

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

August 28, 2020

Global Markets

Chair Jerome Powell's speech at the annual Jackson Hole meeting y-day coincided with the release of the results of the Fed's long-awaited monetary policy framework review, that were formalized in two main changes in a revised Statement on Longer-Run Goals and Monetary Policy Strategy: (i) a shift of the Fed's monetary policy strategy from the current inflation-targeting to a flexible average inflation-targeting framework, with the statement clarifying that the Committee "seeks to achieve inflation that averages 2 percent over time"; and (ii) a Fed shift to responding to shortfalls "from maximum" employment, rather than "deviations". In reaction to the expected Fed's tolerance for higher inflation, long-dated UST yields rose sharply, while the DXY index weakened on the perception of lower-for-longer US interest rates.

Greece

According to the data available for the execution of the State Budget on a modified cash basis, the State Budget balance for the period of Jan – Jul 2020 posted a deficit of €10,9bn, against a target of a deficit of €2,1bn for the said period in the Budget 2020 introductory report and a deficit of €1,9b for the respective period of 2019. The State Budget Primary Balance recorded a deficit of €7,5bn, against the primary surplus target of €1,2bn and the primary surplus of €1,8bn achieved in the same period of 2019. State Budget net revenues reached €23,8bn, lower by 15.1% against the target, mainly due to the reduction in economic activity caused by the health crisis and the measures to combat its negative effects.

CESEE

Serbia: On the completion of the fourth review, the Executive Board of the IMF assessed that although the immediate policy priorities have shifted to supporting the economy through the Covid19 crisis, the objectives of the PCI, which expires in January 2021, remain ambitious and appropriate. Due to the Covid19 pandemic, GDP is expected to contract by -3.5% in 2020 down from 3.9% in 2019, but rebound dynamically to 6.0% in 2021. Risks to the outlook are substantial given the uncertainty about the evolution of the epidemic. The authorities and IMF agreed that, going forward, it will be critical to contain fiscal risks including those from loss making state-owned enterprises. Finally, the fiscal deficit target was set at -2% of GDP in 2021, with limited increases in public sector wages and pensions, while making room for higher public investment.

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GLOBAL MARKETS

Stock markets

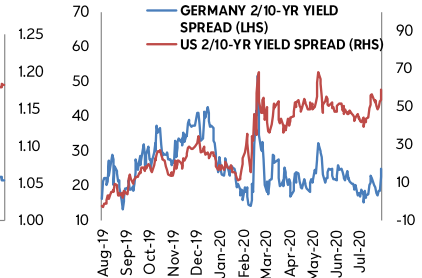
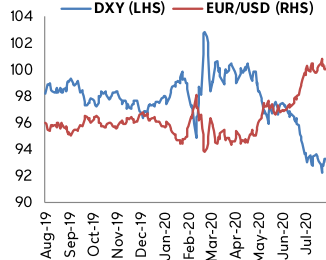
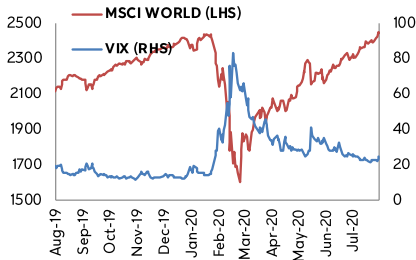
	Last	ΔD	ΔYTD
S&P 500	3484.55	0.17%	7.9%
Nikkei 225	22882.65	-1.4%	-3.3%
STOXX 600	370.06	-0.2%	-11.0%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.1895	0.6%	6.1%
GBP/USD	1.3279	0.6%	0.2%
USD/JPY	106.05	0.5%	2.4%

Government Bonds

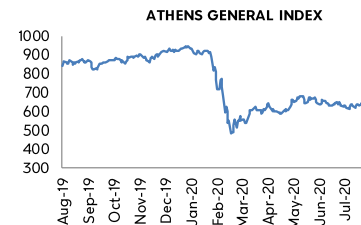
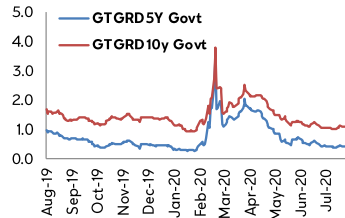
(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	0.77	2	-115
Bund-10yr	-0.38	3	-20
JGB - 10yr	0.06	1	7



GREECE

Government Bonds

(yields)	Last	ΔDbps	ΔYTDbps
5Y Bond	0.44	0	-5
10Y Bond	1.10	0	-34
Δ(10YBund-10YGGB)	1.48	0	-14



EMERGING MARKETS

Stock markets

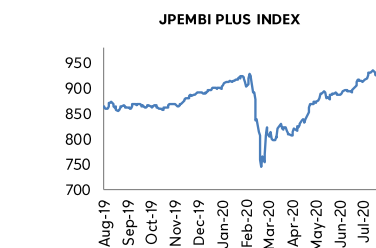
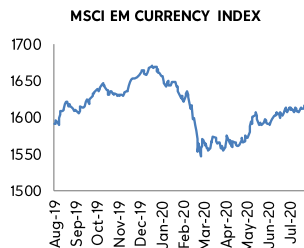
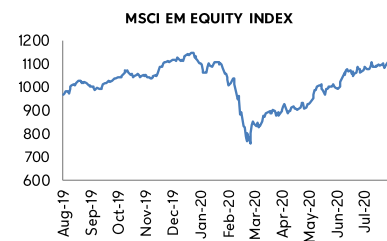
	Last	ΔD	ΔYTD
SOFIX	431.42	0.1%	-24.1%
BELEX	690.44	-0.2%	-1387.7%
XUI00	1109.81	0.1%	-301.0%

FOREX

	Last	ΔD	ΔYTD
EUR/PLN	4.4037	0.1%	-3.4%
EUR/RSD	117.601	0.0%	0.1%
USD/TRY	7.3408	0.2%	-18.9%

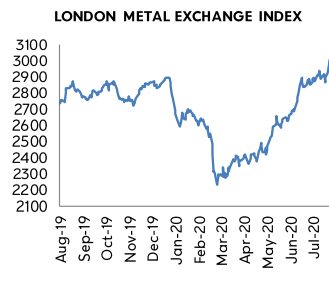
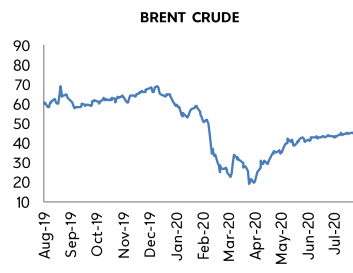
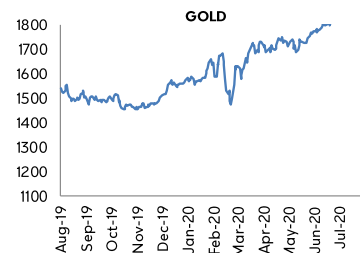
Government Bonds

	Last	ΔDbps	ΔYTD bps
TR 10Y yield	6.67	-5	54
BG 8Y yield	Invalid Security		
PL 10Y yield	1.38		



COMMODITIES

	Last	ΔD	ΔYTD
GOLD	1951	1.1%	28.6%
BRENT CRUDE	45	-0.4%	-32.0%
LMEX	2993	0.4%	5.3%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 10:30 EST

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