

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- July 14: Retail sales (Jun)
- July 15
 - Empire manufact. (Jul)
 - Industrial prod. (Jun)
 - Beige book
- July 15/16: Fed Yellen's semi-annual testimony to Congress
- July 16
 - Initial jobless claims (July 11)
 - Philly Fed (Jul)
 - NAHB index (Jul)
- July 17
 - CPI (Jun)
 - Building permits (Jun)
 - Housing starts (Jun)
 - UoM consumer confidence (Jul, p)

EUROZONE

- July 13/14: Regular Eurogroup/Ecofin meetings
- July 16: ECB MPC meeting

GREECE

- July 13: ECB conf. call on ELA facility
- July 14-15: Vote in Parliament on a first set of measures agreed at the July 12 Euro Summit
- July 15: ECB conf. call on ELA facility

SEE

BULGARIA

- July 13: U/E rate (Jun)
- July 14: CPI (Jun)
- July 17: Current account balance (May)

ROMANIA

- July 13: T-Bonds auction
- July 14: Current account balance (May)
- July 16: T-Bonds auction

SERBIA

- July 13: HICP (Jun)
- July 15: €50mn 2% 2017 T-bonds auction

Source: Reuters, Bloomberg,
Eurobank Global Markets Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Mirroring the positive tone in Wall Street overnight following the recent agreement between Greece and the institutions, major Asian bourses ended higher on Tuesday. Elsewhere, the picture in European equity markets was rather mixed at the time of writing, as investors' caution prevailed ahead of a key vote in the Hellenic Parliament on a first set of measures agreed at the July 12 Euro Summit. In FX markets, the euro edged lower against the US dollar as market focus probably turns back towards the monetary policy divergence between the US and euro area.

GREECE: The Greek government is expected to bring to the Hellenic Parliament today the first set of measures which, according to the 12 July Euro Summit agreement, must be enacted by Wednesday 15 July. The vote of the measures will take place today. Meanwhile, the Governing Council of the ECB decided yesterday to maintain the Emergency Liquidity Assistance (ELA) to Greek banks at €88.6bn. The issue will be re-examined by the ECB Governing Council on Wednesday.

SOUTH EASTERN EUROPE

BULGARIA: The election of the new Central Bank governor is expected to take place today in the extraordinary session of Parliament.

ROMANIA: Prime Minister Victor Ponta was charged by prosecutors on Monday with forgery of documents, accessory to tax evasion and money laundering.

SERBIA: HICP rose by 0.5%MoM, bringing the annual rate of increase to a 3-month high of 1.9%YoY in June from 1.5%YoY in May, though remaining below the lower bound of the Central Bank's 4±1.5% target tolerance band for the 16th month running.

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July 14, 2015

Latest world economic & market developments

GLOBAL MARKETS

Mirroring the positive tone in Wall Street overnight following the recent agreement between Greece and the institutions, major Asian bourses ended higher on Tuesday. Indicatively, the MSCI Asia ex Japan Index gained 1.2%, marking the third consecutive positive session. Elsewhere, the picture in European equity markets was rather mixed at the time of writing, as investors' caution prevailed ahead of a key vote in the Hellenic Parliament on a first set of measures agreed at the July 12 Euro Summit. In FX markets, the euro edged lower against the US dollar towards a two-month low of ca. 1.1000, standing within distance from its intraday low of 1.0960 in Asian trade, as market focus probably turns back towards the monetary policy divergence between the US and euro area. Against this backdrop, the US dollar strengthened against other major currencies as well, with the DXY index hovering near a multi session high of 96.85/90 earlier today. On the data front, US retail sales will be published at 15:30 EEST, with the market's consensus being for a 0.3%MoM rise in June from a 1.2%MoM gain in the previous month, probably dragged down by a decline in motor vehicle sales.

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GREECE

The Greek government is expected to bring to the Hellenic Parliament today the first set of measures which, according to the 12 July Euro Summit agreement, must be enacted by Wednesday 15 July. These measures, which in fact constitute prior actions for a "possible" future agreement on a 3-year ESM programme, are:

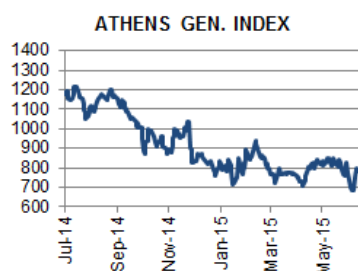
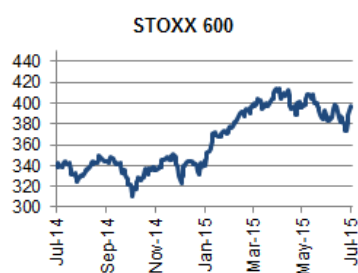
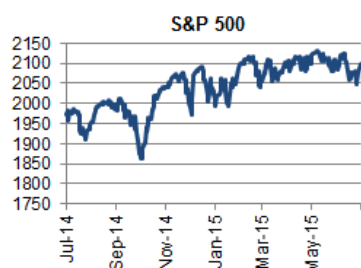
- The streamlining of the VAT system and the broadening of the tax base.
- Upfront measures to improve long-term sustainability of the pension system.
- Safeguarding of the full legal independence of the Hellenic Statistical Authority (EL.STAT.).
- Full implementation of the relevant provisions of the Treaty on Stability, Coordination and Governance in the EMU and, in particular, full operation of the Fiscal Council before finalizing the MoU and introduction of quasi-automatic spending cuts in case of deviations from agreed primary surplus targets.

The vote of the measures at the Hellenic Parliament will take place today.

As to the bridge funding of €7bn necessary to cover Greece's financing needs until 20 July, according to press reports, there are technical, legal, financial and political issues to consider regarding the available sources for these funds.

Meanwhile, the Governing Council of the ECB decided yesterday to maintain the Emergency Liquidity Assistance (ELA) to Greek banks at €88.6bn. The issue will be re-examined by the ECB Governing Council on Wednesday. According to some press reports, the ELA ceiling may be raised after 15 July provided that the Hellenic Parliament will have by then enacted the first set of measures as it is described in the 12 July Euro Summit agreement. For the time being, the banking holiday will remain in place until Wednesday 15 July, whereas, according to press reports, the Ministry of Finance is expected to re-examine today the breadth of allowed transactions with a view to facilitating legal entities and individuals. The Athens Stock Exchange will also remain closed until Wednesday 15 July, by decision of the Hellenic Capital Market Commission.

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Source: Reuters, Bloomberg, Eurobank Research

July 14, 2015

Latest world economic & market developments in the CESEE region

BULGARIA: Indicators	2013	2014e	2015f
Real GDP growth %	1.1	1.7	1.8
CPI (pa, yoy %)	0.9	-1.4	-0.5
Budget Balance/GDP*	-1.8	-3.7	-3.0
Current Account/GDP	1.0	0.9	0.5
EUR/BGN (eop)	1.9558		
	current	2014	2015f
Policy Rate (eop)	N/A	N/A	N/A

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

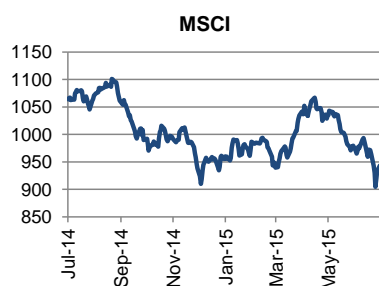
ROMANIA: Indicator:	2013	2014e	2015f
Real GDP growth %	3.4	2.9	3.1
CPI (pa, yoy %)	4.0	1.1	0.3
Budget Balance/GDP*	-2.2	-1.9	-1.9
Current Account/GDP	-0.8	-0.4	-1.0
EUR/RON (eop)	4.46	4.40	4.45
	2014	current	2015f
Policy Rate (eop)	2.75	1.75	1.75

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

SERBIA: Indicators	2013	2014e	2015f
Real GDP growth %	2.6	-1.8	0.0
CPI (pa, yoy %)	7.9	2.2	3.0
Budget Balance/GDP	-5.6	-7.5	-5.9
Current Account/GDP	-6.1	-6.1	-4.7
EUR/RSD (eop)	114.60	120.96	123.00
	2014	current	2015f
Policy Rate (eop)	8.00	6.00	5.50

Source: Reuters, Bloomberg, Eurobank Research, National Authorities



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

Source: IMF, EC, Reuters, Bloomberg, National Authorities, Eurobank Research

BULGARIA

The election of the new Central Bank governor is expected to take place today in the extraordinary session of Parliament. The outgoing Central Bank (BNB) governor, Mr. Ivan Iskrov, whose regular term expires in October, had expressed his intention to step down as early as when his successor would be elected by Parliament. Among the four candidates for the position, senior IMF economist Mr. Dimitar Radev, who is backed by ruling GERB party and their junior partner the Reformist Bloc, is currently being cited as a favorite by the media. The banking sector turmoil, following the collapse of the Corporate Commercial Bank in late June 2014, has raised attention on the issues of banking supervision effectiveness and corporate governance. Although the collateral damage to the economy was minimized and the noise was short-lived, there has been a lot of media criticism on BNB. On its part, BNB had expressed intention to undergo an independent assessment by the European Banking Authority (EBA) as well as decide upon an application for Single Supervisory Mechanism (SSM) entry.

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ROMANIA

Further to an investigation that began on June 5, Prime Minister Victor Ponta was charged by DNA anti-corruption prosecutors on Monday with forgery of documents, accessory to tax evasion and money laundering. The Prime Minister said on Sunday that he was stepping down as leader of his leftist PSD party until the investigation was completed, but recently signaled that he does not intend to resign from his post as Prime Minister. The latest allegations follow a previous investigation into Romania's Premier last month, when Parliament voted against lifting his immunity as the claimed offences were in relation to his activity in office as prime minister. However, the latest charges are related to activities before taking over the Prime Minister's office.

SERBIA

HICP rose by 0.5%MoM, bringing the annual rate of increase to a 3-month high of 1.9%YoY in June from 1.5%YoY in May, remaining below the lower bound of the Central Bank's (NBS) 4±1.5% target tolerance band for the 16th month running. The breakdown of the data, according to destination of consumption, showed that the highest increases in prices were recorded in recreation & culture (4.1%MoM) and transport (0.9%MoM), while alcoholic beverages & tobacco registered the highest decline (-0.4%MoM). Looking ahead, a further rebound in the rate of annual increase in consumer prices is likely, thanks to the impact of recent monetary policy easing, upcoming regulated price hikes and the waning effect of temporary disinflation factors such as a low base and falling commodity prices late last year. In line with the Central Bank's forecast, we pencil in a return within the Central Bank's inflation target tolerance band in the coming months.

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July 14, 2015

GLOBAL MARKETS

Stock markets				FOREX			Government Bonds			Commodities					
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD	(yields)	Last	ΔDbps	ΔYTD bps	Last	ΔD	ΔYTD	
S&P 500	2099.60	1.1%	2.0%	EUR/USD	1.1034	0.3%	-8.8%	UST - 10yr	2.43	-2	26	GOLD	1155	-0.3%	-2.5%
Nikkei 225	20385.33	1.5%	16.8%	GBP/USD	1.5495	0.1%	-0.5%	Bund-10yr	0.84	-1	30	BRENT CRUDE	182	0.0%	4.1%
STOXX 600	395.17	-0.3%	15.4%	USD/JPY	123.42	0.0%	-3.0%	JGB - 10yr	0.46	1	14	LMEX	2583	0.9%	-11.4%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	459	1	-532
1-week	4.78	-6	-523
1-month	5.18	-6	-487
3-month	5.62	-15	-423
6-month	5.97	-9	-382

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	6.03	#N/A N/A	-301
5Y RSD	8.31	0	-187
7Y RSD	8.75	0	-333

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.51	1	-75
USD Nov-24	6.46	0	-13

CDS

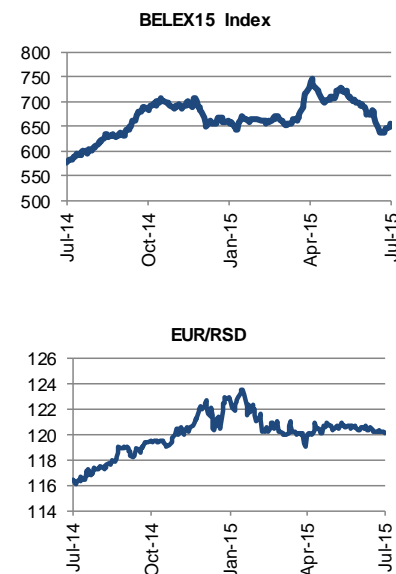
	Last	ΔDbps	ΔYTD bps
5-year	277	0	-13
10-year	322	-1	-35

STOCKS

	Last	ΔD	ΔYTD
BELEX15	655.3	1.00%	-1.76%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.09	0.07%	1.05%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.57	-2	0
1-month	0.94	0	3
3-month	1.29	-1	-41
6-month	1.6	-1	-41
12-month	1.69	0	-33

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	2.04	-3	-27
5Y RON	2.55	-2	-16
10Y RON	3.99	-1	33

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.89	14	16
USD Aug-23	3.77	8	16

CDS

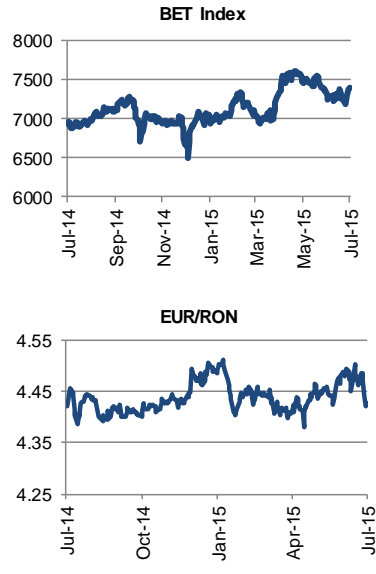
	Last	ΔDbps	ΔYTD bps
5-year	120	-5	-23
10-year	164	-5	-23

STOCKS

	Last	ΔD	ΔYTD
BET	7391.6	0.08%	4.36%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4275	-0.11%	1.26%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.17	0	-4
3-month	0.33	0	-10
6-month	0.65	0	-15
12-month	1.23	0	-28

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.52	-1	-52
5Y BGN	1.14	-1	-30
10Y BGN	2.63	0	-12

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.70	0	-46
EUR Sep-24	2.95	-5	8

CDS

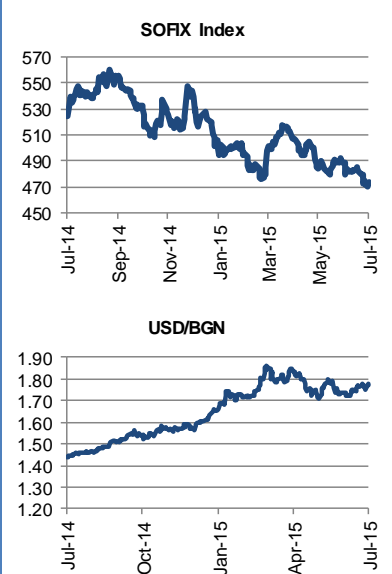
	Last	ΔDbps	ΔYTD bps
5-year	184	-5	-7
10-year	230	-3	-11

STOCKS

	Last	ΔD	ΔYTD
SOFIX	473.2	0.52%	-9.36%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7727	0.29%	-8.81%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 12:00 EEST

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