

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

April 8, 2014

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- Apr 9: FOMC meeting minutes (Mar 18-19)
- Apr 10: Initial jobless (Apr 5)
- Apr 11: UoM cons conf (Apr)

SEE SERBIA

- April 7: PPI (Mar)
- April 9: 10-year RSD T-bonds auction
- April 11: HICP (Mar)

ROMANIA

- Apr 7
 - Net wages (Feb)
 - RON 200mn T-Bonds auction
- April 9: Trade balance (Feb)
- April 10
 - CPI (Mar)
 - IP (Feb)
 - RON 500mn T-Bonds auction
- April 11: CAD (Feb)

BULGARIA

- Apr 7
 - U/E rate (Mar)
 - T-Bonds auction
- Apr 8
 - IP (Feb)
 - Retail sales (Feb)
- April 11: Trade balance (Feb)

Source: Reuters, Bloomberg,
Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Tracking losses in Wall Street overnight, **major European bourses** were weaker in early trade on Tuesday pressured by escalating tensions in Ukraine. In FX markets, the **EUR** gained some ground following comments by a number of ECB officials suggesting that the prospect of large-scale asset purchases by the Central Bank to address deflation risks is still long way off.

Greece: In an interview to a local radio station y-day, **Greece's Minister of Finance Yiannis Stournaras** stressed that Greece is in no rush to return to wholesale funding markets imminently reiterating that a bond issue will take place at some point in the first semester of this year. In other news, Hellenic Statistical Authority custom-based data showed that **Greece's total value of exports-dispatches, in terms of commercial transactions**, decreased by 2.8% in the 12-month time period from March 2013 to February 2014, compared to the corresponding period a year earlier.

SOUTH EASTERN EUROPE

SERBIA: The Head of the Serbian Progressive Party, Aleksandar Vucic, said on Saturday in the wake of a party meeting that the new government will be formed before April 25th.

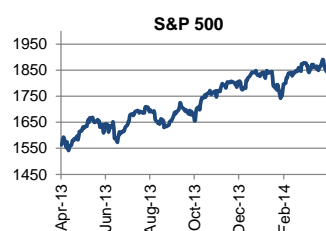
ROMANIA: The Ministry of Finance sold RON 200mn in 10Y bonds on Monday, at a well-received auction which produced an average accepted yield at 5.26%, compared to ca 5.30-35% expected.

BULGARIA: The Ministry of Finance revised upwards its 2014 real GDP growth forecast to 2.1%YoY from 1.8%YoY previously.

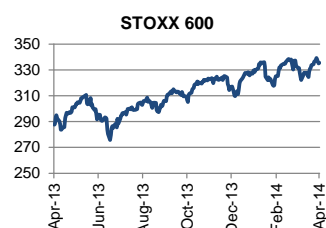
CESEE Markets: **Emerging stock markets** opened broadly higher on Tuesday, while CESEE bourses were broadly mixed in early European trade as caution prevailed in view of growing geopolitical tensions in Ukraine.

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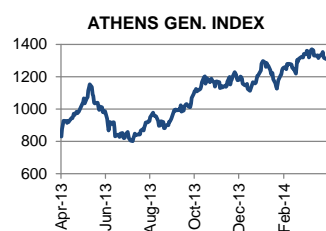
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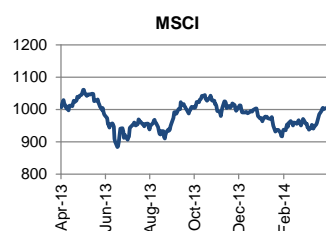
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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Source: Reuters, Bloomberg, Eurobank Global Markets Research

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

Tracking losses in Wall Street overnight, major European bourses were weaker in early trade on Tuesday pressured by escalating tensions in Ukraine. In FX markets, the JPY retained a firm tone in European trade favored by the BoJ's decision to keep its monetary policy steady at today's meeting and maintain a cautiously optimistic assessment on the domestic economy's growth prospects. Indicatively, the USD/JPY was hovering around 102.75/78 at the time of writing, not far from a multi-session low of 102.60 hit earlier in the day. Elsewhere, the EUR gained some ground following comments by a number of ECB officials suggesting that the prospect of large-scale asset purchases by the Central Bank to address deflation risks is still long way off. The EUR/USD was trading close to 1.3765/68 earlier today, ca 0.2% higher compared to the settlement in the prior session.

GREECE

In an interview to a local radio station y-day, Greece's Minister of Finance Yiannis Stournaras stressed that Greece is in no rush to return to wholesale funding markets imminently reiterating that a bond issue will take place at some point in the first semester of this year. The above comments followed recent market speculation suggesting that the Greek government will seek to tap capital markets as soon as this week with issuance of ca €2bn in 5-year maturity bond. In other news, Hellenic Statistical Authority custom-based data showed that Greece's total value of exports-dispatches, in terms of commercial transactions, decreased by 2.8% in the 12-month time period from March 2013 to February 2014, compared to the corresponding period a year earlier. For the month of February 2014, the total value of exports-dispatches excluding oil products, dropped by 5.6%YoY.

Latest developments in the CESEE region

CESEE markets

Emerging stock markets opened broadly higher on Tuesday led by gains in the internet sector as bargain hunting emerged. Revived speculation that the Chinese authorities will adopt measures to boost domestic economic activity, also favored. CESEE bourses were broadly mixed in early European trade on Tuesday with caution prevailing in view of growing geopolitical tensions in the region. Ukraine's PFTS index stood nearly flat earlier today after Monday's 2.37% sell-off on renewed jitters with Russia. Protests in three major cities in the eastern part of the country took place over the weekend with demonstrators calling for referendums to be held on whether their region should join the Russian Federation. Turkey's BIST 100 index was gaining 1.04% at the time of writing, outperforming a 0.63% rise in the broader MSCI emerging equities index. Separately, **CESEE currencies** broadly firmed in early trade on Tuesday, with the Turkish lira leading the gains in the region. In detail, the USD/TRY slid as far as a 3 – ½ month trough of 2.0915 at some point vs. 2.1105 on Monday's settlement. Meanwhile, the Hungarian forint extended its post-election gains to hit a 2-½-month peak near 305.25 in European trade earlier today. As was widely expected, the ruling Fidesz party of Prime Minister Viktor Orban secured a second 4-year term in office in a landslide victory on Sunday's general elections with a score of ca 44.54%, according to preliminary results. Fidesz appears braced to obtain once again, a supermajority in the 199-seat Parliament, which will allow the party to proceed, if needed, with constitutional amendments.

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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, 7/4/2014, 17:00 CET): **Latest Political & Macro Developments:** The Head of the Serbian Progressive Party, Aleksandar Vucic, said on Saturday in the wake of a party meeting that the new government will be formed before April 25th and reiterated the need for an imminent overhaul of the public sector. He also said that a number of draft laws related to the domestic labor market and the privatization program will be submitted to parliament for voting by the end of June 2014. **Market Developments:** The EUR/RSD closed at 115.40/60 on Monday, little changed compared to Friday's settlement in the wake of the Central Bank's renewed intervention in the FX markets to halt the dinar's current appreciating momentum. On the domestic stock market, the main BELEX15 index fell by 0.16% on Monday.

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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, 8/4/2014, 09:30 EET): **Latest Political & Macro Developments:** Industrial sales rose by 9%MoM in February bringing the annual rate of increase to 11.5%. Recall that, the industrial sector was the primary driver of economic activity in 2013, accounting for 2.2% of real GDP growth of 3.5%YoY. **Market Developments:** The EUR/RON remained trapped within 4.4610/60 on Monday. Separately, short term RON rates moved lower, with the 1M implied rate from swaps decreasing around 20bps to 2.1%. In other news, the government sold RON 200mn in 10Y bonds on Monday. The auction was well received producing an average accepted yield of 5.26%, compared to a market consensus of ca 5.30-35%. In response to the aforementioned, government bond yields with 5 to 10-year maturities fell by around 10bps.

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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, 7/4/2014, 6:10 EET): **Latest Political & Macro Developments:** The Ministry of Finance revised upward its 2014 real GDP growth forecast to 2.1%YoY from 1.8%YoY earlier. On the other hand, 2015 real GDP growth forecast was revised to 2.6%YoY from 2.9%YoY initially while the corresponding projection for 2016 was left unchanged at 3.4%YoY. **Market Developments:** All stock market indices closed in a marginally negative territory on Monday with the main SOFIX falling by 0.26% to end at 616.01 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	1845.04	-1.1%	-0.2%	EUR/USD	1.375	0.1%	0.1%	UST - 10yr	2.71	1	-32	GOLD	1308	0.8%	8.5%
Nikkei 225	14606.88	-1.4%	-10.3%	GBP/USD	1.6636	0.2%	0.5%	Bund-10yr	1.55	1	-38	BRENT CRUDE	167	0.0%	0.0%
STOXX 600	335.60	0.2%	2.2%	USD/JPY	102.76	0.3%	2.5%	JGB - 10yr	0.62	0	-12	LMEX	3027	0.4%	-4.2%

SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	7.90	2	-11
1-week	8.19	4	-9
1-month	8.47	3	-11
3-month	8.85	0	-3
6-month	9.12	4	-3

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	10.20	0	24
5Y RSD	11.41	0	-141
7Y RSD	12.24	0	-157

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	4.15	0	-86
USD Nov-24	5.09	-154	-181

CDS

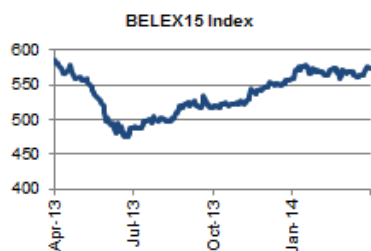
	Last	ΔDbps	ΔYTD bps
5-year	331	1	-78
10-year	370	1	-76

STOCKS

	Last	ΔD	ΔYTD
BELEX15	574.5	-0.16%	2.96%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	115.4	-0.02%	-0.71%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.36	0	62
1-month	2.4	0	52
3-month	2.95	0	51
6-month	3.3	0	31
12-month	3.33	0	18

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.83	-1	-12
5Y RON	4.43	-3	-22
10Y RON	5.20	-4	-10

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	3.22	-22	-63
USD Aug-23	4.44	-6	-36

CDS

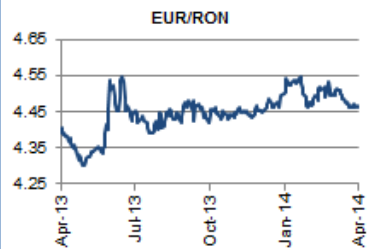
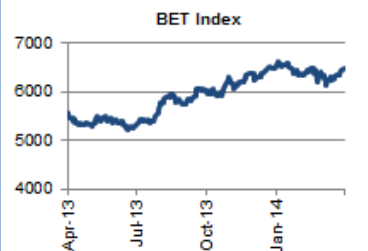
	Last	ΔDbps	ΔYTD bps
5-year	167	-3	-18
10-year	216	-2	-16

STOCKS

	Last	ΔD	ΔYTD
BET	6479.1	0.27%	-0.23%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4625	0.10%	0.23%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.04	-1	-3
1-month	0.29	0	-3
3-month	0.57	0	-8
6-month	1.07	0	-8
12-month	2.09	0	-11

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.99	0	-10
5Y BGN	1.60	-1	-25
10Y BGN	3.25	0	-25

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.58	-3	-1
EUR Jul-17	1.39	-2	-41

CDS

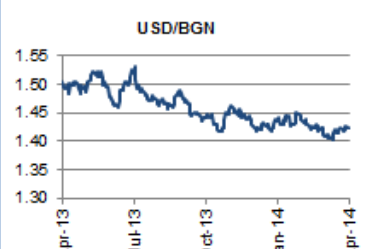
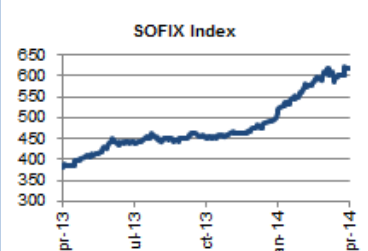
	Last	ΔDbps	ΔYTD bps
5-year	127	-1	4
10-year	175	1	1

STOCKS

	Last	ΔD	ΔYTD
SOFIX	616.0	0.00%	25.33%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.4226	0.06%	0.04%



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