

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

January 2, 2015

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- December 29
 - Case-Shiller house price index (Oct)
 - CB consumer sentiment (Dec)
- December 30
 - Initial jobless claims (Dec. 27)
 - Chicago PMI (Dec.)
 - Pending home sales (Nov.)
- January 2
 - ISM-index manufacturing (Dec.)

EUROZONE

- December 30
 - M3 money supply (Nov.)
- January 2
 - PMI-index manufacturing (Dec.)

SEE SERBIA

- January 2
 - Industrial output (Nov.)
 - Trade balance (Nov.)
 - Retail sales (Nov.)

BULGARIA

- December 30
 - PPI (Nov)

Source: Reuters, Bloomberg,
Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Asian stock markets were little changed on Friday in thin trade as bourses in China, Japan, Thailand and Philippines were closed on holiday. Meanwhile, major European equity indices gave back early gains to stand in a negative territory at the time of writing, after worse-than-anticipated PMI data from Eurozone. In the FX markets, the euro extended its recent losses, weighed down by ECB President Mario Draghi's comments.

GREECE: Greece's headline seasonally adjusted Manufacturing Purchasing Managers' Index edged up to 49.4 in December from 49.1 in November, remaining however below the 50.0 boom-or-bust threshold for the fourth month running.

SOUTH EASTERN EUROPE

CESEE MARKETS: Emerging stock markets were little changed earlier on Friday, in thin trade as many bourses in the region were closed on holiday. Elsewhere, **CESEE currencies**, broadly weakened as the US dollar strengthened to multi-year highs against other hard currencies.

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Latest world economic & market developments

GLOBAL MARKETS

Asian stock markets were little changed on Friday in thin trade as bourses in China, Japan, Thailand and Philippines were closed on holiday. Meanwhile, major European equity indices gave back early gains to stand in a negative territory at the time of writing, after worse-than-anticipated macroeconomic data from Eurozone. In more detail, euro area's final PMI manufacturing index was unexpectedly revised slightly lower to 50.6 from a flash estimate of 50.8, albeit marginally higher from November's 50.1. Meanwhile, France's corresponding index came in at 47.5 over the same month, from 47.9 initially announced, to stand below the boom-or-bust level of 50.0 and mark its steepest rate of contraction in four months and Italy's fell to a 19-month low of 48.4 in December. In the FX markets, the euro extended its recent losses, weighed further down by ECB President Mario Draghi's comments to German financial daily Handelsblatt (due to be published today), who noted that "the risk that we do not fulfill our mandate of price stability is higher than six months ago", adding that the Central Bank is "in technical preparations to adjust the size, speed and compositions of our measures early 2015, should it become necessary to react to a too long period of low inflation. There is unanimity within the Governing Council on this". Amid persisting market expectations over diverging monetary policies between the Fed and the ECB in the months ahead, the EUR/USD eased to a 4½-year low of 1.2033 in Asia before recovering some ground towards 1.2051/54 in European trade. Along similar lines, the DXY dollar index spiked to a 9-year peak of 90.726 earlier today having recorded gains to the tune of 12.8% in 2014.

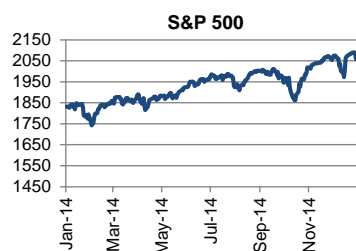
GREECE

Greece's headline seasonally adjusted Manufacturing Purchasing Managers' Index edged up to 49.4 in December from 49.1 in November, remaining however below the 50.0 boom-or-bust threshold for the fourth month running. The breakdown of the data showed that new orders decreased for the fourth consecutive month in December, primarily on the back of falling export orders, overshadowing slight increases in employment and production.

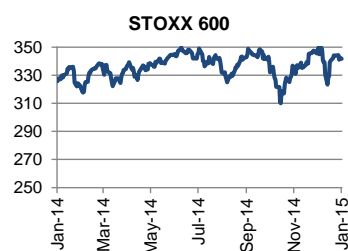
CESEE MARKETS

Emerging stock markets were little changed earlier on Friday, in thin trade as many bourses in the region were closed on holiday. Indicatively, the broad MSCI index of emerging equities stood ca 0.2% firmer at the time of writing, after ending 2014 with losses to the tune of 4.6% amid global growth concerns, geopolitical jitters and expectations that the Fed will likely embark on a rate-hiking cycle sometime this year. Turkey's main BIST100 index broadly underperformed its regional peers, easing by 0.5% earlier today, after the headline HSBC/Markit Manufacturing PMI index eased to 51.4 in December from 52.2 in the prior month, remaining however above the 50.0-mark threshold in an indication of ongoing expansion in the sector. Elsewhere, **CESEE currencies**, broadly weakened as the US dollar strengthened to multi-year highs against other hard currencies. Against this backdrop, the Turkish lira led the losers' pack, with the USD/TRY spiking to a 2-week peak of 2.3575 in European trade. Technically, immediate resistance for the pair lies at today's peak ahead of 2.4120 (December 16 high). Elsewhere, the Hungarian forint plummeted to a 3-year trough of 319.10/EUR and the Polish zloty slid to a multi-session low near 4.300/EUR. In the **local rates markets**, government bonds were mixed, with Turkey's corresponding 2-year yield rising by ca 29bps to 8.19%.

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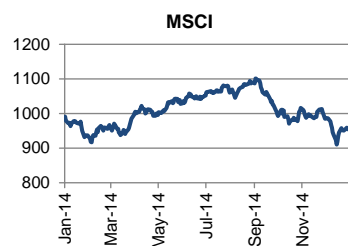
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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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

GLOBAL MARKETS

Stock markets

	Last	ΔD	ΔYTD
S&P 500	2058.90	-1.0%	0.0%
Nikkei 225	17450.77	-1.6%	0.0%
STOXX 600	341.67	-0.3%	-0.3%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.2043	-0.5%	-0.5%
GBP/USD	1.5424	-1.0%	-1.0%
USD/JPY	120.64	-0.7%	-0.8%

Government Bonds

(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	2.20	3	3
Bund-10yr	0.55	0	0
JGB - 10yr	0.33	0	0

Commodities

	Last	ΔD	ΔYTD
GOLD	1175	-0.6%	-0.8%
BRENT CRUDE	175	0.0%	0.0%
LMEX	2914	-0.4%	0.0%

SEE MARKETS

SERBIA

Money Market

	Last	ΔDbps	ΔYTD bps
BELIBOR	on	-3	190
T/N			
1-week	10.01	-1	173
1-month	10.05	-6	147
3-month	9.85	-2	97
6-month	9.79	-4	64

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	9.08	0	0
5Y RSD	10.18	0	0
7Y RSD	11.25	0	0

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	4.24	-1	-2
USD Nov-24	3.30	-329	16

CDS

	Last	ΔDbps	ΔYTD bps
5-year	290	0	-119
10-year	356	-1	-91

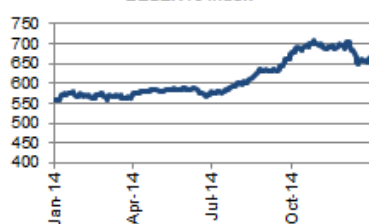
STOCKS

	Last	ΔD	ΔYTD
BELEX15	667.0	1.14%	0.00%

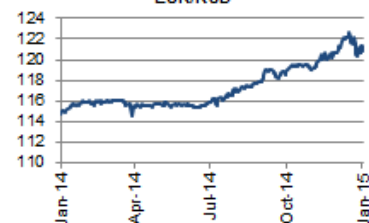
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	121.46	-0.08%	-0.09%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

	Last	ΔDbps	ΔYTD bps
ROBOR	0.57	#VALUE!	-117
O/N			
1-month	0.91	#VALUE!	-97
3-month	1.7	#VALUE!	-74
6-month	2.01	#VALUE!	-98
12-month	2.02	#VALUE!	-113

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.91	1	-204
5Y RON	2.43	-1	-222
10Y RON	3.47	0	-183

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.73	-4	0
USD Aug-23	3.62	0	0

CDS

	Last	ΔDbps	ΔYTD bps
5-year	143	0	#N/A N/A
10-year	187	0	-46

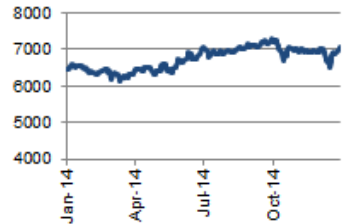
STOCKS

	Last	ΔD	ΔYTD
BET	7083.0	0.97%	0.00%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5038	-0.47%	-0.45%

BET Index



EUR/RON



BULGARIA

Money Market

	Last	ΔDbps	ΔYTD bps
SOFIBOR	0.02	0	-5
LEONIA			
1-month	0.22	0	-10
3-month	0.43	0	-21
6-month	0.79	0	-36
12-month	1.51	0	-69

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	1.10	0	#VALUE!
5Y BGN	1.45	0	#VALUE!
10Y BGN	2.75	0	#VALUE!

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	1.77	418	746
EUR Jul-17	1.16	-2	0

CDS

	Last	ΔDbps	ΔYTD bps
5-year	191	0	#N/A N/A
10-year	240	-1	65

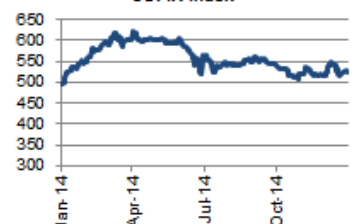
STOCKS

	Last	ΔD	ΔYTD
SOFIX	522.1	-1.14%	0.00%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6241	-0.92%	-0.47%

SOFIX Index



USD/BGN



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 14:00 EET

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