

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

May 12, 2020

Global Markets

Investors retained a cautious stance against risk assets earlier today on mounting fears over a second wave of coronavirus cases as several countries continue to gradually lift lockdown measures. Meanwhile, oil prices edged lower, with Brent crude hovering around \$29.80/85bbl at the time of writing, following a spike close to \$31.50/bbl yesterday, shrugging-off Saudi Arabia's announcement for another 1mb/d cut in output production from June. In FX markets, the USD gained, pushing the EUR/USD below 1.08 earlier today before recovering modestly to levels around 1.0815/20 at the time of writing, while the recent German Supreme Court's ruling on the ECB's PSPP program also continued to weigh. Three Fed officials are scheduled to talk today (Bullard, Harker, Mester), ahead of Fed Chair Jerome Powell's speech on Wednesday.

Greece

According to ELSTAT, in Mar-20 the overall industrial production index (IPI) increased by 0.6%YoY, while in Mar-19 it had decreased by 0.6%YoY. The increase in Mar-20 is attributed to 2%YoY and 0.7%YoY increases in the manufacturing and water supply sub-indices respectively, while the mining and quarrying and the electricity supply sub-indices fell by 4.3%YoY and 5.1%YoY respectively. For the period Jan-Mar 2020, the average overall IPI decreased by 12% compared to the average IPI of the corresponding period of 2019. The seasonally adjusted overall IPI in Mar-20 increased by 1.8%MoM. In other news, the second phase of the relaxation of the containment measures began yesterday with the re-opening of all remaining retail shops and the resumption of classes for the upper school level.

CESEE

According to Turkish media reports yesterday, the Banking Regulation and Supervision Agency (BDDK) removed the ban on BNP Paribas, Citibank and UBS from doing FX transactions with the Turkish lira. The BDDK had imposed the ban on May 7th over allegations that the said banks bought large sums of FX and then defaulted on lira liabilities to weaken the currency. Even though the ban was removed because the three banks fulfilled their lira liabilities, the BDDK said it would continue the investigation. The lira traded at 7.07/\$ yesterday, close to a historical all time high of 7.26/\$. It has come under renewed depreciation pressure driven by concerns that the Central Bank may continue with further rate cuts after revising down its year-end inflation forecast to 7.4% from 8.2% and speculation that it may be running out of FX reserves.

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