

February 25, 2014

**KEY UPCOMING DATA
& EVENTS THIS WEEK**
GLOBAL
US

- Feb 25
 - Cons sentiment CB (Feb)
- Feb. 26: New home sales (Jan)
- Feb 27
 - Initial jobless claims (Feb 21)
 - Durable goods (Jan)
- Feb 28
 - GDP (Q1)
 - Cons conf UoM (Mar,p)

EUROZONE

- Feb 24
 - DE: IFO (Feb)
 - HICP (Jan, f)
- Feb 28: HICP (Feb, p)

SEE
SERBIA

- Feb 25
 - 3Y T-Bond auction
 - Real wages (Jan)
 - IP (Jan)
- Feb 28
 - IP (Jan)
 - Trade balance (Jan)
 - Retail sales (Jan)

ROMANIA

- Feb 24: RON 600mn 4.75% 2019 T-Bonds auction

BULGARIA

- Feb 25: Gross external debt (Jan)
- Feb 28: Budget balance (Jan)

Source: Reuters, Bloomberg,
Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The majority of European bourses opened lower on Tuesday pressured by disappointing corporate earnings results. In FX markets, major currency pairs continued to consolidate within recent ranges ahead of Fed Chairman Janet Yellen's semi-annual testimony before the Senate Banking Committee on Thursday.

GREECE: Greece's deflationary pressures persisted in January mainly on the back of subdued domestic demand and ample spare capacity in the domestic economy. In more detail, January's EU-harmonized consumer inflation rate (HICP) dropped by 1.4%YoY, a slower pace of decline compared to 1.8%YoY in the prior month, remaining though, below the euro area-average for the 31st consecutive month.

SOUTH EASTERN EUROPE

SERBIA: A high ranking official of the ruling Socialist Party (SPS), Dusan Bajatovic, expressed his opposition on the signing of a potential precautionary arrangement with the IMF.

ROMANIA: Official discussions between the two main coalition partners, the National Liberal Party and the Social Democratic Party, for the appointment of new ministers who will take over the currently vacant cabinet seats, may conclude later on the day.

BULGARIA: Bulgarian equities extended their gains on Monday.

CESEE Markets: CESEE stock markets closed broadly higher on Monday on hopes about easing political tensions in Ukraine following months in turmoil. On the flipside, regional currencies weakened.

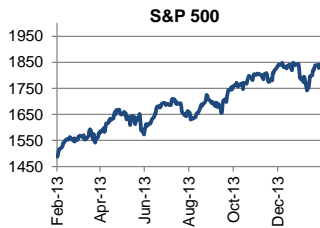
DISCLAIMER

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.

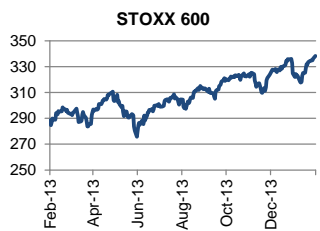
Latest world economic & market developments

GLOBAL MARKETS

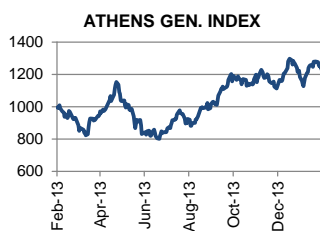
Supported by increased M&A activity, major US stock indices advanced overnight with the Nasdaq Composite Index hitting a 14-year closing high. In a similar vein, Asian bourses firmed today, shrugging of a string of weaker-than-expected US data released on Monday. On the flipside, the majority of European bourses opened lower pressured by disappointing corporate earnings results. In FX markets, major currency pairs continued to consolidate within recent ranges ahead of Fed Chairman Janet Yellen's semi-annual testimony before the Senate Banking Committee on Thursday.



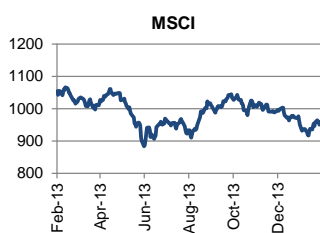
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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-

Greece

Greece's deflationary pressures persisted in January mainly on the back of subdued domestic demand and ample spare capacity in the domestic economy. In more detail, January's EU-harmonized consumer inflation rate (HICP) dropped by 1.4%YoY, a slower pace of decline compared to 1.8%YoY in the prior month, remaining though, below the euro area-average for the 31st consecutive month. In other news, official discussions between domestic authorities and the troika in the context of the current (4th) program review, resumed y-day. According to comments by an unnamed high-level MoF official, a diversion of views continues to exist between the two sides on a number of issues underlying the program review including, among others, the adoption of the required legislation for the repeal or amendment, in line with OECD recent recommendations, of all identified regulatory barriers and legal provisions undermining competition in certain sectors of the Greek economy.

ppetropoulou@eurobank.gr

Latest developments in the CESEE region

CESEE markets

CESEE stock markets closed broadly higher on Monday on hopes about easing political tensions in Ukraine following months in turmoil. Ukraine's PFTS led the winners' pack for the second consecutive trading day, spiking by 13.05% after a 5.66% jump a session earlier. Market optimism that the country may eventually seal a financial aid deal with the EU/IMF as the current \$15bn credit line from Russia has been frozen due to domestic political uncertainty, also favoured sentiment towards the region's assets. However, any such agreement will probably entail painful reforms and seems unlikely to come ahead of the May 25 Presidential elections. Sounding the alarm bells, acting President Oleksander Turchinov highlighted on Sunday that "the Ukrainian economy is heading into the abyss and is in a pre-default state". Meanwhile, the Finance Ministry said that the country needs around \$35bn of financial assistance over the next two years. Along these lines, additional gains in regional bourses were capped. Poland's WIG advanced by 1.24%, while Hungary's BUX followed suit with a 0.61% rise as concerns about potential disruptions in the operations of CESEE companies located in Ukraine have somewhat waned over the last couple of days. The broader MSCI emerging equities index underperformed the CESEE region, ending in a marginally negative territory of 0.09%. On the flipside, **regional currencies** weakened. The Ukrainian hryvnia led the losses in the region falling by ca 2.7% to close at 9.15/USD. Meanwhile, reignited political noise in Turkey pushed the lira ca 1.2% lower against the USD at a multi-session closing trough of 2.20. In the **external debt markets**, Ukrainian sovereign bonds extended their recent gains on Monday, with 5-year CDS spreads closing ca 180bps narrower at 995.75bps.

gphoka@eurobank.gr

SERBIA: Indicators	2012	2013f	2014f
Real GDP growth %	-1.7	2.0	1.0
CPI (pa, yoy %)	7.3	8.4	5.5
Budget Balance/GDP	-6.4	-5.6	-5.5
Current Account/GDP	-10.5	-4.1	-3.2
EUR/RSD (eop)	112.30	115.34	123.00
	current	2013f	2014f
Policy Rate (eop)	10.00	10.00	9.50

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

SERBIA

(Belgrade, 24/2/2014, 17:40 CET): **Market Developments:** A high ranking official of the ruling Socialist Party (SPS), Dusan Bajatovic, expressed his opposition on the signing of a potential precautionary arrangement with the IMF. His comments came a few days ahead of an IMF delegation visit to Serbia, planned for February 26th. On the other hand, their coalition ally the Serbian Progressive Party, considered as the frontrunner in the upcoming elections according to a number of recent opinion surveys, supports a potential IMF deal. **Market Developments:** The National Bank of Serbia intervened anew in the FX markets on Monday to halt the dinar's depreciating momentum, selling an estimated EUR20mn and bringing the total amount sold year-to-date to EUR 590mn. Meanwhile, the domestic stock market kicked off the week on a positive note, rising by 0.33%.

Zoran.Korac@eurobank.rs

ivan.radovic@eurobank.rs

ROMANIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.6	3.5	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

ROMANIA

(Bucharest, 24/2/2014, 09:15 EET): **Latest Political & Macro Developments:** Discussions between the two main coalition government parties, the Social Democratic Party and the National Liberal Party, are expected to conclude later in the day for the appointment of new ministers who will take over the currently vacant cabinet seats. The outcome will implicitly determine whether the coalition government will survive in its current form. **Market Developments:** The EUR/RON remained range-bound within 4.5050/4.5150 on Monday. Short term RON rates eased further as RON liquidity appears to be returning to the market. In the government bond market, yesterday's 5Y auction received limited demand as was expected, with a bid-to-cover ratio of just 1. Eventually, the MoF sold RON 440mn (below the RON 600mn initially planned) at a higher-than-expected average accepted yield of 5.10%.

Bogdan.Radulescu@bancpost.ro

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

BULGARIA

(Sofia, 24/2/2014, 18.00 EET): **Market Developments:** The domestic stock market kicked off the week on a positive footing with all major stock indices moving higher. SOFIX recouped early intraday losses to end with gains of 0.38% at 588.14 points. In a similar vein, the broader BG TR30 index marked a 1.25% increase.

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	1847.61	0.6%	0.0%	EUR/USD	1.3742	0.1%	0.0%	UST - 10yr	2.73	-1	-30	GOLD	1334	-0.2%	10.7%
Nikkei 225	15051.60	1.4%	-7.6%	GBP/USD	1.6662	0.0%	0.6%	Bund-10yr	1.68	0	-25	BRENT CRUDE	168	0.0%	0.4%
STOXX 600	338.19	0.6%	3.0%	USD/JPY	102.28	0.2%	3.0%	JGB - 10yr	0.59	-1	-15	LME X	3088	-0.8%	-2.3%

SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	7.88	1	-13
1-week	8.14	-3	-14
1-month	8.50	-1	-8
3-month	8.82	0	-5
6-month	9.09	-1	-5

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	10.08	0	12
5Y RSD	11.39	0	-143
7Y RSD	12.60	0	-121

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	4.03	0	-98
USD Nov-24	1.87	-476	-496

CDS

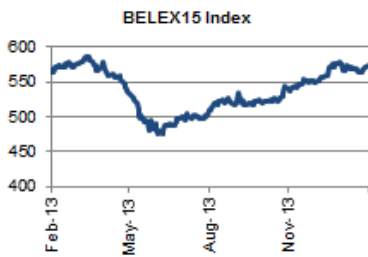
	Last	ΔDbps	ΔYTD bps
5-year	406	1	-3
10-year	440	0	-5

STOCKS

	Last	ΔD	ΔYTD
BELEX15	573.1	0.43%	2.71%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	115.9	-0.07%	-1.12%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	3.21	0	147
1-month	3.46	0	158
3-month	3.55	0	111
6-month	3.61	0	62
12-month	3.63	0	48

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	4.12	0	17
5Y RON	4.85	0	20
10Y RON	5.51	0	21

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	3.45	0	-39
USD Aug-23	4.50	0	-30

CDS

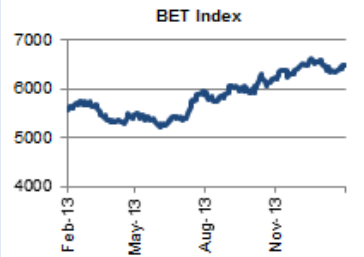
	Last	ΔDbps	ΔYTD bps
5-year	181	0	-4
10-year	228	0	-5

STOCKS

	Last	ΔD	ΔYTD
BET	6474.7	-0.15%	-0.29%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5143	-0.05%	-0.92%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.03	0	-4
1-month	0.28	0	-4
3-month	0.59	0	-6
6-month	1.11	0	-5
12-month	2.15	1	-4

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	1.02	0	-8
5Y BGN	1.75	0	-9
10Y BGN	3.41	0	-8

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.79	-2	22
EUR Jul-17	1.62	-2	-18

CDS

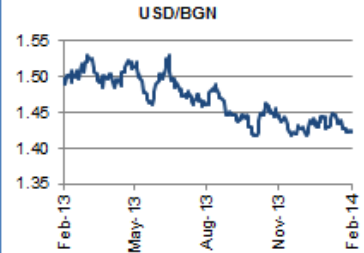
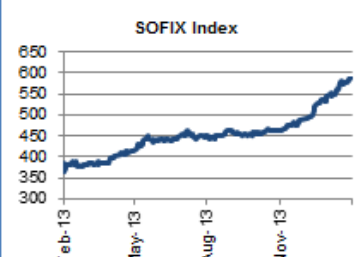
	Last	ΔDbps	ΔYTD bps
5-year	123	0	-1
10-year	169	-3	-5

STOCKS

	Last	ΔD	ΔYTD
SOFIX	588.1	0.38%	19.66%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.4233	0.06%	-0.01%



Source: Reuters, Bloomberg, Eurobank Global Markets Research
Data updated as of 09:20 EET

Contributors to this issue

Vessela Boteva

Expert, trading desk, Eurobank Bulgaria

+359 (2) 8166 491

vboteva@postbank.bg

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

Boqdan 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 pmonokrousos@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>