

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- April 18: NAHB index (Apr)
- April 19
 - Housing starts (Mar)
 - Housing permits (Mar)
- April 20: Existing home sales (Mar)
- April 21
 - Initial jobless claims
 - Philly Fed (Apr)

EUROZONE

- April 20: ZEW index (Apr)
- April 21
 - ECB policy meeting
 - Consumer confidence (Apr)
- April 22
 - PMI manuf. (Apr)
 - PMI services (Apr)

GREECE

- April 19:
 - Mission heads expected to return to Athens
 - Turnover index in Industry (Feb)
- April 22: Eurogroup

SEE

ROMANIA

- April 21: 2.5% 2019 T-Bond auction (Feb)
- April 22: Sovereign debt rating review by Moodys

SERBIA

- April 20: CAD (Feb)

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

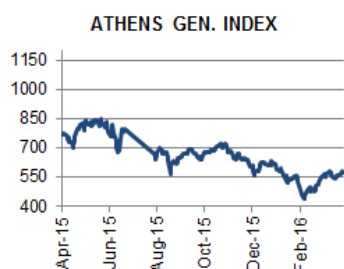
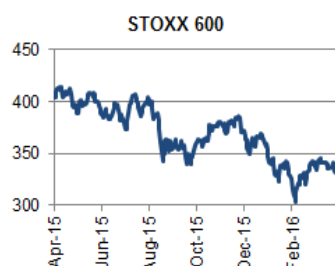
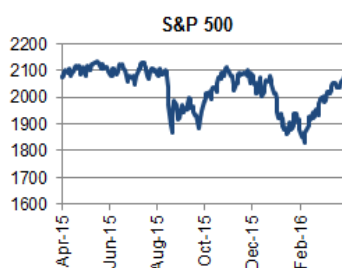
GLOBAL MARKETS: Oil prices moved higher today after a smaller than expected increase in US crude inventories more than offset market oversupply worries. Assisted by higher oil prices, major European equity markets were firmer in early trading while long-dated core sovereign bonds weakened. In FX markets, the EUR lost some ground on positioning adjustment ahead of today's ECB monetary policy meeting.

GREECE: Official discussions between the Greek government and official creditors on the 1st programme review are scheduled to come to a halt later today for the informal Eurogroup in Amsterdam on Friday, April 22nd. According to press reports, the two sides reached an agreement yesterday on a package of parametric and non-parametric measures estimated to secure savings of 1%-of-GDP to partially cover the projected fiscal shortfall in the period 2016-2018. Yet, a number of core issues remain open. The current account (CA) balance recorded a deficit of -€804,27mn in February 2016 compared to -€742,36mn in January 2016.

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BULGARIA



Source: Reuters, Bloomberg, Eurobank Research

Latest world economic & market developments

GLOBAL MARKETS

Oil prices moved higher today after a smaller than expected increase in US crude inventories more than offset market oversupply worries after Kuwait oil workers' strike came to an end. Brent crude was hovering around \$45.85/barrel at the time of writing, the highest since early November 2015, after testing levels near \$40.00/barrel earlier this week on news that major oil producers failed to reach an agreement on freezing oil production. Assisted by higher oil prices, major European equity markets were firmer in early trading while long-dated core sovereign bonds weakened. In FX markets, the EUR lost some ground on positioning adjustment ahead of today's ECB monetary policy meeting. Retreating from 1.1386 multi-session highs hit on Wednesday, the EUR/USD was standing close to 1.1293/95 at the time of writing, still within the recent range of 1.1250-1.1450. The ECB is widely expected to stay put on its monetary policy while President Mario Draghi is anticipated to reveal at the press conference the parameters of the corporate QE programme announced last month. Should this be the case, the ECB meeting is unlikely to exert a meaningful impact on FX markets.

GREECE

Official discussions between the Greek government and official creditors on the 1st programme review are scheduled to come to a halt later today for the informal Eurogroup in Amsterdam on Friday, April 22nd. According to press reports, the two sides reached an agreement yesterday on a package of parametric and non-parametric measures estimated to secure savings of 1%-of-GDP to partially cover the projected fiscal shortfall in the period 2016-2018. Among others, the said package will incorporate an increase in the top VAT rate to 24% from 23% currently. Yet, a number of core issues remain open including the overhaul of the income tax code with the government insisting on setting the tax-free threshold at €9,091 from €9,545 currently while official creditors argue for a lower one at €8,182. With respect to the planned overhaul of the social security pension system, the size of the planned cut in supplementary pensions as a means to facilitate the coverage of a projected shortfall in this year's budget for Supplementary Insurance Unified Fund, represents another source of dispute. Local press reports quoted an unnamed European official saying that three conditions have to be met before Greece receives the next loan disbursement: (i) the legislation of a package of contingency measures worth around €3bn to support the achievement of a 3.5%-of-GDP primary surplus in 2018; (ii) official agreement on debt relief; and (ii) an agreement with the IMF on its involvement in the new programme. As per the same sources, Friday's Eurogroup will assess the progress made so far in official discussions and in case there is a convergence of views on the open issues during that meeting the mission heads could return to Athens shortly after with an intention to work out with the Greek side the details of a staff level agreement. The EU official reportedly noted that, should such a development be realized, an emergency Eurogroup could take place by the end of next week. On his part, European Commission President Jean-Claude Juncker was quoted saying in an interview that Greece does not need any contingency measures noting that the European Commission would only assess such a proposal provided that all parties involved are in agreement and in close cooperation with the Greek government.

The current account (CA) balance recorded a deficit of -€804,27mn in February 2016 compared to -€742,36mn in January 2016. On a yearly basis there was an increase by €650,21mn. This change was driven by a rise in the goods balance (+€137,80mn), in the primary income balance (+€580,12mn) and in the secondary income balance (+€157,91mn). On the flipside, the services balance experienced a decrease of -€225,62mn. Finally, in terms of a cumulative 12month sum, the CA showed a surplus of €91,52mn.

April 21, 2016

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 | 2102.40 | 0.1% | 2.9% | EUR/USD | 1.1296 | 0.0% | 4.1% | UST - 10yr | 1.85 | 0 | -42 | GOLD | 1258 | 1.1% | 18.6% |
| Nikkei 225 | 17363.62 | 2.7% | -8.8% | GBP/USD | 1.4316 | -0.1% | -2.9% | Bund-10yr | 0.20 | 5 | -43 | BRENT CRUDE | 46 | 0.1% | 22.9% |
| STOXX 600 | 350.89 | 0.0% | -4.1% | USD/JPY | 109.68 | 0.2% | 9.5% | JGB - 10yr | -0.11 | 2 | -38 | LMEX | 2374 | 1.1% | 7.7% |

CESEE MARKETS

SERBIA

Money Market

| BELIBOR | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| T/N | 288 | -2 | -15 |
| 1-week | 2.99 | -1 | -20 |
| 1-month | 3.15 | -1 | -36 |
| 3-month | 3.34 | -1 | -49 |
| 6-month | 3.62 | 1 | -41 |

RS Local Bonds

| | Last | ΔDbps | ΔYTD bps |
|--------|------|-------|----------|
| 3Y RSD | 3.41 | 0 | -18 |
| 5Y RSD | 5.28 | 1 | 15 |
| 7Y RSD | 7.04 | 7 | -65 |

RS Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| USD Nov-17 | 2.95 | -2 | -21 |
| USD Nov-24 | 6.23 | 0 | -18 |

CDS

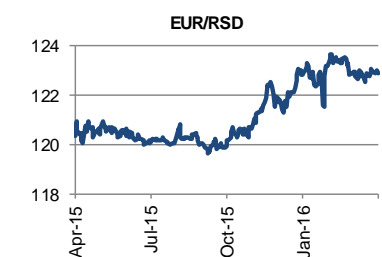
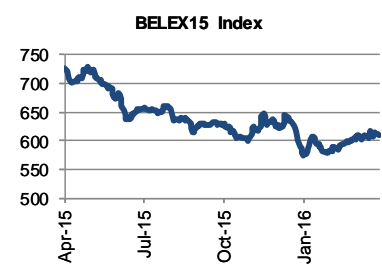
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 262 | 3 | -13 |
| 10-year | 306 | 0 | -33 |

STOCKS

| | Last | ΔD | ΔYTD |
|---------|-------|--------|--------|
| BELEX15 | 605.2 | -0.13% | -6.04% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|-------|--------|
| EUR/RSD | 122.86 | 0.11% | -1.04% |



ROMANIA

Money Market

| ROBOR | Last | ΔDbps | ΔYTD bps |
|----------|------|-------|----------|
| O/N | 0.41 | 0 | -12 |
| 1-month | 0.61 | 1 | -8 |
| 3-month | 0.78 | 0 | -24 |
| 6-month | 1.02 | -1 | -32 |
| 12-month | 1.18 | 0 | -34 |

RO Local Bonds

| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 3Y RON | 1.83 | 2 | -10 |
| 5Y RON | 2.63 | 0 | -17 |
| 10Y RON | 3.53 | 1 | -25 |

RO Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| EUR Oct-25 | 2.33 | 0 | -23 |
| USD Jan-24 | 3.35 | 1 | -43 |

CDS

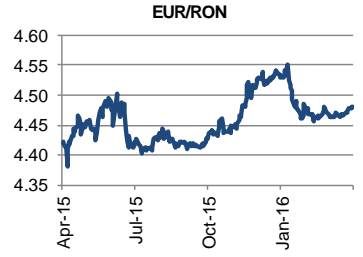
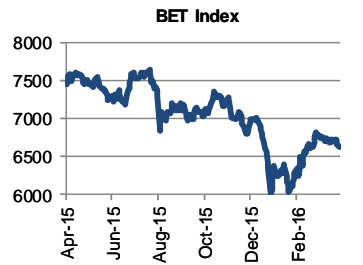
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 115 | -1 | -18 |
| 10-year | 158 | -1 | -14 |

STOCKS

| | Last | ΔD | ΔYTD |
|-----|--------|--------|--------|
| BET | 6553.7 | -0.34% | -6.43% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|-------|-------|
| EUR/RON | 4.4794 | 0.00% | 0.77% |



BULGARIA

Money Market

| SOFIBOR | Last | ΔDbps | ΔYTD bps |
|----------|-------|-------|----------|
| LEONIA | -0.40 | 0 | -41 |
| 1-month | -0.18 | 0 | -33 |
| 3-month | -0.05 | 0 | -31 |
| 6-month | 0.10 | 0 | -43 |
| 12-month | 0.43 | 0 | -54 |

BG Local Bonds

| (yields) | Last | ΔDbps | ΔYTD bps |
|----------|------|-------|----------|
| 3Y BGN | 0.37 | -1 | -23 |
| 5Y BGN | 1.13 | 4 | -14 |
| 10Y BGN | 2.50 | 0 | -16 |

BG Eurobonds

| | Last | ΔDbps | ΔYTD bps |
|------------|------|-------|----------|
| EUR Jul-17 | 0.06 | 0 | -1 |
| EUR Sep-24 | 2.26 | 34 | -16 |

CDS

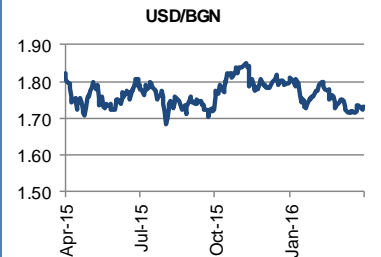
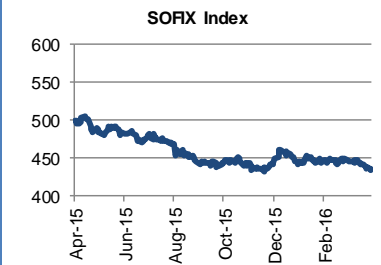
| | Last | ΔDbps | ΔYTD bps |
|---------|------|-------|----------|
| 5-year | 160 | 0 | -12 |
| 10-year | 206 | 0 | -10 |

STOCKS

| | Last | ΔD | ΔYTD |
|-------|-------|-------|--------|
| SOFIX | 433.3 | 0.02% | -5.98% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|--------|-------|
| USD/BGN | 1.7318 | -0.02% | 3.96% |



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
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April 21, 2016

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