

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

December 22, 2020

Global Markets

The US Congress approved y-day a Covid-19 relief stimulus package amounting \$892bn, the second-largest in the US history that includes inter alia, one-off \$600 payments to qualifying adults and their dependent children and \$300 per week in additional unemployment benefits for 11 weeks. However, market reaction was muted as investors are concerned about the lack of a post-Brexit trade deal ahead of the end of the transition period on 31 December and the new strain of Covid-19 in the UK. Against this background, Asian bourses ended mostly lower today, while European bourses opened in positive territory, remaining though not far from y-day's lows. In FX markets, the USD reversed some of y-day's gains, with the DXY index standing at the time of writing 0.8% lower from Monday's multi-session peak of 91.018.

Greece

According to the Bank of Greece, the current account for the January-October 2020 period, registered a deficit of €9.4 billion on an annual basis. In the respective period of 2019, the current account balance registered a deficit of €0.8 billion on an annual basis. The aforementioned deterioration of the current account balance was the result of the €13.6 billion decline in the services surplus which was driven by the deterioration in the travel and transport services balance. The drop in the services surplus was counterbalanced by a €4.0 billion drop in the balance of goods deficit; imports fell at a faster pace than exports, as a result of lower international oil prices.

CESEE

CYPRUS: In its revised baseline growth scenario, the Central Bank forecasts that GDP will shrink by -6.2% in 2020, followed by a rebound of 4.1% (vs. 5.6% in June) and 3.4% (vs. 4.1% in June) in 2021 and 2022 respectively. Thus, the Central Bank anticipates GDP to reach its pre-crisis levels in Q3-2022. So far, GDP contraction in the first nine months has reached -5.1% YoY outperforming initial market, international organizations' forecasts and Euro area peers. Due to the high uncertainty of the economic impact of the pandemic, the Central Bank has also come up with a mild scenario with the GDP rebound reaching +4.8% and +3.6% in 2021-22 and a severe scenario that envisages GDP to expand by +1.8% and +2.3% respectively in 2021-22.

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