

Global Macro Trends

An increasingly complex and changing world

Global macro trends

- ▶ Despite numerous last-minute reversals, **the initiation of the trade war by the USA is now a reality**. So far, America has imposed 25% tariffs on Canada and Mexico, though certain exemptions and delays have been granted in specific sectors. Additionally, 20% tariffs have been imposed on China, on top of existing tariffs on Chinese products, as well as 25% tariffs on global imports of aluminum and steel and car imports. Uncertainty remains high due to unanswered questions about the next potential targets and the duration of their implementation, as well as which countries will respond and to what extent. Inevitably, these developments also have political ramifications, as they shape a climate of structural changes in the international status quo. Since the traditionally close allies of the USA see that they can no longer rely on it for defense and exports to the same extent as before, they are compelled to seek solutions, including exploring greater cooperation among themselves without the USA. On the other hand, the more active role of the USA towards peace both in the Middle East and the Russo-Ukrainian war is a positive tailwind.
- ▶ **In the US**, there is growing concern that tariffs and high uncertainty about future economic conditions will negatively affect demand, at least in the short term, and drive inflation upwards. As a result, the likelihood of a significant slowdown in the growth rate has increased, with the possibility of contraction in some upcoming quarters now a possibility. However, for now, recent economic data remain generally favorable although leading indicators have been deteriorating. Inflation remains above the Federal Reserve's target and labor market conditions remain fairly robust.
- ▶ **In the euro area**, the economy grew slightly faster in the fourth quarter than previously estimated (quarterly basis, 0.2% versus 0.1%) achieving an overall growth of 0.9% in 2024. However, the negative impact of US tariffs and the need for rearmament create a new framework of challenges both politically and commercially. Indicative is the proposal of the new, barring any unforeseen events, German Chancellor to exclude part of defense spending from the calculation of the public deficit/debt and a new €500bn infrastructure fund over time in Germany. At the same time, similar exemption of defense spending from fiscal rules is also being discussed at the EU level, although here the high public debt of several countries acts as a deterrent to the possibility of a large increase in these expenditures. In this context, the ECB is expected to proceed even more cautiously in easing its monetary policy, leaving open the possibility of a temporary halt in the reduction of its key interest rates.
- ▶ **In China**, economic activity continues to grow robustly, albeit at a somewhat more restrained pace amidst a period of nearly zero inflation. The very limited response from China to the imposition of US tariffs is viewed as leaving ample room for negotiations between the world's two largest economies.

Διεθνείς Μακροοικονομικές Τάσεις

- ▶ Παρά τις αλλεπάλληλες ανατροπές της τελευταίας στιγμής, η εκκίνηση του εμπορικού πολέμου από πλευράς ΗΠΑ είναι πλέον γεγονός. Μέχρι στιγμής, η Αμερική έχει επιβάλει δασμούς 25% στον Καναδά και το Μεξικό, αν και έχουν δοθεί κάποιες εξαιρέσεις και χρονικές καθυστερήσεις στην επιβολή τους σε συγκεκριμένους τομείς. Επιπλέον, έχουν επιβληθεί δασμοί 20% στην Κίνα, πάνω από τους ήδη υπάρχοντες δασμούς για τα κινεζικά προϊόντα, καθώς και δασμοί 25% στις παγκόσμιες εισαγωγές αλουμινίου και χάλυβα και στα εισαγόμενα αυτοκίνητα. Η αβεβαιότητα παραμένει υψηλή λόγω των αναπάντητων ερωτημάτων σχετικά με τους επόμενους πιθανούς στόχους και την χρονική διάρκεια εφαρμογής τους, καθώς και ποιες χώρες θα απαντήσουν και σε ποιο βαθμό. Αναπόφευκτα, οι εξελίξεις αυτές έχουν και πολιτικές προεκτάσεις, καθώς διαμορφώνουν κλίμα δομικών αλλαγών στο διεθνές σύστημα. Δεδομένου ότι οι παραδοσιακά στενοί σύμμαχοι των ΗΠΑ βλέπουν ότι δεν μπορούν, στον ίδιο τουλάχιστον βαθμό με πριν, να στηρίζονται πλέον σε αυτές για την άμυνα και τις εξαγωγές τους, υποχρεωτικά θα τους οδηγήσουν να αναζητήσουν λύσεις, μεταξύ των οποίων και η εξέταση της μεγαλύτερης συνεργασίας μεταξύ τους χωρίς τις ΗΠΑ. Από την άλλη, θετικά επιδρά ο ενεργότερος ρόλος των ΗΠΑ προς την κατεύθυνση της ειρήνευσης τόσο στη Μέση Ανατολή, όσο και στον Ρωσο-Ουκρανικό πόλεμο.
- ▶ Στις ΗΠΑ, έχει αυξηθεί η ανησυχία ότι οι δασμοί και η υψηλή αβεβαιότητα για τις οικονομικές συνθήκες στο προσεχές μέλλον θα επηρεάσουν, τουλάχιστον βραχυπρόθεσμα, αρνητικά τη ζήτηση και θα ωθήσουν ανοδικά τον πληθωρισμό. Ως αποτέλεσμα, έχει αυξηθεί σημαντικά η πιθανότητα έντονης συγκράτησης του ρυθμού ανάπτυξης, χωρίς πλέον να μπορεί να αποκλειστεί και το ενδεχόμενο συρρίκνωσης σε κάποιο/α από τα επόμενα τρίμηνα. Ωστόσο, προς το παρόν, τα πρόσφατα οικονομικά στοιχεία παραμένουν γενικά καλά παρά την πτωτική εξέλιξη των πρόδρομων δεικτών, με τον πληθωρισμό να παραμένει υψηλότερα από τον στόχο της Fed και τις συνθήκες στην αγορά εργασίας να διατηρούνται αρκετά καλές.
- ▶ Στην Ευρωζώνη η οικονομία κατά το δ' τρίμηνο αναπτύχθηκε με ελαφρά υψηλότερο ρυθμό από ό,τι είχε εκτιμηθεί προηγουμένως (σε τριμηνιαία βάση, 0,2% έναντι 0,1%) και συνολικά το 2024 κατά 0,9%. Ωστόσο, η αρνητική επίδραση από τους αμερικανικούς δασμούς και η ανάγκη επανεξοπλισμού της διαμορφώνουν ένα νέο πλαίσιο προκλήσεων σε επίπεδο τόσο πολιτικό, όσο και επιχειρηματικό. Ενδεικτική είναι η πρόταση του νέου, εκτός συγκλονιστικού απροόπτου, καγκελάριου της Γερμανίας για εξαίρεση από τον υπολογισμό του δημόσιου ελλείμματος/χρέους μέρους των αμυντικών δαπανών και ενός νέου ταμείου €500 δις. για νέες υποδομές σε βάθος χρόνου στη Γερμανία. Ταυτόχρονα, παρόμοια εξαίρεση των αμυντικών δαπανών από τους δημοσιονομικούς κανόνες συζητείται και σε επίπεδο Ε.Ε., αν και εδώ το υψηλό δημοσιονομικό χρέος αρκετών κρατών δρα ανασταλτικά στη δυνατότητα μεγάλης αύξησης αυτών. Στο πλαίσιο αυτό η ΕΚΤ αναμένεται να προχωρήσει ακόμα πιο προσεκτικά στη χαλάρωση της νομισματικής πολιτικής της, αφήνοντας ανοικτό το ενδεχόμενο προσωρινής παύσης στην πορεία μείωσης των βασικών επιτοκίων της.
- ▶ Στην Κίνα, η οικονομική δραστηριότητα συνεχίζει να αναπτύσσεται με ισχυρό, αν και κάπως πιο συγκρατημένο ρυθμό σε μια περίοδο σχεδόν μηδενικού πληθωρισμού. Η πολύ περιορισμένη αντίδραση της Κίνας στην επιβολή δασμών από τις ΗΠΑ εκτιμάται ότι αφήνει σημαντικό περιθώριο για διαπραγματεύσεις μεταξύ των δύο μεγαλύτερων οικονομιών.

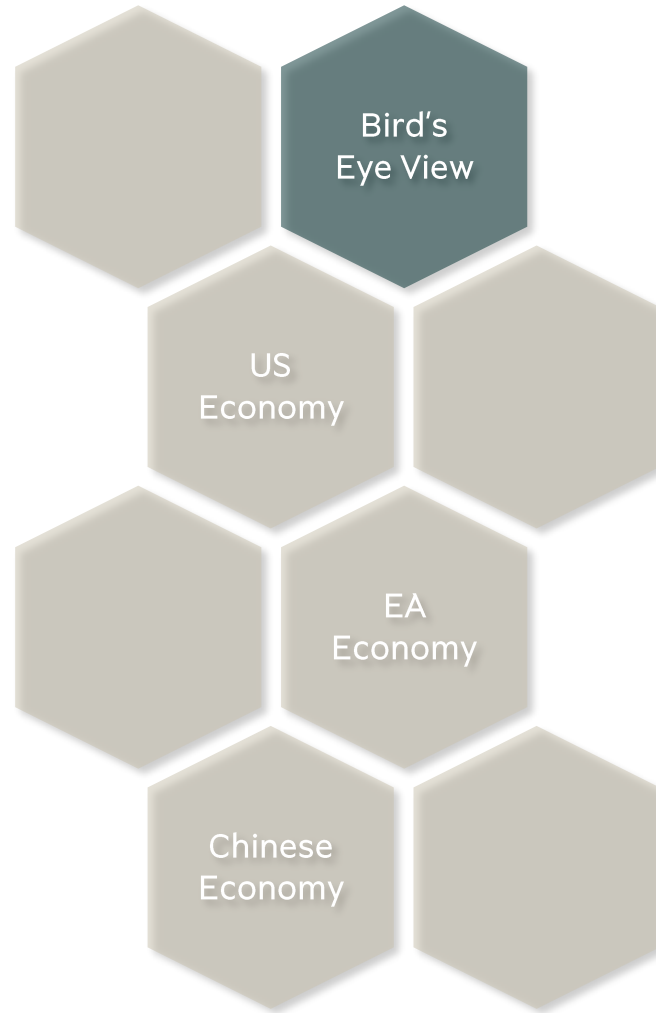
Main Macroeconomic Indicators – Market Consensus

US											
	Actual				Estimates				% Y/Y avg		
	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2024	2025	2026
Real GDP Q/Q % SAAR	1,6	3,0	3,1	2,3	2,1	1,9	1,9	2,0	2,8	2,2	2,0
Headline PCE PI % Y/Y	2,7	2,6	2,3	2,5	2,3	2,3	2,5	2,6	2,5	2,4	2,3
Core PCE % Y/Y	3,0	2,7	2,7	2,8	2,6	2,5	2,6	2,5	2,8	2,6	2,4
Unemployment Rate	3,8	4,0	4,2	4,1	4,1	4,2	4,2	4,3	4,0	4,2	4,2
Fed Policy Rate (Upper Bound)	5,50	5,50	5,00	4,50	4,50	4,40	4,25	4,05	4,50	4,05	3,60

EA											
	Actual				Estimates				% Y/Y avg		
	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2024	2025	2026
Real GDP Q/Q %	0,3	0,2	0,4	0,2	0,2	0,2	0,3	0,3	0,9	0,9	1,2
CPI % Y/Y	2,6	2,5	2,2	2,2	2,4	2,2	2,2	2,2	2,4	2,2	2,0
Unemployment Rate	6,5	6,4	6,3	6,2	6,4	6,4	6,4	6,5	6,4	6,4	6,4
ECB Policy Rate (Main Refin Rate)	4,50	4,25	3,65	3,15	2,65	2,15	2,15	2,15	3,15	2,15	2,15

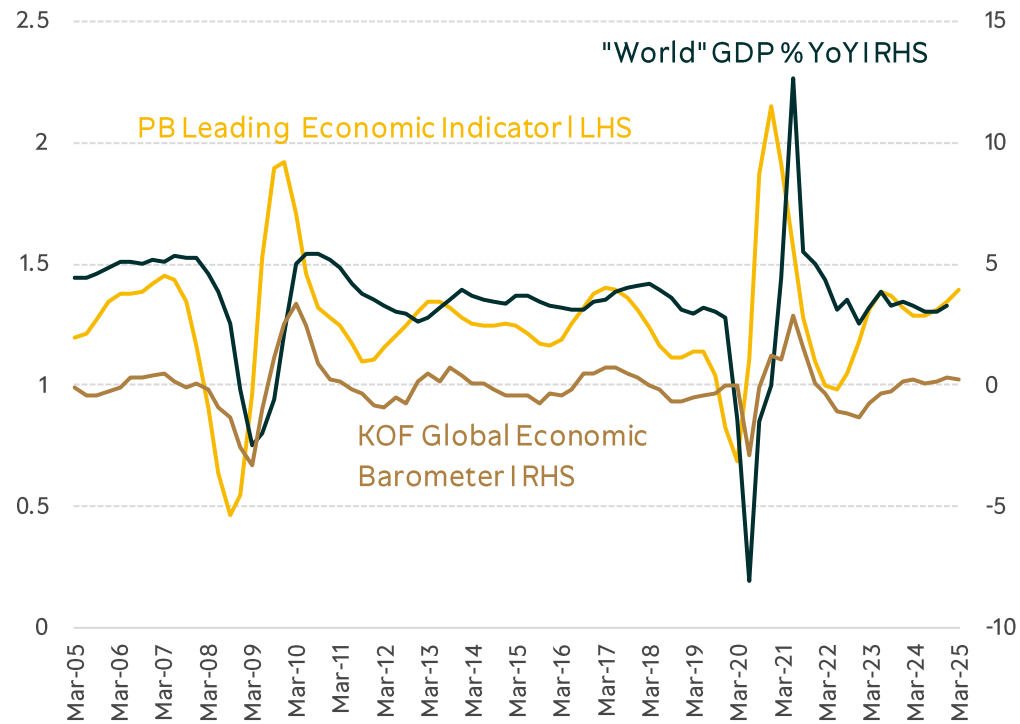
	Emerging Markets		Brazil			China		India		
	Real GDP	Inflation	Real GDP	Inflation	Key Rate	Real GDP	Inflation	Real GDP	Inflation	Key Rate
2022	3.9	6.4	3.0	9.3	13.75	3.1	2	9.7	6.7	6.25
2023	4.4	5.8	3.3	4.6	11.75	5.4	0.2	7.6	5.7	6.50
2024e	4.8	6.6	3.4	4.4	12.25	5	0.2	9.2	5	6.5
2025f	4.2	3.4	2	5.1	15	4.5	0.6	6.3	4.7	5.7
2026f	4.1	3	1.65	4.2	12.25	4.2	1.2	6.5	4.2	5.65

Market Consensus 27.03.2025

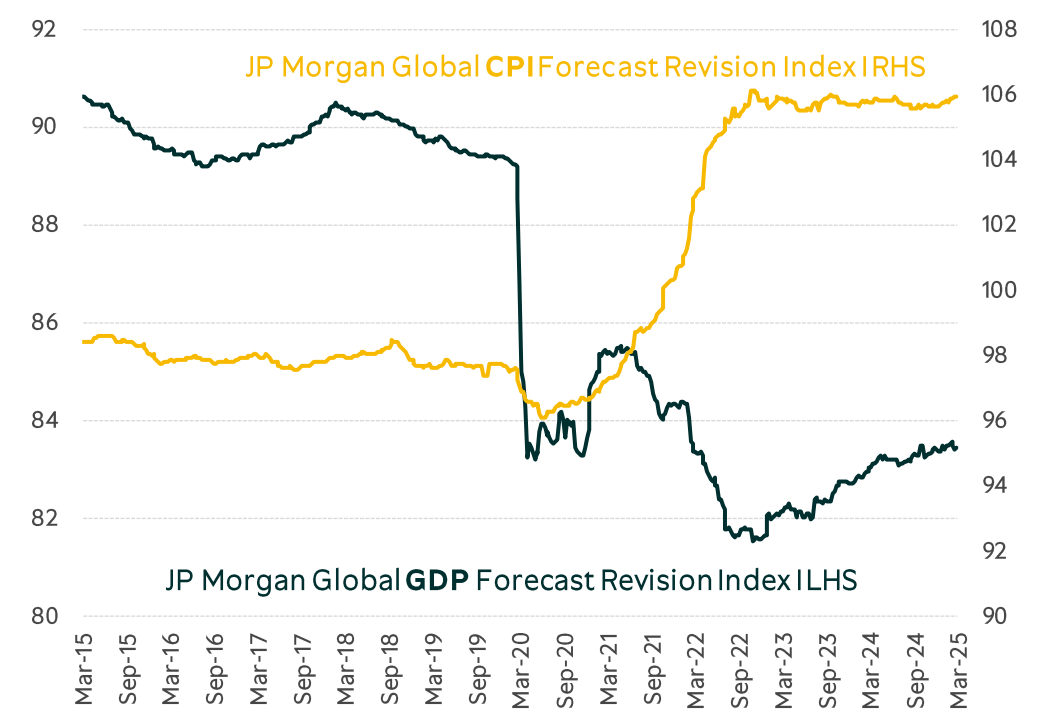


The Global Bird's-Eye View | The global economy seems to have escaped the “subpar growth trap” but inflation remains above central banks’ target

Piraeus Bank “World” Leading Economic Indicator & Economic Growth

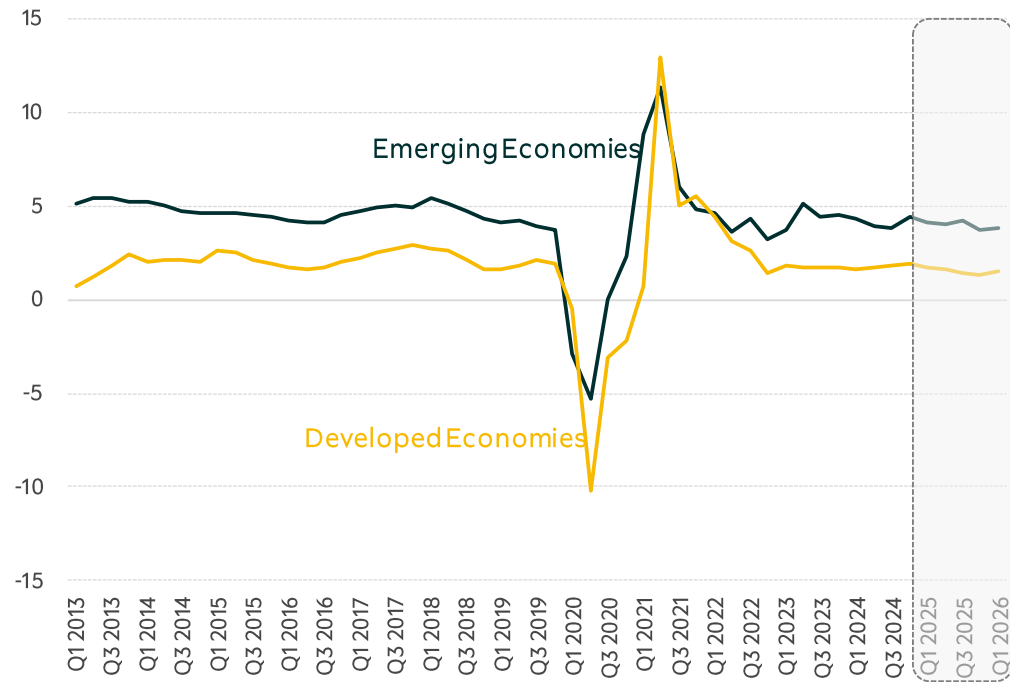


JP Morgan Global Forecast Revision Indices

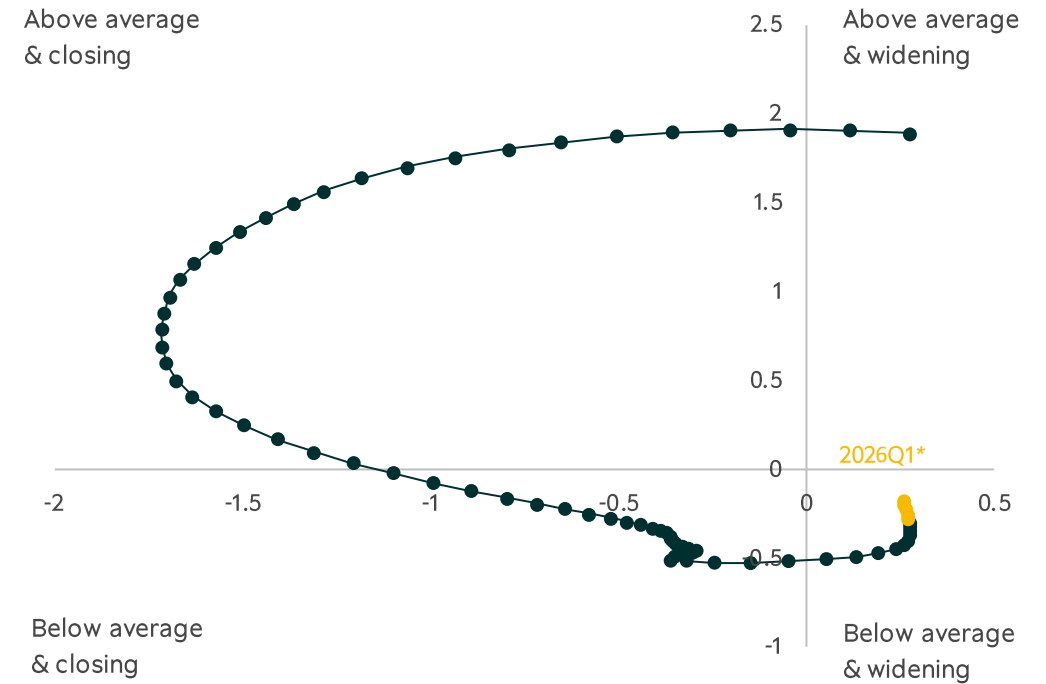


The Global Bird's-Eye View | Emerging markets' growth differential to remain steady, below average levels for 2025

Real GDP Growth % YoY



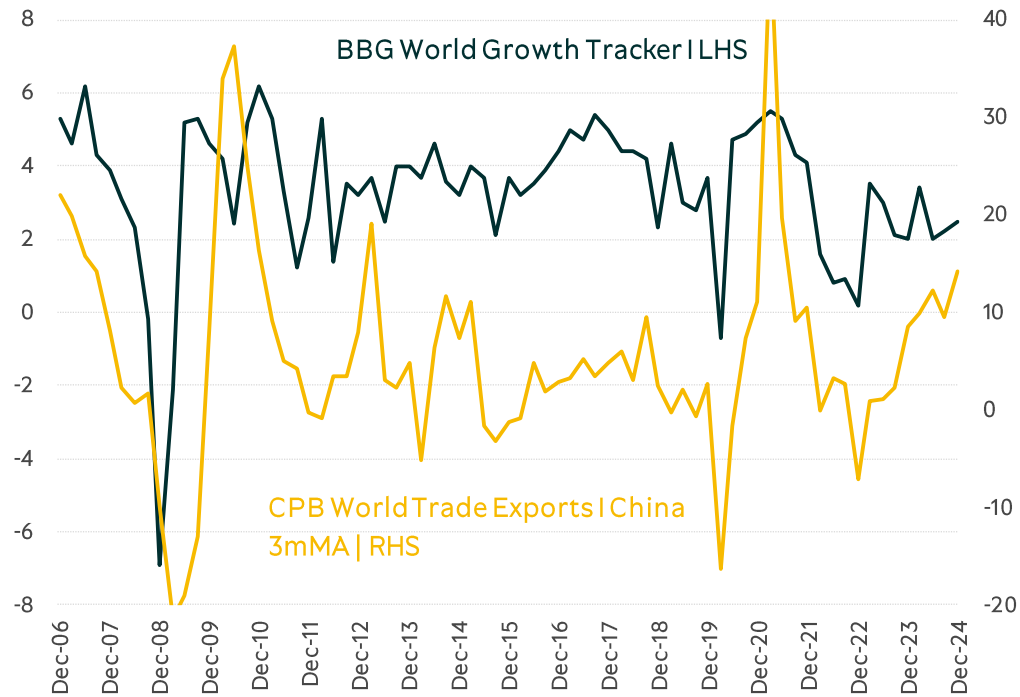
EM – DM Growth Differential



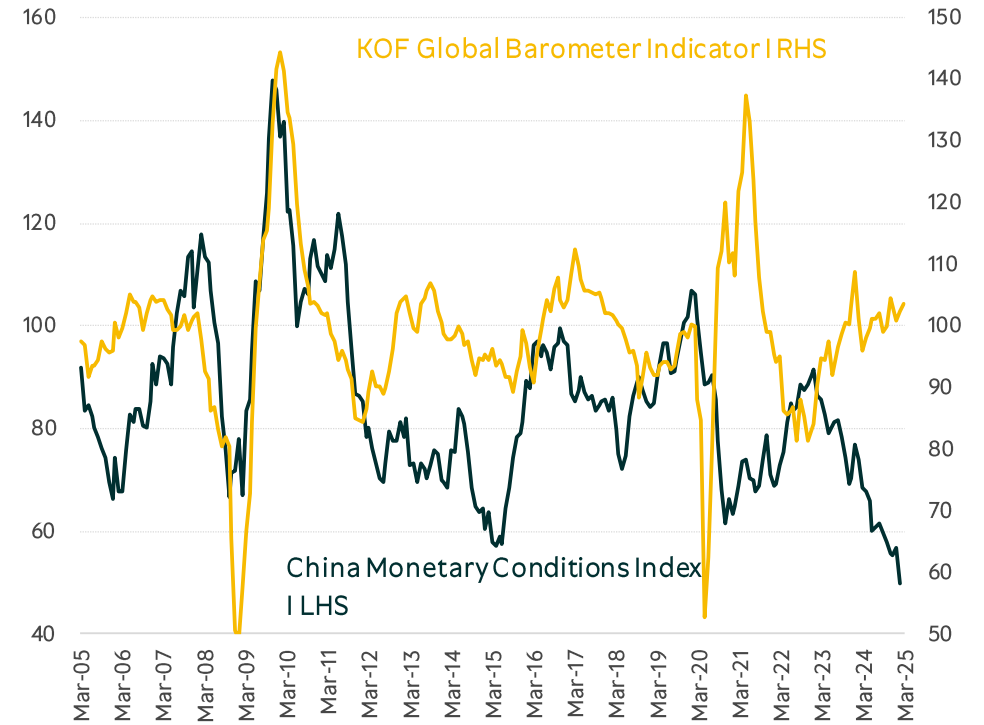
* Denotes forecasted figures from 2025Q1 up to 2026Q1

Global Economic Activity | China's exports rose 2.3% yoy in Jan-Feb slowing sharply from a 10.7% surge in December which was mostly due to front-loaded orders in anticipation of further tariffs

BBG World Growth Tracker & China Exports

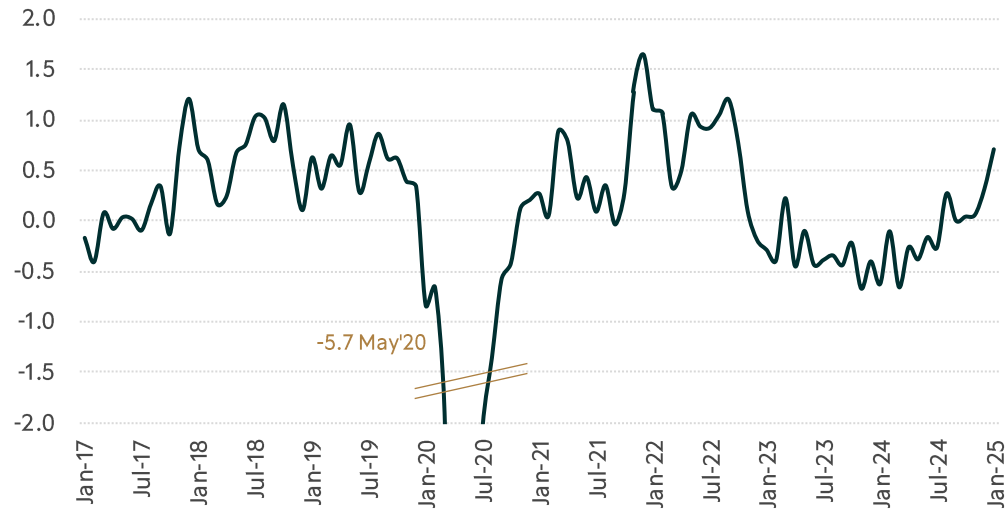


KOF Global Barometer Indicator & China Monetary Conditions

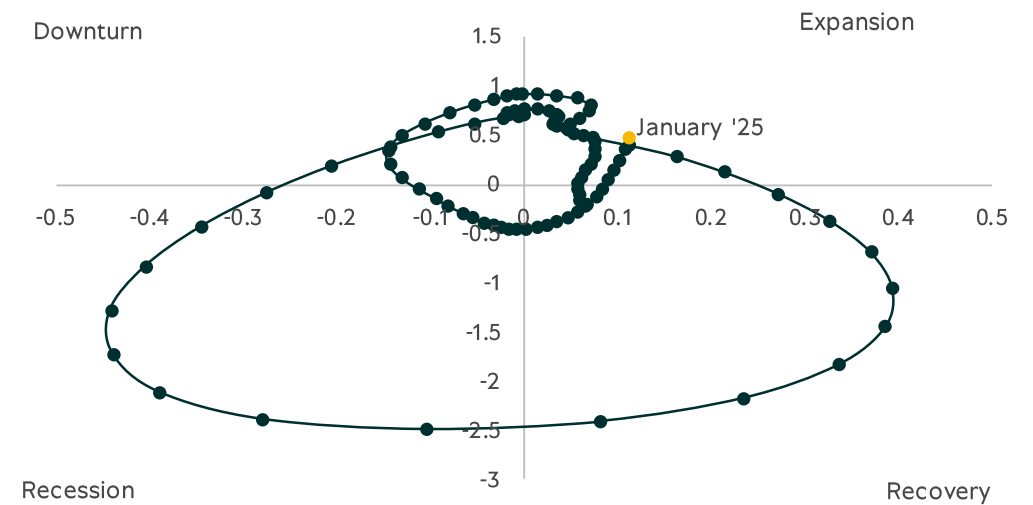


Global Trade | World Trade Tracer for both DM & EM in the expansion phase of the cycle

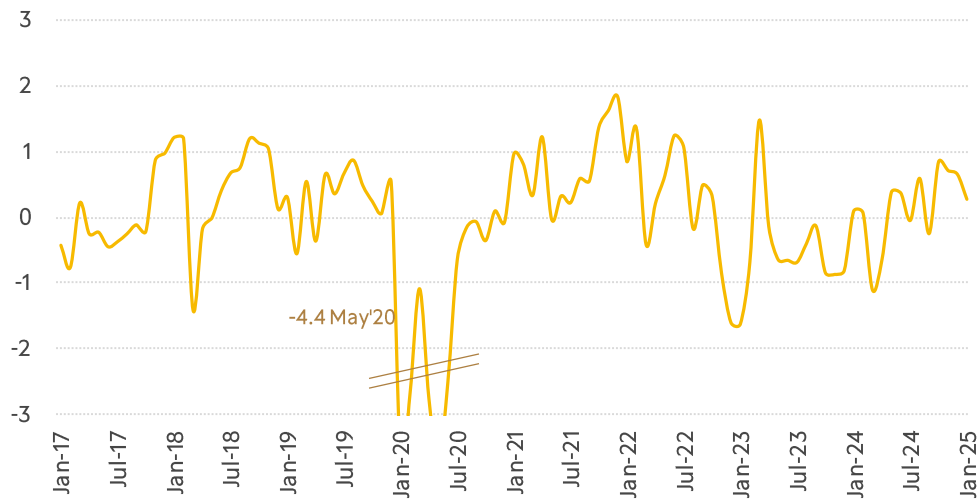
World Trade



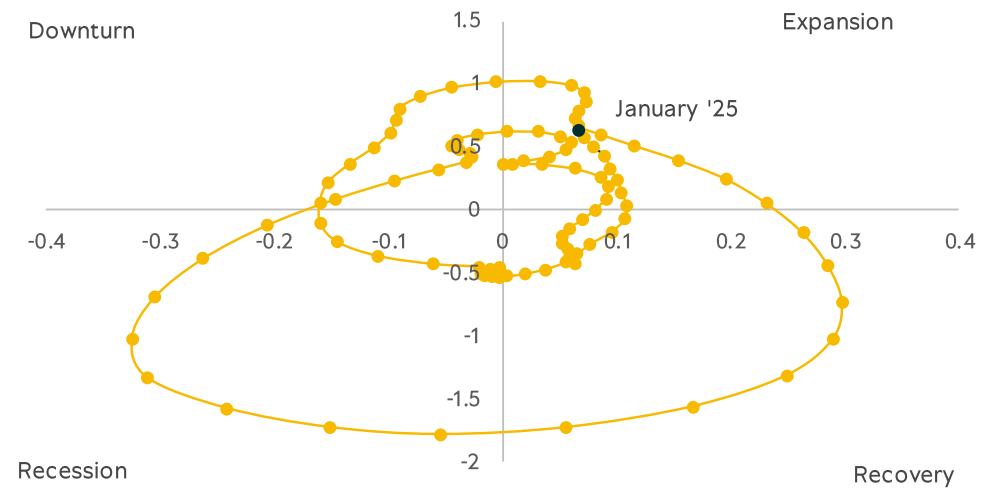
World Trade Tracer



World Exports | EM

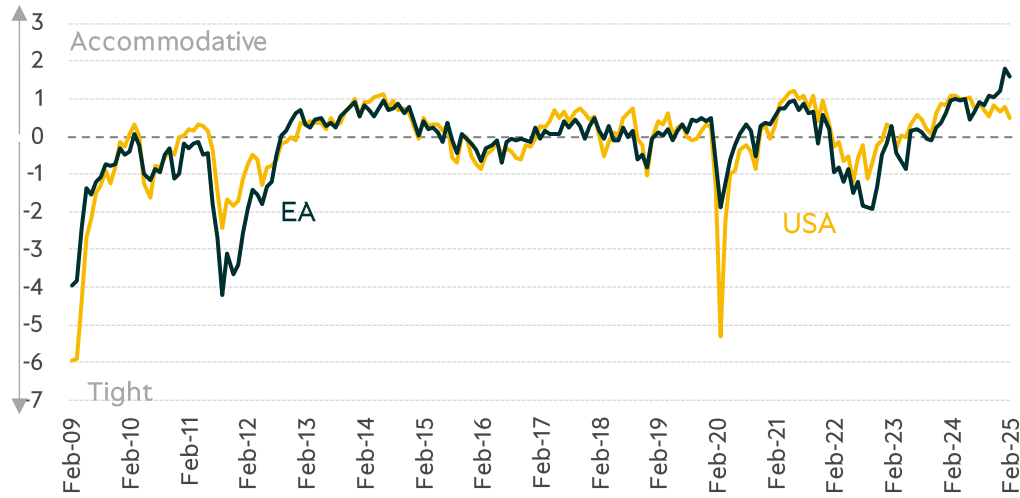


World Exports Tracer | EM

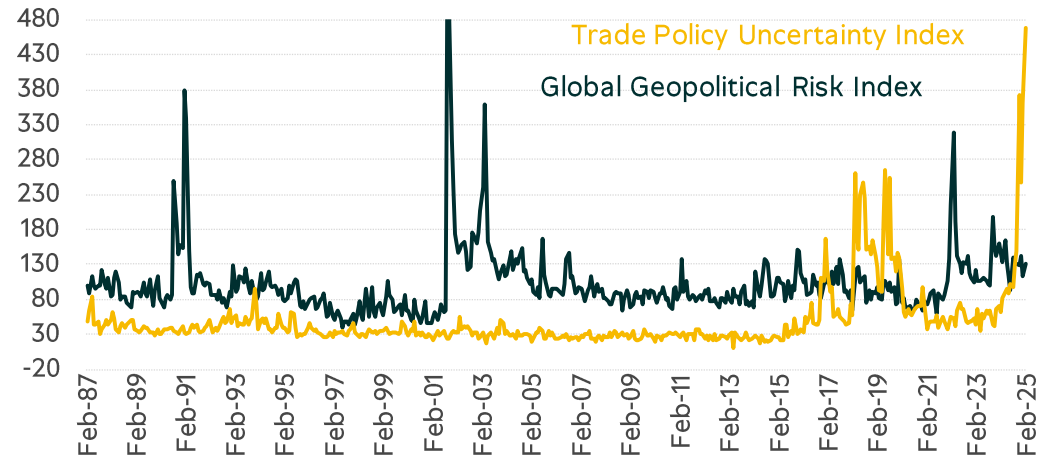


Global Trends | Trade Policy Uncertainty at elevated levels, following Trump's tariffs announcements

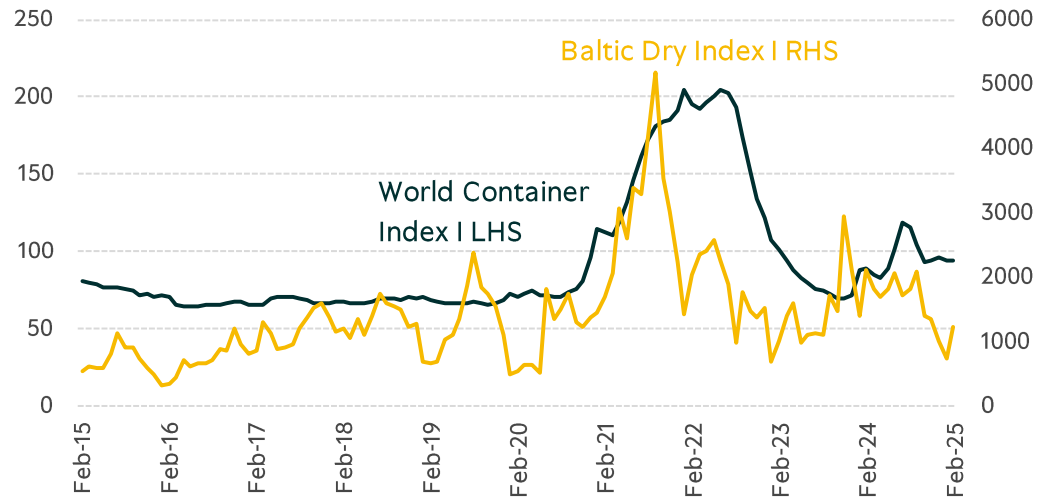
Bloomberg Financial Conditions Indices



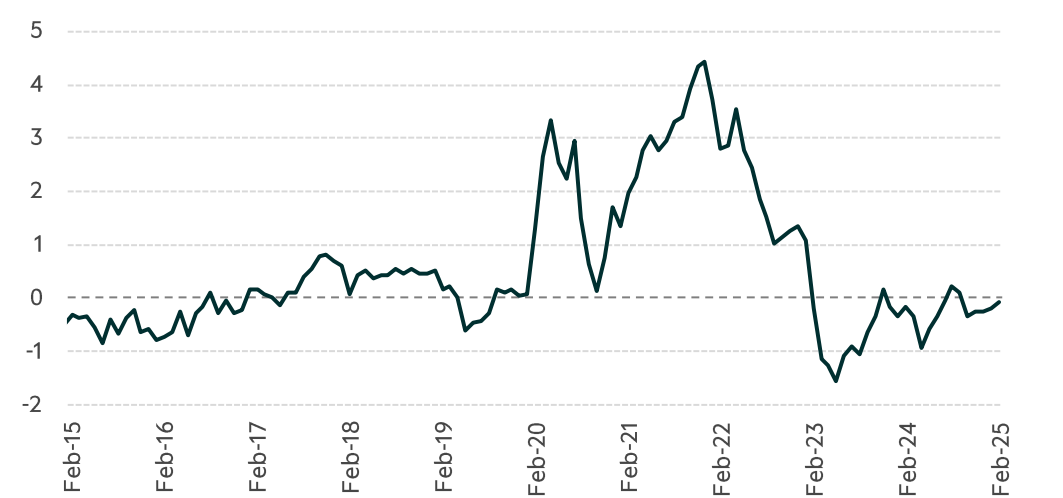
Global Geopolitical Risk & Trade Policy Uncertainty (Caldara & Iacoviello)



World Container and Baltic Dry Indices

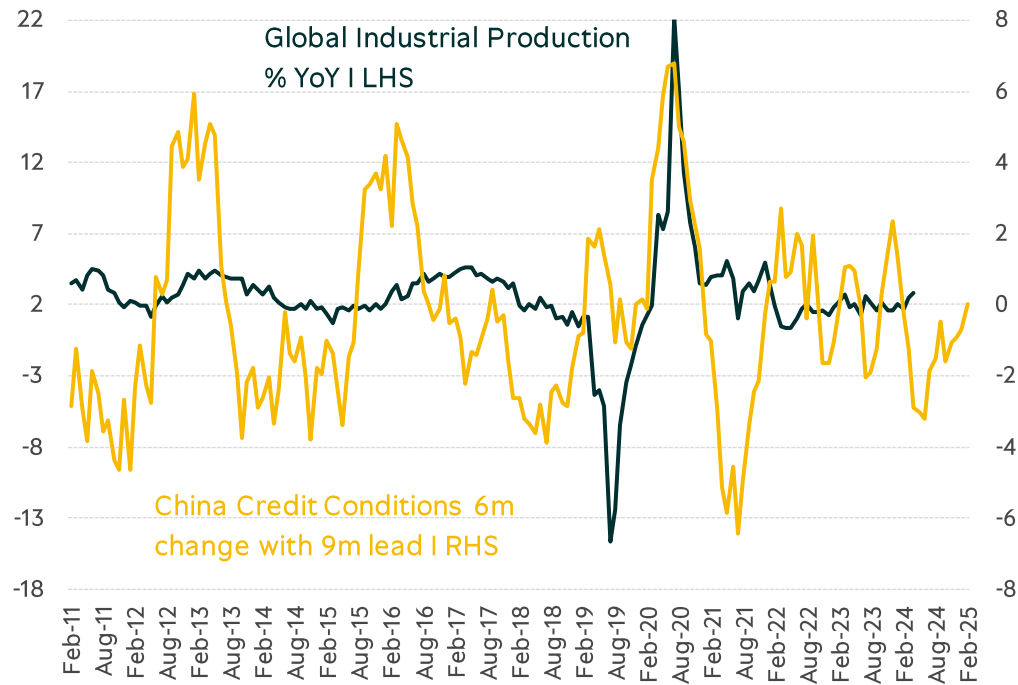


NY Fed | Global Supply Chain Pressure

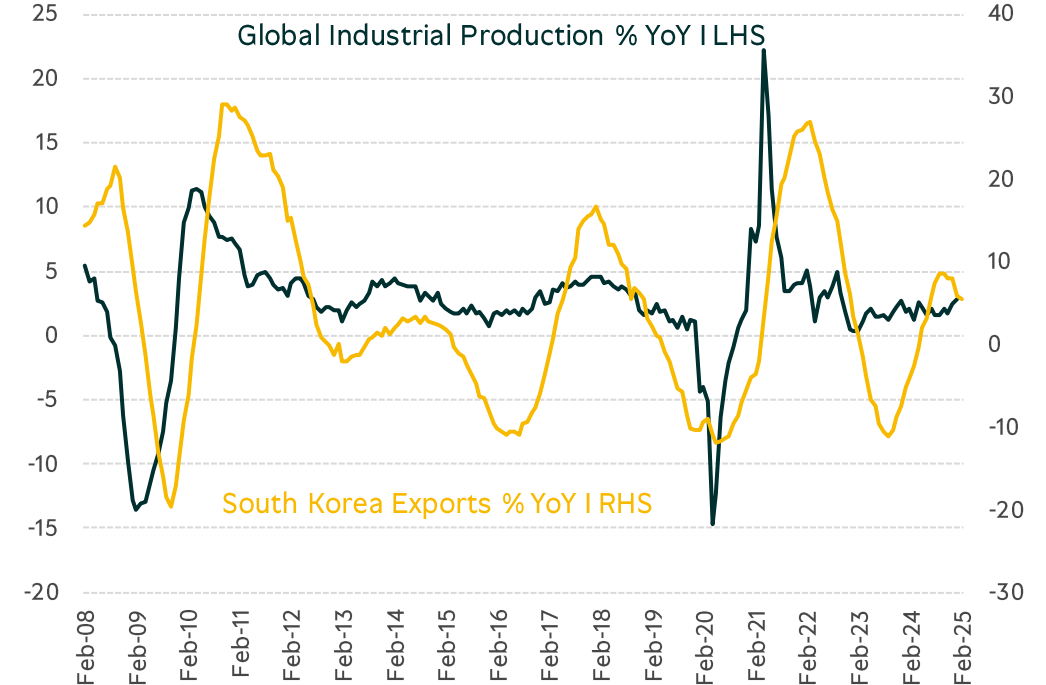


Global Trends | China's credit conditions have rebounded in the past months. South Korea's exports indicate a deceleration in global industrial production and growth prospects

China Credit Impulse (9m lead) & Global industrial production

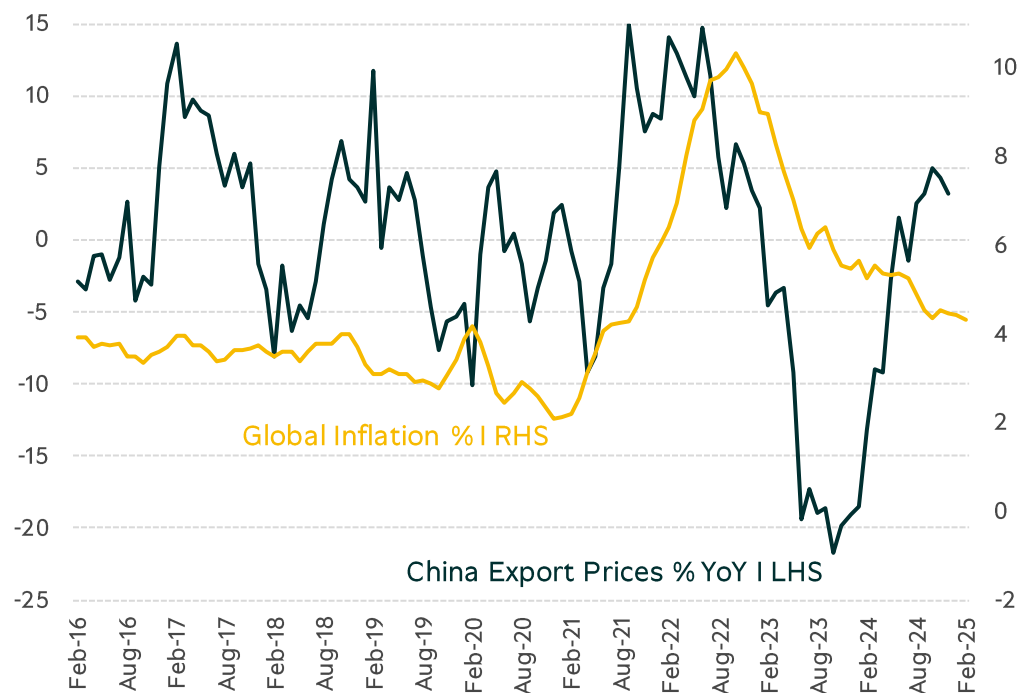


South Korean Exports & Global Industrial Production

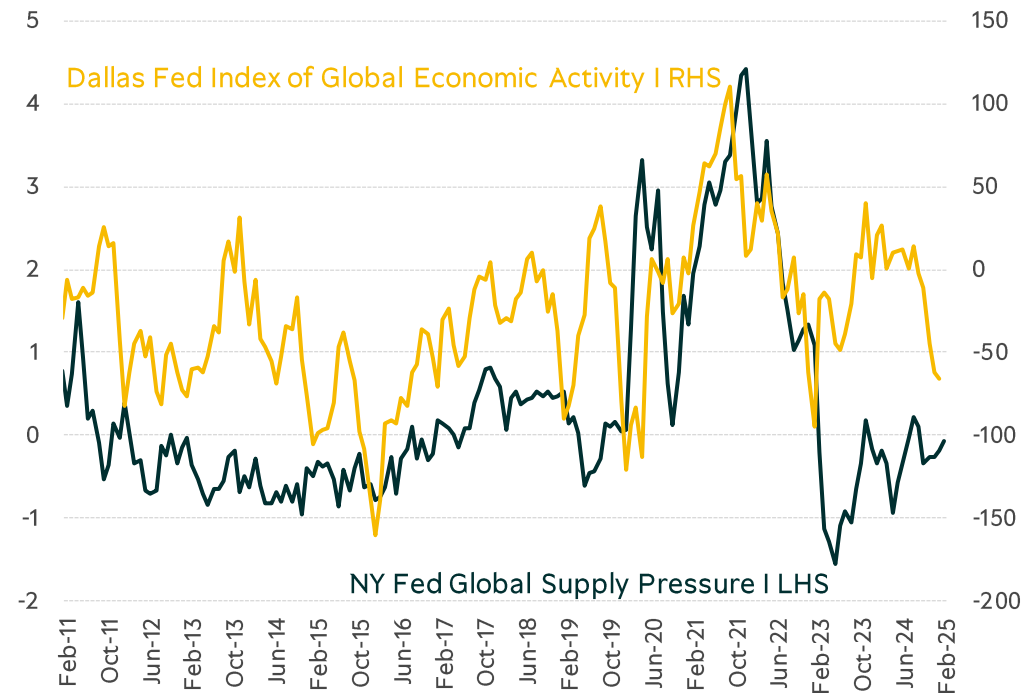


Global Trends | China's export prices in the past two months decelerated moderately, as global economic activity indicators signal a slowdown.

China Export Prices & Global Inflation

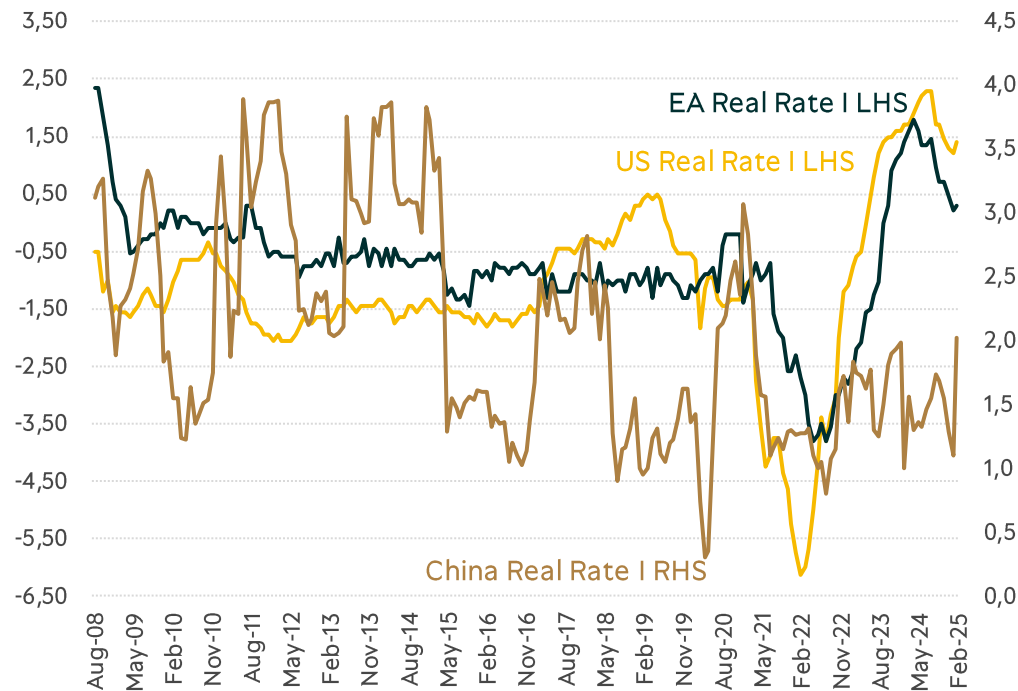


Global Economic Activity vs Global Supply Pressure

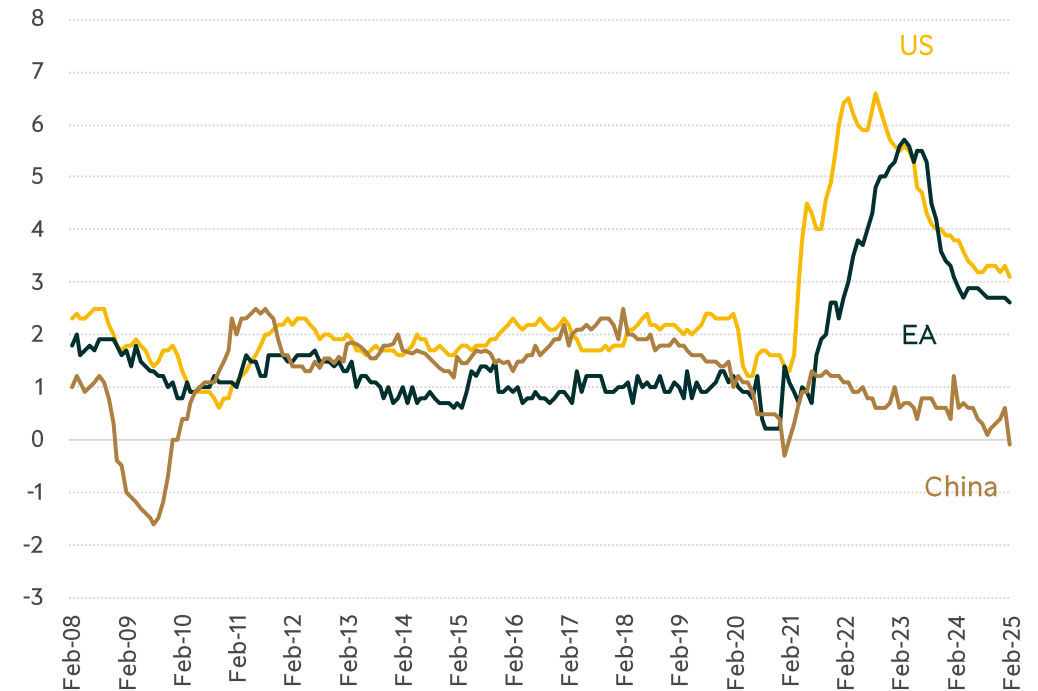


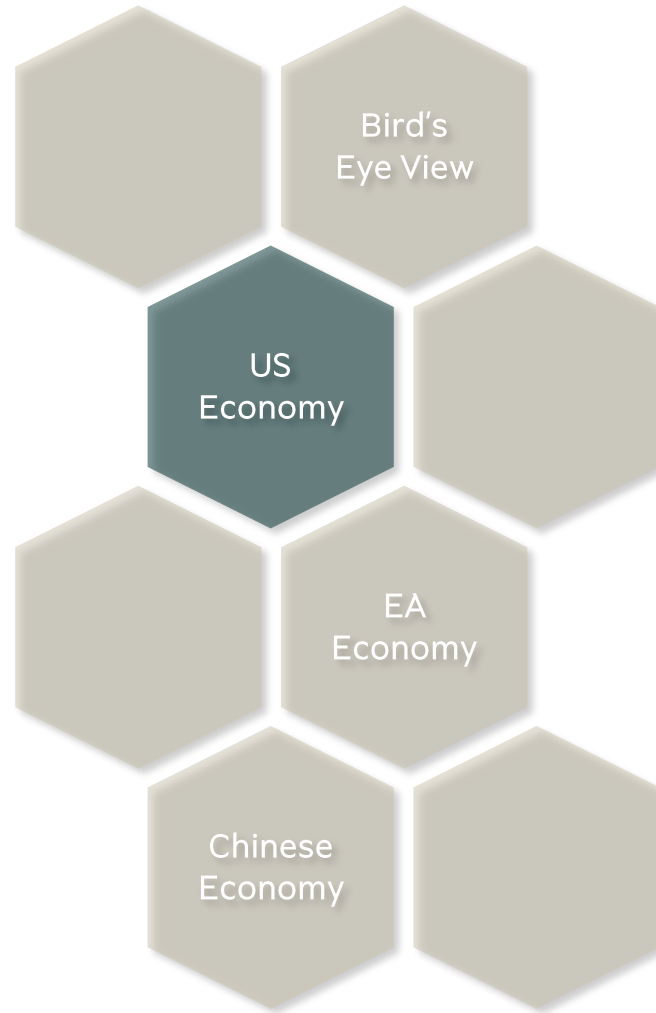
Global Trends | US & EA real policy rates ticked up marginally in February. China's core CPI fell 0.1% y/y, marking the first decline since January 2021.

Global Real Policy Rates US, EA, CN



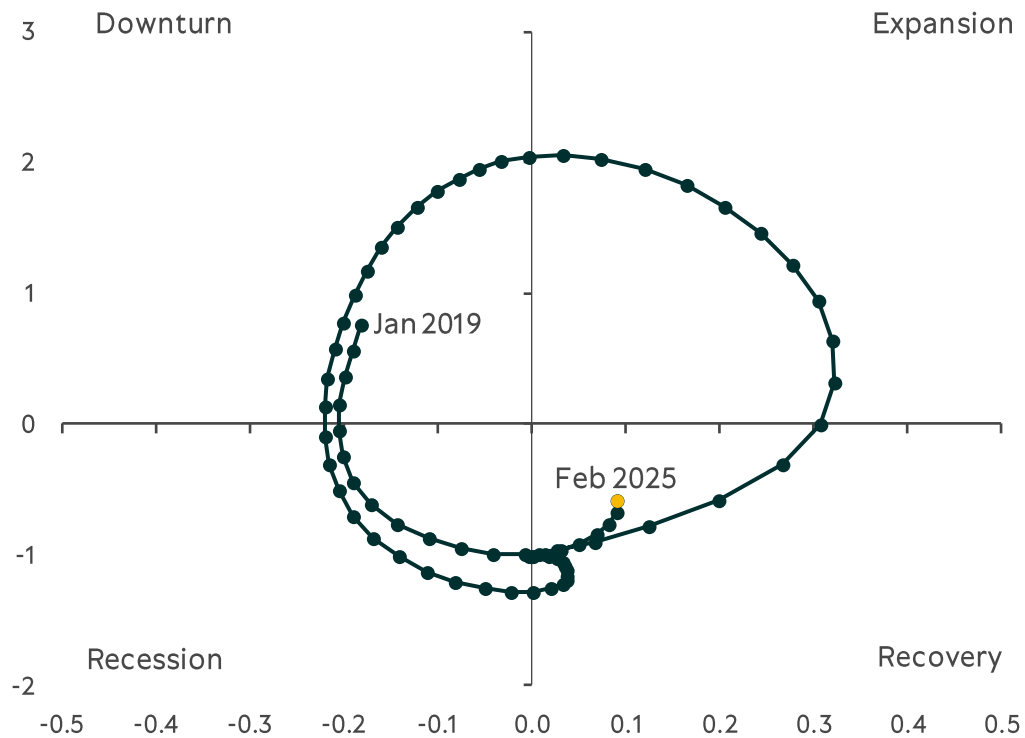
US, EA, CN Core Inflation



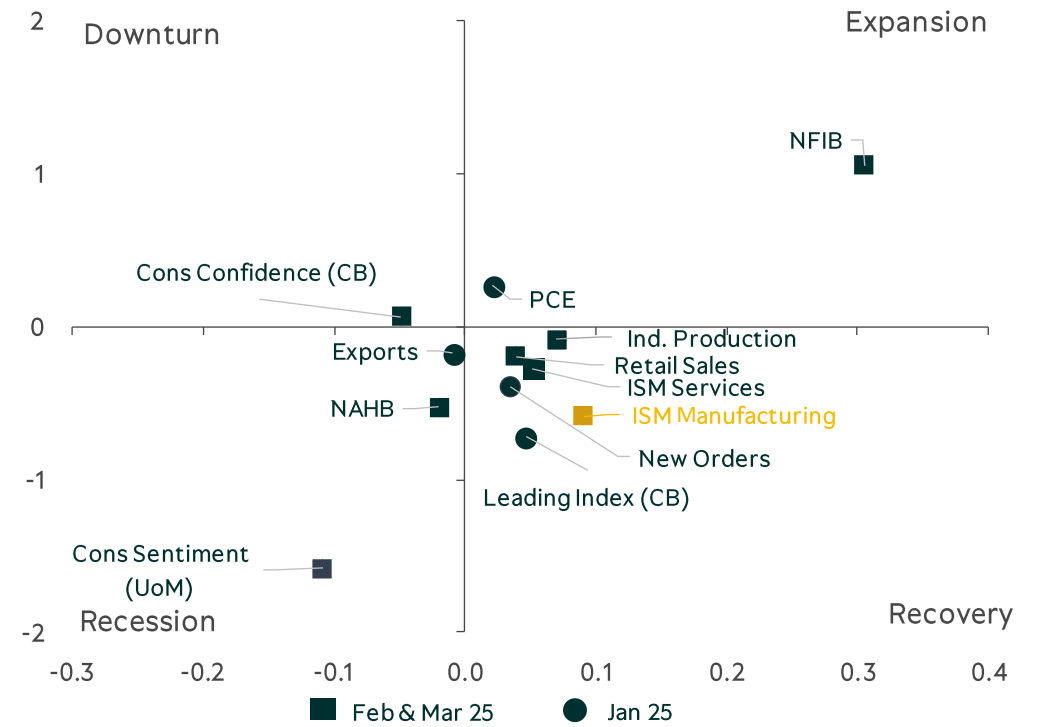


US Business Cycle | Most US economic variables are in the Recovery Phase but not Consumer Sentiment

US Business Cycle | Based on ISM Manufacturing Indicator

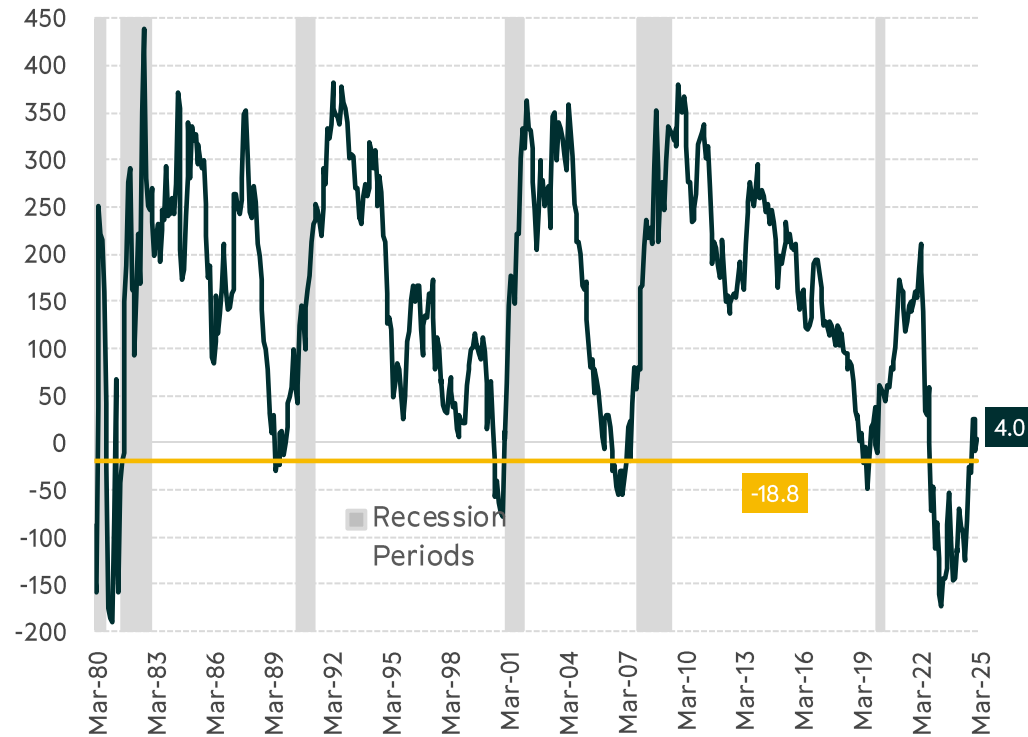


US Business Cycle | Based on Major US Economic Variables

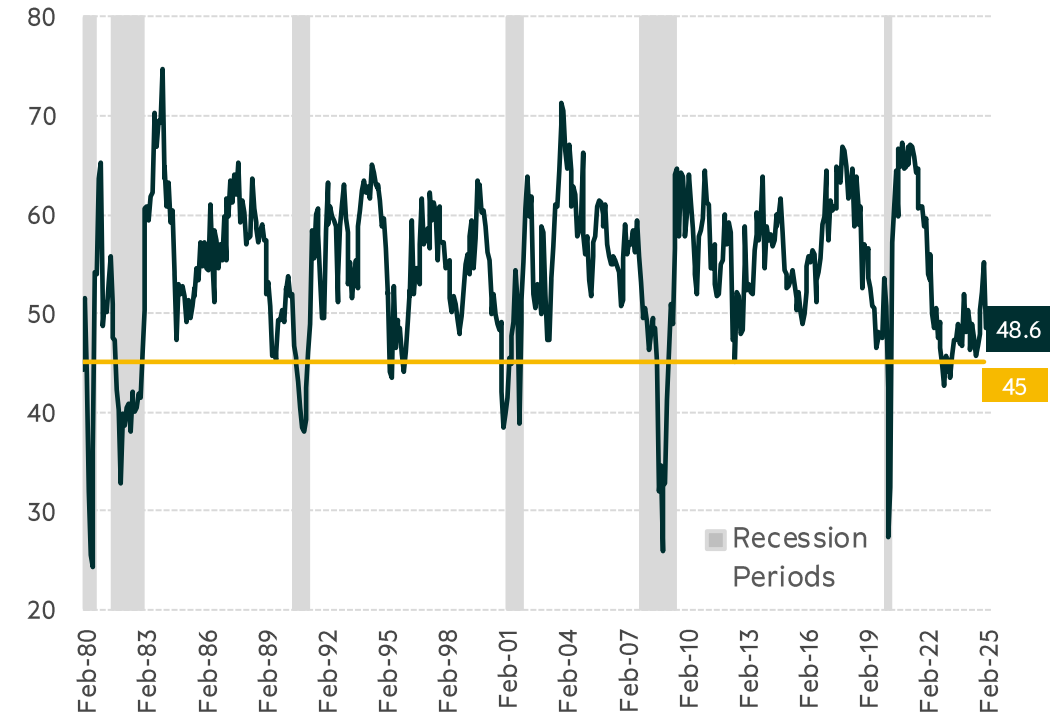


US Recession Indicators | A recession episode, in the next 12 months, is not likely based on the 10YR3M spread & the ISM New Order Index

10 Year and 3M US Treasury Yields Spread

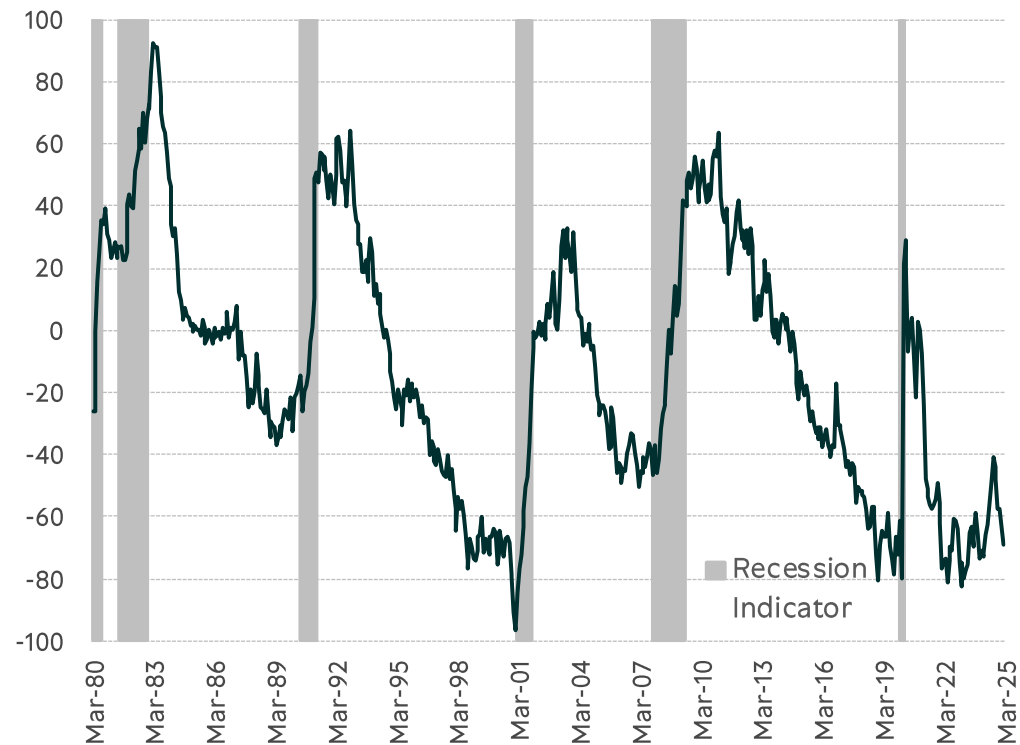


ISM Manufacturing New Order Index

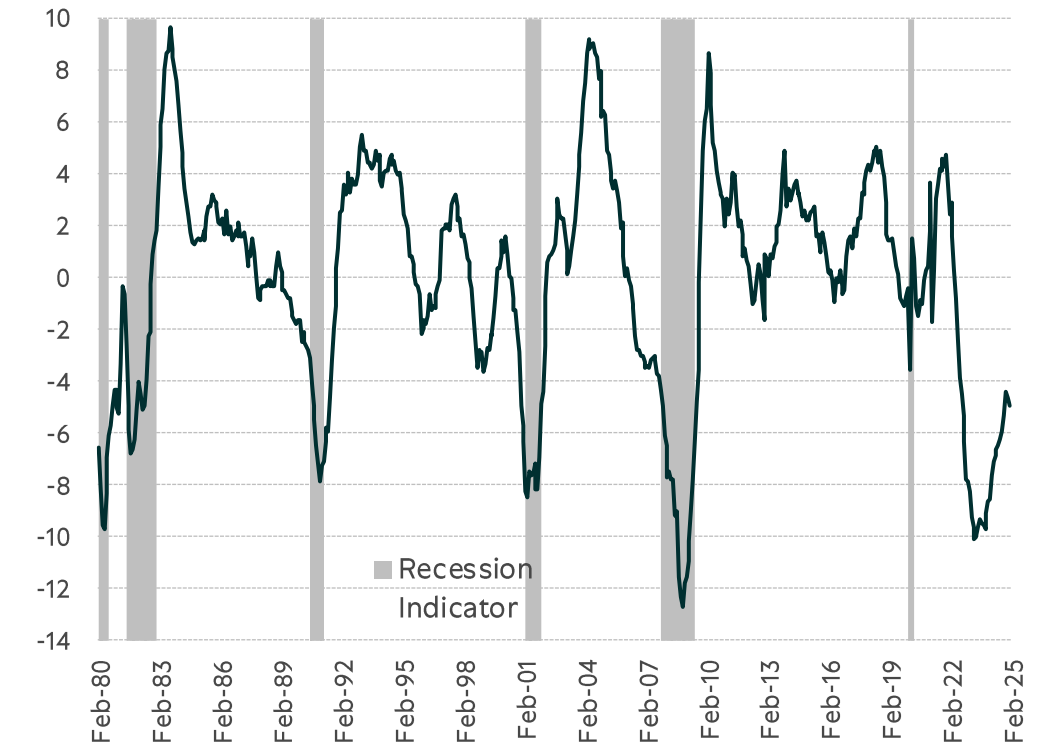


Conference Board Survey | Consumer confidence declined further in March with the expectations component seeing the sharpest drop. CB's Leading Indicator fell slightly in February.

Difference between Consumer Expectations and Current Situation Indicators (Conference Board)

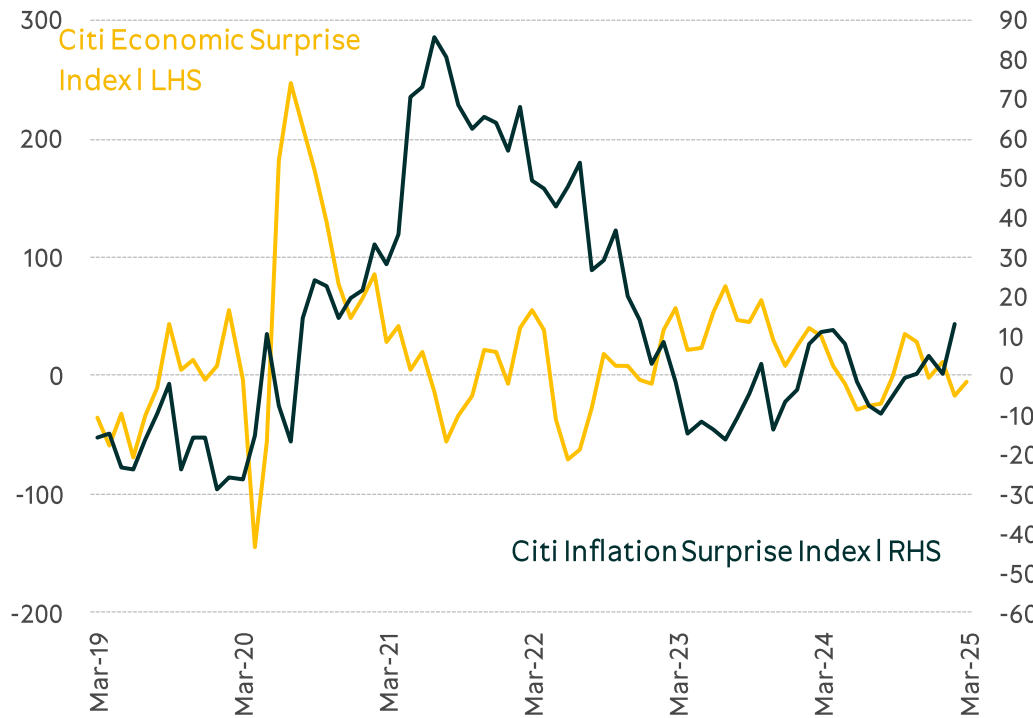


Difference between Leading & Coincident Indicators (Conference Board)

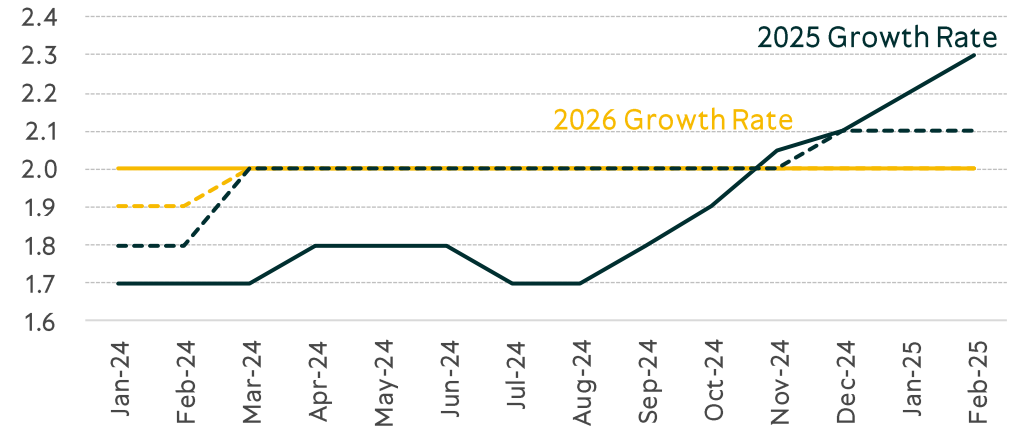


US Macro Expectations | Economic surprise data have improved marginally, inflation surprises on the rise

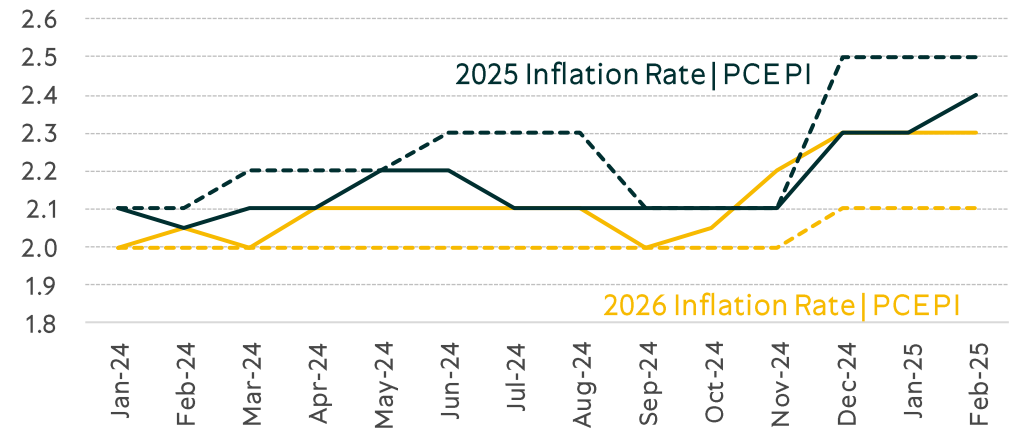
Economic & Inflation Surprises



Growth Rate Expectations*



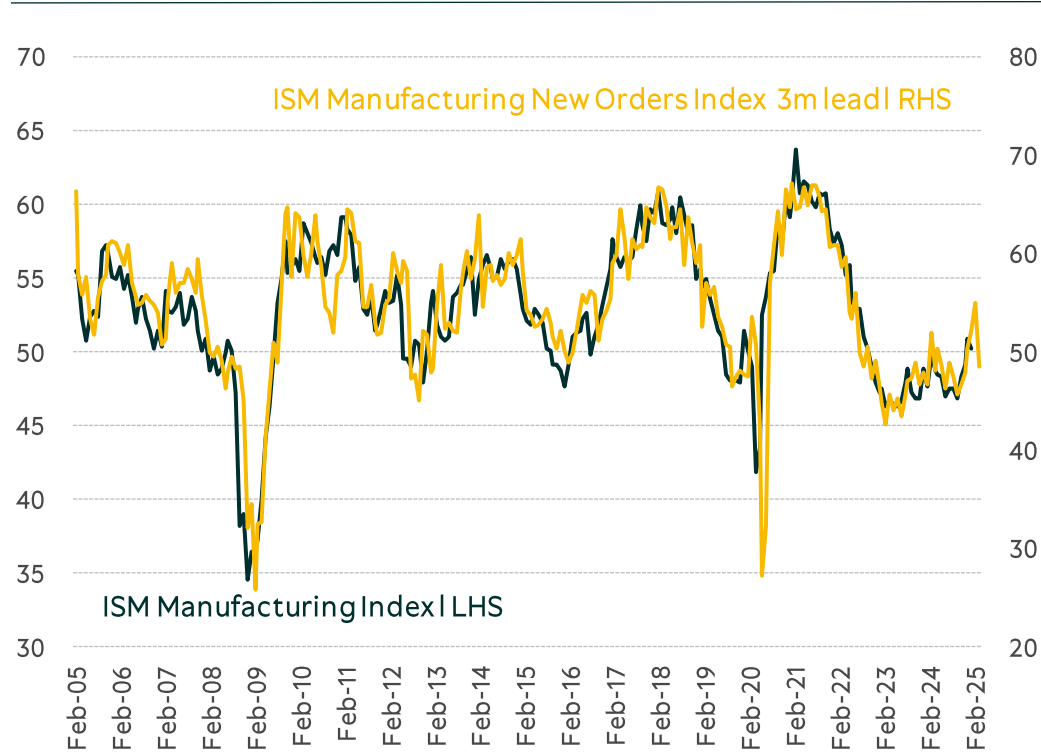
Inflation Rate Expectations*



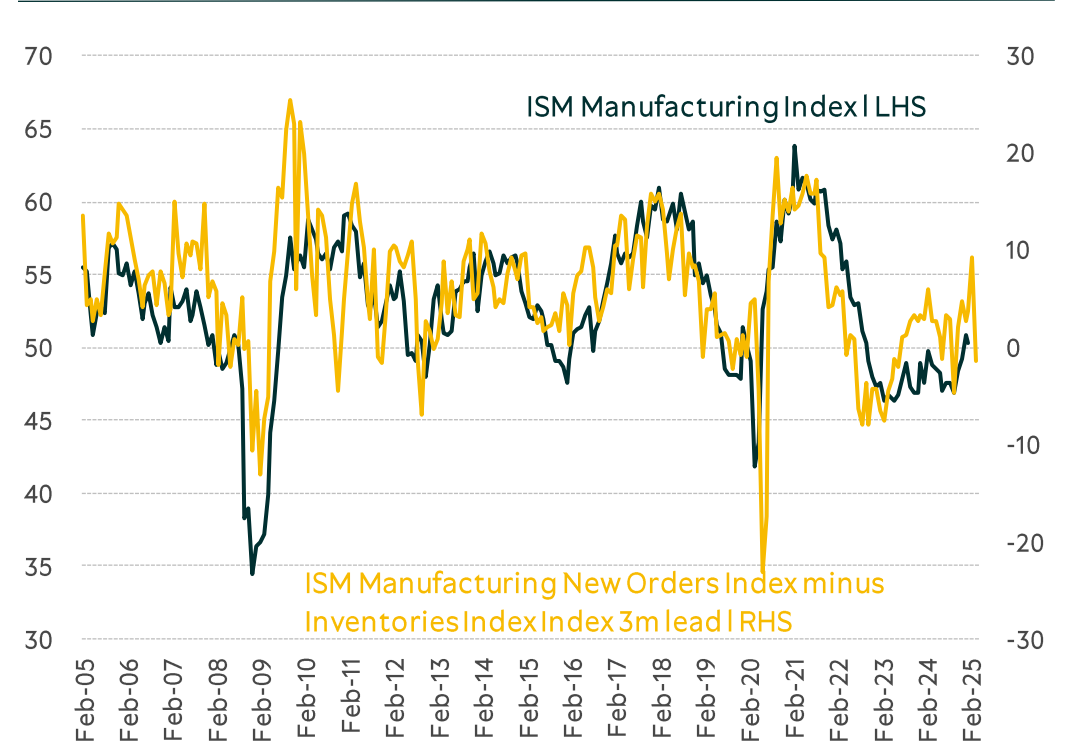
*Solid line: Consensus; Dotted line: Fed projections

US Leading Indicators | ISM Manufacturing above 50 for second month in a row although New Orders Index dropped sharply after five months of increases (now at 48.6). ISM Employment also weakened in February

ISM Manufacturing & New Orders Indices

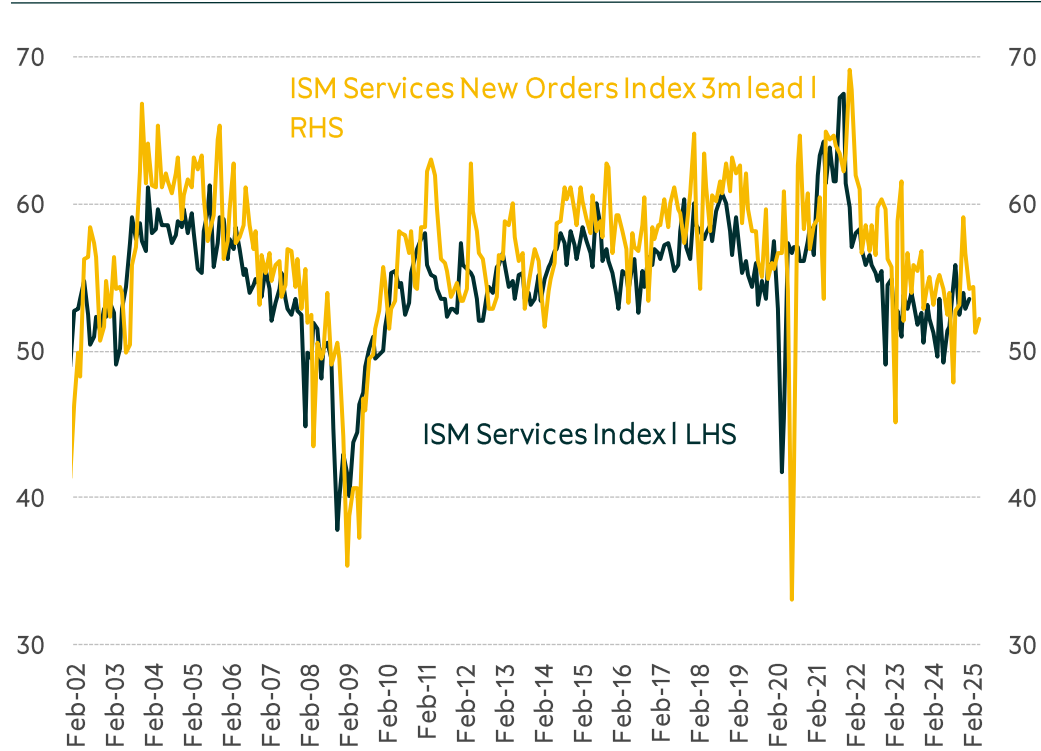


ISM Manufacturing & New Orders Index Minus Inventories Index

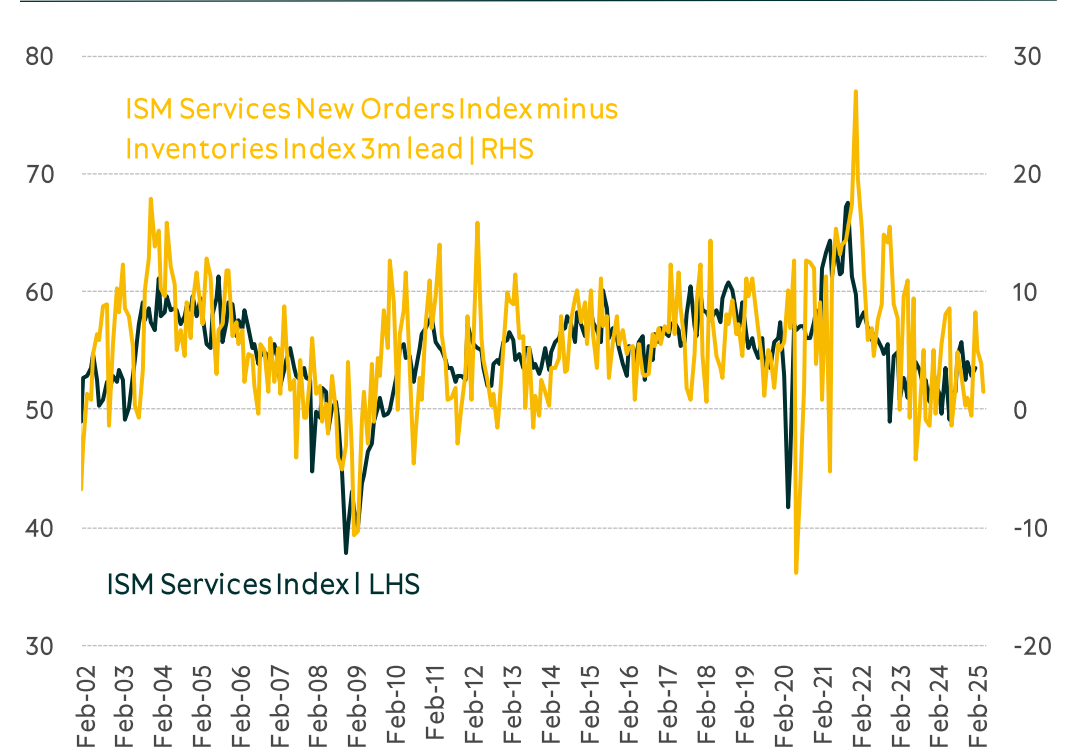


US Leading Indicators | ISM Services Index rose further in February mainly reflecting improvements in the employment and New Orders components

ISM Services & New Orders Indices

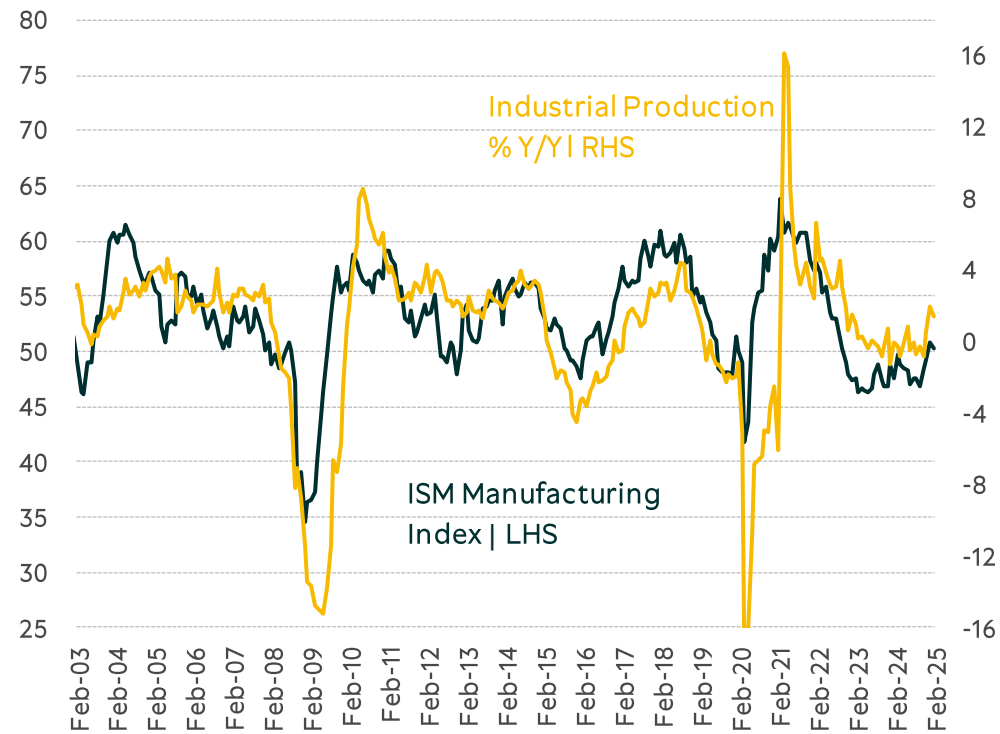


ISM Services & New Orders Index Minus Inventories Index

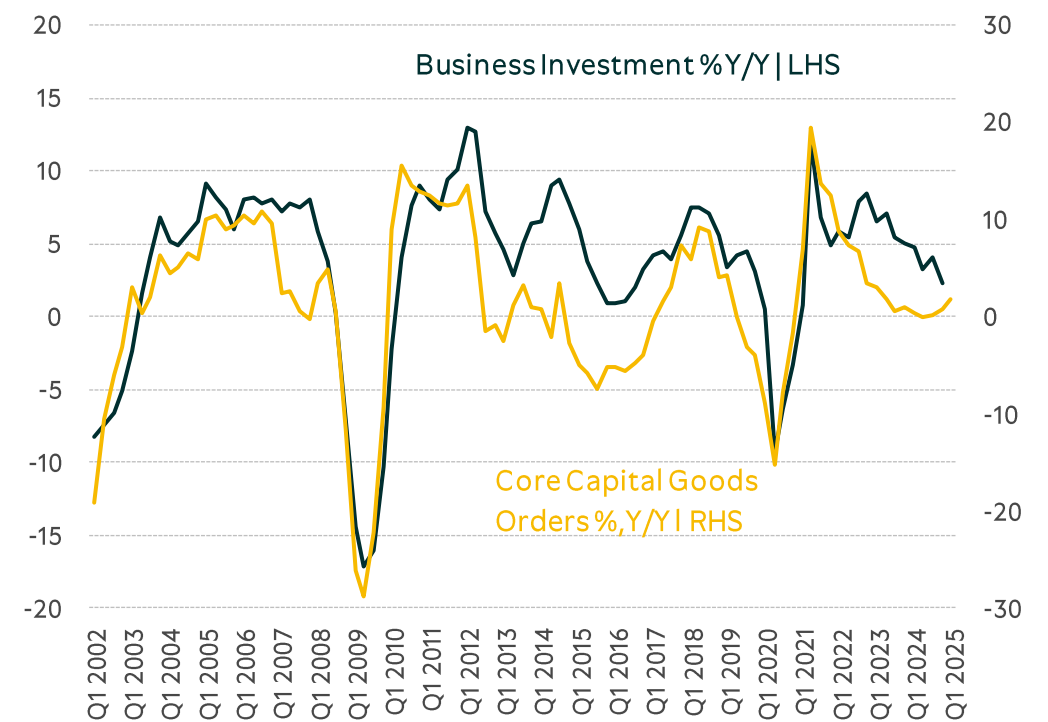


US | Industrial Production surprised to the upside in February mostly due to a rebound in vehicle production. Core Capital Goods Orders have stopped declining.

Industrial Production YoY & ISM Manufacturing

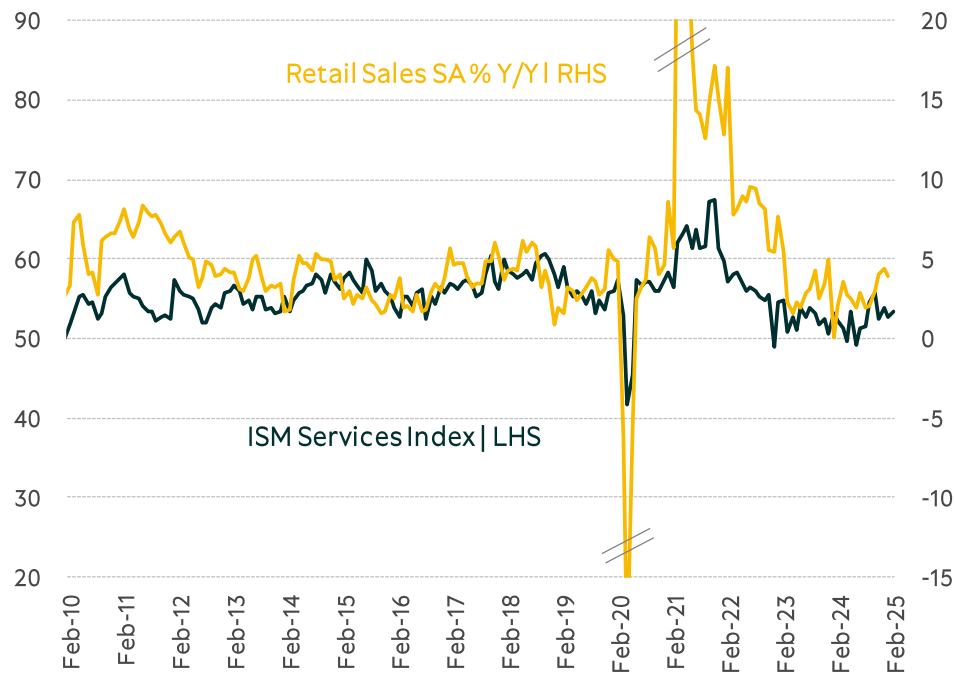


Core Capital Goods Orders & Business Investment

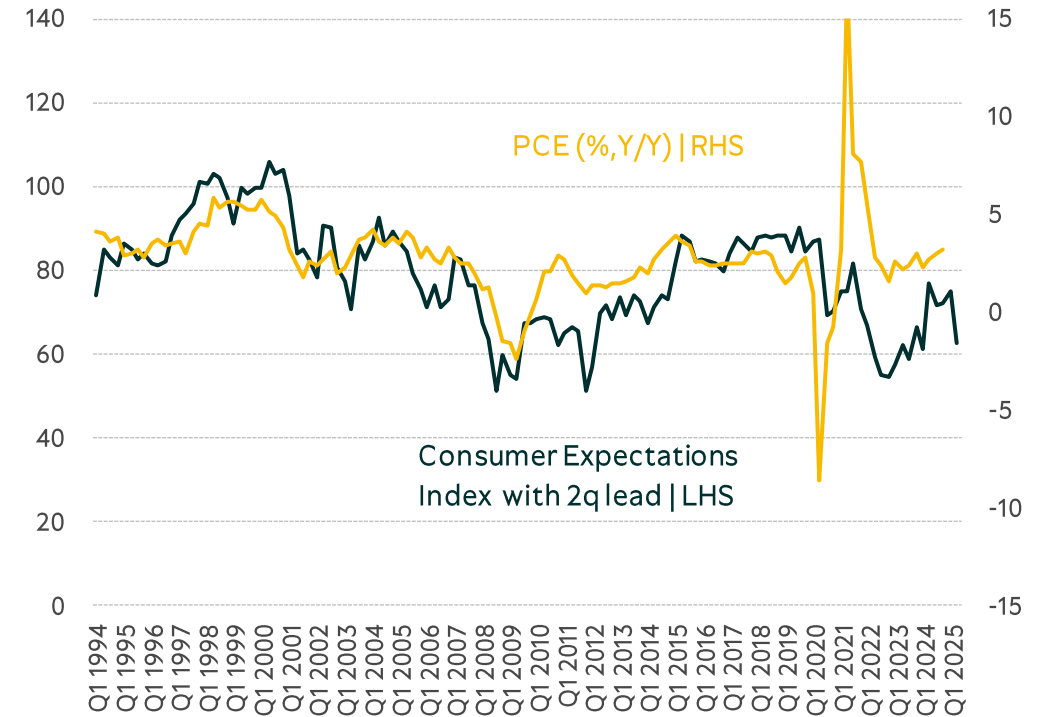


US | The US consumer is the main “growth driver” so far. Retail sales rose in February following January's steep decline. Large downward adjustment to consumer sentiment

Retail Sales YoY & ISM Services

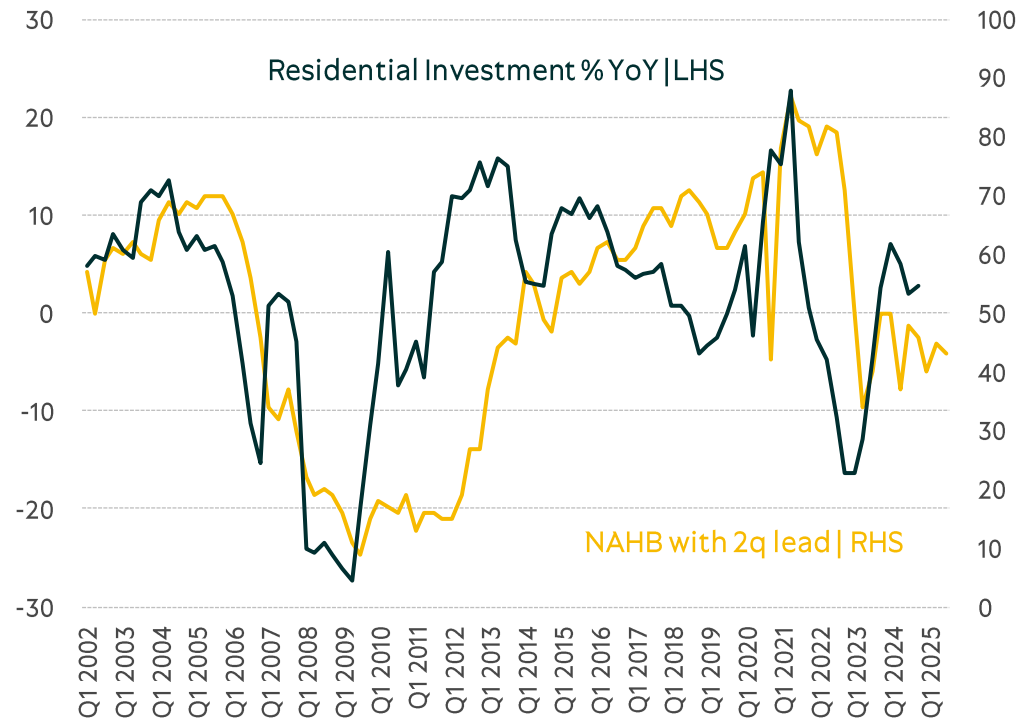


PCE & University of Michigan Consumer Expectations Index

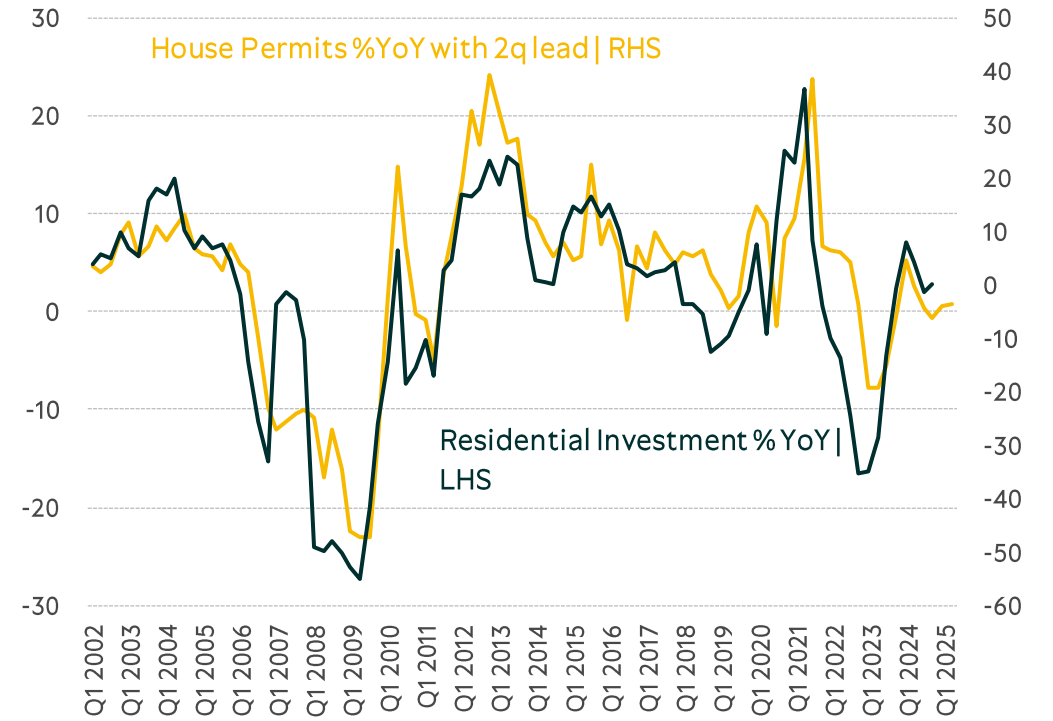


Housing Market | The housing market is showing tentative signs of improvement

Residential Investment & NAHB Index

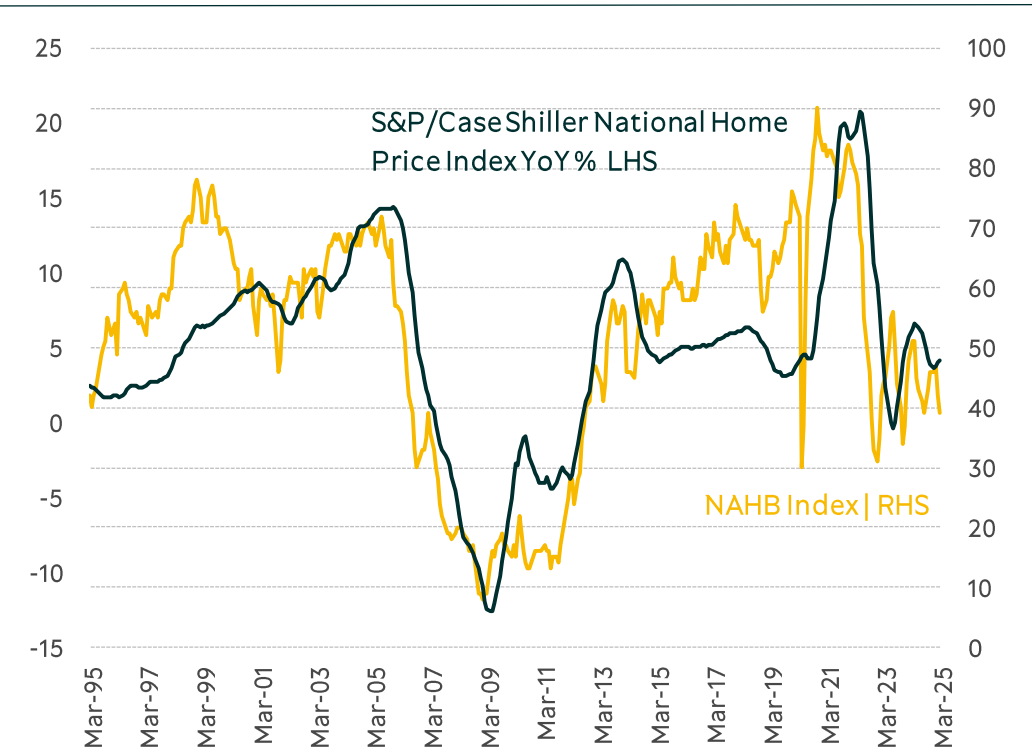


Residential Investment & House Permits

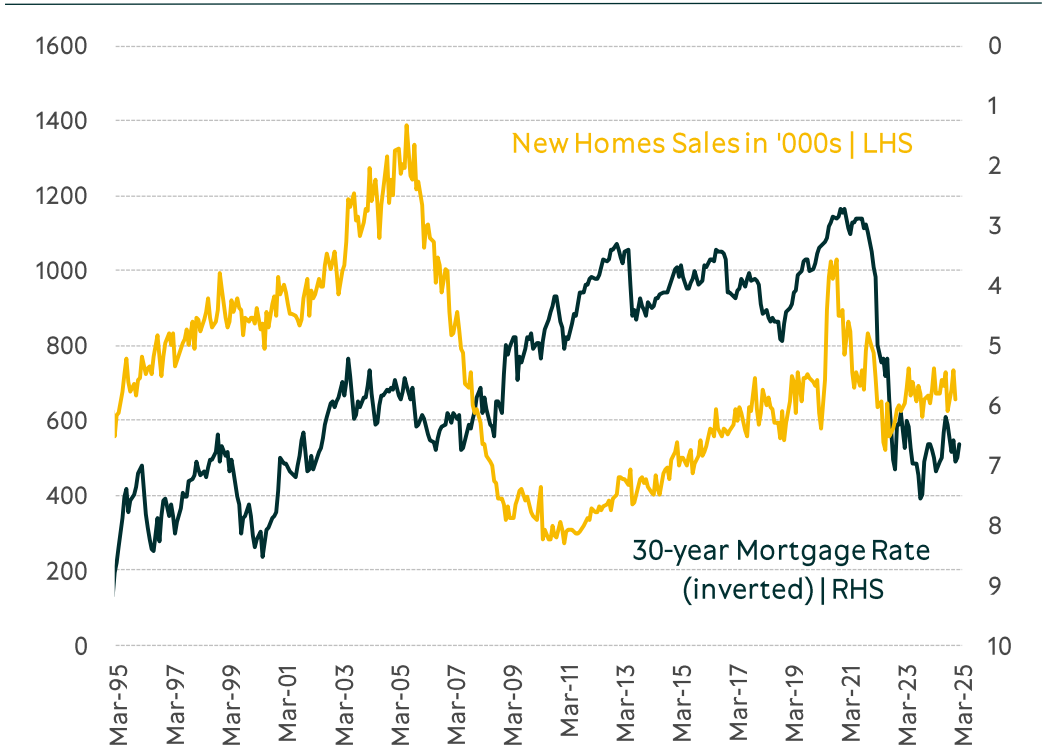


Housing Market | Homebuilder confidence dropped further in March amid still high 30-year mortgage rates

NAHB Index & S&P/Case Shiller Home YoY %

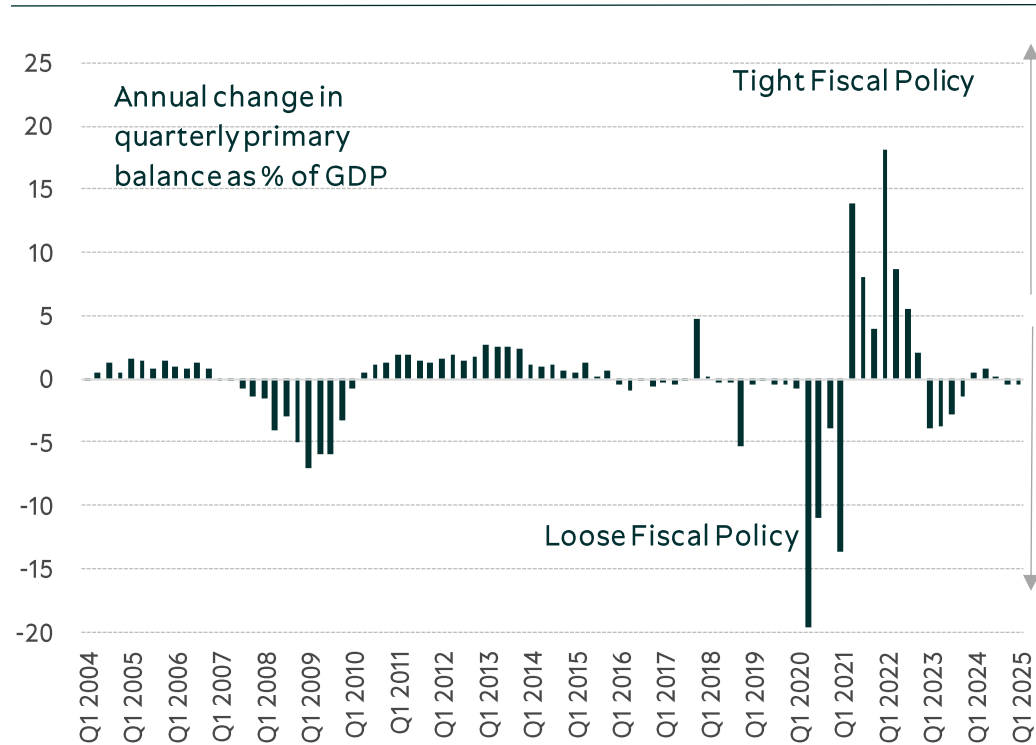


US new home sales and mortgage rates

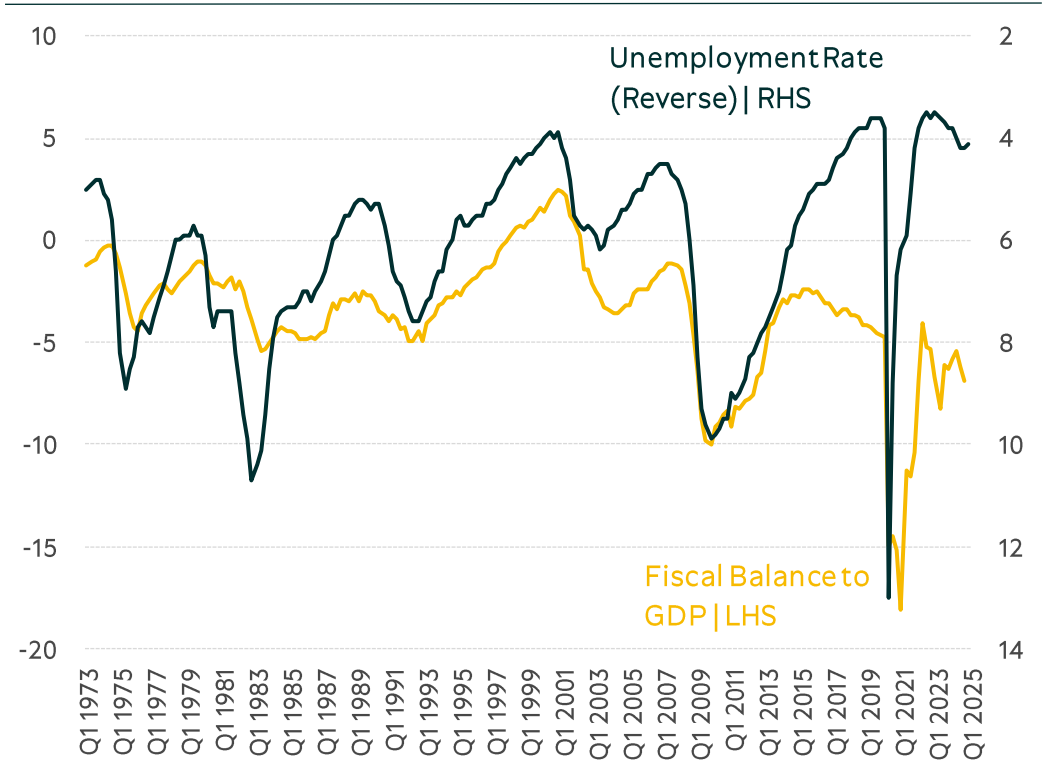


Fiscal Policy | Still too loose vs unemployment. Fiscal challenges ahead.

Fiscal Thrust

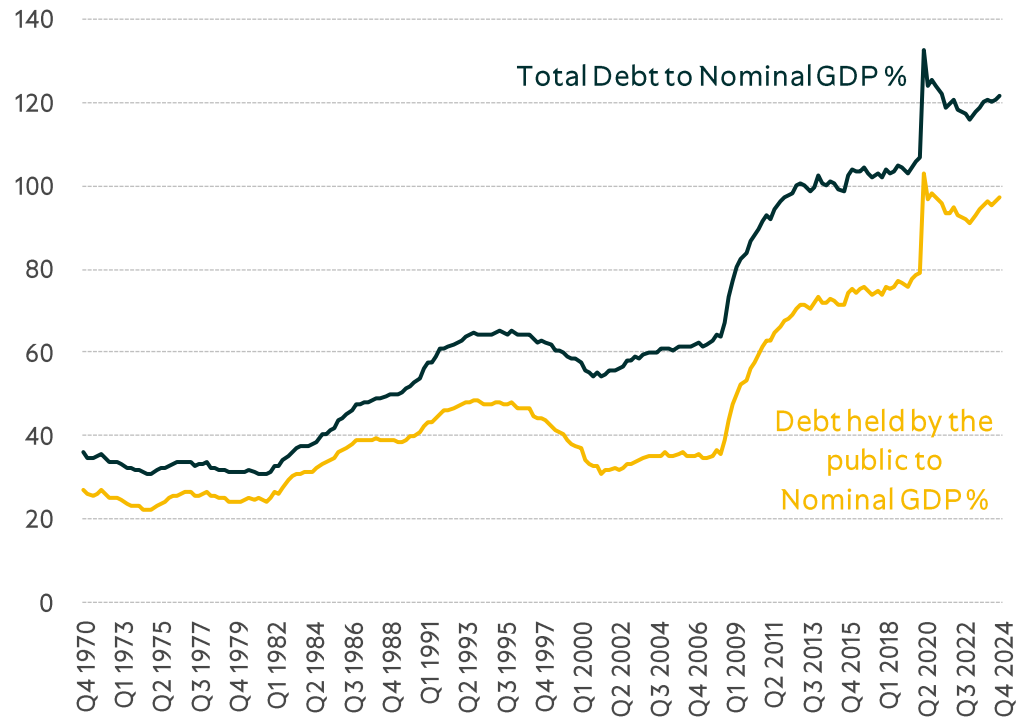


Fiscal Policy vs Unemployment

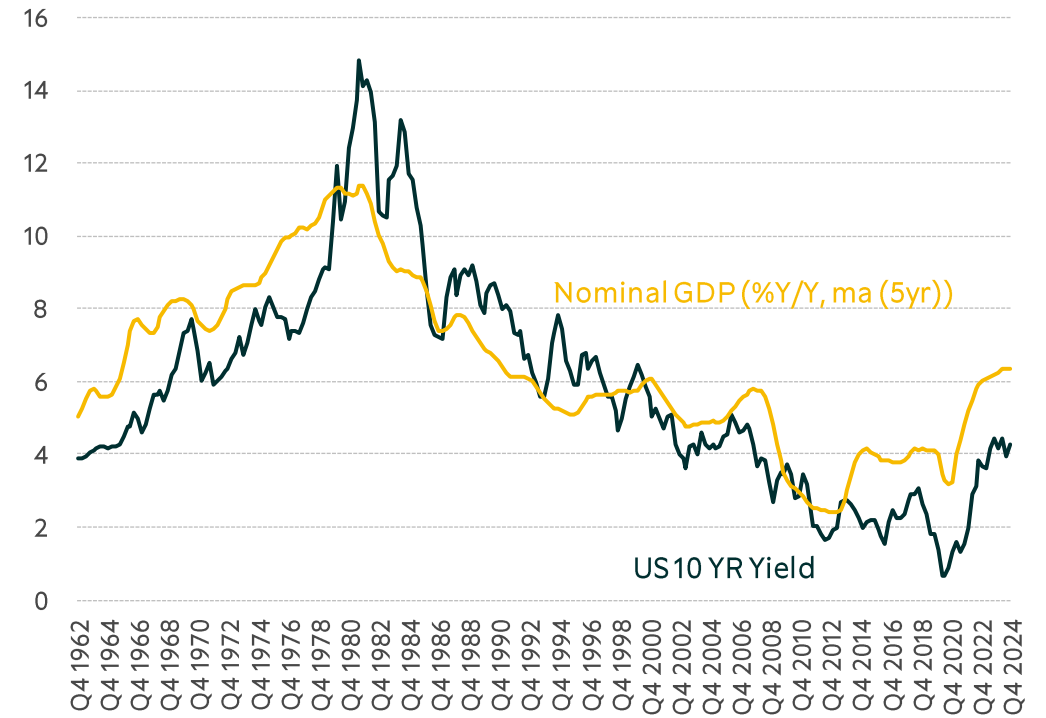


Fiscal Policy | The nominal growth rate is likely to remain at higher levels than the long-term cost of public financing

Debt / Nominal GDP (quarterly)

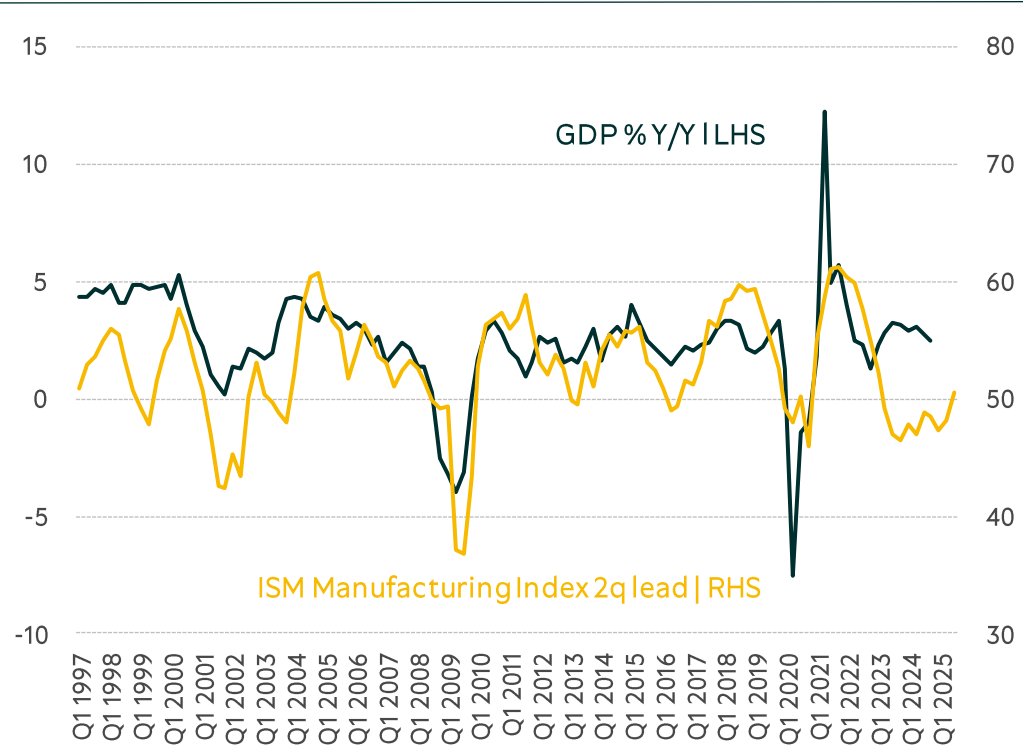


Fiscal Policy Sustainability

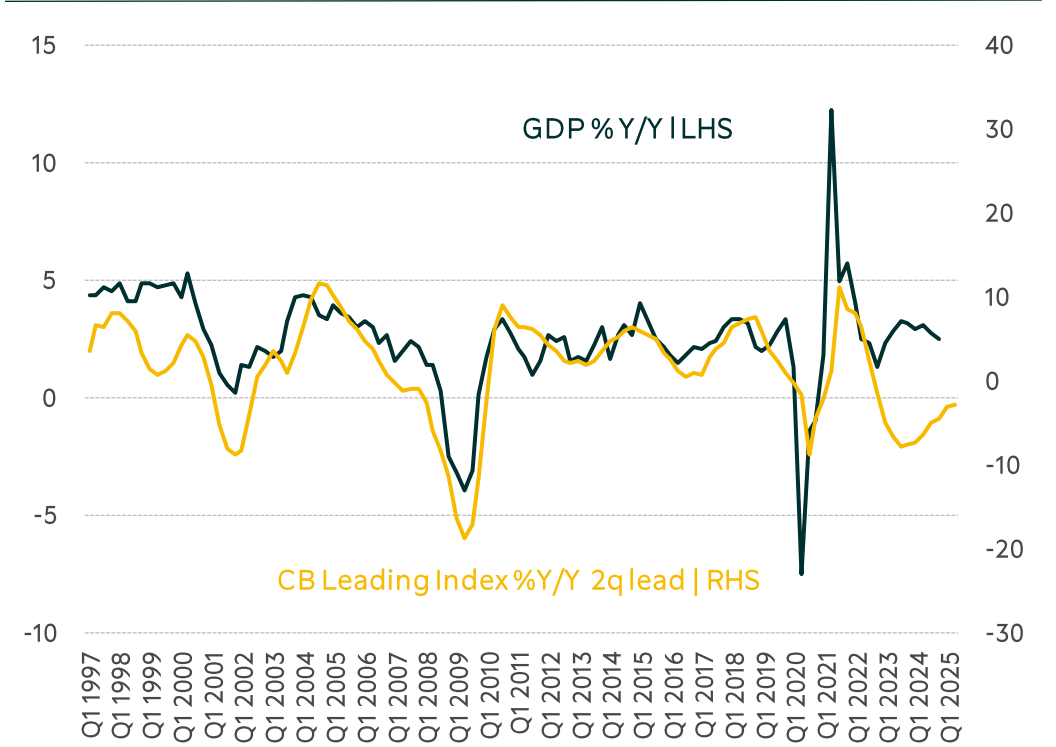


US GDP Outlook | Leading indicators are suggesting a mild deceleration in real GDP

GDP & ISM Manufacturing Indicator

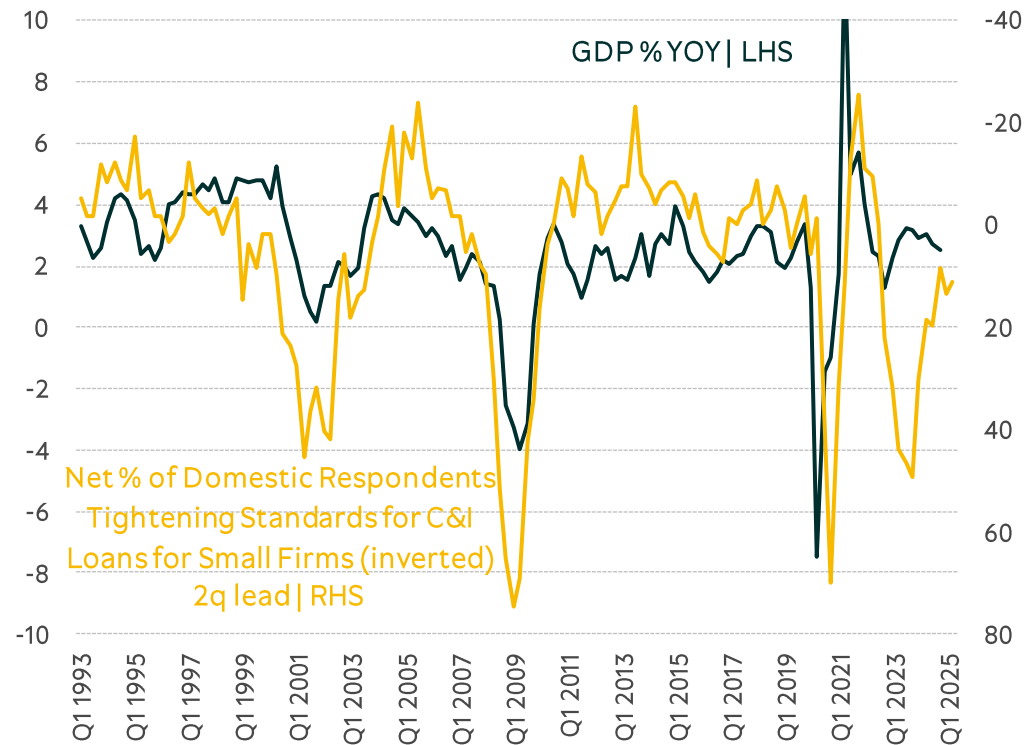


GDP & CB Leading Indicator

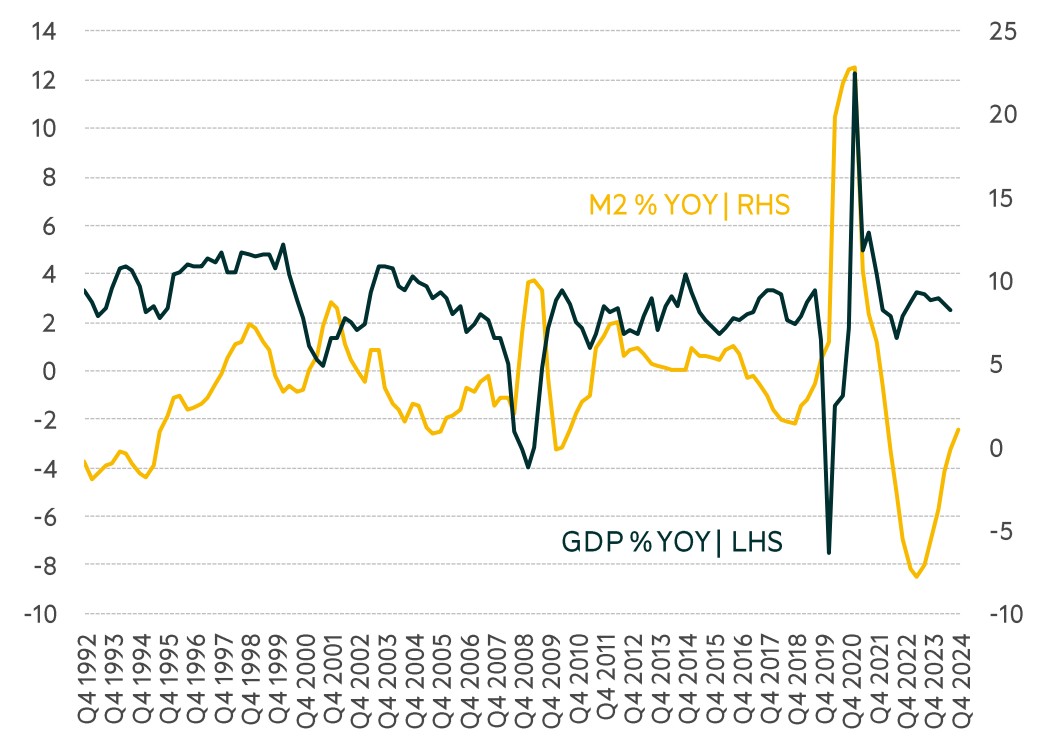


US GDP Outlook | Small decrease in Tightening of Lending Standards & further improvement in M2

Senior Loan Officer Opinion Survey on Bank Lending Practices

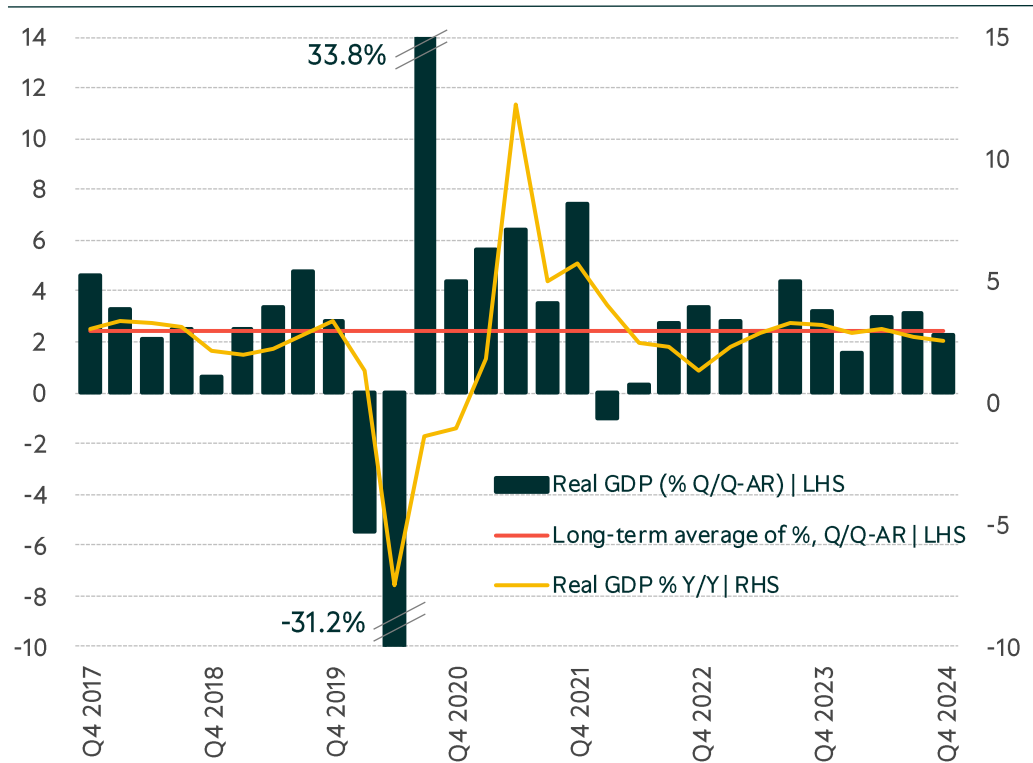


M2 growth vs GDP

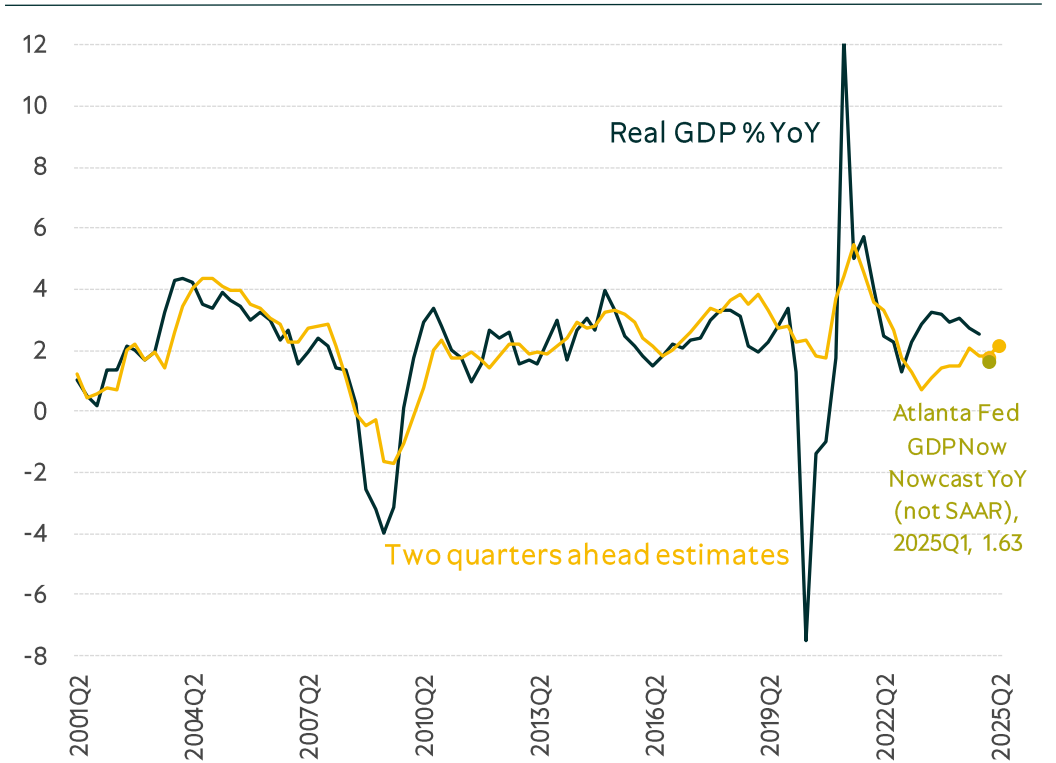


US GDP Outlook | GDP growth is projected to slow down over the next few quarters and is anticipated to grow below trend in 2025 as elevated uncertainty is likely to weigh on growth

Growth Rate Outlook

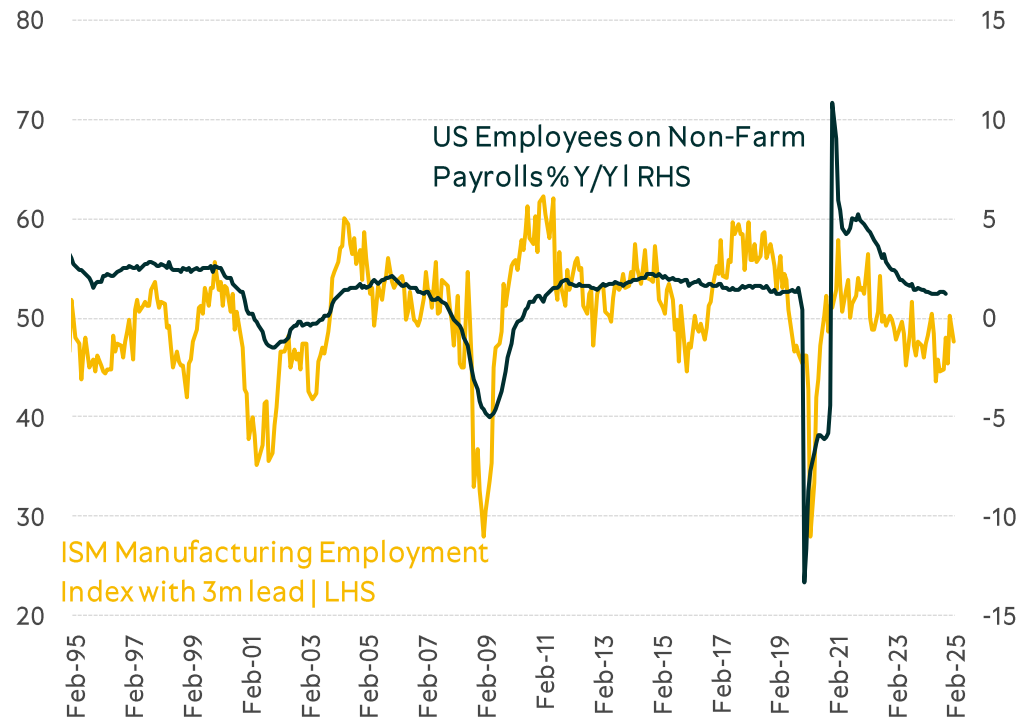


Growth Rate Estimate

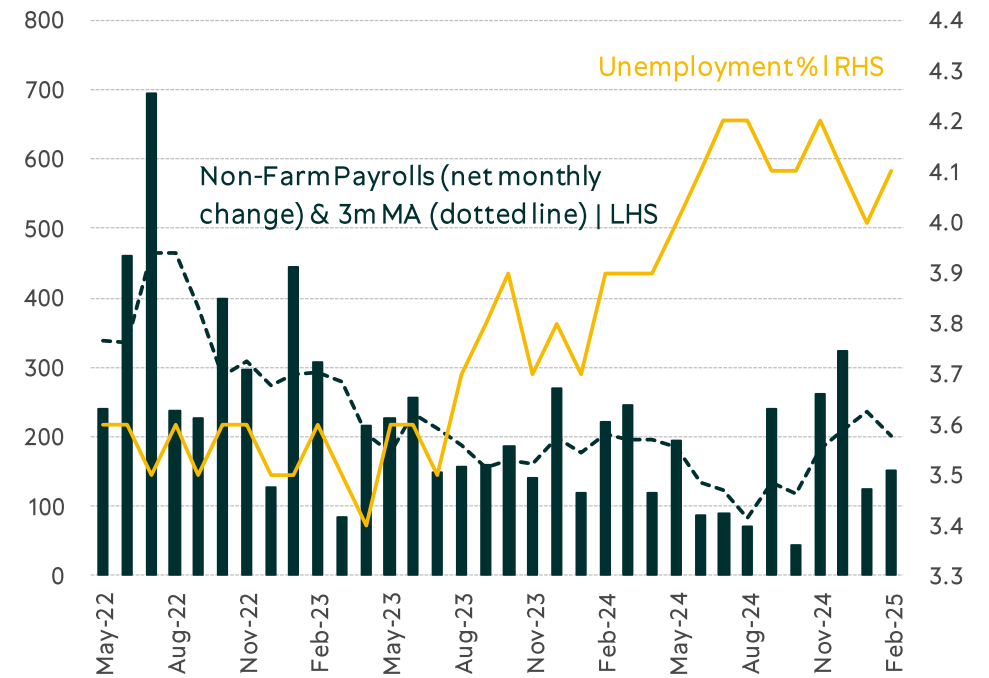


US Labor Market | Non-Farm Payrolls gains were softer than expected in February and the unemployment rate rose back to 4.1%. The ISM Employment Index returned to contraction in February.

Employment & Leading Manufacturing Indicator

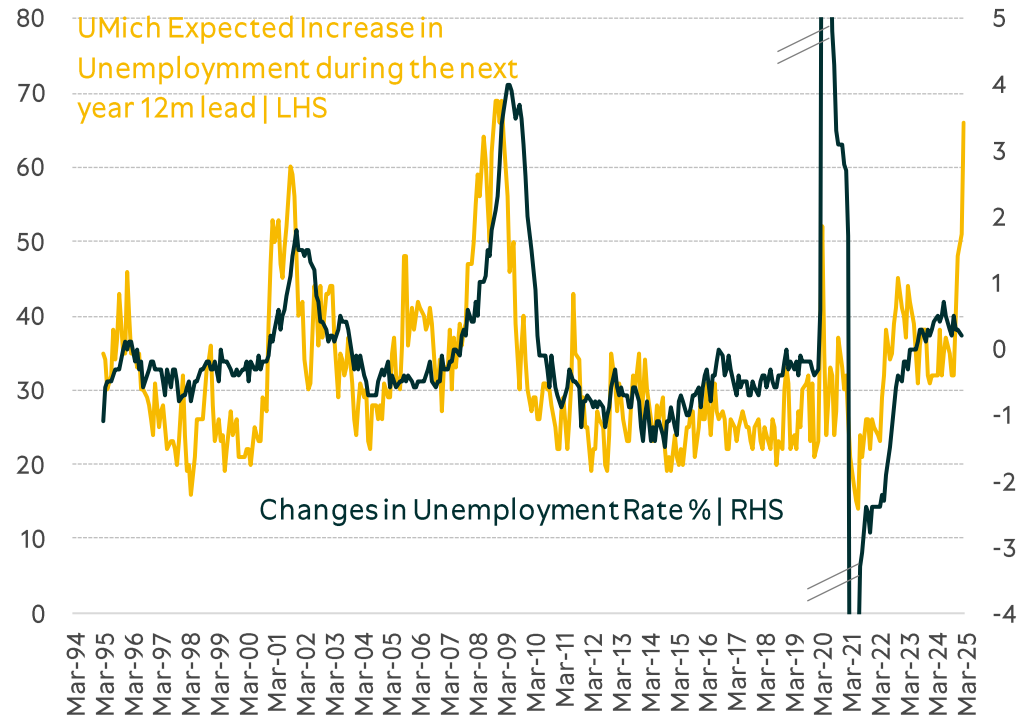


Nonfarm payrolls & Unemployment

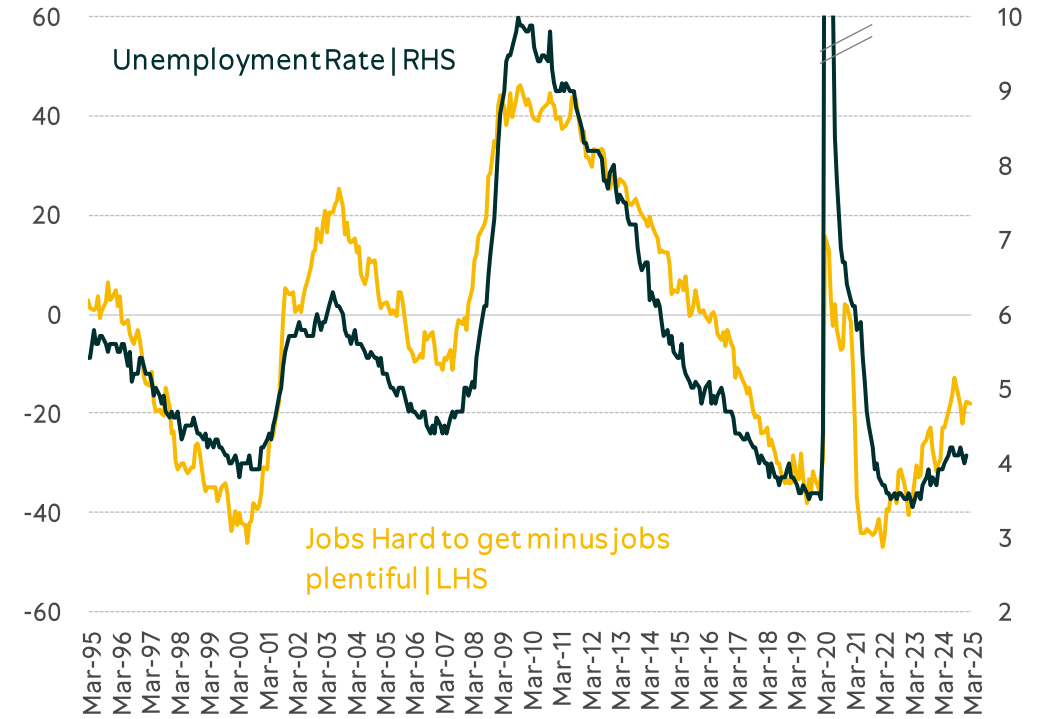


US Labor Market | Large increase in unemployment expectations in February & March. The gap between those saying jobs were hard to get and jobs were plentiful widened marginally in March.

Unemployment Rate & UMich expected increase in unemployment 1yr ahead

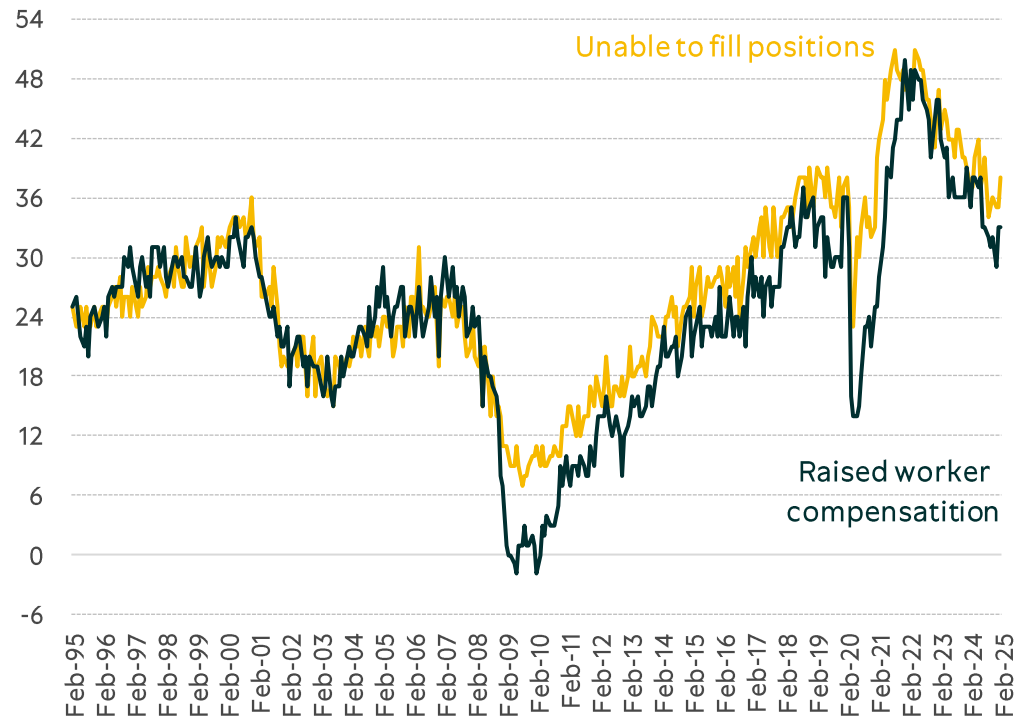


Conference Board Labor market differential & Unemployment rate

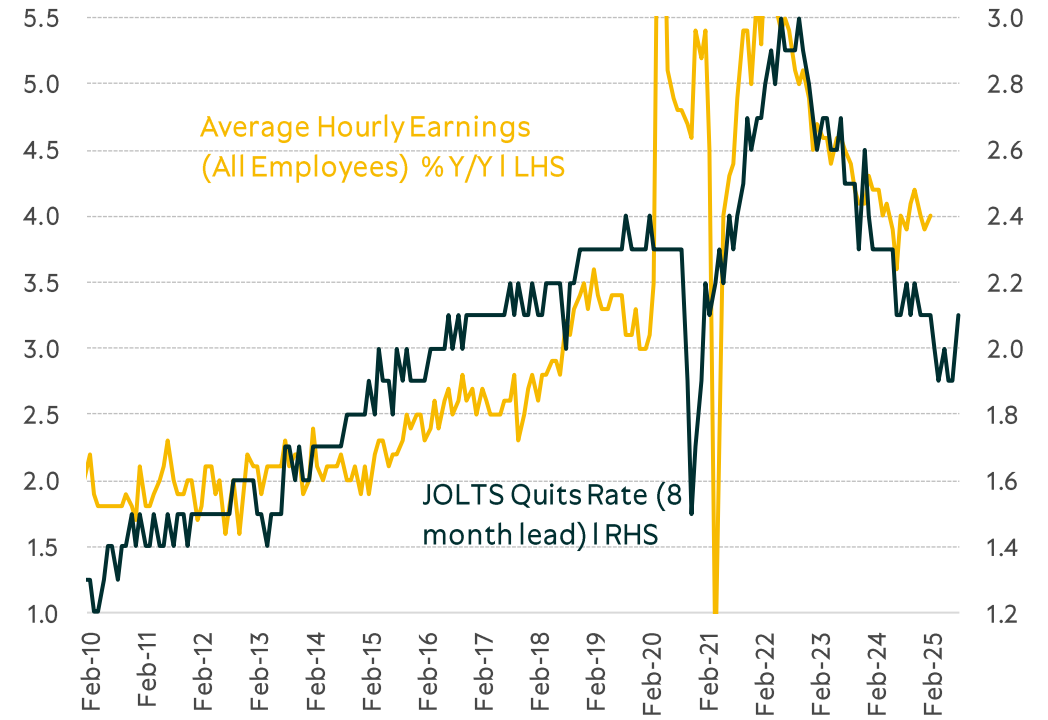


US Labor Market | NFIB survey and JOLTS Quits Rate suggestive of wage stabilisation

US NFIB small business survey

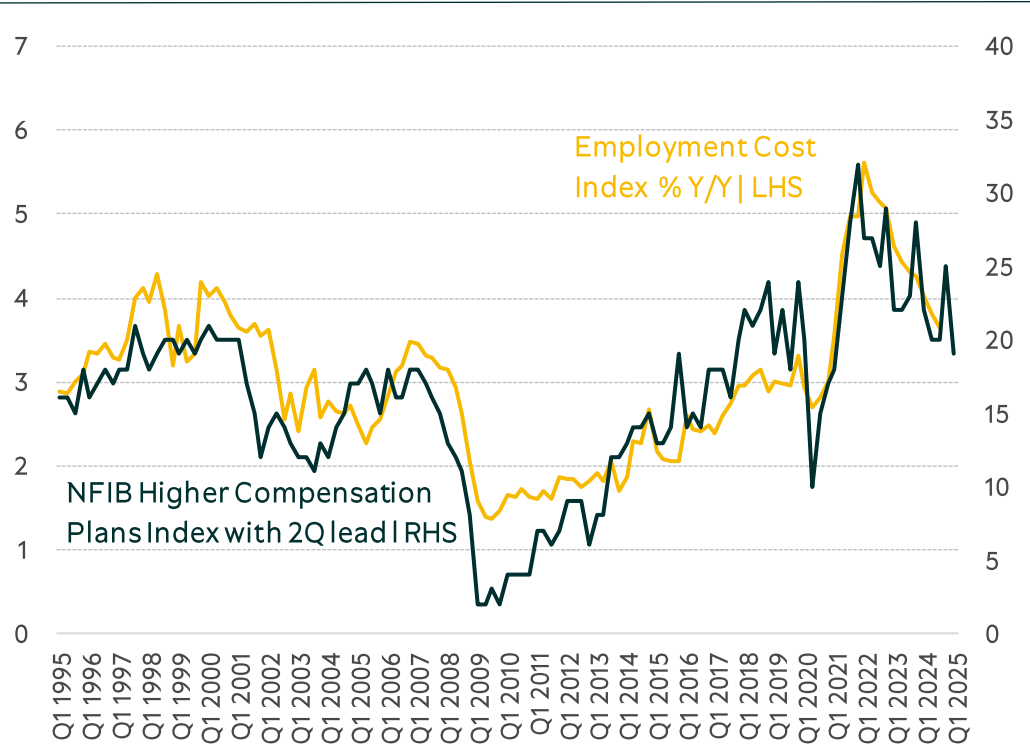


Wages & Quits Rate

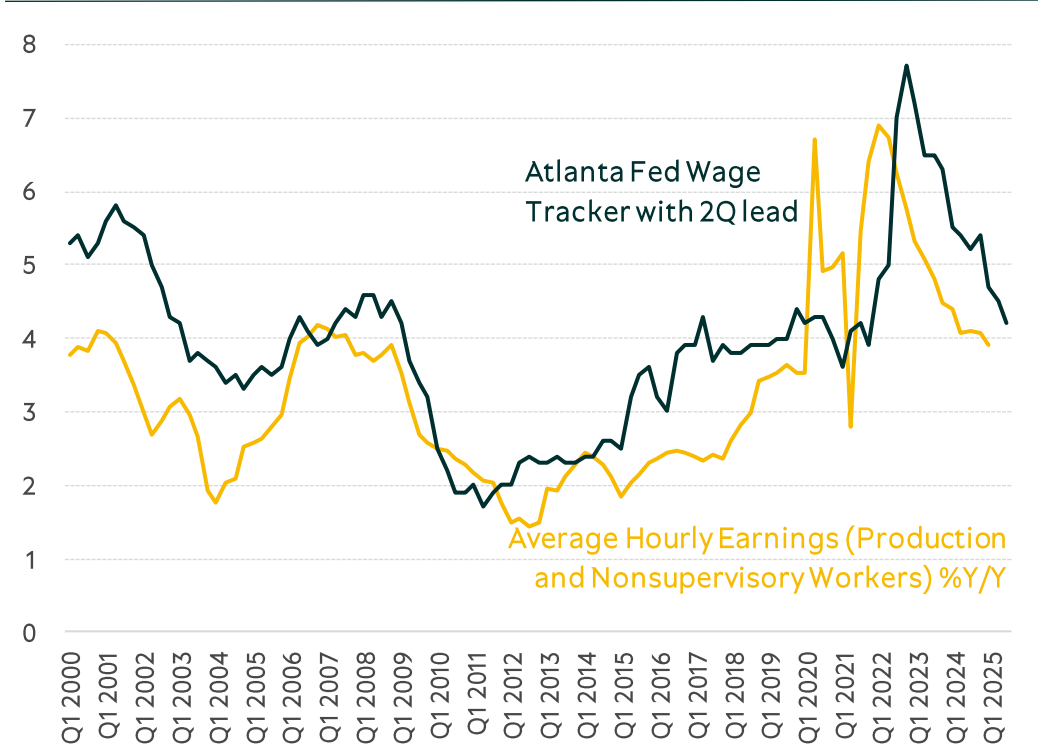


US Wage Tracker | Leading Indicators point to further wage growth deceleration

Employment Cost & Leading Indicator

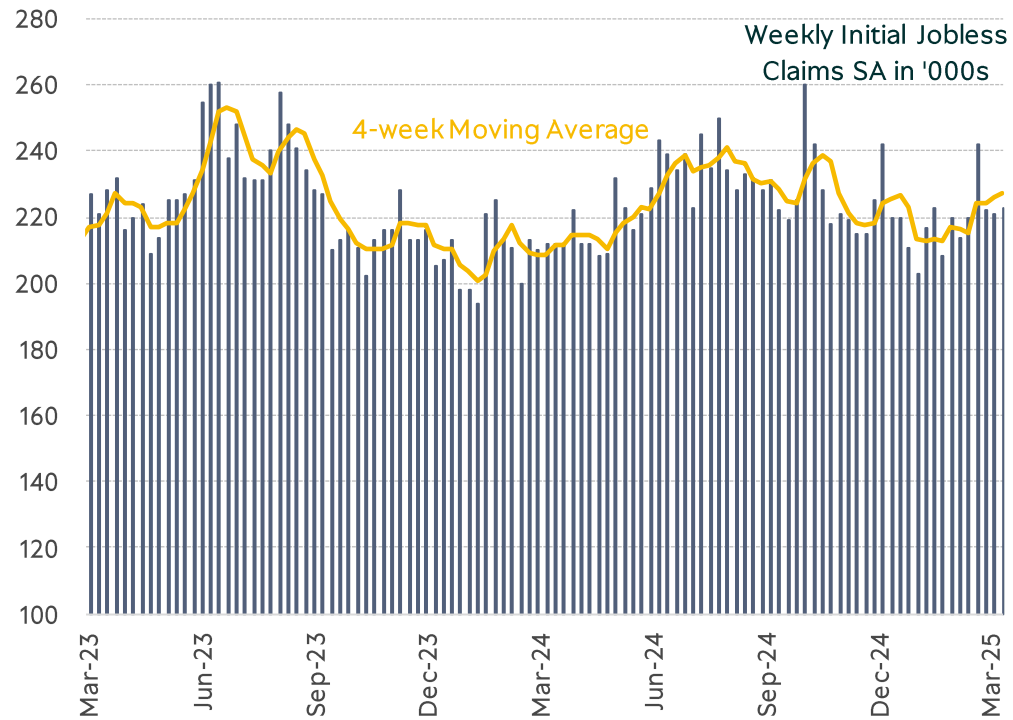


Wages & Leading Indicator

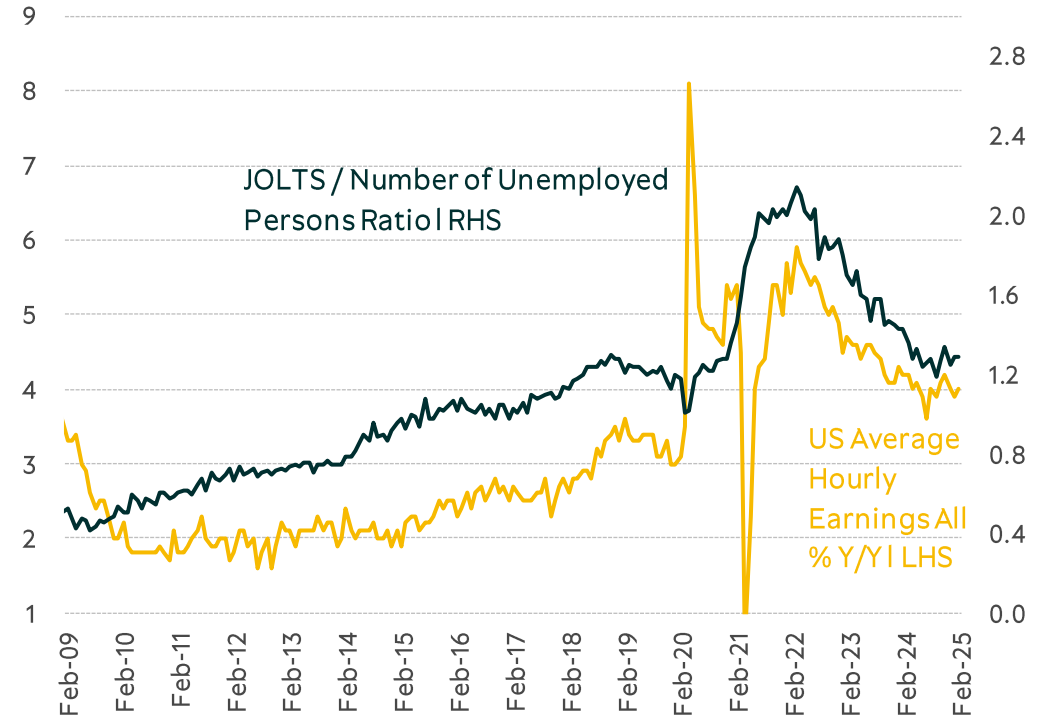


US Labor Market | Weekly Initial Jobless Claims below 4-week average

Weekly Initial Jobless Claims

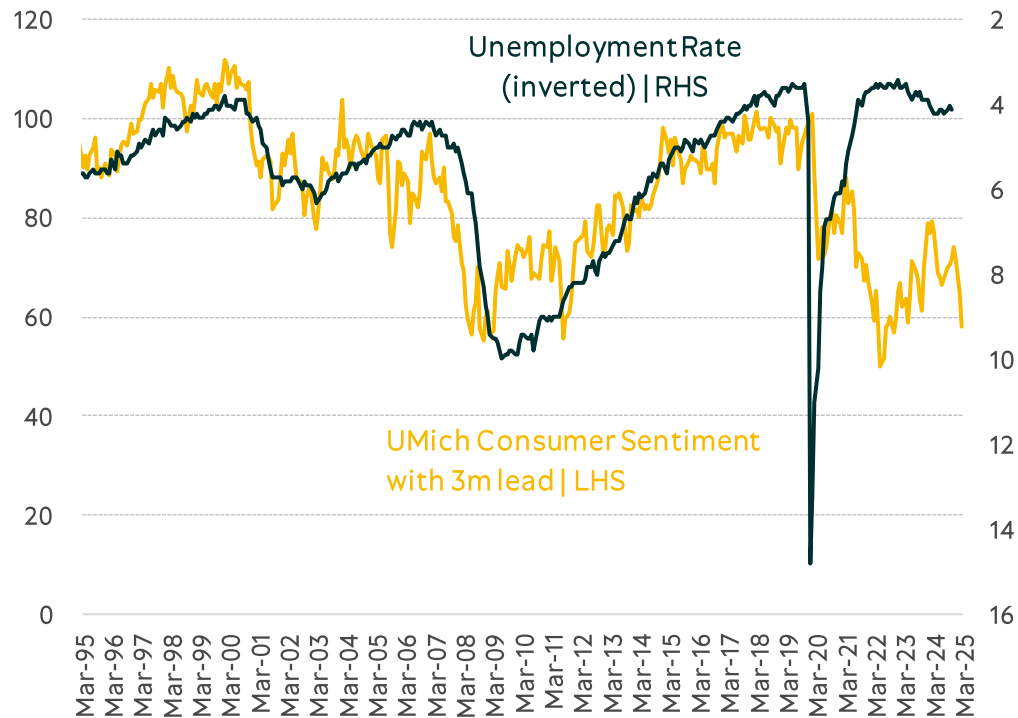


Demand & Supply in Labour Market

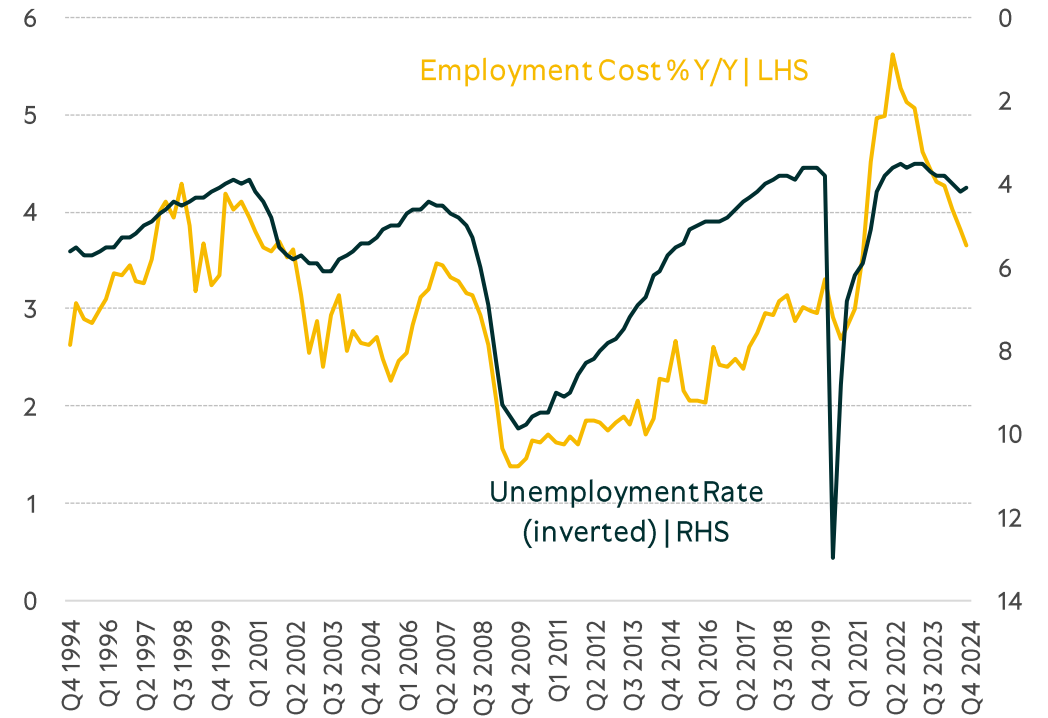


US Labor Market | Consumer sentiment is trending down although unemployment remains low and employment costs are coming down slowly

Consumer Sentiment & Unemployment Rate

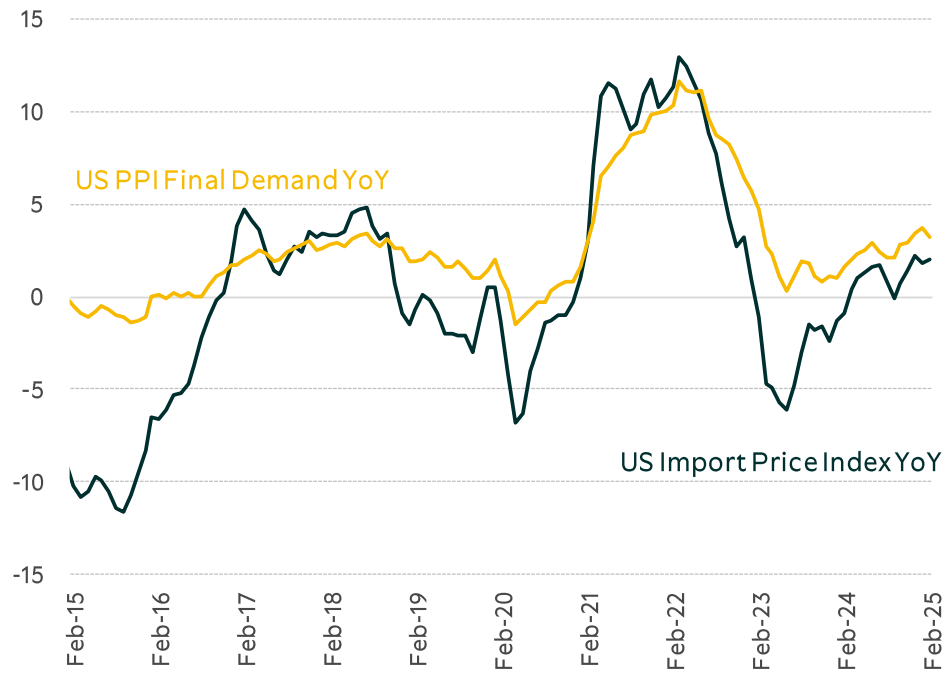


Compensation per Employee & Unemployment Rate

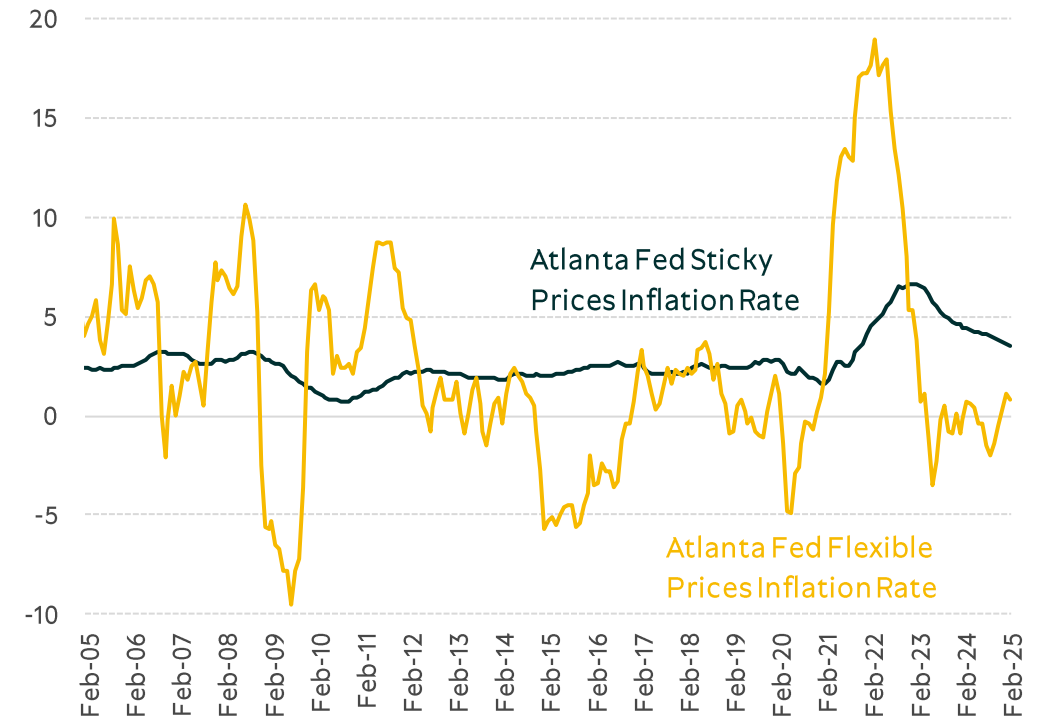


US Alternative Inflation Metrics | Inflation pressures have been limited to the sticky prices segment. Producer prices are rising at a slower pace, small increase in Import Prices in February

Producers Price Index and Import prices

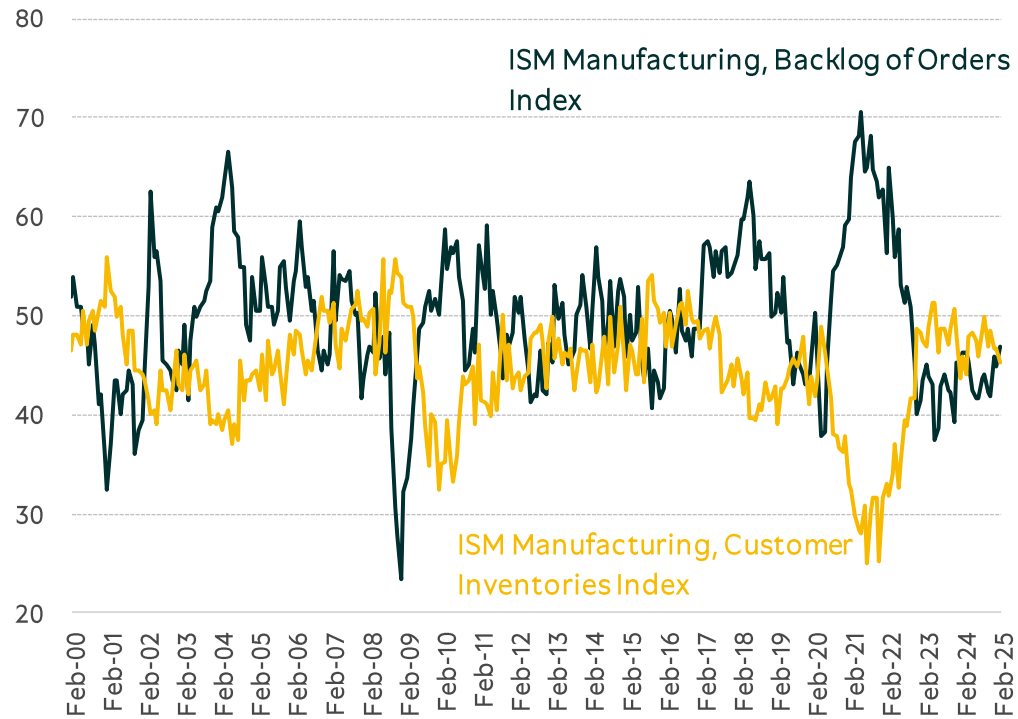


Sticky & Flexible Prices

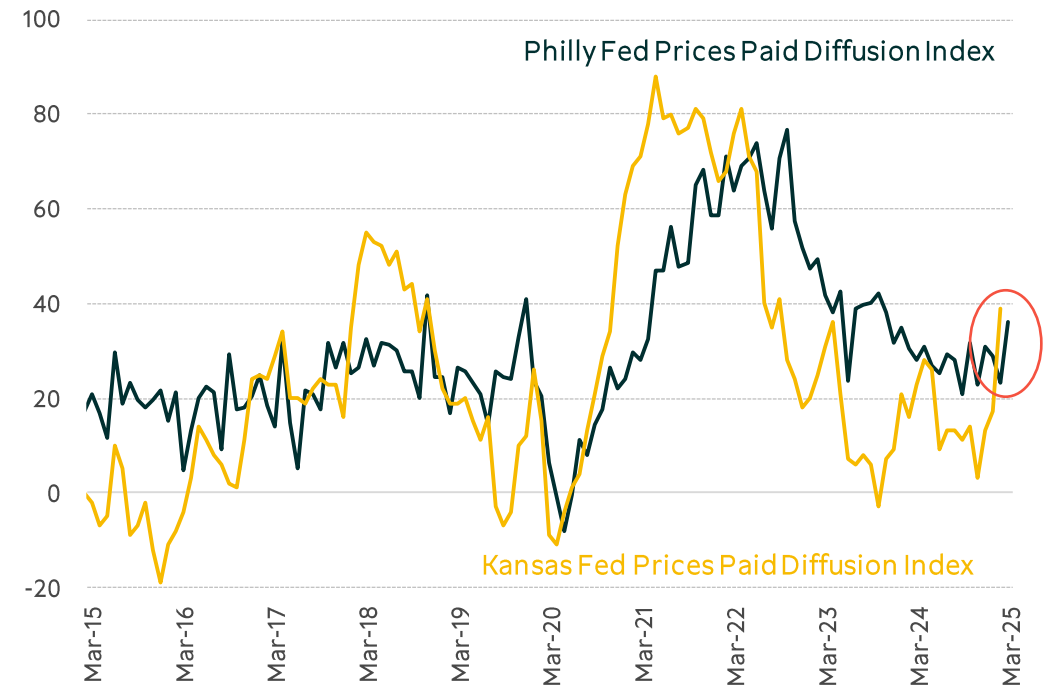


US Supply & Demand Gap | Backlog of orders above customer inventories in February; price pressures from regional Feds' surveys have risen significantly

Backlog of Orders & Customer Inventories Relation

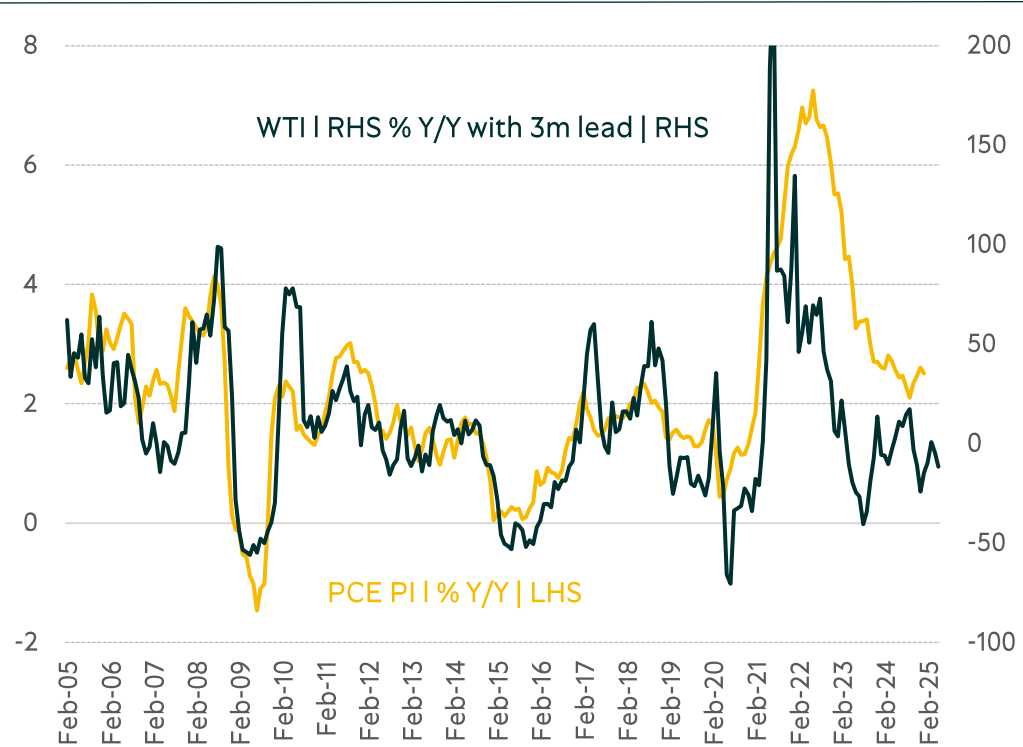


Leading Prices Indicators

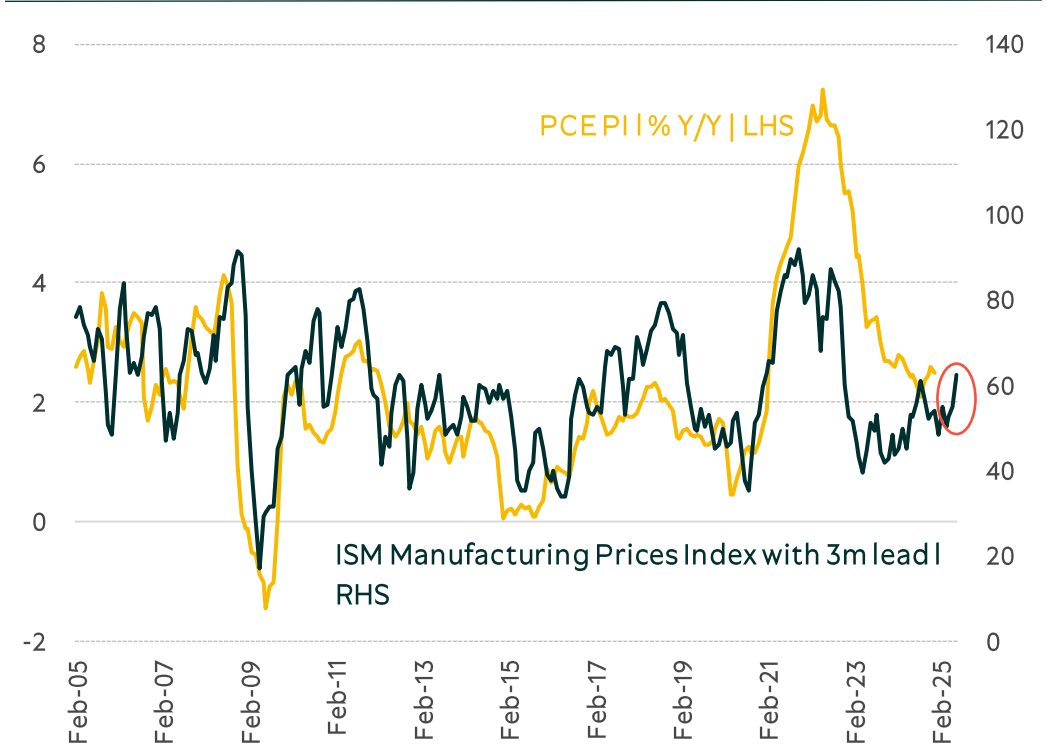


US Inflation & Energy Prices | Leading price indicators are mixed. Energy is supportive but the Manufacturing Price Paid component is a headwind (jumped in February to the highest level since mid-2022)

Inflation Rates & Energy Prices

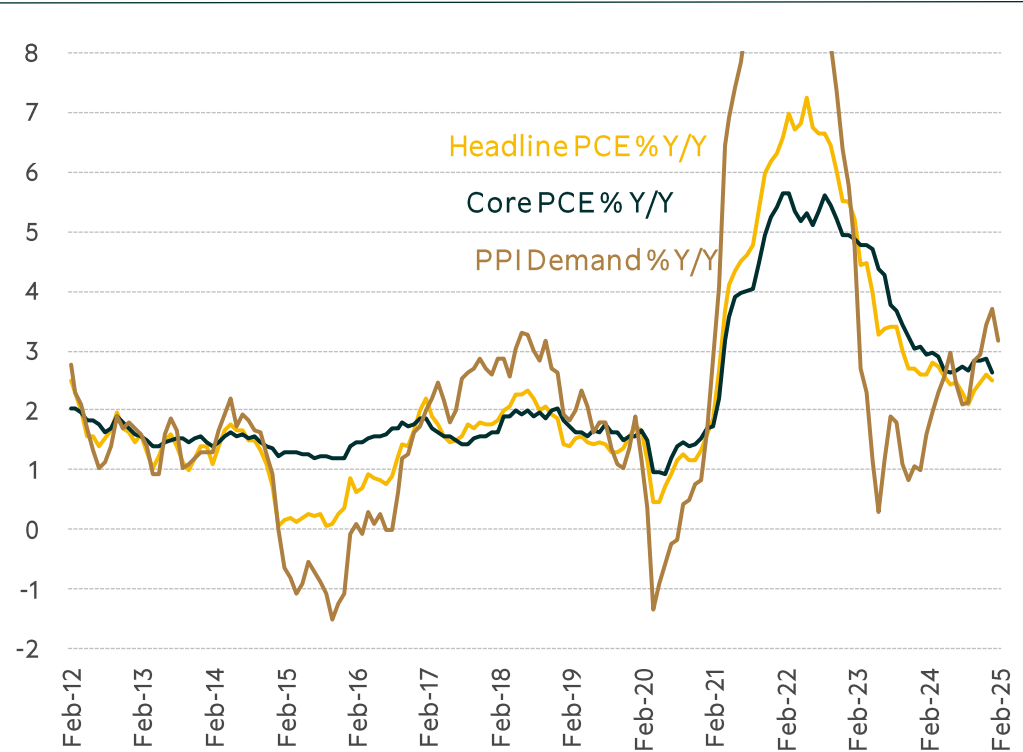


Inflation Rate & Leading Prices Indicator

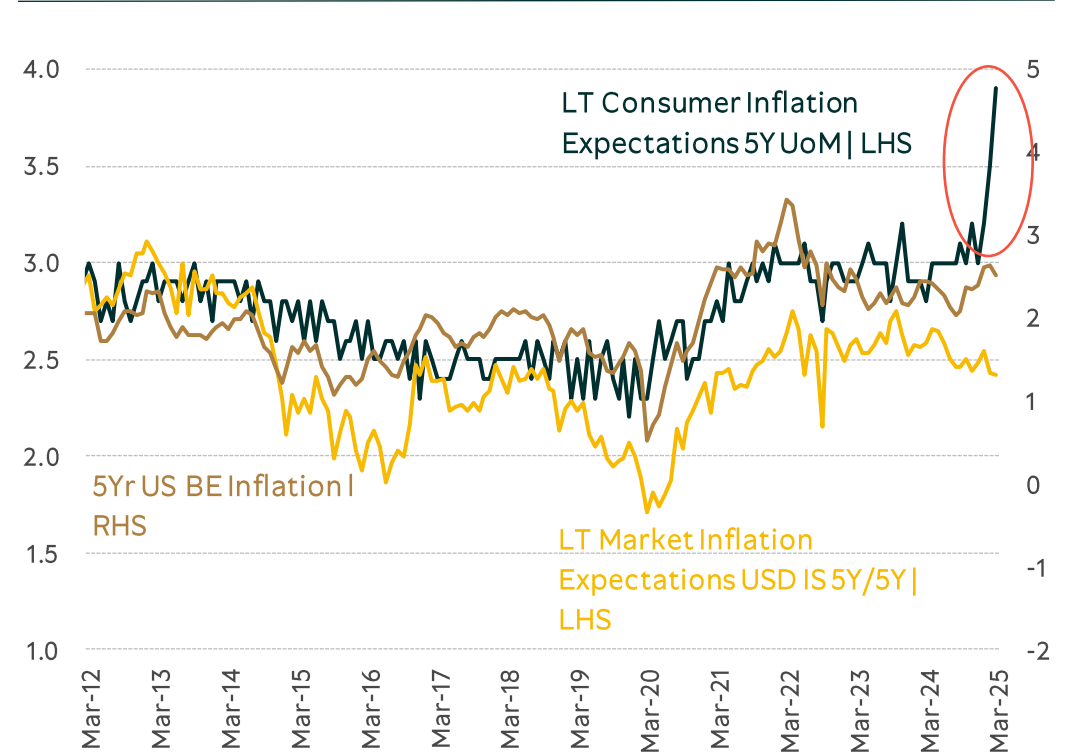


US Headline & Core Inflation | Inflation rate remains above Fed's target. Long-term market inflation expectations remain near 2.5% and consumer expectations have risen significantly (now at 3.9%)

Inflation Rates

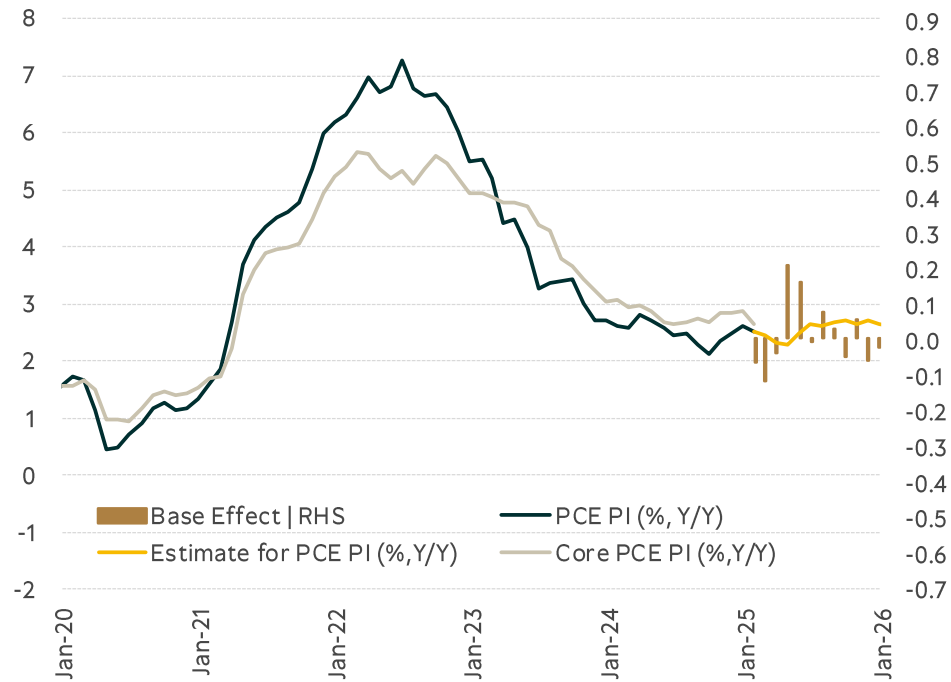


Long-Term Inflation Expectations

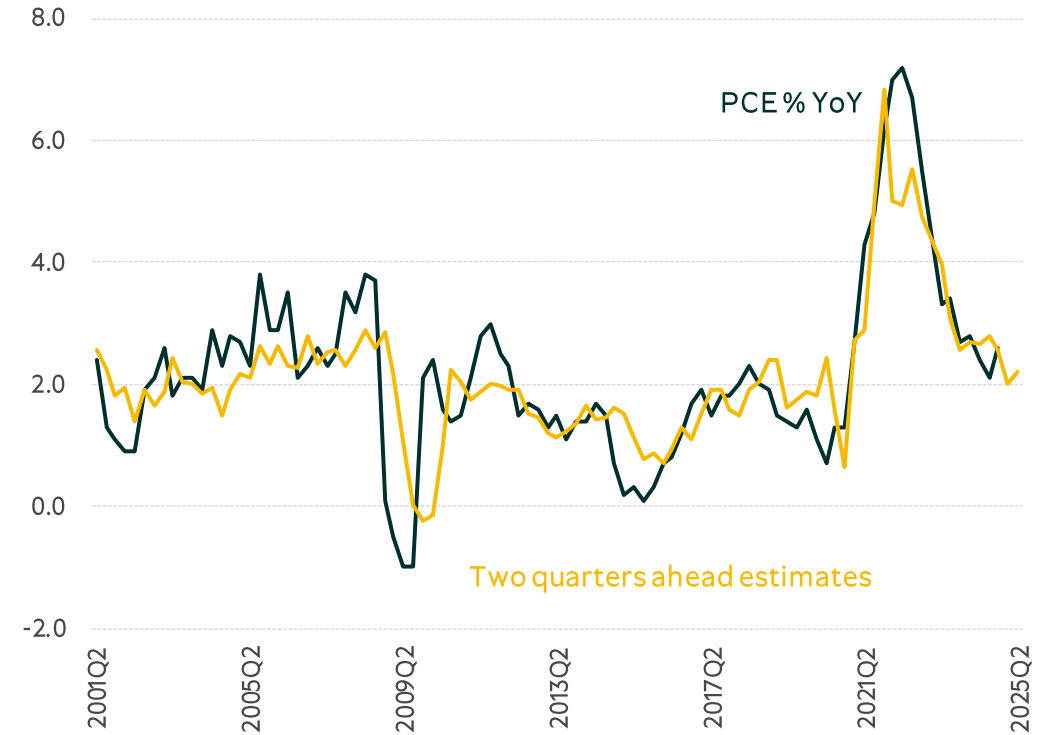


US Inflation Outlook | Favorable base effects are likely to remain in place through April, but both our models point to inflation above 2.5% for 2025

Inflation Rate Forecast | Statistical Model

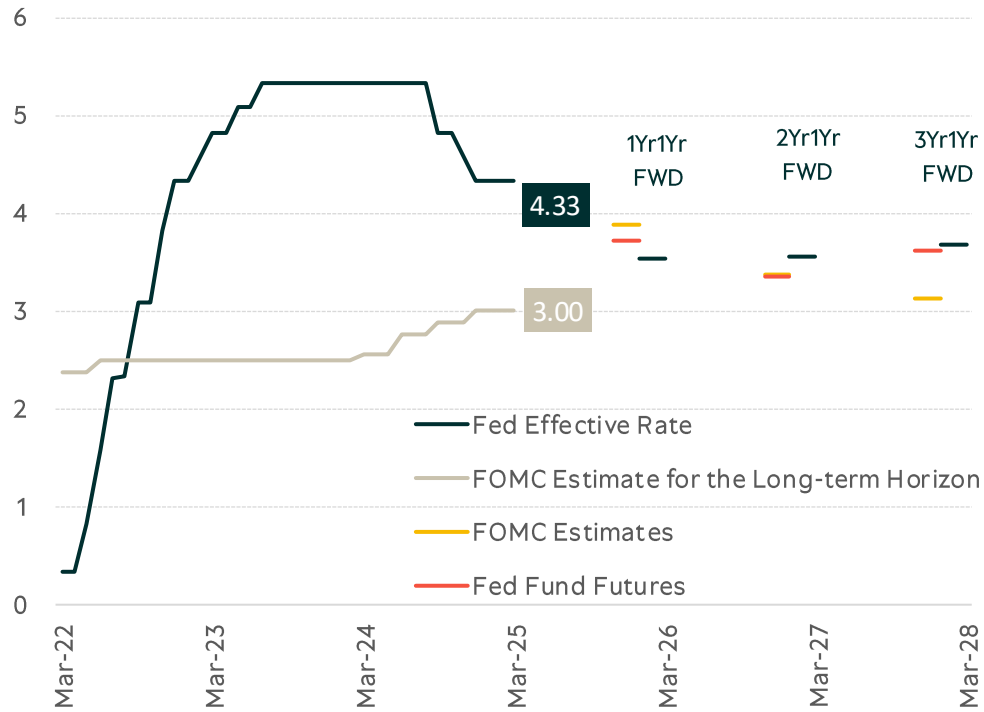


Inflation Rate Forecast | Macro Model

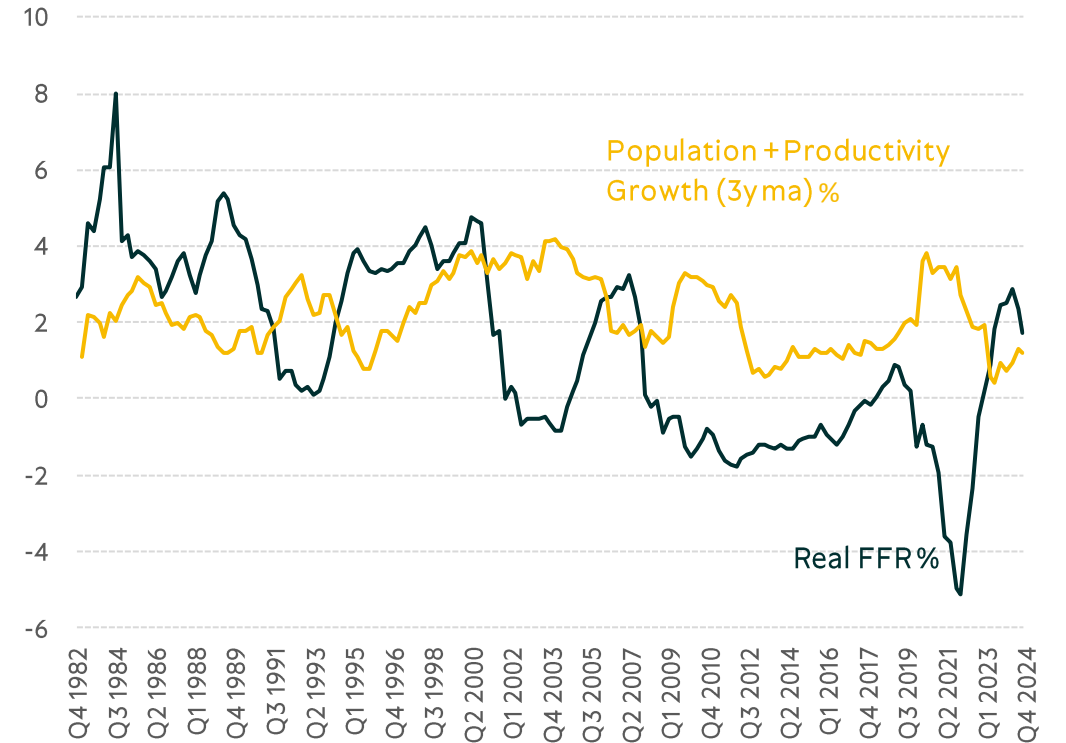


US Interest Rates | Forward rates above FOMC's long-term target

Interest Rates | Fed Effective Rate

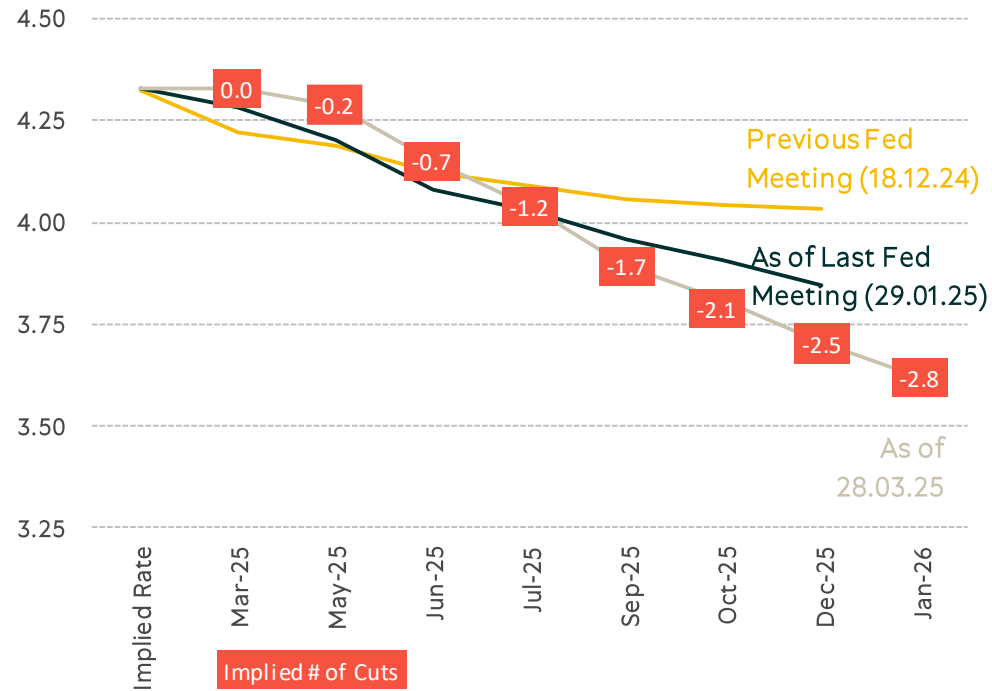


Real FFR (FFR – Core PCE) & Population + Productivity growth (3y ma)

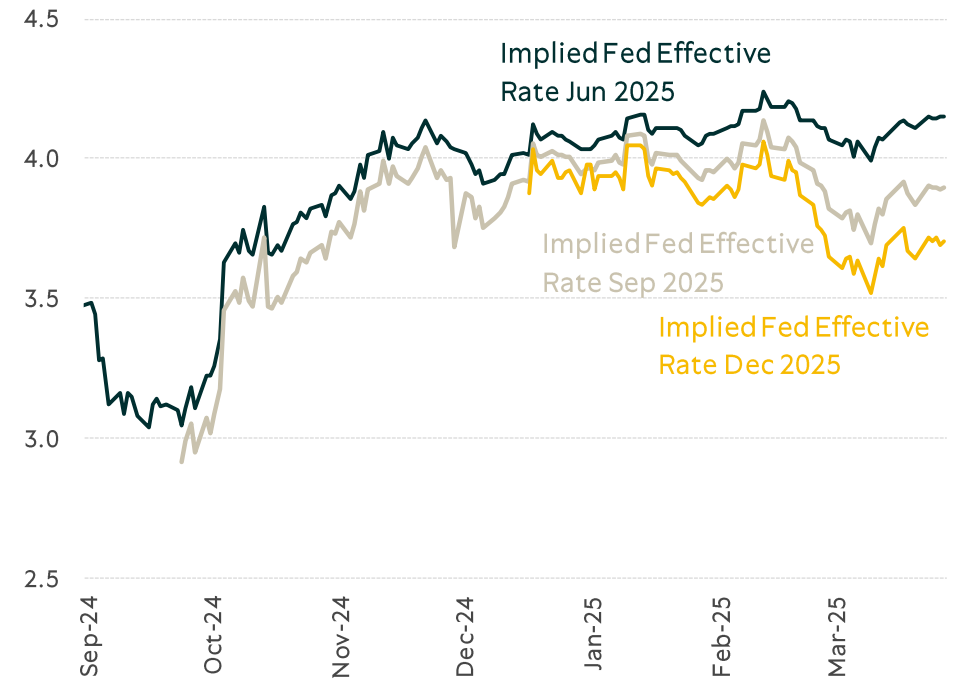


US Interest Rates | A more aggressive rate cut trajectory is anticipated by the markets

Implied Overnight Rate based on Overnight Index Swaps

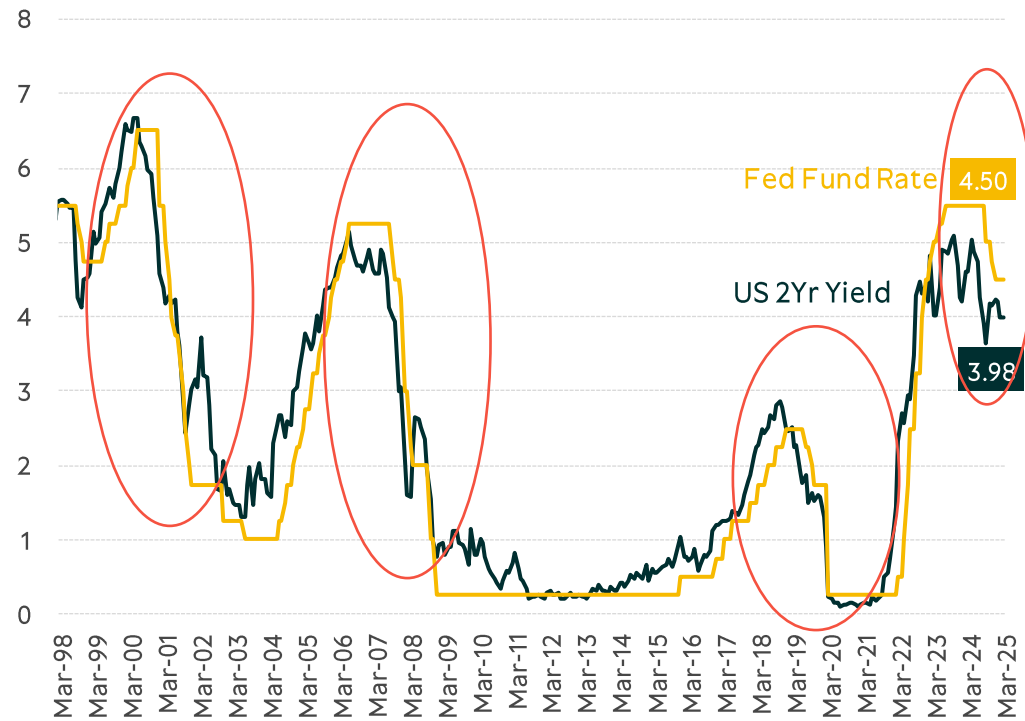


Interest Rates | Implied Fed Effective Rate



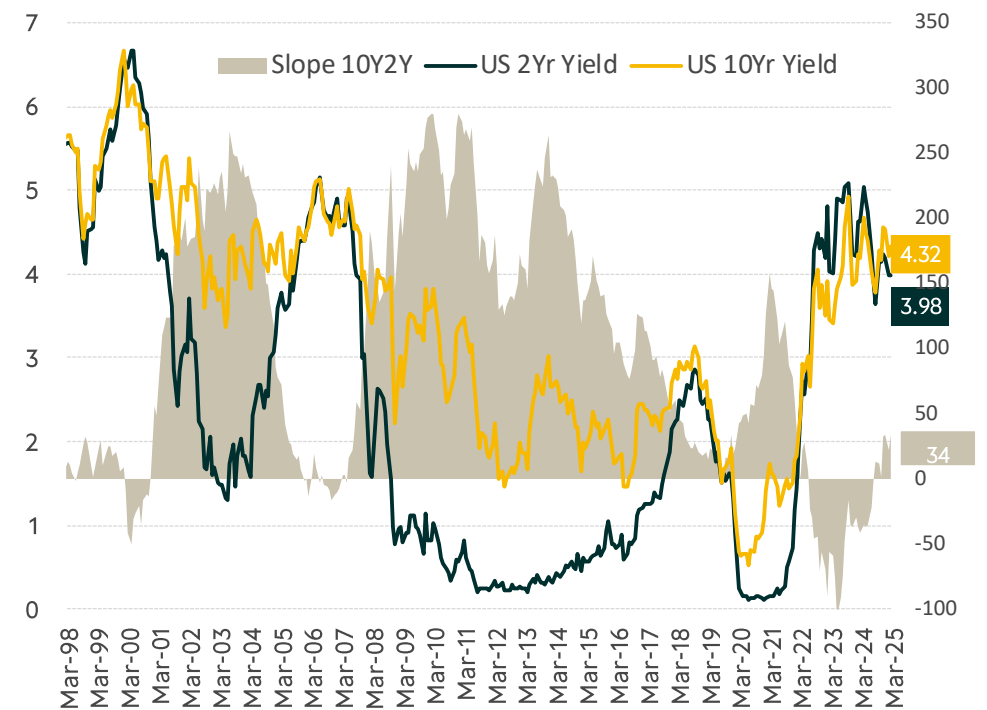
US | The 2/10 yield spread turned positive in August for the first time since mid-2022. In September, the Fed reduced its benchmark interest rate by 50 bps, followed by 25bps cuts in October and in December

Fed Fund Rate & US Treasury Yield



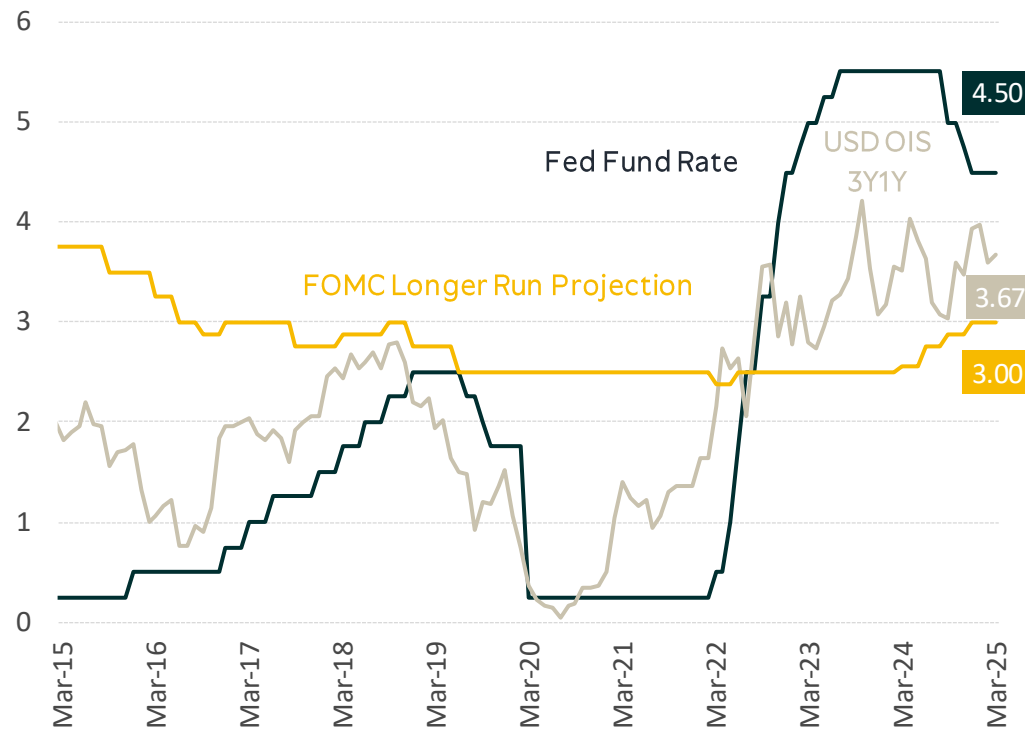
Note: Monthly data apart from the last observation which shows the latest available daily value

US Yield Curve



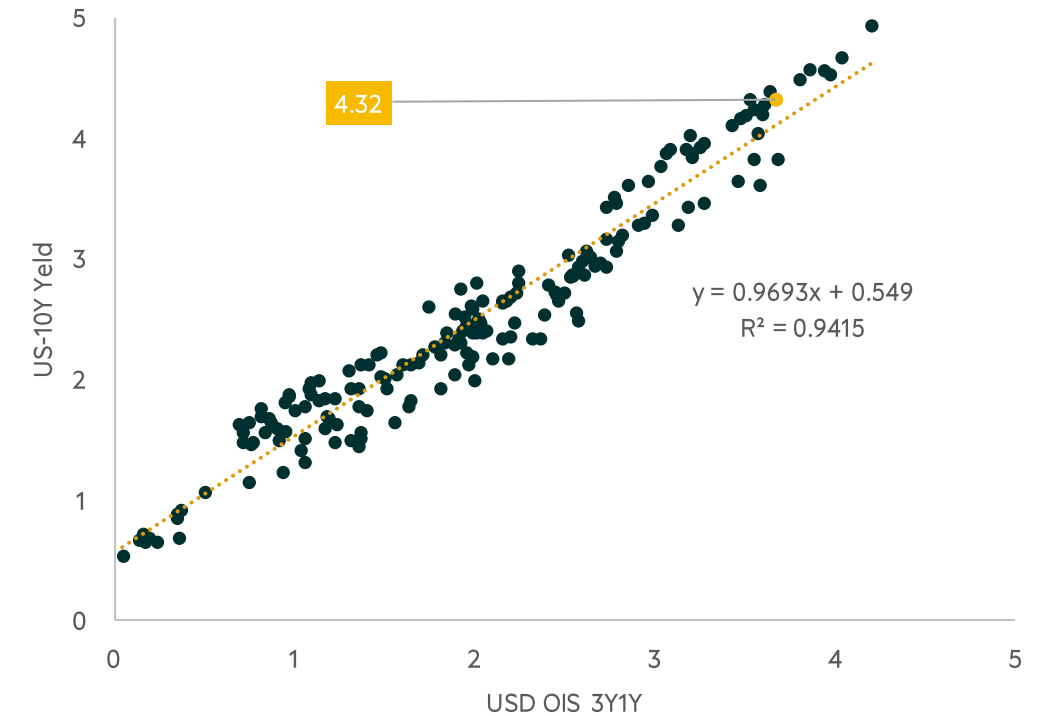
US Long-Term Rates | Short-term rates 4 years in the future remain above target (3%). 10- year rates close to “fair” value given the current level of short-term rates.

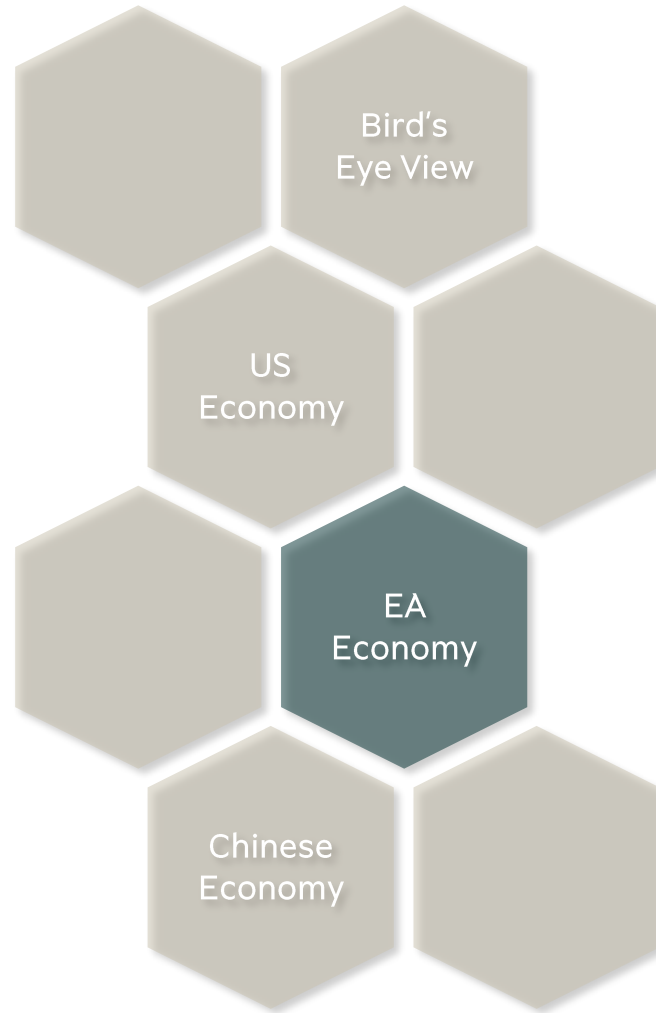
LT Interest Rate Expectations



Note: Monthly data apart from the last observation which shows the latest available daily value

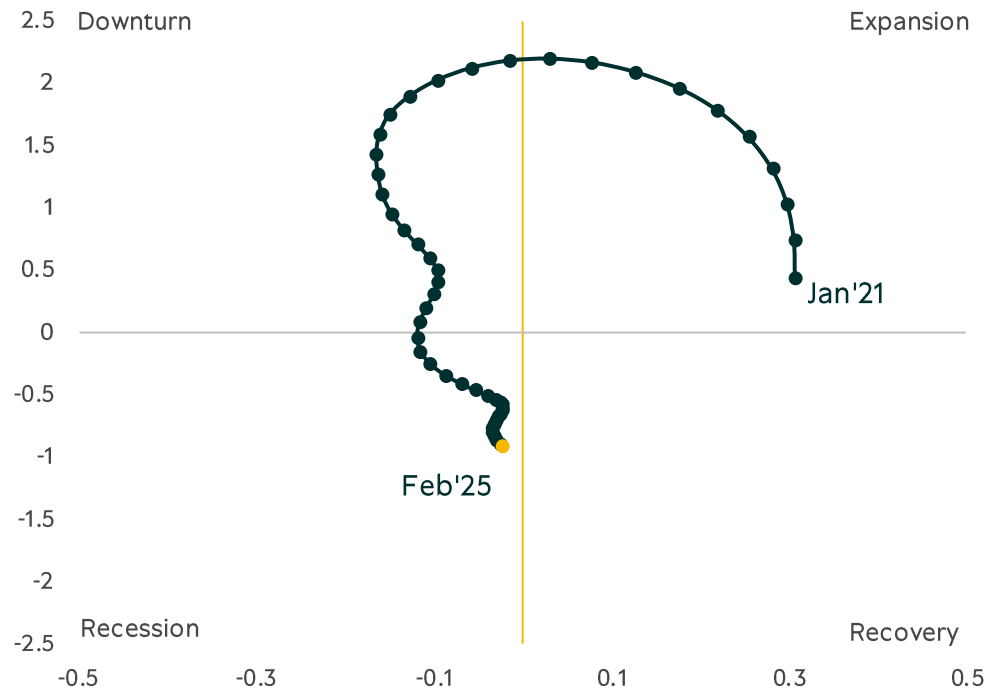
US Yield vs Medium-Term Interest Rate Expectations



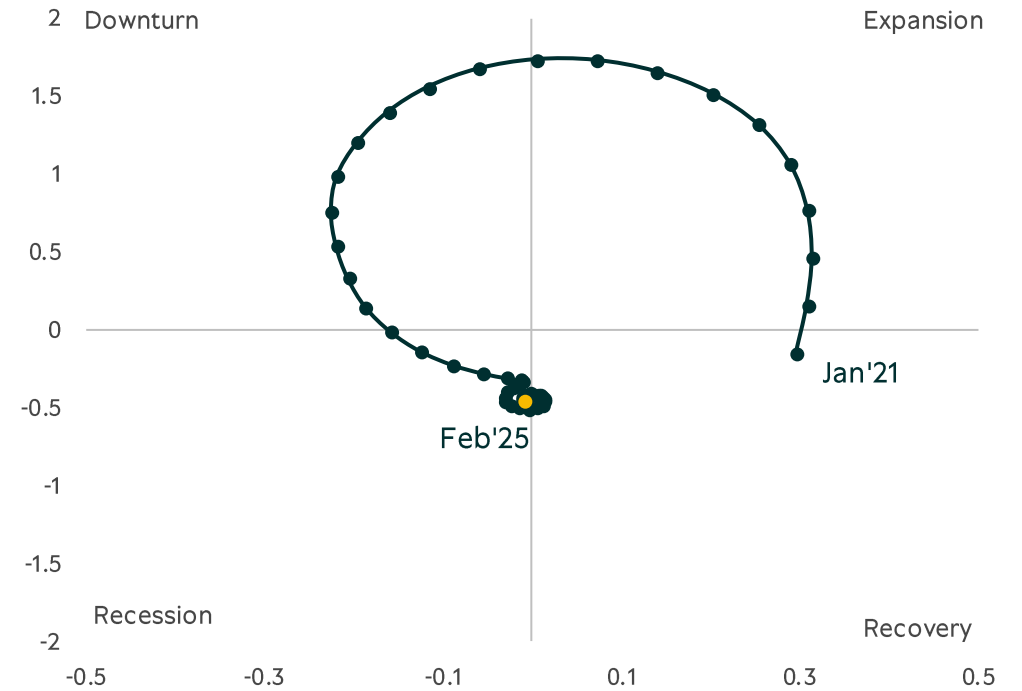


EA Business Cycle Watch | Economic sentiment in February remained in the recession quartile, alongside manufacturing confidence

EA Business Cycle | Based on Manufacturing Confidence Indicator

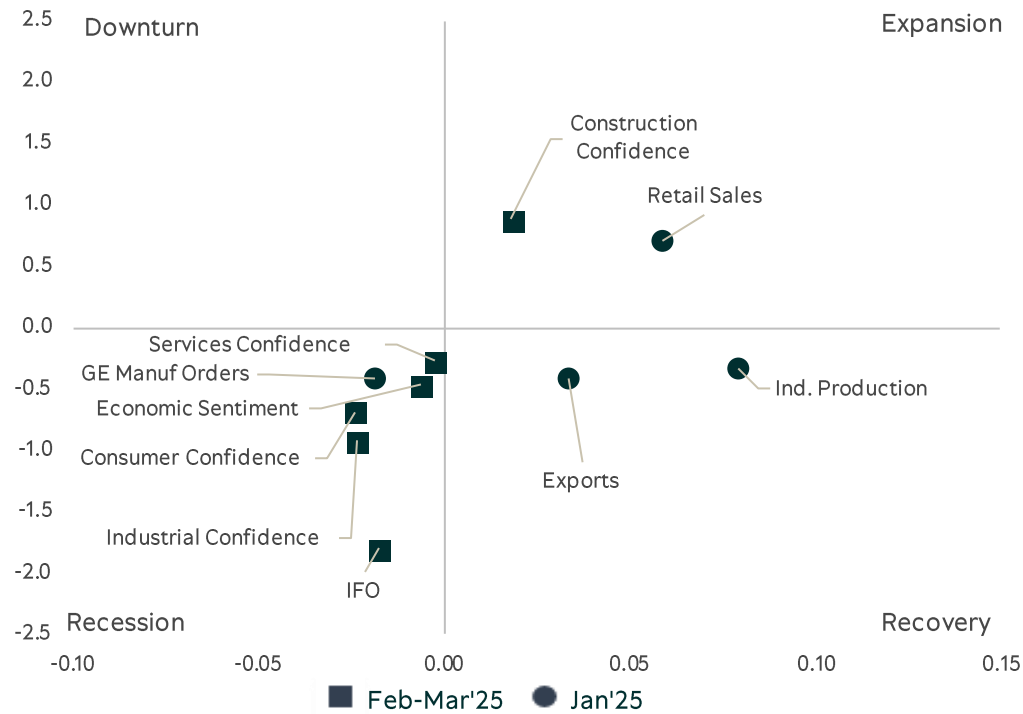


EA Business Cycle | Based on Economic Sentiment Indicator

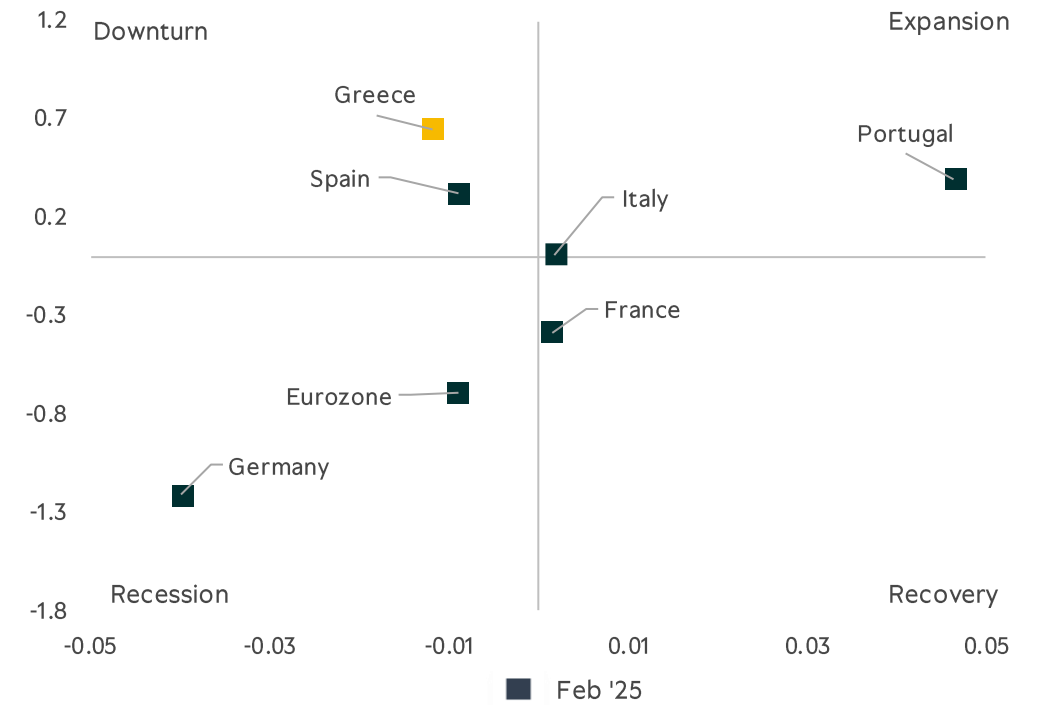


EA Business Cycle | Most EA economic variables stand between recession and recovery, whilst mixed signals are observed on country level

EA Business Cycle | Based on Major EA Economic Variables

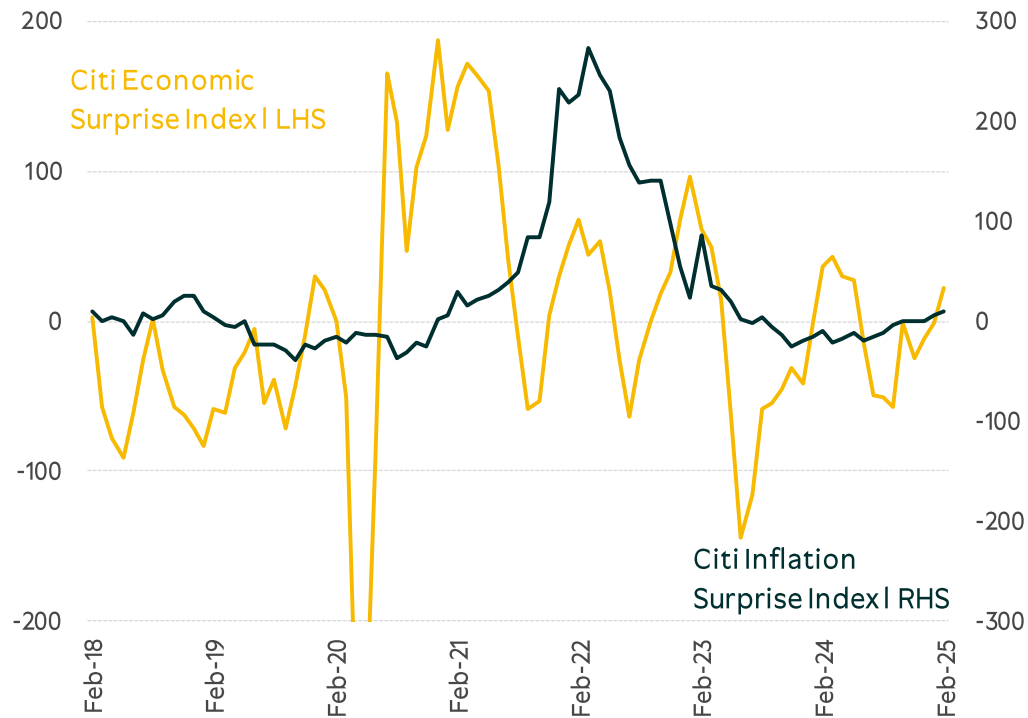


Business Cycle of EA Members | Based on Economic Sentiment Indicator

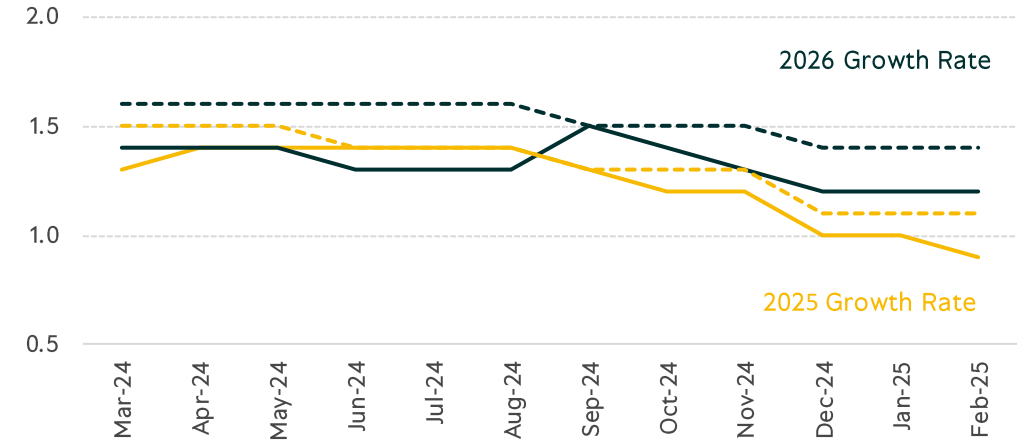


EA Macro Expectations | Economic surprises remain positive. Worries about inflation eased. Recent uptick mostly due to base effects.

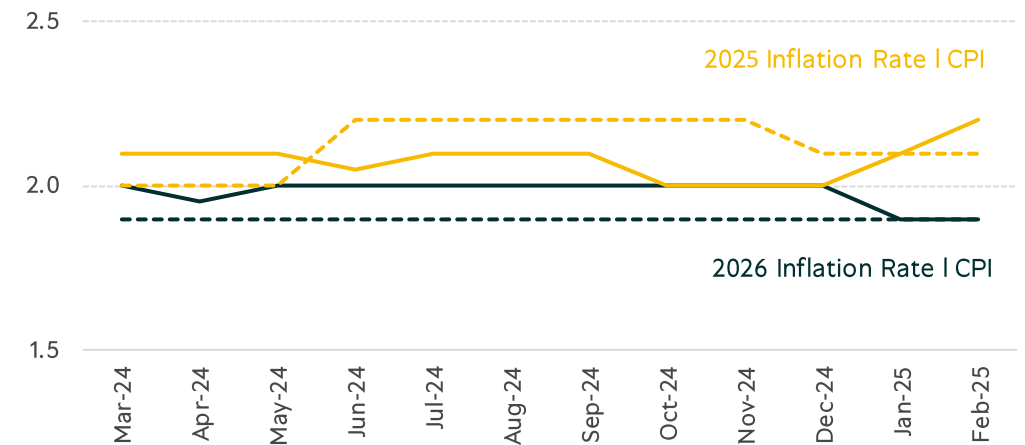
Economic & Inflation Surprises



Growth Rate Expectations*



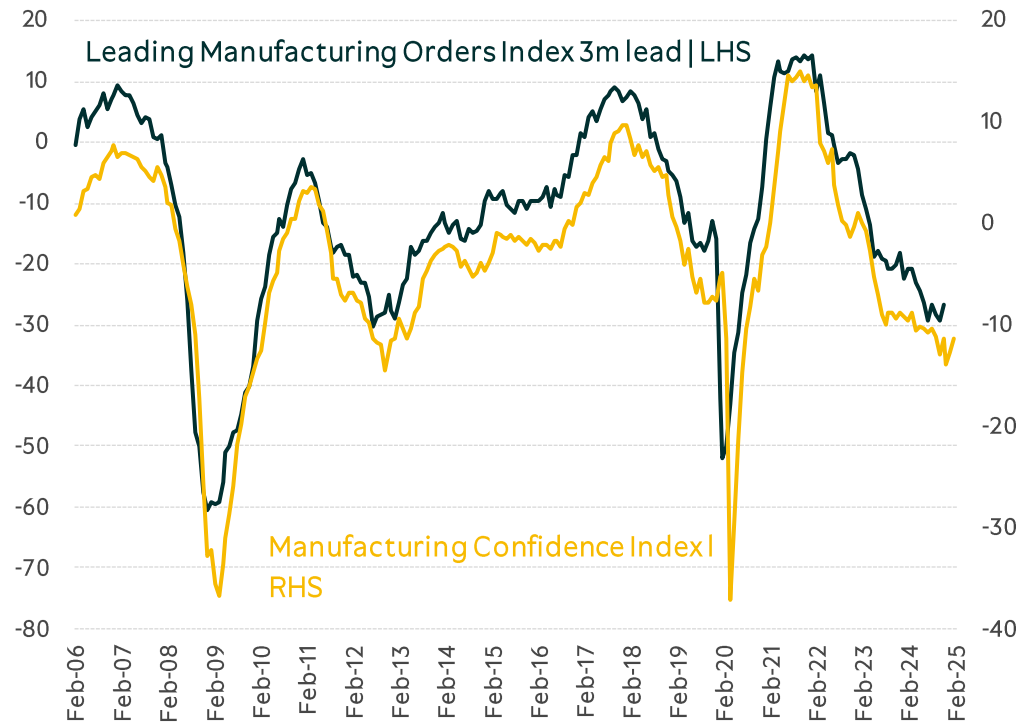
Inflation Rate Expectations*



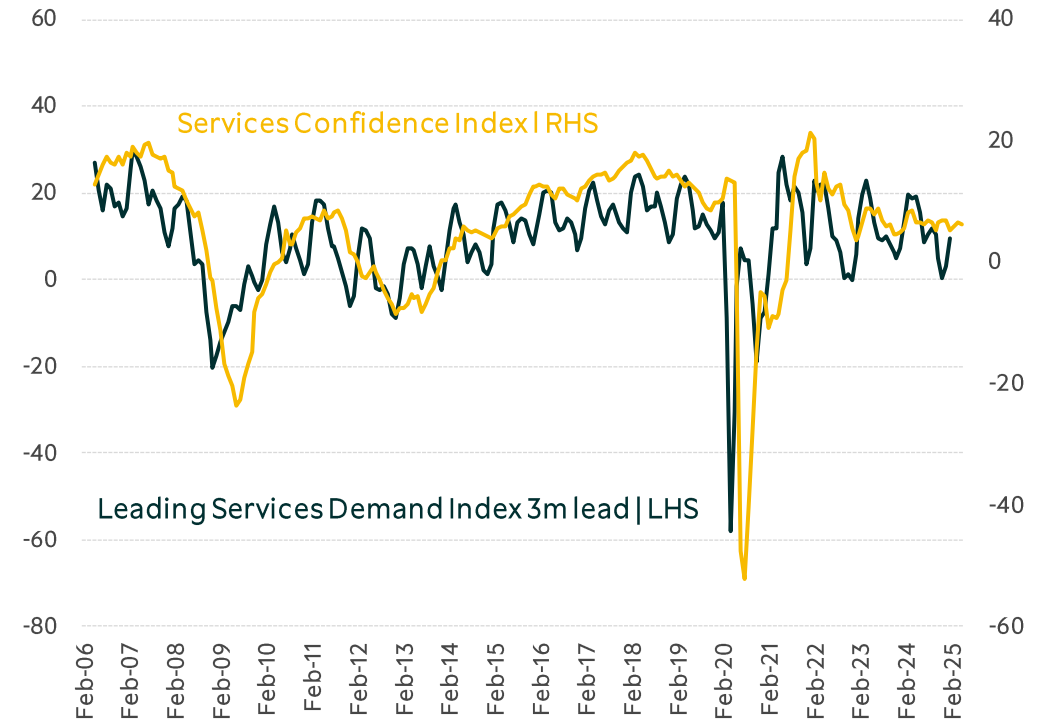
*Solid line: Consensus; Dotted line: ECB projections

EA Leading Indicators | Manufacturing indicators in marginal upturn. Services Sector shows signs of stabilisation

Manufacturing Confidence Index & Leading Manufacturing Orders

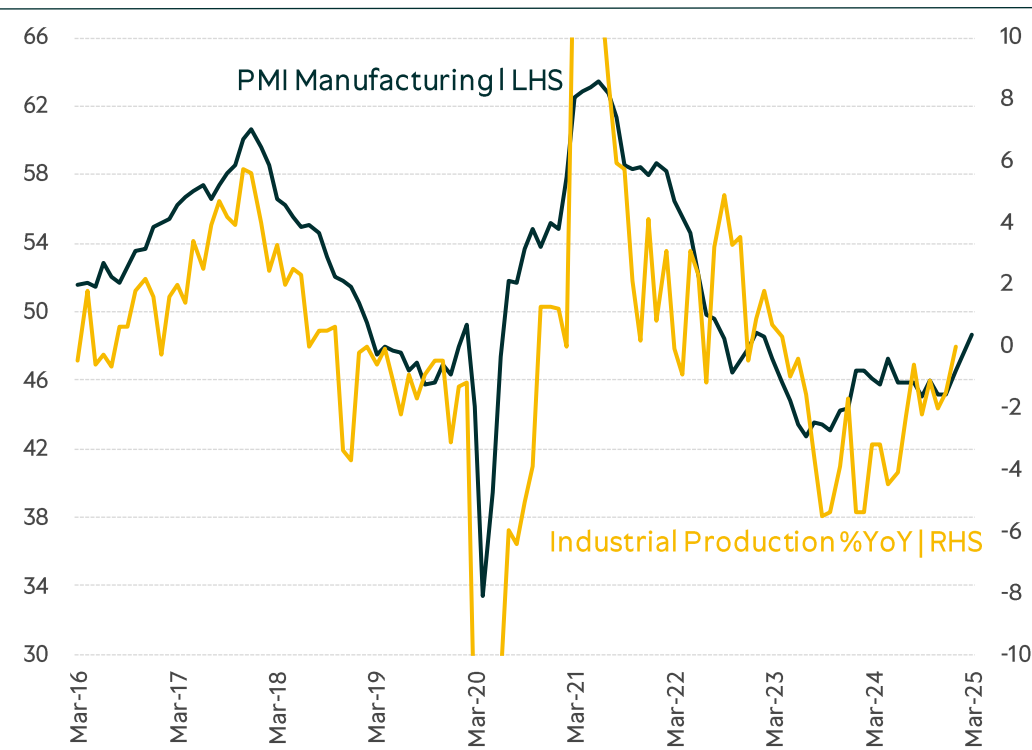


Services Confidence Index & Leading Services Demand Index

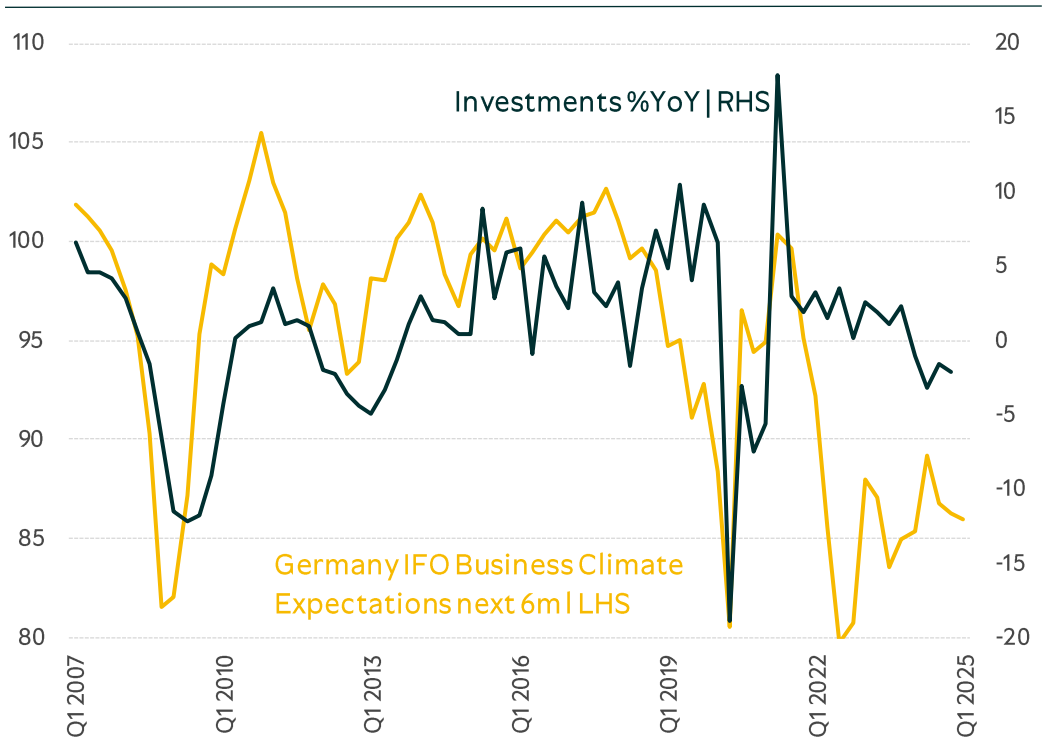


EA Business Conditions | The Leading indicator in Manufacturing showed further improvement in March, so did industrial production but remains vulnerable. Business investments slowdown.

Industrial Production YoY vs PMI Manufacturing

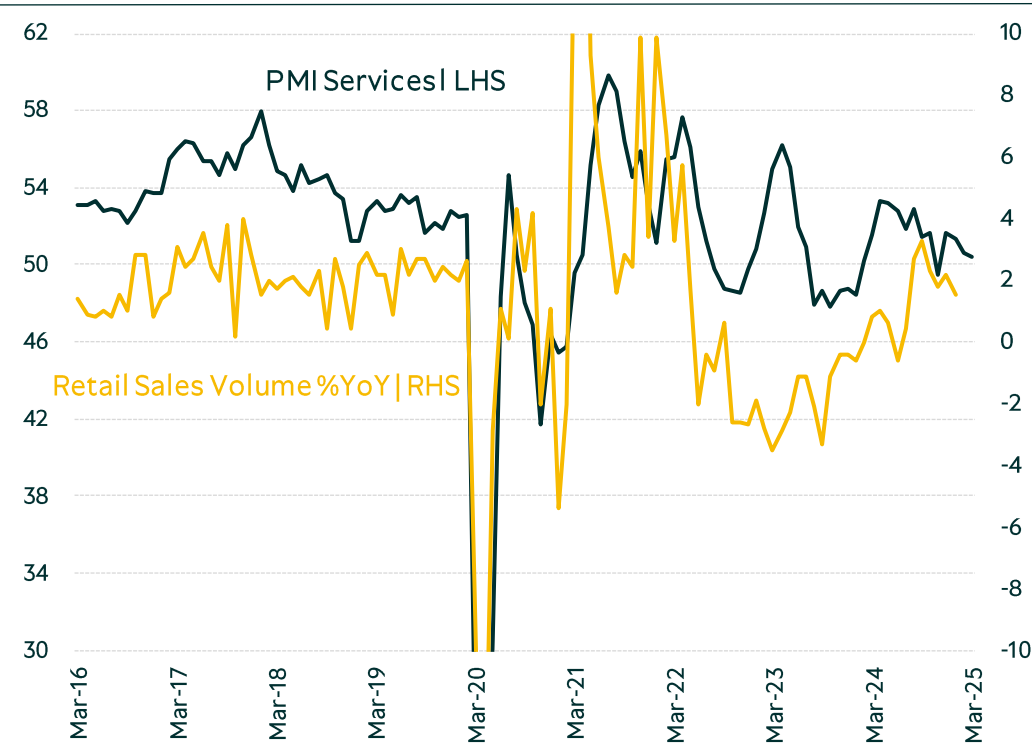


IFO Expectations & Business Investment

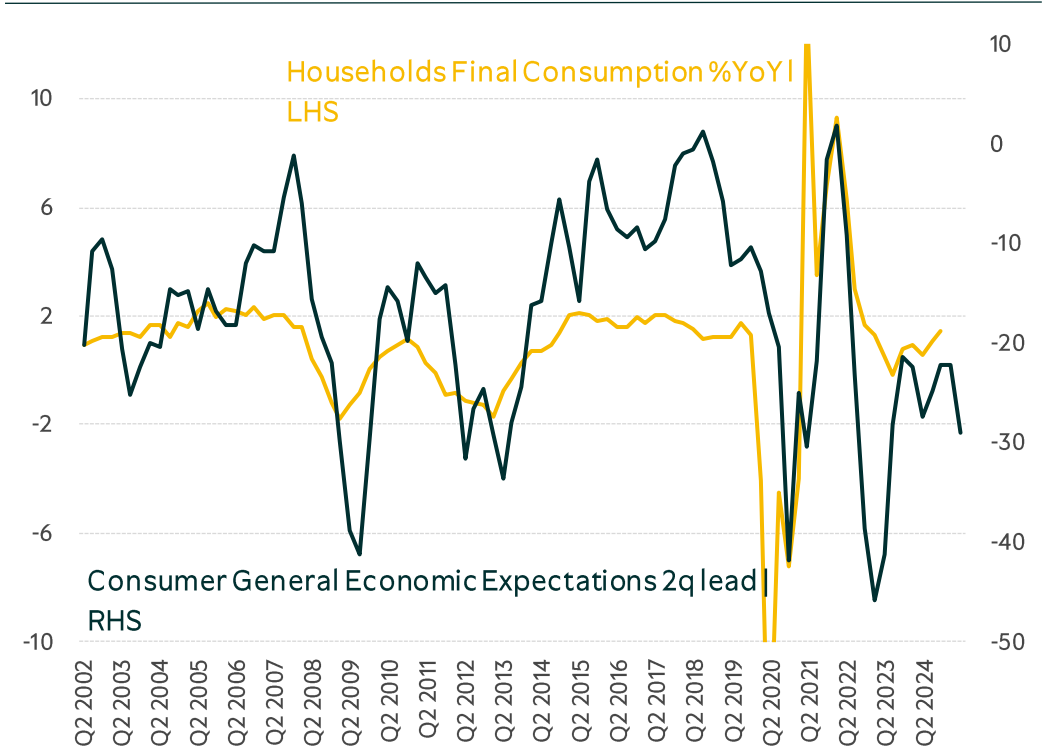


EA Business Conditions | Retail spending is a possible tailwind to EA growth but consumers' general economic expectations over the next 12 months have become more pessimistic.

Retail Sales Volume YoY vs PMI Services

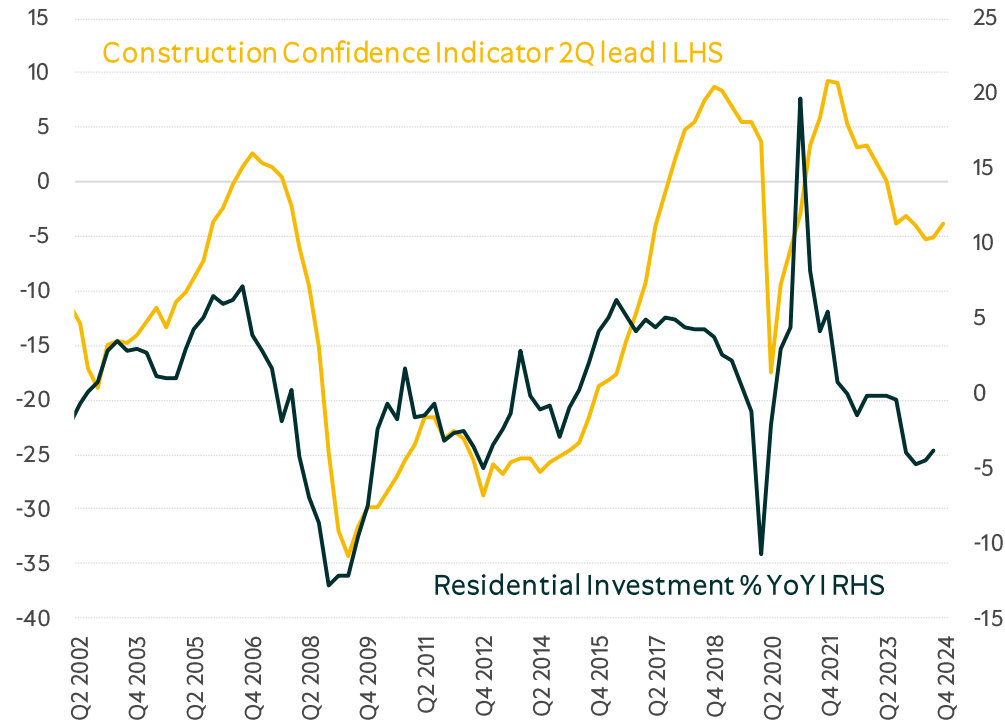


Final Consumption & Consumer Expectations Index

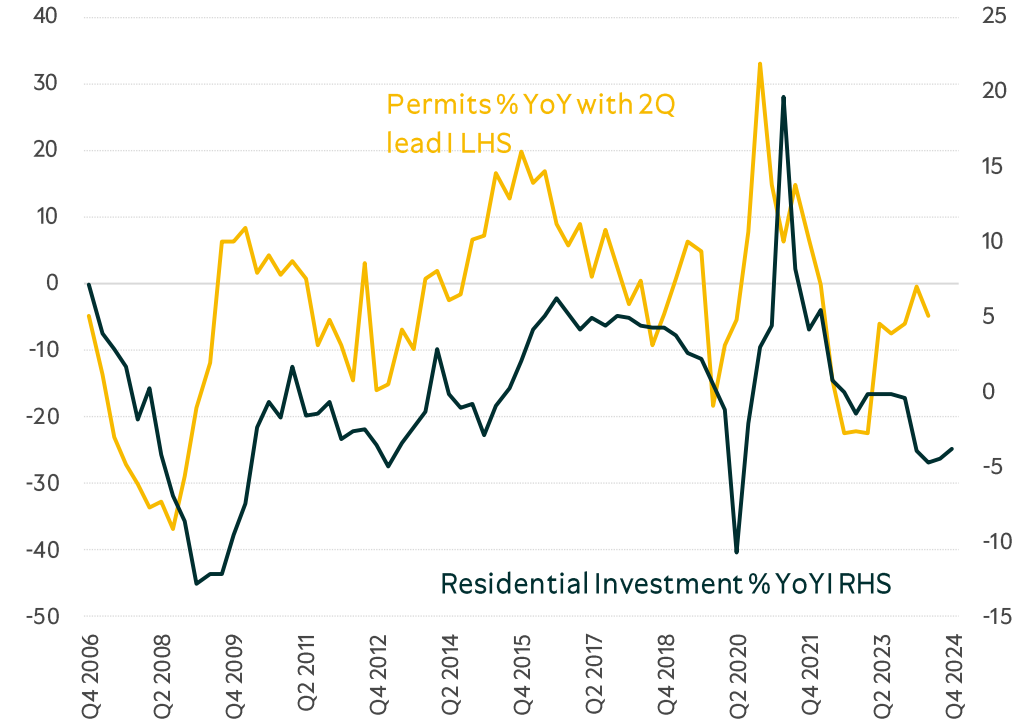


EA Construction | Residential activity gives positive signals as Construction Confidence is on an upward trend. The latest uptick in residential investments provide a glimmer of hope.

Residential Investment & Construction Confidence

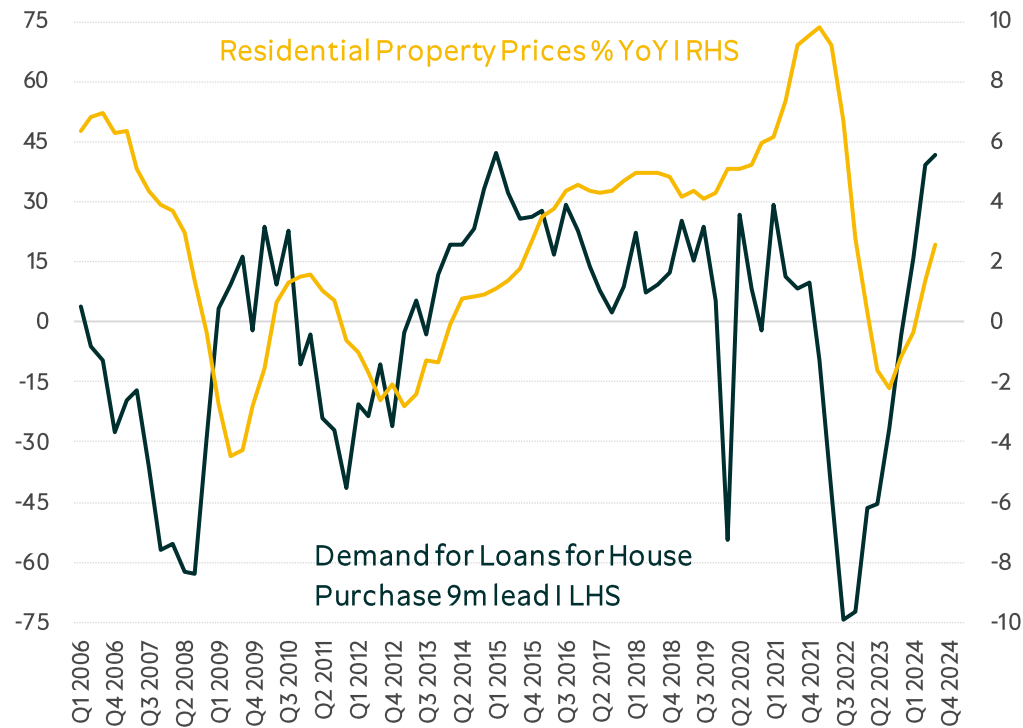


Residential Investment & House Permits

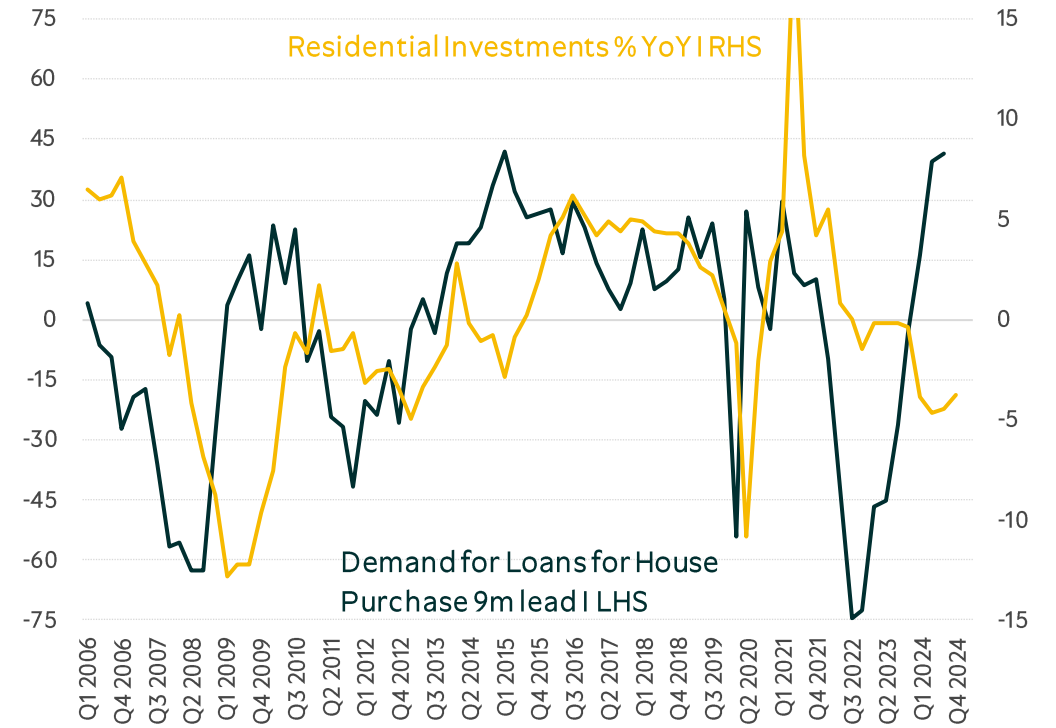


EA Construction | A pick up in investments and housing loans is expected in the coming months

Residential Property Prices & Demand for loans (9m lead)

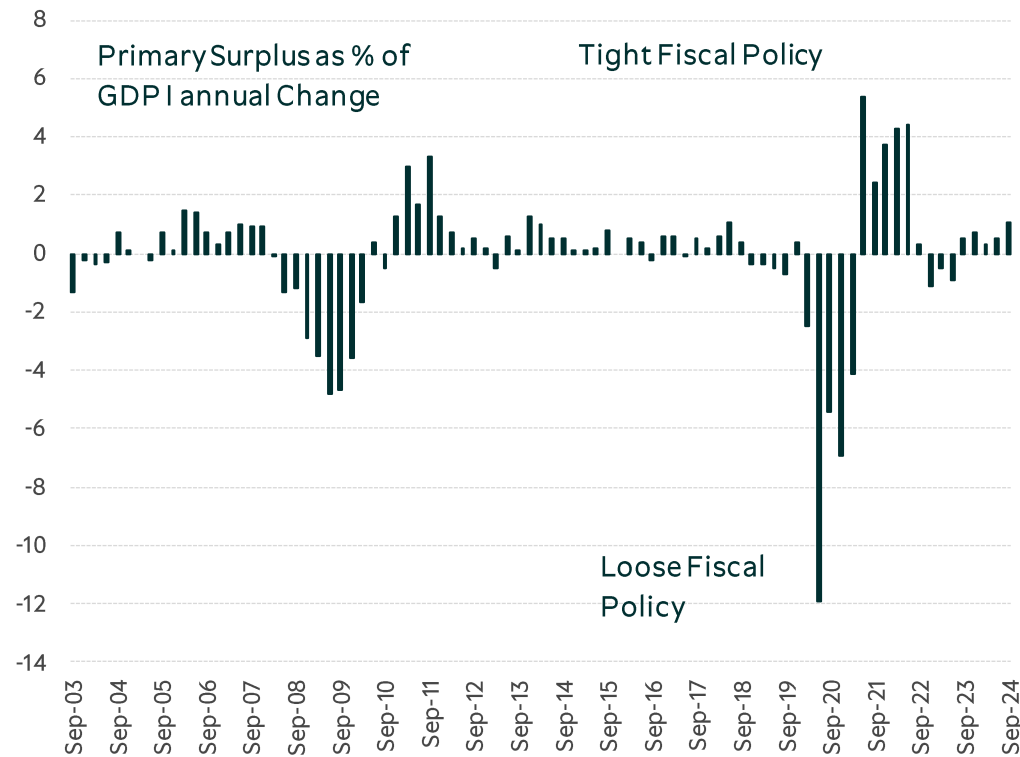


Residential Investments & Demand for loans (9m lead)

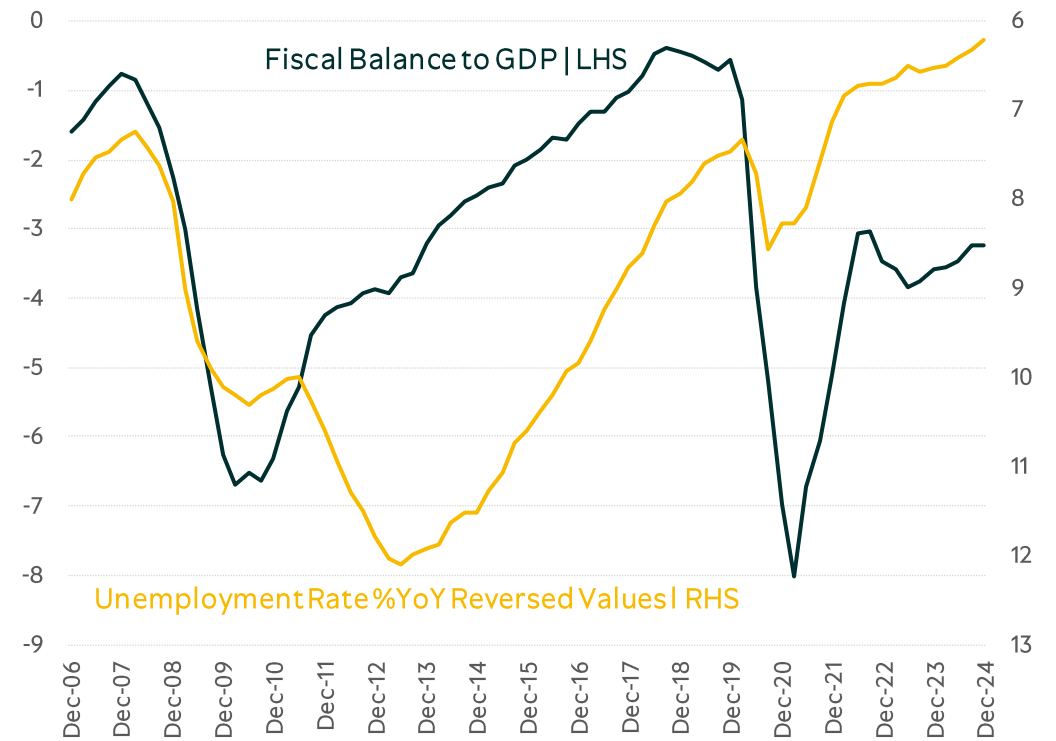


EA Fiscal Policy | Fiscal Deficit improvement with Unemployment Rate still at all time low

Fiscal Thrust

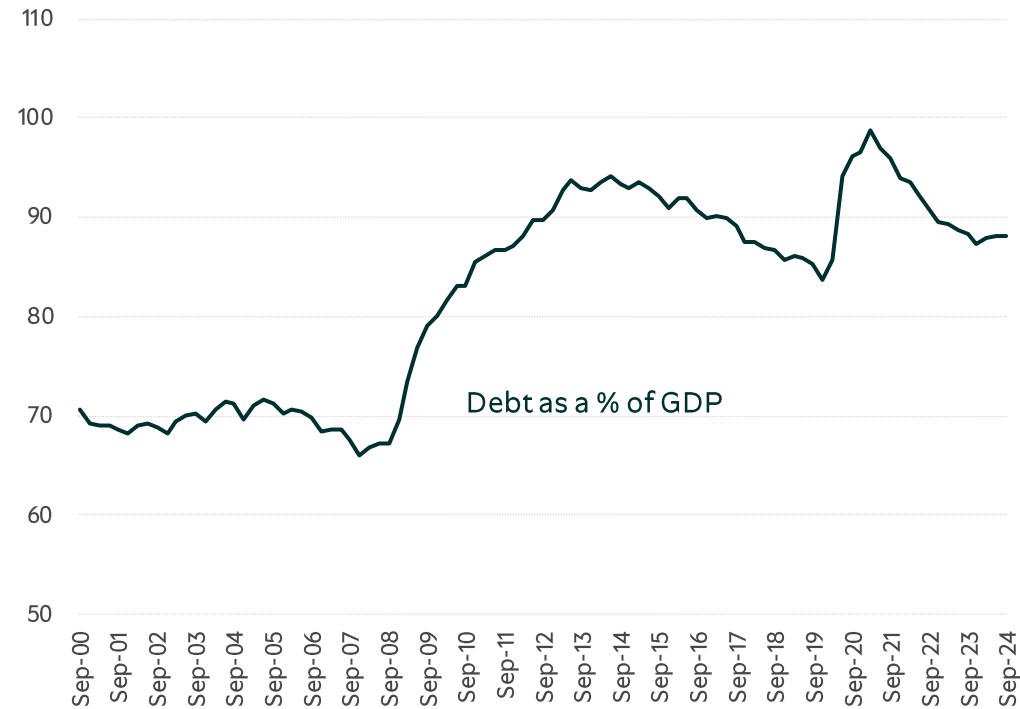


Fiscal Policy & Unemployment Rate

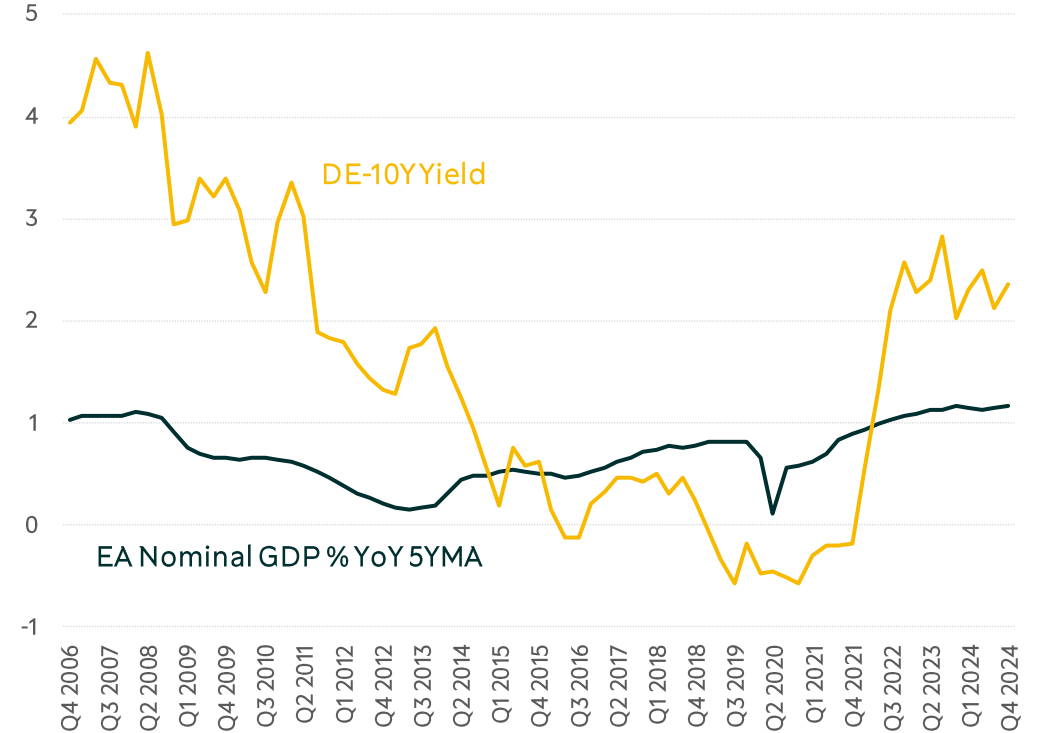


EA Fiscal Policy | Debt levels have moderated after the pandemic

Debt / GDP

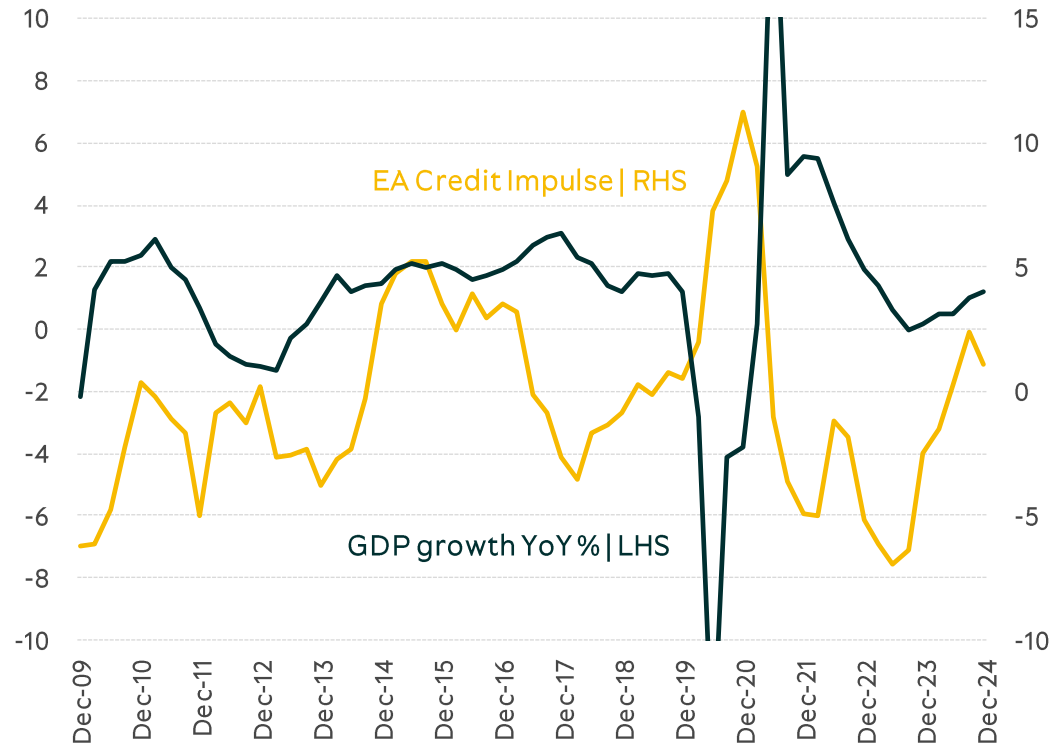


Fiscal Policy Sustainability

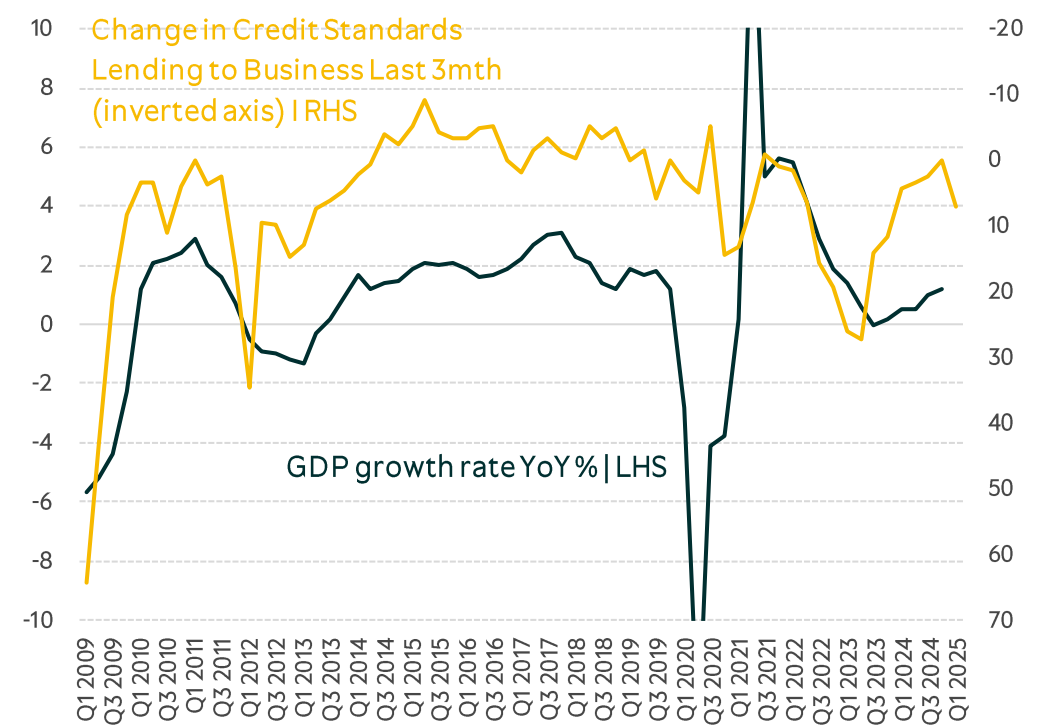


EA GDP Outlook | Credit impulse moderates for the first time since September'23

EA Credit Impulse & GDP growth rate

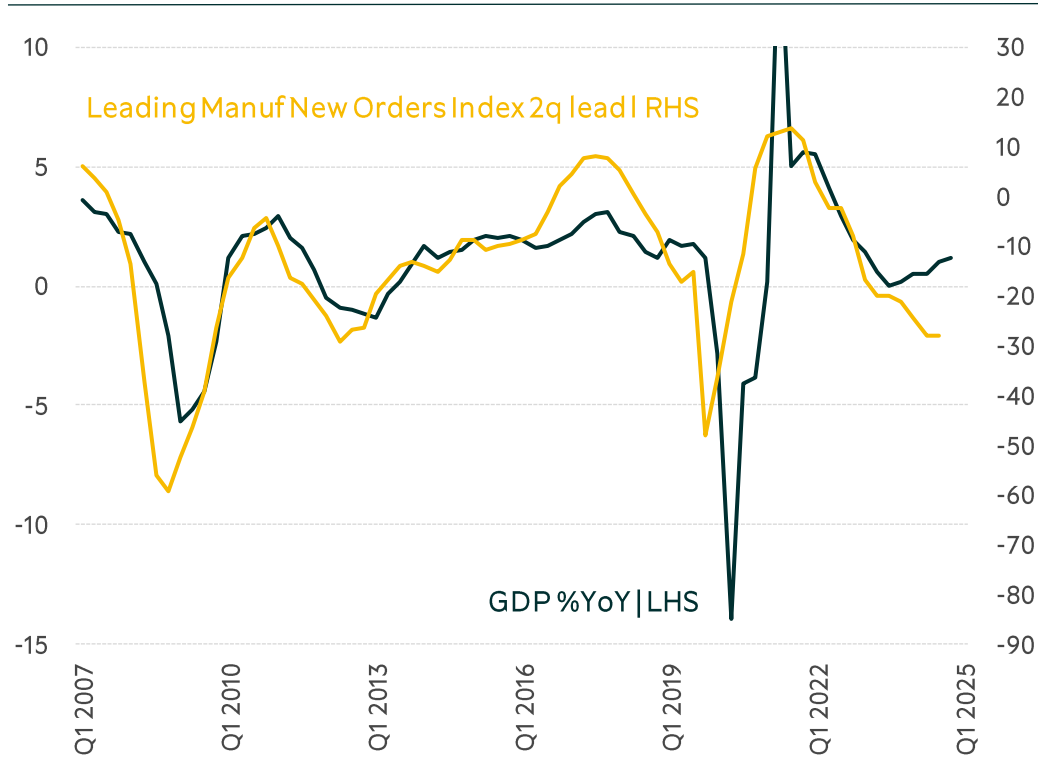


GDP YoY & Bank Lending Standards

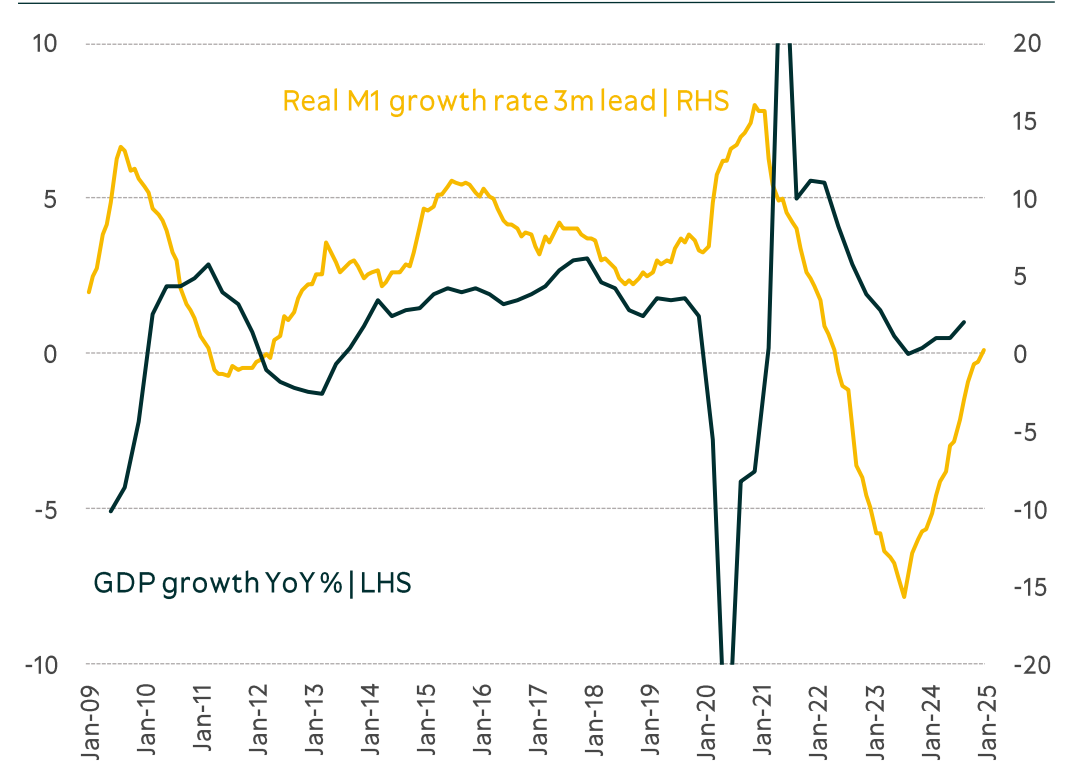


EA | Manufacturing New Orders still on a downtrend; Real M1 improvement somewhat reduces concerns about the economic outlook

GDP & New Orders Indices

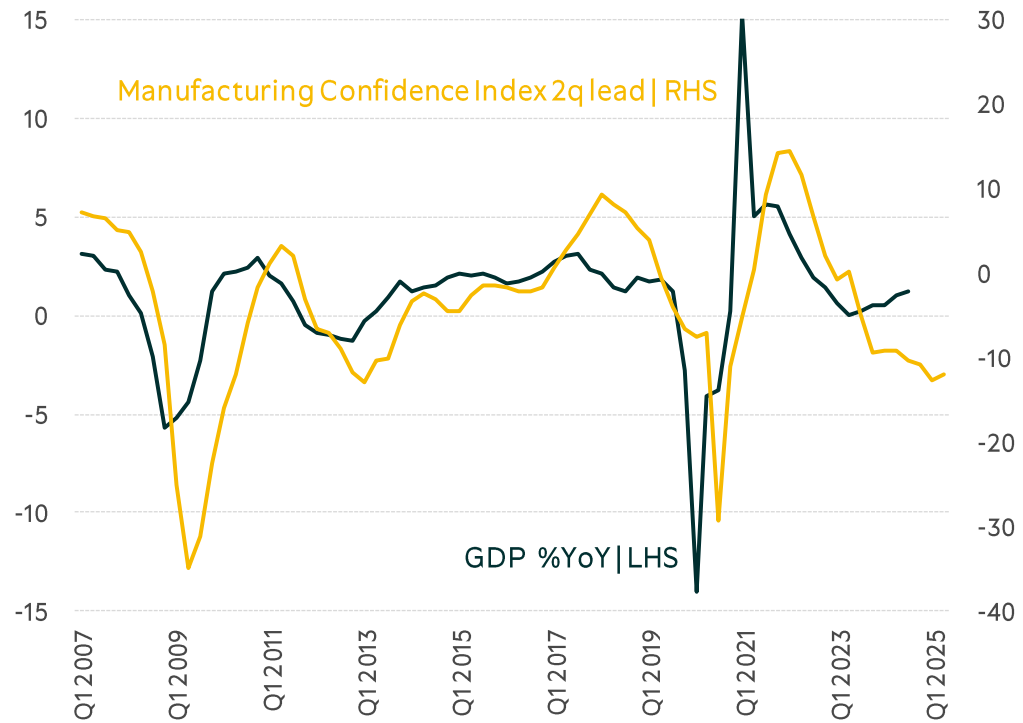


GDP & Real M1 growth rate

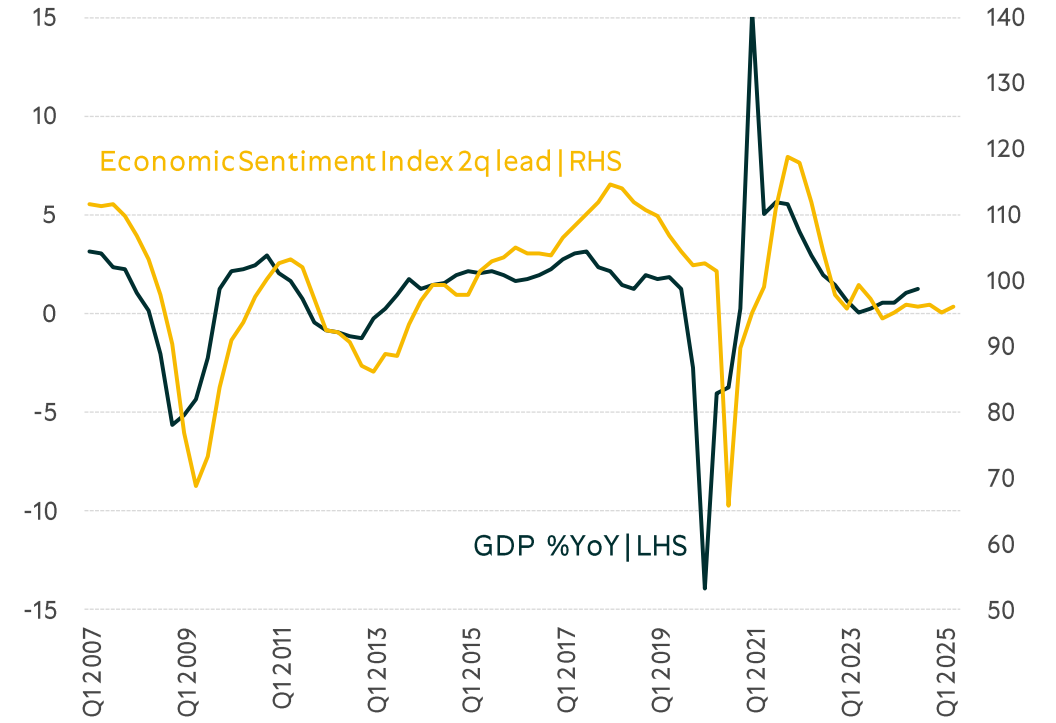


EA GDP Outlook | Economic sentiment implies stabilisation at low levels, while manufacturing picked up marginally providing some green shoots.

GDP & Manufacturing Confidence Index

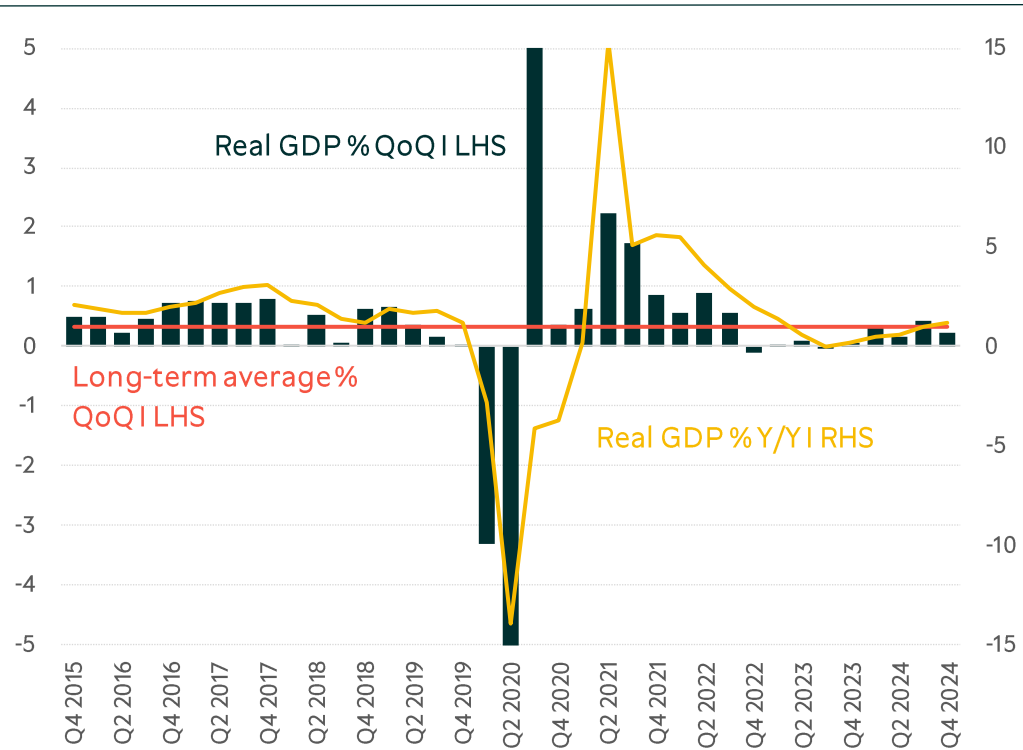


GDP & Economic Sentiment Index

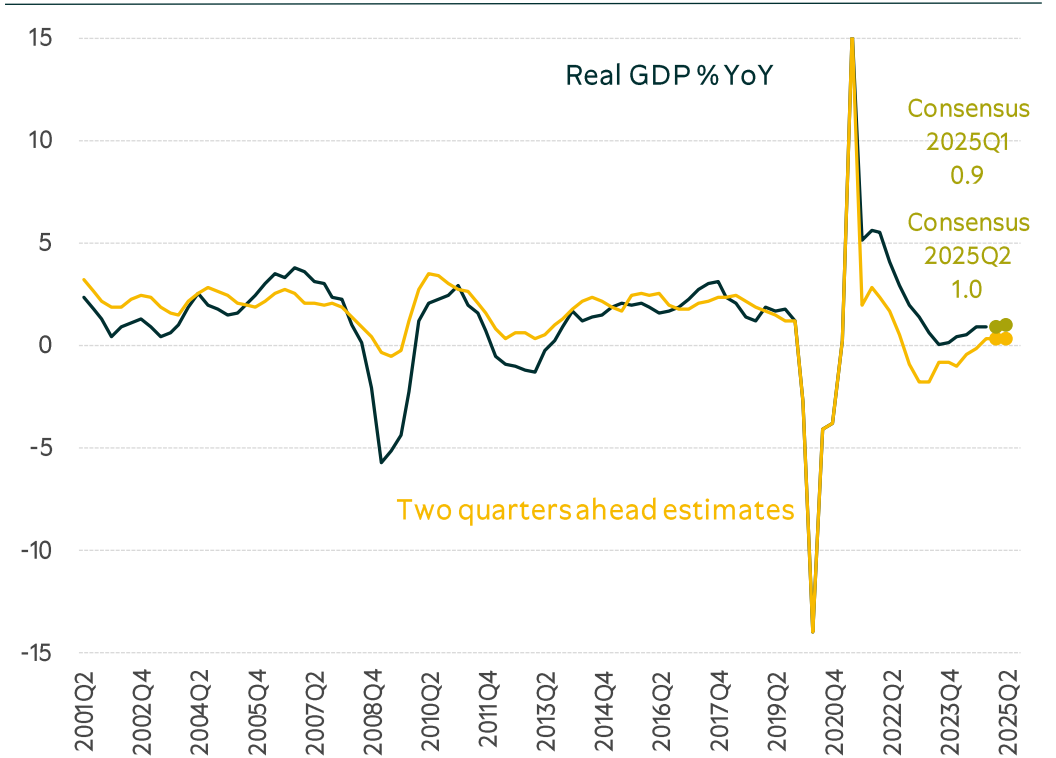


EA GDP Outlook | The EA economy rose 0.2% in Q4; over the whole of 2024 euro-area GDP rose 0.9%

Growth Rate Outlook



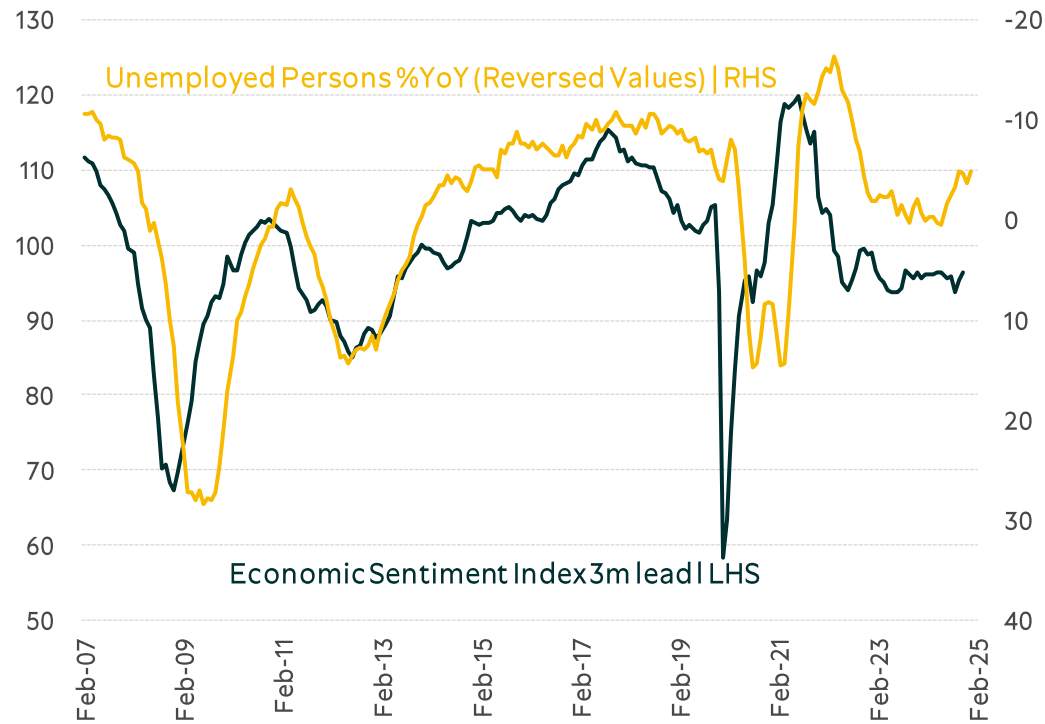
Growth Rate Estimate



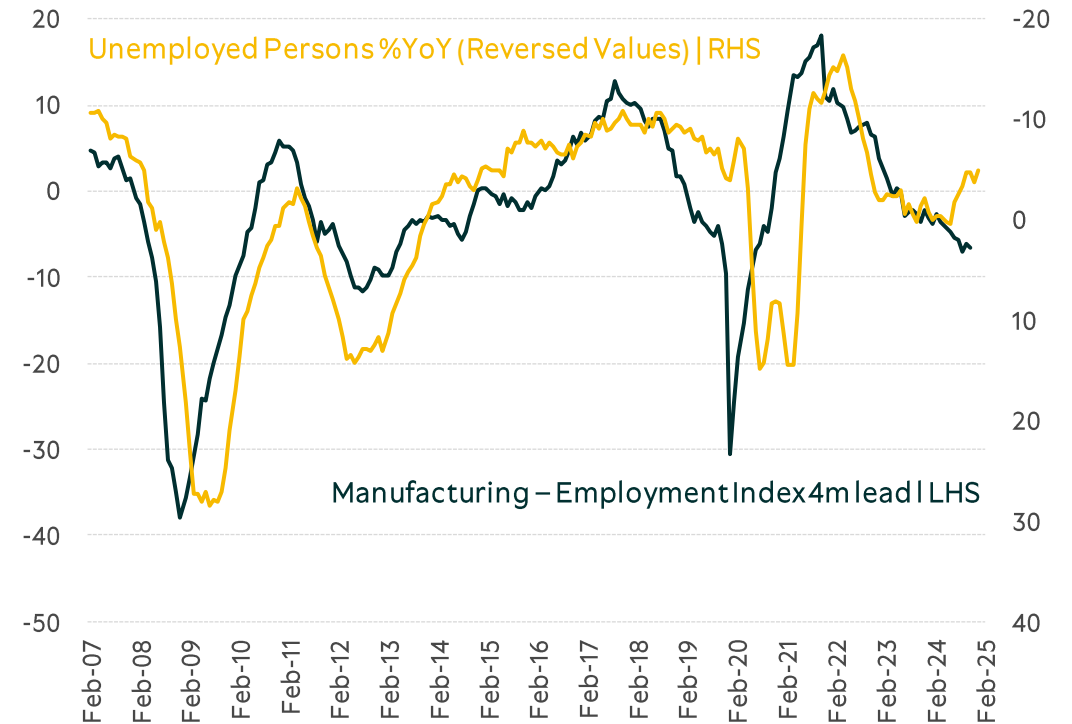
Note: Covid-19 period (Q4 2019 - Q2 2021) is excluded from the estimation

EA Labour Market | Labour market is still in good shape, not so in the Manufacturing sector. Consumers' pessimism on unemployment expectations has risen.

Unemployment & Leading Sentiment Index

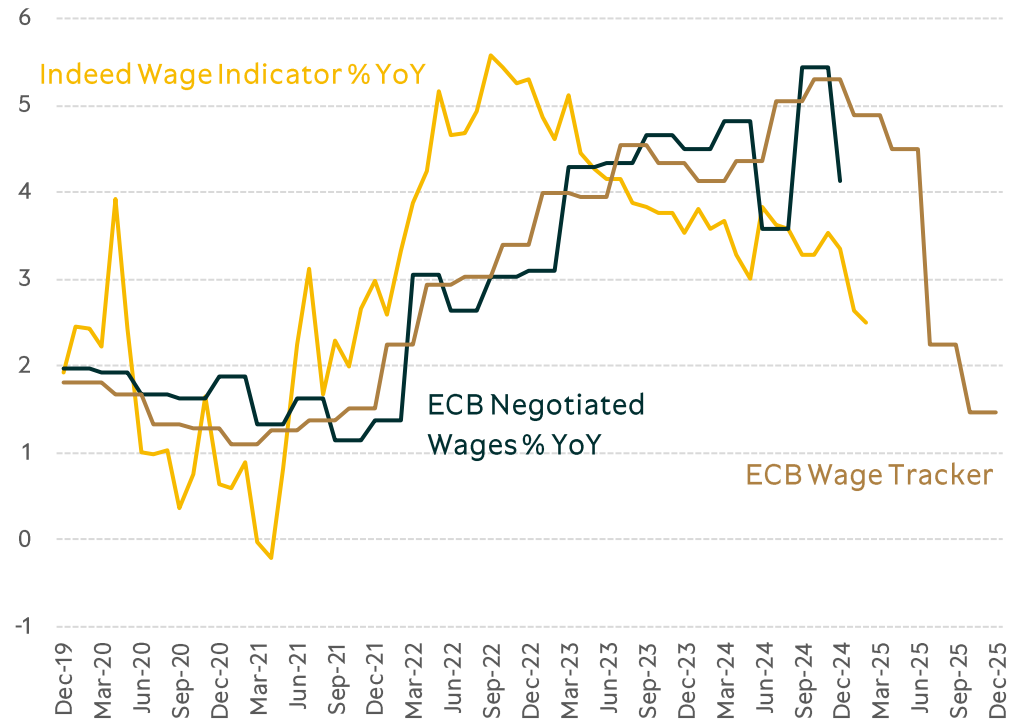


Unemployment & Leading Manufacturing Index

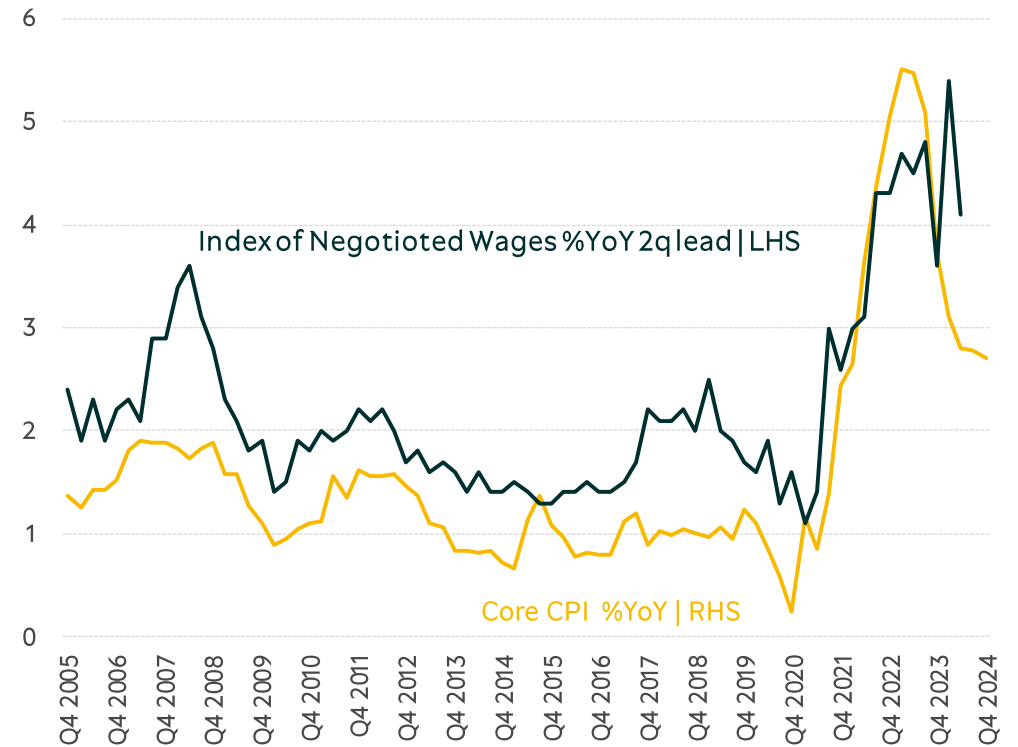


EA Wage Tracker | Indeed Wage Indicator & ECB's Wage Tracker point to sharp wages slowdown in 2025

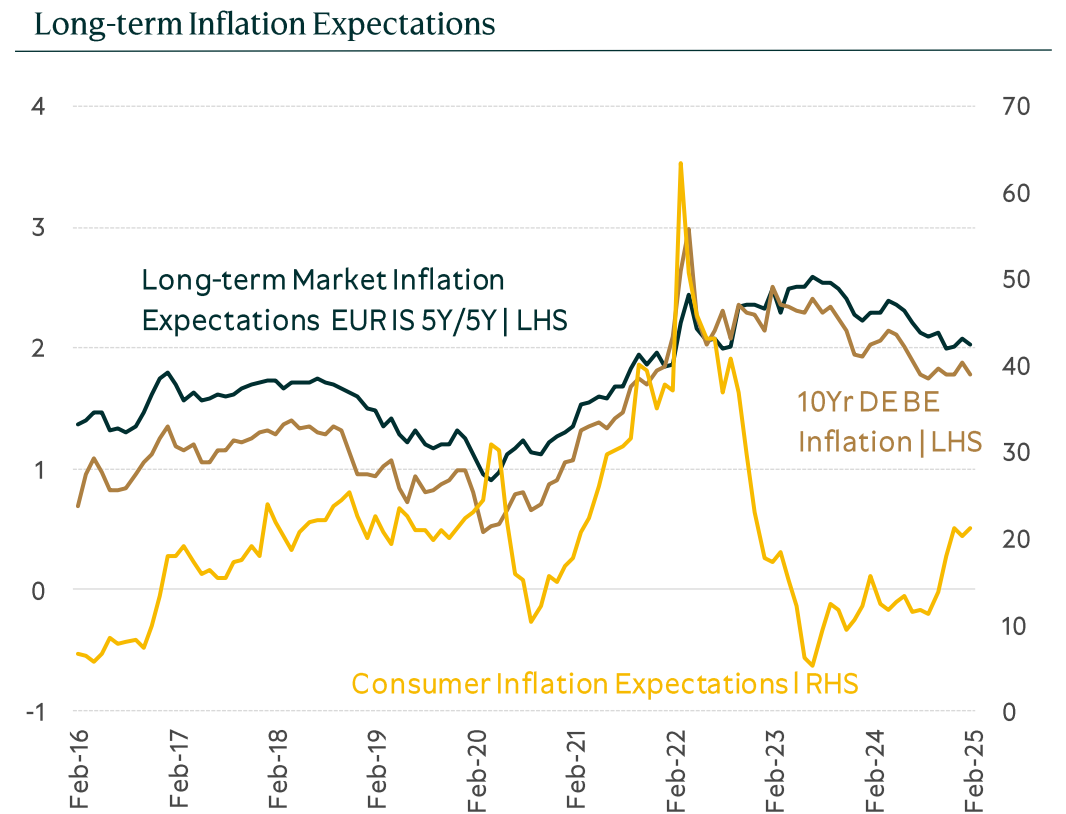
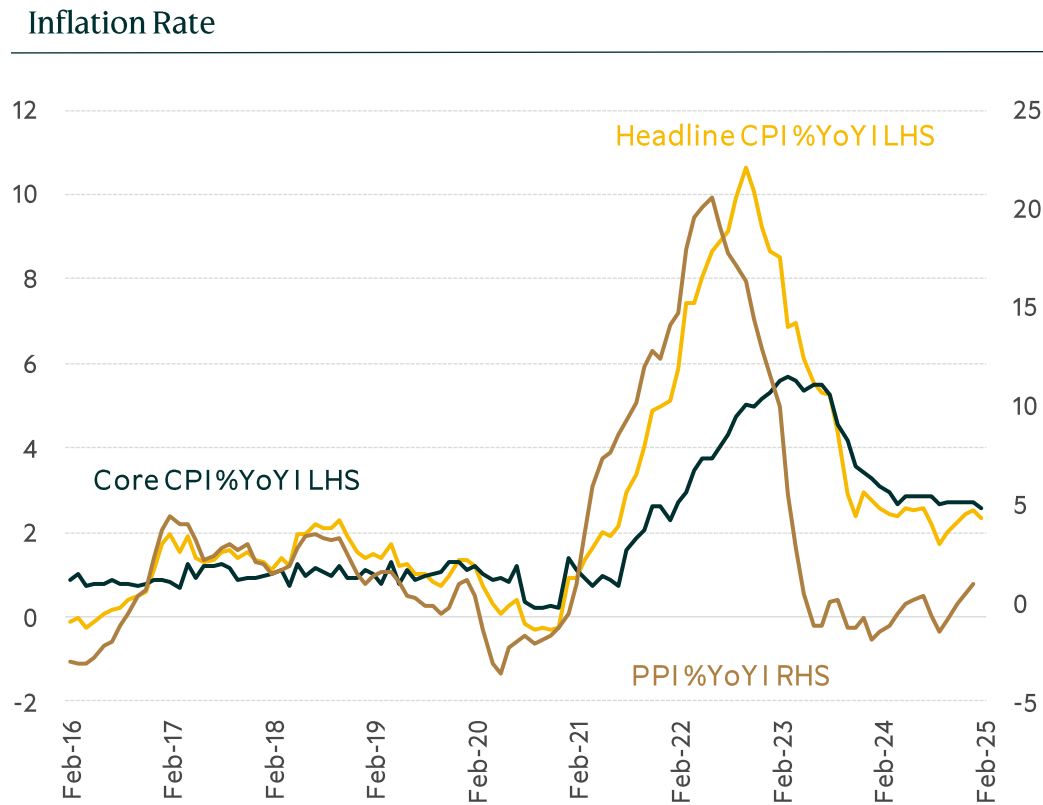
Labour Market



Core Inflation & Wages

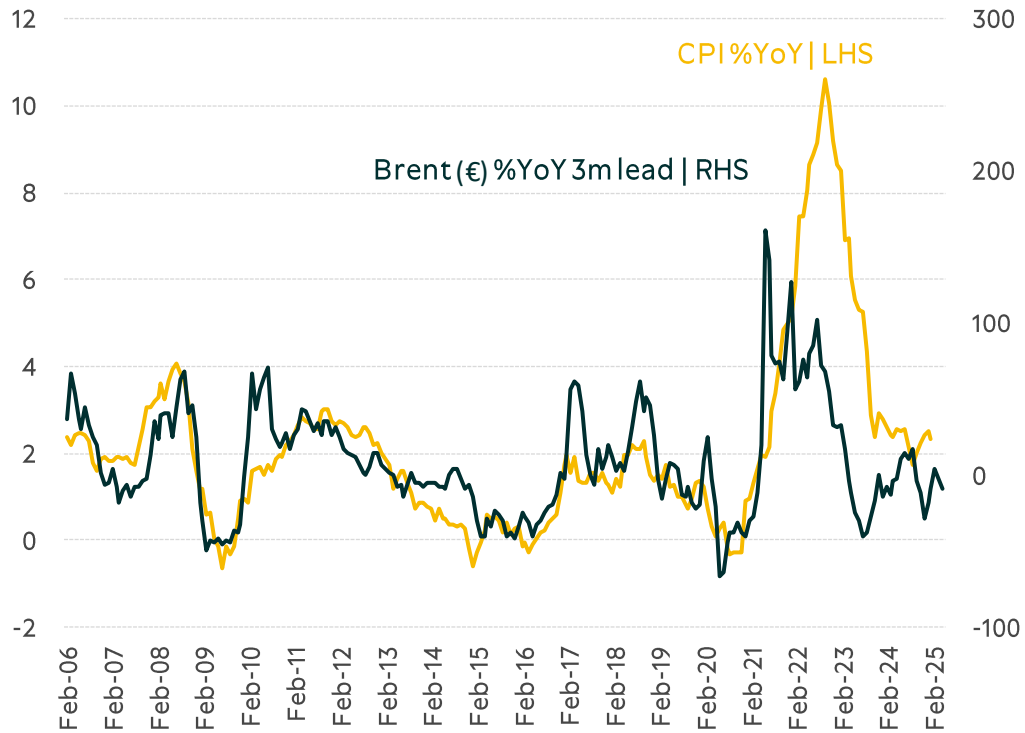


EA Inflation Pressures | Headline CPI moderated to 2.3% in February, but PPI follows an upward trend in the past months

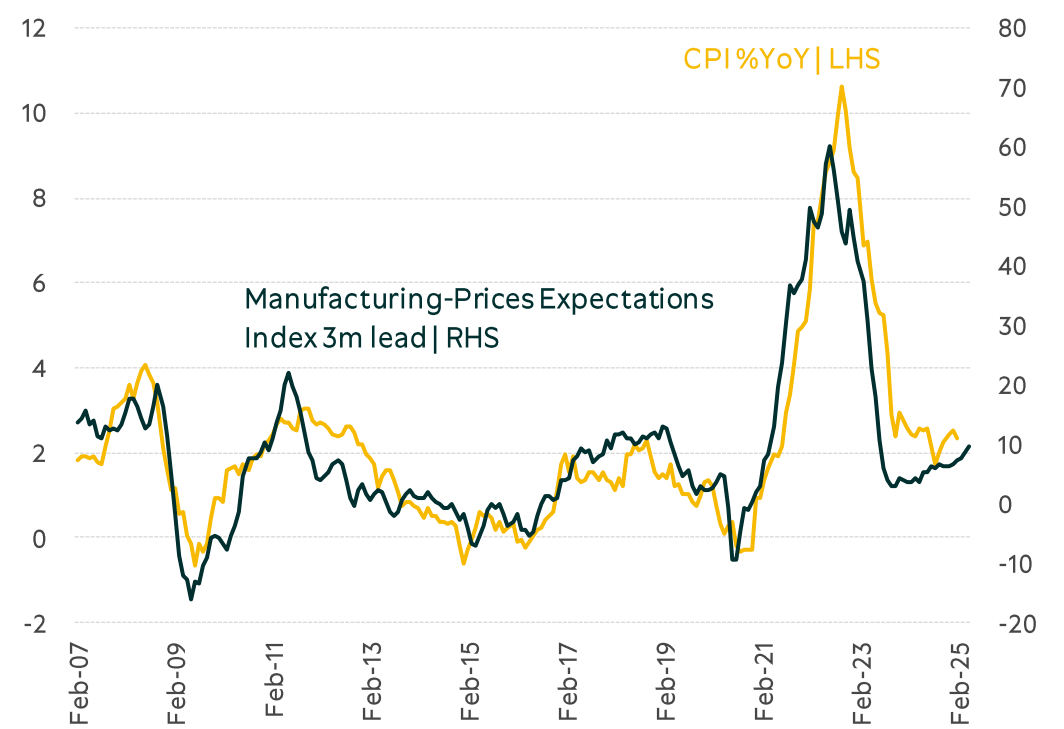


EA Inflation & Energy Prices | Cost-push inflation drivers show signs of marginal pressure in the past months

Inflation Rate & Oil Prices

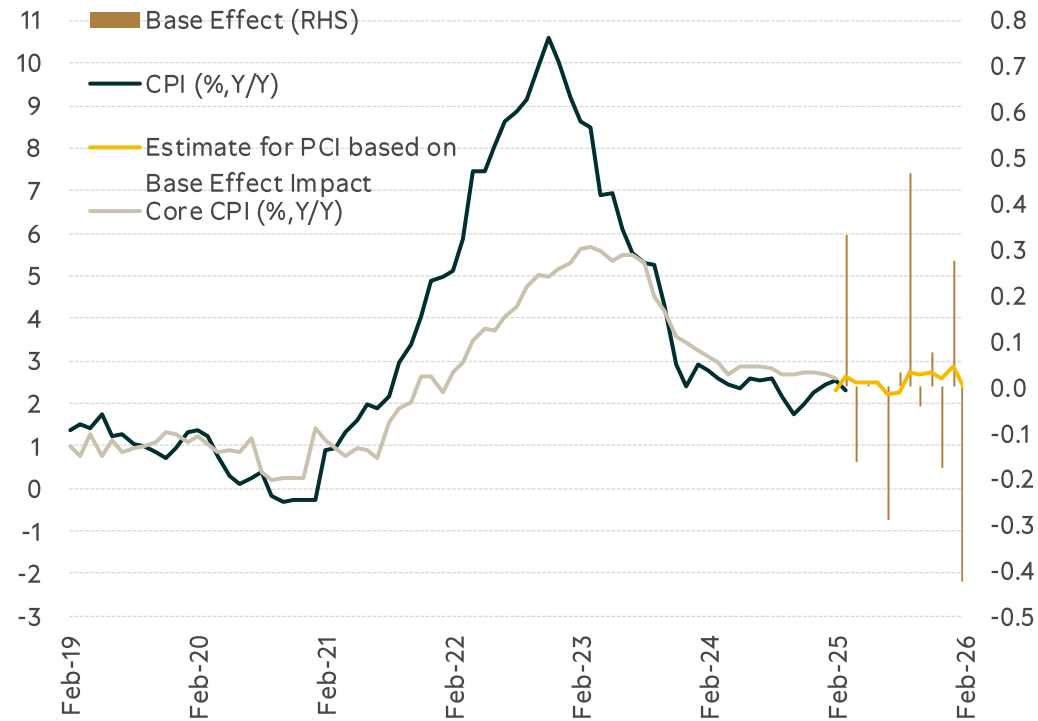


Inflation Rate & Leading Manufacturing Prices Index

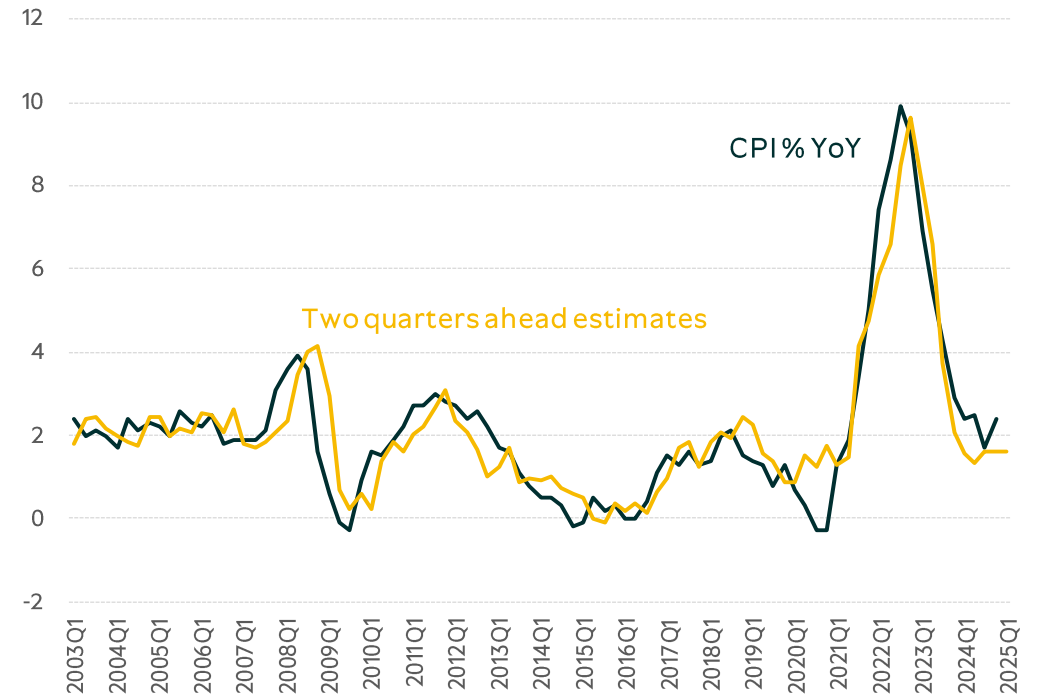


EA Inflation Outlook | The 2% target is expected to be achieved towards the end of 2025

Inflation Rate Forecast | Statistical Model

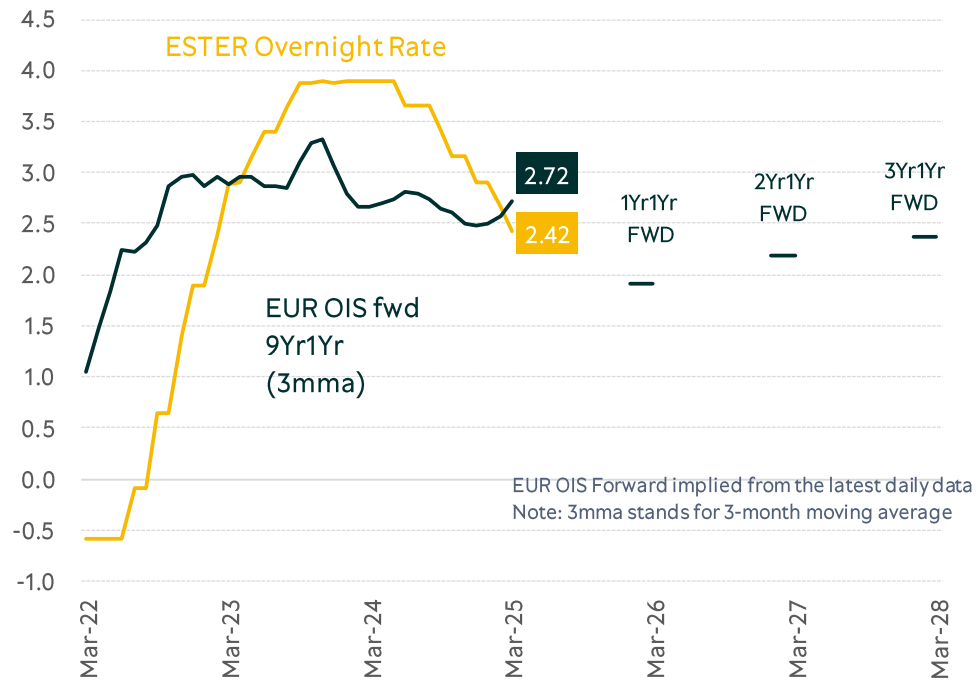


Inflation Rate Forecast | Macro Model

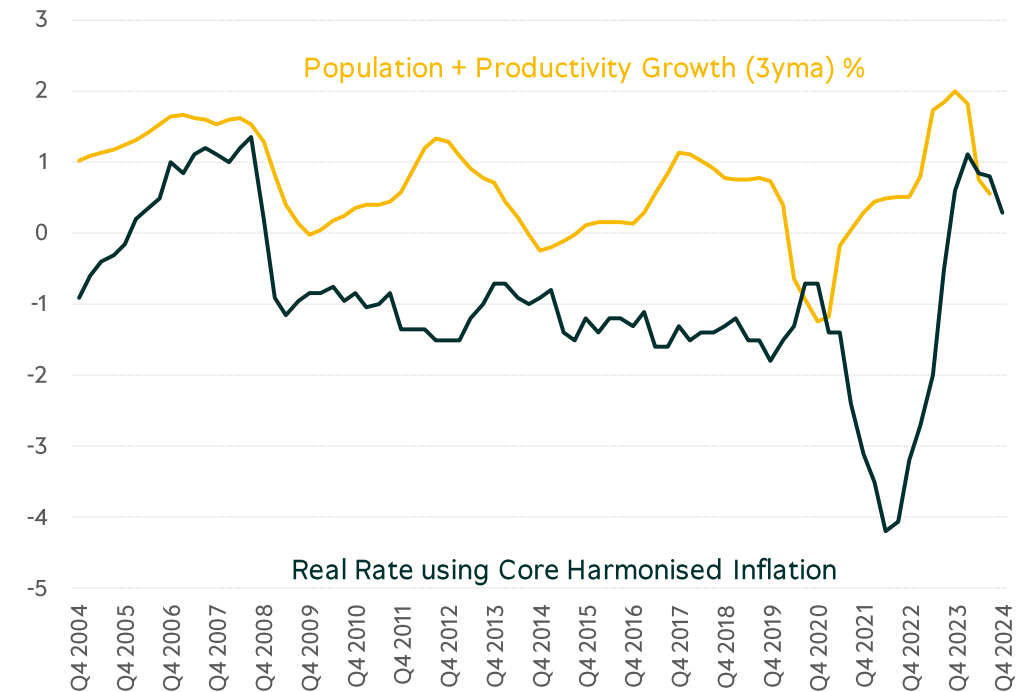


EA Short-Term Rates | Short term forward rates suggest lower levels of interest rates in the near term

Interest rates | Market Expectations

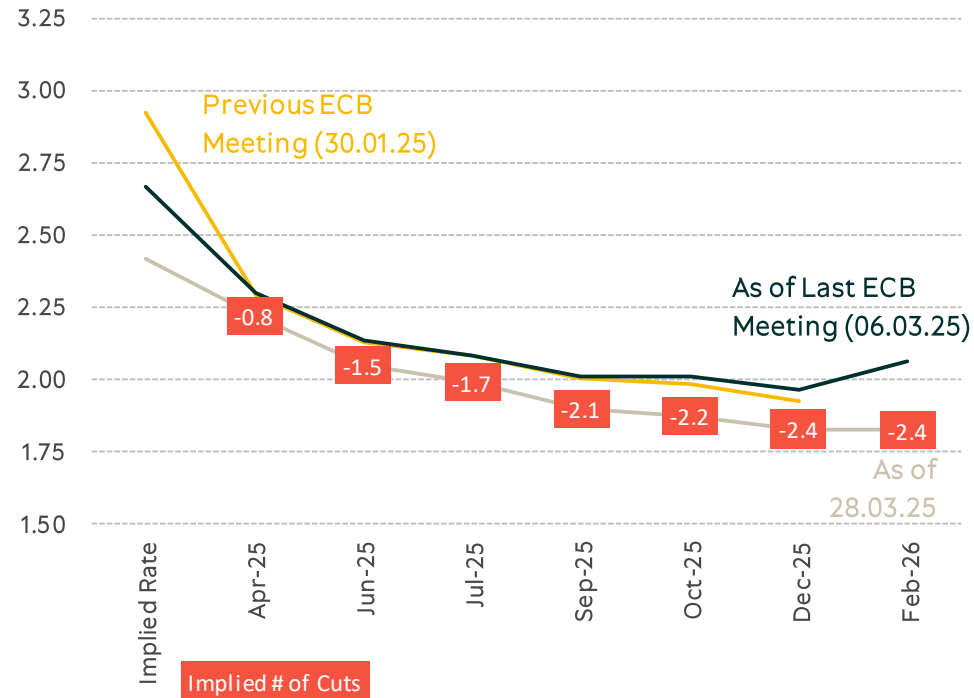


Real Depo Rate (Depo - Core CPI) & Population + Productivity growth (3y ma)

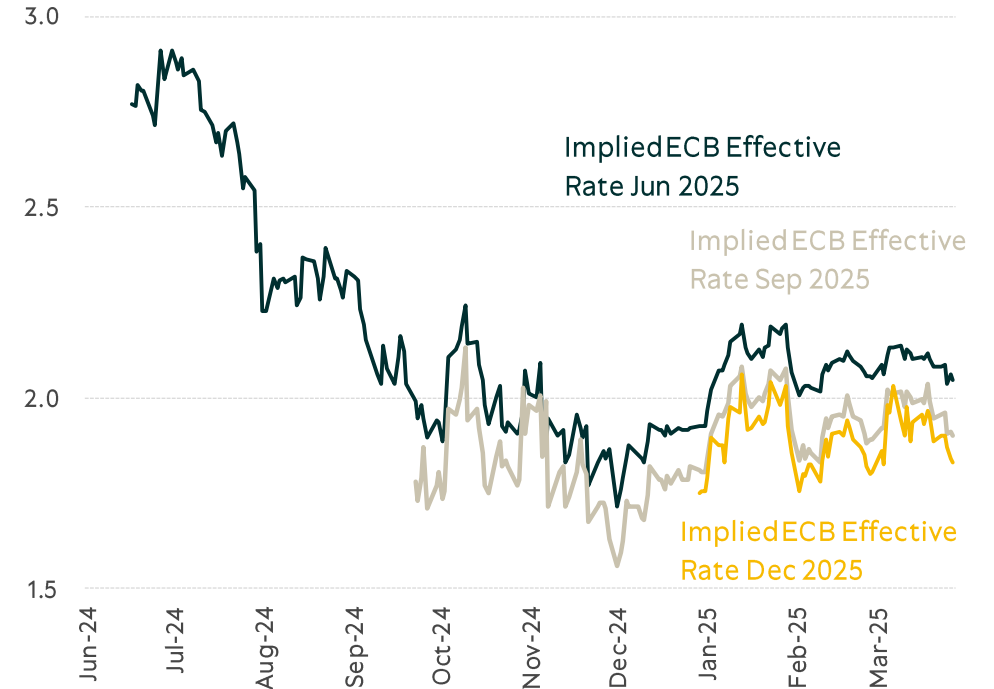


EA Short-Term Rates | Only two cuts are anticipated by the markets

Implied Overnight Rate based on Overnight Index Swaps

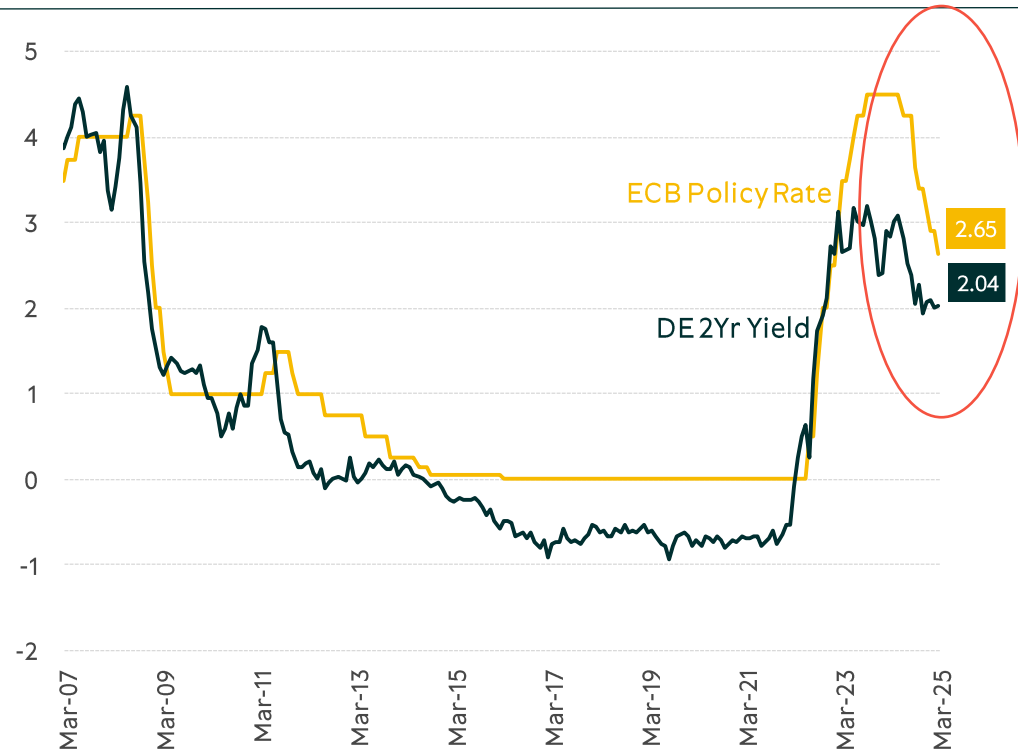


Interest Rates | Implied ECB Effective Rate

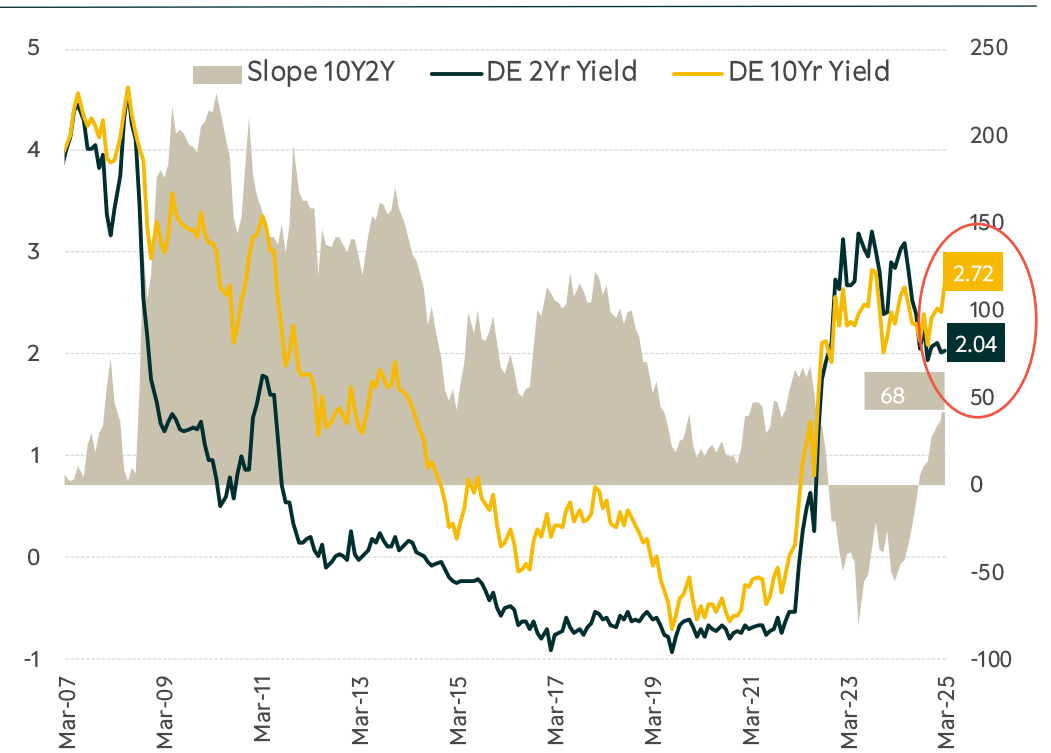


EA Rates | German 10Y2Y spread turned positive at the end of Q3 2024. Fears of recession have subsided.

ECB Policy Rate vs German 2Yr Yield

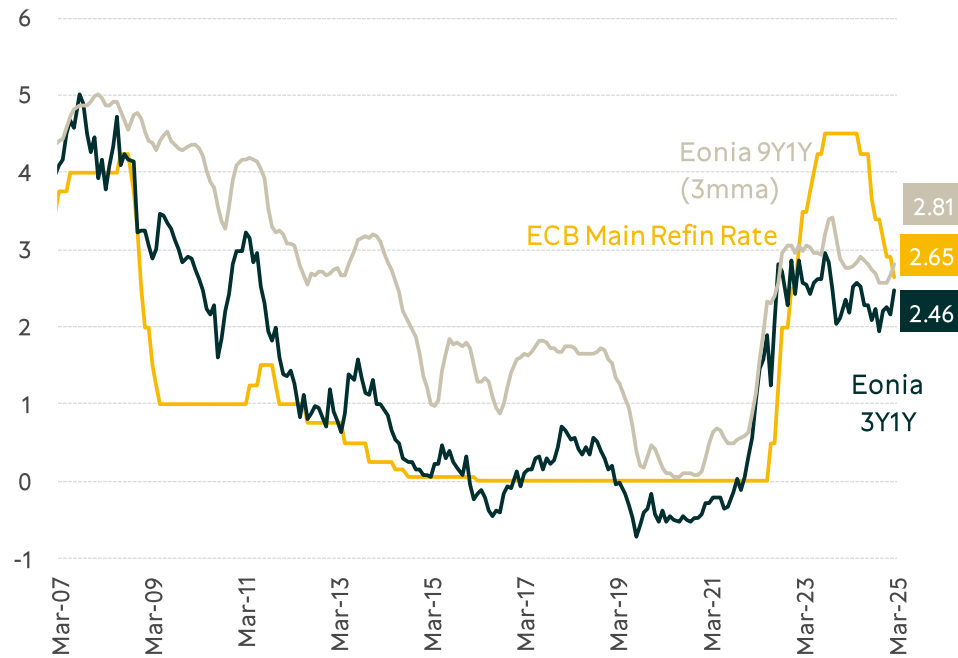


German Yield Curve

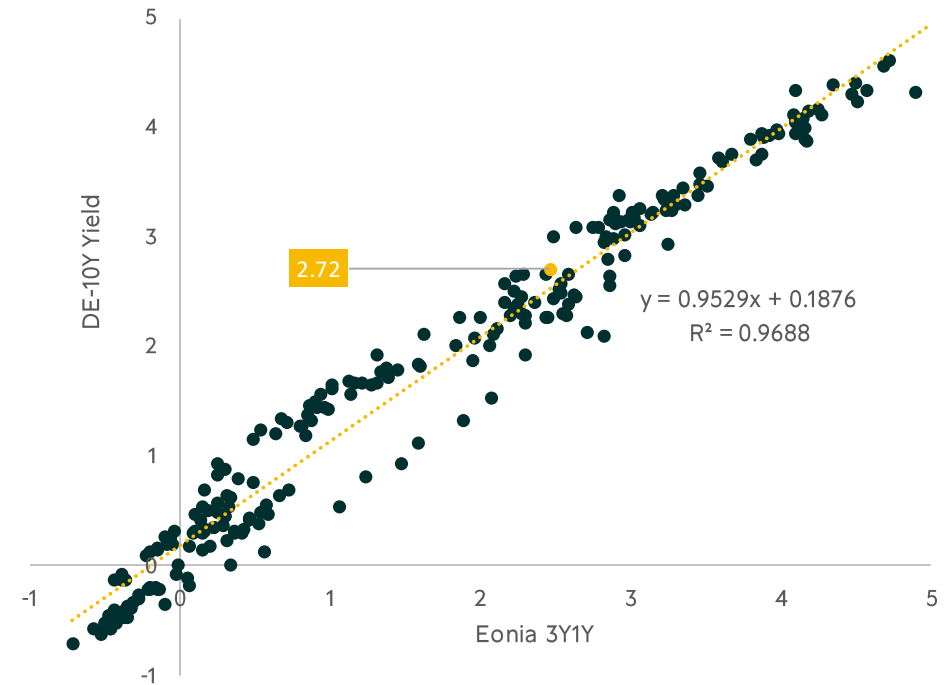


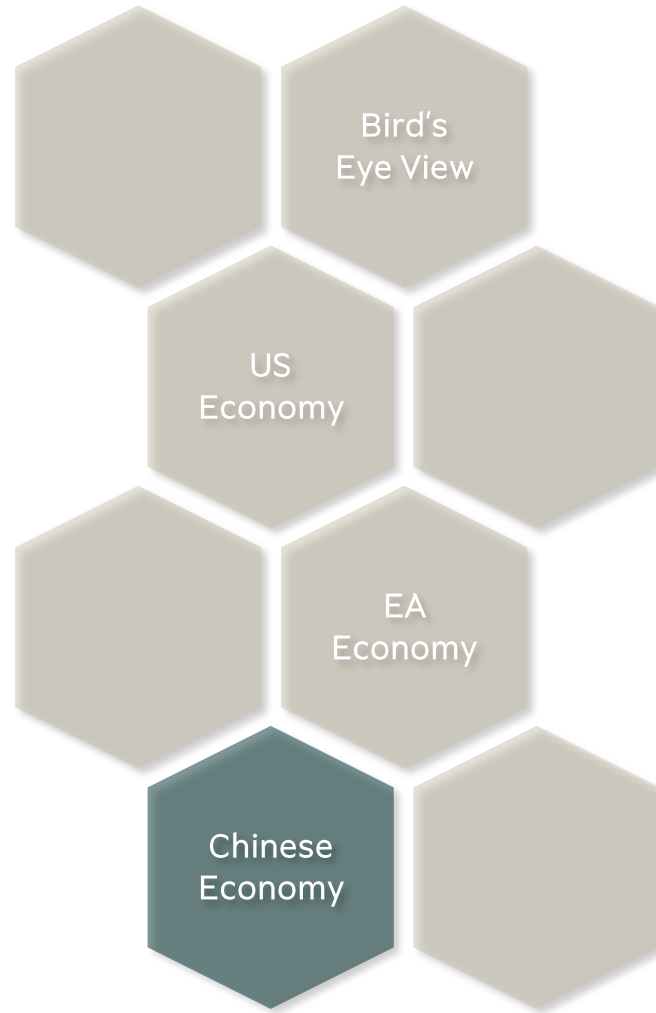
EA Long-Term Rates | Given the current level of short-term rates, long-term bonds seem “fairly” priced

Long-term Interest Rate Expectations



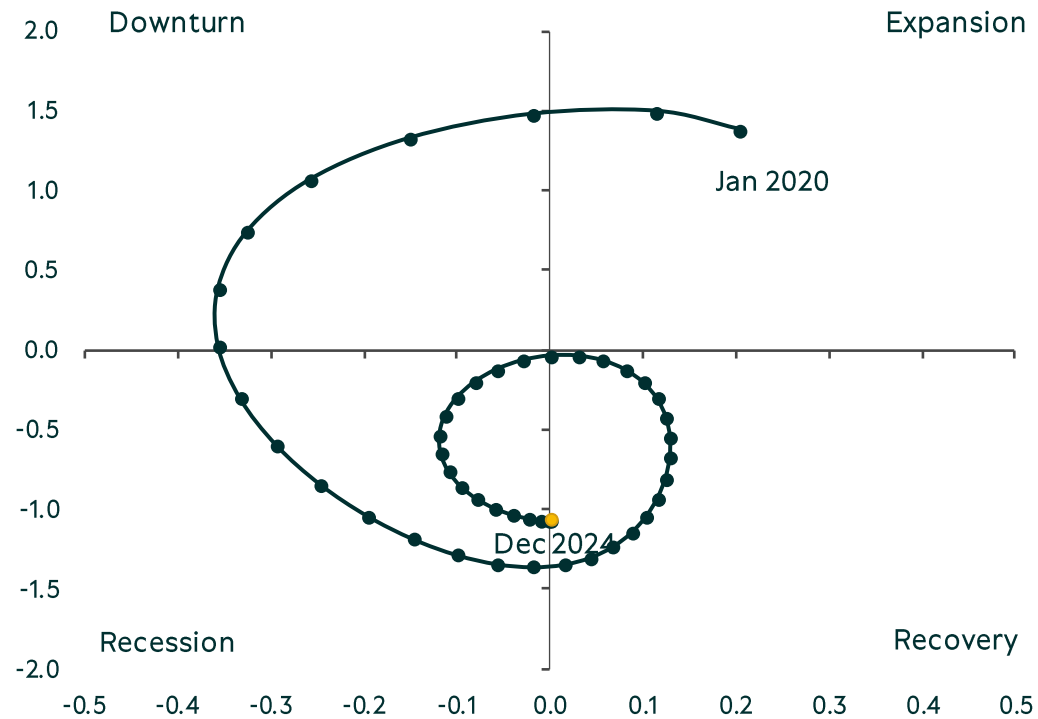
DE Yield vs Medium-term Interest Rate Expectations



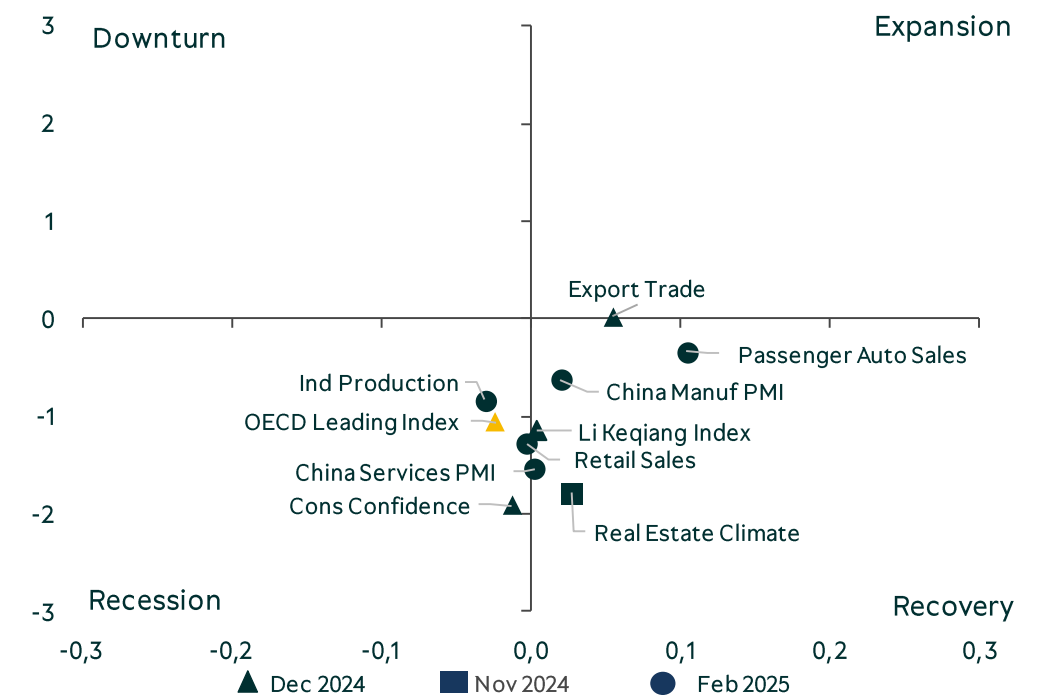


Chinese Business Cycle | Economic variables are beginning to show indications of improvement

CN Business Cycle | Based on China OECD Leading Indicator

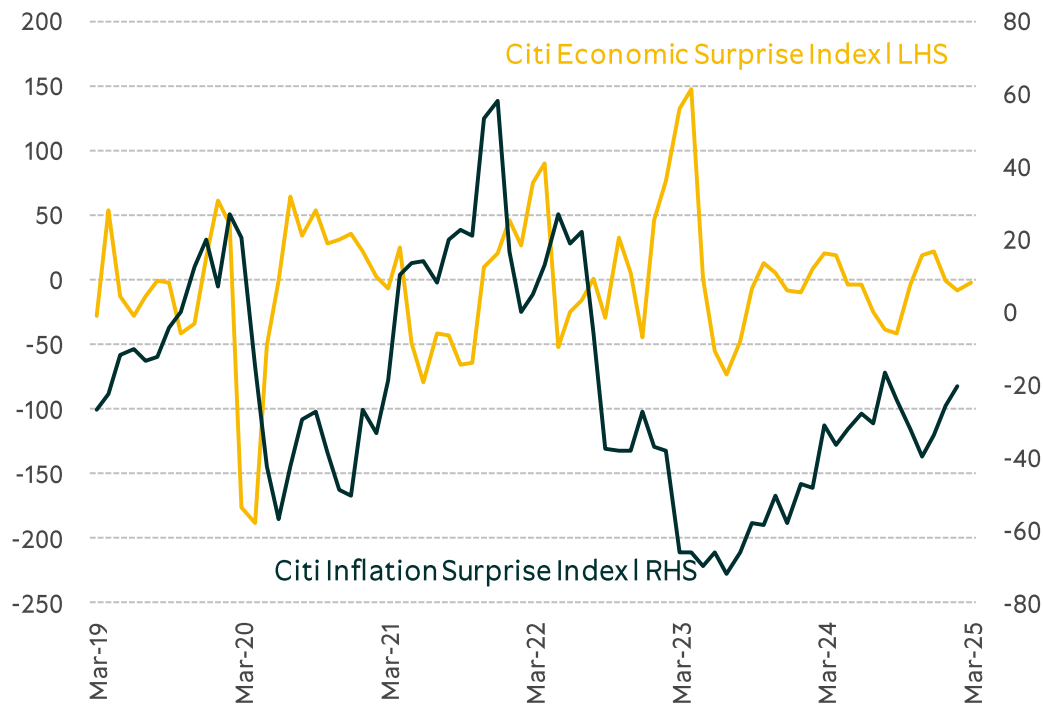


CN Business Cycle | Based on Major CN Economic Variables

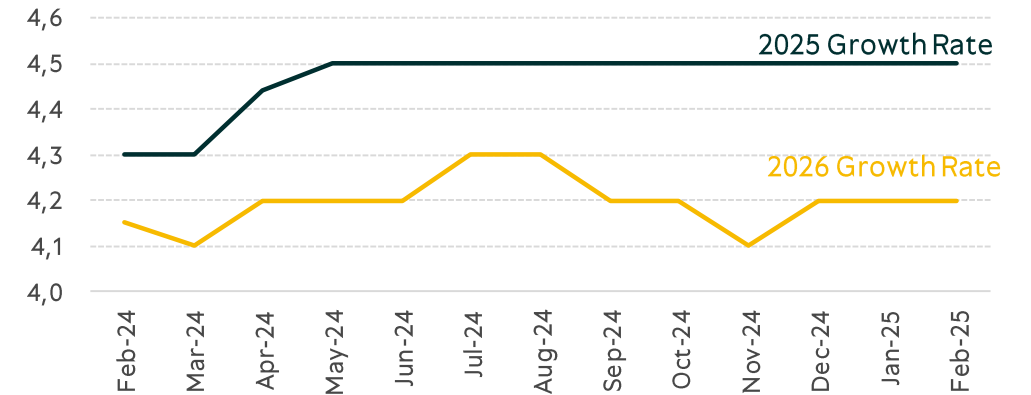


Chinese Macro Expectations | Sub 5% growth expectations for 2025

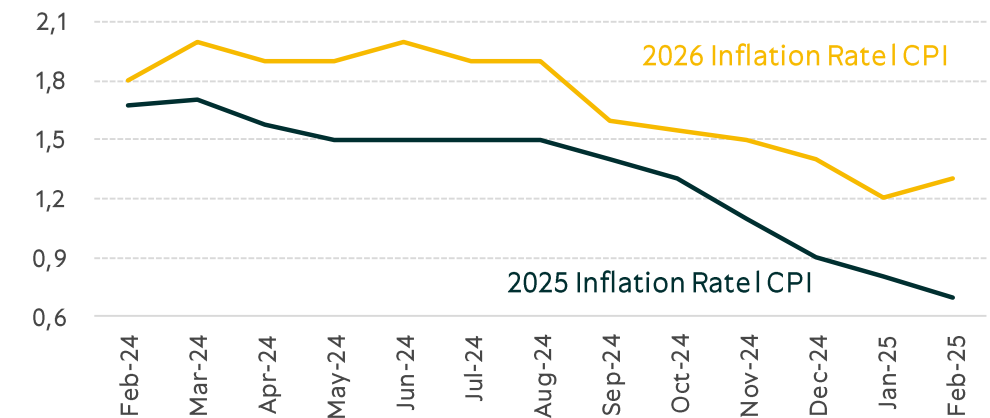
Economic & Inflation Surprises



Growth Rate Expectations (Consensus)

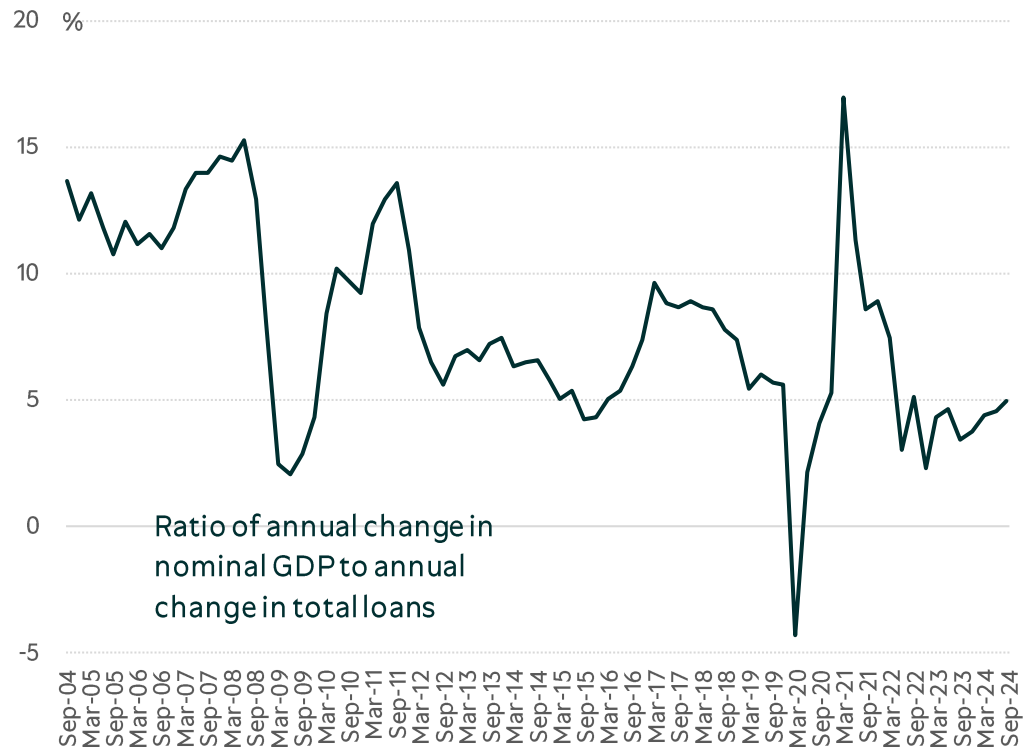


Inflation Rate Expectations (Consensus)

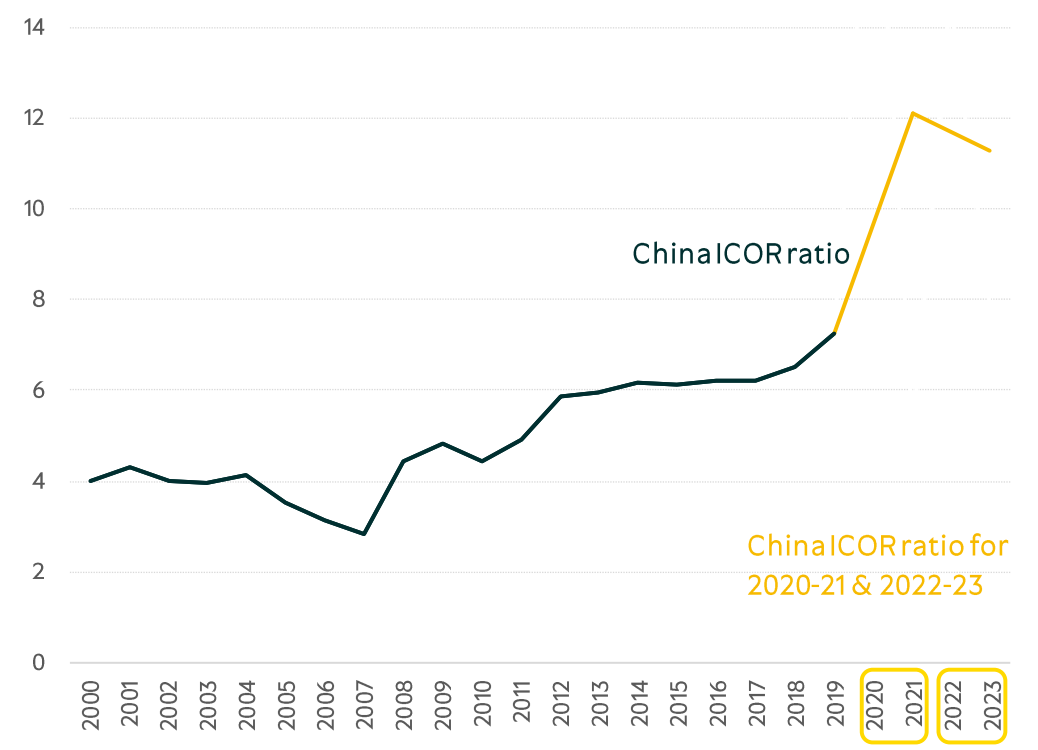


Chinese Investment Capacity | There is a need for more efficient capital allocation

China credit-efficiency ratio

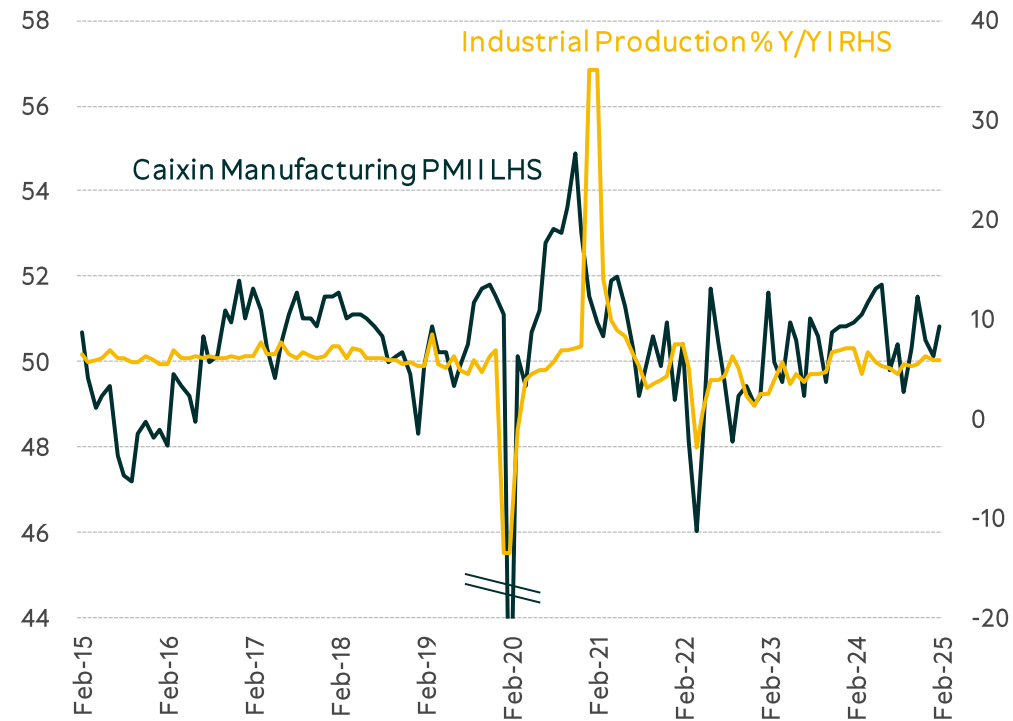


China Incremental Capital Output Ratio

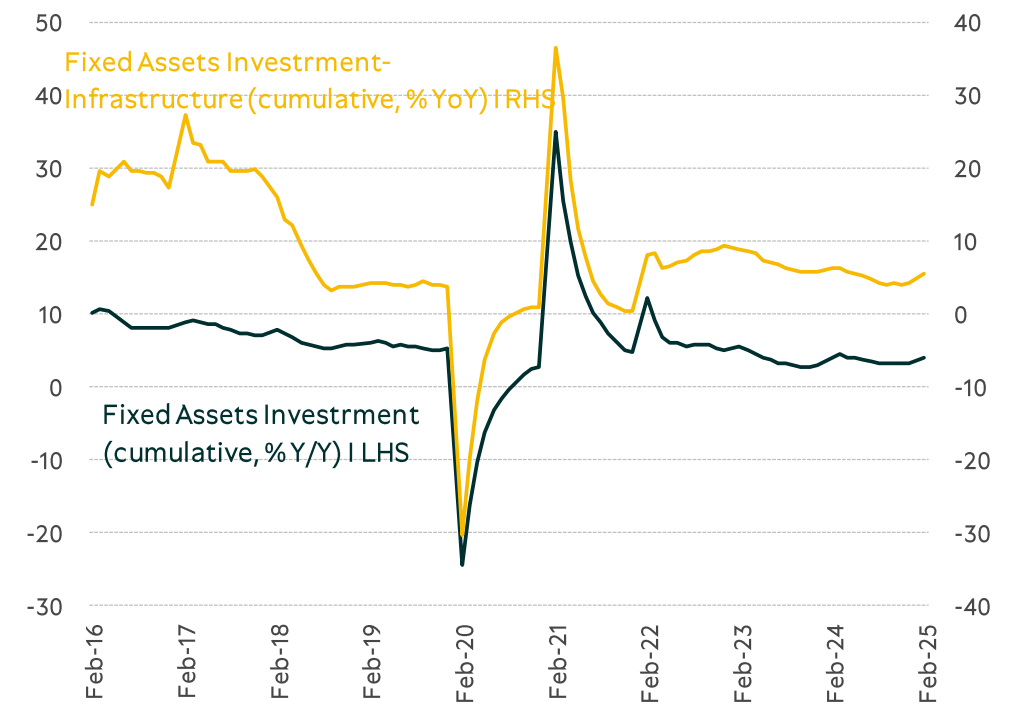


CN | Caixin Manufacturing increased (to 50.8) in February. Fixed investment increased on a year-over-year basis during January and February.

Industrial Production & Caixin Manufacturing

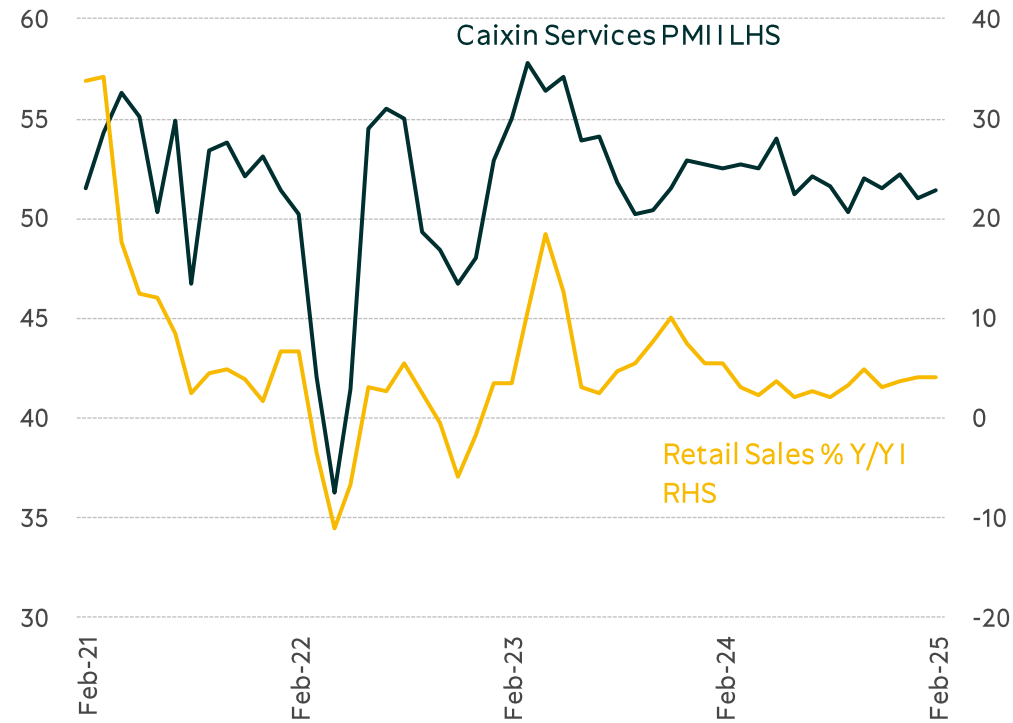


Fixed Assets Investment

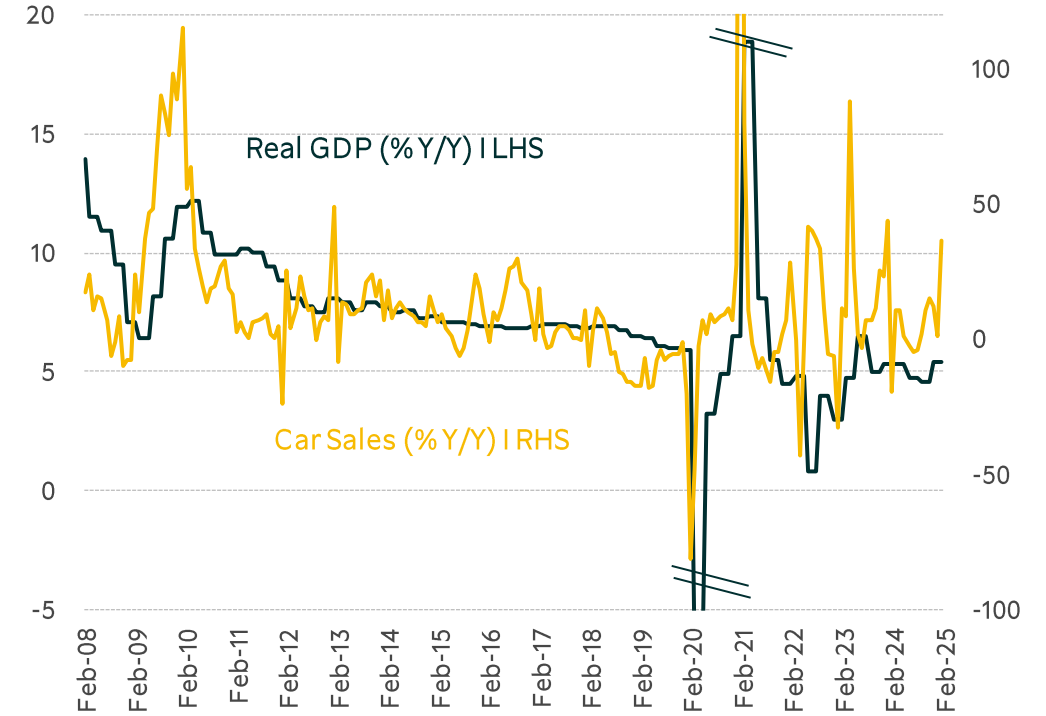


CN | Retail Sales remain relatively subdued. Caixin Services PMI increased slightly in February

Retail Sales & Caixin Services PMI

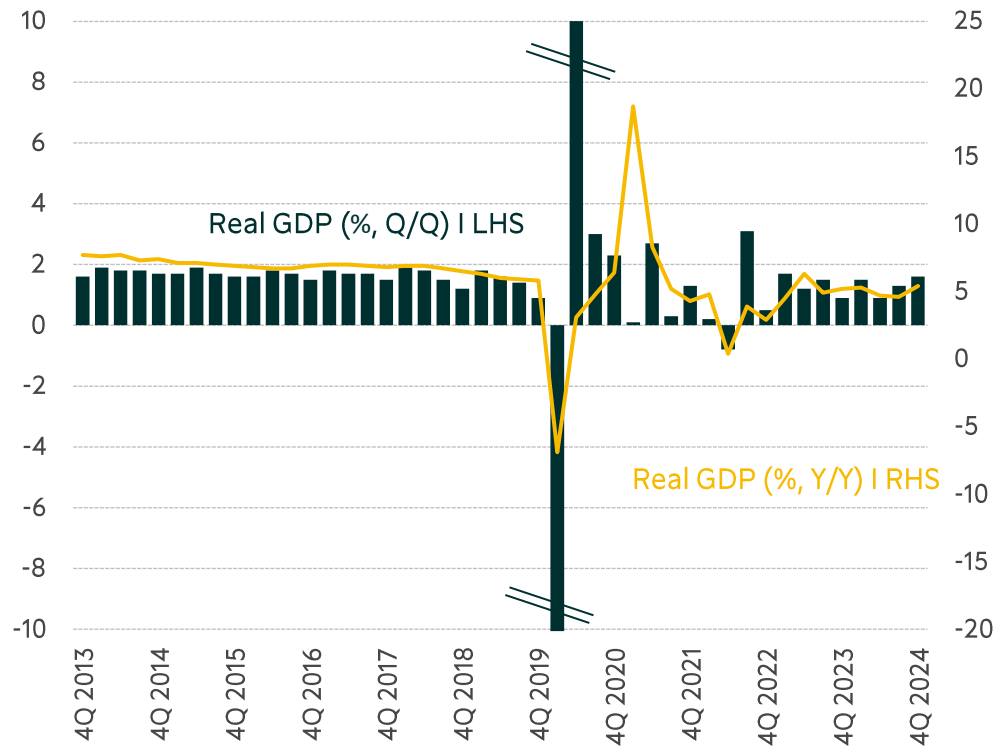


Real GDP & Car Sales

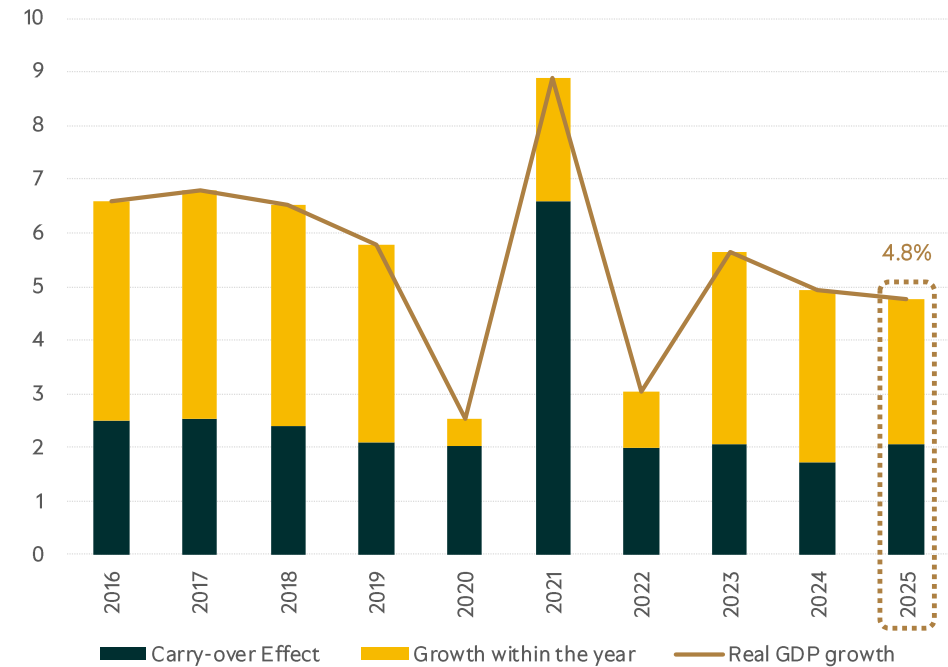


CN GDP Outlook | The official target of about 5% for 2024 was achieved but slightly lower growth is expected for 2025

GDP Growth Rate

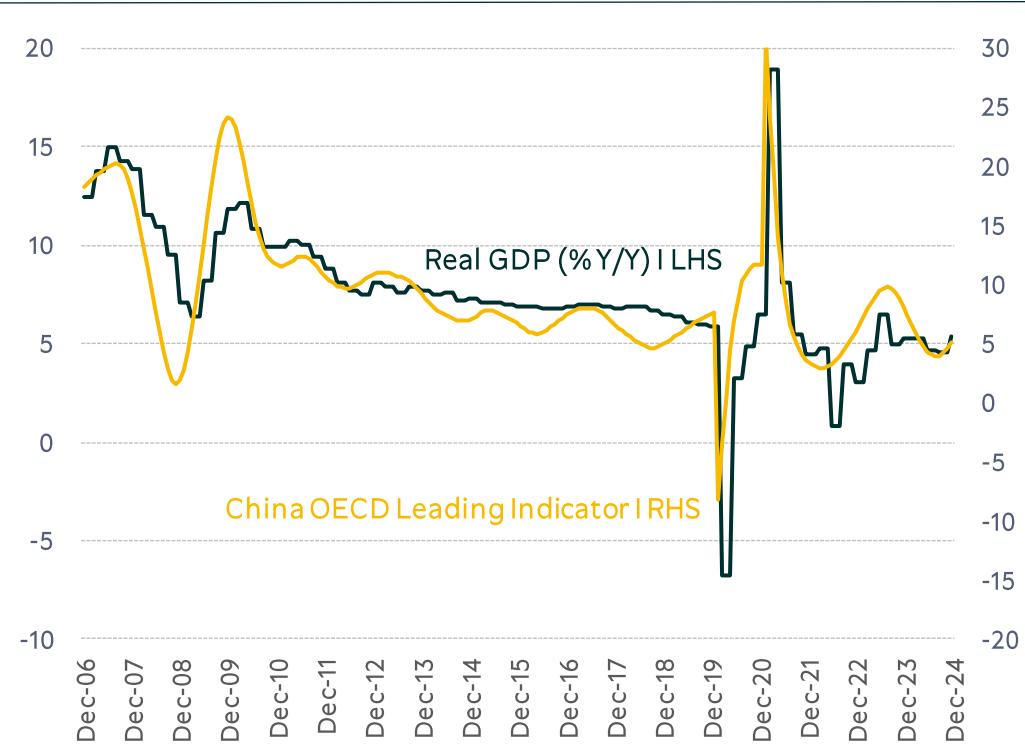


Carry Over Effect

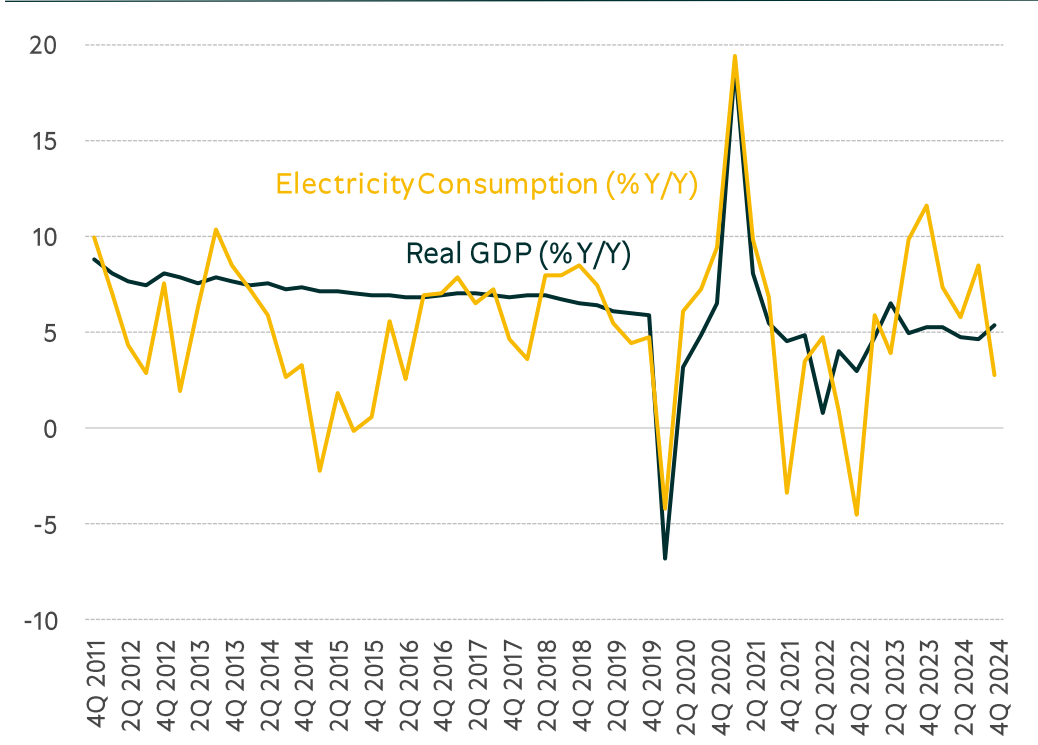


CN GDP | Electricity consumption data fell significantly in November while OECD's Leading Indicator is trying to move upwards

Real GDP & China OECD Leading Indicator

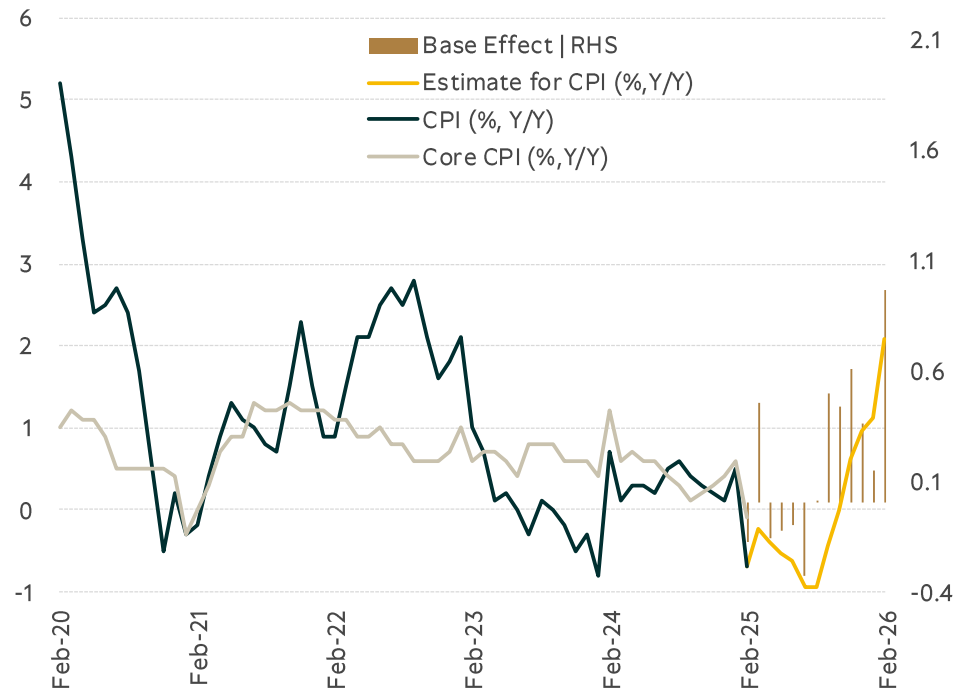


Real GDP & Electricity Consumption

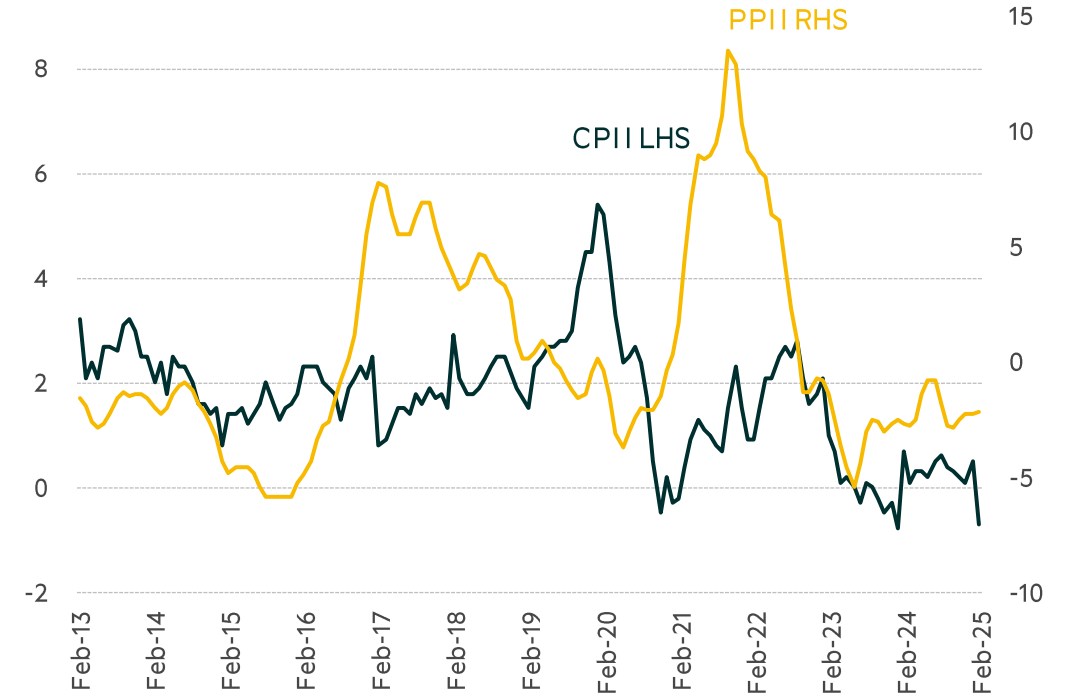


CN Inflation Outlook | Base effects are pointing to higher inflation in the next 12 months

Inflation Rate Forecast | Statistical Model

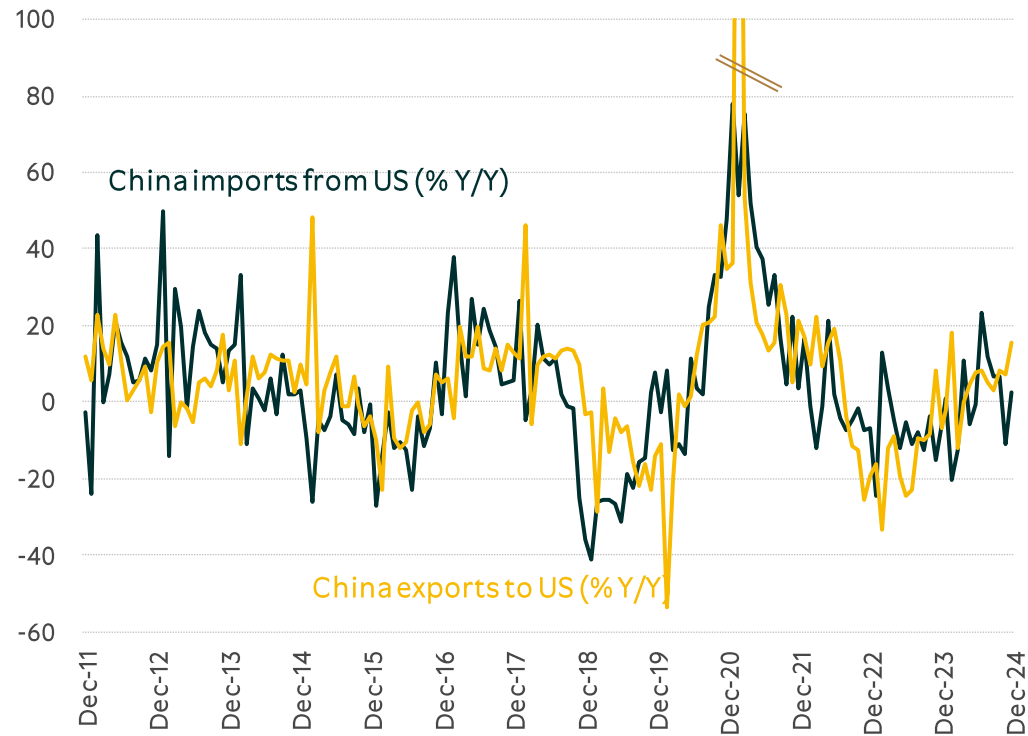


CPI & PPI

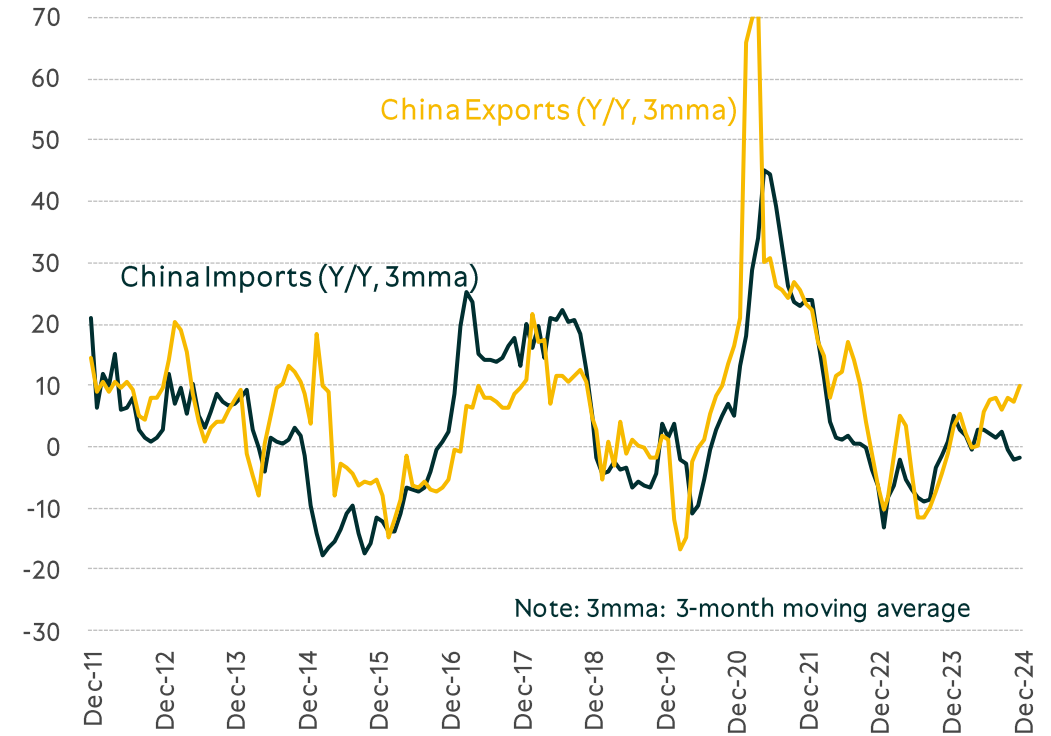


CN Trade | The trade outlook is quite uncertain due to the threat of higher tariffs

Trade US – China

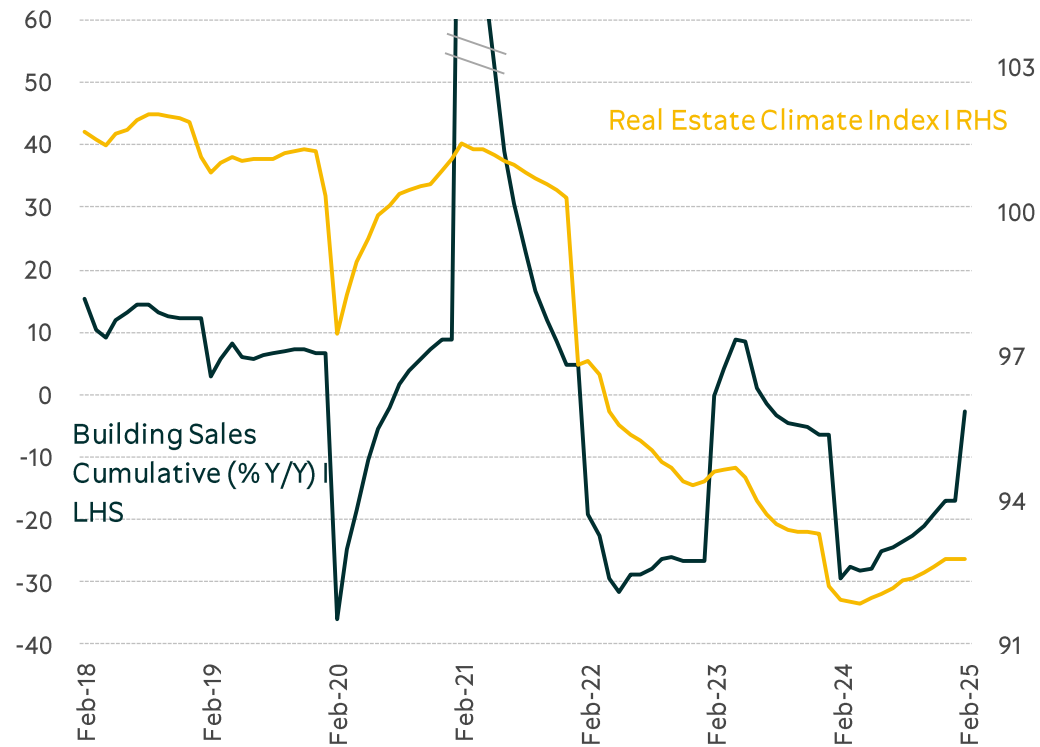


Imports & Exports

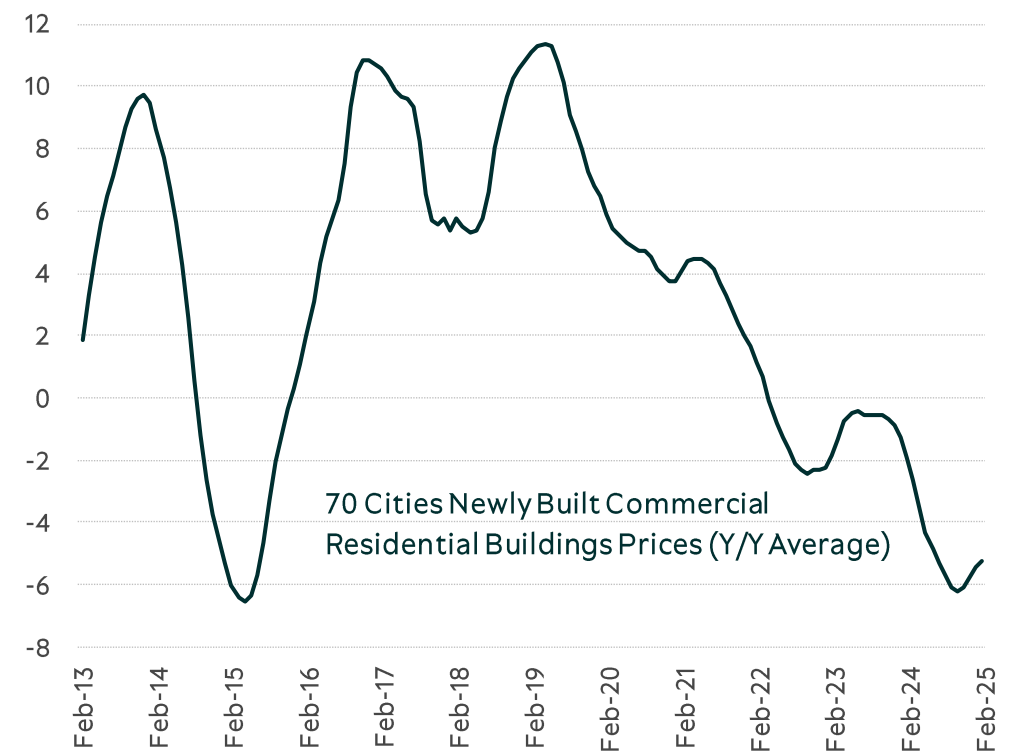


CN Real Estate | Small improvement in Building sales and Real Estate climate but Prices still very subdued

Real Estate Climate & Building Sales

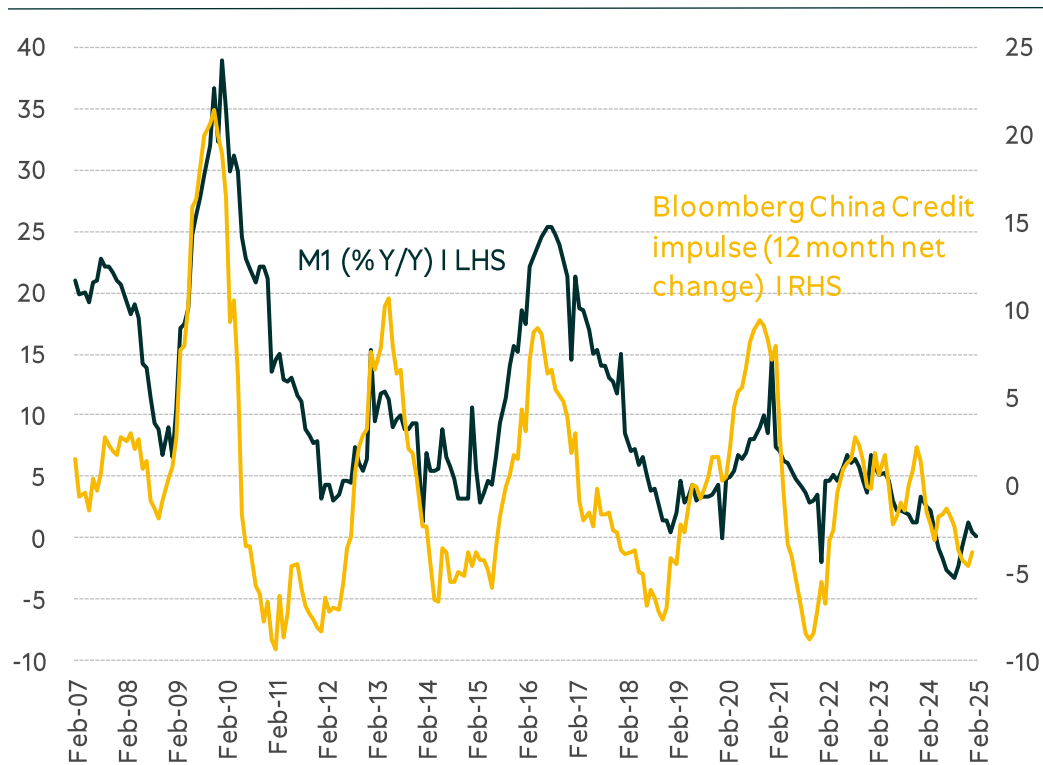


Newly Residential Buildings Prices

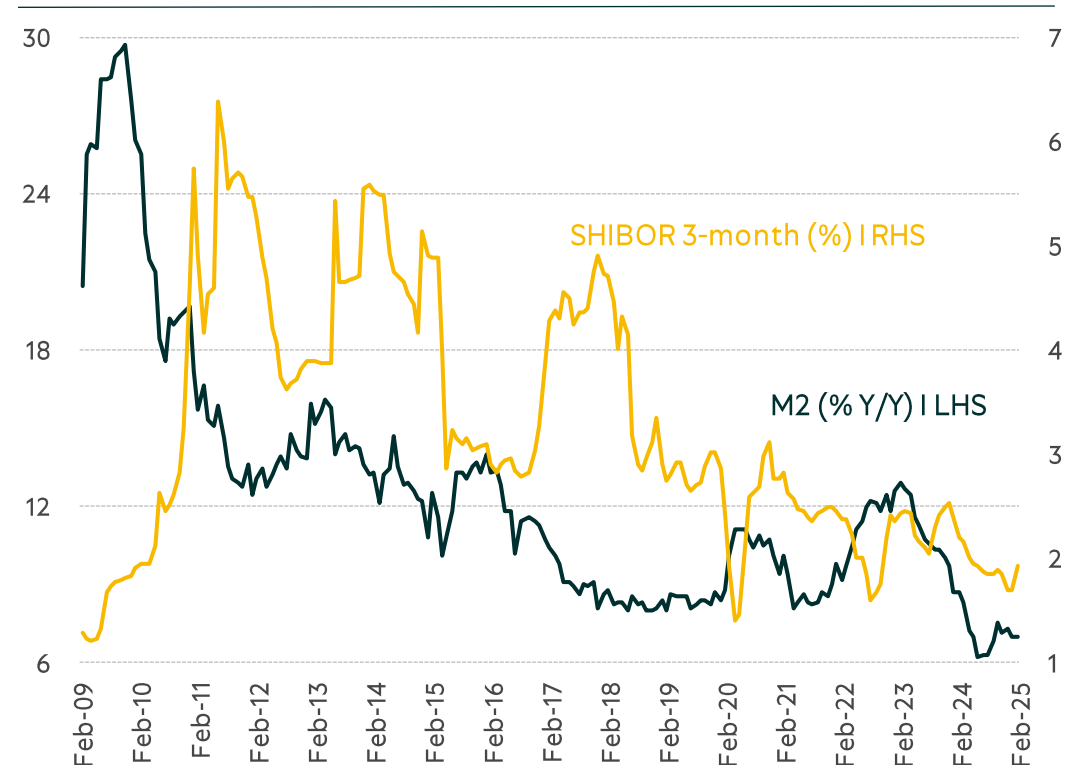


CN Money Supply | M1 and M2 still a drag to GDP ahead

Money Supply

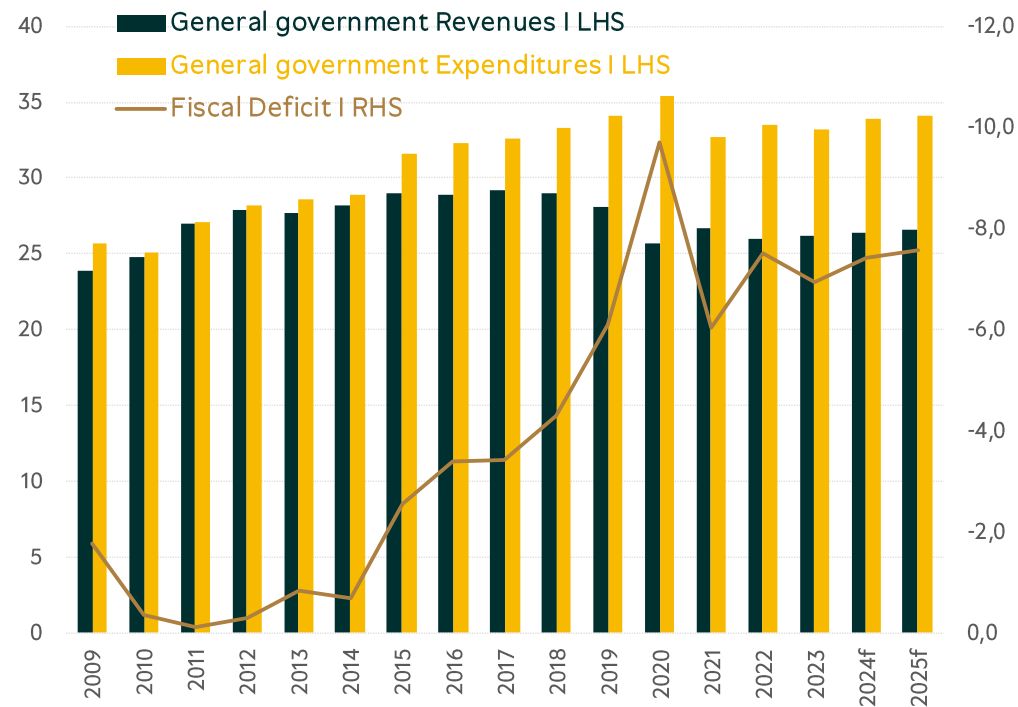


Money Supply & Interbank Rate

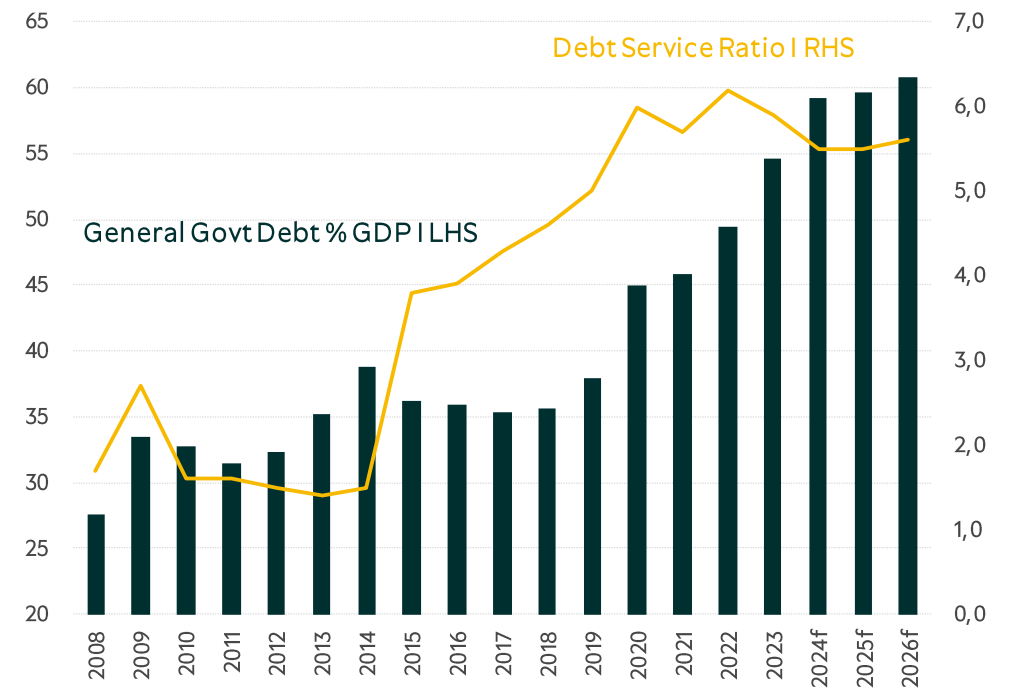


CN Fiscal | Expansionary Fiscal policy is expected to continue

Government Balance



General Government Debt & Debt Service Ratio



$$\text{Debt Service Ratio} = \frac{\text{Interest} + \text{Current-year repayment of principal}}{\text{Current-account receipts}}$$

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