



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Friday, August 14, 2015

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- August 3
 - Personal income / spending (Jun)
 - Core PCE deflator (Jun)
 - ISM index manufacturing (Jul)
- August 4: Industrial orders (Jul)
- August 5
 - ADP employment change (Jul)
 - Trade balance (Jun)
 - ISM index non-manufacturing (Jul)
- August 6: Initial jobless claims (August 1)
- August 7
 - Non-farm payrolls (Jul)
 - U/E rate (Jul)

EUROZONE

- August 11: ZEW Survey Expectations (f, August)
- August 12: Industrial Production (June)

GREECE

- August 13: Quarterly National Accounts (estimates, 2nd quarter 2015)

SEE

BULGARIA

- August 10:
 - Trade Balance (Jun)
 - Industrial Production (Jun)
 - Retail Sales (Jun)
- August 12: CPI (Jul)

ROMANIA

- August 10: Trade Balance (Jun)
- August 11: CPI (Jul)
- August 11: Industrial Production (Jun)

Source: Reuters, Bloomberg,
Eurobank Global Markets

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GREECE: On Friday morning, the Hellenic Parliament endorsed the new agreement that may unlock as much as €86bn. After a marathon debate, the third financial rescue program was approved with a majority in the early hours. In total 222 MPs supported the agreement, 64 voted against it and 11 abstained from the vote.

SOUTH EASTERN EUROPE

CYPRUS: In Q2-2015, Cyprus recorded the second positive growth rate on a quarterly and yearly basis since Q2-2011. On a seasonally and working days adjusted basis, GDP growth expanded by +0.5% qoq/+0.9% yoy in Q2-2015 up from +1.4% qoq/+0.2% yoy in Q1-2015.

BULGARIA: The economy picked up pace in Q2-2015, growing at the strongest rate since Q2-2011. According to the flash estimate, GDP growth accelerated to +0.4% qoq/+2.2% yoy up from 0.9% qoq/+2.0% yoy in Q1-2015.

ROMANIA: According to the flash estimate, real GDP on a seasonally adjusted basis edged down to +0.1% qoq/+3.7% yoy in Q2-2015 down from +1.4% qoq /+3.8% yoy in Q1-2015 undershooting consensus expectations (Bloomberg survey: +0.4% qoq/+4.8% yoy).

CESEE MARKETS: On Friday morning, CESEE currencies were on a softening mode, giving up some of the previous day gains after the release of weaker than expected second quarter national accounts data.

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.

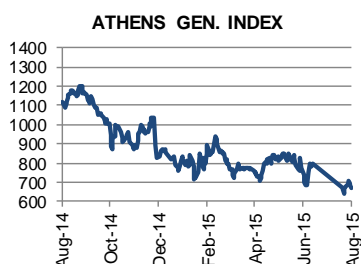
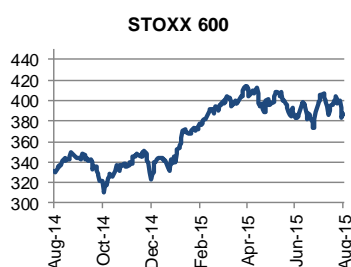
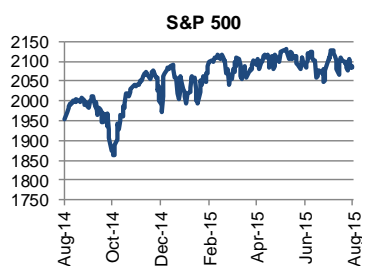
Latest world economic & market developments

GREECE

On Friday morning, the Hellenic Parliament endorsed the new agreement that may unlock as much as €86 bn. After a marathon debate, the third financial rescue program was approved with a majority in the early hours on Friday. In total 222 MPs supported the agreement, 64 voted against it and 11 abstained from the vote. In addition, the ruling government coalition suffered major losses and had to rely on opposition votes. In particular, more than 40 MPs from the ruling Syriza party voted against the agreement on Friday morning. According to the local press, Prime Minister Tsipras will most likely initiate the procedure of asking for a confidence vote in the parliament later this month. Furthermore, the representative of the European Commission, Mrs. Annika Braikchart described the possibility of a positive outcome in today's Eurogroup as extremely likely after today's vote in the Greek parliament. Later today, Mr. Braikcharnt announced that the European Commission president, Jean-Claude Juncker, had a telephone conversation with the President of the Eurogroup, Jeroen Dijsselbloem, and the president of the ECB, Mario Draghi. The Eurogroup is about to take place at 4pm (Athens time) today, in order to discuss the agreement reached at technical level between the Greek Government and European institutions.

Finally, the European Commission issued in liaison with ECB a statement on Greece, commenting on the reform policies underpinning the agreement reached on the technical level between the Greek government and international lenders. According to the statement the agreed policies are built around four pillars: restoring fiscal sustainability, safeguarding financial stability, promoting growth, competitiveness and investment and building a modern state and public administration. (http://europa.eu/rapid/press-release_STATEMENT-15-5493_en.htm).

arkonstantopoulou@eurobank.gr



Source: Reuters, Bloomberg, Eurobank Research

CYPRUS

In Q2-2015, Cyprus recorded the second positive growth rate on a quarterly and yearly basis since Q2-2011. On a seasonally and working days adjusted basis, GDP growth expanded by +0.5% qoq/+0.9% yoy in Q2-2015 up from +1.4% qoq/+0.2% yoy in Q1-2015 vs. -0.2% qoq/-1.6% yoy in Q4-2014. The signs that the economy is coming out of the woods are becoming more visible. In both our Regional Economics Monthly Review (April & May 2015) and Trip Notes (April 2015), we have extensively discussed the progress of the Cypriot economy in the last two and a half years. Based on our fact findings on the ground and our analysis, we always advocated that Cyprus is a solid turn-around economic story. The economy bottomed out in Q1-2015 after three years of recession, the economic environment has stabilized while capital controls have been fully lifted as a result of the confidence coming back to the financial sector. Moreover, the fiscal and external accounts adjustment is impressive by any standards of comparison. More importantly, the progress is acknowledged by rating agencies while the compression of yield spreads has led to a gradual restoration of access to the financial markets.

igkionis@eurobank.gr

CYPRUS: Indicators	2014e	2015f	2016f
Real GDP growth %	-2.3	0.4	1.4
HICP (pa, yoy %)	-0.3	-0.8	0.9
Budget Balance/GDP*	-8.8	-1.1	-0.1
Current Account/GDP	-5.1	-3.9	-4.2

* ESA 2010

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

Latest world economic & market developments in the CESEE region

BULGARIA

BULGARIA: Indicators	2014e	2015f	2016f
Real GDP growth %	1.7	1.8	2.2
CPI (pa, yoy %)	-1.4	0.3	1.2
Budget Balance/GDP*	-3.7	-2.5	-2.4
Current Account/GDP	0.9	2.0	1.5
EUR/BGN (eop)	1.9558		
	2014	current	2015f
Policy Rate (eop)	N/A	N/A	N/A

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

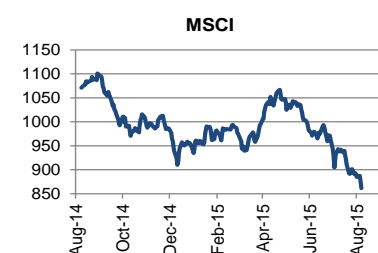
ROMANIA: Indicator:	2014e	2015f	2016f
Real GDP growth %	2.9	3.4	3.5
CPI (pa, yoy %)	1.1	-0.5	1.8
Budget Balance/GDP *	-1.9	-1.9	-2.8
Current Account/GDP	-0.4	-1.0	-1.5
EUR/RON (eop)	4.40	4.45	4.40
	2014	current	2015f
Policy Rate (eop)	1.75	1.75	2.50

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

SERBIA: Indicators	2014e	2015f	2016f
Real GDP growth %	-1.8	0.0	1.5
CPI (pa, yoy %)	2.1	2.2	3.8
Budget Balance/GDP	-6.7	-5.3	-4.6
Current Account/GDP	-6.0	-4.3	-4.1
EUR/RSD (eop)	120.96	123.00	124.00
	2014	current	2015f
Policy Rate (eop)	8.00	6.00	5.50

Source: Reuters, Bloomberg, Eurobank Research, National Authorities



Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	B1	BB-	B+
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BB+	BBB-
CYPRUS	B3	B+	B-

Source: IMF, EC, Reuters, Bloomberg, National Authorities, Eurobank Research

The economy picked up pace in Q2-2015, growing at the strongest rate since Q2-2011. According to the flash estimate, GDP growth accelerated to +0.4% qoq/+2.2% yoy up from 0.9% qoq/+2.0% yoy in Q1-2015, and +0.4% qoq/+1.3% yoy in Q4-2015. The detailed national accounts data will be published at a later stage and there will most probably be huge revisions and reallocations within the individual growth drivers' components. However, final consumption appeared to have made a strong contribution to growth in Q2. Final consumption jumped to +0.7% qoq/+2.1% yoy in Q2 up from 0.0% qoq/+1.1% yoy in Q1. The total spending recovery was driven by rising real wages, the declining energy prices and further modest gains in employment despite the negative contribution from fiscal policies restraint. The improvement in the labor market resulted in a decrease of the unemployment rate by 1.5pps on a yearly basis to 9.9% in Q2-2015. On the negative side, gross fixed capital formation decelerated even further to the slowest reading since Q2-2013. Gross fixed capital formation grew by only +0.3% qoq/+1.4% yoy in Q2 down from -0.1% qoq/+2.1% yoy in Q1. Exports and imports slowed down to -6.3% qoq/+3.6% yoy and -2.5% qoq/+7.5% yoy respectively. All in all, the second quarter growth flash estimate coupled with the first quarter GDP data release is still supportive of our earlier expressed view that full year growth would edge higher in 2015 instead of slowing down.

ROMANIA

According to the flash estimate, real GDP on a seasonally adjusted basis edged down to +0.1% qoq/+3.7% yoy in Q2-2015 down from +1.4% qoq /+3.8% yoy in Q1-2015 vs. +0.9% qoq/+2.6% yoy in Q4-2014 undershooting consensus expectations (Bloomberg survey: +0.4% qoq/+4.8% yoy). Although no breakdown is available at the moment, it is evident from high-frequency indicators analysis that consumption has taken over as the leading growth driver even though some spending may have been postponed in Q2 ahead of the frontloaded VAT rate cut effective in June and the finalization of the Fiscal Code reform effective in the beginning of 2016. Robust real wage growth in private and public sector in tandem with improving sentiment and labor market tightening conditions have been fueling a revival of consumption spending in the first half of 2015, a trend which most probably will continue in Q3. Overall, the second quarter GDP reading it is consistent our full year GDP growth forecast in 2015 -currently at 3.4% with the risks skewed to the upside. Finally, the extraordinary growth performance in the first half of the year (+3.8% yoy in the 1H, the second highest in EU28 after Czech Republic) makes Romania stand out of the pack for a second consecutive year.

CESEE MARKETS

On Friday morning, **CESEE currencies** were on a softening mode, giving up some of the previous day gains after the release of weaker than expected second quarter national accounts data. The **Polish Zloty** eased by -0.1% to 4.18/€, the **Romanian Leu** by -0.2% to 4.42/€, the **Hungarian Forint** by -0.1% to 310.0/€. The **Czech Crown** stood at 27.02/€, remaining close to the limit on its value set by the central bank in 2013. The **Turkish Lira** hit a record low of 2.8460/USD following the collapse of talks to form a coalition government, bringing cumulative losses to more than 17% year to date. The yield on Poland's 10Y government bonds dropped 5 basis points after the Q2 GDP release to 2.79%, while Hungarian bonds were flat.

igkionis@eurobank.gr

August 14, 2015

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	2083.39	-0.1%	1.2%	EUR/USD	1.1171	0.2%	-7.7%	UST - 10yr	2.17	-2	0	GOLD	1119	0.3%	-5.6%
Nikkei 225	20519.45	-0.4%	17.6%	GBP/USD	1.5636	0.2%	0.4%	Bund-10yr	0.62	-1	8	BRENT CRUDE	49	0.2%	-13.9%
STOXX 600	385.48	-0.3%	12.5%	USD/JPY	124.13	0.3%	-3.6%	JGB - 10yr	0.38	0	6	LMEX	2391	-0.2%	-18.0%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	425	-33	-566
1-week	4.42	-36	-559
1-month	4.79	-37	-526
3-month	5.21	-37	-464
6-month	5.49	-42	-430

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	6.15	-1	-289
5Y RSD	8.10	2	-208
7Y RSD	8.77	0	-4

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.43	-2	-83
USD Nov-24	6.49	0	-10

CDS

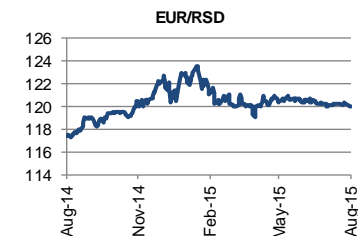
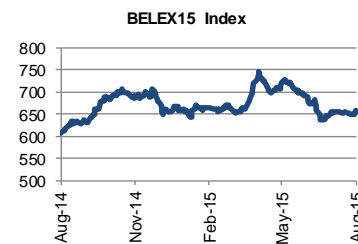
	Last	ΔDbps	ΔYTD bps
5-year	271	0	-19
10-year	316	-1	-41

STOCKS

	Last	ΔD	ΔYTD
BELEX15	659.1	0.50%	-1.19%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.13	-0.09%	1.01%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.76	2	19
1-month	1.03	2	12
3-month	1.34	1	-36
6-month	1.54	0	-47
12-month	1.63	0	-39

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.85	-4	-46
5Y RON	2.42	-3	-29
10Y RON	3.64	-3	-2

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.41	-3	-32
USD Aug-23	3.62	-4	1

CDS

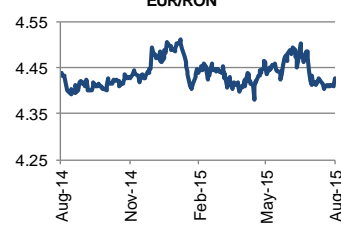
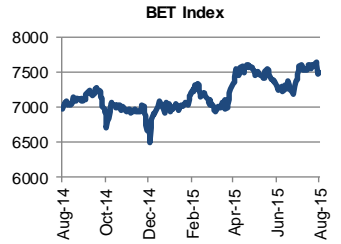
	Last	ΔDbps	ΔYTD bps
5-year	124	1	-18
10-year	168	0	-19

STOCKS

	Last	ΔD	ΔYTD
BET	7485.6	-0.28%	5.68%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4257	-0.31%	1.31%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.17	0	-4
3-month	0.33	0	-10
6-month	0.62	0	-17
12-month	1.22	0	-28

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.30	-1	-80
5Y BGN	1.03	0	-42
10Y BGN	2.67	0	-9

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.42	0	-74
EUR Sep-24	2.84	34	-3

CDS

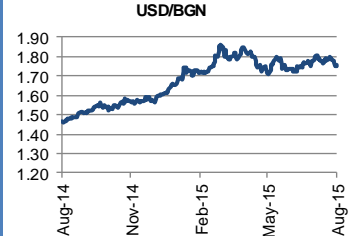
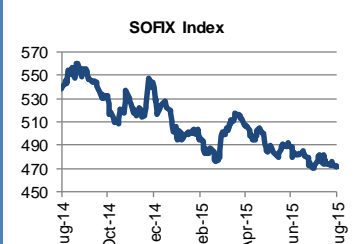
	Last	ΔDbps	ΔYTD bps
5-year	171	1	-20
10-year	217	1	-24

STOCKS

	Last	ΔD	ΔYTD
SOFIX	471.3	-0.24%	-9.72%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7508	0.19%	-7.67%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 17:45 EEST of previous session

Contributors

Paraskevi Petropoulou
G10 Markets 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 3371225
igkionis@eurobank.gr

Anna Dimitriadou (Special Contributor)
Economic Analyst, Eurobank Ergasias

+30 210 3718793
andimitriadou@eurobank.gr

Arkadia Konstantopoulou (Special Contributor)
Research Assistant, Eurobank Ergasias

+30 210 3371224
arkonstantopoulou@eurobank.gr

Olga Kosma (Special Contributor)
Economic Analyst, Eurobank Ergasias

+30 210 3371227
okosma@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

Dr. Platon Monokroussos: Group Chief Economist
pmonokroussos@eurobank.gr, + 30 210 37 18 903

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

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

Olga Kosma: Economic Analyst
okosma@eurobank.gr + 30 210 33 71 227

Arkadia Konstantopoulou: Research Assistant
arkonstantopoulou@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

Global Markets Sales

Nikos Laios: Head of Treasury Sales
nlaios@eurobank.gr, + 30 210 37 18 910

Alexandra Papatheanasiou: Head of Institutional Sales
apapatheanasiou@eurobank.gr, +30 210 37 18 996

John Seimenis: Head of Corporate Sales
yseimenis@eurobank.gr, +30 210 37 18 909

Achilleas Stogioglou: Head of Private Banking Sales
astogioglou@eurobank.gr, +30 210 37 18 904

George Petrogiannis: Head of Shipping Sales
gpetrogiannis@eurobank.gr, +30 210 37 18 915

Vassilis Gioulbaxiotis: Head Global Markets International
vgioulbaxiotis@eurobank.gr, +30 210 3718995

Stefanos Togoussidis: Head of Retail Sales
stogoussidis@eurobank.gr, +30 210 3718917

Eurobank Ergasias S.A, 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: EurobankGlobalMarketsResearch@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 <http://www.eurobank.gr/research>

