

### 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:** Taking their lead from Wall Street's lackluster performance overnight, European bourses opened lower across the board today and the majority of equity markets in Asia ended in negative territory, pressured by mounting worries over the global growth outlook. In its updated economic outlook report released yesterday, the OECD revised lower its global GDP growth estimate for 2019 and 2020 by 0.2% and 0.1%, respectively, to 3.3% and 3.4% citing high policy uncertainty, ongoing trade tensions and a further deterioration in business and consumer confidence. Increased risk-off mode favored the safe haven appeal of US Treasuries while German Bunds were also firmer ahead of today's ECB monetary policy meeting, after some press reports conveyed that the Central Bank's updated growth and inflation forecasts will be revised lower enough to warrant a fresh round of TLTROs.

**GREECE:** The Ministry of Energy submitted yesterday to parliament a law amendment for the sale of the two lignite-fired units of PPC – Meliti and Megalopoli – for which the previous tender was unsuccessful.

### SOUTH EASTERN EUROPE

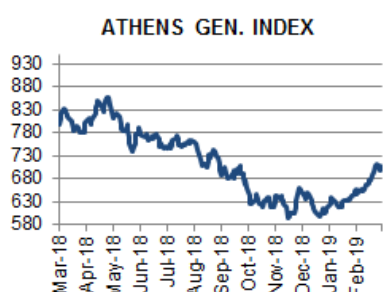
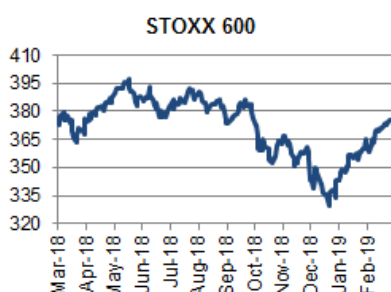
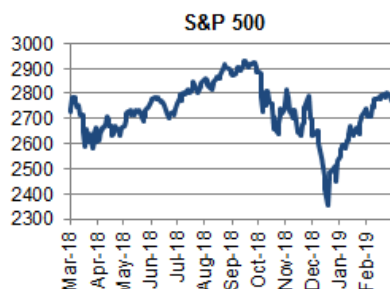
**CESEE MARKETS:** This week's regional calendar is basically filled with Central Banks' policy meetings. Yesterday, monetary policy meetings took place in Poland and Turkey while later today we anticipate the respective meeting in Serbia, along with that of the ECB's. In Poland, interest rates were kept stable at 1.5%, as broadly expected. In Turkey, the key policy rate remained unchanged at 24%, with the OECD stating at its interim economic outlook released yesterday, that Turkey's economy is expected to contract by -1.8% YoY in 2019, downgrading its previous outlook projection in November which stood at 0.4% YoY.

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## Latest world economic & market developments

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Taking their lead from Wall Street's lackluster performance overnight, European bourses opened lower across the board today and the majority of equity markets in Asia ended in negative territory, pressured by mounting worries over the global growth outlook. In its updated economic outlook report released yesterday, the OECD revised lower its global GDP growth estimate for 2019 and 2020 by 0.2% and 0.1%, respectively, to 3.3% and 3.4% citing high policy uncertainty, ongoing trade tensions and a further deterioration in business and consumer confidence. As regards the US, the OECD trimmed both the 2019 and 2020 GDP growth estimate by 0.1% to 2.6% and 2.2%, while for the Eurozone, the respective figures were downgraded by 0.8% and 0.4% to 1.0% and 1.2%, respectively. With respect to the biggest Eurozone economies, the OECD more than halved its 2019 GDP growth estimate for Germany to 0.7% from 1.6% previously, arguing that Germany's export-reliant economy is particularly affected by weaker global demand and rising trade barriers. The respective figure for Italy was also cut sharply to -0.2% from 0.9% previously.

Increased risk-off mode favored the safe haven appeal of US Treasuries with the 10-yr yield standing close to 2.68% in early European trade at the time of writing, within distance from Wednesday's multi-session intraday lows and some 8.5bps lower from a five-week peak marked earlier this week. US data yesterday revealing a trade deficit of \$59.8bn in December, adding up to a total of \$621bn in 2018, the widest in the last ten years, also favored US sovereign paper. German Bunds were also firmer ahead of today's ECB monetary policy meeting, with some press reports conveying that its updated growth and inflation forecasts will be revised lower enough to warrant a fresh round of TLTROs. The 10-yr Bund yield fell close to 0.11% earlier today, standing more than 8bps lower from a multi-week peak earlier this month. In FX markets, the EUR/USD was consolidating around 1.1300 at the time of writing, not far from Wednesday's two week low of 1.1284 on the view that, amid ongoing economic weakness in the Eurozone and subdued inflation pressures, ECB President Mario Draghi is likely to adopt a more dovish tone at today's press conference.

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### GREECE

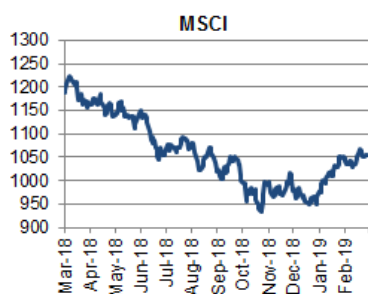
The Ministry of Energy submitted yesterday to parliament a law amendment for the sale of the two lignite-fired units of PPC – Meliti and Megalopoli – for which the initial tender was unsuccessful. The new tender calls for all interested parties, regardless of whether they participated in the previous tender or not, to express their interest within seven days. Additionally, the amendment foresees that PPC may appoint independent evaluator who will take into consideration similar transactions in the European market and practically opens the way for offers below the threshold set at the previous tender thus eliminating the possibility of the tender to fail again.

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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

### CESEE MARKETS

This week's regional calendar is basically filled with Central Banks' meetings. Yesterday, Monetary Policy Meetings took place in Poland and Turkey while later today we anticipate the respective meeting in Serbia, along with that of the ECB's.

In Poland, interest rates were kept stable at 1.5%, as broadly expected. The National Bank's (NBP) Governor Adam Glapinski stated that interest rates could remain on hold for more than the next two years, under the condition that the economy continues to expand at a solid pace. We point out that Poland's economy expanded by 5.1% YoY in 2018 up from 4.8% YoY in 2017 while market's consensus over 2019 performance stands at 3.8%, with all previous figures considered among the highest in the region for the respective period.

Moving on to Turkey, the key policy rate was kept at 24%, broadly in line with market expectations. The MPC reasoned its continuing tight monetary policy stance on prevailing risks over price instability despite some recent improvement in inflation. As such, the tight stance in monetary policy will be preserved until a substantial improvement in the inflation outlook while further tightening will be delivered if needed. Moreover, according to OECD's interim economic outlook released yesterday, growth prospects remain bleak in Turkey. Turkey's economy is expected to contract by -1.8% YoY in 2019, markedly worse than the projection in the previous outlook in November which stood at 0.4% YoY. The report states that despite the stabilization of the financial markets and the improvement of the external competitiveness, confidence remains weak as high corporate debt service burden, tight monetary policy and soft demand in euro area markets still weigh on domestic and external demand.

Elsewhere in the region, according to official statistical data released earlier today, Romania's GDP growth was confirmed at 4.1% YoY in Q4 2018, a bit lower from 4.2% YoY in Q3 2018. Consequently, economic growth reached 4.1% in FY2018, below the 4.5% estimation of the Romanian government. Finally, according to Bulgarian National Bank's (BNB) latest Economic Review for Q4/2018 released yesterday, GDP growth in 2019 and 2020 is expected to pick up pace as a result of the reduced negative contribution of net exports, but will still remain lower than the previously projected 4.0. The latest official European Commission forecasts for Bulgaria's GDP growth in February was 3.6% YoY by the while the government's autumn forecast was for a 3.7% YoY growth.

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Thursday 07 March 2019

**GLOBAL MARKETS**

Stock markets	FOREX	Government Bonds	Commodities													
<table border="1"> <thead> <tr> <th></th> <th>Last</th> <th>ΔD</th> <th>ΔYTD</th> </tr> </thead> <tr> <td>S&amp;P 500</td> <td>2771.45</td> <td>-0.7%</td> <td>10.6%</td> </tr> <tr> <td>Nikkei 225</td> <td>21456.01</td> <td>-0.7%</td> <td>7.2%</td> </tr> <tr> <td>STOXX 600</td> <td>375.48</td> <td>0.0%</td> <td>11.2%</td> </tr> </table>		Last	ΔD	ΔYTD	S&P 500	2771.45	-0.7%	10.6%	Nikkei 225	21456.01	-0.7%	7.2%	STOXX 600	375.48	0.0%	11.2%
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 |         | Last   | ΔD    | ΔYTD  | |---------|--------|-------|-------| | EUR/USD | 1.1307 | 0.0%  | -1.4% | | GBP/USD | 1.3163 | -0.1% | 3.2%  | | USD/JPY | 111.78 | 0.0%  | -1.9% | | | (yields)   | Last  | ΔDbps | ΔYTD bps | |------------|-------|-------|----------| | UST - 10yr | 2.69  | -1    | 0        | | Bund-10yr  | 0.13  | 0     | -11      | | JGB - 10yr | -0.01 | 0     | -1       | | |             | Last | ΔD    | ΔYTD  | |-------------|------|-------|-------| | GOLD        | 1281 | -0.4% | -0.1% | | BRENT CRUDE | 66   | 0.2%  | 22.9% | | LMEX        | 3033 | -0.3% | 8.3%  | |

**SERBIA**

**Money Market**

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.30	0	-14
1-week	2.44	1	-12
1-month	2.65	1	-8
3-month	2.98	2	-5
6-month	3.11	1	-7

**RS Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.16	-2	10
5Y RSD	3.77	0	27
7Y RSD	4.00	-1	-15

**RS Eurobonds**

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.80	0	-20

**CDS**

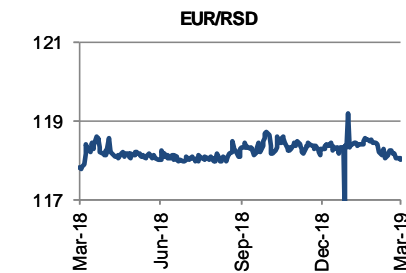
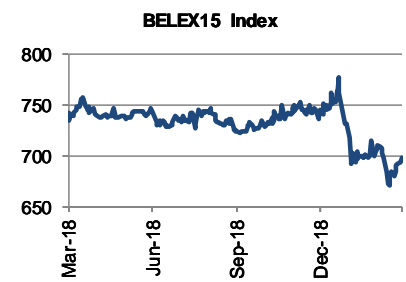
	Last	ΔDbps	ΔYTD bps
5-year	101	0	-17
10-year	153	0	-9

**STOCKS**

	Last	ΔD	ΔYTD
BELEX15	697.7	0.52%	-8.41%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RSD	118.05	0.03%	0.16%



**ROMANIA**

**Money Market**

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.54	0	145
1-month	3.07	0	120
3-month	3.18	0	113
6-month	3.32	0	105
12-month	3.5	0	118

**RO Local Bonds**

	Last	ΔDbps	ΔYTD bps
3Y RON	3.76	0	-28
5Y RON	4.24	0	-10
10Y RON	4.66	0	-15

**RO Eurobonds**

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.44	-	-10
USD Jan-24	3.67	0	-56

**CDS**

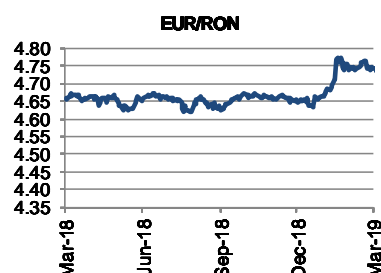
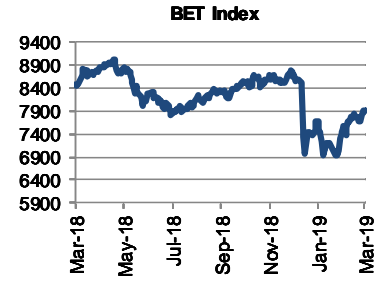
	Last	ΔDbps	ΔYTD bps
5-year	107	0	17
10-year	153	0	19

**STOCKS**

	Last	ΔD	ΔYTD
BET	7918.8	0.01%	7.25%

**FOREX**

	Last	ΔD	ΔYTD
EUR/RON	4.7443	-0.01%	-1.90%



**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	-0.13	-2	-6
5Y BGN	0.05	-1	-6
10Y BGN	0.66	0	-9

**BG Eurobonds**

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.07	7	-3
EUR Sep-24	0.22	1	-26

**CDS**

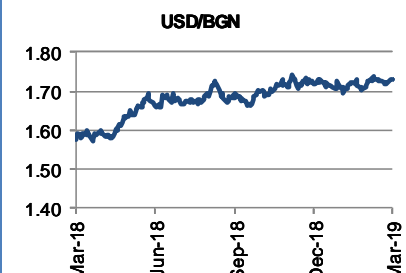
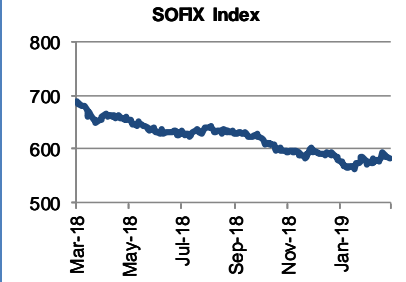
	Last	ΔDbps	ΔYTD bps
5-year	78	0	-19
10-year	120	0	-22

**STOCKS**

	Last	ΔD	ΔYTD
SOFIX	583.0	0.00%	-1.93%

**FOREX**

	Last	ΔD	ΔYTD
USD/BGN	1.7298	-0.01%	-1.40%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research  
Data updated as of 9:15 EEST

Thursday 07 March 2019

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