

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

April 30, 2014

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- Apr 28: Pending home sales (Mar)
- Apr 29: Cons conf (Apr)
- Apr 30
 - ADP employment (Apr)
 - Chicago PMI (Apr)
 - FOMC decision
- May 1
 - Initial jobless claims (Apr 26)
 - ISM manuf (Apr)
- May 2
 - NFP report (Apr)
 - U/E rate (Apr)

EUROZONE

- Apr 29: Economic Sentiment Indicator (Apr)
- Apr 30: HICP (Apr)

SEE

SERBIA

- April 30
 - GDP (Q1, p)
 - IP (Mar)
 - Trade balance (Mar)
 - Retail sales (Mar)

ROMANIA

- May 2: Intl reserves (Apr)

BULGARIA

- Apr 28: EUR 25mn 2021 bonds auction
- Apr 30: Budget (Mar)
- May 1: Intl reserves (Apr)

Source: Reuters, Bloomberg,
Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Asian bourses remained under pressure on Tuesday amid persisting political tensions in Ukraine. In FX markets, the **EUR** gave back some of its recent gains in European trade on the view that April's Eurozone preliminary headline inflation may rise by less than initially expected following yesterday's weak April HICP data in Germany.

Greece: According to the most recent Bank of Greece data, **domestic private sector deposits** to domestic MFIs (excluding the Bank of Greece), rose in March, halting a two-month falling streak. Separately, **bank credit to the domestic private sector** i.e., non-financial corporations & households (excluding the Bank of Greece) shrunk in March for the 34th consecutive month. In other news, **Moody's** revised upward its outlook on Greece's banking sector to stable from negative.

SOUTH EASTERN EUROPE

SERBIA: The Public Debt Agency sold €42mn of the initially planned €50mn in 1Y EUR-nominated bonds on Monday.

ROMANIA: Focus is on whether the Central Bank (NBR) will decide to roll-over the 1-week repo operation maturing today.

BULGARIA: Overall Business sentiment continued to improve in April.

CESEE Markets: Emerging stock markets recovered ground on Tuesday after the US and EU imposed less strict than initially feared new sanctions against Russia. In the **FX markets**, CESEE currencies were modestly firmer yesterday.

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Latest world economic & market developments

GLOBAL MARKETS

Asian bourses remained under pressure on Tuesday amid persisting political tensions in Ukraine. Investor caution ahead of the FOMC's monetary policy meeting later today, also weighed on market sentiment. In FX markets, the EUR gave back some of its recent gains on the view that April's Eurozone preliminary headline inflation may rise by less than initially expected following yesterday's weak April HICP data in Germany. The **EUR/USD** was hovering around 1.3800/10 in European trade at the time of writing, having retreated from a three-week high of 1.3880 recorded Monday.

GREECE

According to the most recent Bank of Greece data, **domestic private sector deposits** to domestic MFIs (excluding the Bank of Greece), rose in March, halting a two-month falling streak. Specifically, deposits from domestic corporations and households to domestic MFIs rose by €515mn in March coming in at €161,052mn. Separately, **bank credit to the domestic private sector** i.e., non-financial corporations & households (excluding the Bank of Greece) shrunk in March for the 34th consecutive month standing at €215,480mn, 0.4% or €758mn lower compared to the prior month's level. In other news, **Moody's** revised upward its outlook on Greece's banking sector to stable from negative. In the accompanying statement, the rating agency cited that funding pressures on Greek banks are expected to stabilize further ahead while the domestic economy is seen returning to positive annual GDP growth in 2014-2015, after six years in contraction, mainly driven by stronger exports and tourism performance.

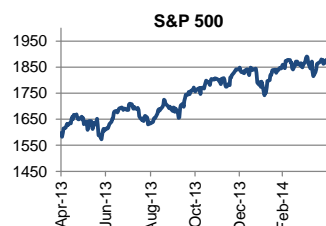
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Latest developments in the CESEE region

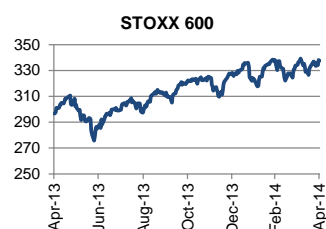
CESEE markets

Emerging stock markets recovered ground on Tuesday, on upbeat Chinese corporate earnings reports and less strict than initially feared new sanctions imposed against Russia from the US and EU. A Russian defense ministry statement saying that military forces were being withdrawn from Ukraine's boarder also favored. Moody's decision to raise its outlook on Greece's banking system might also had a positive impact. Along these lines, the MSCI emerging equity index closed 0.69% higher at 999.93 points, having bounced from a 1-month trough at 991.91 points hit earlier in the day. Most bourses in the CESEE region posted modest gains, with Ukraine's PFTS underperforming with a 1.07% decline as geopolitical jitters persist. In the **FX markets**, CESEE currencies were modestly firmer yesterday. The Hungarian forint led the gains in the region, largely shrugging off the fact that although the Central Bank (MNB) cut its key policy rate by 10bps to a new record low of 2.50%, as was widely expected, stopped short from explicitly signaling that its monetary easing cycle has reached an end. Recall that, the MNB has so far rendered 450bps of cumulative monetary easing since August 2012 in an effort to underpin the domestic economy. Against this background, the EUR/HUF stood at 307.95 on Tuesday's settlement, having recoiled from a 1-month high of 310.60 intraday on Monday. Elsewhere, the Turkish lira consolidated near a 2-week peak of 2.1173/USD hit at some point on Tuesday, ahead of the Central Bank's quarterly updated Inflation Report due later today, which is anticipated to be closely scrutinized by market participants for any hints on the Bank's policy deliberations ahead.

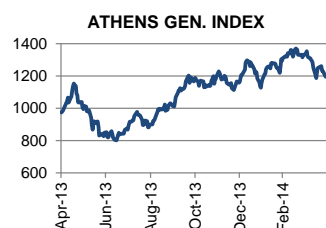
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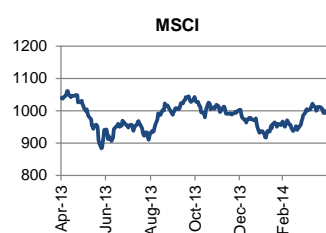
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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Credit Ratings			
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

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, 29/4/2014, 16:25 CET): **Latest Political & Macro Developments:** The Public Debt Agency sold €42mn of the initially planned €50mn in 1Y EUR-nominated bonds on Monday. The accepted interest rate stood at 3.24%, slightly lower compared to 3.29% achieved at a prior auction of similar paper in March. **Market Developments:** The dinar was little changed on Tuesday, with the EUR/RSD remaining within the 115.55/75 recent range. Recall that, the central bank has repeatedly intervened in the FX markets over recent weeks, having purchased a total of €130mn so far this year, in order to halt the dinar's upside momentum. The last such intervention took place on April 17 with an amount of €10mn. Elsewhere, the domestic stock market inched higher on Tuesday with the main BELEX15 index ending yesterday's session with gains of 0.11%.

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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, 30/4/2014, 09:15 EET): **Market Developments:** The EUR/RON came under renewed selling pressure on Tuesday amid persistently high RON rates. The cross broke below the 4.4450 key support level and hit a new year-to-date low at 4.4370, before closing at 4.4500. In money markets, focus is on whether the Central Bank (NBR) will roll-over the 1-week repo operation maturing today as short term O/N and T/N RON rates continue to trade close to 4.0%, above the NBR monetary policy rate of 3.50%. Meanwhile, government bonds closed little changed on Tuesday.

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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, 29/4/2014, 17:20 EET): **Latest Political & Macro Developments:** According to NSI data, the business sentiment indicator increased by 1.7ppts on a monthly basis in April, following a 1.2ppt rise in the prior month. The breakdown of the report revealed improvement in all sectors, except for services which marked a 1.8ppts drop. The highest increase was seen in construction (+6.8ppts), followed by industry (+1.4ppts) and retail trade (+0.8ppts). **Market Developments:** The domestic stock market closed nearly flat on Tuesday, erasing fully earlier losses. In more detail, the main SOFIX index in a marginally positive territory of 0.07% at 602.91 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	1878.33	0.5%	1.6%	EUR/USD	1.3809	0.0%	0.5%	UST - 10yr	2.70	0	-33	GOLD	1292	-0.3%	7.1%
Nikkei 225	14304.11	0.1%	-12.2%	GBP/USD	1.6811	-0.1%	1.5%	Bund-10yr	1.50	0	-43	BRENT CRUDE	167	0.0%	-0.1%
STOXX 600	337.66	-0.1%	2.9%	USD/JPY	102.48	0.2%	2.8%	JGB - 10yr	0.62	0	-12	LMEX	3076	-0.7%	-2.7%

SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	7.87	-2	-14
1-week	8.16	1	-12
1-month	8.45	2	-13
3-month	8.84	1	-4
6-month	9.12	3	-3

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	10.10	4	15
5Y RSD	11.51	0	-131
7Y RSD	12.26	3	-155

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	4.23	-2	-78
USD Nov-24	3.70	-285	-60

CDS

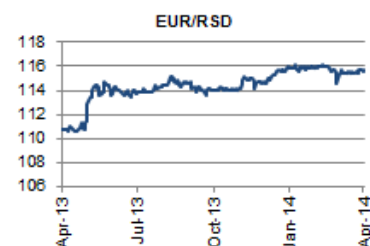
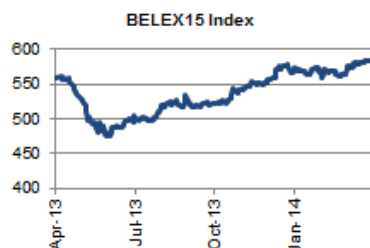
	Last	ΔDbps	ΔYTD bps
5-year	305	-3	-104
10-year	346	-2	-101

STOCKS

	Last	ΔD	ΔYTD
BELEX15	584.8	0.11%	4.81%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	115.4	-0.02%	-0.96%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	3.99	0	225
1-month	3.35	0	147
3-month	3.17	0	73
6-month	3.43	0	44
12-month	3.45	0	30

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.72	1	-23
5Y RON	4.22	0	-43
10Y RON	5.04	0	-26

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	2.97	-2	-88
EUR Aug-23	4.17	-3	-64

CDS

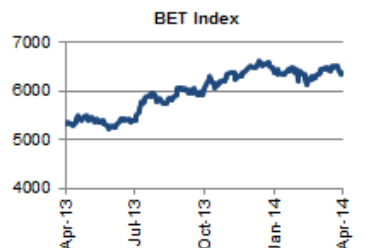
	Last	ΔDbps	ΔYTD bps
5-year	173	#N/A	-11
10-year	212	#N/A	-21

STOCKS

	Last	ΔD	ΔYTD
BET	6377.0	0.77%	-1.80%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4468	0.04%	0.59%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.04	0	-3
1-month	0.29	0	-3
3-month	0.57	-1	-8
6-month	1.08	0	-7
12-month	2.09	-1	-11

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.94	1	-15
5Y BGN	1.57	3	-27
10Y BGN	3.14	0	-35

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.45	-7	-13
EUR Jul-17	1.34	2	-47

CDS

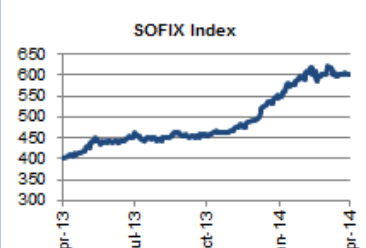
	Last	ΔDbps	ΔYTD bps
5-year	124	#N/A	1
10-year	167	#N/A	-7

STOCKS

	Last	ΔD	ΔYTD
SOFIX	602.9	0.00%	22.66%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.4164	-0.02%	0.47%



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 10:30 EET

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