

# GLOBAL & REGIONAL DAILY

## HIGHLIGHTS

November 18, 2020

### Global Markets

Global equity markets were slightly weaker earlier today, as encouraging vaccine news were offset by concerns about the logistics challenges of a Covid-19 vaccination effort. A lower-than-expected 0.3%MoM rise in October's US retail sales, the lowest monthly gain in the post-pandemic period, reflecting the impact of stricter Covid-19 restrictions and the lack of additional fiscal stimulus, further dampened risk sentiment. Core fixed income markets firmed, as the 10-yr UST yield fell by c. 3bps on the day, standing at a one-week low near 0.84% in early European trade, outperforming the 10-yr Bund yield which declined by less than 1bp close to -0.57%. In FX markets, the USD remained under some pressure, allowing the EUR/USD to gain some ground, but still below the 1.2011 recent high amid expectations for further ECB policy stimulus in December.

### Greece

Funds of €2 billion (out of € 2.7 billion in total) from the EU SURE program were disbursed yesterday. The program concerns low-interest loans to support employment in Member States. Meanwhile, the Ministry of Labor submitted to Parliament yesterday a bill that stipulates that from January 1, 2021, the social security contributions of employees in the private sector and self-employed will be reduced by 3 percentage points. This reduction is expected to have a significant impact on employers' costs and employees' incomes. Finally, according to press, the 8<sup>th</sup> Enhanced Surveillance Review for Greece is expected to be released today. This review is of particular importance as it is linked to the return of SMP/ANFA income of c. €645 million.

### CESEE

**CYPRUS:** Tourist arrivals declined by 76.9% YoY down to 100,791 in October compared to 436,509 a year ago, bringing the year-to-October decline down by -83.4% YoY. Tourist arrivals from UK declined by -59.3% YoY, from Greece by -64.8% YoY, from Germany by -25.0% YoY, and from Denmark by -17.1% YoY. Following three months of passenger air flight ban, international flights resumed on June 9 from specific countries, based on their epidemiological risk assessment. Yet, the second wave of infections globally destroyed any hopes of a tourist arrivals' rebound in late Q3 and Q4. In any case, despite the relatively high contribution of tourism & travel to economic activity (13.8% of GDP, 13.2% of total employment according to WTTC), Cyprus has outperformed initial forecasts contracting by -5.1% YoY in 9M.

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