

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

July 7, 2020

Global Markets

US June releases continue to surprise positively with yesterday's non-manufacturing ISM index rising by a higher-than-expected 11.7pt to 57.1, a larger improvement than last week's 9.5pt rise in the manufacturing ISM index. Adding to market optimism that the global economic activity is rebounding strongly from the April's trough, Eurozone retail sales jumped by 17.8%MoM in May favored by the gradual lifting of the virus-related restrictions, offsetting a big part of the 22.7% cumulative decline recorded in the prior two months. In reaction, the EUR/USD broke above the 1.12-1.13 recent trading range hitting a two-week peak of 1.1345 yesterday, before retreating to levels around 1.1290/95 in European trade at the time of writing amid mounting fears over a second Covid-19 wave as daily cases in several US states continue rising.

Greece

The new household insolvency framework is at the centre of deliberations between the Greek government and the institutions on the 7th Enhanced Surveillance review. In particular, the institutions have voiced concerns regarding the legal form – private or public – of the entity that will acquire and lease-back the main residencies of bankrupt debtors, with the institutions arguing against a potential public character of the said entity. Another sticky point is the maximum value of the properties eligible for protection, with the current ceiling of €200,000 being regarded as too generous by the institutions, as it covers 90% of bad loans, who reportedly propose a ceiling of €100,000 instead. On the pandemic front, 43 new cases were recorded yesterday, 36 of them located at the entry points of the country.

CESEE

Cyprus: According to Moody's weekly bulletin, although the loan payment deferrals reduce the probability of an acute banks' asset quality stress this year, the high percentage of deferrals suggest that asset quality deterioration is still very likely next year. The deferrals will reduce the extent of any deterioration, but their ultimate effect will depend on the depth and duration of the economic downturn. Recall, that around one-third of Cypriot banks' gross loans had payment deferrals as of June 5, adding to banks' credit risks. In its baseline growth scenario, the Central Bank forecasts that GDP will shrink by -7.3% in 2020, followed by a rebound of 5.6% and 4.1% in 2021 and 2022 respectively. The Central Bank has also come up with a mild and a severe scenario for 2020 with the GDP contraction reaching -5.6% and -9.9% respectively.

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GLOBAL MARKETS

Stock markets

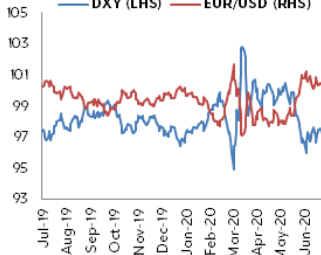
	Last	ΔD	ΔYTD
S&P 500	3179.72	15.9%	-1.6%
Nikkei 225	22614.69	-0.4%	-4.4%
STOXX 600	368.81	-0.6%	-11.3%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.1286	-0.2%	0.6%
GBP/USD	1.2475	-0.1%	-5.9%
USD/JPY	107.57	-0.2%	1.0%

Government Bonds

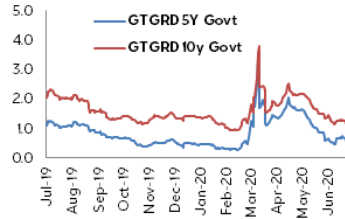
(yields)	Last	ΔDbps	ΔYTD bps
UST - 10Yr	0.66	-1	-125
Bund-10Yr	-0.45	-2	-27
JGB - 10Yr	0.04	0	5



GREECE

Government Bonds

(yields)	Last	ΔDbps	ΔYTDbps
5Y Bond	0.51	0	3
10Y Bond	1.14	0	-29
Δ10YBund-10YGGB	1.59	0	-3



EMERGING MARKETS

Stock markets

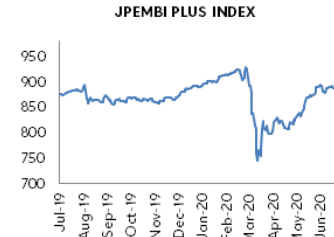
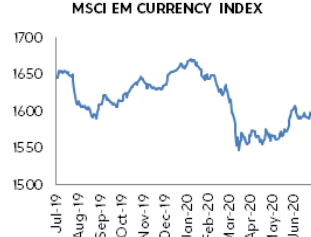
	Last	ΔD	ΔYTD
SOFIX	447.12	0.0%	-21.3%
BELEX	660.75	-0.8%	-1758.0%
XU100	119012.80	0.4%	400.9%

FOREX

	Last	ΔD	ΔYTD
EUR/PLN	4.4714	-0.2%	-4.9%
EUR/RSD	117.576	0.0%	0.1%
USD/TRY	6.8651	-0.1%	-13.3%

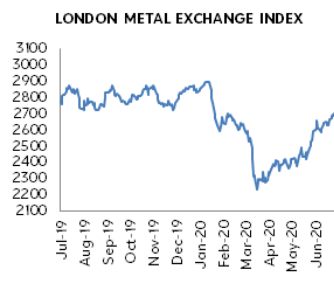
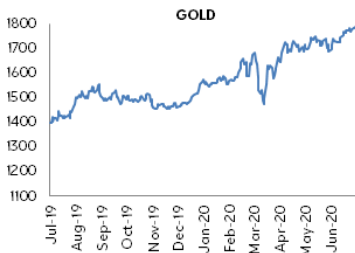
Government Bonds

	Last	ΔDbps	ΔYTD bps
TR 10Y yield	6.53	-4	40
BG 8Y yield	Invalid Security		
PL 10Y yield	1.35		



COMMODITIES

	Last	ΔD	ΔYTD
GOLD	1783	-0.1%	17.5%
BRENT CRUDE	43	-1.2%	-35.5%
LMEX	2728	1.7%	-4.0%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 10:30 EEST

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