Eurobank Monthly Global Economic & Market Monitor

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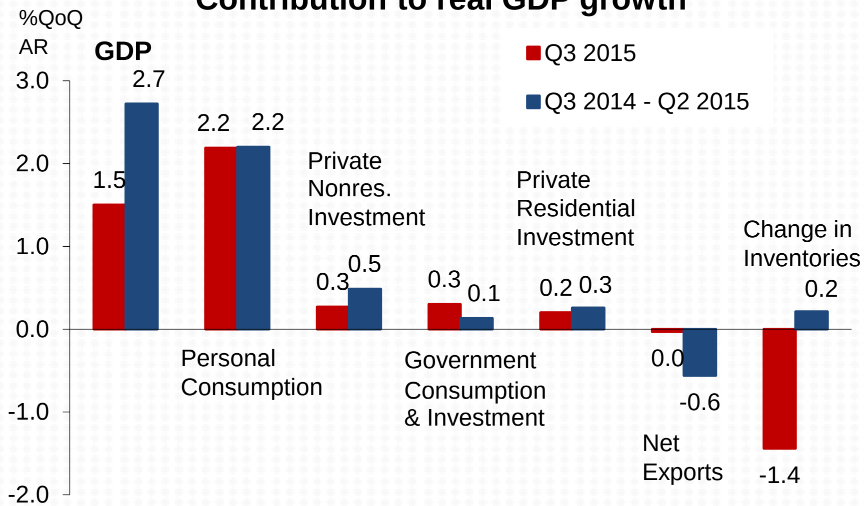
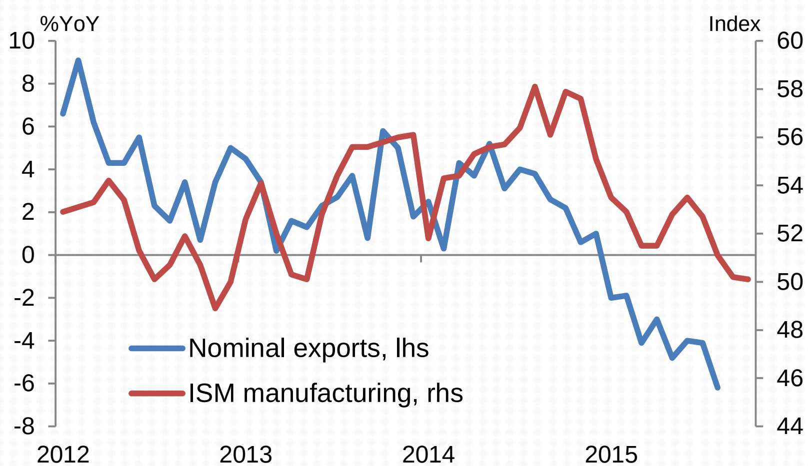
I. Economics

USA: Real economic activity underpinned by solid consumption growth

Contribution to real GDP growth



Weak export growth weighs on manufacturing activity

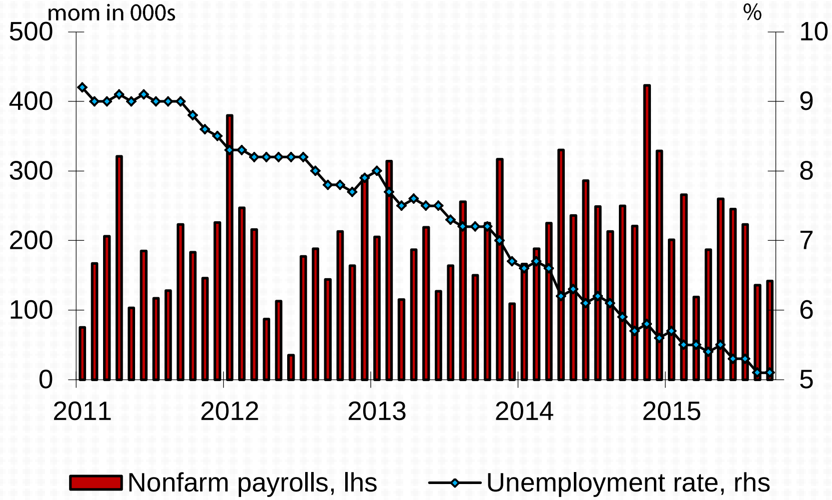


- The advance estimate of Q3 GDP came in at 1.5%QoQ saar from 3.9% in Q2. Inventories were the major drag on growth (-1.44pps, the largest negative contribution in almost three years), while private consumption expanded by a solid 3.2%QoQ saar, with broad-based gains across goods (both durables and nondurables) and services. Separately, residential investment growth of 6.1%QoQ saar was consistent with continuing recovery in the US housing market. On the flipside, nonresidential fixed capital formation growth decelerated to about half the previous quarter's rate (to 2.1%QoQ saar from 4.1% in Q2), as structures contracted in Q3 on lower energy investment.
- We expect real GDP growth to hover around 2.5%QoQ saar in Q4 2015, underpinned by solid consumption growth. Although consumer sentiment proved softer than expected in October, consumer spending should be supported by positive wealth effects, an oil-price boost to real income, the ongoing improvement in the US labor market and an expanding housing investment.
- Nevertheless, factors which probably lead to softer GDP growth rates in H2 2015, compared to a surge of 3.9%QoQ in Q2 include: (a) Drag from net trade due to last year's USD appreciation (DXY dollar index ca.+13.0% in 2014, +7.5% YTD) and slower world growth on the back of economic deceleration in EMs. Weak export growth weighs on manufacturing output, which has already started to decelerate (b) Negative payback from inventory accumulation.

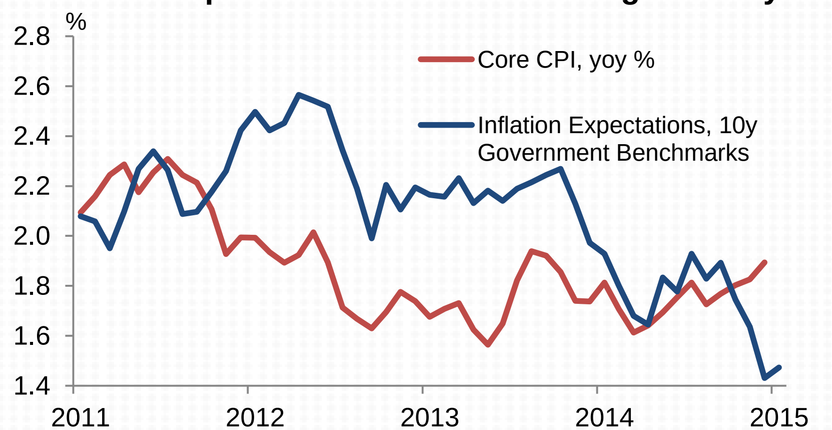
Source: US Bureau of Economic Analysis, US Census Bureau, Institute for Supply Management, Eurobank Economic Research

USA: Despite weaker-than-expected labor market conditions, the FOMC left the door open for a December hike

Weak US payroll growth in September



Although services support core prices, inflation expectations have declined significantly



Source: Bureau of Economic Analysis, Federal Reserve, Eurobank Economic Research

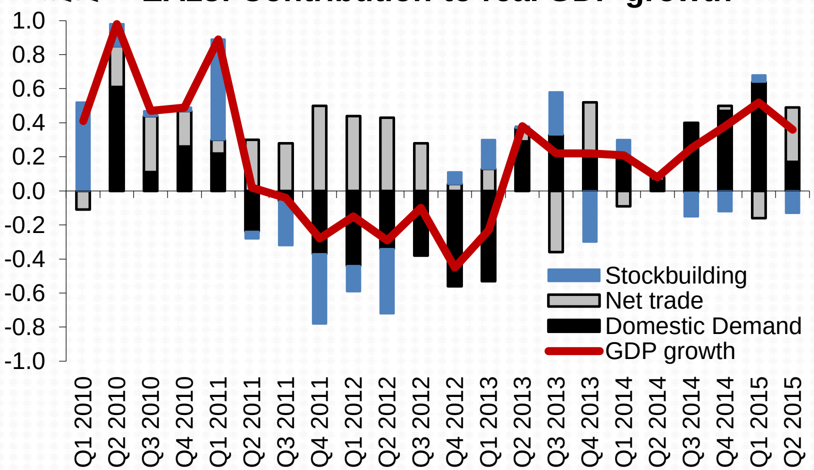
- Non-farm payrolls came in weaker-than-expected in September, increasing by only 142k (vs. consensus for a rise of 200k), with downward revisions for the prior two months (-59k cumulatively). Household employment fell by a sizable 236k, its second decline in 4 months. Although the labor force participation rate fell by 0.2pps to its lowest level in 38 years (64.2%), the unemployment rate remained stable at its lowest level since early 2008 (5.1%), partly reflecting a reduction in the workforce. Meanwhile, average hourly earnings were unchanged, confounding expectations for a 0.2%MoM increase.

- Headline CPI declined in September for the 2nd consecutive month (-0.2%MoM), dragged down by energy inflation. Core CPI was slightly stronger-than-expected (+0.2%MoM vs. expectations of +0.1%MoM), with services remaining strong and more-than-offsetting the softness in goods due to the renewed commodity price decline. We expect headline CPI to start increasing on a MoM basis towards year-end, once the effect from lower energy prices starts to dissipate.

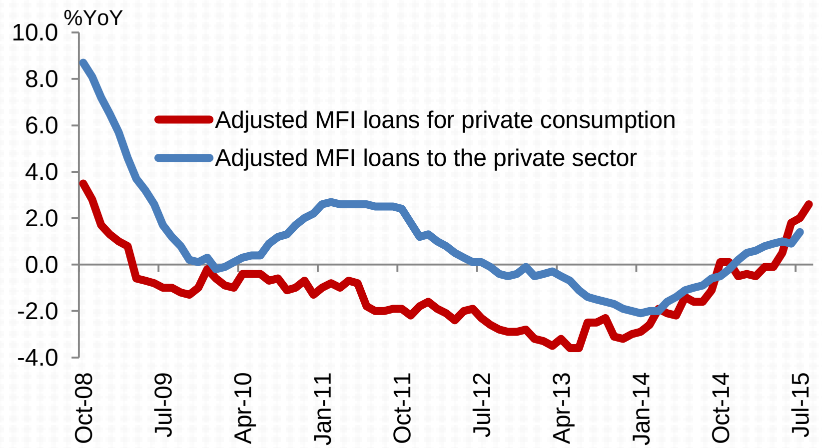
- As expected, the FOMC kept the fed funds rate unchanged at the 0.0%-0.25% target range at its policy meeting on 27-28 October. The tone of the policy statement released after the conclusion of the meeting was more hawkish than expected, prompting an upward shift in market expectations for a rate hike at the next FOMC policy meeting scheduled for 15-16 December. The Fed downplayed global economic headwinds, removing a warning that was explicitly laid out in the September policy statement saying that “recent global economic and financial developments may restrain economic activity somewhat and are likely to put further downward pressure on inflation in the near term”. In addition, the October policy statement made a specific reference on the factors the FOMC will have to assess “in determining whether it will be appropriate to raise the target range at its next meeting”. Therefore, a fed funds rate hike in the 15-16 December 2015 FOMC meeting cannot not be ruled out.

Euro area: Steady but rather modest pace of growth

EA18: Contribution to real GDP growth



Further acceleration in private credit growth



- The final estimate of Q2 real GDP growth was revised higher to 0.4%QoQ sa from an advance estimate of 0.3%QoQ sa, coming in against an upwardly revised 0.5%QoQ growth in Q1. Net trade recorded the strongest contribution to GDP since Q4 13, with exports capitalizing on the euro depreciation (EUR/USD: ca. -20% between Q2 2014-Q2 2015) and imports decelerating in line with a slowing domestic demand. The latter's contribution to growth decelerated significantly (to +0.2pps from +0.6pps in Q1), mostly due to a sharp drop in investment (-0.5%QoQ sa).

- High frequency indicators suggest that the growth momentum should be maintained in H2 2015, supported by solid consumer spending on the back of renewed weakness in oil prices, weak inflation, increasing real wages and improving labor market conditions. Adding to this, low interest rates should provide little incentive for households to save. Meanwhile, lending to the private sector is supportive for households' balance sheets, reaching in July its highest annual growth rate since November 2011, primarily led by consumer credit which surged to nearly a seven-year high.

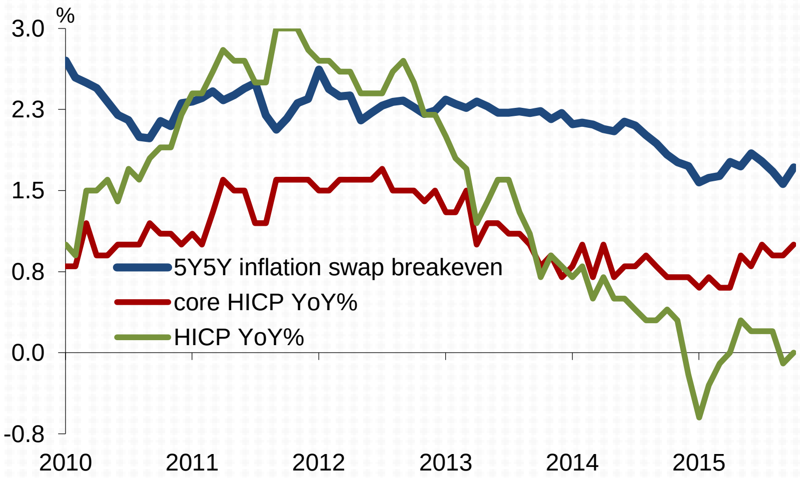
- On the external front, foreign demand could decelerate in the quarters ahead due to the slowdown in China and other many emerging market (EM) economies, coupled with a relatively stronger euro (EUR/USD: ca. +4.0% since mid April's trough).

- Overall, real GDP growth is projected at c.1.5% in 2015 and 1.6% in 2016 from 0.9% in 2014, with risks titled to the downside on a further slowdown in EMs and its potential negative spillovers through trade and financial channels.

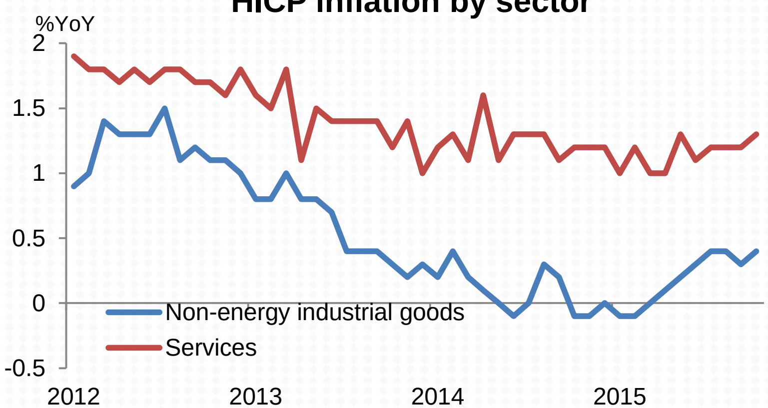
Source: ECB, Eurostat, Eurobank Economic Research

Euro area: Subdued price pressures suggest further easing of the ECB's monetary policy stance by year-end

Zero headline inflation on lower energy prices



HICP inflation by sector

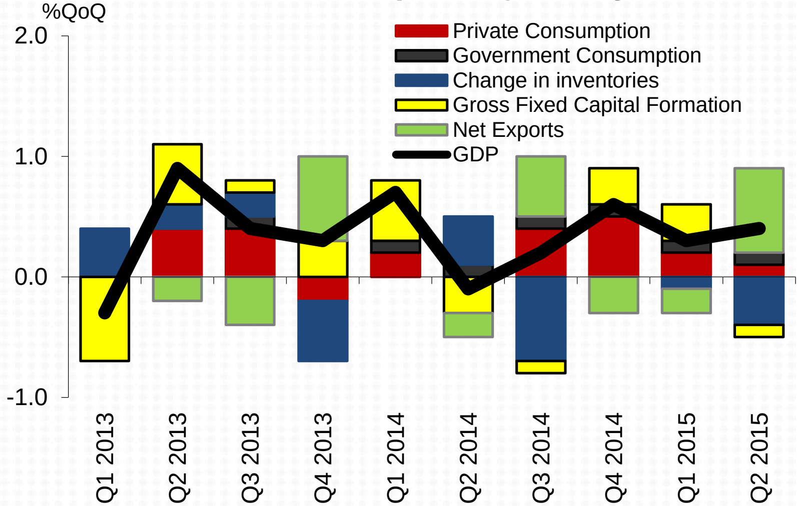


Source: Eurostat, Eurobank Economic Research

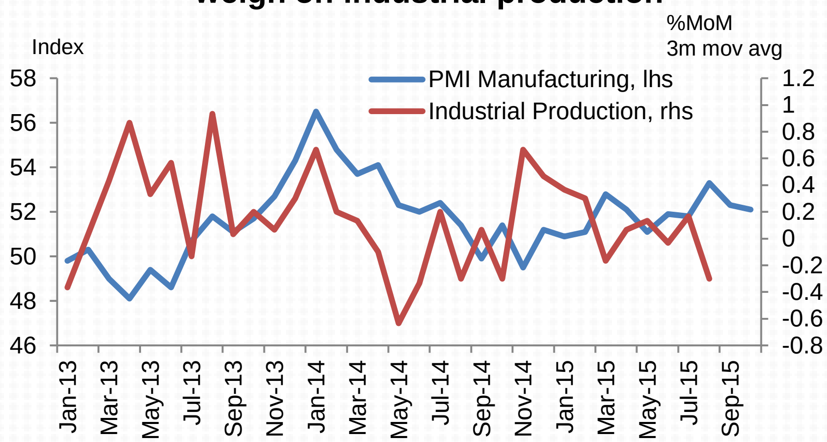
- Euro area HICP inflation came in at 0.0%YoY in the October advance estimate, up from -0.1%YoY in September, contained by falling energy price inflation which remained in negative territory for the 16th consecutive month (-8.7%YoY in September from -8.9%YoY in the prior month). On the flipside, food price inflation continued to increase, driven by accelerating unprocessed food prices (+3.0%YoY from 2.7%YoY, previously).
- Core HICP inflation increased unexpectedly to 1.0%YoY in October from 0.9% in the previous month, with both service price inflation (c. 60% of core inflation) and non-energy industrial goods inflation increasing by 0.1pps to +0.4% and 1.3%YoY, respectively.
- President Mario Draghi adopted a more dovish than expected tone at the press conference that followed the conclusion of the October 22 monetary policy meeting, highlighting the downside risks to growth and inflation outlook from the slowdown in emerging market economies and developments in financial and commodity markets. President Draghi paved the way for more quantitative easing, emphasizing that the degree of monetary policy accommodation will have to be re-examined at the ECB's December monetary policy meeting, when the GC is scheduled to publish an updated set of macroeconomic projections. As far as the monetary policy tools are concerned, the President added that the GC is willing to use all instruments available within its mandate if necessary so as to preserve an appropriate degree of monetary accommodation including a deposit rate cut, whereas he had previously underlined that the ECB had reached the lower bound on interest rates following a technical adjustment in September 2014.

Germany: Economic activity to be supported by solid private consumption growth

Contributions to quarterly GDP growth



EMs economic slowdown has started to weigh on industrial production

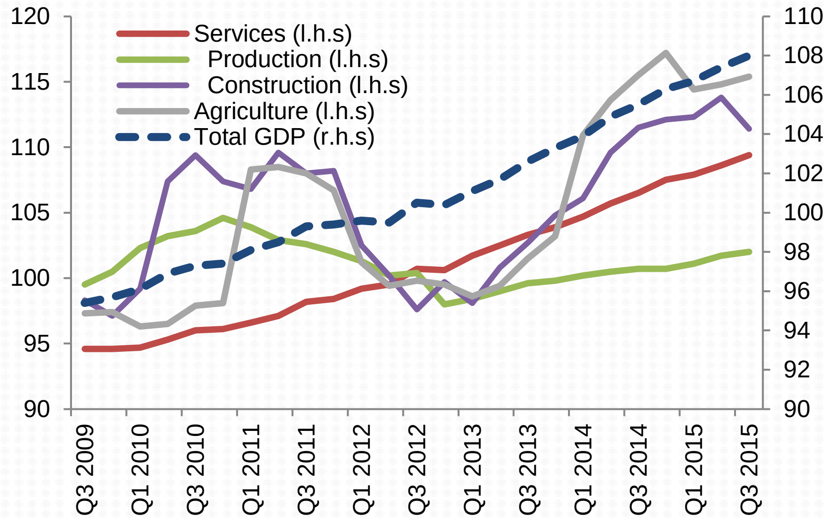


Source: Eurostat, Markit, Eurobank Economic Research

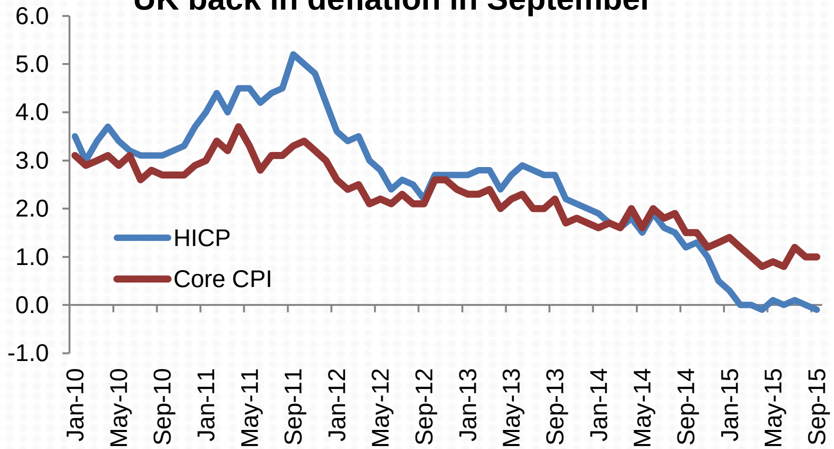
- Germany's GDP accelerated to 0.4%QoQ in Q2 2015 from 0.3% QoQ in Q1 2015 on the back of solid net trade, which contributed 0.7pps to growth, the strongest positive contribution since Q4 2013. Although domestic demand slowed in Q2, growth was supported by a sharp bounce in exports, upstaging a decline in exports to China.
- The strong contribution from net exports is not expected to be repeated in H2 2015, as the German economy begins to feel the effects of emerging markets economic weakness. German industrial production (includ. construction) fell by 1.2%MoM in August, recording the sharpest monthly decline in a year. Adding to this, the country's manufacturing PMI edged down slightly in October by 0.2pt to 52.1, while the Ifo index fell from a level of 108.5 to 108.2 on the month. As a result, factory orders have plunged in the last two months (-1.8%MoM in August after -2.2%MoM in July) on declining orders from abroad, as domestic orders continued their upward trend instigated about a year ago.
- Adverse global economic conditions have prompted us to downgrade our 2015 GDP forecast for Germany to 1.6%YoY from 1.8% previously. Domestic demand should be the main pillar of growth, supported by low inflation, ongoing weakness in oil prices, loose financing conditions and improving labor and housing markets.

UK economic growth to pick up in coming quarters; inflation has probably reached a trough

UK GDP & main components (QoQ%)



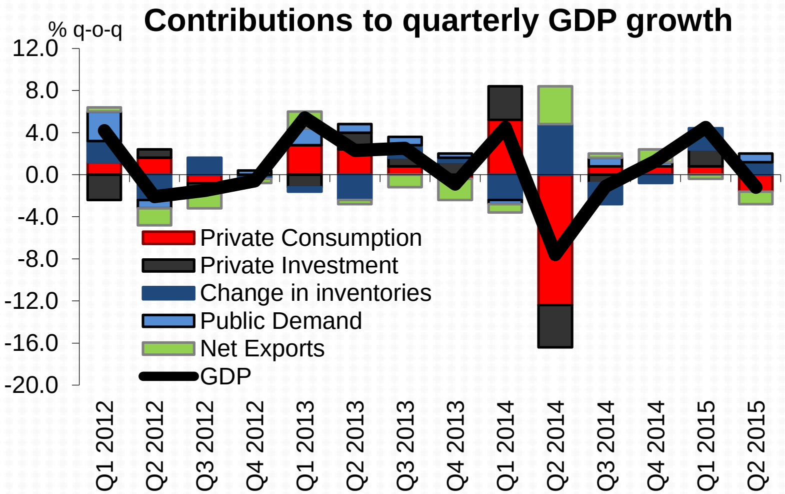
UK back in deflation in September

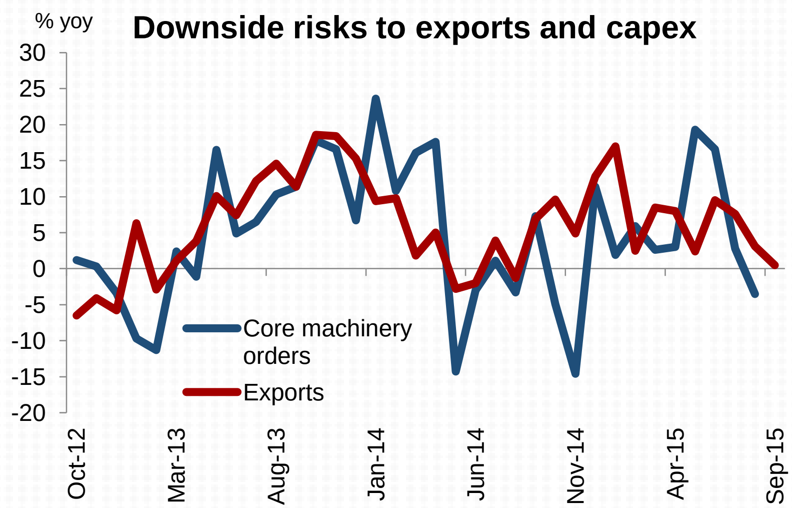


Source: UK Office for National Statistics, Eurobank Economic Research

- According to the preliminary estimate, Q3 GDP eased to 0.5%QoQ from 0.7%QoQ in Q2 2015, mainly due to a slowdown in construction activity. The largest positive contribution came from the services sector, which added 0.6 percentage points. Looking ahead, economic growth is expected to pick up in the coming quarters mainly supported by domestic demand, especially private consumption. For FY-2015, market consensus is for GDP growth of c. 2.5% from 2.9% last year.
- The CPI annual inflation rate fell back into negative territory in September for the second month so far this year, equaling April's historic trough of -0.1%YoY. This was mainly due to lower food and energy prices as well as the well supported GBP, which weighs on inflation through lower import prices. On the assumption that we do not witness a renewed downtrend in commodity prices, UK inflation has probably reached a trough and is expected to start moving slightly higher in the coming months before picking up pace early next year when the base effects from the fall in oil prices in H2 2014 are expected to fade.
- Market focus is on the November 5th MPC meeting which will be accompanied by the release of the updated BoE Inflation Report. With the UK economic uptrend expected to remain on track in the coming months, the labor market is anticipated to tighten further and the underlying upward trend in wage growth to remain intact. Should this be the case, a BoE rate hike in the coming quarters may be on the cards, probably before the end of H1 2016.

Japan: Weakness in exports and capex may lead to a technical recession





Source: Economic and Social Research Institute (ESRI), Eurobank Economic Research

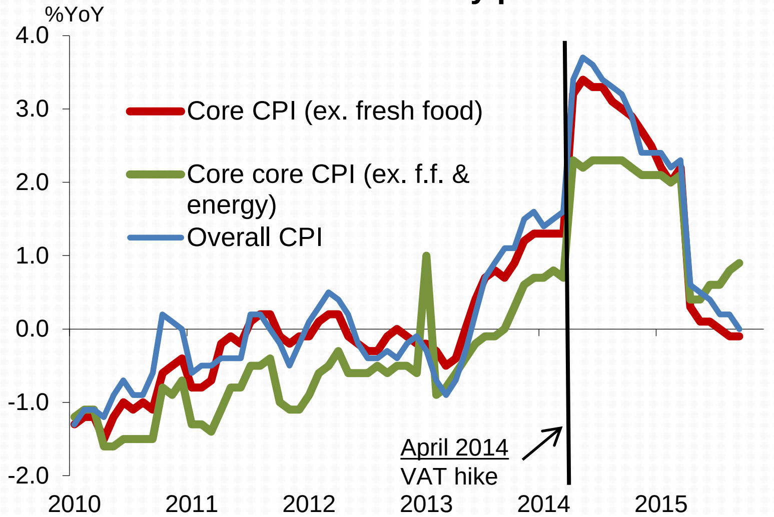
- Real GDP fell by 1.2%QoQ saar in Q2, after 2 consecutive positive quarterly readings, with private consumption declining by 2.7%QoQ saar and, thus, reversing the uptrend recorded since H2 14. Separately, exports plunged 16.6%QoQ saar, snapping a 5-quarter increasing streak.

- August real household spending growth (+2.5%MoM) suggests a likely pick-up in private consumption in Q3, supported by strengthening labor market conditions. That said, the unemployment rate stood at 3.4% in August while the jobs offers/applicants ratio surged to its highest level since 1992 (1.23 from 1.21 in July). Nevertheless, August core machinery orders, which declined for the third month in a row (-5.7%MoM after -3.6%MoM in July), pose downside risks to capex in the quarters ahead. Adding to this, the Cabinet Office cut its assessment for machinery for a second consecutive month, reiterating that "a pause can be seen" in the pickup.

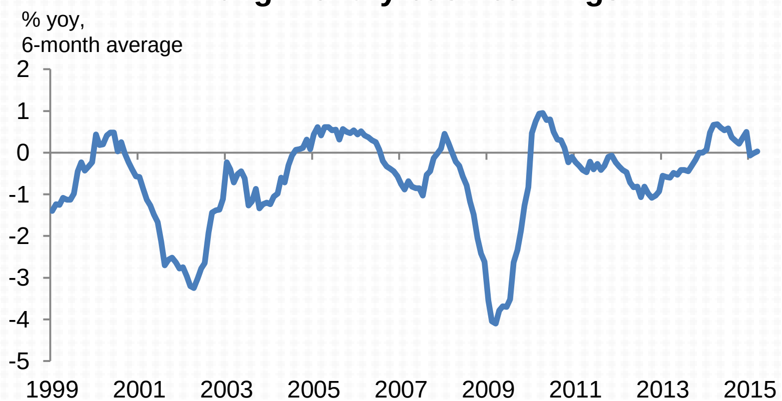
- The Japanese export outlook is negatively affected by economic weakness in China and other emerging market economies, given that Japanese exports to emerging Asia accounted for about half of the country's total exports in 2014 (China represents about 18% of total exports). Against this backdrop, Japanese exports fell 1.7%MoM in September, following a 0.5%MoM drop in August, with the annual export growth decelerating further, to 0.5%, in September from its recent peak of 9.5% in June 2015. Therefore, net trade is expected to continue contributing negatively to GDP growth in H2. The JPY appreciation over the last three months could also have an impact.

Japan: Inflationary pressures have stalled despite the positive trend in wages

Weak inflationary pressures



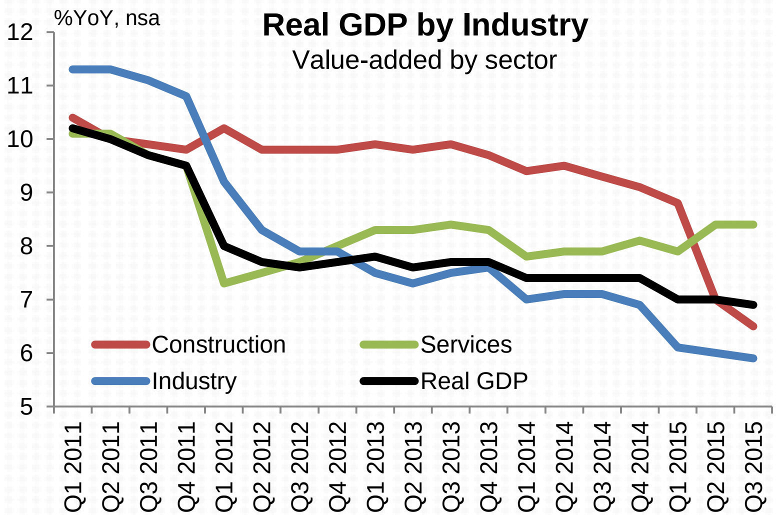
Upward momentum in avg monthy cash earnings

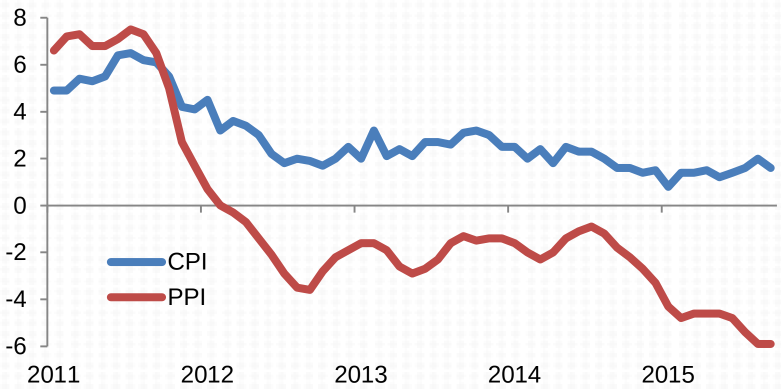


- Despite the Bank of Japan's (BoJ's) commitment to the 2% price stability target, inflationary pressures have recently been anemic due to lower global oil prices and weak demand following the VAT hike. Indeed, the core national CPI (ex fresh food) fell back in negative territory in August and September (-0.1%YoY each).
- The BoJ stayed put on interest rates at this two-day policy meeting on 29-30 October, reiterating its pledge to increase the monetary base at an annual pace of JPY80trn through asset purchases. In its accompanying semi-annual Outlook Report, the BoJ revised lower its inflation forecast for the FY2015 and FY2016 to 0.1%YoY (from 0.7%, previously) and 1.4% (from 1.9%YoY), respectively, and pushed back by around 6 months the time it expects inflation to hit its 2% target (from “around the first half of FY16” to “around the second half of FY16”), supporting the view that the prospect of further policy stimulus in the coming months cannot be ruled out.
- The BoJ also revised downwardly its real GDP growth projection to +1.2% (from +1.7%) for FY2015 and to +1.4% (from +1.5%) for FY2016, largely due to a larger negative impact on domestic demand from the VAT hike and also due to weak foreign demand amid slower economic growth in emerging markets. In this context, we have also downgraded our GDP forecast to 0.6%YoY in CY2015 (from 0.9% previously) and to 1.0%YoY in CY2016 (from 1.4% previously).

Source: Economic and Social Research Institute (ESRI), Eurobank Economic Research

China: Further monetary and fiscal stimulus needed on muted inflation and sluggish growth outlook





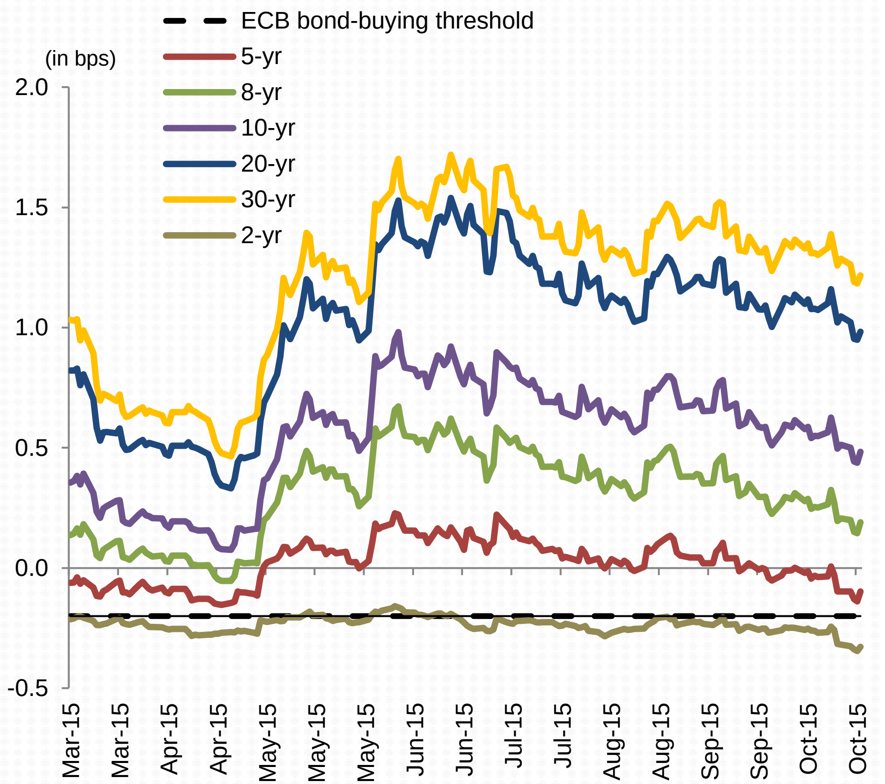
Source: National Bureau of Statistics of China, Eurobank Economic Research

- Real GDP growth slowed to a 6-year low of 6.9%YoY in Q3 from 7.0%YoY in Q1&Q2, with a robust service sector helping to offset continued weakness in industry. We expect real GDP growth rate to decelerate to 6.8% in 2015 and 6.3% in 2016, from 7.3% in 2014, with the said slowdown being highly dependent on the expected rebound in property investment. Meanwhile, the pace of the external demand recovery is of vital importance for the exports growth, manufacturing output and investment.
- Weak export growth (-3.7%YoY in dollar terms in September) weighs on manufacturing output and investment growth. Indeed, industrial production growth decelerating in September to its lowest level since March 2015 (5.7%YoY from 6.1%YoY in the prior month), while both the Official and the Caixin PMI manufacturing indices remained in October below the boom or bust level of 50.0 that represents the borderline between expansion and contraction, signaling ongoing contraction in the Chinese manufacturing sector. Separately, fixed asset investment growth (current prices) slowed to its lowest annual rate of growth in 15 years (10.3%YoY down from 10.9%YoY in August), led by the softness in property investment.
- CPI fell back to 1.6%YoY in September (target of 3.0%YoY), after rising to a 12-month high of 2.0%YoY in the prior month, mainly due to a fall in food price inflation from 3.7%YoY to 2.7%YoY. Meanwhile, PPI remained in September in negative territory (unchanged at -5.9%YoY) as commodity price deflation continues to have a negative impact on the industrial inputs price.
- The People's Bank of China decided on October 23, 2015 to lower interest rates (1y lending rate: to 4.35% from 4.6%, 1y deposit rate: to 1.5% from 1.75%), while the reserve requirement ratio was reduced to 17.50% from 18.00% (165bps and 250bps cumulative cuts since November 2014, respectively). Additionally, the central bank removed a deposit-rate ceiling in order to further liberalize the interest rate market. Monetary policy easing by the PBoC should be accompanied by a fiscal stimulus aimed to reinforce property and infrastructure investment, helping to boost a modest growth rebound towards year-end.

II. Fixed Income

German bond yields likely to remain under pressure in the coming weeks

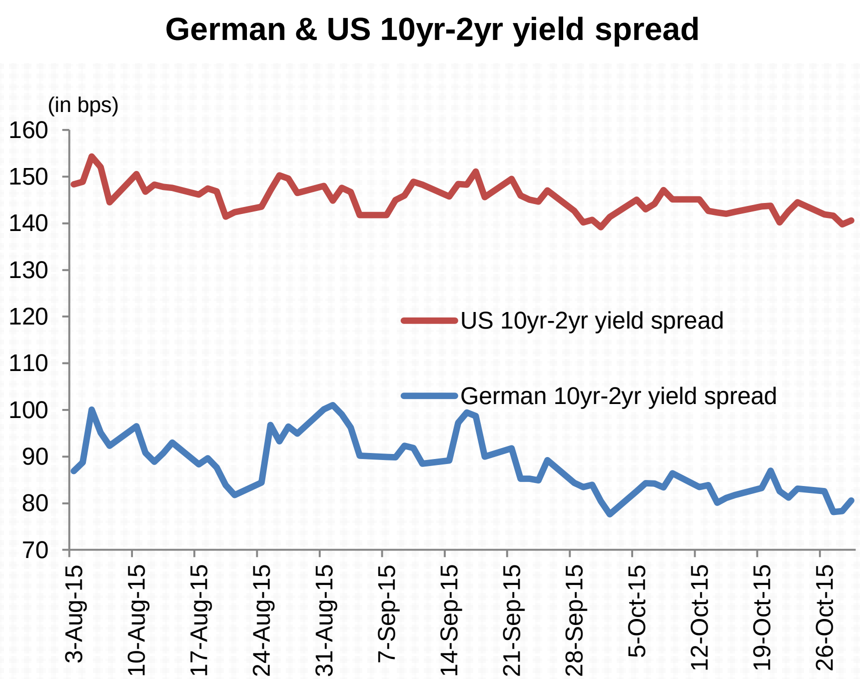
German government bond yields lower across the curve



Source: Eurobank Economic Research, Bloomberg

- Speaking at the press conference following the conclusion of the ECB's October policy meeting, President Mario Draghi adopted a more dovish than expected tone. He emphasized the downside risks to the outlook for growth and inflation and preannounced further monetary policy stimulus at the December meeting when, in conjunction with the release of the updated staff macroeconomic projections, "*the degree of monetary policy accommodation will need to be re-examined*".
- Heightened expectations for further ECB monetary policy stimulus ahead and lingering global growth woes pushed German government bonds lower across the curve over the last few weeks, with the 2-yr yield recording fresh lifetime lows near 0.30%.
- In an environment of lingering concerns about the sustainability of the global economic recovery and ongoing expectations for a more expansionary ECB monetary policy at the next policy meeting on December 3rd, German bond yields are expected to remain under pressure in the coming sessions/weeks. Yet, in view of their recent fast and hefty downside move, any further decline will likely prove limited. Technically, strong support for the 10-yr Bund yield stands at 0.40%.

Bunds expected to outperform US Treasuries on diverging ECB and Fed monetary policy outlooks



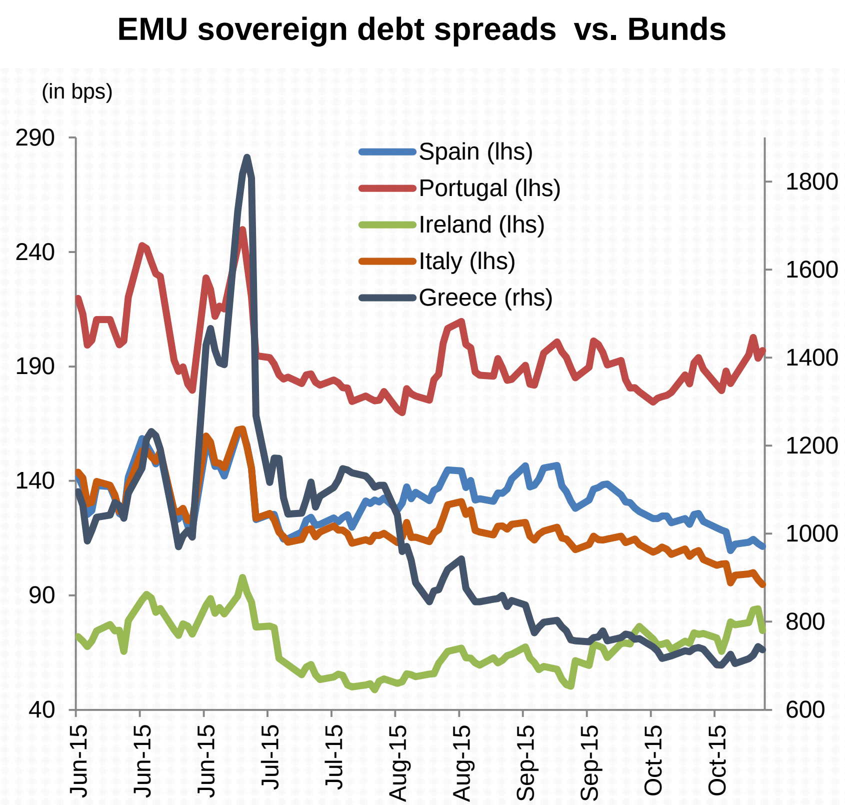
Source: Eurobank Economic Research, Bloomberg

- US Treasury yields moved higher over the last few sessions amid heightened market expectations for a Fed rate hike as soon as the upcoming FOMC policy meeting scheduled for December 15-16. The October FOMC statement signaled that policymakers are less concerned about the impact of oversees events on the domestic economy and, more importantly, made explicit mention on the possibility of a fed rate hike at the December policy meeting.

- UST yields are expected to remain in a rising trend in the coming sessions as we approach the next FOCM meeting, especially in the short end of the curve. This holds provided that the two upcoming US non-farm payroll reports for the month of October and November, scheduled for release until mid-December (November 6th & December 4th) will not yield any major surprise. Long-dated US bond yields will likely outperform on relatively contained inflation pressures, with the 2/10-yr UST yield curve expected to undertake some further bearish steepening.

- In view of diverging ECB and Fed monetary policy outlooks, German Bunds will likely outperform US Treasuries in the coming weeks/months, with the corresponding spread undertaking some widening.

EMU sovereign debt spreads into consolidation mode; domestic political jitters come to the fore

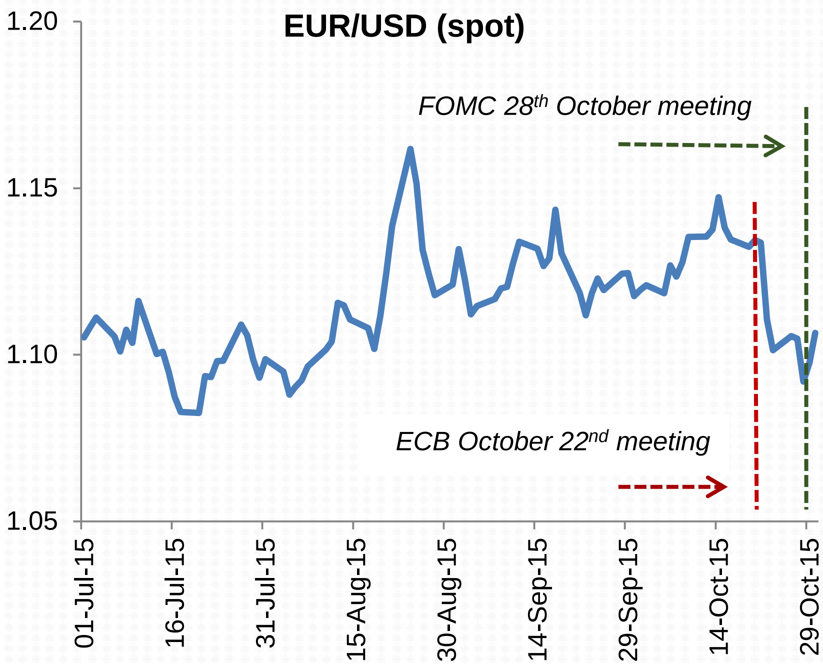


Source: Eurobank Economic Research, Bloomberg

- After hitting year peaks in July, EMU sovereign debt spreads embarked on a narrowing trend thereafter, before stabilizing close to multi-month lows over the last four weeks or so. Domestic political woes came to the fore, preventing any further fall in the yield premiums of some EMU countries, especially Portugal's and Spain's. The October 4th general election in Portugal failed to yield a conclusive outcome, while, in Spain, worries prevail over potential unilateral moves towards the creation of an independent Catalan State after pro-independence parties won an absolute majority in the September 27th regional election.
- Greece was one of the main outperformers over the last few weeks on market optimism over a timely conclusion of the 1st programme review, a key precondition for the initiation of official discussions on additional debt relief measures.
- Looking ahead, EMU sovereign debt spreads should tend to resume their downward trend in the coming weeks, especially if the ECB adopts further policy stimulus at the upcoming monetary policy meeting. This holds on the assumption that domestic political issues would have been resolved, by then.

III. FX Markets

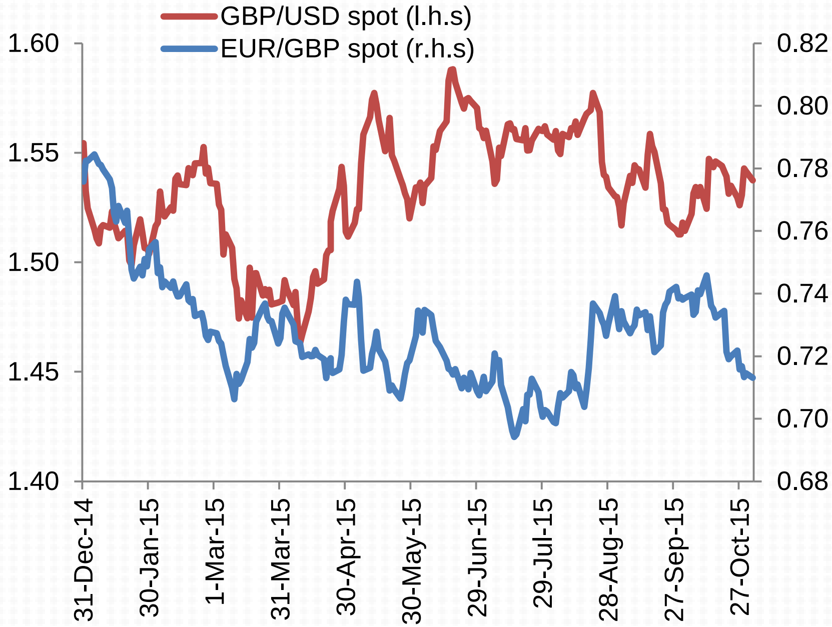
EUR/USD consolidation likely to prevail in the coming sessions/weeks



Source: Eurobank Economic Research, Reuters

- In spite of a recent string of weaker-than-expected US data, the October FOMC meeting policy statement gave strong hints that, under certain conditions, the Fed is on track to increase interest rates at its upcoming meeting in mid-December. Yet, the prospect of the Fed delaying the start of a rate hiking cycle cannot be ruled out completely. US inflation remains well below the Fed's 2% medium-term target, while a couple of US non-farm payrolls reports due ahead of the December FOMC meeting remain a source of concern. On his part, President Mario Draghi made clear in the October ECB press conference that the Governing Council stands ready to adjust the size, composition and duration of the QE programme, if needed.
- Against this background, EUR/USD consolidation within 1.0900-1.13500 will likely prevail in the coming sessions/weeks. Market focus is on the upcoming US non-farm payrolls reports ahead of the mid-December FOMC policy meeting (November 6th & December 4th), as well as on euro area inflation-related data for more clues over the monetary policy deliberations of both the Fed and the ECB.

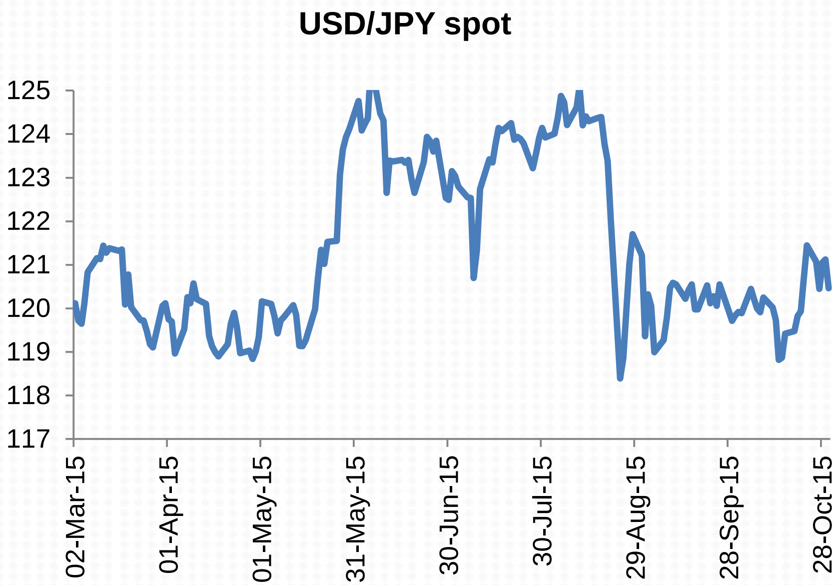
GBP to remain supported amid expectations for higher BoE interest rates in the months ahead



Source: Eurobank Economic Research, Reuters

- The GBP has appreciated against most of its currency peers over the last few weeks, amid increased optimism over the growth prospects of the UK economy following substantial improvement in a recent flurry of domestic economic indicators. A hawkish shift in BoE interest rate expectations also favored.
- The GBP is expected to remain supported on a multi-session/week basis, especially against the EUR, on relative growth differentials between the UK and the euro area economy, as well as on the diverging monetary policy outlook of the BoE vs. the ECB. Technically, strong support for the EUR/GBP stands at the 0.7130 October low ahead of the more crucial 0.7000/50 area.
- Against the USD, any GBP upside potential is likely to be limited, as the Fed is expected to embark on a rate tightening cycle ahead of the BoE.

USD/JPY range trading likely to remain intact in the sessions ahead



Source: Eurobank Economic Research, Reuters

- Although the BoJ stayed put on interest rates at the October 30th policy meeting and reiterated its pledge to increase the monetary base at an annual pace of JPY80trn through asset purchases, expectations for further policy stimulus prevail. Japan's core CPI fell in September for the second consecutive month (-0.1%YoY), while a string of recent domestic data for Q3 have surprised negatively, supporting the view that the Japanese economy may be on the brink of a technical recession after Q2 GDP contracted by 1.2%YoY in Q2.
- Meanwhile, subdued US inflation pressures, the USD's strength and lingering global growth concerns cast a shadow over whether the Fed will decide to deliver the first rate hike in near six years at the December meeting.
- Against this background, USD/JPY trading within 118.00-122.00, a range that has persisted since late October, will likely prevail in the coming sessions/weeks.

IV. Eurobank Macro Forecasts

Eurobank Macro Forecasts

	GDP (YoY%)			CPI (YoY%)			Current Account (% of GDP)			General Budget Balance (% of GDP)		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
World	3.4	3.1	3.6	3.5	3.3	3.4						
USA	2.4	2.5	2.6	1.6	0.1	1.2	-2.2	-2.5	-2.8	-5.3	-4.2	-3.9
Europe												
Eurozone	0.9	1.5	1.6	0.4	0.2	1.0	2.3	2.7	2.6	-2.6	-2.1	-1.8
Belgium	1.1	1.3	1.5	0.5	0.7	1.0	0.1	0.8	1.0	-3.1	-2.6	-2.4
Cyprus	-2.3	1.2	1.6	-0.3	-2.1	-0.4	-5.1	-5.5	-4.5	-0.2	-1.3	0.1
France	0.2	1.2	1.5	0.6	0.1	1.0	-0.9	-0.4	-0.5	-3.9	-3.9	-3.5
Germany	1.5	1.6	1.6	0.8	0.2	1.2	7.4	8.1	7.6	0.3	0.5	0.4
Greece	0.8	-1.0	-1.3	-1.4	-1.3	0.0	1.1	1.0	0.9	-4.3	-3.3	-2.7
Ireland	5.2	4.8	3.8	0.3	0.2	1.4	3.6	5.0	4.7	-3.9	-2.5	-2.0
Italy	-0.4	0.8	1.3	0.2	0.2	0.6	2.0	2.2	2.3	-3.0	-2.7	-2.1
Netherlands	1.0	1.8	1.9	0.3	1.0	1.2	10.6	10.4	10.2	-2.4	-1.9	-1.5
Portugal	0.9	1.6	1.6	-0.2	0.6	1.2	0.5	0.8	1.0	-7.2	-3.1	-2.5
Spain	1.4	3.1	2.6	-0.2	-0.3	0.8	1.0	1.1	1.0	-5.9	-4.6	-3.4
Sweden	2.3	2.8	2.8	0.2	0.5	1.0	6.5	6.5	6.3	-1.9	-1.5	-1.0
Switzerland	1.9	1.0	1.2	0.0	-1.0	-0.3	7.3	8.0	7.0	0.2	0.0	-0.1
UK	2.9	2.5	2.3	1.5	0.1	1.4	-5.1	-4.7	-4.2	-5.4	-4.1	-3.0

Source: Eurobank Economic Research, IMF, EU Commission, Bloomberg

Eurobank Macro Forecasts

	GDP (YoY%)			CPI (YoY%)			Current Account (% of GDP)			General Budget Balance (% of GDP)		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Asia/Pacific												
Japan	-0.1	0.6	1.0	2.7	0.7	0.7	0.5	3.0	2.5	-7.0	-6.5	-6.3
Australia	2.7	2.4	2.8	2.5	1.8	2.5	-3.0	-4.0	-3.2	-2.2	-2.7	-2.2
Emerging Economies												
BRIC												
Brazil	0.1	-3.0	-1.0	6.3	8.8	6.3	-4.5	-3.9	-3.3	-4.0	-7.7	-6.7
China	7.3	6.8	6.3	2.0	1.5	1.8	2.1	2.8	2.8	-1.8	-2.0	-2.3
India	7.3	7.3	7.4	5.9	5.4	5.5	-1.3	-1.4	-1.4	-7.0	-7.2	-7.0
Russia	0.6	-3.8	-0.6	7.8	15.8	8.6	3.2	5.0	5.0	-0.7	-3.5	-2.5
CESEE												
Bulgaria	1.7	2.1	2.5	-1.4	0.2	0.8	0.9	2.0	1.5	-3.8	-3.0	-2.5
Romania	2.9	3.4	3.8	1.1	0.1	2.4	-0.4	-0.5	-1.5	-1.9	-1.9	-2.8
Serbia	-1.8	1.0	2.0	2.1	1.7	3.5	-6.0	-4.3	4.1	-6.7	-3.5	-4.6

Source: Eurobank Economic Research, IMF, EU Commission, Bloomberg

Eurobank Fixed Income Forecasts

	Current (Nov. 2)	December	March	June	September
USA					
Fed Funds Rate (%)	0.05%	0.19%	0.32%	0.45%	0.56%
1 m Libor (%)	0.19%	0.28%	0.41%	0.52%	0.69%
3m Libor (%)	0.33%	0.38%	0.53%	0.67%	0.82%
2yr Notes (%)	0.74%	0.80%	0.93%	1.09%	1.43%
10 yr Bonds (%)	2.18%	2.20%	2.26%	2.32%	2.43%
Eurozone					
Refi Rate (%)	0.05%	0.05%	0.05%	0.05%	0.05%
3m Euribor (%)	-0.07%	-0.09%	-0.13%	-0.15%	-0.16%
2yr Bunds (%)	-0.32%	-0.31%	-0.30%	-0.27%	-0.22%
10yr Bunds (%)	0.53%	0.55%	0.58%	0.61%	0.67%
UK					
Repo Rate (%)	0.50%	0.50%	0.67%	0.75%	0.85%
3m (%)	0.58%	0.61%	0.66%	0.71%	0.81%
10-yr Gilt (%)	1.94%	1.98%	2.03%	2.09%	2.18%
Switzerland					
3m Libor Target (%)	-0.75%	-0.82%	-0.89%	-0.93%	-0.94%
10-yr Bond (%)	-0.29%	-0.28%	-0.26%	-0.25%	-0.18%

Source: Eurobank Economic Research, Global Markets Trading

Eurobank FX Forecasts

	2015		2016			
	Current (Nov. 2)	December	March	June	September	December
EUR-USD	1.1030	1.0900	1.1000	1.1200	1.1500	1.2000
USD-JPY	120.50	121.00	119.00	117.00	115.00	115.00
EUR-JPY	132.91	131.89	130.90	131.04	132.25	138.00
GBP-USD	1.5427	1.5352	1.5714	1.5556	1.5333	1.6000
EUR-GBP	0.7150	0.7100	0.7000	0.7200	0.7500	0.7500
USD-CHF	0.9871	1.0000	1.0000	0.9821	0.9739	0.9583
EUR-CHF	1.0888	1.0900	1.1000	1.1000	1.1200	1.1500
USD-CAD	1.3100	1.3200	1.3200	1.3300	1.3400	1.3400
USD-AUD	0.7150	0.7200	0.7200	0.7500	0.7700	0.7800
USD-NZD	0.6750	0.6600	0.6600	0.6800	0.7000	0.7100
EUR-SEK	9.3860	9.40	9.50	9.50	9.50	9.50
EUR-NOK	9.3320	9.35	9.30	9.20	9.20	9.20

Source: Eurobank Economic Research, Global Markets Trading

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