Eurobank Monthly Global Economic & Market Monitor

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Eurobank

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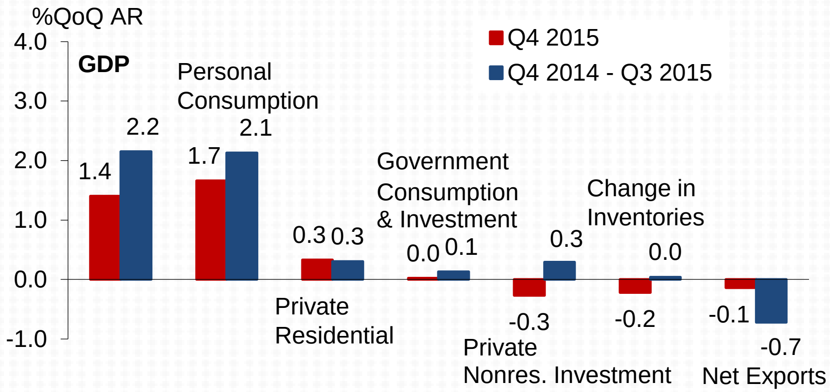
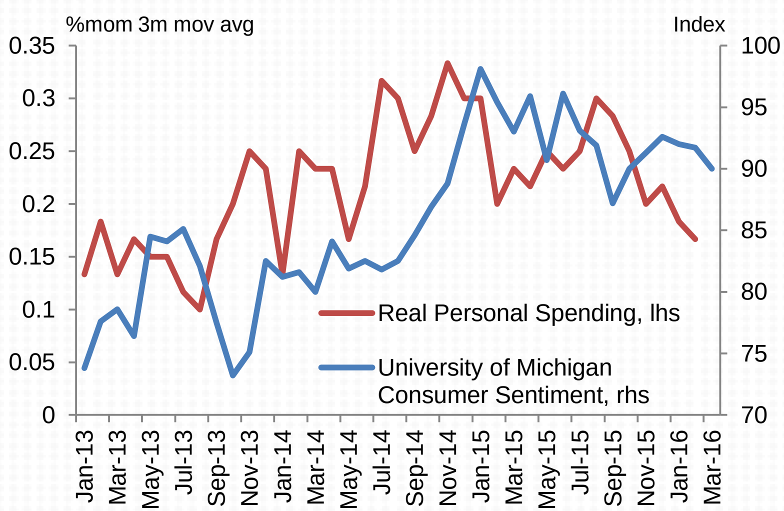
I. Economics

US: Soft US growth outlook amid inventory correction, weak capex and sluggish external demand

Upward revision in Q4 GDP on higher private consumption and residential investment



Sluggish personal consumption growth in Q1 2016



Source: US BEA, University of Michigan, Eurobank Economic Research

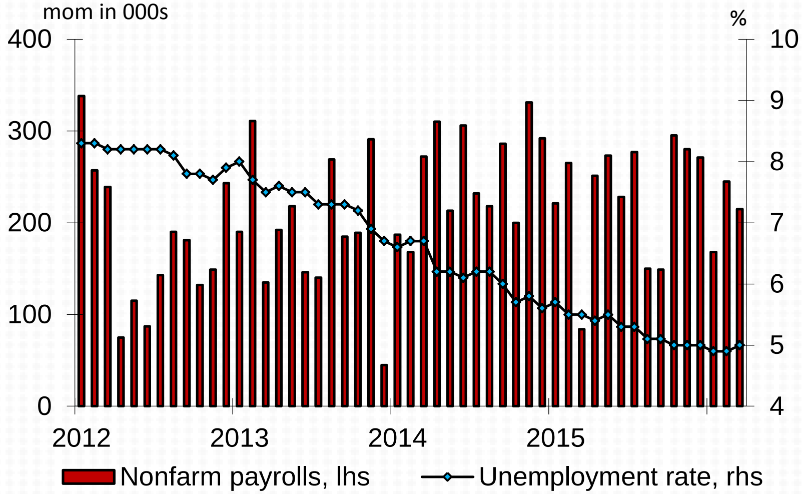
- According to the BEA' s third estimate, Q4 2015 GDP was revised upwardly to 1.4%QoQ saar from 1.0%QoQ saar in the second estimate, mainly due to private consumption growth which was reassessed to 2.4%QoQ saar from 2.0%QoQ saar previously on higher durable goods and services expenditures. Elsewhere, residential investment was marked higher (to 10.1%QoQ saar from 8.0% previously) and net exports were also revised up slightly, although gross private investment and inventory accumulation proved lower than previously estimated.

- Despite recent encouraging signs that the US manufacturing sector may be stabilizing at the beginning of 2016, real personal consumption data in the first two months of the year reawakened concerns about decelerating US growth. In more detail, manufacturing output rose 0.2%MoM after a 0.5%MoM increase in the prior month, while the ISM manufacturing index rose for a second month in a row to 49.5 in February from 48.2 in January, its highest level since September 2015. Nevertheless, the modest upside surprise to February spending (+0.2%MoM) was overshadowed by a larger downward revision to January's reading, suggesting a rather sluggish start in Q1 16.

- We expect personal consumption to remain the main driver of growth, supported by a robust US labor market. Employment growth has averaged about 230k per month over the last year, with diminishing slack and labor market approaching full employment. Nevertheless, the US growth outlook remains relatively soft, as weak private-sector investment in machinery and equipment (especially for the energy sector), weaker global demand and the ongoing inventory correction will continue to weigh on the US domestic economic activity. Overall, we expect real GDP growth to decelerate to 2.0% in 2016 from 2.4% in 2015.

USA: Higher interest rates by year-end are likely, despite downside risks to the outlook

Solid March payrolls gains, though labor force participation rise boosts unemployment



Modest acceleration in wage growth

Source: US BEA, Federal Reserve, Eurobank Economic Research

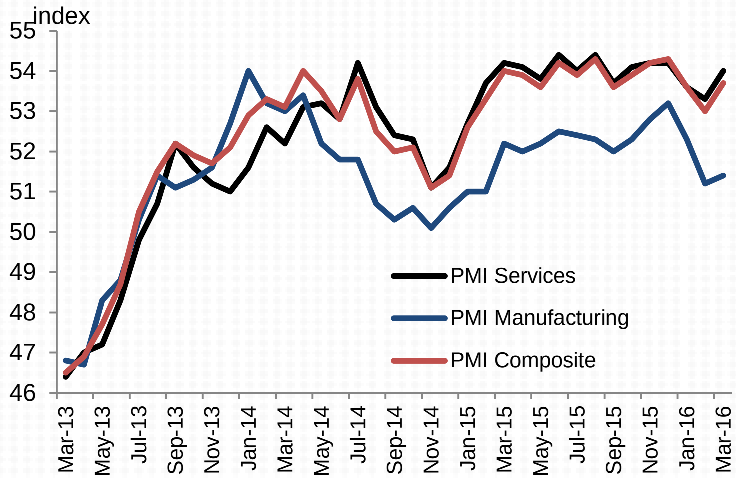
- US nonfarm payrolls increased by a higher-than-expected 215k in March, driven by a strong increase in the private service-providing sector that added 199k jobs on the month. On the flipside, manufacturing employment fell by 29k, as goods-producing sectors continued to face headwinds from decelerating global growth. Labor force participation rate increased to 63.0% from 62.9% in February, resulting in an increase in the unemployment rate to 5.0% from 4.9% in the prior month.

- As widely expected, the Fed kept the target range for the fed funds rate unchanged at 25-50bp at its 15-16 March meeting. The Committee upgraded its assessment of economic activity in the post-meeting statement, stating that -despite soft business fixed investment and net exports- activity has been expanding at a moderate pace, supported by moderate household spending, an improved housing market and additional strength in labor market conditions. Although the recent core inflation readings have surpassed market expectations, the committee acknowledged that inflation continued to run below the Committee's 2% longer-run objective, with market-based measures of inflation compensation remaining low and survey-based measures of longer-term inflation expectations little changed in recent months. Removing the text about the balance of risks, the Fed highlighted the risks from global economic and financial developments.

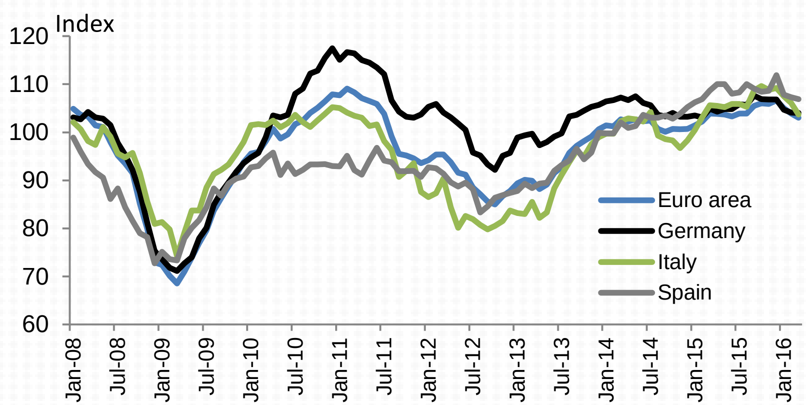
- The "dots", which indicate the Committee's assessment on appropriate monetary policy, took a dovish shift with the FOMC's median for end-2016 implying two rate hikes, down from four as of December 2015, i.e. a 50bp cut. As a result, the median dot by year-end 2016 currently stands at 0.9%, from 1.4% in December. Meanwhile, Addressing the Economic Club of New York yesterday, the Fed Chair Janet Yellen stressed that weak global growth, low oil prices and uncertainty about China's growth prospects imply that the Fed should proceed with a more cautious path, than was previously communicated, in lifting interest rates, highlighting that it is too early to assess whether the recent increase in US inflation will prove lasting against the backdrop of looming global risks. Along these lines, we expect fed funds rates to move higher by year-end, starting in early H2 at the earliest, provided that inflation is trending higher, accompanied by faster wage growth and higher inflation expectations.

Euro area: Resilient to global headwinds, but moderate rates of growth continue

March PMIs rebounded from a 13-month low,…



but ESI fell for a third consecutive month



- The euro area economy has continued to show resilience to weaker global demand and financial market tensions, but slow cyclical economic recovery carried on into early 2016. Downside risks to the outlook have increased amid market jitters around banks that could exert downward pressure on bank lending and domestic demand. Yet, the ECB's bold package of easing measures should help containing any impact of these risks.

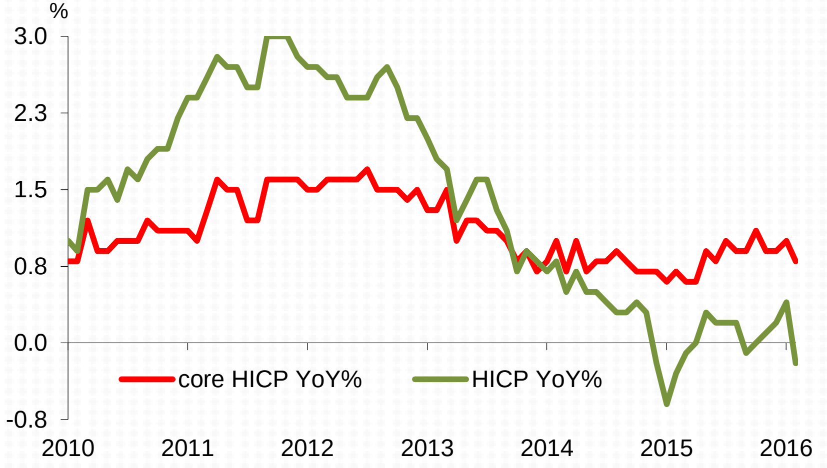
- Recent economic indicators have so far been mixed in Q1 2016. Euro area industrial production rose significantly in January by 2.1%MoM accompanied by upward revisions in the December and November data, bringing the annual growth rate to 2.8%YoY, up from -0.1%YoY in the prior month. Meanwhile, flash composite PMIs increased more than expected in March by 0.7 point to 53.7, rebounding from February's 13-month low. The said improvement was mainly due to stronger business expectations, while new orders remained close to a one-year low and inventories continued to increase in line with demand weakness. On the flipside, the Economic Sentiment Indicator registered the third consecutive drop to 103.0 points in March, due to lower confidence among households and firms in the services and construction sectors.

- We continue to expect that domestic demand will remain the main pillar of growth, supported by very accommodative monetary stance, a somewhat expansionary fiscal policy, improving labor markets dynamics and low oil prices. Given weaker global growth and the fading positive effect of sharp euro depreciation in H2 2014 and the beginning of 2015, exports weakness will probably continue to dominate during the first half of 2016. Overall, we expect real GPD growth to decelerate to 1.4% in 2016 from 1.5% in 2015, with still high levels of public debt and a slow progress on structural reforms.

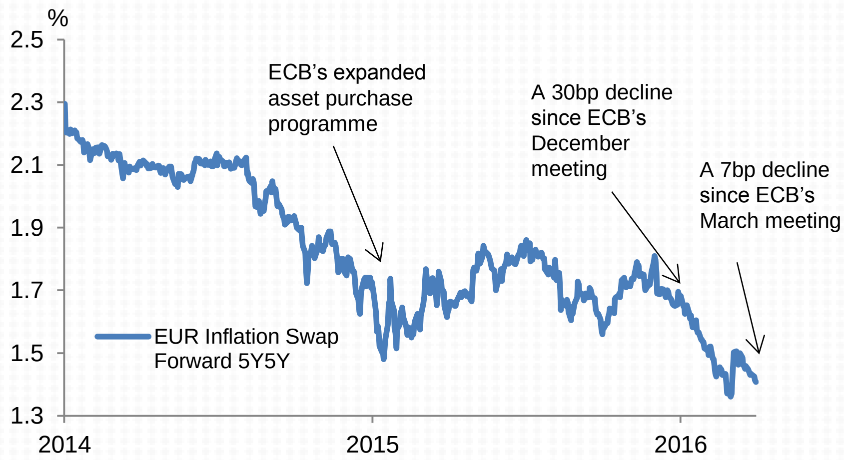
Source: ECB, Eurostat, Eurobank Economic Research

Euro area: ECB's bold package of monetary easing measures to limit downside risks to growth and inflation

Headline inflation falls back into negative territory



Market inflation expectations at historical low levels

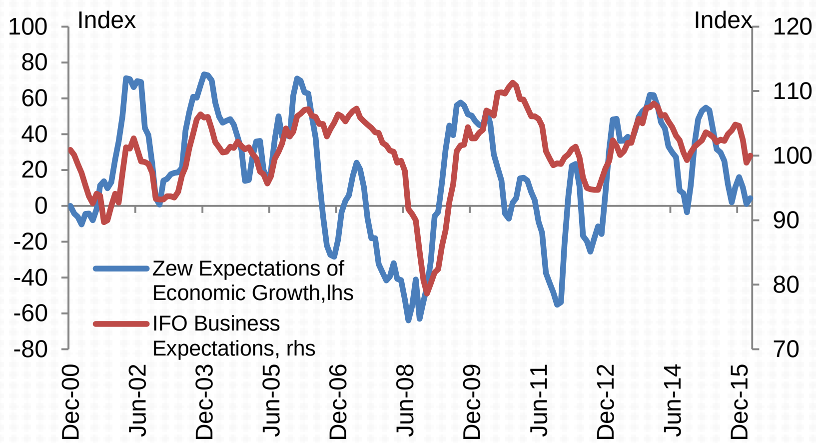


- At its regular monetary policy meeting on 10 March, the ECB Governing Council announced a bold package of monetary easing measures, including a cut in all key interest rates aiming to boost domestic economic activity and counteract heightened risks on its price stability objective. More specifically, the interest rate on the main refinancing operations of the Eurosystem and the interest rate on the marginal lending facility were unexpectedly decreased by 5bp each to 0.00% and 0.25%, respectively, while the deposit facility rate was lowered by 10 basis points to -0.40% as anticipated, all effective from 16 March 2016.
- The monthly QE purchases were increased by a higher than expected €20bn to €80bn starting in April 2016 and scheduled to run until March 2017, taking the total size of the asset purchase programme to €1,740bn. Meanwhile, the issuer and issue share limits for the purchases of securities issued by eligible international organizations and multilateral development banks was both increased from 33% to 50%. To facilitate the increase in monthly QE purchases, the ECB decided to include investment grade euro-denominated bonds issued by non-bank corporations in the pool of eligible assets in the QE programme starting in June 2016. Last but not least, the ECB decided to launch a new series of four targeted longer-term refinancing operations (T-LTRO II) each with a maturity of four years, starting in June 2016. The interest rate under LTRO II will be fixed at the main refinancing operations rate prevailing at the time of the allotment, although for banks whose lending exceeds a benchmark the said rate could be as low as the deposit facility rate. Counterparts will be allowed to borrow a total of up to 30% of non-mortgage loans provided to euro area non-financial corporations and households as at the end of January 2016.
- The new round of stimulus package could provide cheap term funding and strong liquidity insurance for banks, providing strong incentive for them to increase lending. Should the ECB decide to ease monetary policy further due to a worsening of the growth or/and the inflation outlook, we would expect more quantitative and credit easing measures and not further depo rate rate cuts, given the ECB's increased concerns about potential adverse spillovers of negative interest rates on the profitability of the European banks.

Source: ECB, Eurostat, Eurobank Economic Research

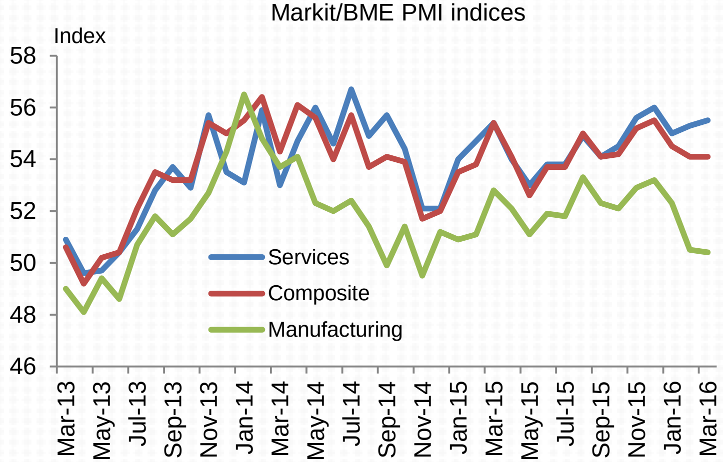
Germany: Private and public consumption constitute the main growth driver

German Zew and IFO expectations



German confidence has stabilized in March

Markit/BME PMI indices



Source: Eurostat, Markit, Eurobank Economic Research

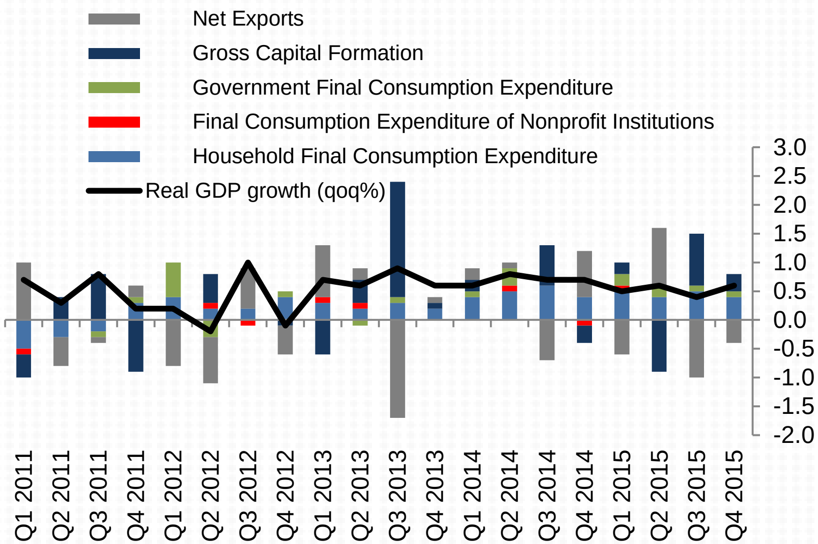
- German industrial production rose by 2.9%MoM in January, buoyed by strong gains in the manufacturing and the construction sectors, suggesting that real GDP has probably expanded at a fairly faster rate in Q1 2016 compared to the prior quarter. The unusual mild winter weather that resulted in a construction surge and a statistical working-day effect at the turn of the year had a notable impact. German composite PMI remained unchanged at 54.1 in March, as a slight rise in services was offset by a small decline in manufacturing output.

- Meanwhile, the IFO business climate indicator came in higher than expected in March (at 106.7 from 105.7 in February), rising for the first time in the last four months. Both business expectations and the current situation assessment increased, from 98.9 to 100.0 and from 112.9 to 113.8, respectively. Elsewhere, the picture from the ZEW financial investor survey was rather mixed. Although the expectations component rose from 1.0 to 4.3, the current situation assessment fell to a 14-month low of 50.7 from 52.3 in the prior month. According to the IFO Institute, the uncertainty about the economic outlook of important emerging economies, coupled with oil prices and the external value of the euro, continue to call for caution.

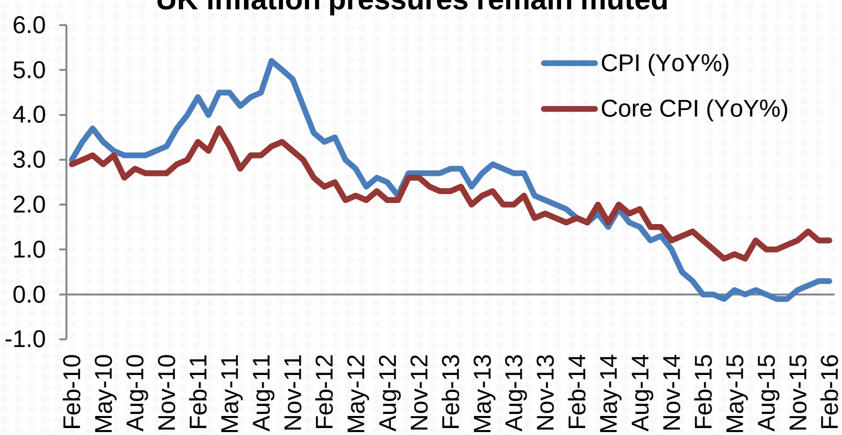
- We maintain our 2016 real GDP forecast at 1.6% from 1.7% in 2015, with private and public consumption remaining the main drivers of growth, with the former benefitting from improving labor market conditions and the latter from additional migrant public expenditures. Downside risks to the outlook include persistence financial market volatility and geopolitical uncertainties that could weigh on German exports.

Market uncertainty on the outcome of the EU referendum on the UK's membership poses downside risk to domestic economic activity

Contributions to quarterly GDP growth



UK inflation pressures remain muted



Source: UK Office for National Statistics, Eurobank Economic Research

- UK real GDP is expected to lose some momentum in 2016, primarily driven by an anticipated slowdown in business investment as a result of lingering uncertainty about the outcome of the June 23rd referendum on the country's EU membership. The ongoing fiscal tightening and subdued world trade growth also pose downside risks to the domestic economic activity. After growing by 2.2% in 2015, we now expect a real GDP annual growth rate of 1.9% for this year, downwardly revised from 2.1% previously. Both the Markit/CIPS manufacturing and services purchasing managers' indices dropped sharply in February to the lowest level since early 2013 (50.8 and 52.7, respectively) mainly due to uncertainty generated by the impending referendum. Along these lines, recent industrial and construction related data disappointed, with the Market/CIPs construction PMI unexpectedly dipping to a 10-month low in February (54.2) and manufacturing output volumes -according to the Confederation of British Industry's survey- recording in the three months to March the biggest decline in nearly seven years.

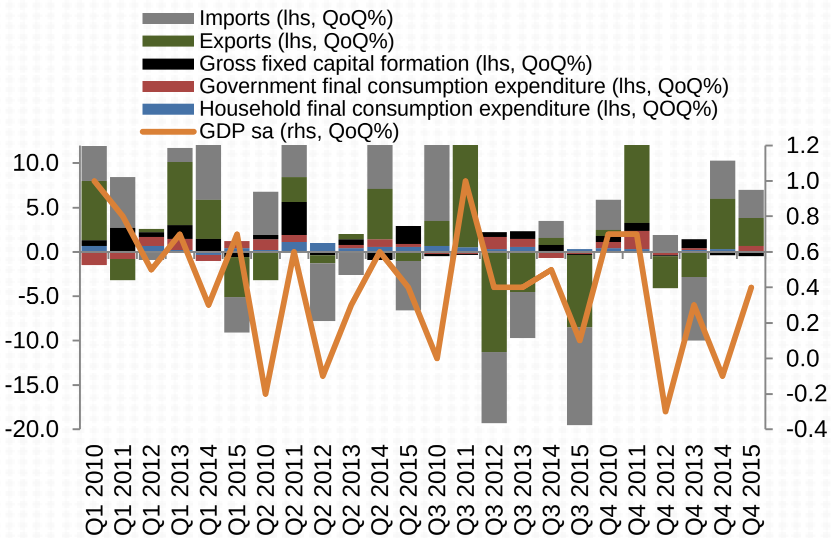
- UK CPI headline and core inflation were unchanged at 0.3%YoY and 1.2%YoY, respectively, in February, as lower transport prices were offset by higher prices on food and non-alcoholic beverages. Looking ahead, inflation is expected to pick up in the coming months, albeit slowly, on the back of higher oil prices and GBP depreciation. CPI headline is expected to average 0.8%YoY in 2016, up from flat in 2015, but still below the BoE's 2.0% inflation target.

- In an environment of a slowing domestic economy, lingering EU referendum uncertainty and subdued inflationary pressures, the BoE is unlikely to push interest rates higher before Q2 2017.

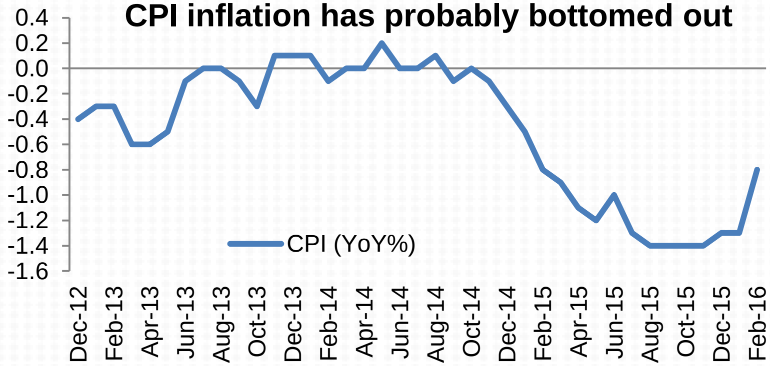
Swiss real GDP expected to accelerate in 2016; inflation has probably bottomed-out

Eurobank

Switzerland's real GDP components (QoQ%)



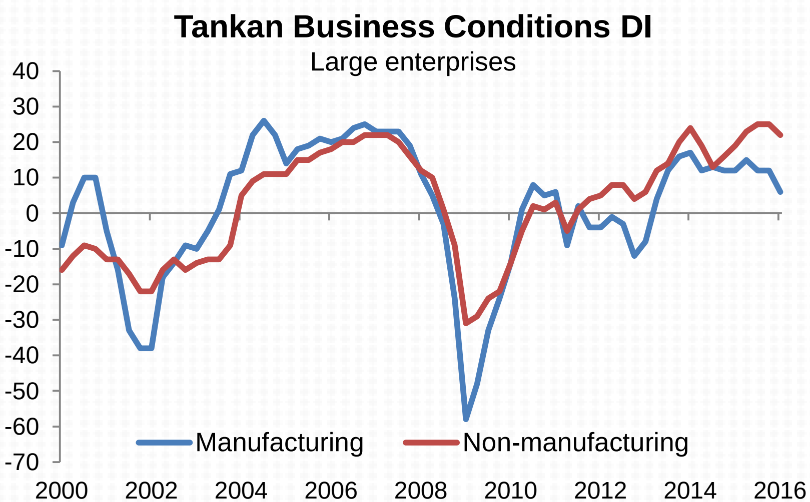
CPI inflation has probably bottomed out

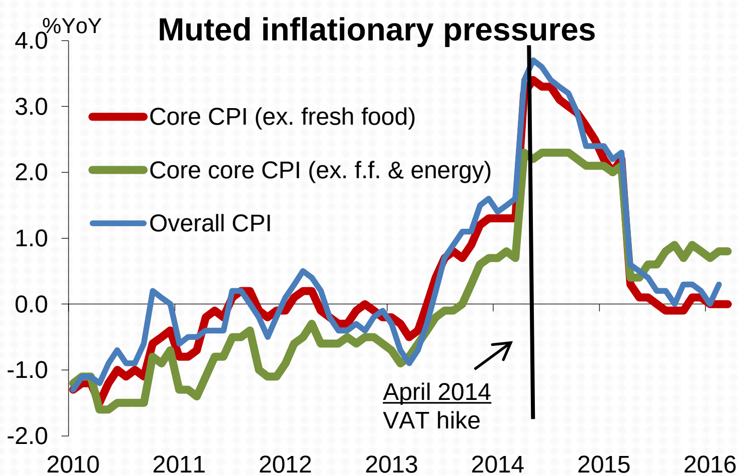


Source: Eurobank Economic Analysis and Financial Markets Research, Bloomberg

- A string of soft data has surprised slightly positively lately (PMI manufacturing, SECO consumer confidence), supporting the view that, after growing by 0.9% in 2015 (provisional data), Switzerland's real GDP is likely to gain some momentum in 2016 rising to 1.1%. Exports growth is likely to accelerate, supported by a moderate decline in the CHF trade-weighed index, as well as expectations for an ongoing recovery in the euro area (the euro area constitutes one of Switzerland's largest trading partners with ca. 21% of exports shipped to Germany and ca. 55% in the whole euro area). In addition, after recording the slowest pace of growth in nearly a year in Q4 2015, personal consumption is likely to accelerate, capitalizing on relatively robust real income growth.
- Inflation appears to have bottomed out, with headline CPI surprising slightly to the upside in January coming in at -0.8%YoY, 6bp higher compared to an all time low recorded for four consecutive months in late 2015 (August to November). After recording the steepest annual drop on records in 2015 (-1.1%YoY), inflation is expected to move higher in 2016, with headline CPI averaging -0.3%YoY.
- At the March 17th monetary policy, the SNB stayed put on interest rates, encouraged by the EUR/CHF's modest appreciation following comments by President Mario Draghi at the March 10th post-meeting press conference that the ECB does not consider cutting interest rates further. The SNB remains of the view that the CHF is "significantly overvalued", but should the currency come under renewed upward pressure the Central Bank will likely prefer to use alternative tools (e.g. FX intervention) rather than further lowering interest rates. That said, we expect the SNB to maintain its wait-and-see stance in the coming months.

Japan: Sluggish trend continues, with weaker global growth and a firmer JPY posing downside risks





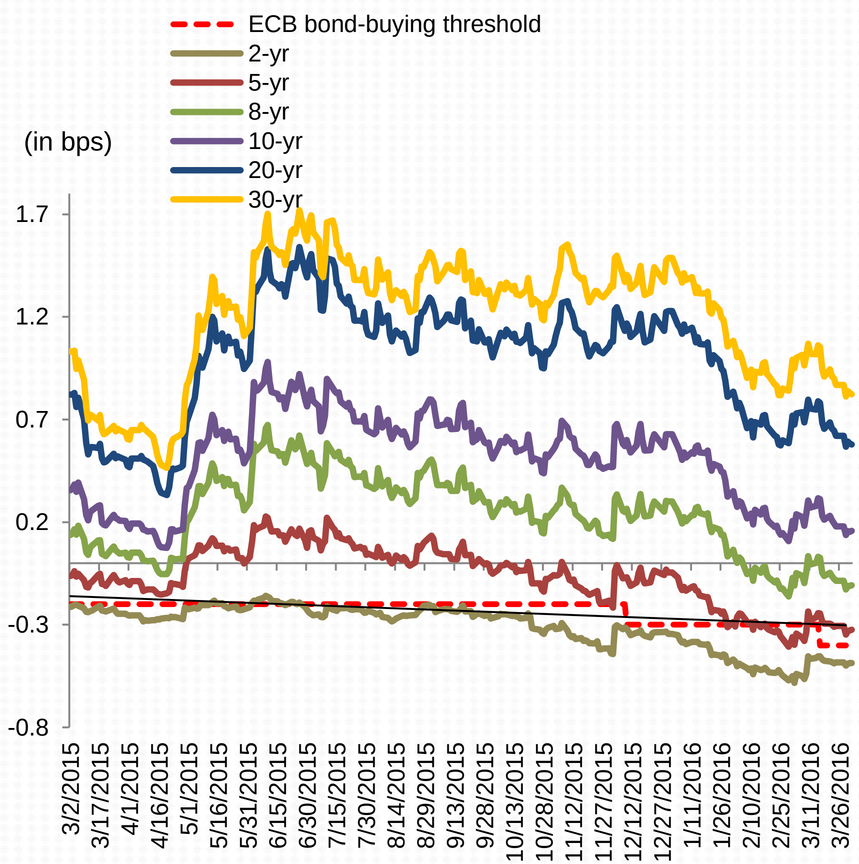
- Q4 2015 real GDP growth was revised slightly upward to -0.3%QoQ in the second preliminary estimate from -0.4%QoQ initially mainly due to an upward revision in private inventory investment. Adding to the negative tone of real economic activity data, the Ministry of Finance's (MoF) corporate survey for Q4 2015 revealed that sales for all industries (excluding financial institutions and insurance firms) declined 1.6%QoQ sa, the fourth successive quarterly decline, with the annual rate of growth (-2.7%YoY) experiencing its first drop in three quarters. Furthermore, recurring profit also fell 1.5%QoQ, down for a second consecutive quarter, while the JPY's appreciation since January has probably further weighed on manufacturer profits with potential negative spillovers on this spring's wage negotiations and hiring plans.
- Following a negative GDP reading in Q4 2015, recent high-frequency indicators suggest that the Japanese economy may have entered a technical recession in Q1 2016 (i.e. two consecutive quarters of negative real GDP growth). Supporting the above, industrial production (IP) declined by 6.2%MoM in February with the annual growth rate at –1.5%YoY. Although the February plunge was partly due to a six-day closure of a large auto manufacturer, IP was particularly weak on the month even after taking this factor into account.
- Meanwhile, the BoJ's Tankan survey deteriorated in Q1, with large manufacturers experiencing the largest decline since late 2012. Meanwhile, the future business expectations DI, which gauges the outlook for the next three months, declined more than expected revealing a more cautious stance than in the latest survey for both large manufacturers and non-manufacturers.
- We have downgraded our 2016 GDP growth forecast to 0.7% from 0.8% previously, due to a worsening growth outlook at the beginning of 2016 and a firmer JPY. Further monetary policy easing measures are likely towards H2 2016, given increased downsize risks to the economy and prices.

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

II. Fixed Income

ECB's March comprehensive monetary stimulus package keeps downward pressure on German bond yields

German government bonds retain a firm tone

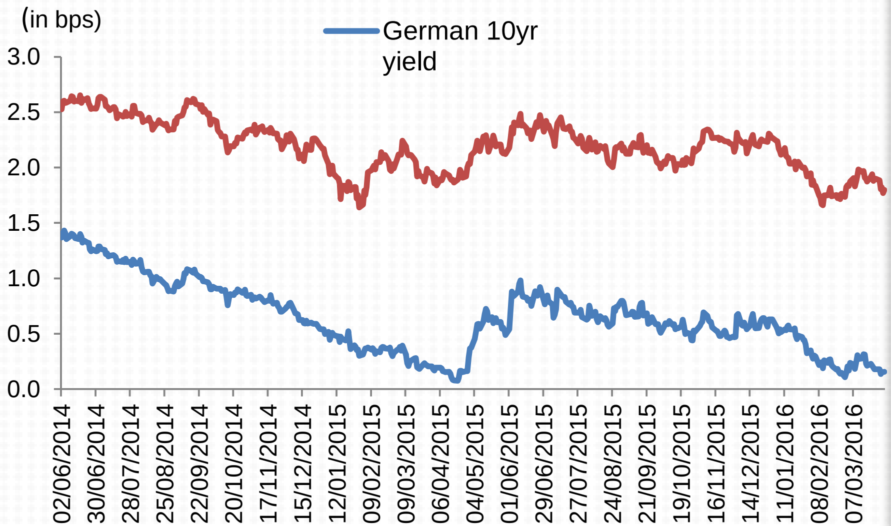


Source: Bloomberg , Eurobank Economic Analysis and Financial Markets Research

- German government bonds retained a firm tone over the last few weeks, assisted by a bolder than expected comprehensive package of monetary stimulus by the ECB at its March monetary policy meeting. The main refinancing rate and the marginal lending rate were both cut by 5bps to 0.0% and 0.25%, respectively, while the overnight deposit rate was lowered by 10bps to -0.40%. Furthermore, the ECB announced a new series of four targeted longer-term refinancing operations (TLTRO II) starting in June 2016, each with a maturity of four years. Monthly asset purchases were raised by €20bn to €80bn starting from April while investment grade euro-denominated bonds issued by non-bank corporations were included in the pool of assets eligible for regular repurchases.
- With the ECB's large monetary stimulus package continuing to have an impact on market sentiment towards German government paper, bond yields are expected to remain under pressure in the coming sessions. Meanwhile, amid lingering concerns about the global growth outlook, Brexit jitters and persistently subdued euro area inflation pressures, market participants do not rule out the likelihood of additional ECB policy stimulus in the months ahead. Should the ECB adopt a more dovish stance or/and Brexit worries mount, the 10-yr Bund yield could potentially retest 0.05% April 2015 record low, triggering some further bullish flattening in the 2/10 Bund yield curve.

US Treasury yields likely to range trading, as investors await more clues about the timing of the next Fed rate hike

German & US 10yr yield spread

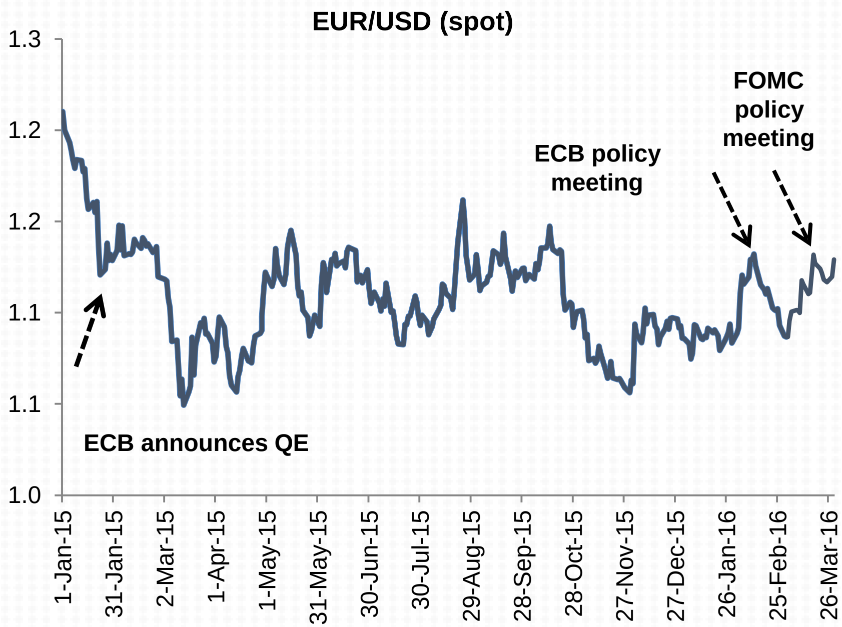


Source: Bloomberg, Eurobank Economic Analysis and Financial Markets Research

- As its March 15-16 policy meeting, the Fed stayed put on interest rates and, although one policymaker dissented in favor of a hike, the tone of the accompanying statement, the updated economic projections and the assessment of appropriate monetary policy were perceived as more dovish than expected. The FOMC statement, in line with recent comments by Fed Chair Janet Yellen in a speech to the Economic Club of New York, unexpectedly included a dovish twist, highlighting the risks from global economic and financial market developments. Furthermore, the FOMC members' interest rate projections suggested that the pace of rate hiking will be more gradual than previously expected, while the median forecasts for the core PCE inflation in 2016 and 2017 were revised lower, even though the majority of inflation-related measures have been surprising on the upside in recent months. The bottom line of the above is that the Fed is in no rush to push interest rates higher.
- With market participants awaiting more clues about the timing of the next FOMC rate hike, volatile range-trading is likely to prevail, with the 10-yr US Treasury yield likely to remain trapped within the 1.60%-2.00% area.
- On the view that the prospect of further policy stimulus by the ECB in the coming months cannot be ruled out completely, especially in case inflation pressures remain well subdued, German Bunds will likely continue to outperform US Treasuries. Technically, strong resistance for the 10-yr corresponding spread stands at c. 178bps (around 10bps higher from current levels).

III. FX Markets

Uncertainty about the ECB's policy deliberations ahead, likely cap EUR/USD upside momentum



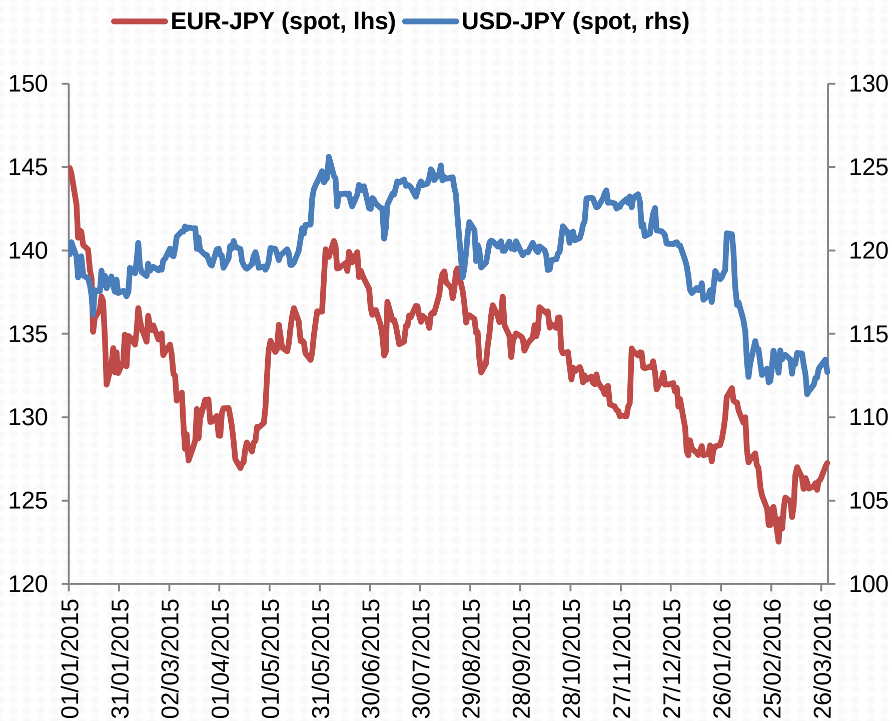
Source: Eurobank Economic Analysis and Financial Markets Research , Reuters

- The Fed leaned towards a more dovish than expected stance at the March 15-16 meeting. The median 'dot' forecasts for the Fed funds rate by end 2016 was revised downwards by 50bps to 0.9% from 1.4% previously, implying two rate hikes compared to four projected earlier. Furthermore, in the accompanying statement, the Fed stressed that "global economic and financial developments continued to pose risks", with Fed Chair Janet Yellen highlighting in a recent speech at the Economic Club of New York that weak global growth, low oil prices and uncertainty about China's growth prospects imply that the Fed should proceed with a more cautious path, than was previously communicated, in lifting interest rates.

- On its part, the ECB surprised markets with a bolder than expected comprehensive package of monetary stimulus at the March 10th monetary policy meeting, aiming to boost domestic economic activity and counter risks on its price stability objective. Interestingly, President Mario Draghi signaled during the press conference that the ECB does not plan to cut interest rates further and instead will shift its focus on the adoption of additional unconventional policy tools, if needed.

- After hitting multi-week lows near 1.0800 on March 10th ahead of the conclusion of the ECB meeting, the EUR/USD gained some ground thereafter marking 2016 ytd high of 1.1411 on March 31st following Fed Chair Janet Yellen's dovish comments that triggered a downward shift in short-term rate hike expectations. Tighter financial conditions and weaker global economic growth are likely to prevent the Fed from raising interest rates further any time soon. Meanwhile, the prospect of further ECB monetary stimulus in the coming months cannot be ruled, in case of persistently subdued euro area inflation pressures. Against this background, there is little to suggest that the EUR/USD is poised for further significant gains from current levels, while investors await more clues about the ECB's policy deliberations ahead. Technically, the next target major for EUR-bulls stands at 1.1500 (Oct. 16 peak).

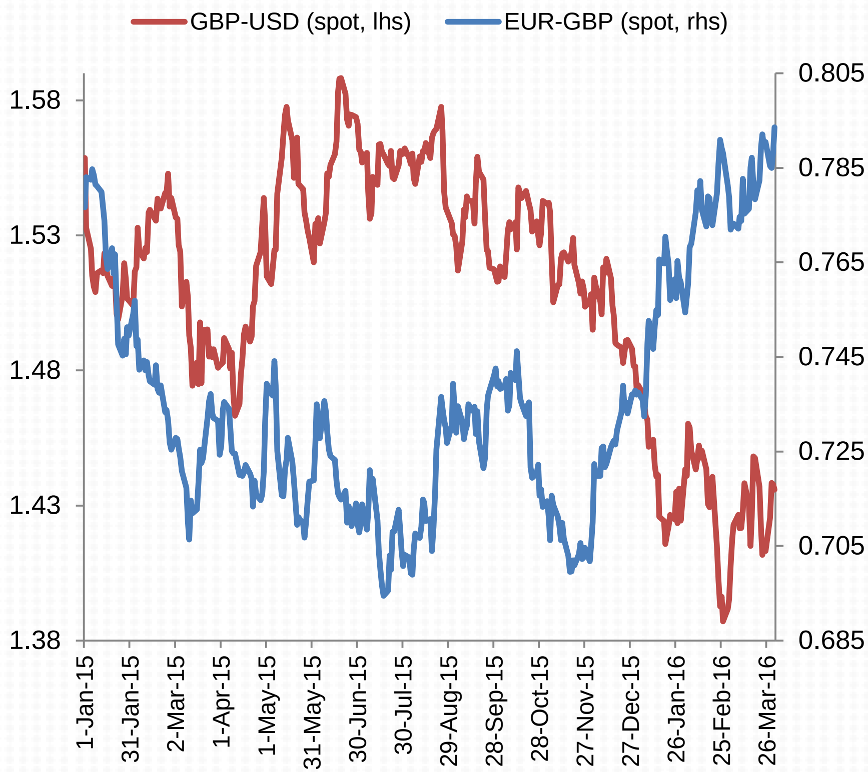
Any further short-term USD/JPY gains likely to prove limited



Source: Eurobank Economic Analysis and Financial Markets Research, Reuters

- According to the Summary of Opinions (published prior to the release of the full minutes due on May 9), BoJ policymakers engaged in a heated debate during their March meeting on the pros and cons of their decision earlier this year to introduce “Quantitative and Qualitative Monetary Easing (QQE) with a Negative Interest Rate”. One BoJ policymaker even explicitly proposed the said measure to be rolled back, arguing that -a view also shared by a number of other policymakers- it did not produce the desired effect of stimulating demand and rising inflation due to lower stock prices and the firmer domestic currency.
- Though the prospect of further BoJ policy stimulus in the coming months seems to be still in the cards following the disappointing Q1 Tankan survey, the Summary of Options adds to the view that the Central Bank may not rush to act soon. The Bank may opt to wait assessing the impact of the stimulus delivered so far before it considers further policy action.
- After hitting a five-month low of 110.65 in response to the more dovish than expected FOMC March policy statement, the USD/JPY gained some ground hovering around 112.50/55 in European trade on Friday, April 1st. Yet, it remained below multi-session highs of 113.80 marked on March 29 helped by a string of hawkish commentary by a number of FOMC policymakers. Though the prospect of the USD/JPY retesting recent highs cannot be ruled out especially in case upcoming US data trigger an upward shift in FOMC rate hike expectations, strong resistance at 115.00 is likely to cap the upside amid lingering market concerns about the global growth prospects. On the EUR/JPY axis, the technical picture suggests that as long as the pair remains above 125.00, risks are skewed for further appreciation towards 128.30 (Fib.) or higher.

Market uncertainty about the outcome of the June 23rd EU referendum does not bode well for the GBP

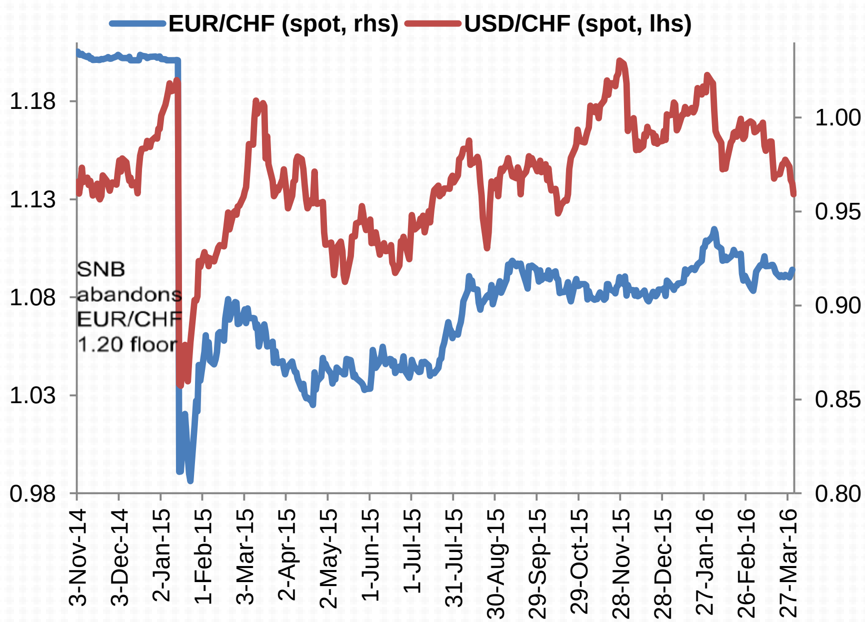


Source: Eurobank Economic Analysis and Financial Markets Research, Reuters

- According to the published results of as many as 15 opinion polls carried out after February 20th (*i.e.*, soon after UK Premier David Cameron announced the deal sealed with his EU counterparts at the February 18-19 EU Summit that gave Britain a "special status" in the EU), the outcome of the June 23rd referendum on the UK's EU membership is too close to call. The public support for the "Remain" campaign averaged 43%, while the "Leave" campaign trailed behind with a small difference at 41%. Interestingly, an average 16% of respondents have not yet decided which campaign to vote for. The "Remain" campaign is headed by the UK Premier. The "Leave" side does not have a leading political figure on the wheel, but Boris Johnson, the London Mayor and a highly popular conservative politician, as well as a number of high-profile ministers including Justice Secretary Michael Gove, have thrown their support behind it.

- Heading into the referendum, the path of GBP exchange rates is likely to be bumpy and volatile, with market participants focusing on the perceived probabilities of a Brexit in the opinion polls. Technically, a GBP/USD retest/downward break of 1.4055 recent low (Mar. 24) cannot be ruled out, especially in case upcoming polls put the EU exit camp in the lead. On the flipside, should the "Remain" campaign get some momentum, the GBP/USD is likely to move higher with 1.4500/50 strong resistance (Marc. 17 peak) likely to cap any further gains. On the EUR/GBP axis, after hitting 2016 ytd highs of 0.8020, the next target for GBP bears lies at 0.8330 (Fib.)

EUR/CHF range-bound to prevail near term



Source: Eurobank Economic Analysis and Financial Markets Research, Reuters

- After hitting a three week high of 1.1022 on March 10 soon after the announcement of the ECB monetary policy outcome, the EUR/CHF moved lower thereafter marking a multi-session low of 1.0872 on March 23 on the aftermath of explosions in Brussels airport and a metro station in the centre of the Belgian capital.
- Strongly negative Swiss interest rates, a likely extension of negative Swiss rates on retail deposits, if needed, and the SNB's readiness to intervene in FX markets do not bode well for the CHF's short-term outlook. Indeed, SNB President Thomas Jordan reiterated earlier this month that the CHF remains "significantly overvalued" and the Central Bank will remain active in FX markets, if necessary, to influence monetary conditions. In the meantime, euro area economic recovery remains subdued and deflation risks prevail, suggesting that the likelihood of the ECB acting again in the coming months remains on the cards.
- Against this backdrop, EUR/CHF range bound trading within 1.100-1.0800 will likely prevail in the near term. On a longer-term basis, a retest of recent lows cannot be ruled out, in case the ECB shifts to a move dovish stance or/and opinion polls imply increased Brexit risks. On the USD axis, the next target for CHF-bulls stands at 0.9500 (Oct. 23, 2015 low), a level that could be potentially tested should upcoming developments push further back Fed rate hike expectations.

IV. Eurobank Macro Forecasts

Eurobank Macro Forecasts

	GDP (YoY%)			CPI (YoY%)			Current Account (% of GDP)			General Budget Balance (% of GDP)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
World	3.1	3.0	3.4	3.3	3.1	3.3						
USA	2.4	2.0	2.2	0.1	1.3	2.2	-2.6	-3.0	-3.2	-3.8	-3.6	-3.3
Europe												
Eurozone	1.5	1.4	1.6	0.0	0.3	1.3	3.7	3.6	3.4	-2.2	-1.9	-1.6
Belgium	1.3	1.3	1.7	0.6	1.3	1.7	1.6	2.1	2.5	-2.9	-2.8	-2.4
Cyprus	1.6	2.0	2.5	-1.6	0.3	1.2	-4.7	-4.4	-3.8	-1.5	0.0	0.8
France	1.2	1.3	1.5	0.1	0.5	1.2	-1.4	-1.5	-2.0	-3.7	-3.4	-3.2
Germany	1.7	1.6	1.7	0.1	0.4	1.4	8.8	8.6	8.3	0.5	0.1	0.0
Greece	-0.2	-1.0	2.4	-1.1	0.5	0.7	0.0	0.5	0.9	-7.6	-3.4	-2.1
Ireland	7.8	4.6	3.8	0.0	0.5	1.4	3.6	3.7	3.1	-1.8	-1.3	-0.8
Italy	0.8	1.4	1.3	0.1	0.3	1.4	2.2	2.1	2.1	-2.6	-2.5	-1.5
Netherlands	2.0	2.0	2.1	0.6	0.9	1.5	10.4	10.0	9.5	-2.2	-1.8	-1.5
Portugal	1.5	1.6	1.7	0.4	0.7	1.0	0.7	1.0	1.1	-4.2	-3.4	-3.5
Spain	3.2	2.8	2.5	-0.6	0.0	1.3	1.5	1.4	1.3	-4.8	-3.6	-2.6
Sweden	3.8	3.3	2.9	-0.1	0.8	1.4	5.4	5.3	5.3	-1.0	-1.1	-1.2
Switzerland	0.9	1.1	1.5	-1.1	-0.3	0.4	7.2	7.0	6.7	-0.2	-0.2	-0.1
UK	2.1	1.9	2.1	0.0	0.8	1.5	-5.2	-4.7	-4.3	-4.4	-3.0	-2.0

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

Eurobank Macro Forecasts

	GDP (YoY%)			CPI (YoY%)			Current Account (% of GDP)			General Budget Balance (% of GDP)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Asia/Pacific												
Japan	0.5	0.7	0.7	0.8	0.6	1.5	2.7	3.4	3.7	-5.1	-4.2	-3.5
Australia	2.5	2.6	2.9	1.5	2.0	2.4	-4.6	-4.1	-3.3	-1.9	-1.8	-0.9
Emerging Economies												
BRIC												
Brazil	-3.8	-3.6	1.0	9.0	8.5	6.5	-3.2	-2.0	-1.5	-8.2	-8.5	-7.5
China	6.9	6.3	6.0	1.4	1.7	2.0	3.1	2.7	2.5	-3.5	-3.2	-3.0
India	7.3	7.5	7.6	5.9	5.0	5.3	-1.1	-1.5	-1.5	-3.5	-4.0	-3.5
Russia	-3.7	-1.5	0.6	15.6	8.5	6.2	4.6	4.0	4.0	-2.9	-3.8	-2.9
CESEE												
Bulgaria	3.0	2.6	3.1	-0.1	1.0	1.5	1.2	1.0	0.5	-2.7	-2.0	-1.4
Romania	3.7	4.1	3.5	-0.6	-0.3	2.5	-1.1	-2.0	-2.5	-1.9	-2.8	-3.7
Serbia	0.7	1.8	2.2	1.4	1.7	3.0	-4.7	-4.6	-4.3	-3.7	-3.7	-2.6

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

Eurobank Fixed Income Forecasts

		2016			2017
	Current (April 1)	June	September	December	March
USA					
Fed Funds Rate (%)	0.375%	0.375%	0.375%	0.625%	0.875%
1 m Libor (%)	0.43%	0.50%	0.58%	0.65%	0.72%
3m Libor (%)	0.63%	0.72%	0.87%	1.03%	1.23%
2yr Notes (%)	0.75%	0.93%	1.09%	1.30%	1.49%
10 yr Bonds (%)	1.79%	1.96%	2.10%	2.28%	2.44%
Eurozone					
Refi Rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%
3m Euribor (%)	-0.25%	-0.27%	-0.28%	-0.290	-0.27%
2yr Bunds (%)	-0.49%	-0.50%	-0.45%	-0.40%	-0.36%
10yr Bunds (%)	0.16%	0.30%	0.40%	0.55%	0.65%
UK					
Repo Rate (%)	0.50%	0.50%	0.50%	0.50%	0.75%
3m (%)	0.59%	0.60%	0.64%	0.78%	0.88%
10-yr Gilt (%)	1.45%	1.72%	1.84%	1.98%	2.13%
Switzerland					
3m Libor Target (%)	-0.75%	-0.75%	-0.75%	-0.75%	-0.75%
10-yr Bond (%)	-0.37%	-0.33%	-0.27%	-0.11%	-0.04%

Source: Eurobank Economic Analysis and Financial Markets Research, Derivatives Trading Desk

Eurobank FX Forecasts

		2016			2017
	Current (April 1)	June	September	Decemeber	March
EUR-USD	1.1400	1.15	1.17	1.20	1.22
USD-JPY	112.20	113.00	114.00	113.00	110.00
EUR-JPY	128.00	129.95	133.38	135.60	134.20
GBP-USD	1.4300	1.44	1.52	1.56	1.61
EUR-GBP	0.7970	0.8000	0.7700	0.7700	0.7600
USD-CHF	0.9600	0.95	0.94	0.93	0.92
EUR-CHF	1.0940	1.09	1.1	1.11	1.12
USD-CAD	1.304	1.31	1.30	1.28	1.22
AUD-USD	0.7670	0.77	0.76	0.78	0.80
NZD-USD	0.6900	0.69	0.70	0.71	0.72
EUR-SEK	9.2440	9.28	9.28	9.30	9.30
EUR-NOK	9.4400	9.45	9.50	9.40	9.20

Source: Eurobank Economic Analysis and Financial Markets Research, FX Trading Desk

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