

# GLOBAL & REGIONAL DAILY

## HIGHLIGHTS

May 6, 2020

### Global Markets

In an unexpected move, the German Federal Constitutional Court ruled yesterday that parts of the ECB's PSPP are in violation of the German constitution, contradicting the ruling of the European Court of Justice on December 2018 on the legality of the programme. The German Court of Justice called on the Bundesbank to stop participating in the programme, unless the ECB provides a cost-benefit analysis within a three-month period. In reaction to the above, the yields of the majority of the periphery EGBs moved higher, while the EUR weakened against the rest of the G10 currencies, with the EUR/USD hitting a multi-session low near 1.08 earlier today. Today, the EC President Ursula von der Leyen is expected to present a draft proposal outlining a new EU budget for 2021-27 that will be clearly linked to the Recovery Fund.

### Greece

Following, a teleconference with the PM Kyriakos Mitsotakis yesterday, the heads of the four systemic banks estimated that the financing to the Greek economy through the relevant tools will reach €16 billion in 2020. Meanwhile, according to press, Greece is considering at least two more bond issues by the end of the year in order to raise €4 billion while it may also postpone the early repayment of €1.7 billion to the IMF in order to boost liquidity. The said decision will be made later in the year. Finally, the Euroworking group convenes today to prepare the videoconference of the Eurogroup on 8 May.

### CESEE

Serbia: President Aleksandar Vucic announced on May 4, after meeting with representatives of nine political formations running in the election, that the next parliamentary election will take place on June 21. On market news, S&P Ratings kept the country's long-term credit rating at BB+, but revised the outlook to stable from positive as part of its extraordinary rating review. The agency inferred that the stable outlook balances between the economic fallout from the COVID-19 pandemic - in the form of a more adverse external financing environment and deterioration in the country's GDP growth and fiscal metrics – and the macroeconomic buffers that have been accumulated over the past half-decade, including higher foreign exchange (FX) reserves and more fiscal space.

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