

DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

January 30, 2015

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- January 28: FOMC decision
- January 29
 - Jobless claims (Jan 24)
 - Pending home sales (Dec)
- January 30
 - GDP (Q4)
 - UoM consumer confidence index (Feb)
 - Chicago PMI (Jan)

EUROZONE

- January 26
 - DE: Ifo (Jan)
 - Eurogroup meeting
- January 30
 - HICP (Jan, flash)
 - U/E rate (Dec)

SEE

SERBIA

- January 26: Real wages (Dec)
- January 30
 - Industrial production (Dec)
 - Trade balance (Dec)
 - Retail sales (Dec)
 - GDP (Q4, p)

ROMANIA

- January 26: 5.85% 2023 T-Bonds auction

BULGARIA

- January 26: 1.1% 2018 T-Bonds auction
- January 27: Gross external debt (Nov)
- January 30: Budget Balance (Dec)

Source: Reuters, Bloomberg,
Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Taking their lead from the positive tone in Wall Street overnight, the majority of **European bourses** were firmer in early trade on Friday supported by more positive than expected corporate earnings results and increased M&A activity. In **FX markets**, the **AUD** was among the main underperformers amid heightened market expectations for lower interest rates by the Reserve Bank of Australia (RBA) at its monetary policy meeting early next week. On the data front, focus today is on the advance estimate of US GDP for Q4 2014.

GREECE: In a joint conference y-day that followed the meeting with **Greece's Prime Minister Alexis Tsipras** in Athens, **European Parliament President Martin Schulz** said that the two politicians share the same view on many issues "while others need more discussion" and expressed his view that the new Greek government does not aim to "follow a separate path". Meanwhile, **Greece's Minister of Finance Yanis Varoufakis** is scheduled to meet Eurogroup President Jeroen Dijsselbloem in Athens today. On the data front, the most recent Bank of Greece data showed that **euro-denominated deposits & repos of domestic households and non-financial corporations in Greek MFIs** excluding the Bank of Greece (BoG) dropped in December for the third month in a row, mainly due to political uncertainty ahead of the January 25 snap general election.

SOUTH EASTERN EUROPE

SERBIA: In the EBRD's Transition Report 2014, Matteo Patrone, EBRD's country head for Serbia, expressed the organization's ongoing interest in acquiring equity shares in Telekom and Dunav Insurance.

BULGARIA: According to Eurostat data, the number of nights spent by non-residents in Bulgaria fell by 2.3%YoY to 14mn in 2014, mainly as a result of a decrease in the number of tourists from Russia and Ukraine.

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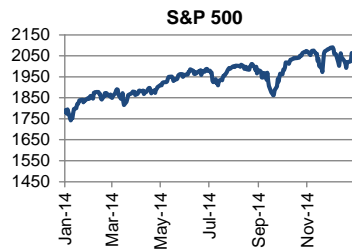
Latest world economic & market developments

GLOBAL MARKETS

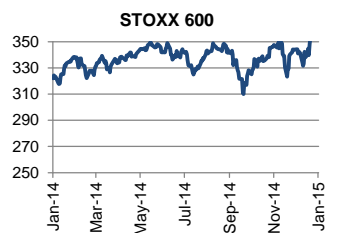
Taking their lead from the positive tone in Wall Street overnight, the majority of **European bourses** were firmer in early trade on Friday supported by more positive than expected corporate earnings results and increased M&A activity. In **FX markets**, the **AUD** was among the main underperformers amid heightened market expectations for lower interest rates by the Reserve Bank of Australia (RBA) at its monetary policy meeting early next week. Against this background, the **AUD/USD** was hovering around 0.7745/50 in European trade at the time of writing, not far from a 5 ½ year low of 0.7717 hit in the prior session and below level around 0.8000 marked just a couple of sessions ago. The **CHF** fared also poorly against most of its currency peers on renewed speculation of intervention by the SNB in FX markets aiming to halt the domestic currency's upside momentum. Favoring by the CHF's weakness, the **EUR/CHF** bounced rising to 1.0523 earlier in European trade, the highest level since January 15, 2015 when the SNB unexpectedly abandoned its 1.20 minimum exchange rate target of CHF1.20 against the EUR. Elsewhere, the **USD** retained a firm tone in European trade helped by mounting market optimism over the growth prospects of the biggest world economy. According to data released y-day, US initial jobless claims unexpectedly dropped last week by a higher than-expected 43k falling to the lowest level in nearly 15 years, supporting the view that the domestic labor market remains on a recovery path. On the data front, focus today is on the advance estimate of US GDP for Q4 2014 which is expected to show that the economy grew by a solid 3.1%qoq annualized with domestic consumption likely to be one of the main drivers of growth.

GREECE

In a joint conference y-day that followed the meeting with **Greece's Prime Minister Alexis Tsipras** in Athens, **European Parliament President Martin Schulz** said that the two politicians share the same view on many issues "while others need more discussion" and expressed his view that the new Greek government does not aim to "follow a separate path". On his part, Greece's Premier said that he presented an "extensive plan" of reforms to the European Parliament President noting that the new government is negotiating with European partners to ensure that "a mutually acceptable solution" is found. Meanwhile, **Greece's Minister of Finance Yanis Varoufakis** is scheduled to meet Eurogroup President Jeroen Dijsselbloem in Athens today. Next week, he is due to travel abroad to hold meetings with his British, French and Italian counterparts. In other news, **Douglas Renwick, the head of Fitch Ratings for Western European sovereigns**, was quoted saying during a conference call y-day that "if by our next review on the 15th of May there is no progress on these (troika) talks or they look to be failing, of course that could be a trigger for a downgrade". As a reminder, Fitch Ratings currently rates Greece's sovereign credit rating at "B" while it revised downward its outlook to "negative" from "stable" earlier this month. On the data front, the most recent Bank of Greece data showed that **euro-denominated deposits & repos of domestic households and non-financial corporations in Greek MFIs** excluding the Bank of Greece (BoG) dropped in December for the third month in a row, mainly due to political uncertainty ahead of the January 25 snap general election. Specifically, private sector deposits dropped by ca €4.011bn last month coming in at ca €160.3bn.



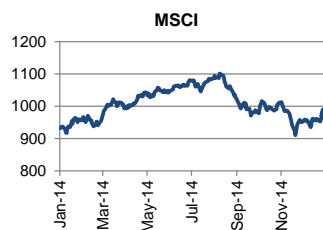
Source: Reuters, Bloomberg, Eurobank Global Markets Research



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Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	B1	BB-	B+
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BBB-	BBB-
CYPRUS	B3	B+	B-

Source: Reuters, Bloomberg, Eurobank Global Markets Research

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Latest developments in the CESEE region

SERBIA: Indicators	2013	2014e	2015f
Real GDP growth %	-1.5	-2.0	0.0
CPI (pa, yoy %)	7.8	2.0	3.5
Budget Balance/GDP	-5.8	-7.2	-5.7
Current Account/GDP	-5.0	-6.1	-4.7
EUR/RSD (eop)	114.57	120.50	124.50
	2014	current	2015f
Policy Rate (eop)	8.00	8.00	7.00

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

SERBIA

(Belgrade, 29/1/2015, 18:50 CET): **Latest Political & Macro Developments:** In the EBRD's Transition Report 2014, Matteo Patrone, EBRD's country head for Serbia, expressed the organisation's ongoing interest in acquiring equity shares in Telekom and Dunav Insurance. Mr. Patrone added that EBRD is considering granting a EUR200mn loan to Elektroprivreda Srbije, Serbia's state-owned electricity producer and supplier. EBRD has invested in Serbia ca. EUR2.8bn since 2001, recognizing the country's progress in the areas of structural and labour reforms as well as fiscal consolidation. **Market Developments:** The EUR/RSD remained bound in a tight range of 123.55/75 - 123.35/55 on Thursday, closing at 123.40/60 as market focus is on the 7y T-Bond auction scheduled for February 3rd.

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BULGARIA: Indicators	2013	2014e	2015f
Real GDP growth %	1.1	1.5	0.8
CPI (pa, yoy %)	0.4	-1.5	0.1
Budget Balance/GDP	-1.8	-3.7	-3.0
Current Account/GDP	2.1	2.2	1.8
EUR/BGN (eop)		1.9558	
	current	2014	2015f
Policy Rate (eop)	N/A	N/A	N/A

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

BULGARIA

(Sofia, 29/1/2015, 17:25 CET): **Latest Political & Macro Developments:** According to Eurostat data, the number of nights spent by non-residents in Bulgaria fell by 2.3%YoY to 14mn in 2014, mainly as a result of a decrease in the number of tourists from Russia and Ukraine, while nights spent by Bulgarian residents increased by 6%YoY to 7.7mn. **Market Developments:** The stock market on Thursday closed in the red territory with the SOFIX ending 0.65% lower to 498,42 points, giving back some of its 1.6% gains recorded over the previous 6 consecutive sessions.

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GLOBAL MARKETS

Stock markets	FOREX	Government Bonds	Commodities																																																																
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SEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	on	0	-245
1-week	7.78	9	-223
1-month	8.14	15	-191
3-month	8.40	6	-145
6-month	8.57	4	-122

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	9.21	-1	17
5Y RSD	10.15	0	-3
7Y RSD	11.24	0	-1

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.86	-2	-40
USD Nov-24	-0.82	-731	-396

CDS

	Last	ΔDbps	ΔYTD bps
5-year	277	-2	-14
10-year	344	-2	-10

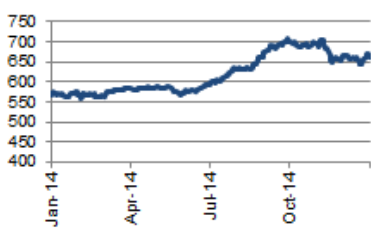
STOCKS

	Last	ΔD	ΔYTD
BELEX15	662.9	-0.59%	-0.62%

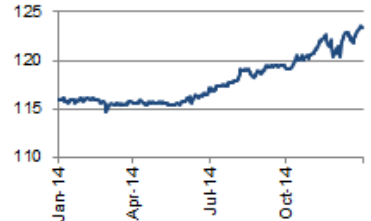
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.40	0.06%	-1.67%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.63	-2	6
1-month	0.69	-2	-22
3-month	1.5	-4	-20
6-month	1.71	-7	-30
12-month	1.77	-5	-25

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.55	-1	-46
5Y RON	2.02	0	-49
10Y RON	2.62	1	-89

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.35	3	-38
USD Aug-23	3.15	-2	-47

CDS

	Last	ΔDbps	ΔYTD bps
5-year	115	0	-28
10-year	156	0	-30

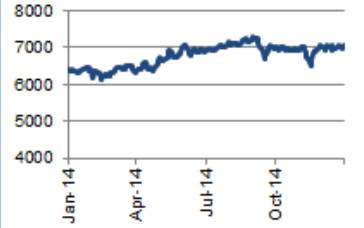
STOCKS

	Last	ΔD	ΔYTD
BET	7045.7	0.49%	-0.53%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4433	-0.08%	0.90%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.00	0	-2
1-month	0.17	0	-4
3-month	0.41	0	-3
6-month	0.78	0	-1
12-month	1.47	-1	-3

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.46	2	-58
5Y BGN	0.76	4	-69
10Y BGN	2.18	0	-57

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.77	1	-39

CDS

	Last	ΔDbps	ΔYTD bps
5-year	192	1	1
10-year	241	2	0

STOCKS

	Last	ΔD	ΔYTD
SOFIX	496.8	-0.32%	-4.84%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7246	0.19%	-6.27%

SOFIX Index



USD/BGN



Source: Reuters, Bloomberg, Eurobank Global Markets Research

Data updated as of 12:30 EET

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