

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

December 19, 2019

Global Markets

German Bunds came under pressure, with the 10-yr yield rising close to last week's six-month peak of -0.215% as market focus has shifted to the Riksbank which convenes later today. After delivering a rate hike in December 2018, Sweden's Central Bank is expected to raise the repo rate by an additional 25bps bringing it to zero, fueling speculation that the ECB could also consider policy normalization. On the other side of the Atlantic, US Treasuries also moved lower, shrugging off the decision of the US House of Representatives to impeach President Donald Trump. In FX markets, the GBP remained under pressure amid renewed no-deal Brexit fears, having already given back a good part of the gains recording following Conservatives' landslide victory at last week's UK election.

Greece

The Greek Parliament approved y-day the 2020 Budget with a 158/300 MPs majority. According to the Budget, real GDP growth is expected at 2.8% from an estimated 2.0% in 2019, significantly above the most recent official forecast of 2.3% (European Commission, November 2019). Real growth in 2020 is expected to be driven by higher investment, improved domestic demand and expansionary fiscal policy (tax cuts). The 2020 primary surplus (in Enhanced Surveillance terms) is expected at 3.6% of GDP. The Prime Minister Kyriakos Mitsotakis announced a further average reduction of 8% in the property tax (ENFIA) and the first round of reduction in the solidarity tax. The latter reduction will be conditional on the 2020 fiscal space.

CESEE

Cyprus: The volume of non-performing exposures (NPEs) posted a small decline of €27mn in July, bringing the stock of NPEs down by 64.4% over the period from December 2014 to July 2019. Loan exposures (performing plus non-performing) expanded by €121mn in July. As a result, the ratio of NPEs (non-performing to total exposures) edged down to 29.6% in July, down from 29.8% in June vs. 30.3% in December 2018 compared to 43.7% in December 2017, 47.2% in December 2016, 45.8% in December 2015 and 47.8% in December 2014. Recall that according to the EBA conservative definition, a restructured NPE is still classified as an NPE for a probation period of at least 12 months, even if it is properly serviced without incurring new arrears. A large fraction of the restructured loans are still classified as NPEs (€4.970mn out of €5.141mn in July 2019).

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GLOBAL MARKETS

Stock markets

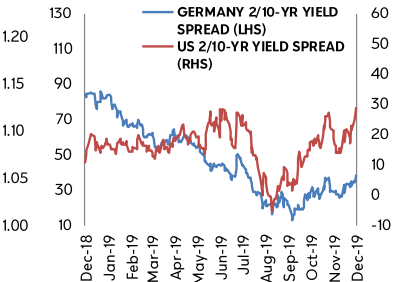
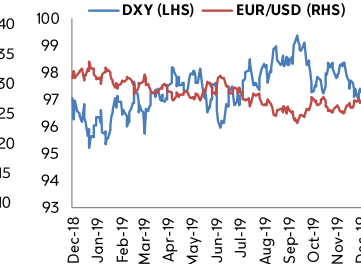
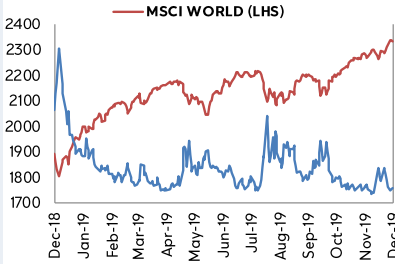
| | Last | ΔD | ΔYTD |
|------------|----------|--------|-------|
| S&P 500 | 3191.14 | -0.04% | 27.3% |
| Nikkei 225 | 23864.85 | -0.3% | 19.2% |
| STOXX 600 | 415.09 | 0.2% | 22.9% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|--------|------|-------|
| EUR/USD | 1.1128 | 0.1% | -3.0% |
| GBP/USD | 1.3118 | 0.3% | 2.8% |
| USD/JPY | 109.56 | 0.0% | 0.1% |

Government Bonds

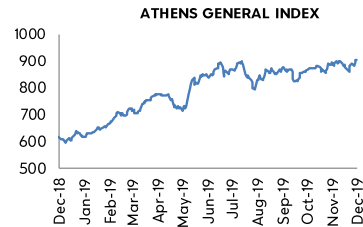
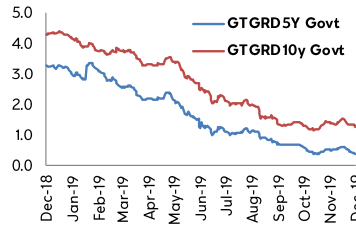
| (yields) | Last | ΔDbps | ΔYTD bps |
|------------|-------|-------|----------|
| UST - 10yr | 1.93 | 1 | -75 |
| Bund-10yr | -0.23 | 2 | -47 |
| JGB - 10yr | 0.00 | 2 | 0 |



GREECE

Government Bonds

| (yields) | Last | ΔDbps | ΔYTDbps |
|-------------------|------|-------|---------|
| 5Y Bond | 0.38 | 1 | -280 |
| 10Y Bond | 1.31 | 4 | -303 |
| Δ(10YBund-10YGGB) | 1.55 | 0 | -256 |



EMERGING MARKETS

Stock markets

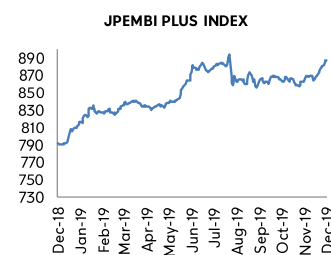
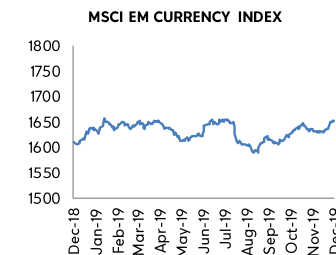
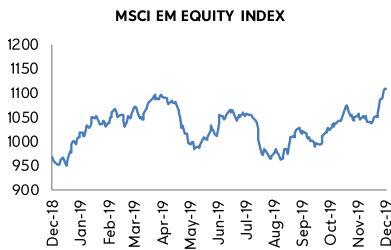
| | Last | ΔD | ΔYTD |
|-------|-----------|-------|---------|
| SOFIX | 548.28 | 0.0% | -7.8% |
| BELEX | 768.06 | -0.2% | 83.6% |
| XU100 | 110792.50 | 0.2% | 2138.9% |

FOREX

| | Last | ΔD | ΔYTD |
|---------|---------|-------|--------|
| EUR/PLN | 4.2696 | -0.1% | 0.5% |
| EUR/RSD | 117.564 | 0.0% | 0.7% |
| USD/TRY | 5.9395 | -0.2% | -10.9% |

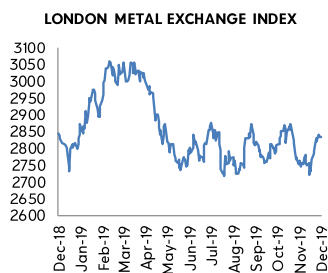
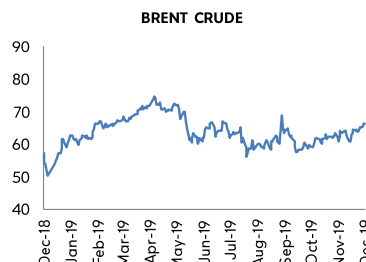
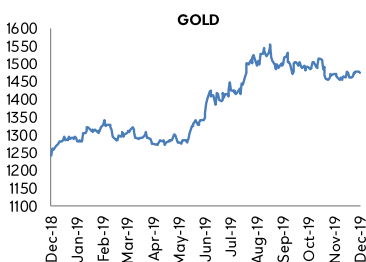
Government Bonds

| | Last | ΔDbps | ΔYTD bps |
|--------------|------|-------|----------|
| TR 10Y yield | 6.15 | -3 | -96 |
| BG 8Y yield | 0.18 | 0 | -29 |
| PL 10Y yield | 2.05 | 2 | -77 |



COMMODITIES

| | Last | ΔD | ΔYTD |
|-------------|------|------|-------|
| GOLD | 1475 | 0.0% | 15.0% |
| BRENT CRUDE | 66 | 0.0% | 23.0% |
| LMEX | 2834 | 0.0% | 1.2% |



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