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HIGHLIGHTS

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Global Markets

Global equity markets were firmer earlier today on reports conveying that the US Treasury Secretary and the Chinese Vice Premier agreed to cooperate on carrying out the Phase One trade deal that was reached earlier this year. The improved tone in equities was accompanied by a modest drop in UST and German Bund yields ahead of today's US employment report for April, which is expected to show a hefty decline in non-farm payrolls and a massive increase in the unemployment rate. Yesterday's US data showed that initial jobless claims for the week that ended on 2 May were down to 3.2mn from 3.8mn a week earlier, albeit still well above the level prior to the COVID-19 outbreak. Today, we also expect Moody's and DBRS updated review on Italy's sovereign rating, while the Eurogroup is scheduled to meet via videoconference.

Greece

According to ELSTAT, in February 2020 the seasonally adjusted unemployment rate dropped to 16.1% from 18.4% in February 2019 and the downward revised 16.2% in January 2020. The number of employed persons rose by 0.4%YoY while the number of unemployed persons fell by 14.4%YoY. It should be noted that the February unemployment had not yet been affected by the COVID-19 crisis, as the first confirmed case in Greece appeared on 26 February. In other news, the Eurogroup that convenes today will discuss among others the main features of the Pandemic Crisis Support instrument of the ESM, with an aim to have it operational by 1 June as indicated by the President of the European Council.

CESEE

Serbia: The NBS decided yesterday to keep the key policy rate unchanged at 1.50%, following the 25bps cut in April, as it estimates that monetary and fiscal policies are coordinated in a way that they will both act as mitigating factors against the negative impact of the COVID-19 pandemic on the economy. Regarding the GDP dynamics for this year, a day earlier, in its spring forecast, the EC downgraded its 2020 GDP growth forecast for Serbia and currently expects the economy to contract by -4.1% compared to an anticipated GDP growth rate of +3.8% previously. The sharp contraction caused by the impact of the COVID-19 pandemic will be followed by a strong rebound by 6.1% in 2021. In other news, Serbia lifted on May 6 the state of emergency that was declared on March 15 because of the COVID-19 pandemic.

Contributing Authors

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr

Maria Kasola
Economic Analyst
mkasola@eurobank.gr

Eurobank

Eurobank Research

Research Team

Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr
+ 30 210 37 18 793

Ioannis Gkionis
Senior Economist
igkionis@eurobank.gr
+ 30 214 40 59 707

Dr. Stylianos Gogos
Economic Analyst
sgogos@eurobank.gr
+ 30 210 37 18 733

Maria Kasola
Economic Analyst
mkasola@eurobank.gr
+ 30 210 33 18 708

Olga Kosma
Research Economist
okosma@eurobank.gr
+ 30 210 37 18 728

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 210 37 18 991

Dr. Theodoros Stamatiou
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708

Elia Tsiampaou
Economic Analyst
etsiampaou@eurobank.gr
+ 30 214 40 59 712

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