	B+
BULGARIA	B2	BB-	B+

ROMANIA: Indicators	2013	2014f	2015f
Real GDP growth %	3.5	2.5	3.0
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	-1.5
EUR/RON (eop)	4.46	4.40	
	<b>current</b>	<b>2014f</b>	<b>2015f</b>
Policy Rate (eop)	2.75	2.75	2.50

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

## ROMANIA

(Bucharest, 22/12/2014, 9:00 EET): **Market Developments:** In spite of persisting domestic and global jitters, the EUR/RON continued to consolidate within 4.4700/775 on Friday amid ongoing market talk of renewed intervention by the Central Bank. Elsewhere, short-term interest rates of the money market and the bond yields across the curve were little changed on Friday as investors adopt a cautious stance ahead of the Christmas Holidays.

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## GLOBAL MARKETS

### Stock markets

	Last	ΔD	ΔYTD
S&P 500	2070.65	0.5%	12.0%
Nikkei 225	17635.14	0.1%	8.2%
STOXX 600	343.11	0.8%	4.5%

### FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.2258	0.2%	-10.8%
GBP/USD	1.5617	-0.1%	-5.7%
USD/JPY	119.84	-0.2%	-12.1%

### Government Bonds

(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	2.16	-1	-87
Bund-10yr	0.60	0	-133
JGB - 10yr	0.34	-2	-40

### Commodities

	Last	ΔD	ΔYTD
GOLD	1197	0.0%	-0.7%
BRENT CRUDE	175	0.0%	4.8%
LMEX	2964	1.0%	-6.2%

## SEE MARKETS

### SERBIA

#### Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	on	159	125
1-week	9.37	155	109
1-month	9.35	131	77
3-month	9.56	115	68
6-month	9.76	110	61

#### RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	9.07	0	-88
5Y RSD	10.19	0	-263
7Y RSD	11.25	0	-256

#### RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	4.23	0	-78
USD Nov-24	3.76	-285	-315

#### CDS

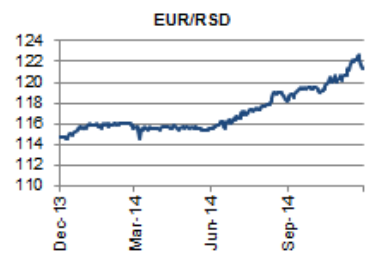
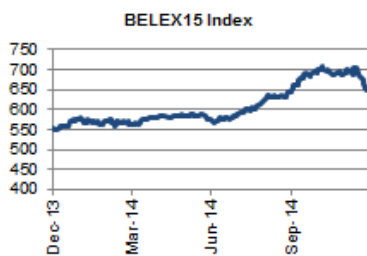
	Last	ΔDbps	ΔYTD bps
5-year	306	14	-103
10-year	377	15	-70

#### STOCKS

	Last	ΔD	ΔYTD
BELEX15	661.0	1.18%	18.47%

#### FOREX

	Last	ΔD	ΔYTD
EUR/RSD	121.32	0.21%	-5.56%



### ROMANIA

#### Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.49	3	-125
1-month	1	8	-88
3-month	1.74	2	-70
6-month	2.03	3	-96
12-month	2.05	2	-110

#### RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	2.08	7	-187
5Y RON	2.52	0	-213
10Y RON	3.55	0	-175

#### RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.82	0	-203
USD Aug-23	3.66	0	-115

#### CDS

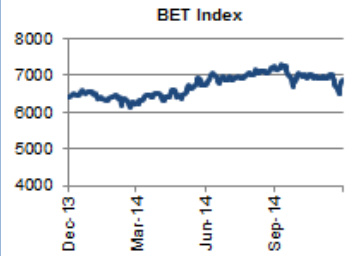
	Last	ΔDbps	ΔYTD bps
5-year	143	4	-47
10-year	189	4	-43

#### STOCKS

	Last	ΔD	ΔYTD
BET	6859.3	0.52%	5.63%

#### FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4669	0.13%	0.13%



### BULGARIA

#### Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-6
1-month	0.23	0	-9
3-month	0.43	0	-21
6-month	0.80	0	-36
12-month	1.51	0	-59

#### BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	1.12	13	2
5Y BGN	1.59	7	-25
10Y BGN	2.72	0	-77

#### BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	-0.07	-68	-91
EUR Jul-17	1.18	-3	-62

#### CDS

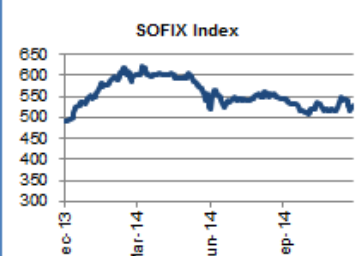
	Last	ΔDbps	ΔYTD bps
5-year	193	6	65
10-year	242	5	67

#### STOCKS

	Last	ΔD	ΔYTD
SOFIX	526.3	1.86%	7.07%

#### FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.5957	0.24%	-10.82%



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 12:00 EET

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