

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### US

- Mar 04: Construction spending (Dec.)
- Mar 05
  - ISM Non-manufacturing (Feb.)
  - New home sales (Dec.)
- Mar 06
  - ADP employment change (Feb.)
  - Trade balance (Dec.)
- Mar 07:
  - Initial jobless claims (02/03)
  - Continuing claims (23/02)
  - Fed's Brainard speaks
- Mar 08:
  - Non farm payrolls (Feb.)
  - Building permits (Jan.)
  - Housing starts (Jan.)

#### EUROZONE

- Mar 05:
  - Retail sales (Jan)
  - Markit services and composite PMI (Feb.)
- Mar 06: OECD interim economic outlook
- Mar 07:
  - GDP (Q4)
  - ECB policy meeting

#### GREECE

- Mar 07:
  - Unemployment rate (Dec.)
  - GDP (Q4)

#### SEE

##### BULGARIA

- Mar 07: GDP (Q4)
- Mar 08:
  - Industrial production (Jan)
  - Retail sales (Jan.)

##### CYPRUS:

- Mar 07: CPI (Feb.)

##### ROMANIA

- Mar 05: Retail sales (Jan.)
- Mar 07: GDP (Q4)

##### SERBIA

- Mar 07: Key Policy Interest Rate announcement

Source: Reuters, Bloomberg, Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Asian equity markets ended broadly weaker today while major European equity markets were barely in positive territory in the early trading hours amid concerns about a slowing US growth momentum. In addition, in a report released at the start of the annual National Party Congress, Chinese authorities revised lower the 2019 GDP growth target at a range of 6.0% to 6.5% versus a point target of 6.5% previously. In FX markets, the GBP/USD gave back part of recent hefty gains and the EUR/USD remained under pressure for the second session in a row ahead of the ECB monetary policy meeting on Thursday.

**GREECE:** The Hellenic Republic proceeds today with the issuance of a 10-year benchmark in order to raise c. €2 bn setting the IPTs in the area of 4.125%. According to the Bank of Greece indices of residential property prices for Q4 2018, based on data collected from credit institutions, nominal apartment prices are estimated to have increased on average by 2.5%YoY in Q4 2018.

### SOUTH EASTERN EUROPE

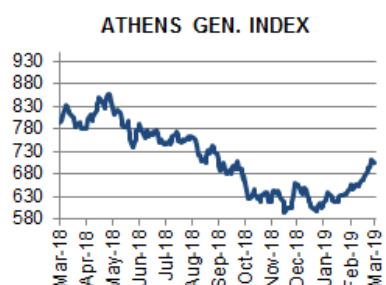
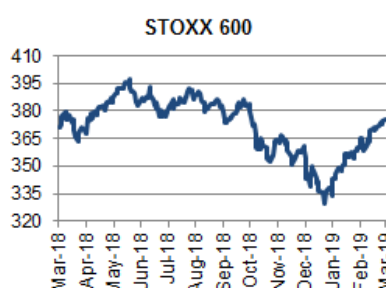
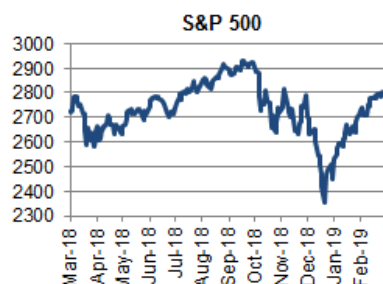
**CYPRUS:** Unemployment declined to 7.4% in January 2019, posting the biggest decline among EA19 members. Despite a new historic high in arrivals, tourism revenues expanded by only 2.7% YoY in 2018.

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## Latest world economic & market developments

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Asian equity markets ended broadly weaker today while major European equity markets were barely in positive territory in the early trading hours amid concerns about a slowing US growth momentum, as a recent string of weaker than expected US data, make clear that the impact of the US fiscal stimulus fades and higher interest rates take a toll on domestic economic activity. In addition, in a report released at the start of the annual National Party Congress, Chinese authorities revised lower the 2019 GDP growth target at a range of 6.0% to 6.5% versus a point target of 6.5% previously. Aiming to support the slowing economy, the authorities also announced more stimulus measures, including planned cuts in taxes and social security fees, increases in infrastructure investment and lending to small firms. Renewed market concerns about the global growth outlook, favored US government bonds with the 10-yr yield falling back close to 2.73% earlier today, not much changed on the day, but below a multi-session intraday peak near 2.77% tested on Monday. Meanwhile, German Bund yields were higher on the day in early European trade ahead of the ECB monetary policy meeting on Thursday where two issues are expected to lure market attention: whether there will be a change in the forward guidance and whether there will be indications concerning liquidity operations. The 10-yr Bund yield was standing slightly above 0.18% at the time of writing, some 2.5bps higher on the day with the spread against its US counterpart narrowing by 1.8bp on the day at around 255bps. In FX markets, the DXY index retained a firm tone standing close to Monday's two-week intraday peak of 96.816 as the US economy, though it lost some momentum in Q4 2018, continues to perform better than other major economies. Against a broadly firmer USD, the GBP/USD gave back part of recent hefty gains, hitting a multi-session trough of 1.3151 earlier today, 1.5% weaker from last week's two-year highs. Elsewhere, the EUR/USD remained under pressure for the second session in a row standing in early European trade not far from Monday's two-week intraday low of 1.1307. Looking at today's calendar, Eurozone's final February services PMI and the US ISM non-manufacturing index for February, are among the major data releases.

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### GREECE

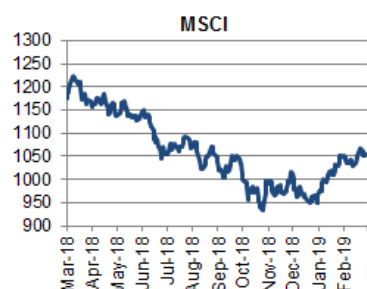
The Hellenic Republic proceeds today with the issuance of a 10-year benchmark in order to raise c. €2 bn setting the IPTs in the area of 4.125%. The last time the Hellenic Republic tapped the markets with a 10-year bond was in March 2011. After hitting a 12-year low of 3.60% on Monday on the back of Moody's double upgrade on Friday, the 10-year GGB yield stands at 3.69% at the time of writing, remaining some 70bps lower so far this year. On the economic data front, according to the Bank of Greece indices of residential property prices for Q4 2018, based on data collected from credit institutions, nominal apartment prices are estimated to have increased on average by 2.5%YoY in Q4 2018. Meanwhile, in 2018 the average annual increase in apartment prices was 1.5% compared with an average decrease of 1.0% in 2017. As regards privatisations, the deadline for the submission of binding offers for HELPE has been extended to 25 March, reportedly upon request by the qualified investors.

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Tuesday 05 March 2019

BULGARIA: Indicators	2016	2017e	2018f
Real GDP growth %	3.9	3.8	3.8
CPI (pa, yoy %)	-0.8	2.1	2.4
Budget Balance/GDP*	1.6	0.8	-1.0
Current Account/GDP	5.4	5.0	4.5
EUR/BGN (eop)	1.9558		
	2016	current	2017
Policy Rate (eop)	N/A	N/A	N/A

\* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	Ba3	BB	BB
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BBB-	BBB
CYPRUS	Ba2	BBB-	BB+

## Latest economic & market developments in the CESEE region

### CYPRUS

According to the latest labor market statistics released by EUROSTAT, unemployment on a seasonally adjusted basis declined further to 7.4% in January 2019 down from 7.7% in December, 7.9% in November and 10.1% in January 2018. The decline recorded on a monthly basis is the largest among other EA-19 & EU-28 members. Having climbed as high as 16.7% in October 2013, unemployment has been on a firm declining path so that it now stands visibly below the EA-19 levels (7.8% in January 2019). Unemployment in Cyprus is now the sixth highest in EU-28, behind Greece, Spain, Italy, France and Croatia.

According to the latest tourism statistics released by CYSTAT, tourism revenues expanded by +2.7% YoY in FY2018 to €2,710.6mn, up from €2,639.8mn compared to the same period last year. However, the corresponding statistics for expenditure per person are on a declining trend. The expenditure per person for 2018 reached €688,22 compared to €722,62 in the previous year, recording a decrease of 4.8%. In fact, the expenditure per person/per day for the period of January – December 2018 compared to the period of January – December 2017 also recorded a decrease of 1.7% (from €76,07 to €74,81). Overall, the tourism industry has been among the key sectors behind the rebound in the GDP growth of the Cypriot economy in 2016-2018. Looking ahead, tourism, as a key driving force behind the acceleration in services exports in the past years, is expected to have a softer impact as it will be increasingly confronted with more intensive competition from the re-opening of neighbor markets, where safety concerns are abating, and the lower purchasing power of their traditional tourist markets (predominantly Britain and Russia) as a result of their currency depreciations.

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Tuesday 05 March 2019

## 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	2792.81	-0.4%	11.4%	EUR/USD	1.1328	-0.1%	-1.2%	UST - 10yr	2.74	1	5	GOLD	1285	-0.1%	0.2%
Nikkei 225	21726.28	-0.4%	8.6%	GBP/USD	1.3188	0.1%	3.4%	Bund-10yr	0.18	2	-6	BRENT CRUDE	65	-0.6%	21.3%
STOXX 600	375.55	0.1%	11.2%	USD/JPY	111.96	-0.2%	-2.0%	JGB - 10yr	0.01	1	1	LMEX	3015	-1.3%	7.6%

### SERBIA

#### Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.31	1	-13
1-week	2.45	0	-11
1-month	2.68	2	-5
3-month	2.99	1	-4
6-month	3.13	1	-5

#### RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.16	-1	9
5Y RSD	3.77	0	27
7Y RSD	4.05	7	-10

#### RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.83	0	-17

#### CDS

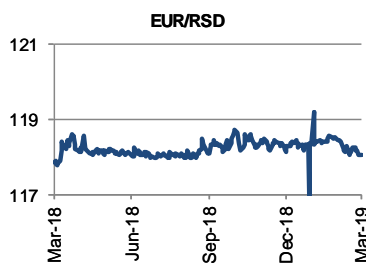
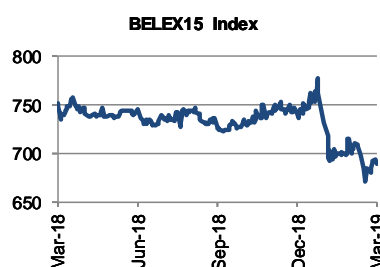
	Last	ΔDbps	ΔYTD bps
5-year	101	0	-17
10-year	154	0	-9

#### STOCKS

	Last	ΔD	ΔYTD
BELEX15	689.7	-0.56%	-9.45%

#### FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.07	-0.03%	0.14%



### ROMANIA

#### Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	3.12	0	203
1-month	3.28	0	141
3-month	3.26	0	121
6-month	3.37	0	110
12-month	3.53	0	121

#### RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.79	0	-24
5Y RON	4.32	0	-2
10Y RON	4.73	0	-8

#### RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.48	-	-6
USD Jan-24	3.70	0	-54

#### CDS

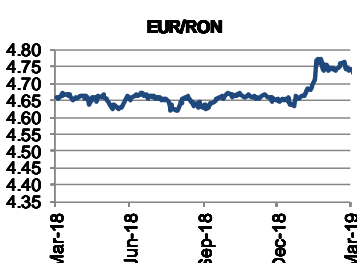
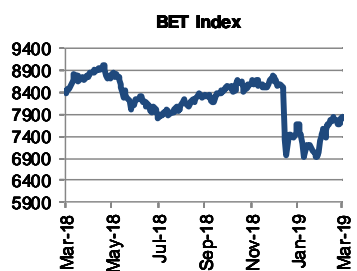
	Last	ΔDbps	ΔYTD bps
5-year	104	-3	14
10-year	150	-3	17

#### STOCKS

	Last	ΔD	ΔYTD
BET	7832.6	0.37%	6.08%

#### FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.7413	-0.03%	-1.84%



### BULGARIA

#### Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.22	8	3
3-month	-0.14	9	4
6-month	-0.02	10	3
12-month	0.36	14	4

#### BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.14	-1	-8
5Y BGN	0.06	0	-5
10Y BGN	0.66	0	-10

#### BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.08	0	-3
EUR Sep-24	0.22	0	-26

#### CDS

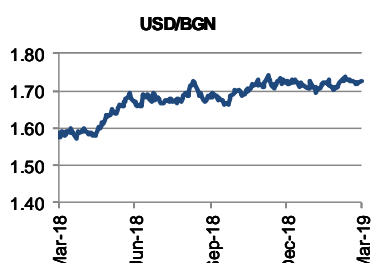
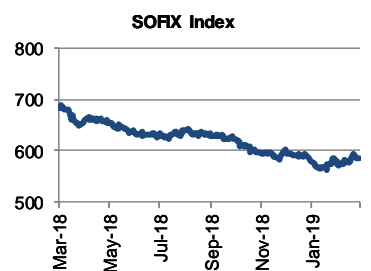
	Last	ΔDbps	ΔYTD bps
5-year	80	2	-17
10-year	121	2	-20

#### STOCKS

	Last	ΔD	ΔYTD
SOFIX	585.1	0.01%	-1.57%

#### FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7252	0.01%	-1.14%



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

Data updated as of 10:45 EEST

Tuesday 05 March 2019

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