

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

August 25, 2020

Global Markets

Risk-on mode prevailed in early trade today, reflecting hopes for an early coronavirus treatment. The US Food and Drug Administration issued an emergency authorization for convalescent plasma therapy on Sunday, while the White House is reportedly considering fast-tracking an experimental UK coronavirus vaccine. Reports suggesting that high-level US and Chinese officials reaffirmed their commitment to the Phase 1 trade deal also favored. Against this background, both UST and German Bunds came under pressure, while range trading prevails for major currency pairs. Today's releases include the German IFO business survey, US new home sales and the CB consumer confidence index, but they are unlikely to have a material market impact ahead of the Fed Chair Jerome Powel's speech on the policy framework review on Thursday.

Greece

The European Commission approved yesterday Greece's inclusion in the SURE programme for the support of employment. The amount that Greece will receive as a loan amounts to €2.7bn and will cover the special purpose compensation, the social security contributions for the employees whose employment contracts are temporarily suspended, the social security contributions of seasonal workers and the implementation of the "COOPERATION" program. The disbursement of the funds will take place in installments, starting in September. In other news, the new insolvency framework is expected to be submitted for public consultation this week. According to press, it provides for the obligatory bankruptcy of a company under certain conditions, such as the suspension of payments for more than six months.

CESEE

Cyprus: The residential property price index (RPPI) expanded by 0.4% on a quarterly basis in Q1-2020 compared to 0.3% in Q4-2019 and 0.7% in Q3-2019. The quarterly rise reflects the combined effect of a rise in the flat apartments by 1.4% in Q1, visibly higher than 0.5% in Q4, lower than 1.5% in Q3, and by 0.0% for house prices in Q1, down from 0.2% and 0.3% in Q4 & Q3-2019 respectively. On an annual basis, the RPPI slowed to 1.8% YoY in Q1-2020 down from 2.2%YoY in Q4-2019 compared to +2.8%YoY in Q3-2019. According to the CBC report, the RPPI slowdown is driven by the decline in foreign investors' demand for real estate, mirroring the stricter application criteria for the citizenship by investment program and the uncertainty due to the Covid-19 pandemic.

Contributing Authors

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr

Ioannis Gkionis
Senior Economist
igkionis@eurobank.gr

Research Team



Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706



Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr
+ 30 210 37 18 793



Ioannis Gkionis
Senior Economist
igkionis@eurobank.gr
+ 30 214 40 59 707



Dr. Stylianos Gogos
Economic Analyst
sgogos@eurobank.gr
+ 30 210 37 18 733



Maria Kasola
Economic Analyst
mkasola@eurobank.gr
+ 30 210 33 18 708



Olga Kosma
Research Economist
okosma@eurobank.gr
+ 30 210 37 18 728



Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 210 37 18 991



Dr. Theodoros Stamatou
Senior Economist
tstamatou@eurobank.gr
+ 30 214 40 59 708



Elia Tsiampaou
Economic Analyst
etsiampaou@eurobank.gr
+ 30 214 40 59 712

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