



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Friday, July 14, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- Jul 12
 - Fed Chair Yellen testifies before House Financial Services Committee
 - Fed's Beige Book
- Jul 13
 - Jobless claims (weekly)
 - Fed Chair Yellen testifies before Senate
- Jul 14
 - CPI (Jun)
 - Retail sales (Jun)
 - Industrial prod/n (Jun)
 - UoM consumer confidence (Jul, p)

EUROZONE

- Jul 10: Eurogroup
- Jul 11: Ecofin

GREECE

- Jul 10
 - HICP/CPI (Jun)
 - Industrial prod/n (May)

CYPRUS

- Jul 11: HICP (Jun)

SEE

BULGARIA

- Jul 10
 - Retail sales (May)
 - Industrial prod/n (May)
 - Trade balance (May)
- Jul 13: CPI (Jun)

ROMANIA

- Jul 10
 - Trade balance (May)
 - 3.25% 2024 T-bonds auction
 - MPC meeting minutes
- Jul 11
 - Industrial sales (May)
 - CPI (Jun)
- Jul 12: Industrial prod/n (May)
- Jul 13: 1.35% 2019 T-Bonds auction
- Jul 14
 - CAD (May)
 - Fitch rating review

SERBIA

- Jul 10: MPC meeting
- Jul 12
 - CPI (Jun)
 - 2-year T-Bonds auction

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Following the more dovish than expected tone of Fed Chair Janet Yellen at her semi-annual testimony this week, focus today is on US CPI inflation for June. Meanwhile, USD remained under pressure in European trade with the DXY index standing a tad lower compared to the settlement in the prior session and 0.4% lower on a weekly basis. UST yields were higher on the day albeit still below recent highs. German Bund yields also rose after an article in the Wall Street Journal hinted that the ECB is likely to announce its plan to wind down QE at the September 7th Governing Council meeting.

GREECE: According to data released yesterday by the Bank of Greece, dependency from the Eurosystem continues to decrease for the 4th month in a row, as ELA funding dropped from €40,7 billion in May 2017 to €37.9 billion in June 2017. ECB funding rose slightly from €16.2 billion in May to €16.3 billion in June.

SOUTH EASTERN EUROPE

CESEE MARKETS: CESEE assets were mixed earlier on Friday, with currencies and regional bonds standing broadly firmer, while most bourses were modestly lower.

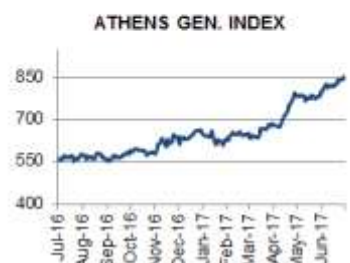
DISCLAIMER

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.

July 14, 2017

Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Following the more dovish than expected tone of Fed Chair Janet Yellen at her semi-annual testimony this week, focus today is on US CPI inflation for June. Market consensus is for an uptick to 0.1% mom with the annual rate rising by 1.8% from 1.9% in May. Core CPI is expected to rise by 0.2% taking the annual rate to 1.8% from 1.7%. Should inflation data surprise to the upside, USTs may come under selling pressure with yields approaching recent highs while in FX markets, USD will likely move higher across the board. On the flipside, negative surprises would be outright USD-bearish and UST yields may move lower with the 10-yr yield retesting 2.31% recent low. Other major US data releases today include retail sales, industrial production and the Michigan consumer confidence index all for the month of June. Ahead of the aforementioned key US data releases, USD remained under pressure with the DXY index hovering around 95.770 at the time of writing, a tad lower compared to the settlement in the prior session and 0.4% lower on a weekly basis. UST yields were higher in European trade on the day albeit still below recent highs with the 2/10-yr yield spread hovering around a multi-session low of 97.5bps at the time of writing. Meanwhile, German Bund yields rose after an article in the Wall Street Journal hinted that the ECB is likely to announce its plan to wind down QE at the September 7th Governing Council meeting. The 10-yr Bund yield was testing levels close to 0.58% at the time of writing after falling to as low as 0.54% at some point early on Thursday, remaining though below an intraday year-to-day peak of 0.64% recorded earlier this week. Turning to the EMU sovereign space, the majority of debt spreads against German Bunds were narrower on the day. Portugal outperformed with the 10-yr PGB/Bund yield spread hitting a fresh multi-month low near 108bps.

ppetropoulou@eurobank.gr

GREECE

According to data released yesterday by the Bank of Greece, dependency from the Eurosystem continues to decrease for the 4th month in a row, as ELA funding dropped from €40.7 billion in May 2017 to €37.9 billion in June 2017. ECB funding rose slightly from €16.2 billion in May to €16.3 billion in June.

andimitriadou@eurobank.gr

July 14, 2017

Latest economic & market developments in the CESEE region

BULGARIA: Indicators	2015	2016e	2017f
Real GDP growth %	3.6	3.5	3.0
CPI (pa, yoy %)	-0.1	-0.7	0.6
Budget Balance/GDP*	-2.9	-0.8	-1.4
Current Account/GDP	0.4	3.0	1.5
EUR/BGN (eop)	1.9558		
	2016	current	2017
Policy Rate (eop)	N/A	N/A	N/A

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

CYPRUS: Indicators	2015	2016e	2017f
Real GDP growth %	1.7	2.8	3.0
HICP (pa, yoy %)	-1.5	-1.1	0.5
Budget Balance/GDP*	0.0	-0.3	-0.6
Current Account/GDP	-3.0	-2.8	-3.3

* ESA 2010

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

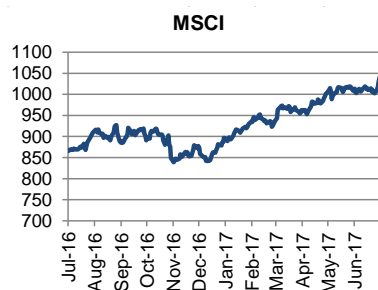
ROMANIA: Indicator:	2015	2016e	2017f
Real GDP growth %	3.7	5.0	3.5
CPI (pa, yoy %)	-0.6	-1.8	1.5
Budget Balance/GDP *	-1.9	-2.8	-3.7
Current Account/GDP	-1.1	-3.0	-3.2
EUR/RON (eop)	4.48	4.54	4.60
	2016	current	2017
Policy Rate (eop)	1.75	1.75	1.75

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

SERBIA: Indicators	2015	2016e	2017f
Real GDP growth %	0.8	2.8	3.0
CPI (pa, yoy %)	1.9	1.2	2.1
Budget Balance/GDP	-3.7	-1.4	-1.3
Current Account/GDP	-4.7	-4.0	-3.9
EUR/RSD (eop)	121.38	123.40	125.5
	2016	current	2017
Policy Rate (eop)	4.00	4.00	4.00

Source: Reuters, Bloomberg, Eurobank Research, National Authorities



Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	Ba3	BB-	BB-
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BB+	BBB-
CYPRUS	B1	BB+	BB-

Source: Reuters, Bloomberg, Eurobank Research

CESEE MARKETS

CESEE assets were mixed earlier on Friday, with currencies and regional bonds standing broadly firmer, while most bourses stood were lower. That said, most emerging market assets, including those in the region, are braced to end higher on a weekly basis thanks to the more dovish than expected tone adopted by Fed Chair Janet Yellen at her semi-annual testimony earlier in the week. In more detail, Hungary's main stock BUX index led the losses in regional stock markets today, falling by ca 0.7% at the time of writing. Despite today's losses, the index is poised to mark weekly gains in excess of 1%. Elsewhere, Turkey's BIST 100 index bucked the negative trend to stand 0.5% higher earlier on Friday, having amassed gains of 4.6% compared to the prior week's settlement and hit a new record high yesterday. The broader MSCI Emerging Markets index stood modestly firmer in European trade today, recording a near 4% weekly advance and reaching a new 26-month high earlier on Friday.

In FX markets, most currencies firmed earlier today favoured by a weaker USD, while in the local rates markets, most government bond yields fell. Romanian paper underperformed that of peers, possibly on profit taking, after a T-bond auction that was held yesterday drew robust investor demand initially pushing yields lower. In more detail, the 3- and 10-year government bond yields rose by 1bps and 7bps, respectively, in European trade today after closing 6 and 11bps lower on Thursday. Romania's finance ministry sold on Thursday a planned amount of RON 700mn worth of T-bonds which mature on February 25, 2019. The auction's average accepted yield came in at 1.21%, slightly above 1.18% achieved at a prior tender of the same issue held in June. The paper, which was sold at an average price of 100.2134, carries an annual coupon of 1.35%. Investor demand proved strong at yesterday's auction, with the bid to cover ratio coming in at 2.9.

Today's market attention turns on the US CPI, with the prospect of less accommodative monetary policies by major Central Banks expected to continue setting the tone for risky assets in the coming months. An upside surprise in today's data release may put emerging market assets under pressure. In the CESEE space, today's calendar of data and events is relatively thin, with a review by Fitch on Romania's sovereign credit ratings taking center stage. The agency currently rates Romania at BBB- with stable outlook. No change is expected in today's review. However, the focus will be mainly on any hints over future reviews.

gphoka@eurobank.gr

July 14, 2017

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	2447.83	0.2%	9.3%	EUR/USD	1.1415	0.1%	8.5%	UST - 10yr	2.34	-1	-11	GOLD	1218	0.0%	5.7%
Nikkei 225	20118.86	0.1%	5.3%	GBP/USD	1.2961	0.2%	4.9%	Bund-10yr	0.57	-3	37	BRENT CRUDE	48	0.0%	-14.8%
STOXX 600	386.14	0.3%	6.8%	USD/JPY	113.24	0.0%	3.3%	JGB - 10yr	0.08	-1	3	LMEX	2840	0.1%	6.8%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.99	2	-1
1-week	3.14	2	-3
1-month	3.32	1	-3
3-month	3.54	1	7
6-month	3.74	-1	8

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.86	0	-17
5Y RSD	5.21	0	-14
7Y RSD	5.59	0	-5

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	1.82	-3	-48
USD Nov-24	6.34	1	-8

CDS

	Last	ΔDbps	ΔYTD bps
5-year	149	0	-59
10-year	197	0	-58

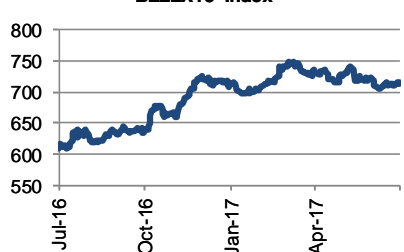
STOCKS

	Last	ΔD	ΔYTD
BELEX15	713.6	-0.26%	-0.52%

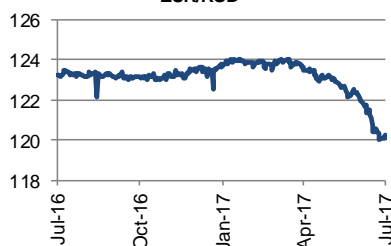
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.16	0.00%	2.75%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.51	0	-5
1-month	0.64	0	-12
3-month	0.87	0	-3
6-month	1.03	0	-8
12-month	1.2	0	-5

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.29	0	-33
5Y RON	2.24	0	-28
10Y RON	3.44	0	-21

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.96	0	-18
USD Jan-24	3.39	0	-47

CDS

	Last	ΔDbps	ΔYTD bps
5-year	106	-2	-4
10-year	148	-2	-5

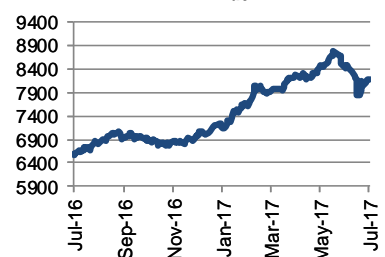
STOCKS

	Last	ΔD	ΔYTD
BET	8159.2	-0.02%	15.16%

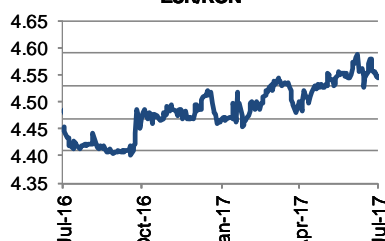
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.563	0.08%	-0.53%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.16	0	0
3-month	-0.10	-1	-3
6-month	0.04	0	-4
12-month	0.41	0	1

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.08	-1	-23
5Y BGN	0.17	0	-33
10Y BGN	1.54	0	-37

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-24	1.31	0	-37

CDS

	Last	ΔDbps	ΔYTD bps
5-year	112	-1	-40
10-year	162	-1	-32

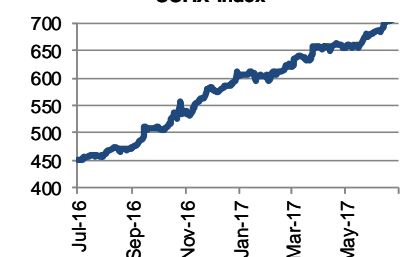
STOCKS

	Last	ΔD	ΔYTD
SOFIX	709.5	-0.24%	20.98%

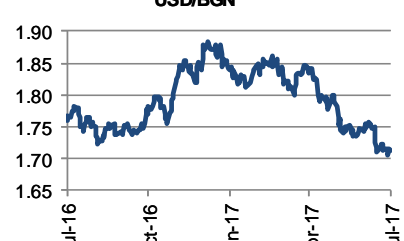
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7136	0.15%	8.45%

SOFIX Index



USD/BGN



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

Data updated as of 09:55 EEST

July 14, 2017

Contributors

Paraskevi Petropoulou
Economic 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
Economic Analyst, Eurobank Ergasias
+30 210 3718793
andimitriadou@eurobank.gr

Olga Kosma (Special Contributor)
Research Economist, Eurobank Ergasias
+30 210 3371227
okosma@eurobank.gr

Theodoros Stamatou (Special Contributor)
Senior Economist, Eurobank Ergasias
30 210 3371228
tstamatou@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

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

Olga Kosma: Research Economist
okosma@eurobank.gr, + 30 210 33 71 227

Mariana Papoutsaki
mpapoutsaki@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

Elia Tsiampaou: Economic Analyst
etsiampaou@eurobank.gr, +30 210 3337871

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

Follow us on twitter: https://twitter.com/Eurobank_Group

