

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Aug 29
 - Personal income & spending (Jul)
 - PCE core & deflator (Jul)
- Aug 31
 - Fed's Rosengren speaks
 - Fed's Evans speaks
 - Fed's Kashkari speaks
 - Consumer conf. (Aug)
 - MBA Mortgage applications (Aug 26)
 - Chicago PMI (Aug)
 - Pending home sales (Jul)
- Sep 1
 - Jobless claims (weekly)
 - ISM manufacturing (Aug)
- Sep 2
 - Non-farm payrolls (Aug)
 - Durable goods (Jul, f)
 - Fed's Lacker speaks

EUROZONE

- Aug 30: ESI (Aug)
- Aug 31: CPI (Aug)
- Sep 1: PMI manufacturing (Aug, f)

GREECE

- Aug 29
 - GDP (Q2, f)
 - EU's Moscovici meets Greek FinMin & EconMin
- Aug 31: Retail sales (Jun)
- Sep 1: Market manufact (Aug)
- Sep 2: Fitch sovereign debt rating review

SEE

BULGARIA

- Aug 31-Sept 1: Budget balance (Jul)

ROMANIA

- Aug 31: ILO U/E (Jul)
- Sep 1: International reserves (Aug)

SERBIA

- Aug 31
 - Trade balance (Jul)
 - Retail Sales (Jul)
 - Industrial output (Jul)
 - GDP (Q2, f)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Major European equity markets were modestly firmer in early trade on Tuesday, US Treasury yields edged lower and the DXY index was little changed amid prevailing market uncertainty over whether the Fed is poised to hike interest rates as soon as next month in spite of hawkish comments by Fed Chair Janet Yellen and Vice Chair Stanley Fischer at the Jackson Hole late last week. All eyes are on the US non-farm payrolls report for August scheduled for release later this week (Friday, September 2) which may have a crucial impact on the Fed's deliberations for a rate hike as soon as next month.

GREECE: The Hellenic Statistical Authority published yesterday the revised quarterly national accounts for Q2 2016 (provisional data) which showed a small downward revision in seasonally adjusted real GDP to +0.2%/-0.9% QoQ/YoY relative to the previously reported +0.3%/-0.7% QoQ/YoY (flash estimate). The Euroworking Group that took place yesterday discussed the remaining actions for the disbursement of the €2.8bn sub-tranche and urged the Greek government to proceed swiftly with their completion.

SOUTH EASTERN EUROPE

CESEE MARKETS: Trailing the uptrend in global bourses, emerging stock markets moved broadly higher earlier on Tuesday. In FX markets, most regional currencies treaded water earlier today.

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Latest world economic & market developments

GLOBAL MARKETS

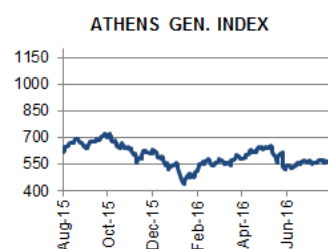
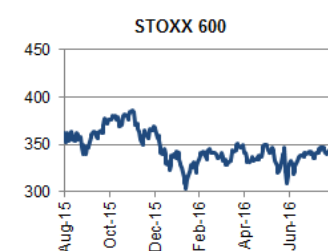
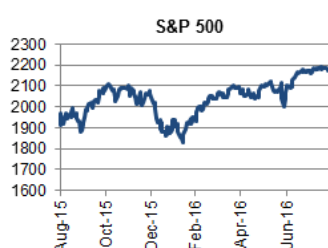
Major European equity markets were modestly firmer in early trade on Tuesday, US Treasury yields edged lower and the DXY index was little changed amid prevailing market uncertainty over whether the Fed is poised to hike interest rates as soon as next month in spite of hawkish comments by Fed Chair Janet Yellen and Vice Chair Stanley Fischer at the Jackson Hole late last week. The Fed Funds curve is currently assigning a 36% probability of a move in September and nearly 62% in December compared to c. 32% and c. 58% chances ahead of the Jackson Hole symposium while a 25bps rate hike is not fully priced-in before mid- 2017. All eyes are on the US non-farm payrolls report for August scheduled for release later this week (Friday, September 2) which may have a crucial impact on the Fed's deliberations for a rate hike as soon as next month. US data released on Monday revealed that personal income accelerated in July rising by 0.4%MoM from 0.3%MoM in June. The saving ratio –measured as a percentage of disposable personal income- rose to 5.7% from 5.5%, boding well for private consumption in the coming months. US personal spending grew in July for the fourth straight month rising by 0.3%MoM following an upwardly revised 0.5%MoM increase in the prior month. Yet, inflation pressures remain relatively contained with headline PCE inflation rising to 0.8%YoY from 0.9%YoY in June while core PCE remained unchanged at 1.6%YoY for the fifth straight month, below the Fed's medium term target of 2.0%. Today's US economic calendar includes the Case-Shiller home price index for June and the CB's consumer survey for August with particular focus on the jobs plentiful indicators. In the euro area, the European Commission's economic sentiment survey for August will also lure market attention.

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GREECE

The Hellenic Statistical Authority published yesterday the revised quarterly national accounts for Q2 2016 (provisional data) which showed a small downward revision in seasonally adjusted real GDP to +0.2%/-0.9% QoQ/YoY relative to the previously reported +0.3%/-0.7% QoQ/YoY (flash estimate). This was the fourth consecutive quarter of negative year-on-year output growth. Overall, real output declined by 1.0% YoY in H1 2016, following a 1.2% contraction in H2 2015 and positive growth of 0.6% in H1 2015. The Euroworking Group that took place yesterday discussed the remaining actions in the context of the 3rd Economic Adjustment Programme and urged the Greek government to proceed swiftly with their completion in order to avoid delays in the disbursement of the €2.8bn sub-tranche, reportedly expected by end-September, a large part of which (€1.7bn) will be used to cover public sector arrears.

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Source: Reuters, Bloomberg, Eurobank Research

August 30, 2016

BULGARIA: Indicators	2014	2015	2016f
Real GDP growth %	1.6	3.0	2.6
CPI (pa, yoy %)	-1.4	-0.1	-0.5
Budget Balance/GDP*	-3.7	-2.9	-2.0
Current Account/GDP	0.9	1.4	1.0
EUR/BGN (eop)	1.9558		
	2015	current	2016f
Policy Rate (eop)	N/A	N/A	N/A

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

CYPRUS: Indicators	2014	2015	2016f
Real GDP growth %	-2.5	1.6	2.5
HICP (pa, yoy %)	-0.3	-1.5	-0.7
Budget Balance/GDP*	-0.2	0.0	-0.4
Current Account/GDP	-4.6	-3.6	-4.2

* ESA 2010

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

ROMANIA: Indicator:	2014	2015	2016f
Real GDP growth %	2.9	3.8	4.2
CPI (pa, yoy %)	1.1	-0.6	-1.5
Budget Balance/GDP *	-1.9	-1.9	-2.8
Current Account/GDP	-0.4	-1.1	-3.0
EUR/RON (eop)	4.48	4.52	4.60
	2015	current	2016f
Policy Rate (eop)	1.75	1.75	2.00

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

SERBIA: Indicators	2014	2015	2016f
Real GDP growth %	-1.8	0.8	1.8
CPI (pa, yoy %)	2.1	1.5	2.8
Budget Balance/GDP	-6.7	-4.1	-4.0
Current Account/GDP	-6.0	-4.7	-4.6
EUR/RSD (eop)	121.38	121.52	125.00
	2015	current	2016f
Policy Rate (eop)	4.25	4.00	4.00

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

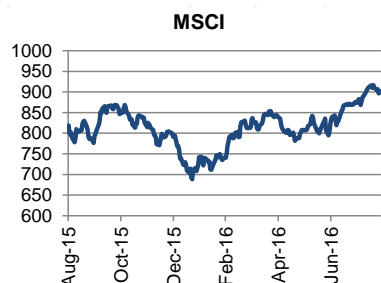
Latest economic & market developments in the CESEE region

CESEE MARKETS

Trailing the uptrend in global bourses, emerging stock markets moved broadly higher earlier on Tuesday. Against this backdrop, the MSCI Emerging Markets index stood in a modestly firmer territory in Asian trade today and main CESEE indices were little changed at the time of writing. Turkish markets were closed on National holiday and are due to reopen tomorrow.

In FX markets, most regional currencies treaded water earlier today. The Polish zloty recovered some ground in European trade on Tuesday after final GDP data for Q2 confirmed a robust flash growth estimate of 3.1%YoY somewhat alleviating expectations for further monetary easing ahead. The breakdown of the data showed that domestic demand was the primary driver of economic activity rising by 2.4%YoY thanks to a 3.5%YoY increase in consumption which more than fully offset the negative impact stemming from a 4.9%YoY decline in gross fixed capital formation. Net exports and changes in inventories also provided a positive input to economic activity in Q2. In this context, the EUR/PLN hovered around levels of 4.3380 at the time of writing, having slightly eased from a 4-week peak near 4.3470 hit a session earlier. The zloty came under renewed pressure yesterday in the aftermath of Fed Yellen's hawkish comments last week and exacerbated worries over the Polish government's policies which recently resulted to a warning by Moody's that the domestic constitutional crisis is bearing risks for investments and the broader domestic economy.

Looking into the remainder of the week, Serbia's Q2 final GDP reading, August CPI data in Poland, both on Wednesday, and regional PMI manufacturing data for August on Thursday take centre stage in CESEE. Focus also remains on any hints over the FOMC's monetary policy deliberations ahead, with the August US non-farm payrolls report featuring as the most important data release from abroad this week.

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

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

August 30, 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	2177.63	0.4%	6.5%	EUR/USD	1.1172	-0.2%	2.9%	UST - 10yr	1.59	-4	-68	GOLD	1321	0.0%	24.5%
Nikkei 225	16737.49	2.3%	-12.1%	GBP/USD	1.3082	-0.4%	-11.2%	Bund-10yr	-0.08	0	-70	BRENT CRUDE	49	-1.4%	32.0%
STOXX 600	342.93	-0.2%	-6.3%	USD/JPY	102.26	-0.4%	17.4%	JGB - 10yr	-0.06	1	-33	LMEX	2358	0.0%	7.0%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	303	1	0
1-week	3.16	0	-3
1-month	3.31	1	-20
3-month	3.57	4	-26
6-month	3.77	2	-26

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	2.84	xs	-75
5Y RSD	4.47	0	-66
7Y RSD	5.74	0	-195

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.28	-2	-89
USD Nov-24	6.43	-6	2

CDS

	Last	ΔDbps	ΔYTD bps
5-year	218	-12	-56
10-year	260	-18	-79

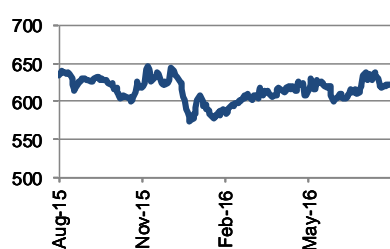
STOCKS

	Last	ΔD	ΔYTD
BELX15	622.0	0.00%	-3.42%

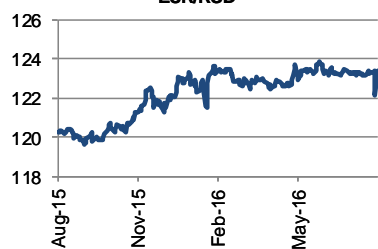
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.36	-0.05%	-1.44%

BELX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.55	-1	2
1-month	0.61	0	-8
3-month	0.77	0	-25
6-month	1.01	0	-33
12-month	1.16	0	-36

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.48	1	-45
5Y RON	2.10	1	-70
10Y RON	2.85	3	-93

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.74	#N/A	N/A
USD Jan-24	2.69	1	-109

CDS

	Last	ΔDbps	ΔYTD bps
5-year	112	2	-21
10-year	156	2	-15

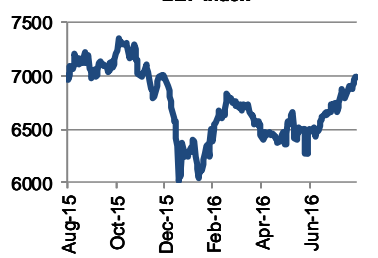
STOCKS

	Last	ΔD	ΔYTD
BET	6995.6	0.15%	-0.12%

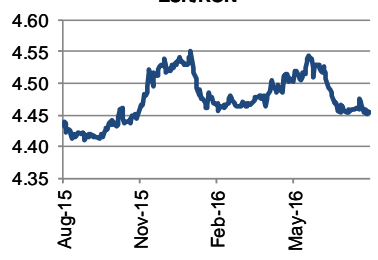
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4536	0.08%	1.36%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.05	-5	-6
1-month	-0.15	-1	-30
3-month	-0.03	0	-29
6-month	0.12	0	-41
12-month	0.44	0	-53

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.21	-1	-39
5Y BGN	0.62	-6	-65
10Y BGN	1.96	0	-69

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.19	0	-26
EUR Sep-24	1.95	-252	-47

CDS

	Last	ΔDbps	ΔYTD bps
5-year	139	-7	-33
10-year	183	-8	-33

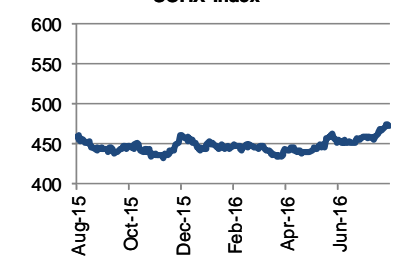
STOCKS

	Last	ΔD	ΔYTD
SOFIX	471.3	-0.51%	2.27%

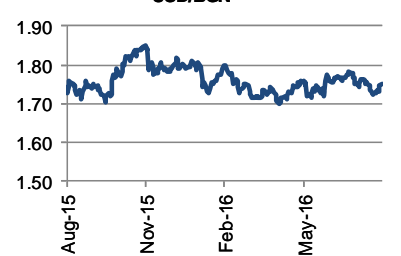
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7505	-0.20%	2.84%

SORFX Index



USD/BGN



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

Data updated as of 17:00 EEST of previous session

August 30, 2016

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