

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

April 15, 2020

Global Markets

In its World Economic Outlook released yesterday, the IMF projects a 3.0% contraction in 2020 global GDP growth, the steepest downturn since the Great Depression of 1930, assuming that the pandemic fades in H2 and containment measures are being lifted gradually. Prevailing global growth woes, large-scale asset purchase programmes and subdued oil prices, allowed USTs and German Bunds to retain a positive tone, with the 10-yr UST yield standing around 0.73% at the time of writing, 6bps below recent highs (8 Apr) and more than 100bps lower year-to-date. In FX markets, ahead of today's US March industrial output and retail sales, the USD remained under pressure following the US President's announcement that in some states shutdowns could be lifted "very soon" in spite of the rising US coronavirus death toll.

Greece

According to the IMF World Economic Outlook, GDP in Greece is expected to contract by -10% in 2020 and then rebound by +5.1% in 2021. Unemployment is expected to rise to 22.3% in 2020 from 17.3% in 2019, and then ease back to 19% in 2021. Finally, the current account deficit is projected to reach -6.5% of GDP in 2020 from -2.1% in 2019, and then recede to -3.4% of GDP. Meanwhile, today or tomorrow Greece plans to tap the financial markets with the issuance of a 7-year bond in order to raise c. €2 – 2.5 billion. It is reminded that GGBs are eligible for ECB's asset purchase programme launched in response to the coronavirus pandemic. Finally, the government is expected to announce new measures of economic support primarily for the sectors of energy, tourism, sea transport and private clinics.

CESEE

In April's WEO released yesterday, the IMF forecasts that the emerging and developing Europe region will contract by 5.2% in 2020 and will bounce back in 2021 by 4.2%. The respective view in October's WEO was GDP growth by 1.8% and 2.5% in 2020 and 2021 respectively. More specifically, Bulgaria is expected to contract by 4% in 2020 compared to a 3.7% GDP growth forecast previously. Serbia's GDP contraction is expected at 3% vs 3.5% growth in October's WEO. Turkey is expected to experience economic recession of 5% in 2020 from flat GDP growth previously projected. As broadly expected, the common denominator in all forecasts is that the economic recession is attributed to the impact from the Covid-19 pandemic and that there will be a growth rebound across the region in 2021.

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