

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### GLOBAL

##### US

- May 14: Fed's Mester speaks
- May 15
  - Retail sales (Apr)
  - Empire State Manuf. (May)
  - NAHB housing index (May)
  - Business inventories (Mar)
  - Net Long-Term Capital inflows (Mar)
- May 16
  - Housing starts (Apr)
  - Building permits (Apr)
  - Industrial production (Apr)
- May 17: CB leading indicators (Apr)

##### EUROZONE

- May 15
  - Industrial production (Mar)
  - GDP (Q1)
  - DE: ZEW Index (May)
- May 16: CPI final (Apr)

##### UK

- May 15
  - Claimant count change (Apr)
  - Average earnings (Mar)
  - U/E rate (Mar)

##### GREECE

- May 15-22: Credit Expansion (Mar)

##### CYPRUS

- May 15: GDP (Q1, p)
- May 16: HICP (Apr)

##### SEE

##### BULGARIA

- May 15
  - GDP (Q1, p)
  - CPI (Apr)
  - U/E rate (Apr)
- May 18: Currenc account (Mar)

##### ROMANIA

- May 14
  - CPI (Apr)
  - Currenc account (Mar)
  - MPC meeting minutes
  - T-bonds auction
- May 15: GDP (Q1, A)
- May 17: T-bonds auction

##### SERBIA

- May 15: T-bonds auction
- May 17: Currenc account (Mar)

Source: Reuters, Bloomberg,  
Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

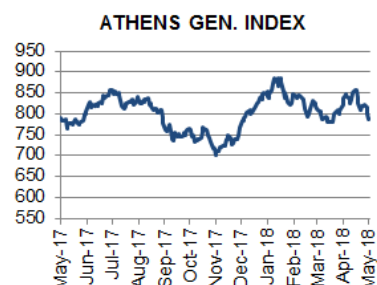
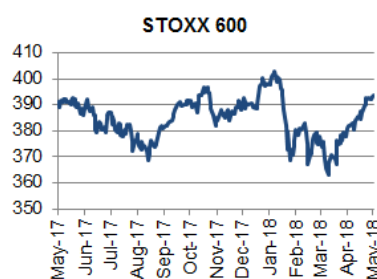
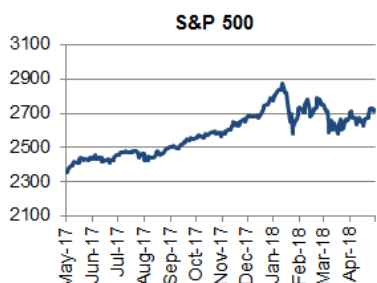
**GLOBAL MARKETS:** Political developments in Italy continue to lure market attention as the expected formation of a coalition government between the 5-Star Movement and the League has raised concerns about potentially negative consequences in terms of commitment to fiscal discipline, past reforms and the European integration process. While investors await the government program to be made public, Italian sovereign paper remained under pressure with the 10-yr yield hitting a fresh three-month high of 2.13%. Elsewhere, UST yields remained on a rising trend on the back of higher oil and increased optimism for a rebound in US Q2 GDP. In FX markets, the GBP firmed on reports suggesting that the UK is prepared to stay in the EU's customs union to avoid a hard Irish border.

**GREECE:** During the deliberations between the Greek government and the institutions in the context of the 4<sup>th</sup> programme review, delays were noted in the appointment of Directors General and Secretaries in the public sector. The HRADF announced yesterday the pre-qualified 7 investment schemes for the Egnatia motorway and 8 investment schemes for the Alimos marina that may participate in the second phase of the respective tenders. According to the Bank of Greece, the ELA ceiling for Greek banks up to and including 14 June 2018 was set at €12.2 billion, €2.5 billion lower than in the previous month.

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## Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

### GLOBAL MARKETS

Political developments in Italy continue to lure market attention as the expected formation of a coalition government between the 5-Star Movement and the League has raised concerns about potentially negative consequences in terms of commitment to fiscal discipline, past reforms and the European integration process. The leaders of the two parties are expected to finalize a new draft of their government program later today before they submit it to President Sergio Mattarella and request his authorization to form the government. According to newswires, in contrast to a draft leaked earlier this week, the new version of the government program does not make reference to a position against the euro, the possibility of Italy leaving the monetary union or the possibility of requesting the ECB to forgive Italian government bonds bought under the asset purchase programme. However, it proposes, among others, potential amendments to the economic governance in Europe, a revision of EU treaties, reduced taxes, amendments on the Fornero pension system and measures tackling immigration. While investors await the government program to be made public—expected ahead of the weekend when members of both parties will have the opportunity to vote on the deal—Italian sovereign paper remained under pressure in European trade on Thursday with the 10-yr yield hitting a fresh three-month high of 2.13%. Meanwhile, UST yields remained on a rising trend with the 10-yr UST yield marking a fresh cycle high of 3.122% earlier today after moving above 3.10% yesterday for the first time since July 2011, while the 2-yr yield jumped to 2.598%, the highest since August 2008. A recent string of positive US data, have increased optimism for a rebound in Q2 GDP while oil prices keep moving up with Brent crude rising to a fresh 3-½ year peak of \$79.62/br on mounting supply jitters. In FX markets, the GBP/USD firmed to a two-day high of 1.3569 on reports suggesting that the UK is prepared to stay in the EU's customs union to avoid a hard Irish border while the EUR/USD hit an intraday peak of 1.1837 following a brief drop below 1.1800 yesterday to a fresh 2018 low of 1.1761.

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### GREECE

During the deliberations between the Greek government and the institutions in the context of the 4<sup>th</sup> programme review, delays were noted in the appointment of Directors General (the deadline was March 2018) and Secretaries (the deadline is June 2018) in the public sector. Other sticky areas are reportedly energy and labour market reforms, the potential frontloading of the tax-free threshold reduction as of 1 January 2019 and the privatisations. As regards the latter, the Hellenic Republic Asset Development Fund (HRADF) announced yesterday the pre-qualified 7 investment schemes for the Egnatia motorway and 8 investment schemes for the Alimos marina that may participate in the second phase of the respective tenders. The tender for the exploitation of the marina of Pylos was declared by the HRADF BoD incomplete, as no investment scheme submitted a binding offer. According to the Bank of Greece, the ELA ceiling for Greek banks up to and including 14 June 2018 was set at €12.2 billion, €2.5 billion lower than in the previous month, reflecting the improvement of the liquidity situation of Greek banks taking into account flows stemming from private sector deposits and from banks' access to wholesale financial markets.

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Thursday 17 May 2018

GLOBAL MARKETS

Stock markets

	Last	ΔD	ΔYTD
S&P 500	2722.46	0.4%	1.8%
Nikkei 225	22838.37	0.5%	0.3%
STOXX 600	393.73	0.1%	1.2%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.1804	0.0%	-1.7%
GBP/USD	1.3498	0.1%	-0.2%
USD/JPY	110.67	-0.2%	1.8%

Government Bonds

(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	3.10	1	70
Bund-10yr	0.62	2	19
JGB - 10yr	0.06	1	2

Commodities

	Last	ΔD	ΔYTD
GOLD	1288	-0.2%	-1.1%
BRENT CRUDE	80	0.6%	19.3%
LMEX	3336	0.2%	-2.4%

SERBIA

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.28	0	-24
1-week	2.41	0	-20
1-month	2.58	-1	-27
3-month	2.86	0	-26
6-month	3.06	0	-18

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.52	0	-76
5Y RSD	4.09	-3	-15
7Y RSD	4.49	-5	-69

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	4.00	2	100
USD Nov-24	#N/A N/A	#N/A N/A	-13164

CDS

	Last	ΔDbps	ΔYTD bps
5-year	111	1	-7
10-year	160	1	-2

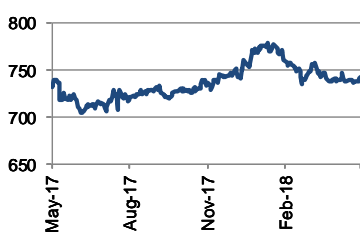
STOCKS

	Last	ΔD	ΔYTD
BELEX15	743.3	0.17%	-2.18%

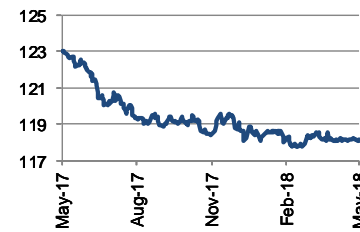
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.11	-0.04%	0.68%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.4	-2	131
1-month	2.68	-2	81
3-month	2.74	0	69
6-month	2.88	0	61
12-month	2.98	0	66

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.83	0	45
5Y RON	4.37	0	59
10Y RON	4.79	0	48

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.54	0	-6
USD Jan-24	4.20	3	120

CDS

	Last	ΔDbps	ΔYTD bps
5-year	92	1	2
10-year	136	1	3

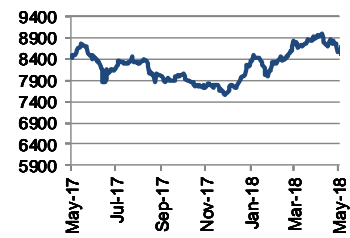
STOCKS

	Last	ΔD	ΔYTD
BET	8544.1	-0.38%	10.19%

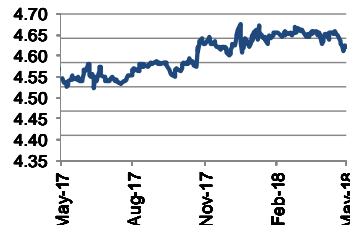
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6335	0.27%	0.68%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
O/N	0.01	0	1
1-month	-0.29	0	-3
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	-0.04	0	2
5Y BGN	0.21	0	6
10Y BGN	1.09	0	12

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.12	1	19
EUR Sep-24	0.76	10	18

CDS

	Last	ΔDbps	ΔYTD bps
5-year	72	1	-24
10-year	113	1	-28

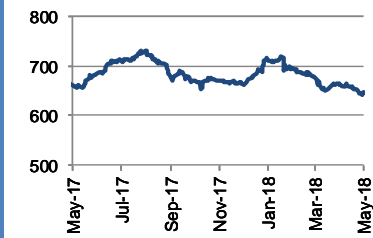
STOCKS

	Last	ΔD	ΔYTD
SOFIX	646.9	0.68%	-4.51%

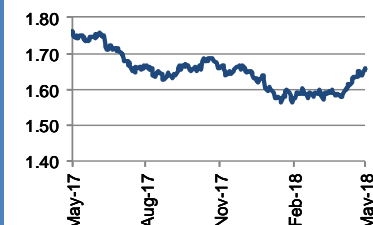
FOREX

	Last	ΔD	ΔYTD
USD/BGN	0	-0.01%	-1.65%

SOFIX Index



USD/BGN



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research  
Data updated as of 13:00 EEST

Thursday 17 May 2018

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