

# Global Macro Trends

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Η πορεία προς λιγότερο περιοριστική νομισματική πολιτική έχει αρχίσει. Τα μακροοικονομικά στοιχεία όμως θα προσδιορίσουν την ένταση και διάρκεια της μείωσης των παρεμβατικών επιτοκίων.

## Διεθνείς Μακροοικονομικές Τάσεις

- ▶ **Κατά το β' τρίμηνο, η ανάπτυξη παγκοσμίως** εκτιμάται ότι συνεχίστηκε με ρυθμό παρόμοιο του α' τριμήνου. Συνολικά για το 2024 προβλέπεται να διαμορφωθεί γύρω στο 3,1%. Ο ισχυρός, υψηλότερος του αναμενόμενου, ρυθμός ανάπτυξης της αμερικανικής οικονομίας, η συγκρατημένη άνοδος της οικονομικής δραστηριότητας στην Ευρωζώνη και η διαφαινόμενη χαμηλότερη δυναμική στην Κίνα αποτέλεσαν τους βασικούς καταλύτες αυτής της εξέλιξης. Παράλληλα, η ήπια αποκλιμάκωση του πληθωρισμού στις Η.Π.Α. και την Ευρωζώνη επέτρεψε στις κεντρικές τους τράπεζες να προχωρήσουν στην έναρξη του πτωτικού κύκλου των βασικών επιτοκίων τους. Συνεπώς, η νομισματική πολιτική καθίσταται λιγότερο περιοριστική, ασκώντας ευνοϊκή επίδραση στην οικονομική ανάκαμψη σε μία χρονική στιγμή όπου η τελευταία φαίνεται να χάνει τη δυναμική της.
- ▶ **Η αμερικανική οικονομία** κατά το β' τρίμηνο εξέπληξε θετικά, καθώς πέτυχε ρυθμό ανάπτυξης 3,0% έναντι 1,6% το α' τρίμηνο (τριμηνιαίος-ετησιοποιημένος ρυθμός) στηριζόμενη πρωτίστως στην ιδιωτική κατανάλωση. Παράλληλα, ο γενικός πληθωρισμός διαμορφώνεται πλέον στο 2,5% (βάσει των ΔTK Αυγούστου και PCE Ιουλίου) και λίγο υψηλότερα ο δομικός, πλησιάζοντας περισσότερο στον στόχο του 2% της Fed. Η εικόνα, βάσει των πιο πρόσφατων οικονομικών στοιχείων και των πρόδρομων δεικτών παραμένει επί το πλείστον θετική. Εξαίρεση αποτελεί ο τομέας της μεταποίησης όπου ο σχετικός πρόδρομος δείκτης ISM συνεχίζει να καταδεικνύει συγκρατημένη συρρίκνωση. Ταυτόχρονα, πληθαίνουν οι ενδείξεις ότι οι συνθήκες στην αγορά εργασίας καθίστανται σταδιακά λιγότερο ευνοϊκές. Μια ήπια επιβράδυνση της οικονομικής δραστηριότητας είναι το βασικό μας σενάριο για το τρέχον και το επόμενο έτος. Εκτιμούμε ρυθμό ανάπτυξης συνολικά για το 2024 γύρω στο 2% (ελαφρώς χαμηλότερα από την εκτίμηση του consensus).
- ▶ Στην **Ευρωζώνη**, ο ρυθμός ανάπτυξης κατά το β' τρίμηνο διαμορφώθηκε στο 0,2% σε τριμηνιαία βάση και στο 0,6% σε ετήσια (α' τρίμ.: 0,3% και 0,5% αντίστοιχα). Παράλληλα, ο γενικός πληθωρισμός υποχώρησε τον Αύγουστο στο 2,2% και ο δομικός στο 2,8%, πλησιάζοντας περαιτέρω τον στόχο του 2% της ΕΚΤ. Οι συνθήκες στην αγορά εργασίας παραμένουν εξαιρετικά καλές, με το ποσοστό ανεργίας να υποχωρεί τον Ιούλιο στο ιστορικά χαμηλότερο επίπεδό του. Από την άλλη, όμως, τα προβλήματα στον τομέα της μεταποίησης παραμένουν (με ιδιαίτερη ένταση στη Γερμανία) χωρίς να διαφαίνεται αξιοσημείωτη άμβλυνσή τους στο προσεχές διάστημα, ενώ και η εσωτερική ζήτηση εξακολουθεί να είναι συγκρατημένη. **Εκτιμούμε ότι η διαφορά ανάπτυξης μεταξύ των Η.Π.Α. και της Ευρωζώνης κατά το τρέχον και, ιδίως, κατά το επόμενο έτος θα συρρικνωθεί εξαιτίας της επιβράδυνσης της οικονομικής δραστηριότητας στις Η.Π.Α, αλλά και της επιτάχυνσης που αναμένουμε το 2025 στην Ευρωζώνη.**
- ▶ Στην **Κίνα**, τα τελευταία οικονομικά στοιχεία και οι πρόδρομοι δείκτες επιβεβαιώνουν τη συγκράτηση της αναπτυξιακής δυναμικής της, αποτέλεσμα κυρίως των δυσεπίλυτων προβλημάτων στην αγορά ακινήτων και της αδύναμης εσωτερικής ζήτησης (που αντανακλάται εν μέρει και στις πρακτικά ανύπαρκτες πληθωριστικές πιέσεις). Θετική επίδραση αναμένεται από την υλοποίηση των κρατικών παρεμβάσεων στην αγορά ακινήτων και τις μικρές μειώσεις των επιτοκίων που ανακοινώθηκαν τους προηγούμενους μήνες. Από την άλλη, όμως, όλο και πιο εμφανείς θα γίνονται σταδιακά οι συνέπειες των αυξημένων δασμών και των λοιπών περιοριστικών μέτρων των ΗΠΑ πρωτίστως και δευτερευόντως της Ε.Ε.

# Global macro trends

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- ▶ **In the second quarter, global growth is estimated to have remained robust**, matching the pace of the first quarter. For the entire year, growth is projected to be around 3.1%, driven by stronger-than-expected U.S. growth, moderate economic activity in the Eurozone, and slower momentum in China. Additionally, a mild deceleration in inflation in the U.S. and Eurozone allowed their central banks to begin lowering key interest rates. As a result, monetary policy is becoming less restrictive, positively impacting economic recovery at a time when it appears to be slowing down.
- ▶ **In Q2 2024, the U.S. economy surprised positively, achieving a growth rate of 3.0% compared to 1.6% in the first quarter** (quarterly annualized rate), primarily driven by private consumption. Meanwhile, overall inflation is now at 2.5% (based on August CPI and July PCE) and slightly higher for core inflation, approaching the Fed's 2% target. The outlook, based on the most recent economic data and leading indicators, remains mostly positive. An exception is the manufacturing sector, where the related leading ISM index continues to indicate moderate contraction. At the same time, there are increasing signs that labor market conditions are gradually becoming less favorable. A mild slowdown in economic activity is our main scenario for the current and next year. We estimate an overall growth rate for 2024 to be around 2% (slightly lower than the consensus estimate).
- ▶ **In the Eurozone, the growth rate for the second quarter was 0.2% on a quarterly basis and 0.6% annually** (compared to 0.3% and 0.5% in the first quarter, respectively). Meanwhile, overall inflation decreased to 2.2% in August, with core inflation at 2.8%, moving closer to the ECB's 2% target. Labor market conditions remain excellent, with the unemployment rate dropping to a historic low in July. However, challenges in the manufacturing sector persist, particularly in Germany, with no significant improvement expected soon, as domestic demand remains restrained. We anticipate that the growth gap between the U.S. and the Eurozone will narrow in the current and especially the next year due to the slowdown in U.S. economic activity and the acceleration expected in the Euro Area in 2025.
- ▶ **In China, the latest economic data and leading indicators confirm the restraint in its growth momentum, mainly due to the intractable problems in the real estate market and weak domestic demand (partly reflected in the practically non-existent inflationary pressures)**. Positive effects are expected from the implementation of government interventions in the real estate market and the small interest rate cuts announced in recent months. On the other hand, the consequences of increased tariffs and other restrictive measures from the U.S., and to a lesser extent from the EU, will gradually become more apparent.

## Main Macroeconomic Indicators – Market Consensus

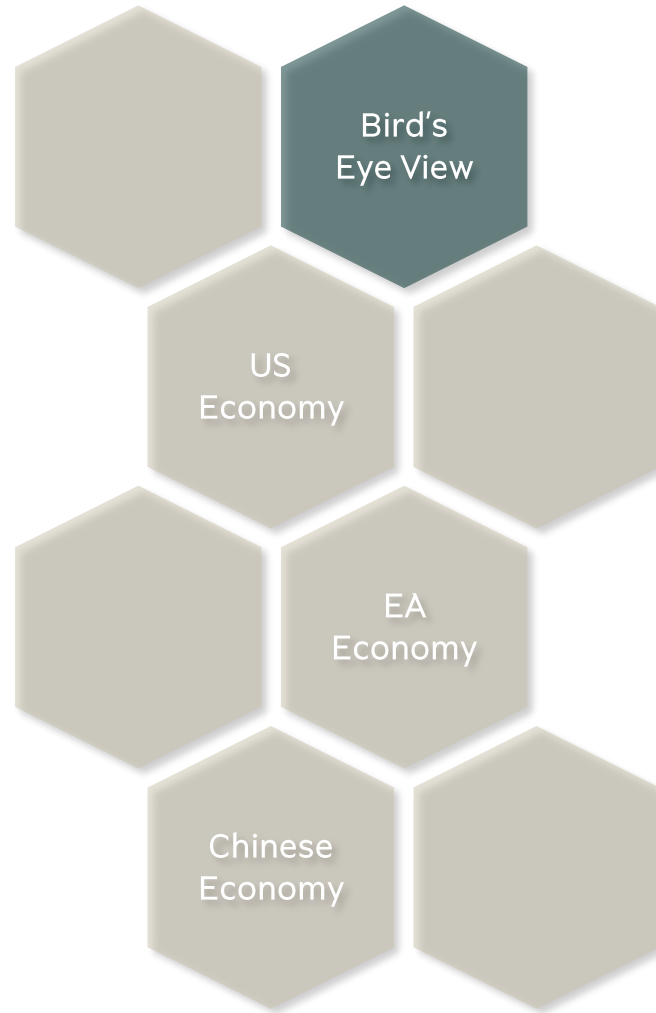
US											
	Actual				Estimates				% Y/Y avg		
	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2023	2024	2025
Real GDP Q/Q % SAAR	4.9	3.4	1.4	3.0	1.7	1.4	1.7	1.9	2.5	2.5	1.7
Headline PCE PI % Y/Y	3.3	2.8	2.6	2.6	2.4	2.5	2.2	2.0	3.8	2.5	2.1
Core PCE % Y/Y	3.8	3.2	2.9	2.7	2.7	2.7	2.3	2.2	4.1	2.7	2.2
Unemployment Rate	3.7	3.7	3.8	4.0	4.3	4.4	4.4	4.4	3.6	4.1	4.3
Fed Policy Rate (Upper Bound)	5.50	5.50	5.50	5.50	5.25	4.65	4.25	3.90	5.50	4.65	3.60

EA											
	Actual				Estimates				% Y/Y avg		
	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2023	2024	2025
Real GDP Q/Q %	0.0	0.1	0.3	0.2	0.3	0.3	0.3	0.4	0.5	0.7	1.3
CPI % Y/Y	4.9	2.7	2.6	2.5	2.2	2.3	2.1	2.0	5.5	2.4	2.1
Unemployment Rate	6.6	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.6	6.5	6.55
ECB Policy Rate (Main Refin Rate)	4.50	4.50	4.50	4.25	3.65	3.40	3.15	2.90	4.50	3.40	2.40

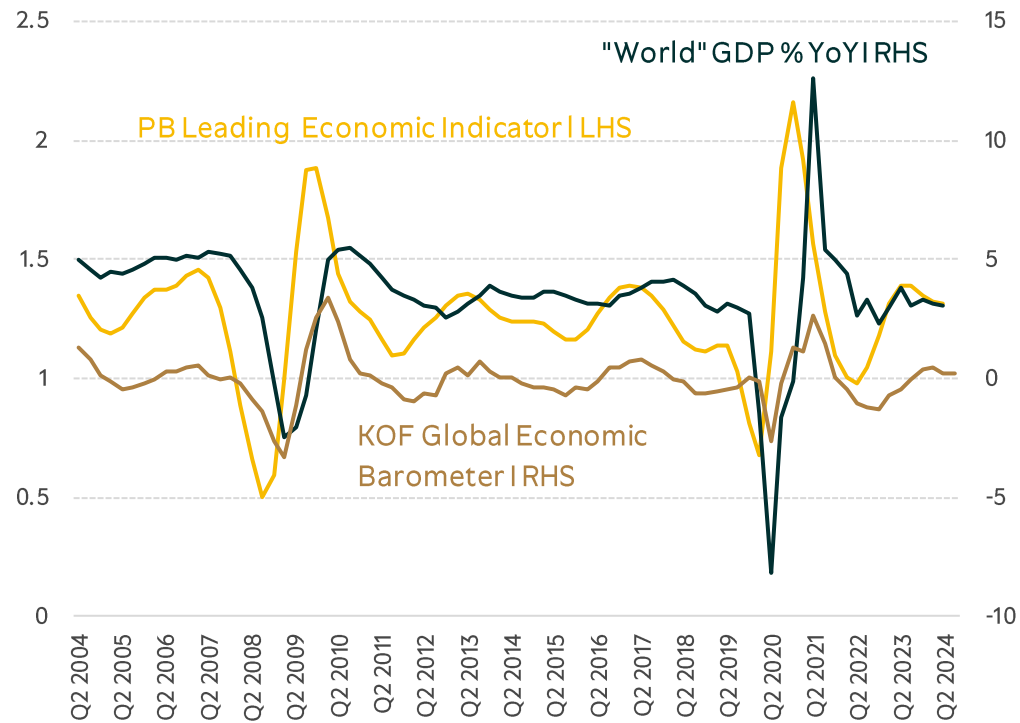
  

	Emerging Markets		Brazil			China		India		
	Real GDP	Inflation	Real GDP	Inflation	Key Rate	Real GDP	Inflation	Real GDP	Inflation	Key Rate
2021	6.0	3.6	5.0	8.3	9.25	8.4	0.9	9.7	6.7	6.25
2022	3.9	6.4	3.0	9.3	13.75	3.0	2.0	7.0	5.7	6.50
2023	4.2	5.7	2.9	4.6	11.75	5.2	0.2	7.8	4.8	6.25
2024f	4.3	6.7	2.2	4.2	10.50	4.8	0.5	6.9	4.5	5.80
2025f	4.1	3.8	2.0	3.6	9.50	4.5	1.5	6.6	4.5	5.75

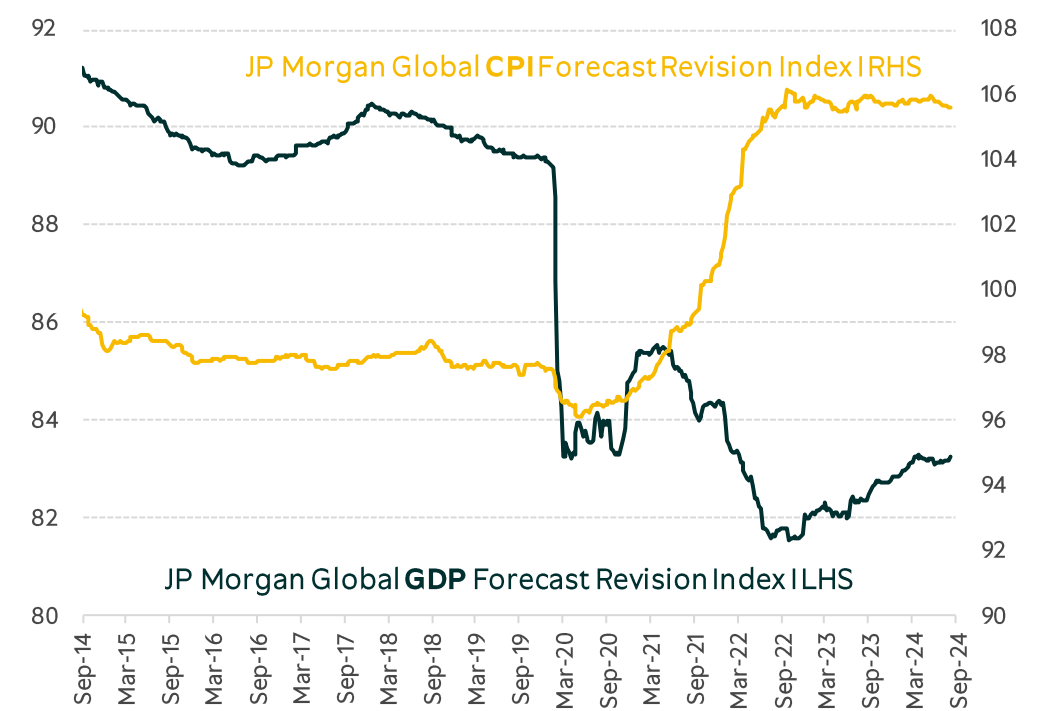


# The Global Bird's-Eye View | The global economy seems to have escaped the “subpar growth trap” but inflation remains above central banks’ target

Piraeus Bank “World” Leading Economic Indicator & Economic Growth

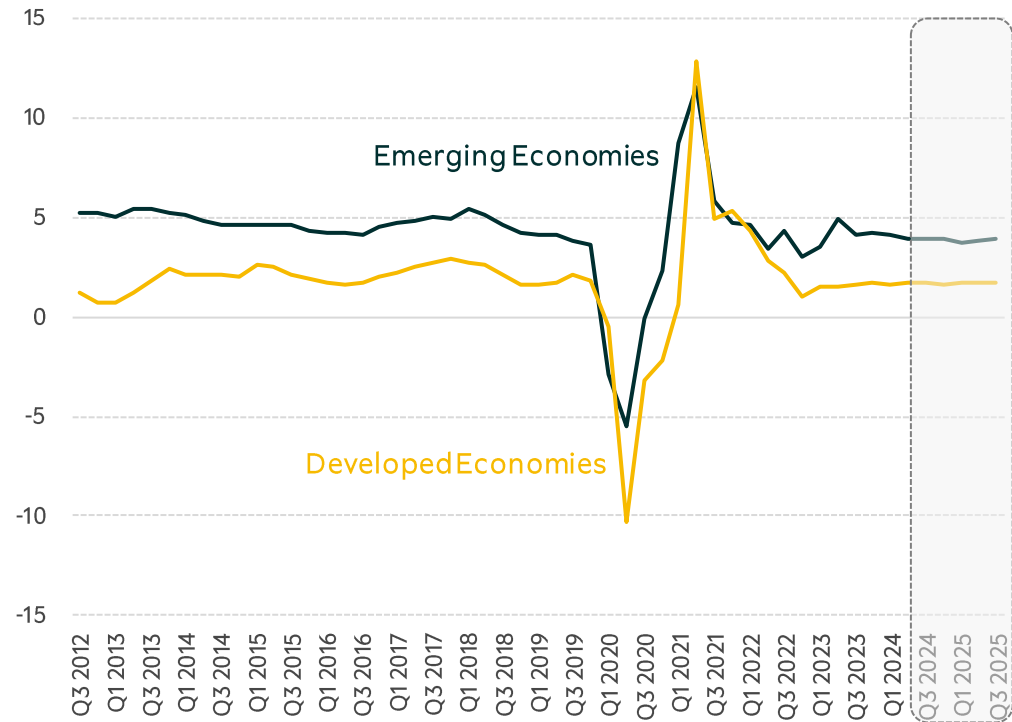


JP Morgan Global Forecast Revision Indices

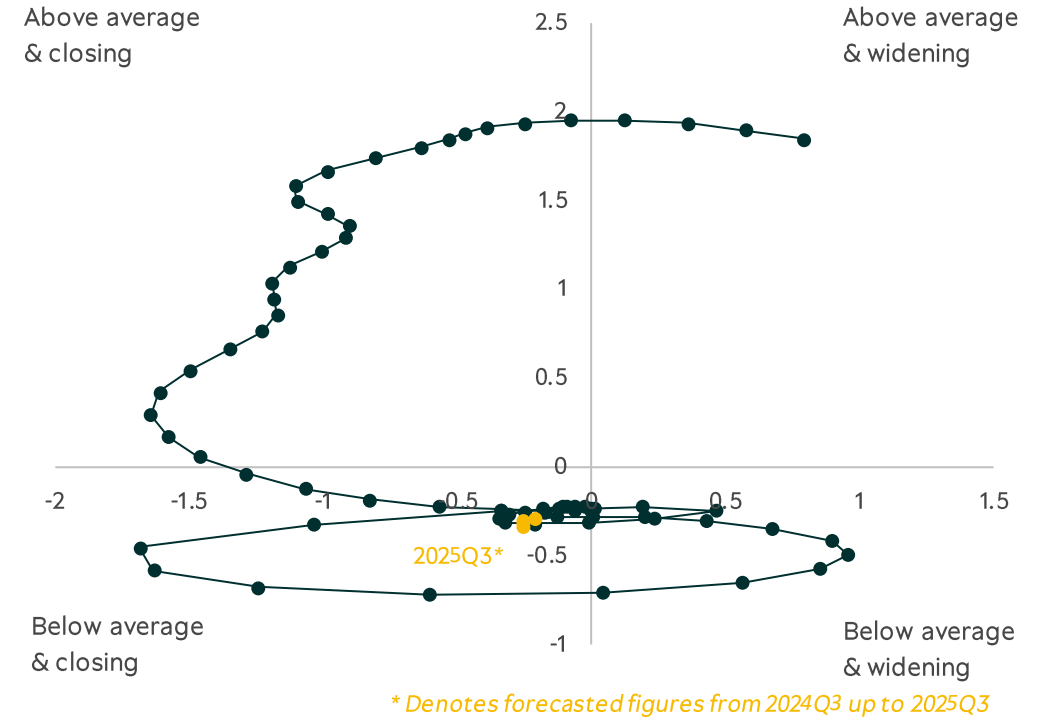


# The Global Bird's-Eye View | Emerging markets' growth differential remains steady however it is expected to reach below average levels in 2025

Real GDP Growth % YoY

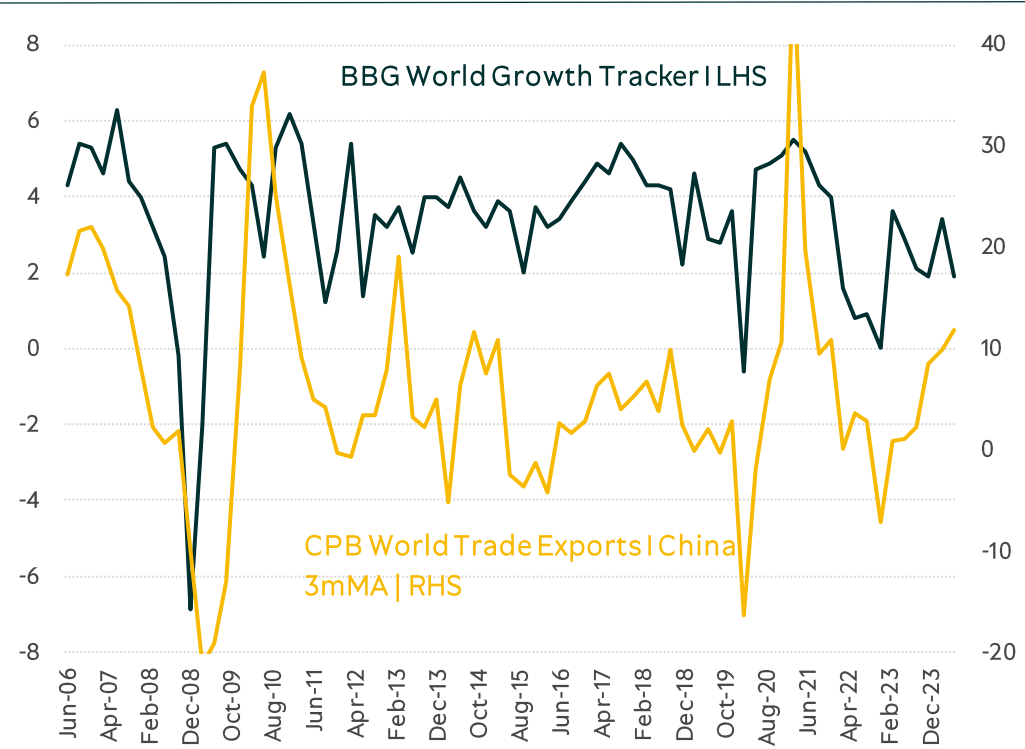


EM – DM Growth Differential

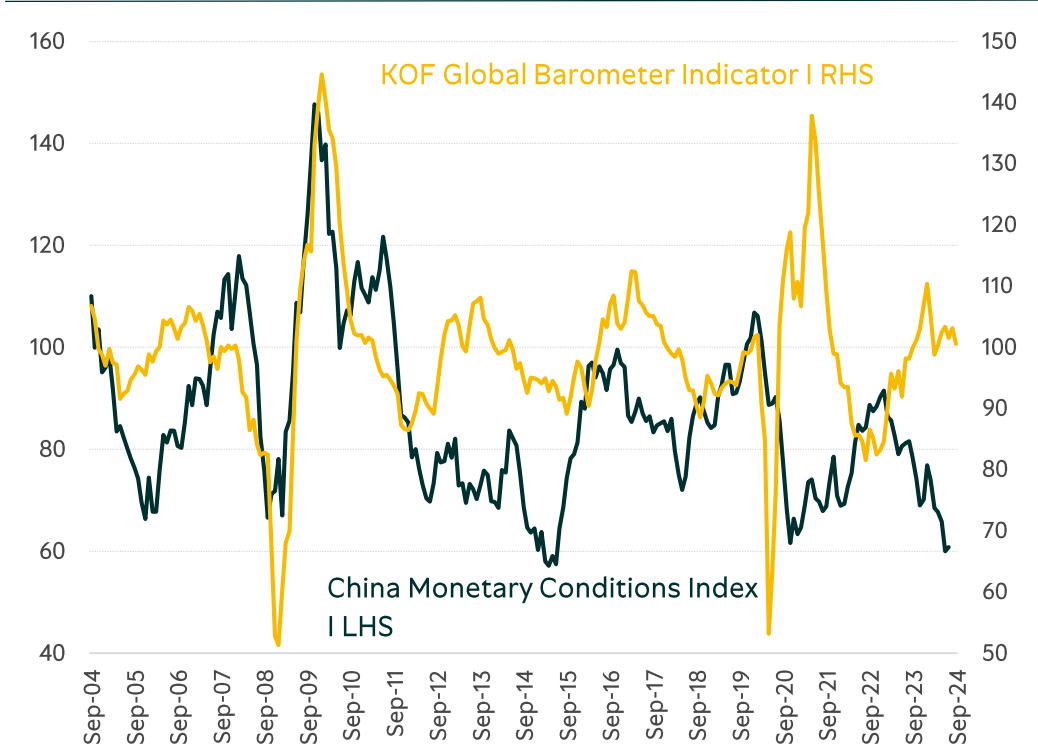


# Global Economic Activity | China's slowdown is a global headwind

BBG World Growth Tracker & China Exports



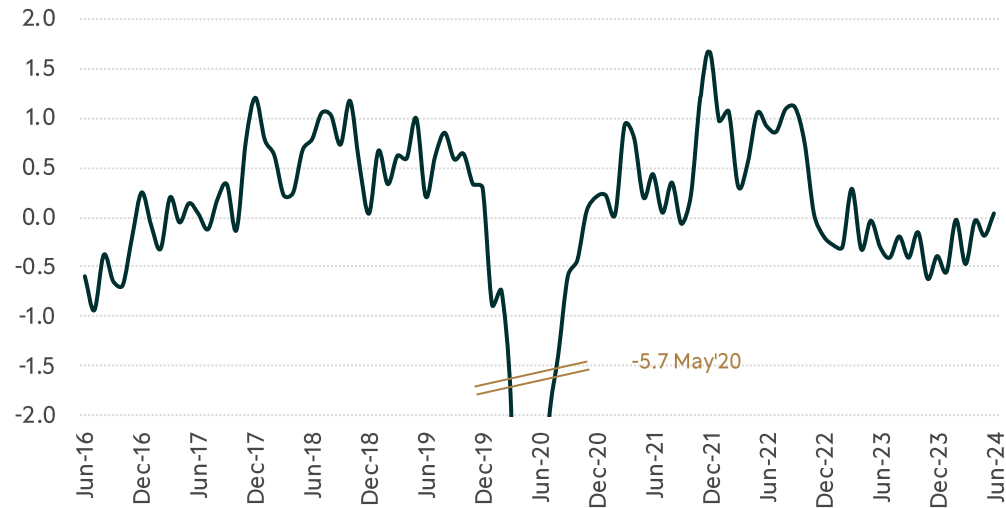
KOF Global Barometer Indicator & China Monetary Conditions



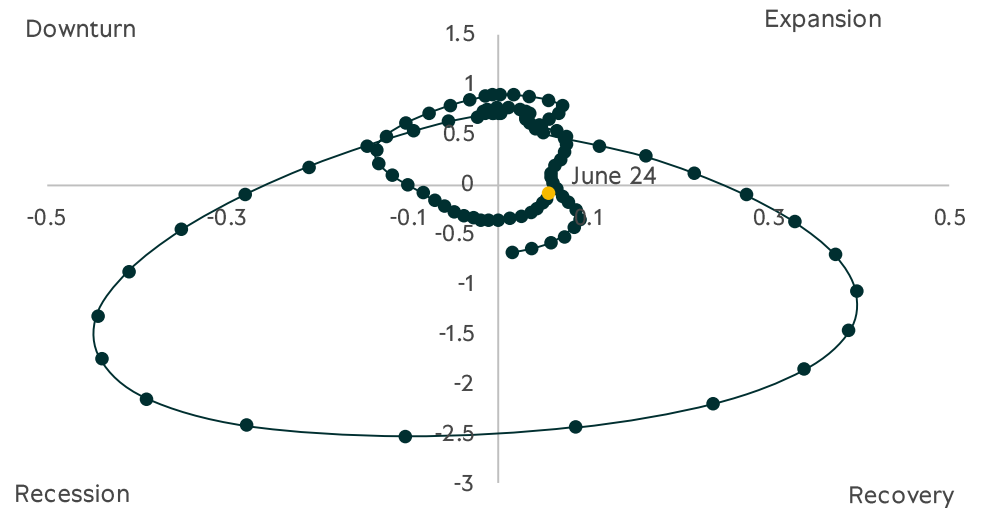


# Global Trade | World Trade Tracer shows signs of recovery with Emerging Markets already in expansion

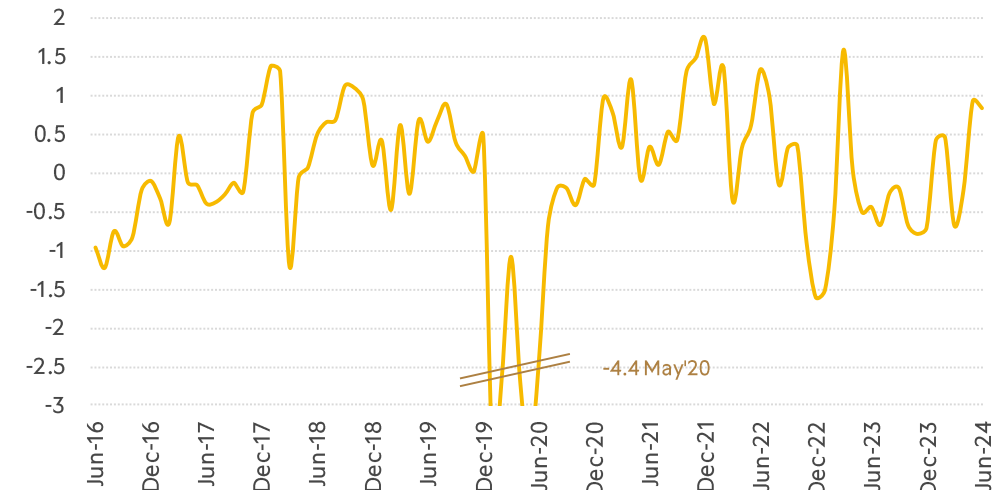
World Trade



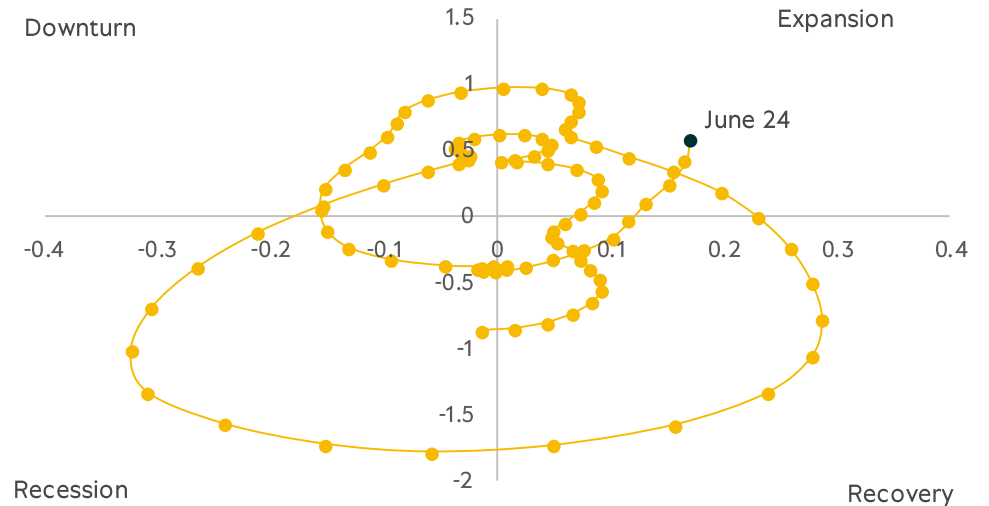
World Trade Tracer



World Exports | EM

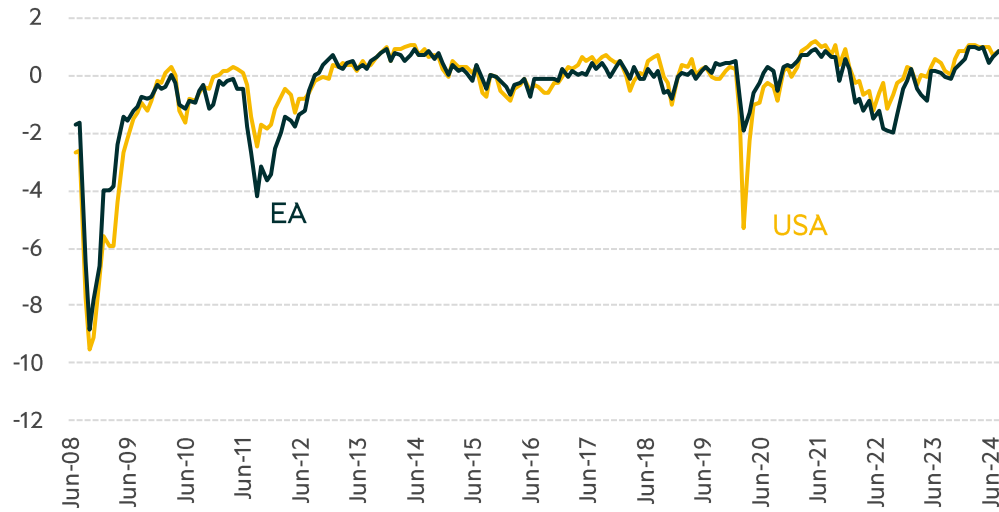


World Exports Tracer | EM

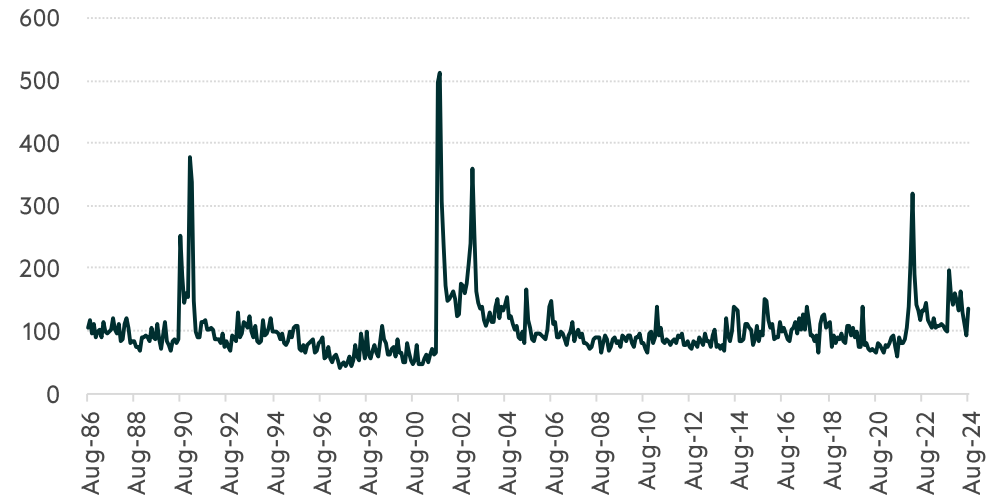


# Global Trends | Supply-side indices indicate no major cost-push inflationary pressures

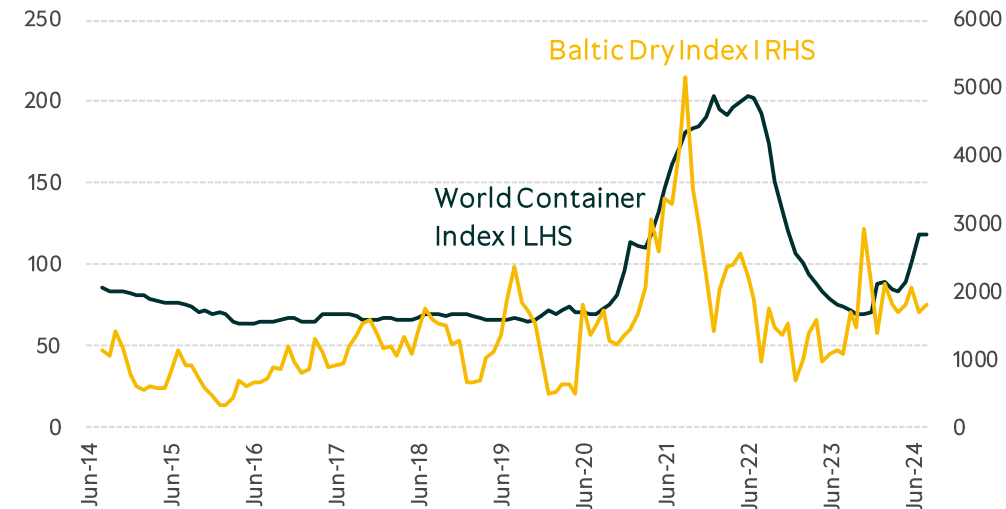
Bloomberg Financial Conditions Indices



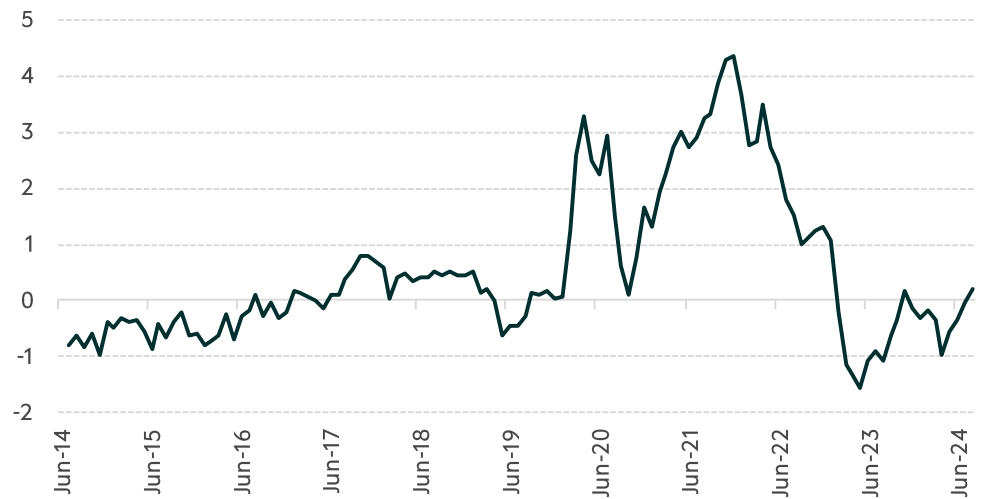
Global Geopolitical Risk Index (Caldara & Iacoviello)



World Container and Baltic Dry Indices

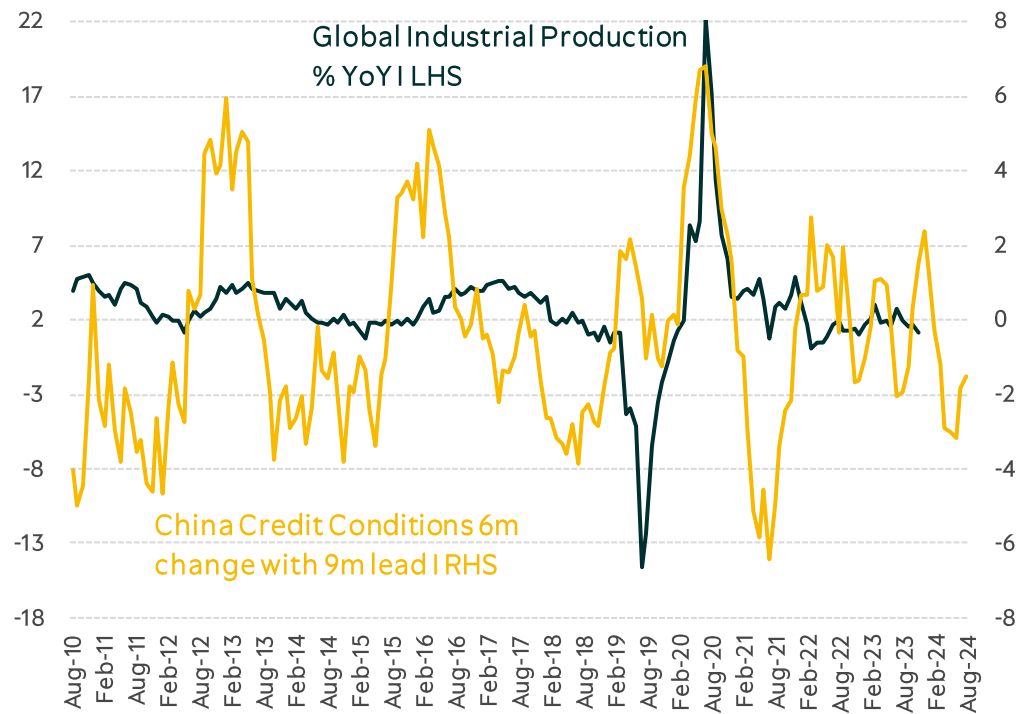


NY Fed | Global Supply Chain Pressure

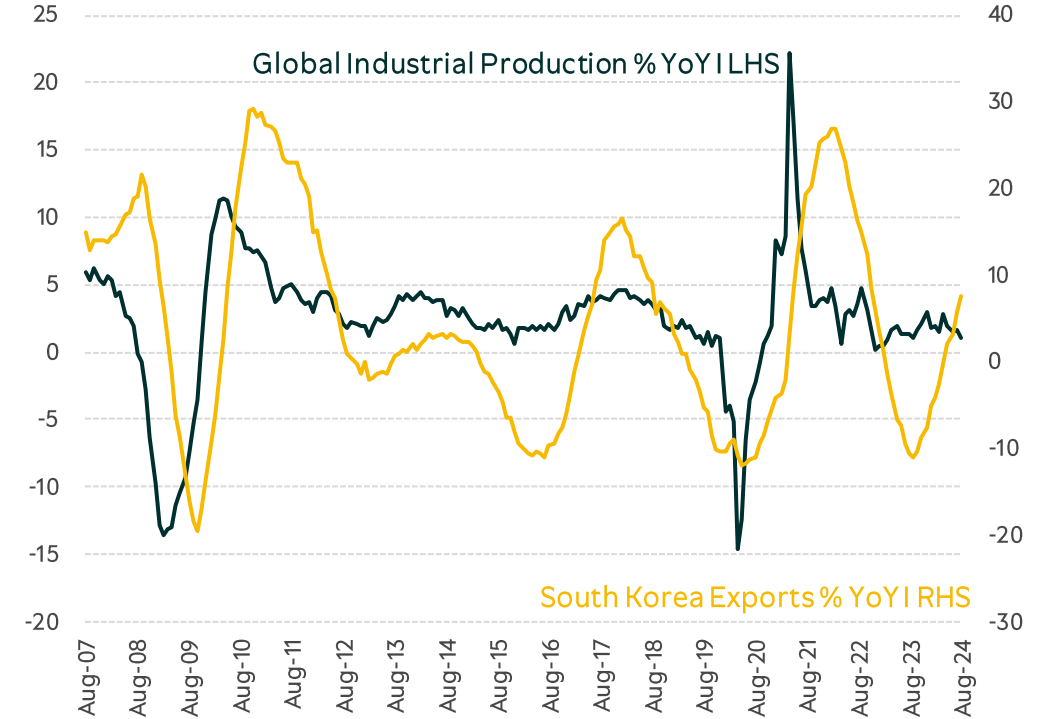


# Global Trends | China's credit conditions a potential source of worry though South Korea's exports point to higher global industrial production / growth outlook

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

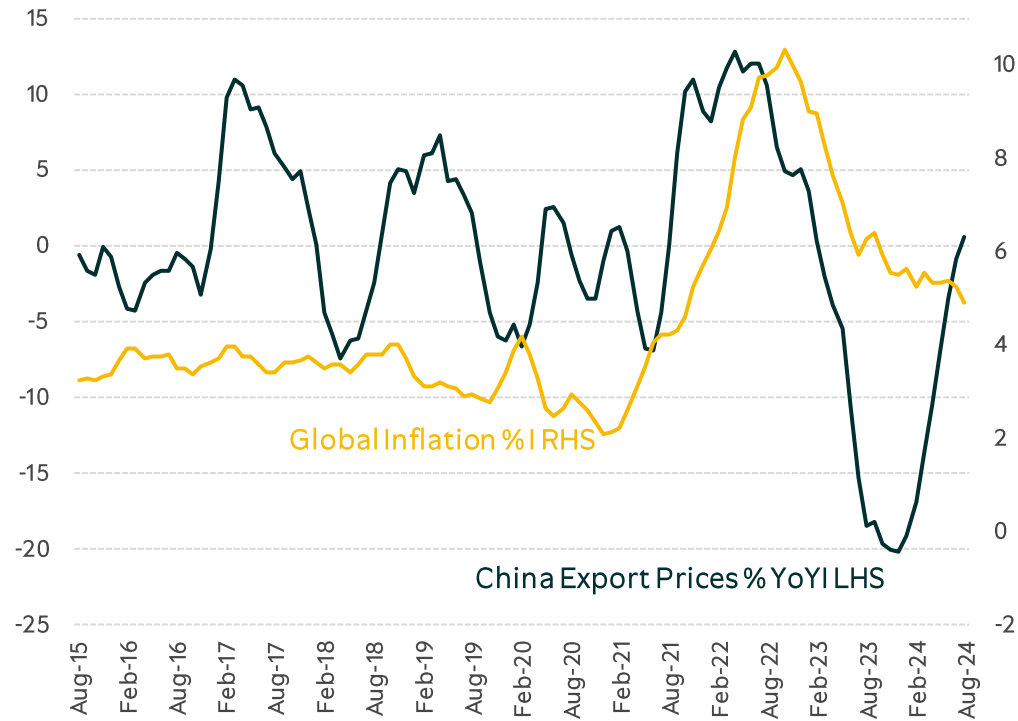


South Korean Exports & Global Industrial Production

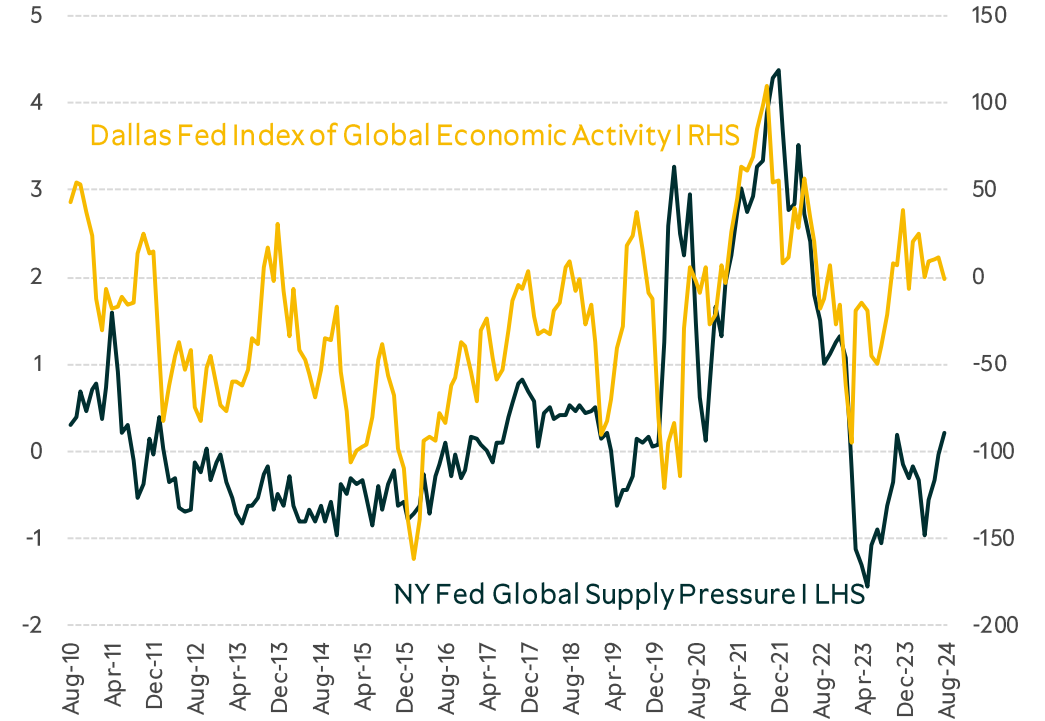


# Global Trends | China has been exporting deflation to the world

### China Export Prices & Global Inflation

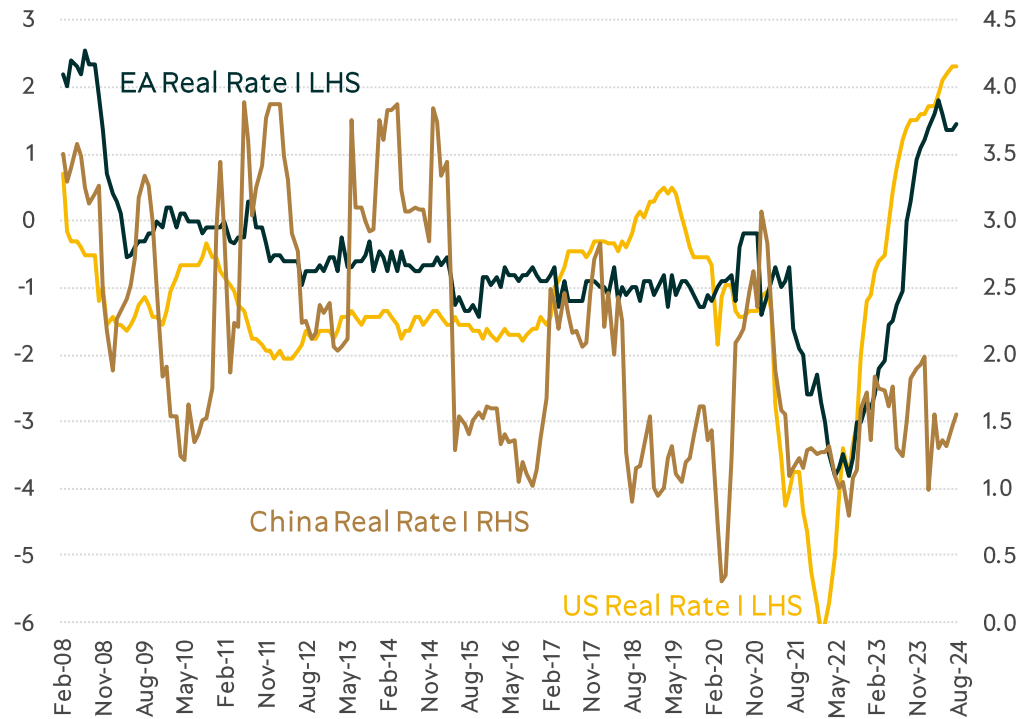


### Global Economic Activity vs Global Supply Pressure

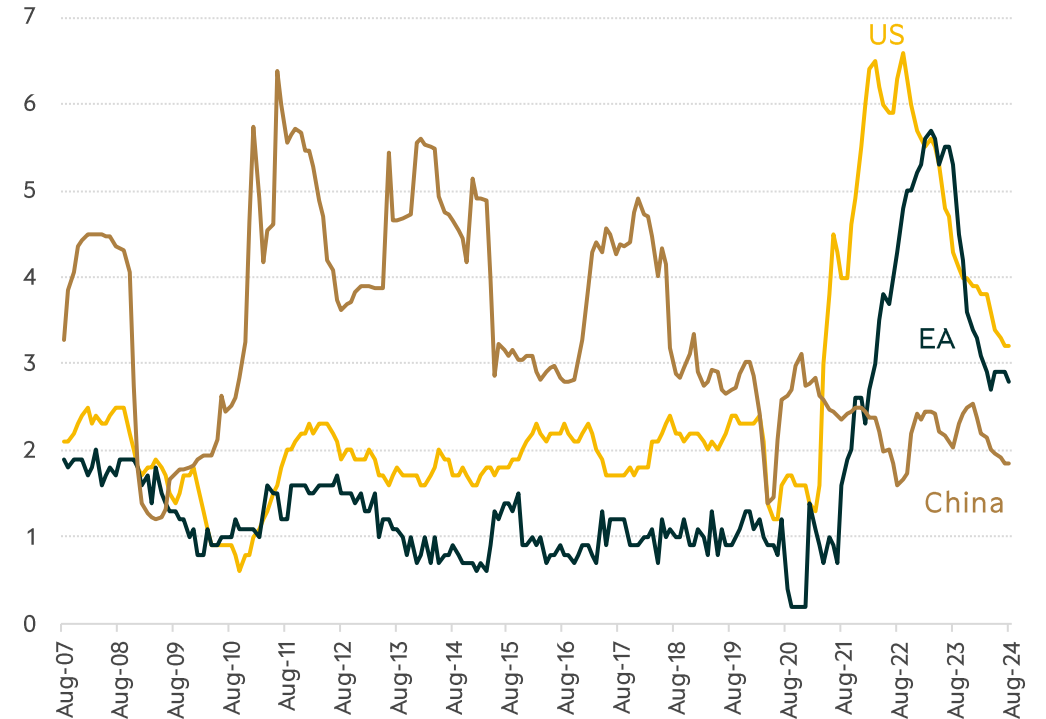


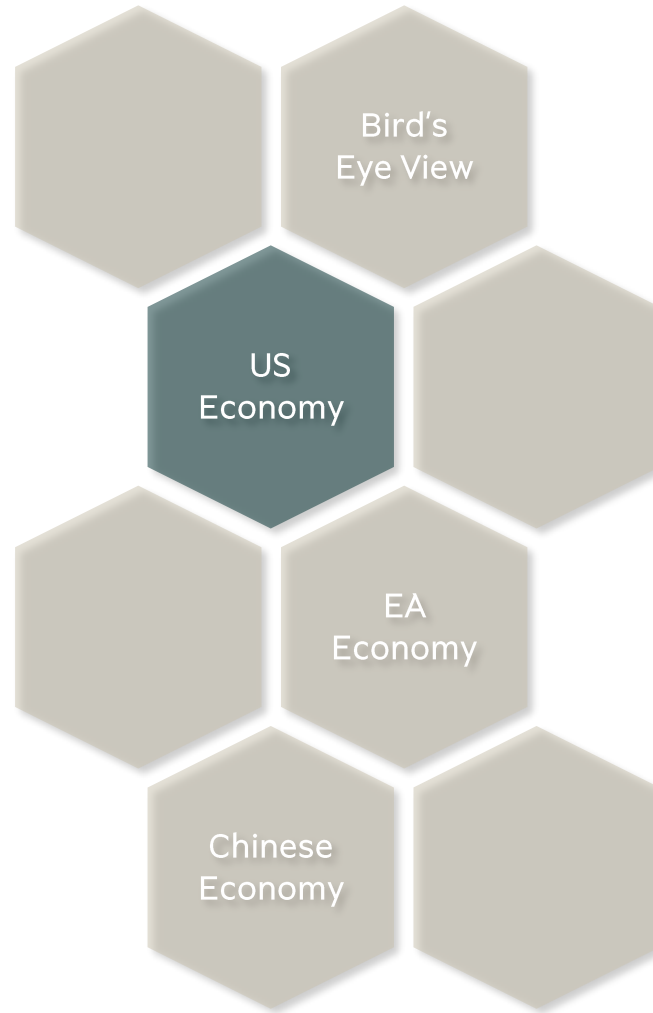
# Global Trends | Global Real Policy Rates are rising, Chinese inflation well below US & EA

Global Real Policy Rates US, EA, CN



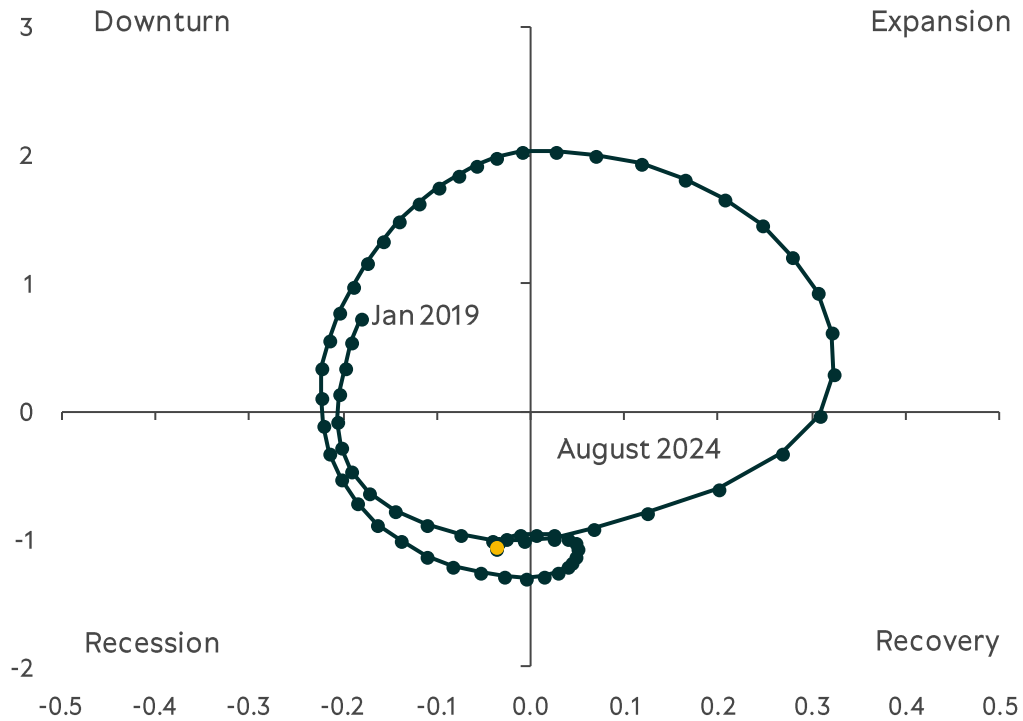
US, EA, CN Core Inflation



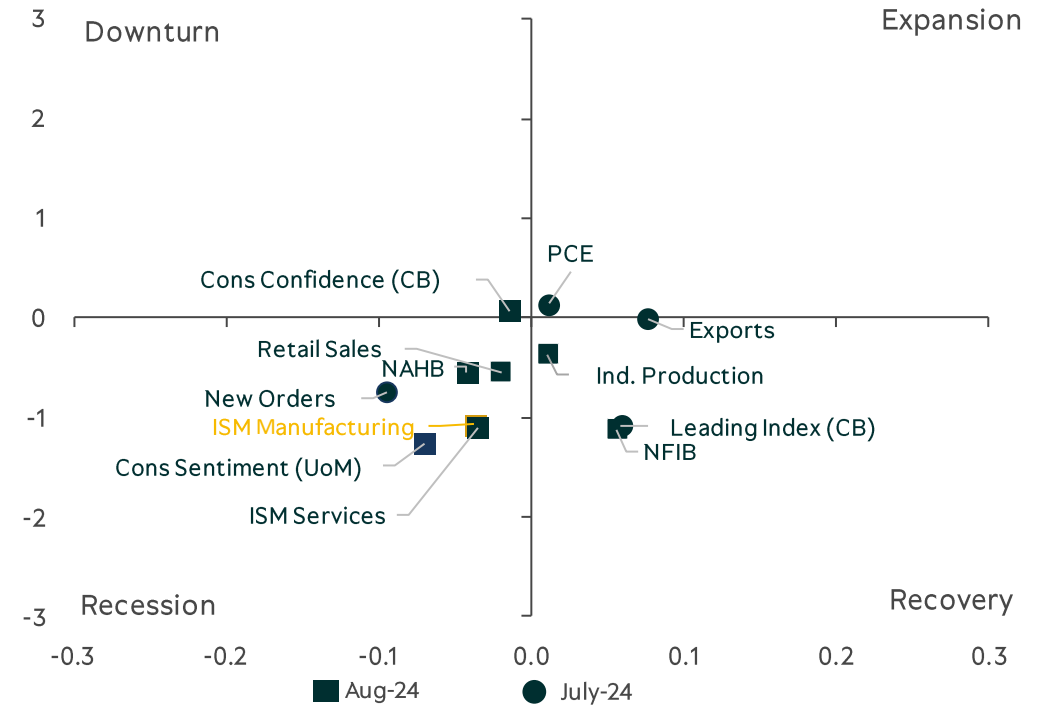


# US Business Cycle | Mixed signals for major US economic variables

US Business Cycle | Based on ISM Manufacturing Indicator

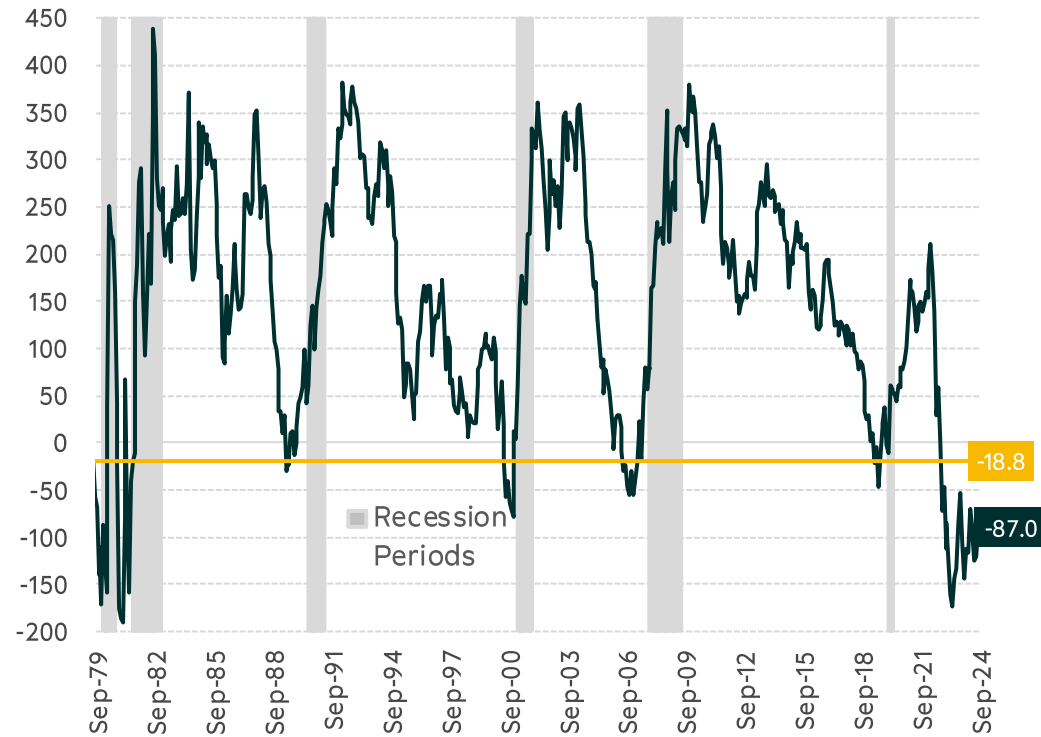


US Business Cycle | Based on Major US Economic Variables

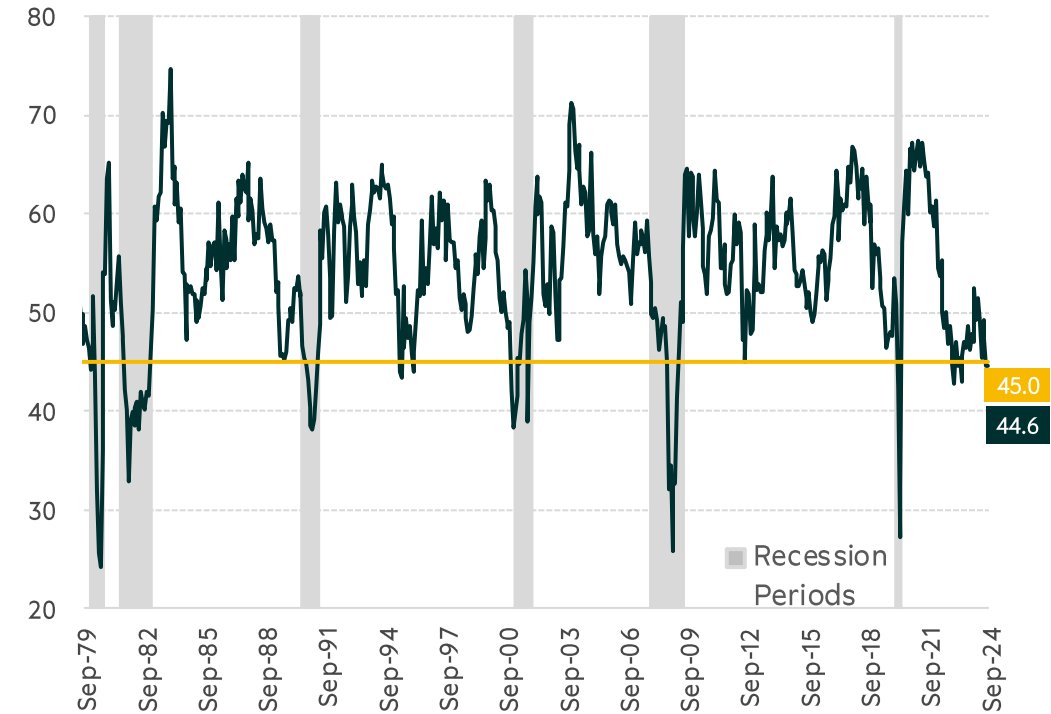


# US Recession Indicators | A recession episode, in the next 12 & 3 months respectively, is still likely based on the 10YR3M spread and the ISM Manufacturing New Order Index

### 10 Year and 3M US Treasury Yields Spread



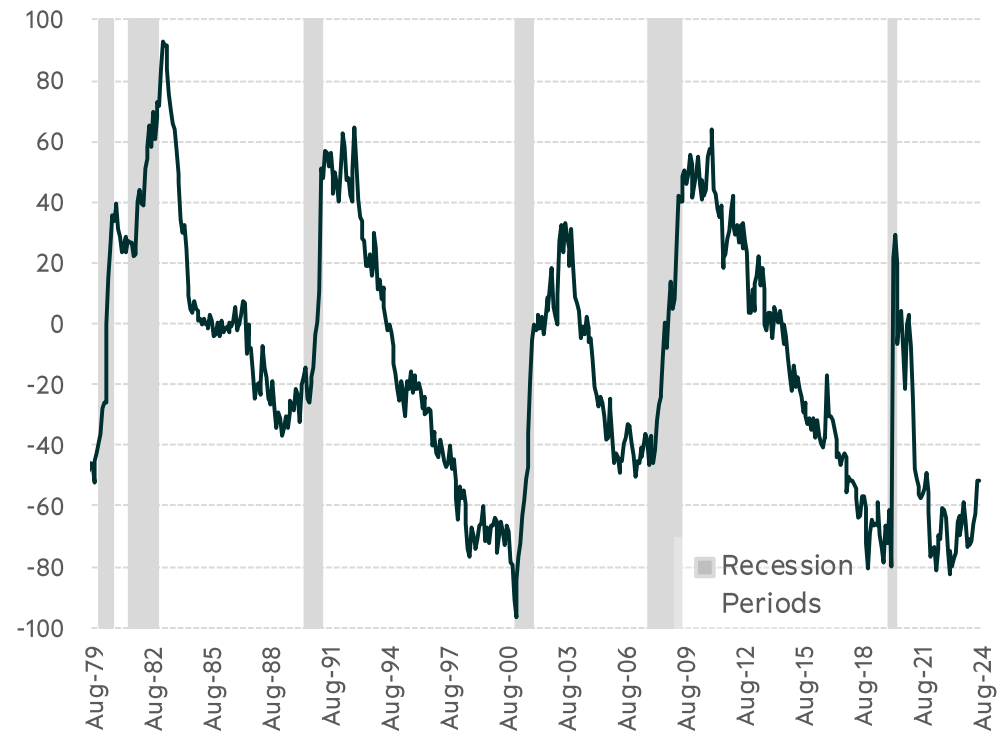
### ISM Manufacturing New Order Index



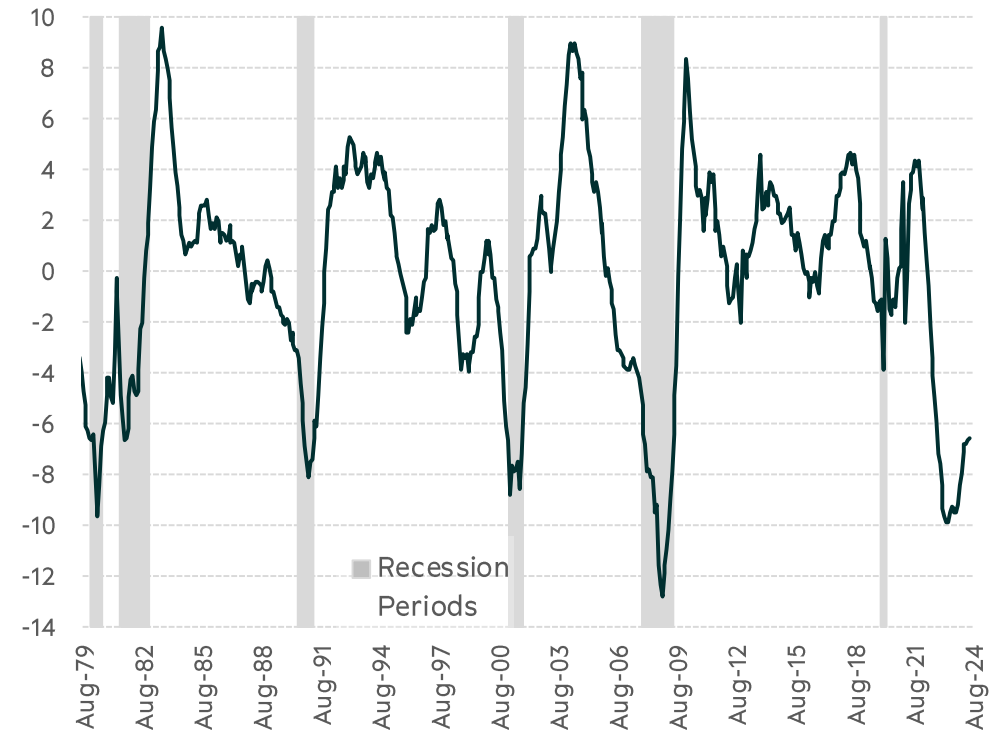


# Conference Board Survey | In August, consumers were more positive about business conditions but were more concerned about work prospects and future income.

## Difference between Consumer Expectations and Current Situation Indicators

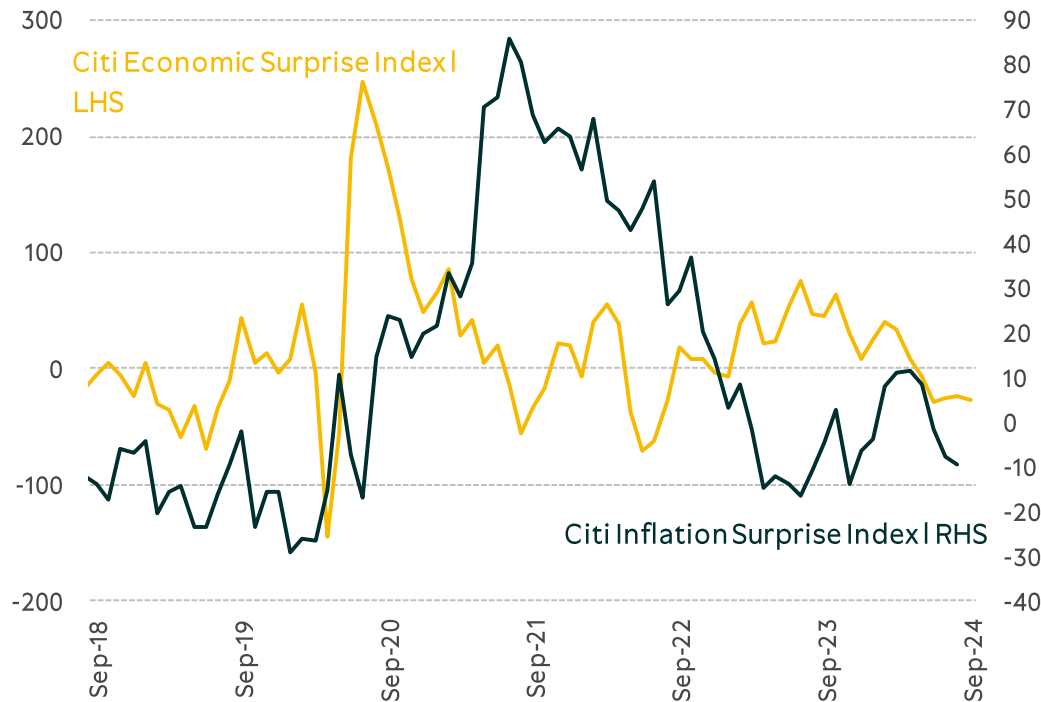


## Difference between Leading & Coincident Indicators

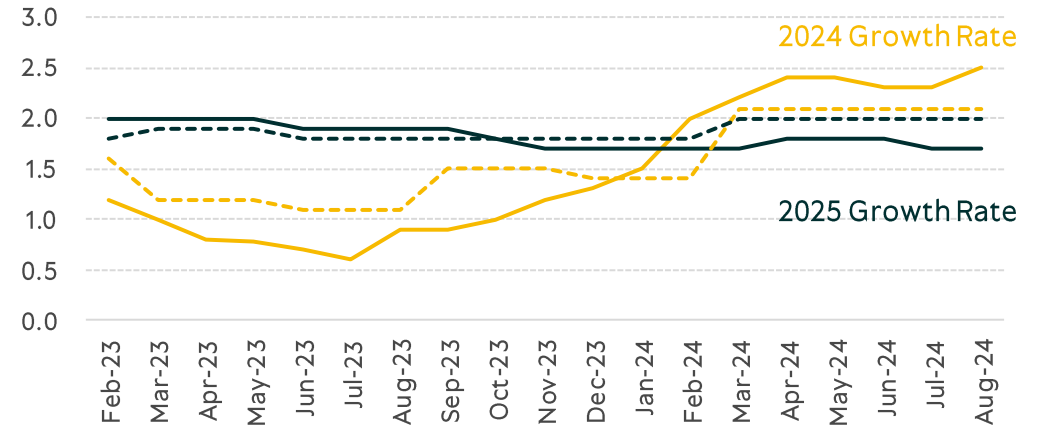


# US Macro Expectations | Recent Economic Surprises remain negative

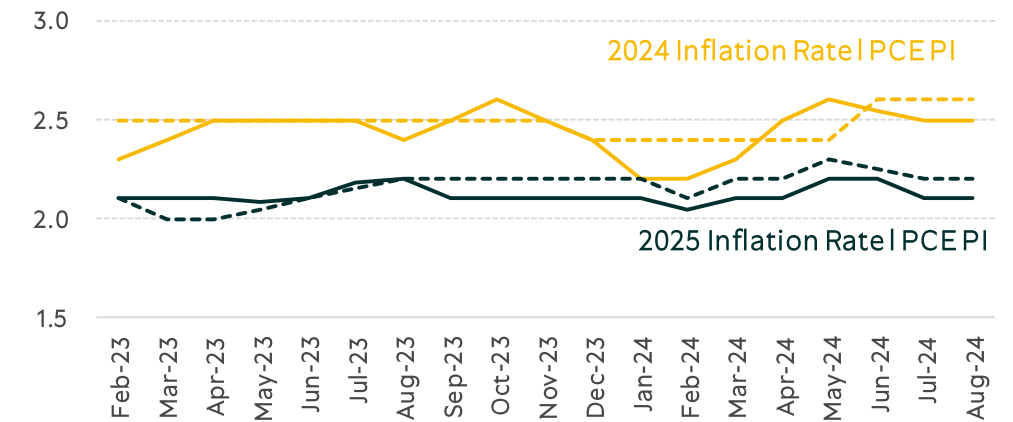
### Economic & Inflation Surprises



### Growth Rate Expectations\*



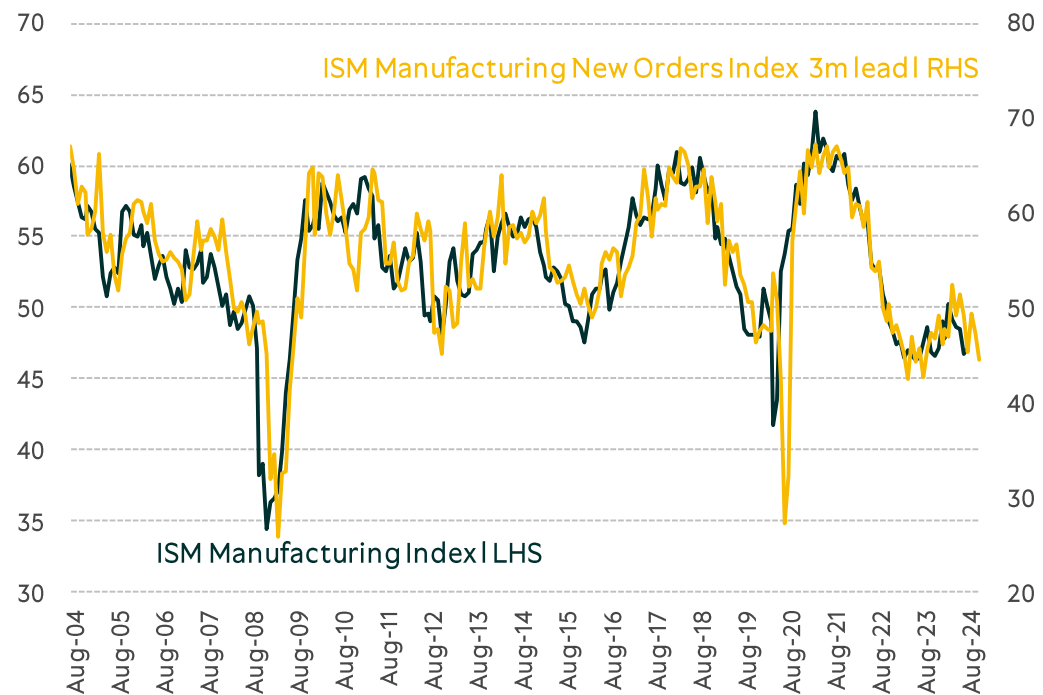
### Inflation Rate Expectations\*



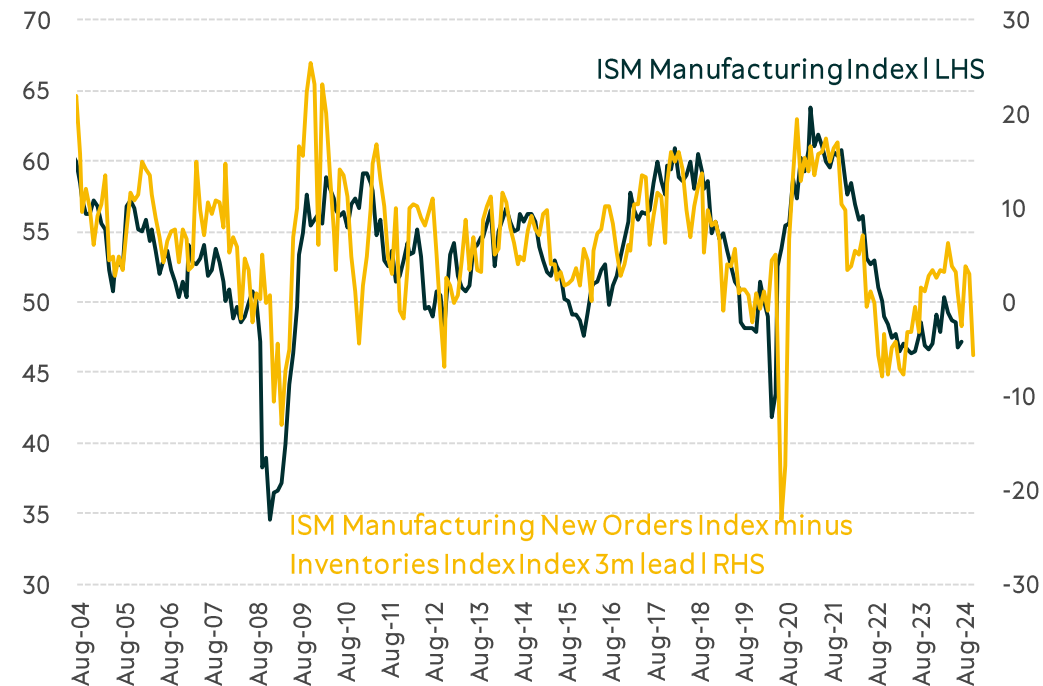
\*Solid line: Consensus; Dotted line: Fed projections

# US Leading Indicators | ISM Manufacturing below 50 for five consecutive months, with New Orders falling short of expectations in August

ISM Manufacturing I

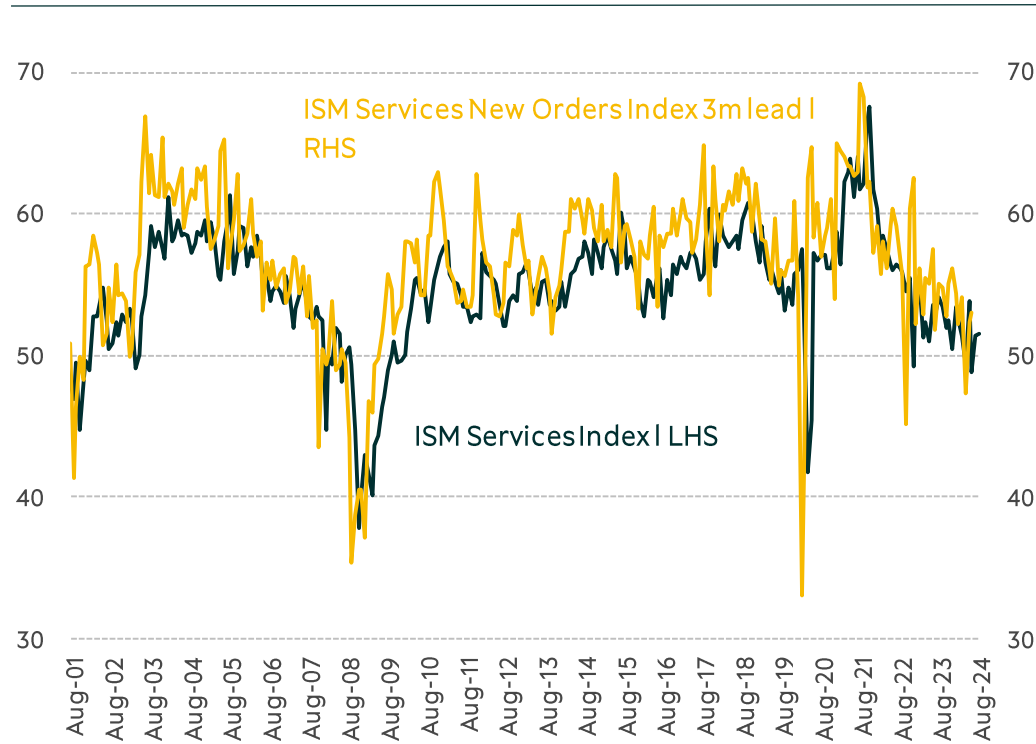


ISM Manufacturing II

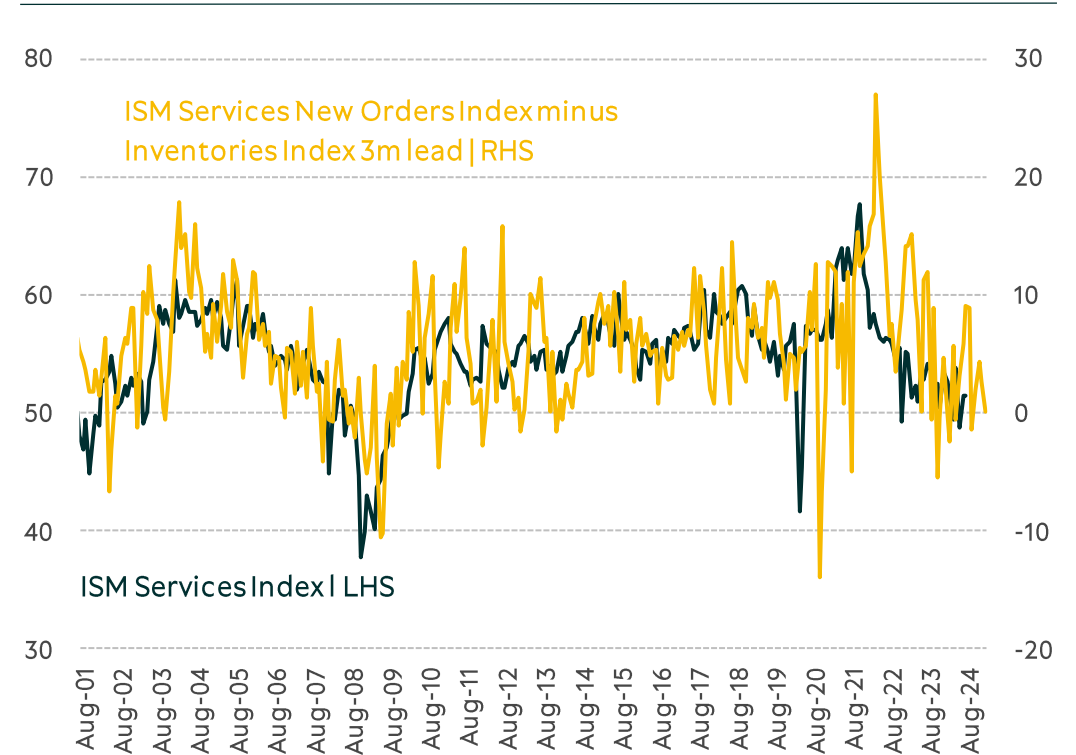


# US Leading Indicators | ISM Services Index edged up in August, indicating growth for a second straight month

ISM Services & New Orders Indices

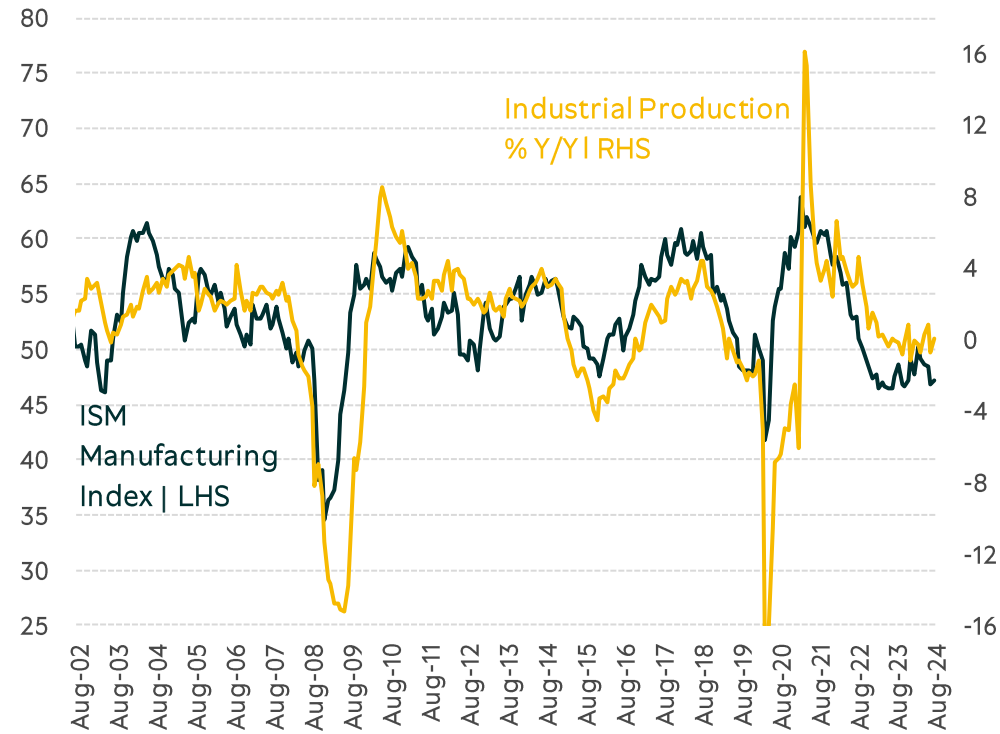


ISM Services & New Orders Index Minus Inventories Index

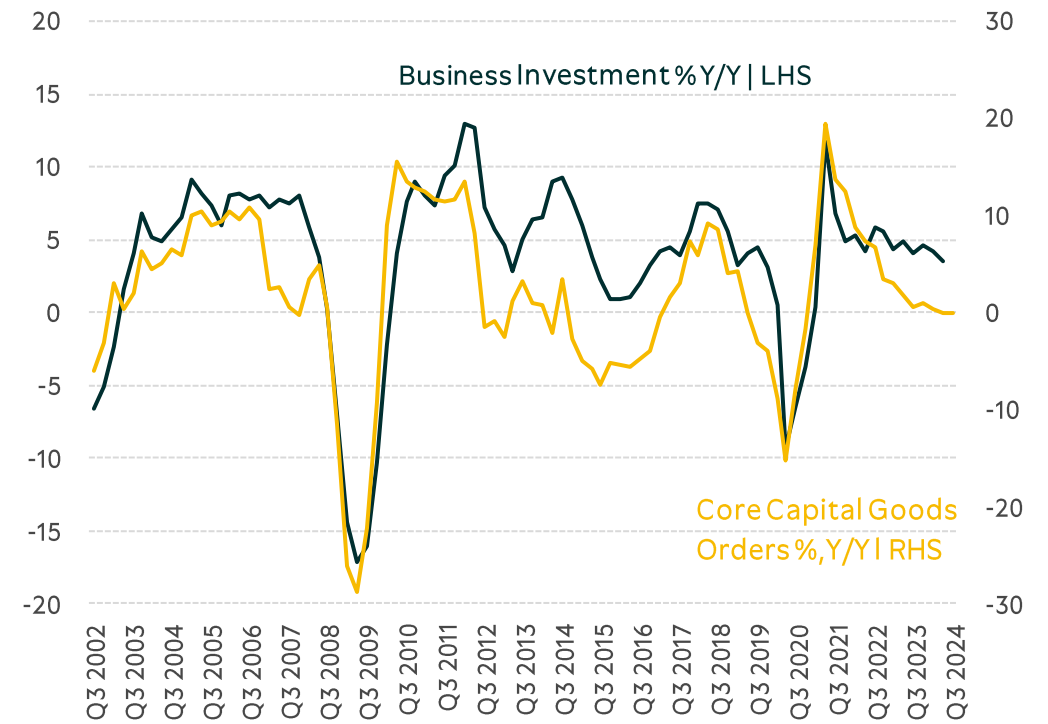


# US | Industrial Production rebounded in August after July's disruptions. Core Capital Goods Orders point to lower Business Investment ahead.

Industrial Production YoY & ISM Manufacturing

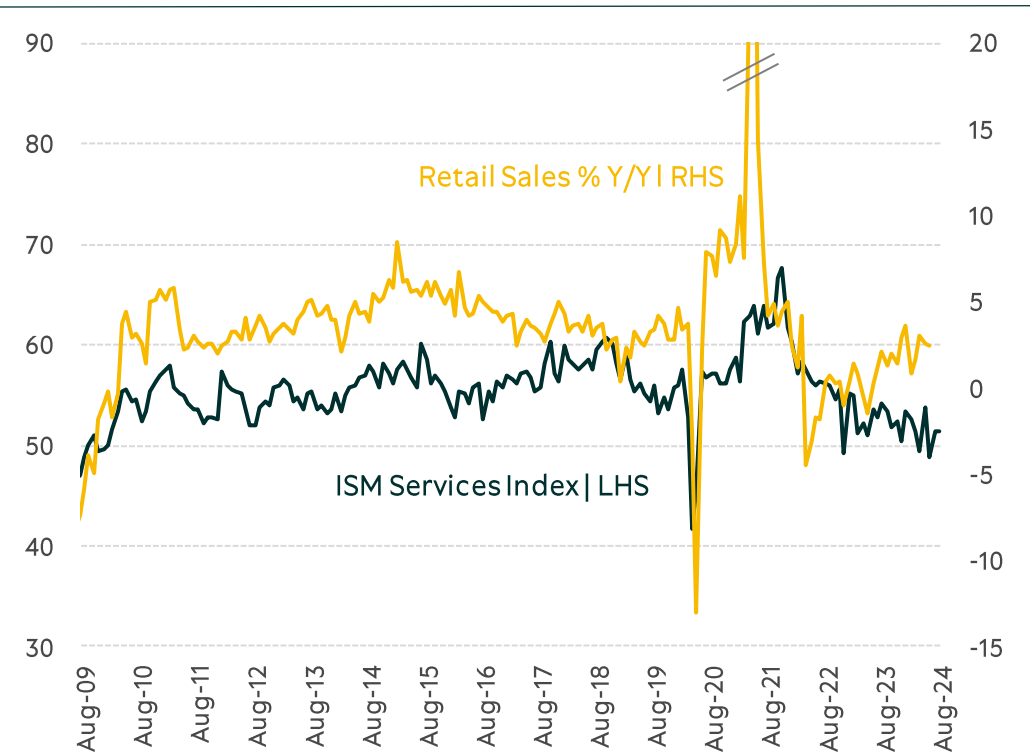


Core Capital Goods Orders & Business Investment

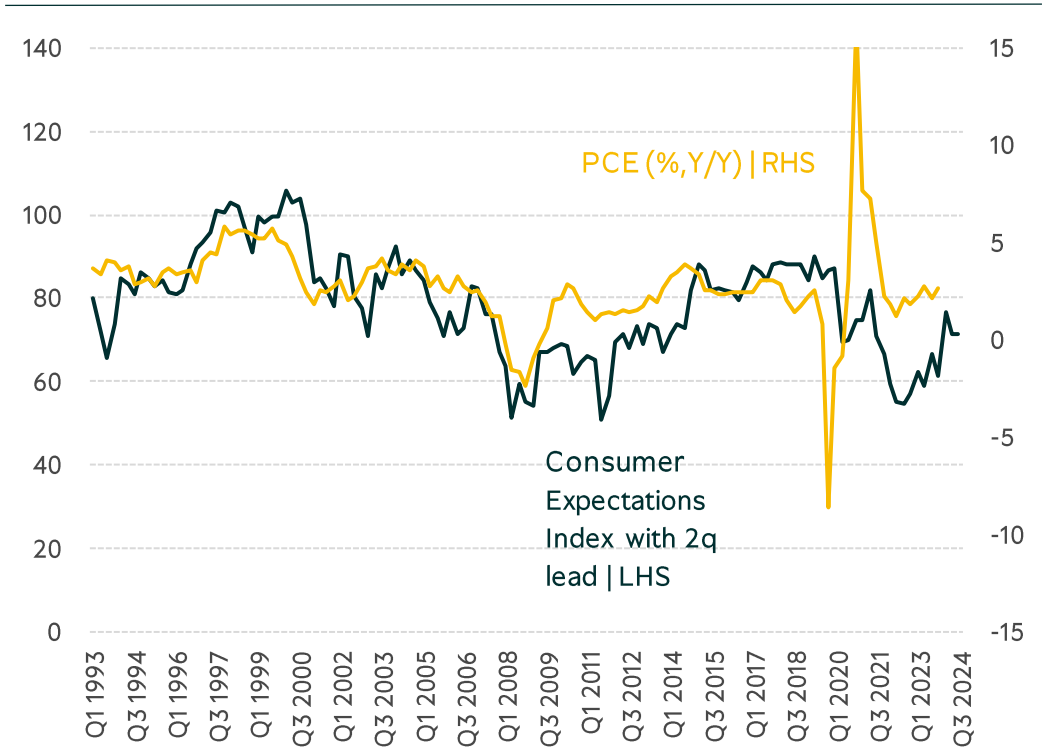


# US | The US consumer is the main “growth driver” so far. Consumers’ year ahead expectations for personal finances and the economy improved in September, there is a modest weakening in views of labour market

Retail Sales YoY & ISM Services

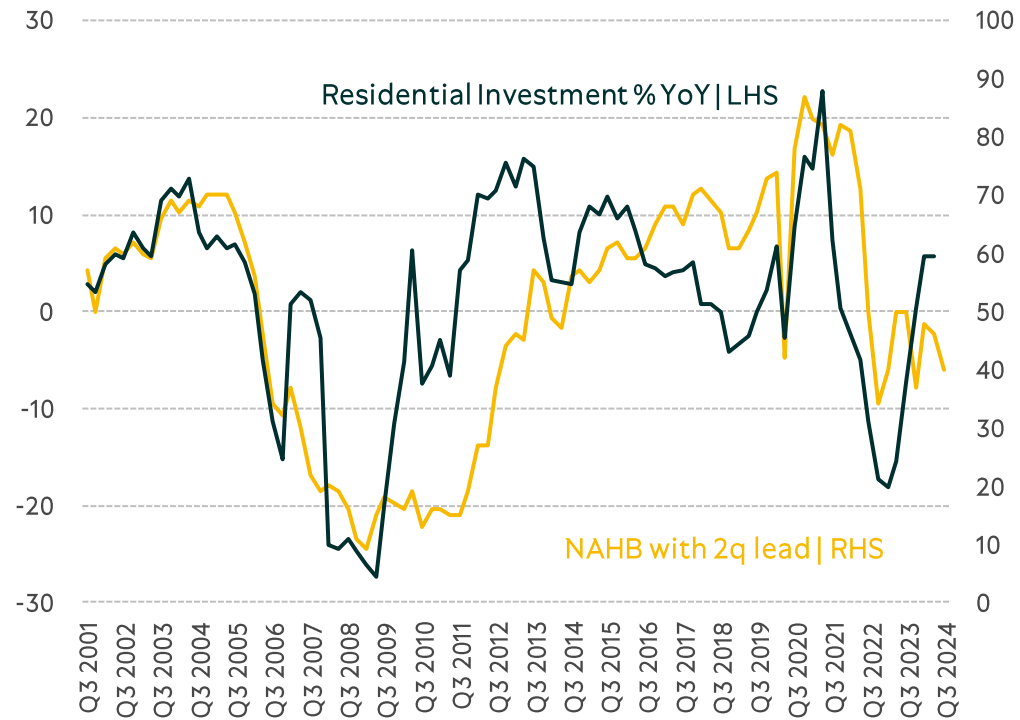


PCE & Consumer Expectations Index

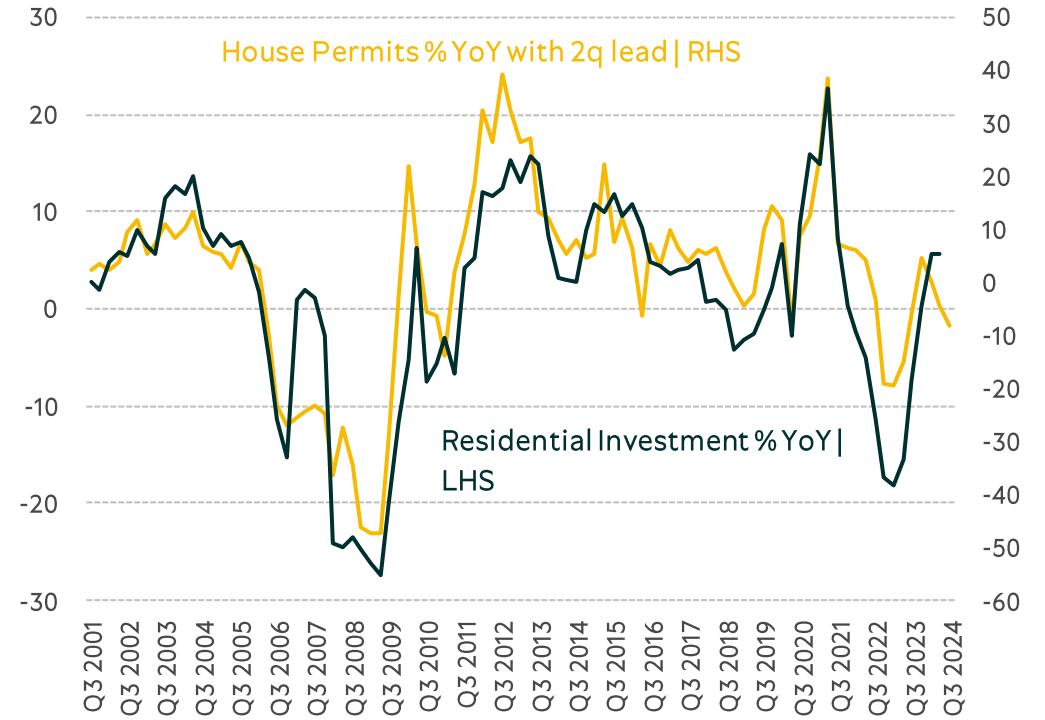


# Housing Market | NAHB & House Permits point to lower growth in Residential Investments

Residential Investment & NAHB Index

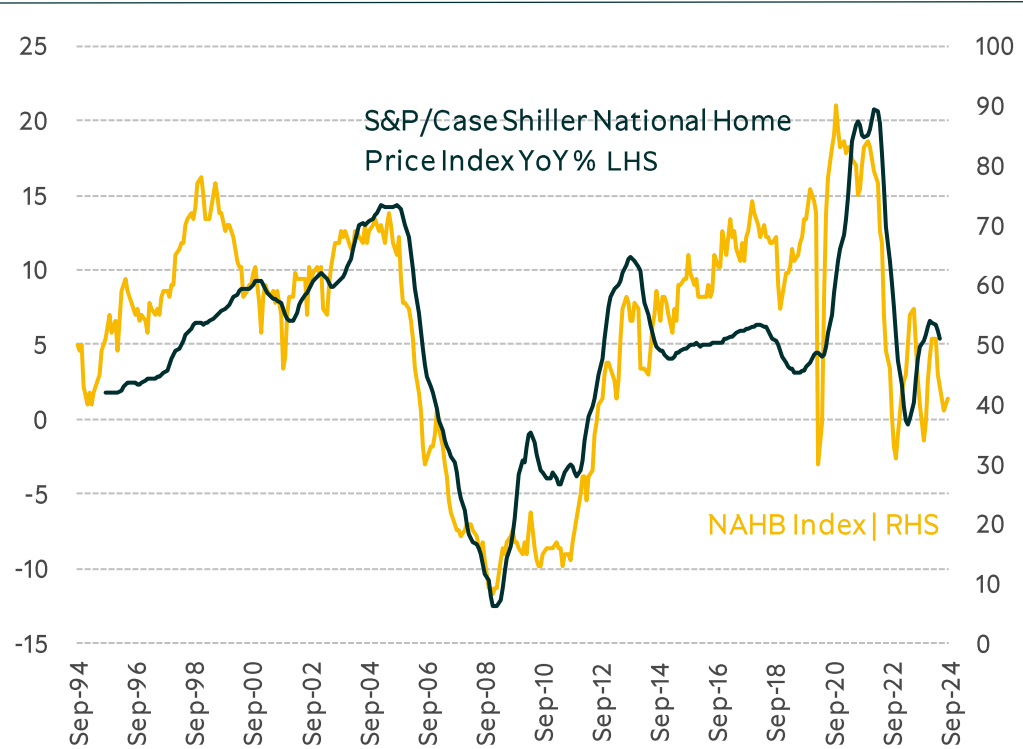


Residential Investment & House Permits

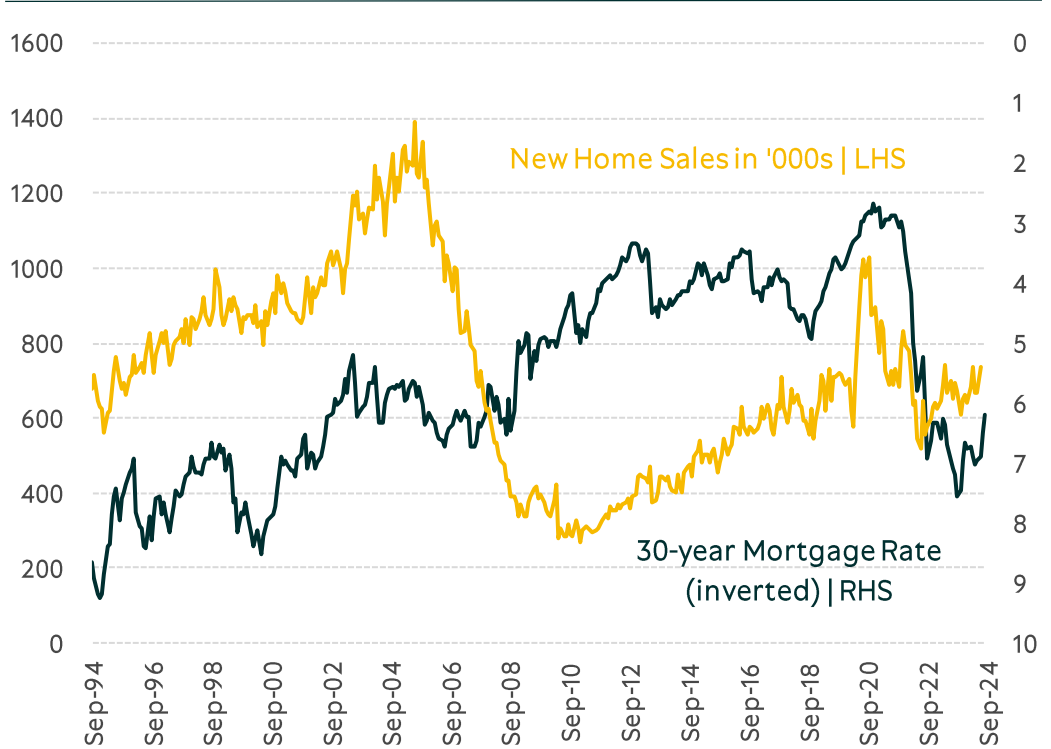


# Housing Market | A persistent housing shortage is boosting home prices, yet homebuilder confidence remains low despite the recent decline in 30-year mortgage rates (now slightly above 6%)

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



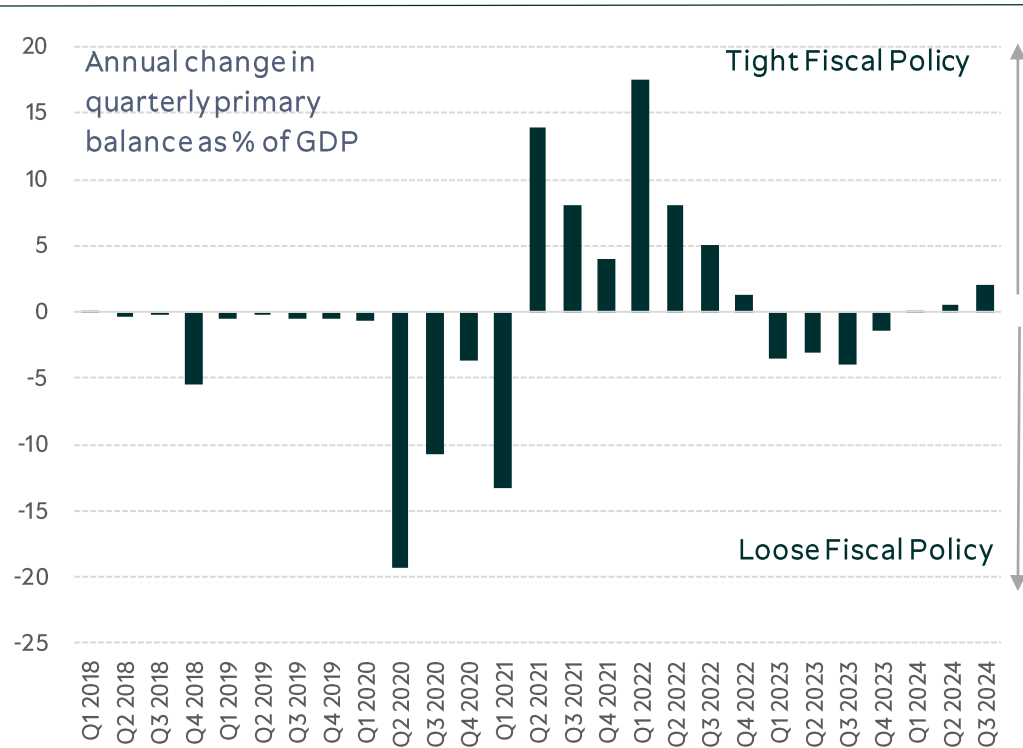
US new home sales and mortgage rates



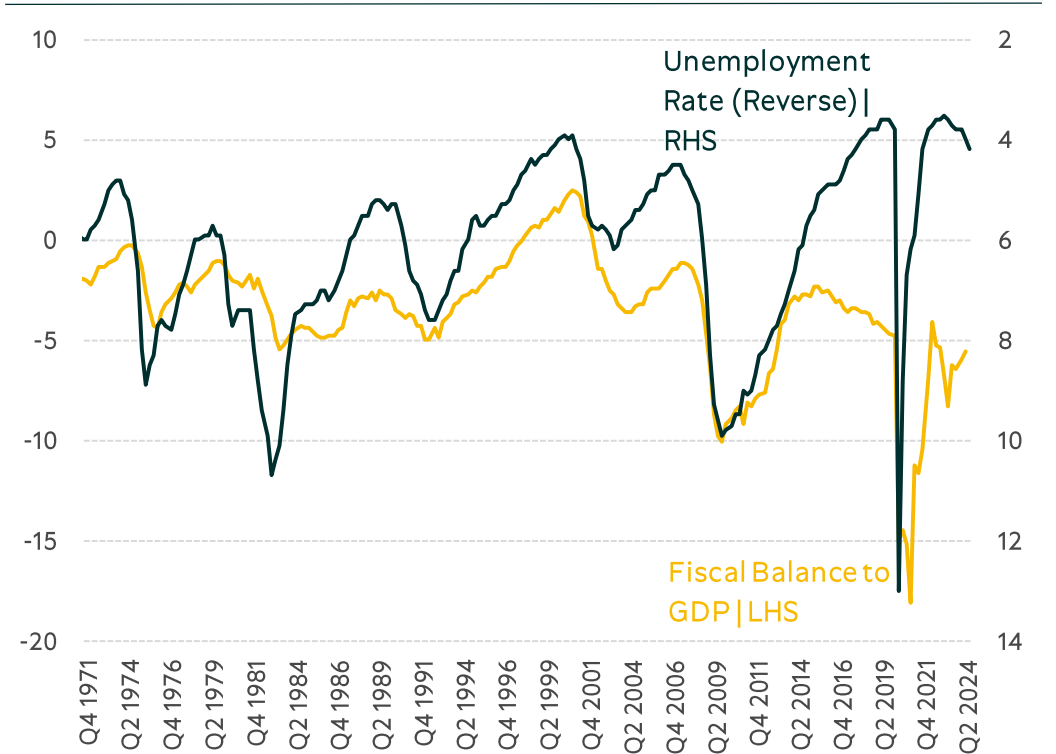


# Fiscal Policy | Still too loose vs unemployment

Fiscal Thrust

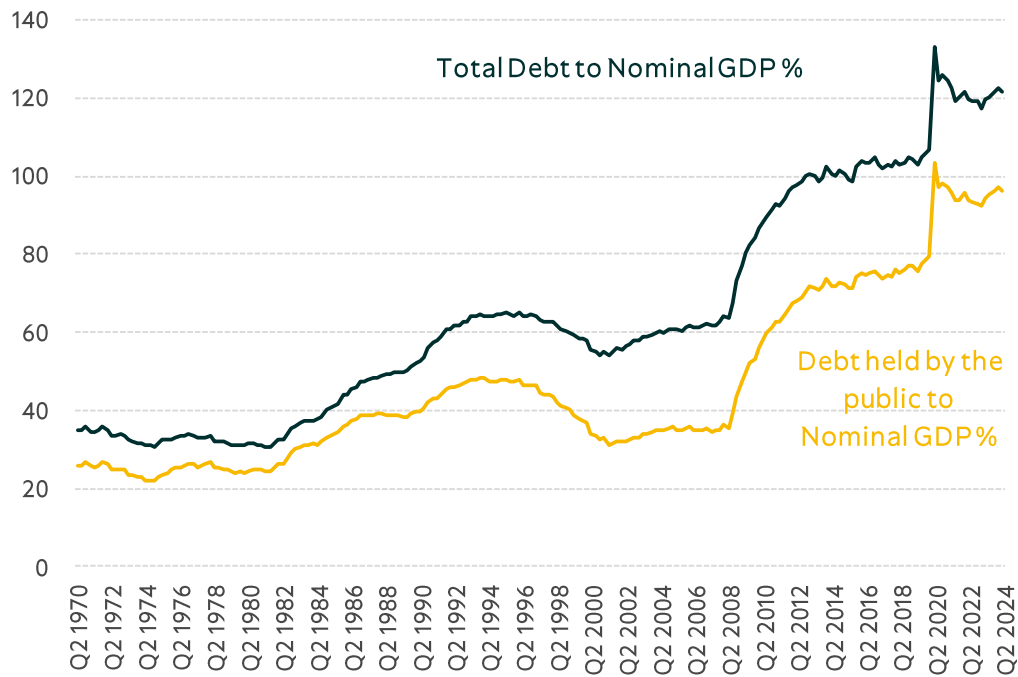


Fiscal Policy vs Unemployment

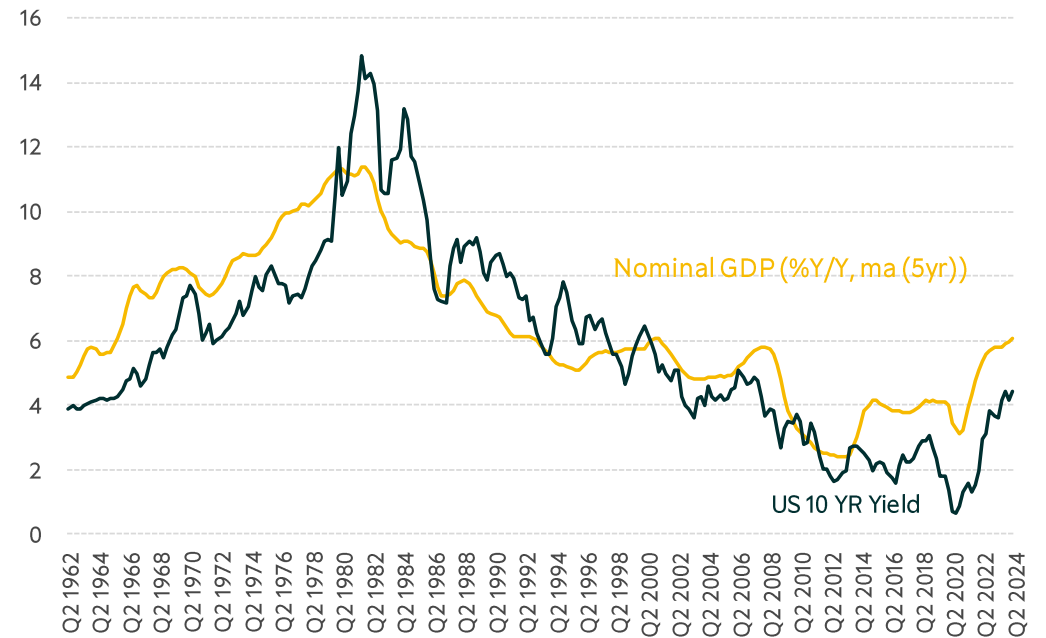


# Fiscal Policy | The nominal growth rate is likely to remain at higher levels than the long-term cost of public financing

Debt / Nominal GDP (quarterly)

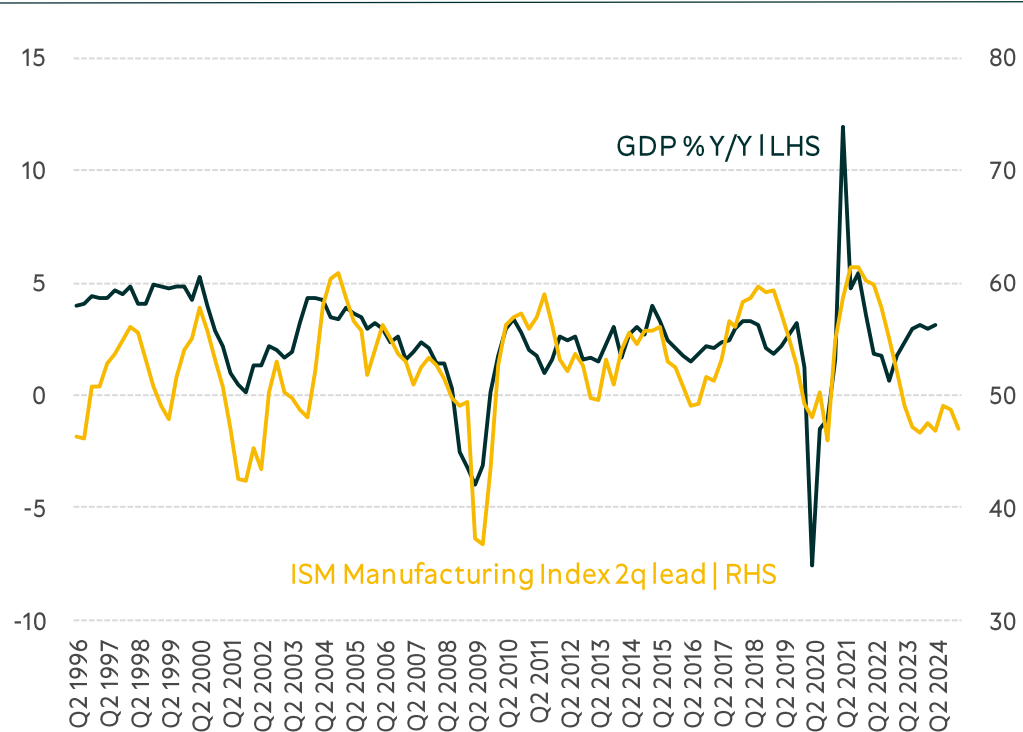


Fiscal Policy Sustainability

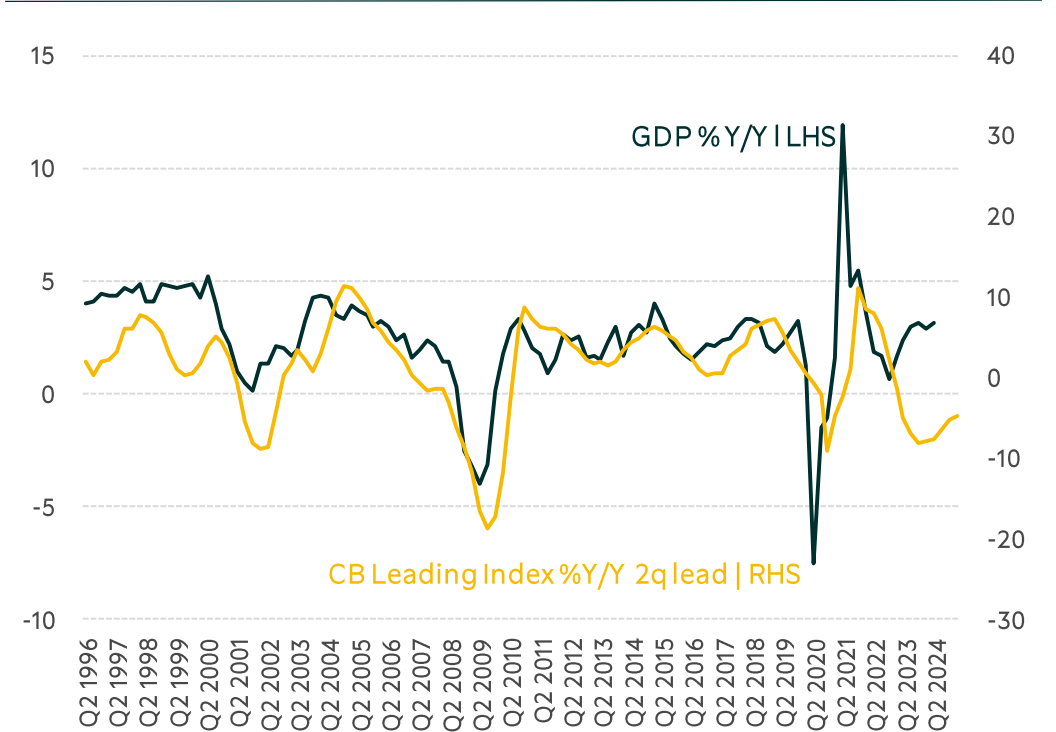


# US GDP Outlook | Leading indicators have shown some improvement, except in the manufacturing sector, suggesting a milder deceleration in real GDP

GDP & ISM Manufacturing Indicator

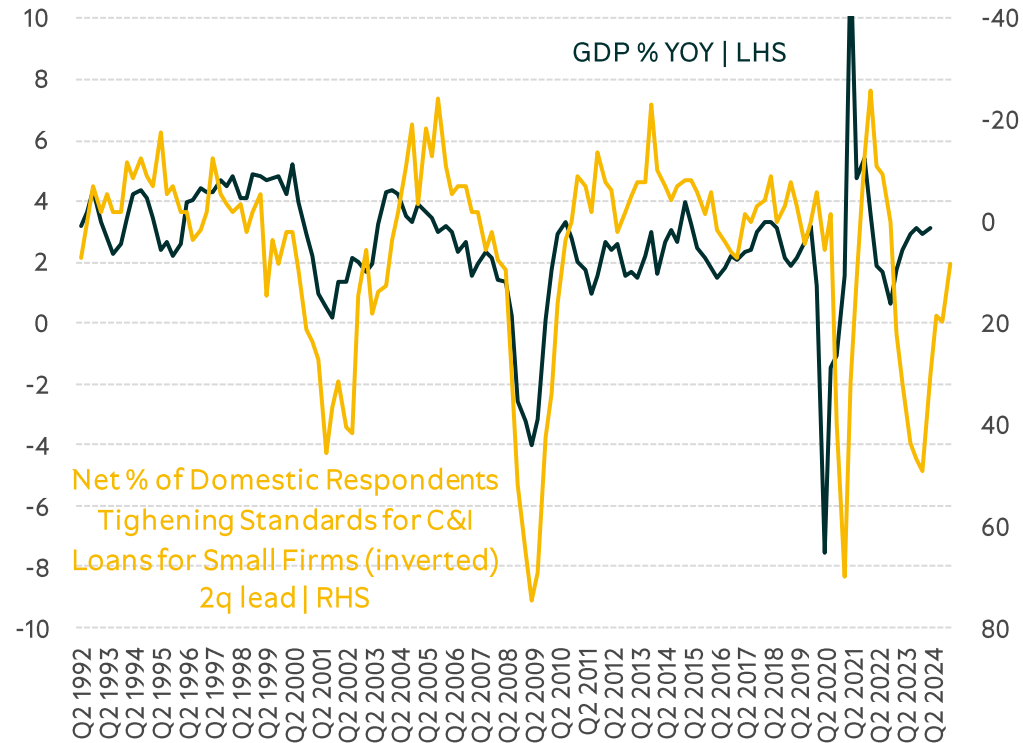


GDP & CB Leading Indicator

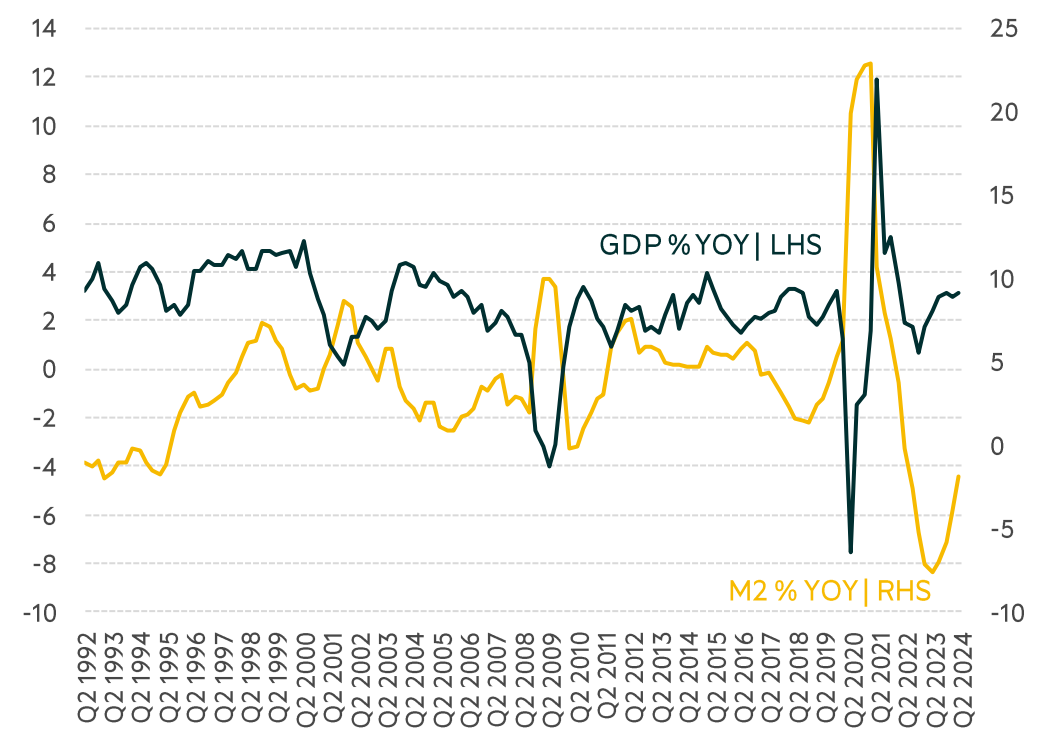


# US GDP Outlook | Tightening of Lending Standards & reduction in M2 still point to lower GDP (but less than before)

Senior Loan Officer Opinion Survey on Bank Lending Practices

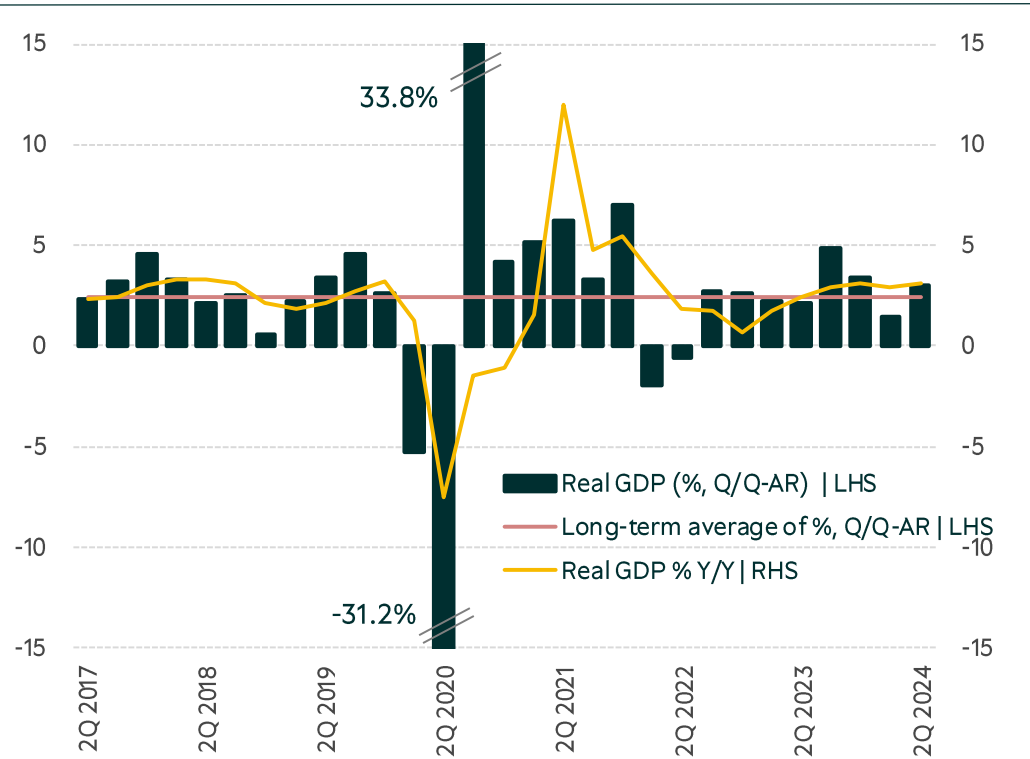


M2 growth vs GDP

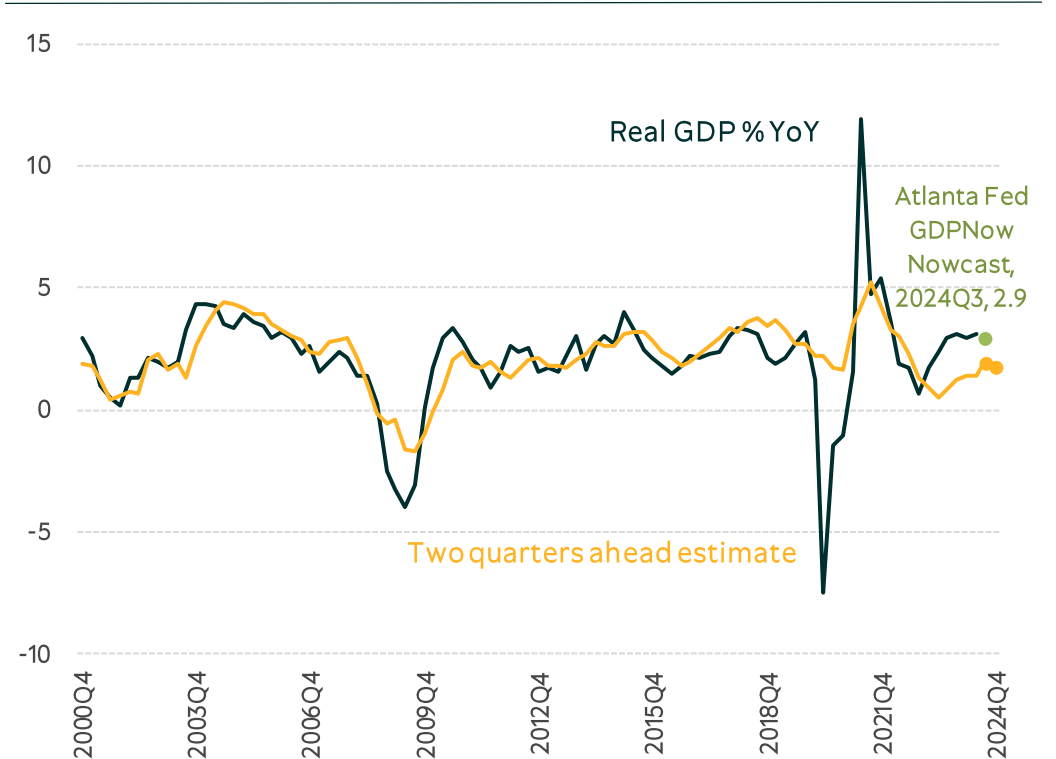


# US GDP Outlook | Growth rate was 2.5% in 2023, 2024 growth is expected to be around 2% (up from 1% to 1.5% at the beginning of the year), and expected to fall below trend in 2026

Growth Rate Outlook

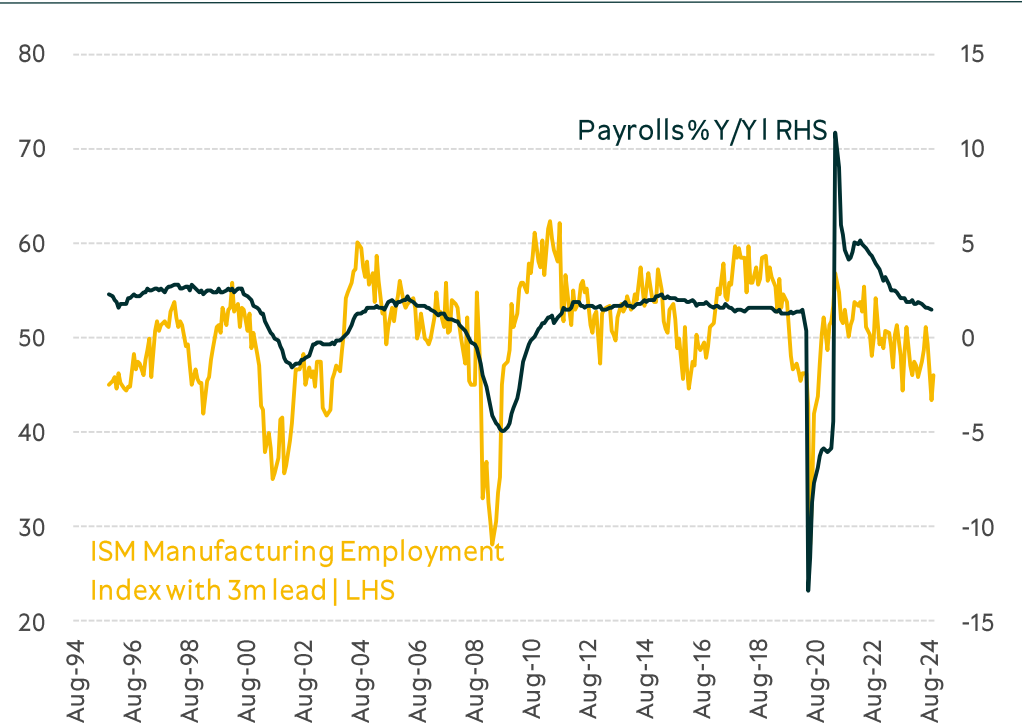


Growth Rate Estimate

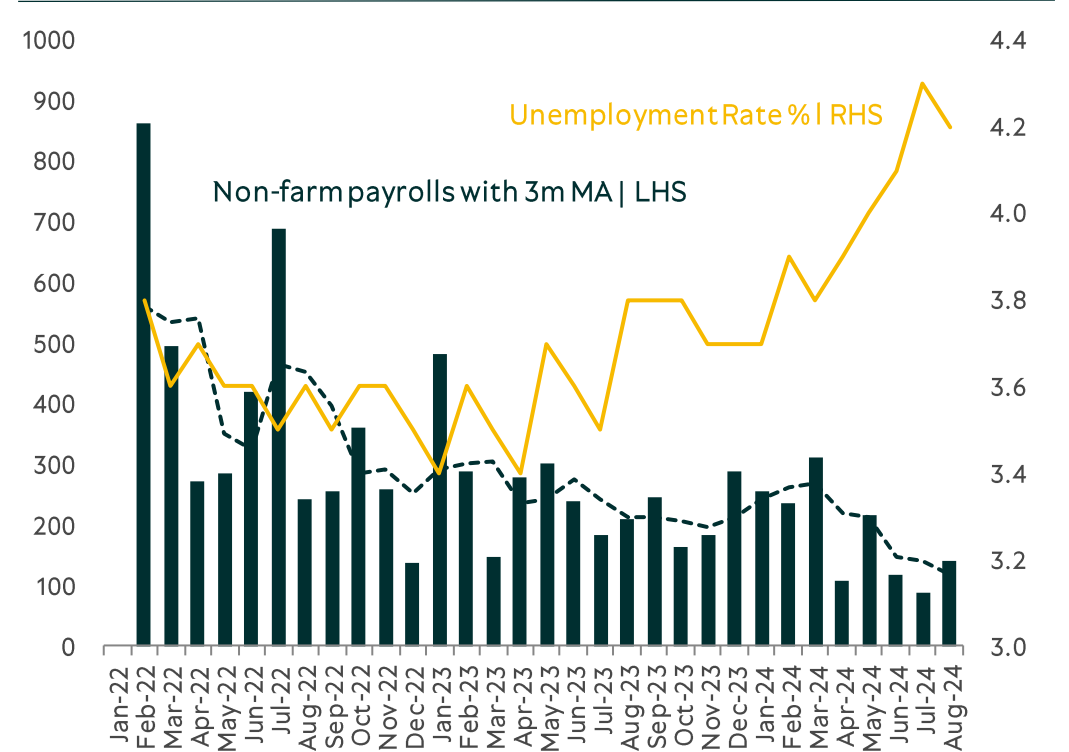


# US Labor Market | The gradual increase in unemployment indicates a cooler but still resilient labor market

Employment & Leading Manufacturing Indicator

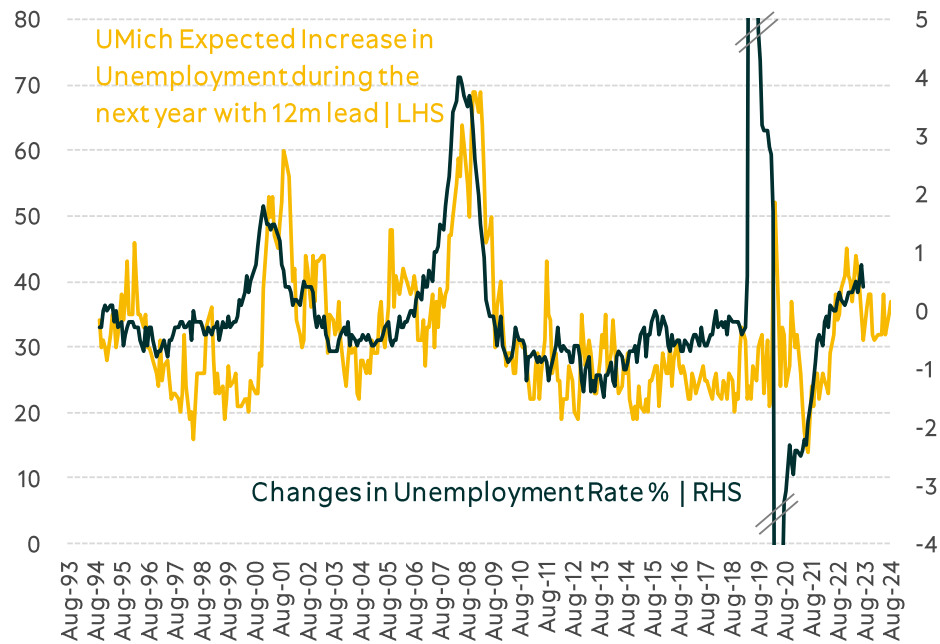


Nonfarm payrolls & Unemployment

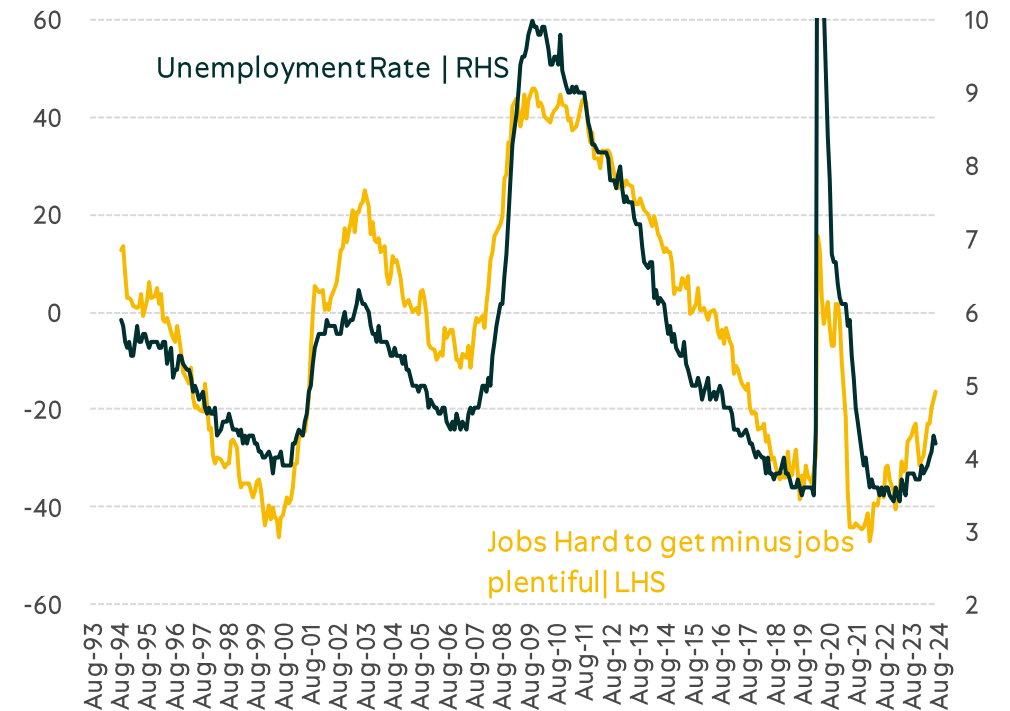


# US Labor Market | Slight increase in unemployment expectations, against the backdrop of slower job gains

## Unemployment Rate & UoM Exp Increase in Unemployment 1yr ahead

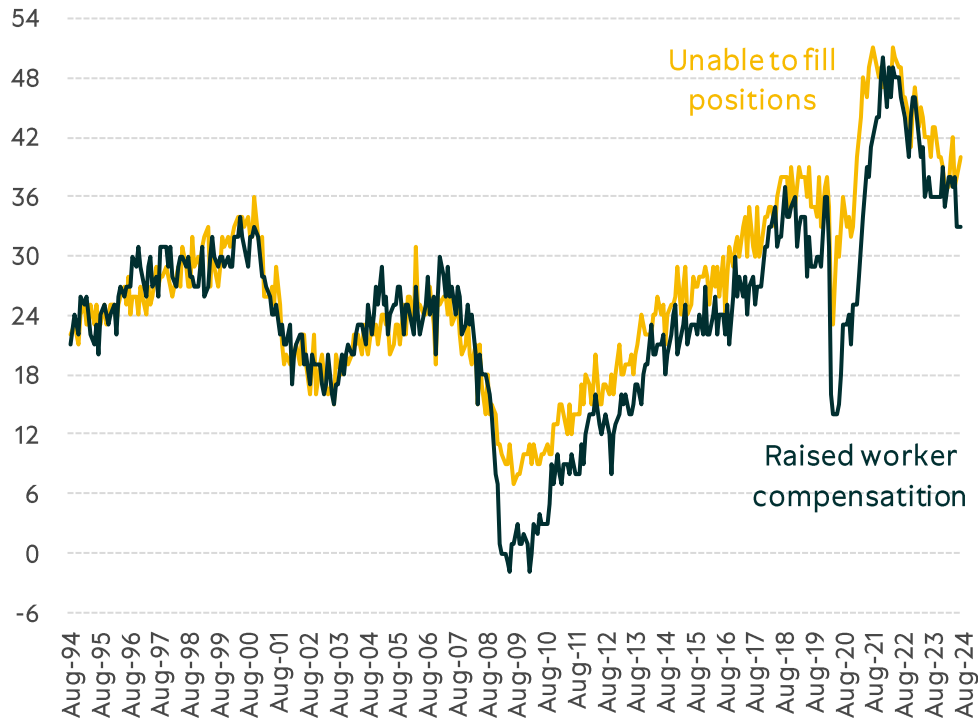


## Conference Board Labor market differential & Unemployment Rate

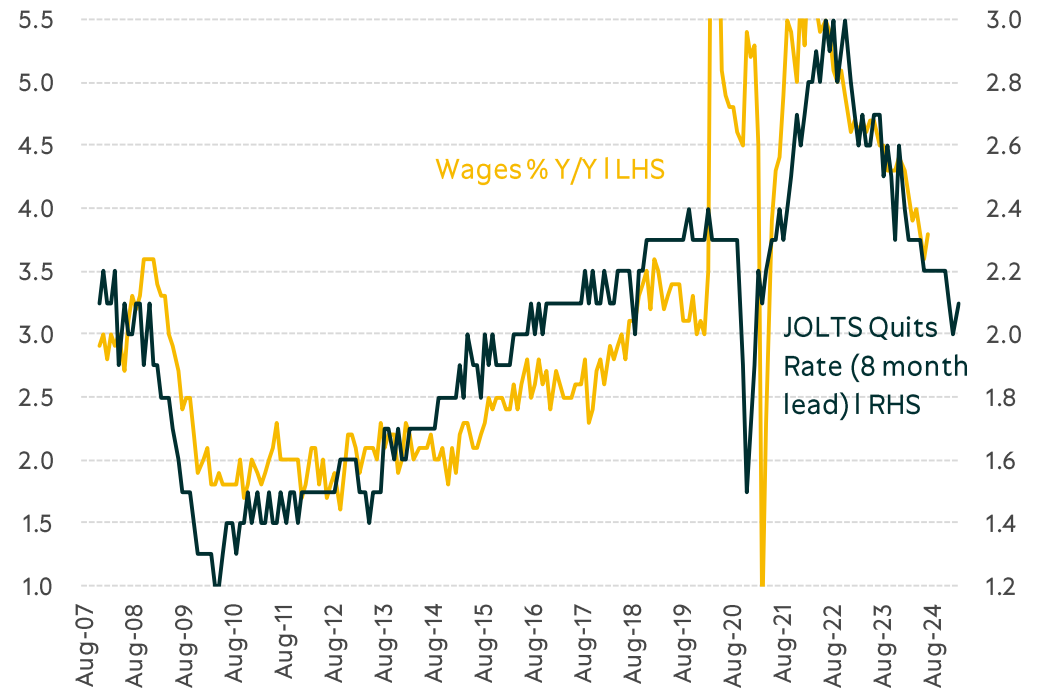


# US Labor Market | JOLTS Quits Rate remains positive for wage deceleration

US NFIB small business survey



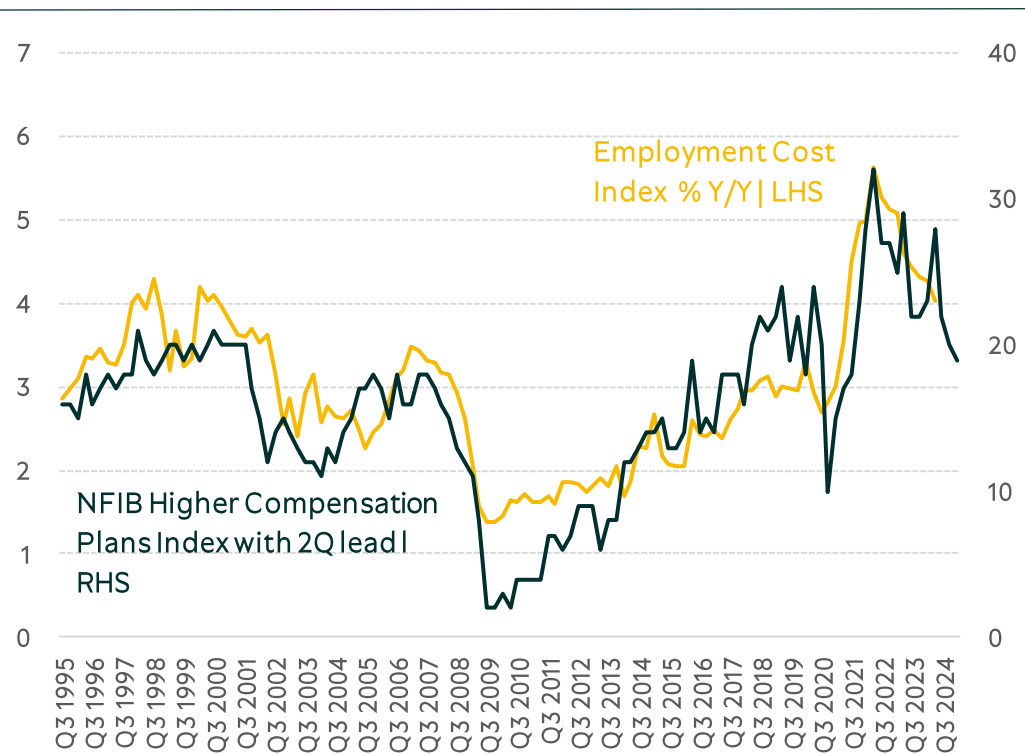
Wages & Quits Rate



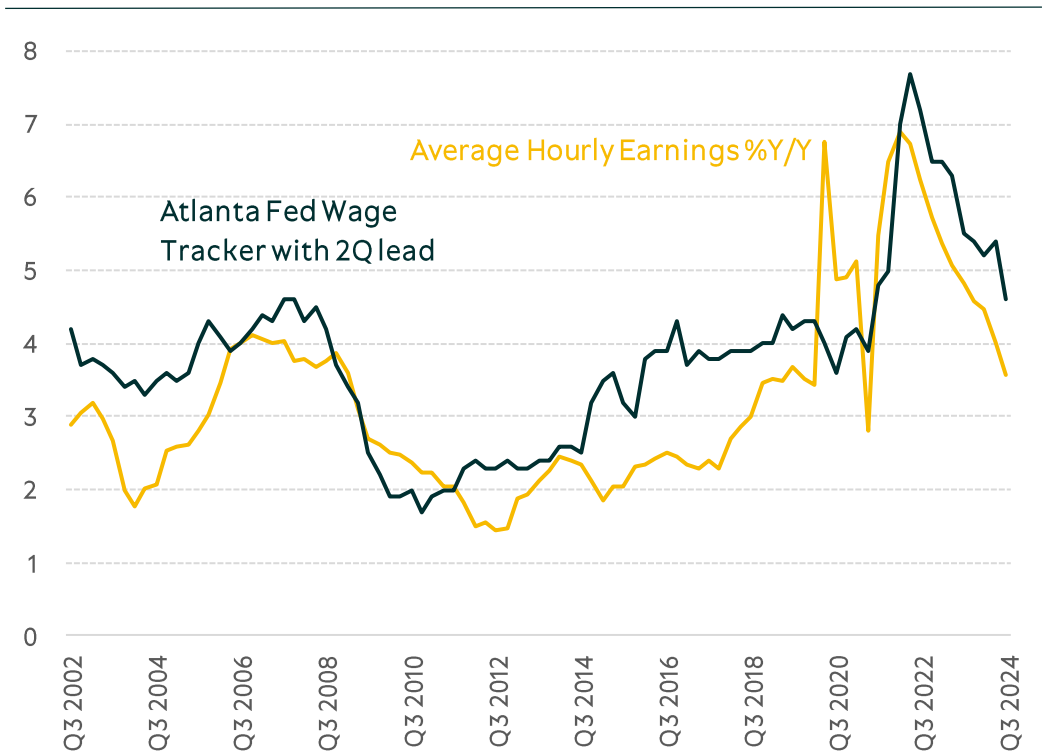


# US Wage Tracker | Wage growth rates show signs of gradual deceleration

Wages & Leading Indicator

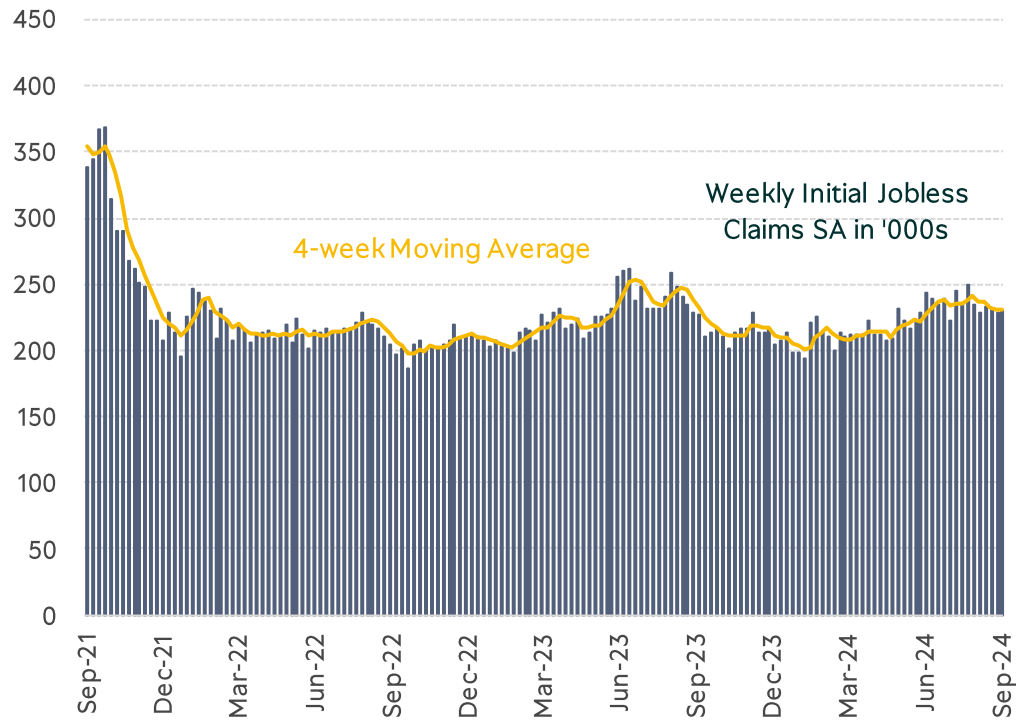


Wages & Leading Indicator

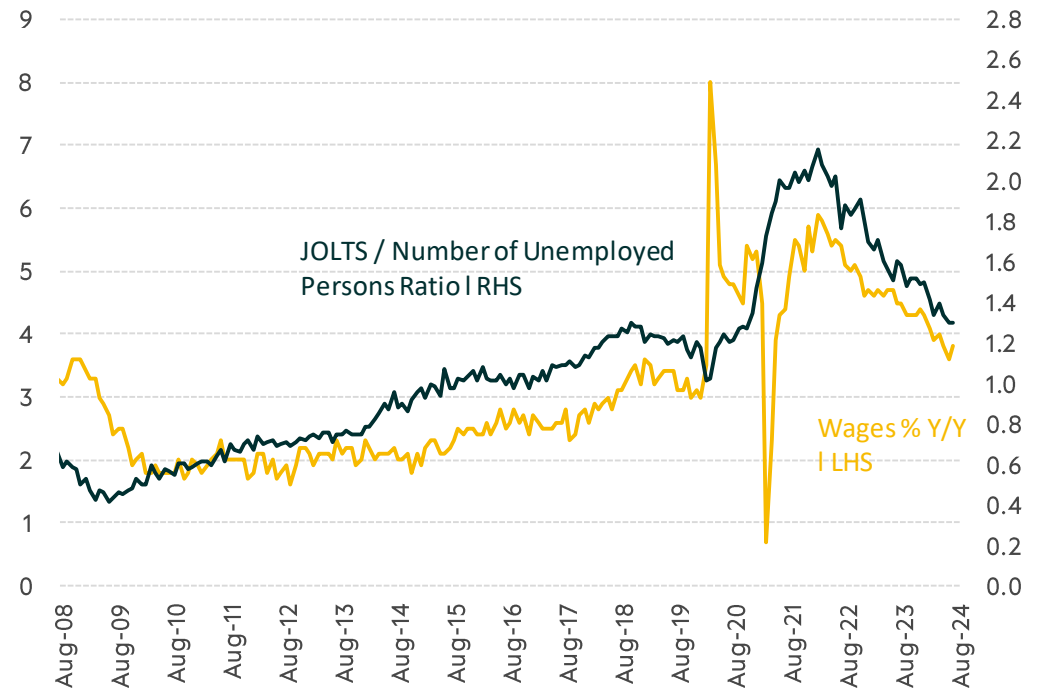


# US Labour Market | Labour market is softening, approaching levels of pre-covid era

Weekly Initial Jobless Claims

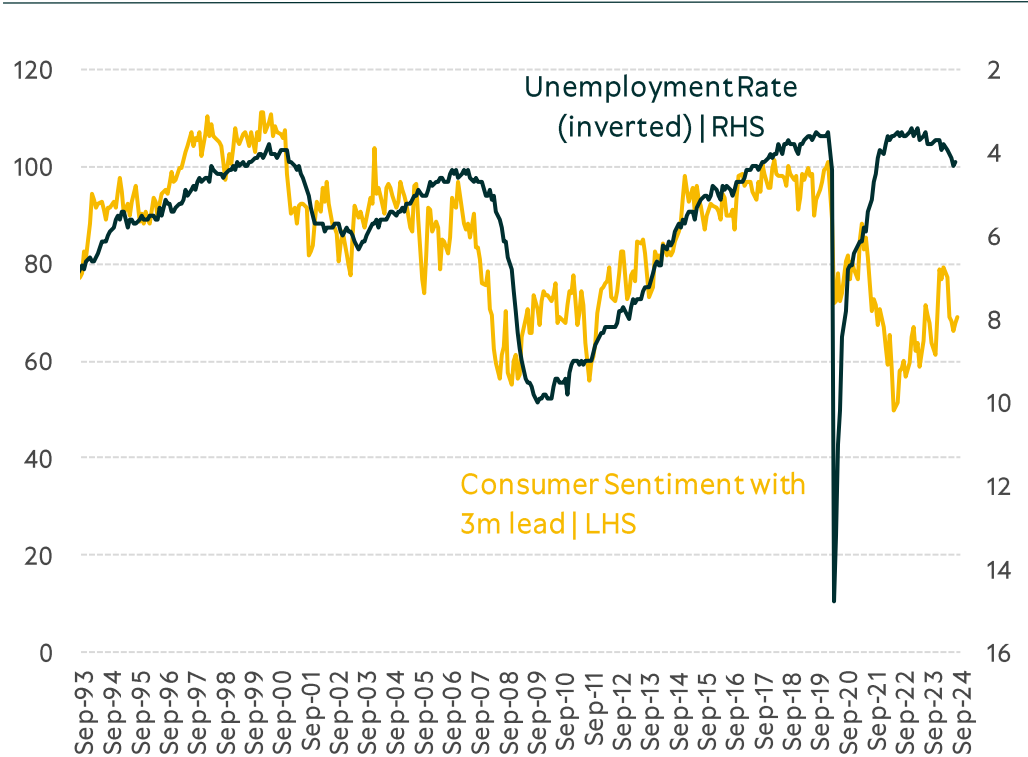


Demand & Supply in Labour Market

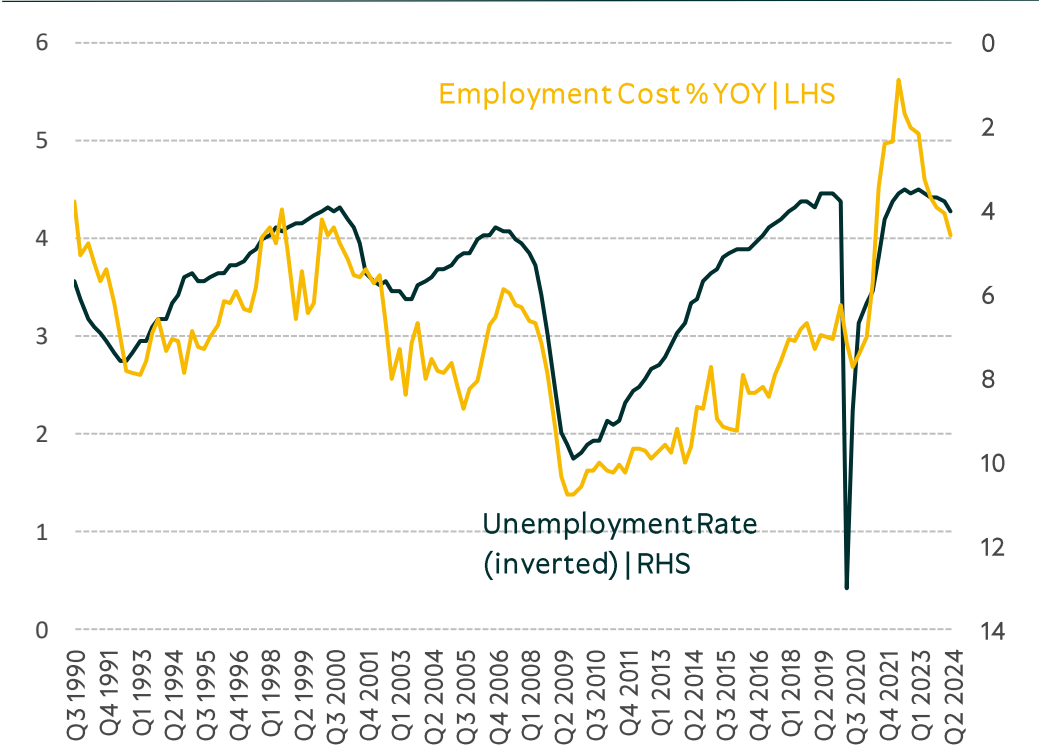


# US Labour Market | Unemployment remains low with employment costs coming down slowly

### Consumer Sentiment & Unemployment Rate

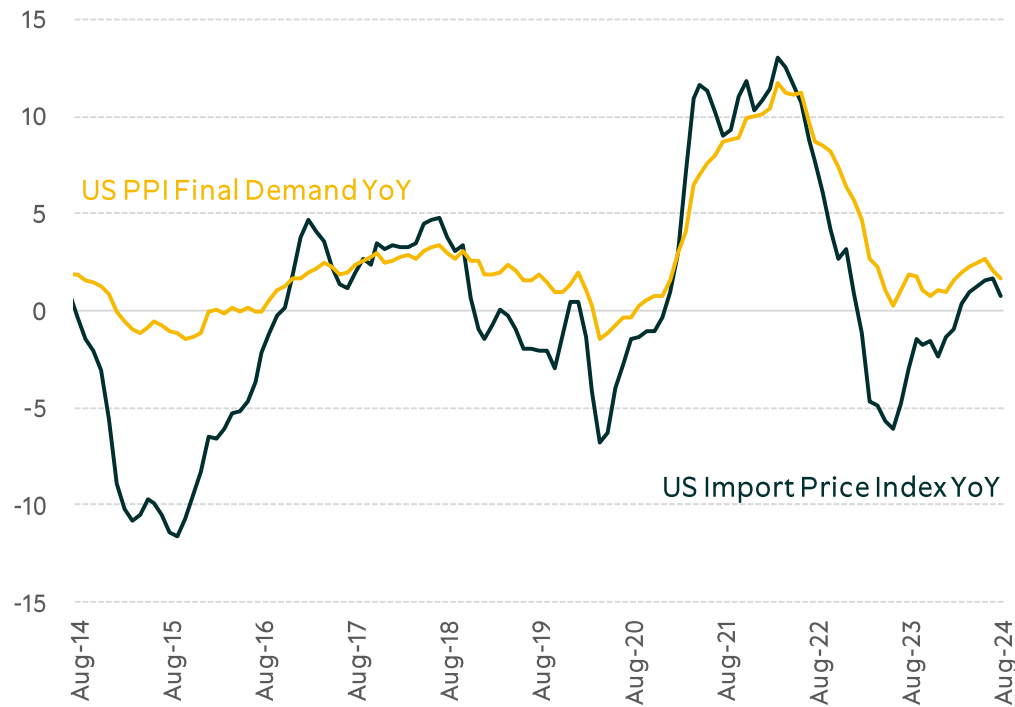


### Compensation per Employee & Unemployment Rate

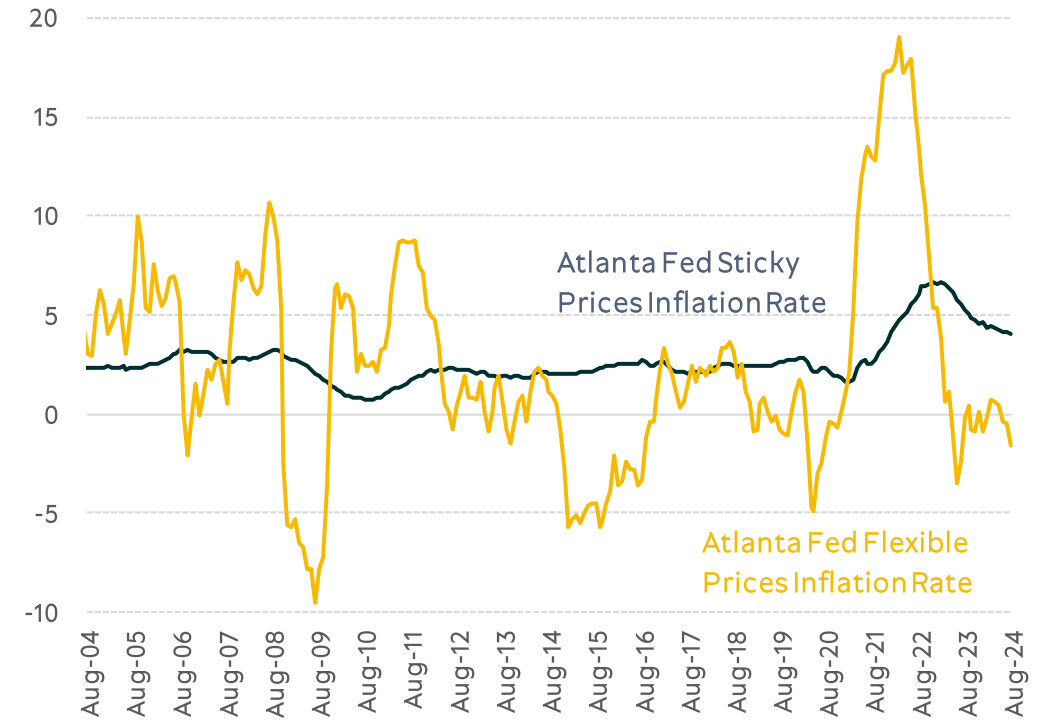


# US Alternative Inflation Metrics | Inflation pressures have been limited to the sticky prices segment; US Import prices declined in August by the most in eight months

### Producers Price Index and Import prices

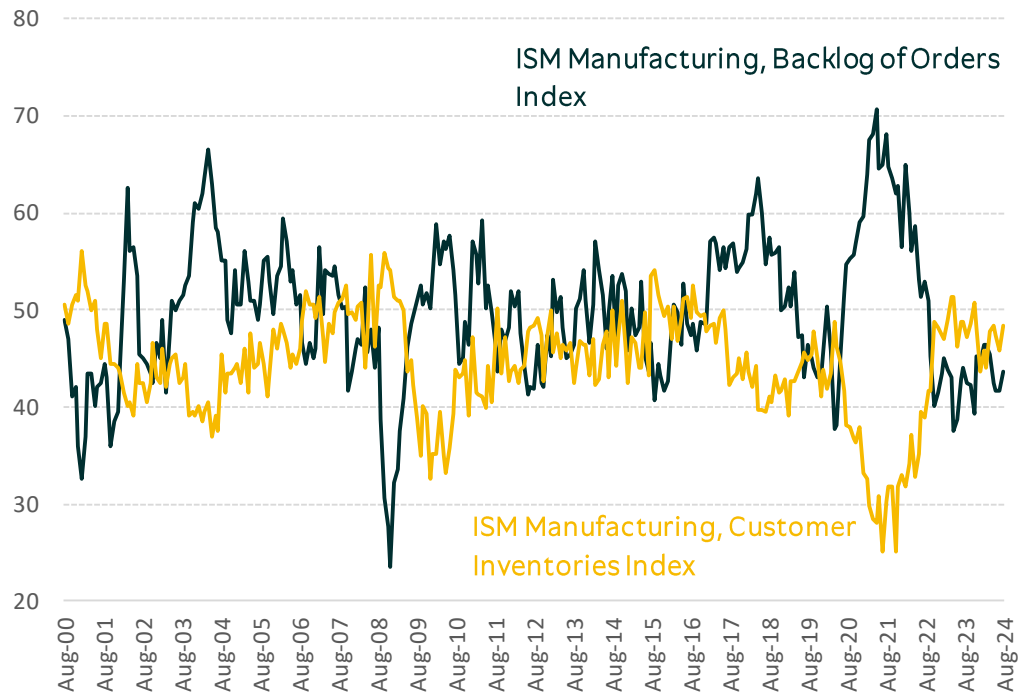


### Sticky & Flexible Prices

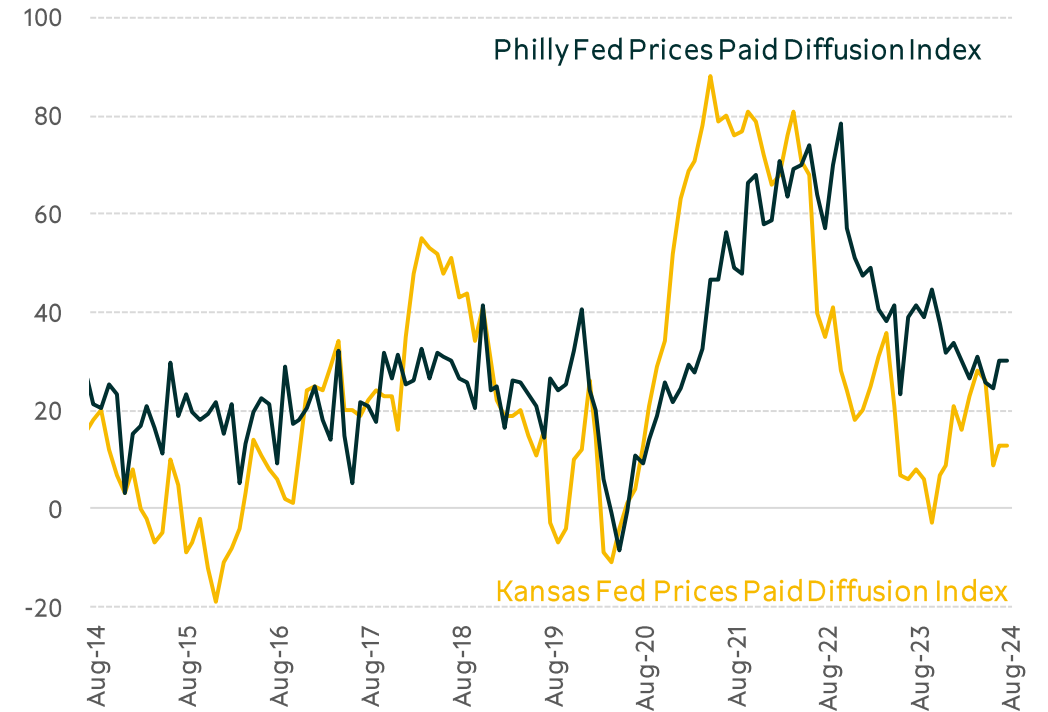


# US Supply & Demand Gap | Customer inventories above backlog of orders; price pressures from regional surveys mixed

## Backlog of Orders & Customer Inventories Relation

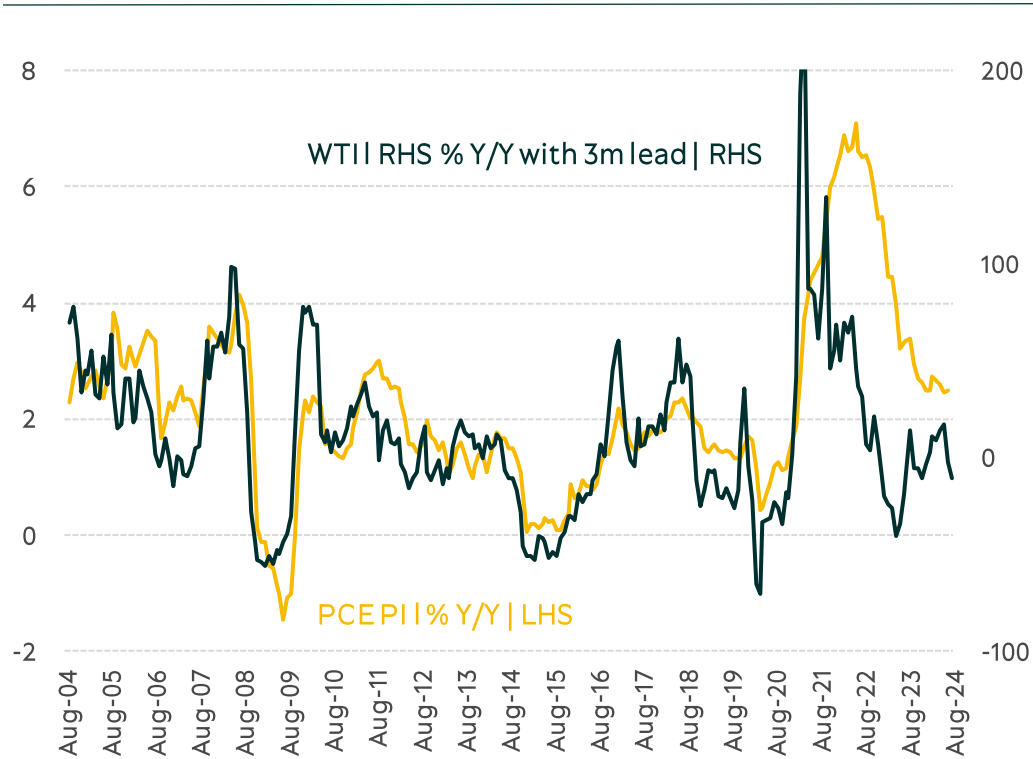


## Leading Prices Indicators

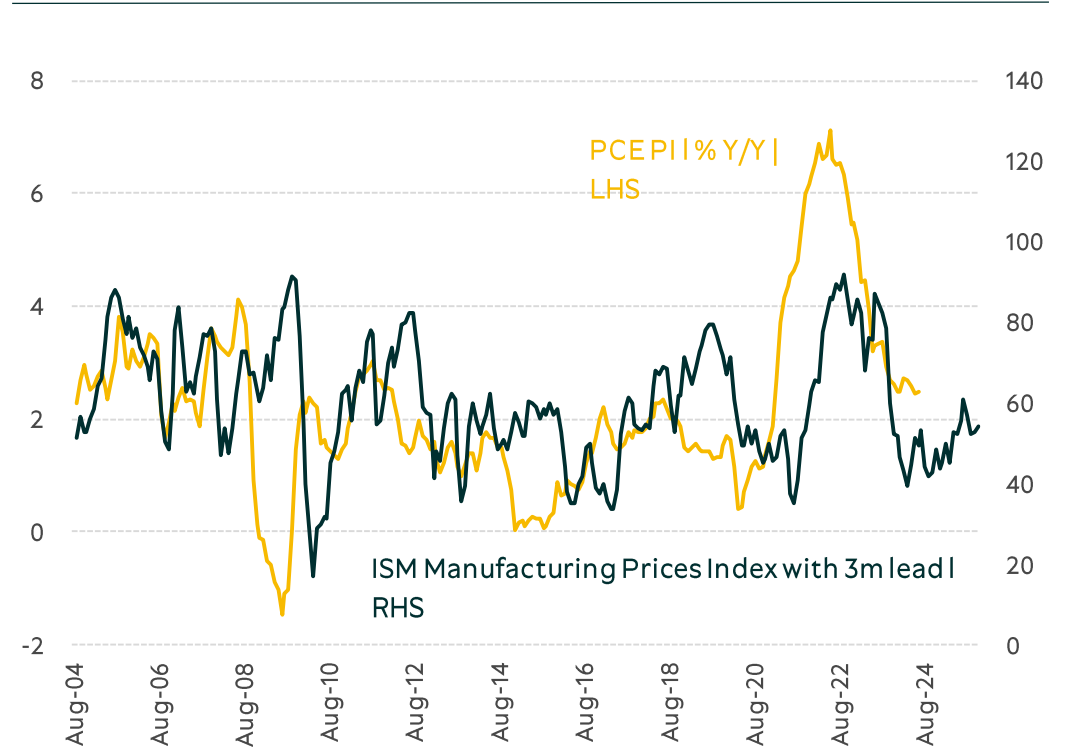


# US Inflation & Energy Prices | Leading price indicators point to further gradual inflation moderation ahead

## Inflation Rates & Energy Prices

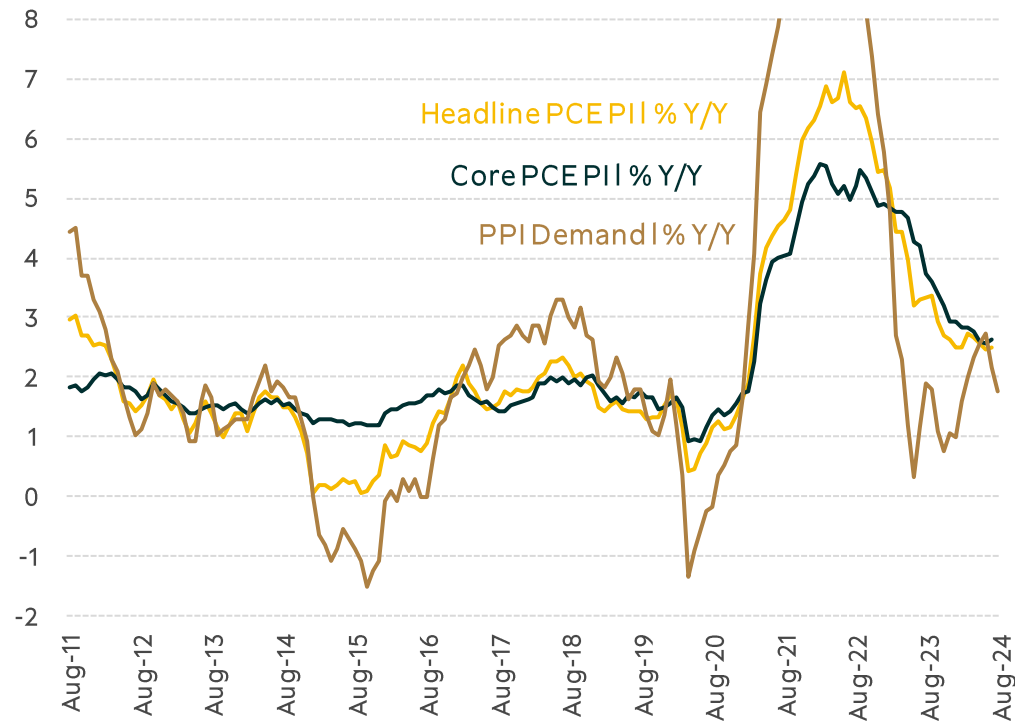


## Inflation Rate & Leading Prices Indicator

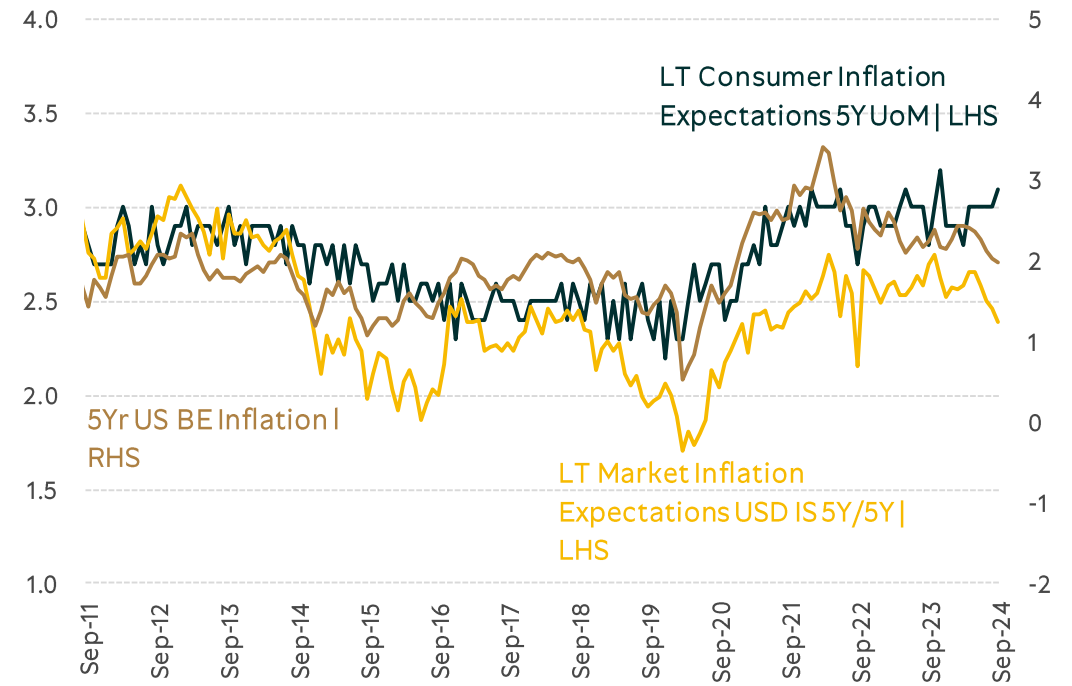


# US Headline & Core Inflation | Inflation rate has been slowly moving towards Fed's target, long-term market expectations (5Y/5Y) near 2.5%

### Inflation Rates

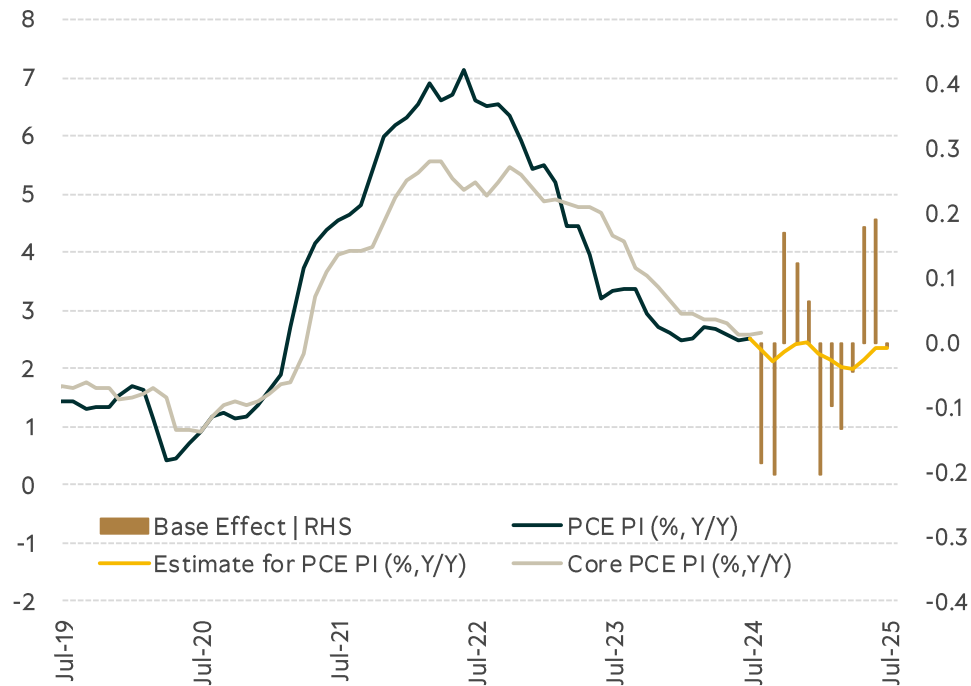


### Long-Term Inflation Expectations

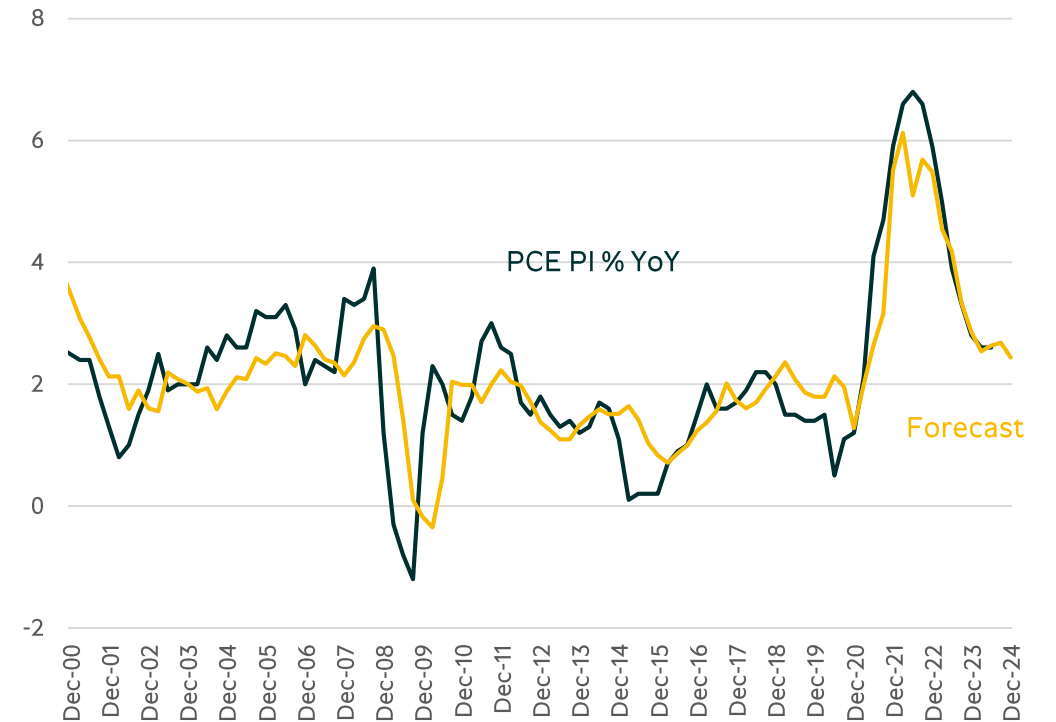


# US Inflation Outlook | Gradual deceleration in inflation rate is expected to continue

### Inflation Rate Forecast | Statistical Model



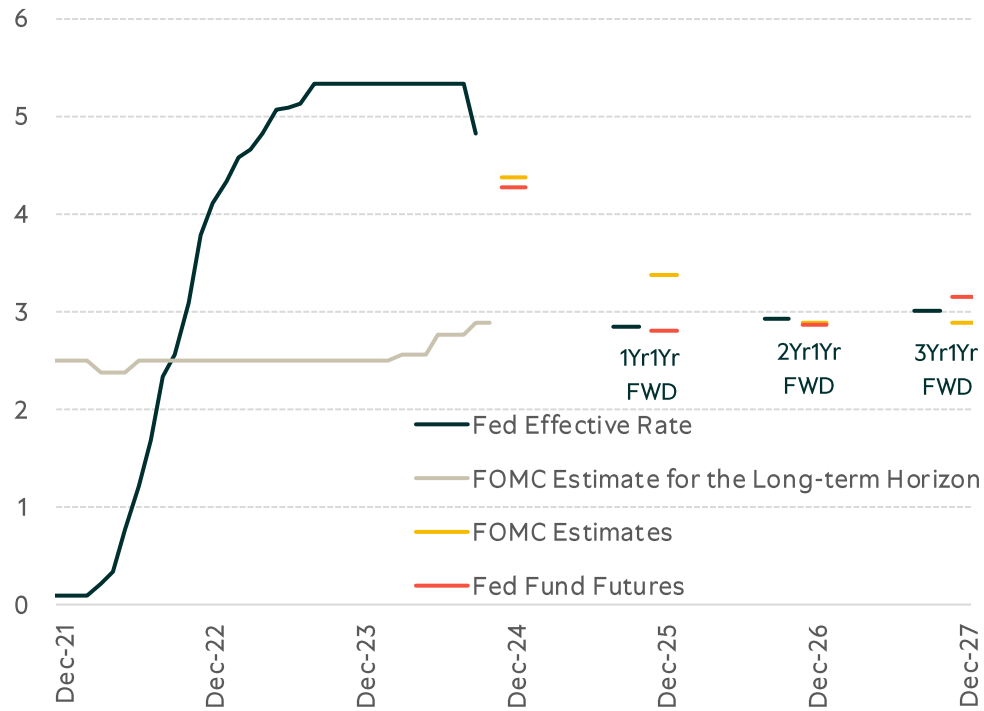
### Inflation Rate Forecast | Macro Model



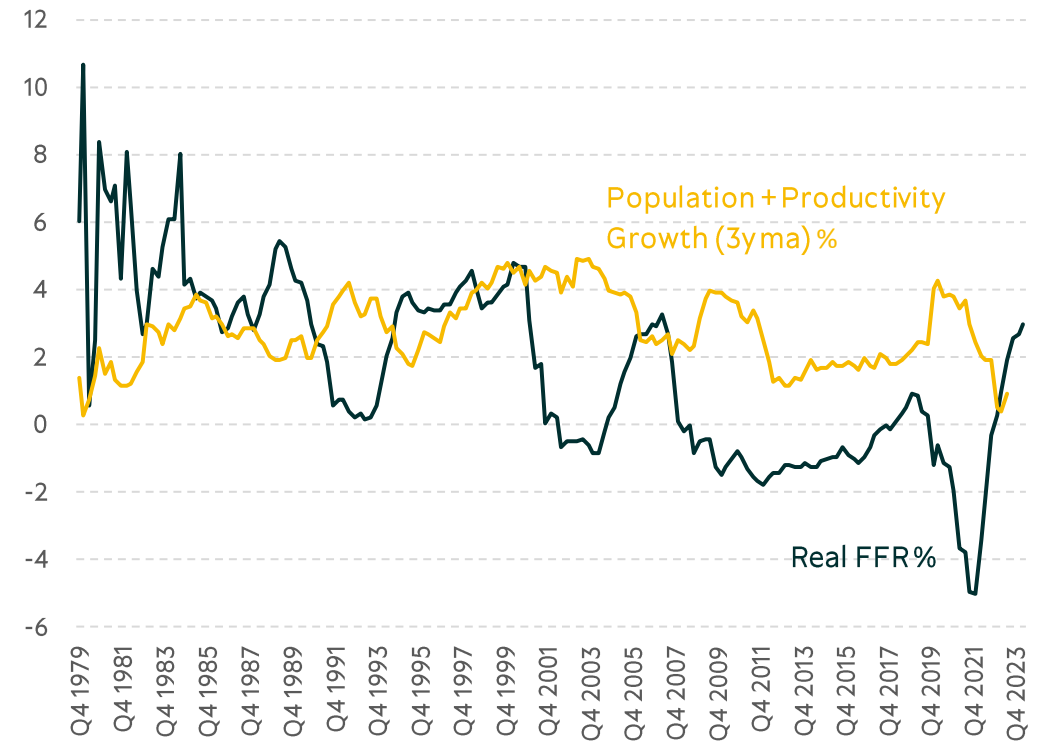


# US Interest Rates | Forward rates approaching FOMC's long-term target

Interest Rates | Fed Effective Rate

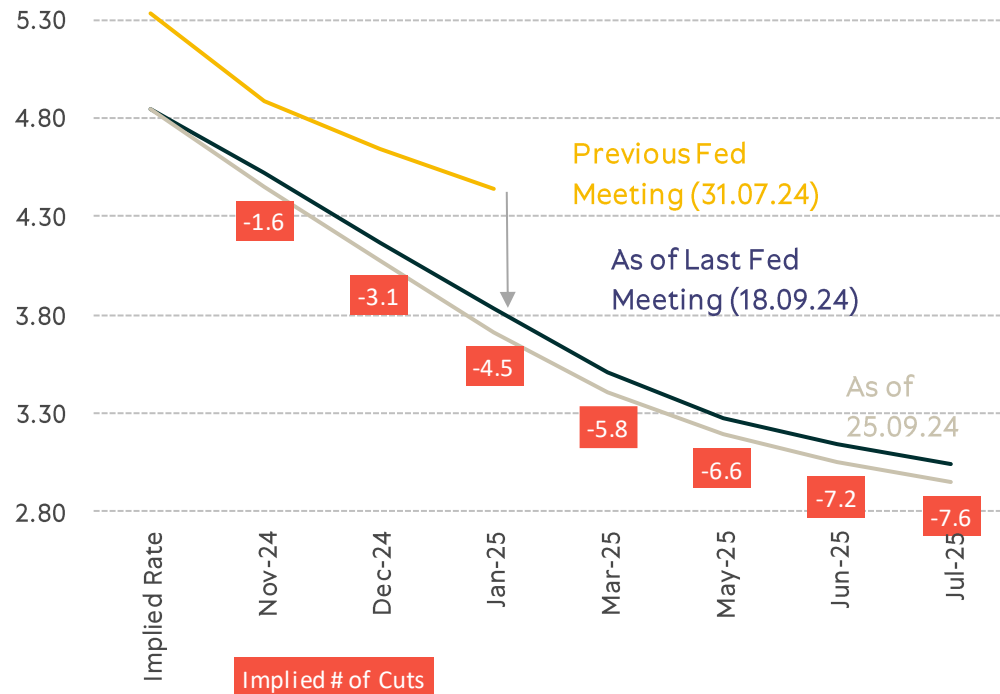


Real FFR (FFR – Core PCE) & Population + Productivity growth (3y ma)

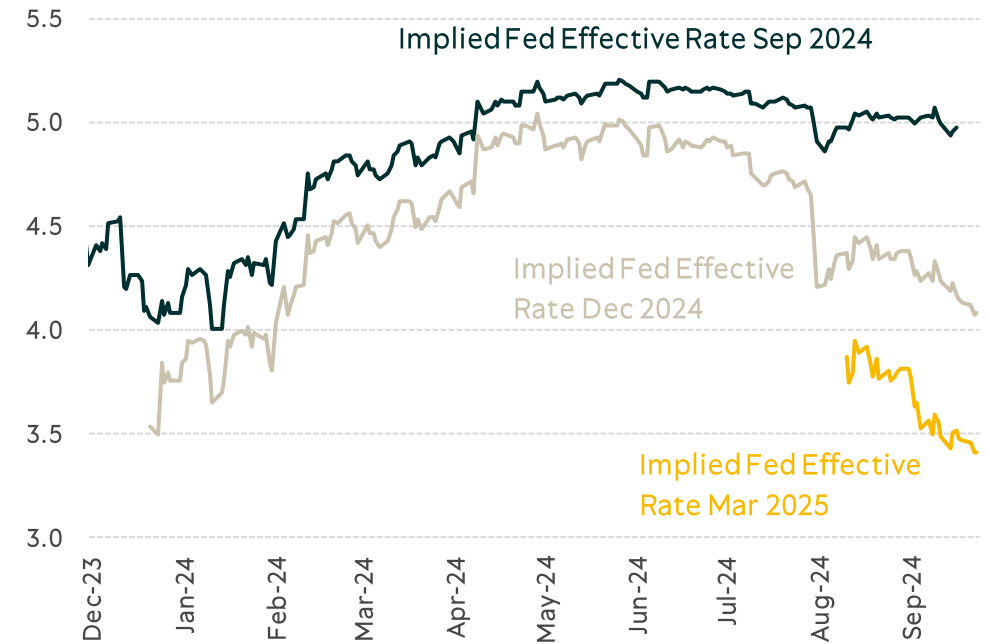


# US Interest Rates | Implied Fed Effective Rates are trending down

Implied Overnight Rate based on Overnight Index Swaps

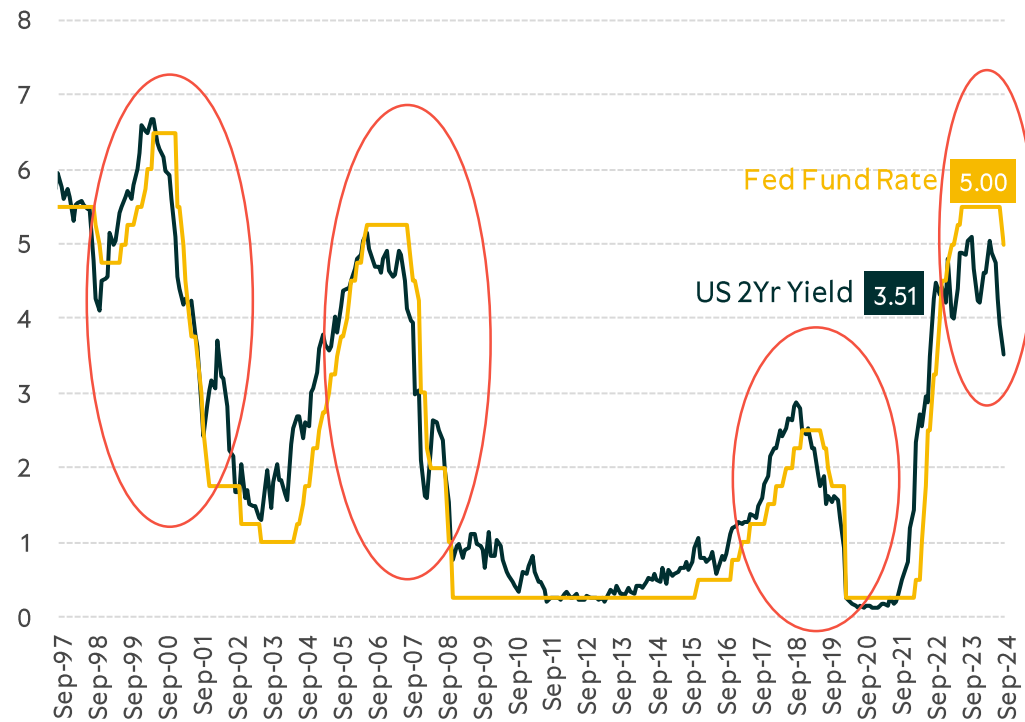


Interest Rates | Implied Fed Effective Rate



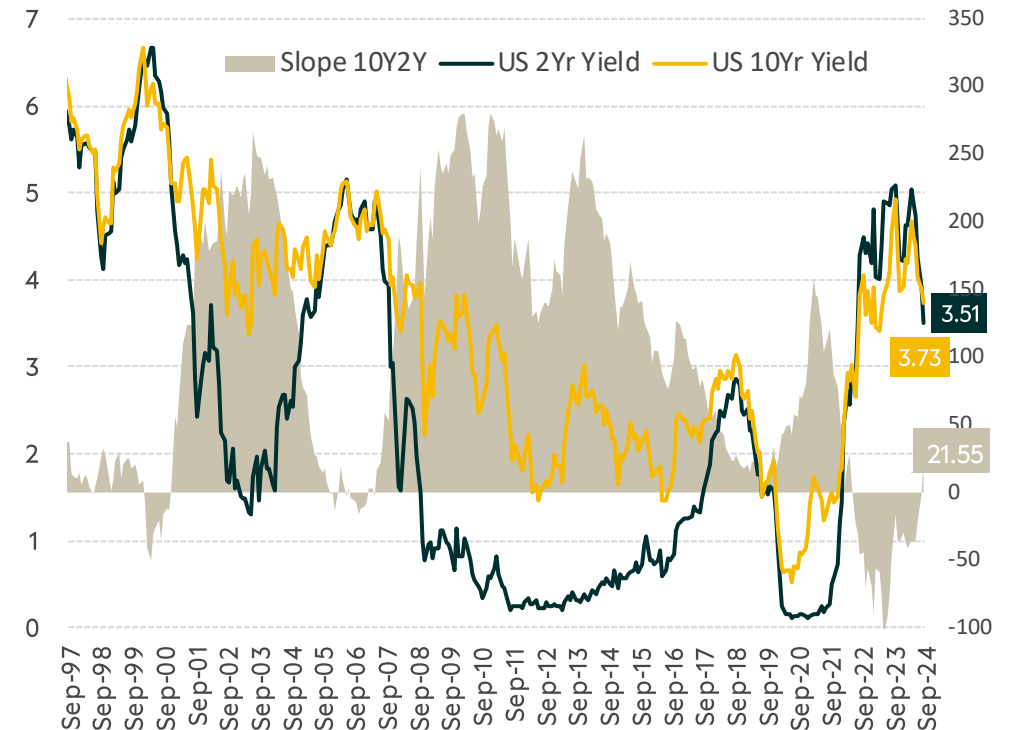
# US | The 2/10 yield spread turned positive in August for the first time since mid-2022. In September the Fed reduced its benchmark interest rate by 50 bps, marking the first cut in four years.

Fed Fund Rate & US Treasury Yield



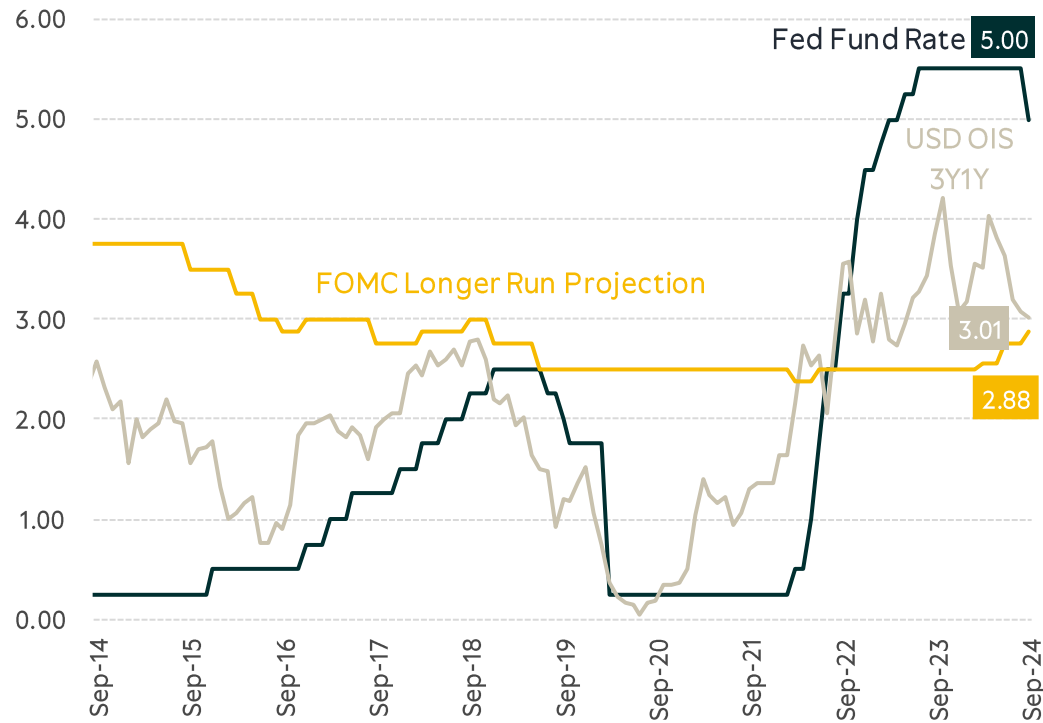
Note: Monthly data apart from the last observation which shows the latest available daily value

US Yield Curve



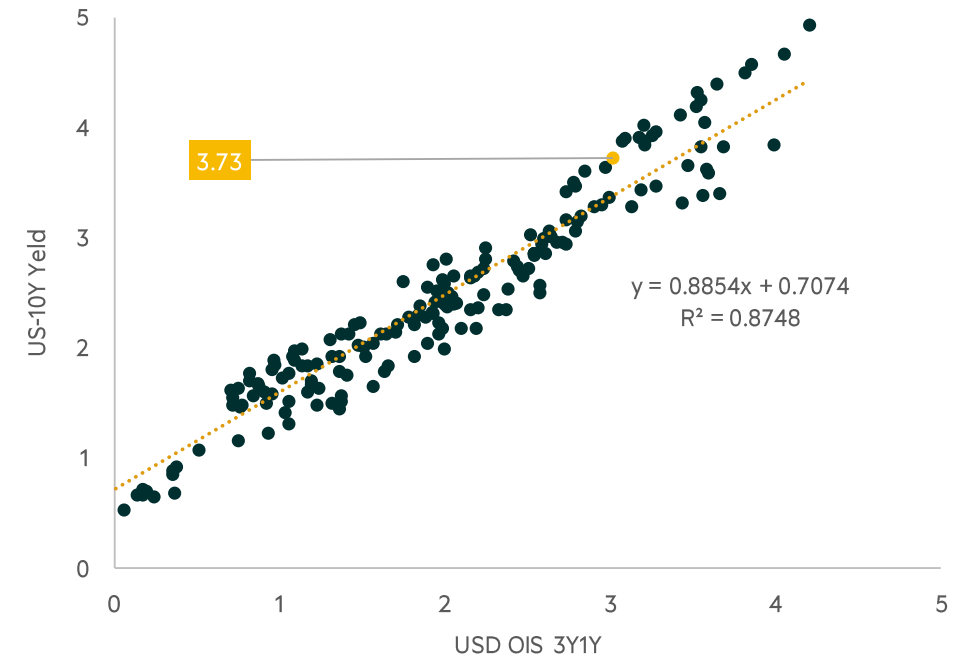
# US Long-Term Rates | Even if short-term rates 4 years in the future remain above target (2.875%), 10 year rates still look too high

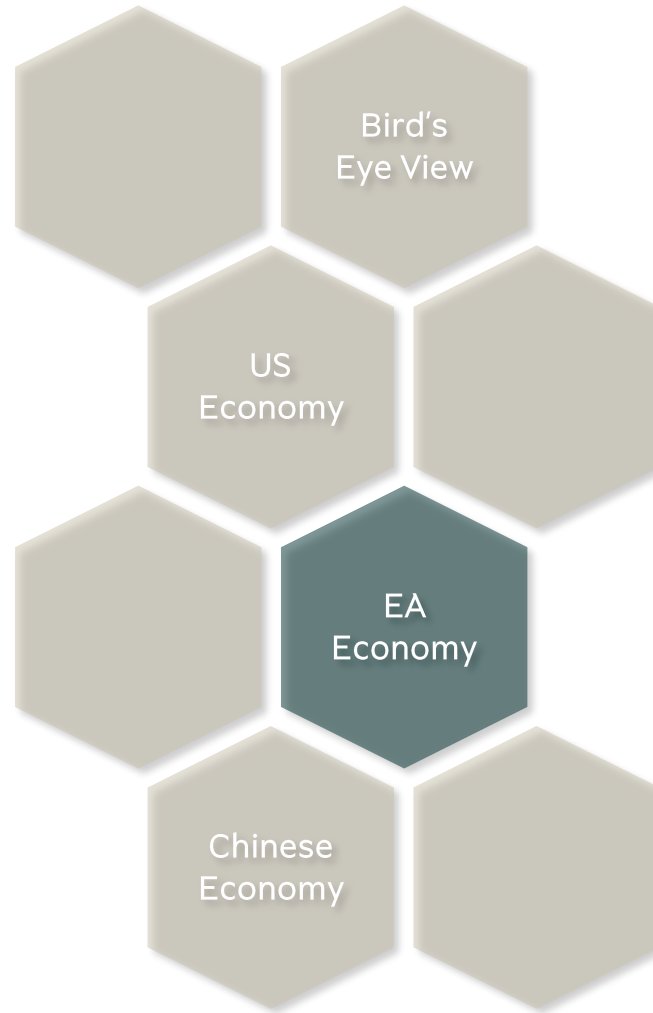
LT Interest Rate Expectations



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

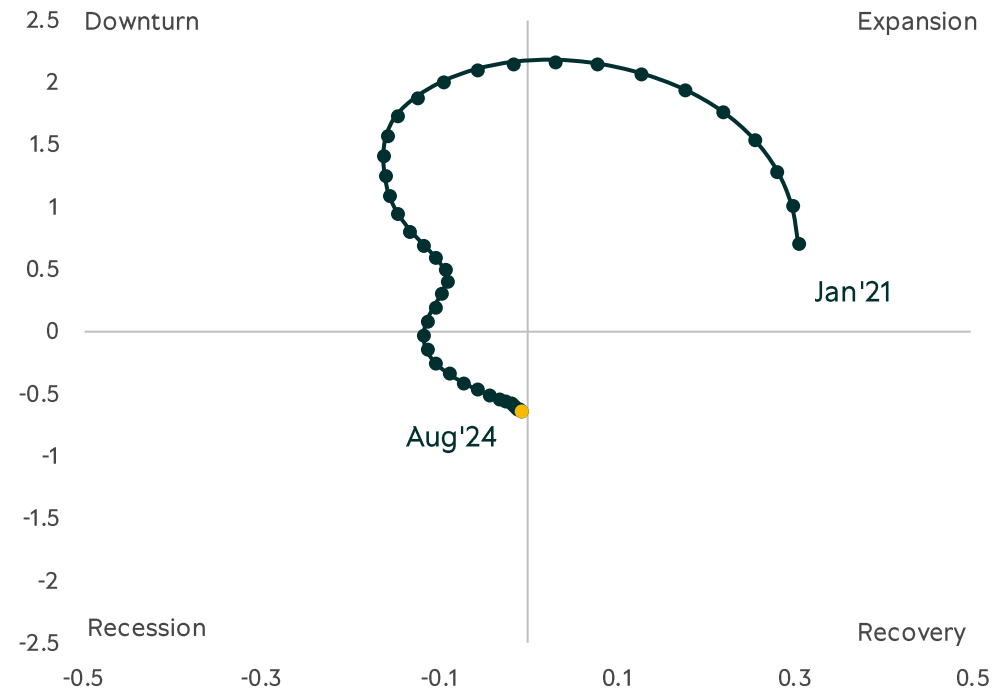
US Yield vs Medium-Term Interest Rate Expectations



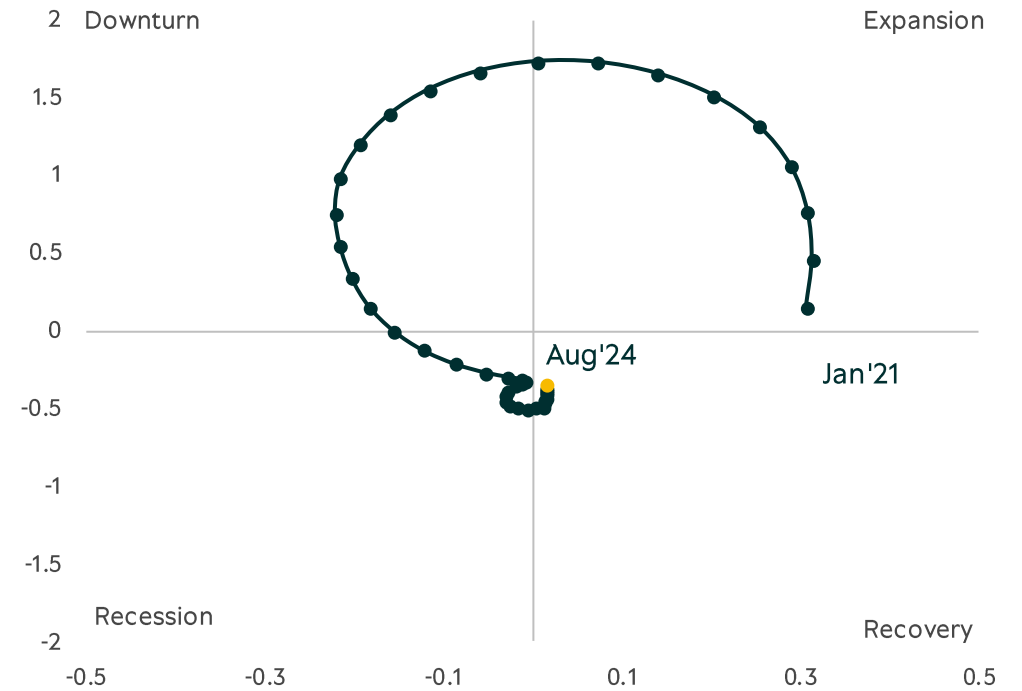


# EA Business Cycle Watch | Economic Sentiment shifts to recovery providing green shoots

EA Business Cycle | Based on Manufacturing Confidence Indicator

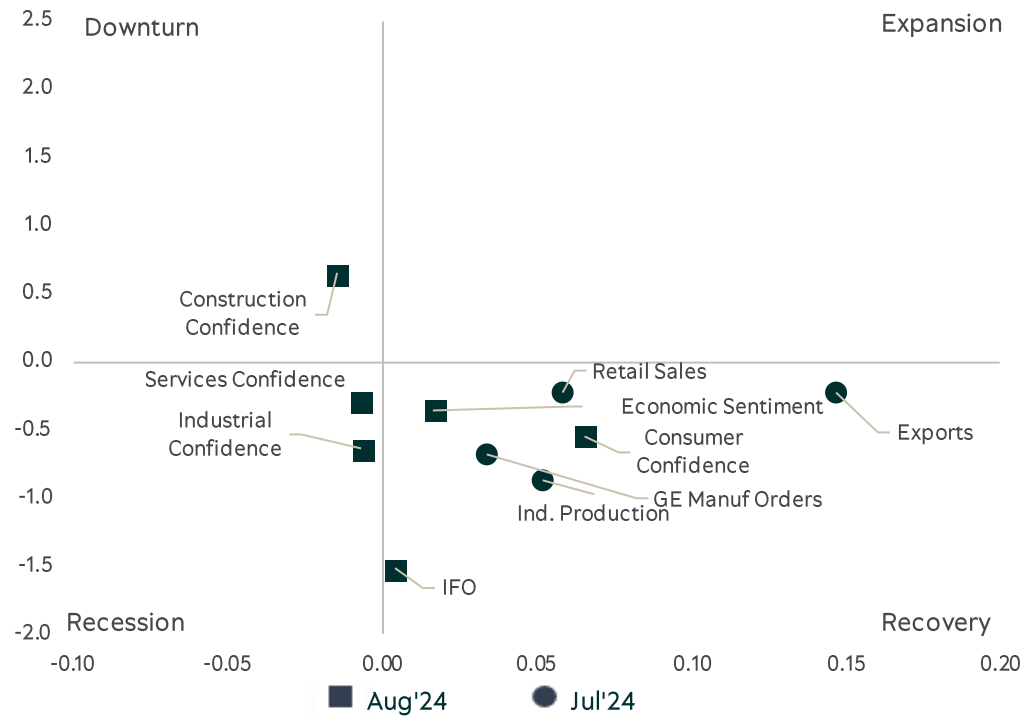


EA Business Cycle | Based on Economic Sentiment Indicator

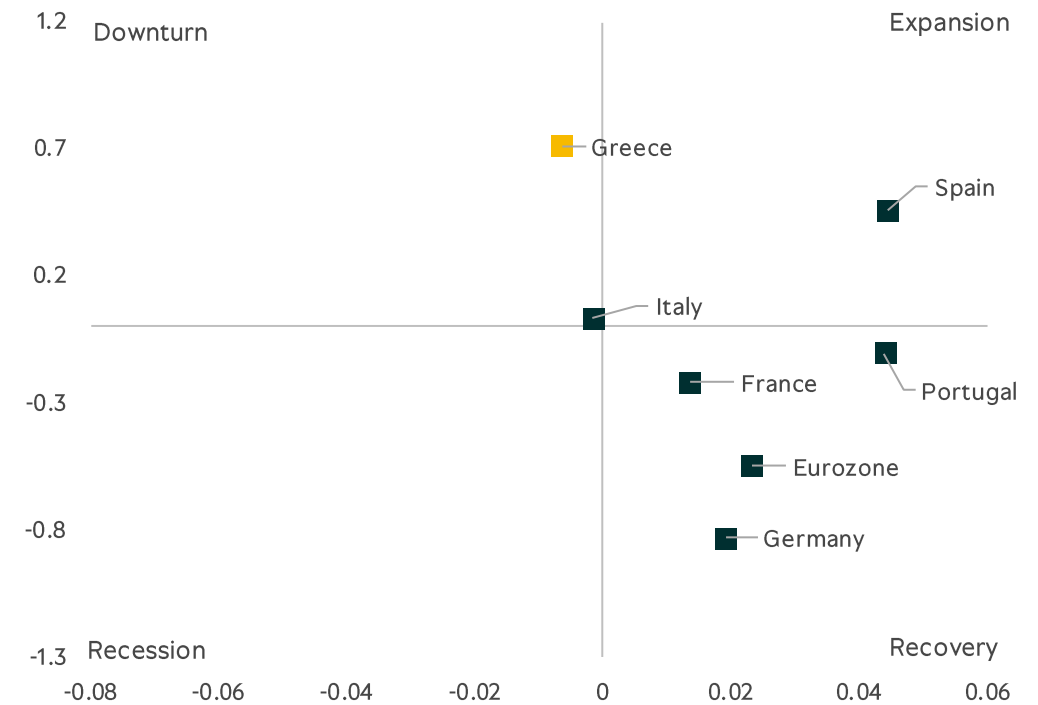


# EA Business Cycle | Most EA economic variables stand between recession and recovery, whilst a steady recovery is signaled on a country level

EA Business Cycle | Based on Major EA Economic Variables

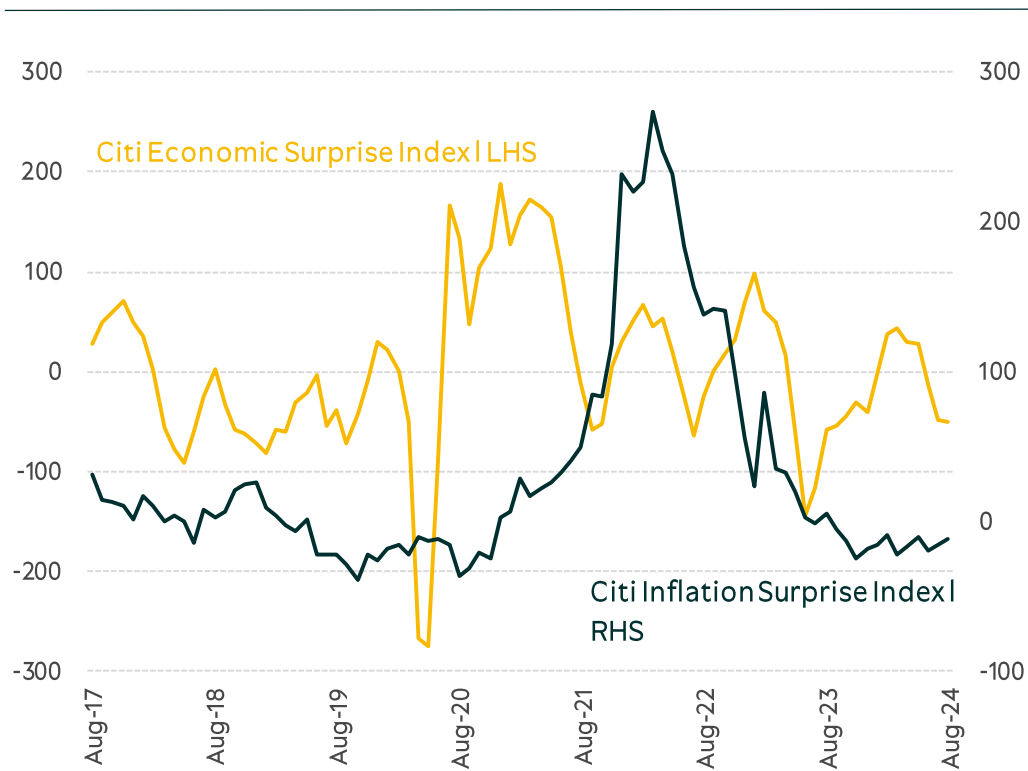


Business Cycle of EA Members | August 2024

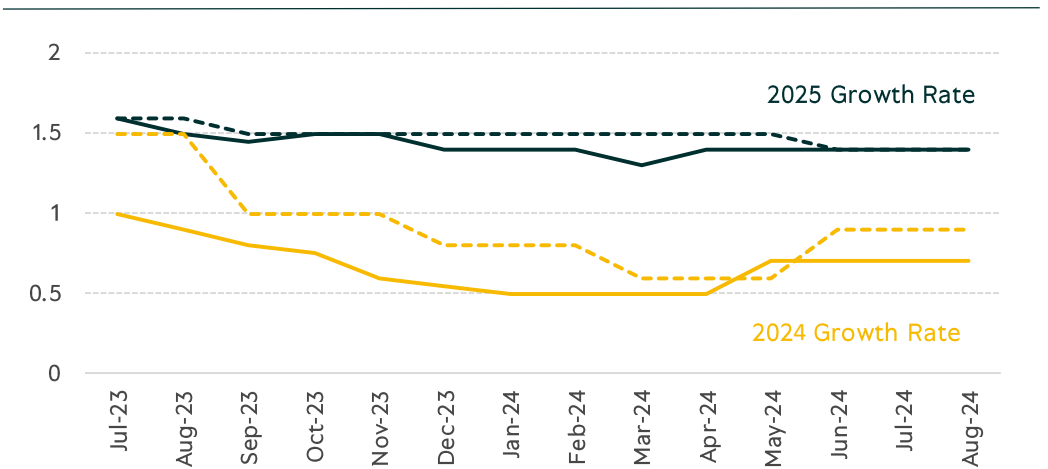


# EA Macro Expectations | Economic surprises have turned negative. Worries about inflation eased

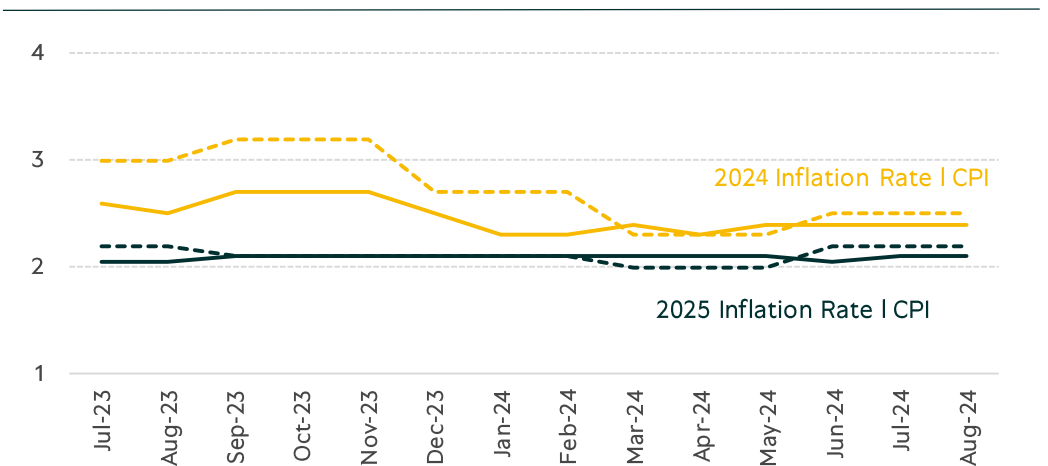
### Economic & Inflation Surprises



### Growth Rate Expectations\*



### Inflation Rate Expectations\*

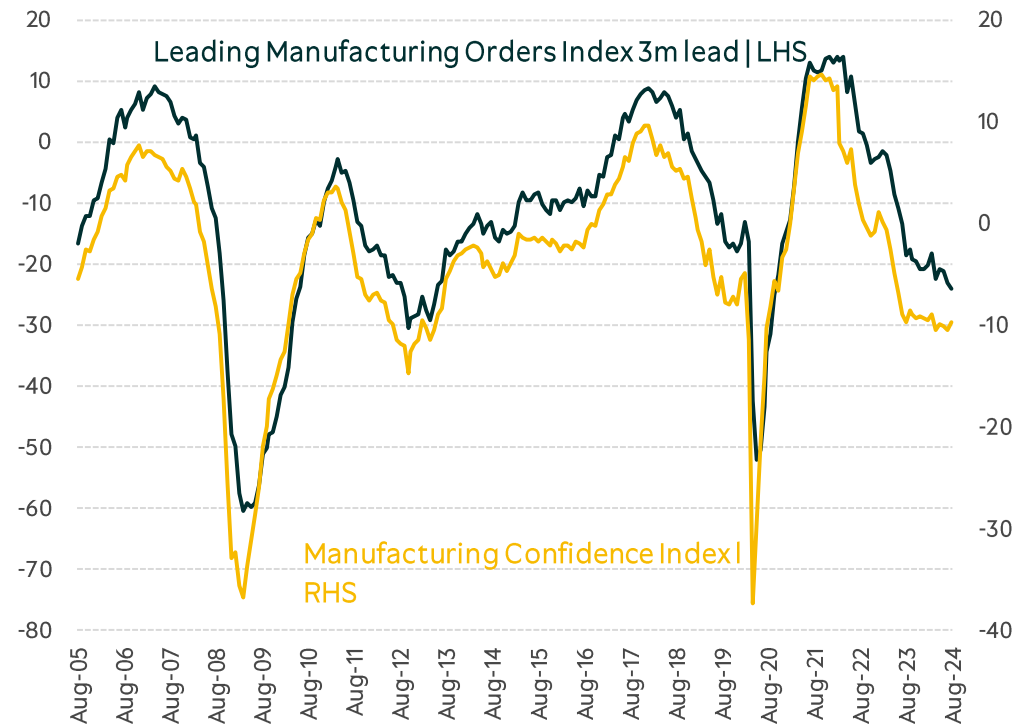


\*Solid line: Consensus; Dotted line: ECB projections

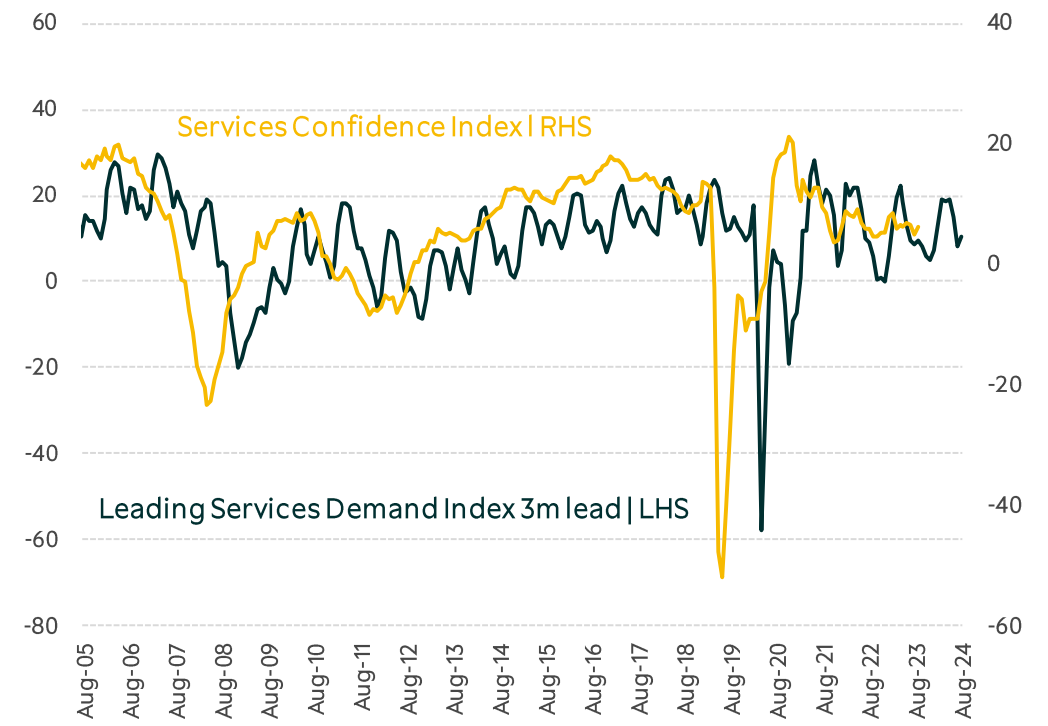


# EA Leading Indicators | Manufacturing indicators in downturn. Services Sector ticks up

Manufacturing Confidence Index & Leading Manufacturing Orders

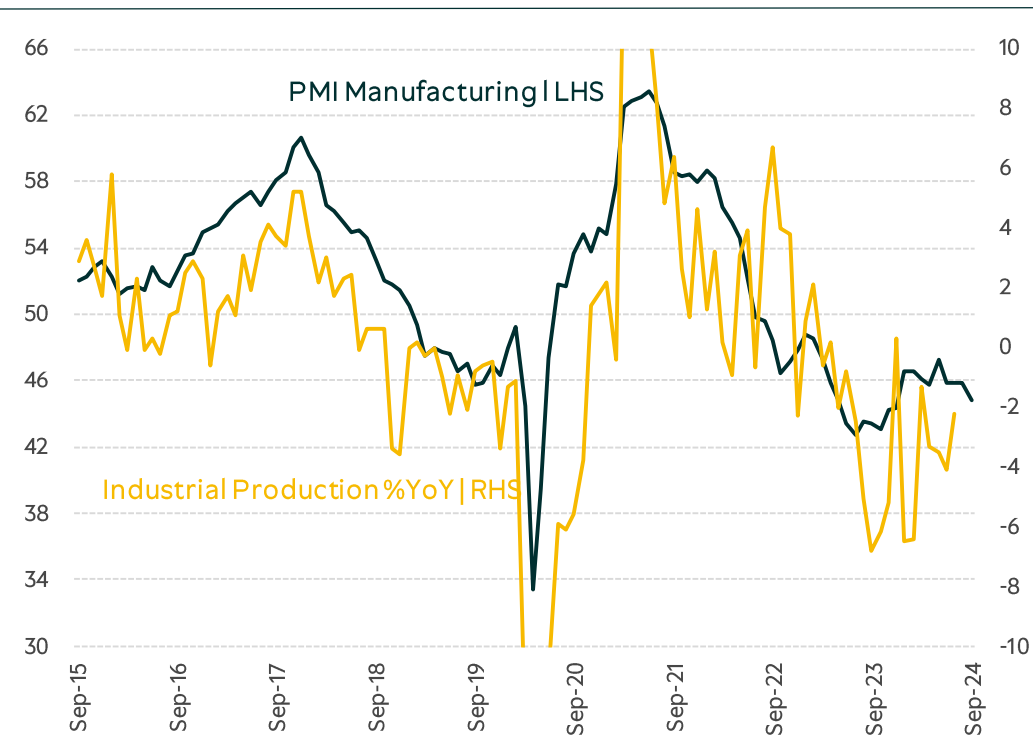


Services Confidence Index & Leading Services Demand Index

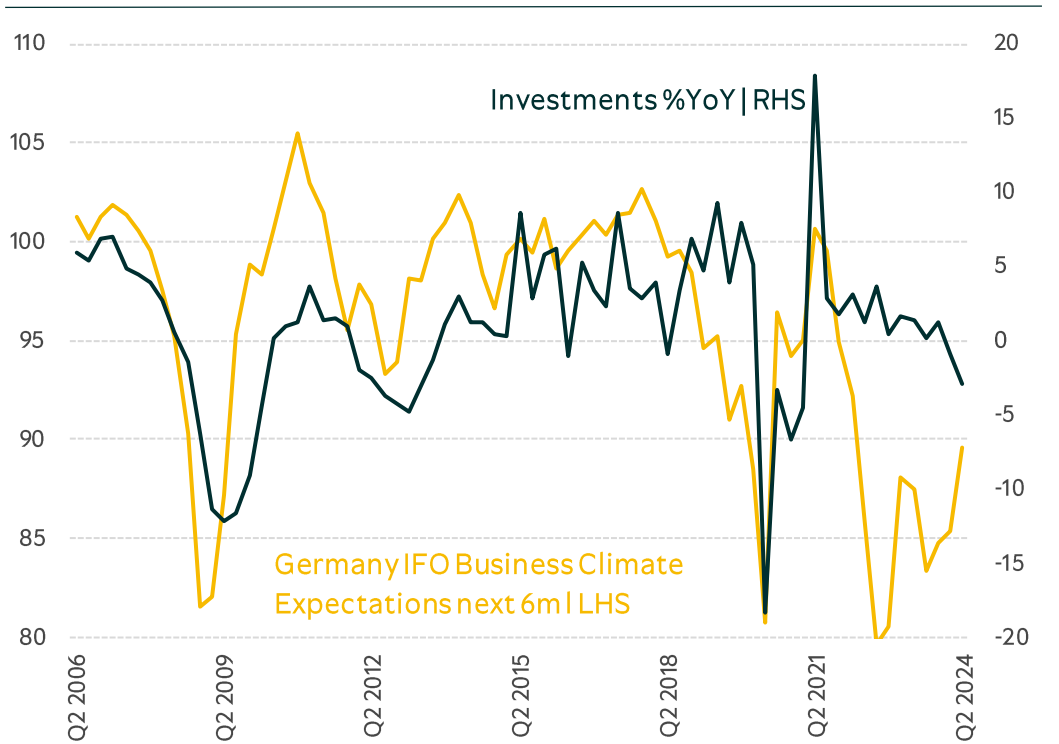


# EA Business Conditions | Manufacturing still vulnerable. Business investment also in downturn.

Industrial Production YoY vs PMI Manufacturing

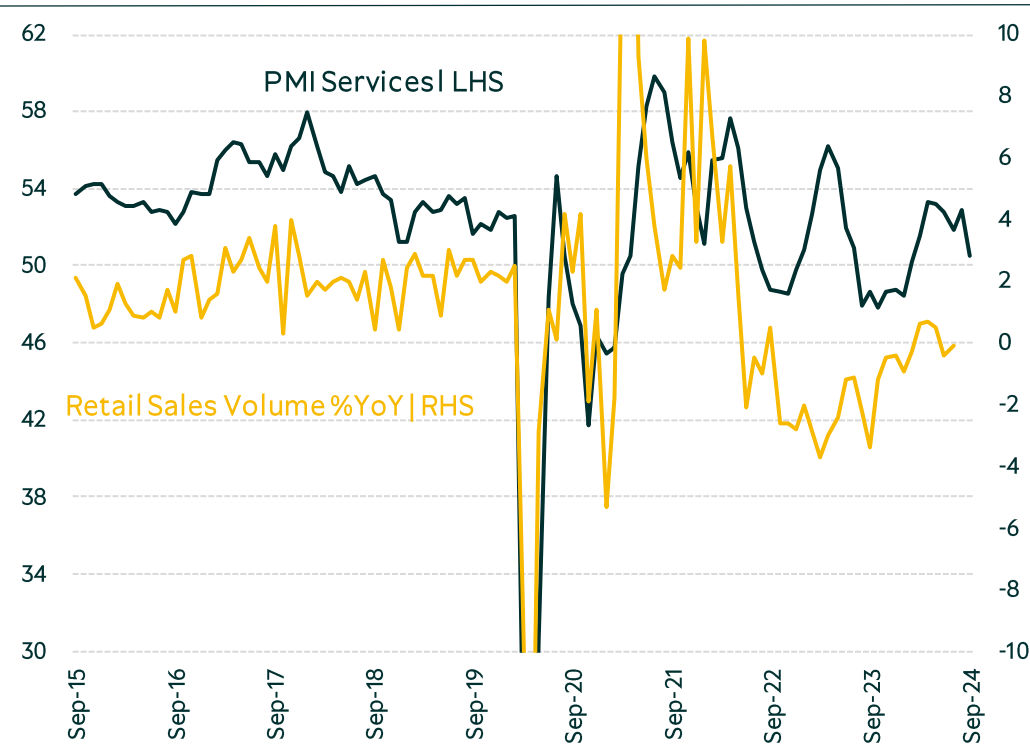


IFO Expectations & Business Investment

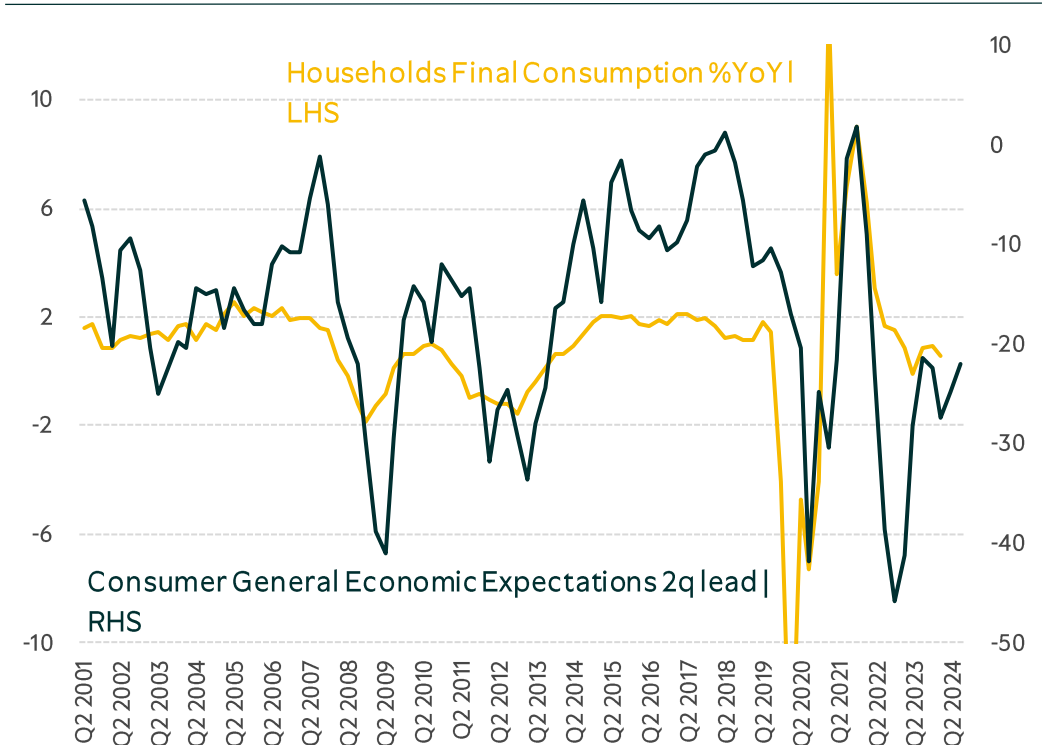


# EA Business Conditions | Retail spending still at low levels but improving, a possible tailwind to EA growth

Retail Sales Volume YoY vs PMI Services

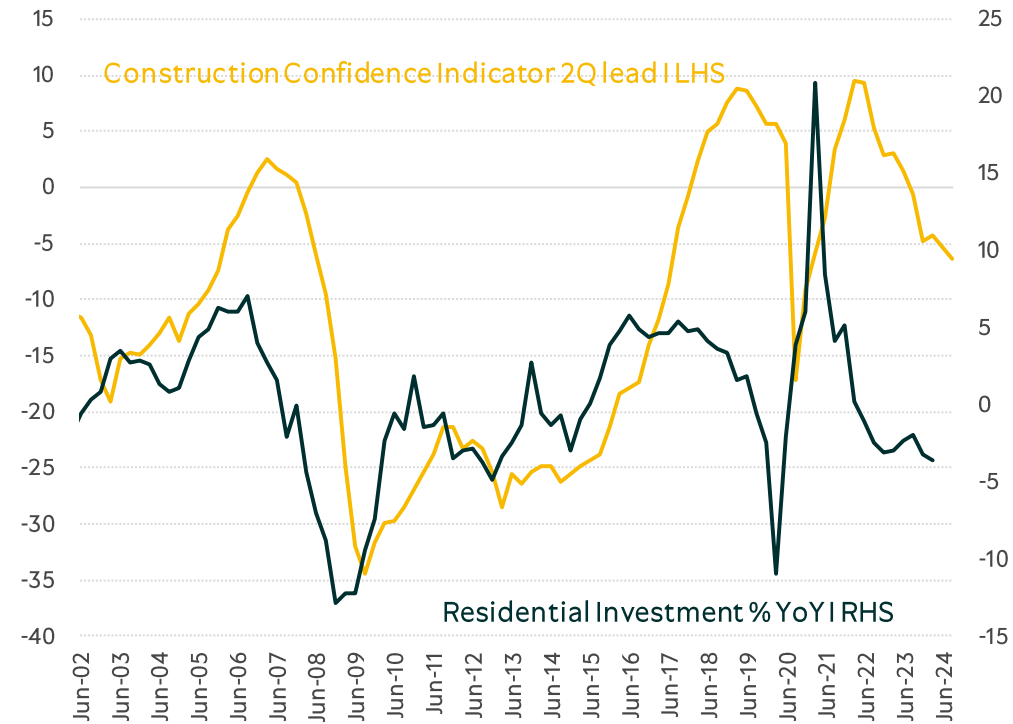


Final Consumption & Consumer Expectations Index

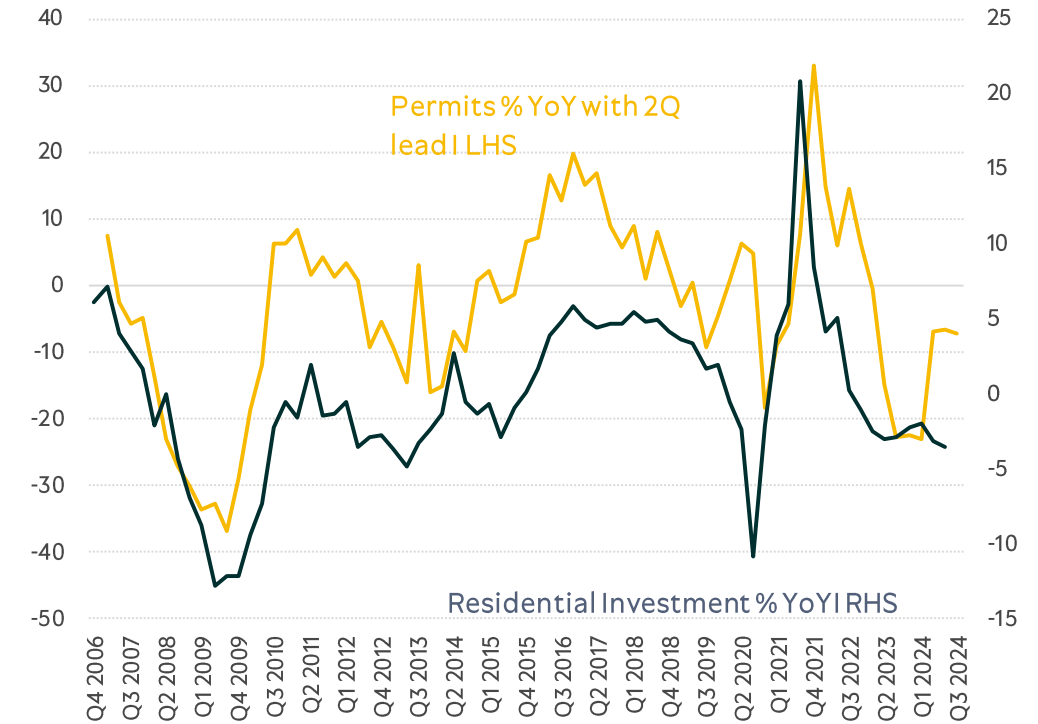


# EA Construction | Residential activity is negatively impacting growth with Construction Confidence on a downward trend

Residential Investment & Construction Confidence

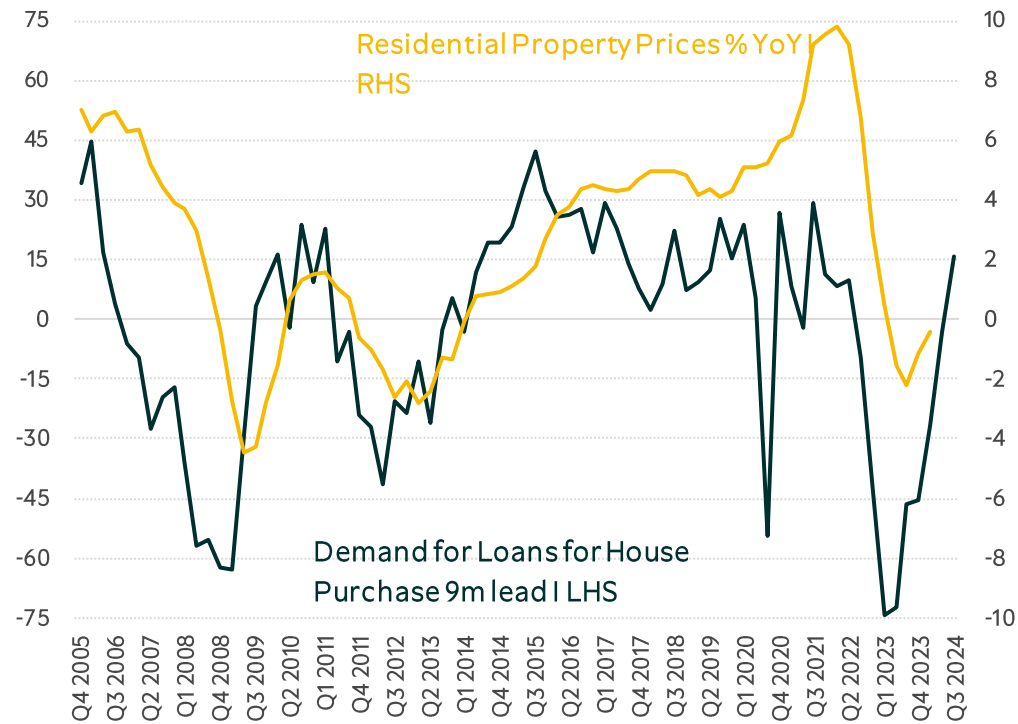


Residential Investment & House Permits

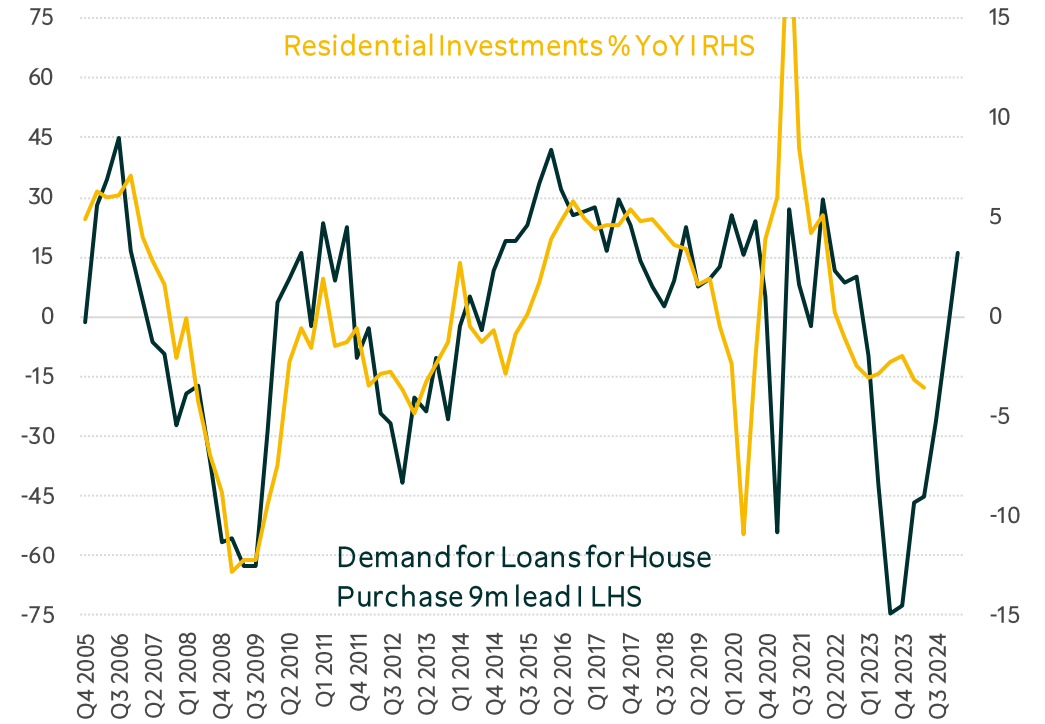


# EA Construction | A pick up in investments and housing loans is expected in the coming months

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

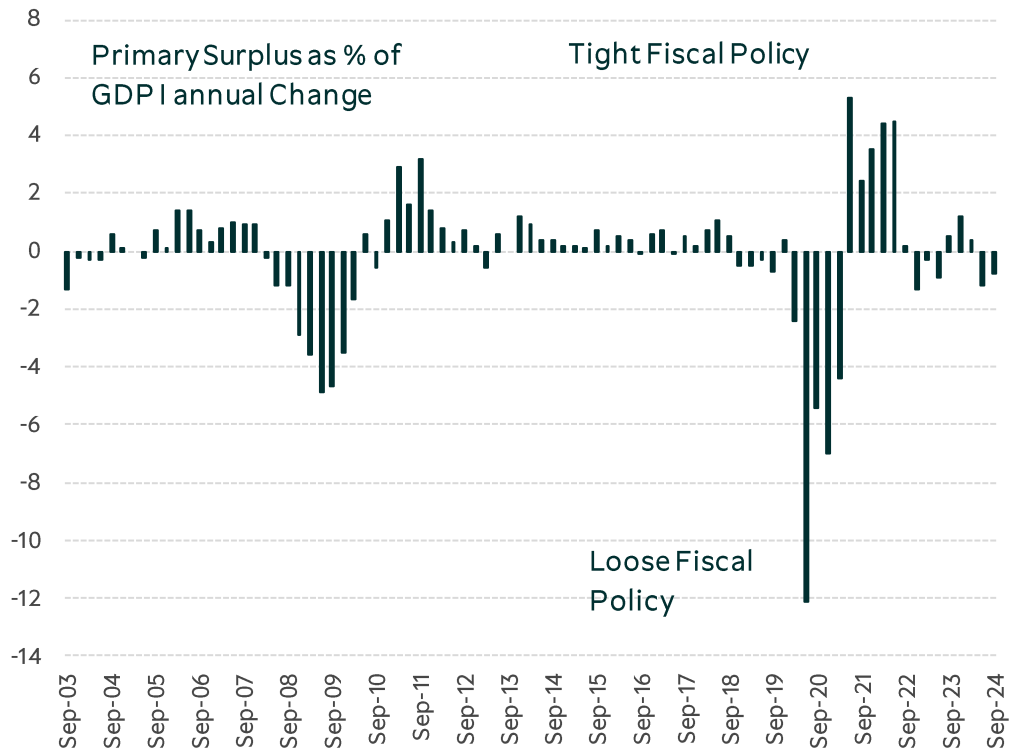


Residential Investments & Demand for loans (9m lead)

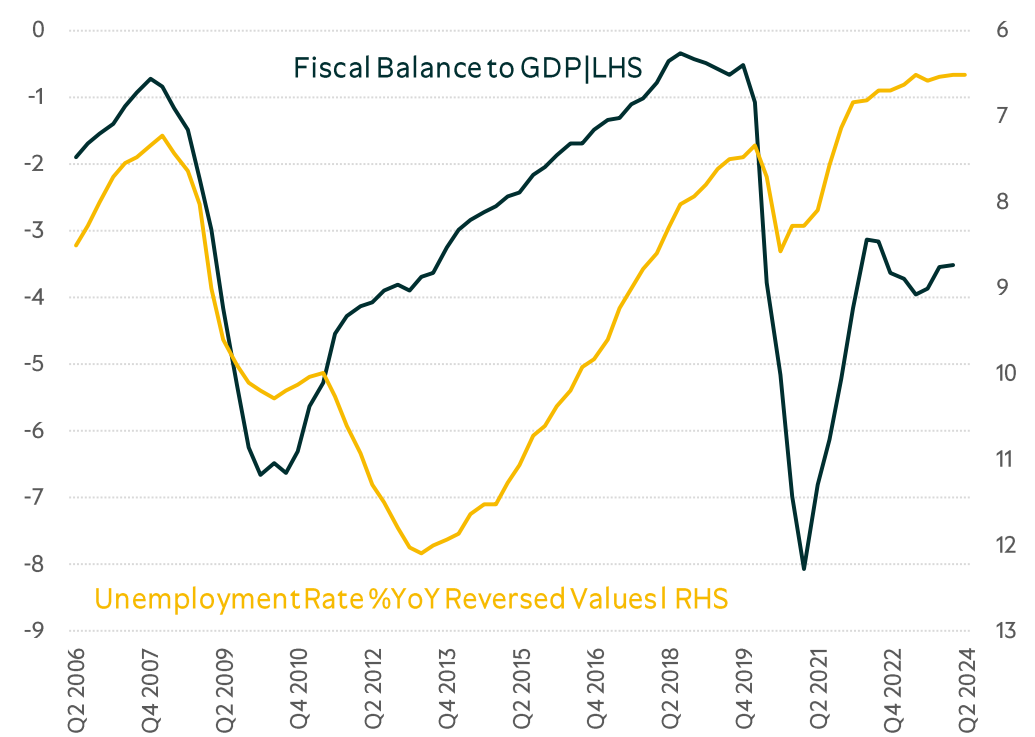


# EA Fiscal Policy | Fiscal Deficit improvement with Unemployment Rate at all time low

Fiscal Thrust

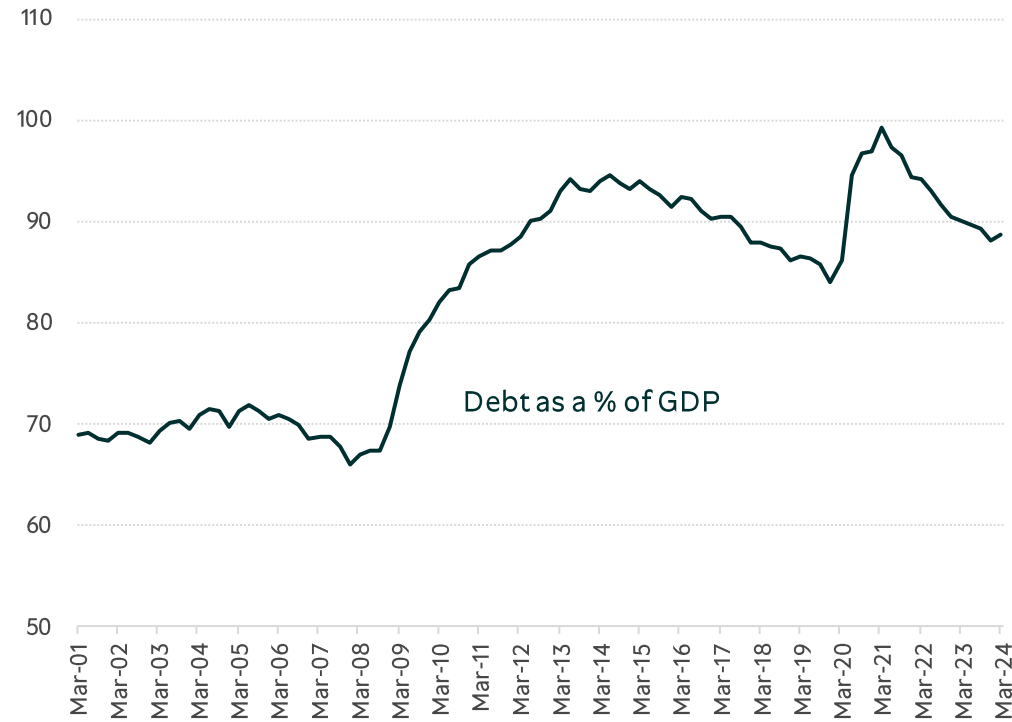


Fiscal Policy & Unemployment Rate

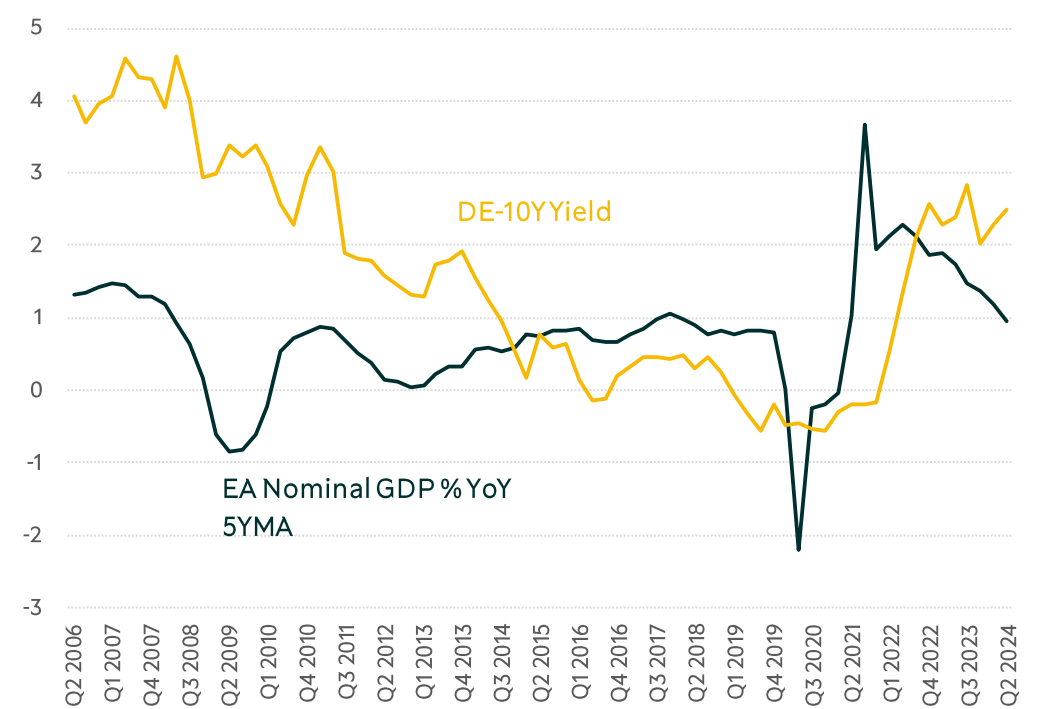


# EA Fiscal Policy | Debt levels have moderated after the pandemic

Debt / GDP

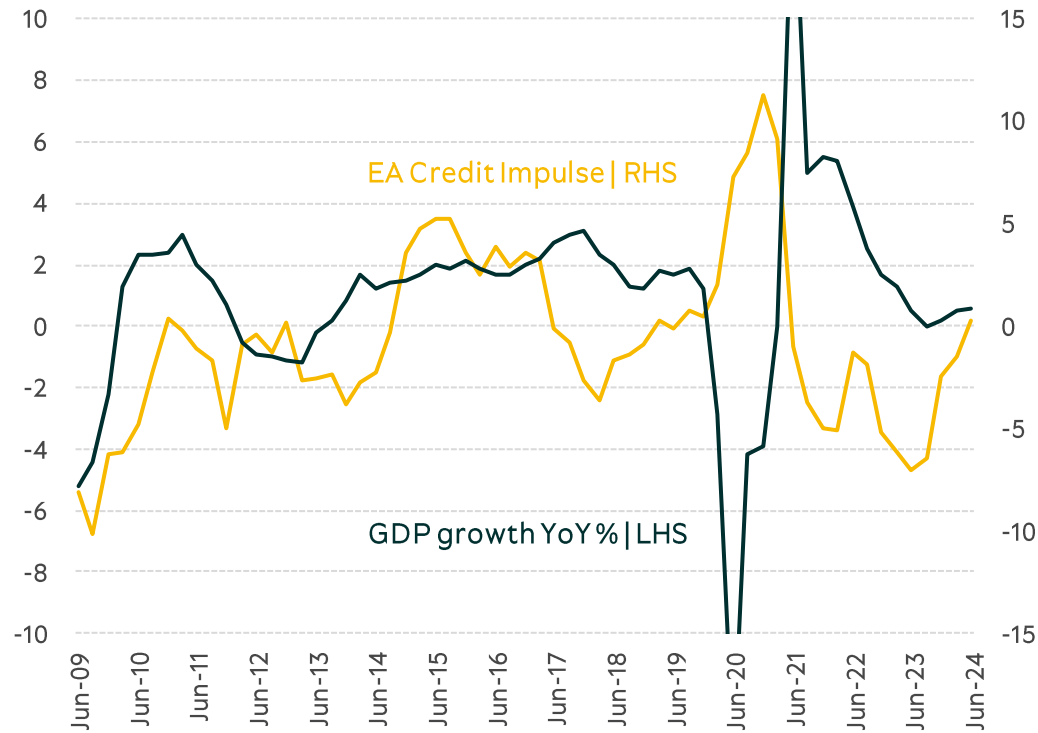


Fiscal Policy Sustainability

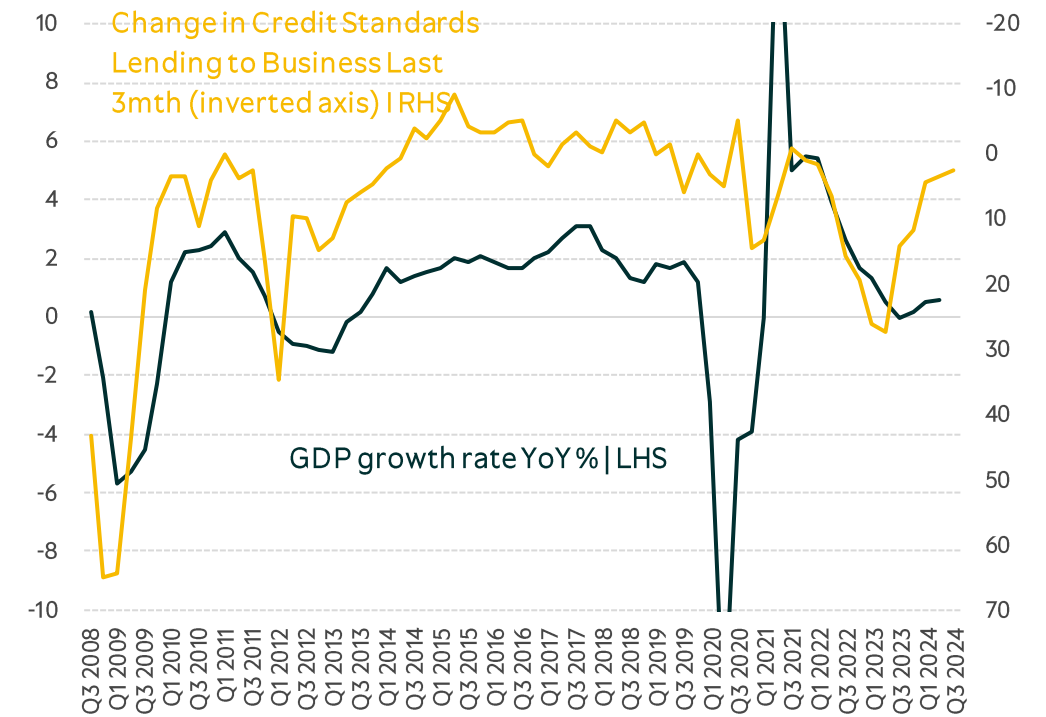


# EA GDP Outlook | Credit impulse and bank lending standards provide a glimmer of hope for GDP growth in 2024

EA Credit Impulse & GDP growth rate



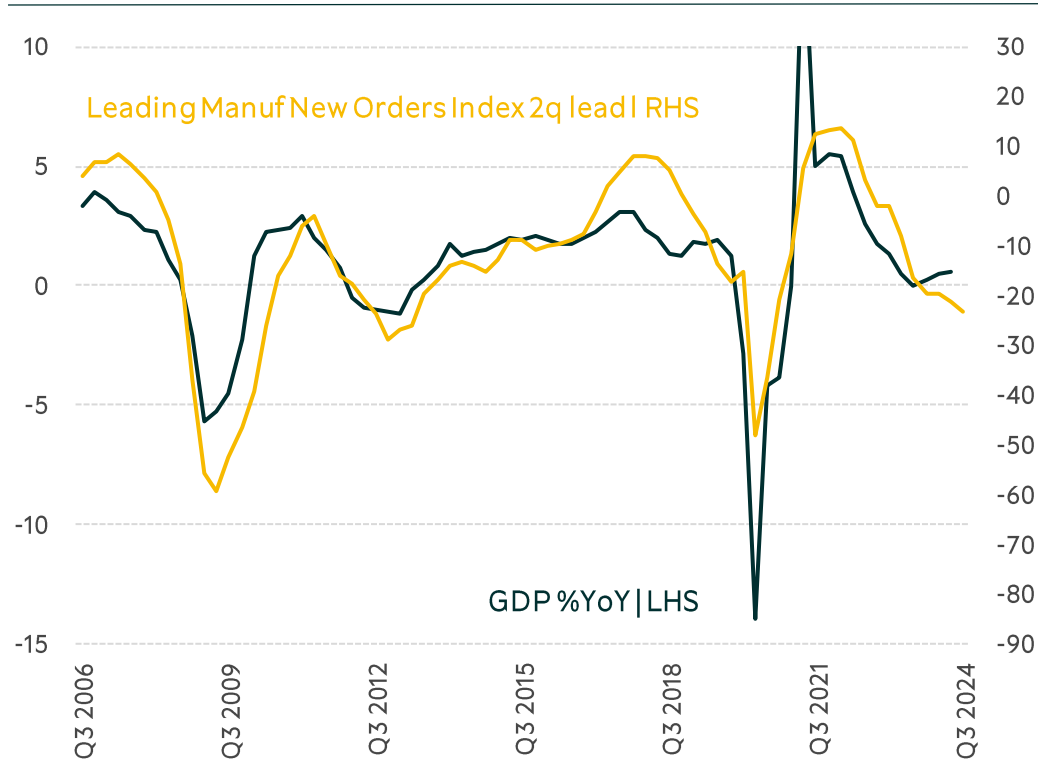
GDP YoY & Bank Lending Standards



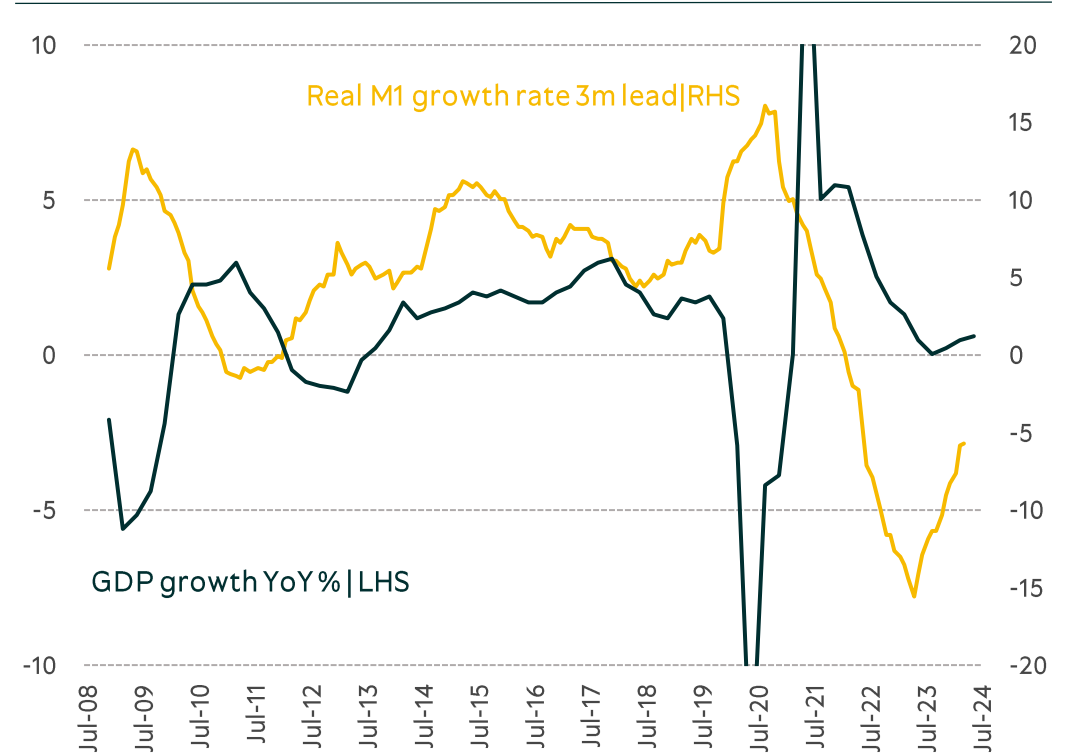


# EA | Manufacturing New Orders still on a downtrend; Real M1 improvement somewhat reduces concerns about the economic outlook

GDP & New Orders Indices

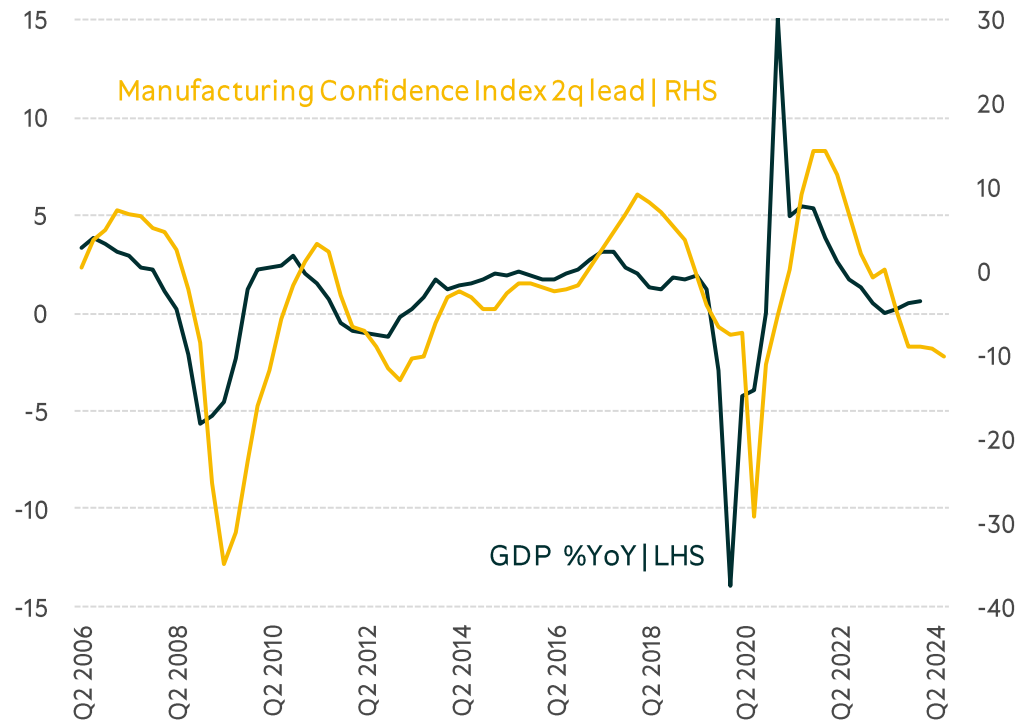


GDP & Real M1 growth rate

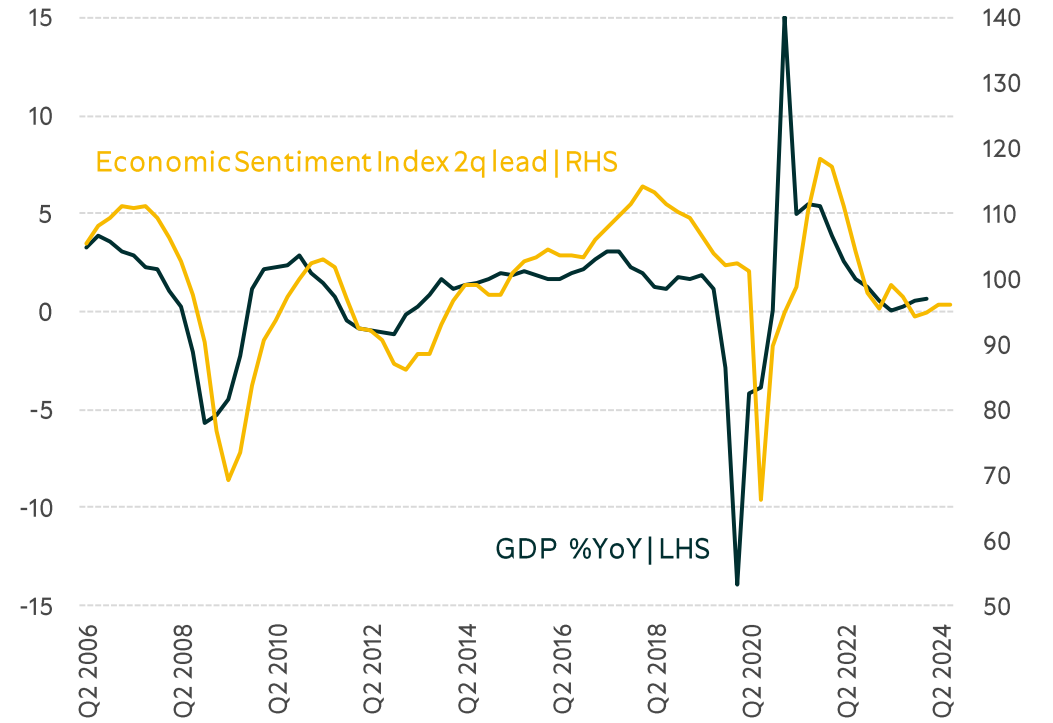


# EA GDP Outlook | Leading indicators imply stabilisation at low levels

GDP & Manufacturing Confidence Index

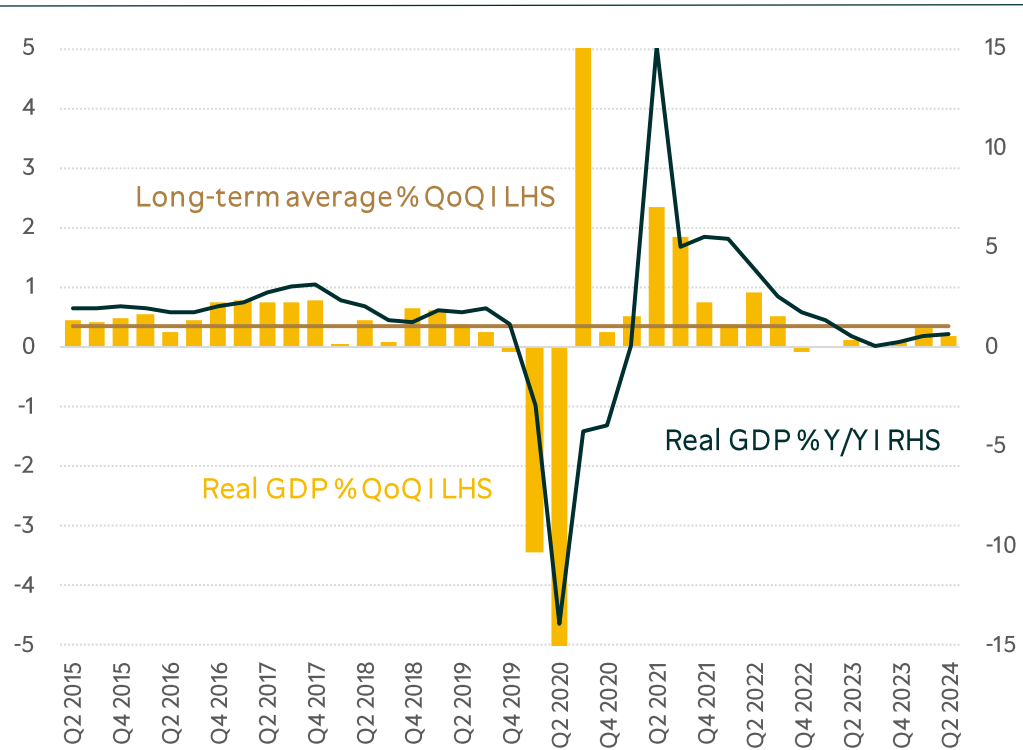


GDP & Economic Sentiment Index

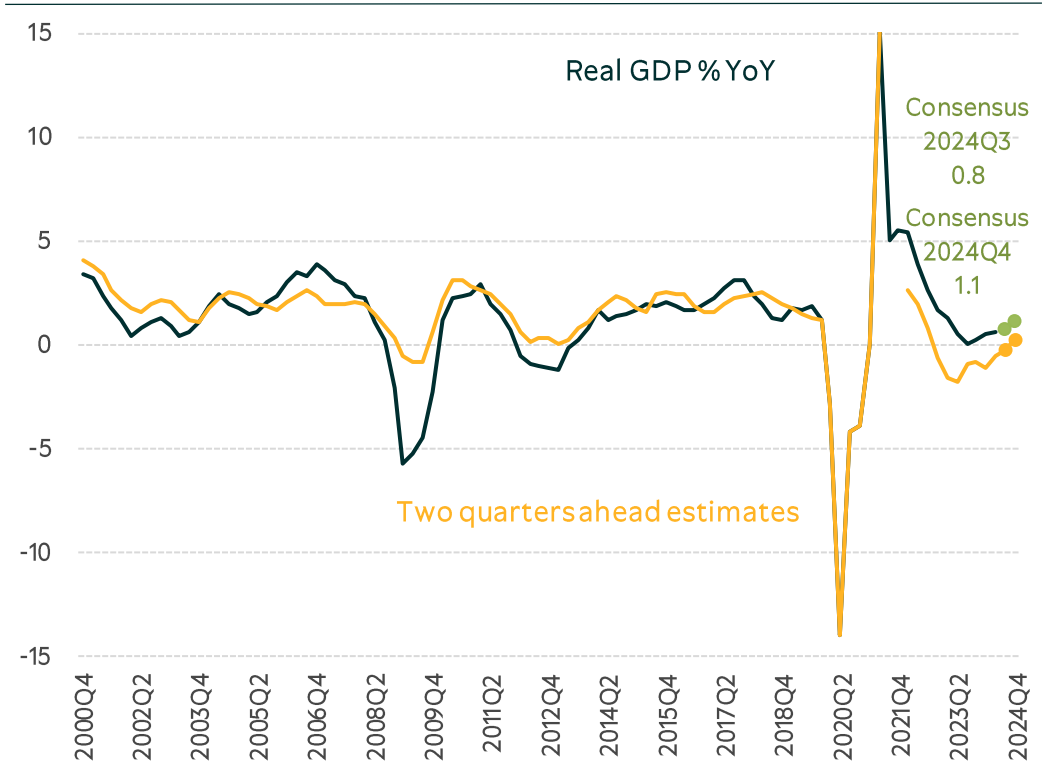


# EA GDP Outlook | EA economy improved marginally in Q2

Growth Rate Outlook



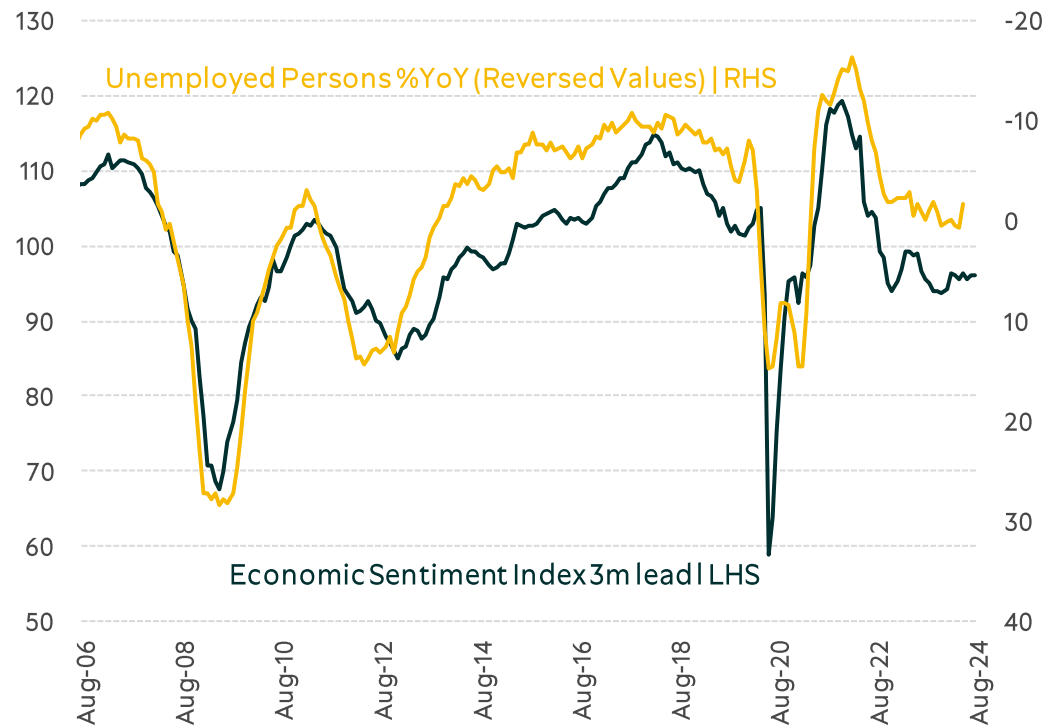
Growth Rate Estimate



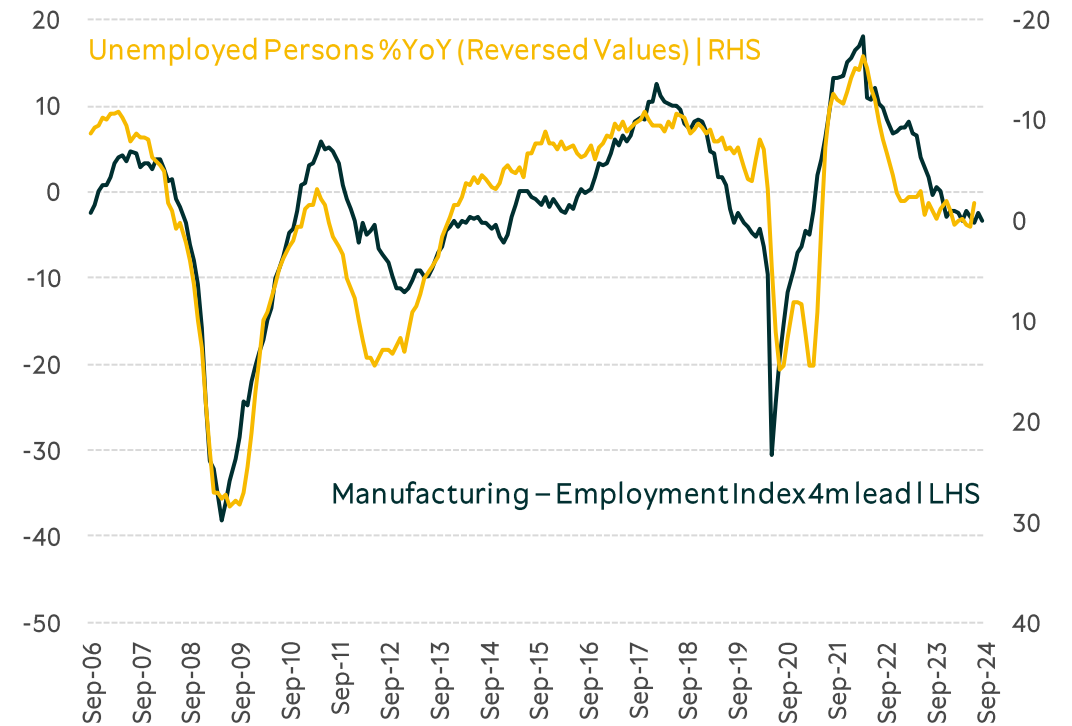
Note: Covid-19 period (Q4 2019 - Q2 2021) is excluded from the estimation

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

### Unemployment & Leading Sentiment Index

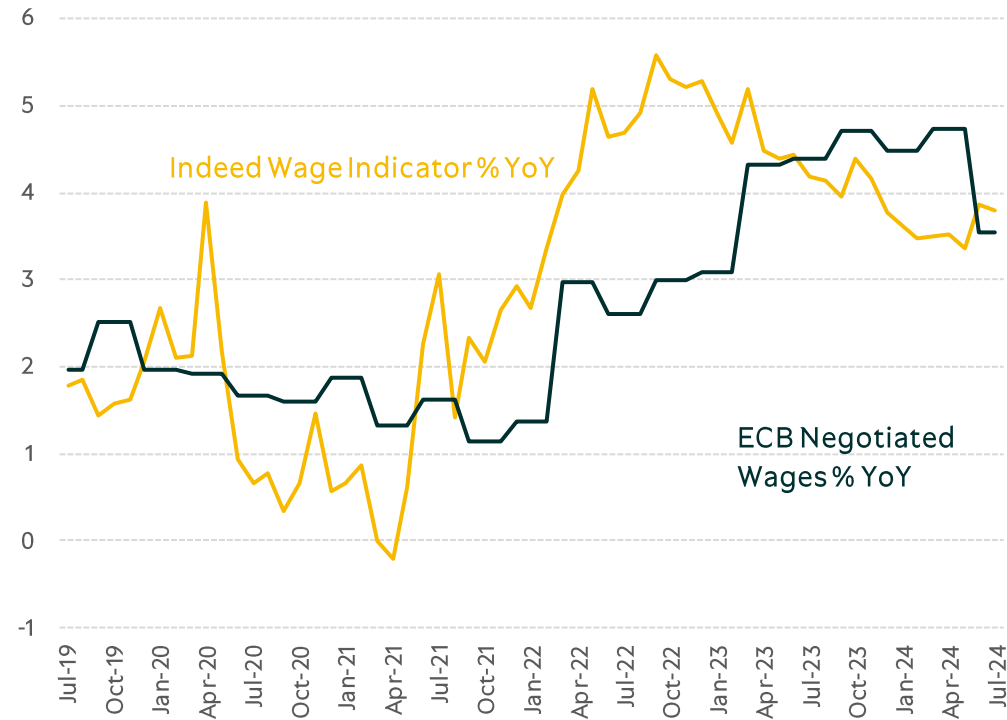


### Unemployment & Leading Manufacturing Index

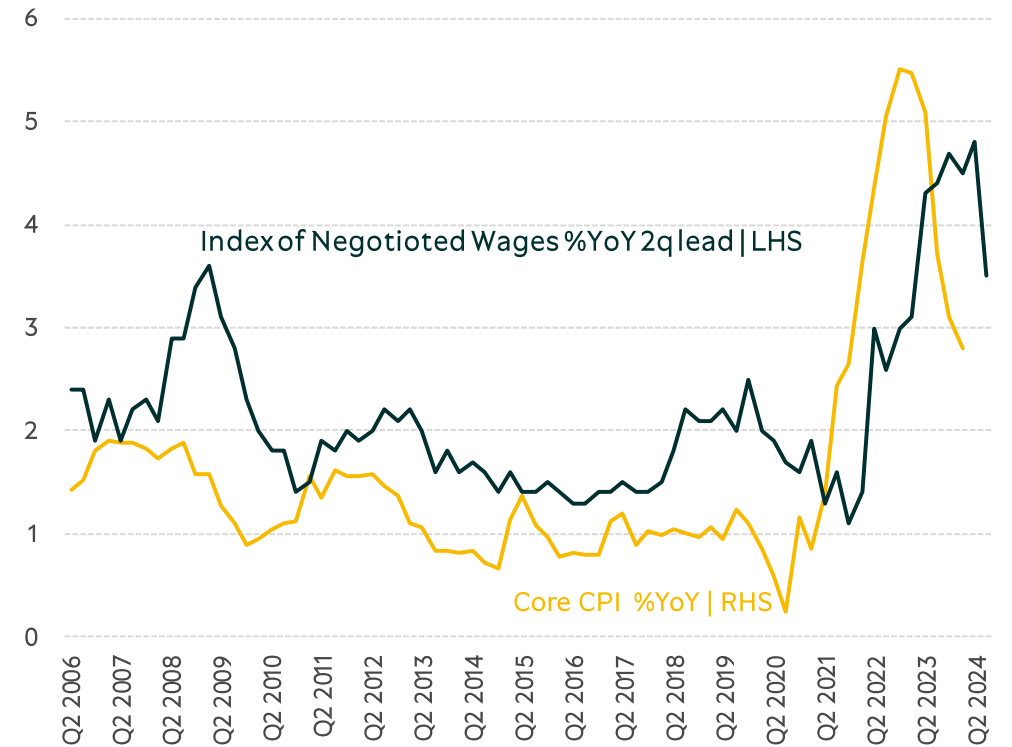


# EA Wage Tracker | Market implied and ECB Negotiated wages converged, real wage growth turned positive

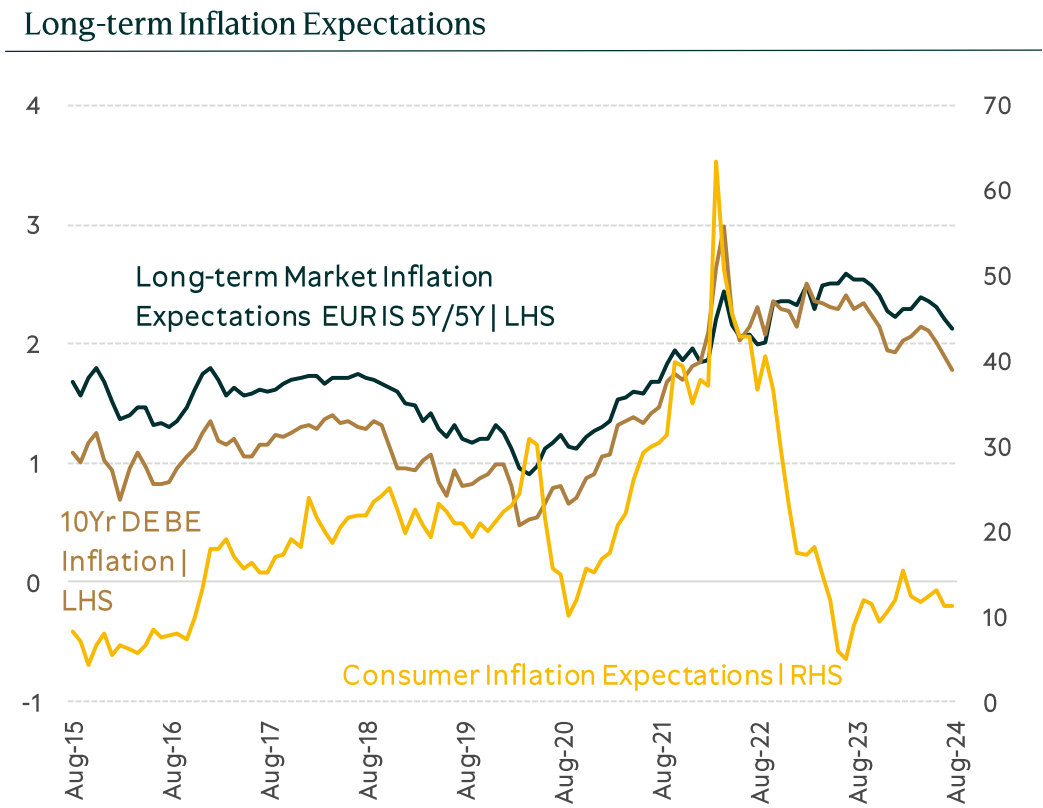
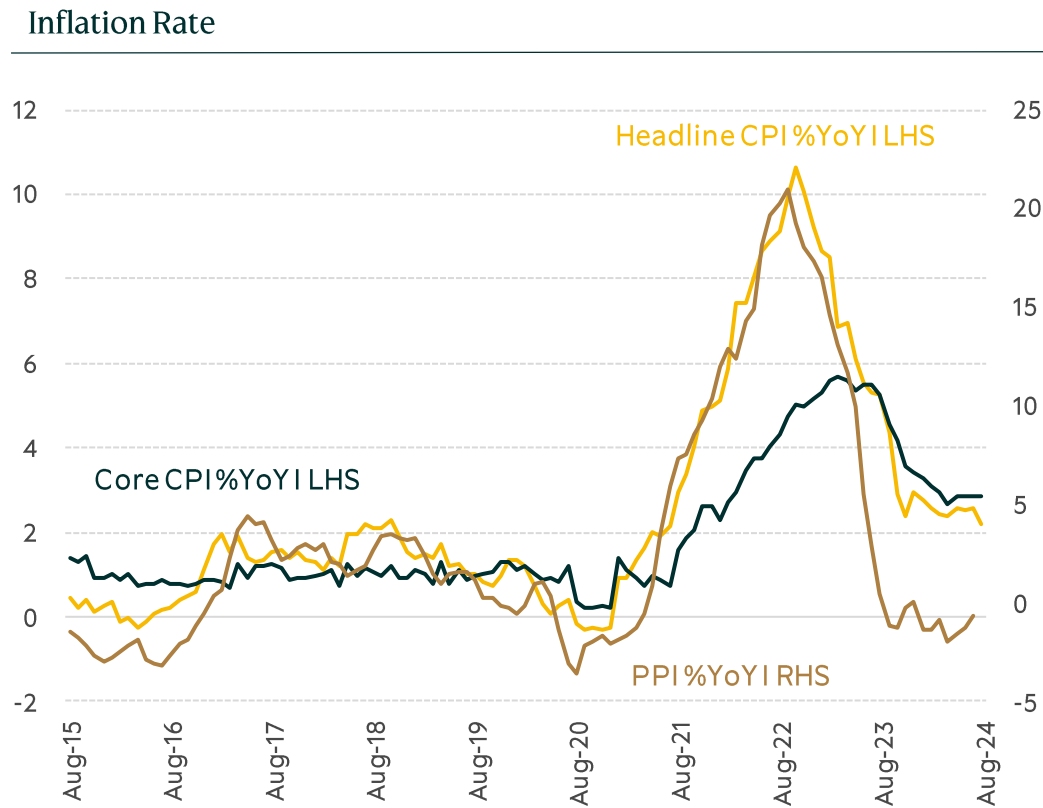
Labour Market



Core Inflation & Wages

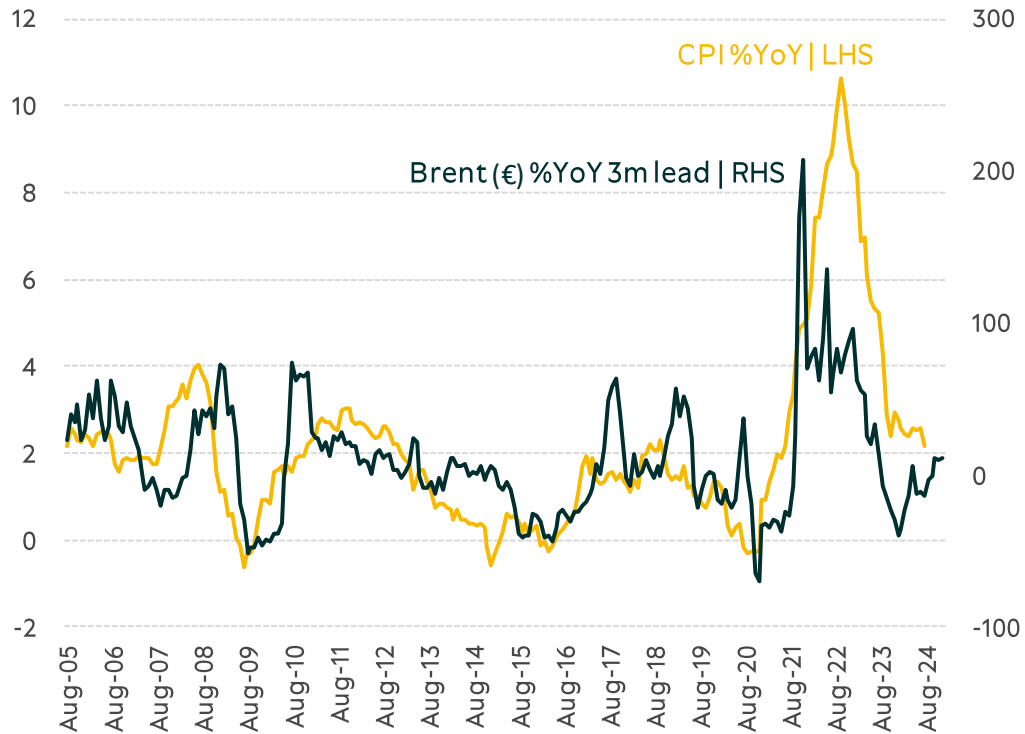


# EA Inflation Pressures | Headline CPI approaching the 2% threshold, Core CPI is a laggard

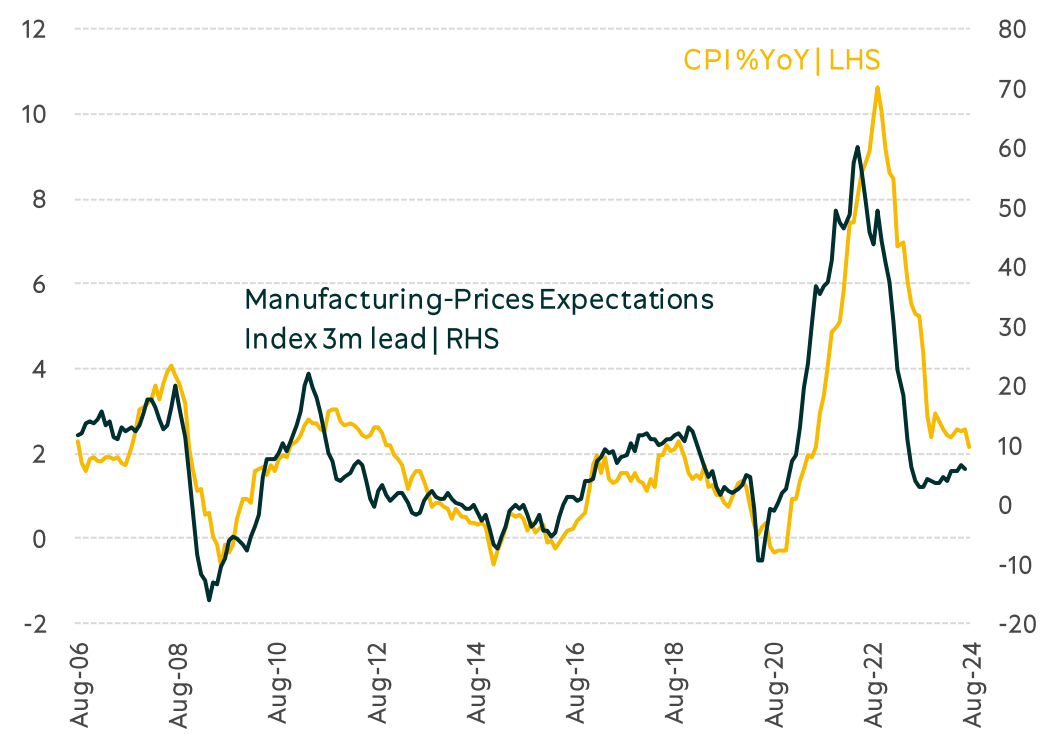


# EA Inflation & Energy Prices | Cost-push inflation drivers need to be monitored following recent pickup

Inflation Rate & Oil Prices

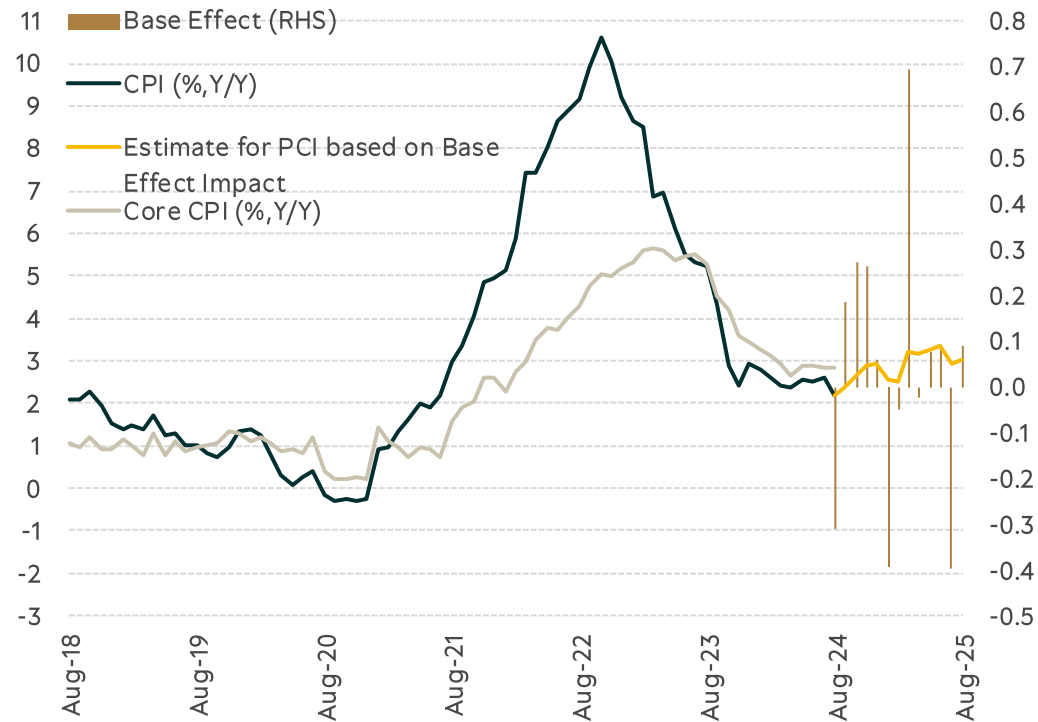


Inflation Rate & Leading Manufacturing Prices Index

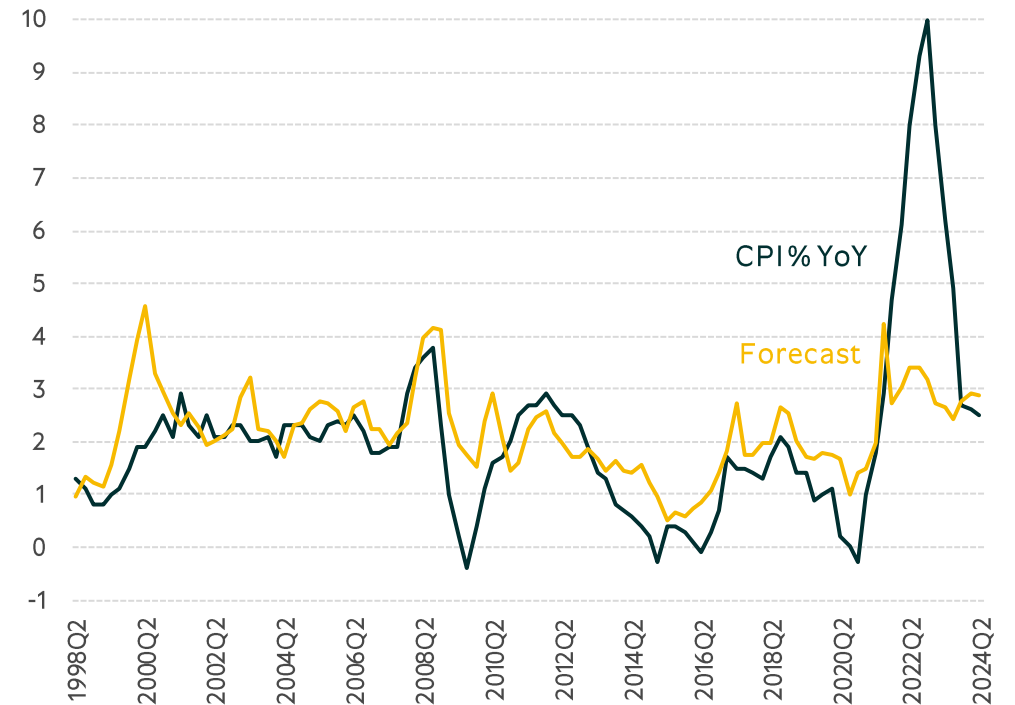


# EA Inflation Outlook | After a “long-separation” period, actual and model-implied inflation seem to reconnect

## Inflation Rate Forecast | Statistical Model



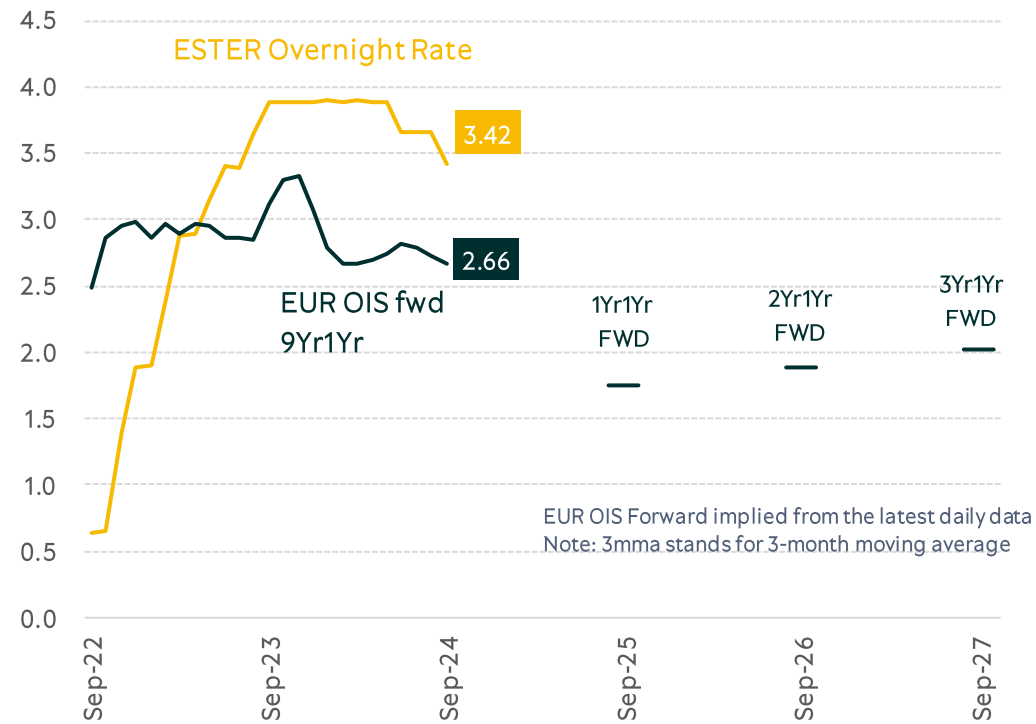
## Inflation Rate Forecast | Macro Model



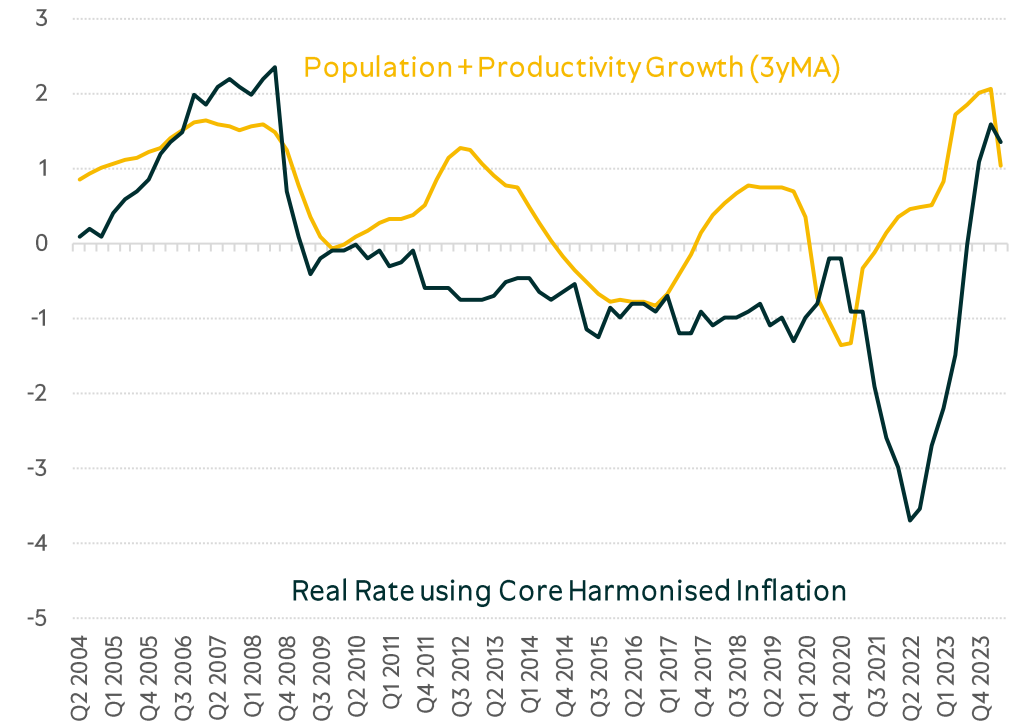


# EA Short-Term Rates | The “higher for longer” paradigm is fading

Interest rates | Market Expectations

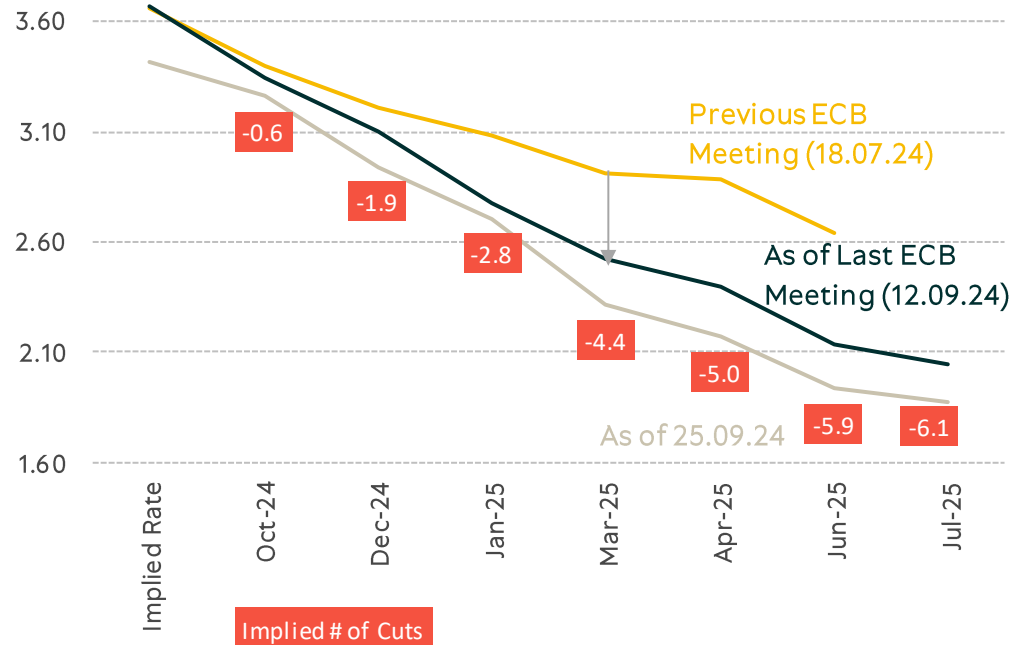


Real Depo Rate (Depo - Core CPI) & Population + Productivity growth (3y ma)

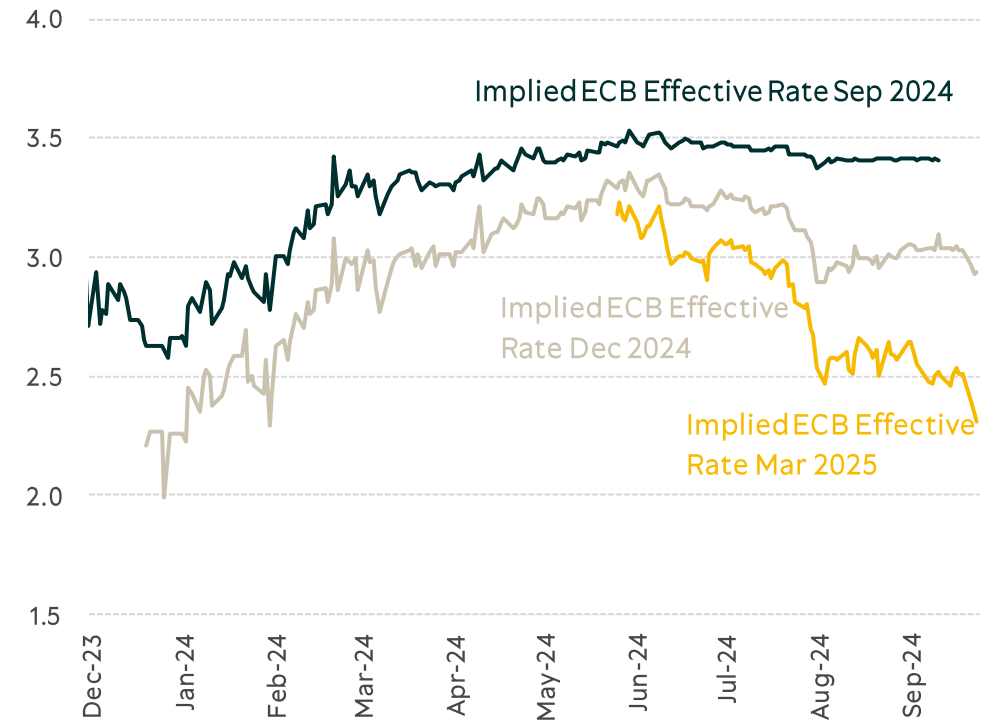


# EA Short-Term Rates | The “higher for longer” paradigm is being questioned

Implied Overnight Rate based on Overnight Index Swaps

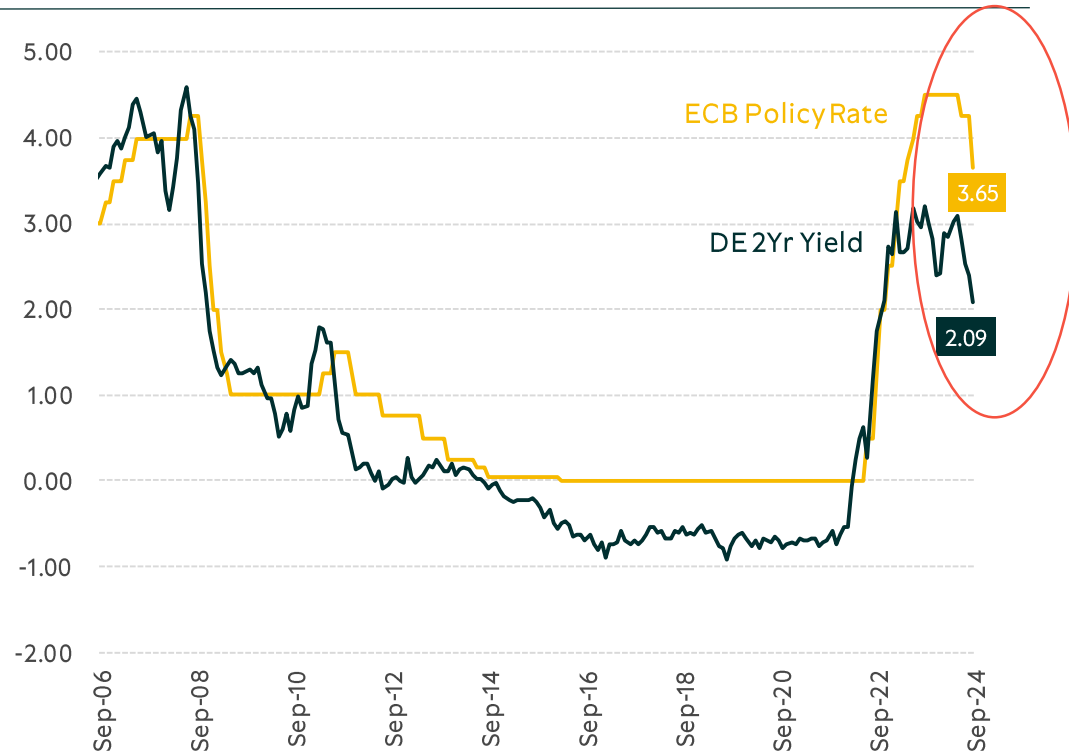


Interest Rates | Implied ECB Effective Rate

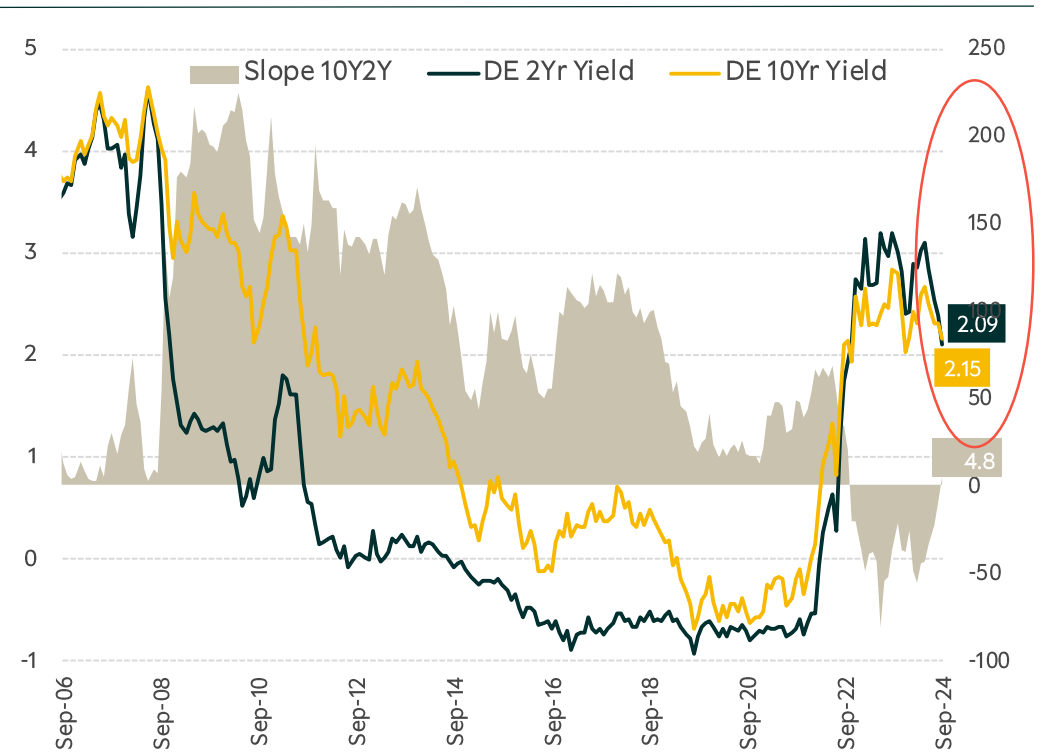


# EA Rates | German yield curve turned positive at the end of Q3 2024. Fears of recession subside.

### ECB Policy Rate vs German 2Yr Yield

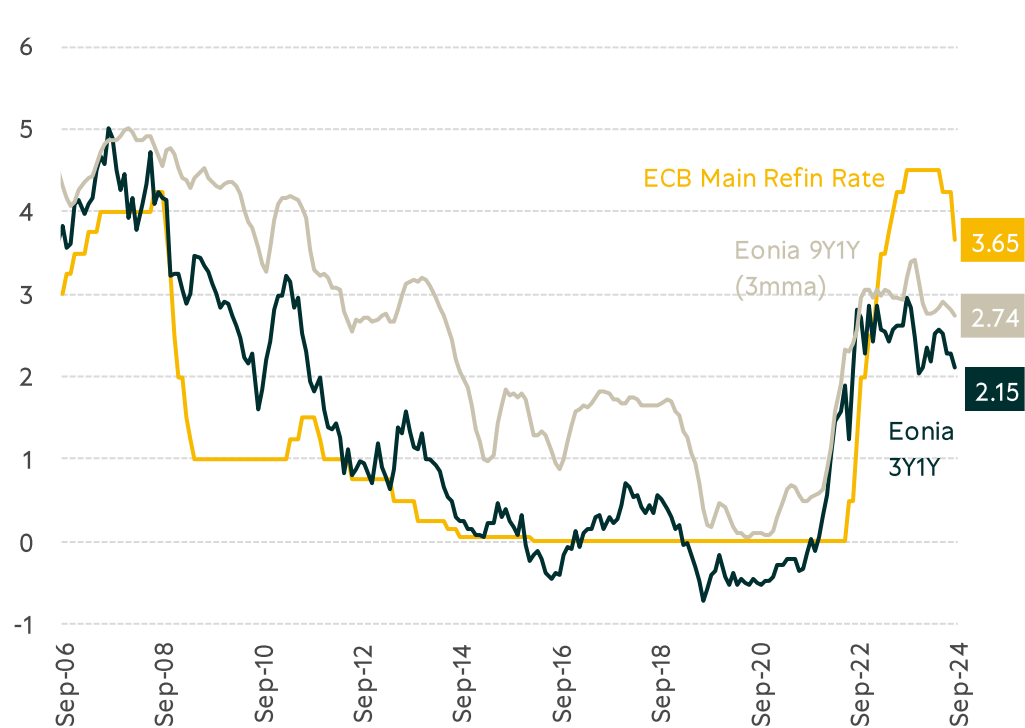


### German Yield Curve

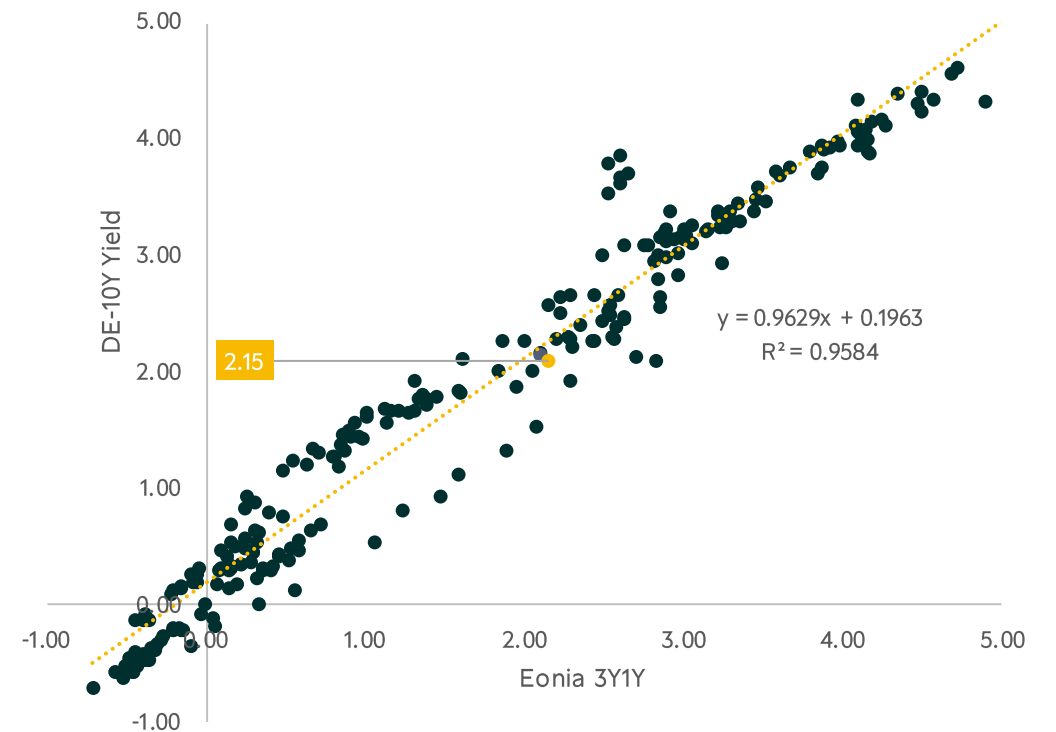


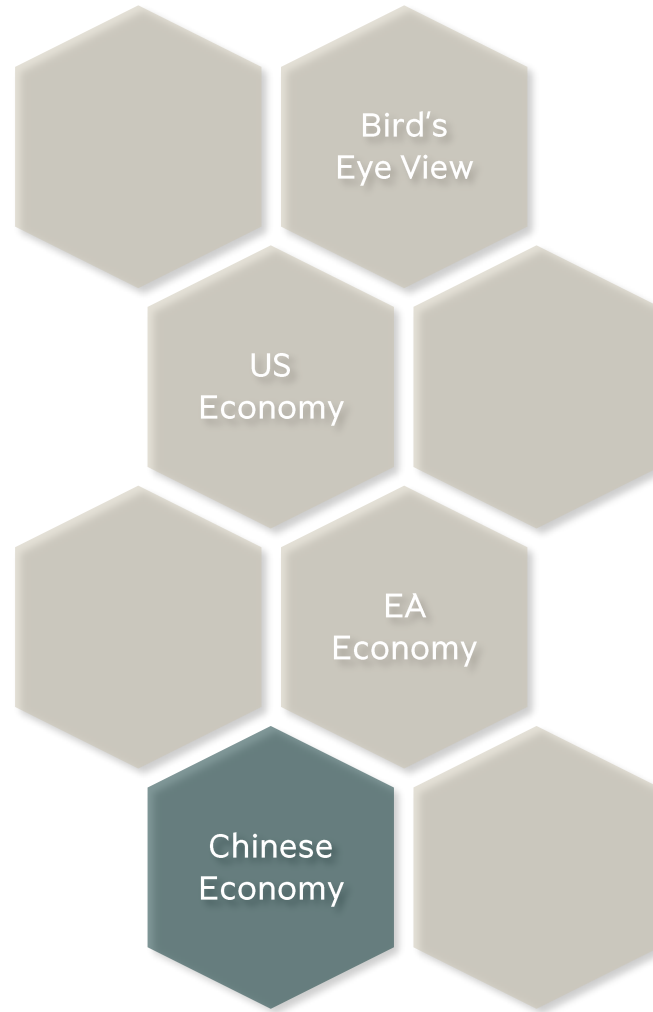
# EA Long-Term Rates | Given the current level of short-term rates, long-term bonds seem “fairly” priced

## Long-term Interest Rate Expectations



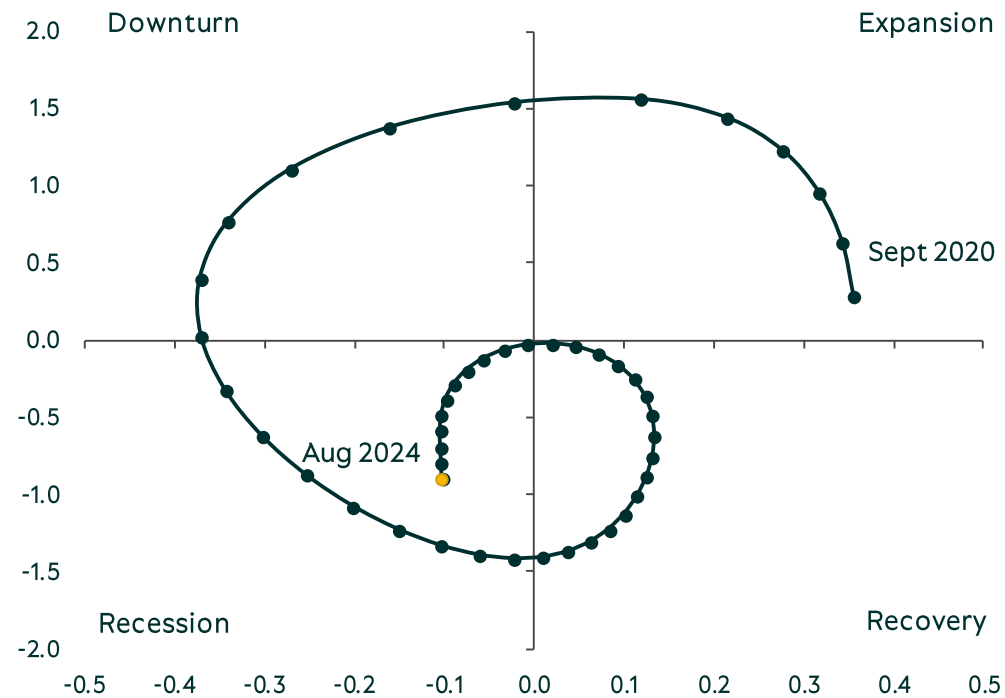
## DE Yield vs Medium-term Interest Rate Expectations





# Chinese Business Cycle | Mixed picture from economic variables

CN Business Cycle | Based on China OECD Leading Indicator

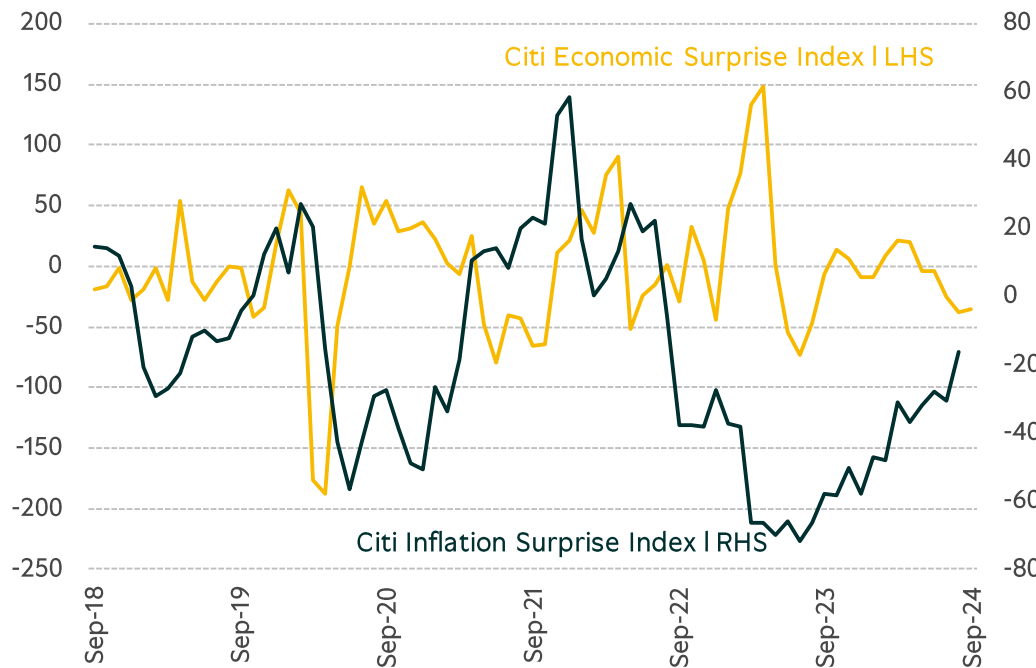


CN Business Cycle | Based on Major CN Economic Variables

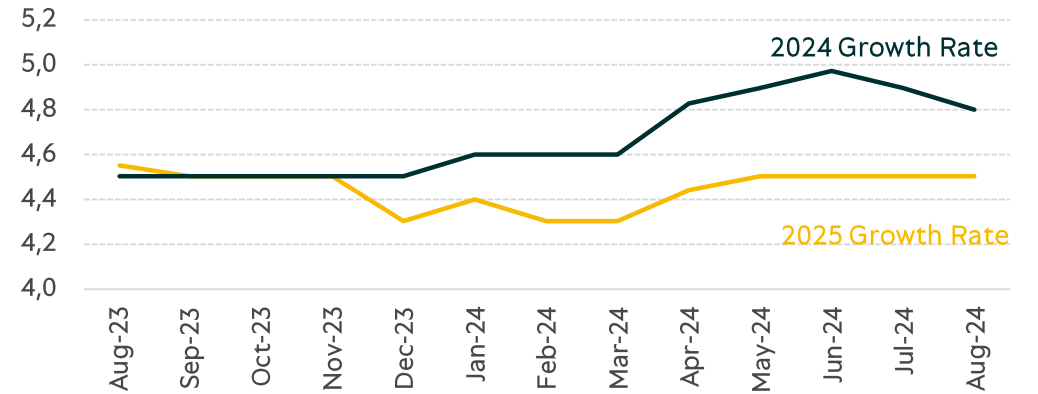


# Chinese Macro Expectations | Sub 5% growth expectations for 2024

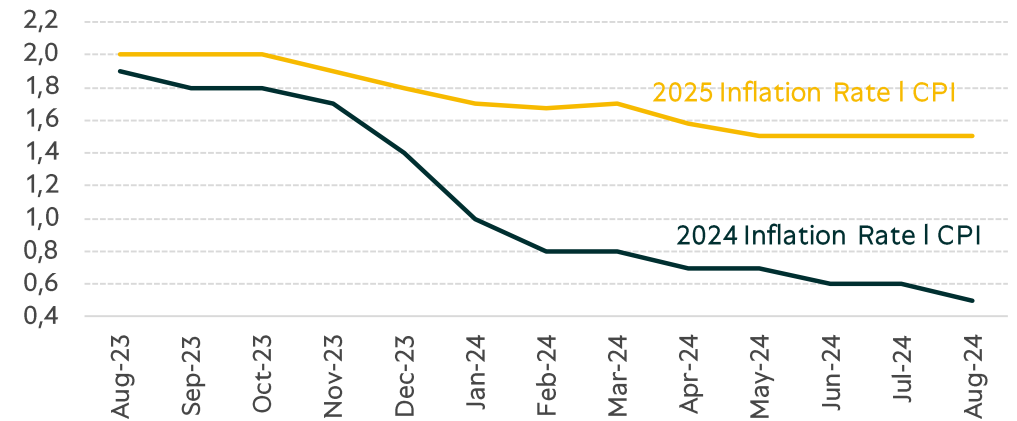
## Economic & Inflation Surprises



## Growth Rate Expectations (Consensus)

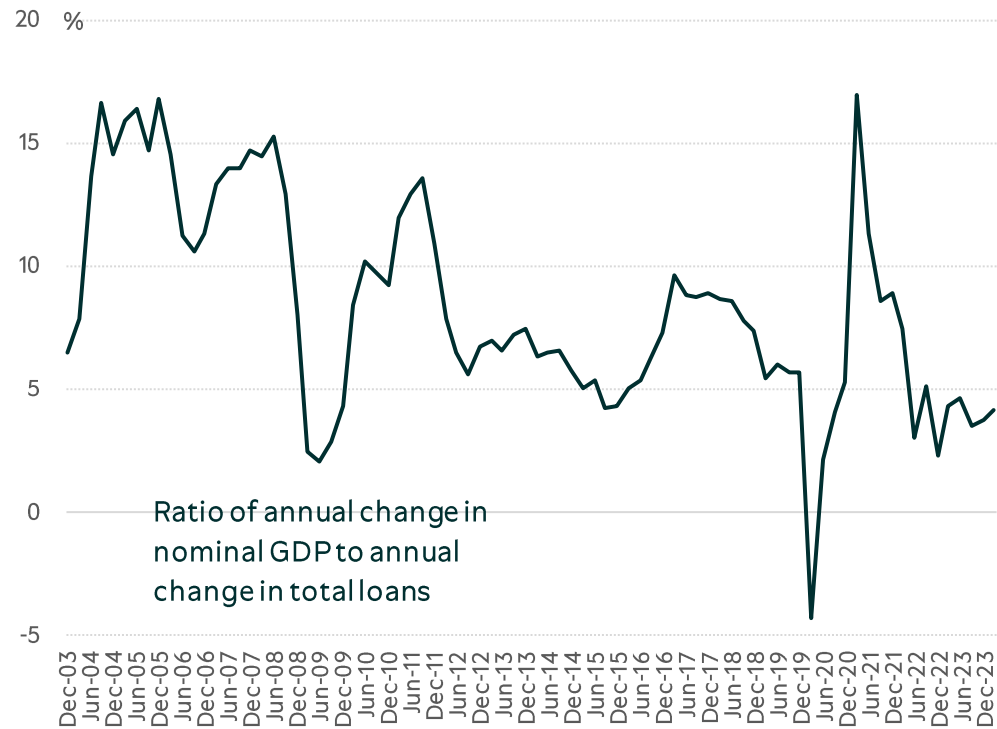


## Inflation Rate Expectations (Consensus)

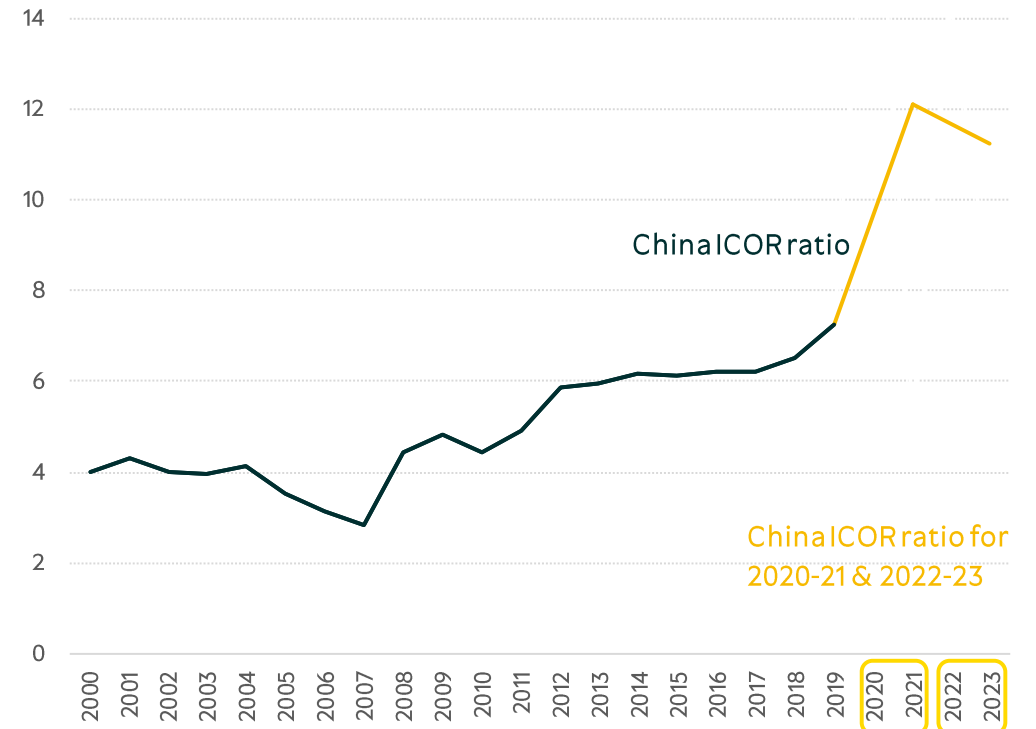


# Chinese Investment Capacity | Investments approach the post-pandemic era

China credit-efficiency ratio



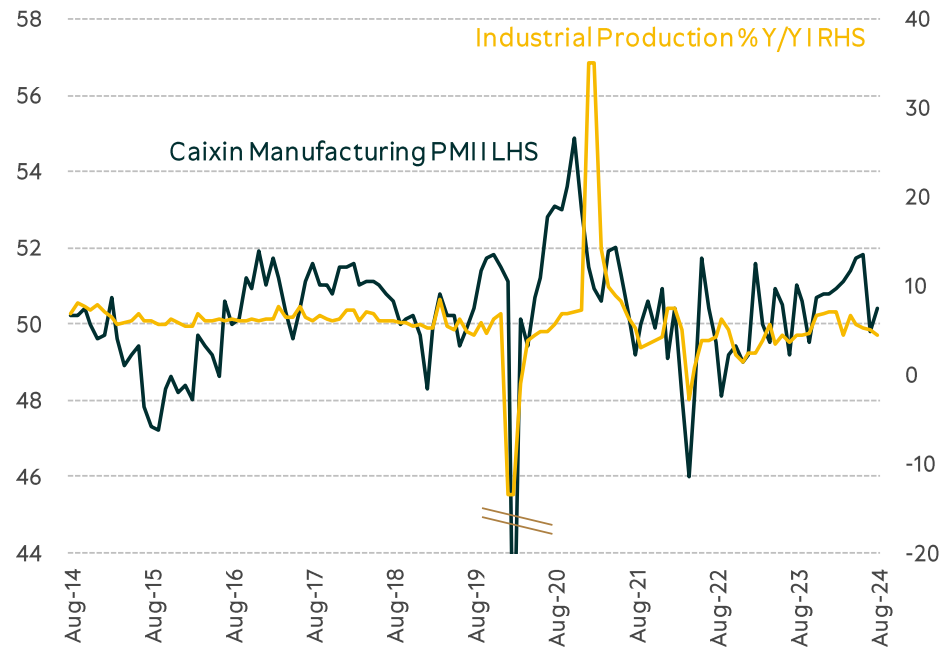
China Incremental Capital Output Ratio



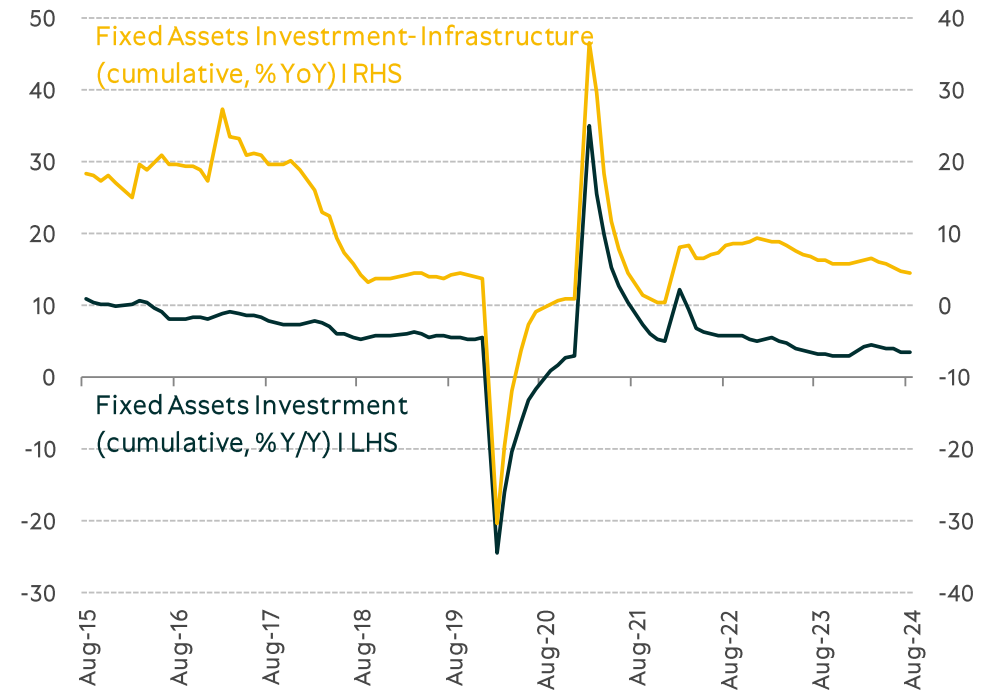


# CN | Caixin Manufacturing above 50, fixed asset investments trending down

## Industrial Production & Caixin Manufacturing

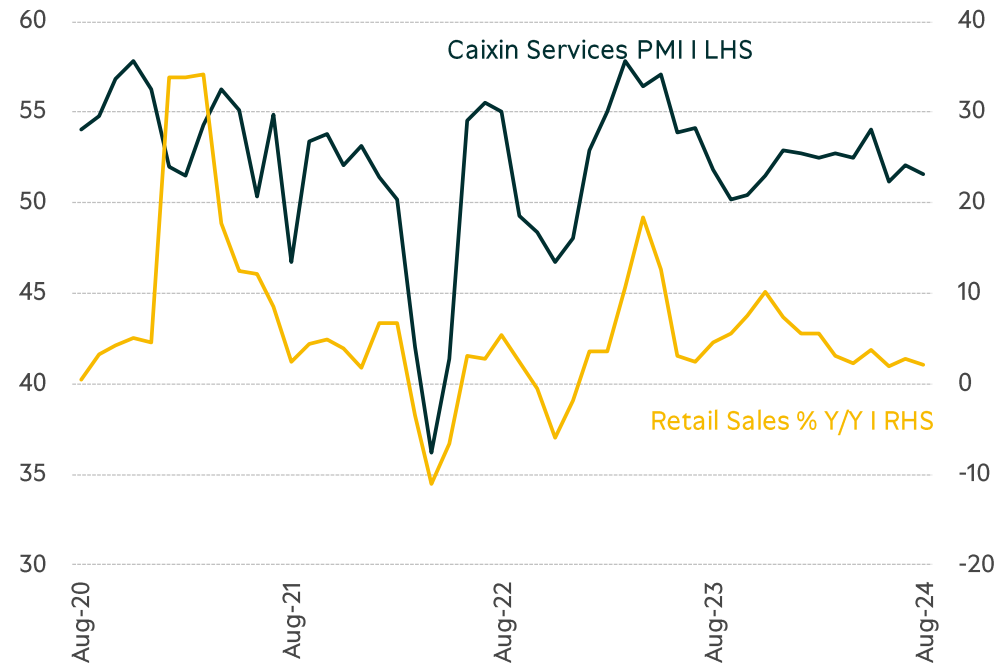


## Fixed Assets Investment

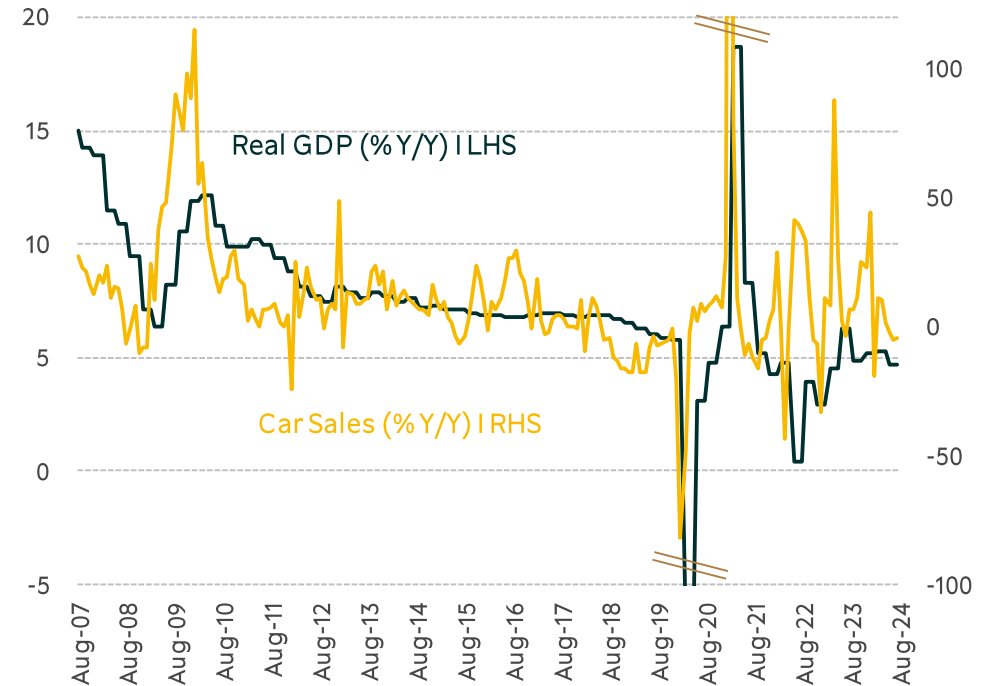


# CN | Retail Sales keep surprising to the downside. Caixin Services PMI eased in August

Retail Sales & Caixin Services PMI

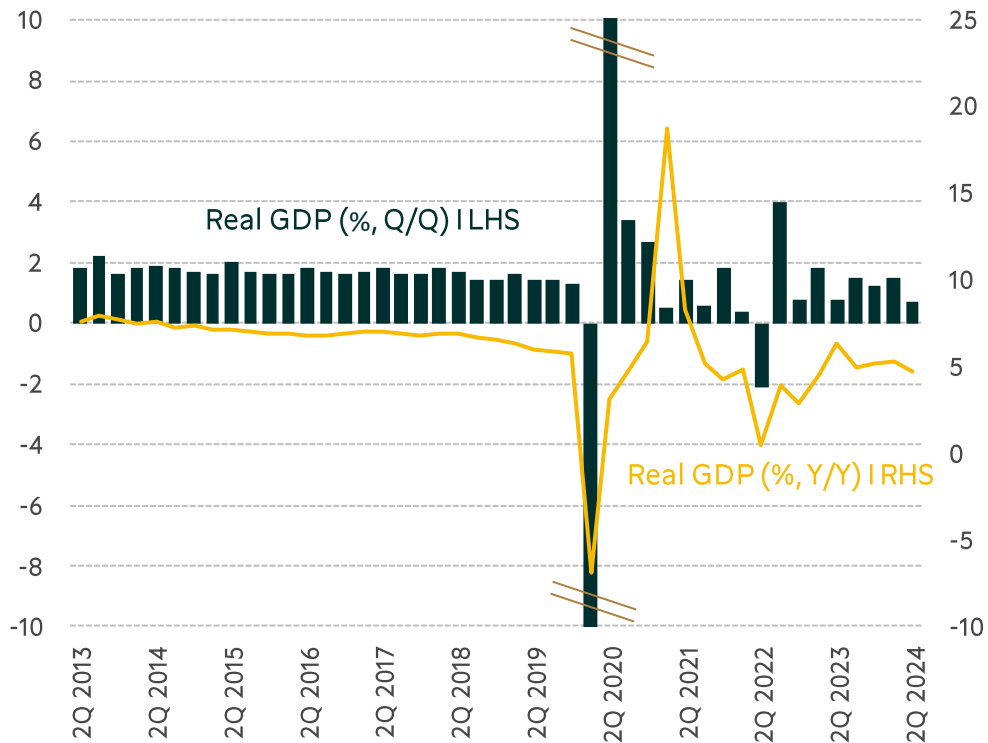


Real GDP & Car Sales

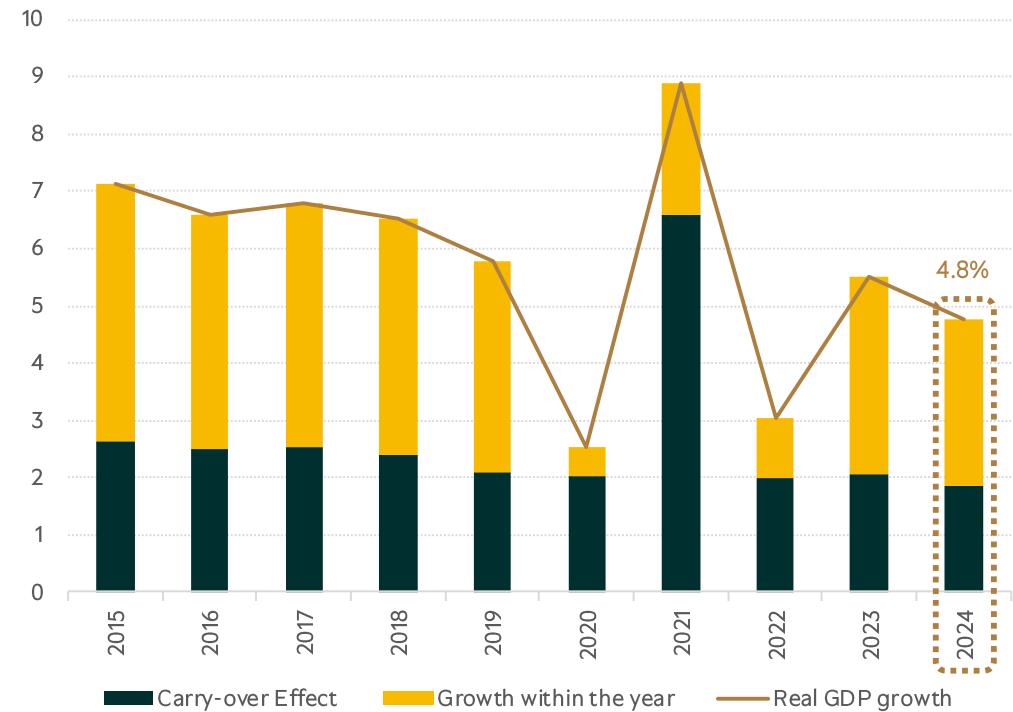


# CN GDP Outlook | The official target of 5% for 2023 was achieved but lower growth is expected for 2024

GDP Growth Rate

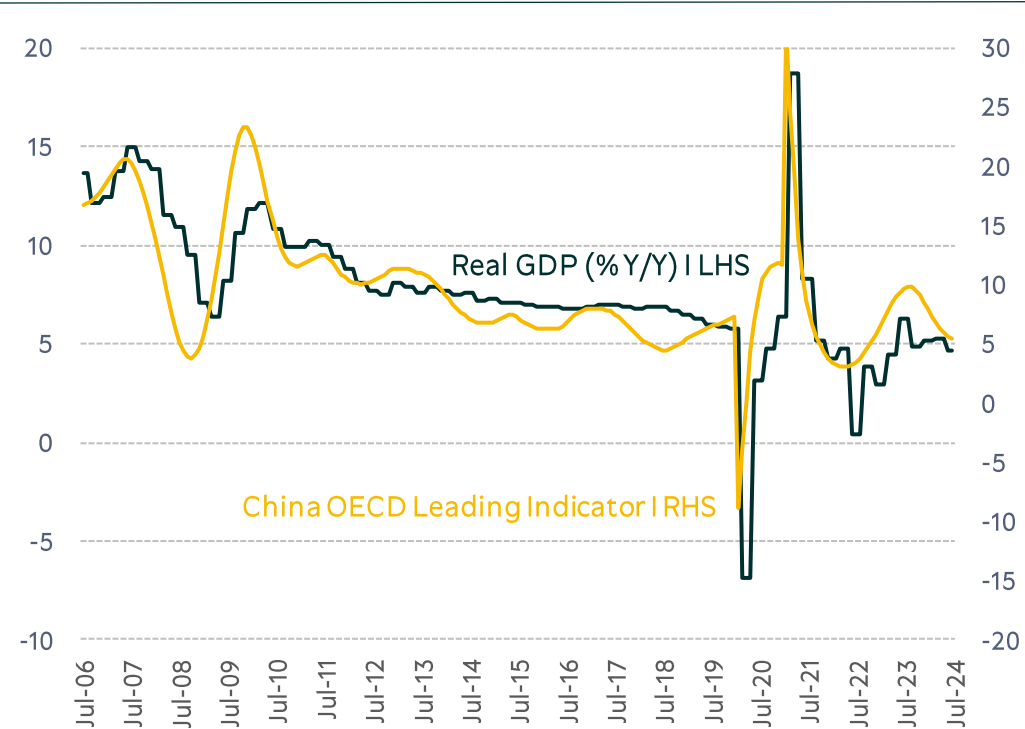


Carry Over Effect

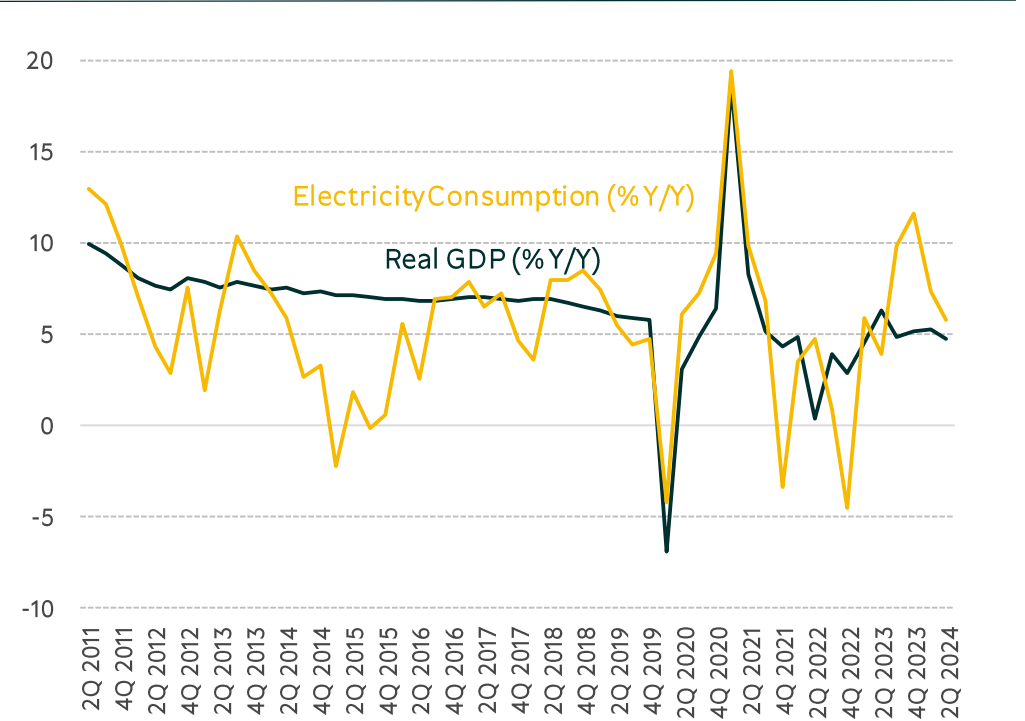


# CN GDP | OECD's Leading Indicator points to lower GDP growth, similarly Electricity Consumption Data

Real GDP & China OECD Leading Indicator

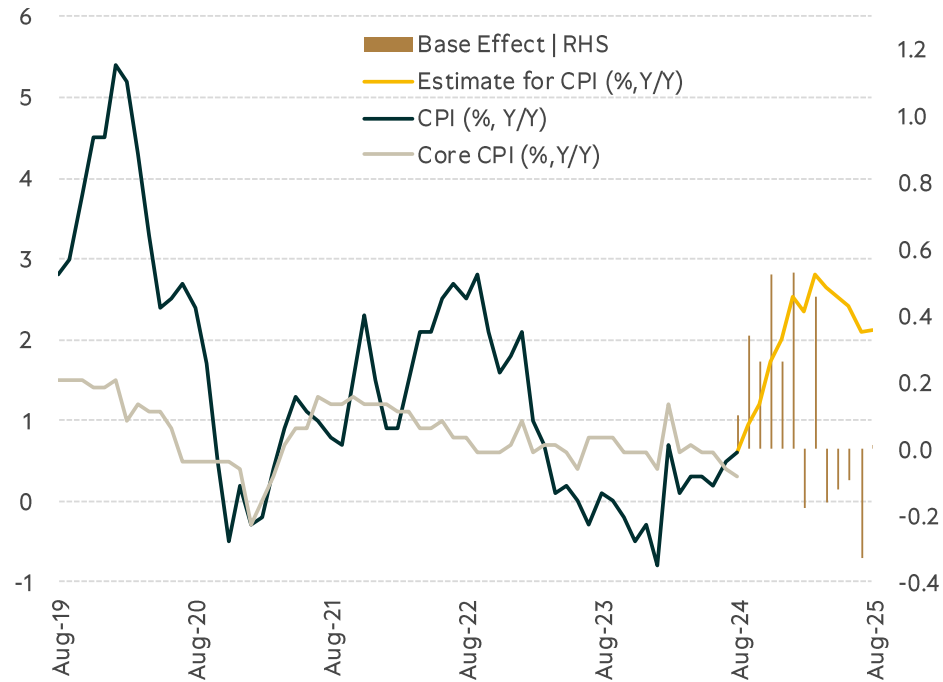


Real GDP & Electricity Consumption

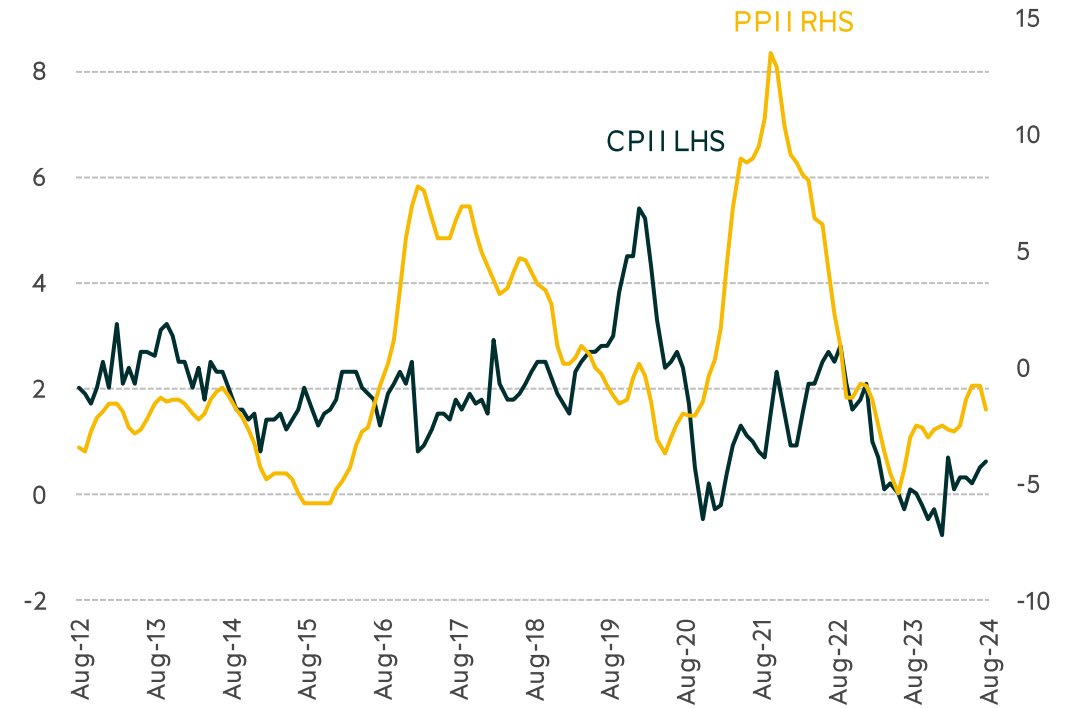


# CN Inflation Outlook | Disinflation fears are receding

## Inflation Rate Forecast | Statistical Model

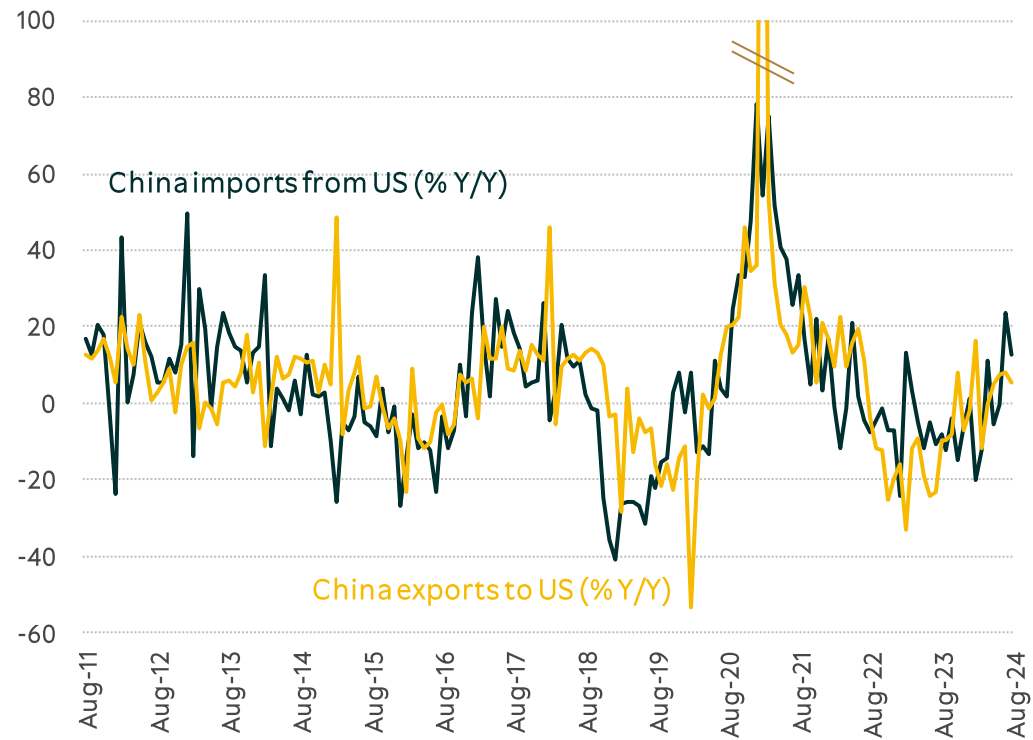


## CPI & PPI

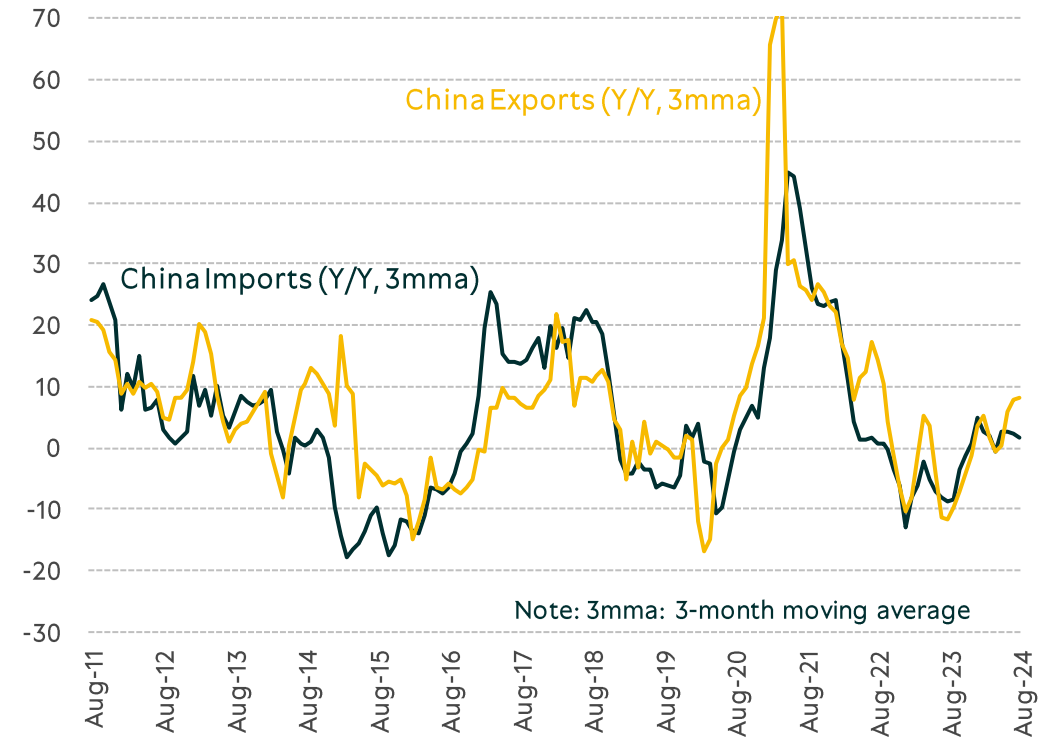


# CN Trade | Trade with the US still a concern

Trade US – China

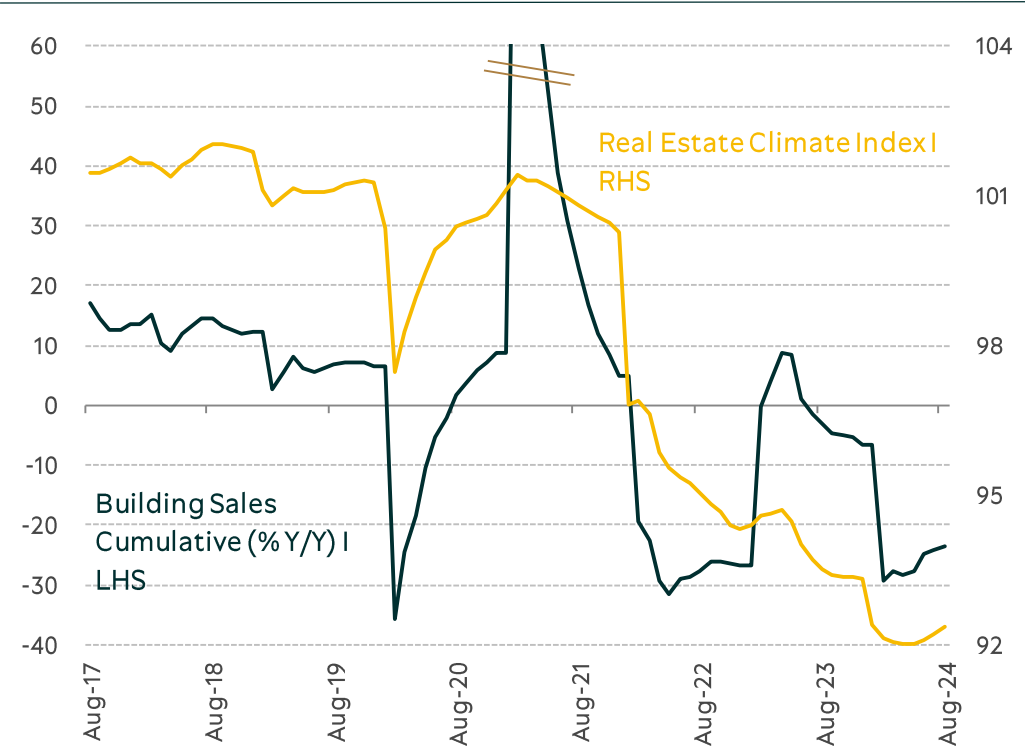


Imports & Exports

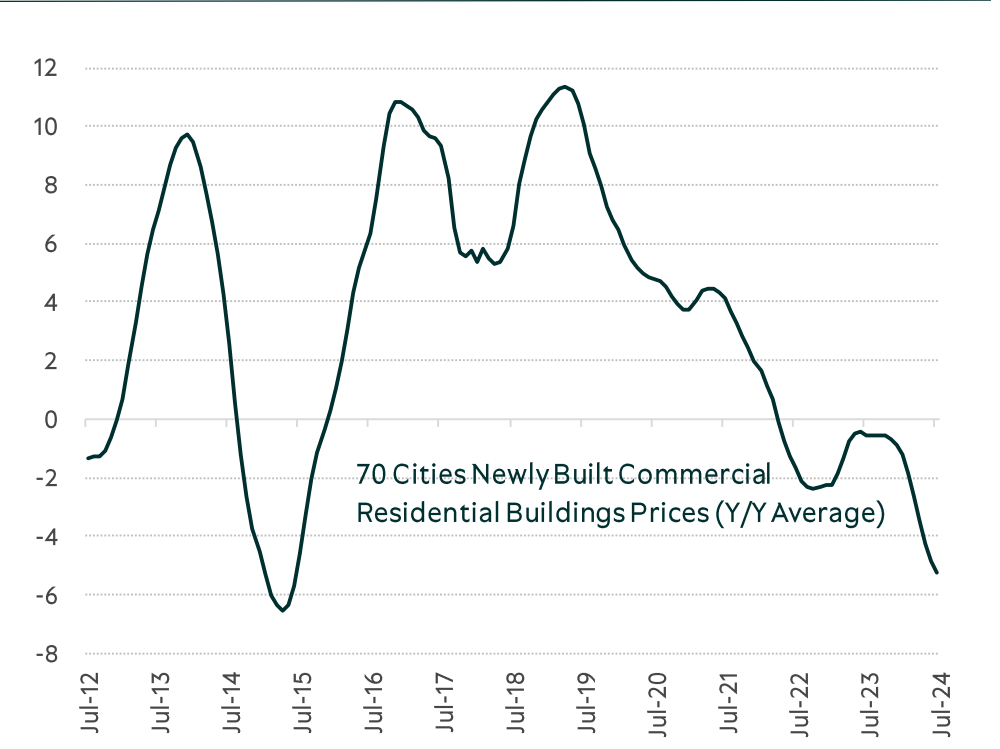


# CN Real Estate | Building sales, Real Estate climate and Prices still falling

## Real Estate Climate & Building Sales

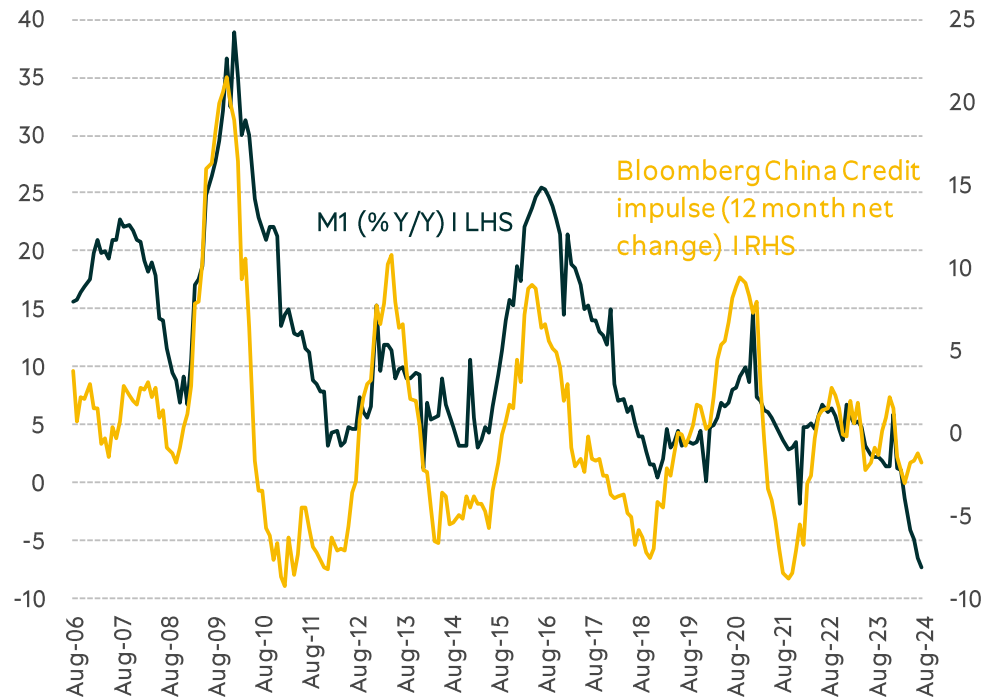


## Newly Residential Buildings Prices

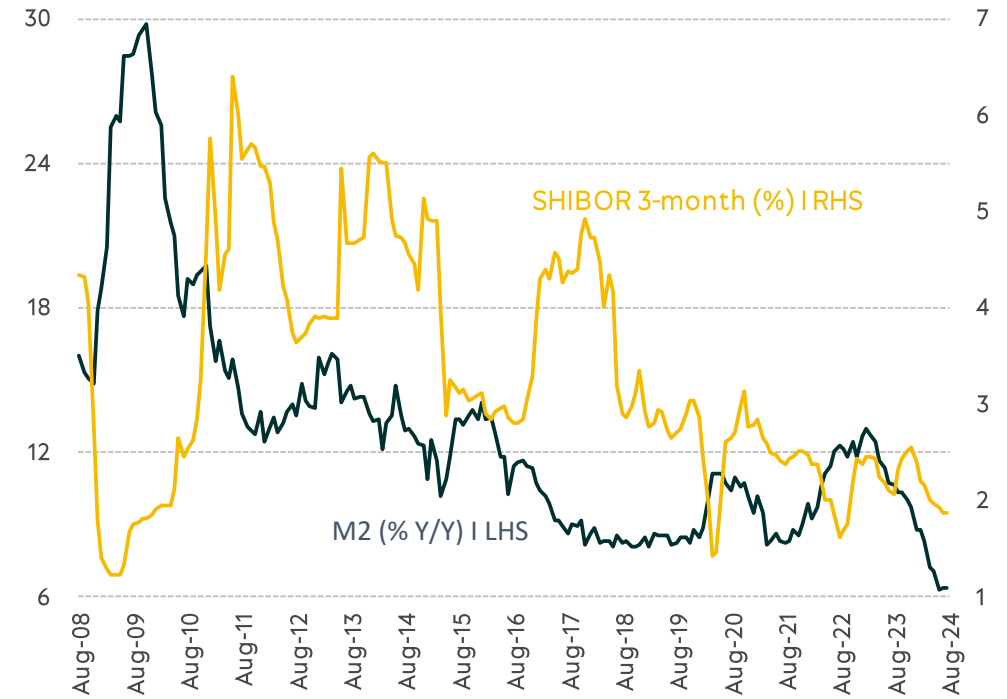


# CN Money Supply | M1, M2 and total financing are a drag to GDP ahead

Money Supply



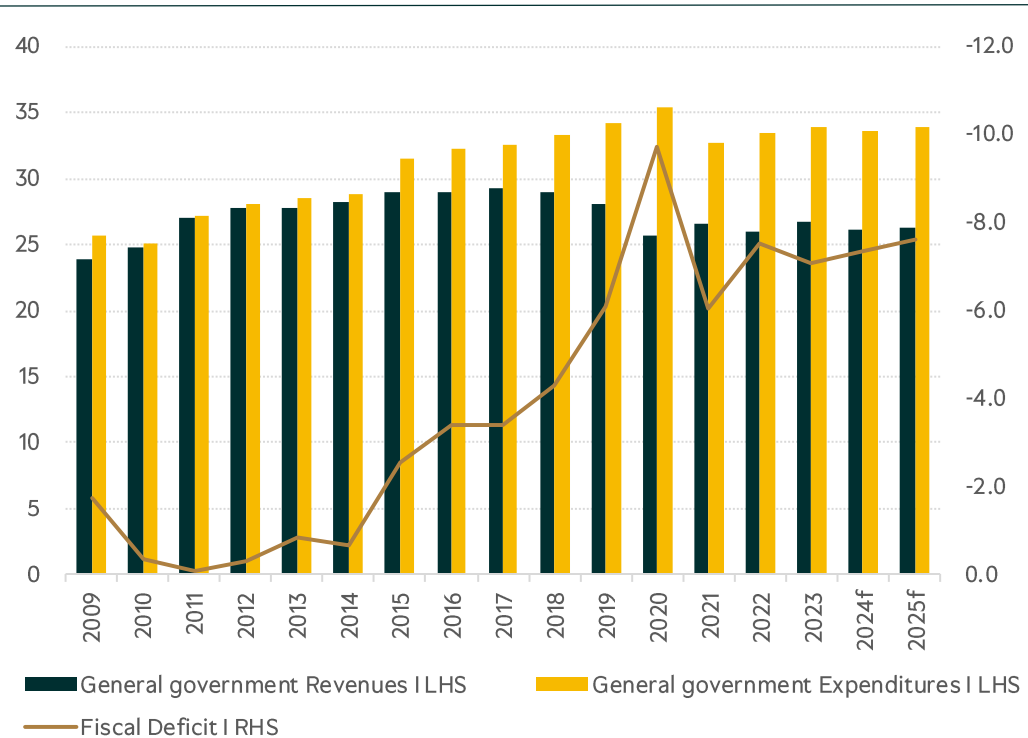
Money Supply & Interbank Rate



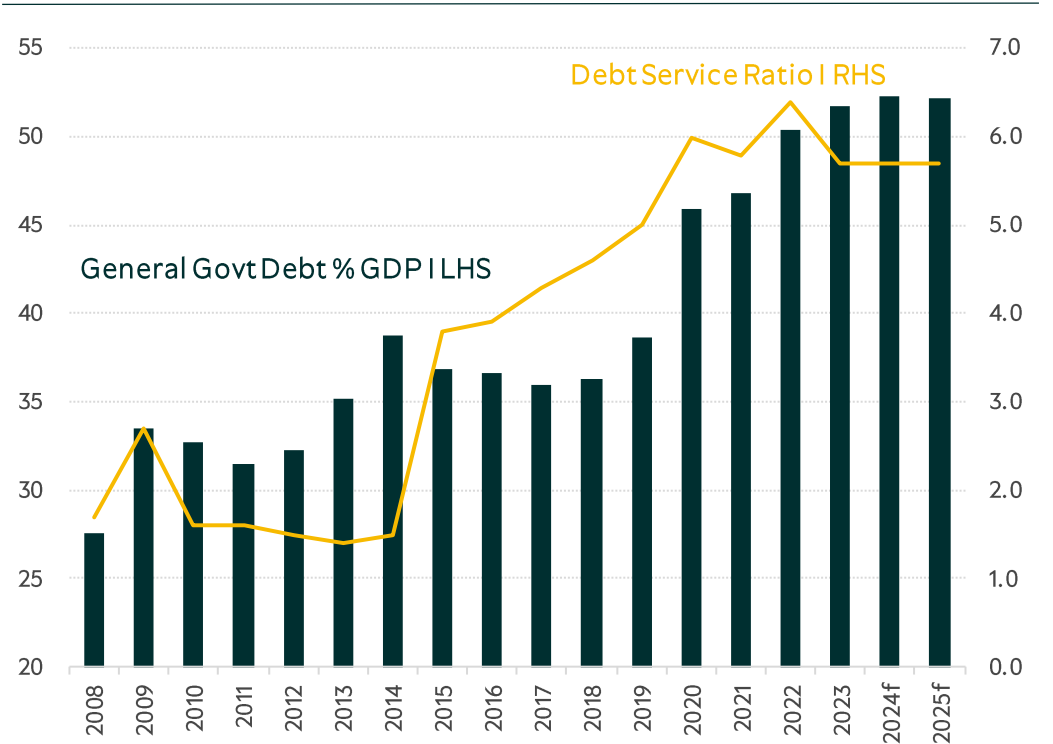


# CN Fiscal | Expansionary Fiscal policy is expected to continue

### Government Balance



### General Government Debt & Debt Service Ratio



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

## Economic Research & Investment Strategy

Lekkos, Ilias	Lekkosi@piraeusbank.gr	Chief Economist
Papioti, Liana	Papiotie@piraeusbank.gr	Secretary
<b>Global Economics &amp; ESG Research (GLEC)</b>		
Stefanou, Katerina	Stefanoua@piraeusbank.gr	Director, Global Economics & ESG Research Head
Rotsika, Dimitria	Rotsikad@piraeusbank.gr	Senior Manager, Economist
Papakostas, Valandis	Papakostasc@piraeusbank.gr	Manager, Economist
Sarmpanis, Michail	Sarmpanism@piraeusbank.gr	Senior Officer, Analyst
Oikonomou, Akrivi	Oikonomouak@piraeusbank.gr	Officer, Analyst

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**Contact details:**

Tel.: +30 2103288187

Website: <https://www.piraeusholdings.gr/el/oikonomiki-analisi-ependitiki-stratigiki>

Bloomberg Ticker: {PBGR<GO>}

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