

# GLOBAL & REGIONAL DAILY

## HIGHLIGHTS

May 7, 2020

### Global Markets

China's exports for April surprised to the upside, supporting market optimism that Asia could recover from its coronavirus lockdown quicker than expected. However, in the US, data continue to disappoint, with the April's ADP employment survey revealing that private payrolls fell by a record 20.2mn. Turning to fixed income markets, long-dated UST yields moved higher on supply jitters, while in FX markets, the USD firmed across the board. Against this background, the EUR/USD weakened, moving below 1.08 for the first time since 24 April, while the European Commission's gloomy economic outlook for the Euro area also put pressure on the common currency. The European Commission Spring forecast foresees real GDP to contract by a record 7.7% in 2020 due to the pandemic crisis, worse than the 4.5% drop during the global financial crisis.

### Greece

The European Commission Spring forecast foresees Greek GDP to contract by 9.7% in 2020, mainly due to the plunge in tourism, and then rebound by 7.9% in 2021. In particular, in 2020 private consumption is forecast to fall by 9.0%, gross fixed capital formation by 30.0% and exports by 21.4%, while imports are expected to decrease too but at a slower pace of 17.9%. Public consumption is expected to grow by 4.9%. The unemployment rate is expected to rise to 19.9% in 2020 (from 17.3% in 2019) and then fall back to 16.8% in 2021. Public debt is expected to climb to 196.4% of GDP in 2020 (from 176.6% in 2019) and then decrease to 182.6% in 2021. The Minister of Finance Christos Staikouras stated in an interview that the EC forecasts do not take into account that the economy is reopening quicker than anticipated.

### CESEE

Bulgaria: Bulgaria's economy will contract by 7.2%YoY in 2020 and rebound by 6.0% in 2021, the EC projected in its latest economic forecast, released yesterday. The forecast was more pessimistic than the IMF's and WB's projections for GDP contraction of -4.0% and -3.7%, respectively, this year. The COVID-19 epidemic and the lockdown it entailed will have a very adverse impact on the GDP, as well as on directly affected sectors such as retail, transport, hotels and restaurants. There will be also negative spillover effects on other sectors, the EC added. The expected gradual easing of the lockdown measures should lead to a recovery in the economic activity and domestic demand as of H2/2020 onwards, according to the report.

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