KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- October 27: Pending home sales (Sep)
- October 28
  - Durable goods orders (Sep)
  - CB consumer (Sep) confidence (Oct)
- October 29: FOMC decision
- October 30
  - Initial jobless claims (Oct. 24)
  - GDP (Q3, f)
- October 31
  - Personal income/spending (Sep)
  - Chicago PMI (Oct)
  - UoM Consumer sentiment (Oct)

EUROZONE

- October 27: DE: Ifo business clim. (Oct)
  - October 31: HICP (Oct)

SEE

SERBIA

- October 27-31: Q2 GDP (f)
- October 27: 2016 T-Bonds auction
- October 31
  - Q3 GDP (p)
  - Industrial production (Sep)
  - Trade balance (Sep)
  - Retail sales (Sep)

ROMANIA

- October 28: 3.25% 2018 T-Bonds auction

BULGARIA

- October 31: Budget balance (Sep)

Source: Reuters, Bloomberg, Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Taking their cue from firmer Asian bourses earlier today, major European equity markets moved higher in early trade on Friday and the JPY weakened sharply following the BoJ's unexpected decision to ease further its monetary policy.

GREECE: Halting a three-month falling streak, the Economic Sentiment Indicator for Greece improved in October coming in at 102.2 from 99.3 in the prior month. In other news, local press reports suggested today that the Greek government is expected to send to official lenders within the next couple of sessions a full set of policy proposals on key issues underlying Greece's current program review that remain open.

SOUTH EASTERN EUROPE

SERBIA: Fresh selling pressures on the EUR/RSD pushed the pair to a three week low of 118.95/15 on Thursday's close.

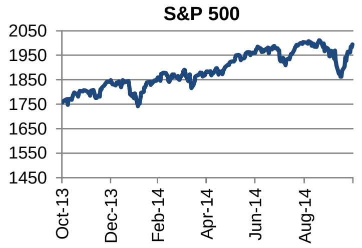
BULGARIA: According to local media reports on Thursday the GERB party is ready to strike a coalition agreement with the Reformist Bloc and form a minority government.

CESEE MARKETS: Taking their cue from the positive tone in major global bourses, **emerging stock markets** broadly extended their recent gains in early European trade on Friday, in the wake of upbeat US Q3 GDP data and Bank of Japan's unexpected expansion of its stimulus programme. On the back of increased risk appetite, **CESEE currencies** extended their recent gains earlier today.

Latest world economic & market developments

GLOBAL MARKETS

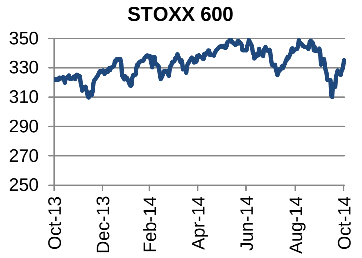
Taking their cue from firmer Asian bourses, major European equity markets moved higher in early trade on Friday supported by the BoJ's unexpected decision to ease further its monetary policy. Amid concerns that inflation will likely underperform its price stability target of 2.0%YoY mainly due to lower oil prices, the BoJ decided, among others, to raise its monetary base target to an annual increase of ca JPY80trn from JPY 60-70trn earlier and increase its purchase of risk assets such as exchange-traded funds (ETFs) and real estate investment trusts (REITs) to JPY3trn from JPY1trn. Reacting to the BoJ's decision, the JPY weakened sharply with the USD/JPY hitting a seven-year high near 111.60 in early Asian trade. US Q3 GDP data y-day showing that the US economy expanded by a higher-than-expected pace of 3.5%qoq annualized mainly supported by net exports and government spending, also favored the USD. Looking at today's calendar, focus is on US personal income and spending data for September as well as the Chicago PMI report and UM consumer sentiment for October.



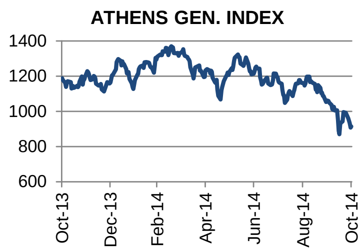
Source: Reuters, Bloomberg, Eurobank Global Markets Research

GREECE

Halting a three-month falling streak, the Economic Sentiment Indicator for Greece improved in October coming in at 102.2 from 99.3 in the prior month and approaching a 6 ½ month peak of 103.7 hit in June. The breakdown of the report showed that all five sub-components advanced with the Consumer Confidence Indicator marking a four-month high. In other news, local press reports suggested today that the Greek government is expected to send to official lenders within the next couple of sessions a full set of policy proposals on key issues underlying Greece's current (5th) program review that remain open, including certain changes in the trade union law and a new public sector wage structure. A troika technical team is reportedly expected to arrive in Athens on November 4th while the date of return of the troika heads has yet to be officially announced. Speaking to reporters, IMF spokesman Gerry Rice said that "the time sequence for the (troika) mission" will be determined by the Greek government's package of proposals that will form the basis of official talks. The IMF official also said that the precautionary credit line for Greece could take various forms depending on the Greek government's decision in consultation with its official lenders adding that the IMF participation could include technical assistance.



Source: Reuters, Bloomberg, Eurobank Global Markets Research



Source: Reuters, Bloomberg, Eurobank Global Markets Research

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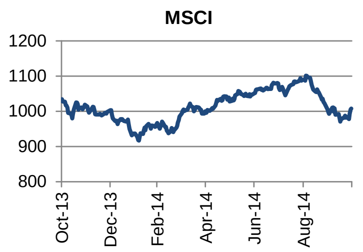
Latest developments in the CESEE region

CESEE MARKETS

Taking their cue from the positive tone in major global bourses, **emerging stock markets** broadly extended their recent gains in early European trade on Friday, in the wake of upbeat US Q3 GDP data and Bank of Japan's unexpected expansion of its stimulus programme. Against this backdrop, the broad MSCI emerging equities index bounced to a 1-month peak intraday, being poised to mark the second consecutive week in the black. **CESEE currencies** extended their recent gains amid increased risk appetite. The Turkish lira led the uptrend in the region bouncing as far as a 1-½ -month high near 2.2055/USD after the Central Bank revised higher its 2014 and 2015 inflation forecasts in its updated quarterly inflation report released on Friday. Also supporting the lira's positive momentum, Governor Erdem Basci's said that the CBT will continue pursuing a tight monetary policy stance until there is a clear indication that the prices outlook improves and expressed his belief that the lira is not overvalued at current levels.



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

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SERBIA

SERBIA: Indicators	2012	2013	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

(*Belgrade 30/10/2014, 16:50 CET*): **Market Developments:** Fresh selling pressures on the EUR/RSD, in the wake of Finance Minister Dusan Vujovic's comments that an IMF loan deal will be concluded within the next month, pushed the pair to a three week low of 118.95/15 on Thursday's close. Looking ahead, a 53-week T-bond auction scheduled for next Tuesday is an event to closely follow as strong demand from foreign investors may create renewed downward pressures on the EUR/RSD potentially forcing it to move below the lower boundary of its recent range. Technically, strong support stands at 118.50.

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BULGARIA

BULGARIA: Indicators	2012	2013	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

(*Sofia, 31/10/2014, 09:15 EET*): **Latest Political & Macro Developments:** According to local media reports, GERB negotiator Rymyana Bachvarova said that the party, which came first in the October 5 national elections but fell short of achieving an outright parliamentary majority, is ready to strike a coalition agreement with the right-wing Reformist Bloc (RB). In this event, a minority coalition government between GERB and RB will occupy 107 out of the 240 seats in Parliament, while the Patriotic Front is likely to provide them with its tacit support. Media reports also cited the possibility of the left-wing Alternative for Bulgarian Revival tacitly backing the said coalition. On the data front, the Producer Price index decreased on an annual basis for the 15th month running in September, marking a 0.6% drop and confirming negative pipeline pressures in the domestic economy. **Market Developments**: The domestic stock market marked its second consecutive session in the black on Thursday, with the main benchmark SOFIX index rallying 1.18% to close at 518.32 points, amid upbeat Q3 corporate earnings results.

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GLOBAL MARKETS

Stock markets

	Last	ΔD	ΔYTD
S&P 500	1994.65	0.6%	7.9%
Nikkei 225	16413.76	4.8%	0.8%
STOXX 600	335.20	1.4%	2.1%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.2584	-0.2%	-8.4%
GBP/USD	1.6	0.0%	-3.4%
USD/JPY	111.6	-2.1%	-5.6%

Government Bonds

(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	2.32	2	-71
Bund-10yr	0.84	0	-109
JGB - 10yr	0.46	-1	-28

Commodities

	Last	ΔD	ΔYTD
GOLD	1173	-2.1%	-2.7%
BRENT CRUDE	177	0.0%	6.1%
LMEX	3132	-0.6%	-0.9%

SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	6.84	0	-117
1-week	7.04	2	-124
1-month	7.34	1	-124
3-month	7.82	1	-106
6-month	8.11	1	-104

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	9.37	0	-59
5Y RSD	10.23	0	-259
7Y RSD	11.25	0	-255

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.92	-2	-109
USD Nov-24	3.31	-321	-360

CDS

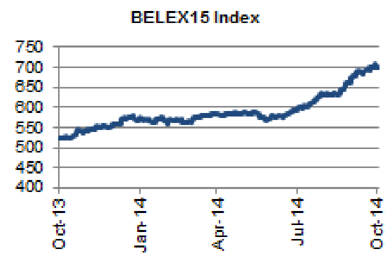
	Last	ΔDbps	ΔYTD bps
5-year	266	2	-143
10-year	323	2	-123

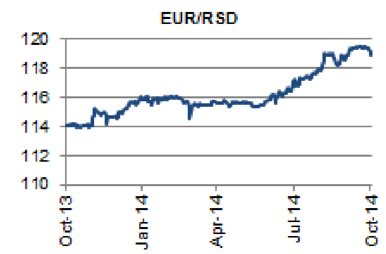
STOCKS

	Last	ΔD	ΔYTD
BELEX15	699.5	-0.07%	25.37%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.88	0.29%	-3.62%





ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.02	-30	-72
1-month	1.53	-10	-35
3-month	2.07	-3	-37
6-month	2.45	-1	-54
12-month	2.46	-2	-69

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	2.14	-1	-181
5Y RON	2.67	0	-198
10Y RON	3.69	-1	-161

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	2.09	1	-175
USD Aug-23	3.81	3	-102

CDS

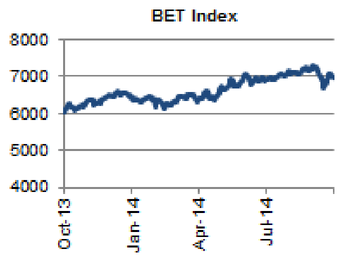
	Last	ΔDbps	ΔYTD bps
5-year	150	-5	-33
10-year	196	-5	-36

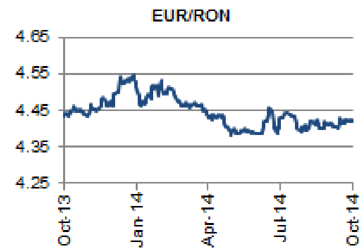
STOCKS

	Last	ΔD	ΔYTD
BET	7014.5	0.42%	8.02%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4171	0.06%	1.26%





BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.02	0	-5
1-month	0.22	0	-10
3-month	0.43	-1	-22
6-month	0.80	0	-36
12-month	1.55	0	-64

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	1.25	1	16
5Y BGN	1.92	1	8
10Y BGN	3.17	0	-33

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Jan-15	0.41	-10	-18
EUR Jul-17	1.25	-11	-55

CDS

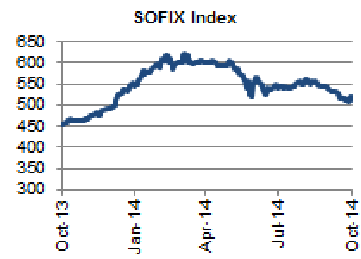
	Last	ΔDbps	ΔYTD bps
5-year	149	-1	22
10-year	198	0	23

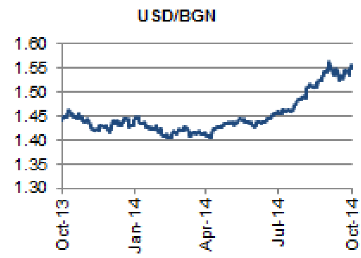
STOCKS

	Last	ΔD	ΔYTD
SOFIX	521.2	0.55%	6.03%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.5553	-0.30%	-8.50%





Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 12:00 EET

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