

# Global Macro Trends

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Εμπορικές συμφωνίες: Πρόοδος εν μέσω αβεβαιότητας

## Διεθνείς Μακροοικονομικές Τάσεις

- Καθώς πλησιάζει η καθοριστική ημερομηνία της 1ης Αυγούστου, η πίεση για τη σύναψη διμερών εμπορικών συμφωνιών με τις ΗΠΑ έχει αυξηθεί. Σύμφωνα με δηλώσεις του Προέδρου των ΗΠΑ, στις περιπτώσεις κρατών με τα οποία δεν θα έχει συνομολογηθεί έως τότε εμπορική συμφωνία, θα εφαρμοστούν «ανταποδοτικούς» δασμοί ύψους μεταξύ 10% και 50%. Μέχρι σήμερα, τέτοιες συμφωνίες έχουν ανακοινωθεί μόνο με το Ηνωμένο Βασίλειο, την Ευρωπαϊκή Ένωση, την Ιαπωνία και την Ινδονησία, ενώ με την Κίνα εκκρεμεί εδώ και αρκετό καιρό η ολοκλήρωσή της με την υπογραφή της από τους δύο Προέδρους. Παράλληλα, πηγή έντασης συνιστά το τελευταίο διάστημα ο έντονος προβληματισμός της Ευρωπαϊκής Ένωσης για τις εμπορικές πρακτικές της Κίνας, ιδίως για τις αποστολές στα κράτη-μέλη της κινεζικών προϊόντων εξαιρετικά χαμηλού κόστους και αμφίβολης συμμόρφωσης με τις ευρωπαϊκές προδιαγραφές (όπως μέσω των πλατφορμών Shein, Temu). Τέλος, θετικά επιδρά στην οικονομική δραστηριότητα η σχετική ύφεση στα μέτωπα των εχθροπραξιών στη Μέση Ανατολή και στον πόλεμο Ουκρανίας-Ρωσίας.
- Στις ΗΠΑ, η αναστολή της επιβολής των «ανταποδοτικών» δασμών έως την 1/8 και η -εκτός απροόπτου- εμπορική συμφωνία με την Κίνα συνέβαλαν θετικά στη διατήρηση των, απρόσμενα, αρκετά καλών συνθηκών στην αγορά εργασίας και στη συγκράτηση των πληθωριστικών προσδοκιών. Ως αποτέλεσμα, τα οικονομικά στοιχεία και οι πρόδρομοι δείκτες εμφανίζουν κατά το τελευταίο διάστημα μικρή βελτίωση, ελαφρά μεγαλύτερη των εκτιμήσεων. Σε αυτό το περιβάλλον αβεβαιότητας, η Fed παραμένει διστακτική στην περαιτέρω μείωση του βασικού επιτοκίου της περιμένοντας πρώτα την αποσαφήνιση της δασμολογικής πολιτικής ώστε να εκτιμήσει την επίδρασή της στον πληθωρισμό. Από την άλλη, όμως, έχουν ενταθεί οι κυβερνητικές πιέσεις για να προβεί άμεσα στη μείωση του βασικού επιτοκίου της γεννώντας ανησυχίες για τη δυνατότητά της να λαμβάνει ανεξάρτητα αποφάσεις.
- Στην Ευρωζώνη, η οικονομική δραστηριότητα κατά το Β' Τρίμηνο εκτιμάται ότι παρέμεινε περίπου στάσιμη σε σχέση με του Α' Τριμήνου. Η περιορισμένη εσωτερική ζήτηση, η αύξηση των δασμών στις εξαγωγές της στις ΗΠΑ, η σημαντική ανατίμηση από την αρχή του χρόνου του ευρώ έναντι του αμερικανικού δολαρίου, η πιθανή ανακατεύθυνση στην ευρωπαϊκή αγορά μέρους των «χαμένων» στις ΗΠΑ εξαγωγών τρίτων χωρών (που εντείνει τον ανταγωνισμό και πιέζει τα περιθώρια κέρδους των ευρωπαϊκών εταιρειών) αποτελούν μερικούς από τους παράγοντες που δρουν ανασταλτικά στην ανάπτυξη. Από την άλλη, οι τέσσερις μειώσεις των βασικών επιτοκίων της ΕΚΤ το 2025, η διαμόρφωση του πληθωρισμού πλησίον του στόχου του 2%, η απόφαση αύξησης των αμυντικών δαπανών σε βάθος χρόνου και το ιστορικά χαμηλό ποσοστό ανεργίας επηρεάζουν θετικά.
- Στην Κίνα, ο ρυθμός ανάπτυξης κατά το Β' Τρίμηνο διαμορφώθηκε στο 5,2% σε ετήσια βάση (Α' Τρίμ. 25: 5,4%). Συνεπώς, συνολικά στο Α' Εξάμηνο ήταν 5,3%, καθιστώντας πιθανότερη την επίτευξη του κυβερνητικού στόχου για ρυθμό ανάπτυξης «περίπου 5%» για το 2025. Ωστόσο, η σχετικά συγκρατημένη εσωτερική ζήτηση παραμένει διατηρώντας τις εξαγωγές σημαντικό παράγοντα της αναπτυξιακής προοπτικής. Οπότε, η σύναψη εμπορικής συμφωνίας με τις ΗΠΑ θα αποτελέσει ιδιαίτερα θετική εξέλιξη.

# Global macro trends

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- ▶ As the crucial date of August 1 is drawing near, pressure to conclude bilateral trade agreements with the United States has intensified. According to the U.S. President, reciprocal tariffs ranging from 10% to 50% will be imposed on countries that have not concluded a bilateral trade agreement with the US by that date. To date, such agreements have been announced only with the United Kingdom, the European Union, Japan, and Indonesia, while the finalization of an agreement with China has been pending for some time, awaiting signatures from both Presidents. At the same time, there has been growing concern within the European Union regarding China's trade practices, particularly the large-scale influx of extremely low-cost Chinese goods into member states, often with questionable compliance to European standards—most notably through platforms such as Shein and Temu. Finally, a relative de-escalation of hostilities in the Middle East and in the Ukraine–Russia conflict is having a positive effect on economic activity.
- ▶ In the US, the suspension of “retaliatory” tariffs until August 1st, along with the expected conclusion of a trade agreement with China, have contributed positively to maintaining surprisingly robust labour market conditions and containing inflation expectations. As a result, recent economic data and leading indicators have shown a slight improvement, somewhat exceeding earlier forecasts. In this climate of uncertainty, the Federal Reserve remains cautious about reducing its key interest rates, preferring to wait for clarity regarding tariff policy to accurately assess its impact on inflation. On the other hand, government pressure to proceed with an immediate rate cut has intensified, raising concerns about the Federal Reserve's ability to make independent decisions.
- ▶ In the Eurozone, economic activity in the second quarter is estimated to have remained broadly stagnant compared to the first quarter. Factors weighing on growth include subdued domestic demand, increased export tariffs to the United States, the significant appreciation of the euro against the US dollar since the beginning of the year, and the potential redirection of some “lost” exports from third countries to the European market—which intensifies competition and puts pressure on European companies' profit margins. On the other hand, the European Central Bank's four key interest rates cuts this year, inflation near the 2% target, the decision to increase long-term defense spending, and historically low unemployment are all having a positive impact.
- ▶ In China, growth for the second quarter stood at 5.2% year-on-year (Q1 2025: 5.4%). Consequently, growth for the first half of the year reached 5.3%, making it more likely that the government will achieve its target of around 5% growth in 2025. Nevertheless, domestic demand remains relatively moderate, leaving exports as a significant driver of growth prospects. Therefore, the conclusion of a trade agreement with the United States would constitute a particularly positive development.

## Main Macroeconomic Indicators – Market Consensus

US											
	Actual				Estimates				% Y/Y avg		
	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2024	2025	2026
Real GDP											
Q/Q % SAAR	3.0	3.1	2.4	-0.5	2.1	0.8	1.2	1.5	2.8	1.5	1.6
Headline PCE PI											
% Y/Y	2.6	2.3	2.5	2.5	2.4	2.9	3.1	2.9	2.5	2.7	2.7
Core PCE											
% Y/Y	2.7	2.7	2.8	2.8	2.7	3.1	3.2	3.0	2.8	2.9	2.7
Unemployment Rate	4.0	4.2	4.1	4.1	4.2	4.4	4.5	4.5	4.0	4.3	4.4
Fed Policy Rate (Upper Bound)	5.50	5.00	4.50	4.50	4.50	4.35	4.05	3.85	4.50	4.05	3.50
EA											
	Actual				Estimates				% Y/Y avg		
	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2024	2025	2026
Real GDP											
Q/Q %	0.2	0.4	0.3	0.6	-0.1	0.1	0.2	0.3	0.9	1.0	1.1
CPI											
% Y/Y	2.5	2.2	2.2	2.3	2.0	1.9	1.9	1.7	2.4	2.0	1.9
Unemployment Rate	6.4	6.3	6.2	6.3	6.3	6.3	6.4	6.4	6.4	6.3	6.3
ECB Policy Rate (Main Refin Rate)	4.25	3.65	3.15	2.65	2.15	1.90	1.90	1.90	3.15	1.90	1.90
Emerging Markets											
	Emerging Markets		Brazil			China		India			
	Real GDP	Inflation	Real GDP	Inflation	Key Rate	Real GDP	Inflation	Real GDP	Inflation	Key Rate	
2022	3.9	6.4	3.0	9.3	13.75	3.1	2.0	9.7	6.7	6.25	
2023	4.4	5.7	3.3	4.6	11.75	5.4	0.2	7.6	5.7	6.50	
2024e	4.8	6.7	3.4	4.4	12.25	5.0	0.2	9.2	5.0	6.50	
2025f	4.0	3.3	2.3	5.2	14.75	4.6	0.2	6.4	4.6	5.3	
2026f	3.9	2.9	1.6	4.41	12.5	4.2	1.0	6.3	3.8	5.35	
Market Consensus 23.07.2025											



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Bird's Eye View

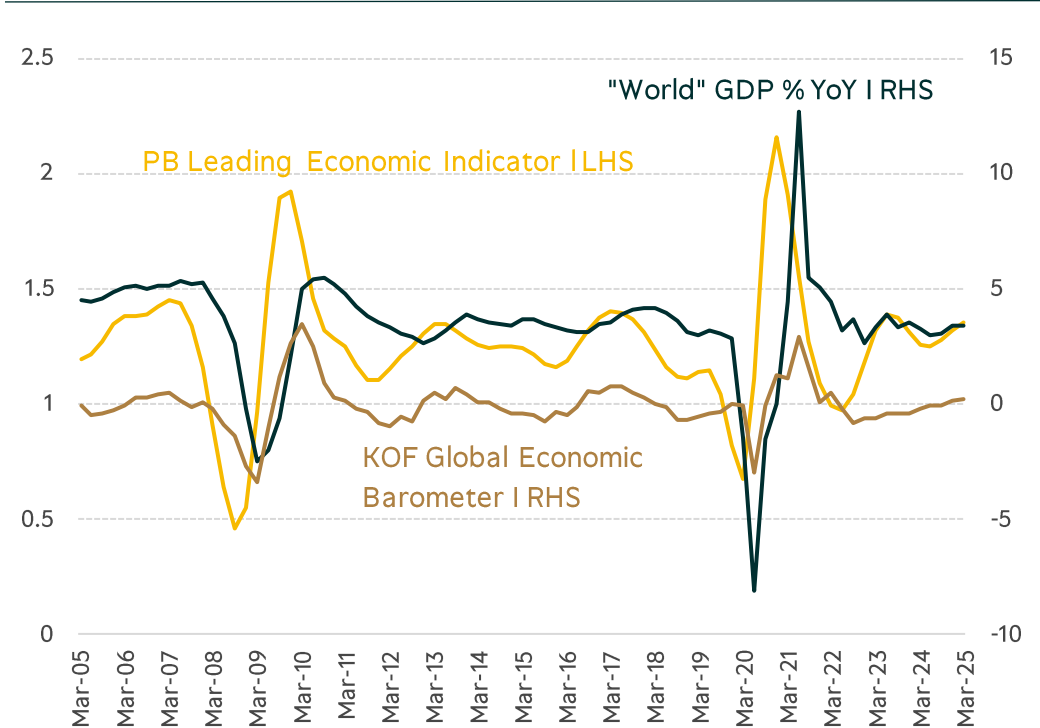
US Economy

EA Economy

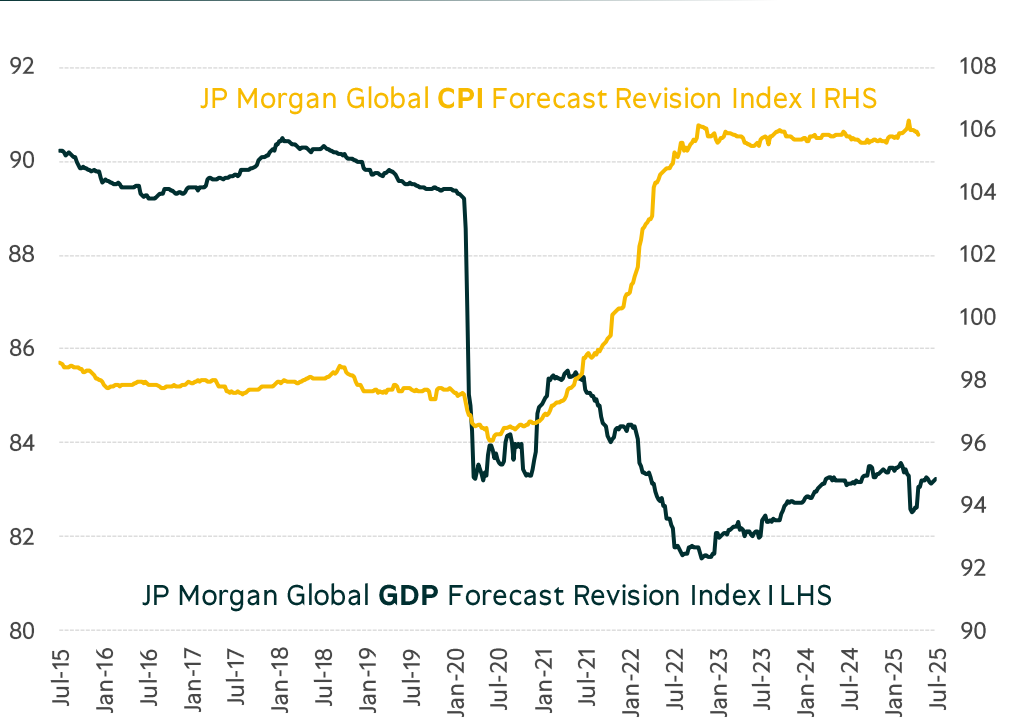
China Economy

The Global Bird's-Eye View | The de-escalation of the trade war has halted the decline in global GDP forecasts; however, concerns regarding the long-term outlook persist with the deadlines for trade agreements nearing ...

Piraeus Bank “World” Leading Economic Indicator & Economic Growth

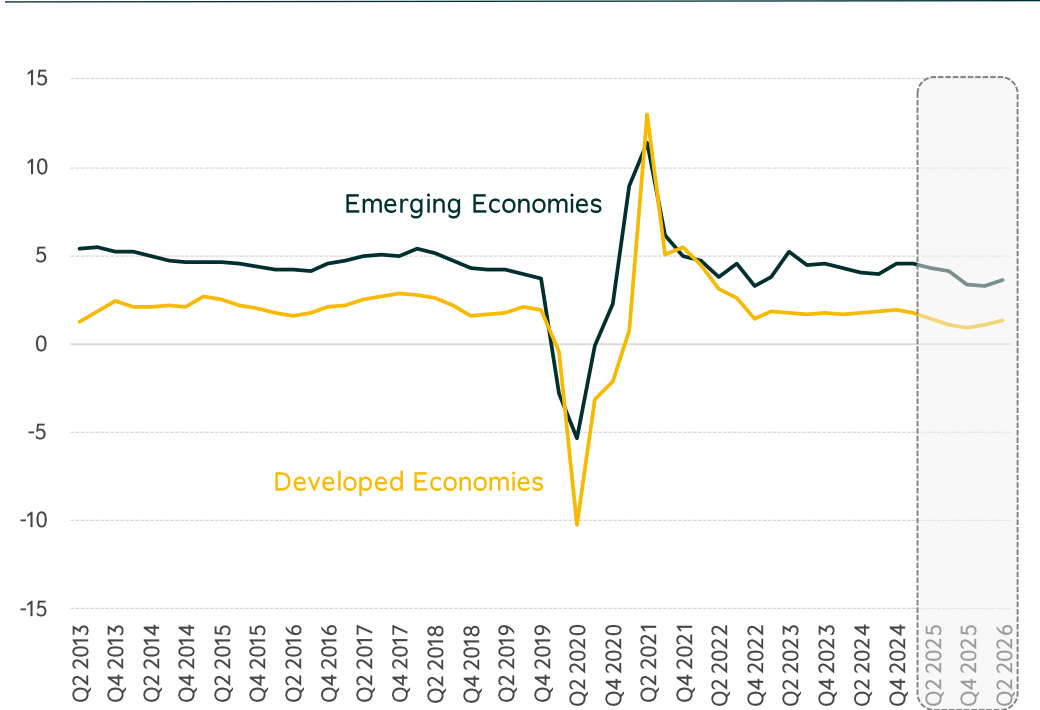


JP Morgan Global Forecast Revision Indices

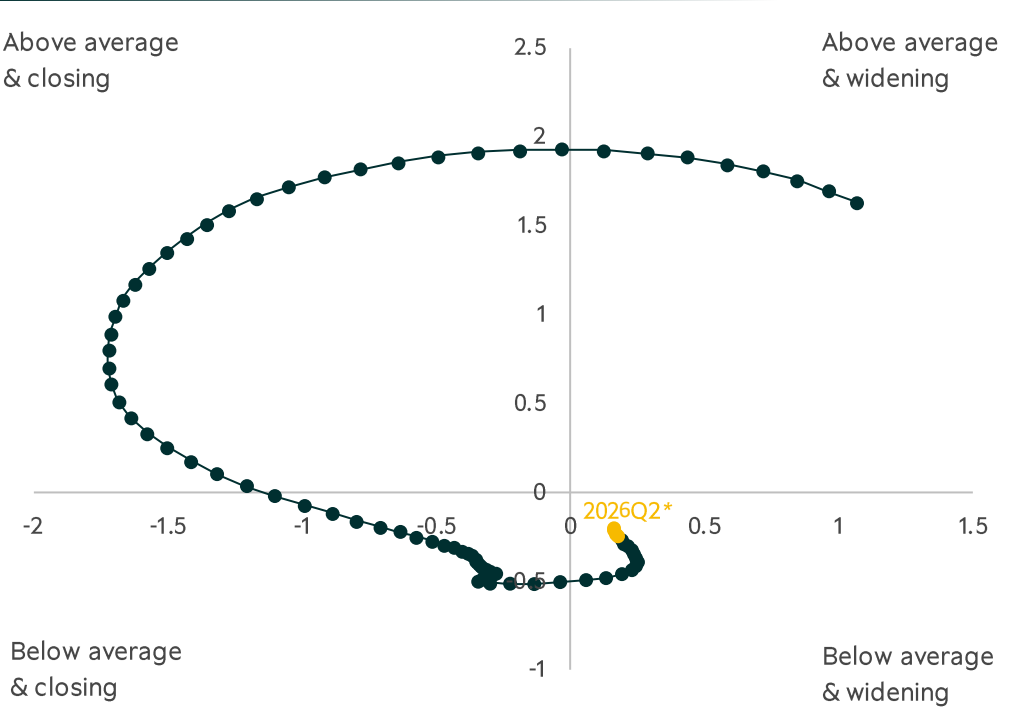


# The Global Bird's-Eye View | The growth differential between emerging markets and developed markets is expected to remain at below average levels for 2025

Real GDP Growth % YoY



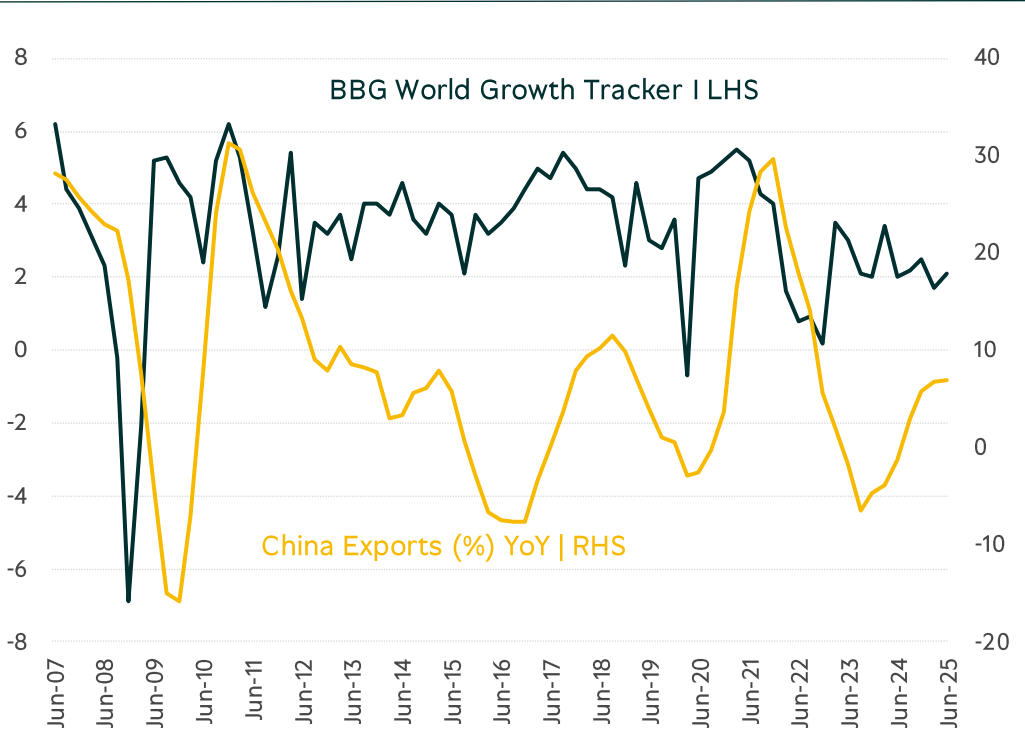
EM – DM Growth Differential



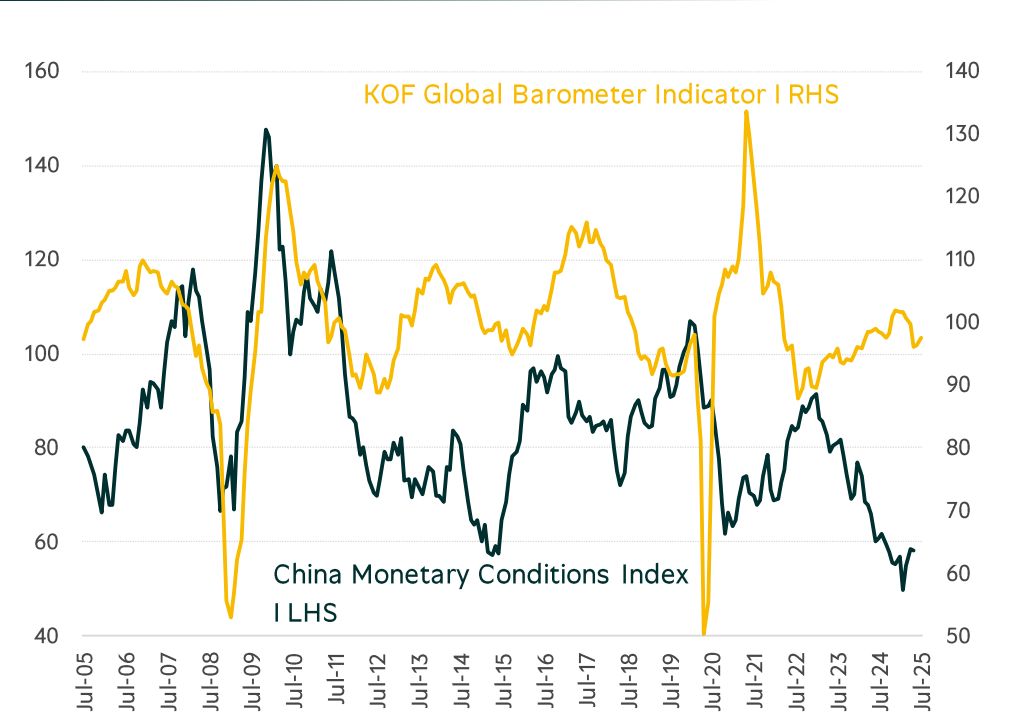
\* Denotes forecasted figures from 2025Q2 up to 2026Q2

Global Economic Activity | China's exports saw a steady increase in the first half of 2025 (front-running inventory buildup) however, future growth will depend on final tariff rates & trade agreements

BBG World Growth Tracker & China Exports

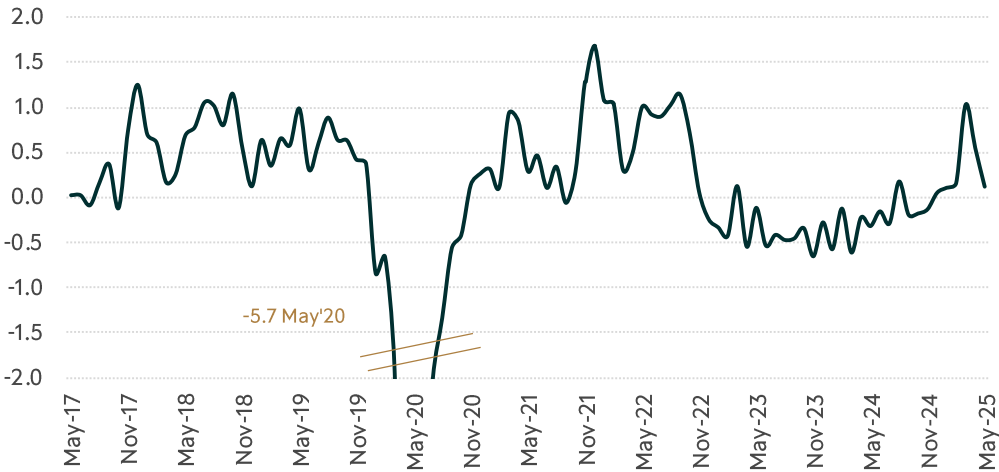


KOF Global Barometer Indicator & China Monetary Conditions

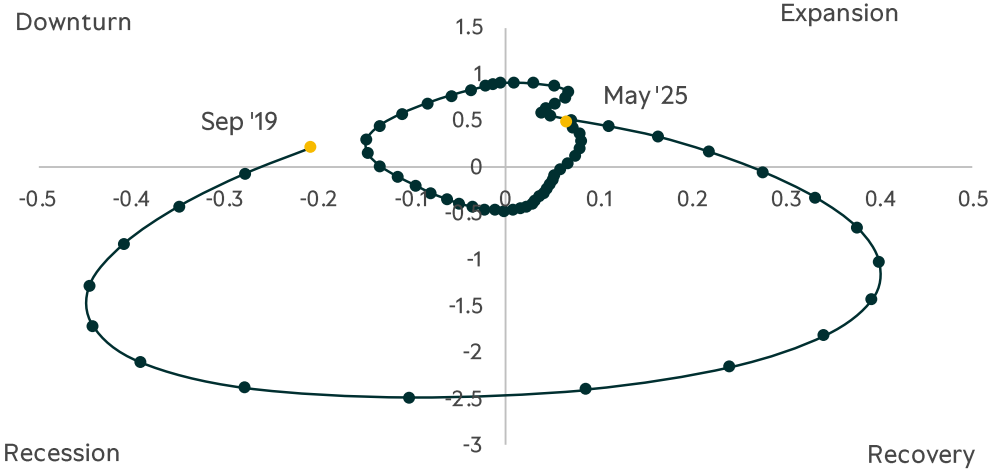


# Global Trade | World Trade and EM Exports showed sings of deceleration in May following the front loading of the high reciprocal tariff announcements

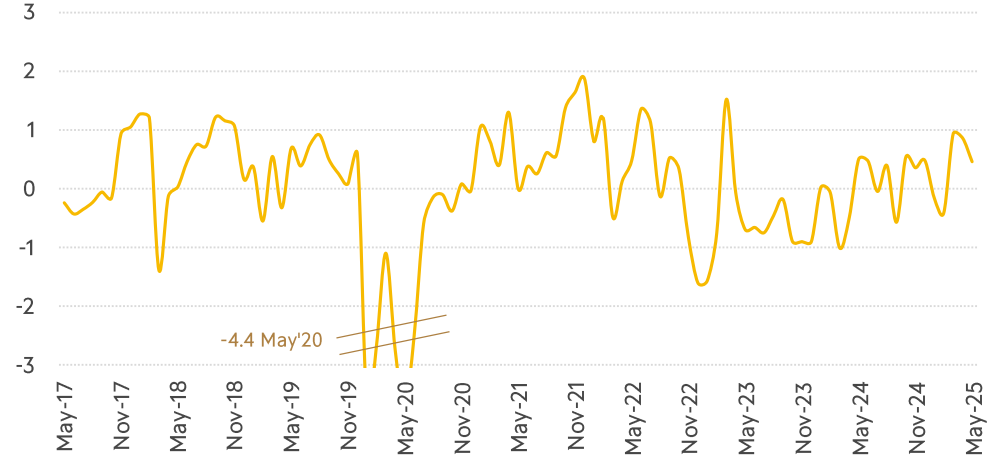
World Trade



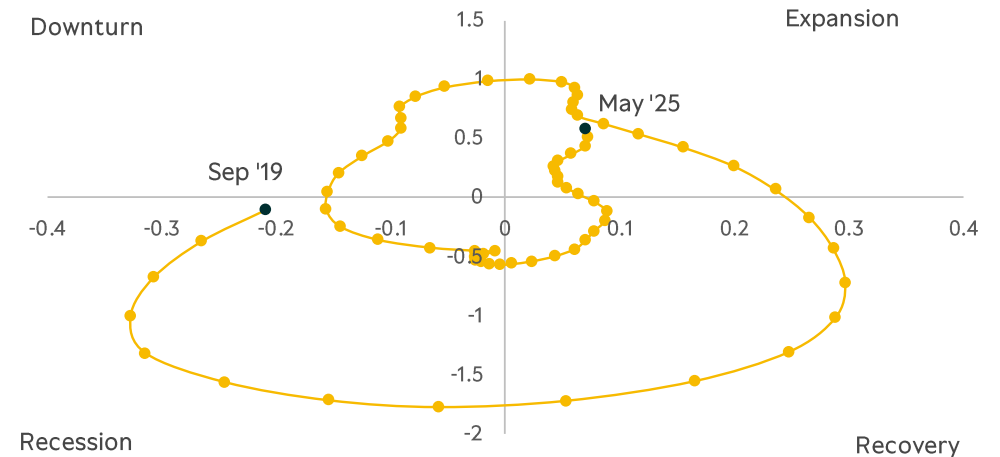
World Trade Tracer



World Exports | EM

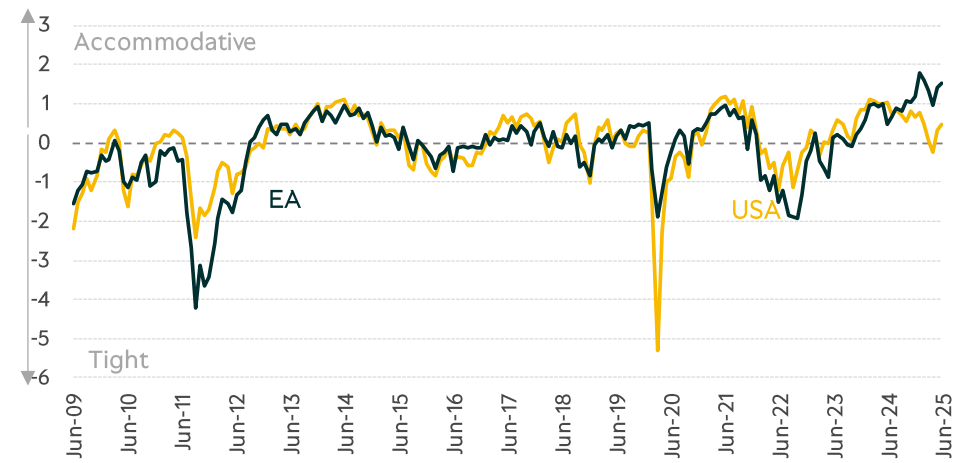


World Exports Tracer | EM

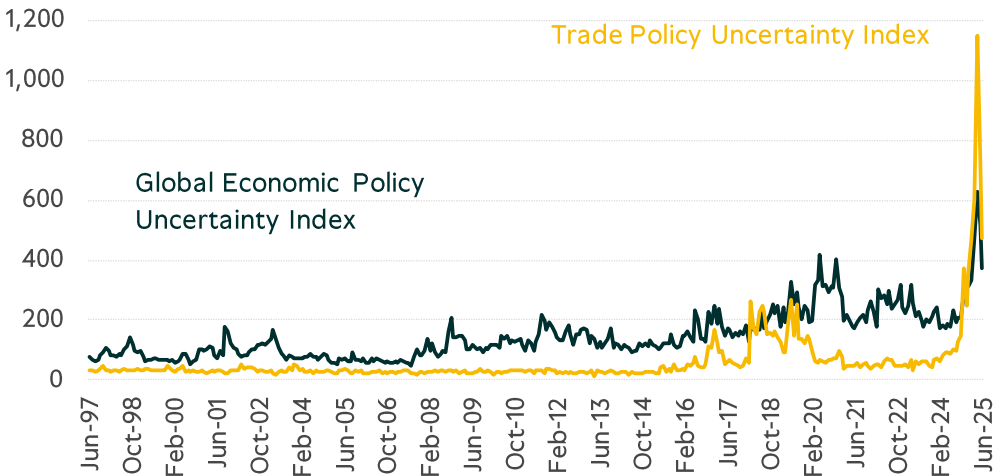


Global Trends | Trade and Economic Policy Uncertainty remain elevated due to the volatile policy landscape, though some decompression is observed. US Financial Conditions continue to be accommodative in June.

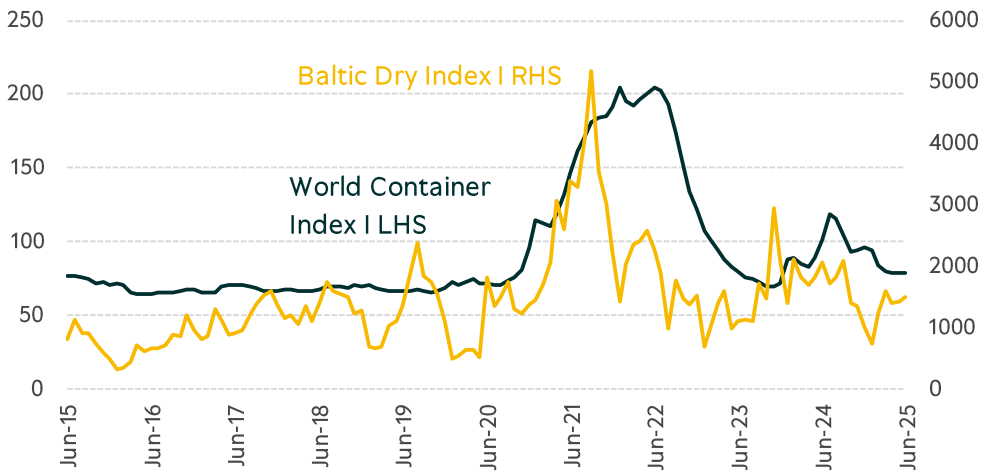
Bloomberg Financial Conditions Indices



Global Economic & Trade Policy Uncertainty (Caldara & Iacoviello)



World Container and Baltic Dry Indices

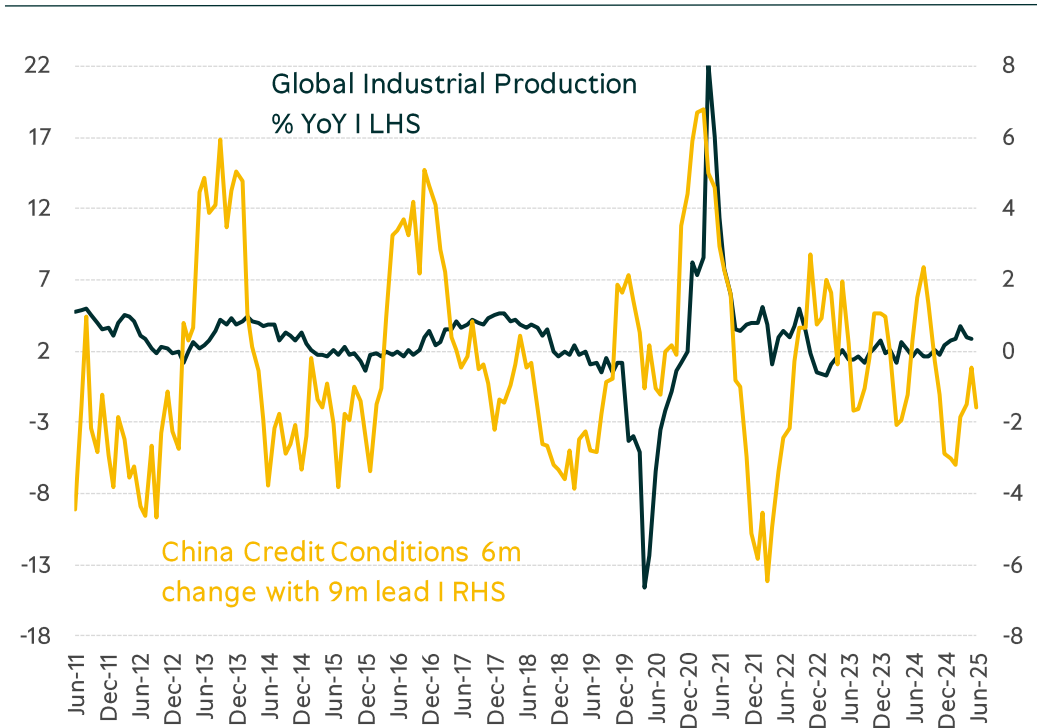


NY Fed | Global Supply Chain Pressure

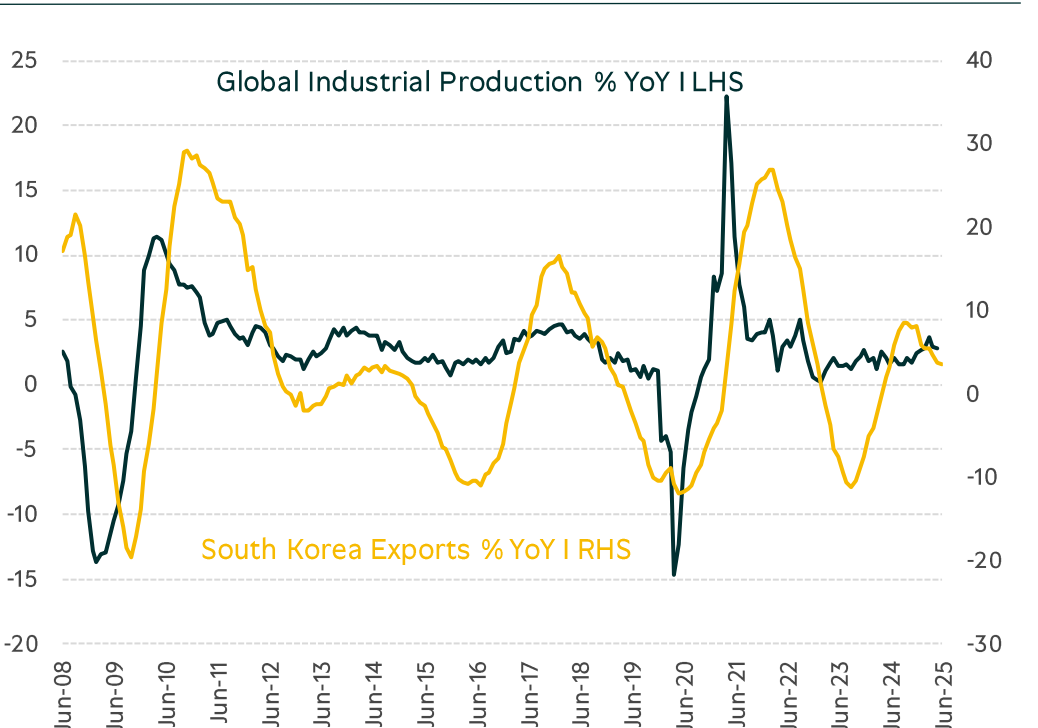


# Global Trends | China's credit conditions deteriorated in June, and South Korea's exports indicate a deceleration in global industrial production and growth prospects

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

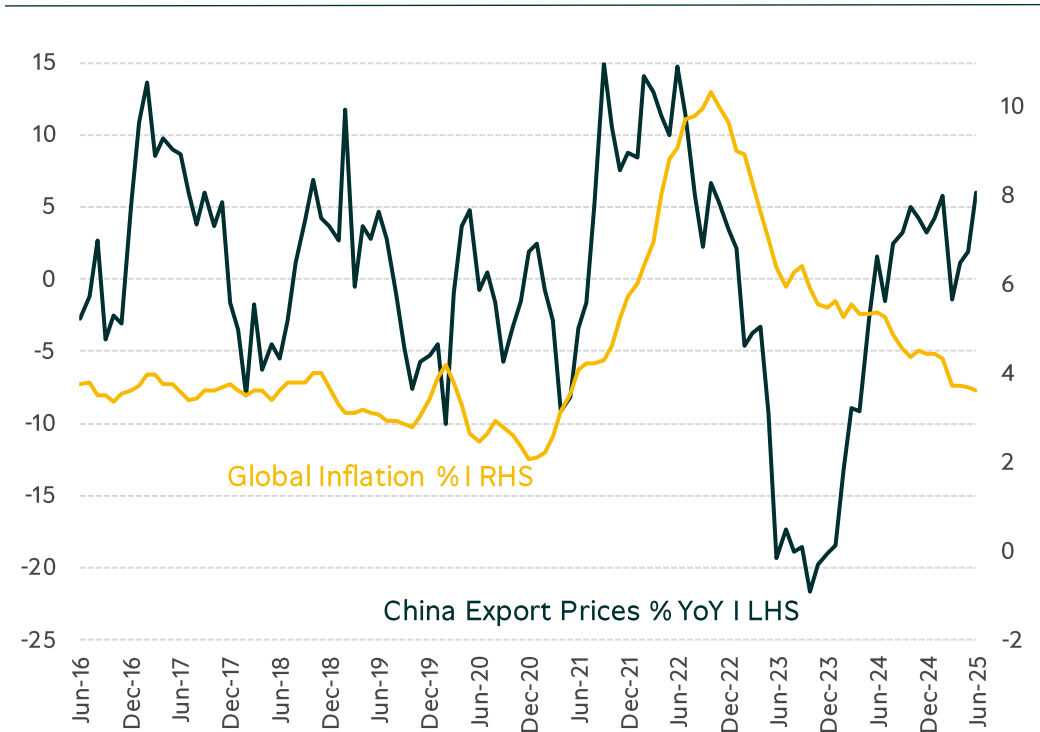


South Korean Exports & Global Industrial Production

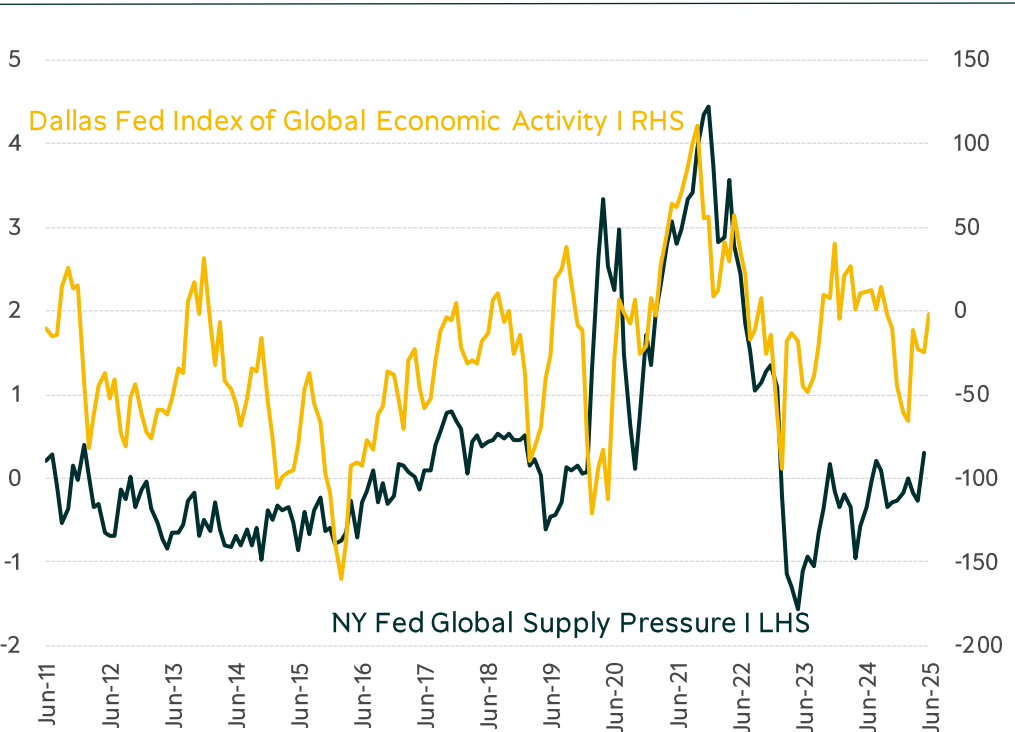


Global Trends | China's export prices picked up significantly in June marking a historical high since June 2022. Global economic activity indicators are giving mixed signals.

China Export Prices & Global Inflation



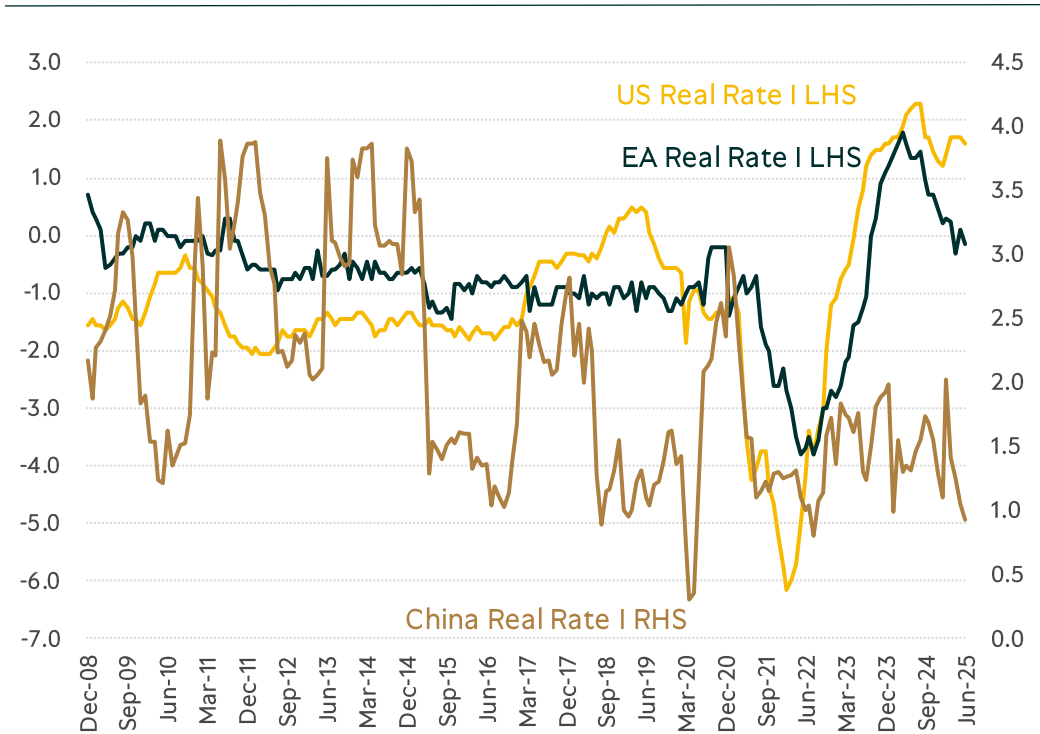
Global Economic Activity vs Global Supply Pressure



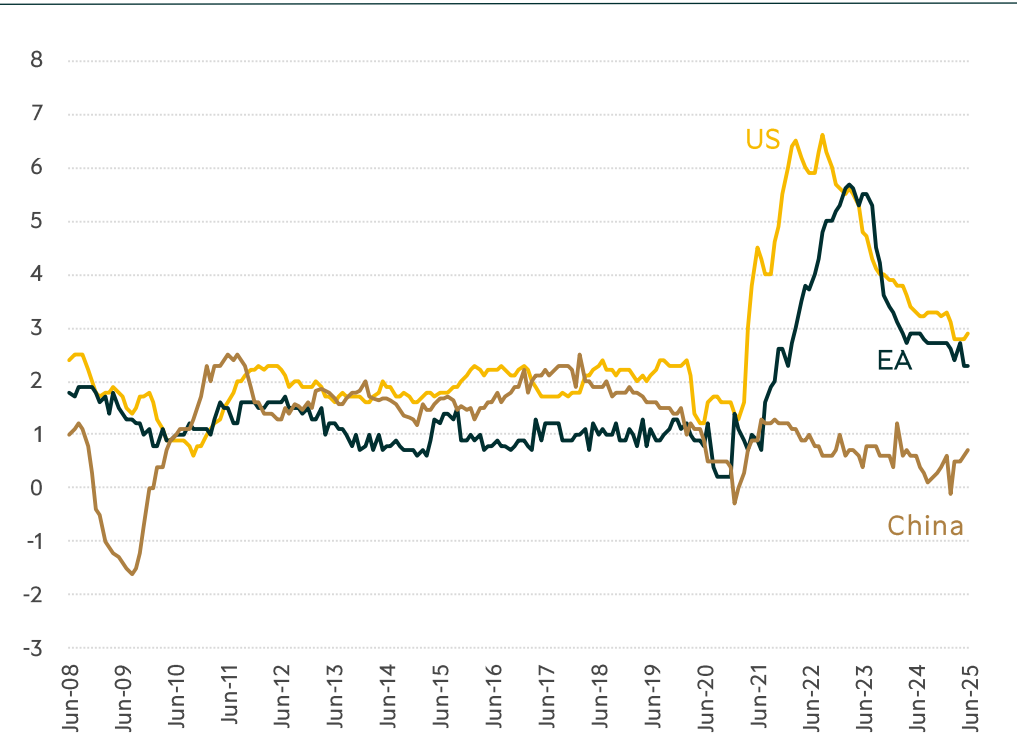


Global Trends | The US real policy rate has remained relatively stable over the past three months; China's has been decreasing while the EA's fluctuated around 0%. China's core CPI at 0.7% in June from 0.6% in May.

Global Real Policy Rates US, EA, CN



US, EA, CN Core Inflation



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Bird's Eye View

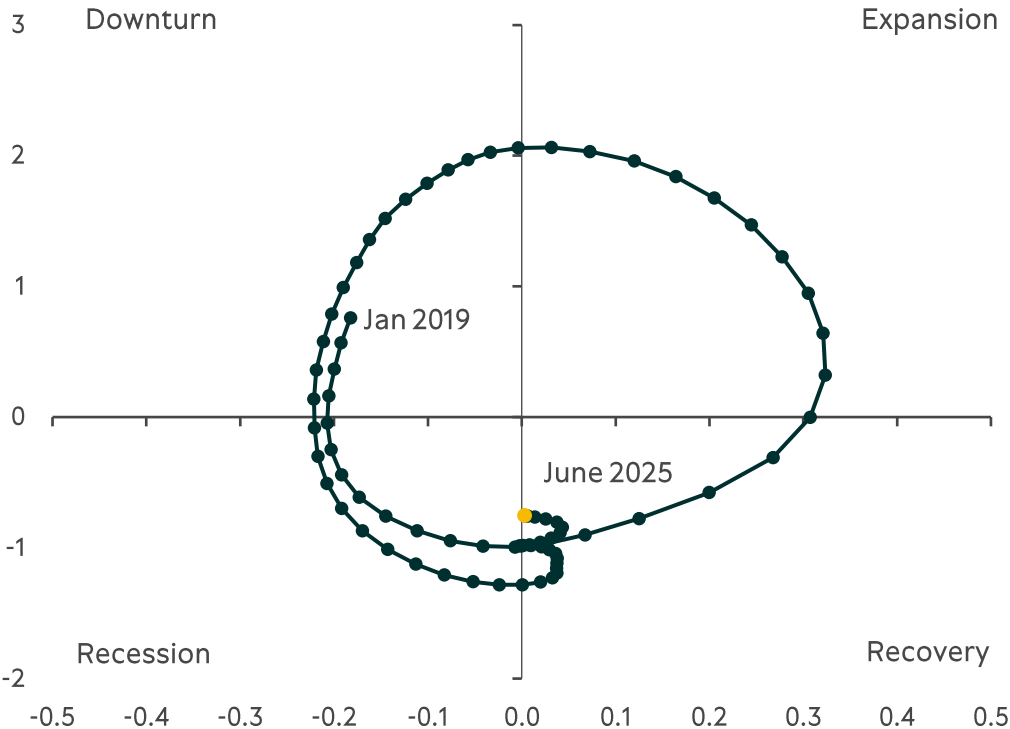
US Economy

EA Economy

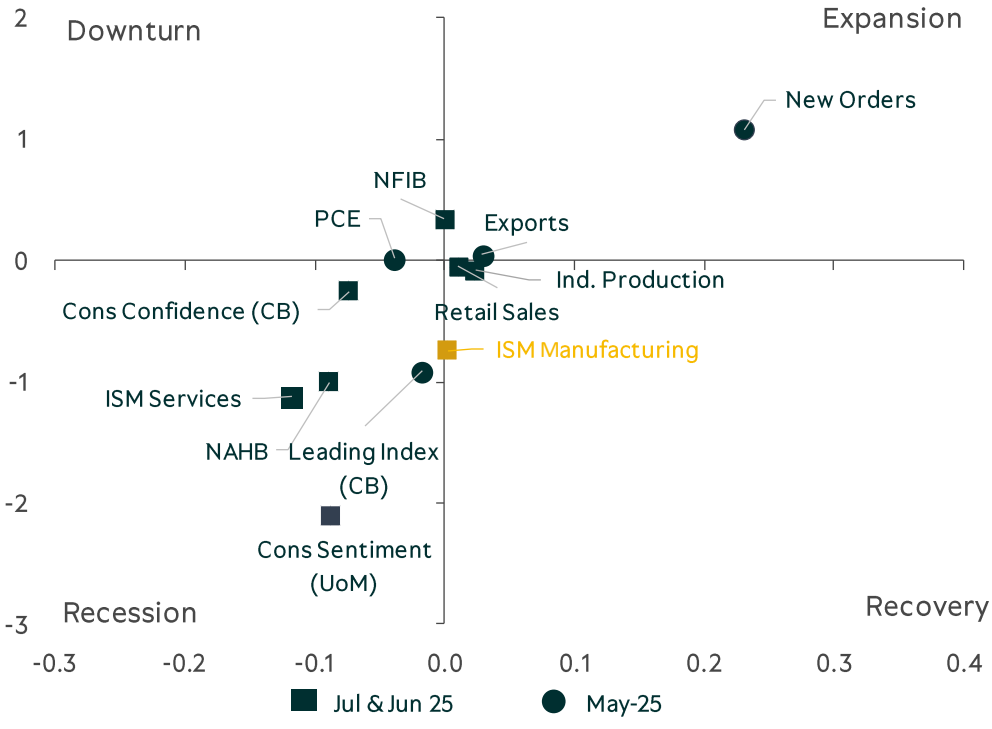
China Economy

# US Business Cycle | Recent economic data and leading indicators have shown a slight improvement, somewhat exceeding earlier forecasts

US Business Cycle | Based on ISM Manufacturing Indicator

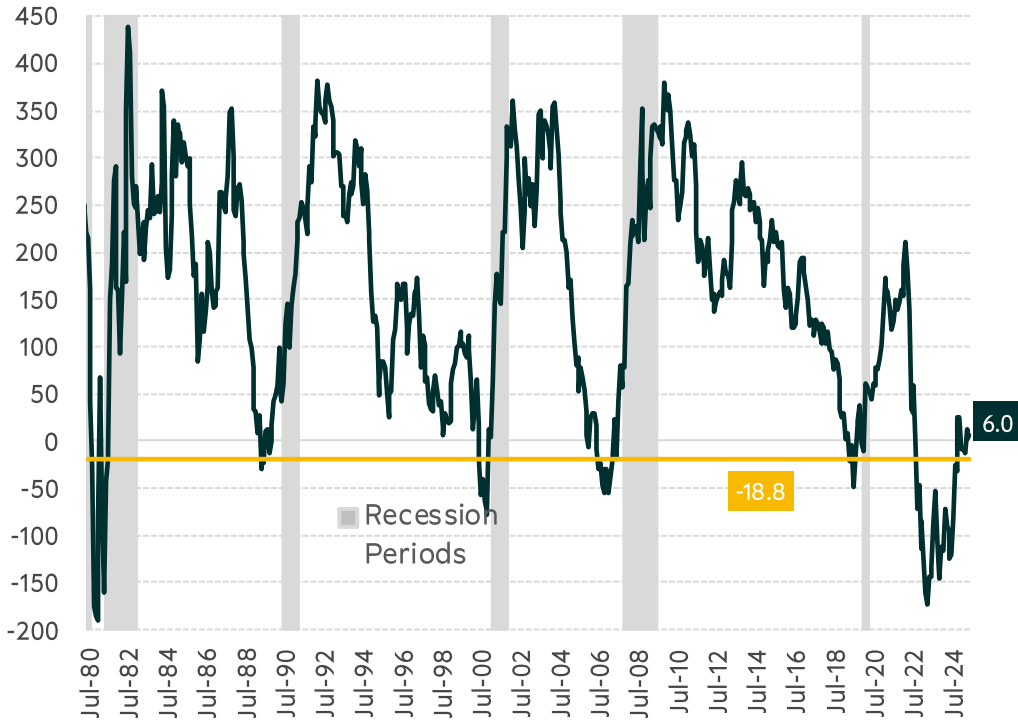


US Business Cycle | Based on Major US Economic Variables

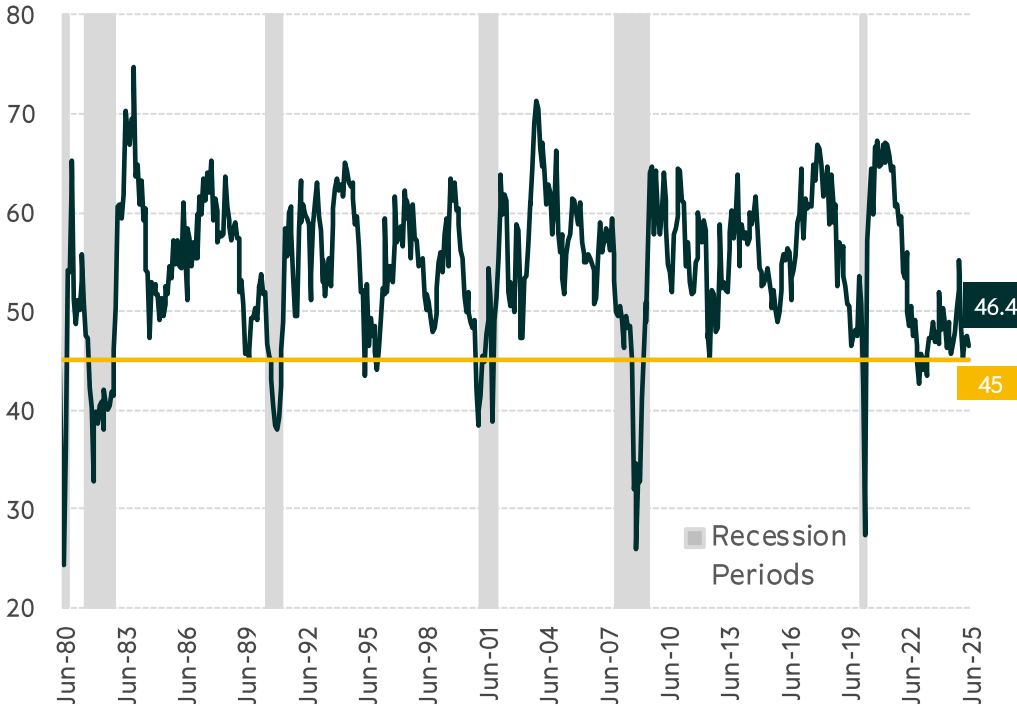


# US Recession Indicators | The 10YR3M spread and the ISM New Order Index remain above the threshold levels consistent with recession periods

10 Year and 3M US Treasury Yields Spread

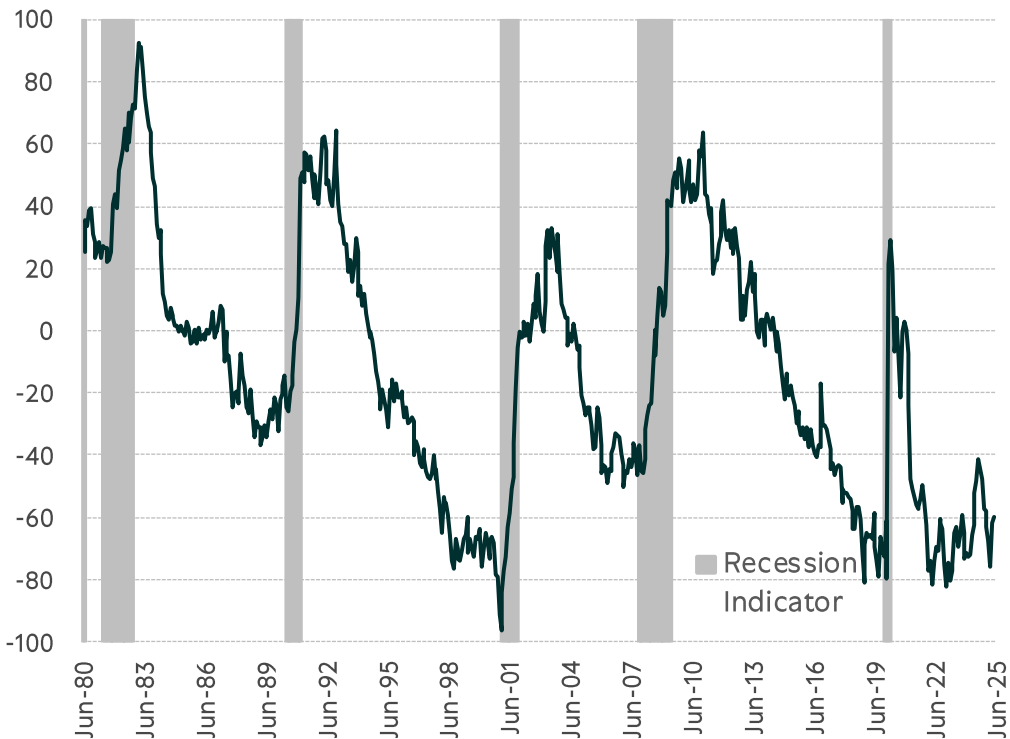


ISM Manufacturing New Order Index

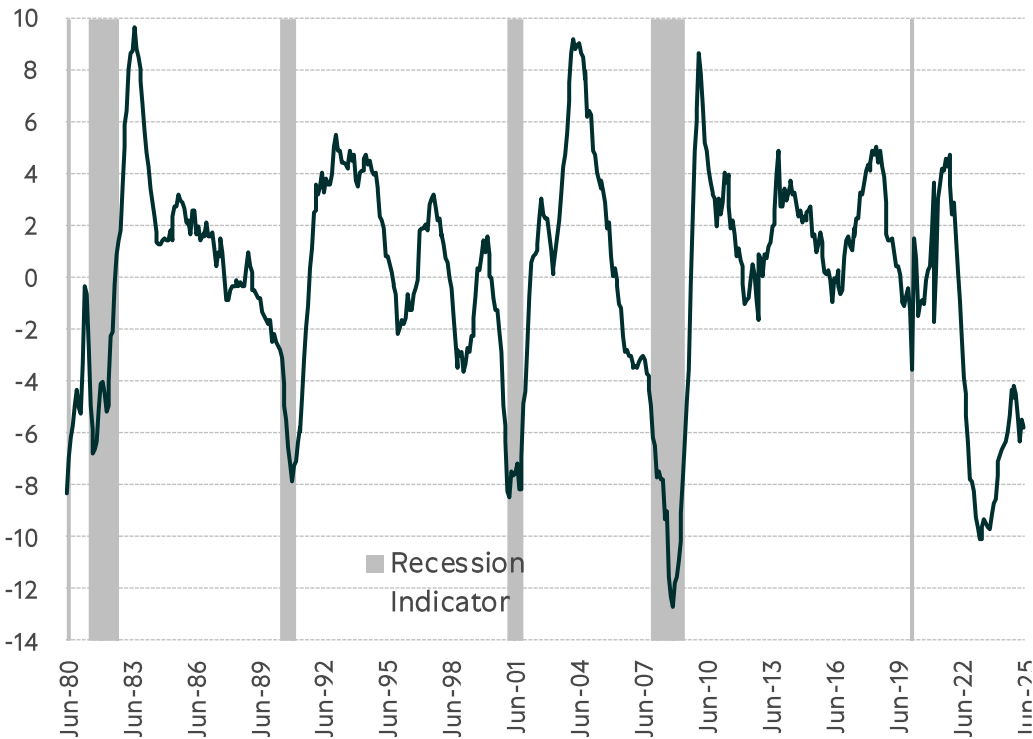


# Conference Board Survey | The difference between Consumer Expectations and Current Situation indicators narrowed in June. A slight shift in the opposite direction occurred between the Leading and Coincident indicators

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

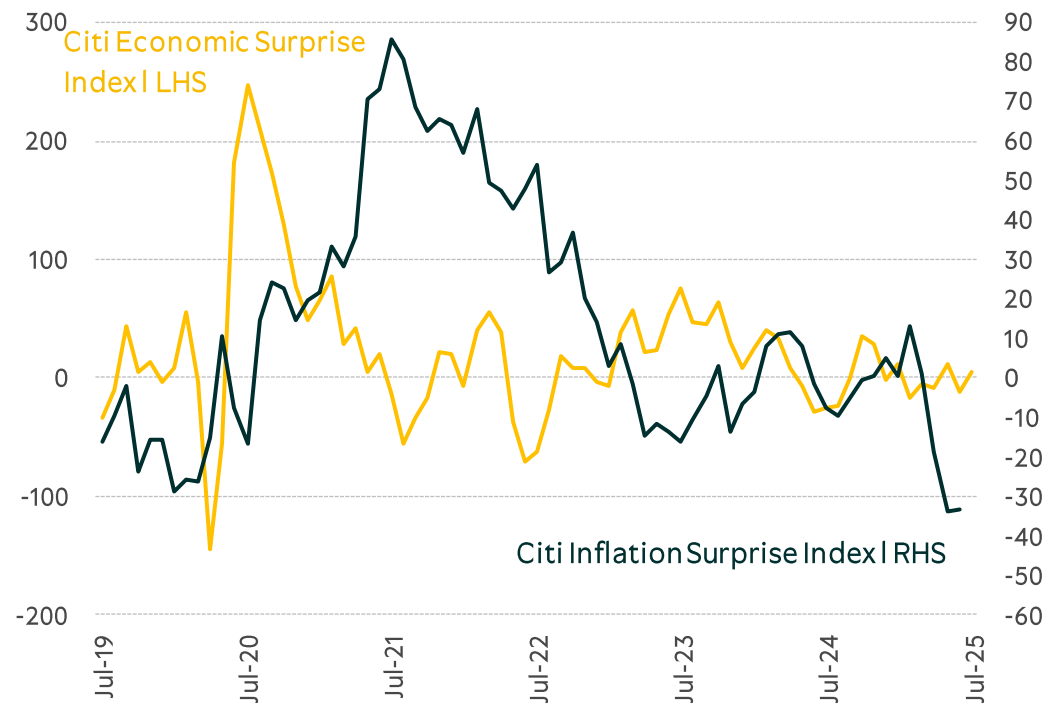


Difference between Leading & Coincident Indicators (Conference Board)

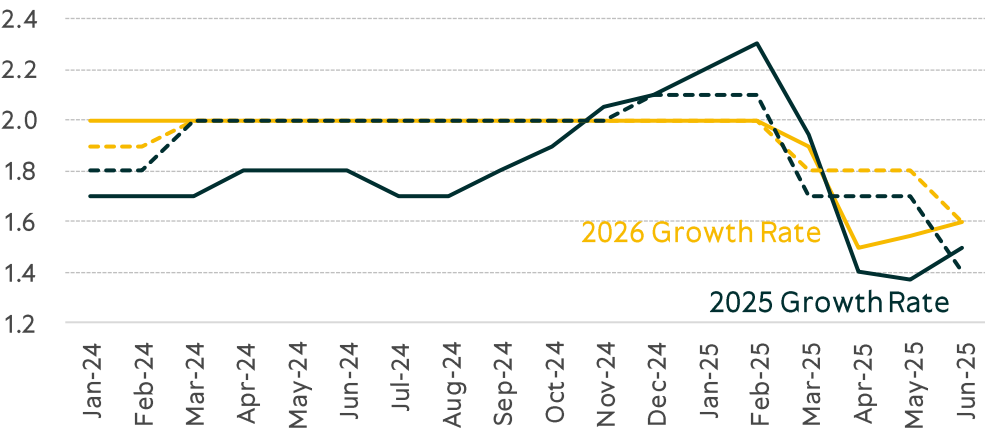


US Macro Expectations | The consensus expects slightly higher growth / lower inflation for 2025 compared to April - May. Economic surprises have turned positive.

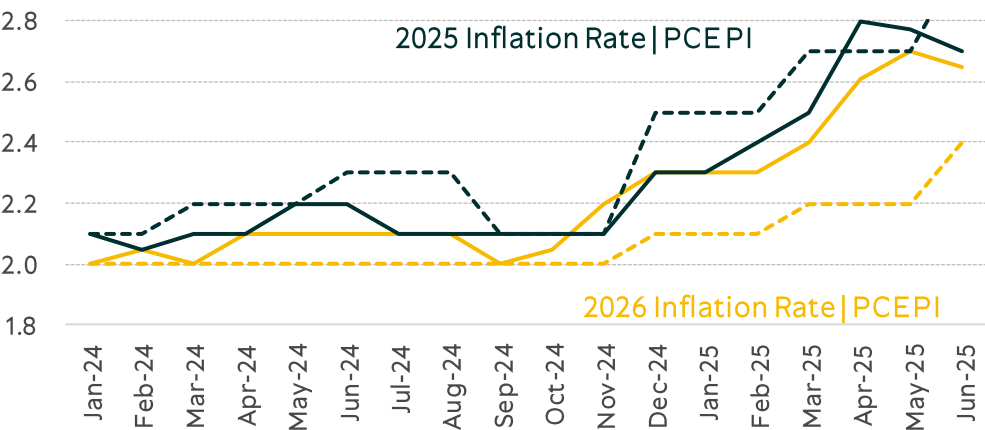
Economic & Inflation Surprises



Growth Rate Expectations\*



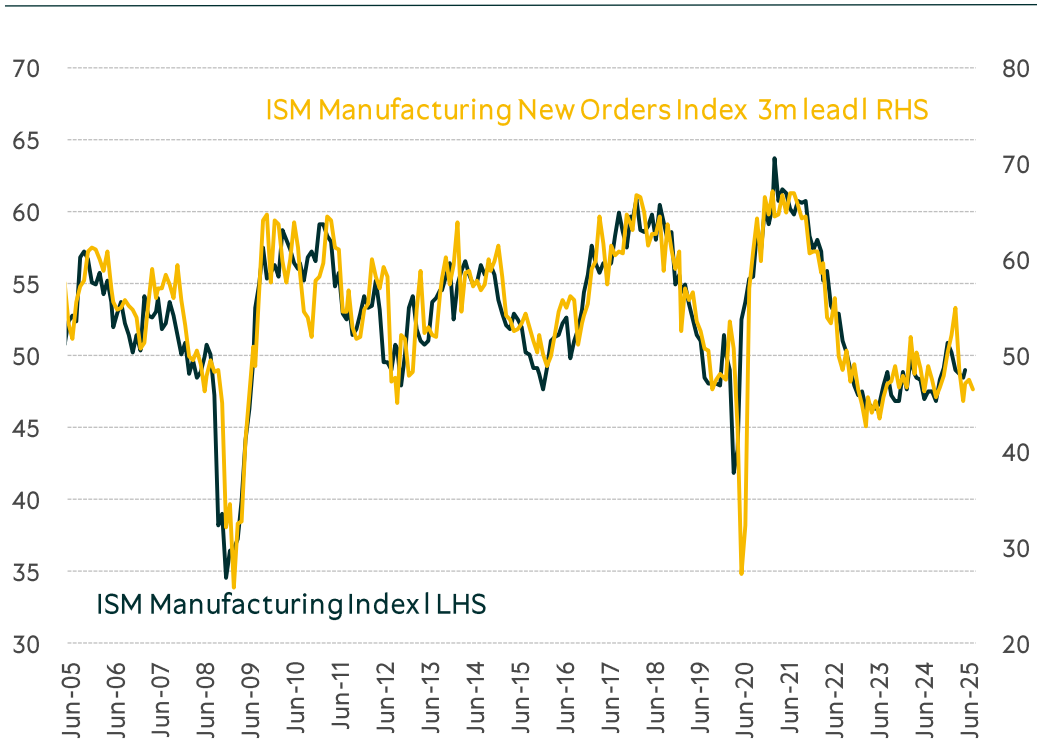
Inflation Rate Expectations\*



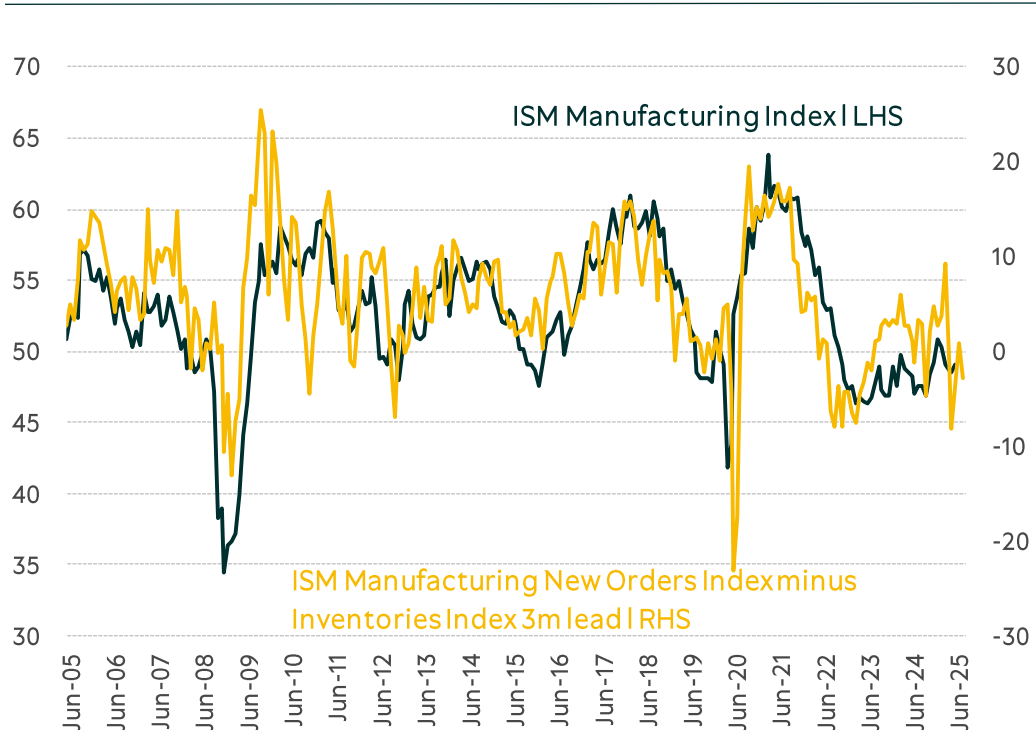
\*Solid line: Consensus; Dotted line: Fed projections

US Leading Indicators | ISM Manufacturing remained below 50 in June for the fourth consecutive month. The New Orders component declined to 46.4 from 47.6.

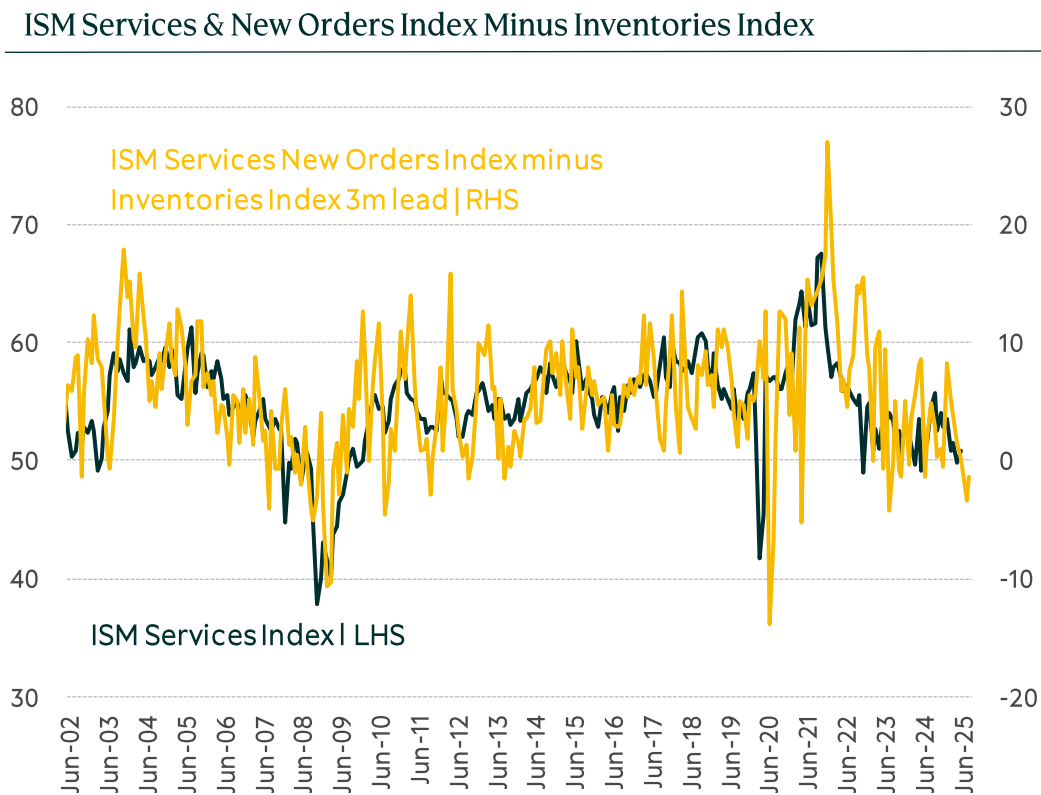
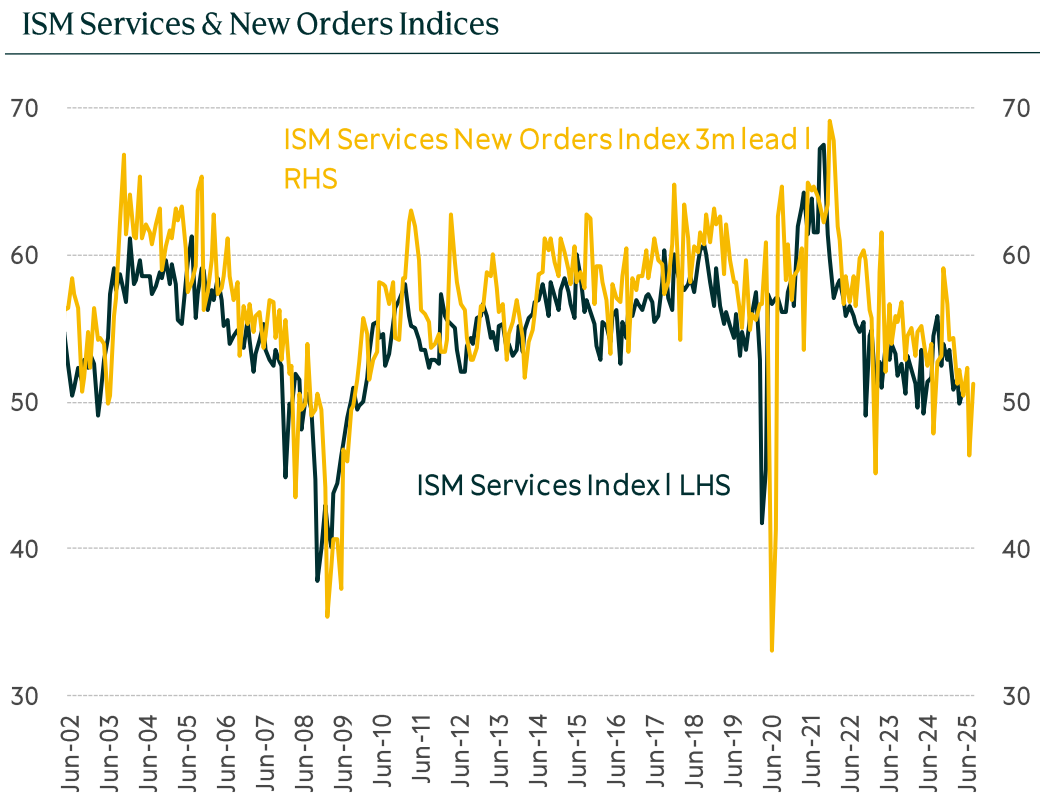
ISM Manufacturing & New Orders Indices



ISM Manufacturing & New Orders Index Minus Inventories Index



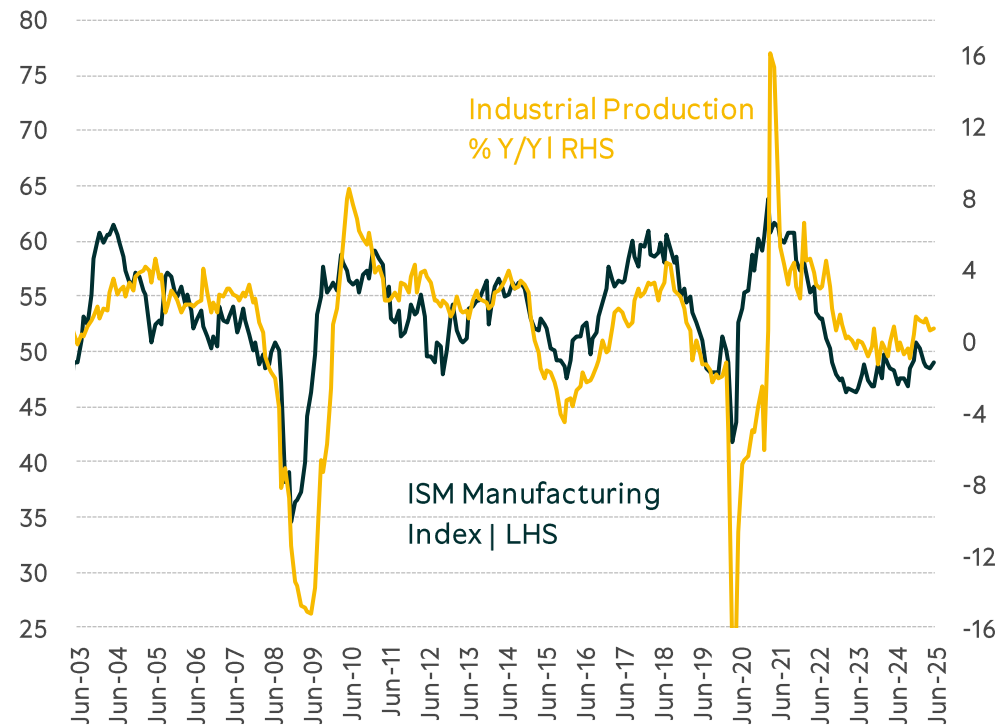
# US Leading Indicators | ISM Services rose above 50 in June in mainly reflecting an increase in the New Orders component



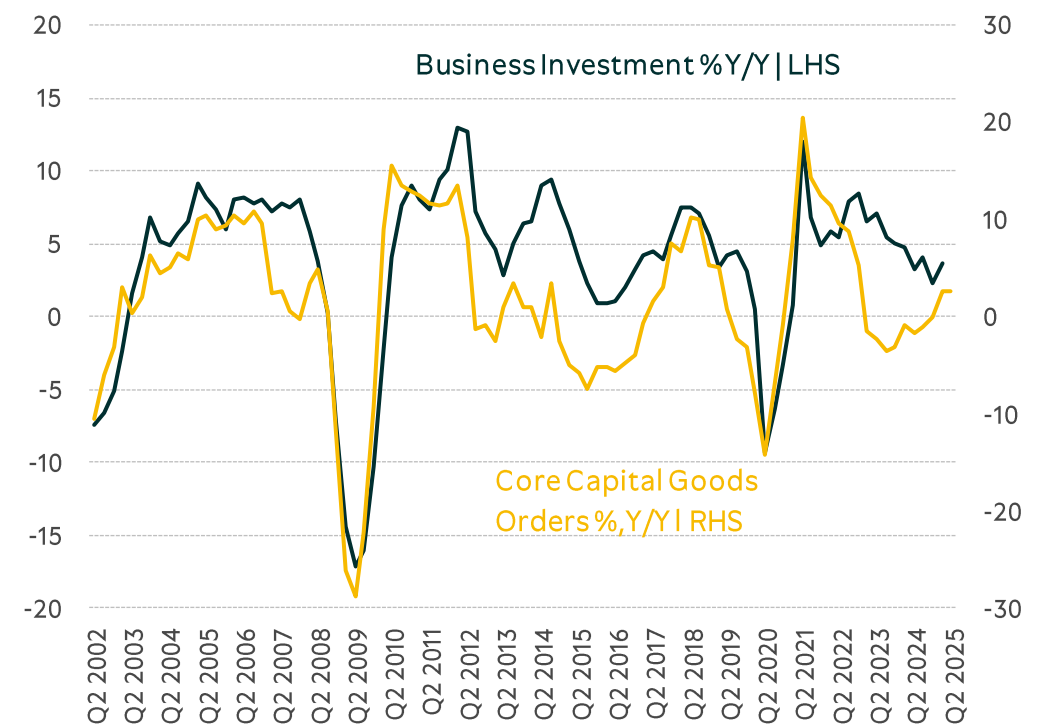


# US | Industrial Production accelerated to 0.3% m/m in June reflecting an upswing in the utilities component. Business investments rose in Q1 but capital goods fell in June suggesting a pullback in business spending

## Industrial Production YoY & ISM Manufacturing

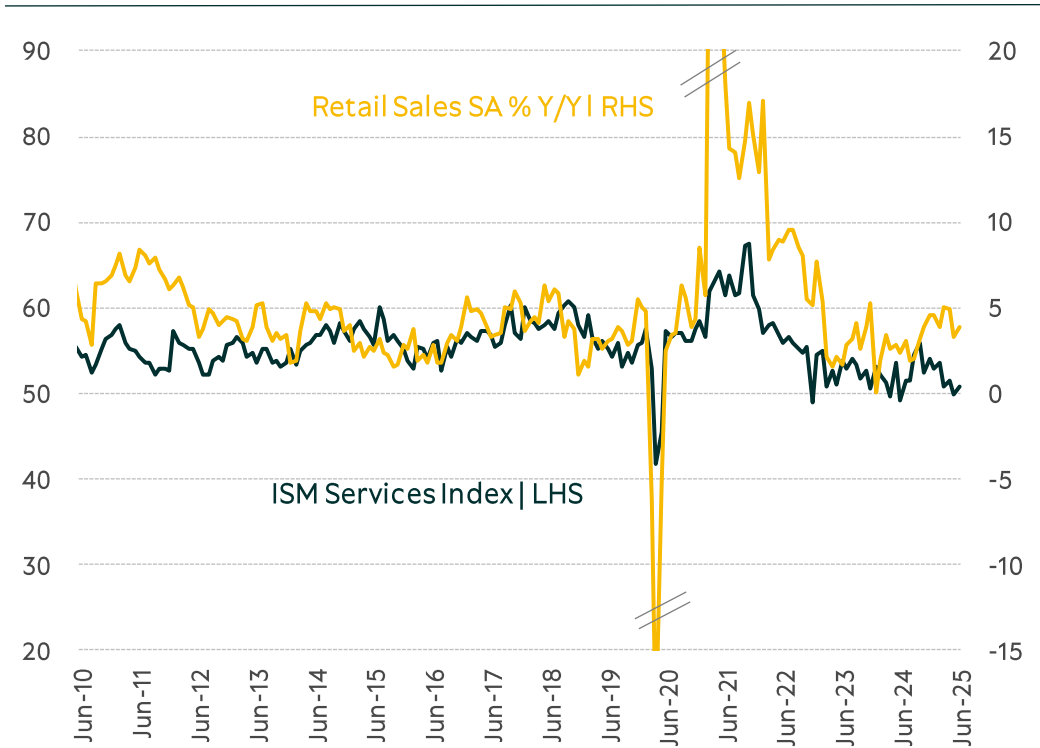


## Core Capital Goods Orders & Business Investment

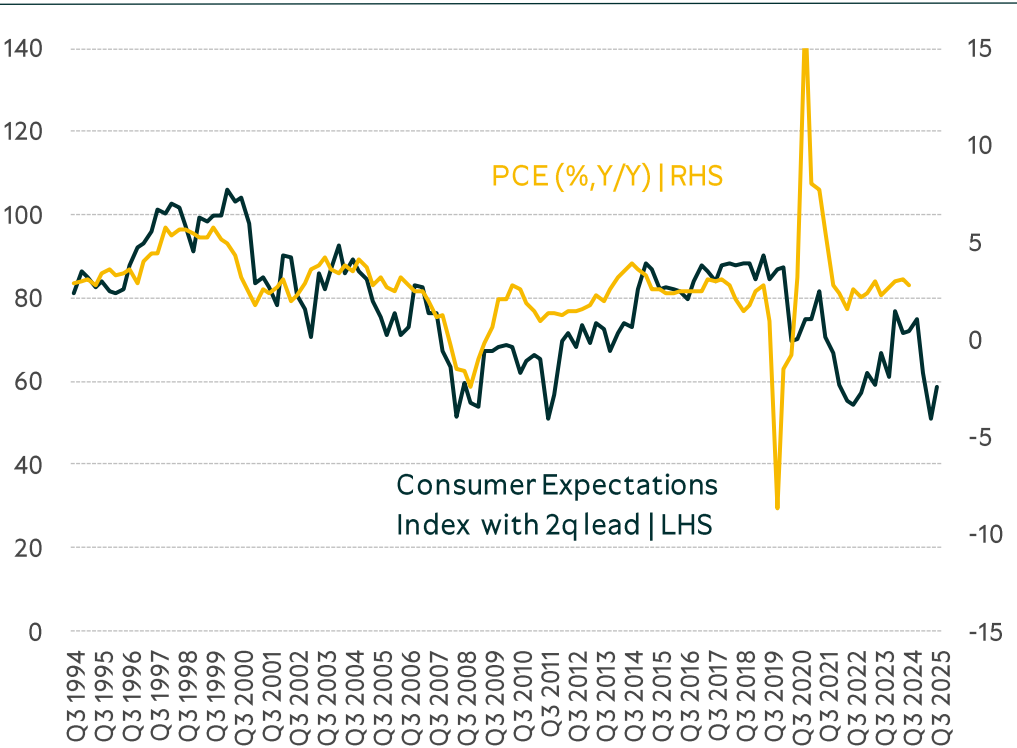


US | The US consumer had been the main “growth driver” so far. Retail sales rebounded in June following May’s significant drop. Consumer expectations still point to lower consumption ahead

Retail Sales YoY & ISM Services

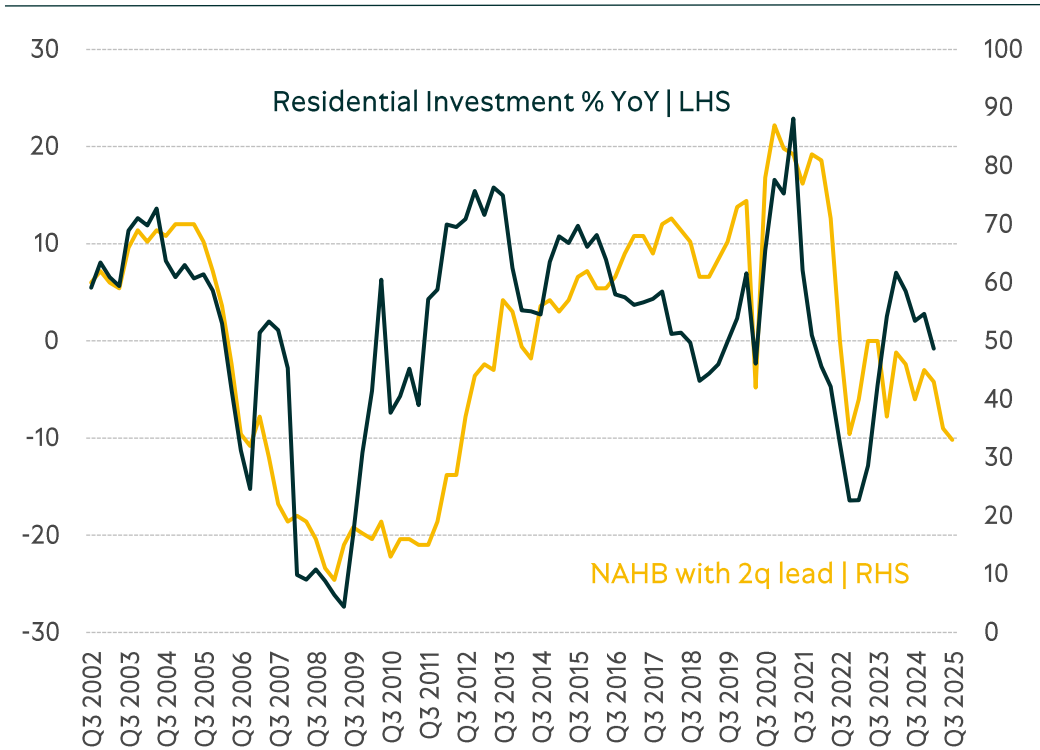


PCE & University of Michigan Consumer Expectations Index

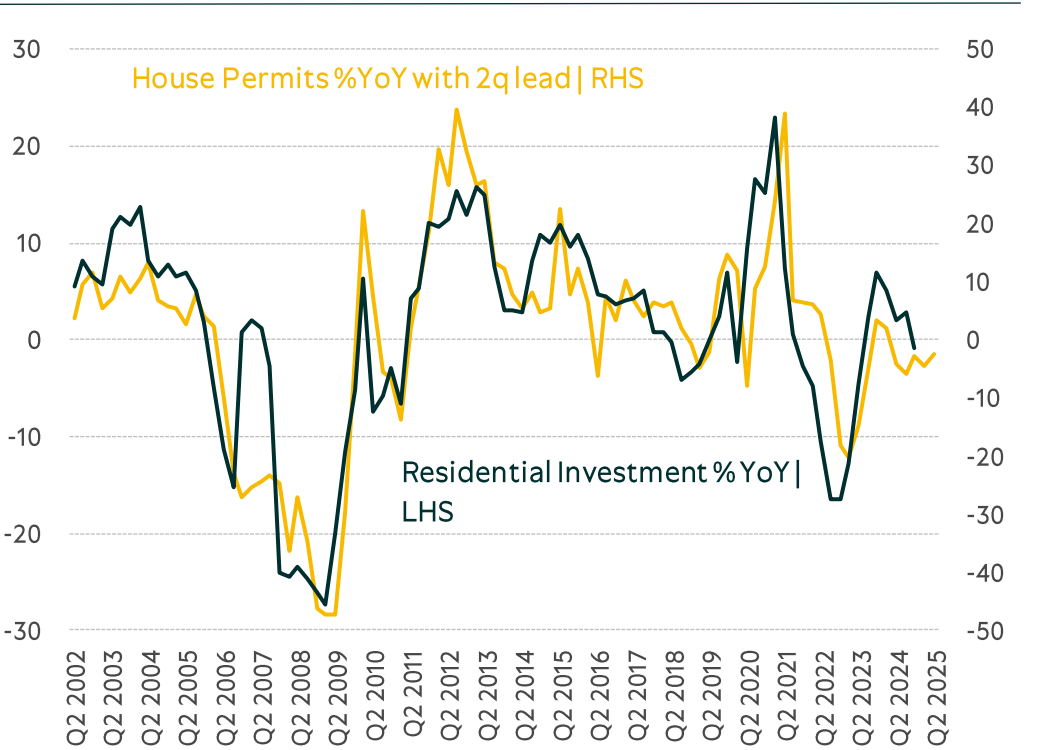


# Housing Market | Residential investment declined in Q1. Policy uncertainty is having a negative impact on home builders' expectations

Residential Investment & NAHB Index

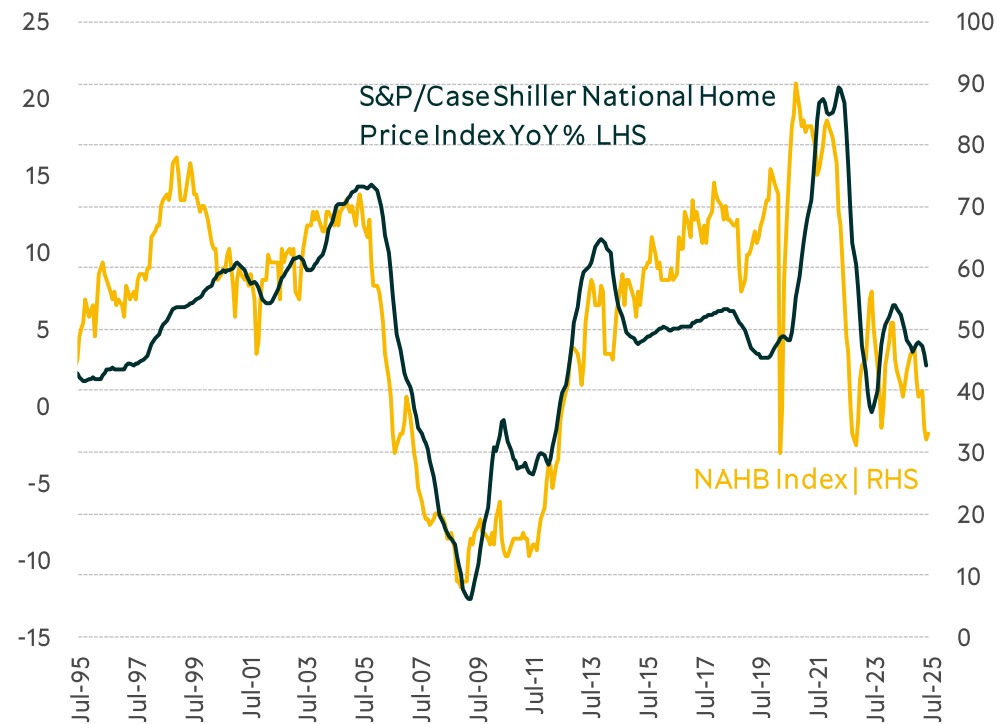


Residential Investment & House Permits

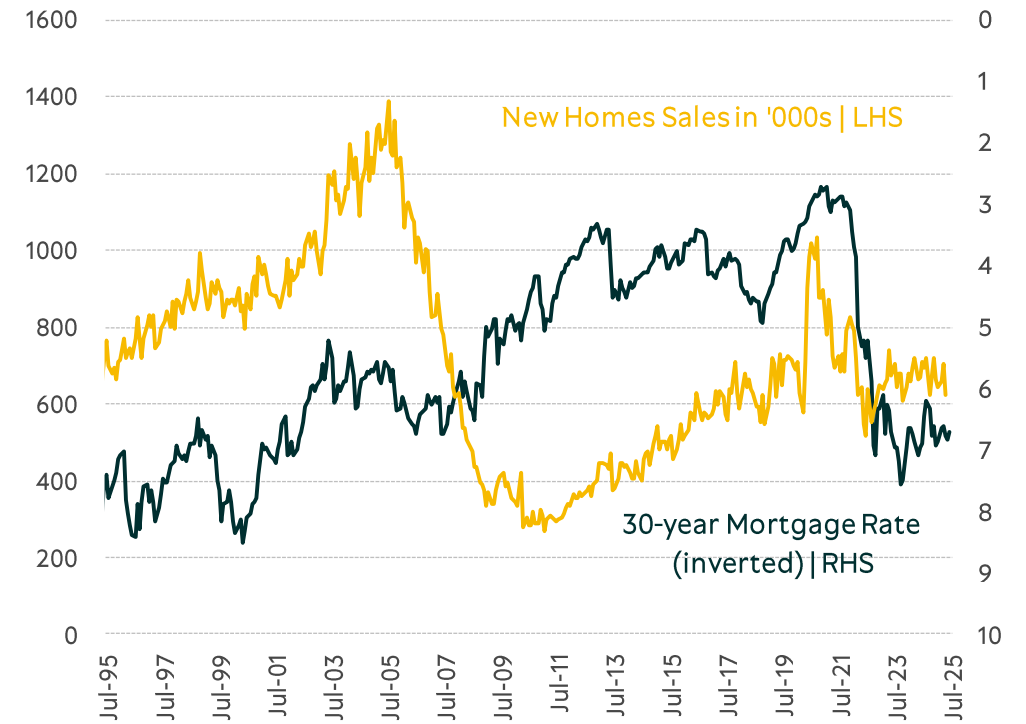


# Housing Market | Homebuilder confidence improved only marginally in July amid a small decrease in 30-year mortgage rates.

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

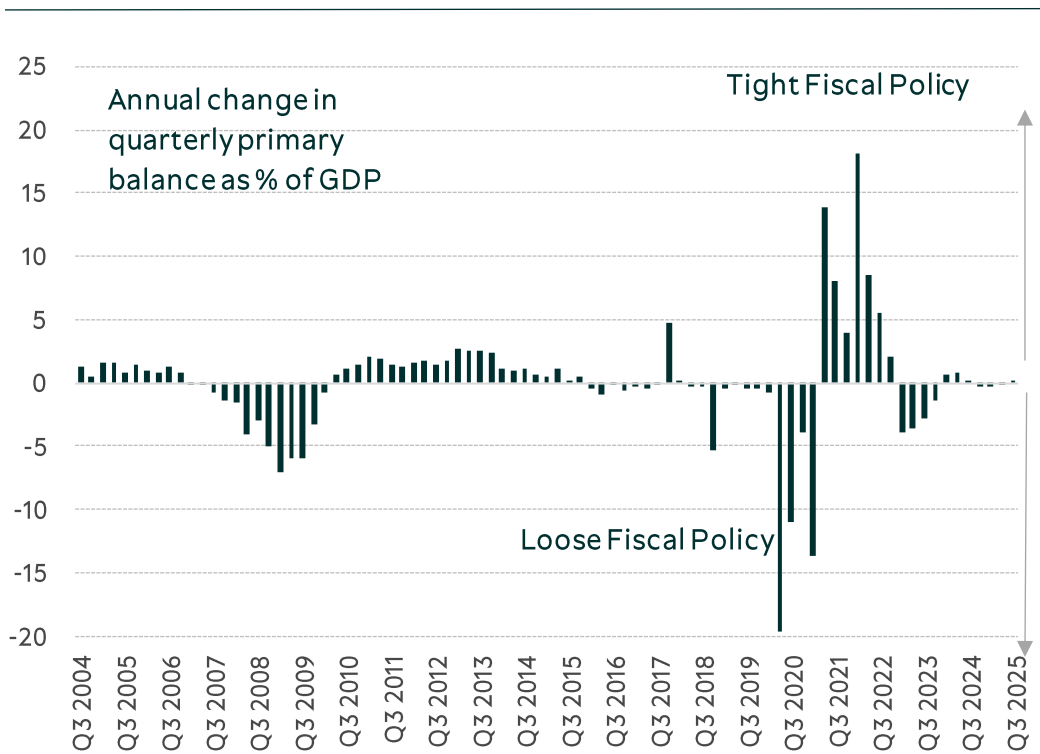


US new home sales and mortgage rates

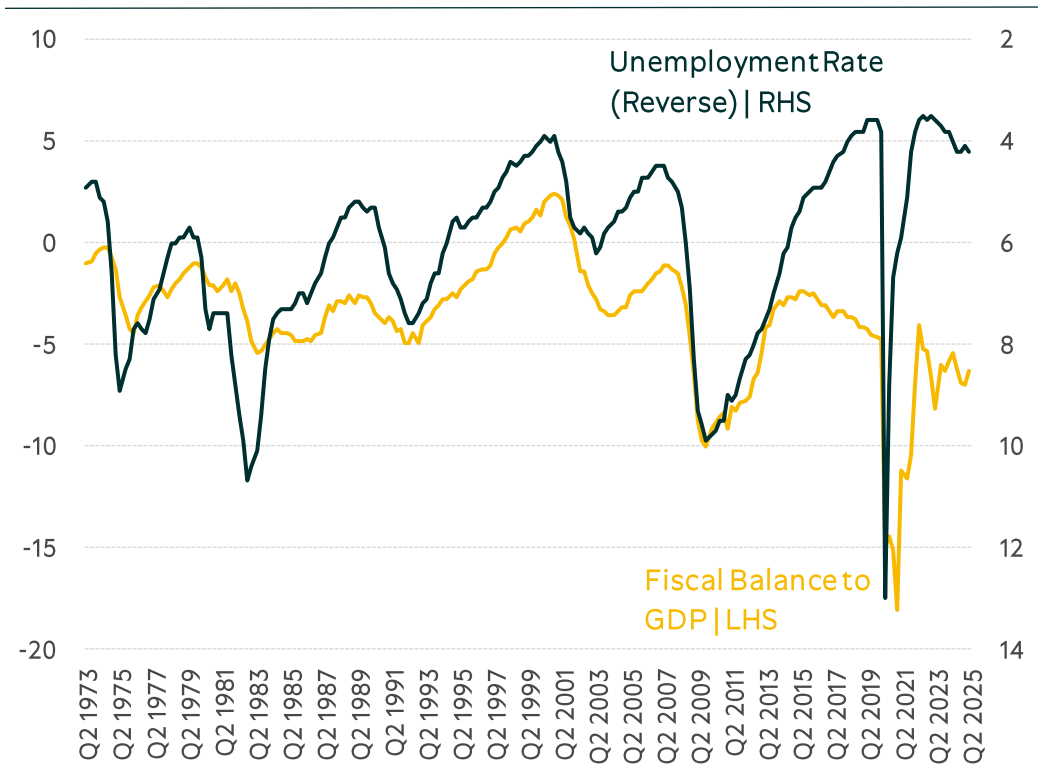


# Fiscal Policy | Still too loose vs unemployment. Fiscal challenges ahead.

Fiscal Thrust

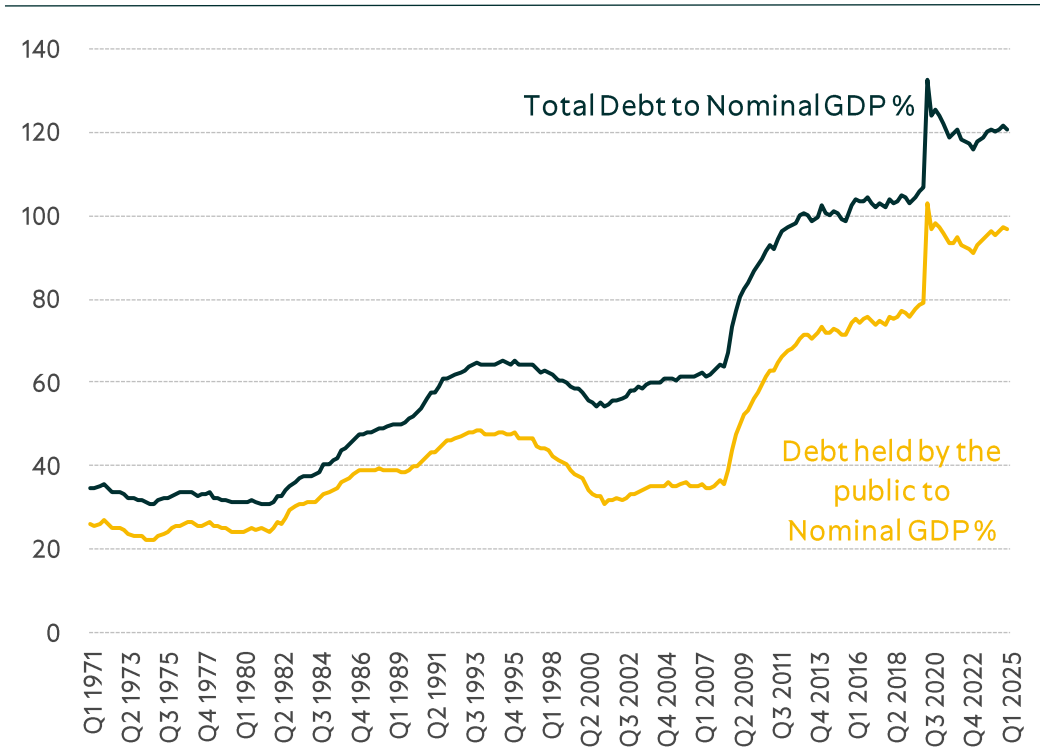


Fiscal Policy vs Unemployment

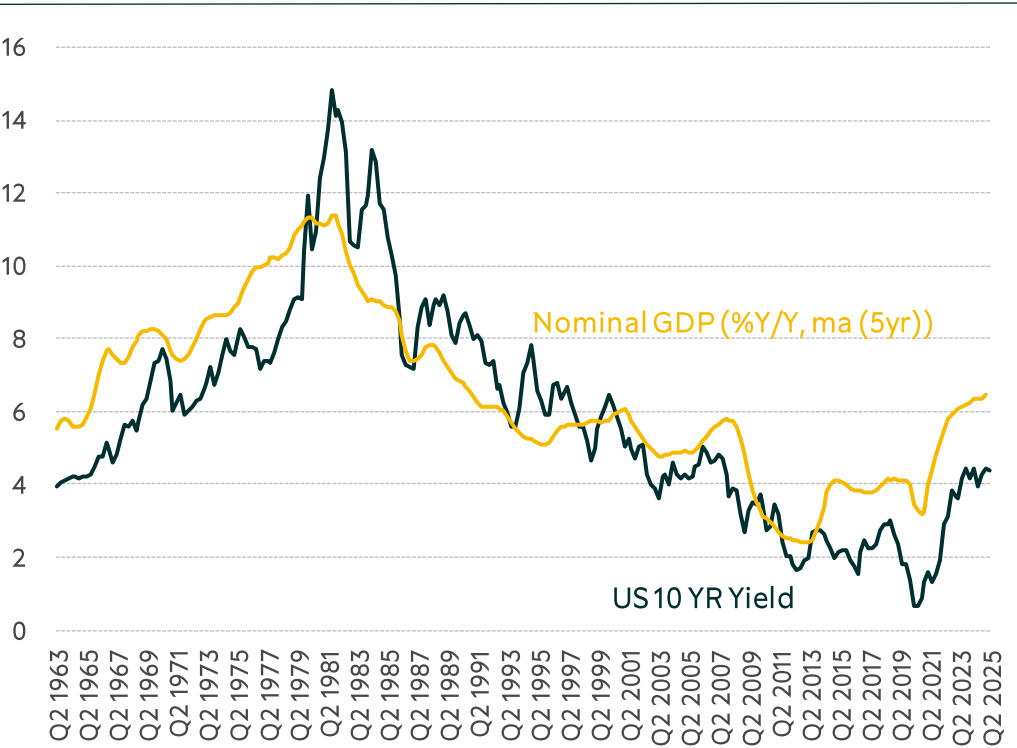


# Fiscal Policy | The nominal growth rate is likely to remain at higher levels than the long-term cost of public financing

Debt / Nominal GDP (quarterly)

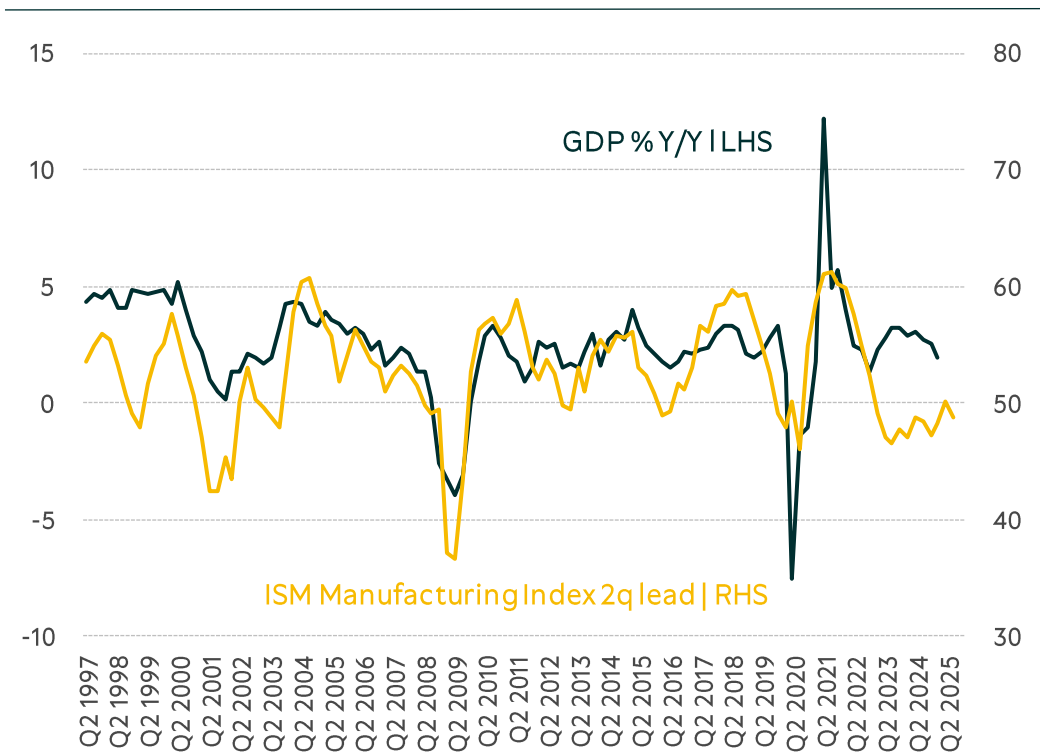


Fiscal Policy Sustainability

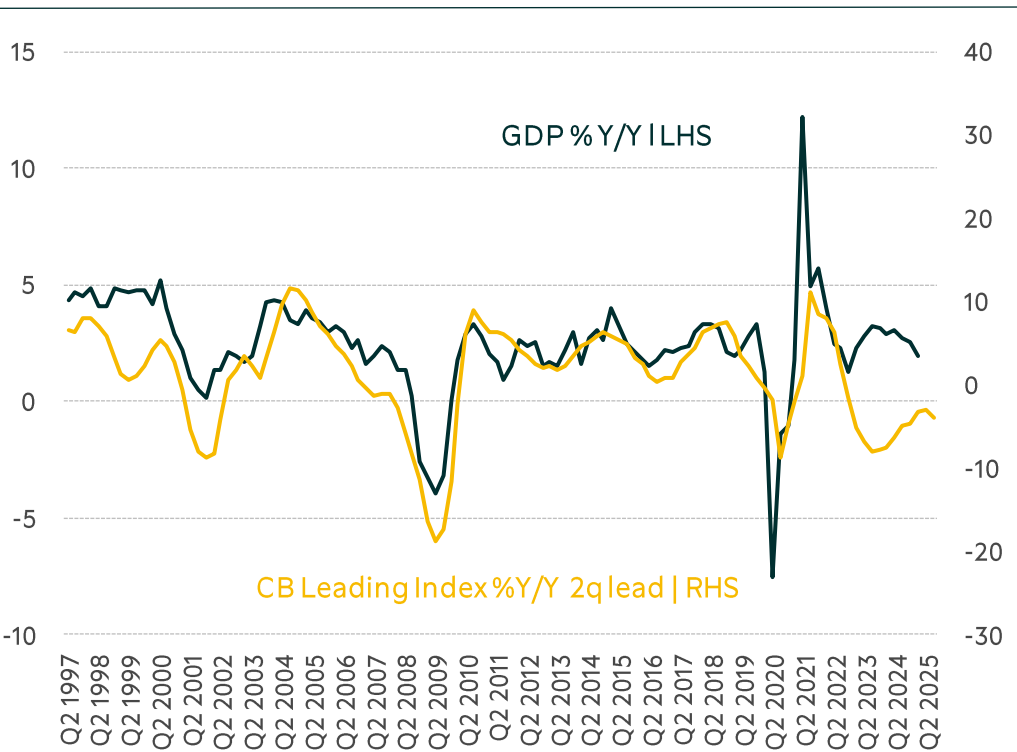


# US GDP Outlook | Leading indicators point to further deceleration in real GDP

GDP & ISM Manufacturing Indicator

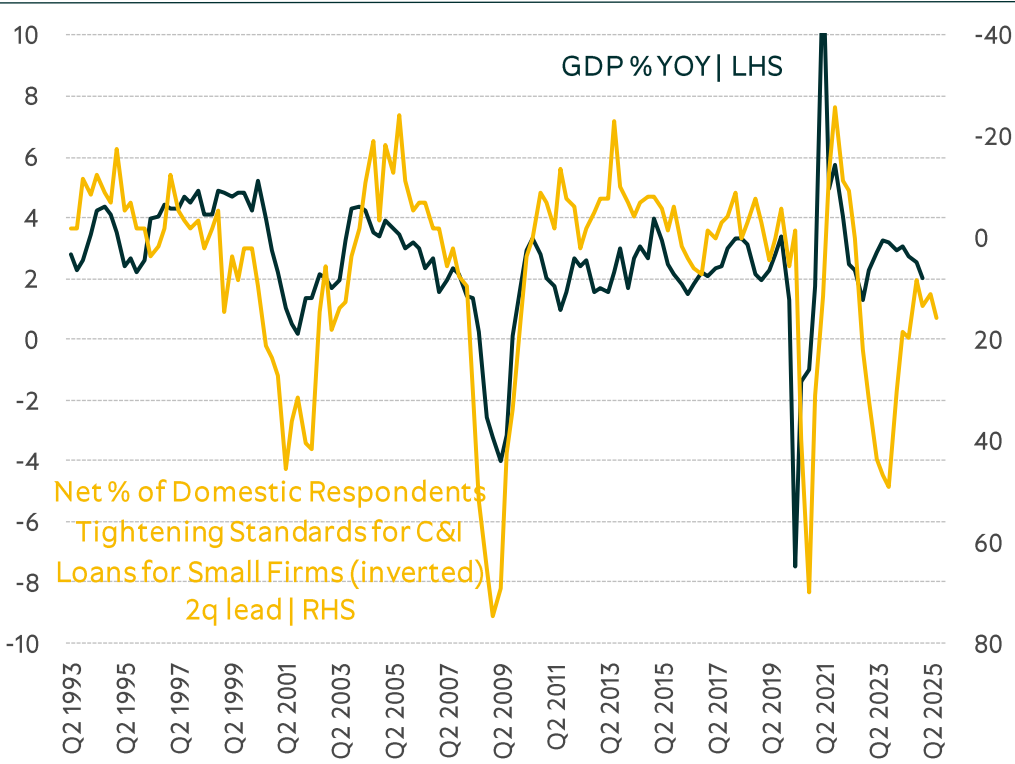


GDP & CB Leading Indicator

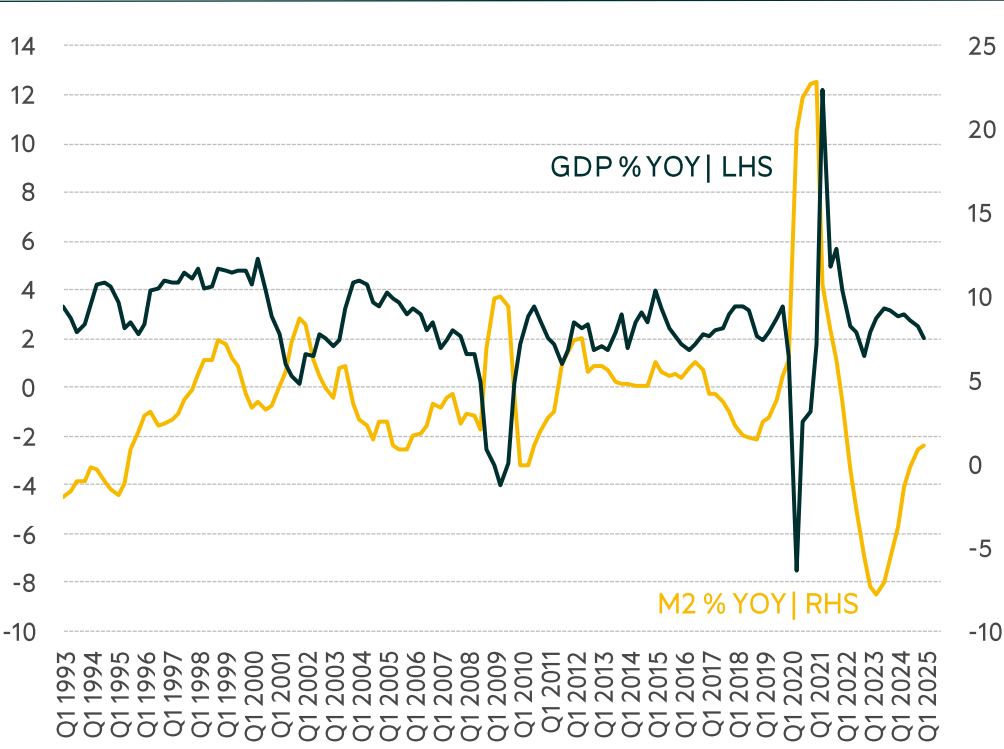


# US GDP Outlook | Small increase in Tightening of Lending Standards & further improvement in M2

Senior Loan Officer Opinion Survey on Bank Lending Practices

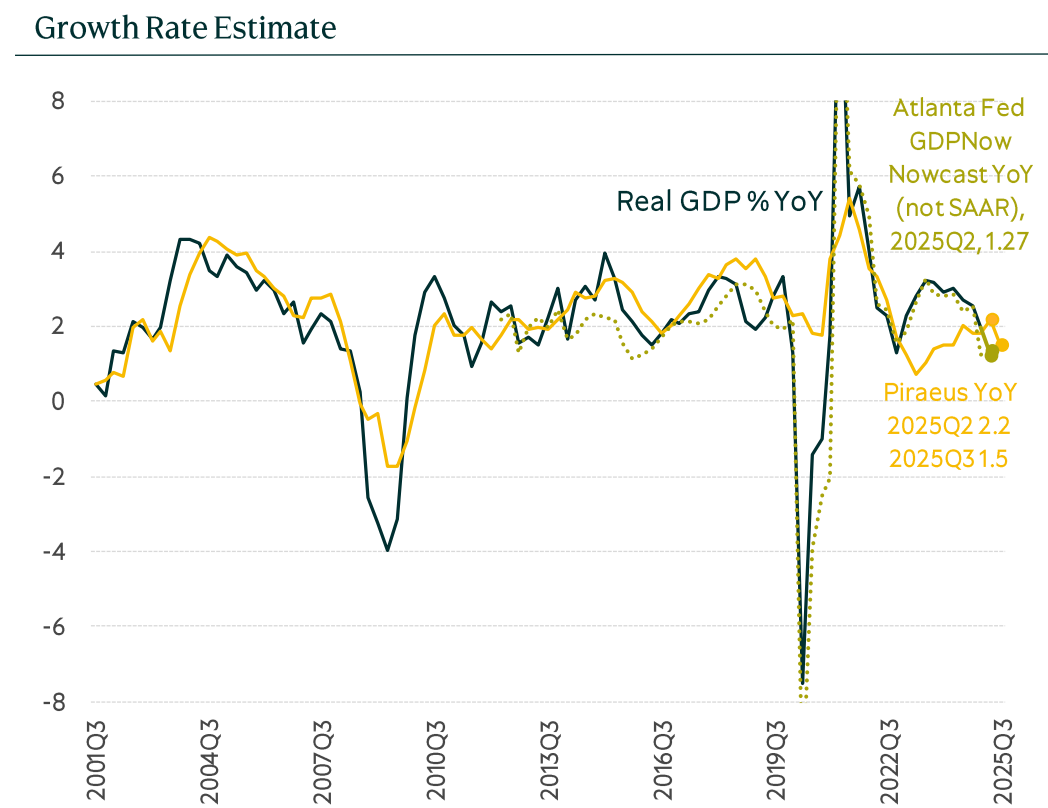
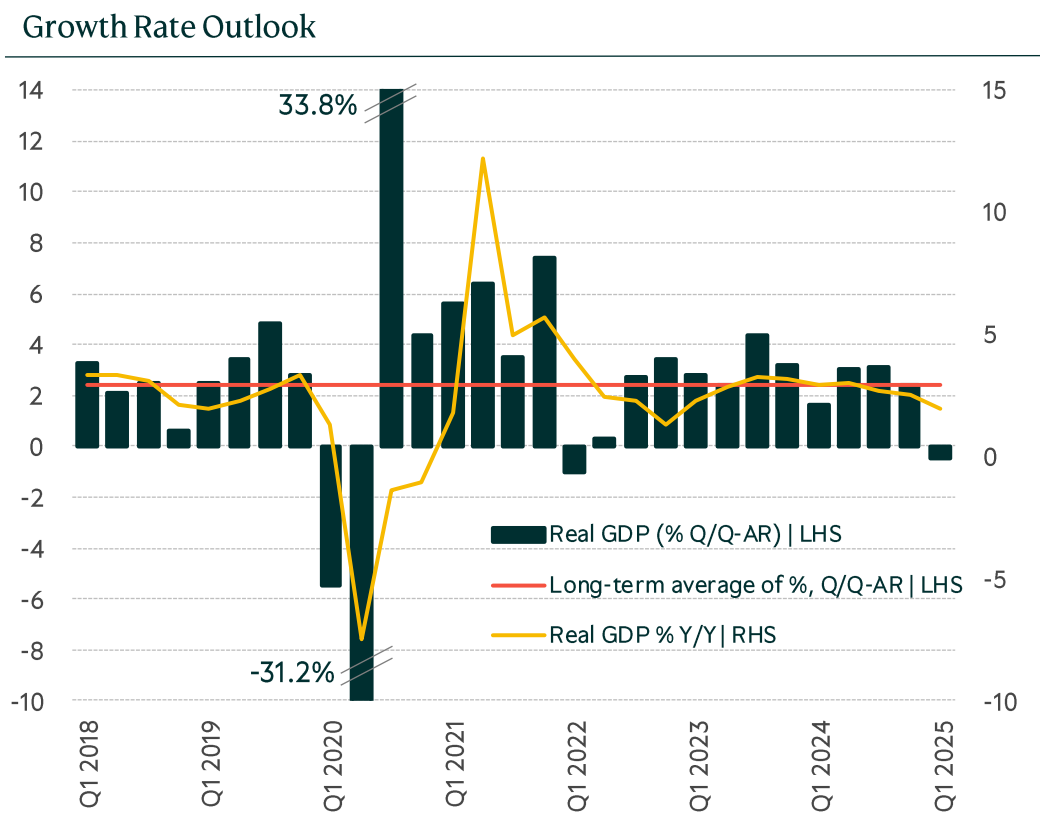


M2 growth vs GDP



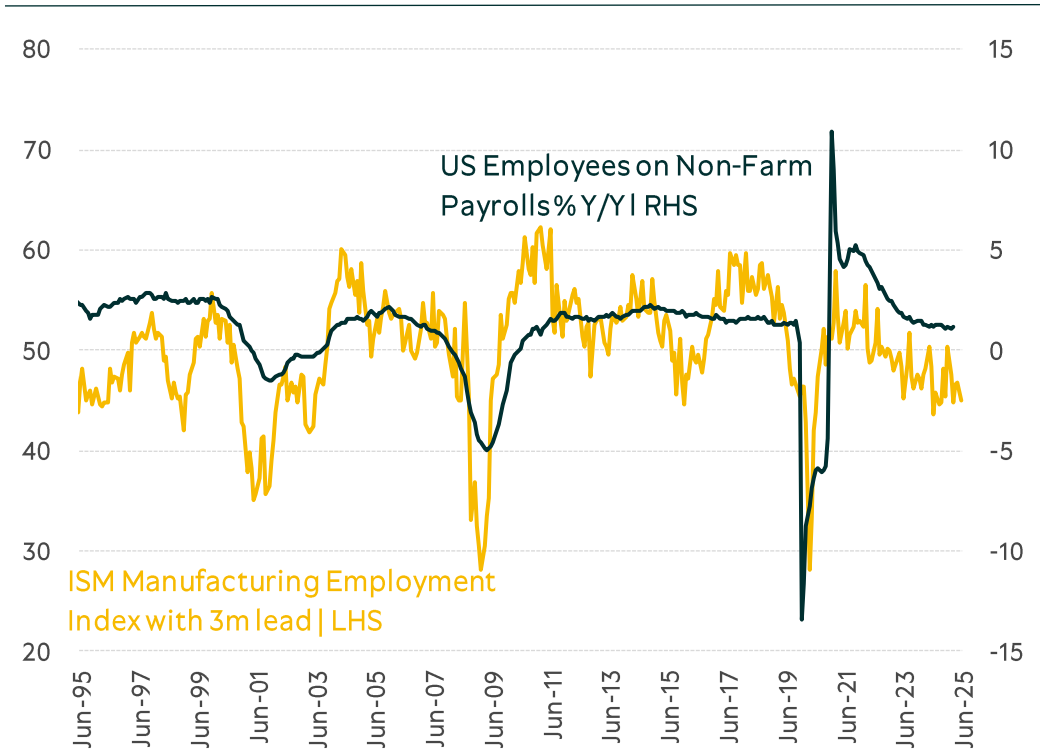


# US GDP Outlook | GDP growth is projected to slow down as elevated uncertainty is likely to weigh on growth

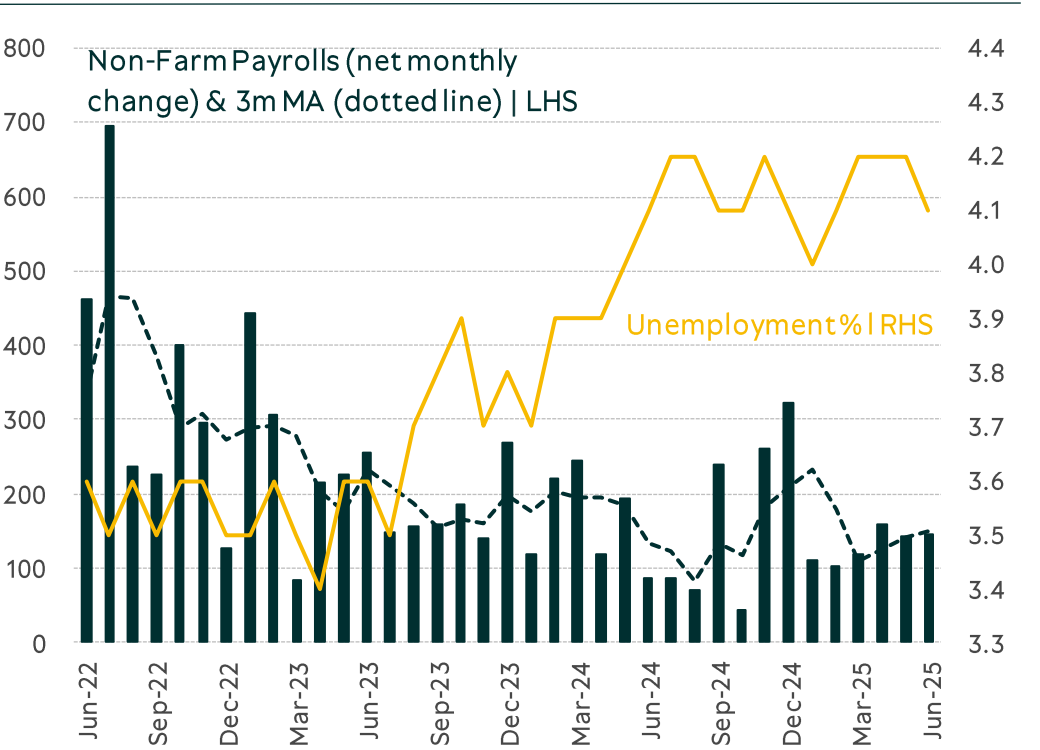


US Labor Market | Non-Farm Payrolls are showing signs of resilience (headline number), but manufacturing employment is under pressure. The ISM Employment Index fell to 45 in June.

Employment & Leading Manufacturing Indicator

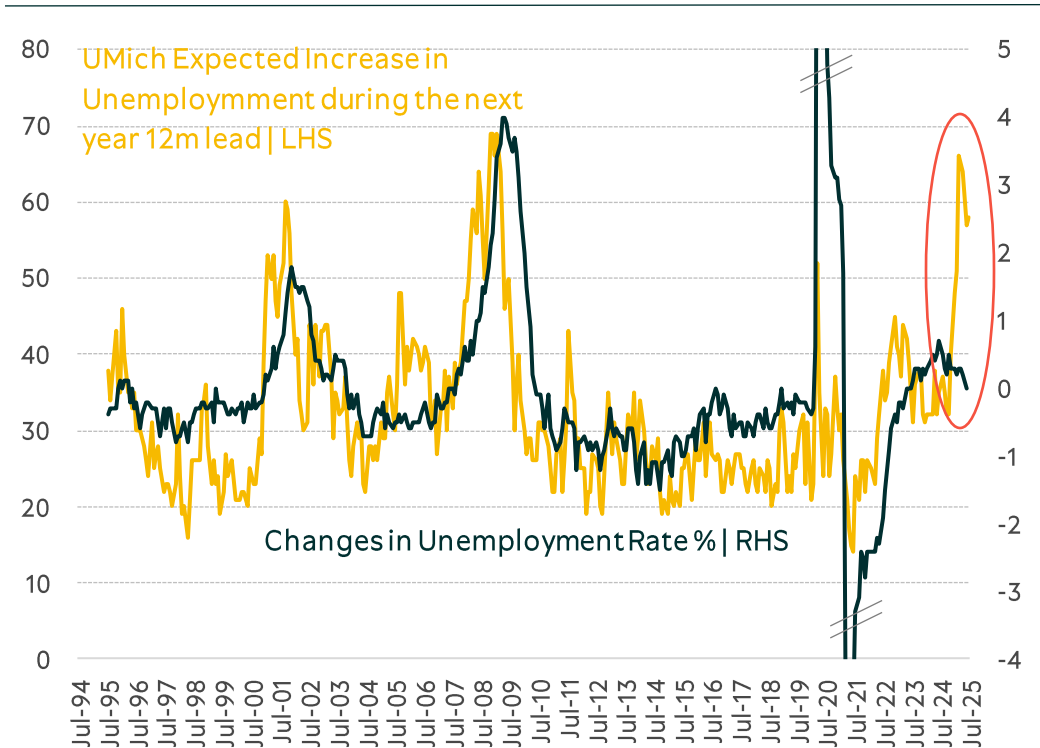


Nonfarm payrolls & Unemployment

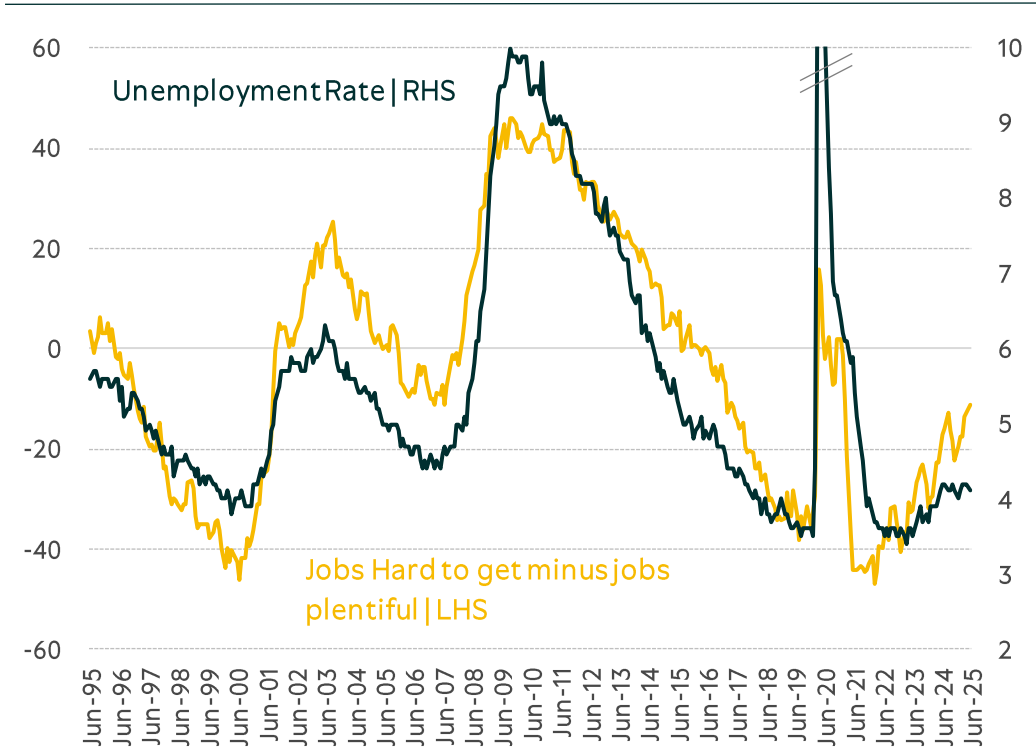


US Labor Market | Unemployment expectations rose marginally in July. The gap between those saying jobs were hard to get and jobs were plentiful narrowed in June.

Unemployment Rate & UMich expected increase in unemployment 1yr ahead

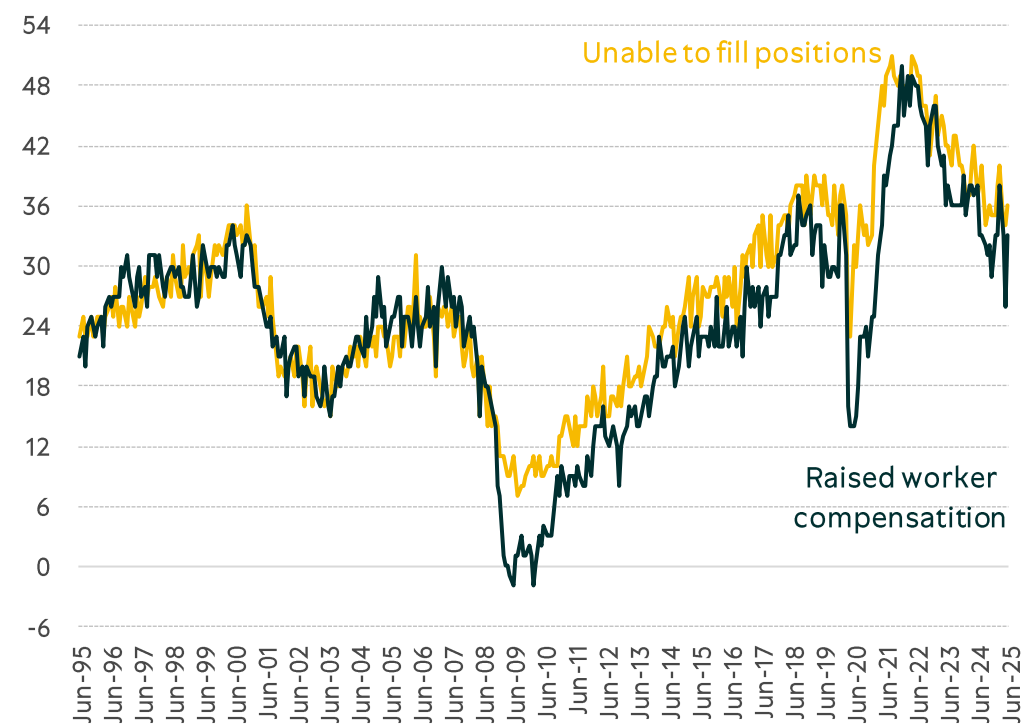


Conference Board Labor market differential & Unemployment rate

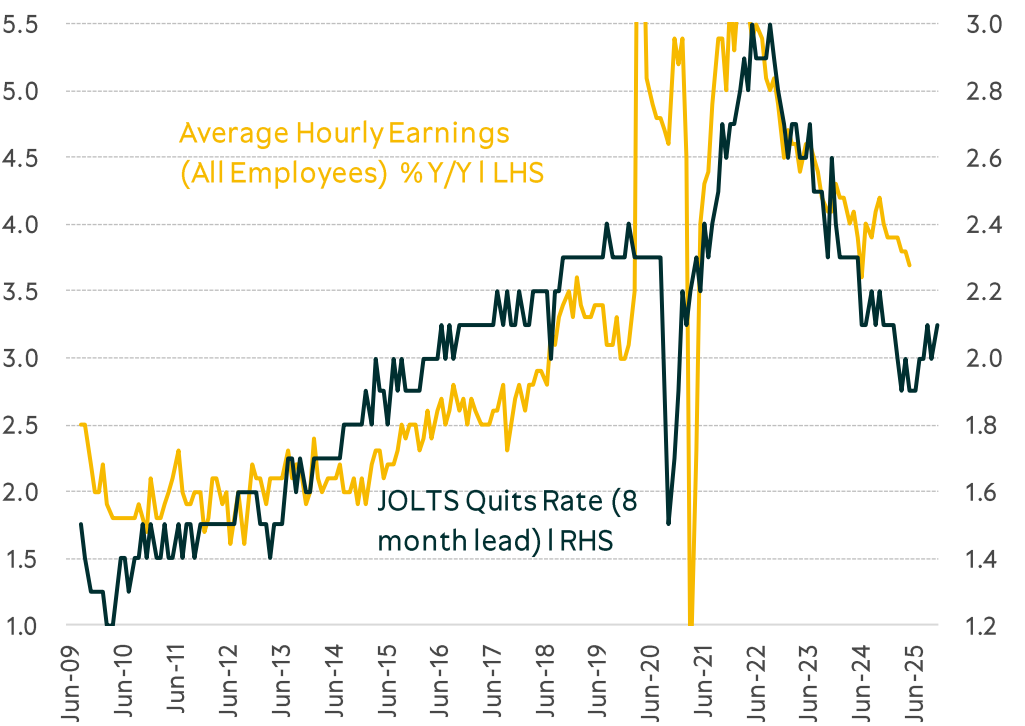


US Labor Market | According to June’s NFIB survey a net 33% reported raising compensation, up seven points from May and the largest monthly increase since January 2020. The JOLTS Quits Rate rose marginally in May

US NFIB small business survey

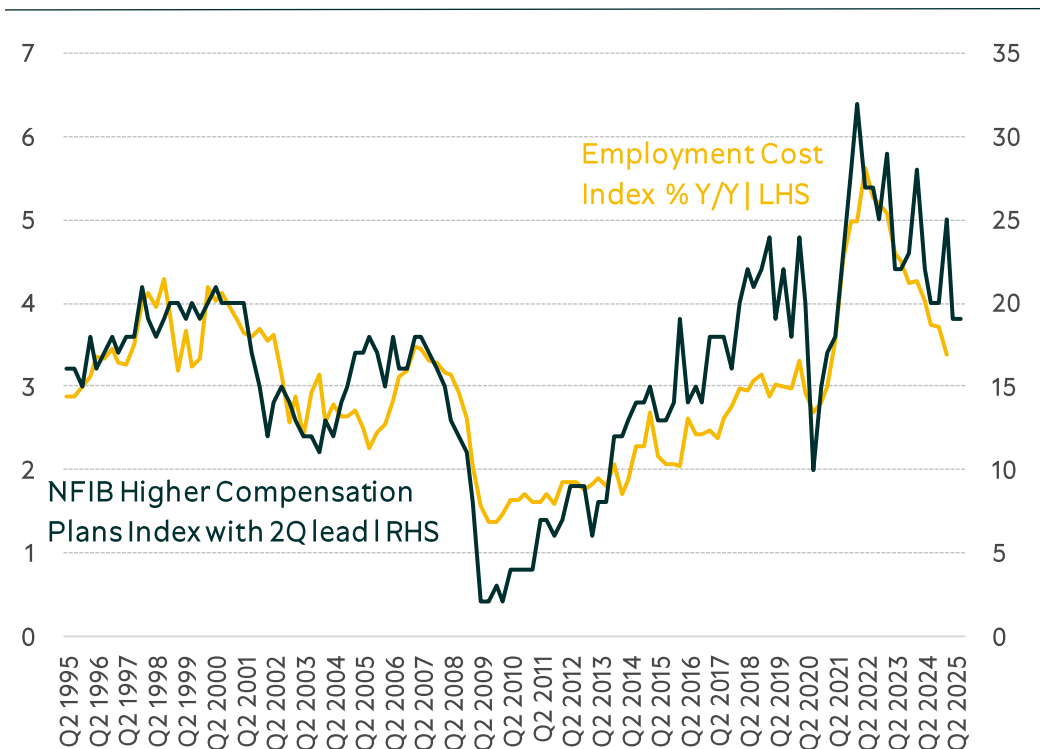


Wages & Quits Rate

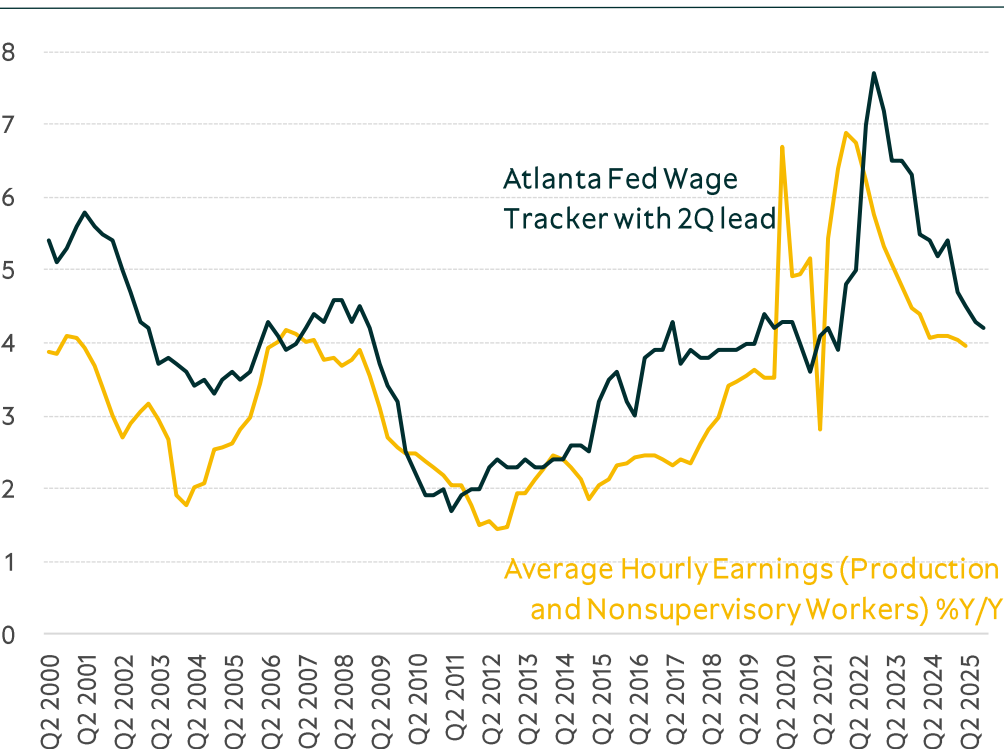


# US Wage Tracker | Leading Indicators point to further wage growth deceleration

Employment Cost & Leading Indicator

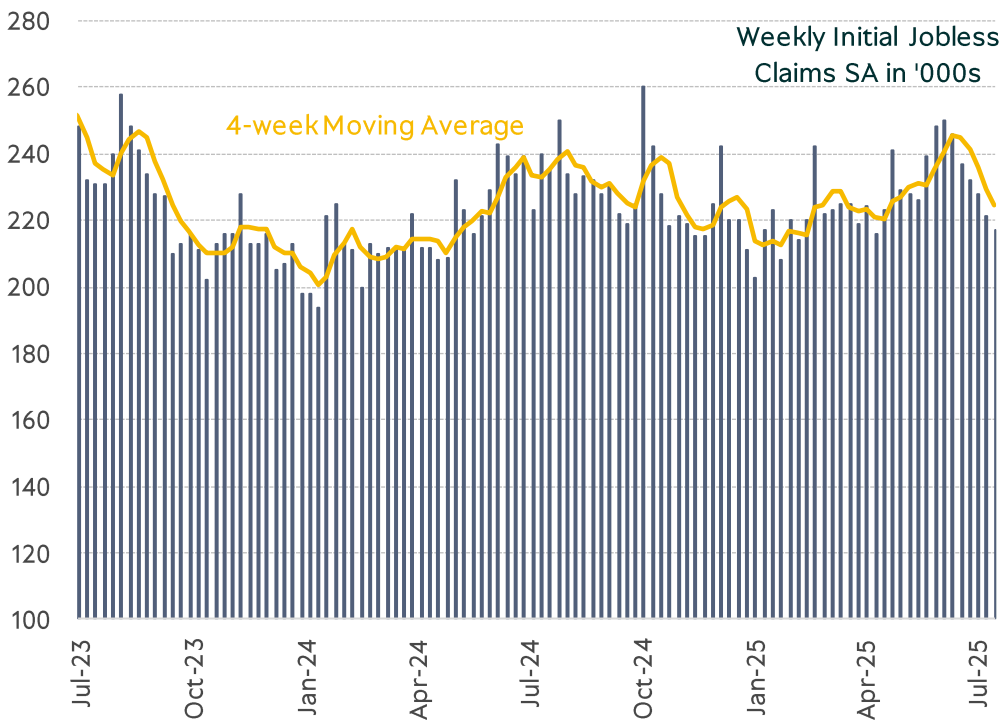


Wages & Leading Indicator

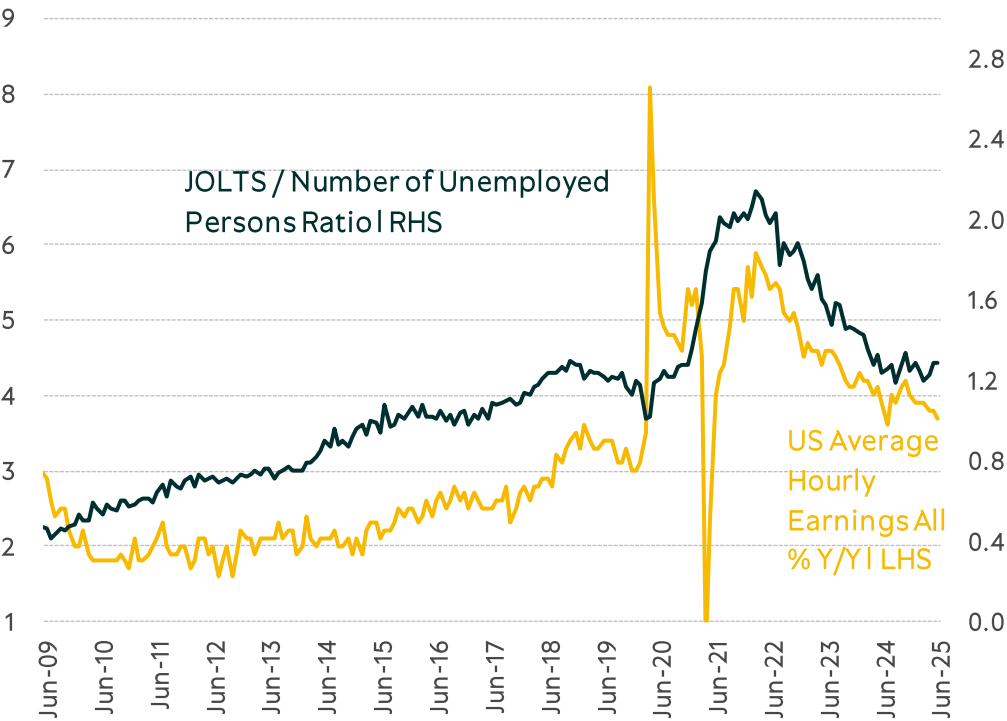


# US Labor Market | Weekly Initial Jobless Claims below 4-week average but Continued Claims inch higher

Weekly Initial Jobless Claims

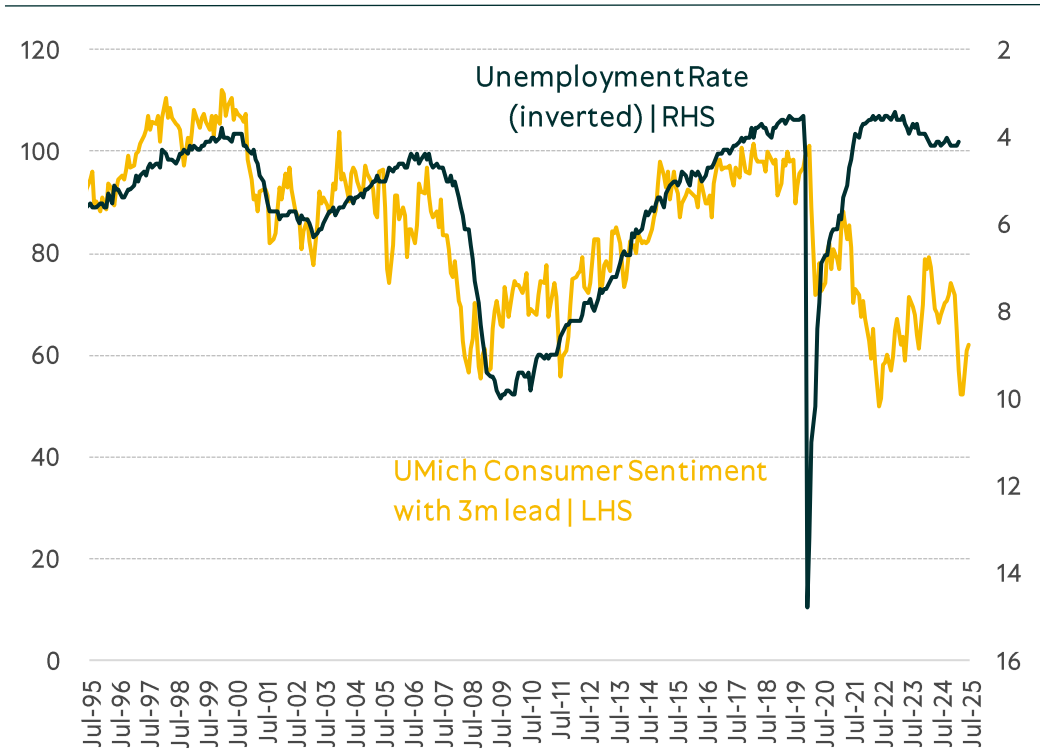


Demand & Supply in Labour Market

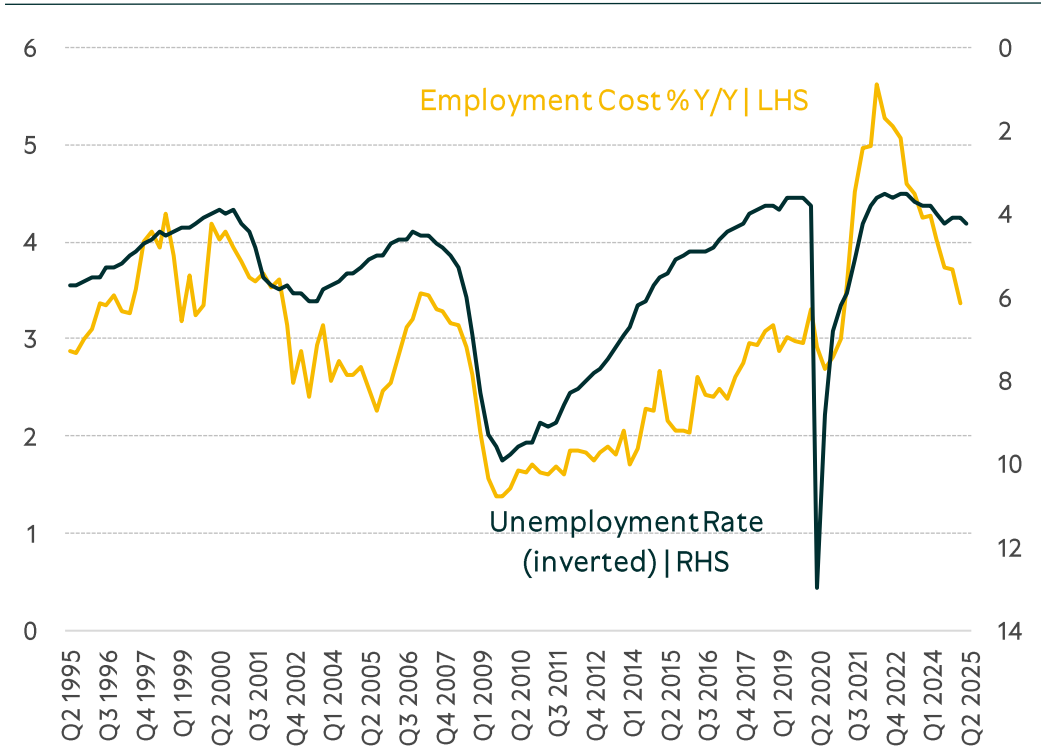


# US Labor Market | Consumer sentiment is slowly recovering, and unemployment remains low. Employment costs continue to gradually cool further

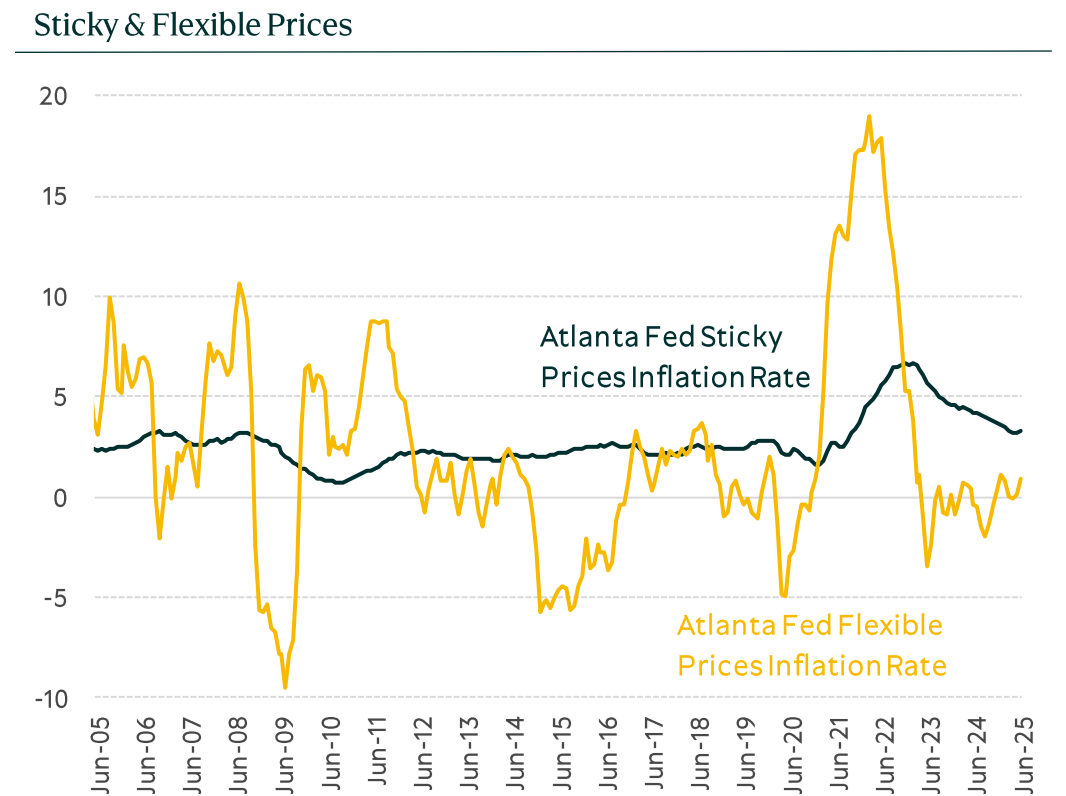
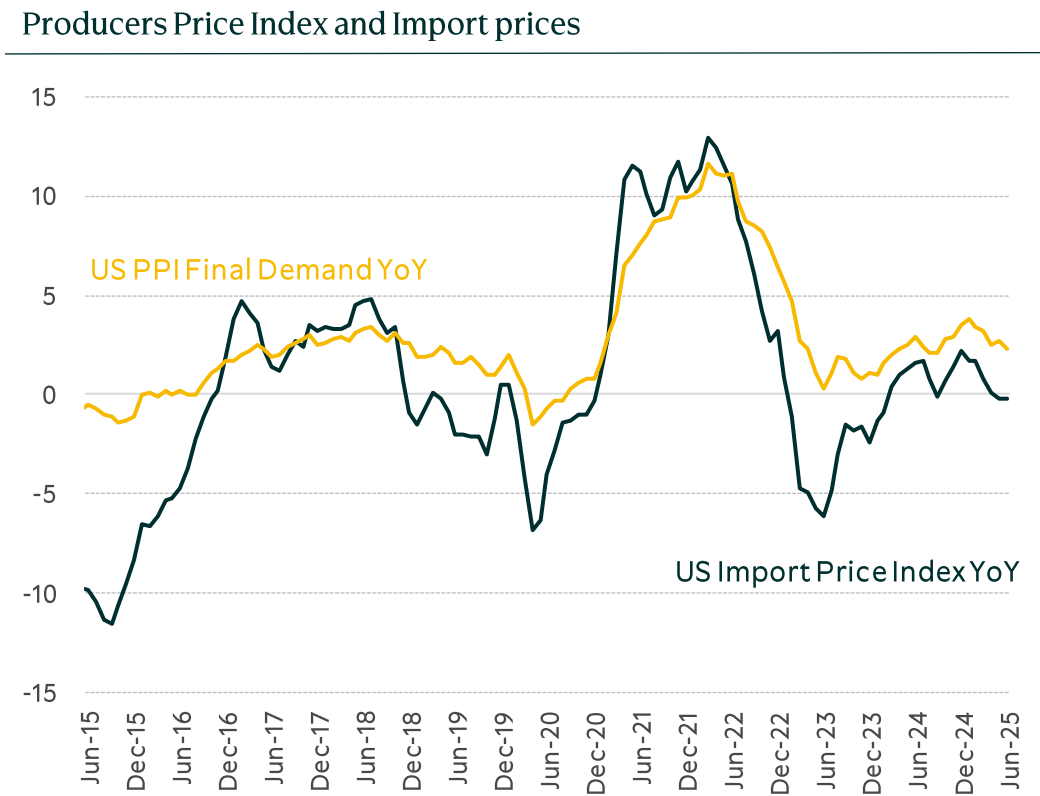
Consumer Sentiment & Unemployment Rate



Compensation per Employee & Unemployment Rate



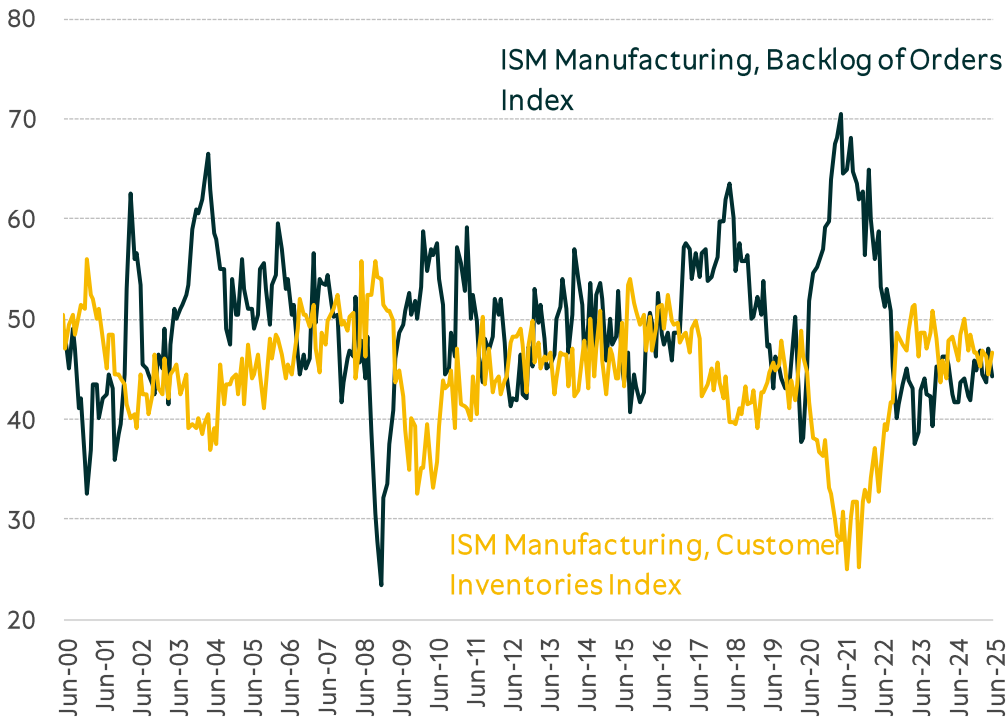
US Alternative Inflation Metrics | Inflation pressures had been limited to the sticky prices segment. Flexible prices ticked up in June, Import prices and Producers prices remained resilient.



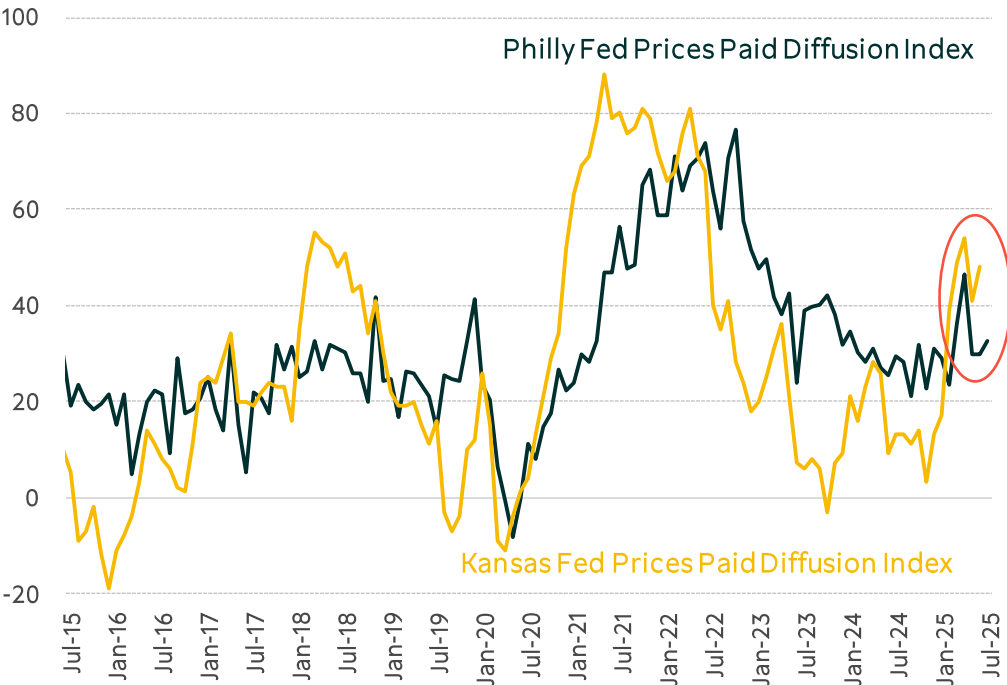


# US Supply & Demand Gap | Customer inventories above Backlog of orders in June; mixed price pressures from regional Feds' surveys

Backlog of Orders & Customer Inventories Relation

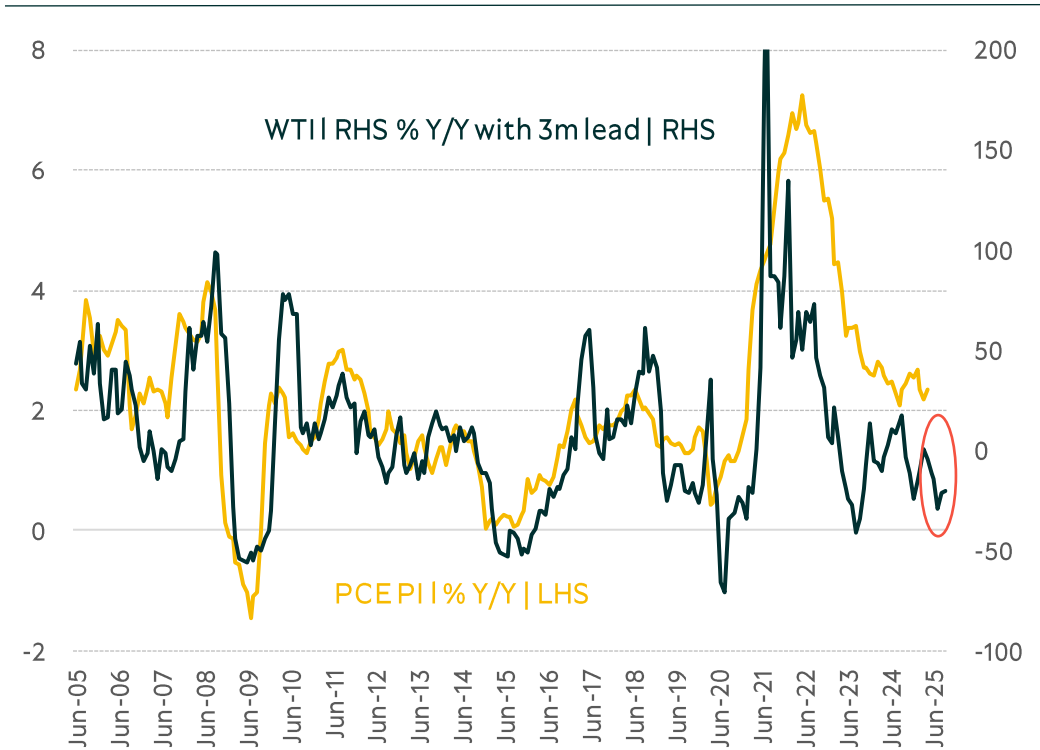


Leading Prices Indicators

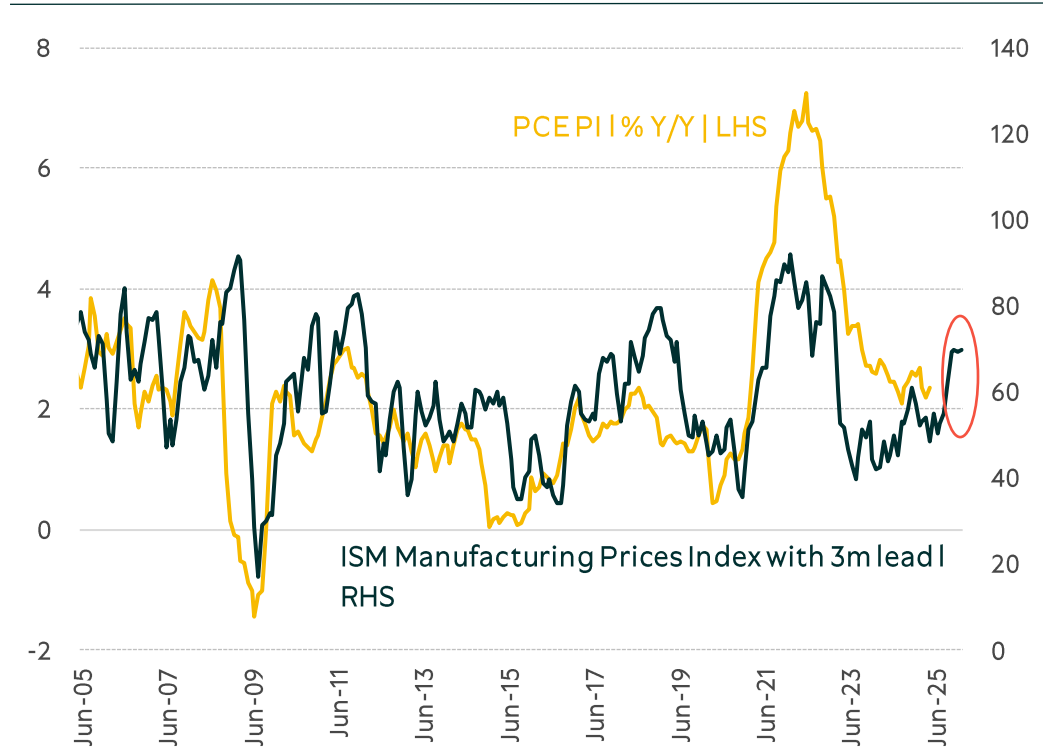


US Inflation & Energy Prices | Leading price indicators are mixed. Energy has been supportive overall. The Manufacturing Price Paid component remains a headwind.

Inflation Rates & Energy Prices

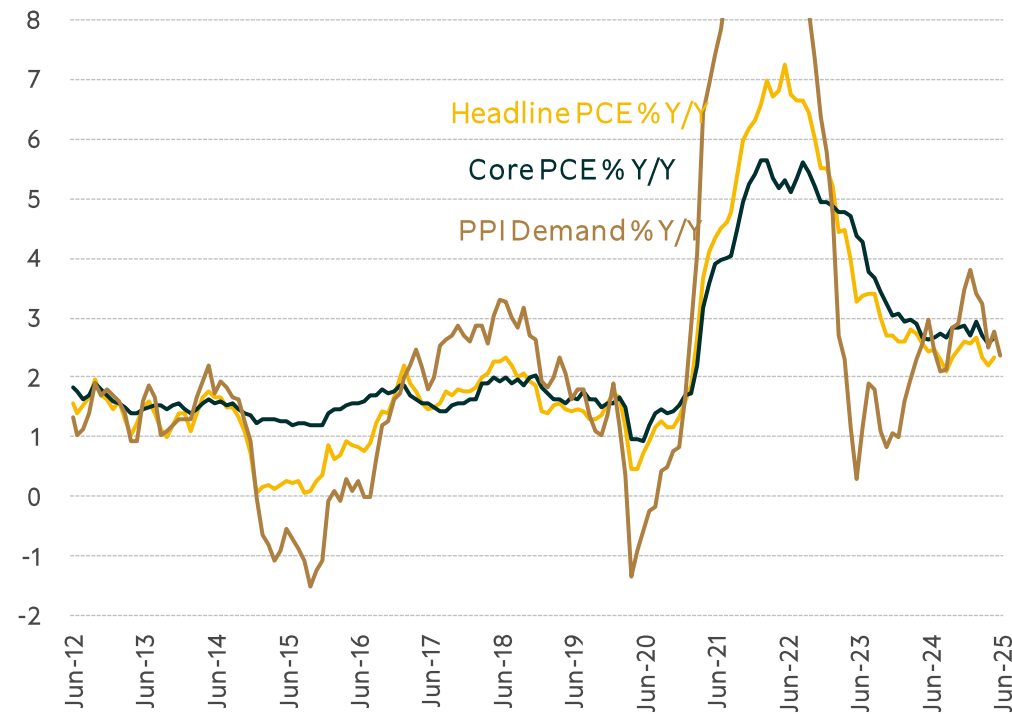


Inflation Rate & Leading Prices Indicator

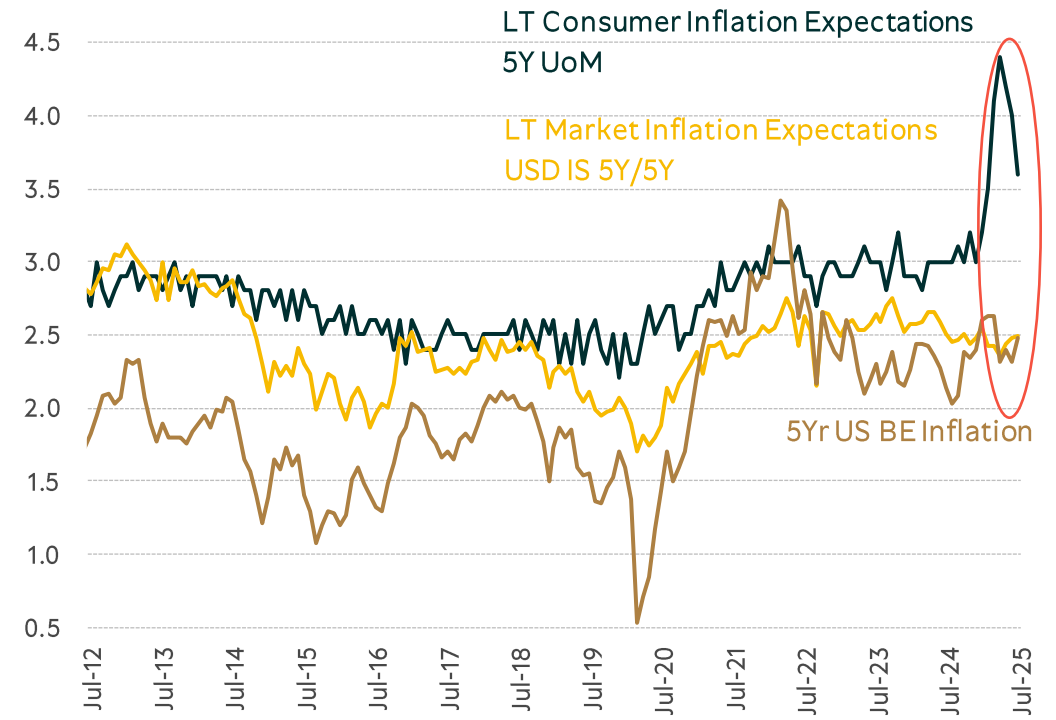


# US Headline & Core Inflation | Inflation pressures eased further with the impact from tariffs remaining relatively small. Consumers' long-term view on inflation remains higher than market's (3.6% vs 2.5%)

## Inflation Rates

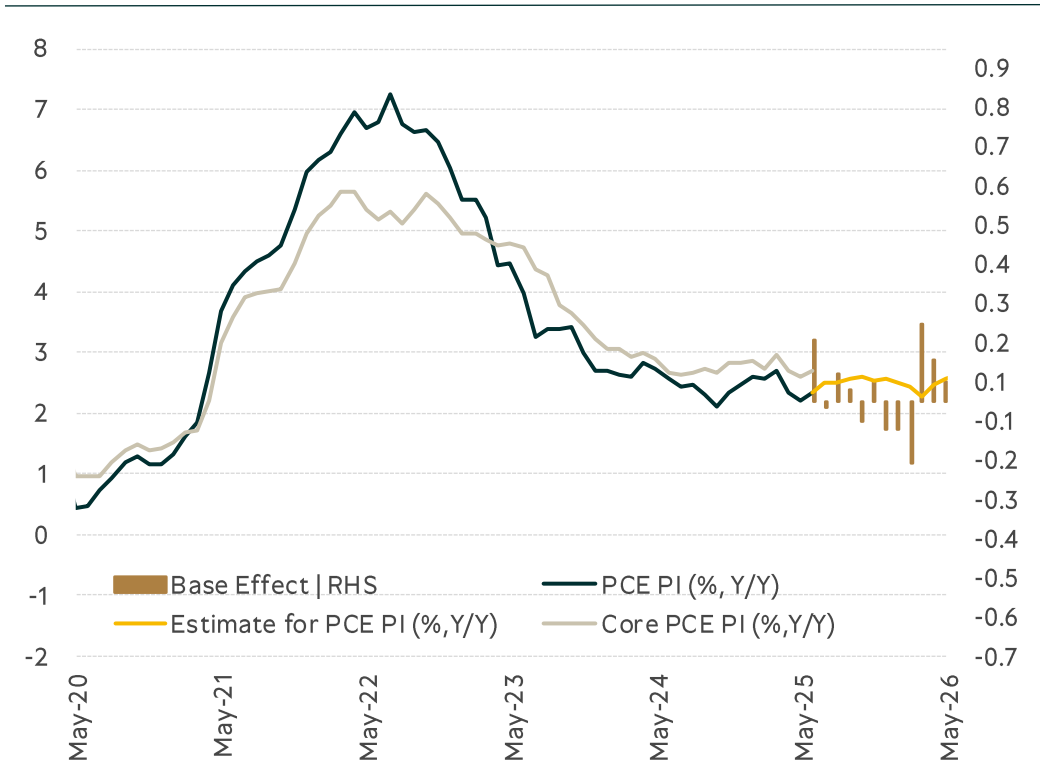


## Long-Term Inflation Expectations

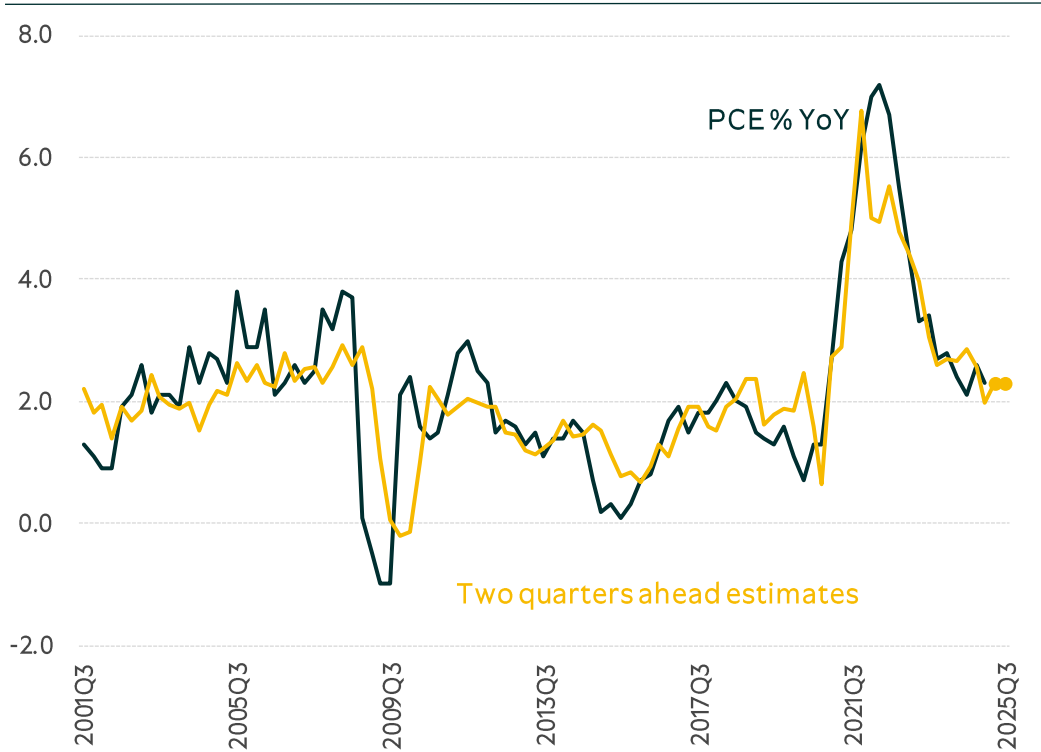


US Inflation Outlook | Unfavorable base effects are likely for June. Both our models still point to inflation above 2.5% for 2025

Inflation Rate Forecast | Statistical Model

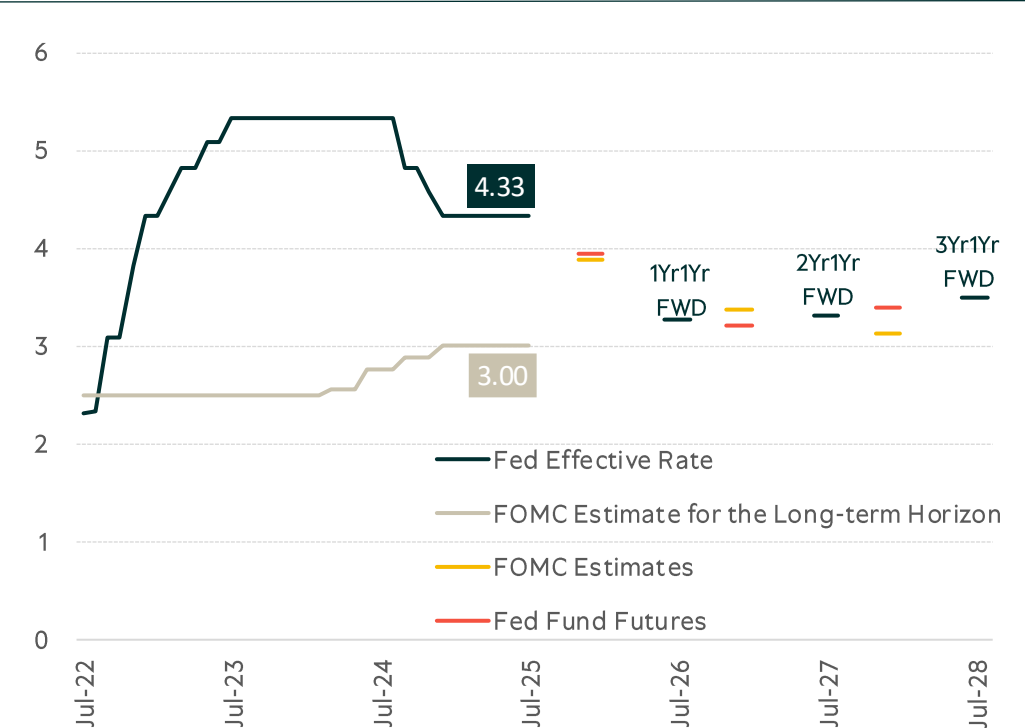


Inflation Rate Forecast | Macro Model

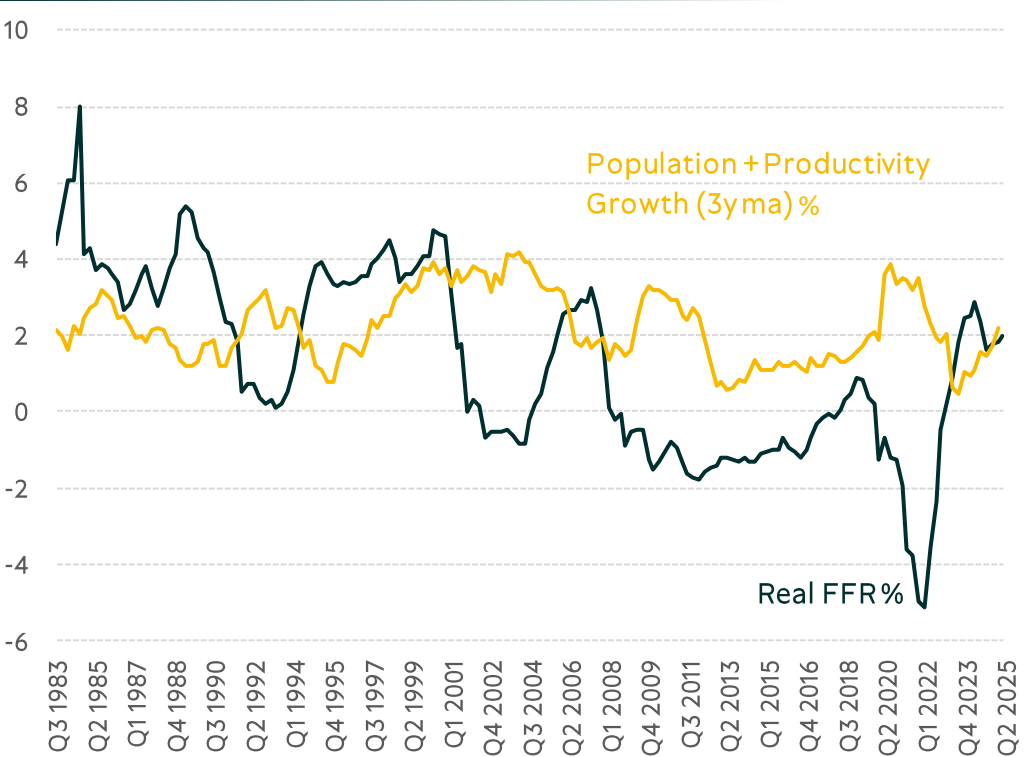


# US Interest Rates | Forward rates remain above FOMC's long-term target

Interest Rates | Fed Effective Rate

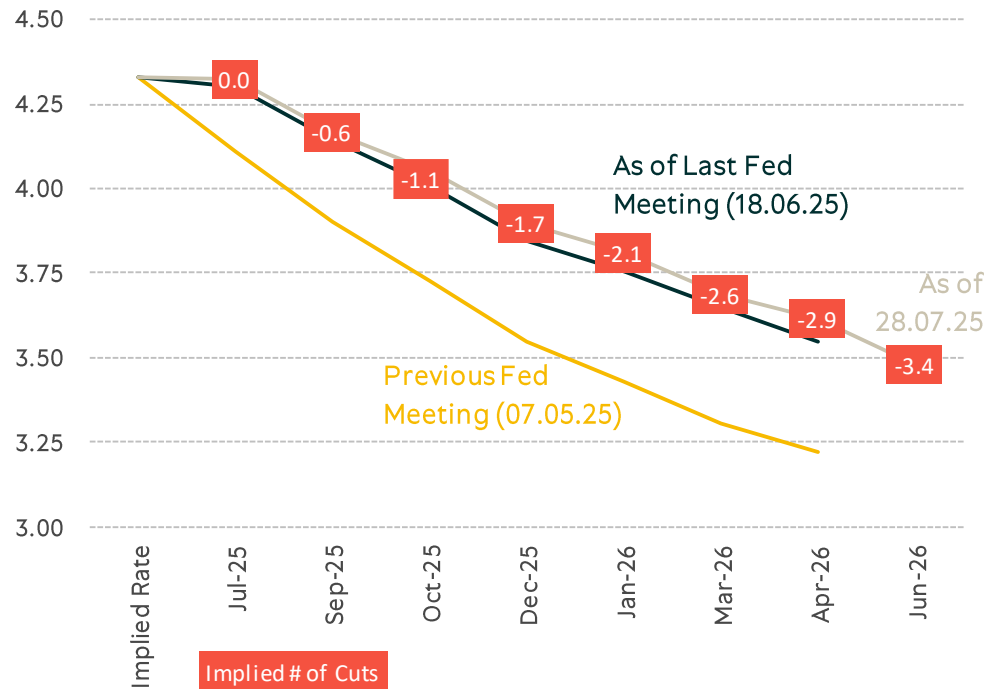


Real FFR (FFR – Core PCE) & Population + Productivity growth (3y ma)

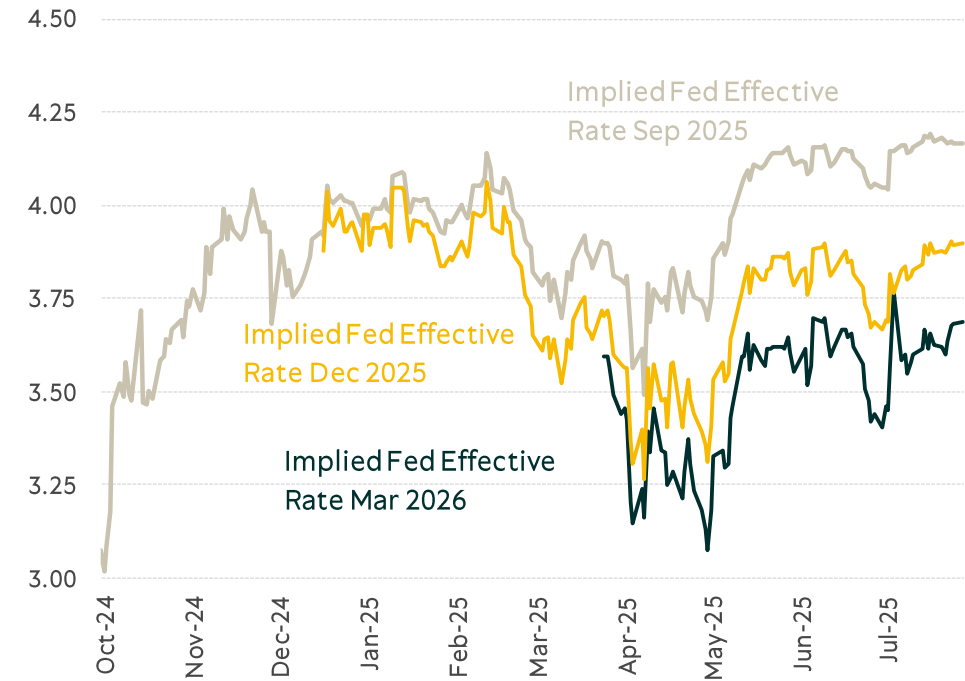


# US Interest Rates | A less aggressive rate cut trajectory is anticipated by the markets compared to 2 months ago

Implied Overnight Rate based on Overnight Index Swaps

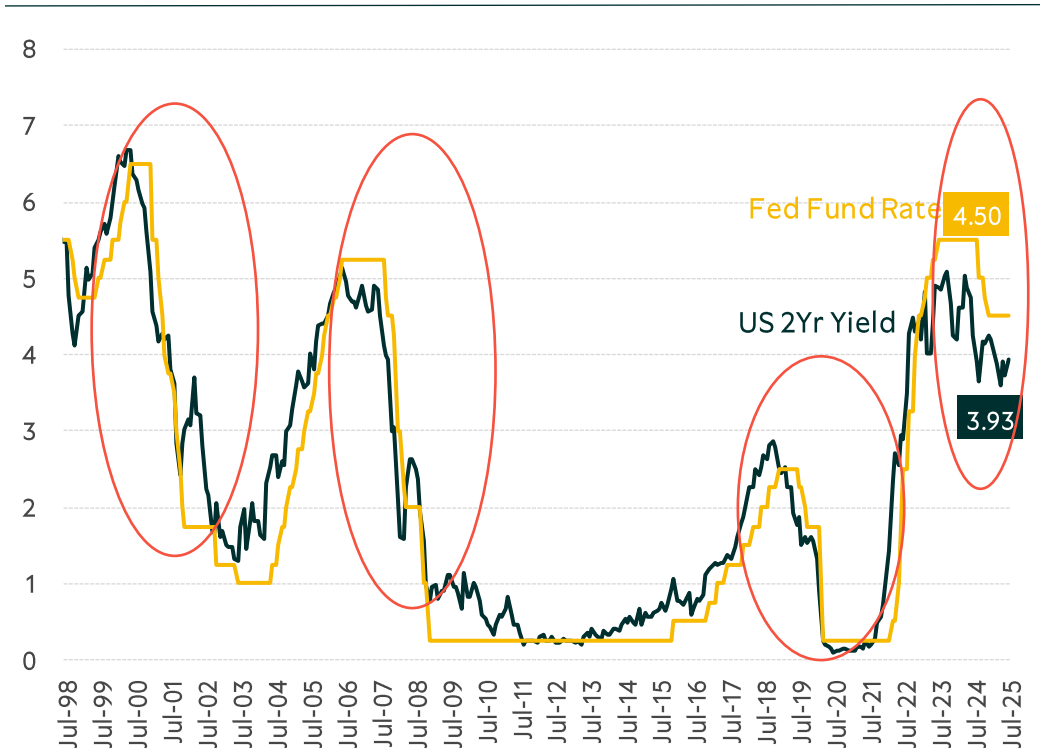


Interest Rates | Implied Fed Effective Rate



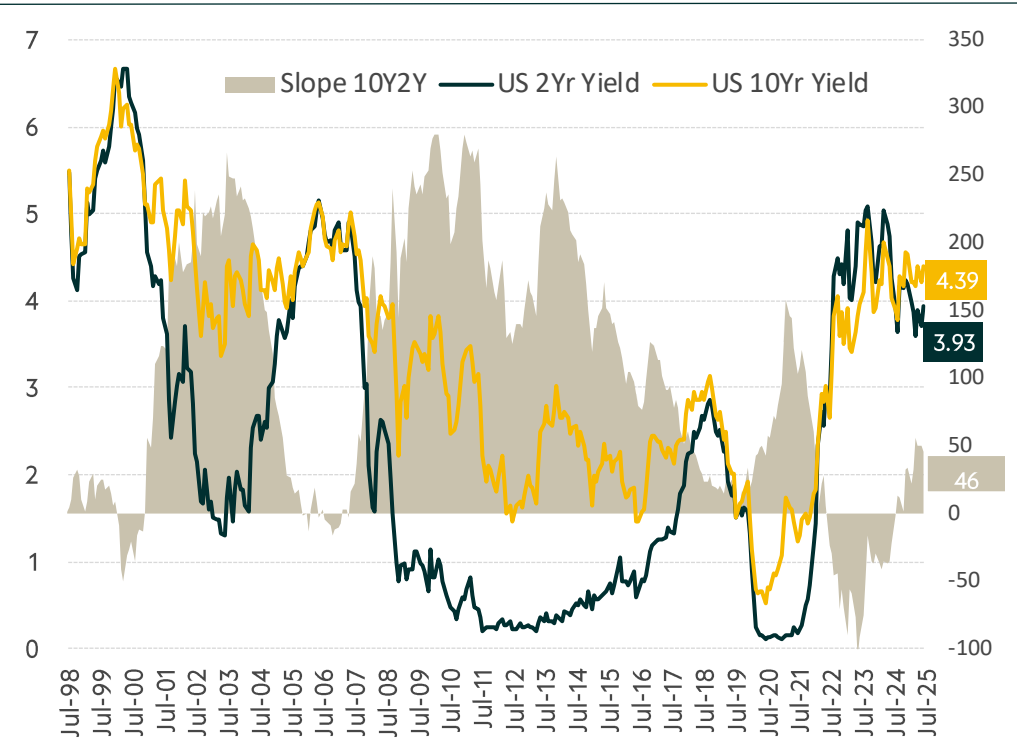
US | In September 2024, the Fed reduced its benchmark interest rate by 50 bps, followed by 25bps cuts in October and in December. On Hold since.

Fed Fund Rate & US Treasury Yield



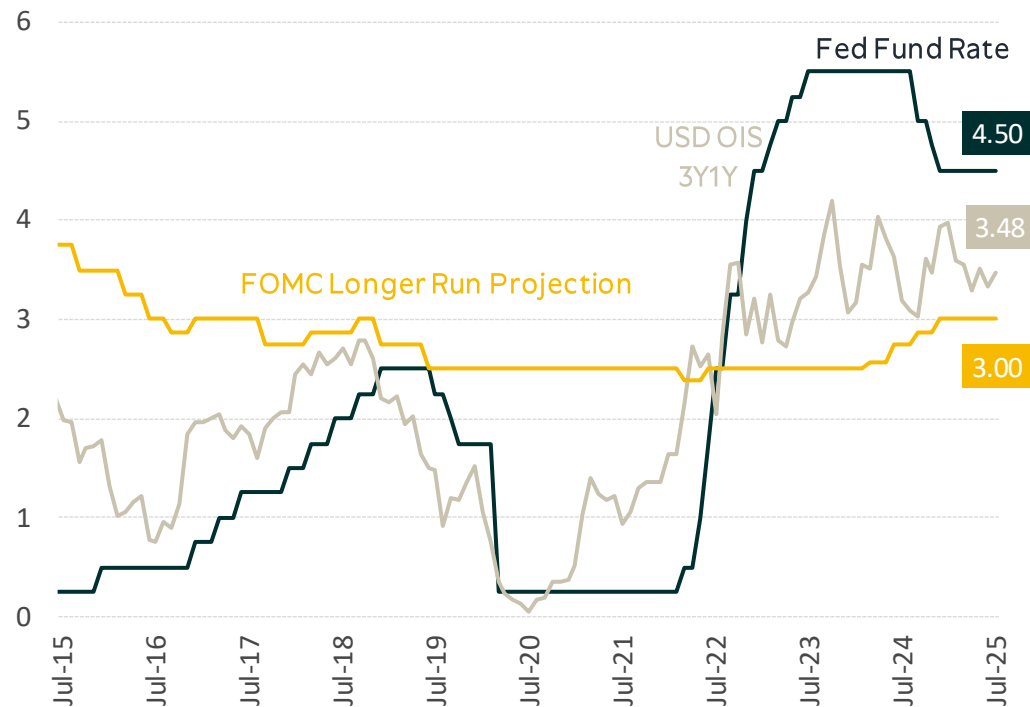
Note: Monthly data apart from the last observation which shows the latest available daily value

US Yield Curve



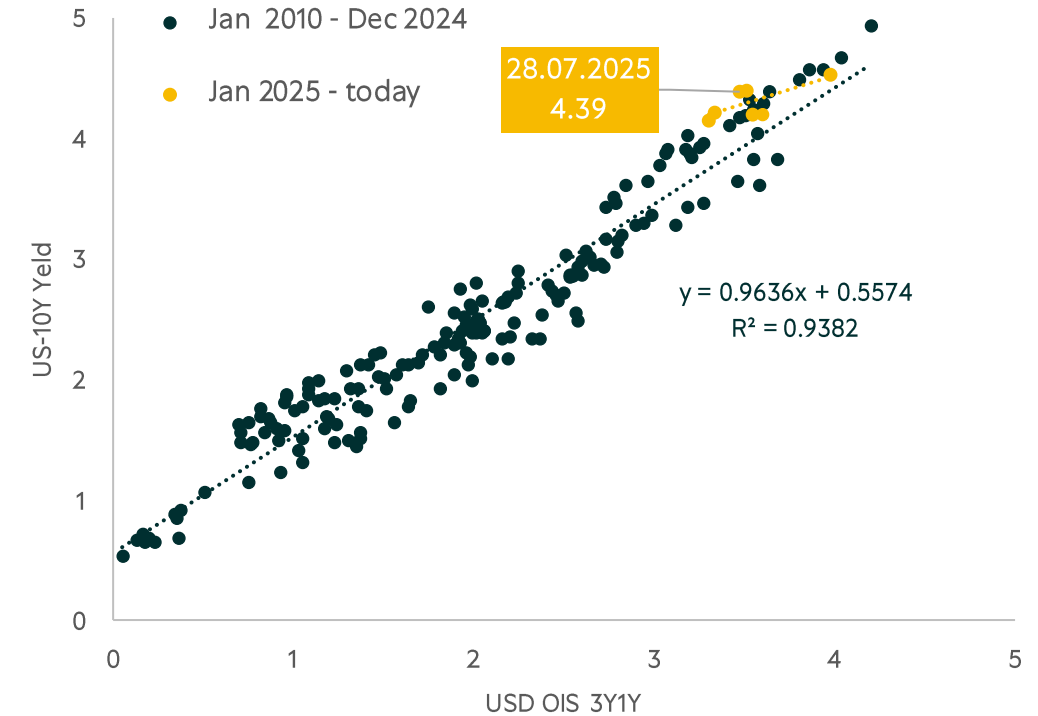
# US Long-Term Rates | Short-term rates 4 years in the future remain above target (3%). 10- year rates above “fair” value given the current level of short-term rates.

## LT Interest Rate Expectations



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

## US Yield vs Medium-Term Interest Rate Expectations





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Bird's Eye View

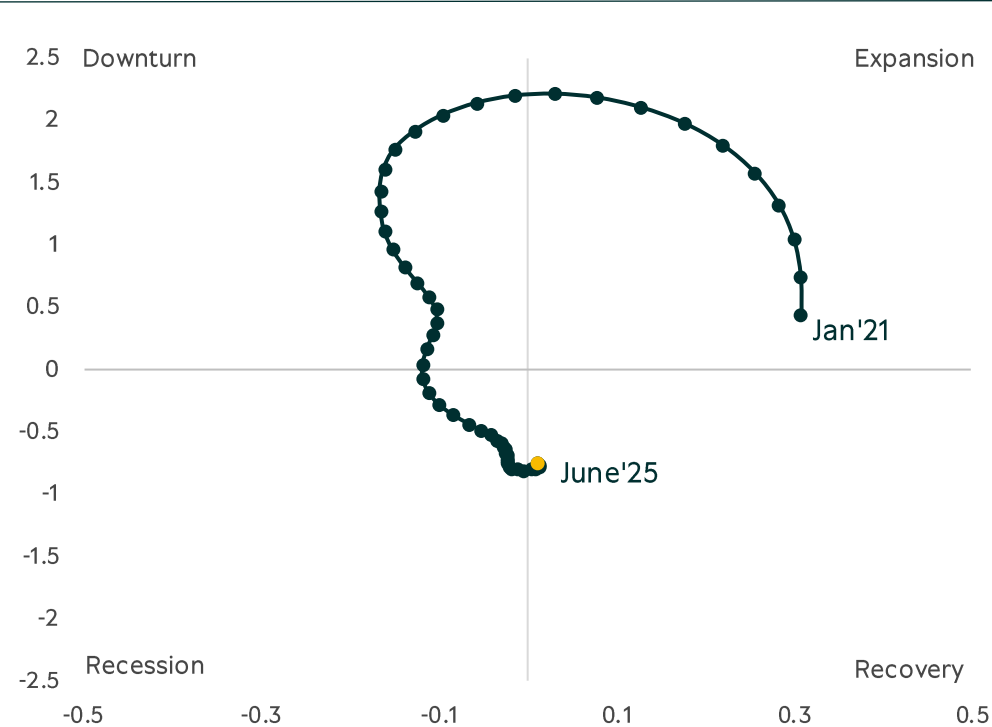
US Economy

EA Economy

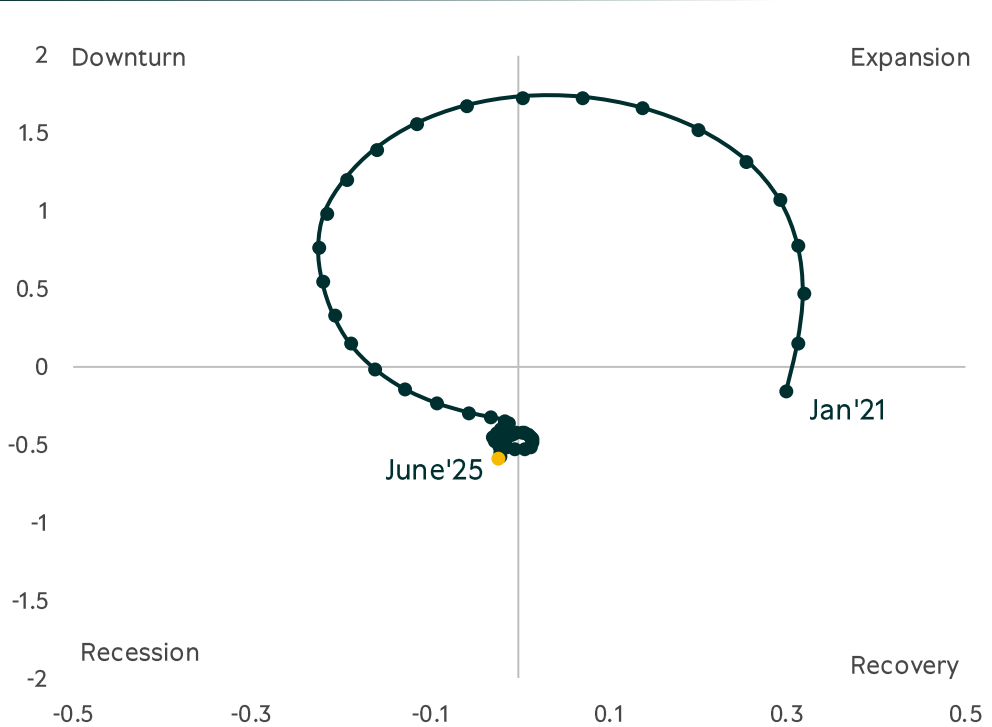
China Economy

# EA Business Cycle Watch | June economic sentiment stayed in the recession quartile, while manufacturing confidence remained in the recovery phase

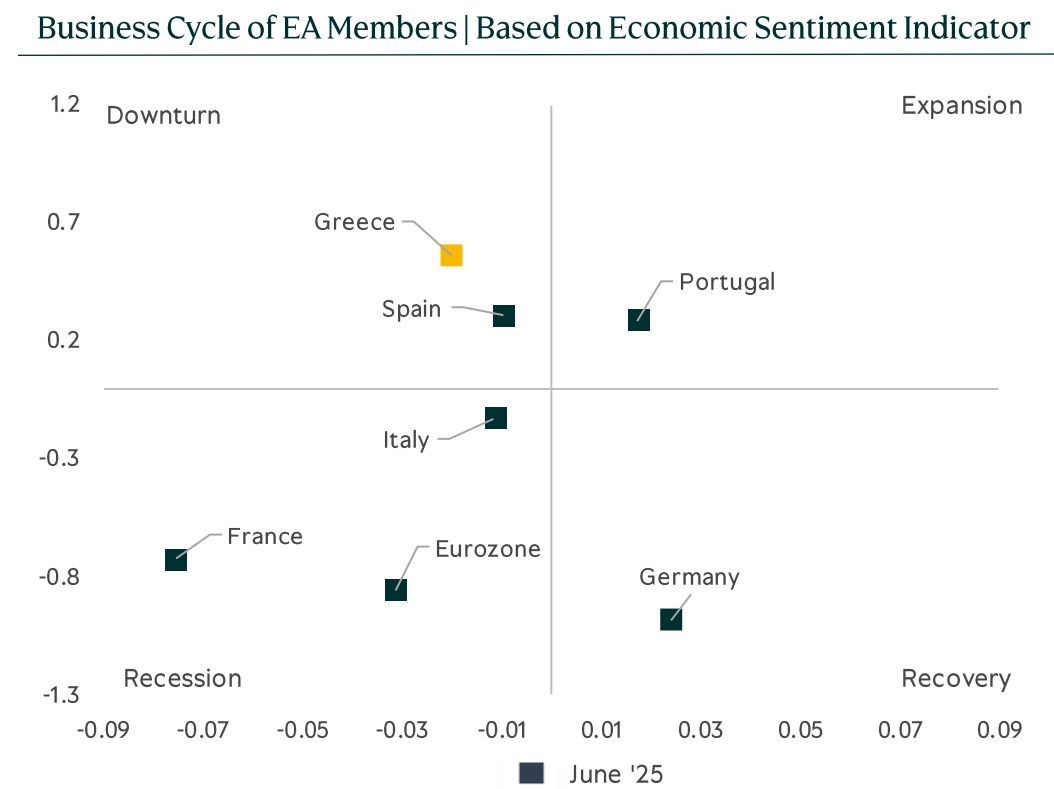
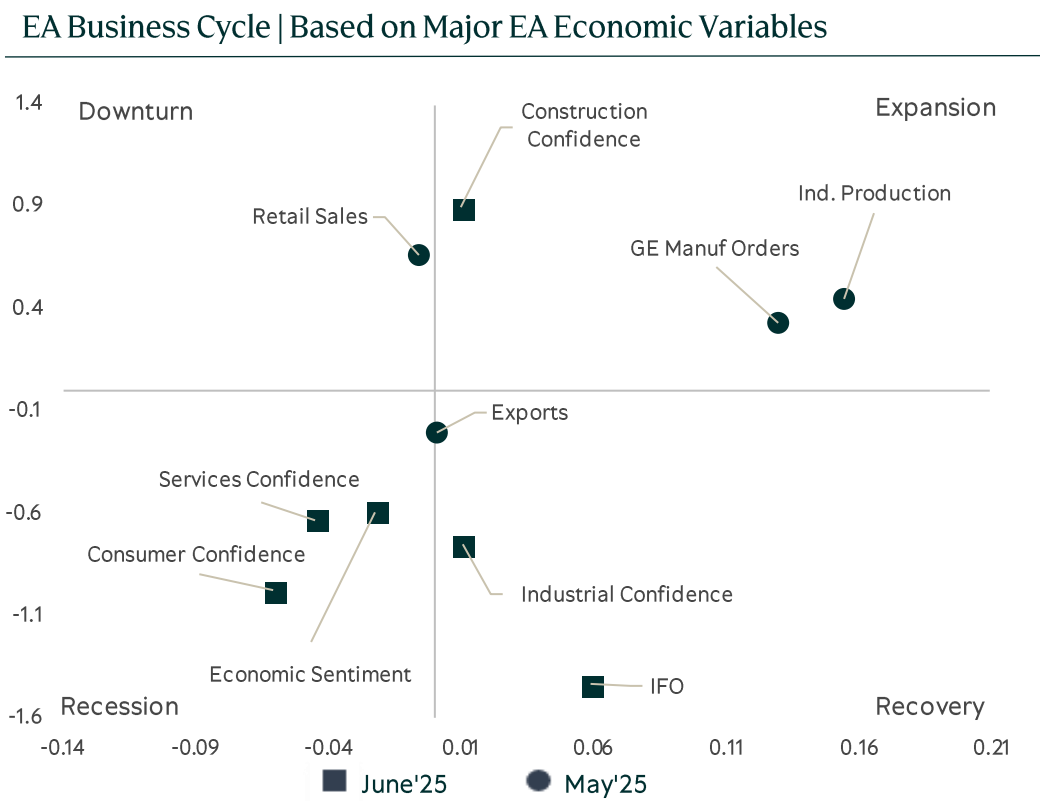
EA Business Cycle | Based on Manufacturing Confidence Indicator



EA Business Cycle | Based on Economic Sentiment Indicator

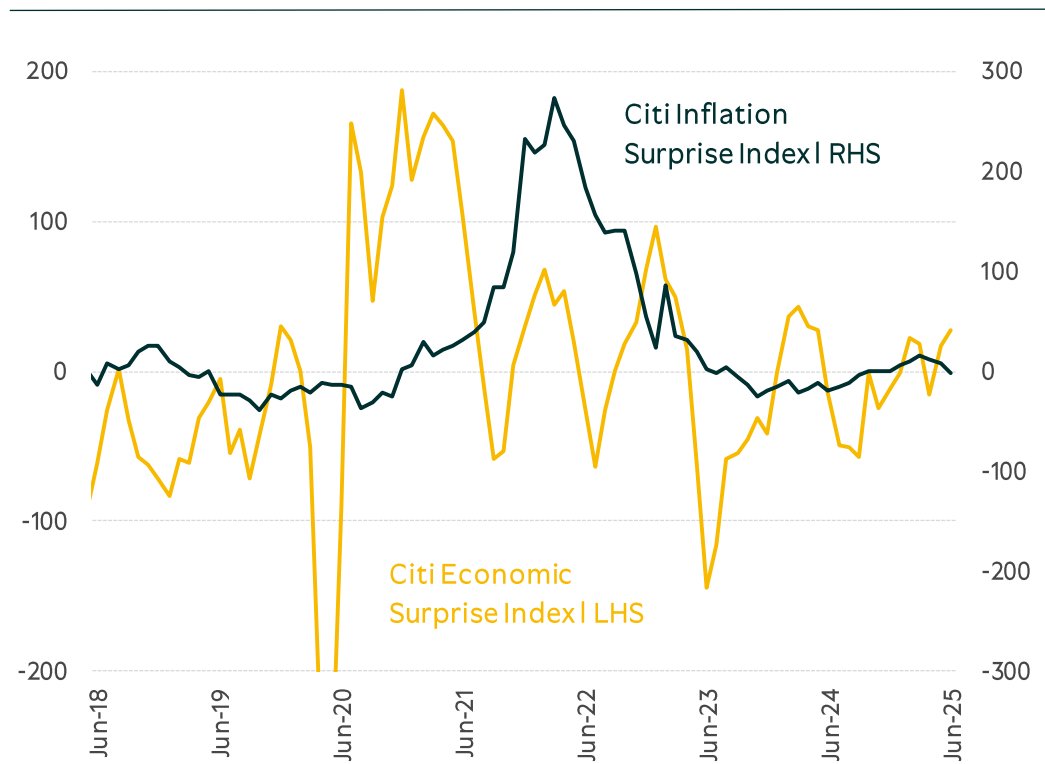


# EA Business Cycle | Mixed signals are observed among the major economic variables but also on country level

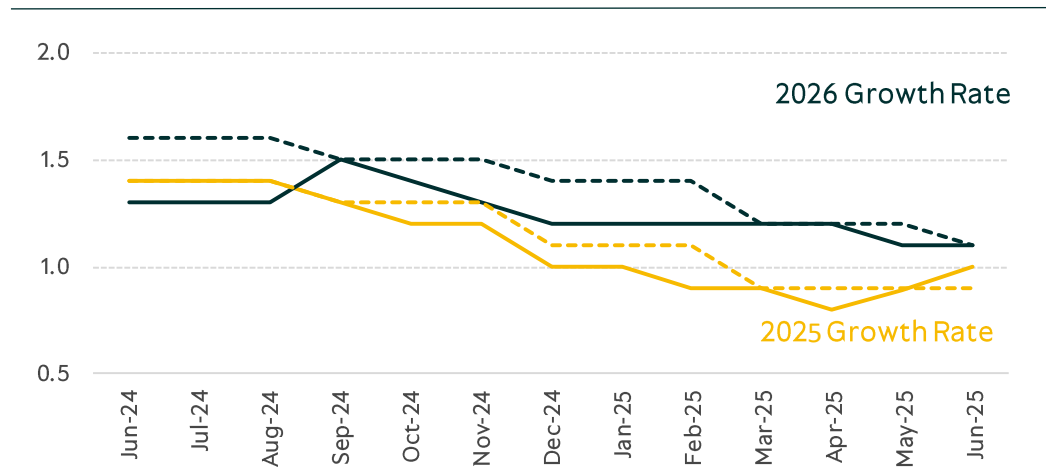


EA Macro Expectations | Economic surprises turned positive in June; however the consensus continues to expect a “traditional” slowdown in the EA.

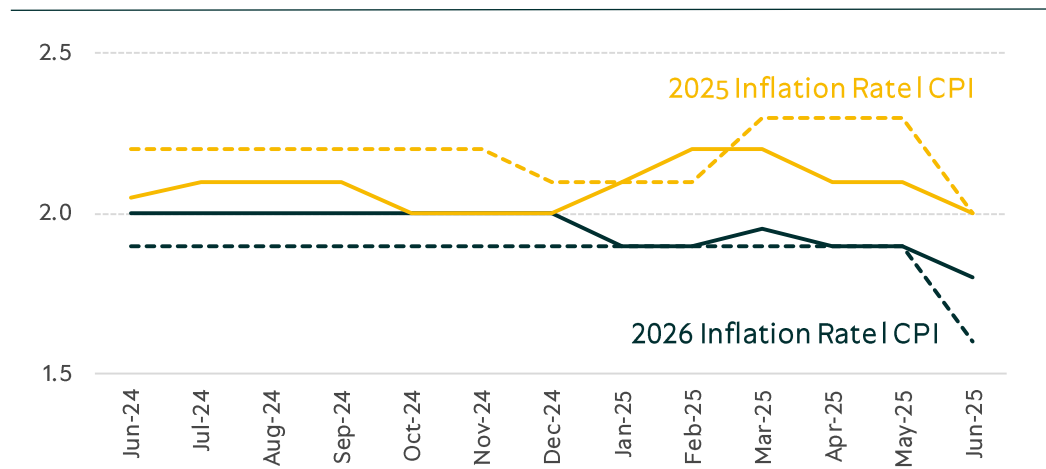
Economic & Inflation Surprises



Growth Rate Expectations\*



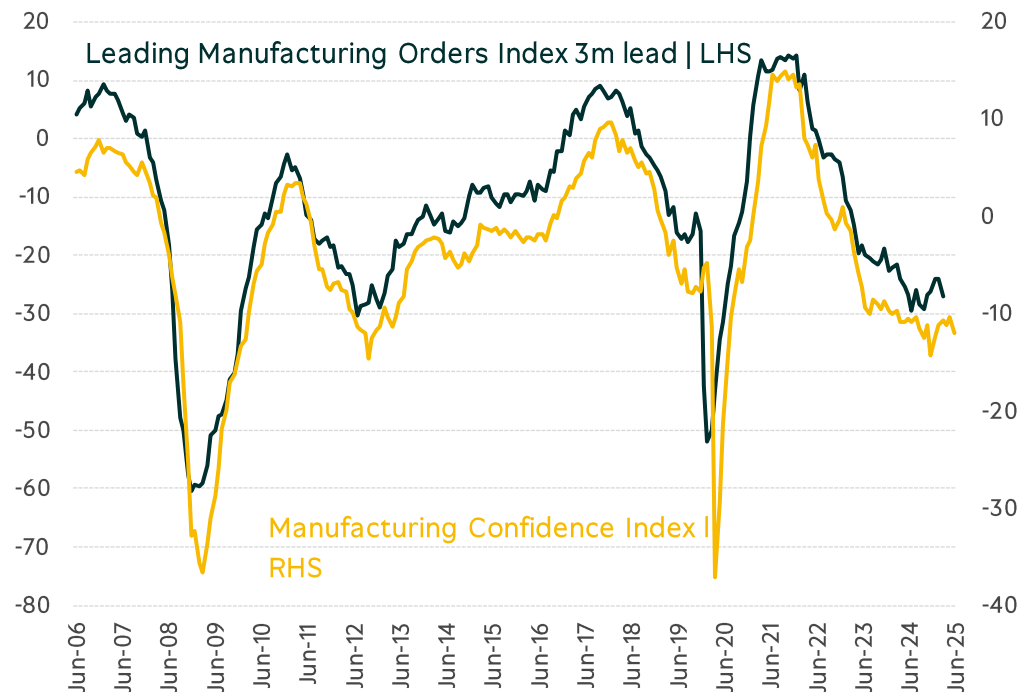
Inflation Rate Expectations\*



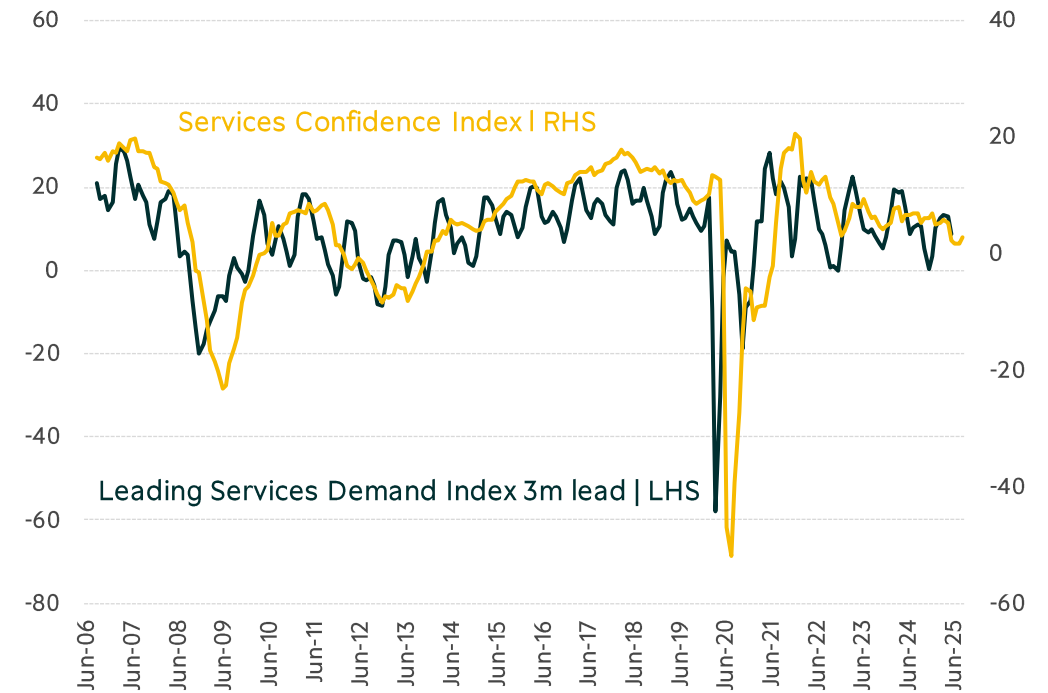
\*Solid line: Consensus; Dotted line: ECB projections

# EA Leading Indicators | Manufacturing indicators in marginal downturn in June. Demand on Services shows signs of stabilization.

## Manufacturing Confidence Index & Leading Manufacturing Orders

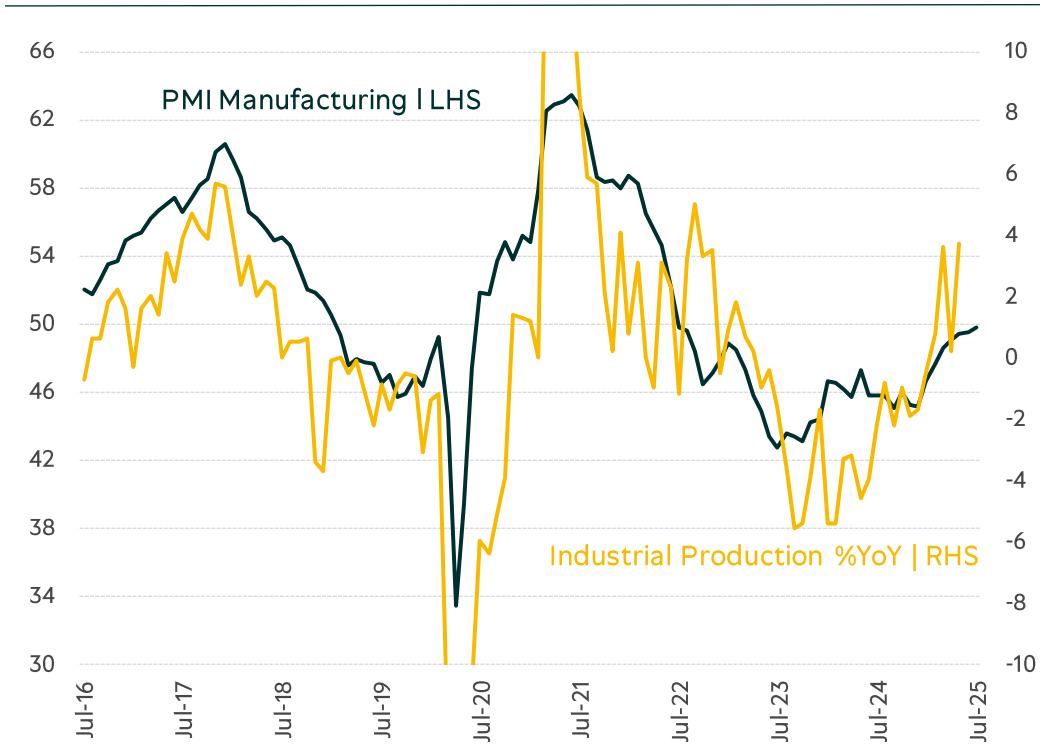


## Services Confidence Index & Leading Services Demand Index

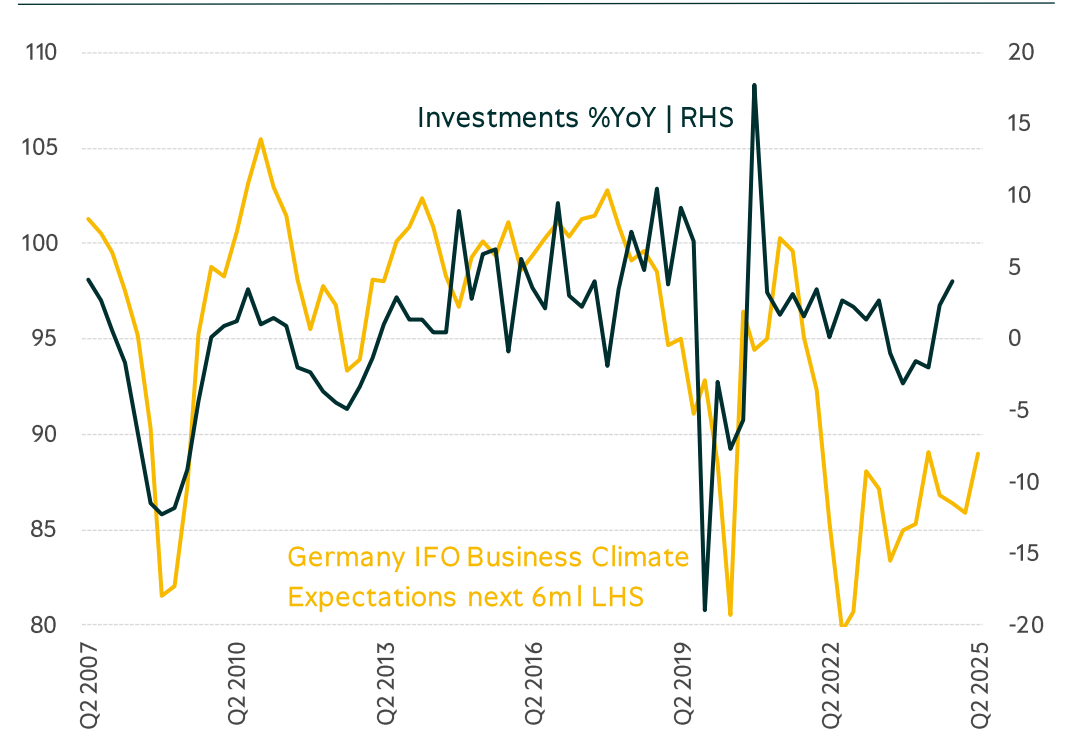


EA Business Conditions | The Manufacturing Leading indicator improved for the 6th consecutive month in June. Investments in Q1 2025 increased 1.9% YoY for the first time after 4 quarters of negative rates.

Industrial Production YoY vs PMI Manufacturing

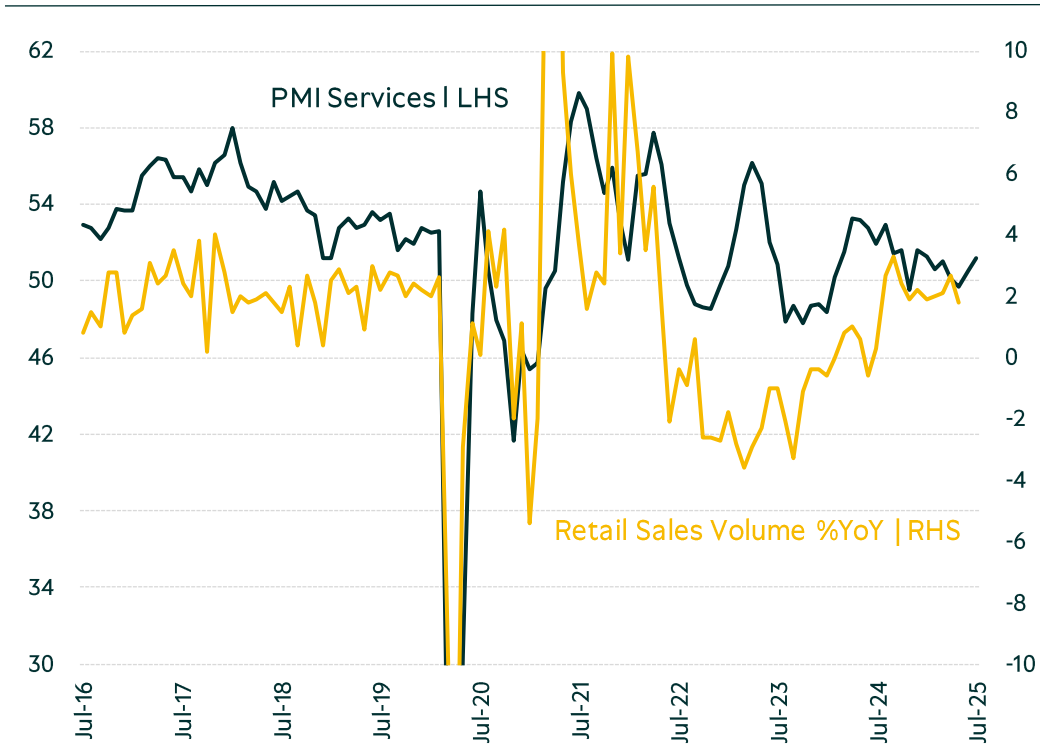


IFO Expectations & Business Investment

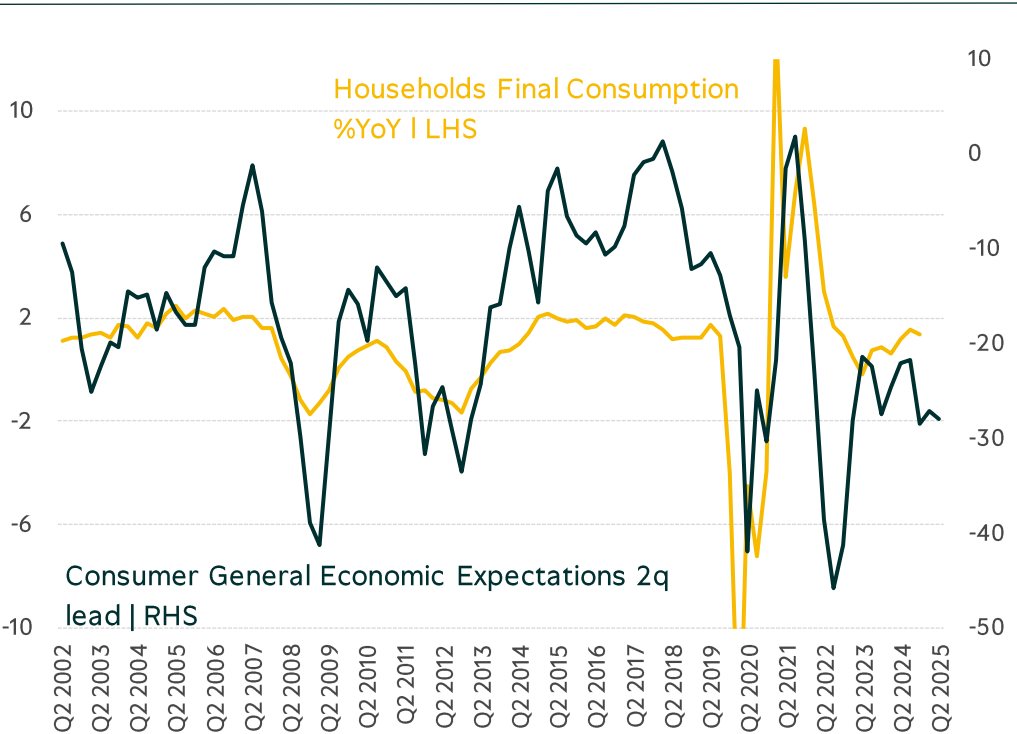


EA Business Conditions | Households' consumption marginally decelerated in Q1 2025. Retail sales growth decelerated in May but remains in positive territory and are a possible tailwind to EA growth

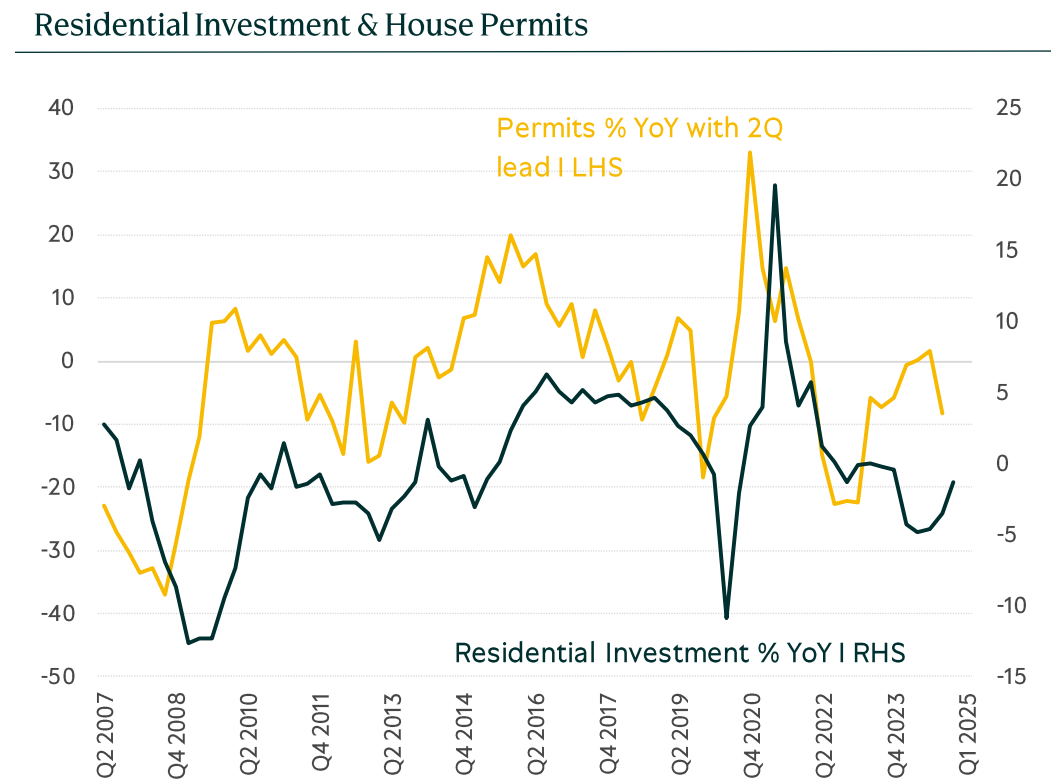
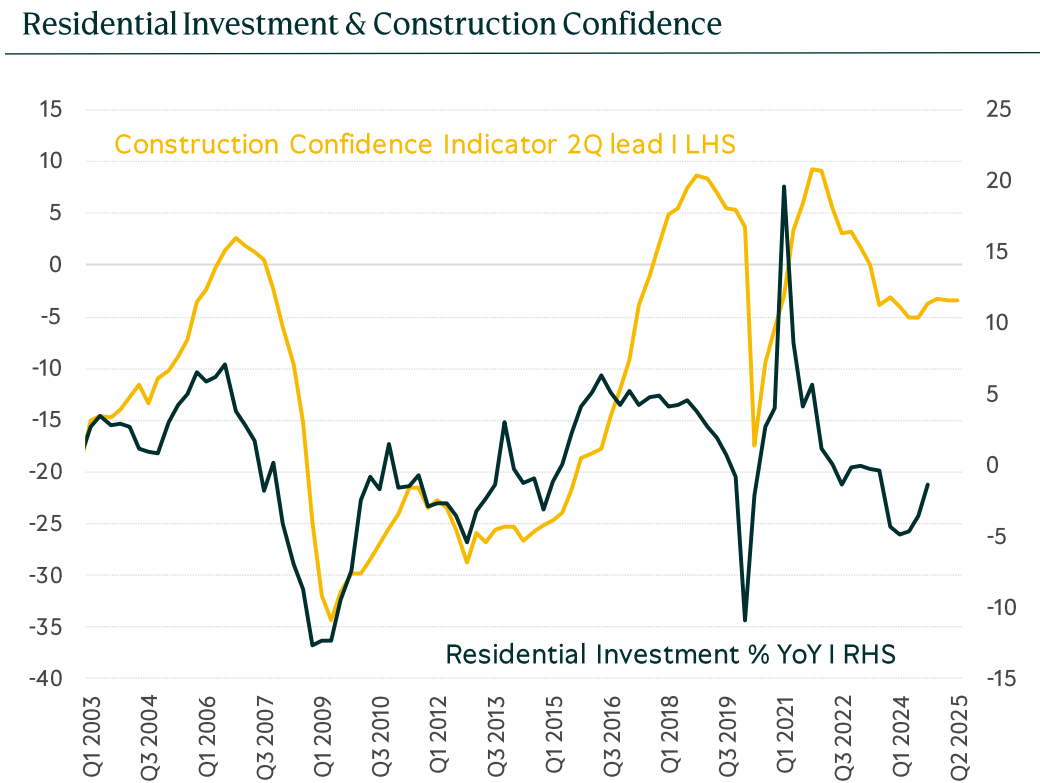
Retail Sales Volume YoY vs PMI Services



Final Consumption & Consumer Expectations Index



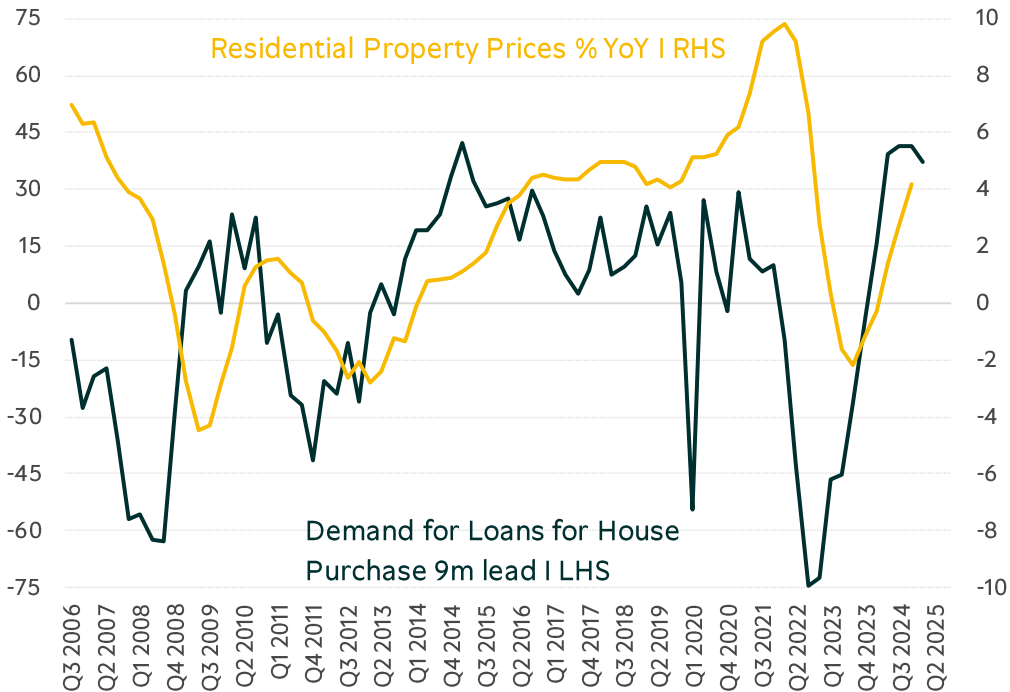
EA Construction | Residential activity gives positive signals as Construction Confidence is on an upward trend. The latest upticks in residential investments provide a glimmer of hope, though permits fell in Q1.



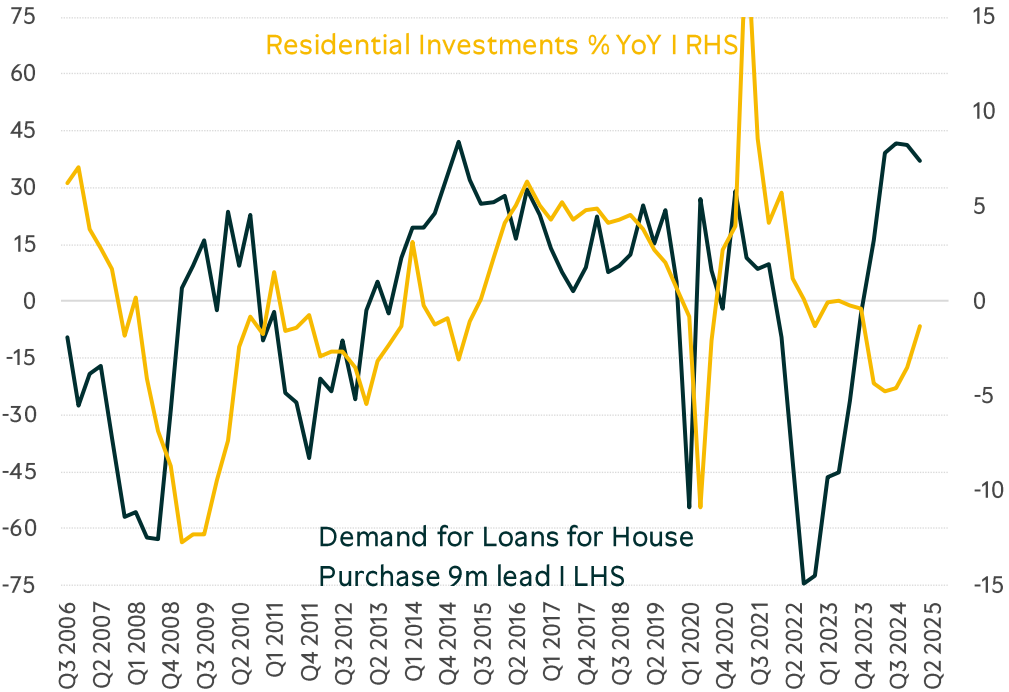


# EA Construction | A pick up in investments is expected in the coming months, while demand for loans moderates

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

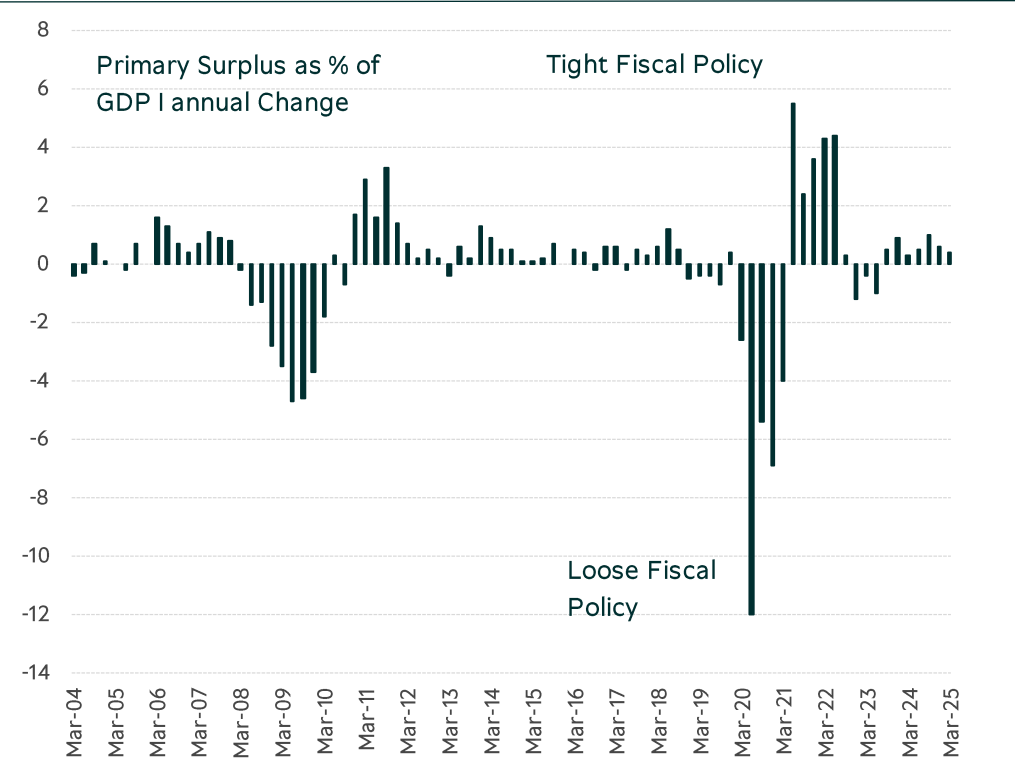


Residential Investments & Demand for loans (9m lead)

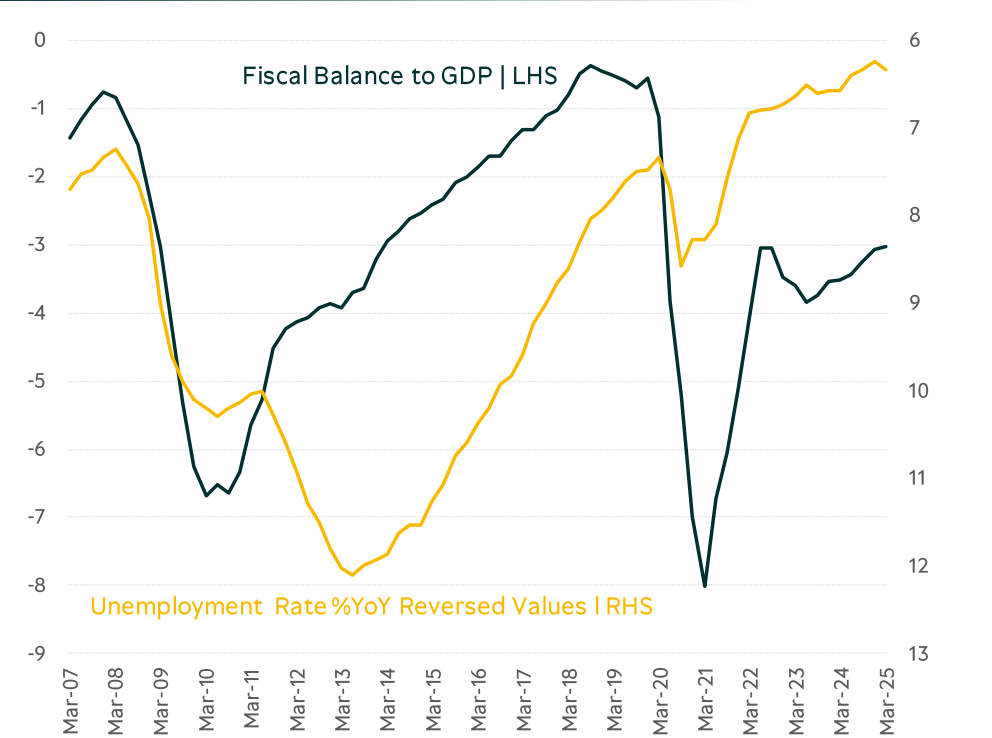


# EA Fiscal Policy | Fiscal Deficit remains at low levels while the Unemployment Rate remains at a historic low

Fiscal Thrust

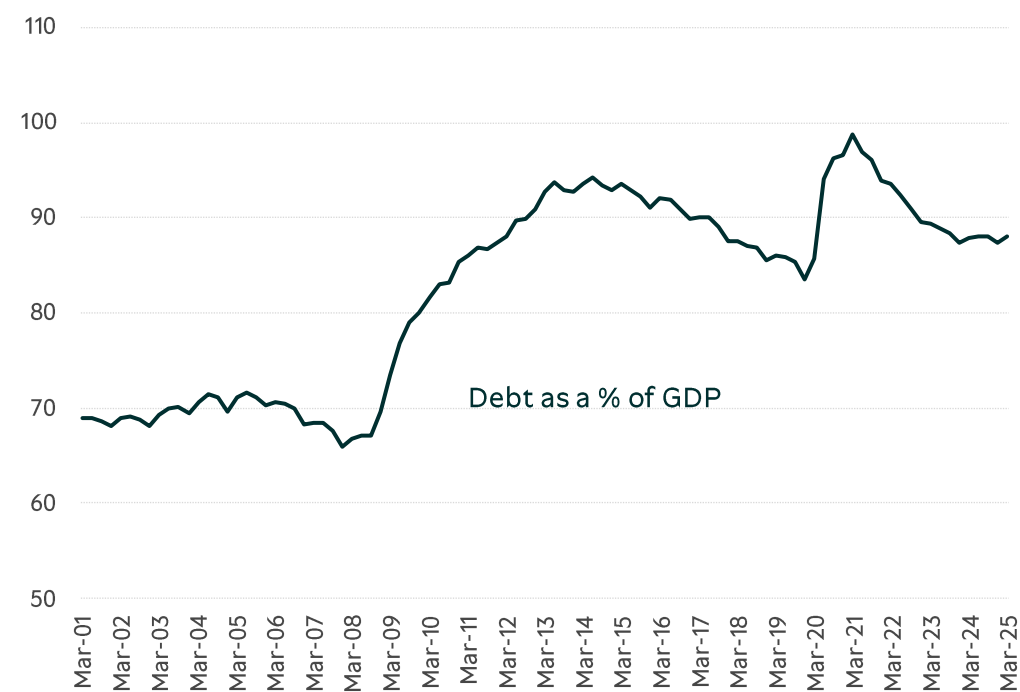


Fiscal Policy & Unemployment Rate

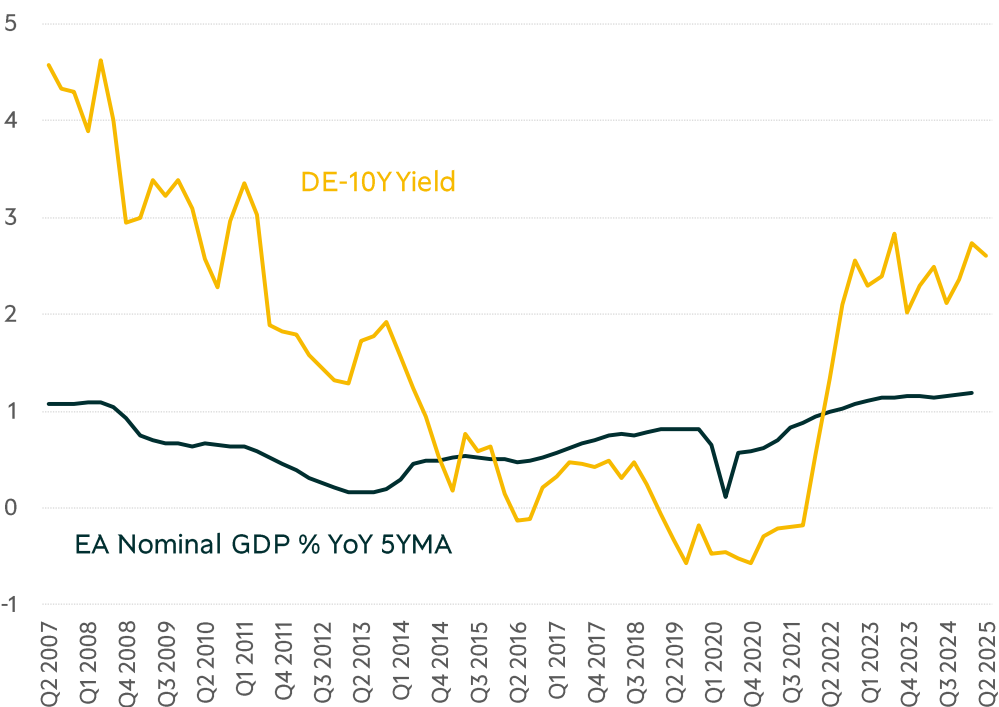


# EA Fiscal Policy | Debt levels have moderated after the pandemic

Debt / GDP

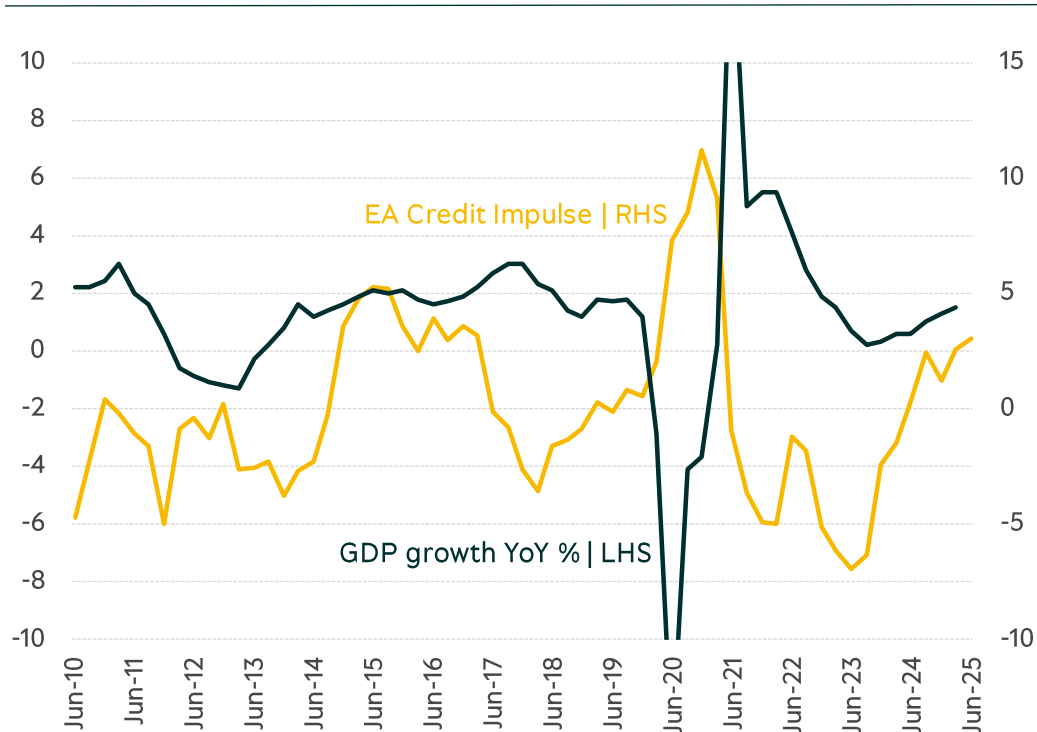


Fiscal Policy Sustainability

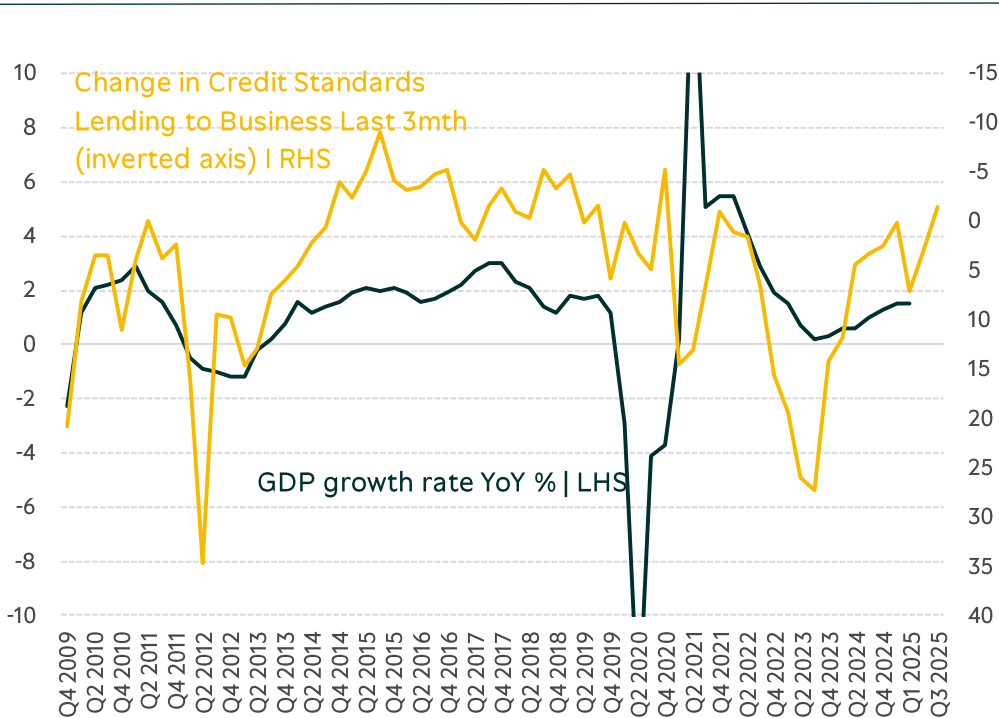


EA GDP Outlook | Credit impulse continues to recover in Q2. There was a small net tightening of credit standards for loans or credit lines to enterprises in the third quarter of 2025

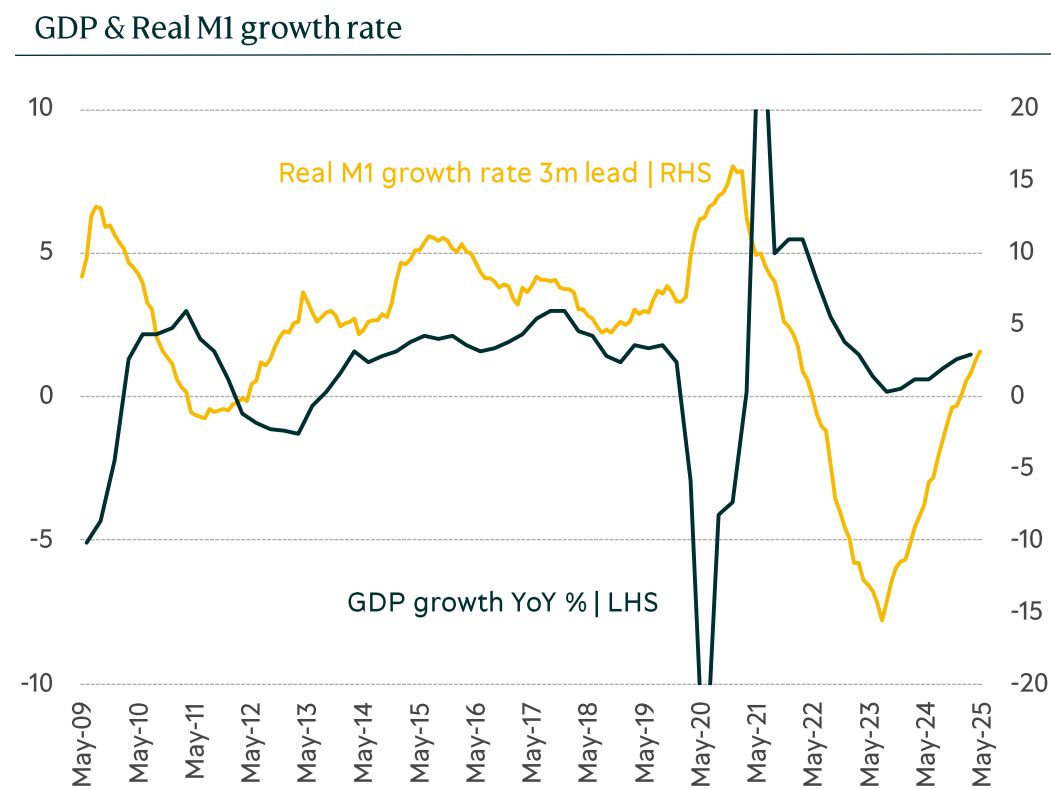
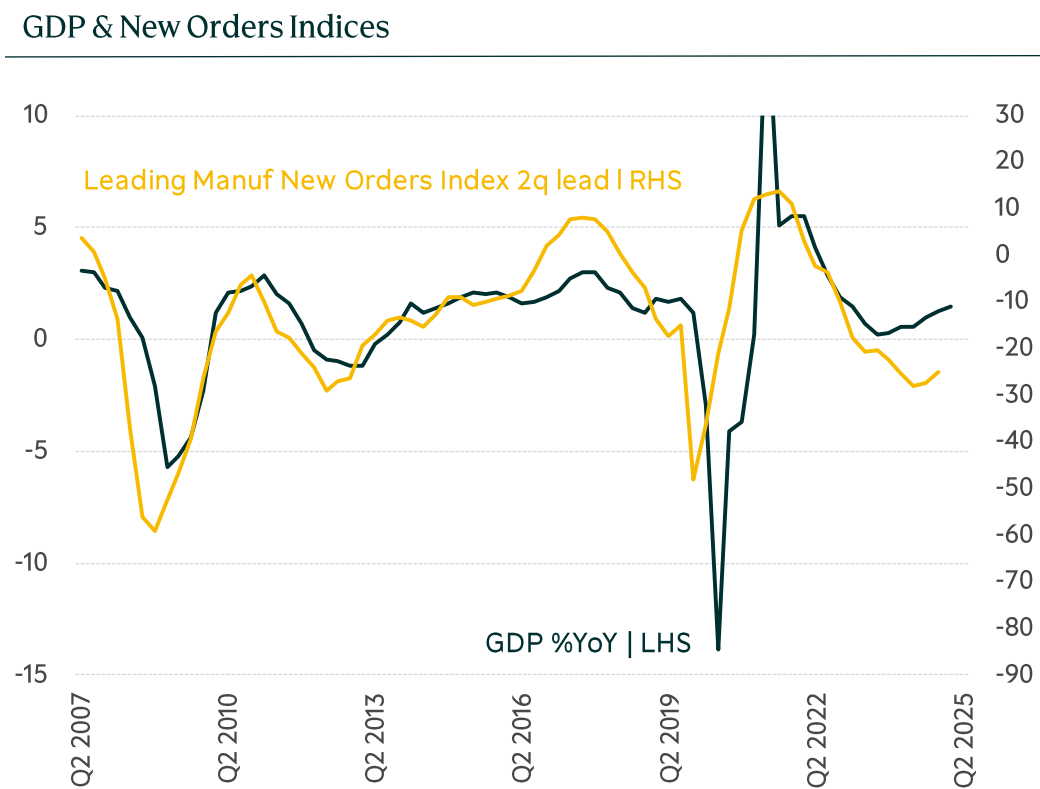
EA Credit Impulse & GDP growth rate



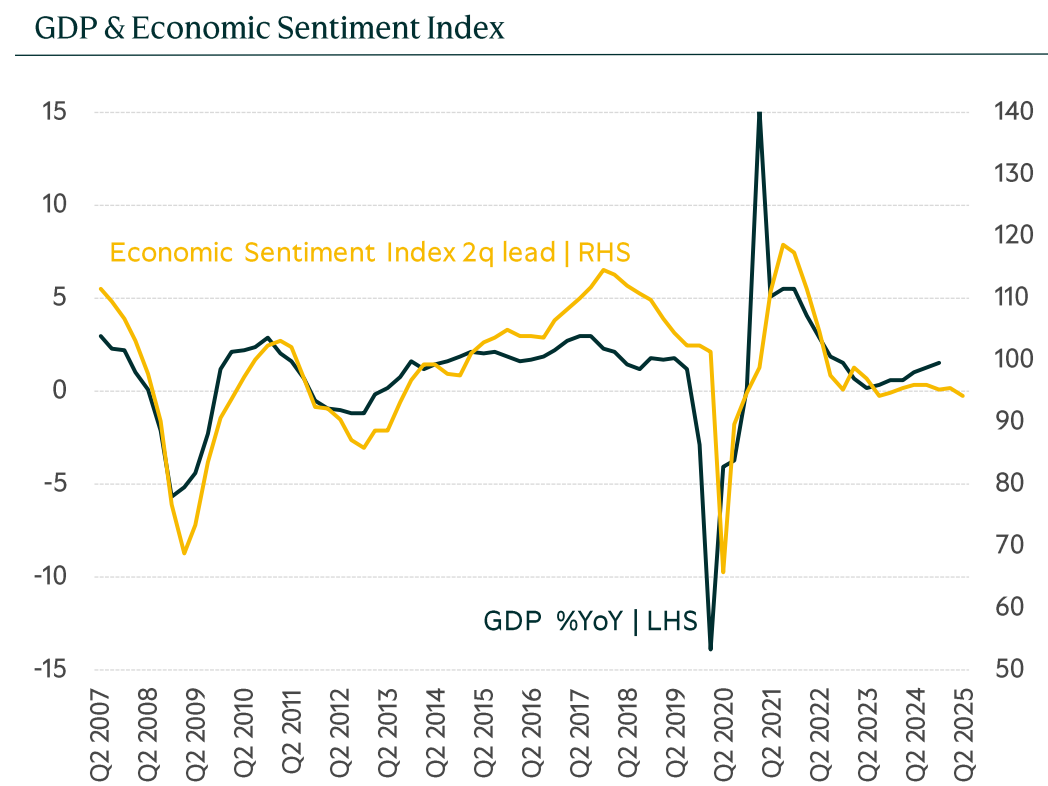
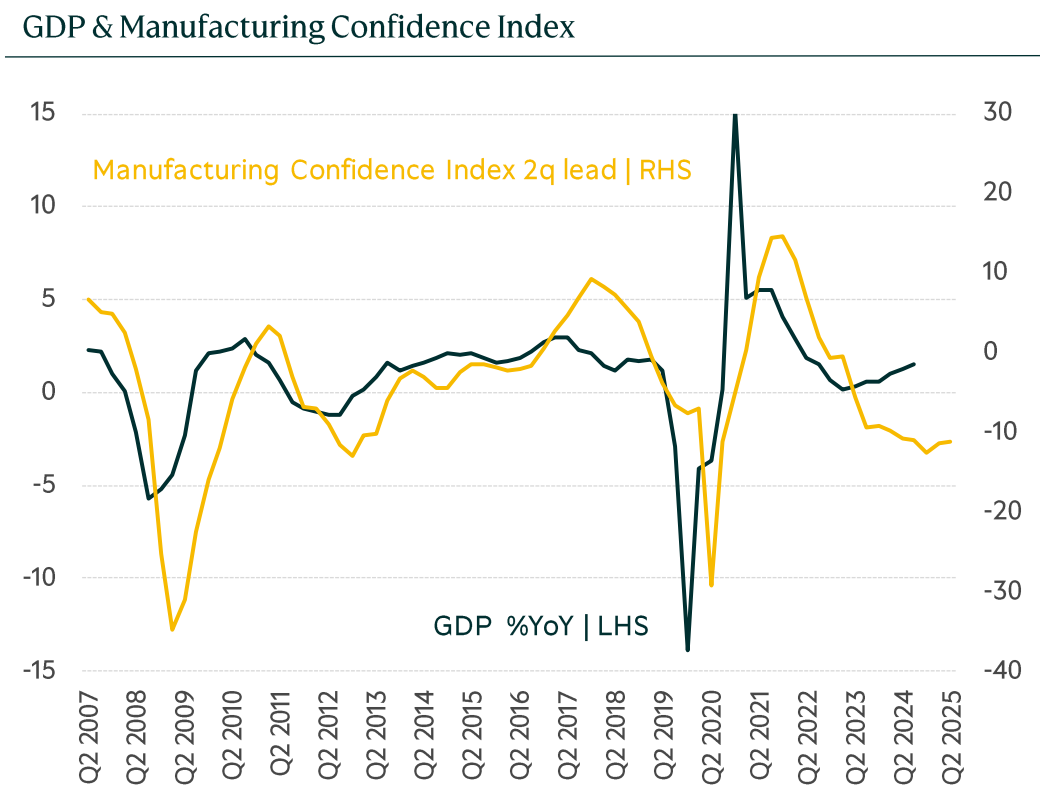
GDP YoY & Bank Lending Standards



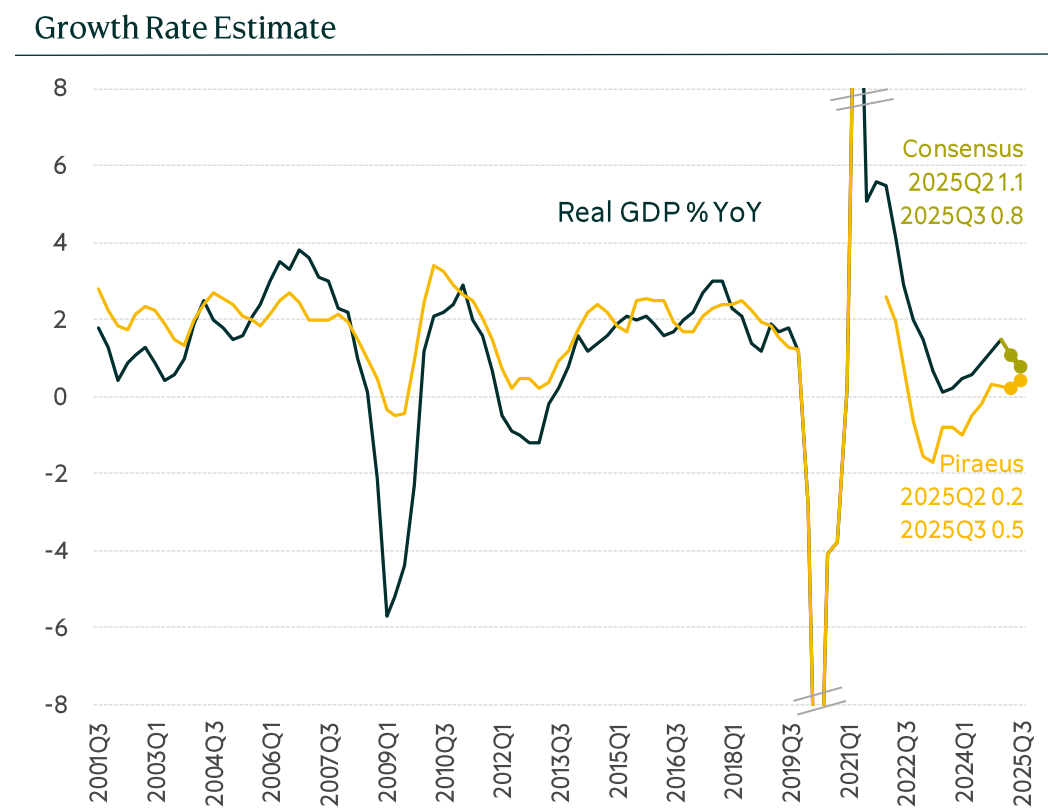
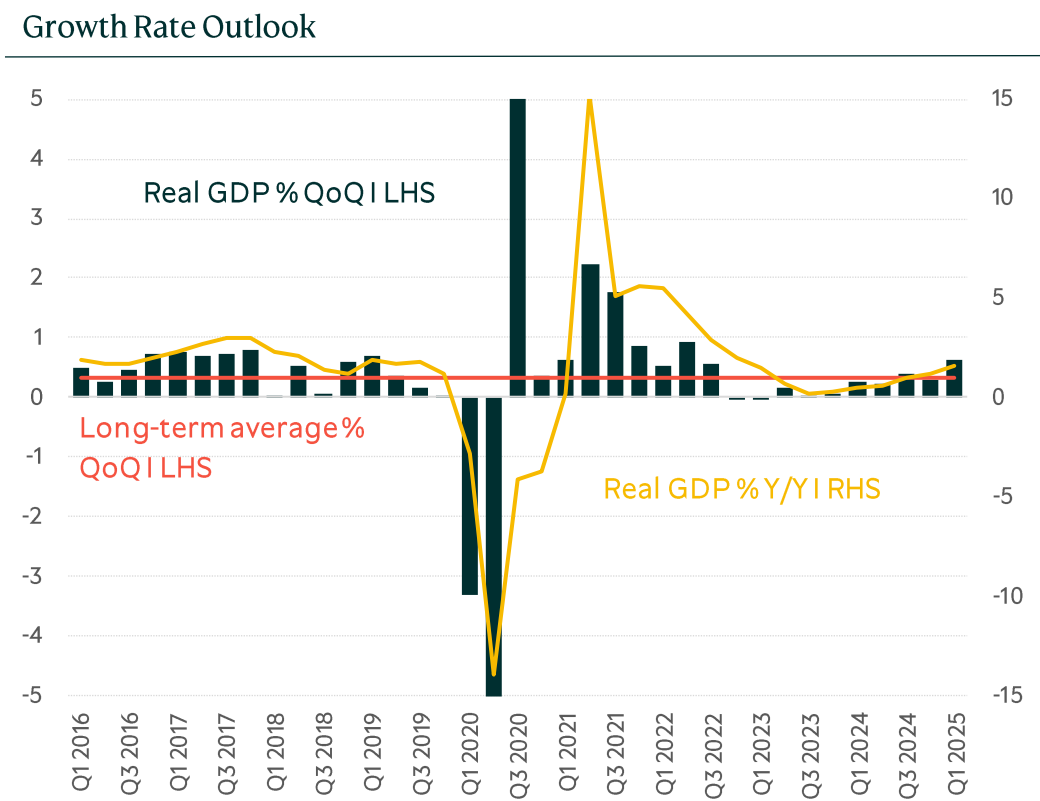
# EA | Manufacturing New Orders on upturn in Q2 2025; Real M1 improvement somewhat reduces concerns about the economic outlook



# EA GDP Outlook | Economic sentiment points to a marginal slowdown, while manufacturing picked up providing some green shoots



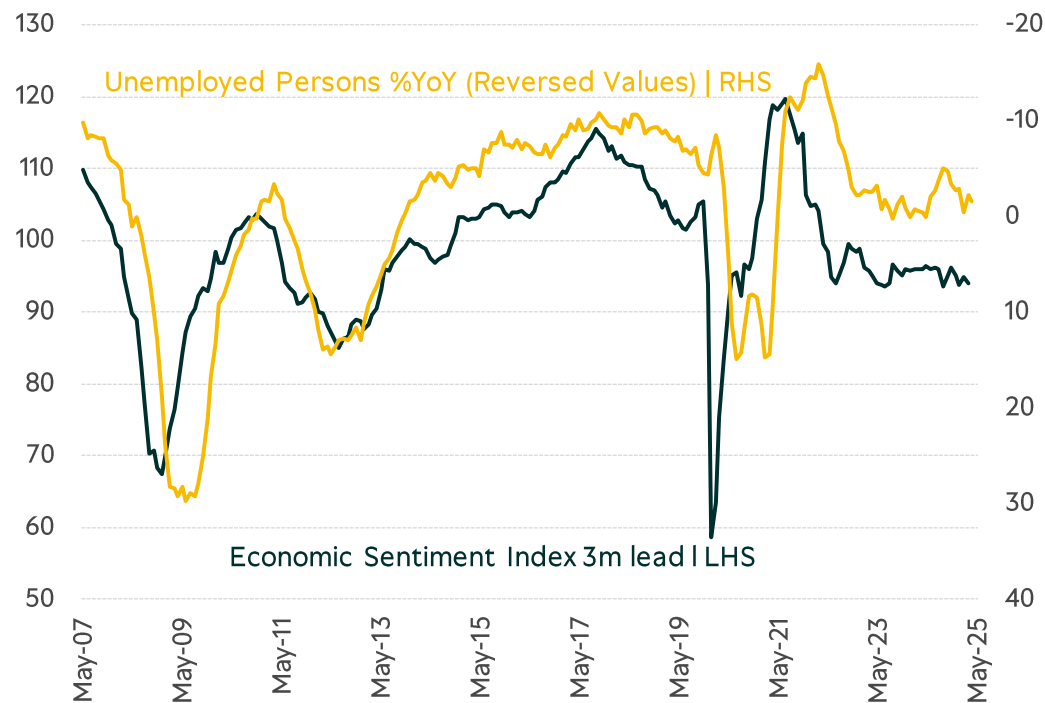
EA GDP Outlook | Real GDP grew by 1.5% year-on-year in Q1 2025 (0.6% quarter-on-quarter) but is projected to grow at a slower rate



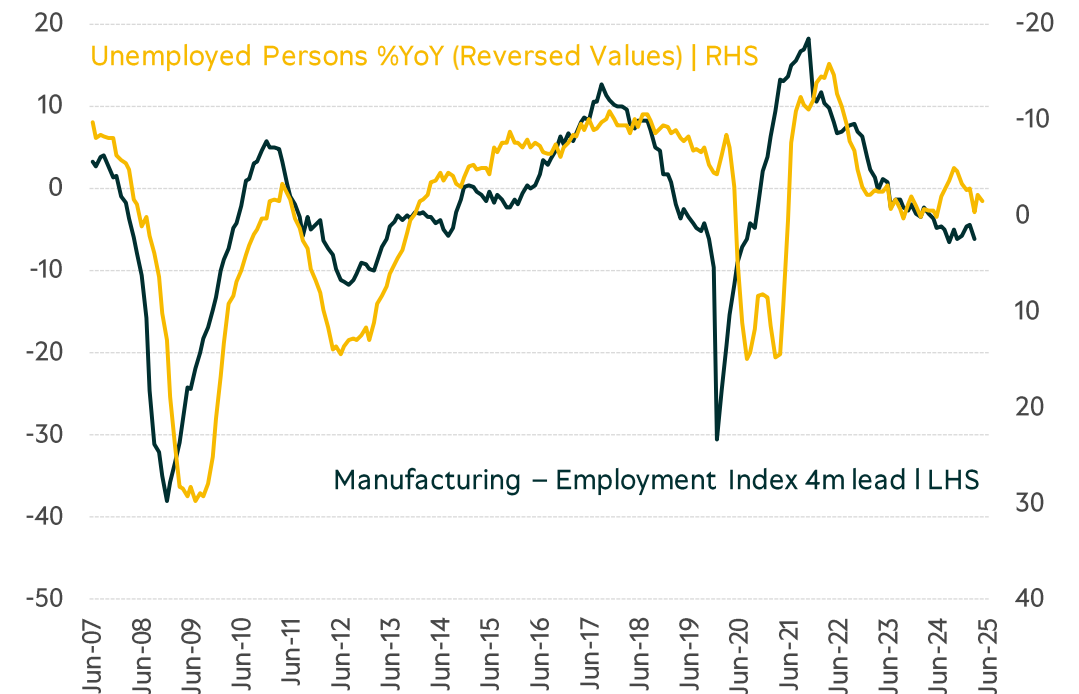
Note: Covid-19 period (Q4 2019 - Q2 2021) is excluded from the estimation

## EA Labour Market | Labour market is still in good shape with some deterioration in the Manufacturing sector. Consumers' pessimism on unemployment expectations has risen.

Unemployment & Leading Sentiment Index



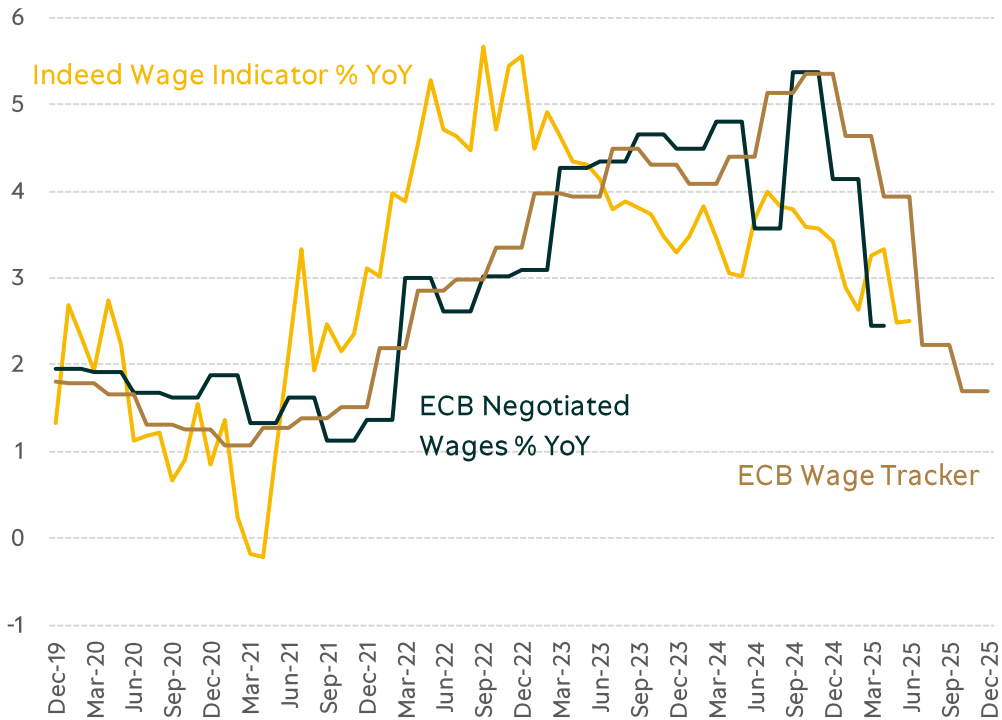
Unemployment & Leading Manufacturing Index



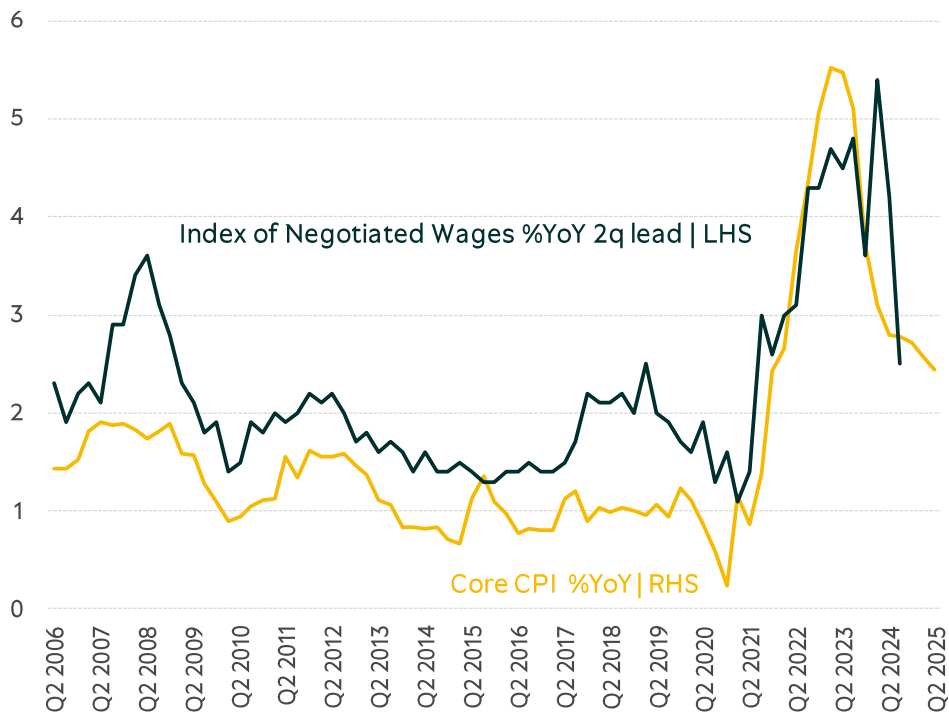


# EA Wage Tracker | ECB's Wage Tracker point to sharp wages slowdown in 2025

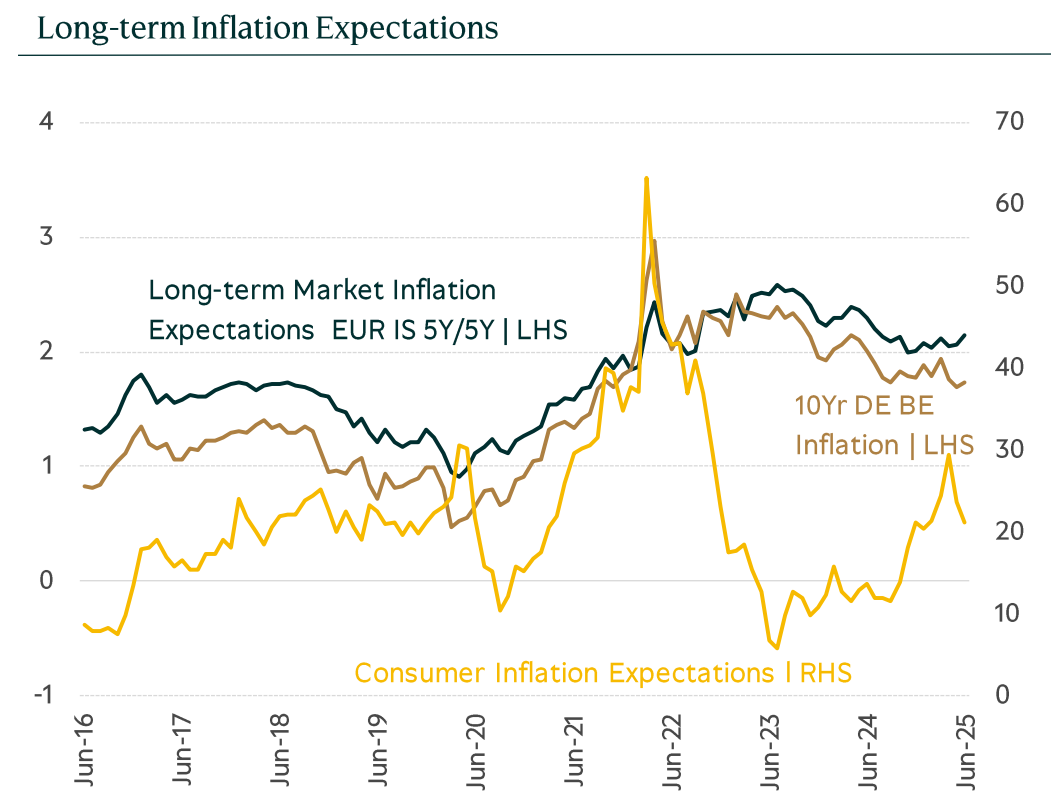
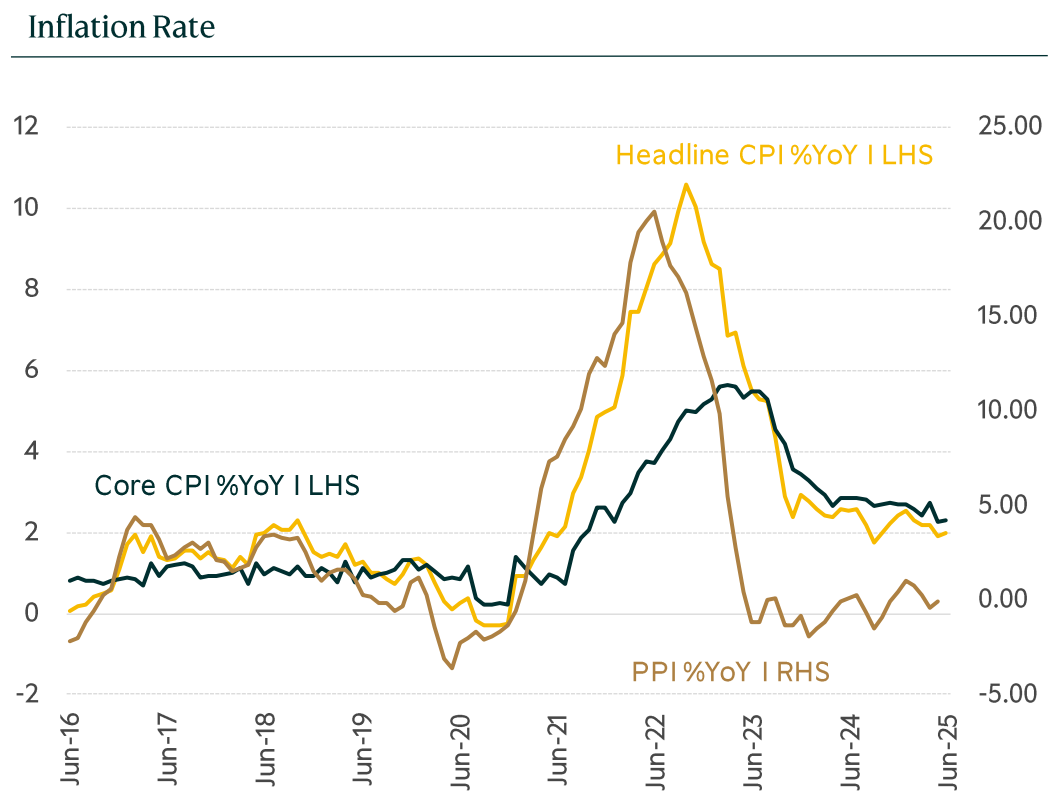
EA Wage Indicators



Core Inflation & Wages

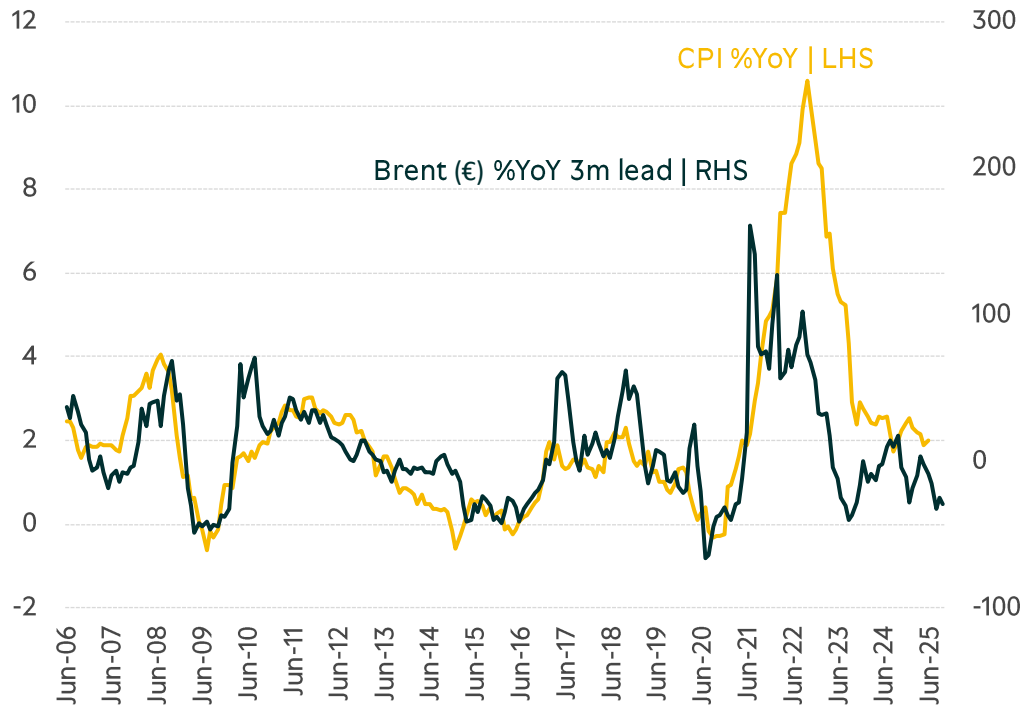


EA Inflation Pressures | Headline CPI accelerated to 2.0% (from 1.9%) in June and Core CPI remained stable at 2.3%. Consumer inflation expectations are declining.

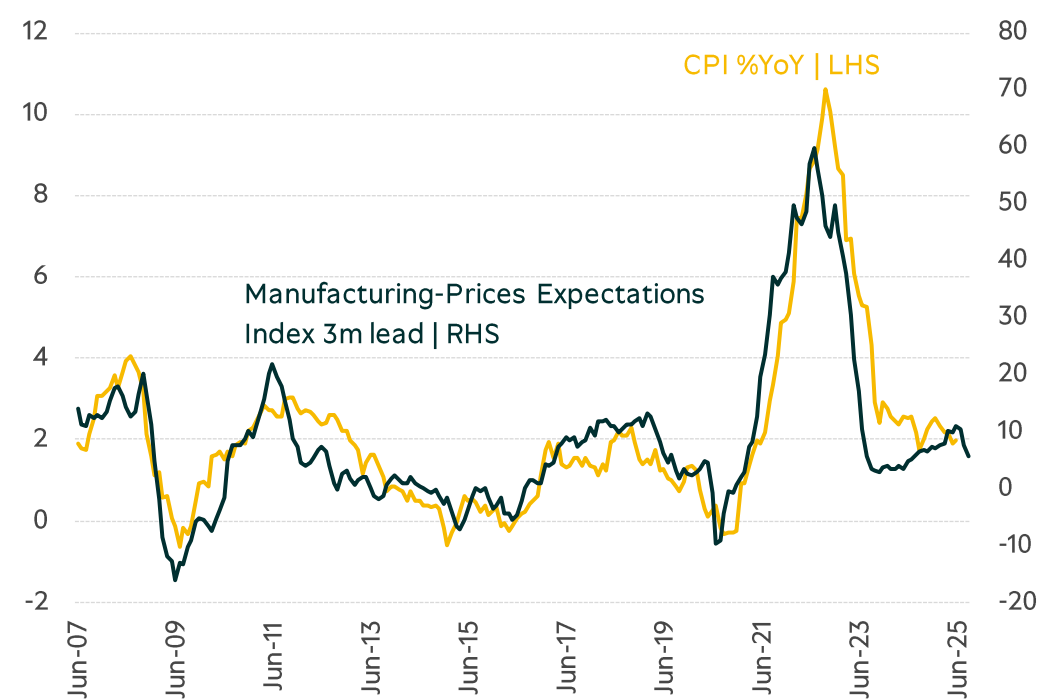


# EA Inflation & Energy Prices | Manufacturing Prices Expectations do not exert pressures on prices, and the possibility of higher Brent prices due to a prolonged conflict in the Middle East diminishes

## Inflation Rate & Oil Prices

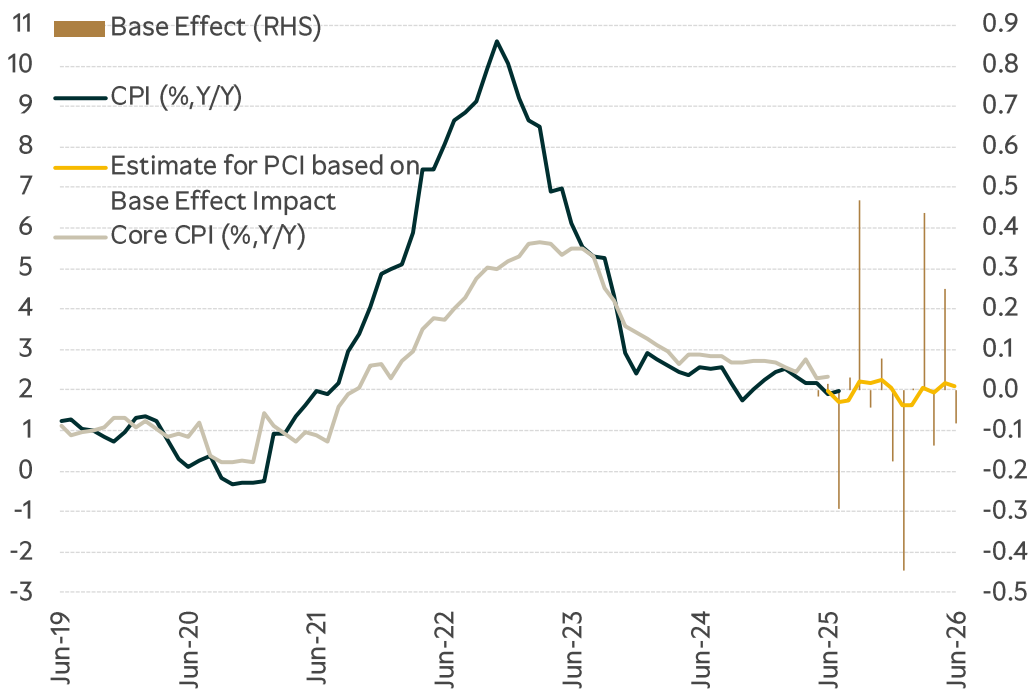


## Inflation Rate & Leading Manufacturing Prices Index

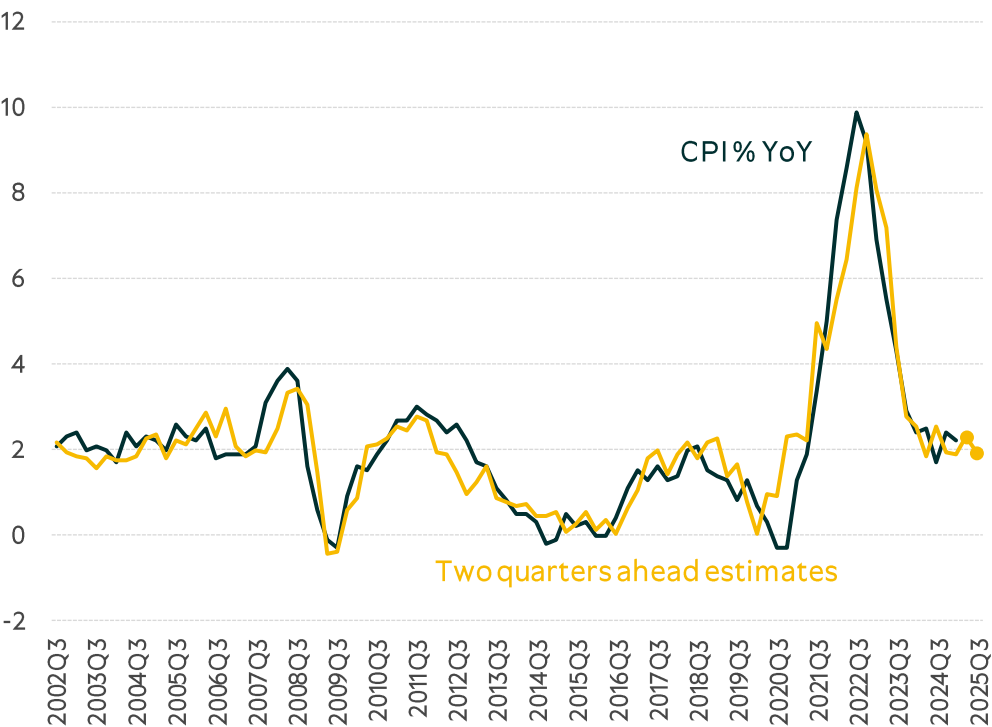


# EA Inflation Outlook | The 2% target is expected to be achieved for the year

Inflation Rate Forecast | Statistical Model

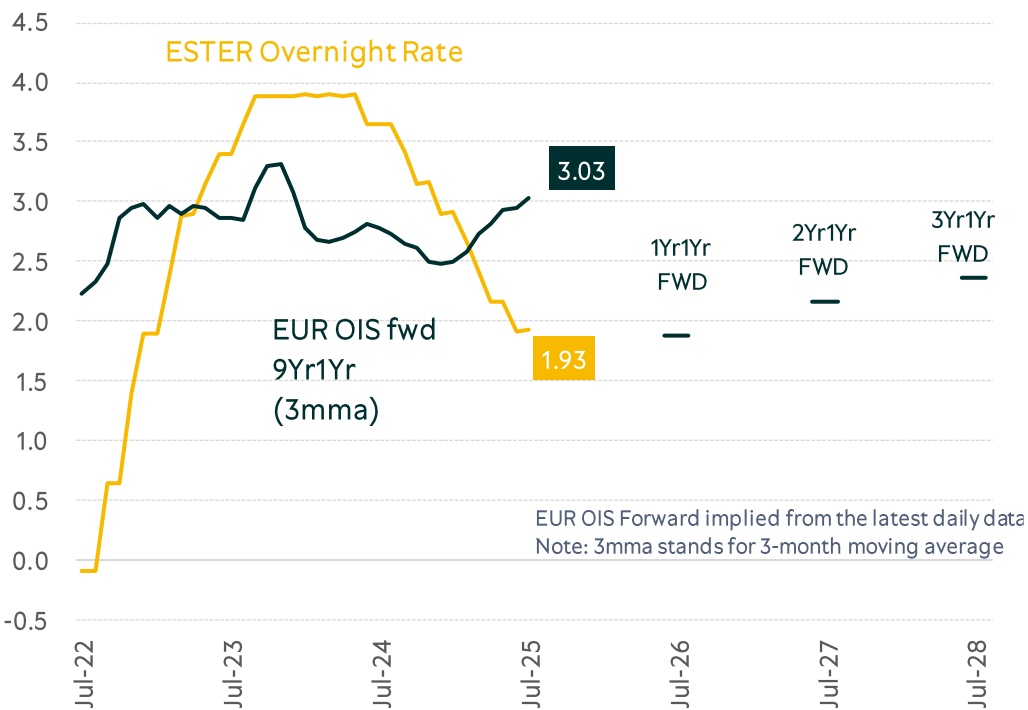


Inflation Rate Forecast | Macro Model

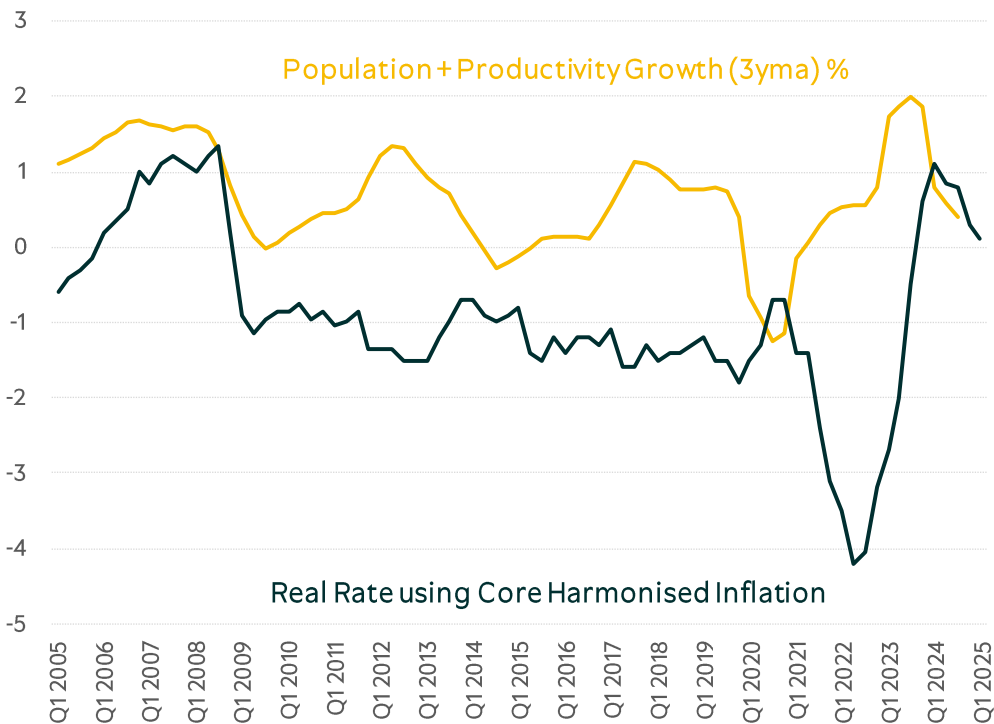


# EA Short-Term Rates | Longer term forward rates suggest higher levels of interest rates

Interest rates | Market Expectations

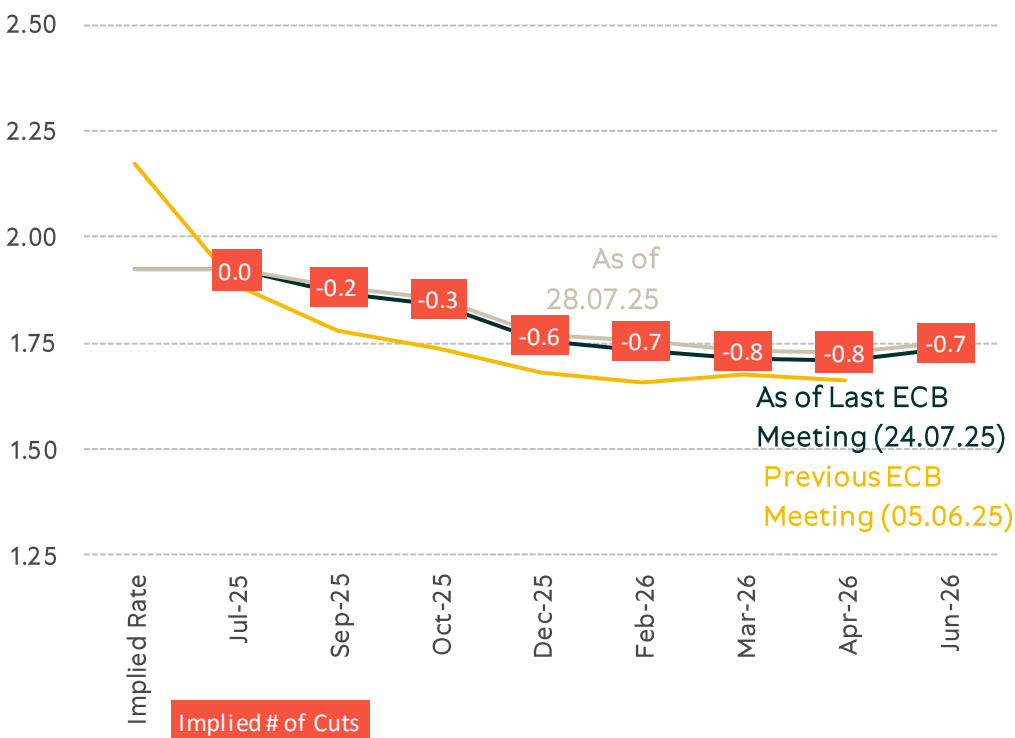


Real Depo Rate (Depo - Core CPI) & Population + Productivity growth (3y ma)

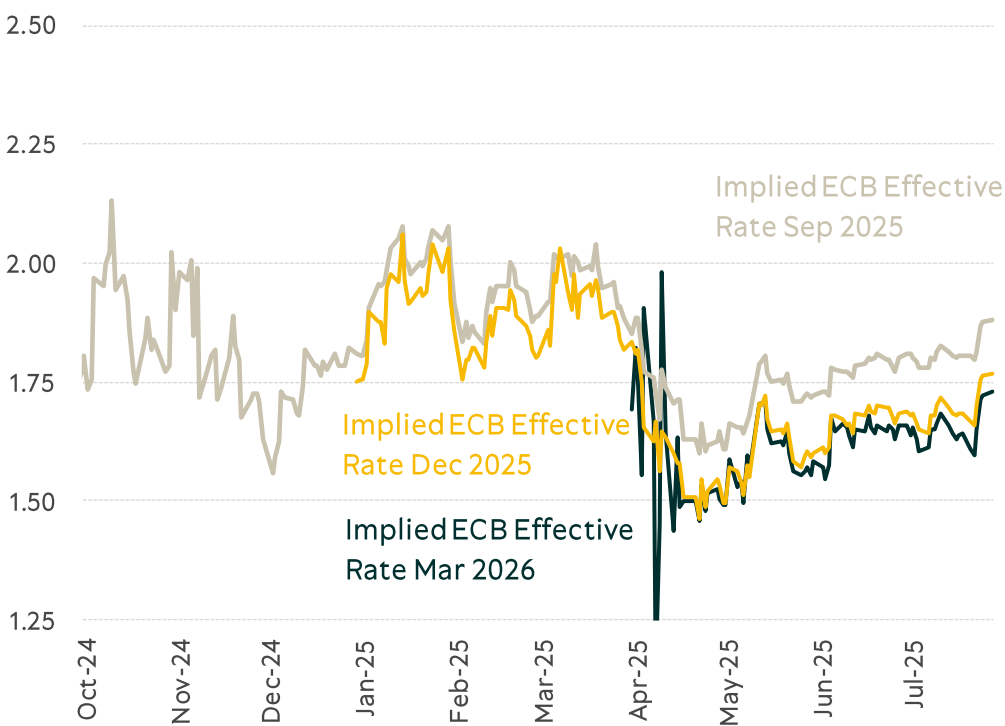


# EA Short-Term Rates | Markets anticipate less than one cut this year

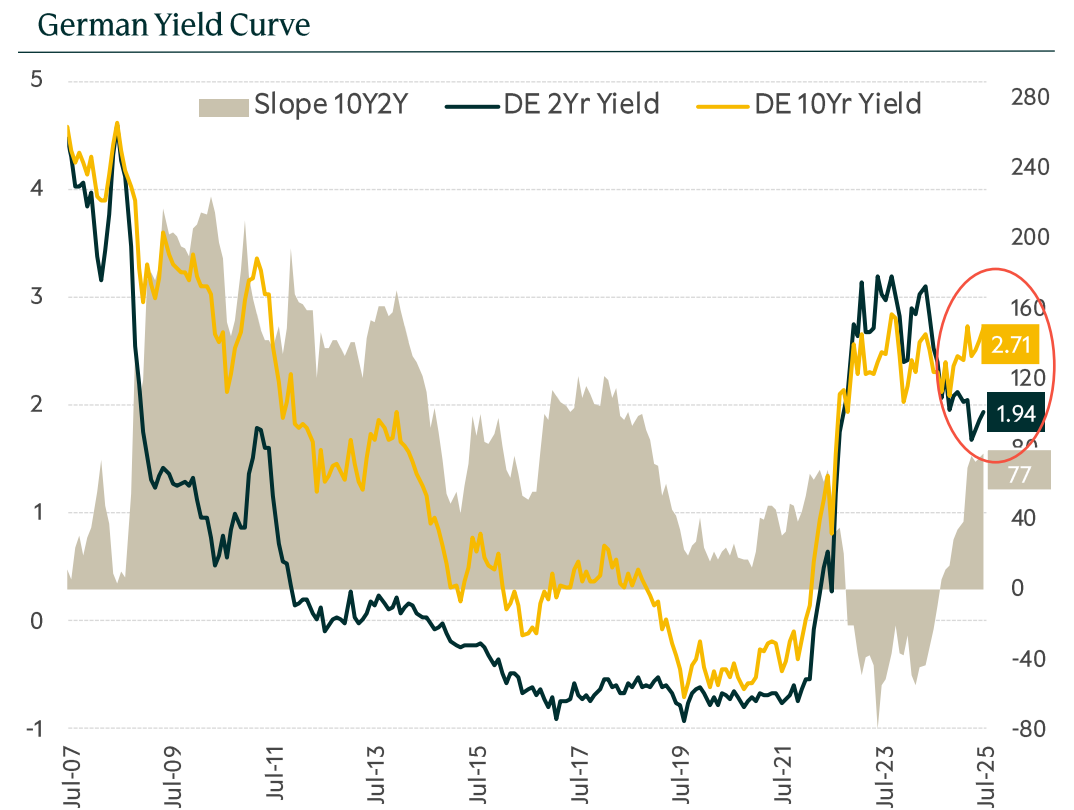
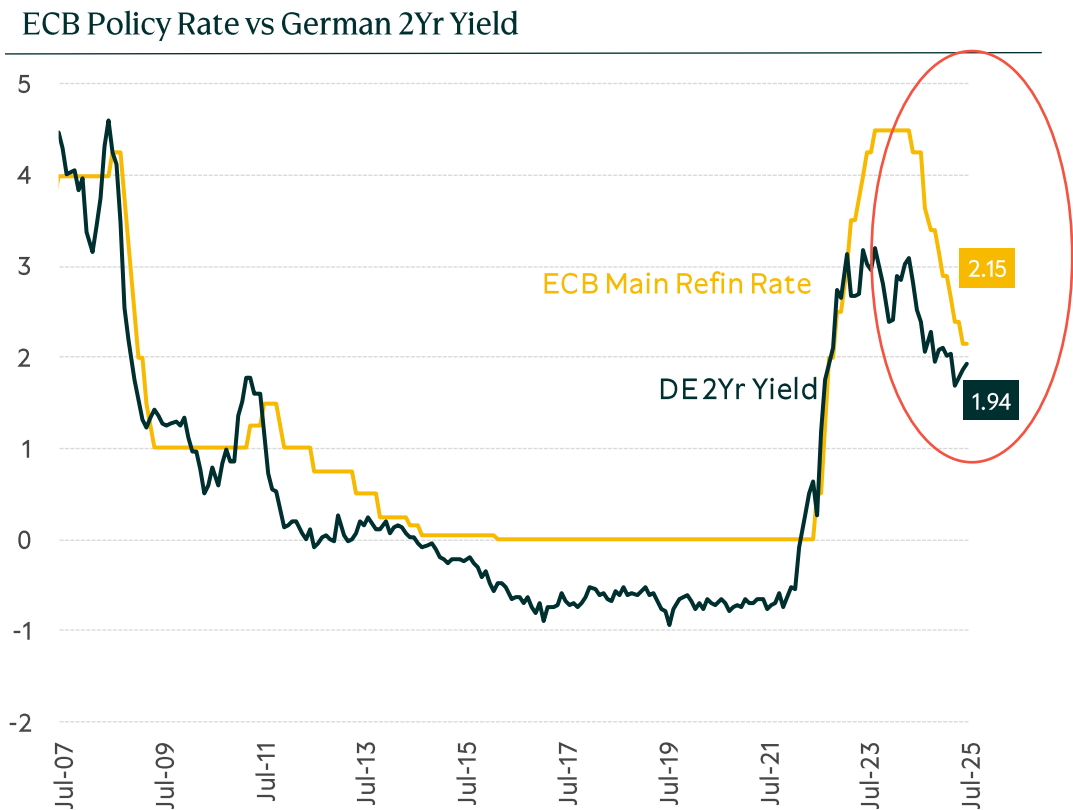
Implied Overnight Rate based on Overnight Index Swaps



Interest Rates | Implied ECB Effective Rate

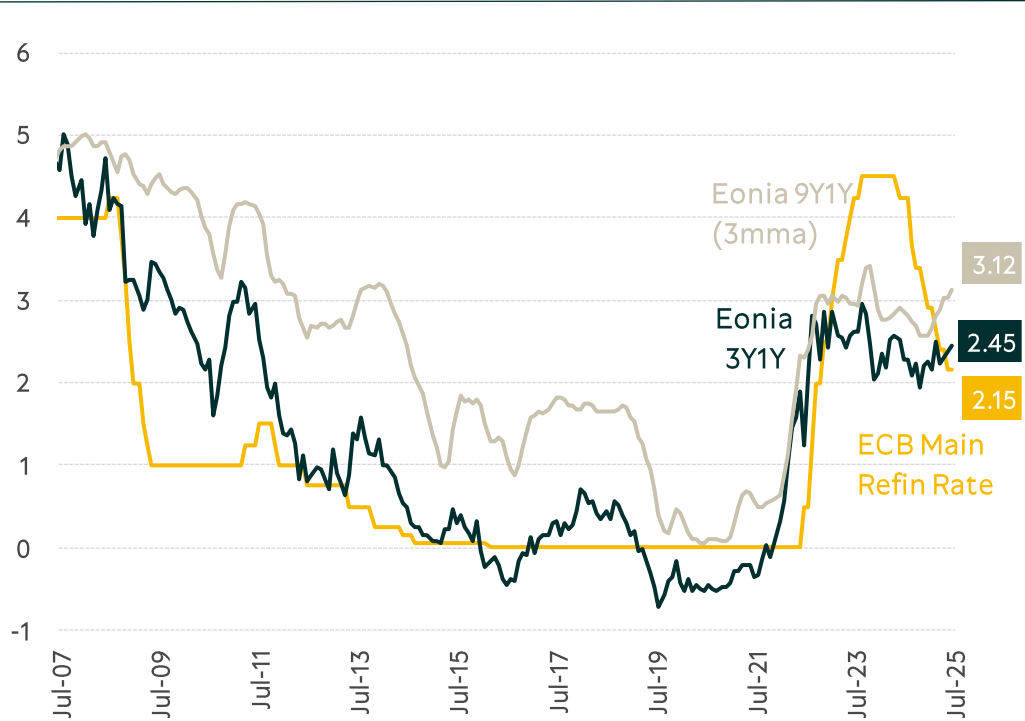


EA Rates | After four straight cuts earlier in the year, the ECB kept its key interest rates unchanged in July. German 10Y2Y spread turned positive at the end of Q3 2024 and has steepened since.

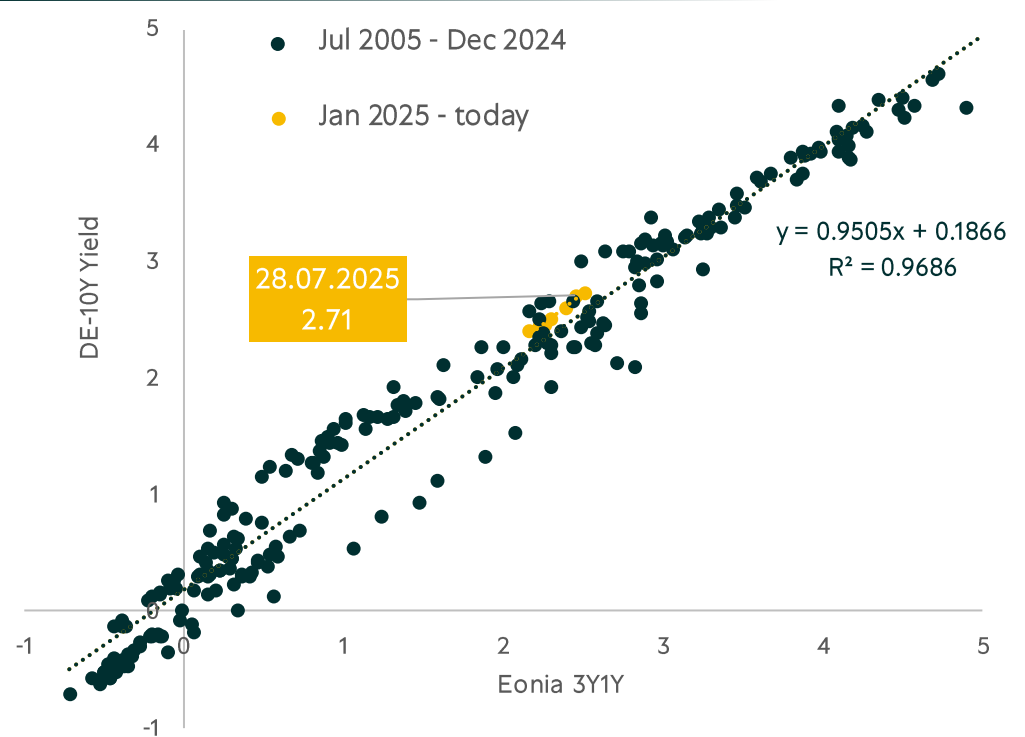


# EA Long-Term Rates | Given the current level of short-term rates, long-term bonds are close to “fair value”

Long-term Interest Rate Expectations



DE Yield vs Medium-term Interest Rate Expectations





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Bird's Eye View

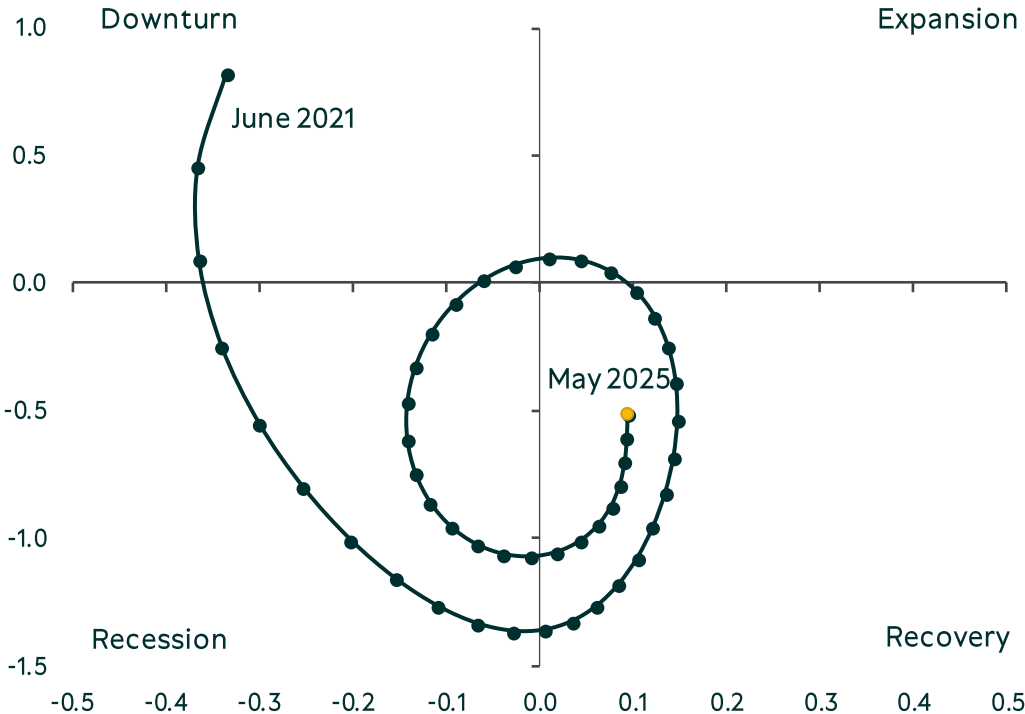
US Economy

EA Economy

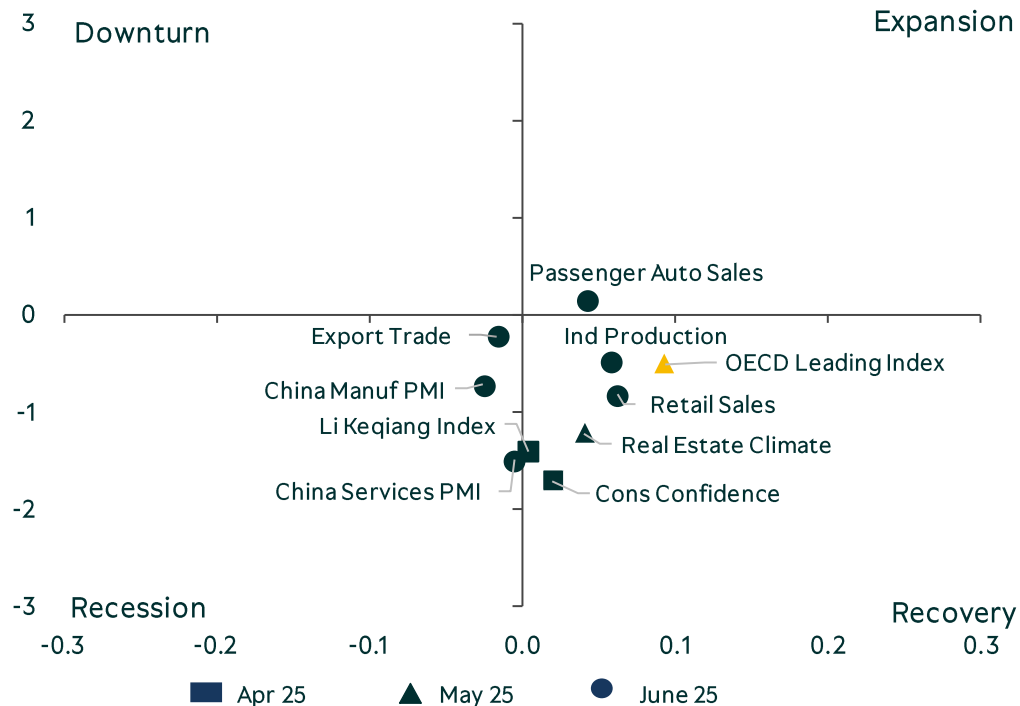
China Economy

# Chinese Business Cycle | Most economic variables are in the recovery phase

CN Business Cycle | Based on China OECD Leading Indicator

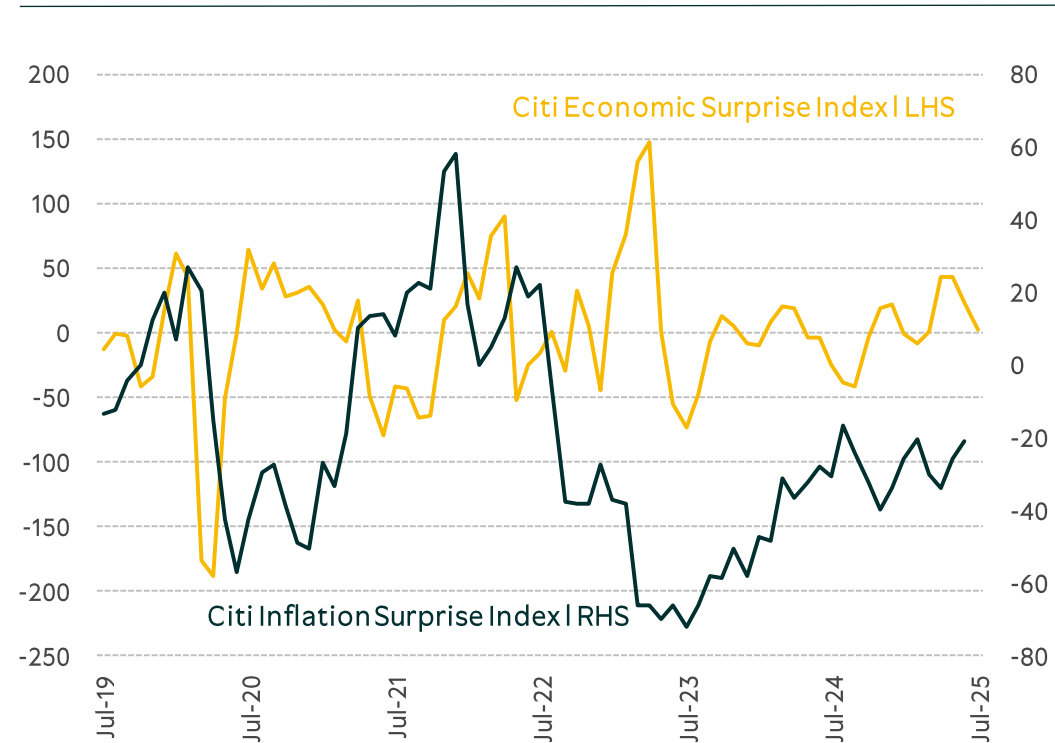


CN Business Cycle | Based on Major CN Economic Variables

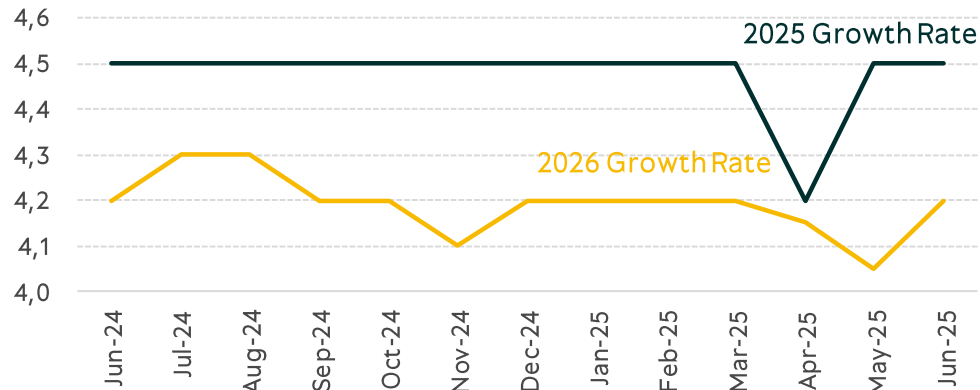


# Chinese Macro Expectations | Sub 5% growth expectations for 2025

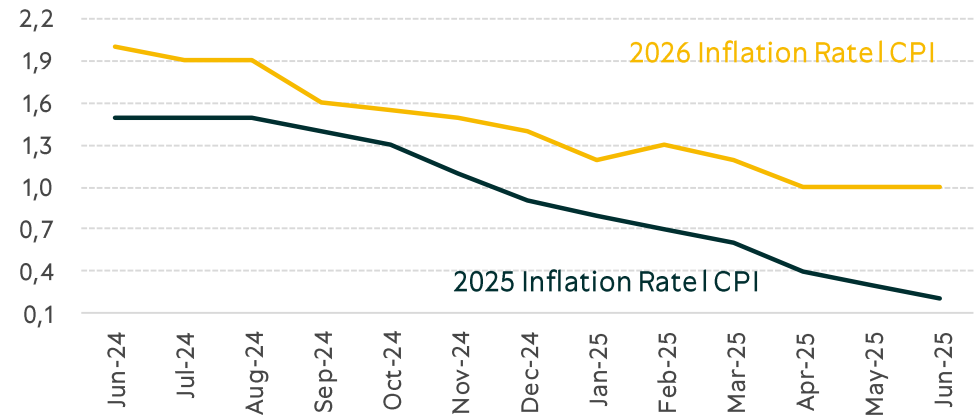
Economic & Inflation Surprises



Growth Rate Expectations (Consensus)

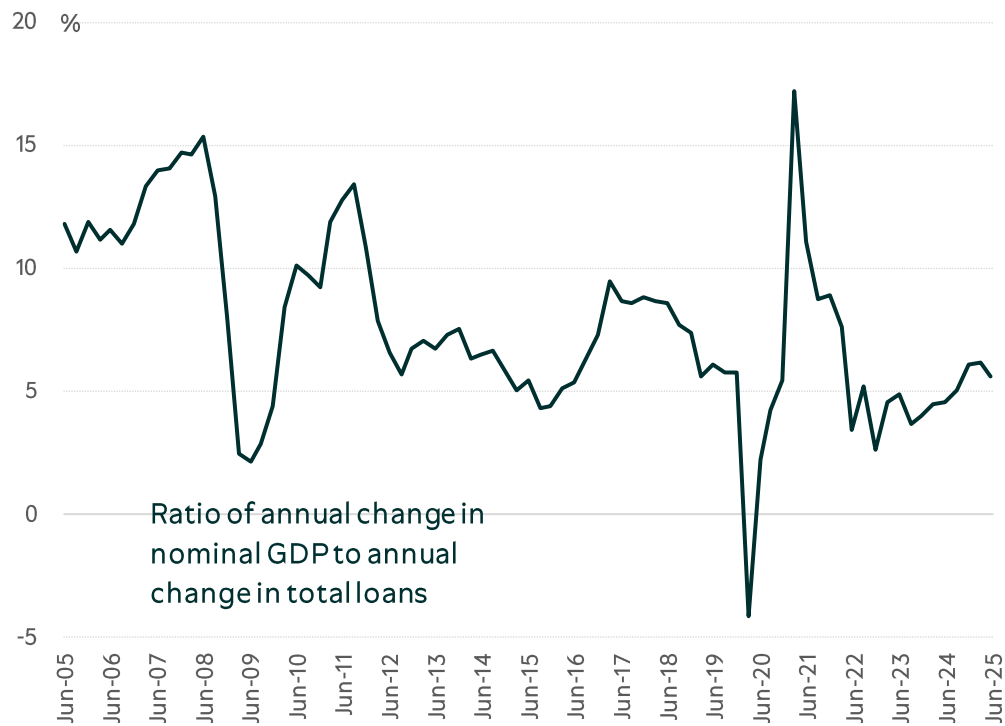


Inflation Rate Expectations (Consensus)

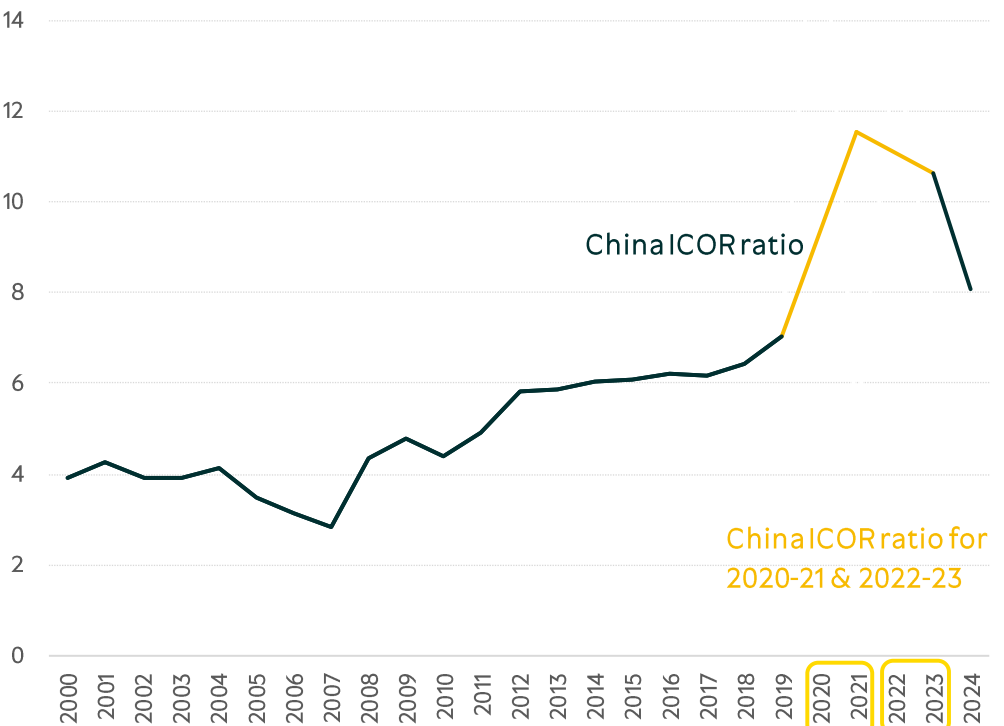


# Chinese Investment Capacity | There is a need for more efficient capital allocation

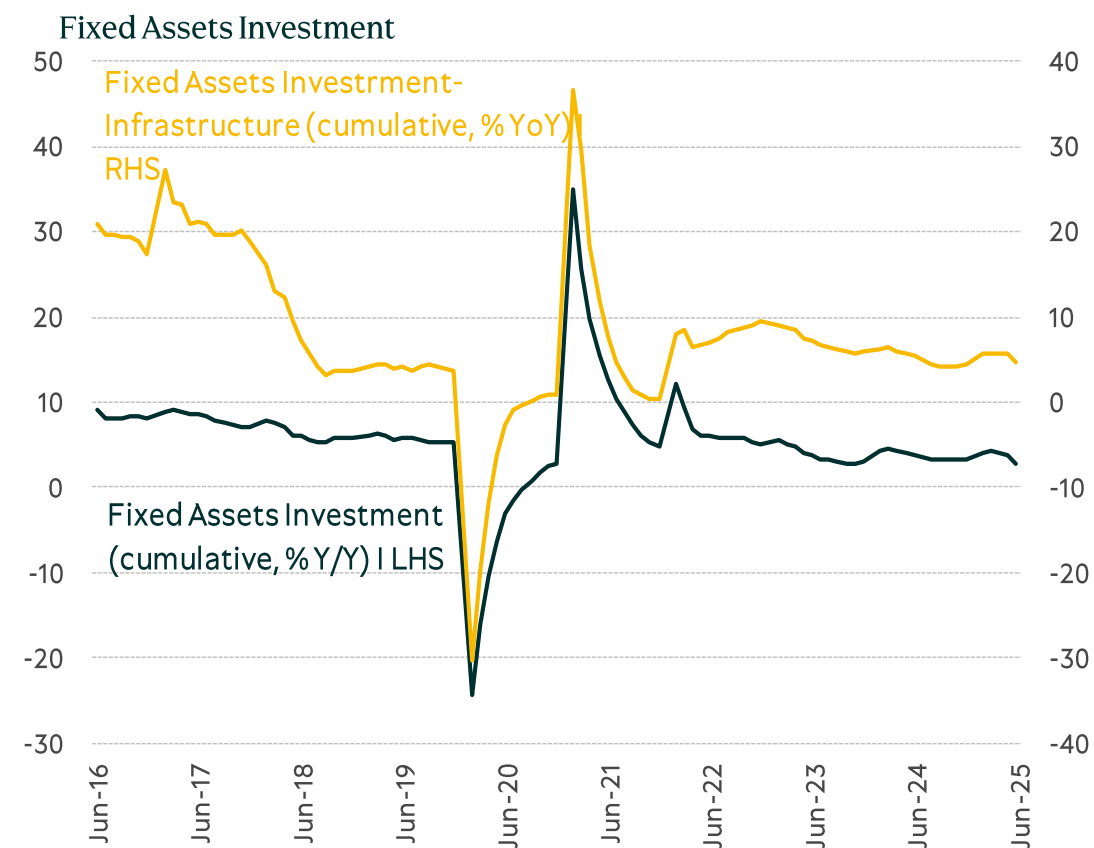
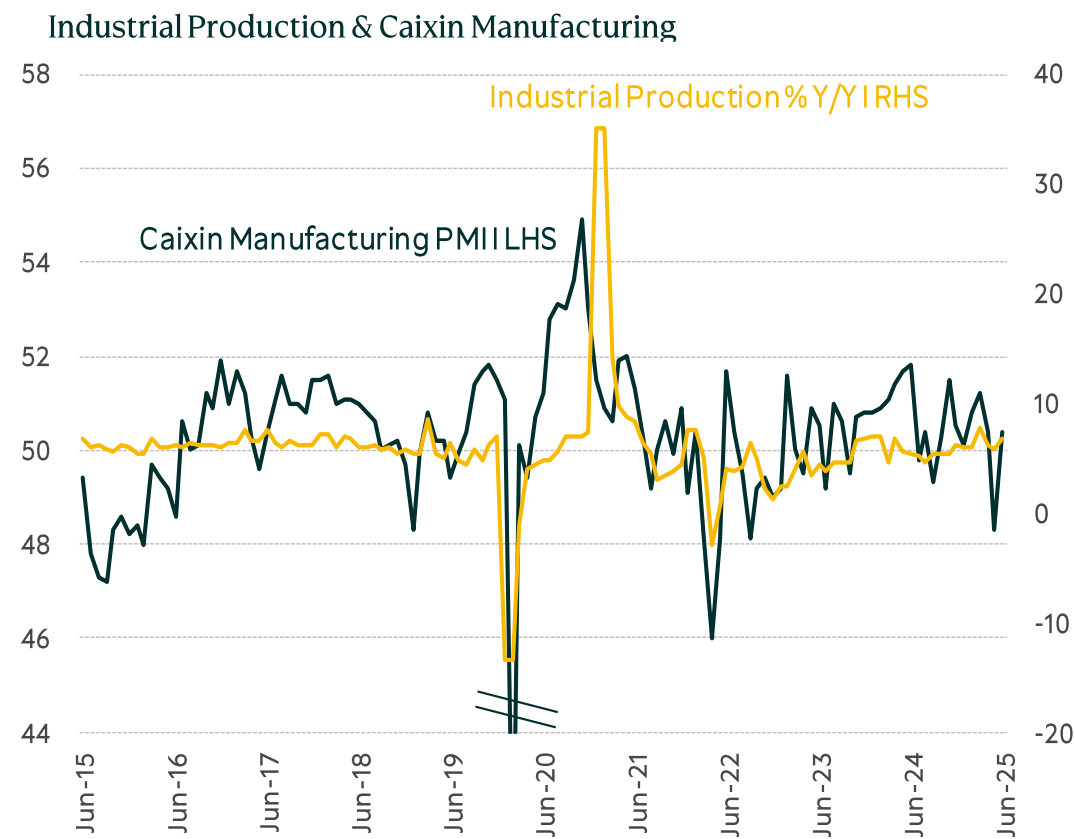
China credit-efficiency ratio



China Incremental Capital Output Ratio

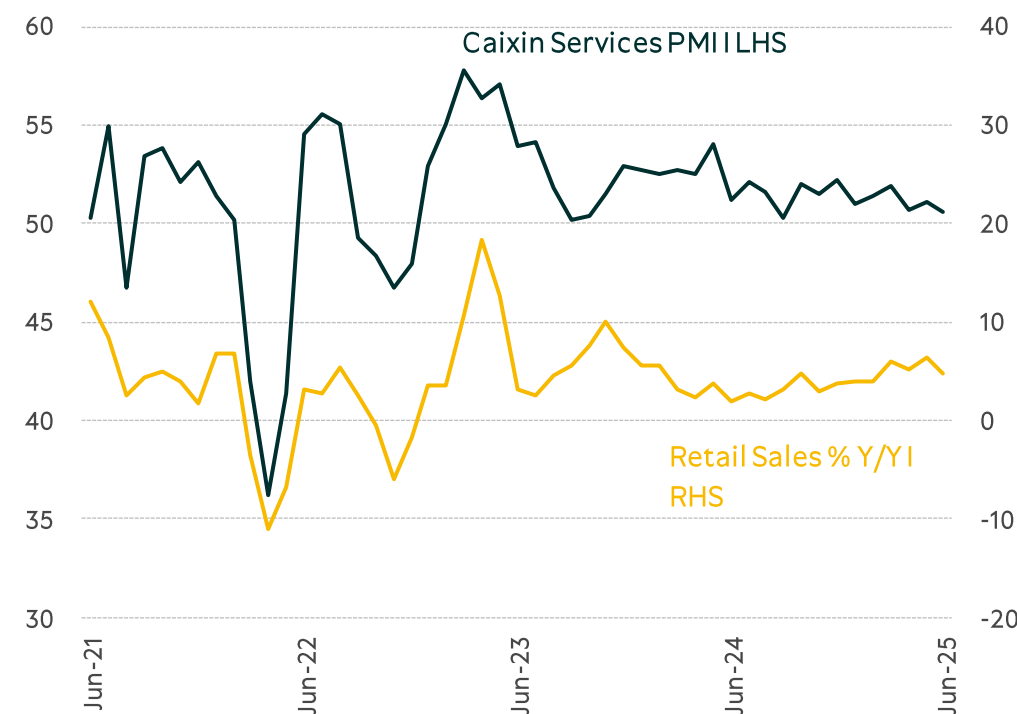


# CN | Caixin Manufacturing PMI increased to 50.4 in June positively affected by the trade truce.

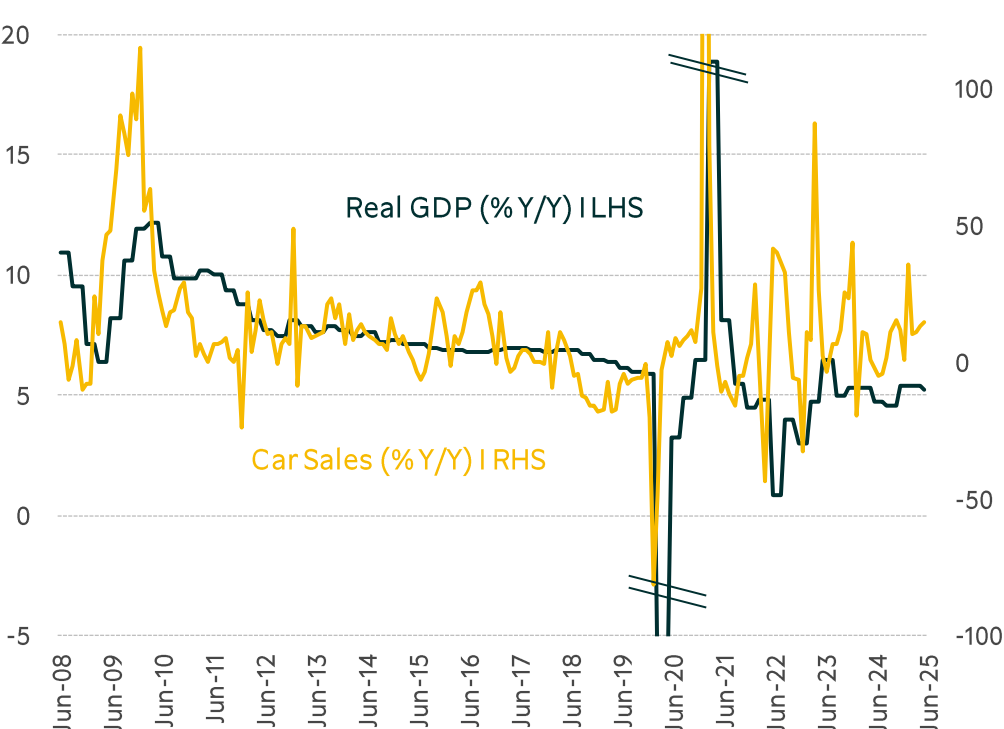


# CN | Retail Sales and Caixin Services PMI were below expectations in May

Retail Sales & Caixin Services PMI

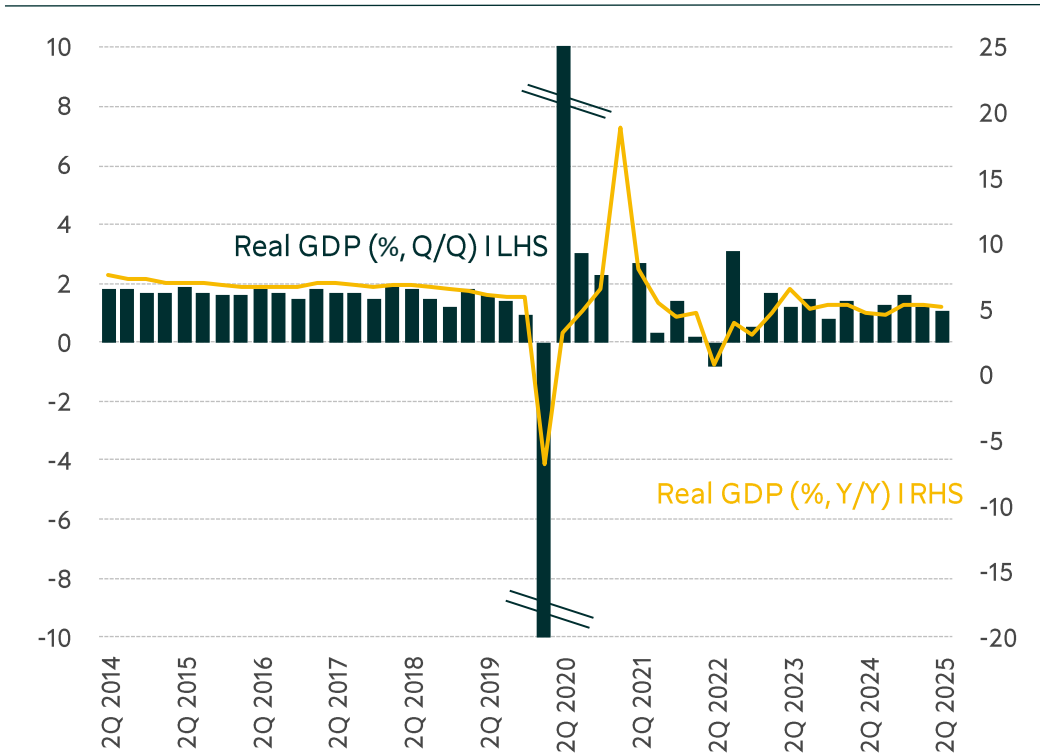


Real GDP & Car Sales

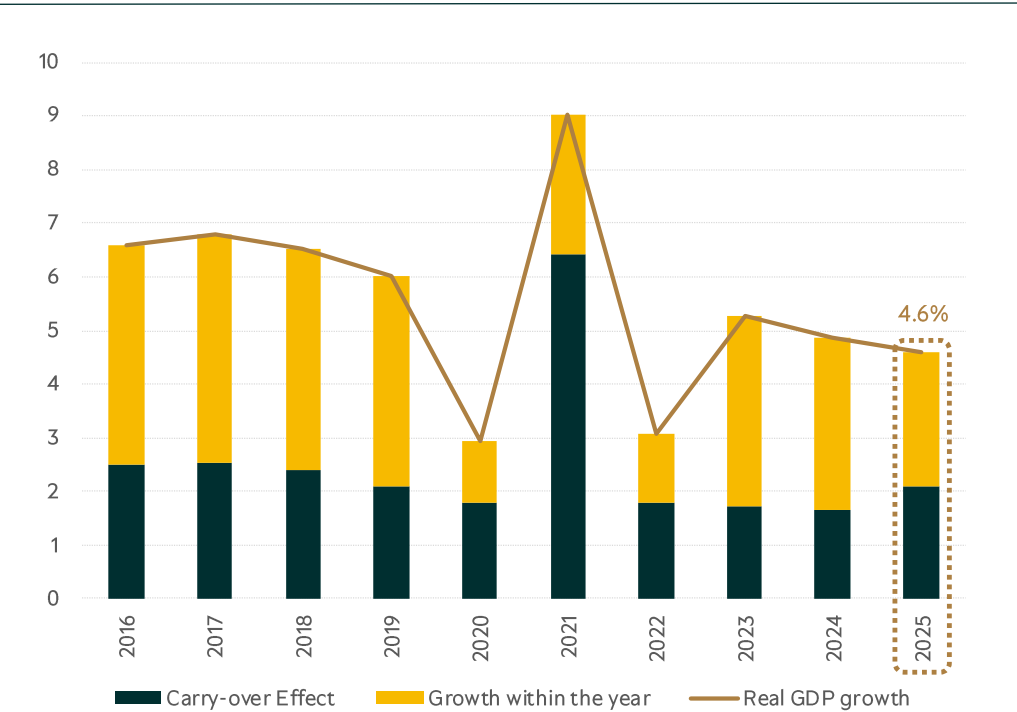


CN GDP Outlook | Achieving the official target of around 5% for 2025 could prove challenging if the current environment of heightened uncertainty—particularly due to U.S. tariffs—persists or intensifies

GDP Growth Rate

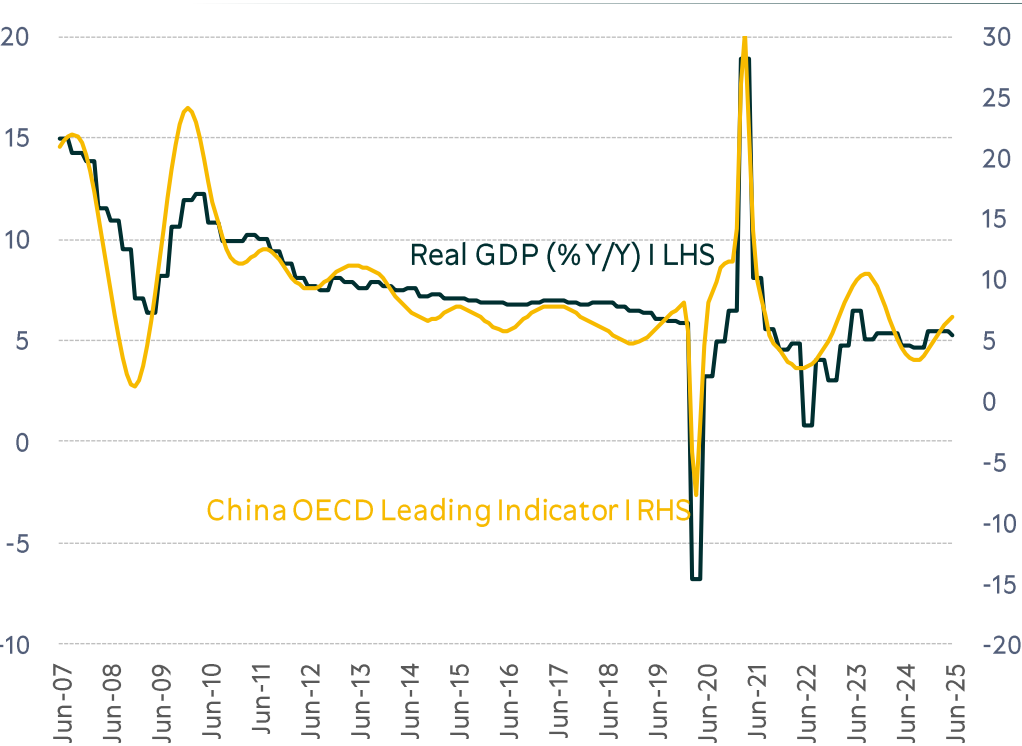


Carry Over Effect

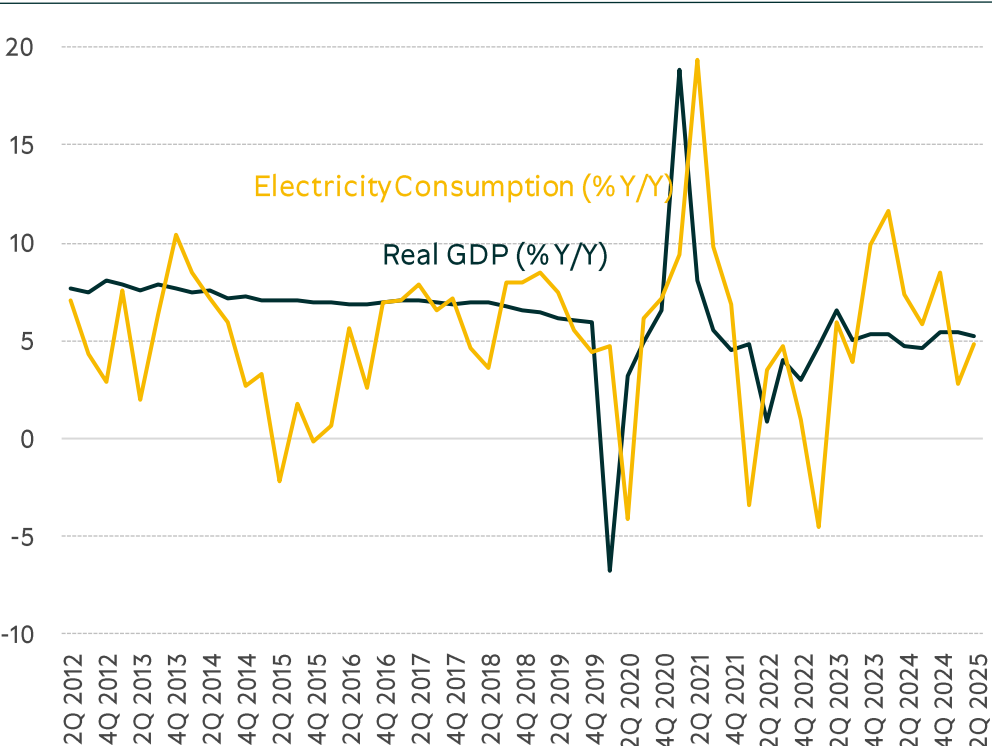


# CN GDP | Electricity consumption and OECD's Leading Indicator are trending upwards

Real GDP & China OECD Leading Indicator



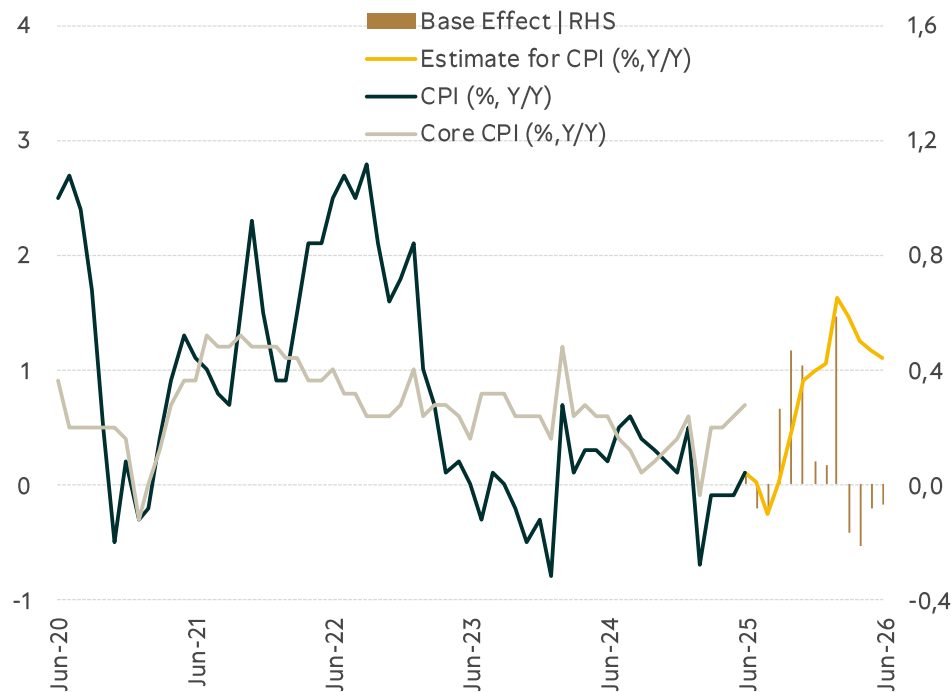
Real GDP & Electricity Consumption



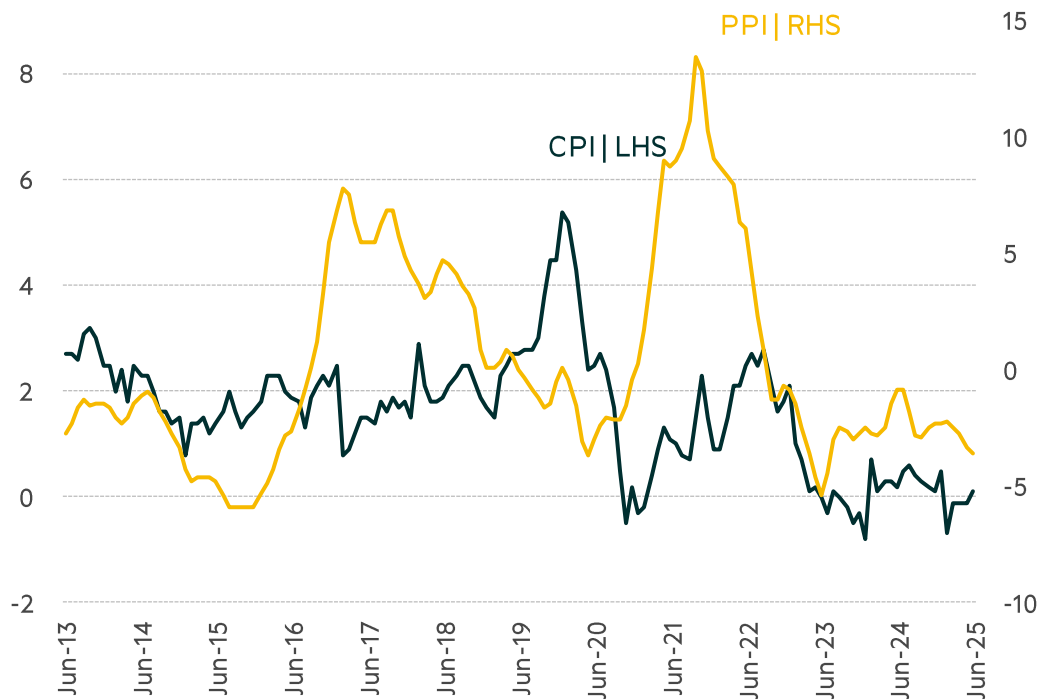


# CN Inflation Outlook | Base effects are pointing to higher inflation in the next 12 months

Inflation Rate Forecast | Statistical Model

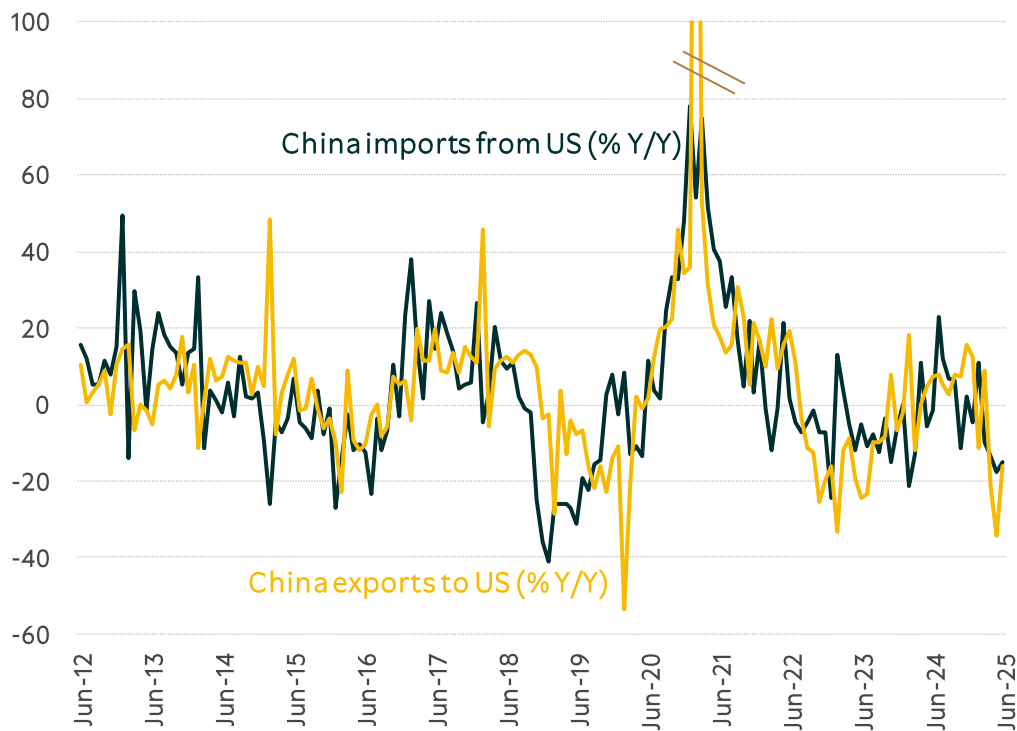


CPI & PPI

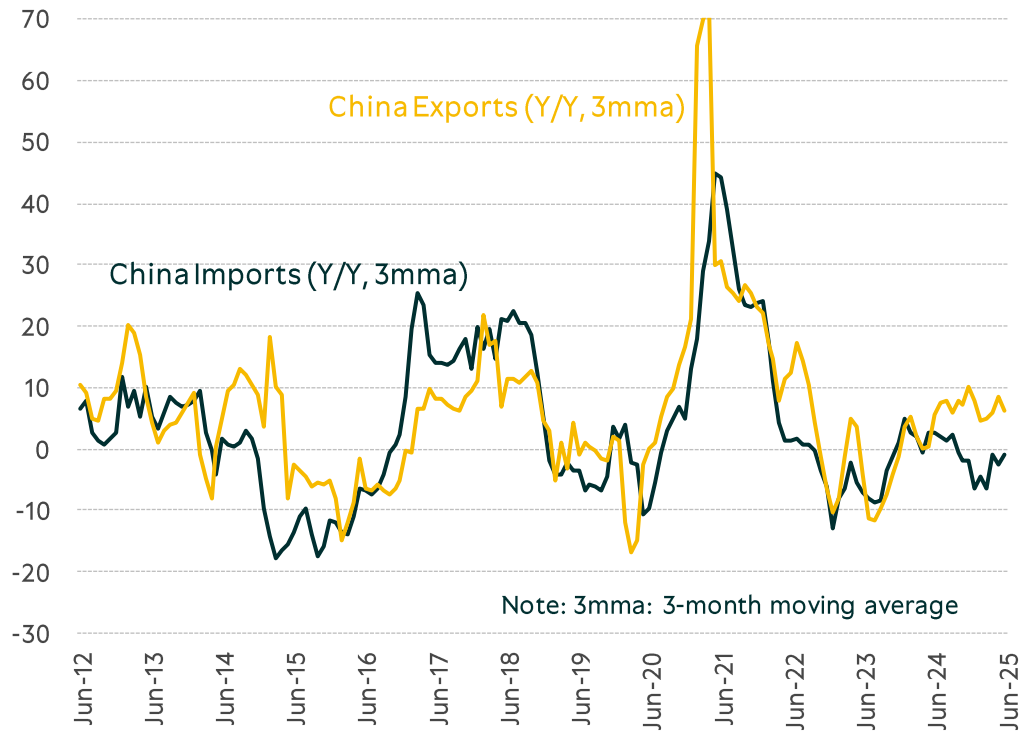


# CN Trade | The trade agreement with USA will limit trade losses

Trade US – China

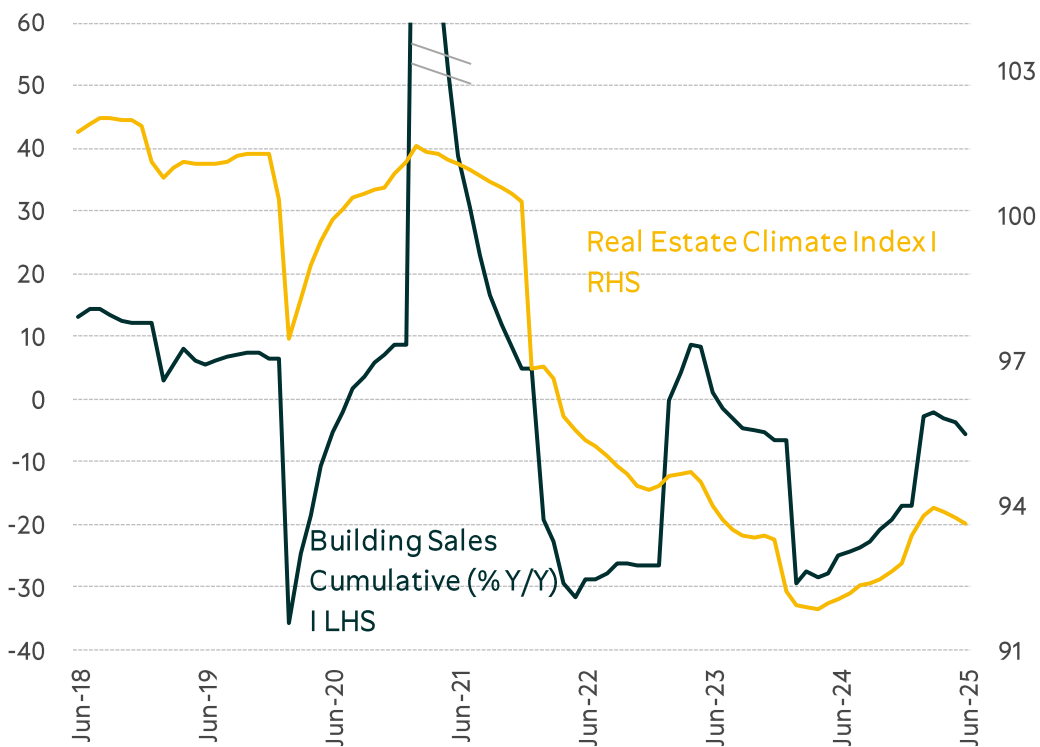


Imports & Exports

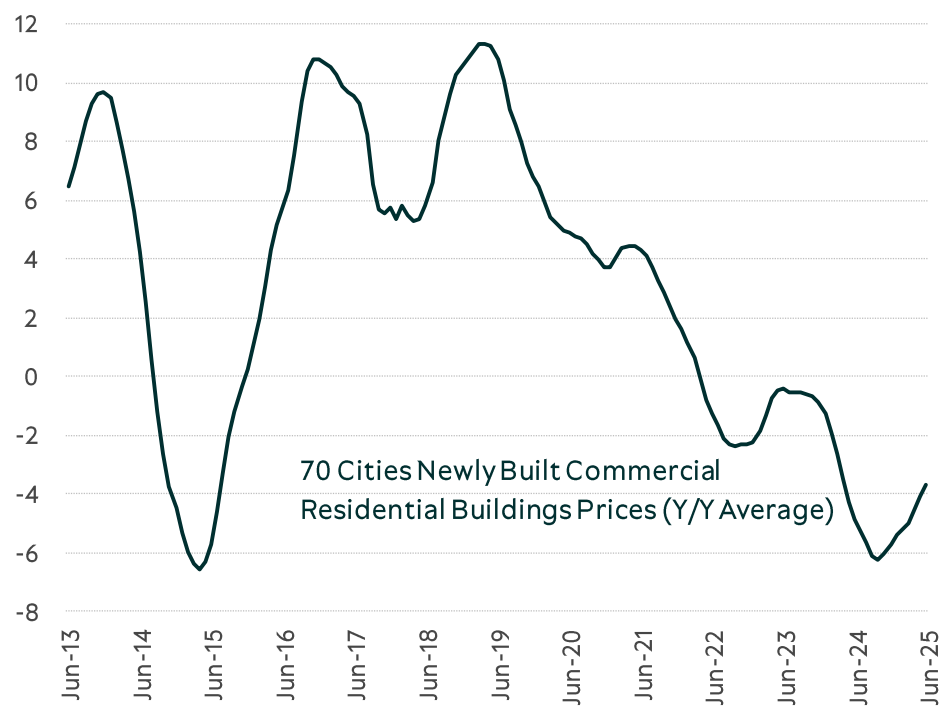


# CN Real Estate | Some deterioration in Building sales and Real Estate climate. Prices still very subdued

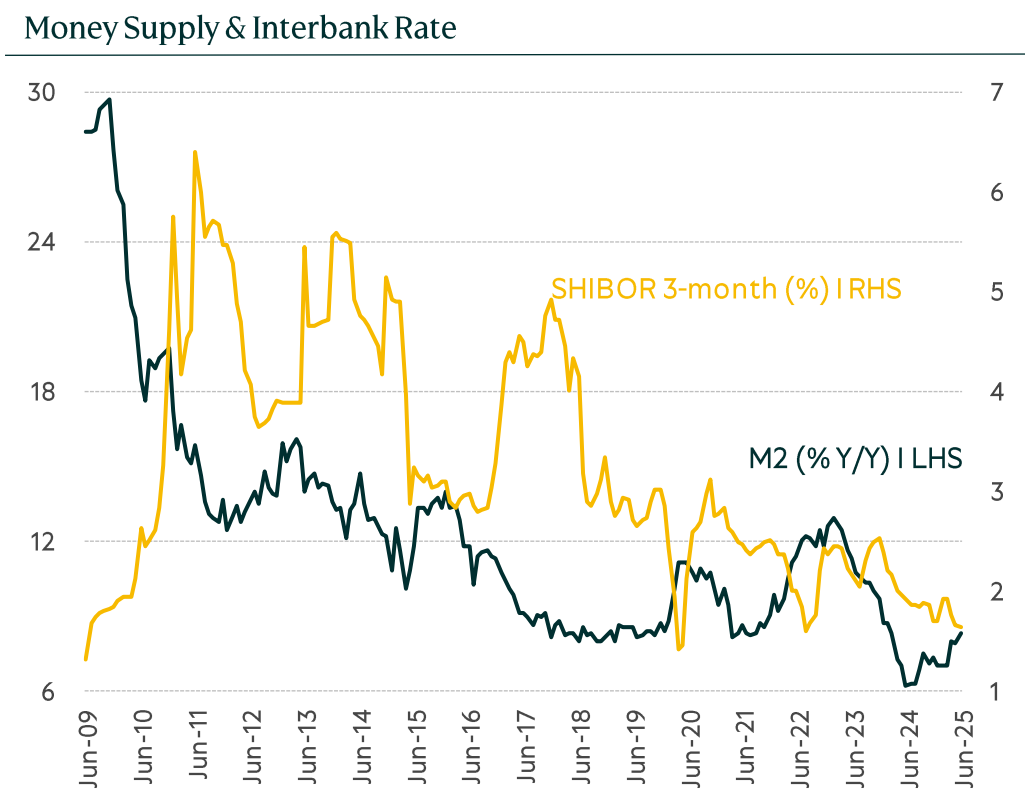
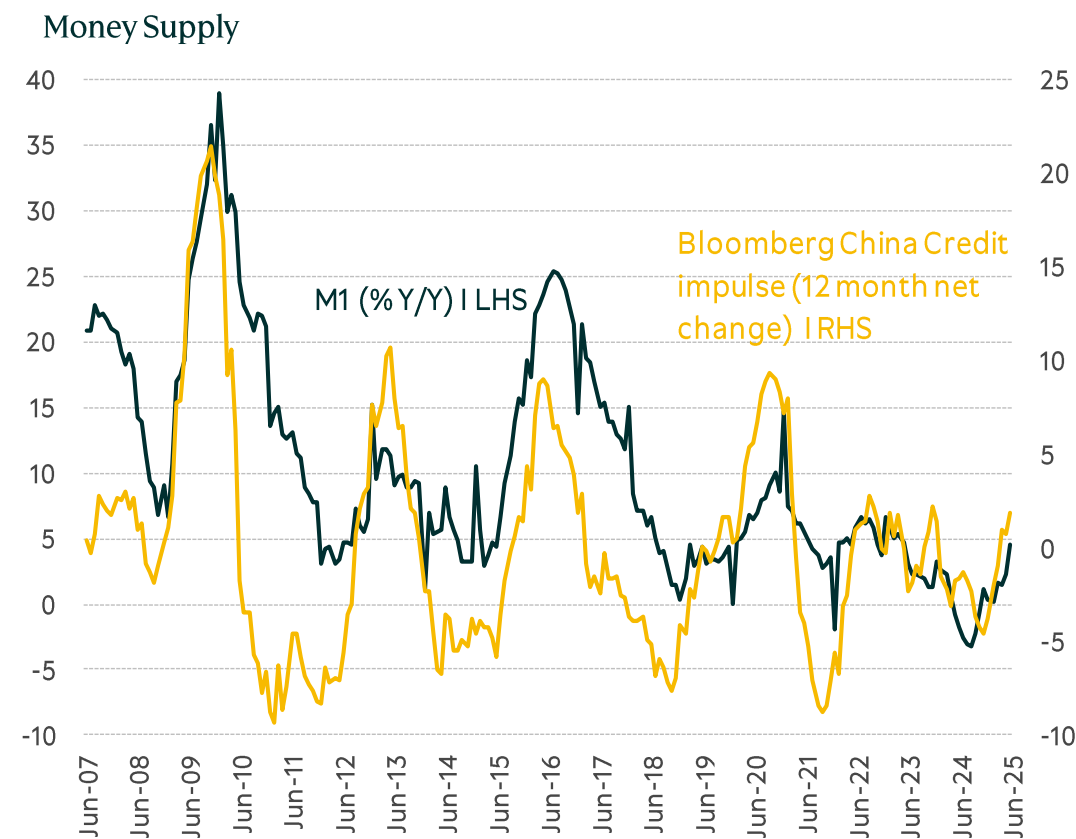
Real Estate Climate & Building Sales



Newly Residential Buildings Prices

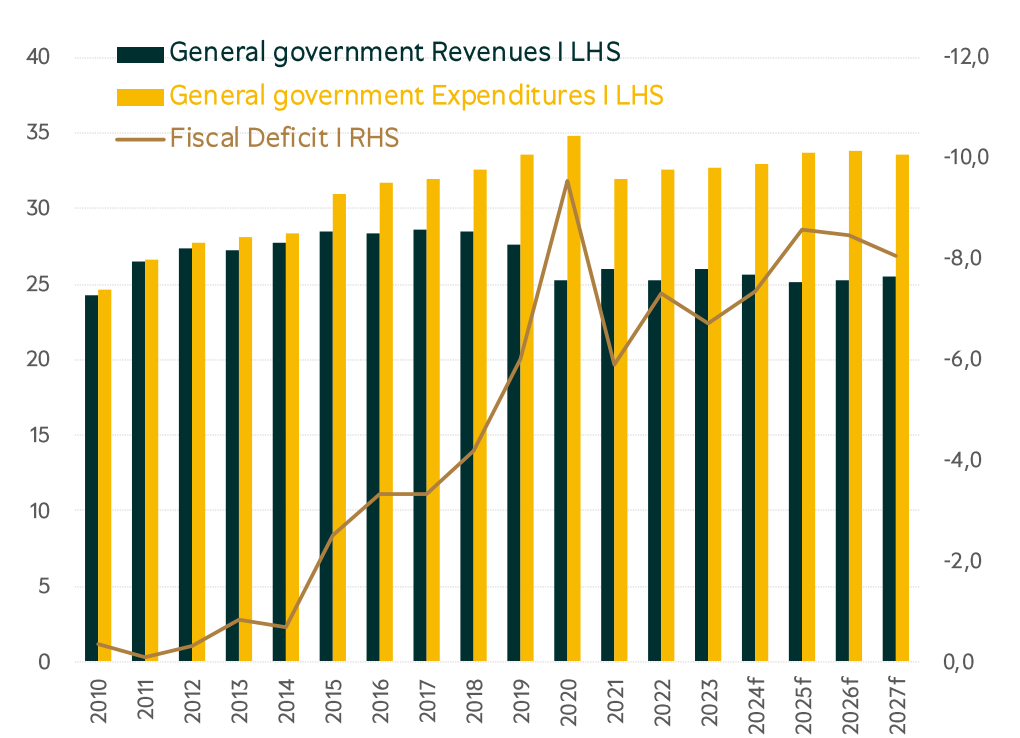


# CN Money Supply | M1 and M2 are offering more growth support than before

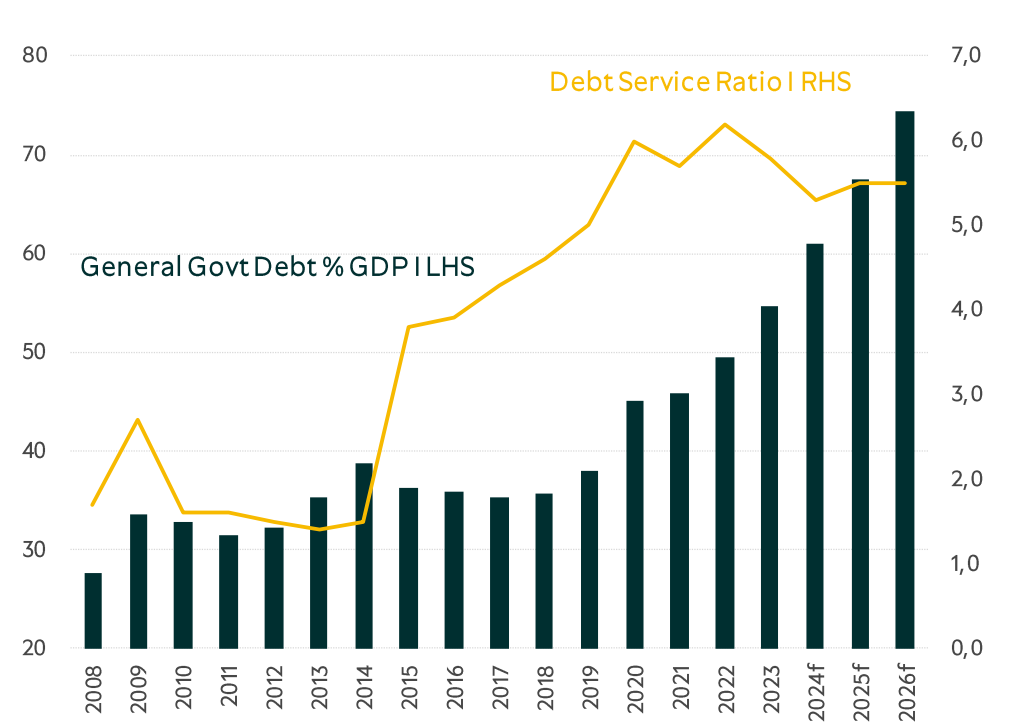


# CN Fiscal | Expansionary Fiscal policy is expected to continue

Government Balance



General Government Debt & Debt Service Ratio



Debt Service Ratio = (Interest + Current-year repayment of principal) / Current-account receipts

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