

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

July 21, 2020

Global Markets

Risk-on sentiment prevailed on Tuesday after EU leaders finally reached a deal overnight on the Recovery Fund, entailing €390bn of non-repayable grants - down from €500bn initially proposed - and €360bn of low-interest loans. There was also an agreement on the EU's 2021-2027 budget worth over €1tn. Hopes for a coronavirus vaccine by year-end also provided support to riskier assets, following encouraging results from trials of three potential vaccines. In FX markets, risk-on mood kept safe havens such as the US dollar under pressure, with the DXY dollar index plunging to a fresh four-month low of 95.617 and the EUR/USD hitting a new four-month high of 1.1470 in European trade. In fixed-income markets, peripheral spreads traded tighter with Greece, Spain and Italy outperforming, and Spain's and Italy's 10yr bond yields falling to the lowest level since early March.

Greece

Following the marathon EU Summit on the Recovery Fund, Greek PM Kyriakos Mitsotakis called the outcome a "national success" that would allocate Greece around €32bn (c. 60% grants and 40% loans) to tackle the fallout of COVID-19, adding that the resources will be utilised carefully and with meticulous planning. He also pointed out that funds concerning Greece will be disbursed on terms that will be more flexible than the existing National Strategic Reference Framework. Meanwhile, according to ELSTAT, the overall turnover index in industry (both domestic and non-domestic market) in May-20 recorded a decrease of 30.4%YoY, while in May-19 it had increased by 0.3%YoY. The average overall turnover index in industry for the 12-month period from Jun-19 to May-20 decreased by 7.9%YoY.

CESEE

Serbia: The ECB and the National Bank of Serbia (NBS) have agreed to set up a €1bn repo line arrangement to provide euro liquidity to domestic financial institutions to meet possible euro liquidity needs in the presence of market dysfunctions due to the COVID-19 pandemic shock. Under the repo line, the NBS will be able to borrow up to €1bn in exchange for adequate euro-denominated collateral from the ECB. The maximum maturity of each drawing will be three months. The repo line will remain in place until the end of June 2021, unless an extension is decided. The NBS reiterated that this is a precautionary facility and underlined that neither dinar, nor FX liquidity of the banking sector is jeopardized. It reassured that its high FX reserves are more than sufficient to respond to any potential FX liquidity shock.

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GLOBAL MARKETS

Stock markets

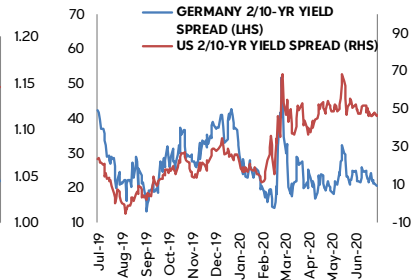
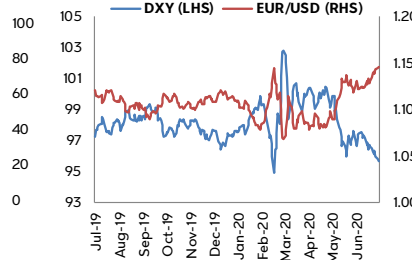
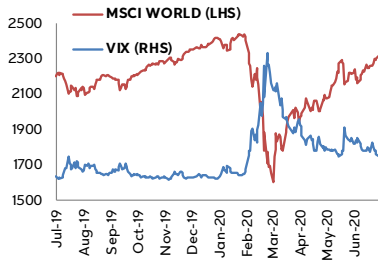
	Last	ΔD	ΔYTD
S&P 500	3251.84	0.84%	0.7%
Nikkei 225	22884.22	0.7%	-3.3%
STOXX 600	378.78	0.9%	-8.9%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.1459	0.1%	2.2%
GBP/USD	1.2713	0.4%	-4.1%
USD/JPY	107.31	0.0%	1.2%

Government Bonds

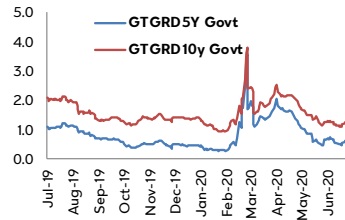
(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	0.61	0	-130
Bund-10yr	-0.46	1	-27
JGB - 10yr	0.02	-1	3



GREECE

Government Bonds

(yields)	Last	ΔDbps	ΔYTDbps
5Y Bond	0.49	-3	0
10Y Bond	1.10	-3	-34
Δ(10YBund-10YGGB)	1.55	0	-7



EMERGING MARKETS

Stock markets

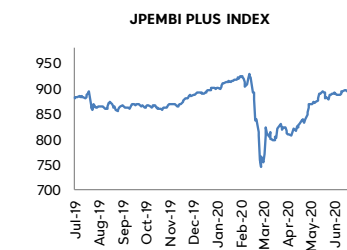
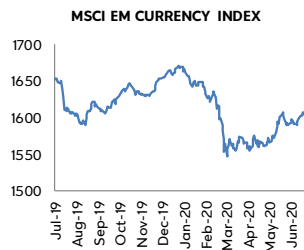
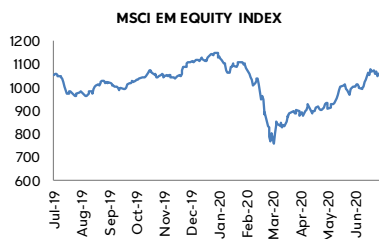
	Last	ΔD	ΔYTD
SOFIX	442.02	0.0%	-22.2%
BELEX	658.88	0.1%	-1781.4%
XU100	120143.20	0.7%	499.7%

FOREX

	Last	ΔD	ΔYTD
EUR/PLN	4.4409	0.3%	-4.2%
EUR/RSD	117.63	0.0%	0.1%
USD/TRY	6.857	0.0%	-13.2%

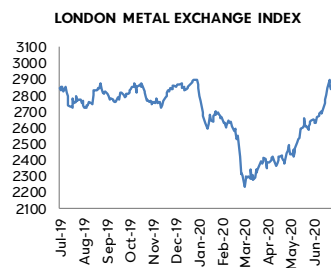
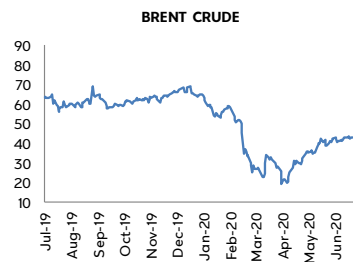
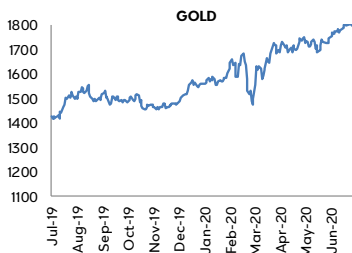
Government Bonds

	Last	ΔDbps	ΔYTD bps
TR 10Y yield	6.70	-13	57
BG 8Y yield	Invalid Security		
PL 10Y yield	1.34		



COMMODITIES

	Last	ΔD	ΔYTD
GOLD	1823	0.3%	20.1%
BRENT CRUDE	44	0.7%	-33.9%
LMEX	2847	0.5%	0.1%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 10:25 EEST

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