

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

February 10, 2014

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Feb 13
 - Retail sales (Jan)
 - Initial jobless claims (Feb 8)
- Feb 14
 - IP (Jan)
 - UoM conf (Feb, p)

EUROZONE

- Feb 12: IP (Dec)
- Feb 13
 - DE: CPI (Jan, f)
- Feb 14: GDP (Q4, A)

SEE

SERBIA

- Feb 11: 2Y T-Bond auction
- Feb 13: MPC meeting

ROMANIA

- Feb 10
 - Trade balance (Dec)
 - RON800mn T-bond auction
- Feb 12
 - CPI (Jan)
 - IP (Dec)
 - CAD (Dec)

BULGARIA

- Feb 10
 - Trade balance (Dec)
 - Reserves (Jan)

Source: Reuters, Bloomberg,
Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The US non-farm payrolls report for the month of January came in weaker-than-expected. Yet, on a positive tone, the unemployment rate dropped to a new 5-year low of 6.6%. Market focus this week is on the Fed's new Chair, Janet Yellen, who is scheduled to deliver her first inaugural monetary policy testimony before the House Financial Services Committee (Tuesday) and the Senate Banking Committee (Thursday).

GREECE: In a speech delivered in Frankfurt before a number of German entrepreneurs late last week, Greece's Minister of Finance Yiannis Stournaras expressed his optimism that Greece's ESA95 general government data for the full-year 2013 are expected to confirm the realization of a primary surplus far above €812mn envisioned in the 2014 Budget.

SOUTH EASTERN EUROPE

SERBIA Dinar supported by the Central Bank's renewed intervention in the FX markets.

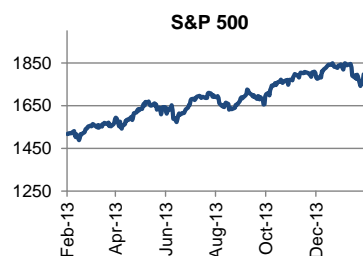
ROMANIA: The Liberal Party, one of the two ruling coalition partners, proposed a new Interior Minister as well as Finance, Economy and Health Ministers.

BULGARIA: According to NSI data, the seasonally adjusted Industrial Production Index decreased by 1.0% in December on monthly basis, halting a 5-month rising streak.

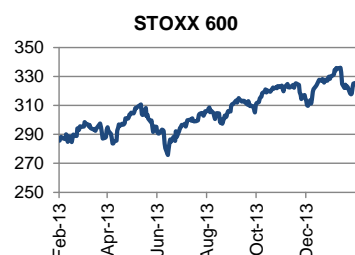
CESEE Markets: Emerging stock markets closed broadly firmer on Friday, albeit off intraday highs amid persisting expectations that the Fed will continue to gradually reduce the pace of its asset purchases ahead. In the **FX markets**, the majority of regional currencies weakened in the prior session.

DISCLAIMER

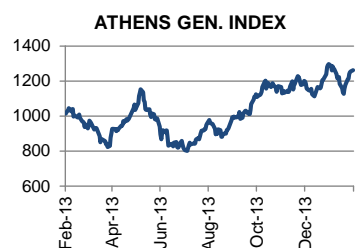
This report has been issued by Eurobank Ergasias S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees. Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.



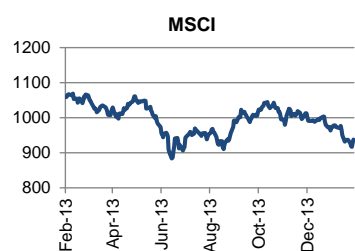
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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

The US non-farm payrolls report for the month of January came in weaker-than-expected with the headline rising by 113k. Market expectations were for an increase of 185k following an upwardly revised gain of 75k in the prior month. On a positive tone, the unemployment rate dropped from 6.7% in December to a 5-year low of 6.6%, supporting market expectations that the Fed will continue to reduce the pace of its asset purchases in the coming months. The surprisingly weak US January non-farm payrolls report weighed on the USD with the US Dollar Index (DXI) hovering around 80.652 in European trade on Monday, not far from a multi-session low of 80.599 touched late last week. Market focus this week is on the Fed's new Chair, Janet Yellen, who is scheduled to deliver her first inaugural monetary policy testimony before the House Financial Services Committee (Tuesday) and the Senate Banking Committee (Thursday).

GREECE

In a speech delivered in Frankfurt before a number of German entrepreneurs late last week, Greece's Minister of Finance Yiannis Stournaras expressed his optimism that Greece's ESA95 general government data for the full-year 2013 are expected to confirm the realization of a primary surplus far above €812mn envisioned in the 2014 Budget. He also said that national account data for the full-year 2013 are expected to reveal that real GDP contracted by less than the troika's revised forecast of -4.0%. In other news, Hellenic Statistical Authority custom-based statistics showed that, in terms of commercial transactions, Greece's total value of exports-dispatches for the 12-month period to December 2013, dropped marginally, by 0.2% YoY, compared to the corresponding period a year earlier.

ppetropoulou@eurobank.gr

Latest developments in the CESEE region

CESEE markets

Emerging stock markets closed broadly firmer on Friday, albeit off intraday highs amid persisting expectations that the Fed will continue to gradually reduce the pace of its asset purchases ahead, despite the weaker-than-expected NFP data. Along these lines, the MSCI emerging equities index closed 0.81% higher at a 1½-week peak of 937.30 on Friday, having eased from an intraday high of 393.38. Meanwhile, bourses in the CESEE region closed little changed. In the **FX markets**, the majority of regional currencies weakened in the prior session, weighed down by ongoing expectations about a further gradual reduction in the Fed's monthly pace of asset purchases. The Turkish lira weakened after S&P revised lower its outlook on the country's sovereign credit rating to negative from stable, citing heightened risks for a hard landing in the domestic economy. Against this backdrop, the USD/TRY ended Friday's session at 2.2193 having bounced from a trough of 2.1894 hit earlier on the day, the pair's lowest level since the CBT rendered substantial rate hikes on January 28 to support the domestic currency. The Romanian leu eased to a 1-week intraday low of 4.4946/EUR on Friday, following news about a cabinet reshuffle, including the replacement of the Finance Minister. The move potentially comes on the back of the government's efforts to strengthen its mandate ahead of upcoming elections later this year.

gphoka@eurobank.gr

SERBIA

SERBIA: Indicators	2012	2013e	2014f
Real GDP growth %	-1.5	2.4	1.0
CPI (pa, yoy %)	7.3	7.9	5.5
Budget Balance/GDP	-6.4	-6.5	-7.1
Current Account/GDP	-10.9	-4.6	-3.4
EUR/RSD (eop)	112.37	114.57	115.00
	2013	current	2014f
Policy Rate (eop)	9.50	9.50	9.50

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

(Belgrade, 7/2/2014, 16:30CET): **Latest Political & Macro Developments:** The government sold on Thursday 3-month RSD T-Bills worth RSD 3bn (or ca 26m EUR) at a yield of 7.50%, below 7.91% achieved at a previous issue of similar maturity paper on January 16th. In the domestic political front, the election campaign is, for the time being, relatively quiet, with economic issues overshadowing all other topics. **Market Developments:** After hitting a 16-month peak of 116.30 in the prior session, the EUR/RSD fell as low as 115.35/55 on Friday, in the wake of Central Bank intervention. By a rough estimate, NBS sold ca EUR 70mn in an effort to alleviate persisting depreciation pressures on the dinar. In other news, the domestic stock market closed 0.66% lower.

zeljko.devcic@eurobank.rs

Zoran.Korac@eurobank.rs

ivan.radovic@eurobank.rs

ROMANIA

ROMANIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.7	2.7	2.7
CPI (pa, yoy %)	3.3	4.0	2.5
Budget Balance/GDP	-3.0	-2.5	-2.2
Current Account/GDP	-4.0	-1.2	-1.5
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

(Bucharest, 7/2/2014, 18:00 EET): **Latest Political & Macro Developments:** The Liberal Party, one of the two ruling coalition partners, proposed a new Interior Minister as well as Finance, Economy and Health Ministers after all these seats were left vacant in the wake of the recent resignations of the former Ministers. **Market Developments:** The EUR/RON retained a positive tone on Friday, reaching an intraday high of 4.4946 after ending at 4.4700 in the prior session. RON short term interest rates continued to move gradually lower. The domestic government bonds market recovered some ground with corresponding yields easing ca 10-15 bps across the curve on the back of decreasing RON funding costs.

Bogdan.Radulescu@bancpost.ro

BULGARIA

BULGARIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.8	0.5	1.5
HICP (pa, yoy %)	2.4	0.4	1.4
Budget Balance/GDP	-0.8	-2.0	-2.0
Current Account/GDP	-1.3	0.3	0.0
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

(Sofia, 7/2/2014, 18.15 EET): **Latest Political & Macro Developments:** According to NSI data, the seasonally adjusted Industrial Production Index decreased by 1.0% in December on monthly basis, halting a 5-month rising streak. On an annual basis, industrial output declined by 1.0% in December following an upwardly revised 3.2% gain in the prior month (from 2.8% previously reported). The breakdown of the December report showed a 1.5% MoM drop in manufacturing, while increases were registered in the mining and quarrying industry (+14.6%) as well as electricity, gas, steam and air conditioning supply (+2.3%). Meanwhile, the Retail Trade Index ex-auto rose by 0.4% MoM in December, bringing the annual rate of increase for the whole of last year to 5.6%. **Market Developments:** The domestic stock market posted modest gains on Friday, with most indices closing in green. SOFIX underperformed, ending in a marginally positive territory of 0.04% at 561.01 points.

VBoteva@postbank.bg

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	1797.02	1.3%	-2.8%	EUR/USD	1.3636	0.0%	-0.8%	UST - 10yr	2.67	-2	-36	GOLD	1274	0.5%	5.7%
Nikkei 225	14718.34	1.8%	-9.7%	GBP/USD	1.6386	-0.2%	-1.0%	Bund-10yr	1.66	0	-27	BRENT CRUDE	168	0.0%	0.2%
STOXX 600	325.52	0.1%	-0.8%	USD/JPY	102.18	0.1%	3.1%	JGB - 10yr	0.61	-1	-13	LMEX	3076	0.3%	-2.6%

SEE MARKETS

SERBIA

Money Market

	Last	ΔDbps	ΔYTD bps
SELIBOR			
T/N	7.82	3	-19
1-week	8.00	-5	-28
1-month	8.33	-1	-25
3-month	8.70	-1	-18
5-month	9.02	6	-13

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	10.06	0	-99
5Y RSD	11.32	0	-150
7Y RSD	12.60	0	-120

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	4.03	-5	-97
USD Nov-24	4.77	-193	-213

CDS

	Last	ΔDbps	ΔYTD bps
5-year	368	-2	-41
10-year	403	-3	-44

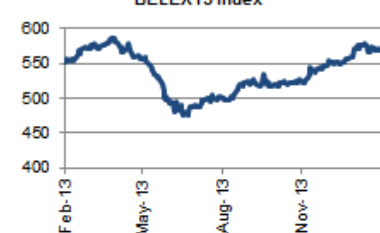
STOCKS

	Last	ΔD	ΔYTD
BELEX15	567.9	-0.37%	1.79%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	115.6	-0.02%	-0.91%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

	Last	ΔDbps	ΔYTD bps
ROBOR			
O/N	3.34	-27	160
1-month	3.35	-4	147
3-month	3.48	-2	104
6-month	3.45	5	46
12-month	3.43	4	28

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.68	-3	-27
5Y RON	4.54	-4	-11
10Y RON	5.39	-2	9

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	3.51	2	-33
USD Aug-23	4.66	-2	-15

CDS

	Last	ΔDbps	ΔYTD bps
5-year	183	0	-1
10-year	228	1	-4

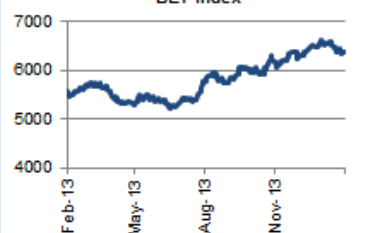
STOCKS

	Last	ΔD	ΔYTD
BET	6376.3	0.11%	-1.81%

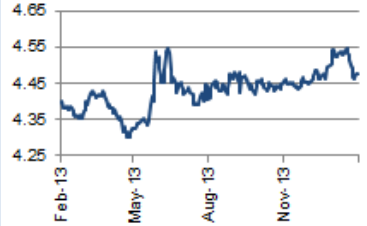
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.477	0.02%	-0.09%

BET Index



EUR/RON



BULGARIA

Money Market

	Last	ΔDbps	ΔYTD bps
SOFIBOR			
LEONIA	0.04	0	-3
1-month	0.30	0	-2
3-month	0.61	0	-3
6-month	1.14	0	-2
12-month	2.19	-1	0

BG Local Bonds

	Last	ΔDbps	ΔYTD bps
(yields)			
3Y BGN	1.05	1	-4
5Y BGN	1.76	0	-9
10Y BGN	3.46	0	-4

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.85	6	27
EUR Jul-17	1.66	-7	-14

CDS

	Last	ΔDbps	ΔYTD bps
5-year	125	0	1
10-year	170	-1	-5

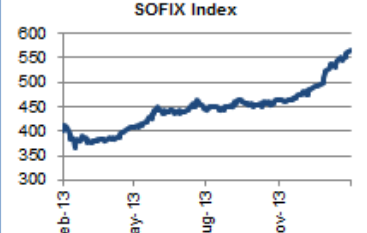
STOCKS

	Last	ΔD	ΔYTD
SOFIX	565.0	0.71%	14.94%

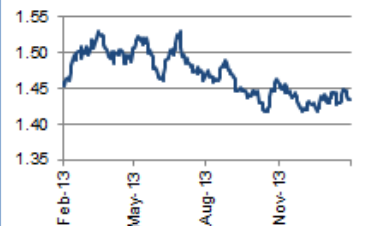
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.4344	0.01%	-0.79%

SOFIX Index



USD/BGN



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 11:30 EET

Contributors to this issue

Vessela Boteva*Expert, trading desk, Eurobank Bulgaria*

+359 (2) 8166 491

vboteva@postbank.bg**Zeljko Devcic***Head of Trading, Eurobank ad Beograd*

+381 11 206 5822

zeljko.devcic@eurobank.rs**Zoran Korac***FX dealer, Eurobank ad Beograd*

+381 11 206 5821

zoran.korac@eurobank.rs**Paraskevi Petropoulou***G10 Markets Analyst, Eurobank Ergasias*

+30 210 3718991

ppetropoulou@eurobank.gr**Galatia Phoka***Emerging Markets Analyst, Eurobank Ergasias*

+30 210 3718922

galatia.phoka@eurobank.gr**Ivan Radović***Head, Brokerage Department, Eurobank ad Beograd*

+381 11 30 27 533

ivan.radovic@eurobank.rs**Bogdan Radulescu, CFA***Senior Trader, Bancpost*

+40 21 3656291

bogdan.radulescu@bancpost.ro

Eurobank Global Markets Research

Global Markets Research Team

Dr. Platon Monokroussos: *Head of Global Markets Research*
pmonokroussos@eurobank.gr, +30 210 37 18 903

Paraskevi Petropoulou: *G10 Markets Analyst*
ppetropoulou@eurobank.gr, +30 210 37 18 991

Galatia Phoka: *Emerging Markets Analyst*
gphoka@eurobank.gr, +30 210 37 18 922

Global Markets Sales

Nikos Laios: *Head of Treasury Sales*
nlaios@eurobank.gr, +30 210 37 18 910

Alexandra Papathanasiou: *Head of Institutional Sales*
apapathanasiou@eurobank.gr, +30 210 37 18 996

John Seimenis: *Head of Corporate Sales*
yseimenis@eurobank.gr, +30 210 37 18 909

Achilleas Stogioglou: *Head of Private Banking Sales*
astogioglou@eurobank.gr, +30 210 37 18 904

George Petrogiannis: *Head of Shipping Sales*
gpetrogiannis@eurobank.gr, +30 210 37 18 915

Vassilis Gioulbaxiotis: *Head International Sales*
vgioulbaxiotis@eurobank.gr, +30 210 37 18 995

Eurobank Ergasias S.A, 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: EurobankGlobalMarketsResearch@eurobank.gr

Eurobank Global Markets Research

More research editions available at <http://www.eurobank.gr/research>

Greece Macro Monitor: Periodic overview of key macro & market developments in Greece

Daily overview of global markets & the SEE region:

Daily overview of key developments in global markets & the SEE region

South East Europe Monthly:

Monthly overview of economic & market developments in the SEE region

Global Markets & SEE themes: Special focus reports on Global Markets & the SEE region

Subscribe electronically at <http://www.eurobank.gr/research>

Follow us on twitter: <https://twitter.com/Eurobank Group>