

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

March 19, 2014

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL

#### US

- Mar 17
  - Empire state (Mar)
  - IP (Feb)
  - NAHB house index (Mar)
- Mar 18
  - CPI (Feb)
  - Housing starts (Feb)
  - House permits (Feb)
- Mar 19: FOMC announcement
- Mar 20:
  - Initial jobless (Mar 15)
  - Existing home sales (Feb)

#### EUROZONE

- Mar 17: HICP (Feb, f)
- DE:
  - Mar 18: ZEW (Mar)

### SEE

#### SERBIA

- Mar 20: CAD (Dec)
- 7-year RSD T-bonds auction

#### ROMANIA

- Mar 17
  - CAD (Jan)
  - RON 400mn T-bonds auction
- Mar 20: RON 300mn T-bonds auction

#### BULGARIA

- Mar 17: CAD (Jan)

Source: Reuters, Bloomberg,  
Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** The USD retained a weak tone in early European trade on Wednesday on market caution ahead of the conclusion of the FOMC monetary policy meeting later in the day. Reflecting the improved tone on Wall Street overnight, the majority of European bourses opened modestly higher today after comments by Russian President Vladimir Putin y-day helped to somewhat sooth market worries over a further escalation of tensions in Ukraine.

**GREECE:** A staff-level agreement between the Greek government and the troika on the core measures underlying Greece's 4<sup>th</sup> program review was finally sealed y-day. The deal is expected to pave the way for an approval of the release of the next EFSF loan tranche to Greece at the upcoming April 1 informal Eurogroup. In other news, Greece's Public Debt Management Agency (PDMA) successfully sold y-day €1.3bn in 3-month T-bills at an average accepted yield of 3.10%, the lowest since January 2010.

### SOUTH EASTERN EUROPE

**SERBIA:** Finance Ministry RSD 4.75bn in 7 year RSD bonds at an accepted yield of 13%.

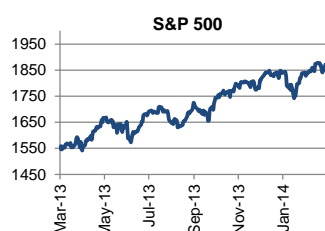
**ROMANIA:** RON markets recouped part of earlier losses on hopes about somewhat easing tensions in Crimea.

**BULGARIA:** Domestic stock markets moved lower on investor caution.

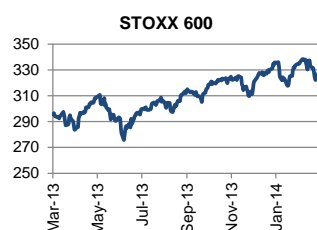
**CESEE Markets:** The majority of **emerging stock markets** moved higher on Tuesday, **CESEE currencies** broadly firmed, on somewhat alleviated worries about an imminent further escalation of geopolitical tensions in Ukraine.

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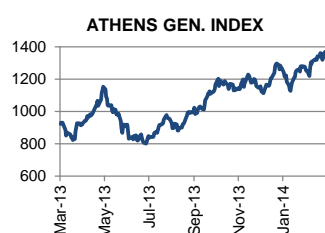
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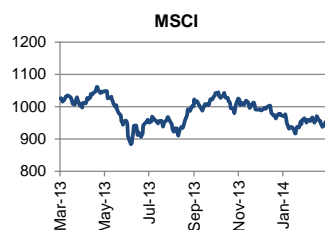
Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research

L-T ccy	Moody's	S&P	Fitch
SERBIA	B1	BB-	B+
ROMANIA	Baa3	BB+	BBB-
BULGARIA	Baa2	BBB	BBB-
CYPRUS	Caa3	B-	B-

## Latest world economic & market developments

### GLOBAL MARKETS

In FX markets, the USD retained a weak tone in early European trade on Wednesday on market caution ahead of the conclusion of the FOMC monetary policy meeting later in the day. The US dollar index DXY was hovering round 79.440 at the time of writing, not far from a 4-1/2 month low of 79.268 touched late last week. Reflecting the improved tone on Wall Street overnight, the majority of European bourses opened modestly higher today after comments by Russian President Vladimir Putin y-day helped to somewhat sooth market worries over a further escalation of tensions in Ukraine.

### Greece

A staff-level agreement between the Greek government and the troika on the core measures underlying Greece's 4<sup>th</sup> program review was finally sealed y-day. The deal is expected to pave the way for an approval of the release of the next EFSF loan tranche to Greece at the upcoming April 1 informal Eurogroup that is scheduled to take place in Athens. But, before official lenders give the green light for this disbursement, the Greek government has to secure approval by the Hellenic Parliament of a multi-bill containing the required legislation for the implementation of all agreed milestones. In other news, Greece's Public Debt Management Agency (PDMA) successfully sold y-day €1.3bn in 3-month T-bills at an average accepted yield of 3.10%, the lowest since January 2010 and down ca 50bps from a February action when paper of similar maturity was issued.

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## Latest developments in the CESEE region

### CESEE markets

The majority of **emerging stock markets** moved higher on Tuesday, with bourses in the CESEE region presenting a rather mixed picture as developments in Crimea remained at the centre of attention. Investor caution also prevailed ahead of the FOMC meeting later in the day, where the Fed is widely expected to announce a further \$10bn reduction to \$55bn of the pace of its monthly asset purchases. Comments by Russian President Vladimir Putin, during his address to the Russian Parliament on Tuesday, signaling that he is not in favour of further fragmentation of Ukraine helped regional shares extend this week's gains. Nonetheless, the Russian President signed yesterday a treaty on the annexation of Crimea to the Russian Federation and Parliament is anticipated to begin the treaty's ratification process within days. Against this backdrop, the MSCI emerging equities index closed 0.98% higher on Tuesday. Turkey's BIST 100 broadly outperformed its regional peers firming by 2.14% after the Central Bank announced, upon the conclusion of its monthly MPC meeting, that it decided to stay put on interest rates, as was widely expected. Hungary's BUX trailed behind with gains of 1.02% following a 3.92% rally in the prior session. Even so, the said index has been the most hit in the CESEE region to stand ca 8% lower year-to-date, in view of persisting geopolitical tensions as it includes shares of companies with exposure to both Ukraine and Russia. Separately, Ukraine's PFTS index remained under pressure, closing 6.57% lower in view of the recent developments in Crimea. Elsewhere, **CESEE currencies** broadly firmed, with the Polish zloty and the Hungarian forint leading the gains in the region and firming by 0.46% and 0.36% respectively to 4.207 and 310.65m respectively. The lira erased part of its earlier losses in the wake of the Central Bank monetary policy meeting to close at 2.2129 on Tuesday, little changed from the prior session's settlement.

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SERBIA: Indicators	2012	2013e	2014f
Real GDP growth %	-1.5	2.4	1.0
CPI (pa, yoy %)	7.8	7.8	3.5
Budget Balance/GDP	-6.4	-6.5	-7.4
Current Account/GDP	-10.9	-4.6	-3.4
EUR/RSD (eop)	112.37	114.57	118.00
	2013	current	2014f
Policy Rate (eop)	9.50	9.50	9.50

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

## SERBIA

(Belgrade, 18/3/2014, 17:00 CET): **Market Developments:** The EUR/RSD was little changed on Tuesday hovering around levels of 115.80/00 on thin volumes. In the local T-bond market, the debt agency sold RSD4.75bn worth of 7Y paper at an accepted yield of 13%, which came in line with a previous issue of similar maturity paper held in October 2013. The planned amount totaled RSD 10bn and the bond bears a 10% coupon.

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ROMANIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.7	3.5	2.7
CPI (pa, yoy %)	3.3	4.0	3.8
Budget Balance/GDP	-3.0	-2.6	-2.2
Current Account/GDP	-4.4	-1.0	-1.2
EUR/RON (eop)	4.44	4.46	4.70
	2013	current	2014f
Policy Rate (eop)	4.00	3.50	3.50

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

## ROMANIA

(Bucharest, 19/3/2014, 09:30 EET): **Market Developments:** RON markets gained some ground in the second part of Tuesday's session, recouping part of earlier losses in the wake of Russian President Vladimir Putin's comments to Parliament suggesting that he was not in favour of a further fragmentation of Ukraine. In reaction to the Russian President's speech, the EUR/RON moved lower ending at 4.5000 on Tuesday compared to an opening level of 4.5110. Additionally, 1-3M implied RON rates from swaps fell ca 20-25bps, while strong buying interest was evidenced in government bonds for maturities between 2017-2019, pulling the respective yield curve down by around 10 bps.

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BULGARIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.6	0.8	1.8
CPI (pa, yoy %)	3.0	0.9	1.5
Budget Balance/GDP	-0.5	-1.9	-1.8
Current Account/GDP	-1.3	2.0	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

## BULGARIA

(Sofia, 18/3/2014, 17:30 EET): **Latest Political & Macro Developments:** According to the latest European Automobile Manufacturers Association figures, new car registrations in Bulgaria rose by 32.5%YoY in February, following a 1.3%YoY increase in the prior month. February's increase outpaced growth of 8%YoY in the European Union. **Market Developments:** Domestic stock markets moved lower on Tuesday, with SOFIX falling by 0.4% to end at 605.38 points.

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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	1872.25	0.7%	1.3%	EUR/USD	1.3925	-0.1%	1.3%	UST - 10yr	2.67	0	-36	GOLD	1352	-0.3%	12.1%
Nikkei 225	14462.52	0.4%	-11.2%	GBP/USD	1.6599	0.0%	0.3%	Bund-10yr	1.57	0	-36	BRENT CRUDE	168	0.0%	0.4%
STOXX 600	327.93	0.6%	-0.1%	USD/JPY	101.59	-0.1%	3.7%	JGB - 10yr	0.61	-1	-13	LMEX	2951	0.4%	-6.6%

## SEE MARKETS

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	7.90	-1	-11
1-week	8.17	-2	-11
1-month	8.45	-2	-13
3-month	8.84	-2	-4
6-month	9.09	-1	-6

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	10.11	-7	15
5Y RSD	11.37	0	-145
7Y RSD	12.24	-3	-156

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	4.04	0	-97
USD Nov-24	-0.75	-741	-766

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	373	-4	-36
10-year	410	-4	-37

## STOCKS

	Last	ΔD	ΔYTD
BELEX15	567.9	-0.06%	1.78%

## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	115.8	0.02%	-1.09%

## BELEX15 Index



## EUR/RSD



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.88	0	-86
1-month	2.41	0	53
3-month	3.06	0	62
6-month	3.47	0	48
12-month	3.48	0	33

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	4.00	0	5
5Y RON	4.68	-1	3
10Y RON	5.41	-1	11

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	3.52	0	-33
USD Aug-23	4.55	0	-26

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	170	0	-15
10-year	220	-2	-12

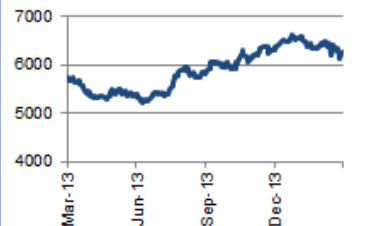
## STOCKS

	Last	ΔD	ΔYTD
BET	6276.7	0.54%	-3.34%

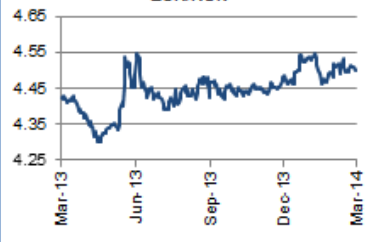
## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4996	0.00%	-0.59%

## BET Index



## EUR/RON



## BULGARIA

## Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
O/N	0.04	0	-3
1-month	0.28	0	-4
3-month	0.56	0	-9
6-month	1.07	0	-8
12-month	2.08	1	-11

## BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	1.01	1	-8
5Y BGN	1.66	1	-18
10Y BGN	3.33	0	-17

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.76	-8	17
EUR Jul-17	1.45	-9	-35

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	127	0	4
10-year	174	-1	0

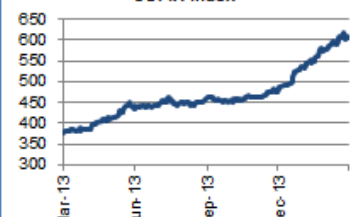
## STOCKS

	Last	ΔD	ΔYTD
SOFIX	605.4	-0.40%	23.16%

## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.4046	-0.06%	1.32%

## SOFIX Index



## USD/BGN



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 09:30 EET

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