

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- June 14: Retail sales (May)
- June 15
 - Empire State Index (May)
 - Industrial production (Apr)
 - FOMC decision
- June 16:
 - CPI (May)
 - Jobless claims (June 11)
 - Philly Fed (Jun)
 - NAHB house index (May)
- June 17: Housing starts/permits (May)

EUROZONE

- June 16: HICP (May, f)
- June 16/17: Eurogroup/Ecofin

GREECE

- June 13: Building activity (Mar)
- Labor Force Survey (Q1 2016)

SEE

BULGARIA

- June 13: CPI (May)
- June 15-19: U/E rate (May)
- June 17: Current account (Apr)

ROMANIA

- June 13
 - Current account (Apr)
 - 3.50% 2022 T-bonds auction
- June 14: IP (Apr)
- June 16: 3.25% 2021 T-bonds auction

SERBIA

- June 13
 - HICP (May)
 - 6% 2019 T-Bonds auction
- June 16: 3Y T-bonds auction
- June 17: Fitch credit rating review

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

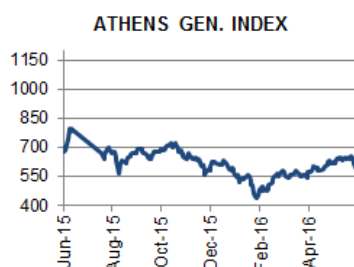
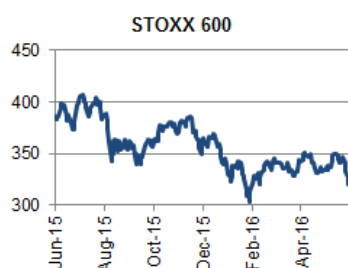
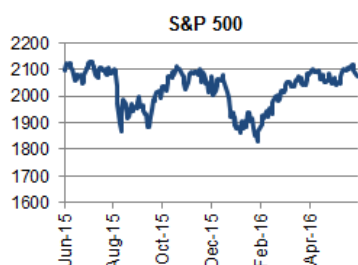
GLOBAL MARKETS: With Brexit jitters dominating the scene ahead of the UK's EU referendum on June 23rd and following the disappointing US May's non-farm payrolls report that was released earlier this month, the Fed is widely expected to stay put on its monetary policy today maintaining the target range for the federal funds rate unchanged at 0.25% to 0.50%. The Fed is also scheduled to issue its updated economic projections along with the updated interest rate projections which will likely continue to show two rate hikes by the end of this year. FOMC Chair Janet Yellen is scheduled to hold a news conference half an hour after the rate policy announcement expected at 18:00 GMT.

GREECE: Echoing recent comments by ESM Managing Director Klaus Regling, Eurogroup President Jeroen Dijsselbloem said on Tuesday that he expects the ESM to approve the release of the next loan sub-tranche to Greece amounting to €7.5bn at its next meeting on Thursday, June 16th. He acknowledged that the medium-term primary surplus target of 3.5%-of-GDP is not realistic in the long-run and it may be lowered after 2018.

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Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

GLOBAL MARKETS

Halting a five-day losing streak amid heightened Brexit jitters, major European equity markets were standing in positive territory in early trade on Wednesday ahead of the Fed's monetary policy announcement later today. With Brexit jitters dominating the scene ahead of the UK's EU referendum on June 23rd and following the disappointing US May's non-farm payrolls report that was released earlier this month, the Fed is widely expected to stay put on its monetary policy today maintaining the target range for the federal funds rate unchanged at 0.25% to 0.50%. The Fed is also scheduled to issue its updated economic projections along with the updated interest rate projections which will likely continue to show two rate hikes by the end of this year. FOMC Chair Janet Yellen is scheduled to hold a news conference half an hour after the rate policy announcement expected at 18:00 GMT. Awaiting the Fed's verdict and just a week ahead of the UK's EU referendum, major global sovereign bond markets retained a firm tone. The 10-yr US Treasury yield was hovering around 1.63% in European trade at the time of writing, remaining close to a four-month intraday trough of 1.57% recorded on Tuesday. Along these lines, the 10-yr Bund was yielding levels close to 0.009% after falling into negative territory in the prior session for the first time. In FX markets, favored by their safe-haven appeal both the JPY and the CHF remained well supported.

GREECE

Echoing recent comments by ESM Managing Director Klaus Regling, Eurogroup President Jeroen Dijsselbloem said on Tuesday that he expects the ESM to approve the release of the next loan sub-tranche to Greece amounting to €7.5bn at its next meeting on Thursday, June 16th. He acknowledged that the medium term primary surplus target of 3.5%-of-GDP is not realistic in the long-run and it may be lowered after 2018. He clarified though that this issue will be discussed towards the end of this year when the IMF is expected to prepare a new debt sustainability analysis of Greece's public debt. On that issue, BoG Governor Yannis Stournaras was quoted saying in an international newspaper interview that Greece needs a new deal with its official creditors in order to move forward. He stressed that "it is unrealistic, and socially unattainable" to demand that Greece achieves a general government primary surplus of 3.5%-of-GDP from 2018 and beyond. The BoG Governor clarified that this should be lowered to 2.0%-of-GDP allowing for a more balanced economic policy mix, with the emphasis on reducing taxation, encouraging private investment and contributing to sustainable growth rates. According to some press reports, out of the next loan sub-tranche, €5.1bn will be forwarded for covering debt servicing needs and will arrive in state coffers early next week, ahead of the UK's EU referendum on June 23rd. The remaining amount of €2.4bn will be deposited in a special so-called "dedicated account" for covering state arrears and will be reportedly disbursed in three equal monthly tranches of €800mn each, in July, August and September. In other news, according to the most recent Bank of Greece data, the total amount of funding taken by domestic banks from the Eurosystem dropped in May for the 9th month in a row standing at €95.7bn, €3.9bn lower compared to the prior month. ELA funding came in at €64.8bn, the lowest since January 2015 and down by €2.1bn relative to April. Direct ECB funding dropped by €1.8bn on a monthly basis at €30.9bn, the lowest since December 2012.

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June 15, 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	2075.32	-0.2%	1.5%	EUR/USD	1.1219	0.1%	3.3%	UST - 10yr	1.62	1	-65	GOLD	1285	0.0%	21.1%
Nikkei 225	15919.58	0.4%	-16.4%	GBP/USD	1.4166	0.3%	-3.9%	Bund-10yr	0.01	1	-62	BRENT CRUDE	49	-1.4%	31.8%
STOXX 600	320.53	-1.9%	-12.4%	USD/JPY	106.26	-0.2%	13.0%	JGB - 10yr	-0.19	-3	-45	LMEX	2248	-0.8%	2.0%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	291	-1	-12
1-week	3.00	-2	-19
1-month	3.19	-1	-32
3-month	3.41	-1	-42
6-month	3.64	0	-39

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.50	-5	-17
5Y RSD	5.29	-1	16
7Y RSD	5.76	0	-193

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.59	0	-57
USD Nov-24	6.24	2	-18

CDS

	Last	ΔDbps	ΔYTD bps
5-year	250	-3	-25
10-year	292	-1	-47

STOCKS

	Last	ΔD	ΔYTD
BELEX15	624.7	-0.16%	-3.02%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.43	0.00%	-1.50%

ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.4	0	-13
1-month	0.58	0	-11
3-month	0.75	0	-27
6-month	1.01	0	-33
12-month	1.18	0	-34

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.79	0	-14
5Y RON	2.66	0	-14
10Y RON	3.56	0	-22

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.48	9	-9
USD Jan-24	3.48	11	-31

CDS

	Last	ΔDbps	ΔYTD bps
5-year	121	4	-12
10-year	162	4	-10

STOCKS

	Last	ΔD	ΔYTD
BET	6422.5	0.25%	-8.31%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5242	0.01%	-0.23%

BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.40	0	-41
1-month	-0.14	0	-30
3-month	-0.04	0	-30
6-month	0.11	0	-42
12-month	0.45	0	-52

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.39	0	-21
5Y BGN	1.10	0	-17
10Y BGN	2.42	0	-24

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.05	0	-2
EUR Sep-24	2.29	0	-14

CDS

	Last	ΔDbps	ΔYTD bps
5-year	165	5	-7
10-year	214	5	-3

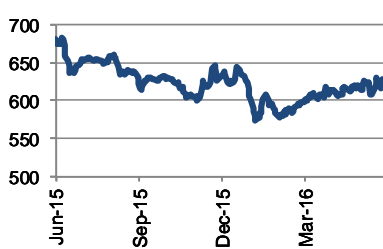
STOCKS

	Last	ΔD	ΔYTD
SOFIX	445.9	-0.52%	-3.25%

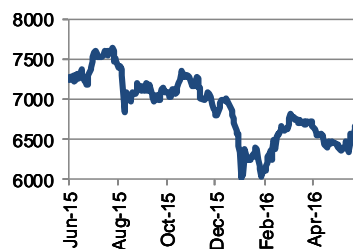
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7435	0.39%	3.26%

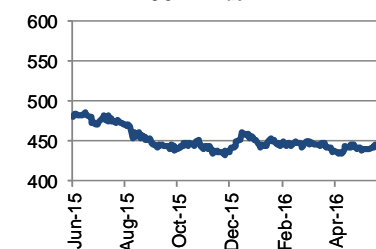
BELEX15 Index



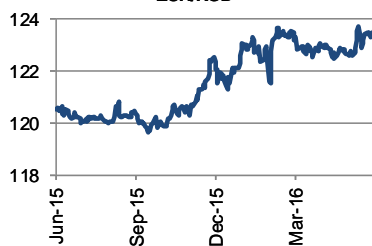
BET Index



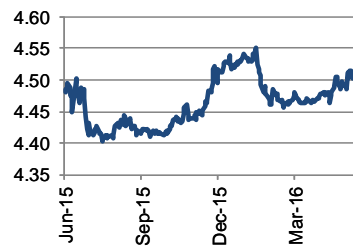
SOFIX Index



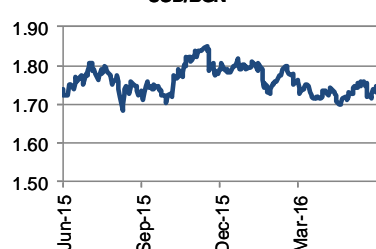
EUR/RSD



EUR/RON



USD/BGN



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

Data updated as of 9:40 EEST

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