ISSN: 2241-4851

Eurobank Research

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

April 30, 2020

Global Markets

The Fed left unchanged its policy rates and asset purchases yesterday and retained its guidance on both of them. However, the overall tone of the policy statement tilted to the dovish side, with the inclusion that the public health crisis "will weigh heavily on economic activity" in the near term and poses "considerable risks" over the medium term. Meanwhile, yesterday's advance estimate showed that US Q1 GDP decreased at an annual rate of 4.8%, the sharpest contraction since the global financial crisis, in part, due to the coronavirus lockdown, reflecting negative contributions from PCE, nonresidential fixed investment, exports, and private inventory investment. Against this background, the USD came under some pressure, but EUR/USD gains were limited ahead of today's Eurozone Q1 GDP figure and the ECB policy meeting.

Greece

The Economic Sentiment Indicator (ESI) in April 2020 recorded its steepest drop since the beginning of the series, standing at 99.3 points down by 10.1 points from the previous month. The plunge was broadly expected, given that the lockdown due to COVDI-19 covered the whole month of April and visibility regarding the timing of the lift of the containment measures was low. Nevertheless, the monthly decrease of the ESI in Greece was significantly milder than the 27.2 points decrease in the Euro area (EA). All sub-indices decreased as follows: All sub-indices decreased: industry -8.7 (-19.2 in EA), services -25.5 (-32.7 in EA), consumers -16.1 (-11.1 in EA), retail trade -18.1 (-19.7 in EA), construction -45.7 (-15.1 in EA). In other news, the framework for the protection of first residence remains an open issue between Greece and the institutions.

.

CESEE

Serbia: According to its latest Western Balkans Regular Economic Report released yesterday, the World Bank (WB) revised downwards its 2020 GDP forecast for Serbia and expects, under its baseline scenario, the economy to shrink by -2.5%, down from -0.5% GDP contraction, projected earlier in April. The scenario assumes that containment measures will be lifted by the end of June and economic recovery will begin in H2 2020. The WB forecasts that the CA deficit will widen to 7.0% of GDP in 2020 from 6.9% of GDP in 2019 and the fiscal balance will switch to a deficit of 7.3% of GDP compared to a 0.2% of GDP surplus in the previous year. According to the adverse scenario, which assumes lift of containment measures in August, GDP contraction could reach -5.3% in 2020.

Contributing Authors

Paraskevi Petropoulou	Anna Dimitriadou	Maria Kasola
Senior Economist	Economic Analyst	Economic Analyst
ppetropoulou@eurobank.gr	andimitriadou@eurobank.gr	mkasola@eurobank.gr

Eurobank

Eurobank Research

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 Stamatiou
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708

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

More research available at: https://www.eurobank.gr/en/group/economic-research
Subscribe electronically at: https://www.eurobank.gr/el/omilos/oikonomikes-analiseis...
Follow us on twitter: https://twitter.com/Eurobank_Group
Follow us on LinkedIn: https://www.linkedin.com/company/eurobank