

# DAILY OVERVIEW

## OF GLOBAL MARKETS & THE SEE REGION

Friday, October 06, 2017

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### GLOBAL US

- Oct 2
  - ISM-manufacturing (Sep)
  - Construction spending (Aug)
- Oct 4
  - ADP employment report (Sep)
  - ISM-non manufacturing (Sep)
  - Fed Chair Yellen speaks
- Oct 5
  - Trade balance (Aug)
  - Jobless claims (weekly)
- Oct 6: Non-farm payrolls (Sep)

#### EUROZONE

- Oct 2: U/E rate (Aug)
- Oct 3: PPI (Aug)
- Oct 4: Retail sales (Aug)
- Oct 5: ECB account of the September MPC meeting
- Oct 6: DE: Industrial orders (Aug)

#### GREECE

- Oct 2: Markit manufacturing PMI (Sep)
- Oct 5: U/E rate (Jul)

#### SEE

##### ROMANIA

- Oct 2
  - ILO U/E rate (Aug)
  - International reserves (Sep)
- Oct 3: MPC meeting
- Oct 4: Retail sales (Aug)
- Oct 6: S&P credit rating review

##### SERBIA

- Oct 6: PPI (Sep)

Source: Reuters, Bloomberg,  
Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Spanish government bonds were firmer in European trade on Friday on news that the Spanish Constitutional Court suspended the Catalan parliament session planned for next Monday in a move to stop it from making a unilateral declaration of independence. Meanwhile, US government bond yields retained an upward trend as investors seem to continue to adjust upwards their short-term Fed rate hike expectations following the FOMC's more hawkish than expected tone at the September 20 policy meeting and news that the House Budget Committee approved the FY-2018 budget resolution that includes a provision for tax cuts of \$1.5trn over the next ten years. Looking at today's calendar, we await the release of US non-farm payrolls for September, which will likely reflect the impact from hurricanes Harvey and Irma.

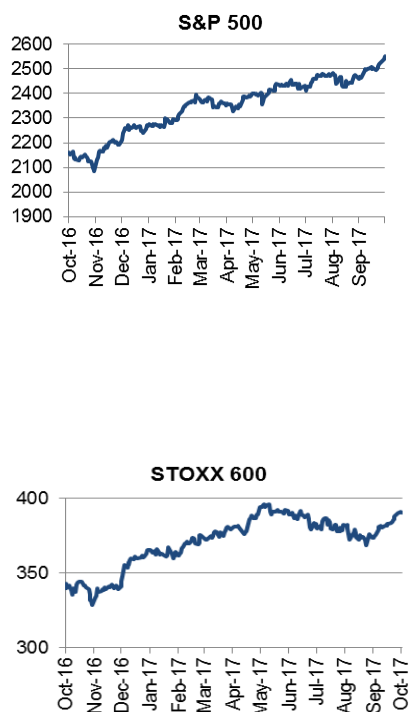
**GREECE:** The EC Vice President Valdis Dombrovskis identified as priorities of the upcoming 3<sup>rd</sup> programme review – expected to commence in mid-October – the progress in the structural reforms and the FY-2018 state budget, which must ensure that the 3.5% of GDP primary surplus target will be achieved. With regard to the Hellenikon concession, the European Commission stated that the Greek authorities are committed under the terms of the Memorandum of Understanding to take necessary measures to promote the specific privatisation project. According to the Hellenic Statistical Authority (ELSTAT), in July 2017 the unemployment rate eased to 21.0% from 21.3% in June 2017.

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## Latest world economic & market developments

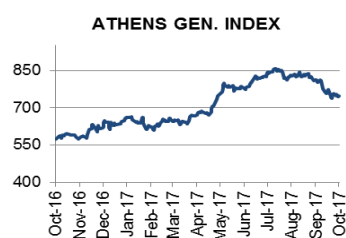
### GLOBAL MARKETS



Spanish government bonds were firmer in European trade on Friday on news that the Spanish Constitutional Court suspended the Catalan parliament session planned for next Monday in a move to stop it from making a unilateral declaration of independence. On the view that risks of a near-term accident have probably decreased, the 10-yr SPGB yield was hovering around 1.69% at the time of writing, having retreated from a 6 ½ month high of 1.81% hit in the prior session, but still above levels close to 1.60% recorded last week ahead of the October 1st independence referendum. The yield spread against its German counterpart narrowed by 2.5bps on the day to 122bps, the lowest so far this week. Yet, investors remain cautious and Spanish government paper highly sensitive to any developments related to Catalonia. Meanwhile, US government bond yields retained an upward trend as investors seem to continue to adjust upwards their short-term Fed rate hike expectations following the FOMC's more hawkish than expected tone at the September 20 policy meeting. Furthermore, recent developments on the US administration's proposed tax reform are positive following news that the House Budget Committee approved the FY-2018 budget resolution that includes a provision for tax cuts of \$1.5trn over the next ten years. Fed Funds futures are currently pricing in a 75% probability for a 25bps rate hike at the December FOMC monetary policy meeting compared to 71% earlier this week and 35% in early September. In FX markets, the USD retained a firm tone with the DXY index standing 0.1% higher on the day at 94.099, poised for weekly gains of c. 1%. Against a broadly firmer USD, the EUR/USD retreated to levels below 1.1700 following a peak of 1.1800 earlier this week. The minutes of the ECB's Governing Council meeting on September 7 released yesterday supported expectations that, in spite of prevailing subdued euro area inflation pressures, the ECB will announce QE tapering at the October 26th meeting with a very "gradual and cautious" approach. Looking at today's calendar, we await the release of US non-farm payrolls for September which will likely reflect the impact from hurricanes Harvey and Irma. Consensus is for a 70k rise in the headline with the unemployment rate remaining stable at 4.4%.

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### GREECE



The EC Vice President Valdis Dombrovskis stated yesterday that the institutions' (EC/ECB/ESM/IMF) heads are expected to arrive in Athens after the World Bank/IMF Annual Meetings (9-15 Oct) for the 3<sup>rd</sup> programme review, preparations for which are already underway. He identified as priorities of this review the progress in the structural reforms, most of which have already been legislated and must now be completed and the FY-2018 state budget, which must ensure that the 3.5% of GDP primary surplus target will be achieved. Meanwhile, as regards the clearance of state arrears, according to press reports, the competent authorities are planning to work intensively in the next couple of weeks in order to pay outstanding pensions and tax refunds before October 31 when the deadline for the disbursement of the pending EURO.8 billion sub-tranche from the 2<sup>nd</sup> review expires. With regard to the Hellinikon concession, the European Commission stated yesterday that it has taken notice of the recent decision of the Central Archaeological Council and that the Greek authorities are committed under the terms of the Memorandum of Understanding to take necessary measures to promote the specific privatisation project. In other news, according to the Hellenic Statistical Authority (ELSTAT), in July 2017 the unemployment rate eased to 21.0% from 21.3% in June 2017.

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## 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	2552.07	0.6%	14.0%	EUR/USD	1.1692	-0.2%	11.1%	UST - 10yr	2.36	1	-8	GOLD	1269	0.1%	10.1%
Nikkei 225	20690.71	0.3%	8.2%	GBP/USD	1.3069	-0.4%	5.8%	Bund-10yr	0.47	1	26	BRENT CRUDE	57	-0.2%	0.1%
STOXX 600	389.68	-0.1%	8.1%	USD/JPY	113	-0.2%	3.5%	JGB - 10yr	0.06	1	1	LMEX	3226	1.5%	21.3%

## CESEE MARKETS

## SERBIA

## Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.71	-1	-29
1-week	2.83	-1	-34
1-month	3.05	0	-30
3-month	3.30	-1	-17
6-month	3.51	-1	-15

## RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.49	-1	-55
5Y RSD	4.96	0	-39
7Y RSD	5.20	0	-44

## RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	1.51	-2	-82
USD Nov-24	6.34	1	-7

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	140	0	-68
10-year	191	0	-65

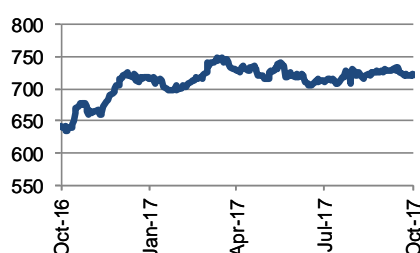
## STOCKS

	Last	ΔD	ΔYTD
BELEX15	721.1	-0.09%	0.57%

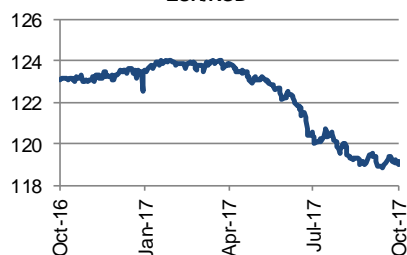
## FOREX

	Last	ΔD	ΔYTD
EUR/RSD	119.00	0.14%	3.75%

BELEX15 Index



EUR/RSD



## ROMANIA

## Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.87	3	131
1-month	1.81	2	105
3-month	1.78	0	88
6-month	1.87	0	76
12-month	1.88	0	63

## RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.85	2	23
5Y RON	2.47	1	-5
10Y RON	3.73	1	8

## RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.62	0	-51
USD Jan-24	3.01	0	-88

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	97	1	-13
10-year	139	1	-13

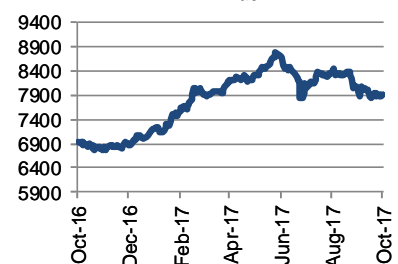
## STOCKS

	Last	ΔD	ΔYTD
BET	7899.6	0.17%	11.75%

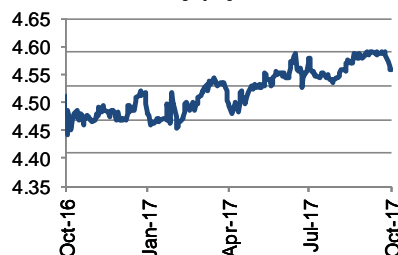
## FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5742	0.00%	-0.77%

BET Index



EUR/RON



## BULGARIA

## Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.20	1	-4
3-month	-0.12	0	-5
6-month	-0.03	0	-11
12-month	0.31	-3	-10

## BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.21	0	-37
5Y BGN	0.02	1	-49
10Y BGN	1.06	0	-84

## BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.16	5	-71
EUR Sep-24	0.82	13	-86

## CDS

	Last	ΔDbps	ΔYTD bps
5-year	94	-1	-58
10-year	143	-2	-50

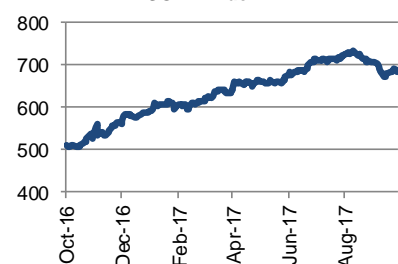
## STOCKS

	Last	ΔD	ΔYTD
SOFIX	676.4	0.83%	15.70%

## FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6729	-0.16%	11.09%

SOFIX Index



USD/BGN



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