

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

May 11, 2020

Global Markets

Major European bourses kicked off the week on a positive tone amid hopes for a gradual global recovery, as several countries have started cautiously lifting lockdown measures. Last week's reports conveying that the US and China agreed to cooperate on carrying out the Phase One trade deal and optimism for a quick recovery of the US labor market when containment measures are lifted, also favored. US non-farm payrolls dropped by 20.5mn in April, the largest monthly decline ever, and the unemployment rate jumped to a record peak of 14.7%, pushing the employment-to-population rate to an all-time low of 51.3%. Focus this week is on Fed Chair Jerome Powell's speech on Wednesday, where the issue of negative rates will probably be back on the agenda after Fed Fund futures priced-in negative rates last week for the first time ever.

Greece

According to ELSTAT, in Mar-20 the total value of goods' imports reached €4,283mn falling by 9.8%YoY. The corresponding value excl. oil products decreased by 8%YoY, while excl. oil products and ships it decreased by 8%YoY. The total value of goods' exports reached €2,494mn, reduced by 11.2%YoY. The corresponding value excl. oil products fell by 4.4%YoY, while excl. oil products and ships it fell by 3.6%YoY. The deficit of the trade balance amounted to €1,788mn, reduced by 7.9%YoY. On Friday, the Eurogroup agreed on the features of the €540bn Pandemic Crisis Support, for healthcare costs due to COVID-19, for amounts of 2% of the Member's end-19 GDP. The loans will have average maturity 10yrs and very low interest. Greece does not reportedly intend to resort to this facility for the time being.

CESEE

Serbia: The EUR/RSD pair held steadily during the past week, remaining bound within a tight range of 117.53/63-117.58/68 amid low trading volumes. The National Bank of Serbia (NBS) is still selling euros in the foreign exchange interbank market, preventing any excessive depreciation and keeping the stability of the domestic currency. On the money-market side, on Friday's EUR/RSD swap auctions with a term of two weeks, the NBS sold €29mn at the euro liquidity supply auction at 274 fixed swap points (interest differential 0.6%). At the dinar liquidity supply auction no banks participated. According to the Ministry of Finance, the public debt stood at €24.3bn or 51.9% of GDP in March, lower by €60mn compared to February. The budget execution also recorded a deficit of RSD46.9bn in Q1-2020 with the bulk of it generated in March.

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