

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

February 11, 2015

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- February 10: Fed's Lacker speaks
- February 11: Fed's Fisher speaks
- February 12:
 - Retail sales (Jan)
 - Initial jobless claims (Feb 7)
- February 13: UoM consumer confidence

EUROZONE

- February 10: ECB's Praet and Costa speak
- February 11: Extraordinary Eurogroup
- February 12: EU Summit
- February 13: GDP (Q4)

SEE

SERBIA

- February 11: Floating 2017 T-Bonds auction
- February 12: MPC meeting

ROMANIA

- February 9
 - Trade balance (Dec)
 - 4.75% 2025 T-Bonds auction
- February 12: Industrial production (Dec)
- February 13
 - GDP (Q4, A)
 - CPI (Jan)
 - CAD (Dec)

BULGARIA

- February 9
 - Trade balance (Jan)
 - Industrial production (Dec)
 - Retail sales (Dec)
- February 9-13: U/E rate (Jan)
- February 13
 - GDP (Q4, A)
 - CPI (Jan)

Source: Reuters, Bloomberg,
Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The majority of Asian stock markets closed broadly lower on Wednesday and European bourses fell modestly in early trade as investor caution prevailed ahead of the extraordinary Eurogroup later on the day.

GREECE: Prime Minister Alexis Tsipras won a vote of confidence in Parliament on Tuesday evening, securing the backing of 162 MPs.

SOUTH EASTERN EUROPE

SERBIA: Prime Ministers of Kosovo and Serbia Aleksandar Vucic and Isa Mustafa signed on Tuesday an agreement on justice and judiciary in Kosovo, seen as key for normalisation of relations.

BULGARIA: According to a press-release by the National Assembly, the government has selected a consortium of four banks that will be in charge for the placement of government bonds in international markets over the next three years.

CESEE MARKETS: Emerging stock markets were mixed in European trade on Wednesday as caution prevailed ahead of the extraordinary Eurogroup meeting later on the day. In FX markets, **CEE currencies** broadly extended this week's losses and government bonds firmed, after Hungarian inflation for January surprised to the downside adding to expectations about further Central Bank monetary easing in the region.

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.

Latest world economic & market developments

GLOBAL MARKETS

The majority of Asian stock markets closed broadly lower on Wednesday and European bourses fell modestly in early trade as investor caution prevailed ahead of the extraordinary Eurogroup meeting later on the day, where the Greek issue is expected to be the sole issue of discussion. In the FX markets, the dollar hit a one-month high of 119.90 against the yen in thin trade as Japanese markets were closed for public holiday, with the greenback favoured by a rise in US Treasury yields following Fed officials' hawkish comments on monetary policy. On the other hand the euro was little changed ahead of the extraordinary Eurogroup meeting, with the EUR/USD hovering around levels of 1.2997/1.3001 at the time of writing.

GREECE

Prime Minister Alexis Tsipras won a vote of confidence in the 300-seat Greek Parliament on Tuesday evening, securing the backing of 162 MPs (Syriza and Independent Greeks lawmakers). The Greek government reportedly intends to unveil at today's extraordinary Eurogroup meeting a plan in an effort to finally reach a bridge agreement with EU partners ahead of the expiry of Greece's EFSF program on February 28.

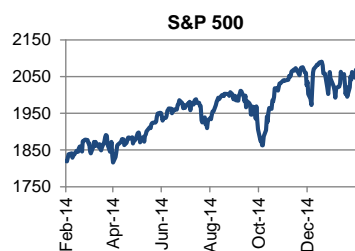
andimitriadou@eurobank.gr

Latest developments in the CESEE region

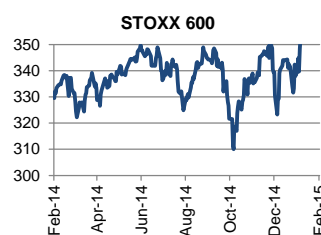
CESEE markets

Emerging stock markets were mixed in European trade on Wednesday as caution prevailed ahead of the extraordinary Eurogroup meeting later on the day. Hungary's main BUX index snapped a 3-session rally, to stand ca 0.8% lower in view of a meeting between leaders of Ukraine, Russia, Germany and France in Minsk scheduled to be held later on the day on potential resolutions over the crisis in Ukraine as tensions in the region mounted over the last few days. In FX markets, **CEE currencies** broadly extended this week's losses, after Hungarian inflation for January surprised to the downside adding to expectations about further Central Bank monetary easing in the region. In more detail, CPI fell for the fifth month running last month, marking a record low decline of 1.4%YoY and outpacing a market median forecast of -1.1%YoY. Against this backdrop, the EUR/HUF traded 0.2% higher at 309.10 at the time of writing, approaching anew a 1-week peak of 310.65 hit at some point in the prior session. The pair's technical picture suggests that a break above Tuesday's peak may pave the way towards 311.75 (60-day moving average) ahead of 313.20 (January 29, 2015 peak). On the flipside, immediate support lies at 308.20 (today's low) in the way to 305.30 (Friday's trough). Expectations for further monetary easing in the region over the coming months provided support to **government bonds**, with the corresponding 10-year Hungarian yield snapping a 6-session rising streak in European trade today, hovering around levels of 3.14% at the time of writing, 1bps lower compared to the prior session's settlement.

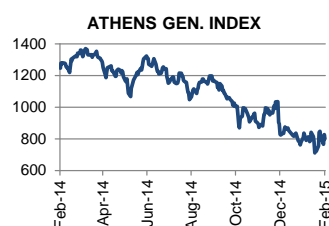
gphoka@eurobank.gr



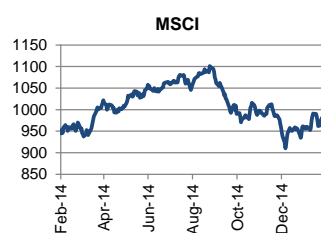
Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	B1	BB-	B+
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BBB-	BBB-
CYPRUS	B3	B+	B-

Source: Reuters, Bloomberg, Eurobank Global Markets Research

SERBIA: Indicators	2013	2014e	2015f
Real GDP growth %	-1.5	-2.0	0.0
CPI (pa, yoy %)	7.8	2.0	3.5
Budget Balance/GDP	-5.8	-7.2	-5.7
Current Account/GDP	-5.0	-6.1	-4.7
EUR/RSD (eop)	114.57	120.50	124.50
	2014	current	2015f
Policy Rate (eop)	8.00	8.00	7.00

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

SERBIA

(Belgrade, 10/2/2015, 16:30 CET): **Latest Political & Macro Developments:** Prime Ministers of Kosovo and Serbia Aleksandar Vucic and Isa Mustafa signed on Tuesday an agreement on justice and judiciary in Kosovo, that stipulates the participation of ethnic Serbian judges in the north of Kosovo. This issue has been a stumbling block in the implementation of the Brussels Agreement and its finalization is seen as key for the normalisation of relations between Serbia and Kosovo. It will also hopefully speed up Serbia's path towards EU integration. In other news, the Serbian Prime Minister said earlier this week that "Serbia recorded no budget deficit in the first 40 days of the year for the first time in recent history". The PM did not clarify whether the figure referred to "primary" or consolidated levels. **Market Developments:** The EUR/RSD closed marginally lower at 121.95/15 on Tuesday, vindicating our expectations of range-bound trading between 121.50-123.00 over the coming sessions in the absence of any key macroeconomic developments. We reiterate that the MPC meeting tomorrow is unlikely to have a major impact in domestic financial markets. The Central Bank is likely to stay put on rates this week and hold its key policy rate at 8.00%, despite economic contraction and below NBS target inflation as fiscal consolidation risks linger, the 36-month precautionary Stand-By Arrangement with the IMF has yet to be approved by the Fund's Management and the Executive Board (discussions tentatively scheduled for late February) and the dinar stands within distance from a record low of 123.65/EUR hit earlier this year.

Zoran.Korac@eurobank.rs

Djordje.Lucic@eurobank.rs

Ivan.Radovic@eurobank.rs

gphoka@eurobank.gr

BULGARIA: Indicators	2013	2014e	2015f
Real GDP growth %	1.1	1.5	0.8
CPI (pa, yoy %)	0.4	-1.5	0.1
Budget Balance/GDP	-1.8	-3.7	-3.0
Current Account/GDP	2.1	2.2	1.8
EUR/BGN (eop)		1.9558	
	current	2014	2015f
Policy Rate (eop)	N/A	N/A	N/A

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

BULGARIA

(Sofia, 10/2/2015, 17:00 CET): **Latest Political & Macro Developments:** According to a press-release by the National Assembly, the government has selected a consortium of four banks that will be in charge for the placement of government bonds in international markets over the next three years. Bulgaria's global medium-term bond programme foresees €8bn of debt raised through Eurobond issues in the period 2015-2017. External financing is set at EUR 3.5bn for the current year and aims to settle payments on the bridge loan of EUR 1.5bn and finance part of the 2015 budget deficit projected at 3% of GDP. **Market Developments:** The domestic stock market fully reversed Monday's losses on Tuesday, with the main SOFIX index closing 0.33% higher at 500.98points.

VBoteva@postbank.bg

gphoka@eurobank.gr

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	2068.59	1.1%	0.5%	EUR/USD	1.1313	-0.1%	-6.5%	UST - 10yr	1.99	-1	-19	GOLD	1234	0.0%	4.1%
Nikkei 225	17652.68	-0.3%	1.2%	GBP/USD	1.5295	0.3%	-1.8%	Bund-10yr	0.37	0	-18	BRENT CRUDE	175	0.0%	0.0%
STOXX 600	372.41	-0.1%	8.7%	USD/JPY	119.86	-0.4%	-0.2%	JGB - 10yr	0.40	0	7	LMEX	2709	-1.7%	-7.1%

SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
7/N	on	-3	-259
1-week	7.67	0	-234
1-month	8.06	-1	-199
3-month	8.39	0	-146
6-month	8.58	-5	-121

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	9.18	0	9
5Y RSD	10.19	0	1
7Y RSD	11.29	0	4

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.98	2	-29
USD Nov-24	6.49	0	0

CDS

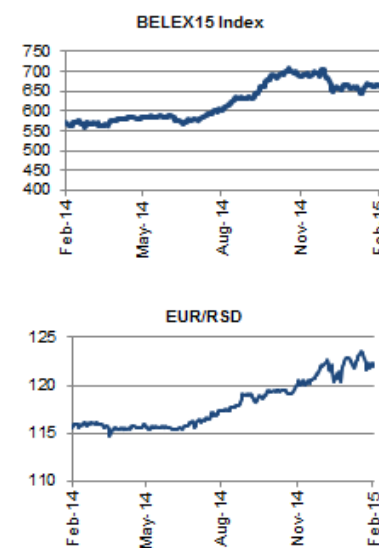
	Last	ΔDbps	ΔYTD bps
5-year	265	0	-25
10-year	295	0	-62

STOCKS

	Last	ΔD	ΔYTD
BELEX15	663.4	-0.29%	-0.54%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	122.26	-0.29%	-0.74%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.54	1	-3
1-month	0.68	1	-23
3-month	1.41	0	-29
6-month	1.66	1	-35
12-month	1.71	1	-31

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.91	1	-40
5Y RON	2.08	-3	-63
10Y RON	2.88	-2	-78

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.39	4	-34
USD Aug-23	3.40	14	-22

CDS

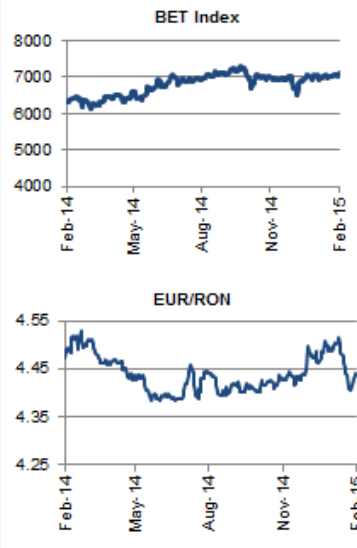
	Last	ΔDbps	ΔYTD bps
5-year	113	0	-30
10-year	157	0	-30

STOCKS

	Last	ΔD	ΔYTD
BET	7125.5	0.31%	0.60%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.442	-0.12%	0.93%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.17	0	-4
3-month	0.40	0	-3
6-month	0.78	0	-2
12-month	1.47	0	-3

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.40	0	-64
5Y BGN	0.68	0	-77
10Y BGN	2.08	0	-67

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.74	0	-41
EUR Sep-24	2.27	-21	-60

CDS

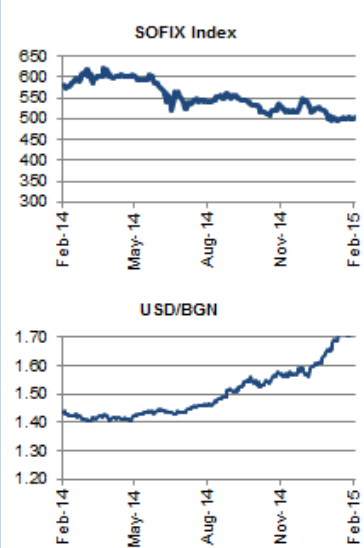
	Last	ΔDbps	ΔYTD bps
5-year	180	0	-11
10-year	223	0	-17

STOCKS

	Last	ΔD	ΔYTD
SOFIX	503.4	0.48%	-3.58%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7287	-0.05%	-6.49%



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 11:30 EET

Contributors to this issue

Anna Dimitriadou

Economic Analyst

+30 210 3718793

andimitriadou@eurobank.gr

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

Eurobank Global Markets Research

Global Markets Research Team

Dr. Platon Monokroussos:

Chief Market Economist

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

Anna Dimitriadou: *Economic Analyst*

andimitriadou@eurobank.gr, +30 210 37 18 793

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>