

DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Thursday, July 30, 2015

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- July 27: Durable goods orders (Jun)
- July 28: CB consumer confidence (Jul)
- July 29
 - Pending home sales (Jul)
 - FOMC meeting
- July 30
 - Initial jobless claims (July 25)
 - GDP (Q2, A)
- July 31
 - Chicago PMI (Jul)
 - UoM Consumer sentiment (Aug)

EUROZONE

- July 31: HICP (Jul)

GREECE

- July 27: Credit/deposits (Jun)
- July 30: Confidence indicators (May)

SEE BULGARIA

- July 28: Gross external debt (May)
- July 31: Budget balance (Jun)

ROMANIA

- July 31: U/E rate (ILO, Jun)

SERBIA

- July 28: EUR 2025 T-bonds auction
- July 31
 - Industrial production (Jun)
 - Trade balance (Jun)
 - Retail sales (Jun)
 - GDP (Q2, p)

Source: Reuters, Bloomberg,
Eurobank Global Markets
Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The FOMC policy statement that was issued late yesterday following the conclusion of the two-day monetary policy meeting was little changed compared to the previous one in mid-June. Overall, the Central Bank refrained from sending a strong signal about its monetary policy deliberations ahead but left the door open for a rate hike at its next meeting on September 16 provided that, until then, there is “some further improvement in the labor market”. The Fed’s upgraded assessment of both the domestic economy and the labor market assisted US stocks to end higher overnight, US Treasuries weakened and the US dollar moved higher.

GREECE: Talks between domestic authorities and the technical teams of the four institutions (i.e. EC, ECB, IMF and ESM) on a new 3-year ESM loan facility continue in Athens, with the main issues reportedly being the simplification of licensing for manufacturing companies, the privatization programme including the privatization of the electricity transmission network operator (ADMIE), tax and fiscal related issues, a potential new round of bank stress tests, the evolution of non-performing loans (NPLs), labor and social security reforms, product market reforms and the opening up of the so-called closed professions.

SOUTH EASTERN EUROPE

CESEE MARKETS: Taking their cue from gains in major global bourses on Wednesday favoured by upbeat corporate earnings results, **emerging stock markets** moved broadly higher yesterday. On the flipside, **regional currencies** treaded water and **government bonds** were mixed ahead of the FOMC meeting announcement.

DISCLAIMER

This document has been issued by Eurobank Ergasias S.A. (Eurobank) and may not be reproduced in any manner. The information provided has been obtained from sources believed to be reliable but has not been verified by Eurobank and the opinions expressed are exclusively of their author. This information does not constitute an investment advice or any other advice or an offer to buy or sell or a solicitation of an offer to buy or sell or an offer or a solicitation to execute transactions on the financial instruments mentioned. The investments discussed may be unsuitable for investors, depending on their specific investment objectives, their needs, their investment experience and financial position. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions, all of which are subject to change without notice. No responsibility or liability, whatsoever or howsoever arising, is accepted in relation to the contents thereof by Eurobank or any of its directors, officers and employees.

Latest world economic & market developments

GLOBAL MARKETS

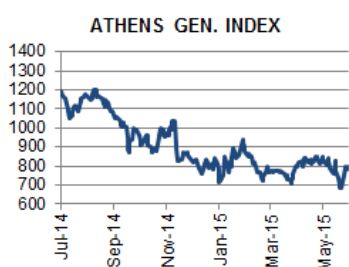
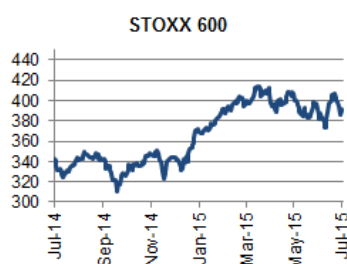
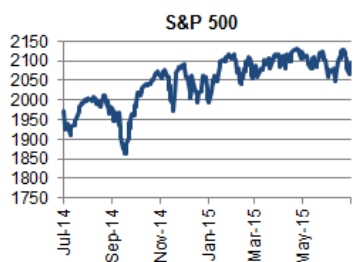
The FOMC policy statement that was issued late yesterday following the conclusion of the two-day monetary policy meeting was little changed compared to the previous one in mid-June. The Central Bank adopted a relatively positive tone on the domestic economy saying that “economic activity has been expanding moderately in recent months” following a flurry of encouraging data during the inter-meeting period. The assessment on the labor market has also been upgraded while on the inflation front, the FOMC appeared confident that “inflation will move back to its 2 percent objective over the medium term”. Overall, the Central Bank refrained from sending a strong signal about its monetary policy deliberations ahead but left the door open for a rate hike at its next meeting on September 16 provided that, until then, there is “some further improvement in the labor market”. The Fed’s upgraded assessment of both the domestic economy and the labor market assisted US stocks to end higher overnight, a momentum that was followed by major Asian bourses today. Elsewhere, US Treasuries weakened with the 2-yr bond yield hitting a near seven-week high of 0.717% earlier today. In FX markets, the US dollar moved higher with the DXY index hitting a multi-session peak of 97.455 earlier today. Focus is on the first estimate of the US Q2 GDP due for release later today which has the potential to push the USD higher if it surprises positively.

ppetropoulou@eurobank.gr

GREECE

Talks between domestic authorities and the technical teams of the four institutions (i.e. EC, ECB, IMF and ESM) on a new 3-year ESM loan facility continue in Athens, with the main issues reportedly being the simplification of licensing for manufacturing companies, the privatization programme including the privatization of the electricity transmission network operator (ADMIE), tax and fiscal related issues, a potential new round of bank stress tests, the evolution of non-performing loans (NPLs), labor and social security reforms, product market reforms and the opening up of the so-called closed professions. On the internal political front, according to press reports, the Central Committee of the main governing coalition party SYRIZA is scheduled to convene today to discuss, among others, the collective procedures the party will adopt in the upcoming period with regard to the government’s request on a new 3-year ESM loan facility. According to press reports, the said committee will consider an array of options including an emergency meeting in early September, a “standing congress” or a party internal referendum where the party’s broader members will have to vote on whether they agree on the government proceeding with discussions with official creditors on a new 3-year bailout programme. Separately, according to data released today by the Hellenic Statistical Authority (ELSTAT) the Overall Producer Price Index in Industry (total of domestic and non-domestic market) dropped in June for the 12th consecutive month, by 5.7%YoY following a decline of 4.6%YoY in the prior month. On a monthly basis, the overall PPI in industry dropped by 0.7% in June after rising by 0.7% in May.

ppetropoulou@eurobank.gr
andimitriadou@eurobank.gr



Source: Reuters, Bloomberg, Eurobank Research

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

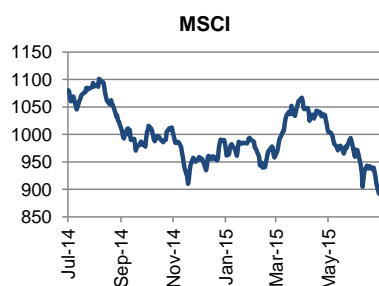
ROMANIA: Indicator	2013	2014e	2015f
Real GDP growth %	3.4	2.9	3.1
CPI (pa, yoy %)	4.0	1.1	0.3
Budget Balance/GDP*	-2.2	-1.9	-1.9
Current Account/GDP	-0.8	-0.4	-1.0
EUR/RON (eop)	4.46	4.40	4.45
	2014	current	2015f
Policy Rate (eop)	2.75	1.75	1.75

* 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

CESEE MARKETS

Taking their cue from gains in major global bourses on Wednesday favoured by upbeat corporate earnings results, **emerging stock markets** moved broadly higher yesterday. The uptrend was primarily driven by a relief rally in Chinese bourses, though caution prevailed ahead of the conclusion of the 2-day FOMC meeting at 18:00GMT yesterday. Against this backdrop, a positive tone was also evidenced in equity markets in the CESEE region with most key indices ending yesterday's session in the black. Ukraine's PFTS and Poland's WIG led the winners' pack marking respective gains to the tune of 1.1% and 0.9%. On the other hand, Bulgaria's SOFIX underperformed its regional peers, recording losses in excess of 1.2% on the day.

On the flipside, **regional currencies** treaded water ahead of the FOMC meeting announcement. Although standing little changed against other major currency peers near Wednesday's settlement, the Turkish lira remained under pressure as escalating geopolitical concerns overshadowed a drop to new multi-month lows in global oil prices. The hefty drop in global oil prices over the last year or so has somewhat mitigated concerns about Turkey's external vulnerabilities as the country is a heavy oil importer. However, rising geopolitical tensions near the Turkish border and mounting domestic political uncertainty after the June 7th general elections appears to be taking a toll on the domestic currency. Recall that, June's inconclusive national elections outcome, where the ruling AK Party came in first by falling short of achieving parliamentary majority for the first time in more than a decade, resulted in lengthy coalition negotiations with the prospect of early national elections also being on the cards if a government is not formed by a late August deadline. Along these lines, the USD/TRY hovered around levels of 2.7575 near Wednesday's settlement, little changed from a 2.7590 close in the prior session but within distance from a 1-½-month low high of 2.7770 hit earlier in the week and a record peak of 2.8085 hit in the wake of the said general polls.

In the **local rates markets**, government bonds closed mixed yesterday. Hungarian paper broadly underperformed its regional peers, with the corresponding 3- and 10-year benchmark bond yields closing ca 4bps and 7bps higher at 2.25% and 3.80% respectively. On the other hand, Bulgarian paper led the gains recouping part of its recent losses. In more detail, the 2 and 10-year government bond yields eased ca 18bps and 10bps on the day to stand at corresponding levels around 1.57% and 3.20% at the session's settlement.

gphoka@eurobank.gr

July 30, 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	2093.25	1.2%	1.7%	EUR/USD	1.1046	-0.1%	-8.7%	UST - 10yr	2.27	2	10	GOLD	1096	0.0%	-7.5%
Nikkei 225	20302.91	-0.1%	16.3%	GBP/USD	1.5654	0.3%	0.5%	Bund-10yr	0.71	2	17	BRENT CRUDE	53	-0.4%	-7.4%
STOXX 600	391.43	0.4%	14.3%	USD/JPY	123.63	-0.1%	-3.2%	JGB - 10yr	0.41	0	8	LMEX	2481	2.0%	-14.9%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	459	1	-532
1-week	4.81	0	-520
1-month	5.21	-5	-484
3-month	5.67	-4	-418
6-month	5.96	-4	-383

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	6.09	#N/A N/A	-296
5Y RSD	8.29	0	-189
7Y RSD	8.83	0	-325

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.53	0	-73
USD Nov-24	6.49	0	-10

CDS

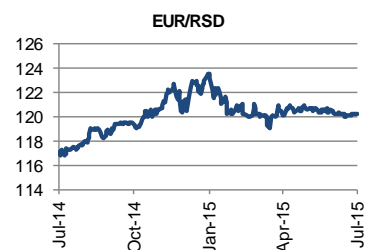
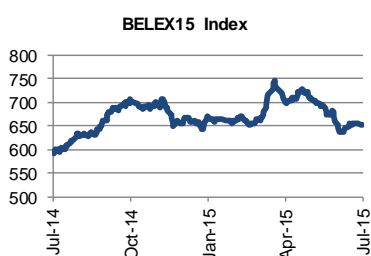
	Last	ΔDbps	ΔYTD bps
5-year	271	0	-19
10-year	316	0	-41

STOCKS

	Last	ΔD	ΔYTD
BELEX15	653.8	0.23%	-1.98%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.20	0.05%	0.96%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.99	12	42
1-month	1.08	3	17
3-month	1.3	2	-40
6-month	1.55	2	-46
12-month	1.65	1	-37

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.98	1	-33
5Y RON	2.51	1	-20
10Y RON	3.76	1	10

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.54	-1	-19
USD Aug-23	3.79	2	18

CDS

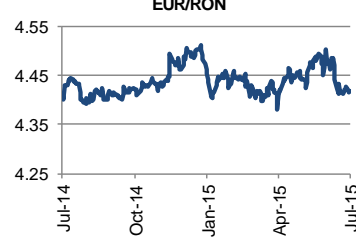
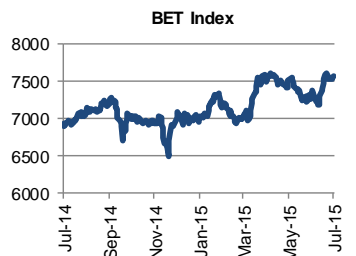
	Last	ΔDbps	ΔYTD bps
5-year	128	-2	-15
10-year	172	-2	-15

STOCKS

	Last	ΔD	ΔYTD
BET	7575.9	0.28%	6.96%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4191	-0.07%	1.46%



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	0.64	0	-16
12-month	1.22	0	-28

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.57	0	-47
5Y BGN	1.22	1	-22
10Y BGN	2.65	0	-10

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.53	0	-62
EUR Sep-24	3.06	0	19

CDS

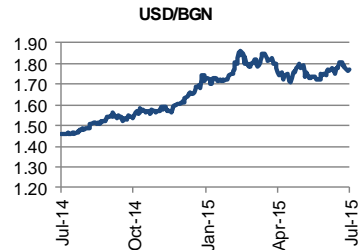
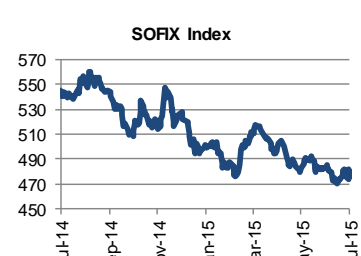
	Last	ΔDbps	ΔYTD bps
5-year	174	-1	-17
10-year	220	0	-21

STOCKS

	Last	ΔD	ΔYTD
SOFIX	476.4	-1.12%	-8.76%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7706	-0.12%	-8.70%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 16:20 EEST of previous session

Contributors

Paraskevi Petropoulou
G10 Markets Analyst, Eurobank Ergasias

+30 210 3718991
ppetropoulou@eurobank.gr

Galatia Phoka
Research Economist, Eurobank Ergasias

+30 210 3718922
gphoka@eurobank.gr

Ioannis Gkionis (Special Contributor)
Research Economist, Eurobank Ergasias

+30 210 3337305
IGKIONIS@eurobank.gr

Anna Dimitriadou (Special Contributor)
Economic Analyst, Eurobank Ergasias

+30 210 3718793
andimitriadou@eurobank.gr

Arkadia Konstantopoulou (Special Contributor)
Research Assistant, Eurobank Ergasias

+30 210 3371224
arkonstantopoulou@eurobank.gr

Olga Kosma (Special Contributor)
Economic Analyst, Eurobank Ergasias

+30 210 3371227
okosma@eurobank.gr

Regional Contributors

Vessela Boteva
Expert, trading desk, Eurobank Bulgaria

+359 (2) 8166 491
vboteva@postbank.bg

Zoran Korac
FX dealer, Eurobank ad Beograd

+381 11 206 5821
zoran.korac@eurobank.rs

Bogdan Radulescu, CFA
Senior Trader, Bancpost

+40 21 3656291
bogdan.radulescu@bancpost.ro

Eurobank Economic Analysis and Financial Markets

Dr. Platon Monokroussos: Group Chief Economist
pmonokroussos@eurobank.gr, + 30 210 37 18 903

Research Team

Anna Dimitriadou: Economic Analyst
andimitriadou@eurobank.gr, + 30 210 3718 793

Ioannis Gkionis: Research Economist
igkionis@eurobank.gr + 30 210 33 71 225

Stylianos Gogos: Economic Analyst
sgogos@eurobank.gr + 30 210 33 71 226

Olga Kosma: Economic Analyst
okosma@eurobank.gr + 30 210 33 71 227

Arkadia Konstantopoulou: Research Assistant
arkonstantopoulou@eurobank.gr + 30 210 33 71 224

Paraskevi Petropoulou: G10 Markets Analyst
ppetropoulou@eurobank.gr, + 30 210 37 18 991

Galatia Phoka: Research Economist
gphoka@eurobank.gr, + 30 210 37 18 922

Theodoros Stamatou: Senior Economist
tstamatou@eurobank.gr, + 30 210 3371228

Global Markets Sales

Nikos Laios: Head of Treasury Sales
nlaios@eurobank.gr, + 30 210 37 18 910

Alexandra Papanthasiou: Head of Institutional Sales
apapanthasiou@eurobank.gr, +30 210 37 18 996

John Seimenis: Head of Corporate Sales
yseimenis@eurobank.gr, +30 210 37 18 909

Achilleas Stogioglou: Head of Private Banking Sales
astogioglou@eurobank.gr, +30 210 37 18 904

George Petrogiannis: Head of Shipping Sales
gpetrogiannis@eurobank.gr, +30 210 37 18 915

Vassilis Gioulbaxiotis: Head Global Markets International
vgioulbaxiotis@eurobank.gr, +30 210 3718995

Stefanos Togoussidis: Head of Retail Sales
stogoussidis@eurobank.gr, +30 210 3718917

Eurobank Ergasias S.A, 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: EurobankGlobalMarketsResearch@eurobank.gr

Eurobank Economic Analysis and Financial Markets Research

More research editions available at <http://www.eurobank.gr/research>

- **Daily Overview of Global markets & the SEE Region:** Daily overview of key macro & market developments in Greece, regional economies & global markets
- **Greece Macro Monitor:** Periodic publication on the latest economic & market developments in Greece
- **Regional Economics & Market Strategy Monthly:** Monthly edition on economic & market developments in the region
- **Global Economy & Markets Monthly:** Monthly review of the international economy and financial markets

Subscribe electronically at <http://www.eurobank.gr/research>

