

Global Macro Trends

The U.S. government shutdown remains in effect, affecting the release of key economic indicators.

Global macro trends

- ▶ Trade tensions between the United States and China have increased, as both countries are now enforcing bans and administrative controls on certain exports, and the US has threatened to impose an additional 100% tariff on Chinese goods. Consequently, a considerable level of uncertainty has resurfaced in international markets. However, negotiations continue, and the President of the United States has conveyed confidence that a mutually agreeable resolution will ultimately be achieved. Simultaneously, geopolitical developments remain highly relevant, as hope for peace in the Middle East emerges for the first time following the fragile truce between Israel and Hamas, broken with the involvement of countries from the broader region.
- ▶ In the US, the federal government shutdown commencing on 1 October has been the central focus of recent economic developments, resulting in the inevitable interruption of data releases. The latest available economic data and leading indicators demonstrate continued growth, a slight increase in inflation close to 3% and deteriorating conditions in the labour market. It is estimated that a substantial portion of tariff-related impacts has yet to be reflected in consumer prices, with these effects likely to become evident in the coming months. The Chairman of the Federal Reserve has noted that this development is expected to substantially increase the complexity of monetary policy decision-making since maintaining inflation close to target necessitates keeping interest rates elevated whereas the deterioration of the labour market suggests a need for rate reductions.
- ▶ Economic growth In the Euro area remains modest with little indication of significant improvement expected in either the third or fourth quarter. On the other hand, the unemployment rate continues to remain at historically low levels, which supports private consumption. Inflation is projected to stay close to 2%, aligning with the ECB's target. At the same time, increased defense expenditure and an aging population are placing additional strain on government budgets. The situation often requires unpopular spending cuts and is contributing to heightened political uncertainty. Against this backdrop, it appears that the present cycle of ECB interest rate cuts appears to have been completed.
- ▶ Recent economic data from China reveals a modest deceleration in growth. However, forecasts for 2025 remain optimistic, with the "around 5%" growth target expected to be attainable barring any unexpected disruptions. A notable contributor to this outlook is the effective reallocation of exports formerly destined for the US to alternative international markets, as demonstrated by current data. Nonetheless, bolstering domestic demand and ensuring stable relations with the US are considered critical to sustaining robust medium-term economic growth.

Διεθνείς Μακροοικονομικές Τάσεις

- Σε νέα φάση έντασης εισήλθε το τελευταίο διάστημα η εμπορική αντιπαράθεση ΗΠΑ-Κίνας με εκατέρωθεν απαγορεύσεις/διοικητικούς περιορισμούς στις εξαγωγές επιμέρους προϊόντων και απειλή των ΗΠΑ για επιπρόσθετο δασμό 100% στα κινεζικά προϊόντα. Ως αποτέλεσμα, η αβεβαιότητα στις διεθνείς αγορές επανήλθε σε αξιοσημείωτο βαθμό. Ωστόσο, οι συζητήσεις συνεχίζονται και ο Αμερικανός Πρόεδρος εξέφρασε την αισιοδοξία του ότι τελικά θα βρεθεί κοινός τόπος. Ταυτόχρονα, σημαντικές είναι και οι γεωπολιτικές εξελίξεις καθώς για πρώτη φορά διαφαίνεται ελπίδα ειρήνευσης στη Μέση Ανατολή μετά την εύθραυστη ανακωχή μεταξύ του Ισραήλ -Χαμάς που συμφωνήθηκε με τη συμμετοχή και των χωρών της ευρύτερης περιοχής.
- Στις ΗΠΑ, η αναστολή λειτουργίας (shutdown) των ομοσπονδιακών υπηρεσιών από την 1^η Οκτωβρίου κυριαρχεί στις οικονομικές εξελίξεις με την προσωρινή παύση της ανακοίνωσης στοιχείων να αποτελεί αναπόφευκτη συνέπεια. Τα τελευταία οικονομικά στοιχεία που δημοσιεύθηκαν και οι πρόδρομοι δείκτες συνεχίζουν να καταδεικνύουν ανθεκτικότητα της ανάπτυξης, πολύ μικρή άνοδο του πληθωρισμού (πλησιάζοντας ωστόσο το 3%), αλλά και χειροτέρευση των συνθηκών στην αγορά εργασίας. Εκτιμάται, όμως ότι μεγάλο μέρος των επιπτώσεων των δασμών δεν έχει ακόμη περάσει στις τιμές, κάτι που αναμένεται να συμβεί κατά τους επόμενους μήνες. Η εξέλιξη αυτή, όπως αναγνώρισε και ο Πρόεδρος της Fed, θα δυσκολέψει πολύ την άσκηση της νομισματικής πολιτικής καθώς η διατήρηση του πληθωρισμού κοντά στο στόχο προϋποθέτει σχετικά υψηλά επίπεδα επιτοκίων, αλλά η χειροτέρευση στην αγορά εργασίας καταδεικνύει την ανάγκη μείωσής τους.
- Στην Ευρωζώνη, η ανάπτυξη παραμένει αρκετά συγκρατημένη και δεν αναμένεται ουσιαστική ενίσχυσή της τόσο κατά το Γ', όσο και το Δ' Τρίμηνο. Από την άλλη, το ποσοστό ανεργίας εξακολουθεί να βρίσκεται ιστορικά χαμηλά, επηρεάζοντας θετικά την ιδιωτική κατανάλωση και ο πληθωρισμός αναμένεται να συνεχίσει να κινείται γύρω στο 2%, όσο και ο στόχος της ΕΚΤ. Όμως, οι αυξημένες αμυντικές δαπάνες και η γήρανση του πληθυσμού επιτείνουν την πίεση στους κρατικούς προϋπολογισμούς για περικοπές δαπανών, συχνά μη δημοφιλών, ενισχύοντας την πολιτική αστάθεια. Στο πλαίσιο αυτό, ο κύκλος μείωσης των βασικών επιτοκίων της ΕΚΤ φαίνεται να έχει γενικά ολοκληρωθεί.
- Στην Κίνα, παρότι τα τελευταία οικονομικά στοιχεία καταδεικνύουν κάποια επιβράδυνση του ρυθμού ανάπτυξης, συνολικά για το 2025 εκτιμάται ότι, εκτός απροόπτου, θα επιτευχθεί ο στόχος του «περίπου 5%». Σημαντική συμβολή φαίνεται ότι θα έχει η επιτυχής, τουλάχιστον με τα μέχρι τώρα στοιχεία, ανακατεύθυνση των «χαμένων» στις ΗΠΑ εξαγωγών σε άλλες αγορές. Ωστόσο, η ενίσχυση της εσωτερικής ζήτησης και η διατήρηση μιας καλής σχέσης με τις ΗΠΑ θεωρούνται βασικοί παράγοντες για την επίτευξη ενός ισχυρού ρυθμού ανάπτυξης μεσοπρόθεσμα.

Main Macroeconomic Indicators – Market Consensus

US											
	Actual				Estimates				% Y/Y avg		
	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2024	2025	2026
Real GDP	3.3	1.9	-0.6	3.8	1.7	1.2	1.5	1.9	2.8	1.8	1.8
Q/Q % SAAR											
Headline PCE PI	2.4	2.6	2.6	2.4	2.8	3.0	2.9	2.9	2.6	2.7	2.7
% Y/Y											
Core PCE	2.8	3.0	2.8	2.7	3.0	3.2	3.1	3.1	2.9	2.9	2.9
% Y/Y											
Unemployment Rate	4.2	4.1	4.1	4.2	4.3	4.4	4.4	4.5	4.0	4.2	4.4
Fed Policy Rate (Upper Bound)	5.00	4.50	4.50	4.50	4.25	3.85	3.64	3.44	4.50	3.85	3.29
EA											
	Actual				Estimates				% Y/Y avg		
	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2024	2025	2026
Real GDP	0.4	0.4	0.6	0.1	0.1	0.2	0.3	0.4	0.9	1.3	1.1
Q/Q %											
CPI	2.2	2.2	2.3	2.0	2.1	2.0	1.7	1.9	2.4	2.1	1.8
% Y/Y											
Unemployment Rate	6.3	6.3	6.3	6.3	6.3	6.4	6.4	6.3	6.4	6.3	6.3
ECB Policy Rate (Main Refin Rate)	3.65	3.15	2.65	2.15	2.15	2.15	2.15	2.15	3.15	2.15	2.15
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	4,1	3	2,2	5,1	15,00	4,8	0	6,4	4,6	5,14	
2026f	4,0	2,7	1,7	4,2	12,25	4,2	0,8	6,6	2,7	5,25	
Market Consensus 15.10.2025											

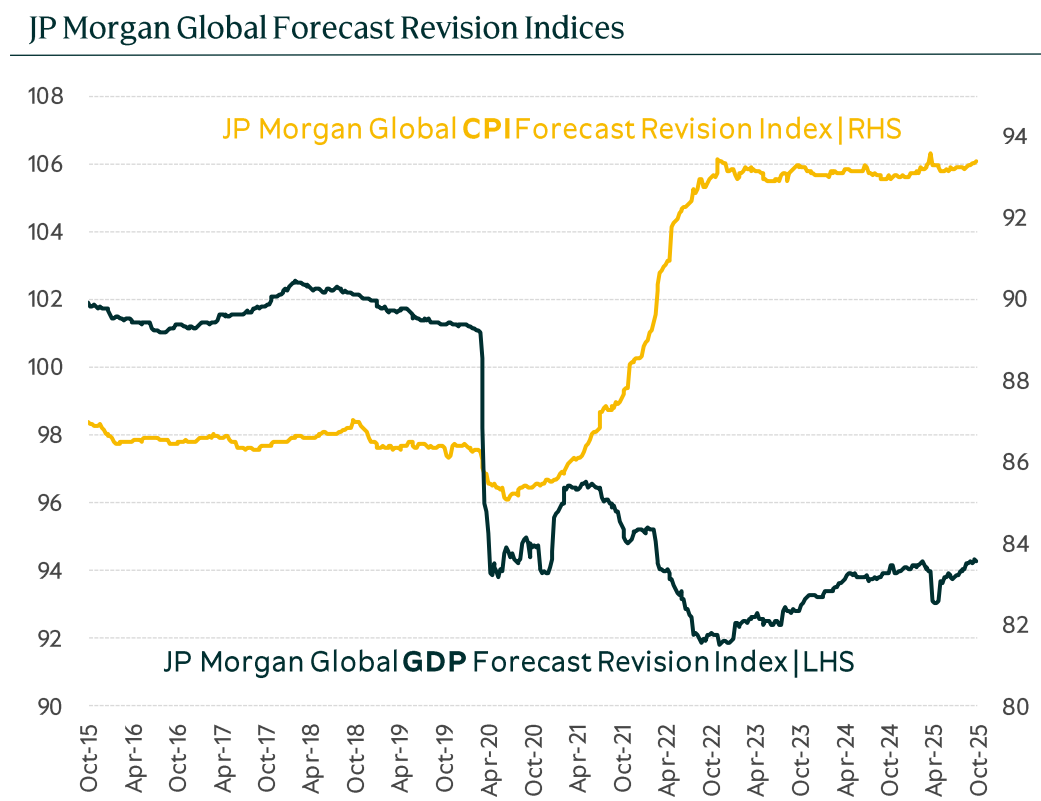
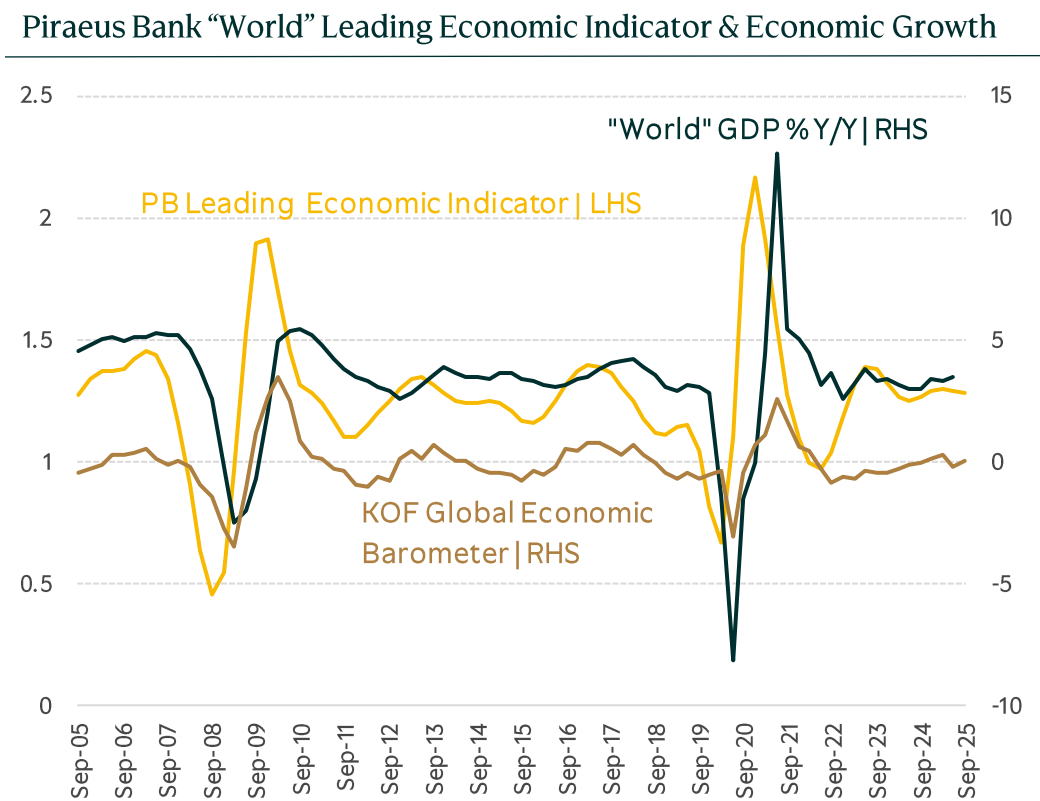
Bird's Eye View

US Economy

EA Economy

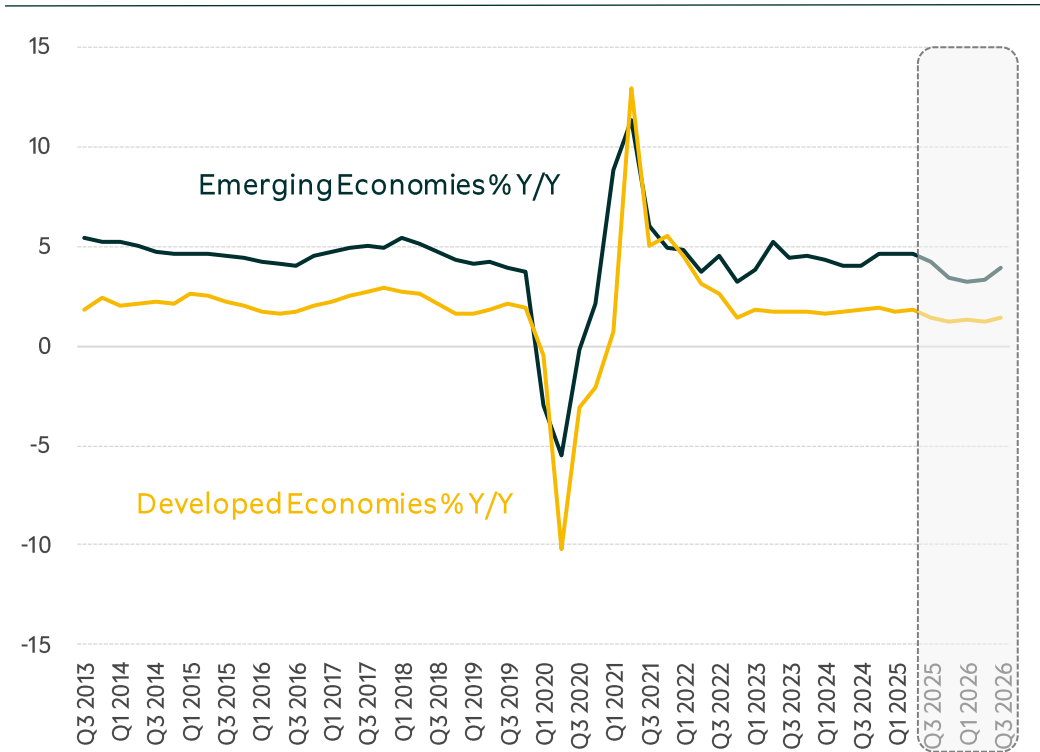
China Economy

The Global Bird's-Eye View | The de-escalation of the trade war has halted the decline in global GDP and the rise in inflation forecasts.

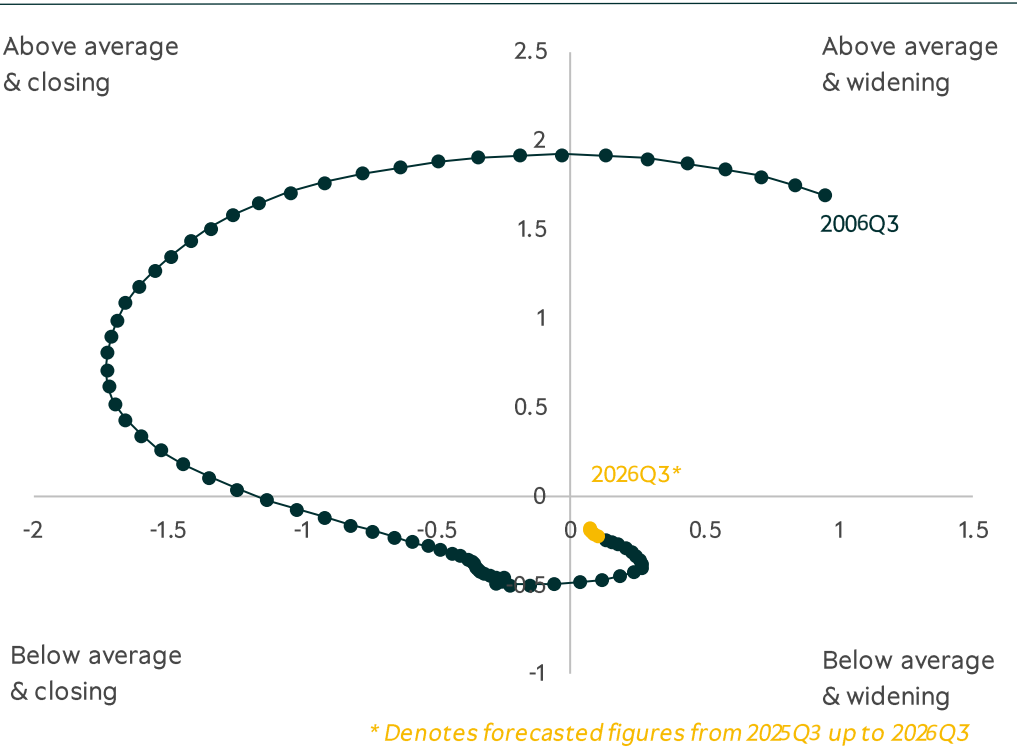


The Global Bird's-Eye View | The growth differential between emerging markets and developed markets is expected to remain at below average levels for 2025/26, but improvement in economic activity is expected.

Real GDP Growth

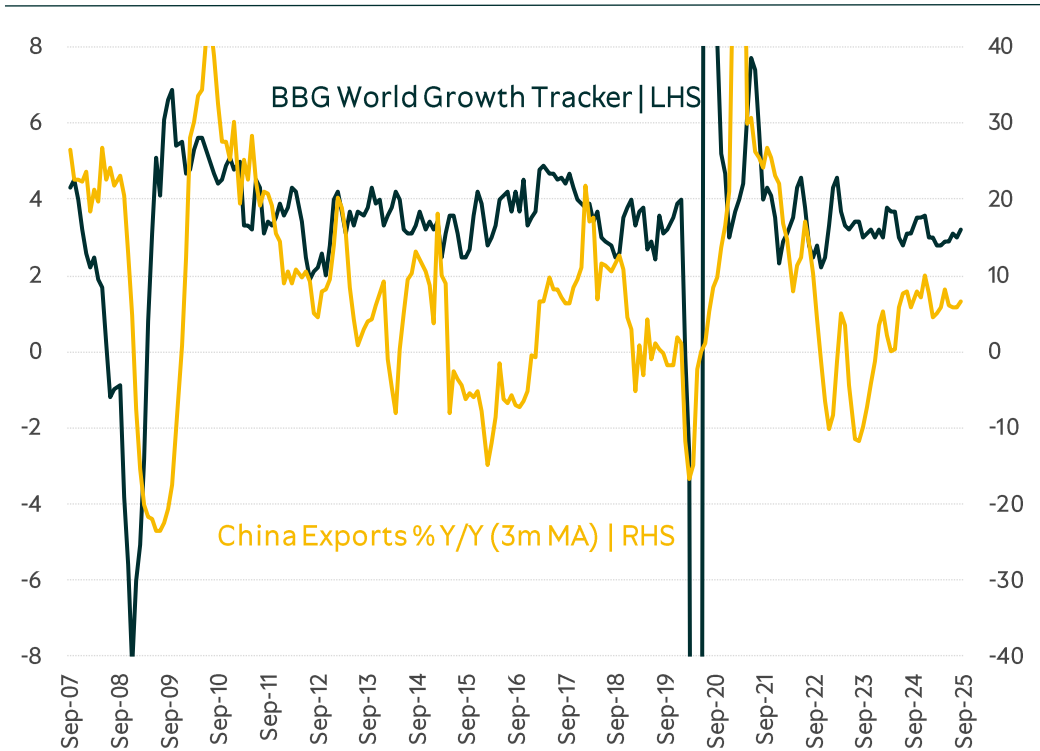


EM – DM Growth Differential

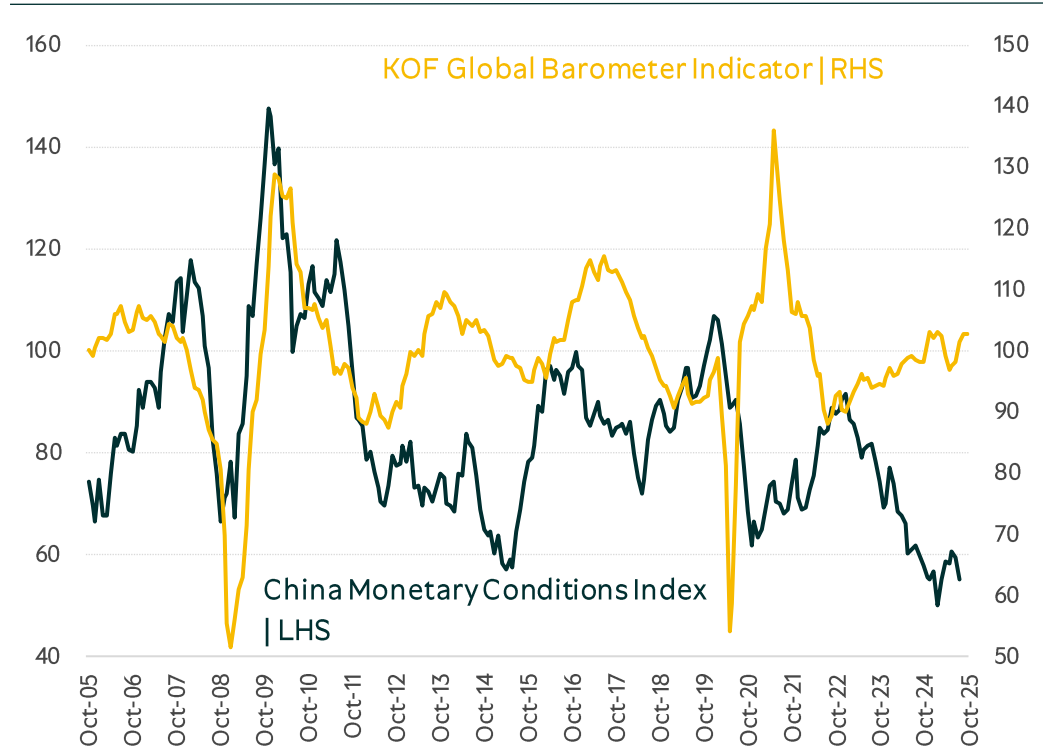


Global Economic Activity | China's exports saw a larger increase in the first quarter of 2025 (front-running inventory buildup) however, future growth is uncertain.

BBG World Growth Tracker & China Exports

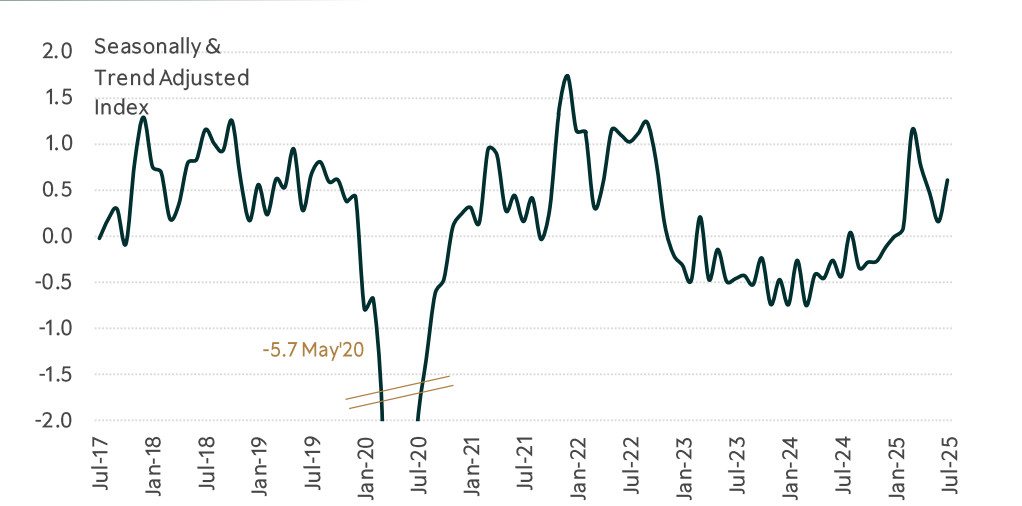


KOF Global Barometer Indicator & China Monetary Conditions

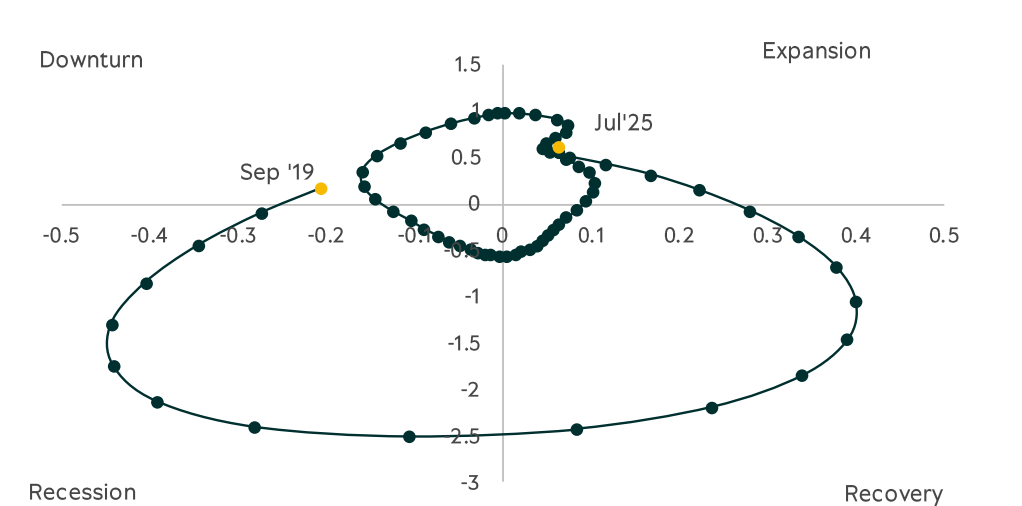


Global Trade | World Trade and EM Exports accelerated in July after the decline of the past months, as trade deals start taking shape

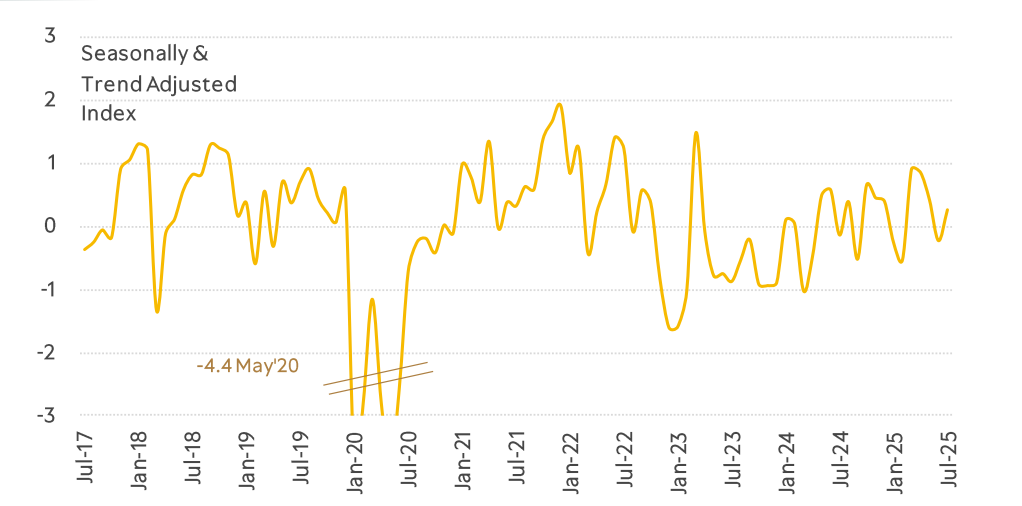
World Trade



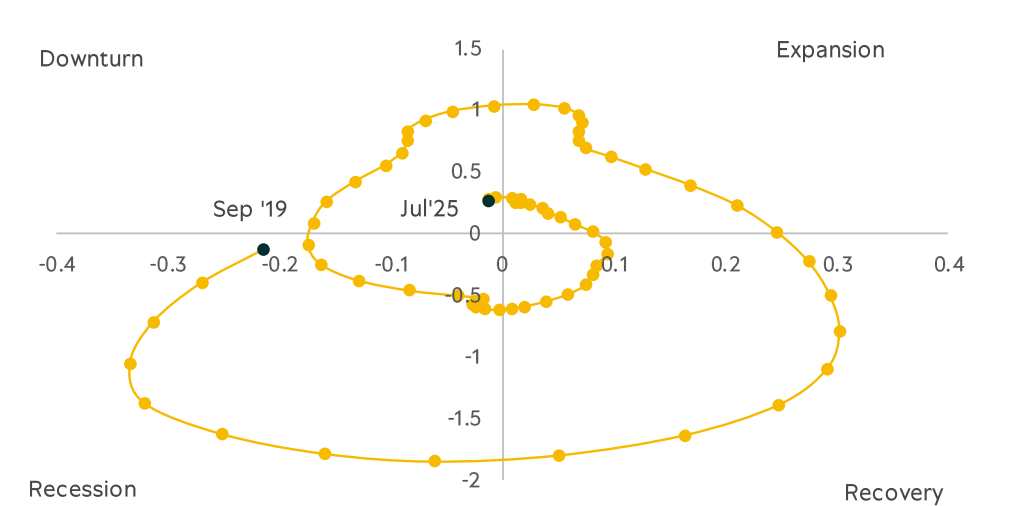
World Trade Tracer



World Exports | EM

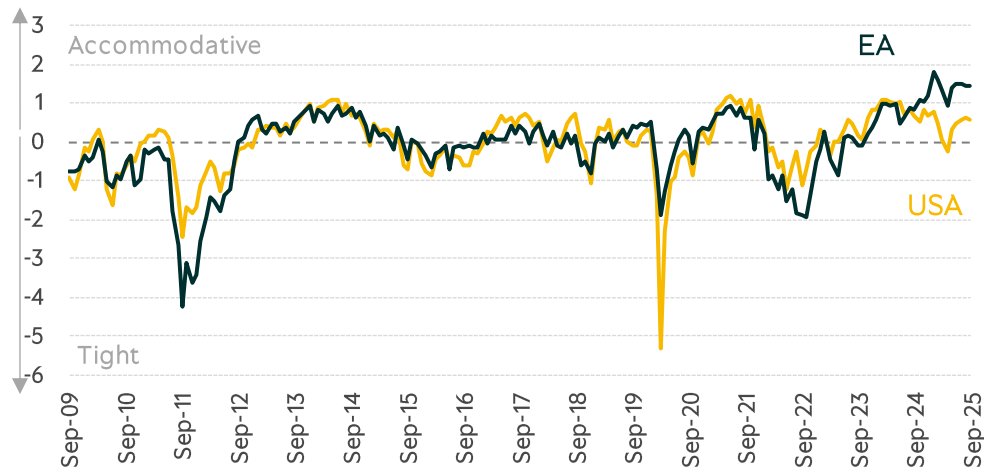


World Exports Tracer | EM

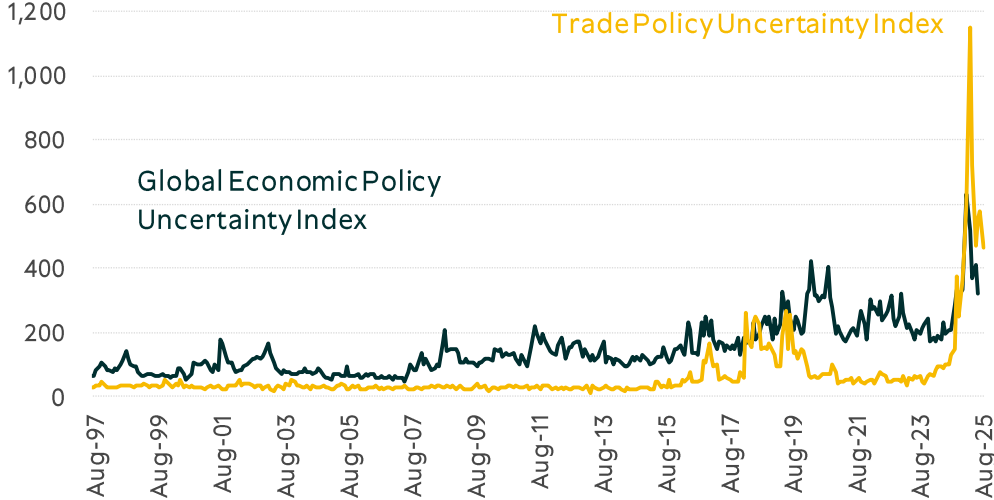


Global Trends | Trade and Economic Policy Uncertainty fell sharply from their peak but remain elevated compared to historical levels. US Financial Conditions remained accommodative in September.

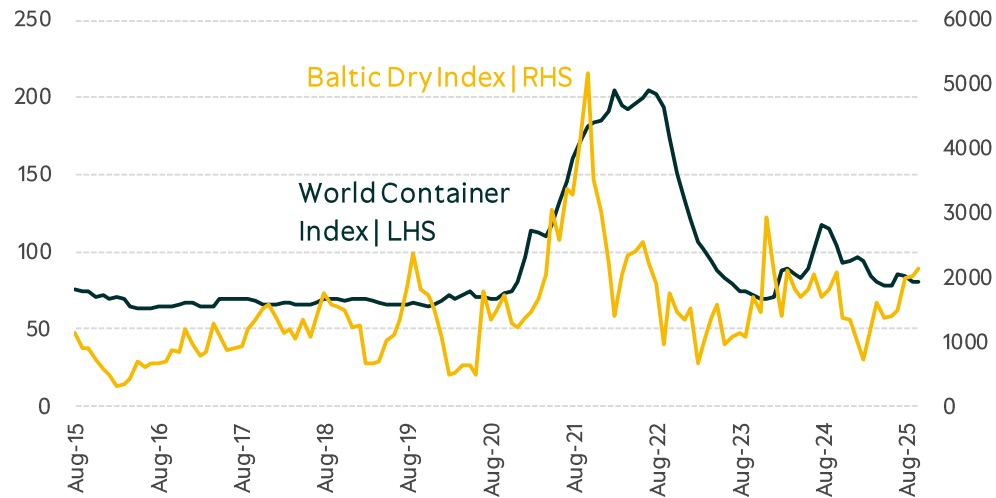
Bloomberg Financial Conditions Indices



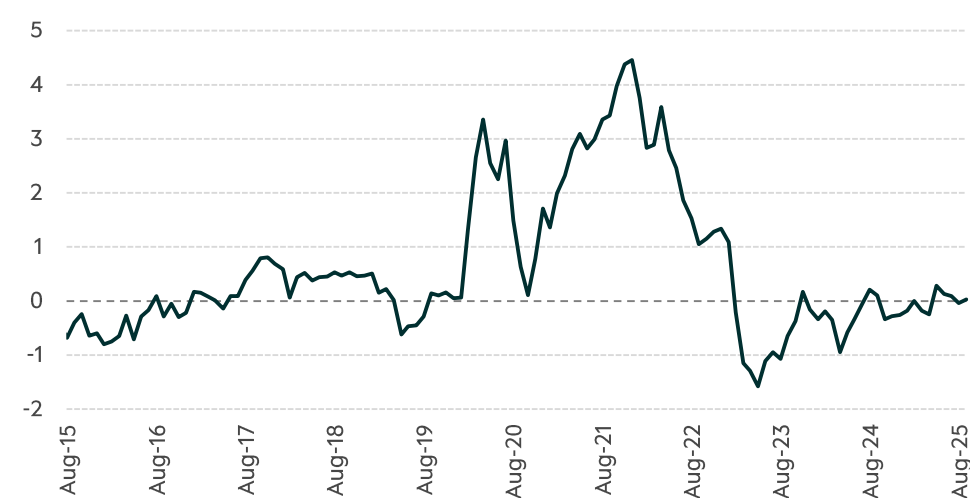
Global Economic & Trade Policy Uncertainty (Caldara & Iacoviello)



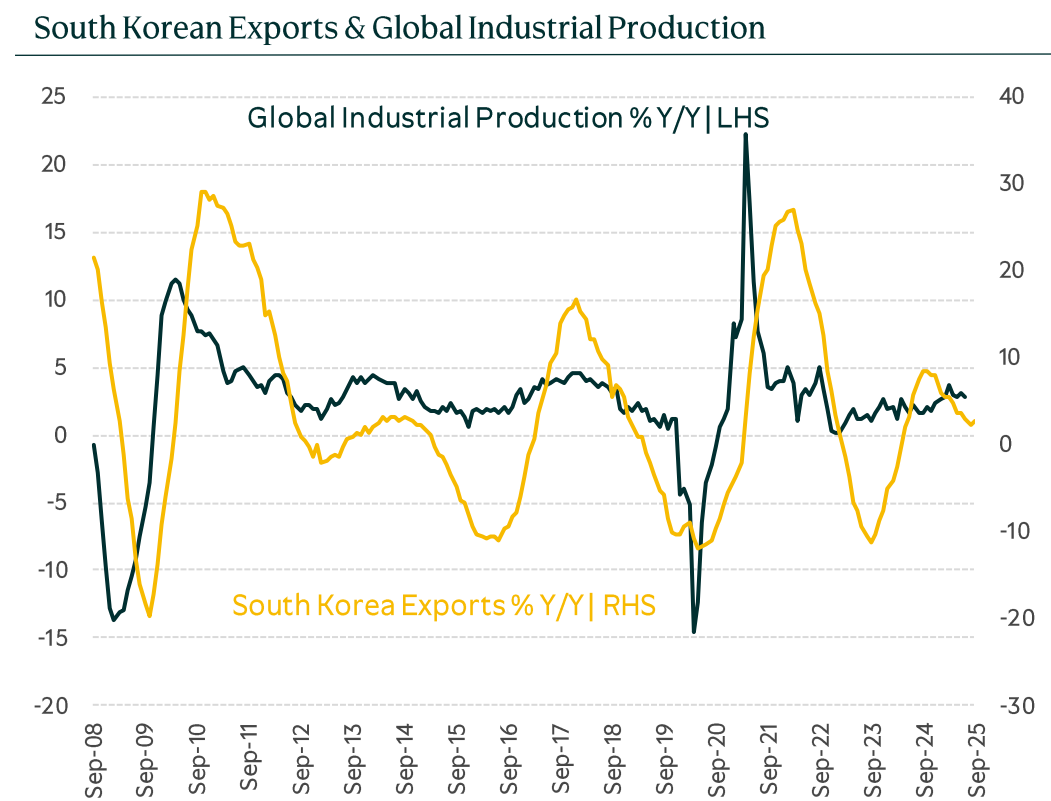
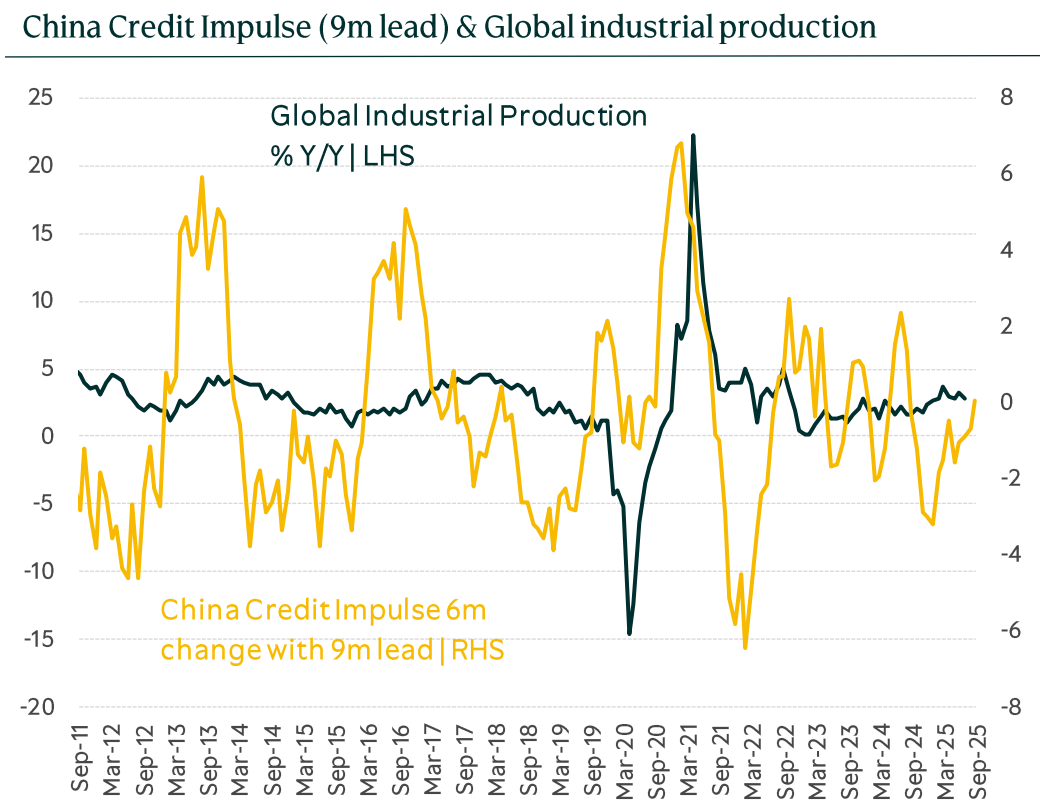
World Container and Baltic Dry Indices



Global Supply Chain Pressure (NY Fed)

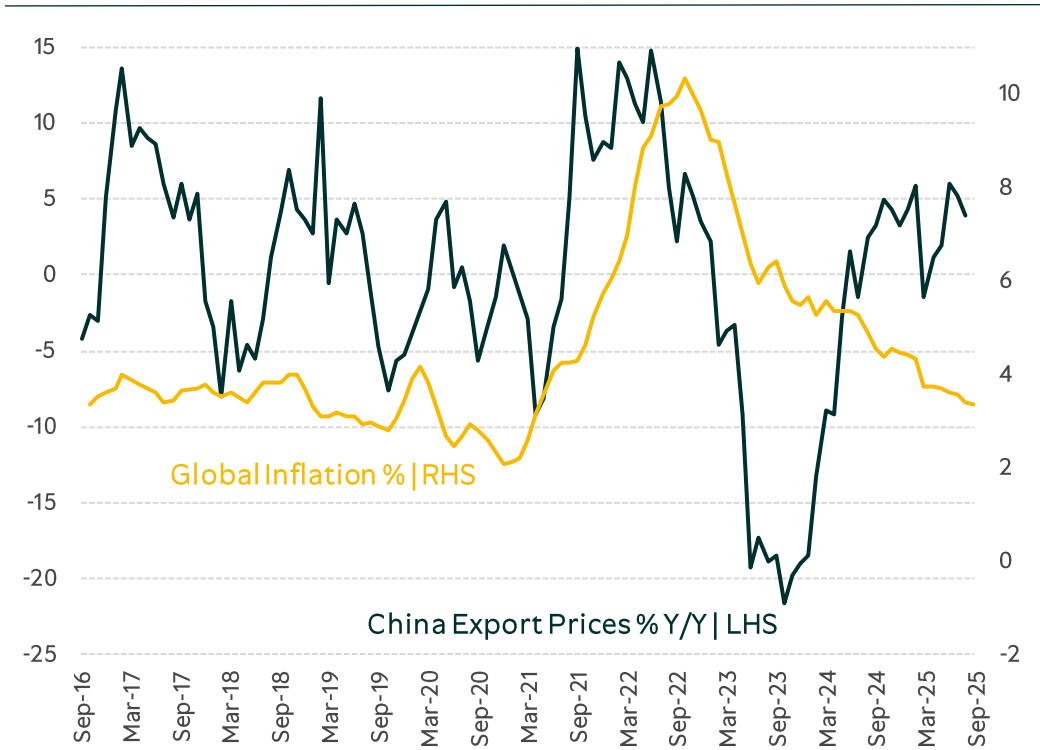


Global Trends | Momentum in China’s credit impulse moderates after steady gains. South Korea’s export uptick is contributing to global industrial production stabilisation and supporting growth prospects.

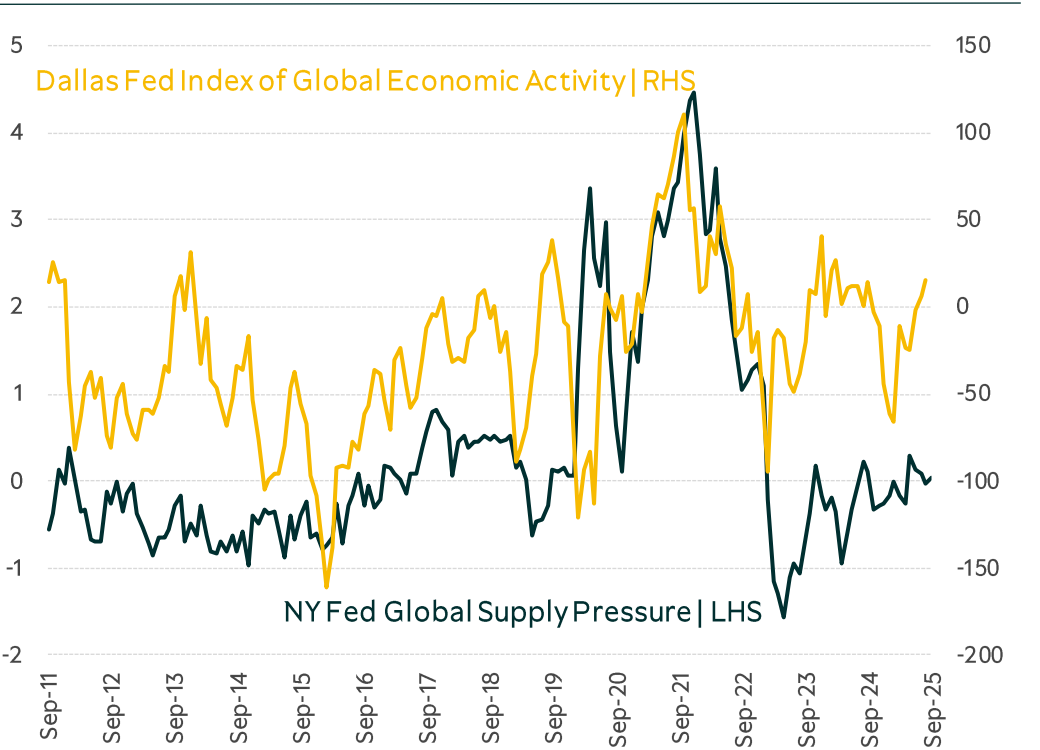


Global Trends | Global inflation is on a downward trend. Global economic activity indicators are giving mixed signals.

China Export Prices & Global Inflation

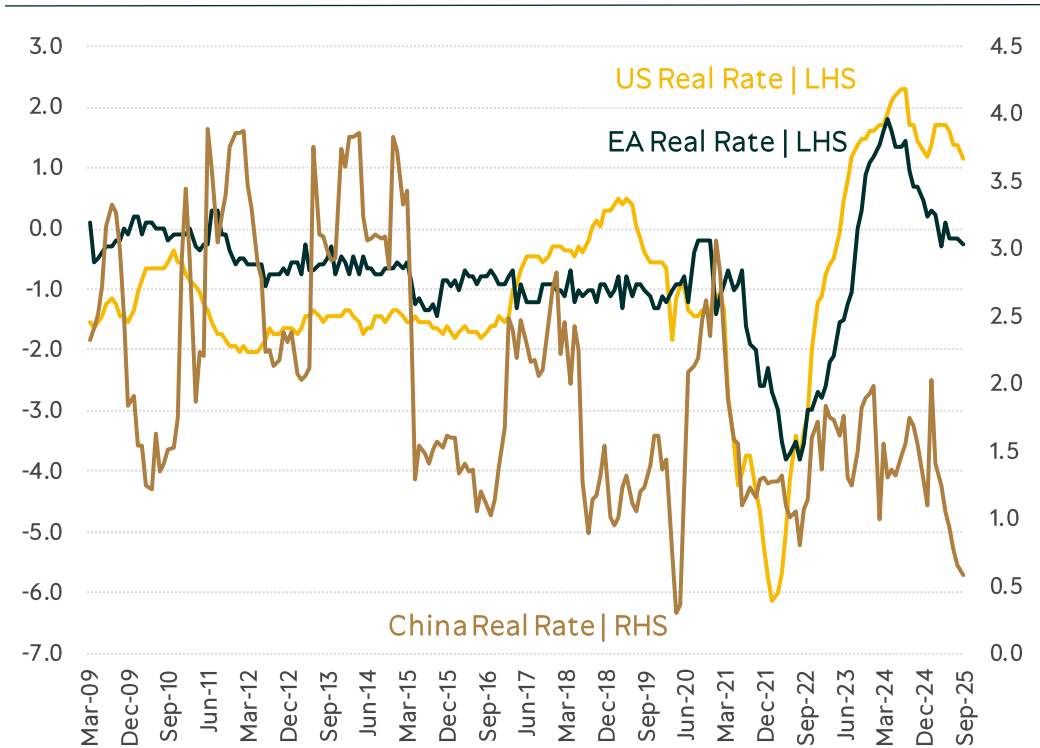


Global Economic Activity vs Global Supply Pressure

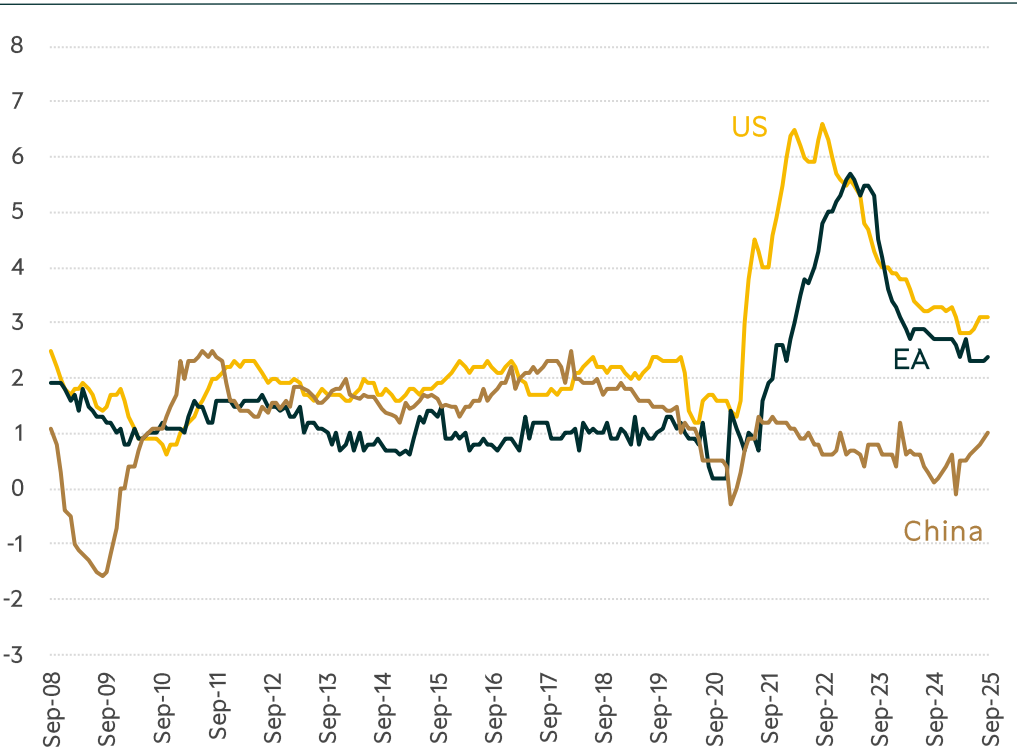


Global Trends | Real policy rates in the US, Eurozone and China continued to decline in September. China's core CPI increased for the fifth consecutive month to 1.0% from 0.9% in August.

Global Real Policy Rates US, EA, CN



US, EA, CN Core Inflation



Bird's Eye View

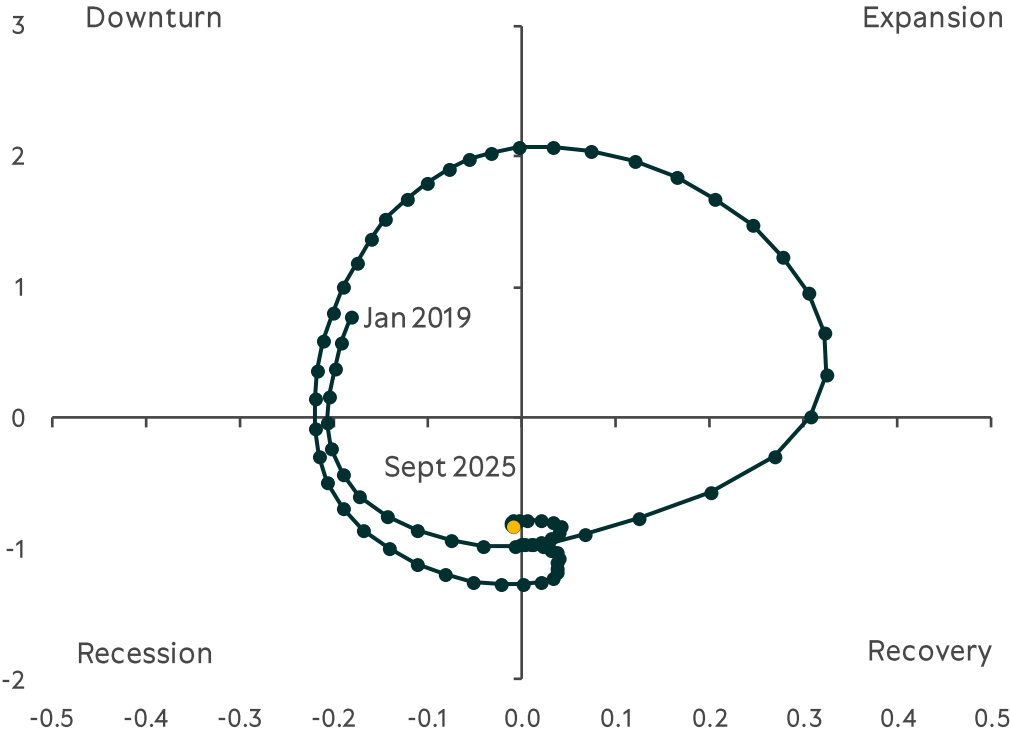
US Economy

EA Economy

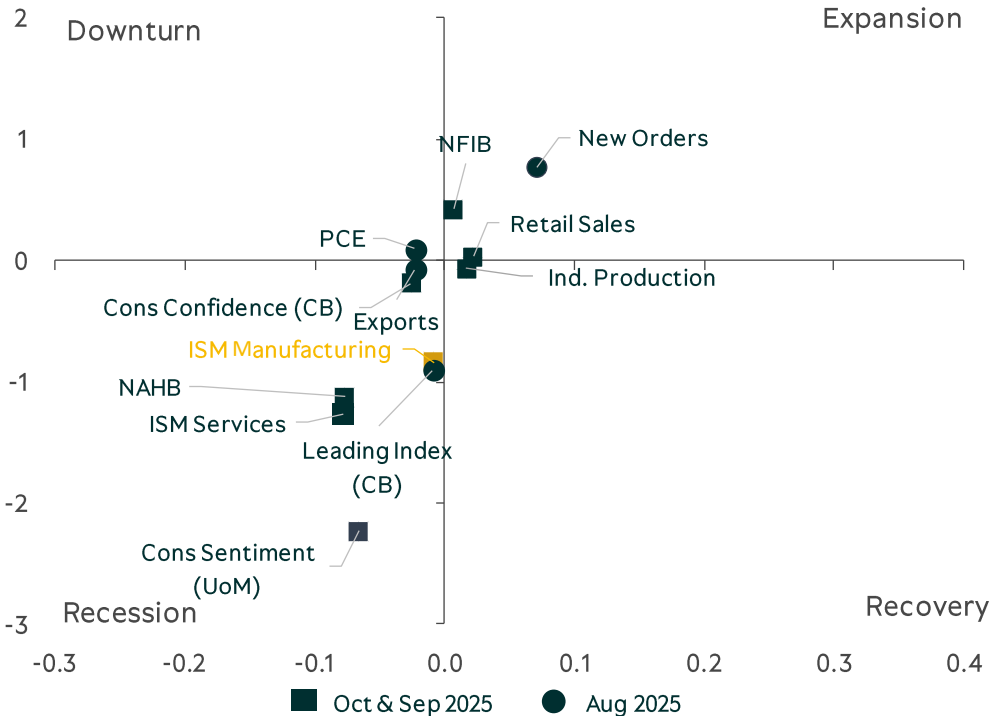
China Economy

US Business Cycle | Most economic leading indicators remain in the Recession phase

US Business Cycle | Based on ISM Manufacturing Indicator

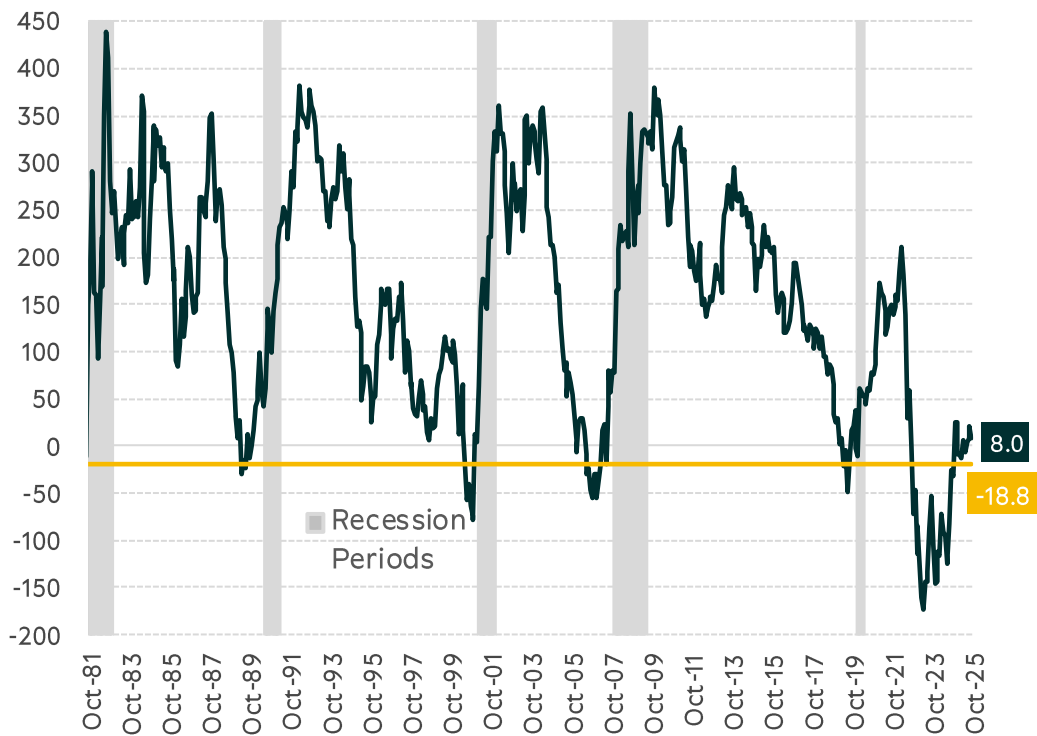


US Business Cycle | Based on Major US Economic Variables

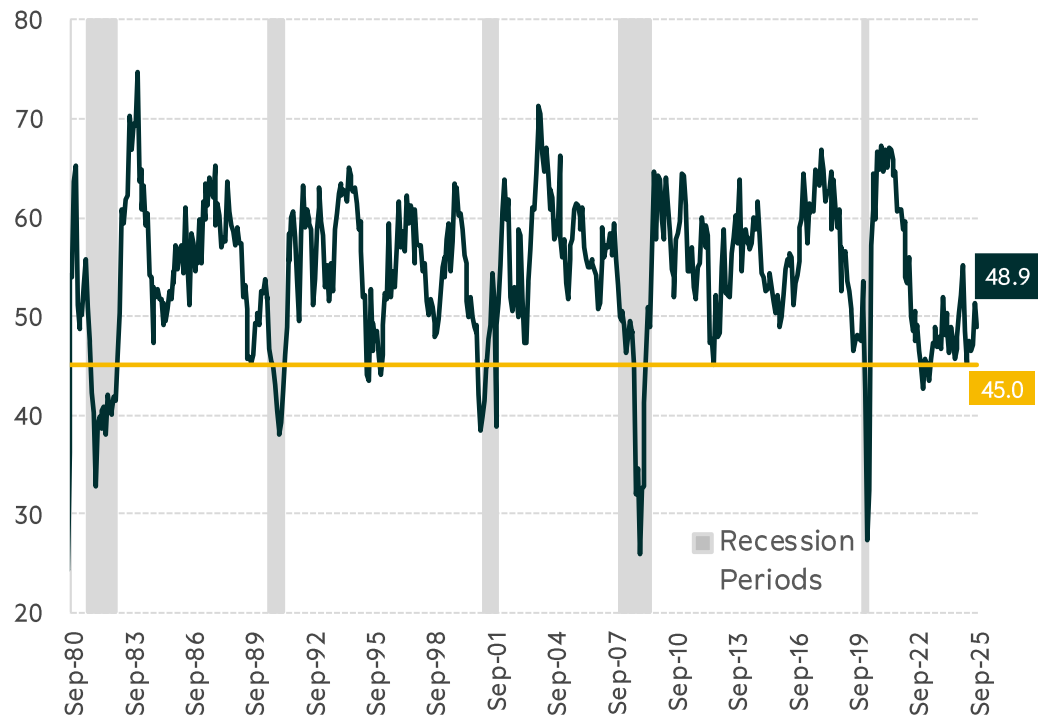


US Recession Indicators | The 10YR3M spread and the ISM New Order Index remain above the threshold levels consistent with recession periods.

10 Year and 3M US Treasury Yields Spread



ISM Manufacturing New Order Index

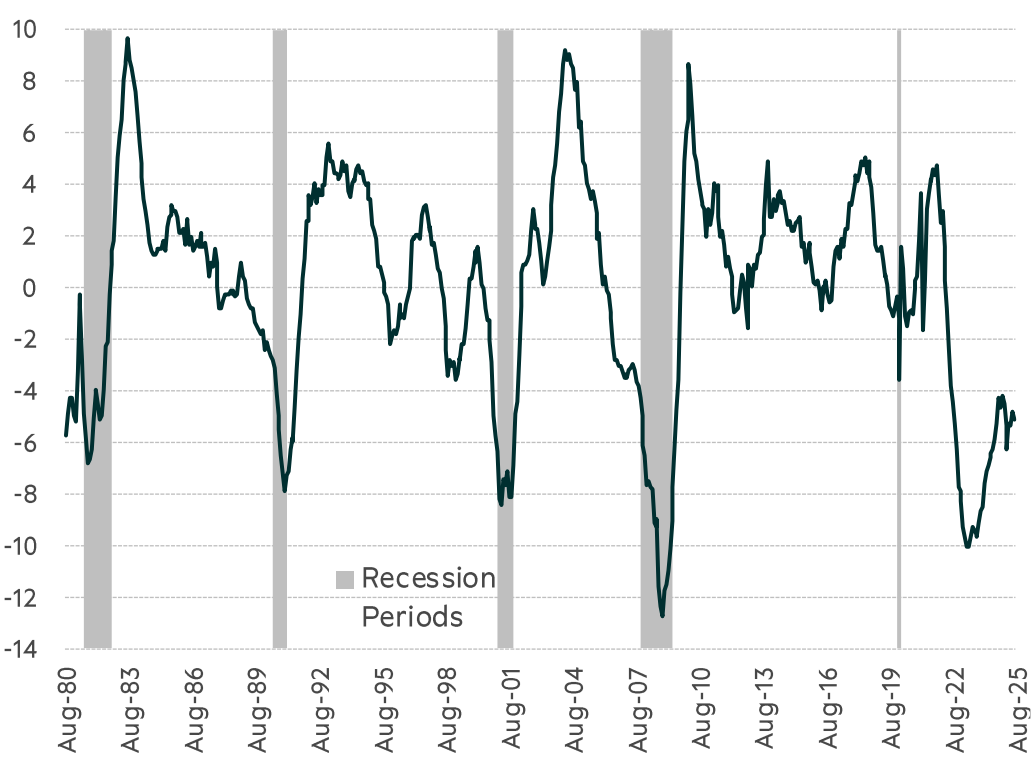


Conference Board Survey | The difference between Consumer Expectations and Current Situation indicators narrowed further in September. A different shift occurred between the Leading and Coincident indicators.

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

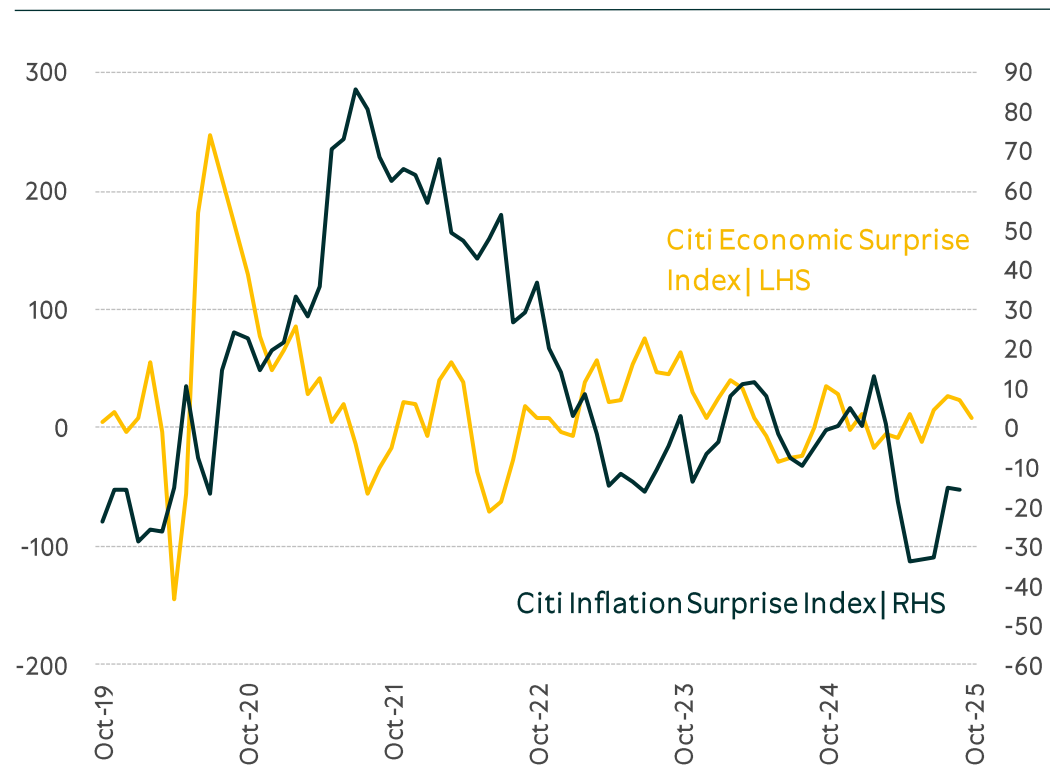


Difference between Leading & Coincident Indicators (Conference Board)

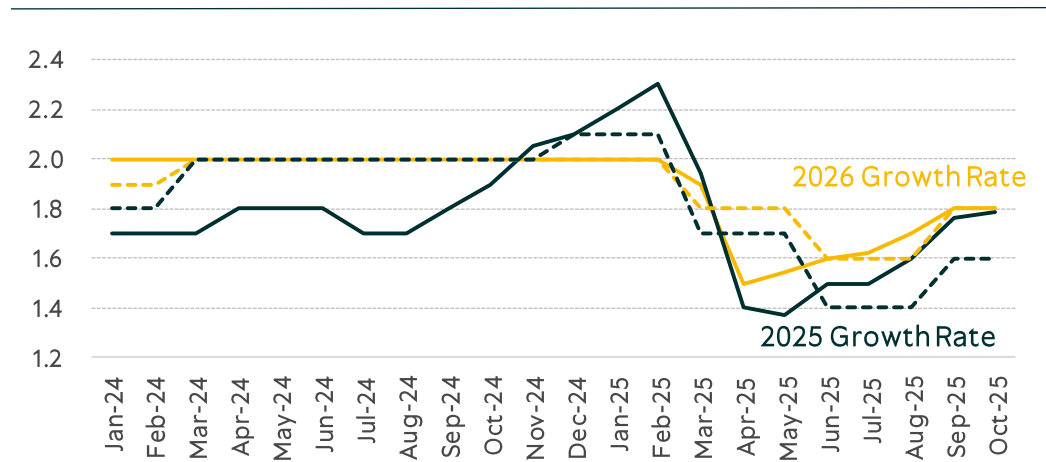


US Macro Expectations | Economic surprises are not as favourable and negative inflation surprises have moderated, although due to the shutdown, data collection and reporting delays may be distorting underlying trends

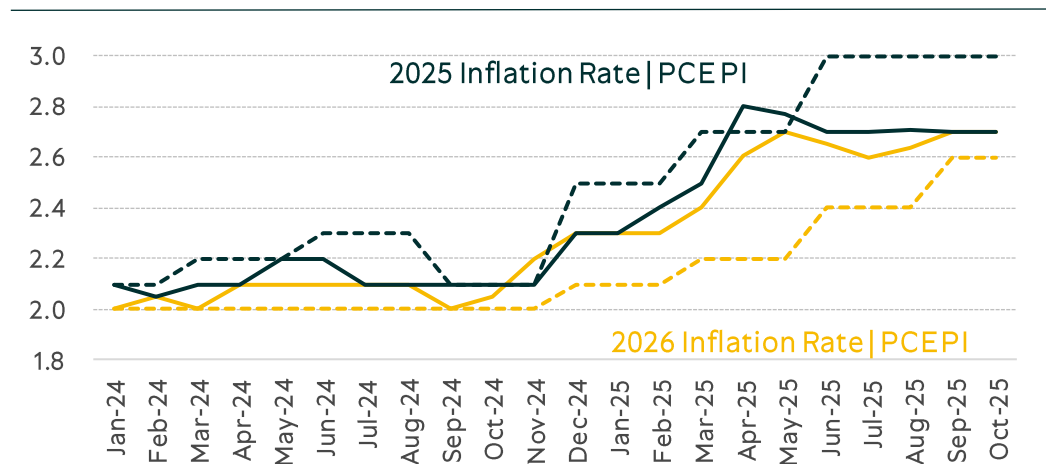
Economic & Inflation Surprises



Growth Rate Expectations*



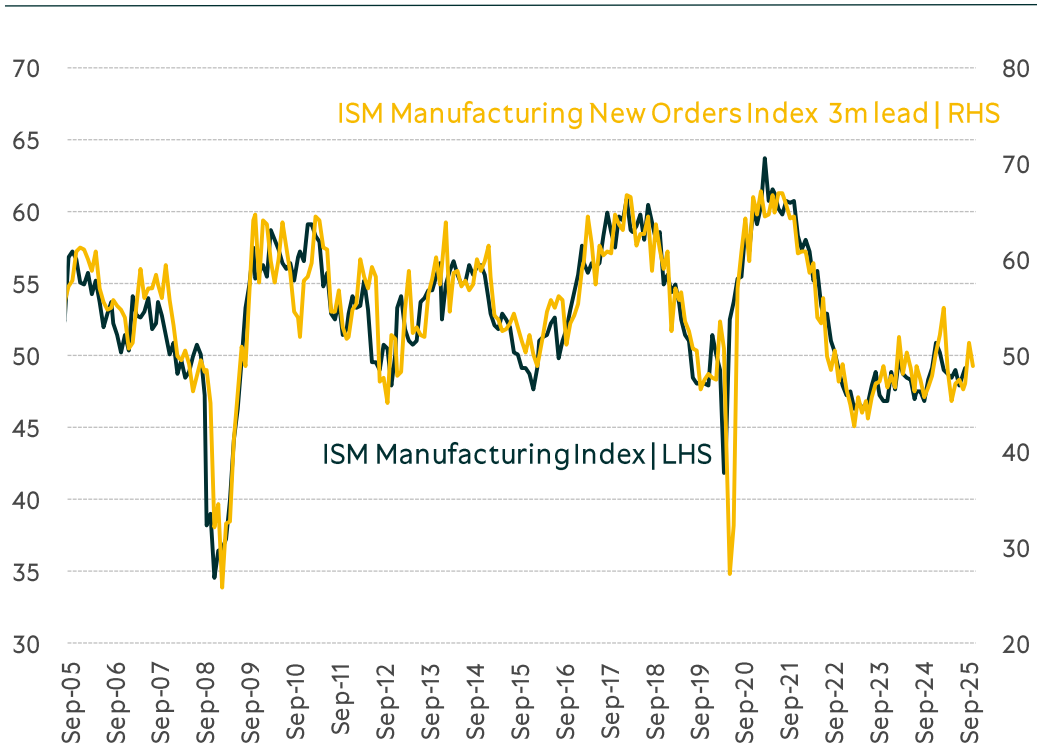
Inflation Rate Expectations*



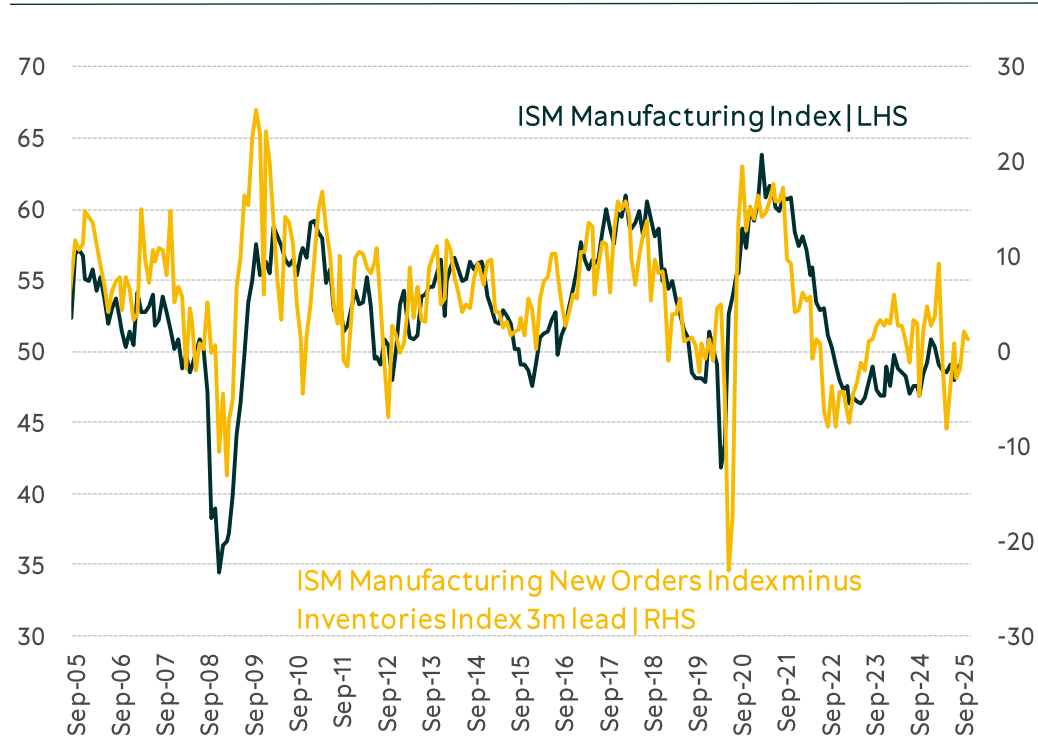
*Solid line: Consensus; Dotted line: Fed projections

US Leading Indicators | The ISM Manufacturing Index stayed below 50 in September for the seventh consecutive month, while New Orders declined to 48.9, also falling below the 50 mark.

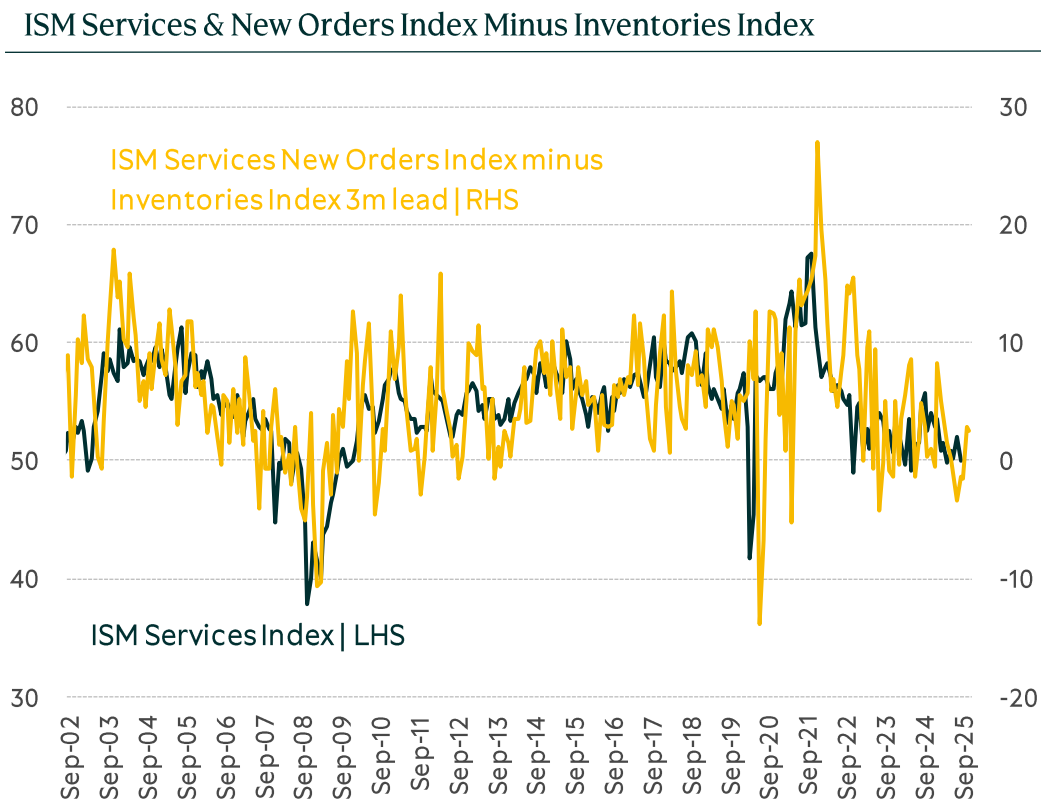
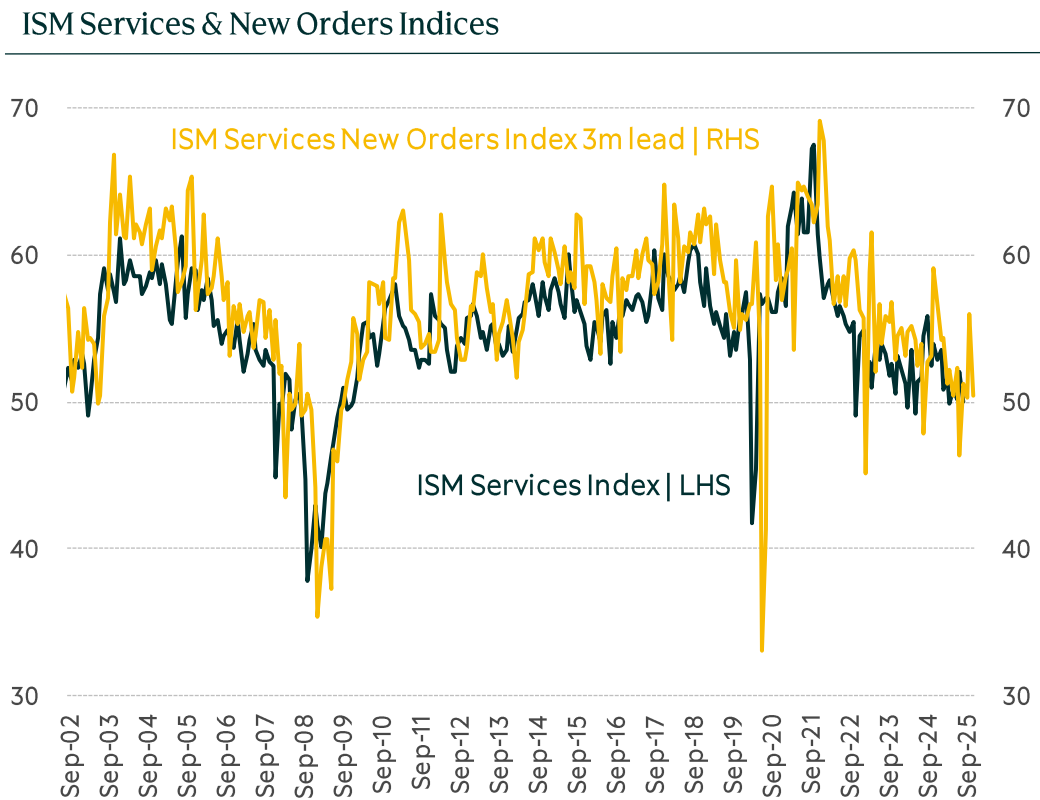
ISM Manufacturing & New Orders Indices



ISM Manufacturing & New Orders Index Minus Inventories Index

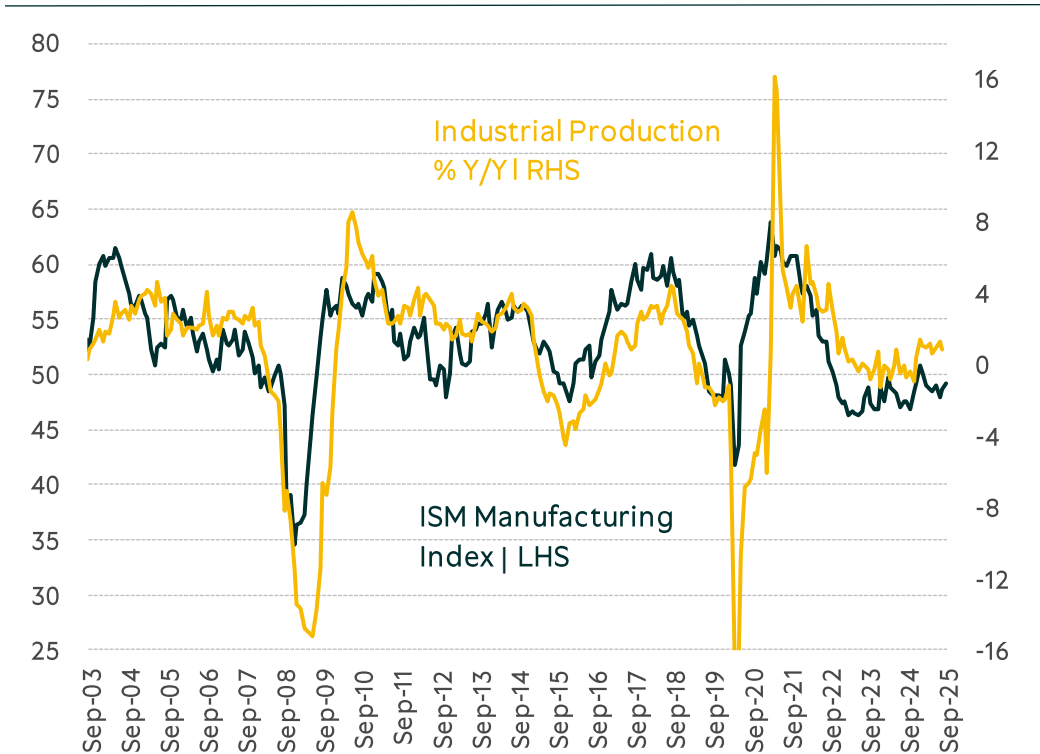


US Leading Indicators | ISM Services index fell to 50 in September mainly led by a large drop in the New Orders component.

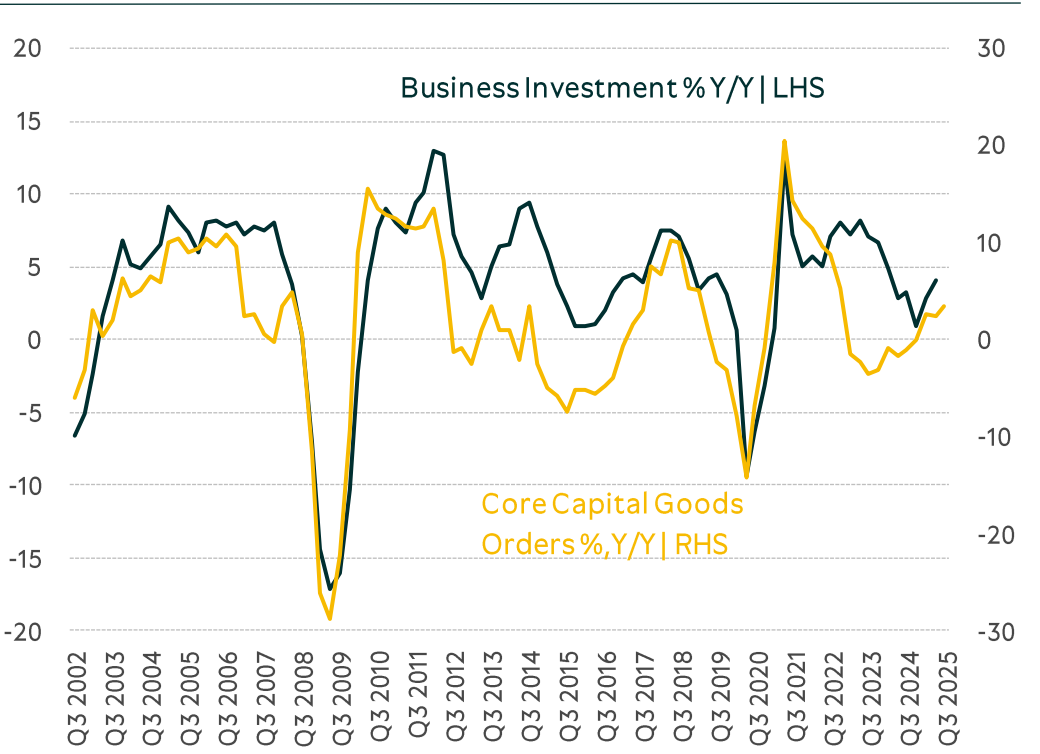


US | Industrial Production edged up in August on a monthly basis. Business investments and Core Capital Goods extend gains, supporting growth momentum into Q3.

Industrial Production & ISM Manufacturing

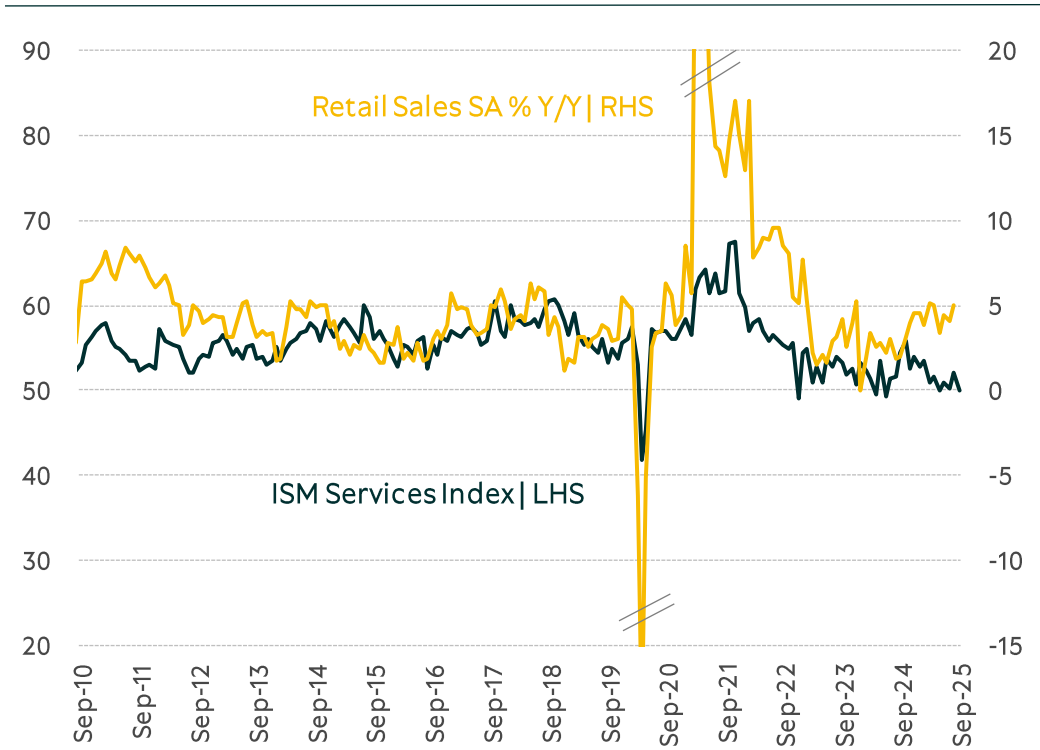


Core Capital Goods Orders & Business Investment

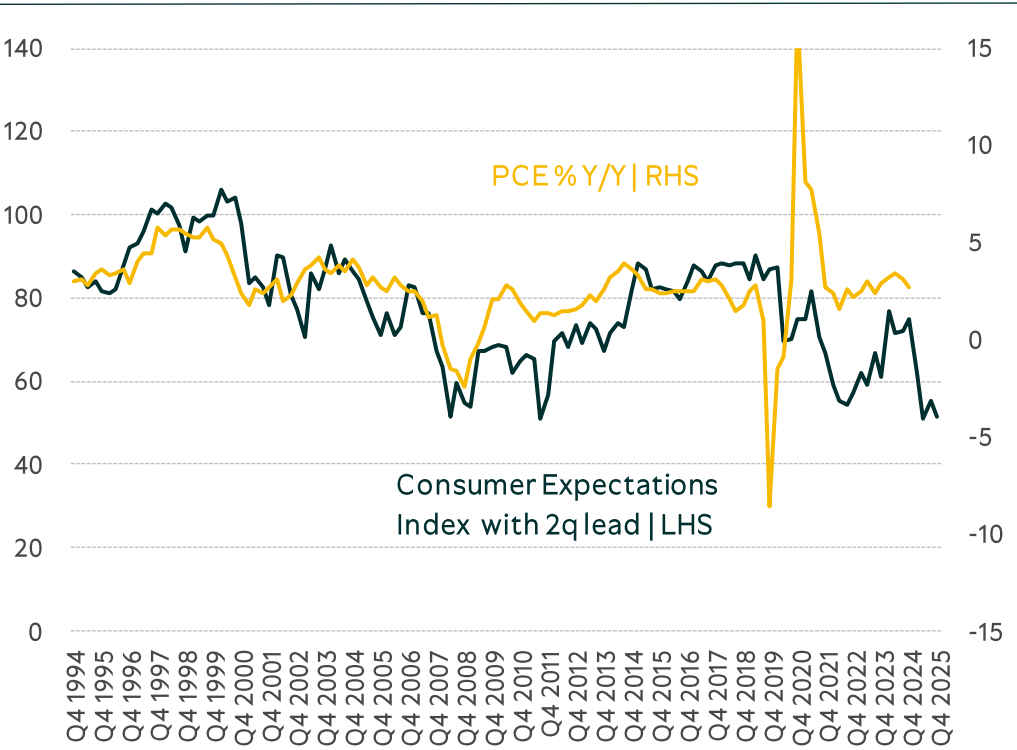


US | The US consumer has been the main “growth driver” so far. Retail sales rose faster than expected in August but September ISM Services and Consumer expectations point to lower consumption ahead.

Retail Sales & ISM Services

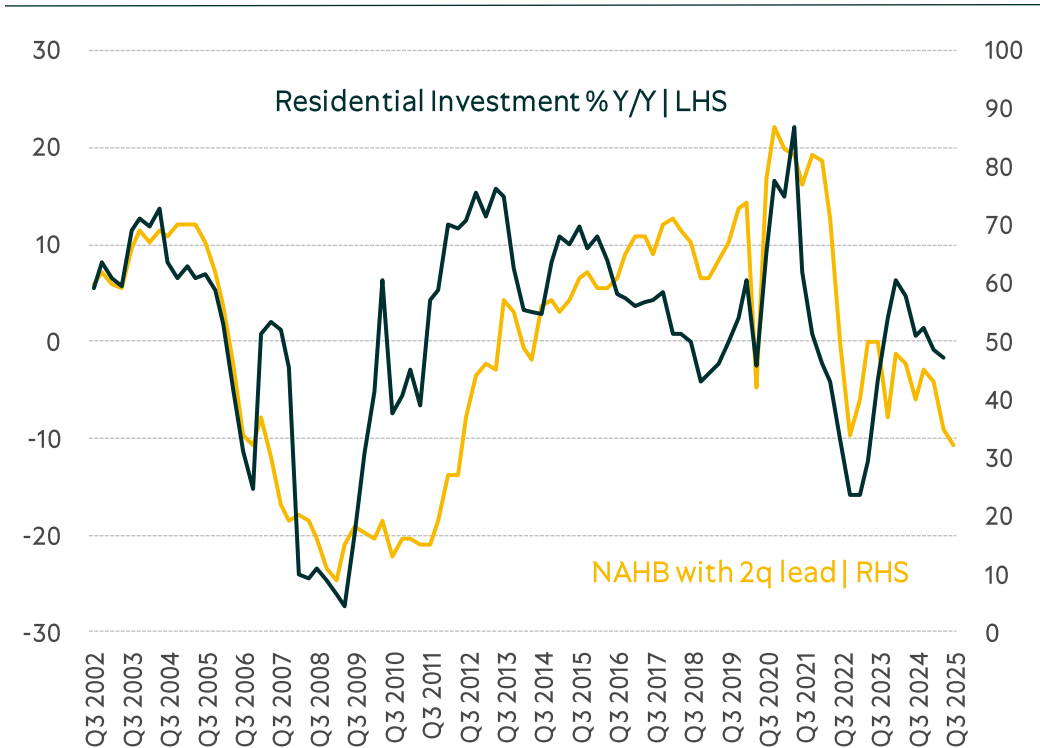


Personal Consumer Expenditure & University of Michigan Consumer Expectations Index

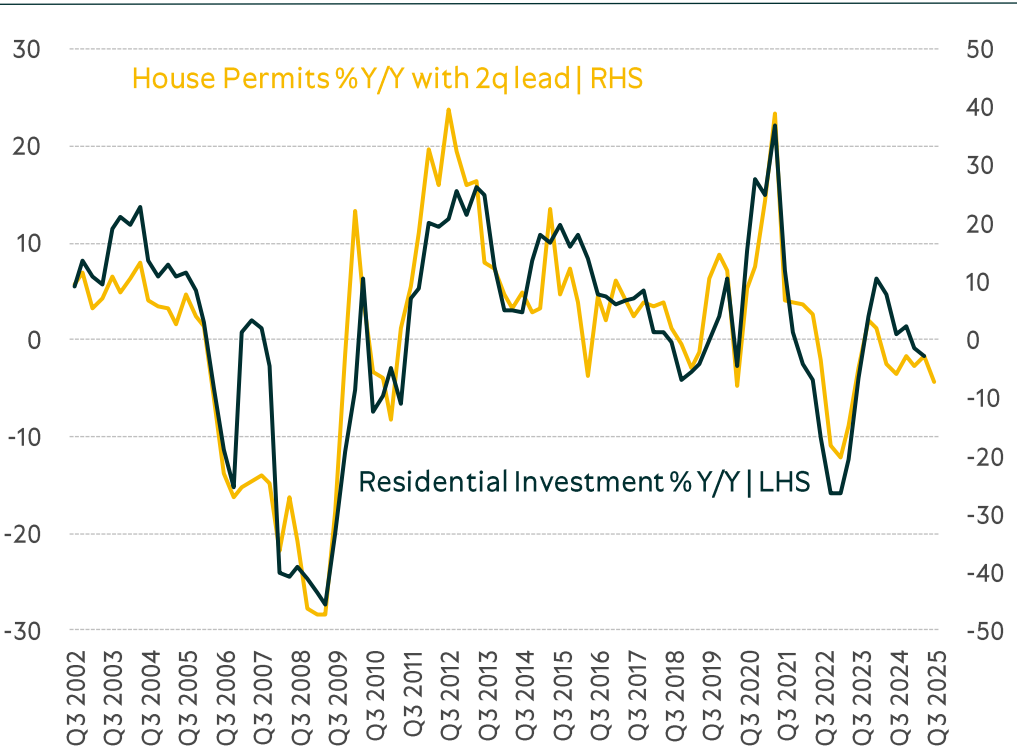


Housing Market | House Permits and Residential investment declined further in Q2. Policy uncertainty is having a negative impact on home builders' expectations.

Residential Investment & NAHB Index

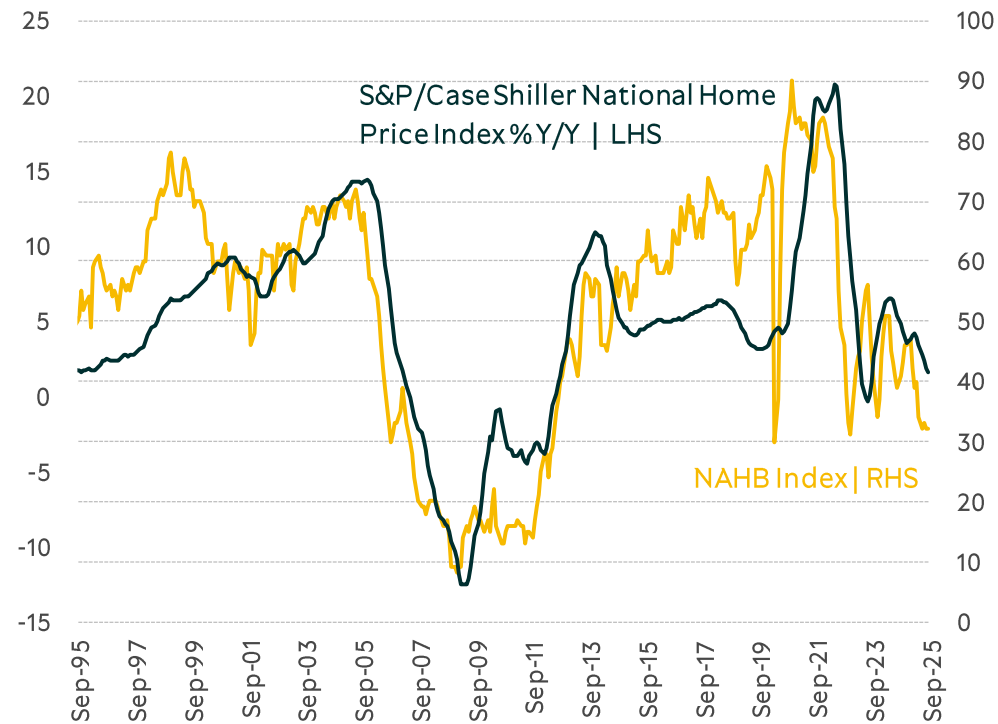


Residential Investment & House Permits

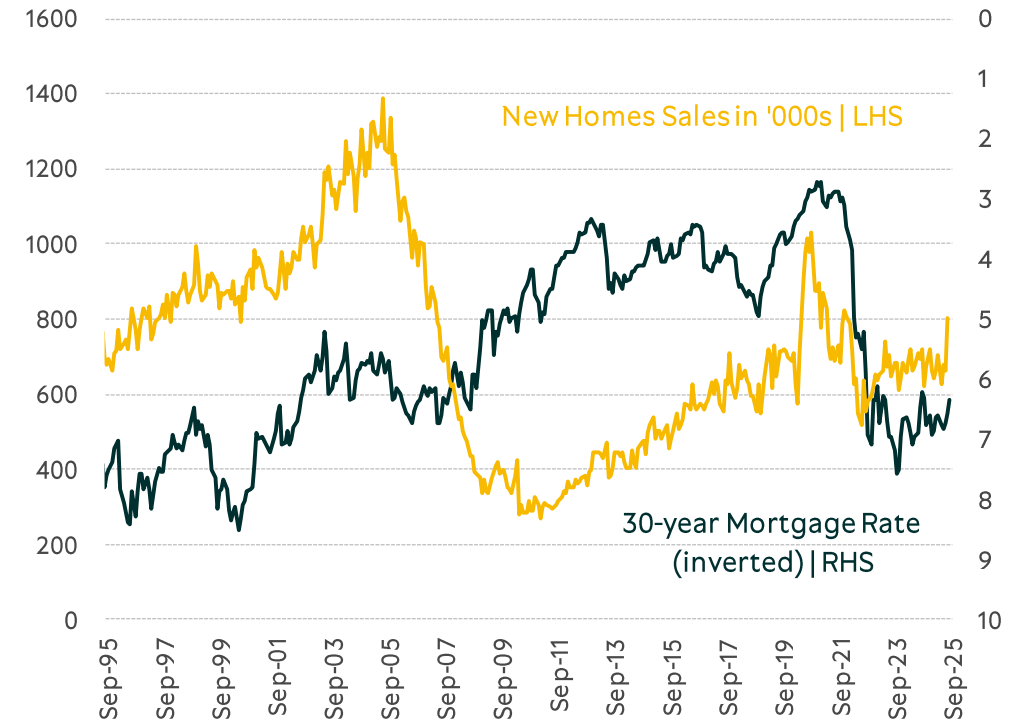


Housing Market | Sharp increase in New Home Sales in August following a decrease in 30-year mortgage rates. Homebuilder confidence remained low in September.

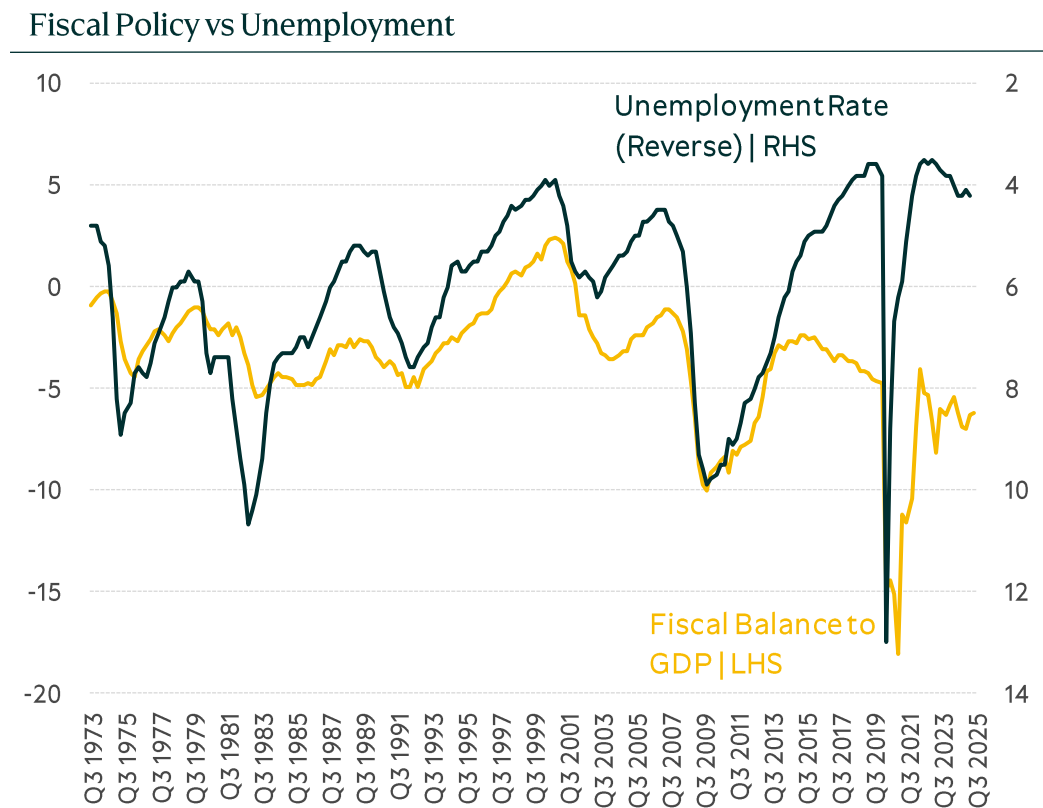
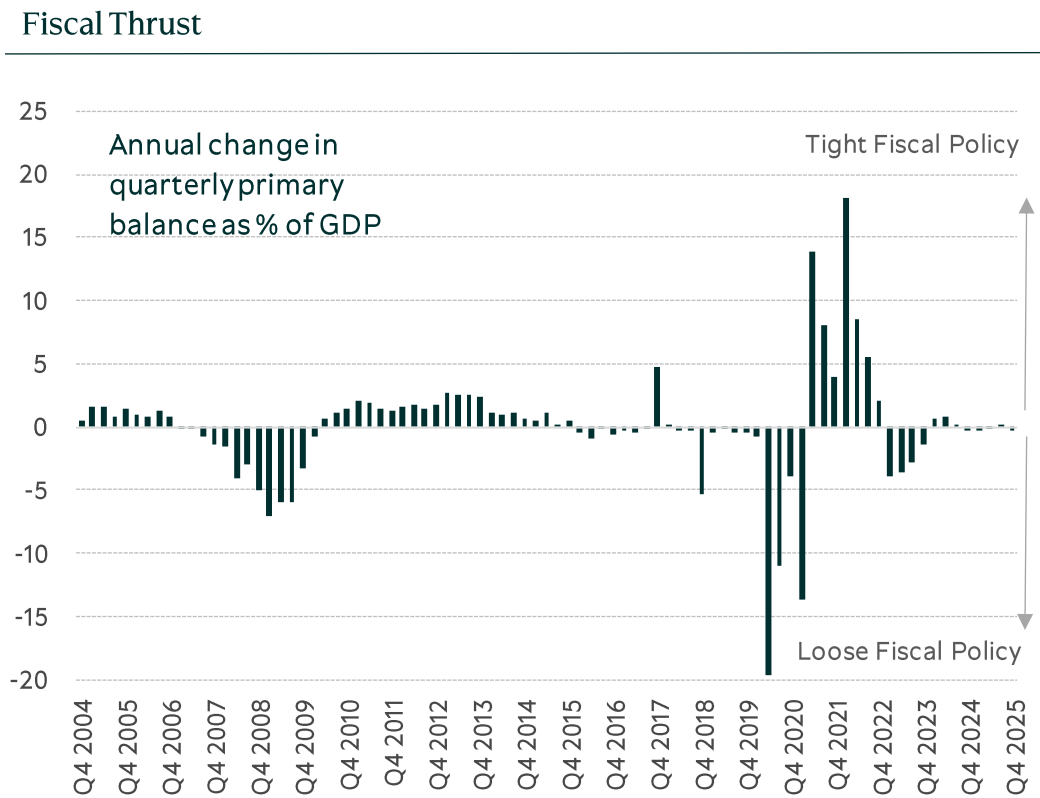
NAHB Index & S&P/Case Shiller Home Price Index



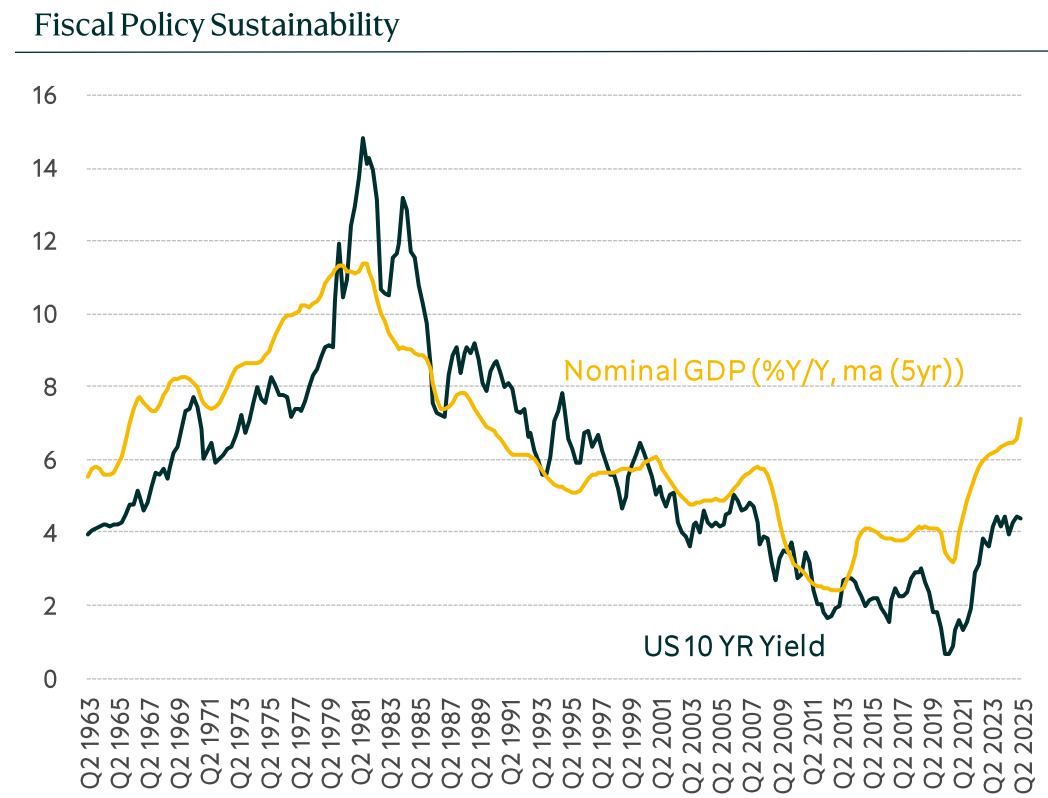
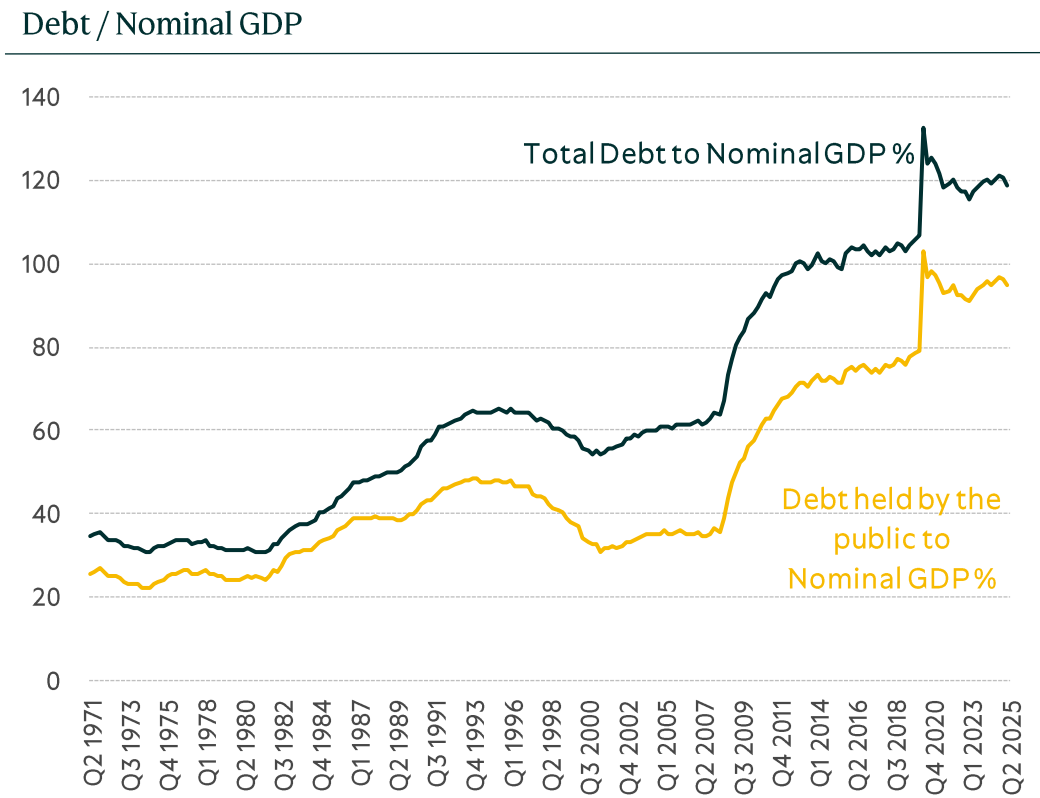
US new home sales and 30-year mortgage rates



Fiscal Policy | Still too loose vs unemployment. The slight improvement in the Fiscal Balance to GDP ratio is attributed to higher revenues (which incl. tariffs) and moderated spending growth. Fiscal challenges ahead.

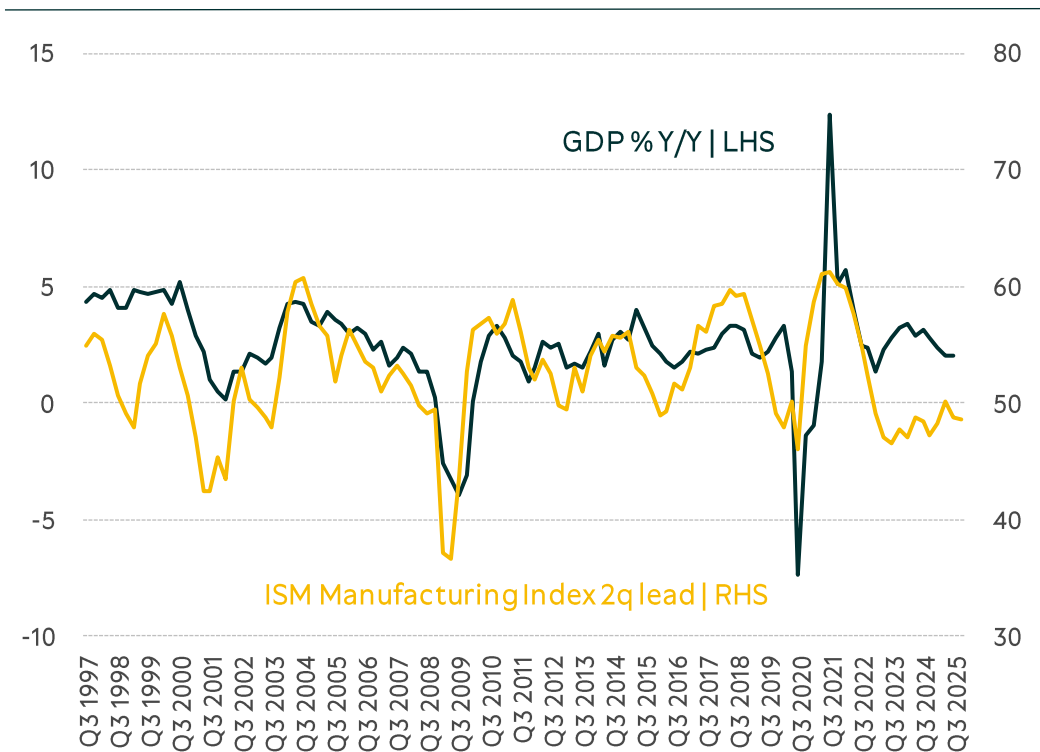


Fiscal Policy | Slight improvement in the Debt/Nominal GDP ratio largely due to nominal GDP growth outpacing the rate of debt accumulation in recent quarters. The long-term trajectory remains concerning.

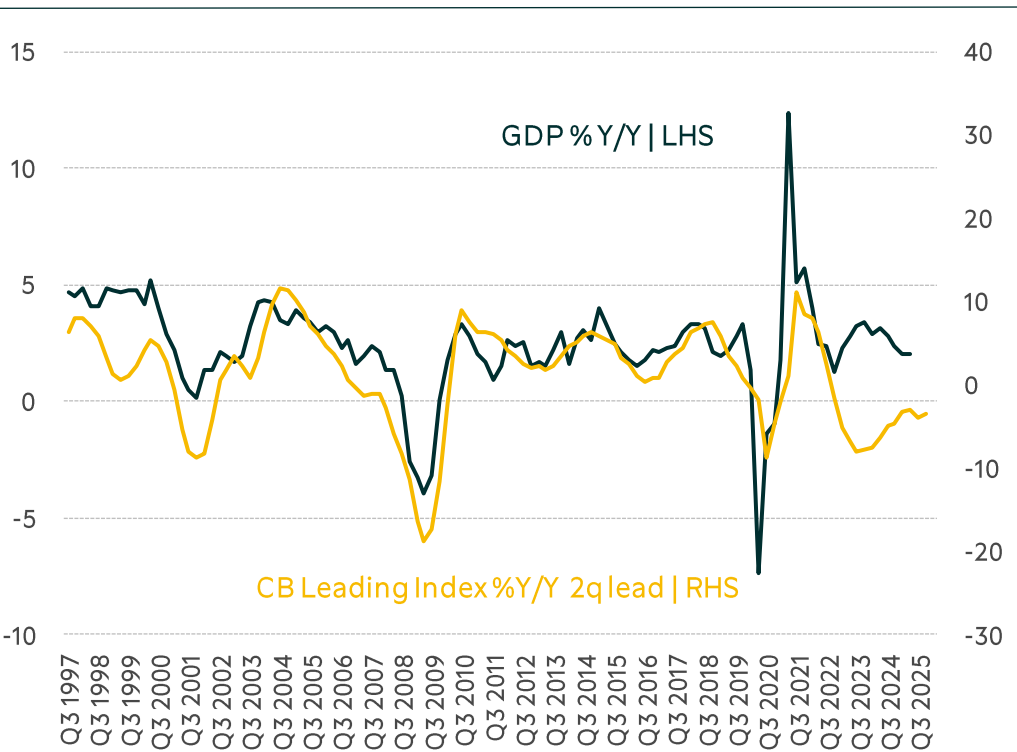


US GDP Outlook | Leading indicators point to deceleration in real GDP

GDP & ISM Manufacturing Indicator

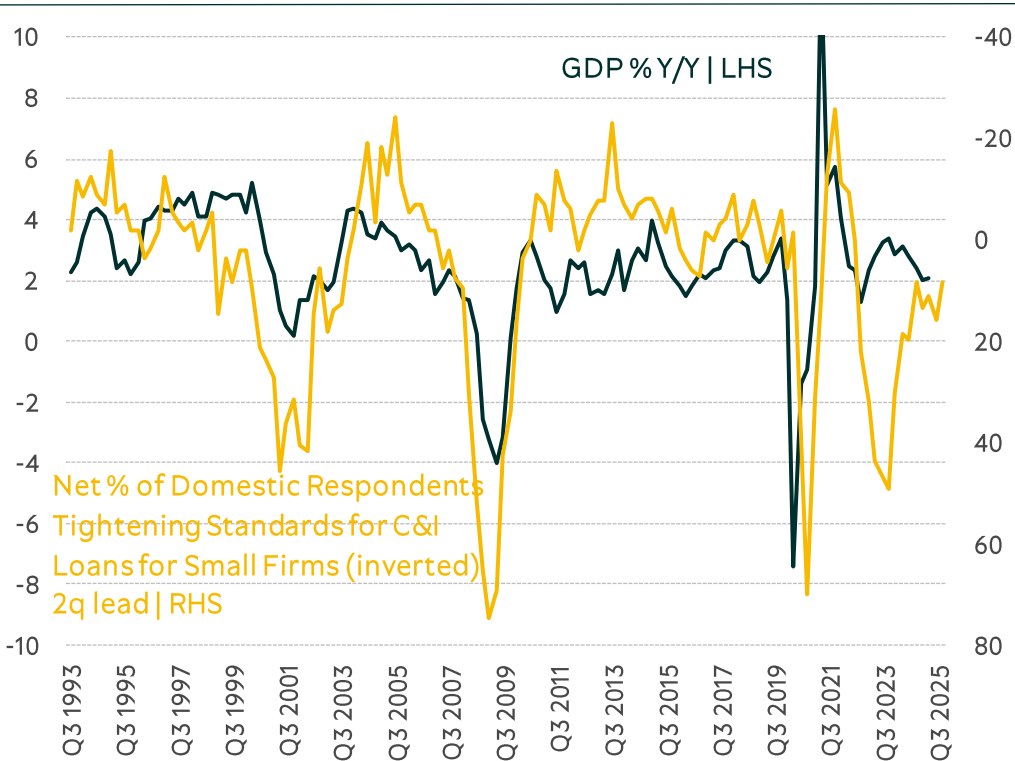


GDP & CB Leading Indicator

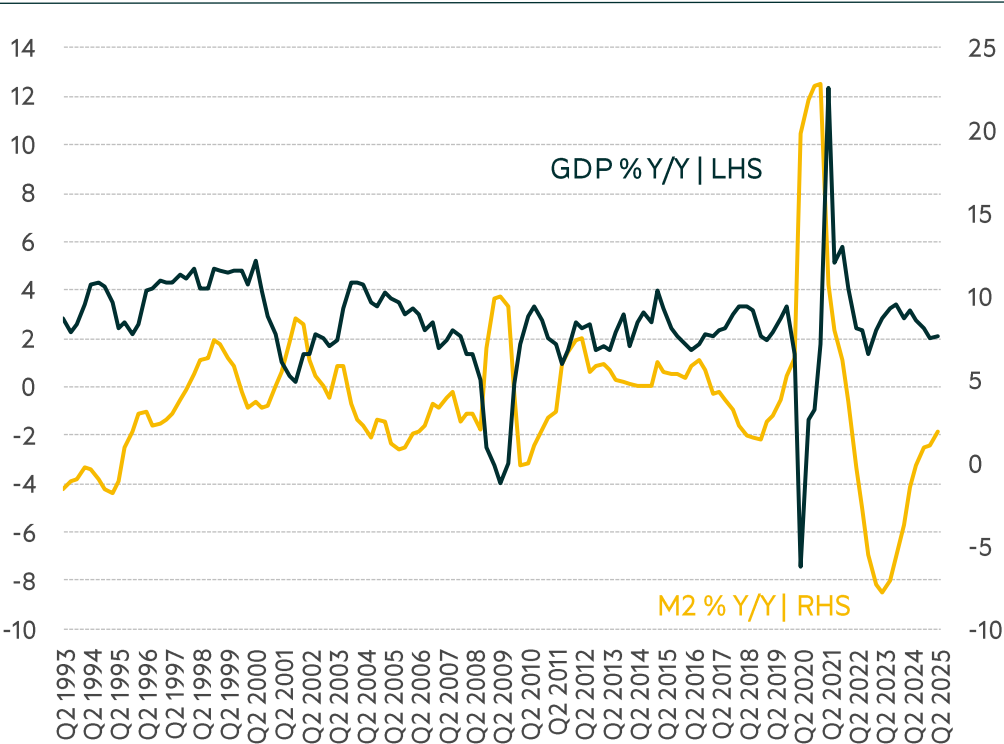


US GDP Outlook | Further decrease in Tightening of Lending Standards & improvement in M2

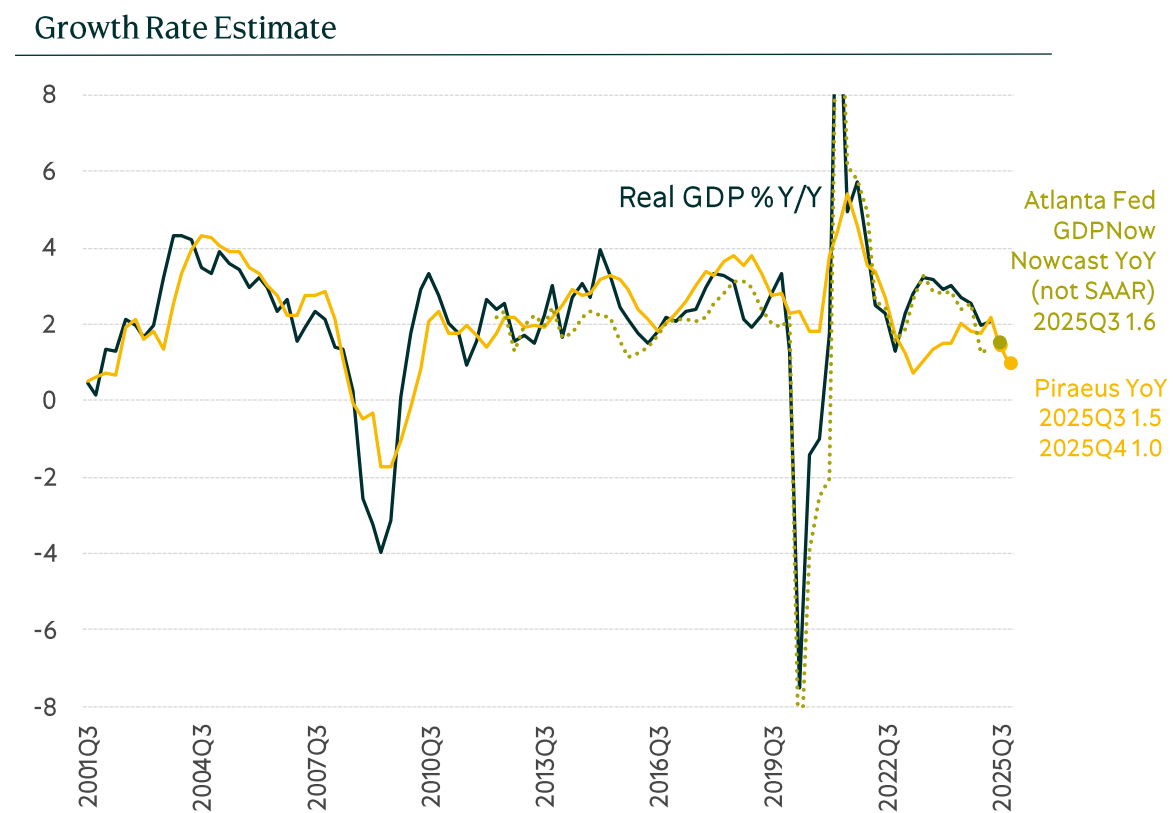
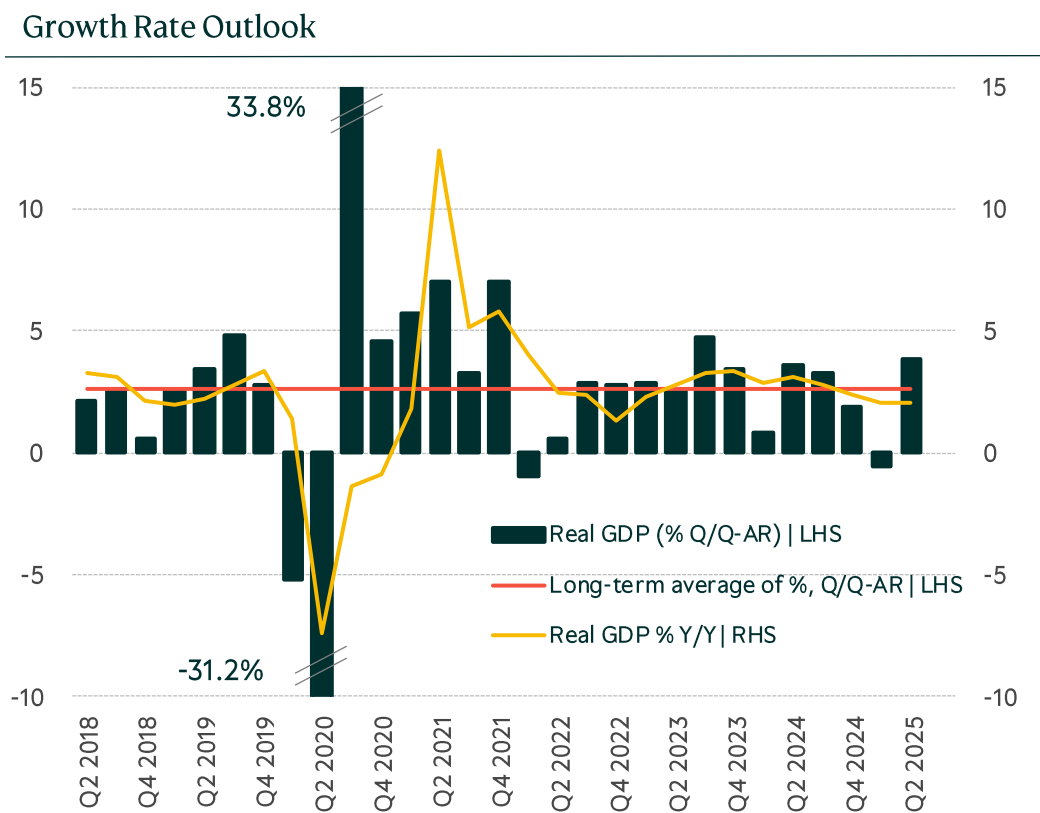
Senior Loan Officer Opinion Survey on Bank Lending Practices



M2 growth vs GDP

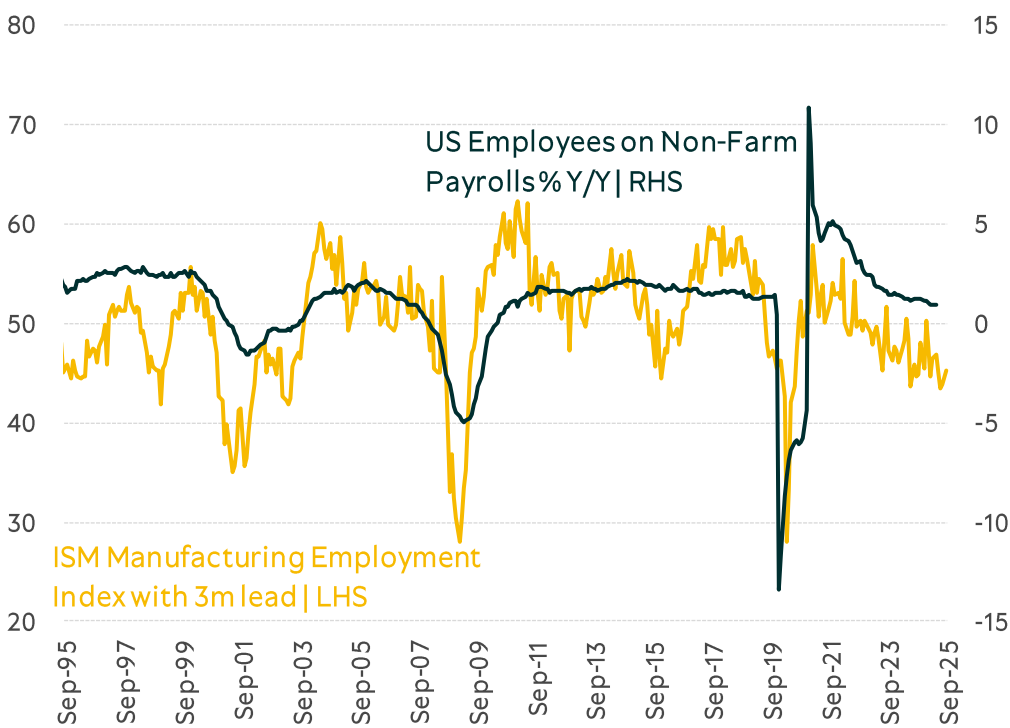


US GDP Outlook | GDP growth is projected to slow down as elevated uncertainty is likely to weigh on growth

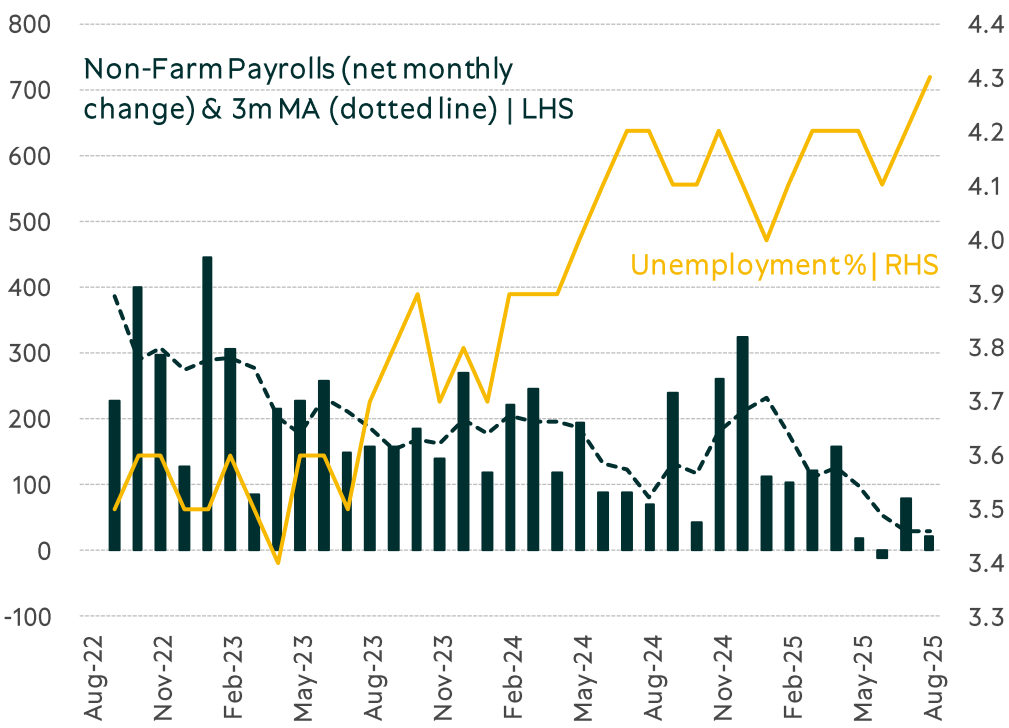


US Labour Market | Non-farm payroll growth slows, while manufacturing employment remains under pressure

Employment & Leading Manufacturing Indicator

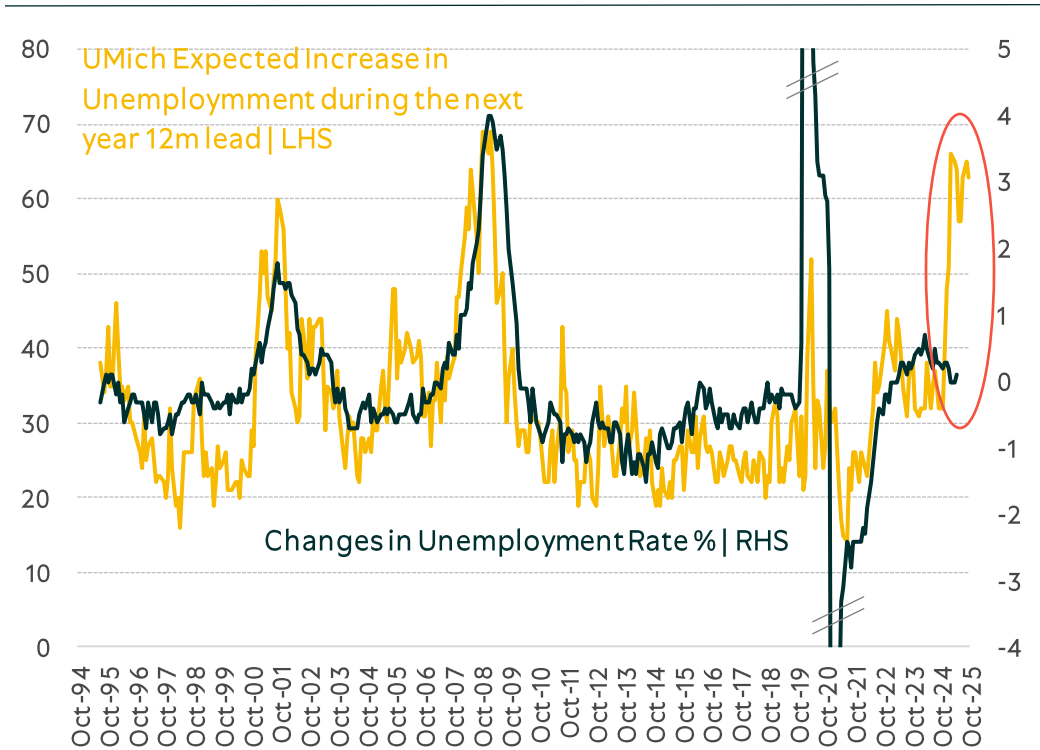


Nonfarm payrolls & Unemployment

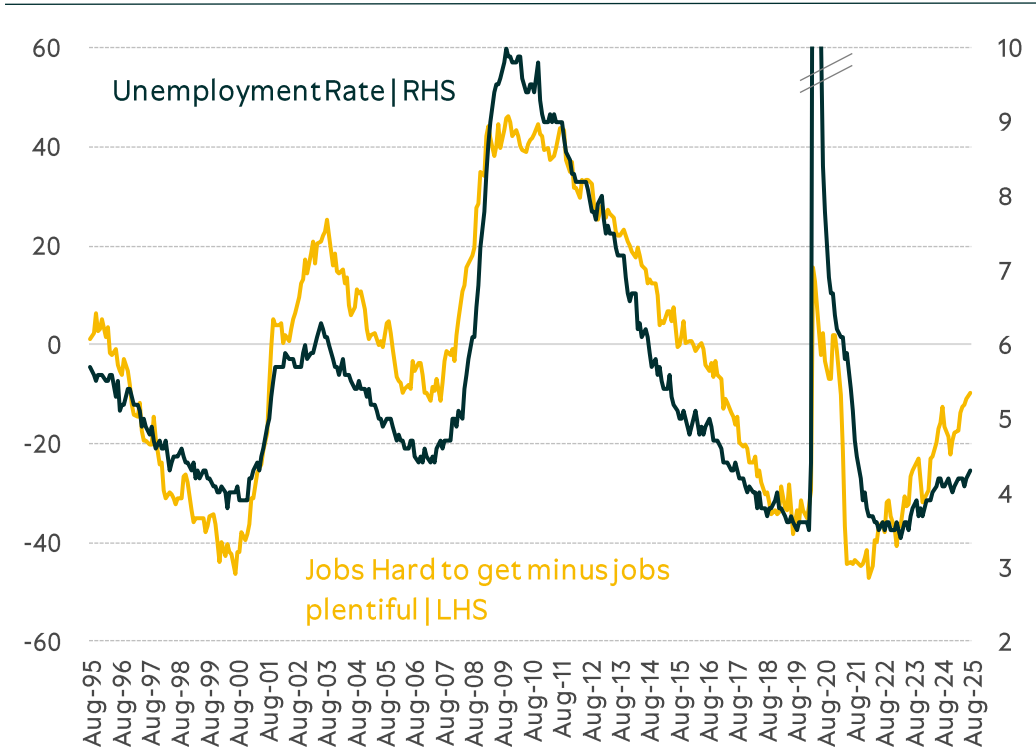


US Labour Market | Unemployment expectations remain elevated. The gap between those saying jobs were hard to get and jobs were plentiful narrowed in September.

Unemployment Rate & expected increase in unemployment 1yr ahead (UMich)

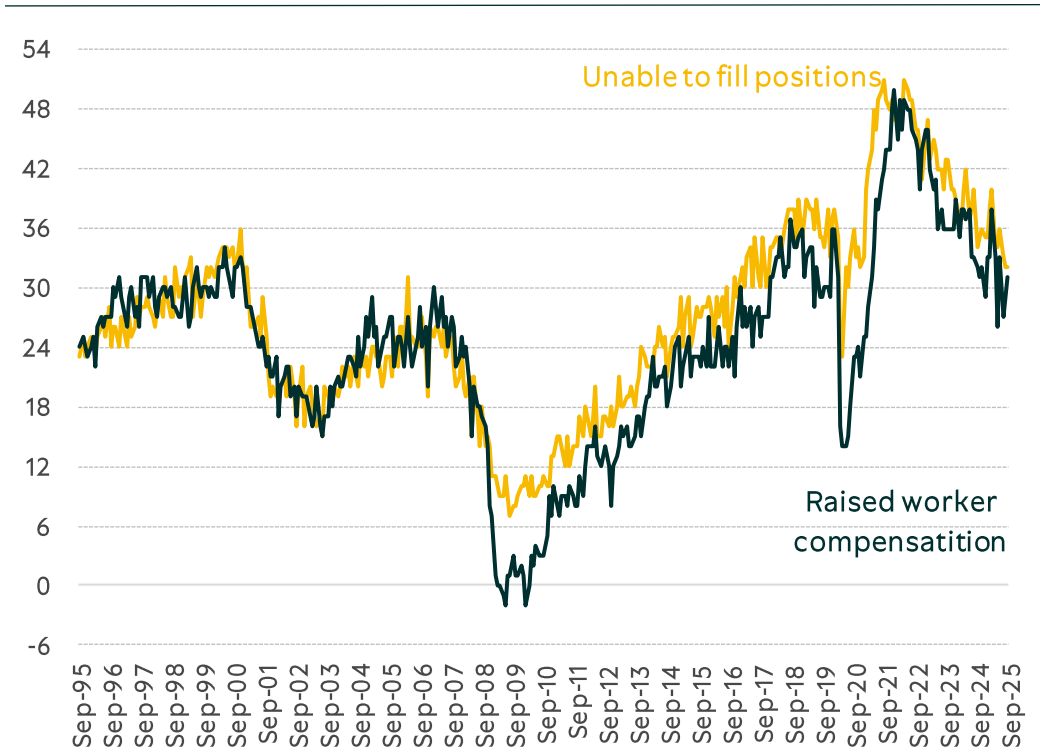


Conference Board Labor market differential & Unemployment rate

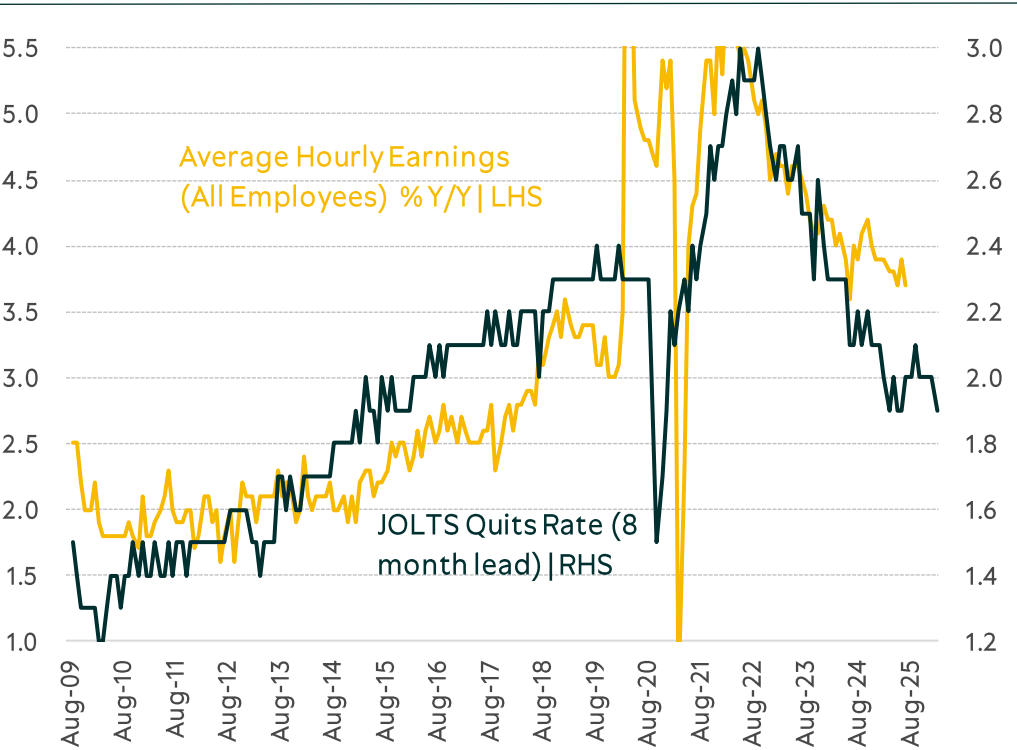


US Labour Market | According to September’s NFIB survey a net 31% reported raising compensation, up 2 points from August. The JOLTS Quits Rate back to December 2024 levels.

US NFIB small business survey

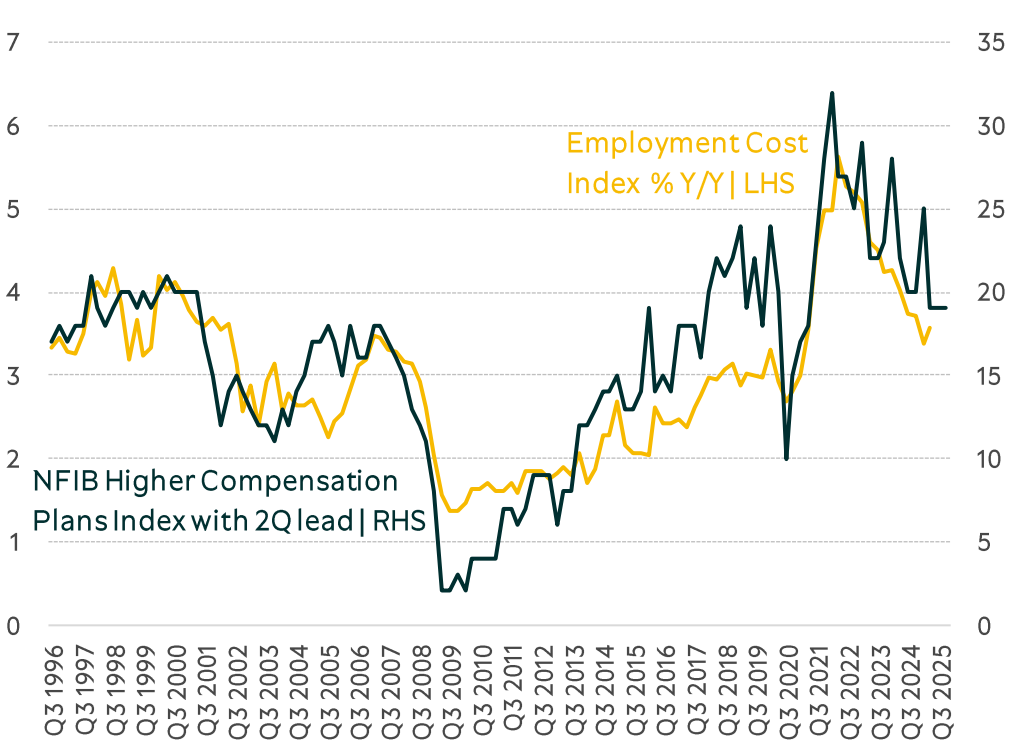


Wages & Quits Rate

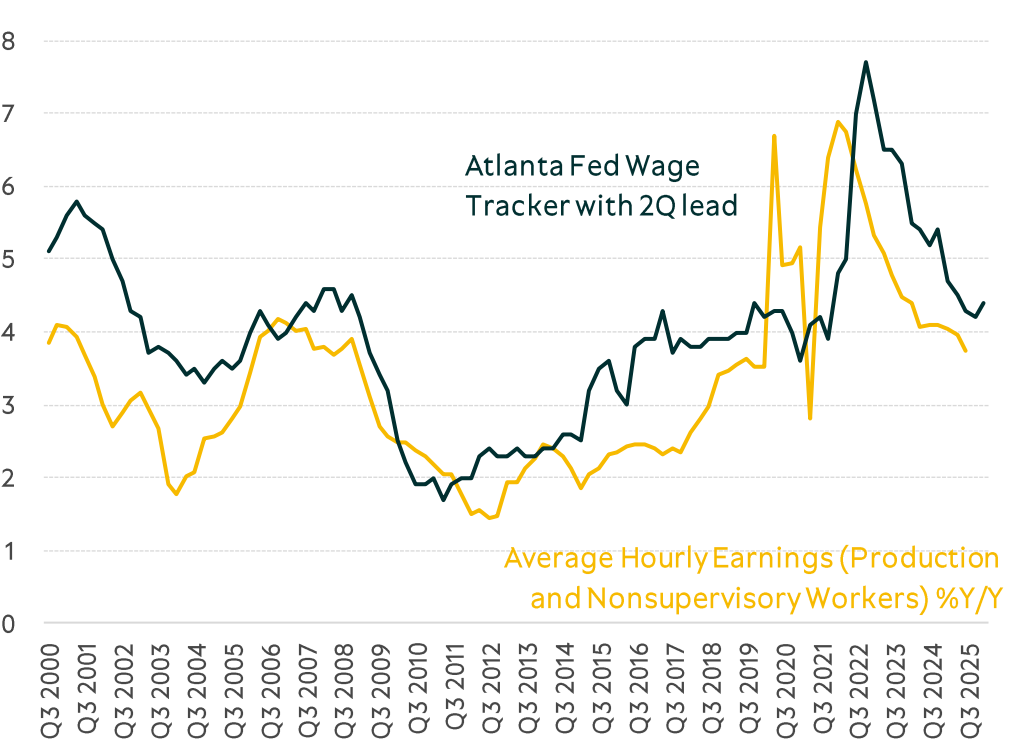


US Wage Tracker | Wage pressures are easing but remain elevated

Employment Cost & Leading Indicator

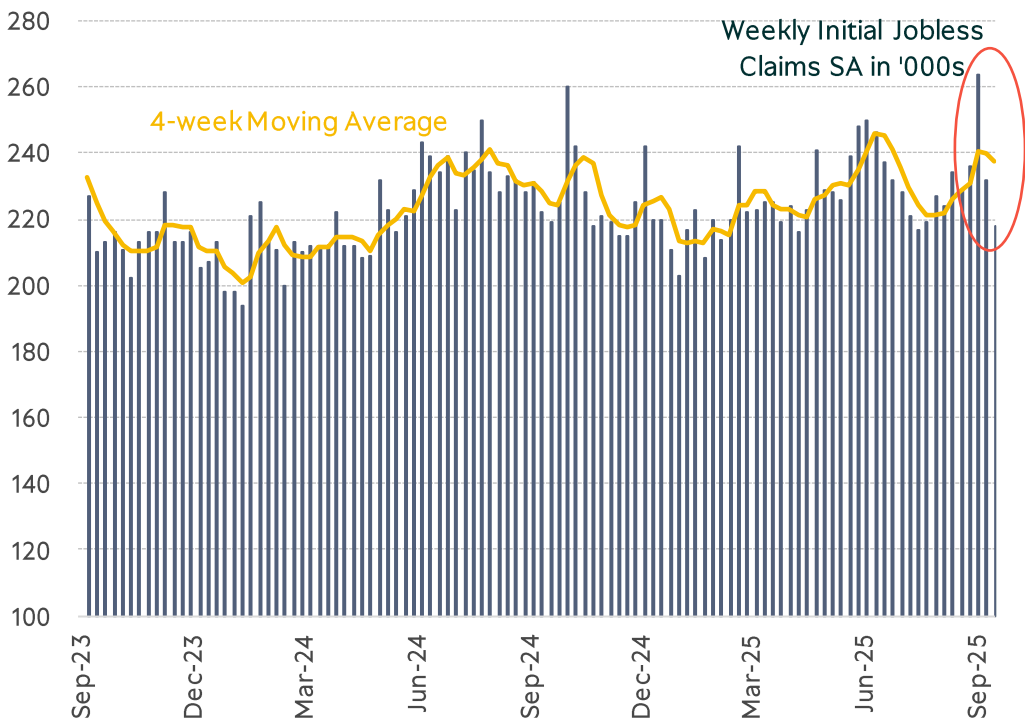


Wages & Leading Indicator

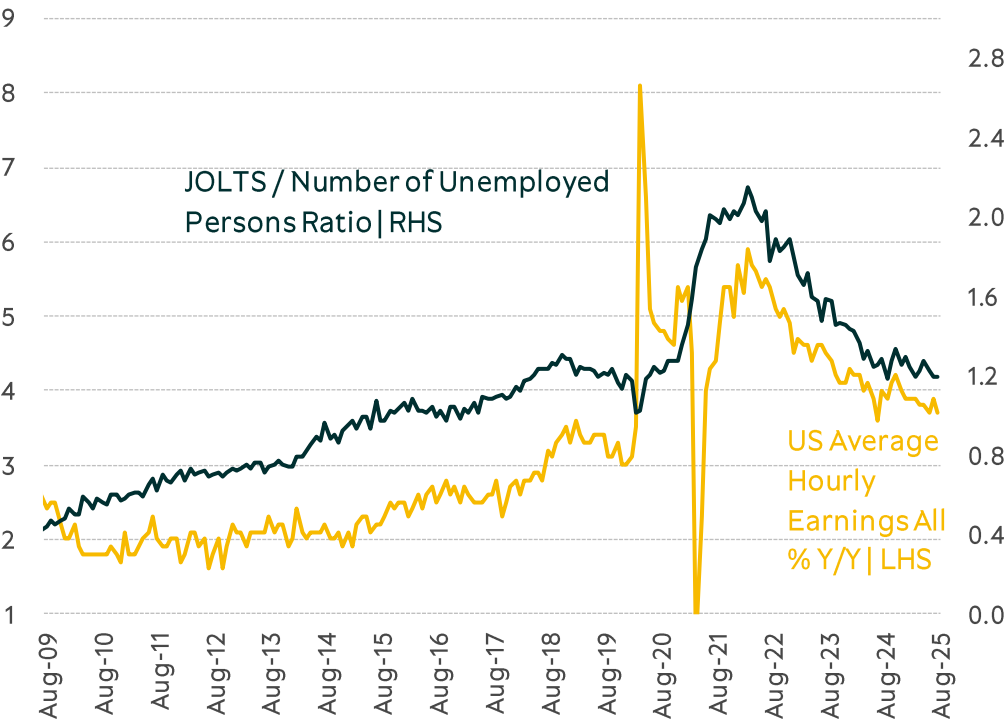


US Labour Market | Weekly Initial Jobless Claims are back below their 4-week average

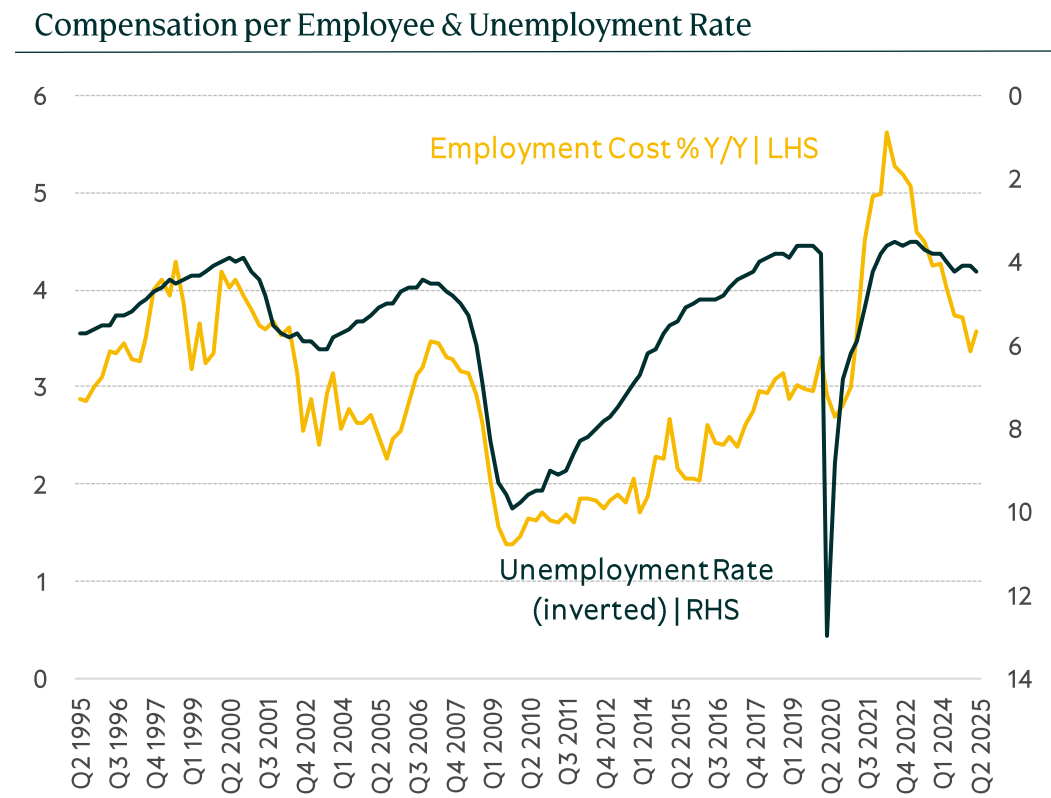
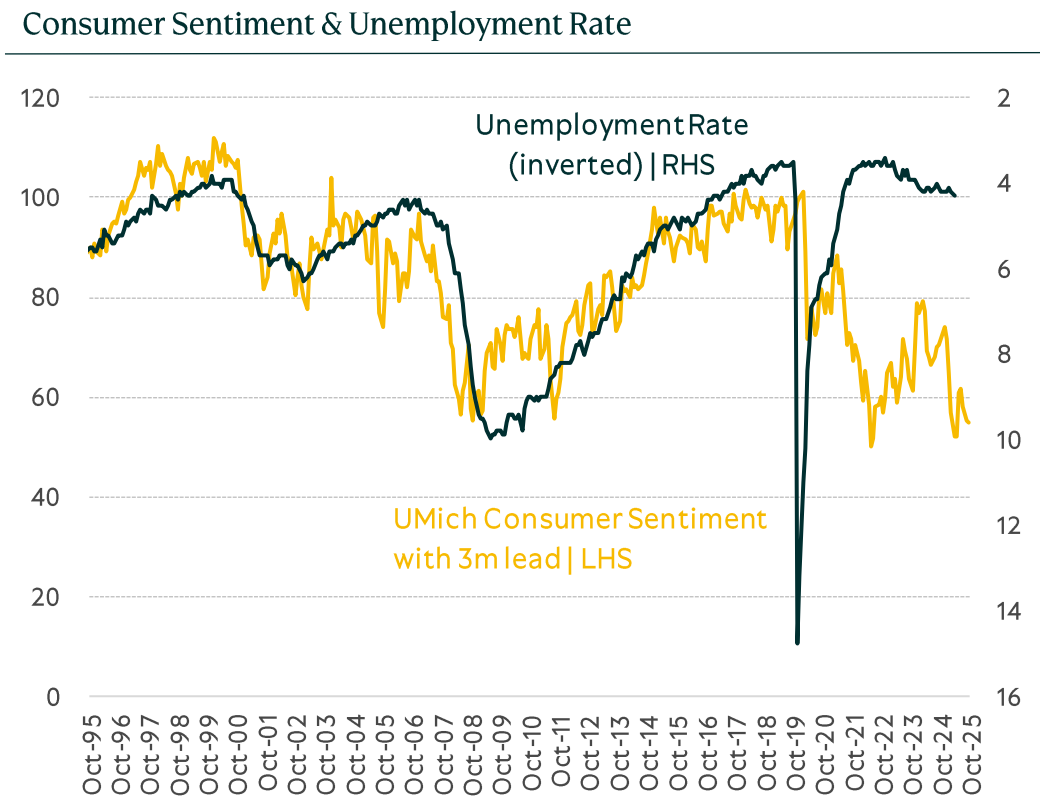
Weekly Initial Jobless Claims



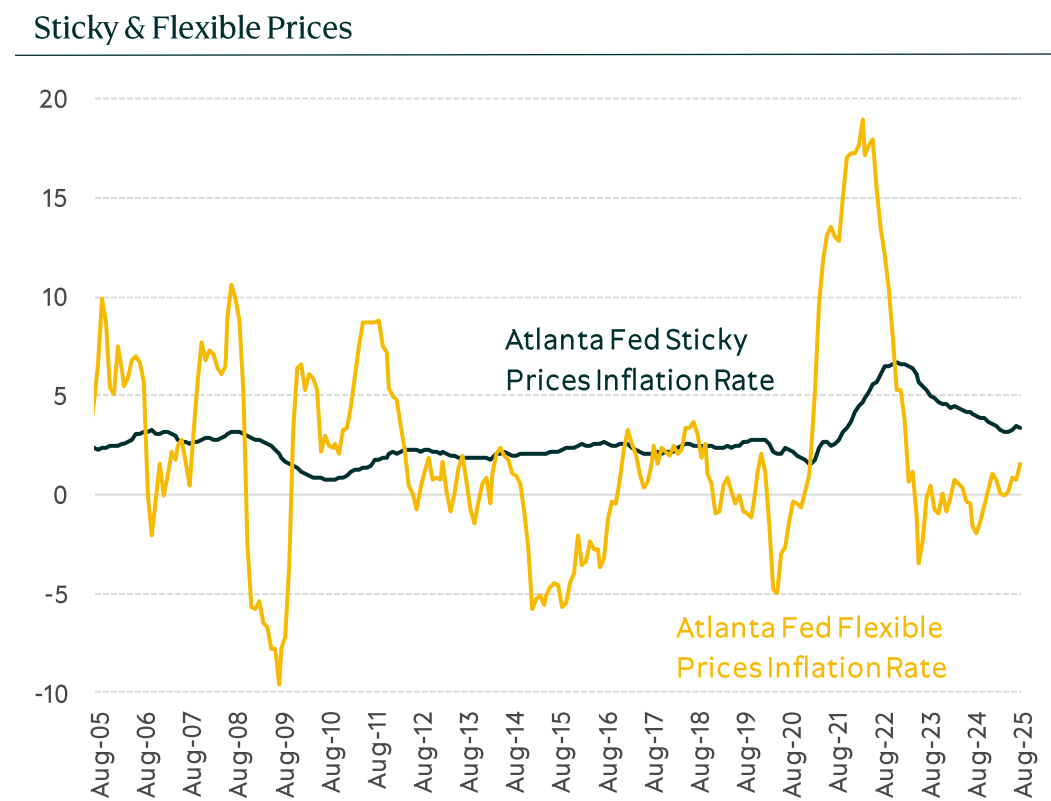
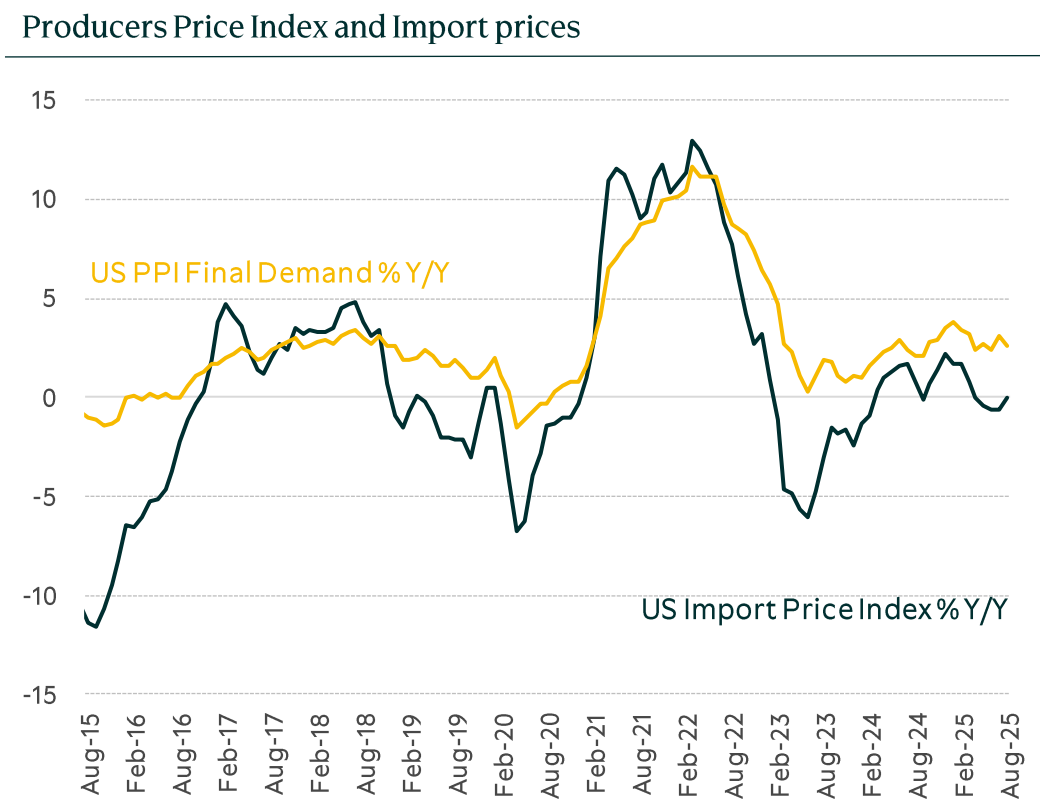
Demand & Supply in Labour Market



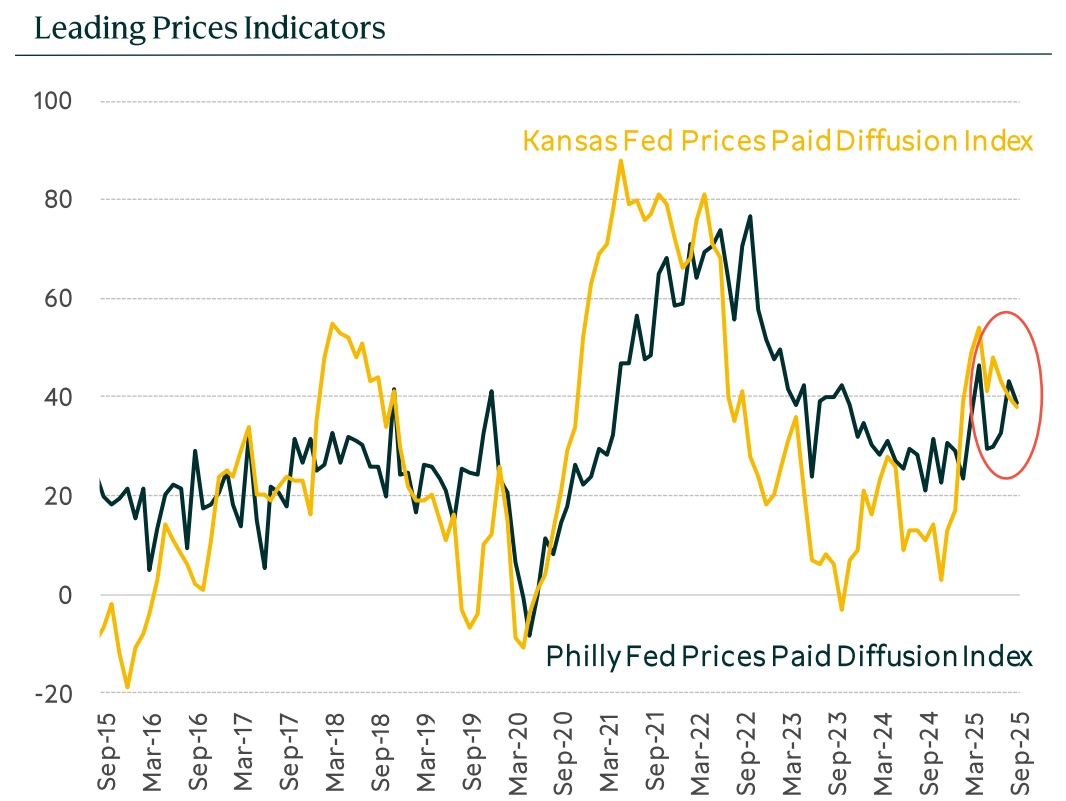
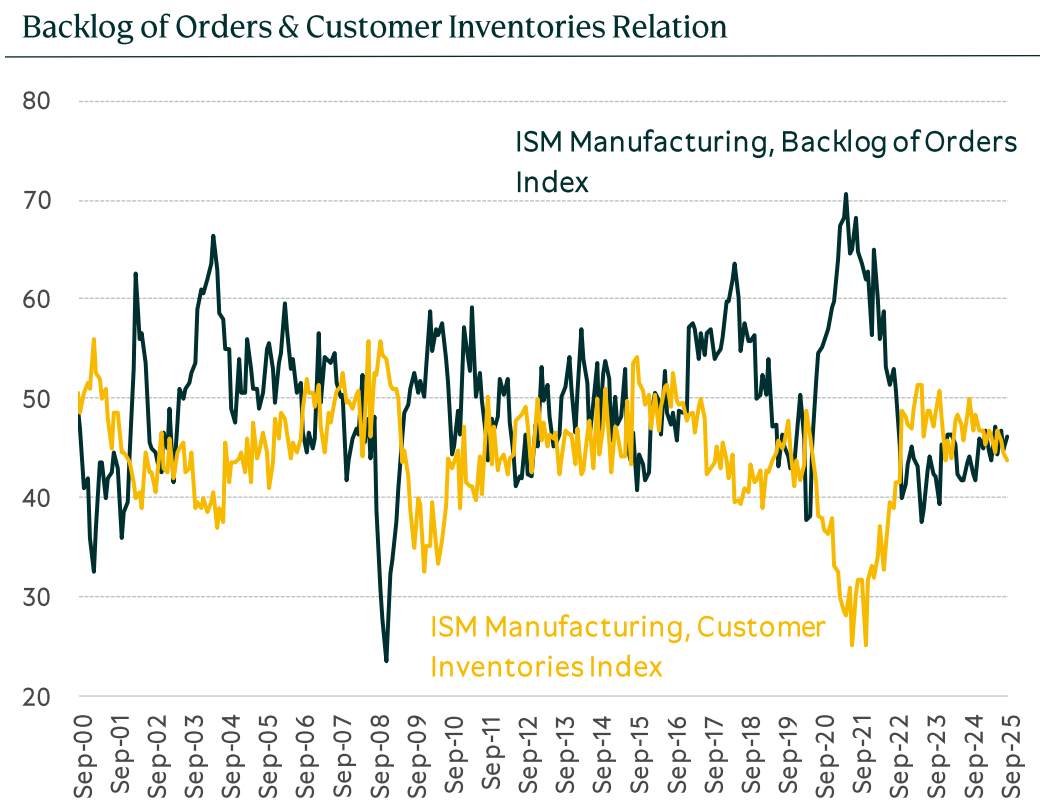
US Labour Market | Consumer sentiment declined in October for a third month in a row. Employment costs moved up in Q2 2025.



US Alternative Inflation Metrics | Inflation pressures had been mostly limited to the sticky prices segment, though flexible prices are on the rise. Significant slowdown at the producer level in August.

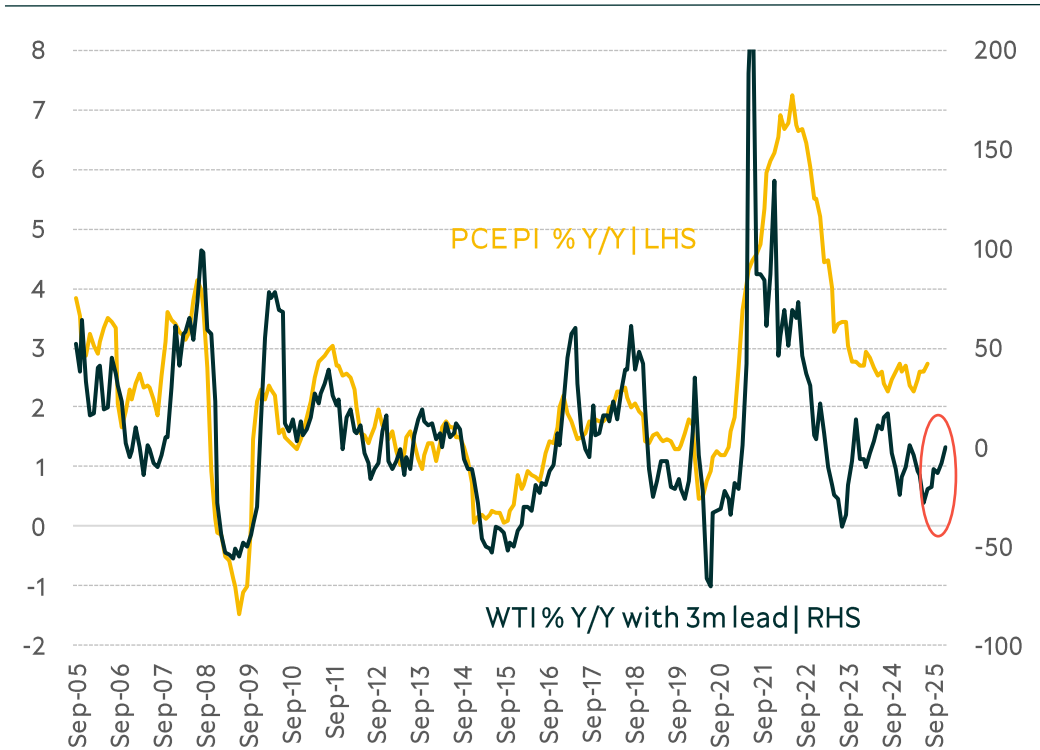


US Supply & Demand Gap | Backlog of Orders above Customer inventories in September; price pressures from both regional Feds' surveys are trending lower.

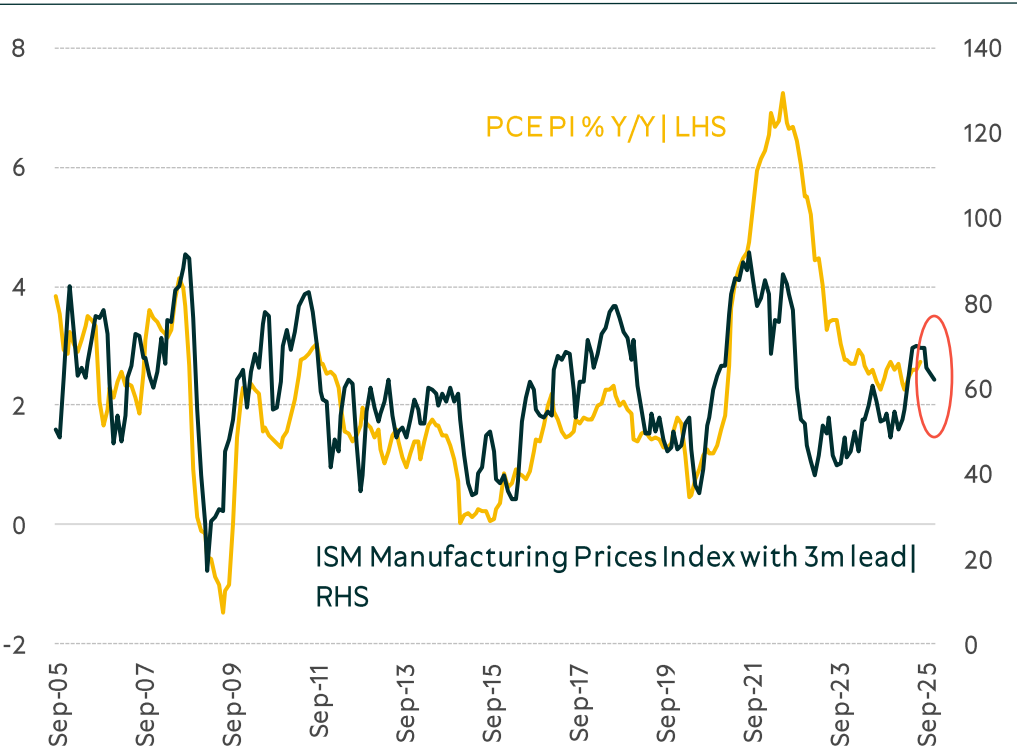


US Inflation & Energy Prices | Leading price indicators are mixed. Energy still supportive. The Manufacturing Price Paid component dropped to 61.9 in September.

Inflation Rates & Energy Prices

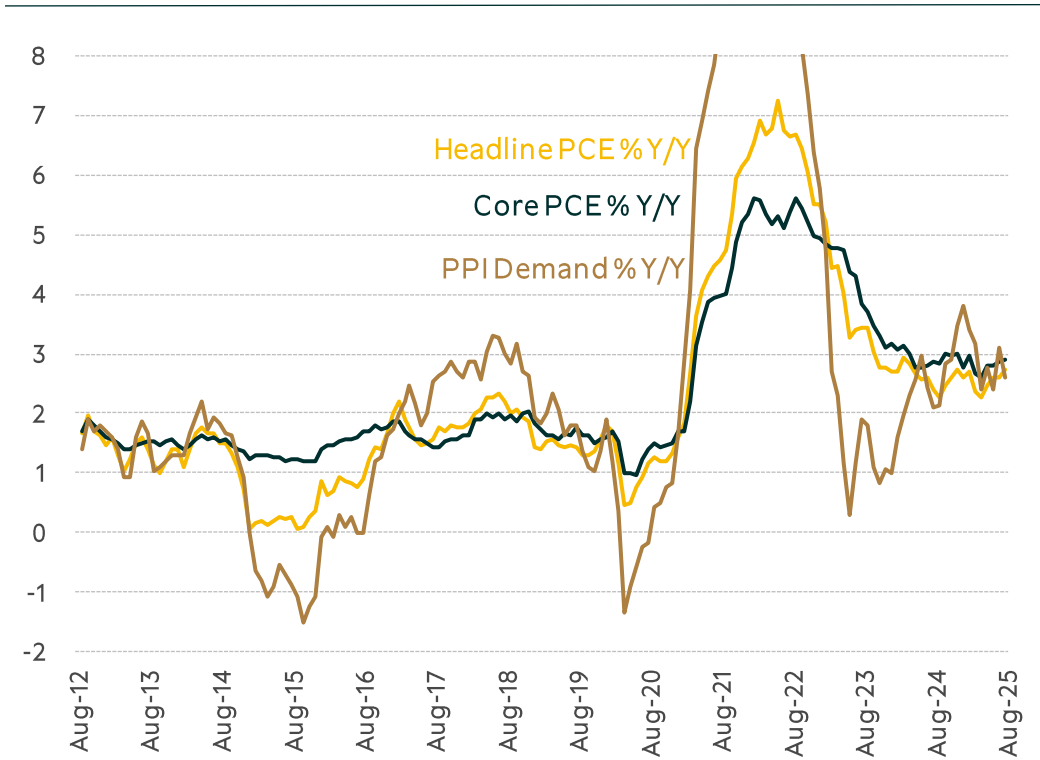


Inflation Rate & Leading Prices Indicator

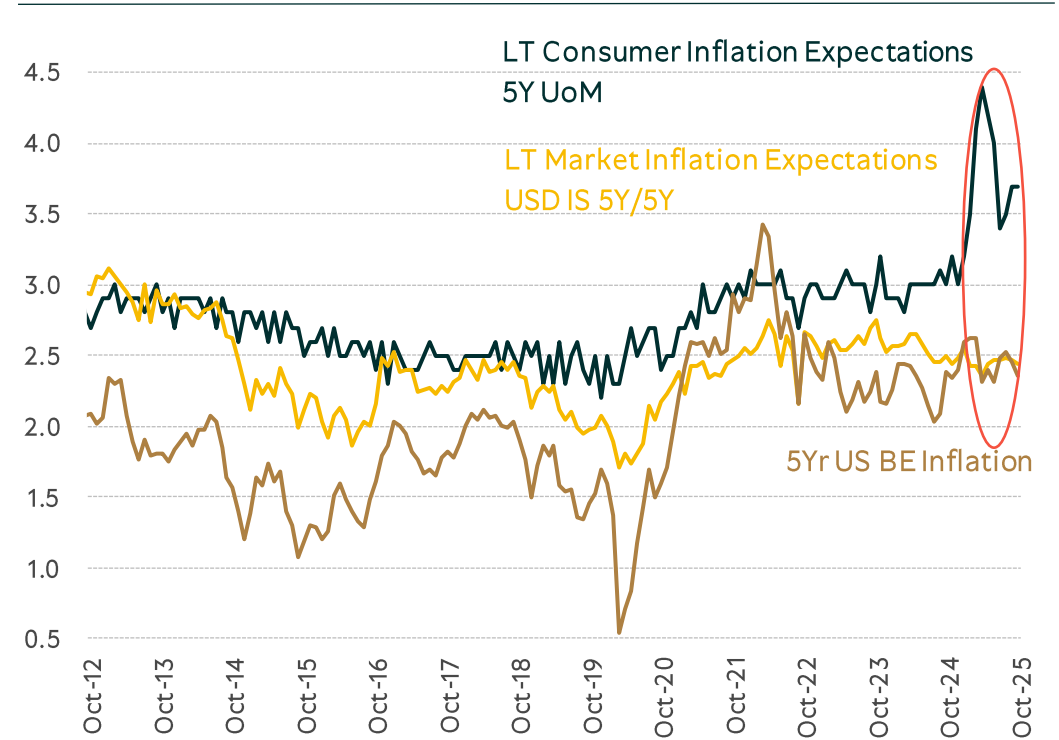


US Headline & Core Inflation | Headline PCE inflation modestly accelerated in August. Consumers' long-term view on inflation remains higher than market's (3.7% vs 2.4%)

Inflation Rates

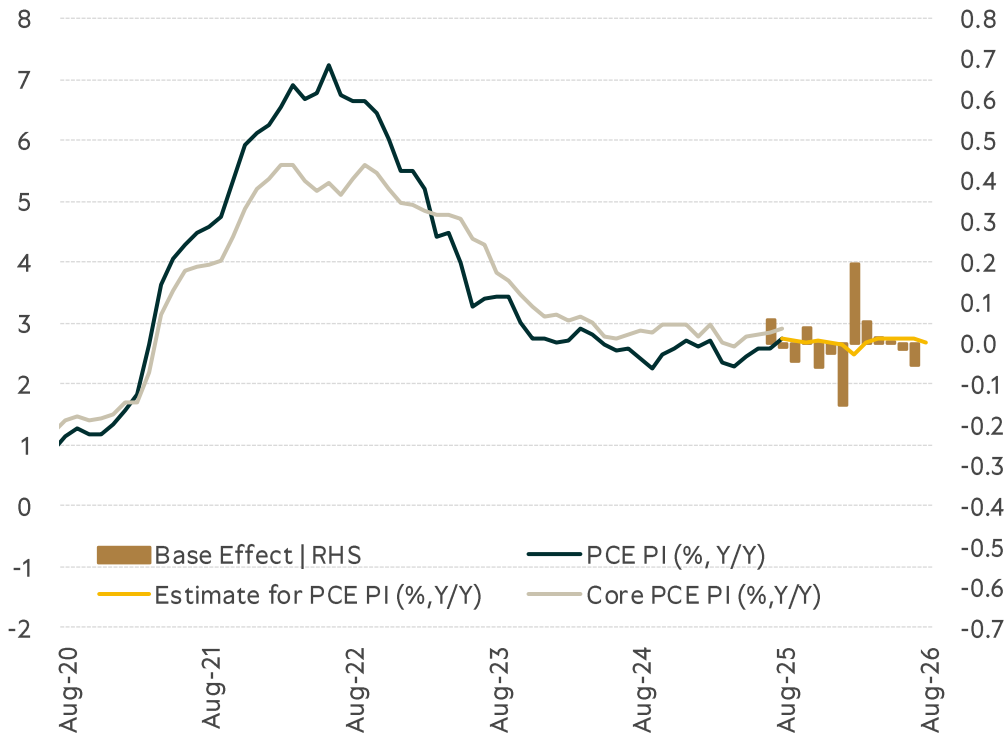


Long-Term Inflation Expectations

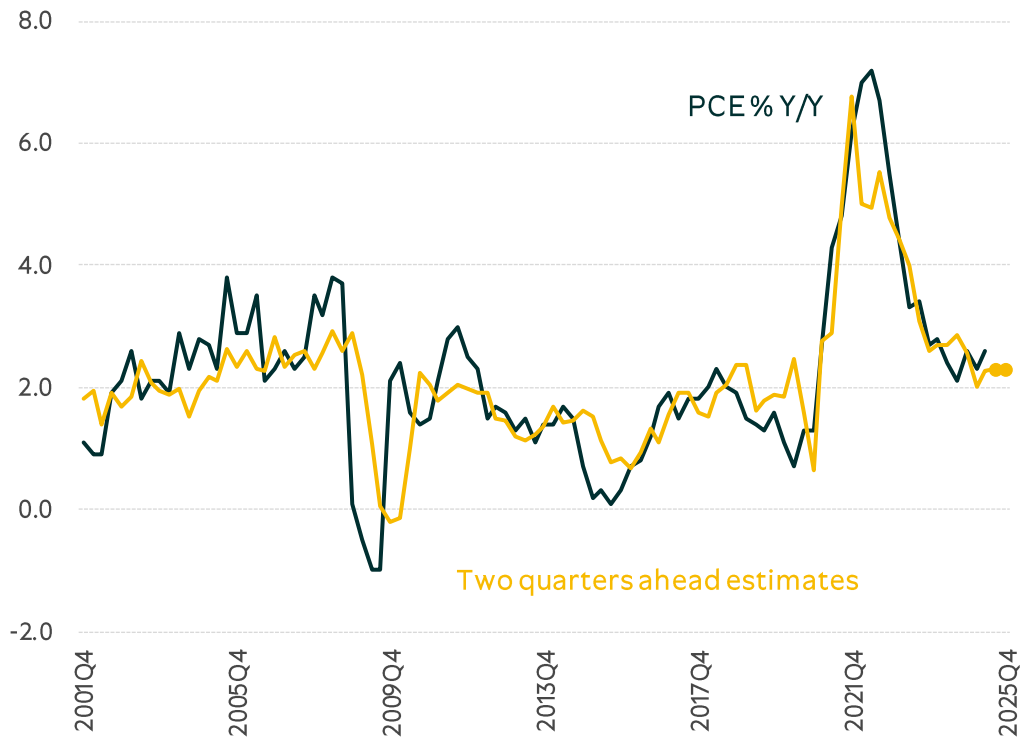


US Inflation Outlook | Both our models still point to inflation above 2.5% for 2025

Inflation Rate Forecast | Statistical Model

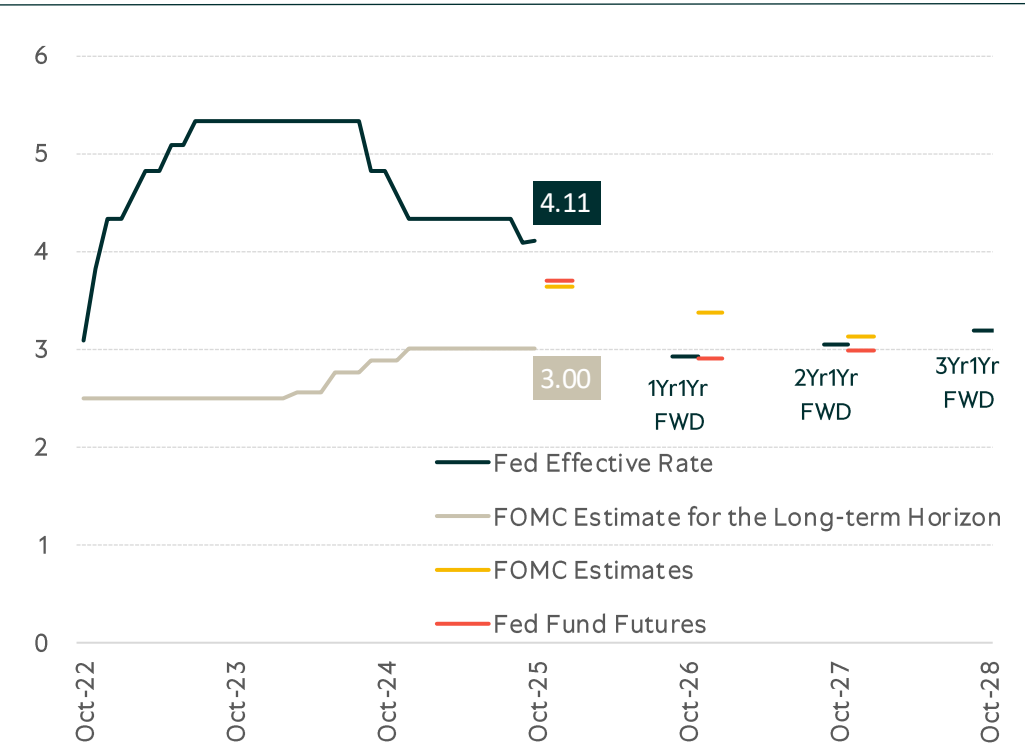


Inflation Rate Forecast | Macro Model

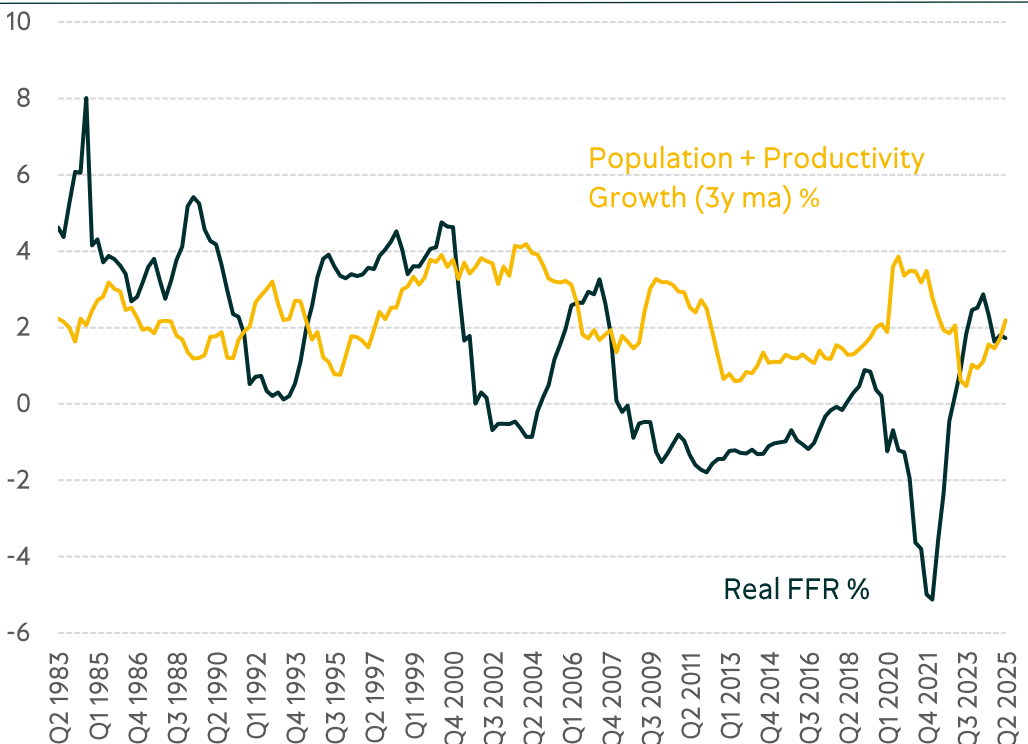


US Interest Rates | 1Y1Y Forward rates close to FOMC's long-term target

Interest Rates | Fed Effective Rate

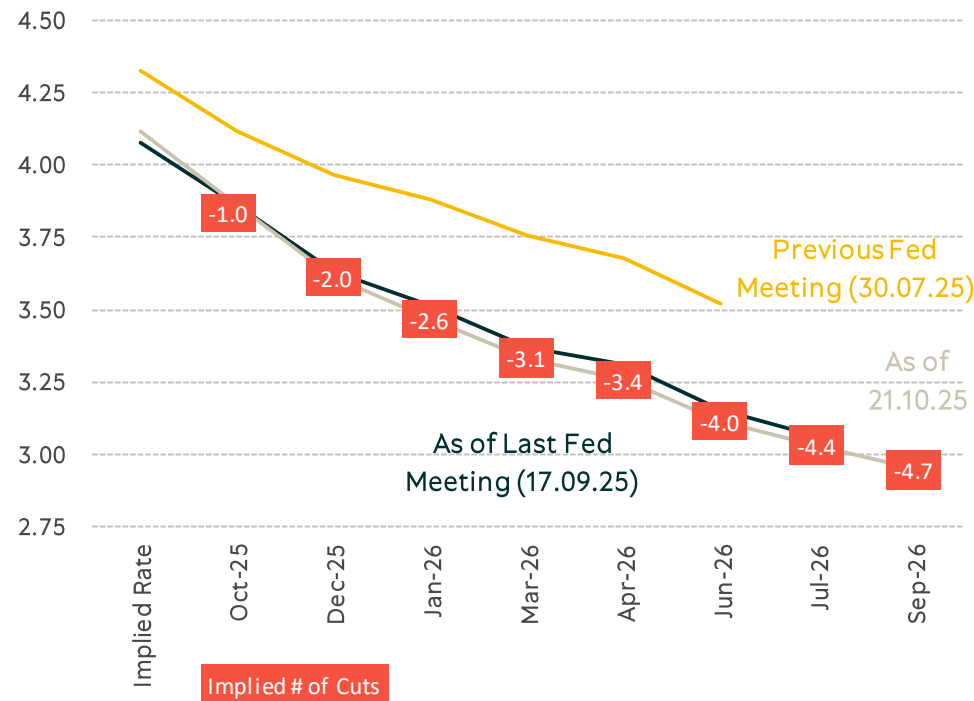


Real FFR (FFR – Core PCE) & Population + Productivity growth

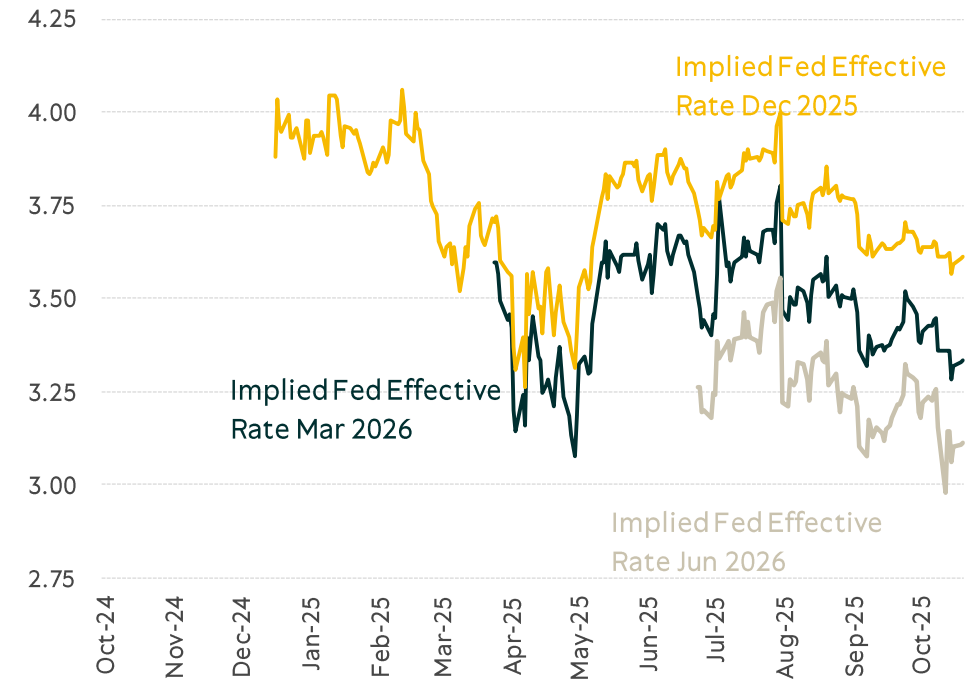


US Interest Rates | A more aggressive rate cut trajectory is anticipated by the markets following the large revisions in the non-farm payrolls

Implied Overnight Rate based on Overnight Index Swaps

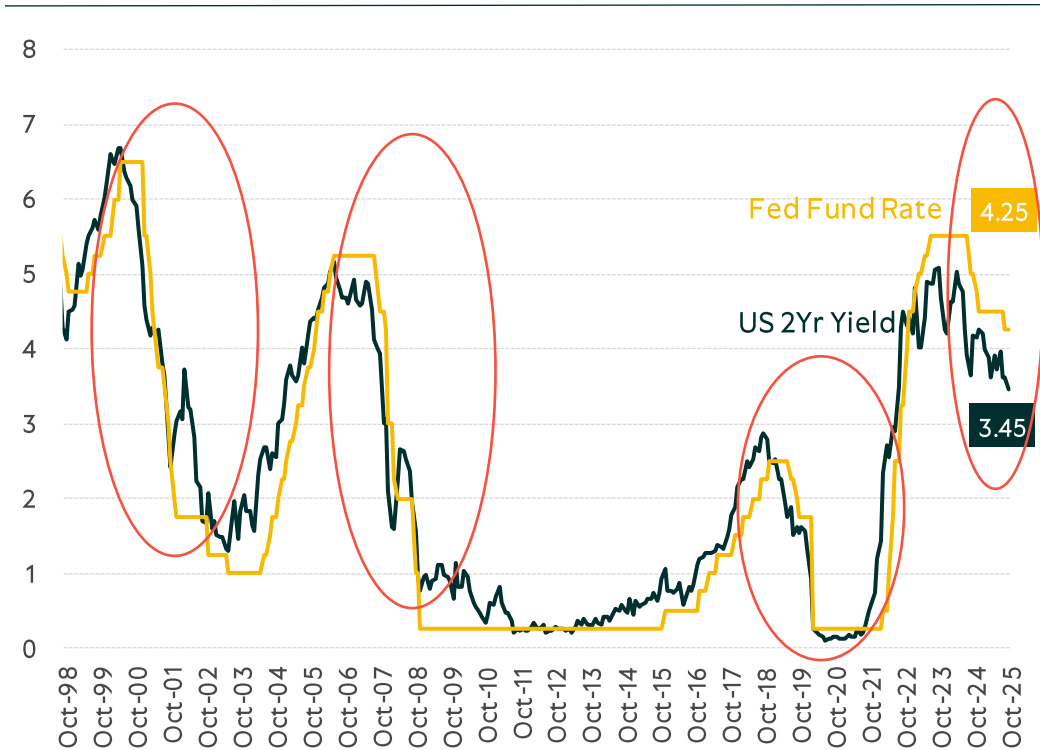


Interest Rates | Implied Fed Effective Rate



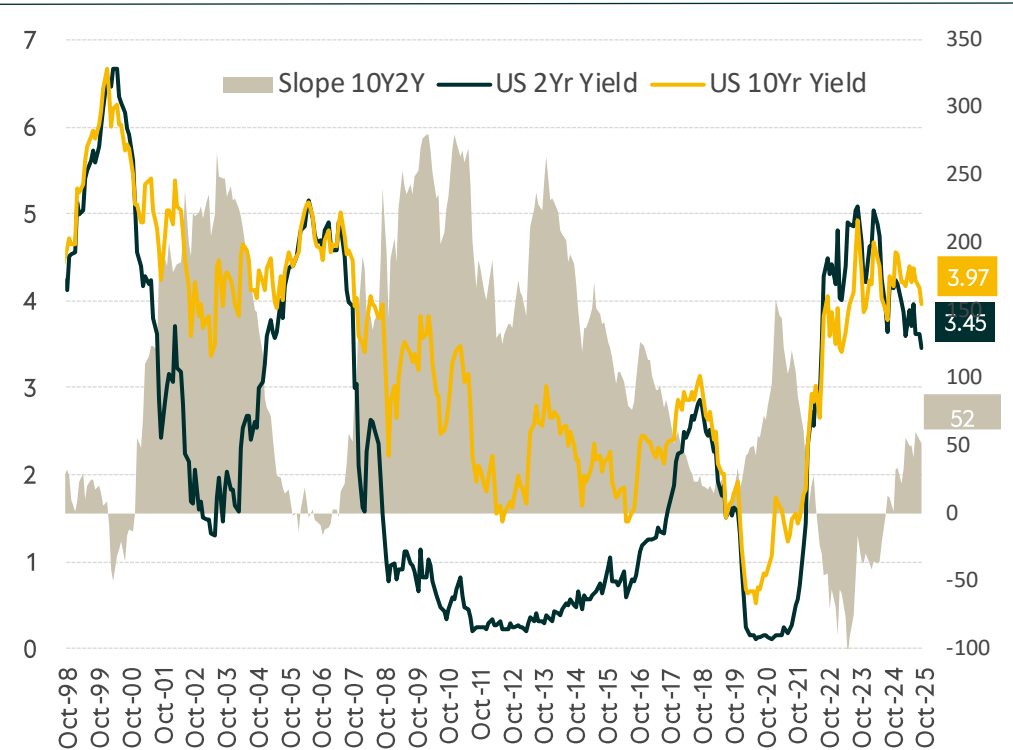
US | The Fed resumed cutting rates in 2025 by reducing its benchmark rates by 25 bps in September as expected, amid downside risks to employment

Fed Fund Rate & US Treasury Yield



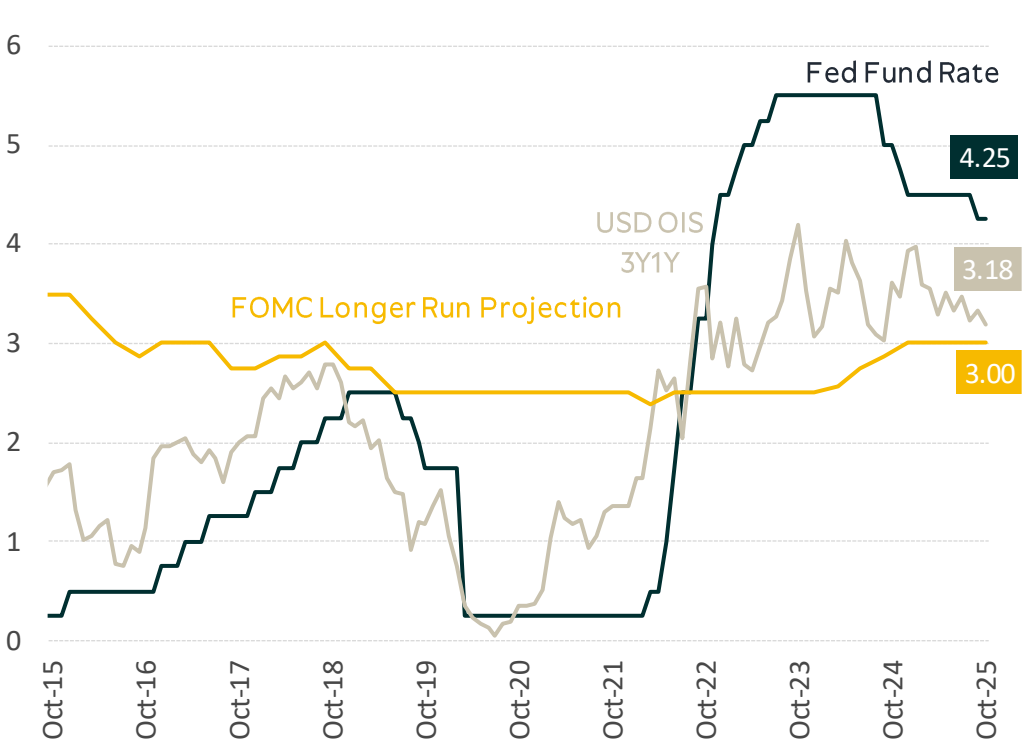
Note: Monthly data apart from the last observation which shows the latest available daily value

US Yield Curve



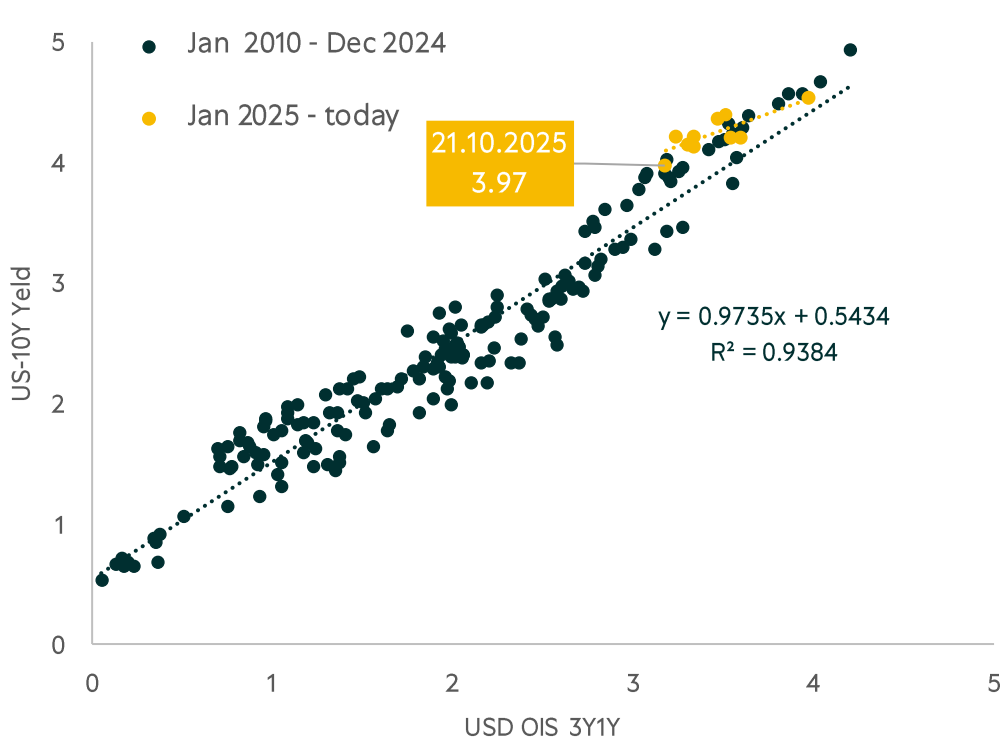
US Long-Term Rates | Short-term rates 4 years in the future approaching target (3%). 10- year rates above “fair” value given the current level of short-term rates.

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



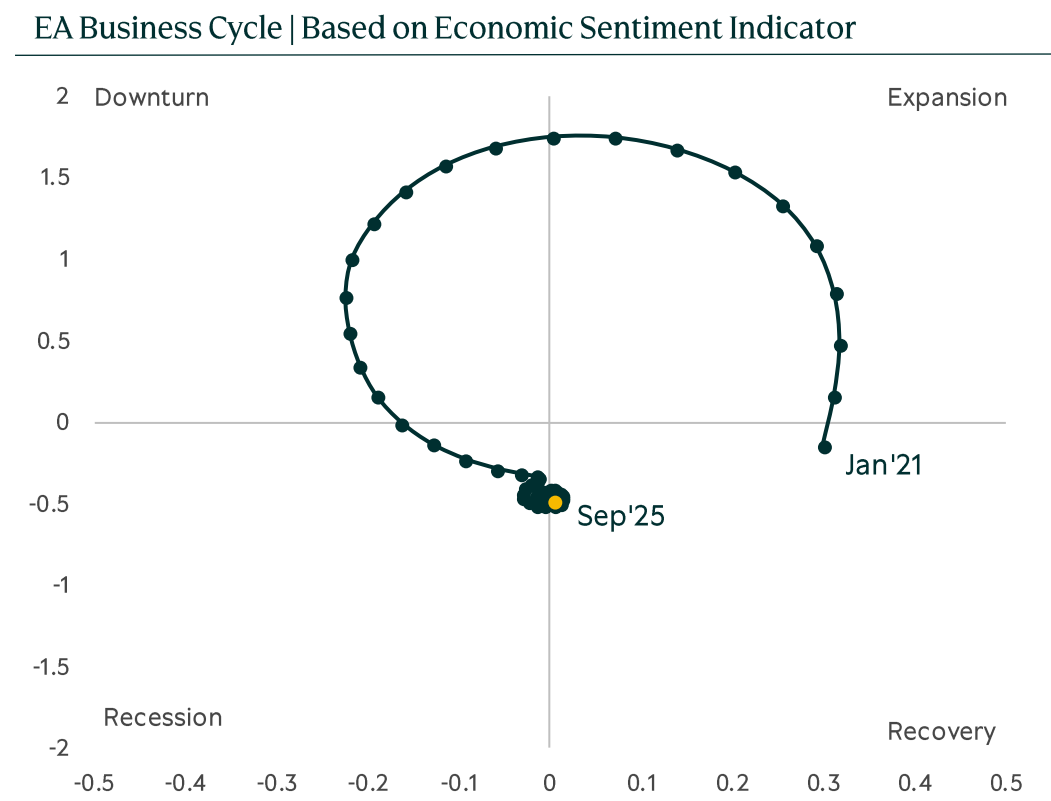
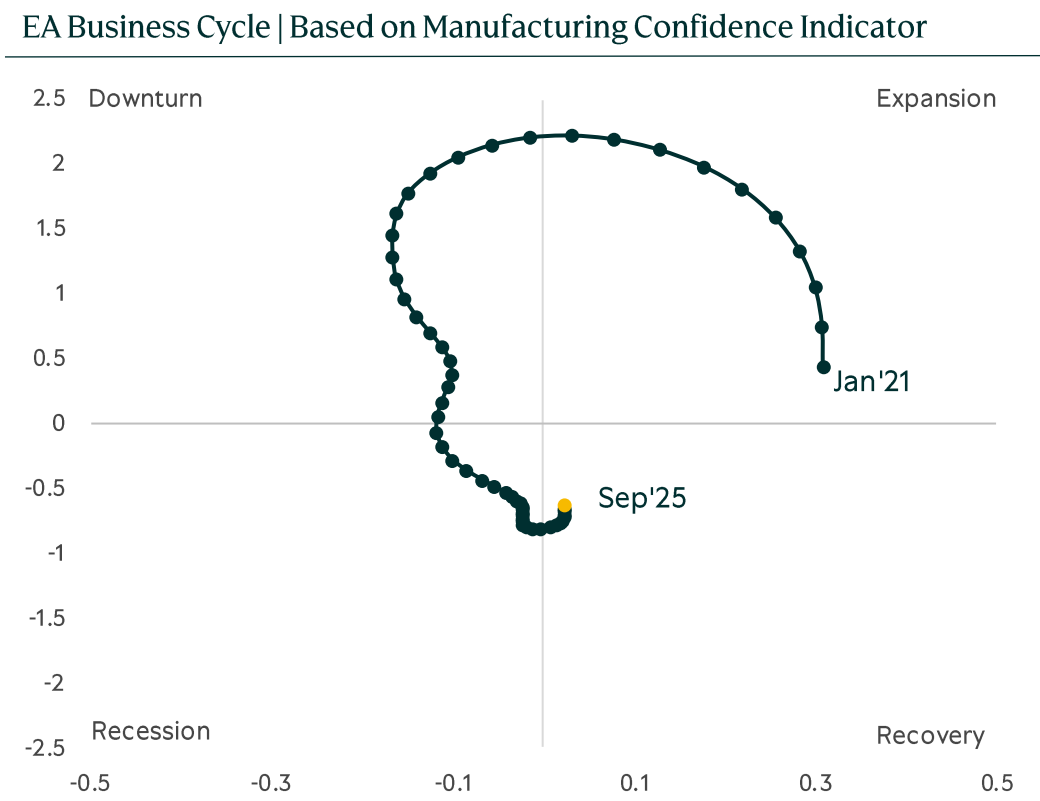
Bird's Eye View

US Economy

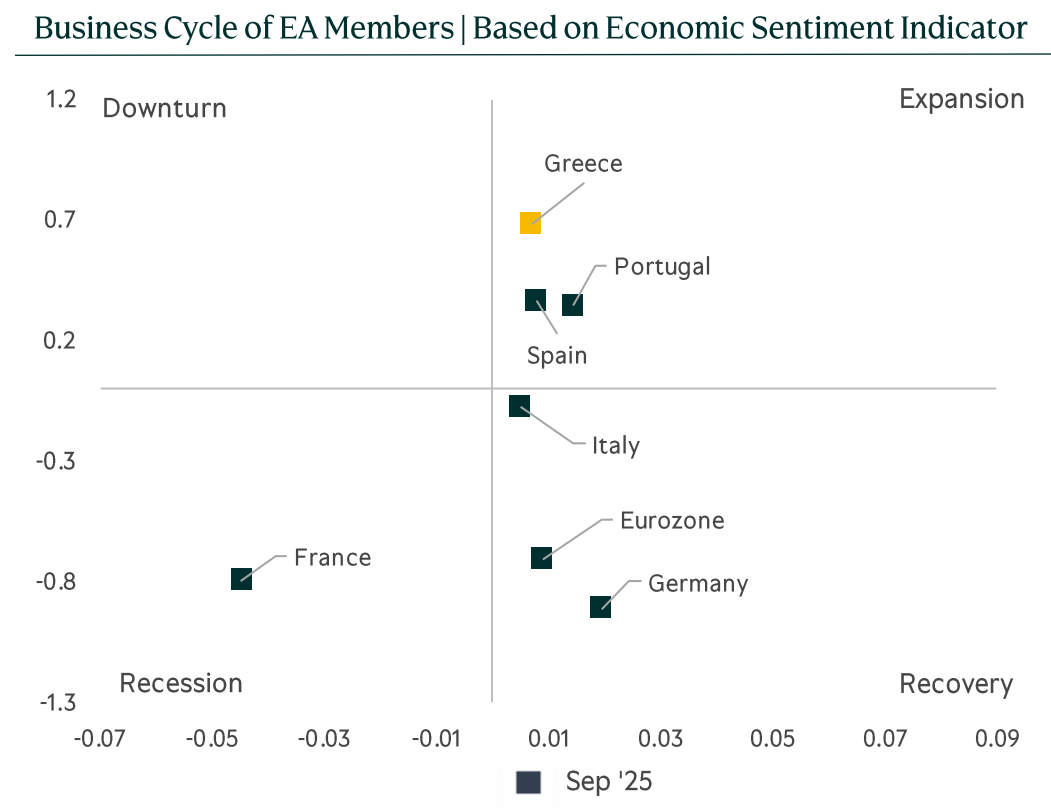
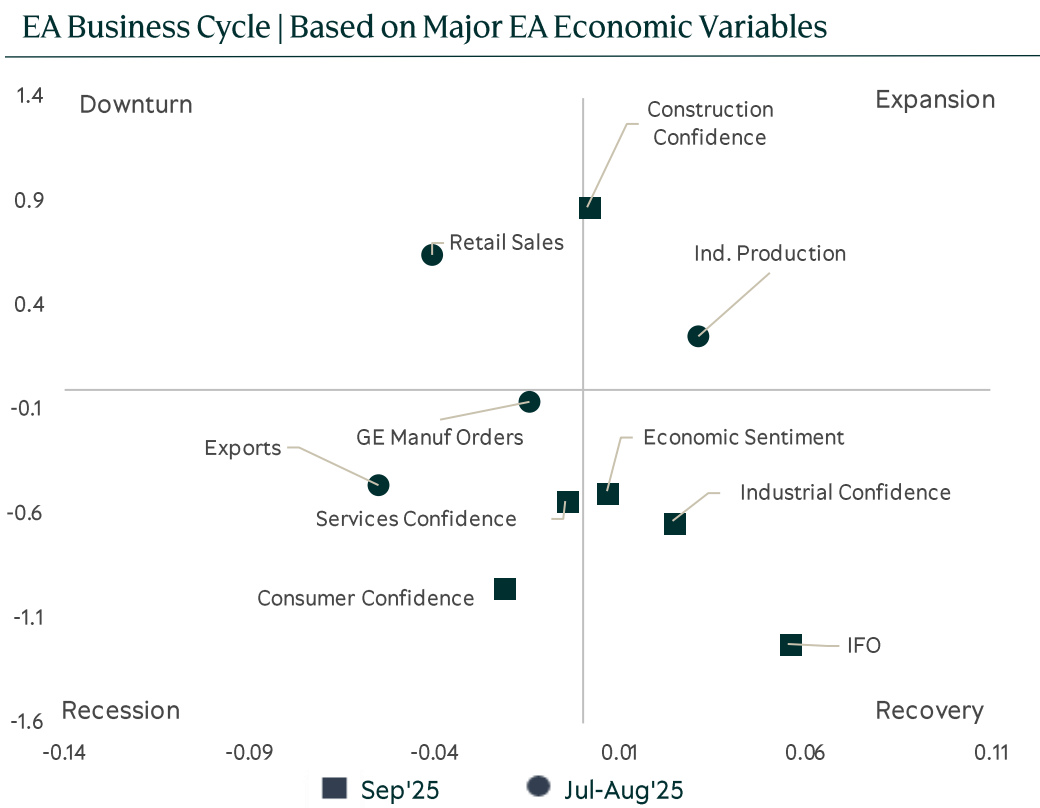
EA Economy

China Economy

EA Business Cycle Watch | In September, economic sentiment remained borderline at recovery territory, while manufacturing confidence stayed in the recovery phase.

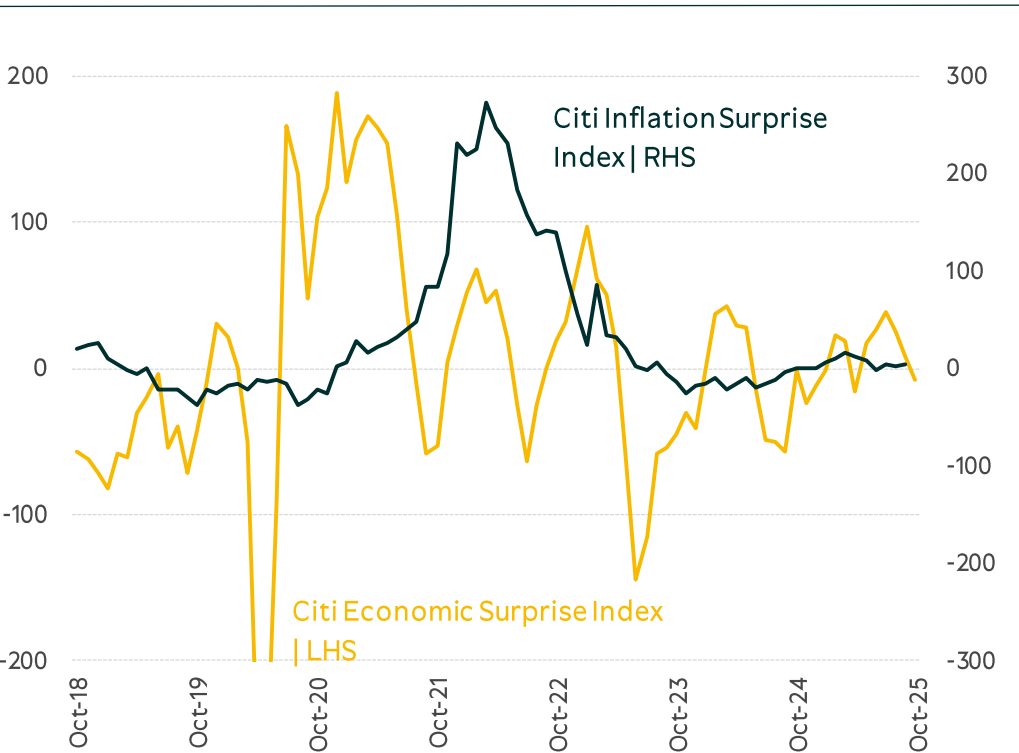


EA Business Cycle | Mixed signals are observed across major economic variables and at a country level, with ESI rising in France, Italy and EA in September.

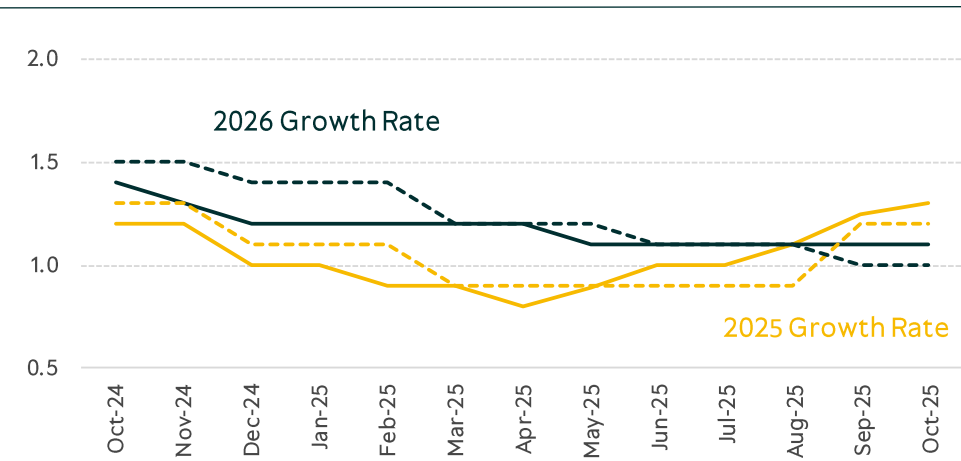


EA Macro Expectations | Economic surprises declined further in October and are now negative, while consensus expectations point to slightly higher growth for 2025.

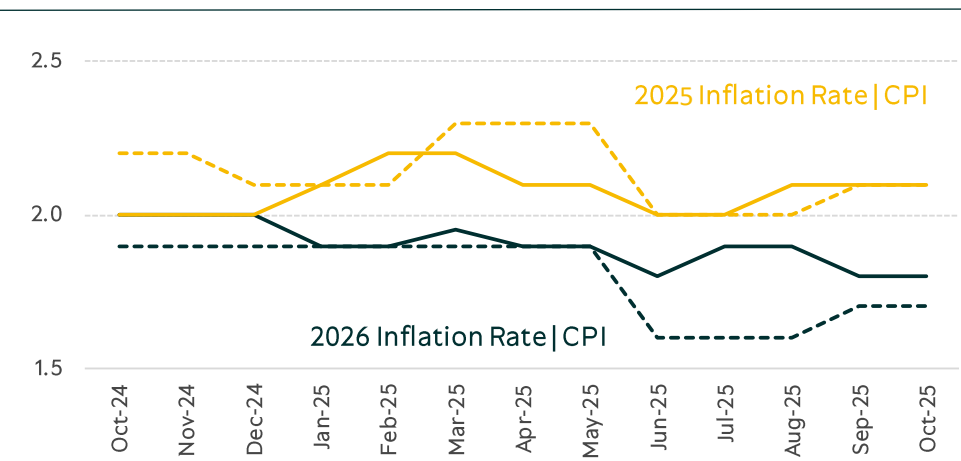
Economic & Inflation Surprises



Growth Rate Expectations*

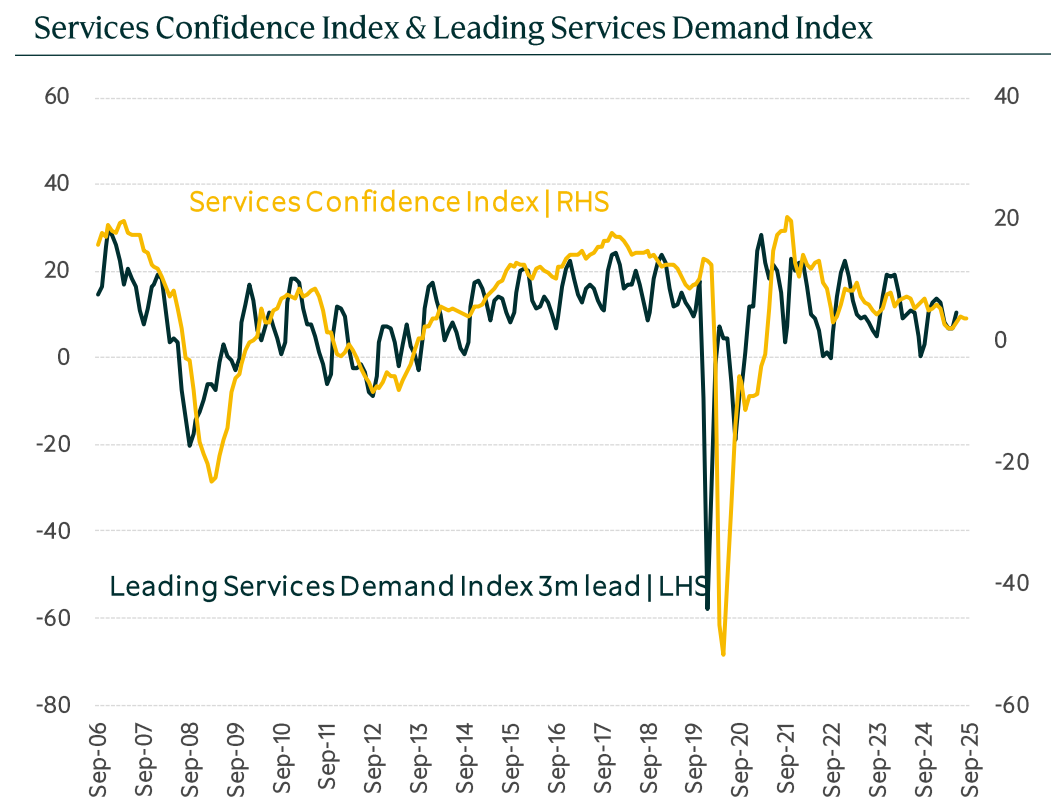
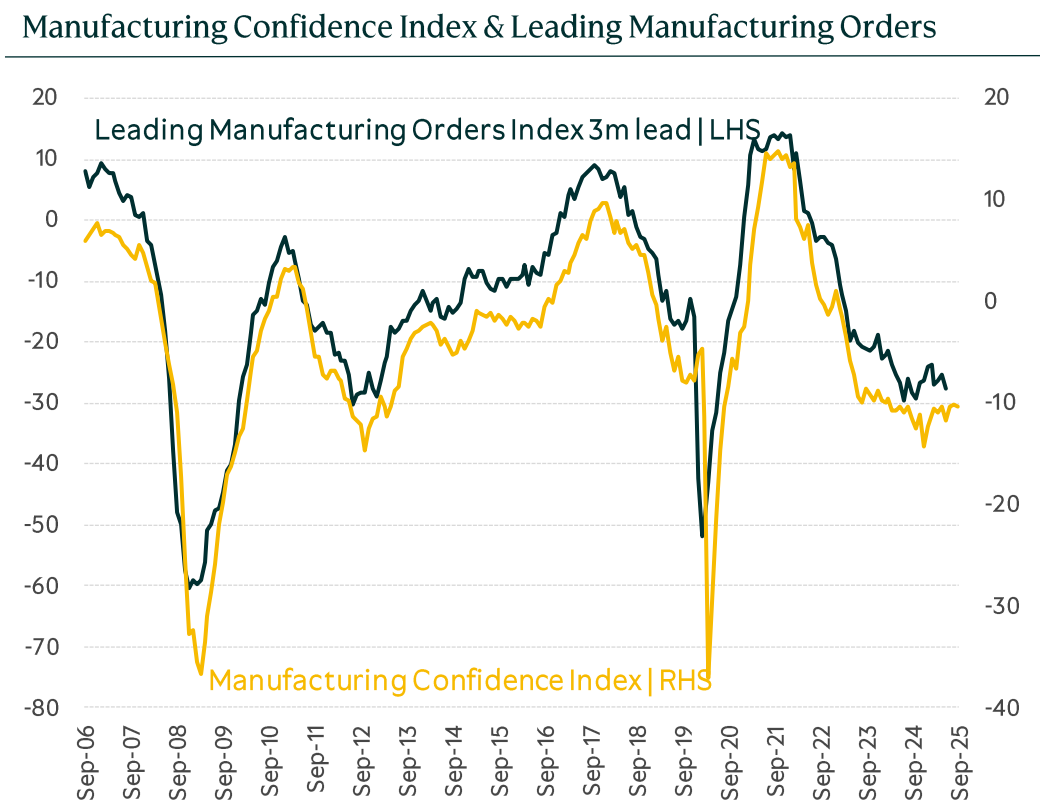


Inflation Rate Expectations*



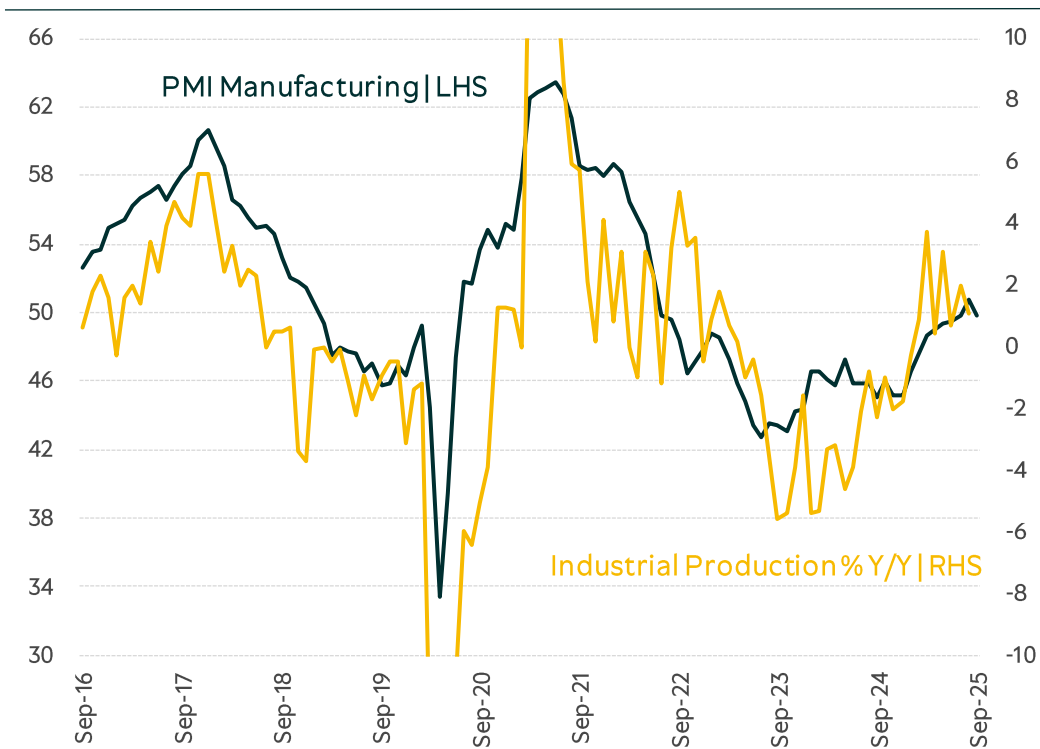
*Solid line: Consensus; Dotted line: ECB projections

EA Leading Indicators | Manufacturing indicators are still in a downturn in September. Demand on Services shows signs of stabilization.

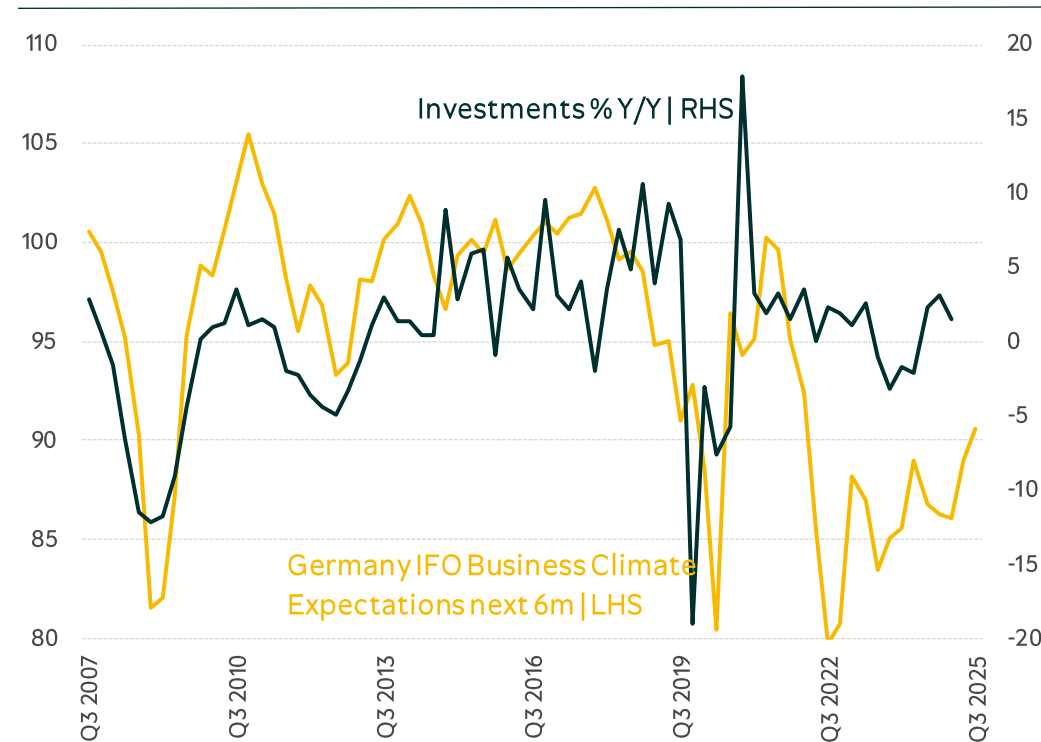


EA Business Conditions | The Manufacturing Leading Indicator declined in September after 10 consecutive months of increases. Industrial production decelerated less than expected in August.

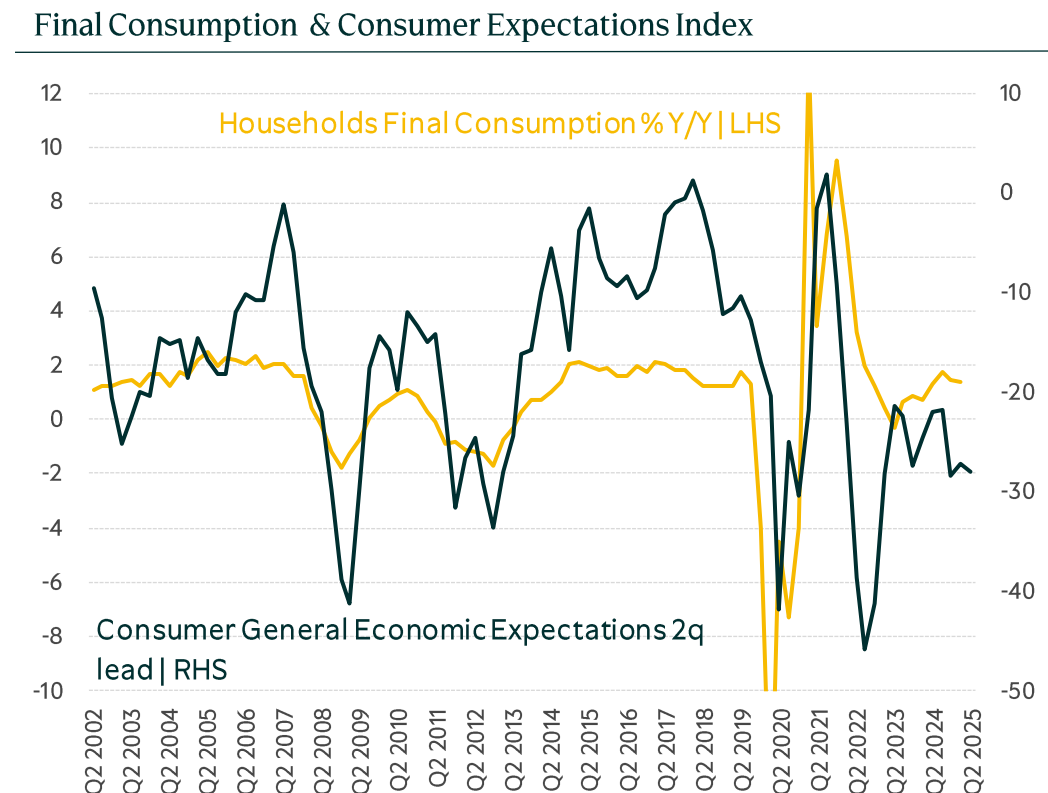
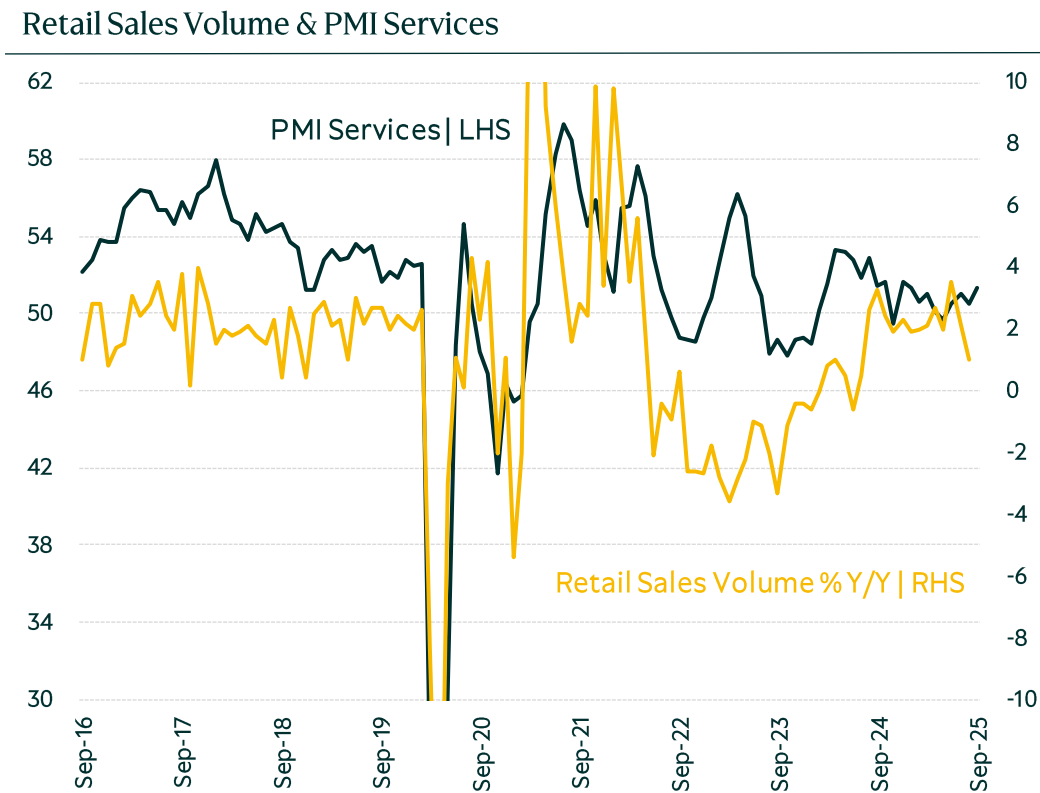
Industrial Production & PMI Manufacturing



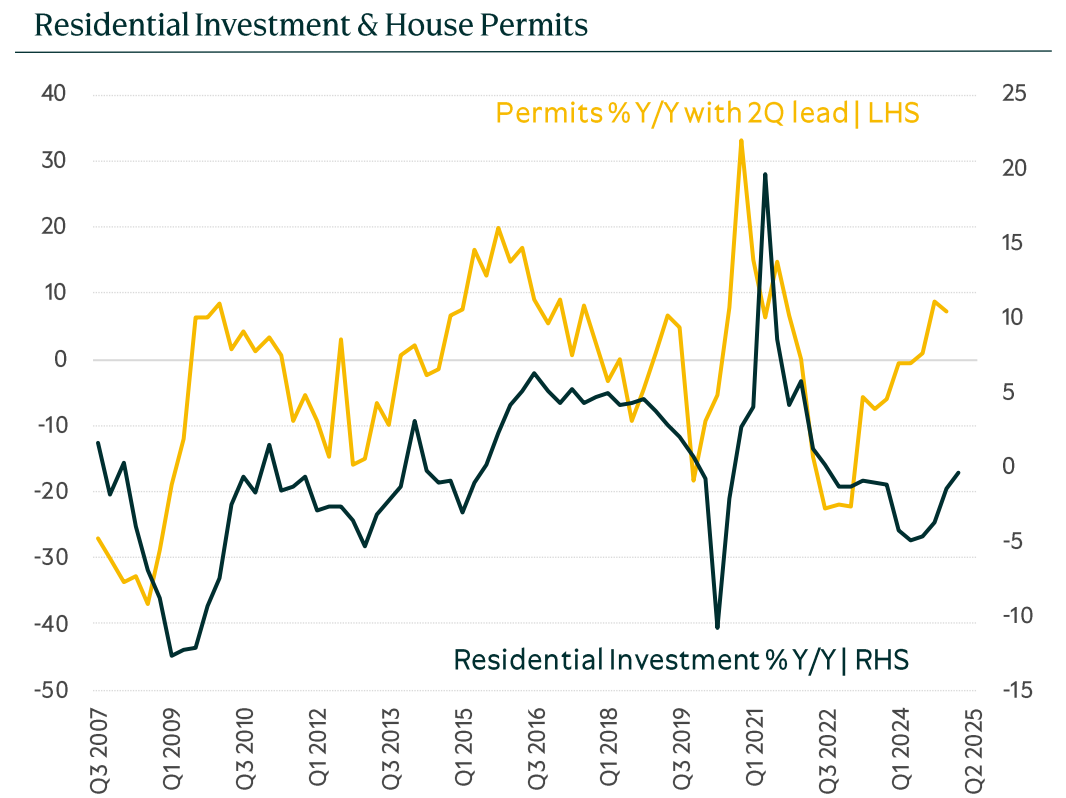
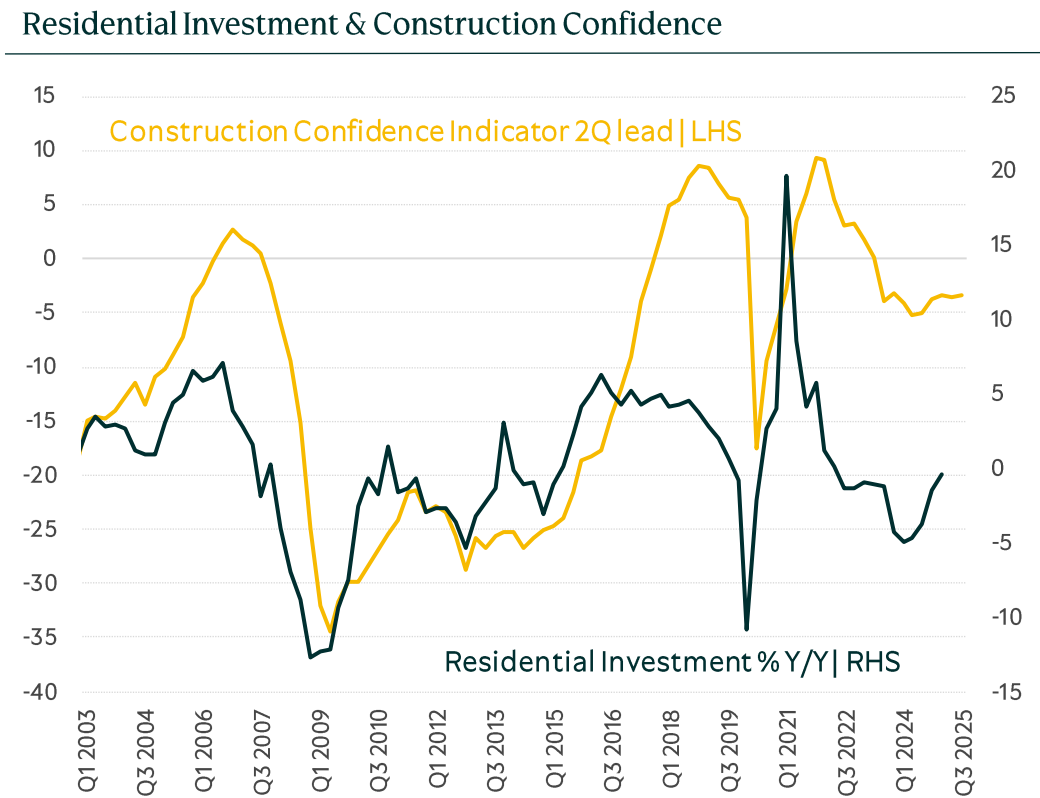
IFO Expectations & Business Investment



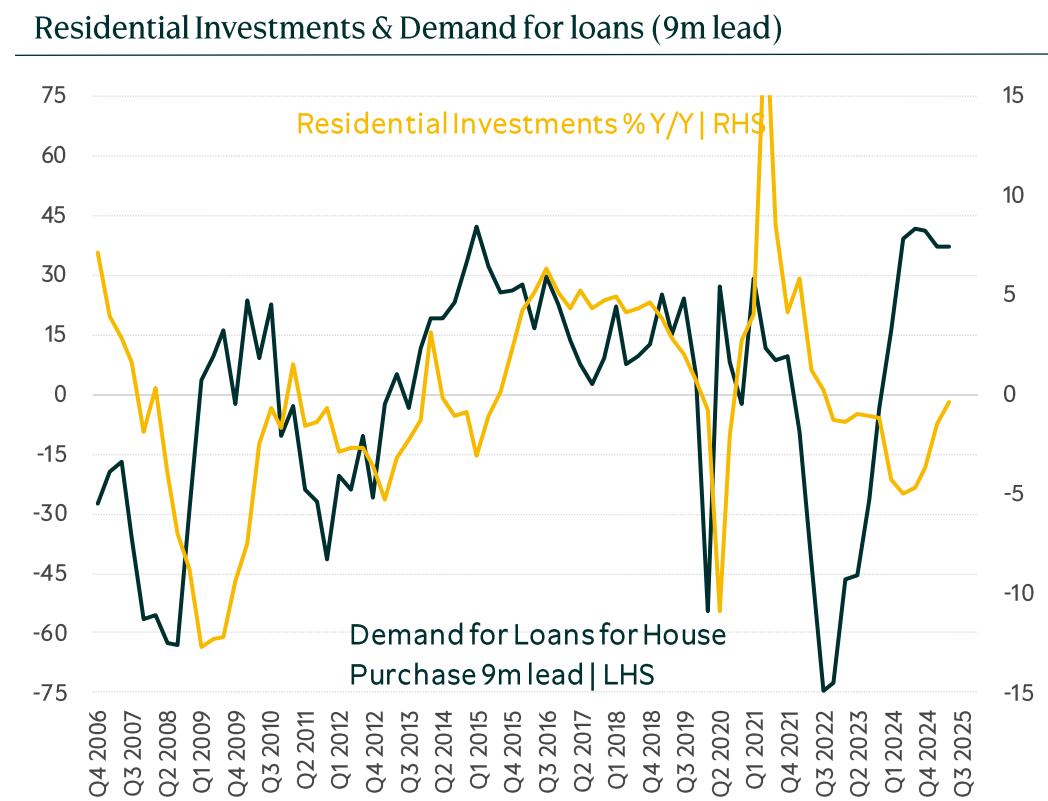
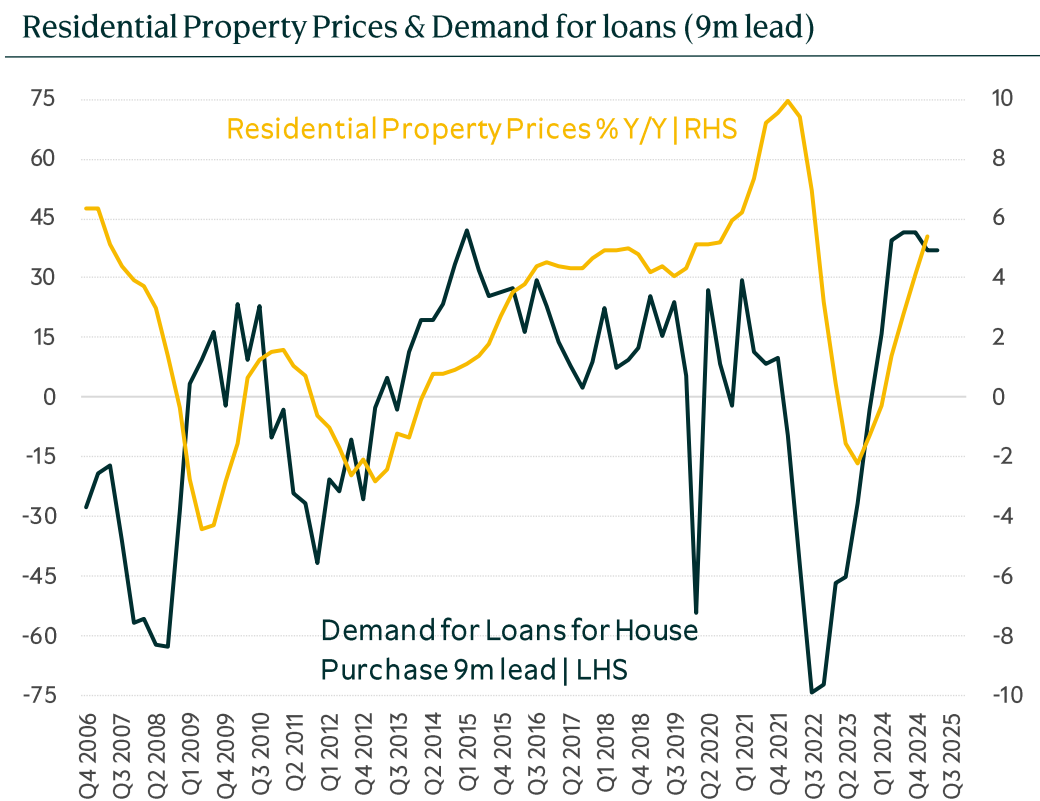
EA Business Conditions | Retail sales growth decelerated further in August to 1.0% but the increase in PMI Services continues to provide a possible tailwind for EA growth.



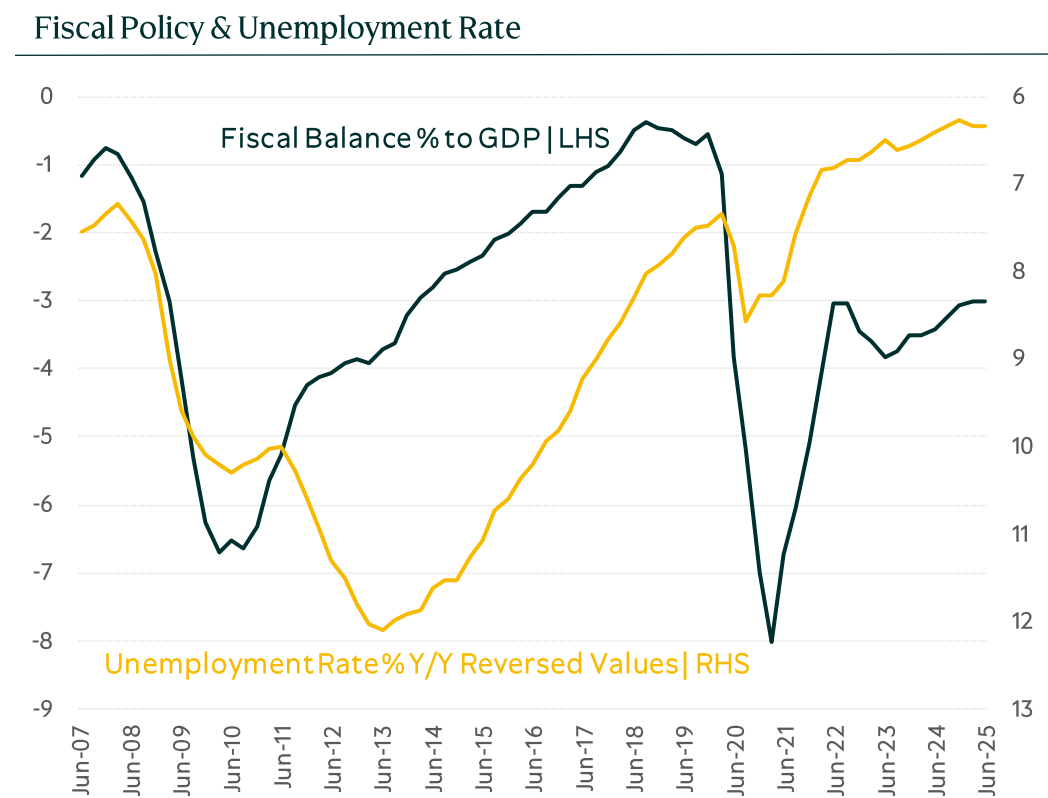
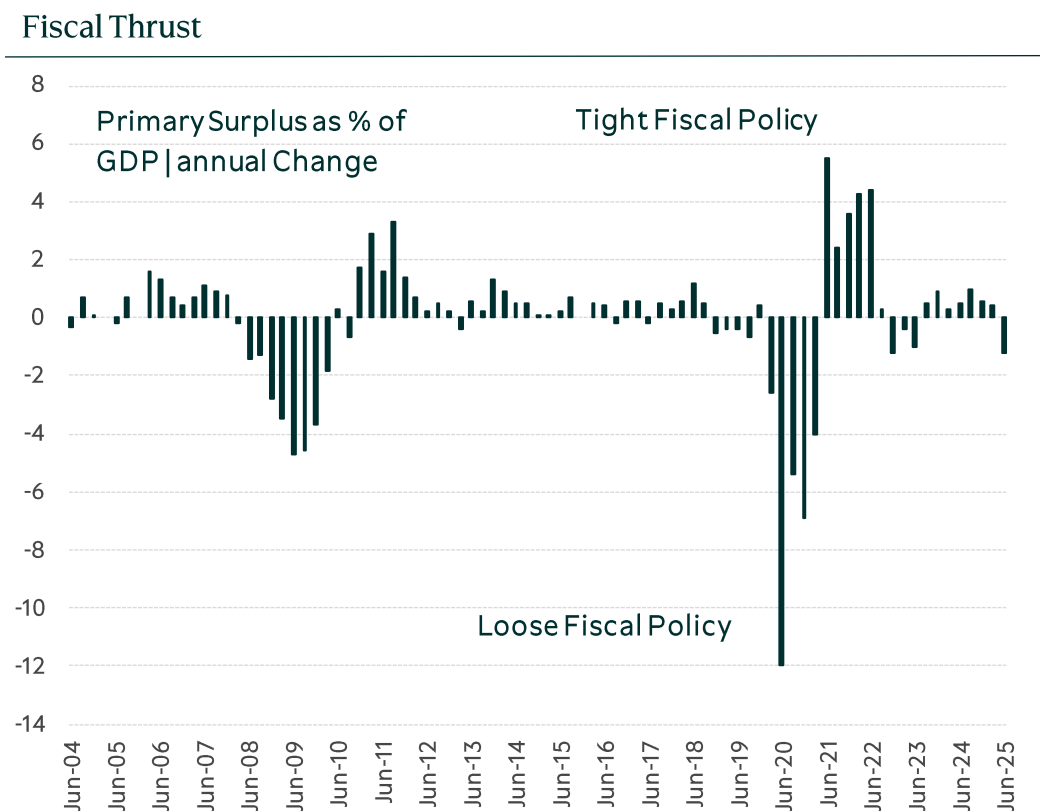
EA Construction | Residential activity gives positive signals as Construction Confidence is on an upward trend. The latest upticks in residential investments provide a glimmer of hope, as permits rebound.



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

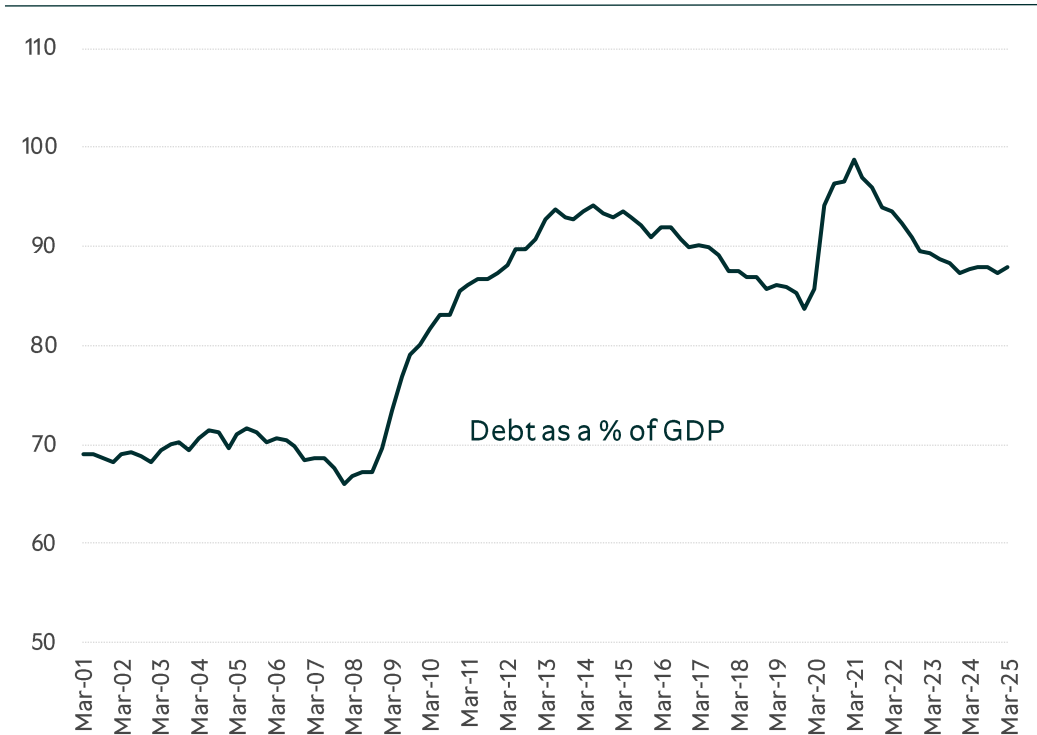


EA Fiscal Policy | Fiscal Deficit remains at low levels while the Unemployment Rate remains at a historic low

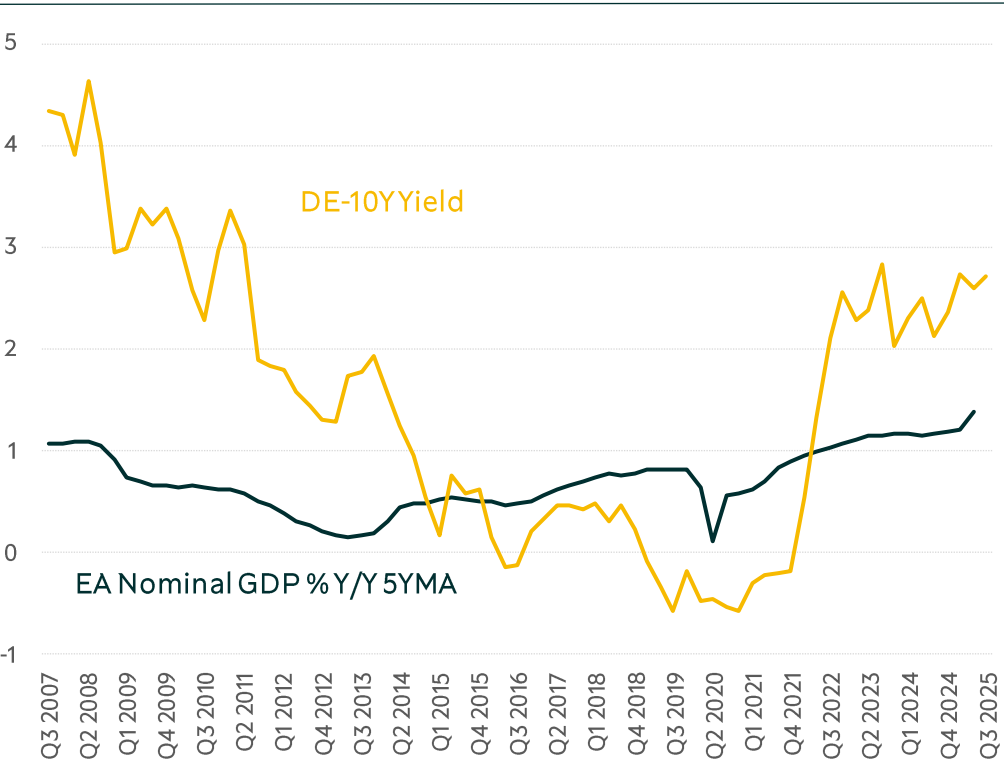


EA Fiscal Policy | Debt levels have moderated after the pandemic

Debt / GDP

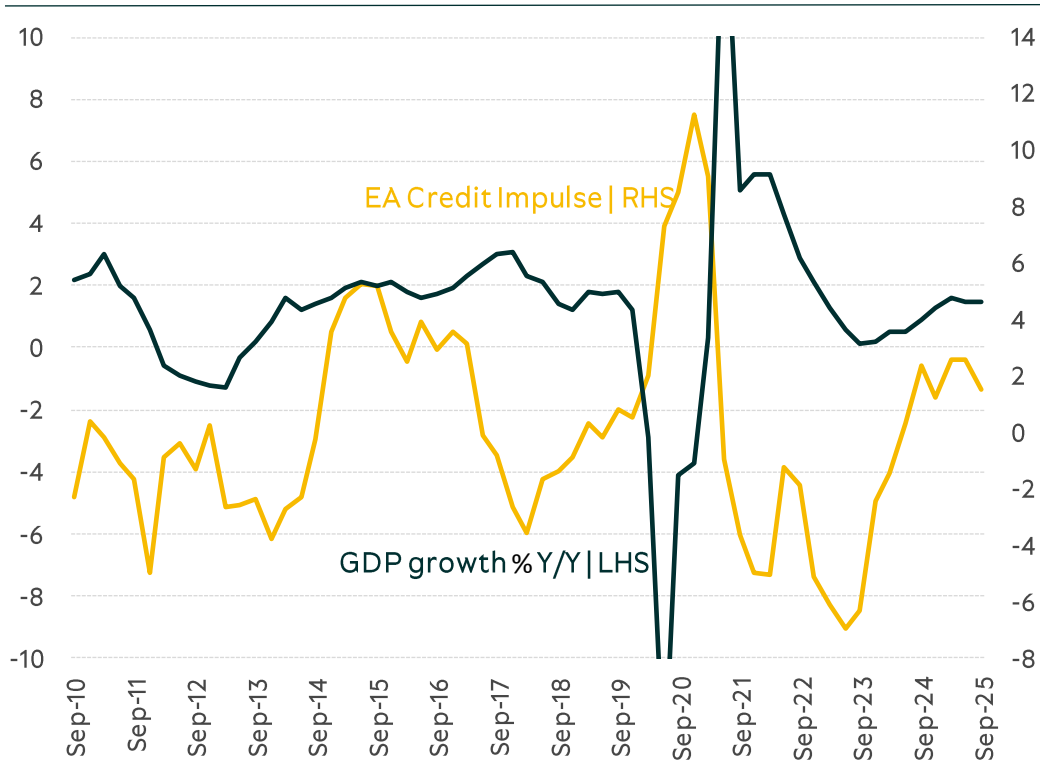


Fiscal Policy Sustainability

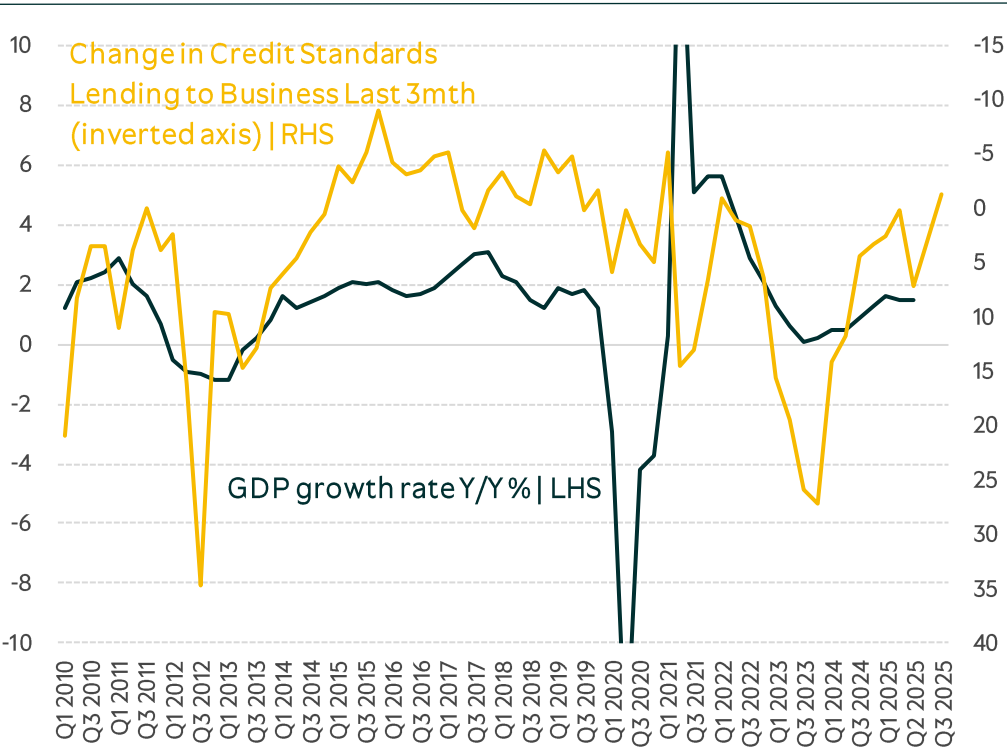


EA GDP Outlook | Credit impulse continues to recover in Q2. There was a small net tightening of credit standards for loans or credit lines to enterprises in the third quarter of 2025.

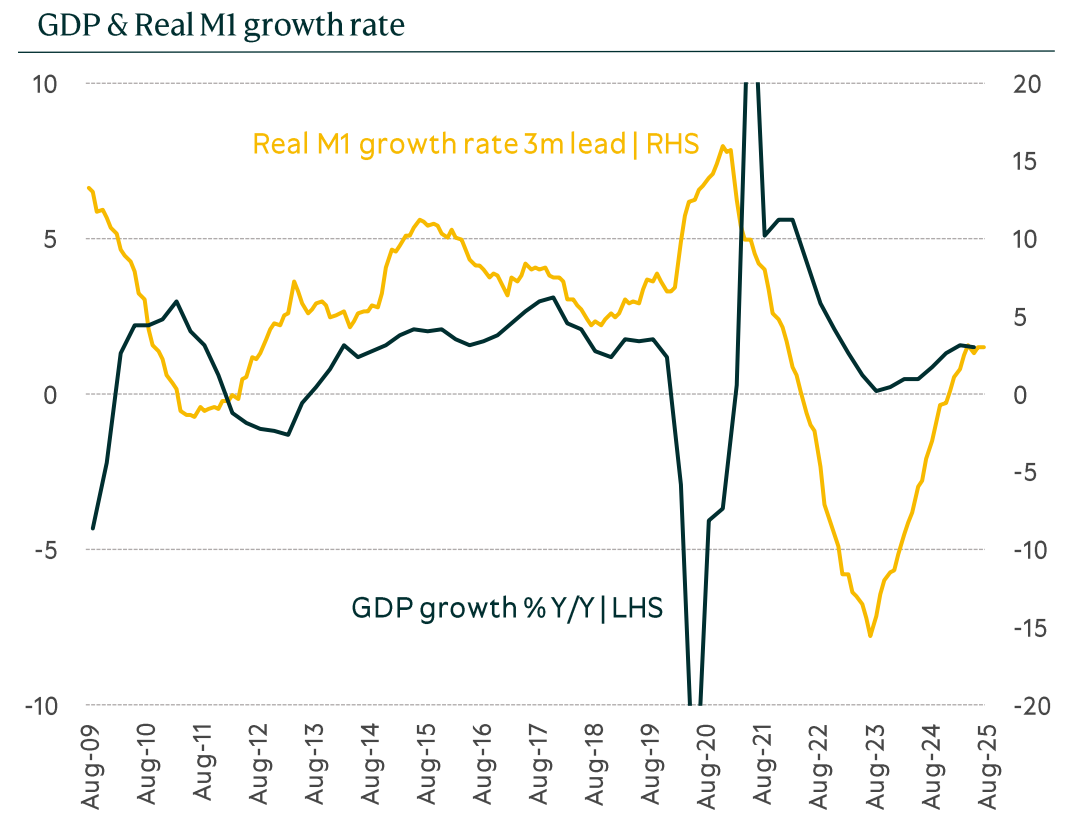
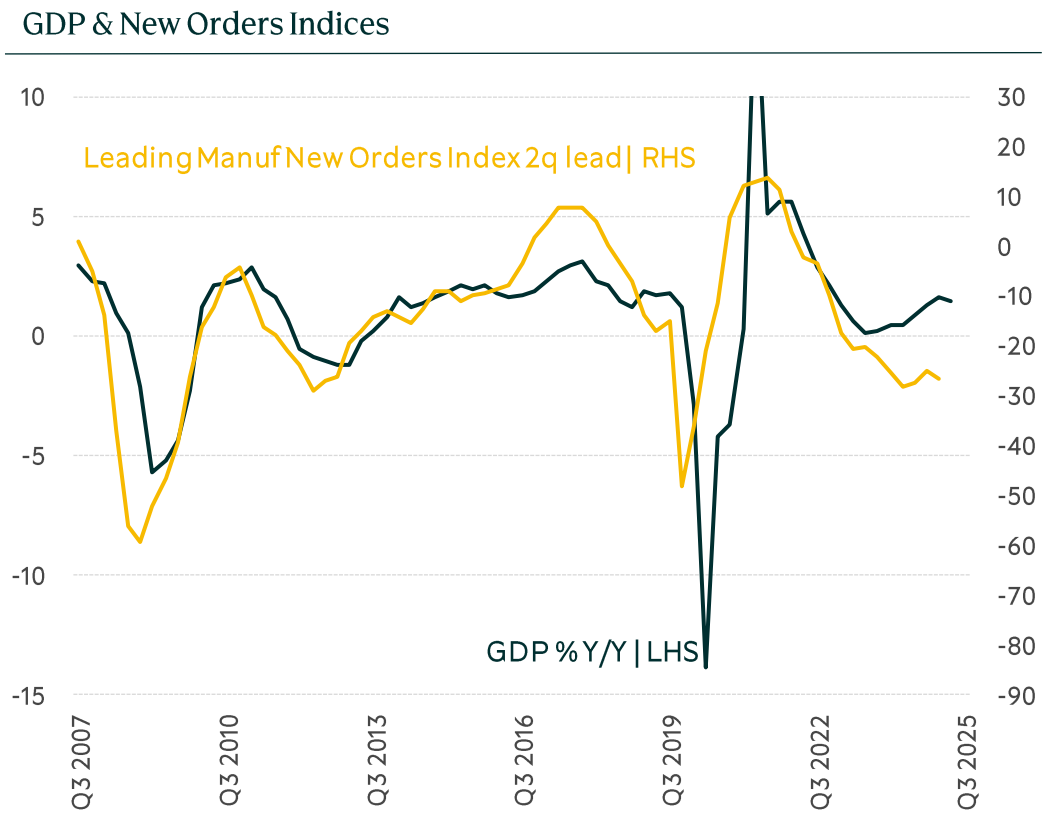
EA Credit Impulse & GDP growth rate



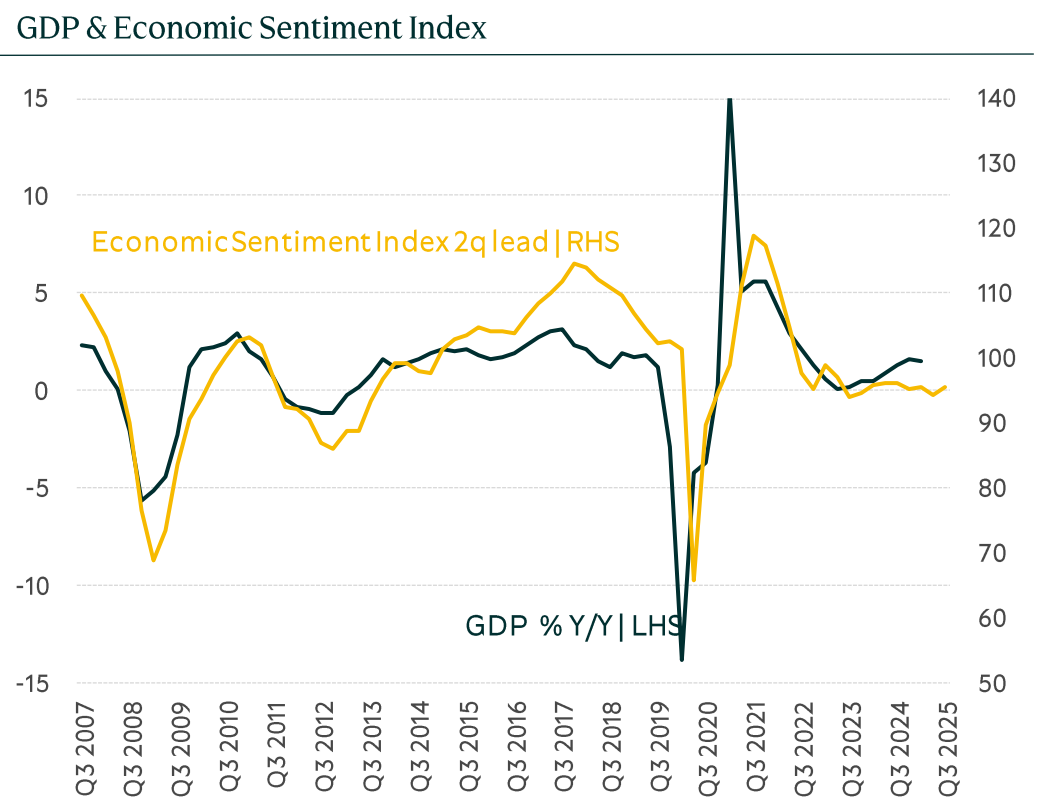
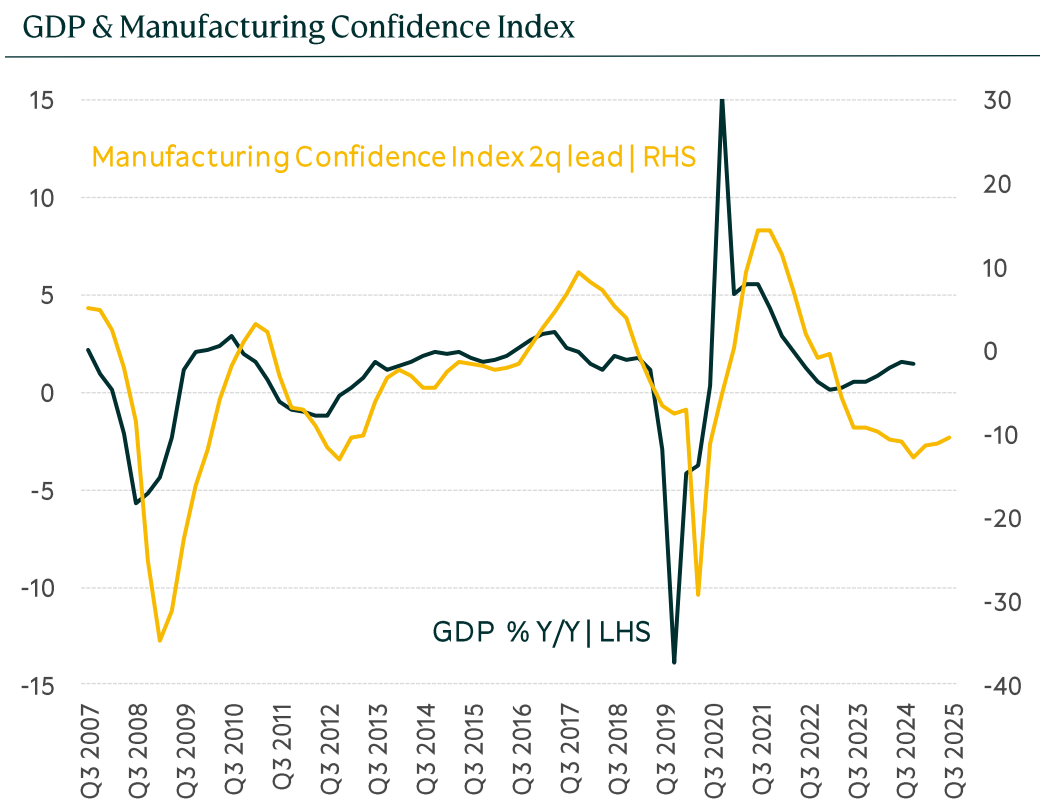
GDP & Bank Lending Standards



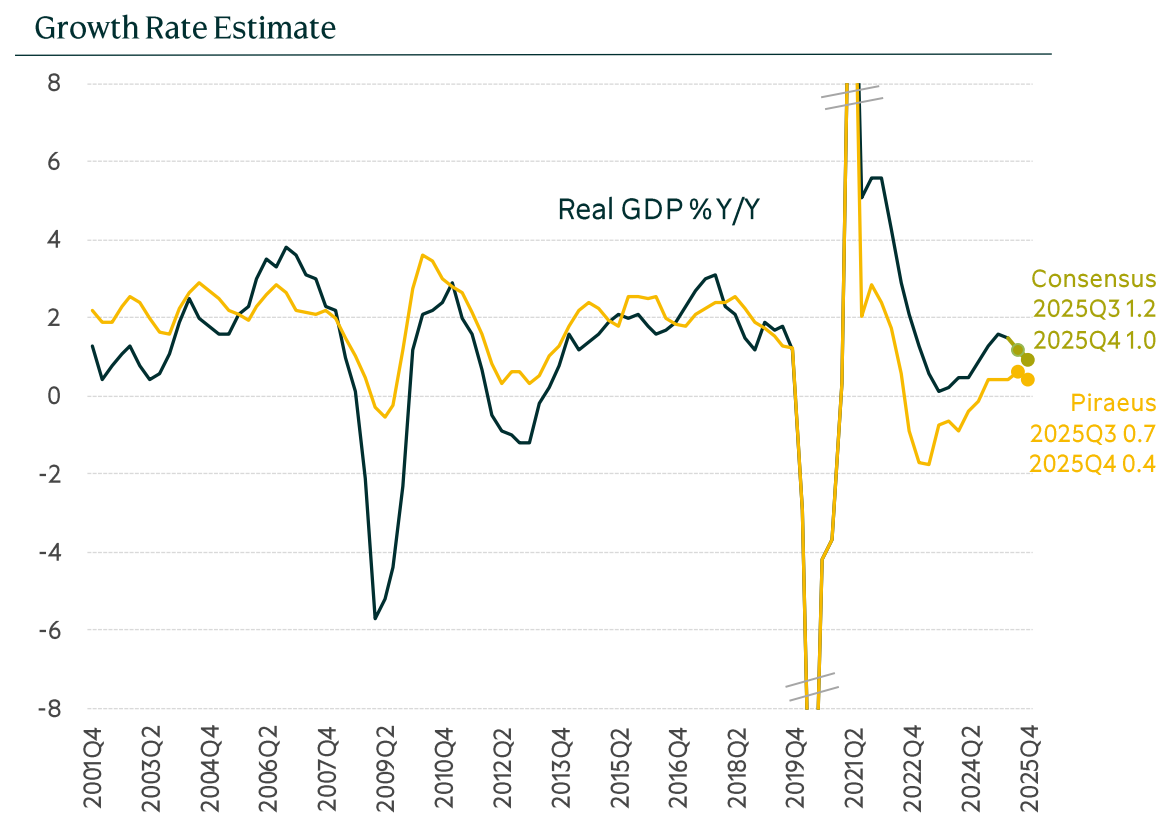
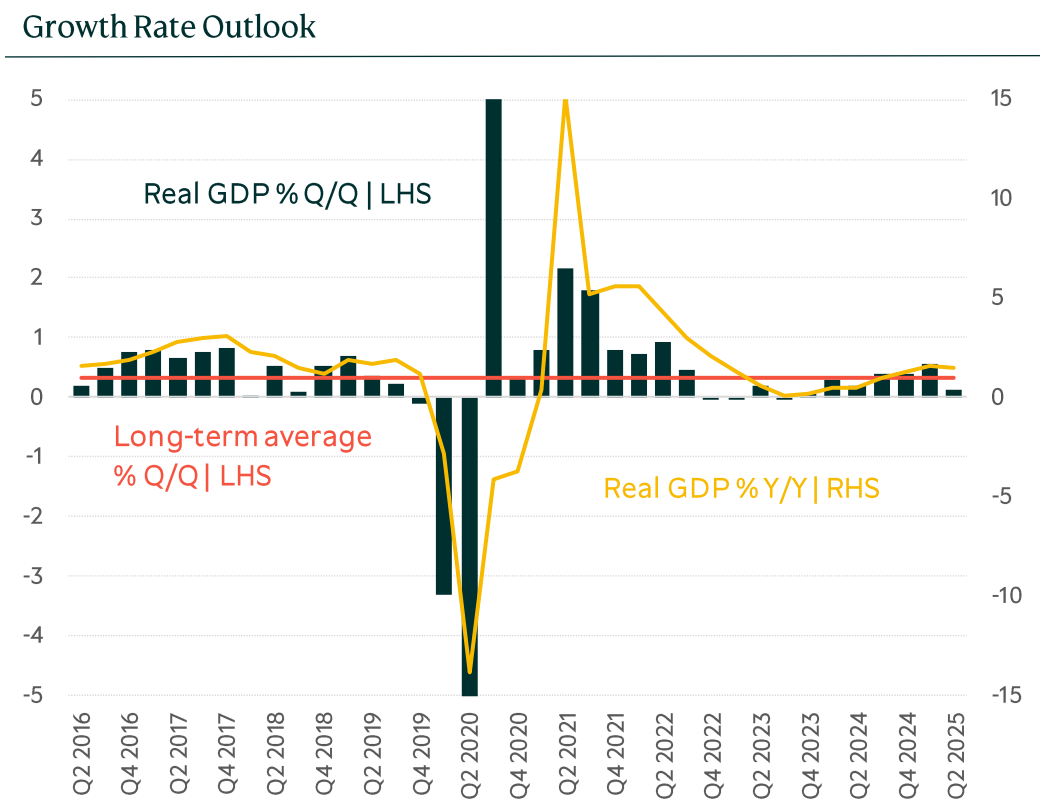
EA | Manufacturing New Orders on downturn in Q3 2025; Real M1 improvement somewhat reduces concerns about the economic outlook.



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



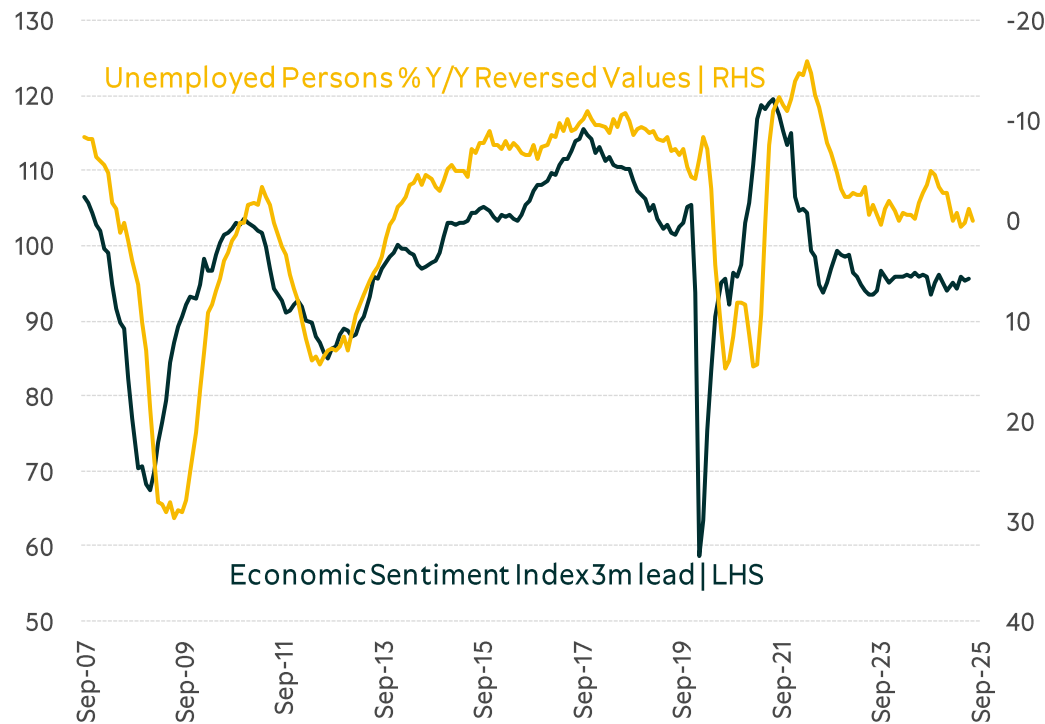
EA GDP Outlook | Real GDP grew by 1.5% year-on-year in Q2 2025 (0.1% quarter-on-quarter) but is projected to grow at a slower rate



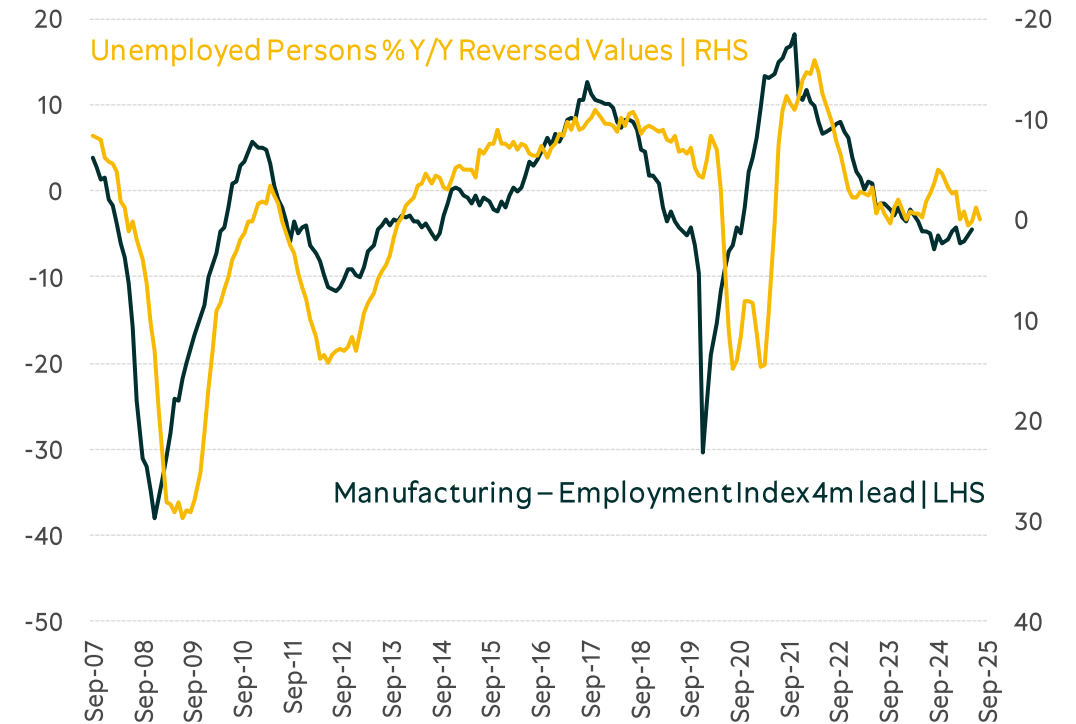
Note: Covid-19 period (Q4 2019 - Q2 2021) is excluded from the estimation

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

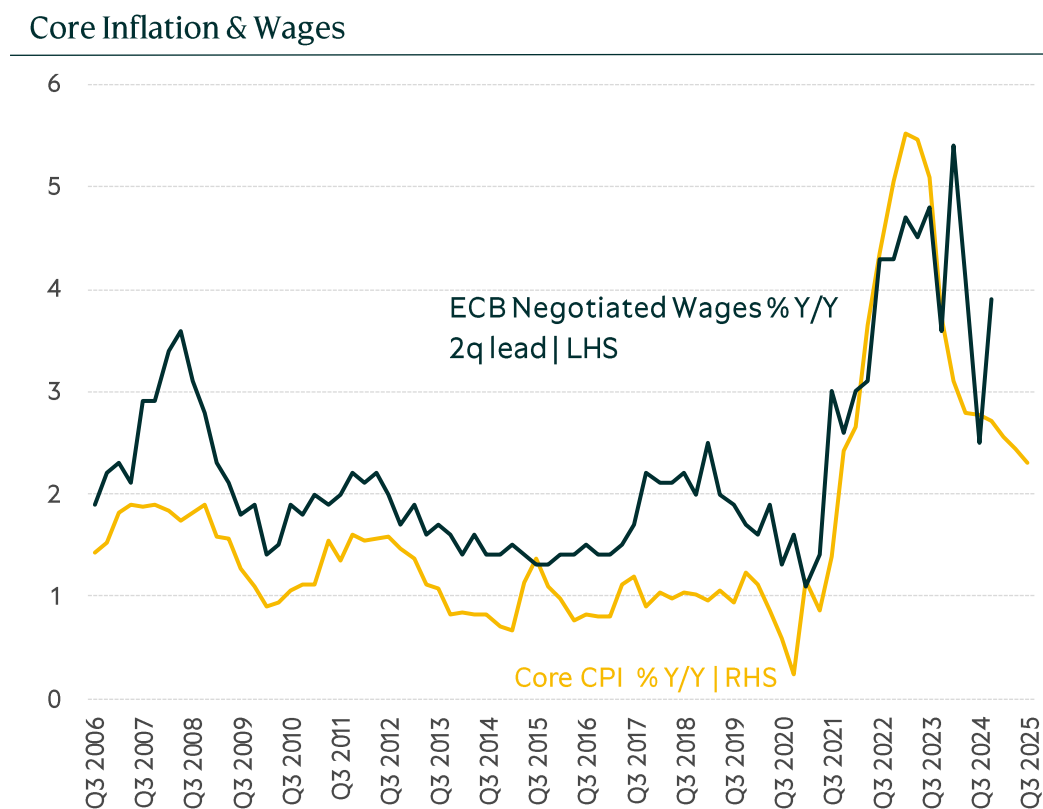
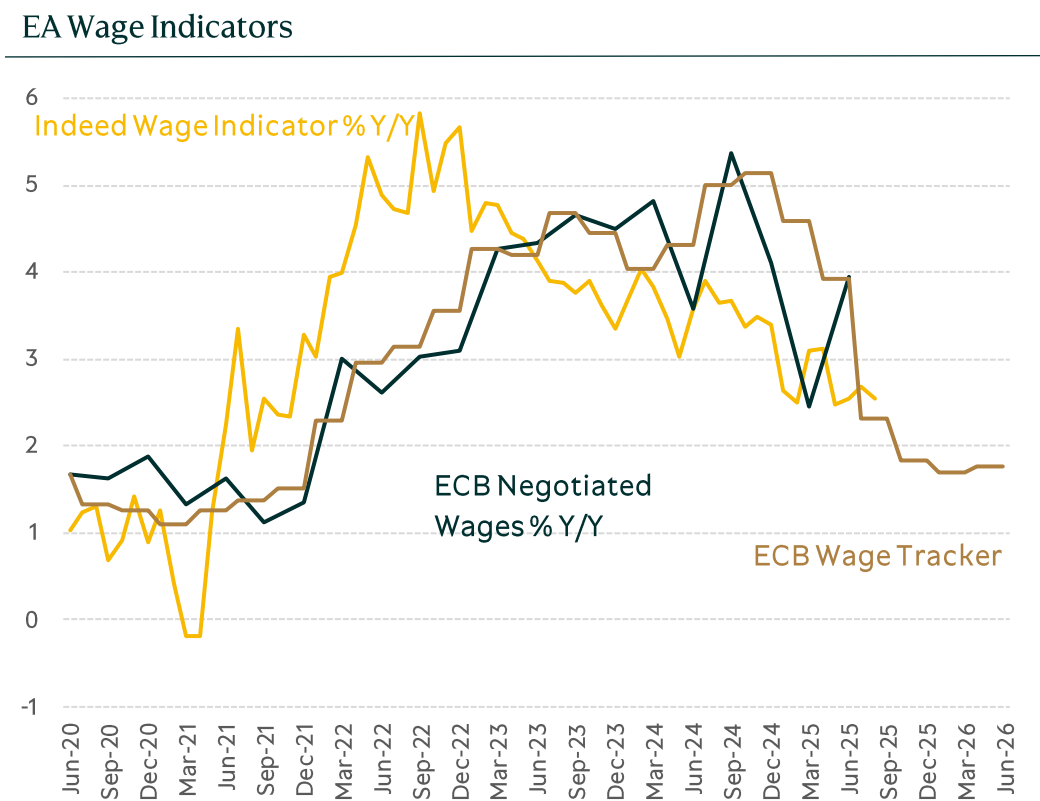
Unemployment & Leading Sentiment Index



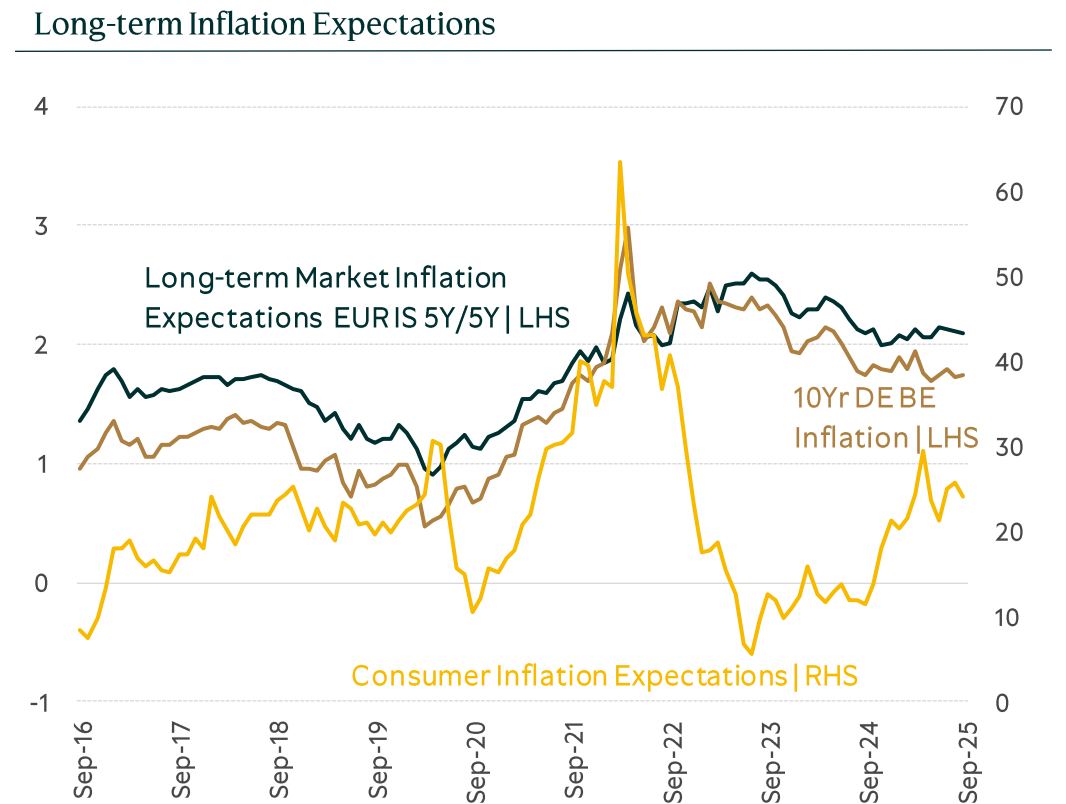
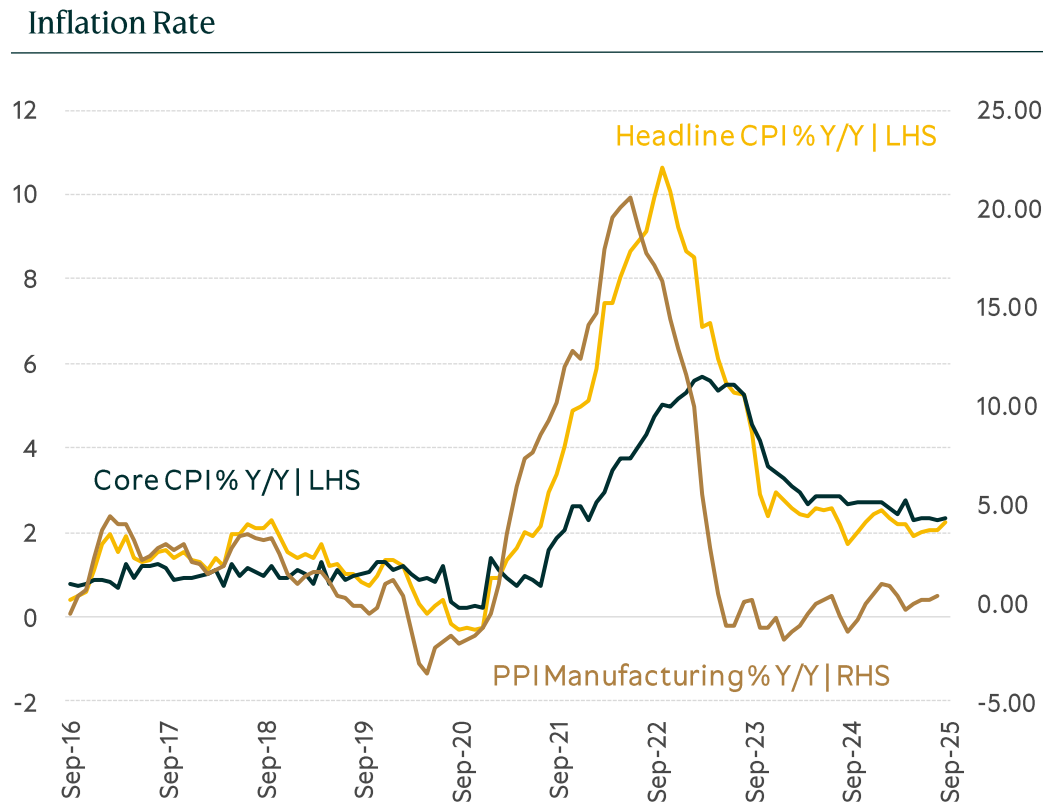
Unemployment & Leading Manufacturing Index



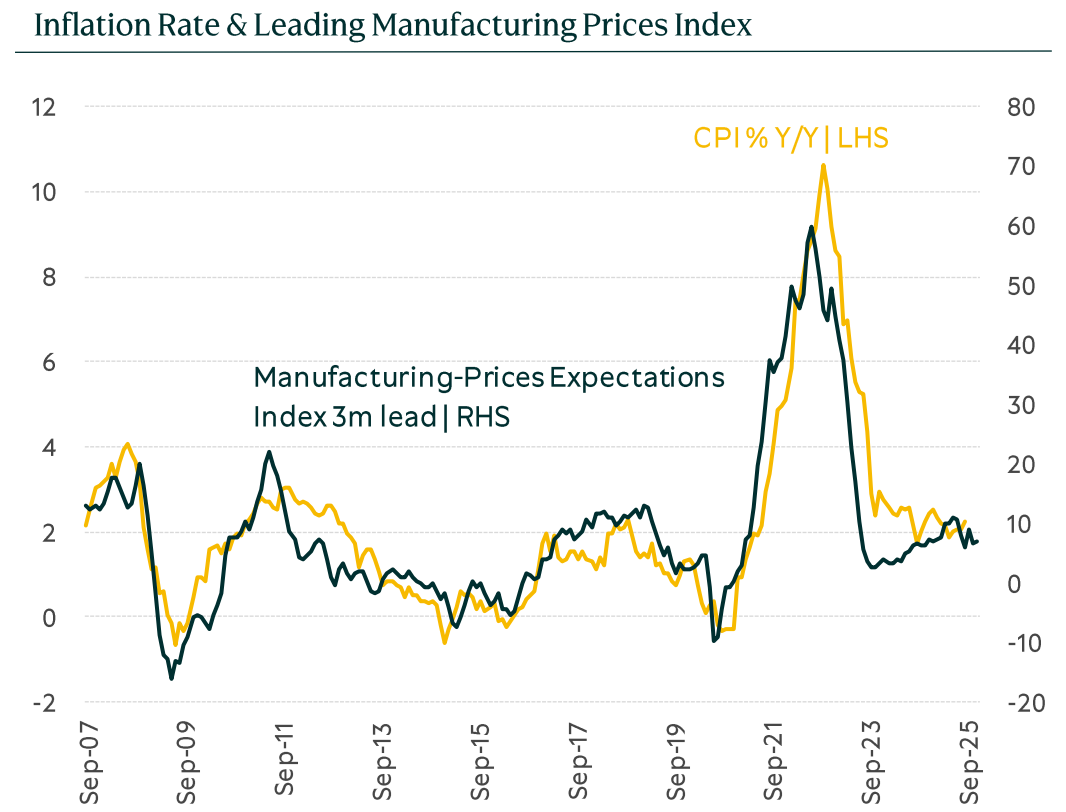
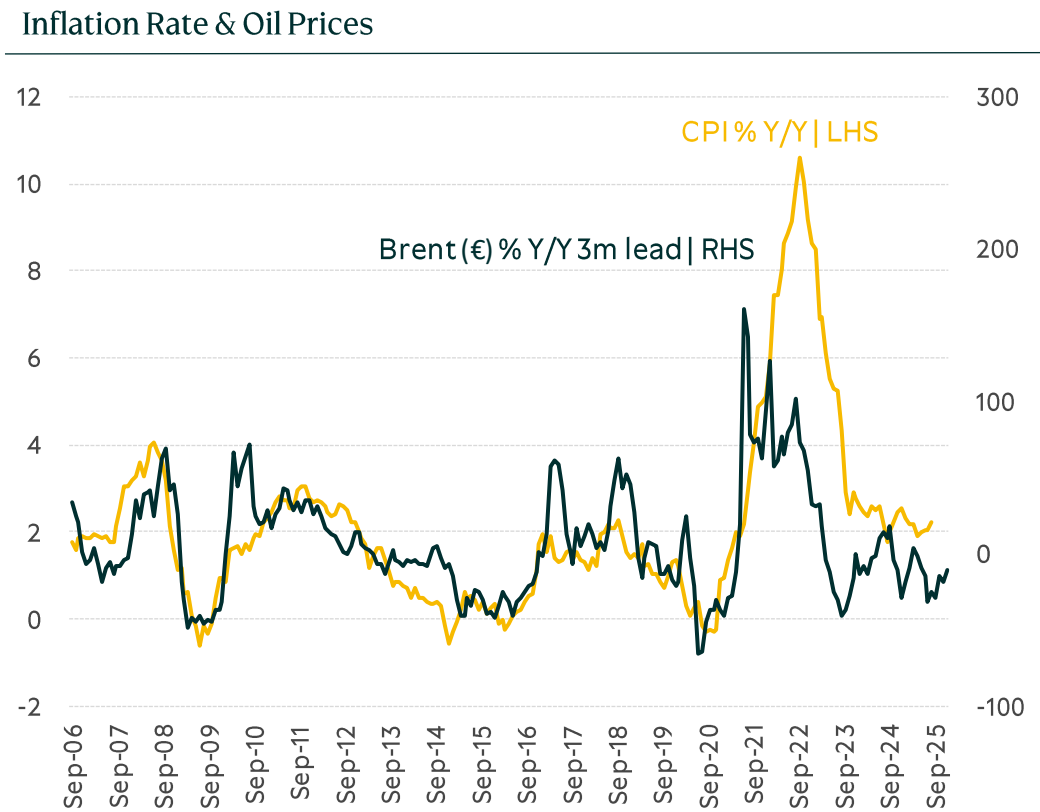
EA Wage Tracker | The ECB's Wage Tracker indicates a significant slowdown in wage growth for 2025 and 2026 while the Indeed wage indicator is also slowly trending down.



EA Inflation Pressures | Headline CPI accelerated to 2.2% in September, as Core CPI remained at 2.3%. Consumer inflation expectations declined in September after 3 consecutive months of increases.

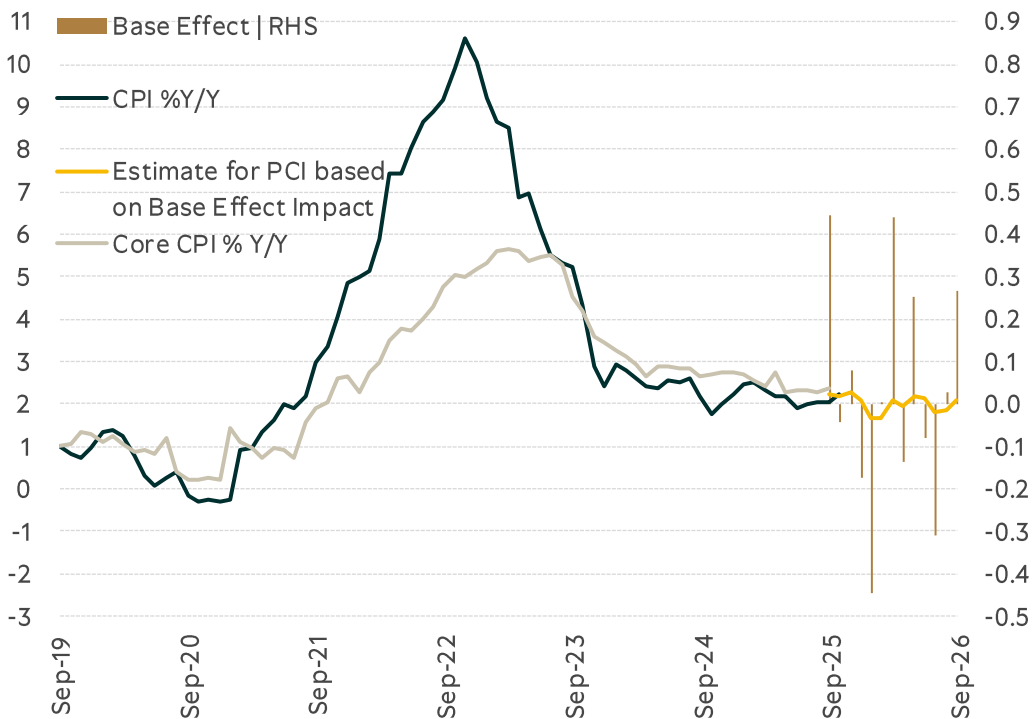


EA Inflation & Energy Prices | Manufacturing Prices Expectations are not exerting upward pressure, while the likelihood of higher Brent prices following the Middle East peace deal is diminishing.

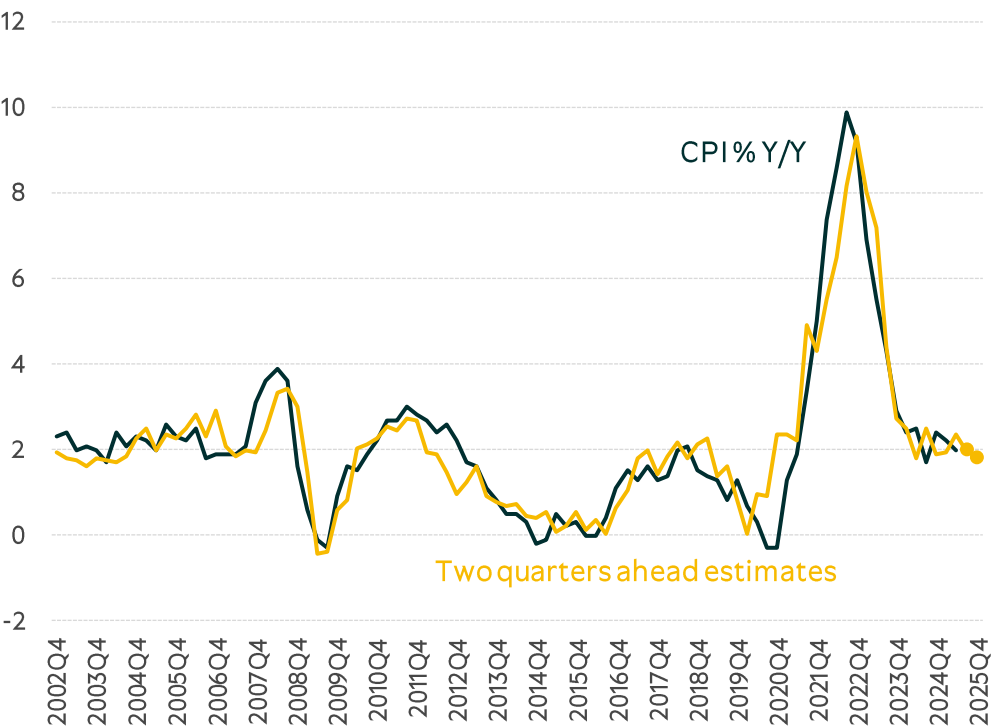


EA Inflation Outlook | The 2% target is expected to be achieved for the year

Inflation Rate Forecast | Statistical Model

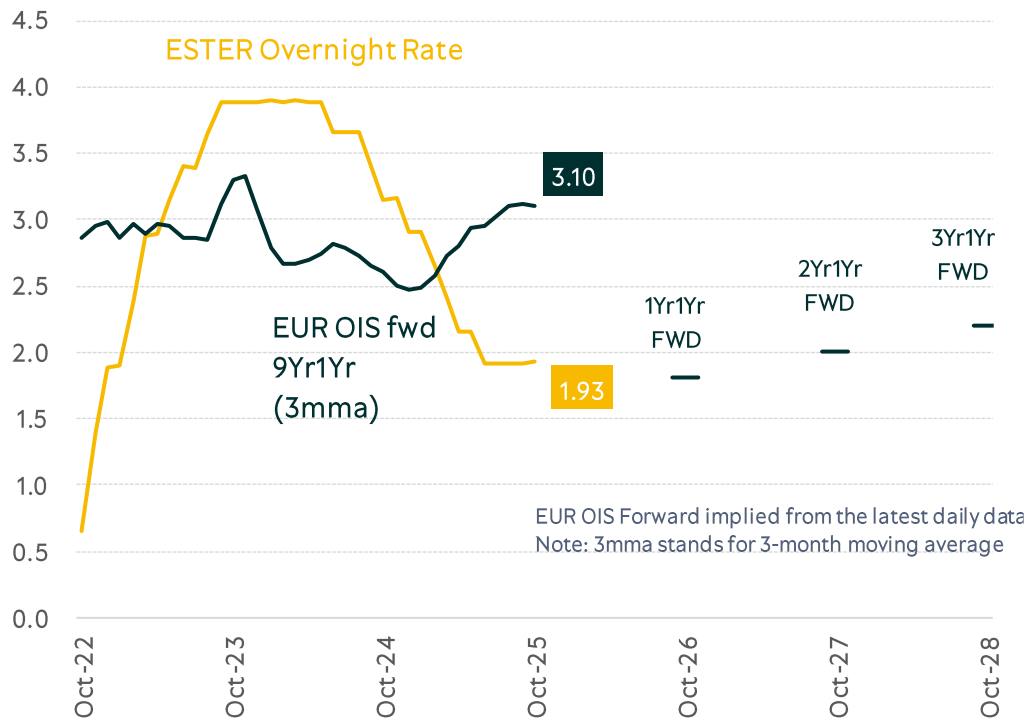


Inflation Rate Forecast | Macro Model

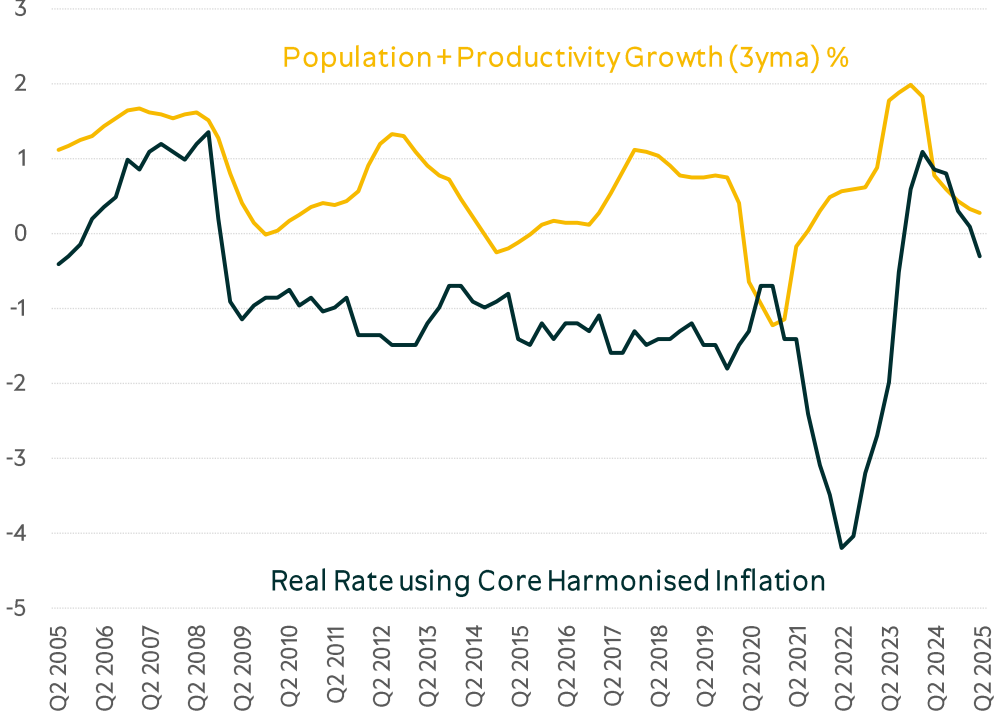


EA Short-Term Rates | 3Yr1Yr forward rates suggest higher levels of interest rates

Interest rates | Market Expectations

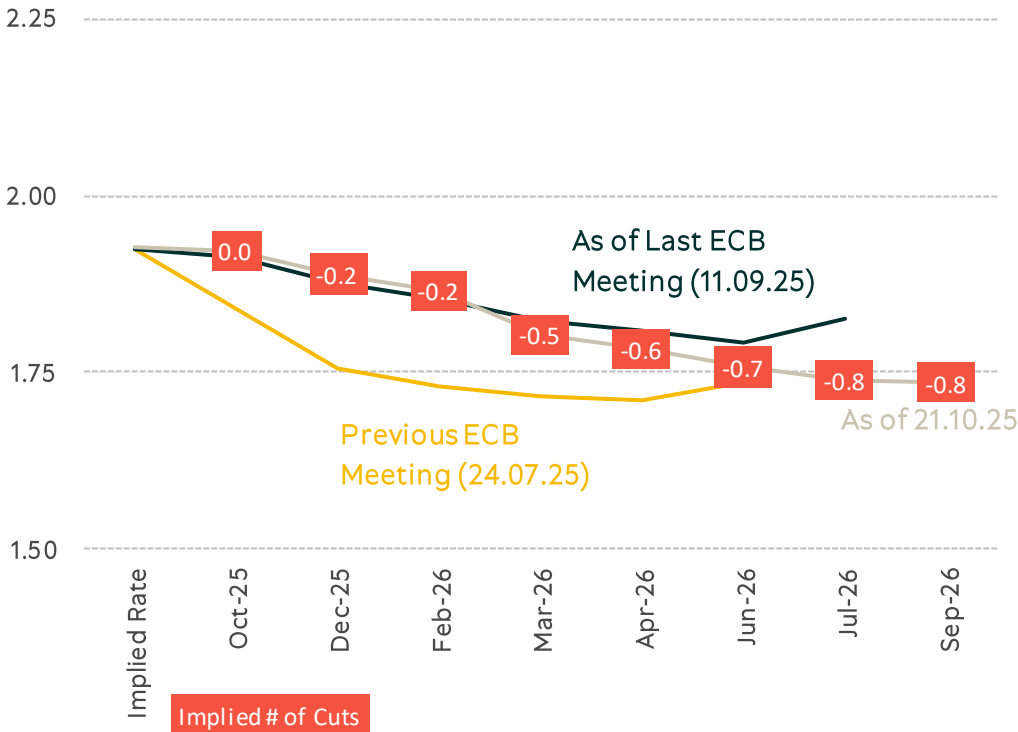


Real Depo Rate (Depo - Core CPI) & Population + Productivity growth

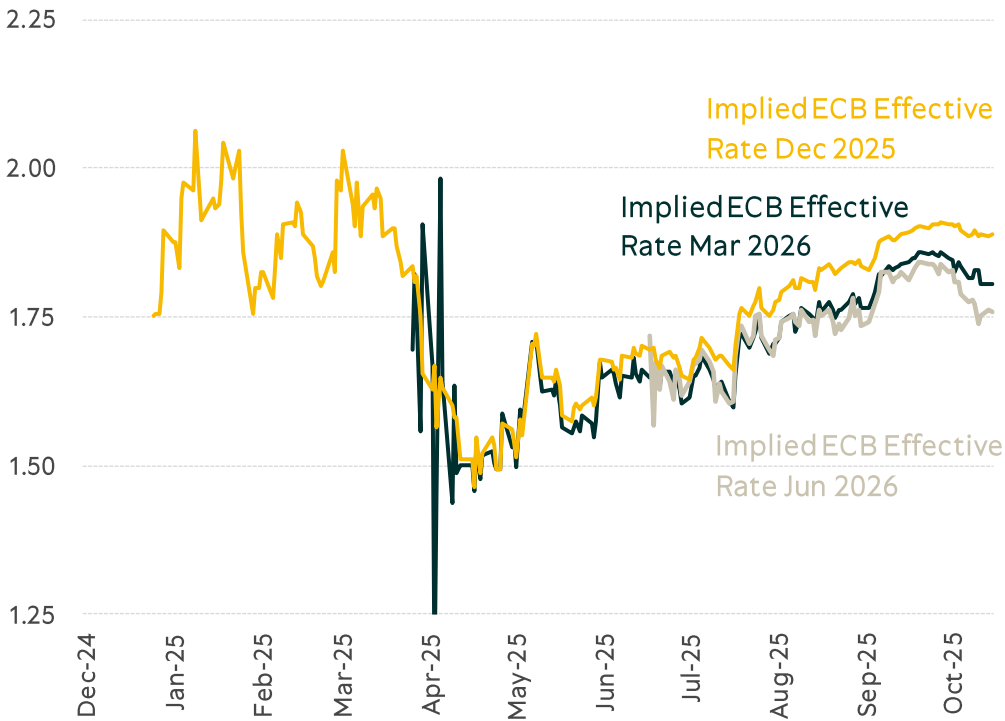


EA Short-Term Rates | Less than one cut is anticipated by the markets by September 2026

Implied Overnight Rate based on Overnight Index Swaps

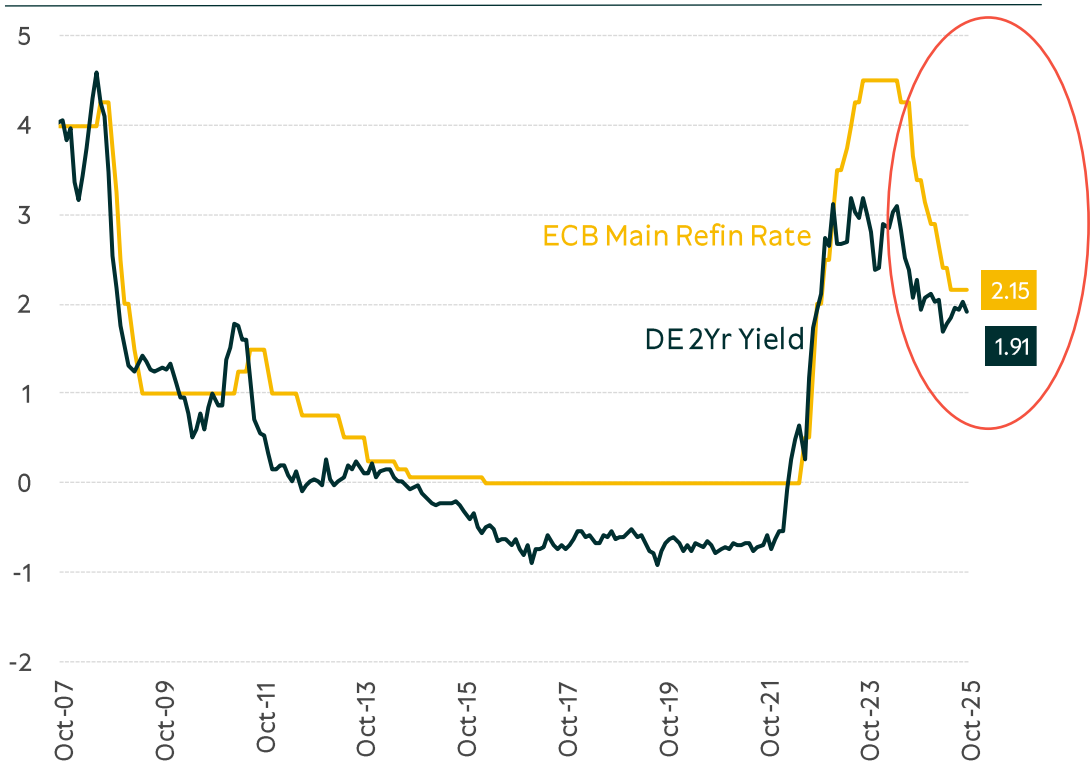


Interest Rates | Implied ECB Effective Rate

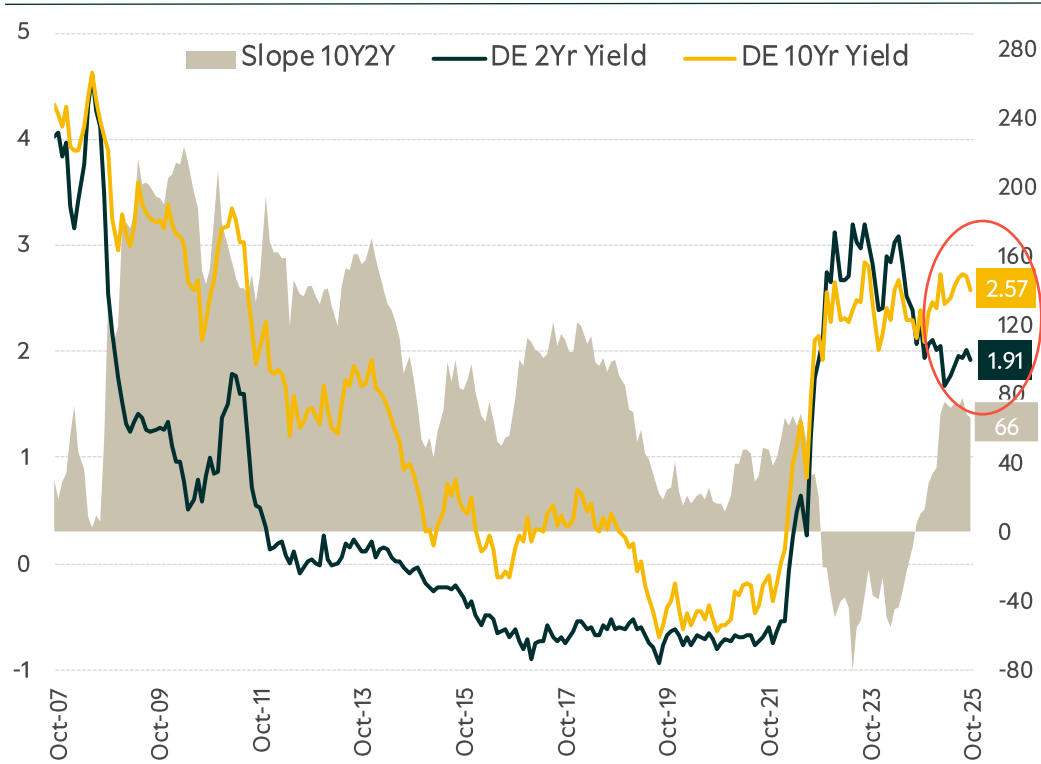


EA Rates | After four straight cuts earlier in the year, the ECB kept its key interest rates unchanged in July and September. German 10Y2Y spread turned positive at the end of Q3 2024 and has steepened since.

ECB Policy Rate vs German 2Yr Yield

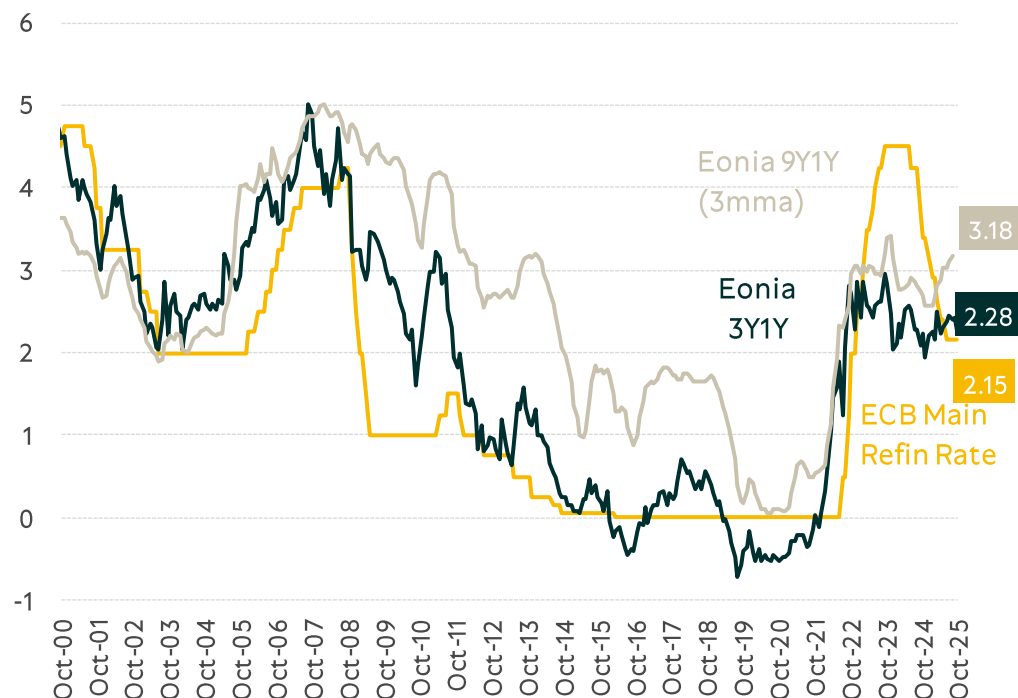


German Yield Curve

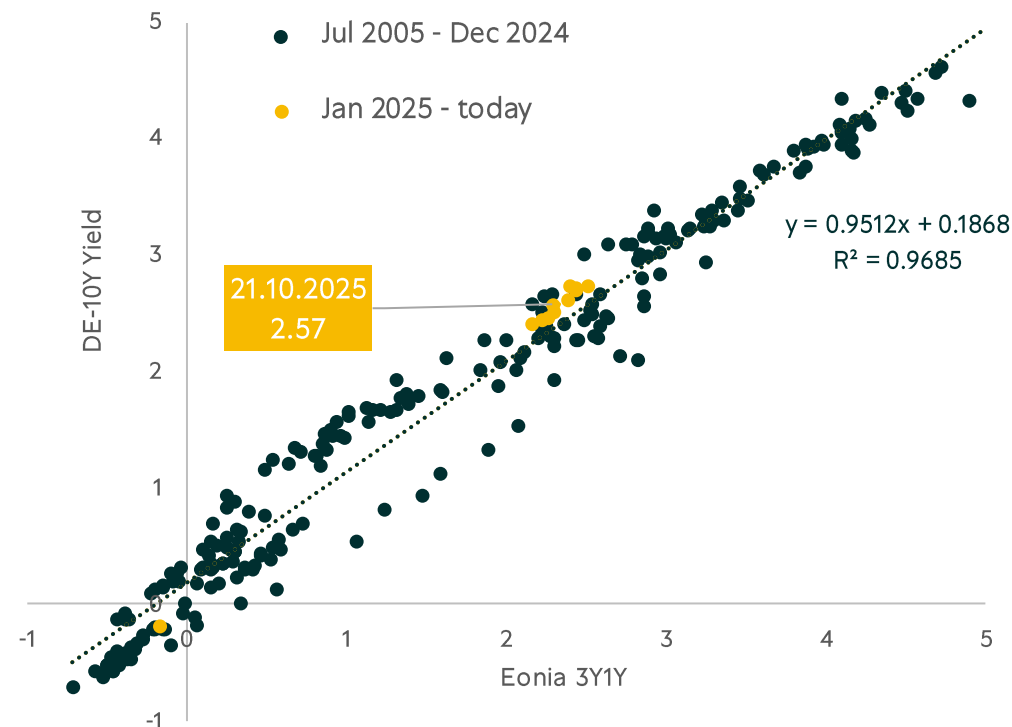


EA Long-Term Rates | Given the current level of short-term rates, long-term bonds are close to “fair value”

Long-term Interest Rate Expectations



DE Yield vs Medium-term Interest Rate Expectations



Bird's Eye View

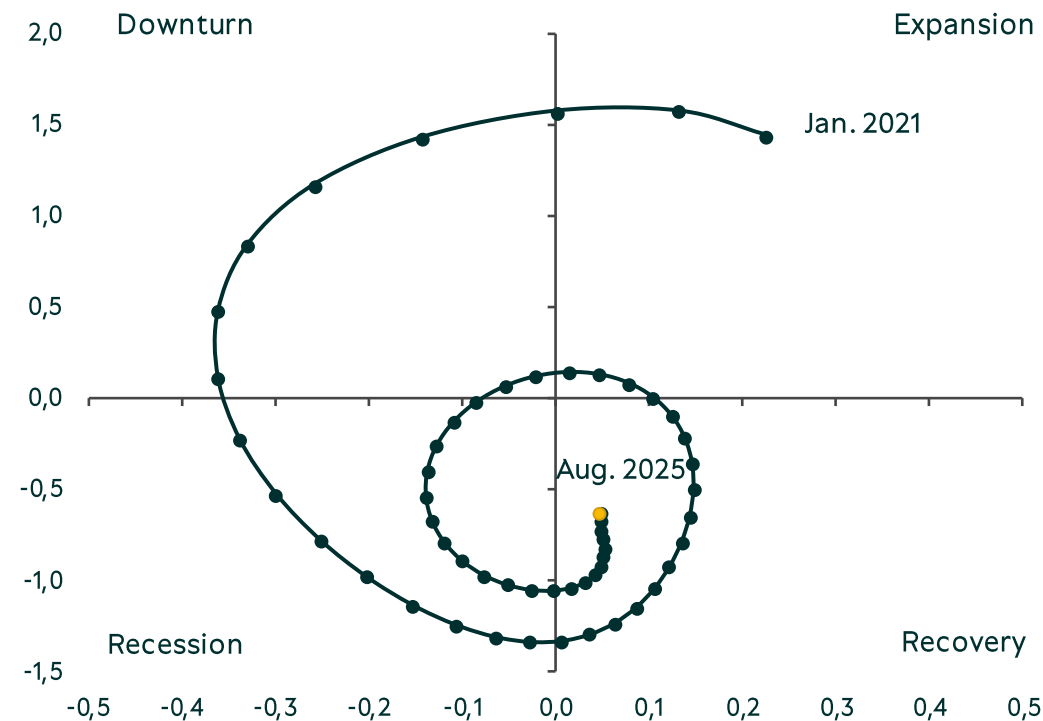
US Economy

EA Economy

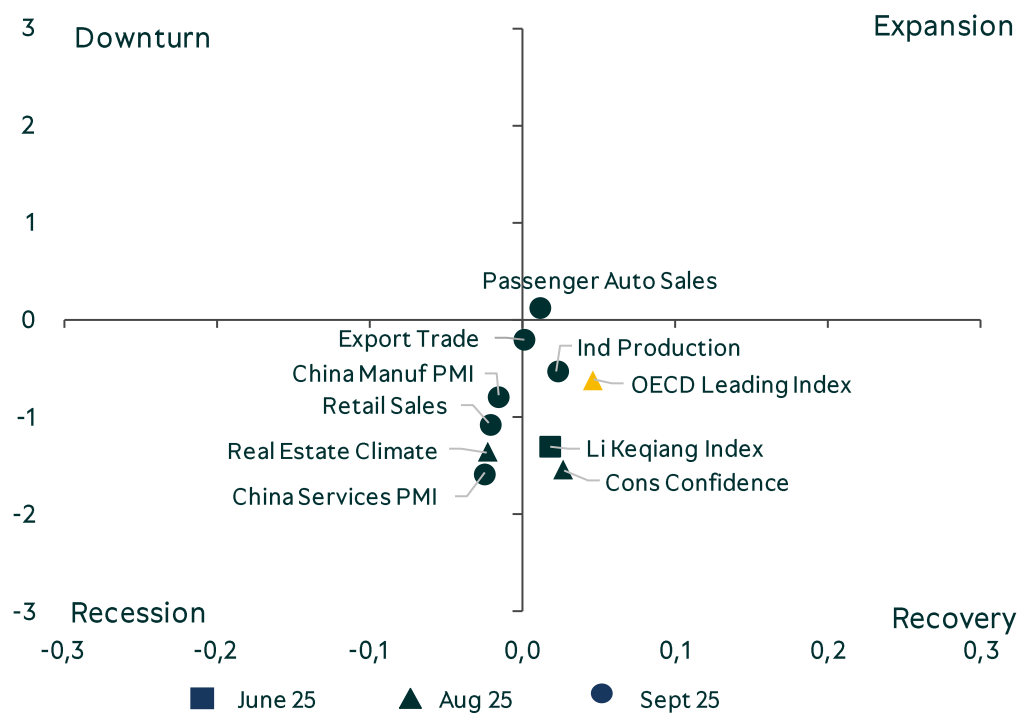
China Economy

Chinese Business Cycle | Most economic variables are positioned between the recession and the recovery phases

CN Business Cycle | Based on China OECD Leading Indicator

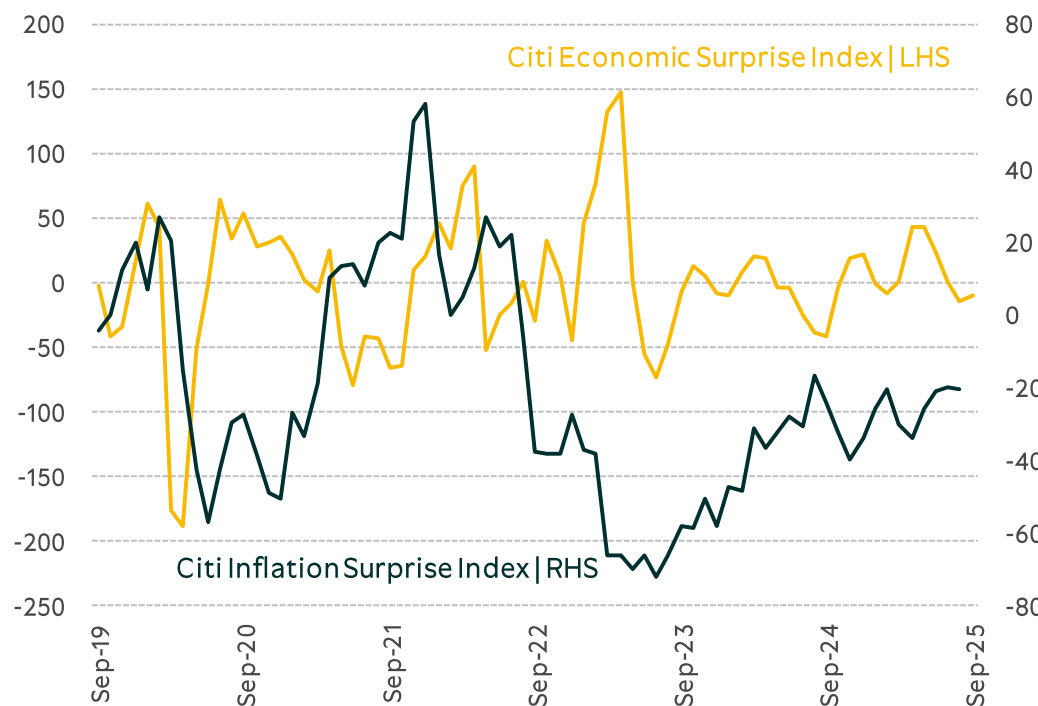


CN Business Cycle | Based on Major CN Economic Variables

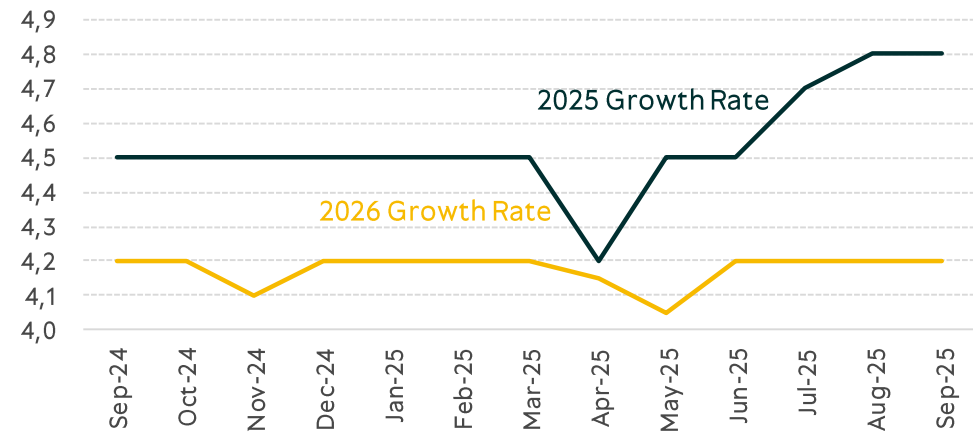


Chinese Macro Expectations | Sub 5% growth expectations for 2025

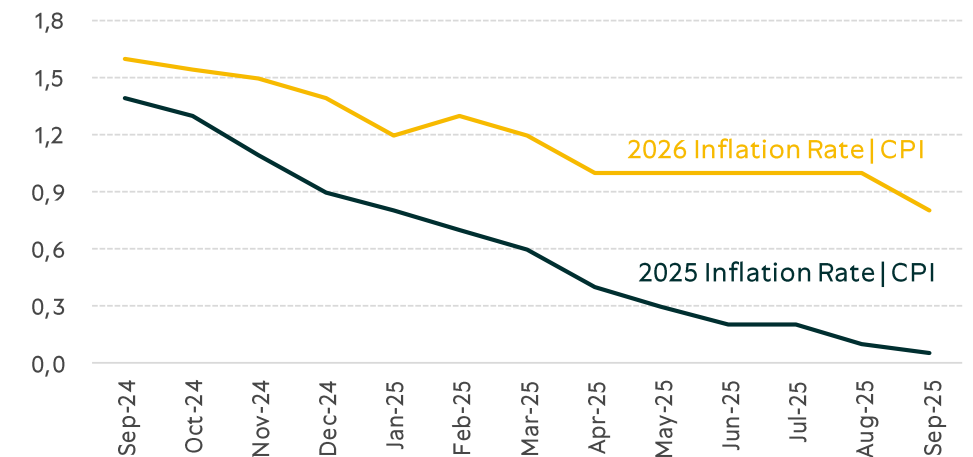
Economic & Inflation Surprises



Growth Rate Expectations (Consensus)

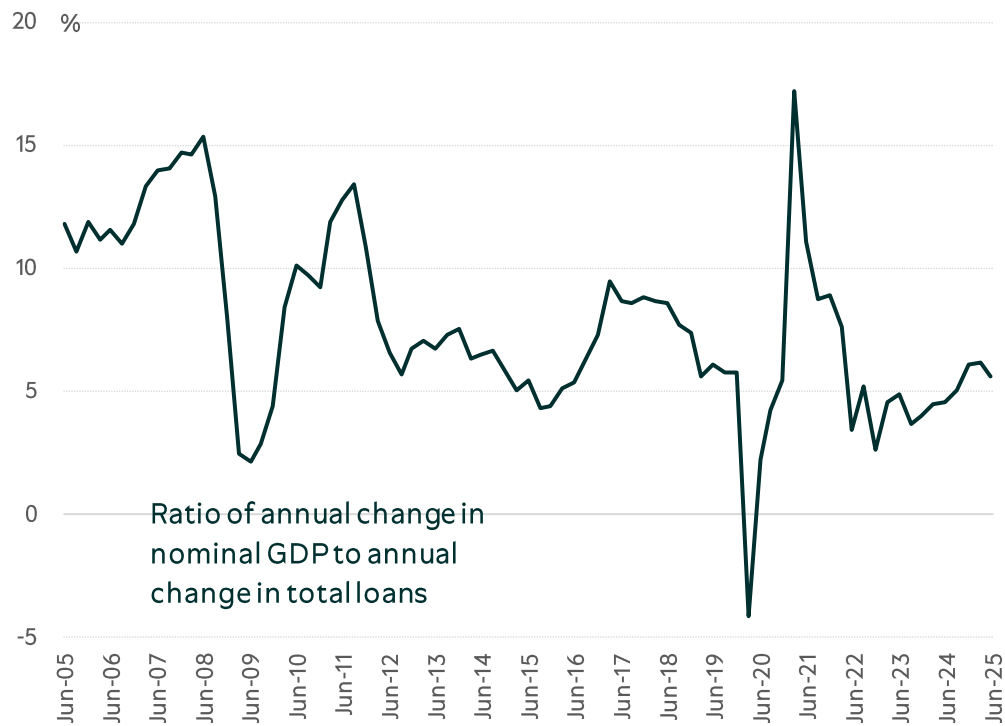


Inflation Rate Expectations (Consensus)

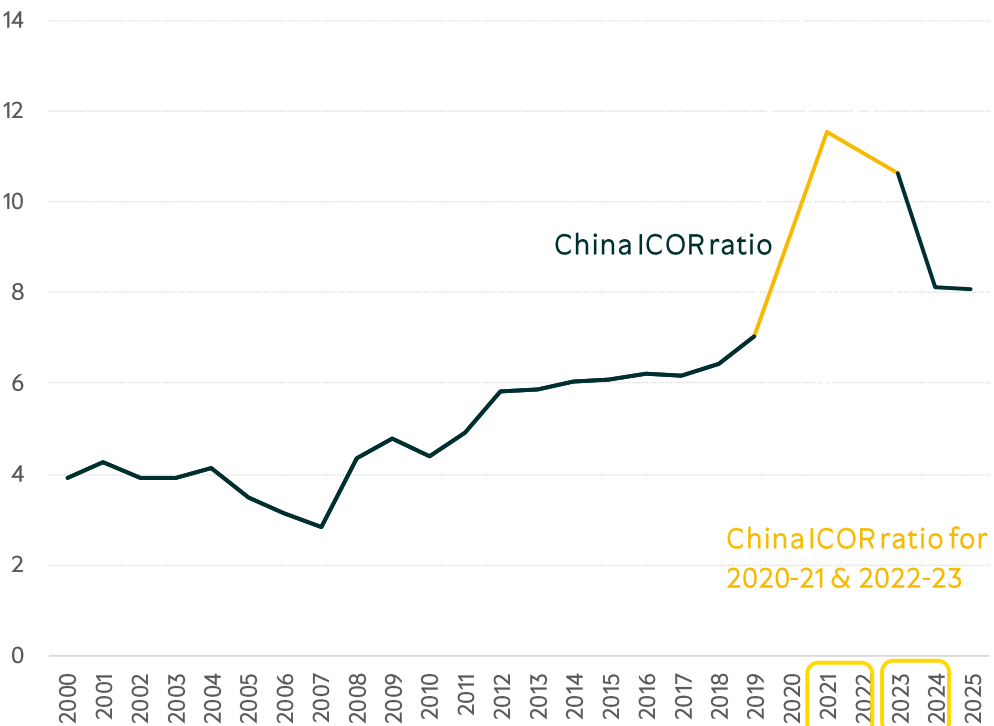


Chinese Investment Capacity | There is significant potential for more efficient capital allocation

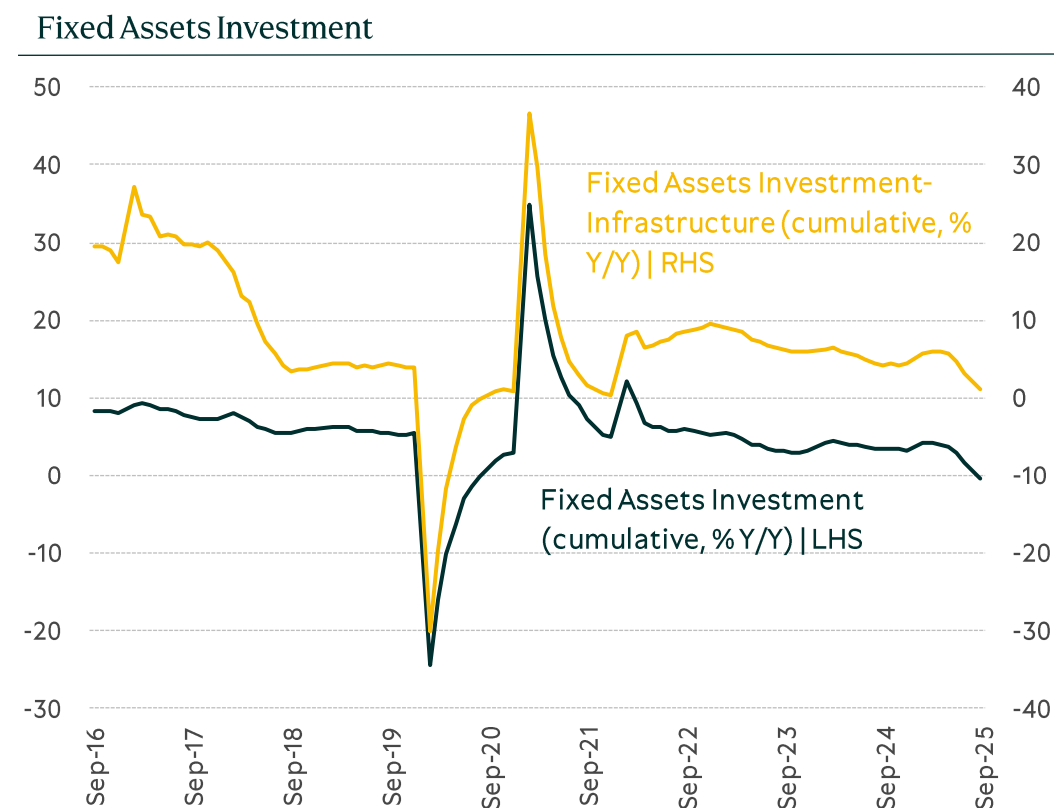
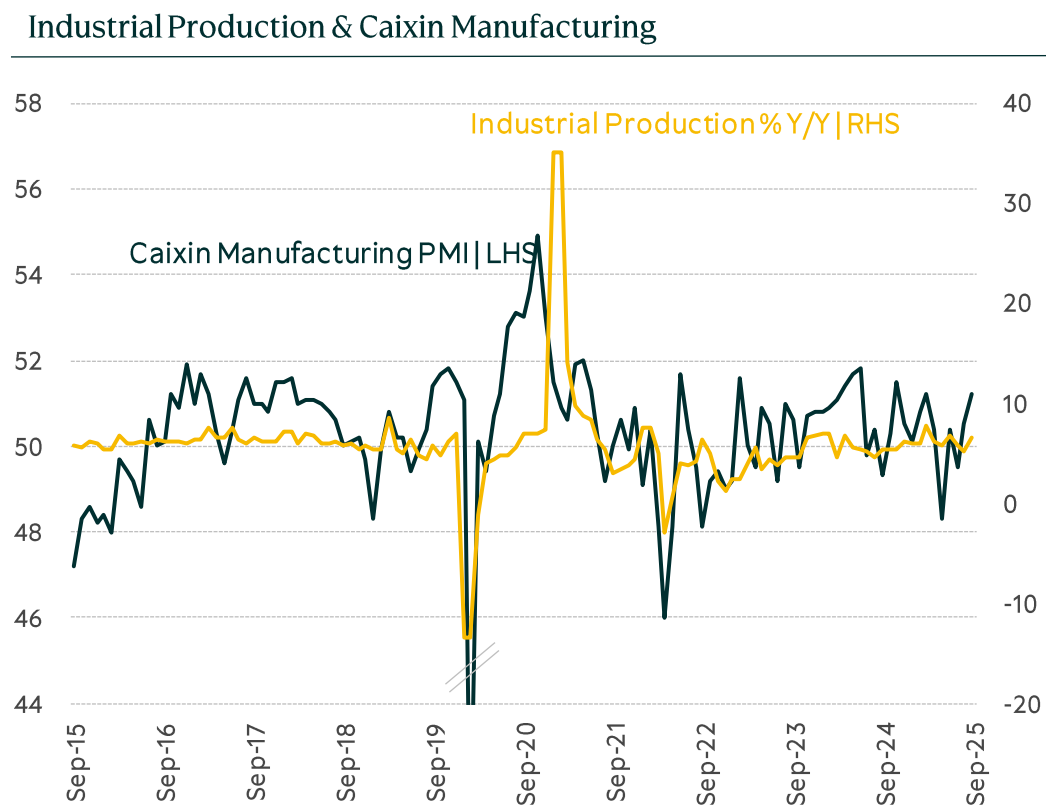
China credit-efficiency ratio



China Incremental Capital Output Ratio

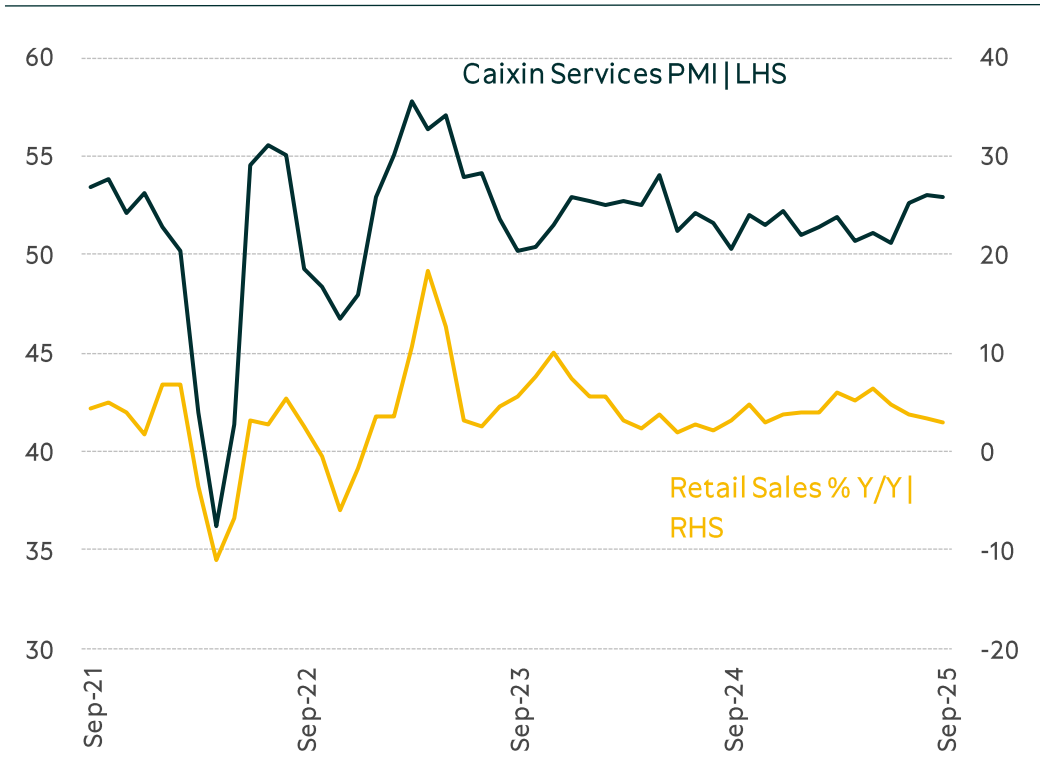


CN | The Caixin Manufacturing PMI rose to 51.2 in September, supported by the ongoing trade truce.

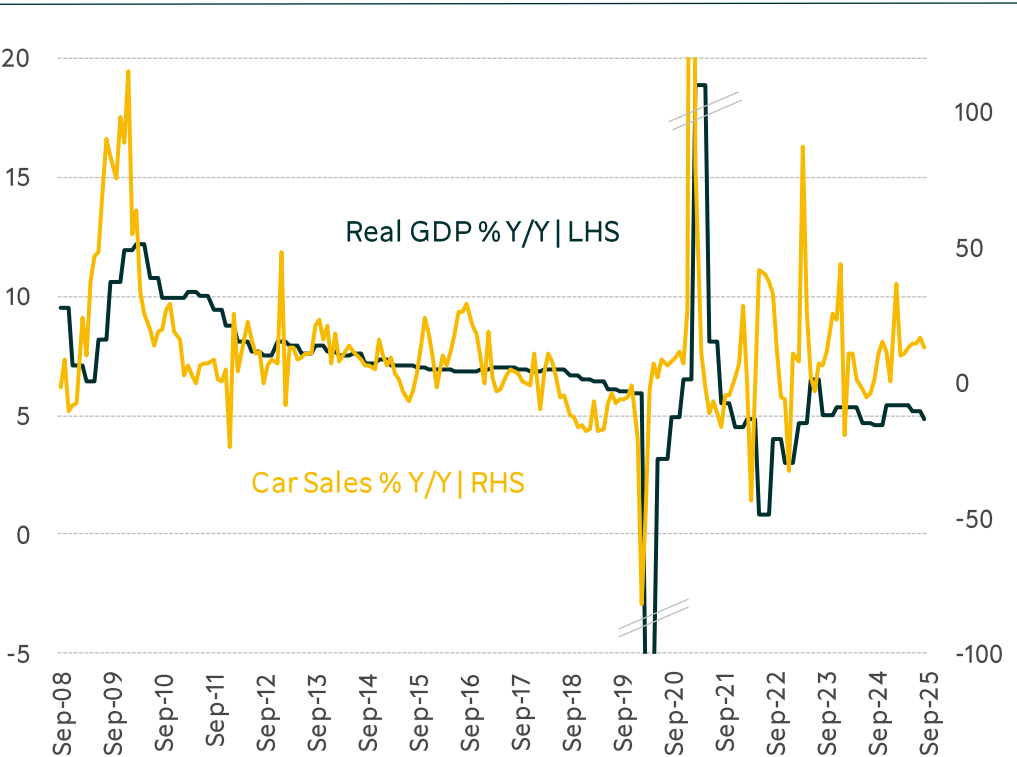


CN | Retail Sales growth rate eases further, while the elevated level of the Services PMI gives a positive signal.

Retail Sales & Caixin Services PMI

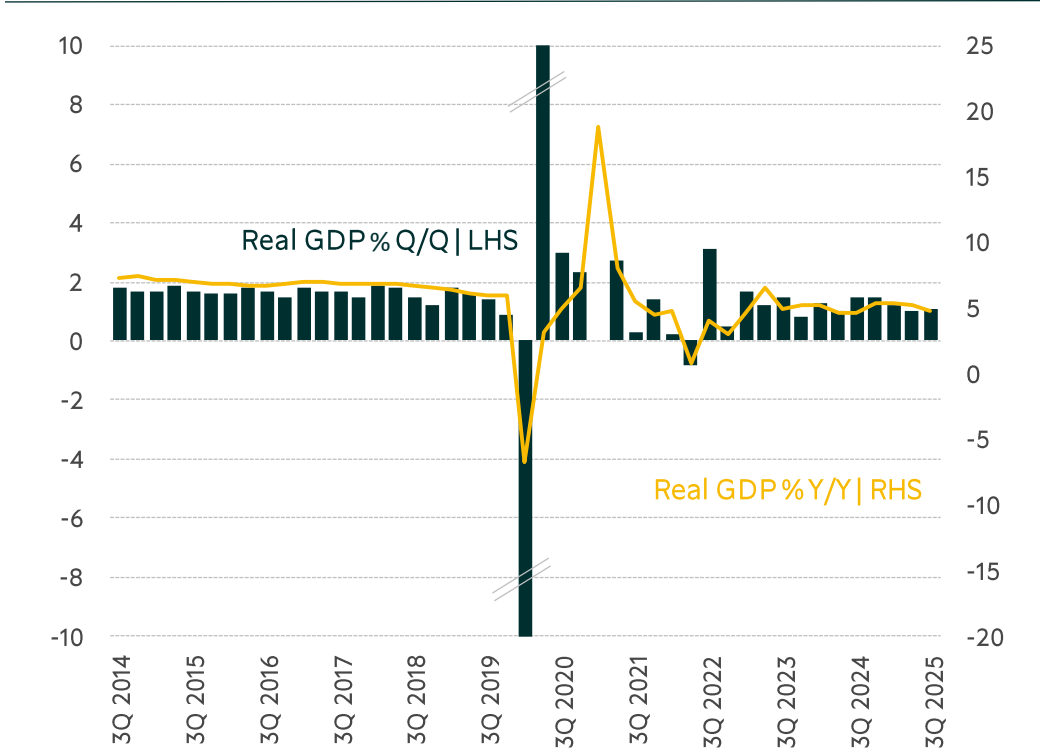


Real GDP & Car Sales

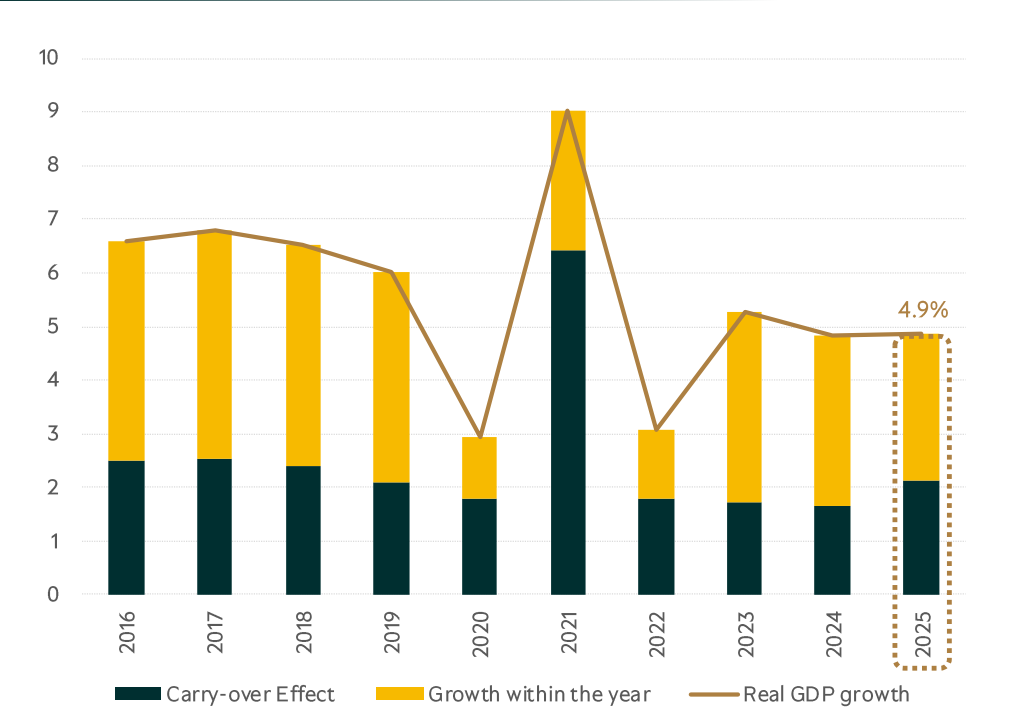


CN GDP Outlook | Achieving the government's target of approximately 5% growth rate in 2025 appears quite likely.

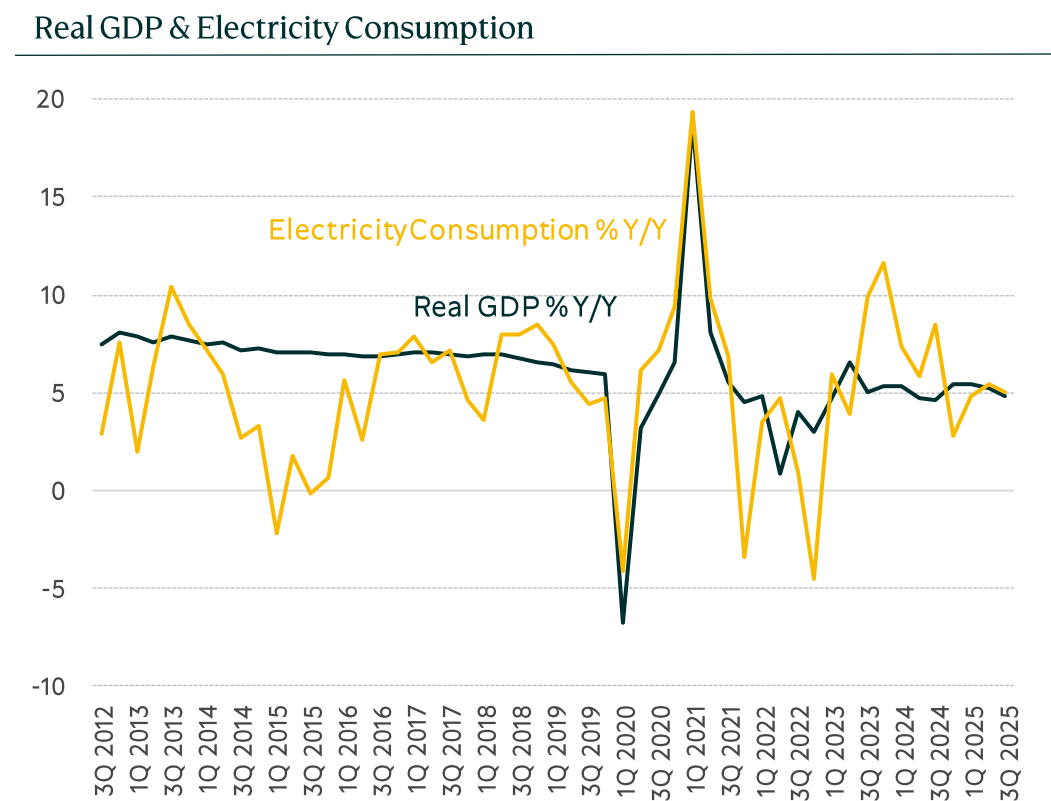
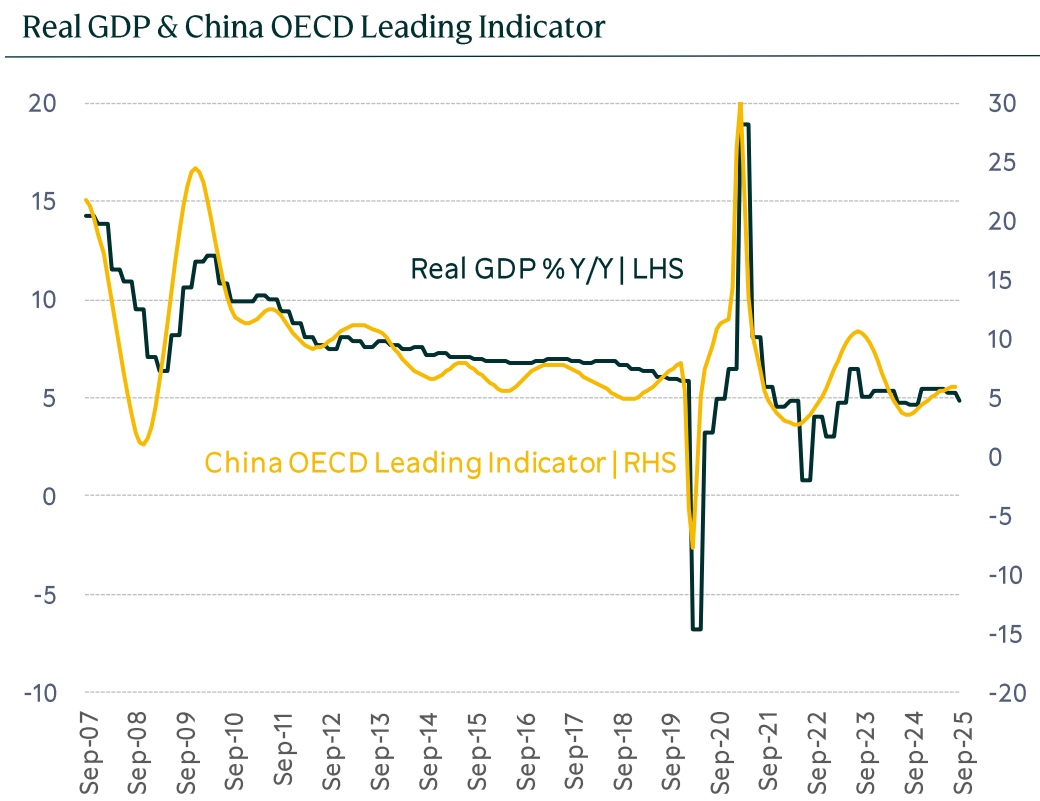
GDP Growth Rate



Carry Over Effect

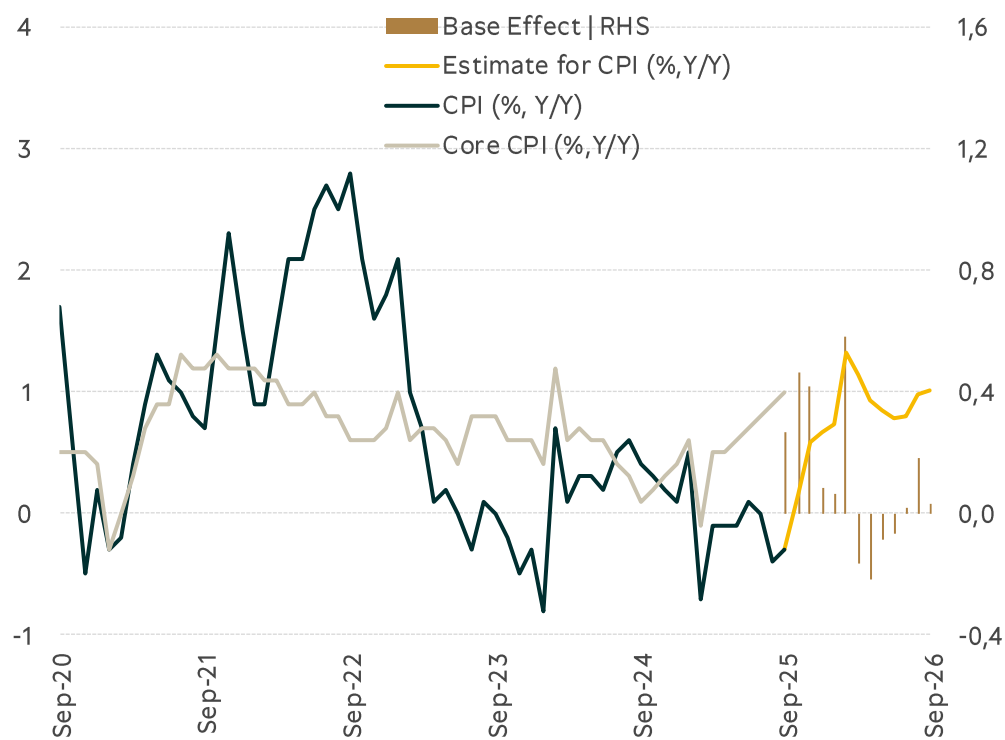


CN GDP | Trends in electricity consumption and the OECD Leading Indicator point to a continuation of current real GDP levels.

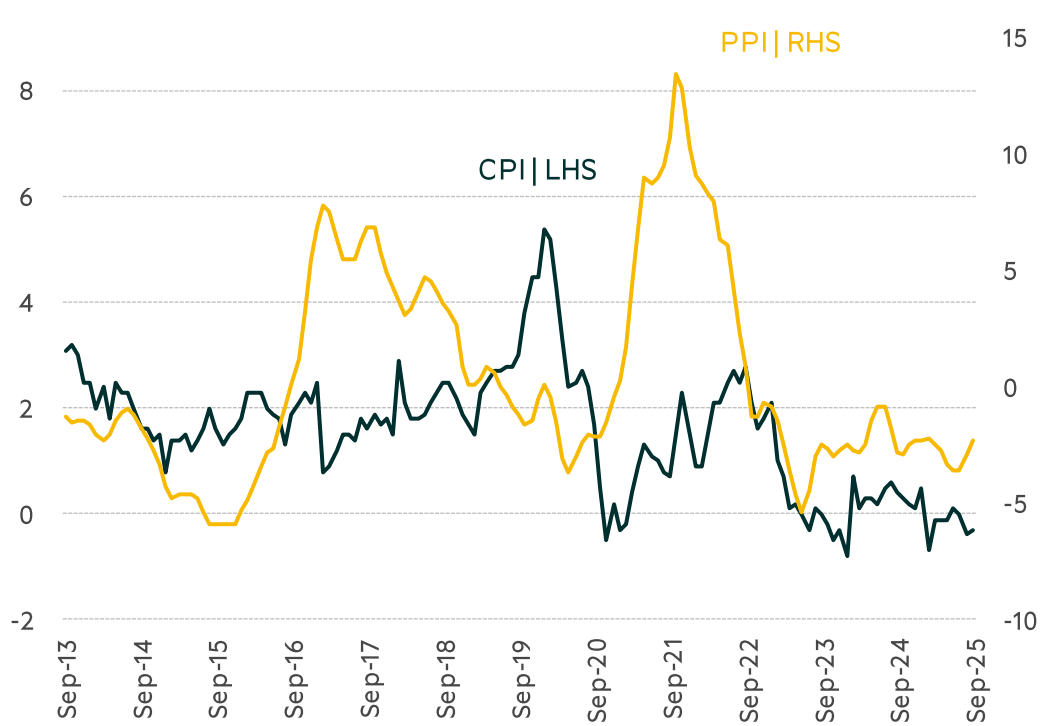


CN Inflation Outlook | Base effects are pointing to higher inflation in the next 12 months

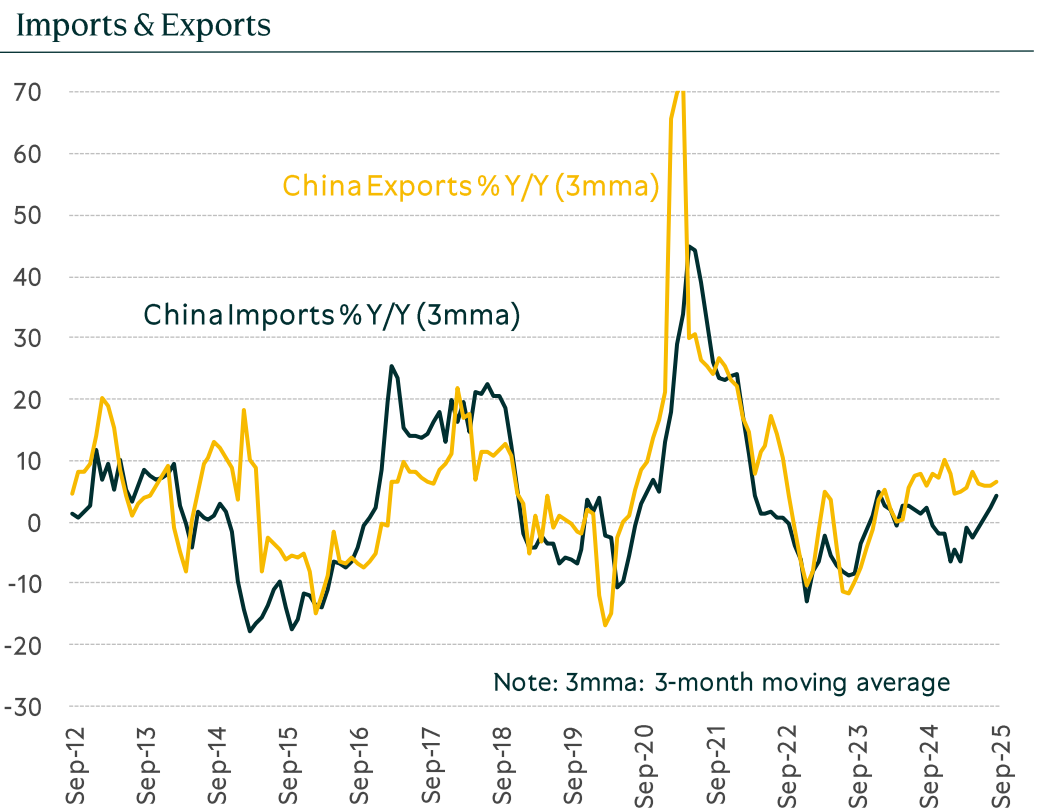
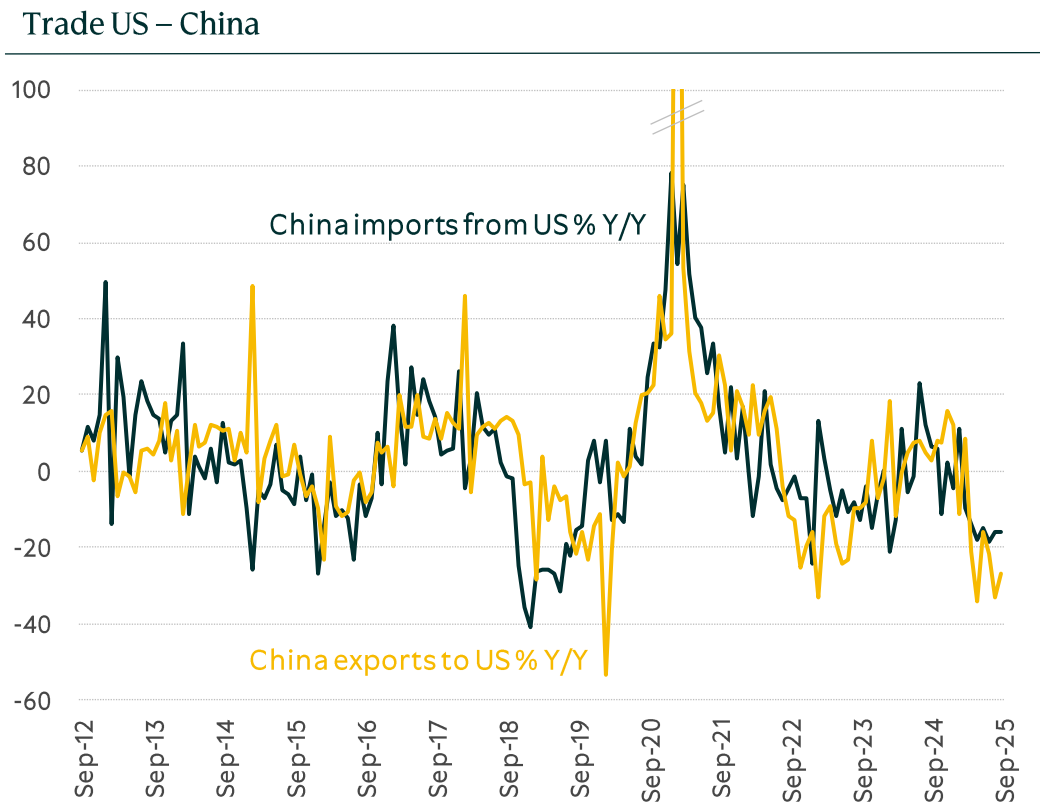
Inflation Rate Forecast | Statistical Model



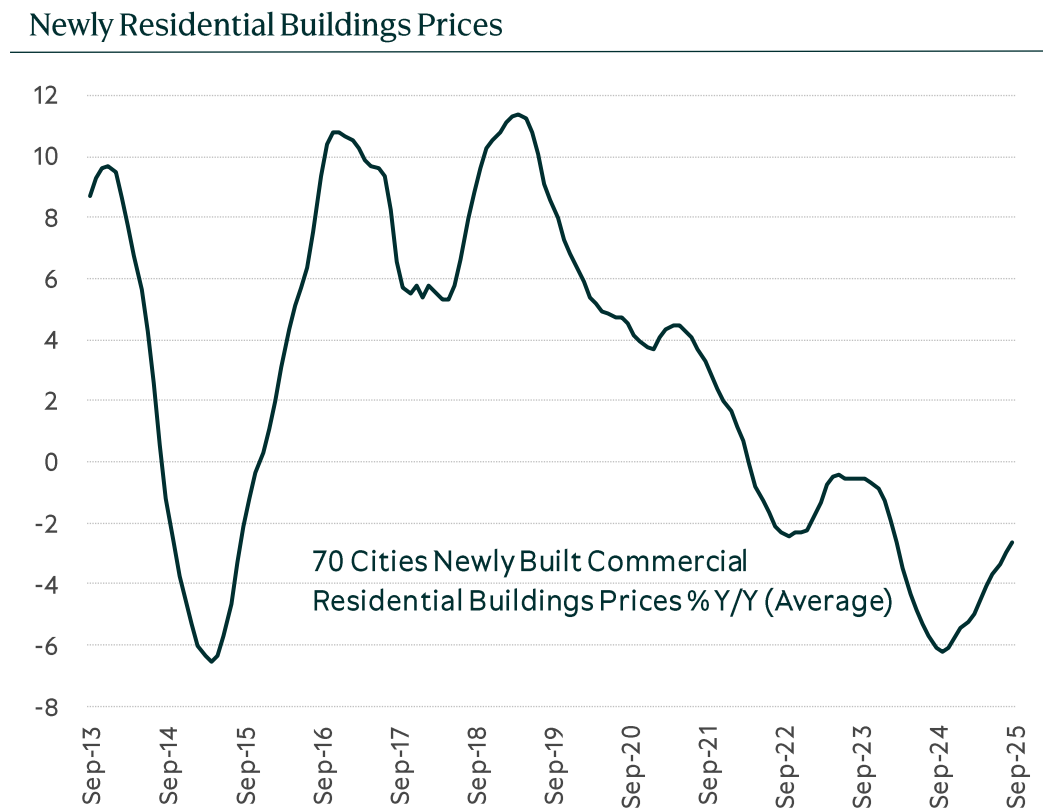
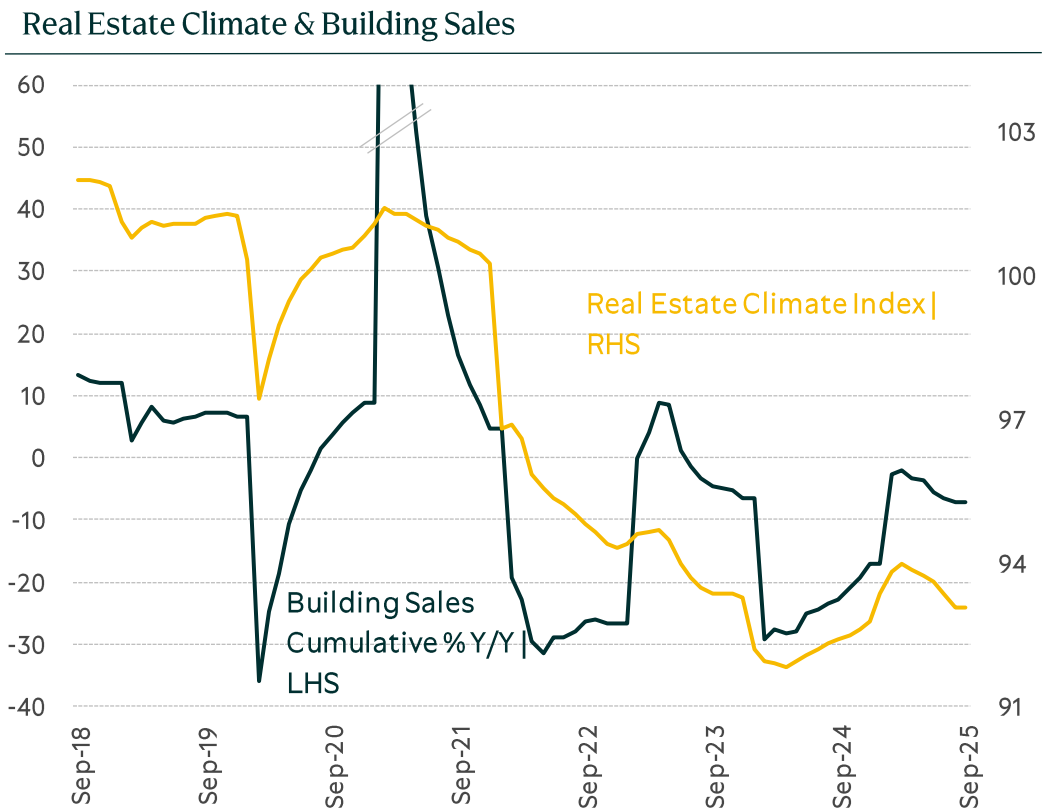
CPI & PPI



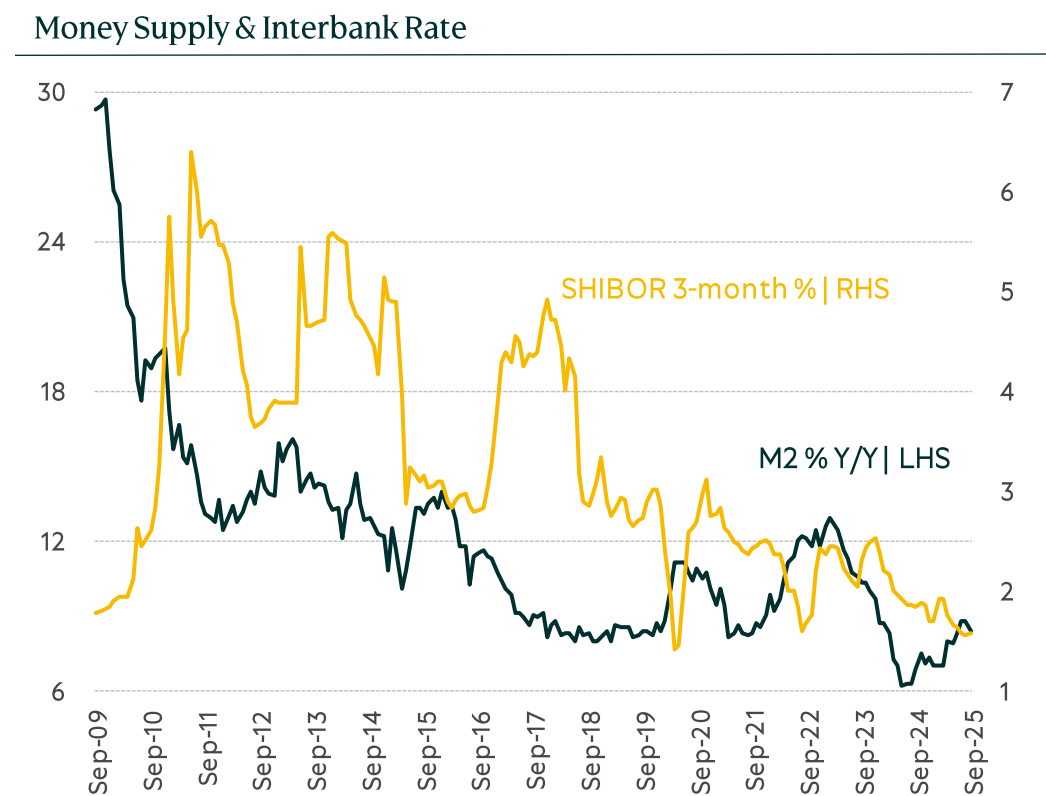
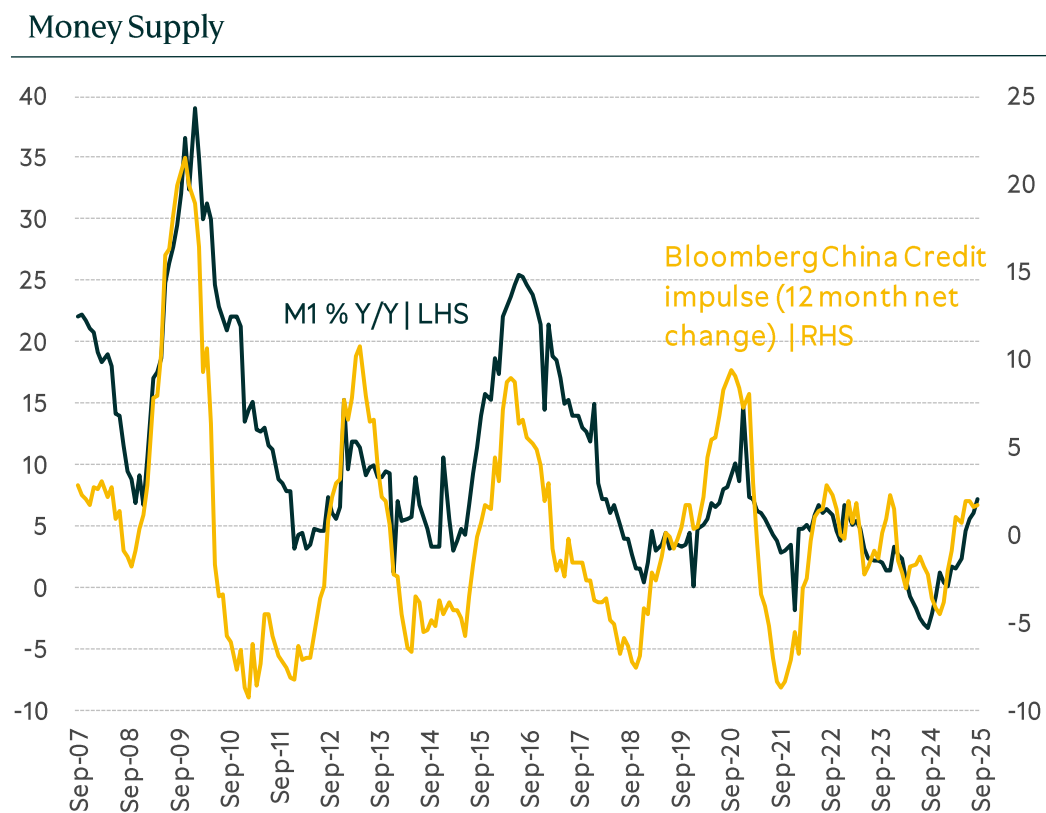
CN Trade | The trade truce with USA has limited trade losses but distrust between the two countries is growing stronger



CN Real Estate | Building sales continue to deteriorate, although the Real Estate climate shows signs of stabilising. Prices still very subdued.

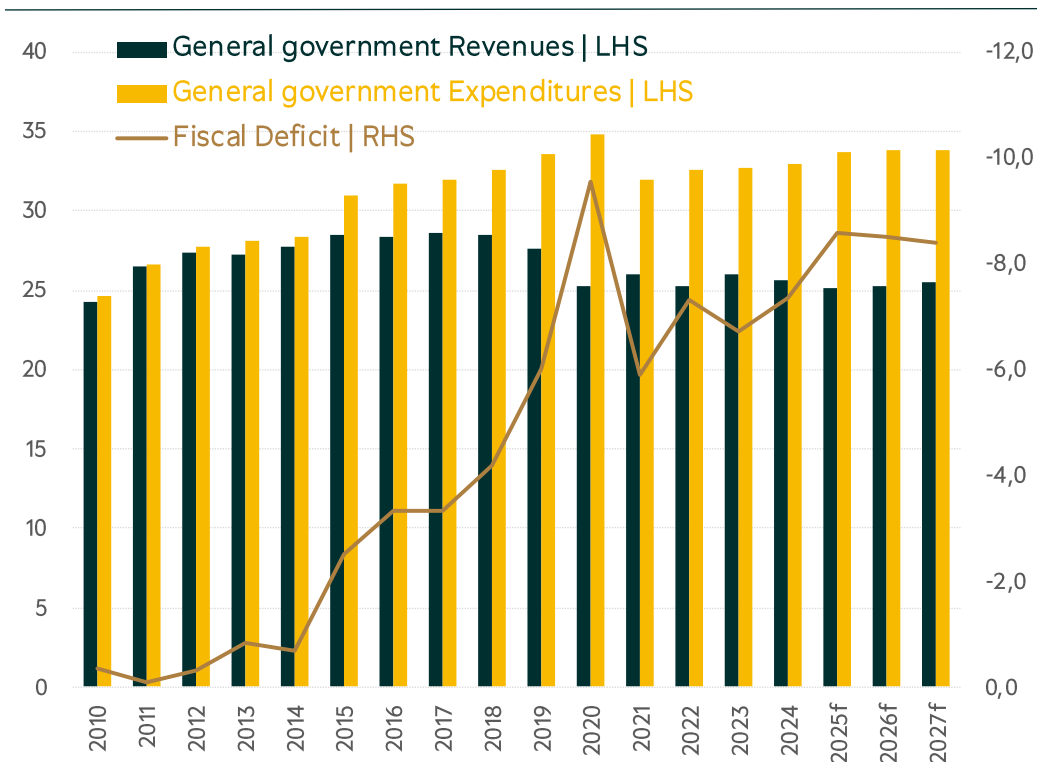


CN Money Supply | M1 and M2 are offering more growth support than before

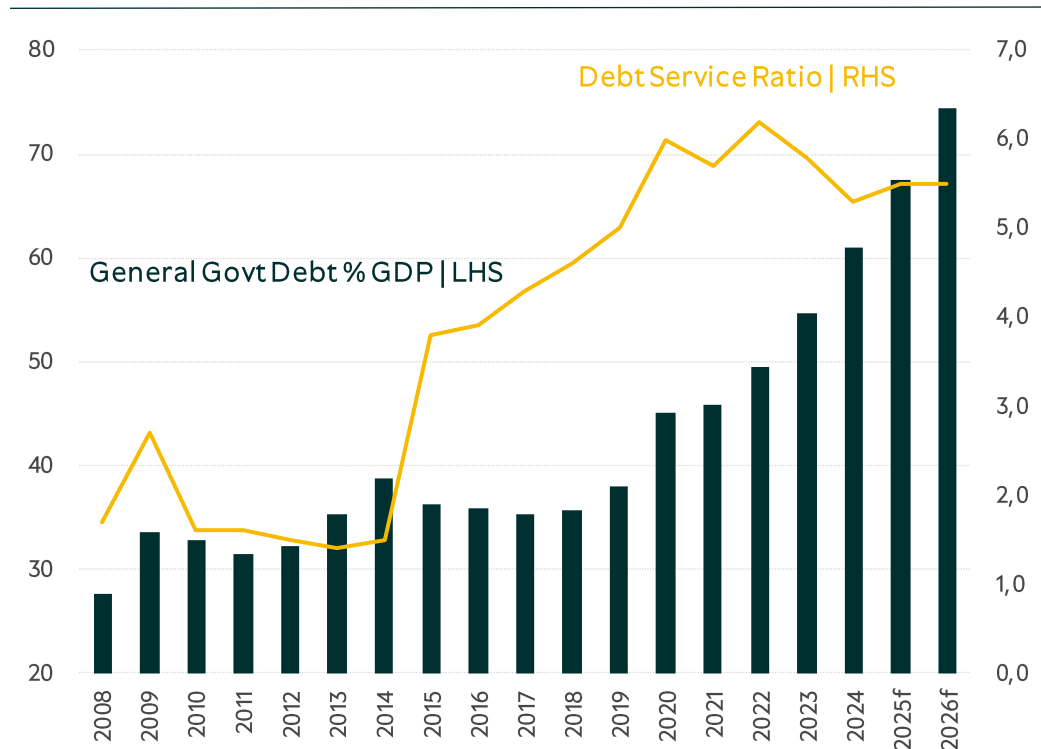


CN Fiscal | Expansionary Fiscal policy is expected to continue

Government Balance



General Government Debt & Debt Service Ratio



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

Economic Research & Investment Strategy

Lekkos, Ilias	Lekkosi@piraeusbank.gr	Group Chief Economist
Papioti, Liana	Papiotie@piraeusbank.gr	Secretary

Global Economics & ESG Research (GLEC)

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
Spertos, Dimosthenis	Spertosd@piraeusbank.gr	Senior Officer, Analyst
Oikonomou, Akrivi	Oikonomouak@piraeusbank.gr	Officer, Analyst

Contact details:

Tel.: +30 2103288187

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

Bloomberg Ticker: {PBGR<GO>}

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