

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

September 14, 2020

Global Markets

Global equity markets were firmer in early trade today amid renewed hopes for a coronavirus vaccine, following news that Oxford University and AstraZeneca resumed clinical trials of their proposed coronavirus vaccine candidate. However, gains were limited on market cautiousness ahead of this week's two-day FOMC policy meeting, where Chairman Jerome Powell may provide some hints on the Central Bank's monetary policy deliberations, especially after the shift to an average inflation targeting regime. Today, the UK House of Commons, where the government has a clear majority of 80 MPs, will debate the draft legislation for the proposed Internal Market Bill that undermines parts of the Withdrawal Agreement and breaks international law. In Japan, the ruling Liberal Democratic Party will elect a new president.

Greece

In his speech at the Thessaloniki Helexpo Forum, the PM Kyriakos Mitsotakis outlined the key points of economic policy in the period ahead, which include: the abolishment of the solidarity contribution for private sector employees, freelancers and farmers initially for 2021, the reduction of social security contributions, the introduction of over-depreciation for digital and green fixed capital investments for 3 yrs and the extension of the reduced VAT rate in some products and services. In other news, according to ELSTAT, total building activity (private-public) in Greece, in Jun-20, calculated by the number of issued building permits, increased by 17.0%YoY, while in the period Jan-Jun 2020, total building activity increased by 16.6% compared with the corresponding period of 2019.

CESEE

Turkey: Moody's downgraded the long-term sovereign rating of Turkey to B2, with a negative outlook. According to Moody's, the country's external vulnerabilities are increasingly likely to crystallize in a balance of payments crisis. In addition, the country's institutions appear to be unwilling or unable to effectively address these challenges. Fiscal buffers, which have been a source of credit strength for many years, are also eroding. The negative outlook reflects the view that fiscal metrics could deteriorate at a faster pace than currently anticipated, while the downside risks are associated with the authorities' inadequate reactions and the elevated levels of geopolitical risk on several fronts. Recall, that Fitch had also affirmed its BB- rating but had changed the outlook to negative in late August.

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