

DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

October 13, 2014

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- October 15:
 - Retail sales (Sep)
 - Empire State Index (Oct)
 - PPI (Sep)
- October 16:
 - Initial jobless claims (Oct.11)
 - Industrial prod (Sep)
 - Philly Fed index (Oct)
 - NAHB Index (Oct)
- October 17:
 - Housing starts (Sep)
 - Housing permits (Sep)
 - UM cons conf (Oct)

EUROZONE

- October 14: Germany's ZEW index (Oct)
- October 16: CPI final (Sep)

SEE

SERBIA

- October 13:
 - CPI (Sep)
 - Q2 GDP (f)

ROMANIA

- October 14: Current account YTD (Aug)

BULGARIA

- October 14:
 - CPI (Sep)
 - Current account balance (Aug)

Source: Reuters, Bloomberg, Eurobank
Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Market concerns about the sustainability of the global economic recovery prevail, pushing the majority of Asian equity markets lower on Monday and assisting US Treasuries and German Bunds retain a firm tone in European trade.

GREECE: After a three-day long debate, the Greek coalition government of centre-right New Democracy and socialist PASOK won late on Friday a vote of confidence in the 300-seat Hellenic Parliament with an absolute majority of the 288 attending MPs./ On the sidelines of the IMF/World Bank Annual Meeting in Washington D.C, IMF Managing Director Christine Lagarde met with Greece's Minister of Finance Gikas Hardouvelis, Government of the Bank of Greece Yiannis Stournaras and their colleagues –as indicated in the Fund's official press release- "to discuss progress under the program and possible next steps".

SOUTH EASTERN EUROPE

SERBIA: FX reserves stood at EUR 10.9bn at end of September, EUR 70m lower from the previous month.

ROMANIA: A primary market auction for RON zoomn in 2Y bonds (Aug 2016) is scheduled to take place later in the day where expectations are for an average accepted yield of 2.53%-2.58%.

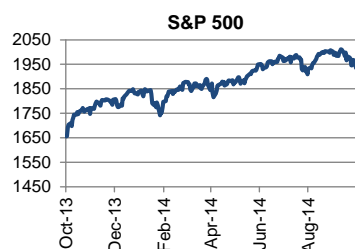
BULGARIA: According to preliminary data, Bulgaria's foreign trade deficit widened by BGN 563.3mn YoY in August to BGN 524.6mn.

DISCLAIMER

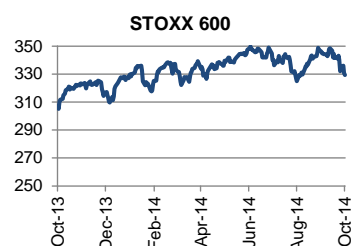
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Latest world economic & market developments

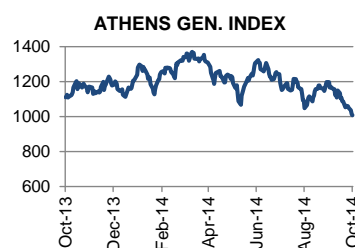
GLOBAL MARKETS



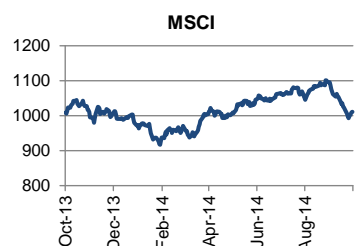
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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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	Caa3	B	B-

Source: Reuters, Bloomberg, Eurobank Global Markets Research

Market concerns about the sustainability of the global economic recovery prevail, pushing the majority of Asian equity markets lower on Monday and assisting US Treasuries and German Bunds retain a firm tone in European trade. Adding to a recent string of disappointing domestic data from Germany and last week's release of the IMF's updated World Economic Outlook where the Fund revised downward its world GDP growth forecast for 2014 and 2015, rating agency S&P lowered on Friday France's credit outlook to negative from stable while affirming the nation's double-A long-term rating citing that "the negative outlook indicates our view that a robust recovery of the French economy could prove elusive and that France's public finances could deteriorate beyond 2014." The latest bout of risk aversion enhanced the JPY's safe-haven allure with the USD/JPY hovering close to 107.03 one-month low at the time of writing after hitting a six-year high slightly above 110.00 earlier this month. Technically, strong support lies at 106.50 (38.2% Fibonacci retracement level) with upcoming US data including September's retail sales (Wednesday), October's Philly Fed manufacturing survey (Thursday) and September's housing starts and permits (Friday) taking centre stage this week.

GREECE

After a three-day long debate, the Greek coalition government of centre-right New Democracy and socialist PASOK won late on Friday a vote of confidence in the 300-seat Hellenic Parliament with an absolute majority of the 288 attending MPs. The said vote of confidence had been requested by Greek Prime Minister and leader of the major ruling coalition partner ND Antonis Samaras earlier this month in an attempt to, among others, douse speculation about snap general election taking place ahead of the upcoming presidential vote early next year and unify parliamentary groups of both coalition partners as well as ministers at a time that Greece's 5th program review is underway and an agreement with official lenders on a number of key program milestones has yet to be reached. All 155 lawmakers from the two coalition parties casted a vote in favor, 131 MPs voted against, 2 declared present and 12 were absent from the voting procedure.

On the sidelines of the IMF/World Bank Annual Meeting in Washington D.C, IMF Managing Director Christine Lagarde met with Greece's Minister of Finance Gikas Hardouvelis, Government of the Bank of Greece Yiannis Stournaras and their colleagues –as indicated in the Fund's official press release- "to discuss progress under the program and possible next steps". As per the IMF's official statement, Ms. Lagarde acknowledged the progress Greece has achieved in fiscal consolidation, encouraged Greek authorities to implement decisively key structural reforms in line with program commitments and reiterated the Fund's commitment to support Greece in continuing to achieve program targets.

As expected, the Hellenic Statistical Authority proceed with the revision of the benchmark year and the replacement of the ESA 1995 with the new European System of National and Regional Accounts (ESA 2010) in order to bring the national accounts into line "with the new economic environment, developments in methodological research as well as to users' needs". According to the revised GDP annual data for the period 1995-2013 released on Friday, Greece's GDP contracted by 3.3% in 2013, less than a previous estimate of -3.9%, while for the 2008-2013 period the GDP of the domestic economy shrunk by 29.0% cumulatively vs. 26.2% initially estimated.

SERBIA: Indicators	2012	2013e	2014f
Real GDP growth %	-1.5	2.5	-0.4
CPI (pa, yoy %)	7.8	7.8	2.5
Budget Balance/GDP	-7.5	-5.8	-8.0
Current Account/GDP	-10.9	-5.0	-4.2
EUR/RSD (eop)	112.37	114.57	117.00
	2013	current	2014f
Policy Rate (eop)	9.50	8.50	8.00

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

SERBIA

(Belgrade 10/10/2014, 17:50 CET): **Latest Political & Macro Developments** Market

Developments: The National Bank of Serbia announced on Friday that FX reserves stood at EUR 10.88bn at the end of September, EUR 70m lower from the previous month. Net FX reserves, a more representative figure excluding commercial banks mandatory reserves and IMF drawing rights, came in at EUR 8.00bn. **Market Developments:** The EUR/RSD was little changed on Friday closing at 119.30/50. Technically, strong support lies at 119.00/20 while on the upside, resistance stands at 119.70/90.

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ROMANIA

(Bucharest, 12/10/2014, 9:40 EET): **Latest Political & Macro Developments:** The EUR/RON

was little changed last week consolidating within a tight range between 4.4030/080. In a similar vein, Friday was relatively quiet for the money market with short term rates ending relatively unchanged on the day as banks presumably await for a better assessment of liquidity conditions. Elsewhere, government bonds weakened, in line with the global risk aversion mode, with 3-10Y yields moving ca 5bps higher. Meanwhile, a primary market auction for RON zoom in 2Y bonds (Aug 2016) is scheduled to take place later in the day where expectations are for an average accepted yield of 2.53%-2.58%.

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ROMANIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.6	3.5	3.0
CPI (pa, yoy %)	3.3	4.0	1.7
Budget Balance/GDP	-3.0	-2.3	-2.2
Current Account/GDP	-4.4	-1.1	-1.0
EUR/RON (eop)	4.44	4.46	4.40
	2013	current	2014f
Policy Rate (eop)	4.00	3.00	3.00

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

BULGARIA

(Sofia, 10/10/2014, 17:15 EET): **Latest Political & Macro Developments:** According to

preliminary data, Bulgaria's foreign trade deficit widened by BGN 563.3mn YoY in August to BGN 524.6mn, as imports increased by 11.1%YoY to BGN 4 309.8mn and exports decreased by 3.4%YoY to BGN 3 785.2mn. **Market Developments:** With investors awaiting some clues about short-term direction, equity market indices closed little changed on Friday with the main SOFIX adding 0.03% to 532.04 points.

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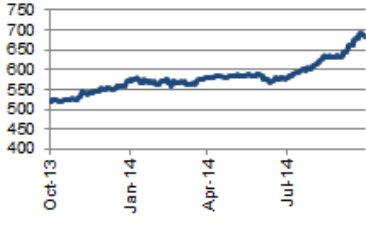
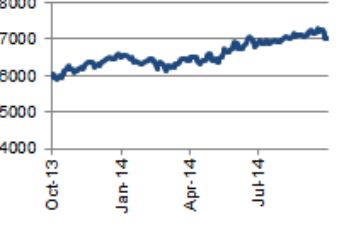
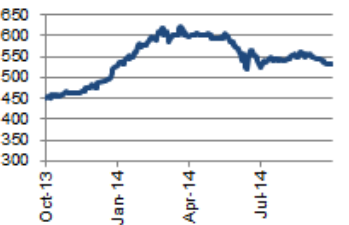

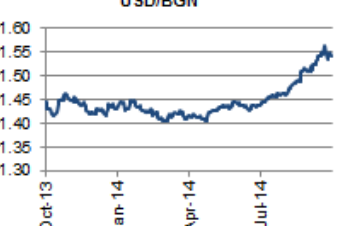
BULGARIA: Indicators	2012	2013e	2014f
Real GDP growth %	0.6	0.9	1.8
CPI (pa, yoy %)	3.0	0.9	-0.9
Budget Balance/GDP	-0.8	-1.5	-3.0
Current Account/GDP	-0.9	1.9	1.0
EUR/BGN (eop)		1.95583	
	current	2013	2014f
Policy Rate (eop)	N/A	N/A	N/A

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

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	1906.13	-1.1%	3.1%	EUR/USD	1.2671	0.3%	-7.8%	UST - 10yr	2.28	0	-75	GOLD	1228	0.4%	1.9%
Nikkei 225	15300.55	-1.2%	-6.1%	GBP/USD	1.6082	0.0%	-2.9%	Bund-10yr	0.89	0	-104	BRENT CRUDE	179	0.0%	7.3%
STOXX 600	322.06	0.1%	-1.9%	USD/JPY	107.44	0.2%	-2.0%	JGB - 10yr	0.51	0	-24	LMEX	3078	-1.1%	-2.6%

SEE MARKETS

SERBIA				ROMANIA				BULGARIA			
Money Market				Money Market				Money Market			
BELIBOR	Last	ΔDbps	ΔYTD bps	ROBOR	Last	ΔDbps	ΔYTD bps	SOFIBOR	Last	ΔDbps	ΔYTD bps
T/N	6.75	-1	-126	O/N	3.08	-4	134	LEONIA	0.02	0	-5
1-week	6.97	0	-131	1-month	2.97	-1	109	1-month	0.23	0	-9
1-month	7.29	-1	-129	3-month	2.92	-2	48	3-month	0.47	0	-18
3-month	7.78	-1	-110	6-month	2.93	-2	-6	6-month	0.85	0	-31
6-month	8.06	0	-109	12-month	2.92	-1	-23	12-month	1.62	0	-57
RS Local Bonds				RO Local Bonds				BG Local Bonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps	(yields)	Last	ΔDbps	ΔYTD bps
3Y RSD	9.40	3	-56	3Y RON	2.59	0	-136	3Y BGN	1.20	0	11
5Y RSD	10.23	0	-259	5Y RON	3.07	0	-158	5Y BGN	1.88	-1	6
7Y RSD	11.24	0	-257	10Y RON	3.95	0	-135	10Y BGN	3.11	0	-38
RS Eurobonds				RO Eurobonds				BG Eurobonds			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
USD Nov-17	4.32	2	-69	EUR Sep-20	2.11	4	-173	USD Jan-15	0.96	2	37
USD Nov-24	4.31	-226	-259	USD Aug-23	3.93	4	-87	EUR Jul-17	1.17	-1	-63
CDS				CDS				CDS			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
5-year	271	-3	-138	5-year	148	4	-37	5-year	137	6	13
10-year	323	-3	-124	10-year	194	4	-38	10-year	186	6	11
STOCKS				STOCKS				STOCKS			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
BELEX15	684.0	-0.79%	22.59%	BET	7007.3	-0.05%	7.91%	SOFIX	530.4	-0.30%	7.92%
FOREX				FOREX				FOREX			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
EUR/RSD	119.48	-0.15%	-4.10%	EUR/RON	4.4046	0.05%	1.55%	USD/BGN	1.5436	0.34%	-7.81%
BELEX15 Index				BET Index				SOFIX Index			
											
EUR/RSD				EUR/RON				USD/BGN			
											

Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 12:30 EET

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