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Eurobank Research

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

September 1, 2020

Global Markets

Last week's announcement for changes to the Fed's inflation framework remains a key theme in financial markets, even though Fed Vice Chair Richard Clarida failed to provide any hints at his speech yesterday about whether changes to the forward guidance are likely at the 15-16 September FOMC meeting. He reiterated an asymmetric Fed policy reaction to inflation and employment, reaffirmed the Committee's rejection to negative interest rates and left open the possibility of UST yield caps as a policy option in the future. Meanwhile, global equity markets were weaker in early trade today, pulling back after several consecutive sessions of gains, while the EUR/USD hit a new high close to 1.20, as the Fed's policy shift to flexible average inflation targeting continues to weigh on the US currency.

Greece

According to ELSTAT, the overall volume index in retail trade (i.e. turnover in retail trade at constant prices) in June 2020, decreased by 7.3%YoY, while the seasonally adjusted overall volume index in June 2020 increased by 1.0%MoM. The annual 7.3% decrease is attributed to the following annual changes in the specialized store categories: automotive fuel -19.3%, supermarkets -6.6%, pharmaceuticals products, cosmetics -0.7%, books, stationery, other goods +1.2% and furniture, electrical equipment, household equipment +28.8%. Meanwhile, according to press, the preliminary data for traffic in Greece's main airports in August 2020 shows a decrease of c. 55% to 60% on average, although there are significant regional differences.

CESEE

Serbia: GDP shrunk by -6.4% YoY in Q2, the lowest print in at least the last 20 years, compared to +5.1% YoY in Q1. The Q2 print was revised slightly upwards from the flash estimate, released in early August, according to which GDP contracted by 6.5% YoY. On the expenditure side, the Q2 GDP contraction was broadly driven by household consumption and gross fixed capital formation, both affected by the Covid-19 pandemic, while net exports contributed negatively although to a lesser extent compared to Q1. In gross value added terms, the sharpest contraction was registered in wholesale and retail trade, in line with the depressed consumption. The services sector was heavily affected as well by the containment measures introduced during the state of emergency.

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GLOBAL MARKETS

Stock markets

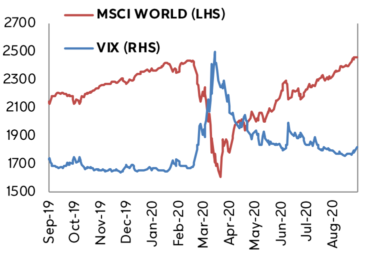
	Last	ΔD	ΔYTD
S&P 500	3500.31	-0.22%	8.3%
Nikkei 225	23138.07	0.0%	-2.2%
STOXX 600	366.51	-0.6%	-11.9%

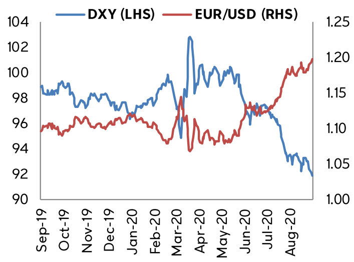
FOREX

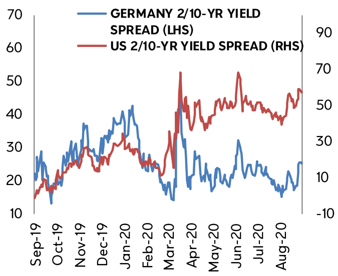
	Last	ΔD	ΔYTD
EUR/USD	1.1978	0.4%	6.8%
GBP/USD	1.341	0.3%	1.2%
USD/JPY	105.68	0.2%	2.8%

Government Bonds

(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	0.71	0	-121
Bund-10yr	-0.40	-1	-22
JGB - 10yr	0.04	-1	6



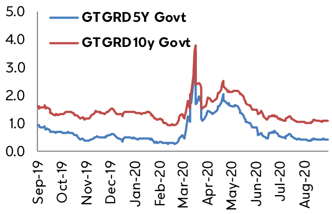


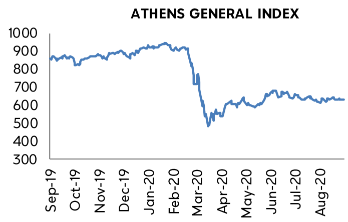


GREECE

Government Bonds

(yields)	Last	ΔDbps	ΔYTDbps
5Y Bond	0.44	0	-5
10Y Bond	1.09	0	-34
Δ(10YBund-10YGGB)	1.50	0	-12





EMERGING MARKETS

Stock markets

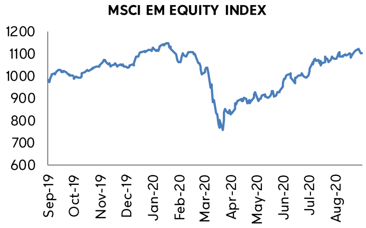
	Last	ΔD	ΔYTD
SOFIX	434.21	0.4%	-23.6%
BELEX	693.80	0.0%	-1345.8%
XU100	1078.61	-2.0%	-573.7%

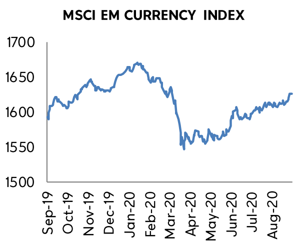
FOREX

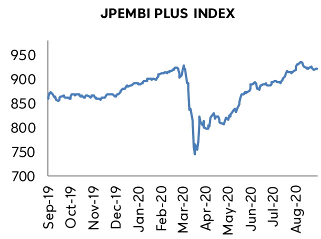
	Last	ΔD	ΔYTD
EUR/PLN	4.39	0.2%	-3.1%
EUR/RSD	117.612	0.1%	0.1%
USD/TRY	7.371	-0.4%	-19.3%

Government Bonds

	Last	ΔDbps	ΔYTD bps
TR 10Y yield	6.63	-6	49
BG 8Y yield	Invalid Security		
PL 10Y yield	1.39		

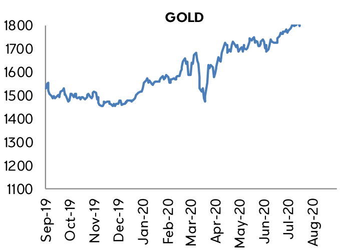


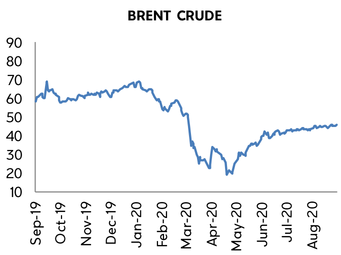


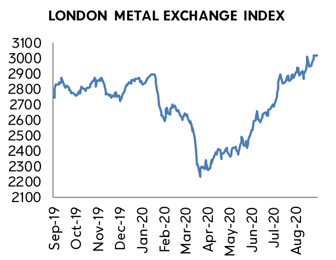


COMMODITIES

	Last	ΔD	ΔYTD
GOLD	1989	1.1%	31.1%
BRENT CRUDE	46	1.2%	-30.6%
LMEX	3017	0.8%	6.1%







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

Data updated as of 10:00 EST

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