

Global Macro Trends

Οι γεωπολιτικές και οι οικονομικές προκλήσεις αυξάνονται

Διεθνείς Μακροοικονομικές Τάσεις

- ▶ Η αβεβαιότητα σε παγκόσμιο επίπεδο έχει, αναμφίβολα, αυξηθεί το τελευταίο διάστημα ως συνέπεια των γεωπολιτικών εξελίξεων, αλλά και των πολιτικών που τελικά θα εφαρμόσει ο νέος Πρόεδρος των ΗΠΑ διαμορφώνοντας συνθήκες αρκετά ευμετάβλητες για την οικονομία και το διεθνές εμπόριο (π.χ. τιμές ενέργειας, κόστος μεταφορών, δασμοί, καθυστερήσεις στις διεθνείς εφοδιαστικές αλυσίδες). Θετική, ωστόσο, εξέλιξη συνιστά η συγκρατημένη απάντηση του Ισραήλ στο Ιράν (είδος, μέγεθος) που απομάκρυνε προς το παρόν τον κίνδυνο γενίκευσης του πολέμου στη Μέση Ανατολή. Η αύξηση των κινδύνων βρίσκει την πλειοψηφία των αναπτυσσόμενων χωρών σε δημοσιονομικά δυσχερή θέση, καθώς ο λόγος χρέους/ΑΕΠ συχνά ξεπερνά το 100%, με αποτέλεσμα η δυνατότητα στήριξης της οικονομίας μέσω αύξησης των ήδη υψηλών κρατικών δαπανών να είναι περιορισμένη. Συνεπώς, η χαλάρωση της νομισματικής πολιτικής αναμένεται να αποτελέσει το βασικό μηχανισμό στήριξης με τρόπο, όμως, που δεν θα αναζωπυρώσει τις πληθωριστικές πιέσεις.
- ▶ **Στις ΗΠΑ**, η οικονομία συνεχίζει να αναπτύσσεται με ιδιαίτερα ικανοποιητικό ρυθμό διαψεύδοντας τις προγενέστερες εκτιμήσεις για σημαντική επιβράδυνση. Οι λιανικές πωλήσεις και η προσωπική καταναλωτική δαπάνη, επωφελούμενες από την αύξηση των μισθών και το χαμηλό ποσοστό ανεργίας, συνεχίζουν να αυξάνουν σε μηνιαία βάση και ο πληθωρισμός έχει πλησιάσει αρκετά τον στόχο της Fed, ωθώντας την να ξεκινήσει τον κύκλο μείωσης του βασικού επιτοκίου της (κατά 50 μ.β. το Σεπτέμβριο και 25 μ.β. τον Νοέμβριο). Η εξέλιξη αυτή ευνοεί την άνοδο των εταιρικών επενδύσεων, αλλά και την αναθέρμανση της αγοράς κατοικίας. Εξάιρεση αποτελεί ο μεταποιητικός τομέας όπου ο σχετικός πρόδρομος δείκτης ISM συνεχίζει να καταδεικνύει συγκρατημένη συρρίκνωση, ενώ μειωμένη ήταν και η βιομηχανική παραγωγή κατά το γ' τρίμηνο. Ταυτόχρονα, οι συνθήκες στην αγορά εργασίας καθίστανται σταδιακά λιγότερο ευνοϊκές. Μια ήπια επιβράδυνση της οικονομικής δραστηριότητας είναι το βασικό μας σενάριο για το τρέχον τρίμηνο και το επόμενο έτος. Εκτιμούμε ρυθμό ανάπτυξης συνολικά για το 2024 κοντά στο 2,5% και χαμηλότερα του 2% για το 2025.
- ▶ **Στην Ευρωζώνη**, τα σοβαρά προβλήματα στον μεταποιητικό τομέα παραμένουν, ιδίως στη Γερμανία (π.χ. αυτοκινητοβιομηχανία), που θα ενταθούν εάν οι ΗΠΑ αυξήσουν τους δασμούς. Σε συνδυασμό με την ατολμία ανάληψης πρωτοβουλιών από την Ευρωπαϊκή Ένωση, παρότι αυτά αναδείχθηκαν και προτάθηκαν δράσεις μέσω της Έκθεσης του Μ. Ντράγκι "The future of European competitiveness", εγείρουν τον κίνδυνο να ενταθεί η μετανάστευση της παραγωγής ευρωπαϊκών εταιρειών σε χώρες με πιο ευνοϊκό περιβάλλον για τις επενδύσεις (π.χ. ΗΠΑ). Στην αποτροπή αυτού του κινδύνου δεν βοηθά η συνεχιζόμενη συγκρατημένη ανάπτυξη, απόρροια εν μέρει της αδύναμης εσωτερικής ζήτησης, ρυθμός που δεν αναμένεται να ενισχυθεί αξιοσημείωτα στο προσεχές μέλλον. Από την άλλη, ενθαρρυντική εξέλιξη αποτελεί η μείωση των βασικών επιτοκίων της ΕΚΤ και η ισχυρή ακόμη αγορά εργασίας.
- ▶ **Στην Κίνα**, η αποδυνάμωση της αναπτυξιακής δυναμικής από τον Απρίλιο και μετά και τα σοβαρά προβλήματα στην αγορά ακινήτων οδήγησε τους φορείς χάραξης πολιτικής στην ανακοίνωση μέτρων στήριξης της ανάπτυξης. Λόγω της δημοσιονομικά επιβαρυσμένης θέσης, αυτά έχουν κυρίως νομισματικό χαρακτήρα. Παράλληλα, η αδύναμη εσωτερική ζήτηση, η συγκρατημένη αύξηση των εξαγωγών (και λόγω της αύξησης των δασμών από ΗΠΑ, ΕΕ και άλλες χώρες) και ο πρακτικά ανύπαρκτος πληθωρισμός δρουν ανασταλτικά της ανάπτυξης.

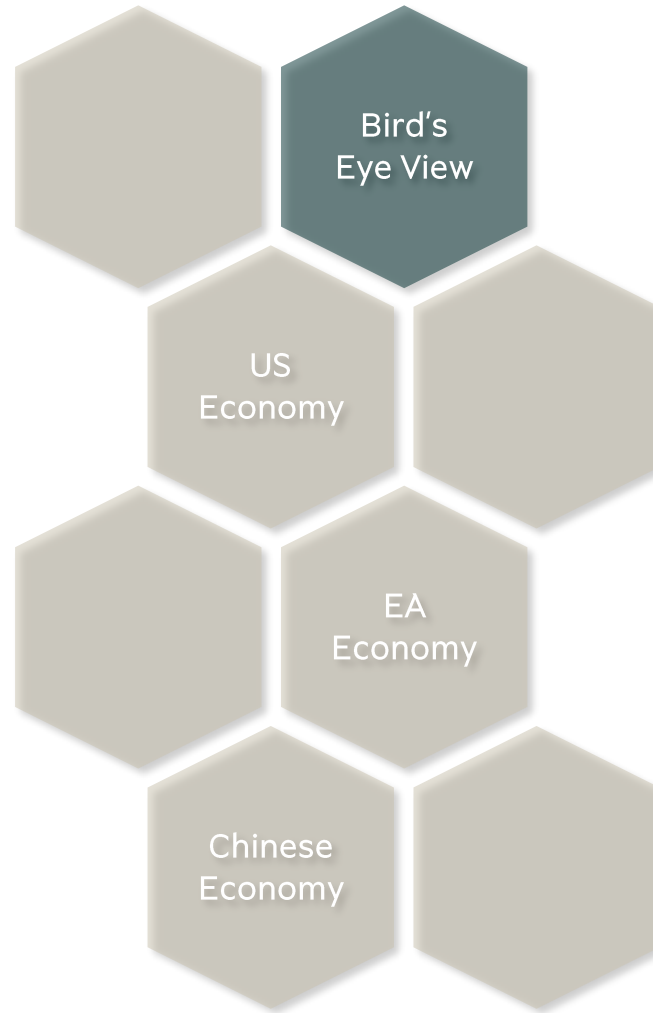
Global macro trends

- ▶ Global uncertainty has undoubtedly increased recently as a result of geopolitical developments and the policies that the President-elect of the United States will ultimately implement, creating quite volatile conditions for the economy and international trade (e.g., energy prices, transportation costs, tariffs, delays in international supply chains). Israel's measured response to Iran, both in type and scale, is a positive development that has temporarily reduced the risk of a wider conflict in the Middle East. The increase in risks has placed most developed countries in a fiscally challenging situation, with debt-to-GDP ratios often surpassing 100%, thereby limiting their ability to bolster the economy through further government spending. Therefore, monetary policy easing is expected to be the principal support mechanism, in a manner that does not rekindle inflationary pressures.
- ▶ **In the US, the economy continues to expand at a commendable rate, defying previous forecasts of a significant slowdown.** Retail sales and personal consumer expenditure, bolstered by rising wages and low unemployment rates, remain the main drivers for growth. Inflation has approached the Federal Reserve's target, prompting the initiation of its interest rate reduction cycle (by 50 basis points in September and 25 basis point in November). This development supports the growth of private investments and the revitalization of the housing market. An exception remains the manufacturing sector, where the ISM leading index continues to indicate a moderate contraction, while industrial production also declined in the third quarter. Furthermore, labor market conditions are gradually becoming less favorable. A mild slowdown in economic activity is our main scenario for the current quarter and the next year. We estimate an overall growth rate of around 2.5% for 2024 and below 2% for 2025.
- ▶ **In the Eurozone, significant challenges persist within the manufacturing sector, particularly in Germany** (e.g., the automotive industry) which will intensify if the U.S. increases tariffs. Combined with the European Union's hesitation to undertake comprehensive initiatives, as recommended in Mario Draghi's report, "The Future of European Competitiveness," there is an increasing risk that European companies might relocate their production to countries with more favorable investment environments (e.g. in the USA). This risk is not mitigated by the ongoing sluggish growth rate, partially due to weak internal demand, a trend not expected to improve significantly soon. However, encouraging developments include the reduction of the ECB's key interest rates and the still robust labor market.
- ▶ **In China, the weakening of growth momentum since April and the significant issues in the real estate market have prompted policymakers to announce measures to support economic growth.** Given the strained fiscal position, these measures are primarily monetary in nature. Additionally, weak domestic demand, restrained export growth (partly due to increased tariffs from the USA, EU, and other countries), and practically non-existent inflation are hindering further development.

Main Macroeconomic Indicators – Market Consensus

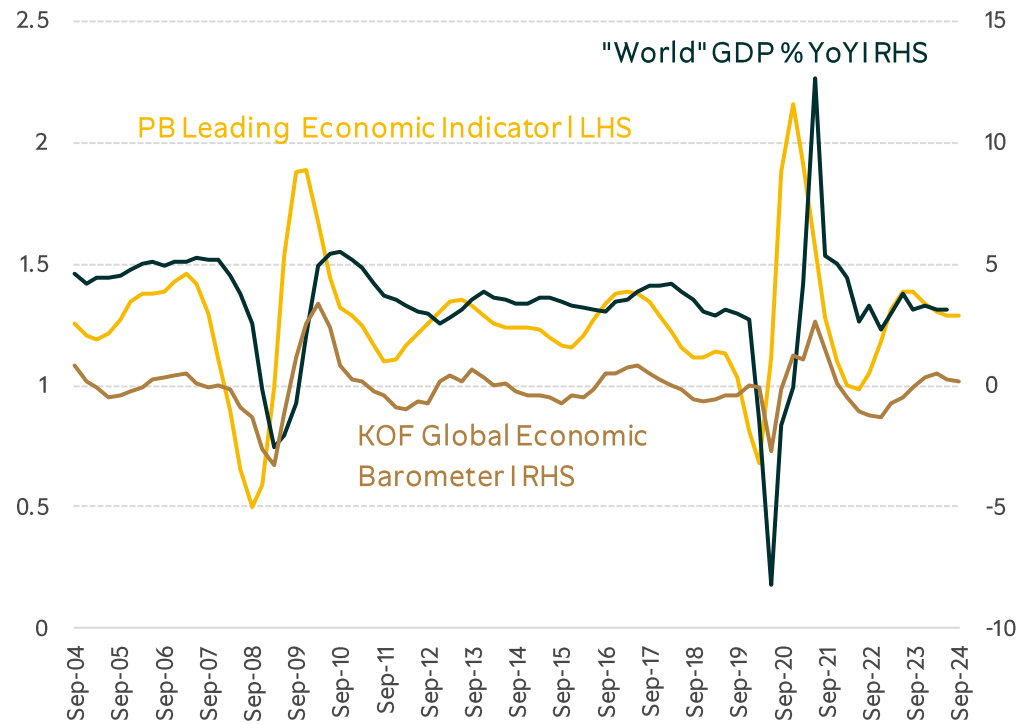
US											
	Actual				Estimates				% Y/Y avg		
	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2023	2024	2025
Real GDP Q/Q % SAAR	3,2	1,6	3,0	2,8	1,7	1,7	1,9	2,0	2,9	2,6	1,9
Headline PCE PI % Y/Y	2,8	2,7	2,6	2,3	2,4	2,1	2,0	2,1	3,8	2,5	2,1
Core PCE % Y/Y	3,2	3,0	2,7	2,7	2,7	2,3	2,2	2,2	4,2	2,7	2,2
Unemployment Rate	3,7	3,8	4,0	4,2	4,3	4,3	4,4	4,3	3,6	4,1	4,3
Fed Policy Rate (Upper Bound)	5,50	5,50	5,50	5,00	4,50	4,05	3,70	3,45	5,50	4,50	3,30
EA											
	Actual				Estimates				% Y/Y avg		
	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2023	2024	2025
Real GDP Q/Q %	0,1	0,3	0,2	0,4	0,2	0,3	0,3	0,3	0,4	0,7	1,2
CPI % Y/Y	2,7	2,6	2,5	2,2	2,1	1,9	1,9	1,8	5,5	2,4	2,0
Unemployment Rate	6,5	6,5	6,4	6,3	6,5	6,5	6,5	6,5	6,6	6,5	6,5
ECB Policy Rate (Main Refin Rate)	4,50	4,50	4,25	3,65	3,15	2,90	2,65	2,40	4,50	3,15	2,28
	Emerging Markets		Brazil			China		India			
	Real GDP	Inflation	Real GDP	Inflation	Key Rate	Real GDP	Inflation	Real GDP	Inflation	Key Rate	
2021	6.0	3.6	5.0	8.3	9.25	8.4	0.9	9.7	6.7	6.25	
2022	3.9	6.4	3.0	9.3	13.75	3.0	2.0	7.0	5.7	6.50	
2023	4.2	5.7	2.9	4.6	11.75	5.2	0.2	7.8	4.8	6.35	
2024f	4.0	6.6	3.0	4.3	11.75	4.8	0.5	6.9	4.5	5.70	
2025f	4.3	3.7	2.0	3.7	10.75	4.5	1.3	6.6	4.4	5.6	

Market Consensus 07.11.2024

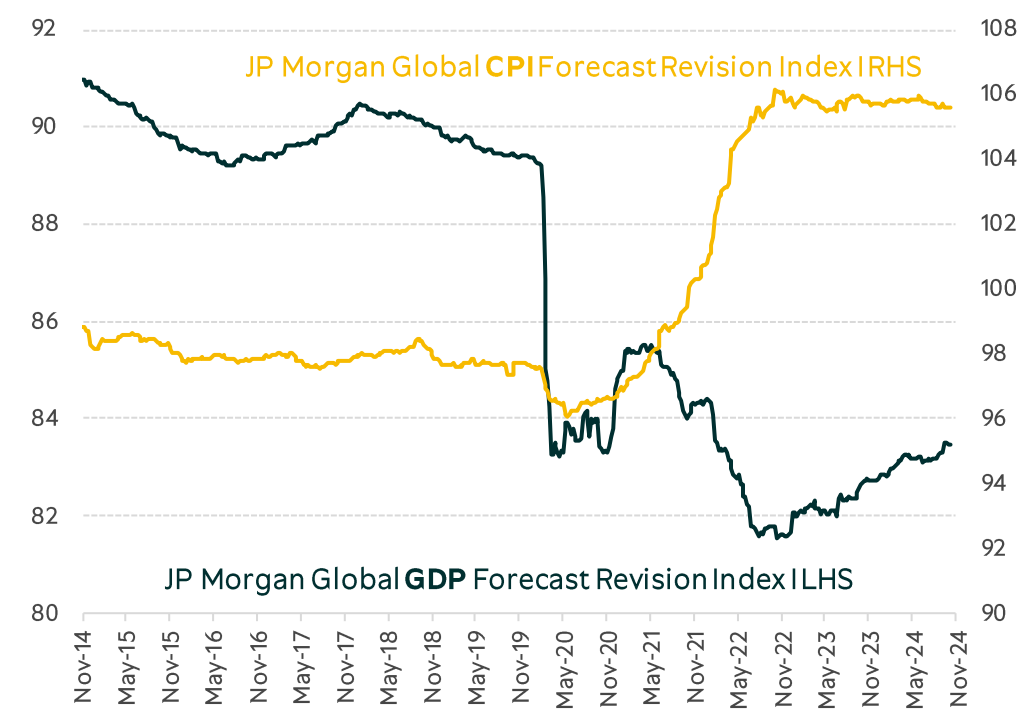


The Global Bird's-Eye View | The global economy seems to have escaped the “subpar growth trap” but inflation remains above central banks’ target

Piraeus Bank “World” Leading Economic Indicator & Economic Growth

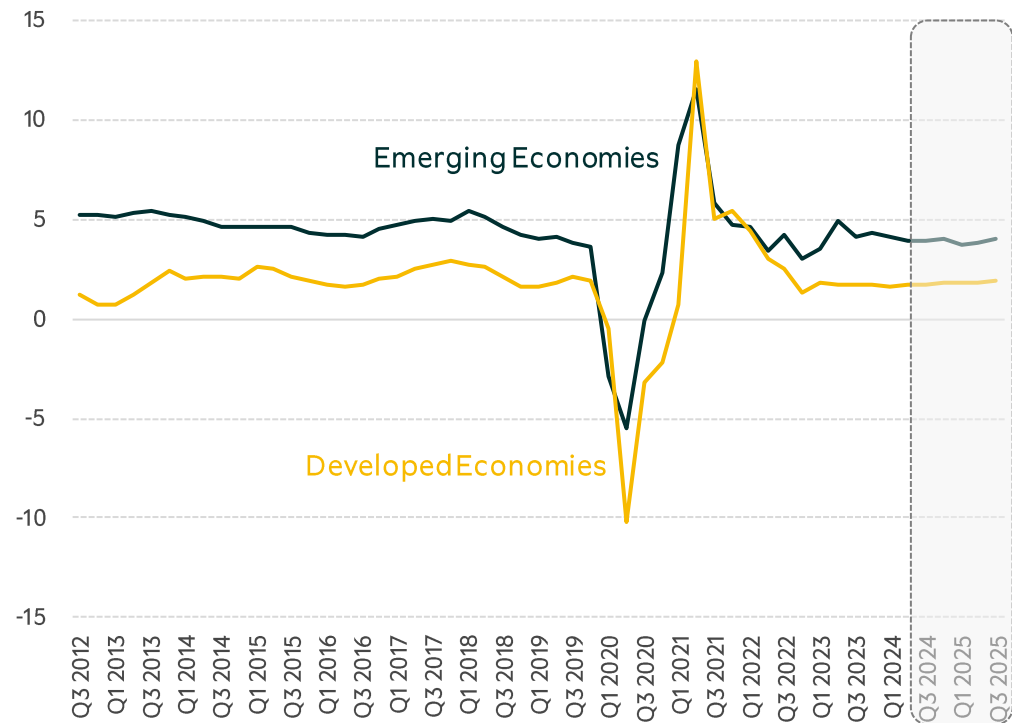


JP Morgan Global Forecast Revision Indices

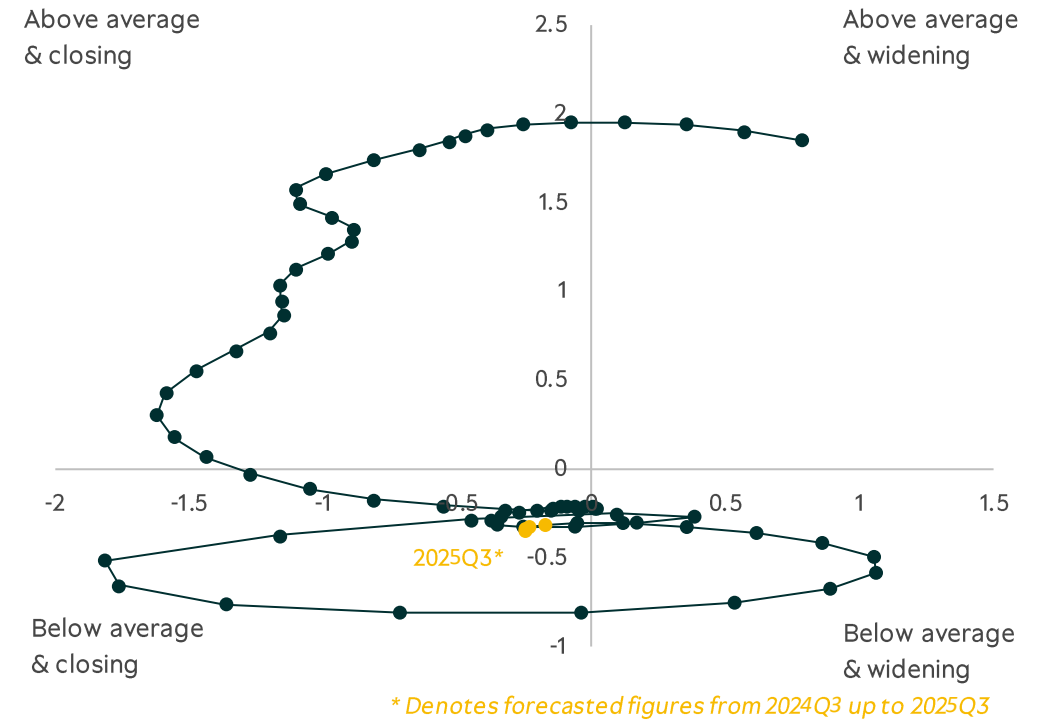


The Global Bird's-Eye View | Emerging markets' growth differential remains steady however it is expected to reach below average levels in 2025

Real GDP Growth % YoY

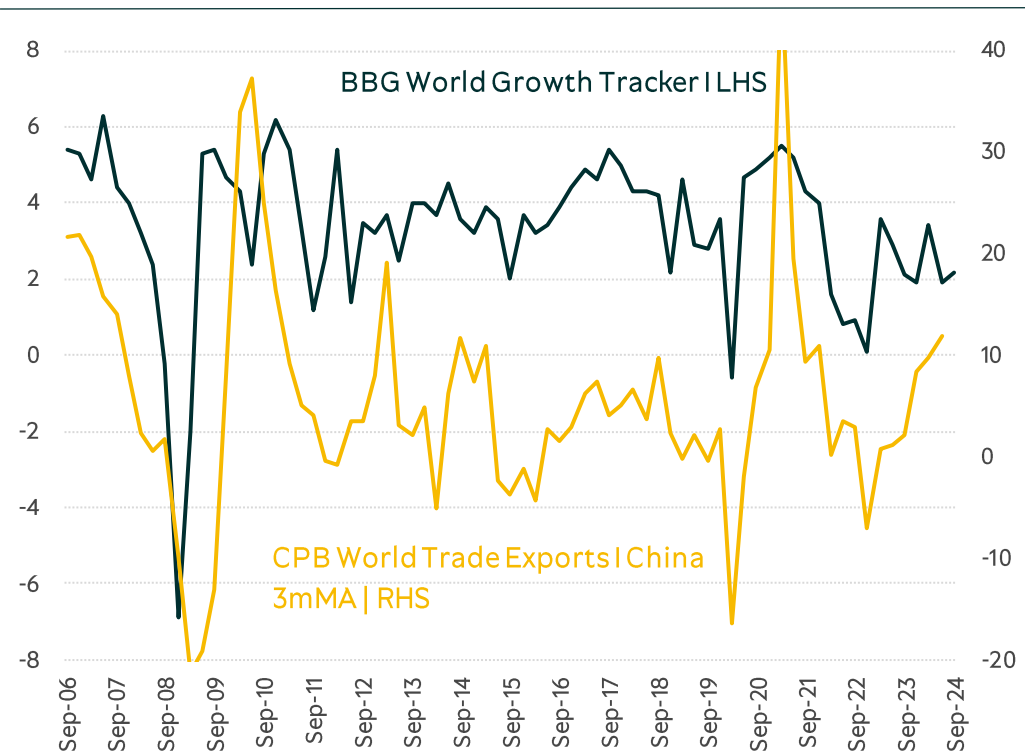


EM – DM Growth Differential

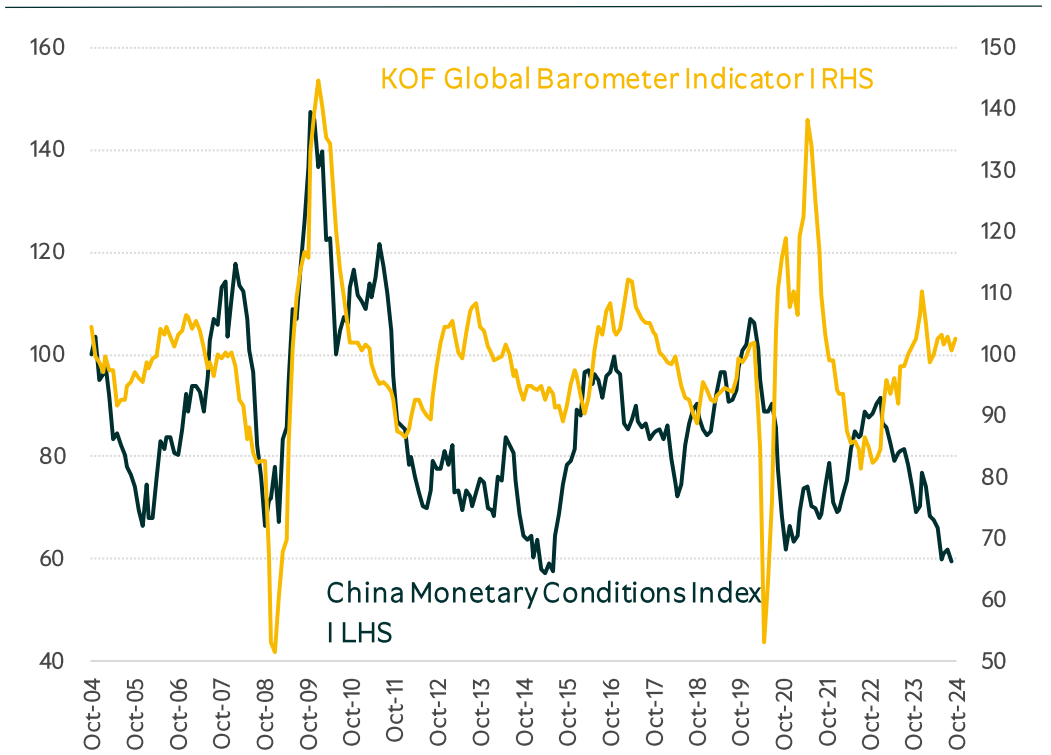


Global Economic Activity | China's slowdown is a global headwind

BBG World Growth Tracker & China Exports

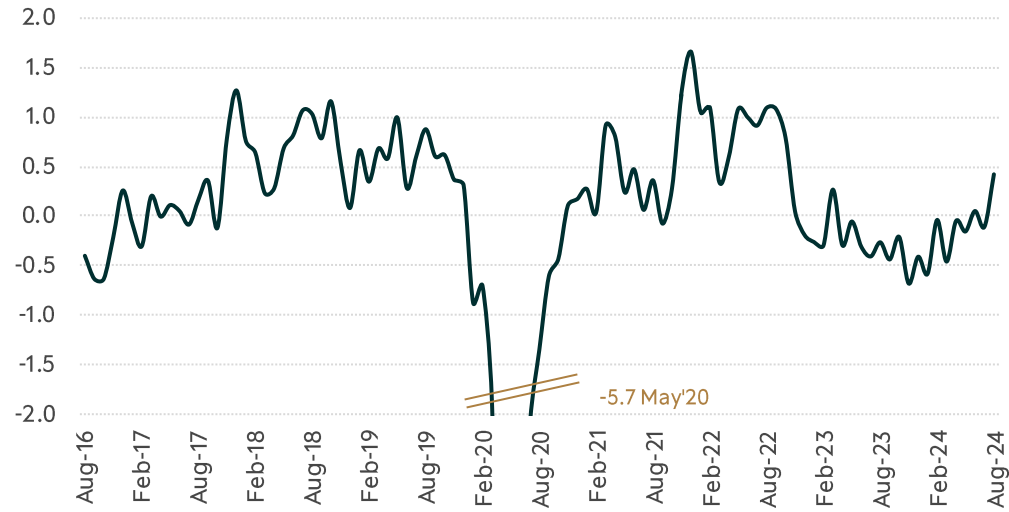


KOF Global Barometer Indicator & China Monetary Conditions

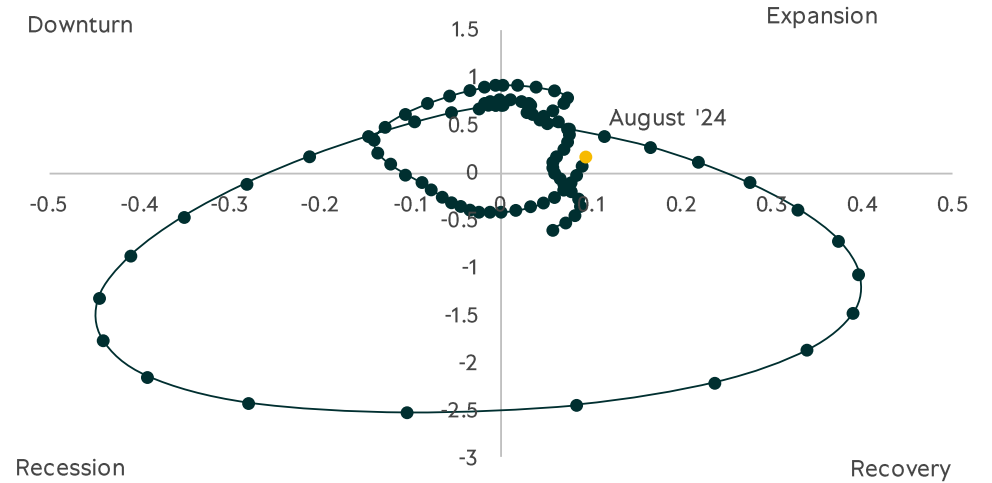


Global Trade | World Trade Tracer approaching expansion with Emerging Markets paving the way

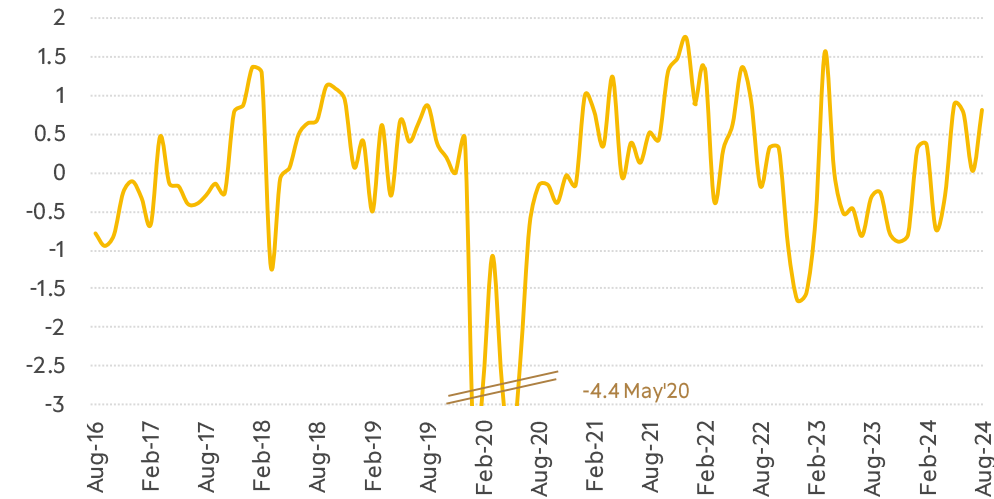
World Trade



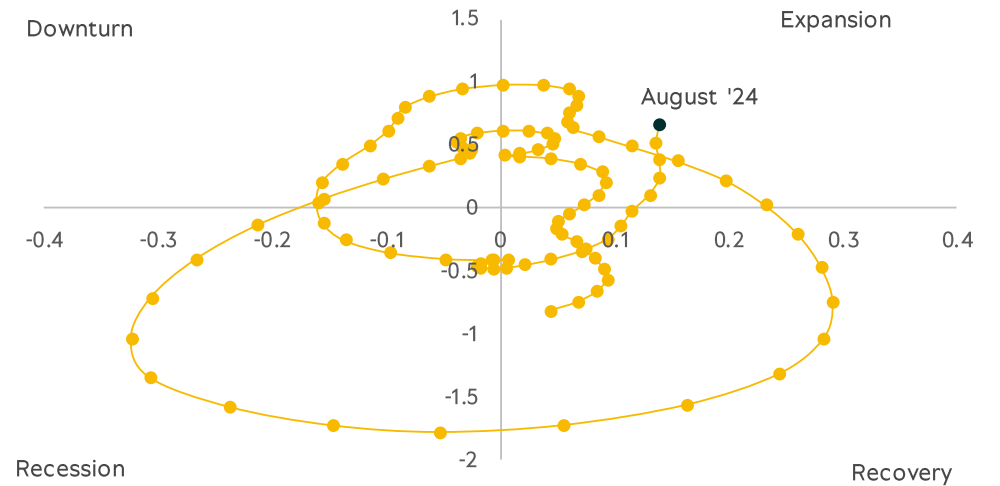
World Trade Tracer



World Exports | EM

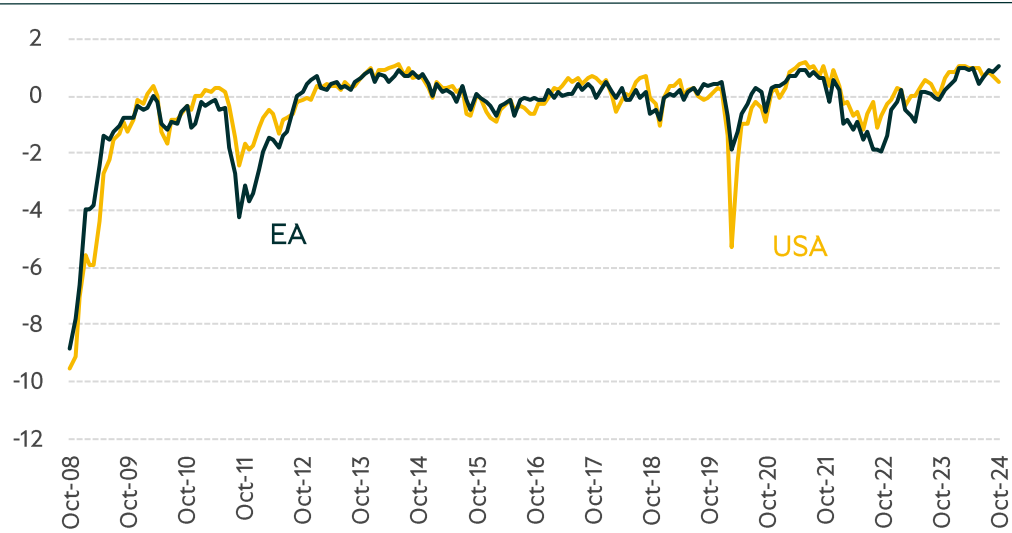


World Exports Tracer | EM

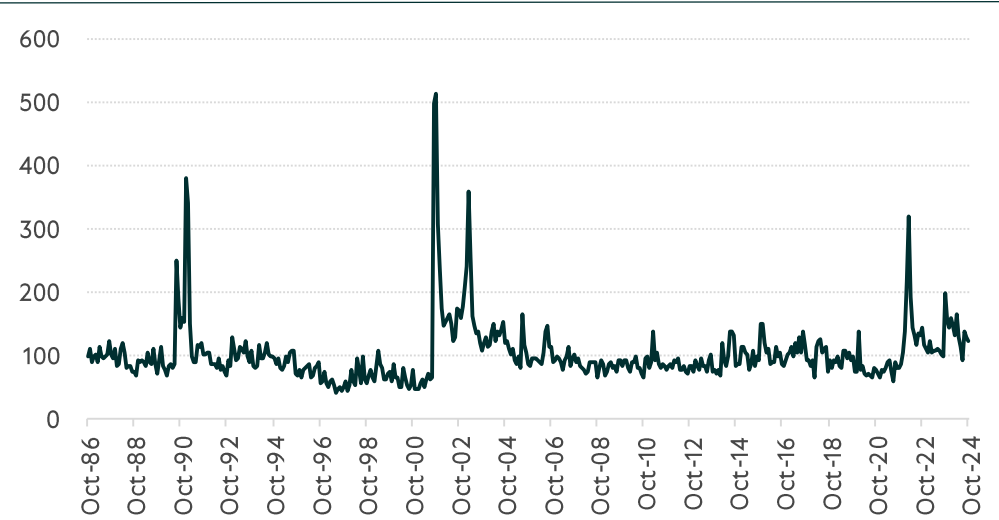


Global Trends | Supply-side indices indicate no major cost-push inflationary pressures for now

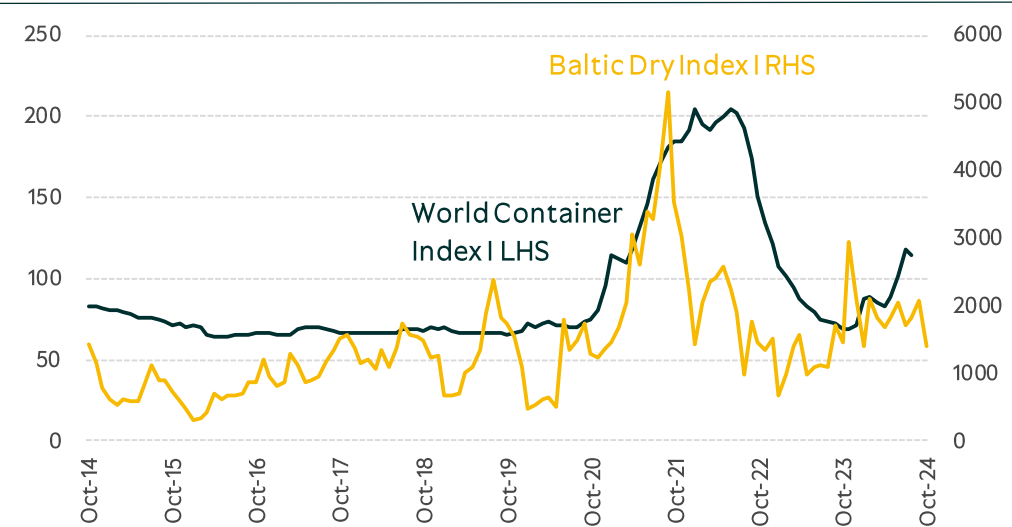
Bloomberg Financial Conditions Indices



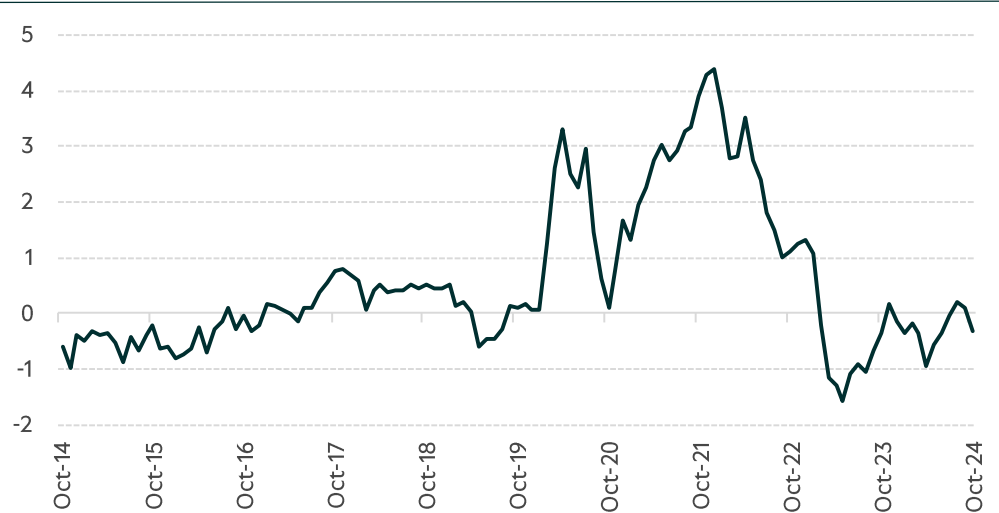
Global Geopolitical Risk Index (Caldara & Iacoviello)



World Container and Baltic Dry Indices

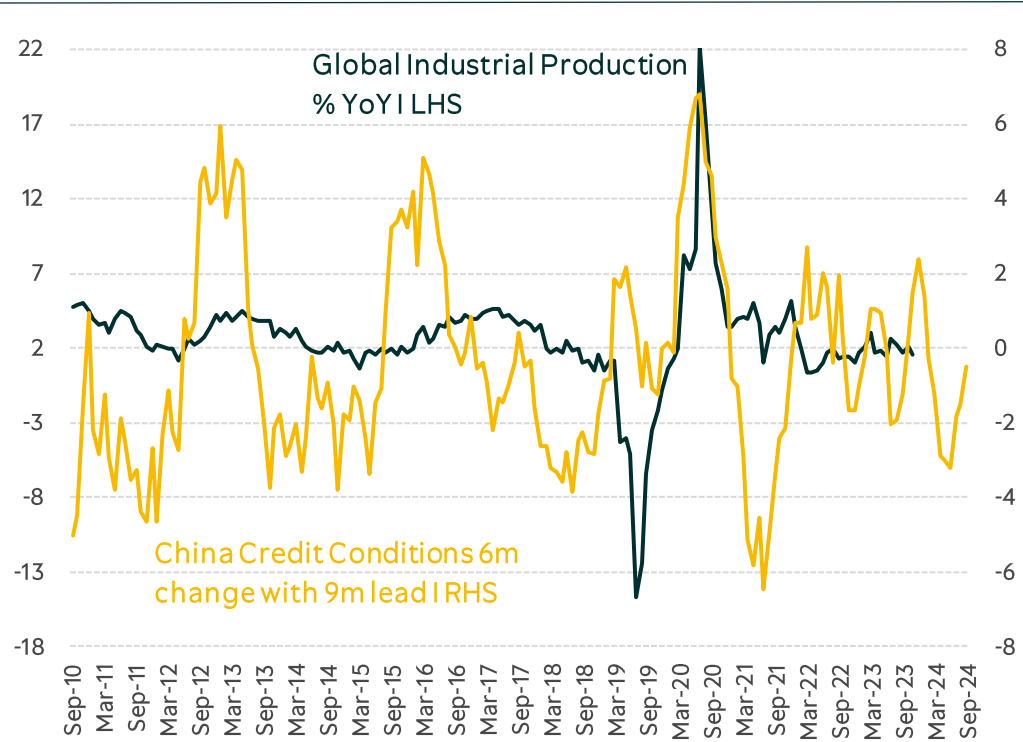


NY Fed | Global Supply Chain Pressure

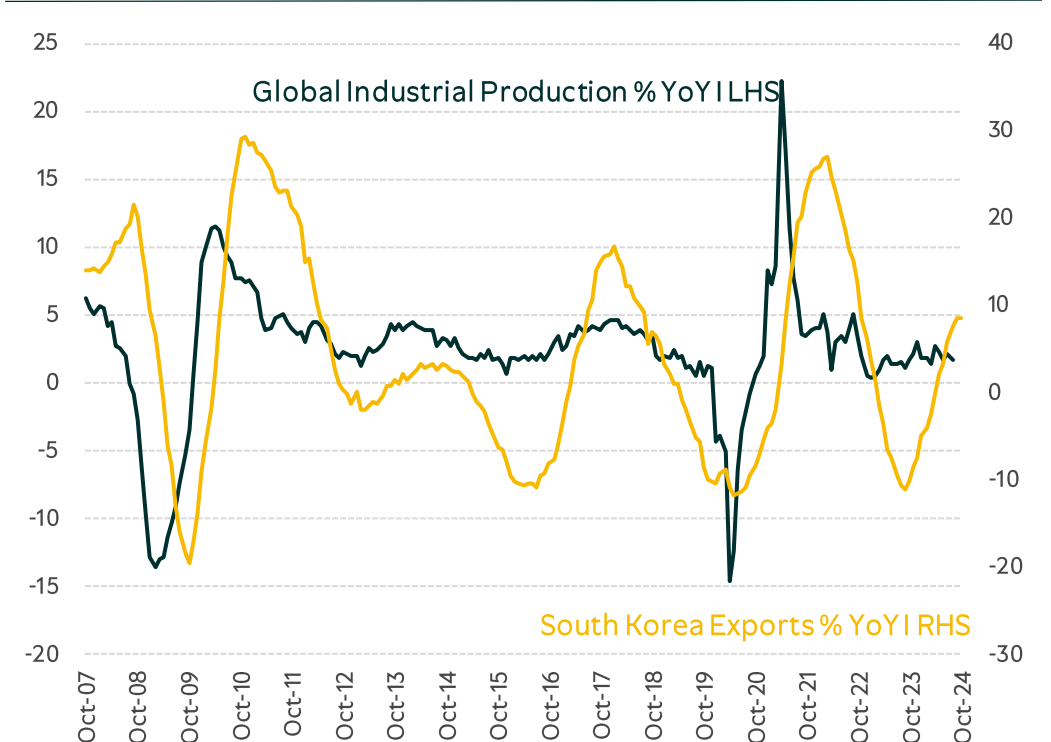


Global Trends | China's credit conditions a potential source of worry though South Korea's exports point to higher global industrial production / growth outlook

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

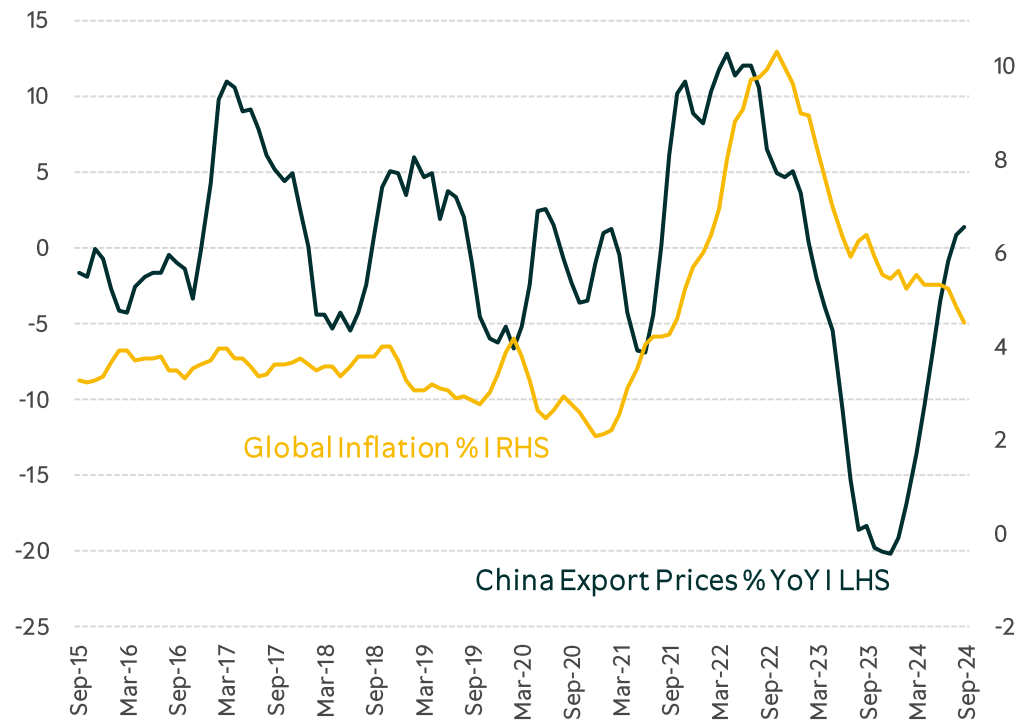


South Korean Exports & Global Industrial Production

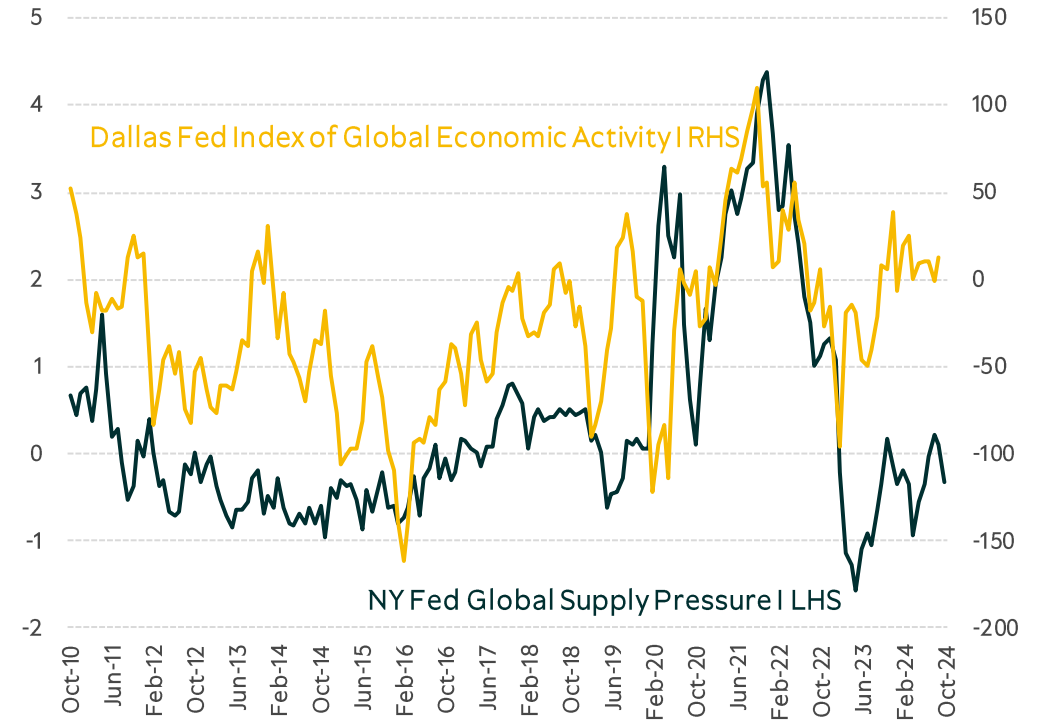


Global Trends | China's export prices signal a possible halt to exporting deflation to the world

China Export Prices & Global Inflation

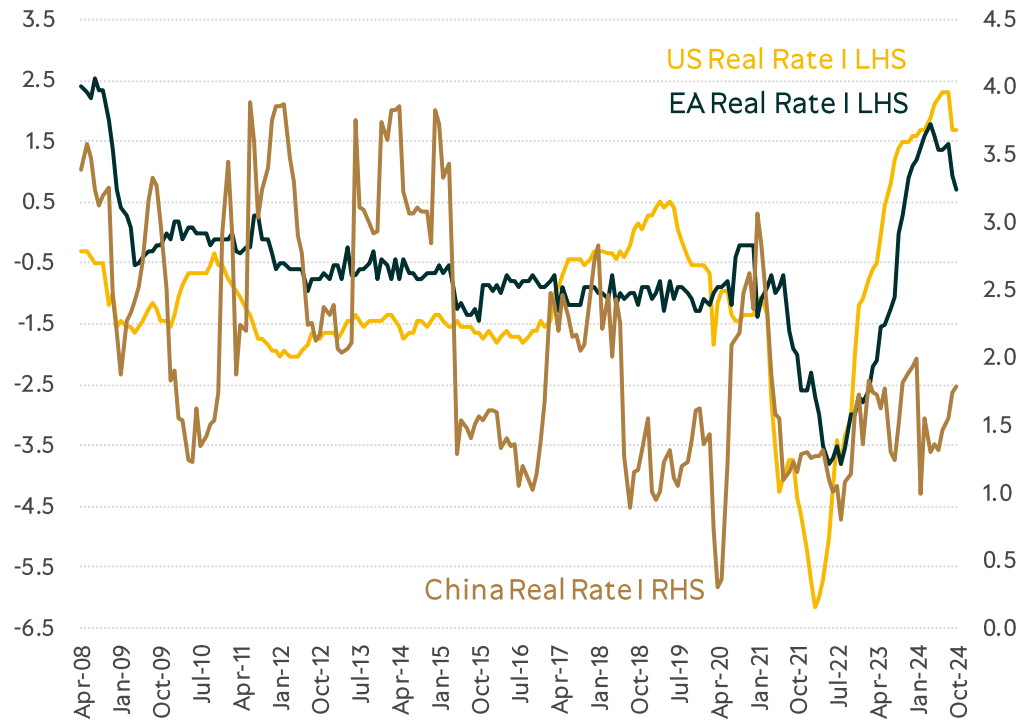


Global Economic Activity vs Global Supply Pressure

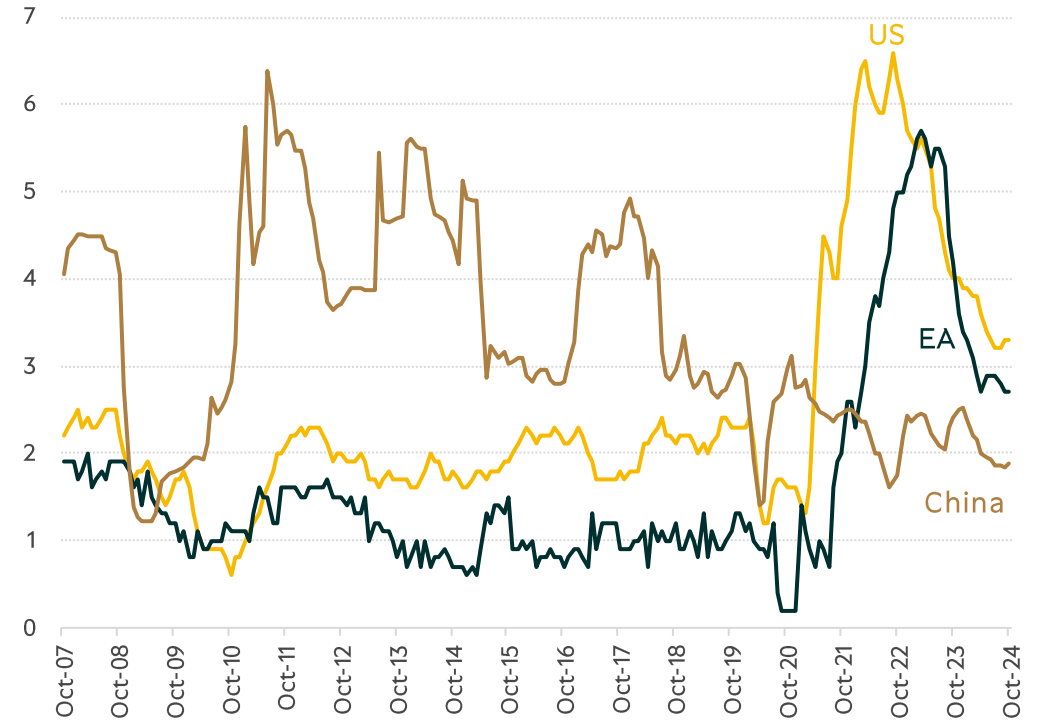


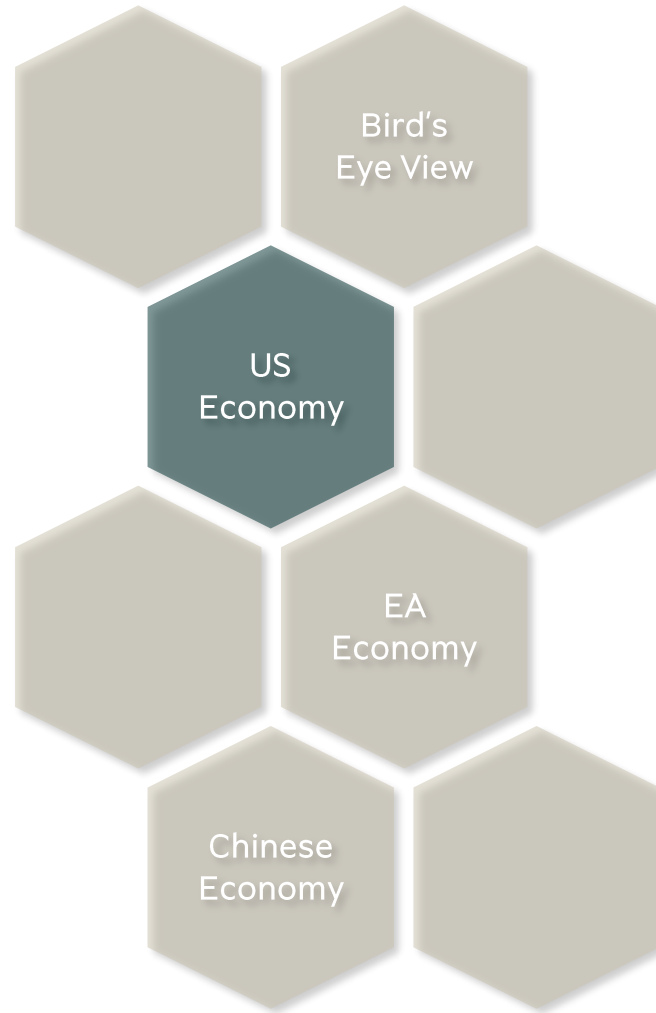
Global Trends | Global real policy rates begin a downward trend. Chinese inflation well below US & EA

Global Real Policy Rates US, EA, CN



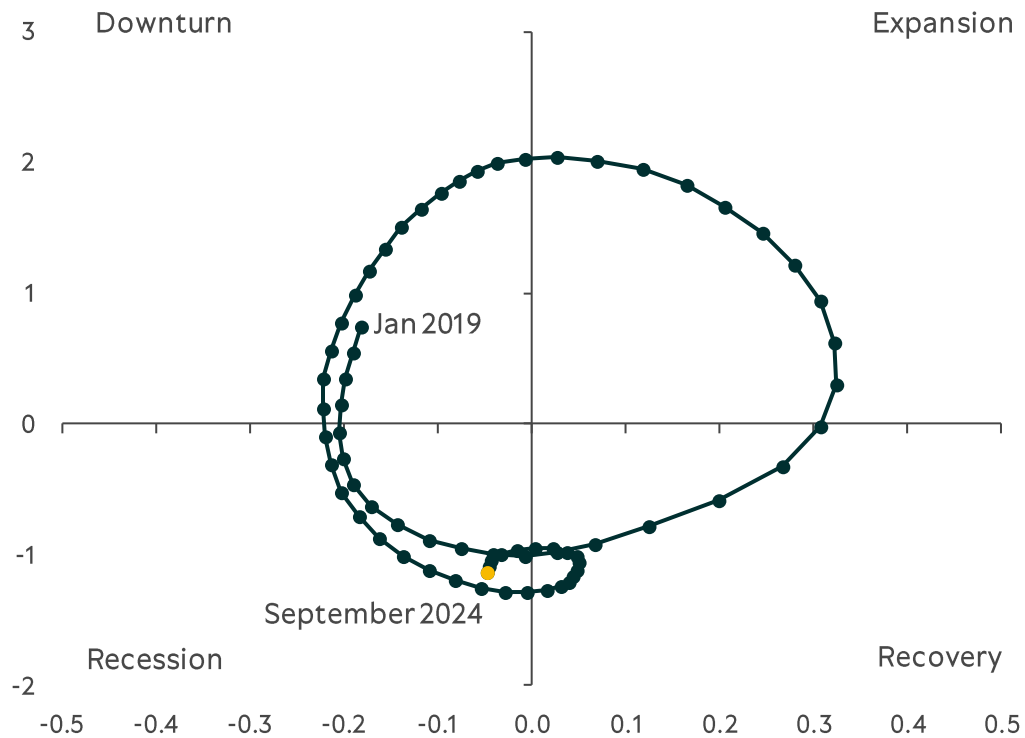
US, EA, CN Core Inflation



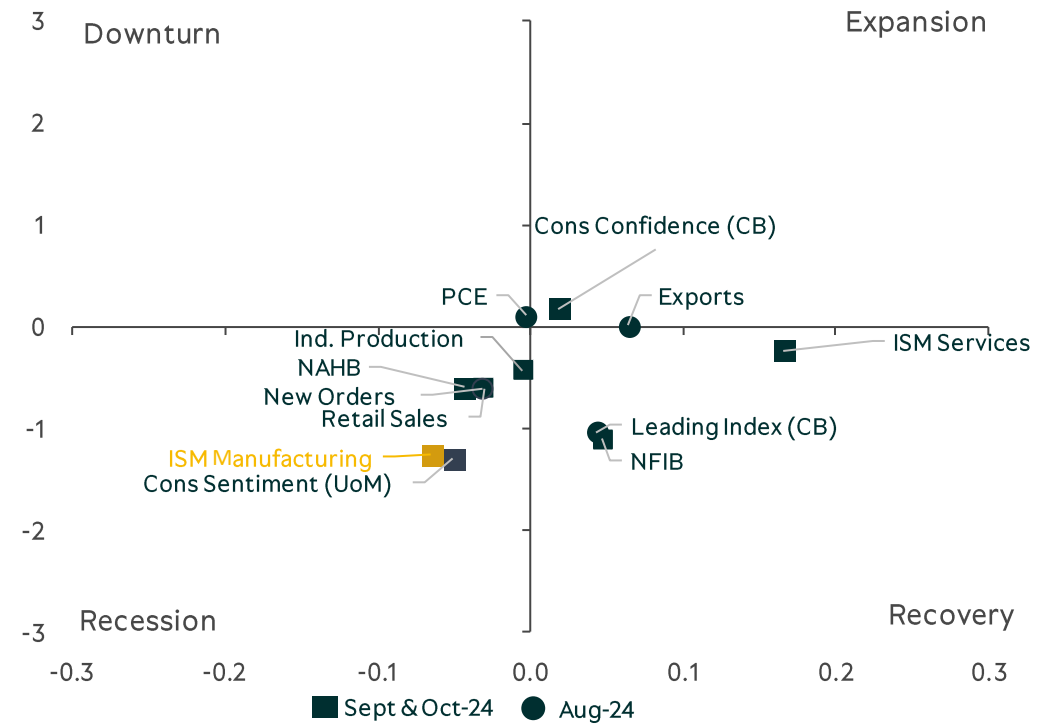


US Business Cycle | Mixed signals for major US economic variables

US Business Cycle | Based on ISM Manufacturing Indicator

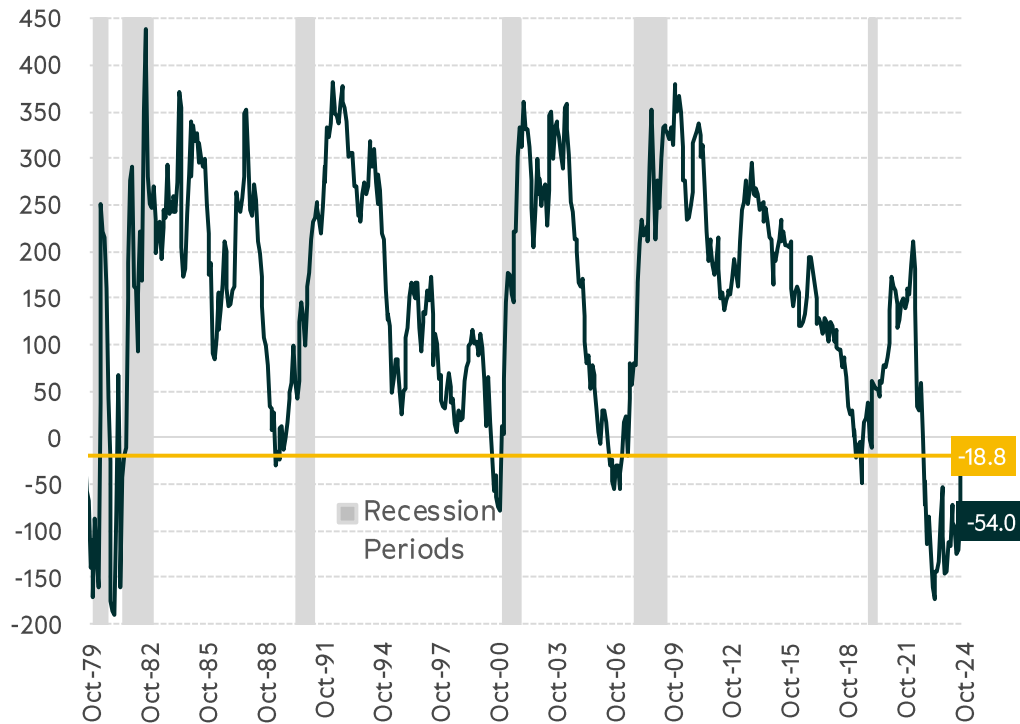


US Business Cycle | Based on Major US Economic Variables

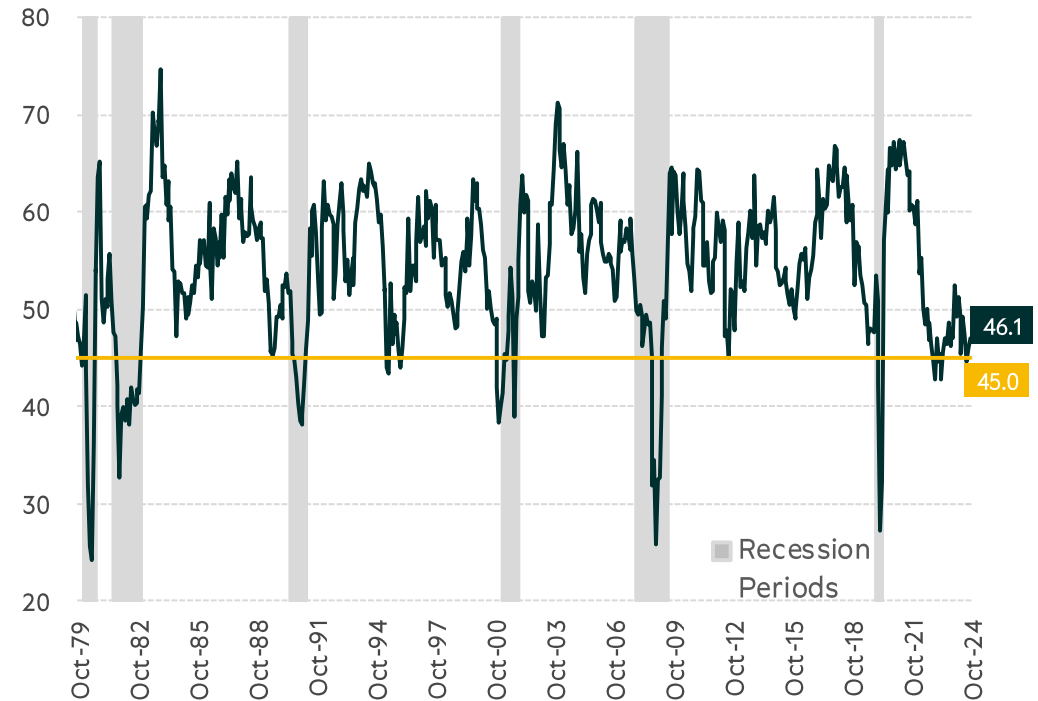


US Recession Indicators | A recession episode, in the next 12 months, is still likely based on the 10YR3M spread

10 Year and 3M US Treasury Yields Spread

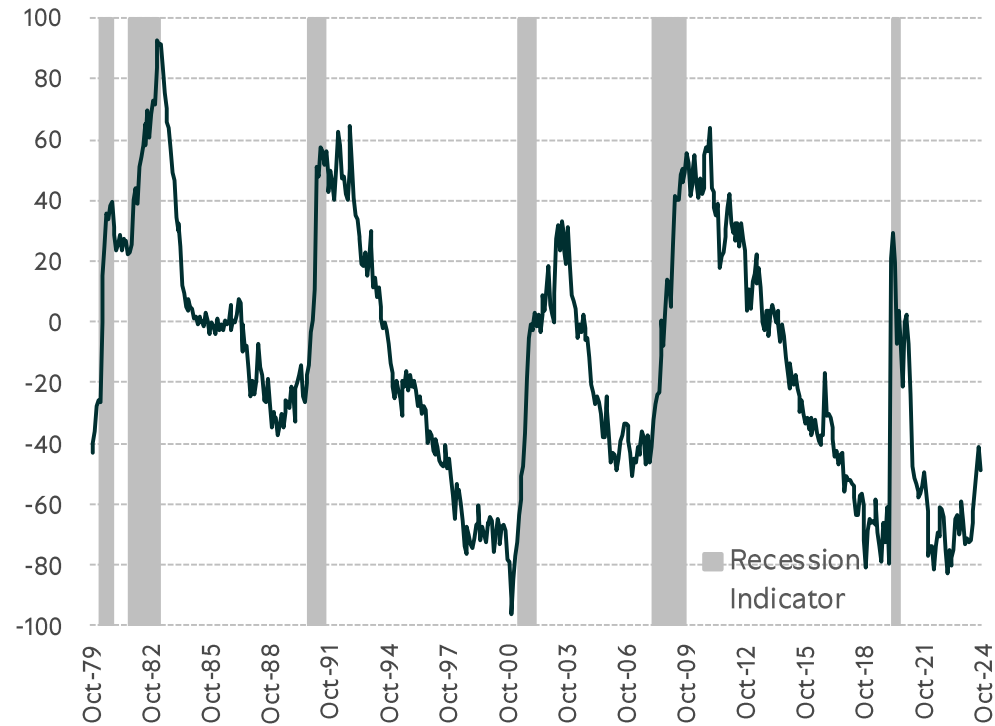


ISM Manufacturing New Order Index

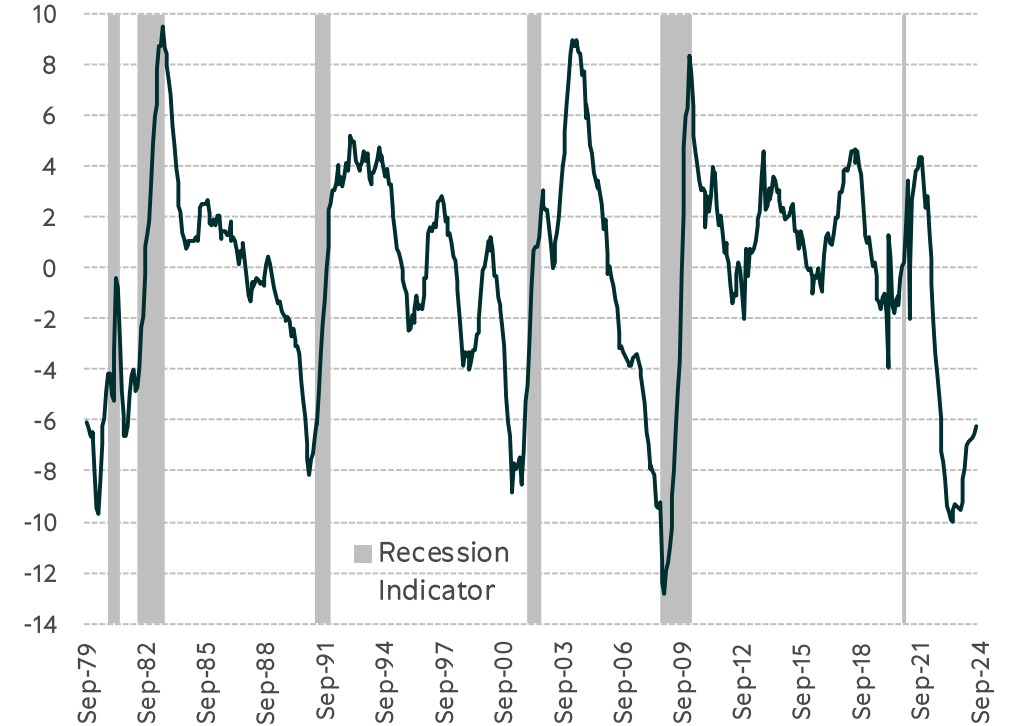


Conference Board Survey | Consumer confidence strengthened in October as US consumers were more optimistic about labour market conditions and business expectations

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

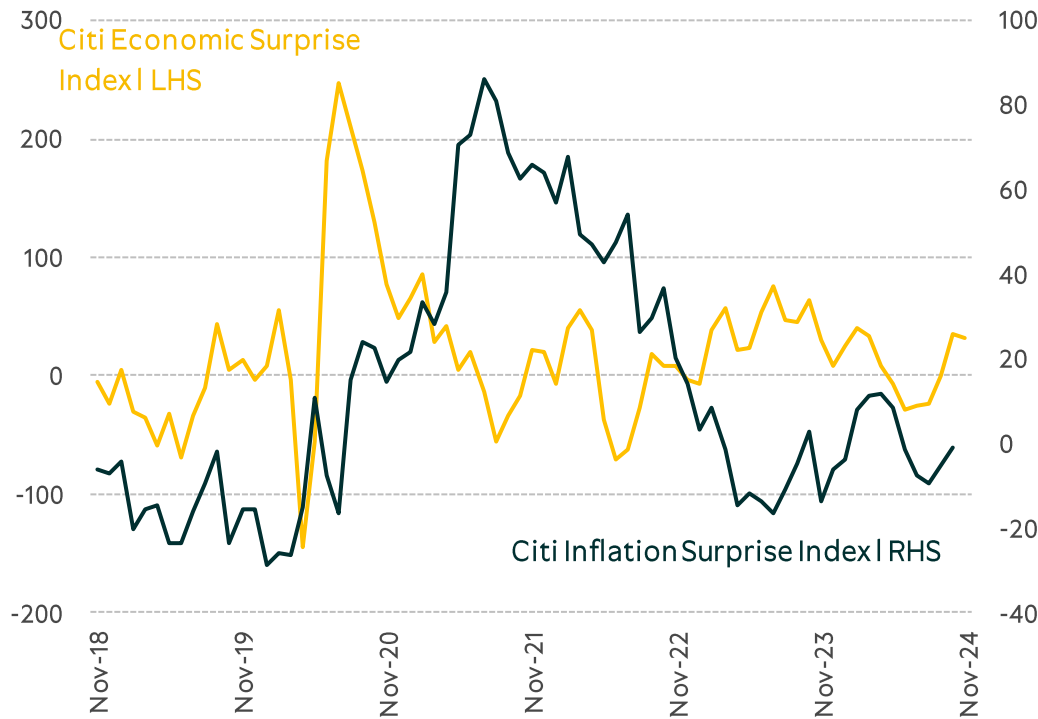


Difference between Leading & Coincident Indicators (Conference Board)

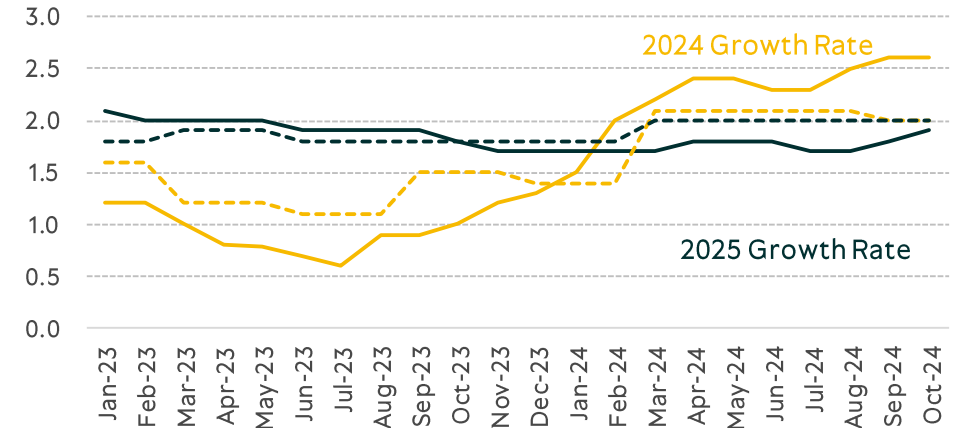


US Macro Expectations | Economic Surprises turned positive in October; inflation worries eased

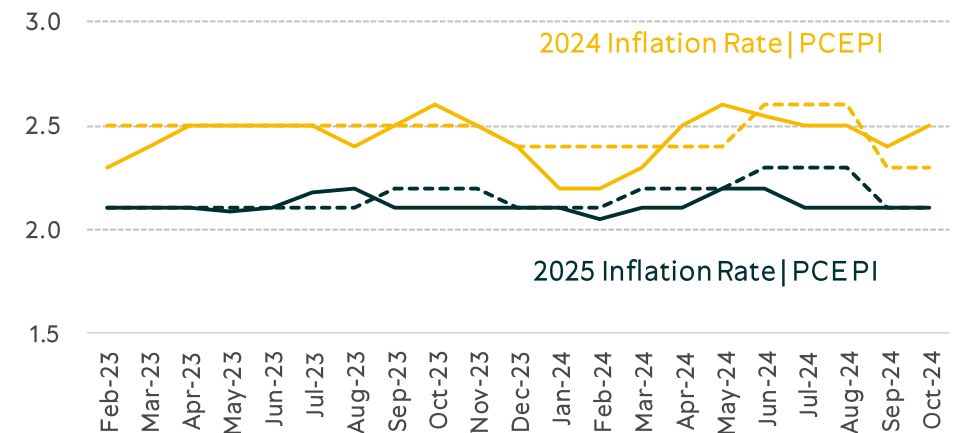
Economic & Inflation Surprises



Growth Rate Expectations*



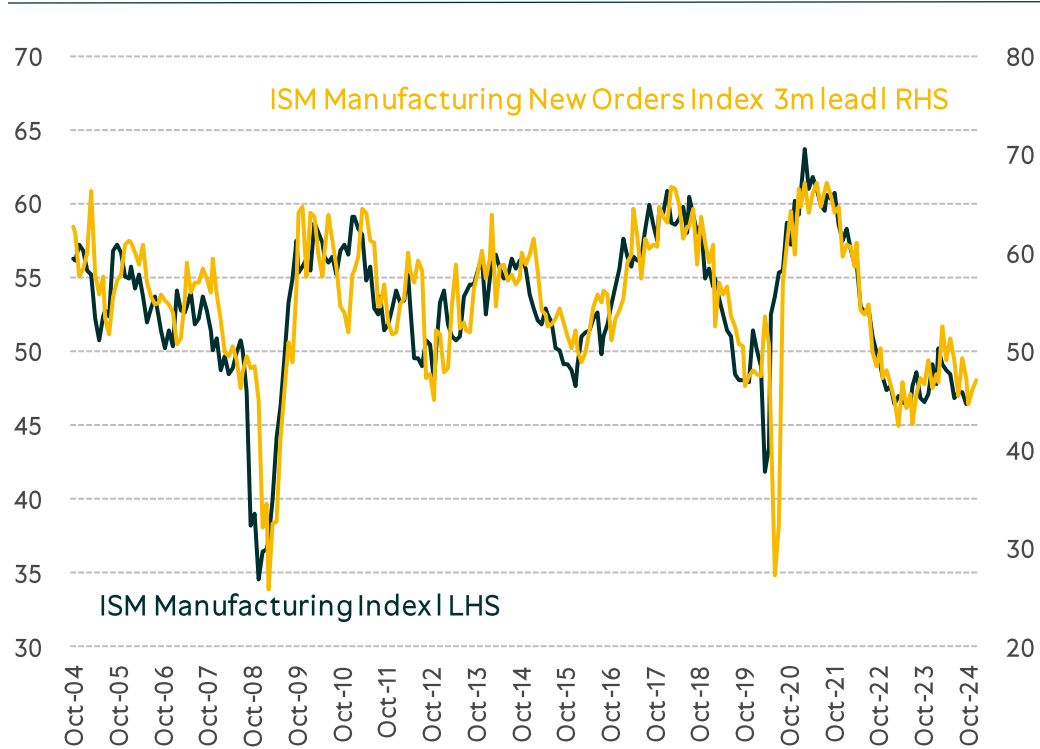
Inflation Rate Expectations*



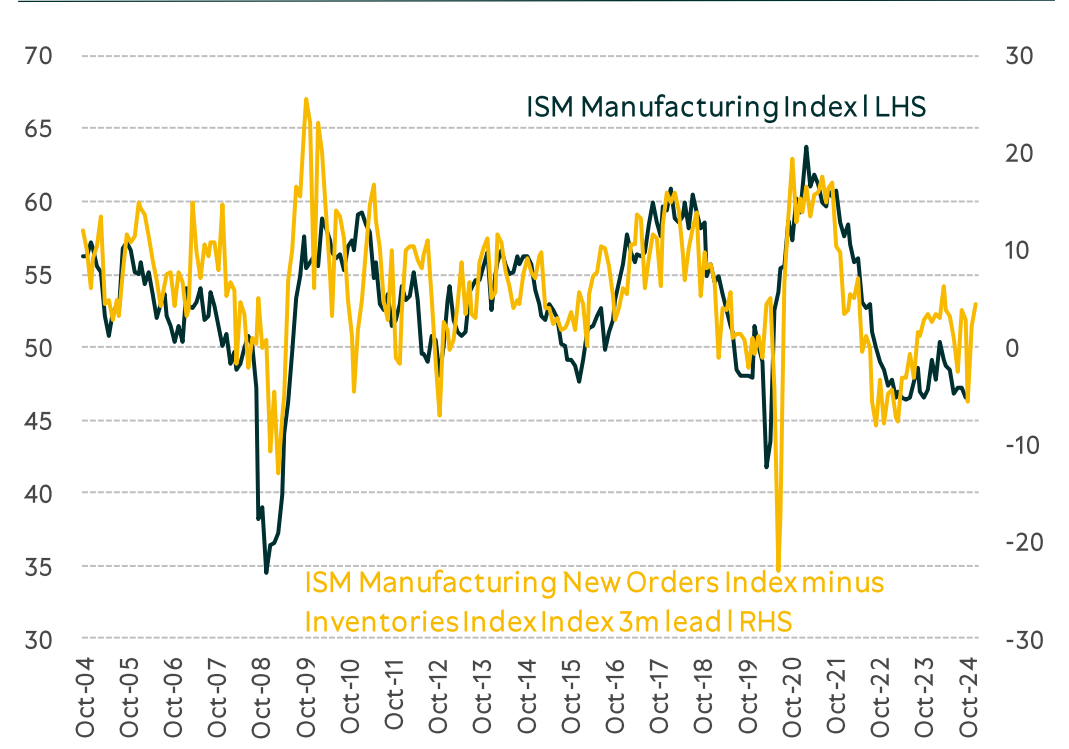
*Solid line: Consensus; Dotted line: Fed projections

US Leading Indicators | ISM Manufacturing below 50 for seven consecutive months. New Orders Index improved for the second month in a row, but remains below 50

ISM Manufacturing I

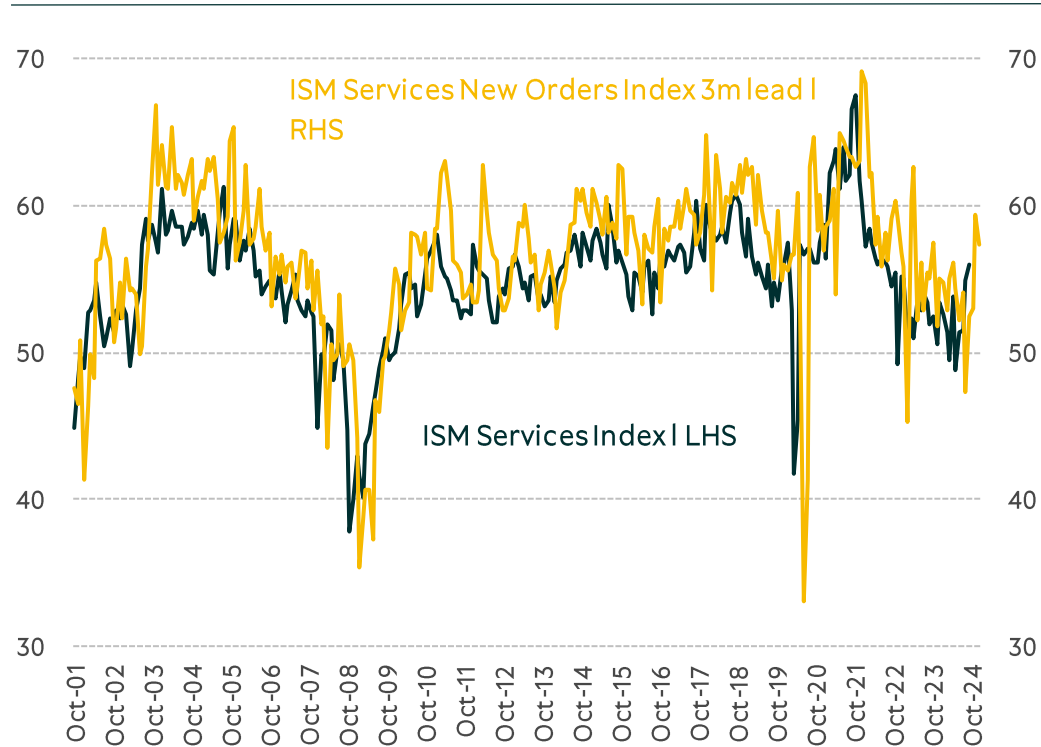


ISM Manufacturing II

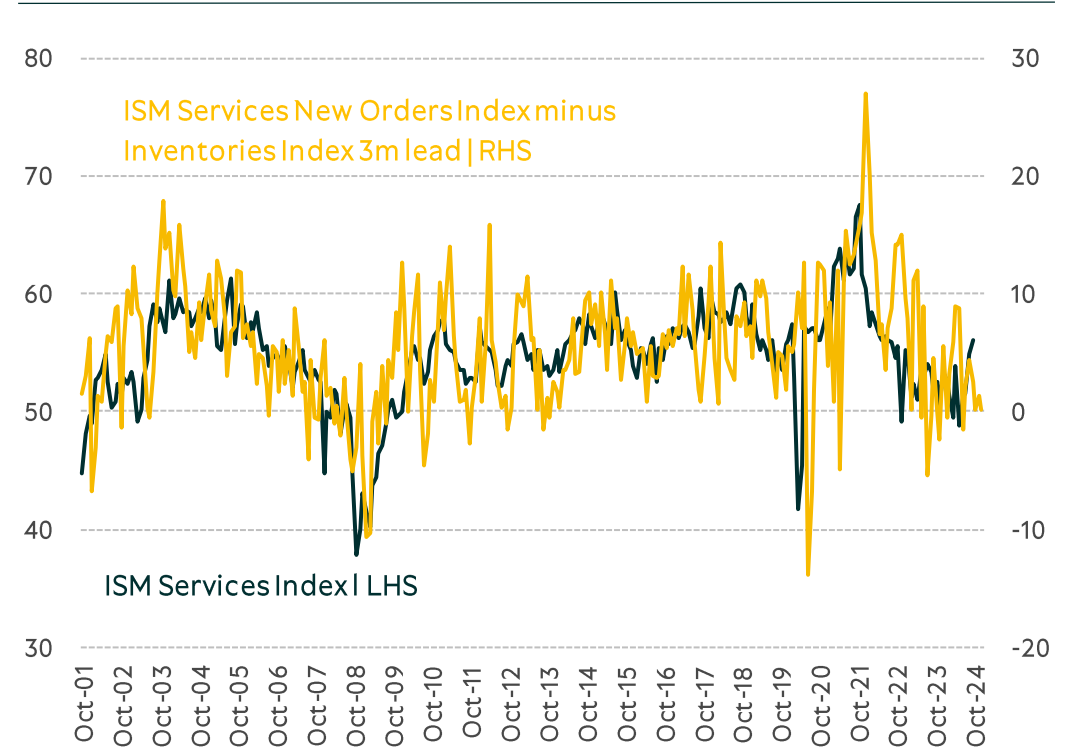


US Leading Indicators | ISM Services Index rose in October to the highest level since August 2022. New Orders Index fell to 57.4 still indicating a strong demand for services

ISM Services & New Orders Indices

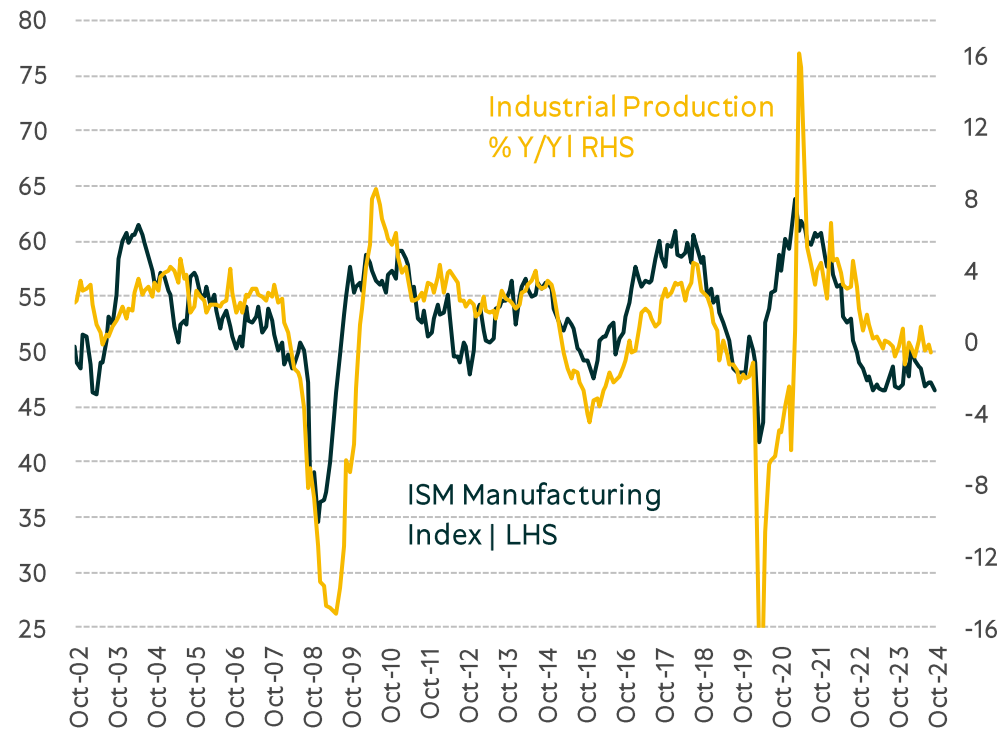


ISM Services & New Orders Index Minus Inventories Index

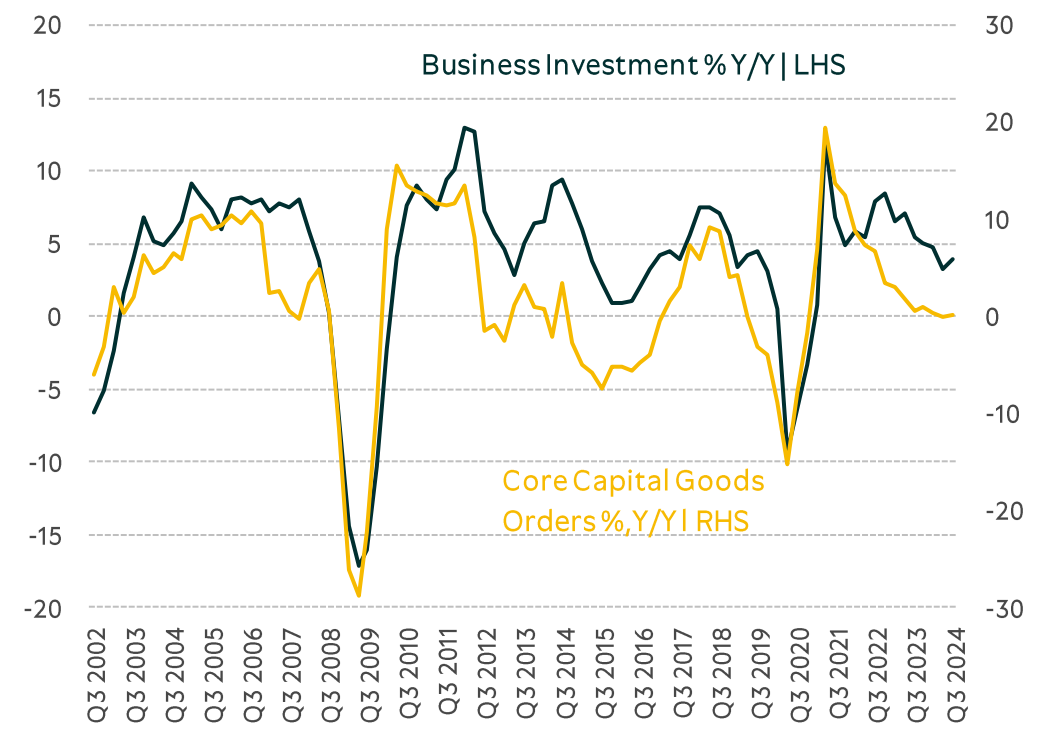


US | Industrial Production declined in September negatively affected by hurricane Helene and the Boing strike. Core Capital Goods Orders point to lower Business Investment ahead.

Industrial Production YoY & ISM Manufacturing

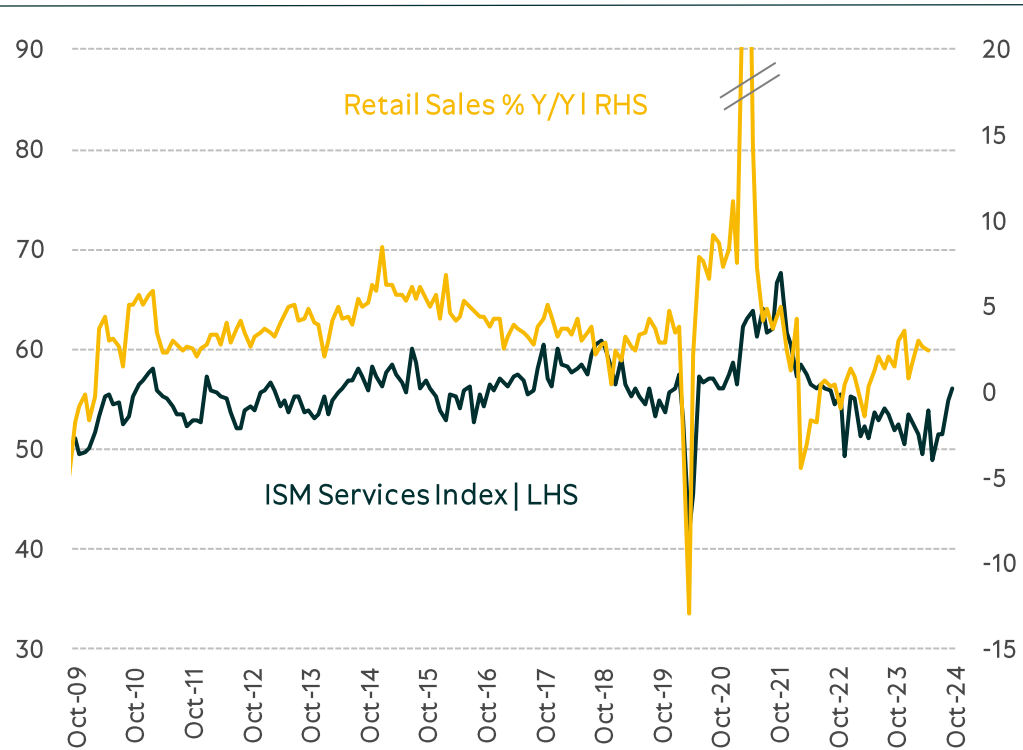


Core Capital Goods Orders & Business Investment

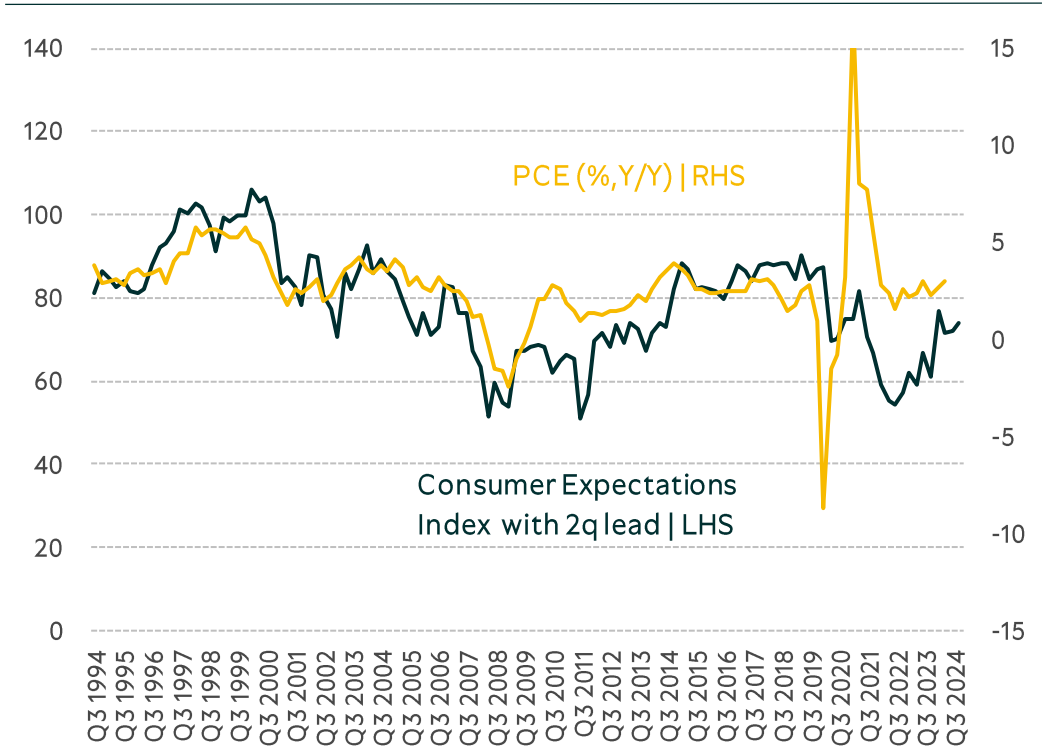


US | The US consumer is the main “growth driver” so far. Consumer sentiment improved at the end of October

Retail Sales YoY & ISM Services

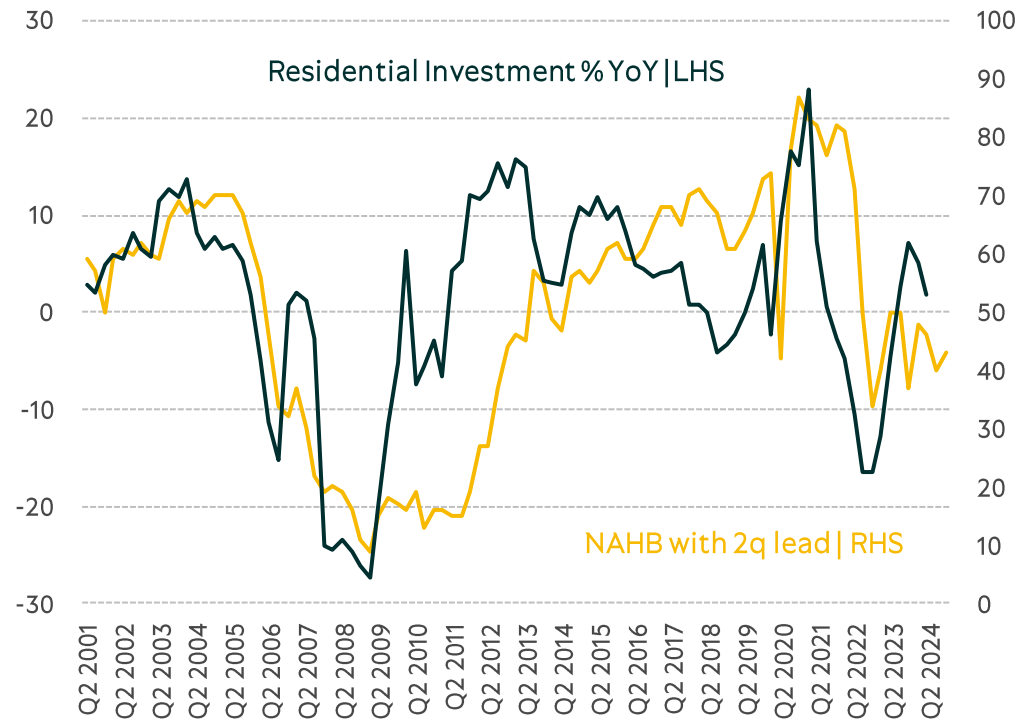


PCE & UMich Consumer Expectations Index

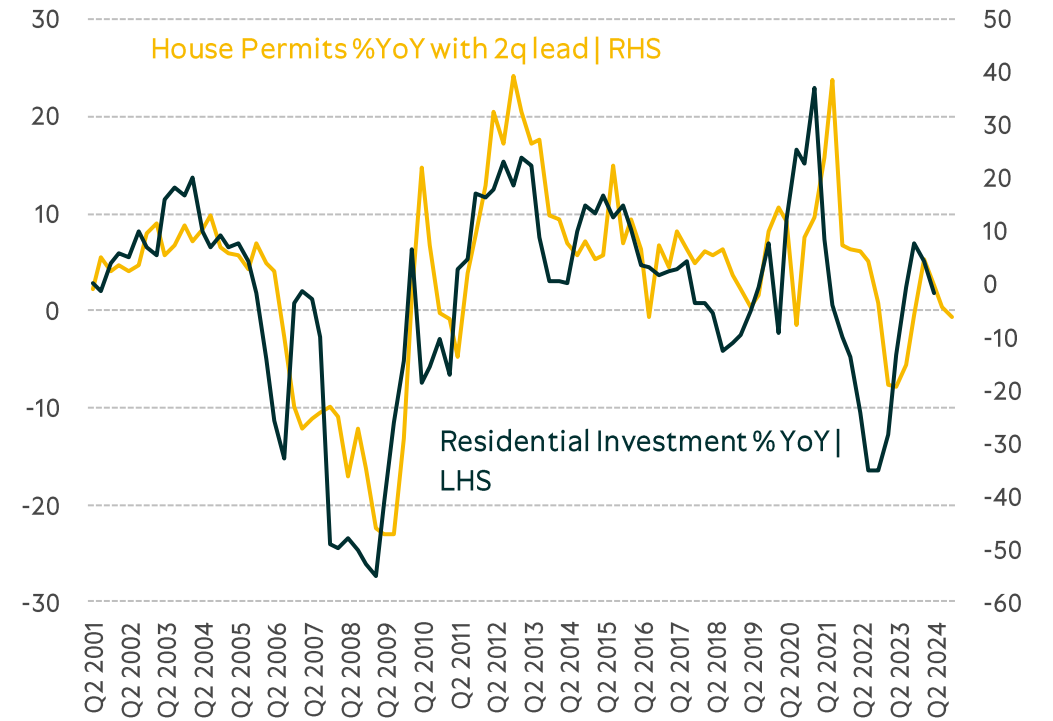


Housing Market | NAHB & House Permits point to lower growth in Residential Investments

Residential Investment & NAHB Index

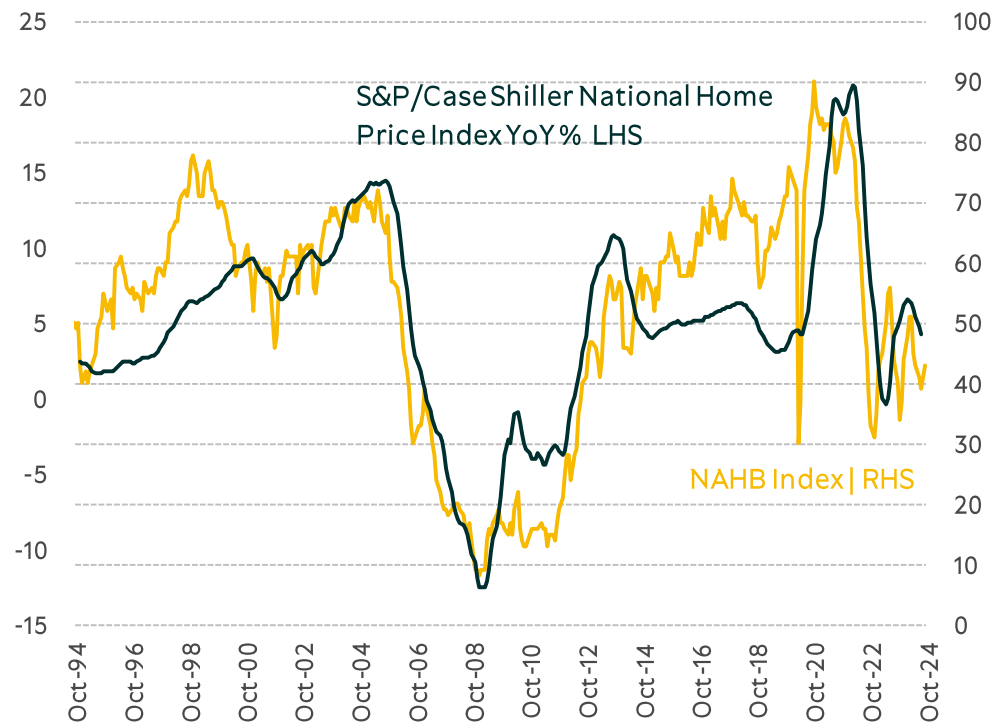


Residential Investment & House Permits

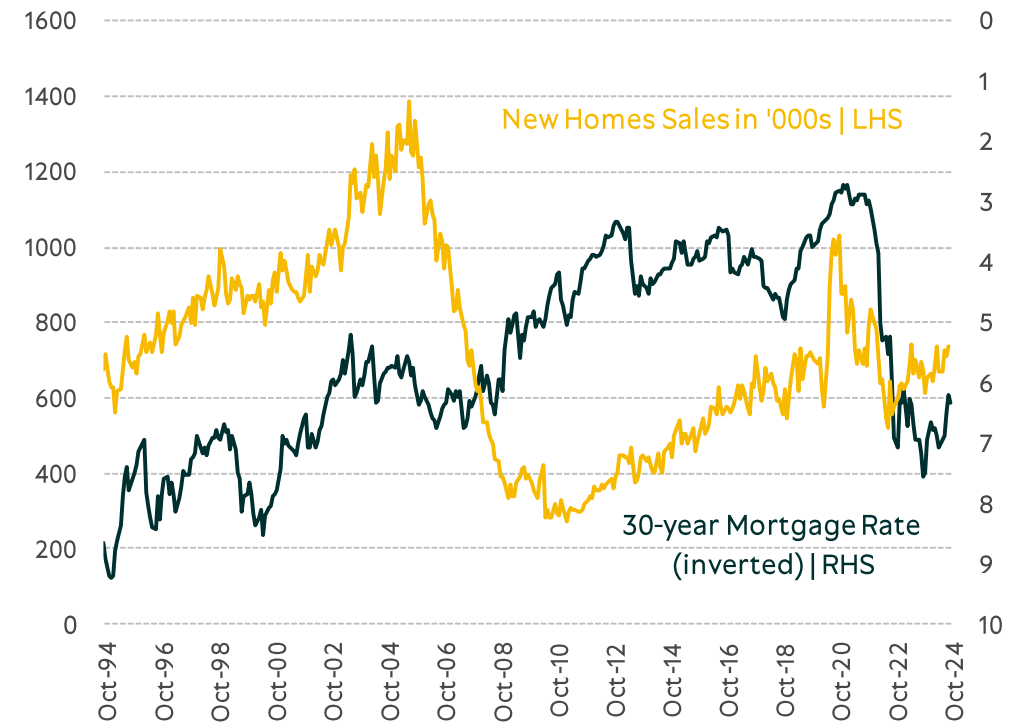


Housing Market | A persistent housing shortage has boosted home prices, yet homebuilder confidence remains low despite small uptick in October. Lower 30-year mortgage rates, a boost for new home sales.

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

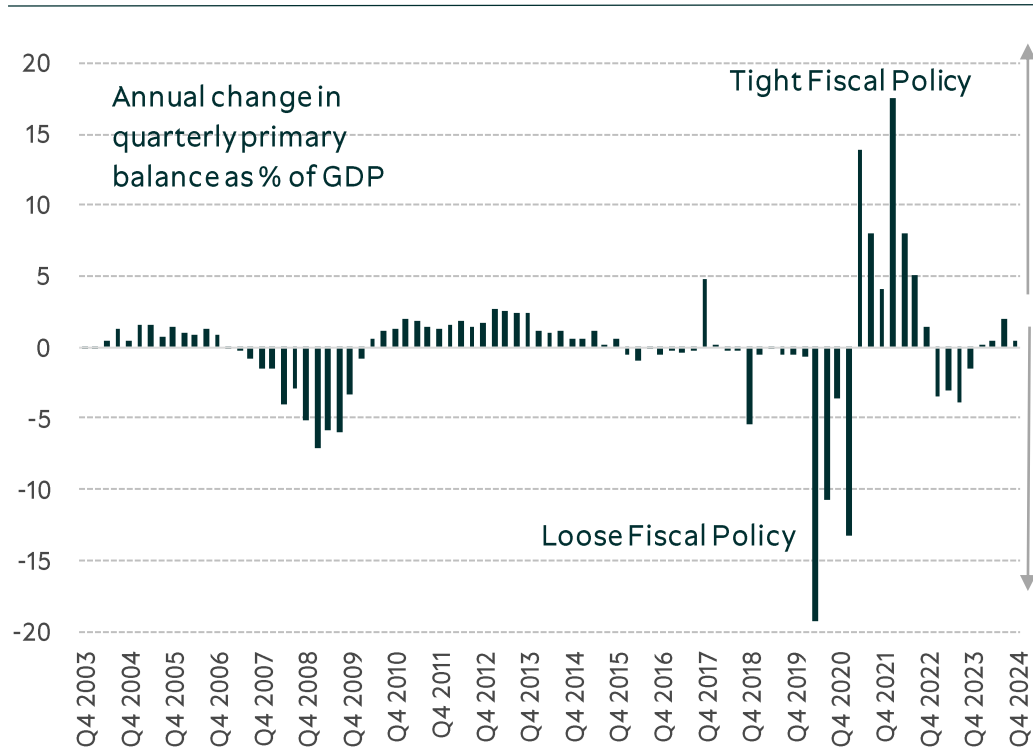


US new home sales and mortgage rates

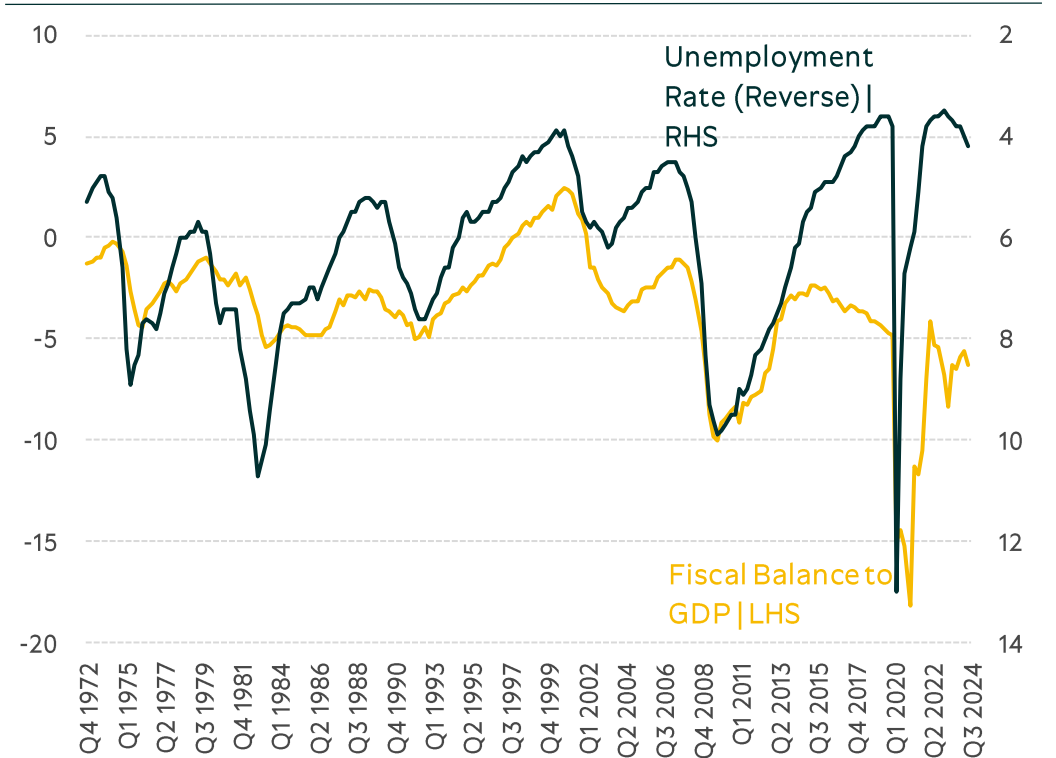


Fiscal Policy | Still too loose vs unemployment. Fiscal challenges ahead.

Fiscal Thrust

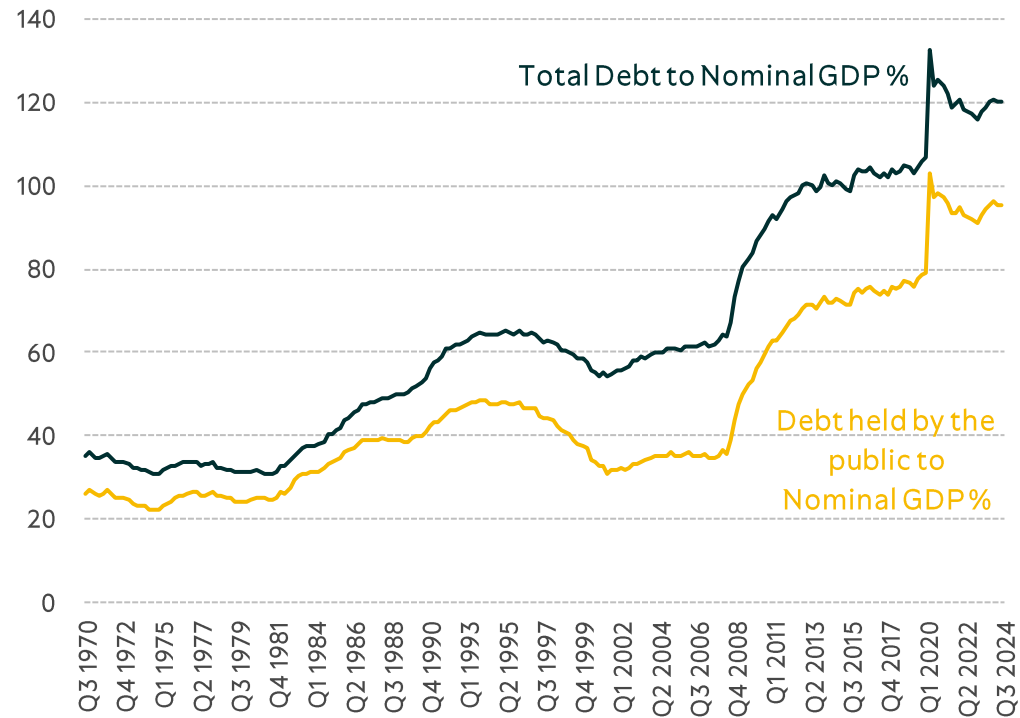


Fiscal Policy vs Unemployment

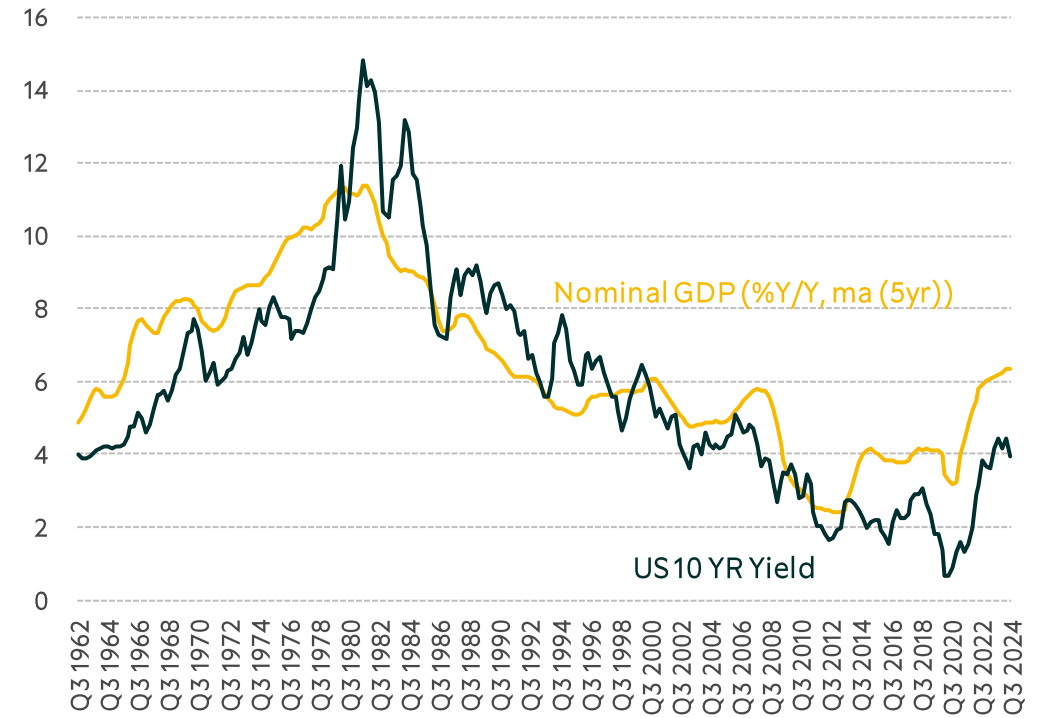


Fiscal Policy | The nominal growth rate is likely to remain at higher levels than the long-term cost of public financing

Debt / Nominal GDP (quarterly)

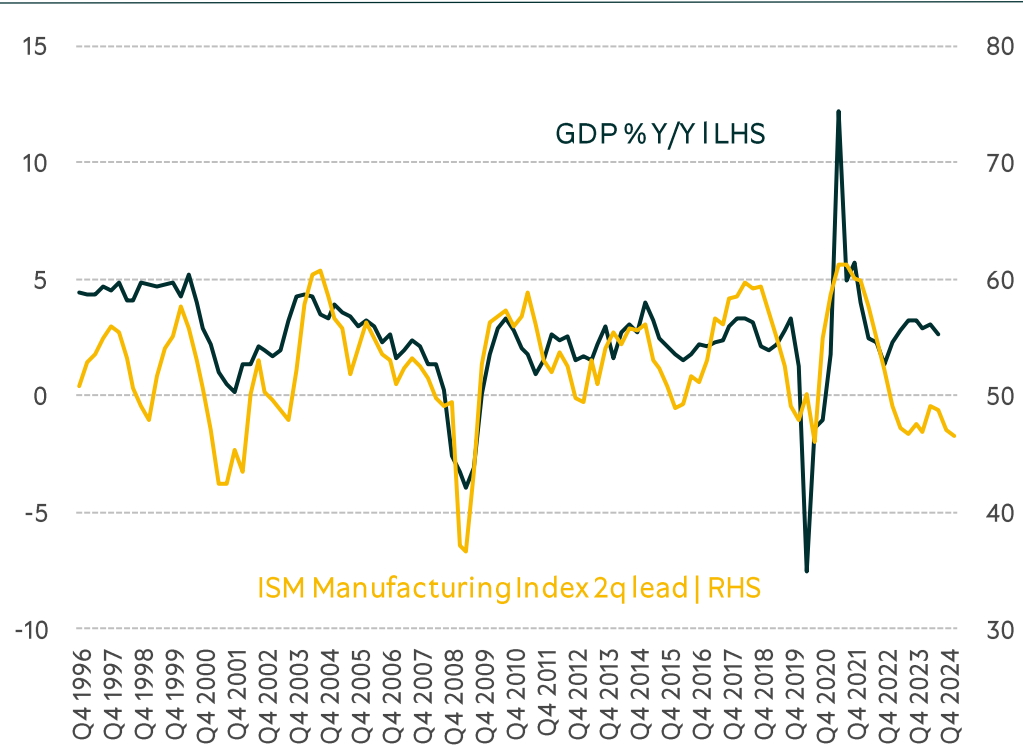


Fiscal Policy Sustainability

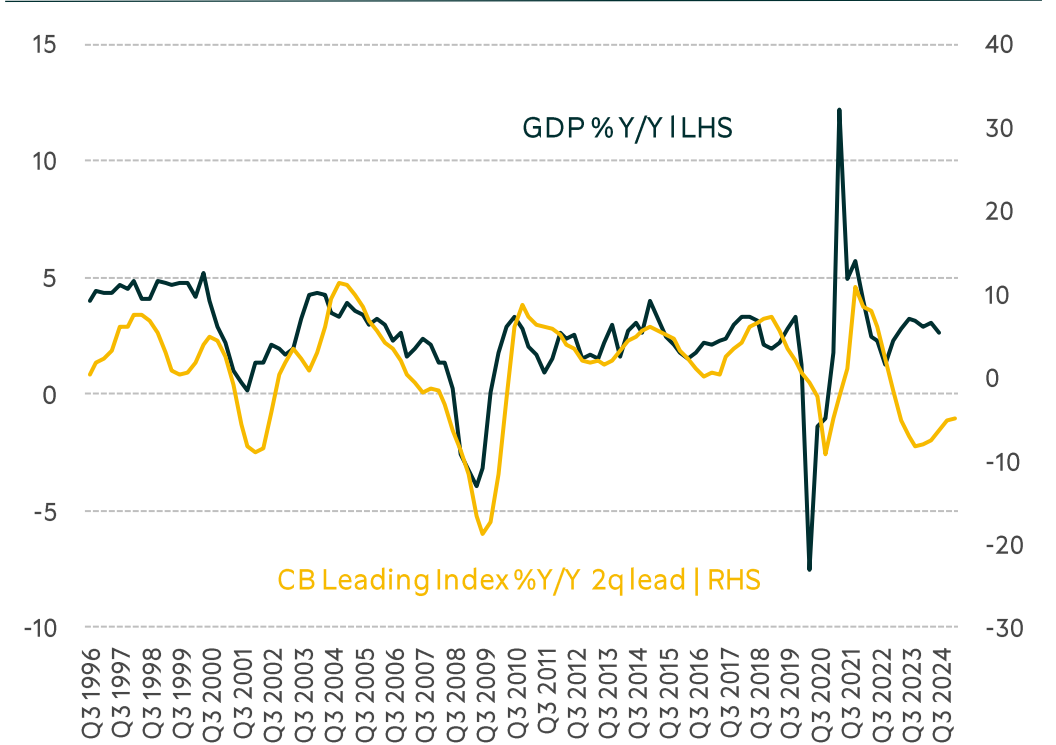


US GDP Outlook | Leading indicators have shown some improvement, except in the manufacturing sector, suggesting a milder deceleration in real GDP

GDP & ISM Manufacturing Indicator

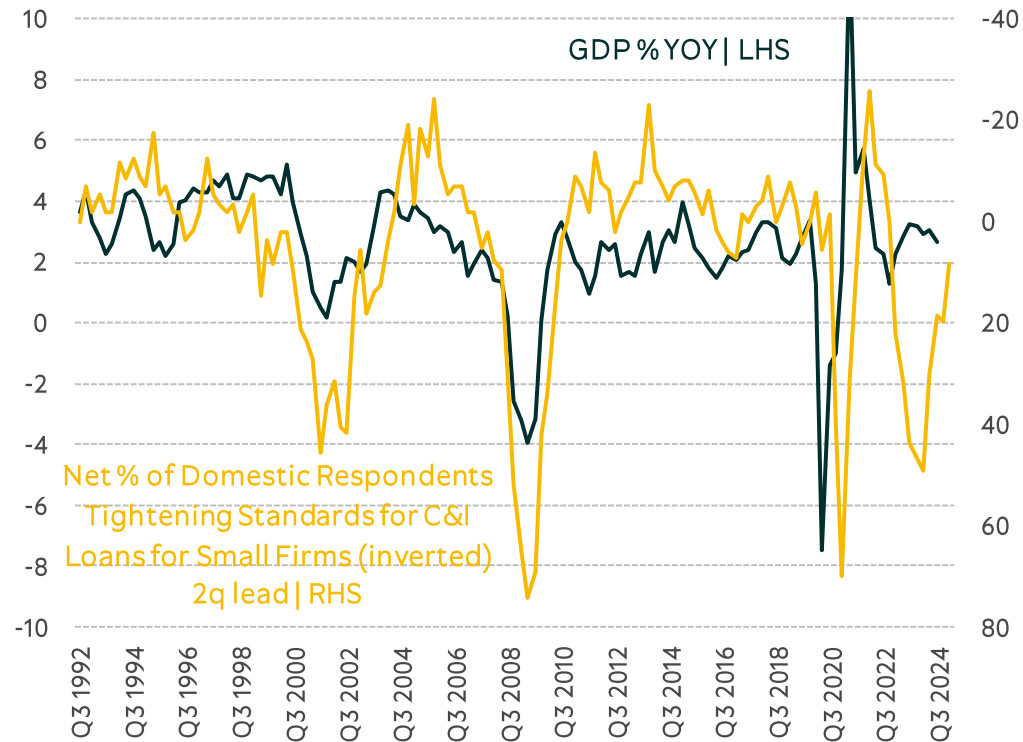


GDP & CB Leading Indicator

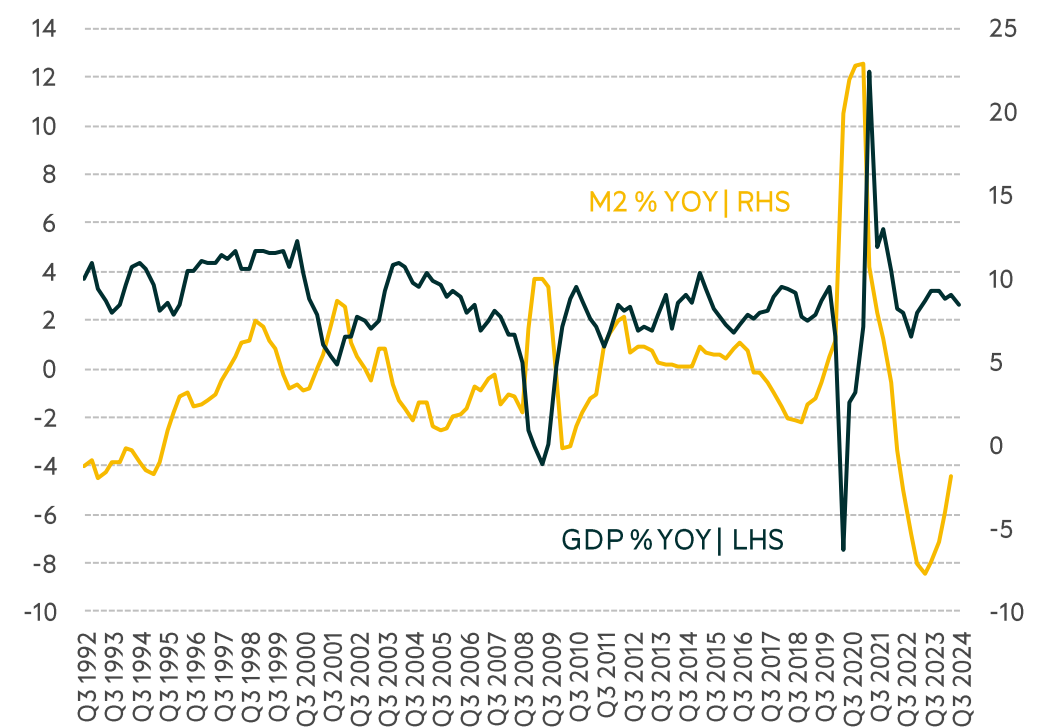


US GDP Outlook | Tightening of Lending Standards & reduction in M2 still point to lower GDP (but less than before)

Senior Loan Officer Opinion Survey on Bank Lending Practices

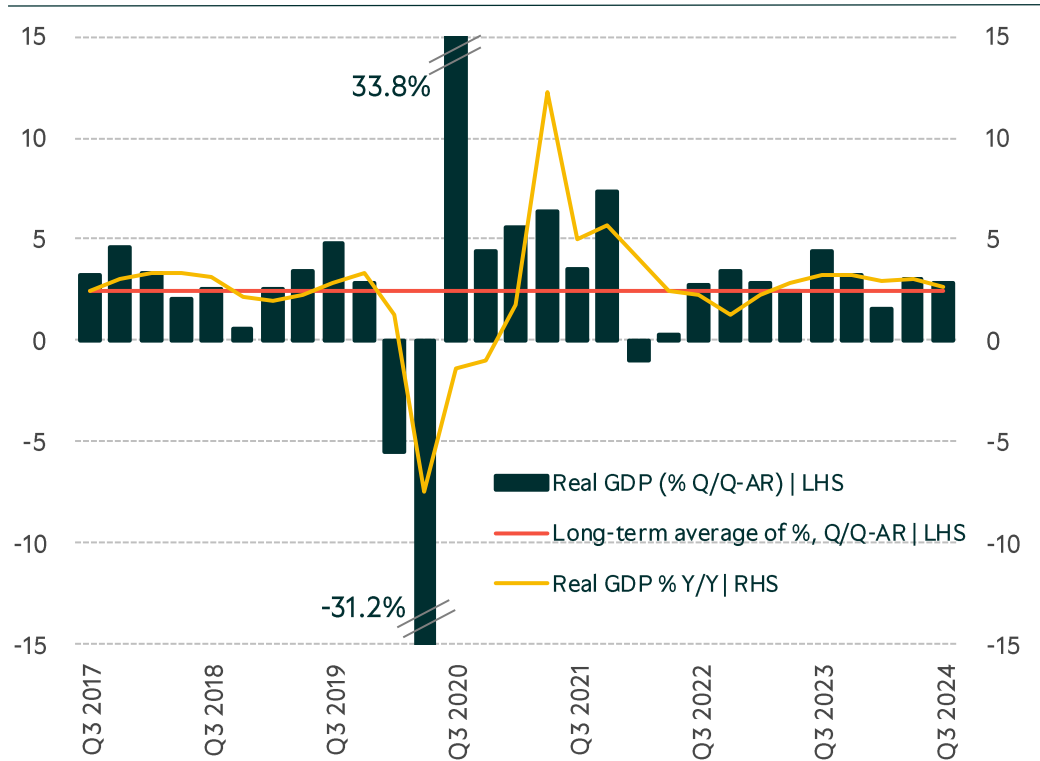


M2 growth vs GDP

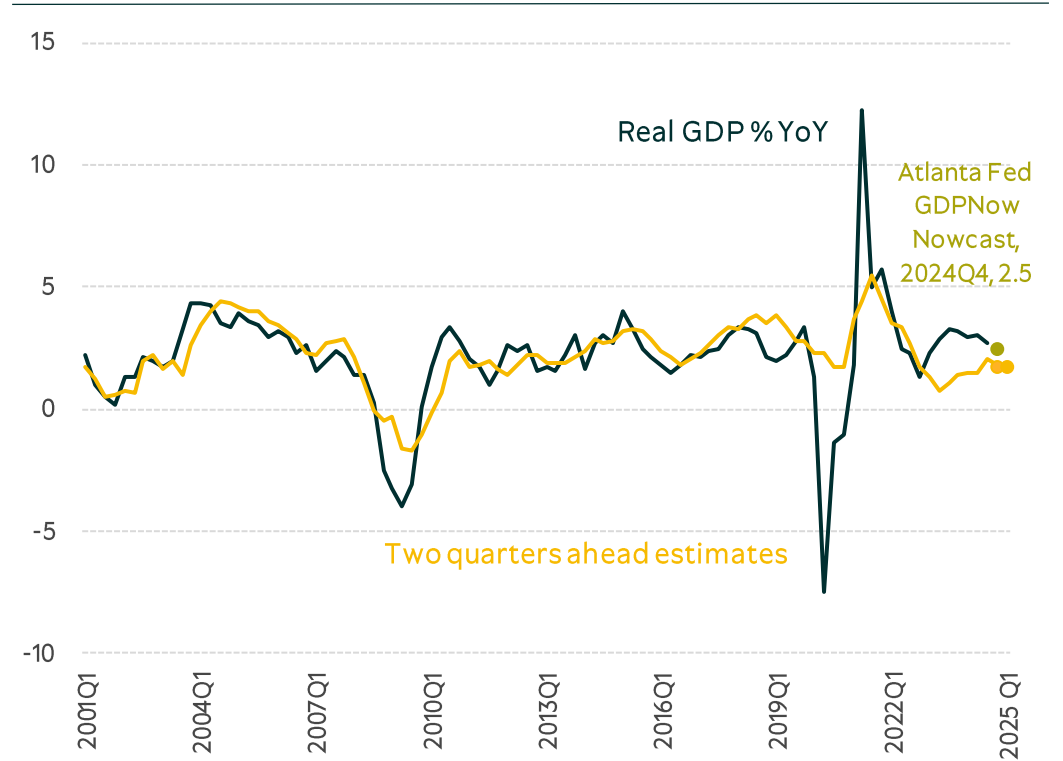


US GDP Outlook | 2024 growth is expected close to trend, and expected to fall below trend in 2025

Growth Rate Outlook

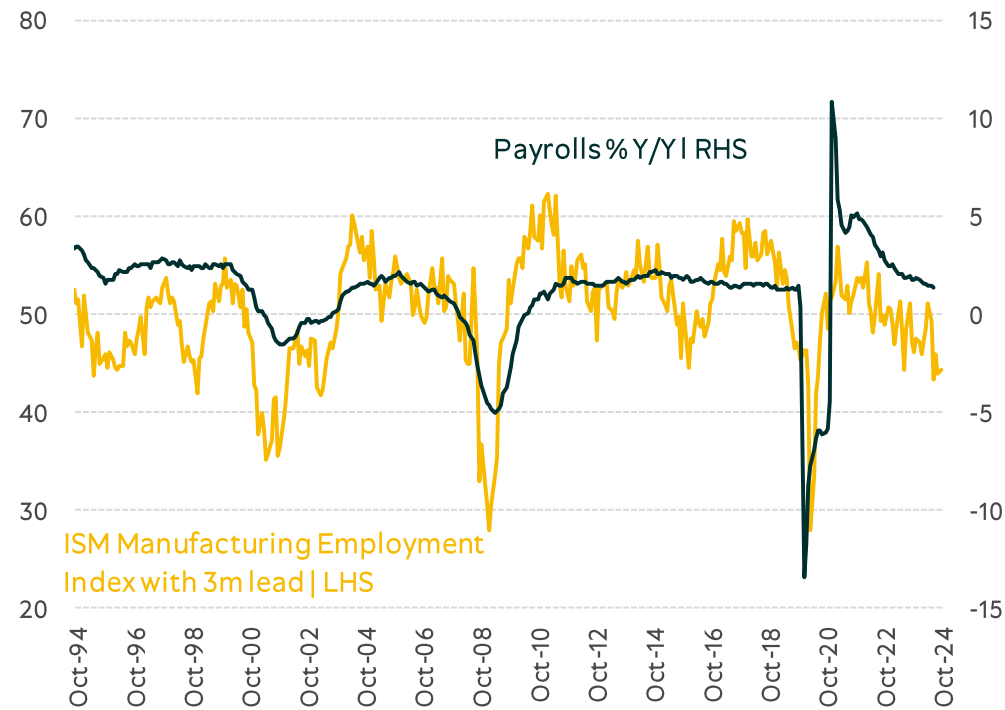


Growth Rate Estimate

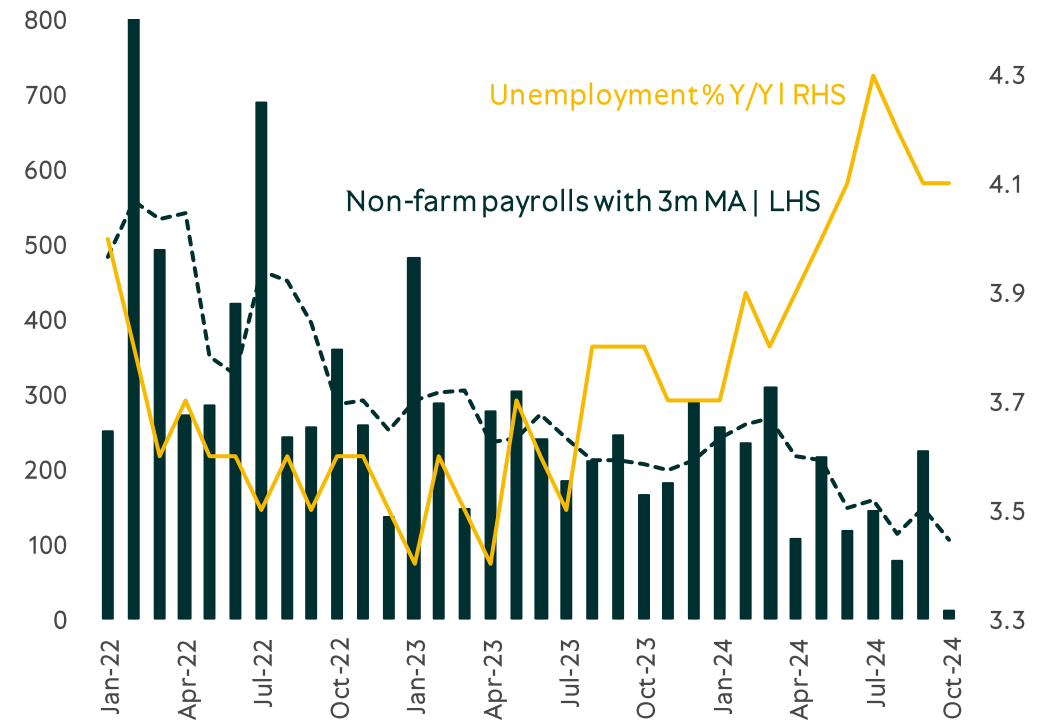


US Labor Market | Non-Farm Payrolls surprised negatively in October and ISM Employment reflects ongoing challenges in the sector

Employment & Leading Manufacturing Indicator

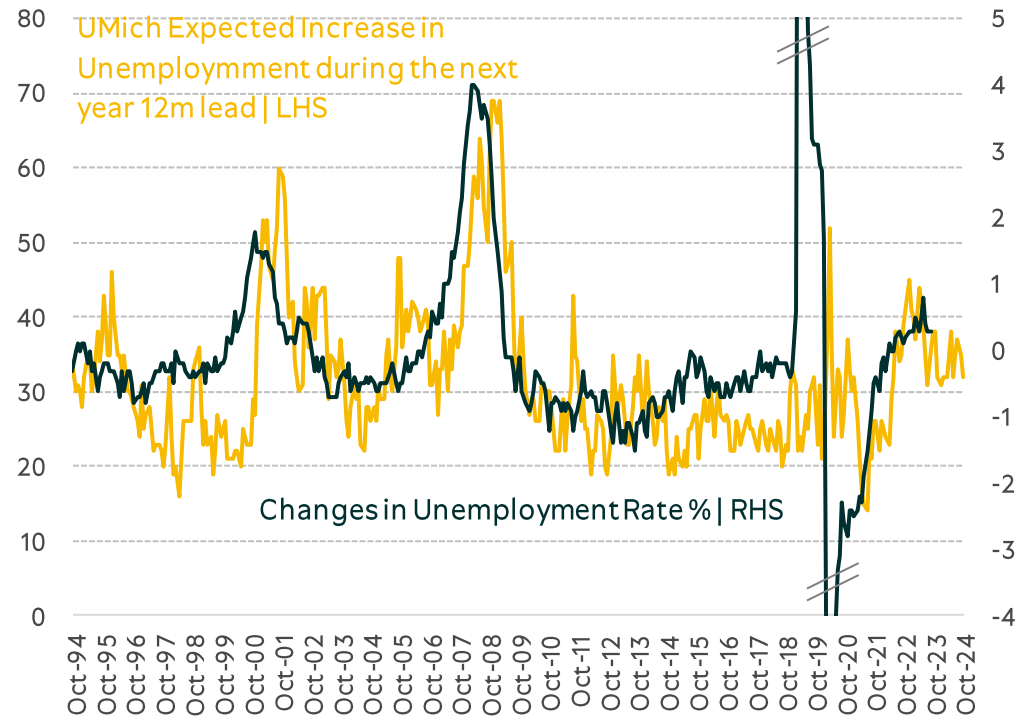


Nonfarm payrolls & Unemployment

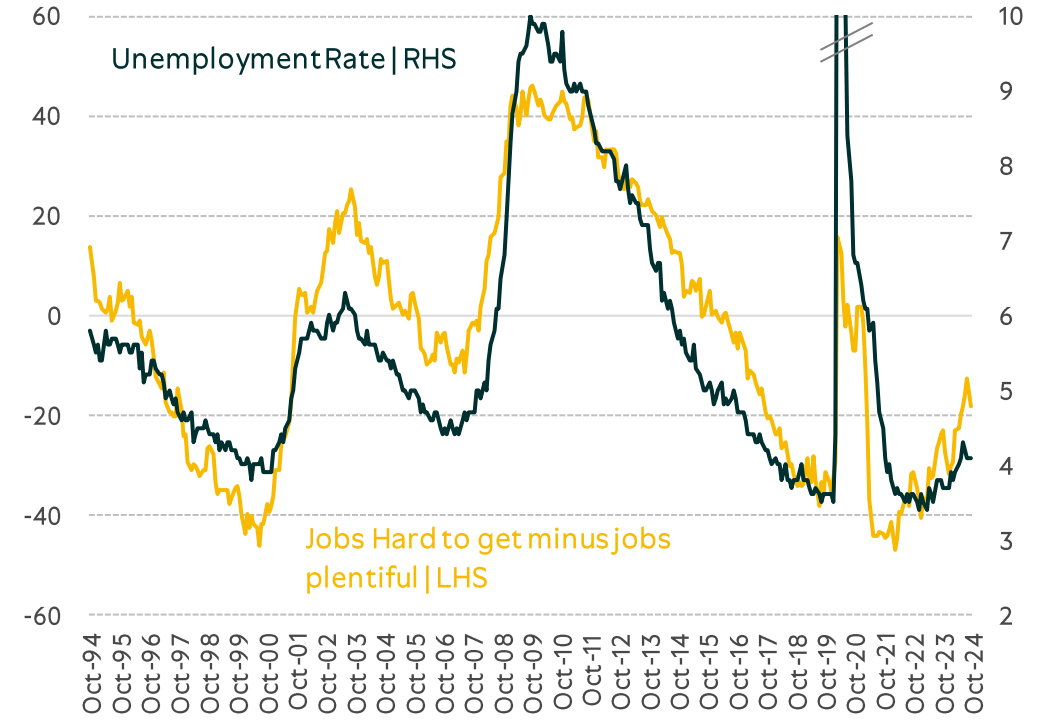


US Labor Market | Slight decrease in unemployment expectations in October but the rising difficulty in finding jobs suggest some cooling in the labor market

Unemployment Rate & UMich expected increase in unemployment 1yr ahead

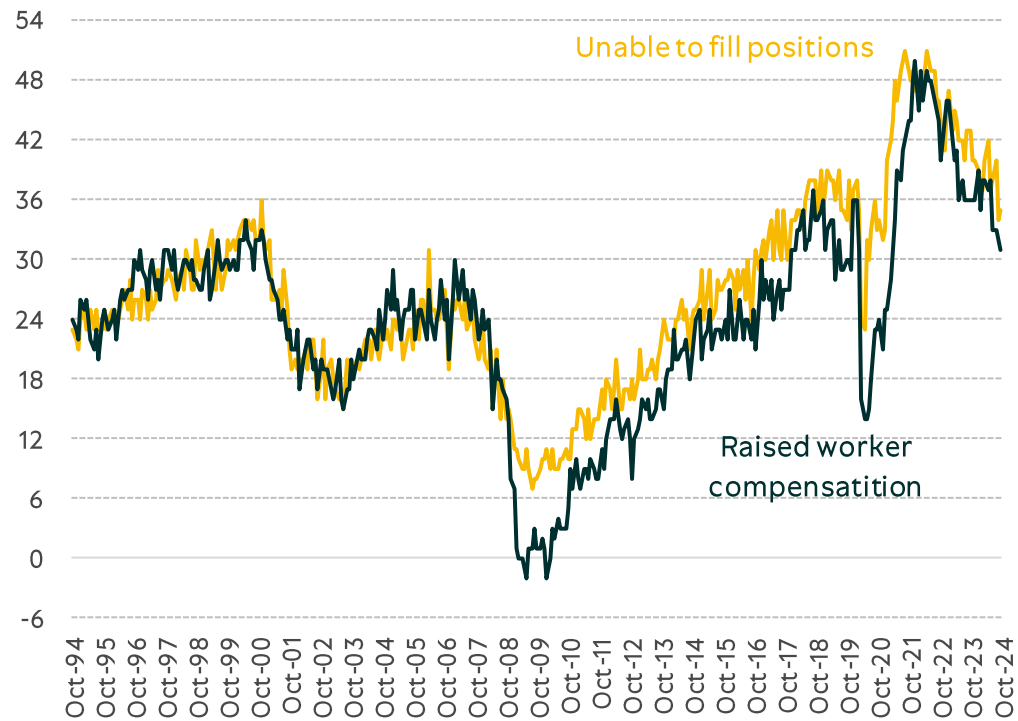


Conference Board Labor market differential & Unemployment rate

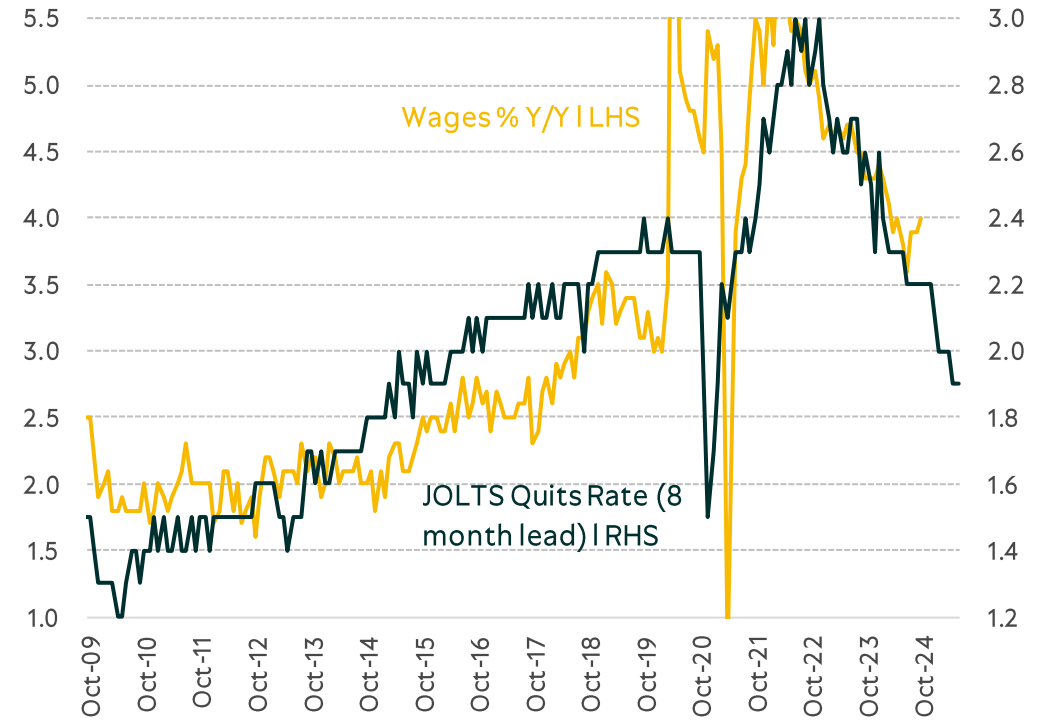


US Labor Market | NFIB survey and JOLTS Quits Rate remains positive for wage deceleration

US NFIB small business survey

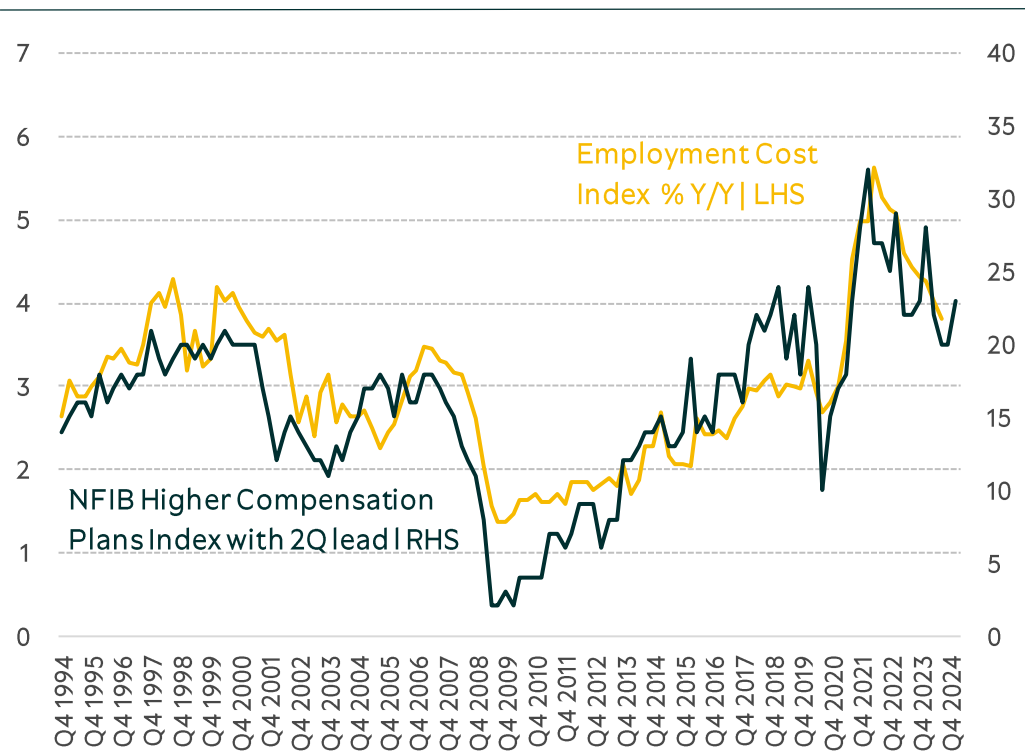


Wages & Quits Rate

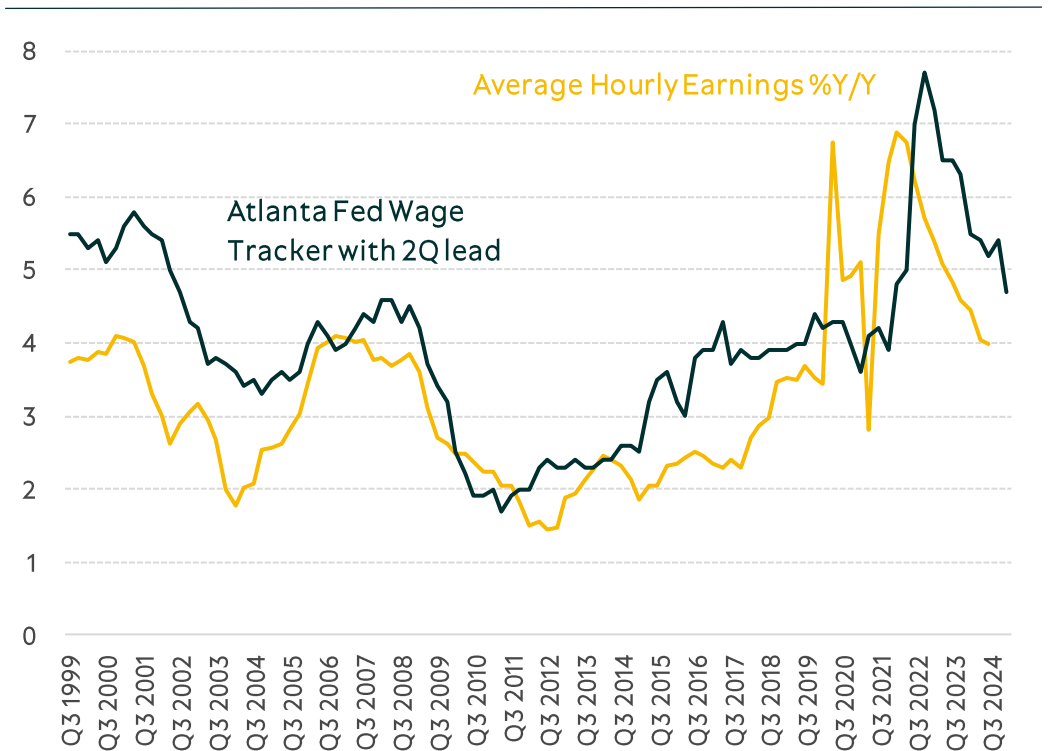


US Wage Tracker | Wage growth rates show signs of gradual deceleration

Wages & Leading Indicator

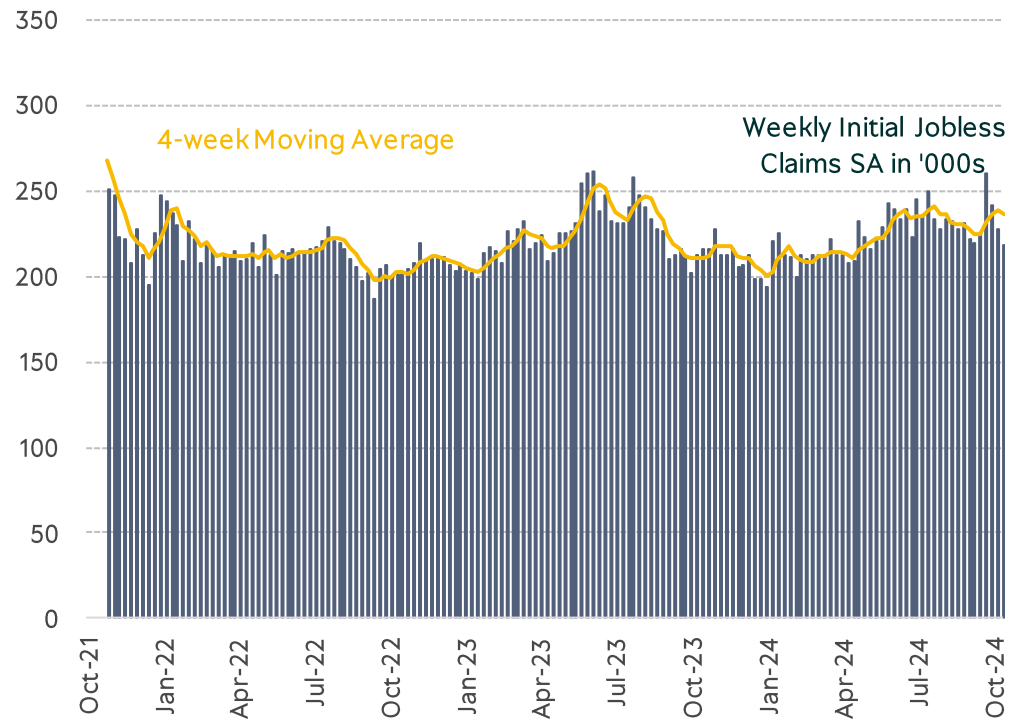


Wages & Leading Indicator

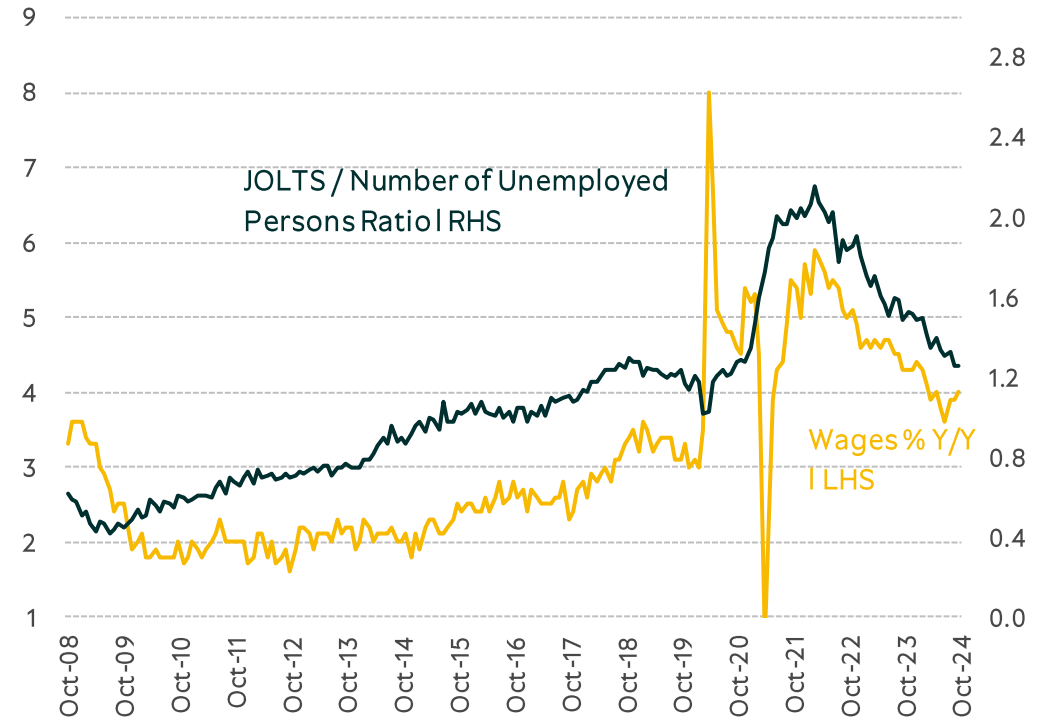


US Labour Market | Labour market is softening, approaching levels of pre-covid era

Weekly Initial Jobless Claims

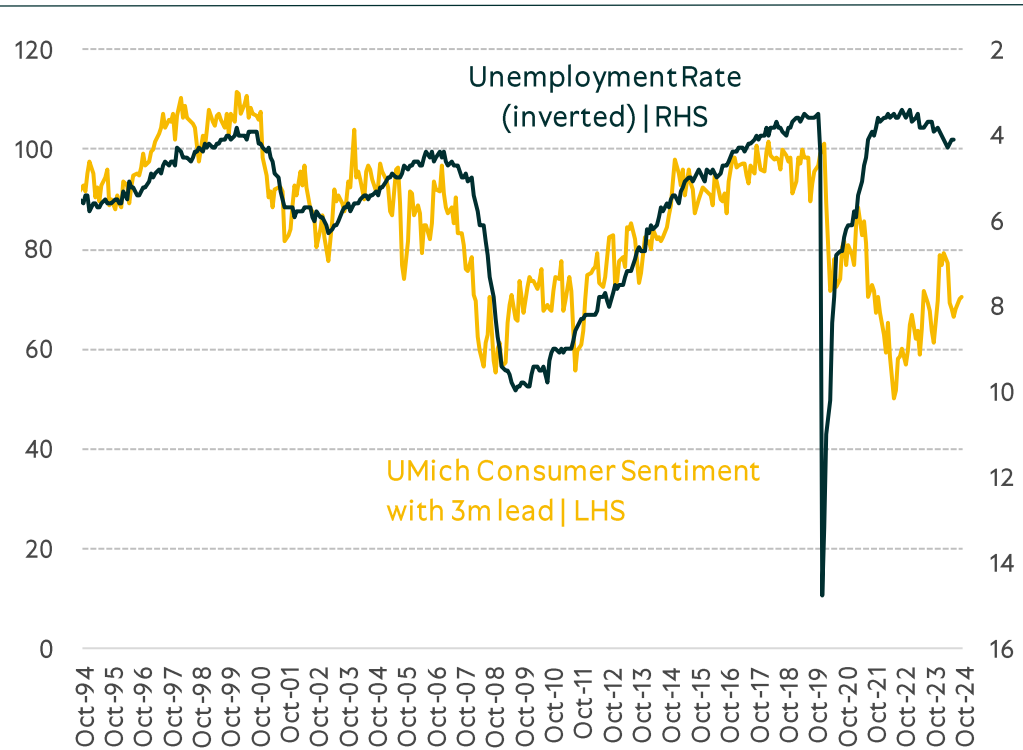


Demand & Supply in Labour Market

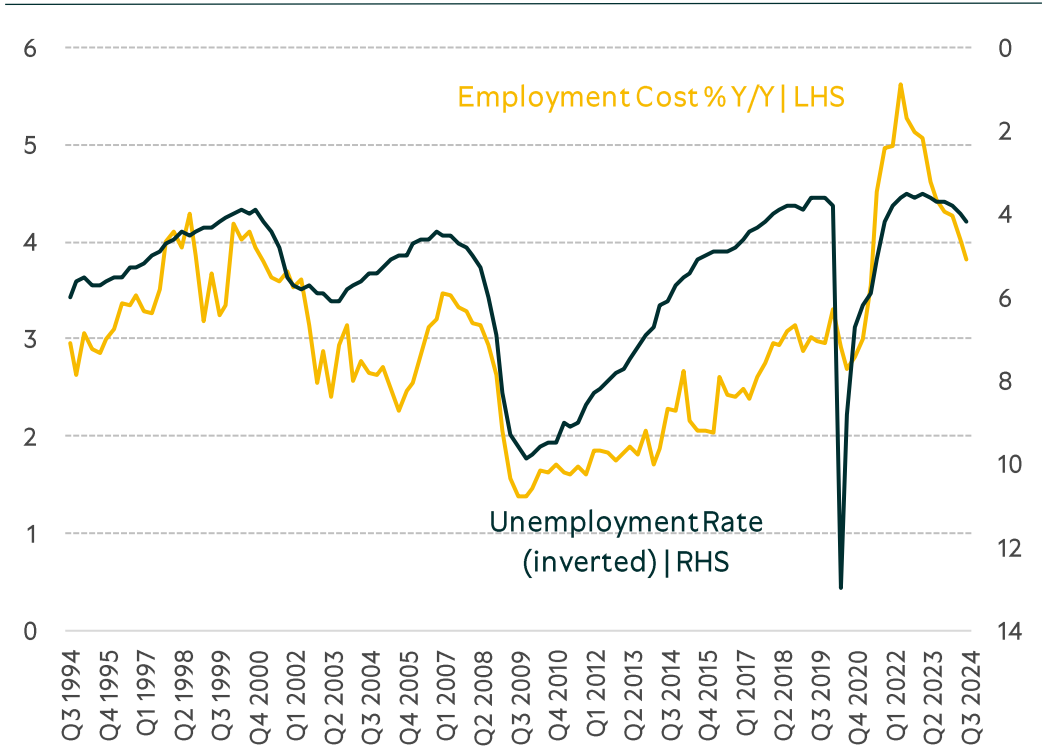


US Labour Market | Unemployment remains low with employment costs coming down slowly

Consumer Sentiment & Unemployment Rate

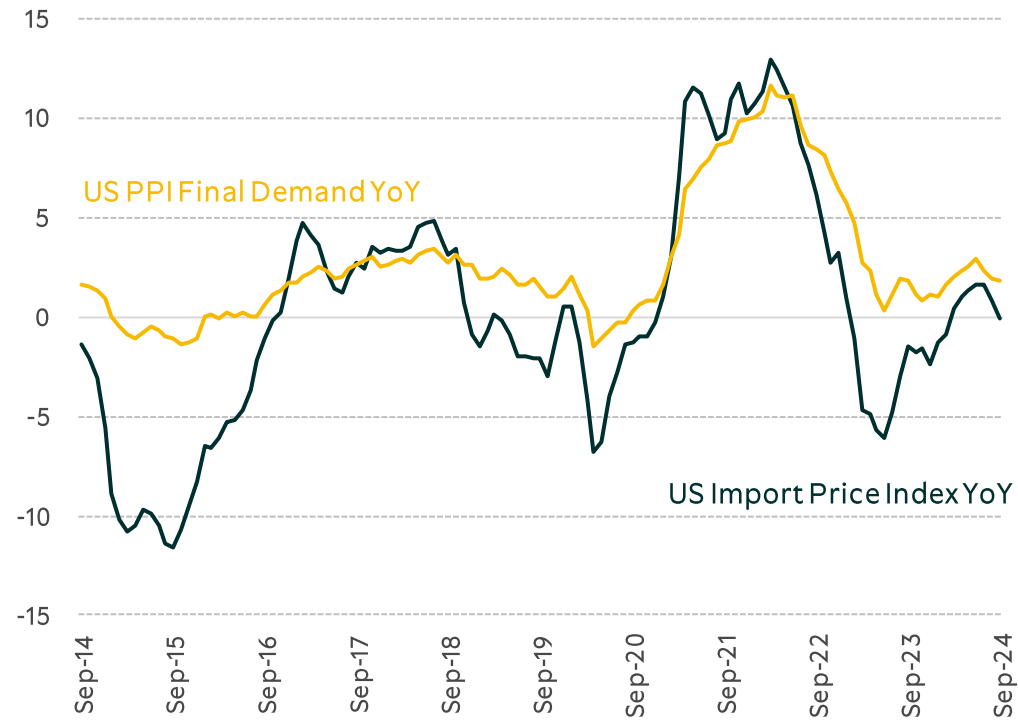


Compensation per Employee & Unemployment Rate

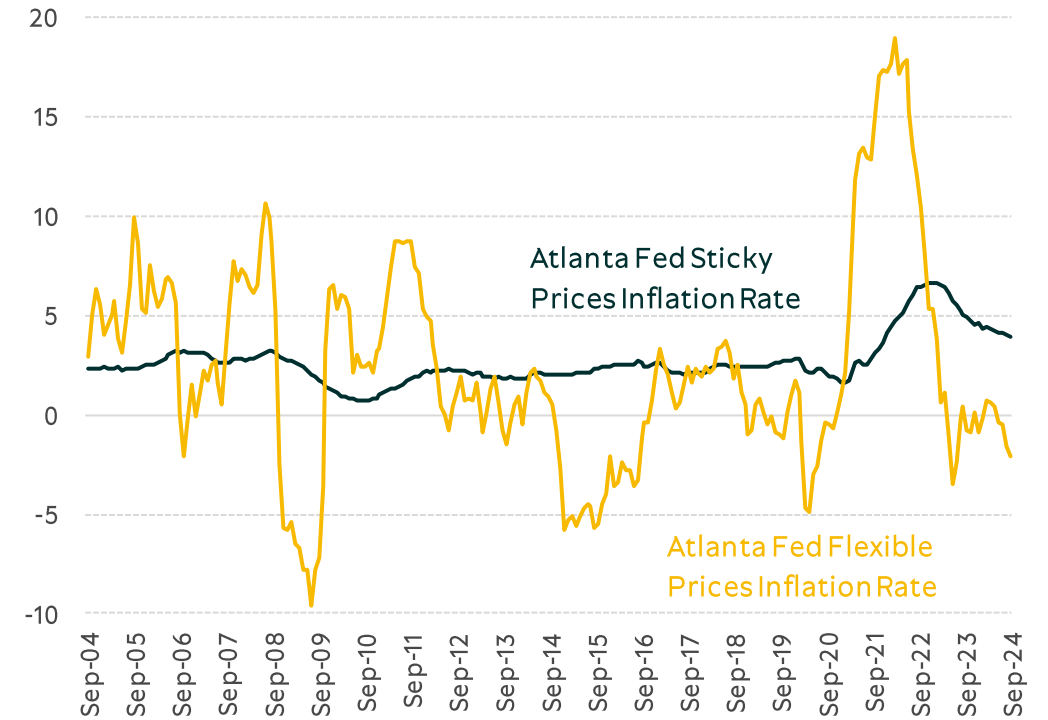


US Alternative Inflation Metrics | Inflation pressures have been limited to the sticky prices segment; US Import prices unchanged in September

Producers Price Index and Import prices

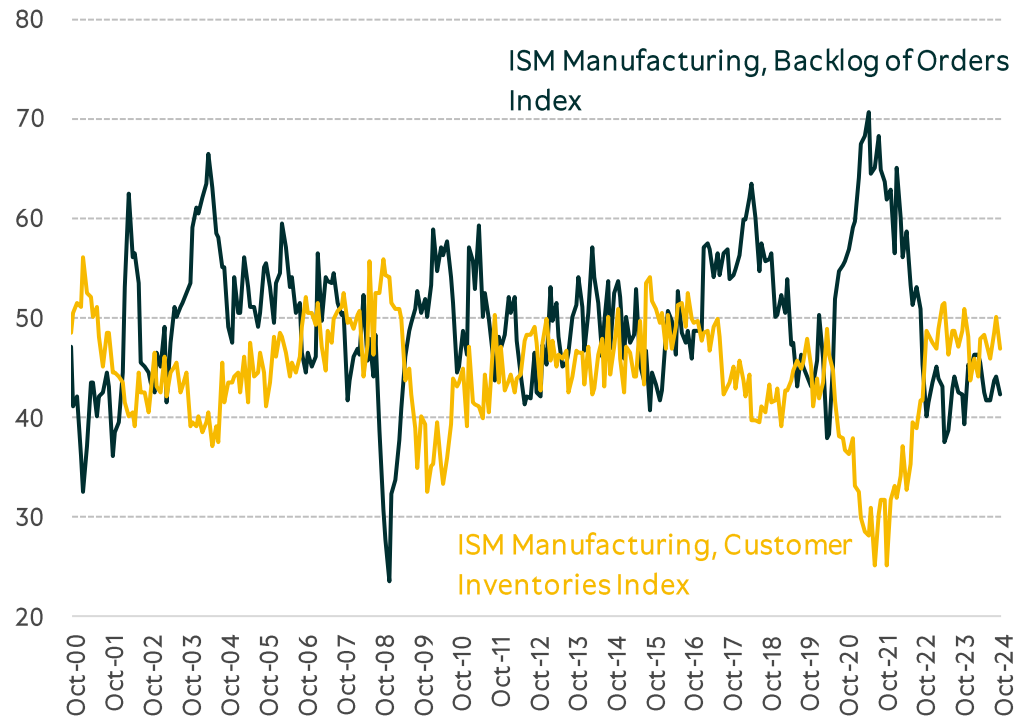


Sticky & Flexible Prices

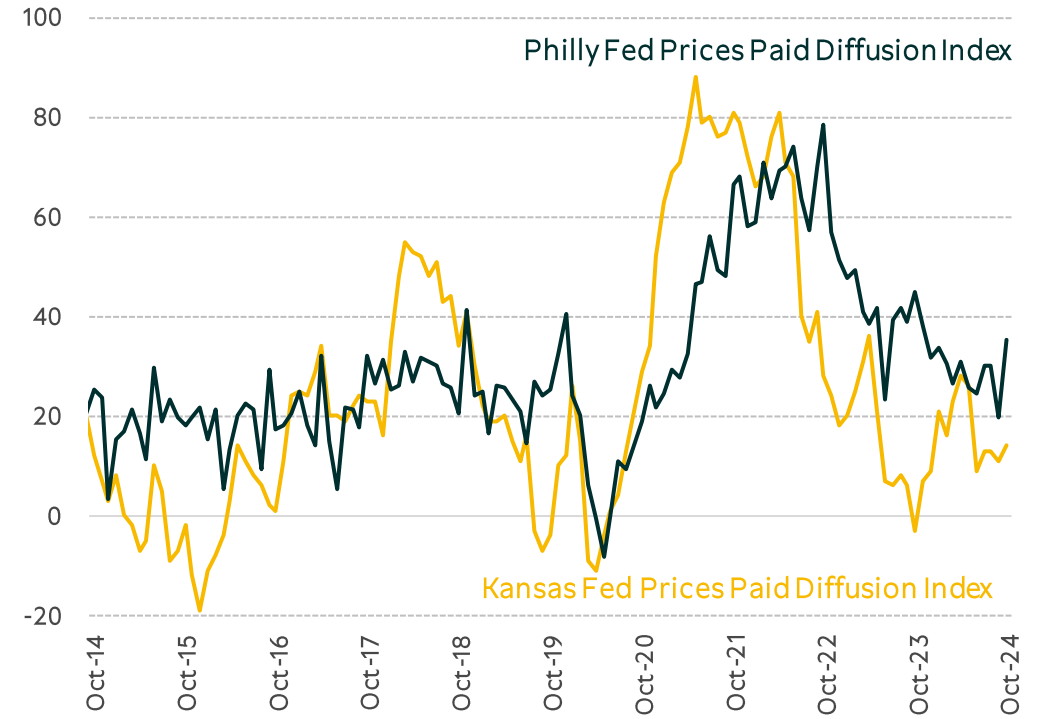


US Supply & Demand Gap | Customer inventories above backlog of orders; price pressures from regional surveys mixed

Backlog of Orders & Customer Inventories Relation

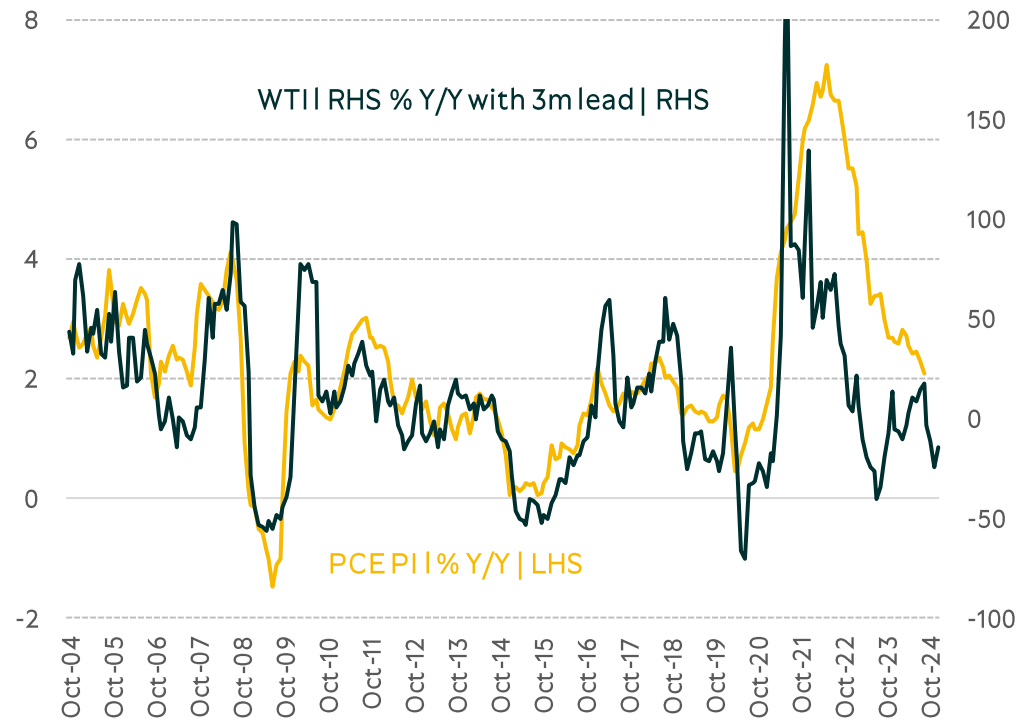


Leading Prices Indicators

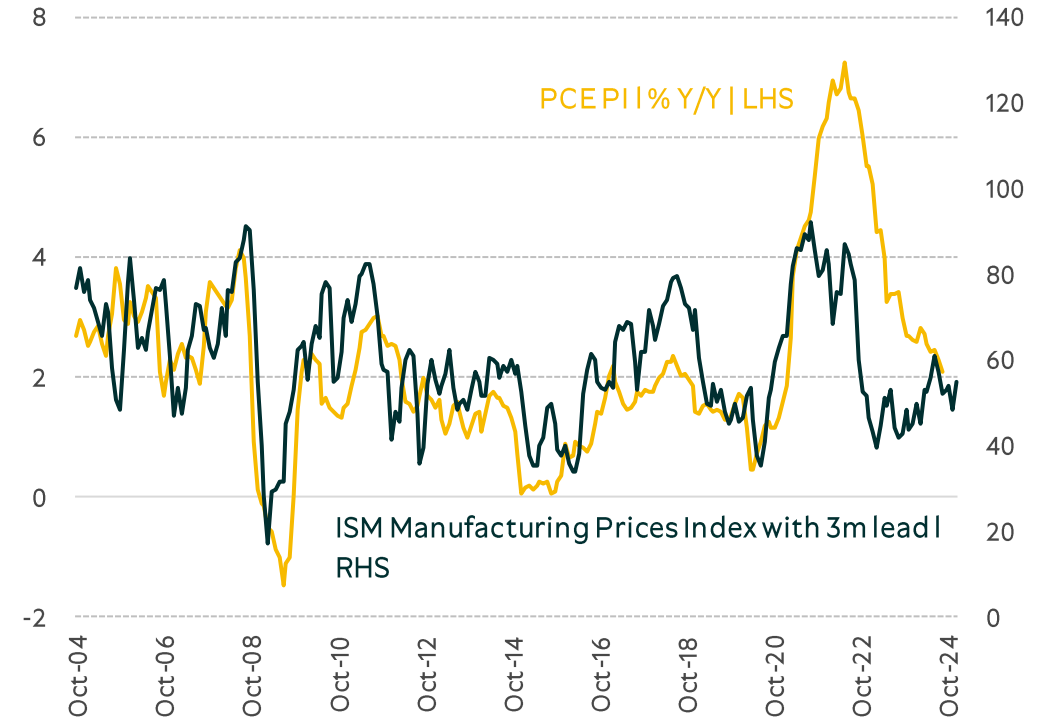


US Inflation & Energy Prices | Leading price indicators point to further gradual inflation moderation ahead

Inflation Rates & Energy Prices

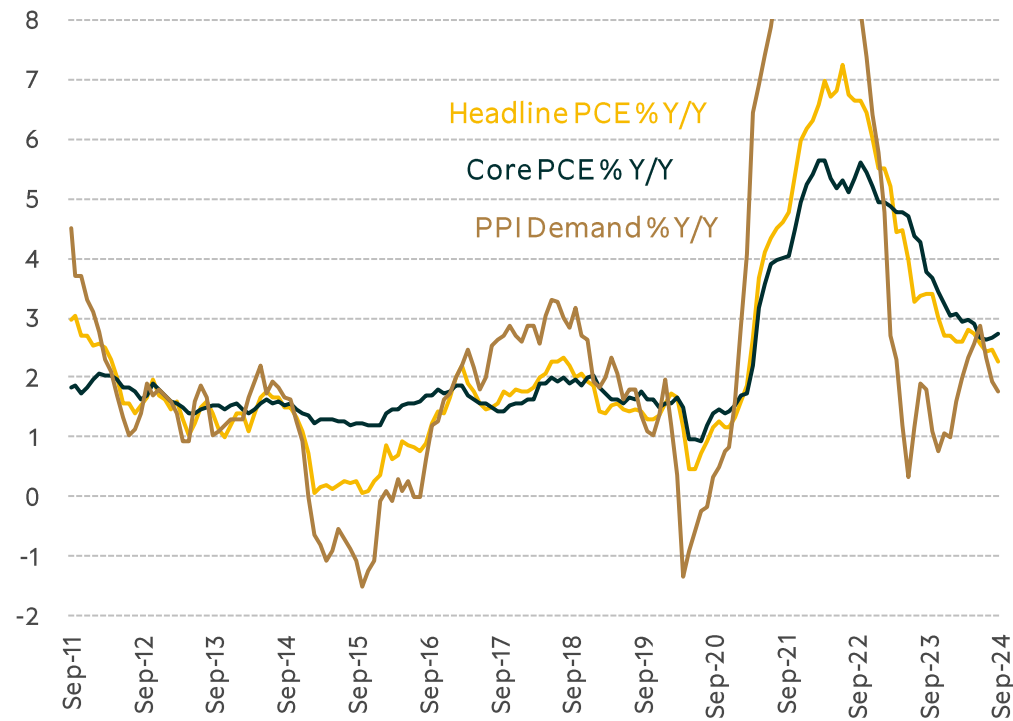


Inflation Rate & Leading Prices Indicator

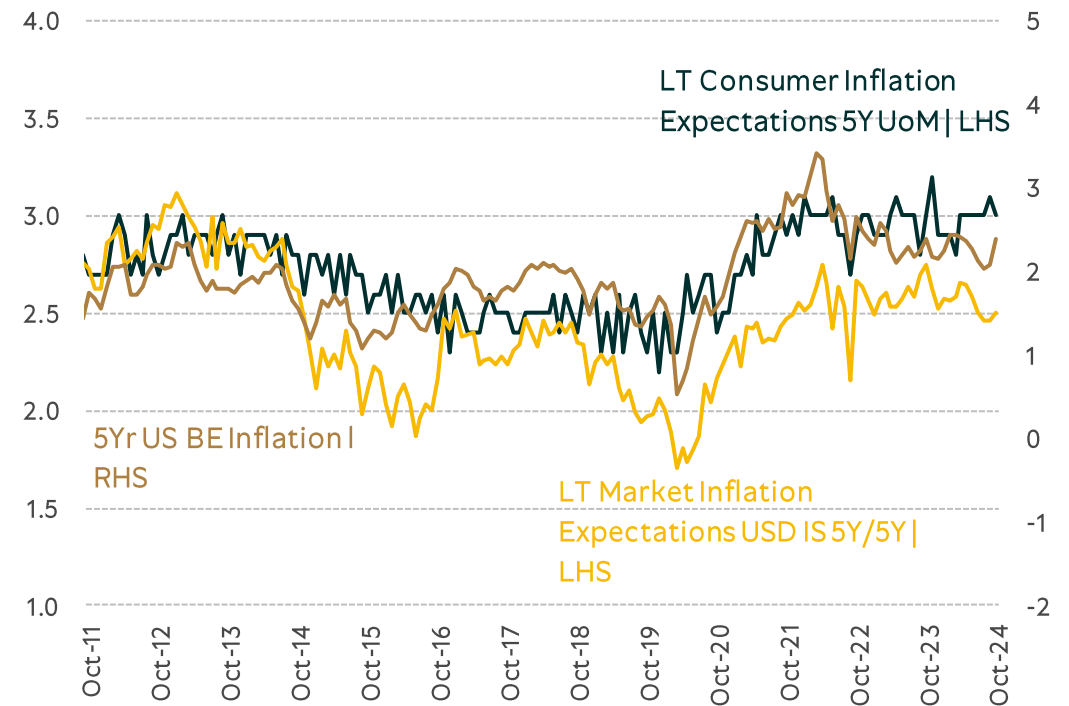


US Headline & Core Inflation | Inflation rate has been slowly moving towards Fed's target, long-term market expectations (5Y/5Y) at 2.50%

Inflation Rates

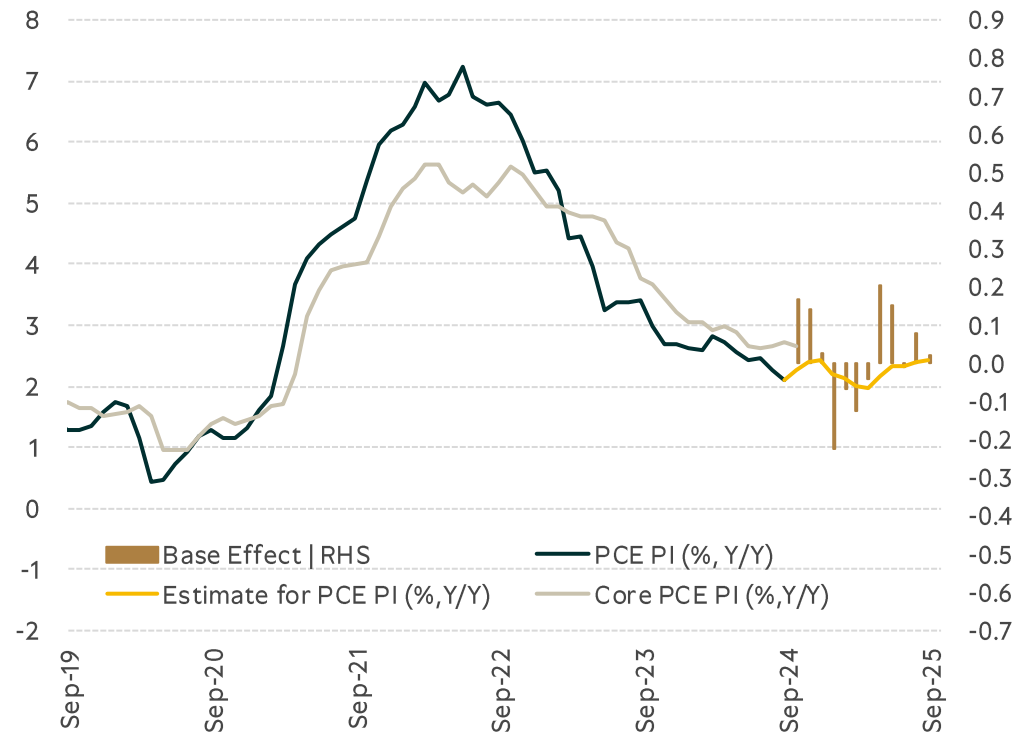


Long-Term Inflation Expectations

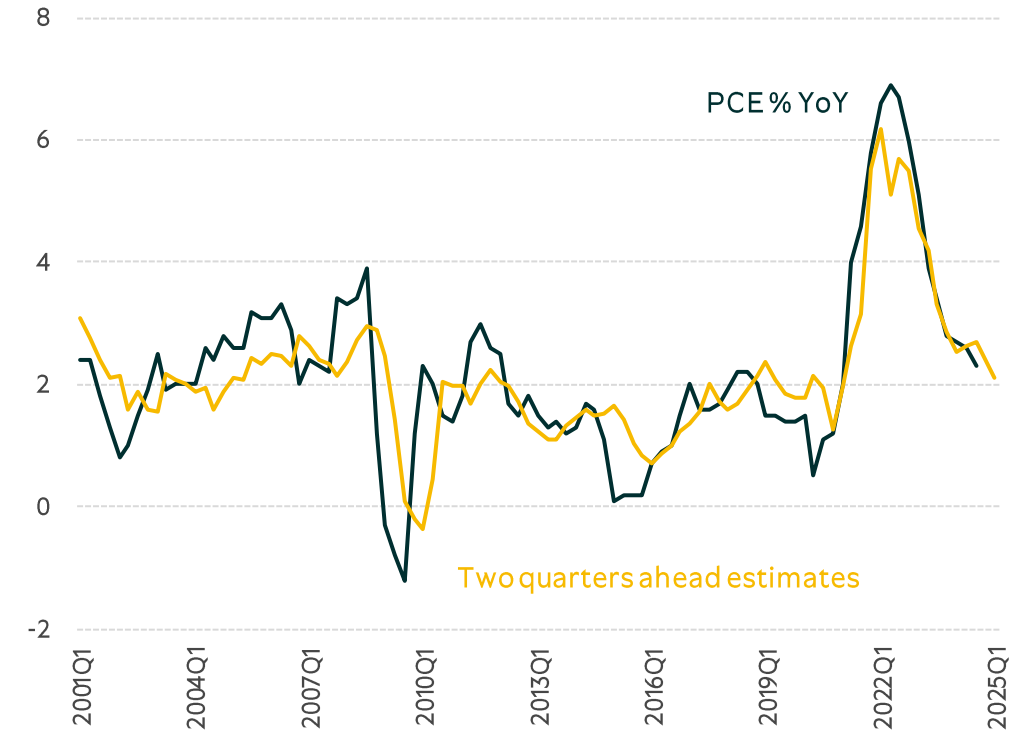


US Inflation Outlook | Gradual deceleration in inflation rate is expected to continue

Inflation Rate Forecast | Statistical Model

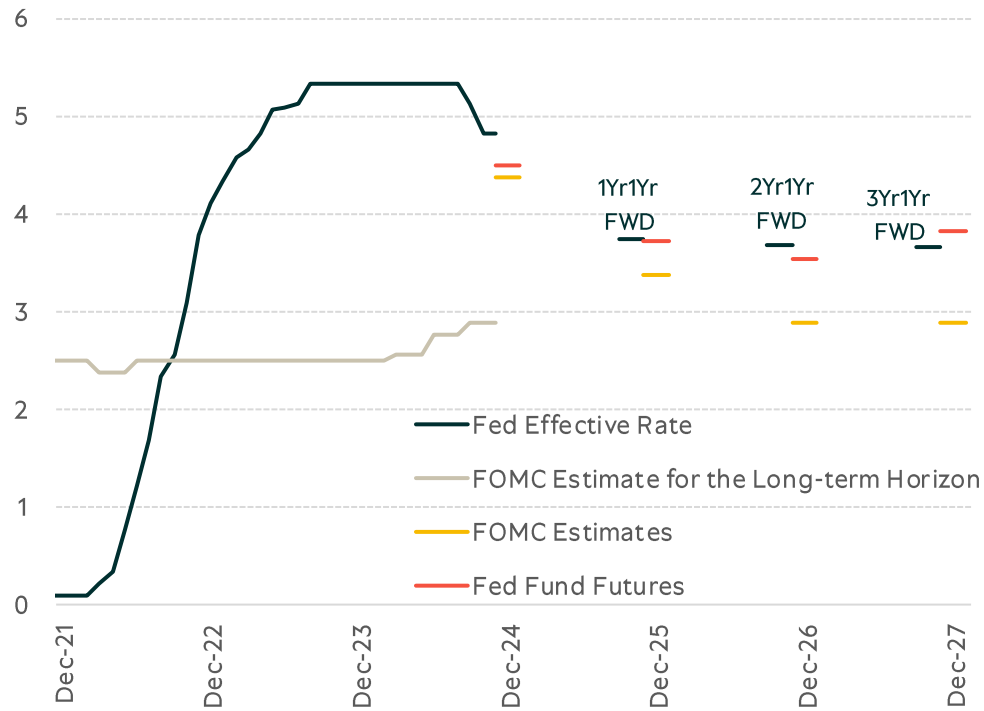


Inflation Rate Forecast | Macro Model

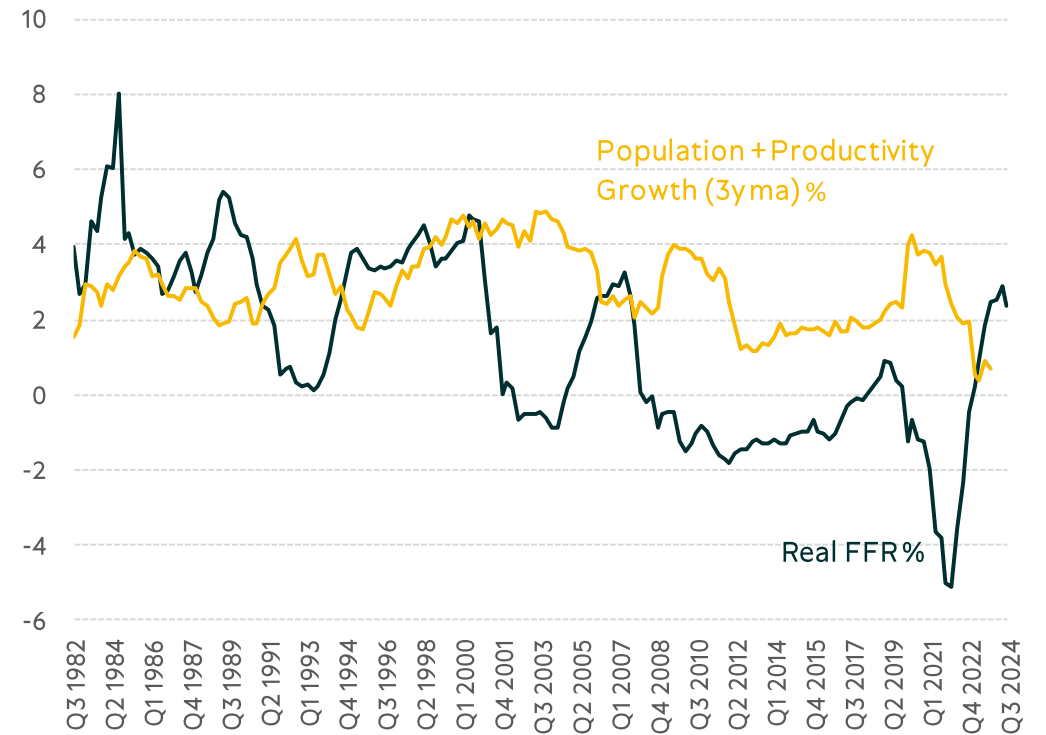


US Interest Rates | Forward rates above FOMC's long-term target

Interest Rates | Fed Effective Rate

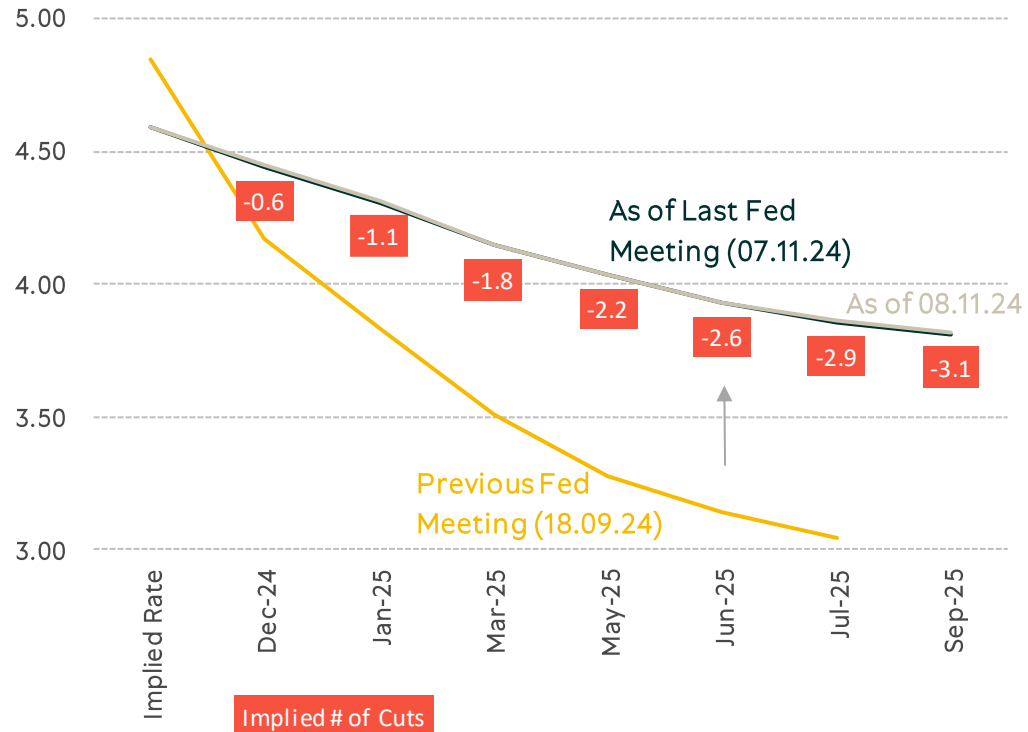


Real FFR (FFR – Core PCE) & Population + Productivity growth (3y ma)

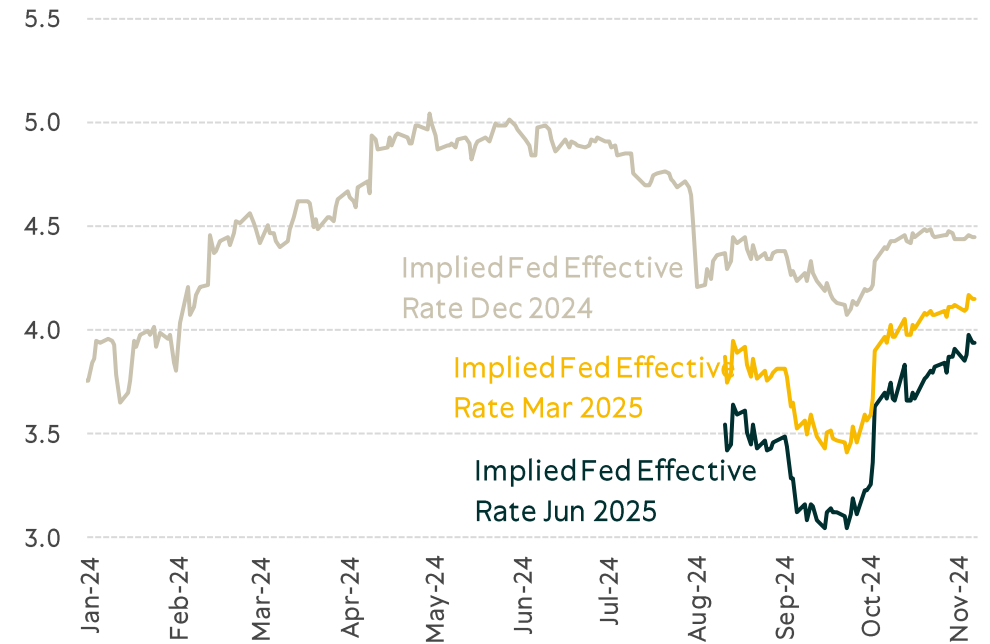


US Interest Rates | Implied Fed Effective Rates are trending up

Implied Overnight Rate based on Overnight Index Swaps

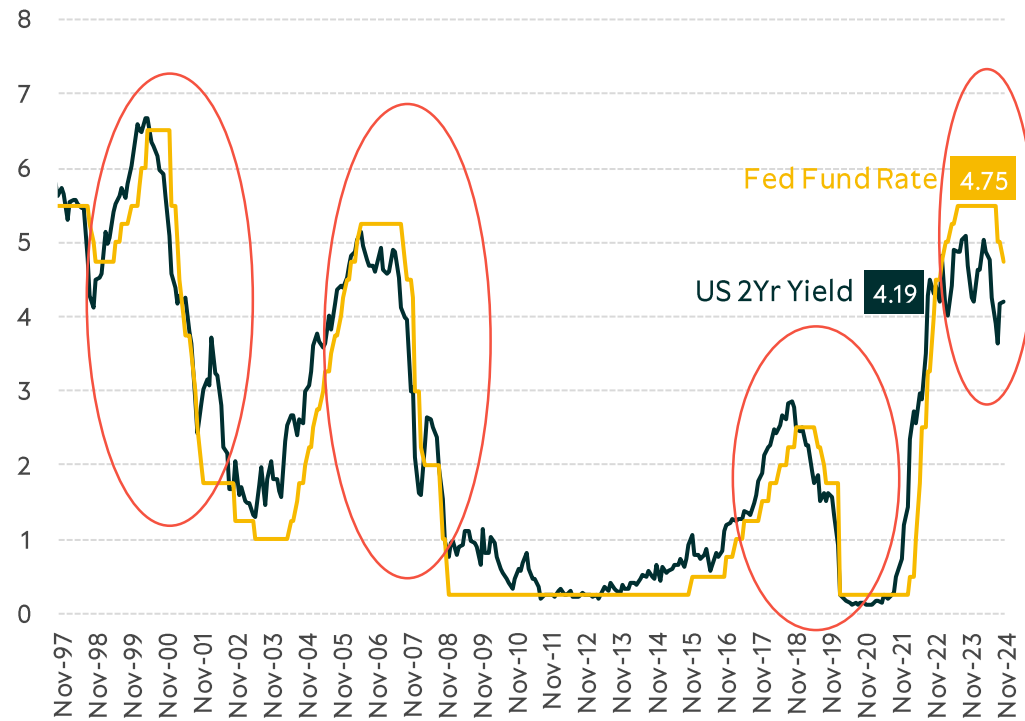


Interest Rates | Implied Fed Effective Rate



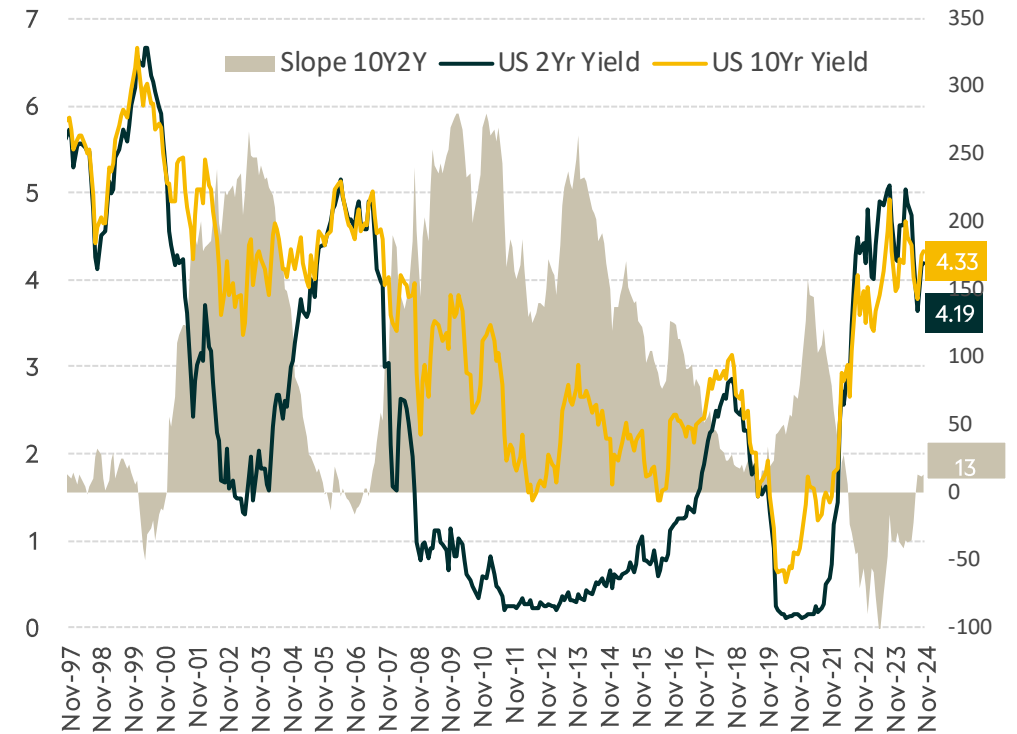
US | The 2/10 yield spread turned positive in August for the first time since mid-2022. In September the Fed reduced its benchmark interest rate by 50 bps, followed by a 25bps cut in October

Fed Fund Rate & US Treasury Yield



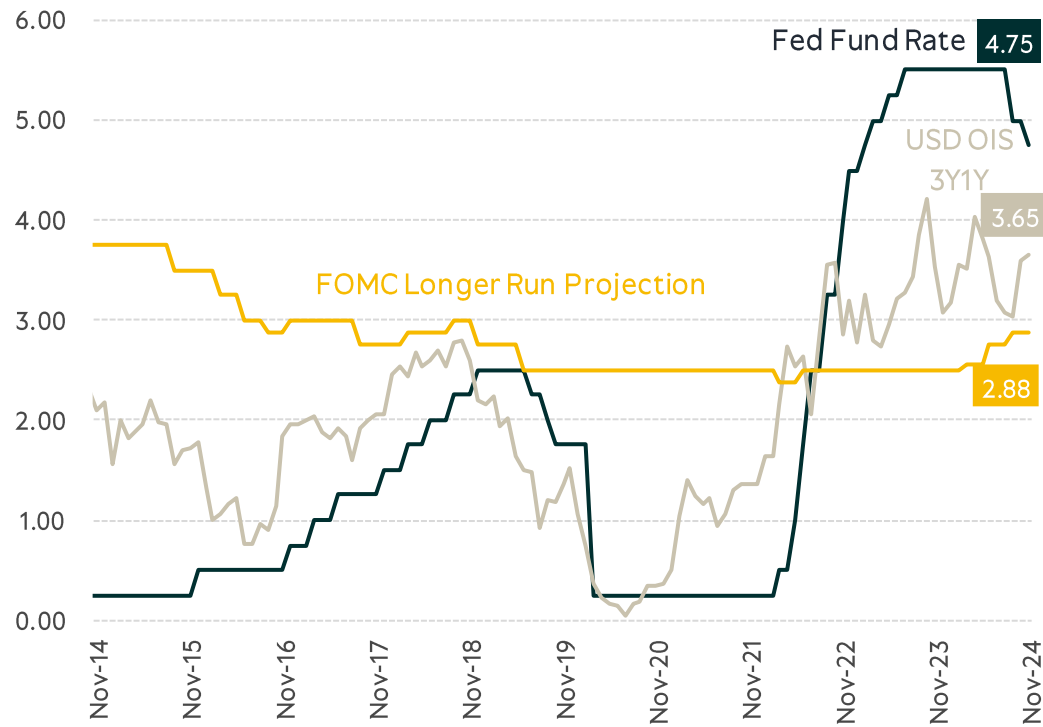
Note: Monthly data apart from the last observation which shows the latest available daily value

US Yield Curve



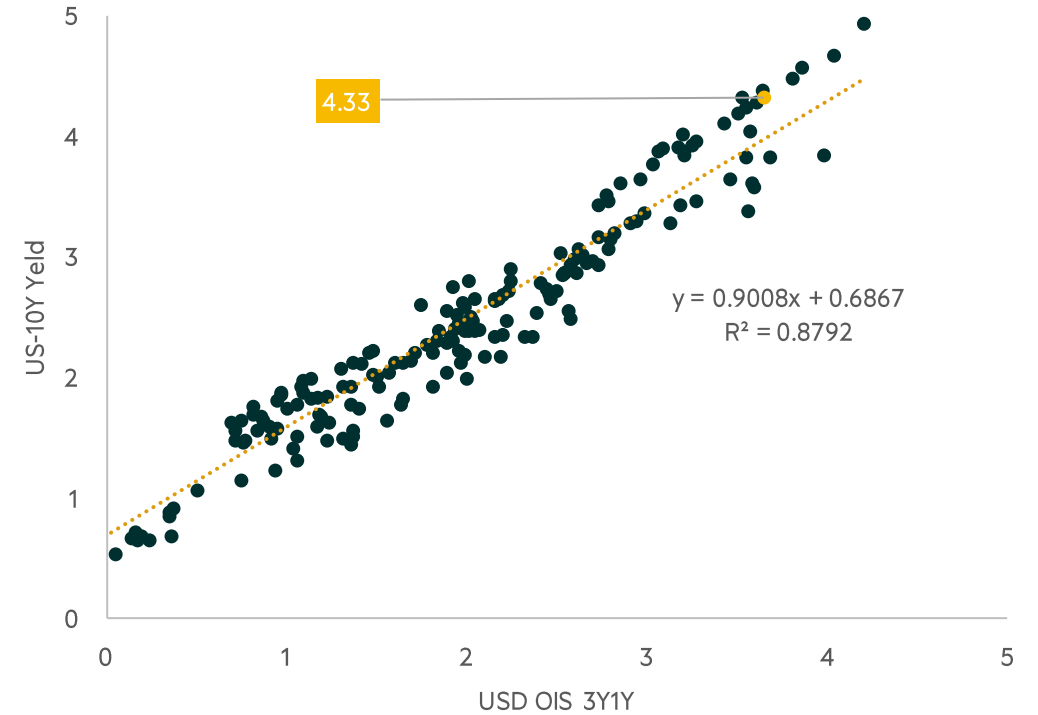
US Long-Term Rates | Even if short-term rates 4 years in the future remain above target (2.875%), 10 year rates still look too high

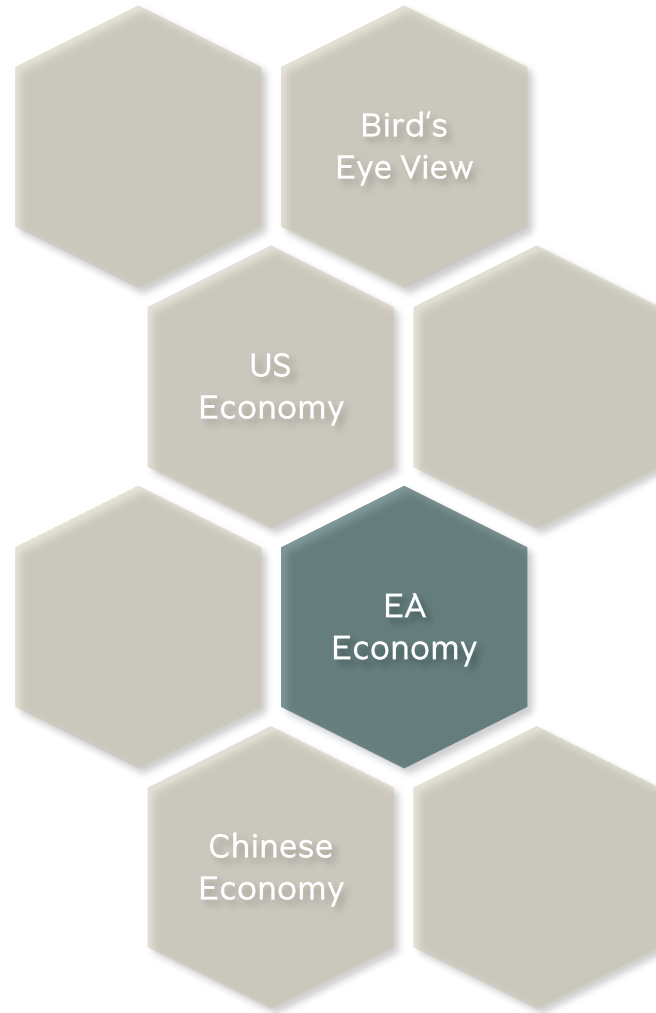
LT Interest Rate Expectations



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

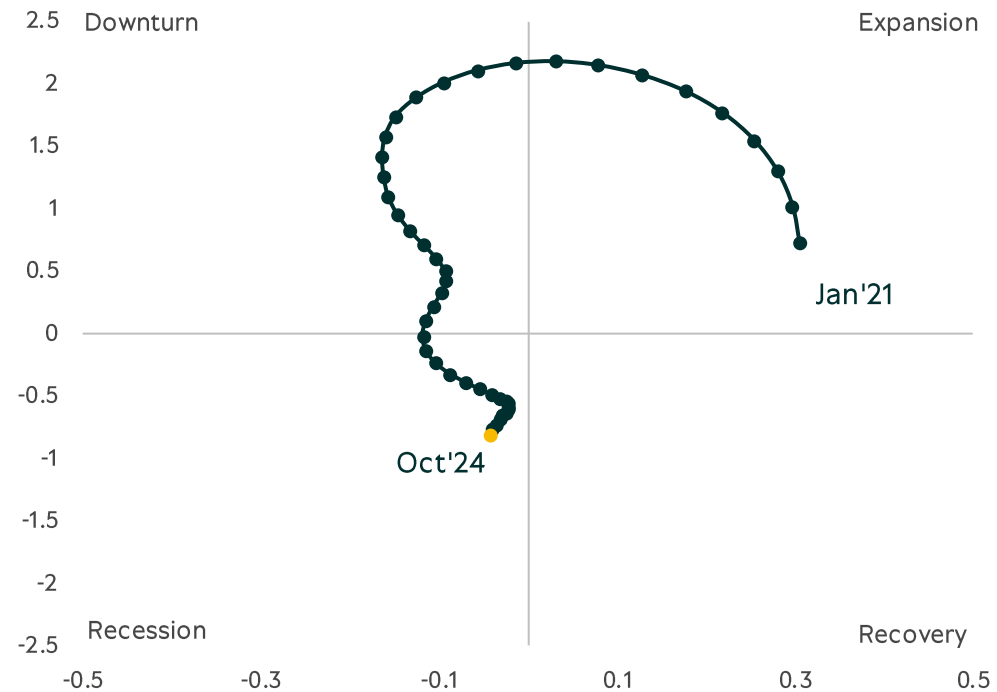
US Yield vs Medium-Term Interest Rate Expectations



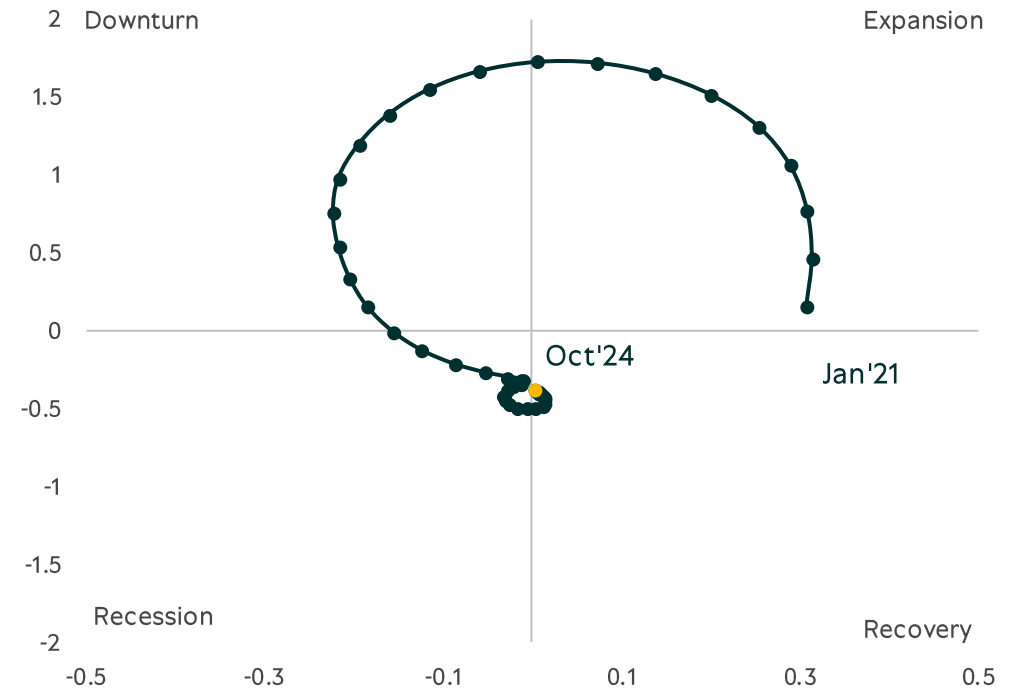


EA Business Cycle Watch | Economic Sentiment in October shifted to recession but remains close to the axis

EA Business Cycle | Based on Manufacturing Confidence Indicator

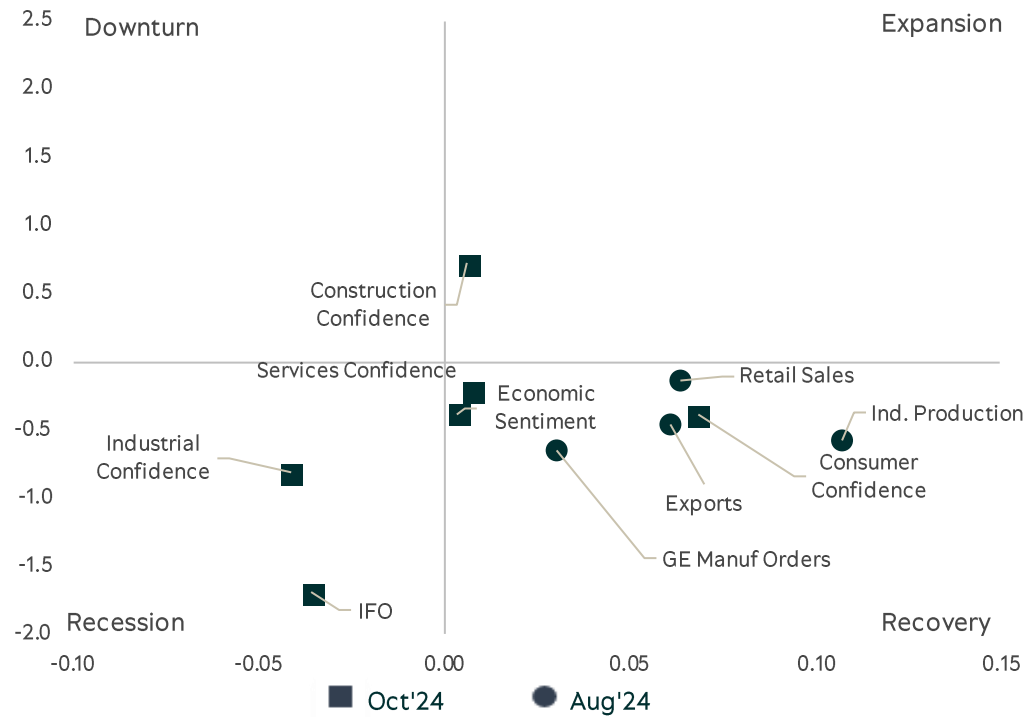


EA Business Cycle | Based on Economic Sentiment Indicator

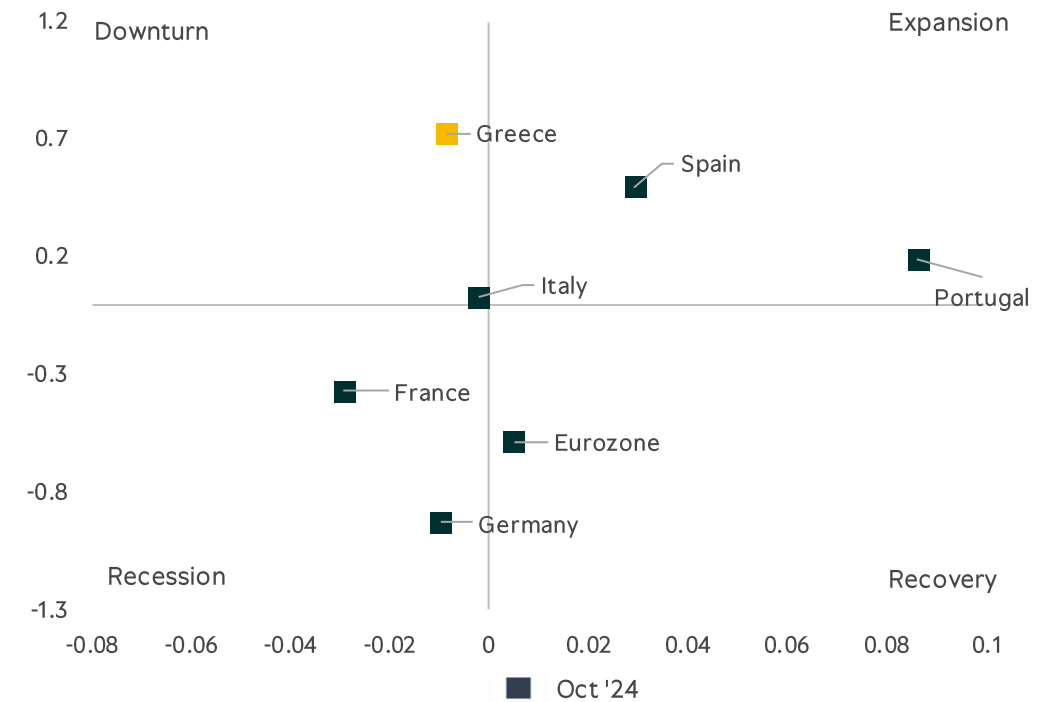


EA Business Cycle | Most EA economic variables stand between recession and recovery, whilst a steady recovery is signaled on a country level

EA Business Cycle | Based on Major EA Economic Variables

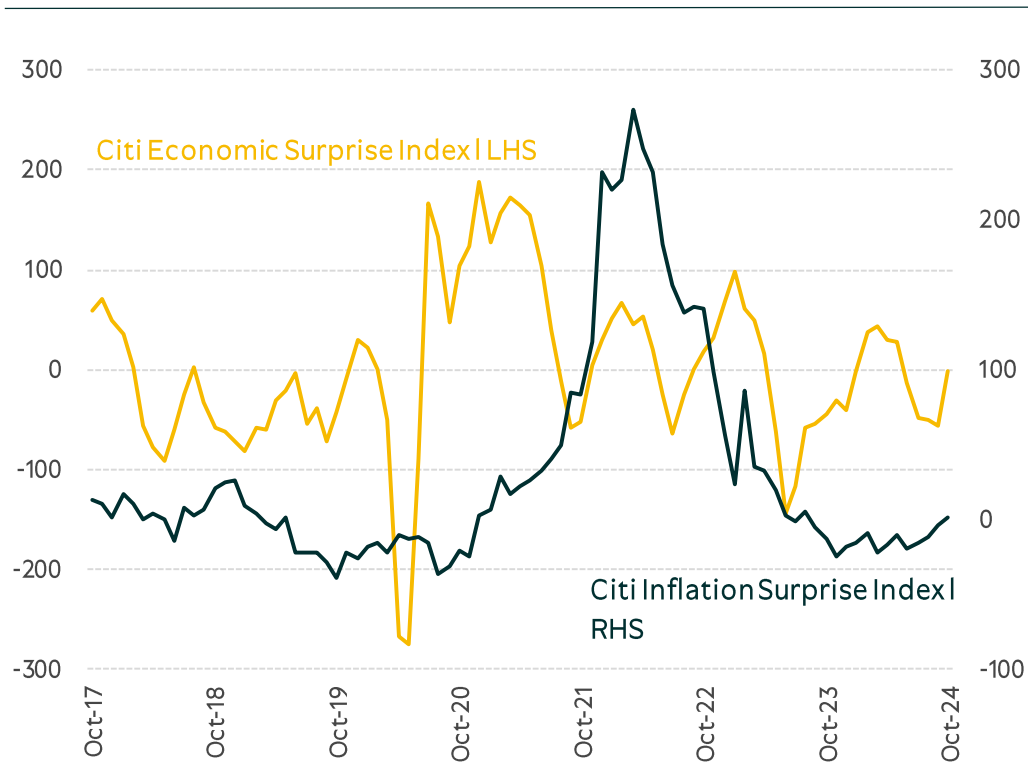


Business Cycle of EA Members

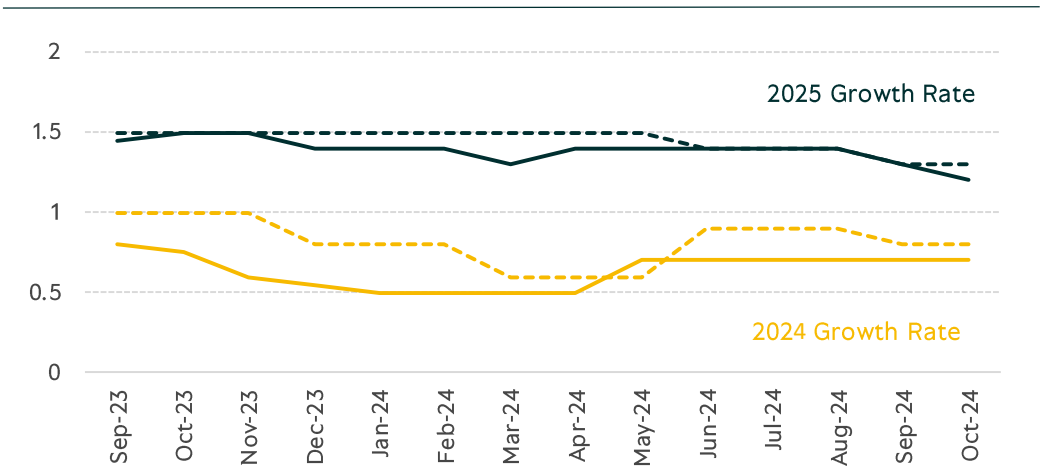


EA Macro Expectations | Economic surprises close to positive. Worries about inflation eased

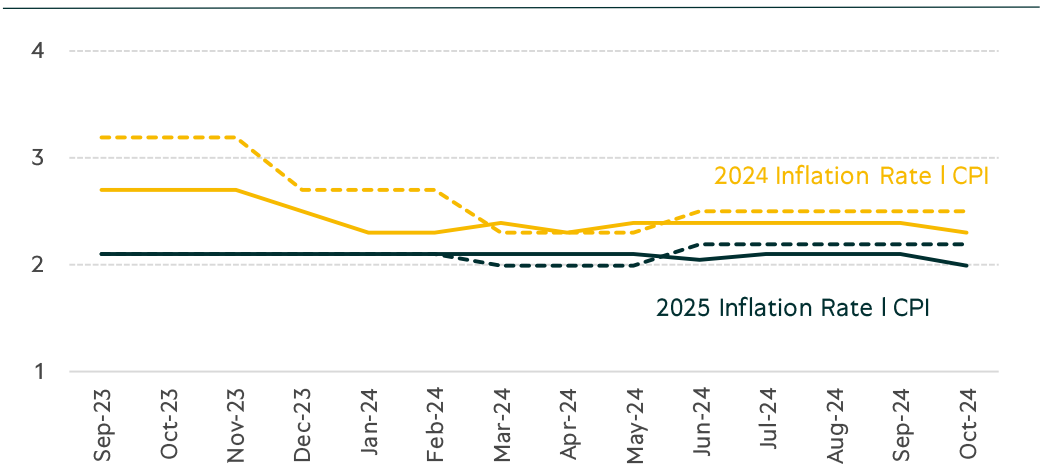
Economic & Inflation Surprises



Growth Rate Expectations*



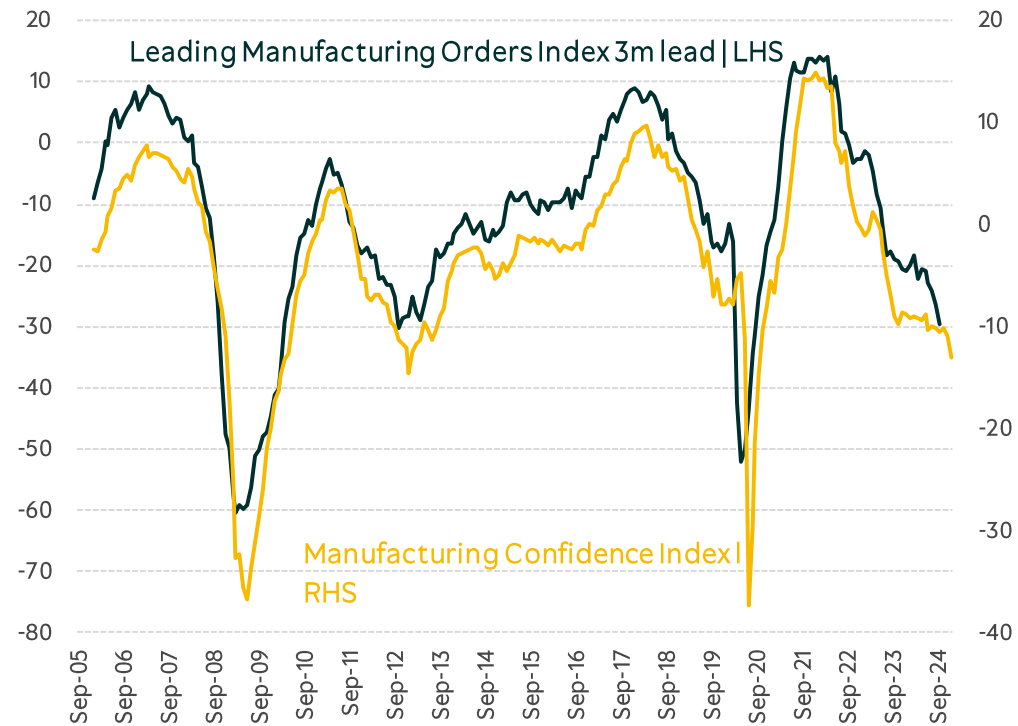
Inflation Rate Expectations*



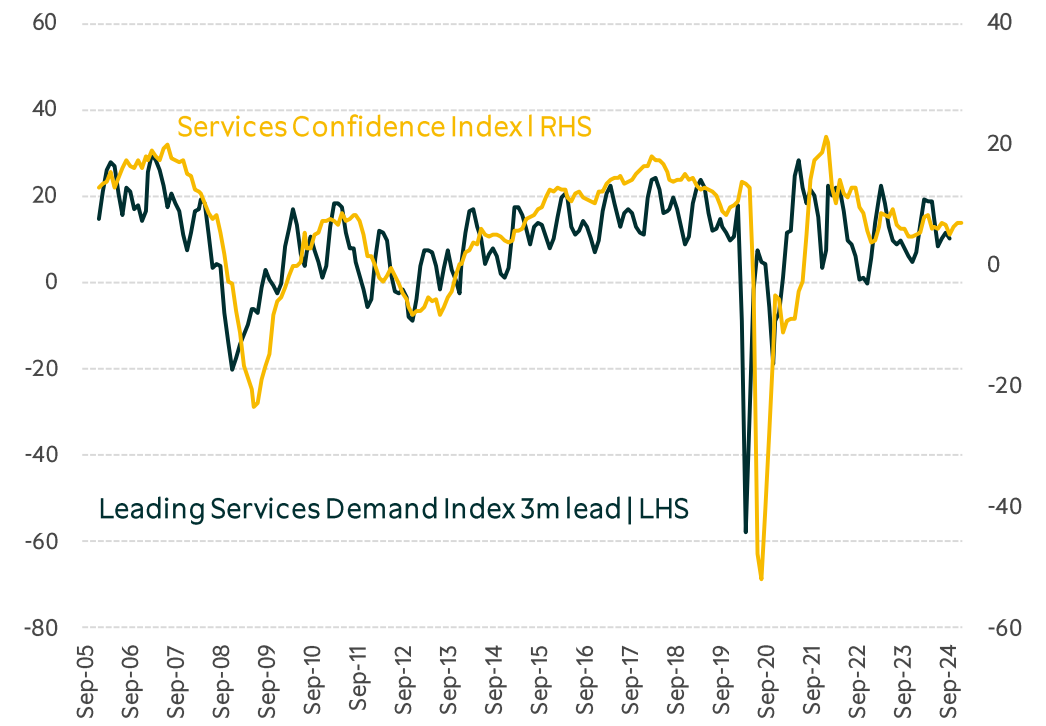
*Solid line: Consensus; Dotted line: ECB projections

EA Leading Indicators | Manufacturing indicators in downturn. Services Sector ticks up

Manufacturing Confidence Index & Leading Manufacturing Orders

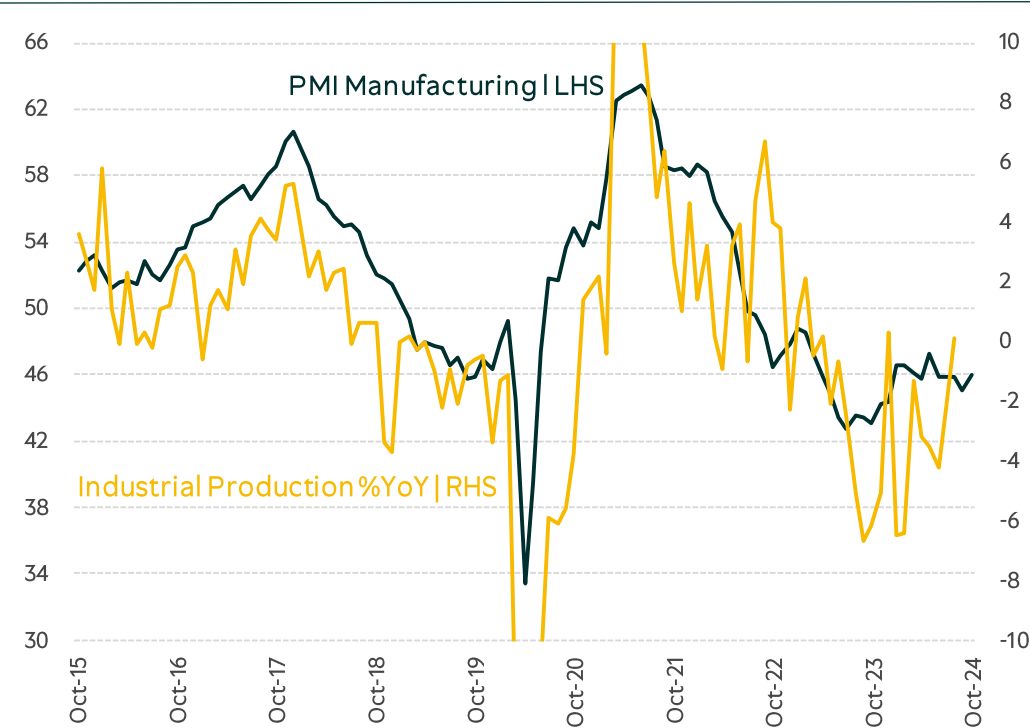


Services Confidence Index & Leading Services Demand Index

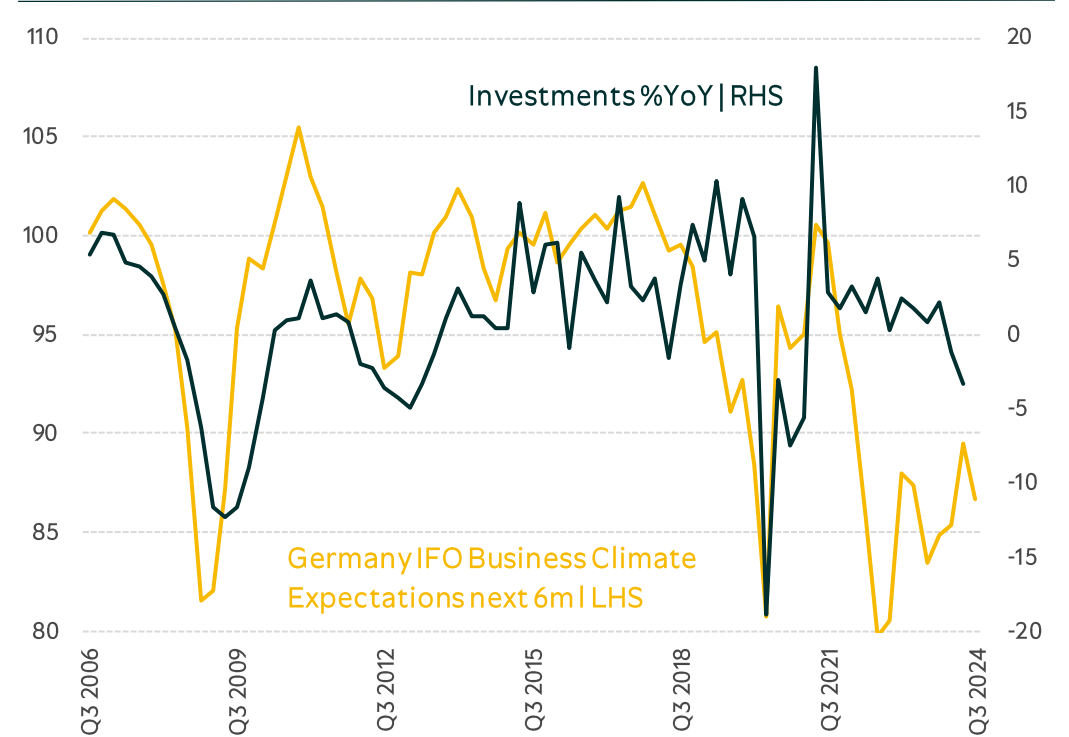


EA Business Conditions | Manufacturing remains vulnerable, but August saw the first year-over-year growth in industrial production after seven months of decline. Business investments in downturn.

Industrial Production YoY vs PMI Manufacturing

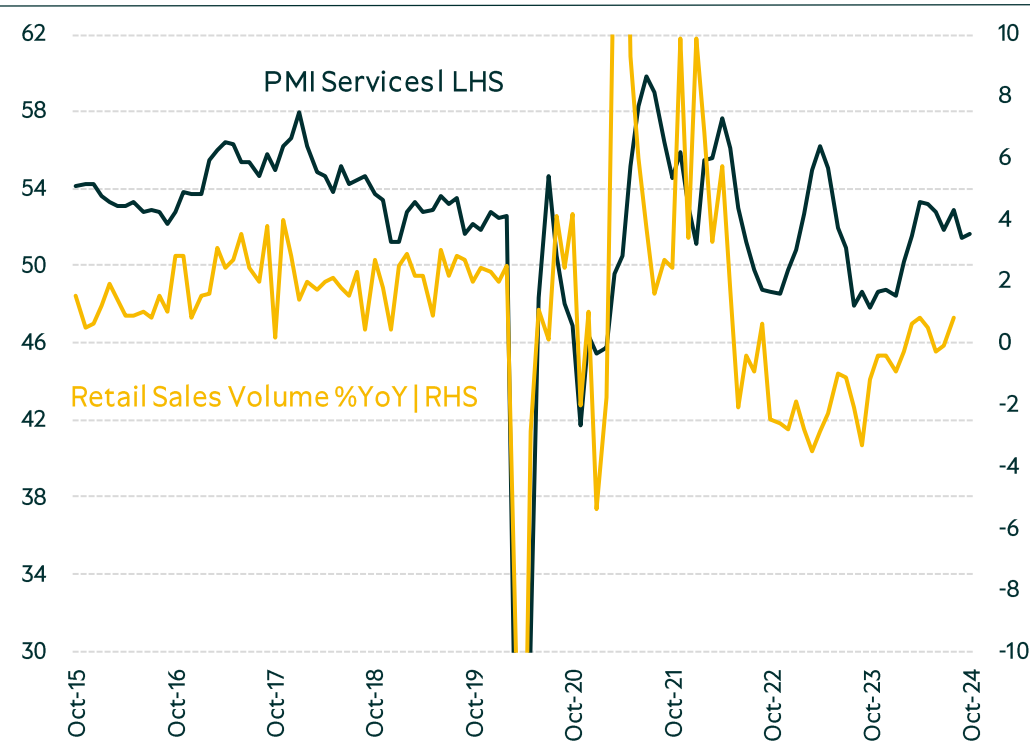


Ifo Expectations & Business Investment

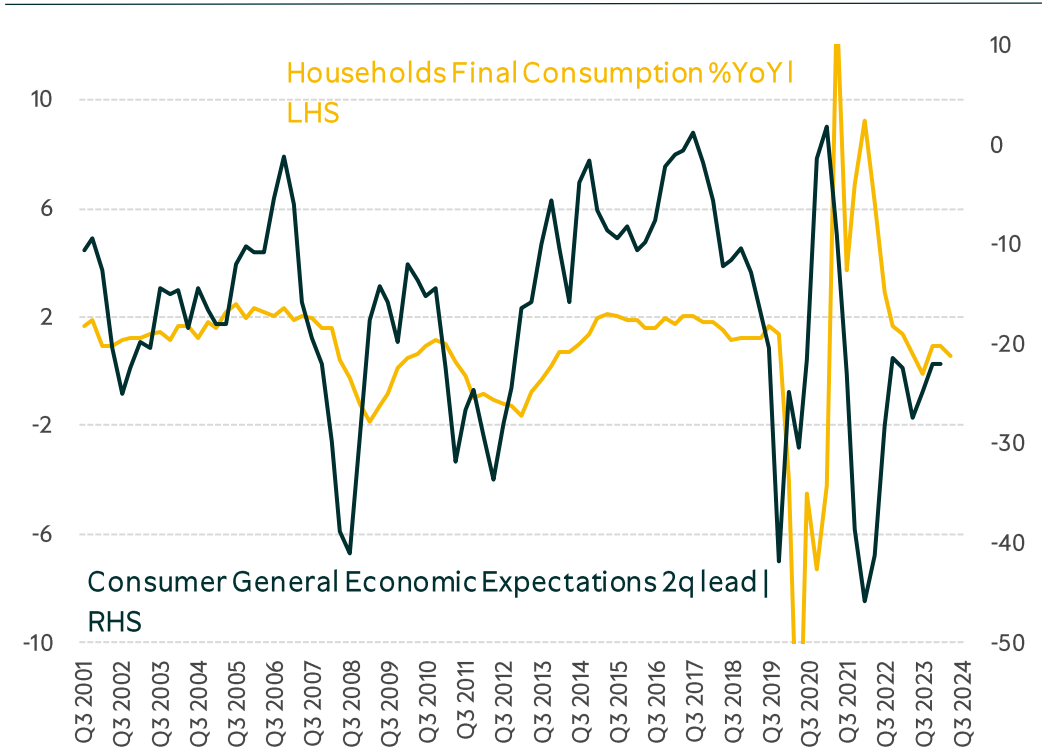


EA Business Conditions | Retail spending still at low levels but improving, a possible tailwind to EA growth

Retail Sales Volume YoY vs PMI Services

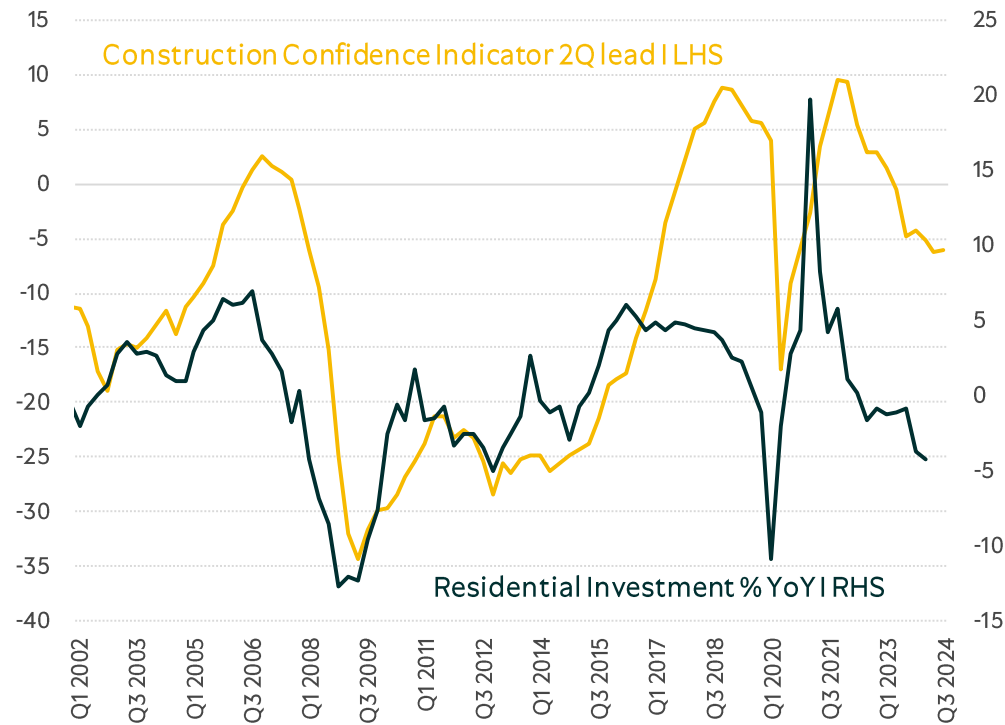


Final Consumption & Consumer Expectations Index

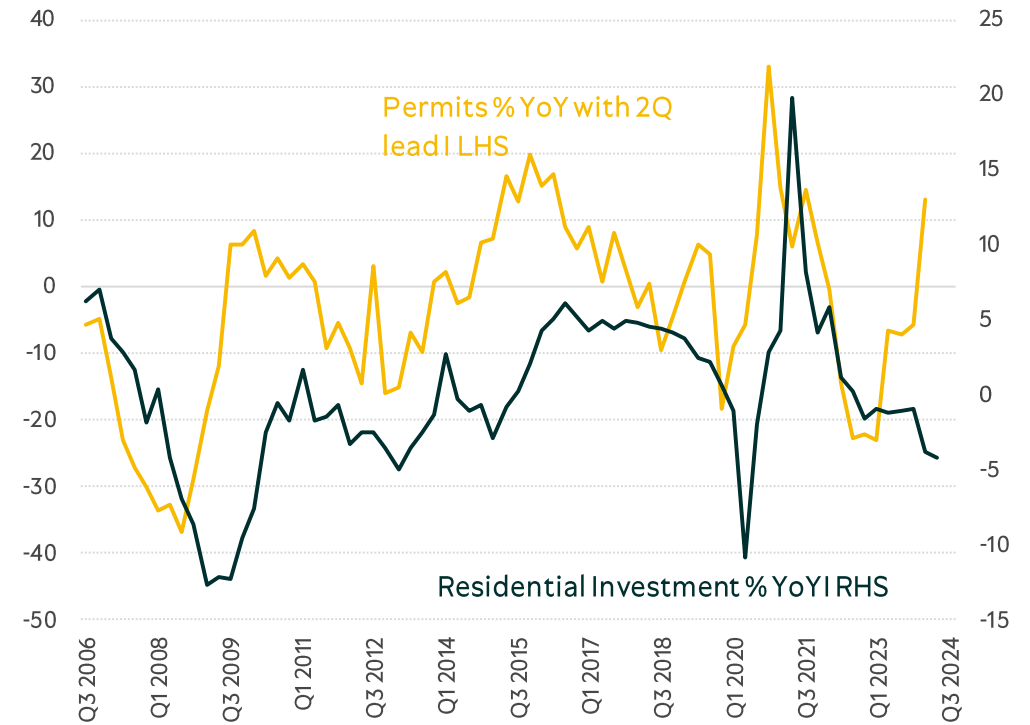


EA Construction | Residential activity is negatively impacting growth with Construction Confidence on a downward trend. Permits provide a glimpse of hope.

Residential Investment & Construction Confidence

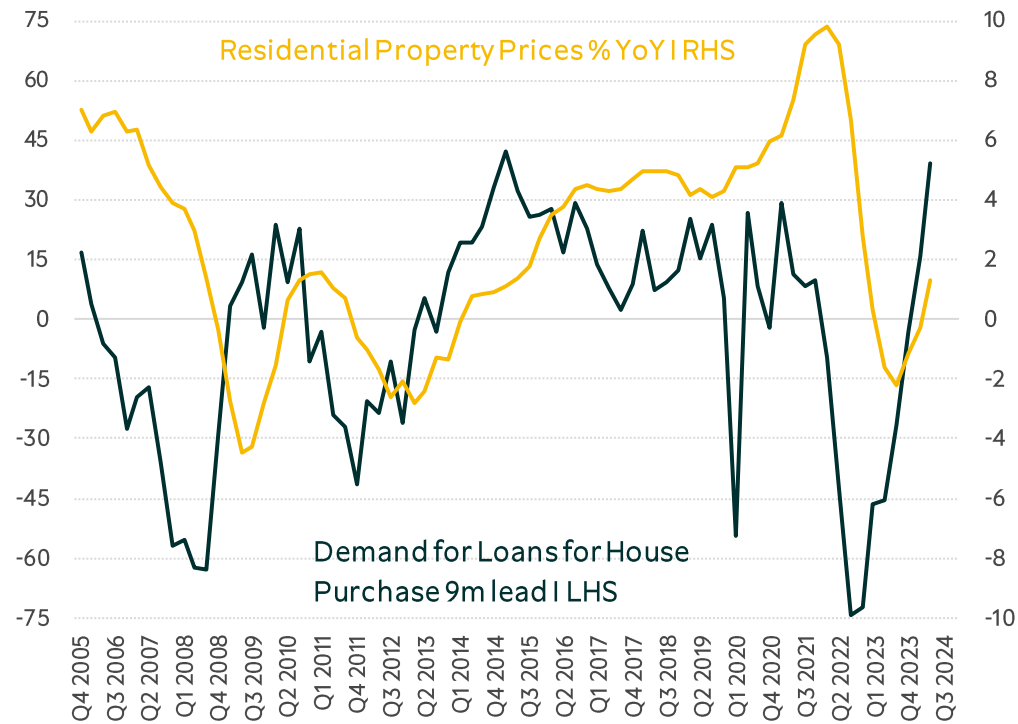


Residential Investment & House Permits

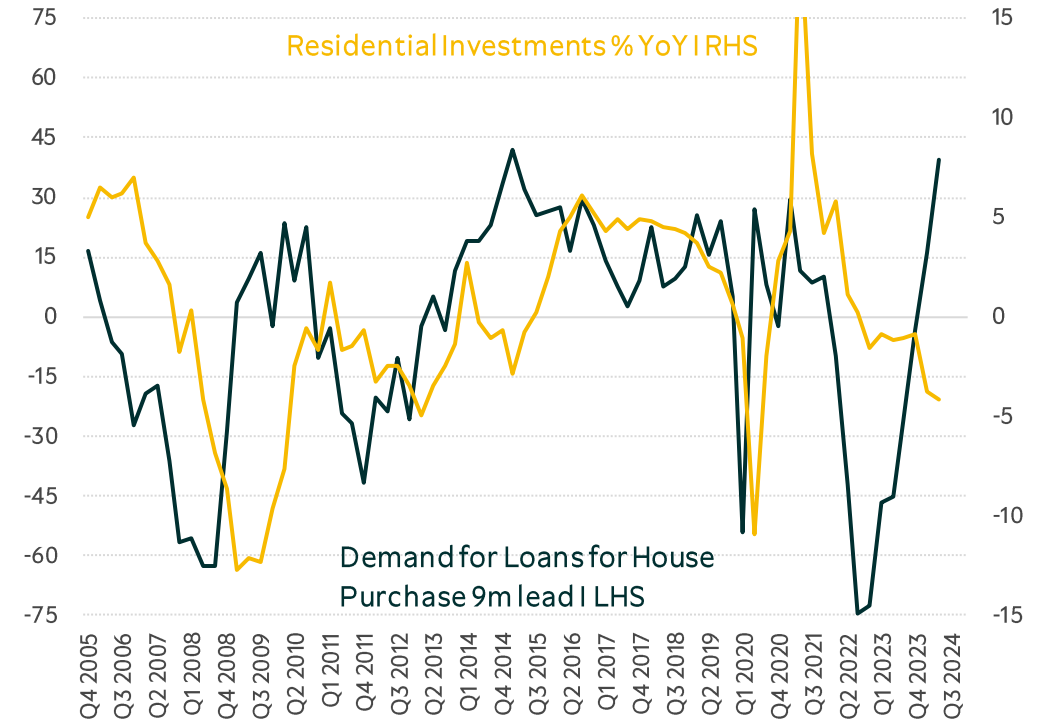


EA Construction | A pick up in investments and housing loans is expected in the coming months

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

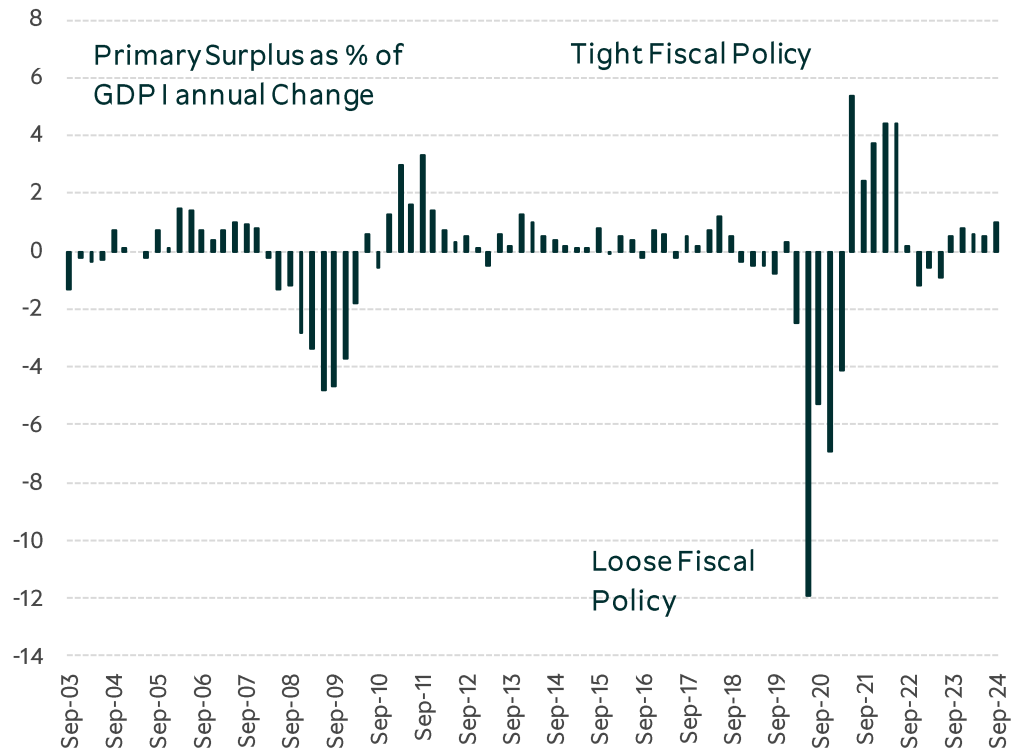


Residential Investments & Demand for loans (9m lead)

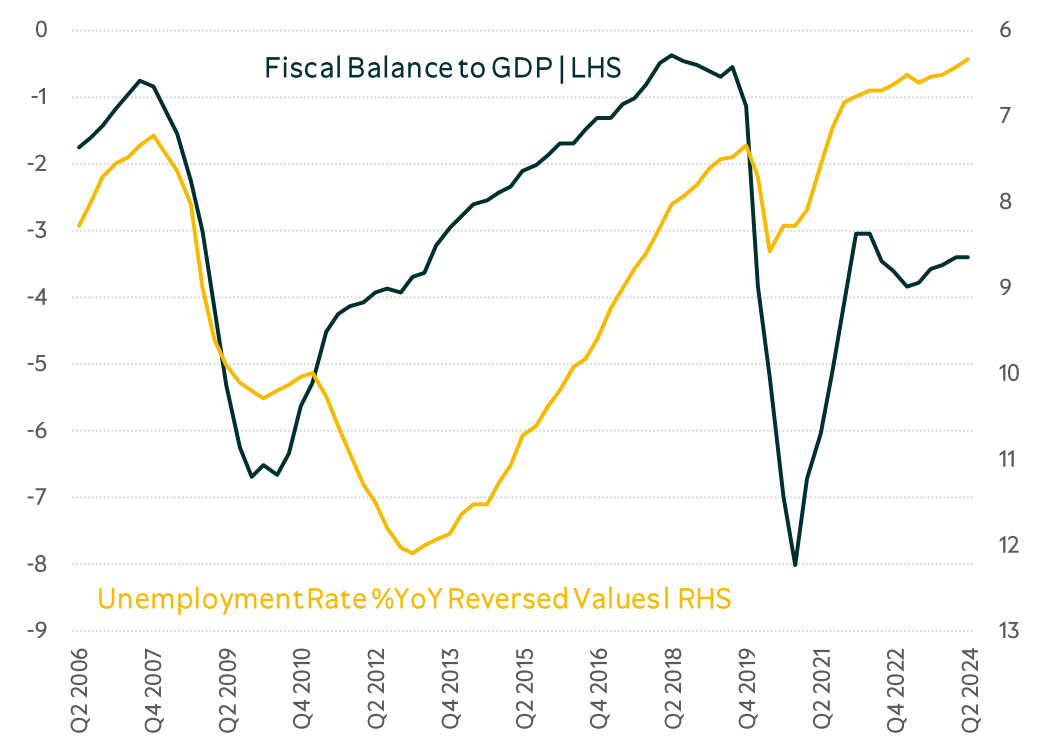


EA Fiscal Policy | Fiscal Deficit improvement with Unemployment Rate at all time low

Fiscal Thrust

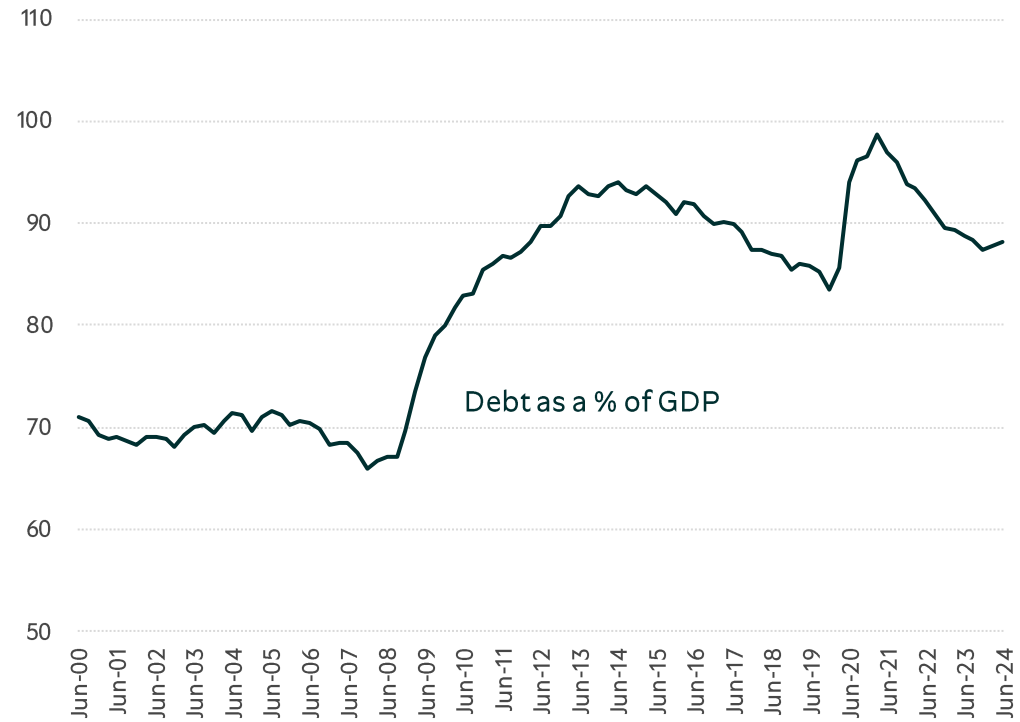


Fiscal Policy & Unemployment Rate

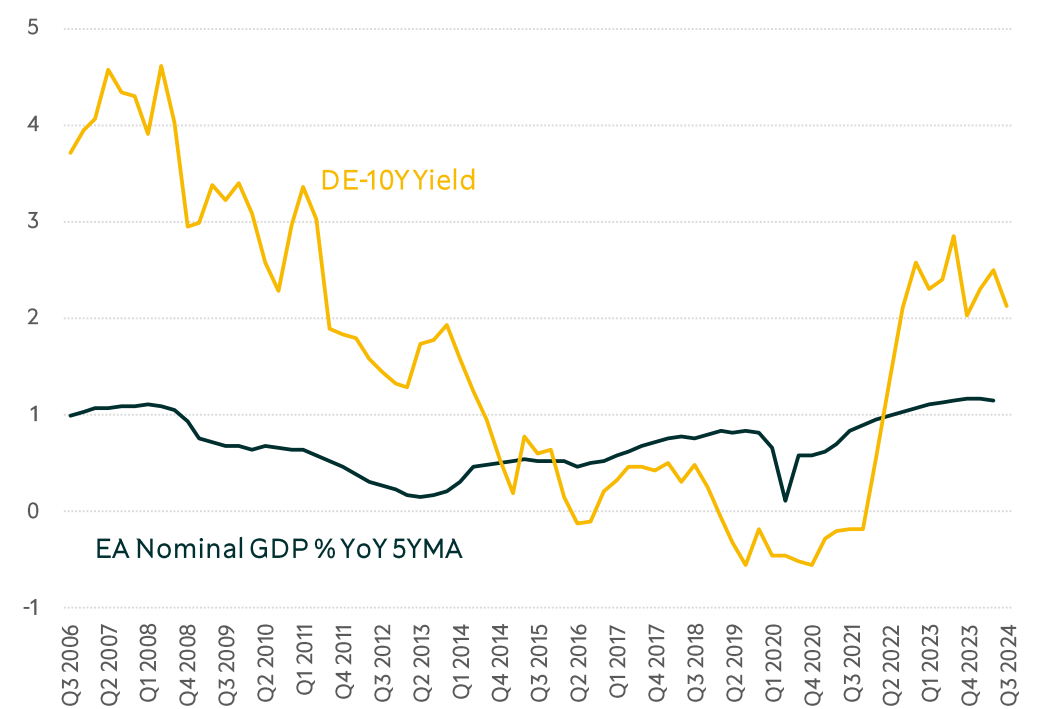


EA Fiscal Policy | Debt levels have moderated after the pandemic

Debt / GDP

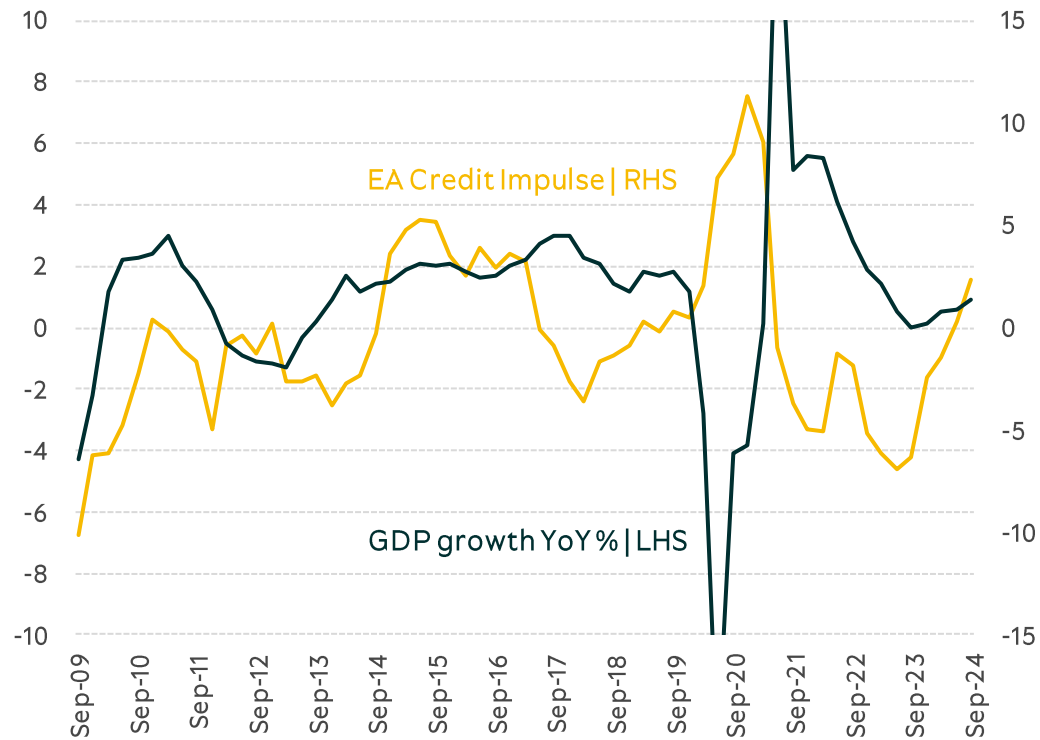


Fiscal Policy Sustainability

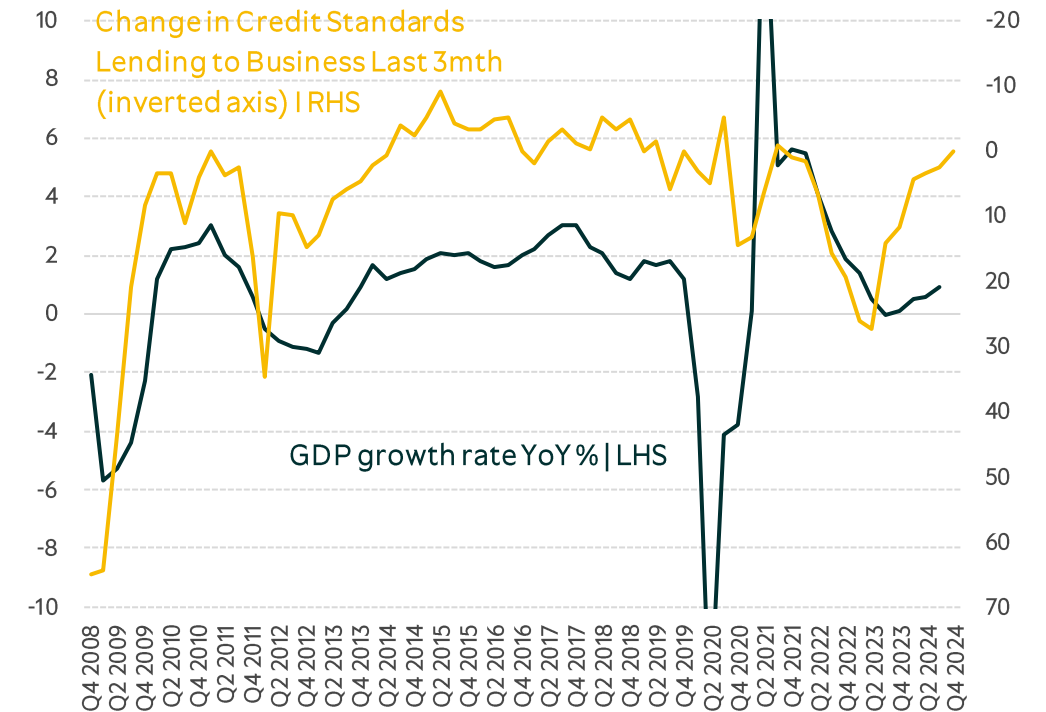


EA GDP Outlook | Credit impulse and bank lending standards provide a glimmer of hope for GDP growth in 2024

EA Credit Impulse & GDP growth rate

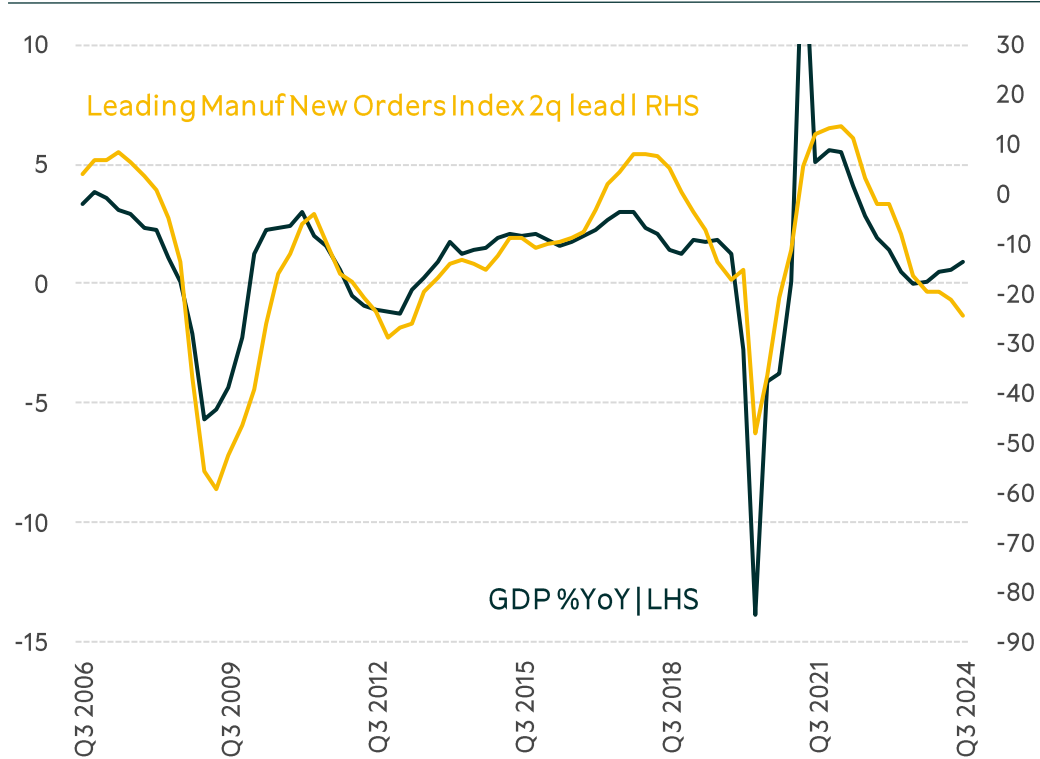


GDP YoY & Bank Lending Standards

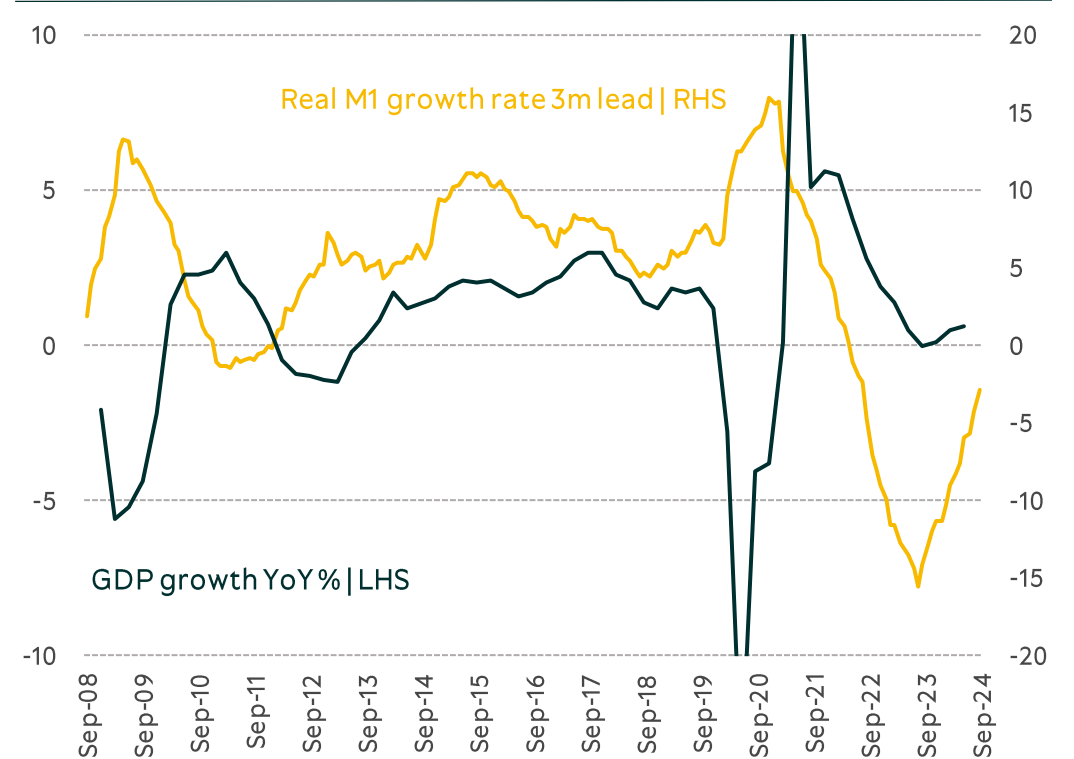


EA | Manufacturing New Orders still on a downtrend; Real M1 improvement somewhat reduces concerns about the economic outlook

GDP & New Orders Indices

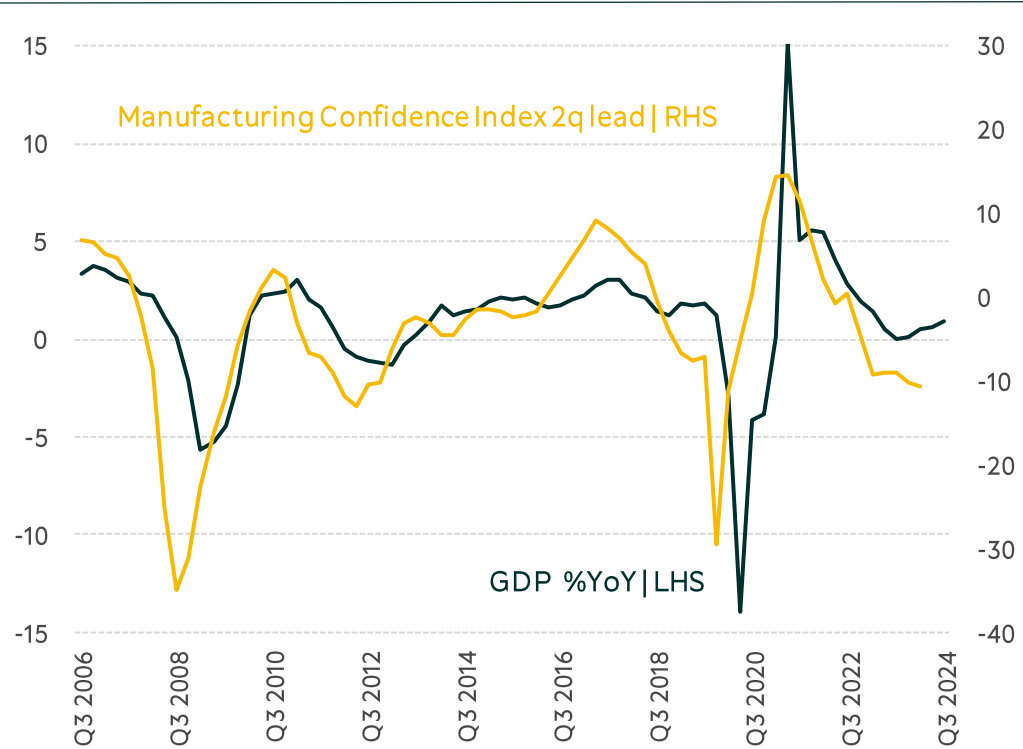


GDP & Real M1 growth rate

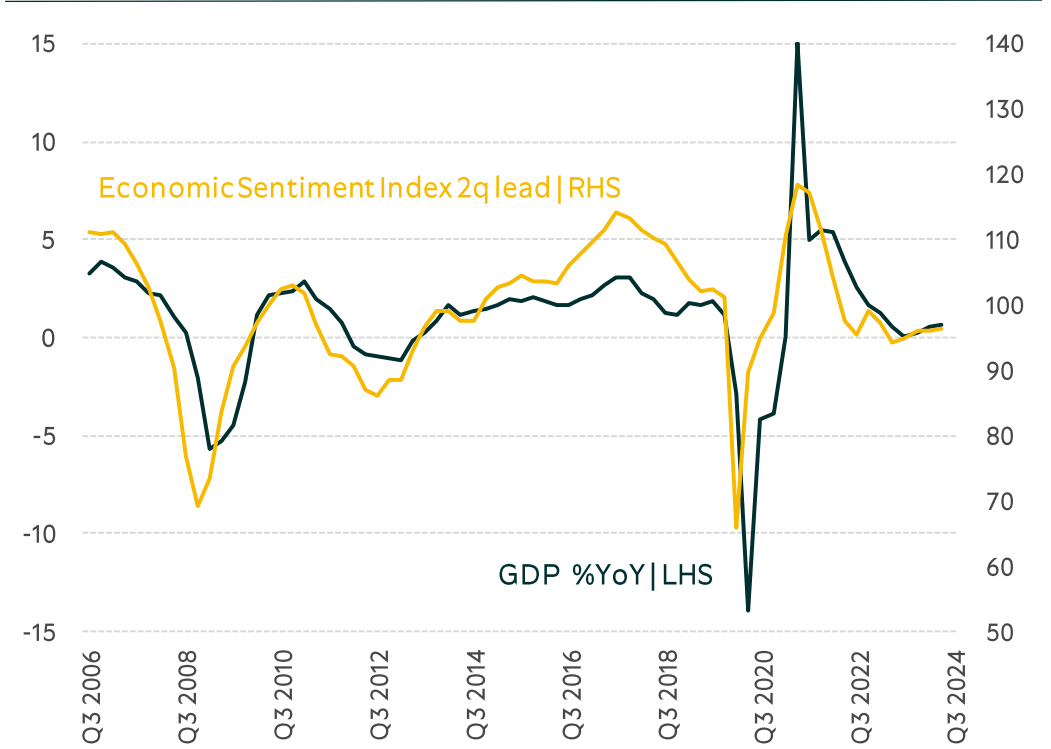


EA GDP Outlook | Leading indicators imply stabilisation at low levels

GDP & Manufacturing Confidence Index

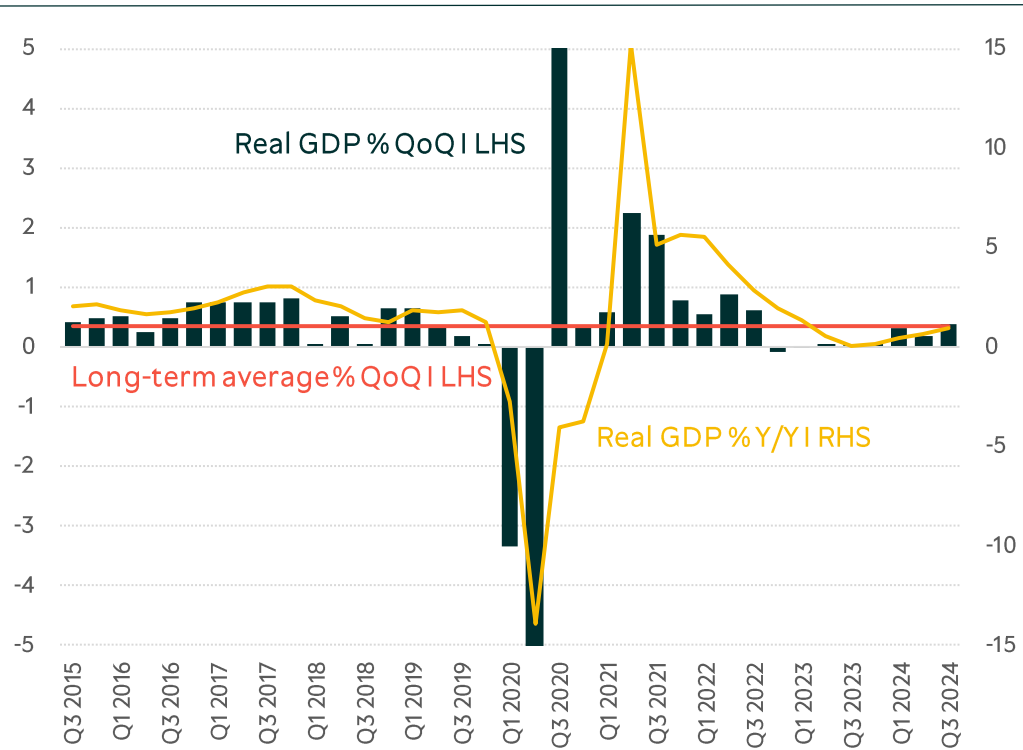


GDP & Economic Sentiment Index

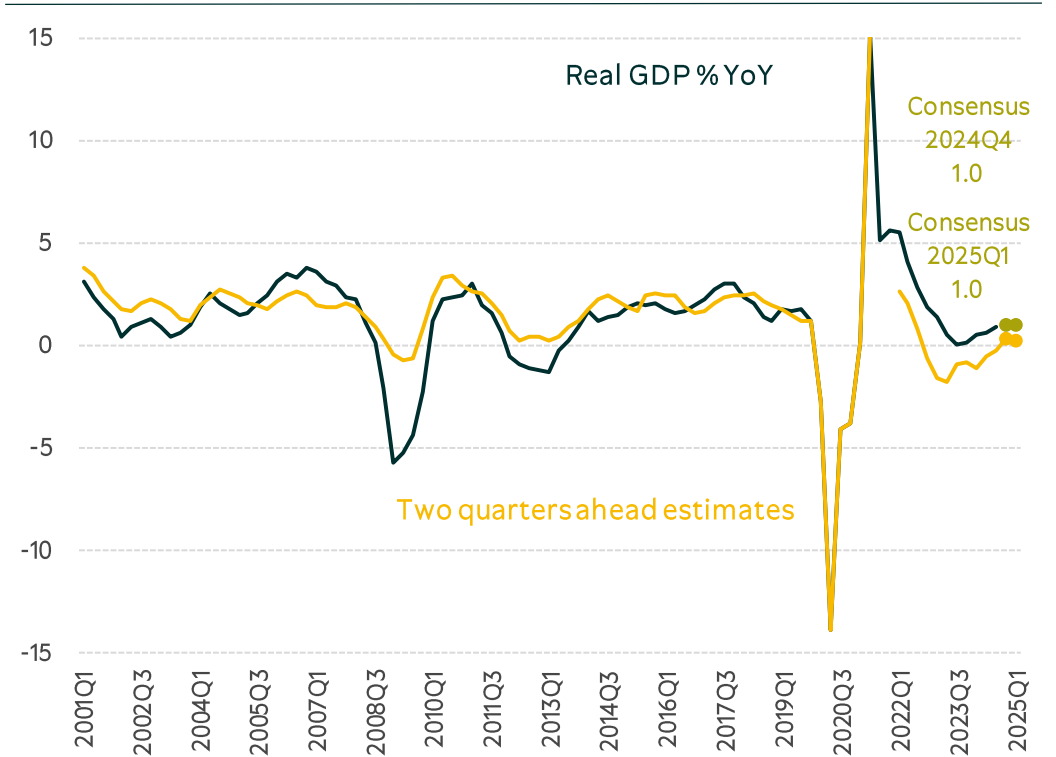


EA GDP Outlook | EA economy improved in Q3, with quarterly GDP growth reaching the long-term average

Growth Rate Outlook



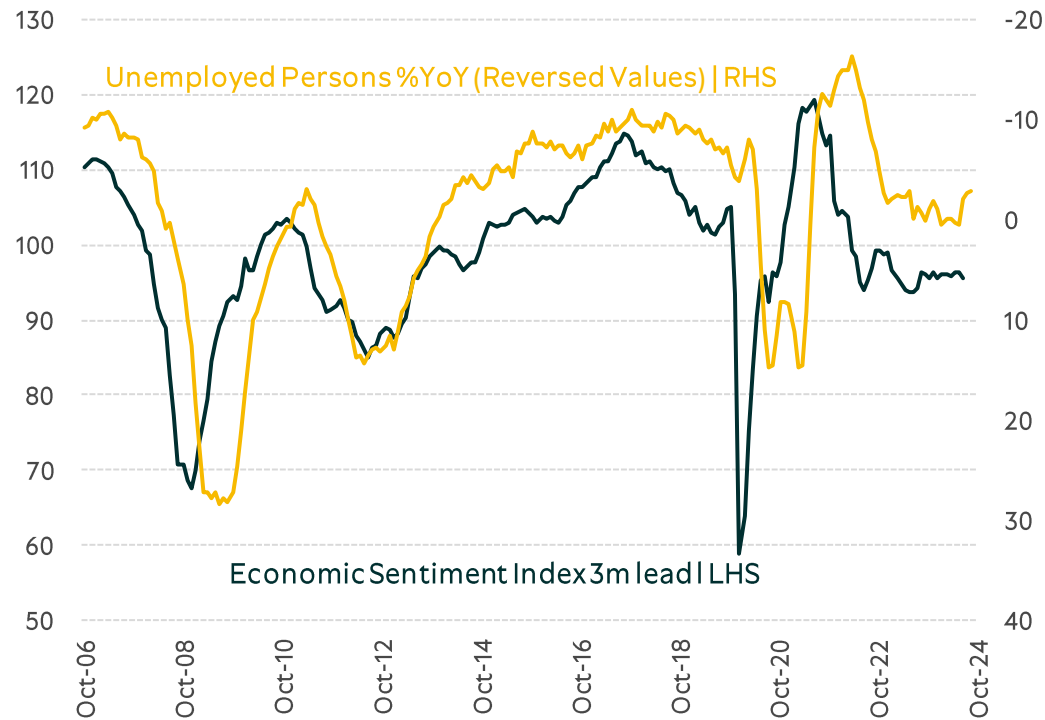
Growth Rate Estimate



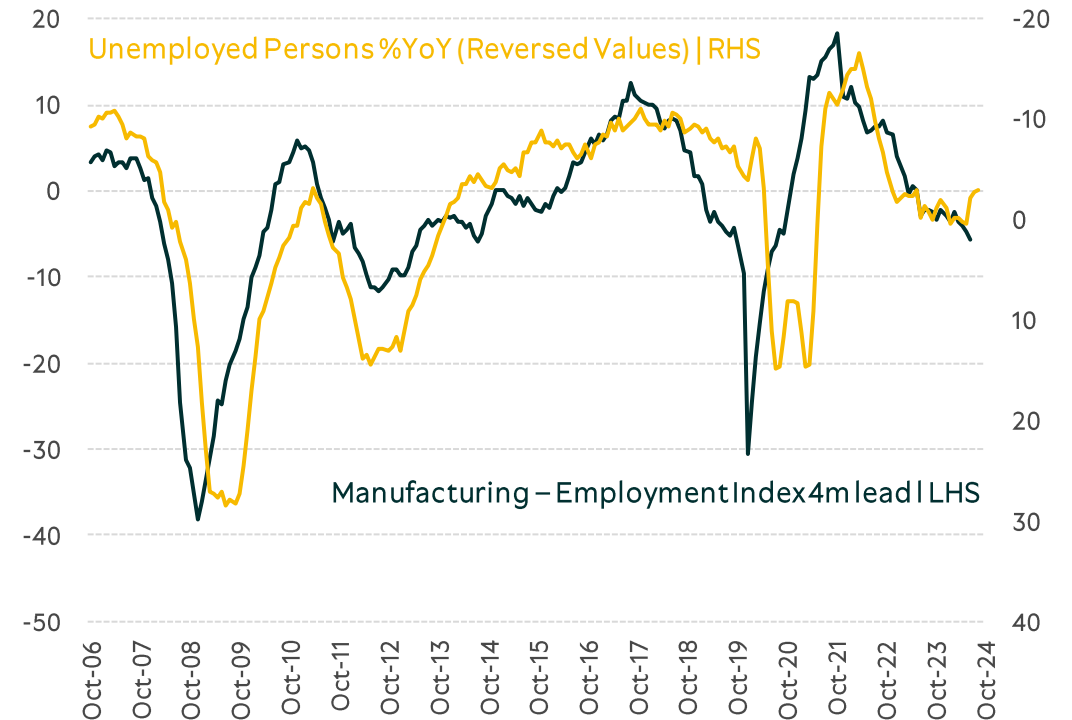
Note: Covid-19 period (Q4 2019 - Q2 2021) is excluded from the estimation

EA Labour Market | Labour market is still in good shape. Leading indicators imply stabilization going forward

Unemployment & Leading Sentiment Index

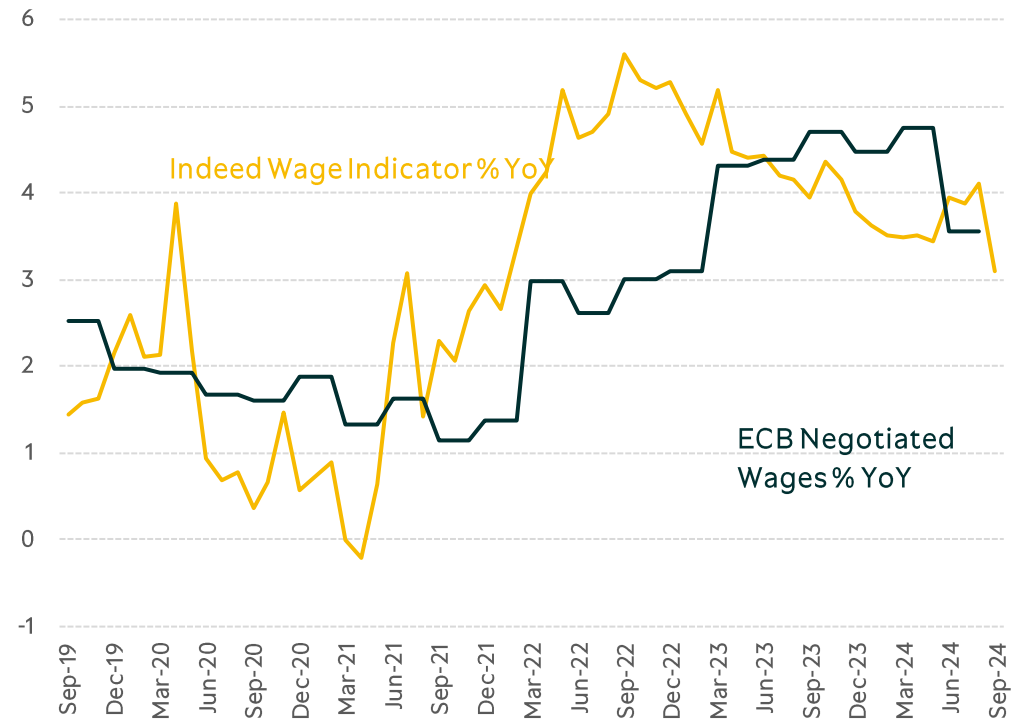


Unemployment & Leading Manufacturing Index

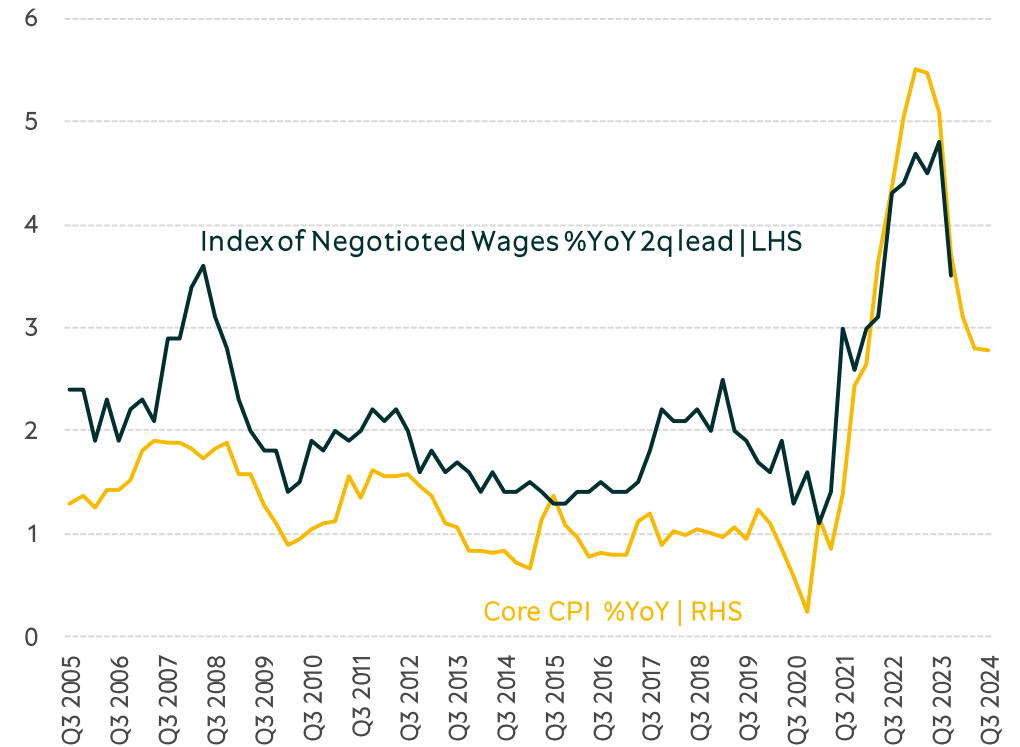


EA Wage Tracker | Market implied and ECB Negotiated wages converged, real wage growth turned positive

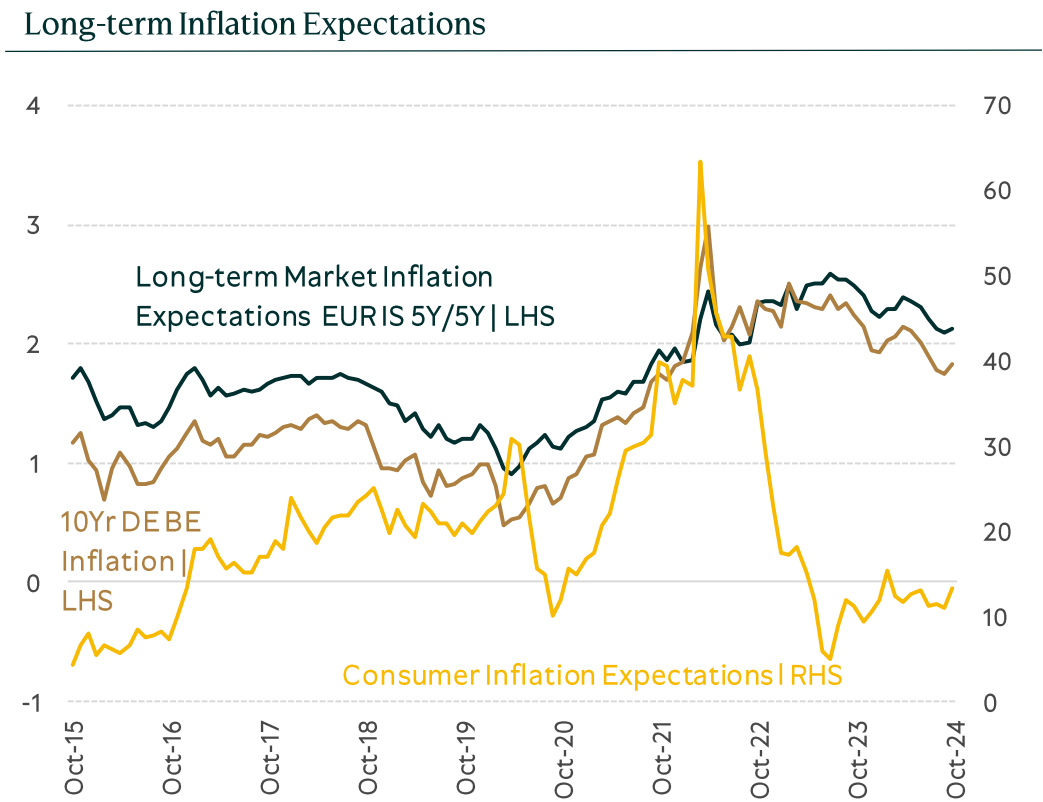
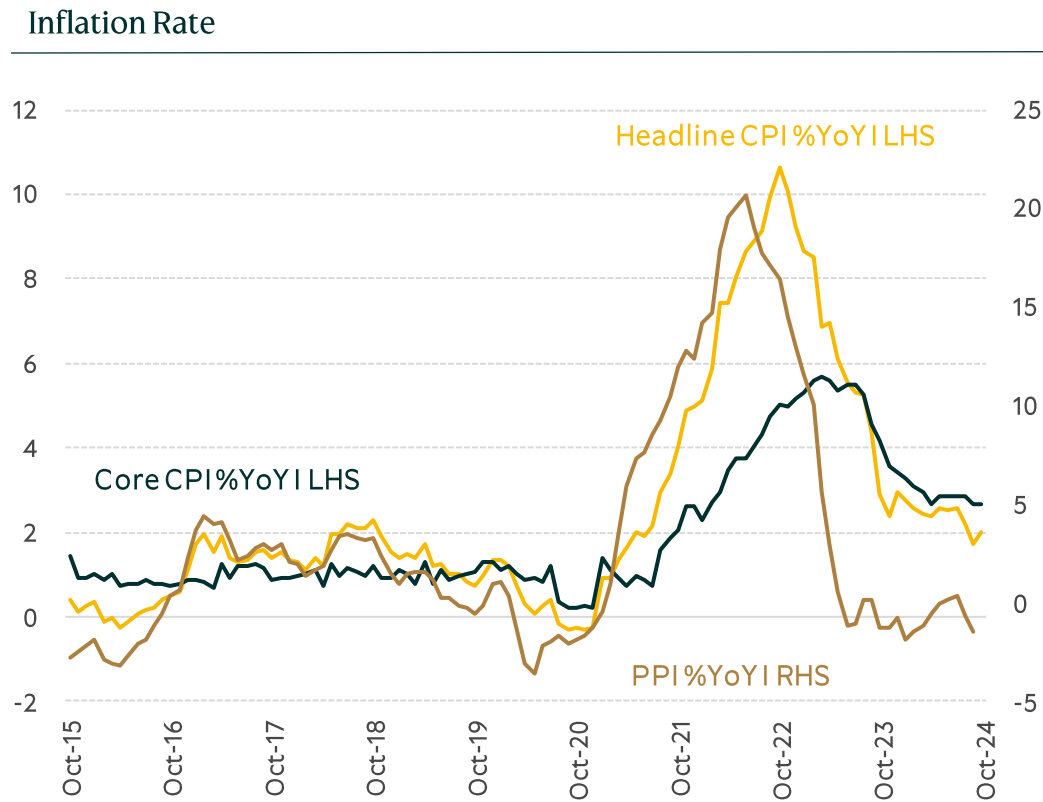
Labour Market



Core Inflation & Wages

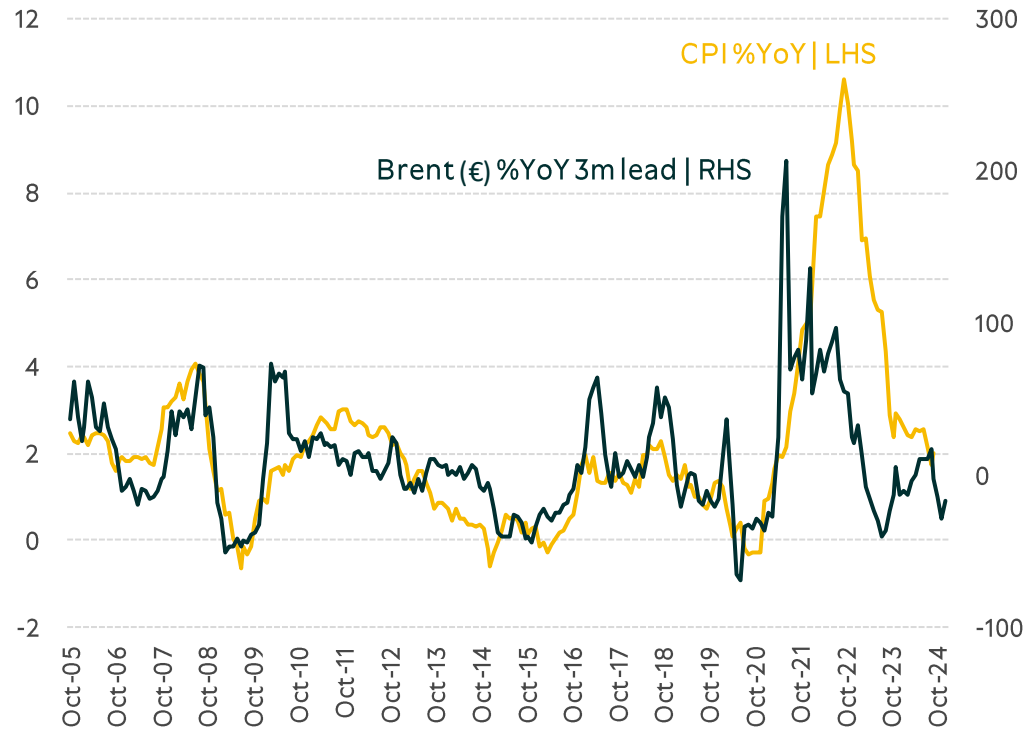


EA Inflation Pressures | Headline CPI near the 2% threshold, Core CPI is a laggard

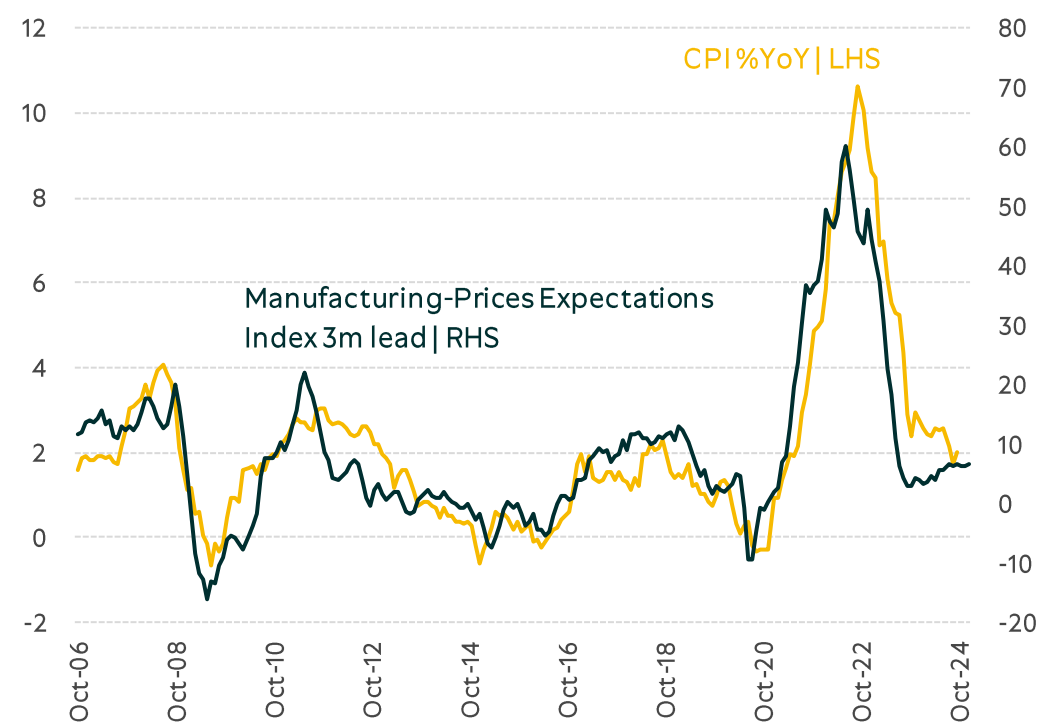


EA Inflation & Energy Prices | Pressure from cost-push inflation drivers has subsided

Inflation Rate & Oil Prices

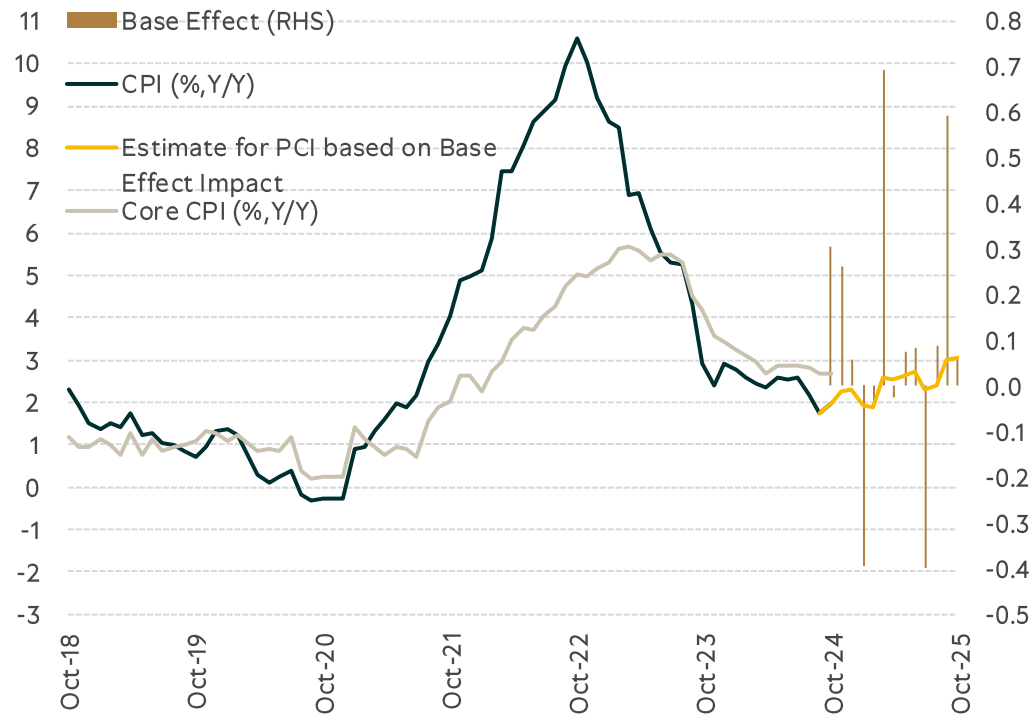


Inflation Rate & Leading Manufacturing Prices Index

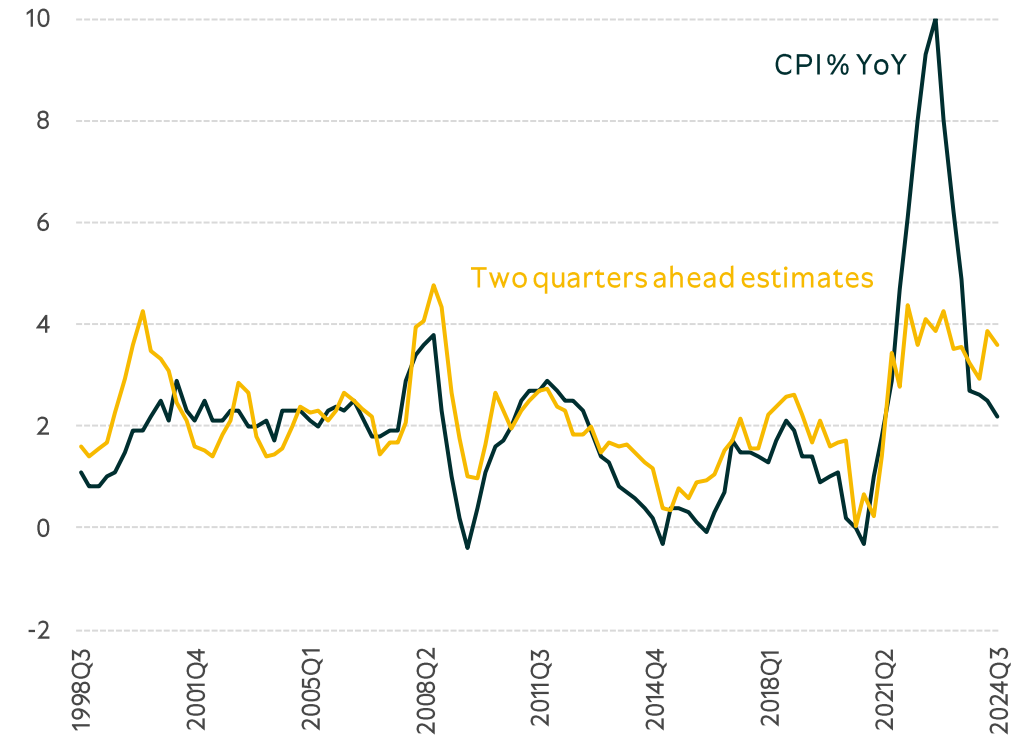


EA Inflation Outlook | After a “long-separation” period, actual and model-implied inflation seem to reconnect

Inflation Rate Forecast | Statistical Model

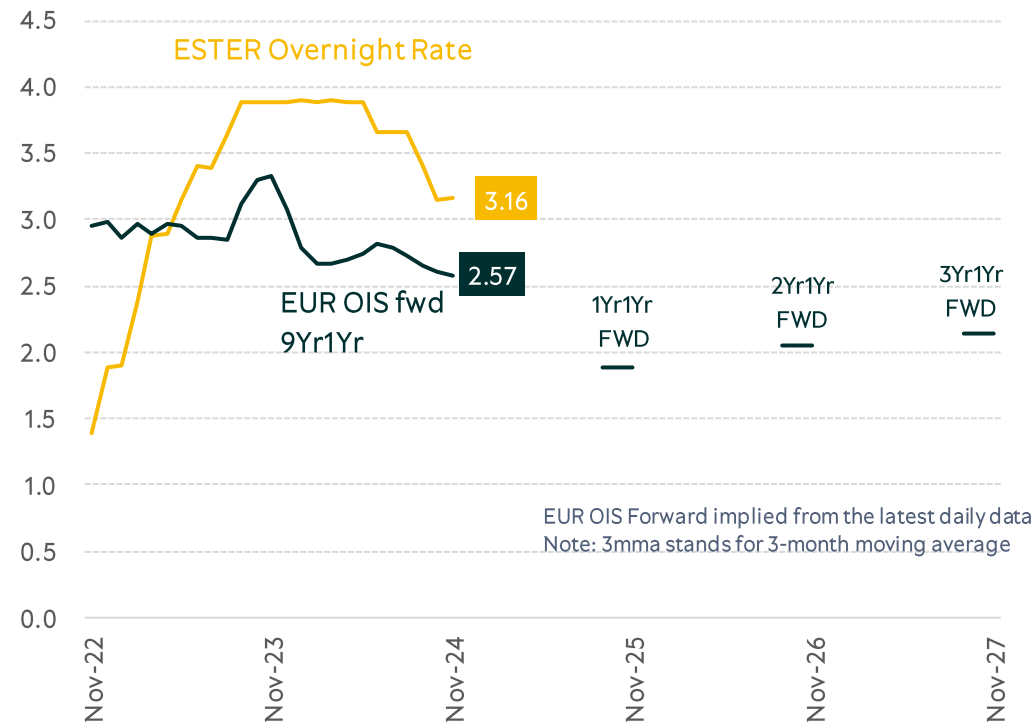


Inflation Rate Forecast | Macro Model

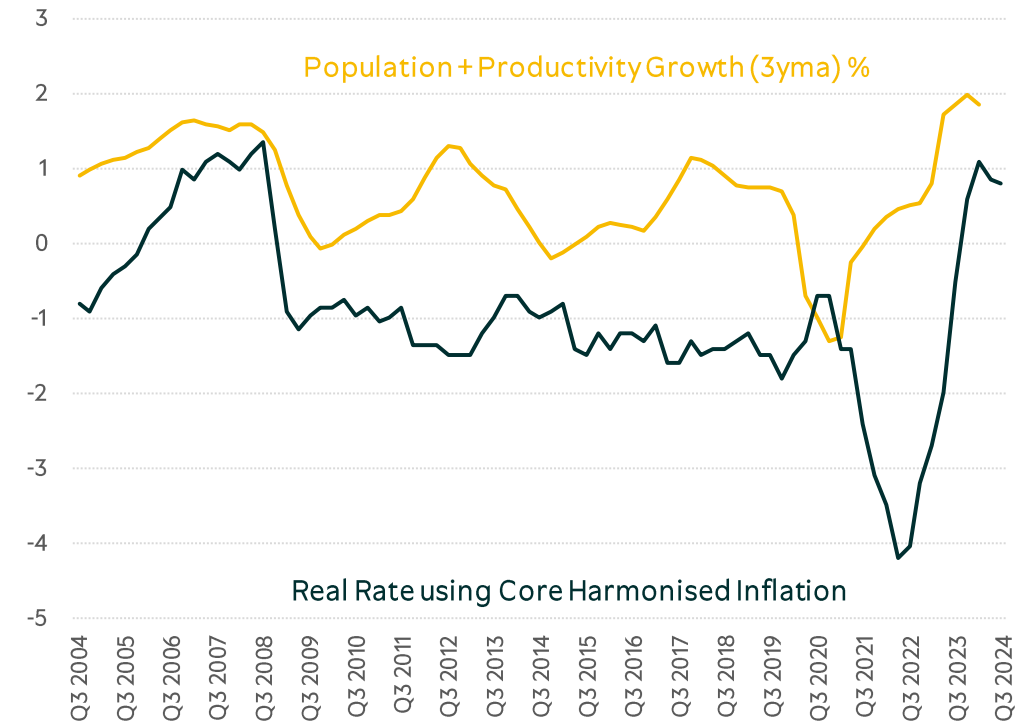


EA Short-Term Rates | The “higher for longer” paradigm is fading

Interest rates | Market Expectations

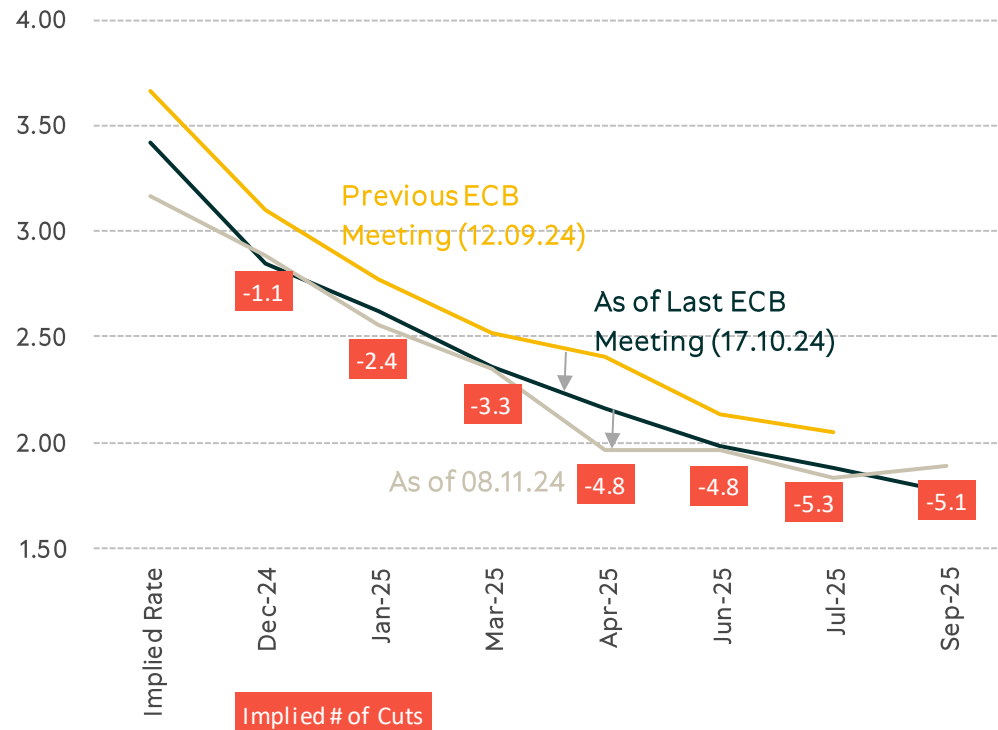


Real Depo Rate (Depo - Core CPI) & Population + Productivity growth (3y ma)

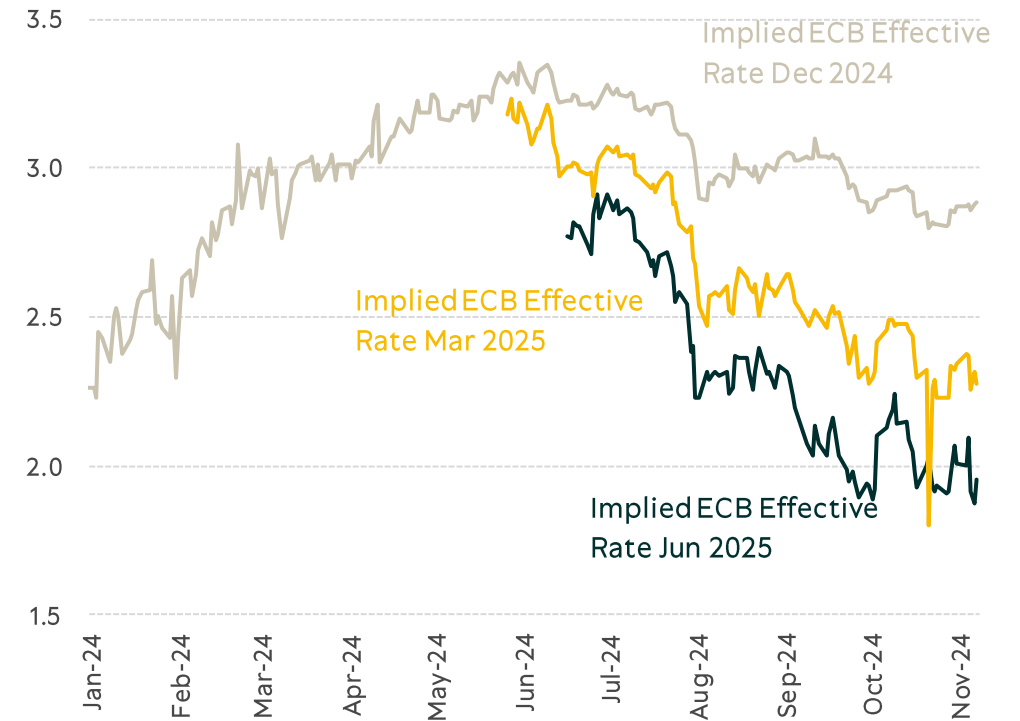


EA Short-Term Rates | The “higher for longer” paradigm is being questioned

Implied Overnight Rate based on Overnight Index Swaps

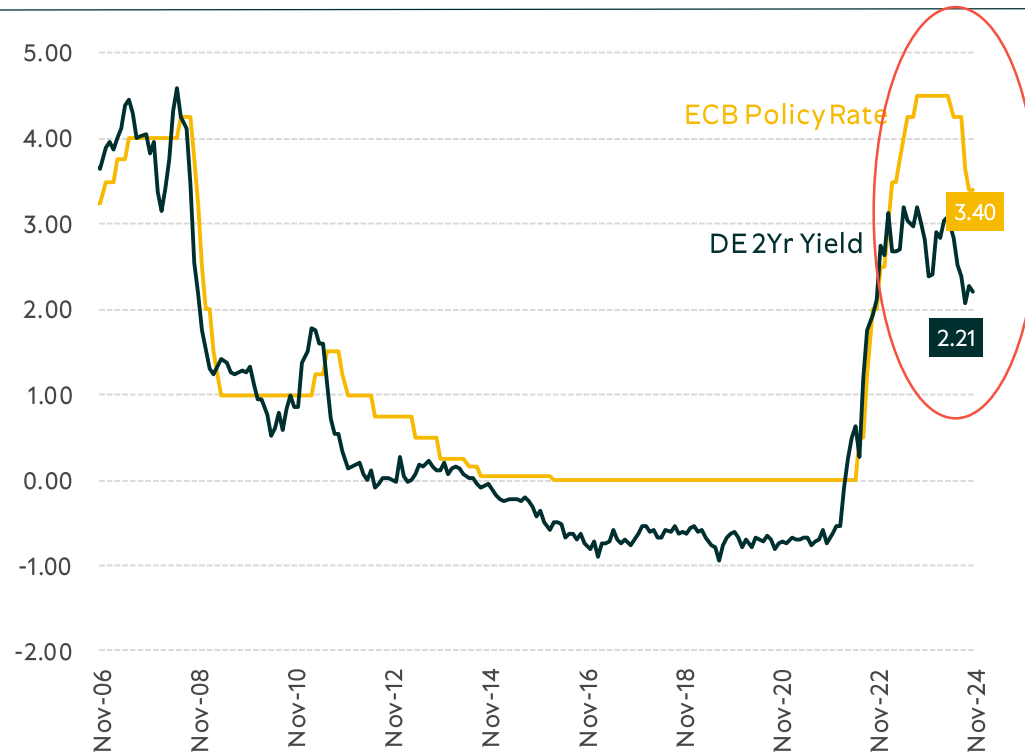


Interest Rates | Implied ECB Effective Rate

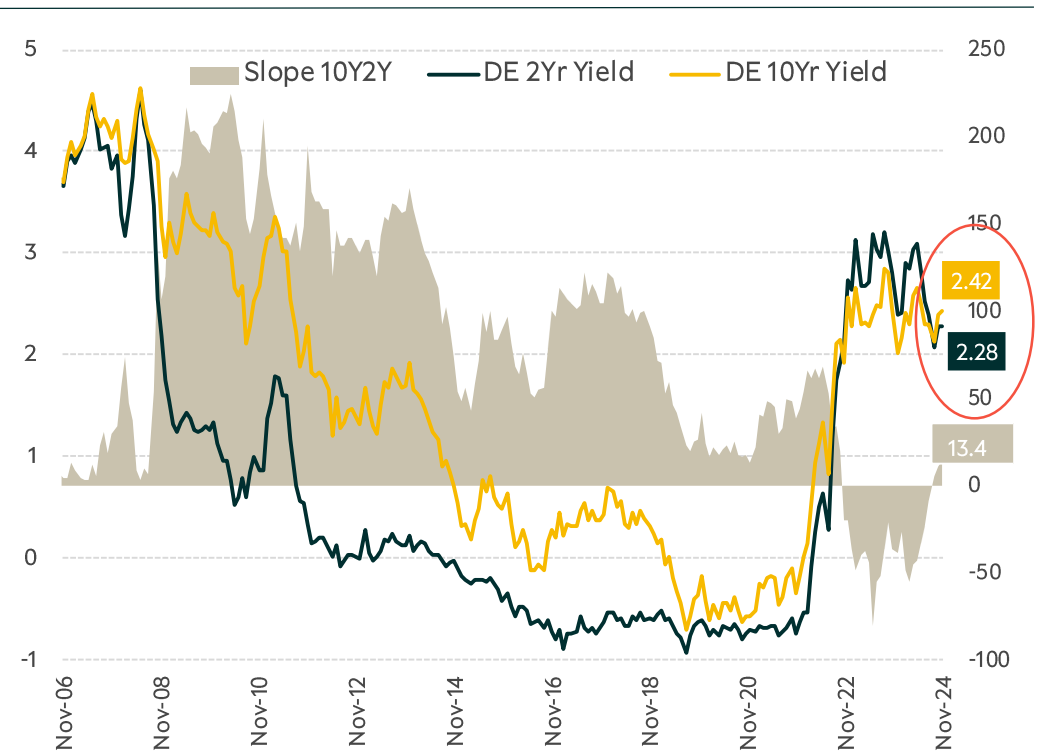


EA Rates | German yield curve turned positive at the end of Q3 2024. Fears of recession subside.

ECB Policy Rate vs German 2Yr Yield

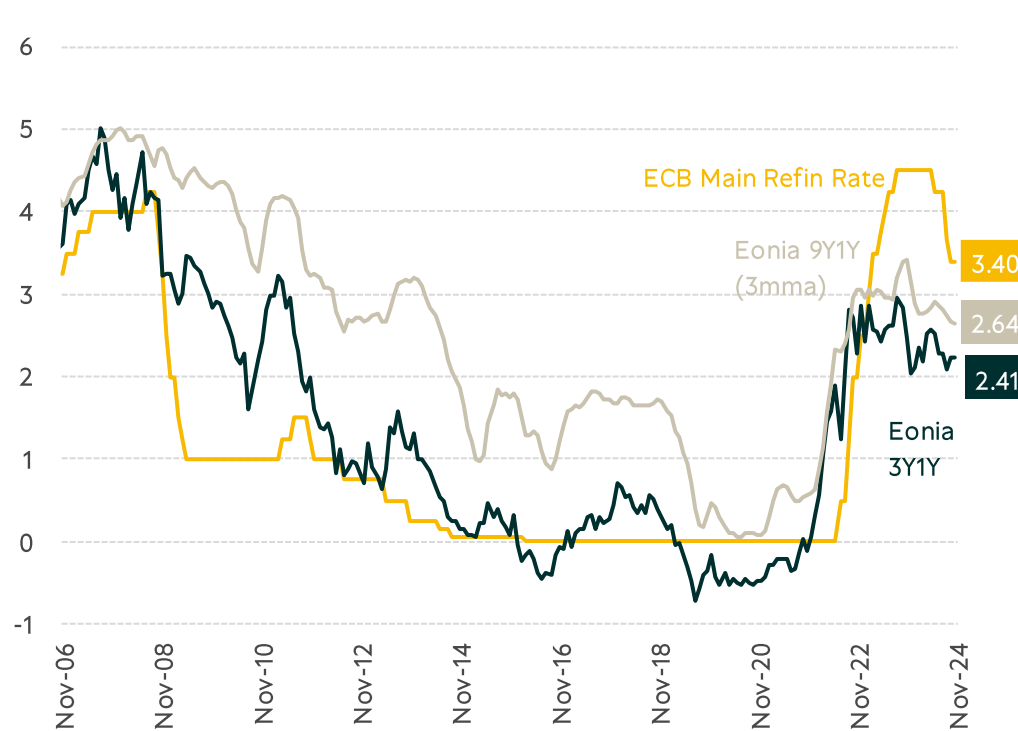


German Yield Curve

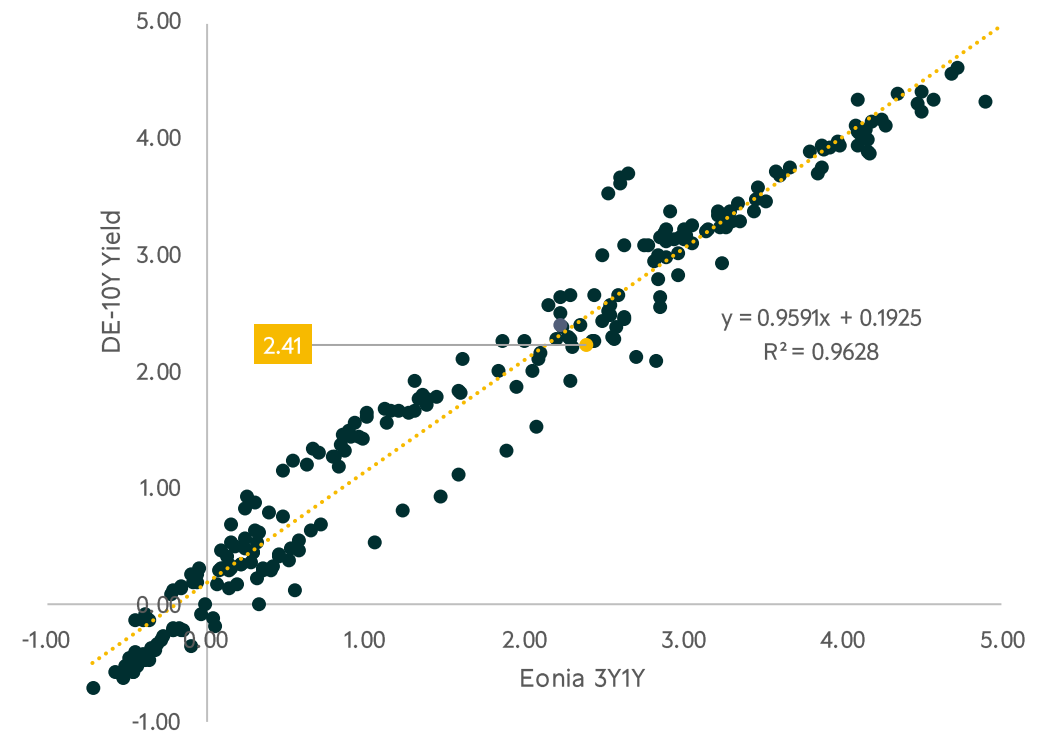


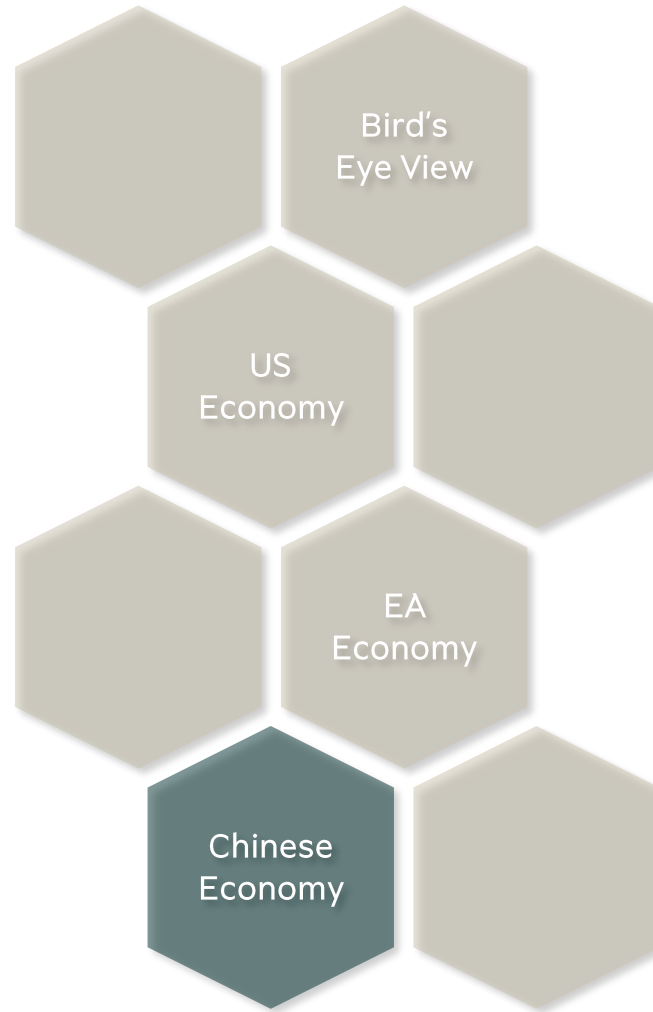
EA Long-Term Rates | Given the current level of short-term rates, long-term bonds seem “fairly” priced

Long-term Interest Rate Expectations



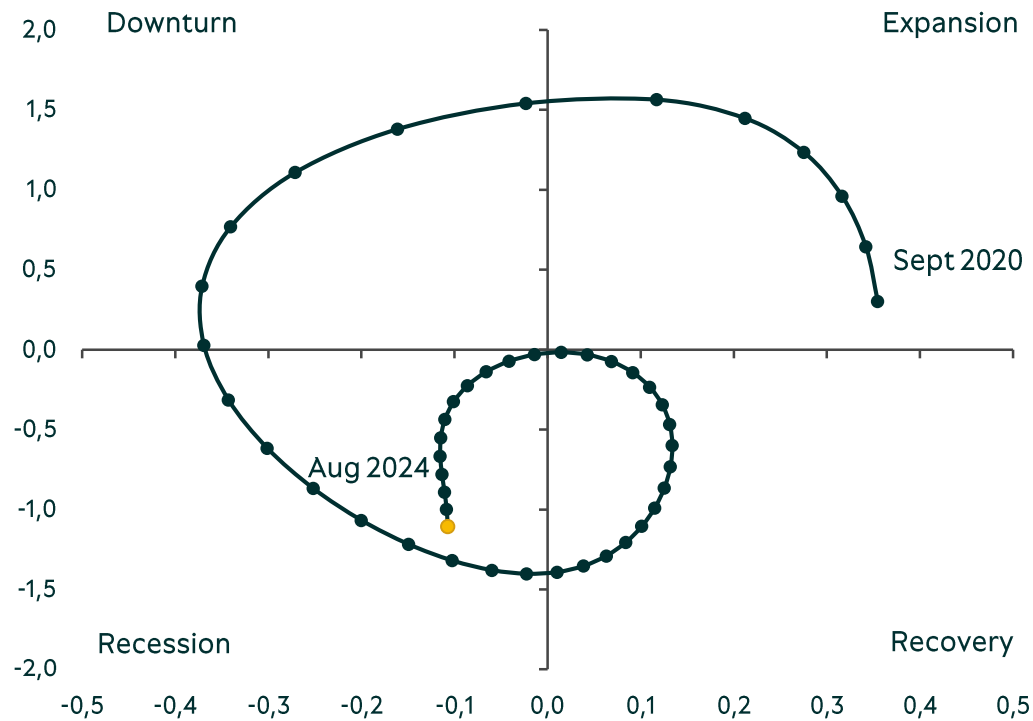
DE Yield vs Medium-term Interest Rate Expectations



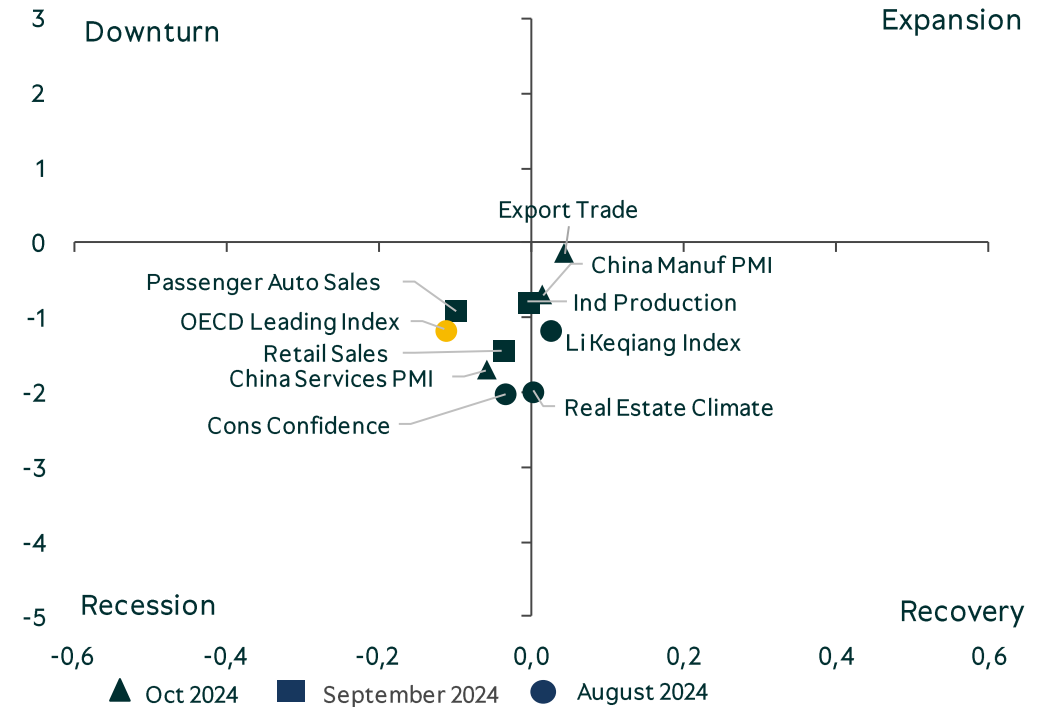


Chinese Business Cycle | Most economic variables in recession phase

CN Business Cycle | Based on China OECD Leading Indicator

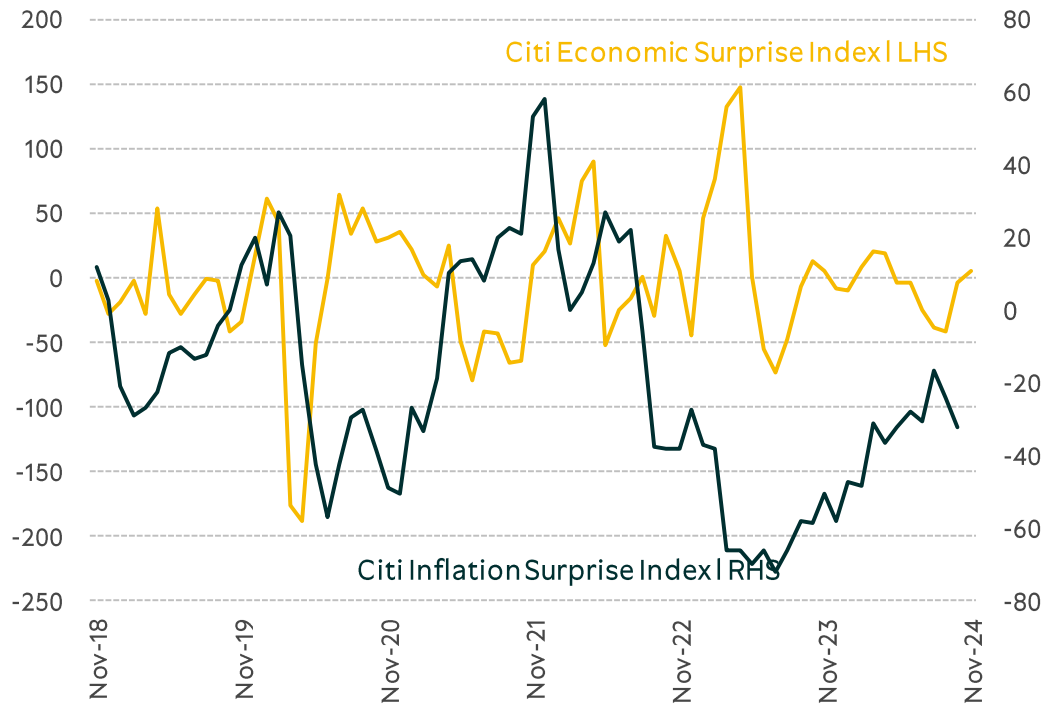


CN Business Cycle | Based on Major CN Economic Variables

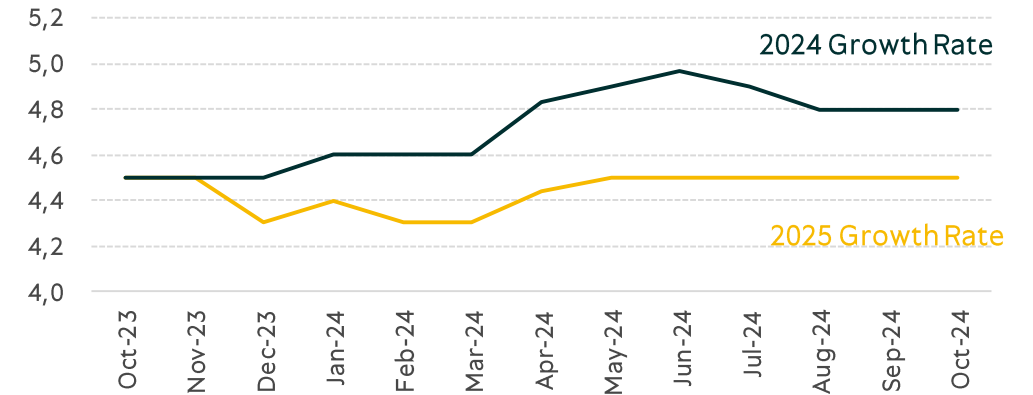


Chinese Macro Expectations | Sub 5% growth expectations for 2024

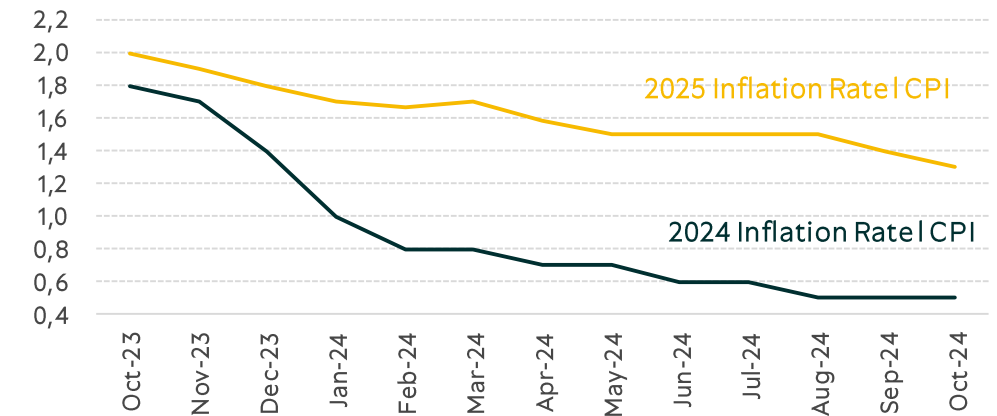
Economic & Inflation Surprises



Growth Rate Expectations (Consensus)

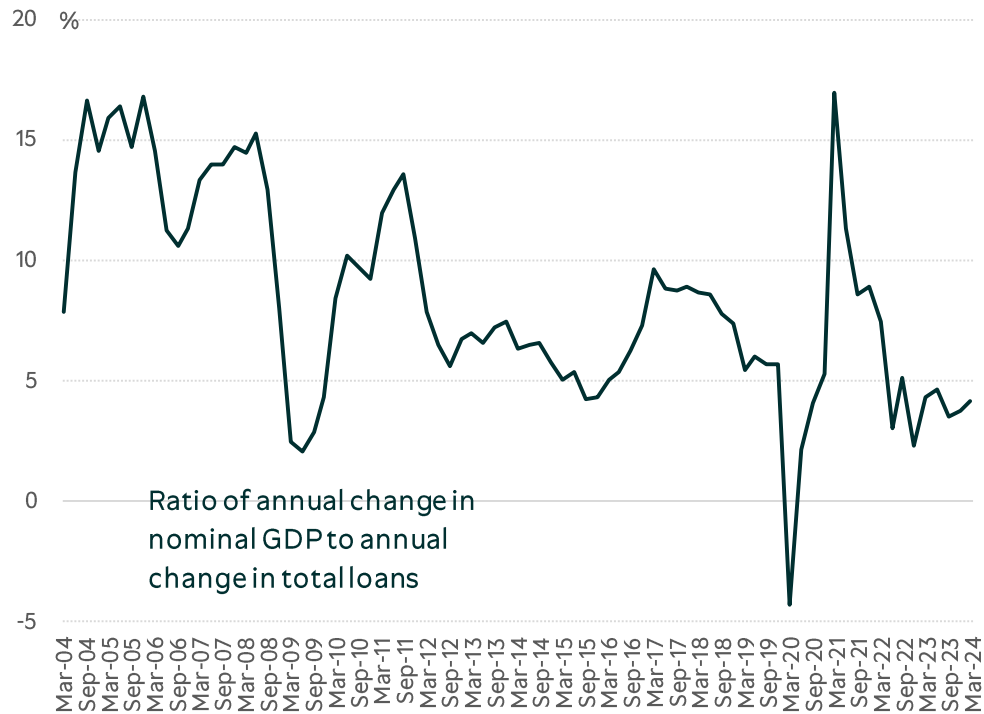


Inflation Rate Expectations (Consensus)

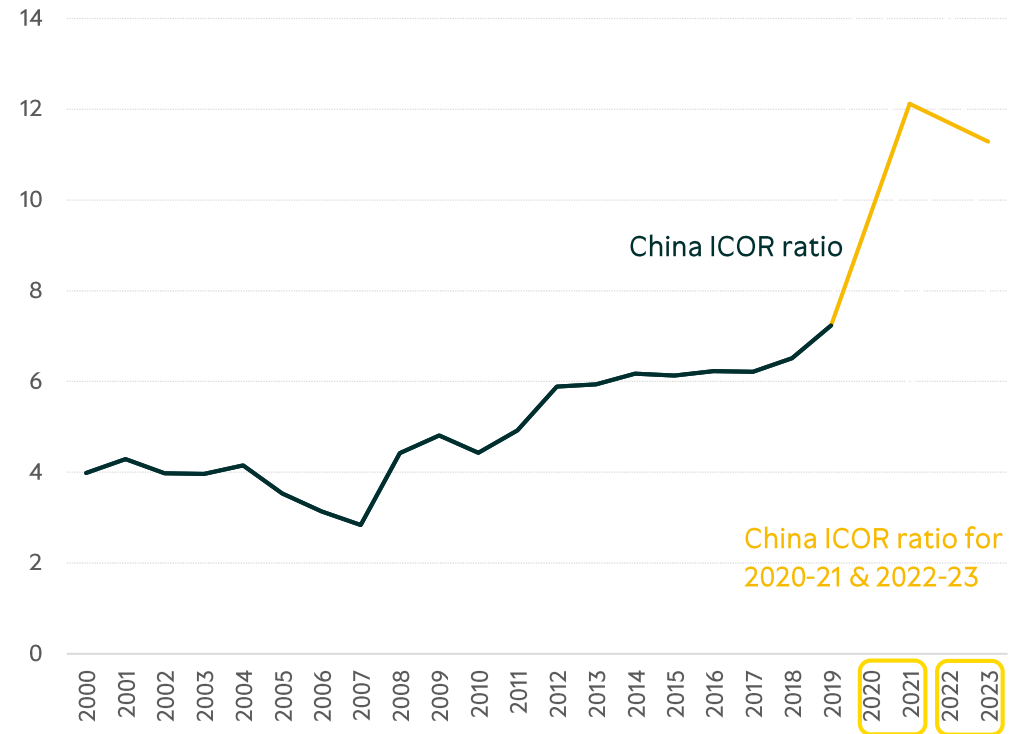


Chinese Investment Capacity | There is a need for more efficient capital allocation

China credit-efficiency ratio

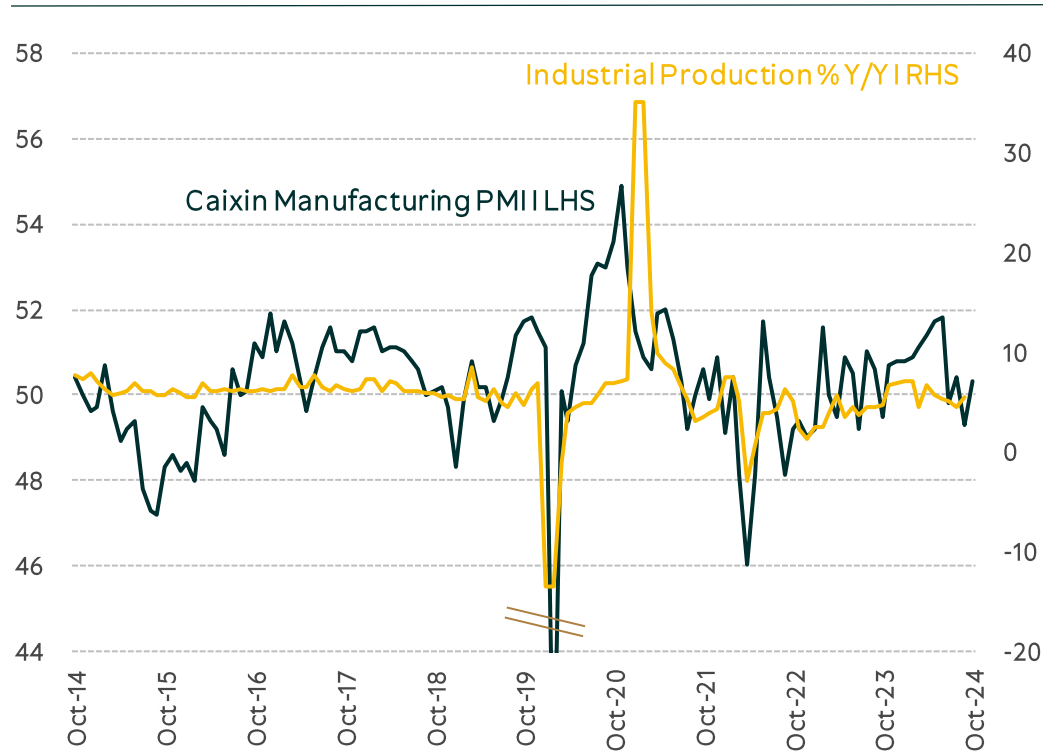


China Incremental Capital Output Ratio

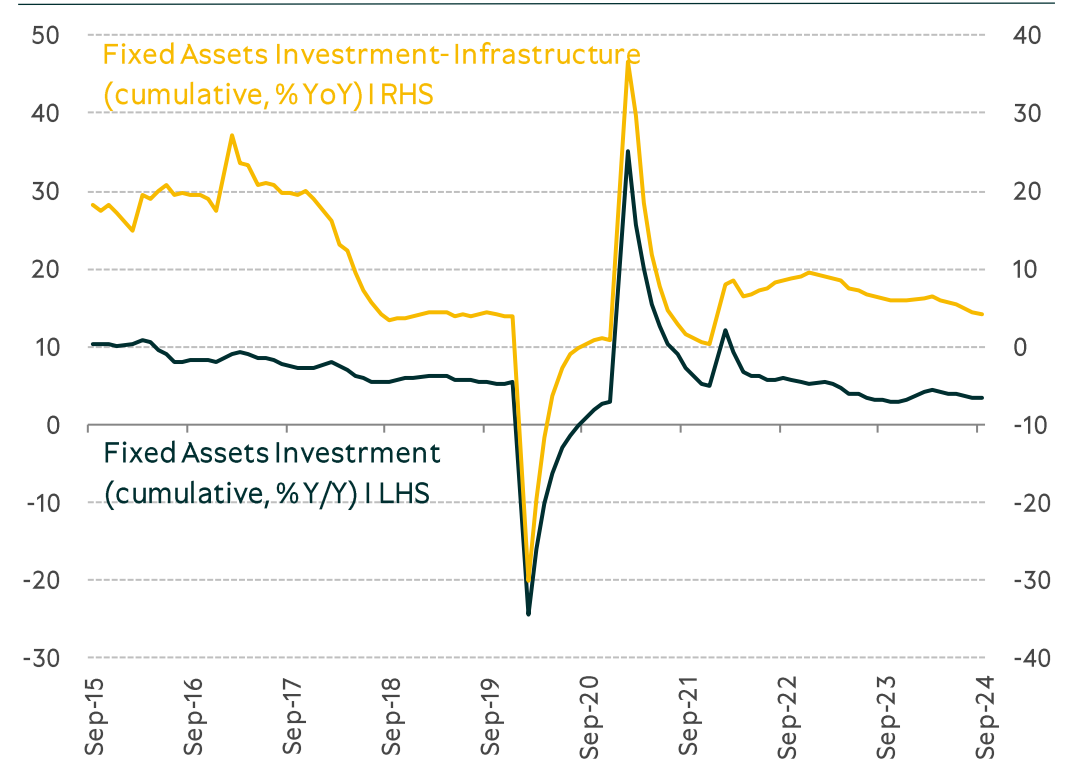


CN | Caixin Manufacturing rose above 50 in October, while fixed asset investments are on a downward trend

Industrial Production & Caixin Manufacturing

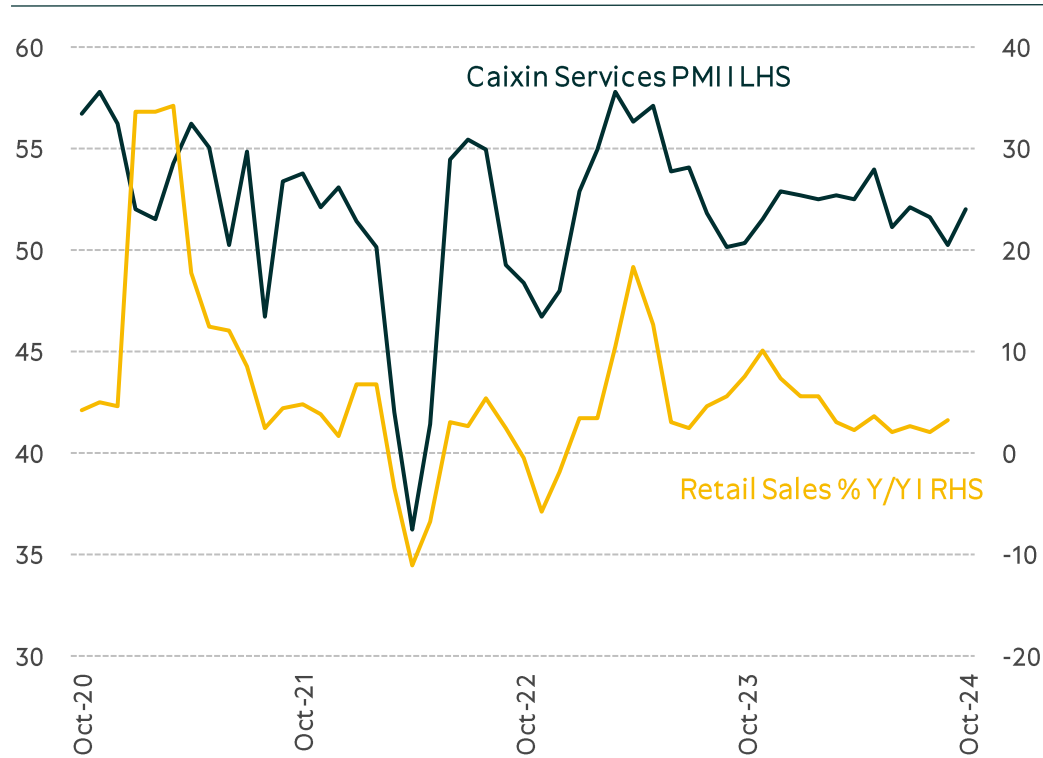


Fixed Assets Investment

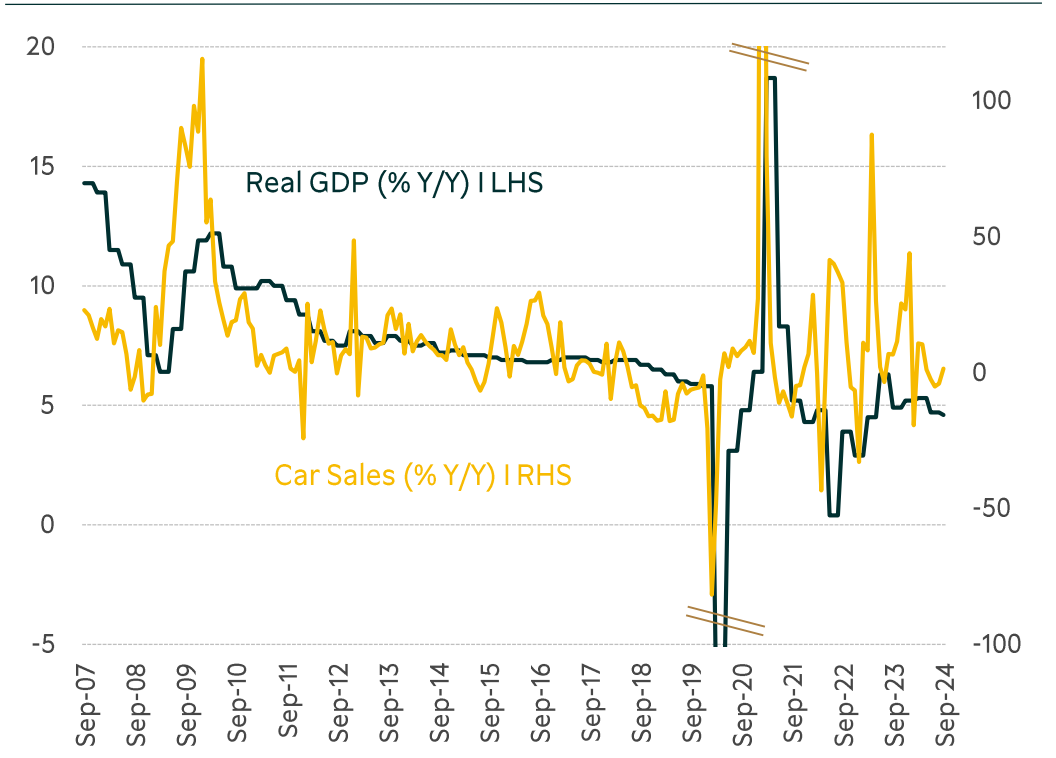


CN | Retail Sales stay relatively subdued. Caixin Services PMI improved in October

Retail Sales & Caixin Services PMI

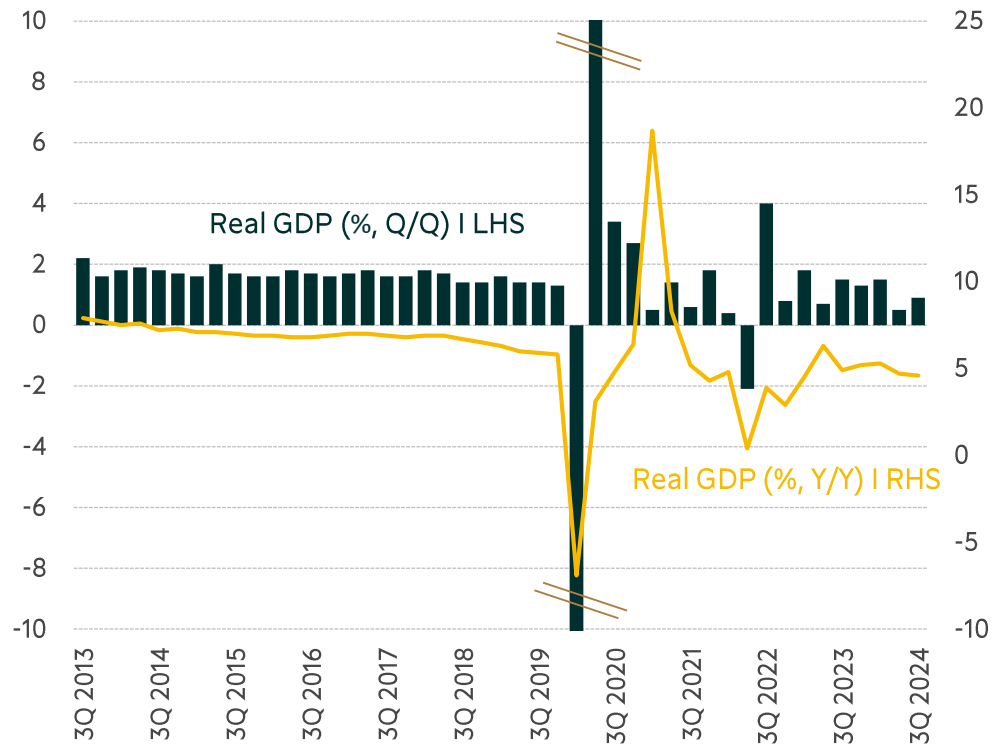


Real GDP & Car Sales

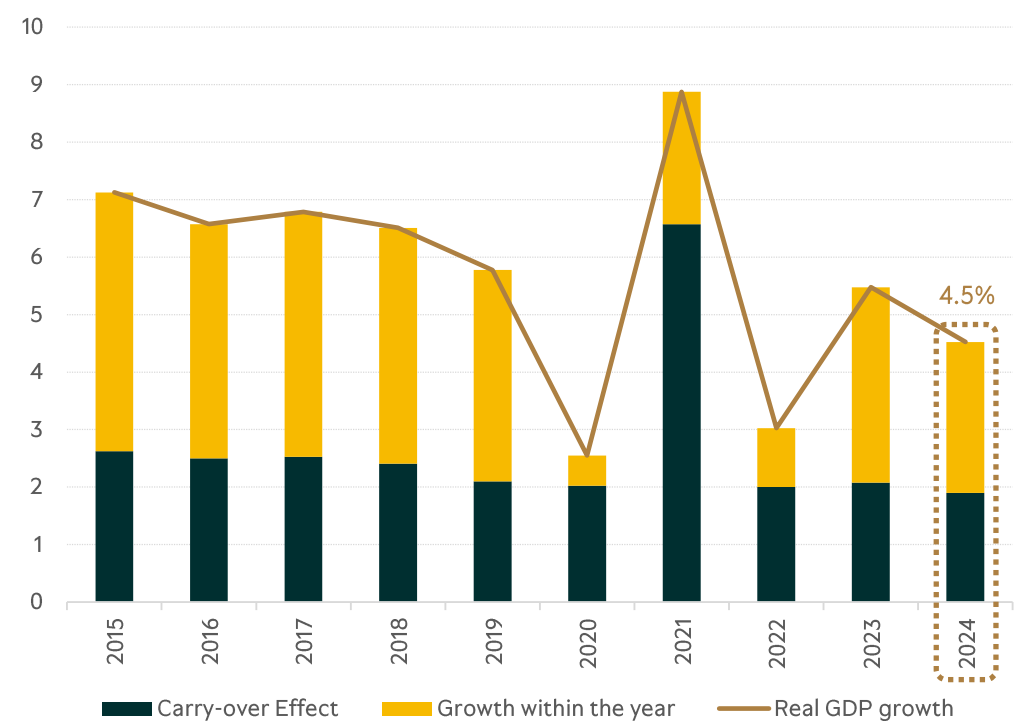


CN GDP Outlook | The official target of 5% for 2024 is expected to be nearly achieved but lower growth is expected for 2025

GDP Growth Rate

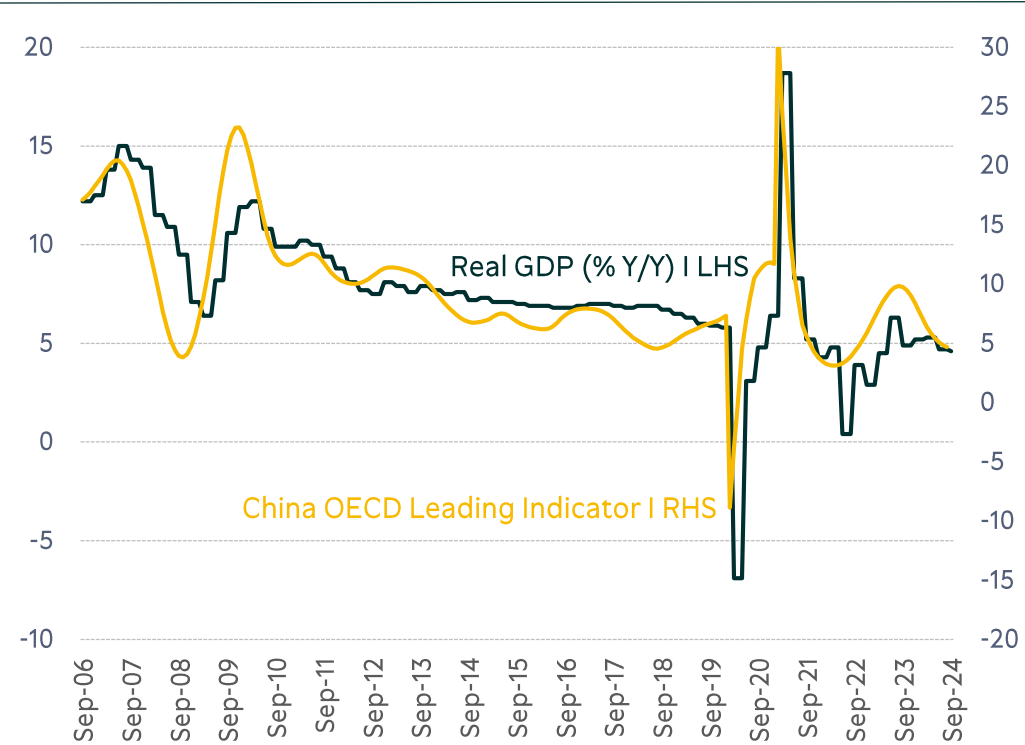


Carry Over Effect

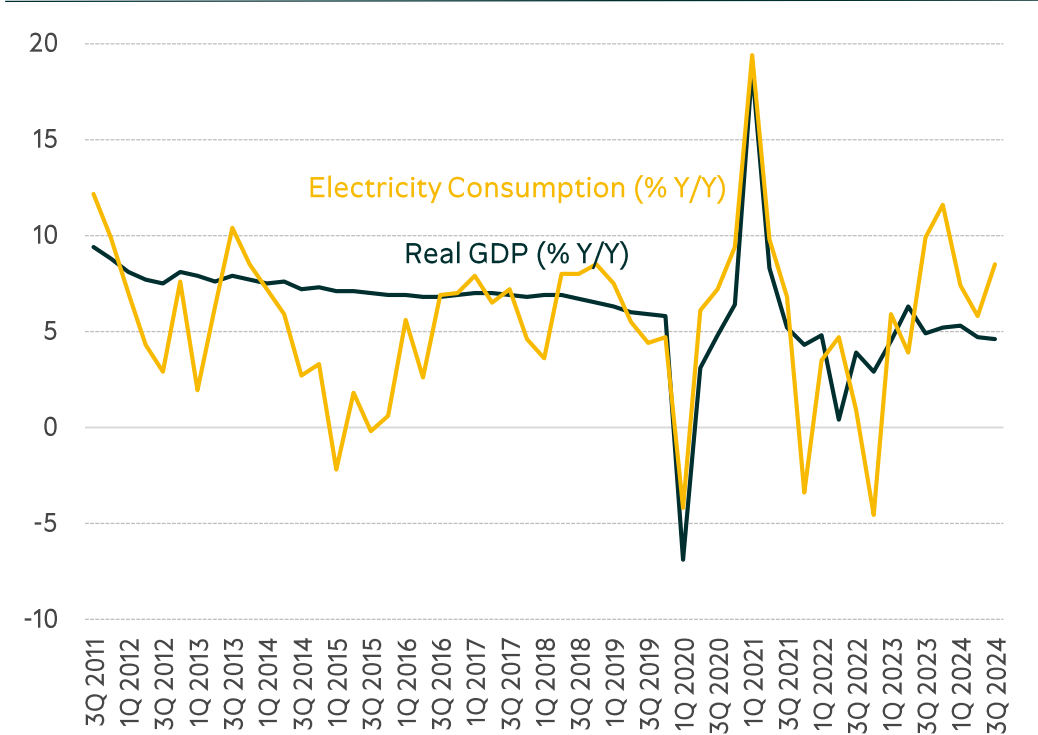


CN GDP | Electricity Consumption Data picked up in Q3 but OECD's Leading Indicator is still trending downwards

Real GDP & China OECD Leading Indicator

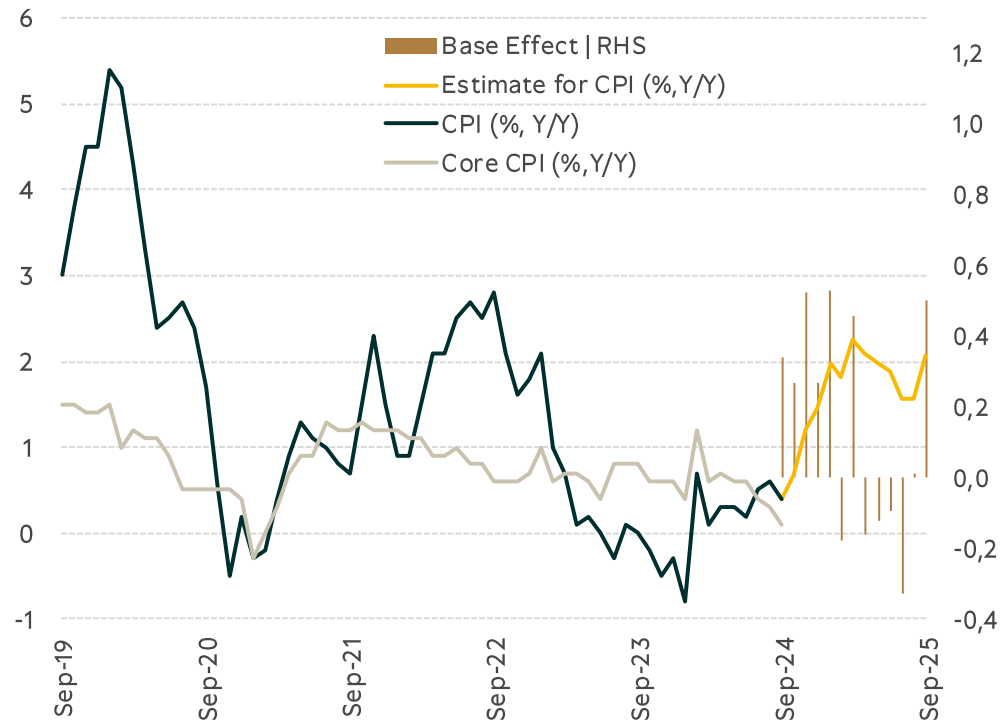


Real GDP & Electricity Consumption

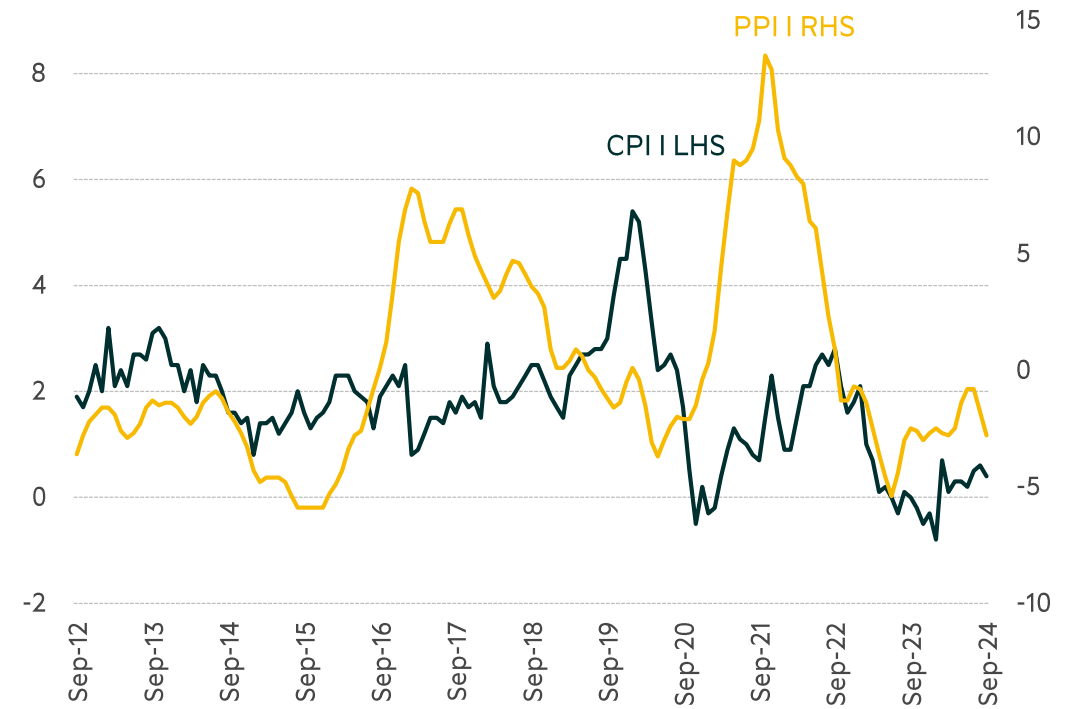


CN Inflation Outlook | Disinflation fears are receding

Inflation Rate Forecast | Statistical Model

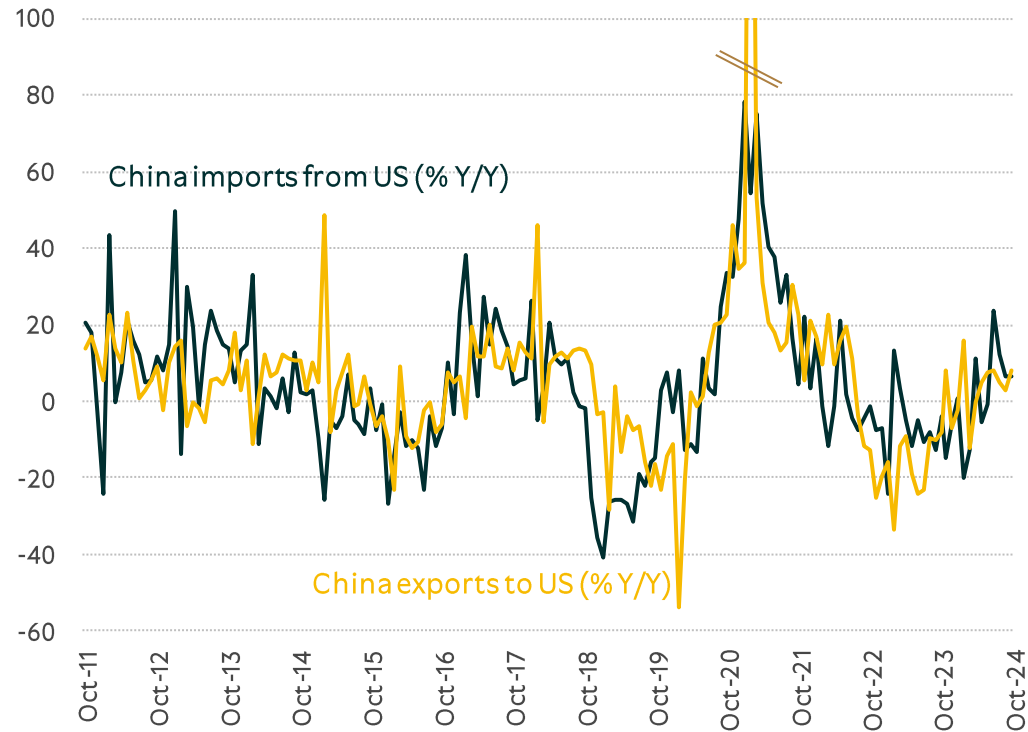


CPI & PPI

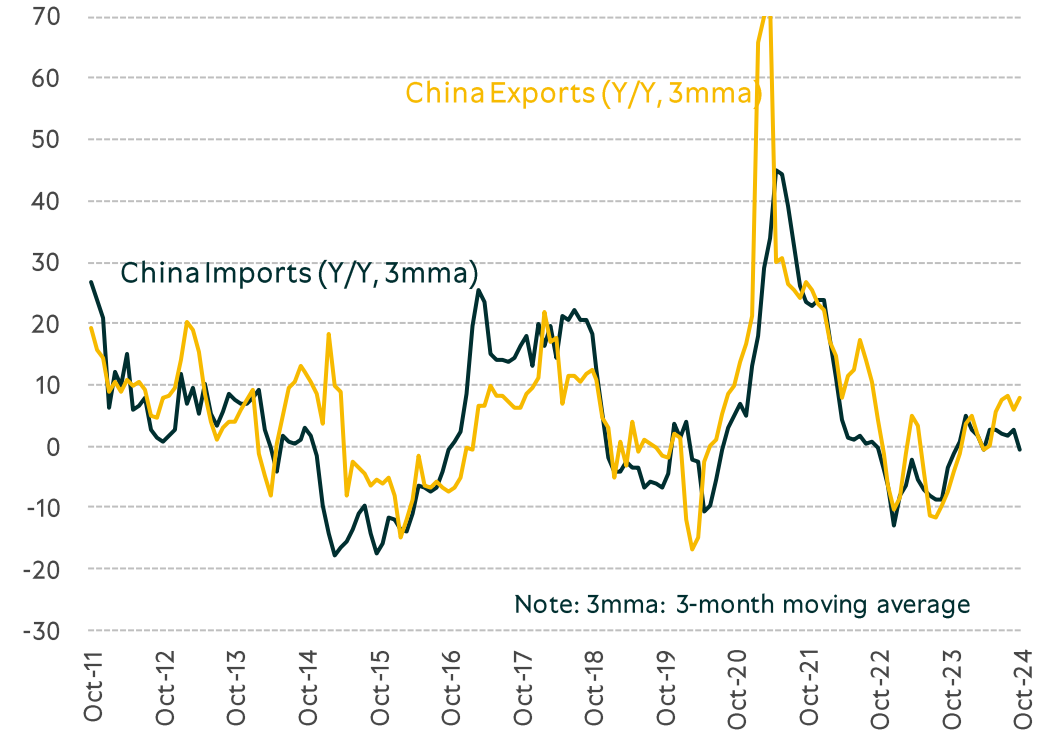


CN Trade | Trade with the US (and generally) still a concern

Trade US – China

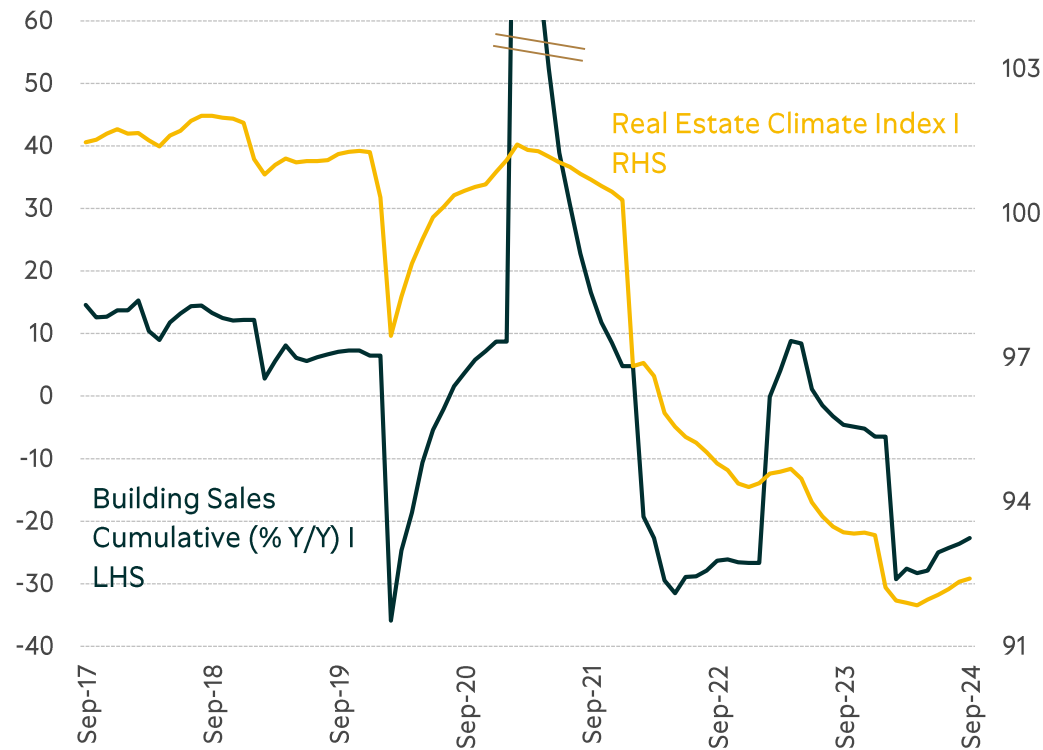


Imports & Exports

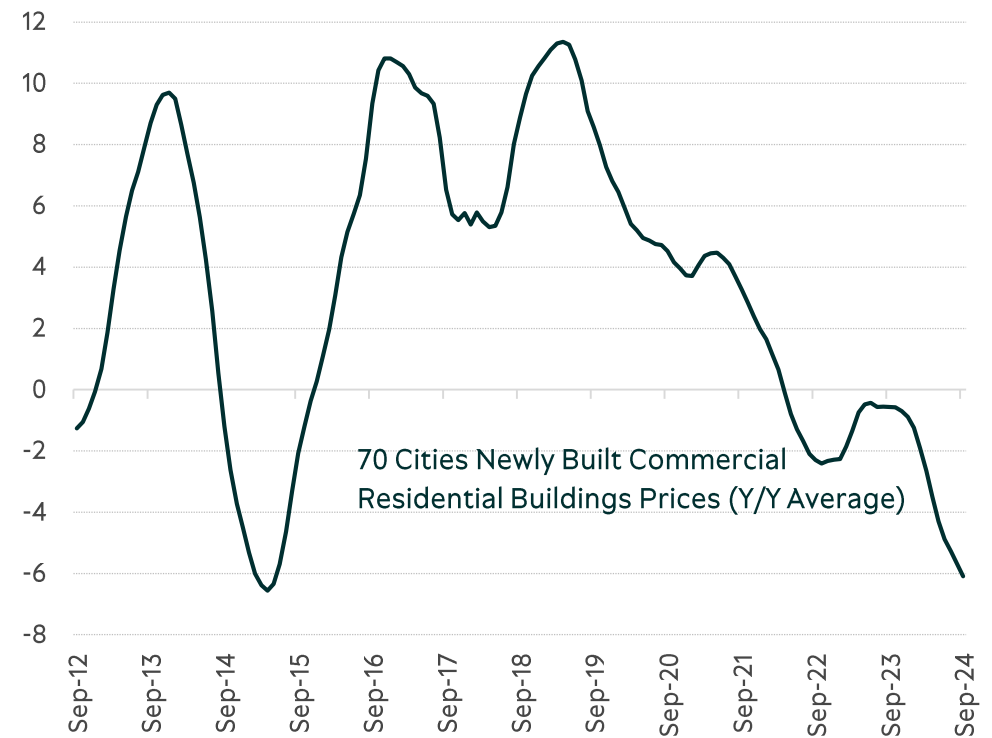


CN Real Estate | Building sales, Real Estate climate and Prices still very subdued

Real Estate Climate & Building Sales

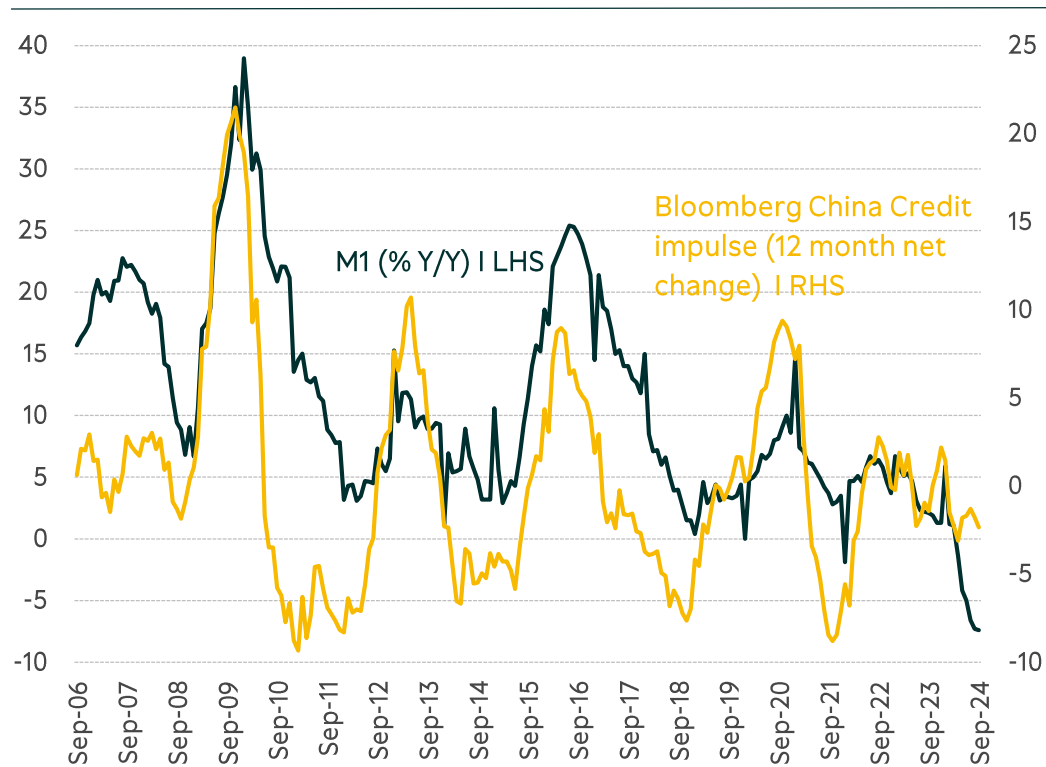


Newly Residential Buildings Prices

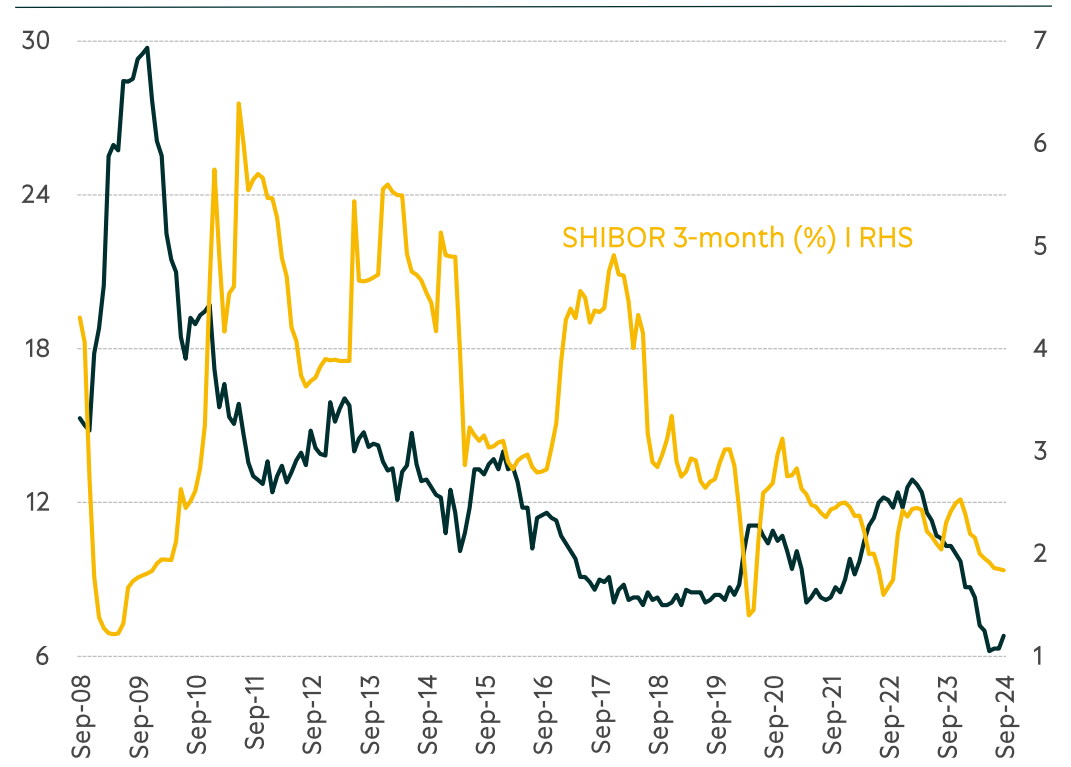


CN Money Supply | M1, M2 and total financing still a drag to GDP ahead

Money Supply

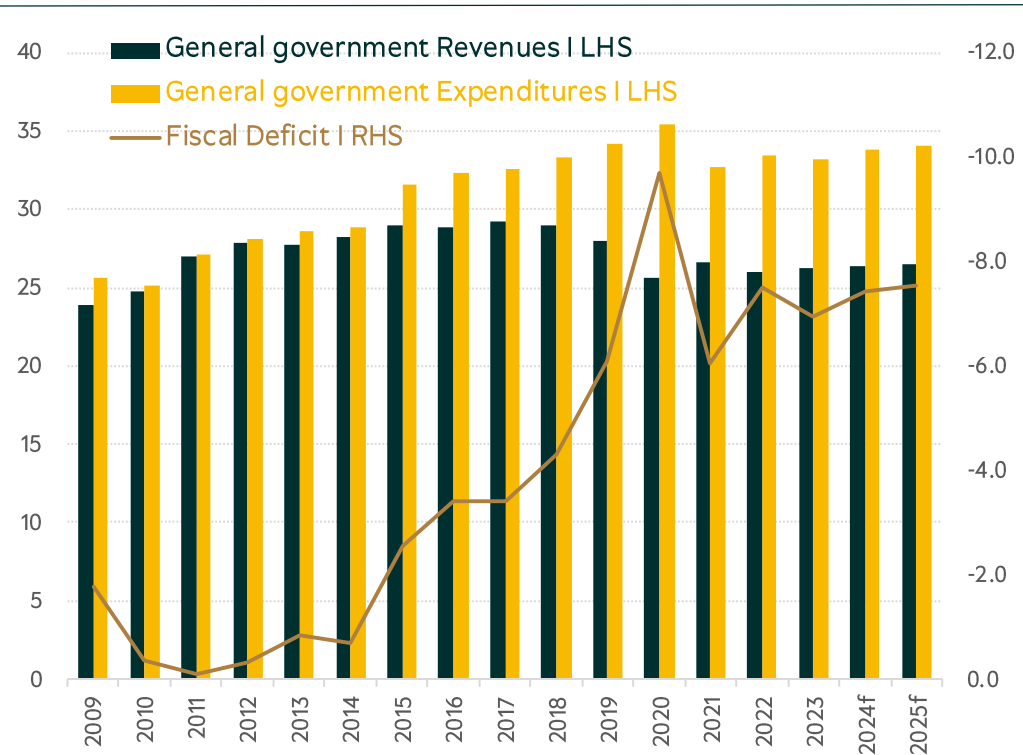


Money Supply & Interbank Rate

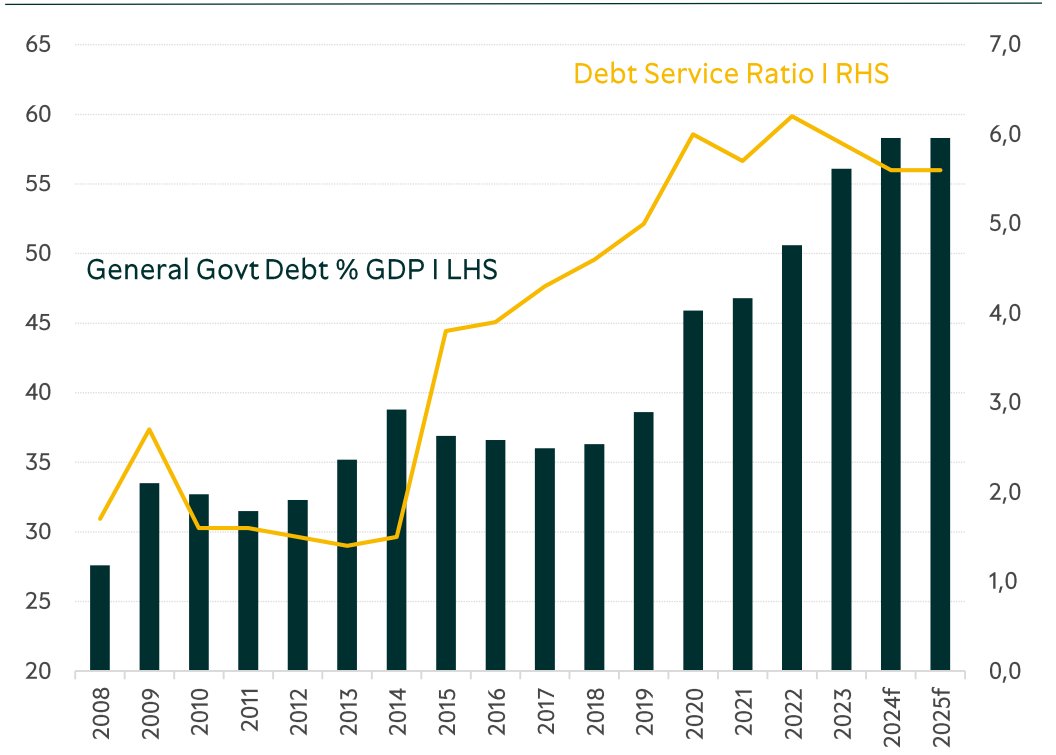


CN Fiscal | Expansionary Fiscal policy is expected to continue

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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