

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

October 26, 2020

Global Markets

Global equity markets got off to a cautious start in early trade today amid waning hopes for a pre-election US fiscal stimulus deal, while worries over the global growth outlook are mounting on the back of surging Covid-19 cases in Europe and the US. The US and France reported record daily infections over the weekend, Italy introduced the strongest restrictions since the end of a national lockdown in May and Spain's PM declared a new state of emergency. UST and Bund yields retreated from Friday's highs, while, in the EMU periphery, Italian sovereign bonds outperformed their peers on news that S&P revised Italy's outlook to stable from negative. In FX markets, firmer-than-expected preliminary October manufacturing PMIs across the EA pushed the EUR/USD above 1.1800, while investors await Thursday's ECB monetary policy meeting.

Greece

S&P affirmed its "BB-/B" rating for Greece and its stable outlook, on the grounds that the government has sufficient fiscal reserves ahead of any complications caused by the pandemic in the economy and the budget to support the country's solvency. At the same time, DBRS maintained its "BB (low)" rating and its "stable trend", noting that Greece's sizable cash reserves provide it "with some fiscal capacity to help weather the impact of the crisis." In other news, the censure motion by the opposition party SYRIZA against the Minister of Finance Christos Staikouras on the occasion of the new bankruptcy code, was rejected with the 158 MPs of the ruling party voting against it. On covid-19, compulsory use of mask both outdoors and indoors and night curfew in effect since Saturday at hotspots.

CESEE

SERBIA: The EUR/RSD remained relatively stable during the previous trading week, reflecting the lack of meaningful trading volumes and crucial macroeconomic data. Since the Central Bank (NBS) is showing consistency in intervening on both sides of the narrow range, it is very likely for the exchange rate to keep moving in a sideways fashion between 117.50-117.65. According to the NBS's survey in September, short-term and medium-term inflation expectations of the financial and corporate sectors remained within the target band ($3 \pm 1.5\%$). One-year ahead inflation expectations of the financial and corporate sectors stood at 2.0% and 1.9% YoY respectively, lingering around the current inflation rate level. The medium-term inflation expectations of the financial sector reached 2.6% YoY, while those of corporates rose to 1.8% YoY.

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We would like to thank Djordje Lucic from Eurobank Beograd for his valuable contribution in today's issue.

GLOBAL MARKETS

Stock markets

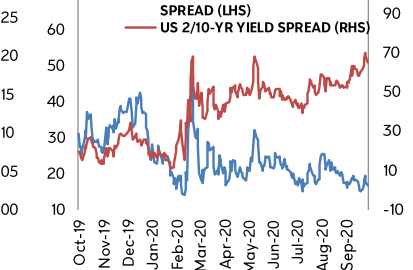
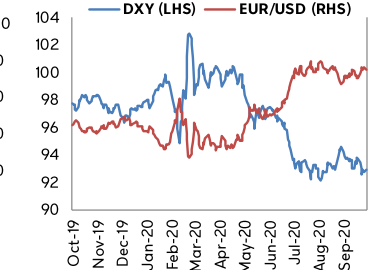
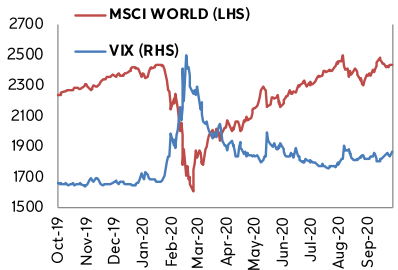
	Last	ΔD	ΔYTD
S&P 500	3465.39	0.34%	7.3%
Nikkei 225	23494.34	-0.1%	-0.7%
STOXX 600	358.64	-1.1%	-13.8%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.1827	-0.3%	5.5%
GBP/USD	1.3002	-0.3%	-1.9%
USD/JPY	104.89	-0.2%	3.5%

Government Bonds

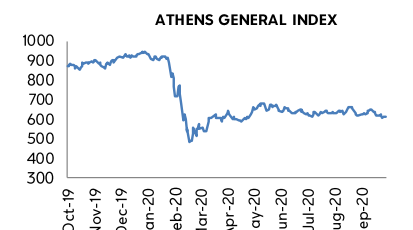
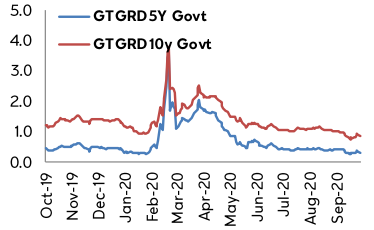
(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	0.80	-4	-111
Bund-10yr	-0.59	-2	-41
JGB - 10yr	0.04	-1	5



GREECE

Government Bonds

(yields)	Last	ΔDbps	ΔYTDbps
5Y Bond	0.32	-4	-16
10Y Bond	0.88	-4	-55
Δ(10YBund-10YGGB)	1.47	0	-15



EMERGING MARKETS

Stock markets

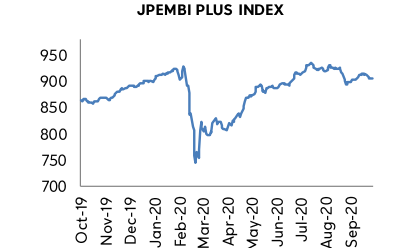
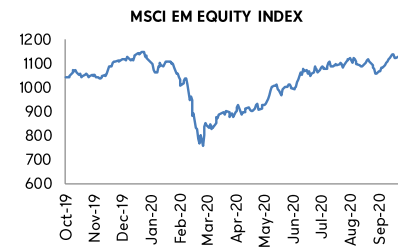
	Last	ΔD	ΔYTD
SOFIX	427.07	0.0%	-24.8%
BELEX	692.85	0.2%	-1357.6%
XU100	1173.20	-1.5%	253.0%

FOREX

	Last	ΔD	ΔYTD
EUR/PLN	4.5677	0.1%	-6.9%
EUR/RSD	117.595	0.2%	0.1%
USD/TRY	8.0647	-1.3%	-26.2%

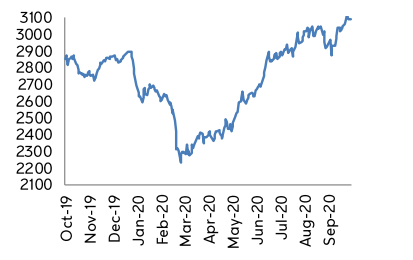
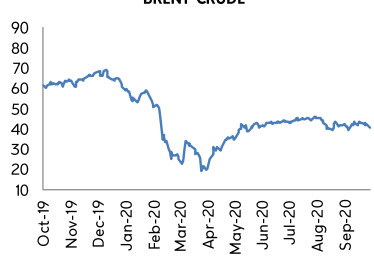
Government Bonds

	Last	ΔDbps	ΔYTD bps
TR 10Y yield	6.90	5	77
BG 8Y yield	Invalid Security		
PL 10Y yield	1.24		



COMMODITIES

	Last	ΔD	ΔYTD
GOLD	1899	-0.2%	25.2%
BRENT CRUDE	40	-3.1%	-38.7%
LMEX	3086	-0.7%	8.5%



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