

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

September 4, 2020

Global Markets

Euro area retail sales unexpectedly fell by 1.3%MoM in July following a rise of 5.3%MoM in June, as a resurgence in confirmed Covid-19 cases has probably weighed on demand. Adding to yesterday's weak EA data, the final composite PMI was revised higher by 0.3pts at 51.9, but below July's 54.9, due to a 3.5pt fall in the services PMI. Turning to the US, ISM non-manufacturing declined from July's 58.1 to 56.9 in August, with employment – a key indicator ahead of today's non-farm payrolls – rising at 47.9 but still in contractionary territory. Meanwhile, risk sentiment deteriorated sharply, with Asian bourses experiencing today their worst session in two weeks. USTs and German Bunds retained most of y-day's gains, and the EUR/USD firmed standing around 1.1840/50 at the time of writing, following another brief drop below 1.1800 y-day.

Greece

The COVID-19 pandemic hit Greece and the other EU-27 countries hard in Q2-2020. According to the quarterly national accounts released by ELSTAT, the real GDP growth rate contracted steeply by -14.0% QoQ / -15.2% YoY in Q2-2020 from -0.7% QoQ / -0.5% YoY in Q1-2020. The respective readings in EU-27 (Euro Area) were -11.7% QoQ / -14.1% YoY (-12.1% QoQ / -15.0% YoY). Based on the expenditure approach of measuring GDP, private consumption and exports had the highest contribution in the contraction of economic activity in Q2-2020. The former demand component decreased by -11.3% QoQ / -11.6% YoY, while the latter – due to a major loss in tourist revenues – fell by -32.1% QoQ / -32.1% YoY.

CESEE

TURKEY: Headline inflation remained flat at 11.8% YoY in August vs. July compared to 12.6% YoY in June coming in more or less in line with analysts' consensus expectations (Actual: +0.86% MoM vs +0.95% MoM). Core inflation also remained elevated at 11.0% YoY in August vs. 10.2% in July and 11.6% in June. The main driver behind sticky inflationary pressures is the high FX pass-through of the lira. The reading suggests that even the revised year-end Central Bank inflation projection of 8.9% could be hard to achieve. Recall that the CBRT had already taken measures to increase the effective funding rate towards 10.2% in the last five weeks in an attempt to support the lira, thus reducing the need to use the formal rate. The lira traded at 7.44/\$ yesterday, at a historical all-time low, having lost 25% year-to-date.

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GLOBAL MARKETS

Stock markets

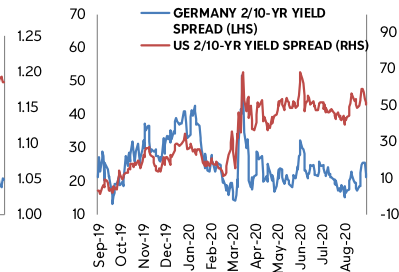
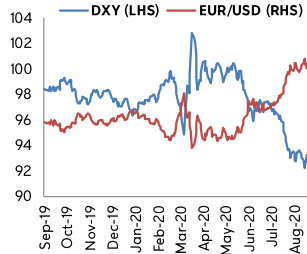
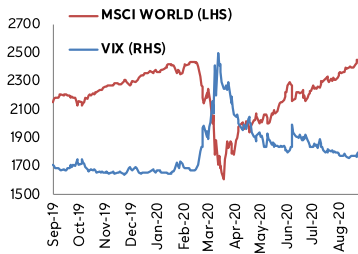
	Last	ΔD	ΔYTD
S&P 500	3455.06	-3.51%	6.9%
Nikkei 225	23205.43	-1.1%	-1.9%
STOXX 600	366.08	-1.4%	-12.0%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.1837	-0.1%	5.6%
GBP/USD	1.3273	-0.1%	0.1%
USD/JPY	106.12	0.1%	2.3%

Government Bonds

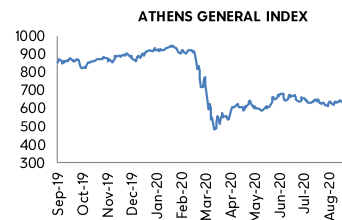
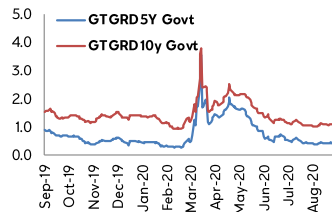
(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	0.64	0	-128
Bund-10yr	-0.49	0	-30
JGB - 10yr	0.04	0	5



GREECE

Government Bonds

(yields)	Last	ΔDbps	ΔYTDbps
5Y Bond	0.42	0	-7
10Y Bond	1.11	0	-32
Δ(10YBund-10YGGB)	1.60	0	-2



EMERGING MARKETS

Stock markets

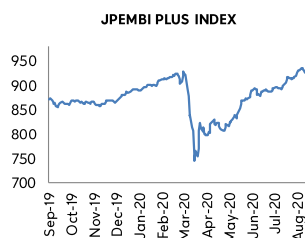
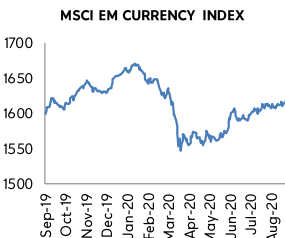
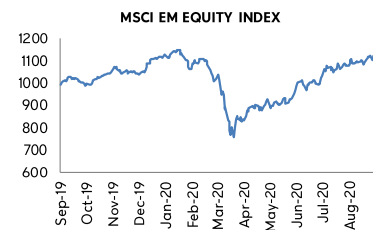
	Last	ΔD	ΔYTD
SOFIX	434.77	0.7%	-23.5%
BELEX	696.30	0.5%	-1314.6%
XU100	1074.98	-0.1%	-605.4%

FOREX

	Last	ΔD	ΔYTD
EUR/PLN	4.4442	-0.2%	-4.3%
EUR/RSD	117.59	0.0%	0.1%
USD/TRY	7.4548	-0.3%	-20.2%

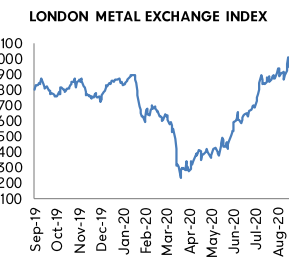
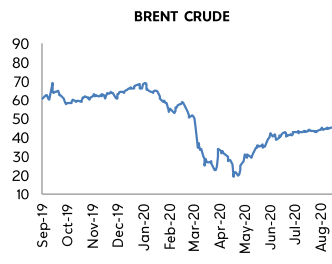
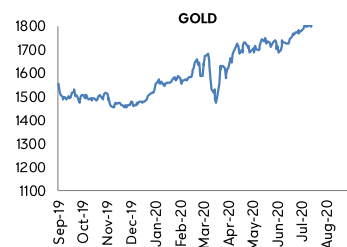
Government Bonds

	Last	ΔDbps	ΔYTD bps
TR 10Y yield	6.48	-5	35
BG 8Y yield	Invalid Security		
PL 10Y yield	1.36		



COMMODITIES

	Last	ΔD	ΔYTD
GOLD	1937	0.3%	27.6%
BRENT CRUDE	44	-1.0%	-33.9%
LMEX	2980	-1.6%	4.8%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 10:10 EST

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