

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- November 23
 - Existing home sales (Oct)
 - Markit PMI manuf. (Nov, p)
- November 24
 - GDP (Q3, 2nd)
 - CB Consumer Confidence (Nov)
- November 25
 - Durable goods (Oct)
 - Personal income/spending (Oct)
 - Core PCE deflator (Oct)
 - Jobless claims
 - New home sales (Oct)
 - Markit PMI services/composite (Nov, p)
 - UoM consumer sentiment (Nov, f)
- November 26:
Thanksgiving holiday

EUROZONE

- November 23
 - Eurogroup meeting
 - PMI Manufacturing/services (Nov)
- November 24: DE: Ifo (Nov)
- November 27: ESI (Nov)

GREECE

- November 27: GDP (Q3, f)

SEE

BULGARIA

- November 23: T-bonds auction
- November 25: Gross external debt (Sep)

ROMANIA

- November 23: 2.5% 2019 T-bonds auction
- November 27: ILO U/E rate (Oct)

SERBIA

- November 25: Real gross wages (Oct)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Amid persisting expectations for further ECB monetary policy stimulus at the next policy meeting on December 3rd, the EUR remained under pressure against its major currency peers in early European trade today. Elsewhere, German government bonds retained a firm tone with the 2-yr yield marking a fresh intraday record low. On the data front, the main highlight today is the second estimate of US 3Q GDP, which is likely to be revised higher, as the inventory correction was probably less pronounced than initially estimated.

GREECE: In an official statement released after the conclusion of the November 23rd Eurogroup, euro area finance ministers welcomed the completion by the Greek authorities of the first set of milestones and the financial sector measures required for a successful bank recapitalization process. As per the same statement, the above development enabled the ESM Board of Directors to approve the disbursement of the €2bn loan installment to Greece.

SOUTH EASTERN EUROPE

ROMANIA: The finance ministry sold at an auction on Monday the planned amount of RON 500mn (~€112.5mn) of April 2019 T-Notes.

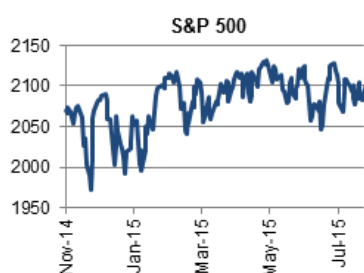
CESEE MARKETS: Trailing losses in Wall Street overnight as well as in major global bourses in Asia and Europe earlier today, the majority of **emerging stock markets** fell in European trade, with most extending this week's downtrend on rising expectations that the Fed will deliver in December its first rate hike since 2006. The Turkish lira and government bonds led the losses in regional FX and government bond markets amid escalating geopolitical tensions in the region. CESEE focus today is on Turkey's Central Bank monetary policy meeting, where the market's median forecast is for stable interest rates.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Eurozone manufacturing and services PMIs for November surprised positively with the Composite PMI rising for the second month in a row to a higher than expected 54.4 from 53.9 in the prior month. Yet, the above is unlikely to have a negligible impact on the ECB which convenes on December 3rd and is expected to further ease its monetary policy amid persisting worries over the risk euro area inflation to remain at current low levels for longer than expected. Against this background, the EUR remained under pressure against its major currency peers hovering around 1.0653/55 against the US dollar in early European trade at the time of writing, not far from a fresh multi-month trough of 1.0590 recorded earlier in the day. Elsewhere, German government bonds retained a firm tone with the 2-yr yield marking a fresh intraday record low of -0.40% earlier in the day. On the flipside, amid heightened expectations for a Fed rate hike at the next policy meeting in mid-December, short-dated US Treasuries extended recent losses with the 2-yr yield hitting a multi-year peak slightly above 0.93% earlier today. Against this background, the 2/10-yr US Treasury yield curve undertook some bearish flattening today with the corresponding spread narrowing to levels around 129.3bps earlier in the day, the lowest since early April 2015. On the data front, the main highlight today is the second estimate of US 3Q GDP, which is likely to be revised higher, as the inventory correction was probably less pronounced than initially estimated.

GREECE

In an official statement released after the conclusion of the November 23rd Eurogroup, euro area finance ministers welcomed the completion by the Greek authorities of the first set of milestones and the financial sector measures required for a successful bank recapitalization process. As per the same statement, the above development enabled the ESM Board of Directors to approve the disbursement of the €2bn loan installment to Greece. Regarding the bank recapitalisation process, the Eurogroup welcomed the significant progress that has been made in the period following the publication of the results of the ECB's Comprehensive Assessment in late October. In more detail, they acknowledged that all four systemic Greek banks have managed to raise sufficient private capital to cover identified capital shortfalls under the AQR and baseline scenario while two of them (i.e., Eurobank and Alpha Bank) were also able to cover that under the adverse scenario. As suggested by the said Eurogroup statement, the EWG agreed that, based on a positive assessment by the European institutions, the Greek side has fulfilled the policy conditions attached to the transfer of the funds to the HFSF out of the €10bn earmarked for bank recapitalization and resolution purposes. According to Eurogroup President Jeroen Dijsselbloem, the formal decision for the transfer of the required funds for the recapitalization of the Greek systemic banks will be taken by the ESM Board of Directors on a case-by-case basis, following the relevant state aid decision. Concluding the November 23rd statement, euro area finance ministers urged the Greek authorities to: (i) tackle "the remaining vulnerabilities" required for the restoration of the soundness of the Greek banking sector, notably those for addressing the high level of NPLs; and (ii) accelerate the cooperation with the institutions for the determination of a second set of milestones that will be attached to the release of the next ESM loan installment (€1bn) as well of the measures required for the completion of the 1st programme review. The Eurogroup called the Greek authorities to finalise the second set of milestones by mid-December and take all necessary decisions needed to remove bottlenecks on key projects (including metro, motorways, environment) co-funded by the EU and EIB

November 24, 2015

BULGARIA: Indicators	2014e	2015f	2016f
Real GDP growth %	1.7	2.1	2.5
CPI (pa, yoy %)	-1.4	0.2	0.8
Budget Balance/GDP*	-3.7	-2.0	-2.4
Current Account/GDP	0.9	2.0	1.5
EUR/BGN (eop)	1.9558		
	2014	current	2015f
Policy Rate (eop)	N/A	N/A	N/A

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

CYPRUS: Indicators	2014e	2015f	2016f
Real GDP growth %	-2.3	1.2	1.6
HICP (pa, yoy %)	-0.3	-2.1	-0.4
Budget Balance/GDP*	-0.2	-1.3	0.1
Current Account/GDP	-5.1	-5.5	-4.5

* ESA 2010

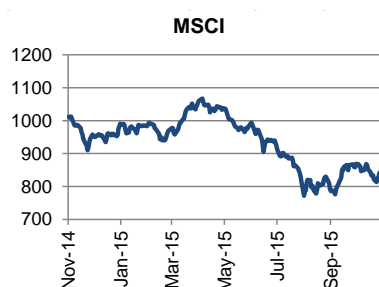
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

ROMANIA: Indicator:	2014e	2015f	2016f
Real GDP growth %	2.9	3.4	3.8
CPI (pa, yoy %)	1.1	-0.8	0.5
Budget Balance/GDP *	-1.9	-1.9	-2.8
Current Account/GDP	-0.4	-0.7	-1.0
EUR/RON (eop)	4.40	4.45	4.40
	2014	current	2015f
Policy Rate (eop)	1.75	1.75	1.75

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

SERBIA: Indicators	2014e	2015f	2016f
Real GDP growth %	-1.8	1.0	2.0
CPI (pa, yoy %)	2.1	1.7	3.5
Budget Balance/GDP	-6.7	-3.5	-4.6
Current Account/GDP	-6.0	-4.3	-4.1
EUR/RSD (eop)	120.96	122.00	124.00
	2014	current	2015f
Policy Rate (eop)	8.00	4.50	4.00

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	BB-	B+

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

Latest world economic & market developments in the CESEE region

ROMANIA

The finance ministry sold at an auction on Monday the planned amount of RON 500mn (~€112.5mn) of April 2019 T-Notes. The average accepted yield came in at 1.82%, 7bps below that achieved at a prior auction of same maturity paper held in October. The tender's bid to cover ratio came in at 2.4, reflecting strong investor demand.

CESEE MARKETS

Trailing losses in Wall Street overnight as well as in major global bourses in Asia and Europe earlier today, the majority of **emerging stock markets** fell in European trade today, with most extending this week's downtrend on rising expectations that the Fed will deliver in December its first rate hike since 2006. In the CESEE region, Serbia's BELEX 15 bucked the negative trend rising by ca 1% at the time of writing and outperforming a concomitant modest decline in the broader MSCI Emerging Markets index. Turkey's BIST100 fared worse than most of its regional peers, falling by more than 1% in early European trade following news that the country's forces shot down a Russian jet on the Syrian border earlier today.

In a similar vein, the Turkish lira and government bonds led the losses in **regional FX and government bond markets**. In more detail, the USD/TRY spiked to a 1-week peak of 2.8800 in late Asian trade before pulling back towards 2.8675 shortly after. Technically, a break above today's intraday high may pave the way for a retest of 2.8892 (November 17 peak) ahead of 2.9040 (90-day moving average). In addition, escalating geopolitical tensions in the region pushed Turkey's 2-year sovereign bond yield 20bps higher in early European trade compared to Monday's settlement to a 1-½ month closing high of 10.30%, while the yield of the 10-year paper rose by 8bps to a multi-week peak of 9.80%. The news about the downing of the Russian war plane comes ahead of today's Central Bank meeting. The market's median forecast is for the Monetary Policy Committee to stay put on interest rates maintaining its benchmark 1-week repo rate at 7.50%.

gphoka@eurobank.gr

November 24, 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	2094.10	0.2%	1.7%	EUR/USD	1.0619	-0.3%	-12.2%	UST - 10yr	2.27	0	9	GOLD	1070	-0.7%	-9.7%
Nikkei 225	19879.81	0.1%	13.9%	GBP/USD	1.5144	-0.3%	-2.8%	Bund-10yr	0.54	6	0	BRENT CRUDE	45	1.3%	-21.1%
STOXX 600	380.88	-0.2%	11.2%	USD/JPY	122.96	-0.1%	-2.7%	JGB - 10yr	0.32	0	-1	LMEX	2135	-0.8%	-26.7%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	308	0	-683
1-week	3.24	0	-677
1-month	3.55	0	-650
3-month	3.90	1	-595
6-month	4.09	0	-570

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.75	#N/A N/A	-530
5Y RSD	4.94	-167	-525
7Y RSD	7.38	0	-143

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.06	1	-120
USD Nov-24	6.40	1	-19

CDS

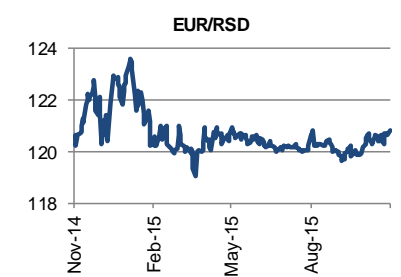
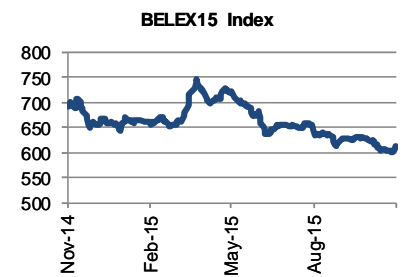
	Last	ΔDbps	ΔYTD bps
5-year	284	0	-6
10-year	349	1	-7

STOCKS

	Last	ΔD	ΔYTD
BELEX15	612.2	1.32%	-8.22%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.81	-0.12%	0.45%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.53	2	-4
1-month	0.88	4	-3
3-month	1.08	2	-62
6-month	1.37	-1	-64
12-month	1.52	-1	-50

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.48	0	-83
5Y RON	1.96	-2	-75
10Y RON	3.54	1	-12

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.10	0	-63
USD Aug-23	3.61	1	-1

CDS

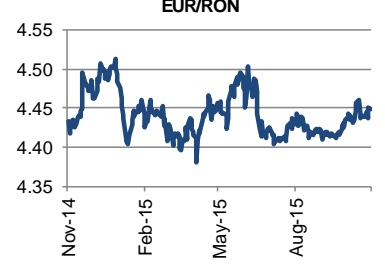
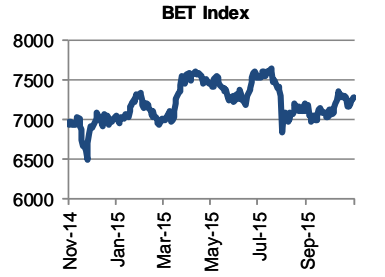
	Last	ΔDbps	ΔYTD bps
5-year	129	-1	-14
10-year	171	-1	-16

STOCKS

	Last	ΔD	ΔYTD
BET	7290.2	0.82%	2.92%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4489	0.05%	0.78%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.17	0	-4
3-month	0.30	0	-13
6-month	0.57	0	-23
12-month	1.12	-1	-39

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.21	2	-83
5Y BGN	0.55	-4	-89
10Y BGN	2.06	0	-69

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.28	0	-88
EUR Sep-24	2.41	2	-46

CDS

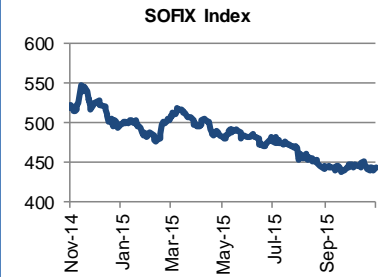
	Last	ΔDbps	ΔYTD bps
5-year	164	-1	-27
10-year	212	0	-29

STOCKS

	Last	ΔD	ΔYTD
SOFIX	443.6	0.81%	-15.04%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.842	-0.26%	-12.24%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 17:45 EET of previous session

November 24, 2015

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 Research

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

Dr. Tassos Anastasatos: Deputy Chief Economist
tanastasatos@eurobank.gr, + 30 210 33 71 178

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 33 71 228

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

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