Eurobank Global Markets Research
www.eurobank.gr/research
EurobankGlobalMarkets
Research@eurobank.gr

Eurobank

DAILY OVERVIEW OF GLOBAL MARKETS & THE SEE REGION

Tuesday, October 20, 2015

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- October 19: NAHB Housing Index (Oct)
- October 20
  - Housing Starts (Sep)
  - Building Permits (Sep)
- October 22
  - Jobless claims (Oct 10)
  - FHFA house price index (Aug)
  - Chicago Fed (Sept)
  - Existing home sales (Sep)
- October 23: Markit manufacturing PMI (Oct)

EUROZONE

- October 22
  - ECB MPC meeting
  - Consumer confidence (Oct, A)
- October 23: PMI composite, manufacturing, services (Oct, p)

GREECE

- October 21
  - CAD (Aug)
  - EWG conf call for the assessment of the progress of structural reforms implementation so far (reports)

SEE

BULGARIA

- October 19: T-Bonds auction

ROMANIA

- October 19: RON 200mn 4.75% 2025 T-Bonds auction
- October 22: 3.25% 2021 T-Bonds auction

SERBIA

- October 20
  - CAD (Aug)
  - T-Bonds auction
- October 21: FRNs auction
- October 22: T-Bonds auction

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: With market participants awaiting the ECB policy meeting on Thursday, the EUR/USD continued to consolidate within its recent range. On the calendar front, US housing starts and permits for September take centre stage today.

GREECE: The heads of senior technical teams of the four institutions representing Greece's official creditors are expected to arrive in Athens today to assess the progress made by the Greek side so far towards the fulfillment of the agreed milestones required for the completion of the first programme review. According to the local press, the pending prior actions attached to the next ESM loan disbursement (€2bn) are expected to feature high in official discussions. The heads are reportedly expected to stay in Athens until Friday (October 23) and return shortly after the next Eurogroup scheduled for November 9.

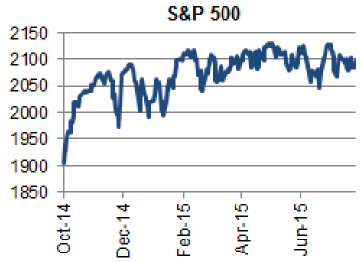
SOUTH EASTERN EUROPE

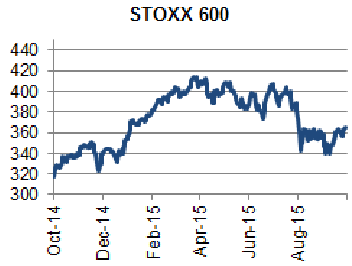
ROMANIA: The Ministry of Finance sold at an auction on Monday the planned RON 200mn (~45.3mn) of 10-year Treasury bonds at an average accepted yield of 3.47%, below 3.75% achieved at a prior auction of the same maturity paper held in September.

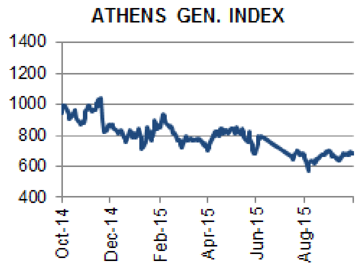
CESEE MARKETS: **Emerging stock markets** were treading water in European trade on Tuesday as caution prevailed ahead of the ECB meeting later in the week while China jitters persisted and lower commodity prices weighed on related shares. Elsewhere, **CESEE currencies** and **government bonds** were mixed earlier today. **Today's focus** in the CESEE region is on Hungary's Central Bank meeting, where the MNB is broadly anticipated to maintain its key interest rate at the current record low of 1.35%.

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







Source: Reuters, Bloomberg, Eurobank Research

GLOBAL MARKETS

Market attention is on the upcoming ECB policy meeting scheduled for Thursday where, following recent comments by a number of governing council members, the majority of market participants expect the Central Bank to retain its wait-and-see stance ahead of its revised staff macroeconomic projections due for release in December. Focus will be on the post-meeting press conference where President Mario Draghi is expected to reiterate the ECB's readiness to take further steps in order to boost domestic economic recovery and address deflationary risks, including potential adjustment in the duration, volume and structure of the expanded asset purchase programme (QE). Meanwhile, the EUR/USD was hovering around 1.1350/55 in European trade at the time of writing, not much changed compared to yesterday's trading levels and still within the 1.1000-1.15000 range recorded over the last six weeks. Technically, strong resistance lies at last week's peak of 1.1495 while crucial support stands at 1.1085 (Sep. 3 trough), a level that could be potentially tested in the coming sessions/weeks if there are clear signals from FOMC officials for an imminent rate hike. On the calendar front, US housing starts and permits for September take centre stage today.

GREECE

The heads of senior technical teams of the four institutions representing Greece's official creditors are expected to arrive in Athens today. According to comments by a European Commission spokesperson yesterday, the aim of their visit is to assess the progress made by the Greek side so far "in the implementation of the program, with special regard to the fulfillment of the milestones and the outlook of the first review". According to the local press, the pending milestones attached to the next ESM loan disbursement (€2bn) are expected to feature high in official discussions. As a reminder, the Hellenic Parliament approved late last week a multi-bill containing the relevant legislation for the implementation of around 15 prior actions attached to the next ESM loan disbursement, out of as many as 49 officially endorsed by the October 5 Eurogroup. Note that fulfilment of the outstanding prior actions reportedly requires the issuance of circulars and/or ministerial decisions rather than new legislation submitted for approval to Parliament. The heads are reportedly expected to stay in Athens until Friday (October 23,) and return shortly after the next Eurogroup scheduled for November 9. Meanwhile, the Euro Working Group (EGW) is reportedly expected to hold a teleconference on Wednesday (October 21) to decide, based on official creditors' assessment, whether to release to Greece the next ESM loan disbursement or to ask domestic authorities to undertake further actions for the completion of the full list of the 49 agreed programme milestones.

ppetropoulou@eurobank.gr

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

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

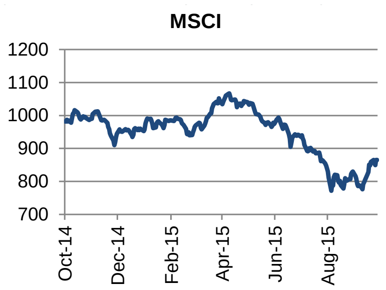
* ESA 2010
Source: Reuters, Bloomberg, Eurobank Research, National Authorities

ROMANIA: Indicators	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	4.50	4.00

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

Latest world economic & market developments in the CESEE region

ROMANIA

The Ministry of Finance sold at an auction on Monday the planned RON 200mn (~45.3mn) of 10-year Treasury bonds at an average accepted yield of 3.47%, below 3.75% achieved at a prior auction of the same paper held in September. The issue bears an annual coupon of 4.75% and expires on February 24, 2025, while the tender's bid to cover ratio came in at 1.6. In today's calendar, Romania's Prime Minister Victor Ponta speaks ahead of a weekly government meeting and President Klaus Ioannis meets with IMF mission head Andrea Schaechter to discuss next year's budget and a potential new precautionary aid package with the Fund. Recall that the previous Stand-By Arrangement with the IMF expired on September 26, with the government having left the door open for another precautionary deal.

CESEE MARKETS

Emerging stock markets were treading water in European trade on Tuesday as caution prevailed ahead of the ECB meeting later in the week while China jitters persisted and lower commodity prices weighed on related shares. In more detail, the MSCI Emerging Markets index stood in a marginally negative territory at the time of writing, while major **CESEE bourses** were mixed.

Elsewhere, **CESEE currencies** and **government bonds** were mixed earlier today. The Turkish lira recovered some ground on a daily basis, with the USD/TRY rising by ca 0.15% to 2.9005 at the time of writing. The Polish zloty remained under pressure hitting a new near 3-week low close to 4.2520/EUR intraday, weighed down by mounting domestic political uncertainty ahead of Sunday's general elections.

Today's focus in the CESEE region is on Hungary's Central Bank meeting, where the MNB is broadly anticipated to stay put on its monetary policy and maintain its key interest rate at the current record low of 1.35%. Serbia's current account data for August and economic, business and consumer sentiment for October from Hungary also lure market attention.

gphoka@eurobank.gr

GLOBAL MARKETS

Stock markets

	Last	ΔD	ΔYTD
S&P 500	2033.66	0.0%	-1.2%
Nikkei 225	18207.15	0.4%	4.3%
STOXX 600	362.29	-0.5%	5.8%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.1356	0.3%	-6.1%
GBP/USD	1.5481	0.1%	-0.6%
USD/JPY	119.55	0.0%	0.1%

Government Bonds

(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	2.03	1	-14
Bund-10yr	0.57	1	3
JGB - 10yr	0.31	-2	-2

Commodities

	Last	ΔD	ΔYTD
GOLD	1173	0.2%	-1.0%
BRENT CRUDE	48	-0.3%	-15.5%
LMEX	2390	-1.4%	-18.0%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	306	1	-685
1-week	3.27	4	-674
1-month	3.65	4	-640
3-month	4.03	7	-582
6-month	4.25	9	-554

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.65	#N/A N/A	-439
5Y RSD	7.04	0	-314
7Y RSD	7.26	1	-482

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	3.09	-2	-117
USD Nov-24	6.42	0	-17

CDS

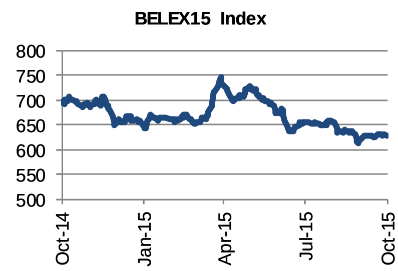
	Last	ΔDbps	ΔYTD bps
5-year	293	0	3
10-year	338	1	-18

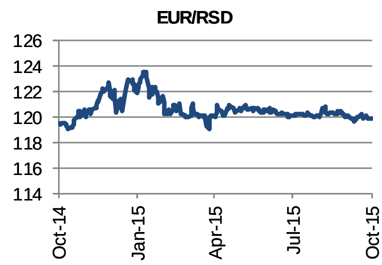
STOCKS

	Last	ΔD	ΔYTD
BELEX15	628.7	-0.02%	-5.74%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	119.83	0.03%	1.27%





ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.62	-1	5
1-month	1.2	3	29
3-month	1.34	1	-36
6-month	1.62	2	-39
12-month	1.69	0	-33

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.68	0	-63
5Y RON	2.10	-1	-61
10Y RON	3.48	2	-18

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Sep-20	1.24	-1	-49
USD Aug-23	3.44	3	-17

CDS

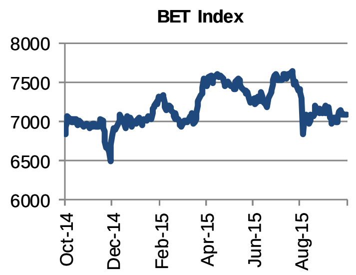
	Last	ΔDbps	ΔYTD bps
5-year	129	1	-13
10-year	171	1	-16

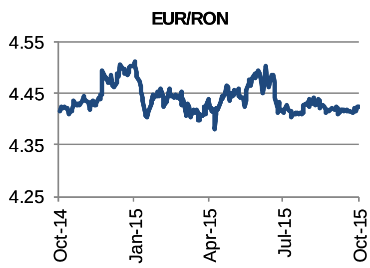
STOCKS

	Last	ΔD	ΔYTD
BET	7046.7	-0.58%	-0.51%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4256	-0.06%	1.31%





BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	-1
1-month	0.18	0	-4
3-month	0.32	0	-11
6-month	0.59	0	-20
12-month	1.18	0	-32

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.25	0	-79
5Y BGN	0.61	0	-83
10Y BGN	2.17	0	-58

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	0.32	7	-84
EUR Sep-24	2.63	3	-23

CDS

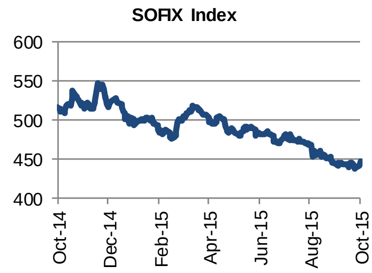
	Last	ΔDbps	ΔYTD bps
5-year	161	0	-30
10-year	204	0	-37

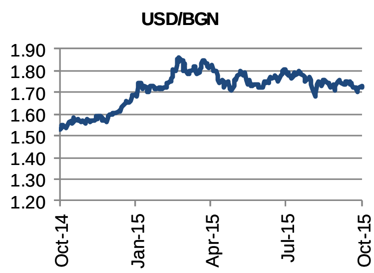
STOCKS

	Last	ΔD	ΔYTD
SOFIX	447.7	1.35%	-14.25%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7224	0.27%	-6.15%





Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research

Data updated as of 11:45 EEST

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 3337305
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 Research

Dr. Platon Monokroussos: *Group Chief Economist*
pmonokrousos@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 Stamatiou: *Senior Economist*
tstamatiou@eurobank.gr, + 30 210 3371228

Global Markets Sales

Nikos Laios: *Head of Global Markets Trading, Sales & Structuring, nlaios@eurobank.gr, + 30 210 37 18 910*

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

Alexandra Papathanasiou: *Head of Institutional Sales*
apapathanasiou@eurobank.gr, +30 210 37 18 996

Tania Pavlidi: *Head of Corporate Sales*
TPavlidi@eurobnk.r, +30 210 37 18 947

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

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