

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

August 20, 2020

Global Markets

Asian stock markets traded in the red on early Thursday in the aftermath of yesterday's Fed's July minutes release last night pointing to widespread concerns over the prospects for US economic recovery. The minutes acknowledged a strong rebound in consumer spending, but flagged ongoing uncertainty among businesses, which could likely slowdown the robust recovery in employment in May and June. The Asia-Pacific MSCI index slid by -1.8% in the biggest daily decline in five weeks, the stock indices in Taiwan and South Korea dived by more than 3%, while Philippines, Thai and Singapore stock indices by more than 1%. The S&P 500 closed lower by -0.44% at 3,374.85 after hitting record high, the yield on benchmark 10Y T-Notes fell slightly to 0.66%, the 20Y T-Bond also fell to 1.17% while the Dollar index steadied at 93.0.

Greece

The 2020Q2 national accounts of Greece are scheduled to be released on September 4th 2020. According to Eurostat's flash estimate, due to the containment measures, real GDP in EU (EA) contracted by -11.7% (-12.1%) QoQ in 2020Q2 from -3.2% (-3.6%) QoQ in 2020Q1. A number of high frequency indicators in Greece point towards a worsening of its macroeconomic performance too in 2020Q2. As an example, the production index in Manufacturing – a sector that supported the economy in 2020Q1 – dropped by -8.8% QoQ in 2020Q2 (especially due to its performance in April 2020) from an increase of 2.9% QoQ in the preceding quarter. In addition, the retail trade volume index decreased by -15.1% YoY in April-May 2020 from a rise of 3.7% YoY in January-February 2020. Finally, based on the monthly LFS data, employment decreased by -4.9% YoY in May 2020 from -1.3% YoY in April 2020.

CESEE

CYPRUS: Tourist arrivals declined by 88.2% YoY down to 64,914 in July compared to 550,971 a year ago, bringing the year-to-July decline down to 85.3% YoY. Tourist arrivals from Greece declined by -9.7% YoY, -14.3% YoY from Poland, from Germany by -28.3% YoY, while a -39.7% YoY decrease from Switzerland and -42.8% YoY from Austria was also recorded. Following three months of passenger air flight ban, international flights resumed on June 9 from specific countries, based on their epidemiological risk assessment. Yet, they have not fully been restored with all pre-Covid19 crisis destinations. In any case, the pandemic crisis has already pushed the economy to outright recession, given that it is small, open with tourism & travel having a substantial contribution (13.8% of GDP, 13.2% of total employment according to WTCC).

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