

# DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

February 6, 2015

## KEY UPCOMING DATA & EVENTS THIS WEEK

### GLOBAL

#### US

- February 2
  - Personal income (Dec)
  - Personal spending (Dec)
  - Core PCE deflator (Dec)
  - ISM manufacturing (Jan)
- February 3: Factory orders (Dec)
  - Jobless claims (Jan 24)
  - Pending home sales (Dec)
- February 4
  - ADP employment (Dec)
  - ISM non-manufacturing (Jan)
- February 5: Initial jobless claims (Jan 31)
- February 6
  - NFP payrolls (Jan)
  - U/E rate (Jan)

#### EUROZONE

- February 2: PMI manufacturing (Jan, f)
- February 4: PMI services (Jan, f)
- February 5: EC winter forecasts

#### SEE

##### ROMANIA

- February 2: International reserve assets (Jan)
- February 3: Retail sales (Dec)
- February 4: MPC meeting
- February 6
  - Industrial sales (Dec)
  - Net wages (Dec)

##### BULGARIA

- February 2: International reserve assets (Jan)

Source: Reuters, Bloomberg,  
Eurobank Global Markets Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Investors retained a cautious tone in European trade earlier today ahead of the release of the key US non-farm payrolls report for the month of January. Consensus is for a hefty increase of 230K in the headline, above 200k for the 12<sup>th</sup> month in a row

**GREECE:** Speaking to reporters late y-day after his meeting with Greece's Vice- President Yannis Dragasakis, Bank of Greece Governor Yiannis Stournaras reassured that "bank deposits and liquidity are absolutely safe" adding that the ECB decision to lift the waiver of minimum credit-rating requirements for marketable instruments issued or guaranteed by the Hellenic Republic, could be reversed if there is a "new agreement" between Greece and its EU partners. In other news, an extraordinary Eurogroup will reportedly take place on February 11, on the eve of the next EU Summit, where euro area finance ministers are expected to discuss solely on the Greek situation.

### SOUTH EASTERN EUROPE

**SERBIA:** The Public Debt Administration sold on Thursday, just RSD 1.35bn of the RSD 3bn offered in 3-month local currency T-Bills.

**CESEE MARKETS:** Emerging stock markets were mixed earlier today amid market caution prevailing ahead of a key labour data release from the US later in the session. On the flipside, the majority of CEE currencies firmed earlier today on bargain hunting.

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## Latest world economic & market developments

### GLOBAL MARKETS

Investors retained a cautious tone in European trade earlier today, ahead of the release of the key US non-farm payrolls report for the month of January. Consensus is for a hefty increase of 230K in the headline, above 200k for the 12<sup>th</sup> month in a row. A figure close to market expectations is likely to be shrugged off as a lot of good US news is already priced-in but a number well above consensus could potentially push the USD higher short-term. Meanwhile, the EUR/USD was hovering close to 1.1450/55 at the time of writing, having recovered from lows near 1.1300 touched at some point in the prior session remaining though below highs close to 1.1530 marked earlier this week. Technically, immediate support stands at 1.1300 ahead of the more crucial 1.1100 while on the upside, only a sustainable move above 1.1450/1.1500 could potentially negate the pair's current downtrend trend.

### GREECE

Speaking to reporters late y-day after his meeting with Greece's Vice- President Yannis Dragasakis, Bank of Greece Governor Yiannis Stournaras reassured that "bank deposits and liquidity are absolutely safe" adding that the ECB decision to lift the waiver of minimum credit-rating requirements for marketable instruments issued or guaranteed by the Hellenic Republic, could be reversed if there is a "new agreement" between Greece and its EU partners. In other news, an extraordinary Eurogroup will reportedly take place on February 11, on the eve of the next EU Summit, where euro area finance ministers are expected to discuss solely on the Greek situation ahead of the crucial February 16 Eurogroup. Greece's Prime Minister Alexis Tsipras will present his government's programmatic statements on Sunday, February 8. The whole process will last three days and will conclude with a vote of confidence at the midnight of February 10. Separately, in its updated European Economic Forecast report published y-day, the EU Commission said that Greece's real GDP is forecasted to grow by 2.5%YoY this year, downwardly revised from 2.9%YoY previously, as political uncertainty is likely to affect confidence and may dent the speed of the recovery.

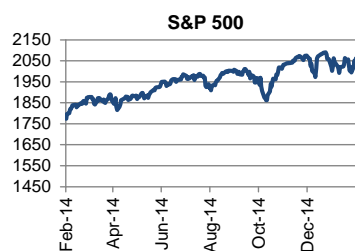
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## Latest developments in the CESEE region

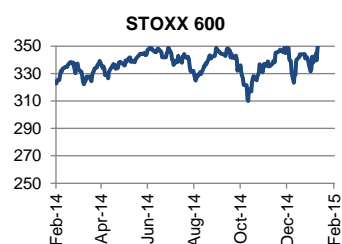
### CESEE markets

**Emerging stock markets** were mixed earlier today amid market caution prevailing ahead of a key labour data release from the US later in the session. Serbia's BELEX15 index led the gains with a ca 0.7% rise, outperforming a modest decline in the broad MSCI index of emerging equities. On the flipside, the majority of **CEE currencies** firmed earlier today on bargain hunting. The Hungarian forint rose to 2-month highs near 305.35 against the euro, receiving additional support from upbeat industrial production data which showed a higher-than-anticipated increase of 7.1%YoY in December in nsa terms. The EUR/HUF's technical picture suggests that a break below today's trough may pave the way for a retest of a December 9, 2014, low of 305.00 ahead of 303.60 (November 24, 2014 trough). That said, ongoing deflation pressures (annual CPI remained in a negative territory for the fourth consecutive month in December, where it slid to a record low of -0.9%YoY), in tandem with the prospect of further Central Bank monetary easing ahead suggest that the currency's recent appreciation momentum may prove short-lived.

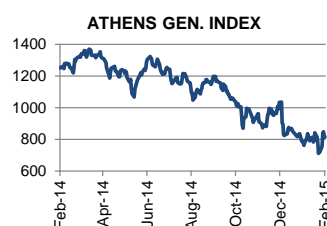
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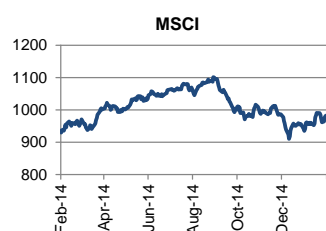
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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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
	<b>2014</b>	<b>current</b>	<b>2015f</b>
Policy Rate (eop)	8.00	8.00	7.00

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

## SERBIA

(Belgrade, 5/2/2015, 16:20 CET): **Latest Political & Macro Developments:** The Public Debt Administration sold on Thursday, just RSD 1.35bn (equivalent to €11.1mn) of the RSD 3bn offered in 3-month local currency T-Bills. Despite lukewarm demand, the average accepted yield came in at 6.95%, 28bps below that achieved at a prior auction of similar maturity paper held on January 15<sup>th</sup>. **Market Developments:** The EUR/RSD extended Wednesday's up-move on Thursday to close marginally higher at 122.50/70 on profit taking, after losing ground earlier in the week, to hit a 1-month trough of 121.15/35 on Tuesday, in the wake of a successful ca RSD40bn 7-year T-Bond auction. Looking ahead, upcoming developments on the finalization of an IMF deal, the progress on the privatization of steel maker Zelezara Smederevo and capital inflows into local rate markets thanks to ECB's recently adopted QE are likely to set the tone for the dinar in the coming sessions/weeks.

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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	2062.52	1.0%	0.2%	EUR/USD	1.1453	-0.2%	-5.3%	UST - 10yr	1.81	-1	-36	GOLD	1265	0.0%	6.7%
Nikkei 225	17648.50	0.8%	1.1%	GBP/USD	1.5326	0.0%	-1.6%	Bund-10yr	0.35	-2	-19	BRENT CRUDE	175	0.0%	0.0%
STOXX 600	371.38	-0.3%	8.4%	USD/JPY	117.27	0.2%	2.1%	JGB - 10yr	0.34	-2	1	LMEX	2775	0.2%	-4.8%

## SEE MARKETS

## SERBIA

## Money Market

	Last	ΔDbps	ΔYTD bps
BELIBOR			
T/N	on	1	-246
1-week	7.67	-2	-234
1-month	8.05	0	-200
3-month	8.37	1	-148
6-month	8.56	0	-123

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	9.13	-1	8
5Y RSD	10.18	0	0
7Y RSD	11.28	0	3

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.79	-1	-47
USD Nov-24	6.48	0	0

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	263	-35	-27
10-year	293	-33	-63

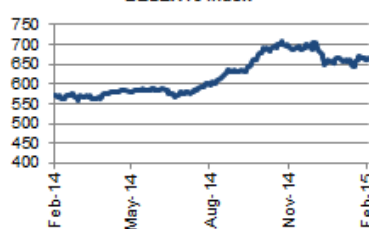
## STOCKS

	Last	ΔD	ΔYTD
BELEX15	664.6	0.68%	-0.36%

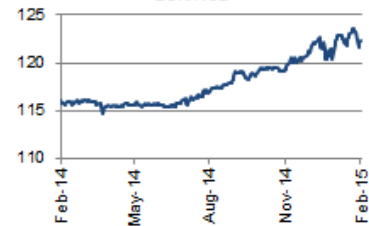
## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	122.41	-0.38%	-0.87%

BELEX15 Index



EUR/RSD



## ROMANIA

## Money Market

	Last	ΔDbps	ΔYTD bps
ROBOR			
O/N	0.54	1	-3
1-month	0.67	1	-24
3-month	1.41	0	-29
6-month	1.65	2	-36
12-month	1.69	1	-33

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.81	-1	-50
5Y RON	2.00	1	-71
10Y RON	2.64	0	-102

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.34	-1	-39
USD Aug-23	3.19	1	-43

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	117	-2	-26
10-year	162	-2	-25

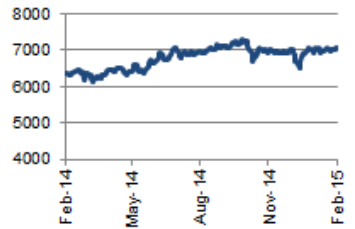
## STOCKS

	Last	ΔD	ΔYTD
BET	7059.8	0.06%	-0.33%

## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.413	0.06%	1.60%

BET Index



EUR/RON



## BULGARIA

## Money Market

	Last	ΔDbps	ΔYTD bps
SOFIBOR			
LEONIA	0.05	4	3
1-month	0.17	0	-4
3-month	0.40	0	-3
6-month	0.78	0	-2
12-month	1.47	0	-4

## BG Local Bonds

	Last	ΔDbps	ΔYTD bps
(yields)			
3Y BGN	0.38	3	-66
5Y BGN	0.65	1	-79
10Y BGN	2.07	0	-69

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.73	0	-43
EUR Sep-24	2.22	21	-65

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	184	-6	-7
10-year	228	-6	-13

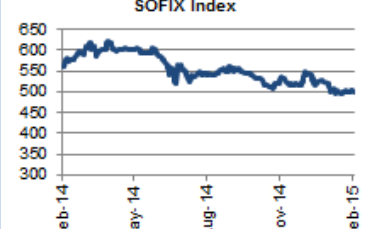
## STOCKS

	Last	ΔD	ΔYTD
SOFIX	499.9	-0.67%	-4.25%

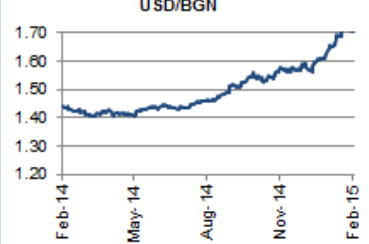
## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.708	-0.23%	-5.36%

SOFIX Index



USD/BGN



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 12:30 EET

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