

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

April 15, 2014

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL US

- Apr 14: Retail sales (Mar)
- Apr 15
  - Empire manufacturing (Apr)
  - CPI (Mar)
  - NAHB housing index (Apr)
- Apr 16
  - Housing starts (Mar)
  - Housing permits (Mar)
  - IP (Mar)
- Apr 17
  - Initial jobless claims (Apr 12)
  - Philly Fed (Apr)

### EUROZONE

- DE: Apr 15: ZEW (Apr)
- EA: Apr 16: HICP (Mar)

### SEE SERBIA

- April 14: 2-year floating RSD bonds auction

### ROMANIA

- Apr 14: RON 500mn 5-Y T-Bonds auction
- April 17: MPC meeting
- April 17-22: CAD (Jan)

### BULGARIA

- Apr 14
  - CPI (Mar)
  - CAD (Feb)
- April 14-18: U/E rate (Mar)

Source: Reuters, Bloomberg,  
Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Major Asian bourses gave back early gains to close in negative territory on Tuesday pressured by persisting political jitters in Ukraine. Official data released earlier today which showed that China's money supply growth rose in March at the weakest pace in more than a decade, also weighed. In FX markets, the USD gained some ground in European trade favored by upbeat US retail sales data.

**Greece:** According to provisional data for the **execution of the State Budget in the first three months of this year**, the Central Government primary balance recorded a surplus of €1.566bn compared to a surplus target of €0.878bn and a surplus of €0.520bn registered over the same period of the previous year. In other news, the most recent Bank of Greece data showed that the **total amount of funding to the domestic banking system from the Eurosystem** dropped in March for the third month in a row coming in at a multi-year low of €60.7bn.

### SOUTH EASTERN EUROPE

**SERBIA:** The presidency of SNS party gave the green light on Monday to the party's leader Aleksandar Vucic to resume negotiations with two parties for the formation of a coalition government. Aleksandar Vucic said that the new government should be finalized by April 27<sup>th</sup>.

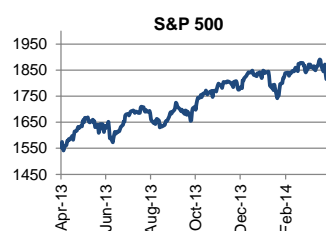
**ROMANIA:** MoF issued RON 500mn in 5Y (Jun 2019) benchmark bonds at an average accepted yield of 4.59%, ca 5bps above expectations.

**BULGARIA:** According to the latest NSI data, the recent deflation trend continued in March with CPI falling by 2.3%YoY; but the pace of decline slowed from 2.6% YoY in February.

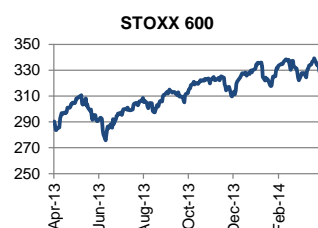
**CESEE Markets: Emerging stocks markets** extended Friday's losses on Monday in view of escalating geopolitical tensions in Ukraine. Separately, **CESEE currencies** were little changed on Monday, with a 300bps hike on Ukraine's Central Bank discount rate to 9.50%, providing some support to the hryvnia..

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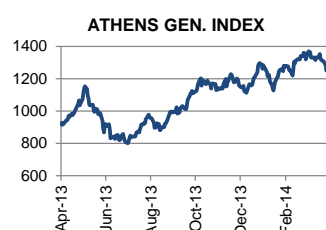
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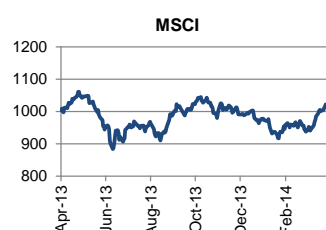
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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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-

Source: Reuters, Bloomberg, Eurobank Global Markets Research

## Latest world economic & market developments

### GLOBAL MARKETS

Major Asian bourses gave back early gains to close in negative territory on Tuesday pressured by persisting political jitters in Ukraine. Furthermore, official data released earlier today showed that China's money supply growth rose in March at the weakest pace in more than a decade, adding to market concerns about the likelihood of a more pronounced than expected slowdown in domestic economic activity this year. In FX markets, the USD gained some ground in European trade favored by upbeat US retail sales data. In more detail, US retail sales rose by 1.1% mom in March, the largest rise in 1 ½ years, adding to recent signs suggesting that the economy regained momentum at the end of the first quarter after adverse weather conditions disrupted economic activity at the end of 2013 and the beginning of this year.

### GREECE

According to provisional data for the **execution of the State Budget in the first three months of this year**, the Central Government balance recorded a deficit of €0.423bn compared to a deficit target of €1.089bn and a shortfall of €1.354bn marked in the same period a year earlier. Notably, the Central Government primary balance recorded a surplus of €1.566bn compared to a surplus target of €0.878bn and a surplus of €0.520bn registered over the same period of the previous year. In other news, the most recent Bank of Greece data showed that the **total amount of funding to the domestic banking system from the Eurosystem** dropped in March for the third month in a row coming in at a multi-year low of €60.7bn, €7.3bn or 10.7% mom lower compared to the prior month's level following an all-time peak of €159.2bn hit in February 2012. In more detail, the total amount of funding taken from the ECB stood at €57.8bn, the lowest since late 2012 while the total funding from the ELA came in at €2.9bn, the lowest since May 2011, compared to €8.6bn in the prior month.

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## Latest developments in the CESEE region

### CESEE markets

**Emerging stocks markets** extended Friday's losses on Monday in view of escalating geopolitical tensions in Ukraine. Pro-Russian separatists seized government buildings in the eastern part of Ukraine over the last few days with demonstrators reportedly demanding for referendums on greater autonomy or annexation to the Russian Federation. The US warned Russia that it could face a new round of sanctions, while EU foreign ministers decided on Monday to increase the blacklist of Russian and Ukrainian individuals' names to face sanctions. Stock markets in Moscow were among the most hit in the EM space, registering losses to the tune of 1.3-2.0%, underperforming a 0.37% decline in the MSCI emerging equity index. In the CESEE region, Ukraine's PFTS index fell by 0.96%, while Hungary's BUX slid by 0.93% weighed down by shares in OTP Bank and Richter pharmaceutical which have operations in both Ukraine and Russia. Separately, **CESEE currencies** were little changed on Monday, with a 300bps hike on Ukraine's Central Bank discount rate to 9.50%, providing some support to the hryvnia. Against this background, the USD/UAH closed ca 0.5% lower on the day at 12.50, remaining however within distance from a lifetime peak of 13.30 hit late last week. With a downward revision in Moody's credit rating outlook for Turkey still in investors' ears, the Turkish lira lost further ground. The USD/TRY closed at 2.1208 at the prior session's settlement, after hitting a new multi-session peak near 2.1340 at some point on Monday.

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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, 14/4/2014, 22:45 CET): **Latest Political & Macro Developments:** The presidency of the Serbian Progressive Party gave the green light on Monday to the party's leader Aleksandar Vucic to resume negotiations with two parties, the Alliance of Vojvodina Hungarians and the Socialist Party of Serbia, on the formation of a coalition government. Aleksandar Vucic said in a statement that the new government should be finalized by April 27<sup>th</sup>. Elsewhere, the NBS announced that the country's FX reserves declined by €400mn in March, to a total of €10.4bn, which covers seven months worth of imports. **Market Developments:** The EUR/RSD was little changed on Monday, remaining range-bound within 115.30/50-115.40/60 for most of the session in the wake of renewed Central Bank intervention in order to halt the dinar's recent appreciating momentum. In the domestic stock markets, the main BELEX15 index inched 0.14% higher yesterday on solid volumes.

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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, 15/4/2014, 09:20 EET): **Market Developments:** The EUR/RON continued to trade within a tight range of 4.4650/700 on Monday. Meanwhile, money market liquidity remained tight, but is expected to increase in view of RON 6.3bn in MoF maturities and coupon payments on Apr 23. In government bonds the MoF issued as planned the announced RON 500mn at an average accepted yield of 4.59%, which came in well below a 4.94% achieved in a prior auction of similar maturity paper in March. That said, it stood some 5bps above expectations and secondary market levels, while the MoF accepted bids up to a maximum yield of 4.69% in order to match the planned amount of the sale (usually it is ca 1-3bps above ROMGBs), indicating rather lukewarm investor demand for this particular maturity at current market levels. On the secondary market, 3-7Y yields initially moved up some 3-5bps in the wake of the bond auction results, but later eased to close relatively flat by the end of the day.

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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, 14/4/2014, 17:30 EET): **Latest Political & Macro Developments:** According to the latest NSI figures, the recent deflation trend continued for the eighth month running in March with CPI falling by 2.3%YoY. Yet, the pace of decline slowed from 2.6%YoY in February. The breakdown of the data revealed that utilities, health and transport registered the highest drops in prices. **Market Developments:** Domestic stocks erased part of their intraday losses on Monday, with the main SOFIX index closing 0.36% lower at 598.18 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	1830.61	0.8%	-1.0%	EUR/USD	1.3819	0.0%	0.6%	UST - 10yr	2.64	-1	-39	GOLD	1318	-0.8%	9.3%
Nikkei 225	13996.81	0.6%	-14.1%	GBP/USD	1.6717	-0.1%	1.0%	Bund-10yr	1.53	0	-40	BRENT CRUDE	167	0.0%	0.0%
STOXX 600	329.79	0.3%	0.5%	USD/JPY	101.9	0.0%	3.3%	JGB - 10yr	0.61	0	-14	LMEX	3083	0.3%	-2.4%

## SEE MARKETS

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	7.88	4	-13
1-week	8.18	3	-10
1-month	8.47	3	-11
3-month	8.84	1	-4
6-month	9.13	4	-2

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	10.08	0	12
5Y RSD	11.40	0	-143
7Y RSD	12.24	0	-156

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	4.11	0	-89
USD Nov-24	4.56	-204	-230

## CDS

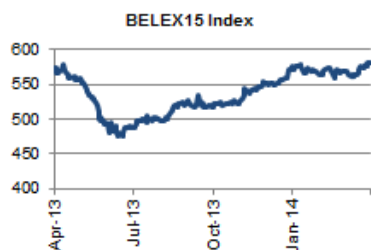
	Last	ΔDbps	ΔYTD bps
5-year	321	2	-89
10-year	356	0	-90

## STOCKS

	Last	ΔD	ΔYTD
BELEX15	581.3	0.14%	4.18%

## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	115.4	-0.10%	-0.81%



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.52	0	78
1-month	2.46	0	58
3-month	2.97	0	53
6-month	3.34	0	35
12-month	3.38	0	23

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.82	0	-13
5Y RON	4.41	0	-24
10Y RON	5.16	0	-14

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	3.05	-38	-79
USD Aug-23	4.32	0	-48

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	173	0	-11
10-year	212	#N/A/N/A	-21

## STOCKS

	Last	ΔD	ΔYTD
BET	6409.2	-0.41%	-1.30%

## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.468	-0.01%	0.11%



## BULGARIA

## Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.07	3	0
1-month	0.28	-1	-4
3-month	0.57	-1	-8
6-month	1.03	0	-12
12-month	2.09	1	-11

## BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.97	0	-12
5Y BGN	1.59	0	-25
10Y BGN	3.20	0	-29

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.54	-11	6
EUR Jul-17	1.37	-4	-43

## CDS

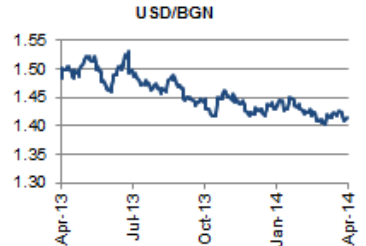
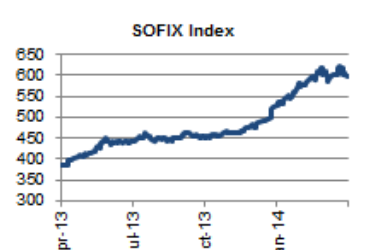
	Last	ΔDbps	ΔYTD bps
5-year	124	0	1
10-year	167	#N/A/N/A	-7

## STOCKS

	Last	ΔD	ΔYTD
SOFIX	598.2	-0.36%	21.70%

## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.4155	-0.02%	0.54%



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