

Global Macro Trends

Επανεκκίνηση της χαλάρωσης της Νομισματικής Πολιτικής από τη Fed το Σεπτέμβριο
εν μέσω καθοδικών κινδύνων για την απασχόληση

Διεθνείς Μακροοικονομικές Τάσεις

- ▶ Η σύναψη εμπορικών συμφωνιών από πλευράς ΗΠΑ με την πλειοψηφία των εμπορικών εταίρων τους και η παράταση για άλλες 90 ημέρες (έως τις 10/11) της εκεχειρίας με την Κίνα έχει περιορίσει σημαντικά την αβεβαιότητα στη διεθνή οικονομία και τις αγορές. Παραμένει, ωστόσο, συγκριτικά υψηλή. Επιπλέον, οι συμφωνηθέντες δασμολογικοί συντελεστές είναι σημαντικά υψηλότεροι αυτών που ίσχυαν μέχρι και πέρυσι. Στο πλαίσιο αυτό, αυξάνεται η πίεση στις εταιρείες να ανακατευθύνουν τις «χαμένες» στις ΗΠΑ εξαγωγές τους σε άλλες αγορές οξύνοντας τον διεθνή ανταγωνισμό και συμπιέζοντας τα περιθώρια κέρδους των εταιρειών.
- ▶ Στις ΗΠΑ, η εξέταση από το Ανώτατο Δικαστήριο των ΗΠΑ της προσπάθειας απομάκρυνσης μέλους της Fed από τον Πρόεδρο Τραμπ (που έμπρακτα αμφισβητεί την ανεξαρτησία της Fed), όσο και της συνταγματικότητας της επιβολής γενικευμένων δασμών χωρίς τη λήψη σχετικής απόφασης από το Κογκρέσο, αναπόφευκτα θα δρομολογήσει εξελίξεις το επόμενο διάστημα. Επιπλέον, η άνοδος του κόστους των εγχωρίως παραγόμενων προϊόντων -στον βαθμό που χρησιμοποιούνται πρώτες ύλες και ενδιάμεσα αγαθά από το εξωτερικό- ενισχύει περαιτέρω την πιθανότητα αύξησης των πληθωριστικών πιέσεων. Παράλληλα, το τελευταίο διάστημα είναι εμφανής η χειροτέρευση των συνθηκών στην αγορά εργασίας με τους εργαζόμενους που χάνουν τη θέση εργασίας τους να δυσκολεύονται όλο και περισσότερο στην ανεύρεση νέας. Στο πλαίσιο αυτό η χάραξη της νομισματικής πολιτικής από τη Fed με τρόπο που να ισορροπεί ανάμεσα στους δηλωμένους στόχους του χαμηλού πληθωρισμού και της μέγιστης απασχόλησης κάθε άλλο παρά εύκολη αναμένεται πως θα είναι. Θετικό στοιχείο παραμένει η διαπίστωση ότι η οικονομία εξακολουθεί να αναπτύσσεται με ικανοποιητικό ρυθμό, όπως δείχνουν τα τελευταία στοιχεία και οι πρόδρομοι δείκτες.
- ▶ Στην Ευρωζώνη, οι προκλήσεις παραμένουν. Η εμπορική συμφωνία με τις ΗΠΑ απέτρεψε μεν μία γενικότερη επιδείνωση των διμερών σχέσεων, εκφράζονται όμως ανησυχίες ότι ευνοεί περισσότερο την πλευρά των ΗΠΑ. Παράλληλα, η ενεργειακή απαγκίστρωση από τη Ρωσία και η συνεχιζόμενη στροφή προς πηγές ενέργειας πιο φιλικές προς το περιβάλλον διατηρούν την πρόκληση διασφάλισης επαρκών ποσοτήτων ενεργειακών προϊόντων και σε κόστος διαχειρίσιμο από τις ευρωπαϊκές επιχειρήσεις. Επιπλέον, ο συνδυασμός των αυξημένων αμυντικών δαπανών, του υψηλού δημόσιου χρέους αρκετών κρατών (όπως η Γαλλία), του δημογραφικού προβλήματος και της πολύ ήπιας ανάπτυξης ασκεί μεγάλη πίεση στους κρατικούς προϋπολογισμούς για περικοπές δαπανών, συχνά μη δημοφιλών, ενισχύοντας την πολιτική αστάθεια. Ωστόσο, η ήπια ανάπτυξη συνεχίζεται και με ρυθμό ελαφρά υψηλότερο από ό,τι αναμενόταν, ενώ και το ποσοστό ανεργίας βρίσκεται ιστορικά χαμηλά.
- ▶ Στην Κίνα, τα τελευταία οικονομικά στοιχεία καταδεικνύουν κάποια επιβράδυνση του ρυθμού ανάπτυξης. Ωστόσο, είναι ενθαρρυντική η βελτίωση των πρόδρομων δεικτών τον Αύγουστο καθιστώντας πολύ πιθανό έναν ρυθμό ανάπτυξης γύρω στο 5% συνολικά για το 2025. Η διατήρηση μιας καλής σχέσης με τις ΗΠΑ θεωρείται βασικός παράγοντας για την επίτευξη ενός ισχυρού ρυθμού ανάπτυξης και το 2026.

Global macro trends

- ▶ The announcement of trade agreements between the United States and most of its trading partners and a 90-day extension of the China trade truce (effective until November 10) has led to a notable reduction in trade and economic policy uncertainty, although levels remain elevated compared to historical norms. Moreover, the recently established tariff rates are substantially higher than those enforced last year. As a result, companies are increasingly pressured to redirect exports previously destined for the U.S. to alternative markets, leading to increased international competition and further compression of profit margins.
- ▶ In the US, the Supreme Court's decision regarding President Trump's efforts to remove a Federal Reserve governor, considered an unprecedented challenge to the Fed's independence, and the constitutionality of imposing widespread tariffs without Congressional approval are expected to significantly influence forthcoming developments. Additionally, as the production costs of domestically manufactured goods rise - especially when these goods rely on imported raw materials and intermediate products – the potential for heightened inflationary pressures is significantly increased. At the same time, the recent deterioration in labour market conditions is evident, with workers who lose their jobs finding it increasingly difficult to find new ones. In this context, the Fed's monetary policy, which aims to balance the dual mandate of low inflation and maximum employment, is expected to face significant challenges. A positive development is the continued robust performance of the economy, as evidenced by recent data and key leading indicators.
- ▶ In the Eurozone, challenges remain. The trade agreement with the US has prevented a general deterioration in bilateral relations, but there are concerns that it favours the US side more. At the same time, the move away from Russia's energy and the transition to more environmentally friendly energy sources continues to present the challenge of securing sufficient supplies of energy products at reasonable costs for European businesses. Additionally, the interplay of rising defense expenditures, elevated public debt in countries such as France, demographic challenges, and modest economic growth places considerable strain on government budgets. This often necessitates unpopular spending reductions, thereby heightening the risk of political instability. Nevertheless, moderate growth persists at a slightly higher rate than expected, while the unemployment rate remains at a historically low level.
- ▶ In China, recent economic data suggest a slight moderation in the growth rate. However, positive developments in leading indicators observed in August support the likelihood of achieving approximately 5% growth for 2025. Sustaining constructive relations with the US is regarded as essential for maintaining robust growth rate in 2026.

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 Q/Q % SAAR	3.1	2.4	-0.5	3.3	1.1	1.1	1.5	1.8	2.8	1.6	1.7
Headline PCE PI % Y/Y	2.3	2.5	2.5	2.4	2.8	3.0	2.9	2.8	2.5	2.7	2.6
Core PCE % Y/Y	2.7	2.8	2.8	2.7	3.0	3.2	3.1	3.0	2.8	3.0	2.8
Unemployment Rate	4.2	4.1	4.1	4.2	4.3	4.4	4.5	4.4	4.0	4.3	4.4
Fed Policy Rate (Upper Bound)	5.00	4.50	4.50	4.50	4.27	3.97	3.76	3.55	4.50	3.97	3.38
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 Q/Q %	0.4	0.4	0.6	0.1	0.1	0.2	0.3	0.4	0.9	1.1	1.2
CPI % Y/Y	2.2	2.2	2.3	2.0	2.1	1.9	1.7	1.9	2.4	2.1	1.9
Unemployment Rate	6.3	6.3	6.3	6.3	6.4	6.4	6.4	6.4	6.4	6.3	6.3
ECB Policy Rate (Main Refin Rate)	3.65	3.15	2.65	2.15	2.15	1.90	1.90	1.90	3.15	1.90	1.90
	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	3.1	2.2	5.1	15.00	4.8	0.1	6.4	4.6	5.27	
2026f	4.0	2.8	1.7	4.3	12.5	4.2	0.8	6.35	3.2	5.28	
Market Consensus 09.09.2025											

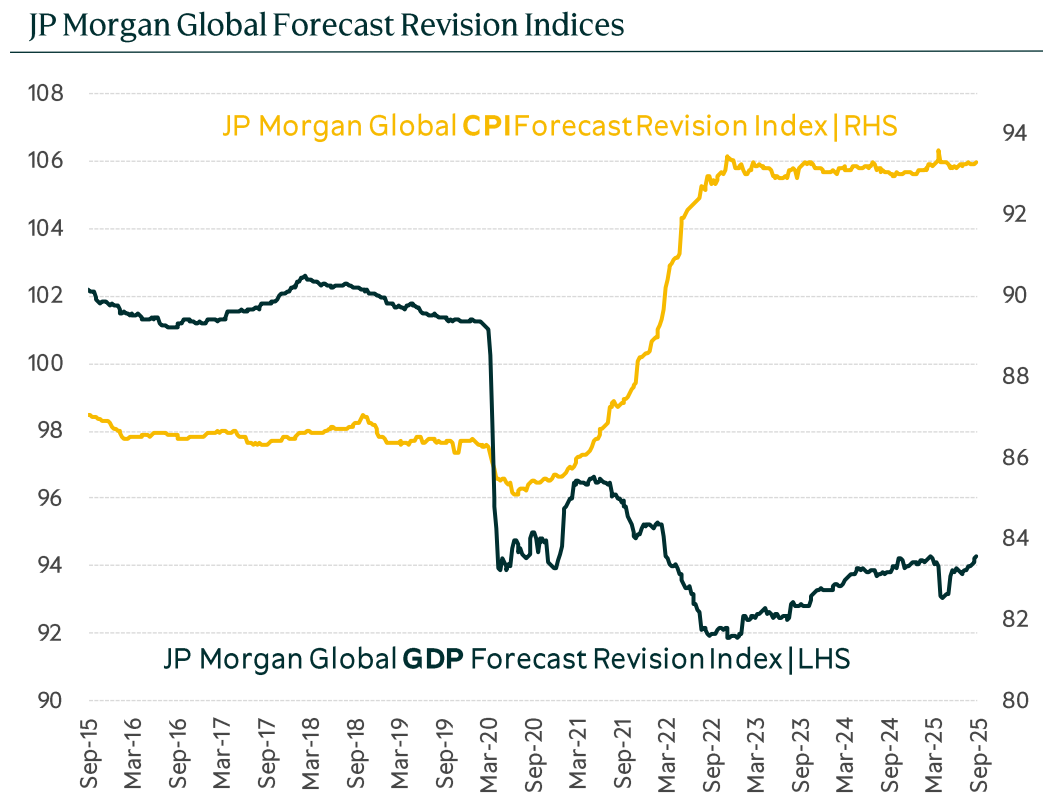
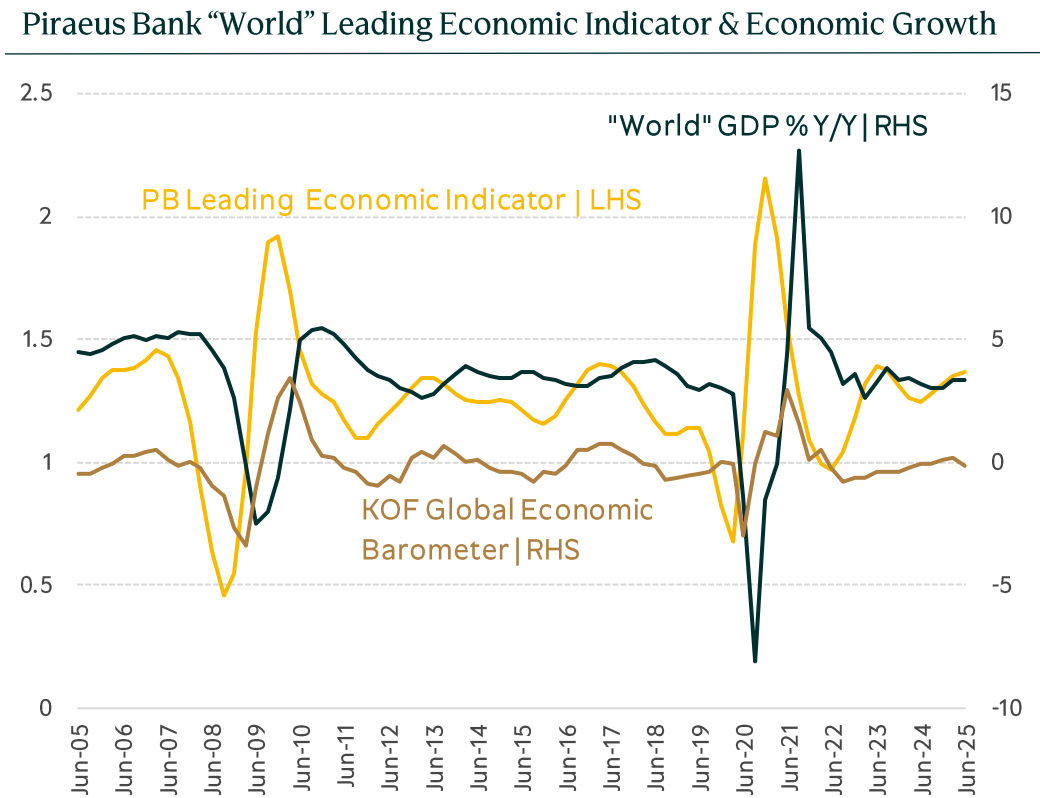
Bird's Eye View

US Economy

EA Economy

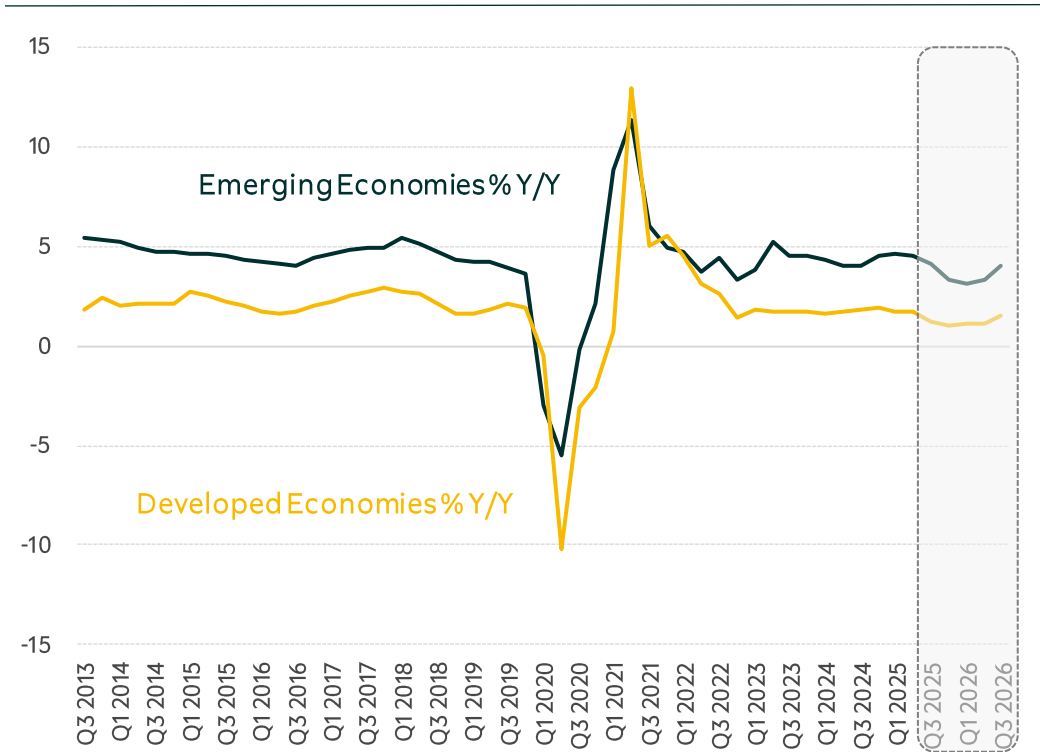
China Economy

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.

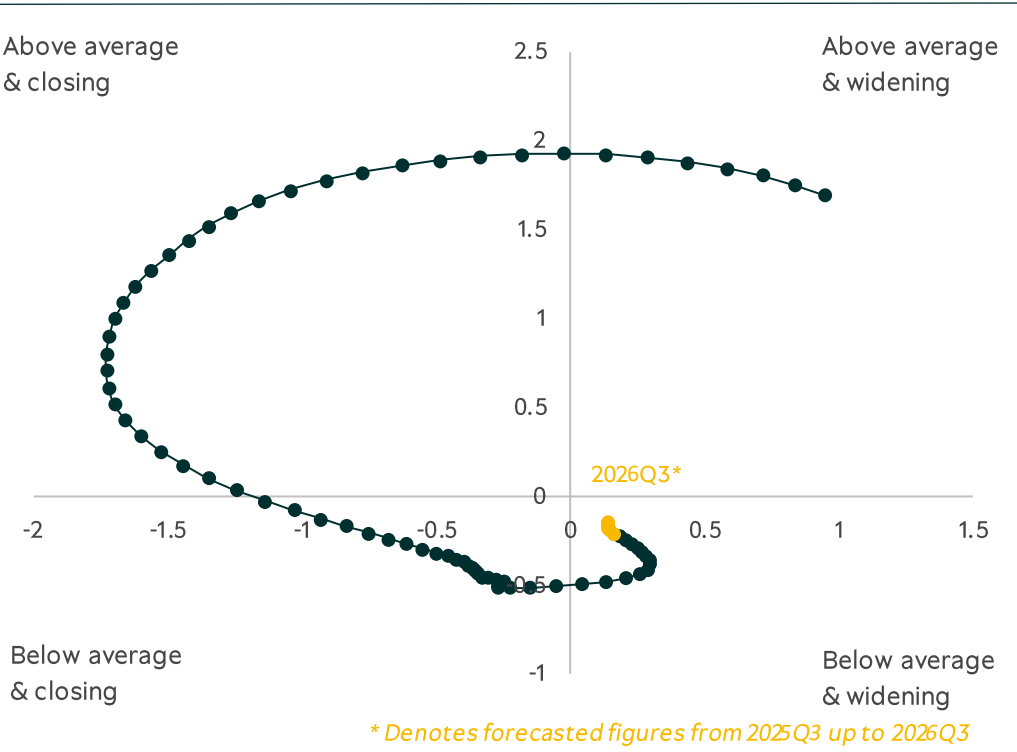


The Global Bird's-Eye View | The growth differential between emerging markets and developed markets is expected to remain at below average levels for 2025/26, but improvement in economic activity is expected.

Real GDP Growth

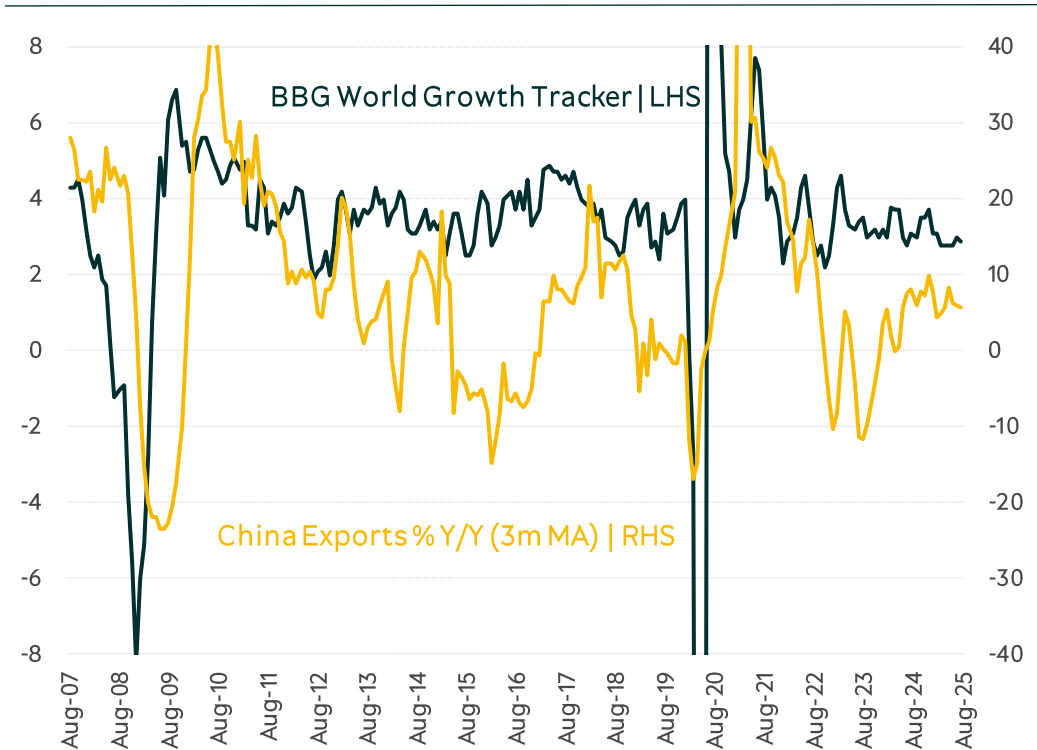


EM – DM Growth Differential

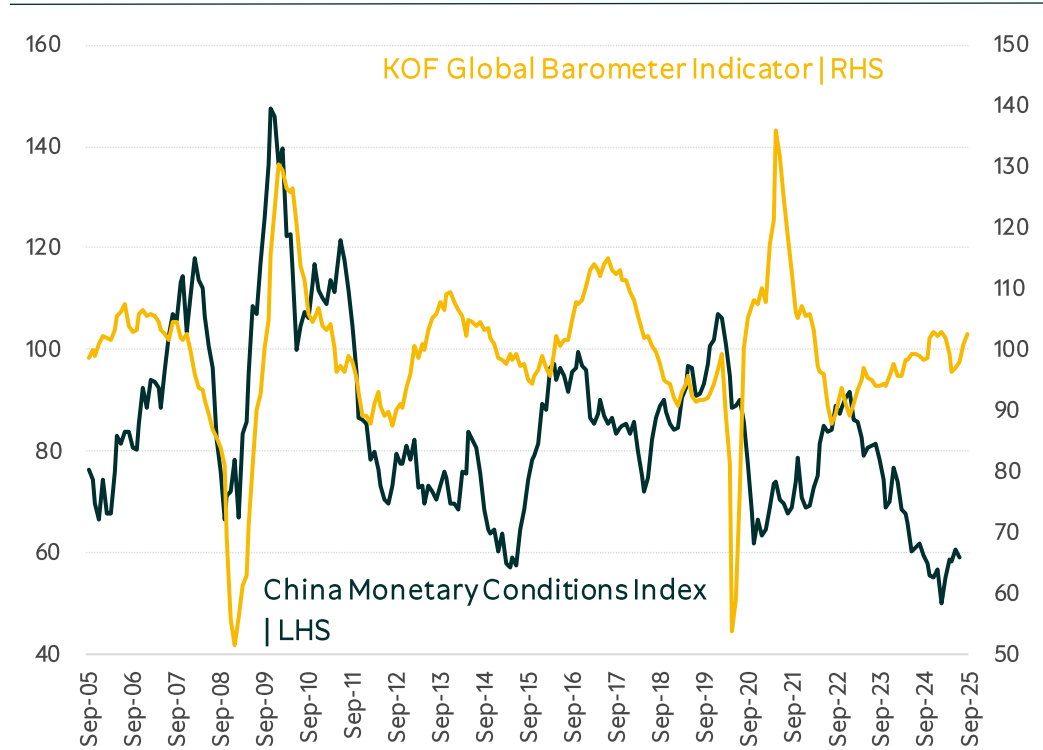


Global Economic Activity | China's exports saw a larger increase in the first half of 2025 (front-running inventory buildup) however, future growth is uncertain.

BBG World Growth Tracker & China Exports

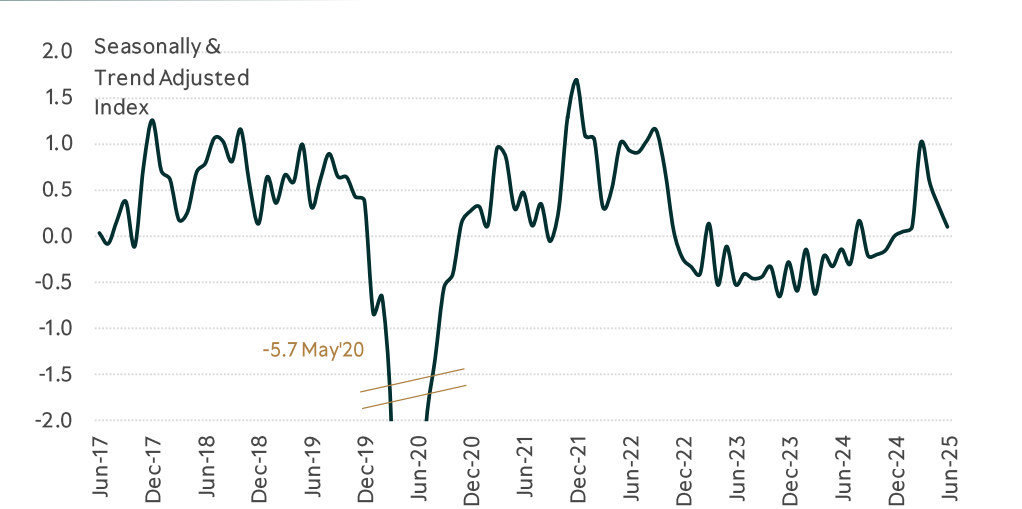


KOF Global Barometer Indicator & China Monetary Conditions

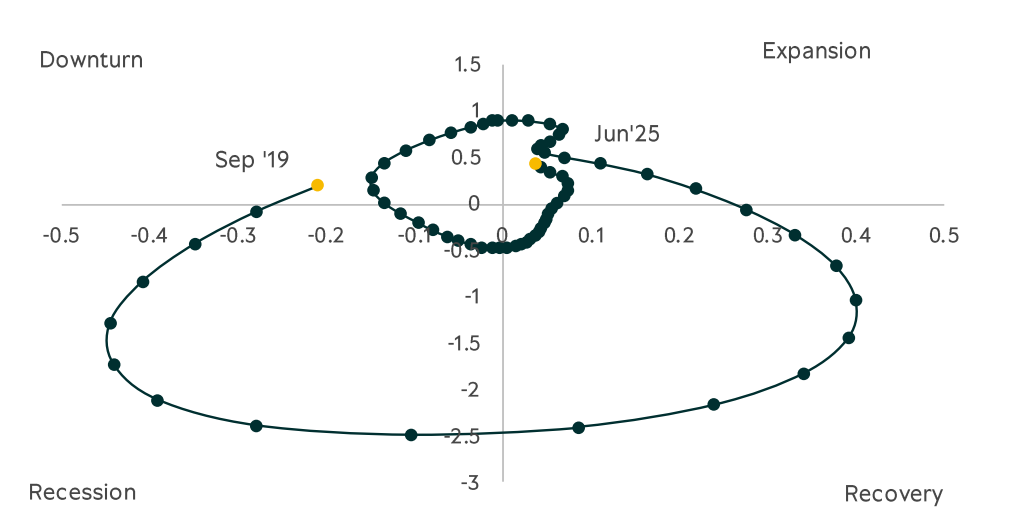


Global Trade | World Trade and EM Exports continue to decelerate in June following the front loading of the high reciprocal tariff announcements.

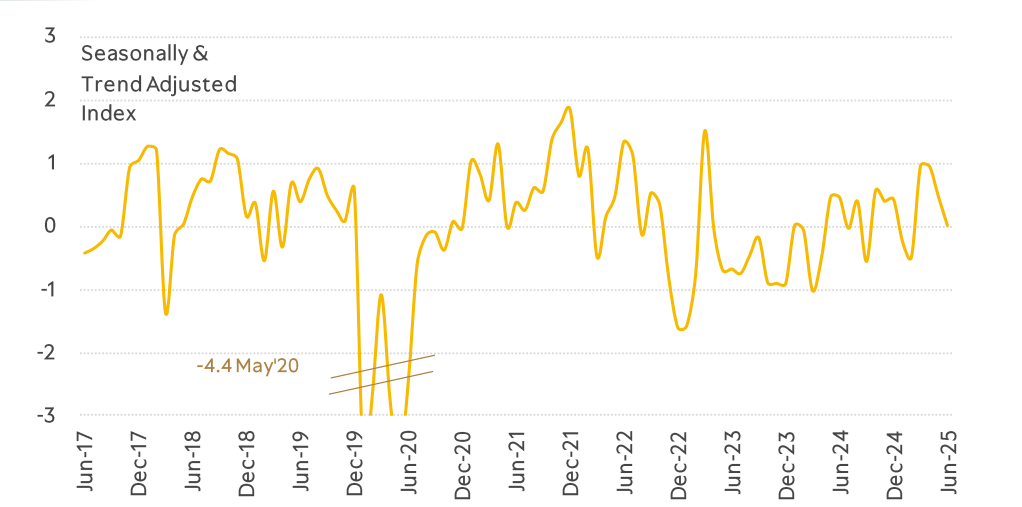
World Trade



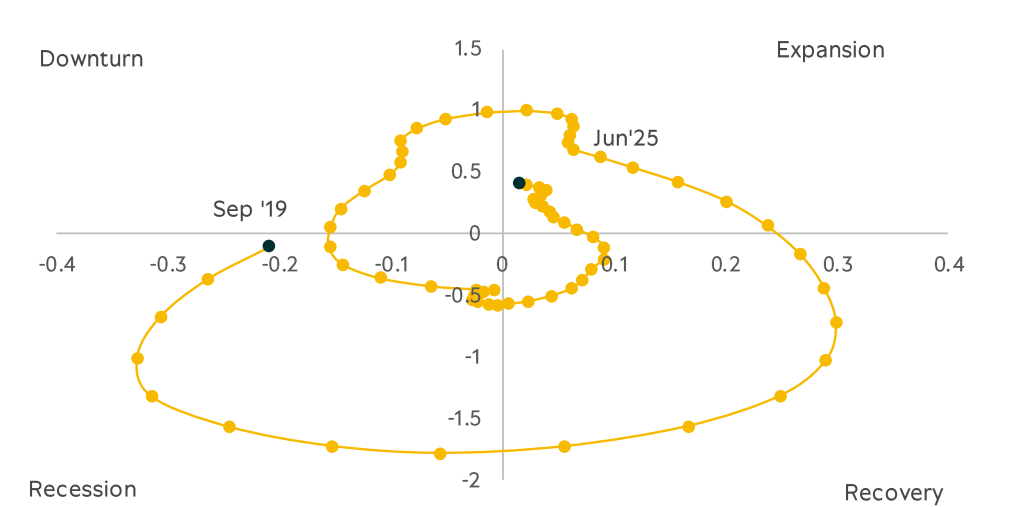
World Trade Tracer



World Exports | EM

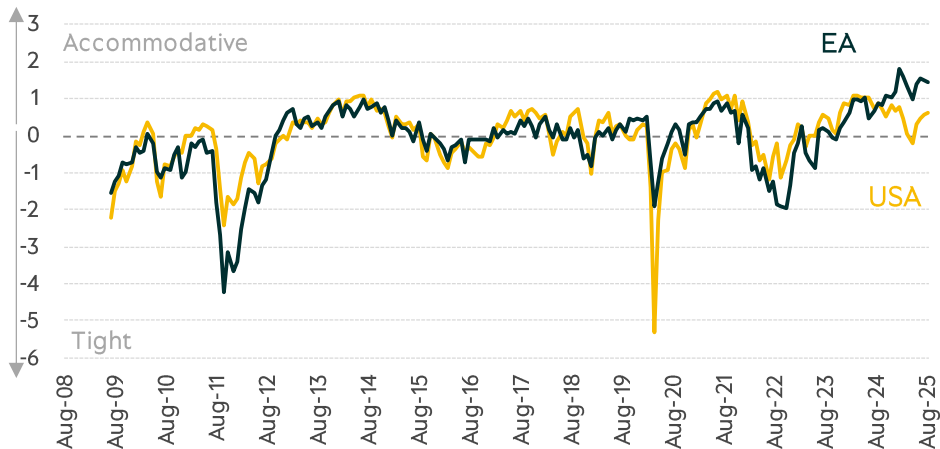


World Exports Tracer | EM

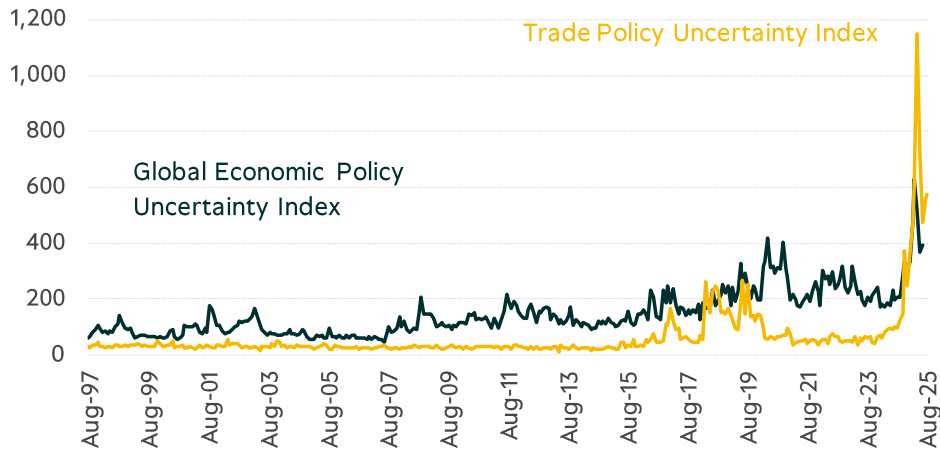


Global Trends | Trade and Economic Policy Uncertainty fell sharply from their peak but remain elevated compared to historical levels. US Financial Conditions remained accommodative in August.

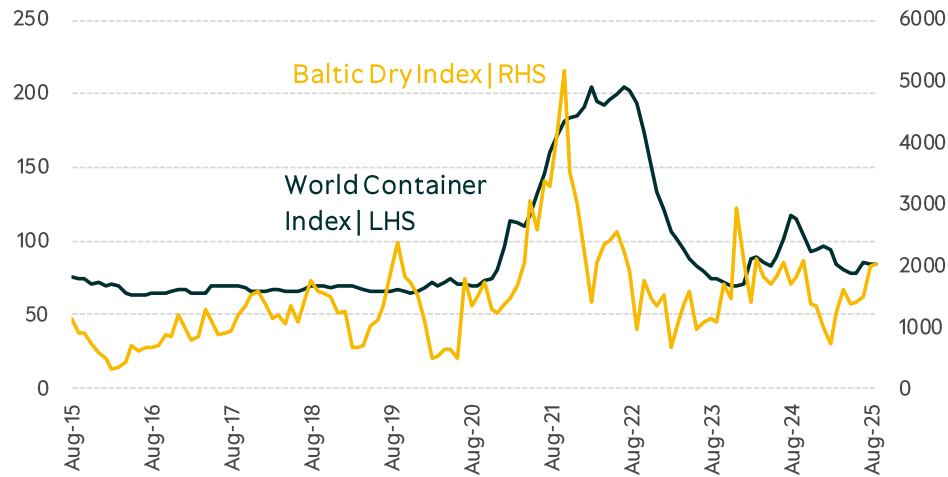
Bloomberg Financial Conditions Indices



Global Economic & Trade Policy Uncertainty (Caldara & Iacoviello)



World Container and Baltic Dry Indices

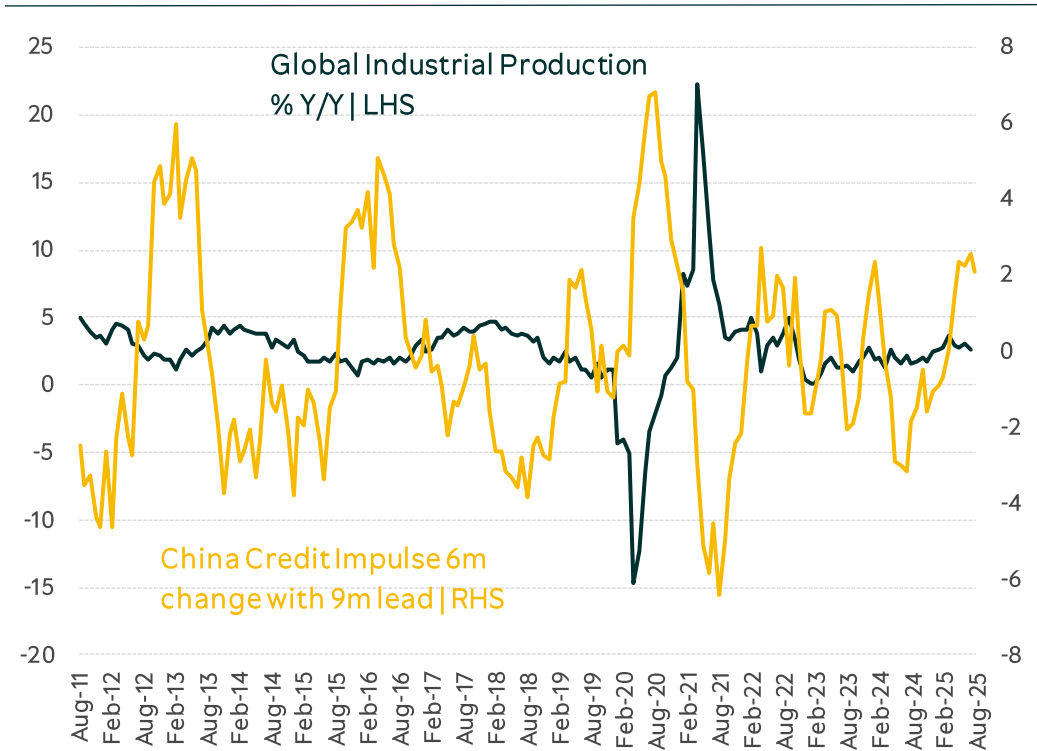


Global Supply Chain Pressure (NY Fed)

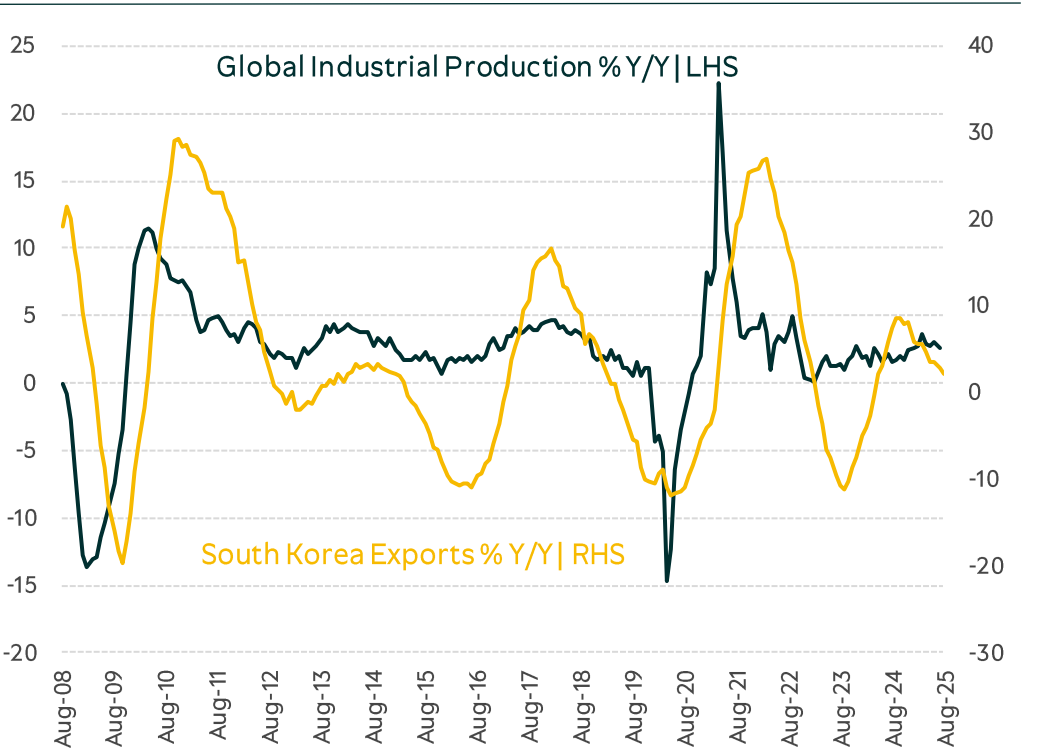


Global Trends | China’s credit impulse marginally decelerated in August. South Korea’s exports indicate a deceleration in global industrial production and growth prospects.

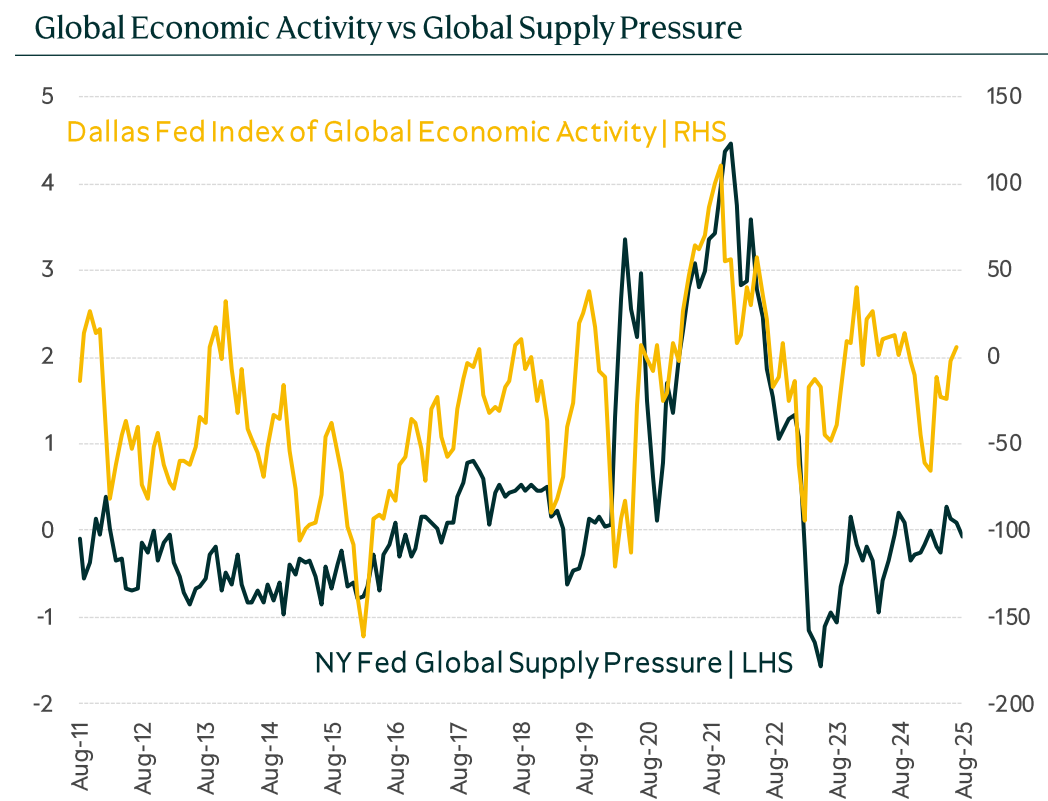
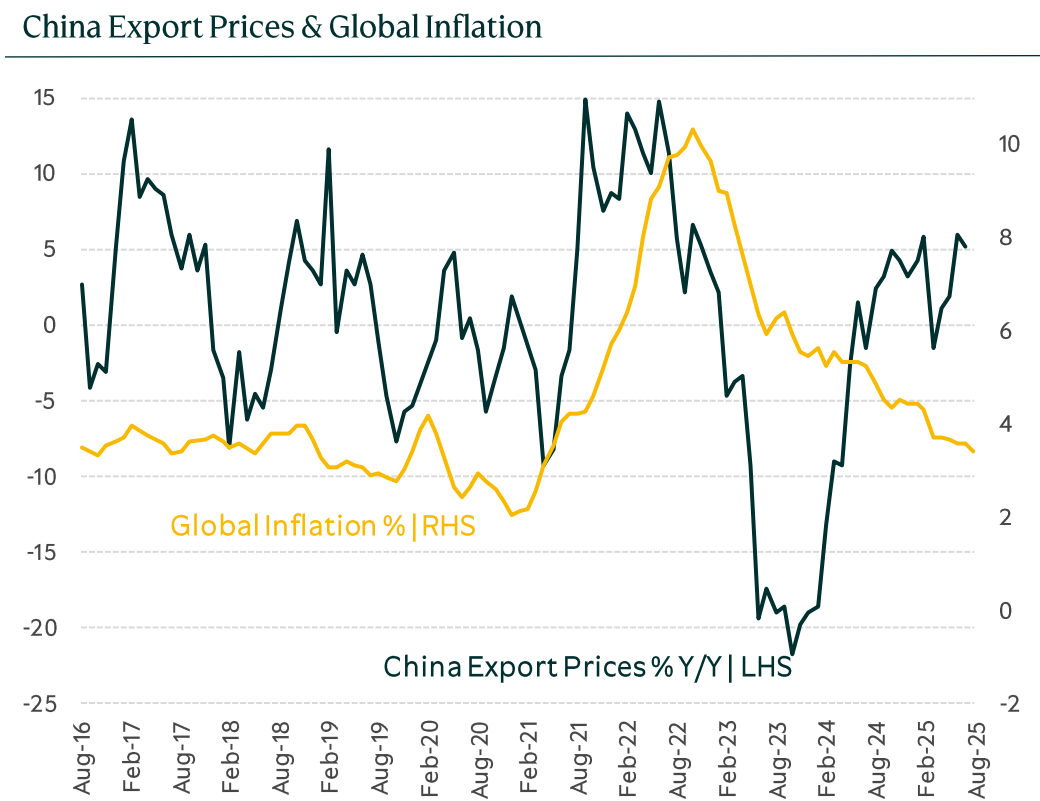
China Credit Impulse (9m lead) & Global industrial production



South Korean Exports & Global Industrial Production

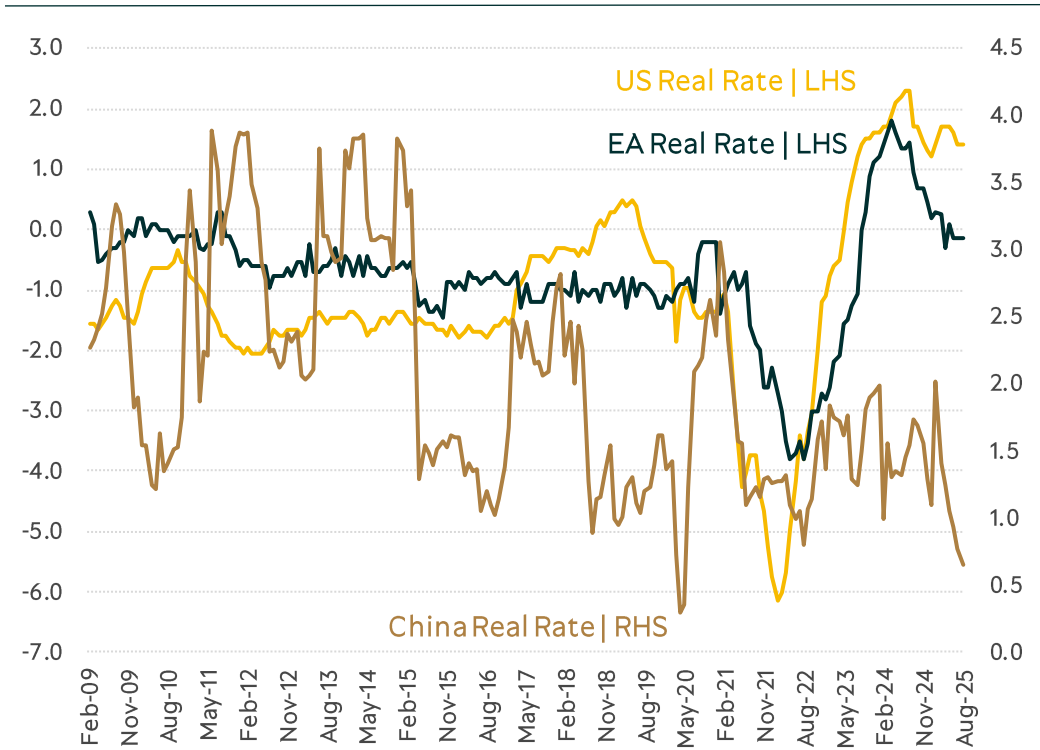


Global Trends | China's export prices decelerated slightly in July. Global economic activity indicators are giving mixed signals.

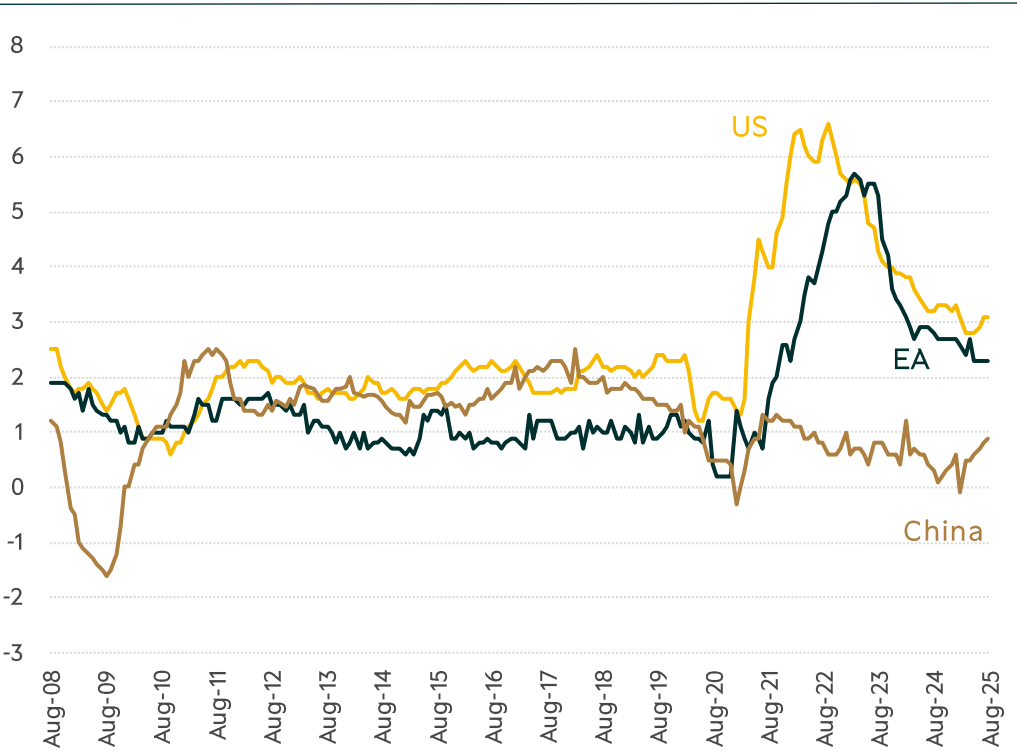


Global Trends | The US real policy rate has remained stable over the past two months; China's has been decreasing while the EA's remained marginally negative. China's core CPI at 0.9% in Aug up from 0.8% in July.

Global Real Policy Rates US, EA, CN



US, EA, CN Core Inflation



Bird's Eye View

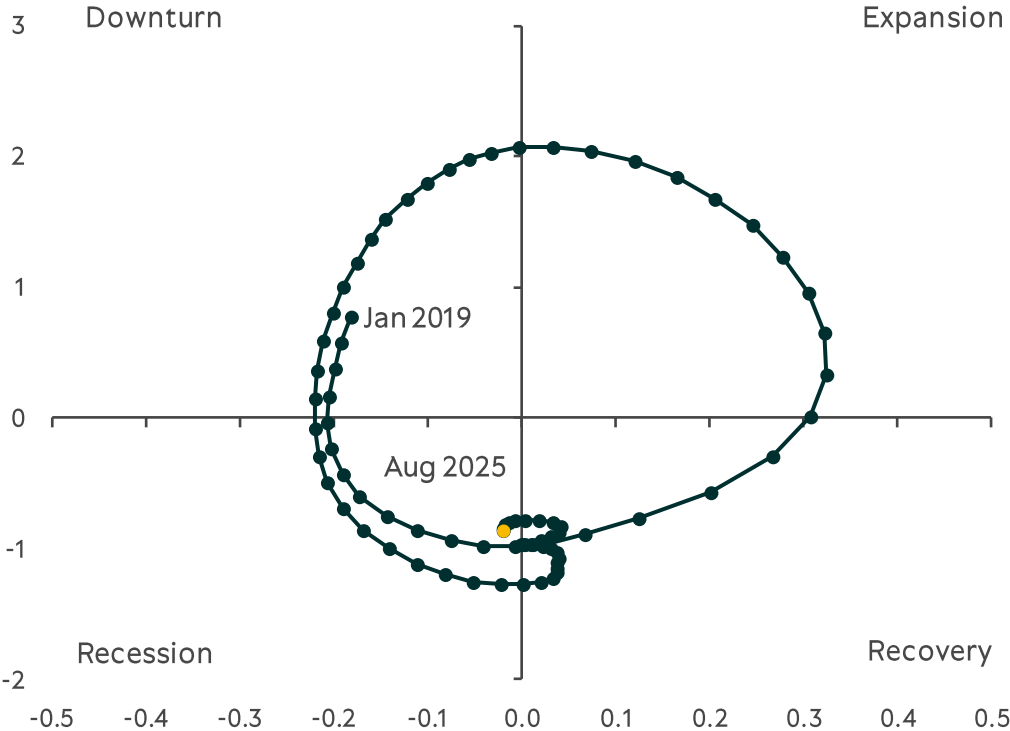
US Economy

EA Economy

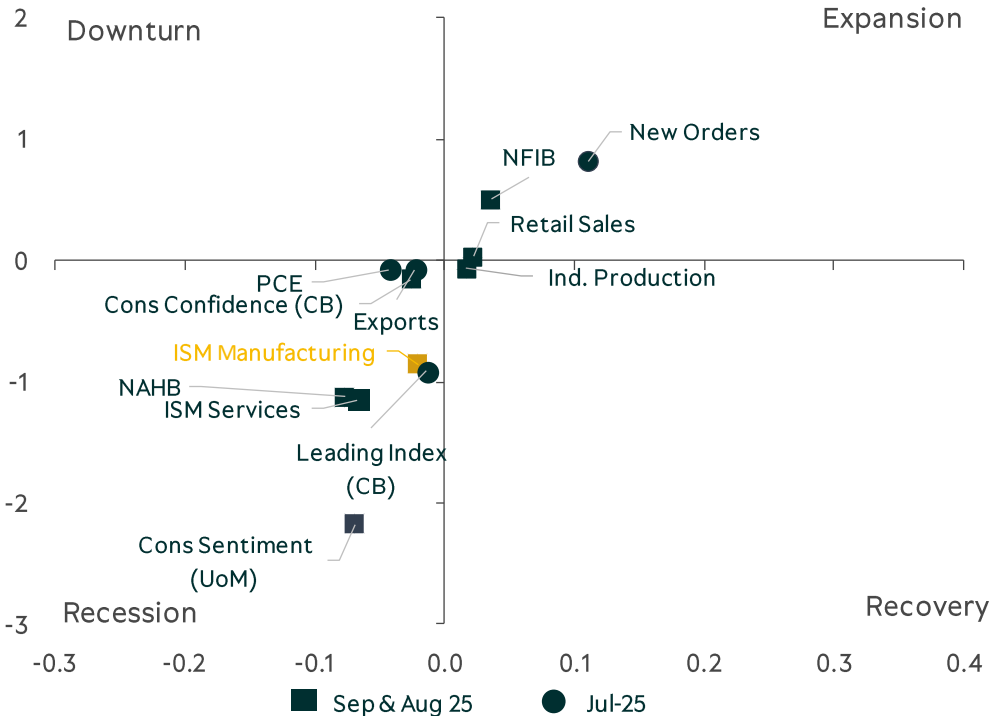
China Economy

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

US Business Cycle | Based on ISM Manufacturing Indicator

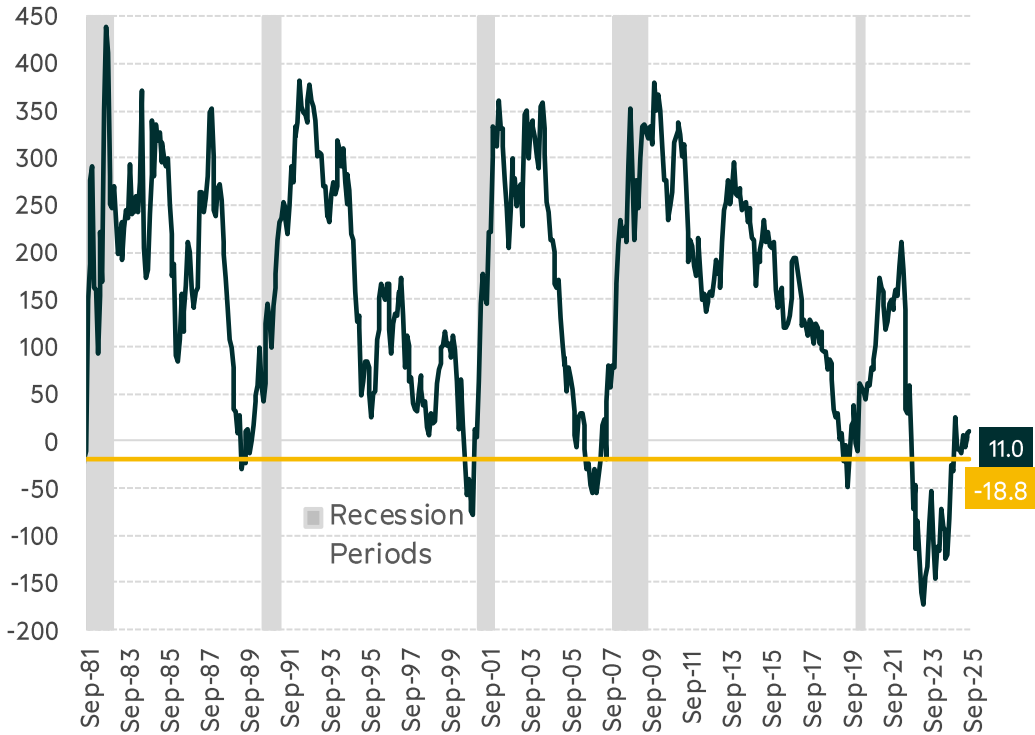


US Business Cycle | Based on Major US Economic Variables

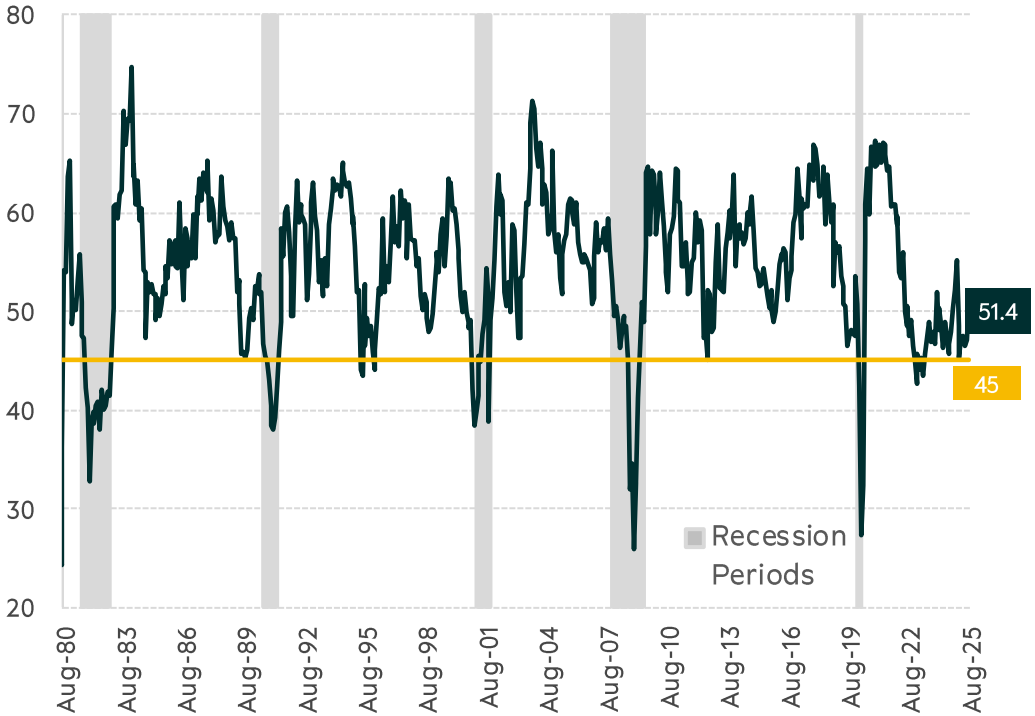


US Recession Indicators | The 10YR3M spread and the ISM New Order Index remain above the threshold levels consistent with recession periods.

10 Year and 3M US Treasury Yields Spread

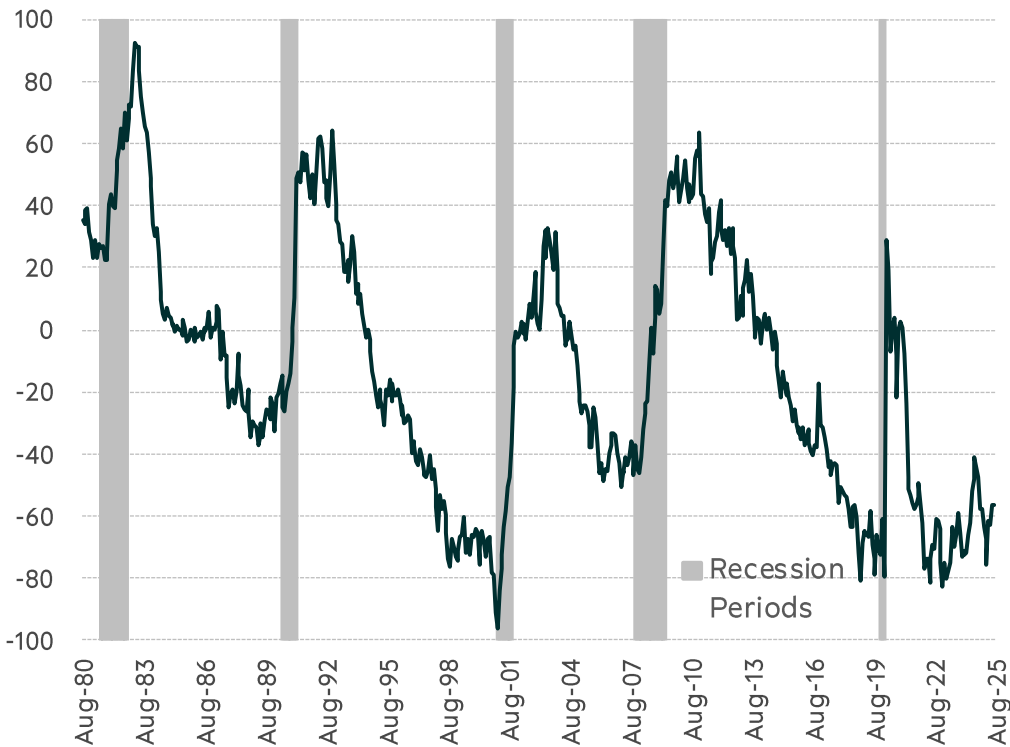


ISM Manufacturing New Order Index

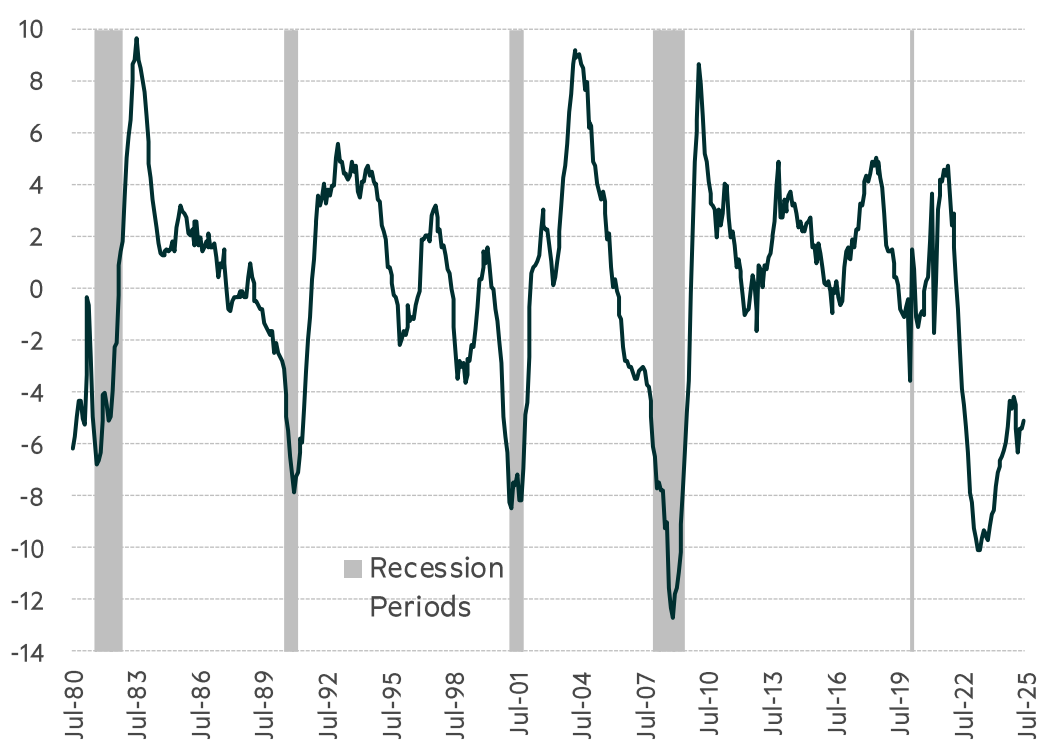


Conference Board Survey | The difference between Consumer Expectations and Current Situation indicators narrowed in August. A similar shift occurred between the Leading and Coincident indicators.

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

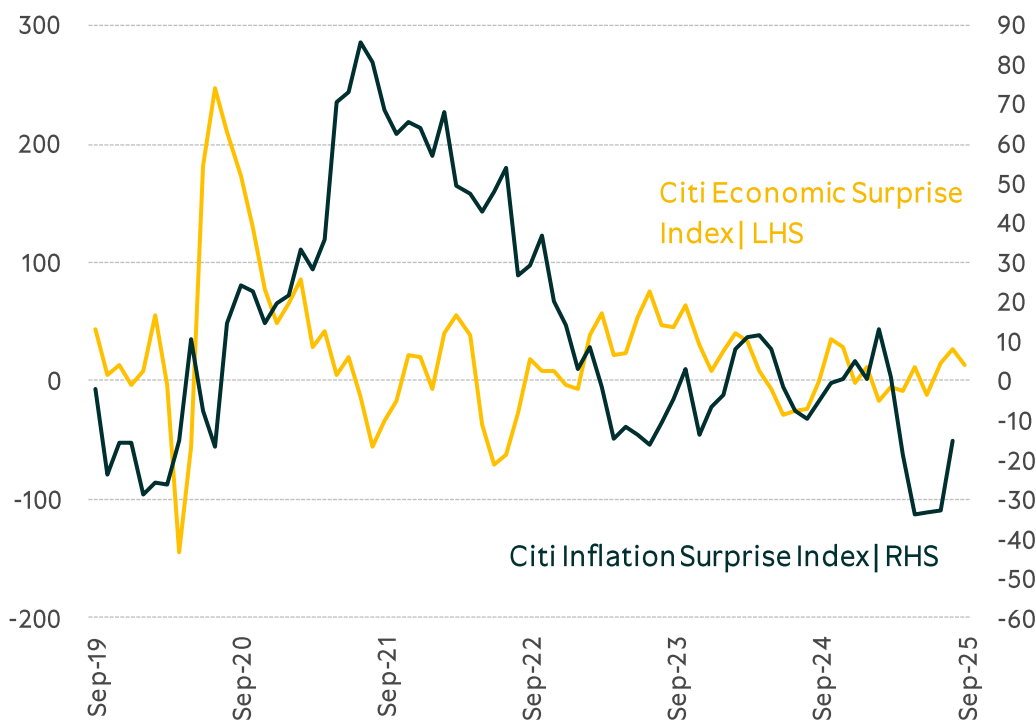


Difference between Leading & Coincident Indicators (Conference Board)

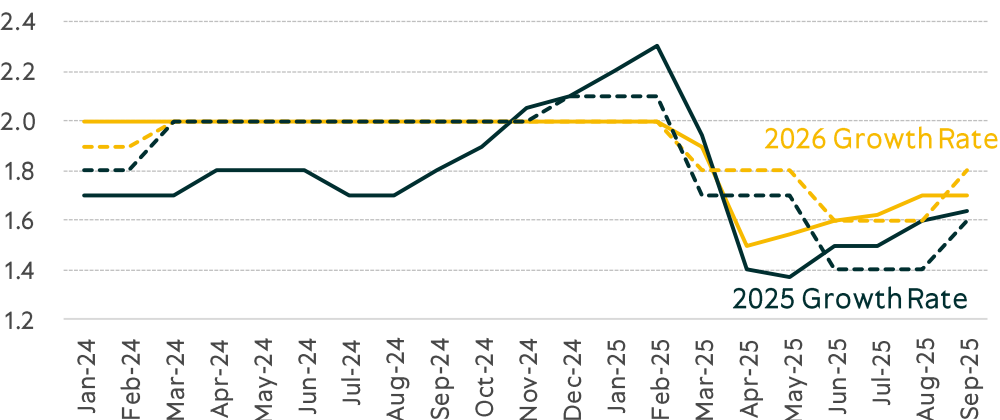


US Macro Expectations | Economic surprises remain positive; inflation surprises are less negative

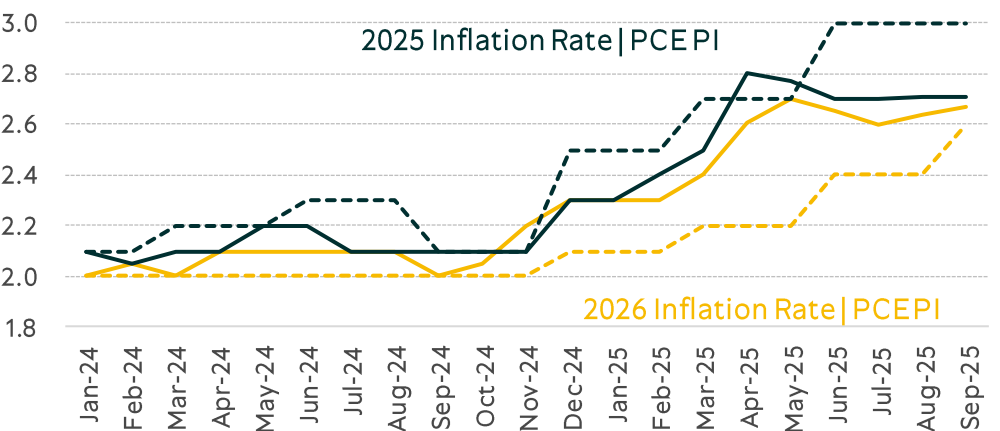
Economic & Inflation Surprises



Growth Rate Expectations*

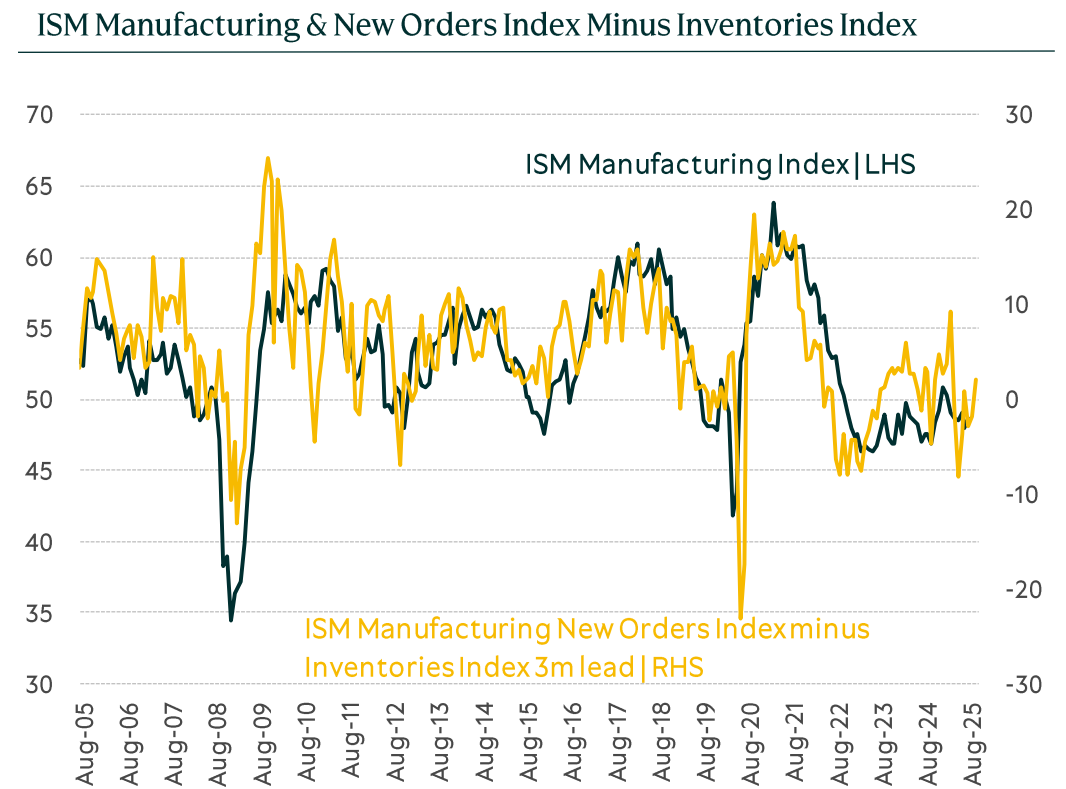
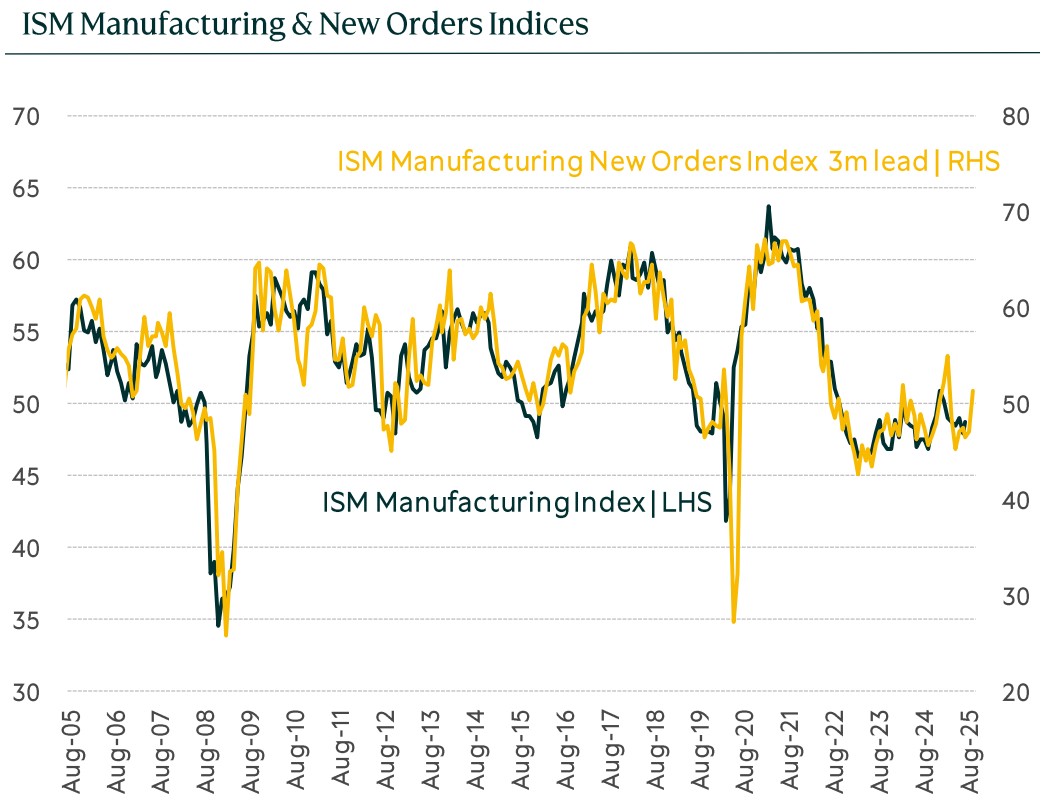


Inflation Rate Expectations*

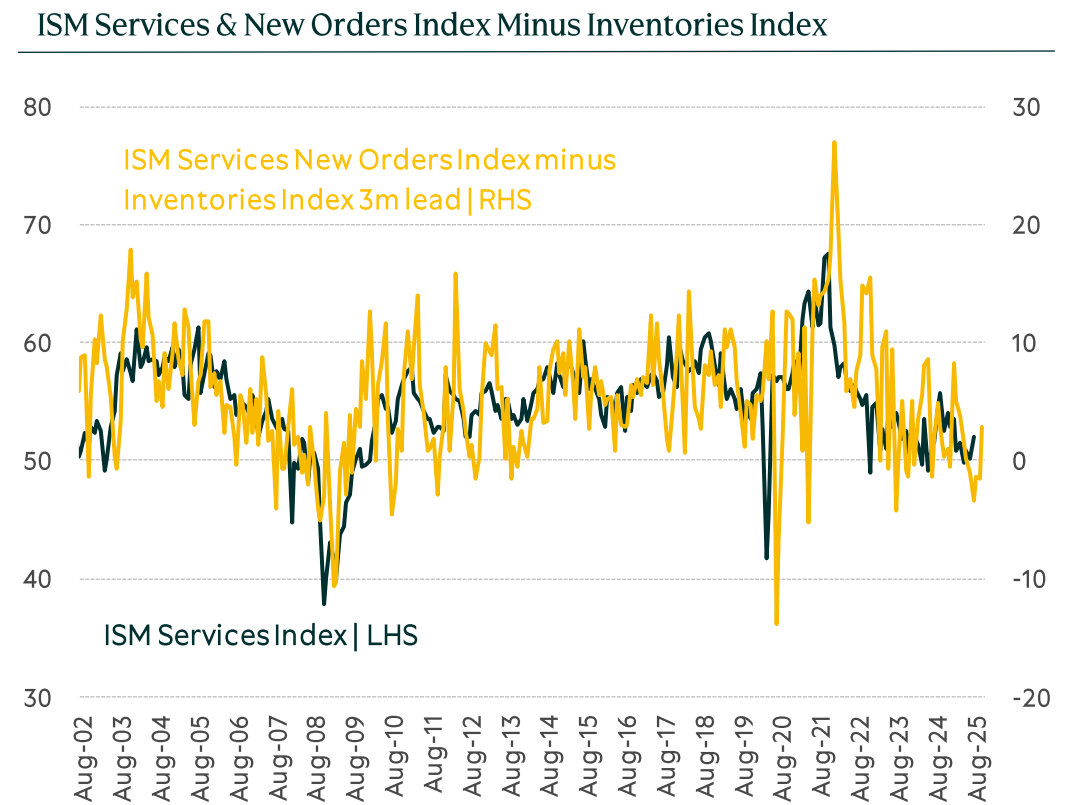
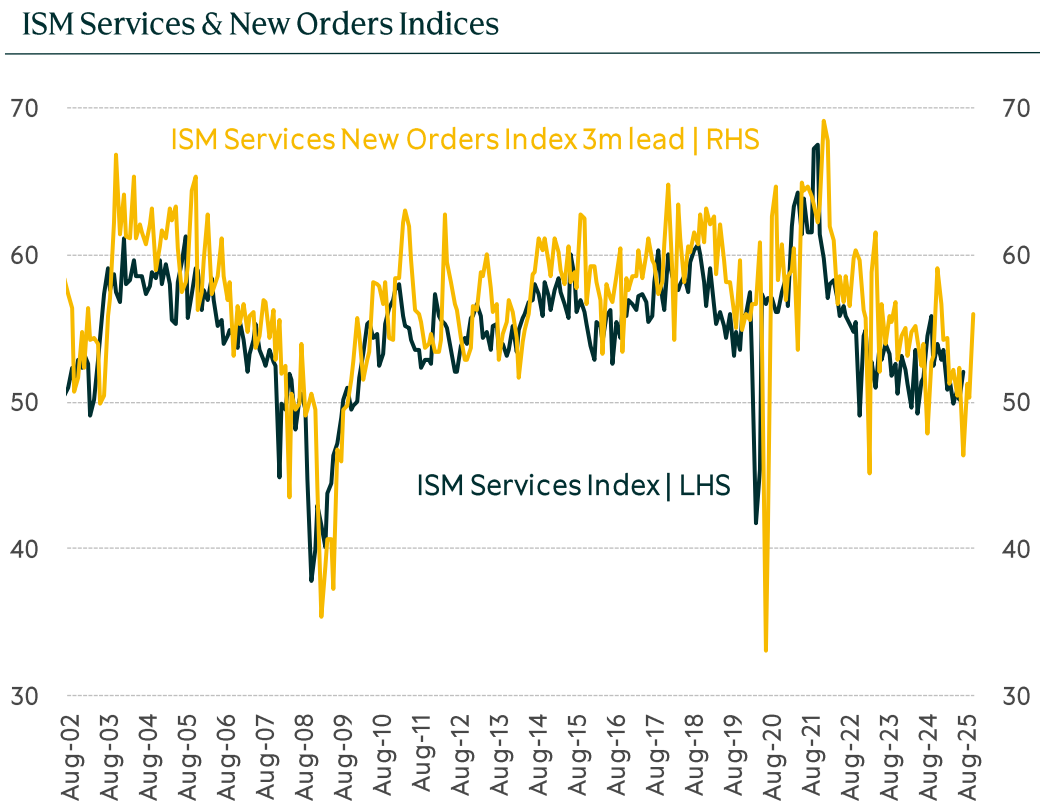


*Solid line: Consensus; Dotted line: Fed projections

US Leading Indicators | ISM Manufacturing remained below 50 in August for the sixth consecutive month, but New Orders beat expectations rising to 51.4.

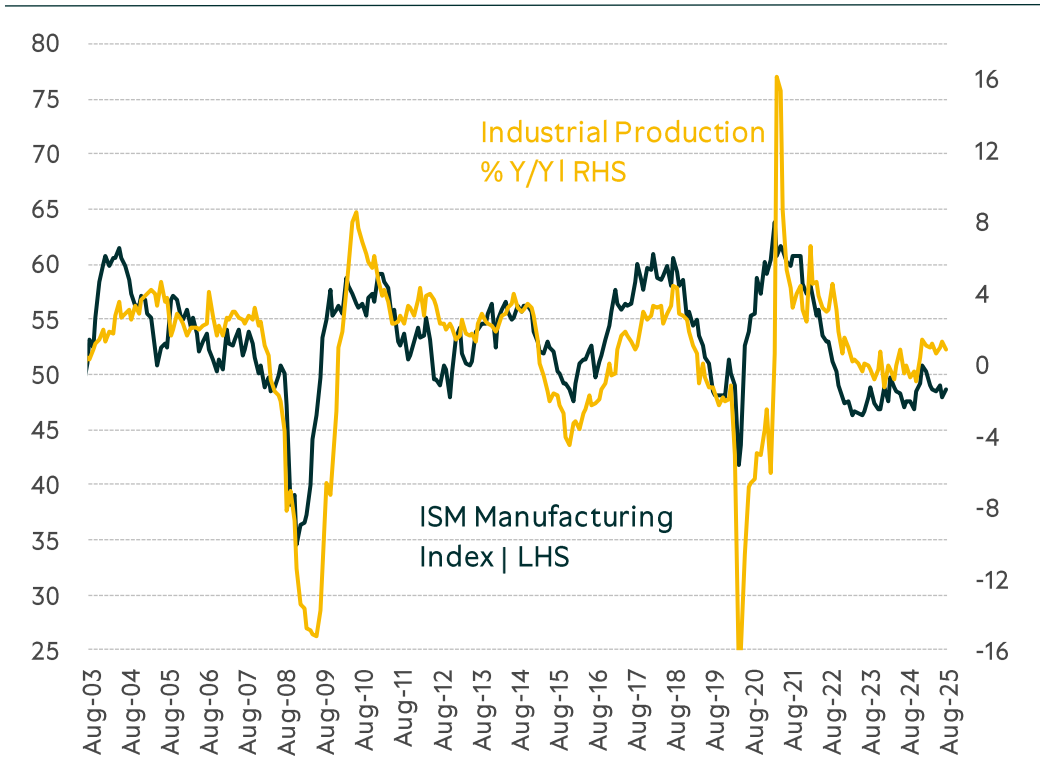


US Leading Indicators | ISM Services rose further in August mainly led by a large increase in the New Orders component.

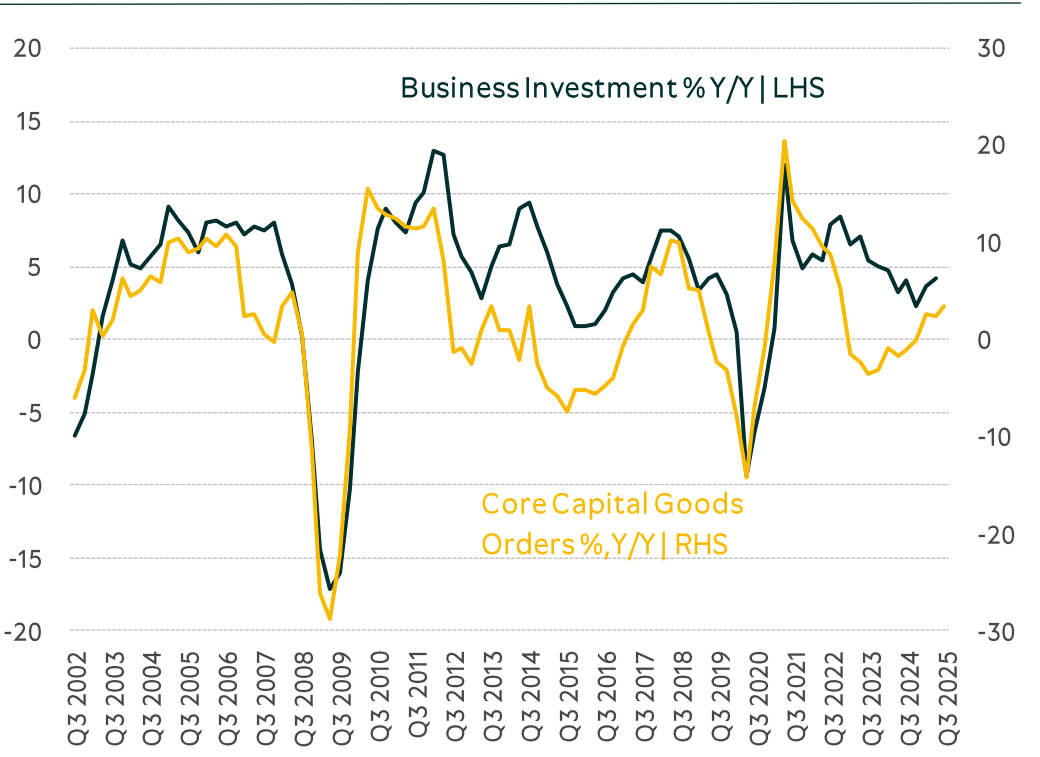


US | Industrial Production edged up in August. Business investments and Core Capital Goods rose further in Q2 and Q3, respectively.

Industrial Production & ISM Manufacturing

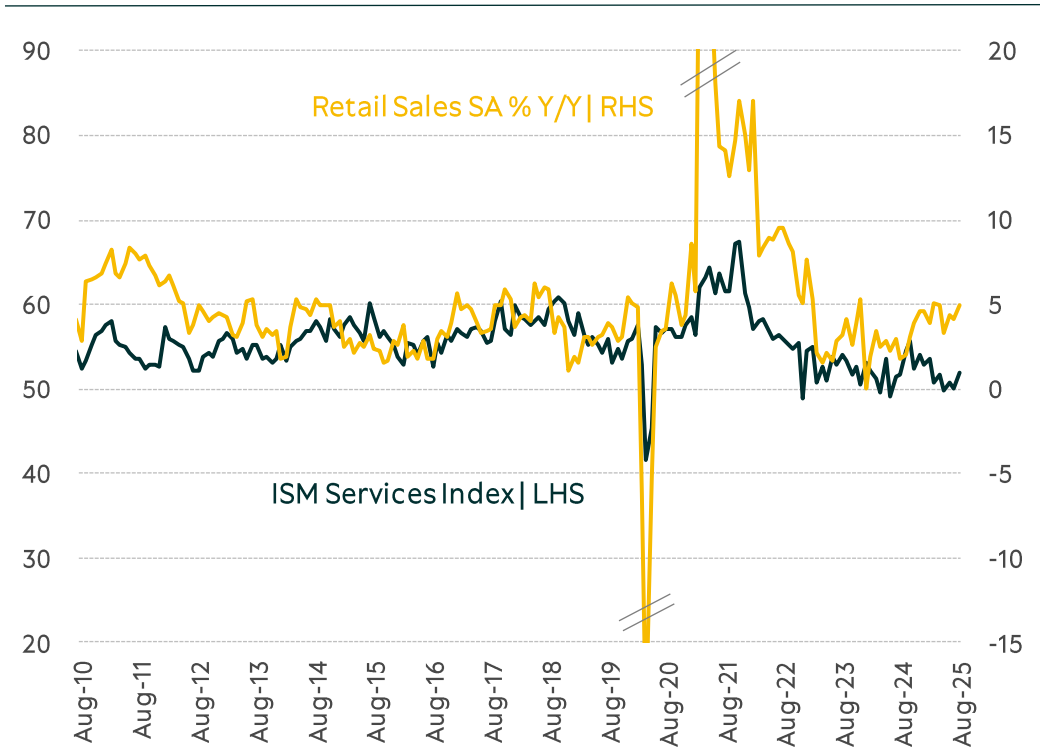


Core Capital Goods Orders & Business Investment

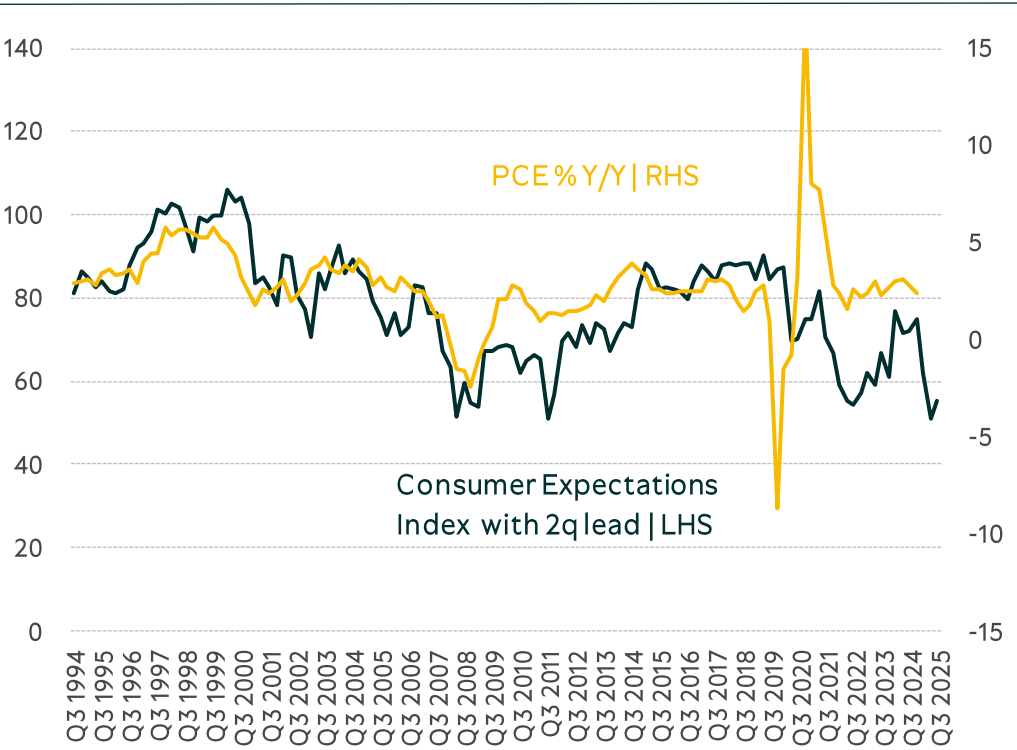


US | The US consumer had been the main “growth driver” so far. Retail sales rose faster than expected in August. Consumer expectations still point to lower consumption ahead.

Retail Sales & ISM Services

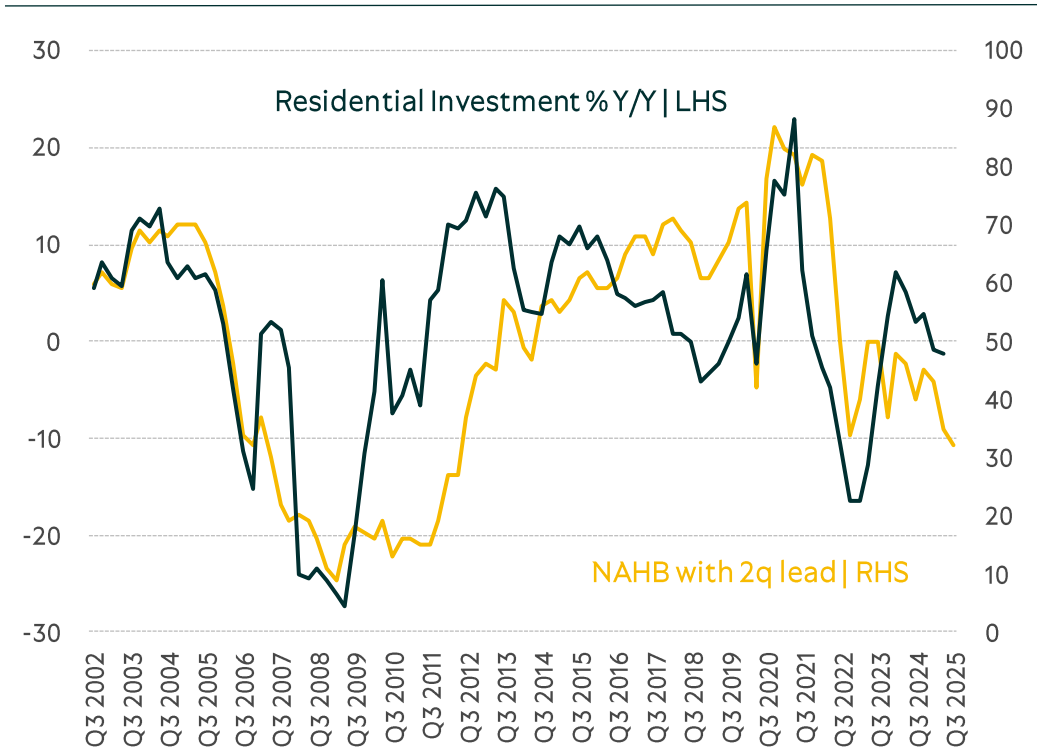


Personal Consumer Expenditure & University of Michigan Consumer Expectations Index

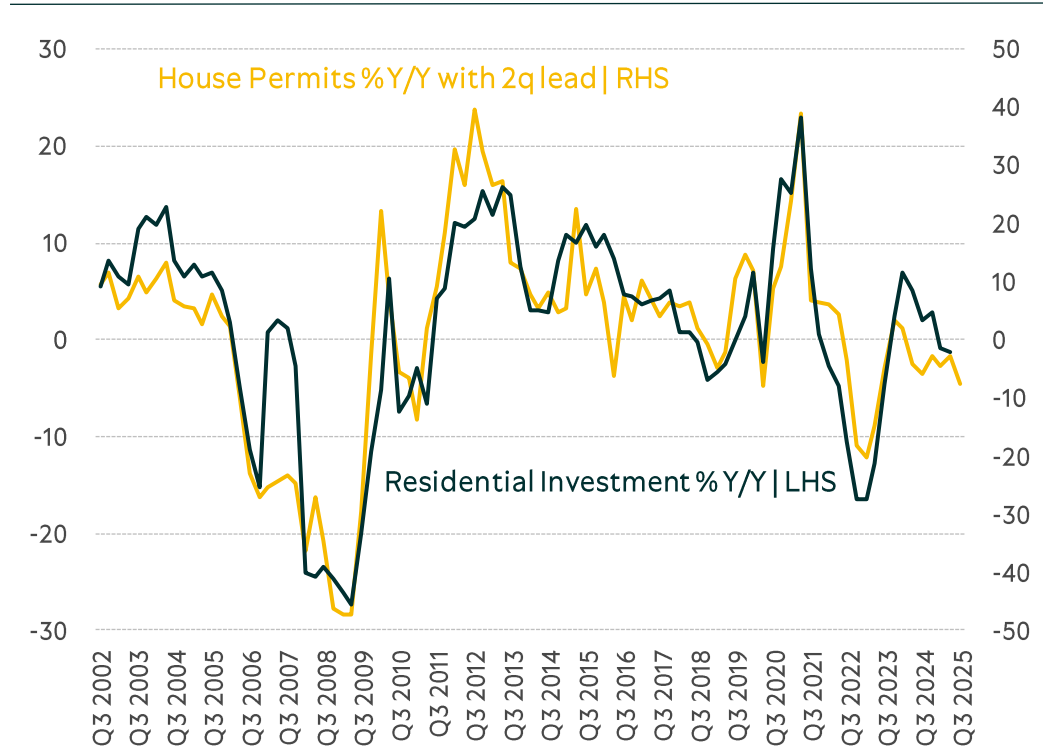


Housing Market | Residential investment declined further in Q2. Policy uncertainty is having a negative impact on home builders' expectations.

Residential Investment & NAHB Index

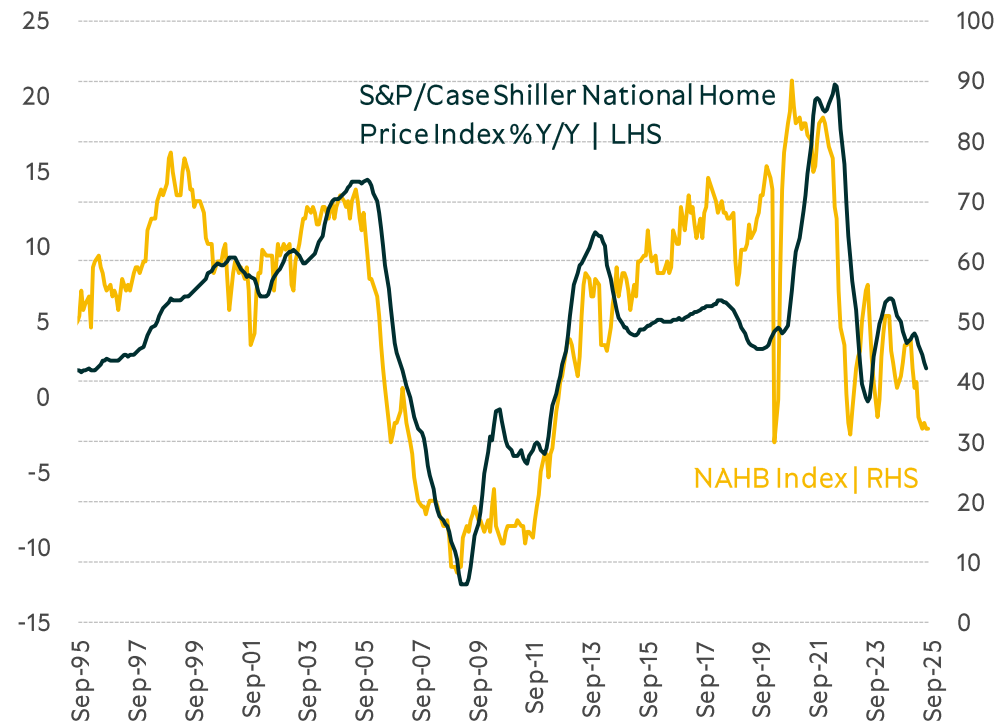


Residential Investment & House Permits

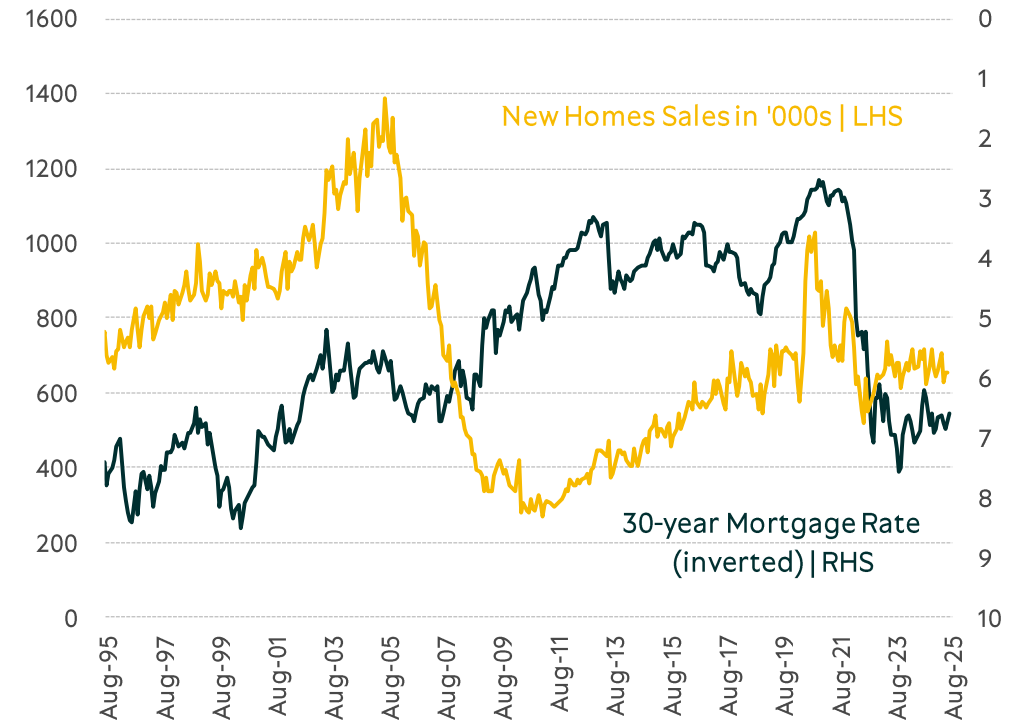


Housing Market | Homebuilder confidence remained low in September despite a small decrease in 30-year mortgage rates.

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

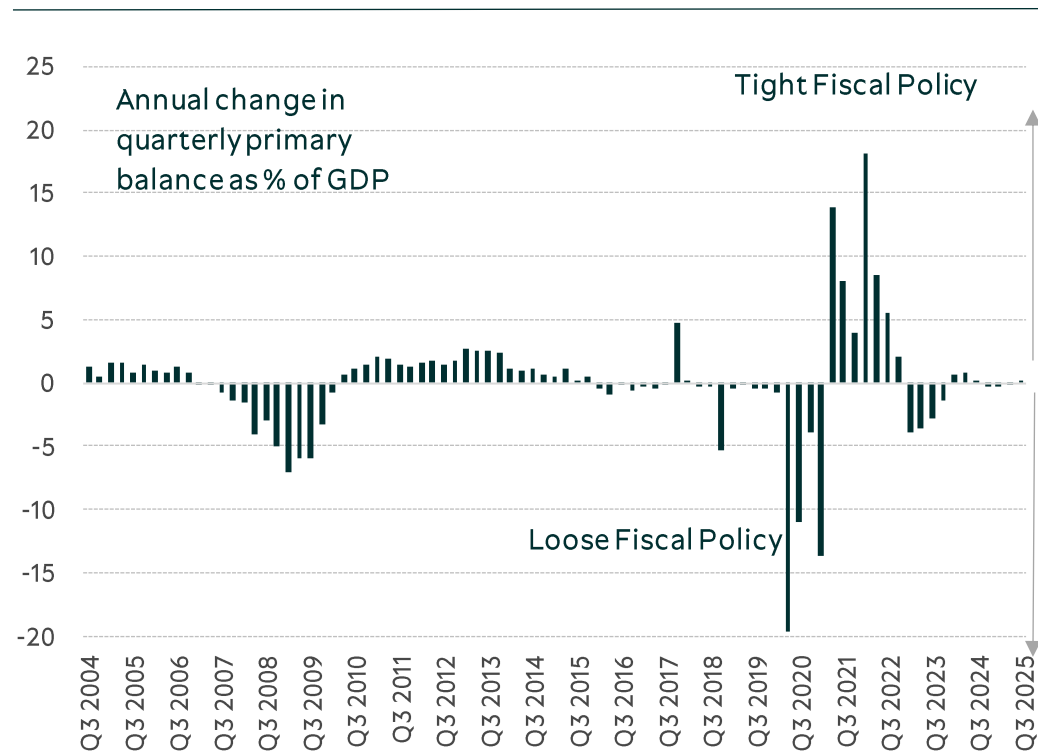


US new home sales and 30-year mortgage rates

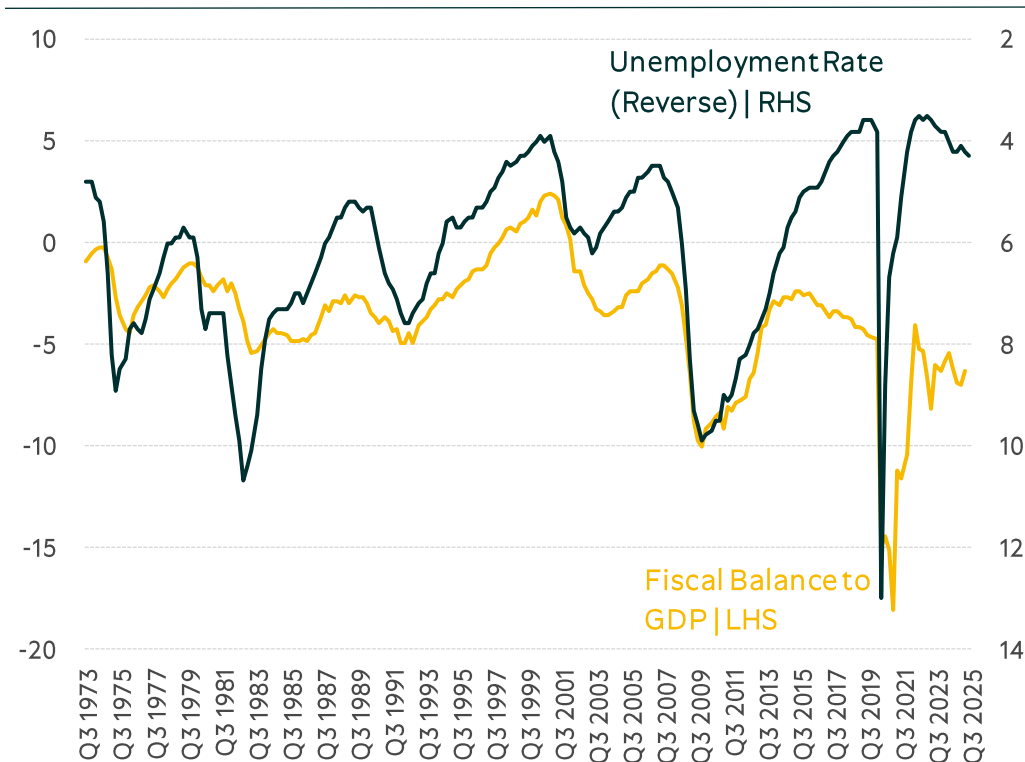


Fiscal Policy | Still too loose vs unemployment. Fiscal challenges ahead.

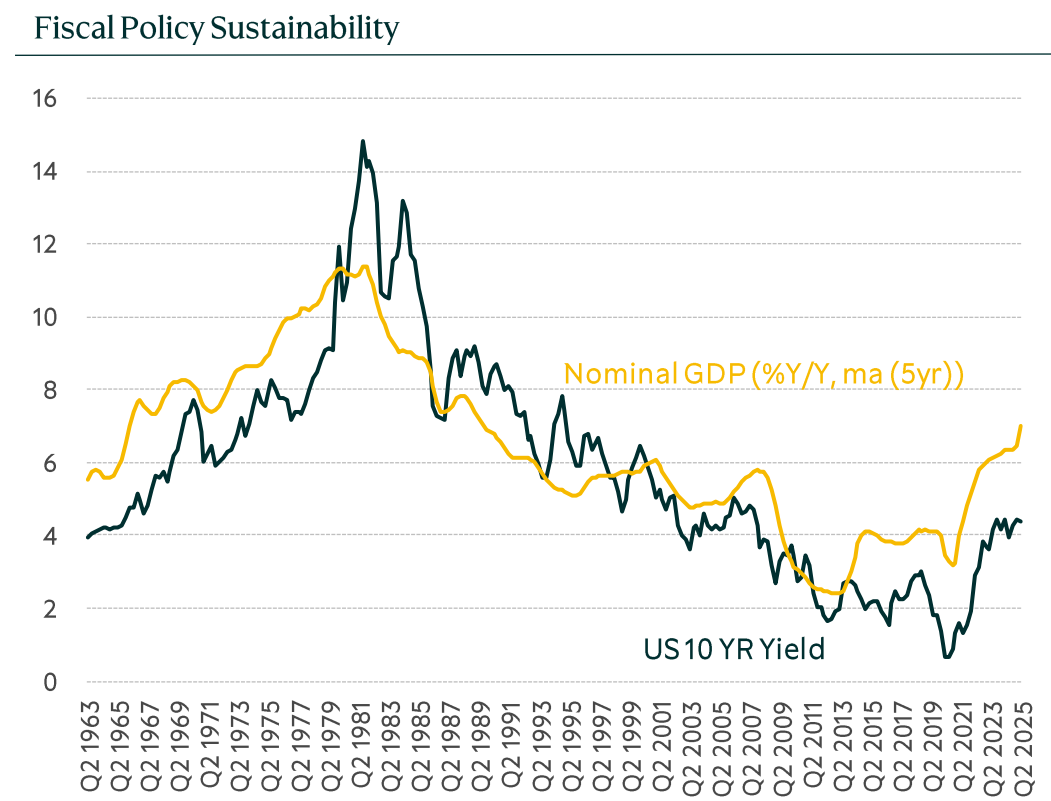
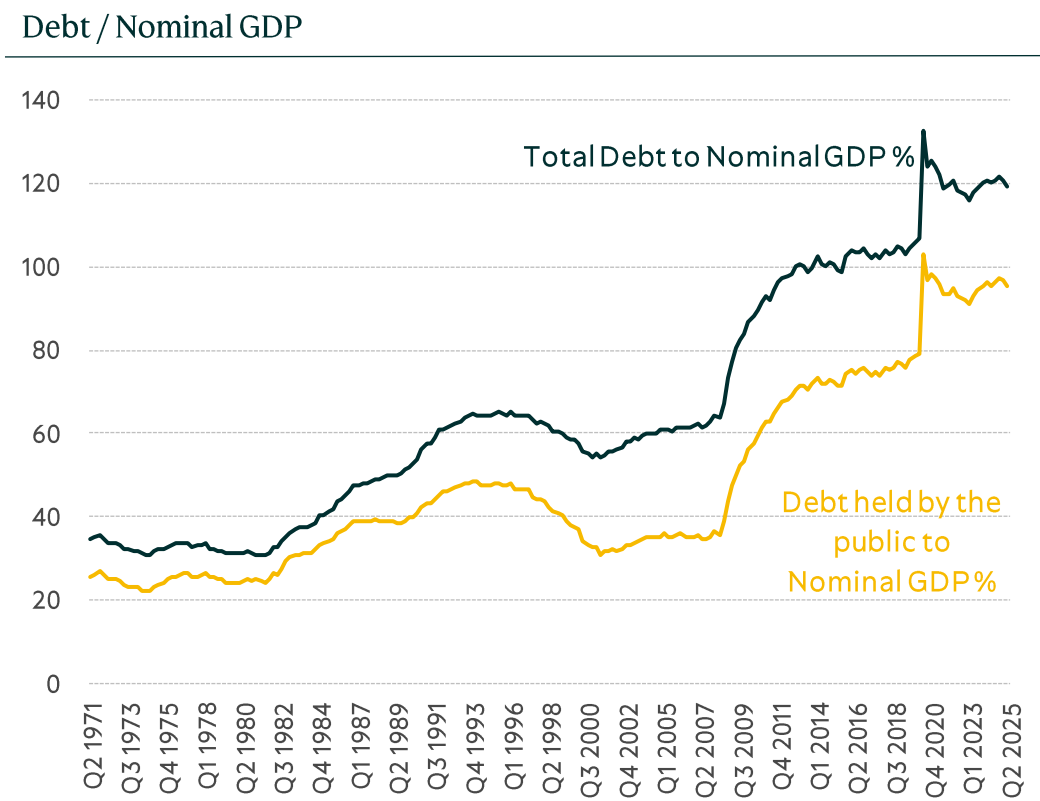
Fiscal Thrust



Fiscal Policy vs Unemployment

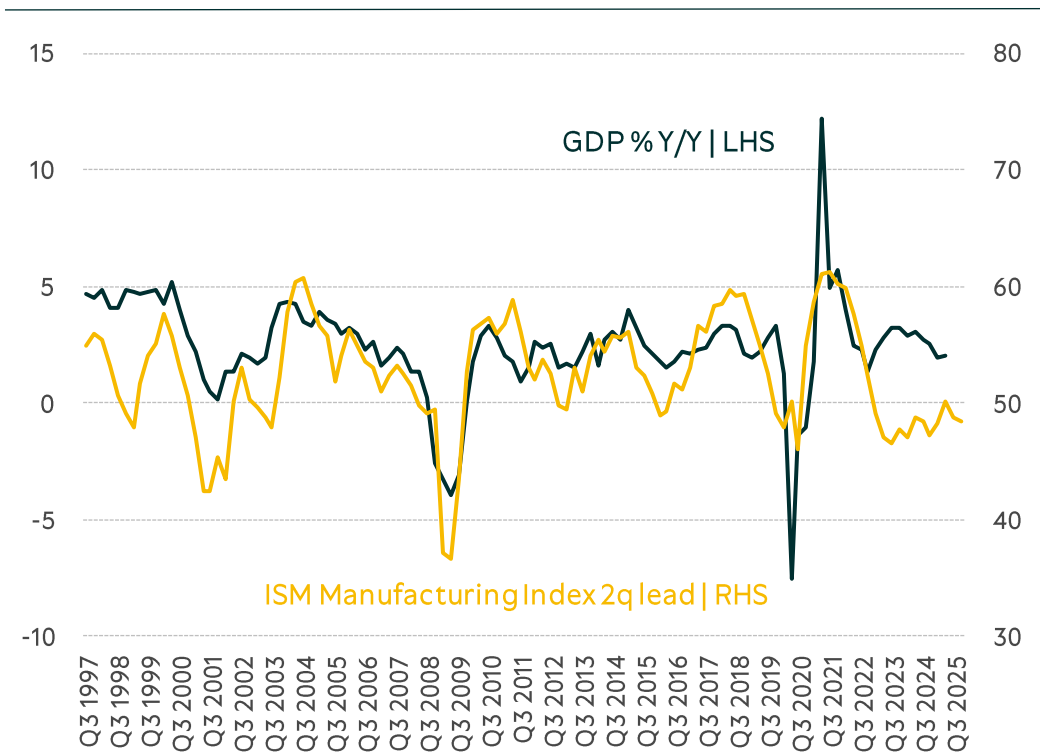


Fiscal Policy | The nominal growth rate is likely to remain at higher levels than the long-term cost of public financing.

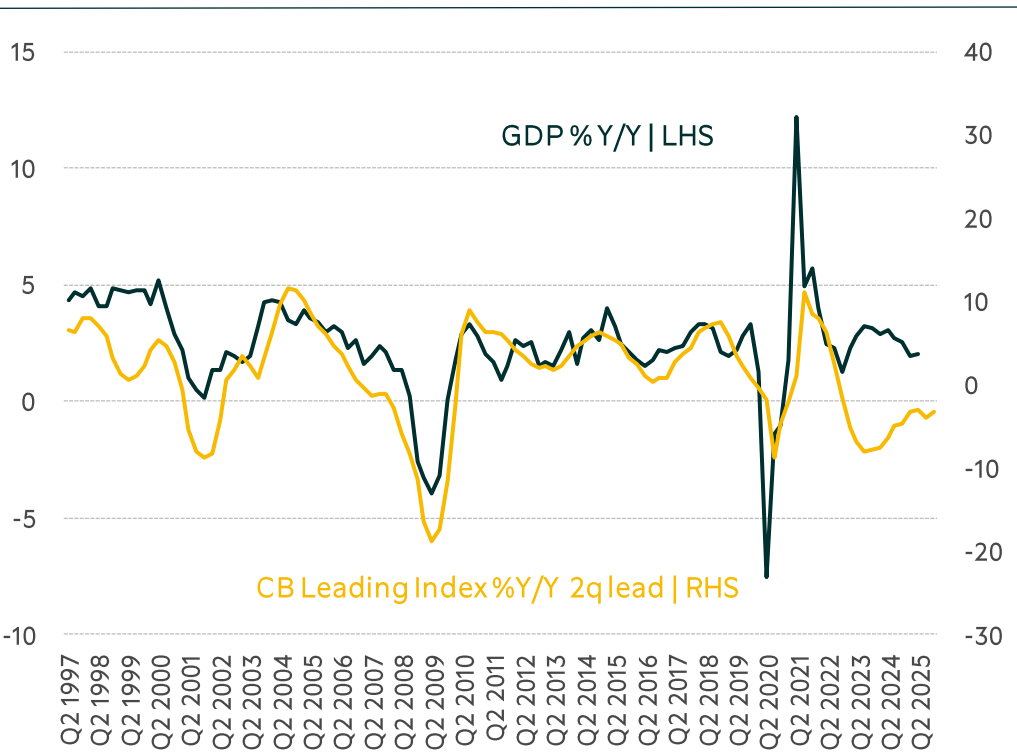


US GDP Outlook | Leading indicators point to deceleration in real GDP

GDP & ISM Manufacturing Indicator

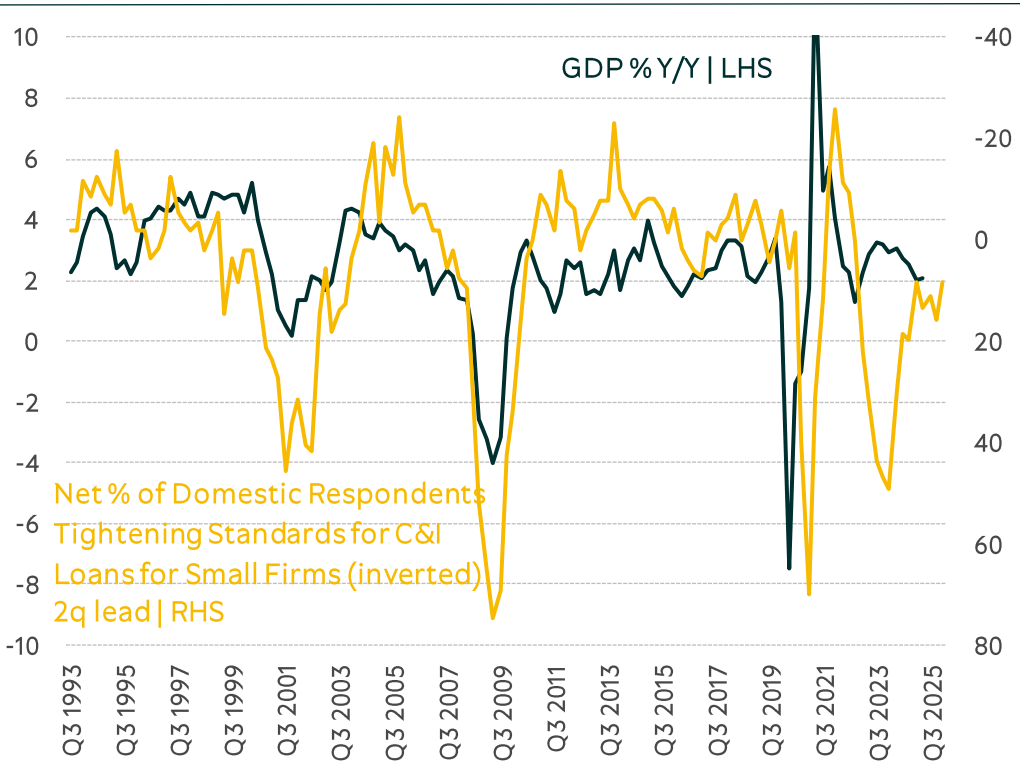


GDP & CB Leading Indicator

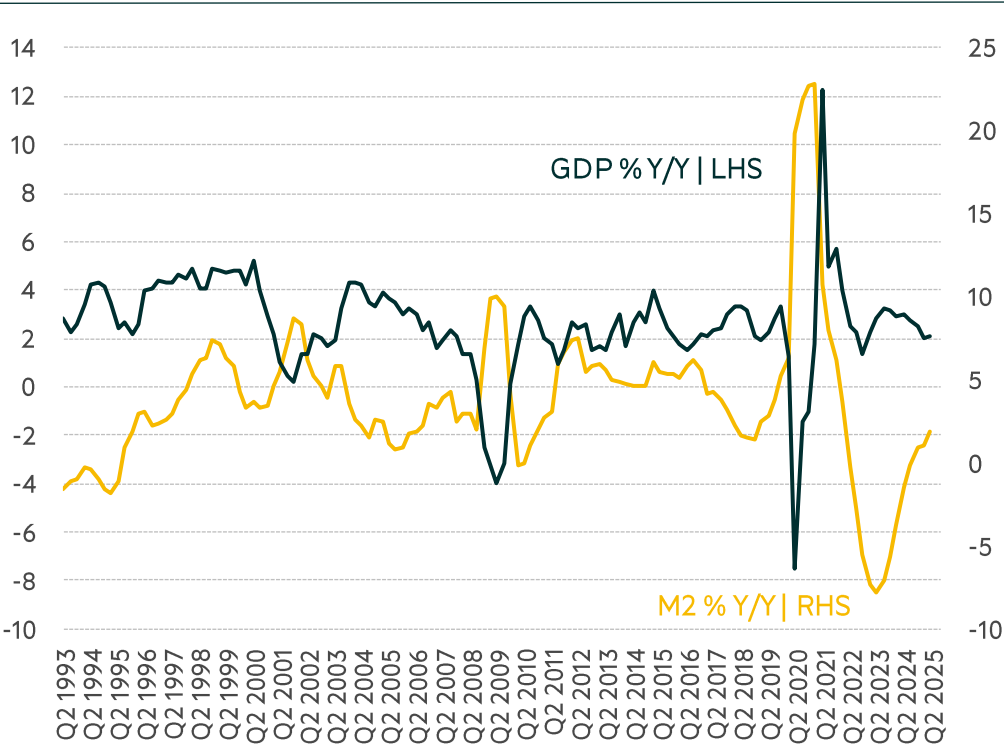


US GDP Outlook | Further decrease in Tightening of Lending Standards & improvement in M2

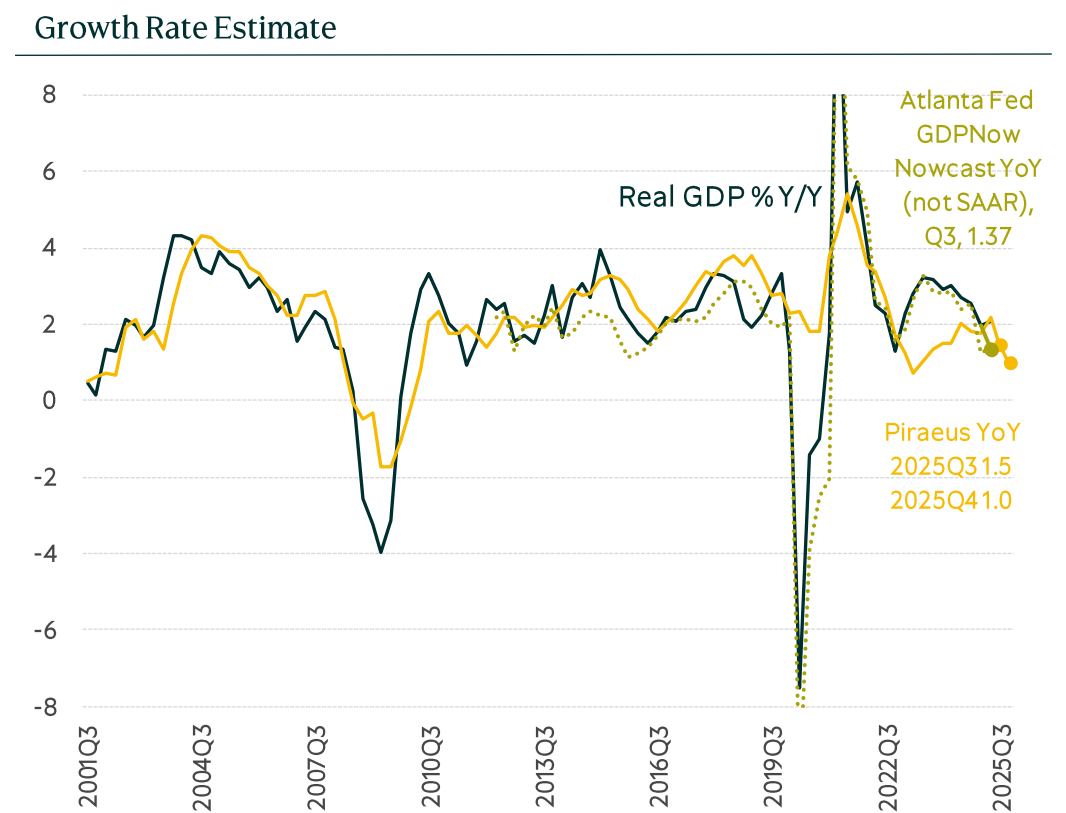
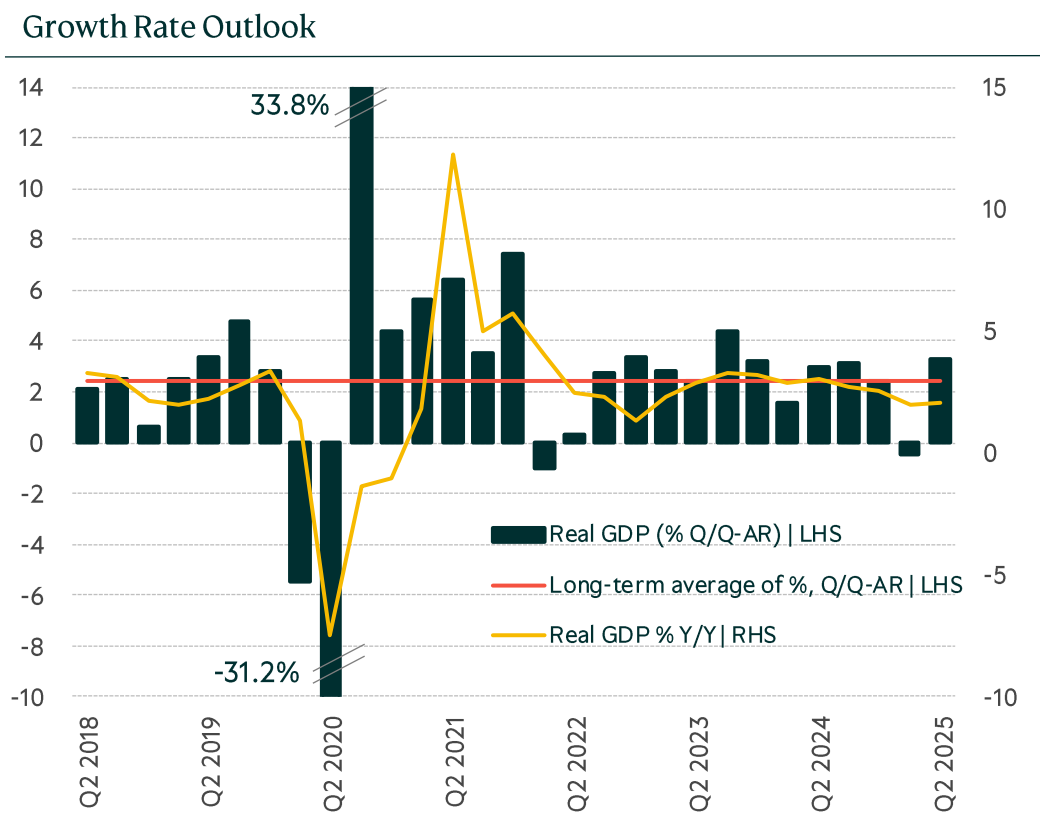
Senior Loan Officer Opinion Survey on Bank Lending Practices



M2 growth vs GDP

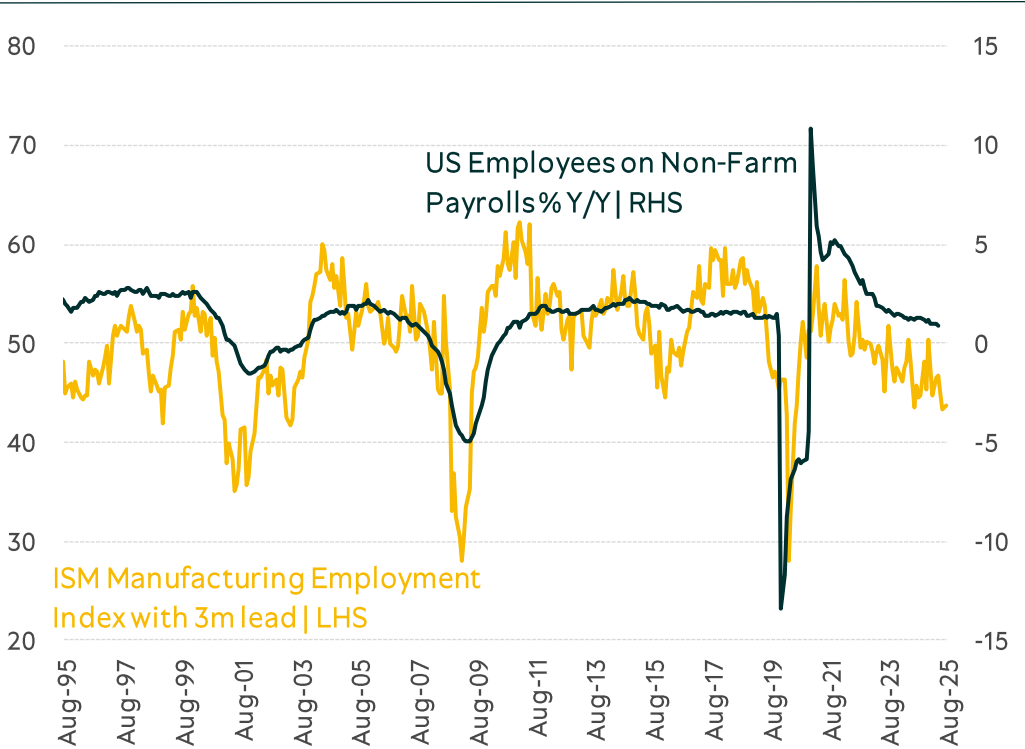


US GDP Outlook | GDP growth is projected to slow down as elevated uncertainty is likely to weigh on growth

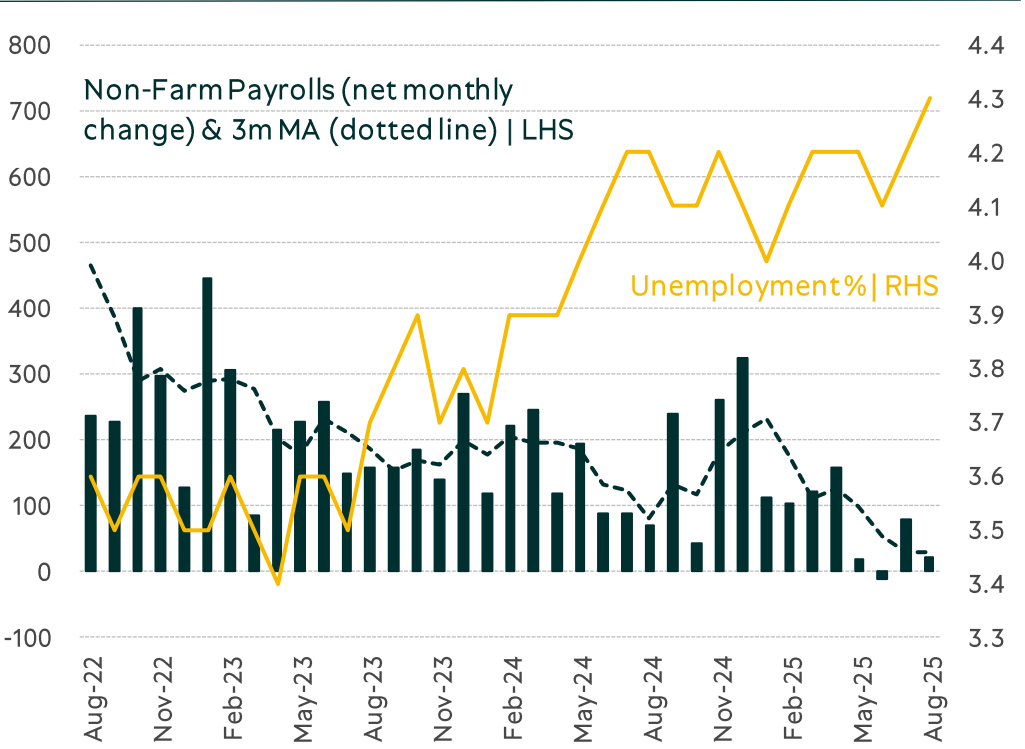


US Labour Market | Non-farm payroll growth slows, with manufacturing employment under pressure

Employment & Leading Manufacturing Indicator

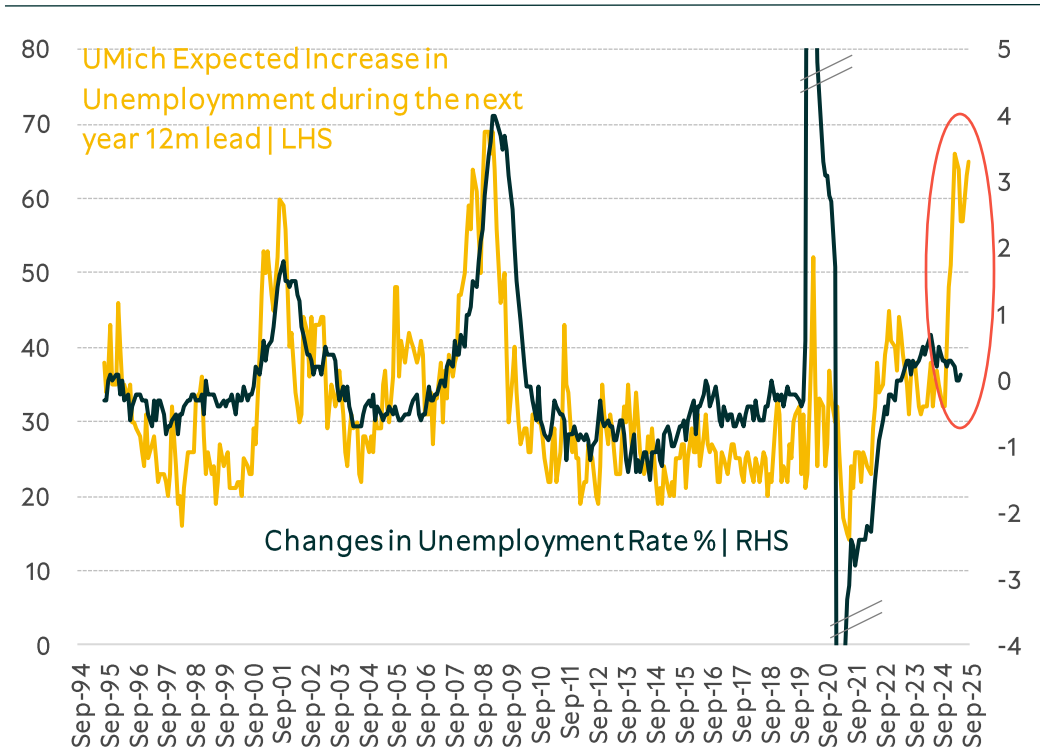


Nonfarm payrolls & Unemployment

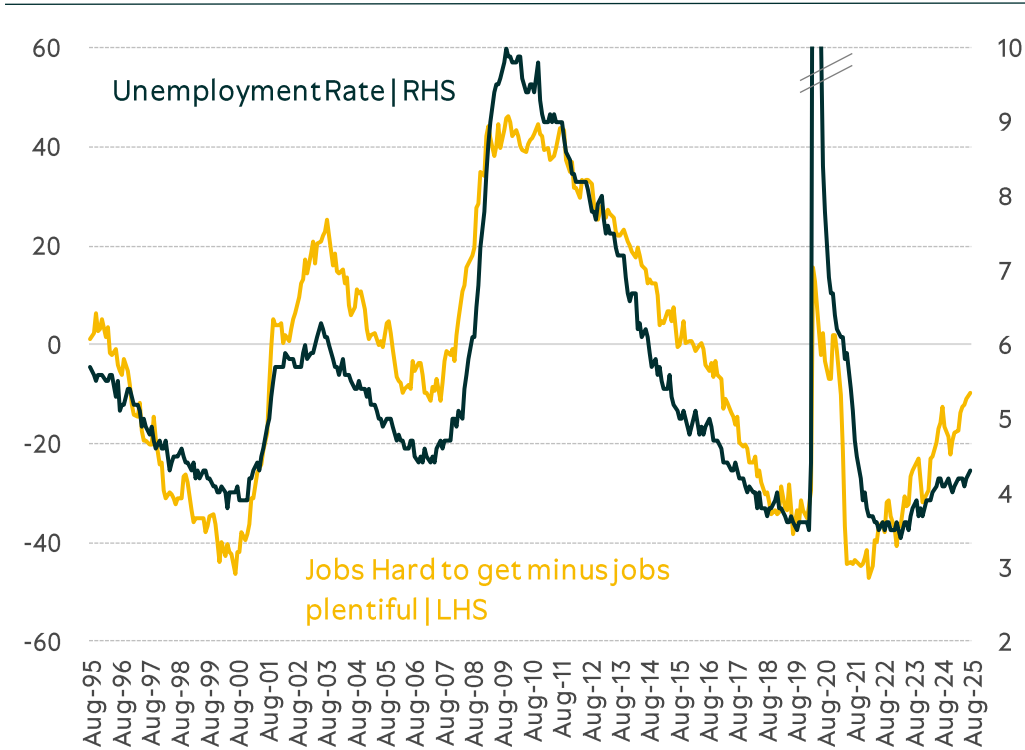


US Labour Market | Unemployment expectations remain elevated. The gap between those saying jobs were hard to get and jobs were plentiful narrowed in August.

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

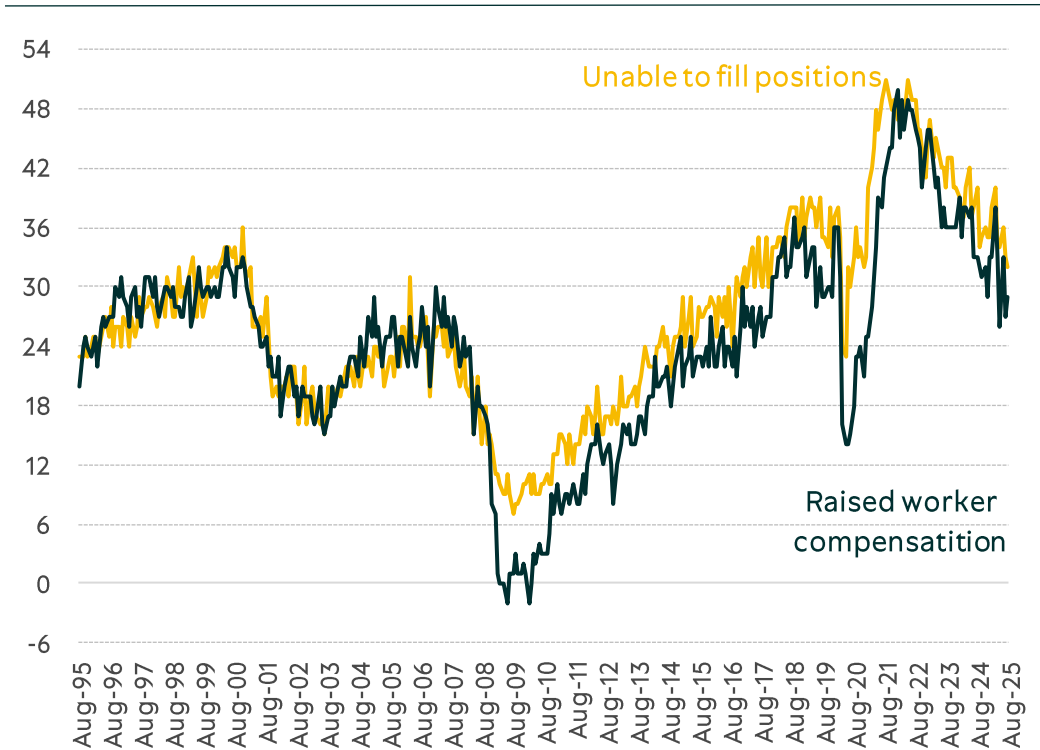


Conference Board Labor market differential & Unemployment rate

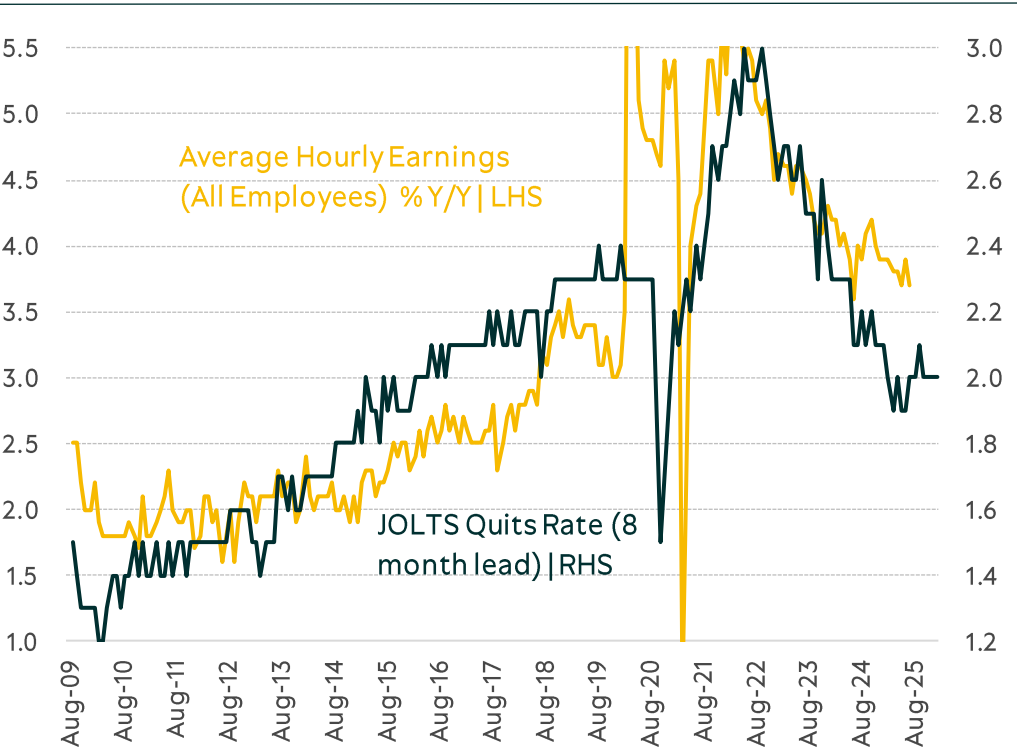


US Labour Market | According to August's NFIB survey a net 29% reported raising compensation, up 2 points from July. The JOLTS Quits Rate remained at 2%.

US NFIB small business survey

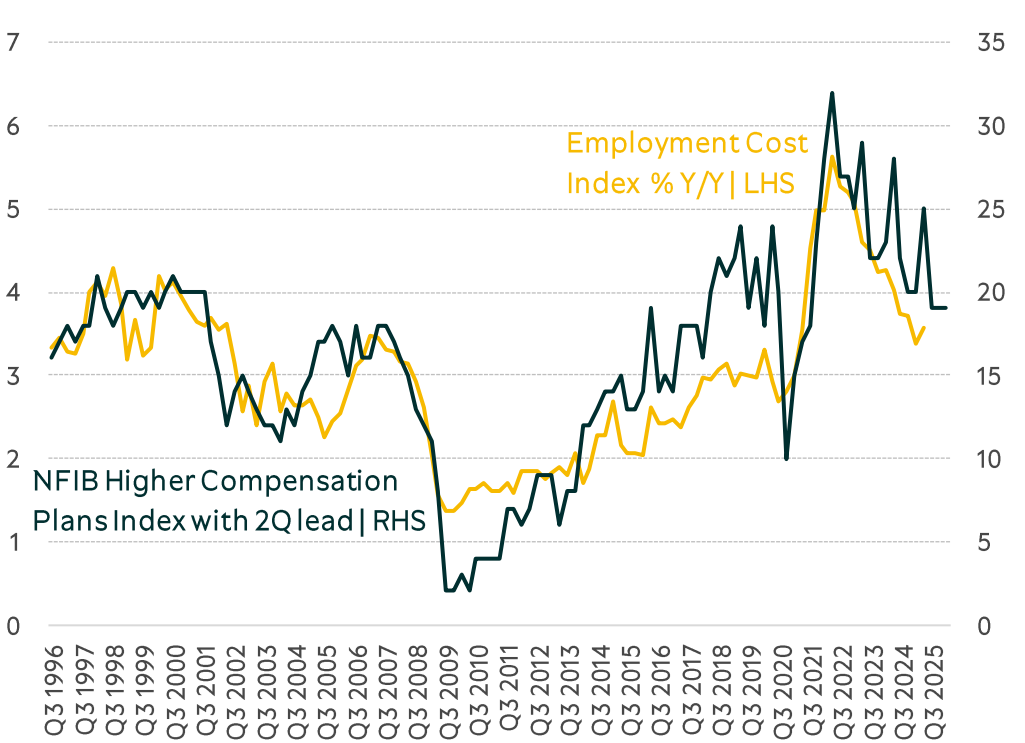


Wages & Quits Rate

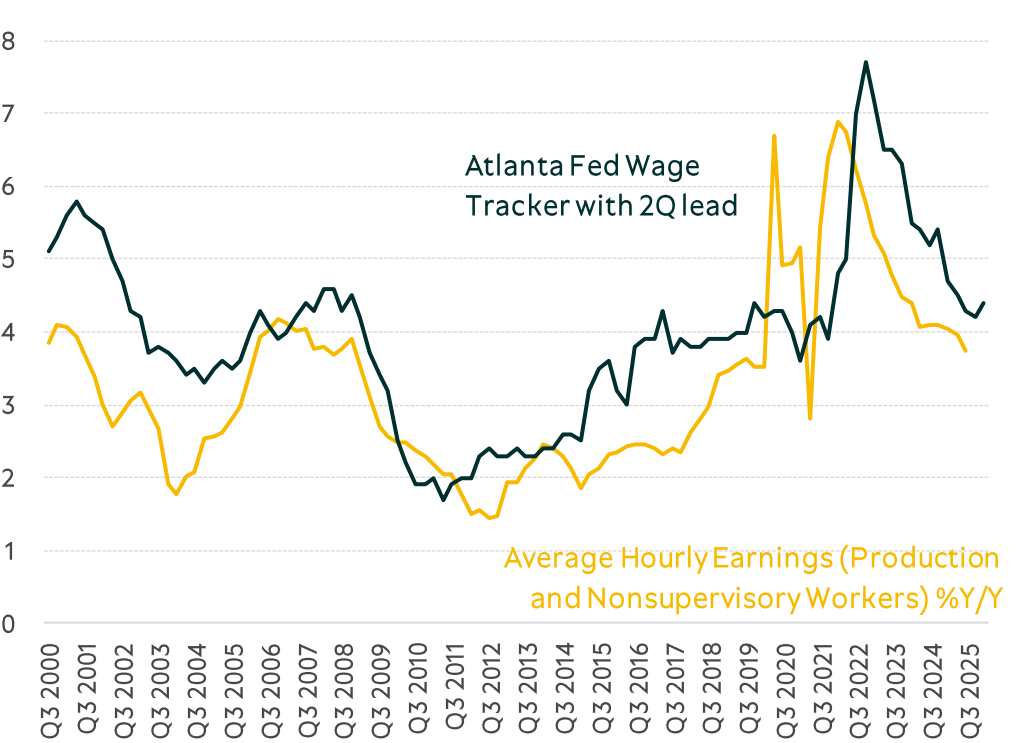


US Wage Tracker | Wage pressures are easing but remain elevated

Employment Cost & Leading Indicator

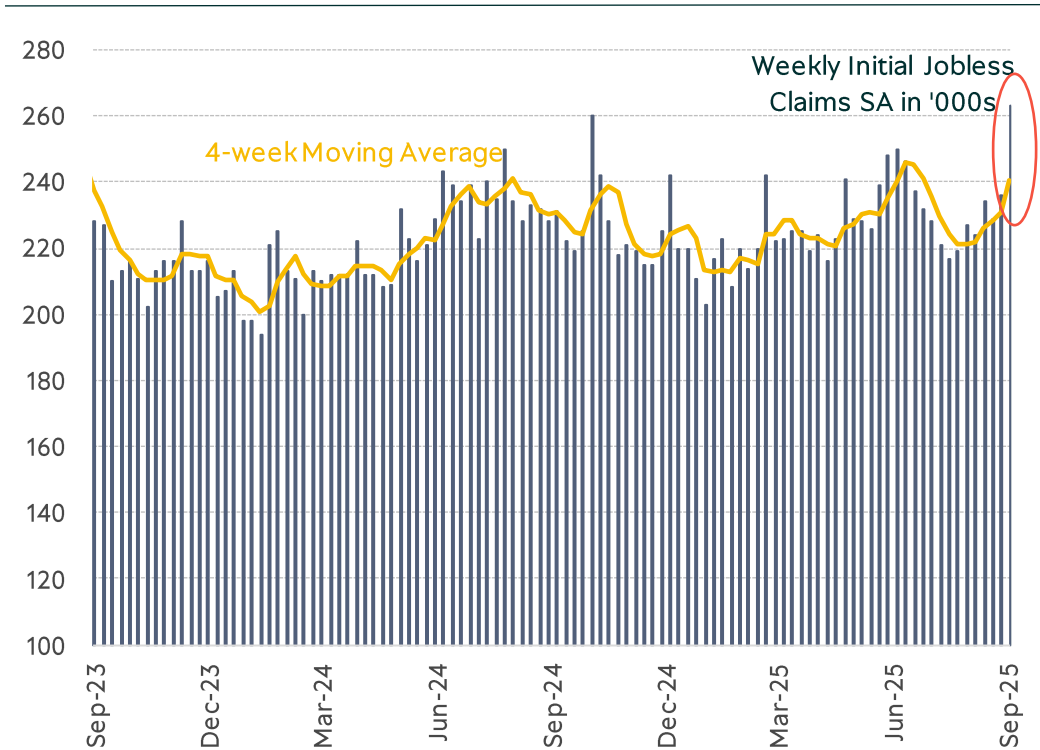


Wages & Leading Indicator

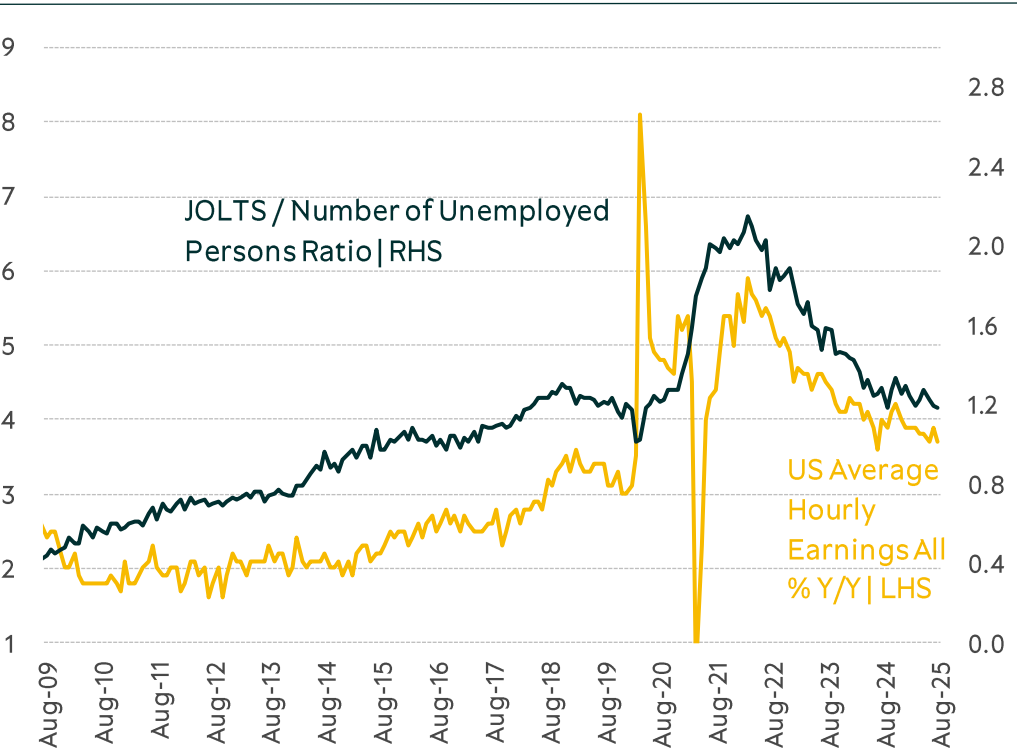


US Labour Market | Latest Weekly Initial Jobless Claims highest since 2021, although most of this was idiosyncratic to Texas (+21k).

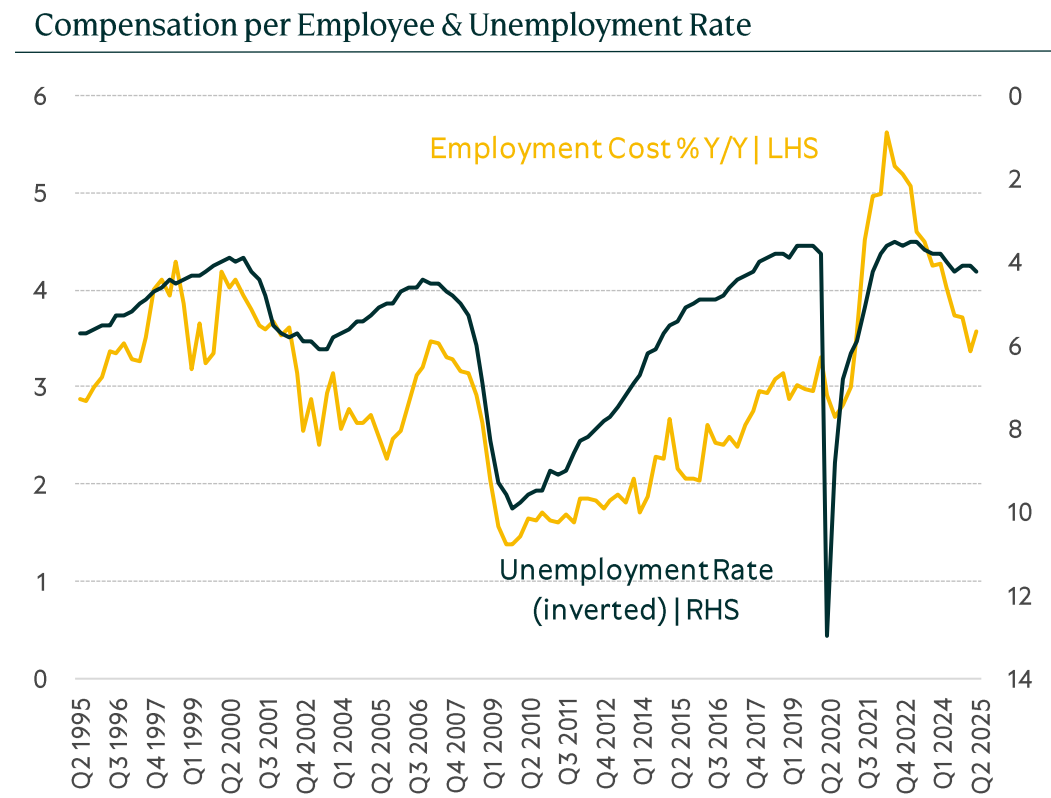
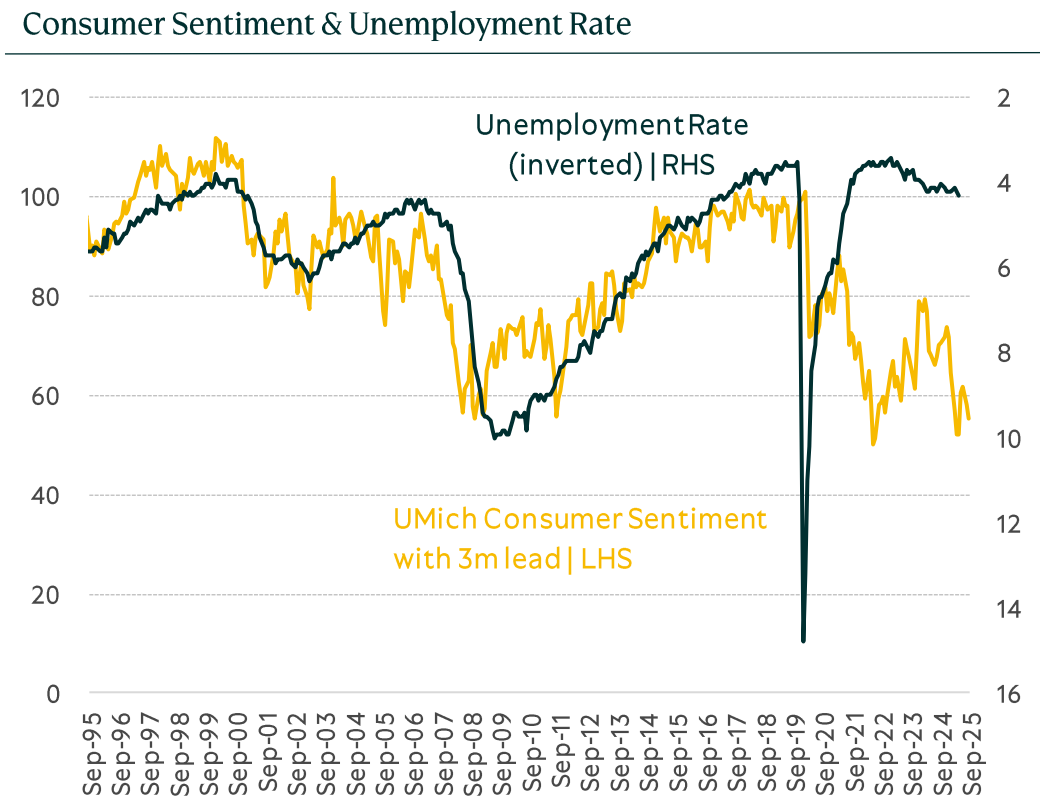
Weekly Initial Jobless Claims



Demand & Supply in Labour Market

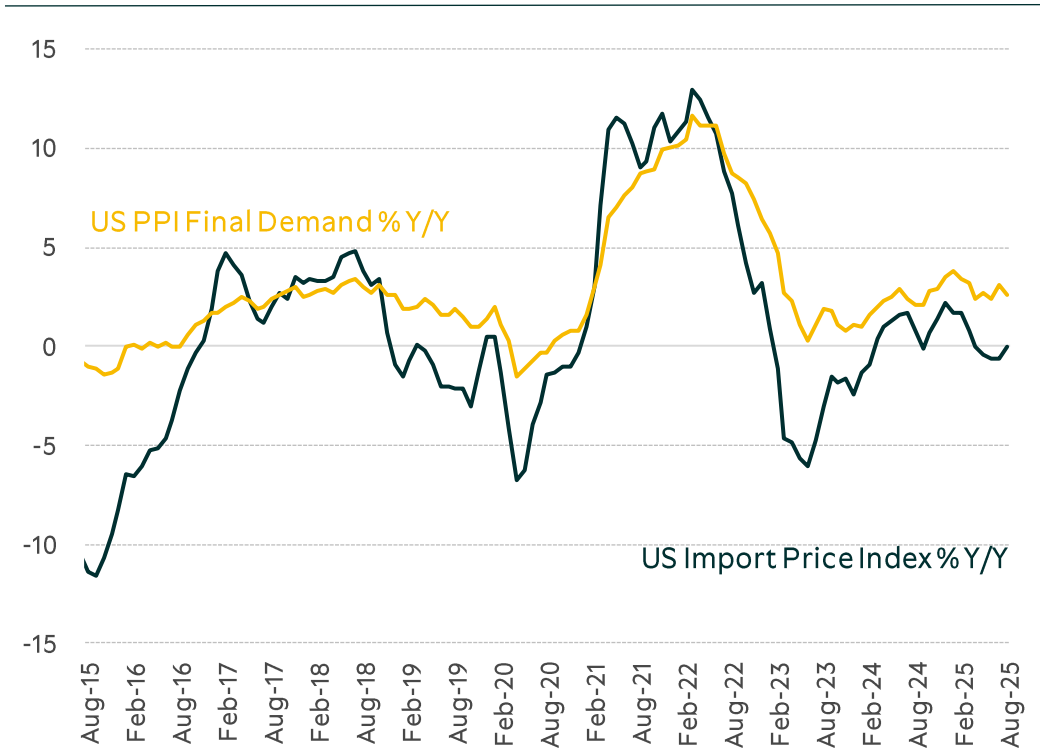


US Labour Market | Consumer sentiment declined in September for a second month in a row. Employment costs moved up in Q2 2025.

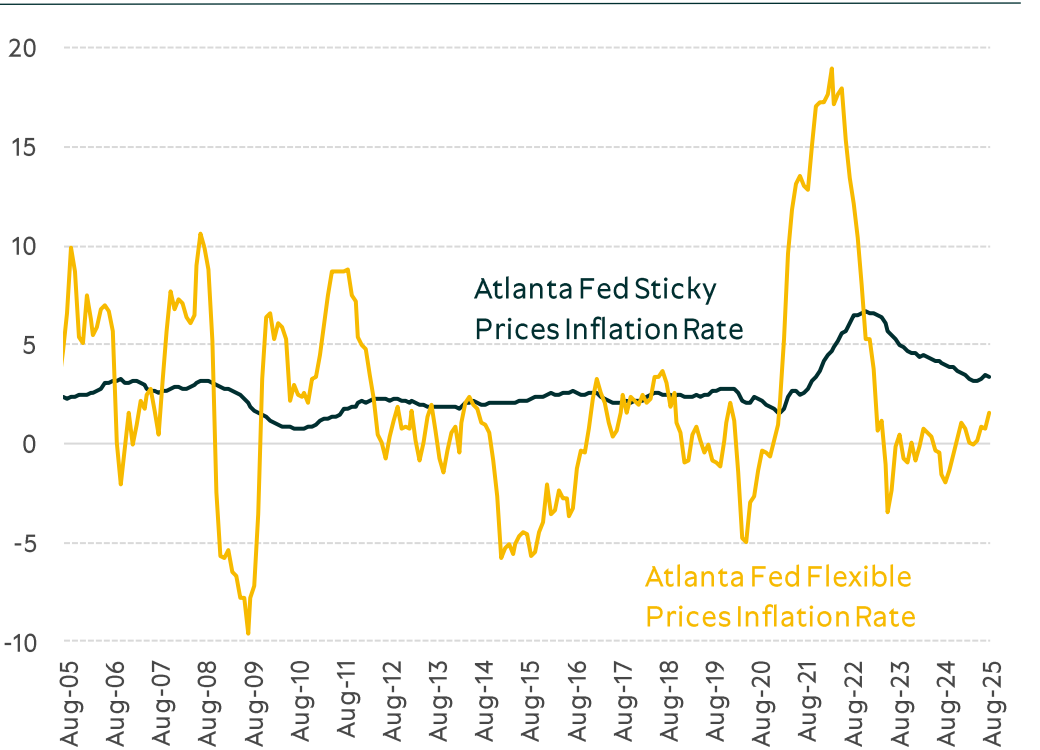


US Alternative Inflation Metrics | Inflation pressures had been mostly limited to the sticky prices segment, though flexible prices are on the rise. Significant slowdown at the producer level in August.

Producers Price Index and Import prices

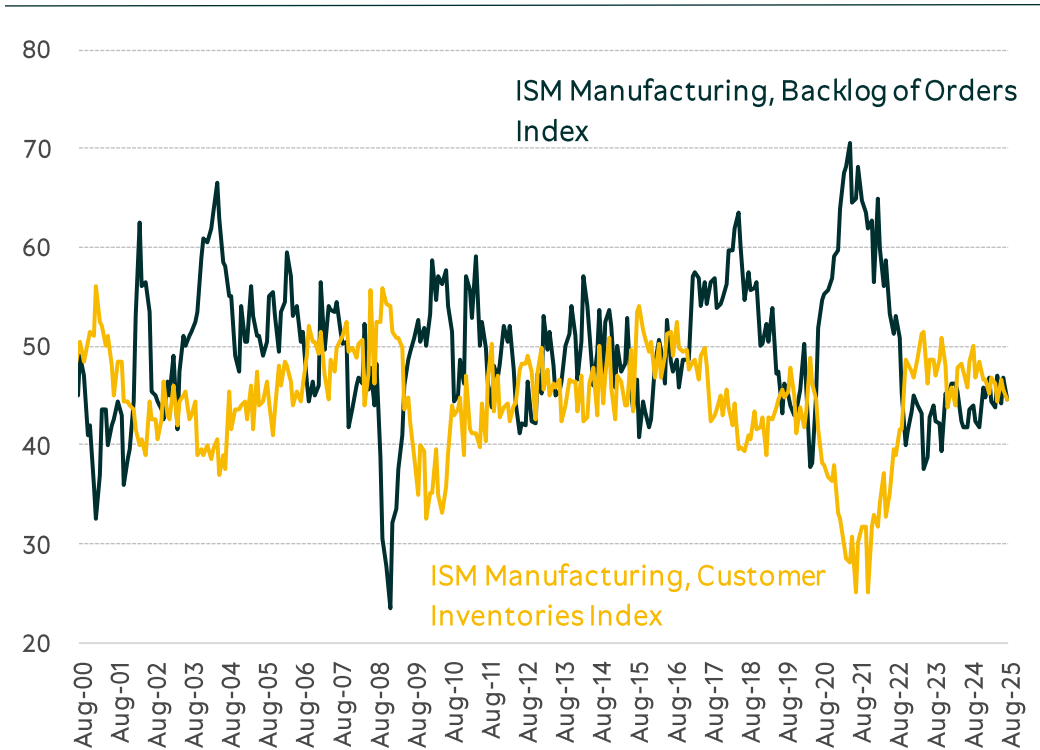


Sticky & Flexible Prices

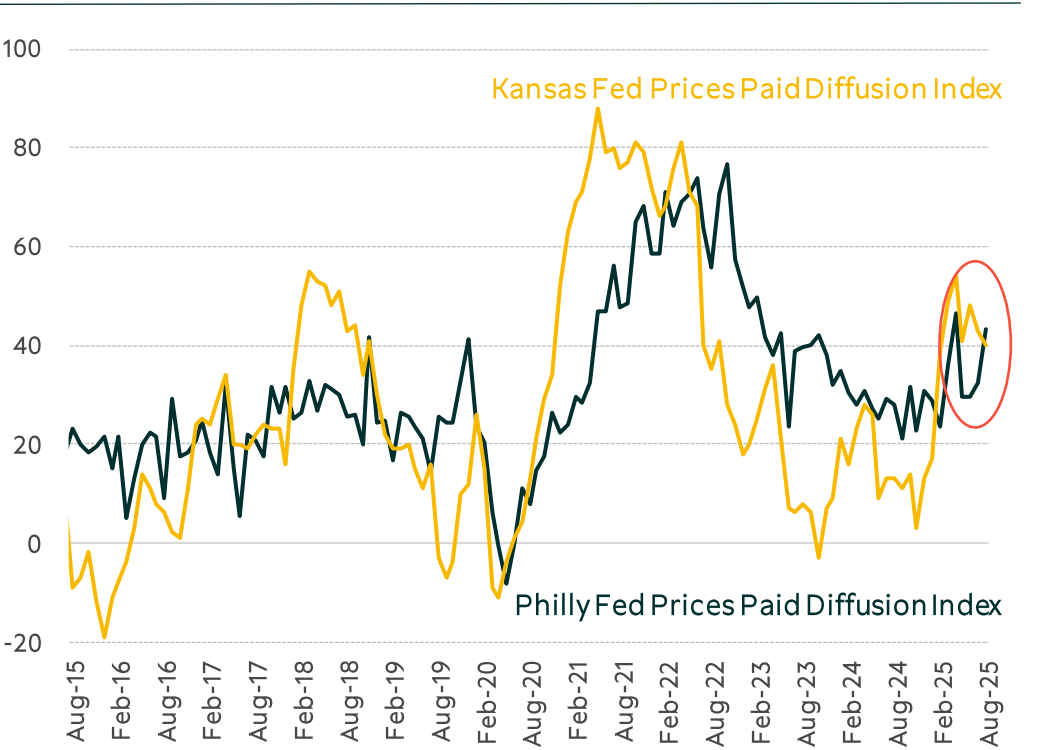


US Supply & Demand Gap | Customer inventories and Backlog both fell in August; mixed price pressures from regional Feds’ surveys.

Backlog of Orders & Customer Inventories Relation

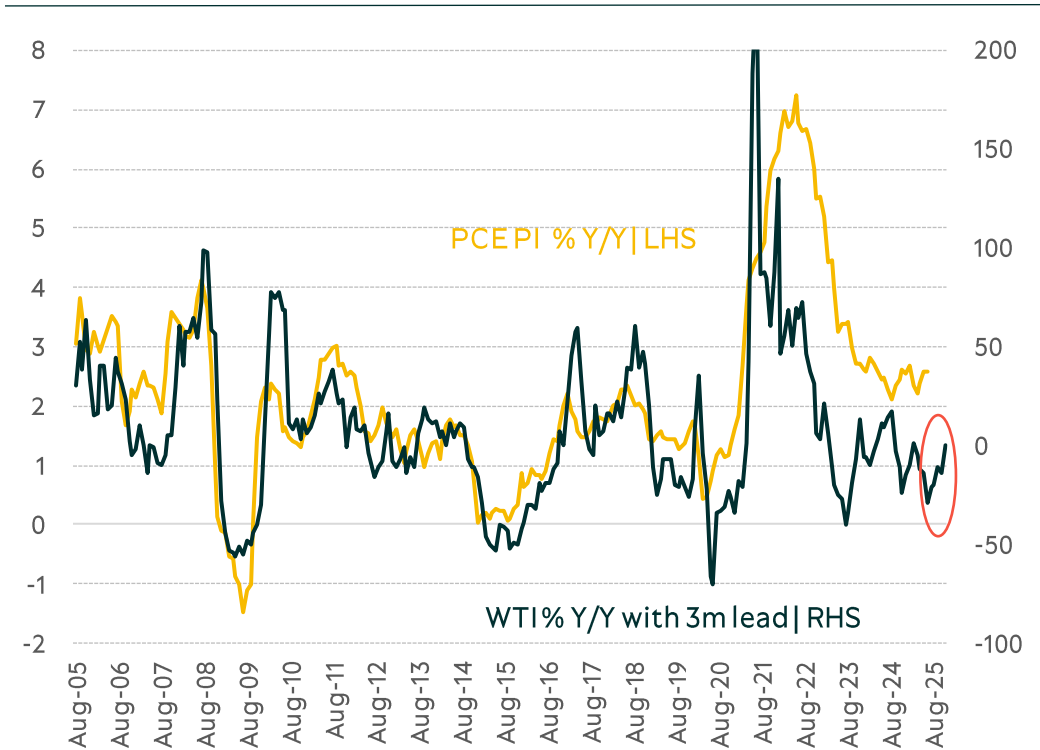


Leading Prices Indicators

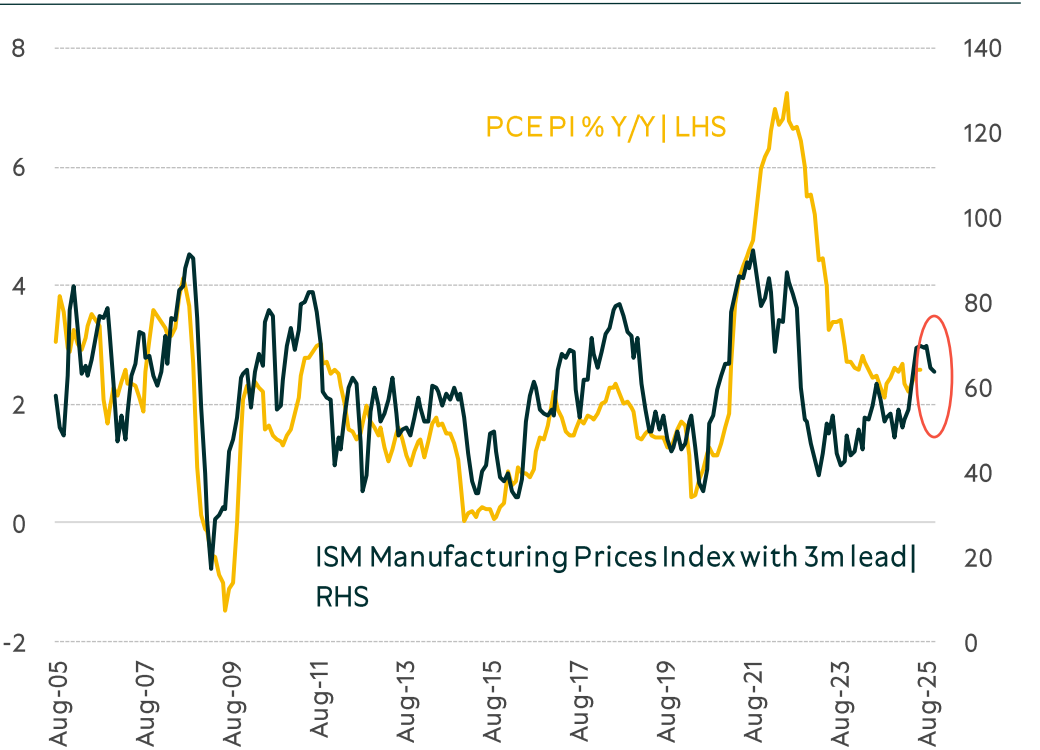


US Inflation & Energy Prices | Leading price indicators are mixed. Energy still supportive. The Manufacturing Price Paid component dropped to 63.7 in August but remains elevated.

Inflation Rates & Energy Prices

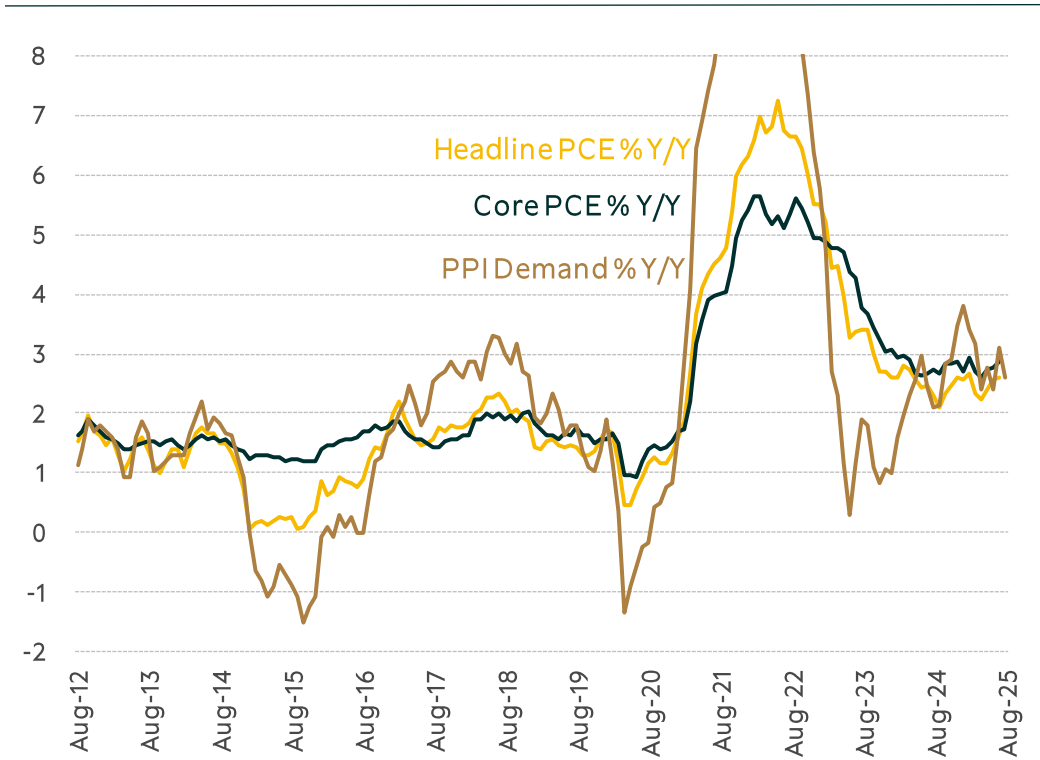


Inflation Rate & Leading Prices Indicator

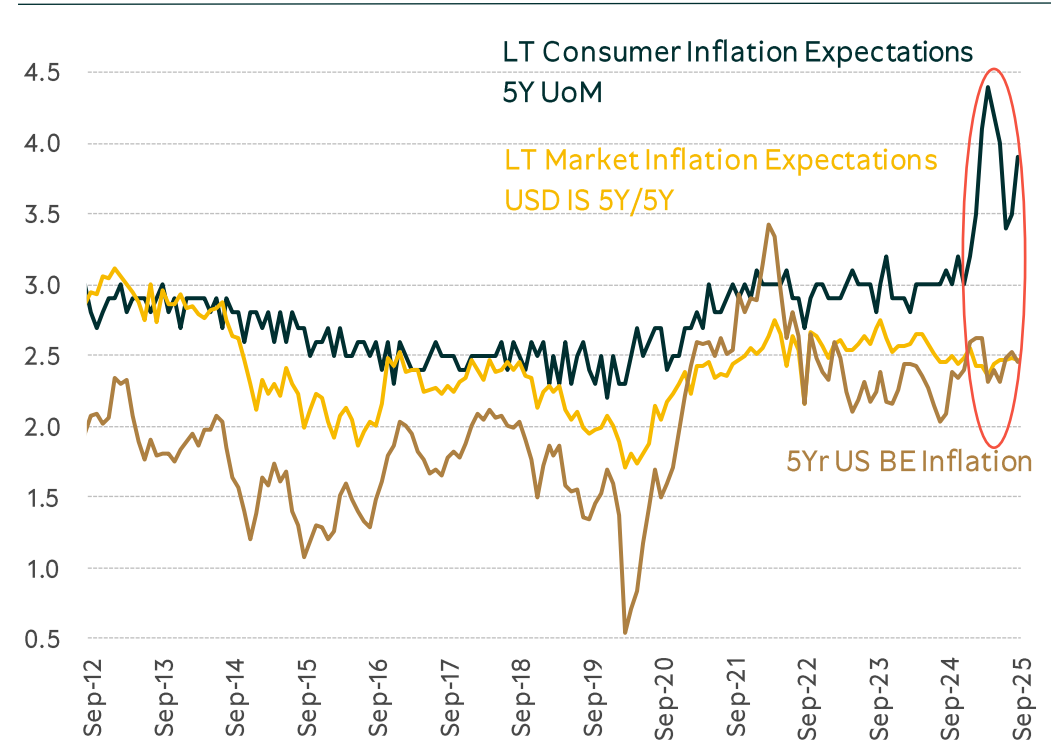


US Headline & Core Inflation | Core PCE inflation modestly accelerated in July. Consumers' long-term view on inflation remains higher than market's (3.9% vs 2.5%)

Inflation Rates

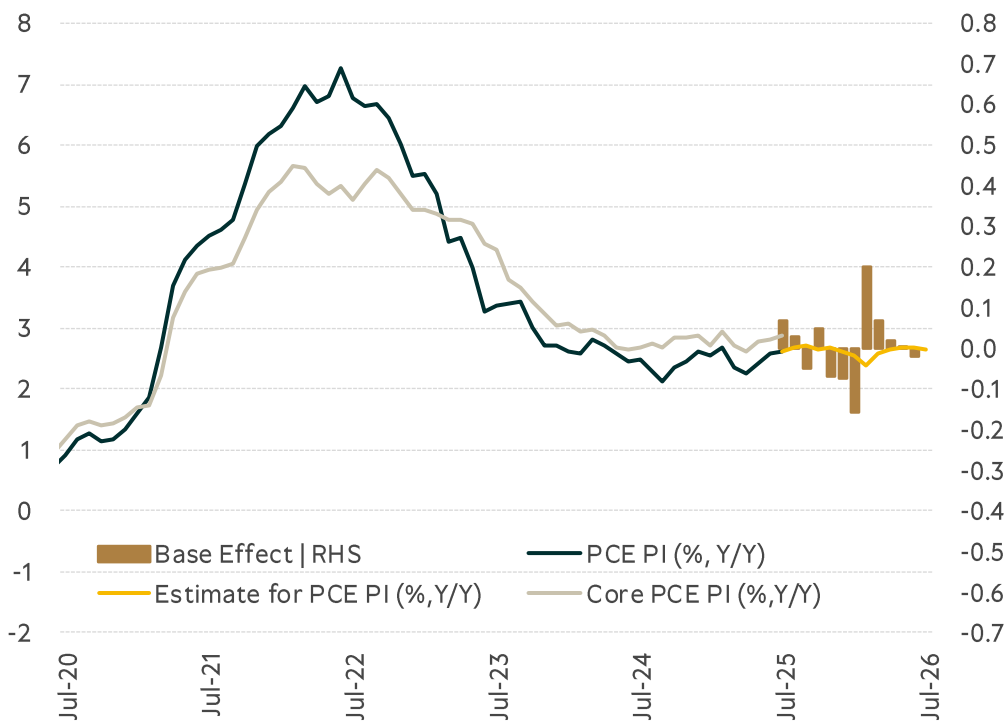


Long-Term Inflation Expectations

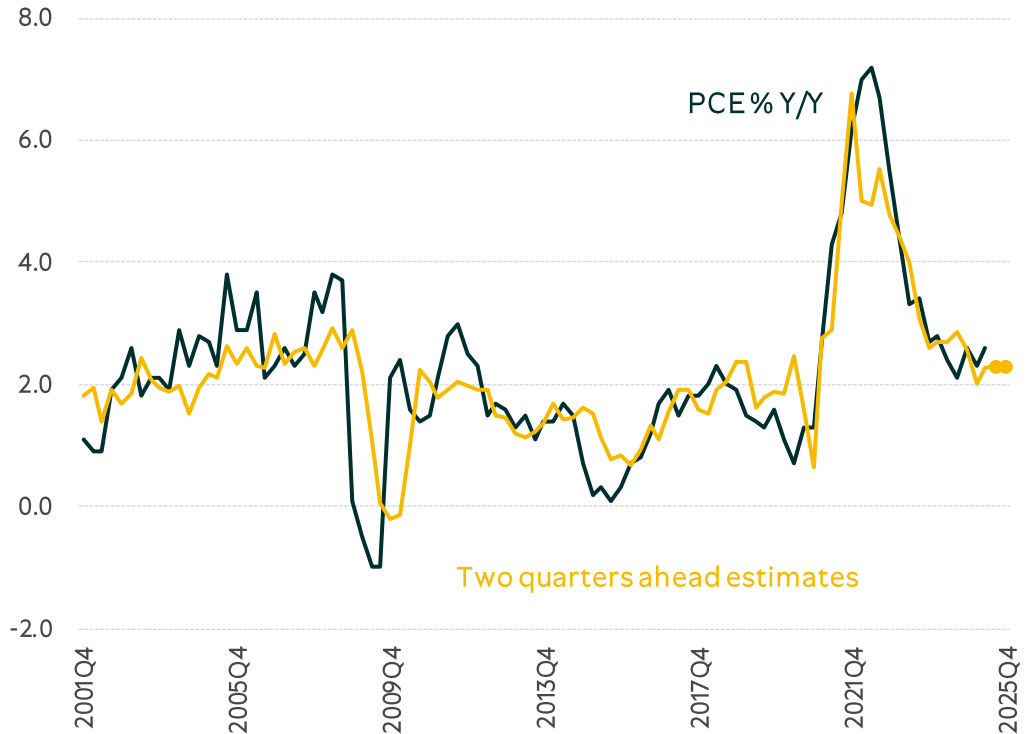


US Inflation Outlook | Both our models still point to inflation above 2.5% for 2025

Inflation Rate Forecast | Statistical Model

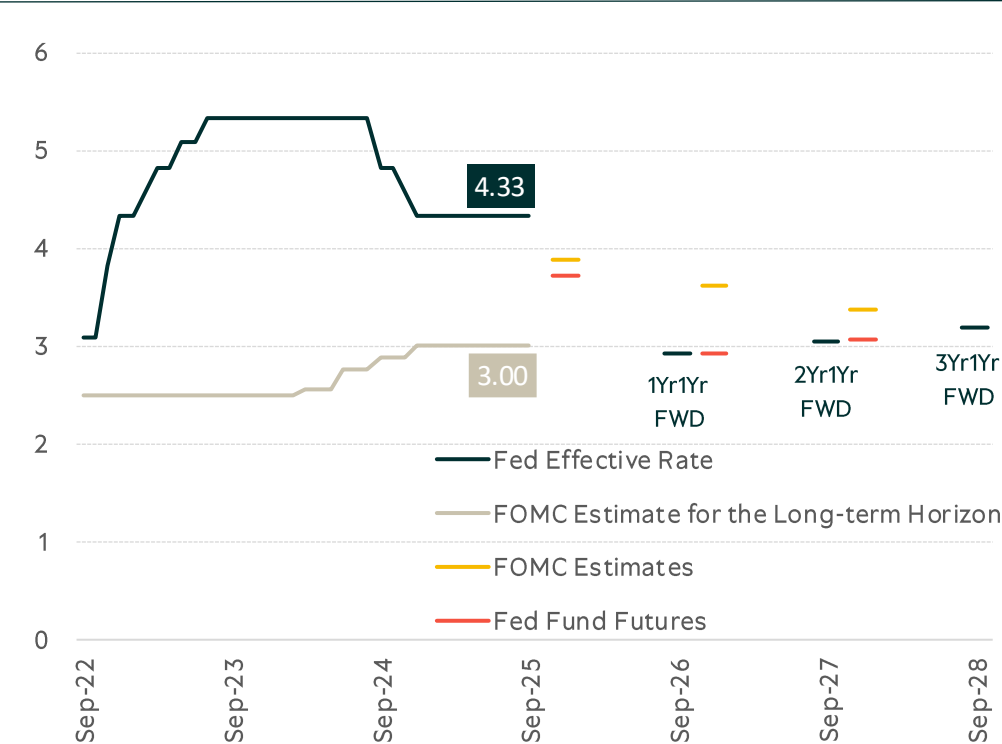


Inflation Rate Forecast | Macro Model

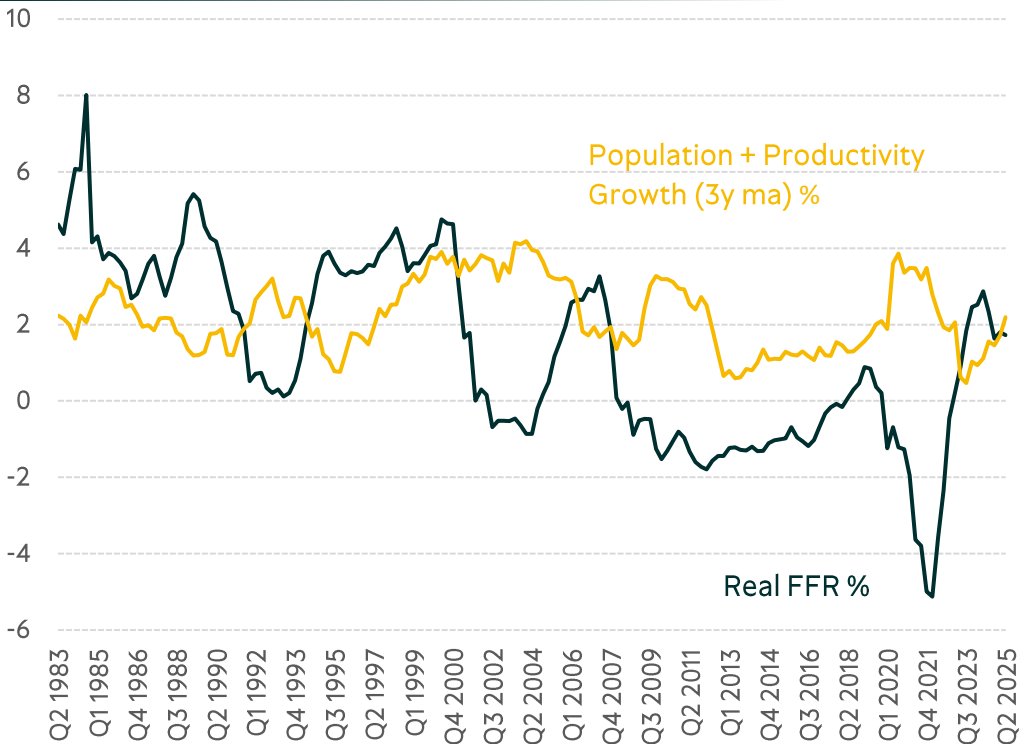


US Interest Rates | 1Y1Y Forward rates close to FOMC's long-term target

Interest Rates | Fed Effective Rate

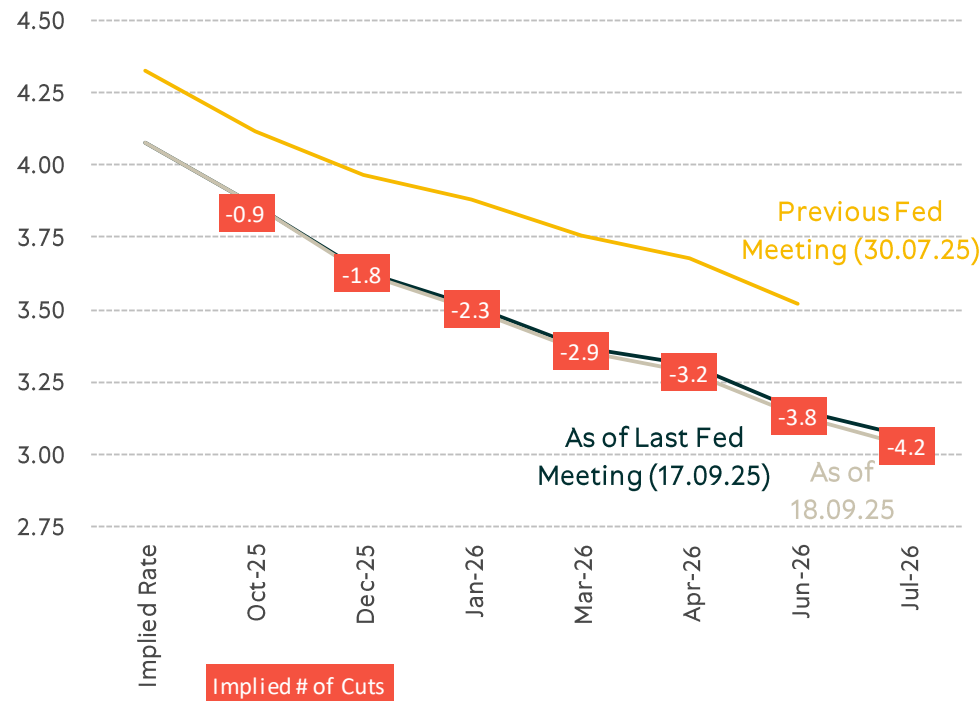


Real FFR (FFR – Core PCE) & Population + Productivity growth

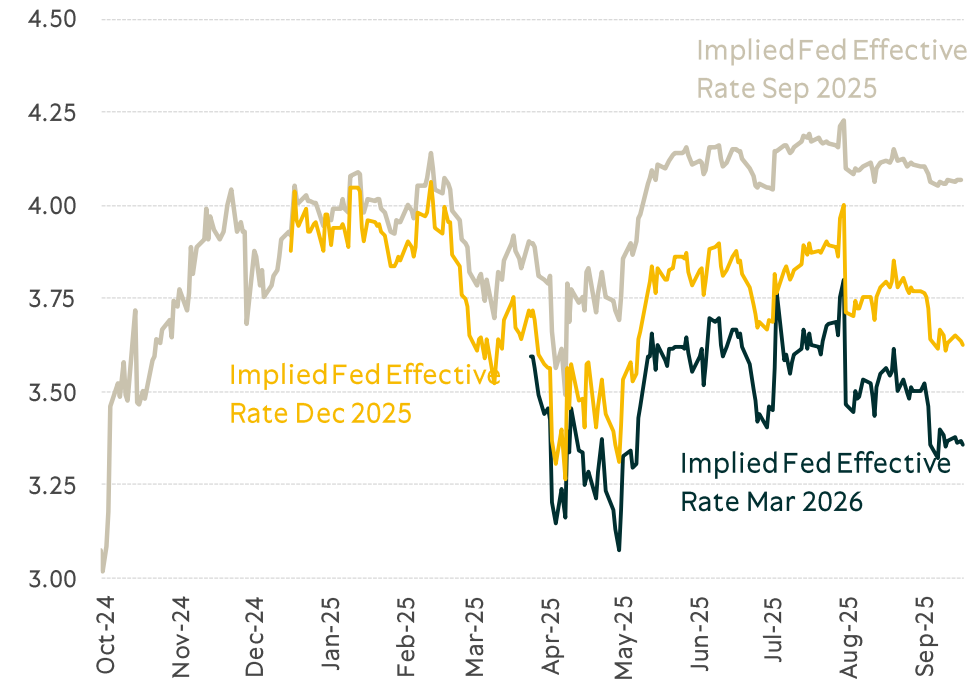


US Interest Rates | A more aggressive rate cut trajectory is anticipated by the markets following the large revisions in the non-farm payrolls

Implied Overnight Rate based on Overnight Index Swaps

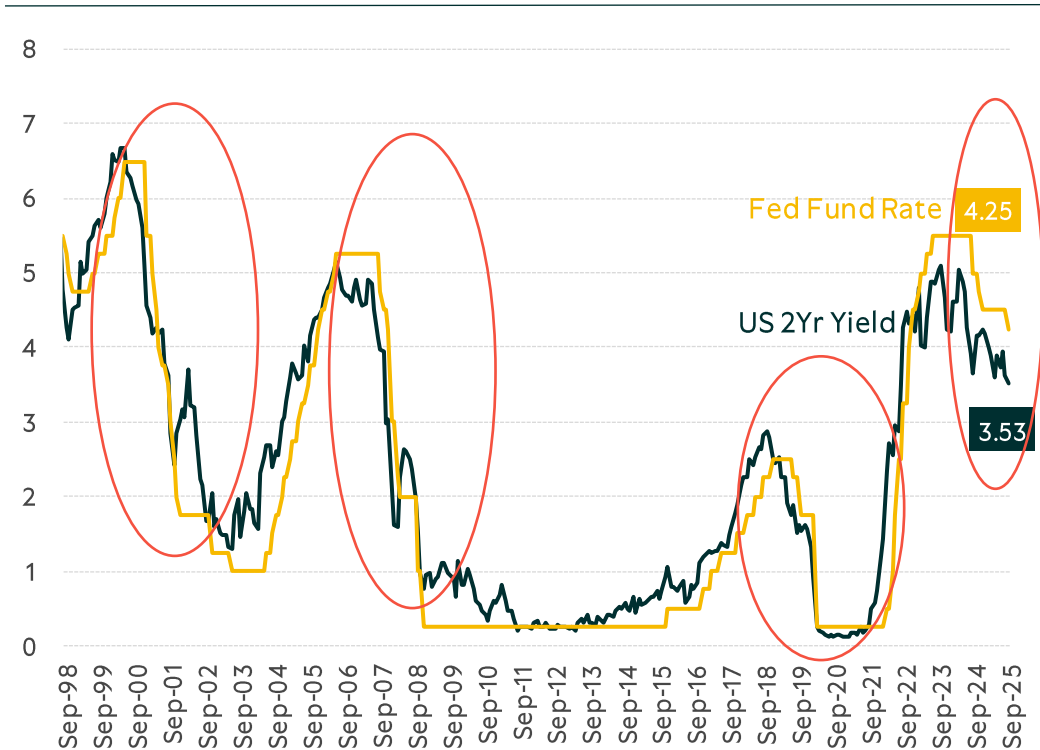


Interest Rates | Implied Fed Effective Rate



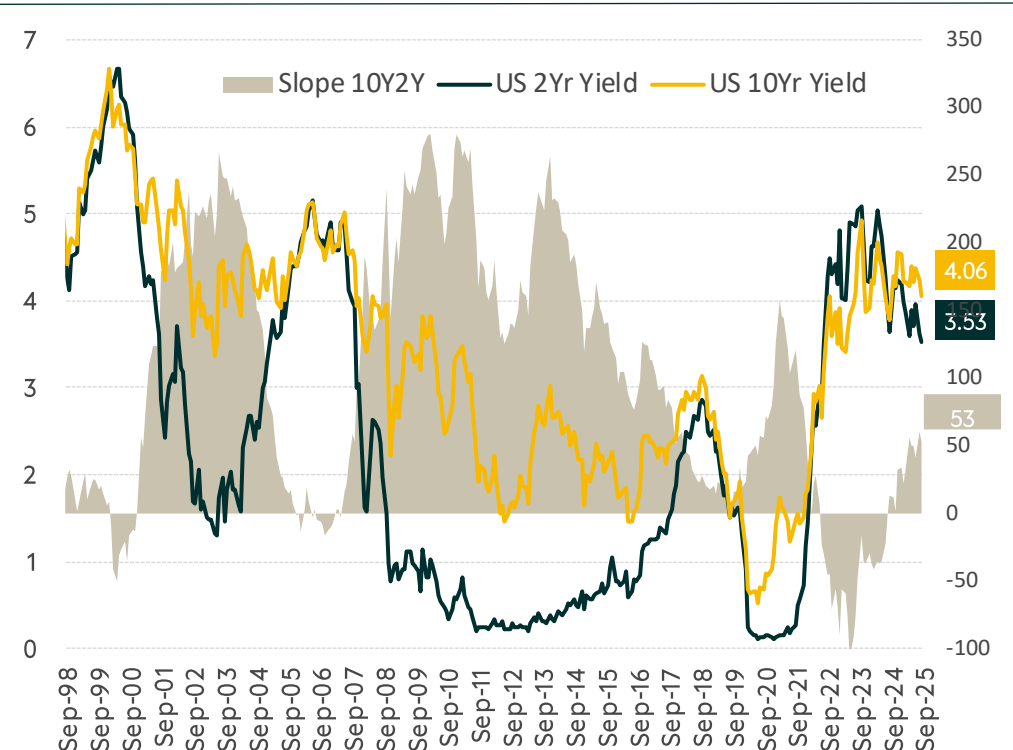
US | The Fed resumed cutting rates in 2025 by reducing its benchmark rates by 25 bps in September as expected, amid downside risks to employment

Fed Fund Rate & US Treasury Yield



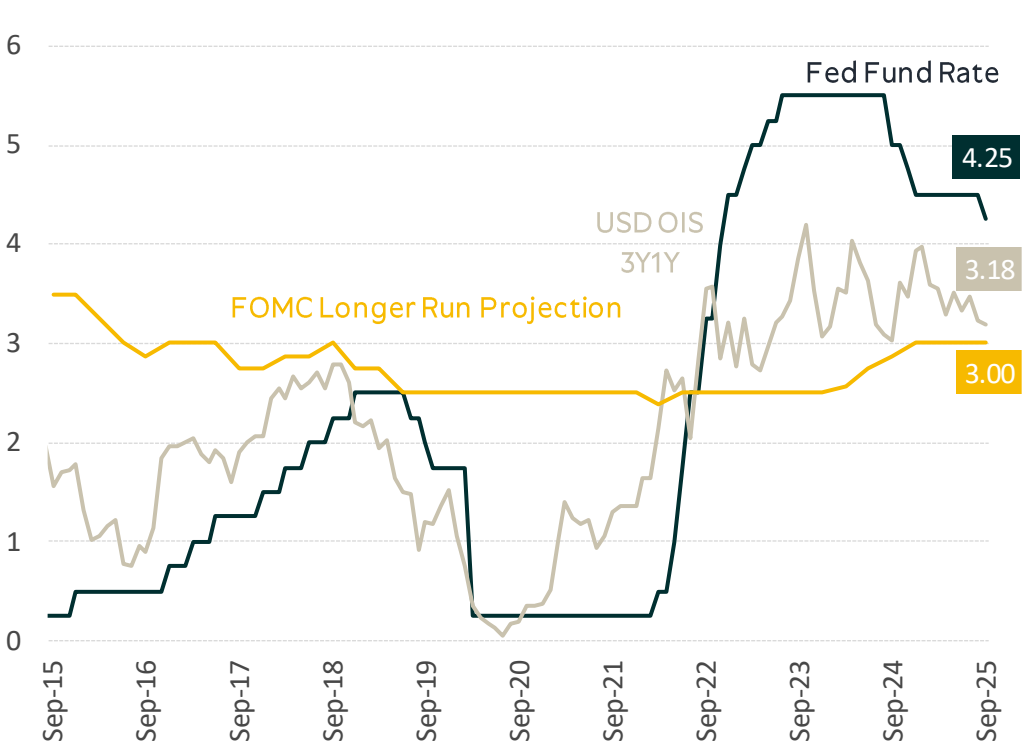
Note: Monthly data apart from the last observation which shows the latest available daily value

US Yield Curve



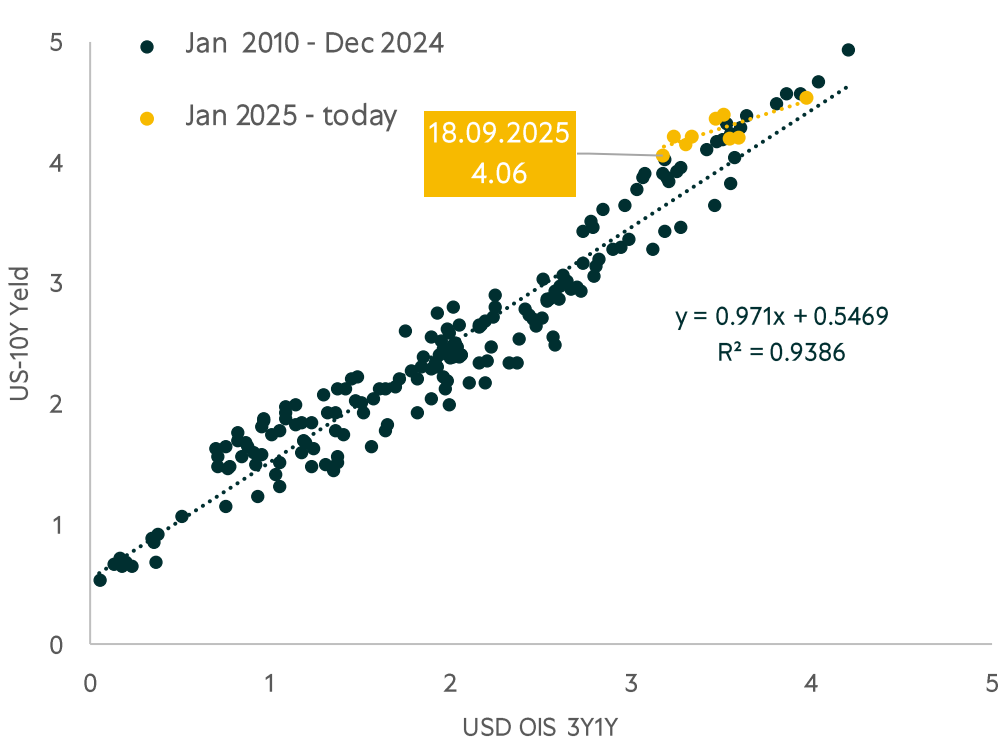
US Long-Term Rates | Short-term rates 4 years in the future approaching target (3%). 10- year rates above “fair” value given the current level of short-term rates.

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



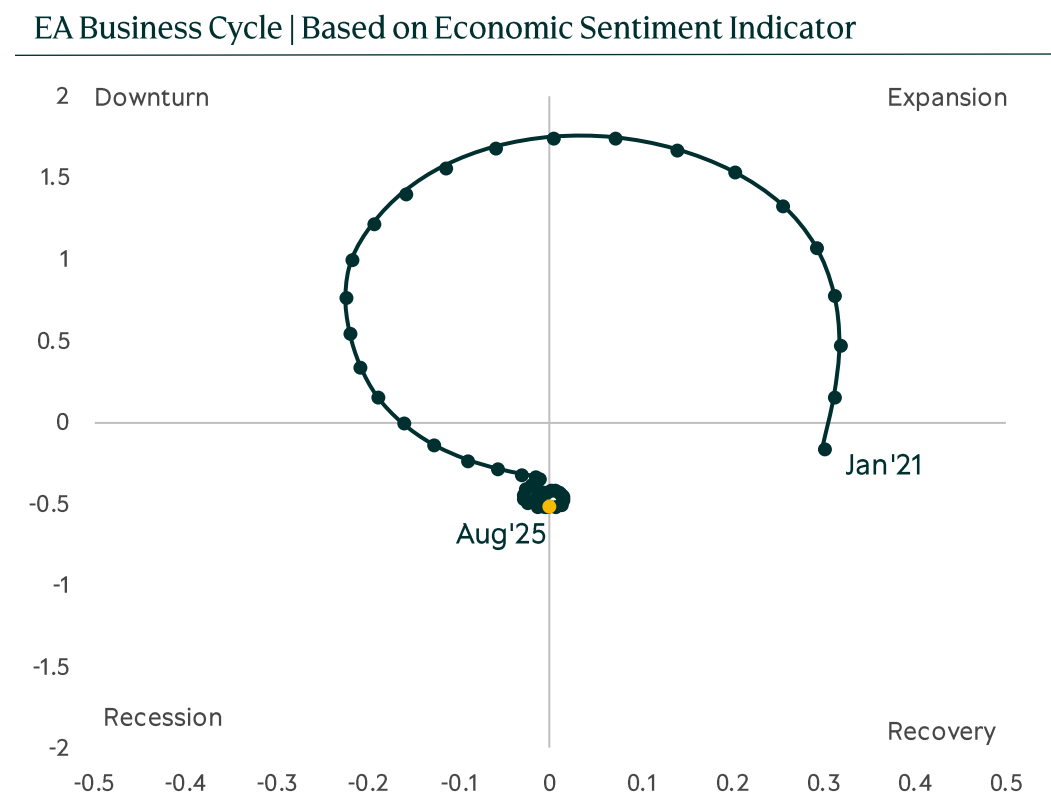
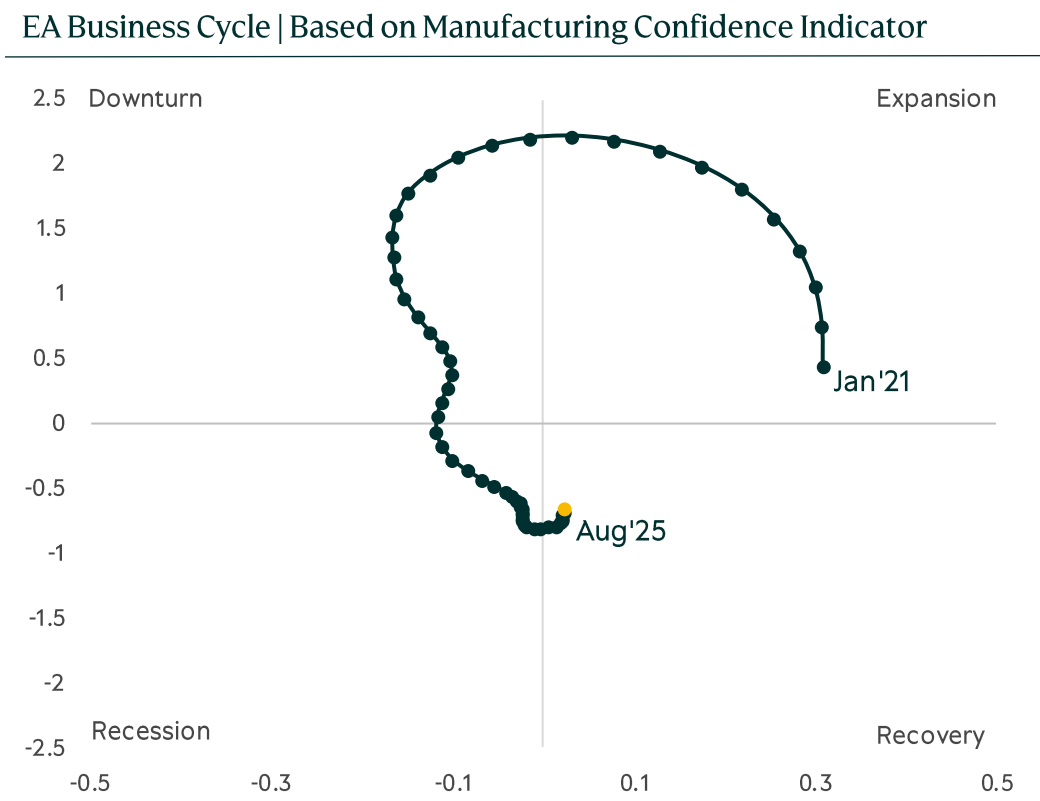
Bird's Eye View

US Economy

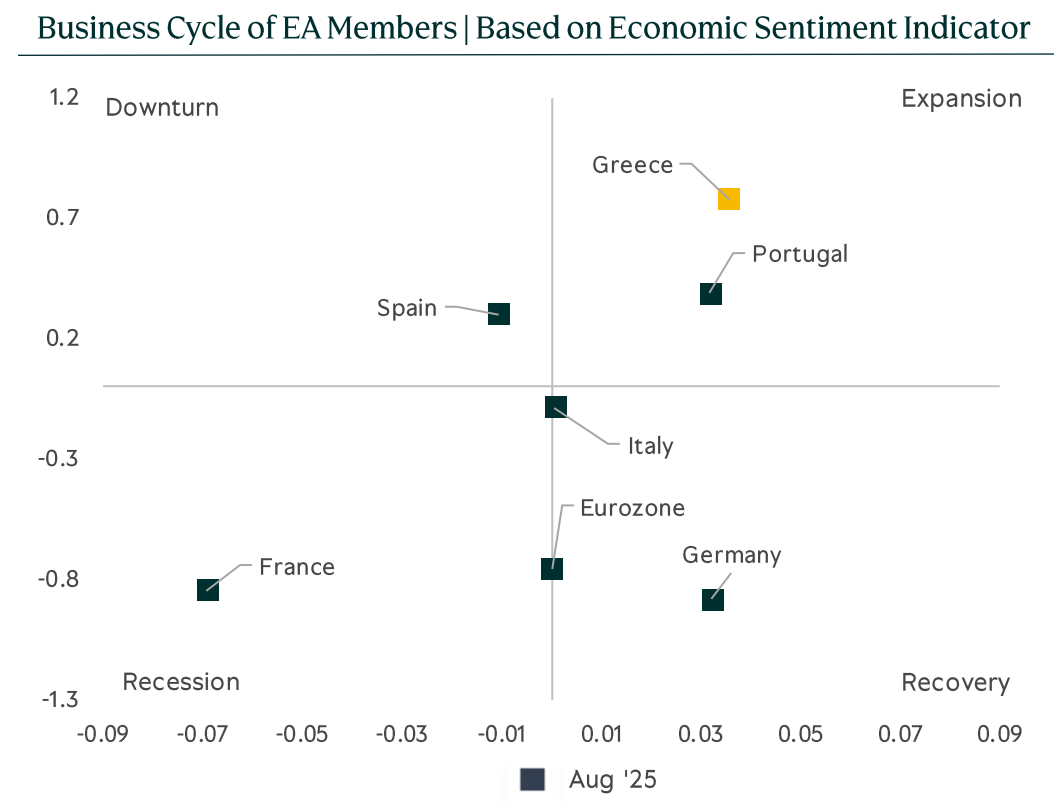
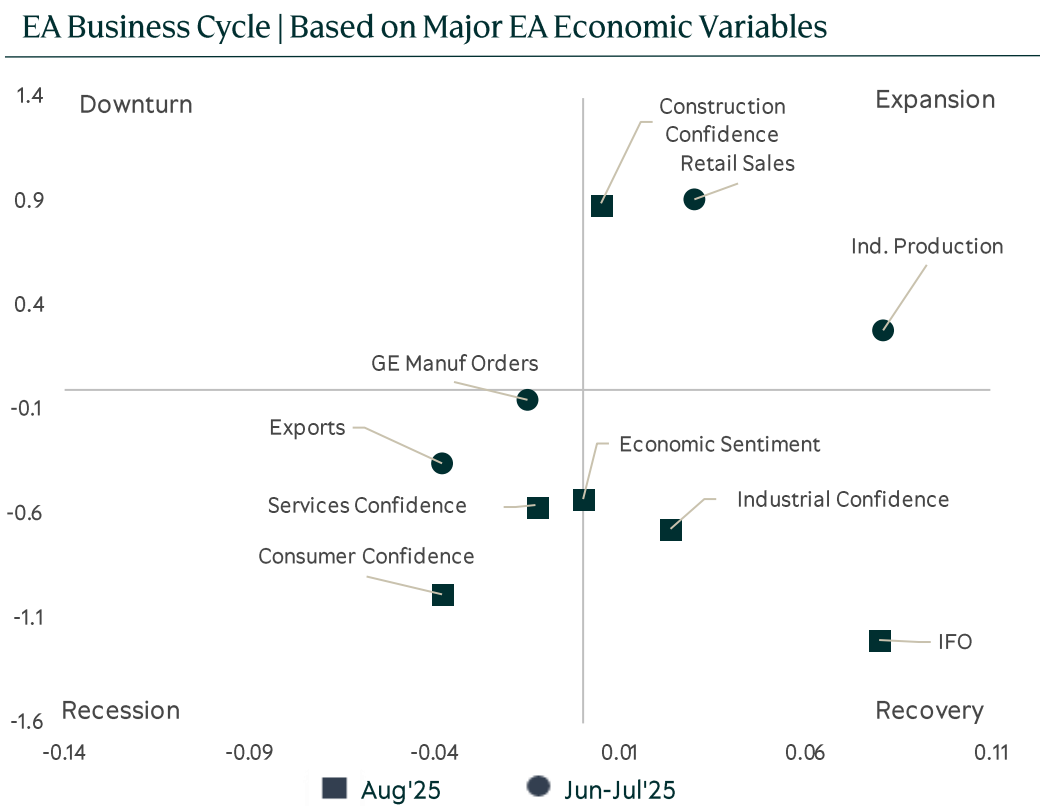
EA Economy

China Economy

EA Business Cycle Watch | In August, economic sentiment edged into recovery territory, while manufacturing confidence stayed in the recovery phase.

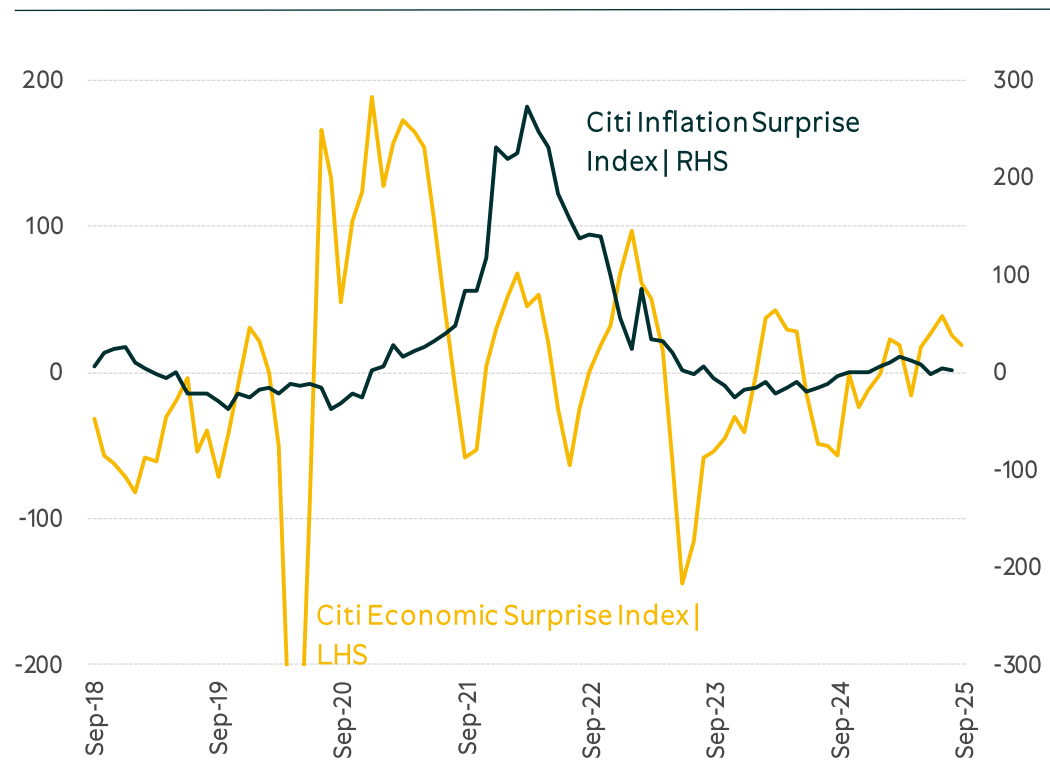


EA Business Cycle | Mixed signals are observed among the major economic variables as well as at the country level, with August data indicating that ESI rose in most countries.

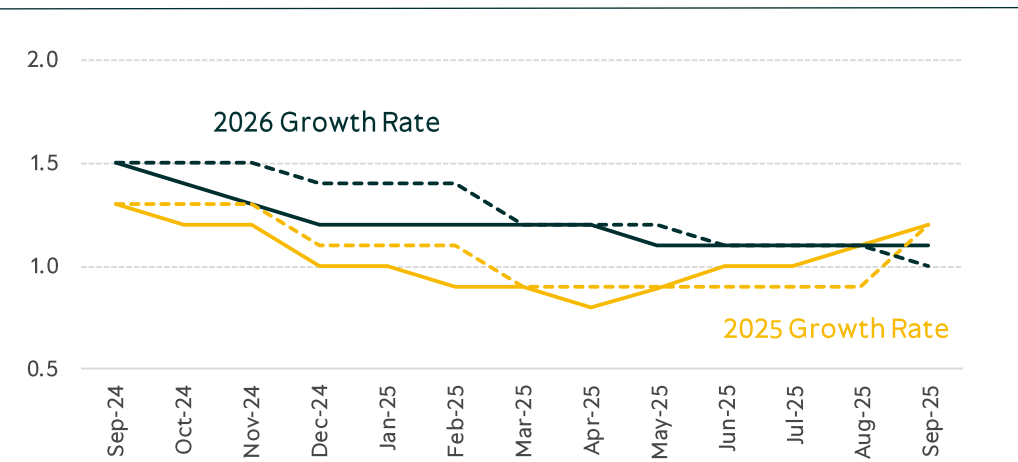


EA Macro Expectations | Economic surprises declined further in September but remain positive, with consensus anticipating slightly higher growth for 2025.

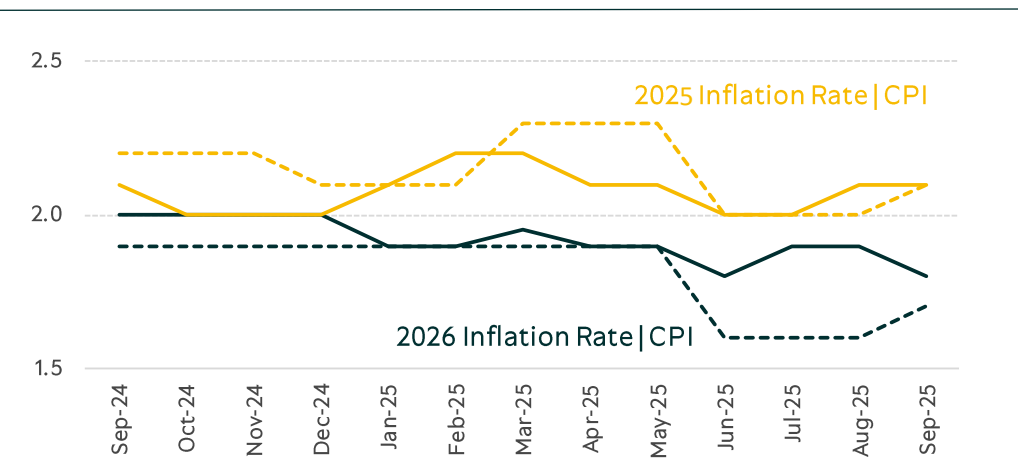
Economic & Inflation Surprises



Growth Rate Expectations*

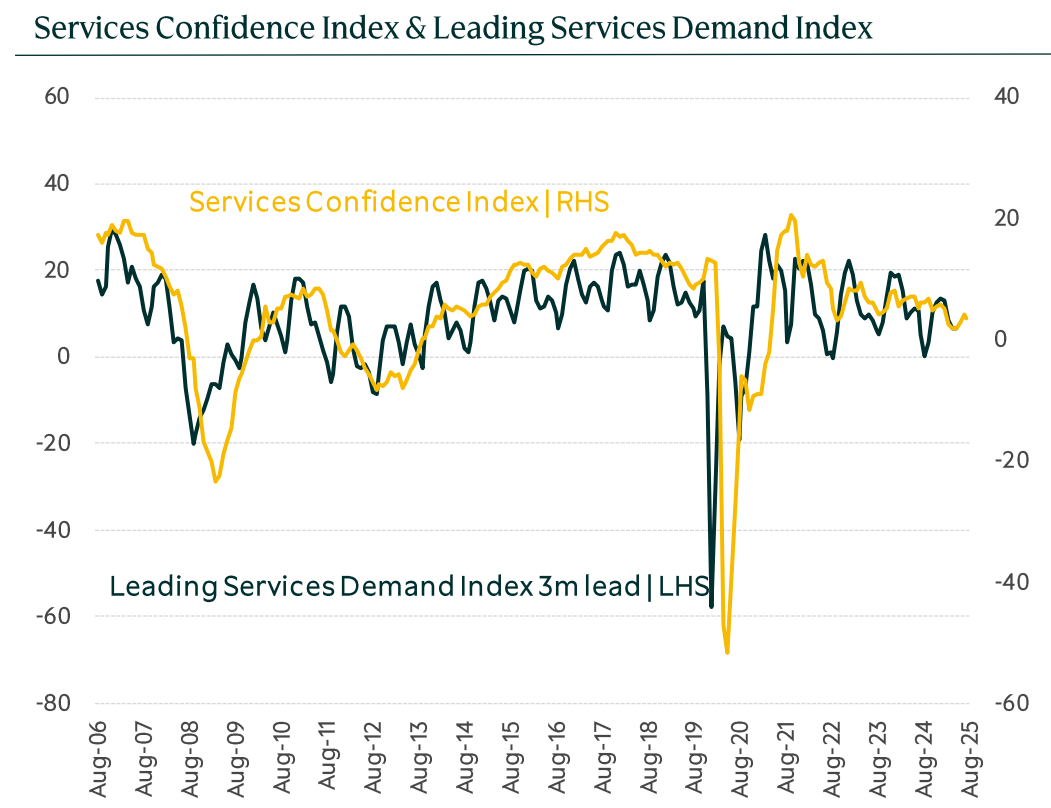
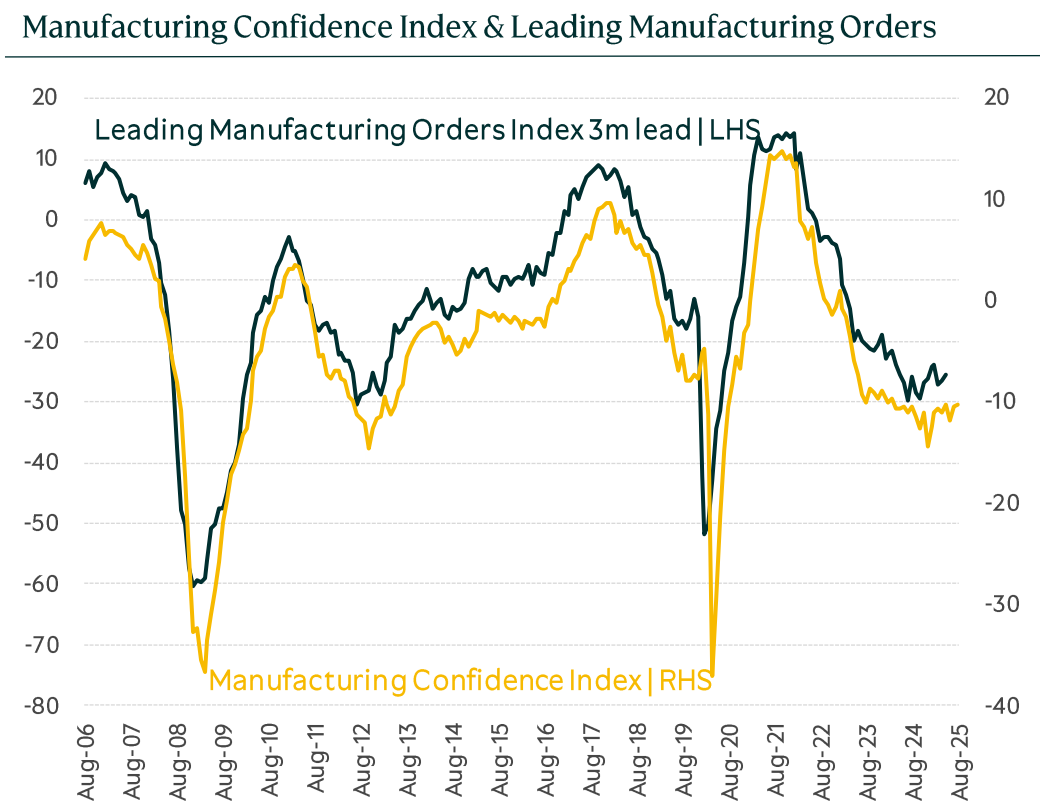


Inflation Rate Expectations*



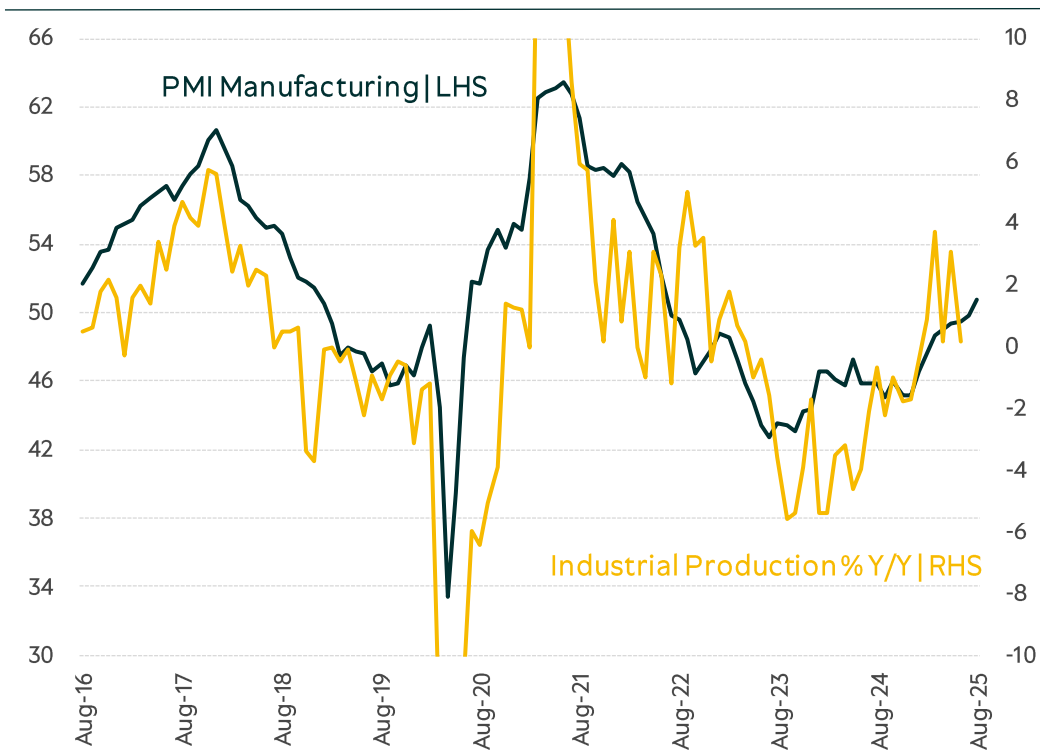
*Solid line: Consensus; Dotted line: ECB projections

EA Leading Indicators | Manufacturing indicators in marginal upturn in August. Demand on Services shows signs of stabilization.

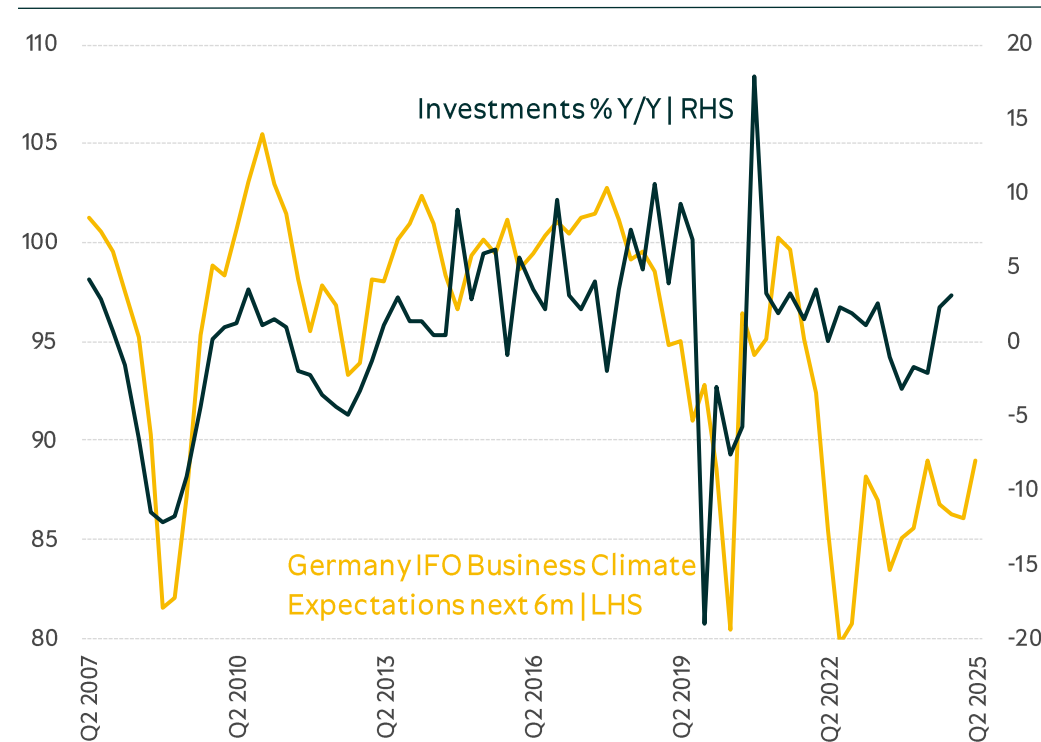


EA Business Conditions | The Manufacturing Leading indicator improved for the 10th consecutive month in August. Q1 and Q2 2025 showed increase in investments after 4 consecutive quarters of declines.

Industrial Production & PMI Manufacturing

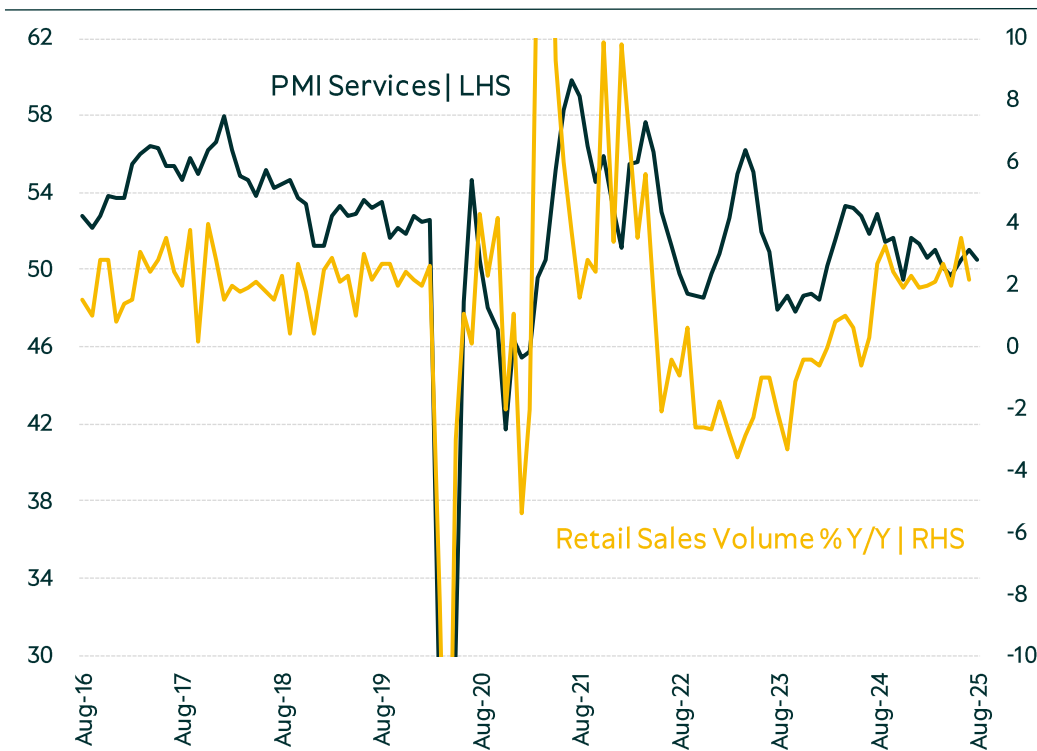


IFO Expectations & Business Investment

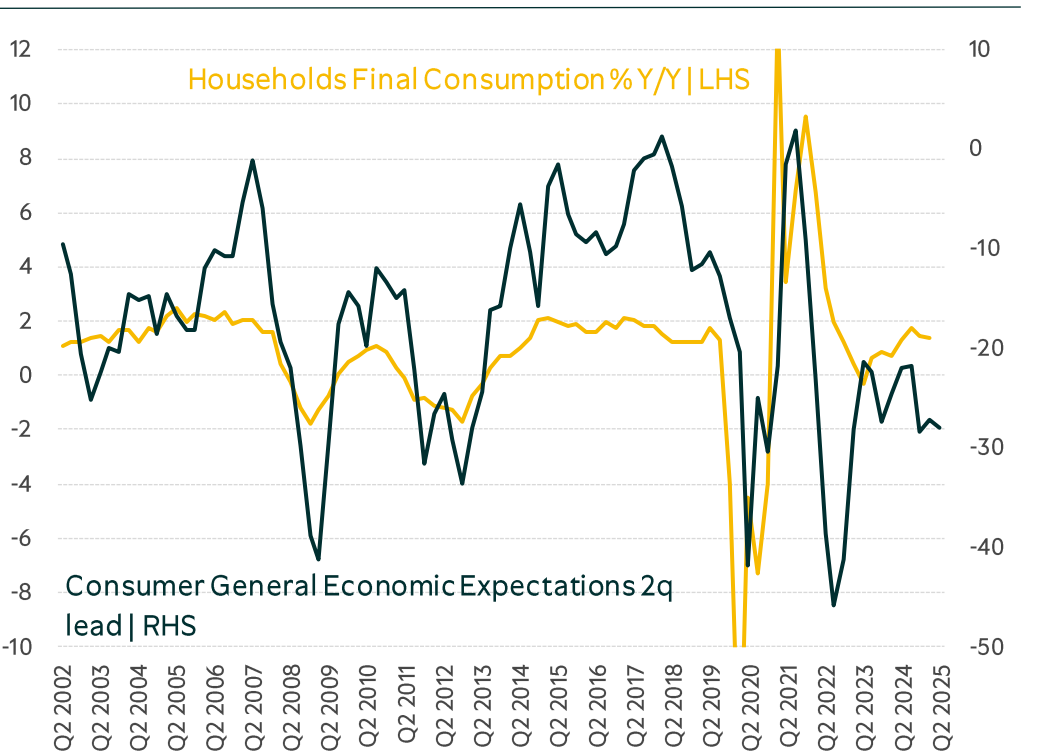


EA Business Conditions | Households' consumption remained stable at 1.4% YoY in Q2 2025. Retail sales growth decelerated in July but continue to remain a possible tailwind to EA growth

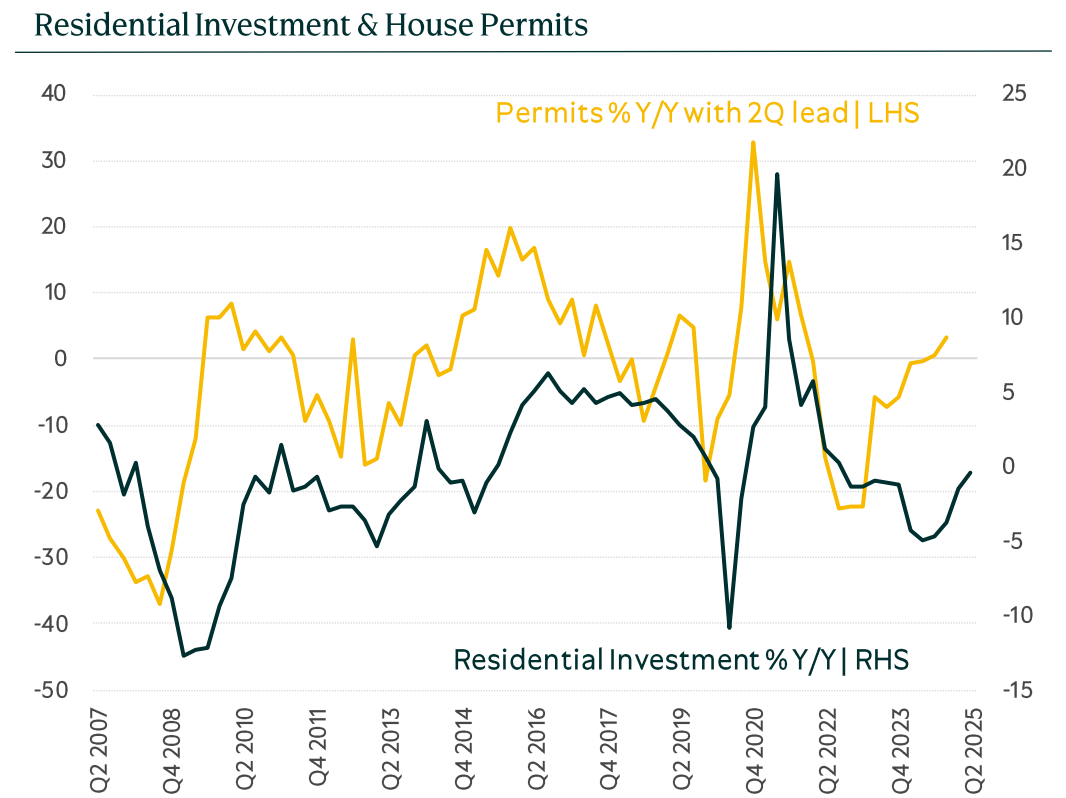
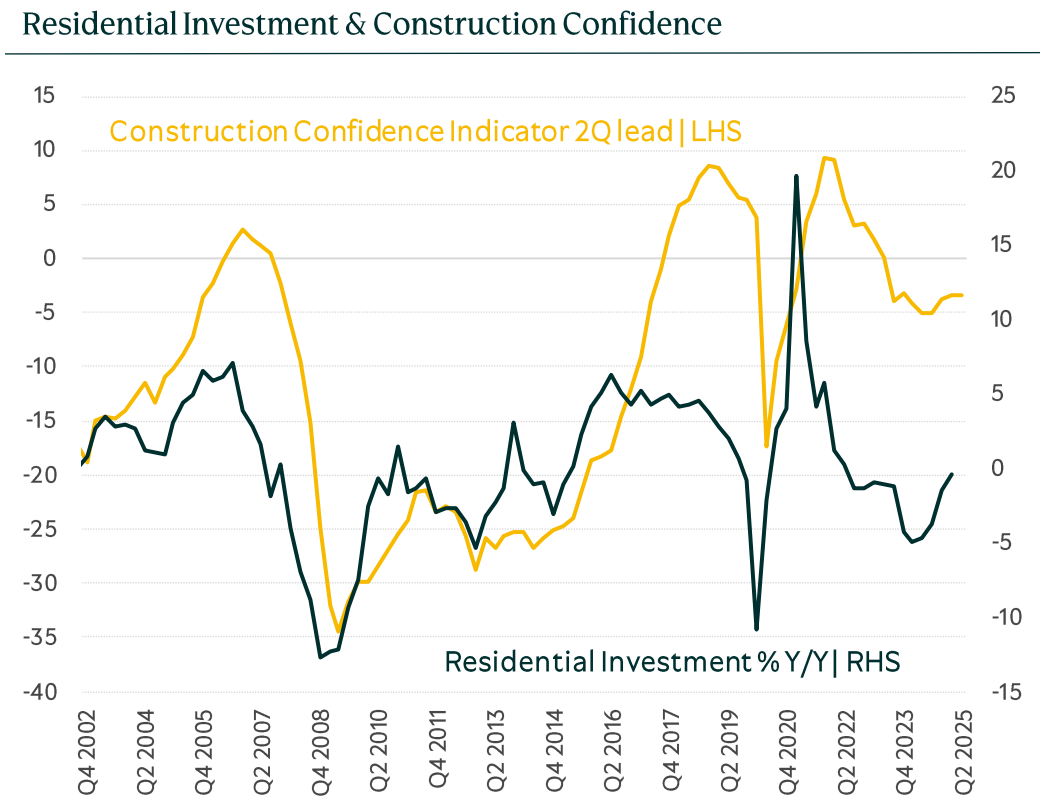
Retail Sales Volume & PMI Services



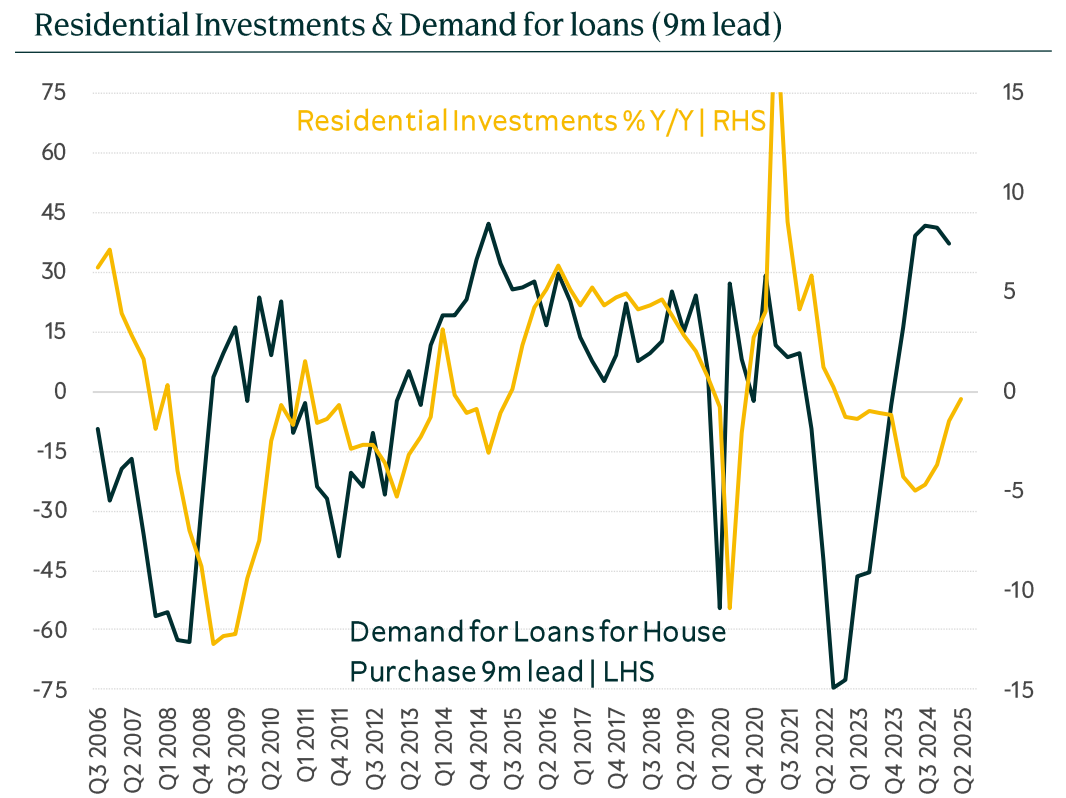
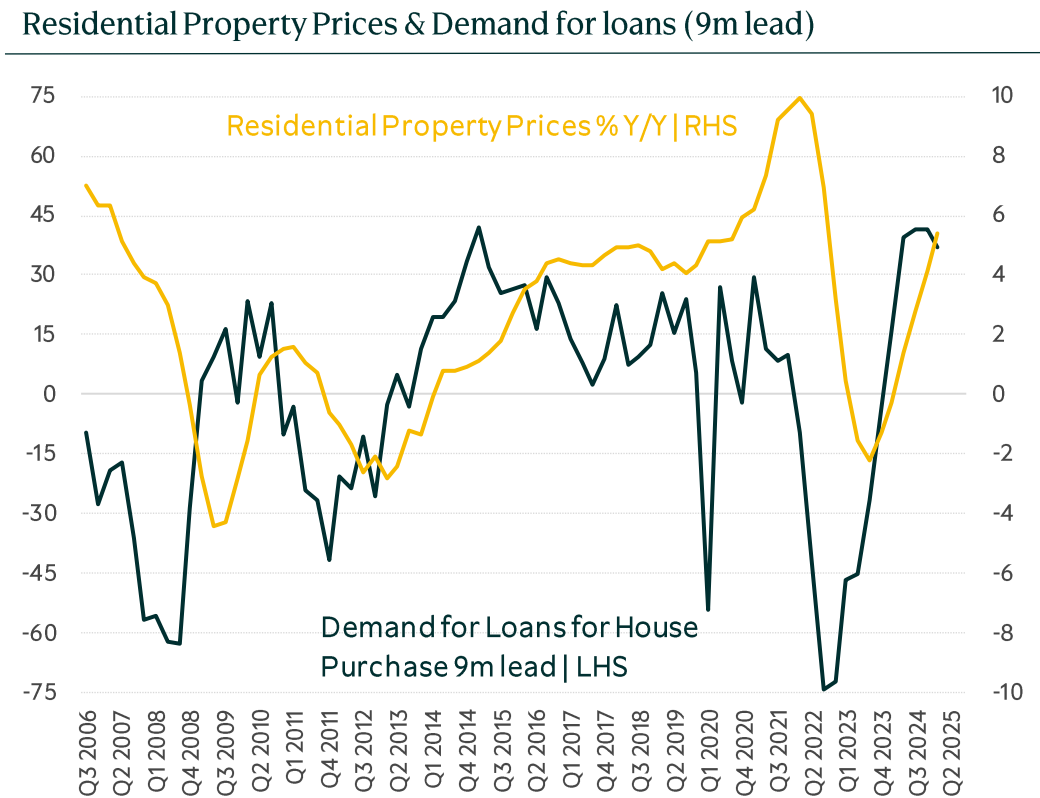
Final Consumption & Consumer Expectations Index



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

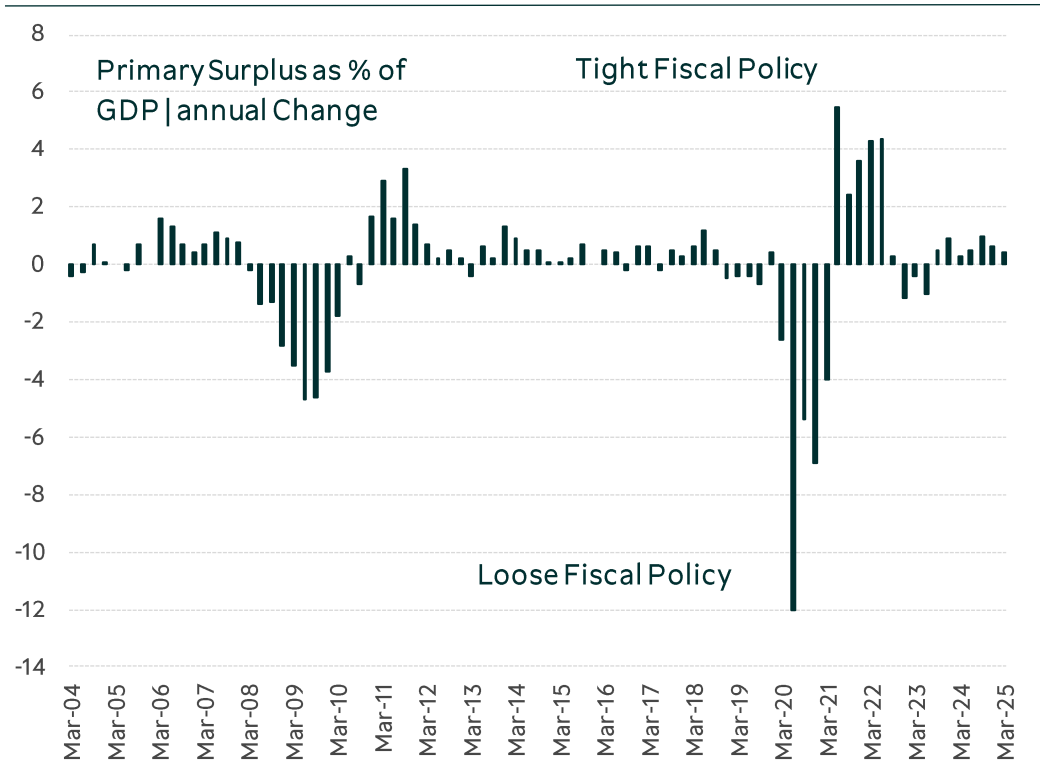


EA Construction | A pick up in investments is expected in the coming months, while demand for loans moderates.

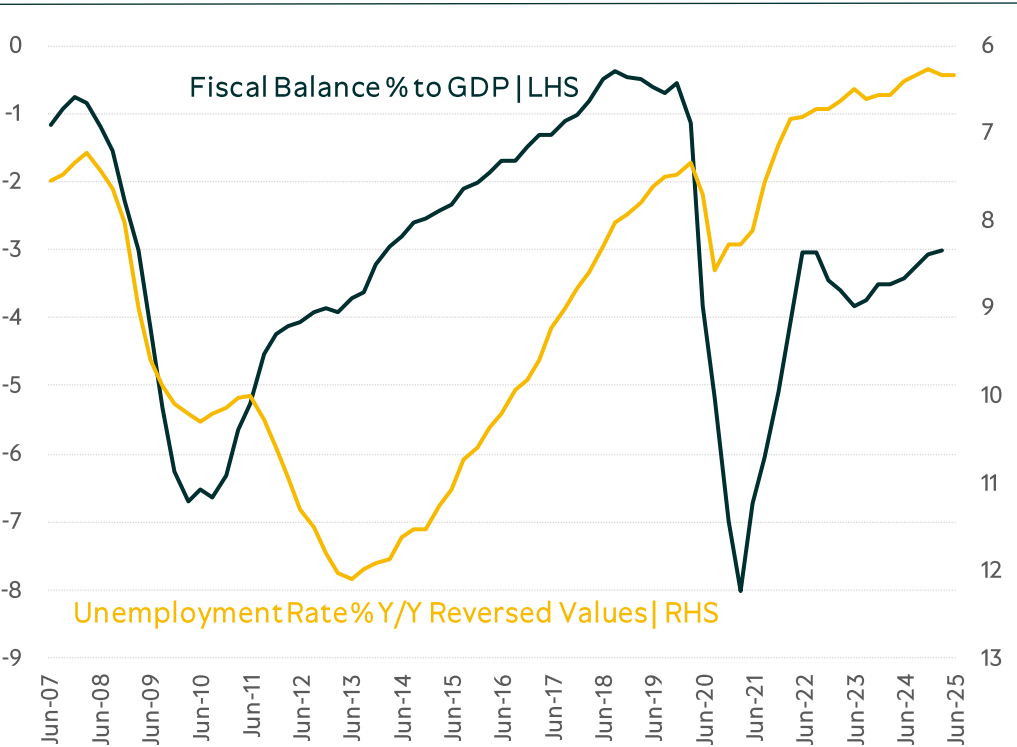


EA Fiscal Policy | Fiscal Deficit remains at low levels while the Unemployment Rate remains at a historic low

Fiscal Thrust

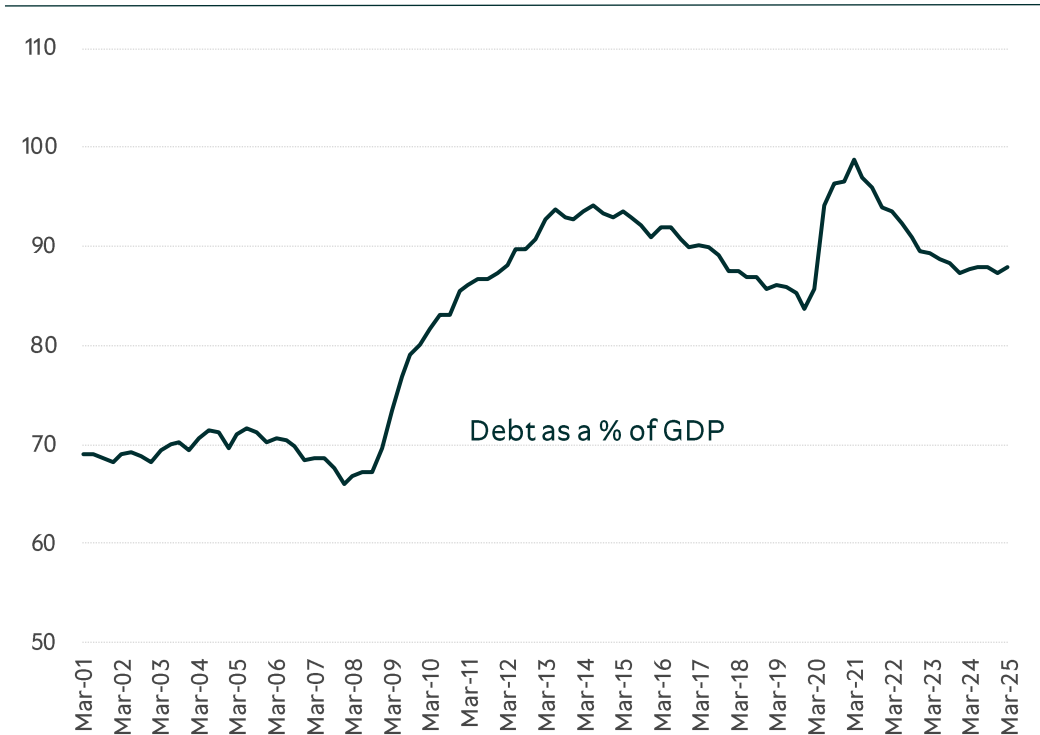


Fiscal Policy & Unemployment Rate

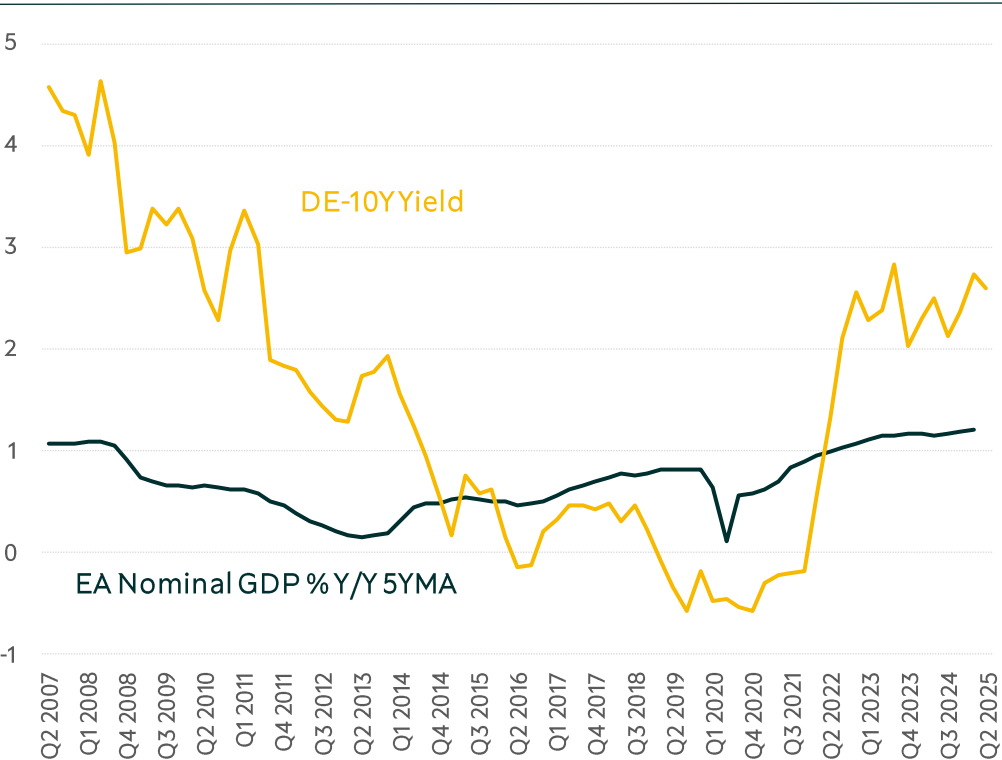


EA Fiscal Policy | Debt levels have moderated after the pandemic

Debt / GDP

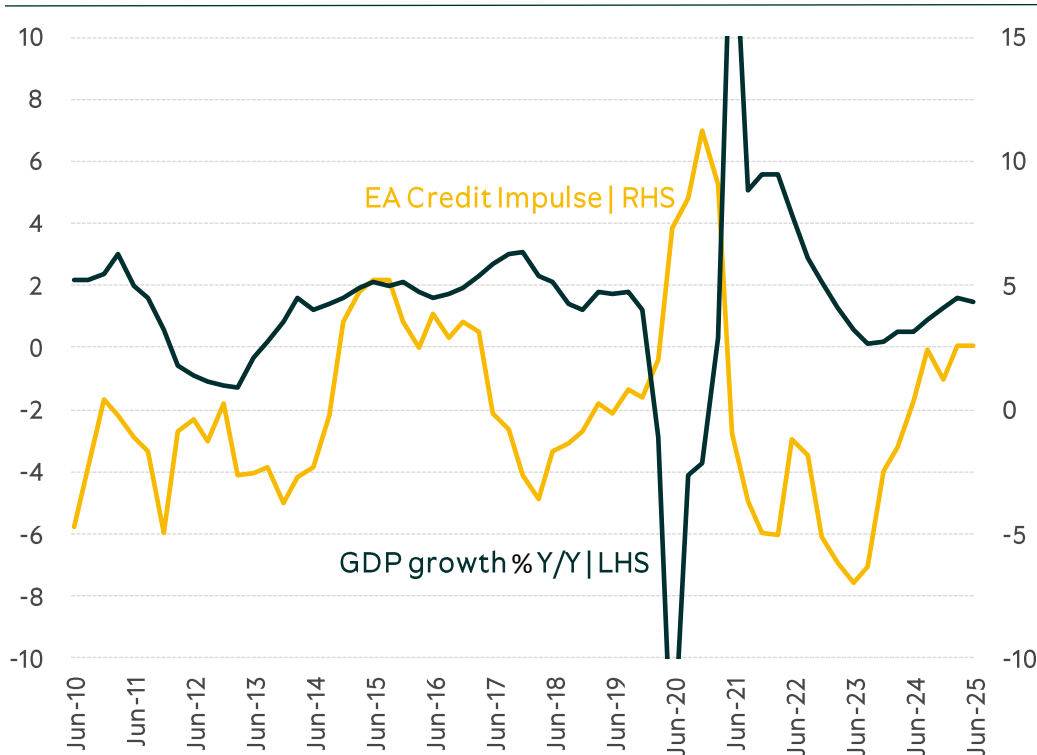


Fiscal Policy Sustainability

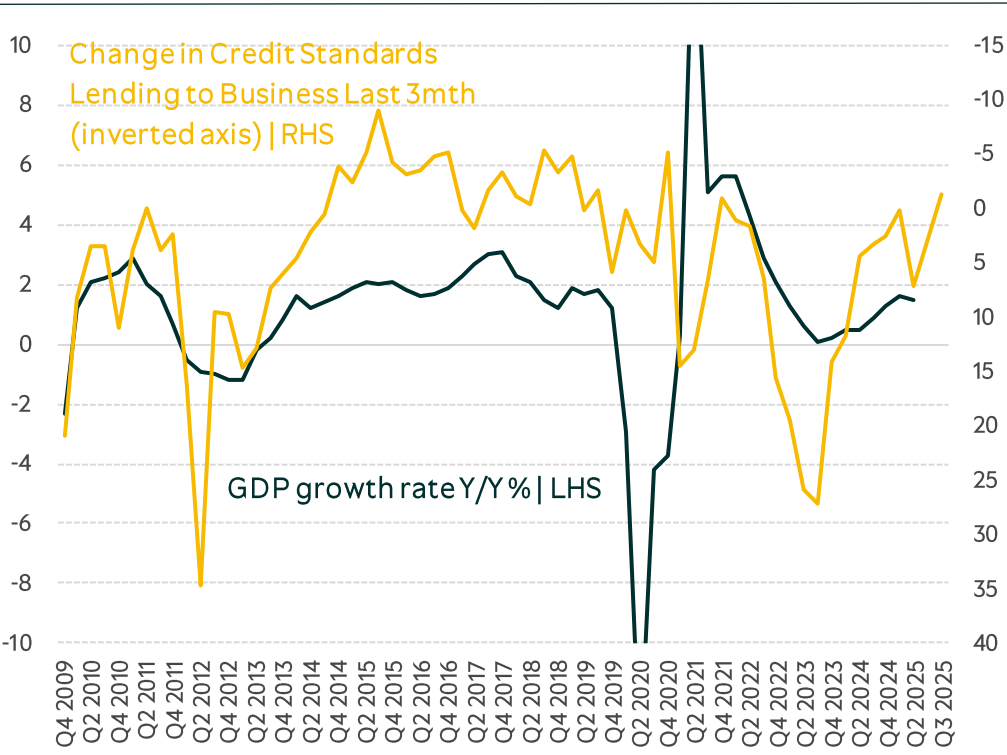


EA GDP Outlook | Credit impulse continues to recover in Q2. There was a small net tightening of credit standards for loans or credit lines to enterprises in the third quarter of 2025.

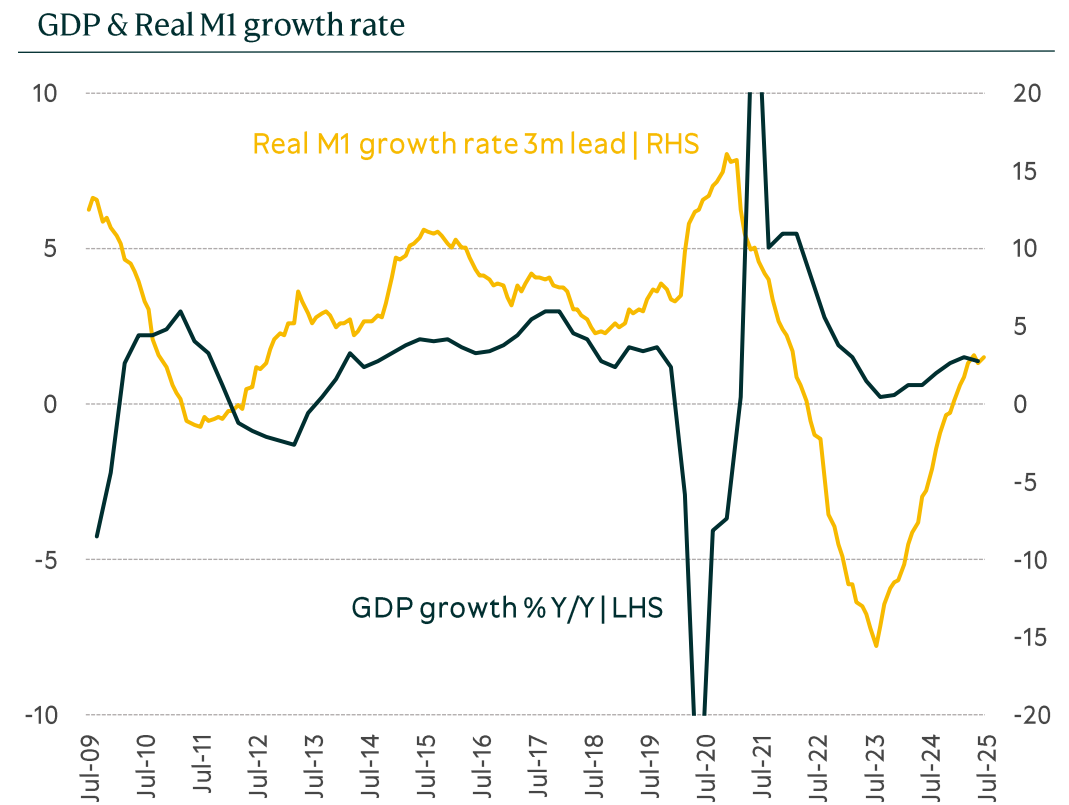
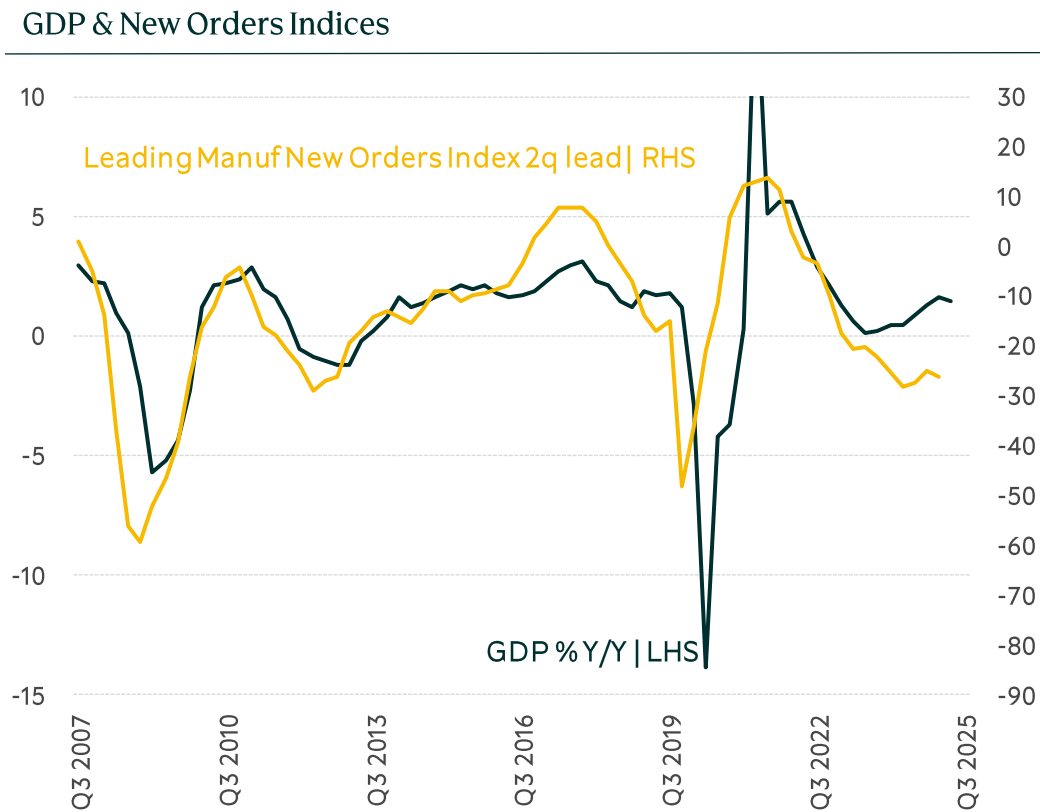
EA Credit Impulse & GDP growth rate



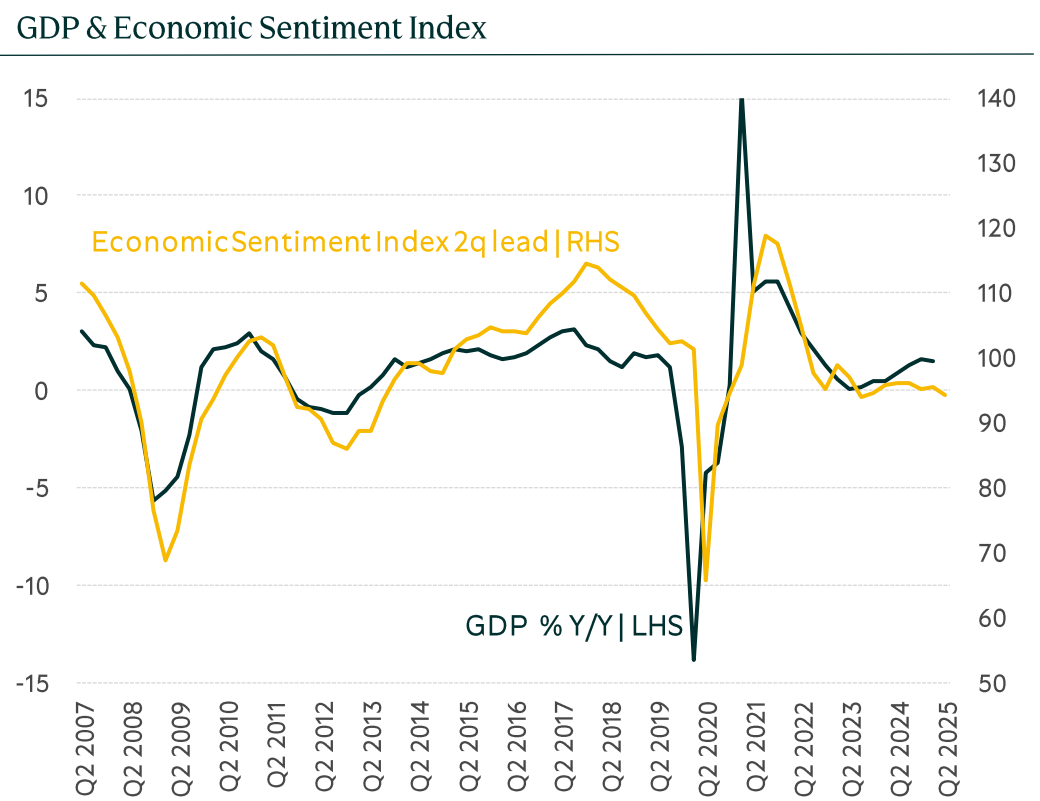
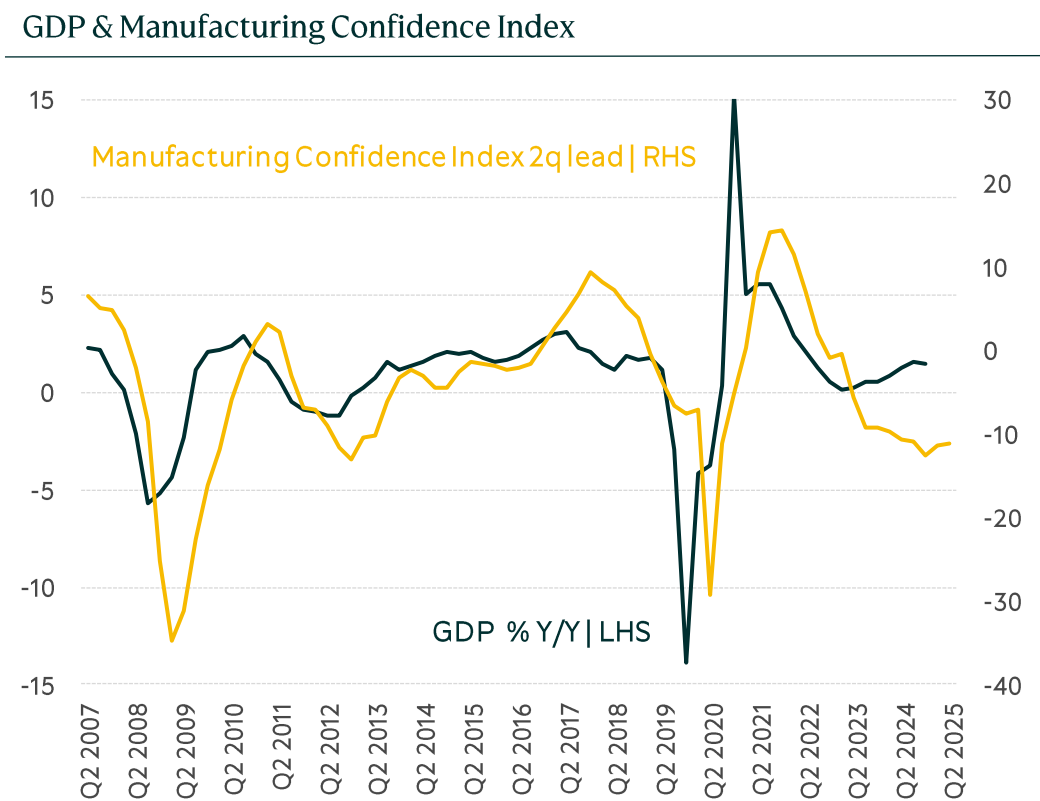
GDP & Bank Lending Standards



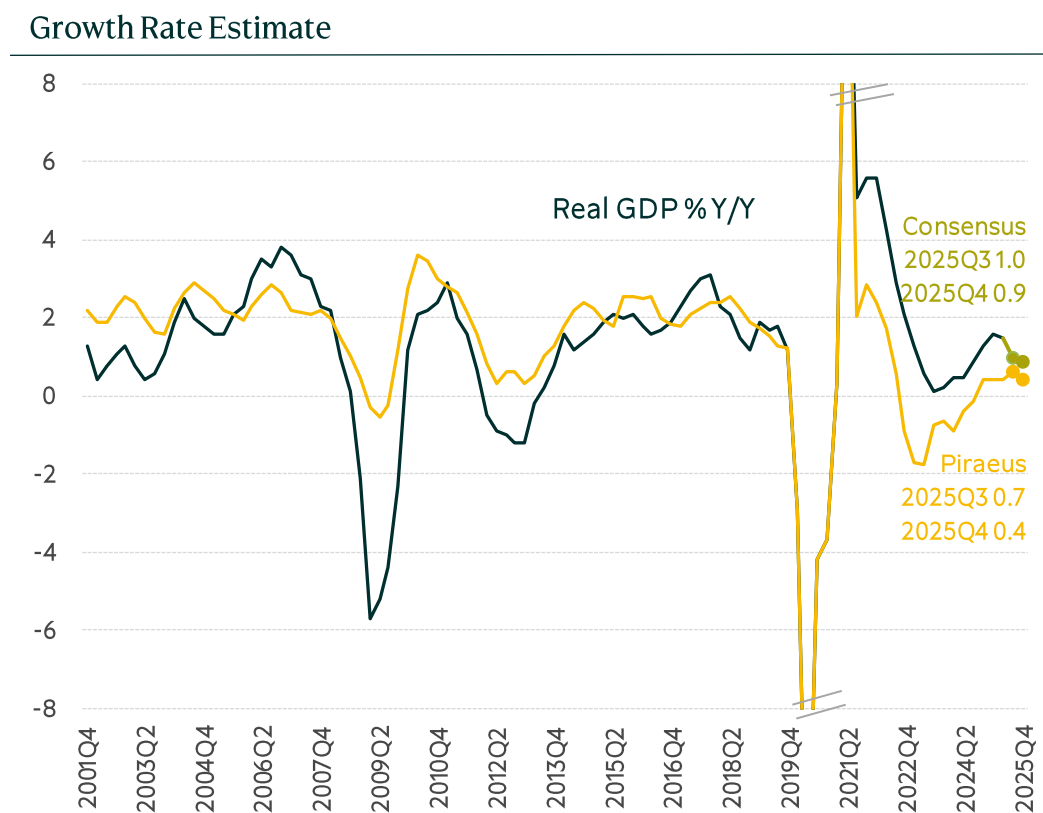
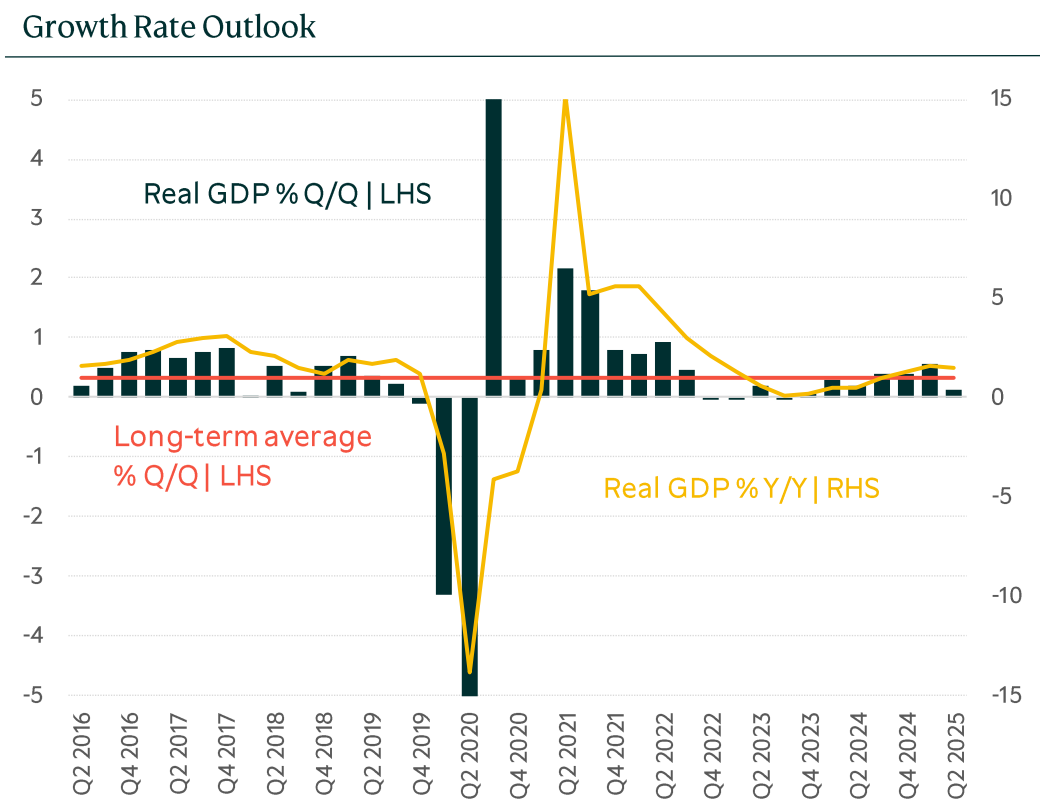
EA | Manufacturing New Orders on downturn in Q3 2025; Real M1 improvement somewhat reduces concerns about the economic outlook.



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

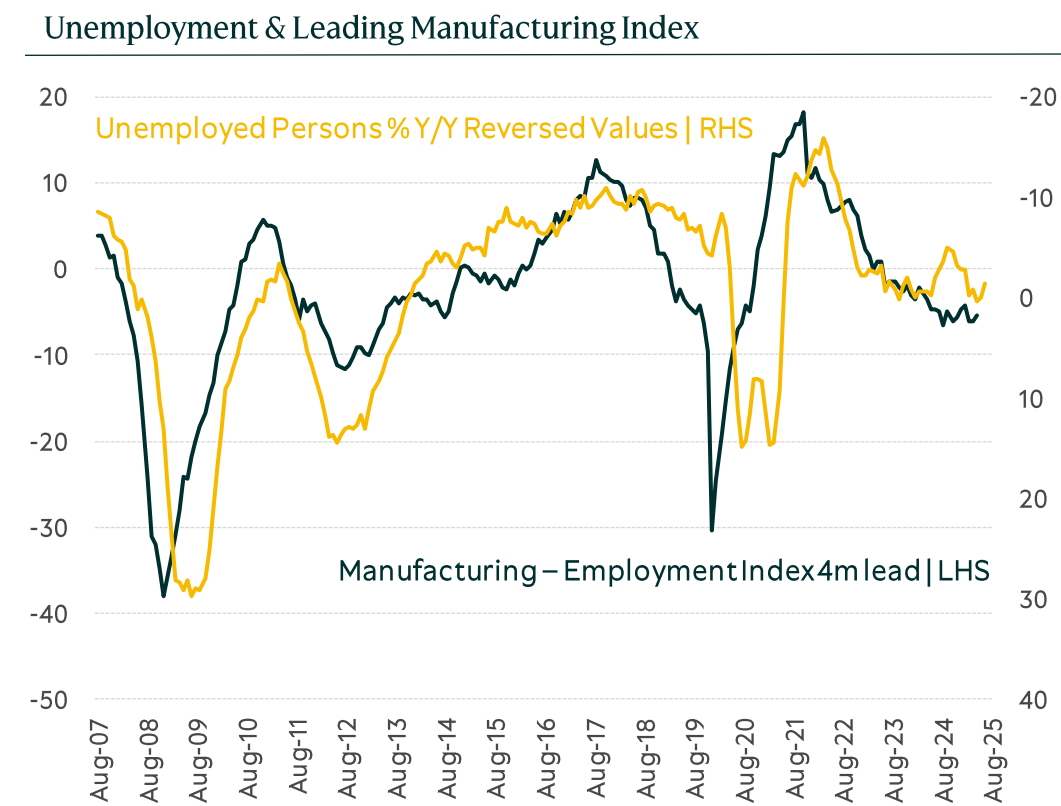
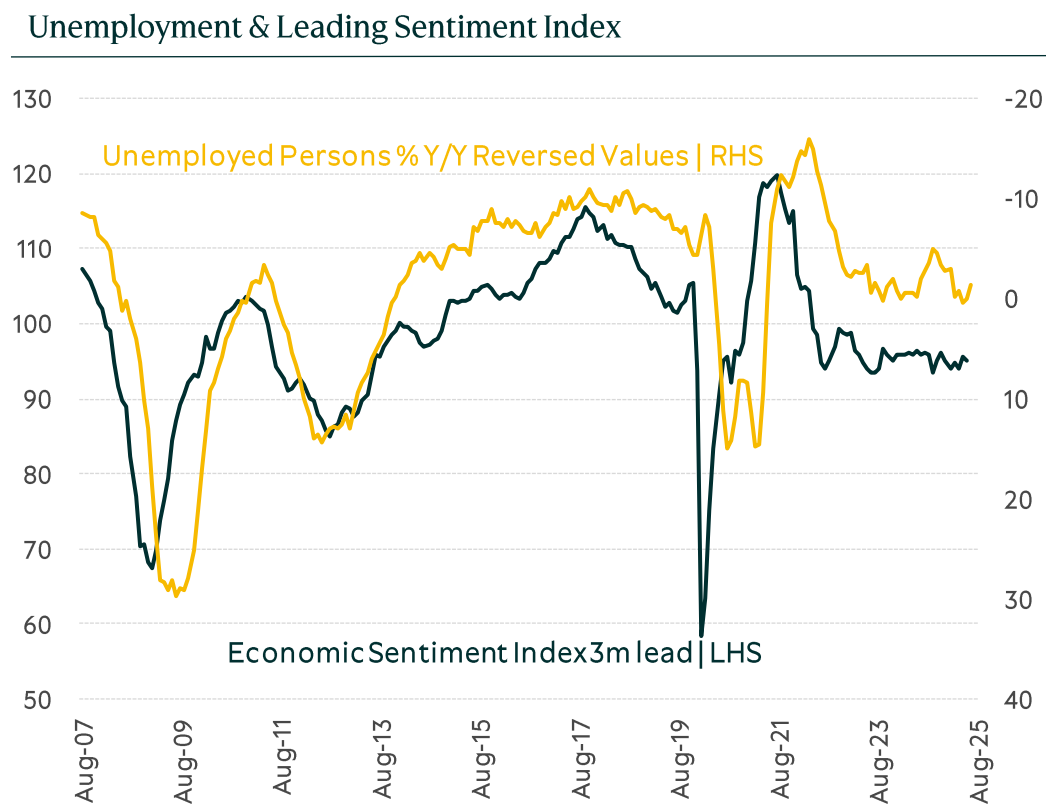


EA GDP Outlook | Real GDP grew by 1.5% year-on-year in Q2 2025 (0.1% quarter-on-quarter) but is projected to grow at a slower rate



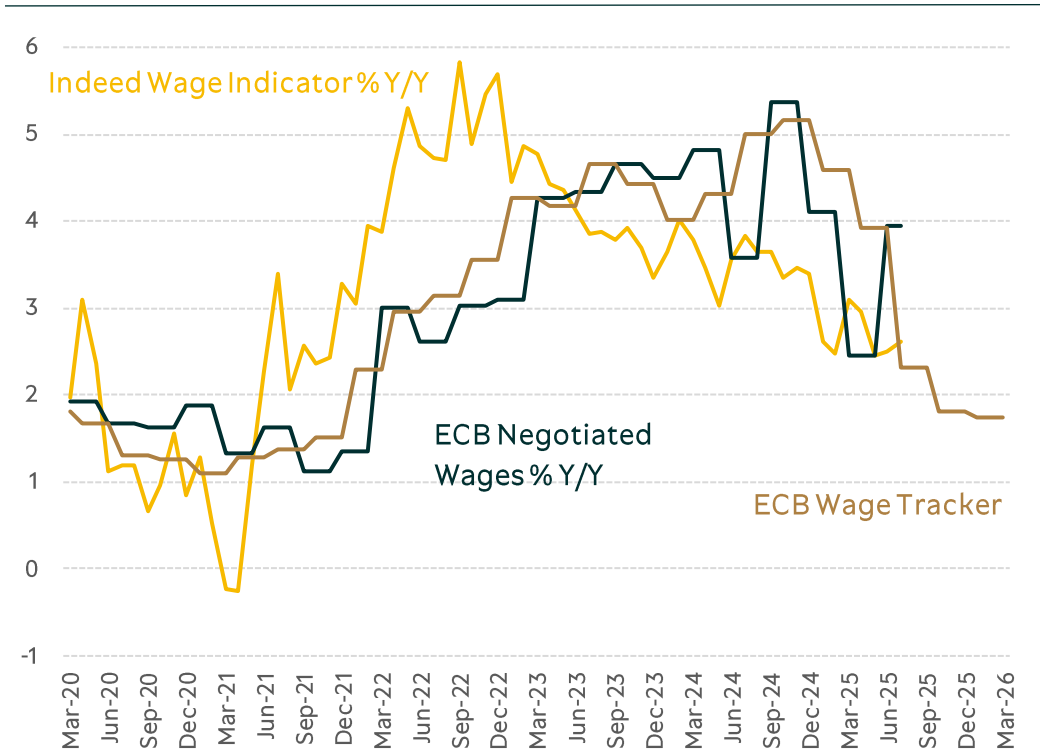
Note: Covid-19 period (Q4 2019 - Q2 2021) is excluded from the estimation

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

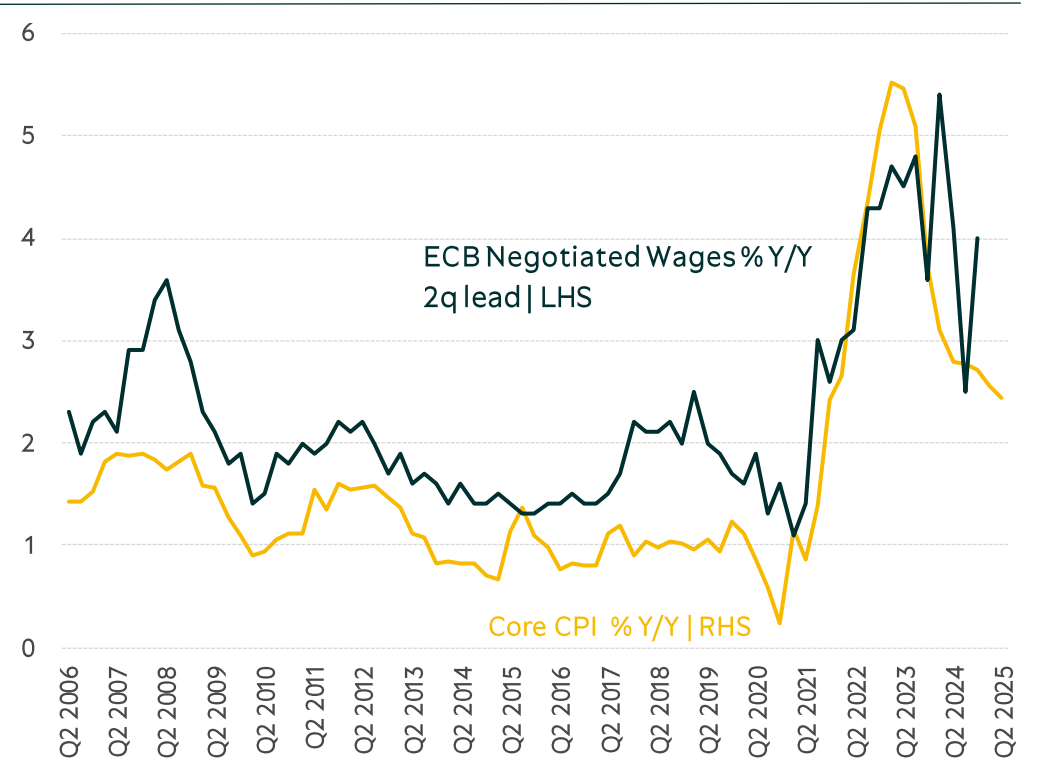


EA Wage Tracker | The ECB's Wage Tracker indicates a significant slowdown in wage growth for 2025 and 2026, although the Indeed wage indicator has slowly trended up for two consecutive months.

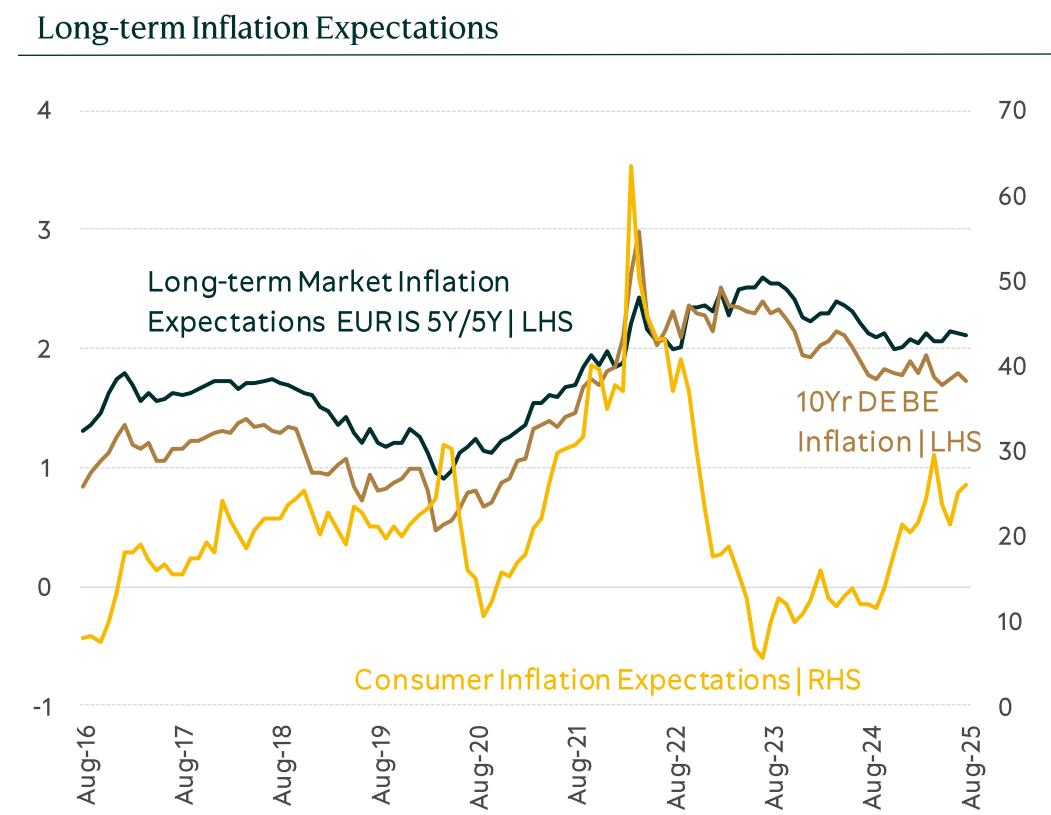
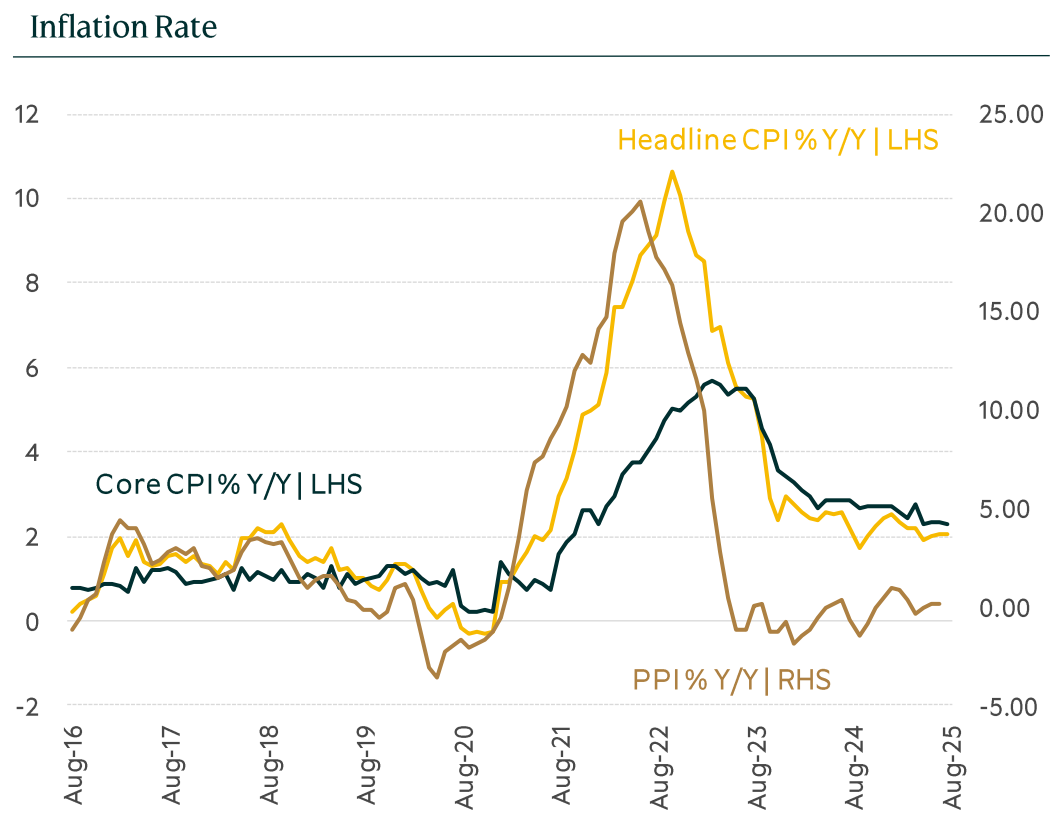
EA Wage Indicators



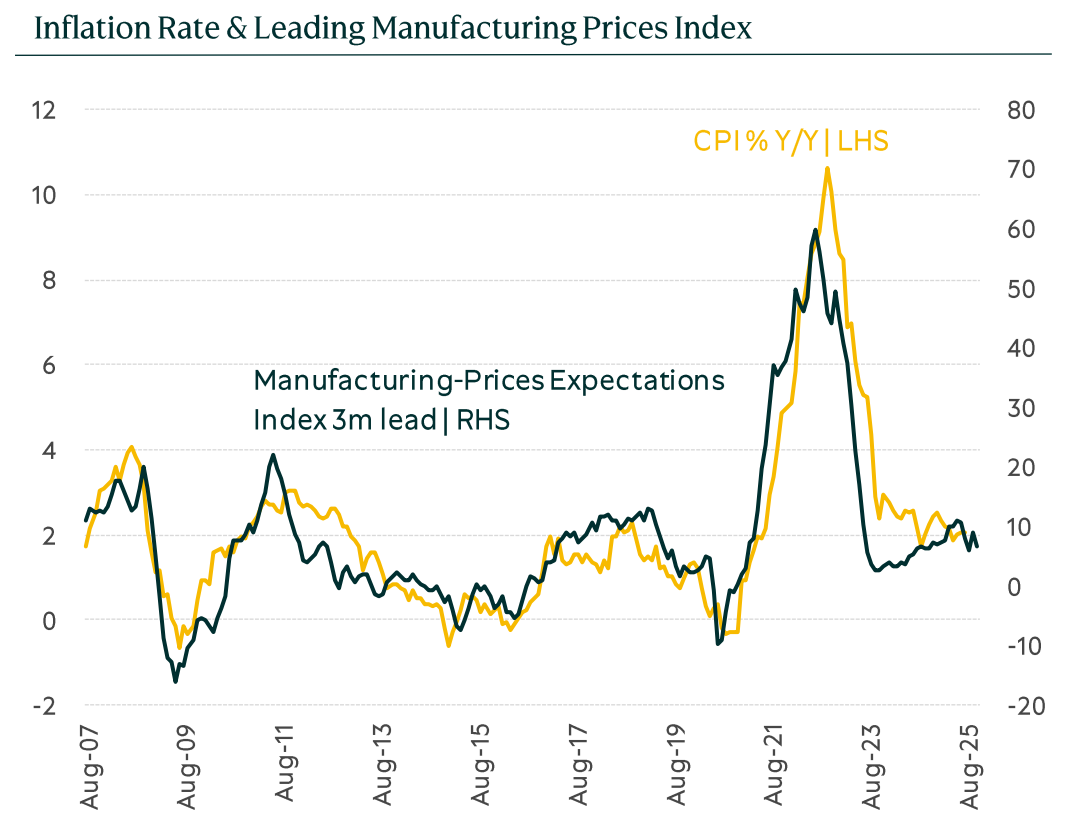
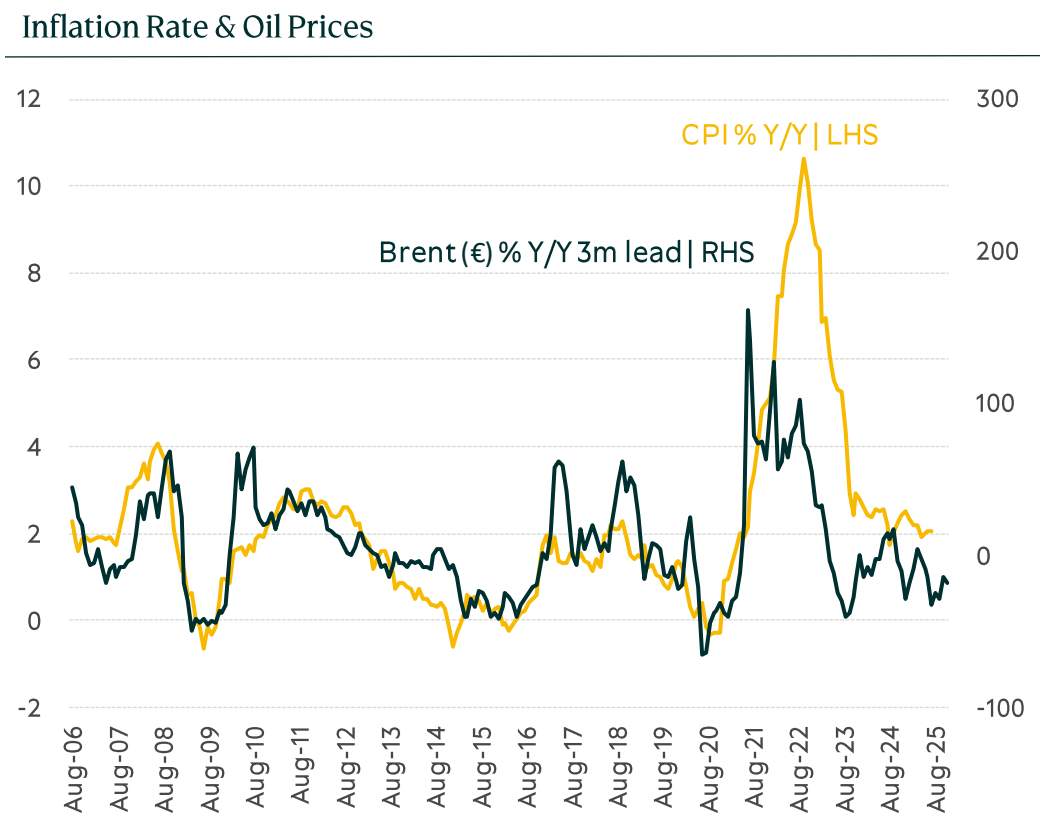
Core Inflation & Wages



EA Inflation Pressures | Headline CPI remained at around 2.0% in Jun-Aug period, as did Core CPI at 2.3%. Consumer inflation expectations in August continued to increase for the 3rd consecutive month.

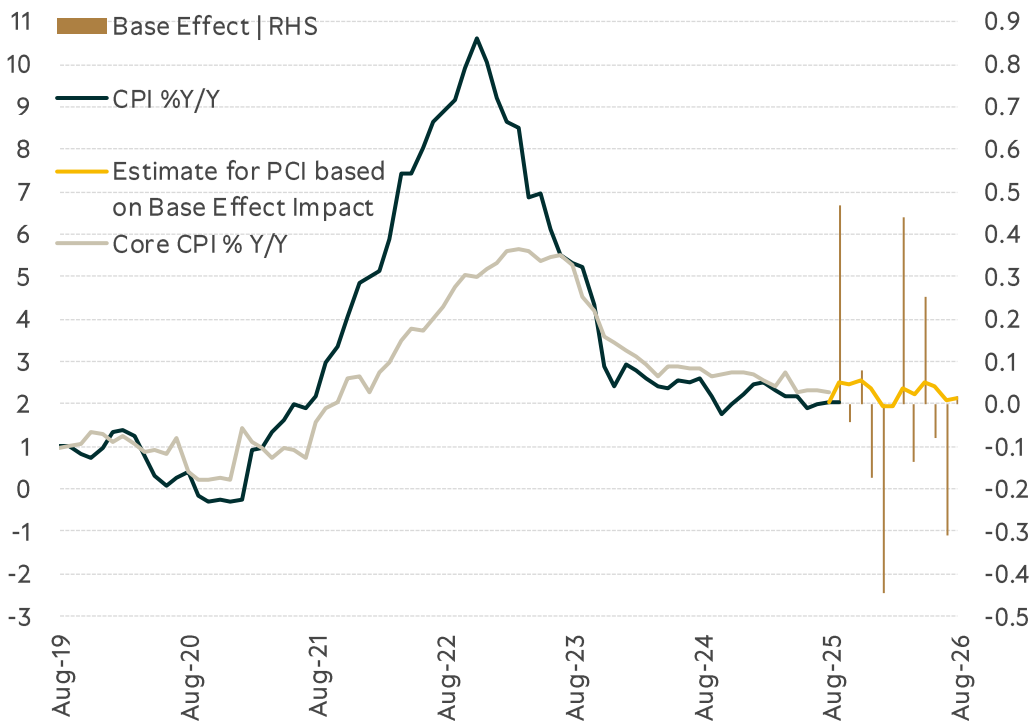


EA Inflation & Energy Prices | Manufacturing Prices Expectations do not exert pressures on prices, and the possibility of higher Brent prices due to a prolonged conflict in the Middle East diminishes

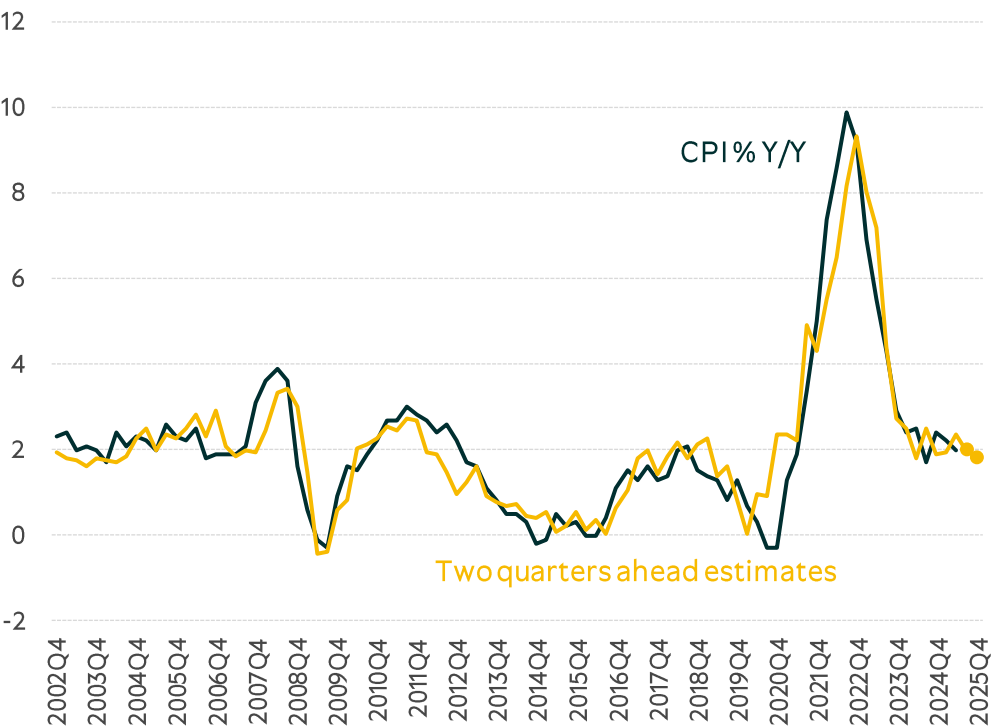


EA Inflation Outlook | The 2% target is expected to be achieved for the year

Inflation Rate Forecast | Statistical Model

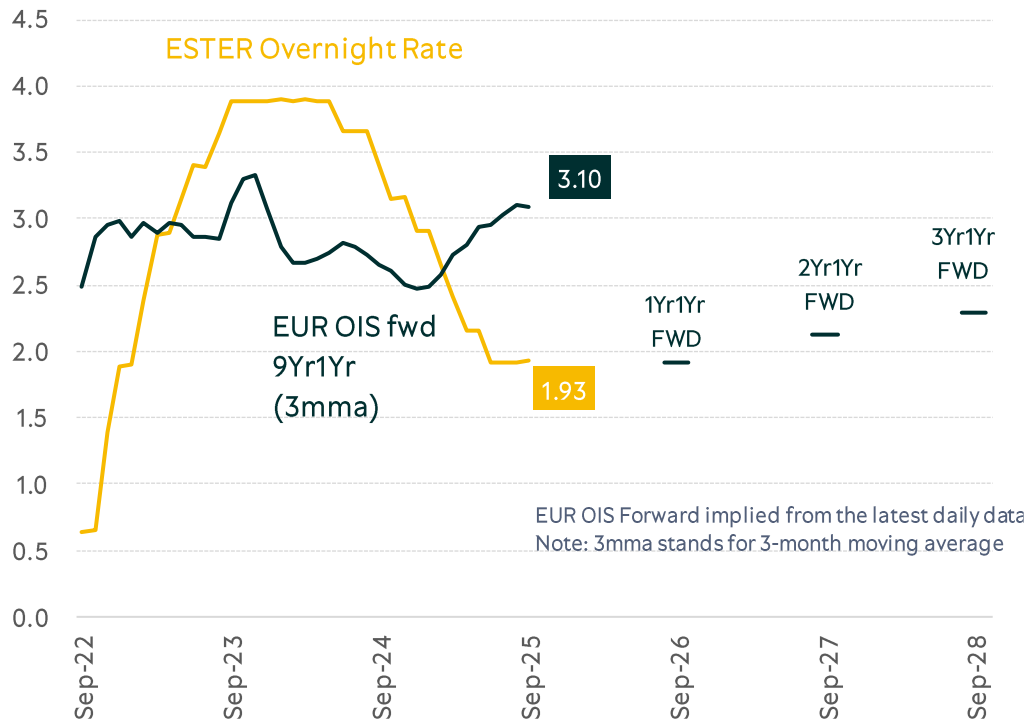


Inflation Rate Forecast | Macro Model

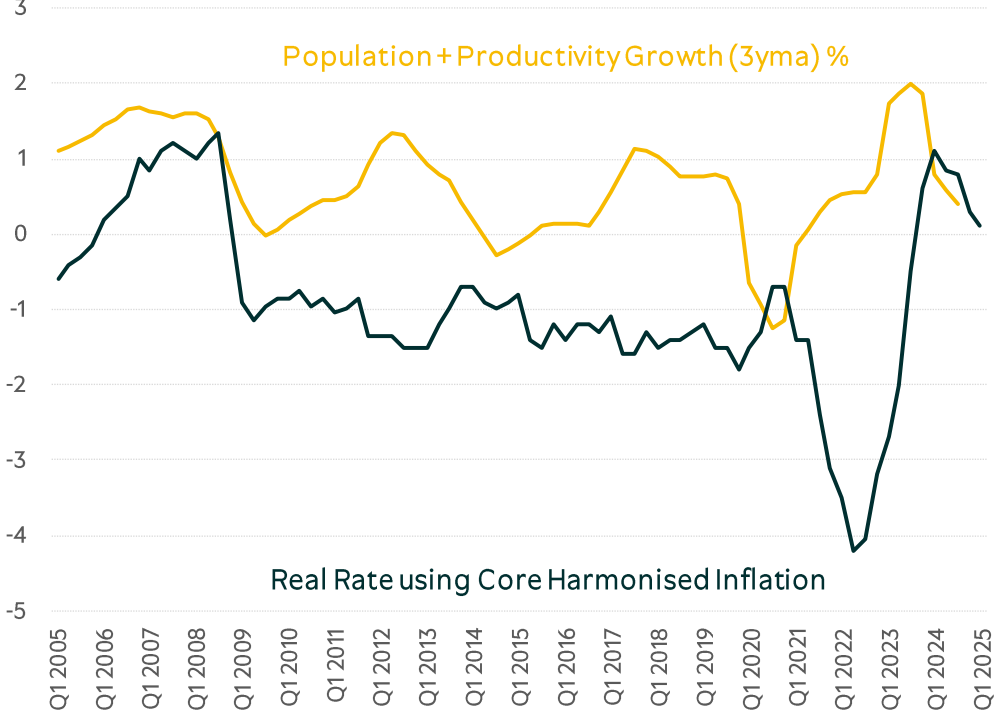


EA Short-Term Rates | 3Yr1Yr forward rates suggest higher levels of interest rates

Interest rates | Market Expectations

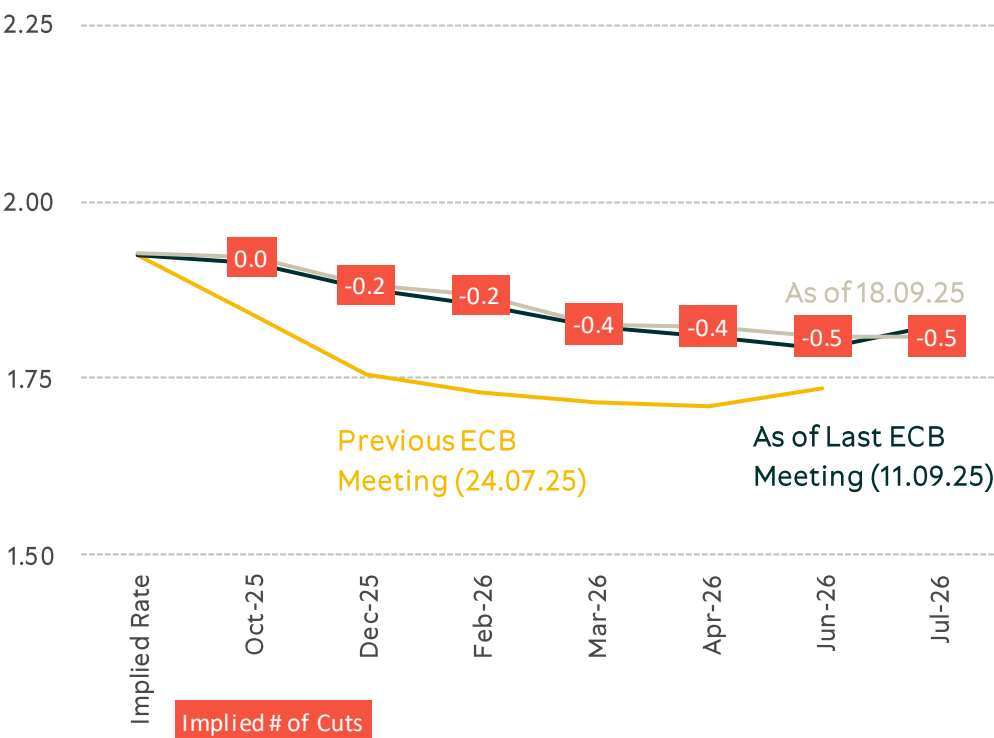


Real Depo Rate (Depo - Core CPI) & Population + Productivity growth

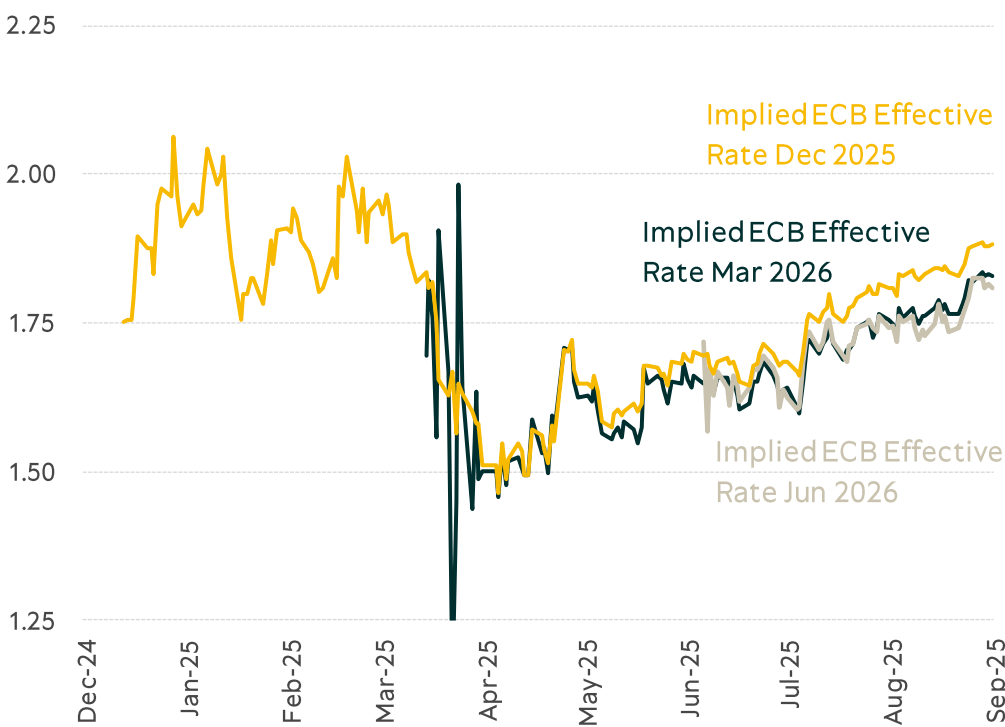


EA Short-Term Rates | Less than one cut is anticipated by the markets by mid-2026

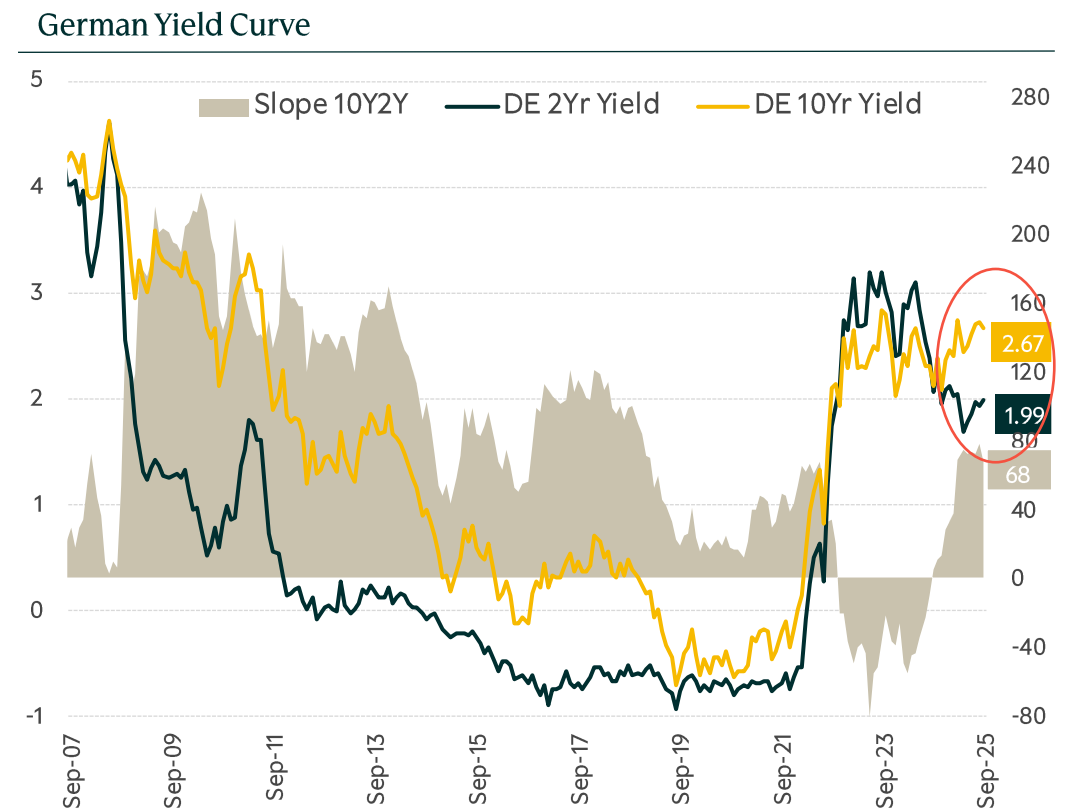
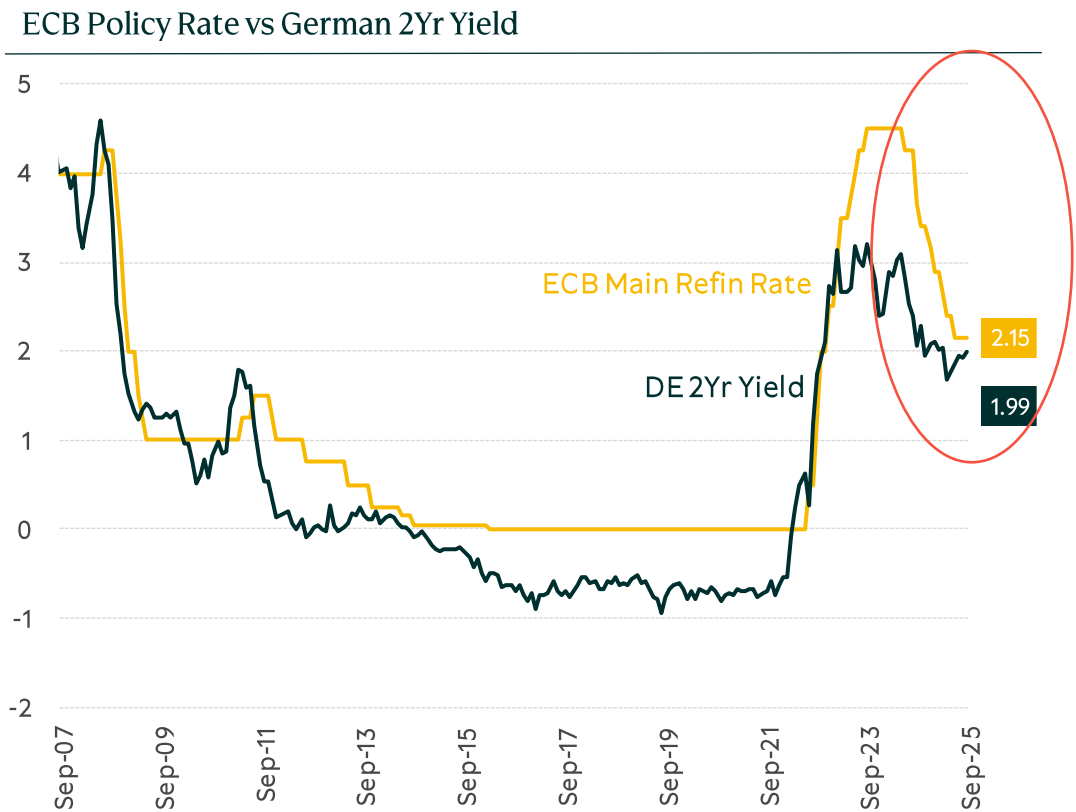
Implied Overnight Rate based on Overnight Index Swaps



Interest Rates | Implied ECB Effective Rate

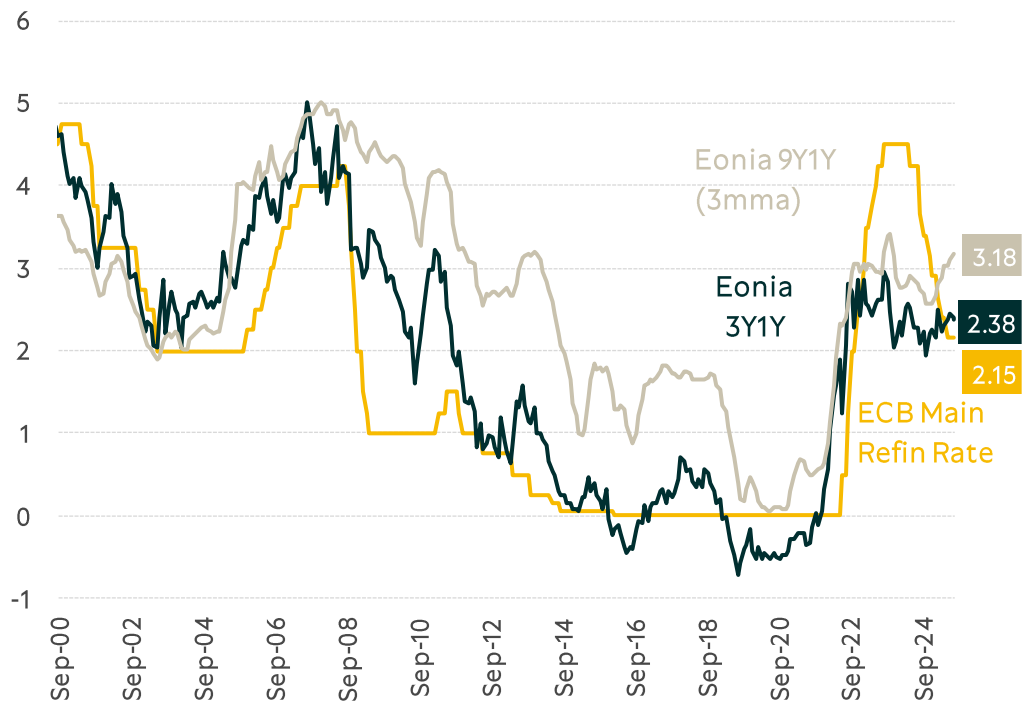


EA Rates | After four straight cuts earlier in the year, the ECB kept its key interest rates unchanged in July and September. German 10Y2Y spread turned positive at the end of Q3 2024 and has steepened since.

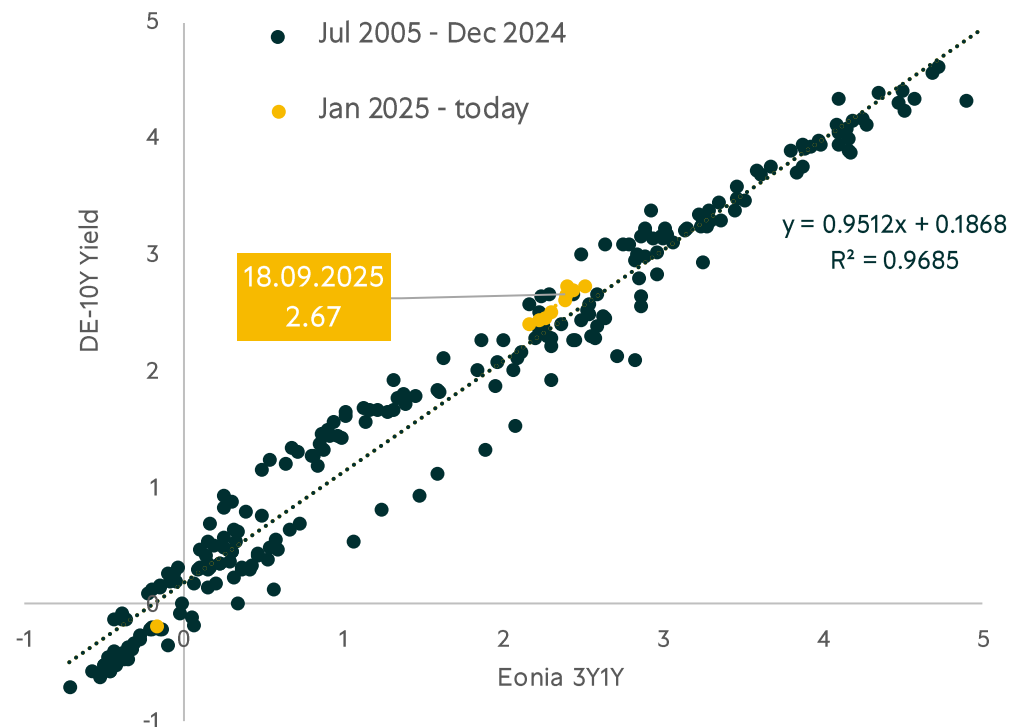


EA Long-Term Rates | Given the current level of short-term rates, long-term bonds are close to “fair value”

Long-term Interest Rate Expectations



DE Yield vs Medium-term Interest Rate Expectations



Bird's Eye View

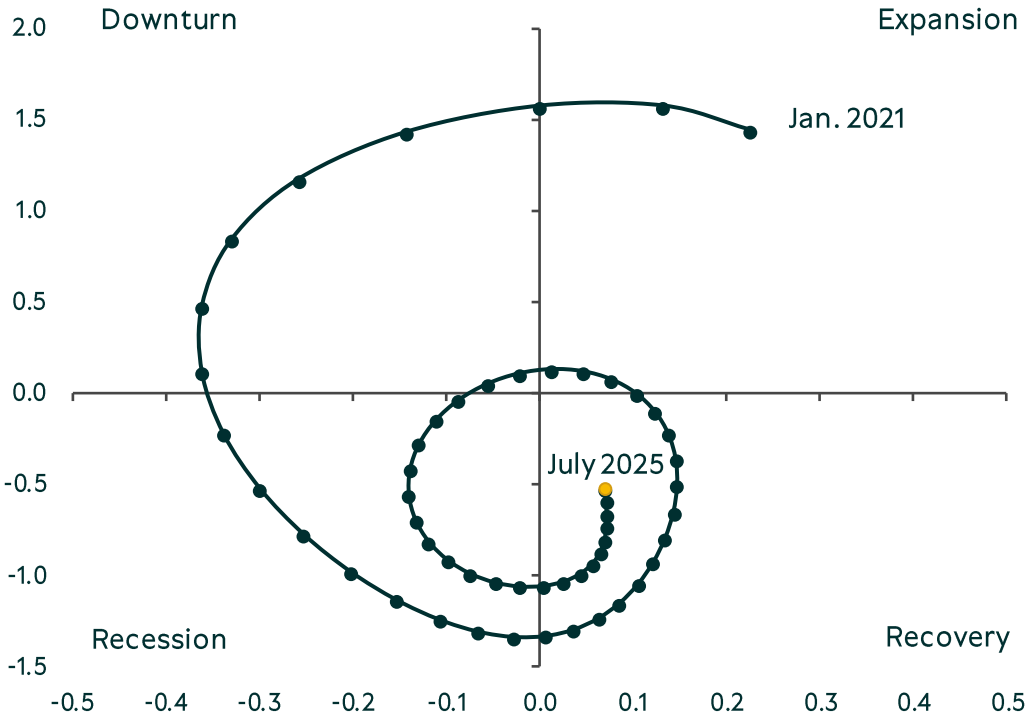
US Economy

EA Economy

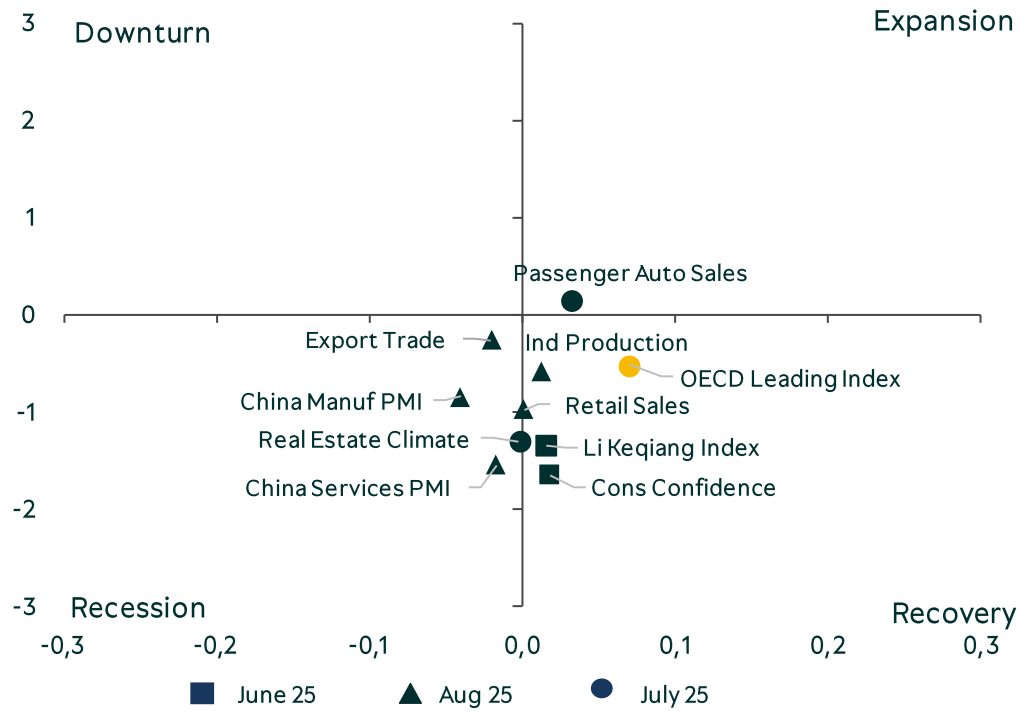
China Economy

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

CN Business Cycle | Based on China OECD Leading Indicator

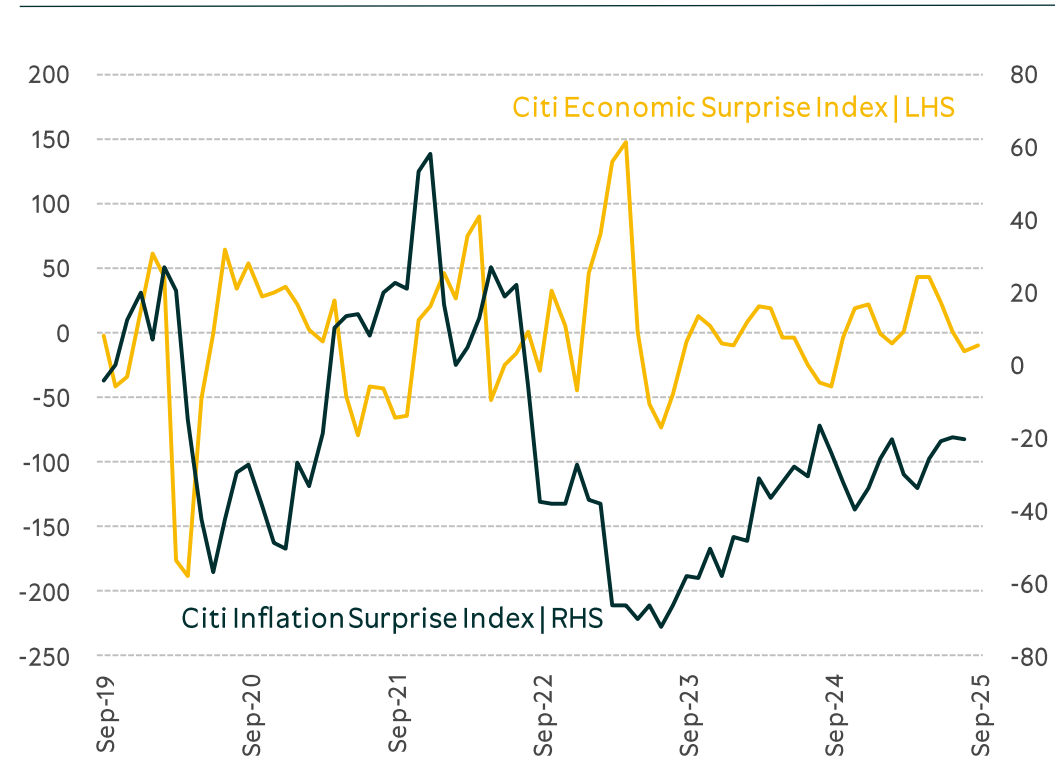


CN Business Cycle | Based on Major CN Economic Variables

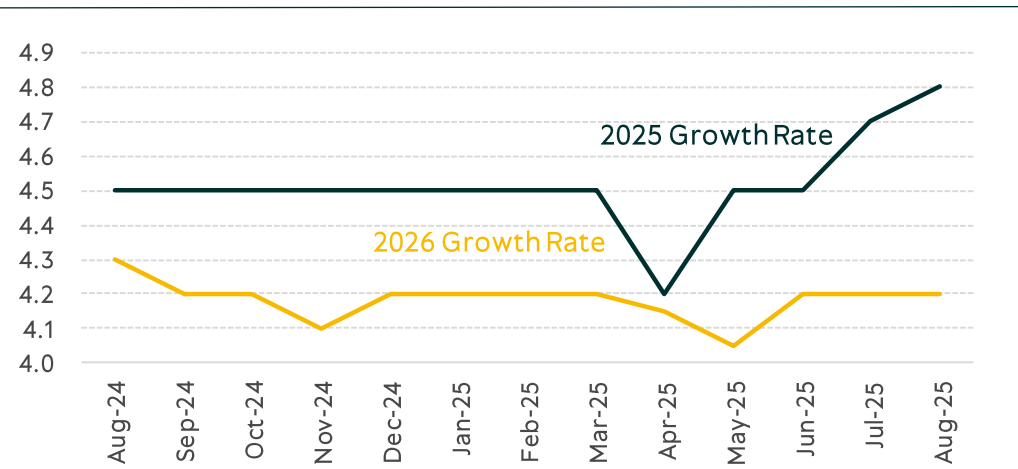


Chinese Macro Expectations | Sub 5% growth expectations for 2025

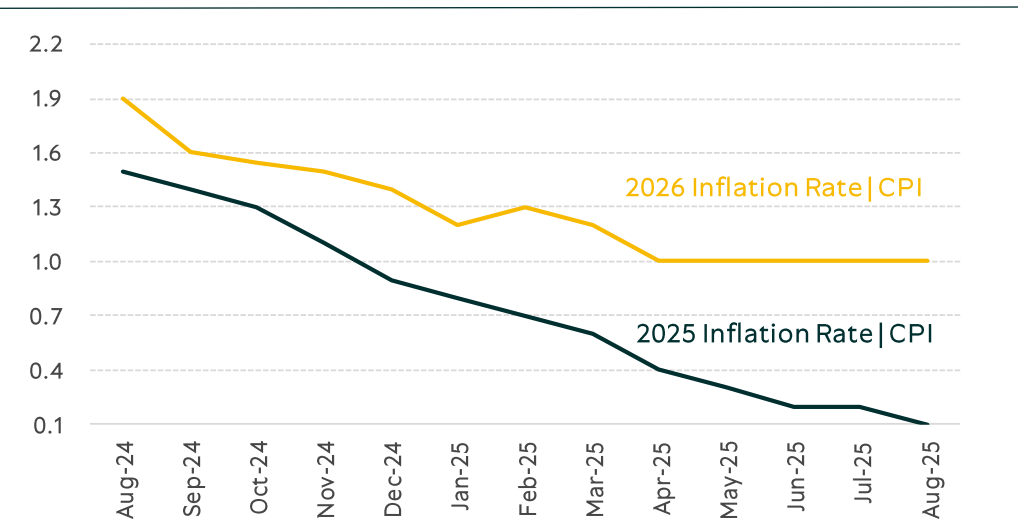
Economic & Inflation Surprises



Growth Rate Expectations (Consensus)

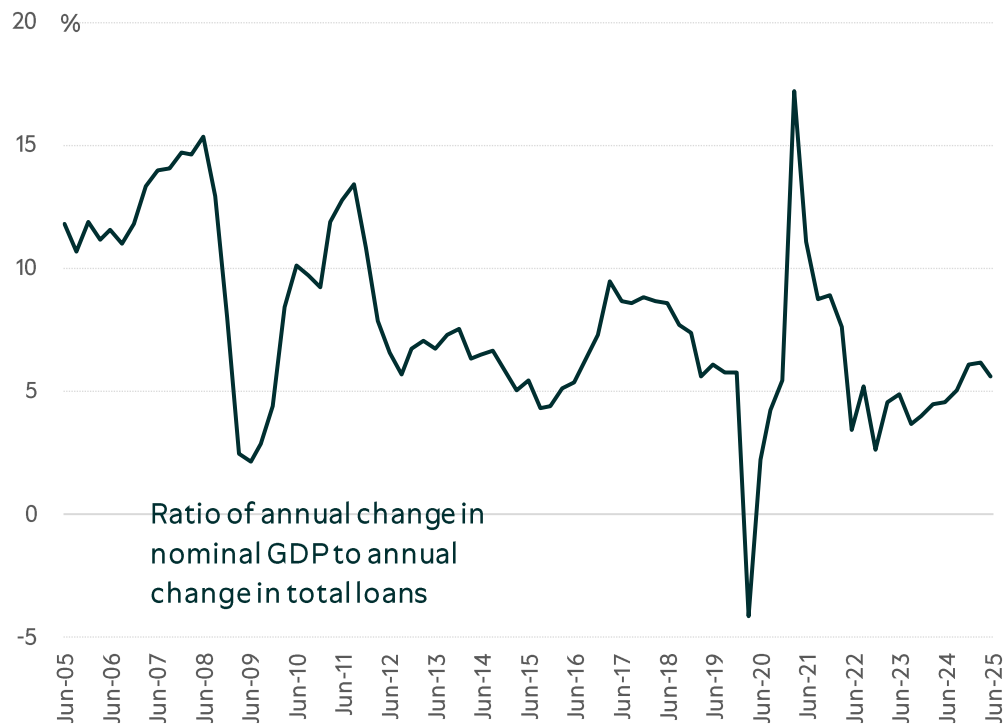


Inflation Rate Expectations (Consensus)

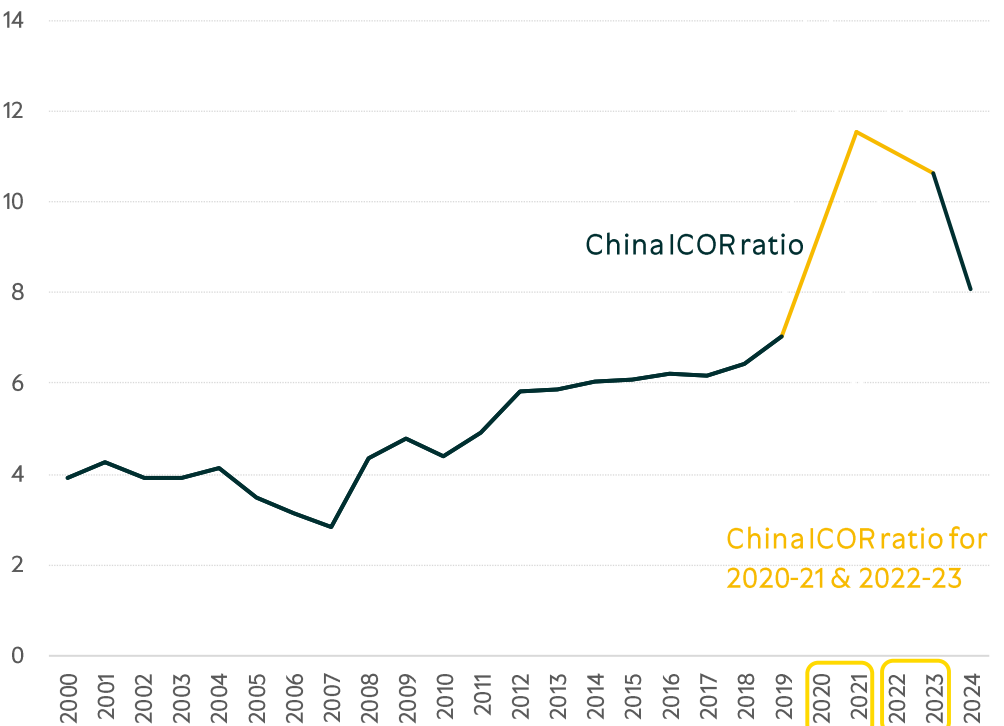


Chinese Investment Capacity | There is a need for more efficient capital allocation

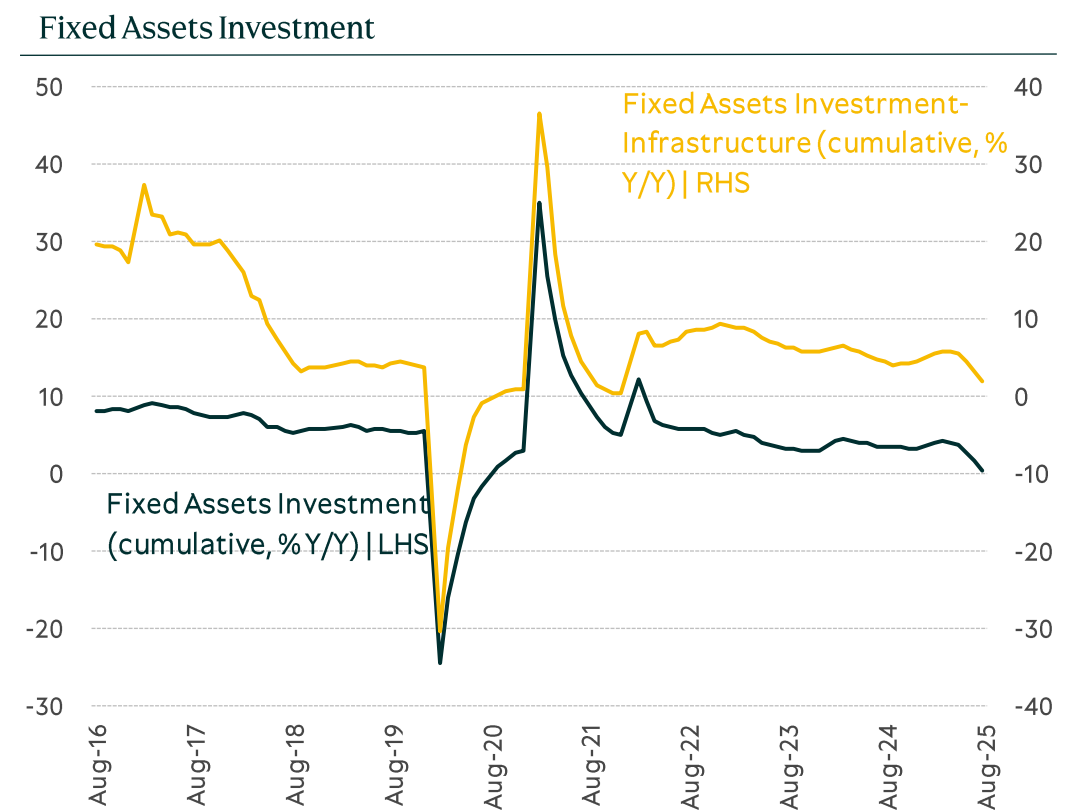
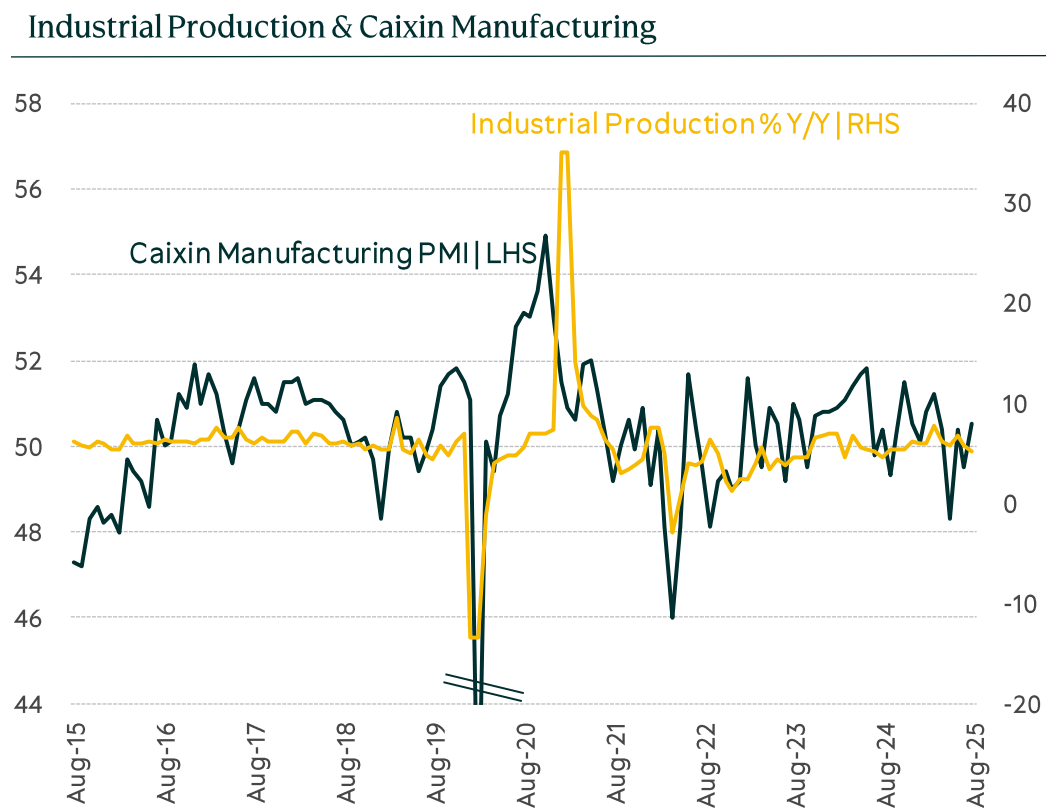
China credit-efficiency ratio



China Incremental Capital Output Ratio

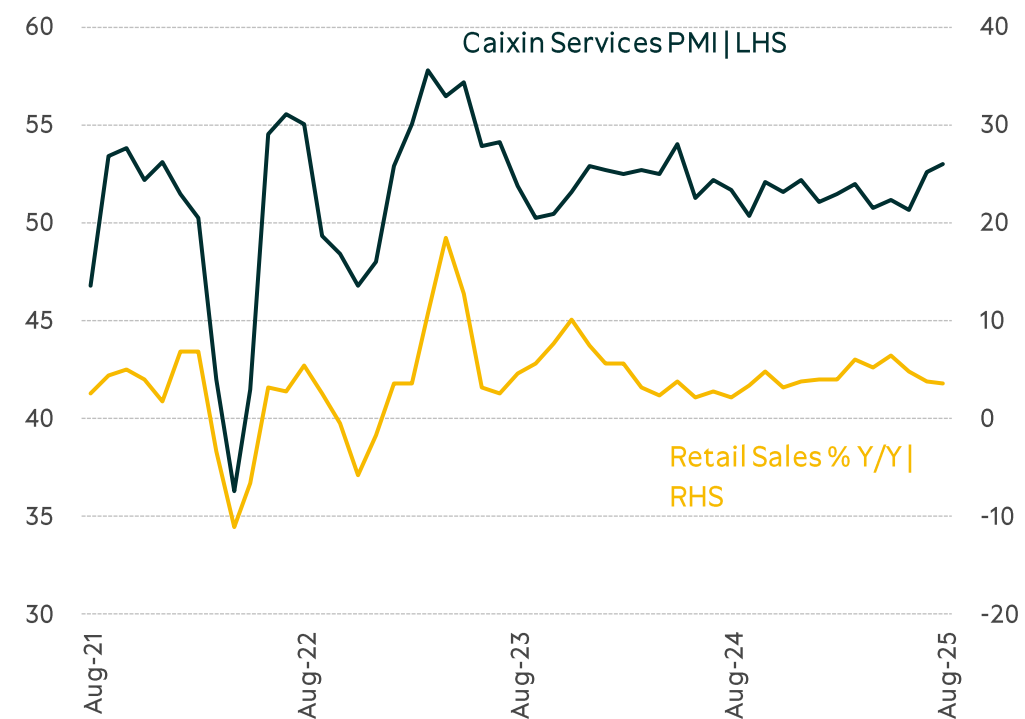


CN | Caixin Manufacturing PMI increased to 50.5 in August positively affected by the ongoing trade truce.

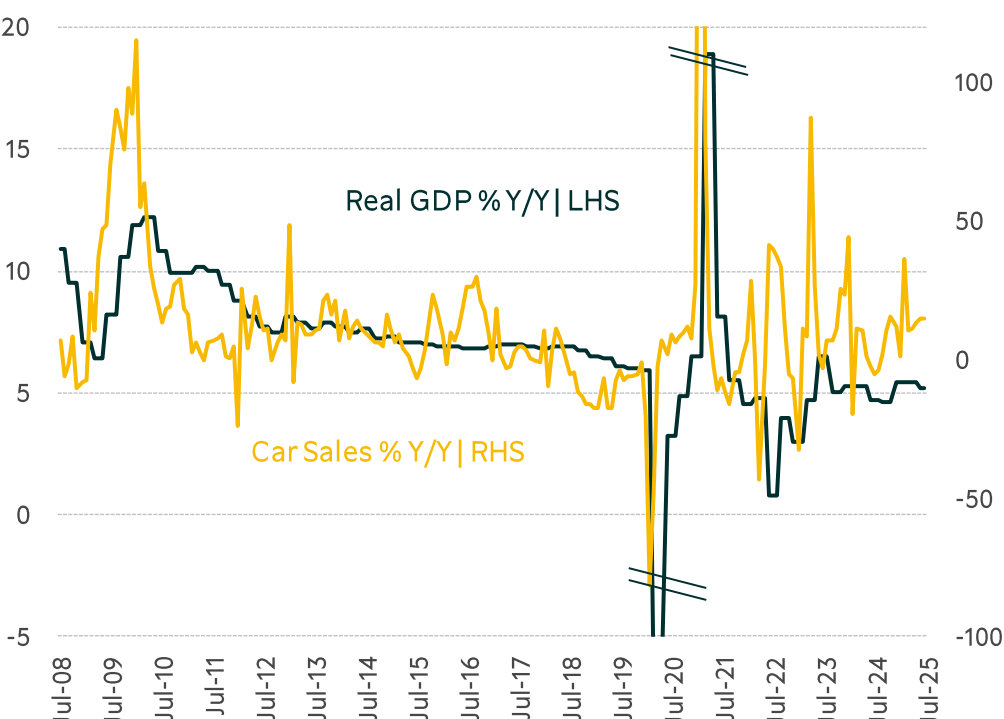


CN | Retail Sales growth rate is easing further. Positive sign the improvement in the Services PMI.

Retail Sales & Caixin Services PMI

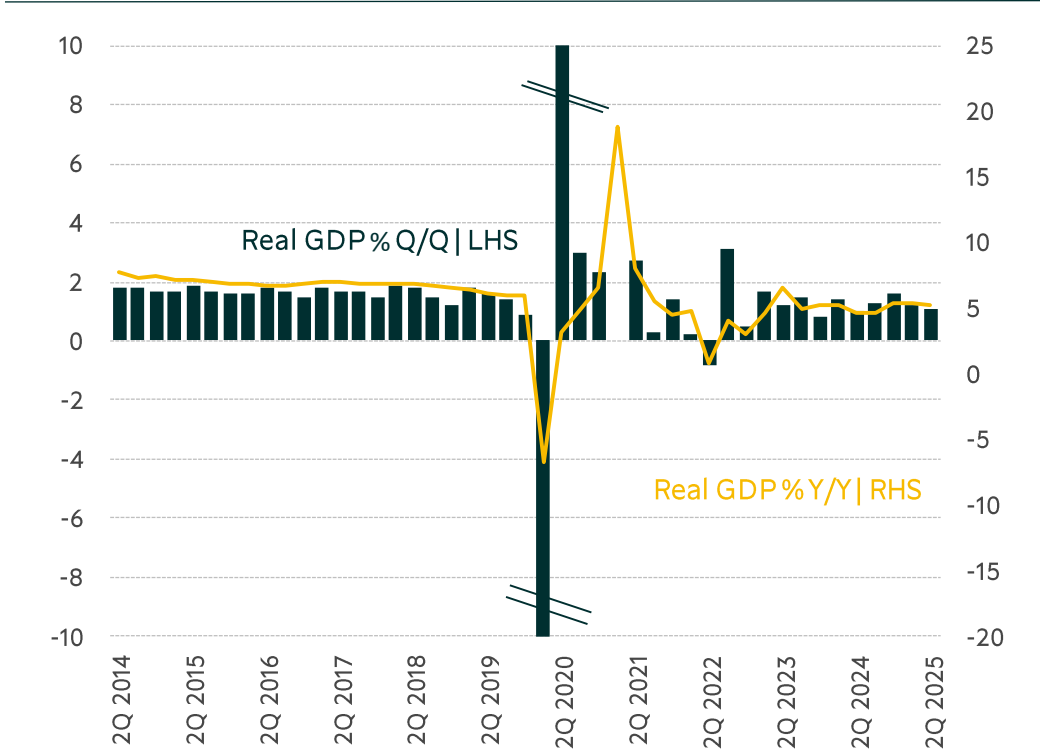


Real GDP & Car Sales

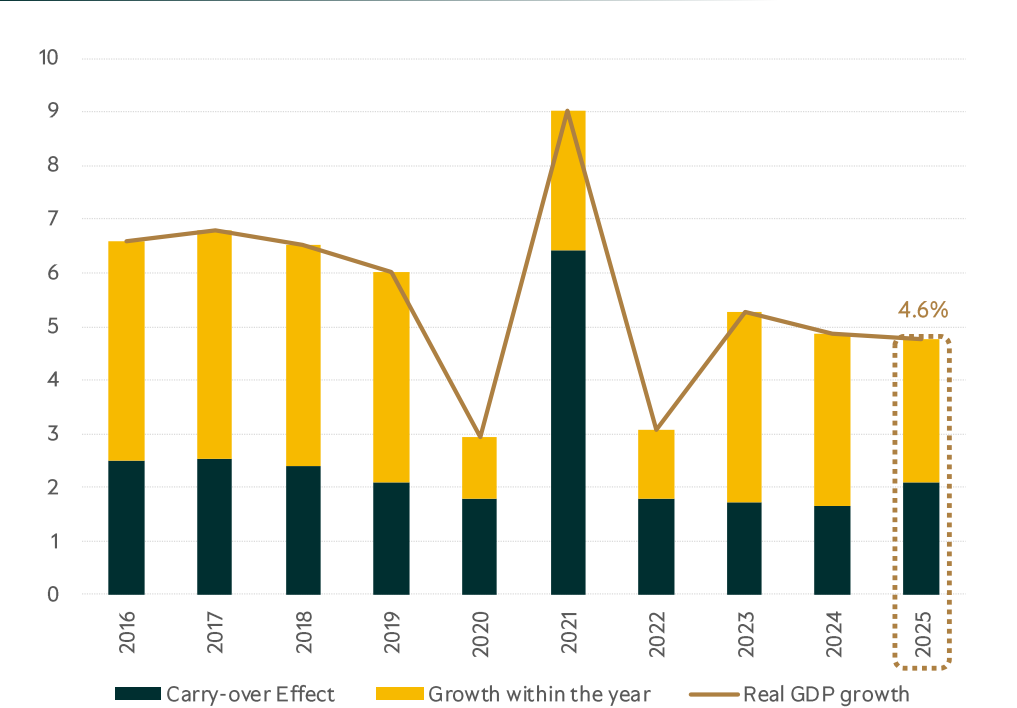


CN GDP Outlook | Achieving the government's target of approximately 5% growth rate in 2025 appears quite likely.

GDP Growth Rate

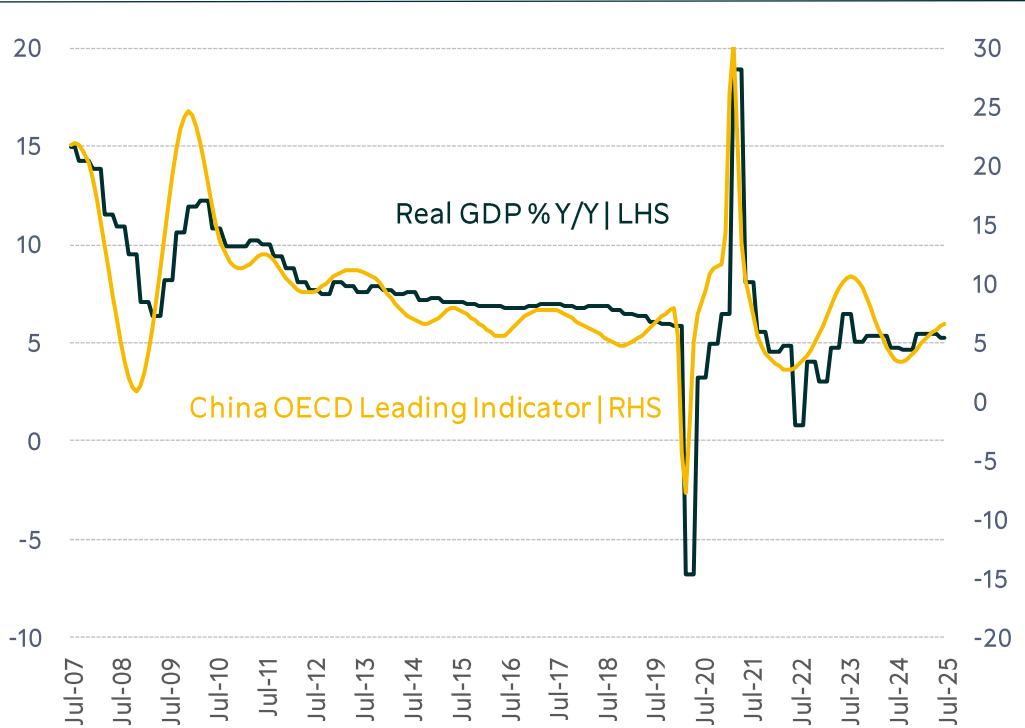


Carry Over Effect

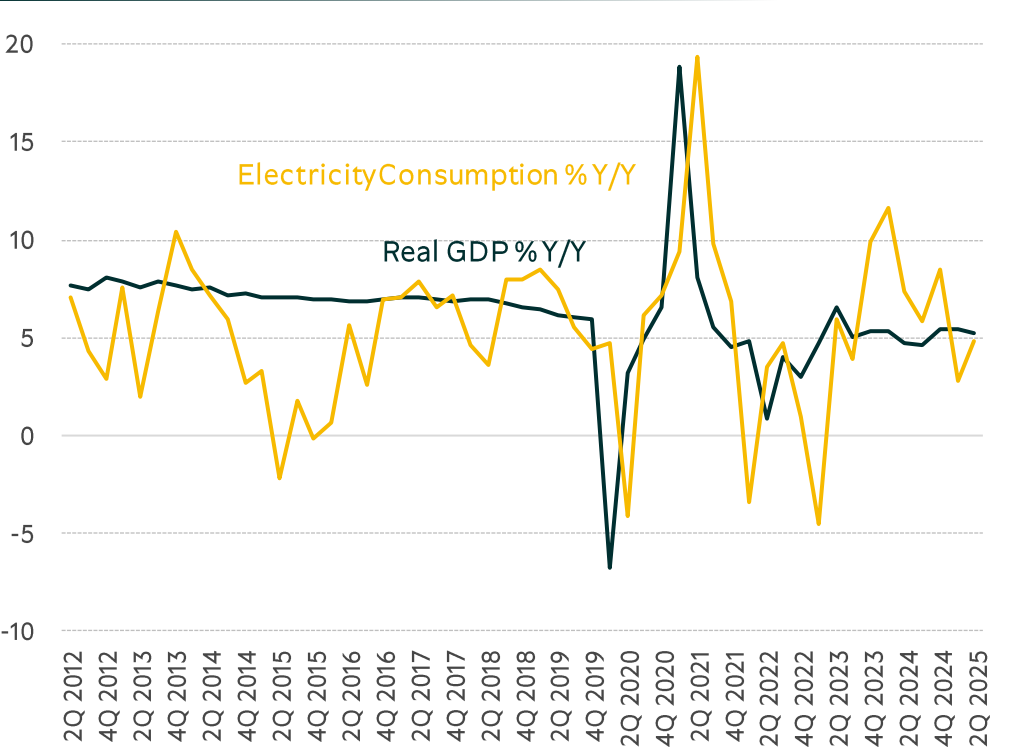


CN GDP | Electricity consumption and OECD's Leading Indicator are trending upwards

Real GDP & China OECD Leading Indicator

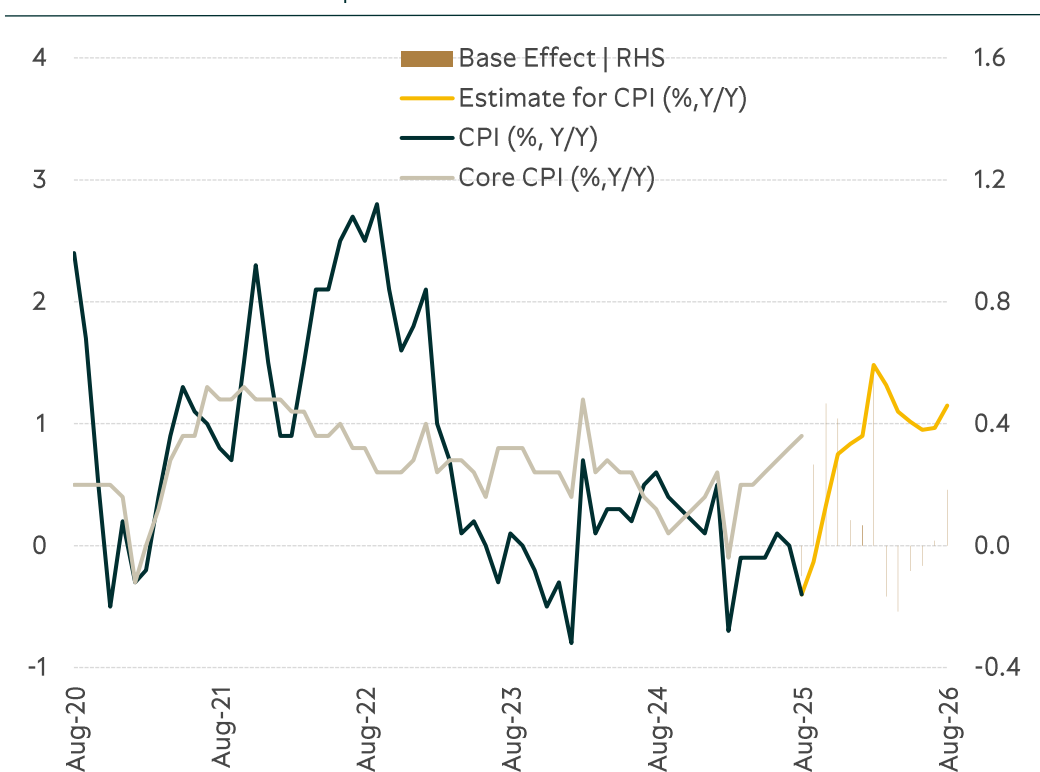


Real GDP & Electricity Consumption

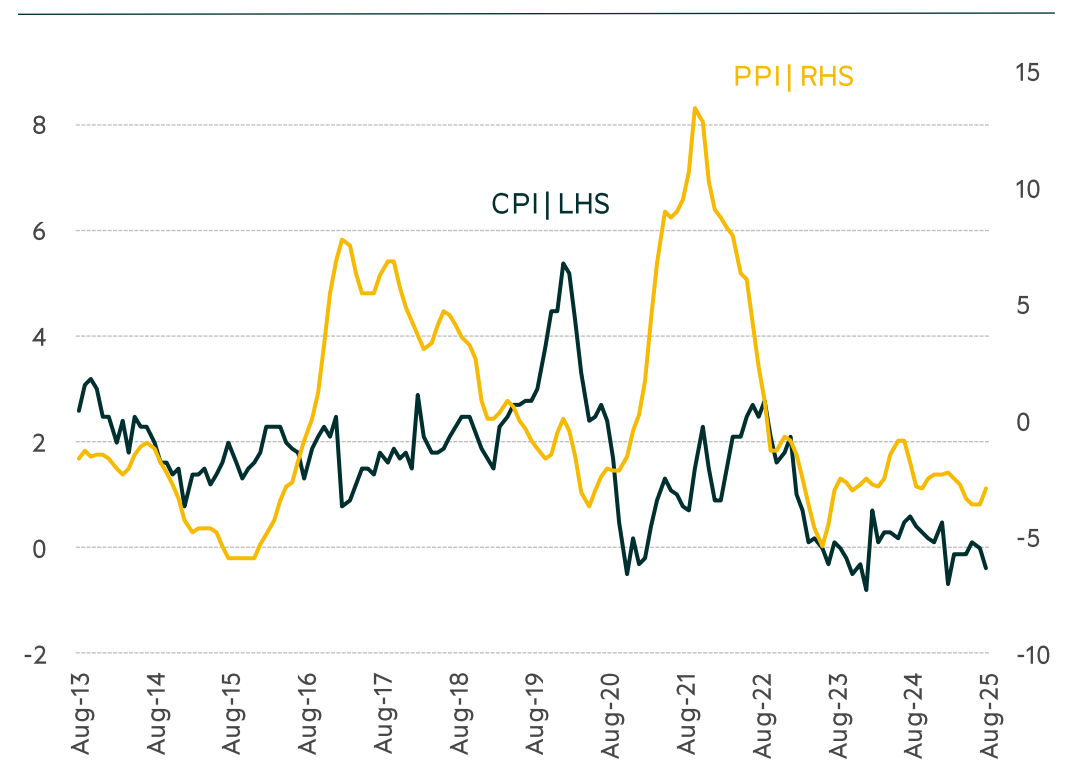


CN Inflation Outlook | Base effects are pointing to higher inflation in the next 12 months

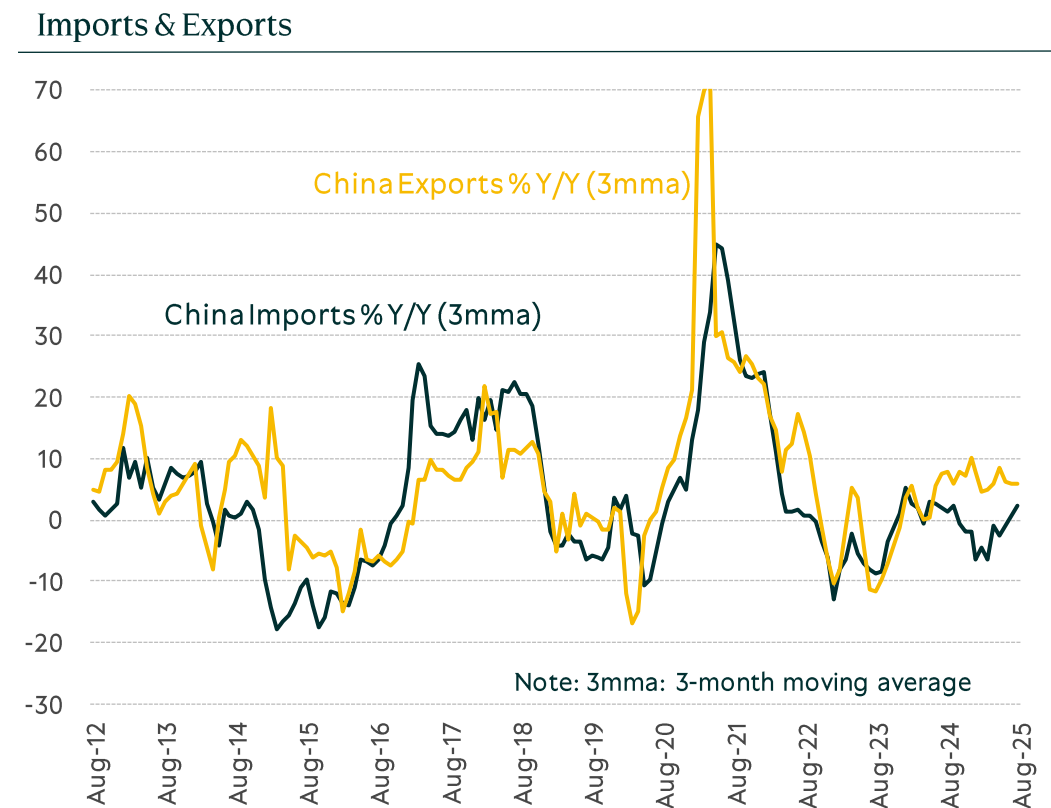
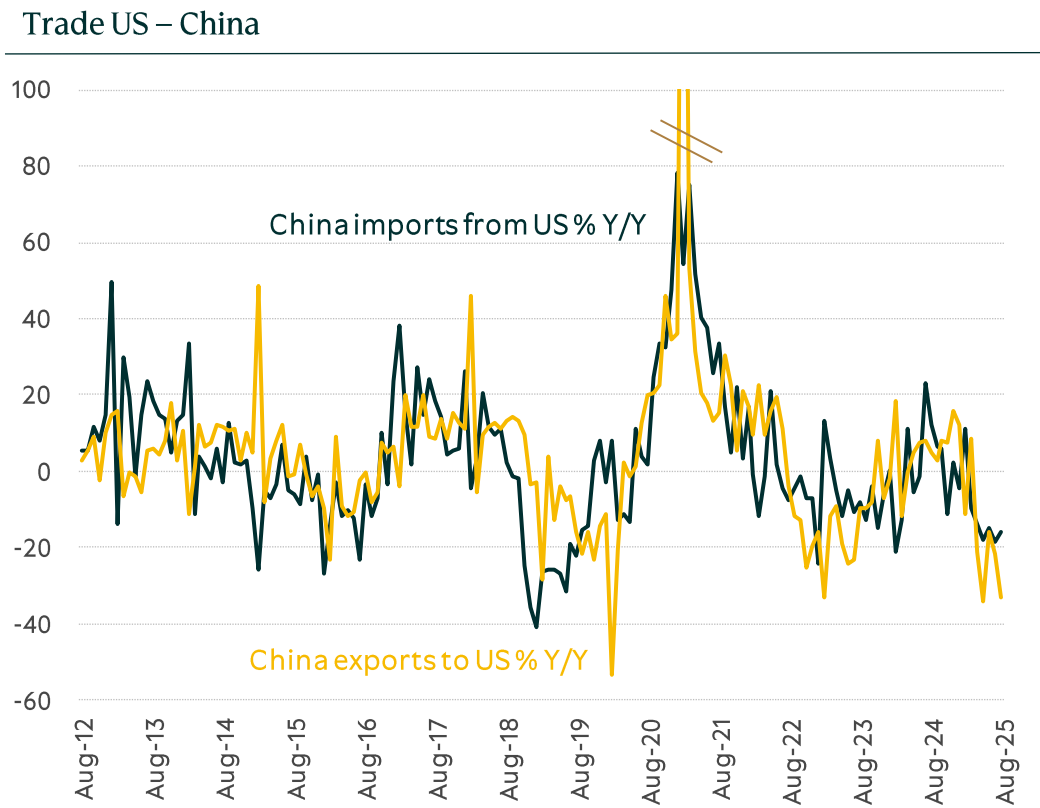
Inflation Rate Forecast | Statistical Model



CPI & PPI

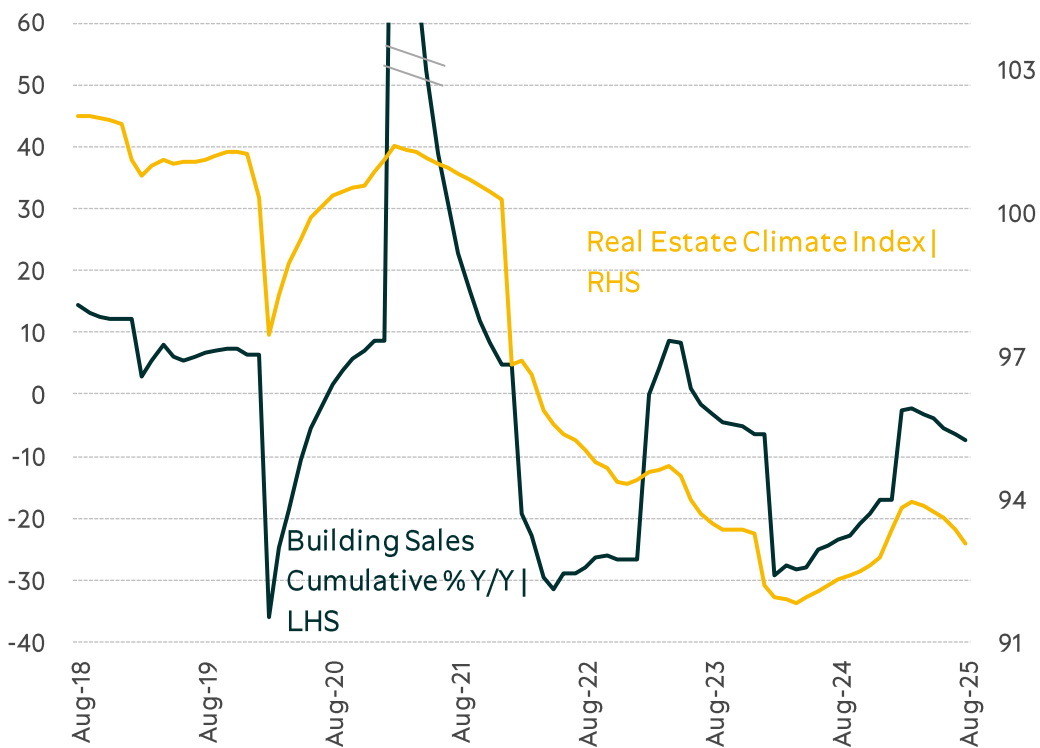


CN Trade | The trade truce with USA has limited trade losses but distrust between the two countries is growing stronger

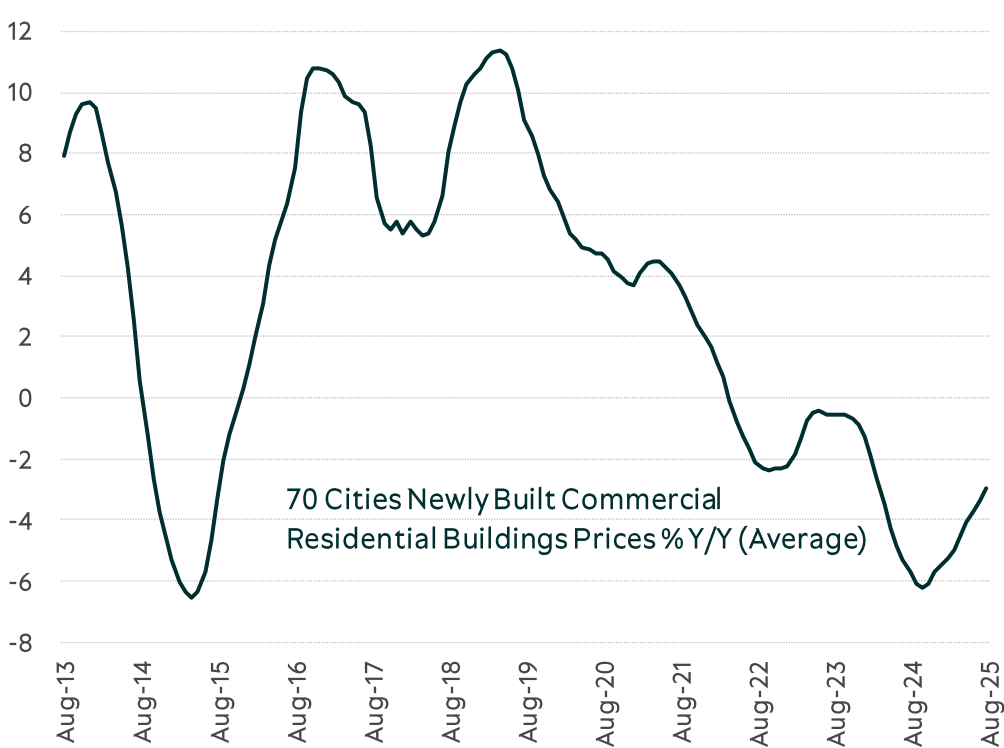


CN Real Estate | Further deterioration in Building sales and Real Estate climate. Prices still very subdued

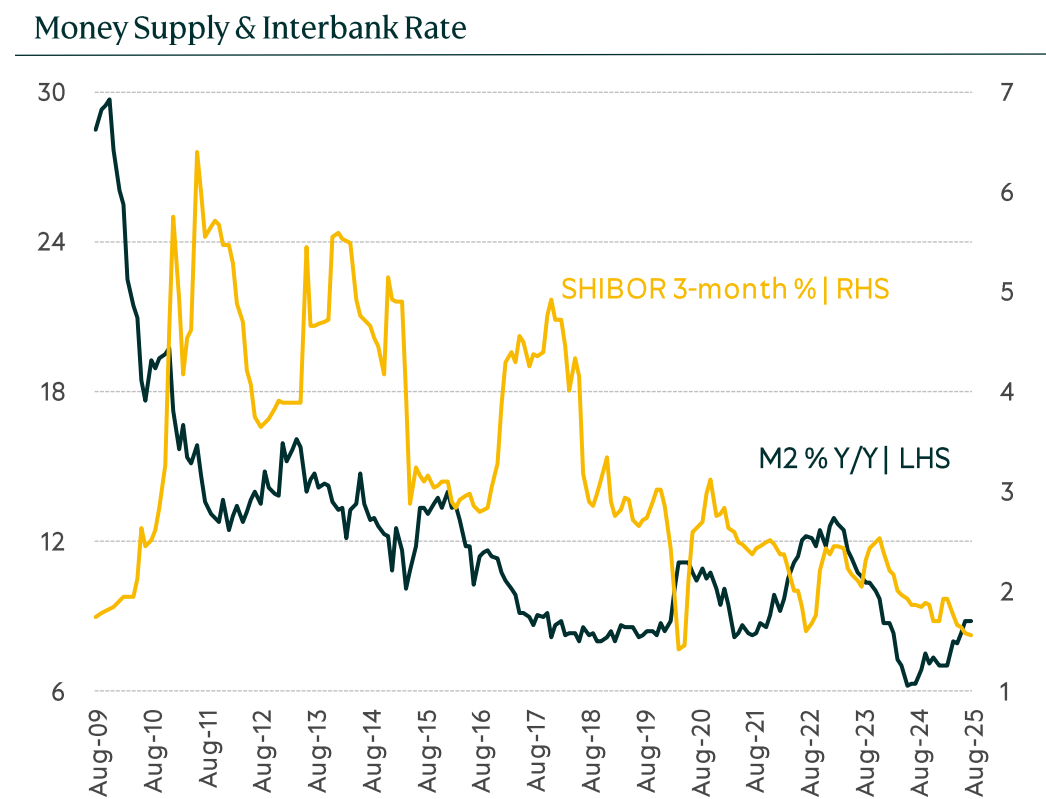
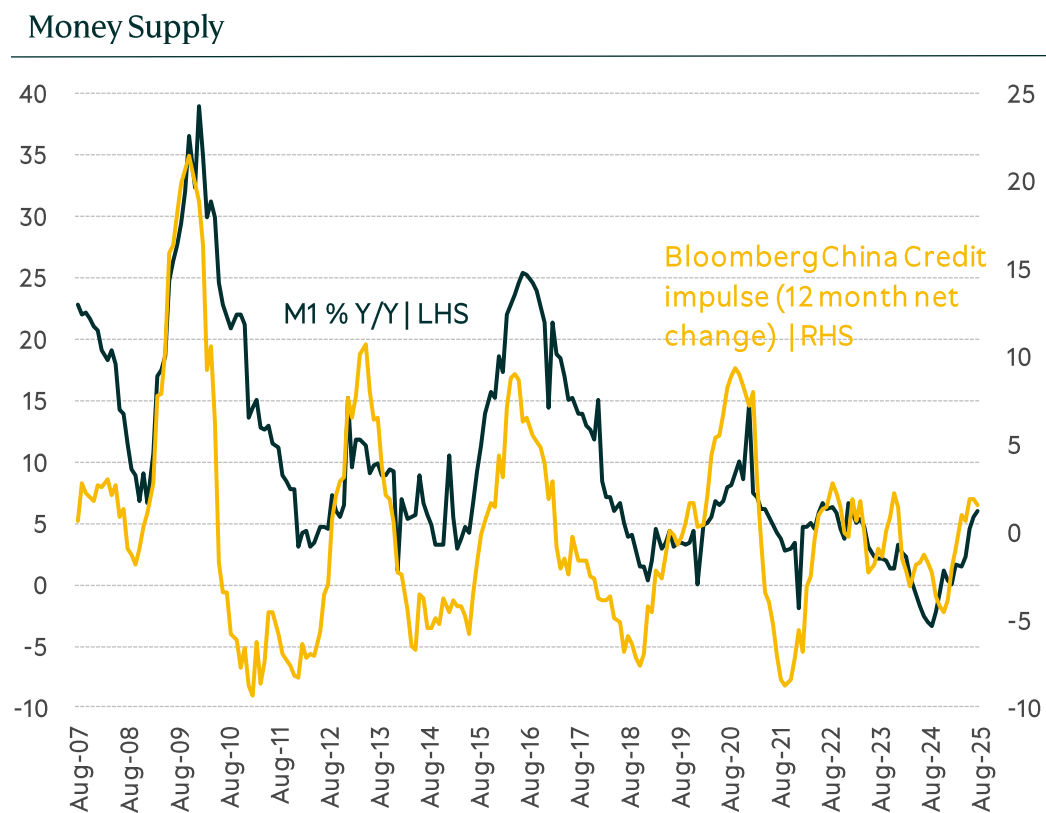
Real Estate Climate & Building Sales



Newly Residential Buildings Prices

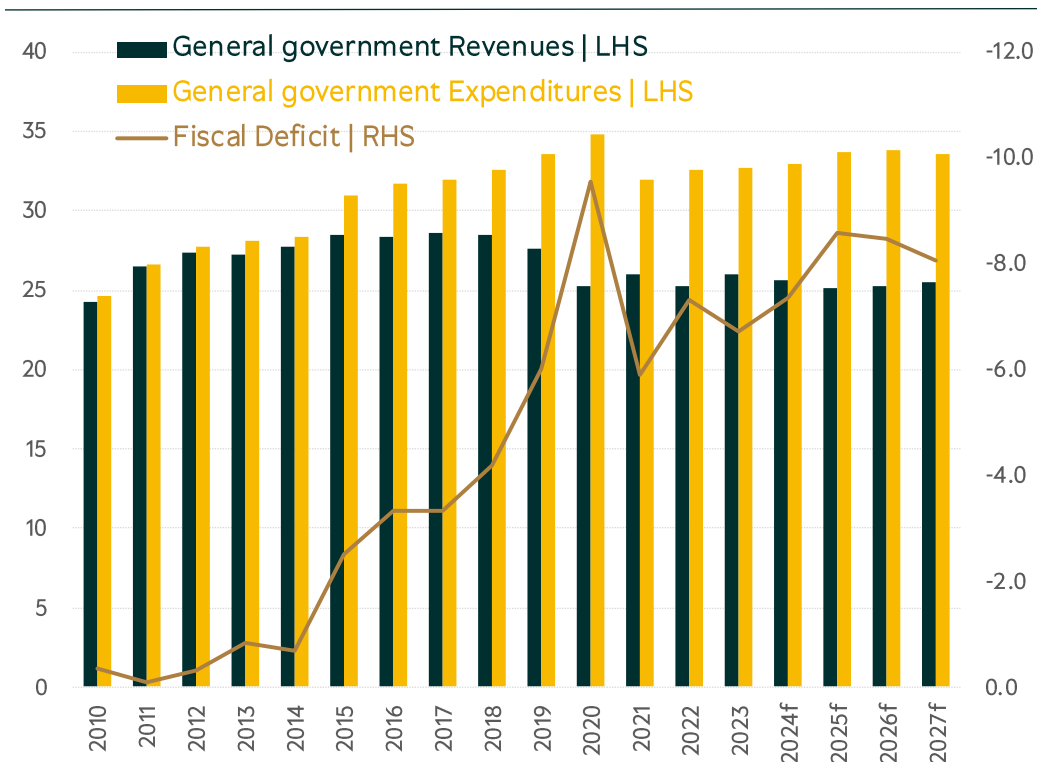


CN Money Supply | M1 and M2 are offering more growth support than before

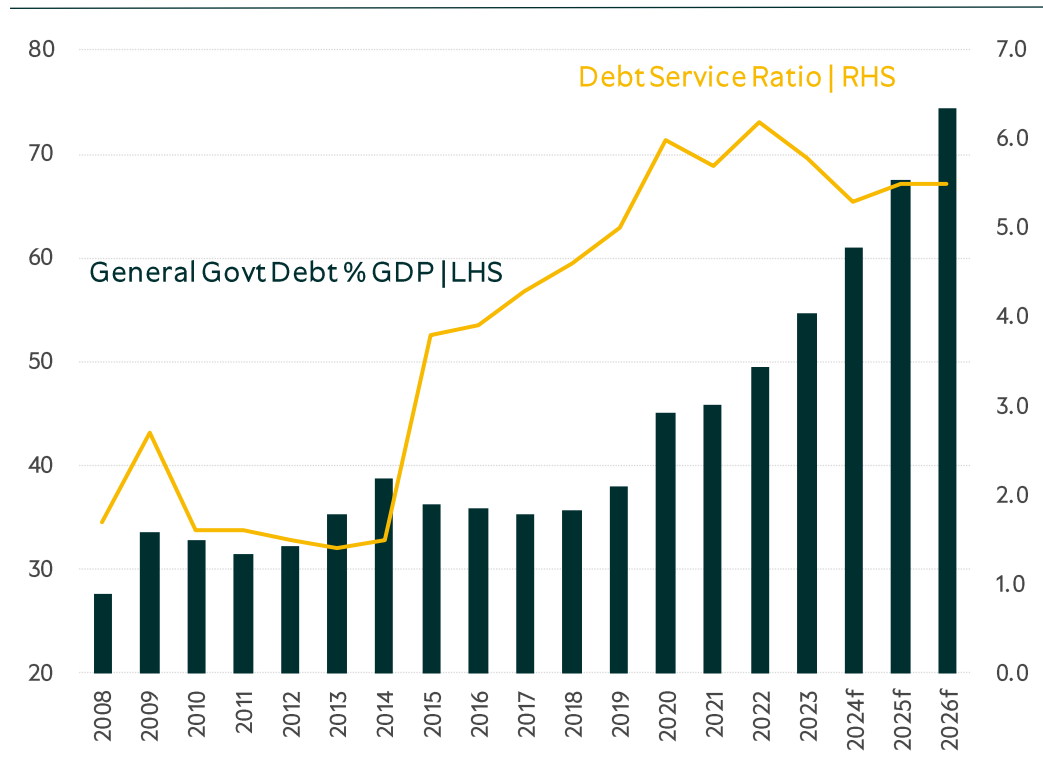


CN Fiscal | Expansionary Fiscal policy is expected to continue

Government Balance



General Government Debt & Debt Service Ratio



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

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