

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

May 2, 2014

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- Apr 28: Pending home sales (Mar)
- Apr 29: Cons conf (Apr)
- Apr 30
 - ADP employment (Apr)
 - Chicago PMI (Apr)
 - FOMC decision
- May 1
 - Initial jobless claims (Apr 26)
 - ISM manuf (Apr)
- May 2
 - NFP report (Apr)
 - U/E rate (Apr)

EUROZONE

- Apr 29: Economic Sentiment Indicator (Apr)
- Apr 30: HICP (Apr)

SEE SERBIA

- April 30
 - GDP (Q1, p)
 - IP (Mar)
 - Trade balance (Mar)
 - Retail sales (Mar)

ROMANIA

- May 2: Intl reserves (Apr)

BULGARIA

- Apr 28: EUR 25mn 2021 bonds auction
- Apr 30: Budget (Mar)
- May 1: Intl reserves (Apr)

Source: Reuters, Bloomberg,
Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The majority of Asian stock markets moved higher on Friday on market optimism for a positive US April non-farm payrolls (NFP) report, due for release later in the day. In **FX markets**, the USD broadly firmed in European trade on Friday ahead of the US NFP report with the EUR/USD hovering around levels of 1.3855/58 in European trade at the time of writing, having retreated from a three-week peak of 1.3890 hit a session earlier.

Greece: The **updated Medium Term Fiscal Strategy (MTFS) for the period 2015-2018** was submitted to Parliament earlier this week (April 30) and is reportedly expected to be voted on May 9. In other news, the **Economic Sentiment Indicator for Greece** fell to 95.4 in April, remaining though not far from a 5-1/2-year peak of 97.5 hit in the prior month.

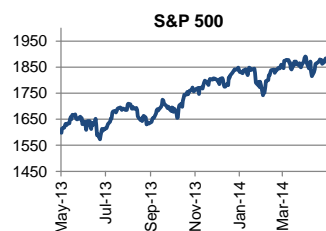
SOUTH EASTERN EUROPE

ROMANIA: The MoF published the issuance calendar for May, with a target amount of RON 3.1bn.

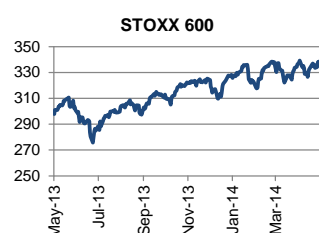
CESEE Markets: Emerging stock markets opened broadly higher on Friday amid optimism about an upbeat US non-farm payrolls report due for release later on the day. **Bourses in the CESEE region** opened mixed, as geopolitical jitters in Ukraine persist. In the **FX markets**, CESEE currencies were little changed.

DISCLAIMER

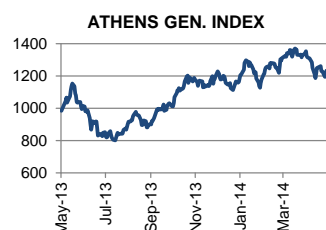
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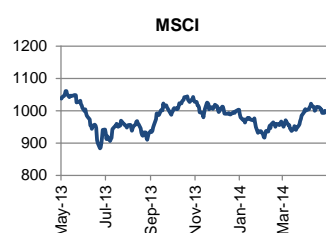
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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	BB+	BBB-
BULGARIA	Baa2	BBB	BBB-
CYPRUS	Caa3	B	B-

Source: Reuters, Bloomberg, Eurobank Global Markets Research

Latest world economic & market developments

GLOBAL MARKETS

The majority of Asian stock markets moved higher on Friday ahead of the US April non-farm payrolls (NFP) report due for release later in the day which is expected to show a 5-month high increase of 218k in the headline and a drop in the unemployment rate to 6.6% from 6.7% in the prior month. In other news, the FOMC announced on Wednesday following the conclusion of its monetary policy meeting that it will reduce its monthly asset purchases by \$10mn to \$45bn, in a move which came in line with market expectations. In **FX markets**, the USD broadly firmed in European trade on Friday ahead of the US NFP report with the EUR/USD hovering around 1.3855/58 in European trade at the time of writing, having retreated from a three-week peak of 1.3890 hit a session earlier.

GREECE

The **updated Medium Term Fiscal Strategy (MTFS) for the period 2015-2018** was submitted to Parliament earlier this week (April 30) and is reportedly expected to be voted on May 9. The updated MTFS envisions general government primary surpluses of 2.3%-of-GDP in 2014, 2.5%-of-GDP in 2015 and 3.5%-of-GDP in 2016 compared to respective program targets of 1.5%-of-GDP, 3.0%-of-GDP and 4.5%-of-GDP. Moreover, it assumes fiscal gaps of 0.5%-of-GDP in 2015 and 1.0%-of-GDP in 2016 that can be covered through: (i) the financial benefit from the implementation of a number of structural reforms; (ii) the expected gradual improvement in liquidity following the country's successful return to wholesale markets for funding last month; (iii) the financial benefit from a number of growth initiatives; and (iv) the expected satisfactory budget execution of this year. The updated MTFS also read that the general government financing gap is fully covered on a 12-month forward basis and that the government will likely tap wholesale funding markets in the coming 12 months offering €3-6bn in sovereign paper. In other news, the **Economic Sentiment Indicator for Greece** fell to 95.4 in April, remaining though not far from a 5-1/2-year peak of 97.5 hit in the prior month.

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Latest developments in the CESEE region

CESEE markets

Emerging stock markets opened broadly higher on Friday amid optimism about an upbeat US non-farm payrolls report due for release later on the day. Against this background, the MSCI emerging equity index stood 0.52% higher in early European trade, bouncing further away from a 1-month trough at 991 points hit a few sessions ago and braced to register weekly gains for the first time since mid-April. Separately, **bourses in the CESEE region** opened mixed, as geopolitical jitters in Ukraine persist. Fresh bouts of violence were reported over the last couple of days in the region overshadowing news that the IMF's Executive Board approved earlier this week a \$17.01bn 2-year Stand-By Arrangement for the country providing \$3.19bn for immediate disbursement. With several stock markets in the region closed for holiday, Turkey's BIST 100 index was outperforming advancing by 1.36% earlier today, while bourses in Poland and Romania stood in a marginally negative territory at the time of writing. In the **FX markets**, CESEE currencies were little changed. The Turkish lira remained near a 2-week high of 2.1160/USD hit in the prior session, while the EUR/RON stood at 4.4365 at the time of writing, slightly above a year-to-date peak of 4.4300 hit on Thursday.

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ROMANIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.7	3.5	2.7
CPI (pa, yoy %)	3.3	4.0	3.8
Budget Balance/GDP	-3.0	-2.6	-2.2
Current Account/GDP	-4.4	-1.0	-1.2
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, 2/5/2014, 09:10 EET): **Market Developments:** The EUR/RON remained under pressure on Thursday, having closed ca 0.2% lower on the day at 4.3332 after touching a fresh year-to-date trough near 4.4300 at some point. On a separate note, the recent uptrend in money market rates was reversed earlier this week after the Central Bank decided on Wednesday to roll-over a maturing one week repo. As a result, the 1W RON rate implied from swaps dropped to 3.00% from 3.75% early this week. Meanwhile, government bonds rallied on Wednesday, with 3-10Y yields recoiling by up to 10 bps, as the MoF published a relatively light issuance calendar for May, with a target amount of only RON 3.1bn vs. a monthly average of RON4.0bn in 2013.

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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	1883.68	0.0%	1.9%	EUR/USD	1.3859	-0.1%	0.8%	UST - 10yr	2.62	1	-40	GOLD	1282	-0.1%	6.4%
Nikkei 225	14457.51	-0.2%	-11.3%	GBP/USD	1.6885	0.0%	2.0%	Bund-10yr	1.46	-1	-47	BRENT CRUDE	167	0.0%	-0.1%
STOXX 600	338.50	0.2%	3.1%	USD/JPY	102.47	-0.1%	2.8%	JGB - 10yr	0.61	-1	-13	LMEX	3043	-0.3%	-3.7%

SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	7.90	3	-11
1-week	8.16	0	-12
1-month	8.43	-2	-15
3-month	8.85	1	-3
6-month	9.10	-2	-5

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	10.06	0	-99
5Y RSD	11.59	8	-123
7Y RSD	12.27	5	-153

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	4.16	-9	-85
USD Nov-24	3.30	-326	-358

CDS

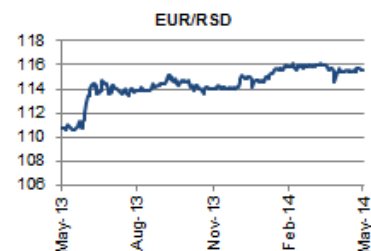
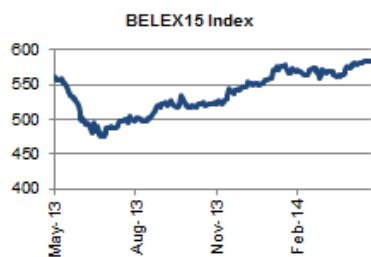
	Last	ΔDbps	ΔYTD bps
5-year	298	-2	-111
10-year	340	-1	-107

STOCKS

	Last	ΔD	ΔYTD
BELEX15	584.3	-0.08%	4.73%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	115.4	0.01%	-0.79%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	3.88	#VALUE!	214
1-month	3.28	#VALUE!	140
3-month	3.14	#VALUE!	70
6-month	3.43	#VALUE!	44
12-month	3.43	#VALUE!	28

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.70	0	-25
5Y RON	4.16	0	-49
10Y RON	4.96	0	-34

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	2.84	-1	-100
USD Aug-23	4.13	1	-68

CDS

	Last	ΔDbps	ΔYTD bps
5-year	173	#N/A	-11
10-year	212	#N/A	-21

STOCKS

	Last	ΔD	ΔYTD
BET	6424.4	1.52%	-1.07%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4388	-0.13%	0.77%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.07	3	0
1-month	0.30	1	-2
3-month	0.58	1	-7
6-month	1.08	0	-7
12-month	2.09	1	-10

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.92	-2	-17
5Y BGN	1.61	6	-24
10Y BGN	3.11	0	-38

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.49	-4	-7
EUR Jul-17	1.30	11	-50

CDS

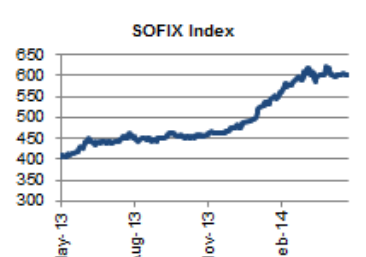
	Last	ΔDbps	ΔYTD bps
5-year	124	#N/A	1
10-year	167	#N/A	-7

STOCKS

	Last	ΔD	ΔYTD
SOFIX	602.0	-0.15%	22.47%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.4114	-0.08%	0.83%



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