

Wednesday, November 22, 2017

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### GLOBAL US

- Nov 21: Existing home sales (Oct)
- Nov 22
  - Jobless claims (weekly)
  - Durable goods orders (Nov)
  - FOMC meeting minutes (November meeting)

#### EUROZONE

- Nov 23
  - DE: GDP (Q3)
  - PMI manufacturing & services (Nov,p)
  - ECB accounts (October meeting)
- Nov 24: DE: Ifo business climate (Nov)

#### GREECE

- Nov 20: Current Account Balance (Sep)

#### SEE

#### ROMANIA

- Nov 20: 5.95% 2021 T-bonds auction

#### SERBIA

- Nov 20: 2020 EUR T-bonds auction
- Nov 21: 2021 EUR T-bonds auction
- Nov 24: Real gross wages (Oct)

Source: Reuters, Bloomberg,  
Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GREECE:** The 2018 State Budget that was submitted yesterday to Parliament foresees GDP growth of +1.6% for 2017 and +2.5% for 2018, in alignment with the European Commission Autumn Forecast. The primary surplus is expected to reach in Financial Facility terms 2.44% of GDP in 2017 and 3.82% in 2018 against the targets of 1.75% and 3.5% respectively. General Government Gross Debt is forecast at 178.2% and 179.8% of GDP for 2017 and 2018 respectively. Revenues from the privatisations programme are expected to reach EUR1.54 billion in 2017 and EUR 1.11 billion in 2018. According to the Balance of Travel Services data released yesterday by the Bank of Greece, in September 2017 travel receipts increased by 15.5%yoy while in January – September 2017, travel receipts increased by 10.3%yoy.

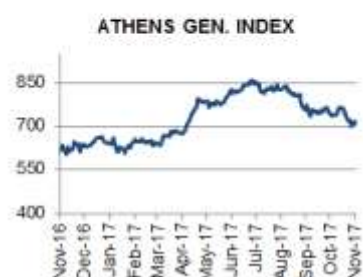
### SOUTH EASTERN EUROPE

**CESEE MARKETS:** The majority of emerging market assets firmed earlier on Wednesday as the US dollar gave back some of its recent gains and global stocks rallied on optimism over world growth and corporate profits outlook.

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## Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

### GREECE

The 2018 State Budget that was tabled yesterday to Parliament foresees GDP growth of +1.6% for 2017 and +2.5% for 2018, in alignment with the European Commission Autumn Forecast. The primary surplus is expected to reach in Financial Facility terms 2.44% of GDP in 2017 and 3.82% in 2018 above the programme targets of 1.75% and 3.5% respectively. It is noted that the figure for the 2017 primary surplus incorporates the social dividend of EUR1.4 billion that will be granted to low income persons, pensioners and the Public Power Corporation for the coverage of services of general interest. General Government Gross Debt is forecast at 178.2% and 179.8% of GDP for 2017 and 2018 respectively. Revenues from the privatisations programme are expected to reach EUR1.54 billion in 2017 and EUR 1.11 billion in 2018, downwards revised from the Medium Term Fiscal Strategy 2018-2021 submitted in May 2017 (EUR1.61 billion and EUR1.12 billion respectively). In other news, according to the Balance of Travel Services data released yesterday by the Bank of Greece, in September 2017 travel receipts increased by 15.5%yoy with receipts from both EU28 and non-EU28 increasing by 12.4%yoy and 26.9%yoy respectively. In January – September 2017, travel receipts increased by 10.3%yoy due to an increase of 14.0% in EU28 receipts and 3.9% in non-EU28 receipts. Taking into consideration that January – September travel receipts account for c.90% of total annual receipts, we can expect that tourism will provide strong support to the economic recovery in the current year with annual growth of travel receipts in the area of 10%.

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## Latest economic & market developments in the CESEE region

### CESEE MARKETS

The majority of emerging market assets firmed earlier on Wednesday as the US dollar gave back some of its recent gains and global stocks rallied on optimism over world growth and corporate profits outlook. Higher oil prices also provided support to energy shares. On the flipside, CESEE assets were mixed earlier today. In FX markets, the Turkish lira came under renewed pressure amid increased worries over deteriorating ties with the US ahead of a US trial of a Turkish gold trader who is accused of violating US sanctions on Iran. Adding to the currencies woes has been the lack of more aggressive monetary tightening by the Central Bank despite already well above target inflation and the lira's recent depreciation. Against this backdrop, the USD/TRY hit a new record high near 3.9815 in Asian trade, before recoiling slightly around levels of 3.9640 in European markets.

In other news, the Central Bank of Hungary (MNB) maintained all interest rates unchanged at its MPC meeting yesterday, in line with market expectations. In more detail, the key (base) policy rate stayed at the current record low level of 0.90%, the overnight deposit rate at -0.15% and the overnight and 1-week collateralized lending rates at 0.90%. However, the Committee decided to further ease monetary conditions via the use of its unconventional tools, announcing the introduction of new unconditional interest rate swap (IRS) facilities with five and ten-year maturities from the beginning of January 2018 and a targeted mortgage bonds purchasing programme with maturities of three years or more aimed at pushing longer-dated government yields lower and supporting fixed-rate loans.

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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	2596.12	0.5%	16.0%	EUR/USD	1.174	0.1%	11.6%	UST - 10yr	2.34	-2	-10	GOLD	1283	0.5%	11.4%
Nikkei 225	22416.48	0.7%	17.3%	GBP/USD	1.3257	0.2%	7.3%	Bund-10yr	0.35	-2	14	BRENT CRUDE	63	0.7%	10.3%
STOXX 600	388.91	0.7%	7.6%	USD/JPY	112.29	0.3%	4.2%	JGB - 10yr	0.03	-1	-1	LMEX	3214	0.2%	20.8%

**CESEE MARKETS**

**SERBIA**

**Money Market**

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.51	0	-49
1-week	2.60	-1	-57
1-month	2.80	-1	-55
3-month	3.07	-2	-40
6-month	3.25	1	-41

**RS Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.11	1	-97
5Y RSD	4.51	0	-84
7Y RSD	4.88	1	-75

**RS Eurobonds**

	Last	ΔDbps	ΔYTD bps
USD Feb-20	2.95	0	-126
USD Nov-24	6.04	-31	-23

**CDS**

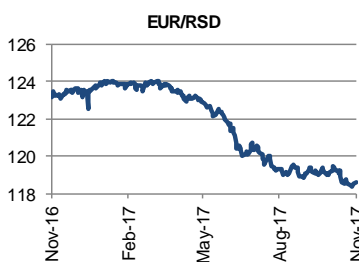
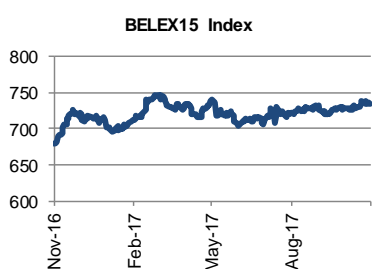
	Last	ΔDbps	ΔYTD bps
5-year	133	-1	-75
10-year	181	-1	-74

**STOCKS**

	Last	ΔD	ΔYTD
BELEX15	728.6	-0.73%	1.56%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RSD	118.61	-0.01%	4.09%



**ROMANIA**

**Money Market**

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.88	-23	132
1-month	2.12	-4	136
3-month	2.16	-2	126
6-month	2.28	0	117
12-month	2.33	-1	108

**RO Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RON	3.37	0	185
5Y RON	3.78	0	136
10Y RON	4.59	0	111

**RO Eurobonds**

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.67	0	-46
USD Jan-24	3.16	0	-73

**CDS**

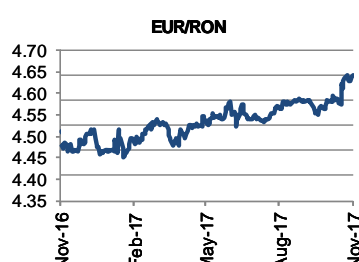
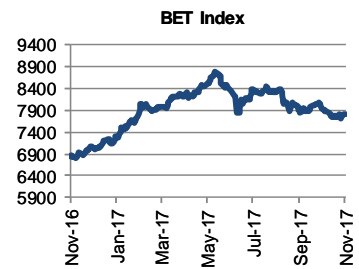
	Last	ΔDbps	ΔYTD bps
5-year	98	0	-12
10-year	153	0	0

**STOCKS**

	Last	ΔD	ΔYTD
BET	7821.9	0.10%	10.40%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RON	4.6493	-0.03%	-2.37%



**BULGARIA**

**Money Market**

SOFIBOR	Last	ΔDbps	ΔYTD bps
O/N	0.01	0	1
1-month	-0.26	0	-10
3-month	-0.18	0	-11
6-month	-0.05	0	-13
12-month	0.33	0	-8

**BG Local Bonds**

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.29	2	-44
5Y BGN	-0.07	2	-57
10Y BGN	0.93	0	-98

**BG Eurobonds**

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.00	0	-87
EUR Sep-24	0.01	-1	-167

**CDS**

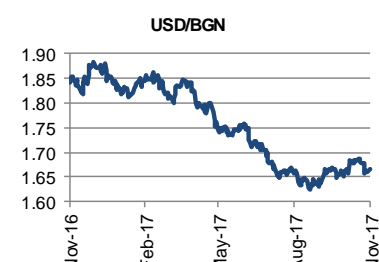
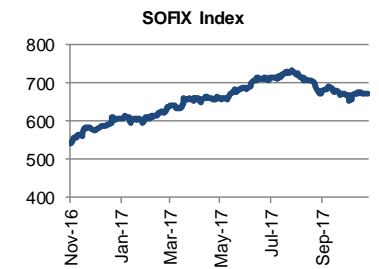
	Last	ΔDbps	ΔYTD bps
5-year	96	0	-56
10-year	151	-1	-43

**STOCKS**

	Last	ΔD	ΔYTD
SOFIX	670.0	0.12%	14.25%

**FOREX**

	Last	ΔD	ΔYTD
USD/BGN	1.6662	0.06%	11.54%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research  
Data updated as of 17:00 EST of previous session

November 22, 2017

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