

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

July 23, 2020

Global Markets

Investors' focus centres on more fiscal stimulus to support the recovery from the Covid-19 crisis despite heightened US/China tensions. Washington has ordered Beijing to close its consulate in Houston, Texas, while China is reportedly considering asking the US to close its consulate in the capital of the Sichuan province in retaliation. Worries regarding increased Covid-19 infections prevail, as infections exceeded 15mn globally with the worst hit being the US, Brazil and India. Core sovereign bonds rallied slightly y-day as safe haven assets generally outperformed, with 10yr Treasury and Bund yields hitting a two-week low of 0.582% and a two-month low of -0.498%, respectively. The EUR/USD was trading around 1.1570/80, within distance from a 21-month high of 1.1601 hit overnight in the aftermath of EU Recovery Fund agreement.

Greece

According to the OECD's forecast released yesterday, Greece's GDP will contract by 8% and employment by 3.5% in 2020, assuming there will not be a second wave of Covid-19 (single-hit scenario). In the opposite case (double-hit scenario), the decline in output this year could be 9.8% and in employment 3.8%. In 2021, the economy is expected to grow by 4.5% in the single-hit scenario and by 2.3% in the double-hit one. The OECD recommends ambitious and comprehensive reforms to overcome the Covid-19 shock, including: digitalization of the public administration, enlarge the tax base and fight tax evasion, boost public investment, apply spending reviews early in the budget cycle, implement the Hercules scheme, adopt a strategy to address the DTC and bad loans etc. In other news, according to the BoG, in May-20 travel receipts declined by 99.2%YoY due to the Covid-19 related travel restrictions.

CESEE

Serbia: According to the Head of the EU delegation to Serbia, Sem Fabrizi, the EU has provided EUR12.5bn for pre-accession assistance funds in the programming period 2021-2027 and Serbia is the largest economy among the candidate countries. The respective budget is focused on the green economy, the digital agenda and other areas that will benefit both the country and the entire region, Fabrizi added. On the Covid-19 front and its economic impact, President Aleksandar Vucic announced last night in the local media a series of measures to contain the hit from the pandemic economy. Among those, we point out the 60% coverage of the minimum wage for entrepreneurs and SMEs, the deferred payment of tax arrears by at least one more month and pensions' and wages' increases, albeit at a lesser extent for the latter.

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GLOBAL MARKETS

Stock markets

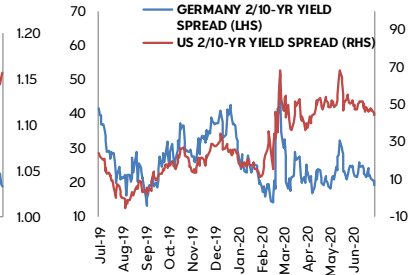
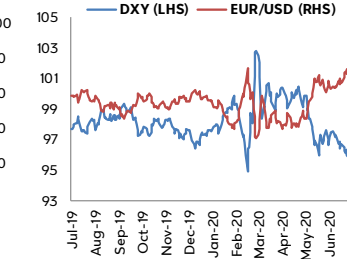
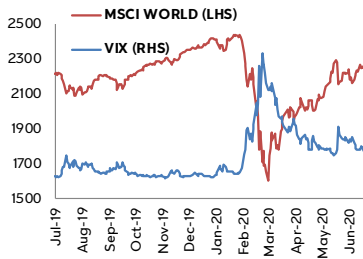
	Last	ΔD	ΔYTD
S&P 500	3276.02	0.57%	1.4%
Nikkei 225	22751.61	-0.6%	-3.8%
STOXX 600	374.84	0.4%	-9.9%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.1582	0.1%	3.3%
GBP/USD	1.2724	-0.1%	-4.0%
USD/JPY	107.1	0.0%	1.4%

Government Bonds

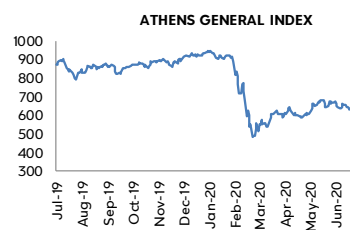
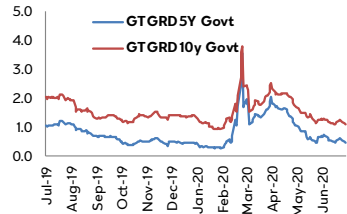
(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	0.59	-1	-133
Bund-10yr	-0.49	0	-31
JGB - 10yr	0.02	-1	3



GREECE

Government Bonds

(yields)	Last	ΔDbps	ΔYTDbps
5Y Bond	0.47	-1	-2
10Y Bond	1.11	-1	-32
Δ(10YBund-10YGGB)	1.60	0	-2



EMERGING MARKETS

Stock markets

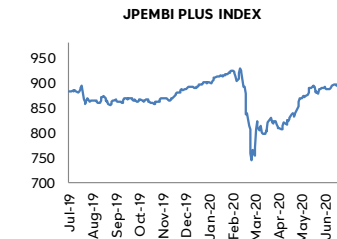
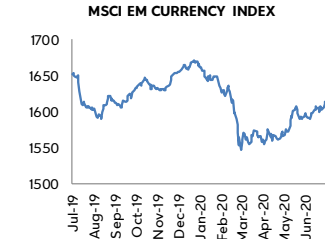
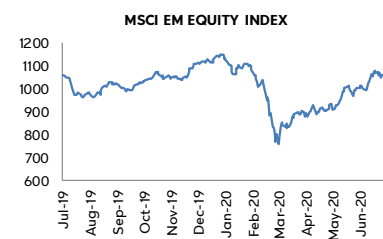
	Last	ΔD	ΔYTD
SOFIX	439.71	0.0%	-22.6%
BELEX	657.73	-0.9%	-1795.7%
XU100	118678.40	0.5%	371.7%

FOREX

	Last	ΔD	ΔYTD
EUR/PLN	4.4166	0.1%	-3.7%
EUR/RSD	117.603	0.0%	0.1%
USD/TRY	6.8481	0.0%	-13.1%

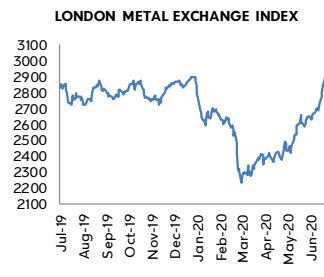
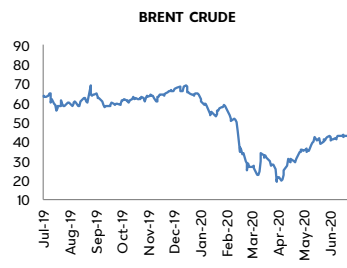
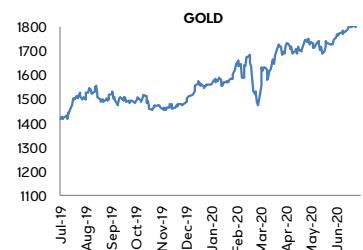
Government Bonds

	Last	ΔDbps	ΔYTD bps
TR 10Y yield	6.50	-10	37
BG 8Y yield	Invalid Security		
PL 10Y yield	1.32		



COMMODITIES

	Last	ΔD	ΔYTD
GOLD	1876	0.2%	23.6%
BRENT CRUDE	45	0.5%	-32.6%
LMEX	2857	-0.8%	0.5%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 10:20 EEST

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