

PIRAEUS BANK



## **Global Economic Data Watch: Inflation versus Growth & Markets versus Central Banks**

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**Economic Research & Investment Strategy**

*May 2021*



- **The substantial fiscal stimulus and highly accommodative monetary policy in conjunction with the mass vaccination campaign are pushing the US economy to a buoyant recovery.** The majority of leading business indicators are at a high level. For example, the ISM Index of manufacturing rose in March 2021 to its highest level since 1983. Additionally, leading consumer indicators have recorded a recovery as the personal income is boosted by the substantial fiscal support programmes. Household deposits have increased by almost \$2 trillion during the pandemic period.
- **In 2020, the US economy shrank by almost 3.5% and particularly the personal consumption contracted by almost 4%. In 2021, we estimate that the real GDP will increase by almost 7% and by almost 4% in 2022.** In particular, the yearly growth rate in the second quarter of 2021 is estimated to reach 11% -12% due to the strong upward base effect. The mass vaccination campaign and increase in household deposits are expected to lead to a significant recovery in personal consumer spending on services (which accounts for almost 44% of the US GDP).
- **The unemployment rate has dropped remarkably from 15% to 6%. However, employment (according to payrolls data) is about 5% lower compared to pre-pandemic data.** In addition, the labour force participation rate has fallen significantly and stands at its lowest level since the mid-1970s. We estimate that the high growth rate in 2021 will likely push the unemployment rate below 5.0% until the end of 2021. However, another critical issue is the simultaneous increase in the labor force participation rate.
- **Due to the strong upward effect of international energy prices, the inflation rate will accelerate sharply during the second quarter of 2021.** We estimate that it is likely to temporarily exceed 3.0% (according to the PCE PI) . At the beginning of 2022, we estimate that it will return close to 2.0% as the yearly growth rate of international energy prices will be at a moderate level. In order for the inflation rate to remain above 2.0% sustainably, we believe that a substantial and widespread improvement in labor market data is required and international energy prices should not fall. In particular, we estimate that the labor force participation rate should increase to close to 64% (from the current level of 61.5%), the unemployment rate should fall close to 4% and the wage growth rate should be at least close to 3%.





- **Two major fiscal support programmes (\$1.9 trillion and \$900 billion) were decided within a few months to help cope with the serious pandemic consequences. President Biden and Treasury Secretary Yellen intend to launch a new major fiscal programme to modernize and enrich the nation's infrastructure.** However, a large part of this programme will be financed by a tax increase, which may have a negative effect on business investment. The budget deficit reached its highest level in 2020 (at 16% as a percentage of nominal GDP) since WWII. In 2021, the budget deficit is estimated to be at high level again (close to 15%). Therefore, the budget deficit (in terms of size) is likely to be larger in 2021 compared to 2020 as nominal GDP is estimated to increase remarkably by 9%-10% during 2021. However, fiscal expenditures on infrastructure combined with new technologies developed during the pandemic period (in the fields of labor market, production lines, services operations and other economic perspectives) are anticipated to result in a higher growth rate for productivity in the medium or long term.
- **The Fed has mentioned that it will maintain its current QE programme (at least \$120 billion on a monthly base) until further substantial progress is made in the labour market and economic activity.** Concerning the impending sharp acceleration in the inflation rate, the Fed estimates that it will not be sustainable or lead to a divergence in the implementation of the target of an average inflation rate of 2%. An additional reason for the Fed to maintain its current QE programme is the assistance required for the significant financing needs of large fiscal programmes so as to ensure relatively low financing costs. During 2022, we estimate that the Fed will gradually taper the size of the QE programme, following a timely forward guidance so that there will be no negative surprise in the financial and credit markets. The first increase in the Fed's policy interest rate is expected to take place during 2023. According to the Fed's March macroeconomic projections, the majority of FOMC members estimate that the policy interest rate will not increase until the end of 2023. It is also worth mentioning that more members of the FOMC (compared to the previous projections) foresee an increase in the Fed's policy rate during 2023.





- **The majority of the leading economic indicators have improved (but to a smaller extent compared to the US leading indicators) with the gradual reopening in Europe.** The PMI index of manufacturing rose to its highest level since its recording began. However, the leading indicators of consumer and services sectors are relatively tepid due to the repeated lockdowns. It is worth noting that the indicators in Germany stand at a higher level compared to the other major Eurozone countries.
- **In 2020, the Eurozone economy shrank by almost 7%. We estimate that the real GDP will increase by almost 4.5% in both 2021 and 2022.** In particular, the annual growth rate in the second quarter of 2021 is estimated to reach 11% -12% due to the strong upward base effect. However, a delay in the mass vaccination process and the operation of the Recovery Fund will probably hamper the faster pace of economic recovery. The normalisation in trade relations with the USA will favour European export activity in combination with the higher demand for imports that arise in the USA due to the substantial fiscal support programmes. We estimate that the growth rate in 2021 will likely to push the unemployment rate below the 8.0% threshold during the second half of 2021. However, when the significant public support for business employment is gradually withdrawn, it is equally likely that the unemployment rate will not continue to fall, but it will instead remain in the 8.5% area. Another critical issue is the simultaneous acceleration in the wage growth rate, which has fallen below the 2.0% threshold.
- **The inflation rate will accelerate sharply during the second quarter of 2021 due to the strong upward effect of international energy prices and the return of tax rates to the regular levels,** after their reduction due to the pandemic consequences, in several categories of products and services in several Eurozone countries. We estimate that it is likely to temporarily exceed 2.0%. However, we estimate that this is not sustainable close to 2.0% because it needs a substantial improvement in labour market data and more fiscal stimuli. Indicative weakness is recorded in the core inflation rate, which stands below 1,0%. At the beginning of 2022, we estimate that the inflation rate will be lower than 1.5% as the upward base effects from international energy prices tax rates will have faded.





- **The ECB has decided to implement the emergency pandemic quantitative easing programme (PEPP) of up to 1.850 trillion through the end of March 2022.** It is worth noting that by the end of March 2021 the ECB had implemented about 50% of the PEPP programme. At its March conference, the ECB decided to accelerate the PEPP's bond purchases in the second quarter of 2021 for containing the upward pressure on bond yields. Due to the delay in the return to economic and social "normalcy", because of the relatively slow mass vaccination process, we believe that it is possible that the ECB will decide to increase the size and extend the duration of the PEPP programme. According to the ECB's March macroeconomic projections, the inflation rate is expected to deviate notably below the 2.0% target until 2023. In addition, the ECB has also decided to fully reinvest the maturing bonds contained in its assets (purchased by the PEPP programme) until at least the end of 2023.
- **As ECB President Lagarde has mentioned, more coordinated fiscal support together with deeper and faster structural reforms are needed** by Eurozone countries, so as to recover more quickly from the severe economic consequences of the pandemic, alongside with the expected funding from the Recovery Fund and new ESPA during the period 2021-2027. However, the leeway for further fiscal easing is very limited in some Eurozone countries where public debt has risen to a very high level (as % of nominal GDP) and the majority of catalytic structural reforms have not taken place. However, the ECB's PEPP programme effectively keeps public debt financing costs at low levels in all Eurozone areas.



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## US Economic Data Watch: Fasten your Belts!

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# Agenda



<b>1</b>	Economic Cycle
<b>2</b>	Long-term Perspectives
<b>3</b>	Short-term Perspectives
<b>4</b>	Labour Market
<b>5</b>	Consumption & Households
<b>6</b>	Investment & Corporates
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<b>11</b>	GDP





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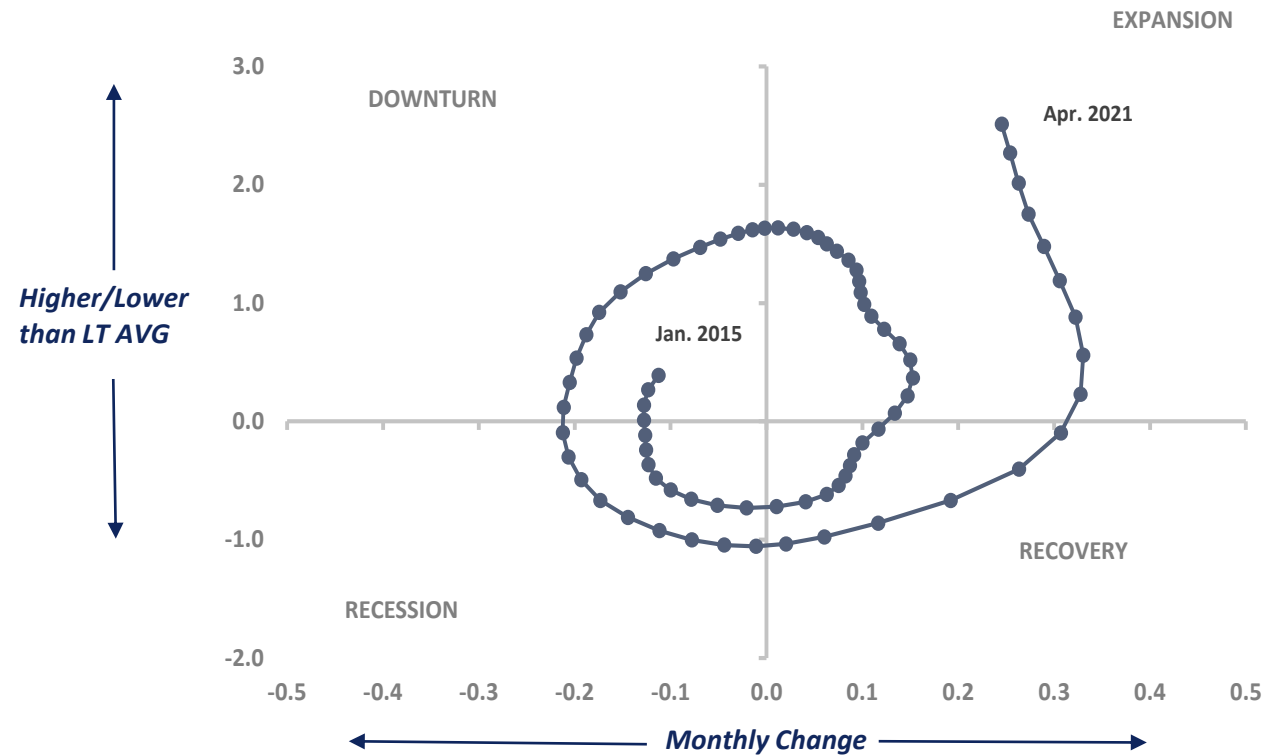




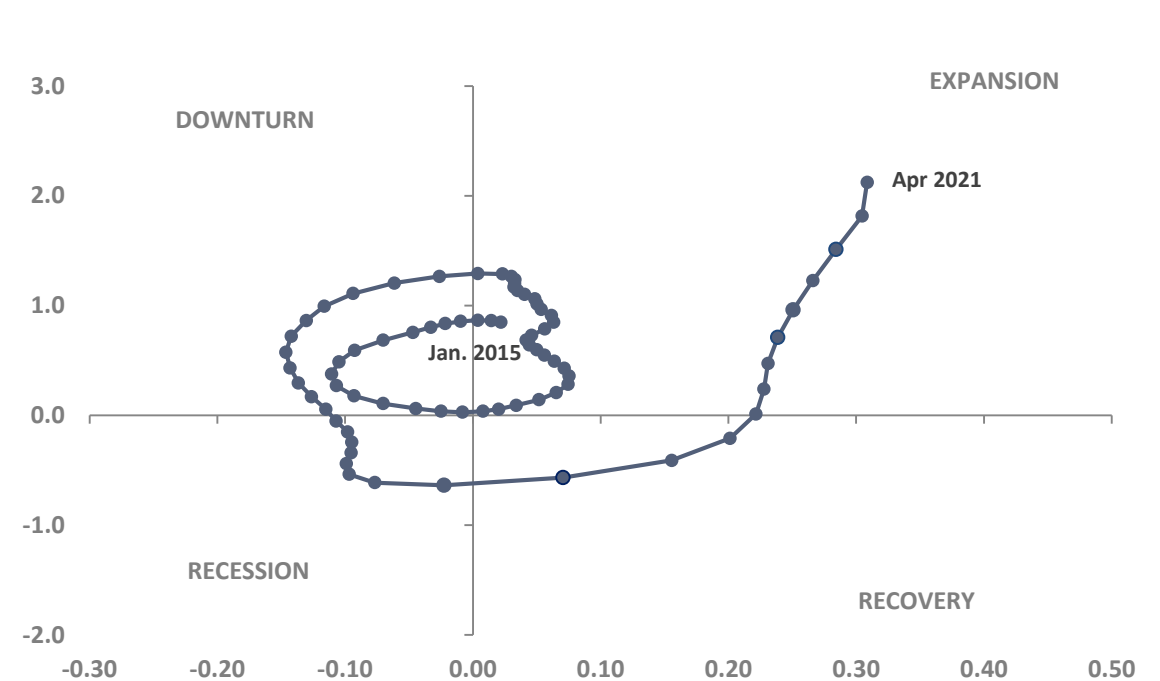
# Strong business sentiment



## 1. Business Cycle According to ISM Manufacturing



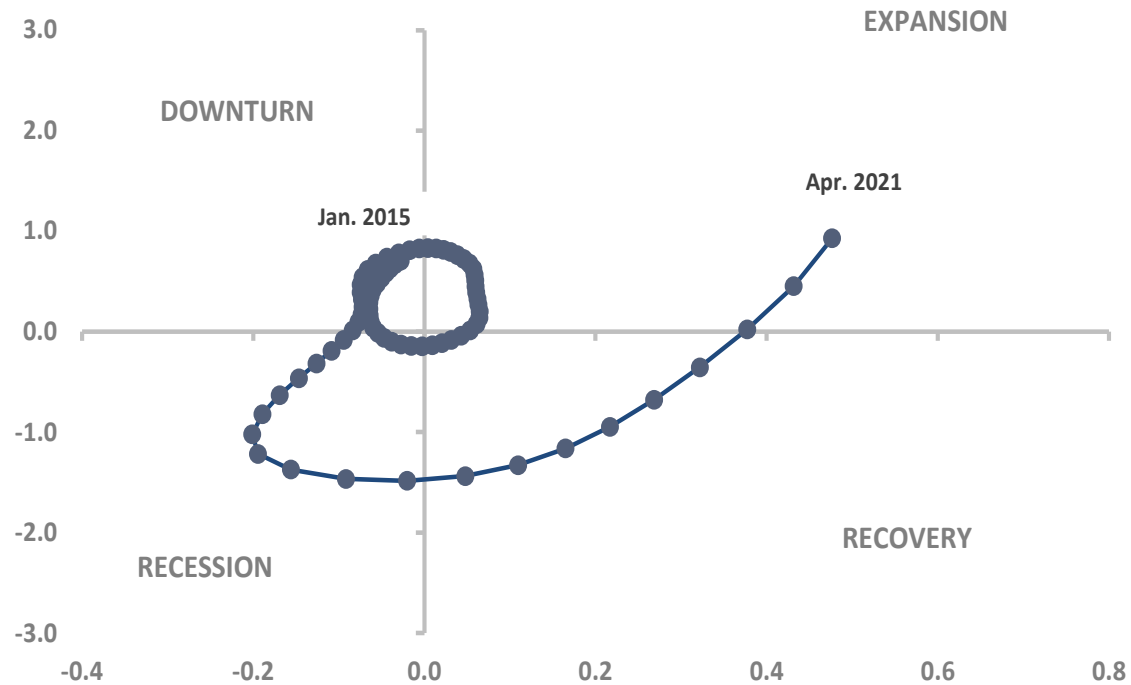
## 2. Business Cycle According to ISM Services



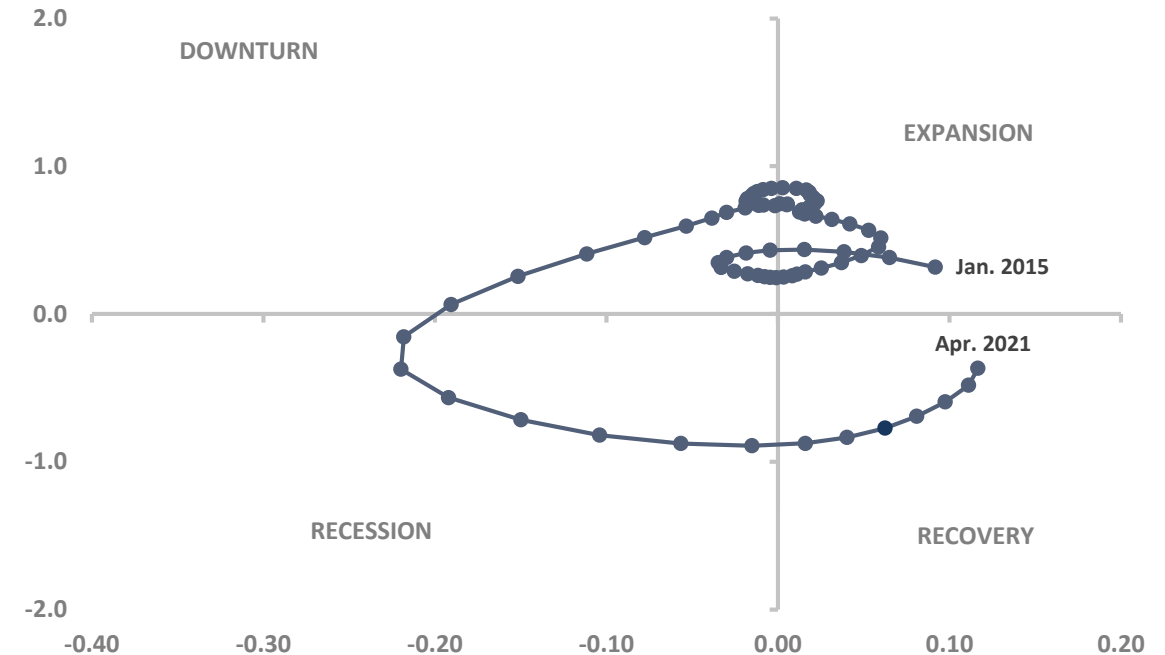
# Consumer sentiment recovers gradually



## 1. Business Cycle According to CB's Leading Indicator



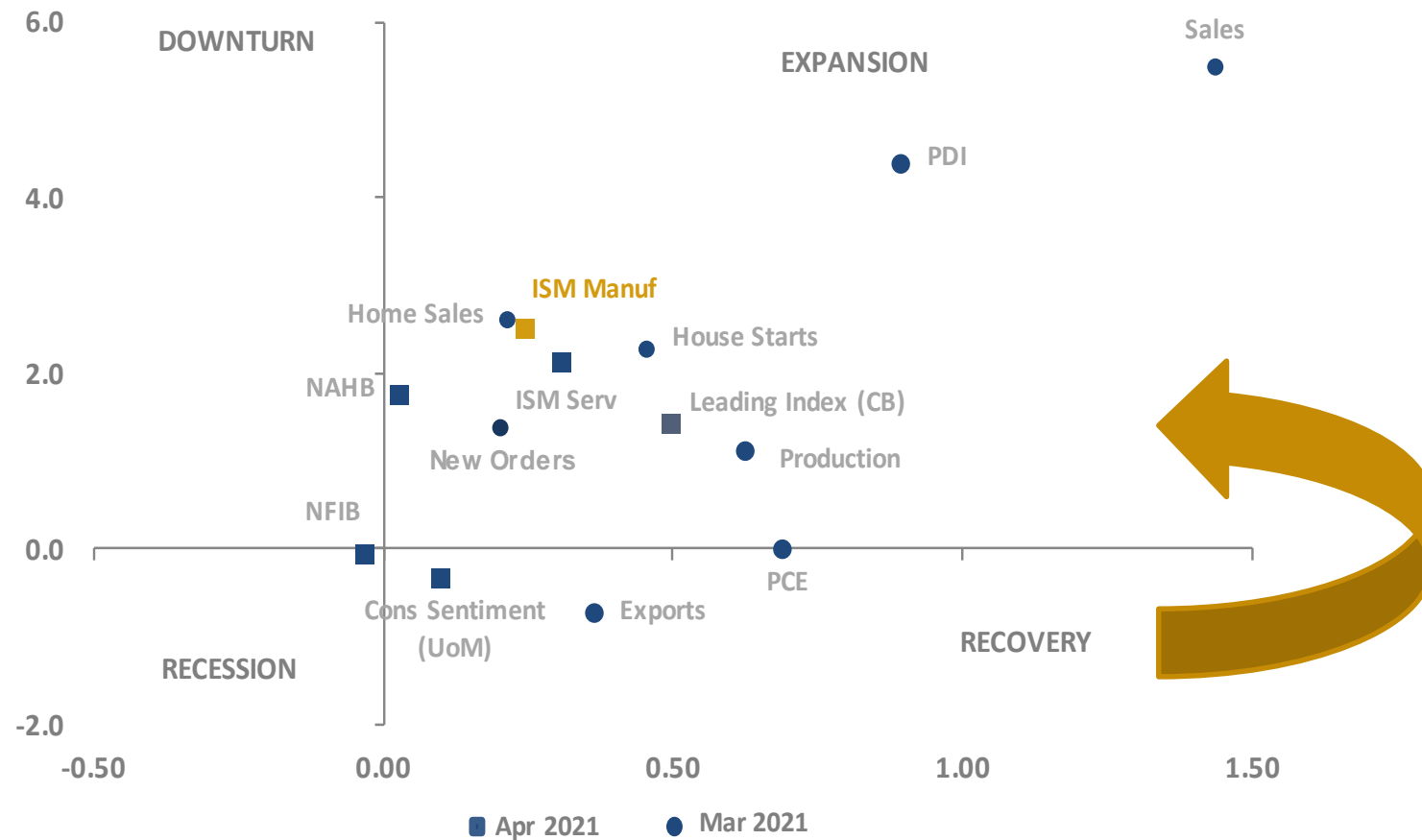
## 2. Business Cycle According to Consumer Sentiment (UoM's Survey)



# The majority of economic indicators are located in the expansion quadrant



## 1. Last Dot of Major US Macro-Economic Variables

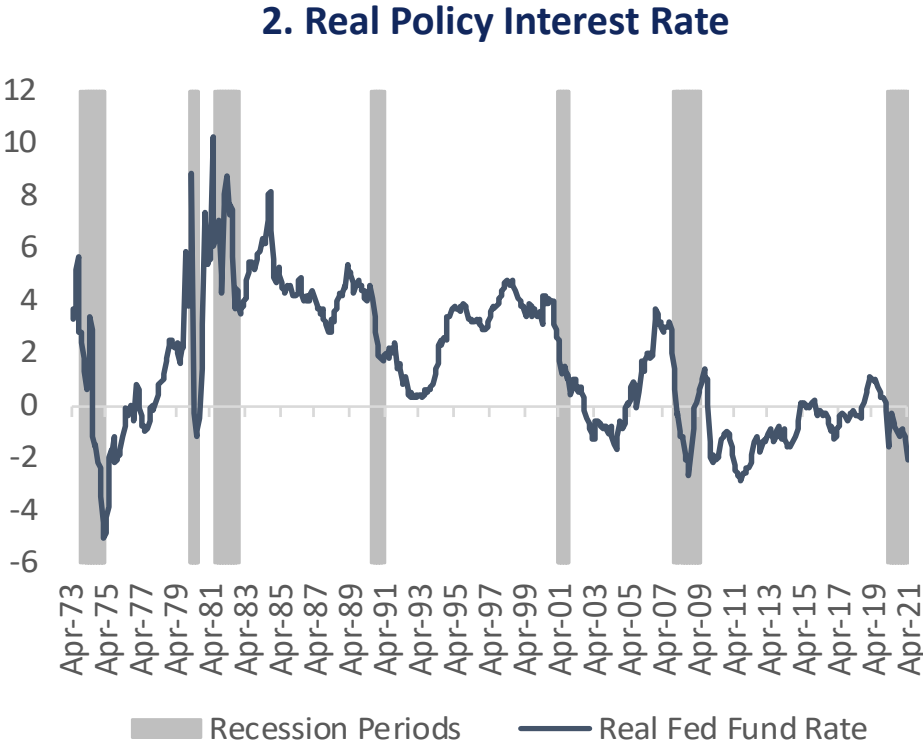
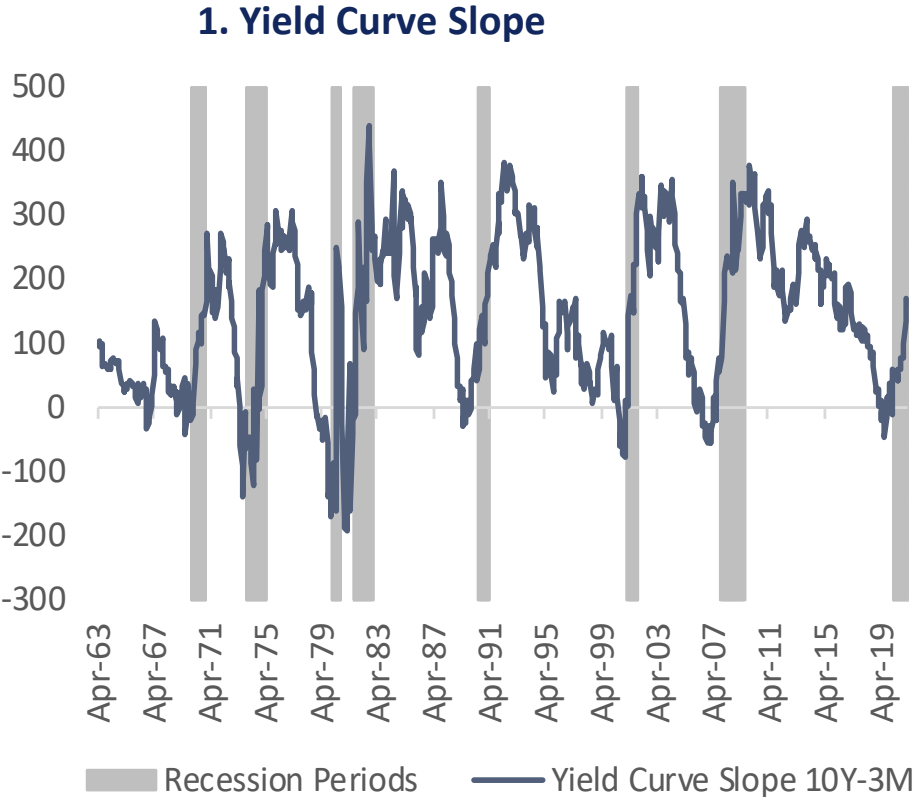




1	Economic Cycle
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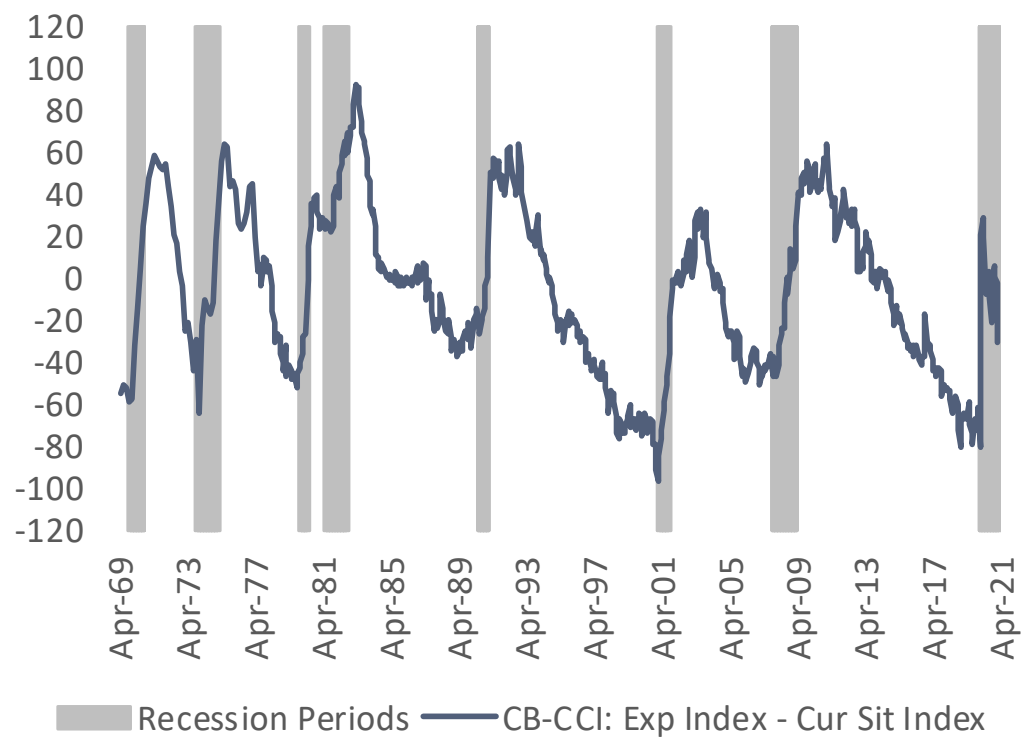
# Positive yield curve slope and negative real rates signal a positive economic environment



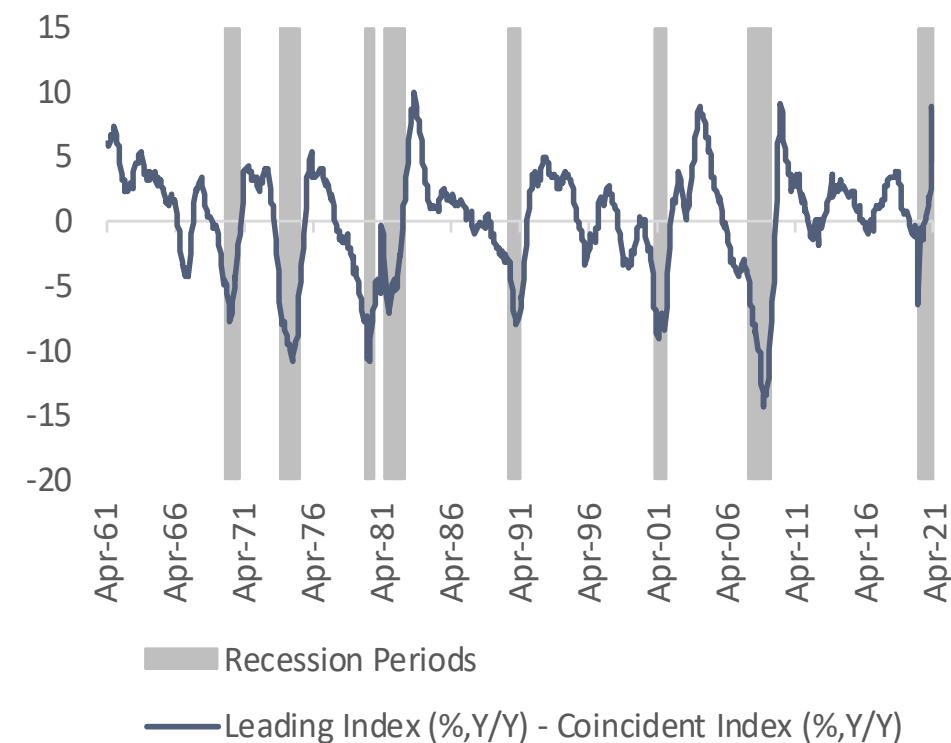
# Expectations indicators recover gradually



## 1. Difference between Consumer Expectations and Current Situation Indices (Conference Board)



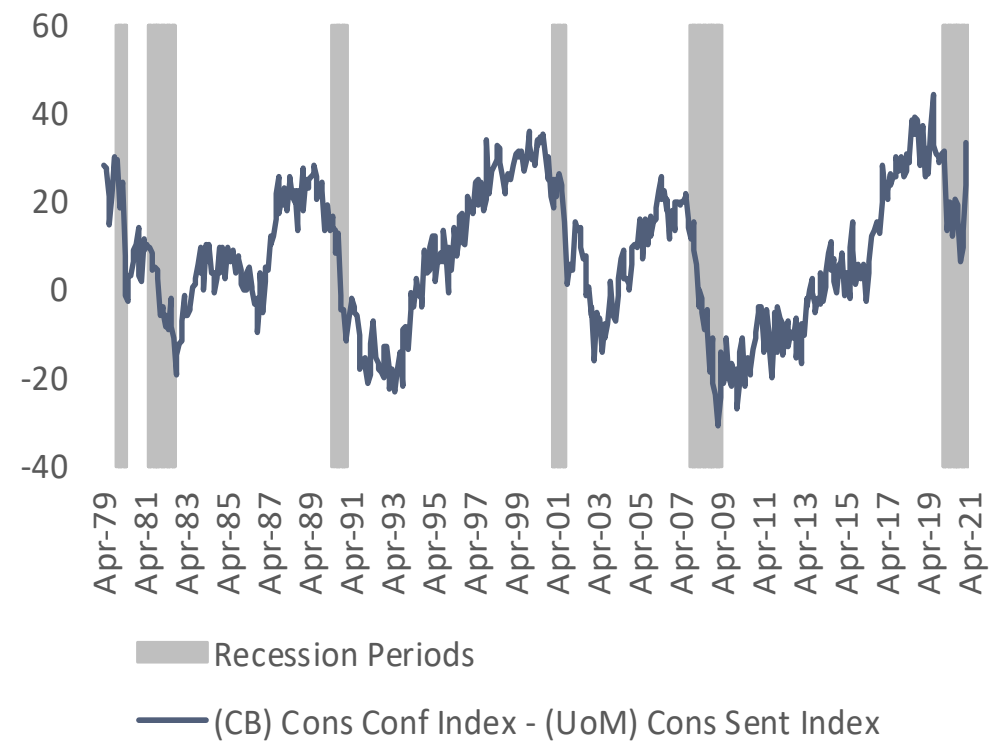
## 2. Difference between Leading and Coincident Indices (Conference Board)



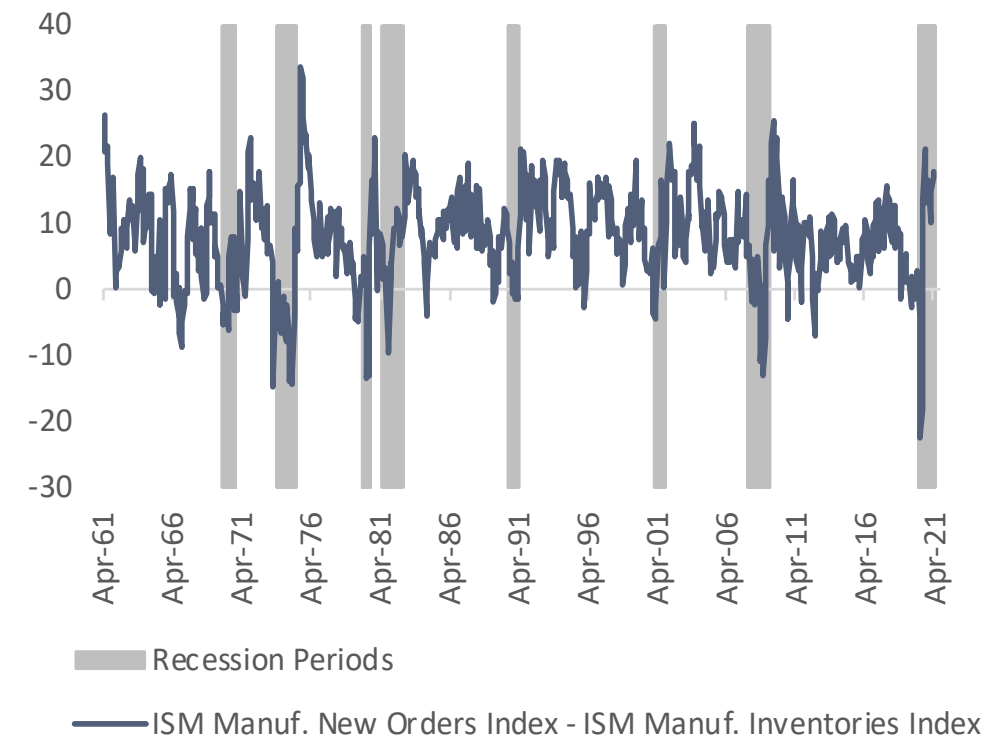
# New order indicators are substantially above inventory indicators



## 1. Difference between Consumer Confidence (CB) and Consumer Sentiment (UoM) Indices



## 2. Difference between New Orders and Inventories Indices in Manufacturing





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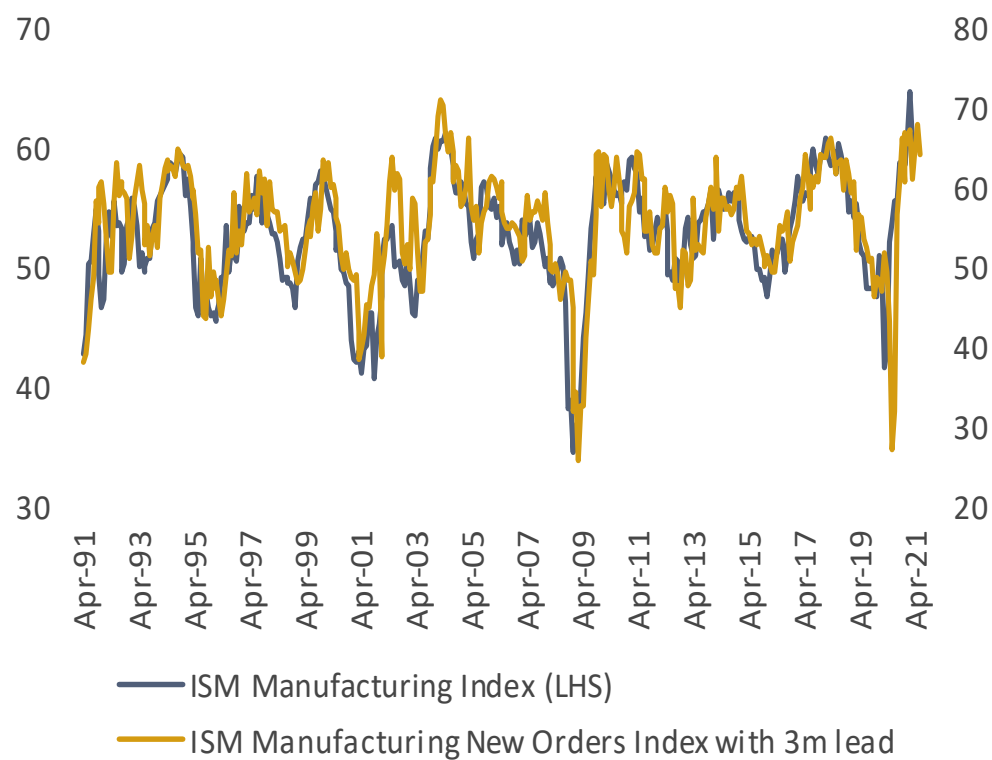




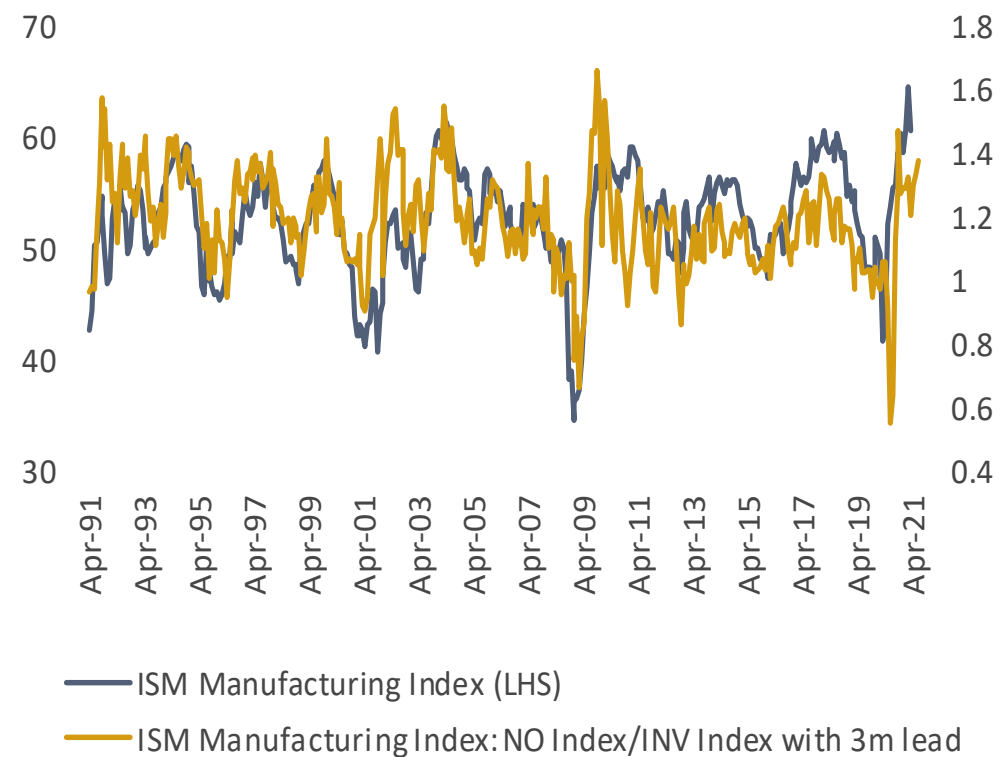
# The leading ISM Manufacturing Index above 60...



## 1. ISM Manufacturing & New Orders Indices



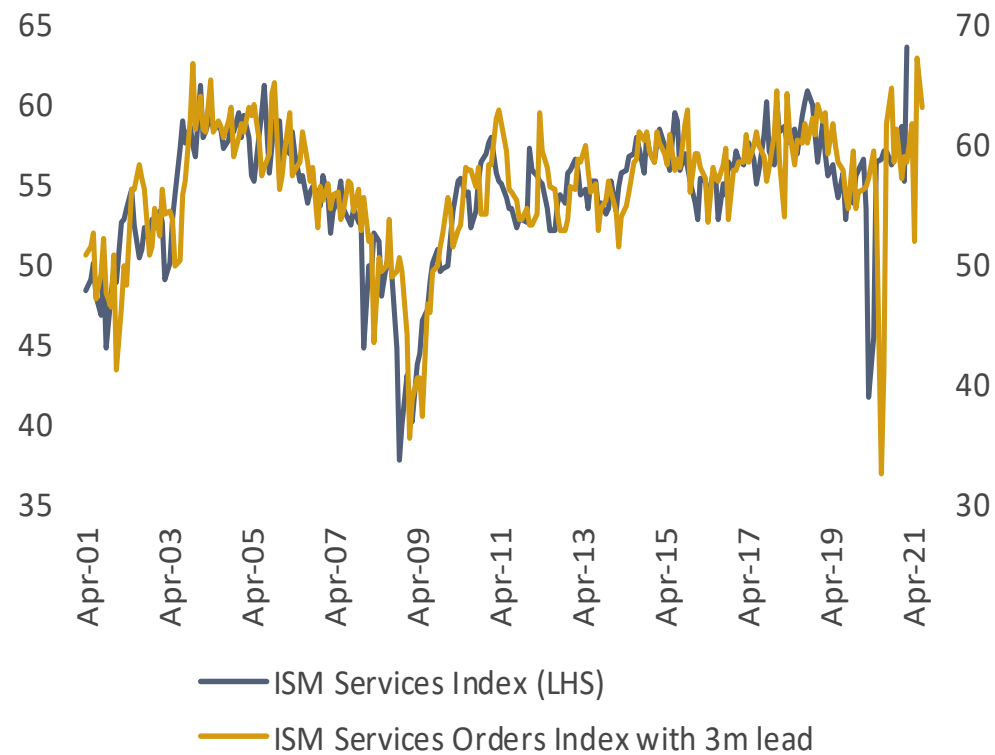
## 2. ISM Manufacturing & New Orders Indices adjusted to Inventories Index



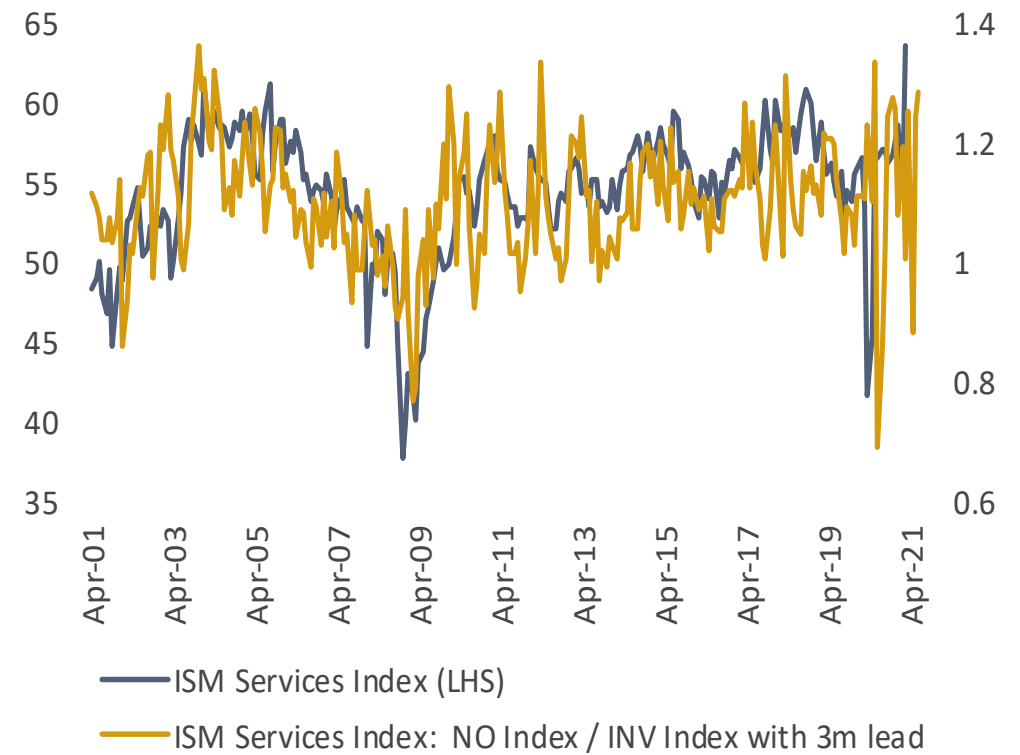
## ...and the ISM Services Index in line with the reopening



### 1. ISM Services & New Orders Indices



### 2. ISM Services & New Orders Index adjusted to Inventories Index



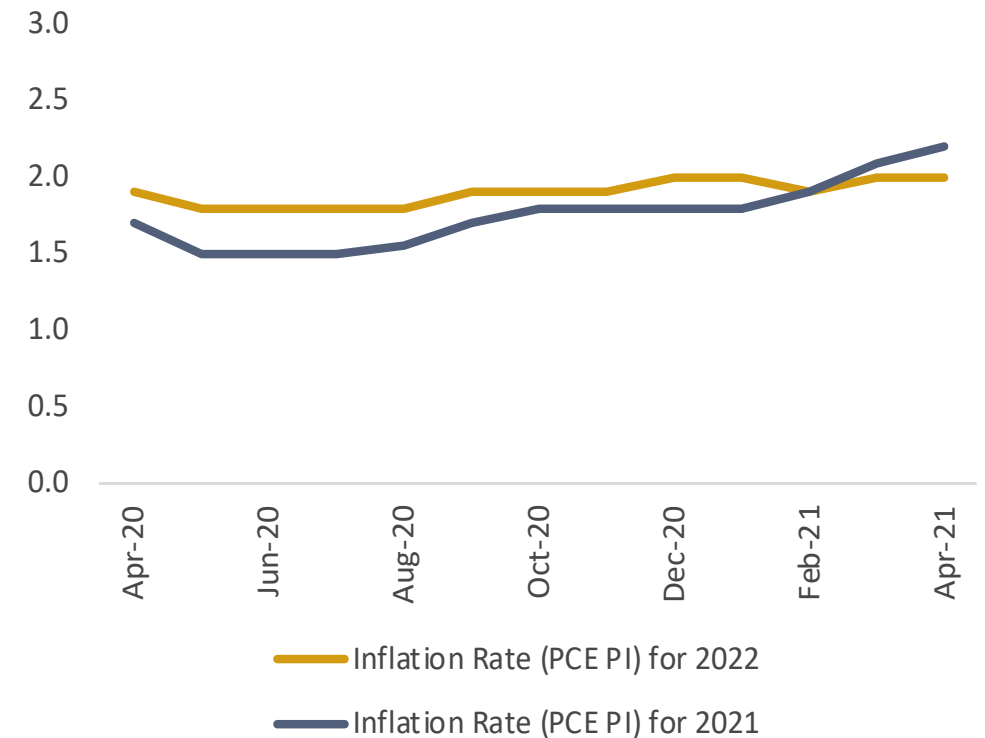
# Growth rate consensus expectations for 2021 is revised upwards



## 1. Consensus GDP Estimate



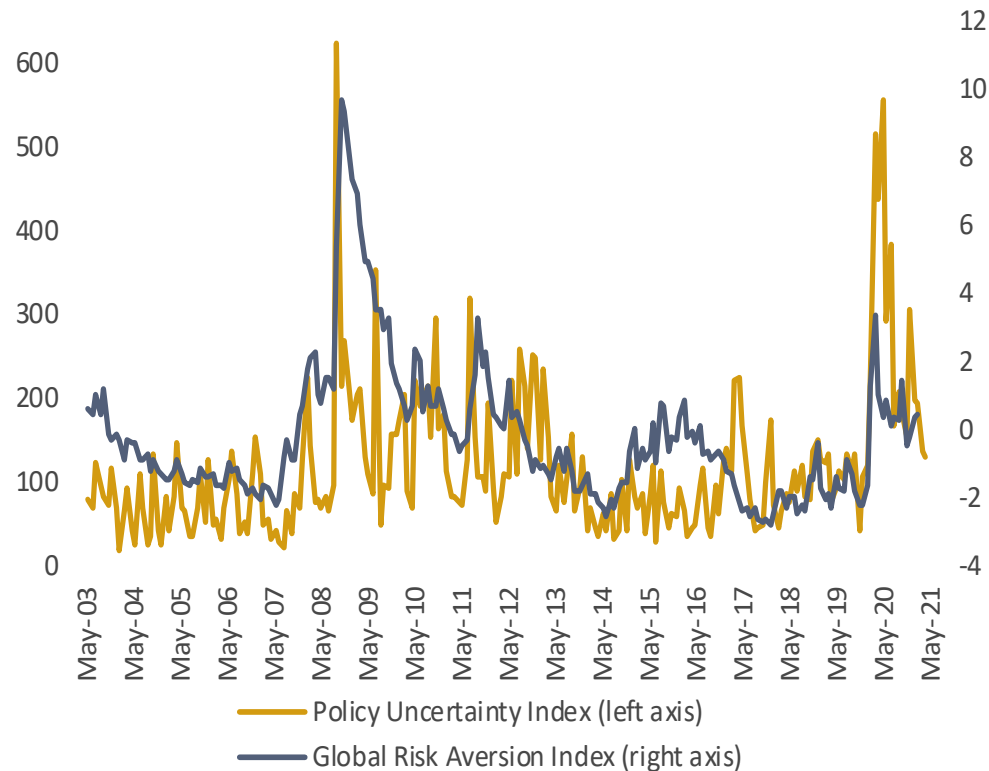
## 2. Consensus Inflation Rate Estimate



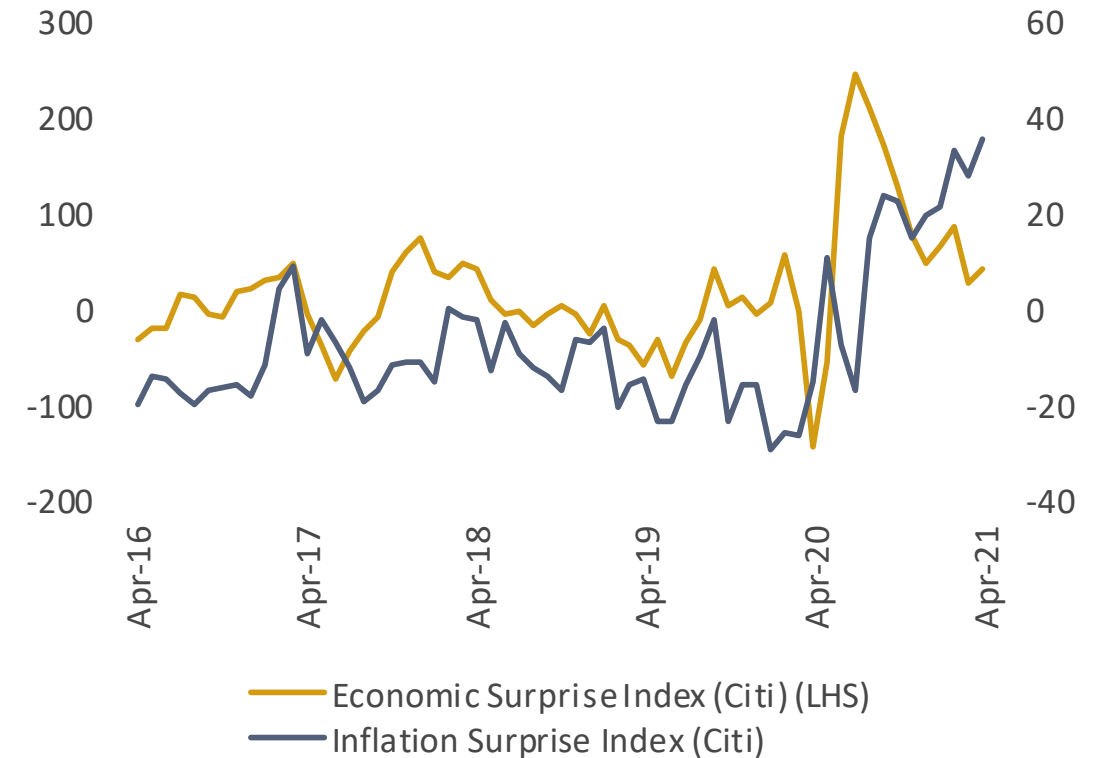
# Economic surprises have moderated – Inflation surprises have increased



## 1. Risk Aversion & Policy Uncertainty



## 2. Economic & Inflation Surprise Indices





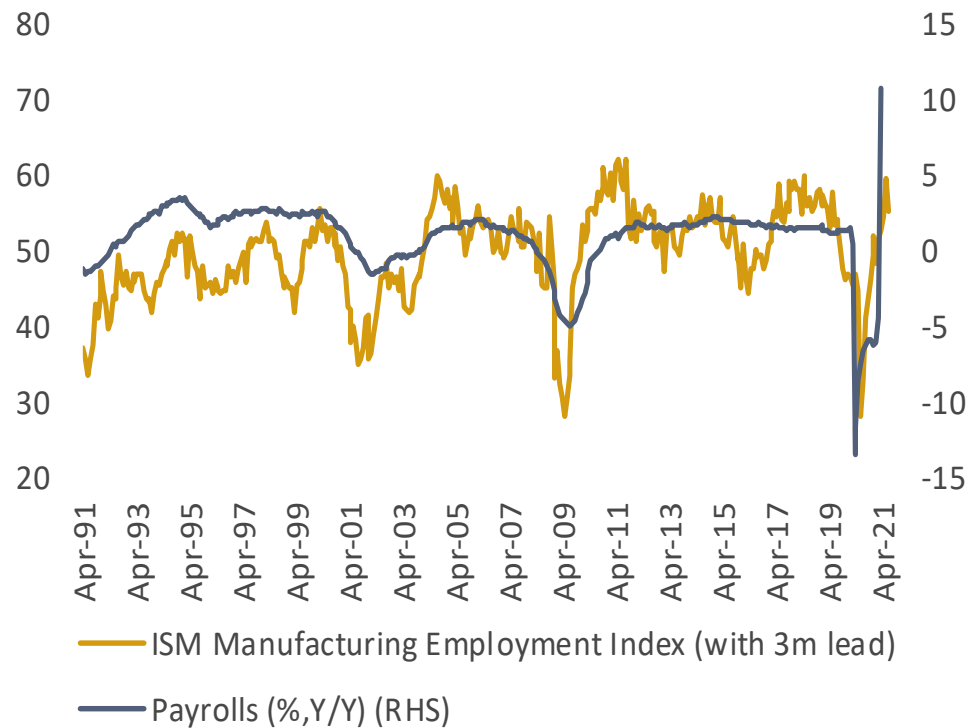
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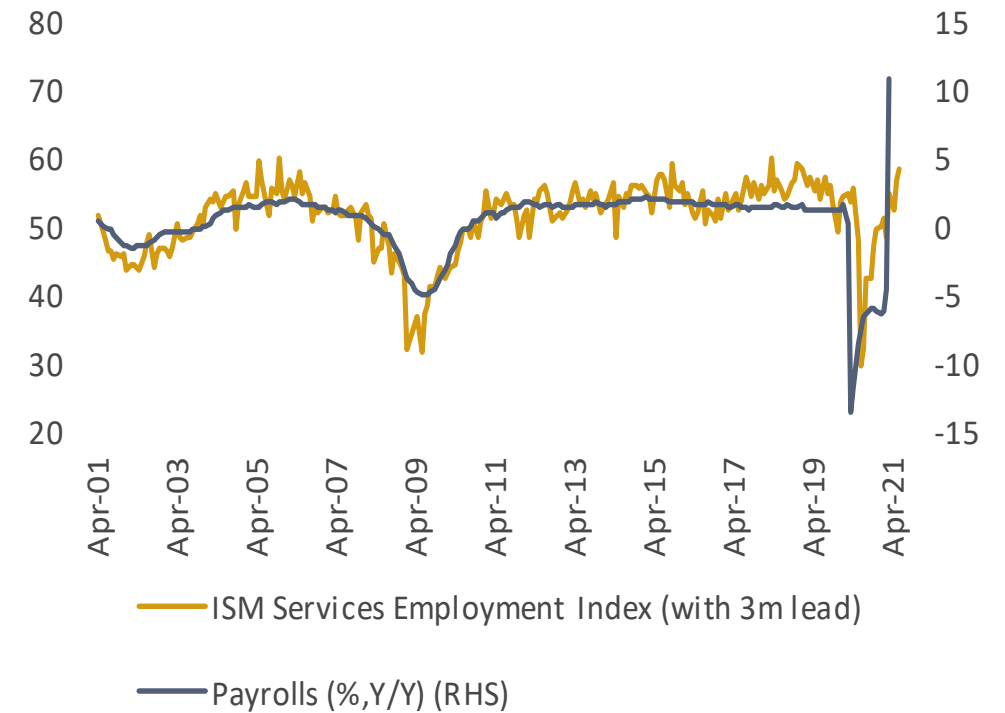
# Employment has recovered



## 1. Employment & ISM Manufacturing Index



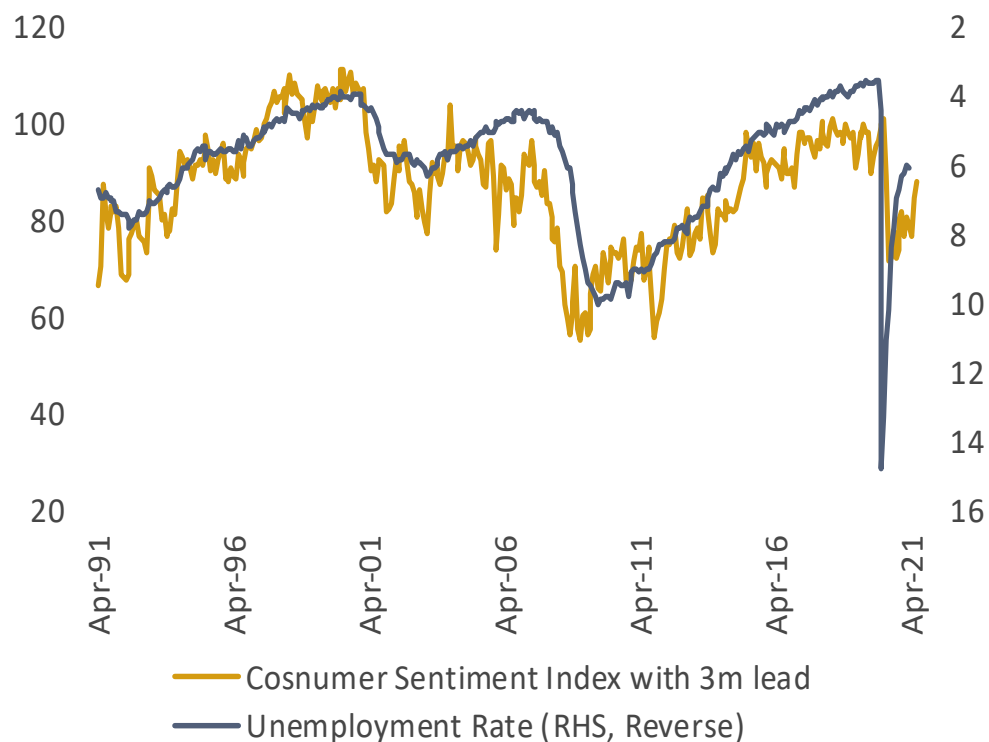
## 2. Employment & ISM Services Index



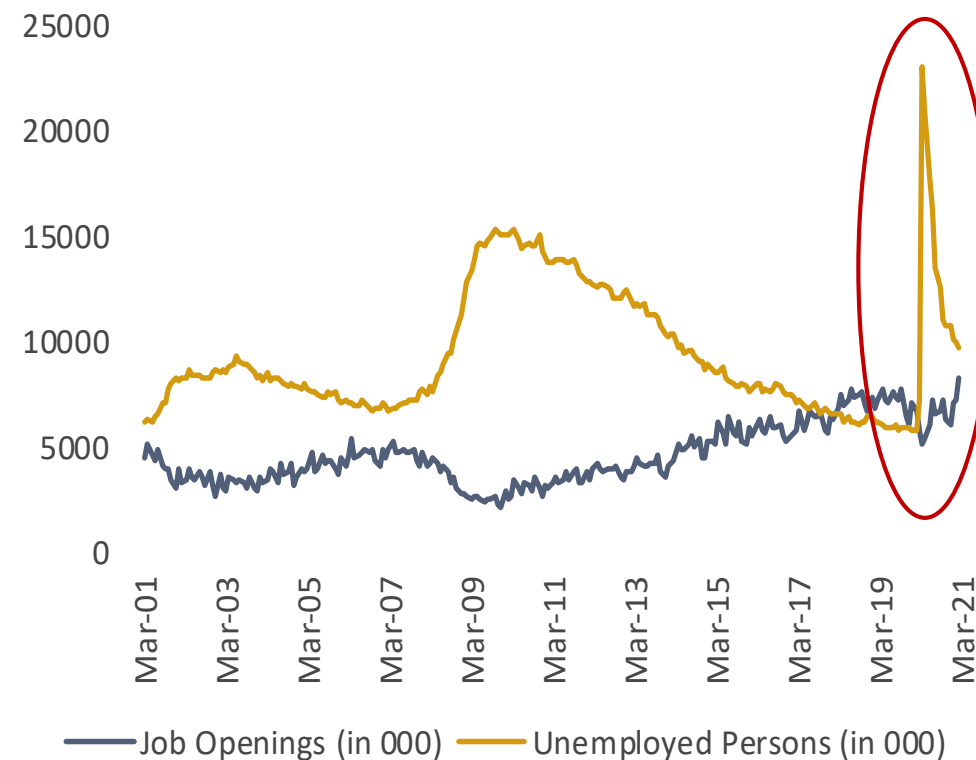
# The gap between the number of unemployed people and job openings has narrowed



## 1. Consumer Sentiment Index & Unemployment Rate



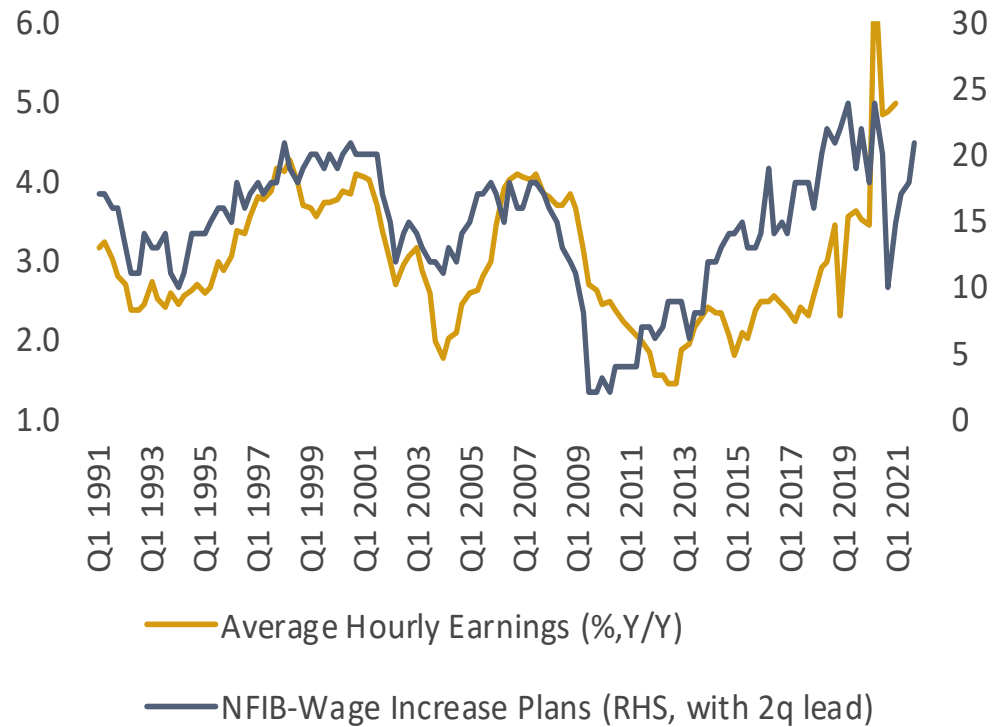
## 2. Number of Unemployed Persons & Job Openings



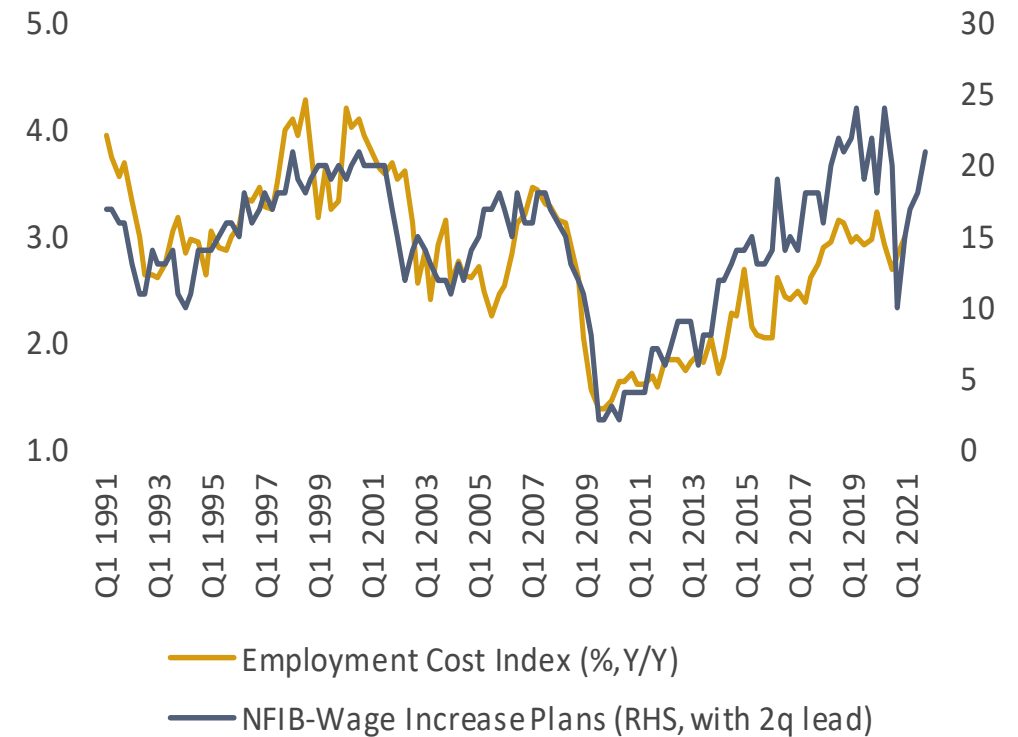
# The leading wage indicator recovers



## 1. Wage Increase Plans Index & Average Hourly Earnings



## 2. Wage Increase Plans Index & Employment Cost Index





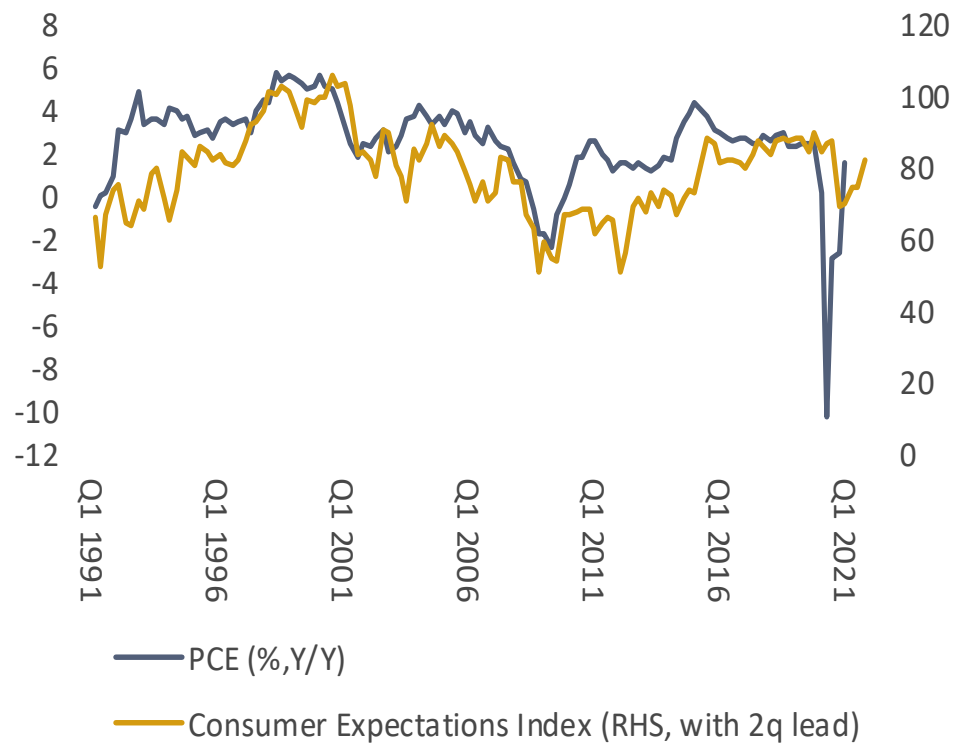


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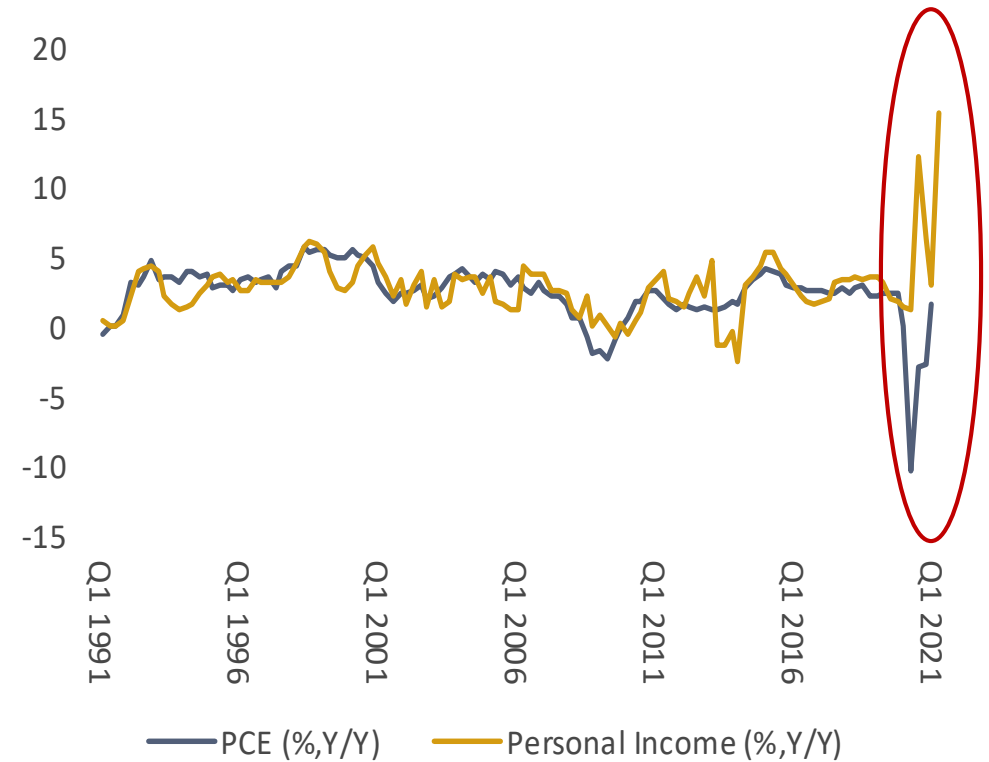


# Personal income is boosted by fiscal support programs signaling higher personal consumption

## 1. PCE & Consumer Expectations Index



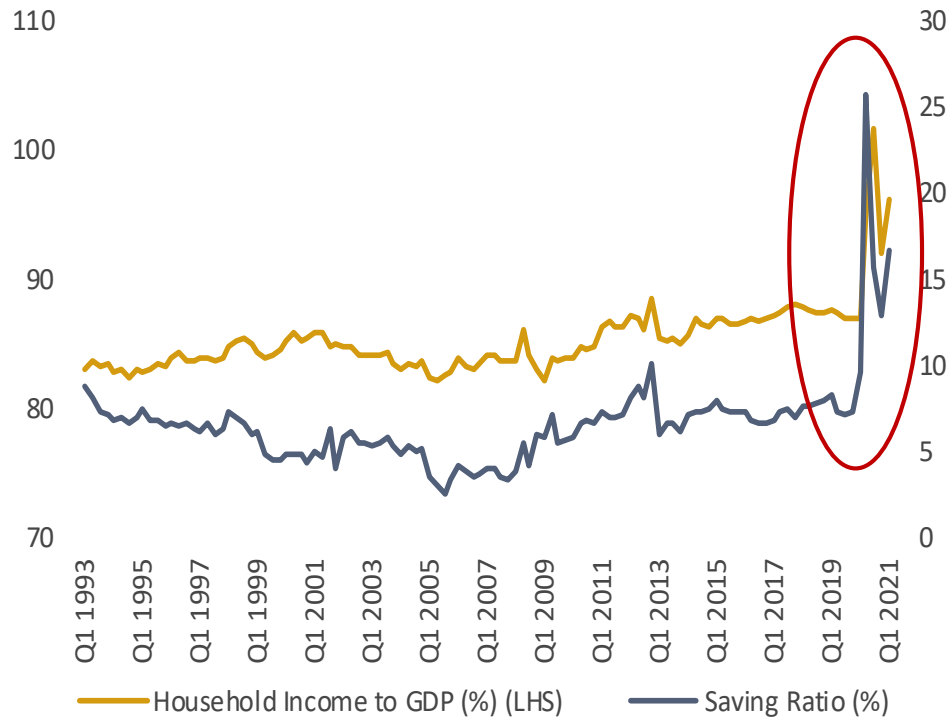
## 2. PCE & Personal Disposable Income



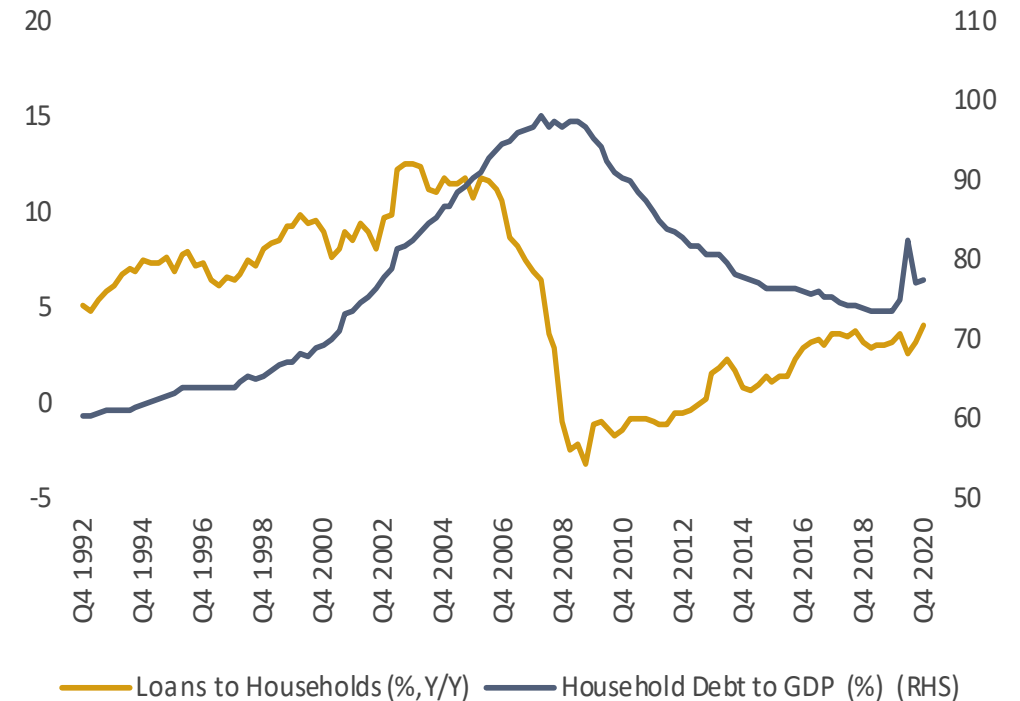
# The household saving rate remains at high levels



## 1. Income & Savings



## 2. Loans & Debt





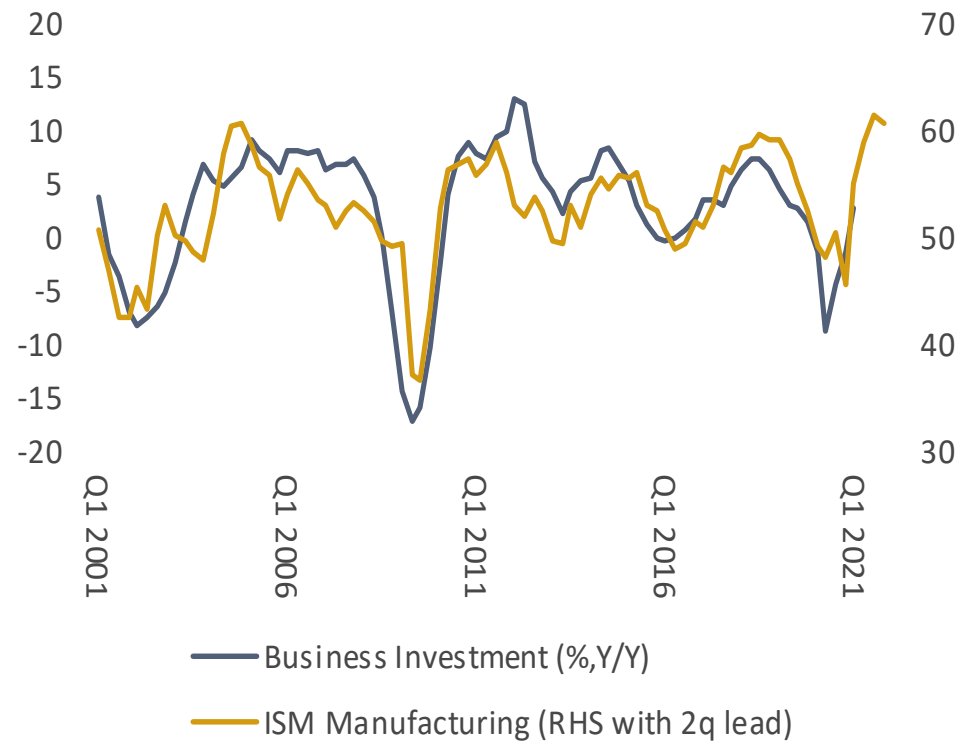
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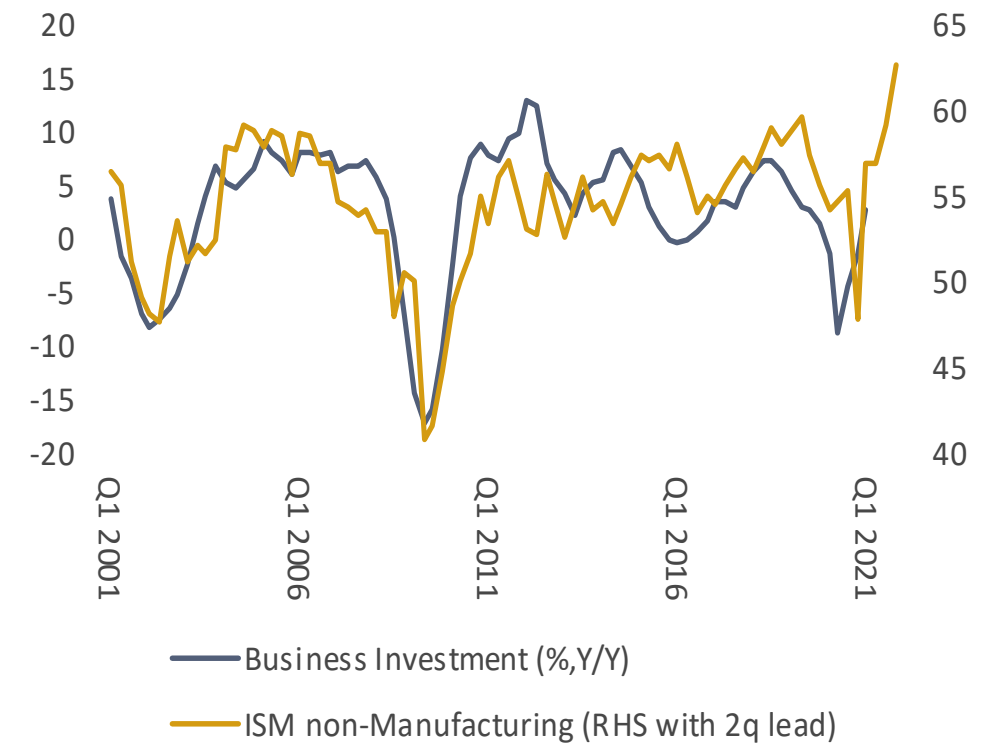
# Soaring business sentiment will gradually lead to higher investment



## 1. ISM Manufacturing Index & Business Investment



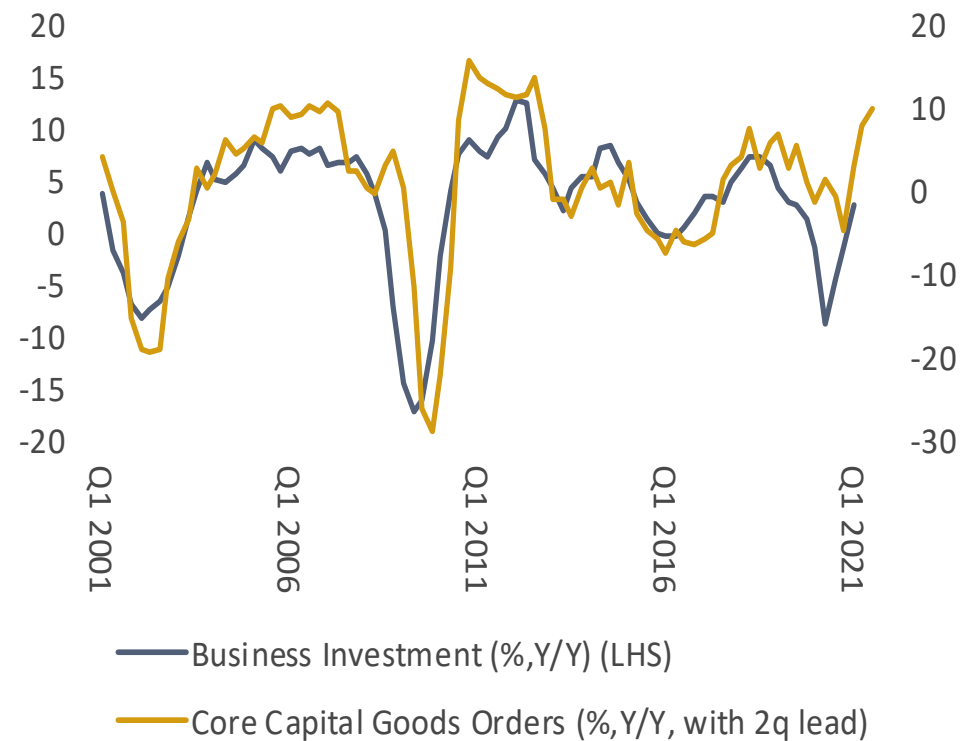
## 2. ISM Services Index & Business Investment



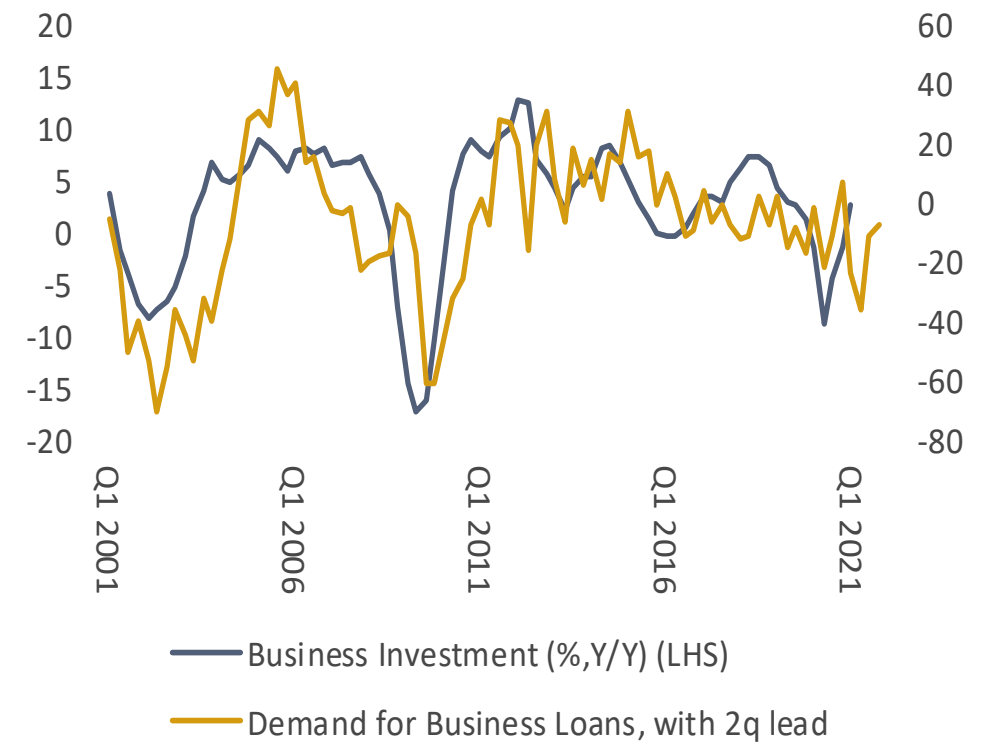
# Capital goods orders have rebounded



## 1. Capital Core Goods Orders & Business Investment



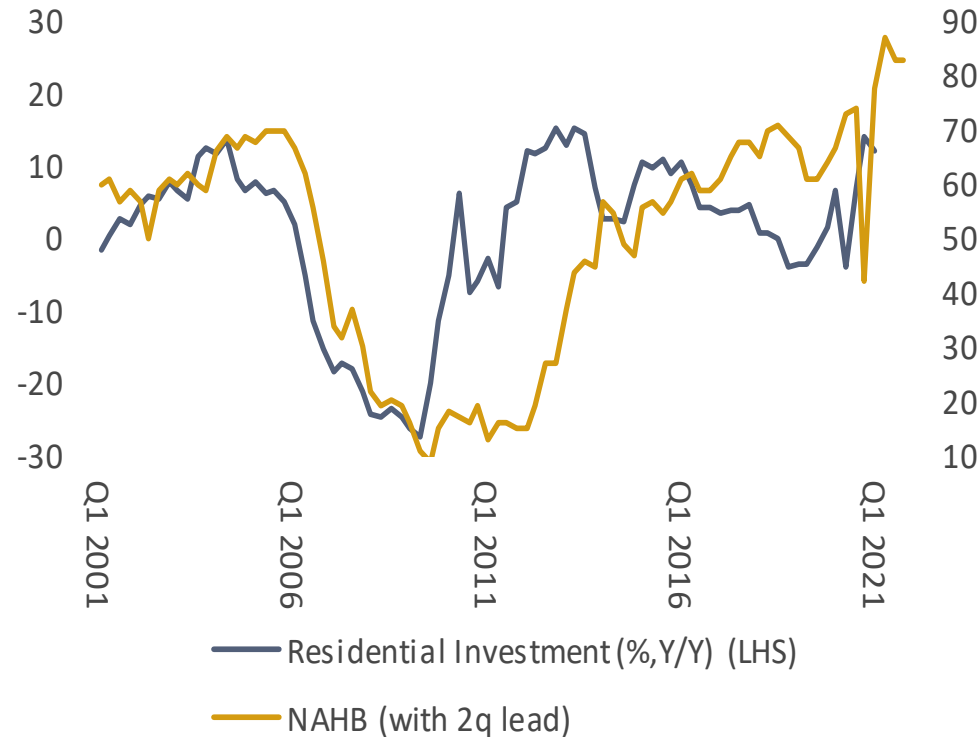
## 2. Demand for Business Loans & Business Investment



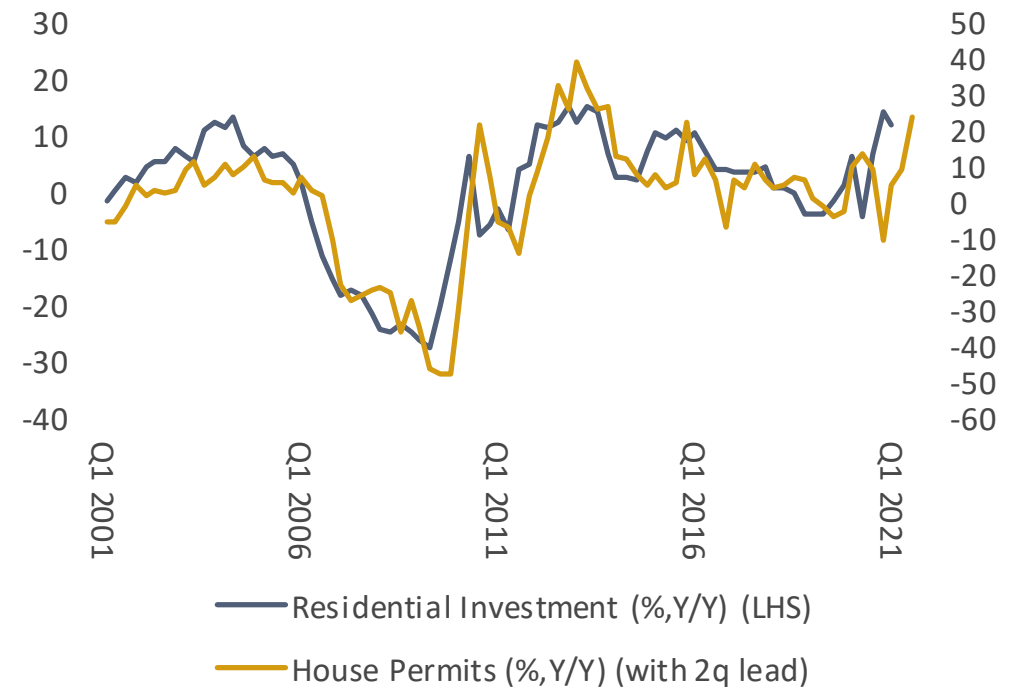
# Fed's policy supports the strong momentum in residential investment



## 1. Residential Investment & NAHB Index



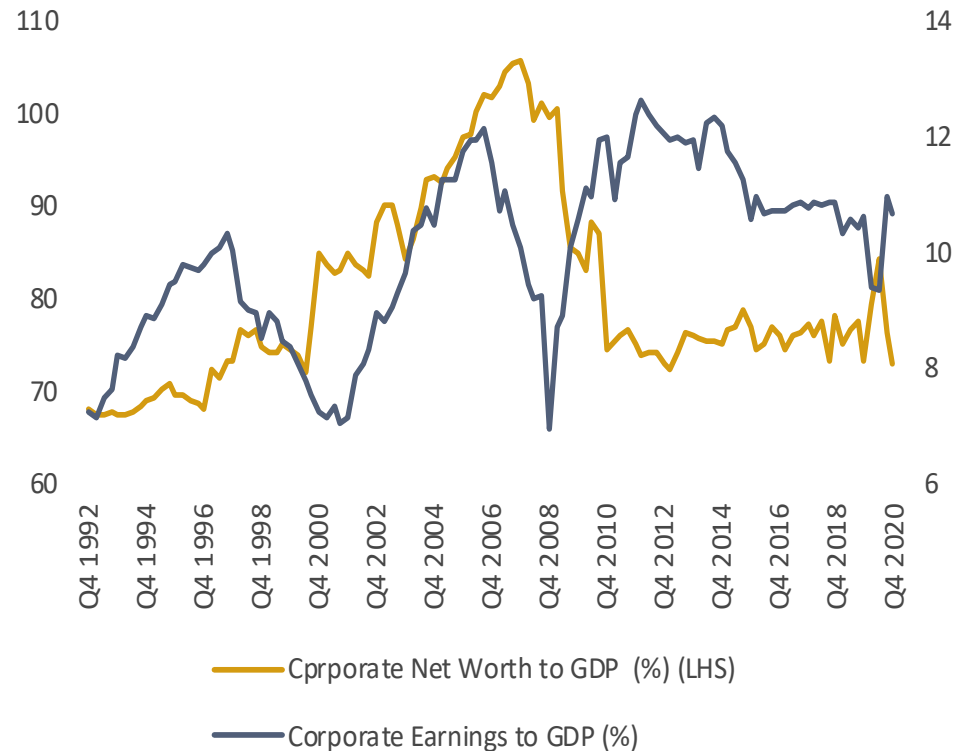
## 2. Residential Investment & House Permits



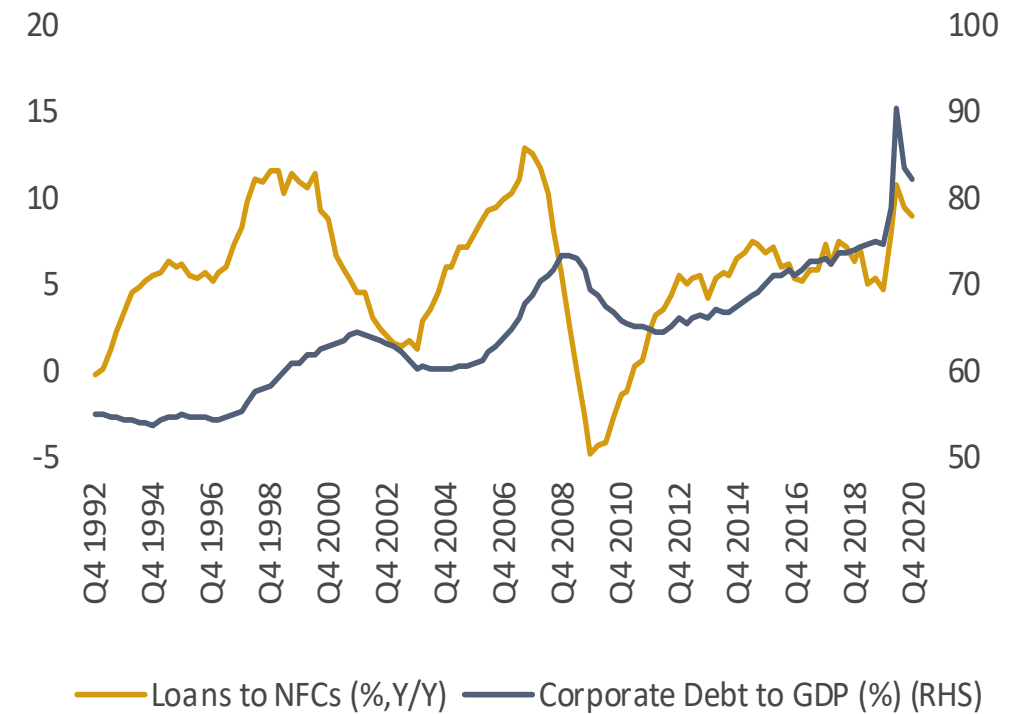
# Corporate earnings recover - Corporate debt at high levels



## 1. Earnings & Net Worth



## 2. Loans & Debt





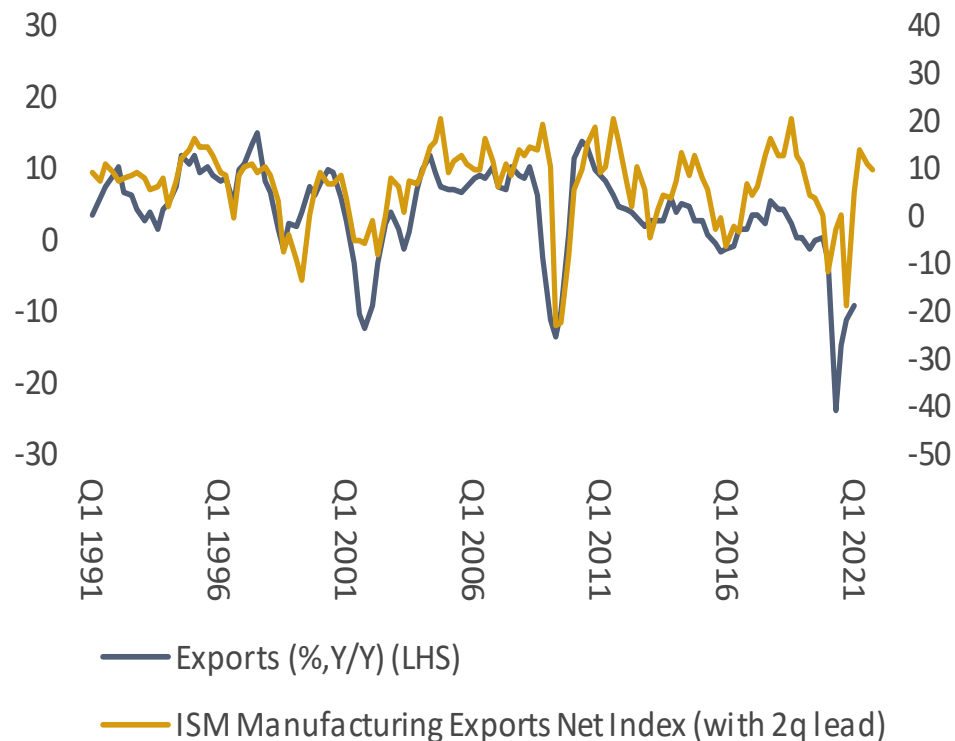


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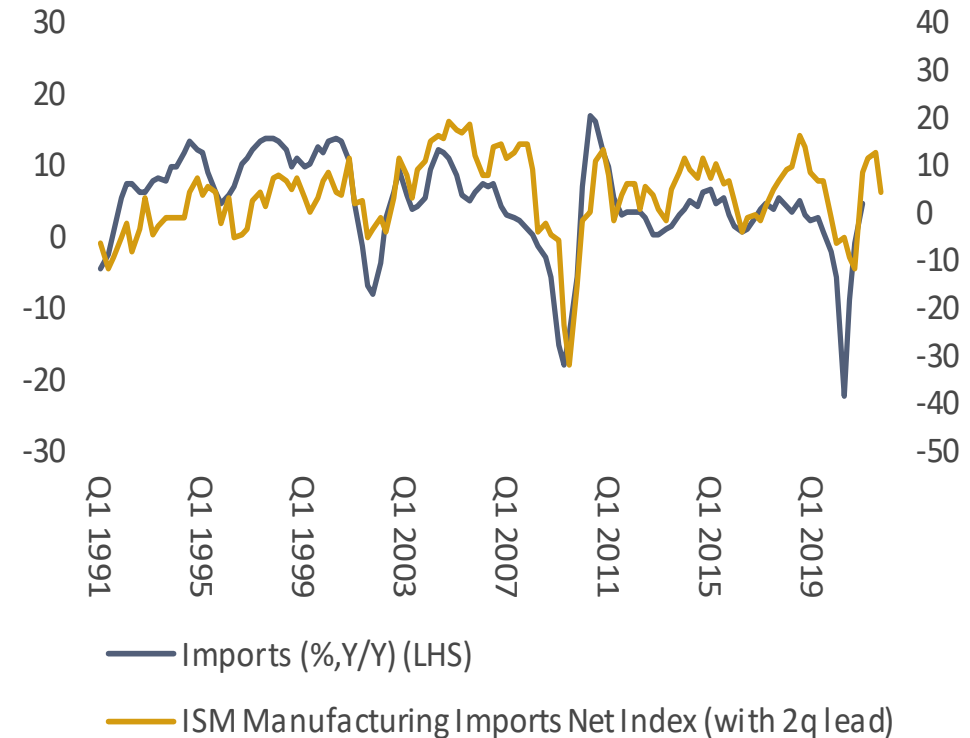


# Imports will recover following higher domestic demand – Exports will also recover in line with higher global demand

## 1. Exports & ISM Manufacturing Index



## 2. Imports & ISM Manufacturing Index



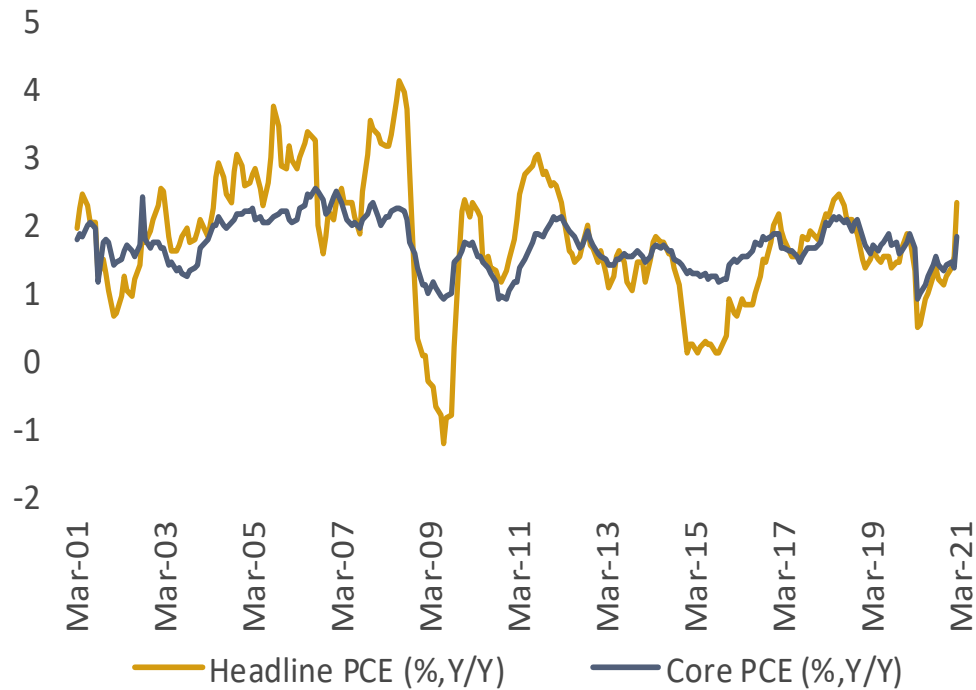


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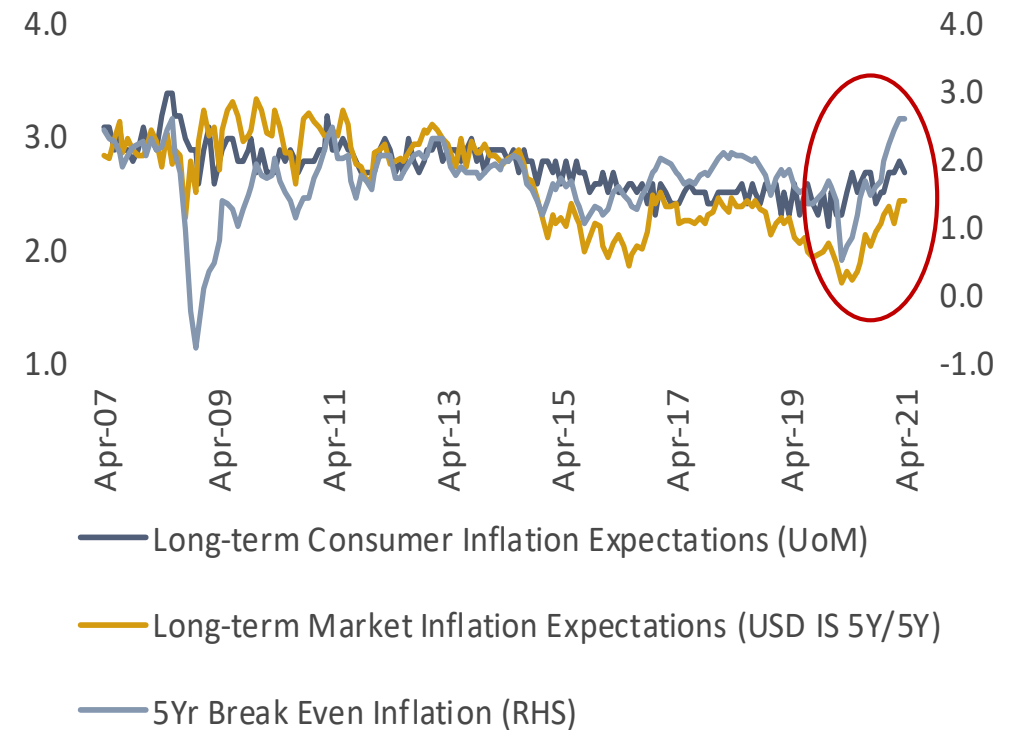


# Markets' based inflation expectations have increased

## 1. Headline & Core Inflation



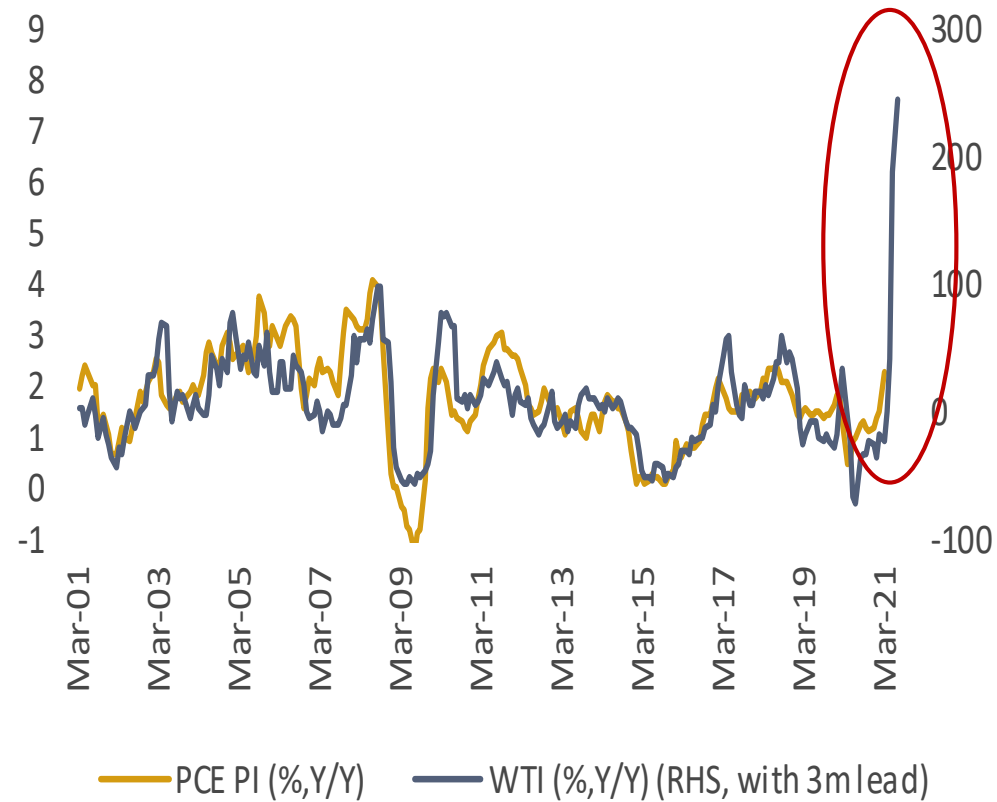
## 2. Long-term Inflation Expectations



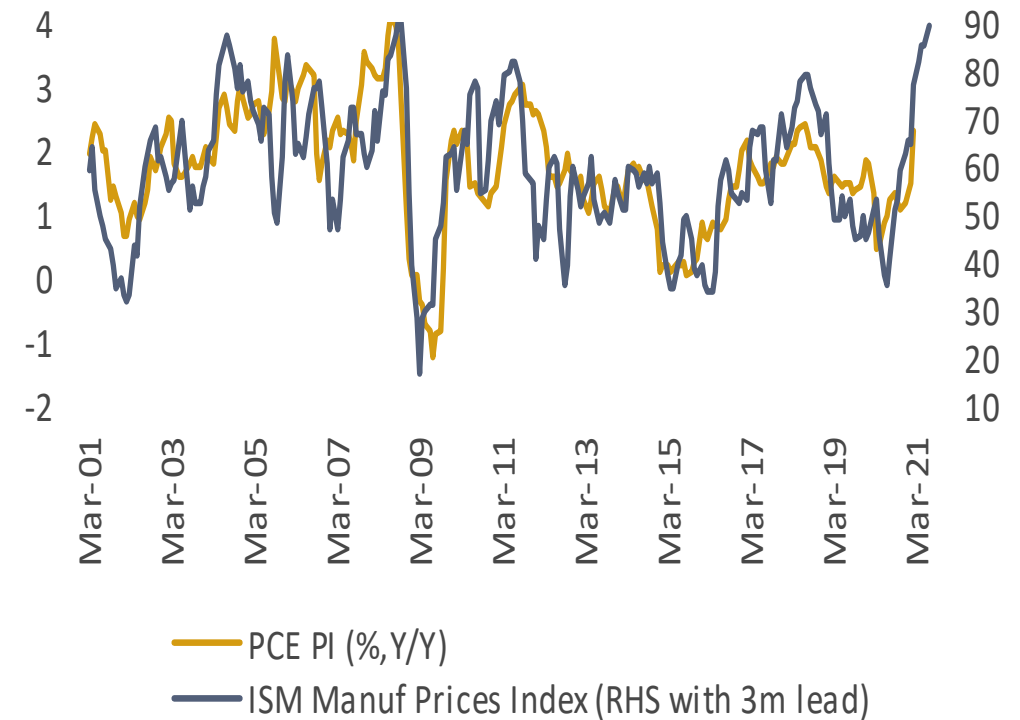
# Big positive base effect from oil prices



## 1. Headline Inflation & Oil Prices



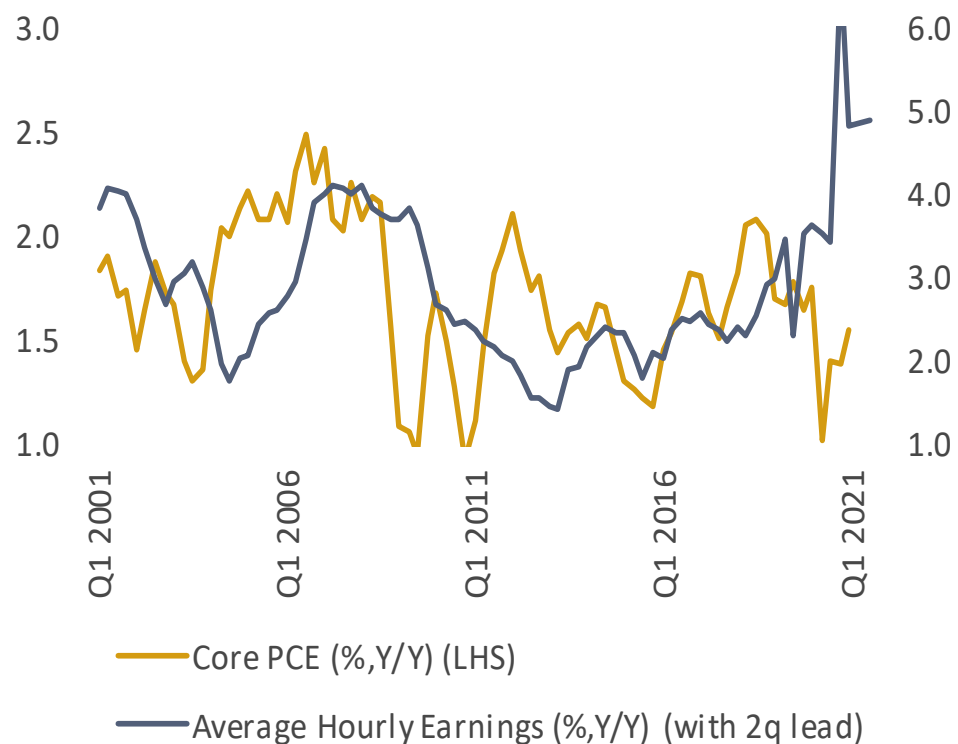
## 2. Headline Inflation & ISM Manufacturing Index



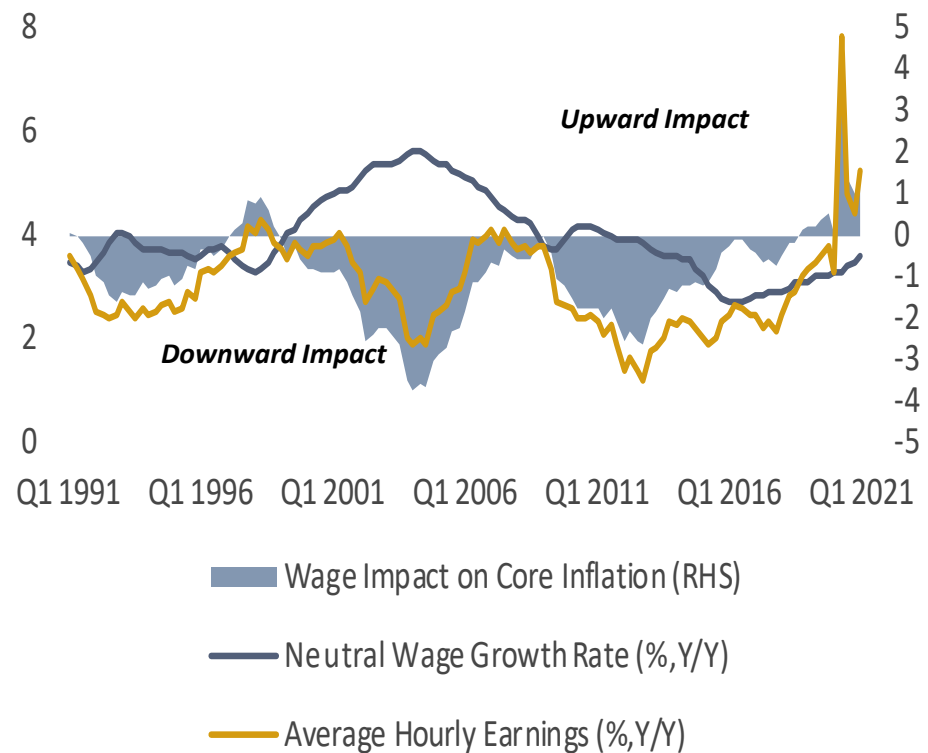
# Wage annual growth rate is expected to slow down



## 1. Core Inflation & Wage Growth



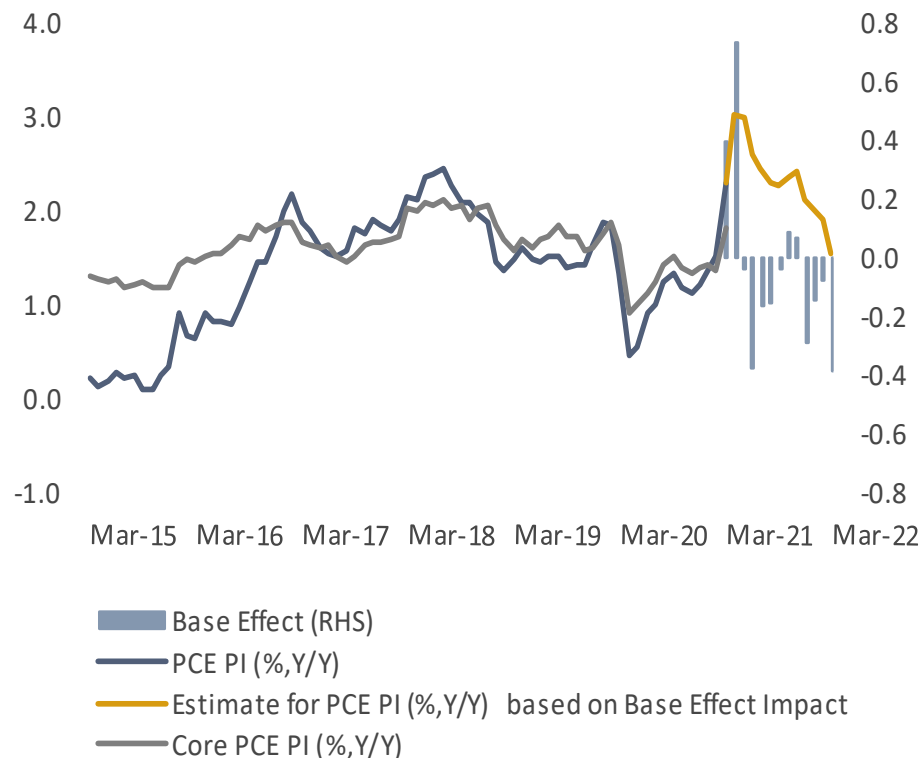
## 2. Inflationary Impact of Wage Growth



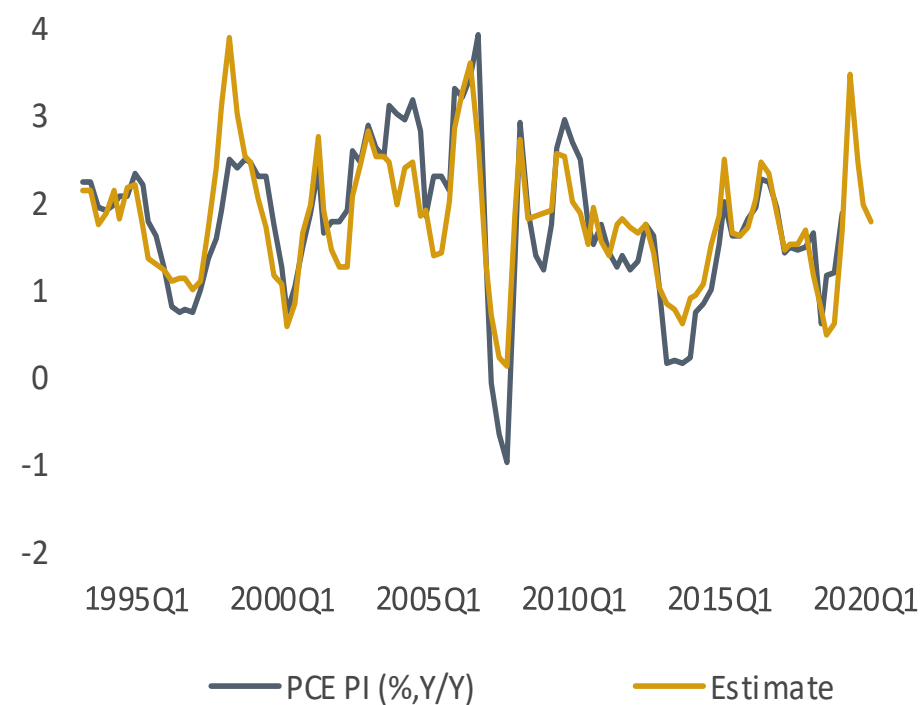
# Inflation rate is estimated to return to near 2.0% by the beginning of 2022



## 1. Inflation Rate Estimate with Base Effect



## 2. Inflation Rate Estimate with Regression Model





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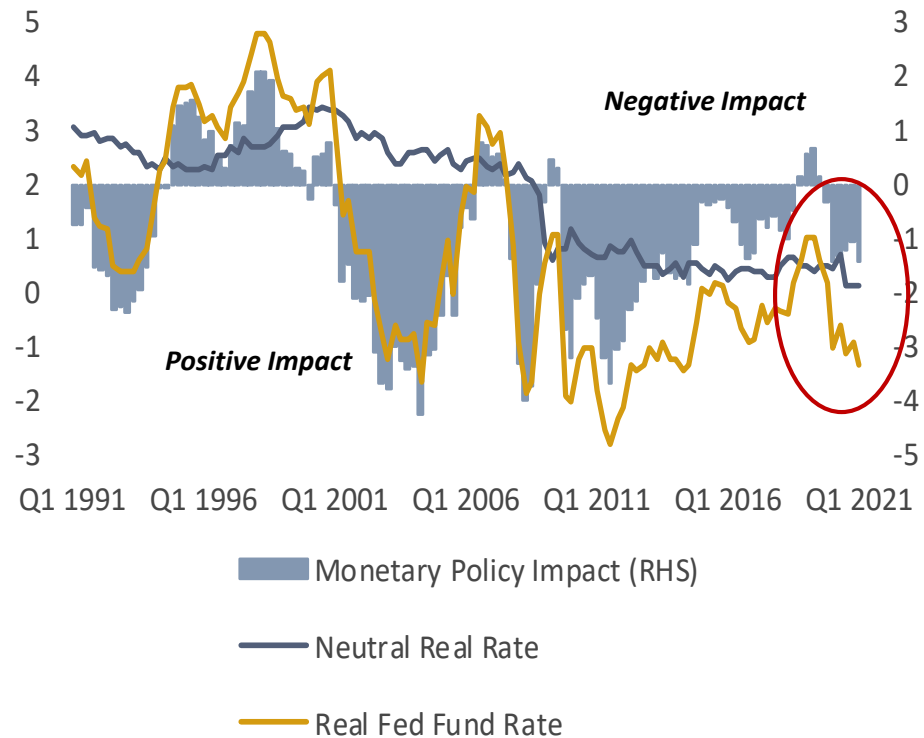




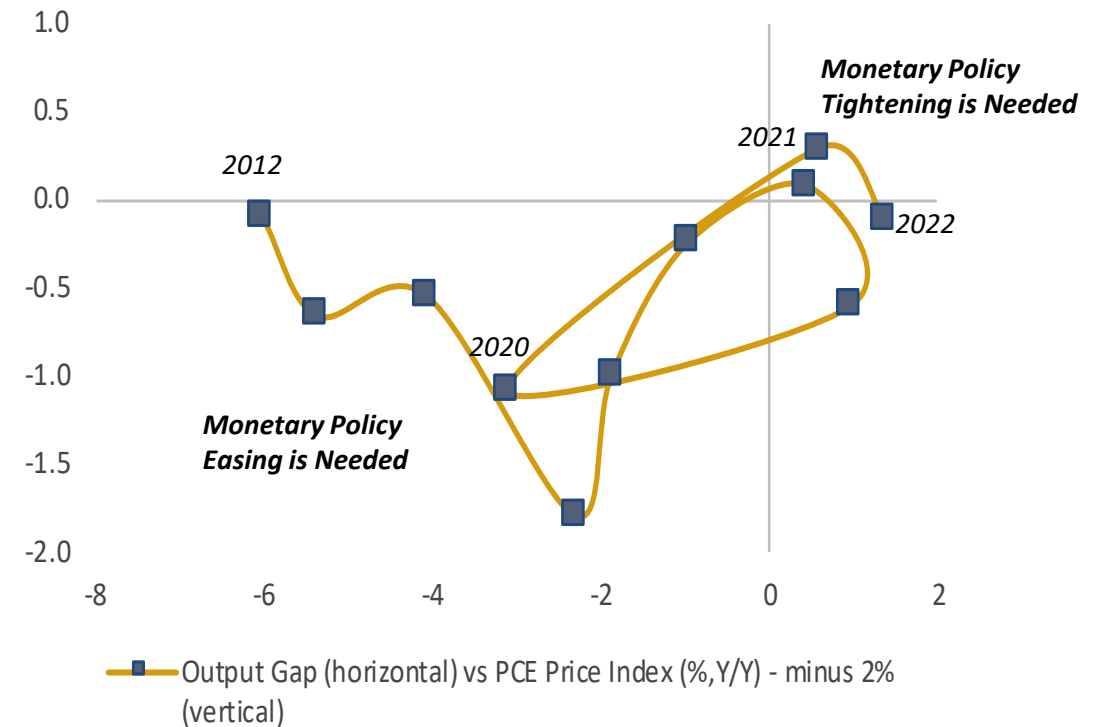
# Monetary policy becomes more accommodative as inflation rate speeds up



## 1. Monetary Policy Impact



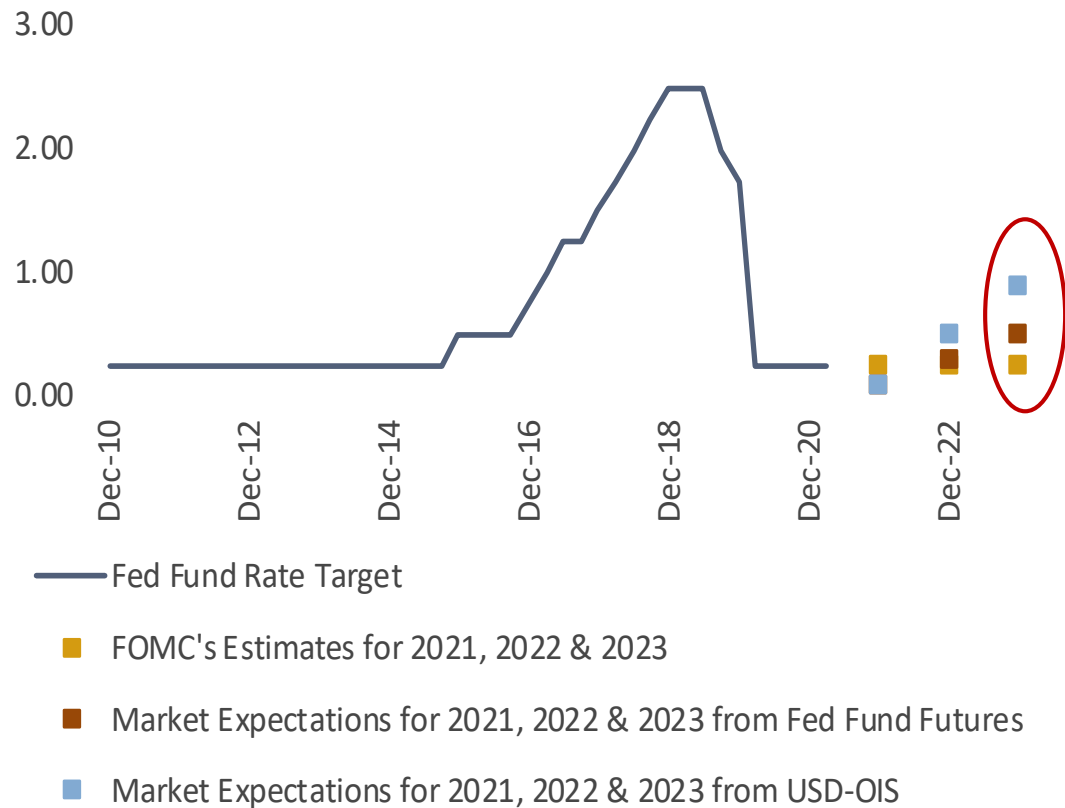
## 2. Monetary Policy Stance



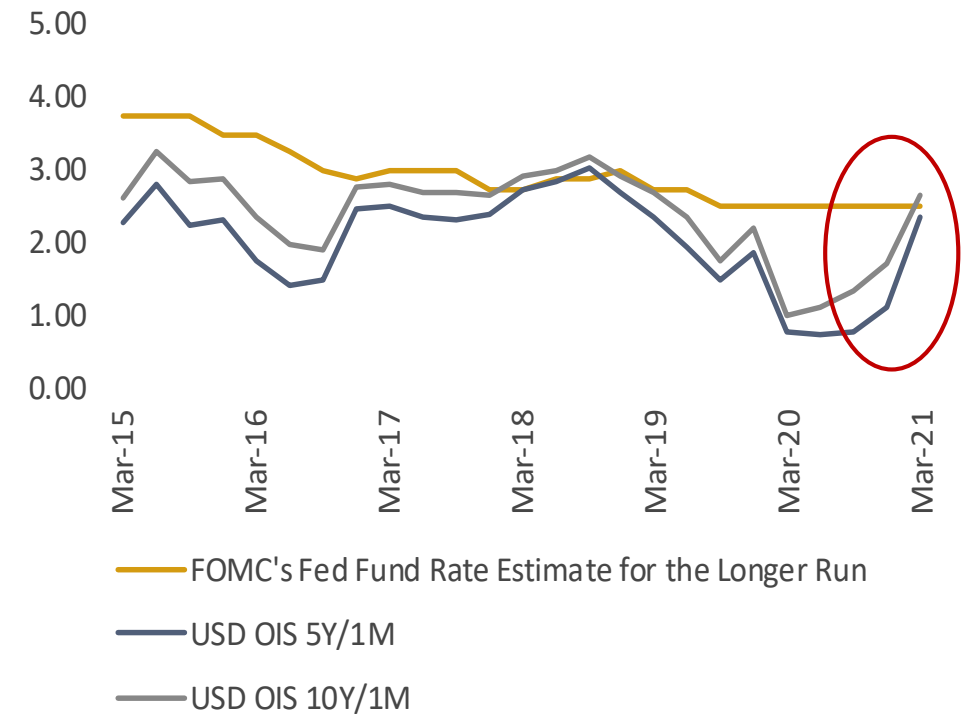
# The Fed will probably hike policy rate in 2023 and perhaps more than once



## 1. FOMC's Estimates & Markets Policy Rate Expectations



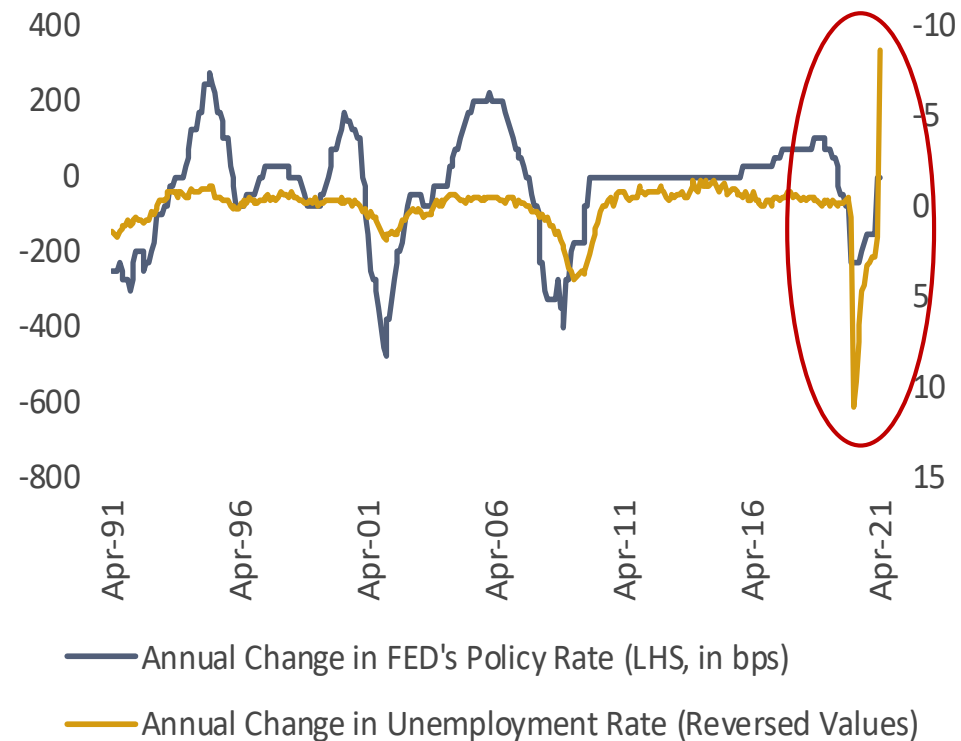
## 2. Long-run Interest Rate Expectations



# Monetary policy has also helped the labour market to improve

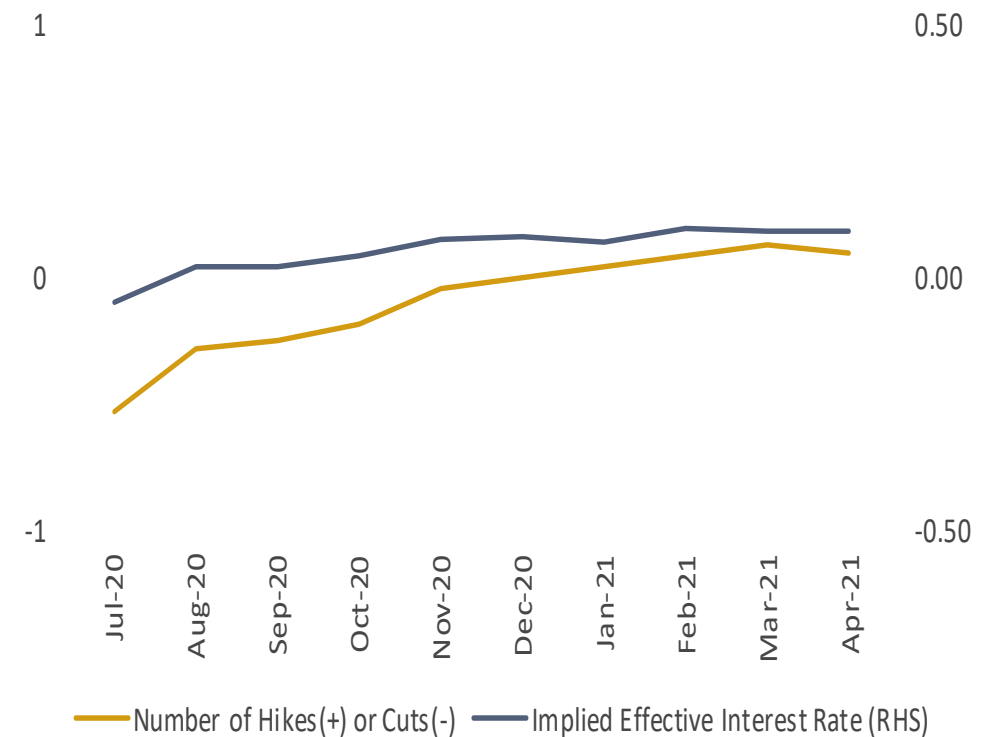


## 1. Monetary Policy & Labour Market



## 2. Future Monetary Policy

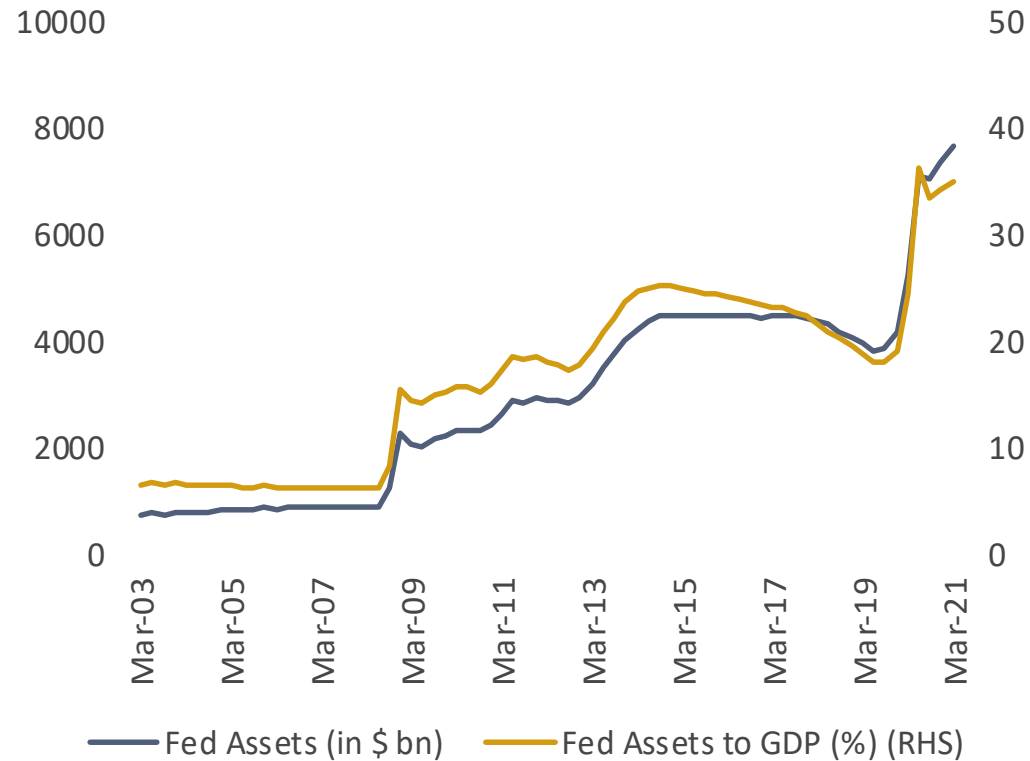
(based on the implied probability for Jan. 2022)



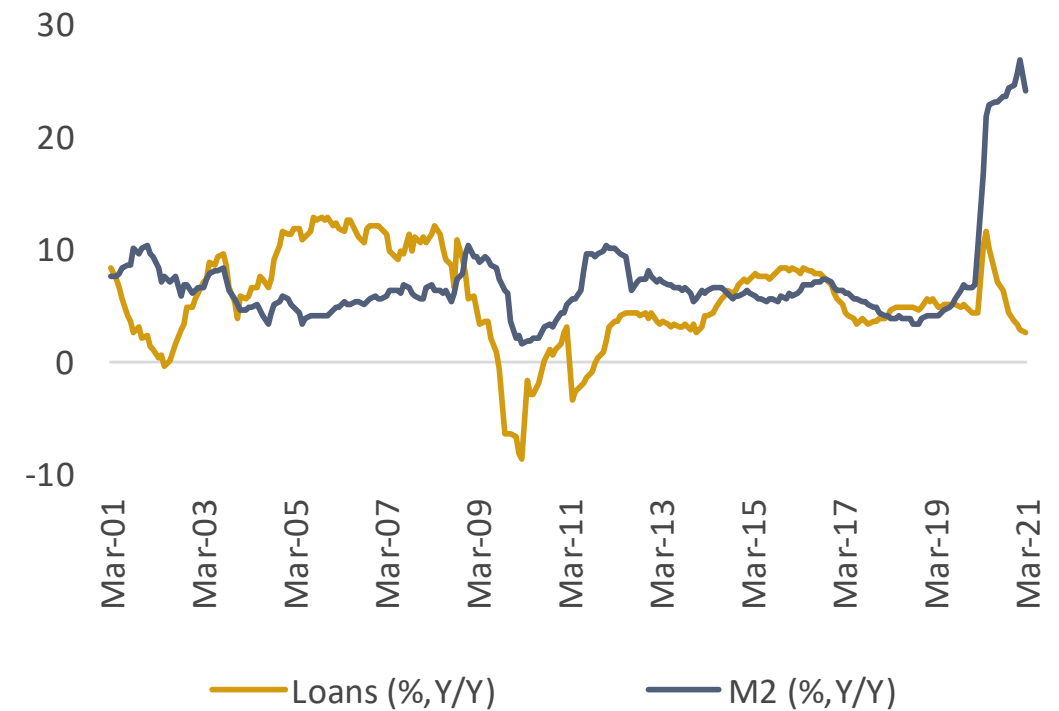
# The money supply growth rate has soared



## 1. Total Assets of Fed



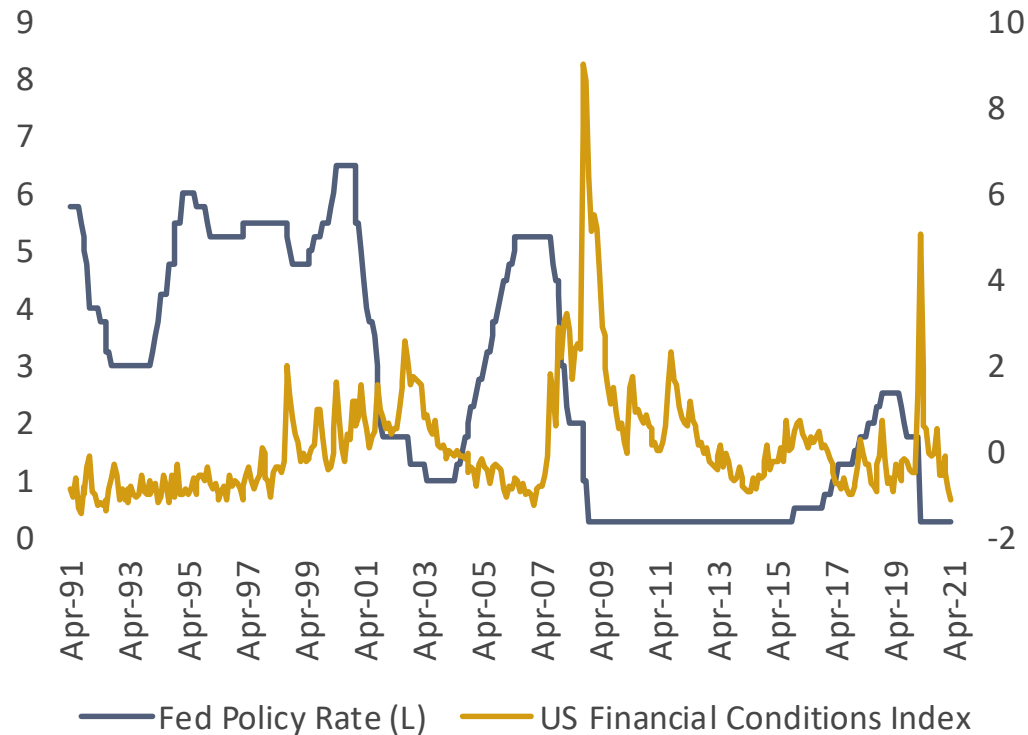
## 2. Money Supply & Lending



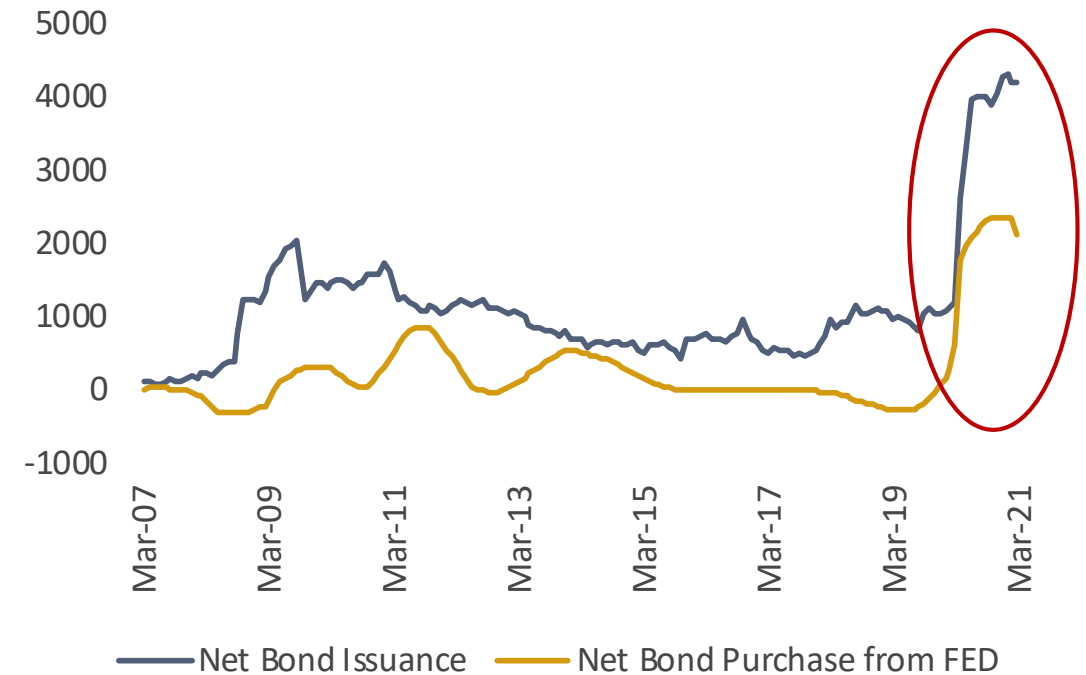
# The high funding needs of the fiscal support programs are partly covered by the Fed's bond purchases



## 1. Financial Conditions Index & Fed Policy Rate



## 2. Issuance & Fed Purchase of US Treasuries





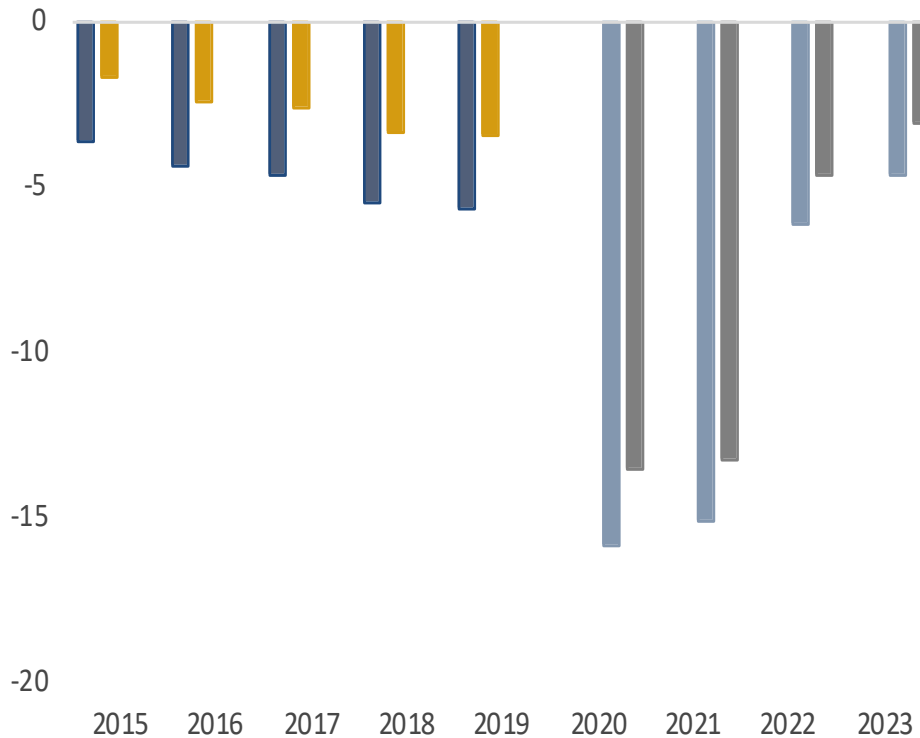
1	Economic Cycle
2	Long-term Perspectives
3	Short-term Perspectives
4	Labour Market
5	Consumption & Households
6	Investment & Corporates
7	Exports & Imports
8	Inflation Rate
9	Monetary Policy - Fed
10	Fiscal Policy
11	GDP



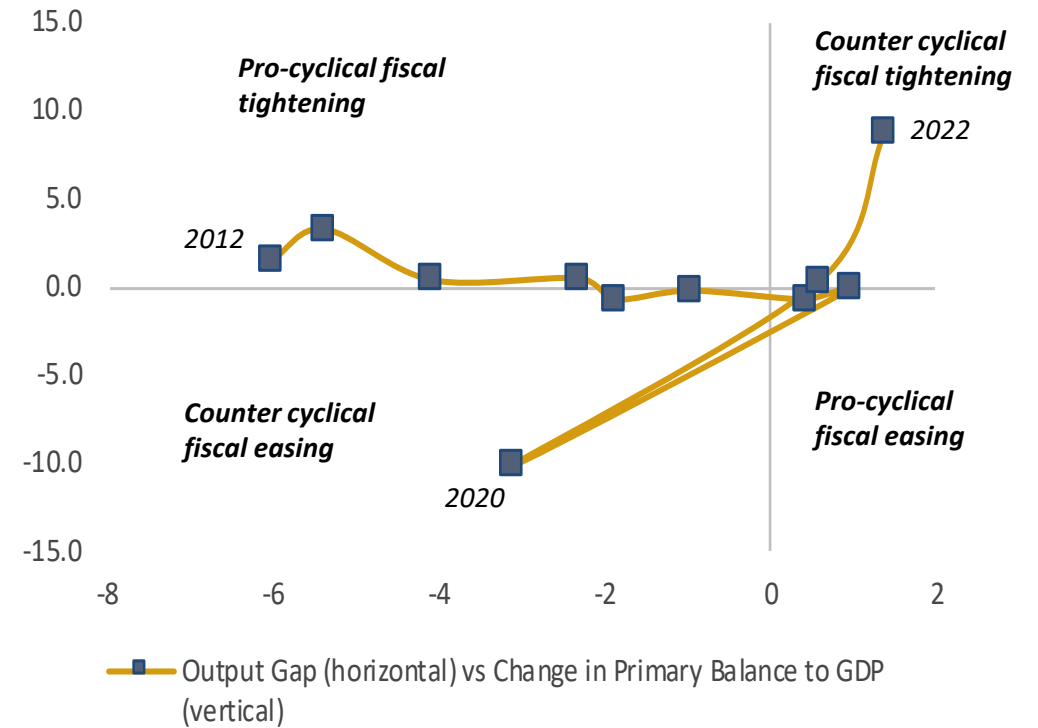
# The highest post-war fiscal deficit...



## 1. Fiscal Deficits (Total & Primary)

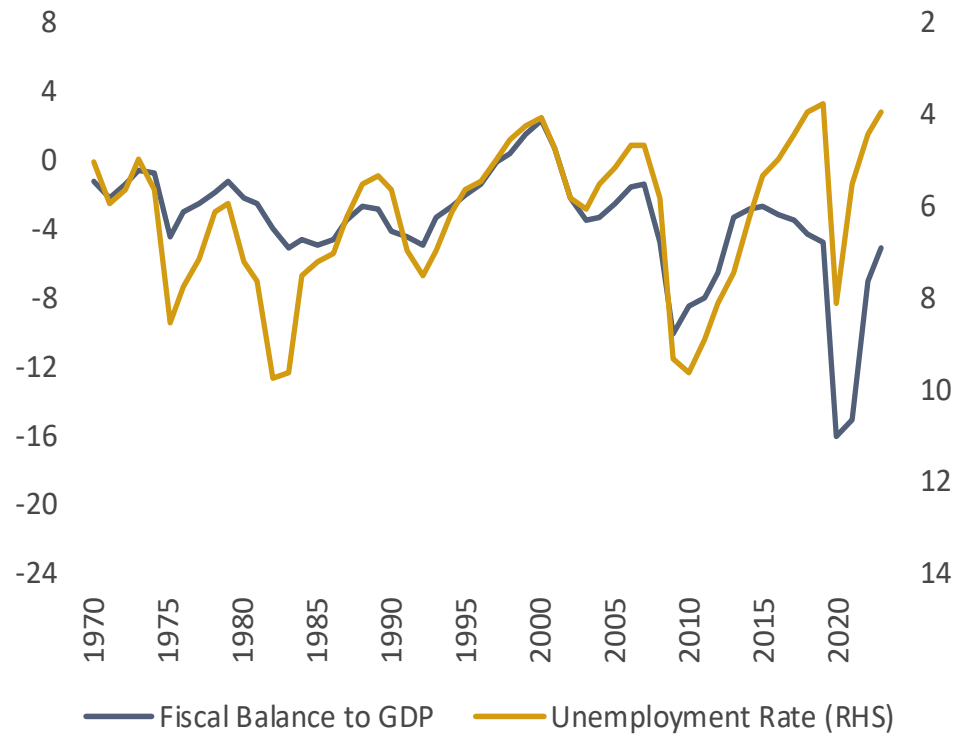


## 2. Fiscal Policy Stance

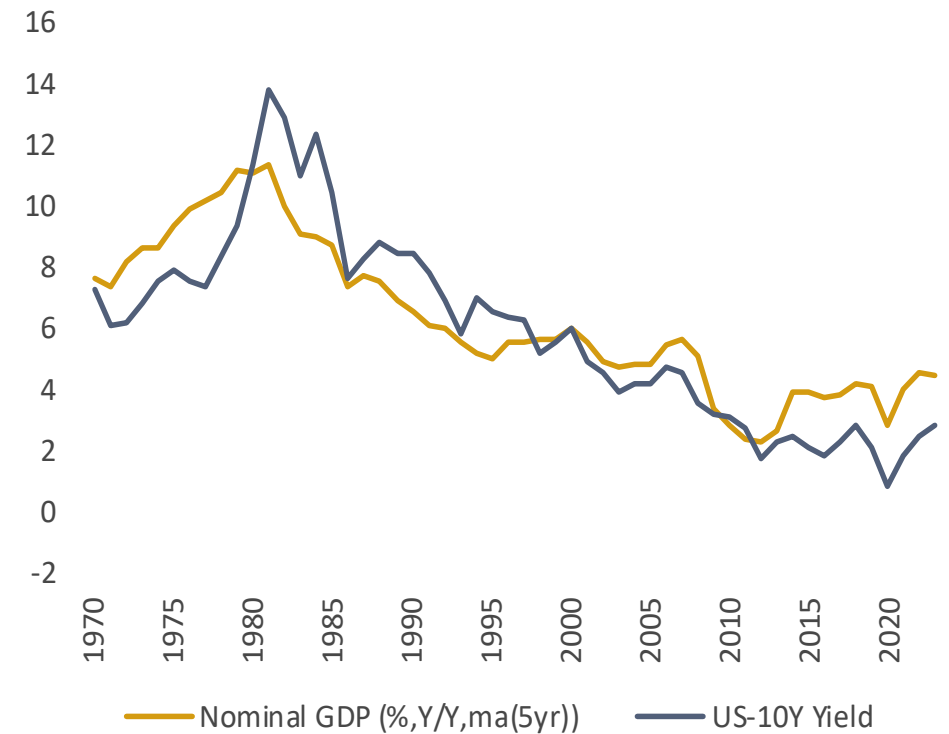


# ...but the nominal growth rate is anticipated to be higher than the long term cost of public funding

## 1. Fiscal Policy & Unemployment Rate



## 2. Fiscal Policy Sustainability

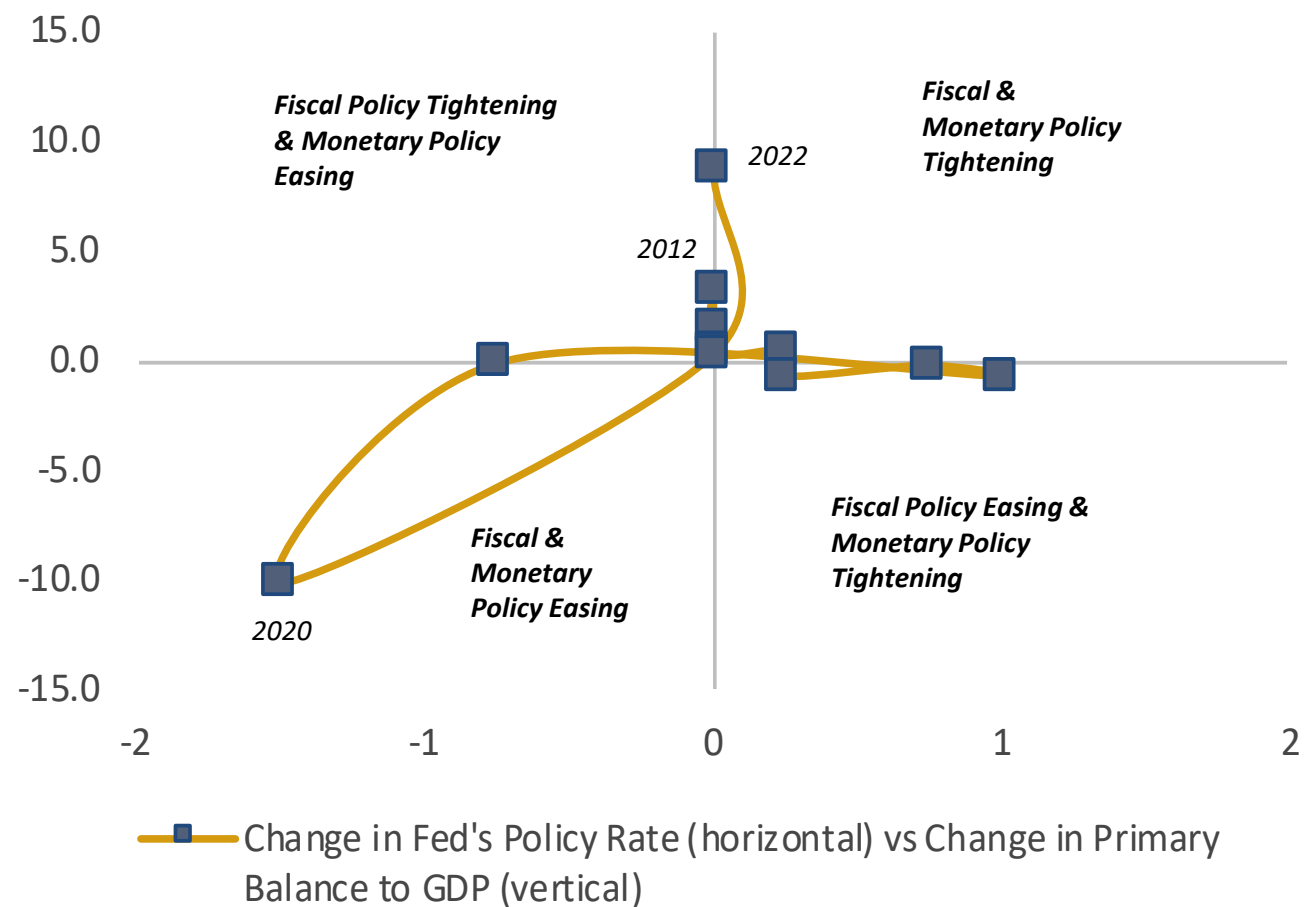




# Substantial support from both fiscal and monetary policy until end-2021



## 1. Combined Fiscal & Monetary Policy Stance



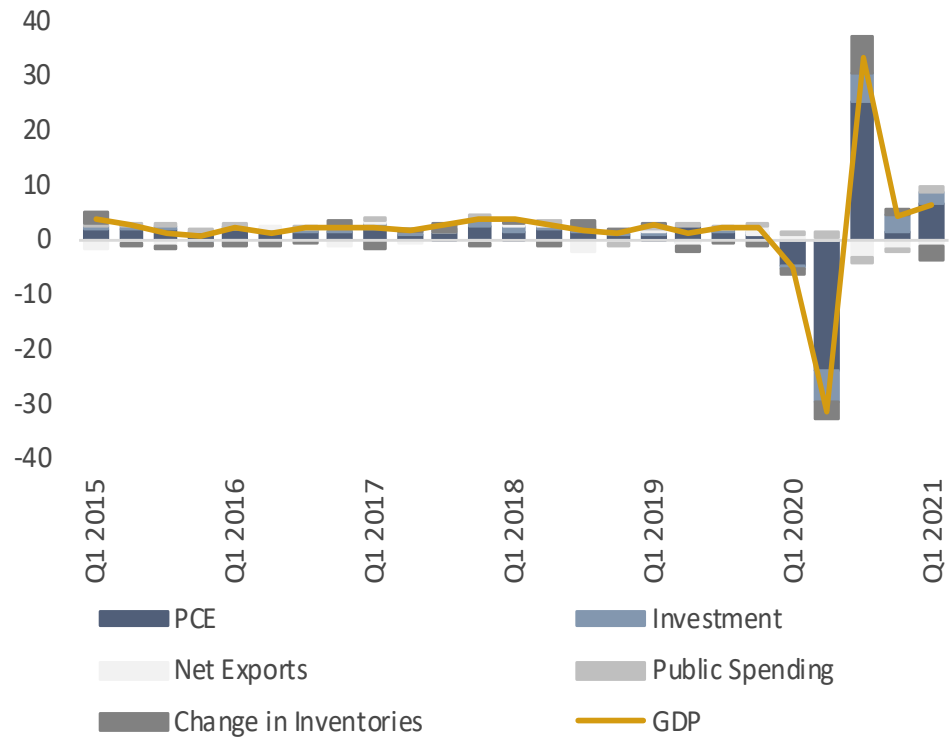


<b>1</b>	Economic Cycle
<b>2</b>	Long-term Perspectives
<b>3</b>	Short-term Perspectives
<b>4</b>	Labour Market
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<b>7</b>	Exports & Imports
<b>8</b>	Inflation Rate
<b>9</b>	Monetary Policy - Fed
<b>10</b>	Fiscal Policy
<b>11</b>	GDP

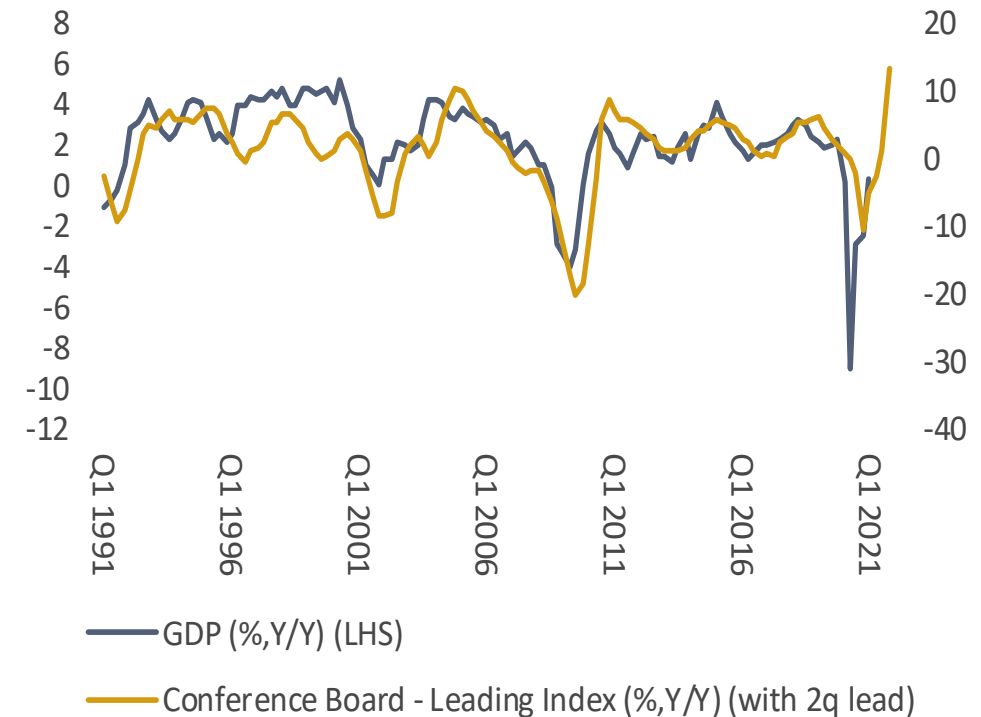


# High volatility in GDP's quarterly growth rate is mostly explained by the personal consumption

## 1. GDP Components Contributions (%-Q/Q-AR)



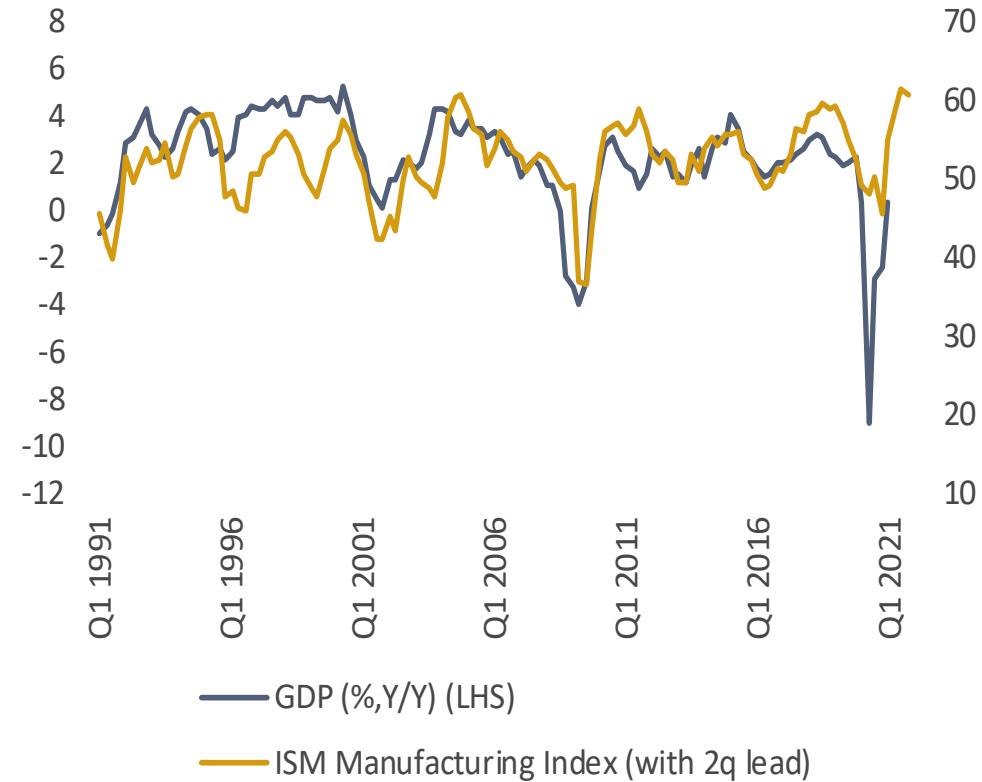
## 2. GDP & CB's Leading Index



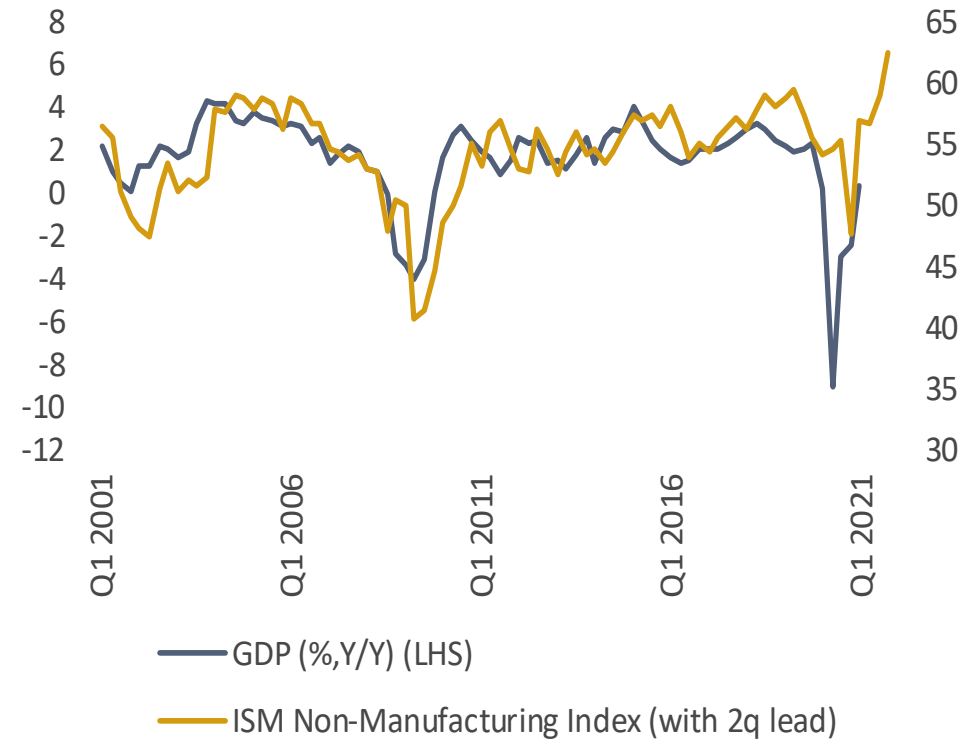
# Strong business sentiment bodes well for GDP growth rate



1. GDP & ISM Manufacturing Index

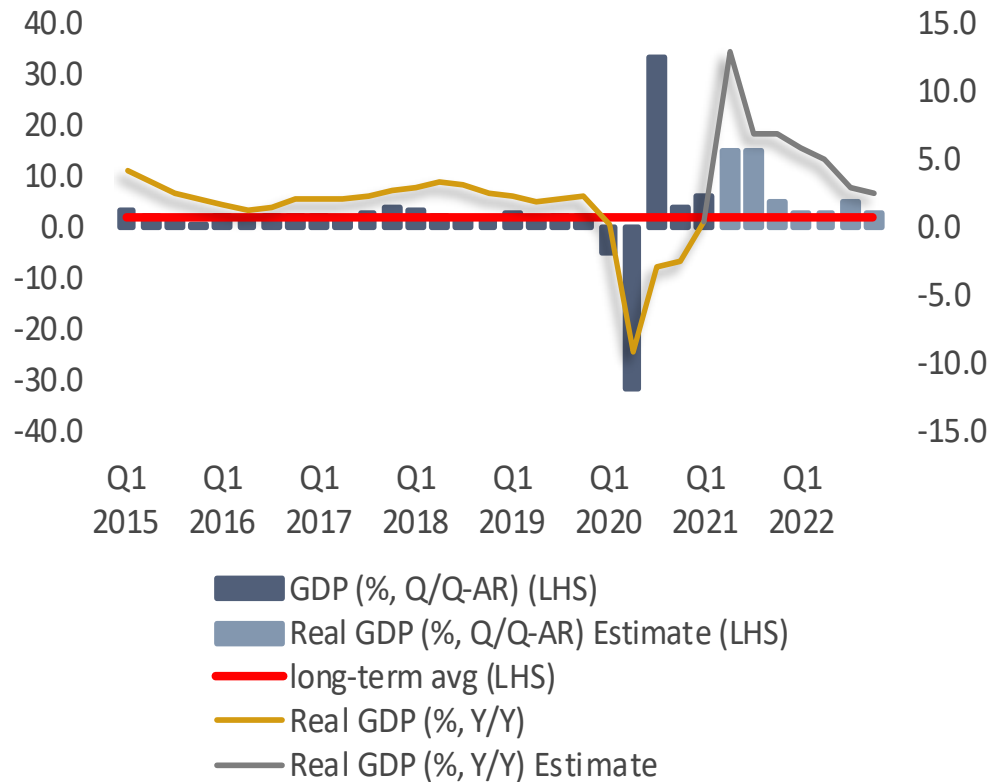


2. GDP & ISM Services Index

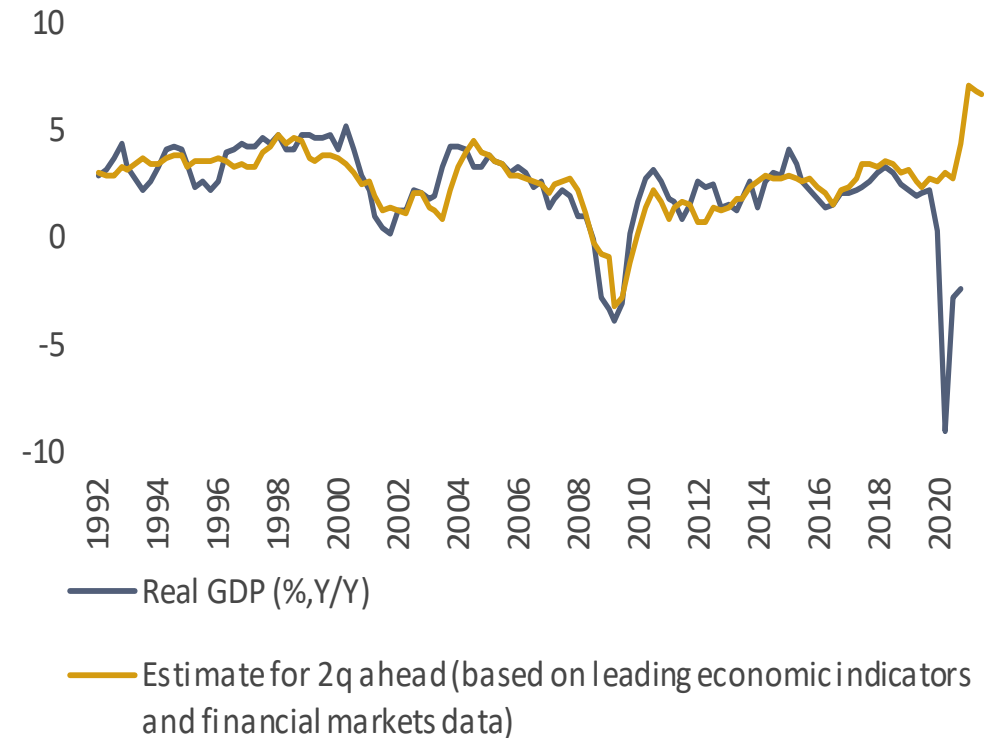


# GDP annual growth rate will stabilize around 7% for three consecutive quarters (from 2021Q3 to 2022Q1)

## 1. GDP & Estimate (I)



## 2. GDP & Estimate (II)



# US Macroeconomic Projections: GDP will grow by almost 7% in 2021, after declining by 3.5% in 2020



		Actual				Estimates				%Y/Y-AVG		
		2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2020	2021	2022
1	Real GDP (Q/Q-%-SAAR)	-5.0	-31.4	33.4	4.3	6.4	13.0	13.0	5.0	-3.5	6.9	3.9
2	Headline PCE PI (%Y/Y)	1.7	0.7	1.2	1.2	1.7	2.9	2.3	2.1	1.2	2.3	1.9
3	Core PCE PI (%Y/Y)	1.8	1.1	1.4	1.4	1.6	2.2	1.9	1.9	1.4	1.9	1.9
4	Unemployment Rate	3.9	13.1	8.8	6.8	6.1	5.7	5.3	4.9	8.1	5.5	4.5
5	Fed - Policy Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25



PIRAEUS BANK



## EA Economic Data Watch: Gradual Reopening!

*Ilias Lekkos, Chief Economist*  
*Vasilis Patikis, Director*  
*Dionisis Polychronopoulos, Director*  
*Veni Arakelian, Senior Manager*

**Economic Research & Investment Strategy**

*May 2021*

# Agenda



<b>1</b>	Economic Cycle
<b>2</b>	Short-term Perspectives
<b>3</b>	Labour Market
<b>4</b>	Consumption & Households
<b>5</b>	Investment & Corporates
<b>6</b>	Exports & Imports
<b>7</b>	Inflation Rate
<b>8</b>	Monetary Policy – ECB
<b>9</b>	Fiscal Policy
<b>10</b>	GDP







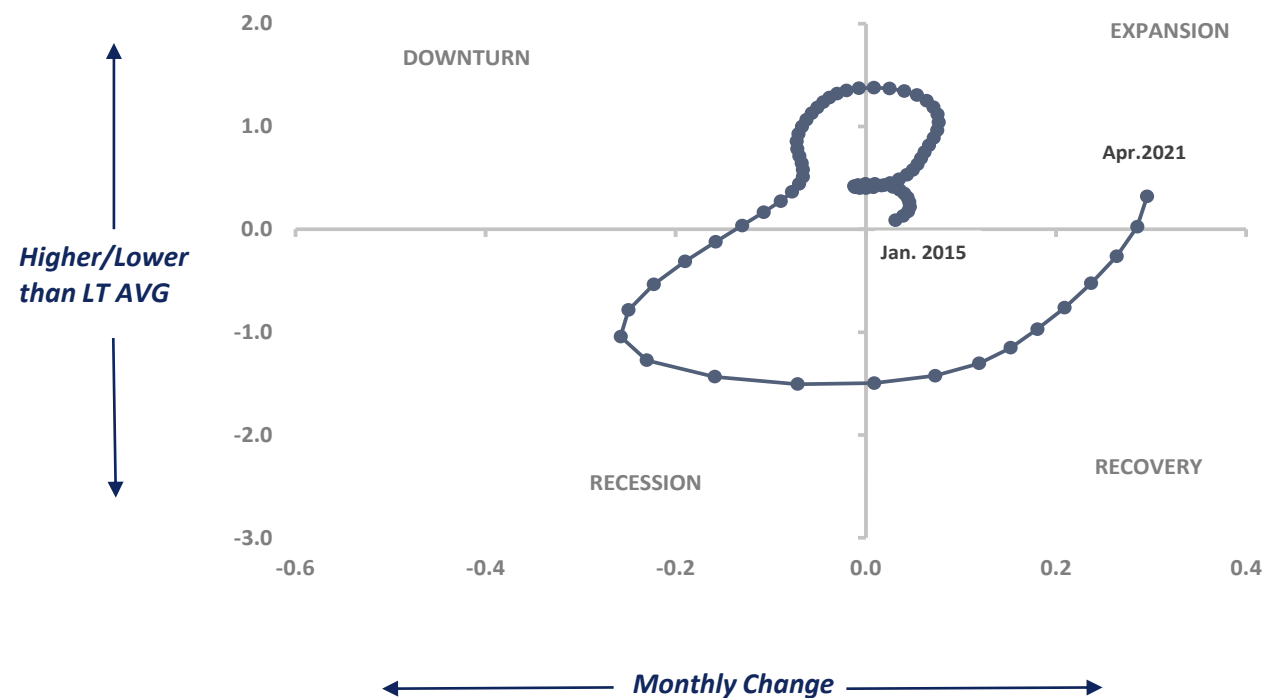
<b>1</b>	Economic Cycle
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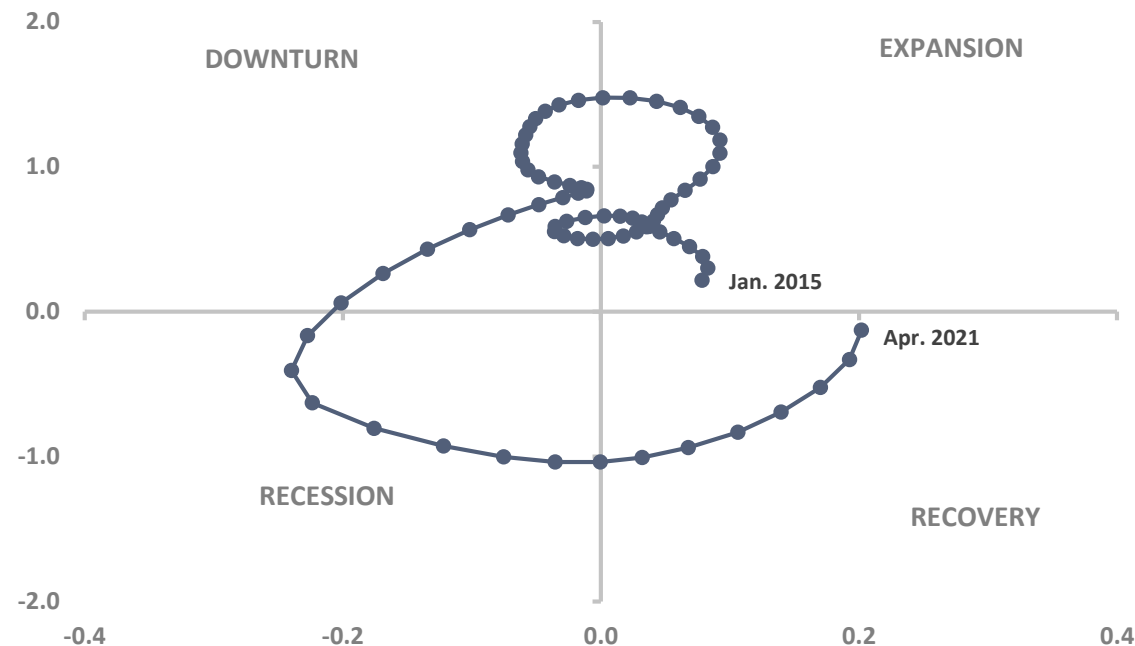
# Economic sentiment has started to expand



## 1. Business Cycle According to Economic Sentiment Index



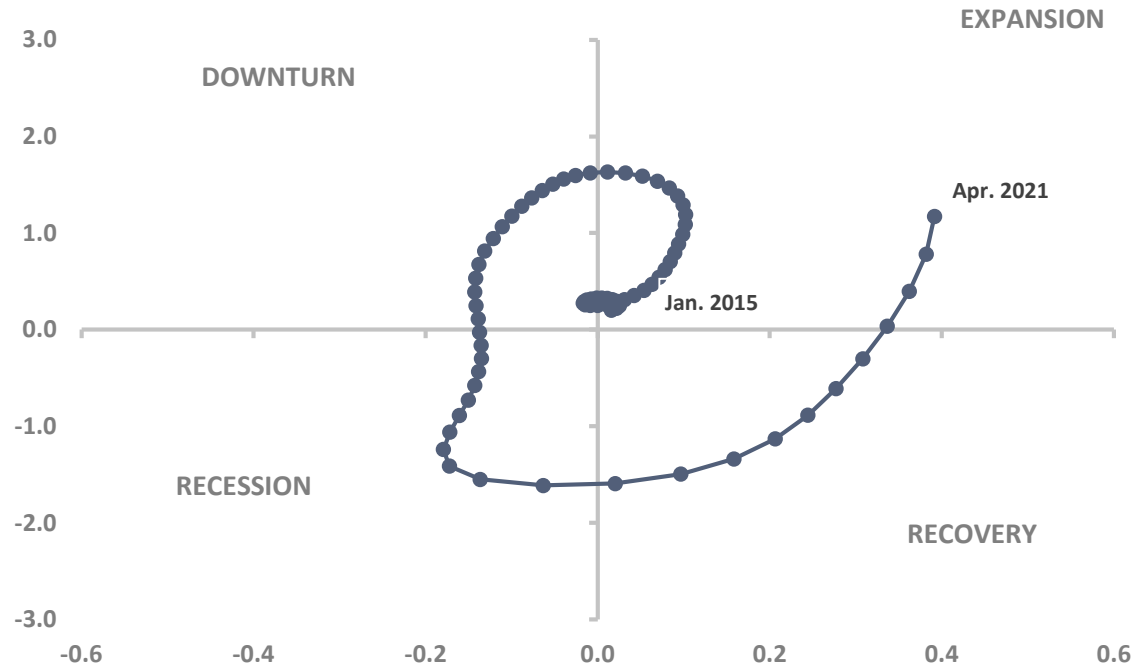
## 1. Business Cycle According to Consumer Confidence



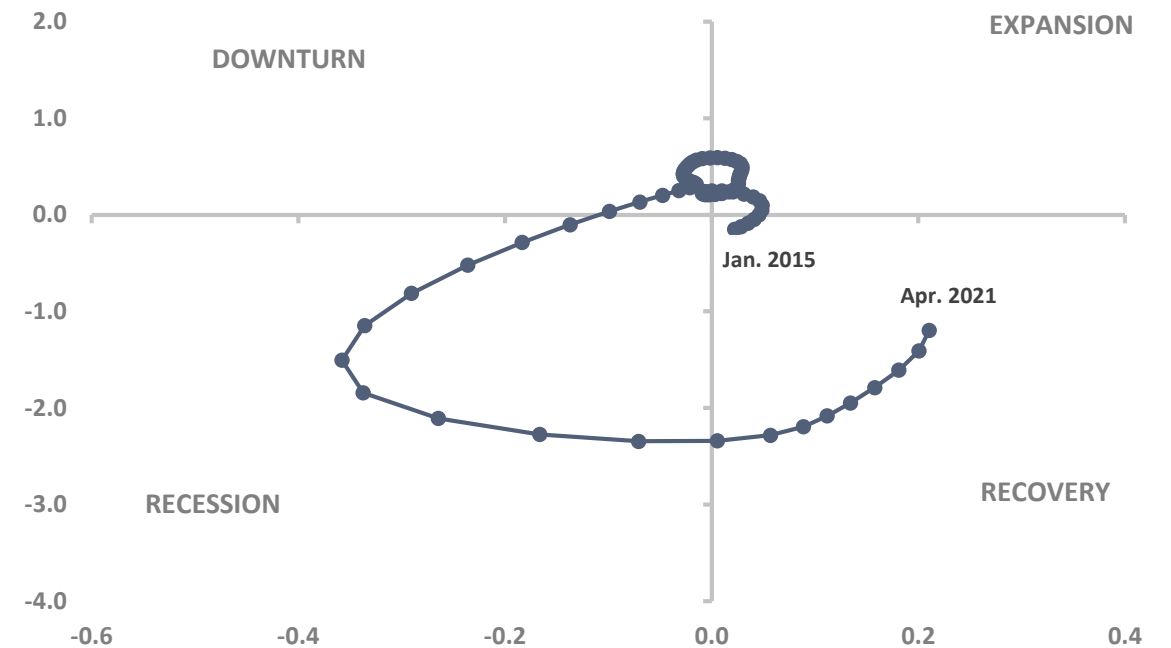
# Strong manufacturing sentiment - Services recover with the reopening



## 1. Business Cycle According to Manufacturing Confidence



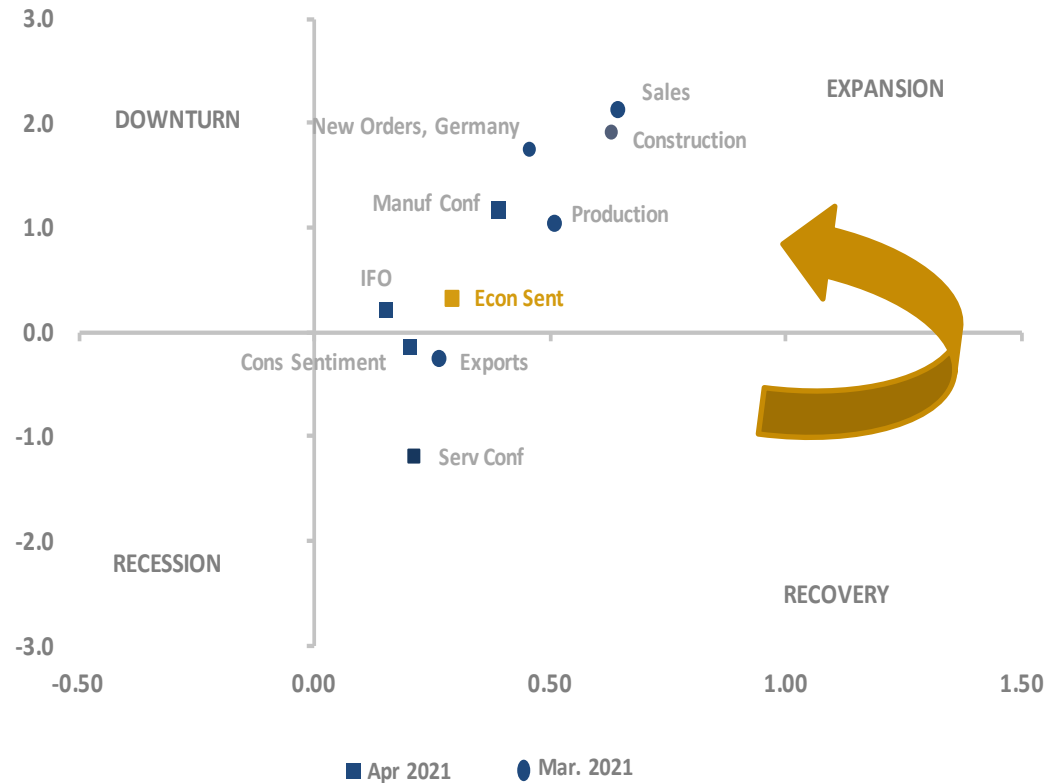
## 2. Business Cycle According to Services Confidence



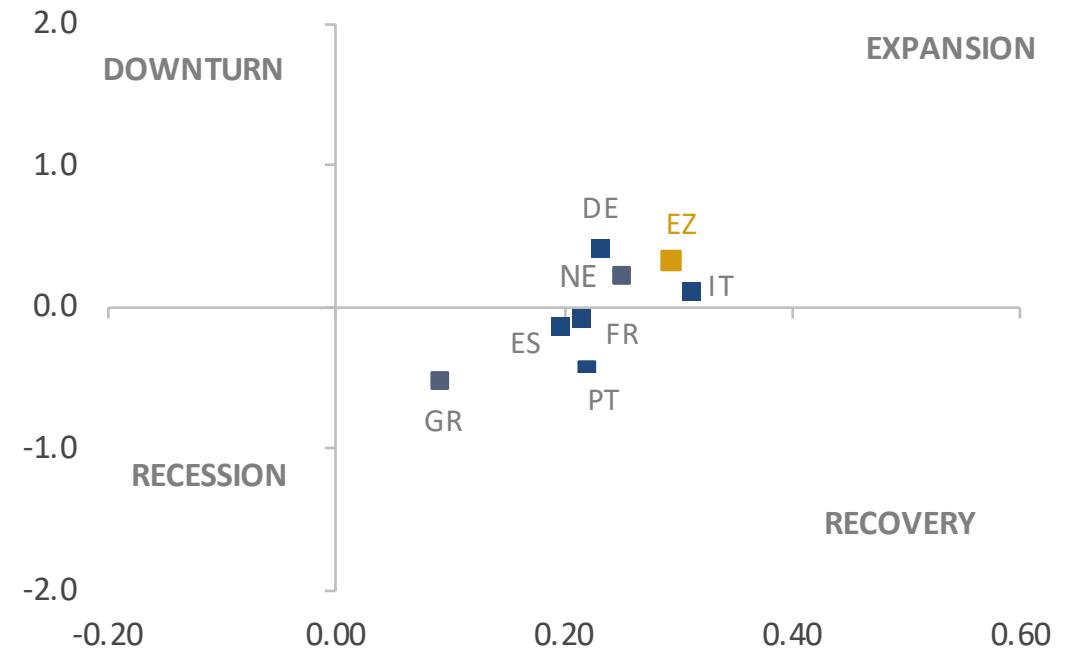
# The majority of economic indicators have entered the expansion quadrant – Germany's economy in a better position



## 1. Last Dot of Major EA Economic variables



## 2. Last Dot of Major EA Countries-Members (according to Economic Sentiment Index, Apr. 2021)





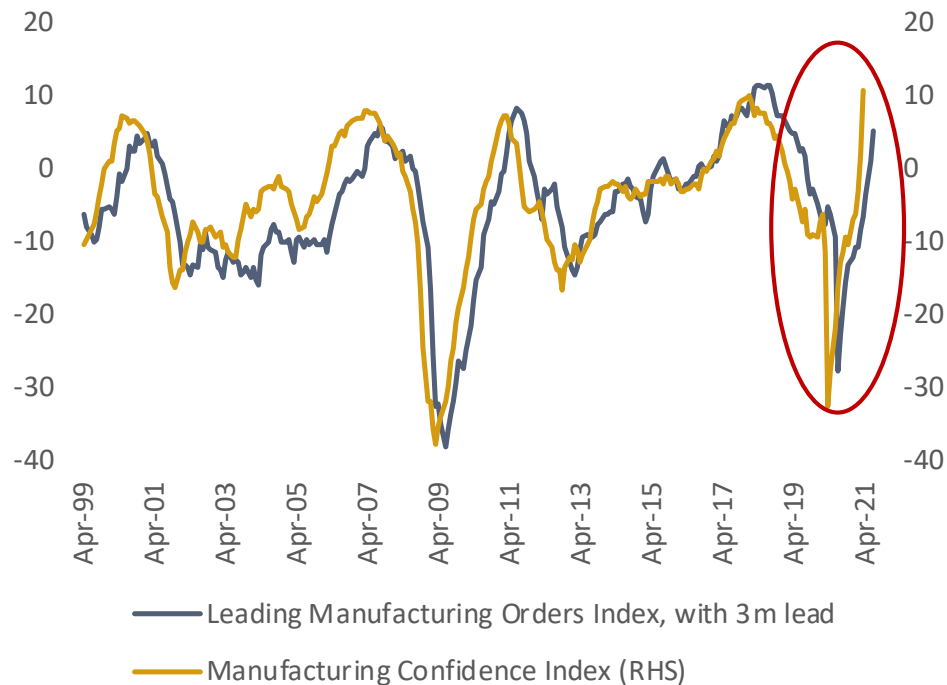
1	Economic Cycle
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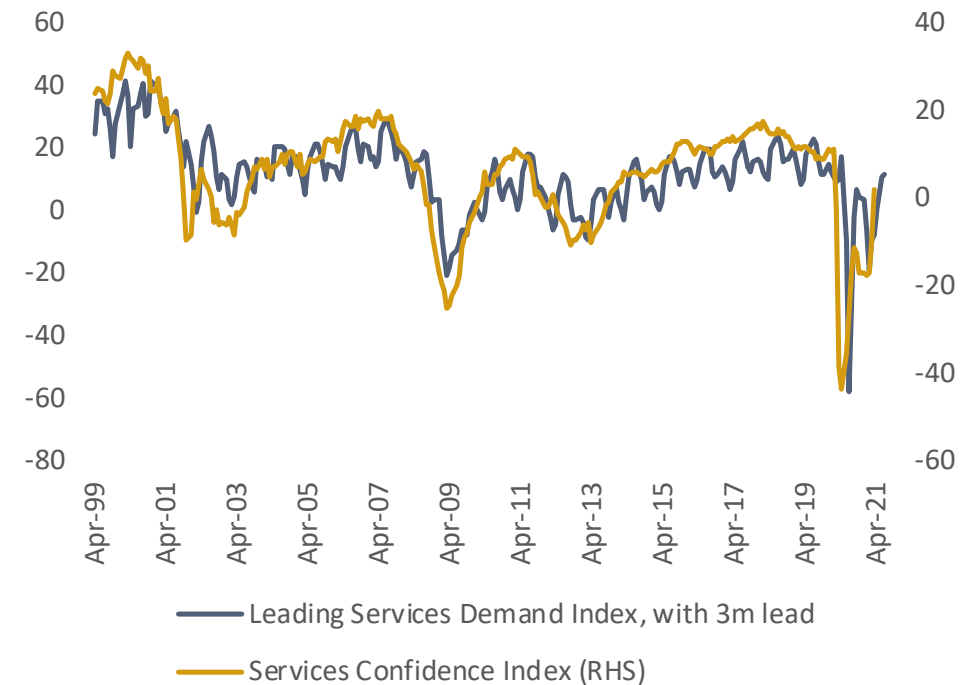
# Manufacturing has recovered impressively



## 1. Manufacturing Confidence & Leading New Orders Index



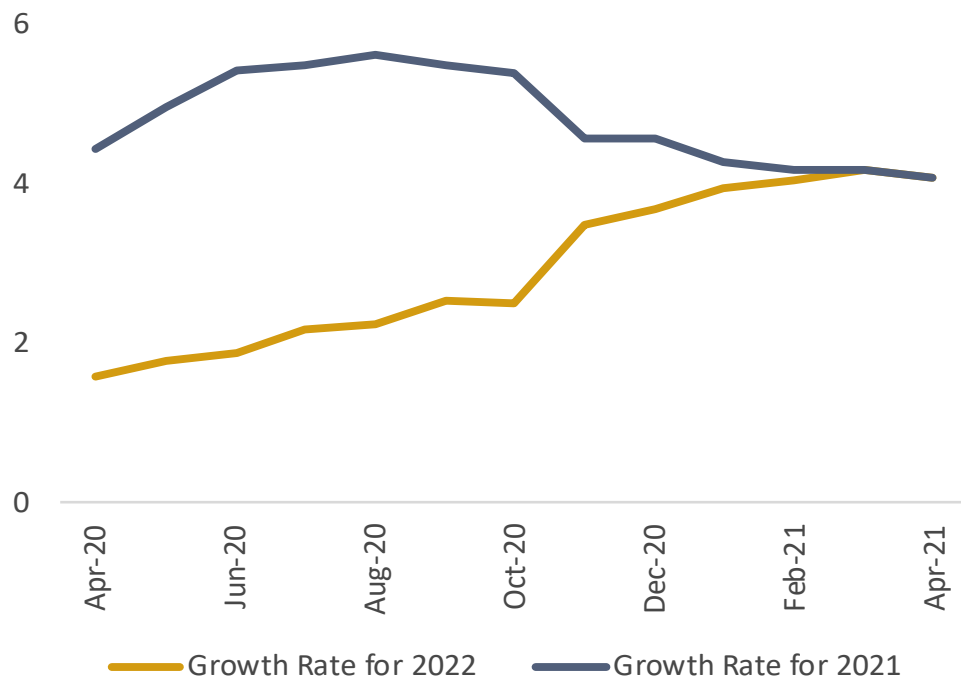
## 2. Services Confidence & Leading Demand Index



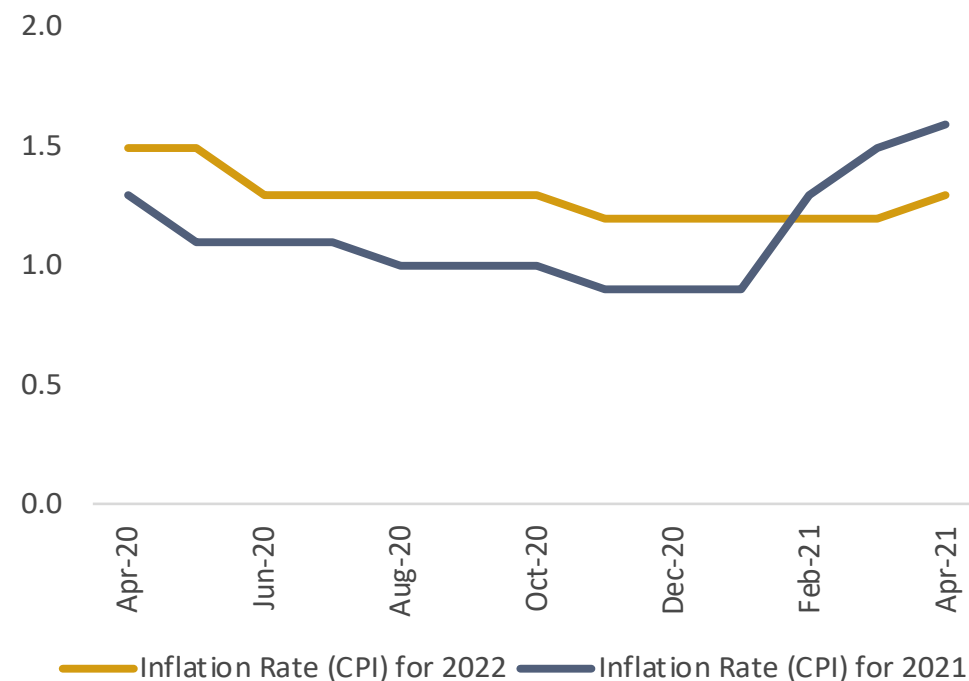
# Temporary pick up in inflation rate in 2021 is expected



## 1. Consensus GDP Estimate



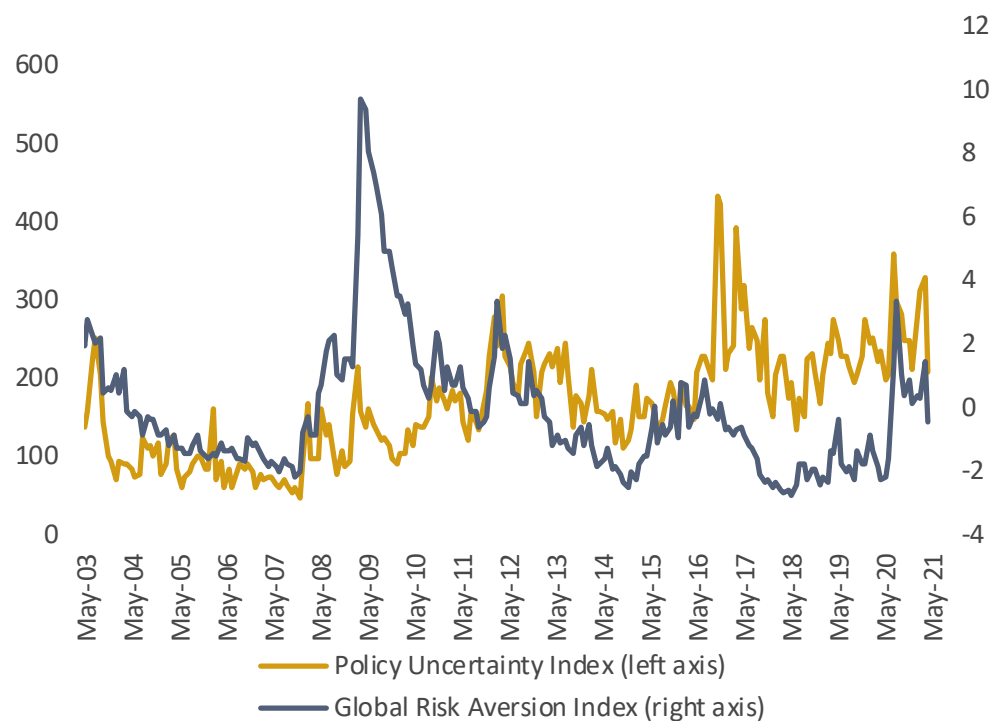
## 2. Consensus Inflation Rate Estimate



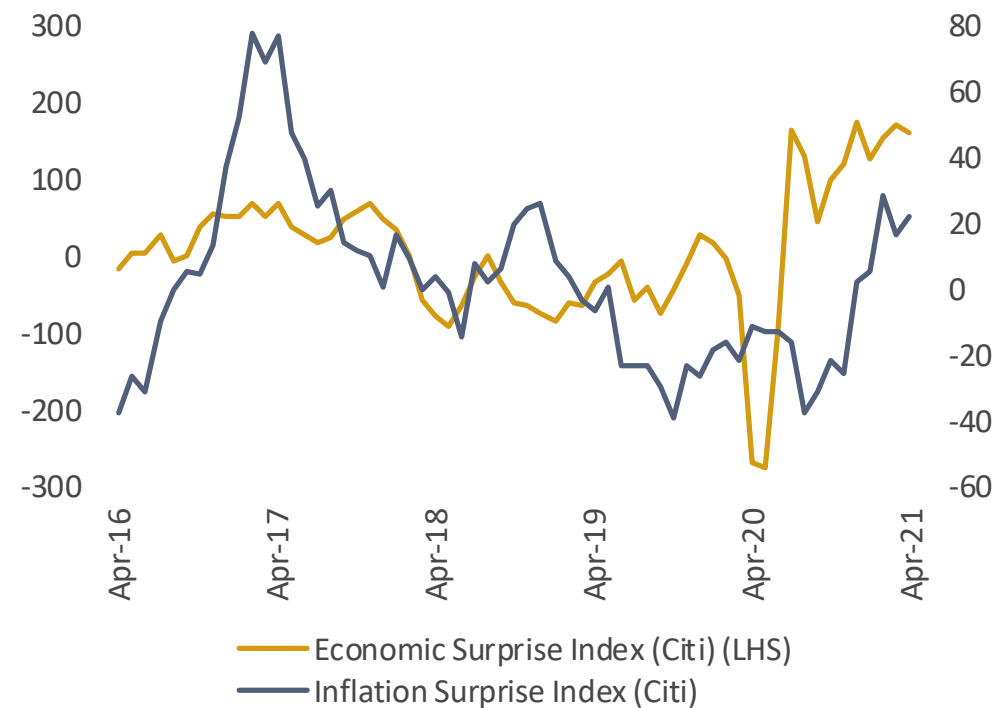
# Economic surprises have increased - Policy uncertainty has decreased



## 1. Risk Aversion & Policy Uncertainty



## 2. Economic & Inflation Surprise Indices







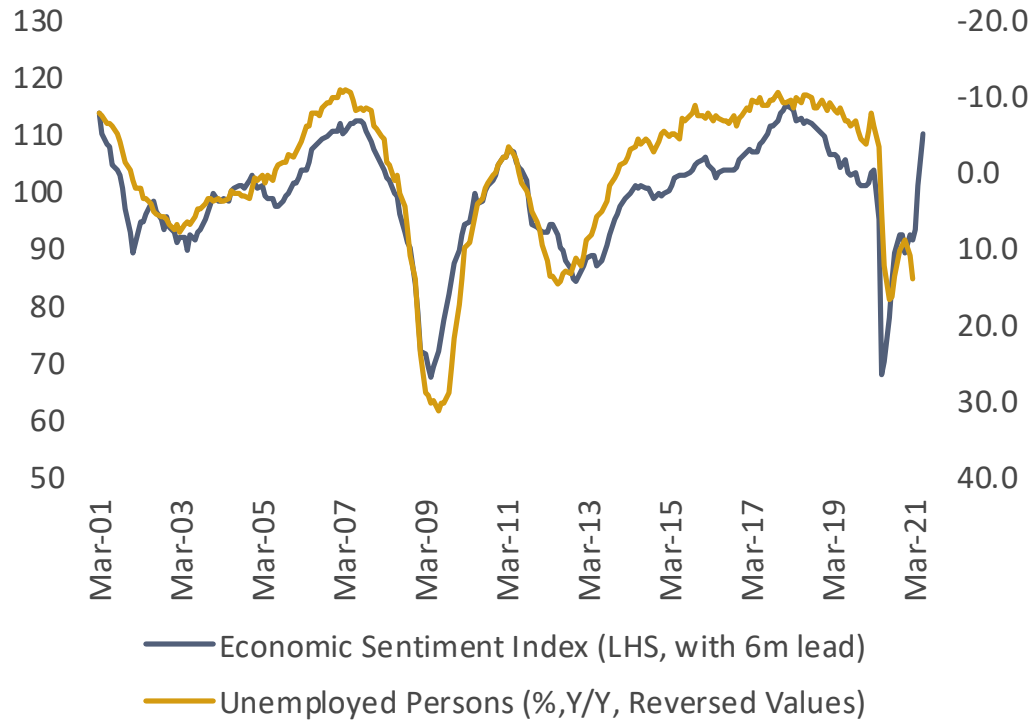
<b>1</b>	Economic Cycle
<b>2</b>	Short-term Perspectives
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<b>4</b>	Consumption & Households
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<b>7</b>	Inflation Rate
<b>8</b>	Monetary Policy – ECB
<b>9</b>	Fiscal Policy
<b>10</b>	GDP



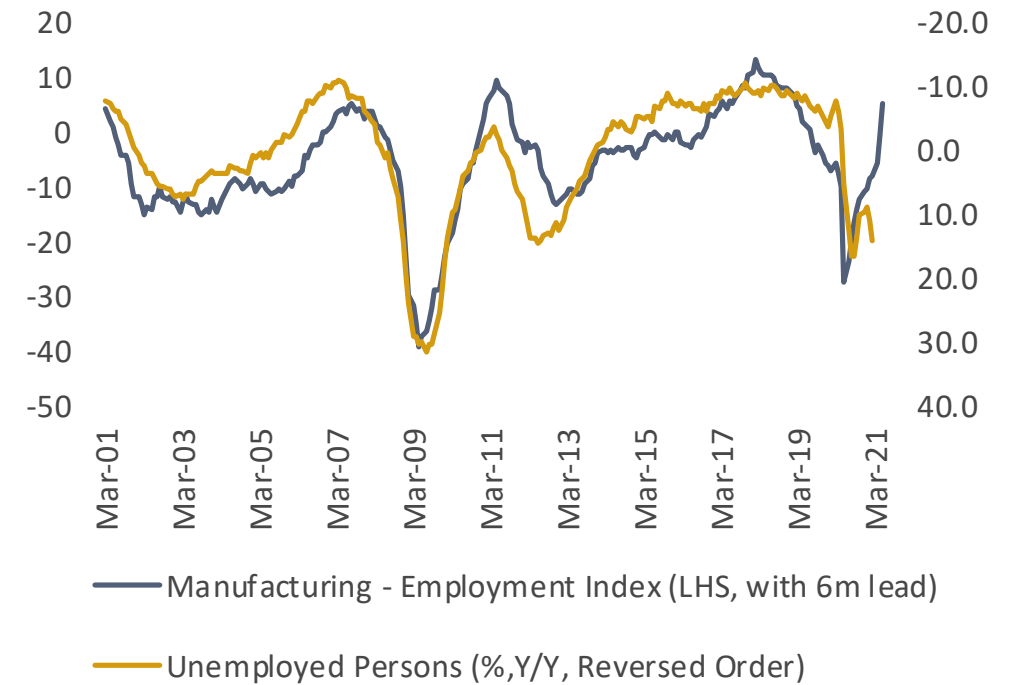
# Leading employment indices have improved



## 1. Unemployment & Sentiment Index



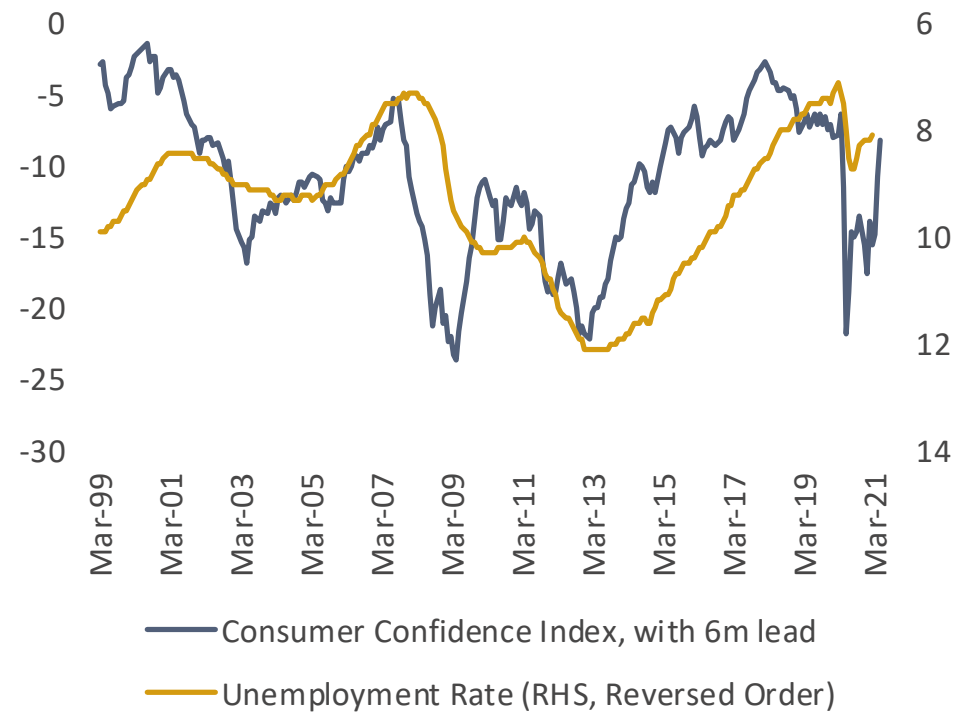
## 2. Unemployment & Leading Manufacturing Index



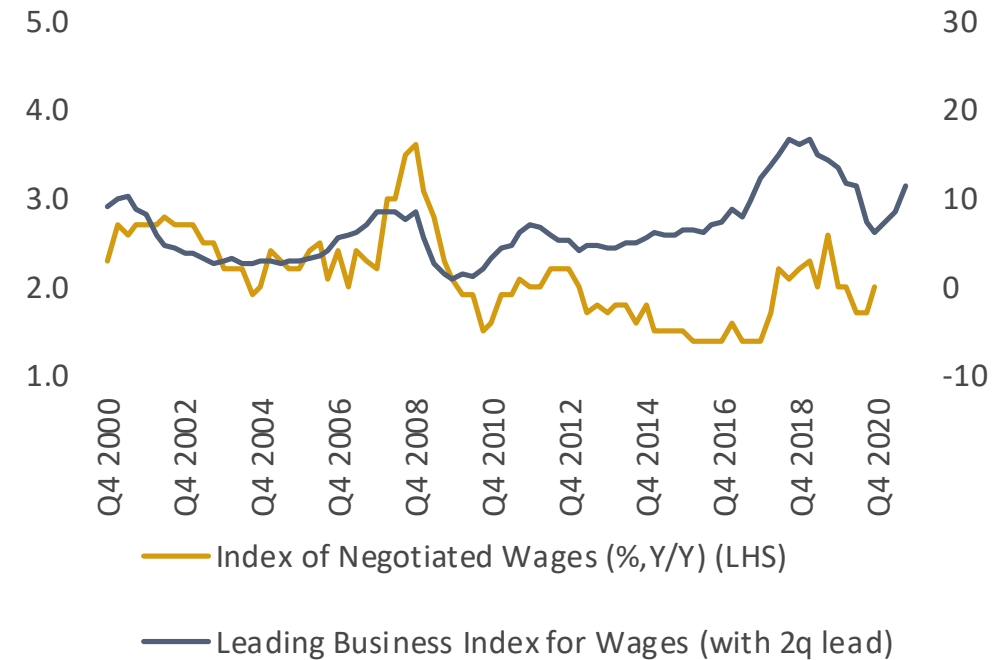
# Wage growth rate struggles to get higher than 2,0%



## 1. Consumer Confidence Index & Unemployment Rate



## 2. Wages & Leading Business Index for Wages





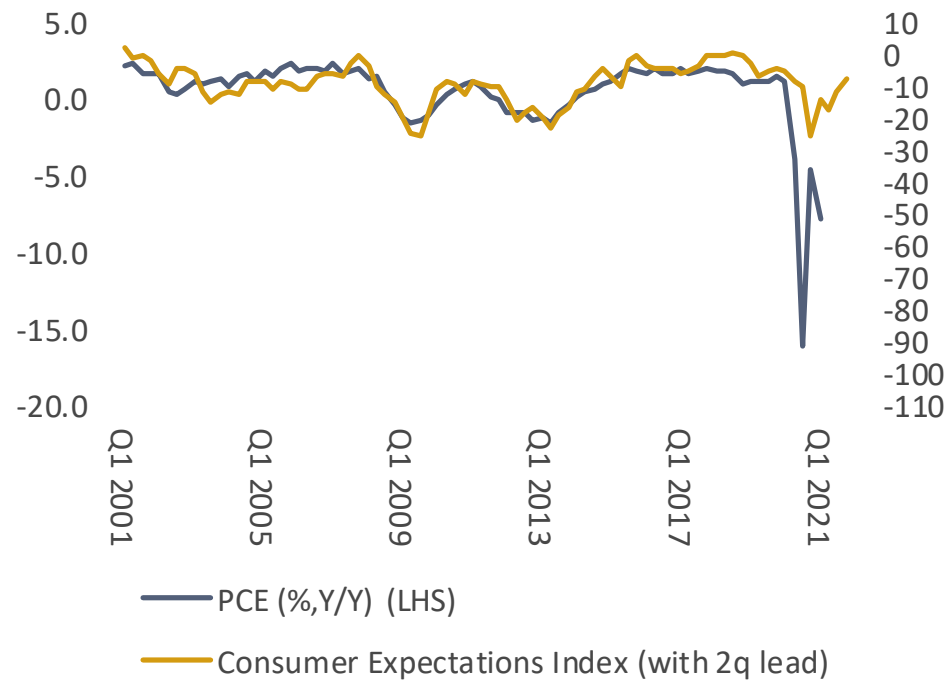
1	Economic Cycle
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4	Consumption & Households
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7	Inflation Rate
8	Monetary Policy – ECB
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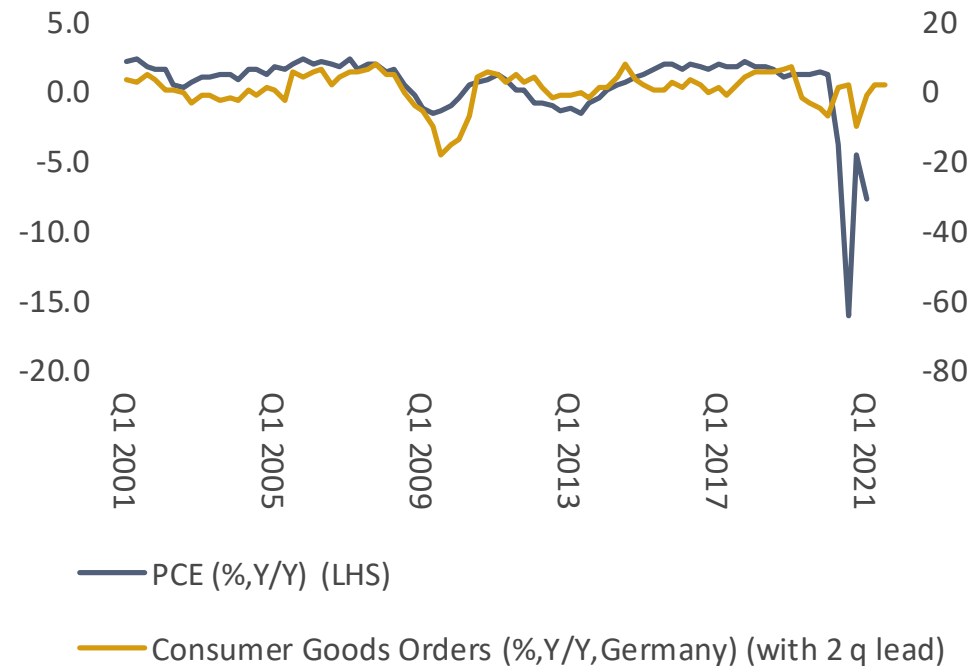
# Reopening will lead to consumption recovery



## 1. PCE & Consumer Expectations Index



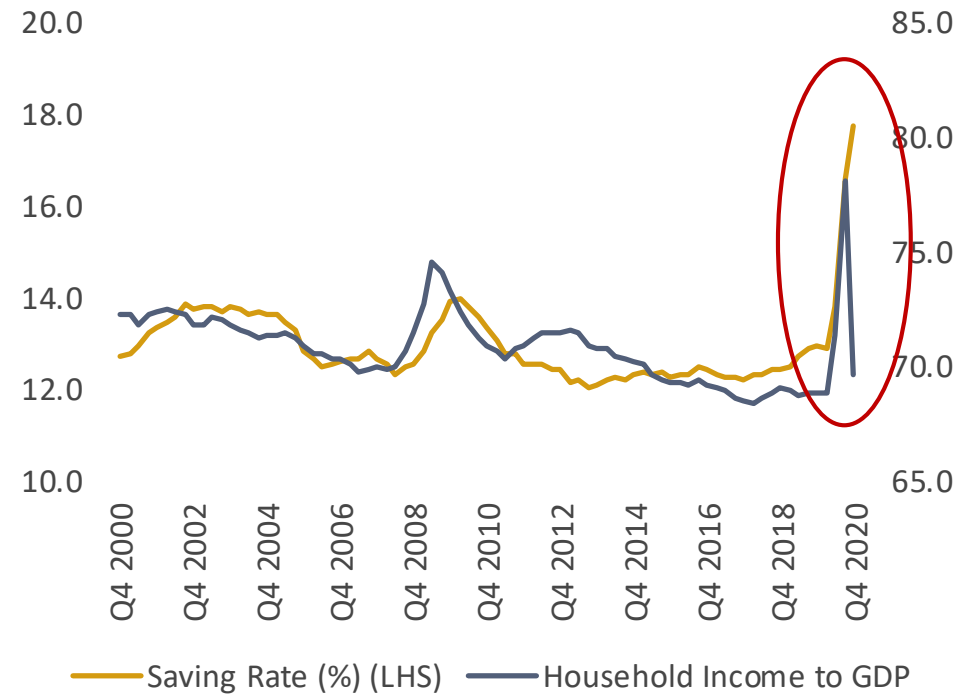
## 2. PCE & Consumer Goods Orders



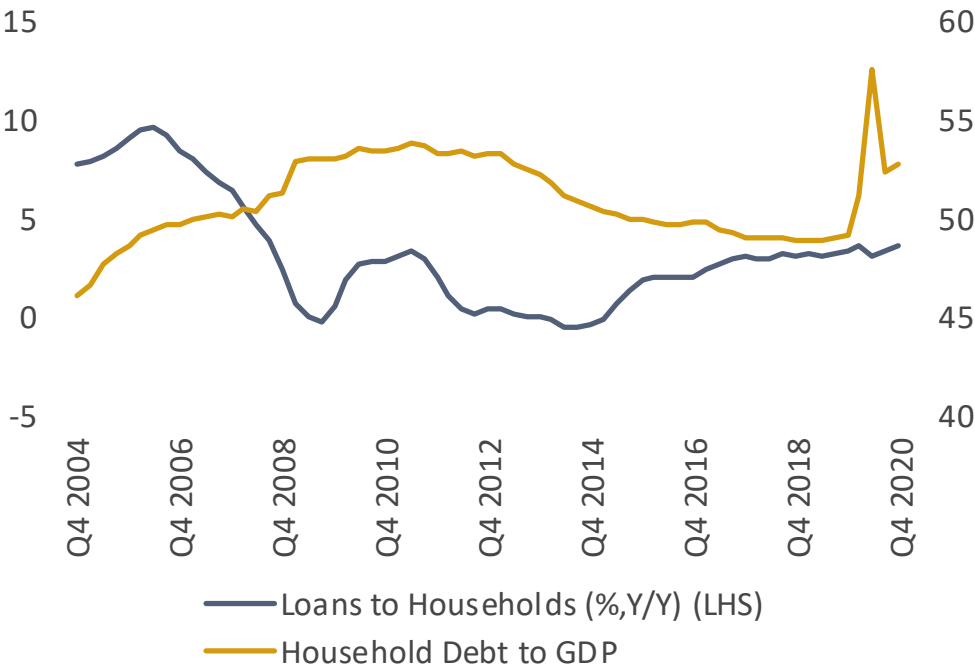
# The saving rate has soared



## 1. Income & Savings



## 2. Loans & Debt





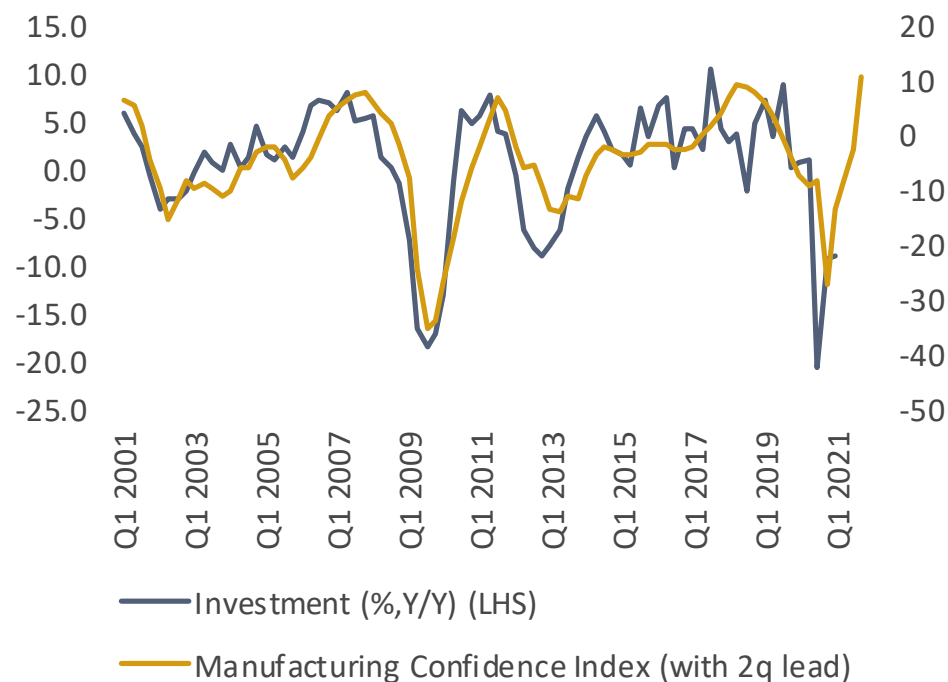
1	Economic Cycle
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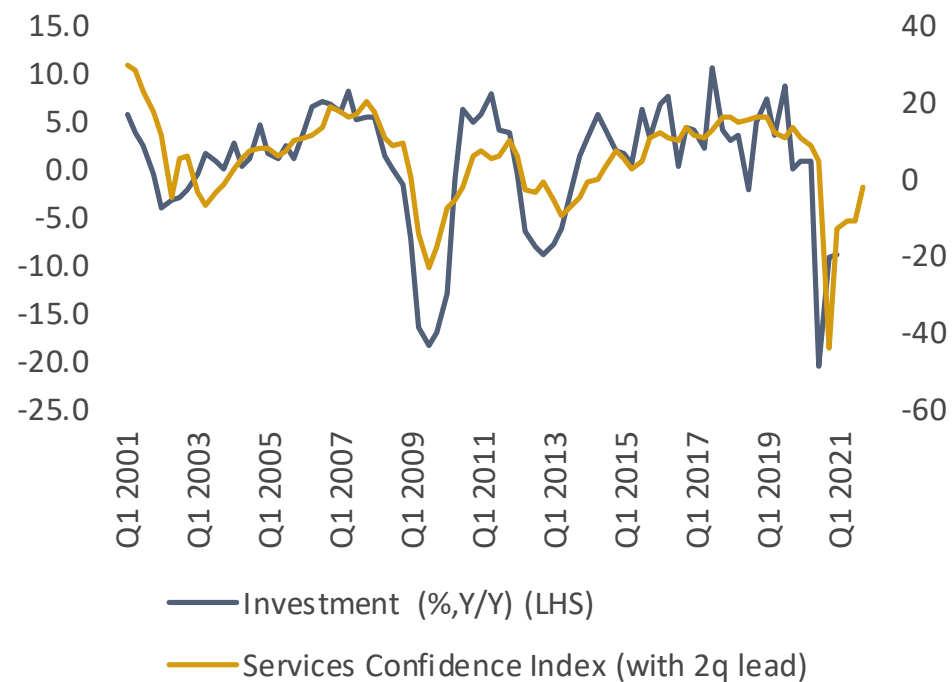
# Business sentiment signals a gradual investment recovery



## 1. Manufacturing Confidence & Investment



## 2. Services Confidence & Investment

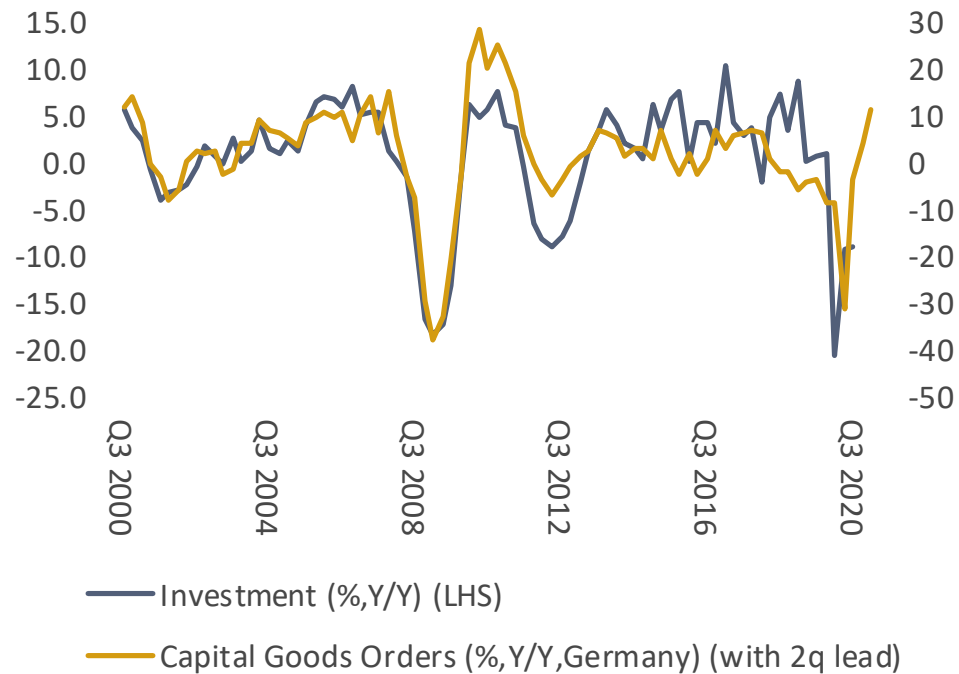




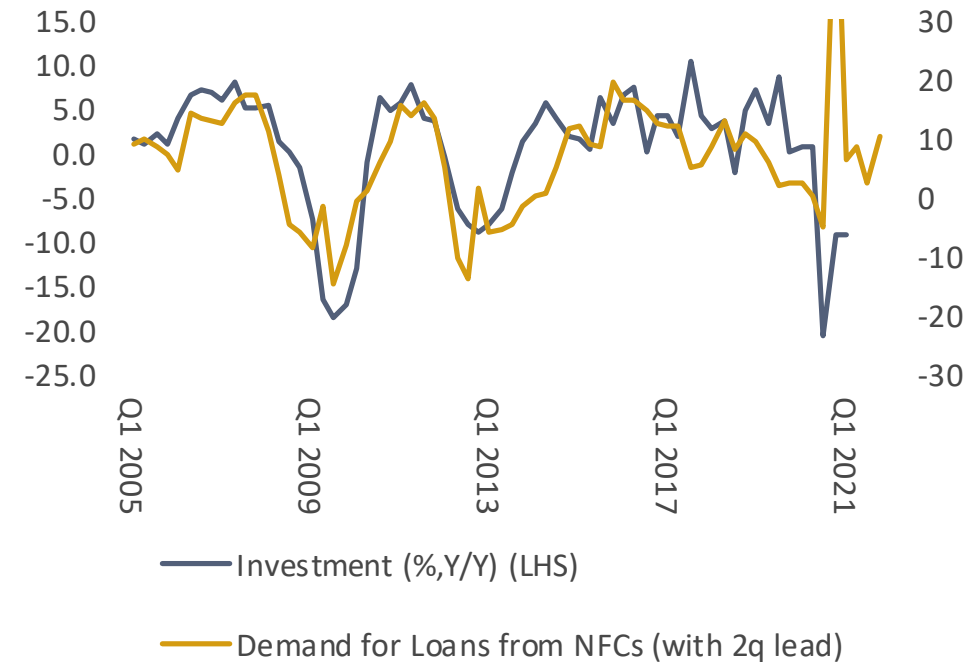
# Capital goods orders have recovered in Germany



## 1. Capital Goods Orders & Investment



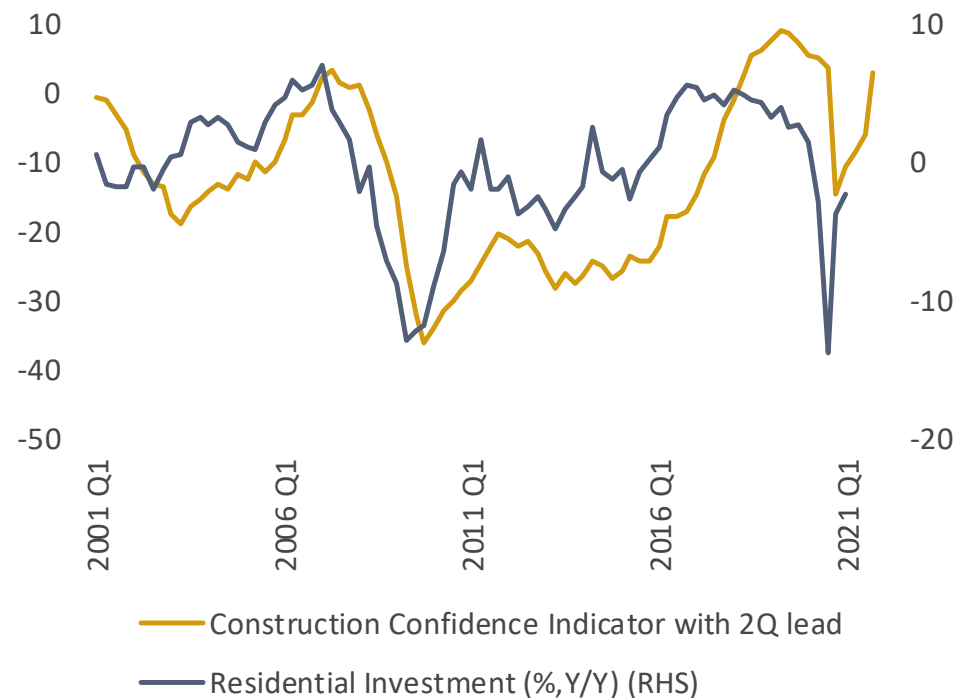
## 2. Demand for Business Loans & Investment



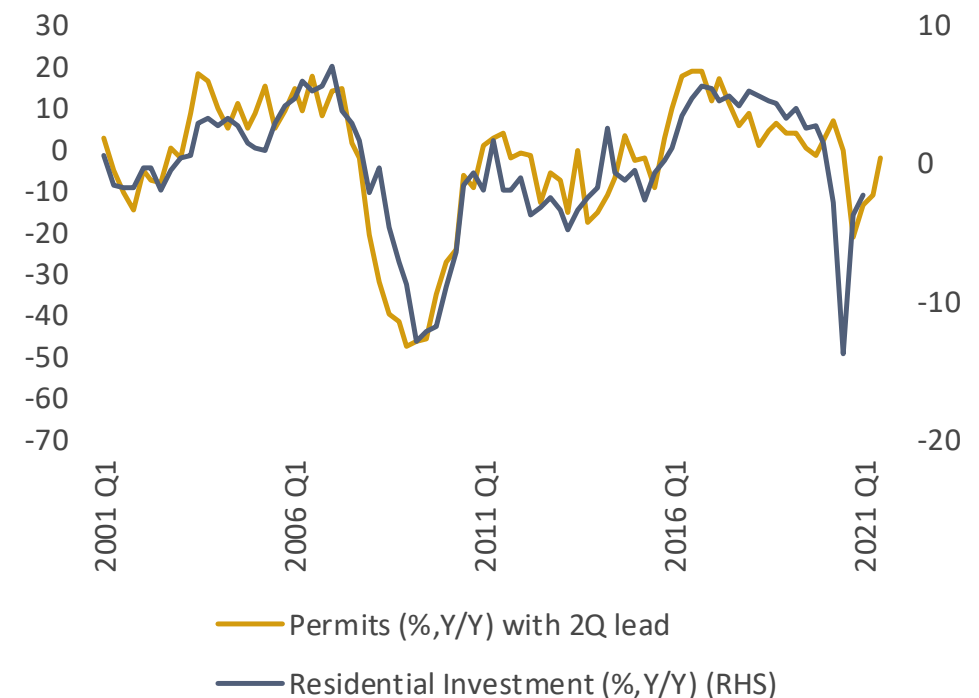
# The ECB's loose monetary policy helps the residential investment to recover



## 1. Residential Investment & Construction Confidence



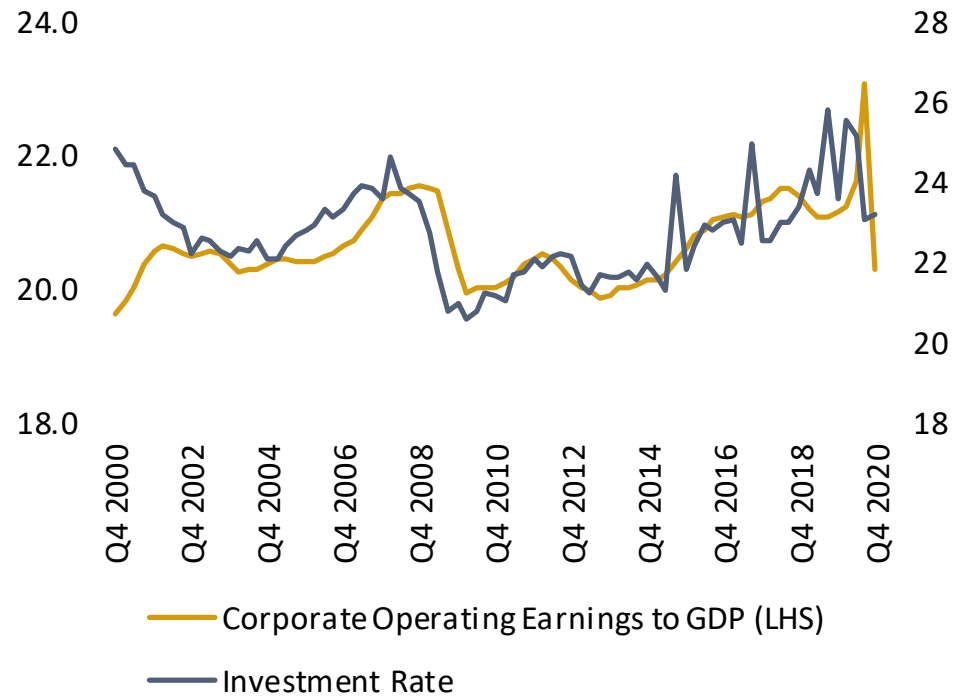
## 2. Residential Investment & House Permits



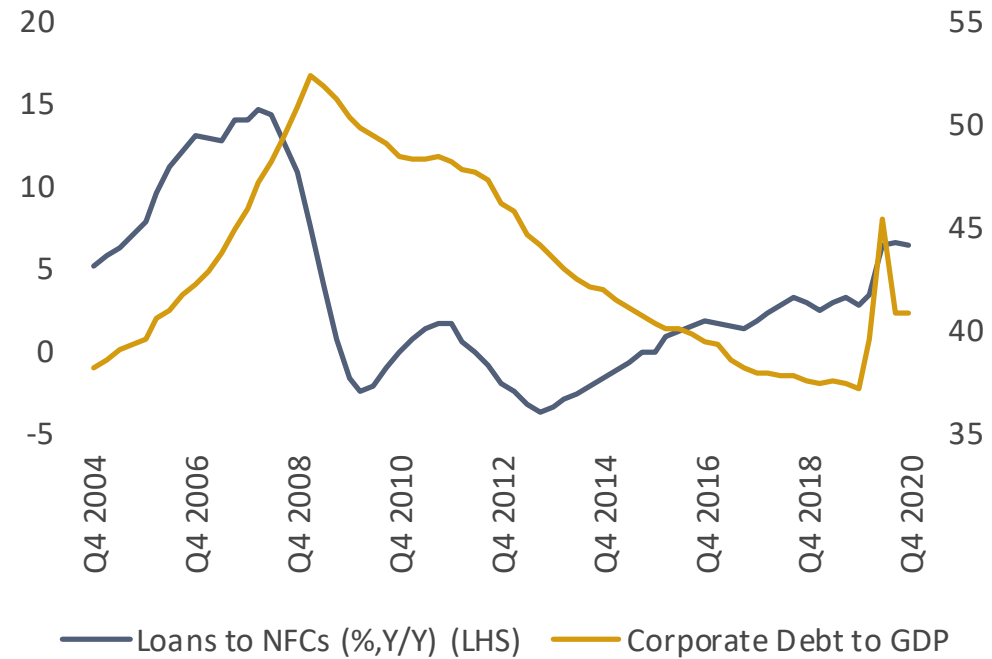
# Banks have expanded their lending to NFCs



## 1. Earnings & Investment



## 2. Loans & Debt





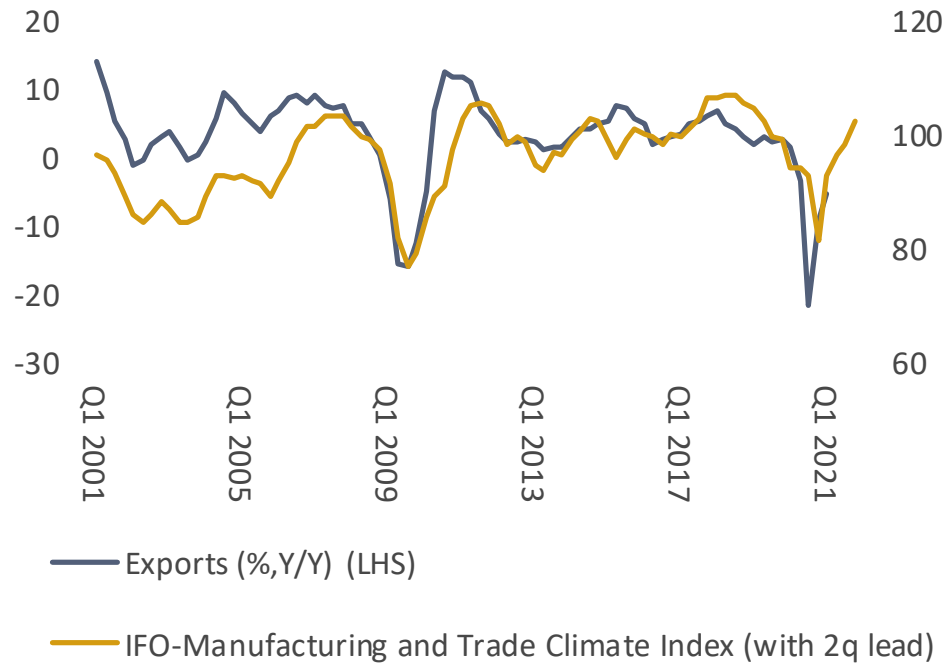
1	Economic Cycle
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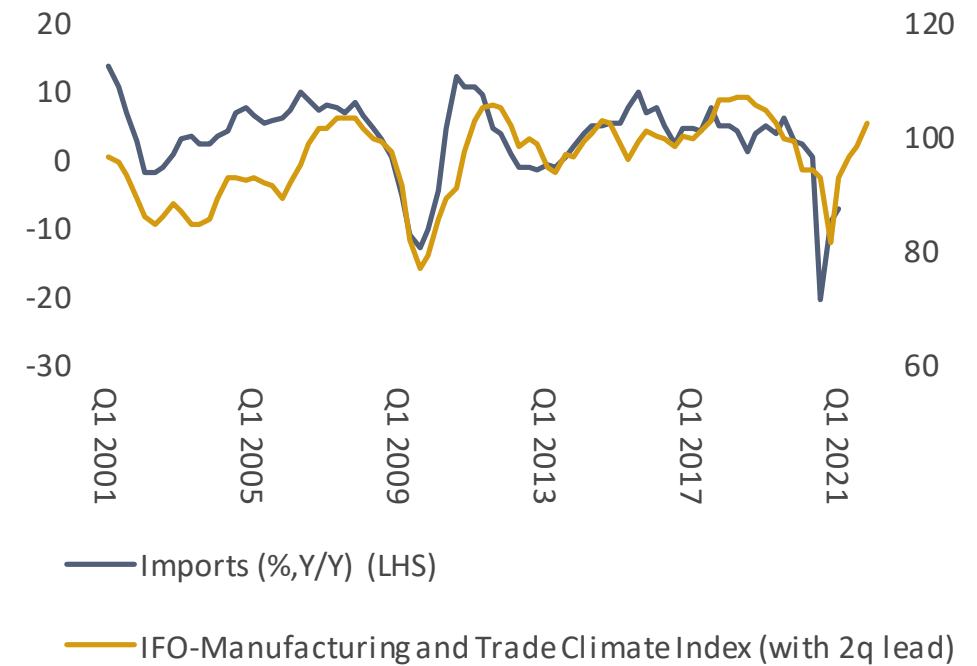
# Global economic recovery will help European exports



## 1. Exports & Leading Manufacturing-Trade Index



## 2. Imports & Leading Manufacturing-Trade Index





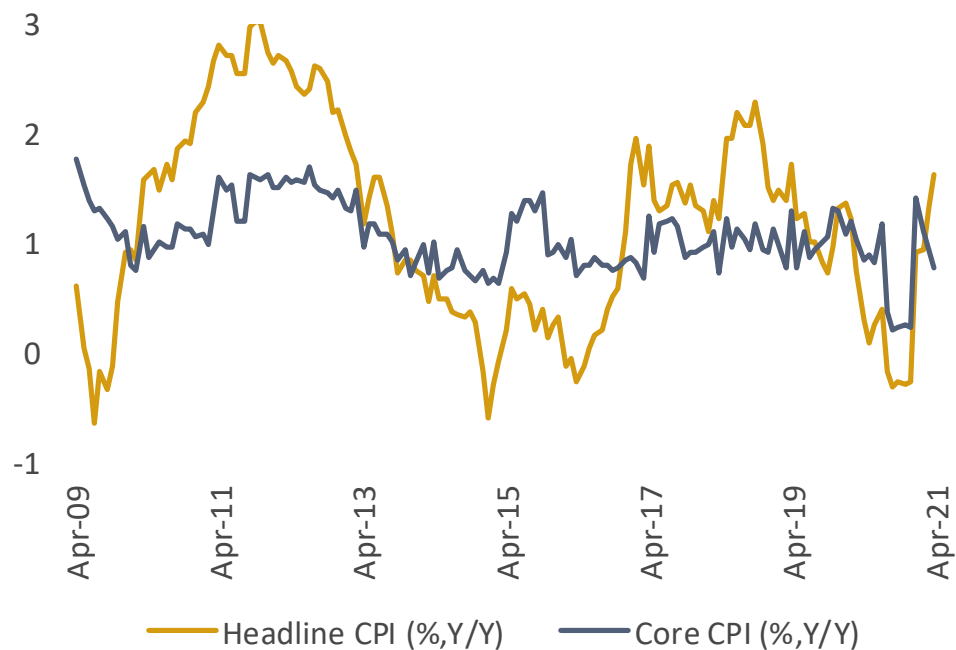
<b>1</b>	Economic Cycle
<b>2</b>	Short-term Perspectives
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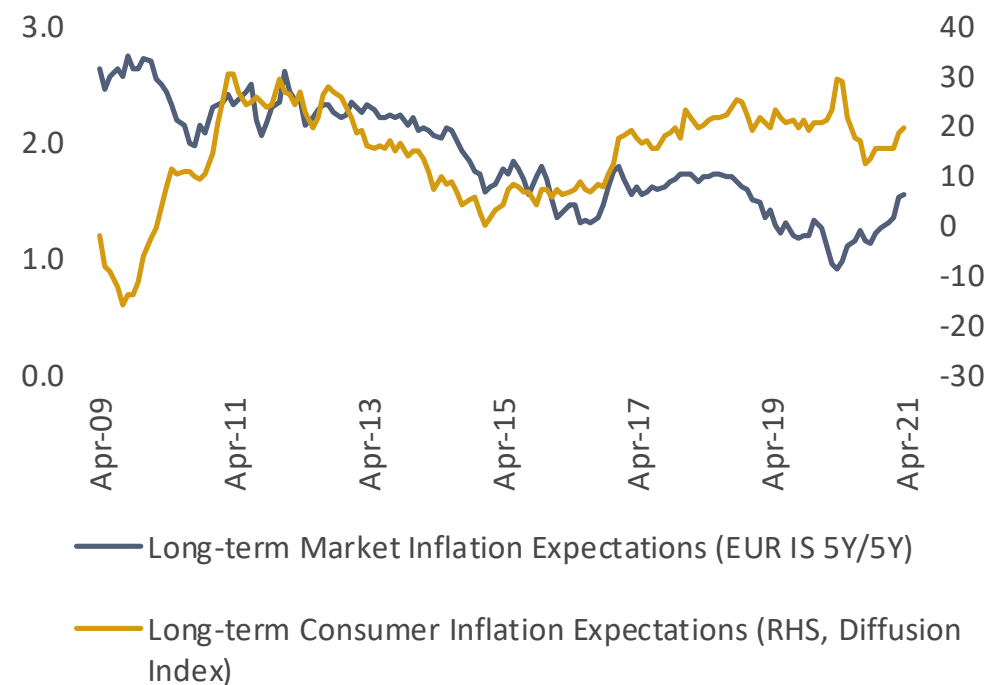
# Weakness in core inflation rate



## 1. Headline & Core Inflation



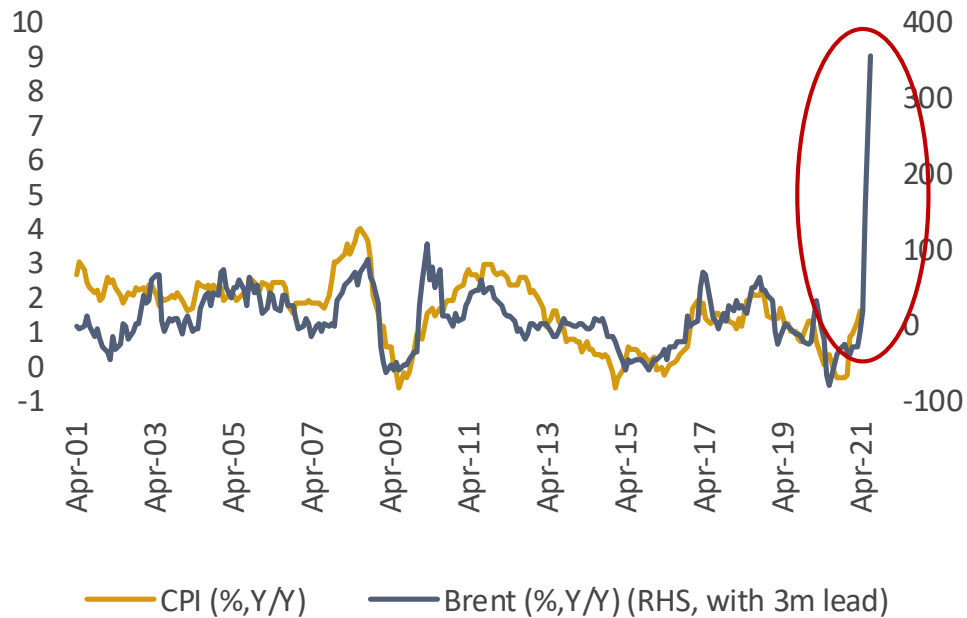
## 2. Long-term Inflation Expectations



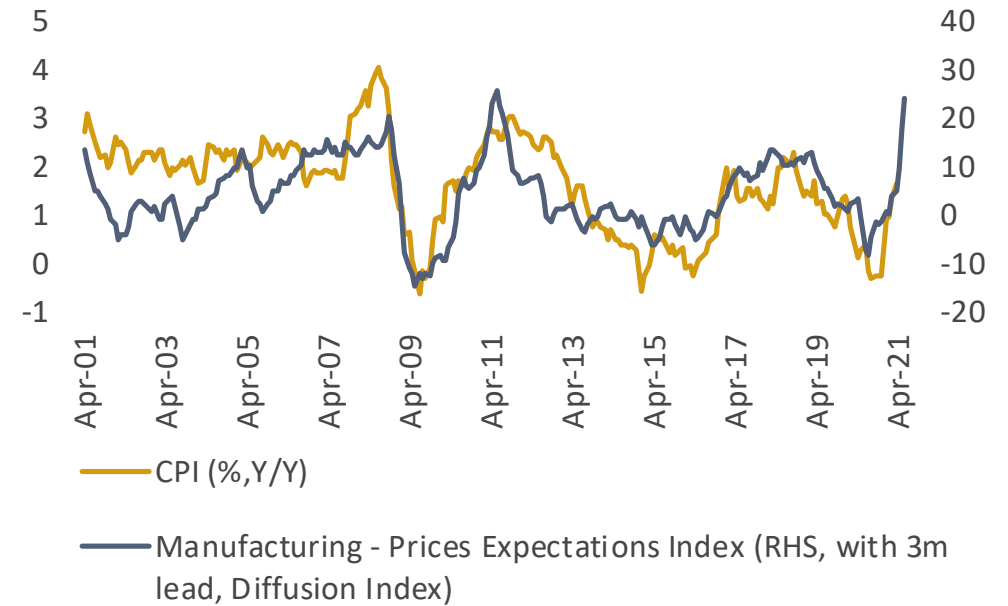
# Big positive base effect from the oil prices



## 1. Headline Inflation & Oil Prices



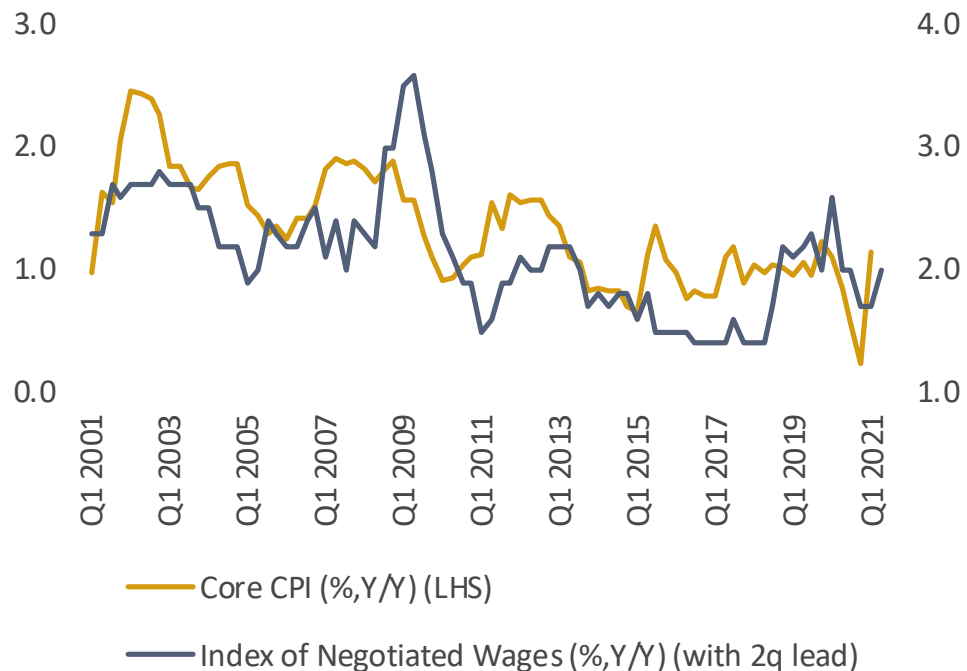
## 2. Headline Inflation & Leading Manufacturing Prices Index



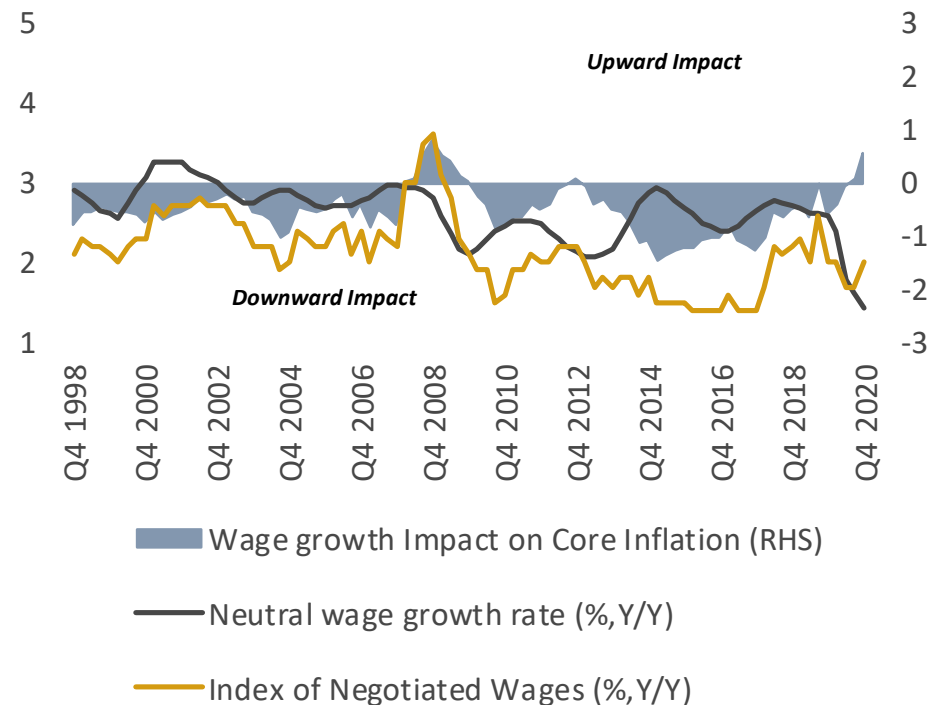


# The current level of wage growth cannot lead to higher core inflation rate

## 1. Core Inflation & Wage Growth



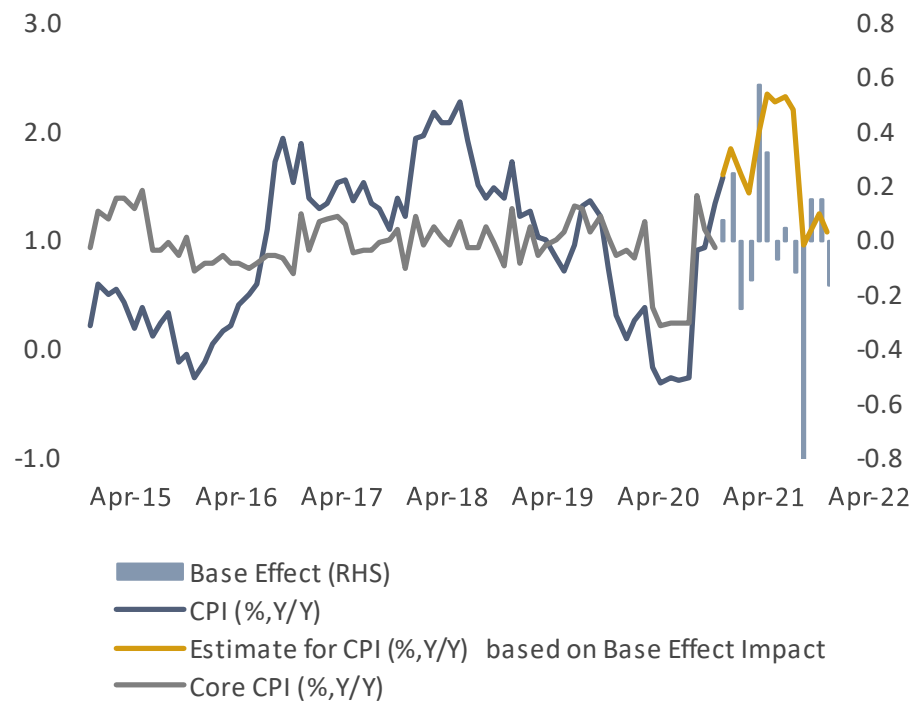
## 2. Inflationary Impact of Wage Growth



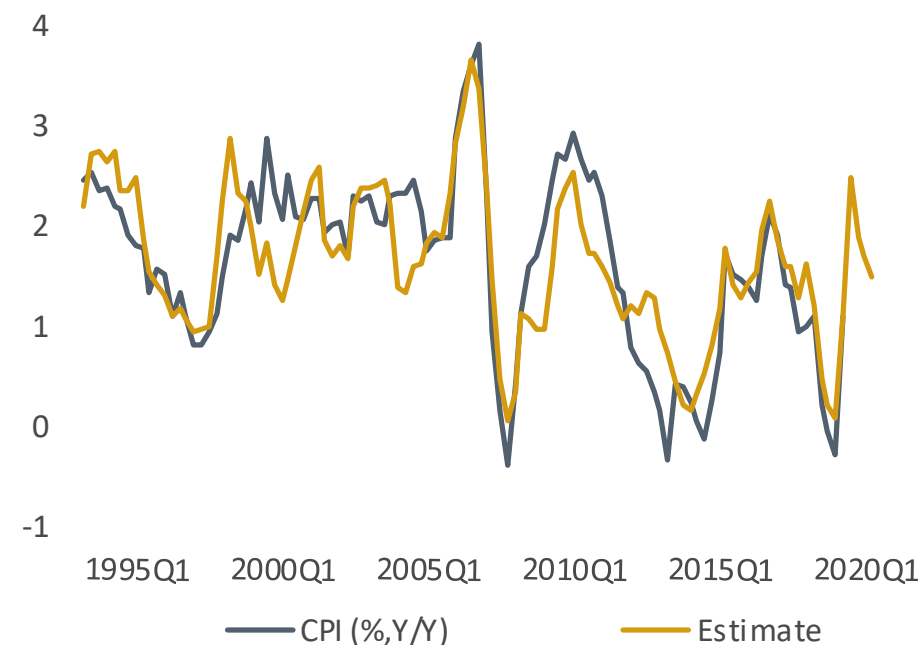
# Inflation rate is estimated to return to the 1.5% area by the beginning of 2022



## 1. Inflation Rate Estimate with Base Effect



## 2. Inflation Rate Estimate with Regression Model





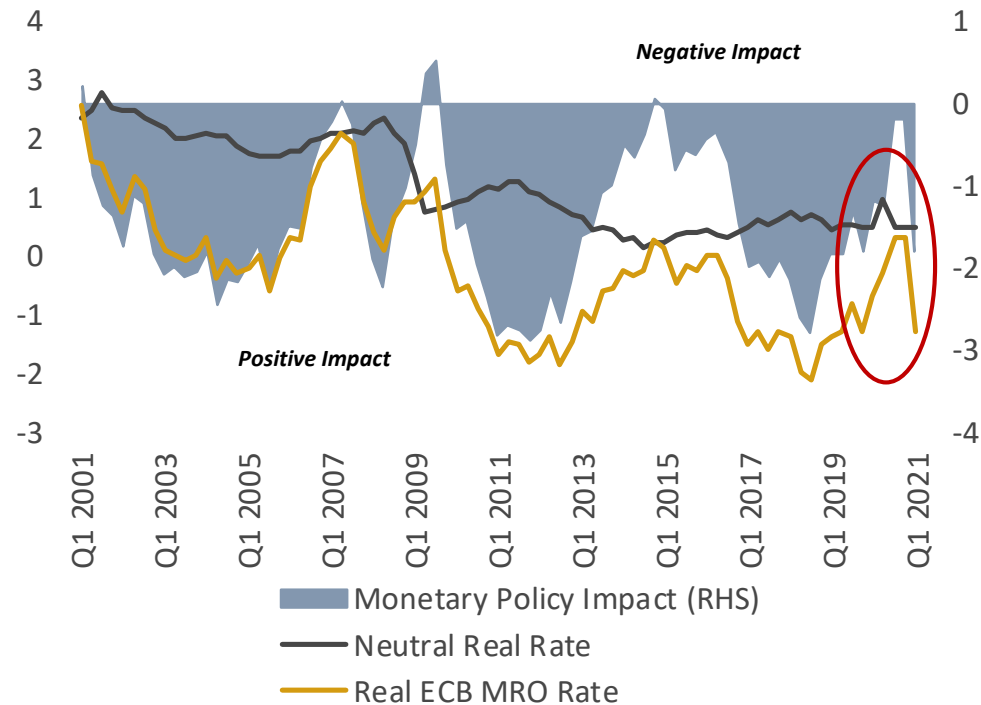
1	Economic Cycle
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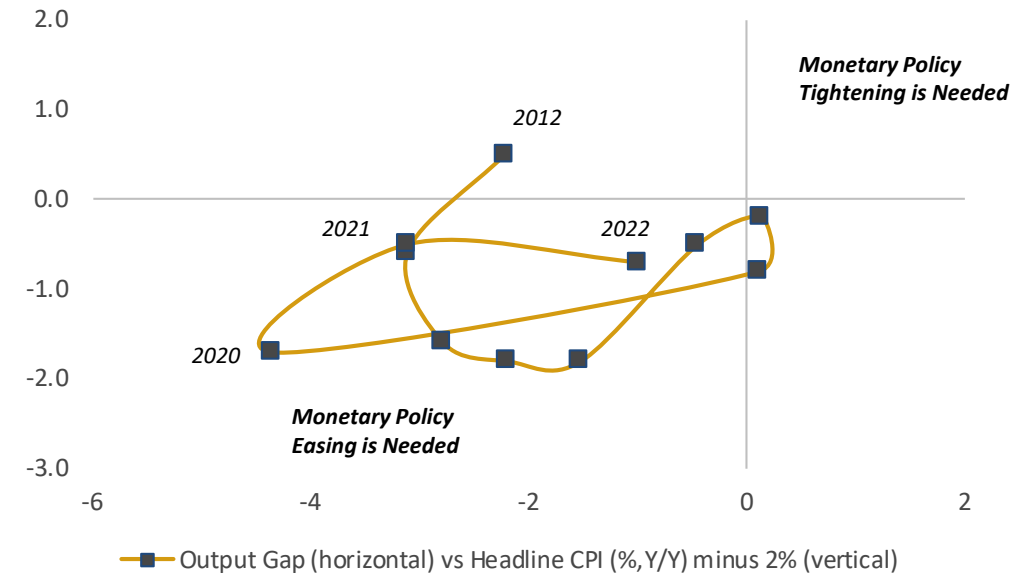
# ECB's monetary policy becomes more accommodative as inflation rate accelerates



## 1. Monetary Policy Impact



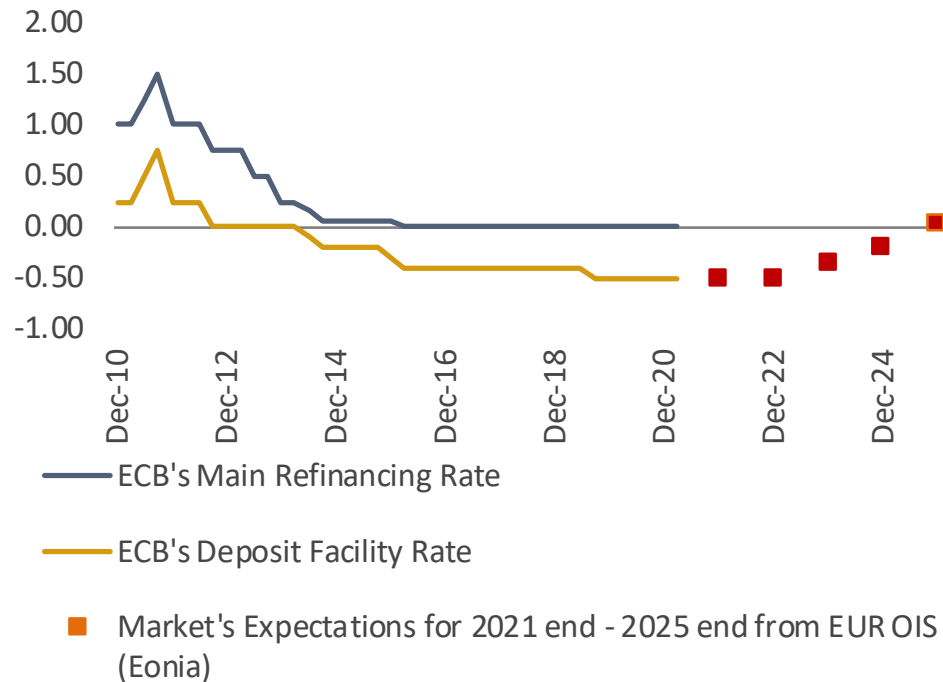
## 2. Monetary Policy Stance



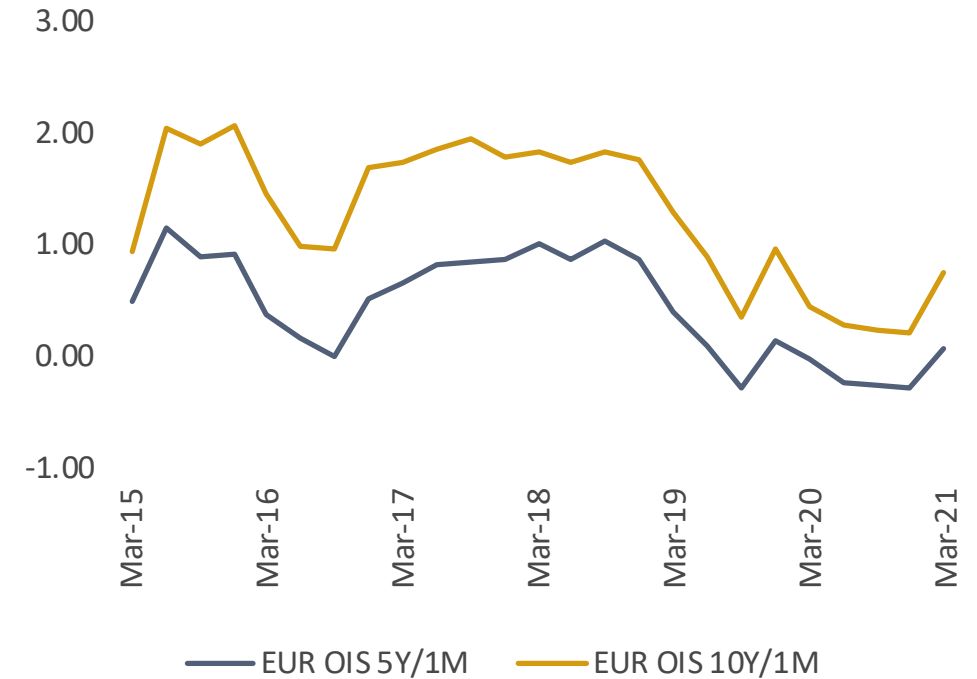
# Positive interest rates are expected almost five years into the future



## 1. Policy Rates & Markets Expectations



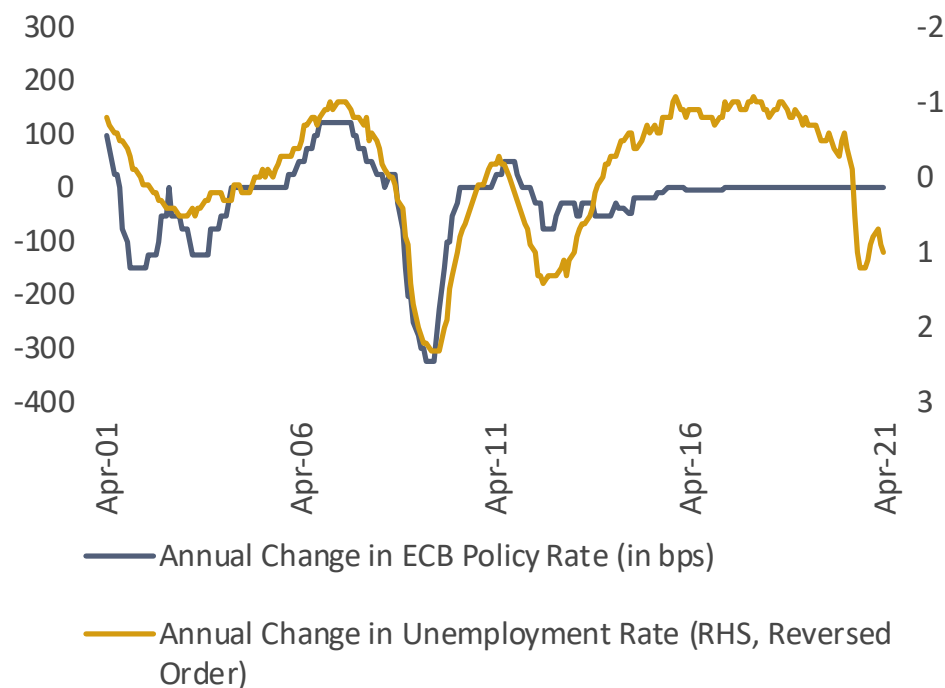
## 2. Long-run Interest Rate Expectations



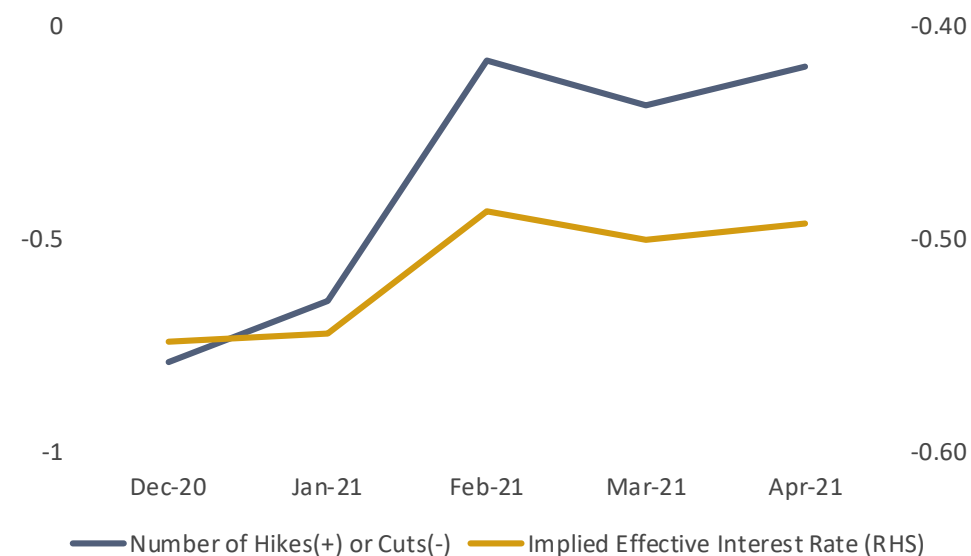
# Markets discount no further deposit facility rate cuts



## 1. Monetary Policy & Labour Market



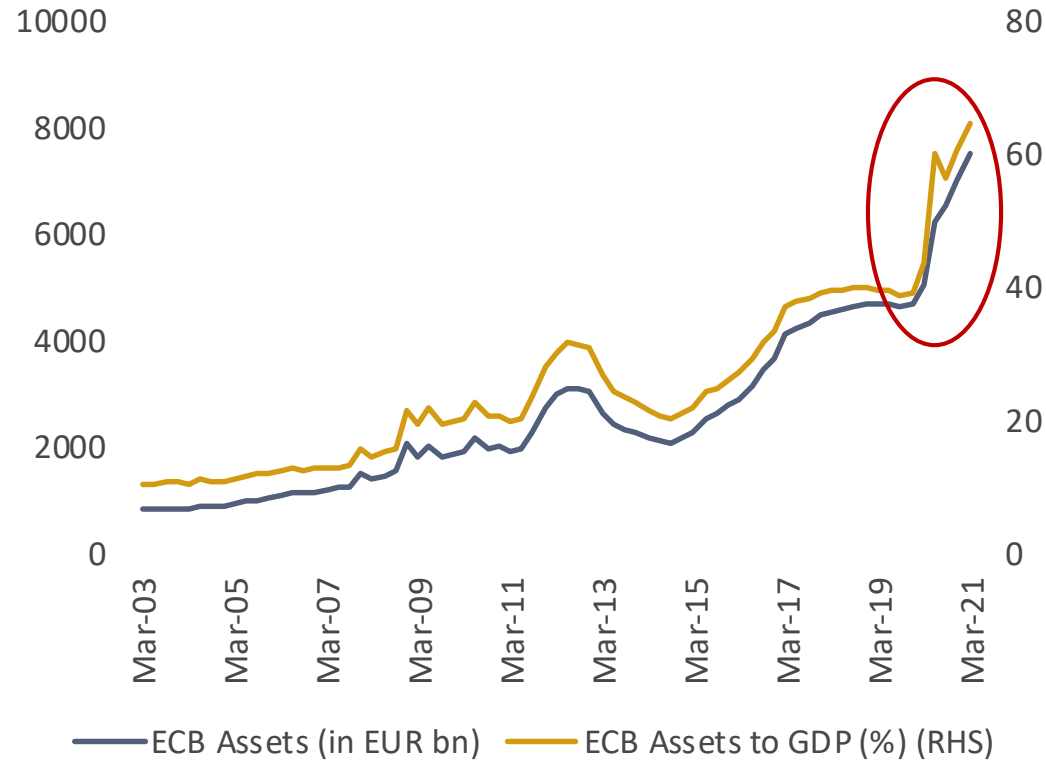
## 2. Future Monetary Policy (based on the implied probability for Dec. 2021)



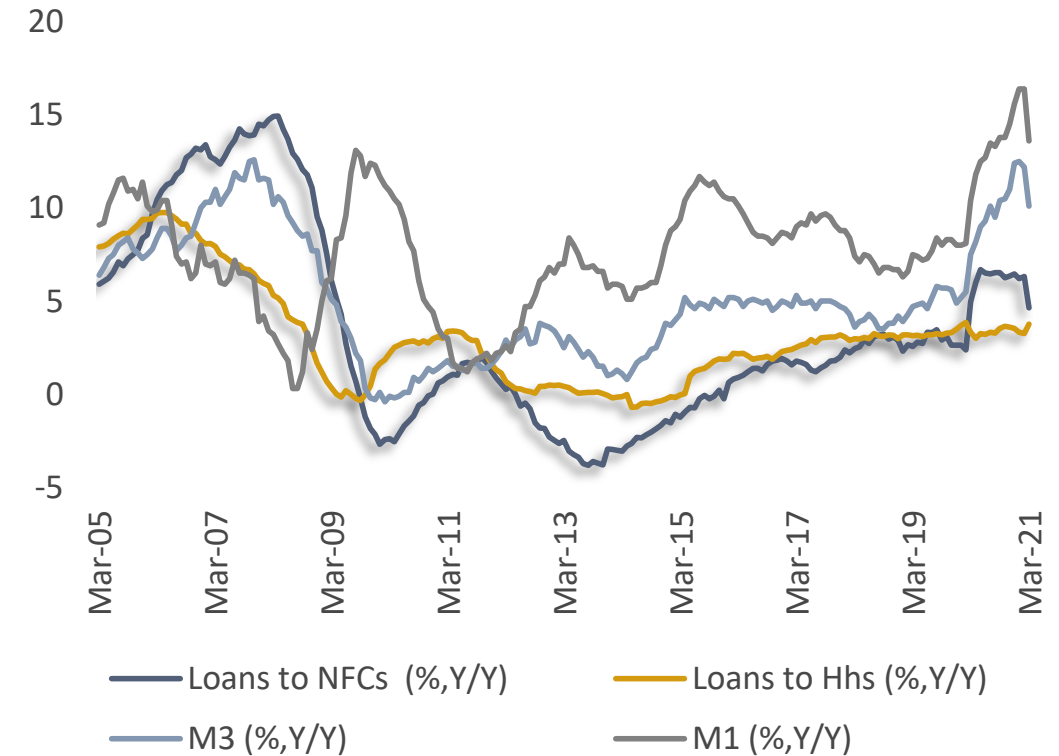
# The ECB's assets increase rapidly due to PEPP



## 1. Total Assets of ECB



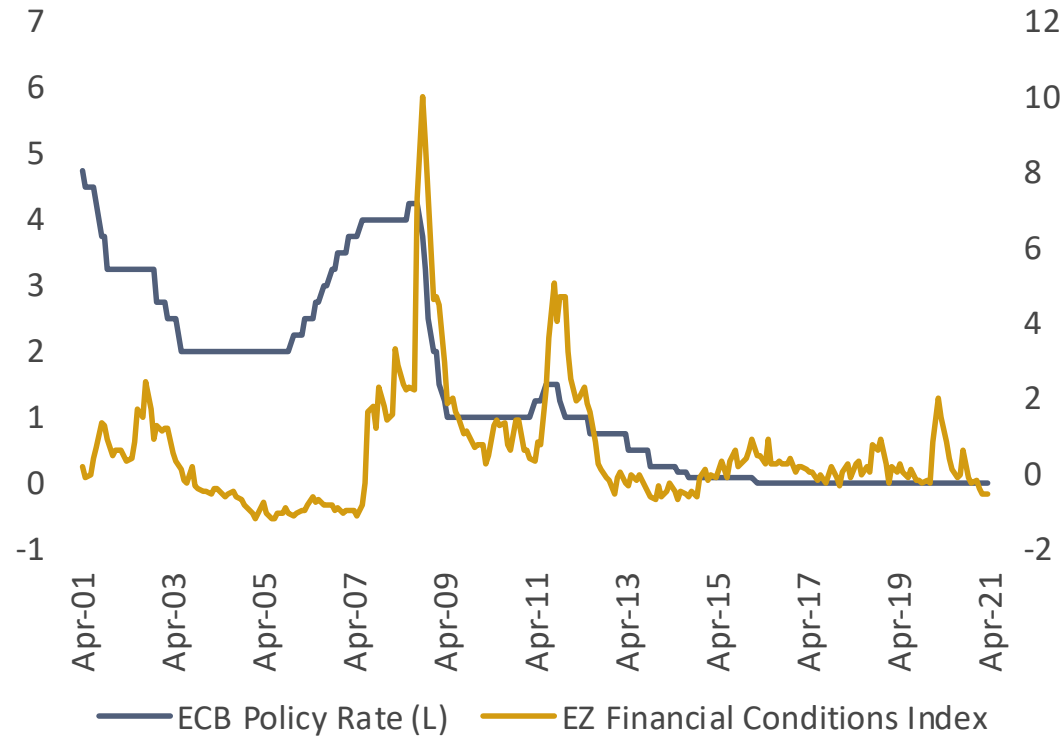
## 2. Money Supply & Lending



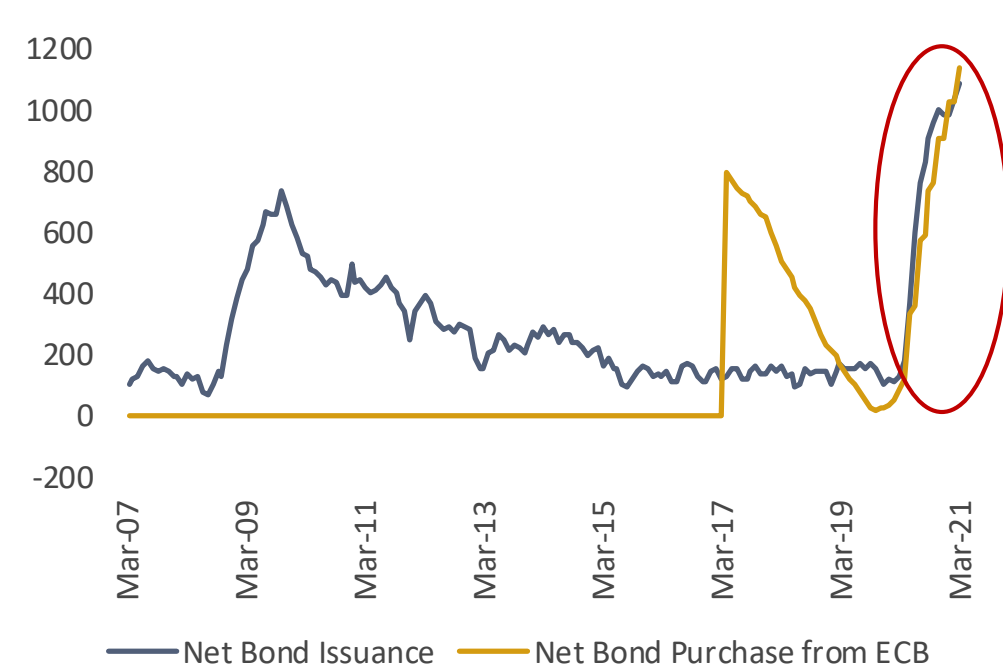
# PEPP and APP exceed EA's public financing needs



## 1. Financial Conditions Index & ECB Policy Rate



## 2. Issuance & ECB Purchase of Euro Bonds







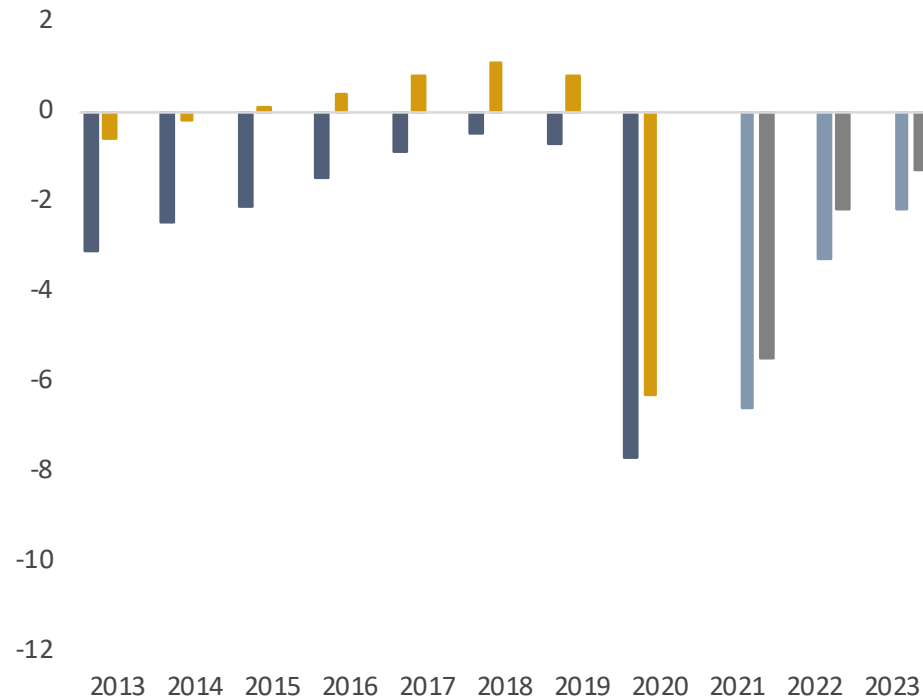
1	Economic Cycle
2	Short-term Perspectives
3	Labour Market
4	Consumption & Households
5	Investment & Corporates
6	Exports & Imports
7	Inflation Rate
8	Monetary Policy – ECB
9	Fiscal Policy
10	GDP



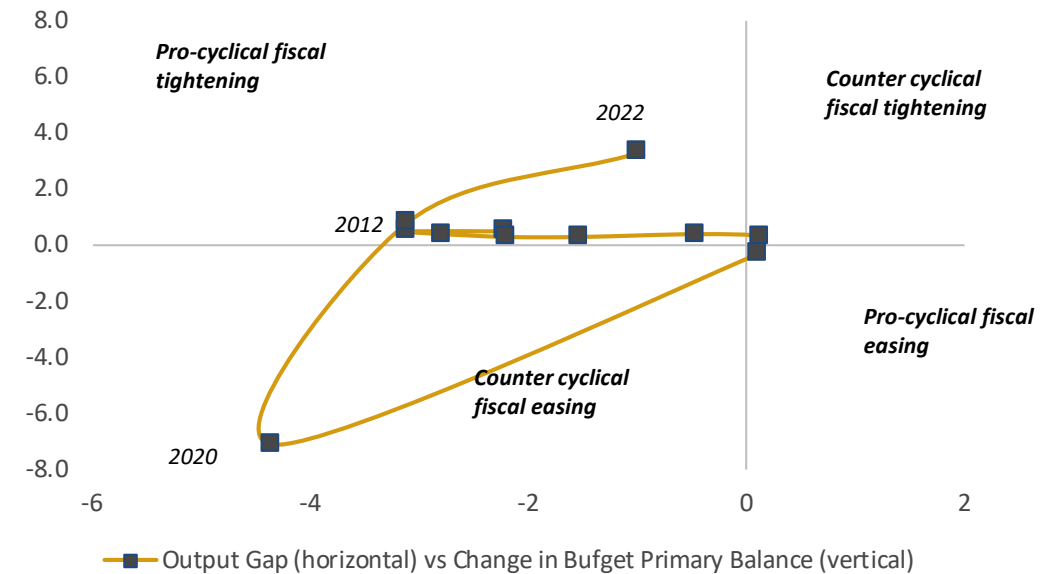
# Single digit deficit in EA despite the severe pandemic crisis



## 1. Fiscal Deficit (Total & Primary)



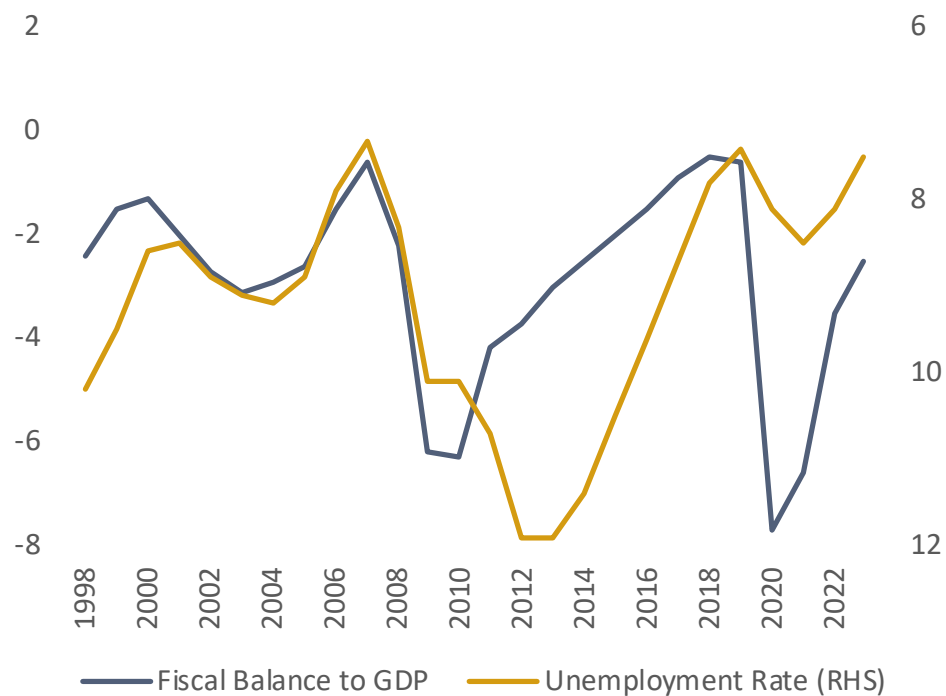
## 2. Fiscal Policy Stance



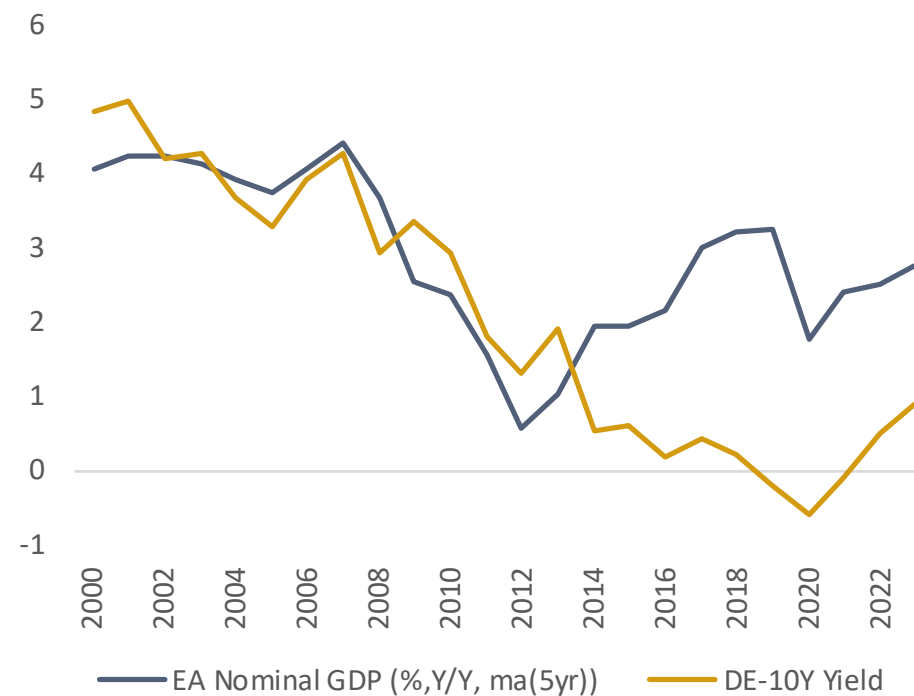
# The ECB's PEPP program maintains the yields at low levels in all EA countries



## 1. Fiscal Policy & Unemployment Rate



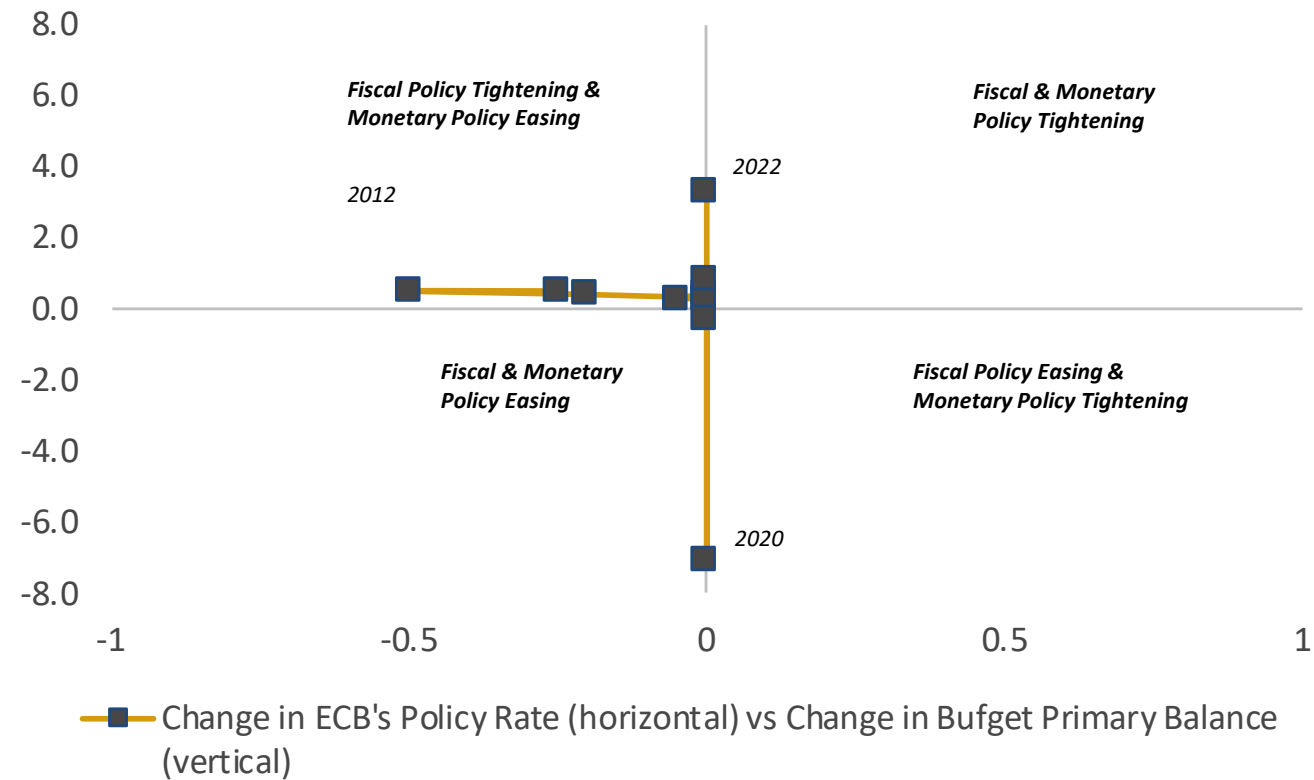
## 2. Fiscal Policy Sustainability



# Fiscal and monetary policies will be very accommodative until end-2021



## 1. Combined Fiscal & Monetary Policy Combined Stance



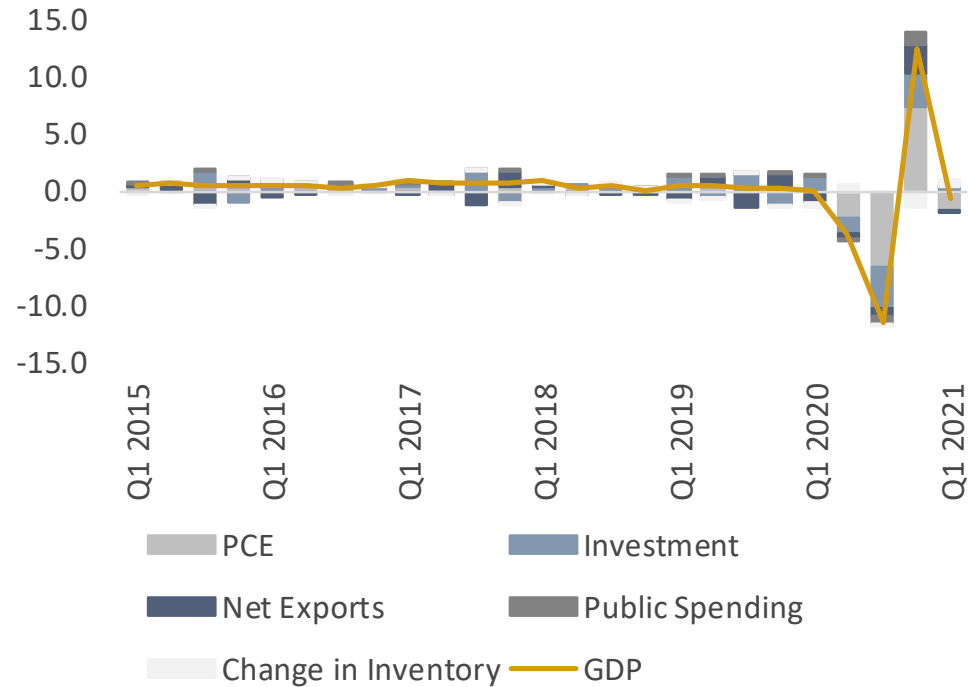


1	Economic Cycle
2	Short-term Perspectives
3	Labour Market
4	Consumption & Households
5	Investment & Corporates
6	Exports & Imports
7	Inflation Rate
8	Monetary Policy – ECB
9	Fiscal Policy
10	GDP

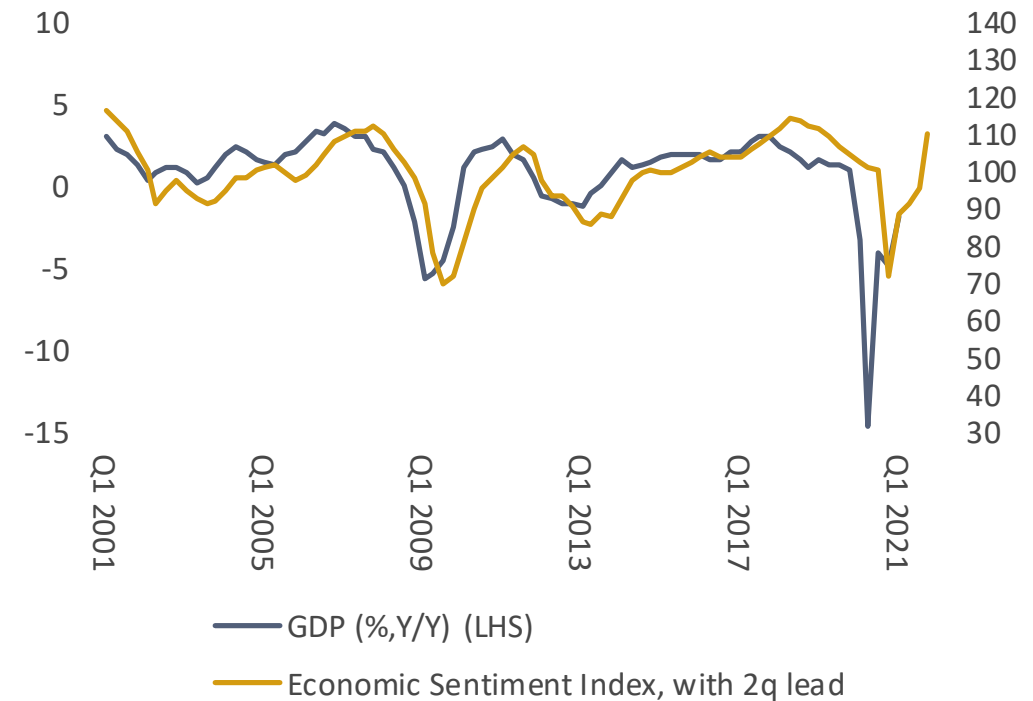


# Private consumption accounts for most of the volatility in the GDP quarterly growth rate

## 1. GDP Components Contributions (%-Q/Q)



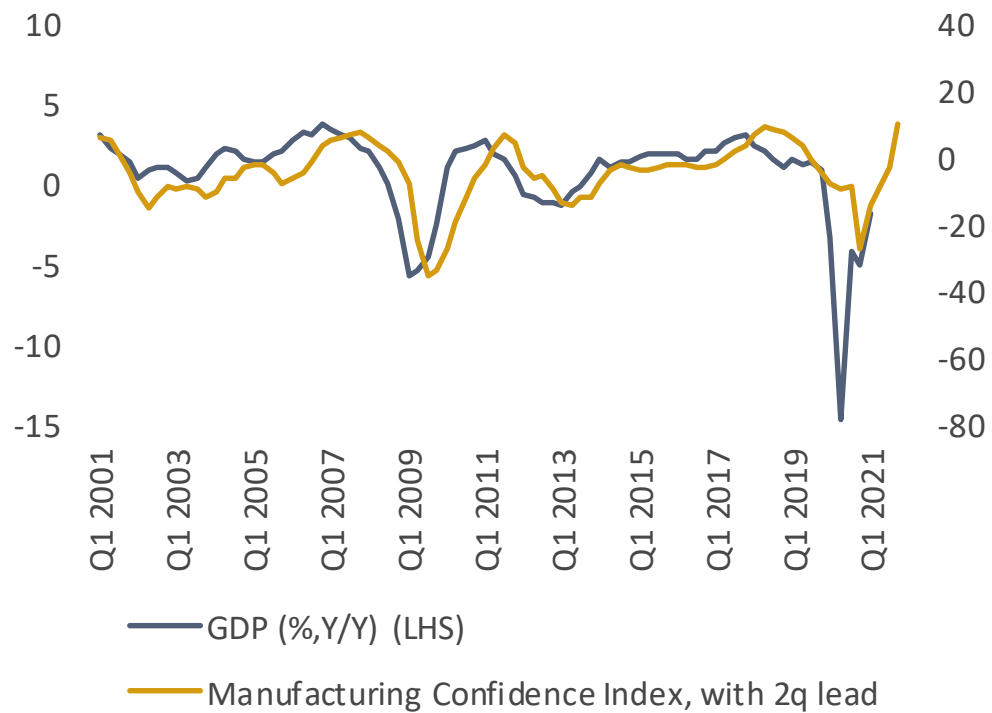
## 2. GDP & Economic Sentiment Index



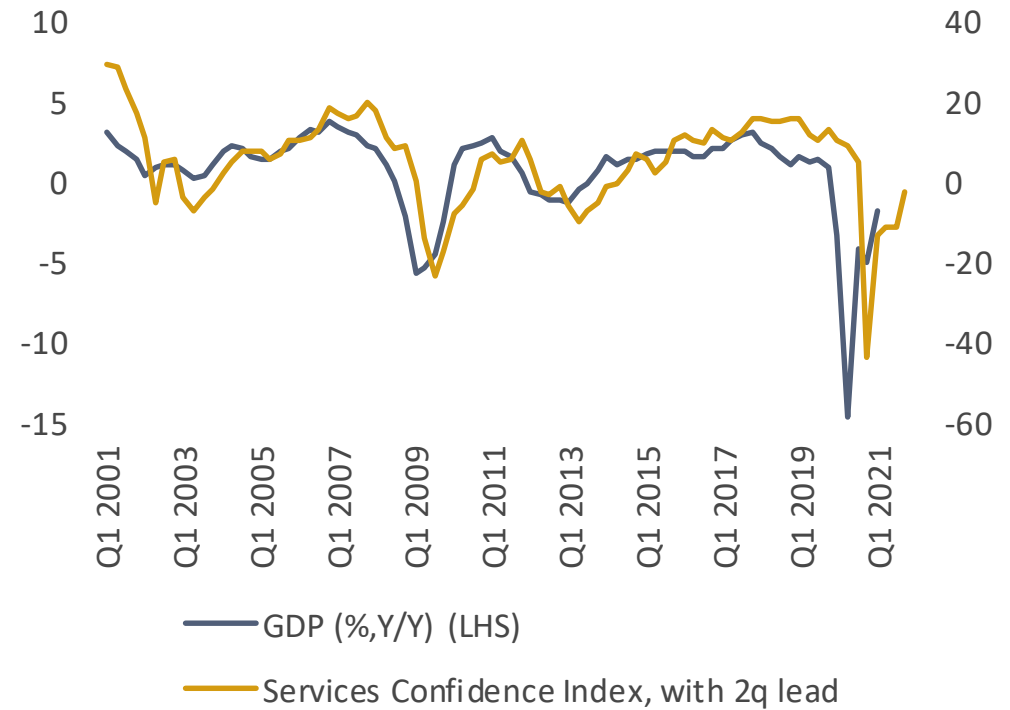
# Manufacturing sentiment bodes well for GDP recovery



## 1. GDP & Manufacturing Confidence

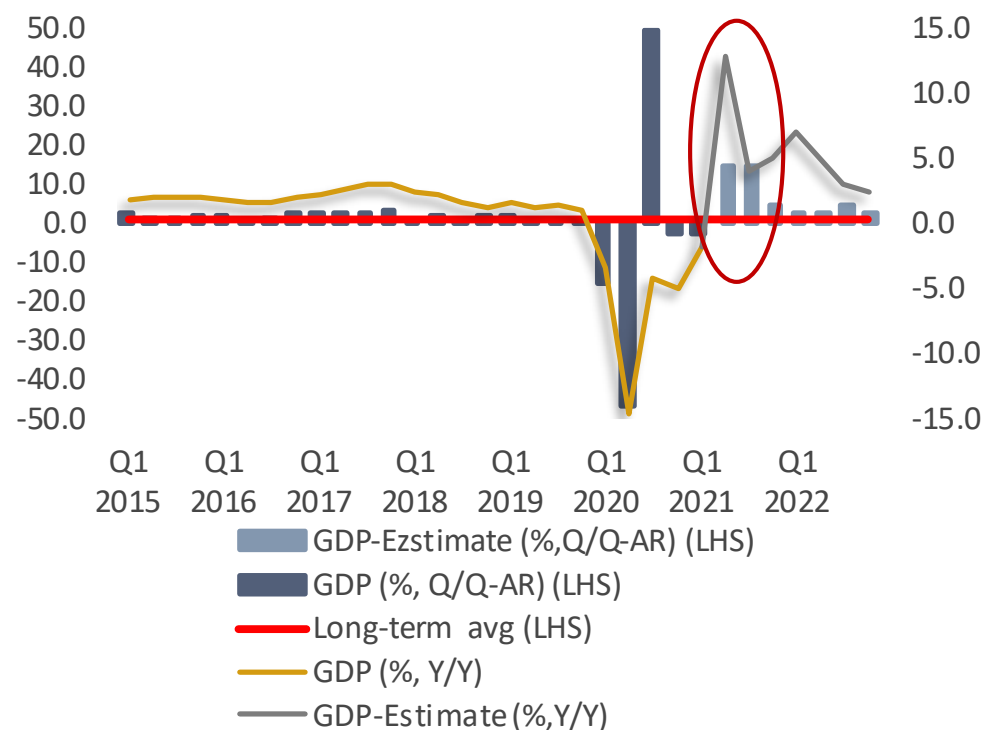


## 2. GDP & Services Confidence

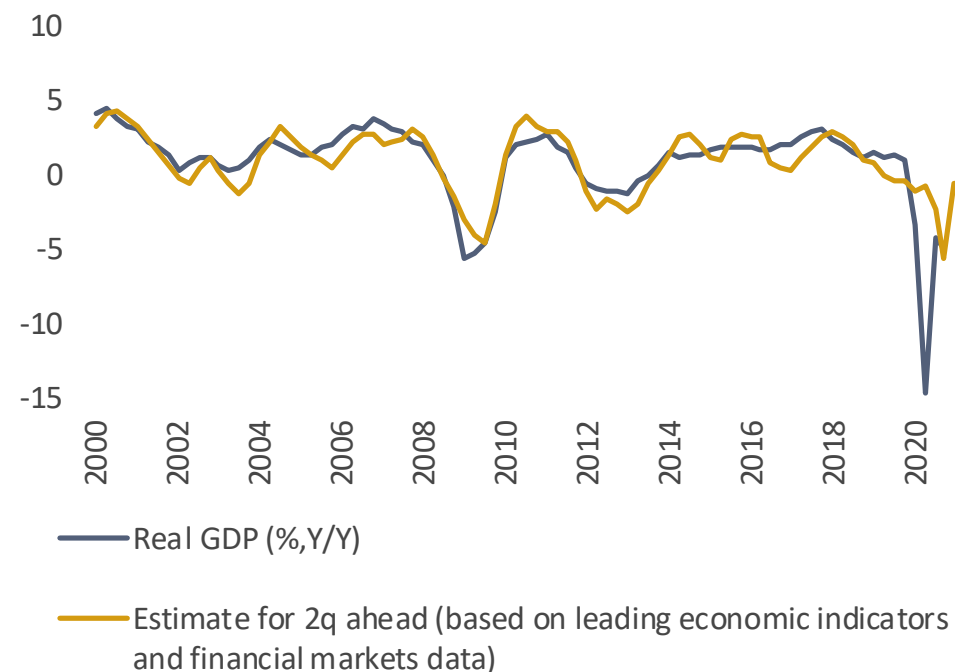


# Bumpy yearly GDP growth rate trajectory due to big base effects

## 1. GDP & Estimate (I)



## 2. GDP & Estimate (II)

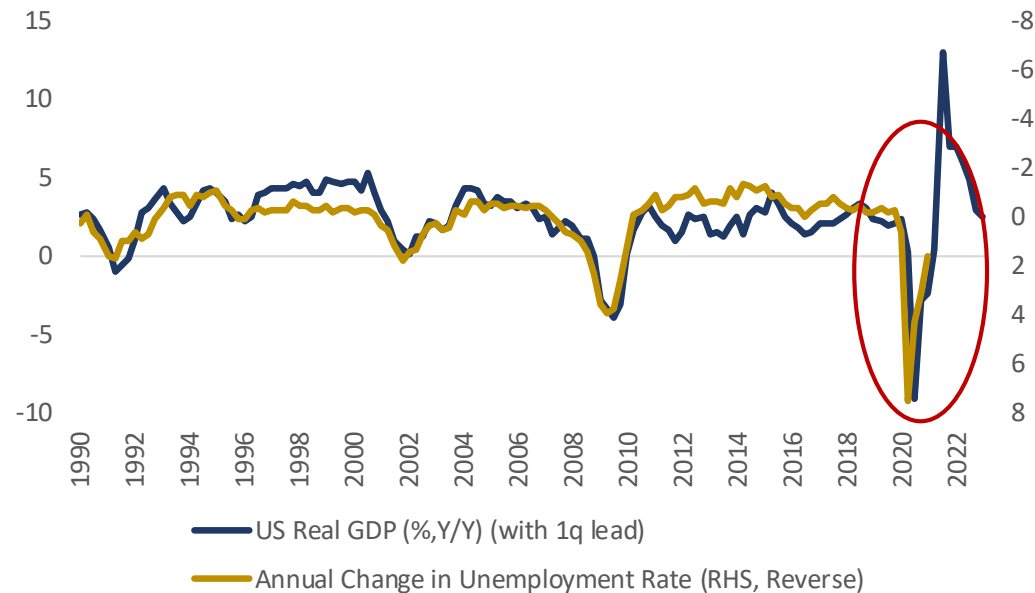




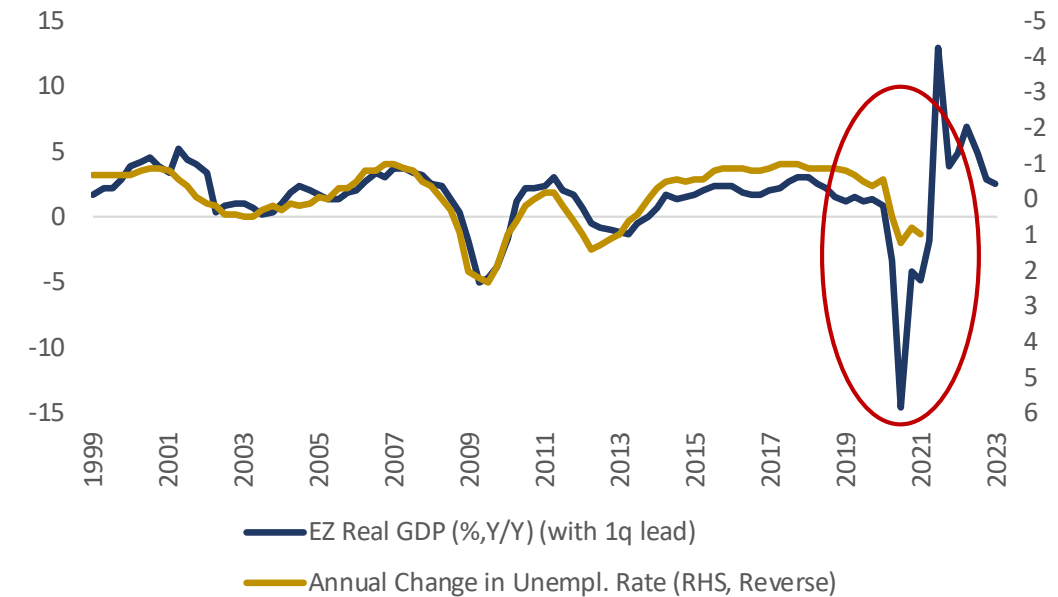
# The degree of negative labour market adjustment in EU has been contained notably by the employment support schemes



## 1. US Real GDP & Unemployment Rate



## 2. EA Real GDP & Unemployment Rate



## EA Macroeconomic Projections: GDP to grow by almost 4.5% in both 2021 and 2022, after plunging by almost 7% in 2020



		Actual				Estimates				Y/Y-%-AVG		
		2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2020	2021	2022
1	Real GDP (Q/Q-%-SAAR)	-15.0	-46.0	50.0	-3.0	-3.0	15.0	15.0	5.0	-6.6	4.4	4.4
2	CPI ( %/Y/Y)	1.1	0.3	-0.1	-0.3	1.1	2.2	1.9	1.7	0.3	1.7	1.3
3	Unemployment Rate	7.3	7.7	8.6	8.3	8.3	8.5	8.5	8.5	7.9	8.5	8.1
4	ECB - Policy Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00





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