



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Friday, November 17, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Nov 15
 - Empire State Index (Nov)
 - Retail Sales (Oct)
 - CPI (Oct)
- Nov 16
 - Jobless claims (weekly)
 - Philly Fed Index (Nov)
 - Industrial Production (Oct)
 - NAHB Index (Nov)
- Nov 17: Housing starts & Building Permits (Oct)

EUROZONE

- Nov 14
 - GDP (Q3, p)
 - Industrial production (Sep)
- Nov 16: CPI (Oct, final)

GREECE

- Nov 13: Credit Expansion (Sep)

SEE

BULGARIA

- Nov 13: 0.3% 2021 T-bonds auction
- Nov 14
 - CPI (Oct)
 - GDP (Q3, p)
- Nov 15: U/E rate (Oct)
- Nov 16: Current account balance (Sep)

ROMANIA

- Nov 13
 - Industrial output (Sep)
 - 3.4% 2022 T-bonds auction
 - Current account balance (Sep)
- Nov 14
 - GDP (Q3, A)
 - MPC meeting minutes
- Nov 16: 1.35% 2019 T-bonds auction

SERBIA

- Nov 13: CPI (Oct)
- Nov 17: Current account balance (Sep)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The 435-seat US House of Representatives approved its tax draft plan late on Thursday with 227 Republican in favor votes. All Democrats and 13 Republicans voted against. Meanwhile, the Senate Finance Committee approved its version of the draft bill and a full Senate vote is expected after next week's Thanksgiving holiday. However, there is still significant market uncertainty about the form of the ultimate tax reform bill. The USD failed to capitalize on the passage of the draft bill by the US House as well as a fresh string of positive US data, poised for weekly losses to the tune of 0.7% amid renewed political jitters. The 2-yr UST yield hit a fresh nine-year high while German Bunds retained a positive tone supported by lower oil prices and reduced euro area inflation expectations. Looking at today's calendar, focus is on US housing starts and building permits for October while ECB President Mario Draghi and German Bundesbank head Jens Weidmann are scheduled to speak.

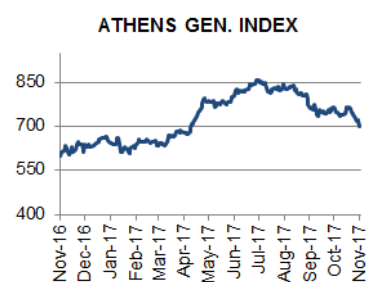
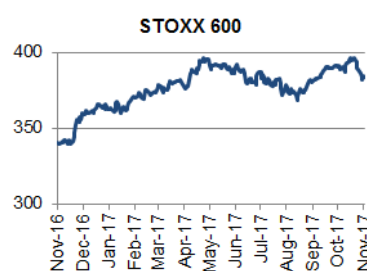
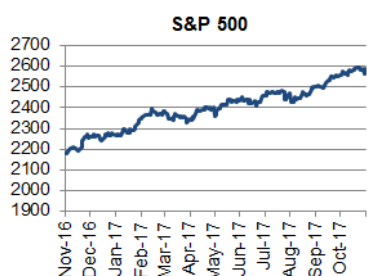
GREECE: According to Bank of Greece data, apartment prices in the real estate market decreased on an annual basis by -0.6% in 2017Q3 from -1.2% in 2017Q2 and -1.7% in 2017Q1. Since 2008Q3 the cumulative decline of apartment prices in Greece stands at -42.4% (negative wealth effect).

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

The 435-seat US House of Representatives approved its tax draft plan late on Thursday with 227 Republican in favor votes. All Democrats and 13 Republicans voted against. Meanwhile, the Senate Finance Committee approved its version of the draft bill and a full Senate vote is expected after next week's Thanksgiving holiday. However, there is still significant market uncertainty about the form of the ultimate tax reform bill. A number of Republican lawmakers in the Senate — where Republicans have a slim majority of just two seats — have publicly raised objections on certain items of the bill. In addition, the two draft bills differ on a number of key areas and a compromise has to be reached eventually in a conference committee before the bill is signed by the US President. In FX markets, the USD failed to capitalize on the passage of the draft bill by the US House as well as a fresh string of positive US data releases (November Philly Fed manufacturing index, October industrial production, November NAHB sentiment index). The DXY index closed just 0.1% higher on Thursday before coming under pressure early on Friday, poised for weekly losses to the tune of 0.7%, amid renewed political jitters related to potential links between Trump campaign officials and Russian contacts. Against this background, the EUR/USD was hovering around 1.1800 in European trade, on track for 1.1% weekly gains while the USD/JPY retreated from this week's 113.90 to stand at 112.50/55 at the time of writing. Turning to USTs, short-dated bond yields remained in an upward trend with the 2-yr yield hitting a fresh nine-year high of 1.72% earlier today, amid increased short-term Fed rate tightening expectations in reaction to the recent flurry of firmer than expected US data including an increase in core CPI to 1.8%YoY in October, the highest over the last six months. Meanwhile, German Bunds retained a positive tone. The 10-yr yield was standing at 0.38% at the time of writing, some 3bps lower on a weekly basis, the biggest weekly fall since late October, mainly on the back of lower oil prices and a retreat in euro area inflation expectations after the 5y5y breakeven inflation rate moved back to levels around 1.67% earlier today following 8-month highs slightly above 1.70% earlier this week. Looking at today's calendar, focus is on US housing starts and building permits for October while ECB President Mario Draghi and German Bundesbank head Jens Weidmann are scheduled to speak.

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GREECE

The European Court of Auditors published yesterday a report on the European Commission's intervention in the Greek financial crisis. According to that report the three Economic Adjustment Programmes for Greece from May 2010 onwards provided short-term financial stability and permitted the partial implementation of a reform agenda. However, according to the report, the overall contribution of the adjustment process on the recovery of the Greek economy was limited, mainly as a result of a) the urgency of the situation (especially with regards to the 1st programme), b) the economic and political uncertainty, c) the poor initial design with no focus on the prioritization of the reforms, d) the poor design on the timing of the reforms, e) the coordination issues among the parties involved and f) the limited administrative capacity of the Greek authorities for the implementation of the reforms. The auditors acknowledge that the three programmes partially failed to put the reform process in the context of a broader (beyond the time horizon of the programme) growth strategy for Greece. Finally, according to Bank of Greece data, apartment prices in the Greek real estate market decreased on an annual basis by -0.6% in 2017Q3 from -1.2% in 2017Q2 and -1.7% in 2017Q1. Since 2008Q3 the cumulative decline of apartment prices in Greece stands at -42.4% (negative wealth effect).

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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	2585.64	0.8%	15.5%	EUR/USD	1.1797	0.2%	12.1%	UST - 10yr	2.36	-1	-8	GOLD	1283	0.4%	11.4%
Nikkei 225	22396.80	0.2%	17.2%	GBP/USD	1.3256	0.5%	7.3%	Bund-10yr	0.38	1	18	BRENT CRUDE	62	0.7%	8.7%
STOXX 600	384.03	-0.2%	6.3%	USD/JPY	112.55	0.5%	4.0%	JGB - 10yr	0.04	-2	-1	LMEX	3186	-0.6%	19.8%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.49	-2	-51
1-week	2.59	-2	-58
1-month	2.79	-1	-56
3-month	3.05	-1	-42
6-month	3.24	0	-42

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.11	1	-97
5Y RSD	4.50	0	-85
7Y RSD	4.88	0	-75

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	2.95	0	-126
USD Nov-24	6.05	-30	-22

CDS

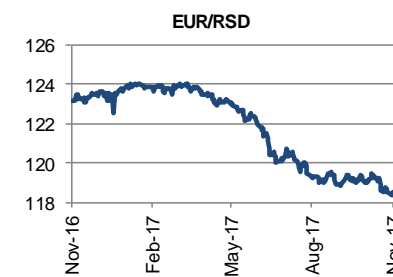
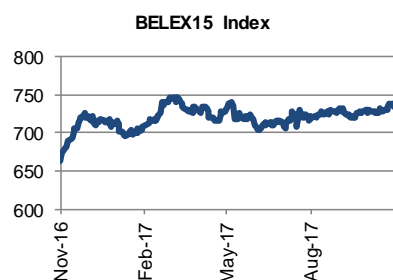
	Last	ΔDbps	ΔYTD bps
5-year	135	0	-73
10-year	184	0	-72

STOCKS

	Last	ΔD	ΔYTD
BELEX15	732.1	-0.16%	2.05%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.49	-0.15%	4.20%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.79	36	223
1-month	2.21	8	145
3-month	2.18	9	128
6-month	2.29	10	118
12-month	2.33	9	108

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.29	0	177
5Y RON	3.73	0	131
10Y RON	4.60	0	112

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.63	0	-50
USD Jan-24	3.17	-1	-72

CDS

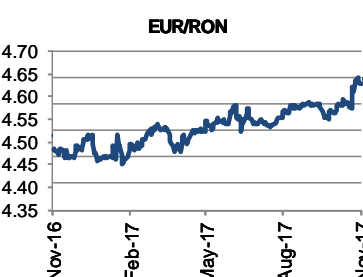
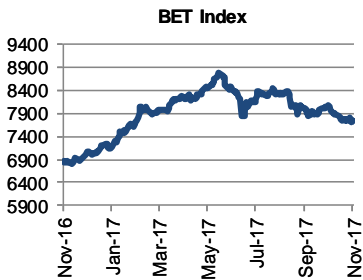
	Last	ΔDbps	ΔYTD bps
5-year	99	0	-11
10-year	154	0	2

STOCKS

	Last	ΔD	ΔYTD
BET	7736.8	0.27%	9.20%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6377	0.01%	-2.13%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.27	-1	-11
3-month	-0.17	0	-10
6-month	-0.05	0	-12
12-month	0.33	0	-7

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.28	-1	-44
5Y BGN	-0.07	1	-57
10Y BGN	0.94	0	-97

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.00	-1	-87
EUR Sep-24	0.01	-1	-167

CDS

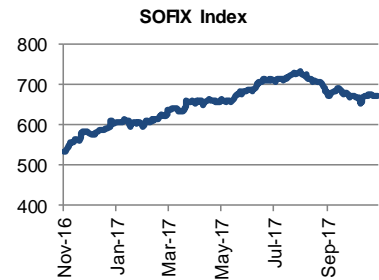
	Last	ΔDbps	ΔYTD bps
5-year	98	0	-54
10-year	153	0	-41

STOCKS

	Last	ΔD	ΔYTD
SOFIX	668.8	-0.02%	14.04%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6578	0.24%	12.10%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 10:50 EST

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