

January 9, 2015

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- January 7
 - ADP employment (Dec)
 - Trade Balance (Nov)
 - Fed Dec 16-17 meeting minutes
- January 8: Initial jobless claims (Jan 2)
- January 9
 - NFP report (Dec)
 - U/E rate (Dec)

EUROZONE

- January 6: PMI-index services & composite (Dec, f)
- January 7
 - U/E rate (Nov)
 - CPI (Dec)

SEE

SERBIA

- January 5-9: PPI (Dec)
- January 6: 53-week T-Bills auction

ROMANIA

- January 5: International reserves (Dec)
- January 6: PPI (Nov)
- January 7: MPC meeting
- January 8
 - Retail sales (Nov)
 - 3.25% 2018 T-Bonds auction
- January 9: Trade balance (Nov)

BULGARIA

- January 7: International reserves (Dec)
- January 8
 - Retail sales (Nov)
 - IP (Nov)
- January 9: Trade balance (Nov)

Source: Reuters, Bloomberg,
Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: In FX markets, the EUR remained under pressure in European trade on Friday amid increased expectations that the ECB will likely adopt additional stimulus measures early next year involving government bond-purchases. Focus today is on the US' non-farm payrolls report for December which has the potential to provide additional support to the USD across the board should it surprise positively.

GREECE: ECB Executive Board member Benoit Coeure was quoted as saying in an interview with a French radio station that market discussion on a Greek exit from the euro area is "meaningless". On the data front, Greece's seasonally adjusted jobless rate dropped in October to 25.8%, the lowest level in more than two years from 26.0% in the prior month. This follows a cyclical peak of 28.0% recorded in September 2013.

SOUTH EASTERN EUROPE

SERBIA: Out of the RSD 10bn offered, the Public Debt Administration sold RSD 5.8bn in 2-year bonds at an auction on Thursday. The said paper bore an 8% coupon, while the achieved yield came in at 9.29%.

ROMANIA: The finance minister announced y-day that Romania met the fiscal target for FY-2014 that was agreed with the IMF.

BULGARIA: According to Eurostat, Bulgaria's industrial producer price index (PPI) rose by 0.3%YoY in November, halting an 18-month falling streak.

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.

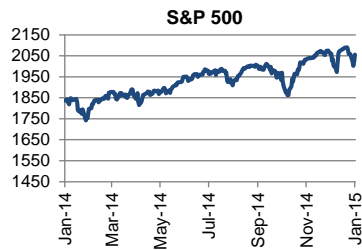
Latest world economic & market developments

GLOBAL MARKETS

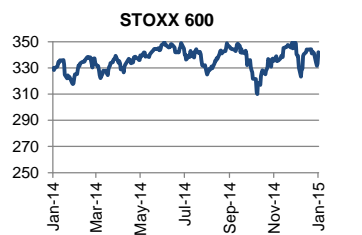
Tracking the positive tone in Wall Street overnight, major Asian bourses firmed earlier today supported by increased market expectations that the ECB will likely adopt additional stimulus measures early next year involving government bond-purchases in an effort to boost euro area economic activity and address deflation risks. In a letter sent to a European Union lawmaker, ECB President Mario Draghi reportedly said that that "should it become necessary to further address risks of a too prolonged period of low inflation, the Governing Council is unanimous in its commitment to using additional unconventional instruments within its mandate" adding that this "may entail the purchase of a variety of assets one of which could be sovereign bonds". Increased market optimism over the growth prospects of the US economy, also favored market sentiment towards risk assets. According to data released over the last couple of sessions, US jobless claims fell by 4k last week to a seasonally adjusted 294,000, lower than 290,000 expected. Adding to recent signs of a firming domestic labor market, the ADP National Employment Report revealed that private payrolls increased by a higher-than-expected 241,000 in December following November's upwardly revised 227,000. The above bode well for December's non-farm payrolls report, due for release later in the day, which is expected to show an increase of 240,000 in the headline, a development that should be realized would mark the 11th consecutive month of job gains above 200k, the longest stretch since 1994. Moreover, market consensus is for a drop in the unemployment rate from 5.8% to 5.7%, which would be the lowest level since June 2008. Separately, the minutes of the FOMC's December 16-17 monetary policy meeting that were released earlier this week showed that, although the Central Bank remains optimistic on the outlook of the US economy, it is in no hurry to start raising interest rates as, the price index for personal consumption expenditures - the preferred inflation measure- remains well below its 2.0% annual target. In FX markets, mounting expectations for QE from the ECB in the coming weeks/months, kept the EUR under pressure against its major currency peers in European trade on Friday. The EUR/USD was hovering around 1.1800/05 at the time of writing, not far from a near nine-year low of 1.1753 marked in the prior session. A firmer than expected US non-farm payrolls report has the potential to provide additional support to the USD across the board with the EUR/USD exposed to renewed downward pressure for a retest/downward break of the 1.1753 recent low ahead of the more crucial 2005 low of 1.1640.

GREECE

ECB Executive Board member Benoit Coeure was quoted as saying in an interview with a French radio station that market discussion on a Greek exit from the euro area is "meaningless" adding that there is "a very strong commitment from European political authorities to ensure the integrity of the euro area". As per the same sources, the ECB official also said that Greek sovereign debt held by the ECB cannot be restructured and reiterated that access of Greek banks to ECB funding is contingent on Greece remaining in a support program with the EU. On the data front, **Greece's seasonally adjusted jobless rate** dropped in October to 25.8%, the lowest level in more than two years from 26.0% in the prior month. This follows a cyclical peak of 28.0% recorded in September 2013. Similarly, unemployment among youth came in at 50.6% in October, lower relative to 57.3% in the same month a year earlier.



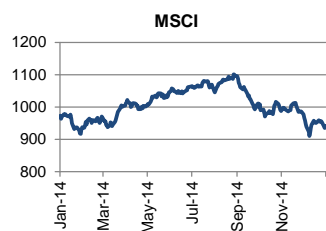
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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	2014f	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
	current	2014f	2015f
Policy Rate (eop)	8.00	8.00	7.00

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

SERBIA

(Belgrade, 8/1/2015, 16:30 CET): **Latest Political & Macro Developments:** Out of the RSD 10bn offered, the Public Debt Administration sold RSD 5.8bn in 2-year bonds at an auction on Thursday. The paper bore an 8% coupon, while the achieved yield came in at 9.29%, 29bps above that produced at a prior tender of the same maturity paper held in mid-December. Thursday's auction is the second RSD issue so far this year, with both undersubscribed and offered at relatively high yields. **Market Developments:** Following a short-lived down-move in the second half of December, primarily due to a loan disbursement to a state electricity company, the EUR/RSD resumed its uptrend over the first few sessions of 2015, to hit a new record high of 122.85/123.05 on Thursday. Eventually, the pair closed marginally lower on the day at 122.60/80 after repeated Central Bank interventions in the FX markets in order to halt the dinar's steep depreciation momentum.

Ivan.Radovic@eurobank.rs

Zoran.Korac@eurobank.rs

Djordje.Lucic@eurobank.rs

gphoka@eurobank.gr

ROMANIA: Indicators	2013	2014f	2015f
Real GDP growth %	3.5	2.5	3.0
CPI (pa, yoy %)	4.0	1.3	2.6
Budget Balance/GDP	-2.3	-2.2	-2.2
Current Account/GDP	-1.1	-1.2	-1.5
EUR/RON (eop)	4.46	4.40	
	current	2014f	2015f
Policy Rate (eop)	2.75	2.75	2.50

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

ROMANIA

(Bucharest, 9/1/2015, 8:50 EET): **Latest Political & Macro Developments:** The finance minister announced y-day that Romania met the fiscal target for FY-2014 that was agreed with the IMF after preliminary figures on the General Government Accounts for the January-December period revealed a general government shortfall of 1.98%-of-GDP. **Market Developments:** After opening at 4.4980 on Thursday, the EUR/RON moved lower to close at 4.4840. Meanwhile, the money market yield curve (in swap rates) for tenors up to 12-months moved lower while the bond market retained a firm tone. In other news, the Ministry of Finance issued yesterday 500mn RON in bonds maturing in 2018 at an average rate of 2.07%.

Romulus-Daniel.Georgescu@bancpost.ro

BULGARIA: Indicators	2013	2014f	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	2014f	2015f
Policy Rate (eop)	N/A	N/A	N/A

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

BULGARIA

(Sofia, 9/1/2015, 9:35 EET): **Latest Political & Macro Developments:** According to Eurostat, Bulgaria's industrial producer price index (PPI) rose by 0.3%YoY in November, halting an 18-month falling streak. As per Eurostat, Bulgaria and Romania were the only EU Member states that recorded an annual increase in November's PPI. **Market Developments:** Local equity markets remained under pressure on Thursday for the fifth consecutive session with the SOFIX ending at a one-year low of 507.67 points

VBoteva@postbank.bg

January 9, 2015

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	2055.71	1.5%	-0.2%	EUR/USD	1.1799	-0.3%	-2.5%	UST - 10yr	2.02	5	-15	GOLD	1213	0.1%	2.4%
Nikkei 225	17167.10	1.7%	-1.6%	GBP/USD	1.5095	-0.1%	-3.1%	Bund-10yr	0.51	3	-3	BRENT CRUDE	175	0.0%	0.0%
STOXX 600	342.03	2.7%	-0.1%	USD/JPY	119.66	-0.3%	0.0%	JGB - 10yr	0.29	-1	-4	LMEX	2851	-0.3%	-2.2%

SEE MARKETS

SERBIA

Money Market			
BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	on	-57	-303
1-week	7.26	-54	-275
1-month	7.81	-57	-224
3-month	8.43	-32	-142
6-month	8.78	-21	-101

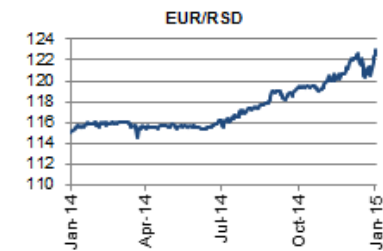
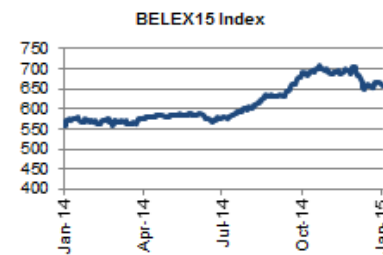
RS Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y RSD	9.22	#N/A N/A	18
5Y RSD	10.02	-16	-16
7Y RSD	11.16	-12	-8

RS Eurobonds			
	Last	ΔDbps	ΔYTD bps
USD Nov-17	4.30	-17	4
USD Nov-24	3.16	-344	2

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	287	0	-3
10-year	351	0	-4

STOCKS			
	Last	ΔD	ΔYTD
BELEX15	659.0	-0.11%	-1.21%

FOREX			
	Last	ΔD	ΔYTD
EUR/RSD	122.81	-0.37%	-1.19%



ROMANIA

Money Market			
ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.44	-2	-130
1-month	0.69	-6	-119
3-month	1.59	-4	-85
6-month	1.88	-4	-111
12-month	1.91	-4	-124

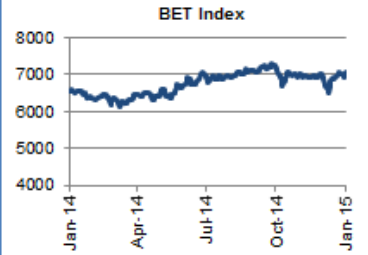
RO Local Bonds			
	Last	ΔDbps	ΔYTD bps
3Y RON	1.76	-11	-219
5Y RON	2.17	-15	-248
10Y RON	3.14	-17	-216

RO Eurobonds			
	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.58	-9	-15
USD Aug-23	3.44	-10	-18

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	135	-10	-8
10-year	179	-11	-8

STOCKS			
	Last	ΔD	ΔYTD
BET	7060.8	0.80%	-0.31%

FOREX			
	Last	ΔD	ΔYTD
EUR/RON	4.4871	0.26%	-0.08%



BULGARIA

Money Market			
SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.02	0	0
1-month	0.21	0	-1
3-month	0.43	0	0
6-month	0.79	0	0
12-month	1.50	0	0

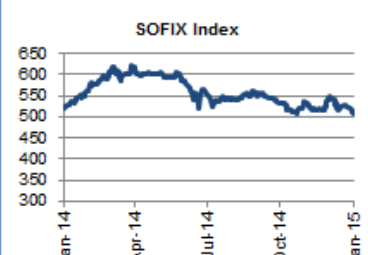
BG Local Bonds			
(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	1.05	-2	1
5Y BGN	1.41	-2	-3
10Y BGN	2.80	0	5

BG Eurobonds			
	Last	ΔDbps	ΔYTD bps
USD Jan-15	-26.78		
EUR Jul-17	0.92	32	-24

CDS			
	Last	ΔDbps	ΔYTD bps
5-year	199	-2	8
10-year	248	-2	7

STOCKS			
	Last	ΔD	ΔYTD
SOFIX	507.7	-0.45%	-2.76%

FOREX			
	Last	ΔD	ΔYTD
USD/BGN	1.6578	-0.34%	-2.49%



Source: Reuters, Bloomberg, Eurobank Global Markets Research
Data updated as of 18:30 EET, January 8, 2015

Contributors to this issue

Vessela Boteva

Expert, trading desk, Eurobank Bulgaria

+359 (2) 8166 491

vboteva@postbank.bg

Paraskevi Petropoulou

G10 Markets Analyst, Eurobank Ergasias

+30 210 371991

ppetropoulou@eurobank.gr

Boqdan Radulescu, CFA

Senior Trader, Bancpost

+40 21 3656291

bogdan.radulescu@bancpost.ro

Eurobank Global Markets Research

Global Markets Research Team

Dr. Platon Monokroussos:

Chief Market Economist

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>