



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Friday 04 May 2018

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- April 30
 - Personal income & spending (Mar)
 - Core PCE price index (Mar)
 - Pending home sales (Mar)
 - Chicago PMI (Apr)
- May 1
 - ISM manuf. (Apr)
 - Auto sales (Apr)
- May 2
 - ADP employment change (Apr)
 - Fed interest rates
- May 3
 - Jobless claims (weekly)
 - Trade balance (Mar)
 - ISM non-manuf. (Apr)
 - Factory orders (Mar)
- May 4: Non-farm payrolls (Apr)

EUROZONE

- Apr 30
 - M3 money supply (Feb)
 - DE: CPI (Mar)
- May 2
 - GDP (p, Q1)
 - U/E rate (Mar)
 - PMI manuf. (Apr, final)
- May 3: CPI (Mar, p)

UK

- May 1: PMI manuf. (Mar)
- May 3: PMI services (Mar)

GREECE

- Apr 30: Retail sales (Feb)
- May 2: PMI manufacturing (Apr)

SEE

BULGARIA

- April 30: Budget (Mar)

ROMANIA

- May 2
 - ILO U/E rate (Mar)
 - International reserves (Apr)
- May 4: Retail sales (Mar)

SERBIA

- Apr 30
 - Industrial production (Mar)
 - GDP (Q1, p)
 - Trade balance (Mar)
 - Retail sales (Mar)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: With the May FOMC policy meeting out of the way, focus today is on the US labor market report for the month of April. Awaiting the report, the USD retained a firm tone across the board while core bond markets retained a positive tone on the back of, among others, the somewhat less hawkish than anticipated tone of the FOMC statement, lower than expected inflation in the euro area in April and last week's disappointing Q1 2018 UK GDP data.

GREECE: Greek Finance Minister Euclid Tsakalotos stated in an interview yesterday that the government is currently focused on completing the ESM programme and spoke of a post-programme framework that will comprise four visits by the institutions annually, mainly to monitor the fiscal stability. With regard to the timing of the next general elections, the Greek FinMin argued that "the later the better". In its 2018 Spring Economic Forecasts, the EC revised downwards its GDP growth projections for 2018 and 2019 to 1.9%yoy and 2.3%yoy respectively, from 2.5% and 2.5% previously.

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Latest world economic & market developments

GLOBAL MARKETS

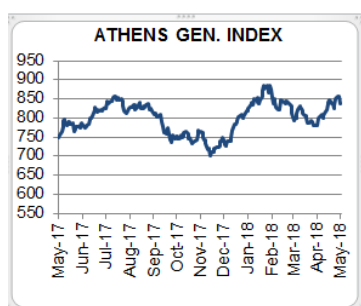
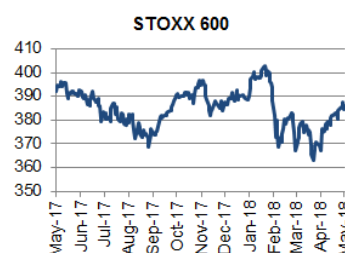
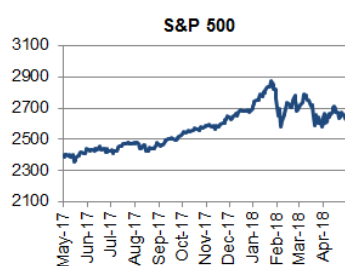
With the May FOMC policy meeting out of the way, focus today is on the US labor market report for the month of April. Market consensus is for a 180k increase in the headline following a rise of 103k in the prior month, a drop in the jobless rate to 4.0% after having been stable at 4.1% for six consecutive months and a rise of 0.2%mom in average hourly earnings. Awaiting the release of the report, the USD retained a firm tone with the DXY index gaining 0.1% on the day and 1.1% on a weekly basis while cumulative gains since mid-April when it embarked on the last upward leg amount to c. 3.5% thus far. The EUR/USD was hovering around 1.1965/70 at the time of writing, having rebounded from a year-to-date low of 1.1936 marked a couple of sessions earlier but still below 1.2000 following disappointing Eurozone Q1 GDP data earlier this week and a bigger than expected drop in core inflation in April to 0.7%YoY from 1.0%YoY in the prior month, the lowest since March 2017, probably due to temporary factors (i.e. Easter effects). Meanwhile, the GBP remained under pressure standing not too far from yesterday's 3 ½ month low of 1.3535 against the USD after the smaller than expected rebound in the UK services PMI in April added to the view that the UK economy has probably suffered a loss of underlying momentum and the BoE will delay the next hike in interest rates. In fixed income, core bond markets end the week on a firm footing on the back of, among others, the somewhat less hawkish than anticipated tone of the FOMC statement, lower than expected inflation in the euro area in April and last week's weak Q1 2018 UK GDP report. The 10-yr US Treasury was yielding levels c. 9.5bps below the recent peak of 3.035% in late April while, the 10-yr Bund and Gilt yields were 12bps and 19bps lower respectively compared to recent highs.

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GREECE

Greek Finance Minister Euclid Tsakalotos stated in an interview yesterday that the government is currently focused on completing the ESM programme and spoke of a post-programme framework that will comprise four visits by the institutions annually, mainly to monitor the fiscal stability. With regard to the timing of the next general elections, the Greek FinMin argued that "the later the better". In its 2018 Spring Economic Forecasts, the European Commission revised downwards its GDP growth projections for 2018 and 2019 to 1.9%yoy and 2.3%yoy respectively, from 2.5% and 2.5% previously. The revision reflects the lower carryover effect for 2018 due to lower than expected growth in the last quarter of 2017. Additionally, weak private consumption may be an indication that households are more financially stretched than previously assumed and that the reduction of unemployment has not yet translated into private consumption growth. Investment is expected to continue to grow in both 2018 and 2019 on the back of improved economic sentiment and privatisations while liquidity is expected to improve due to state arrears clearance and foreign direct investment. Exports of both goods and services are expected to grow significantly however, an expected increase in imports will mitigate the contribution of net exports to GDP growth. Unemployment, is likely to continue declining and is forecast to reach 20.1% in 2018 and 18.4% in 2019. Inflation looks set to remain subdued in 2018 and 2019 as a result of larger than expected base effect of the tax measures imposed in 2017 and weak private consumption. According to the EC, the outlook is conditional on the smooth completion of the 4th programme review and the successful conclusion of the programme in August 2018. Downside risks are related primarily to investment financing and regional geopolitical tension.

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Source: Reuters, Bloomberg, Eurobank Research

Friday 04 May 2018

GLOBAL MARKETS

Stock markets

	Last	ΔD	ΔYTD
S&P 500	2629.73	-0.2%	-1.6%
Nikkei 225	22472.78	-0.2%	-1.3%
STOXX 600	385.88	0.3%	-0.8%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.1966	-0.2%	-0.3%
GBP/USD	1.3557	-0.1%	0.3%
USD/JPY	109.08	0.1%	3.3%

Government Bonds

(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	2.94	0	54
Bund-10yr	0.53	0	11
JGB - 10yr	0.05	0	0

Commodities

	Last	ΔD	ΔYTD
GOLD	1310	-0.2%	0.5%
BRENT CRUDE	73	-0.2%	9.9%
LMEX	3293	-0.7%	-3.7%

SERBIA

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.32	0	-20
1-week	2.42	0	-19
1-month	2.61	0	-24
3-month	2.86	0	-26
6-month	3.06	0	-18

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.55	-13	-73
5Y RSD	4.08	0	-16
7Y RSD	4.54	1	-64

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.90	1	91
USD Nov-24	#N/A N/A	#N/A N/A	-13164

CDS

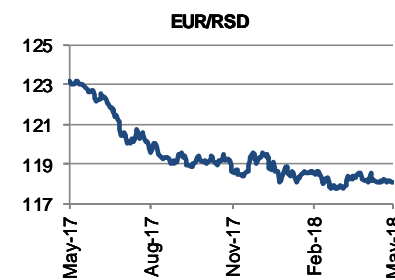
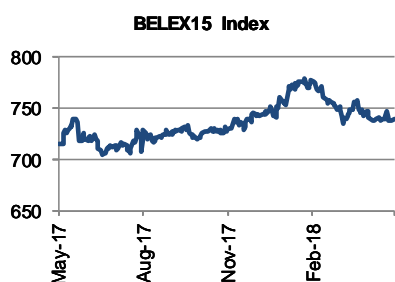
	Last	ΔDbps	ΔYTD bps
5-year	111	1	-7
10-year	158	1	-4

STOCKS

	Last	ΔD	ΔYTD
BELEX15	738.9	0.00%	-2.75%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.11	0.12%	0.68%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.5	2	141
1-month	2.51	3	64
3-month	2.54	5	49
6-month	2.65	7	38
12-month	2.74	6	42

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.56	0	18
5Y RON	4.25	0	47
10Y RON	4.62	0	30

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.56	#N/A N/A	-4
USD Jan-24	4.21	1	121

CDS

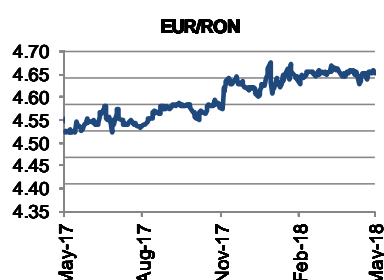
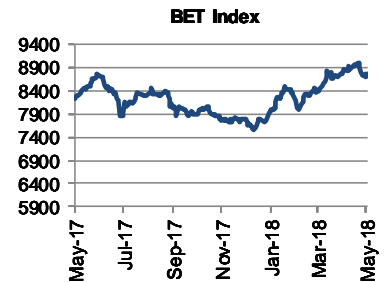
	Last	ΔDbps	ΔYTD bps
5-year	88	0	-2
10-year	130	1	-3

STOCKS

	Last	ΔD	ΔYTD
BET	8759.1	0.62%	12.97%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6584	0.17%	0.14%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.30	-2	-4
3-month	-0.21	0	-3
6-month	-0.08	0	-3
12-month	0.24	0	-8

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.07	0	-1
5Y BGN	0.18	-1	3
10Y BGN	1.06	0	9

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.14	0	22
EUR Sep-24	0.77	-1	20

CDS

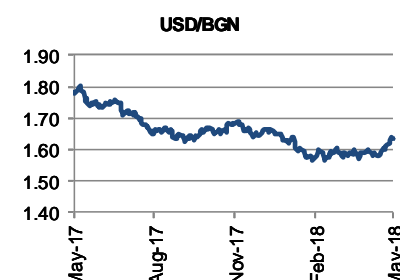
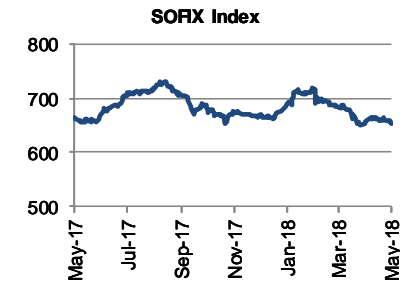
	Last	ΔDbps	ΔYTD bps
5-year	69	1	-28
10-year	110	2	-32

STOCKS

	Last	ΔD	ΔYTD
SOFIX	653.2	-0.85%	-3.58%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6344	-0.18%	-0.31%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 11:10 EST

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