

Global Macro Trends

Elevated uncertainty arising from US trade policies

Global macro trends

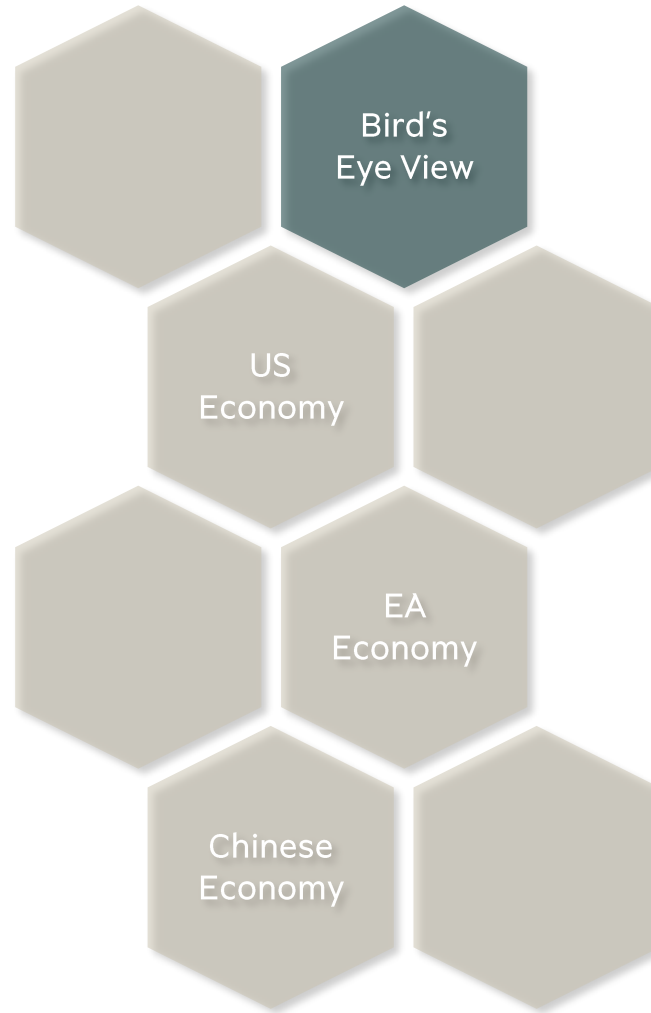
- ▶ **There is considerable uncertainty in the global economy and international markets** due to unclear trade policies of the United States, including questions about whether tariffs will be imposed, the criteria for such decisions, the countries affected, their magnitude, and potential political implications. Additionally, the geopolitical effects of ongoing initiatives by the new president, including the conflict in Ukraine and developments in the Middle East, are still not fully understood. Furthermore, verbal confrontations between the United States and its traditional allies, combined with political changes in Germany, France, and Canada, contribute to this uncertainty.
- ▶ **In the US**, the 4Q growth rate was 2.3% (quarterly-annualized rate), with an overall growth rate of 2.9% in 2024 (compared to 2.8% in 2023). Inflation has recently experienced a slight increase due to temporary factors, remaining close to the Federal Reserve's target, while labor market conditions continue to be stable. Consequently, the Federal Reserve has indicated that there is no immediate need to adjust its monetary policy, taking into consideration the uncertain impact of trade policy on inflation. The economy continues to expand at a steady rate, primarily driven by private consumption, with leading indicators generally positive. Our baseline scenario for 2025 forecasts continued growth at a rate exceeding 2%, although slightly lower than in 2024.
- ▶ **In the euro area**, the economy grew marginally in the fourth quarter on a quarterly basis (0.1%), achieving an overall growth rate of 0.7% for 2024. Inflation remains relatively close to the European Central Bank's 2% target and is expected to converge towards it by the end of the year, while the unemployment rate remains exceptionally low. However, challenges and uncertainties at the economic and political levels have significantly increased. Appropriate strategies are required to address the likely imposition of tariffs by the US on European exports, the direct negotiations between the US and Russia to end the war in Ukraine, the declining competitiveness of European industries compared to the United States and China, and the EU's position regarding new technological developments. Furthermore, these solutions need to be sought in a politically volatile environment with several member states in a difficult fiscal position, further burdened by aging populations. Therefore, the relaxation of monetary policy by the ECB remains essentially the main support mechanism, in a manner that does not reignite inflationary pressures.
- ▶ **In China**, economic activity continues to grow at a strong, albeit somewhat more restrained pace, in an environment where inflationary pressures are practically absent. The imposition of 10% tariffs on Chinese exports by the United States and China's very limited response is estimated to leave significant room for negotiation between the two largest economies.

Διεθνείς Μακροοικονομικές Τάσεις

- ▶ Ο μεγάλος βαθμός αβεβαιότητας στην παγκόσμια οικονομία και τις διεθνείς αγορές παραμένει καθώς δεν έχει αποσαφηνιστεί επαρκώς η εμπορική πολιτική των ΗΠΑ (εάν τελικά επιβληθούν δασμοί και τότε, με ποια κριτήρια, σε ποιες χώρες, ύψος αυτών και οι πολιτικές προεκτάσεις τους), αλλά και το τι συνεπάγονται σε γεωπολιτικό επίπεδο οι εν εξελίξει πρωτοβουλίες του νέου προέδρου τους (πόλεμος στην Ουκρανία, εξελίξεις στη Μέση Ανατολή). Τέλος, σημαντική αβεβαιότητα γεννά η λεκτική αντιπαράθεση από την πλευρά των ΗΠΑ προς παραδοσιακούς συμμάχους που εντείνεται με την πολιτική ρευστότητα στη Γερμανία, τη Γαλλία και τον Καναδά.
- ▶ Στις ΗΠΑ, ο ρυθμός ανάπτυξης κατά το δ' τρίμηνο διαμορφώθηκε στο 2,3% (τριμηνιαίος-ετησιοποιημένος ρυθμός) και συνολικά στο 2,9% το 2024 (2023: 2,8%). Παράλληλα, ο πληθωρισμός το τελευταίο διάστημα εμφανίζει ελαφρά άνοδο, για συγκυριακούς κυρίως λόγους, παραμένοντας σχετικά κοντά στον στόχο της Fed, ενώ και οι συνθήκες στην αγορά εργασίας διατηρούνται αρκετά καλές. Συνεπώς, δεν εκπλήσσει η δήλωση της Fed ότι δεν υπάρχει βιασύνη για χαλάρωση της νομισματικής πολιτικής της (υπονοώντας την περαιτέρω μείωση του βασικού επιτοκίου της), ιδίως όταν δεν μπορεί να εκτιμηθεί η επίδραση της εμπορικής πολιτικής στην εξέλιξη του πληθωρισμού. Γενικότερα, η οικονομία συνεχίζει να αναπτύσσεται με ιδιαίτερα ικανοποιητικό ρυθμό, στηριζόμενη κυρίως στην ιδιωτική κατανάλωση και οι πρόδρομοι δείκτες είναι γενικά ευνοϊκοί. Βασικό μας σενάριο για το 2025 είναι η ανάπτυξη να συνεχιστεί με ρυθμό που θα ξεπεράσει το 2%, αν και χαμηλότερο του 2024.
- ▶ Στην Ευρωζώνη η οικονομία κατά το δ' τρίμηνο εμφάνισε οριακή ανάπτυξη σε τριμηνιαία βάση (0,1%) και υπολογίζεται ότι συνολικά το 2024 πέτυχε ρυθμό ανάπτυξης 0,7%. Ο πληθωρισμός παραμένει σχετικά κοντά στον στόχο του 2% της ΕΚΤ και εκτιμάται ότι θα συγκλίνει σε αυτόν προς το τέλος του έτους, ενώ και το ποσοστό ανεργίας διατηρείται εξαιρετικά χαμηλά. Ωστόσο, οι προκλήσεις και η αβεβαιότητα σε οικονομικό και πολιτικό επίπεδο έχουν αυξηθεί σημαντικά. Απαιτείται η διαμόρφωση κατάλληλων στρατηγικών απέναντι στο (πολύ πιθανό) ενδεχόμενο επιβολής δασμών από πλευράς ΗΠΑ στις ευρωπαϊκές εξαγωγές, στη διαφαινόμενη απευθείας διαπραγμάτευση των ΗΠΑ με τη Ρωσία για τον τερματισμό του πολέμου στην Ουκρανία, τη μειούμενη ανταγωνιστικότητα τη ευρωπαϊκής βιομηχανίας απέναντι στις ΗΠΑ και την Κίνα και τη θέση της ΕΕ στις νέες τεχνολογικές εξελίξεις. Επιπλέον, αυτές οι λύσεις θα πρέπει να αναζητηθούν σε ένα περιβάλλον ιδιαίτερα ρευστό πολιτικά και με αρκετά κράτη-μέλη σε δυσχερή δημοσιονομική θέση, που η γήρανση του πληθυσμού την επιβαρύνει περαιτέρω. Συνεπώς, η χαλάρωση της νομισματικής πολιτικής από πλευράς ΕΚΤ απομένει ουσιαστικά ο κύριος μηχανισμός στήριξης με τρόπο, όμως, που δεν θα αναζωπυρώσει τις πληθωριστικές πιέσεις.
- ▶ Στην Κίνα, η οικονομική δραστηριότητα συνεχίζει να αναπτύσσεται με ισχυρό, αν και κάπως πιο συγκρατημένο ρυθμό, σε περιβάλλον όπου πρακτικά απουσιάζουν οι πληθωριστικές πιέσεις. Η επιβολή δασμών ύψους 10% στις κινεζικές εξαγωγές από πλευράς ΗΠΑ και η πολύ περιορισμένη αντίδραση της Κίνας εκτιμάται ότι αφήνει σημαντικό περιθώριο για συνεννόηση μεταξύ των δύο μεγαλύτερων οικονομιών.

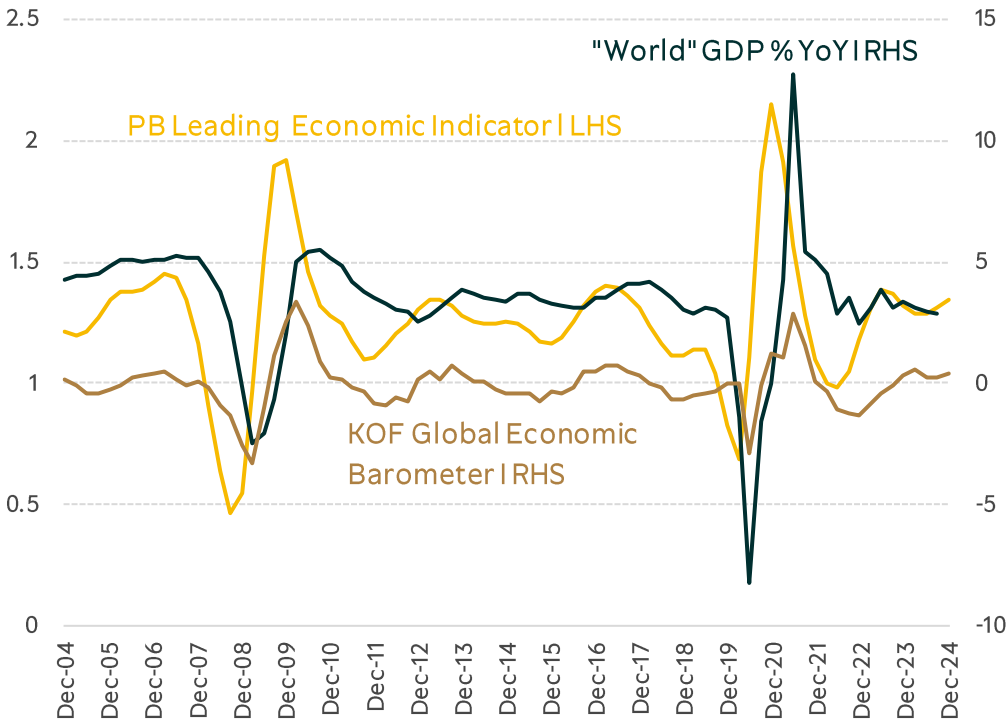
Main Macroeconomic Indicators – Market Consensus

US											
	Actual				Estimates				% Y/Y avg		
	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2024	2025	2026
Real GDP	1.6	3.0	3.1	2.3	2.1	2.0	2.0	2.0	2.8	2.2	2.0
Q/Q % SAAR											
Headline PCE PI	2.7	2.6	2.3	2.4	2.3	2.2	2.4	2.4	2.5	2.3	2.3
% Y/Y											
Core PCE	3.0	2.7	2.7	2.6	2.5	2.5	2.5	2.4	2.8	2.5	2.3
% Y/Y											
Unemployment Rate	3.8	4.0	4.2	4.1	4.2	4.3	4.2	4.2	4.0	4.3	4.1
Fed Policy Rate (Upper Bound)	5.50	5.50	5.00	4.50	4.35	4.20	4.05	3.95	4.50	3.95	3.60
EA											
	Actual				Estimates				% Y/Y avg		
	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2024	2025	2026
Real GDP	0.3	0.2	0.4	0.0	0.2	0.3	0.3	0.3	0.7	1.0	1.2
Q/Q %											
CPI	2.6	2.5	2.2	2.2	2.2	2.1	2.0	2.0	2.4	2.1	1.9
% Y/Y											
Unemployment Rate	6.5	6.4	6.3	6.3	6.4	6.4	6.4	6.4	6.4	6.4	6.4
ECB Policy Rate (Main Refin Rate)	4.50	4.25	3.65	3.15	2.65	2.15	2.15	2.15	3.15	2.15	2.15
Emerging Markets											
	Emerging Markets		Brazil			China		India			
	Real GDP	Inflation	Real GDP	Inflation	Key Rate	Real GDP	Inflation	Real GDP	Inflation	Key Rate	
2022	3.9	6.4	3.0	9.3	13.75	3.1	2	9.7	6.7	6.25	
2023	4.4	5.7	3.3	4.6	11.75	5.4	0.2	7.0	5.7	6.50	
2024e	5.1	6.6	3.3	4.4	12.25	5	0.2	8.2	5.0	6.50	
2025f	4.2	3.4	2.1	4.9	15.00	4.5	0.8	6.3	4.8	5.75	
2026f	4.1	3.0	1.8	4.0	12.00	4.2	1.2	6.5	4.3	5.7	
Market Consensus 07.02.2025											

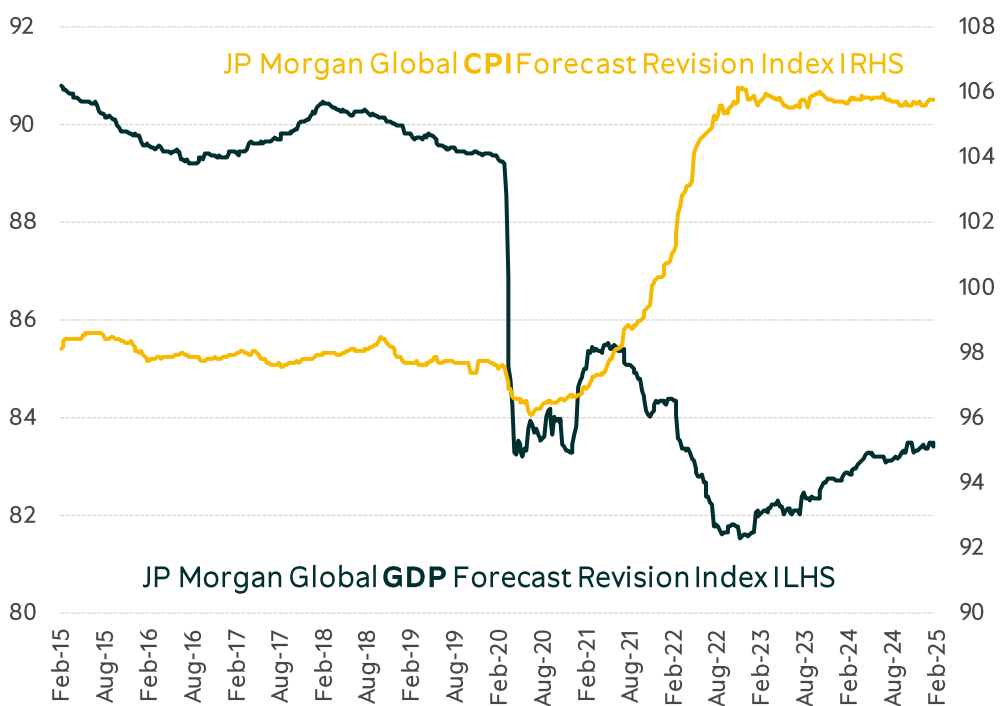


The Global Bird's-Eye View | The global economy seems to have escaped the “subpar growth trap” but inflation remains above central banks’ target

Piraeus Bank “World” Leading Economic Indicator & Economic Growth

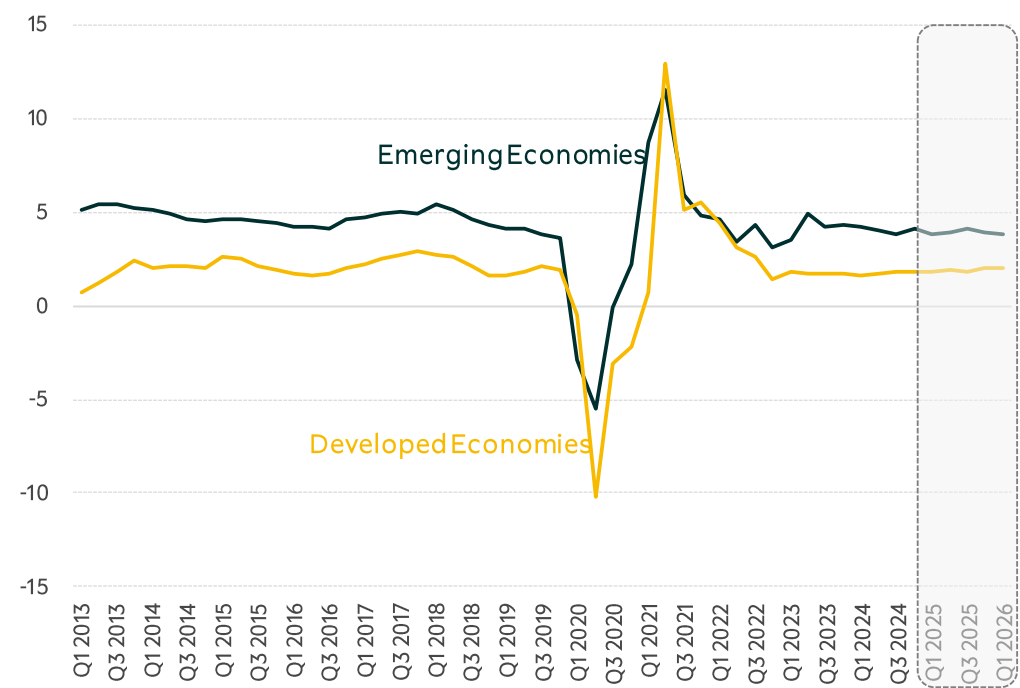


JP Morgan Global Forecast Revision Indices

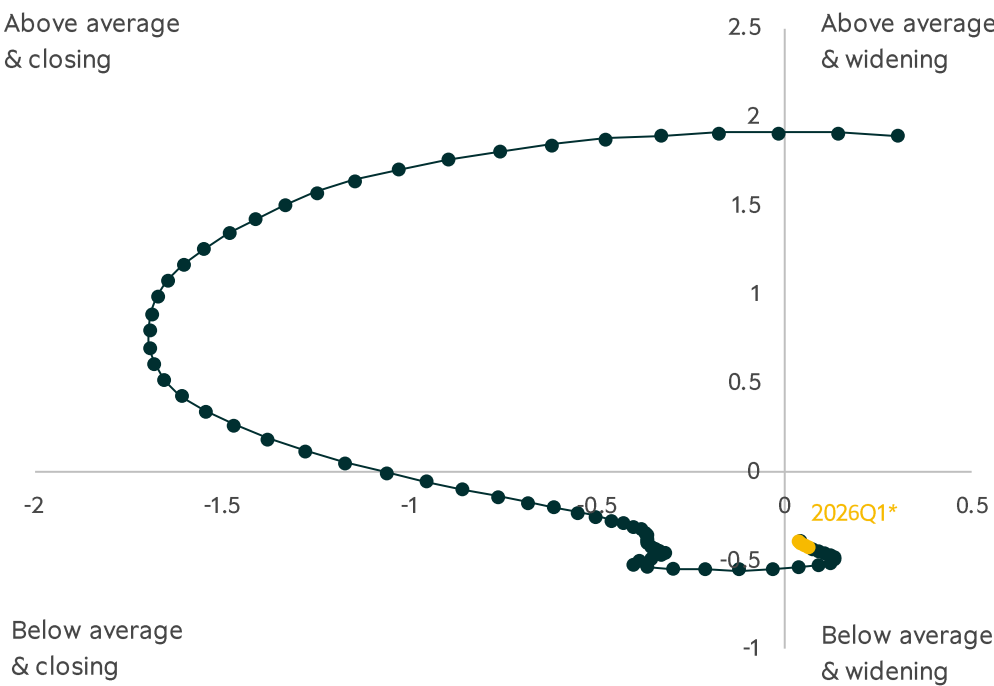


The Global Bird's-Eye View | Emerging markets' growth differential to remain steady, below average levels for 2025

Real GDP Growth % YoY



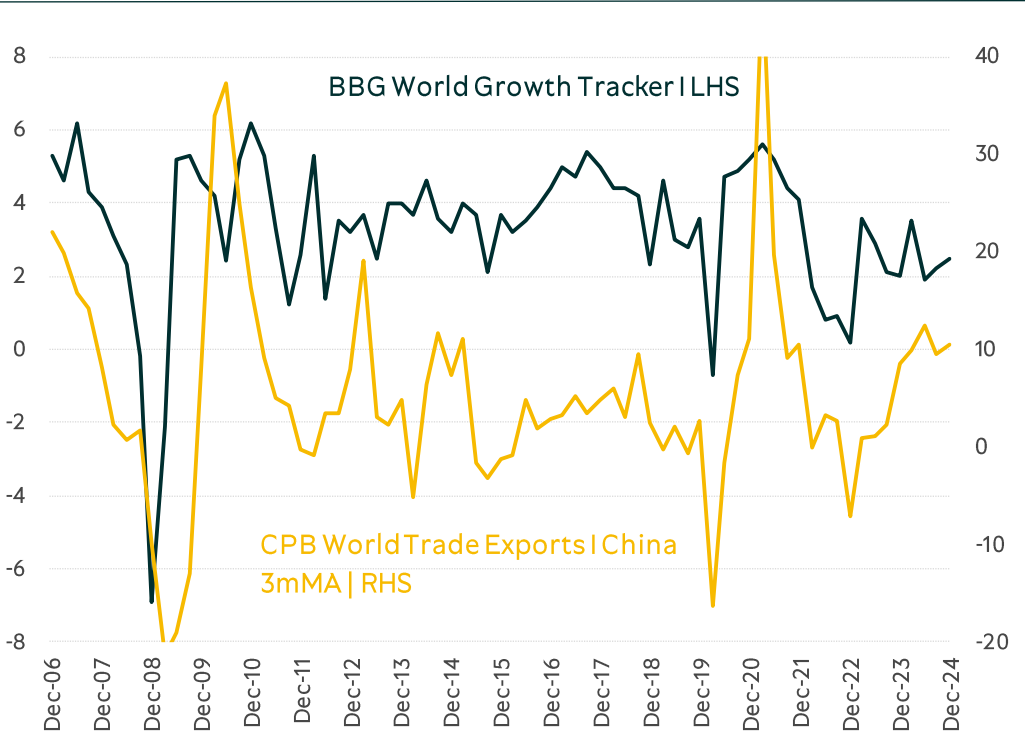
EM – DM Growth Differential



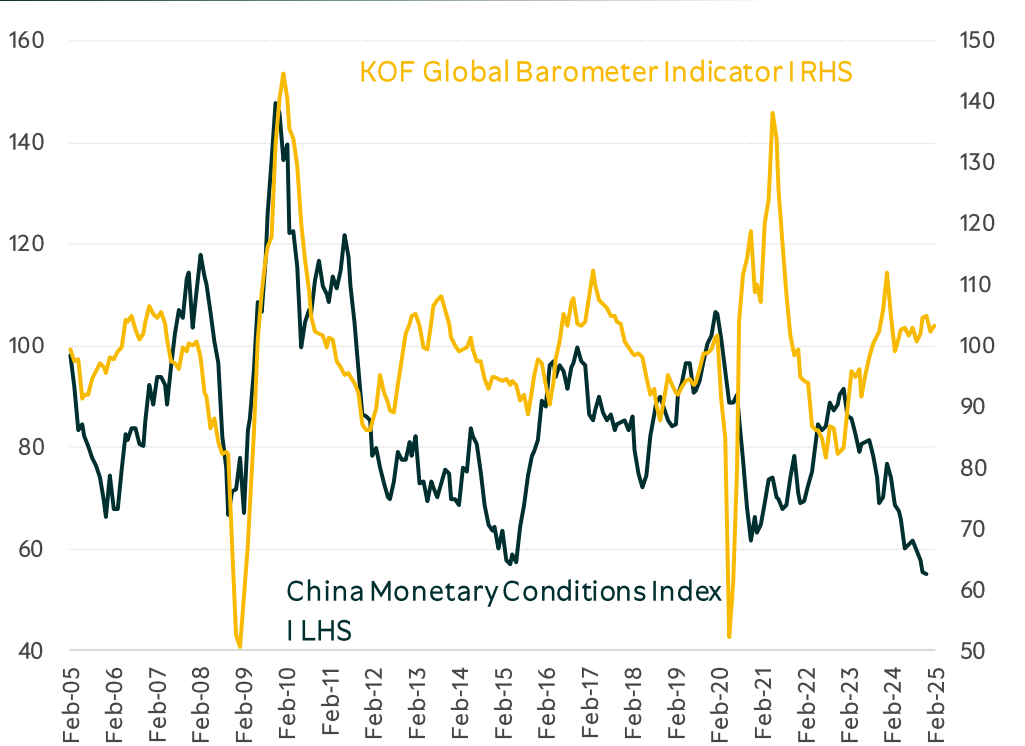
* Denotes forecasted figures from 2025Q1 up to 2026Q1

Global Economic Activity | China's economic growth is anticipated to decelerate in 2025, potentially a headwind to global growth

BBG World Growth Tracker & China Exports

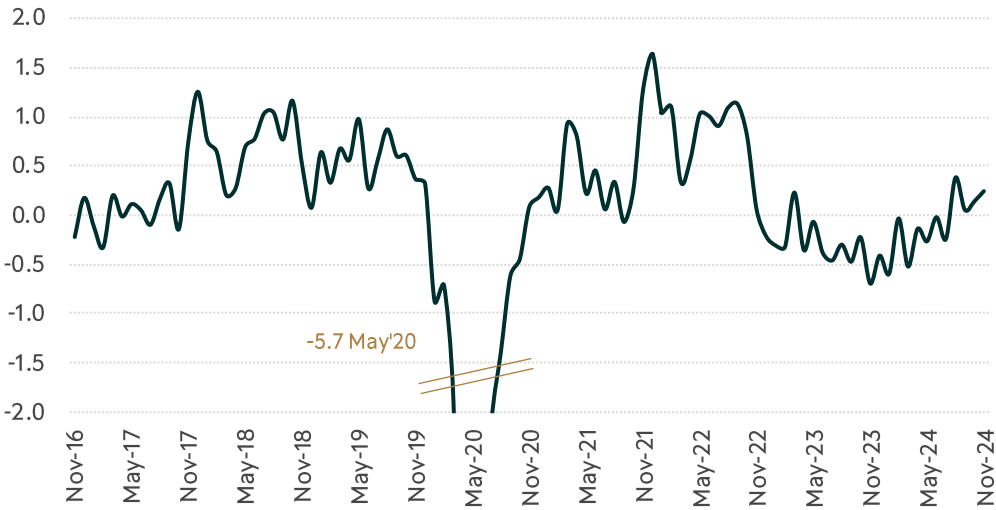


KOF Global Barometer Indicator & China Monetary Conditions

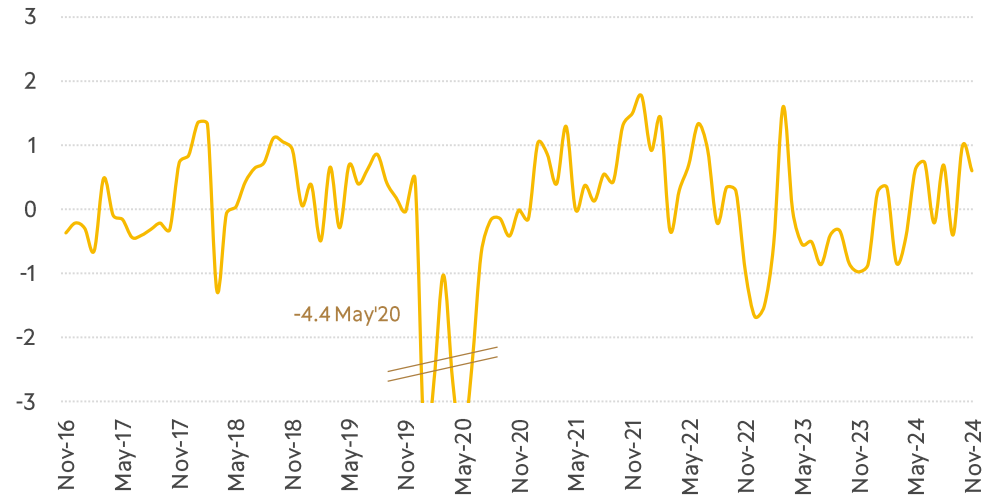


Global Trade | World Trade Tracer for both DM & EM in the expansion phase of the cycle

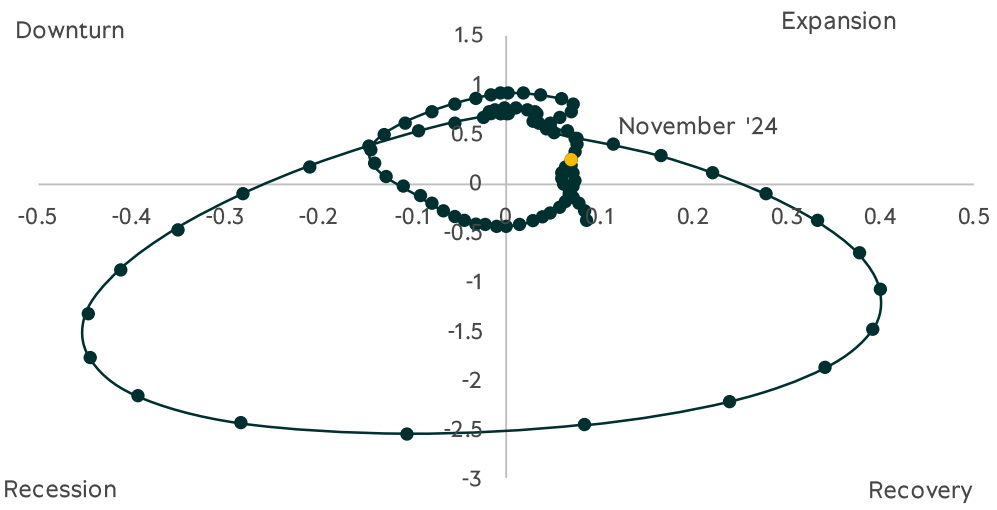
World Trade



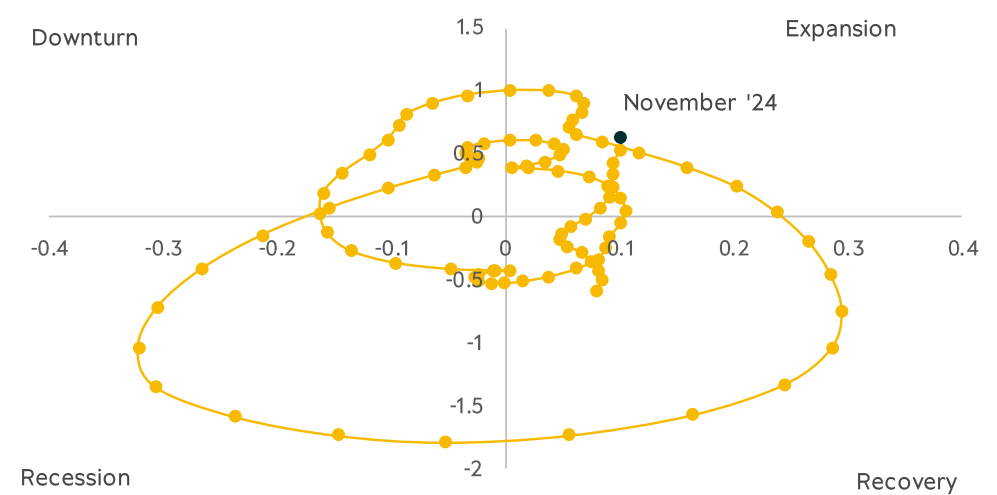
World Exports | EM



World Trade Tracer

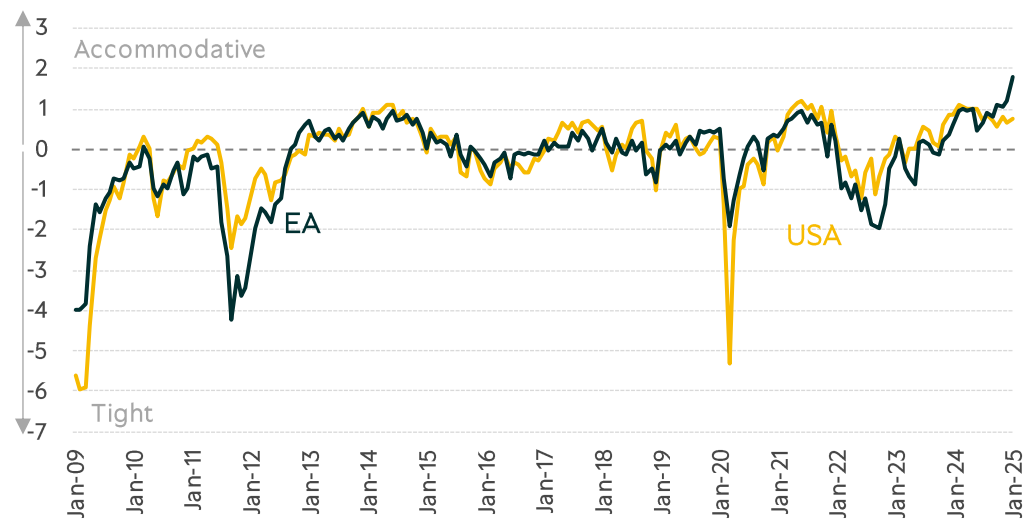


World Exports Tracer | EM

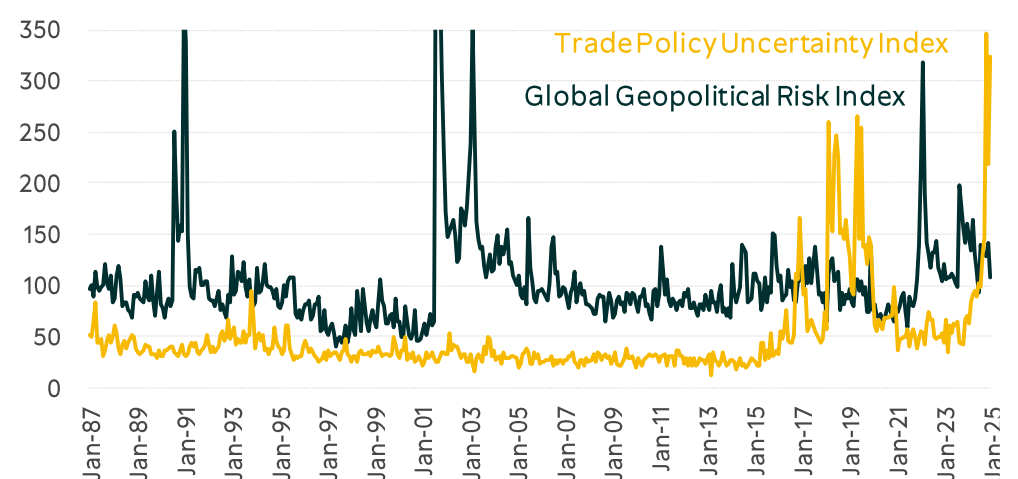


Global Trends | Trade Policy Uncertainty at elevated levels, following Trump's tariffs announcements

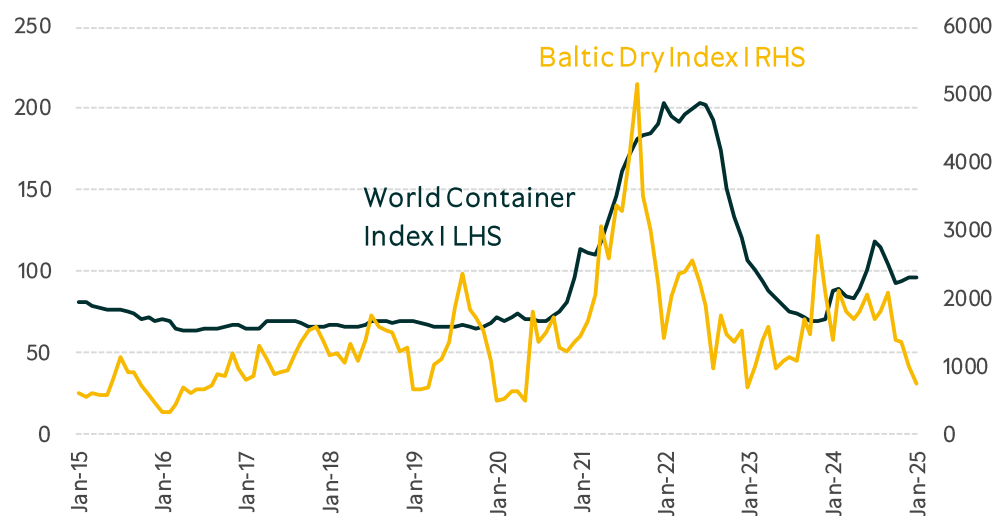
Bloomberg Financial Conditions Indices



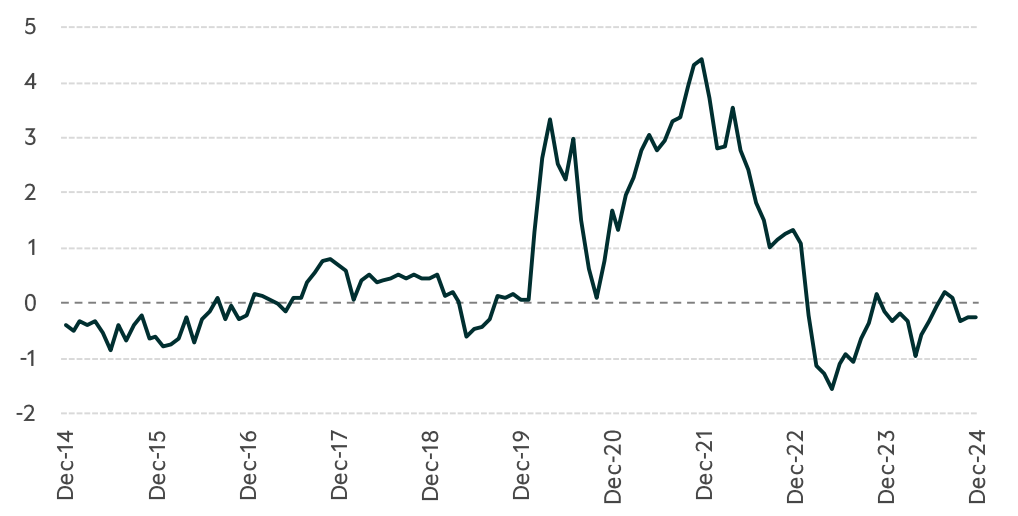
Global Geopolitical Risk & Trade Policy Uncertainty (Caldara & Iacoviello)



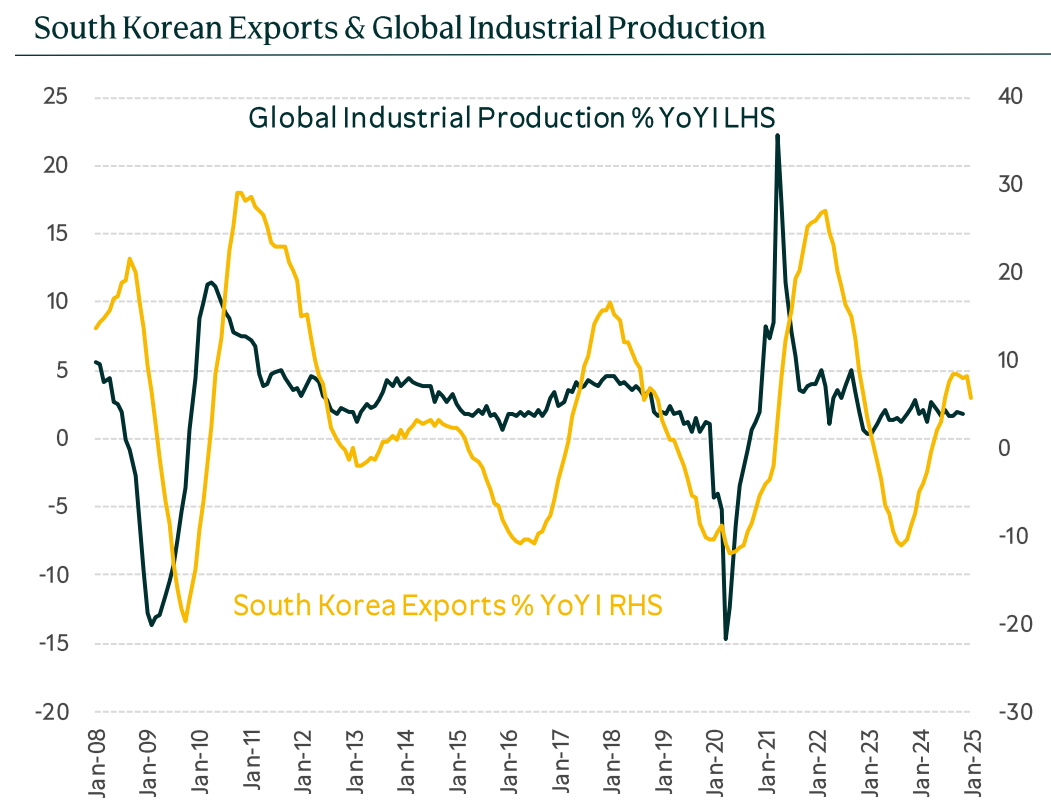
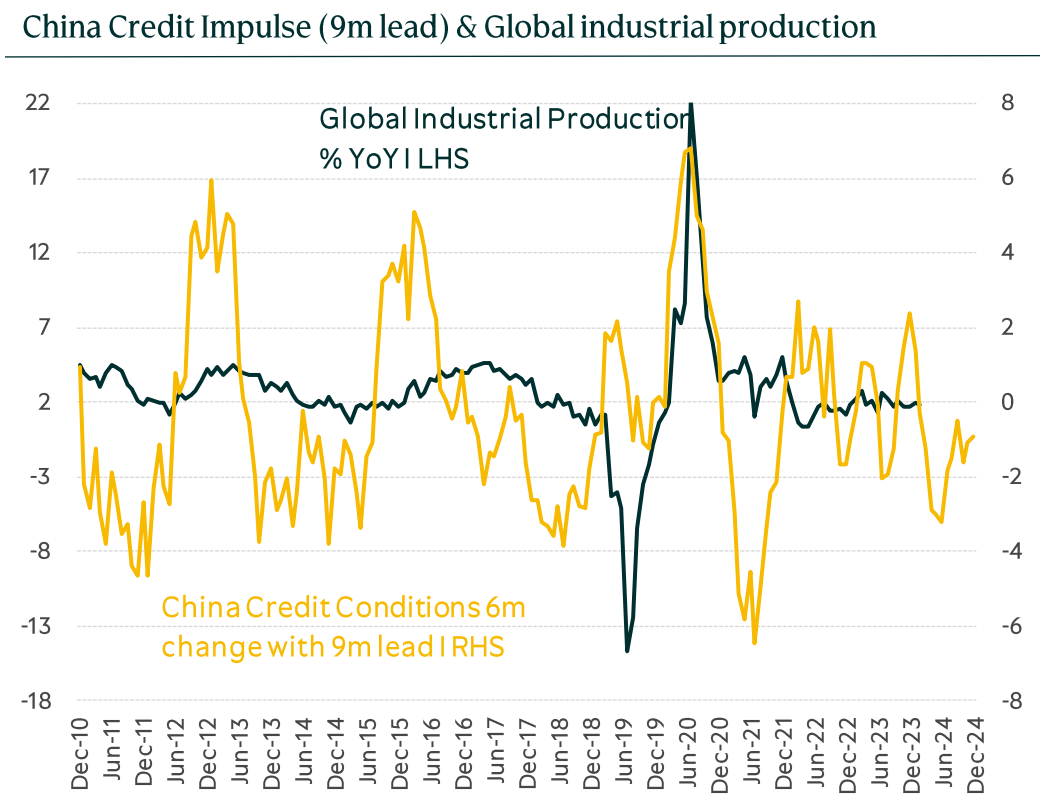
World Container and Baltic Dry Indices



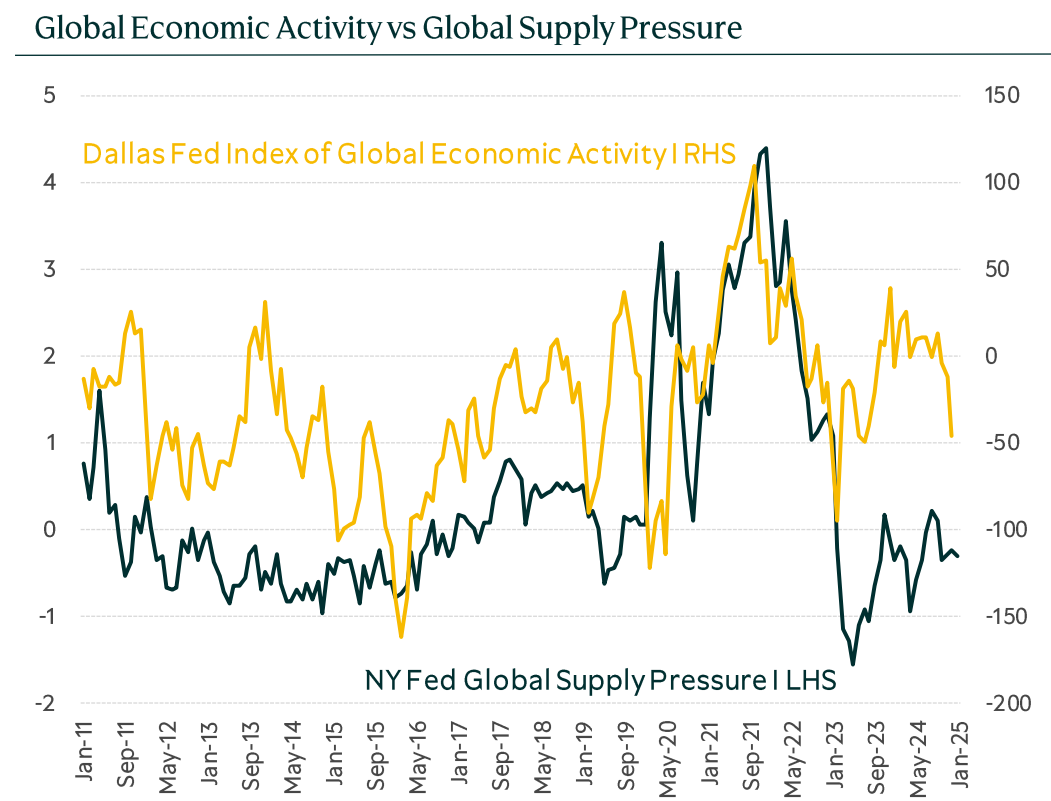
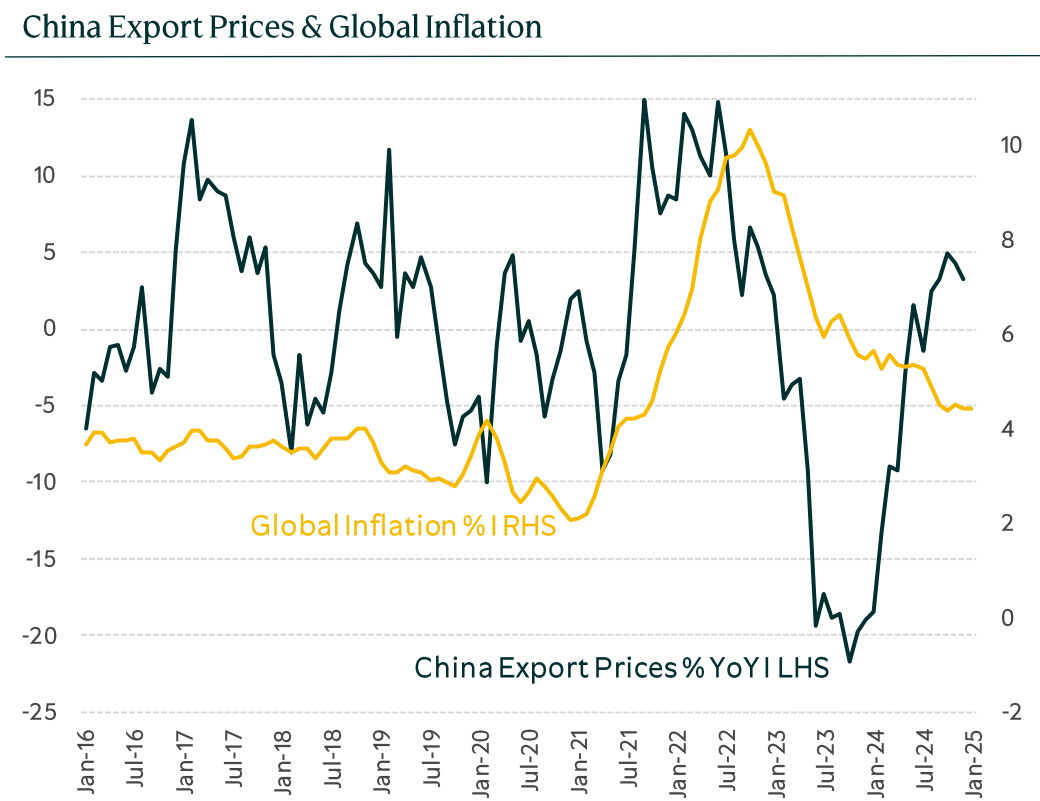
NY Fed | Global Supply Chain Pressure



Global Trends | China’s credit conditions remain a potential source of worry. South Korea’s exports indicate a deceleration in global industrial production and growth prospects

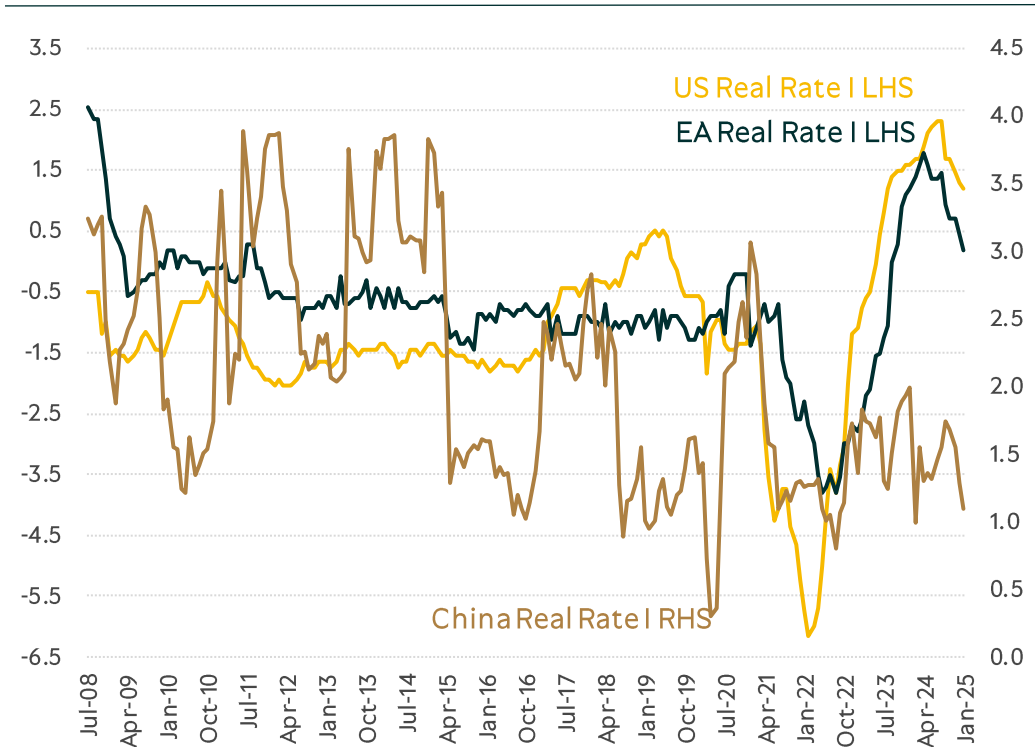


Global Trends | China’s export prices in the past two months decelerated moderately, as global economic activity indicators signal a slowdown.

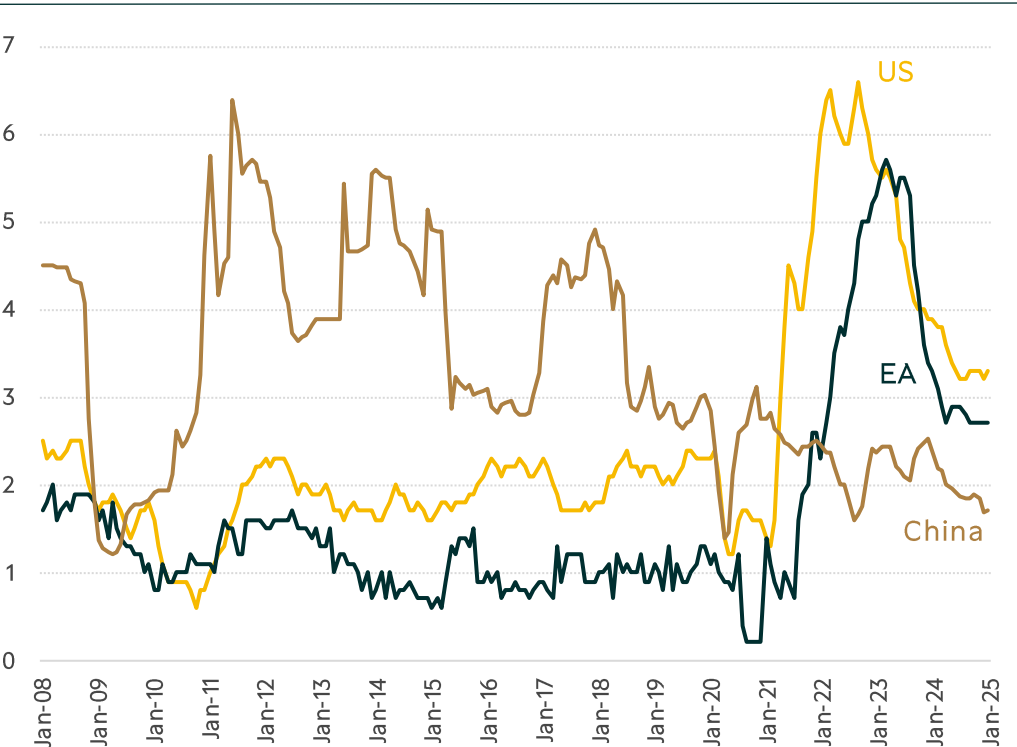


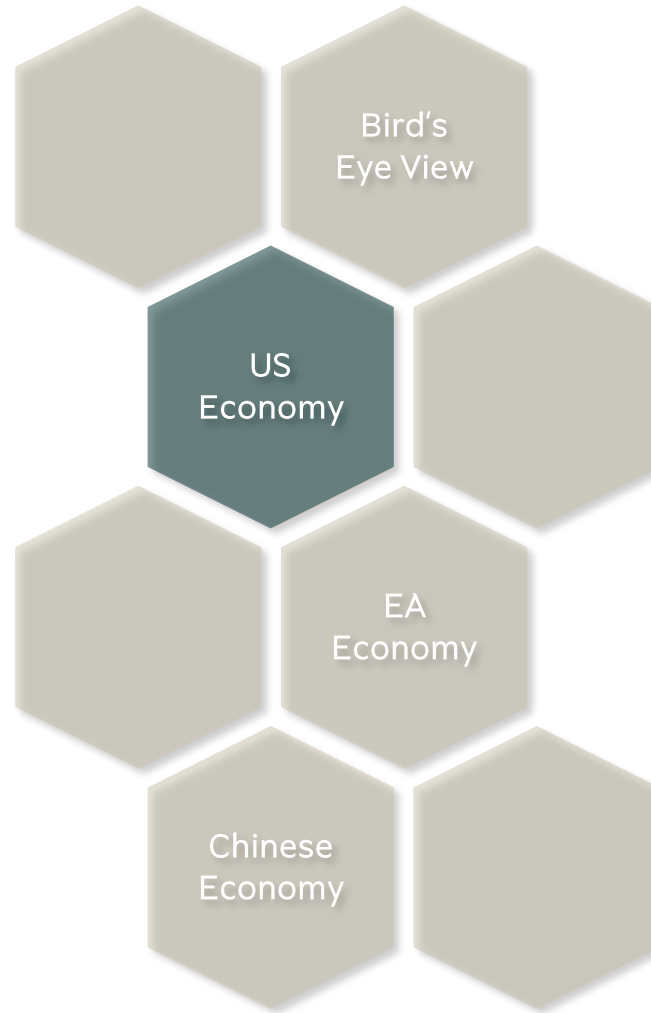
Global Trends | Global real policy rates on a downward trend. Chinese inflation well below US & EA

Global Real Policy Rates US, EA, CN



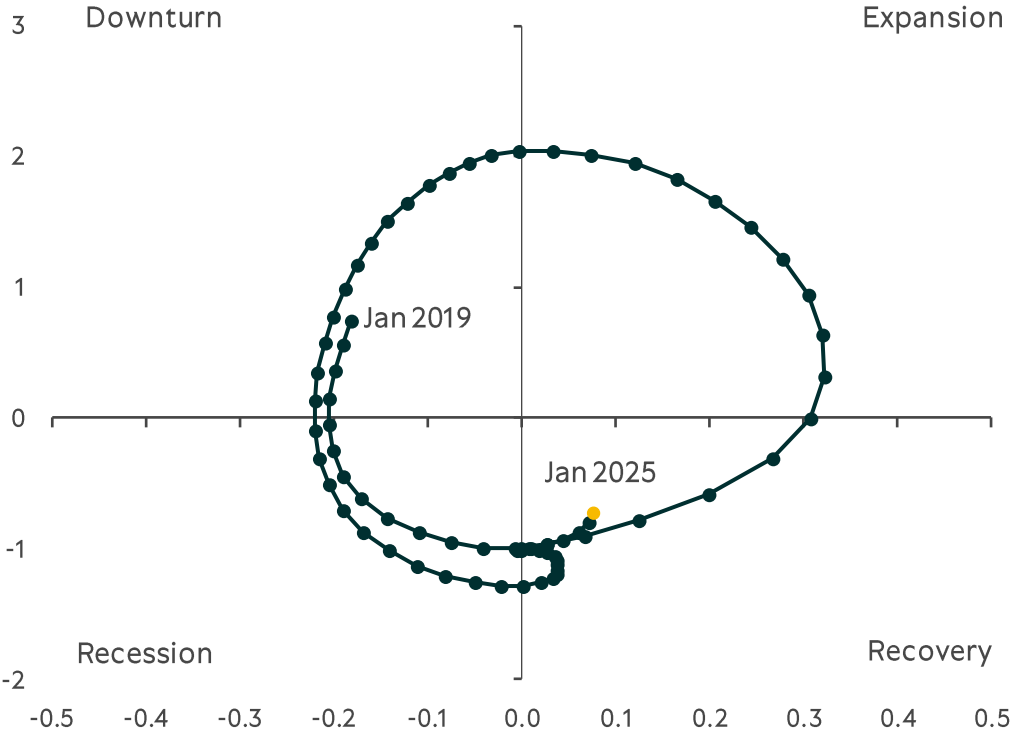
US, EA, CN Core Inflation



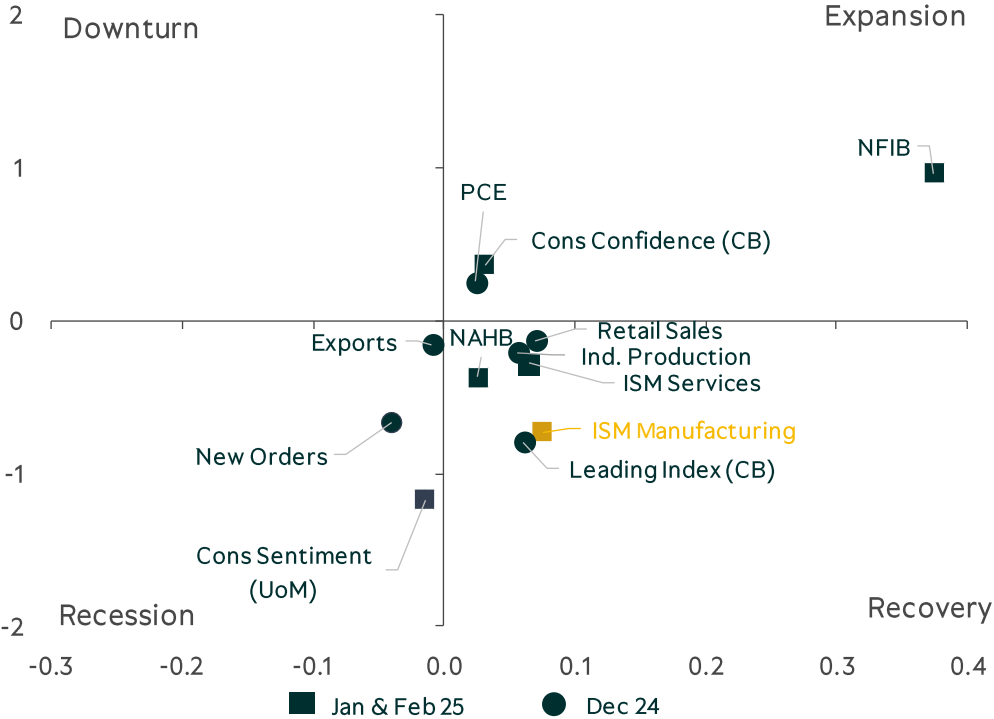


US Business Cycle | Most US economic variables are in the Recovery Phase

US Business Cycle | Based on ISM Manufacturing Indicator

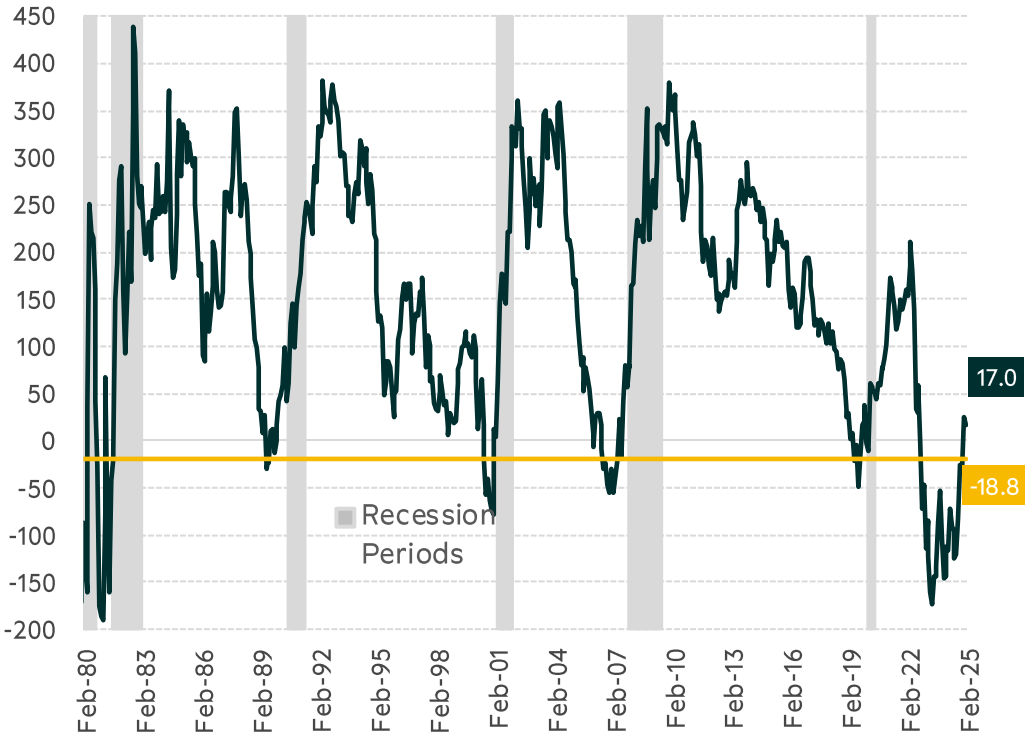


US Business Cycle | Based on Major US Economic Variables

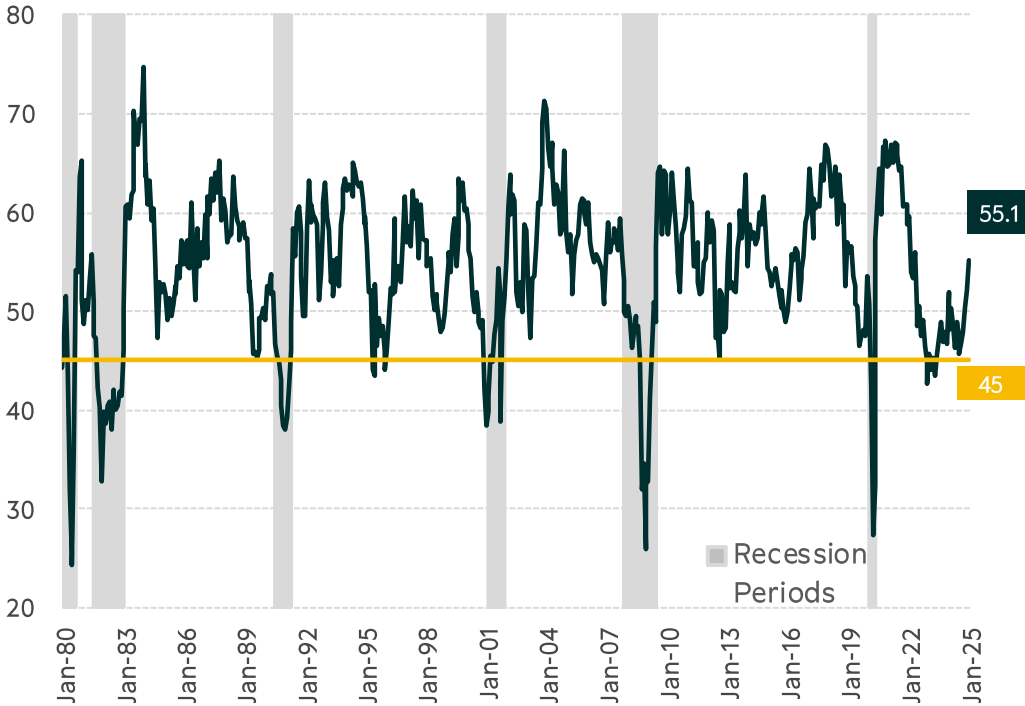


US Recession Indicators | A recession episode, in the next 12 months, is not likely based on the 10YR3M spread & the ISM New Order Index

10 Year and 3M US Treasury Yields Spread

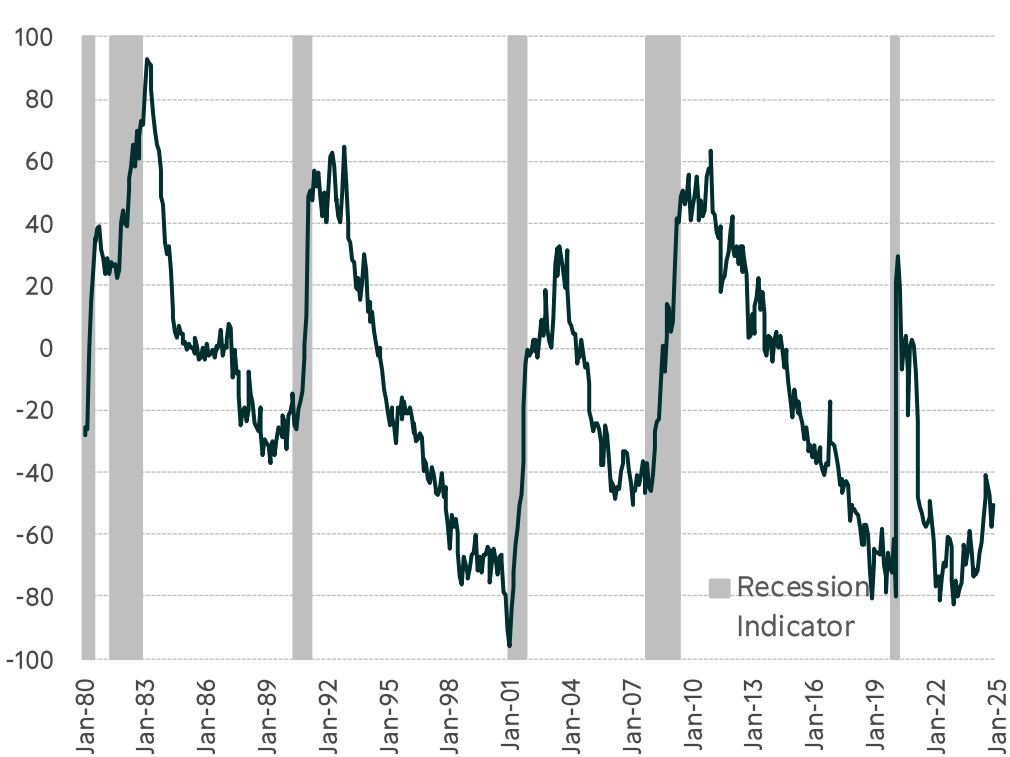


ISM Manufacturing New Order Index

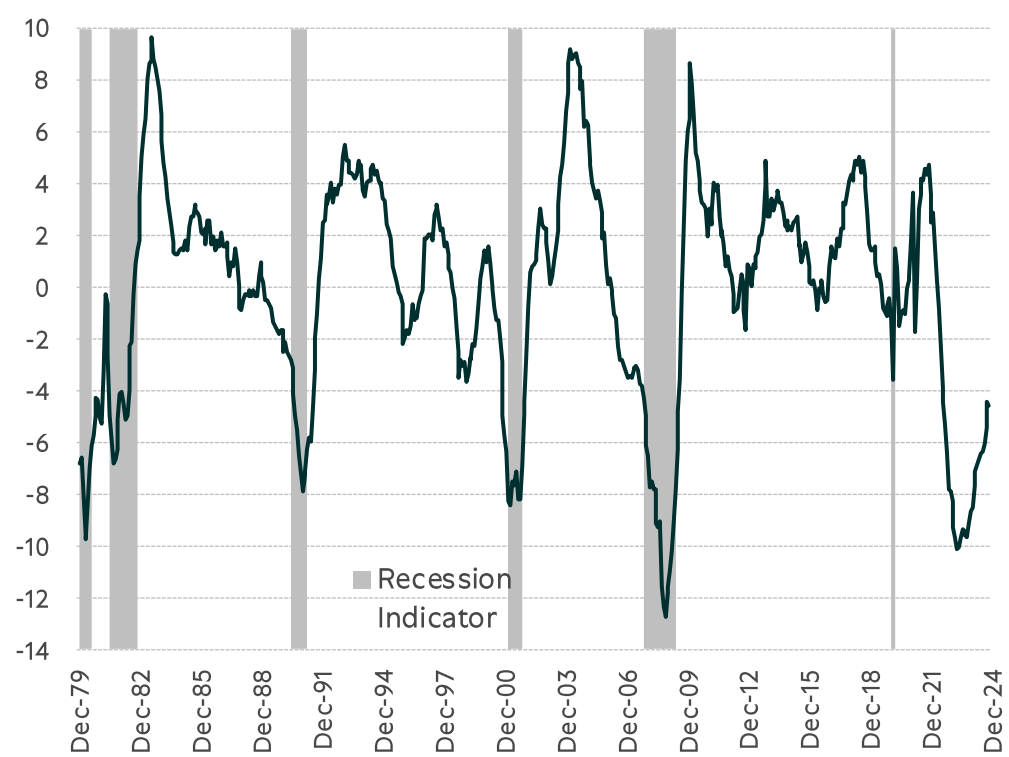


Conference Board Survey | Consumer confidence declined in January with the current situation component seeing the sharpest drop. CB's Leading Indicator pulled back slightly in December.

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

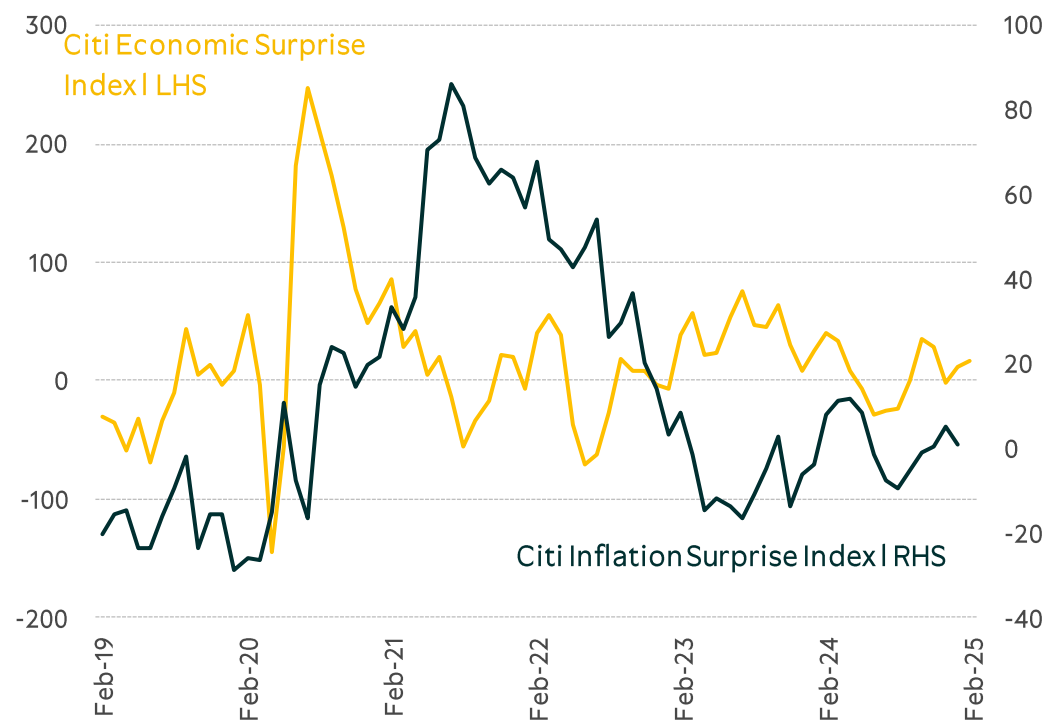


Difference between Leading & Coincident Indicators (Conference Board)

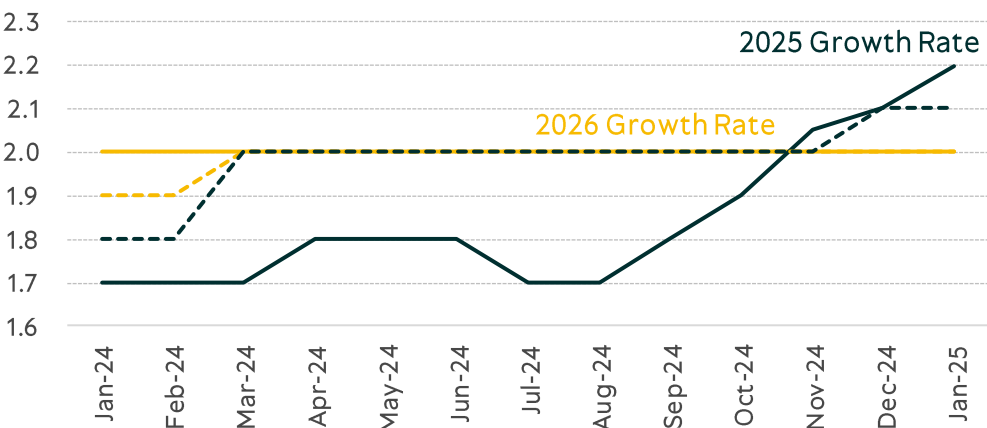


US Macro Expectations | Both economic surprises and inflation surprises near zero

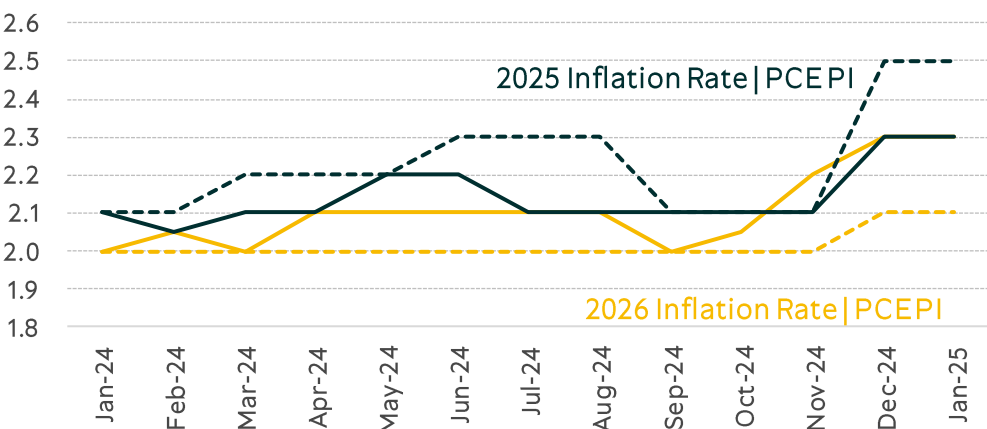
Economic & Inflation Surprises



Growth Rate Expectations*

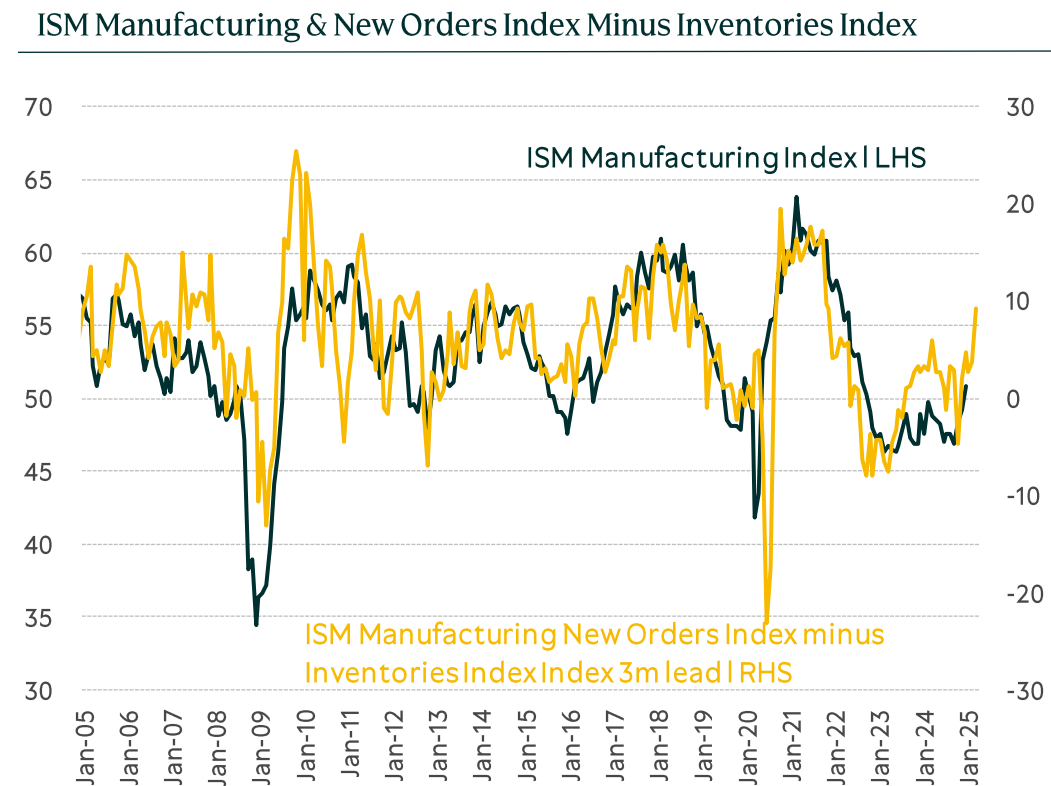
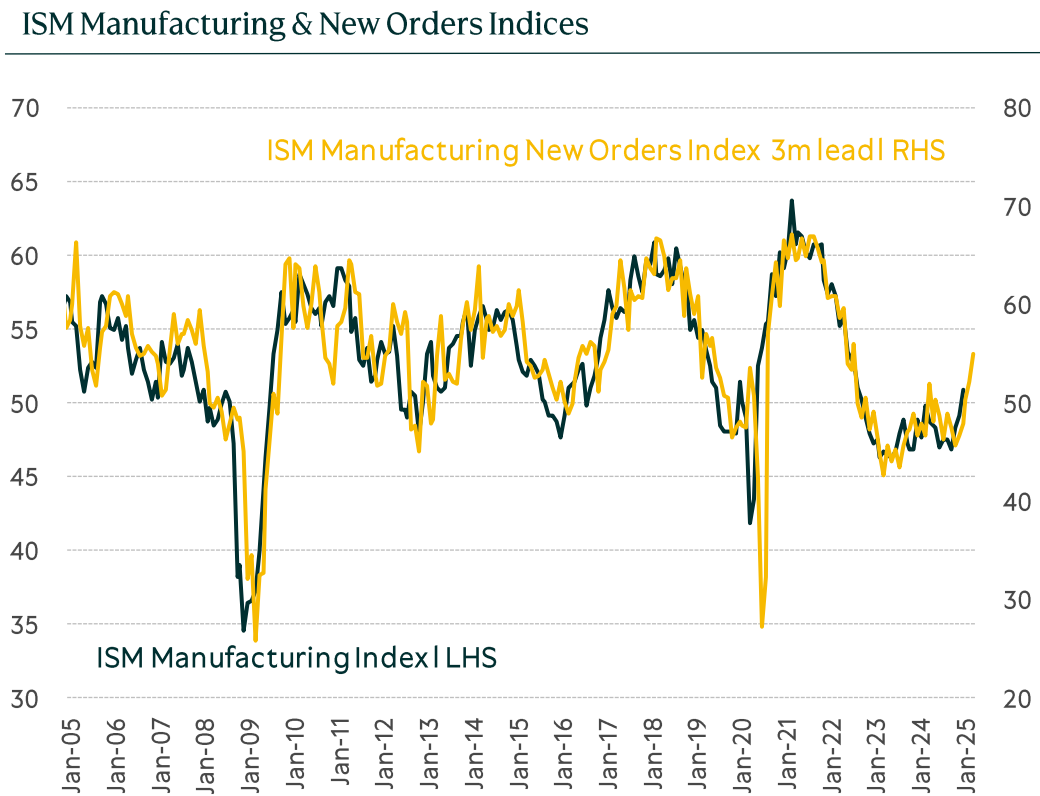


Inflation Rate Expectations*



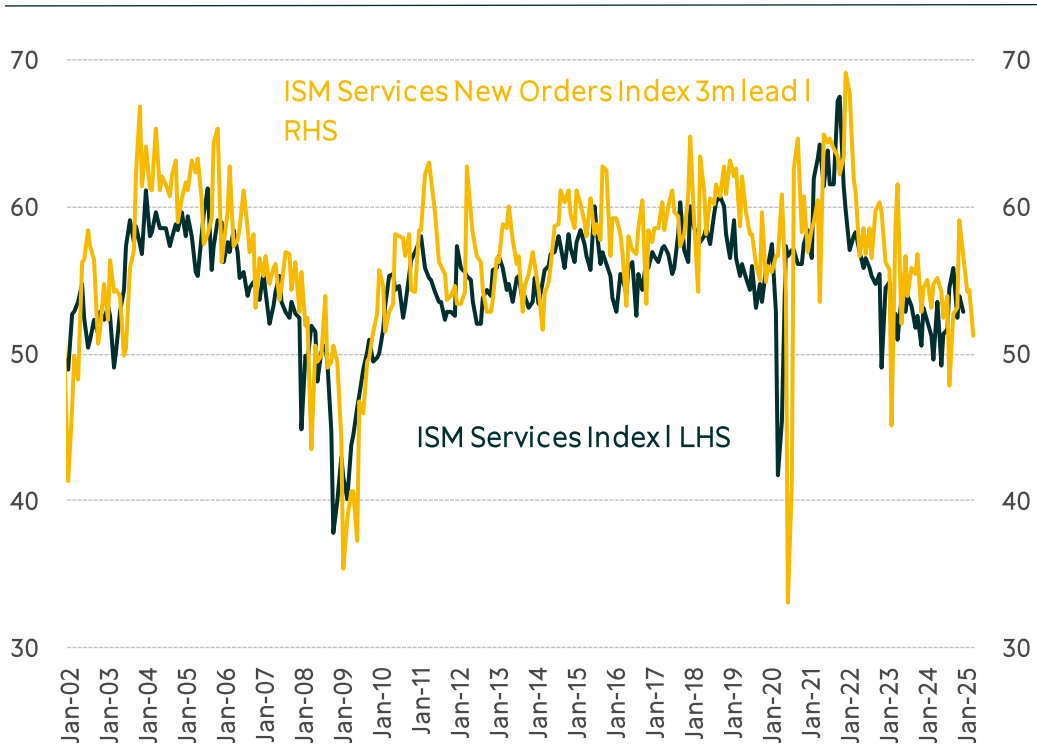
*Solid line: Consensus; Dotted line: Fed projections

US Leading Indicators | ISM Manufacturing above 50 for the first time since October 2022. New Orders Index improved for the 5th month in a row (now at 55.1)

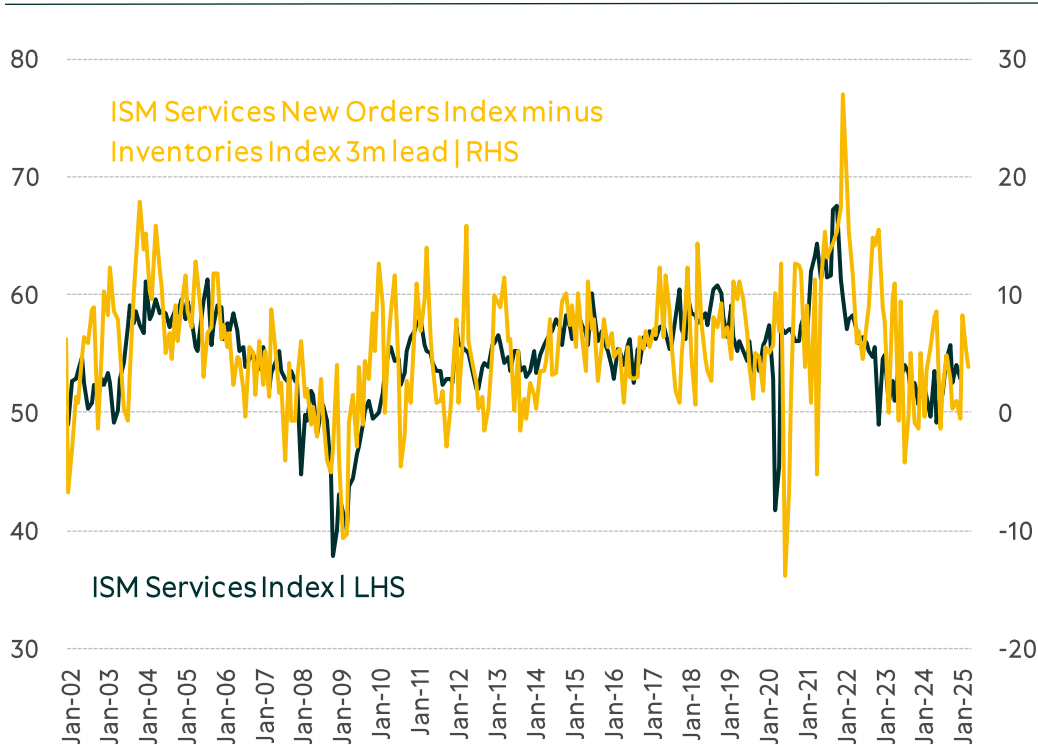


US Leading Indicators | ISM Services Index fell in January but remained above 50 consistent with solid growth .
There was a significant drop in the New Orders and Business Activity Index.

ISM Services & New Orders Indices

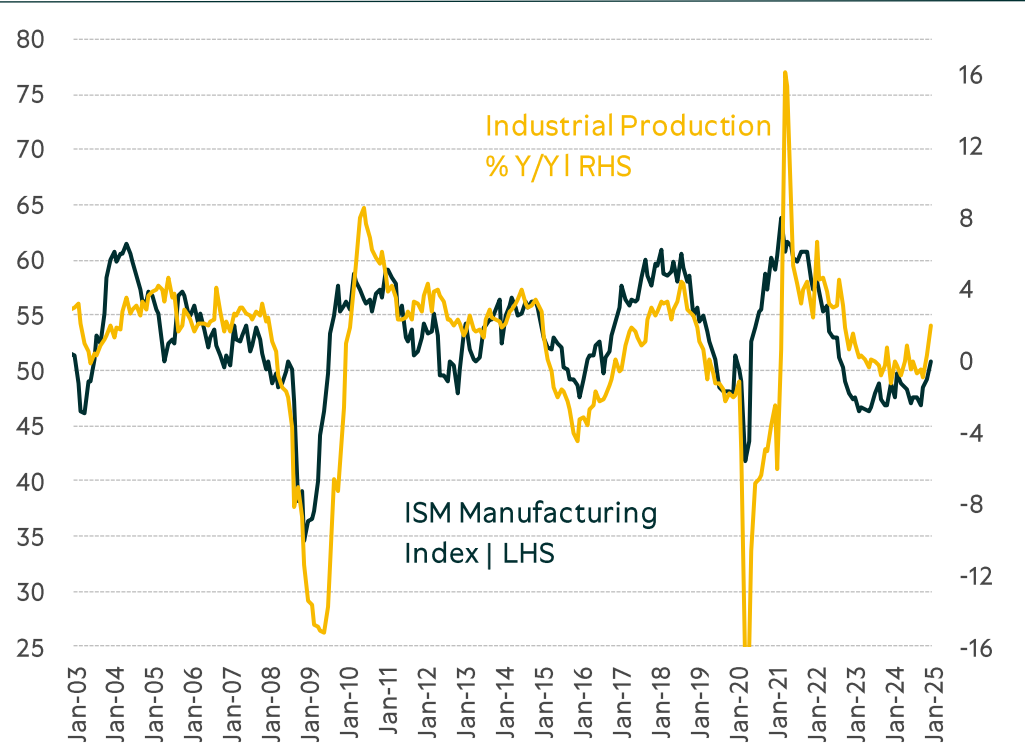


ISM Services & New Orders Index Minus Inventories Index

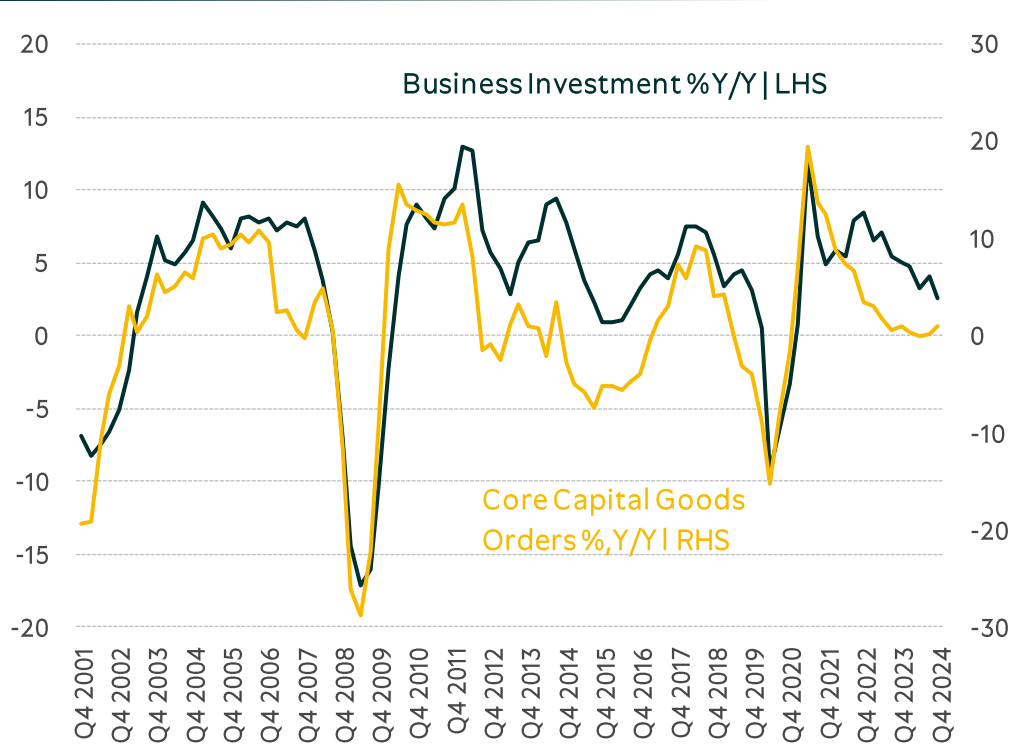


US | Industrial Production surprised to the upside in January. Core Capital Goods Orders have stopped declining.

Industrial Production YoY & ISM Manufacturing

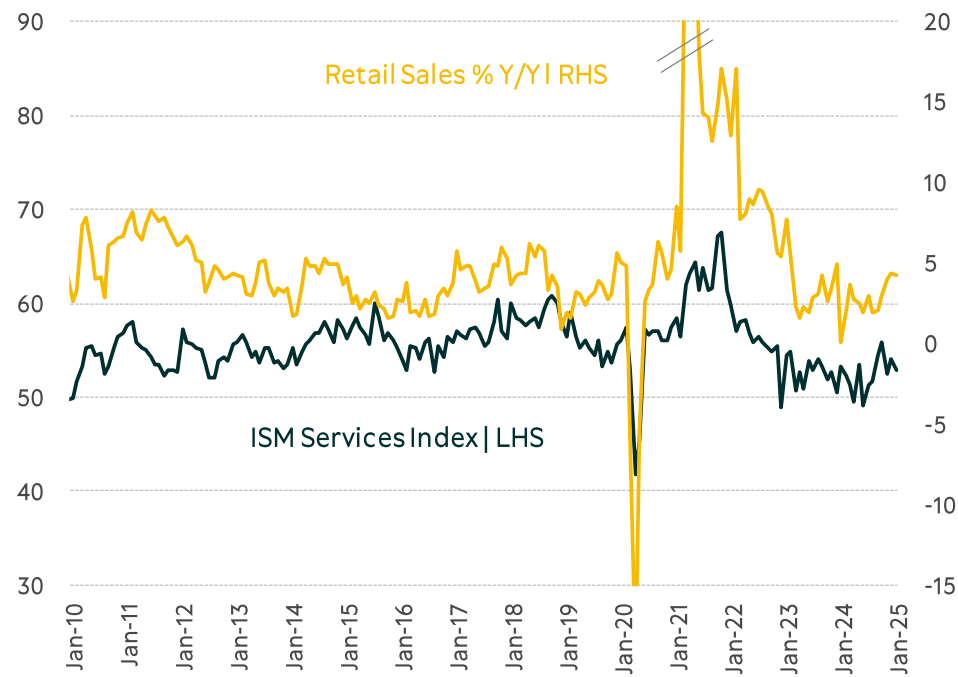


Core Capital Goods Orders & Business Investment

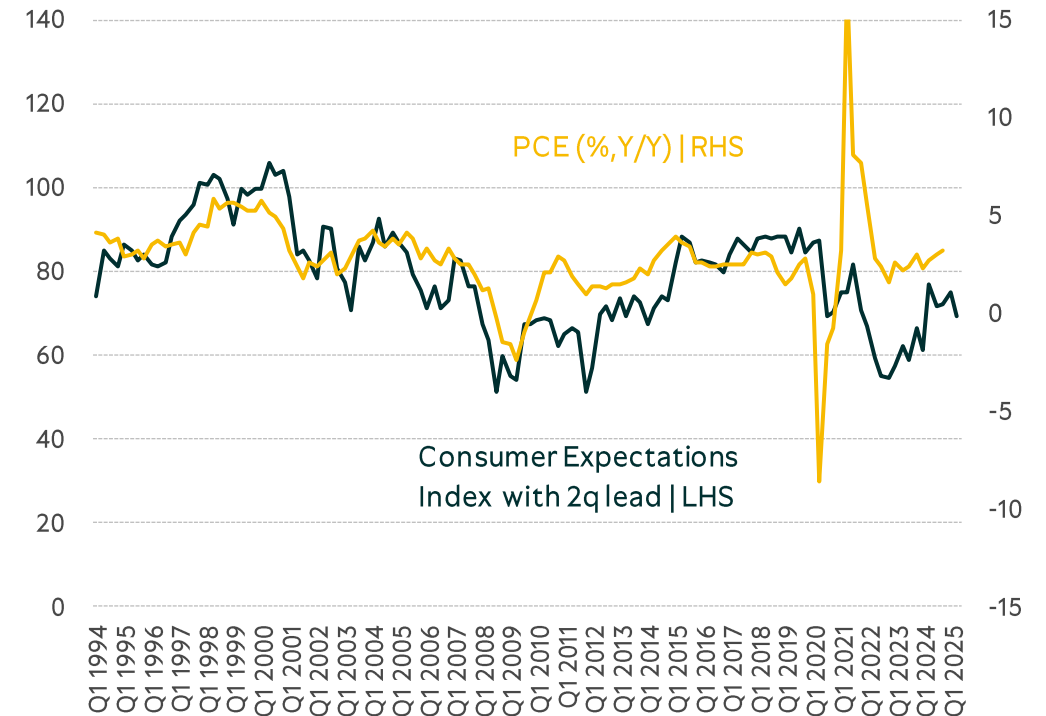


US | The US consumer is the main “growth driver” so far, but there was a pull back after the holiday period. Downward adjustment to consumer sentiment

Retail Sales YoY & ISM Services

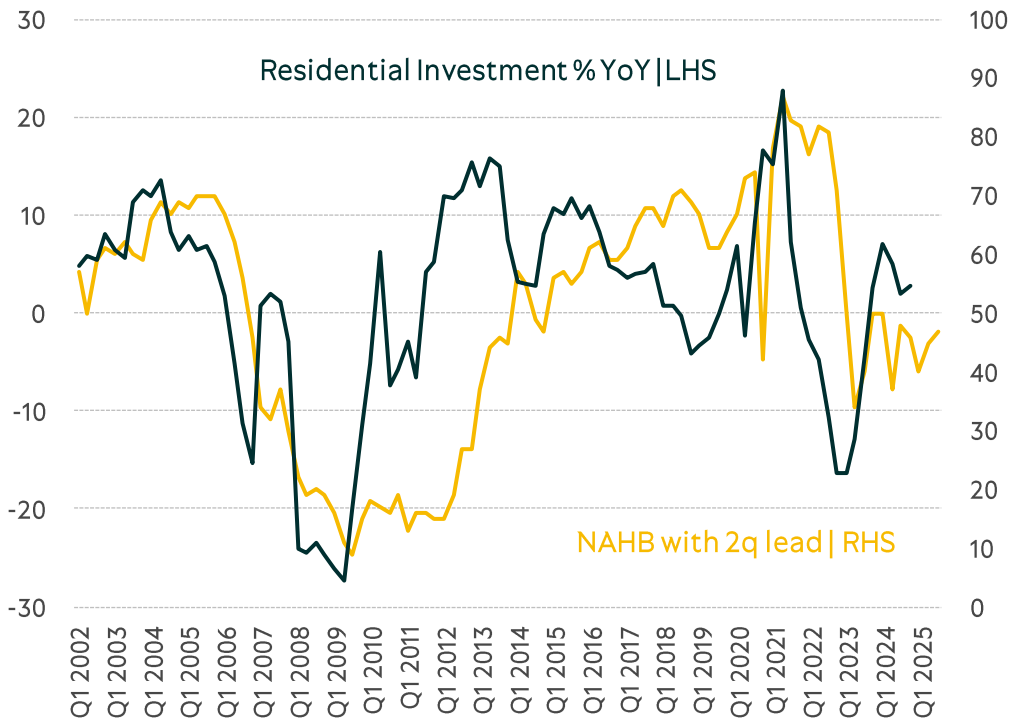


PCE & University of Michigan Consumer Expectations Index

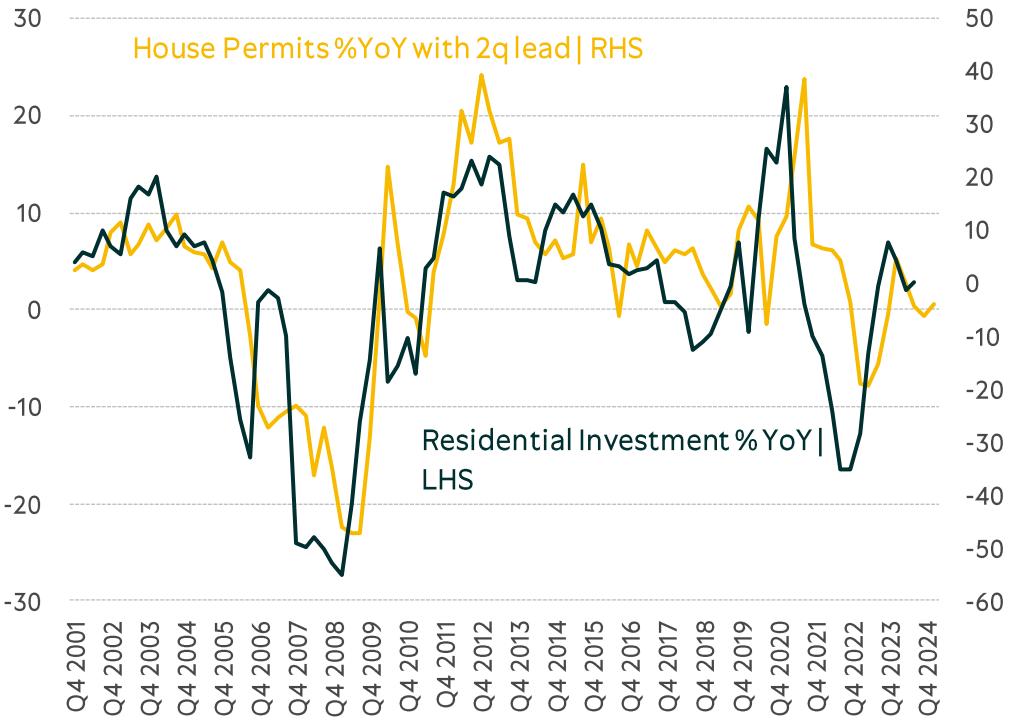


Housing Market | The housing market is showing tentative signs of improvement

Residential Investment & NAHB Index

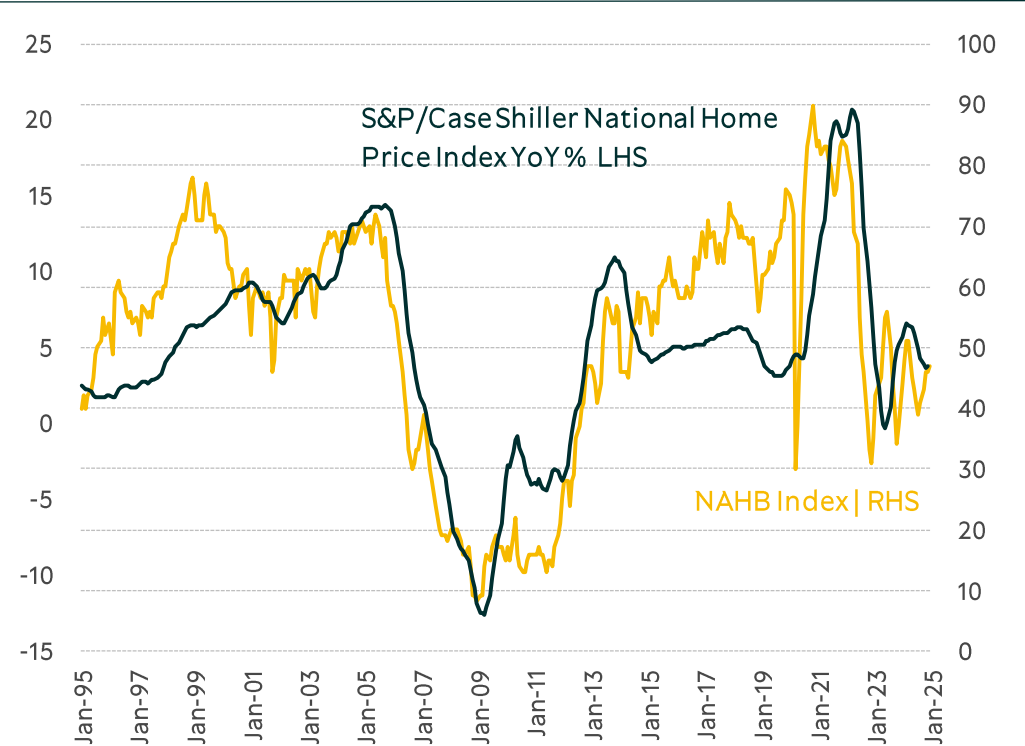


Residential Investment & House Permits

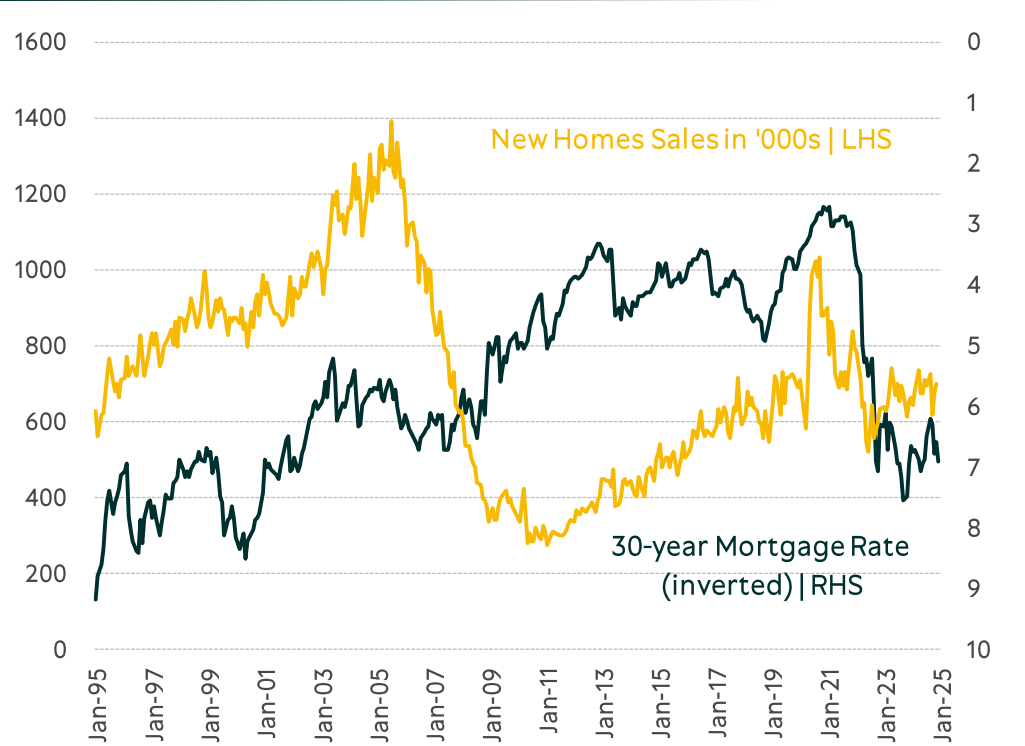


Housing Market | Homebuilder confidence US increased in January and New home sales rose in November and December following October's big drop, amid still high 30-year mortgage rates

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

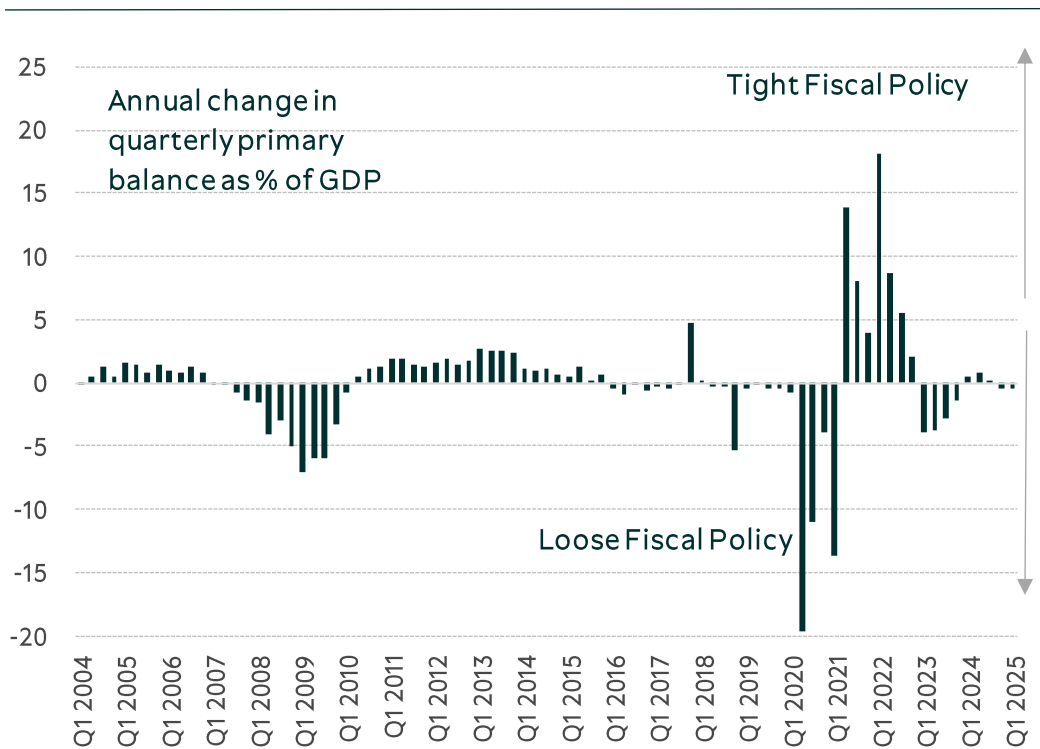


US new home sales and mortgage rates

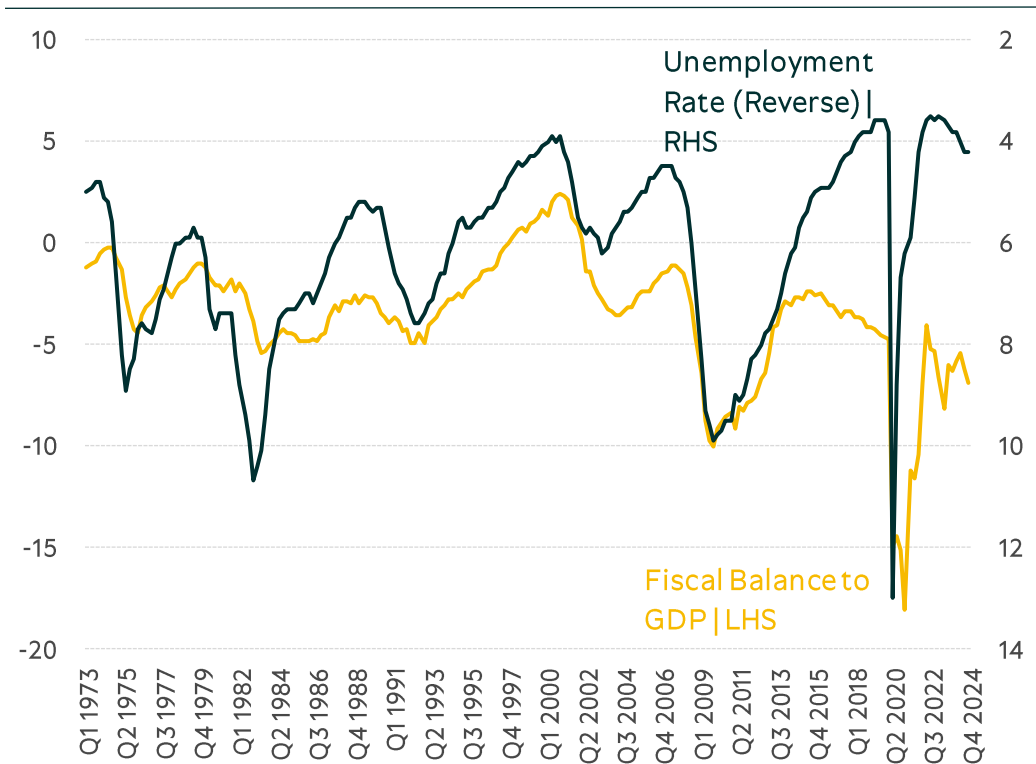


Fiscal Policy | Still too loose vs unemployment. Fiscal challenges ahead.

Fiscal Thrust

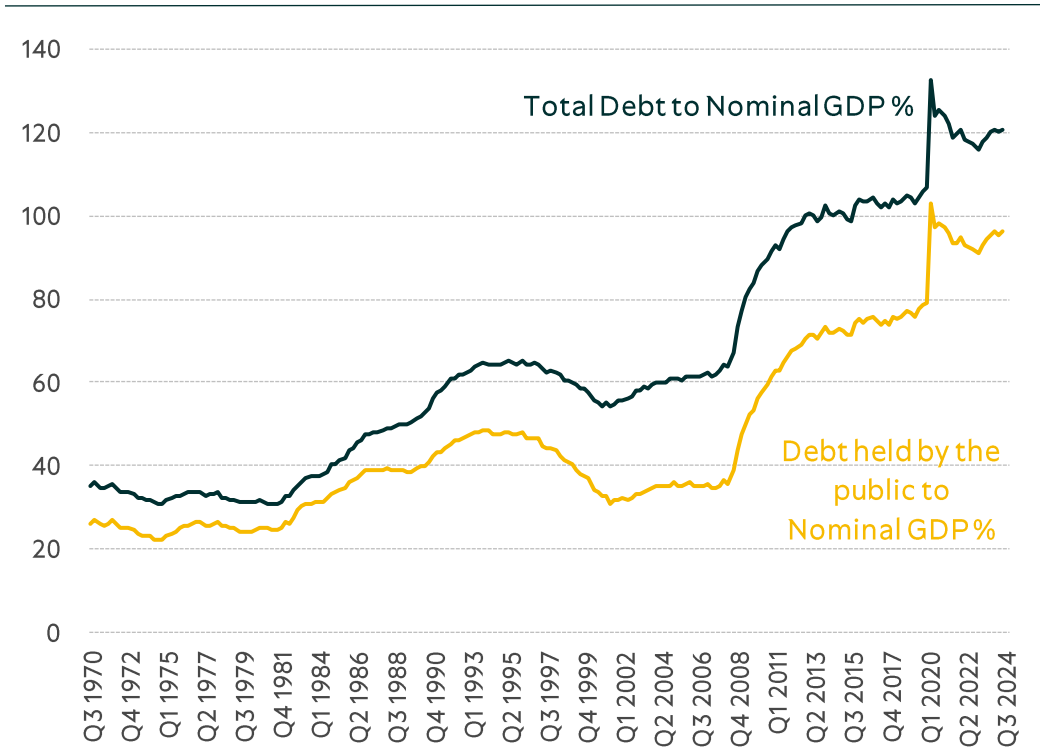


Fiscal Policy vs Unemployment

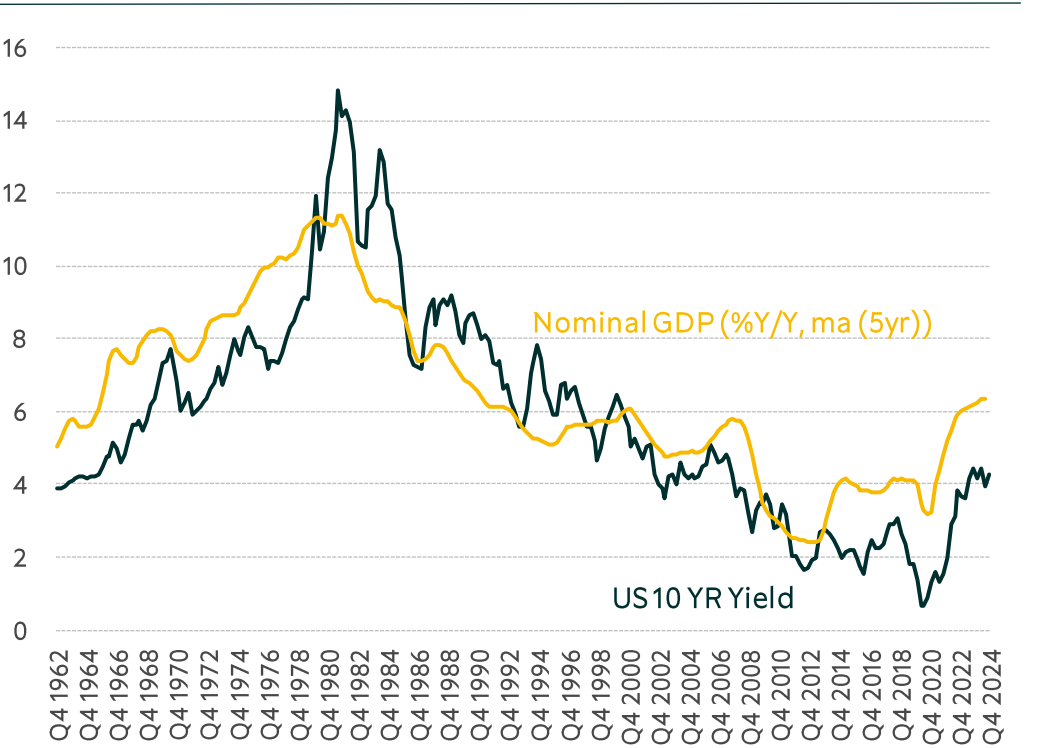


Fiscal Policy | The nominal growth rate is likely to remain at higher levels than the long-term cost of public financing

Debt / Nominal GDP (quarterly)

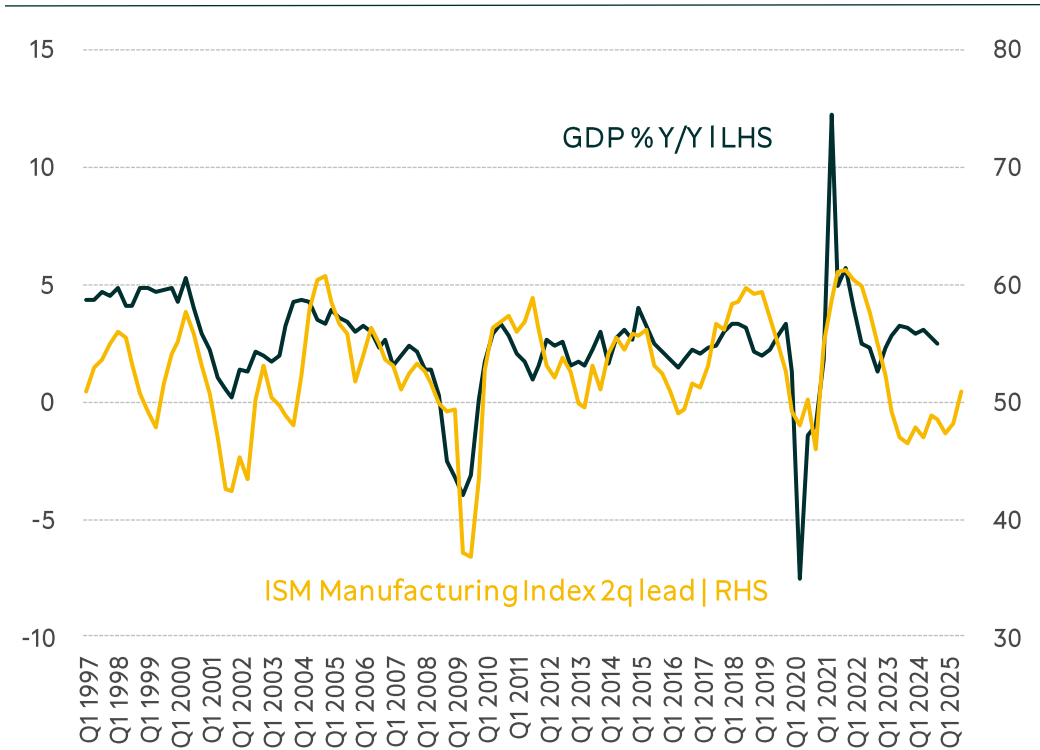


Fiscal Policy Sustainability

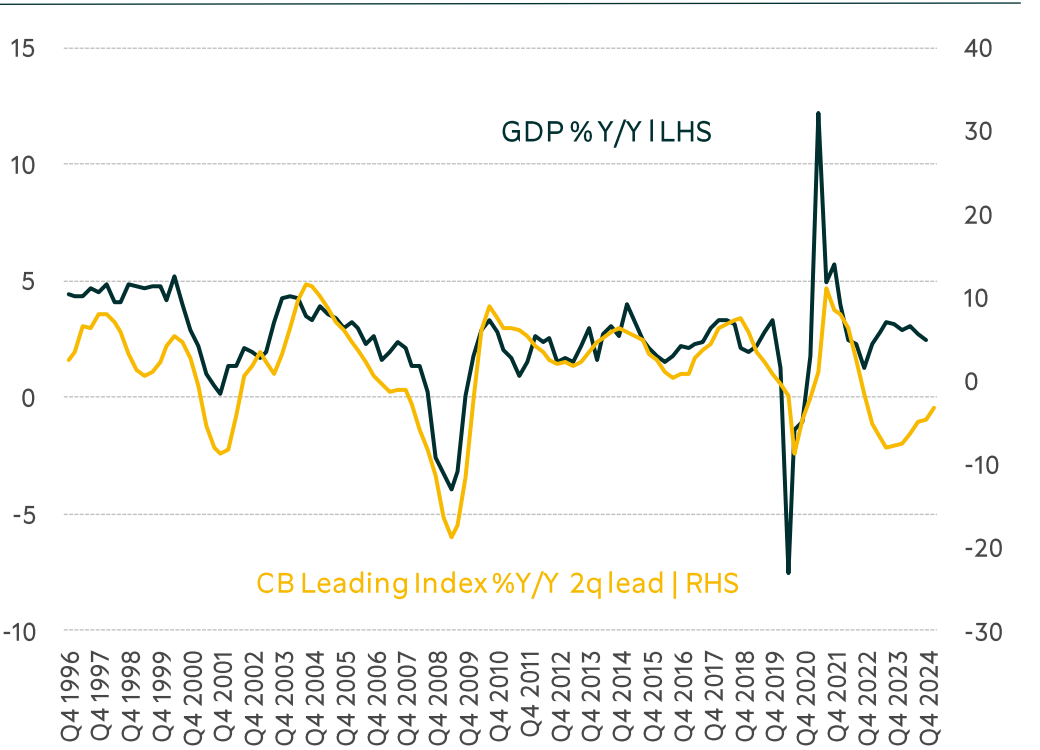


US GDP Outlook | Leading indicators are showing signs of improvement suggesting a milder deceleration in real GDP

GDP & ISM Manufacturing Indicator

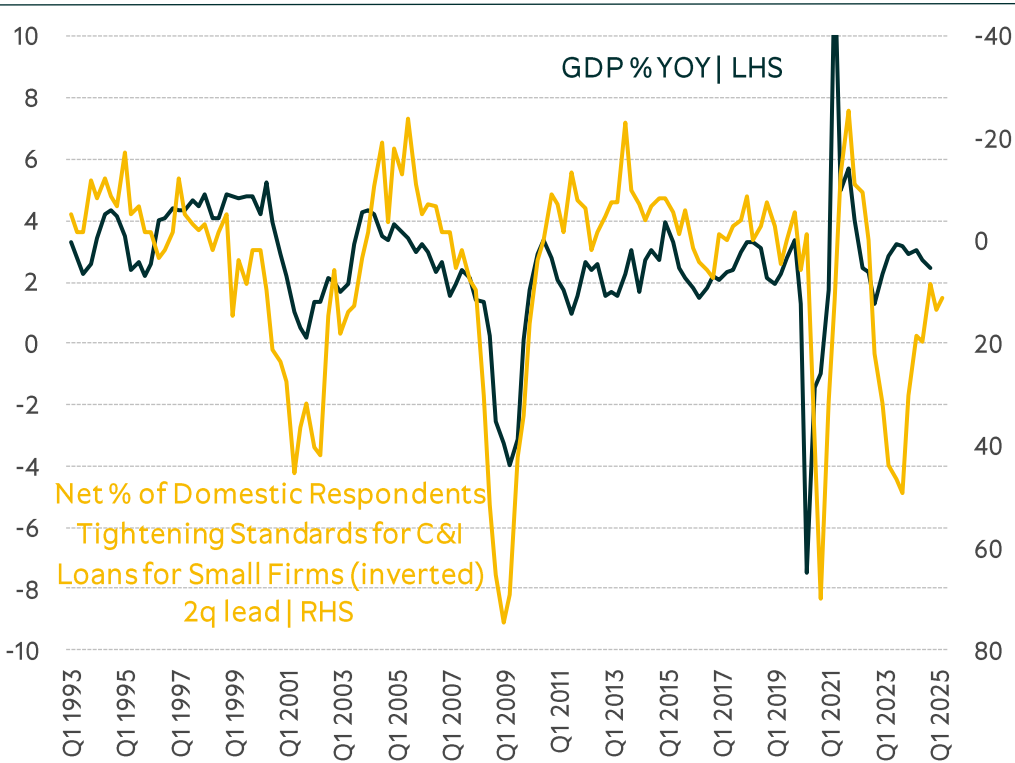


GDP & CB Leading Indicator

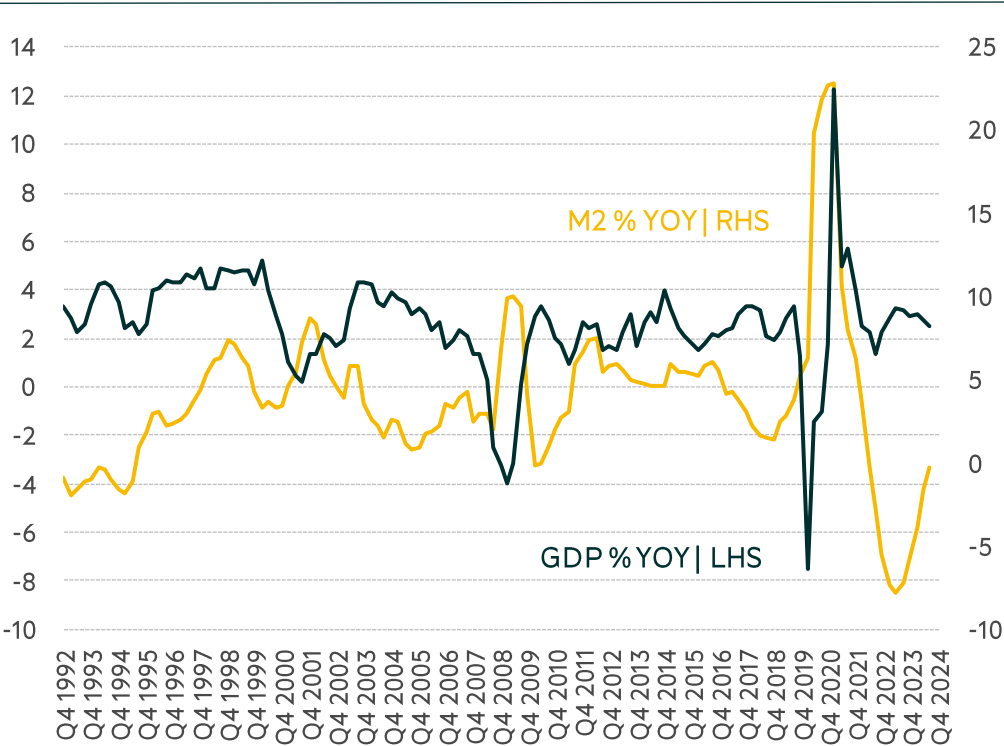


US GDP Outlook | Small decrease in Tightening of Lending Standards & further improvement in M2

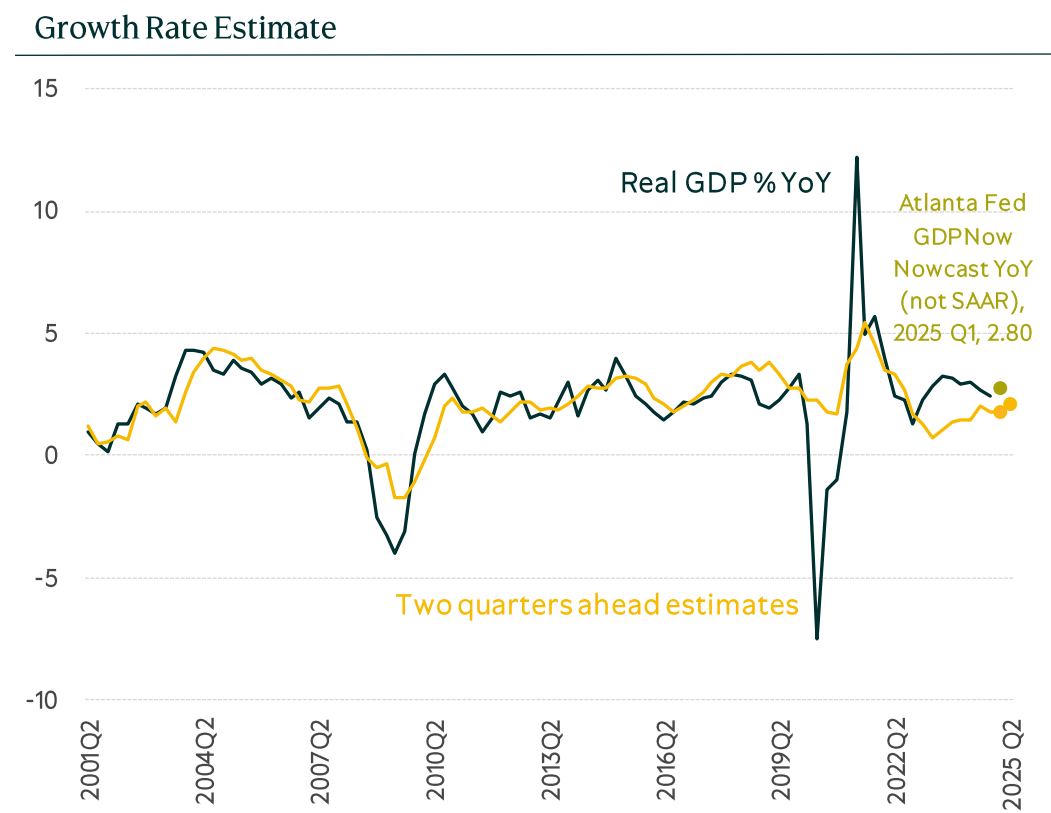
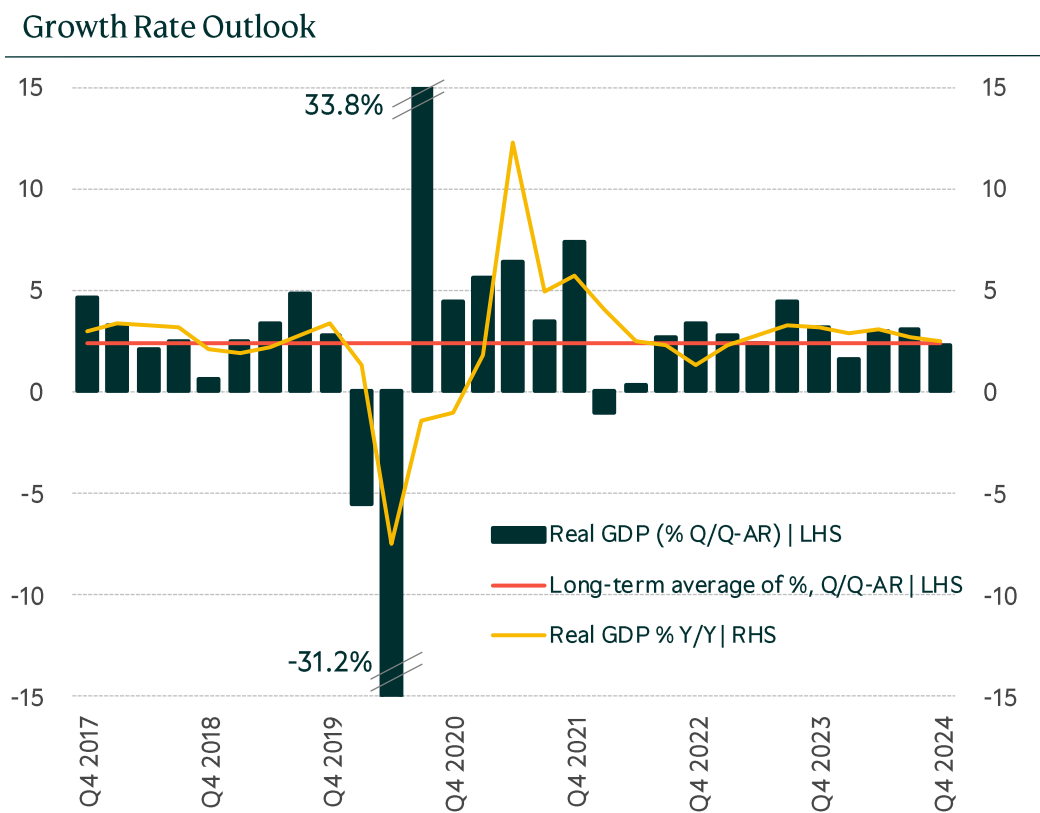
Senior Loan Officer Opinion Survey on Bank Lending Practices



M2 growth vs GDP

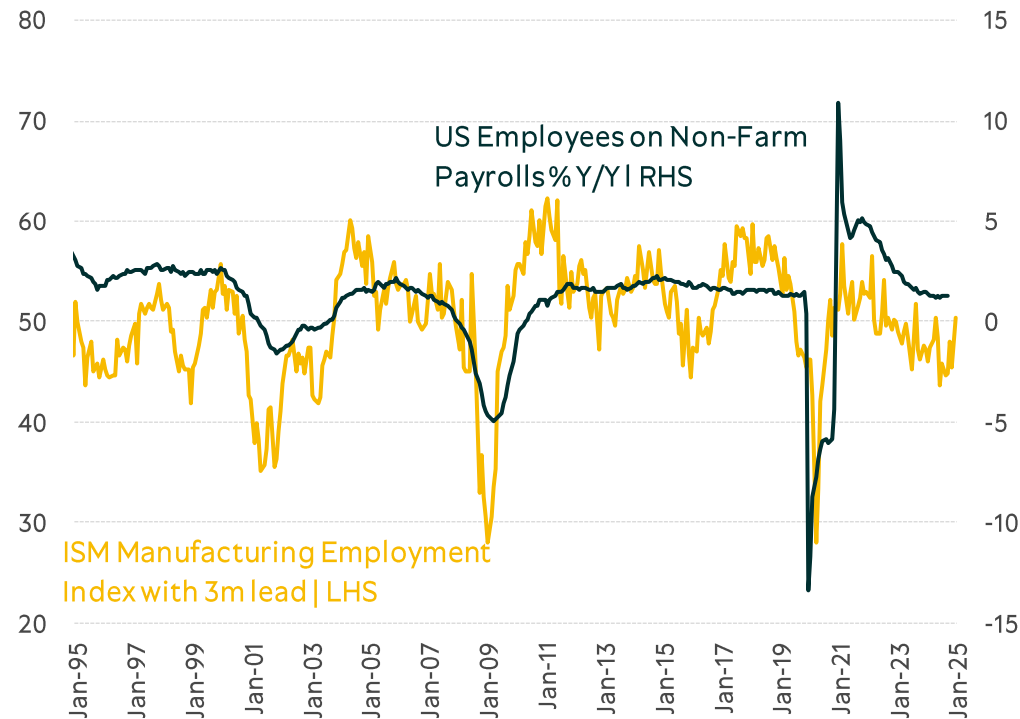


US GDP Outlook | GDP growth is projected to slow down over the next few quarters and is anticipated to grow below trend in 2025

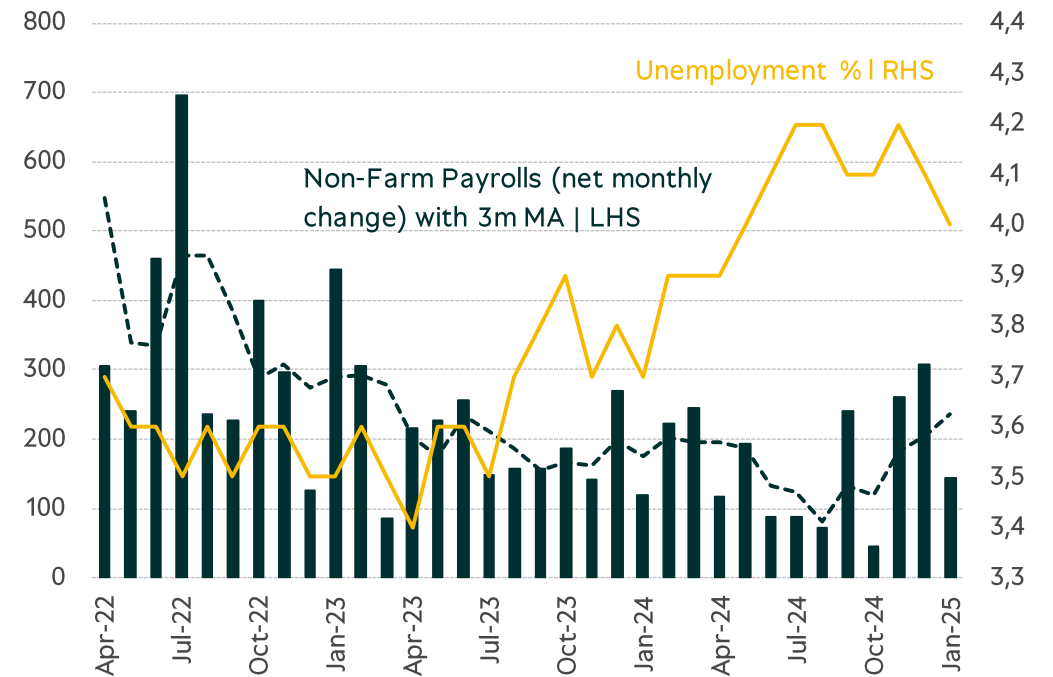


US Labor Market | Non-Farm Payrolls gains were below expectations in January, but the unemployment rate fell back to 4% & the ISM Employment Index returned to expansion.

Employment & Leading Manufacturing Indicator

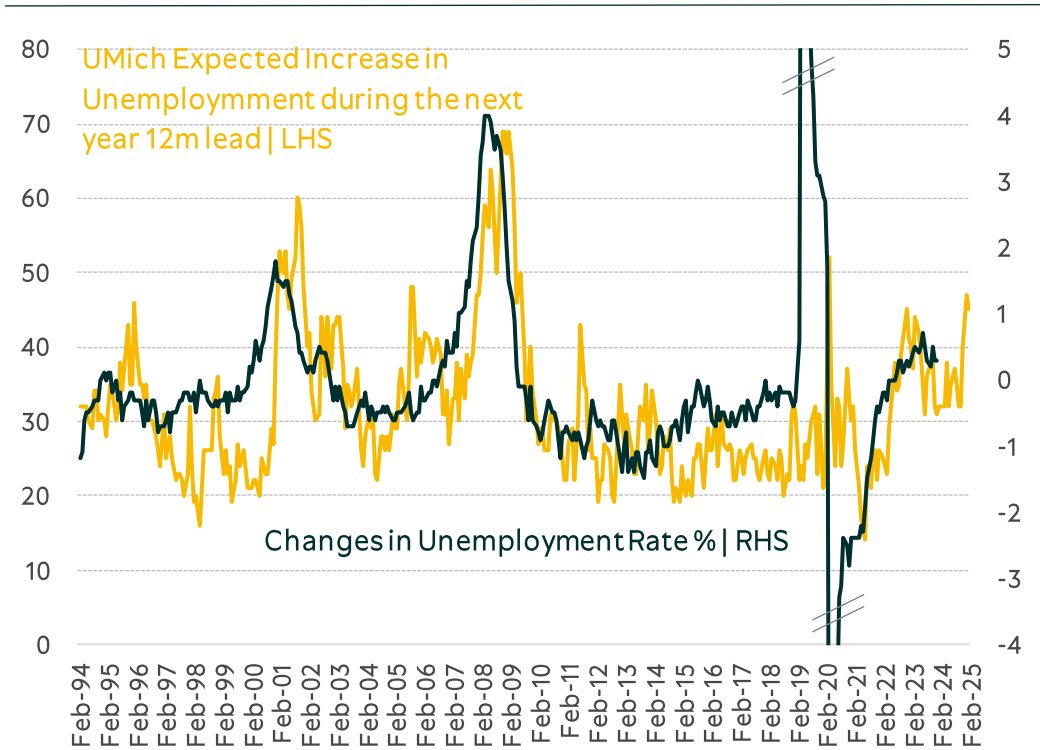


Nonfarm payrolls & Unemployment

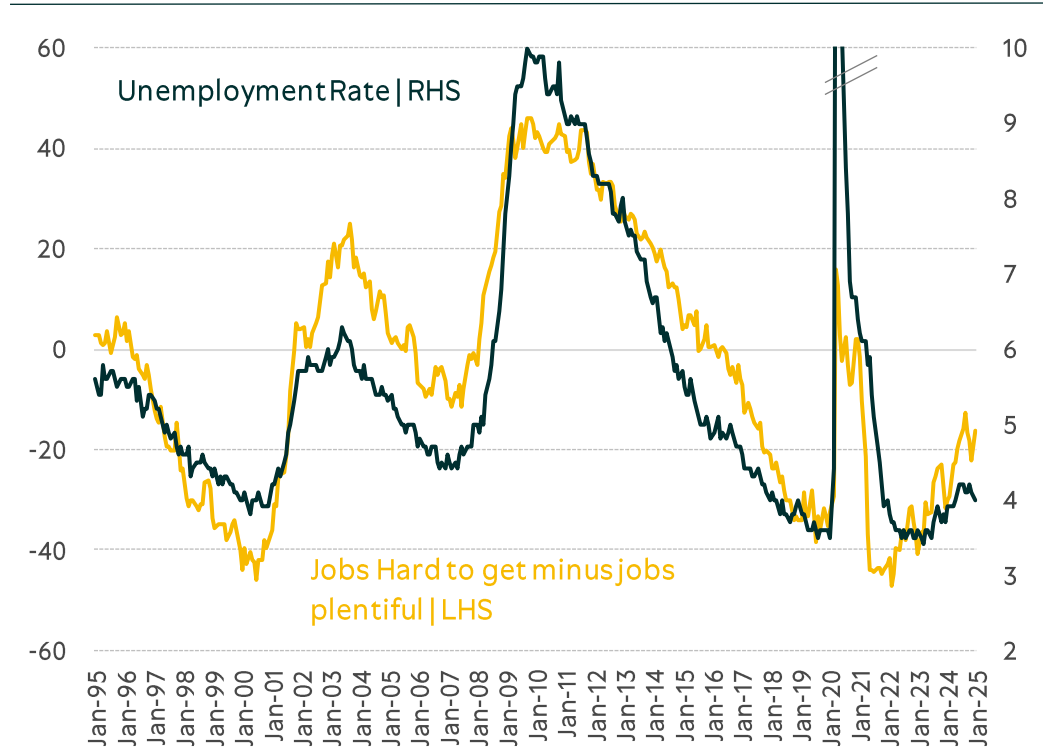


US Labor Market | Small decrease in unemployment expectations in February. The gap between those saying jobs were hard to get and jobs were plentiful widened for the first time since August.

Unemployment Rate & UMich expected increase in unemployment 1yr ahead

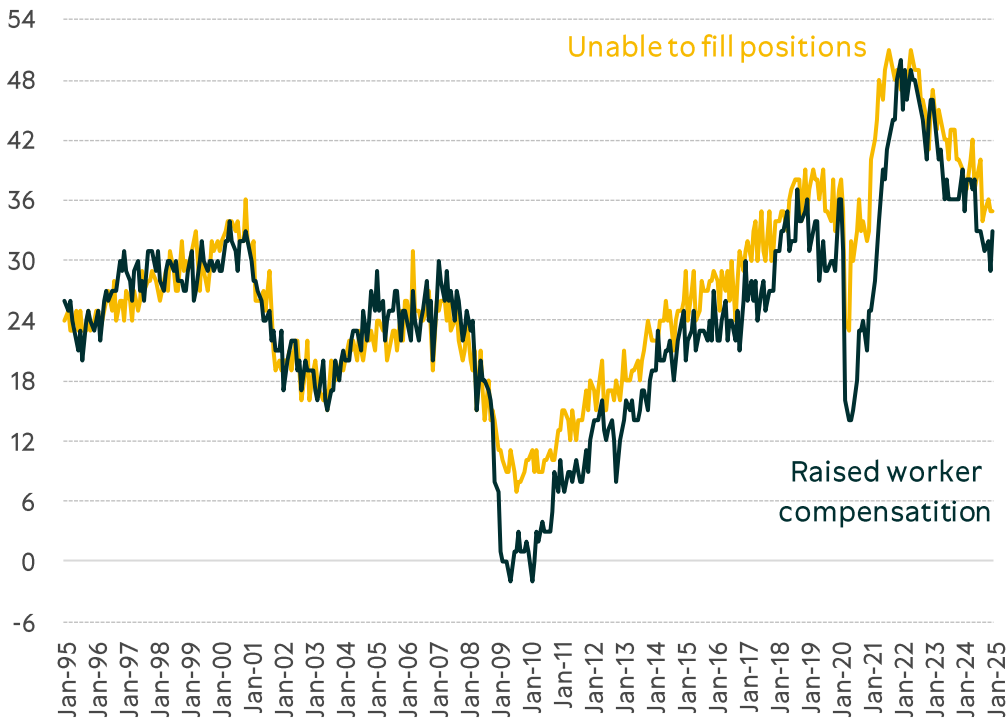


Conference Board Labor market differential & Unemployment rate

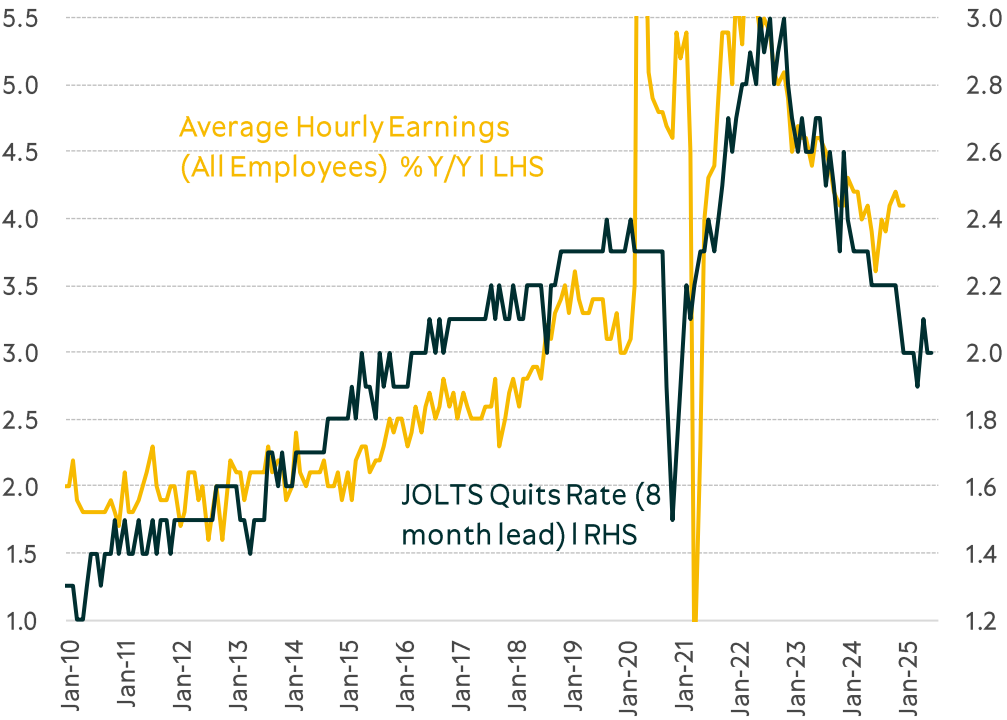


US Labor Market | NFIB survey and JOLTS Quits Rate remains positive for wage deceleration

US NFIB small business survey

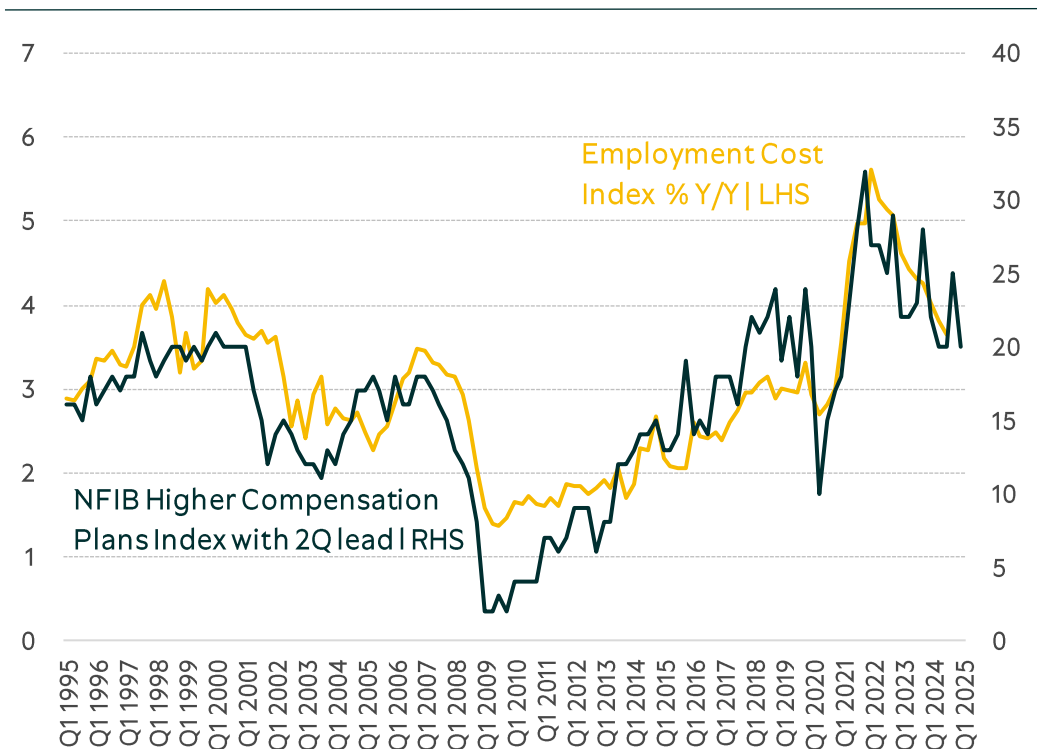


Wages & Quits Rate

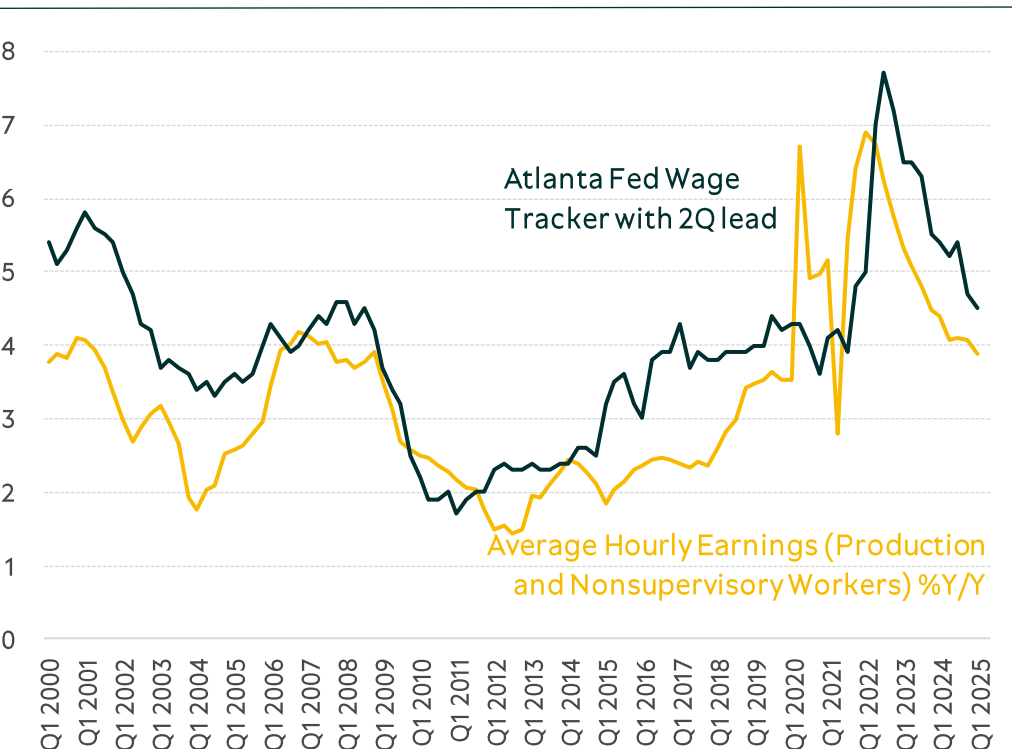


US Wage Tracker | Wage growth rates show signs of gradual deceleration

Employment Cost & Leading Indicator

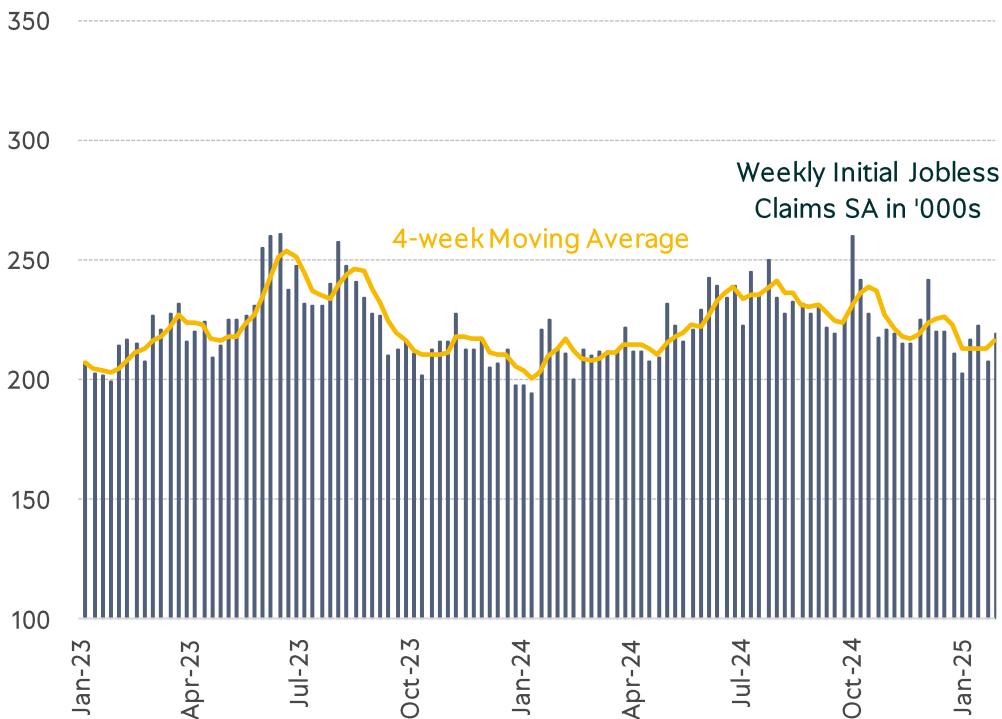


Wages & Leading Indicator

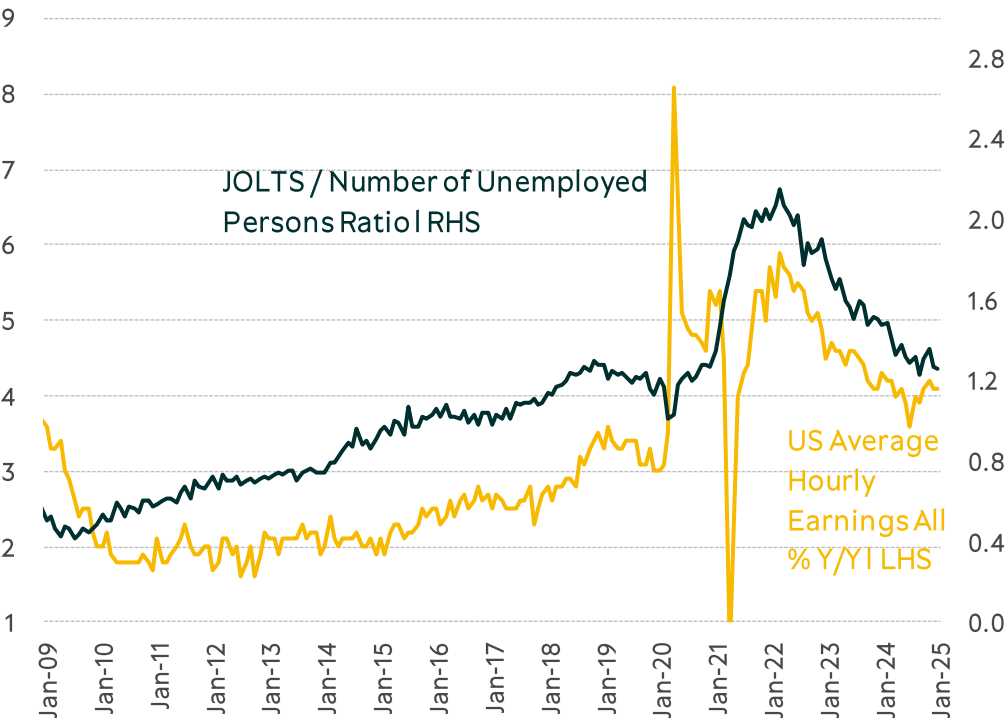


US Labor Market | Labor market is stabilising

Weekly Initial Jobless Claims

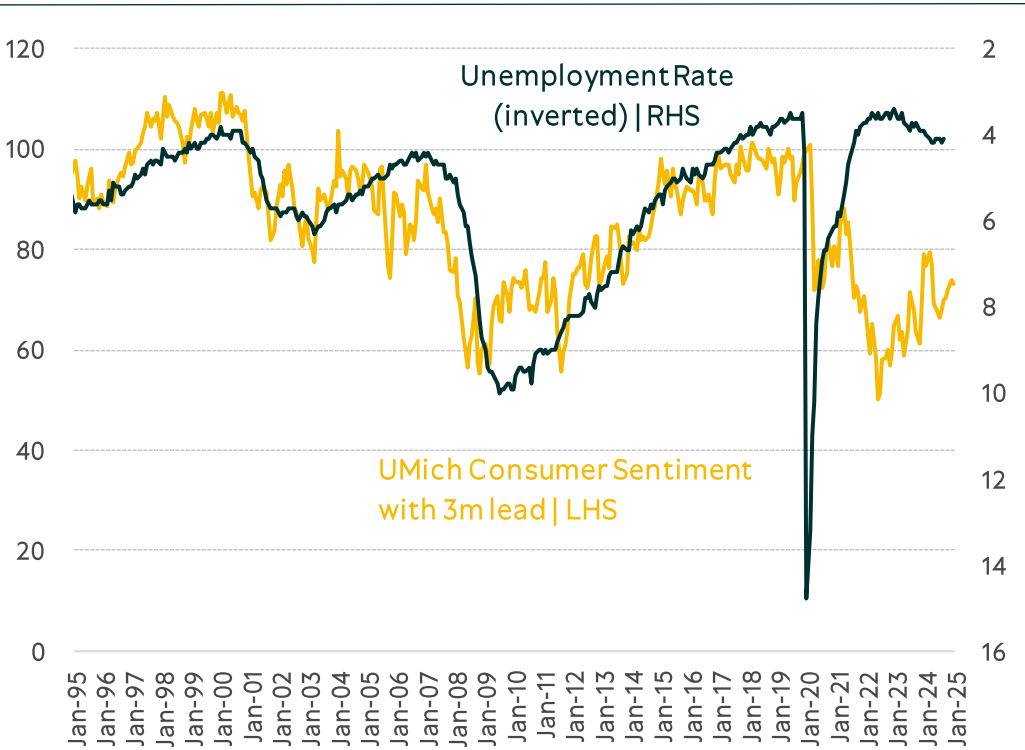


Demand & Supply in Labour Market

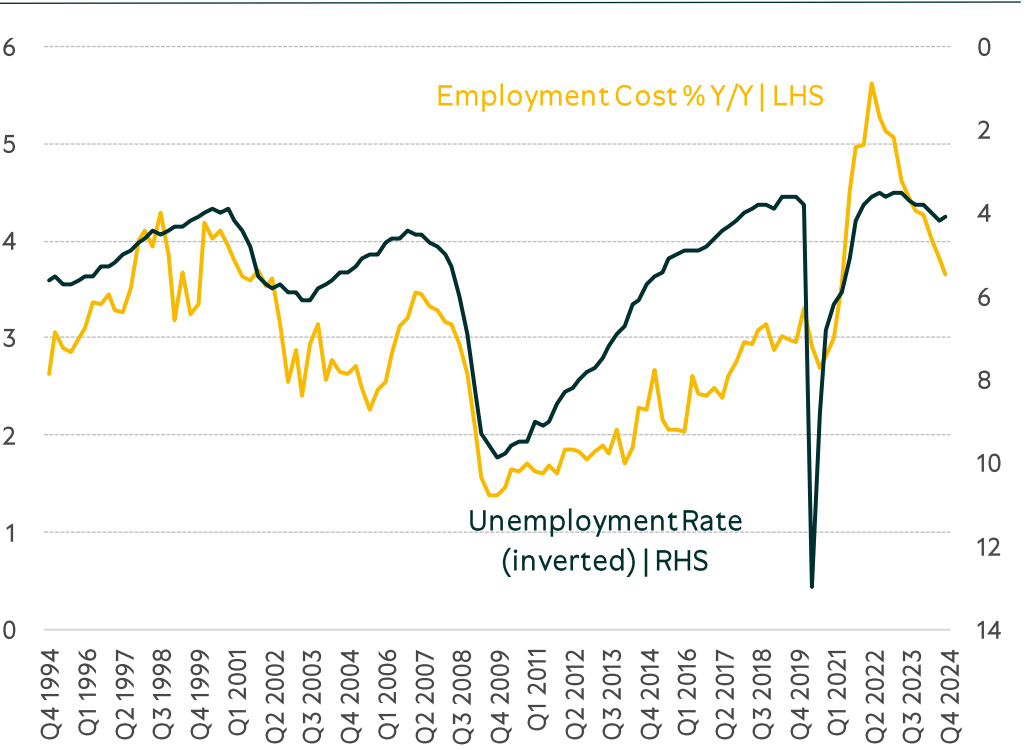


US Labor Market | Unemployment remains low with employment costs coming down slowly

Consumer Sentiment & Unemployment Rate

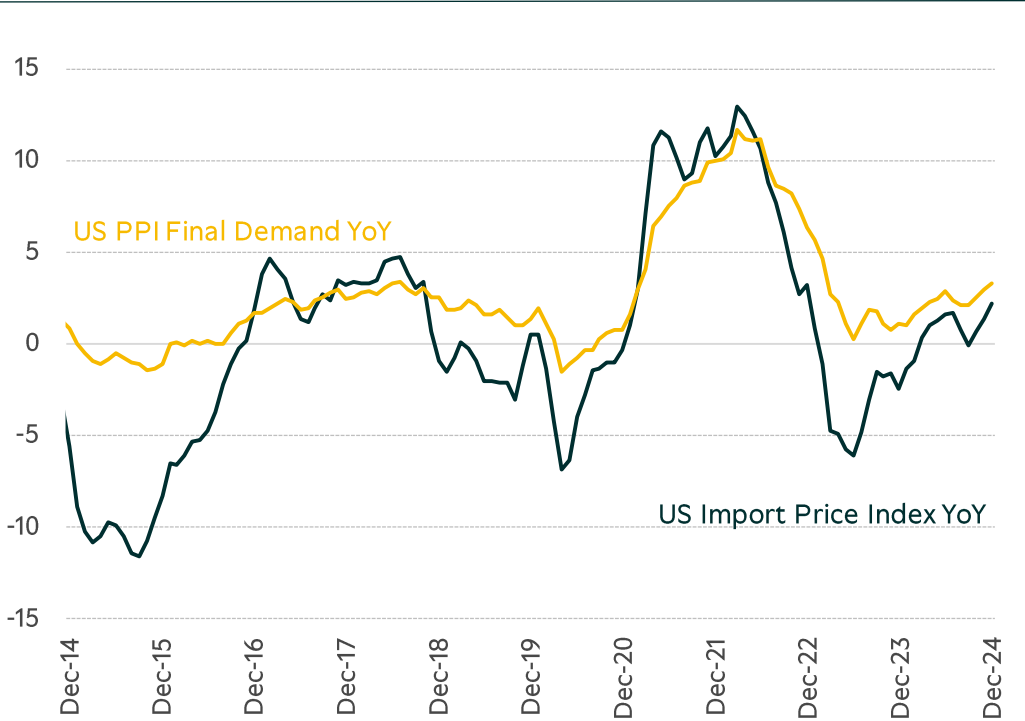


Compensation per Employee & Unemployment Rate

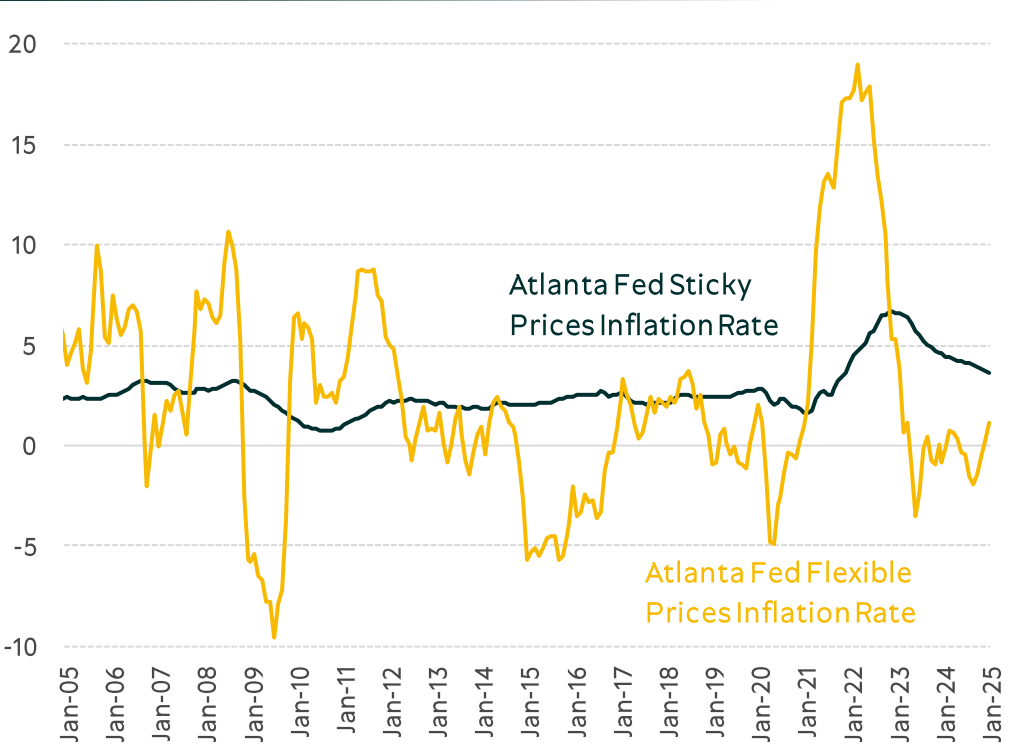


US Alternative Inflation Metrics | Inflation pressures have been limited to the sticky prices segment although there has been an increase in flexible prices. Import and producer prices are on the rise.

Producers Price Index and Import prices

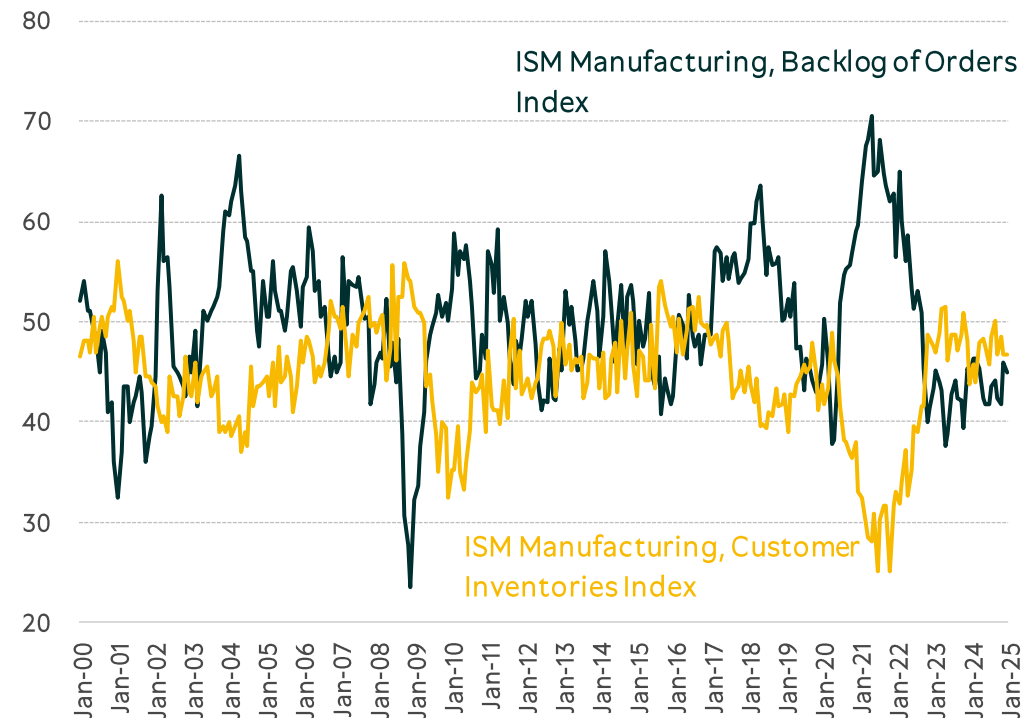


Sticky & Flexible Prices

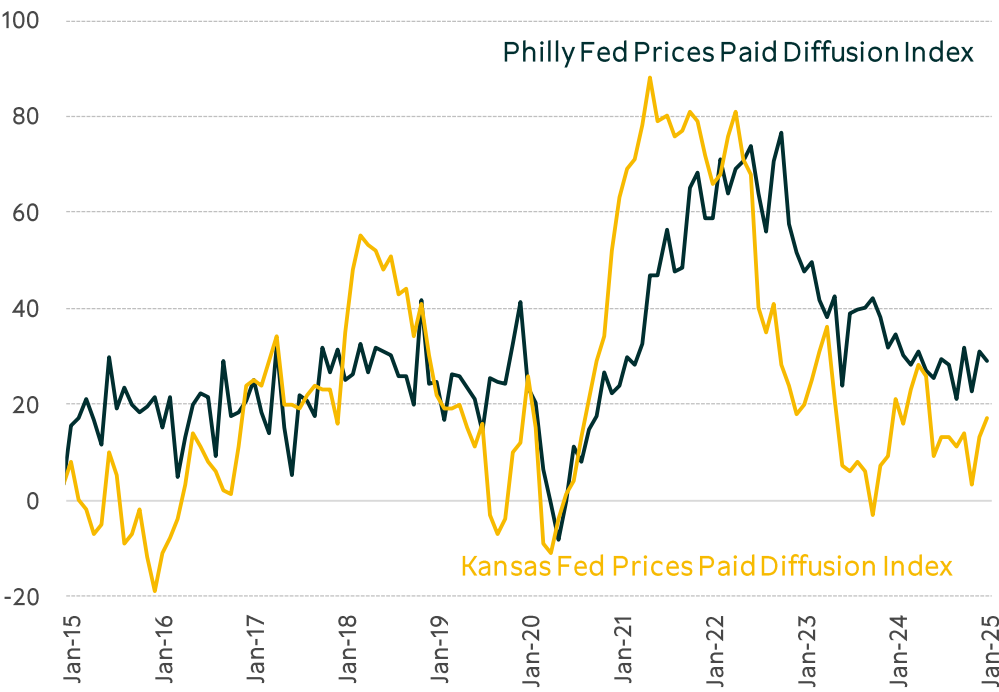


US Supply & Demand Gap | Customer inventories and backlog of orders are converging; price pressures from regional surveys are mixed

Backlog of Orders & Customer Inventories Relation

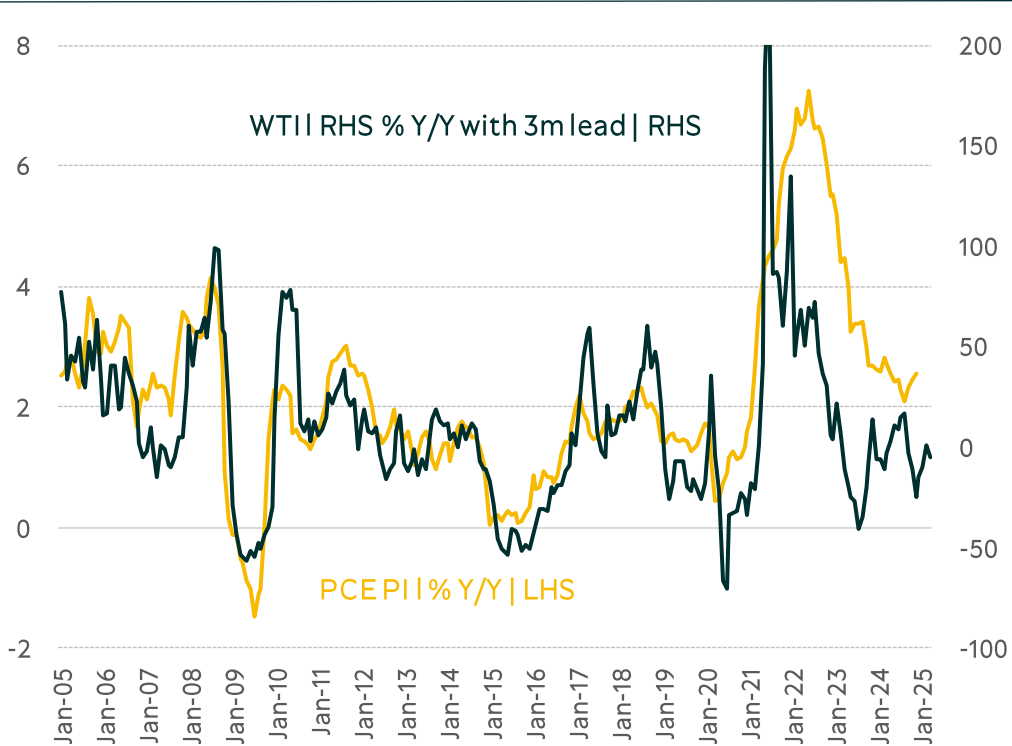


Leading Prices Indicators

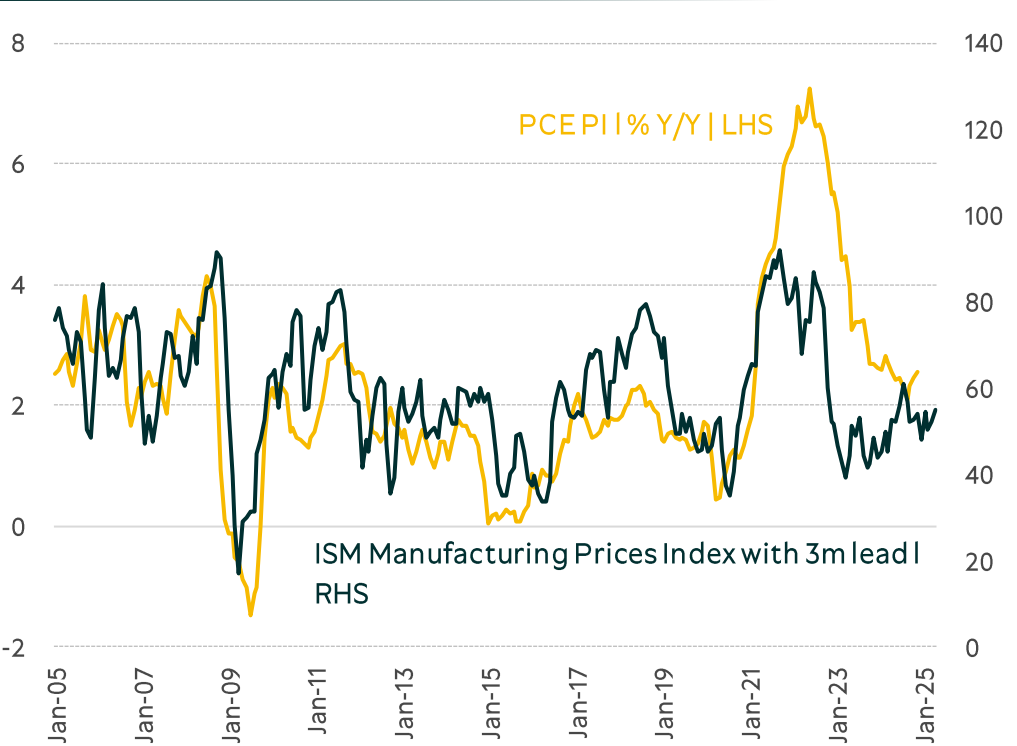


US Inflation & Energy Prices | Leading price indicators point to only gradual inflation moderation ahead

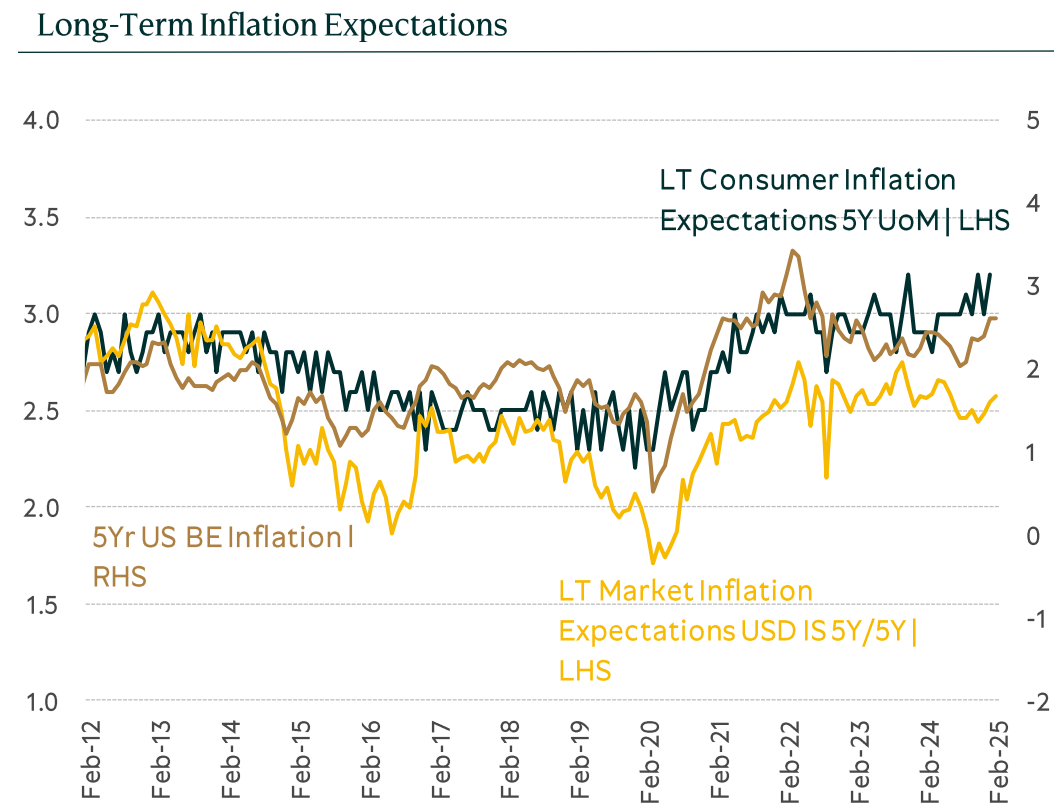
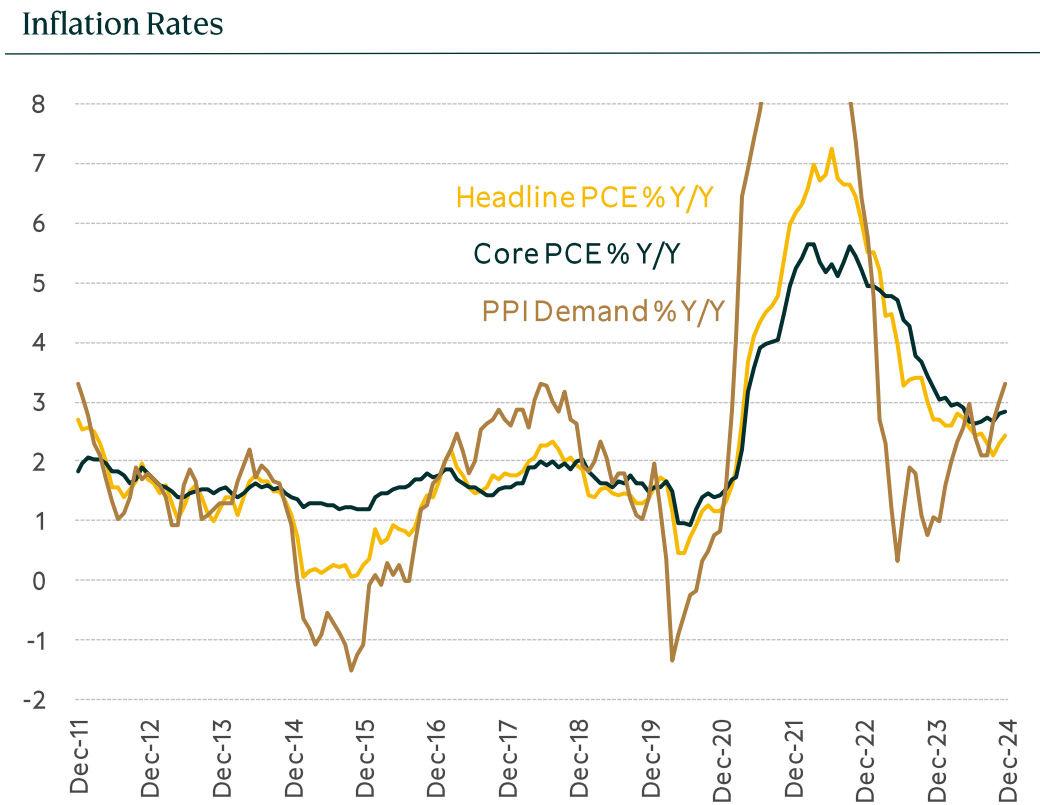
Inflation Rates & Energy Prices



Inflation Rate & Leading Prices Indicator

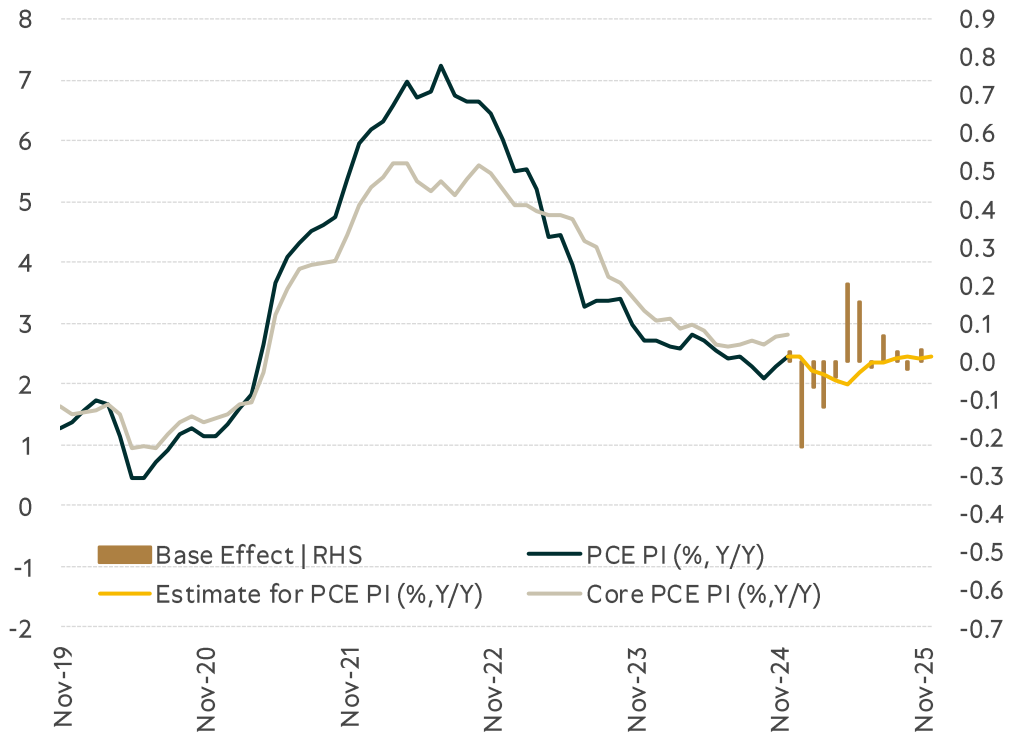


US Headline & Core Inflation | Inflation rate remains above Fed’s target. Long-term market inflation expectations are on the rise and consumer expectations remain above 3%.

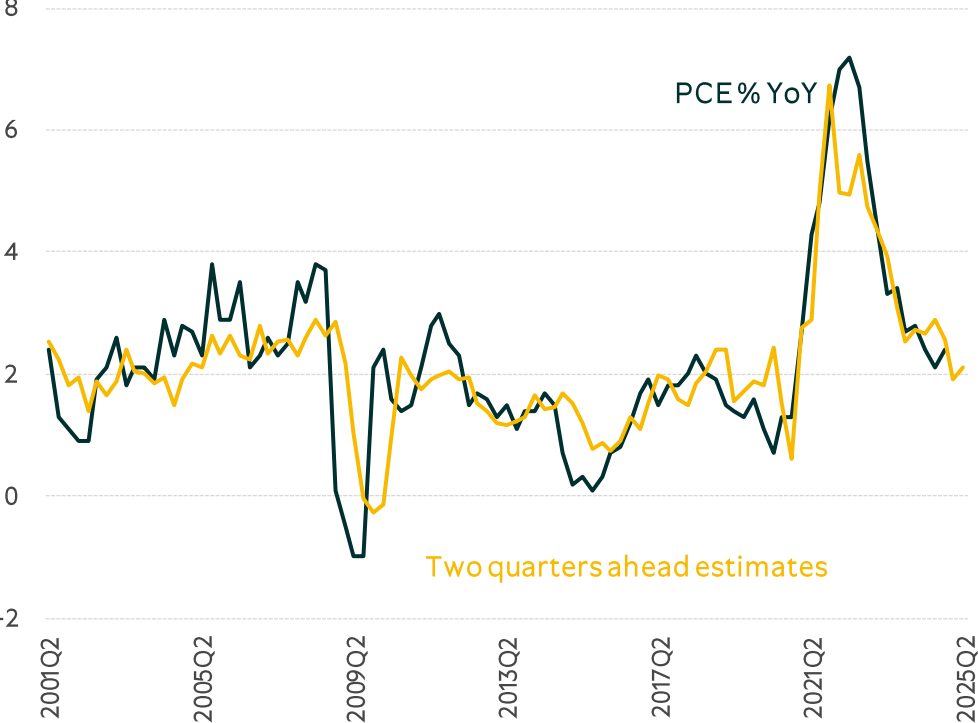


US Inflation Outlook | Base effects and our macro model point to inflation above 2% in 2025

Inflation Rate Forecast | Statistical Model

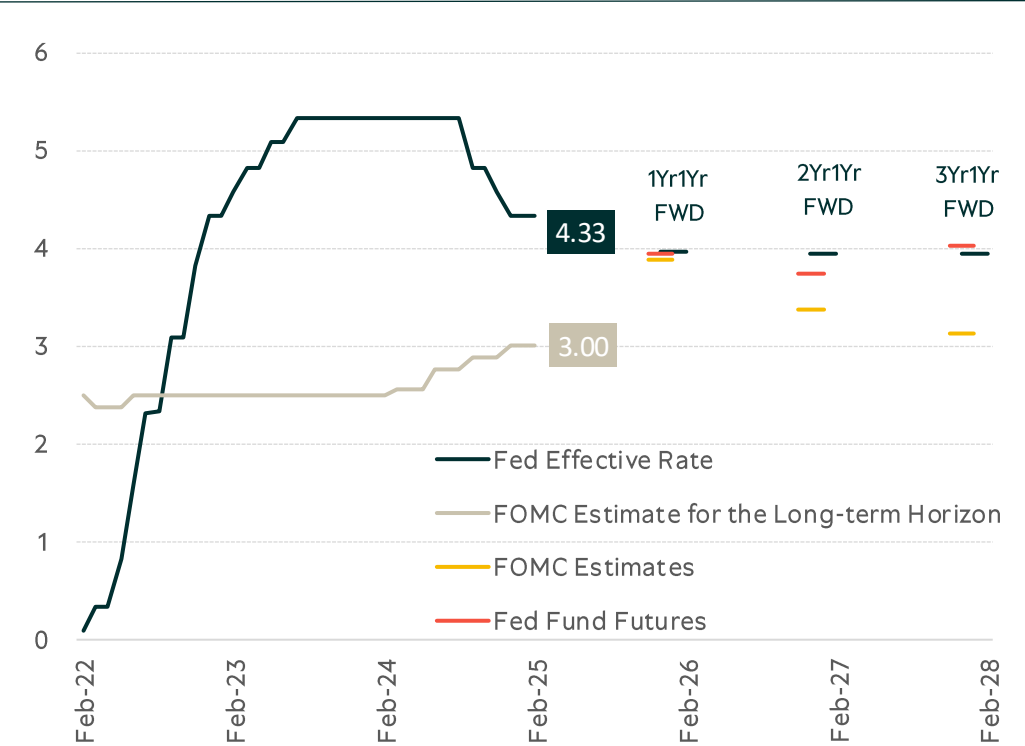


Inflation Rate Forecast | Macro Model

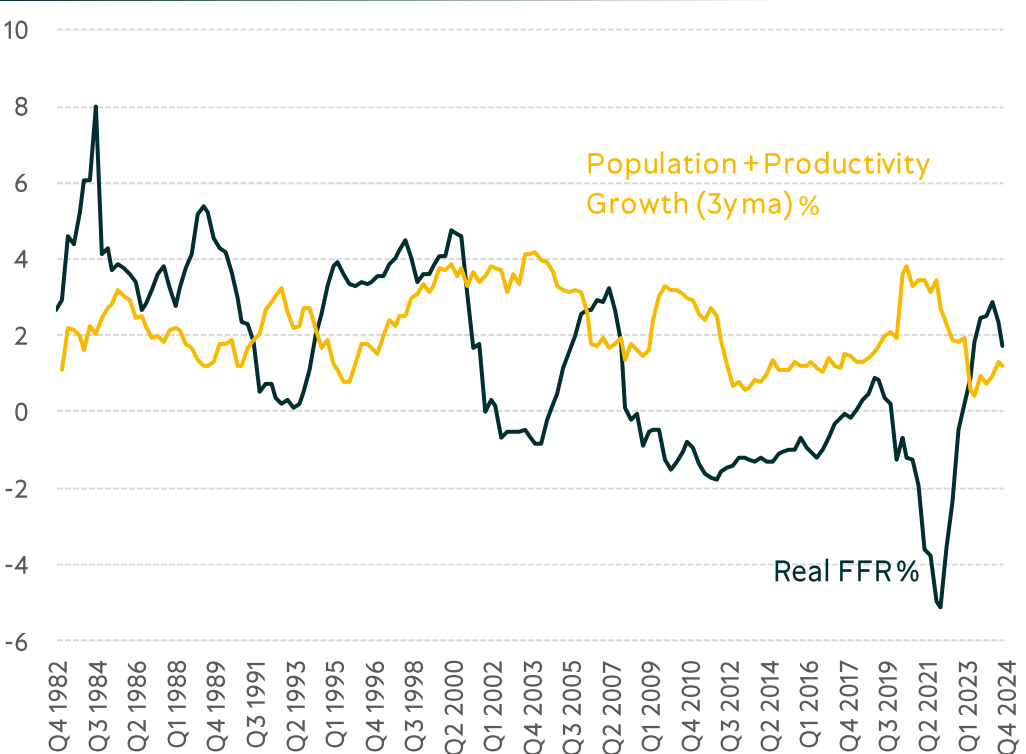


US Interest Rates | Forward rates above FOMC's estimates and long-term target

Interest Rates | Fed Effective Rate

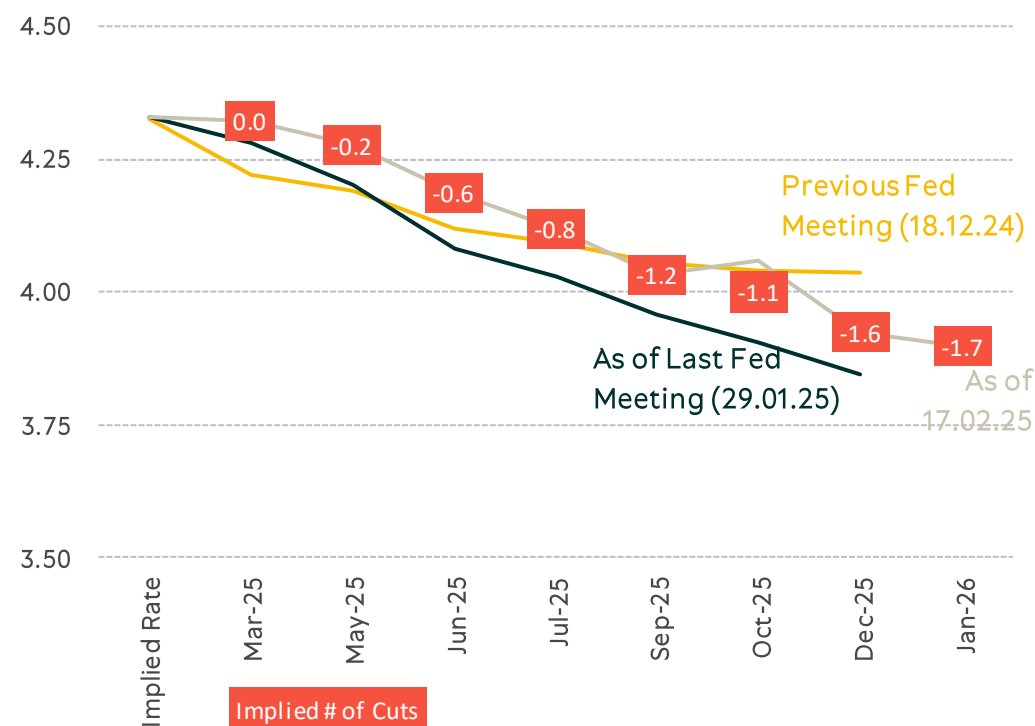


Real FFR (FFR – Core PCE) & Population + Productivity growth (3y ma)

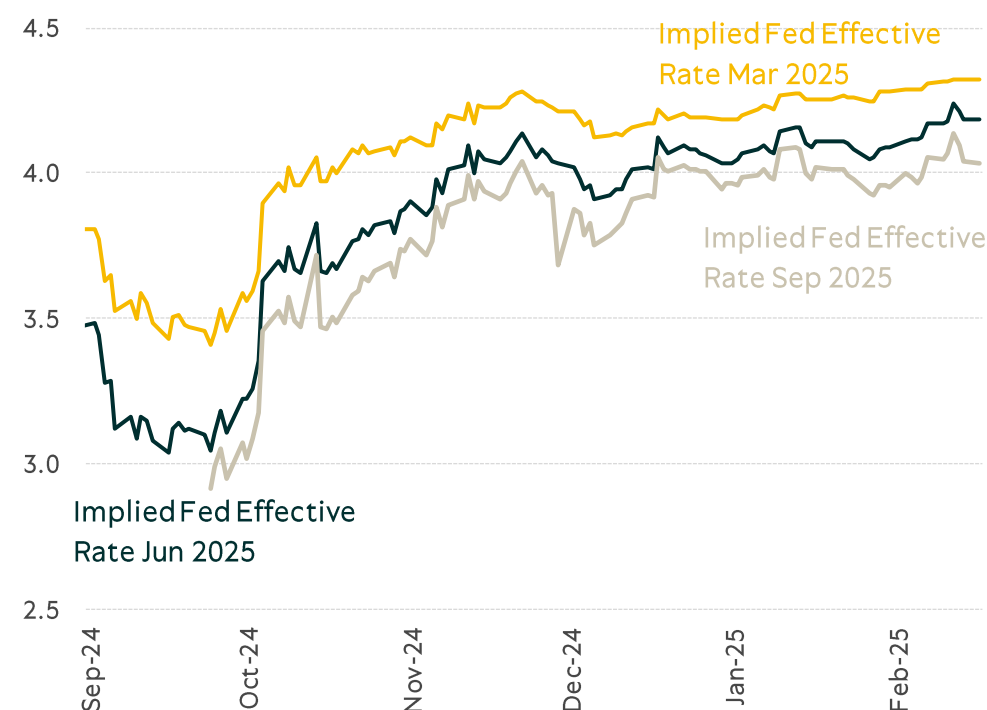


US Interest Rates | A less aggressive rate cut trajectory is anticipated by the markets

Implied Overnight Rate based on Overnight Index Swaps

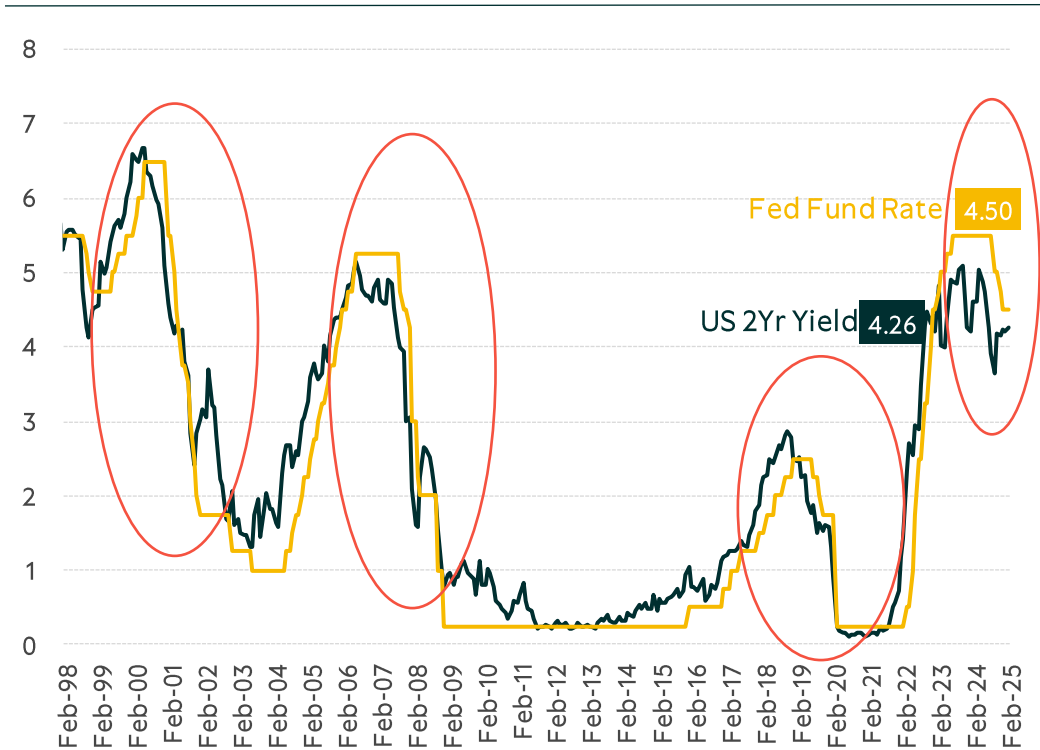


Interest Rates | Implied Fed Effective Rate



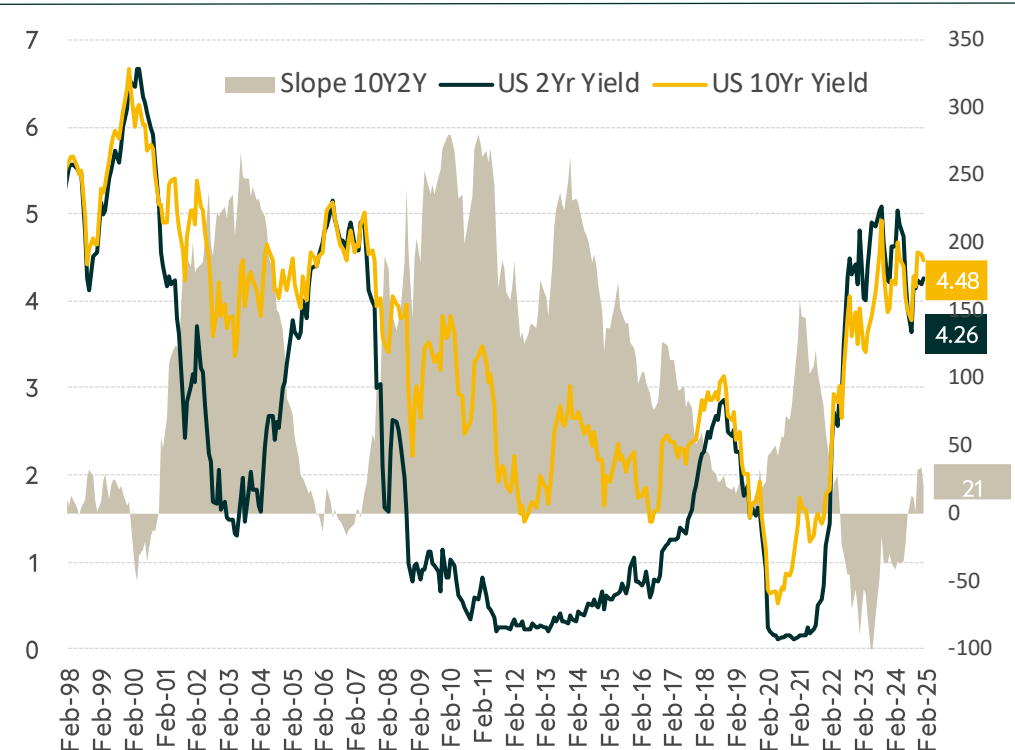
US | The 2/10 yield spread turned positive in August for the first time since mid-2022. In September, the Fed reduced its benchmark interest rate by 50 bps, followed by 25bps cuts in October and in December

Fed Fund Rate & US Treasury Yield



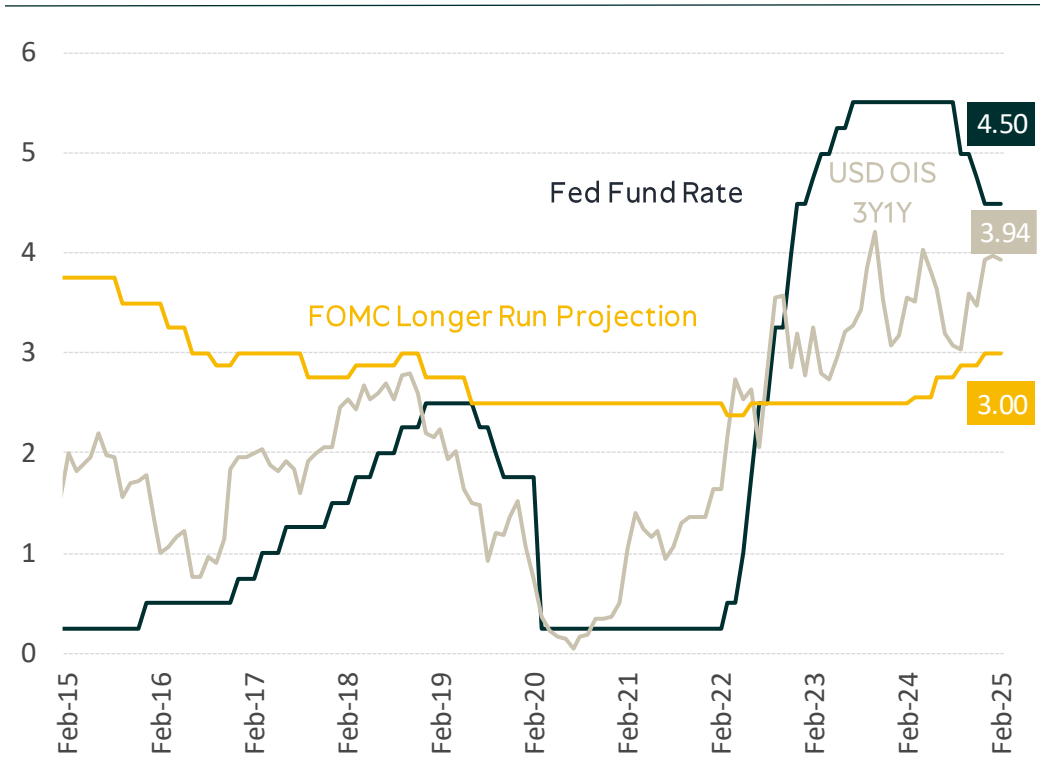
Note: Monthly data apart from the last observation which shows the latest available daily value

US Yield Curve



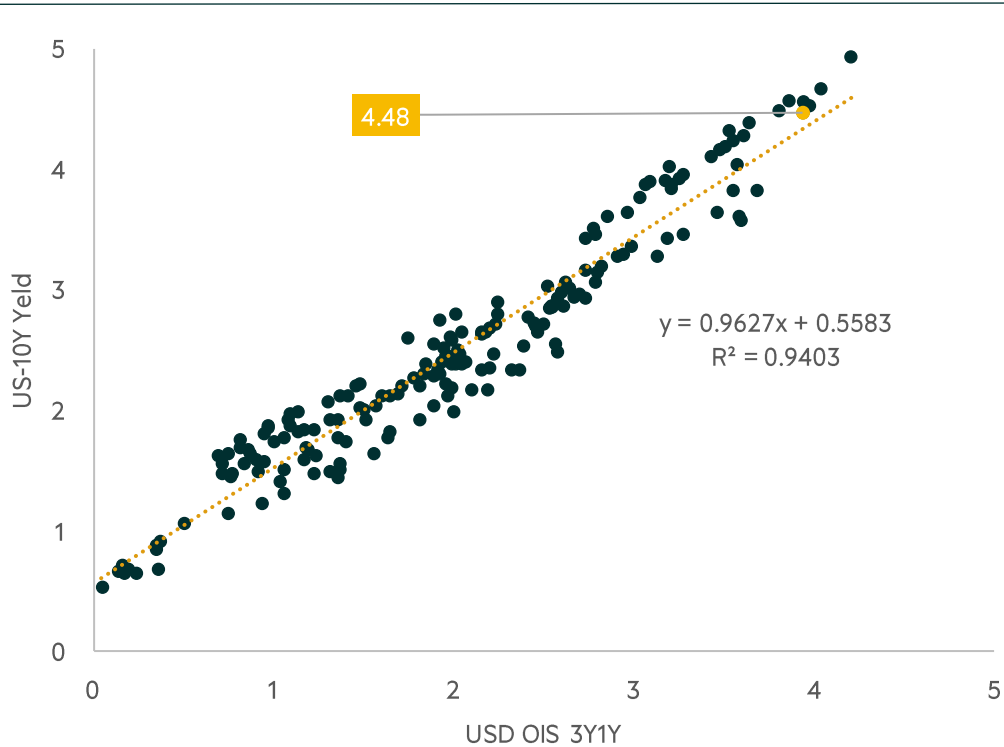
US Long-Term Rates | Short-term rates 4 years in the future remain above target (3%). 10- year rates close to “fair” value given the current level of short-term rates.

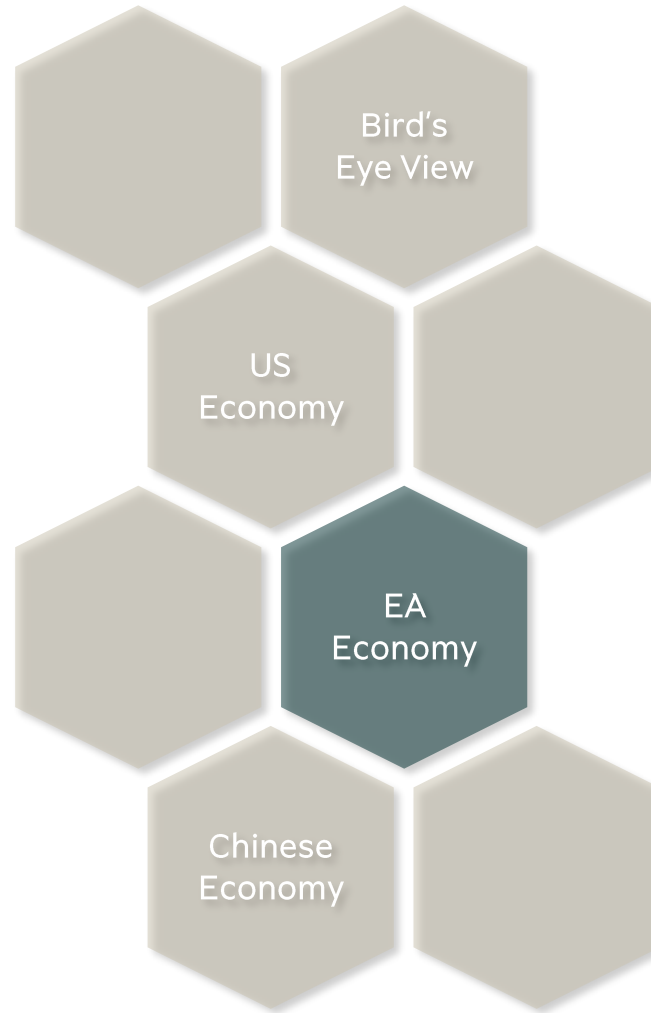
LT Interest Rate Expectations



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

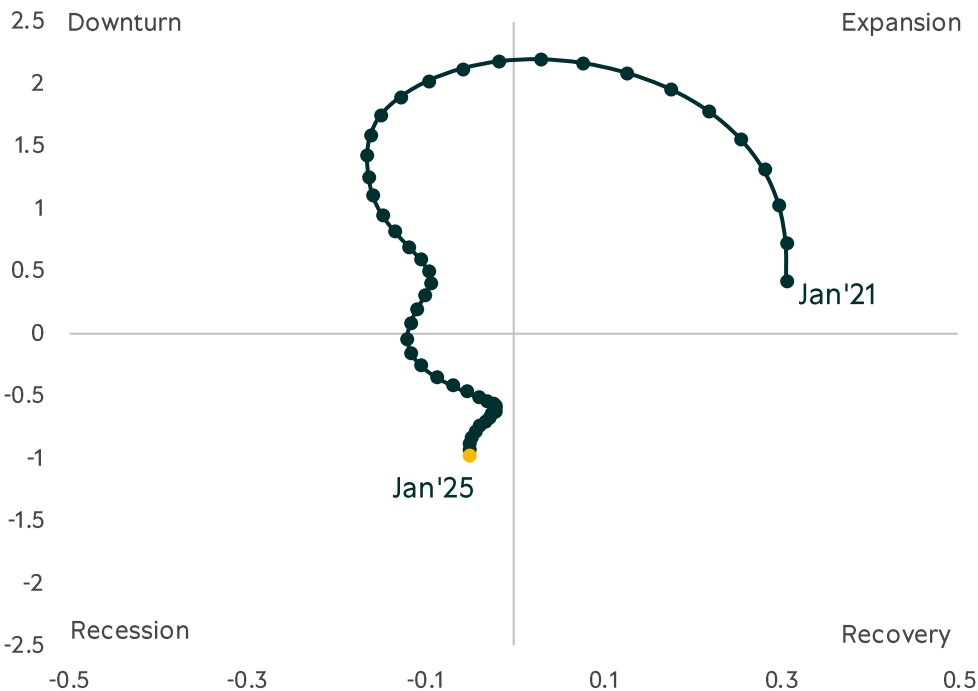
US Yield vs Medium-Term Interest Rate Expectations



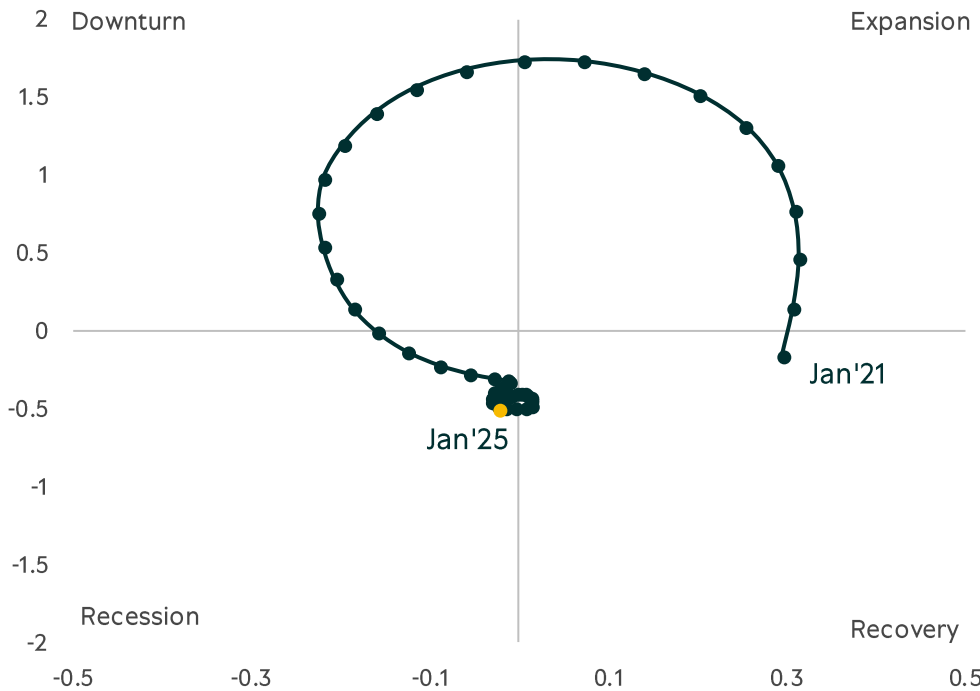


EA Business Cycle Watch | Economic sentiment in January remained in the recession quartile, alongside manufacturing confidence

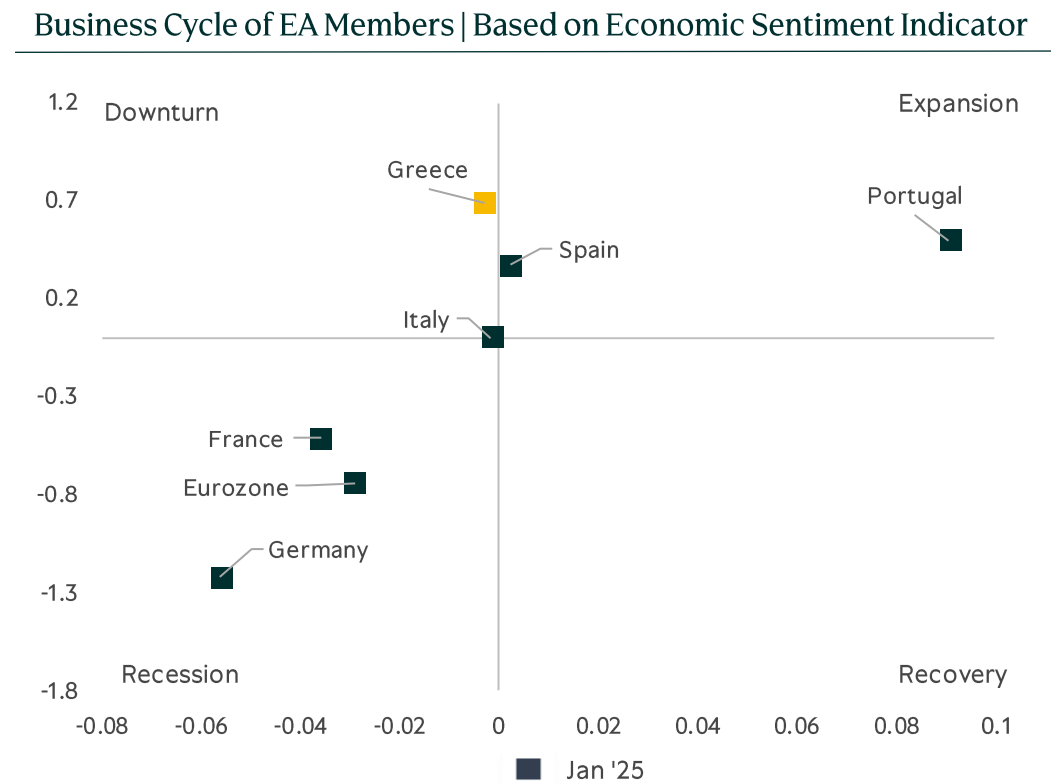
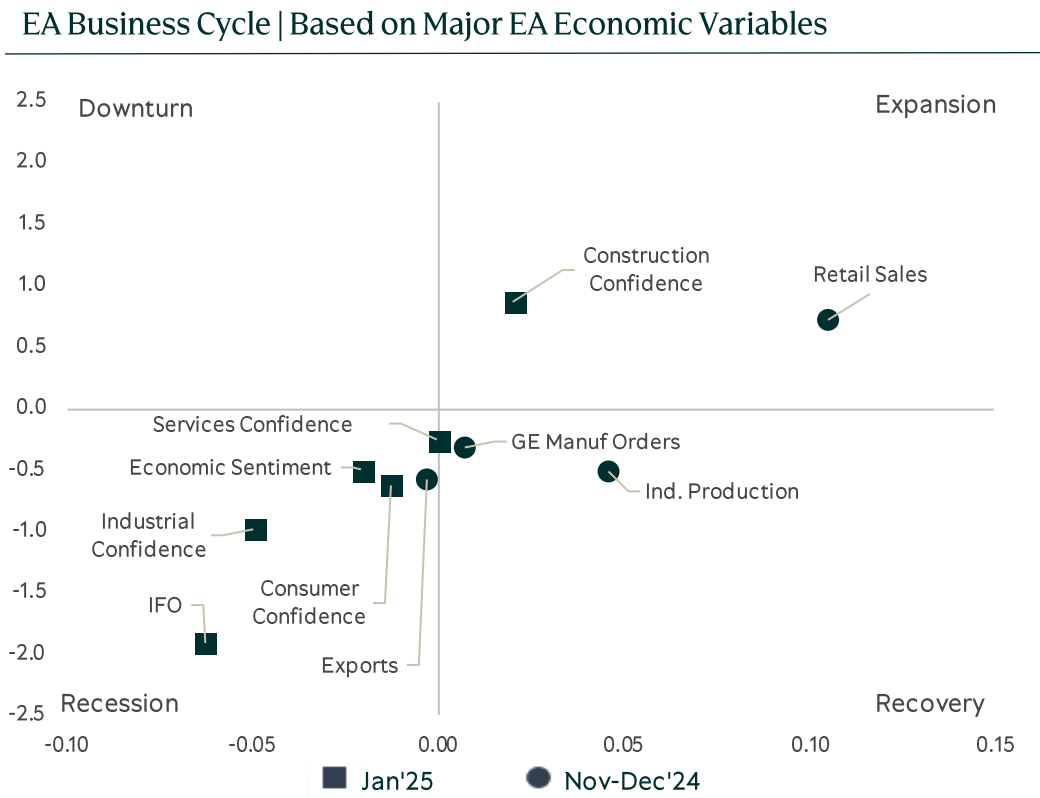
EA Business Cycle | Based on Manufacturing Confidence Indicator



EA Business Cycle | Based on Economic Sentiment Indicator

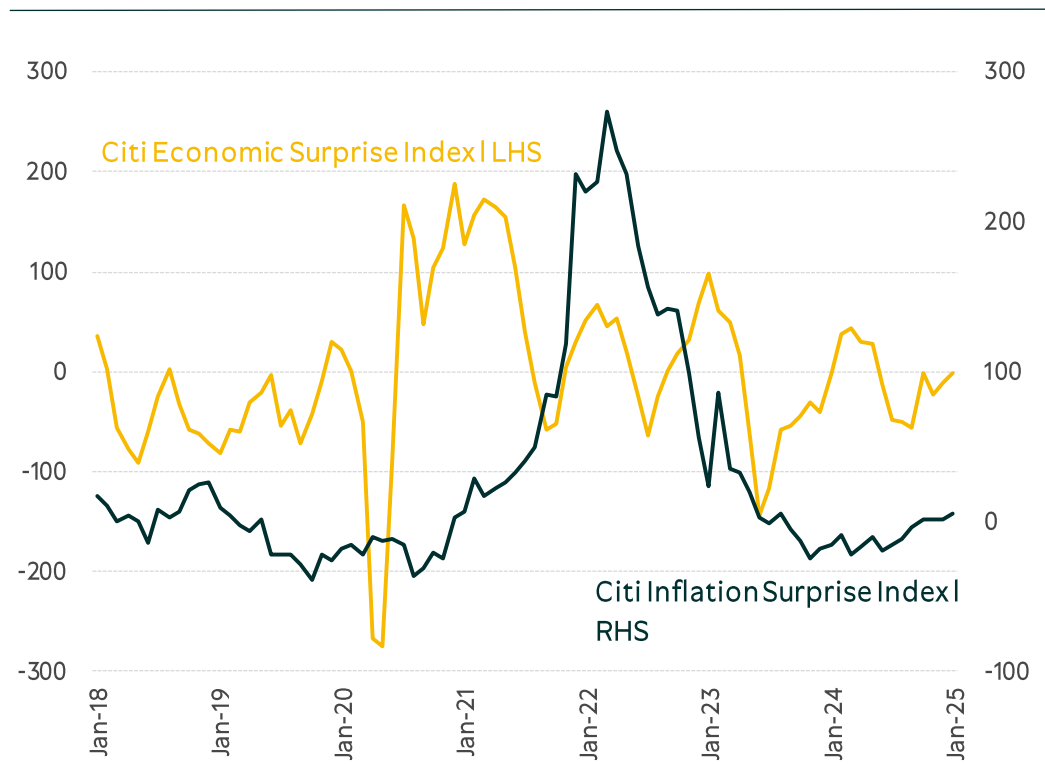


EA Business Cycle | Most EA economic variables stand between recession and recovery, whilst mixed signals are observed on country level

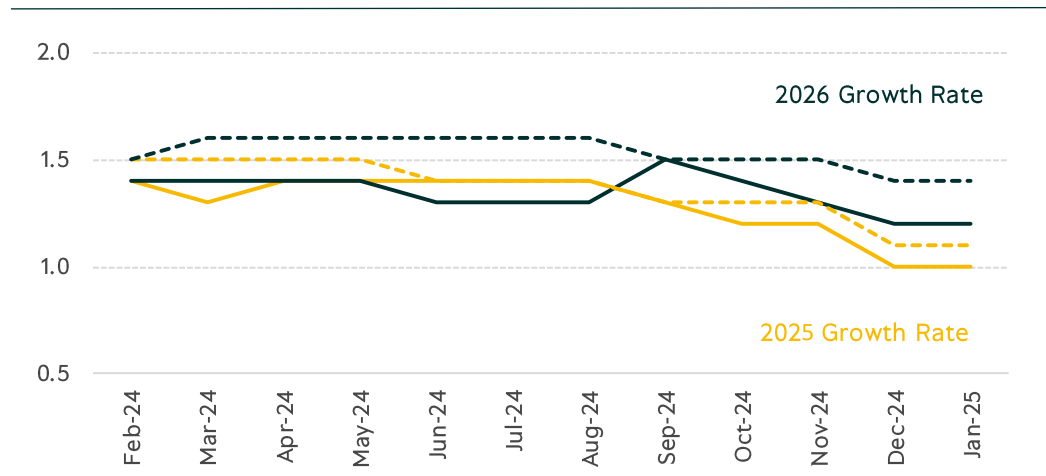


EA Macro Expectations | Economic surprises show some volatility the past months. Worries about inflation eased. Recent uptick mostly due to base effects.

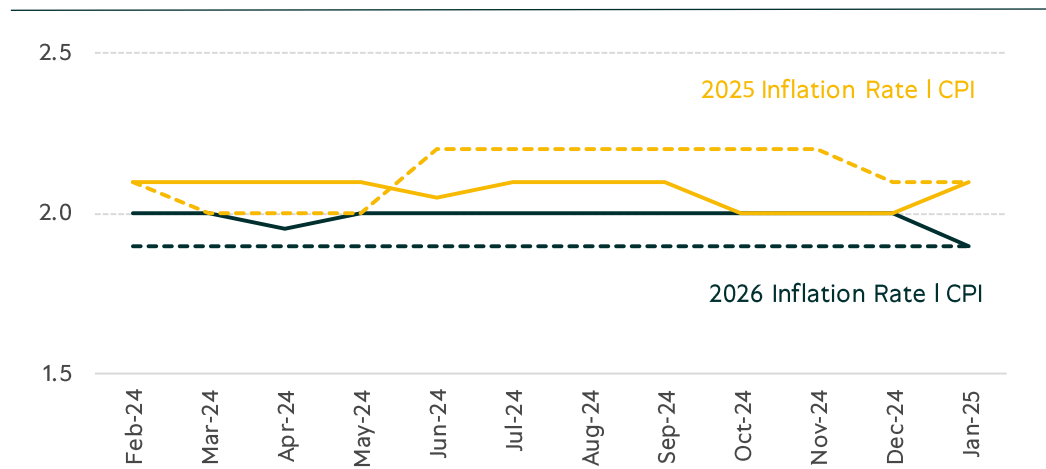
Economic & Inflation Surprises



Growth Rate Expectations*

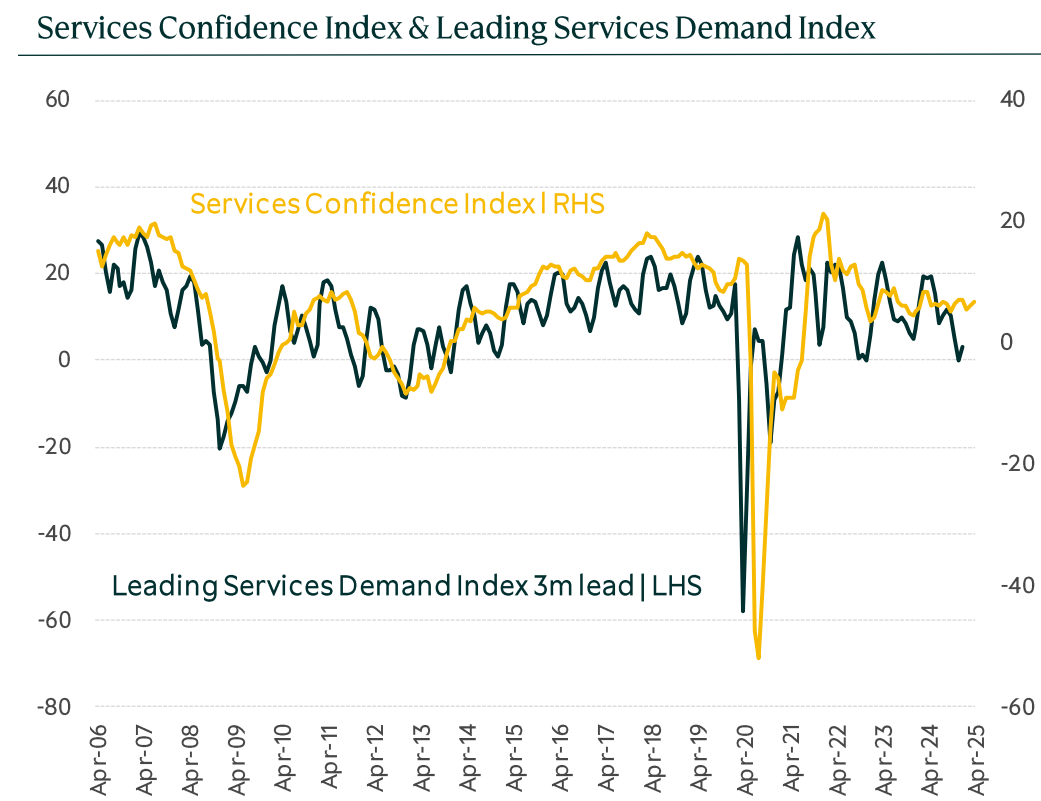
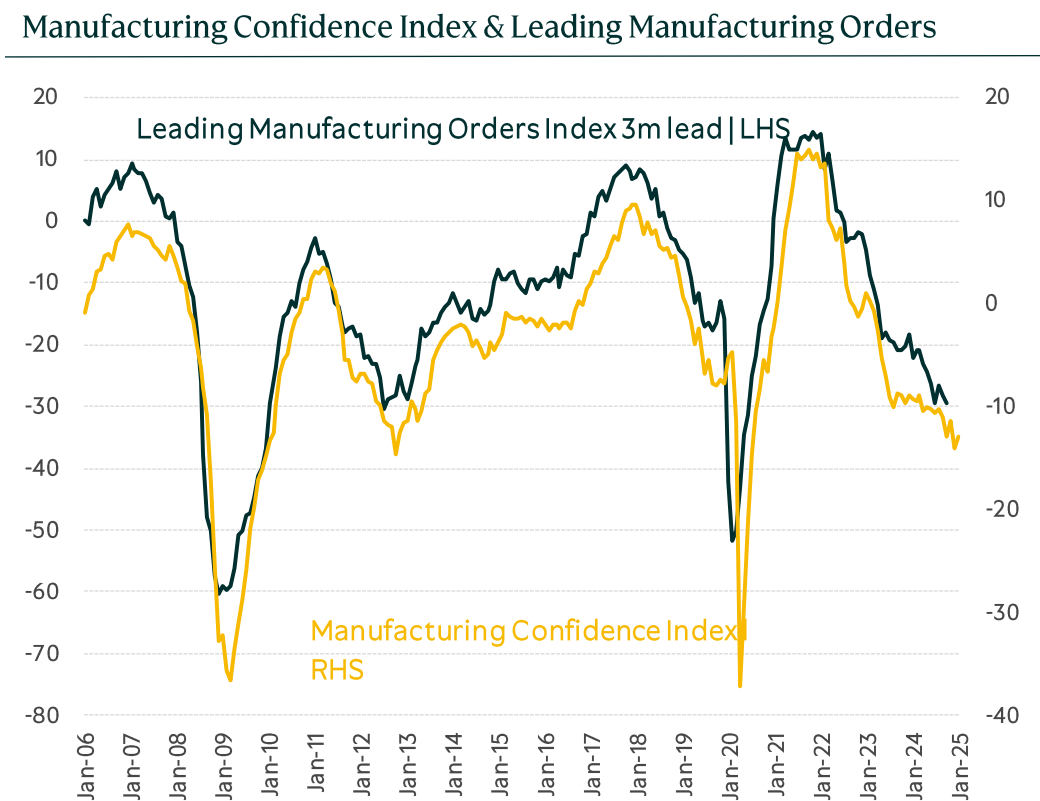


Inflation Rate Expectations*



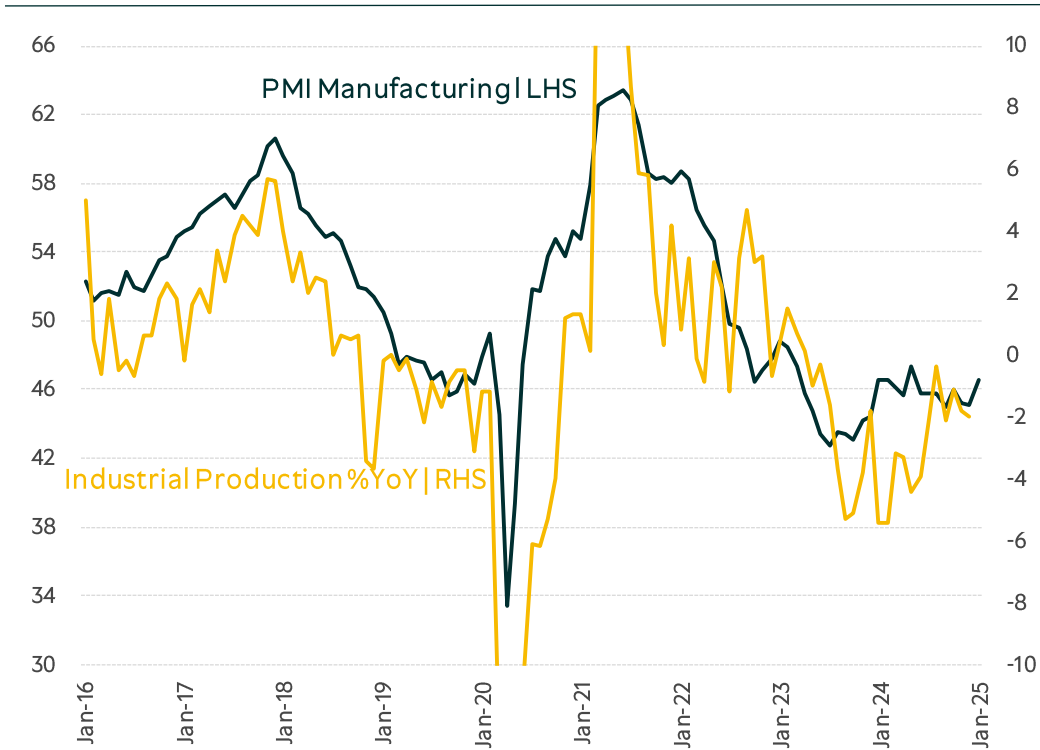
*Solid line: Consensus; Dotted line: ECB projections

EA Leading Indicators | Manufacturing indicators in downturn. Services Sector shows signs of deceleration

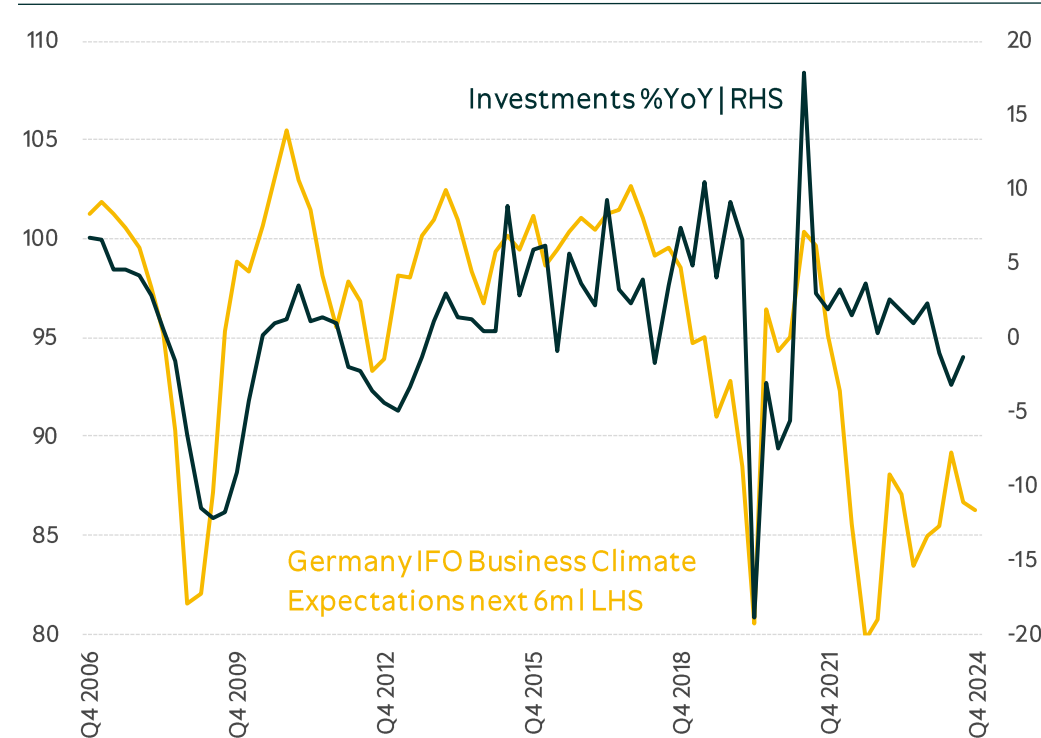


EA Business Conditions | Leading indicator in Manufacturing ticked up in January but industrial production remains vulnerable. Business investments picked up.

Industrial Production YoY vs PMI Manufacturing

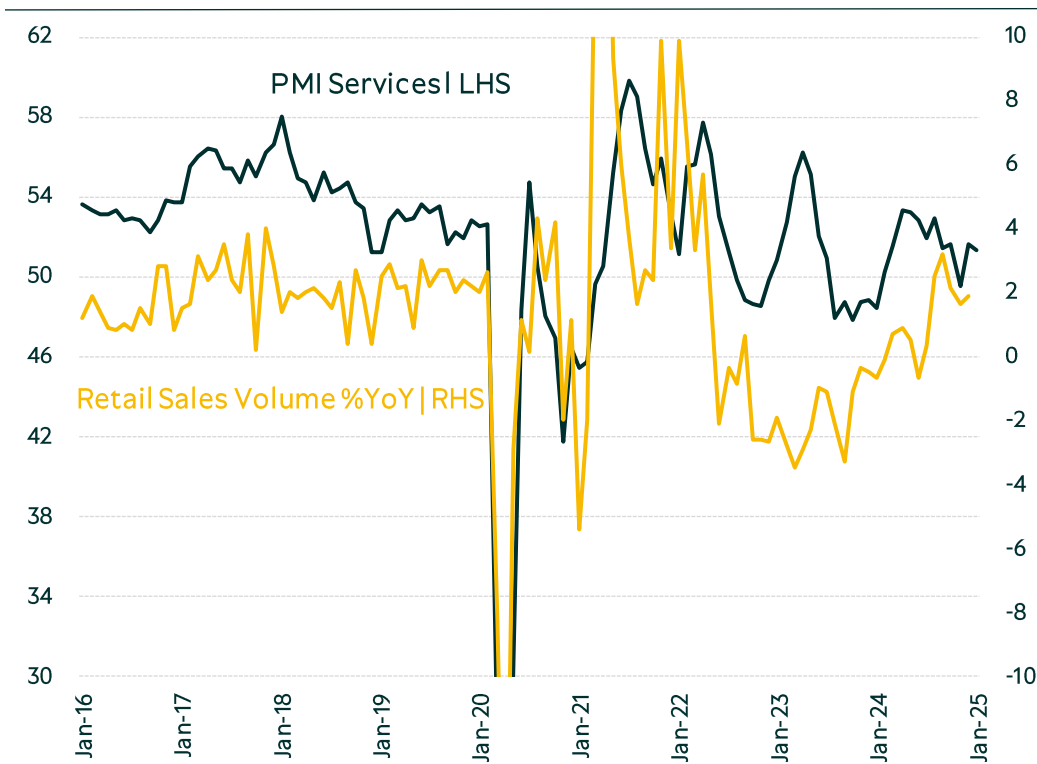


IFO Expectations & Business Investment

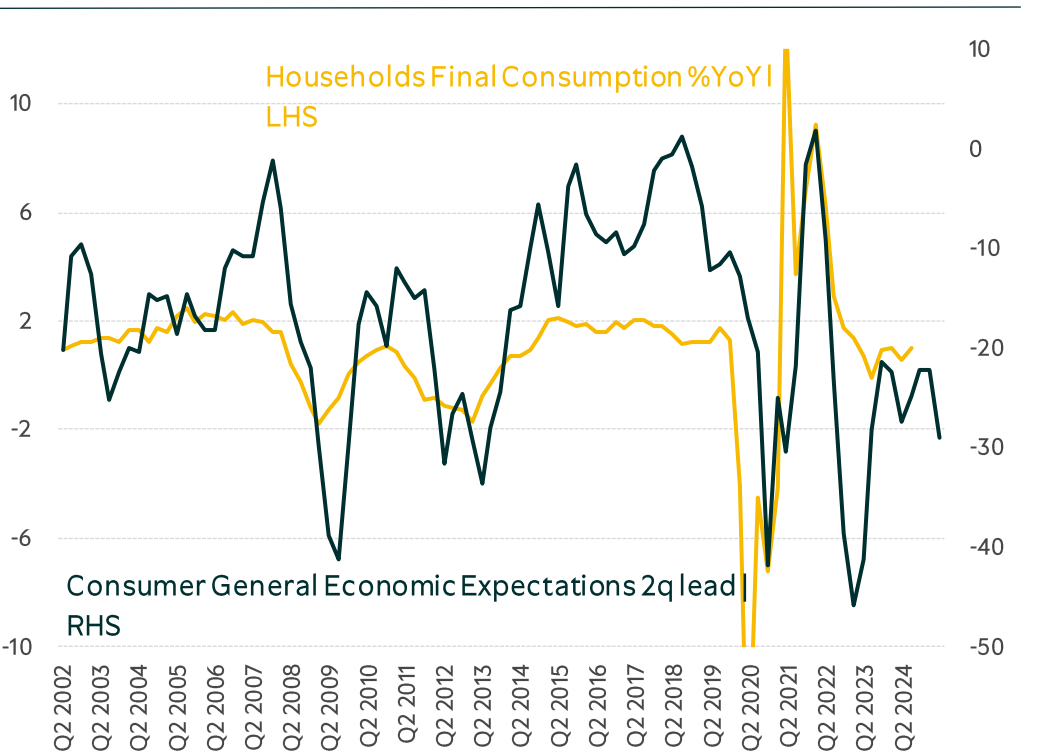


EA Business Conditions | Retail spending is a possible tailwind to EA growth but consumers' general economic expectations over the next 12 months have become more pessimistic

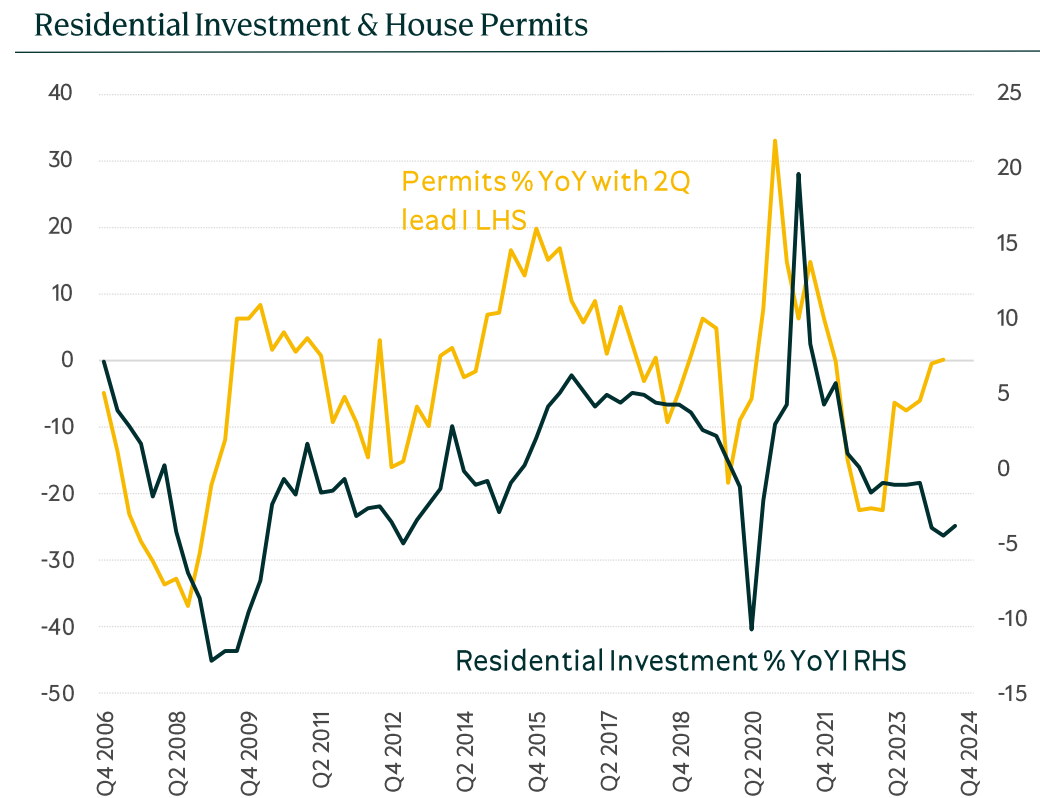
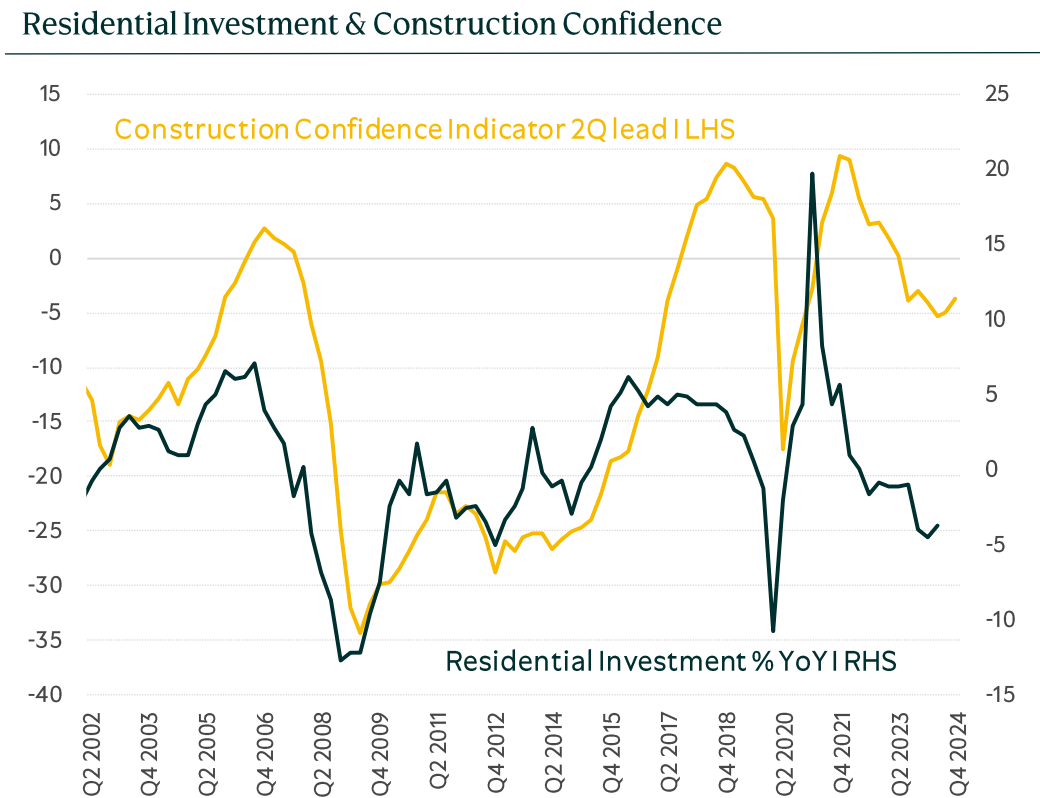
Retail Sales Volume YoY vs PMI Services



Final Consumption & Consumer Expectations Index

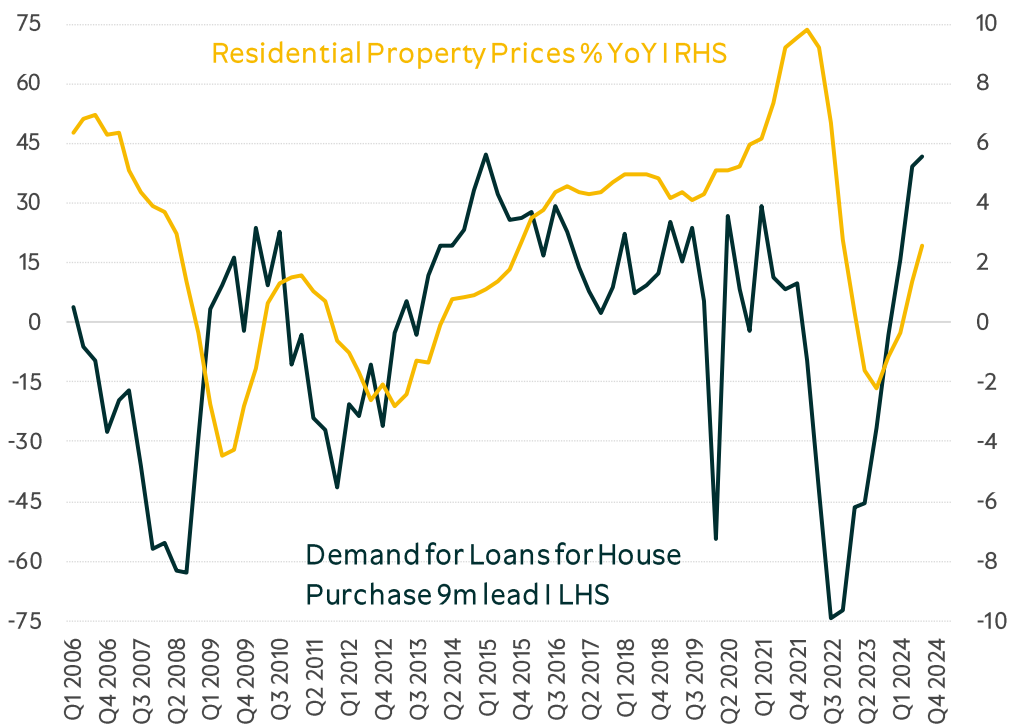


EA Construction | Residential activity gives positive signals as Construction Confidence is on an upward trend. Permits and the latest uptick in residential investments provide a glimmer of hope.

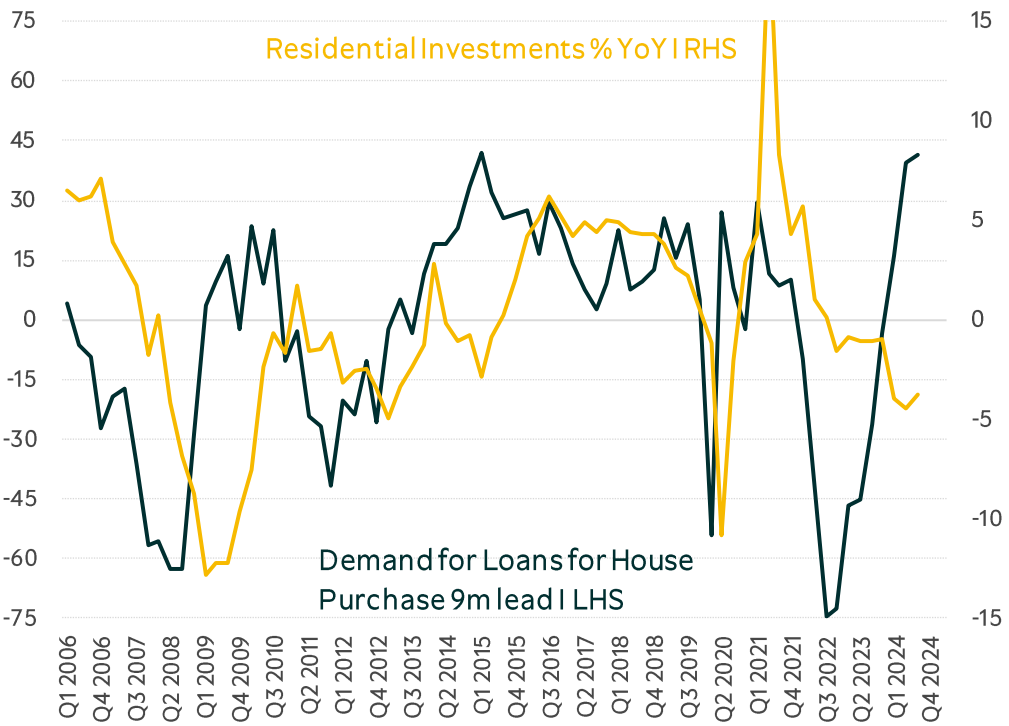


EA Construction | A pick up in investments and housing loans is expected in the coming months

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

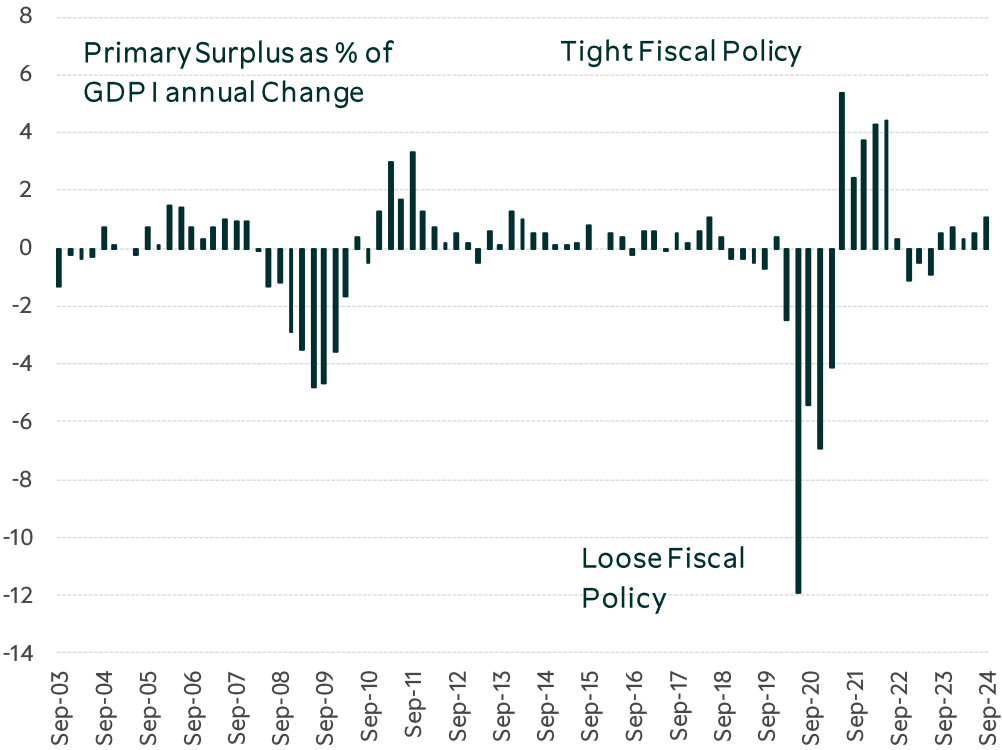


Residential Investments & Demand for loans (9m lead)

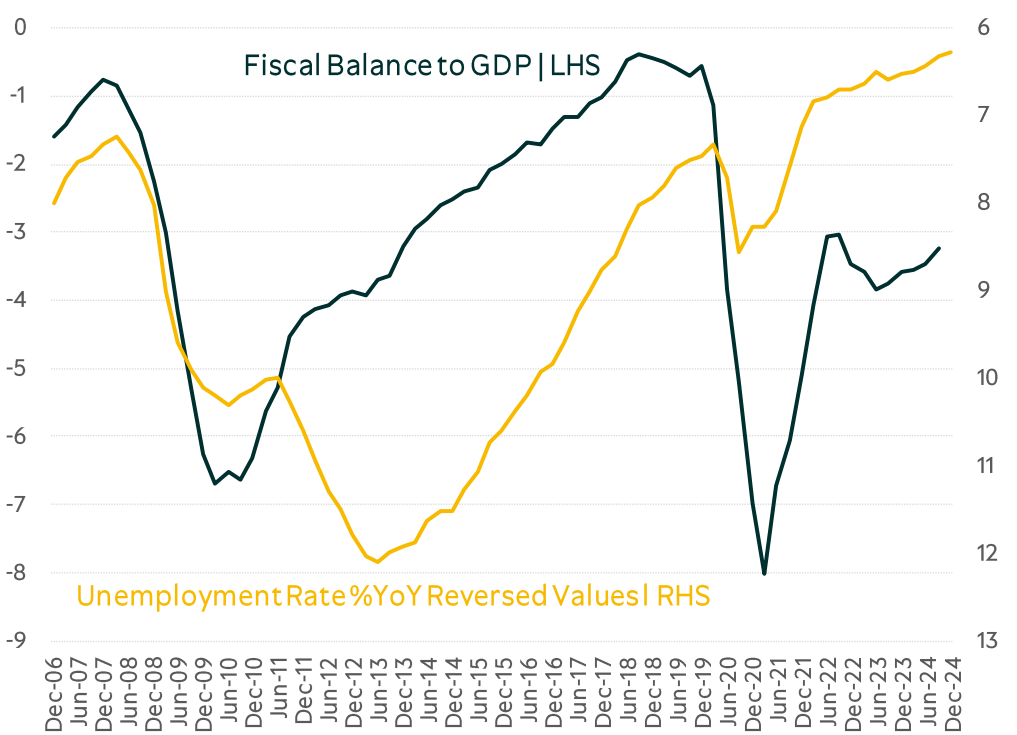


EA Fiscal Policy | Fiscal Deficit improvement with Unemployment Rate still at all time low

Fiscal Thrust

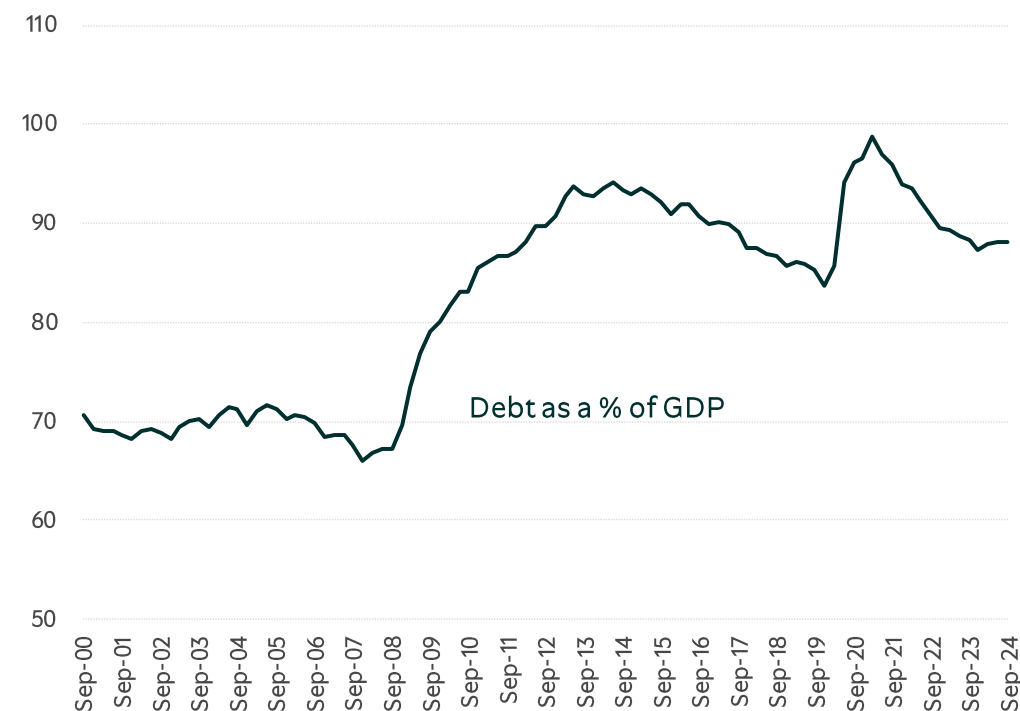


Fiscal Policy & Unemployment Rate

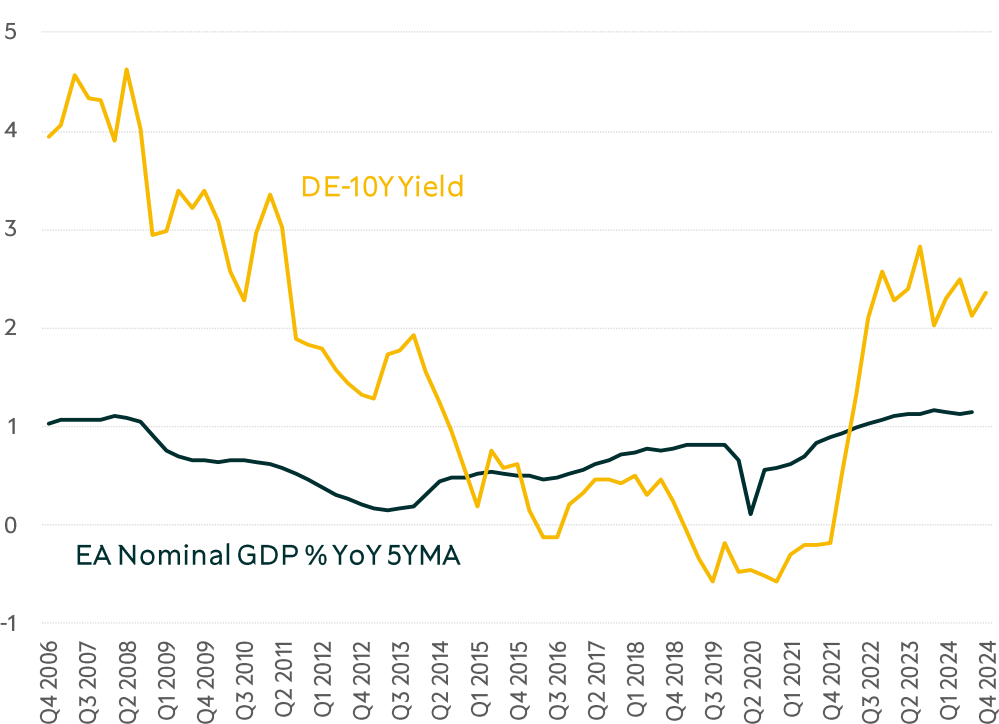


EA Fiscal Policy | Debt levels have moderated after the pandemic

Debt / GDP

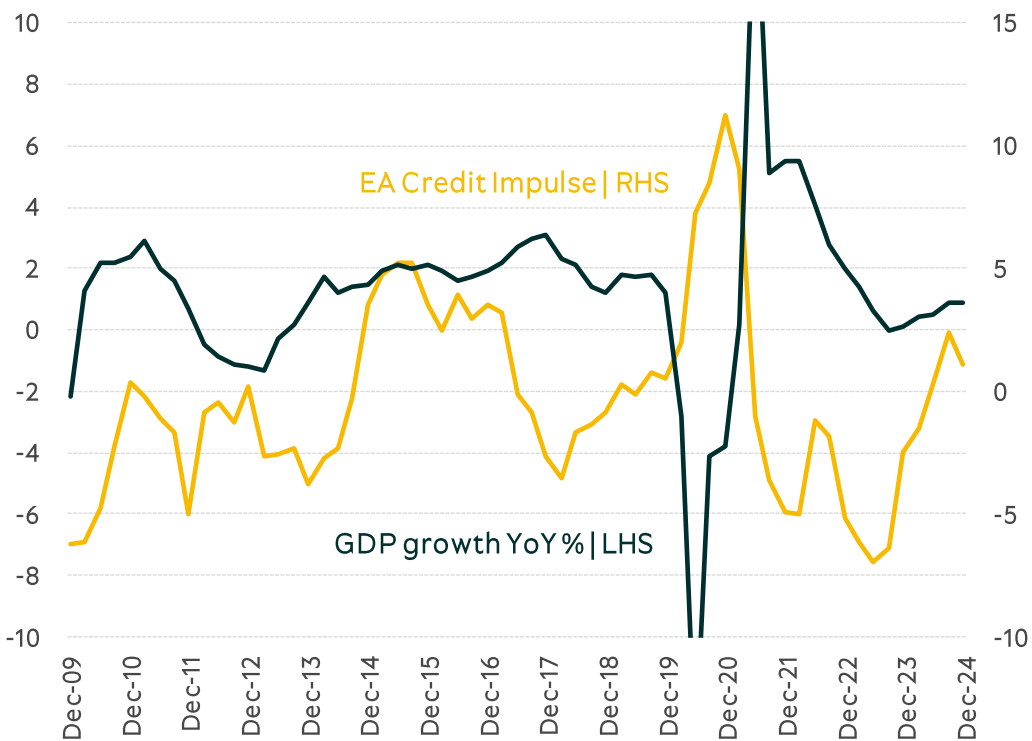


Fiscal Policy Sustainability

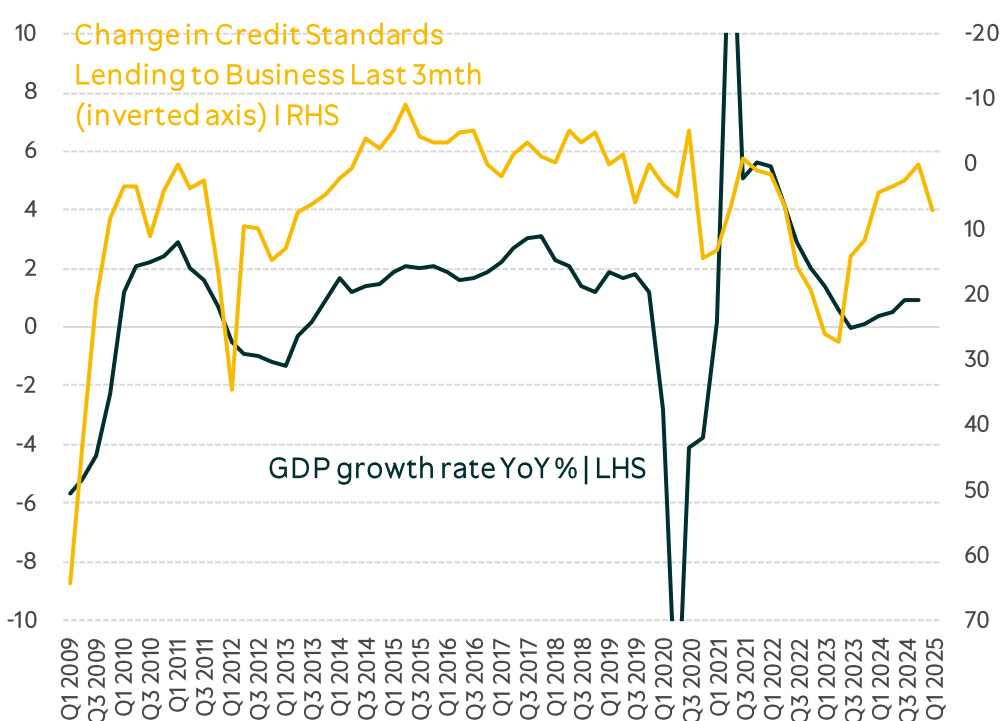


EA GDP Outlook | Credit impulse moderates for the first time since September'23

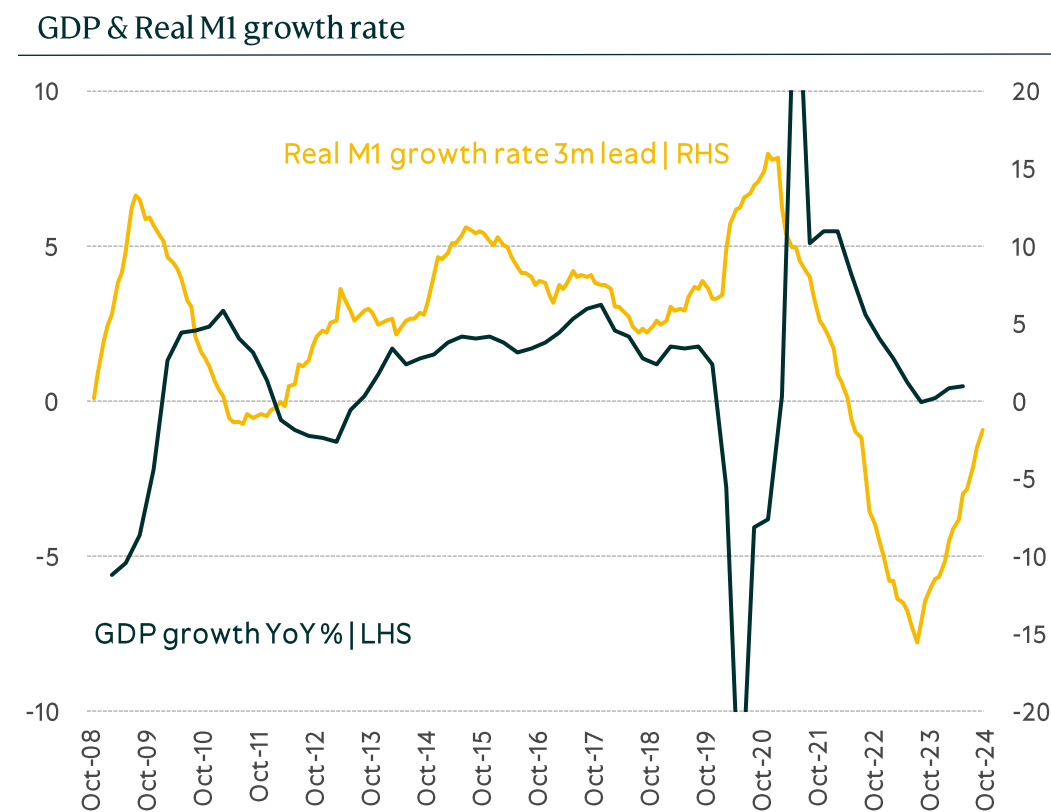
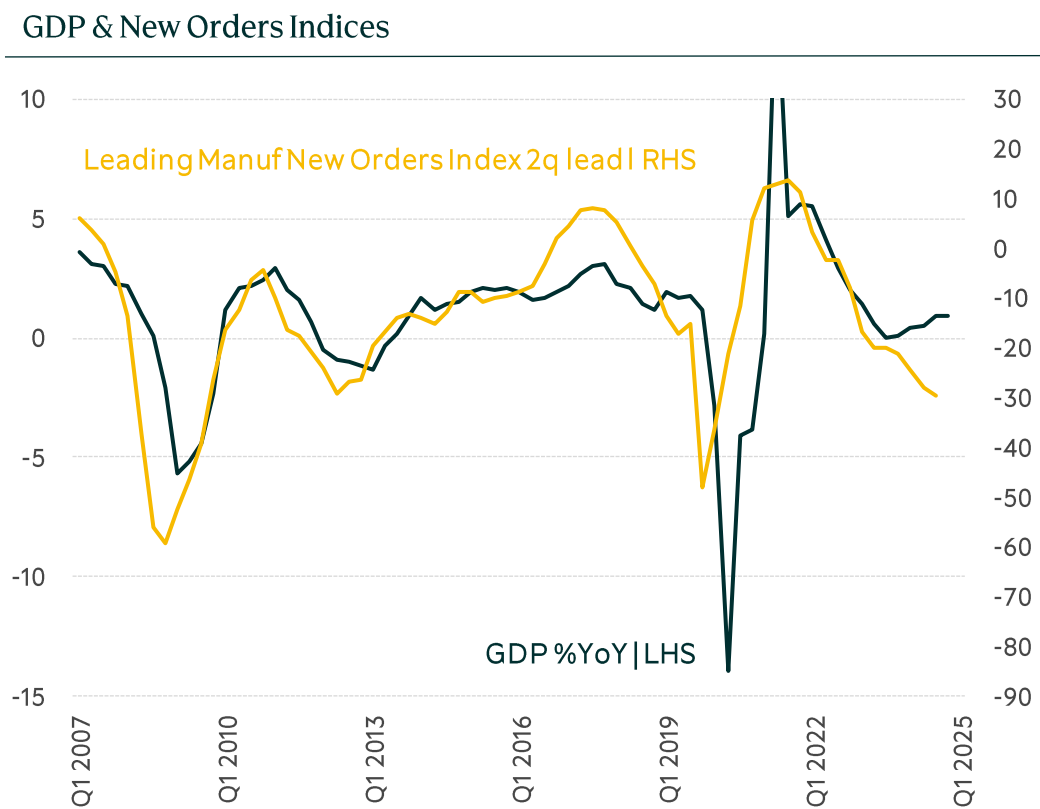
EA Credit Impulse & GDP growth rate



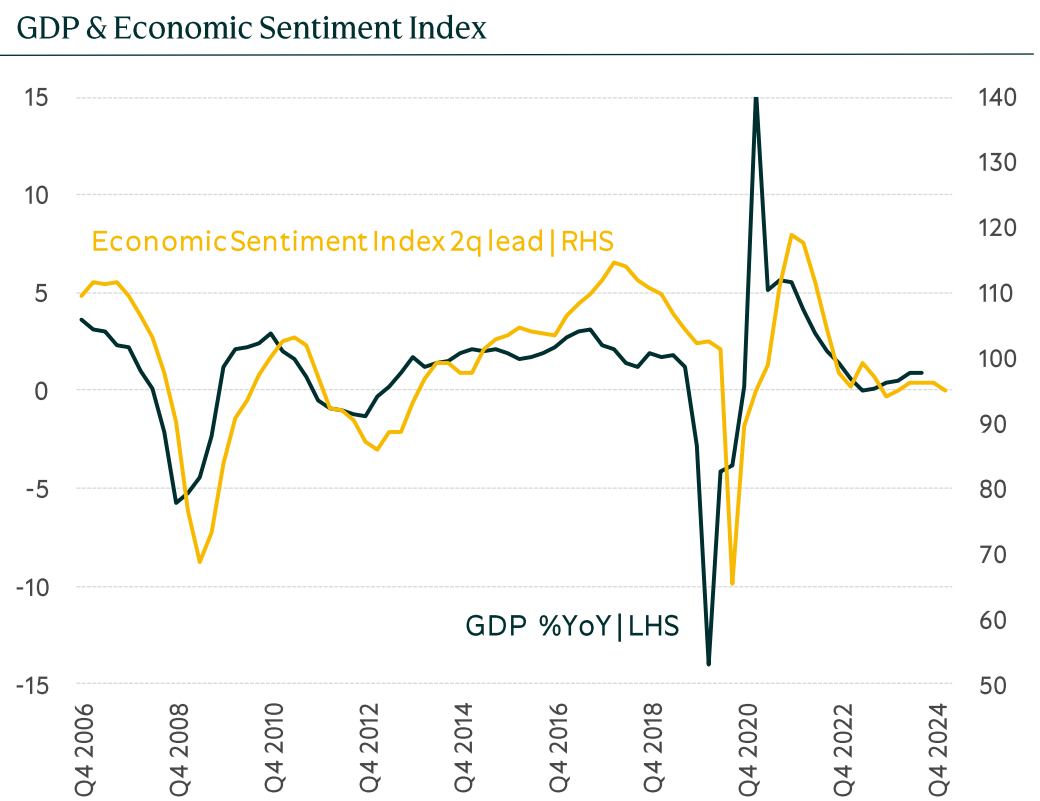
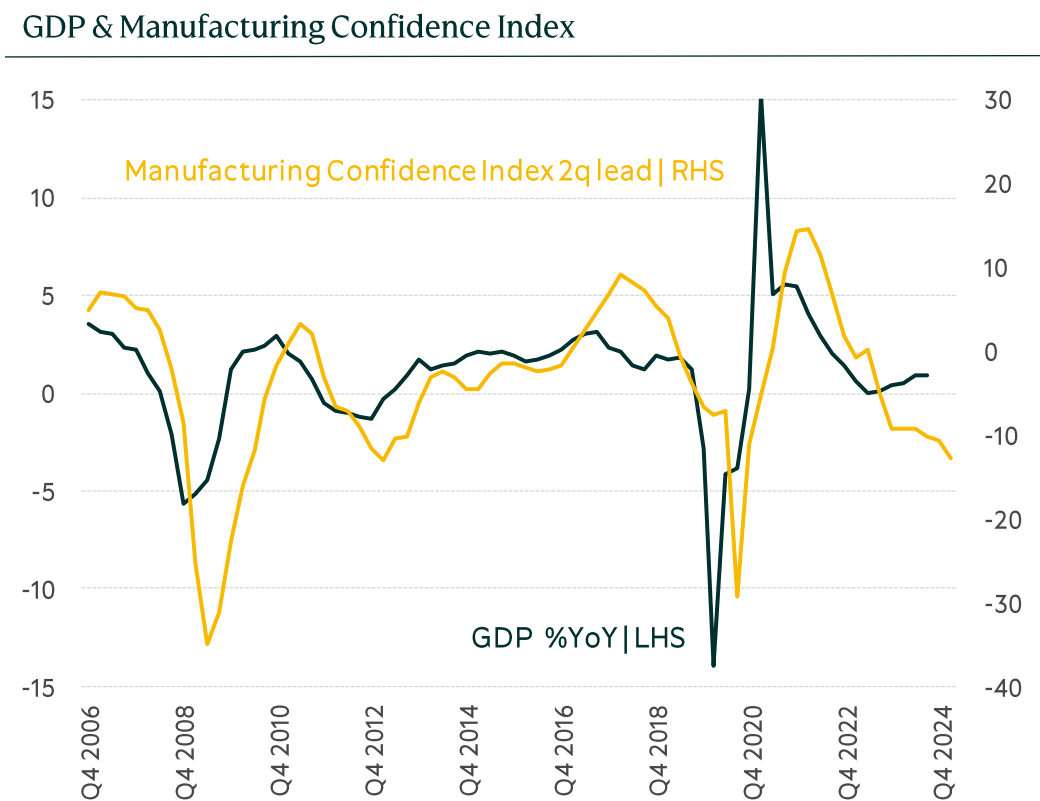
GDP YoY & Bank Lending Standards



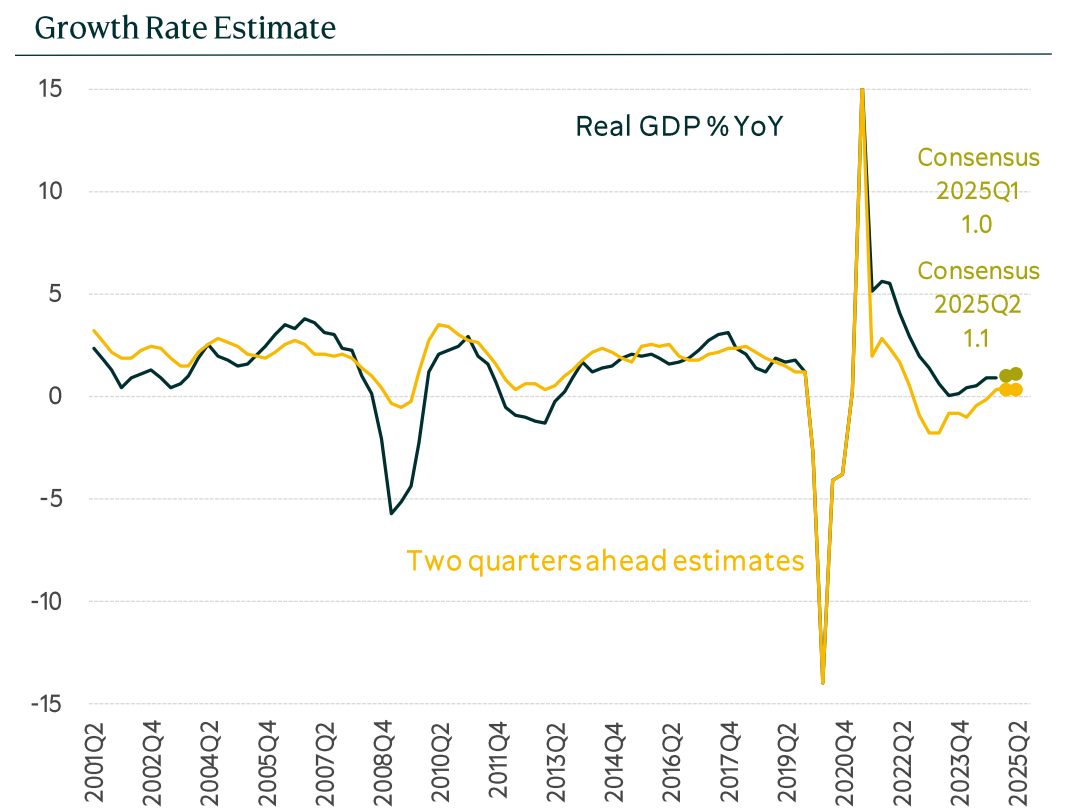
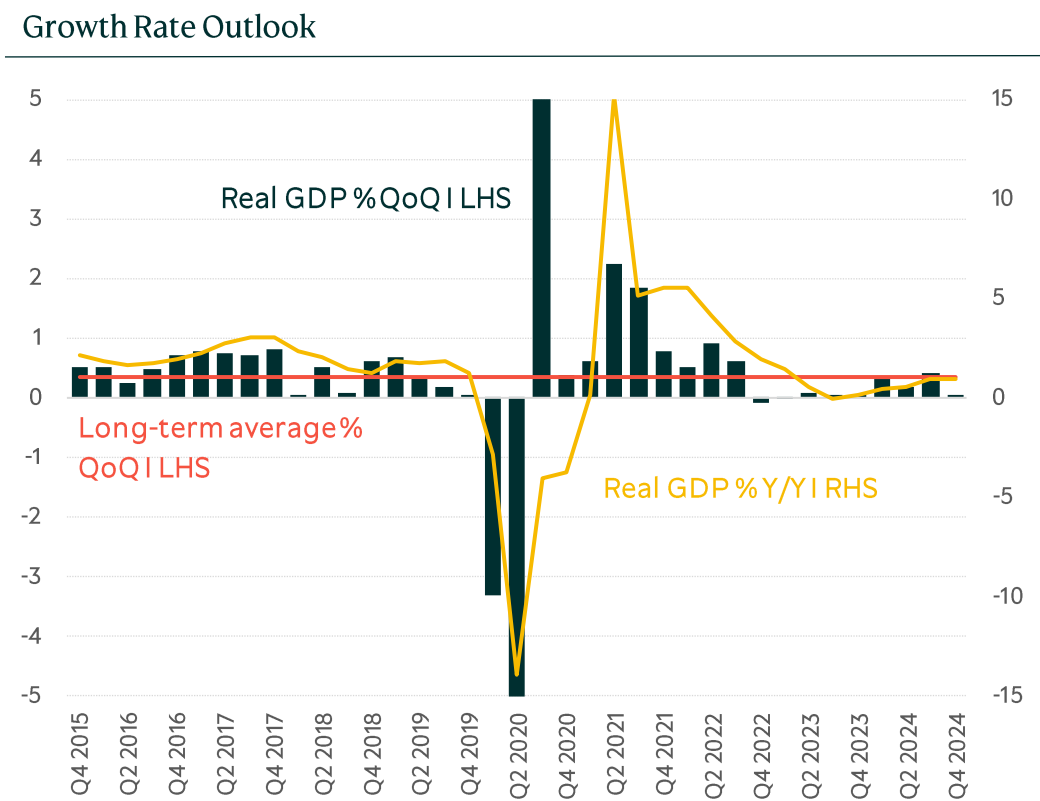
EA | Manufacturing New Orders still on a downtrend; Real M1 improvement somewhat reduces concerns about the economic outlook



EA GDP Outlook | Economic sentiment implies stabilisation at low levels but manufacturing a headwind

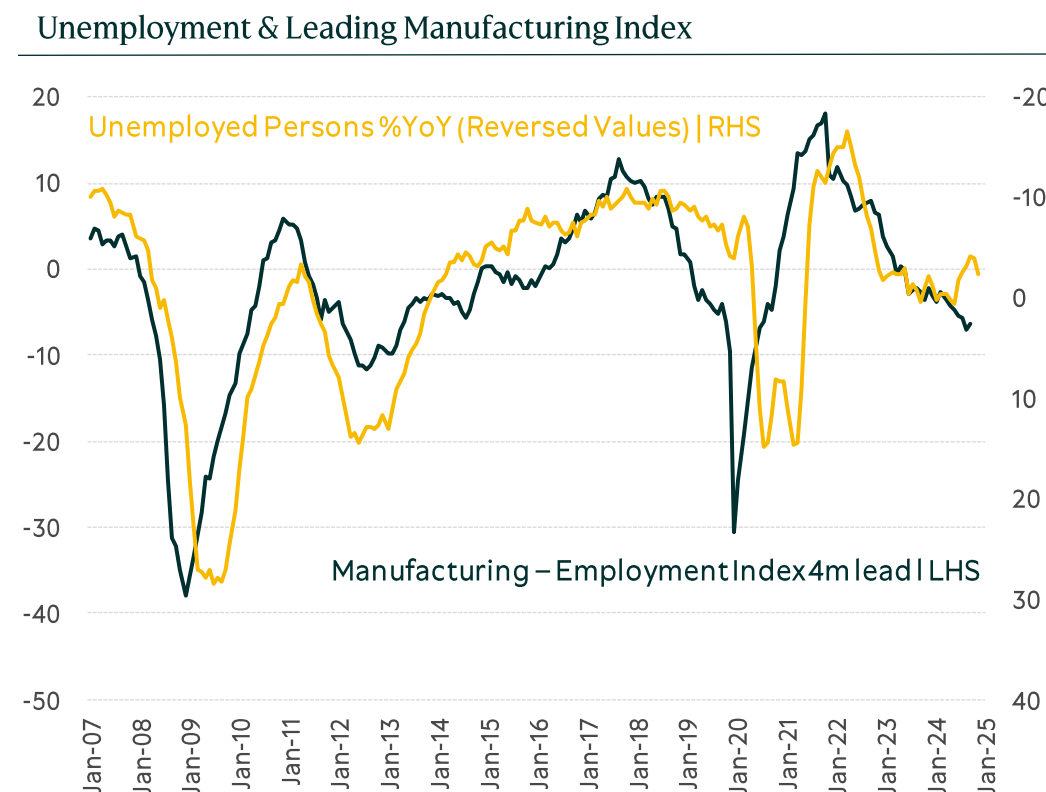
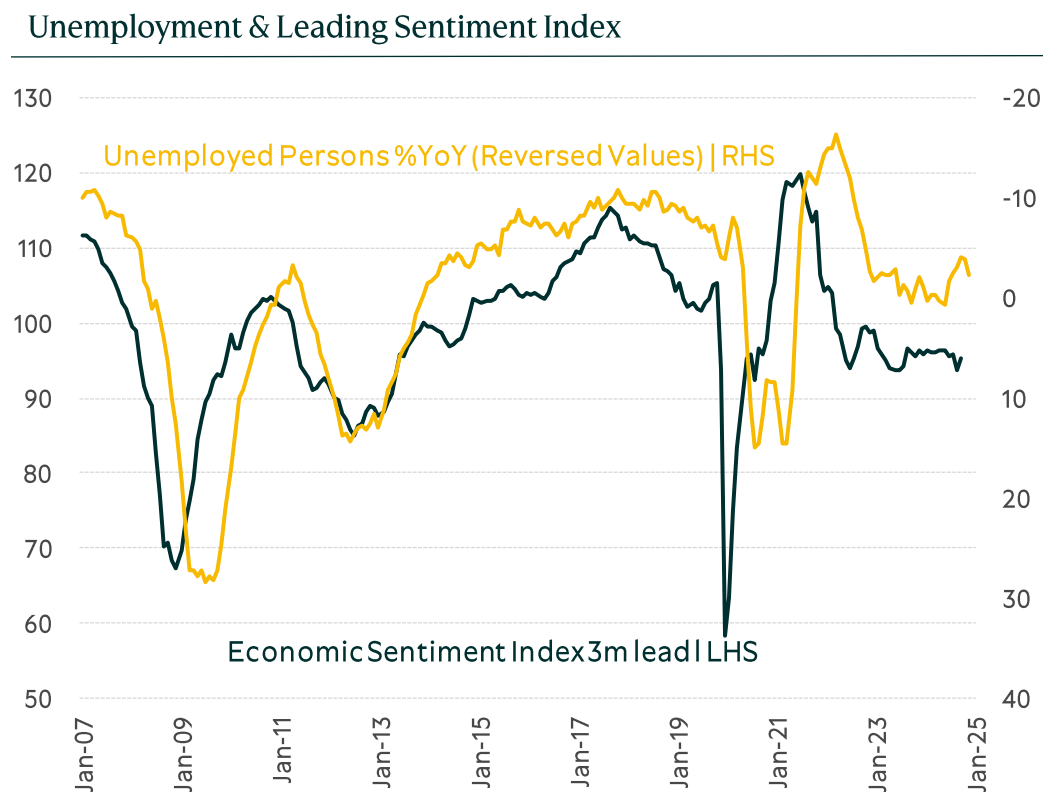


EA GDP Outlook | The EA economy rose marginally in Q4; over the whole of 2024 euro-area GDP rose 0.7%



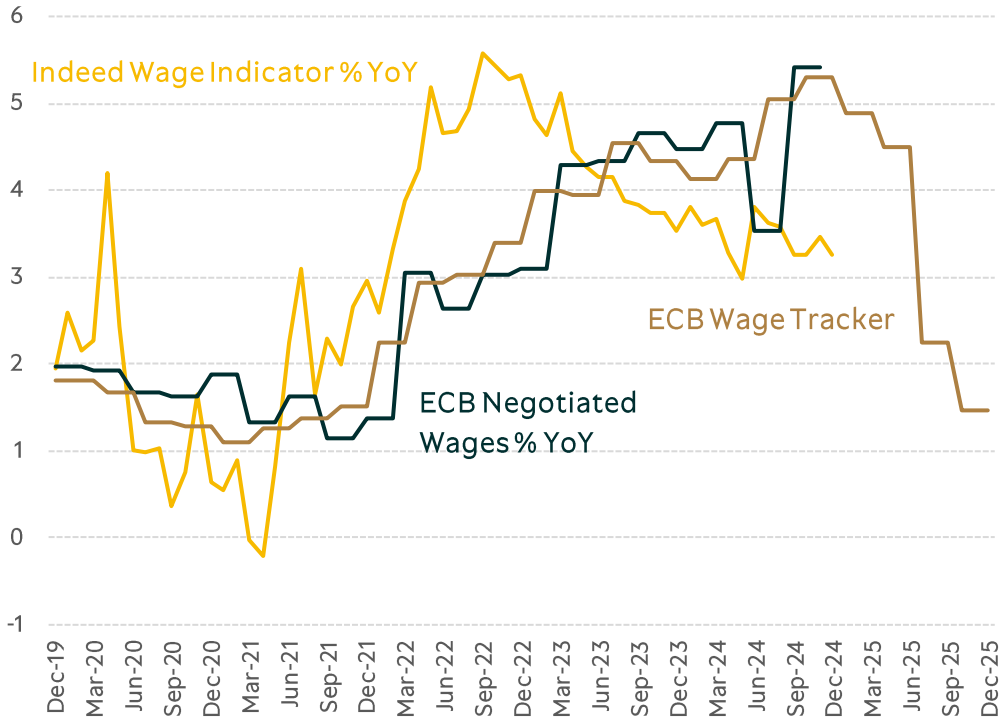
Note: Covid-19 period (Q4 2019 - Q2 2021) is excluded from the estimation

EA Labour Market | Labour market is still in good shape, not so in the Manufacturing sector.

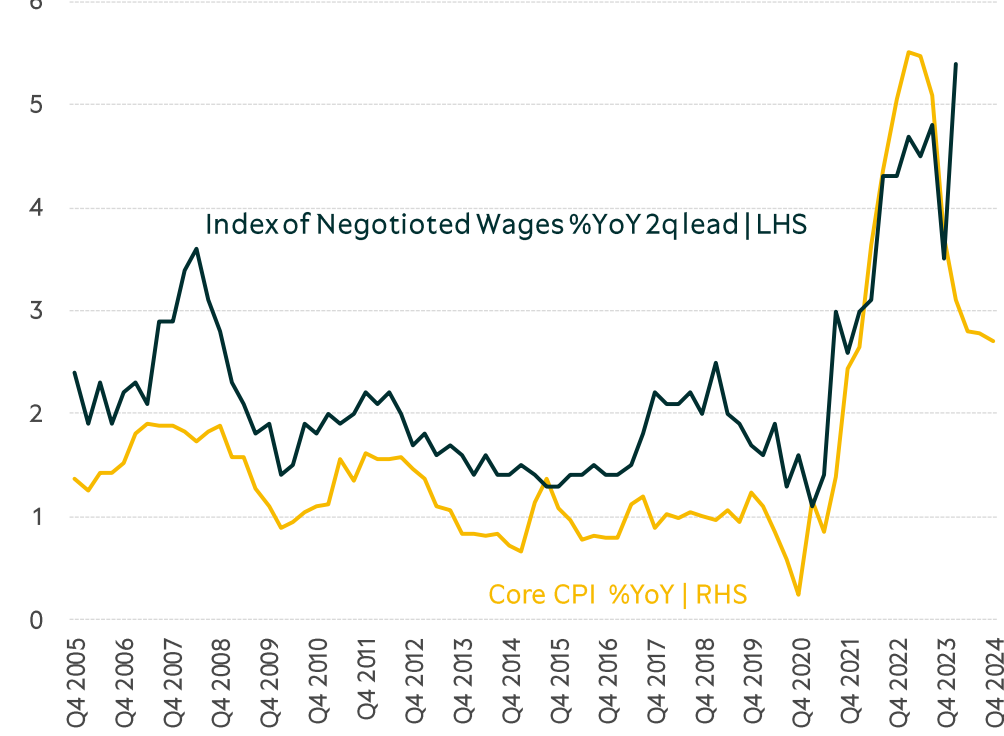


EA Wage Tracker | Indeed Wage Indicator & ECB's Wage Tracker point to sharp wages slowdown in 2025

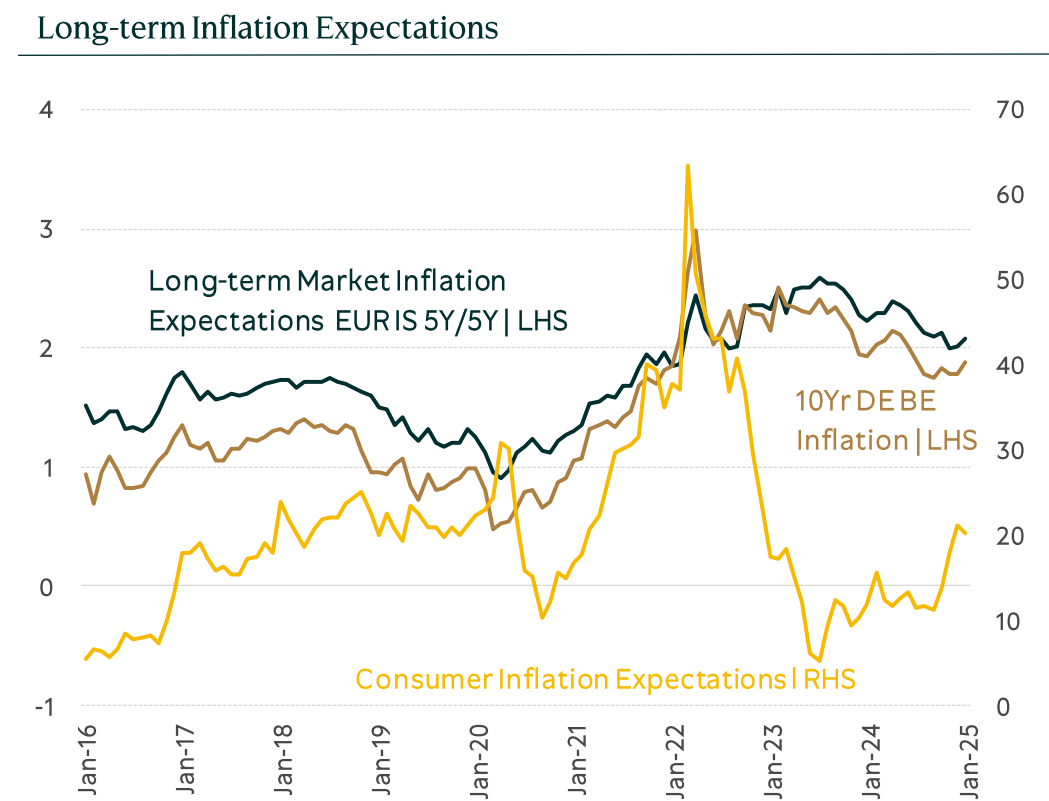
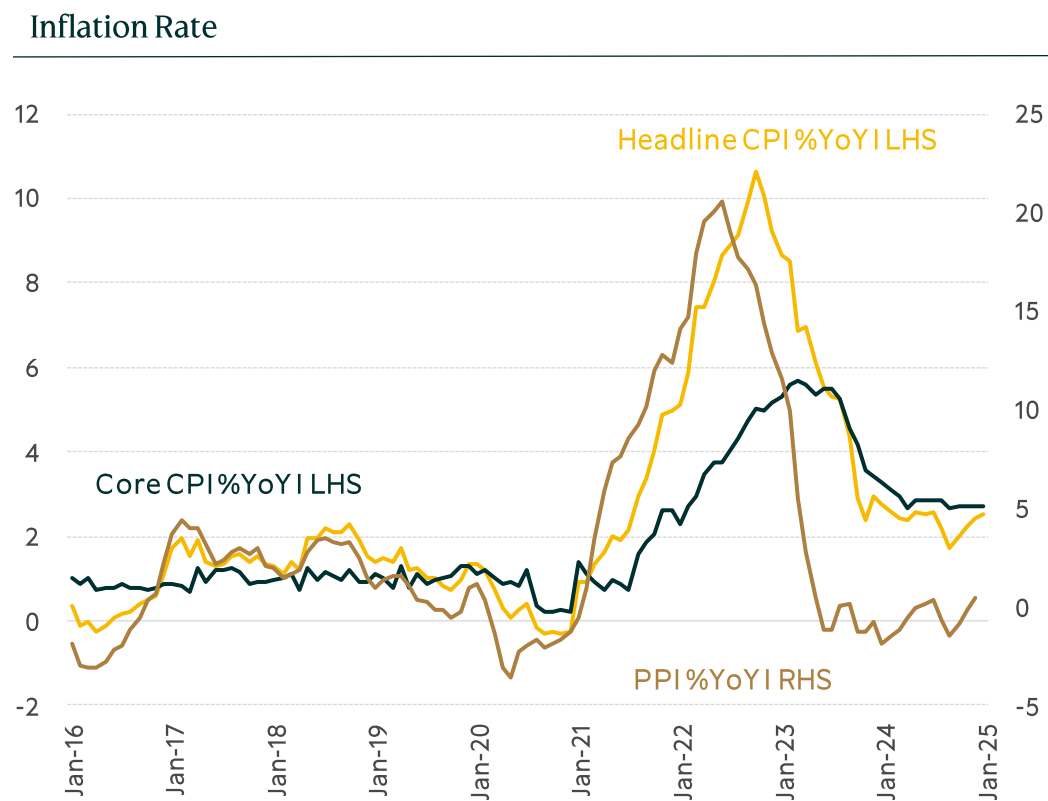
Labour Market



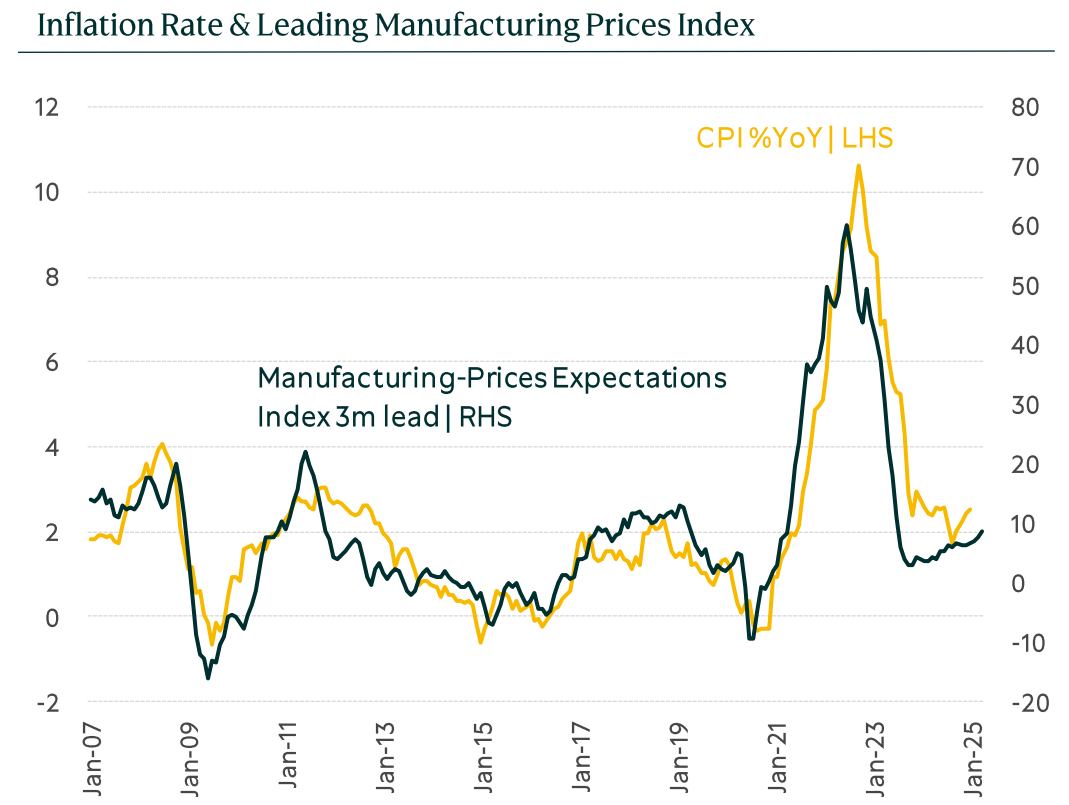
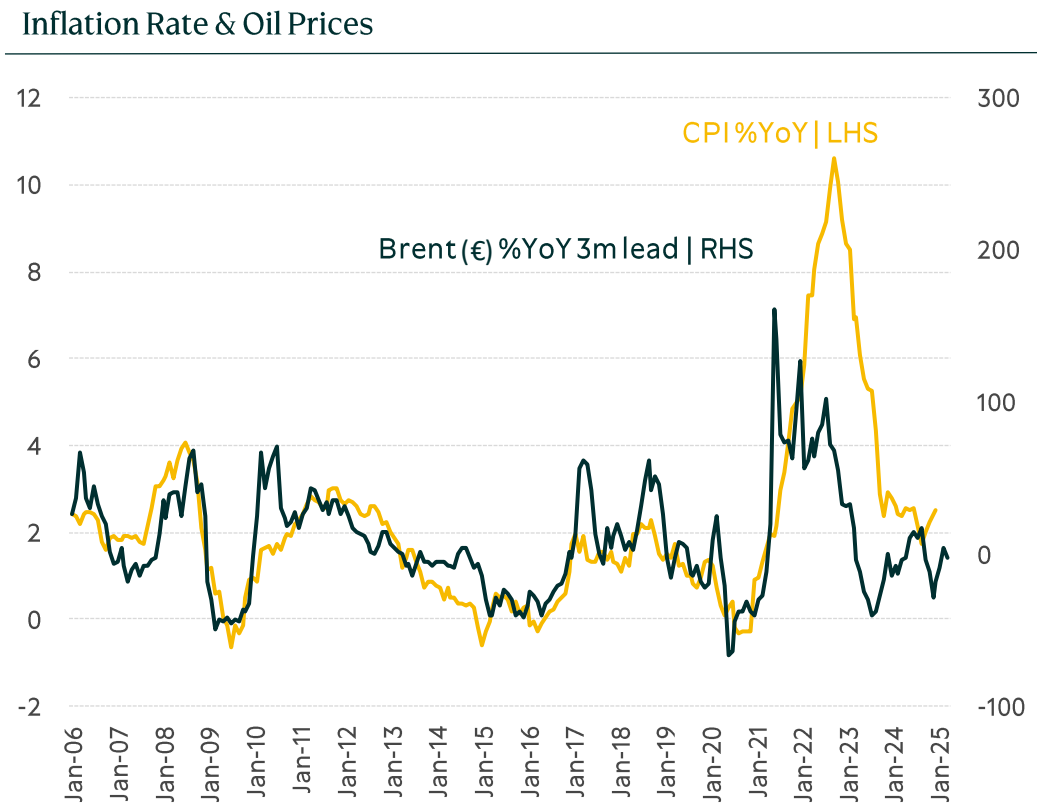
Core Inflation & Wages



EA Inflation Pressures | Headline CPI ticked up to 2.5% in January mainly due to services and food prices

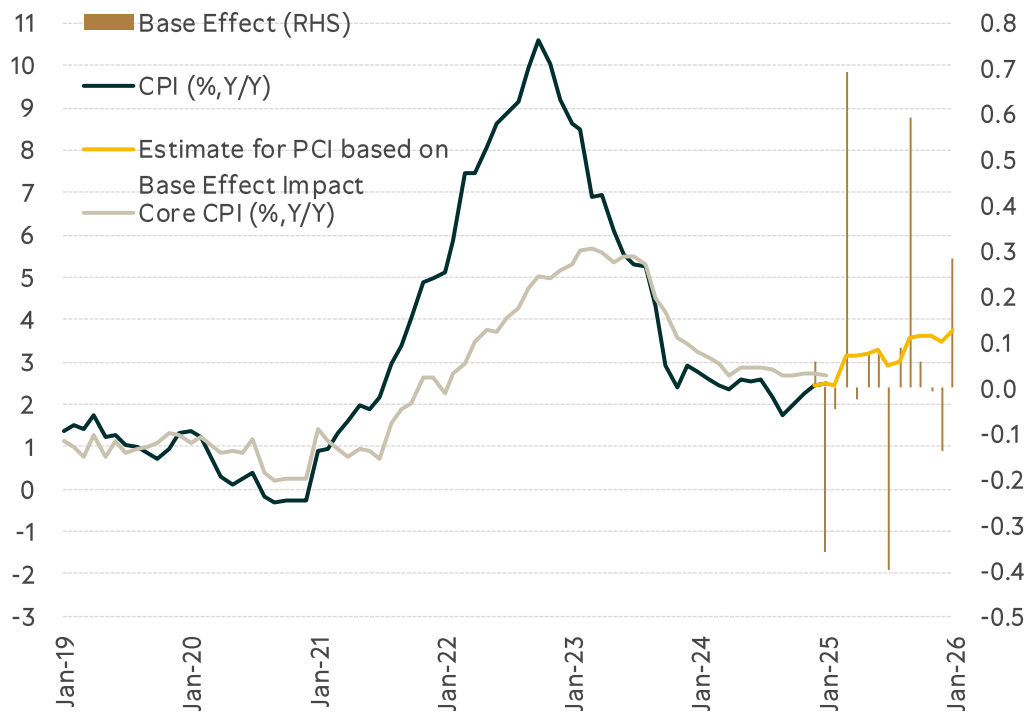


EA Inflation & Energy Prices | Cost-push inflation drivers show signs of marginal pressure in the past months

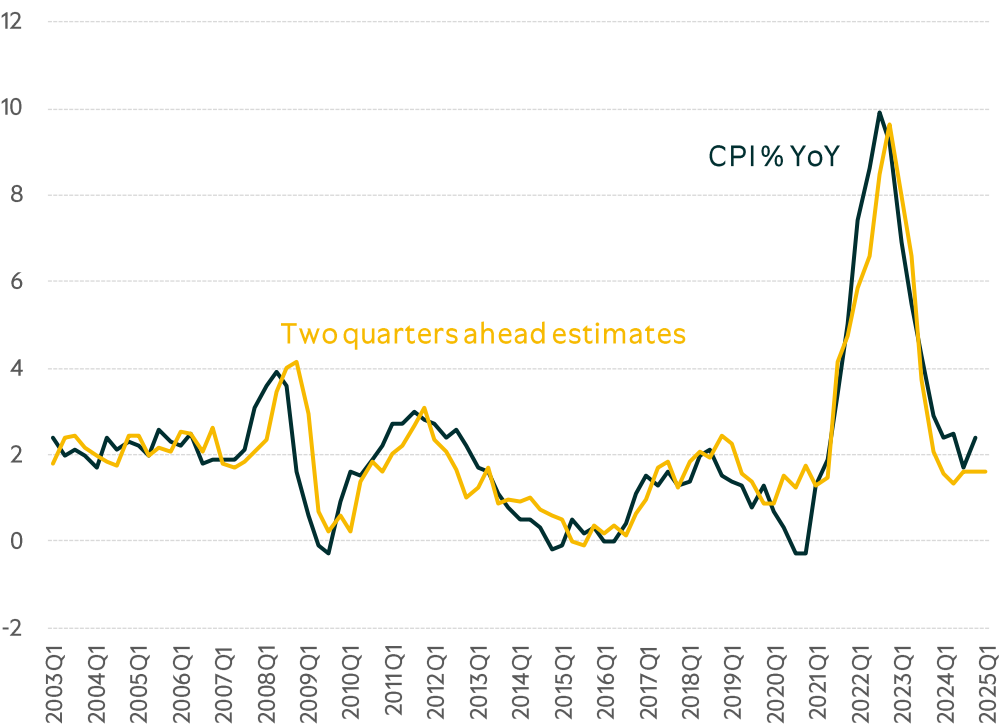


EA Inflation Outlook | The 2% target is expected to be achieved in 2025 despite recent uptick

Inflation Rate Forecast | Statistical Model

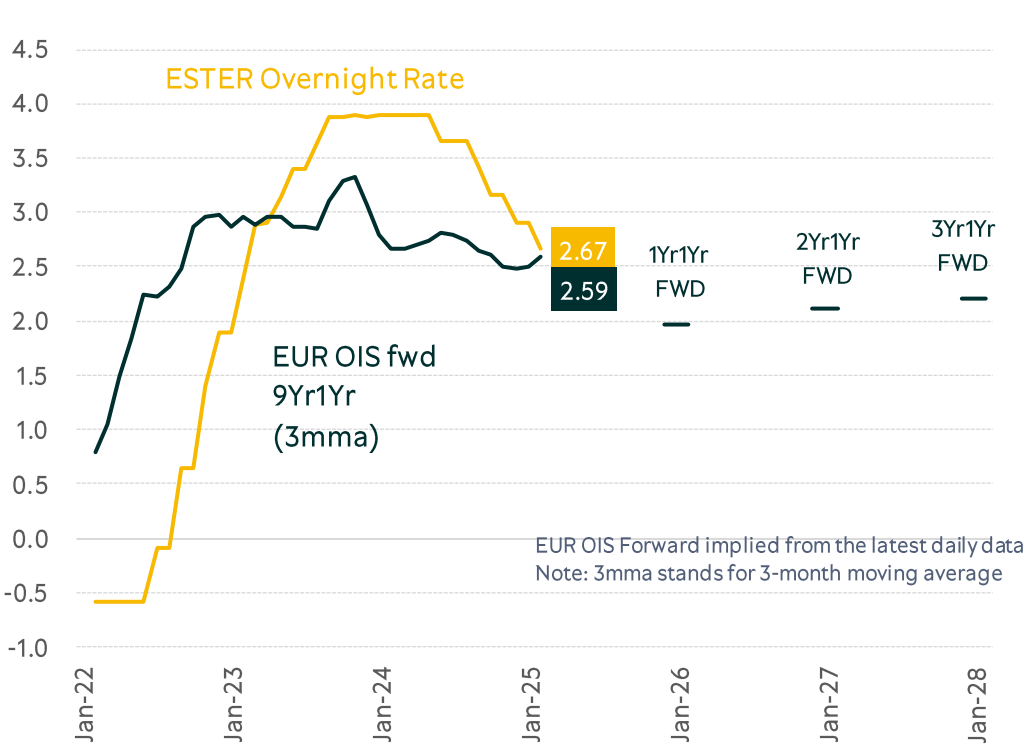


Inflation Rate Forecast | Macro Model

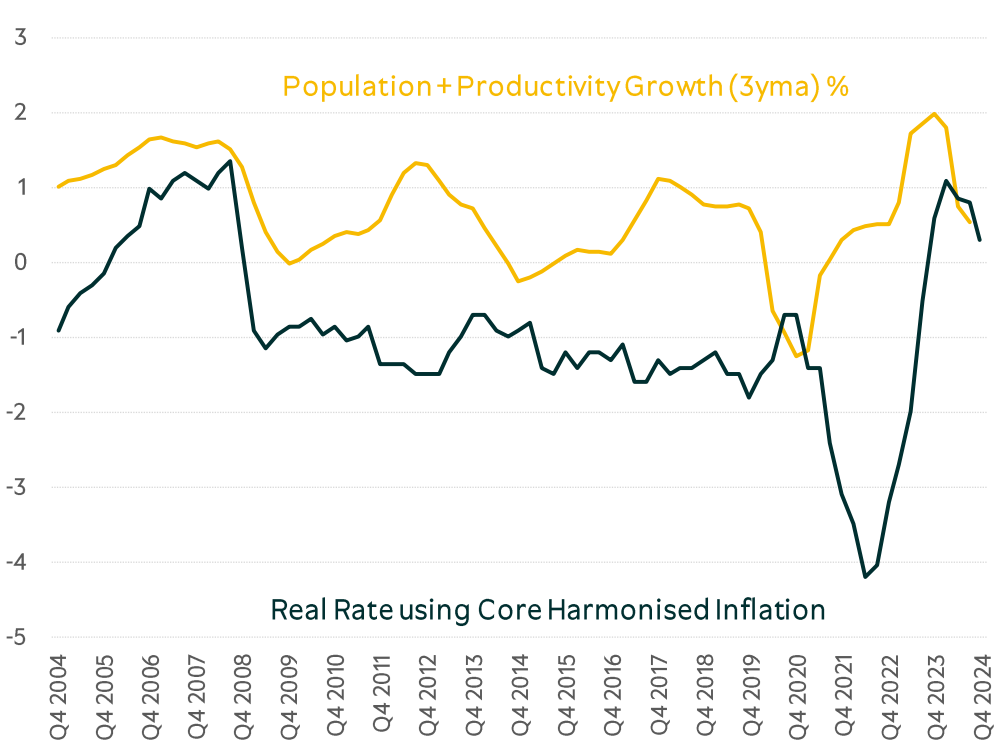


EA Short-Term Rates | Short term forward rates suggest lower levels of interest rates in the near term

Interest rates | Market Expectations

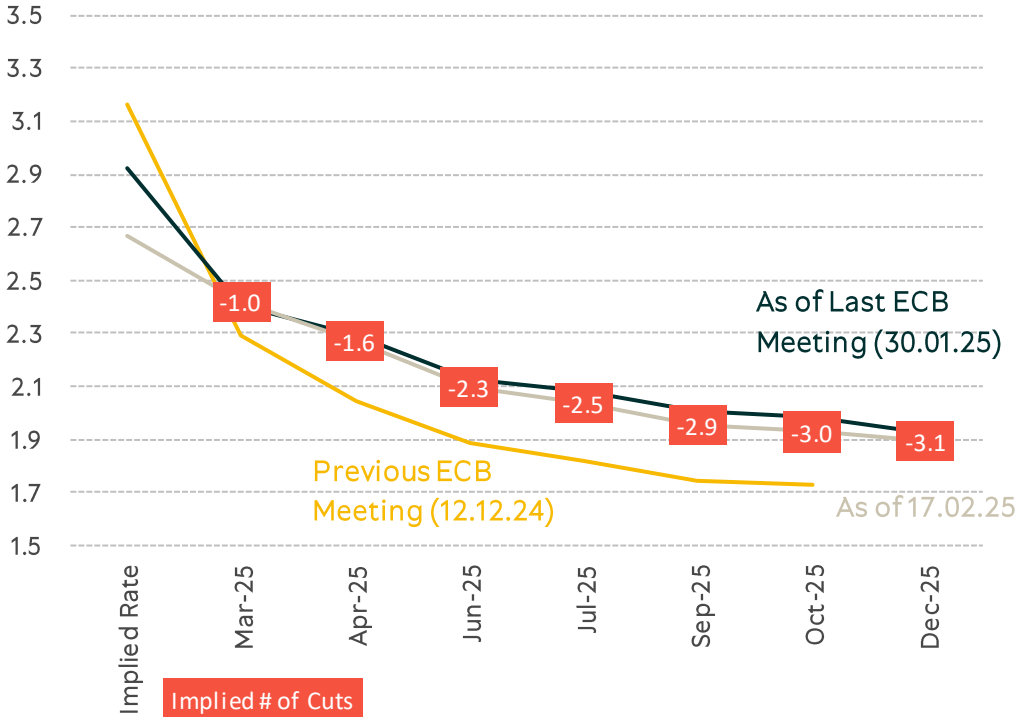


Real Depo Rate (Depo - Core CPI) & Population + Productivity growth (3y ma)

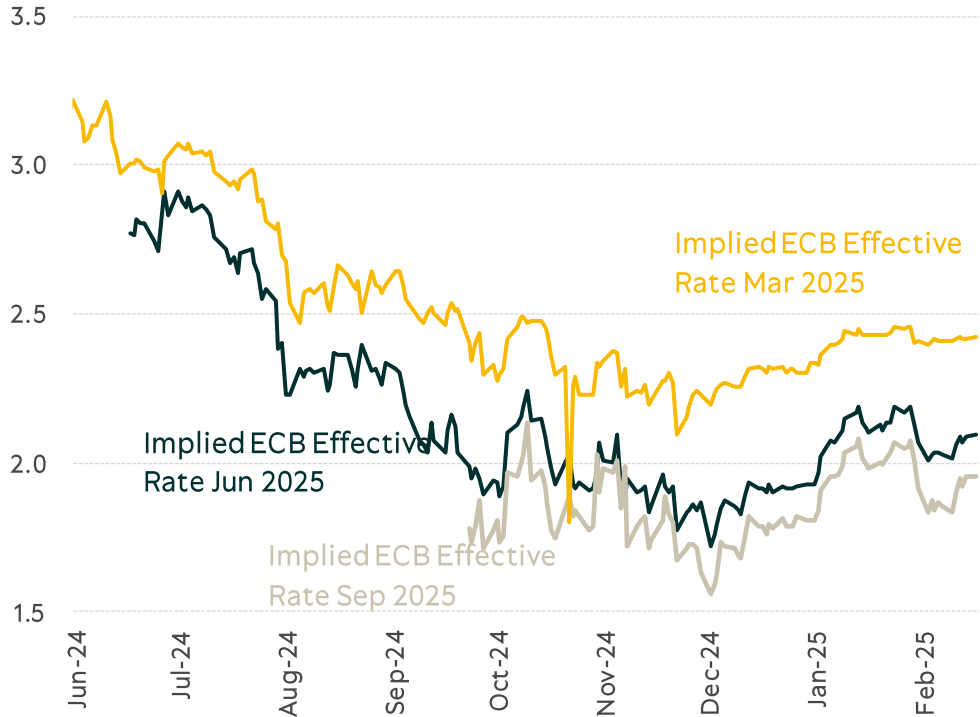


EA Short-Term Rates | The “higher for longer” paradigm is being questioned

Implied Overnight Rate based on Overnight Index Swaps

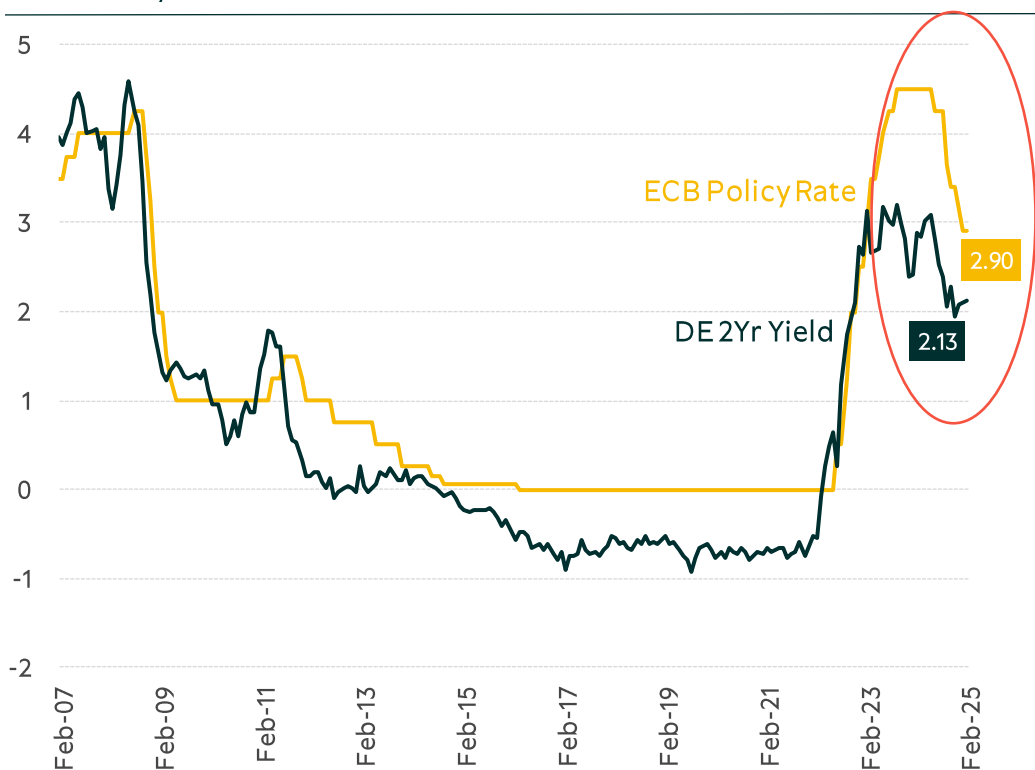


Interest Rates | Implied ECB Effective Rate

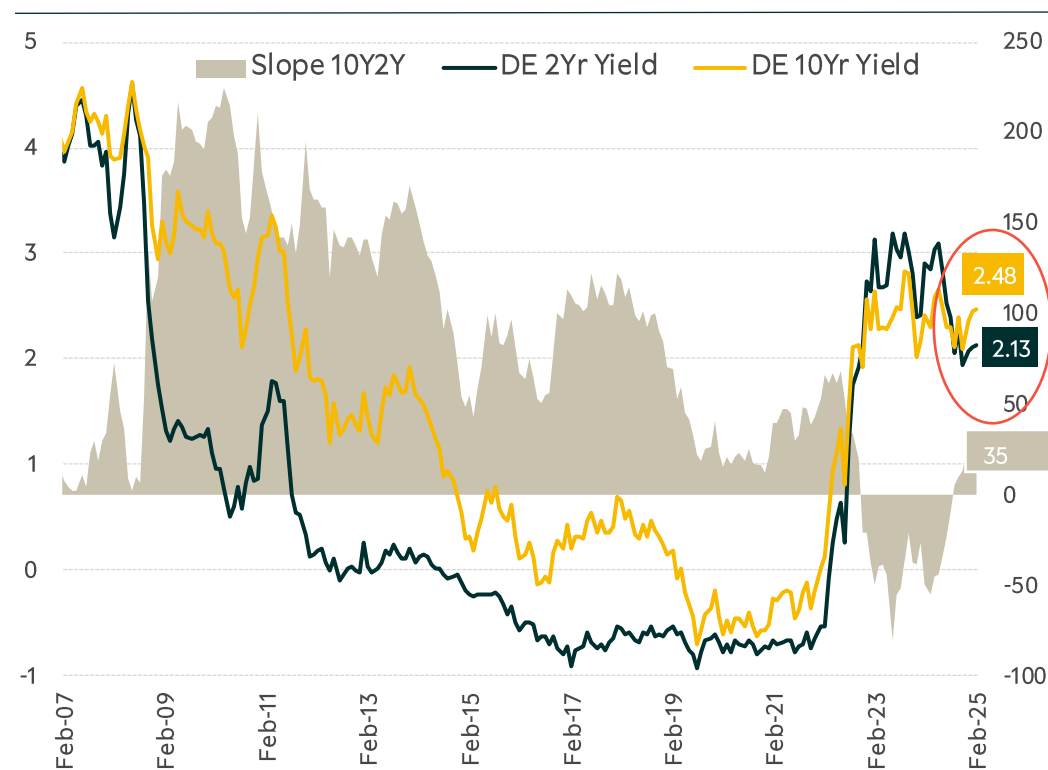


EA Rates | German 10Y2Y spread turned positive at the end of Q3 2024. Fears of recession have subsided.

ECB Policy Rate vs German 2Yr Yield

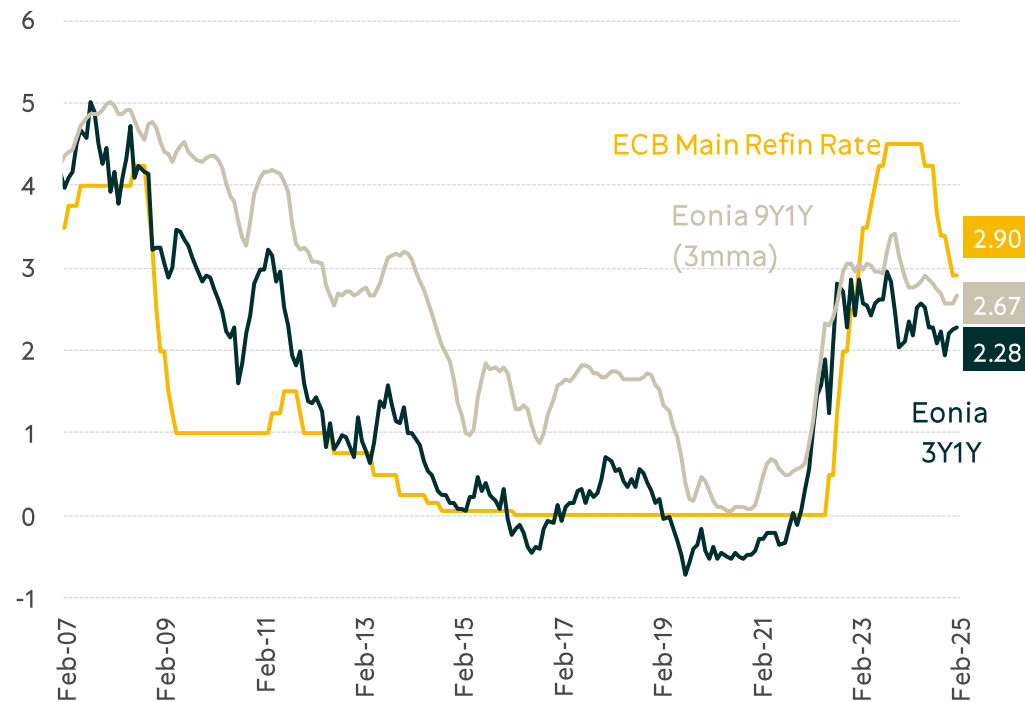


German Yield Curve

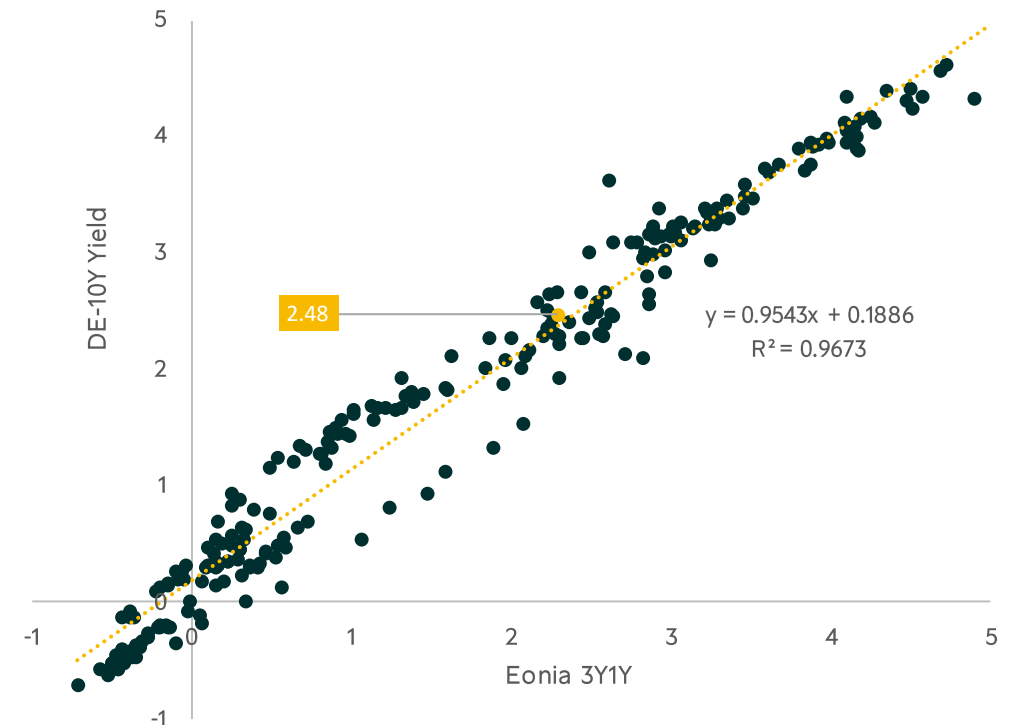


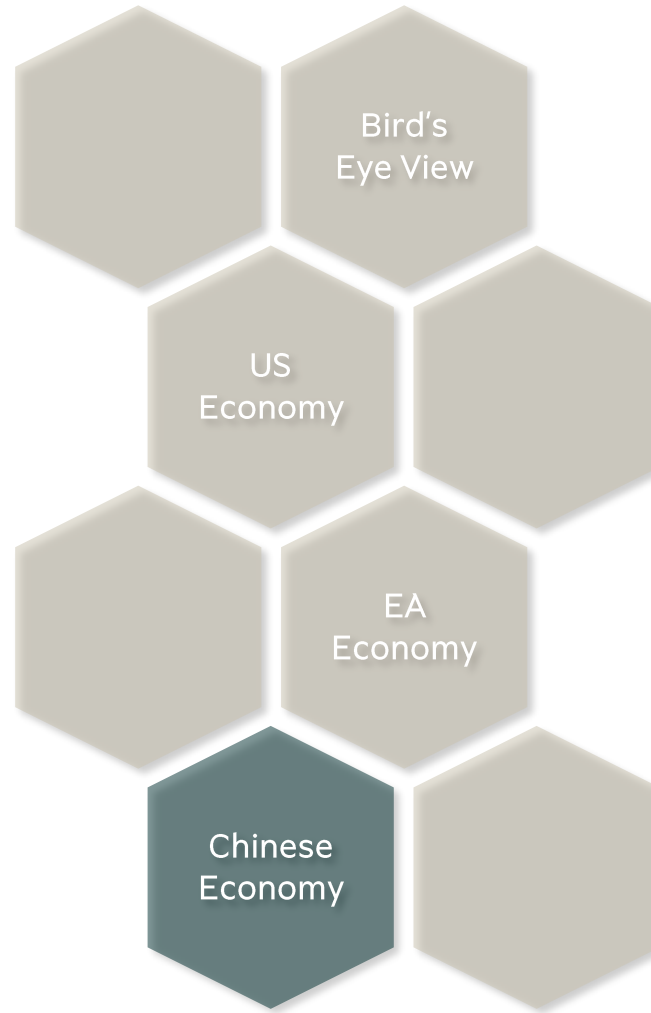
EA Long-Term Rates | Given the current level of short-term rates, long-term bonds seem “fairly” priced

Long-term Interest Rate Expectations



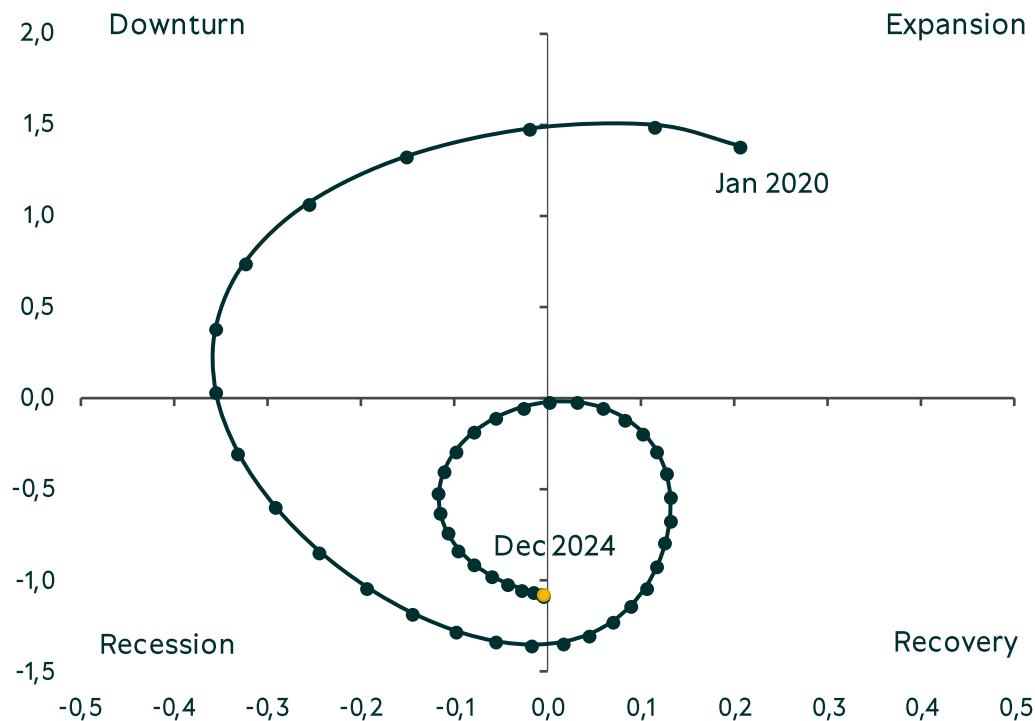
DE Yield vs Medium-term Interest Rate Expectations



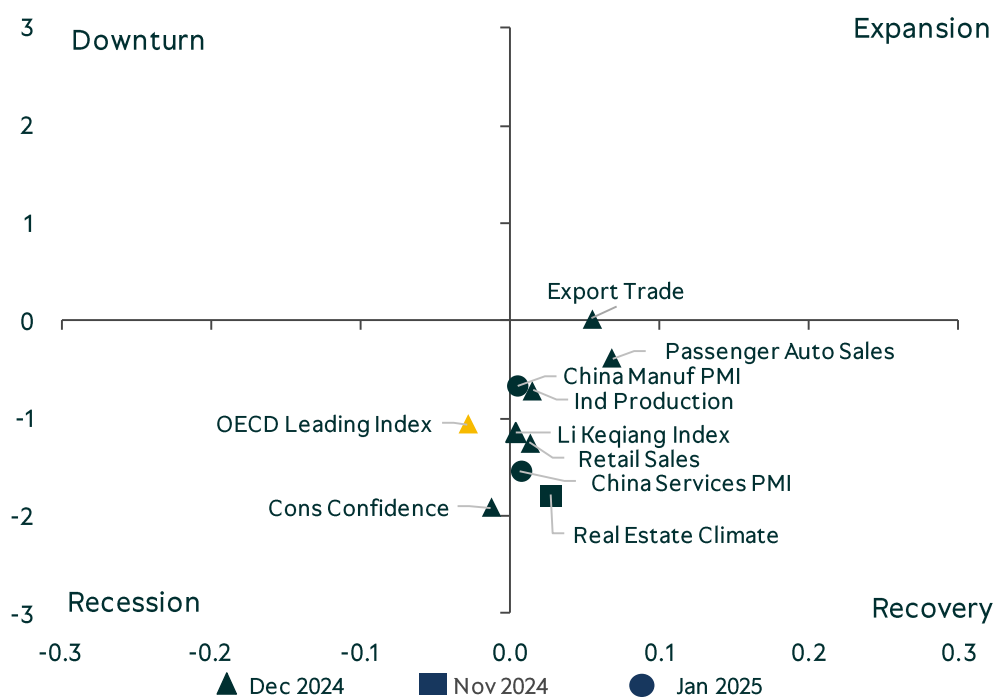


Chinese Business Cycle | Economic variables are beginning to show indications of improvement

CN Business Cycle | Based on China OECD Leading Indicator

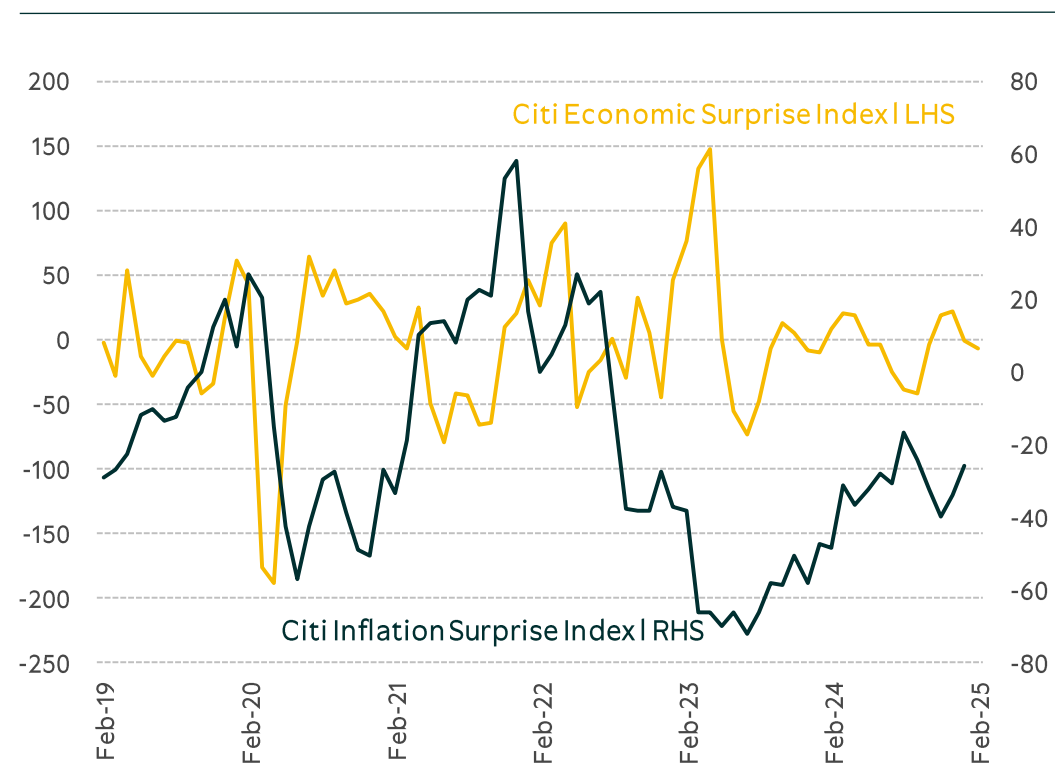


CN Business Cycle | Based on Major CN Economic Variables

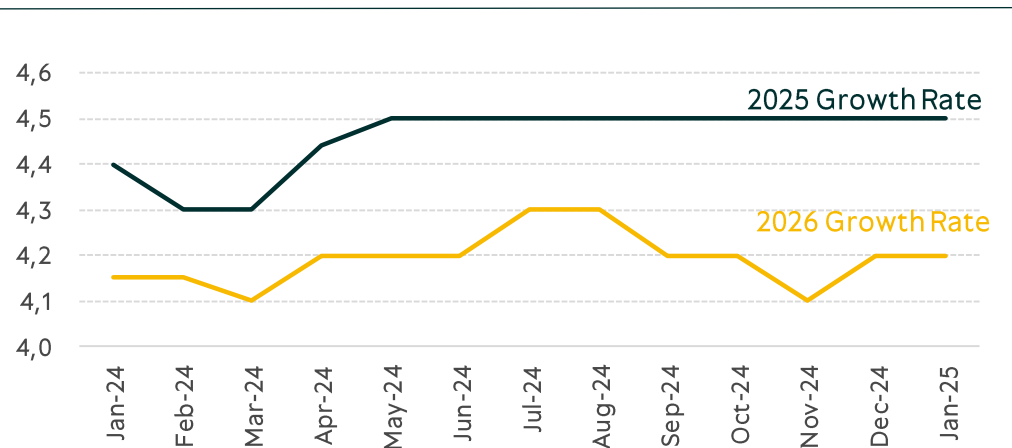


Chinese Macro Expectations | Sub 5% growth expectations for 2025

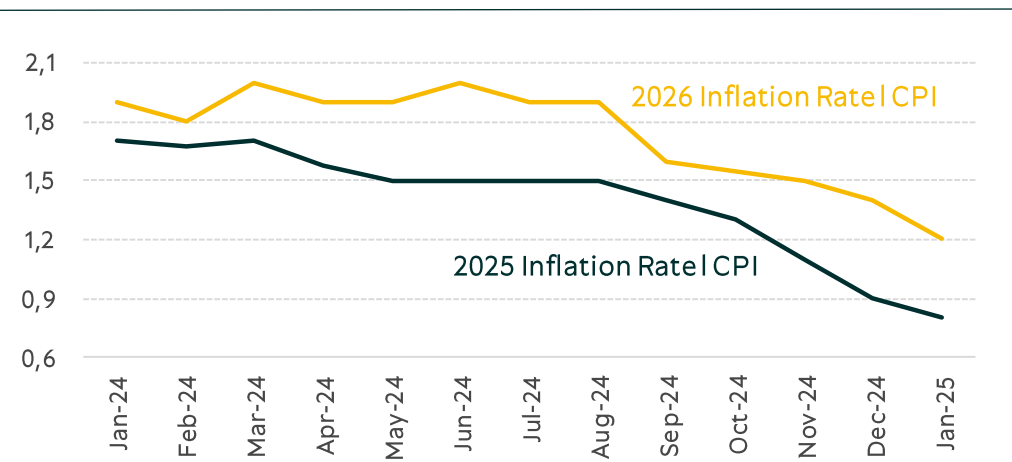
Economic & Inflation Surprises



Growth Rate Expectations (Consensus)

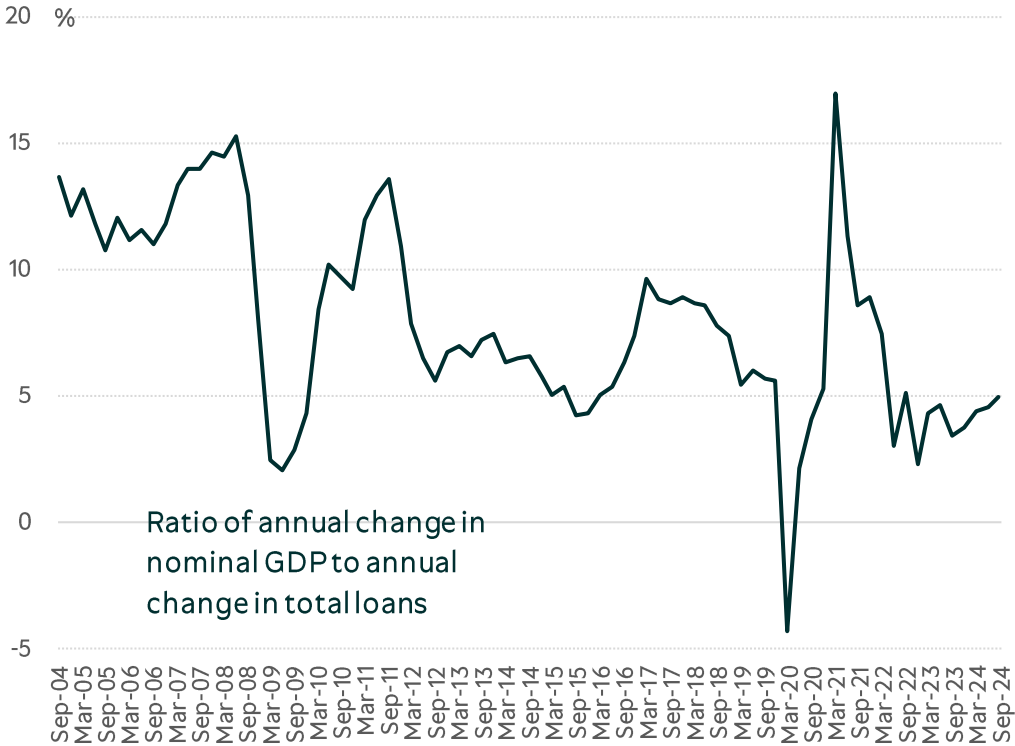


Inflation Rate Expectations (Consensus)

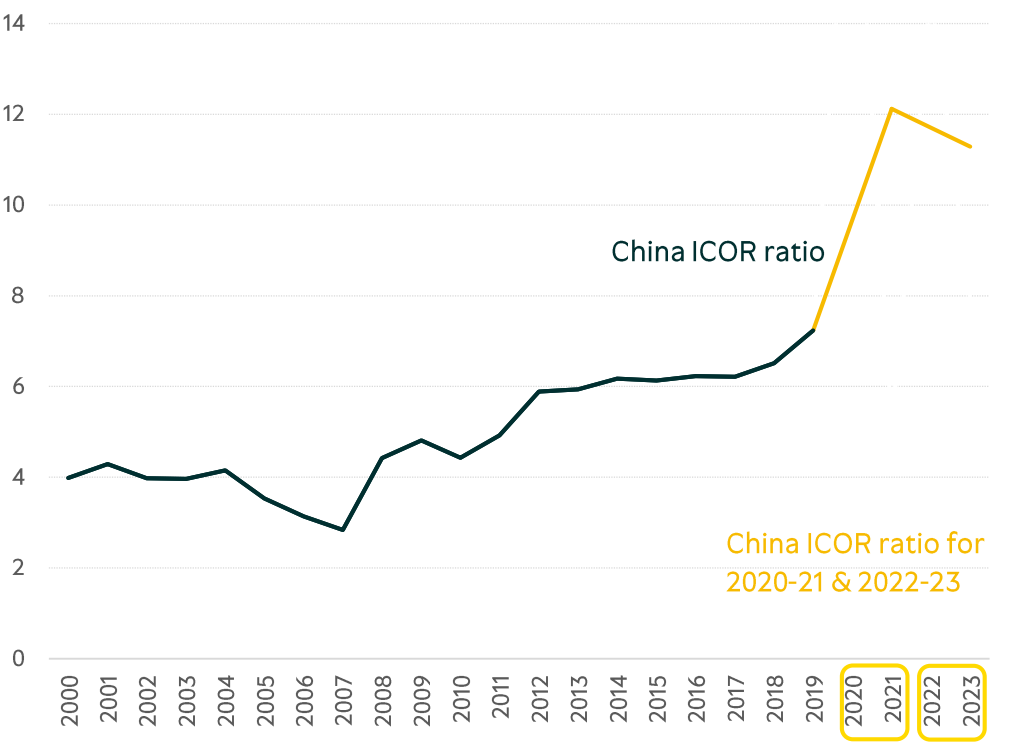


Chinese Investment Capacity | There is a need for more efficient capital allocation

China credit-efficiency ratio

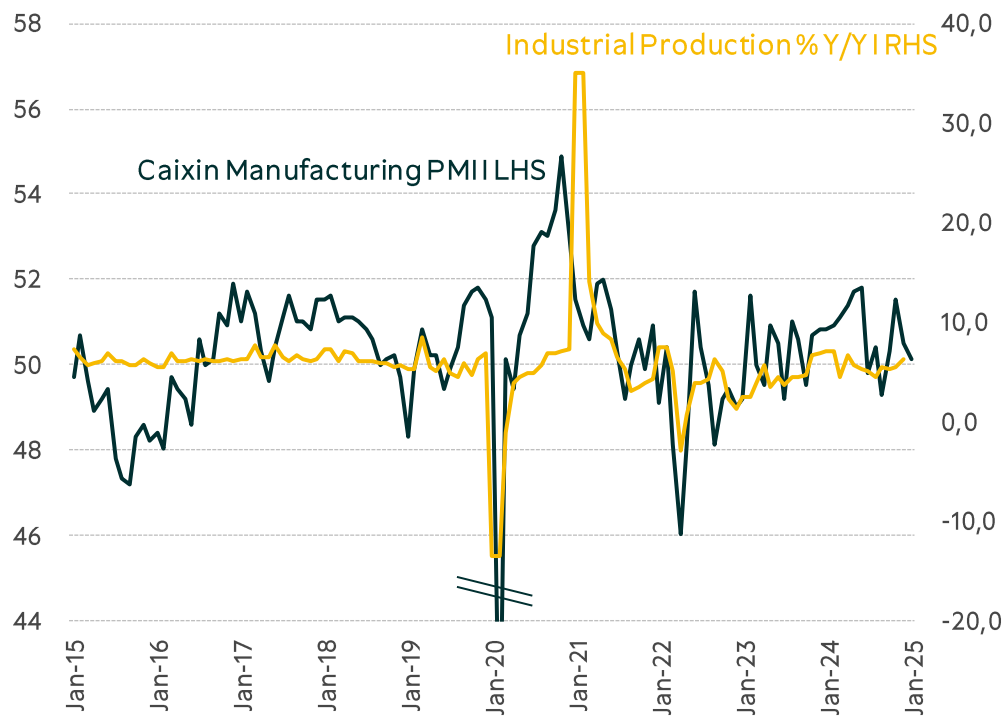


China Incremental Capital Output Ratio

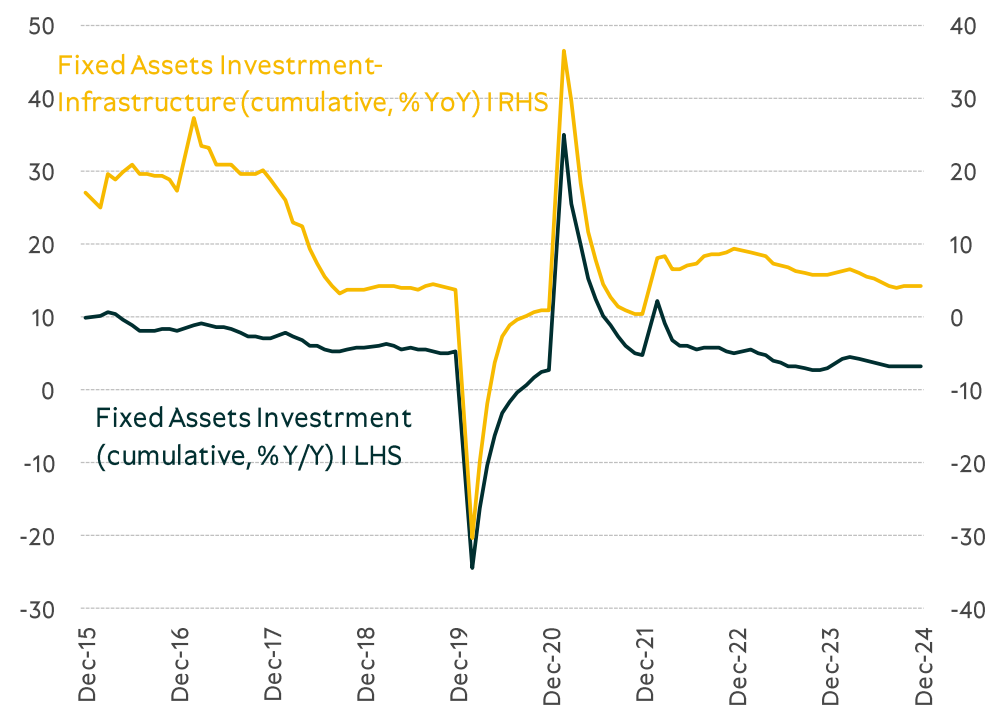


CN | Caixin Manufacturing fell to 50.1 in January, while fixed asset investments appear to be stabilising

Industrial Production & Caixin Manufacturing

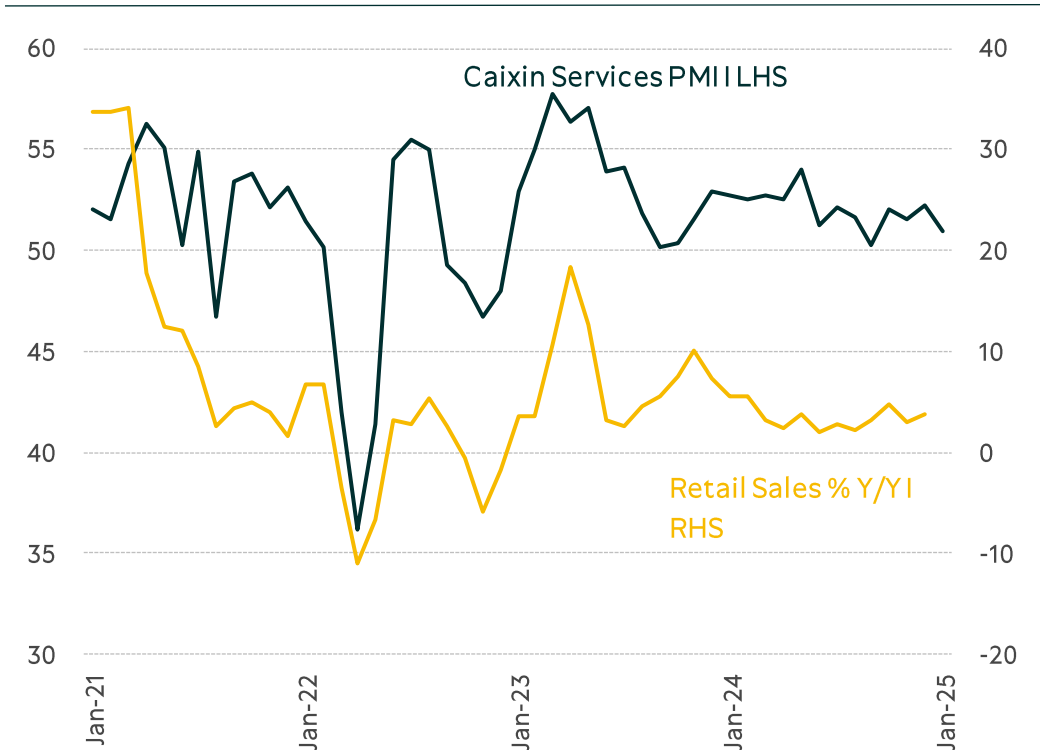


Fixed Assets Investment

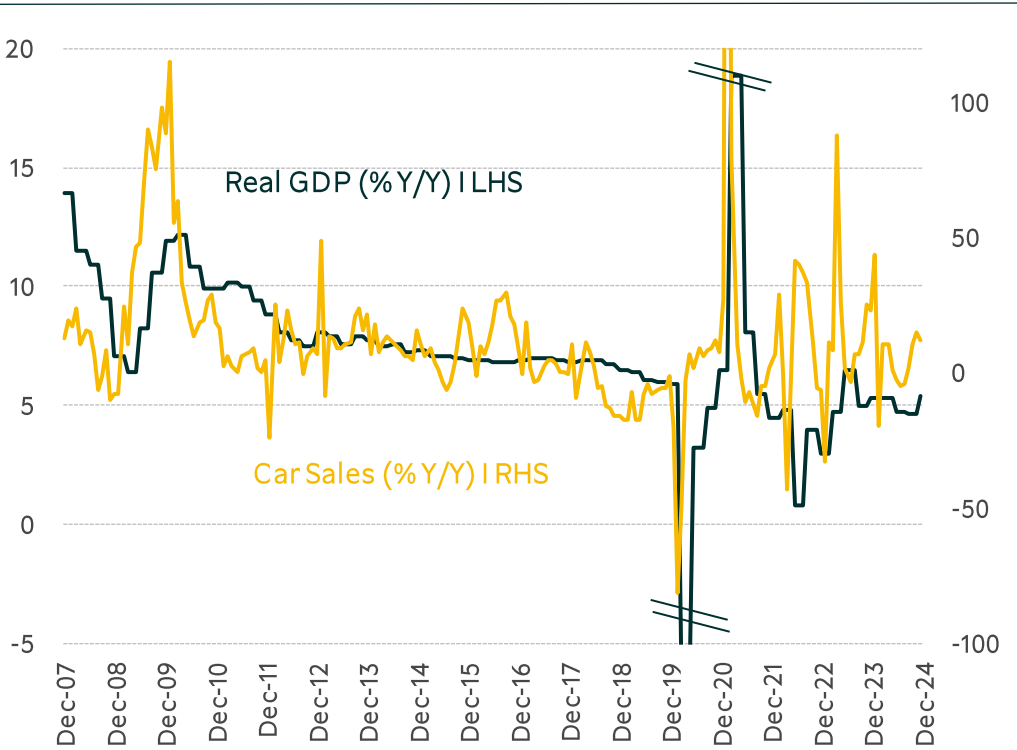


CN | Retail Sales remain relatively subdued. Caixin Services PMI fell in January

Retail Sales & Caixin Services PMI

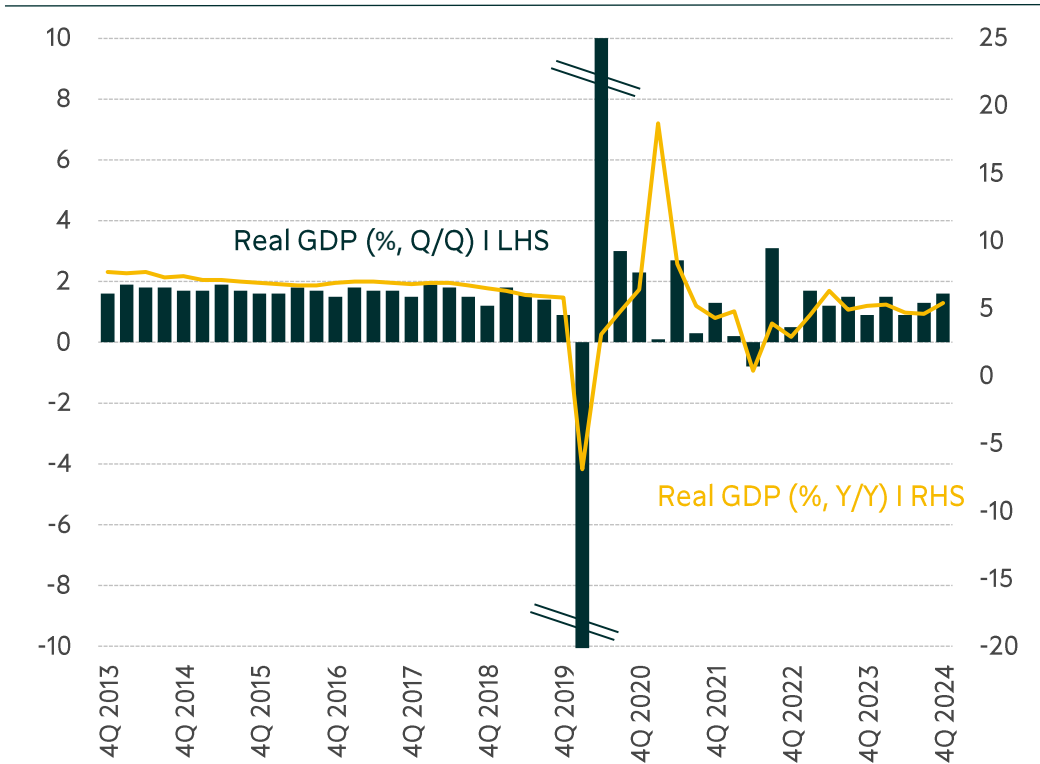


Real GDP & Car Sales

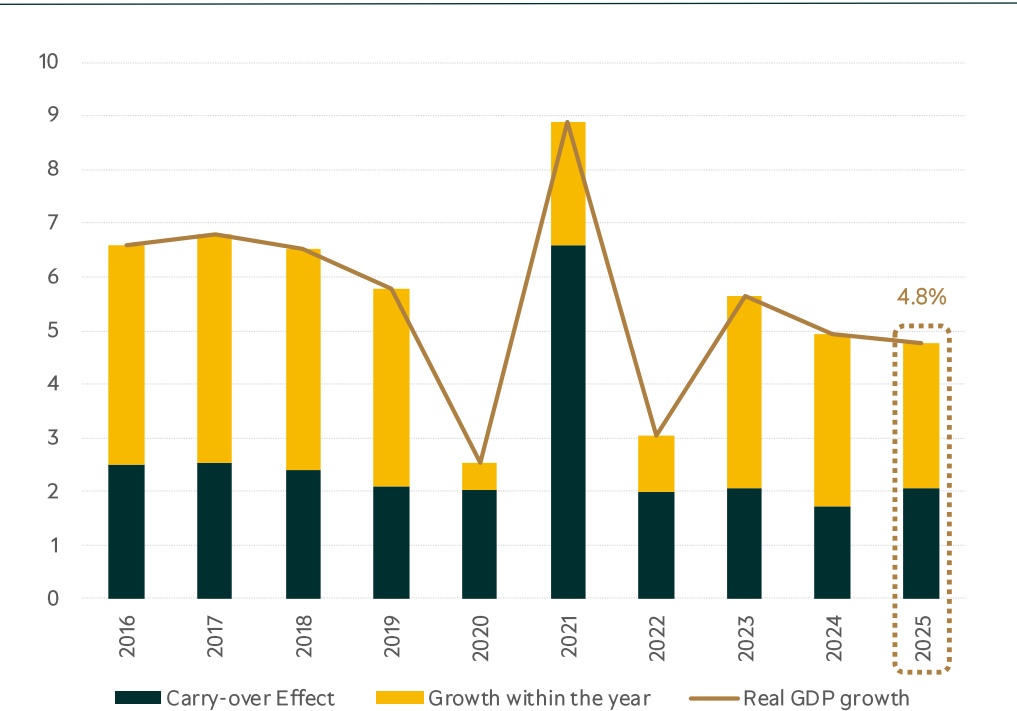


CN GDP Outlook | The official target of about 5% for 2024 was achieved but slightly lower growth is expected for 2025

GDP Growth Rate

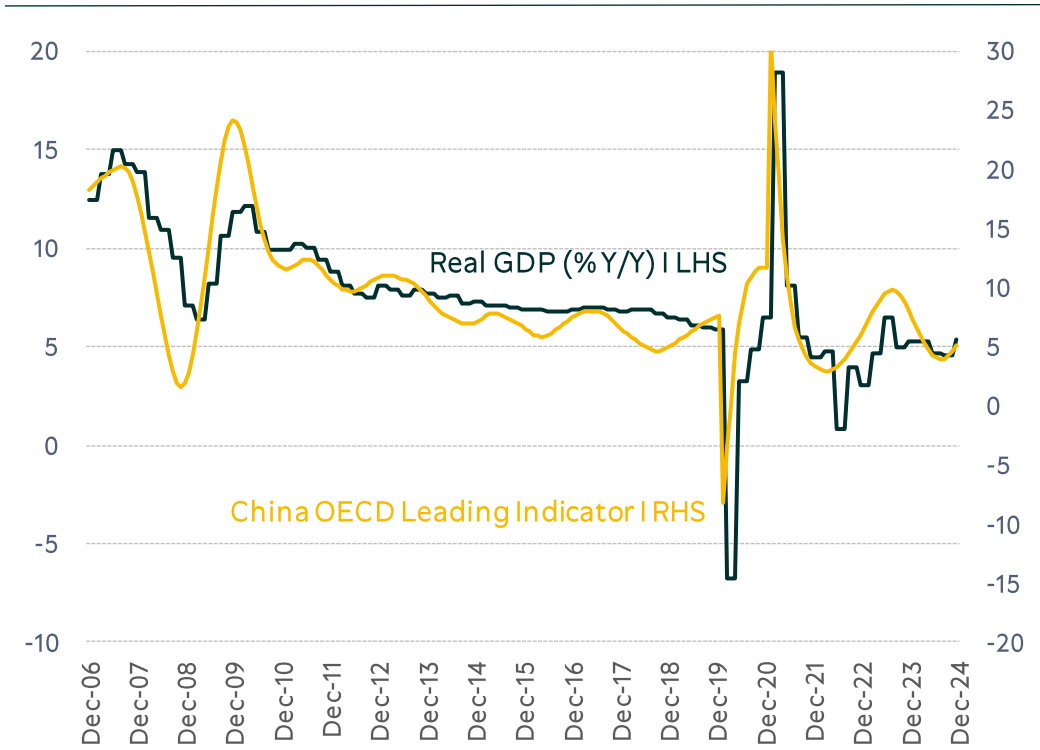


Carry Over Effect

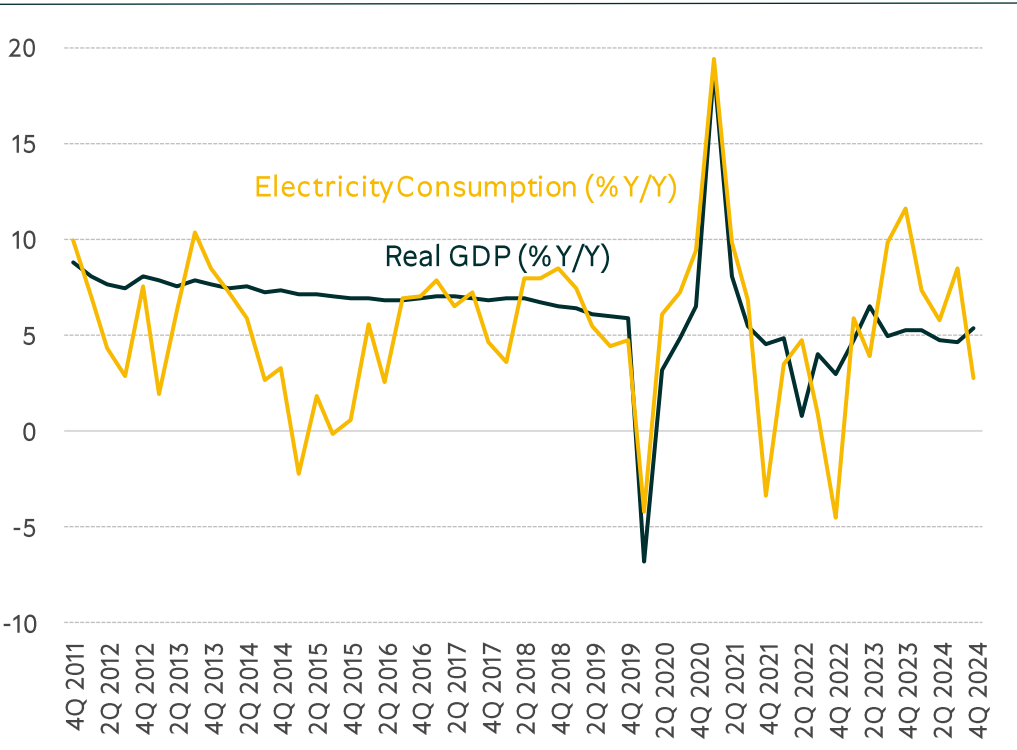


CN GDP | Electricity consumption data fell significantly in November while OECD's Leading Indicator is trying to move upwards

Real GDP & China OECD Leading Indicator

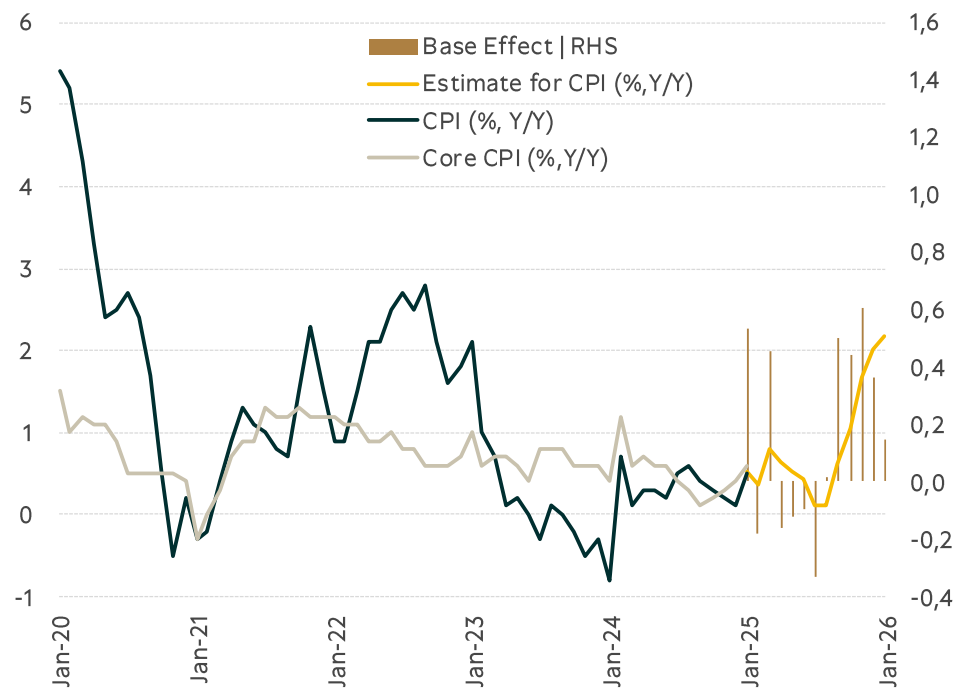


Real GDP & Electricity Consumption

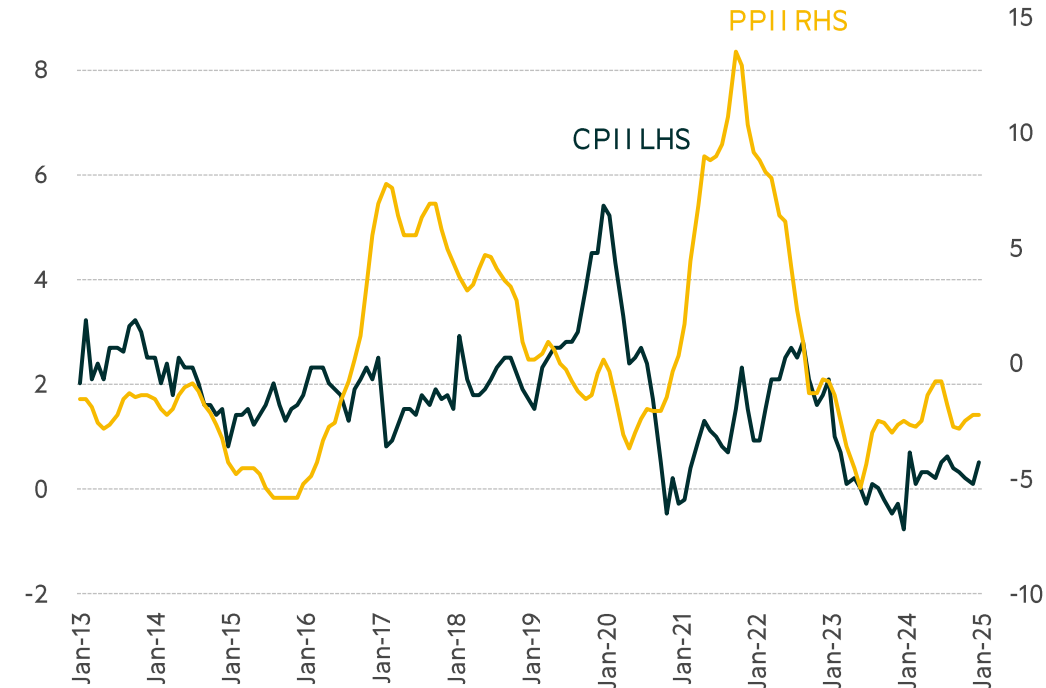


CN Inflation Outlook | Base effects are pointing to higher inflation in the next 12 months

Inflation Rate Forecast | Statistical Model

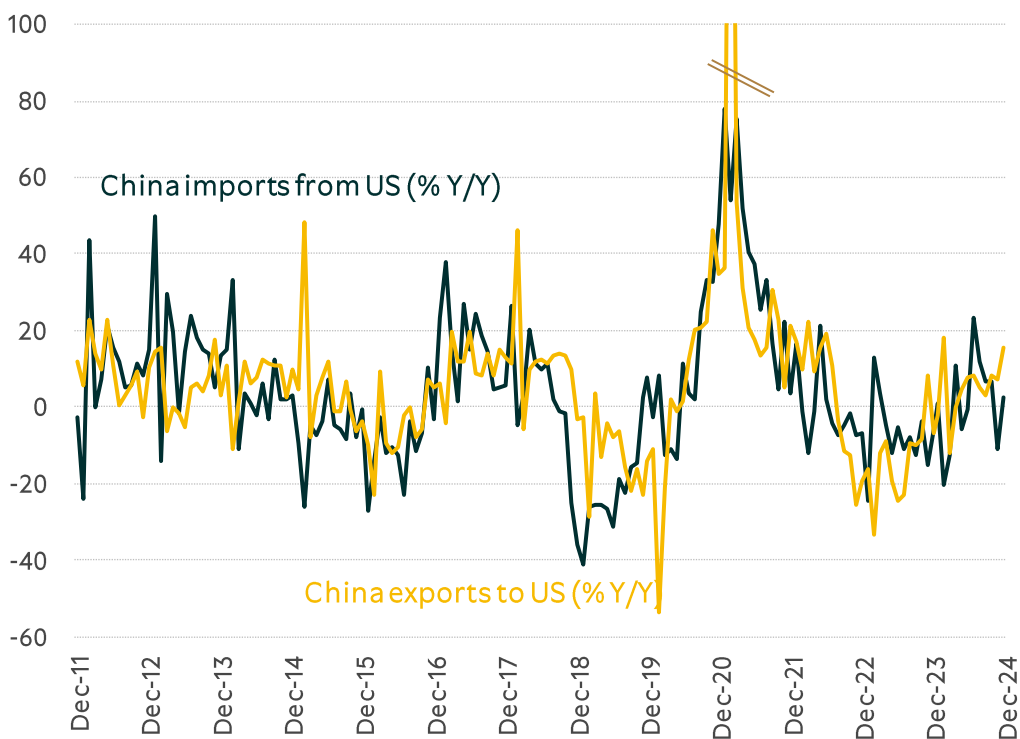


CPI & PPI

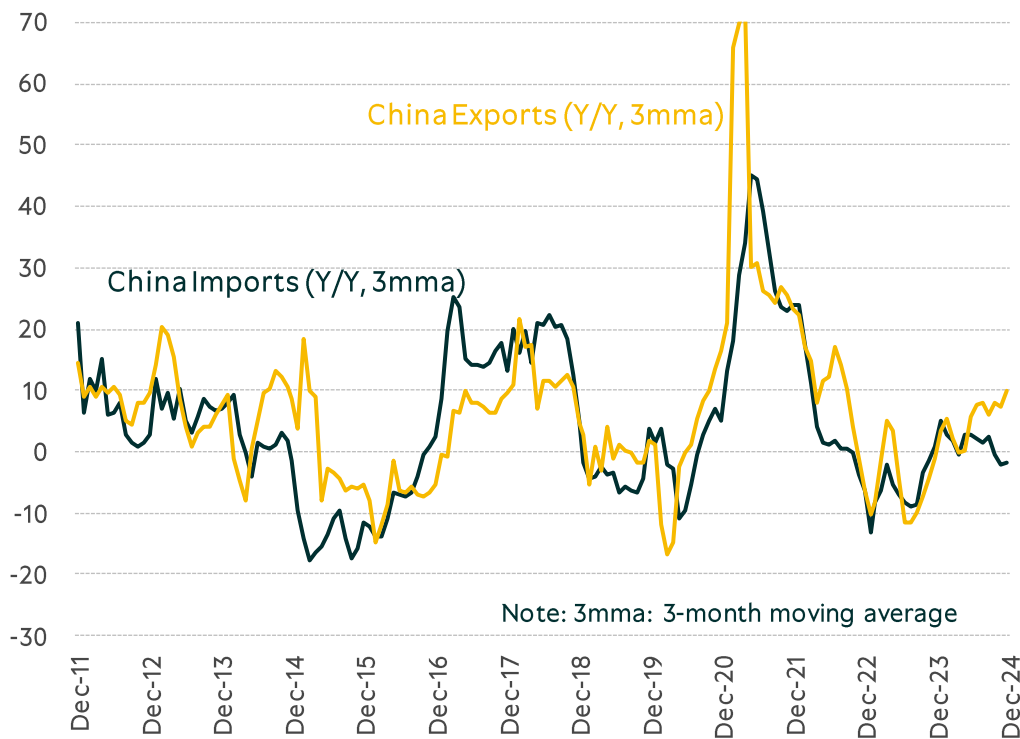


CN Trade | The trade outlook is quite uncertain due to the threat of higher tariffs

Trade US – China

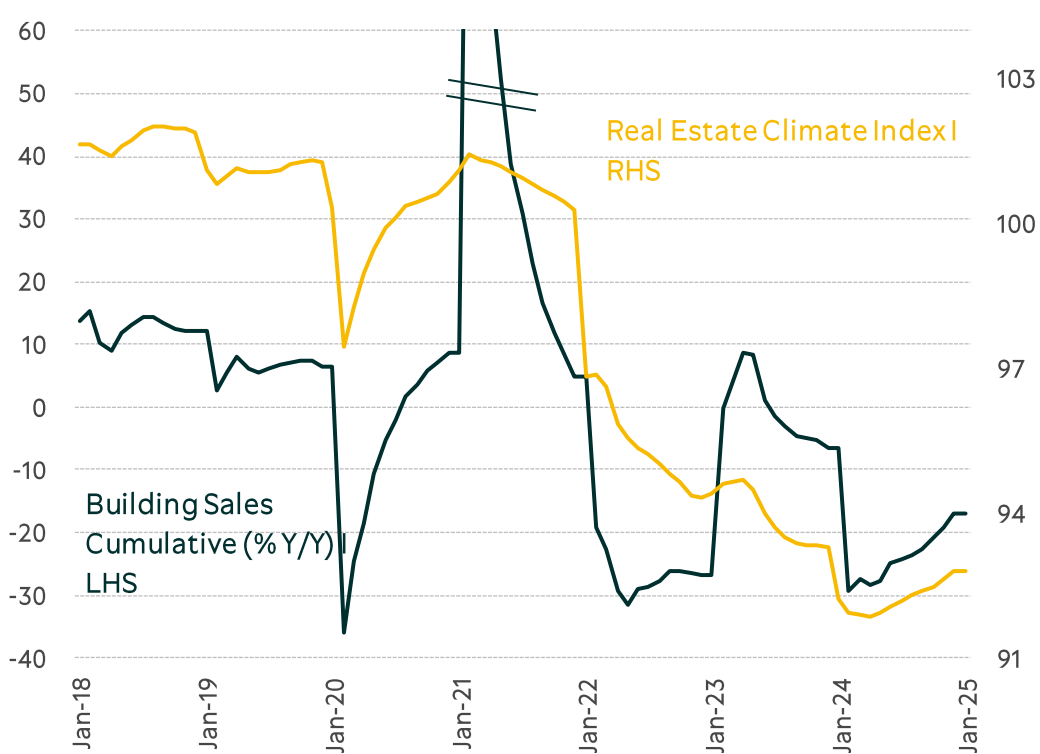


Imports & Exports

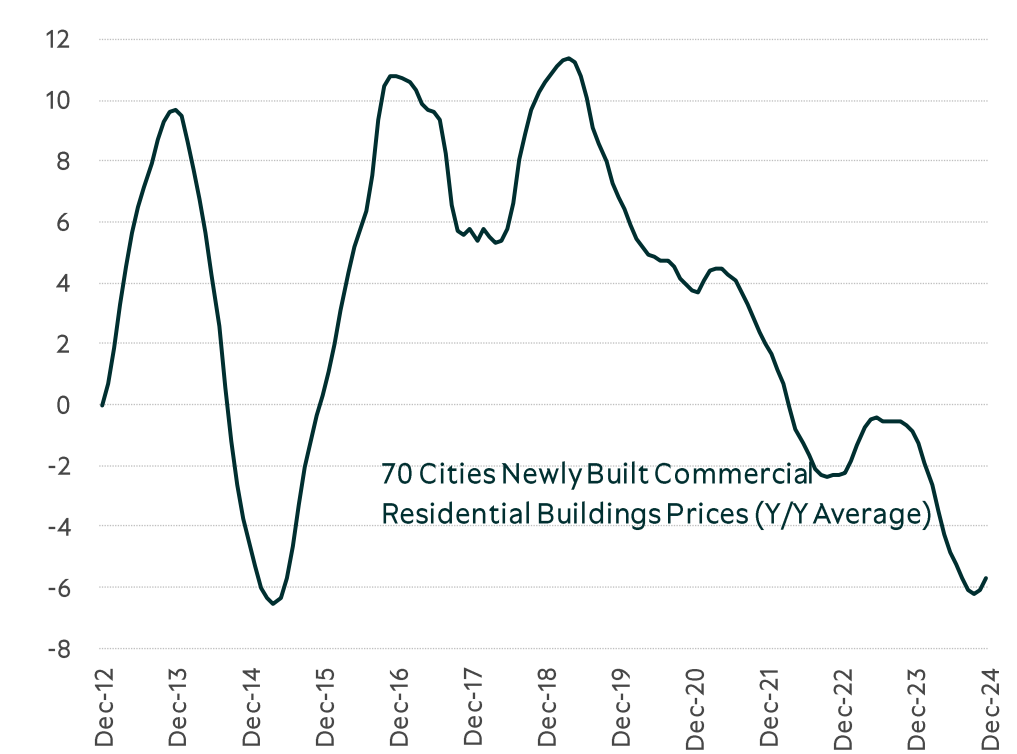


CN Real Estate | Small improvement in Building sales and Real Estate climate but Prices still very subdued

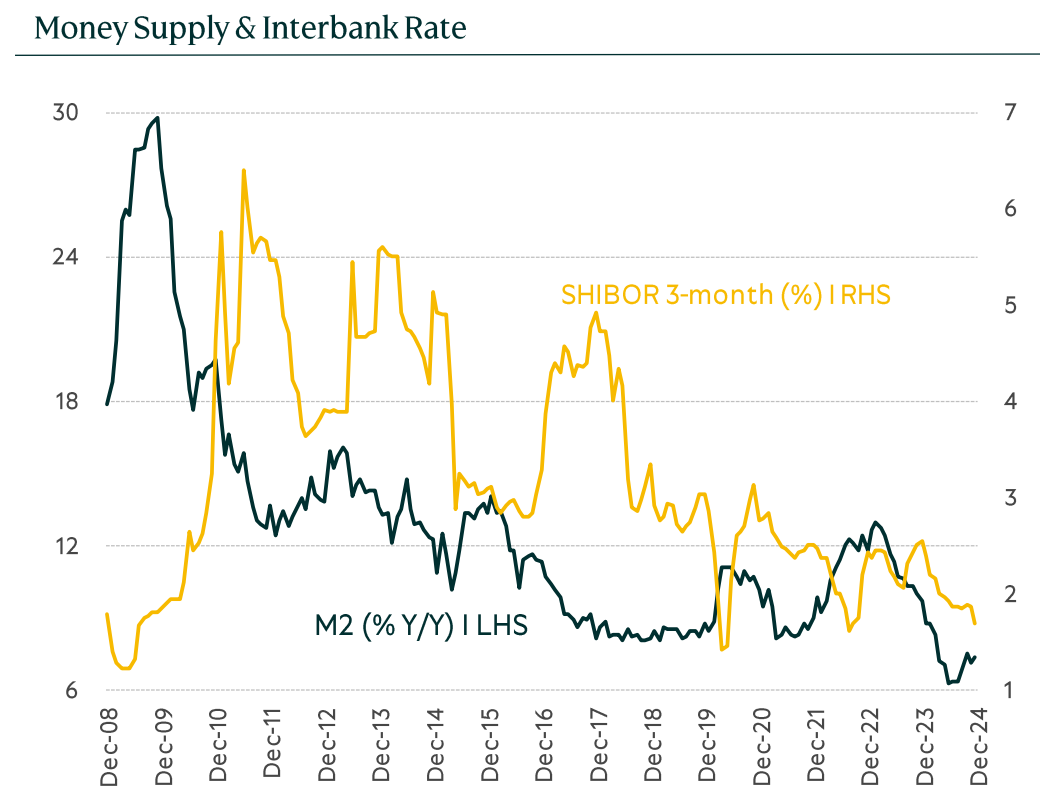
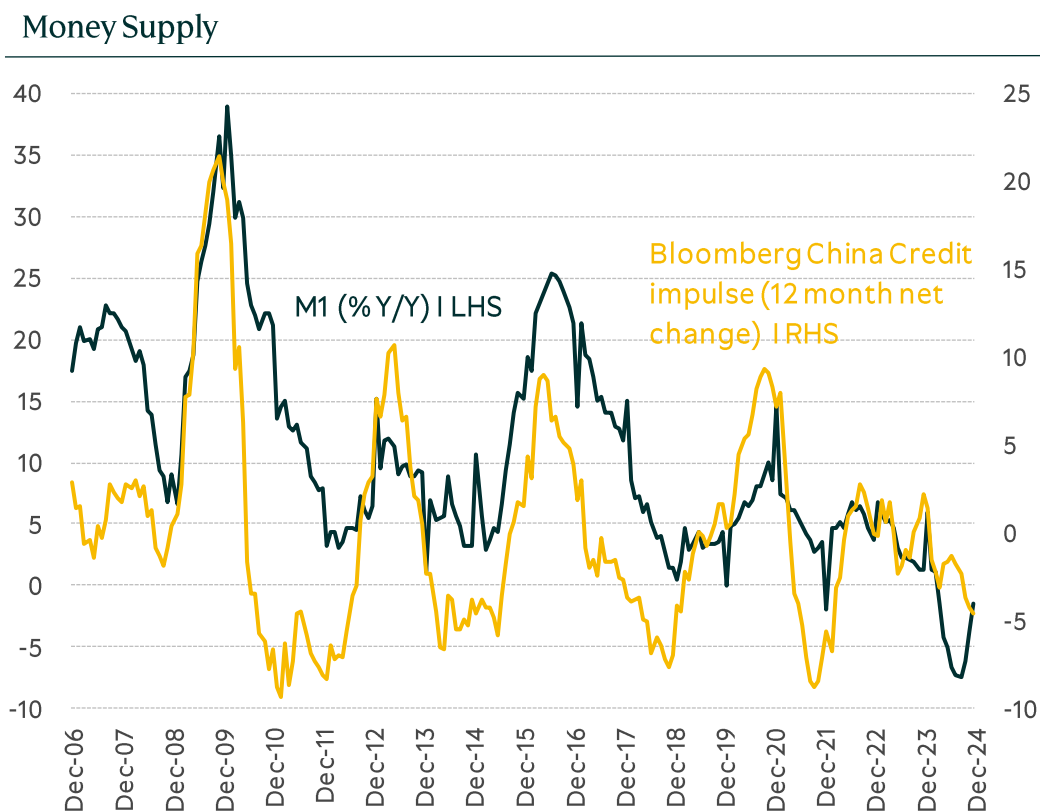
Real Estate Climate & Building Sales



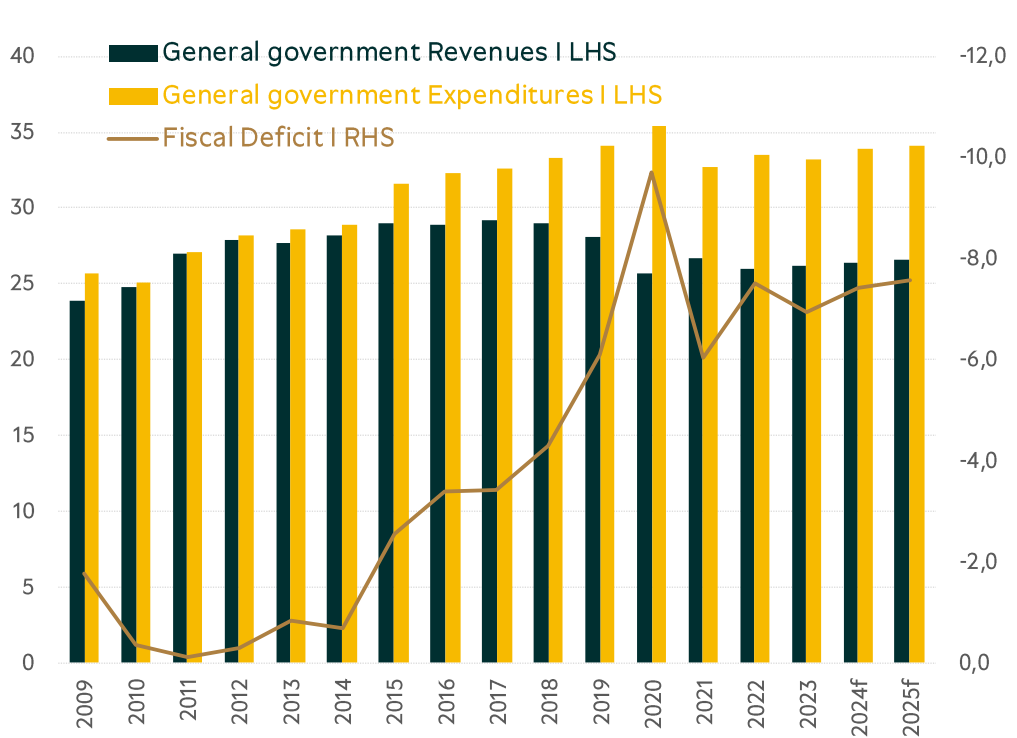
Newly Residential Buildings Prices



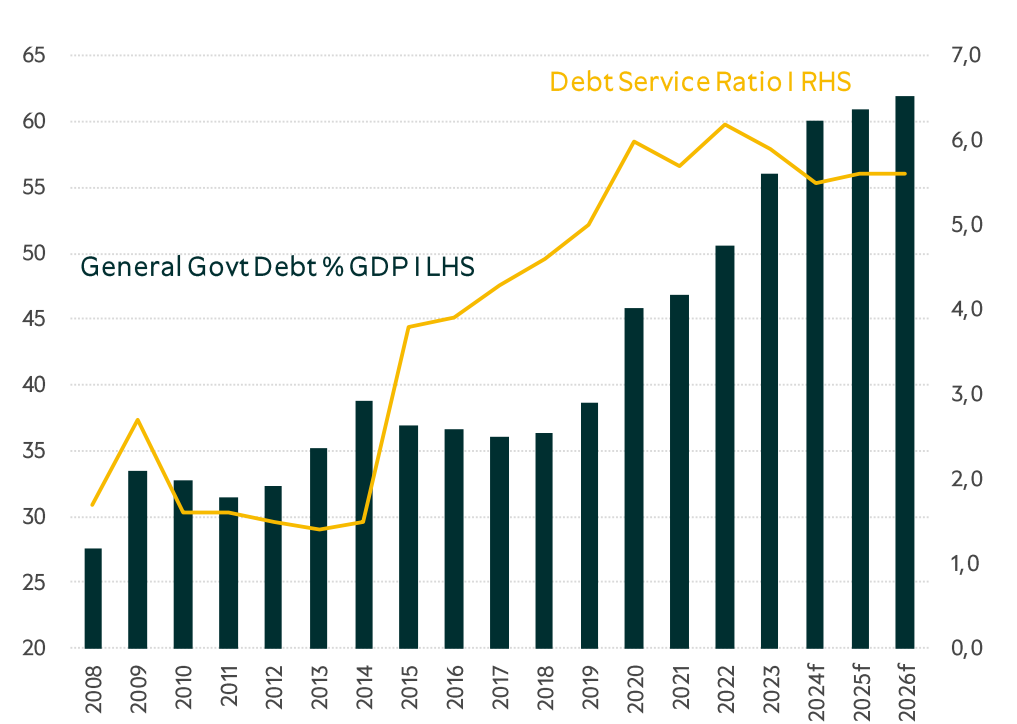
CN Money Supply | M1 and M2 still a drag to GDP ahead



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
Sarmpanis, Michail	Sarmpanism@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>

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