

Global Macro Trends

In anticipation of the Trump administration and its policies

Global macro trends

- ▶ **The developments in both the US and global economies are marked by significant uncertainty**, largely influenced by the policies of incoming US President Donald Trump. This uncertainty arises by three primary factors: the nature of President Trump's political and economic initiatives, the timing of these decisions, and the intensity and extent of their implementation. Additionally, geopolitical issues, such as the conflict in Ukraine, events in the Middle East, and the new administration's stance towards both traditional and non-traditional allies, will shape the emerging global landscape. Furthermore, political instability in Germany, France, and Canada adds to this considerable uncertainty.
- ▶ **The US economy** continues to exhibit robust growth, with leading indicators remaining generally favorable. Inflation, despite a recent slight increase, remains near the Federal Reserve's 2% target, which facilitated a third consecutive reduction of the key interest rate during the December meeting. Looking ahead, the Fed is inclined towards more gradual reductions in the key interest rate, driven by ongoing data developments, while also considering the inflationary impacts of newly imposed tariffs on imports. Labor market conditions continue to be excellent, with significant improvements observed over the past two months. Concurrently, retail sales and personal consumption expenditures, supported by rising wages and low unemployment rates, maintain a positive monthly trend. Our baseline scenario anticipates a mild slowdown in economic growth in the forthcoming period.
- ▶ **In the euro area**, economic growth remains moderate. Political changes have led to an inadequate response to challenges at both national and Eurozone levels, with the risk of deindustrialisation becoming more apparent. The fiscal position of many member countries is difficult, further impacted by ageing populations, making it challenging to support the economy through increased government spending. As a result, monetary policy easing remains the primary support mechanism, aiming to avoid reigniting inflationary pressures. The situation is further complicated by potential increases in tariffs on European products from the US, higher energy costs, and possible reduced US support for Ukraine, which could affect Europe's stance. However, the labour market remains strong.
- ▶ Recent measures implemented **in China** to support the economy and address issues in the real estate market appear to have prevented a notable slowdown in growth (2024: 5%). However, the introduction of additional U.S. tariffs and bans on Chinese exports and imports will likely result in new economic support measures, primarily through fiscal stimulus aimed at boosting domestic consumption.

Διεθνείς Μακροοικονομικές Τάσεις

► Οι εξελίξεις τόσο στις ΗΠΑ όσο και στην παγκόσμια οικονομία χαρακτηρίζονται από μεγάλο βαθμό αβεβαιότητας καθώς είναι άμεσα εξαρτημένες από την εφαρμογή ή μη των πολιτικών του επερχόμενου προέδρου των ΗΠΑ, Ντόναλντ Τραμπ. Η τρέχουσα αβεβαιότητα είναι ιδιαίτερα αυξημένη εξαιτίας του γεγονότος ότι αυτή εκπορεύεται από 3 γενεσιουργούς παράγοντες. Ο πρώτος αφορά στις πολιτικές και οικονομικές πρωτοβουλίες του προέδρου Τραμπ αυτές καθαυτές. Ο δεύτερος αφορά στο χρονισμό των αποφάσεων αυτών, ενώ ο τρίτος αφορά στην ένταση και έκταση της εφαρμογής τους. Παράλληλα, οι γεωπολιτικές εξελίξεις (πόλεμος στην Ουκρανία, εξελίξεις στη Μέση Ανατολή) και η στάση της νέας κυβέρνησης απέναντι σε παραδοσιακούς συμμάχους, αλλά και μη, θα προσδιορίσει την κατεύθυνση προς ένα νέο παγκόσμιο στάτους κβο. Τέλος, σημαντική αβεβαιότητα γεννά και η πολιτική ρευστότητα στη Γερμανία, τη Γαλλία και τον Καναδά.

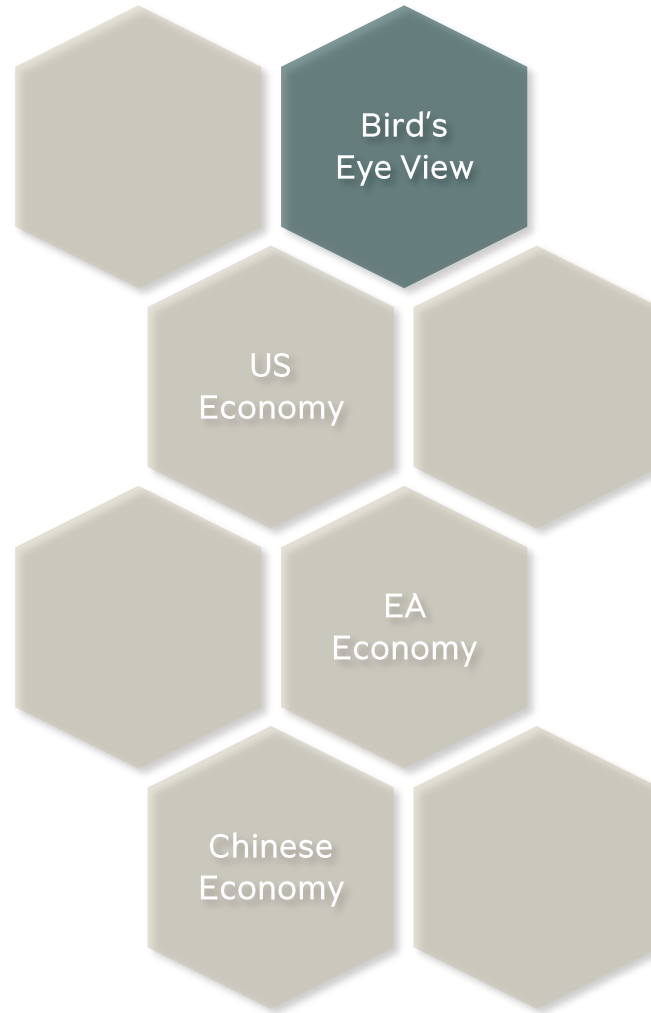
► Στις ΗΠΑ, η οικονομία συνεχίζει να εκπλήσσει θετικά καθώς αναπτύσσεται με ιδιαίτερα ικανοποιητικό ρυθμό, ενώ και οι πρόδρομοι δείκτες είναι γενικά ευνοϊκοί. Ο πληθωρισμός, παρά την ελαφρά άνοδό του κατά το τελευταίο διάστημα, παραμένει σχετικά κοντά στον στόχο του 2% της Fed, επιτρέποντας την τρίτη κατά σειρά μείωση του βασικού επιτοκίου της στη συνεδρίαση του Δεκεμβρίου. Για το μέλλον, όμως, η Fed εκφράζει την προτίμησή της σε μία πιο αργή μείωση του βασικού επιτοκίου της που θα υποστηρίζεται περισσότερο από την εξέλιξη των στοιχείων, ενώ αναπόφευκτα θα λάβει υπόψη της και την πληθωριστική επίπτωση των νέων δασμών στις εισαγωγές. Οι συνθήκες στην αγορά εργασίας παραμένουν πολύ καλές καταγράφοντας σημαντική βελτίωση κατά το τελευταίο δίμηνο. Παράλληλα, οι λιανικές πωλήσεις και η προσωπική καταναλωτική δαπάνη, επωφελούμενες από την αύξηση των μισθών και το χαμηλό ποσοστό ανεργίας, συνεχίζουν να παρουσιάζουν μηνιαία άνοδο. Μια ήπια επιβράδυνση της ανάπτυξης είναι το βασικό μας σενάριο για επόμενο διάστημα.

► Στην Ευρωζώνη συνεχίζεται η πολύ ήπια οικονομική ανάπτυξη. Ωστόσο, η πολιτική ρευστότητα έχει οδηγήσει στην ανεπαρκή αντιμετώπιση των σοβαρών προκλήσεων τόσο σε εθνικό, όσο και σε επίπεδο Ευρωζώνης, με τον κίνδυνο αποβιομηχανοποίησης να προβάλλει ολοένα και πιο απειλητικός. Η δυσχερής δημοσιονομική θέση πολλών χωρών-μελών, που η γήρανση του πληθυσμού την επιβαρύνει περαιτέρω, καθιστά εξαιρετικά δύσκολη τη δυνατότητα στήριξης της οικονομίας μέσω νέας αύξησης των κρατικών δαπανών. Συνεπώς, η χαλάρωση της νομισματικής πολιτικής απομένει ουσιαστικά ο κύριος μηχανισμός στήριξης με τρόπο, όμως, που δεν θα αναζωπυρώσει τις πληθωριστικές πιέσεις. Η κατάσταση περιπλέκεται περαιτέρω από την πιθανή αύξηση των δασμών στα ευρωπαϊκά προϊόντα από τις ΗΠΑ, το υψηλότερο κόστος ενέργειας και την ενδεχόμενη μικρότερη στήριξη των ΗΠΑ στην Ουκρανία που αναπόφευκτα θα επηρεάσει και τη στάση της Ευρώπης. Από την άλλη, ενθαρρυντική είναι η ακόμα ισχυρή αγορά εργασίας.

► Στην Κίνα, η ισχυρή δέσμη μέτρων για τη στήριξη της οικονομίας και την αντιμετώπιση των χρόνιων προβλημάτων στην αγορά ακινήτων που ελήφθησαν το τελευταίο διάστημα φαίνεται προς το παρόν να έχει αποτρέψει τη σημαντική επιβράδυνση του ρυθμού ανάπτυξης (2024: 5%). Ωστόσο, η επιβολή περαιτέρω δασμών και απαγορεύσεων από πλευράς ΗΠΑ στις κινεζικές εξαγωγές, αλλά και εισαγωγές, αναπόφευκτα θα οδηγήσει σε νέα μέτρα στήριξης της οικονομίας, μέσω κυρίως δημοσιονομικής τόνωσης της εσωτερικής κατανάλωσης.

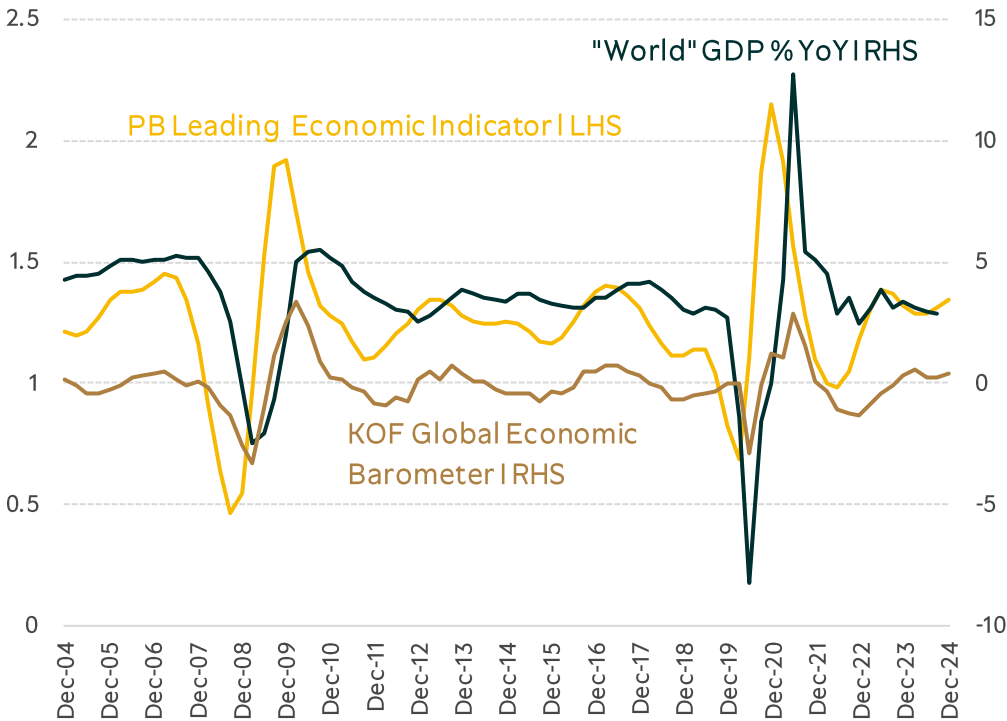
Main Macroeconomic Indicators – Market Consensus

US											
	Actual			Estimates					% Y/Y avg		
	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2024	2025	2026
Real GDP											
Q/Q % SAAR	1,6	3,0	3,1	2,3	1,9	2,0	2,0	2,0	2,7	2,1	2,0
Headline PCE PI											
% Y/Y	2,7	2,6	2,3	2,5	2,2	2,2	2,4	2,3	2,5	2,3	2,3
Core PCE											
% Y/Y	3,0	2,7	2,7	2,8	2,5	2,5	2,5	2,4	2,8	2,5	2,3
Unemployment Rate	3,8	4,0	4,2	4,2	4,3	4,3	4,3	4,3	4,1	4,3	4,2
Fed Policy Rate (Upper Bound)	5,50	5,50	5,00	4,50	4,25	4,00	3,85	3,75	4,50	3,75	3,55
EA											
	Actual			Estimates					% Y/Y avg		
	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2024	2025	2026
Real GDP											
Q/Q %	0,3	0,2	0,4	0,2	0,3	0,3	0,3	0,3	0,8	1,0	1,2
CPI											
% Y/Y	2,6	2,5	2,2	2,2	2,1	2,0	2,0	2,0	2,4	2,0	2,0
Unemployment Rate	6,5	6,4	6,3	6,3	6,4	6,4	6,4	6,4	6,4	6,4	6,4
ECB Policy Rate (Main Refin Rate)	4,50	4,25	3,65	3,15	2,65	2,15	2,15	2,15	3,15	2,15	2,15
Emerging Markets											
	Emerging Markets		Brazil			China		India			
	Real GDP	Inflation	Real GDP	Inflation	Key Rate	Real GDP	Inflation	Real GDP	Inflation	Key Rate	
2021	6.0	3.6	5.0	8.3	9.25	8.4	0.9	9.7	6.7	6.25	
2022	3.9	6.4	3.0	9.3	13.75	3.0	2.0	7.0	5.7	6.50	
2023	4.2	5.7	3.3	4.6	11.75	5.2	0.2	7.8	4.8	6.45	
2024f	4.0	6.8	3.3	4.4	11.75	4.8	0.3	6.4	4.8	5.75	
2025f	4.2	3.5	2.0	4.4	14.00	4.5	0.9	6.5	4.3	5.7	
Market Consensus 03.01.2025											

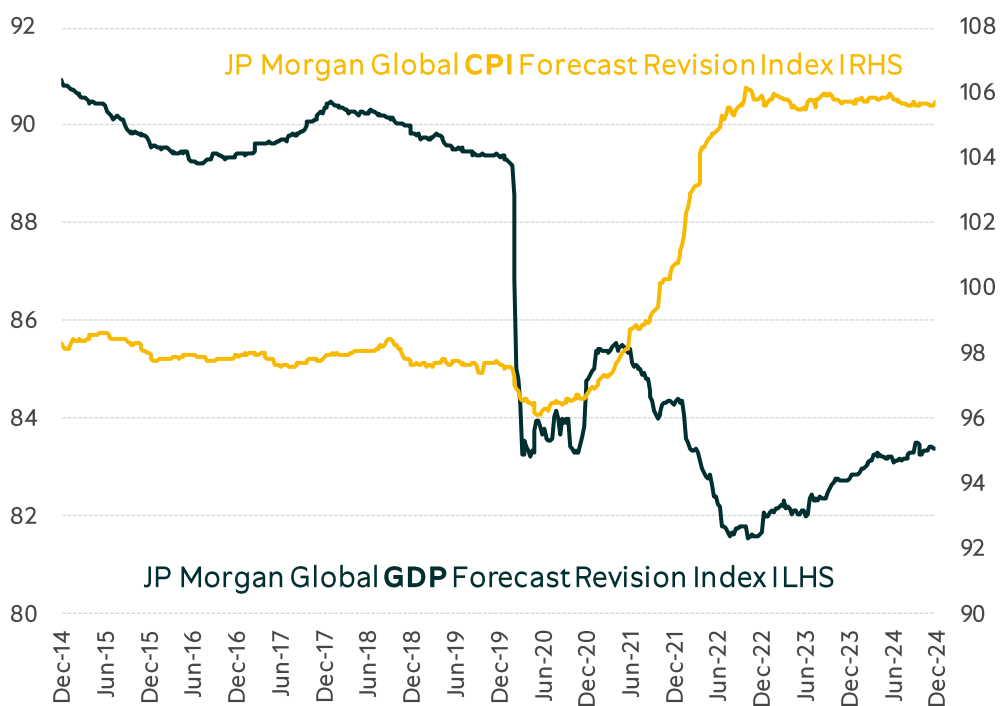


The Global Bird's-Eye View | The global economy seems to have escaped the “subpar growth trap” but inflation remains above central banks’ target

Piraeus Bank “World” Leading Economic Indicator & Economic Growth

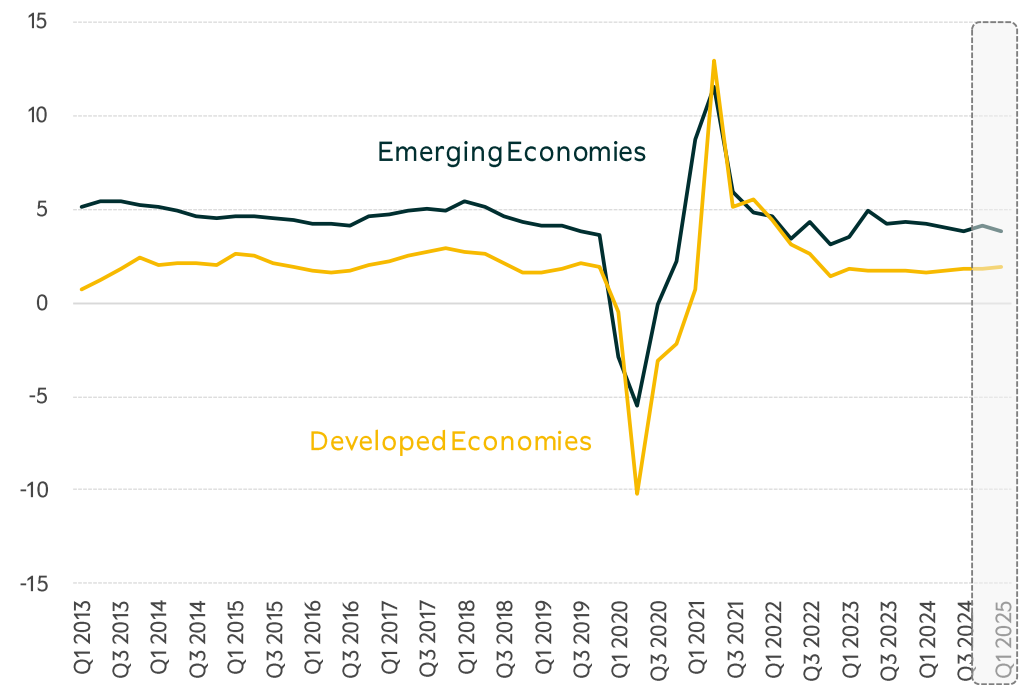


JP Morgan Global Forecast Revision Indices

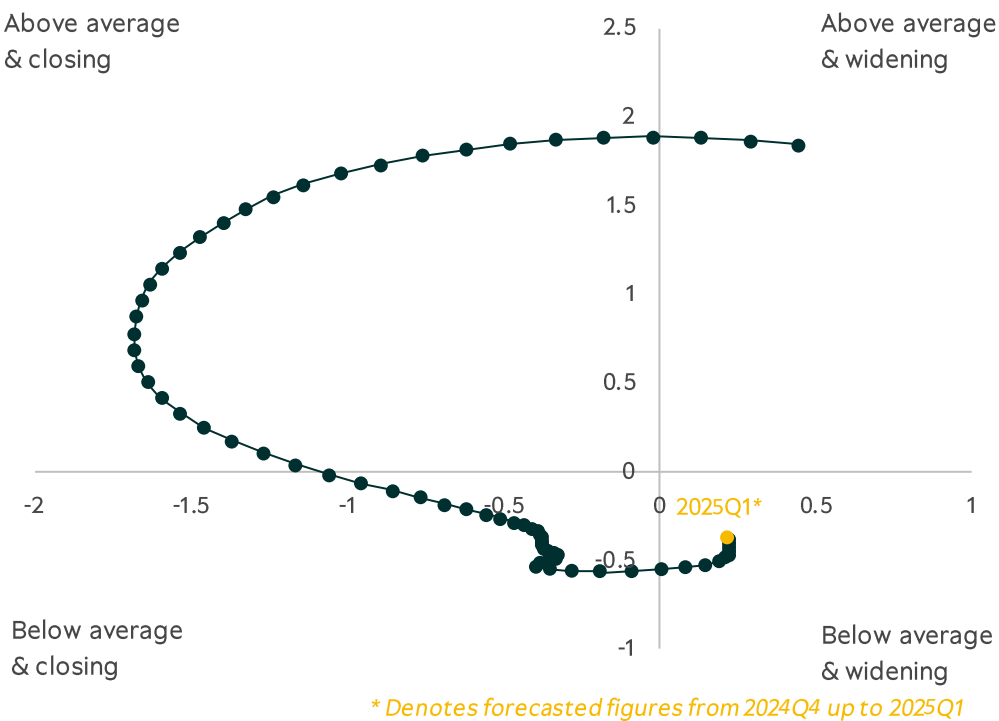


The Global Bird's-Eye View | Emerging markets' growth differential to remain steady, below average levels for 2025

Real GDP Growth % YoY

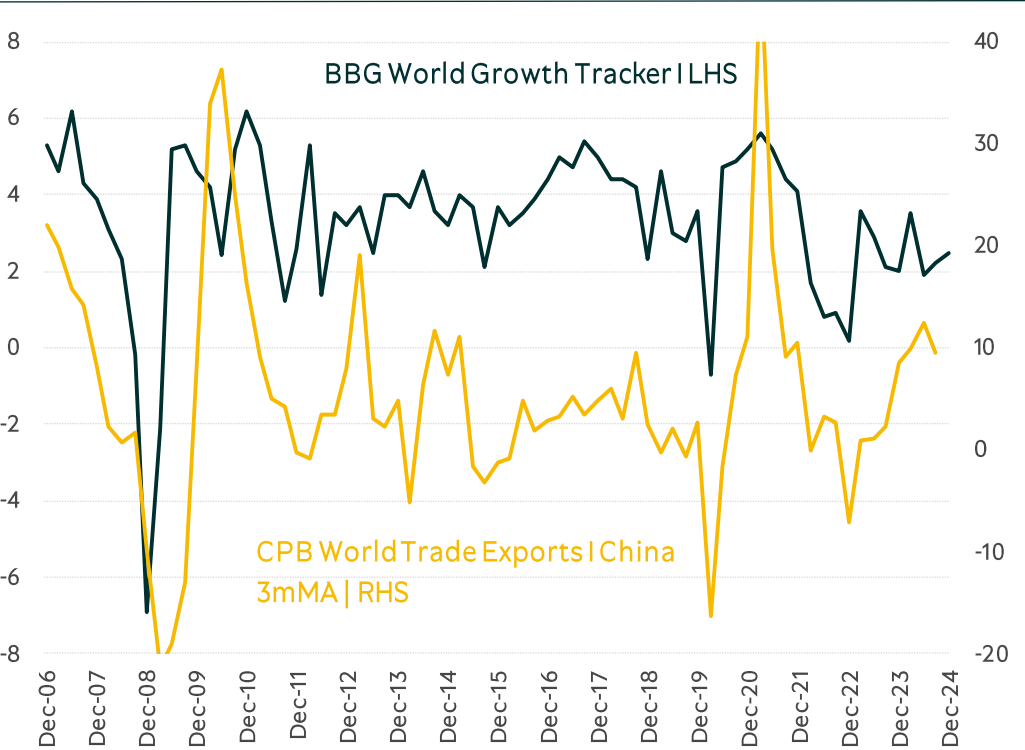


EM – DM Growth Differential

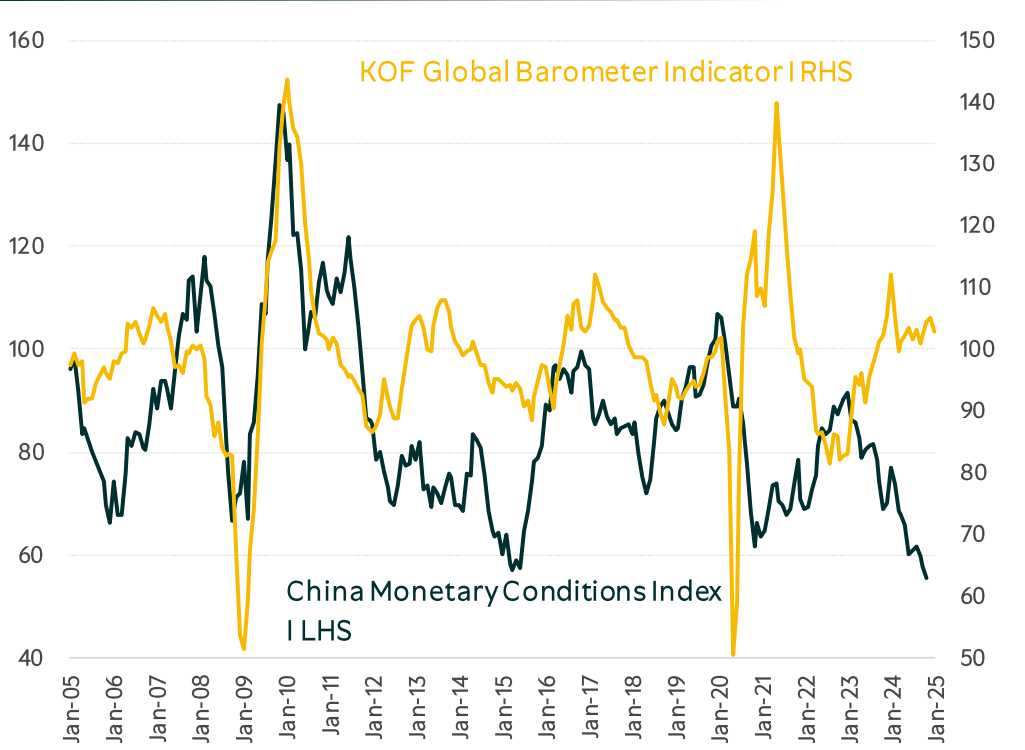


Global Economic Activity | China's slowdown is a global headwind

BBG World Growth Tracker & China Exports

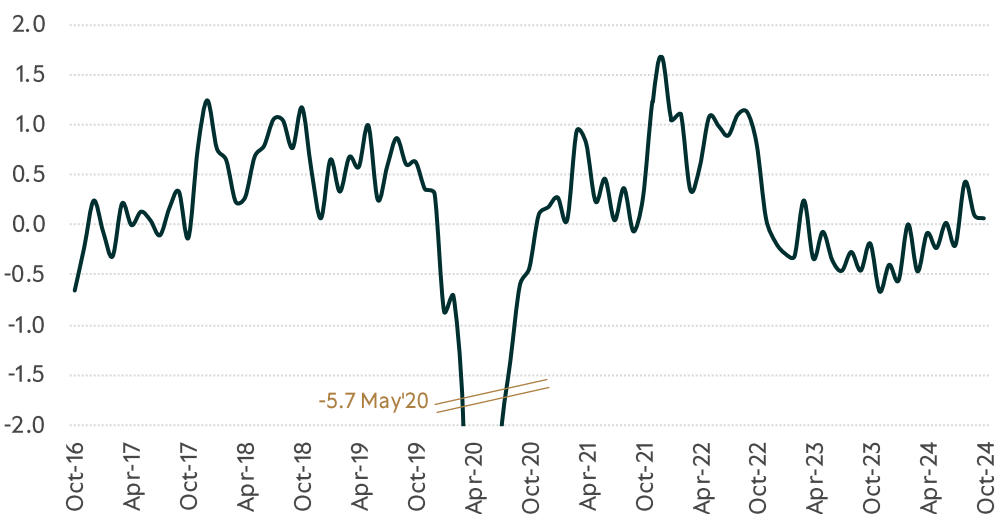


KOF Global Barometer Indicator & China Monetary Conditions

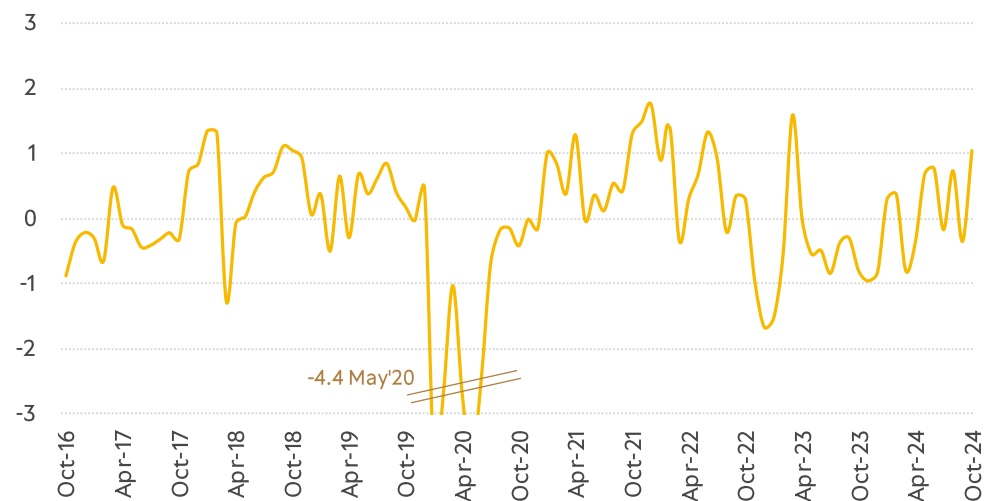


Global Trade | World Trade Tracer for both DM & EM in the expansion phase of the cycle

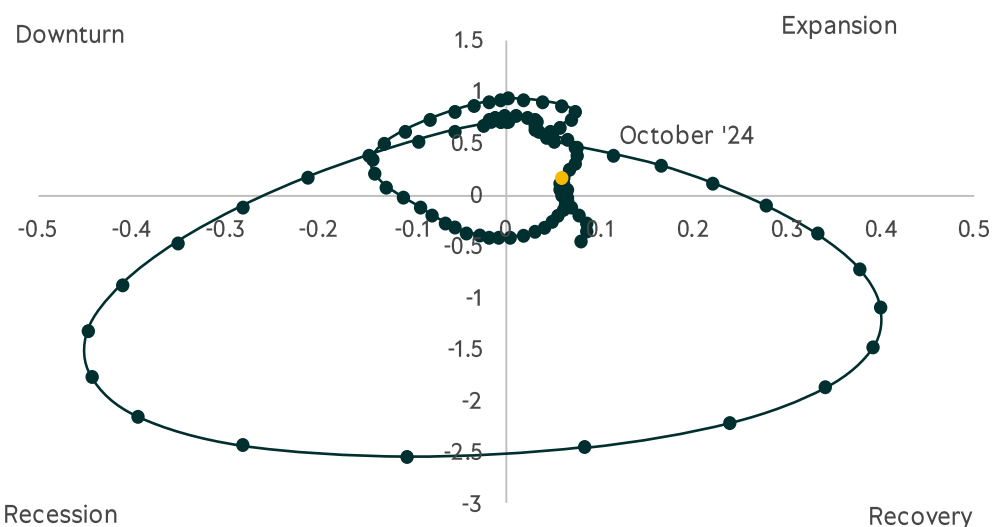
World Trade



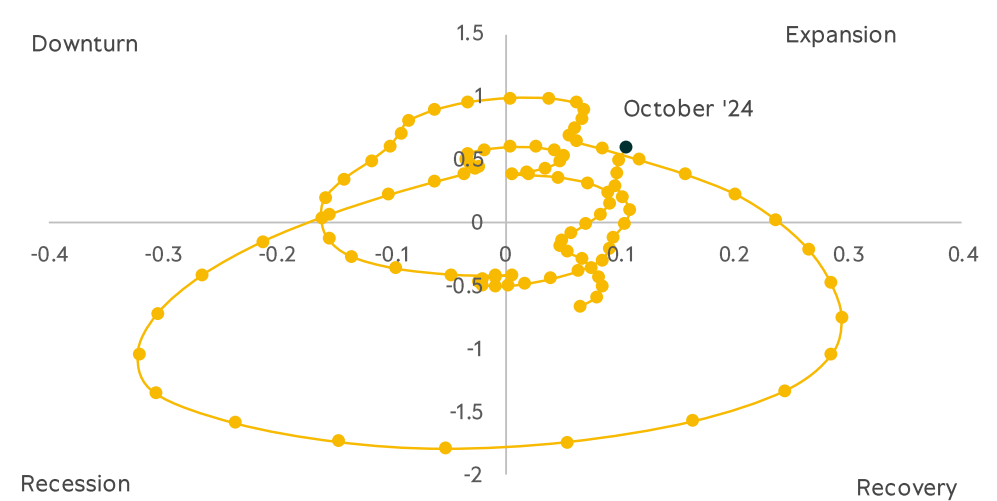
World Exports | EM



World Trade Tracer

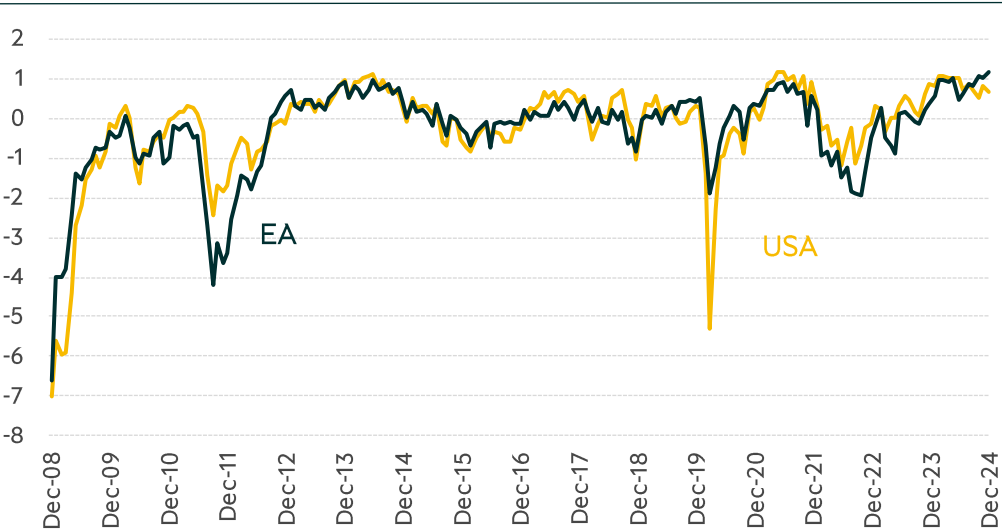


World Exports Tracer | EM

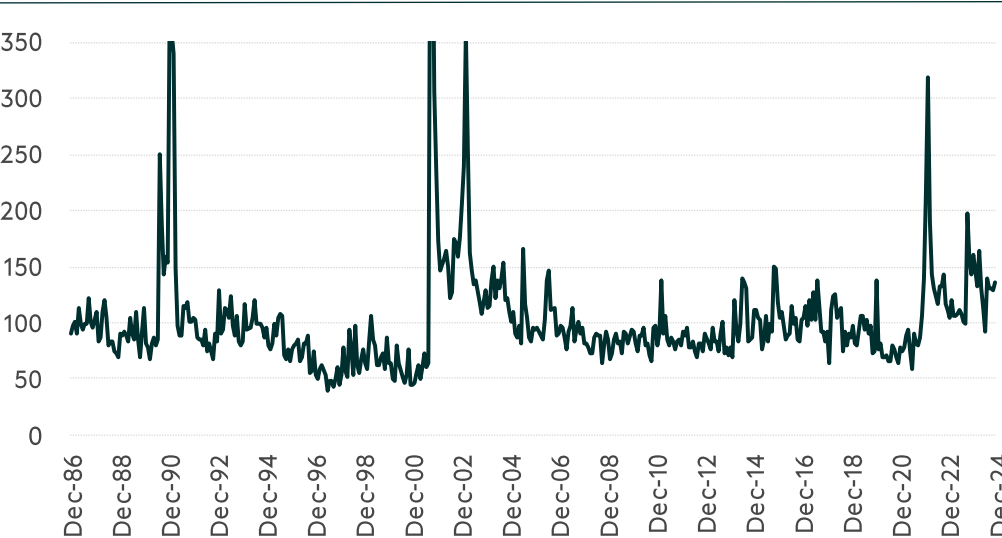


Global Trends | Supply-side indices indicate no major cost-push inflationary pressures for now

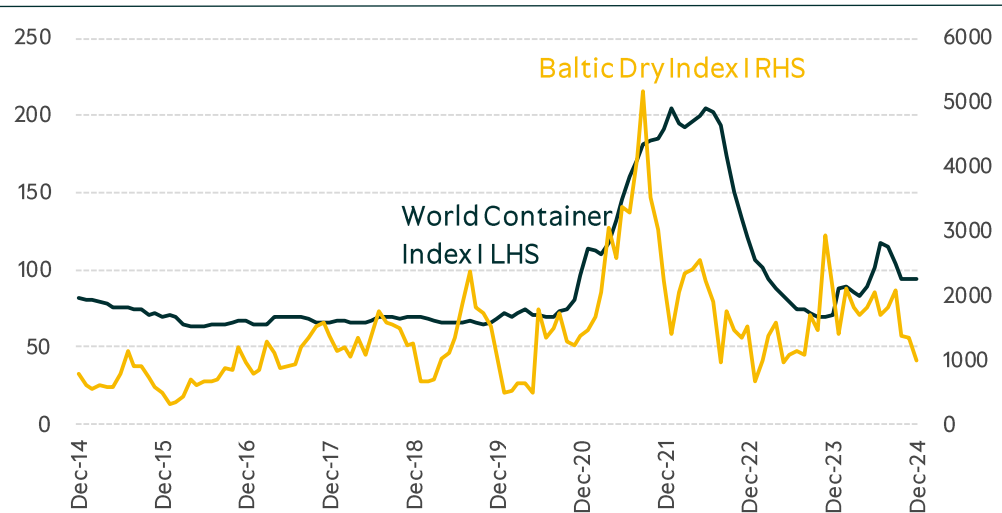
Bloomberg Financial Conditions Indices



Global Geopolitical Risk Index (Caldara & Iacoviello)



World Container and Baltic Dry Indices

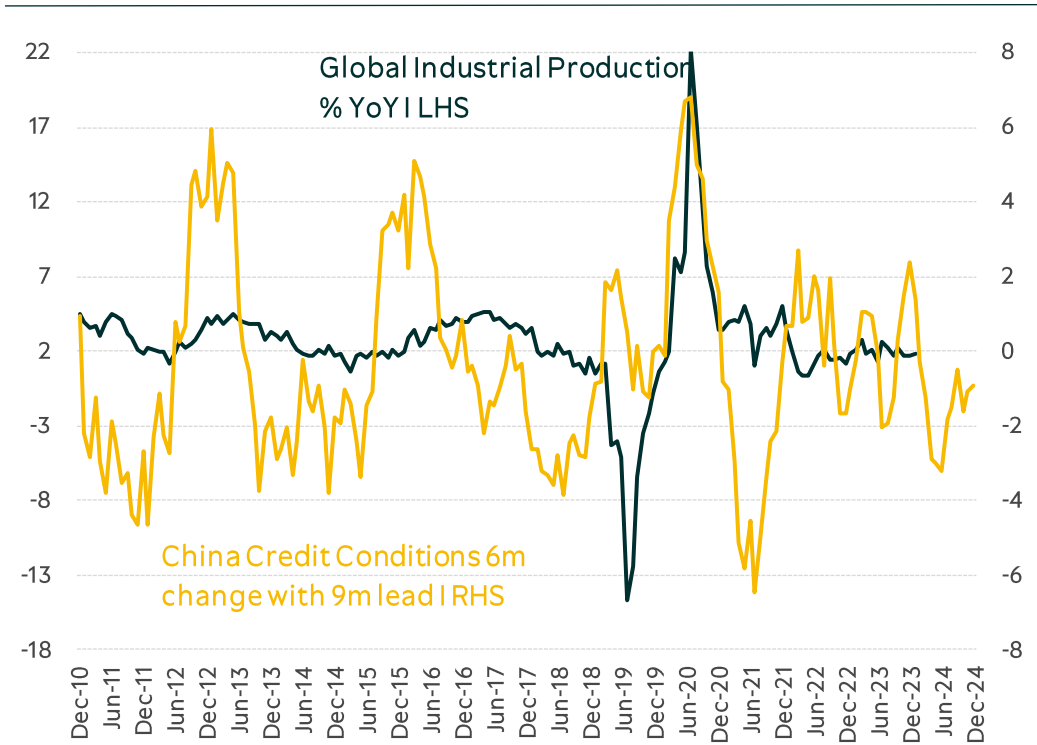


NY Fed | Global Supply Chain Pressure

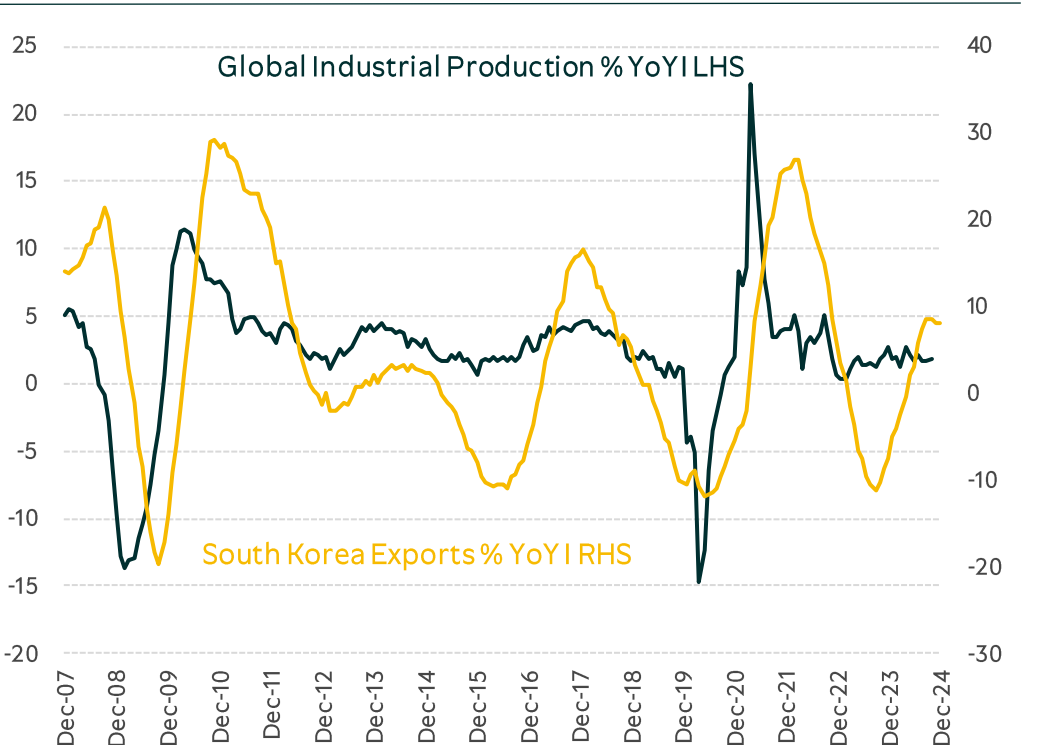


Global Trends | China's credit conditions a potential source of worry though South Korea's exports point to higher global industrial production / growth outlook

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

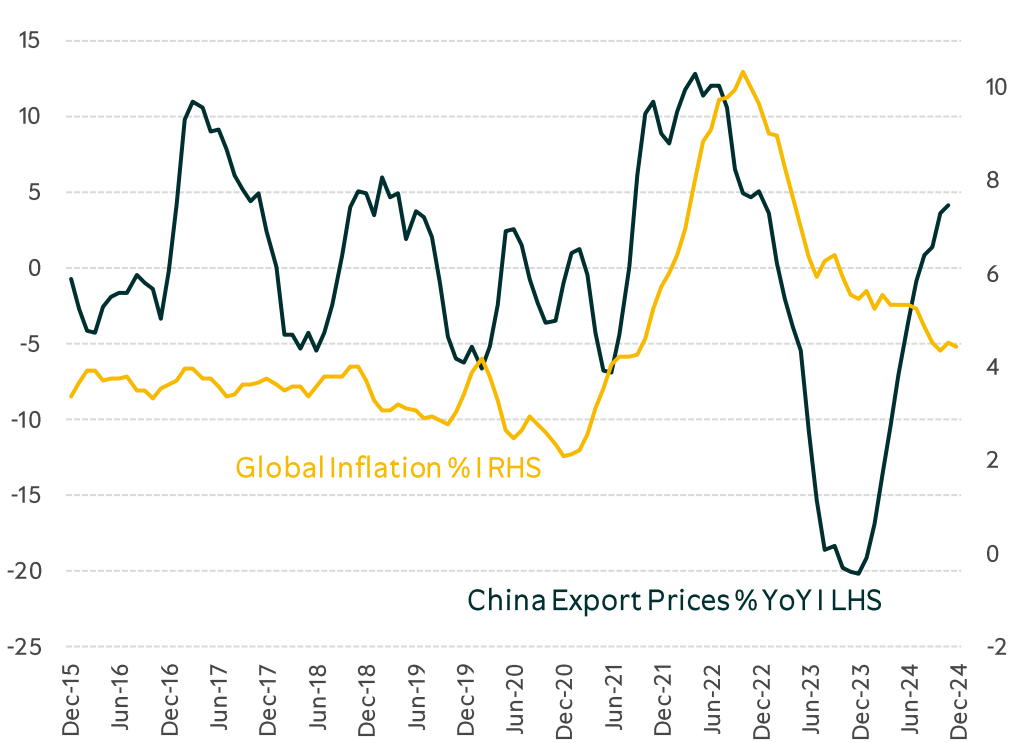


South Korean Exports & Global Industrial Production

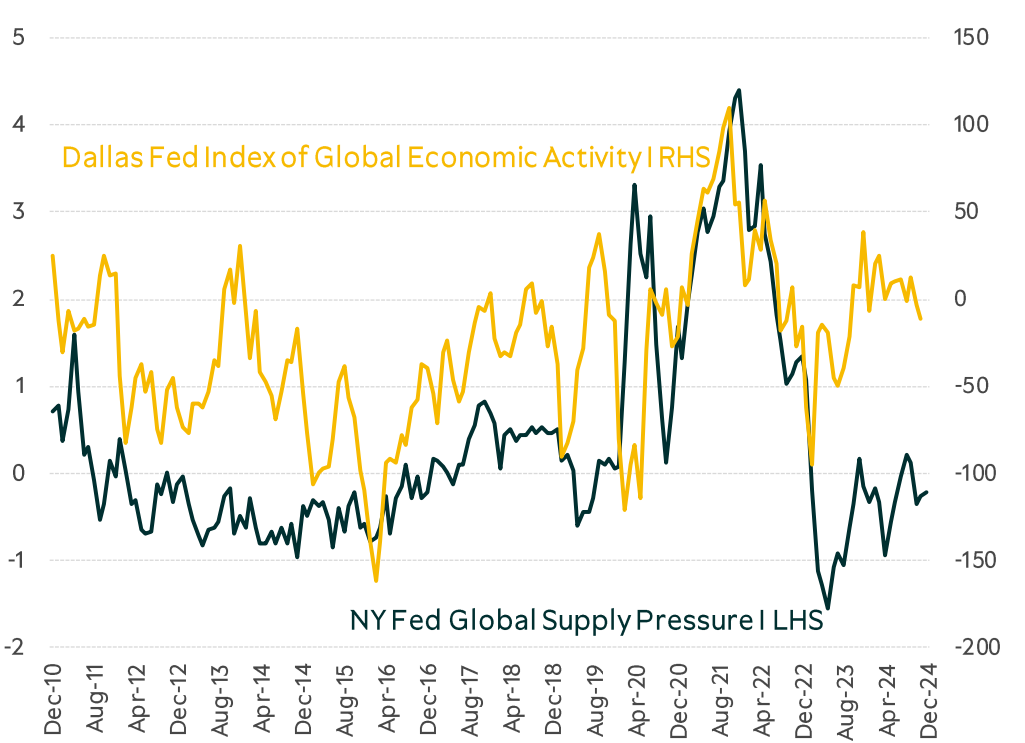


Global Trends | China's export prices a possible signal for higher international prices

China Export Prices & Global Inflation

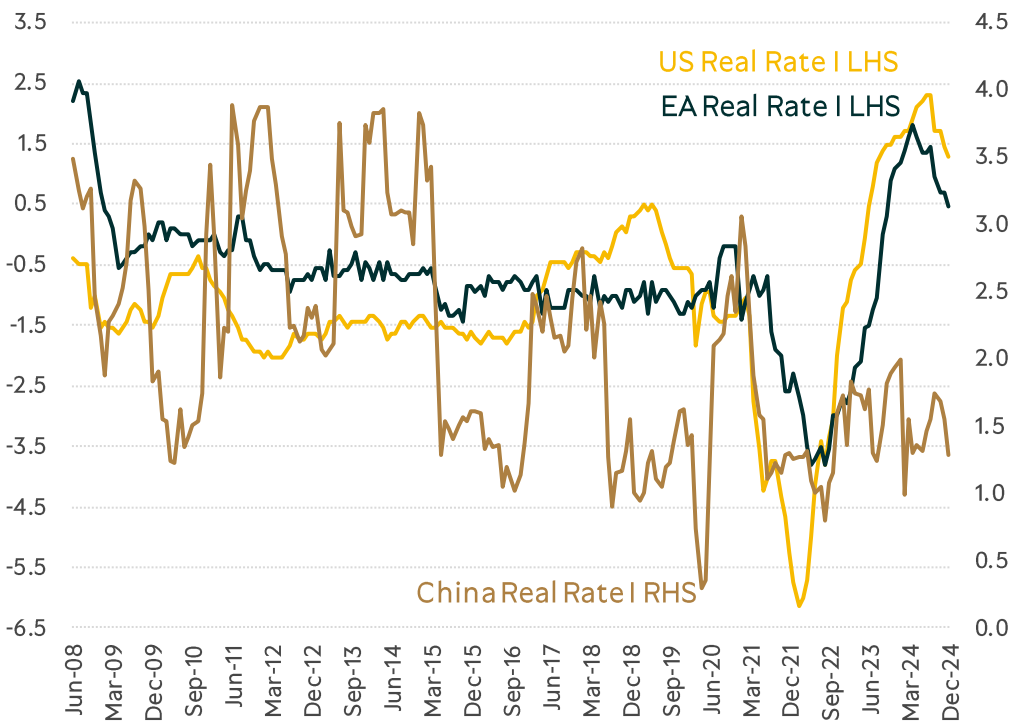


Global Economic Activity vs Global Supply Pressure

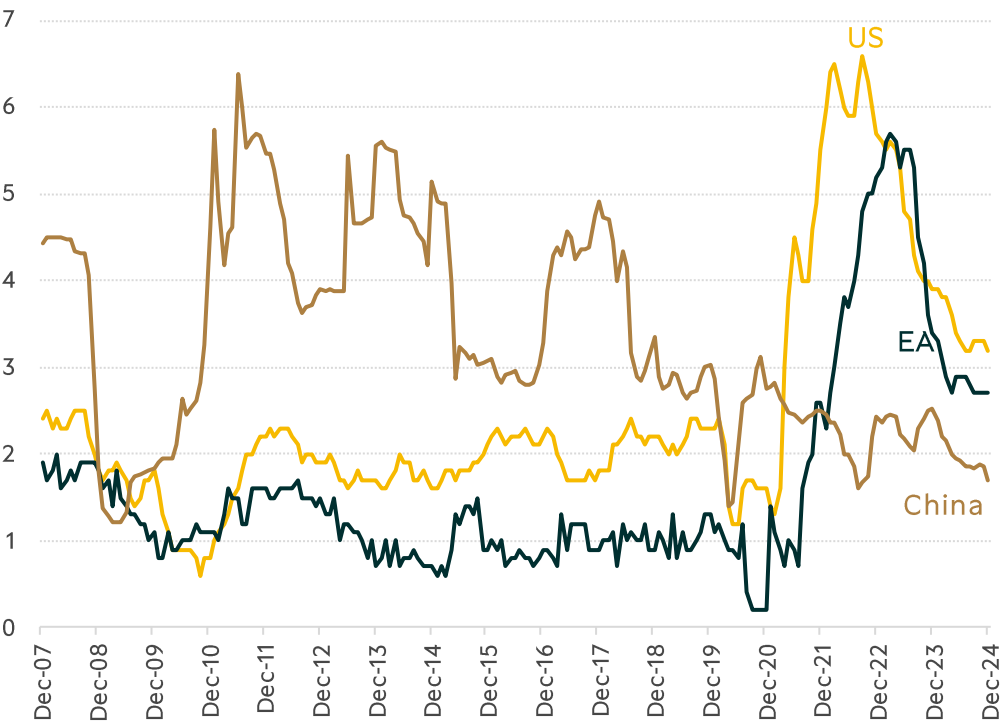


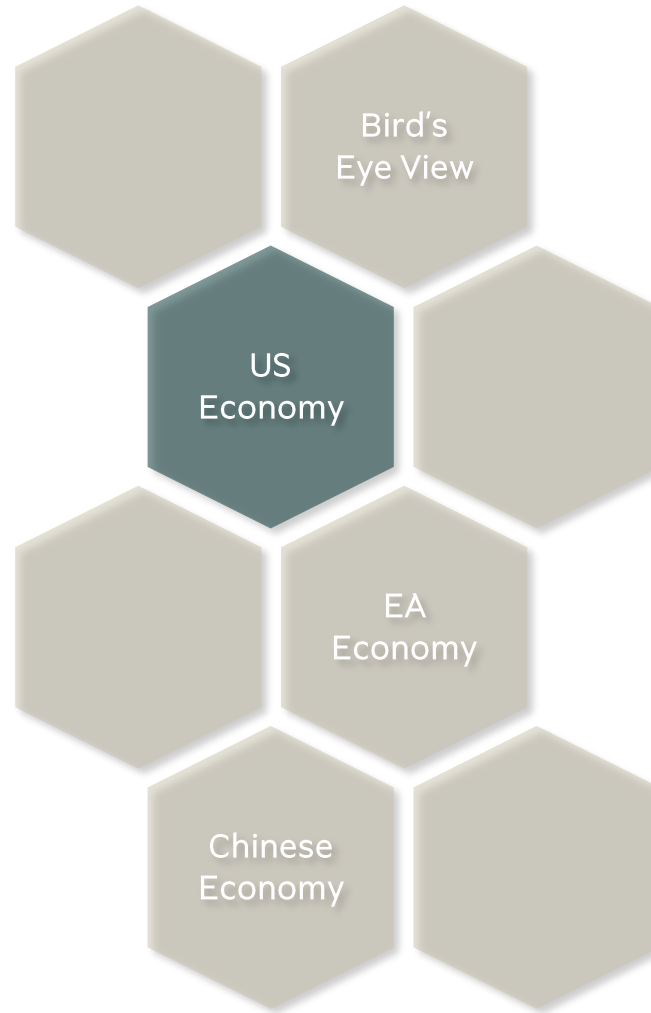
Global Trends | Global real policy rates on a downward trend. Chinese inflation well below US & EA

Global Real Policy Rates US, EA, CN



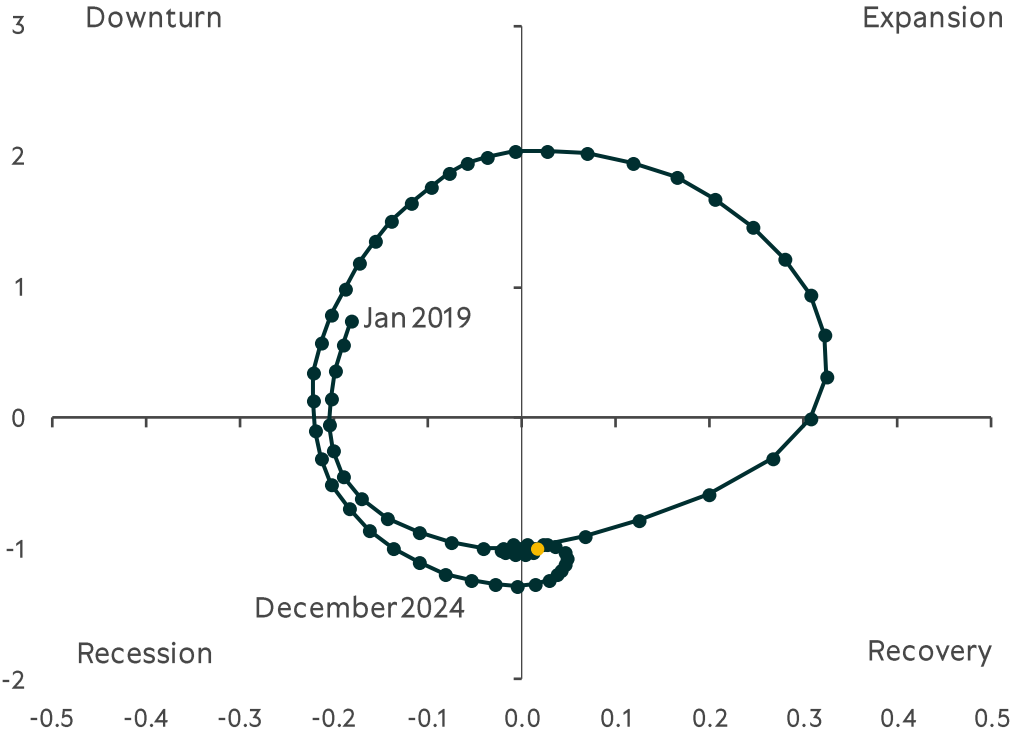
US, EA, CN Core Inflation



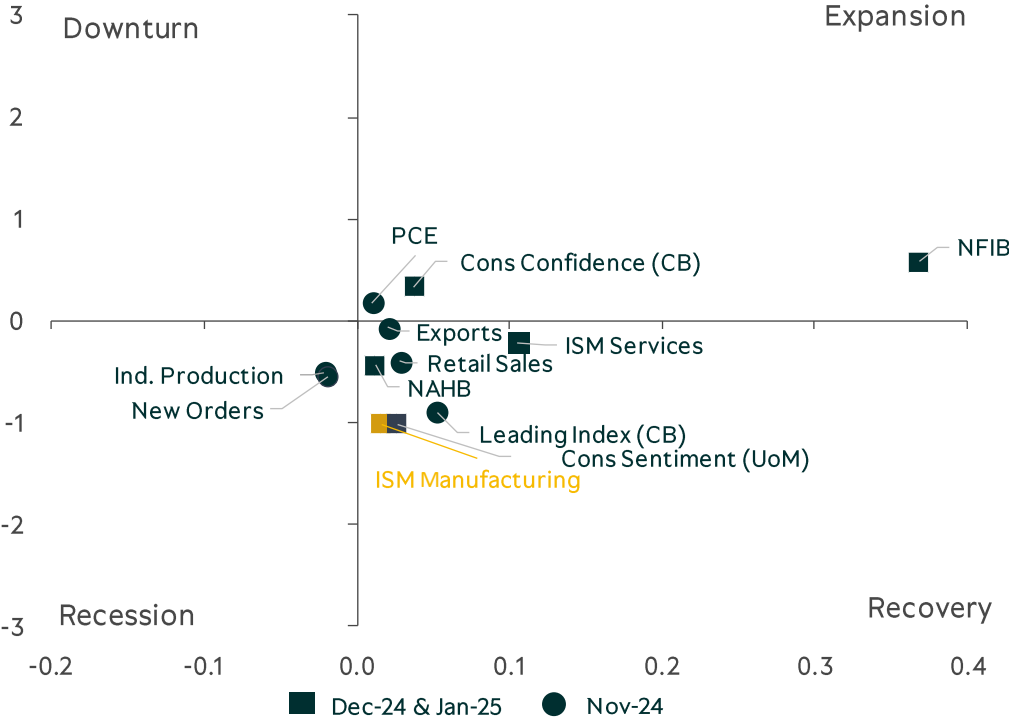


US Business Cycle | Most US economic variables are in the Recovery Phase

US Business Cycle | Based on ISM Manufacturing Indicator

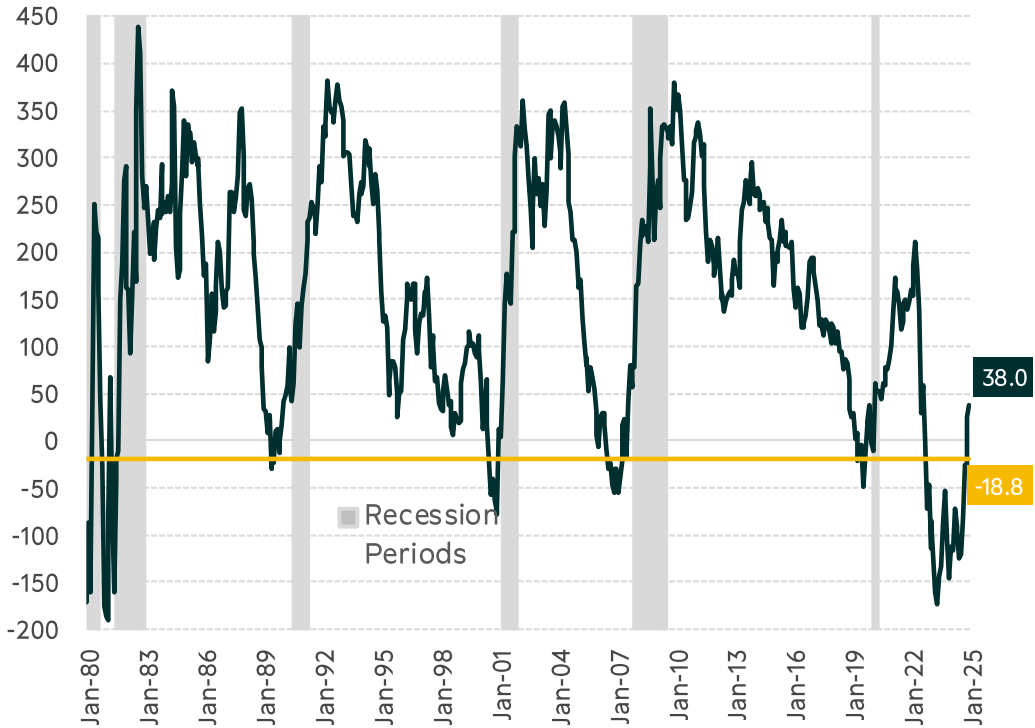


US Business Cycle | Based on Major US Economic Variables

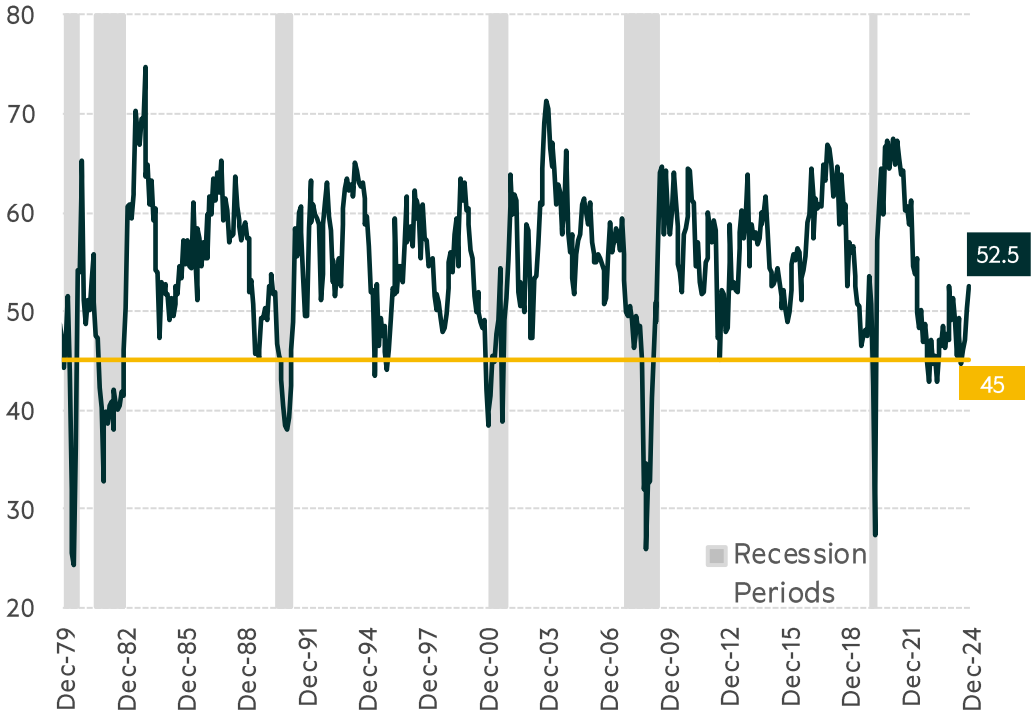


US Recession Indicators | A recession episode, in the next 12 months, is not likely based on the 10YR3M spread & the ISM New Order Index

10 Year and 3M US Treasury Yields Spread



ISM Manufacturing New Order Index

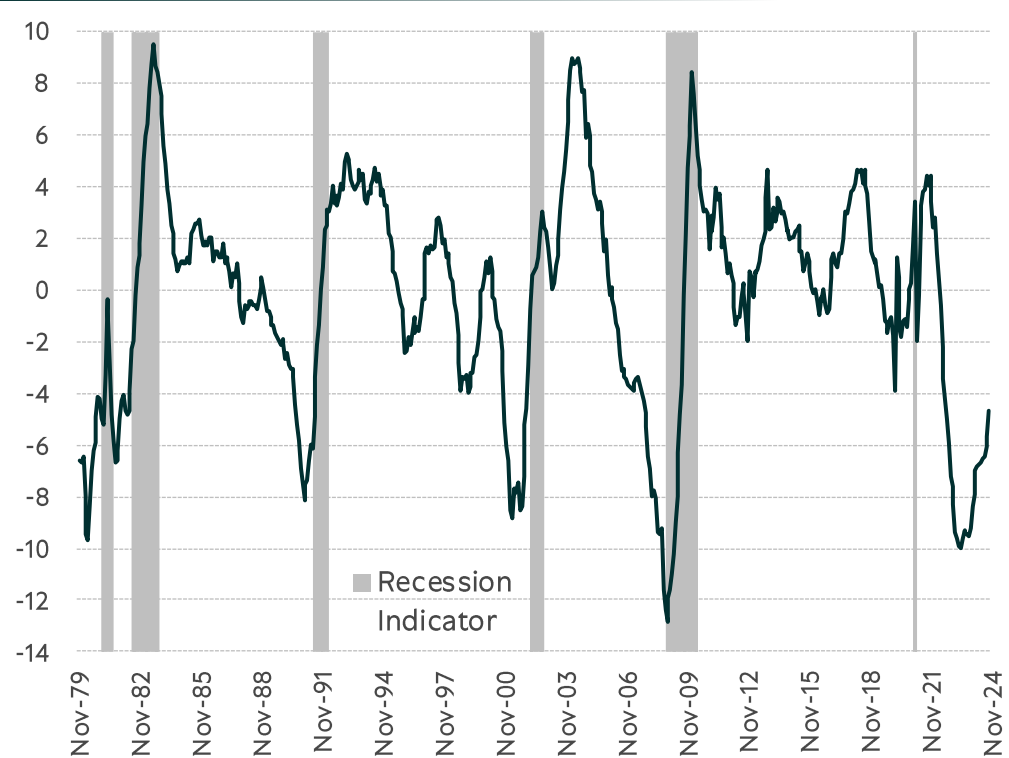


Conference Board Survey | Consumer confidence fell in December with the expectations component seeing the sharpest drop. The Leading Indicator rose in November for the first time since February 2022.

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

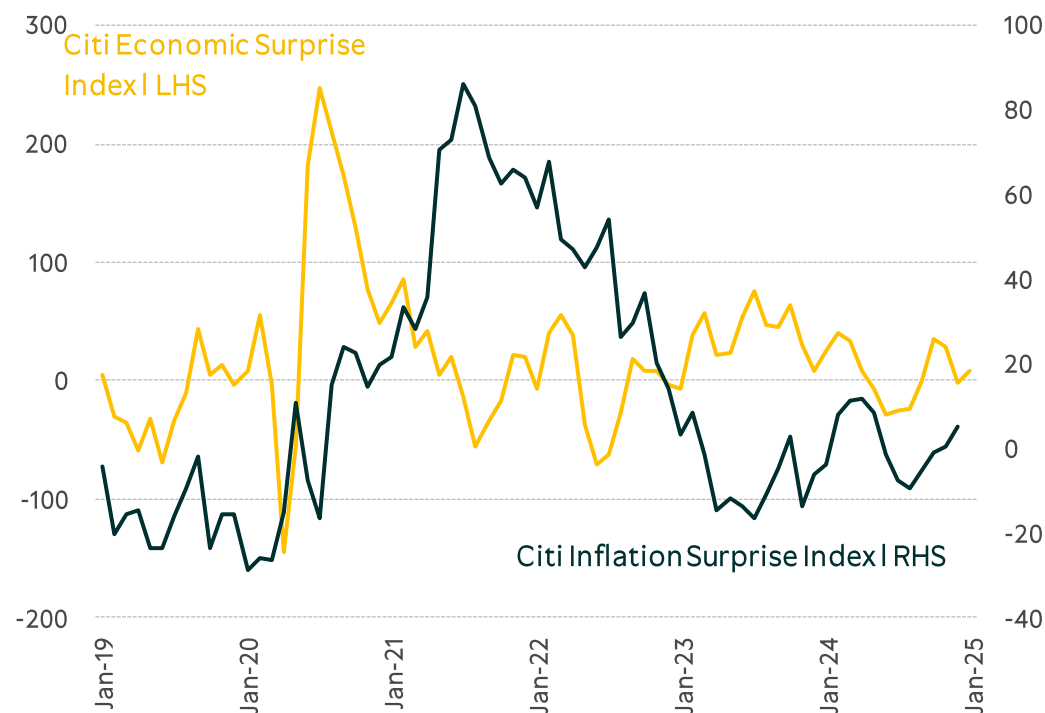


Difference between Leading & Coincident Indicators (Conference Board)

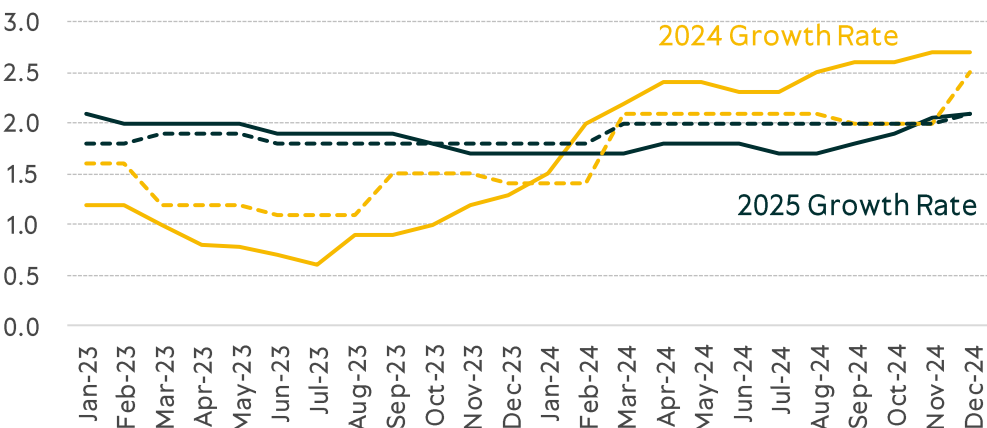


US Macro Expectations | Economic Surprises marginally positive; inflation surprises have been rising

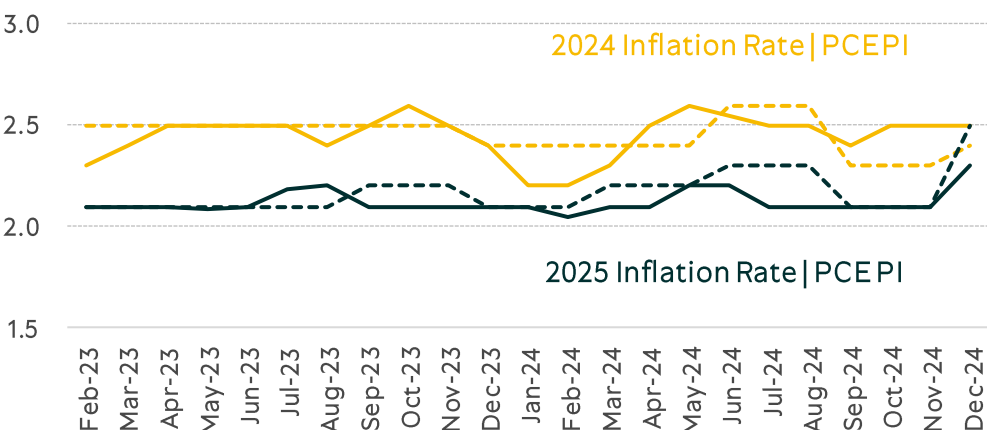
Economic & Inflation Surprises



Growth Rate Expectations*



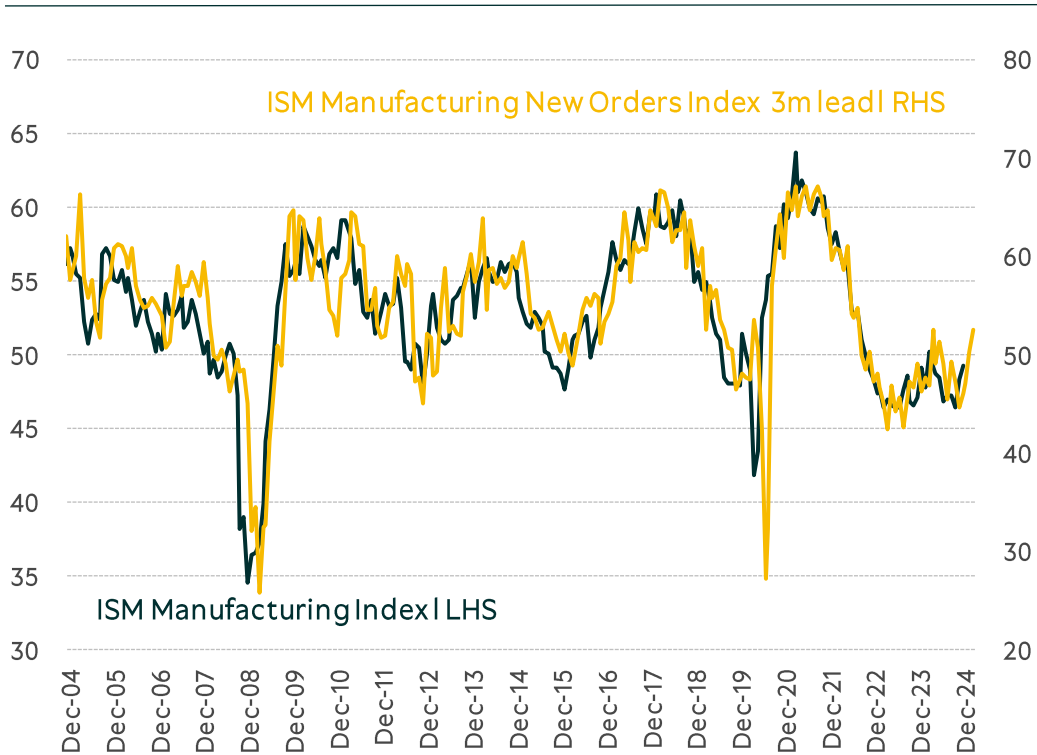
Inflation Rate Expectations*



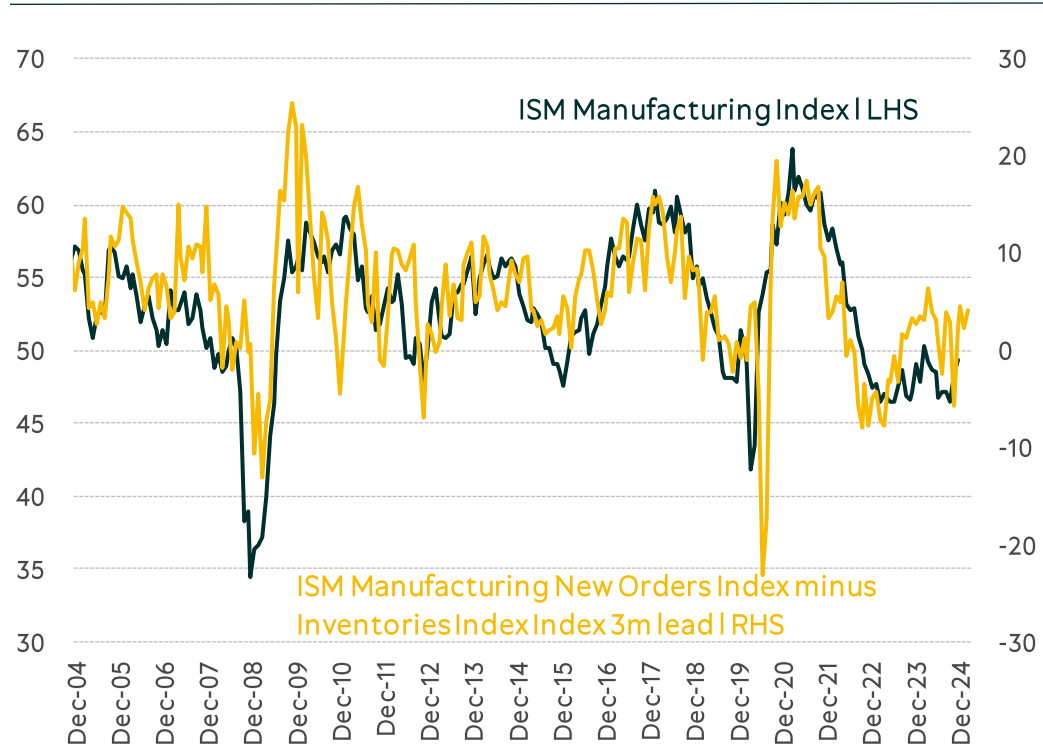
*Solid line: Consensus; Dotted line: Fed projections

US Leading Indicators | ISM Manufacturing below 50 for nine consecutive months. New Orders Index improved for the 4th month in a row (now at 52.5)

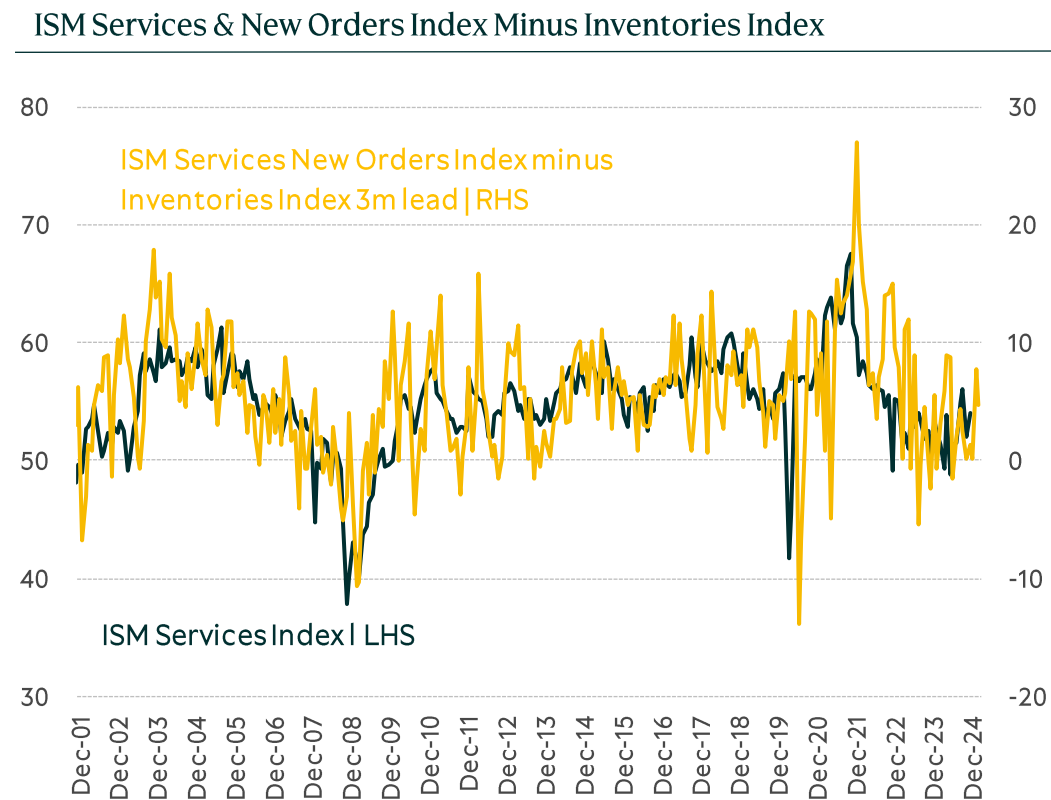
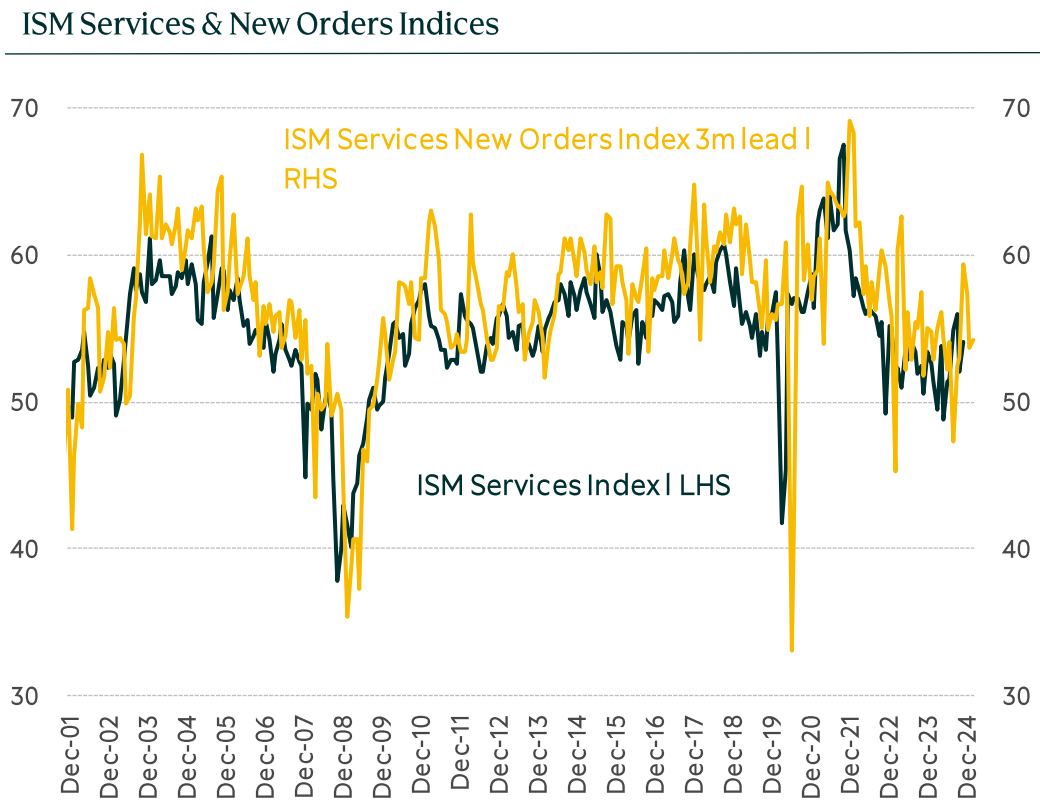
ISM Manufacturing & New Orders Indices



ISM Manufacturing & New Orders Index Minus Inventories Index

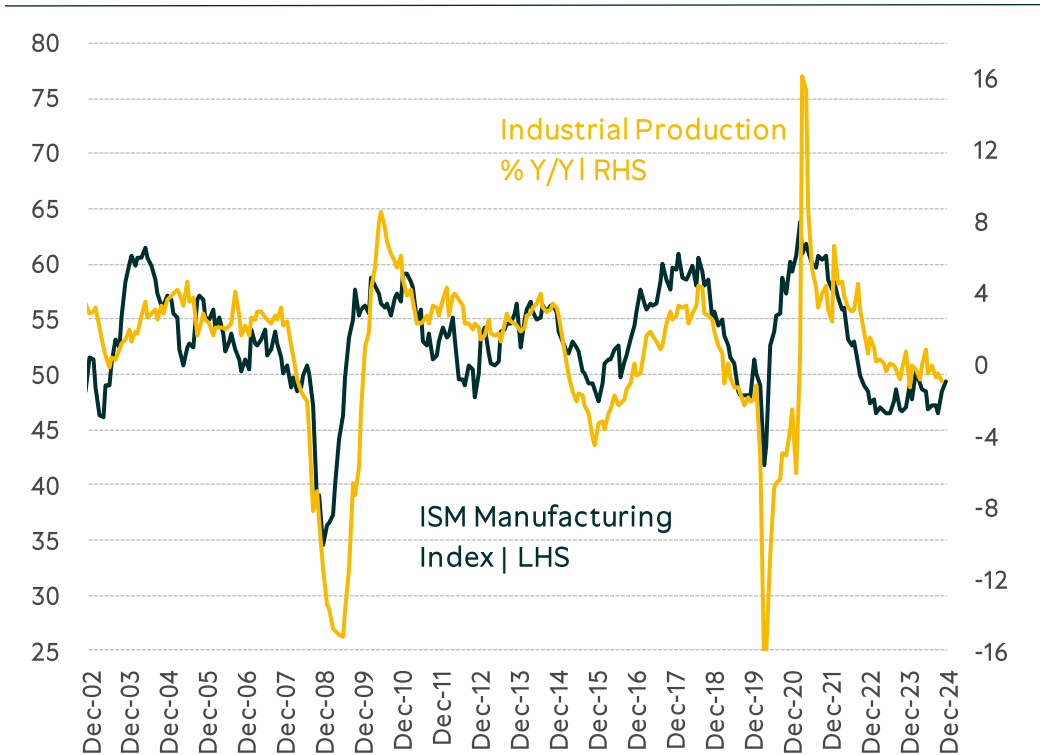


US Leading Indicators | ISM Services Index expanded strongly in December. Smaller increase in the New Orders Index

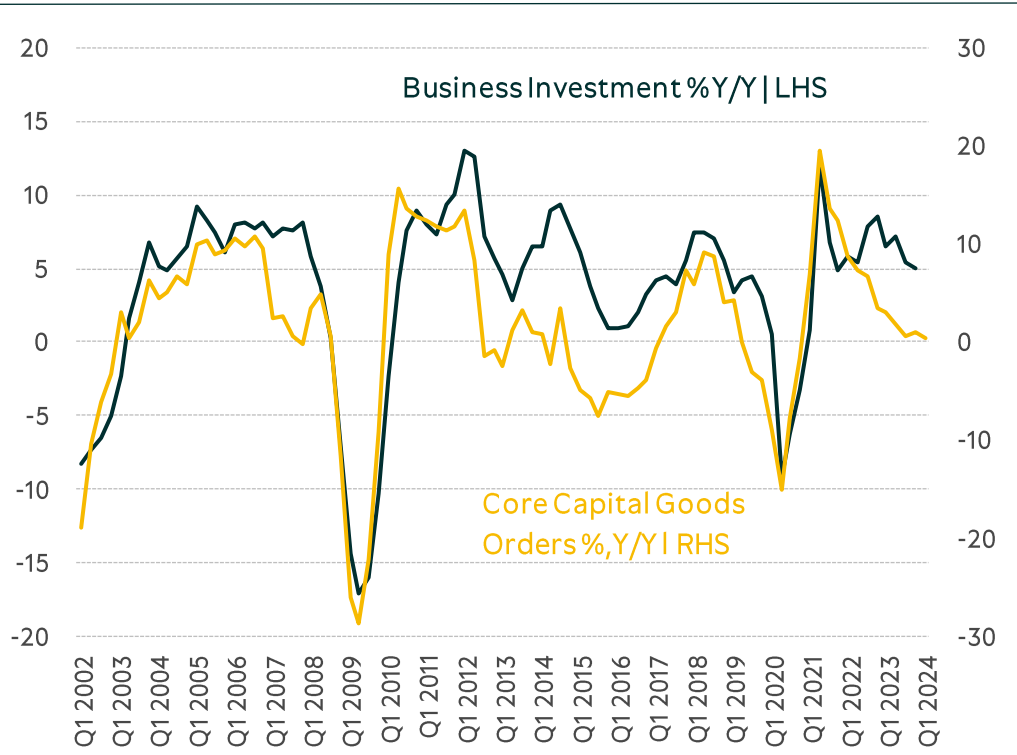


US | Industrial Production declined marginally in November. Core Capital Goods Orders have stopped declining.

Industrial Production YoY & ISM Manufacturing

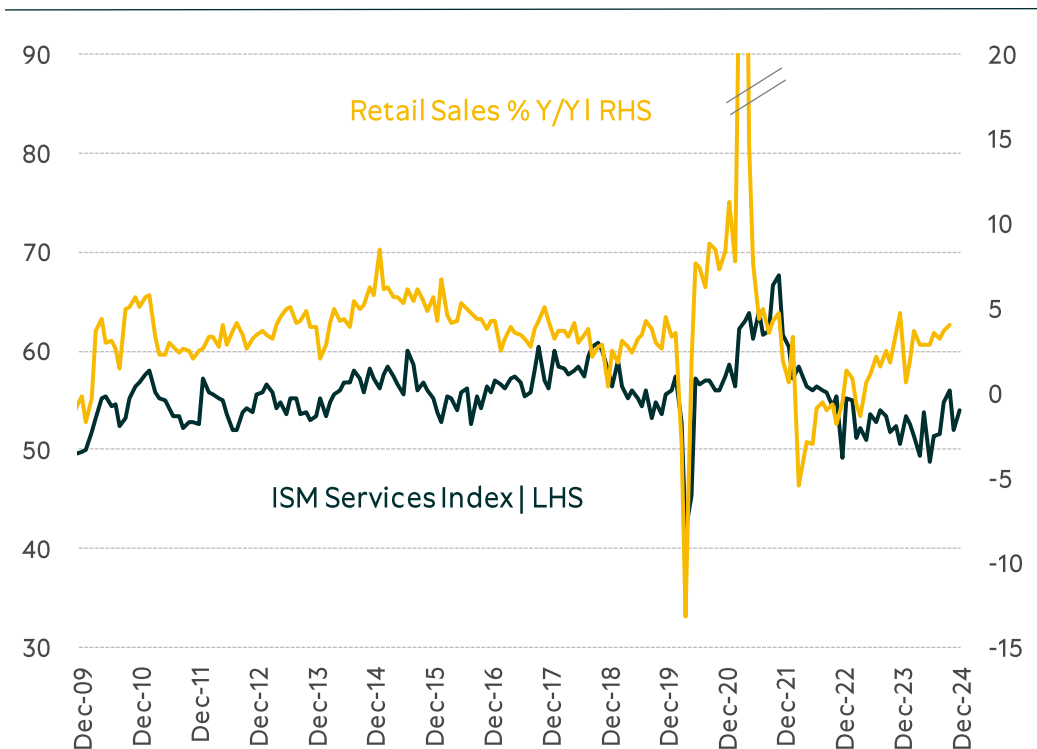


Core Capital Goods Orders & Business Investment

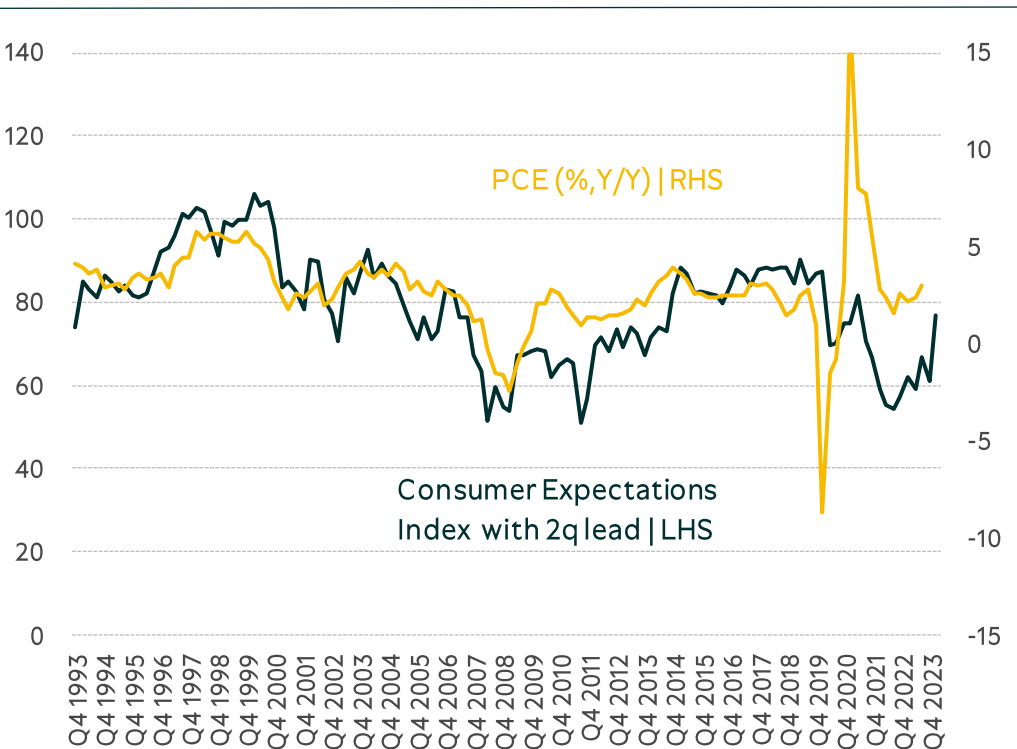


US | The US consumer is the main “growth driver” so far. Consumer sentiment rose further in December

Retail Sales YoY & ISM Services

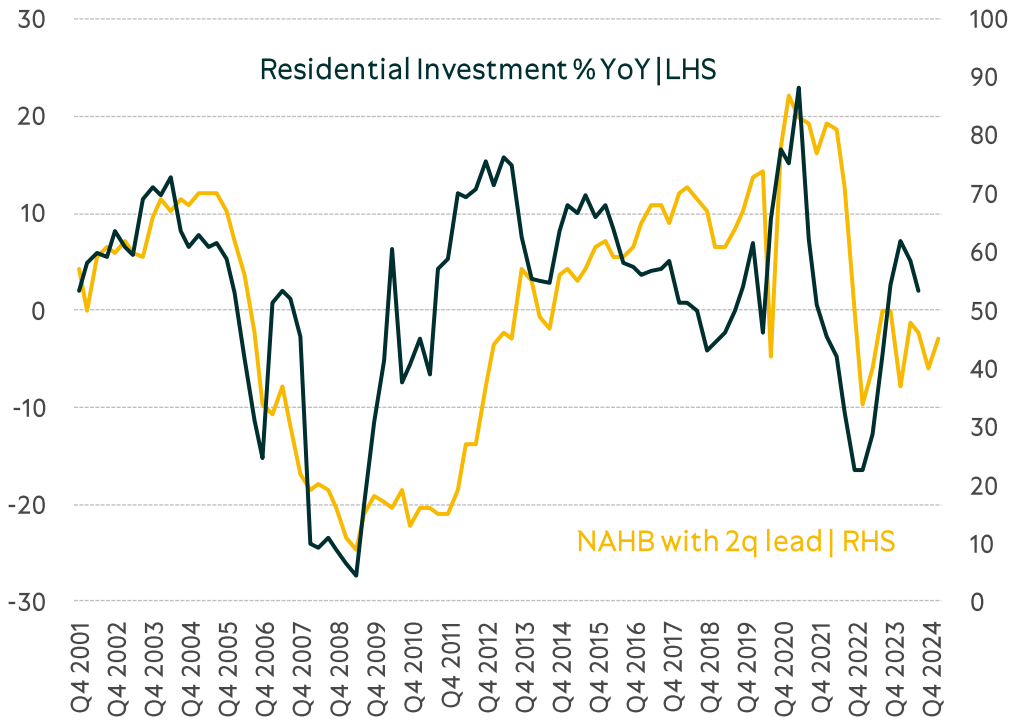


PCE & University of Michigan Consumer Expectations Index

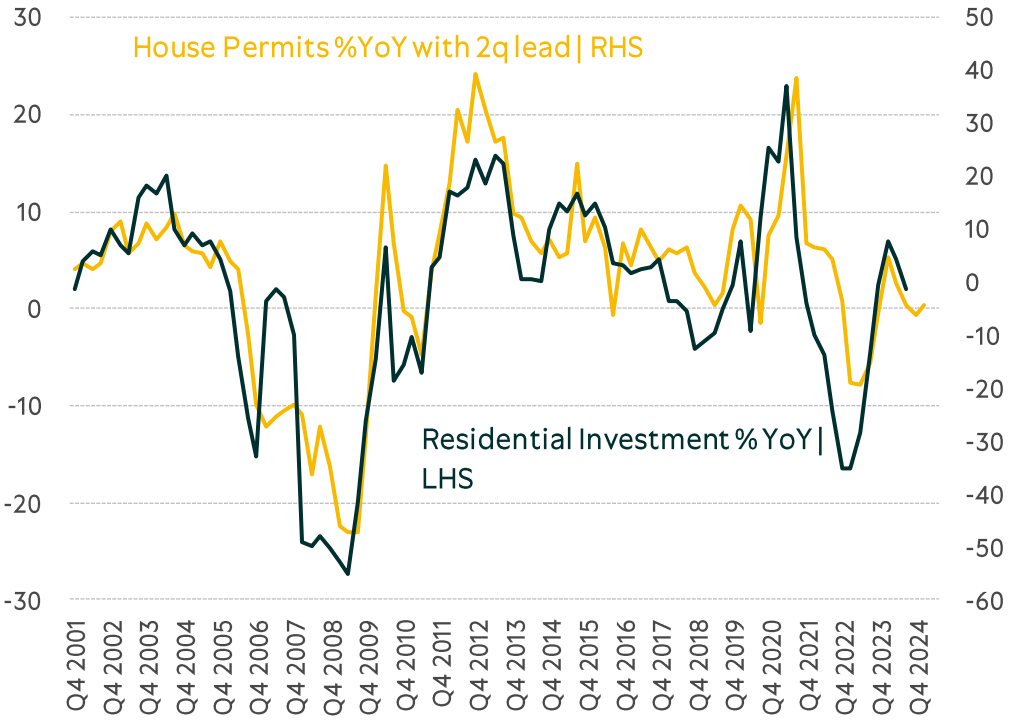


Housing Market | NAHB & House Permits still point to subdued growth in Residential Investments

Residential Investment & NAHB Index

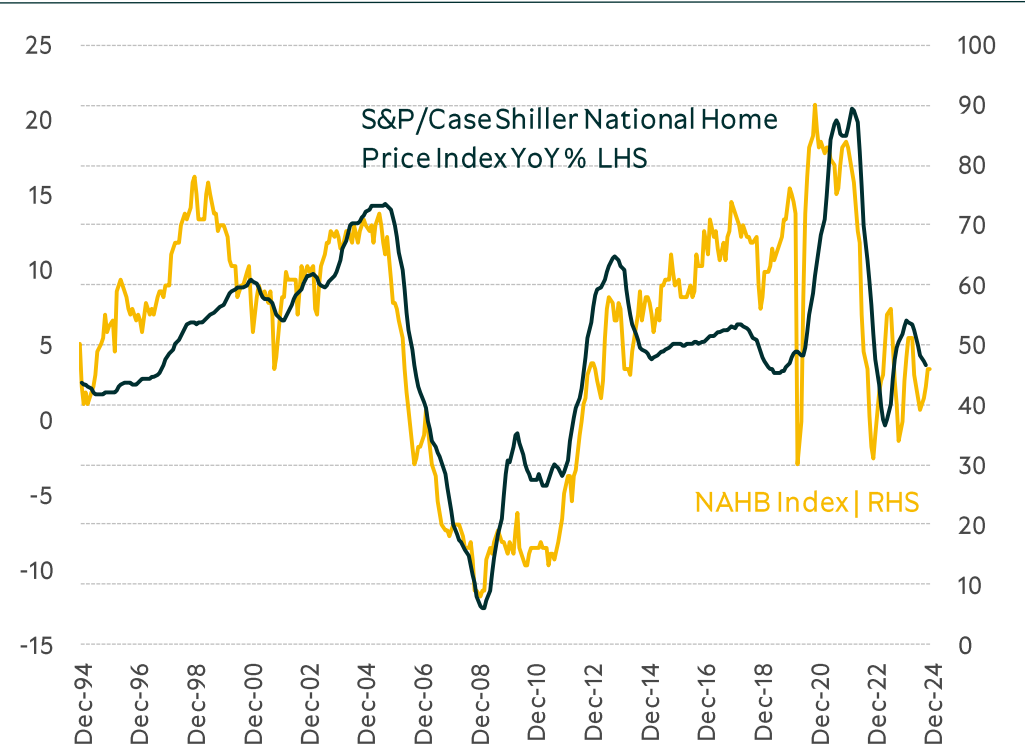


Residential Investment & House Permits

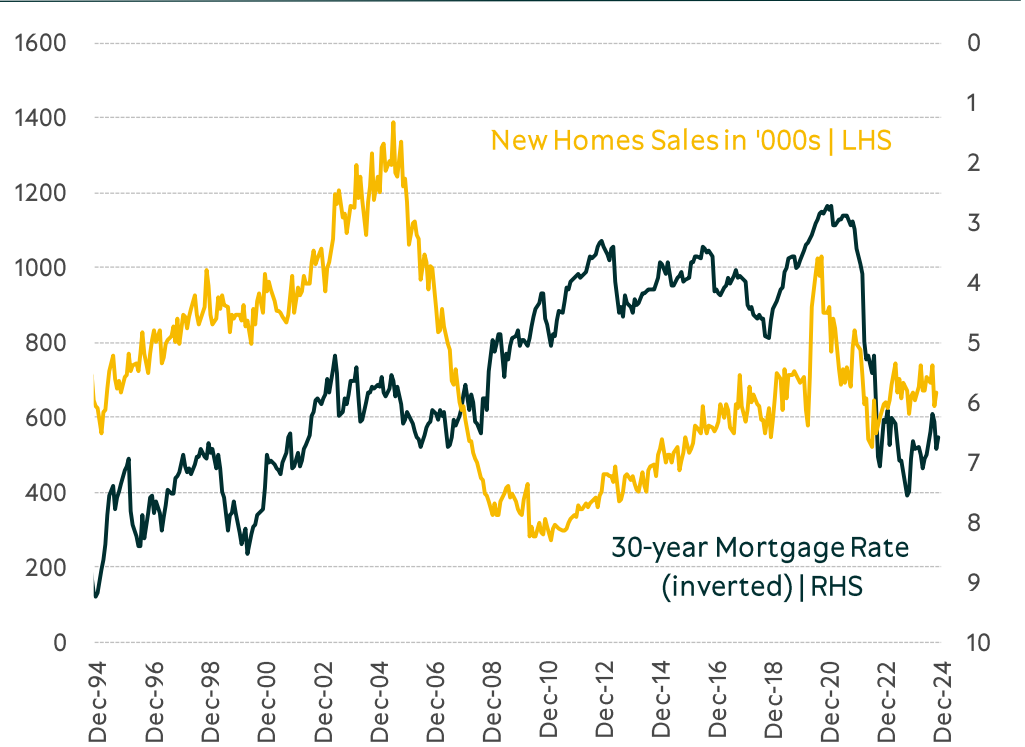


Housing Market | Homebuilder confidence remained flat in December. New home sales rose in November and December following October's big drop, amid still high 30-year mortgage rates

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

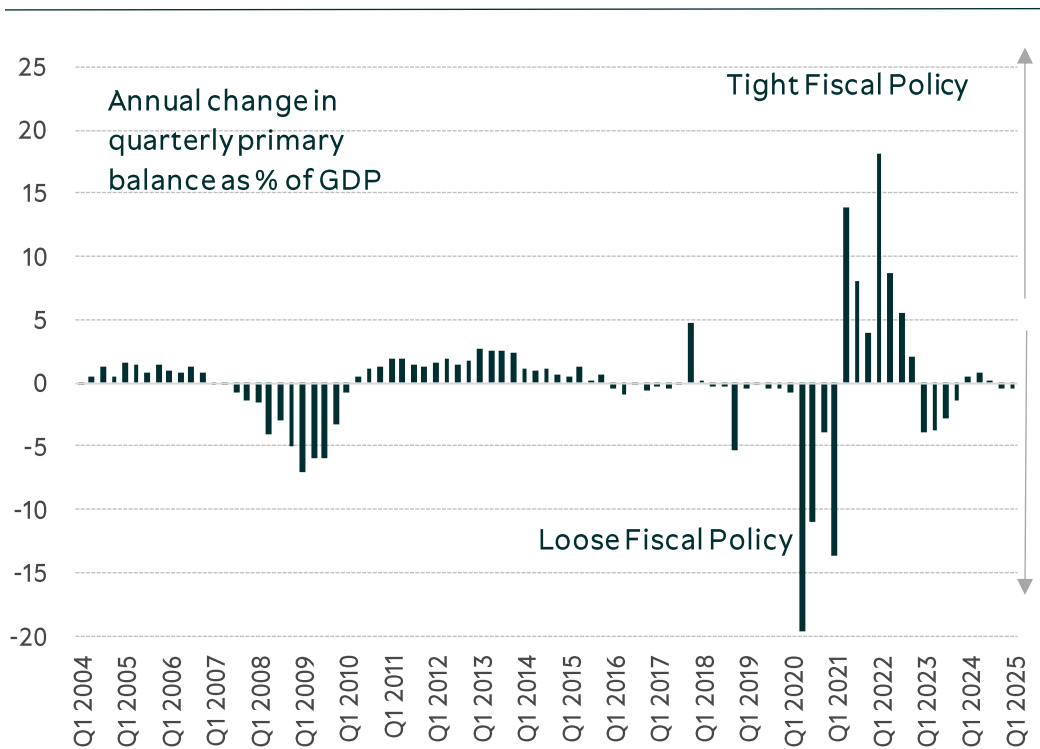


US new home sales and mortgage rates

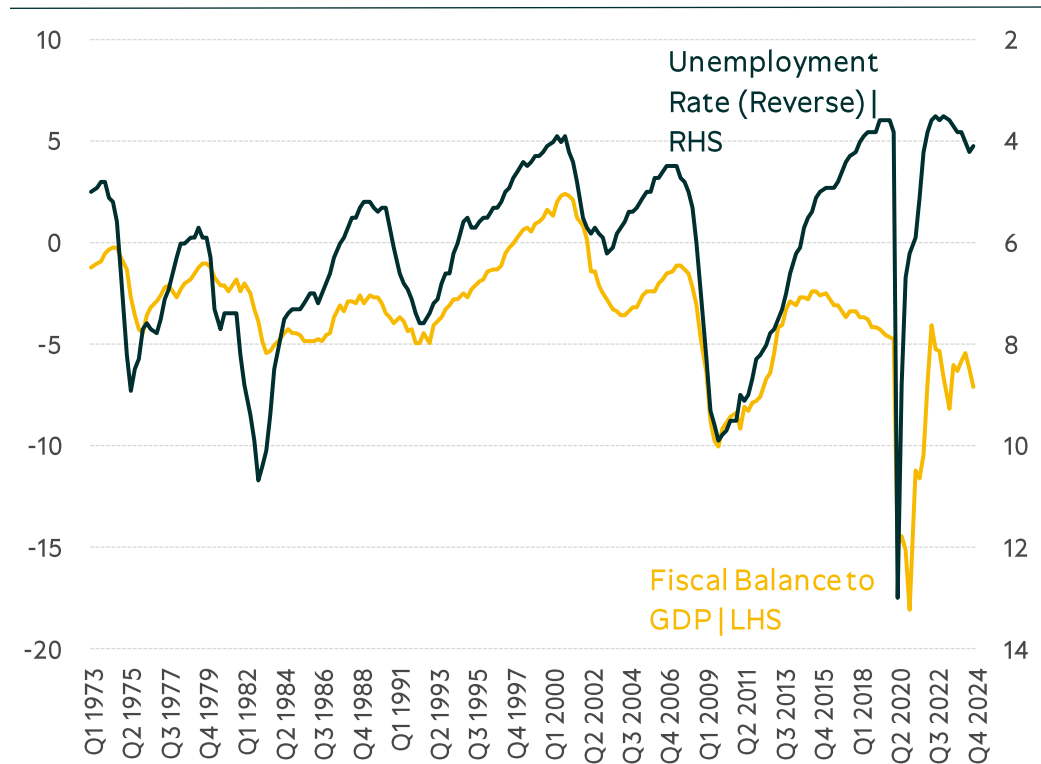


Fiscal Policy | Still too loose vs unemployment. Fiscal challenges ahead.

Fiscal Thrust

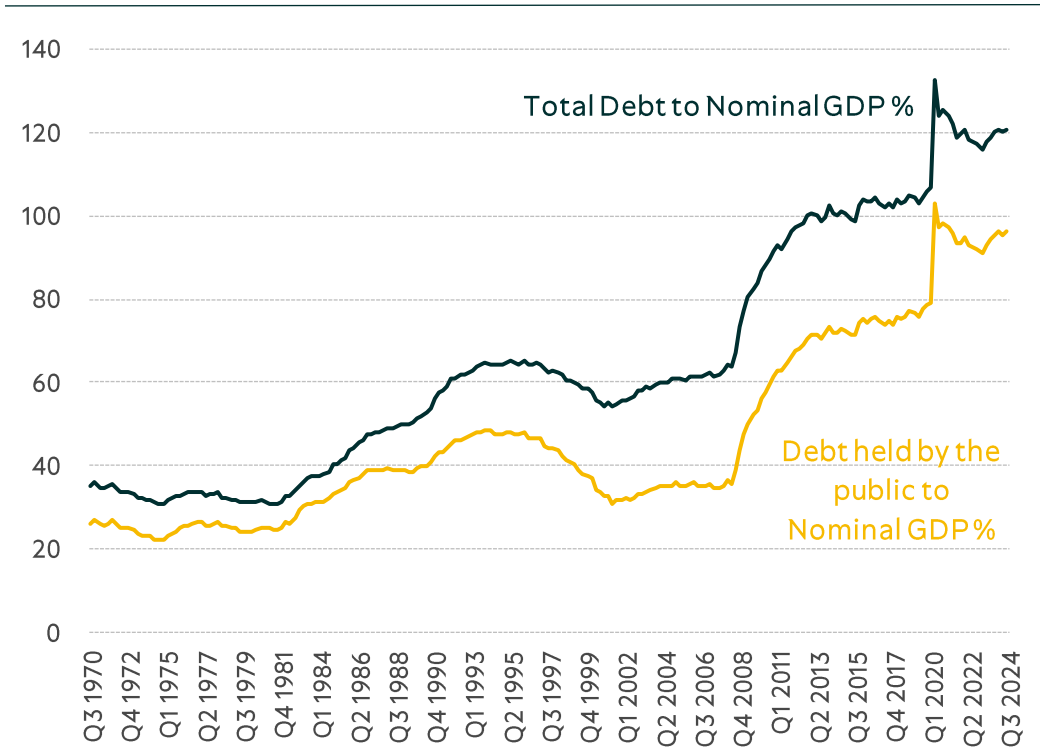


Fiscal Policy vs Unemployment

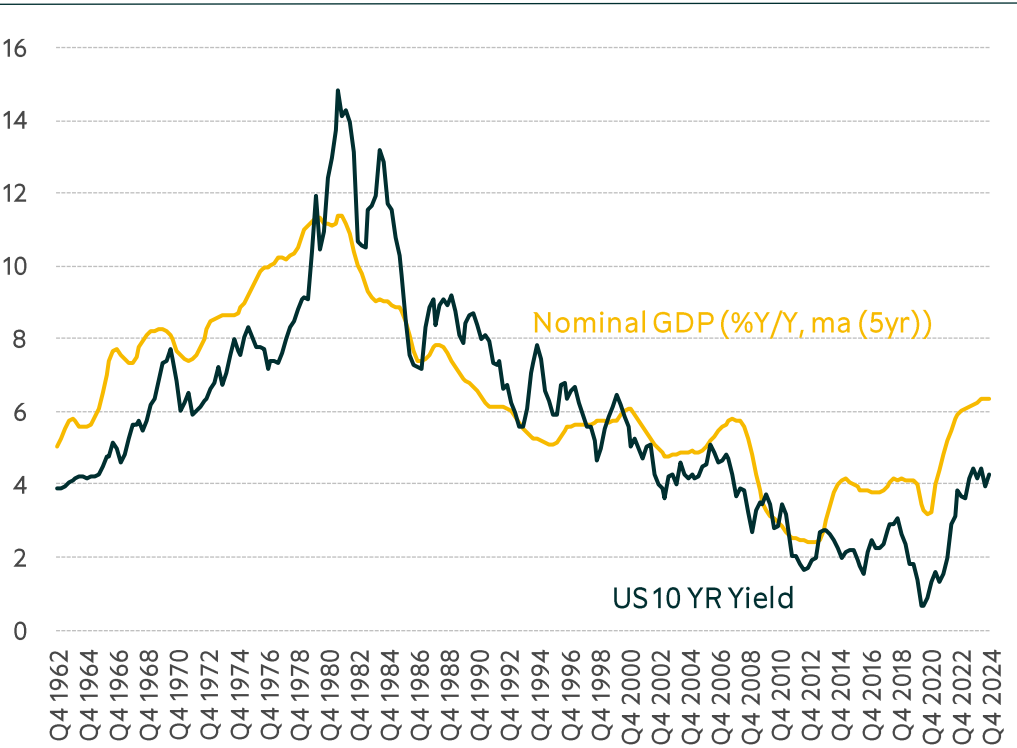


Fiscal Policy | The nominal growth rate is likely to remain at higher levels than the long-term cost of public financing

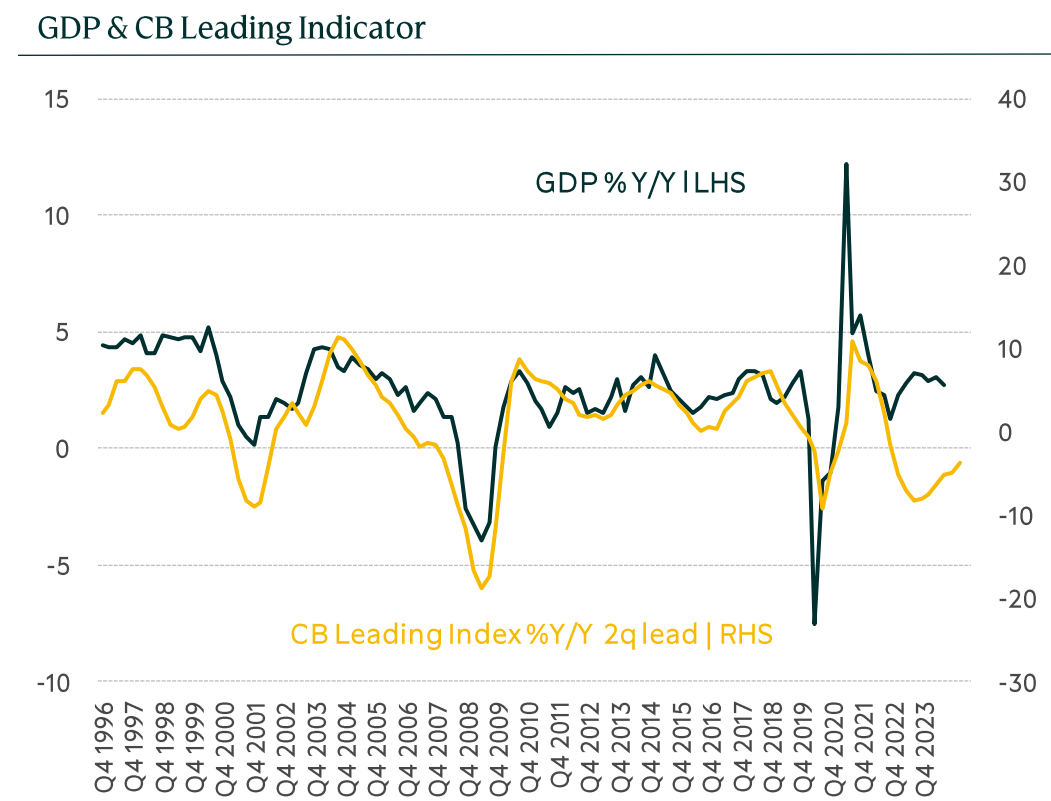
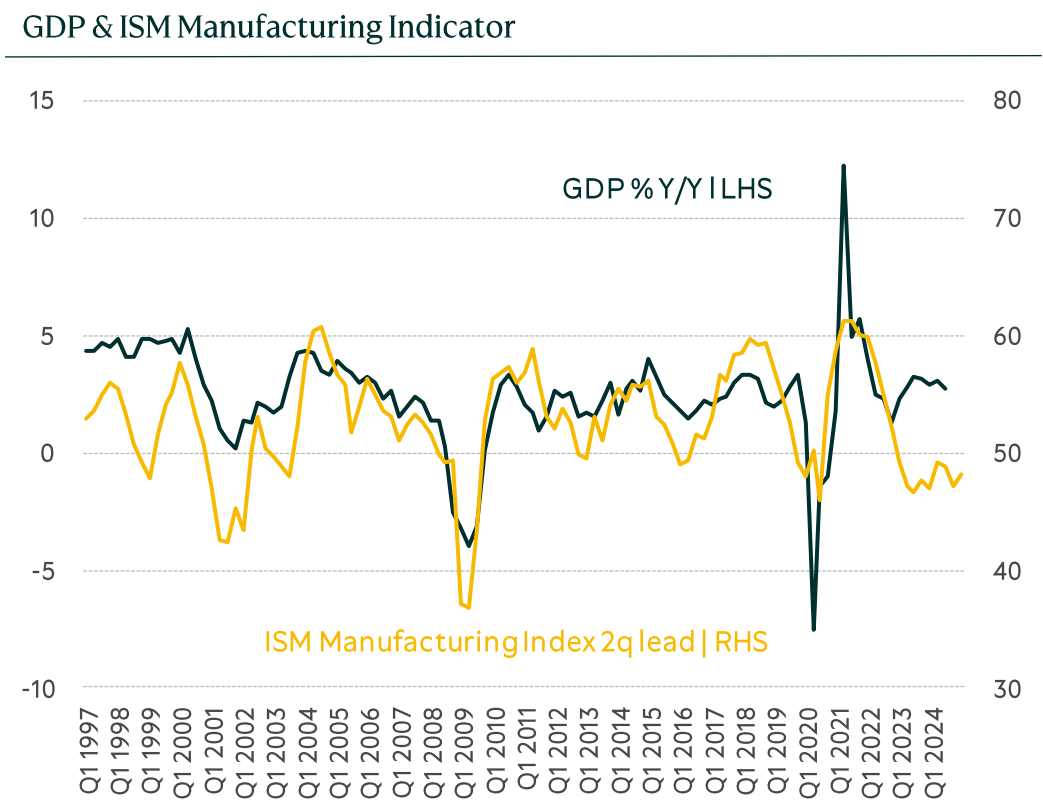
Debt / Nominal GDP (quarterly)



Fiscal Policy Sustainability

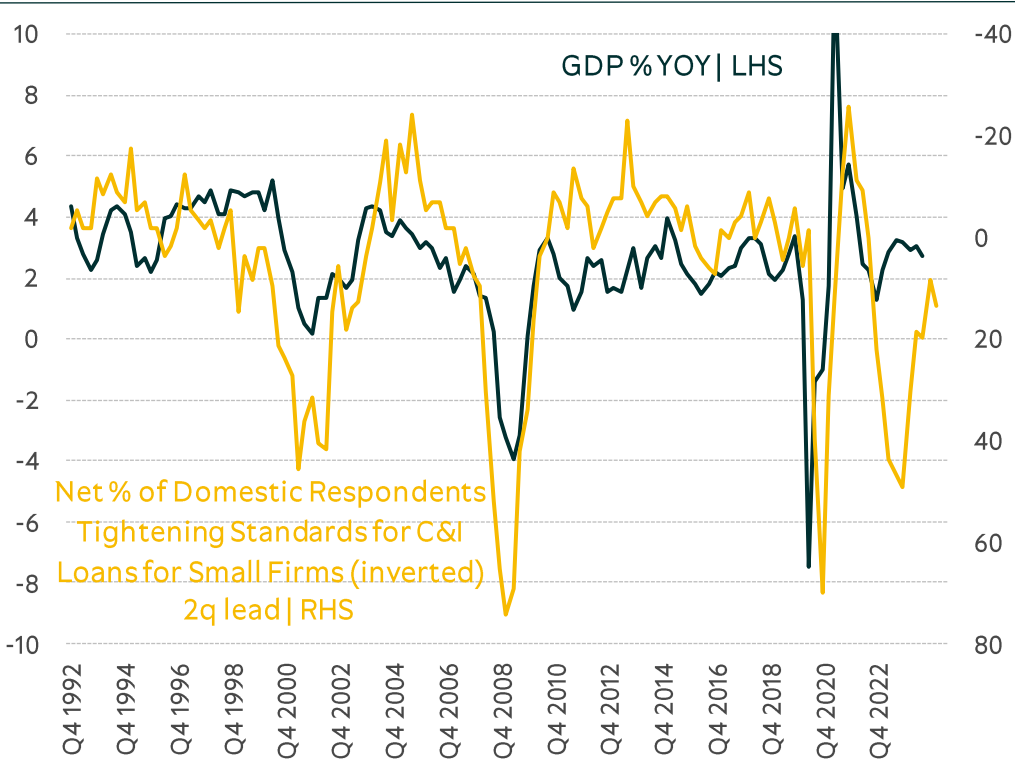


US GDP Outlook | Leading indicators have shown some improvement, less so in the manufacturing sector, suggesting a milder deceleration in real GDP

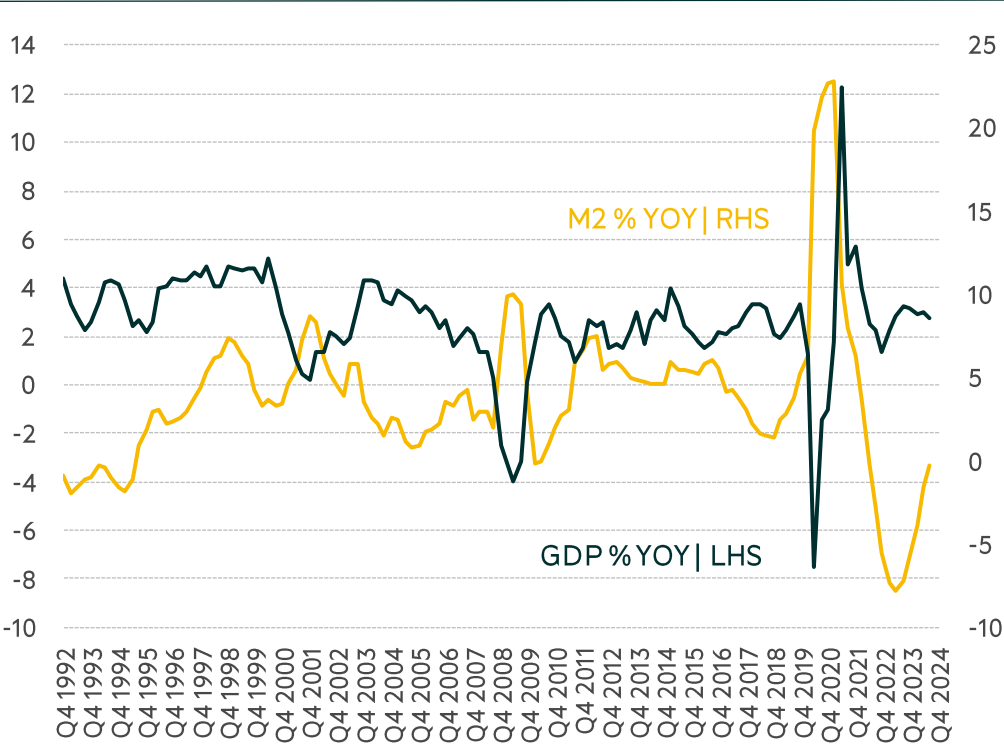


US GDP Outlook | Small increase in Tightening of Lending Standards & further improvement in M2

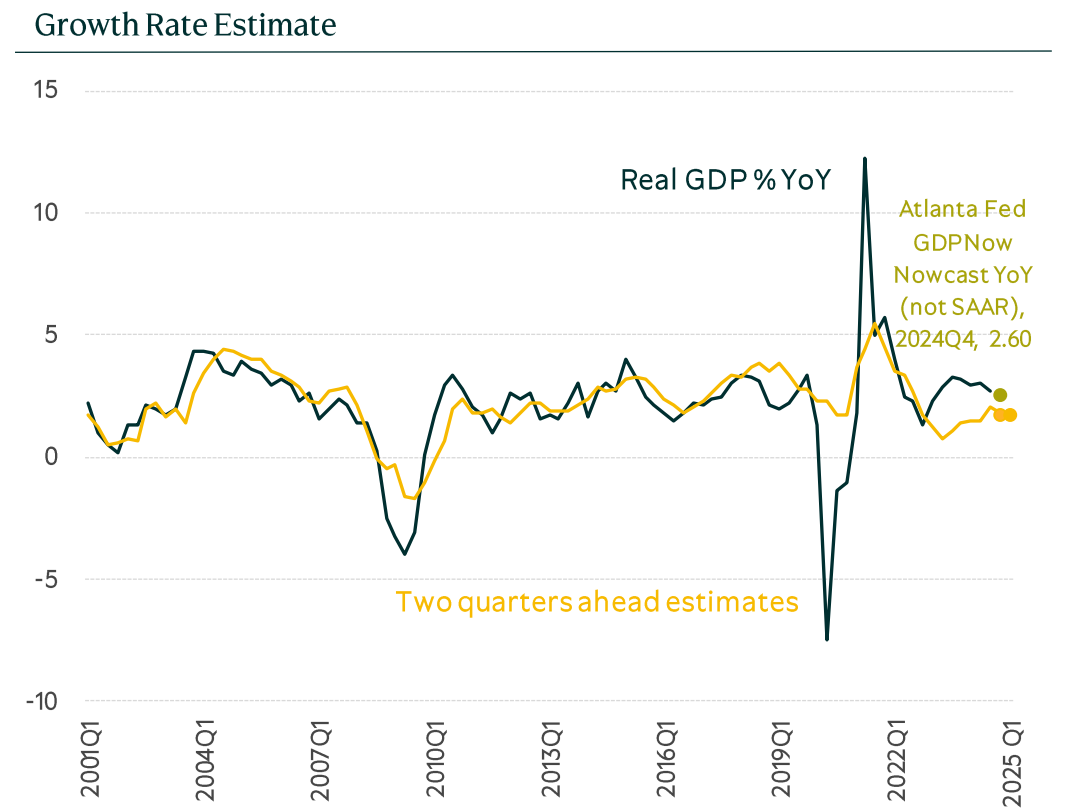
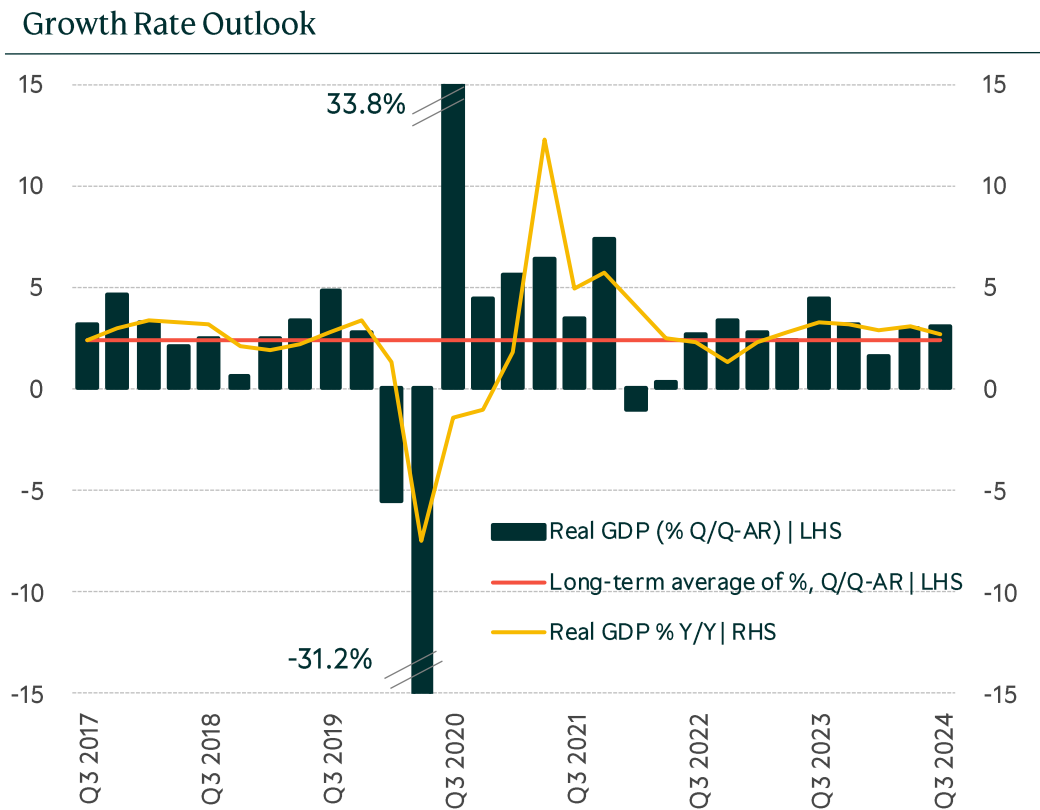
Senior Loan Officer Opinion Survey on Bank Lending Practices



M2 growth vs GDP

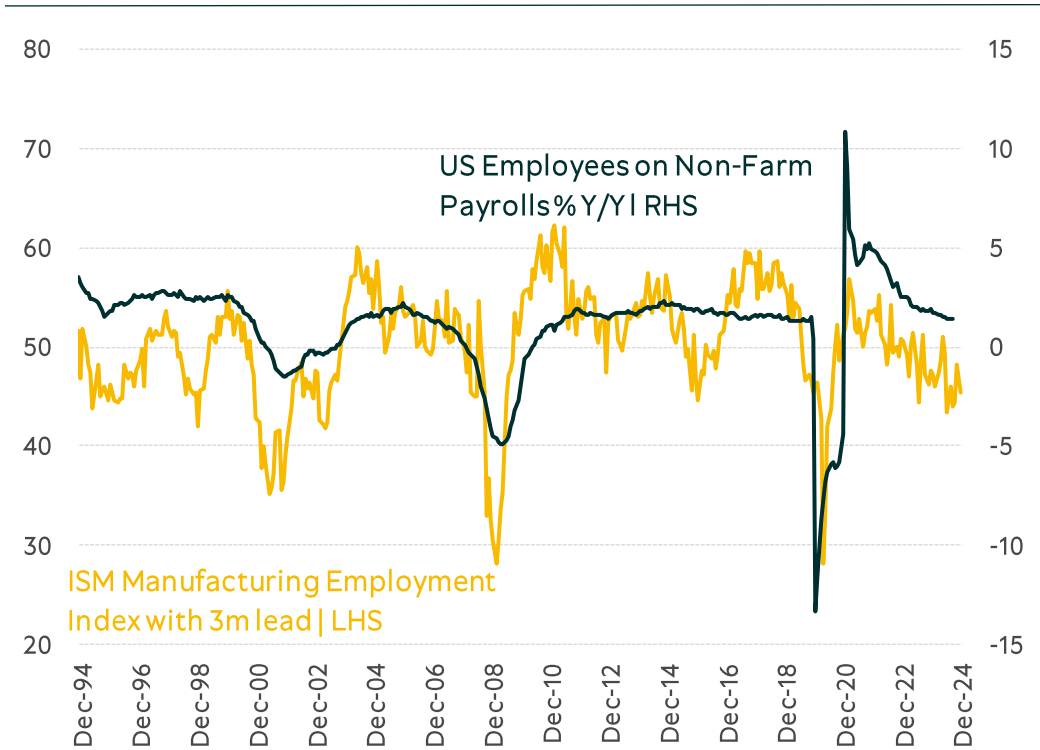


US GDP Outlook | GDP growth is projected to slow down over the next two quarters and is anticipated to grow below trend in 2025

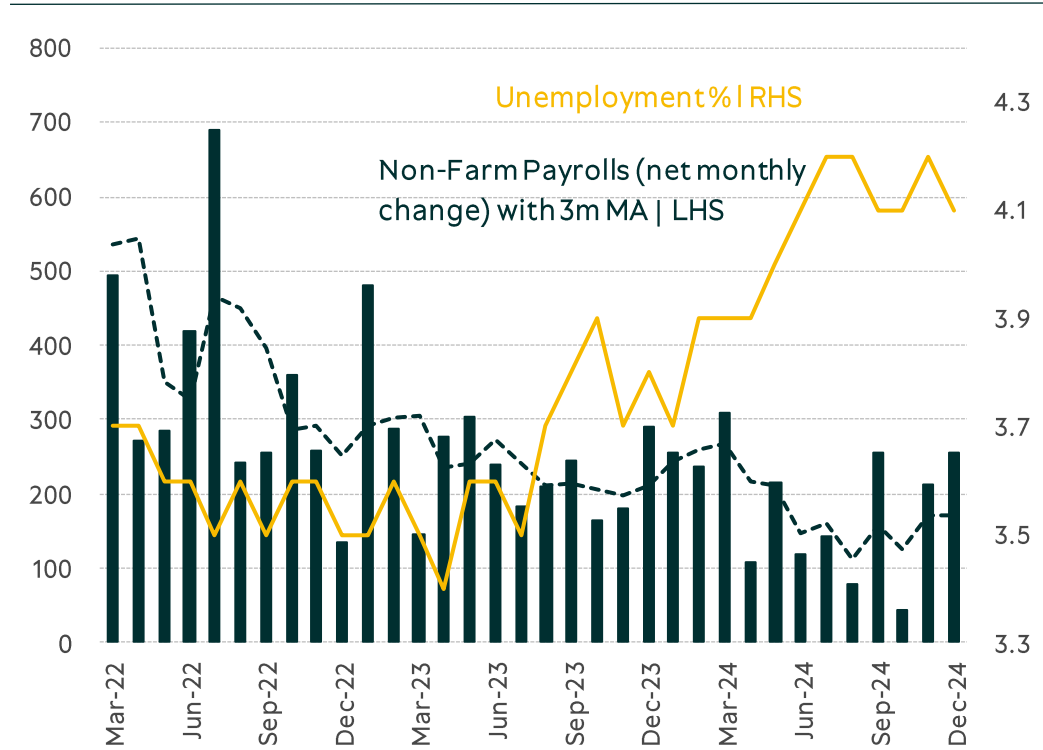


US Labor Market | The decline in the ISM Employment Index reflects ongoing challenges in the sector. Non-Farm Payrolls improved further in December and the unemployment rate fell back to 4.1%.

Employment & Leading Manufacturing Indicator

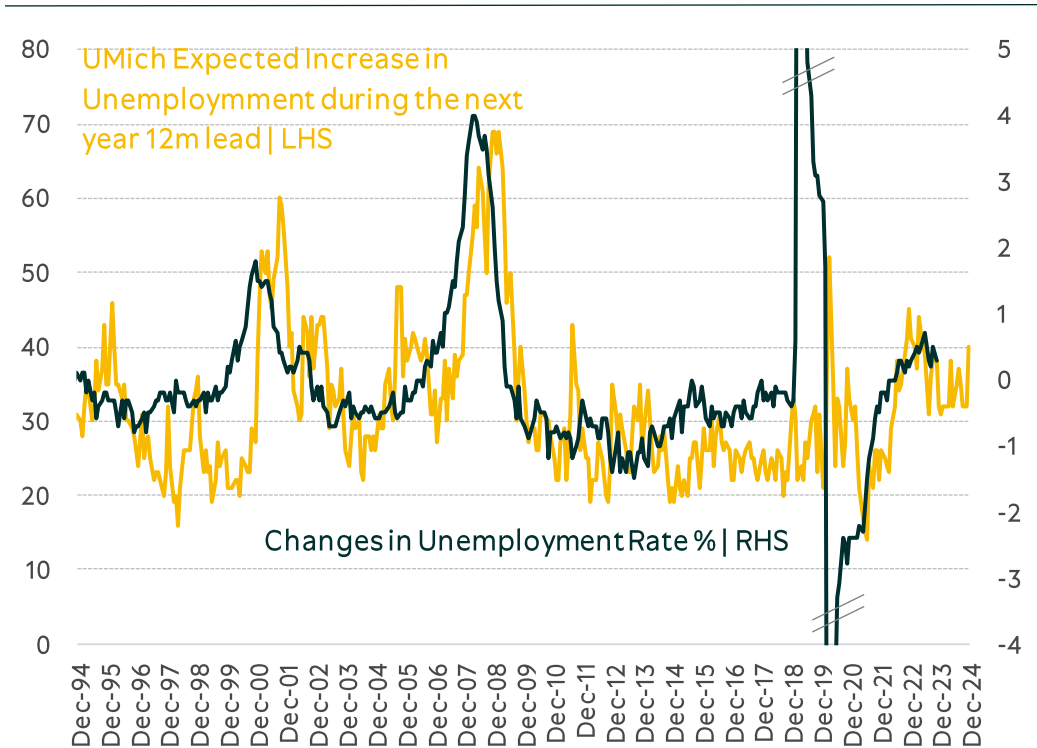


Nonfarm payrolls & Unemployment

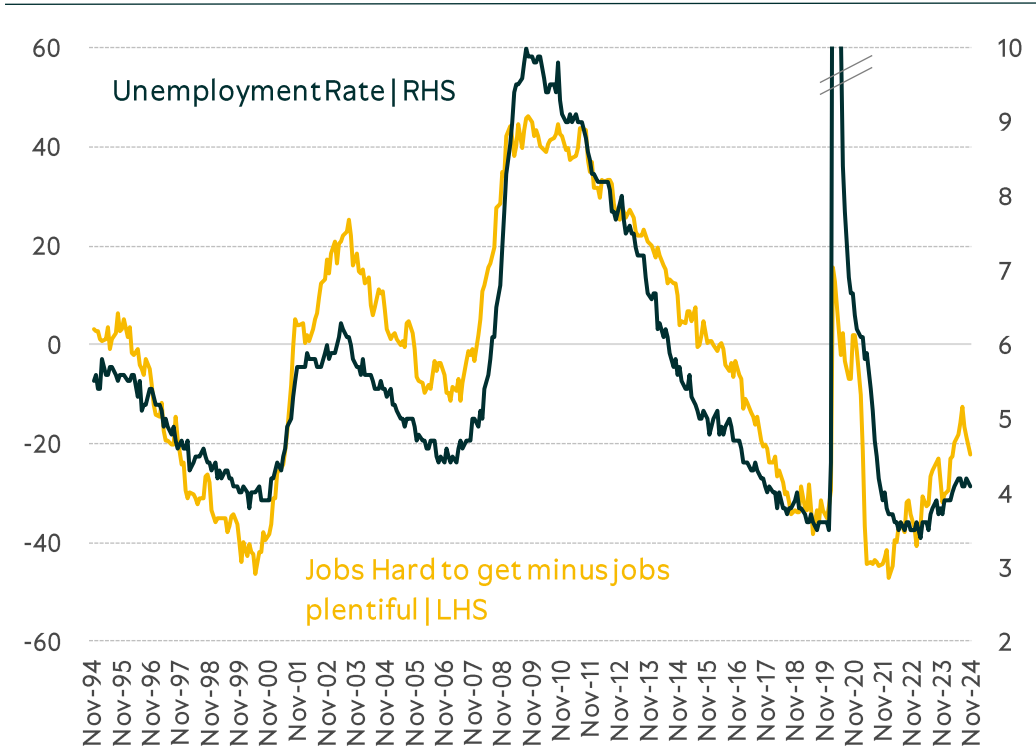


US Labor Market | Increase in unemployment expectations in December. The gap between those saying jobs were hard to get and jobs were plentiful narrowed for a third month running

Unemployment Rate & UMich expected increase in unemployment 1yr ahead

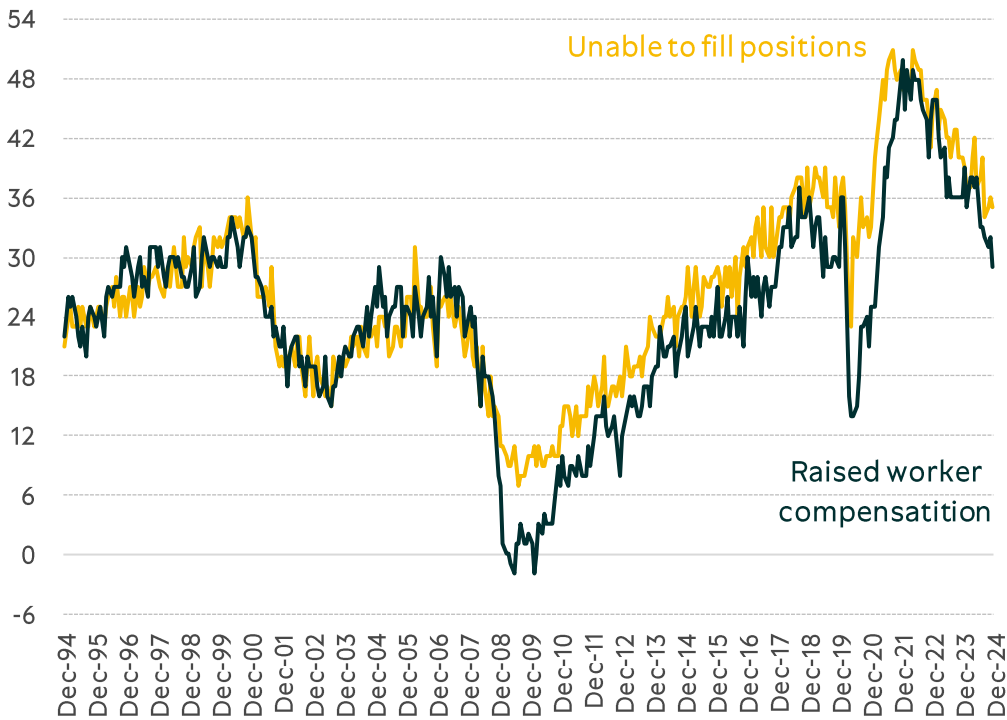


Conference Board Labor market differential & Unemployment rate

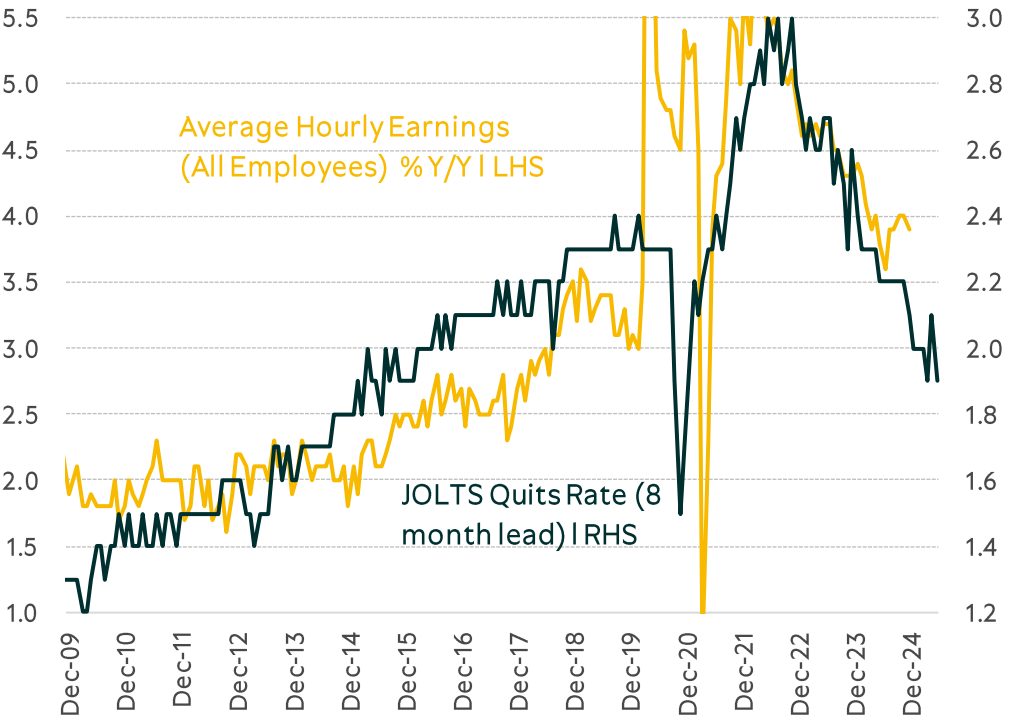


US Labor Market | NFIB survey and JOLTS Quits Rate remains positive for wage deceleration

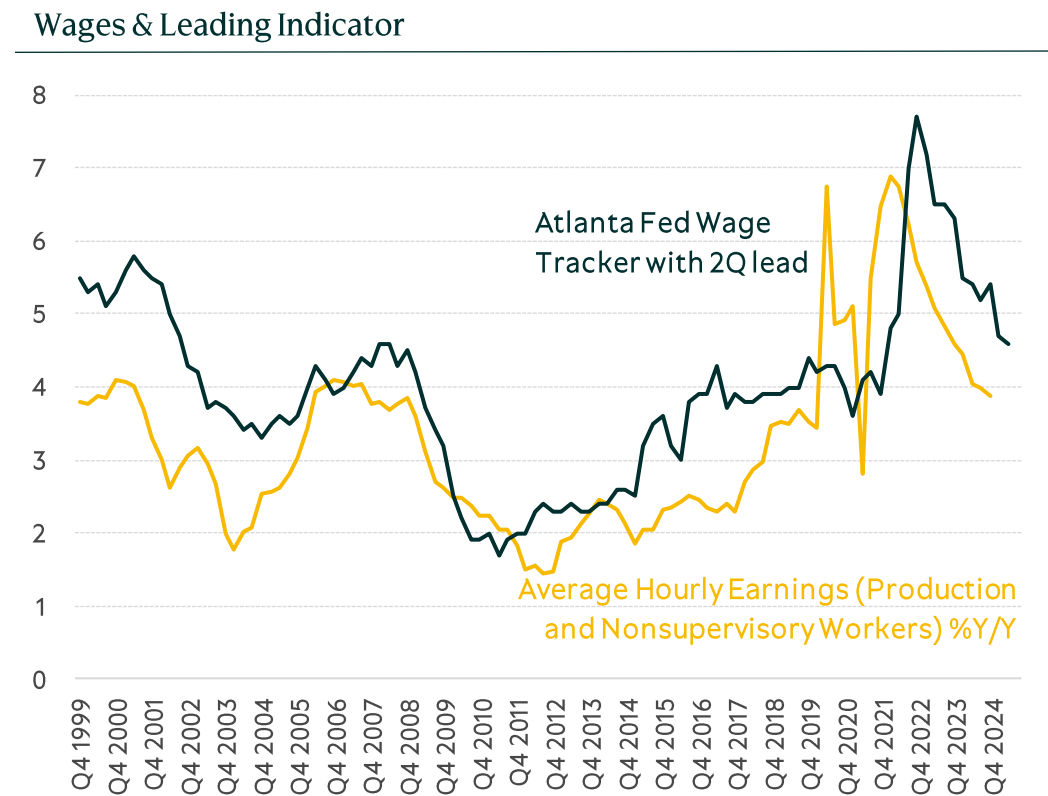
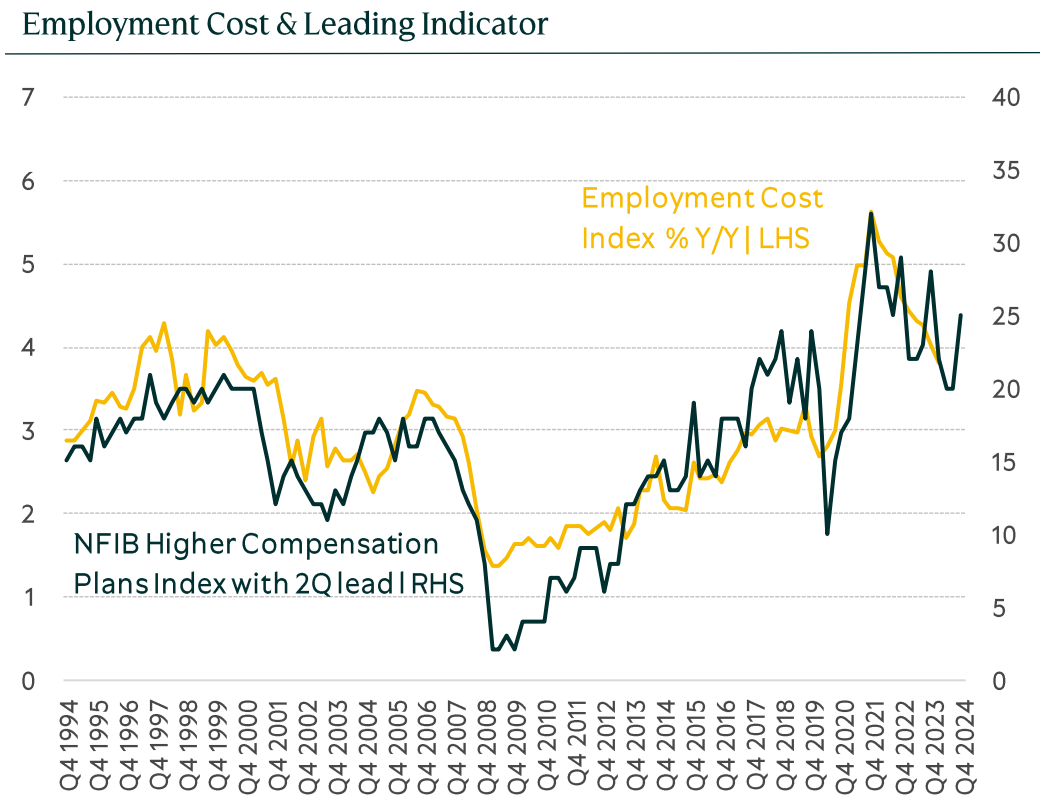
US NFIB small business survey



Wages & Quits Rate

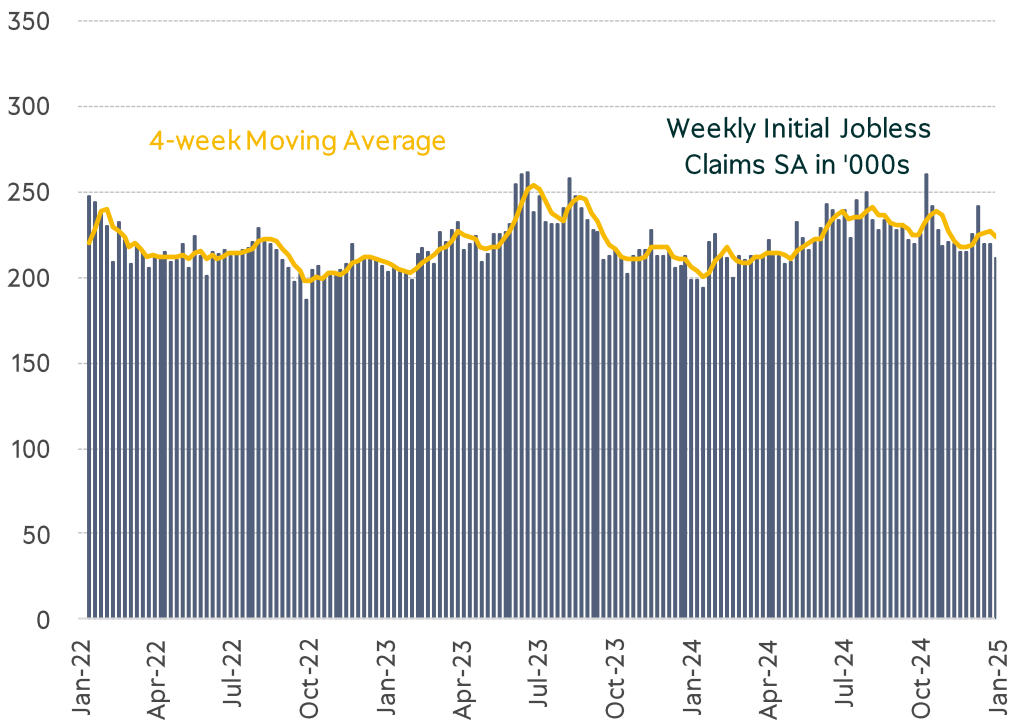


US Wage Tracker | Wage growth rates show signs of gradual deceleration, although approximately a third of small businesses continue to struggle to attract and retain qualified workers

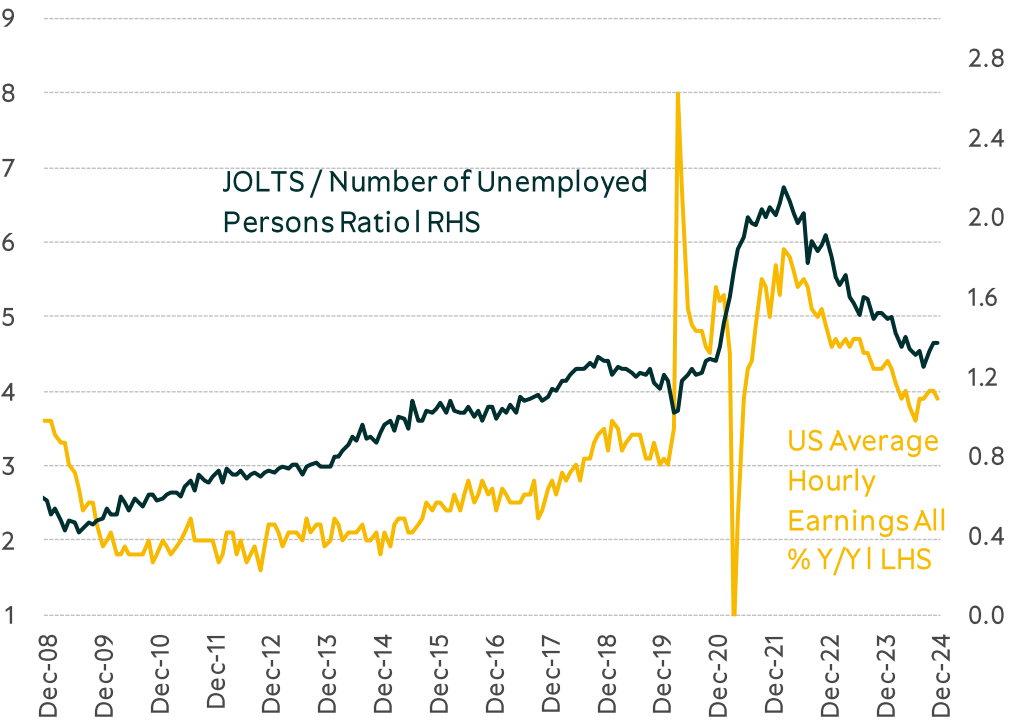


US Labor Market | Labor market is stabilising

Weekly Initial Jobless Claims

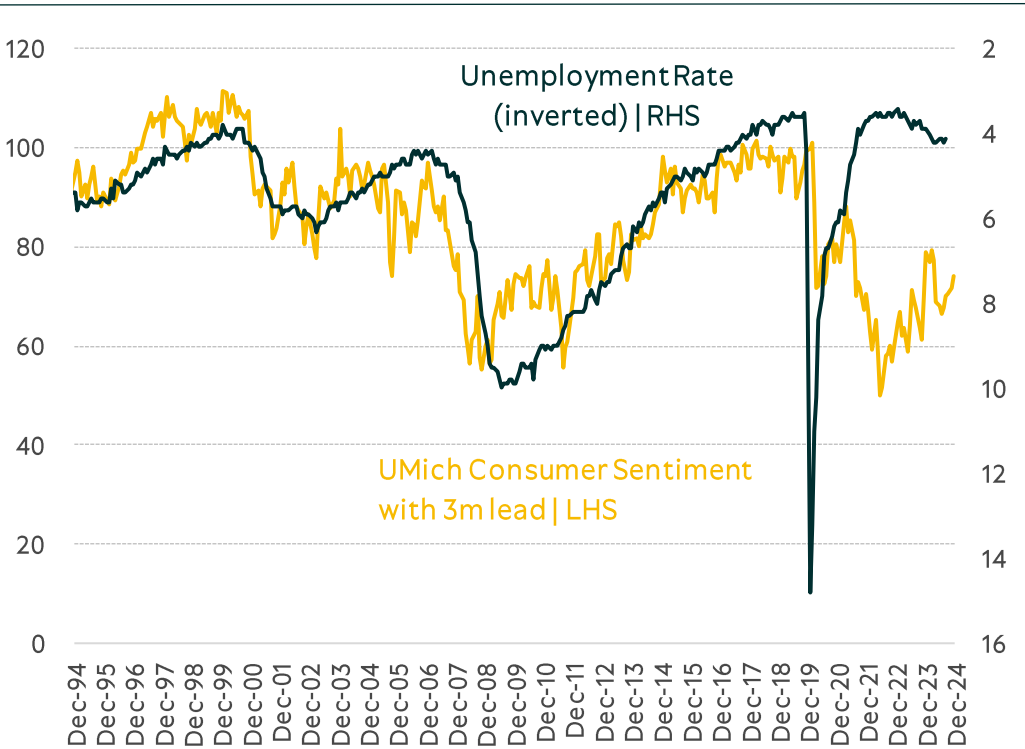


Demand & Supply in Labour Market

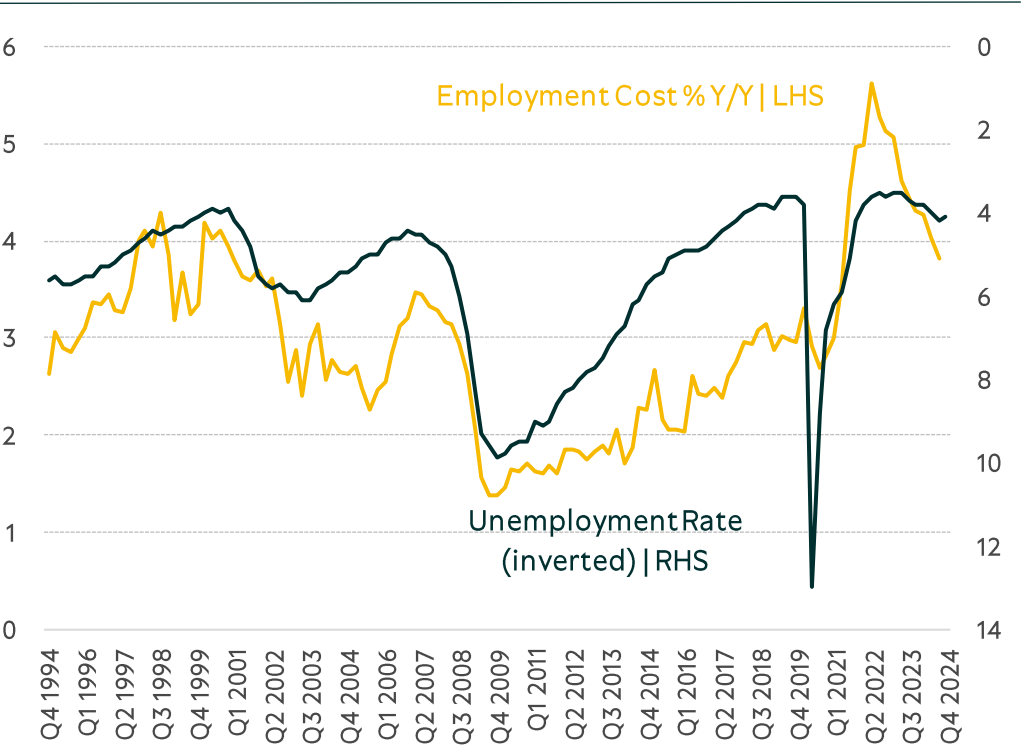


US Labor Market | Unemployment remains low with employment costs coming down slowly

Consumer Sentiment & Unemployment Rate

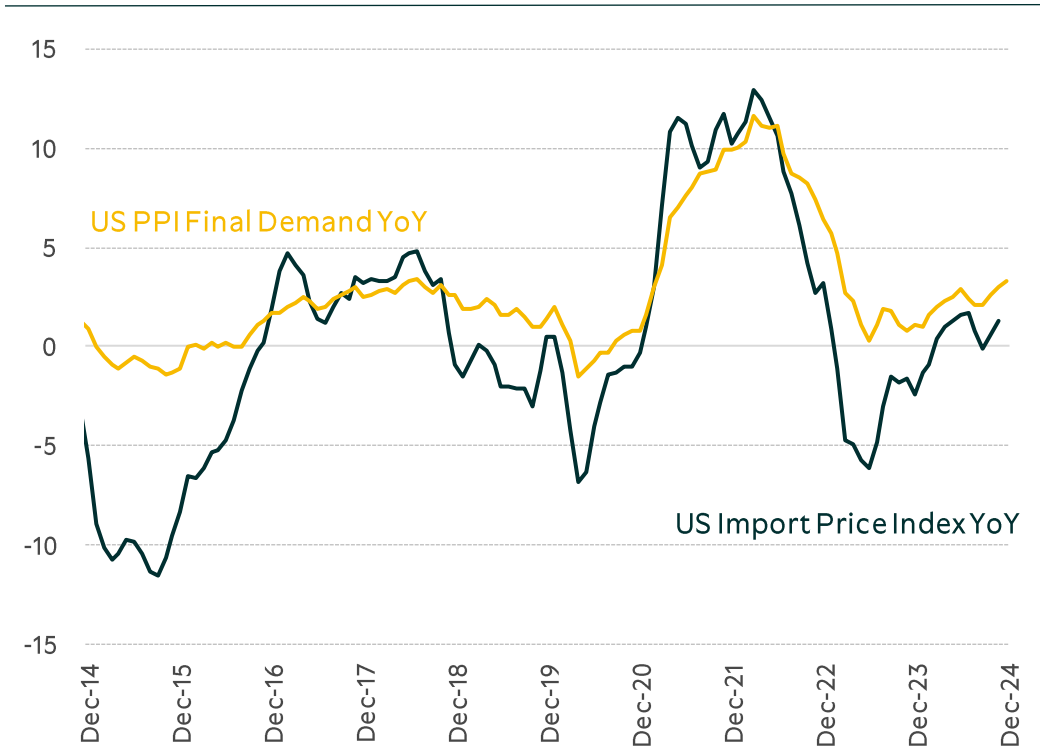


Compensation per Employee & Unemployment Rate

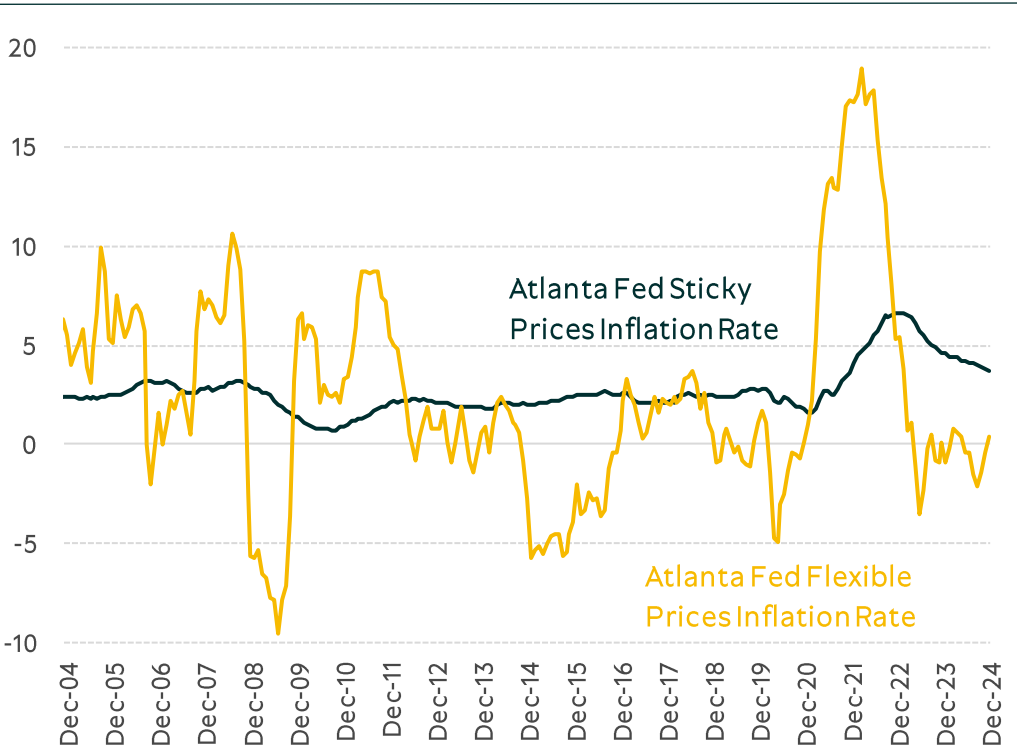


US Alternative Inflation Metrics | Inflation pressures have been limited to the sticky prices segment although there has been an uptick in flexible prices. US Producer prices in December above 3%

Producers Price Index and Import prices

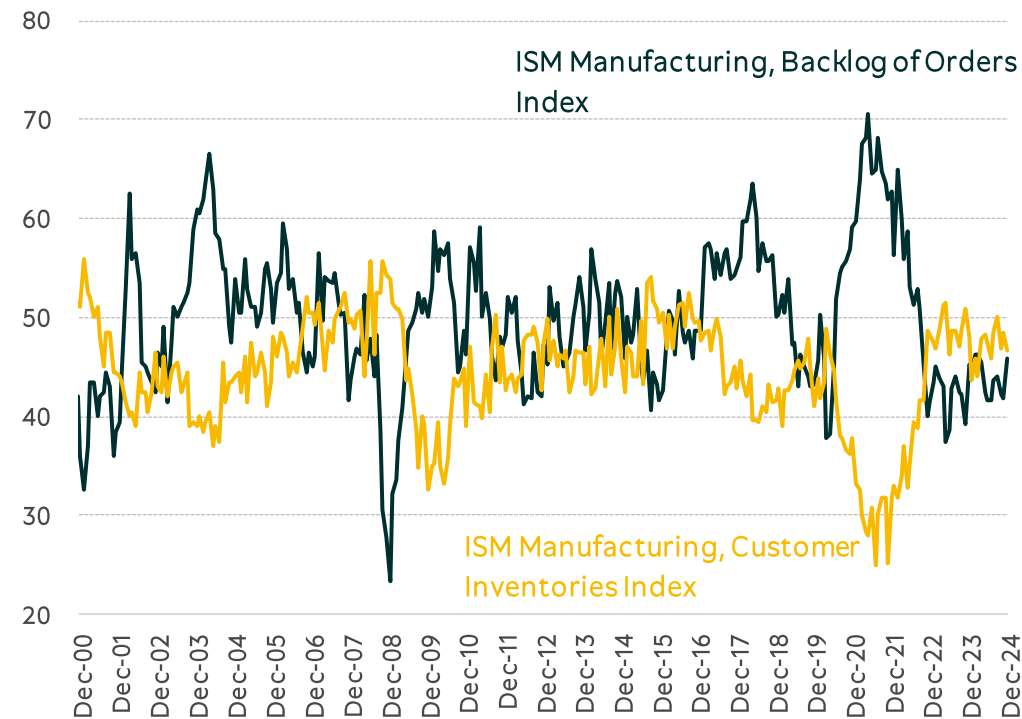


Sticky & Flexible Prices

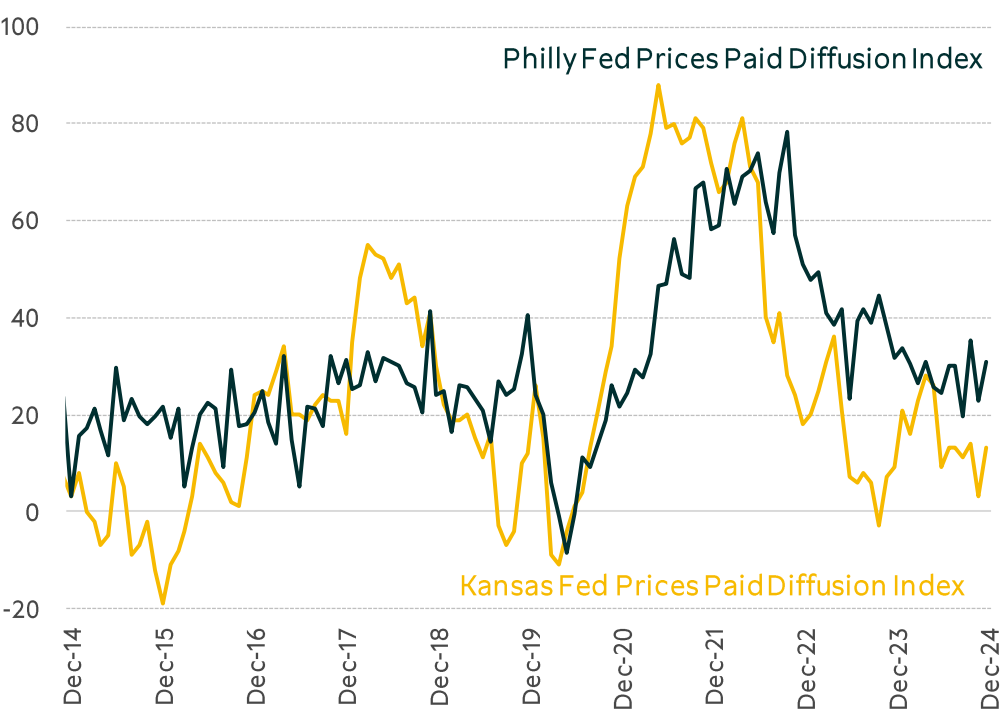


US Supply & Demand Gap | Customer inventories and backlog of orders are converging ; price pressures from regional surveys are once again on the rise

Backlog of Orders & Customer Inventories Relation

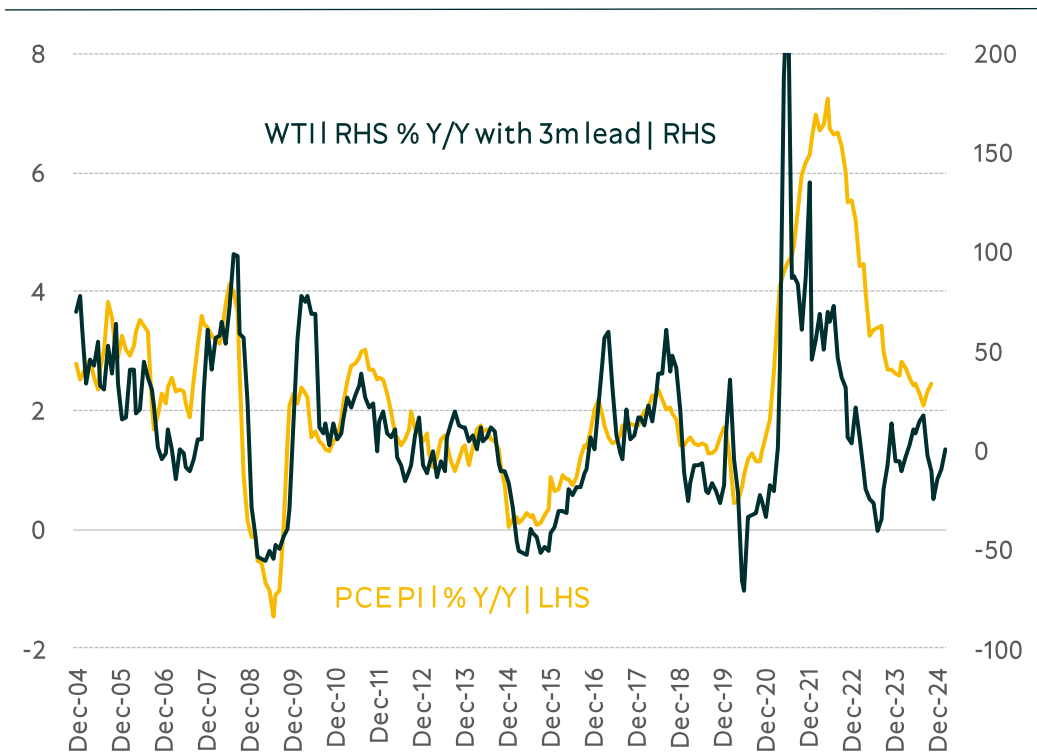


Leading Prices Indicators

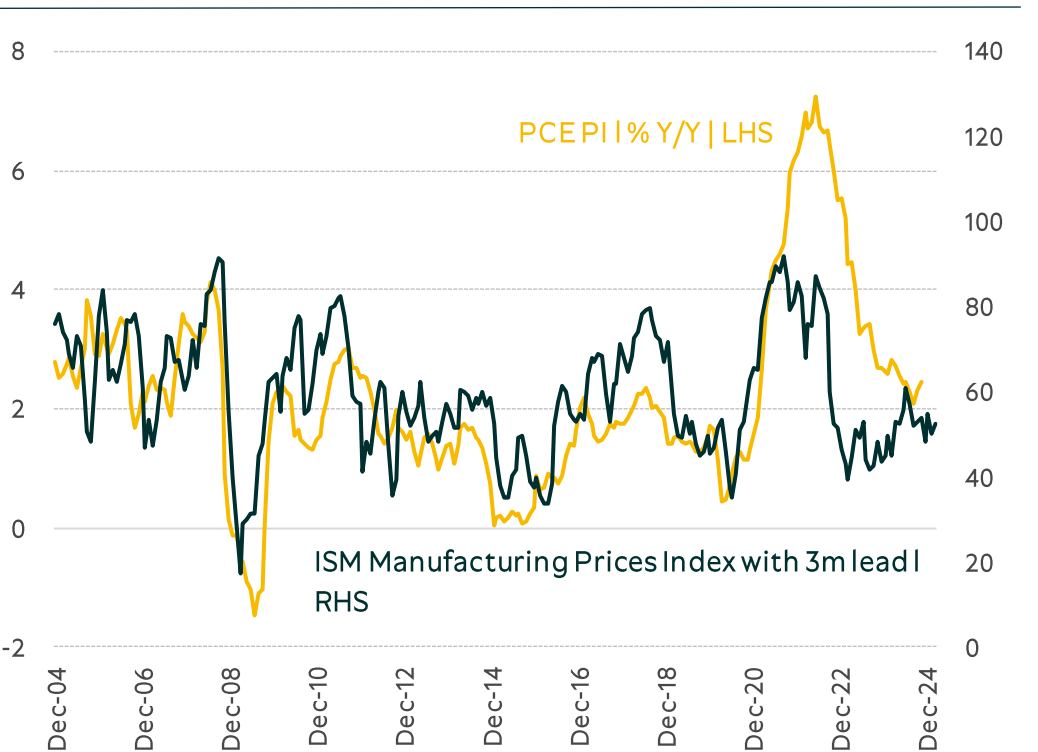


US Inflation & Energy Prices | Leading price indicators point to further gradual inflation moderation ahead

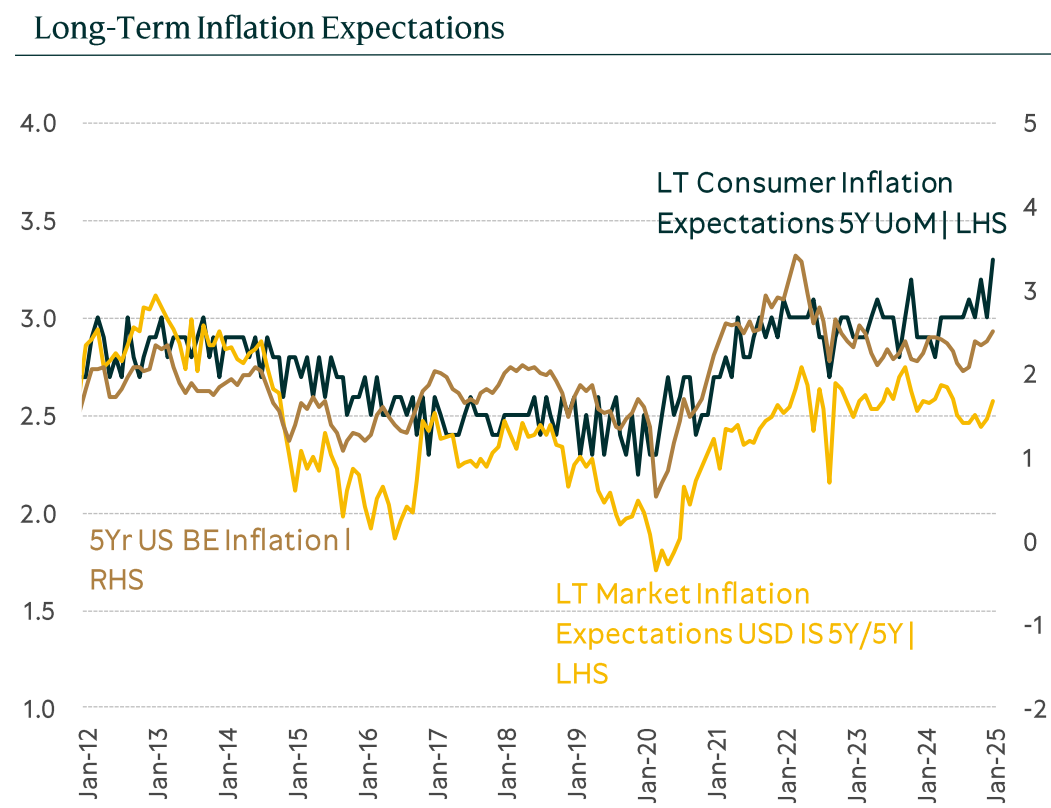
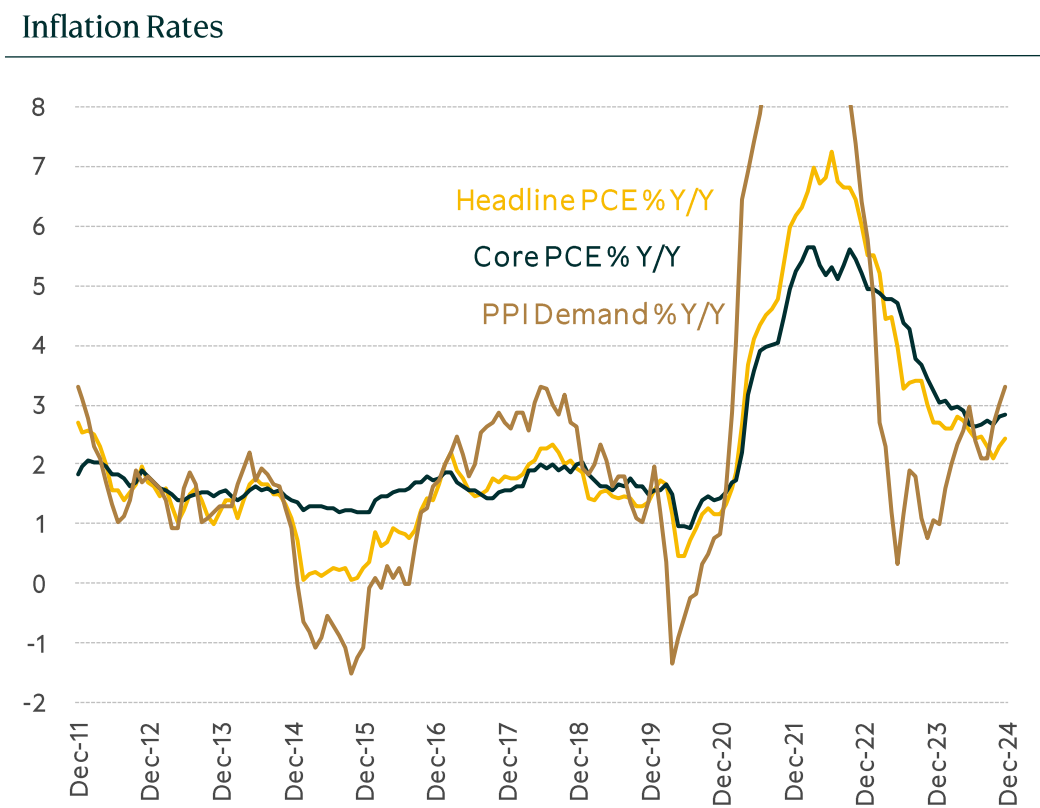
Inflation Rates & Energy Prices



Inflation Rate & Leading Prices Indicator

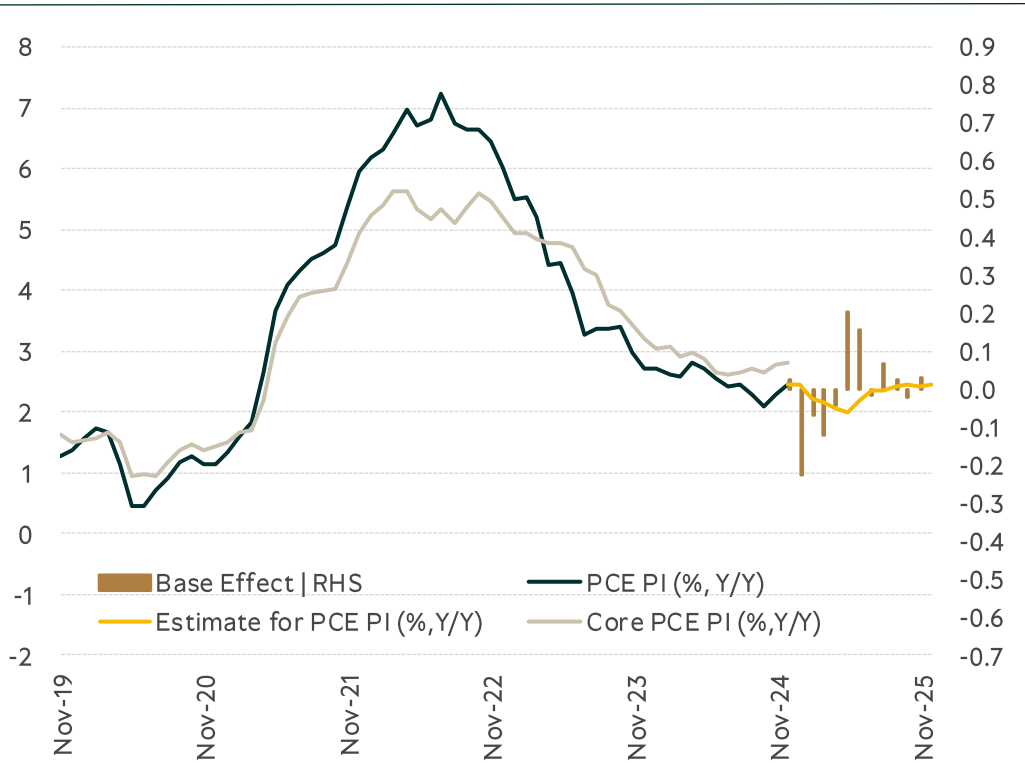


US Headline & Core Inflation | Inflation rate has been slowly moving towards Fed’s target, but long-term market inflation expectations remain near 2.5% and consumer expectations are above 3%.

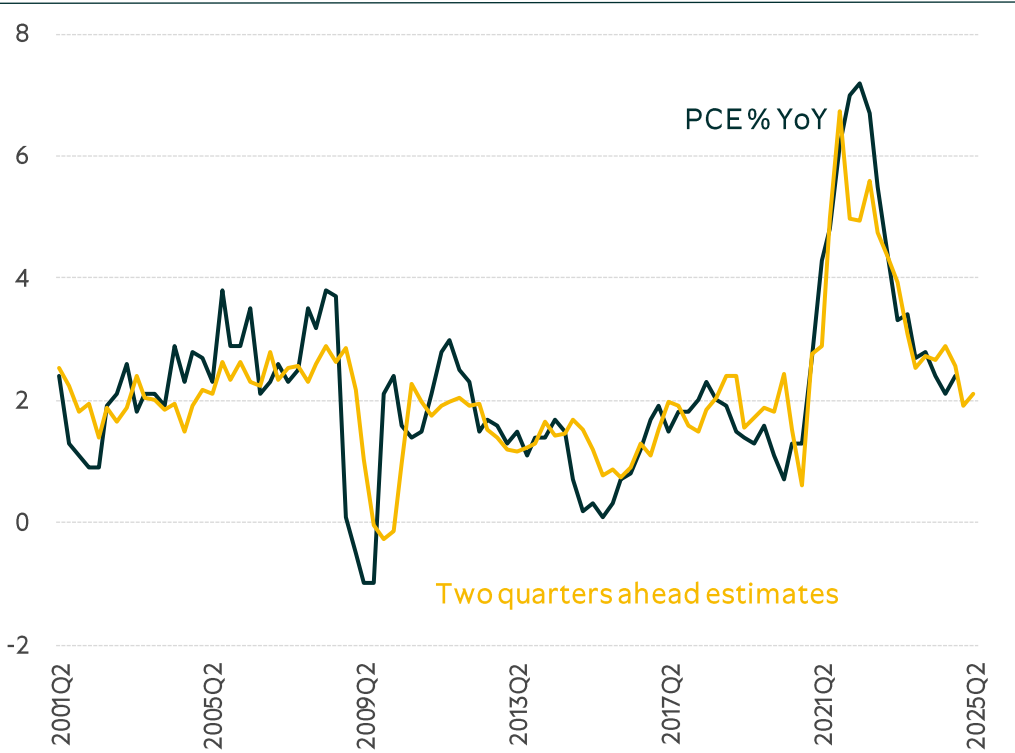


US Inflation Outlook | Base effects and our macro model point to inflation above 2% in 2025

Inflation Rate Forecast | Statistical Model

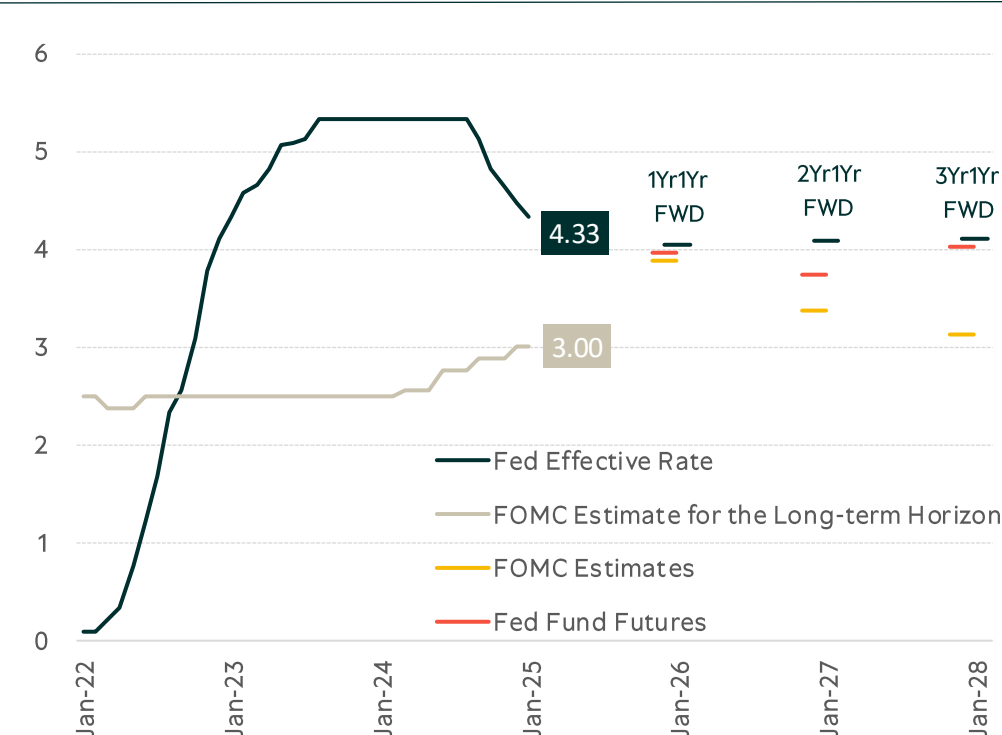


Inflation Rate Forecast | Macro Model

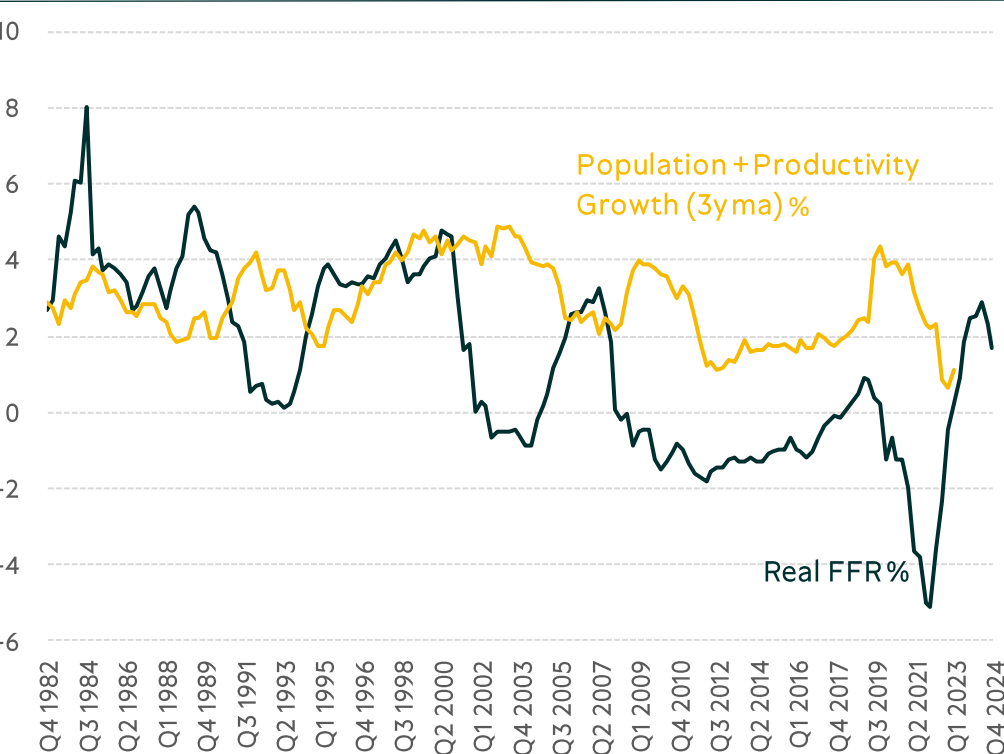


US Interest Rates | Forward rates above FOMC's estimates and long-term target

Interest Rates | Fed Effective Rate

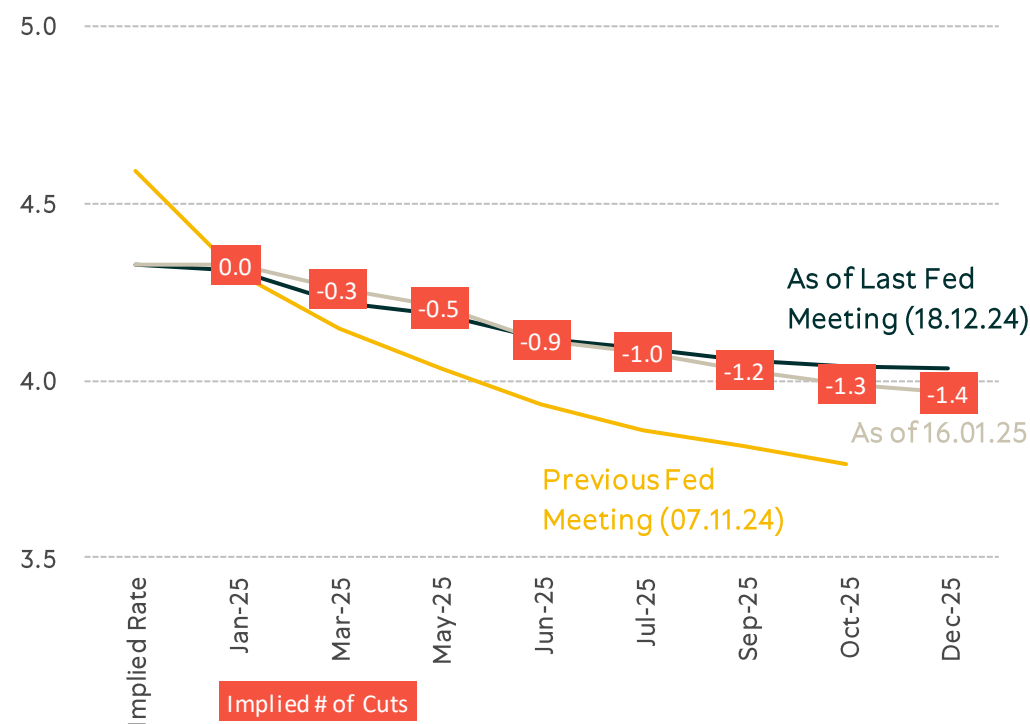


Real FFR (FFR – Core PCE) & Population + Productivity growth (3y ma)

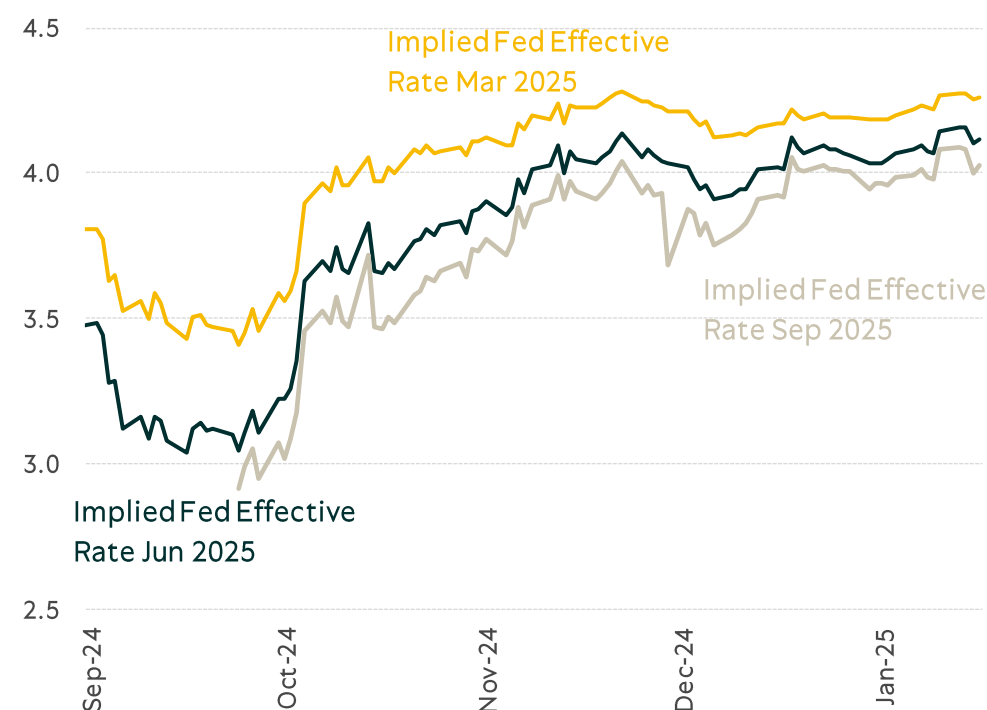


US Interest Rates | A less aggressive rate cut trajectory is anticipated by the markets

Implied Overnight Rate based on Overnight Index Swaps

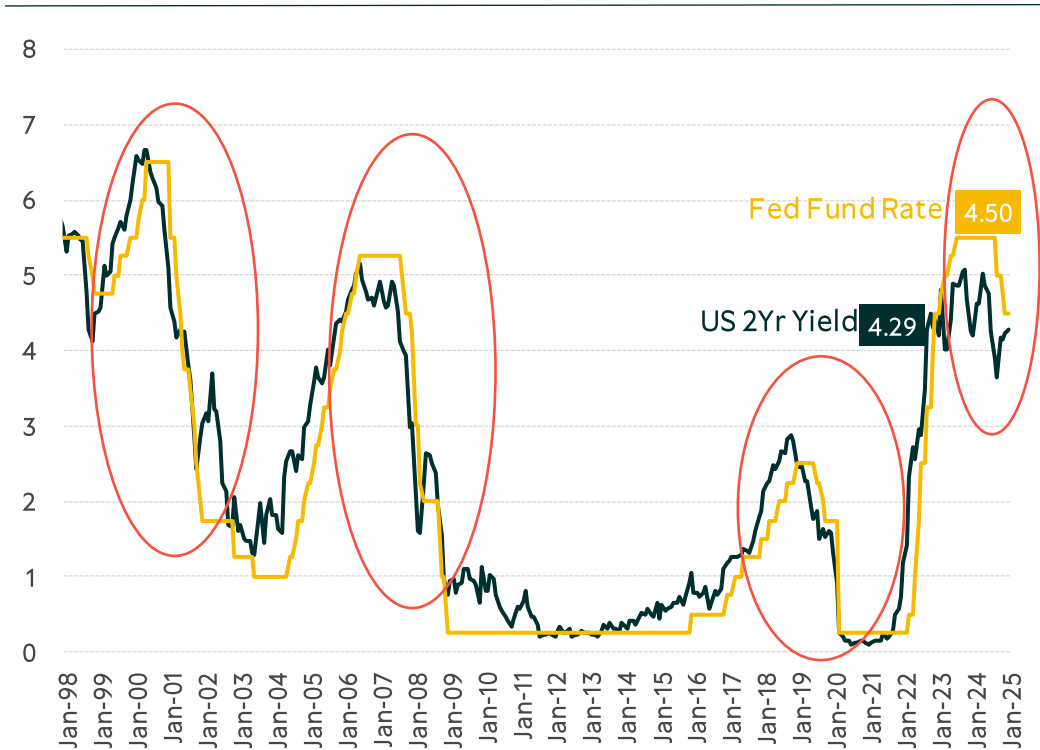


Interest Rates | Implied Fed Effective Rate



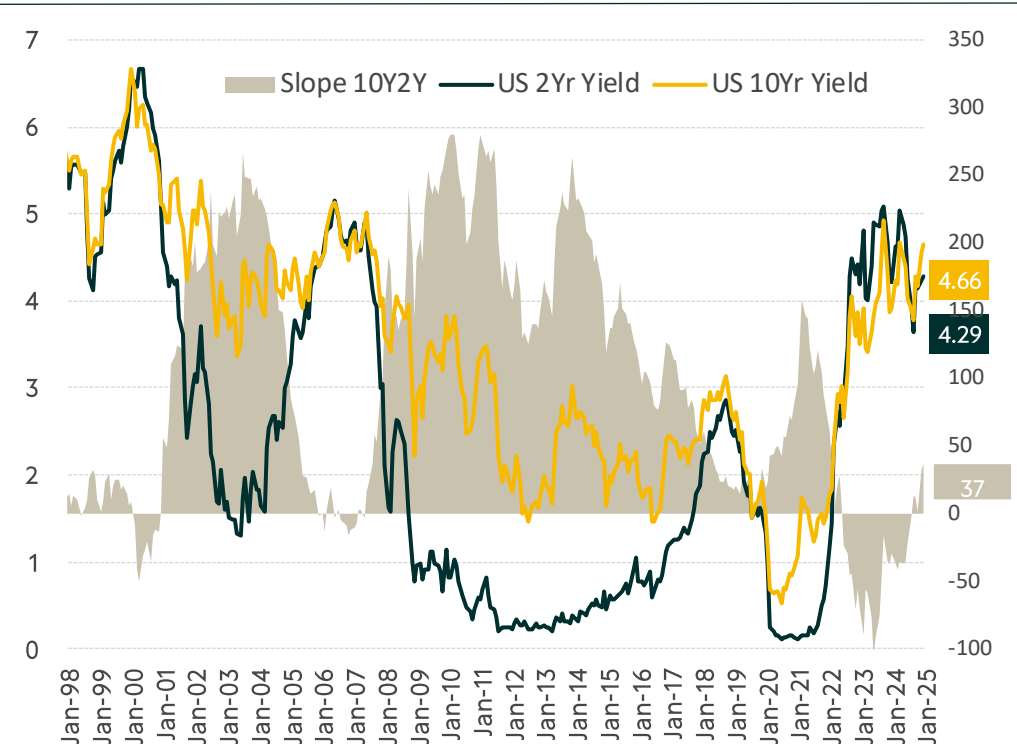
US | The 2/10 yield spread turned positive in August for the first time since mid-2022. In September, the Fed reduced its benchmark interest rate by 50 bps, followed by 25bps cuts in October and in December

Fed Fund Rate & US Treasury Yield



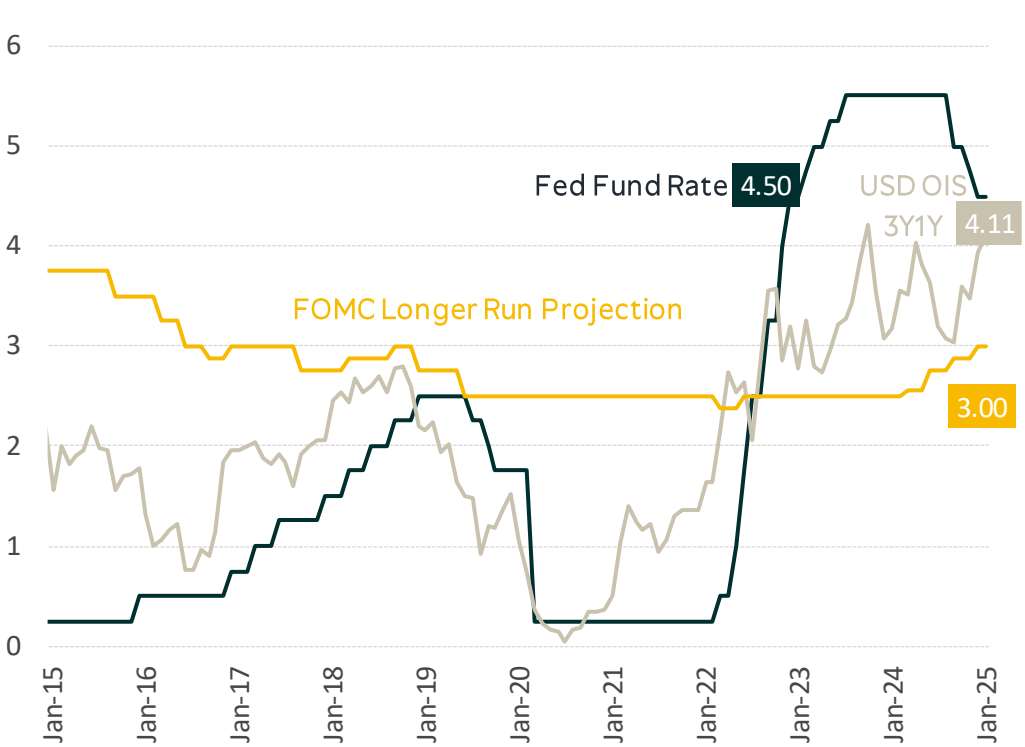
Note: Monthly data apart from the last observation which shows the latest available daily value

US Yield Curve



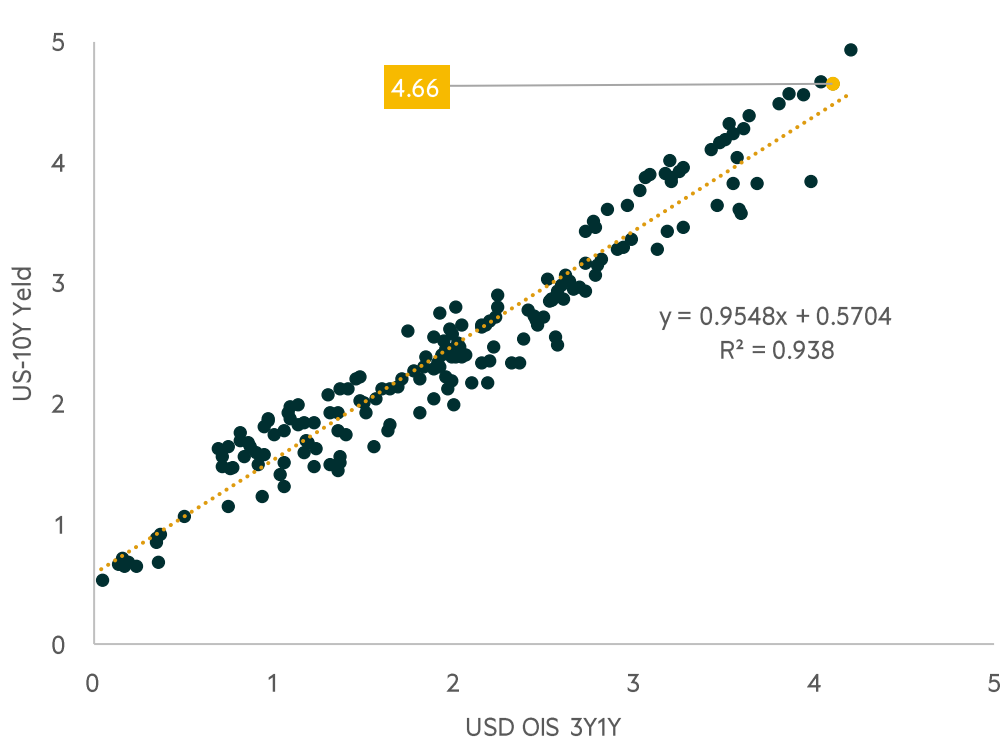
US Long-Term Rates | Even if short-term rates 4 years in the future remain above target (3%), 10-year rates still look too high

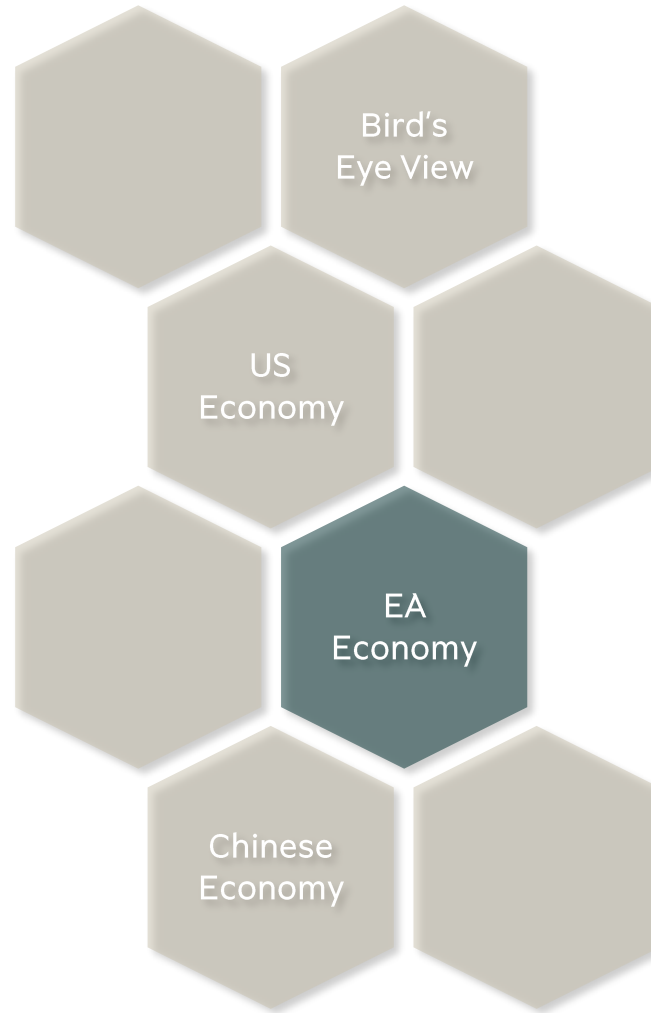
LT Interest Rate Expectations



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

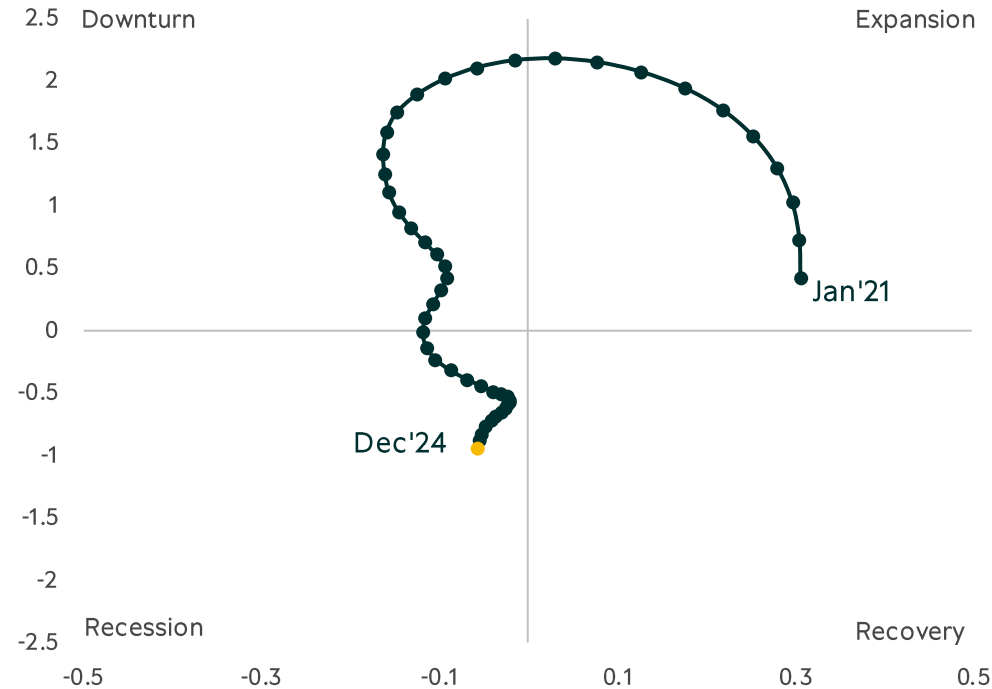
US Yield vs Medium-Term Interest Rate Expectations



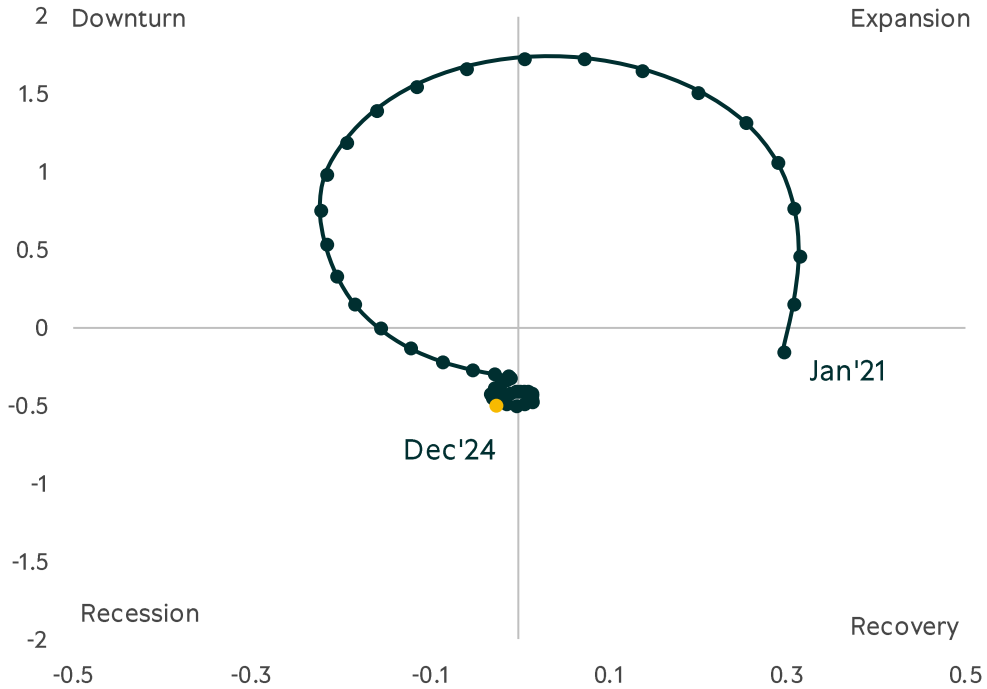


EA Business Cycle Watch | Economic Sentiment in December in recession quartile along with Manufacturing Confidence

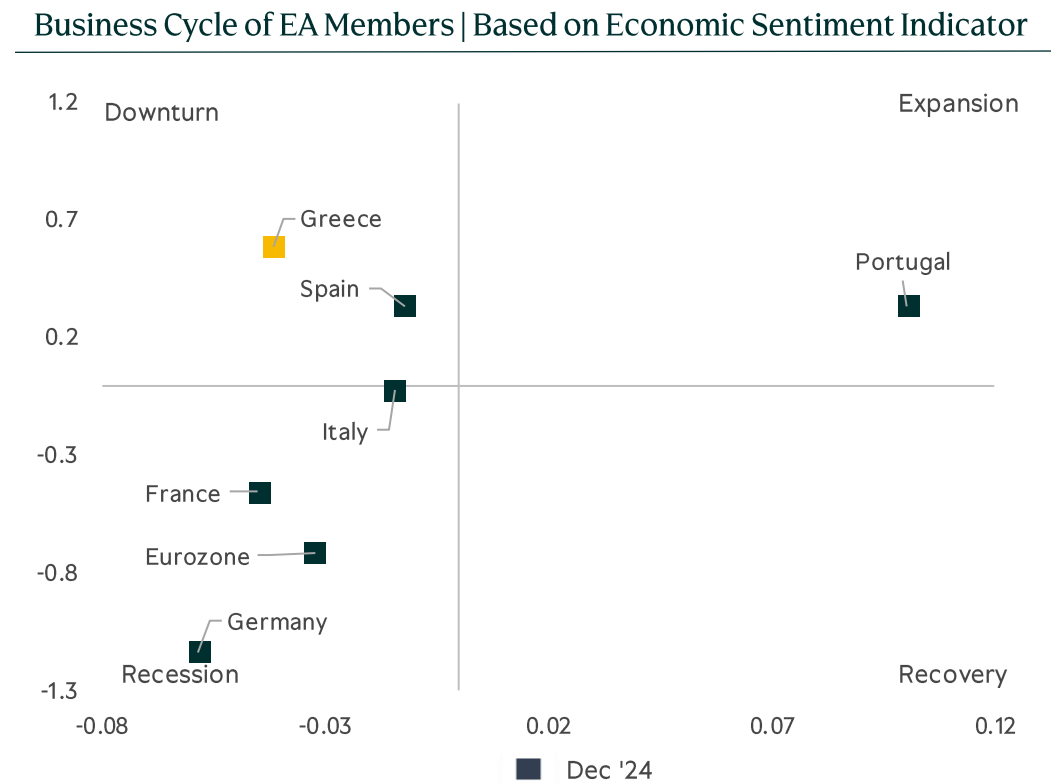
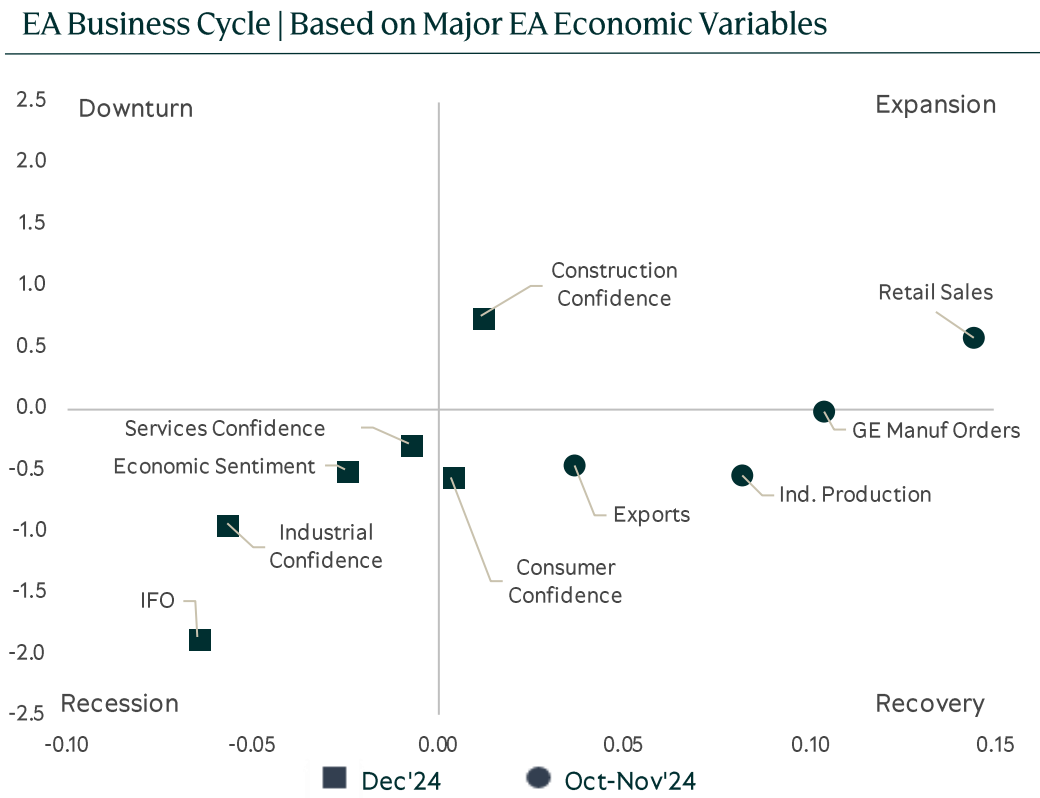
EA Business Cycle | Based on Manufacturing Confidence Indicator



EA Business Cycle | Based on Economic Sentiment Indicator

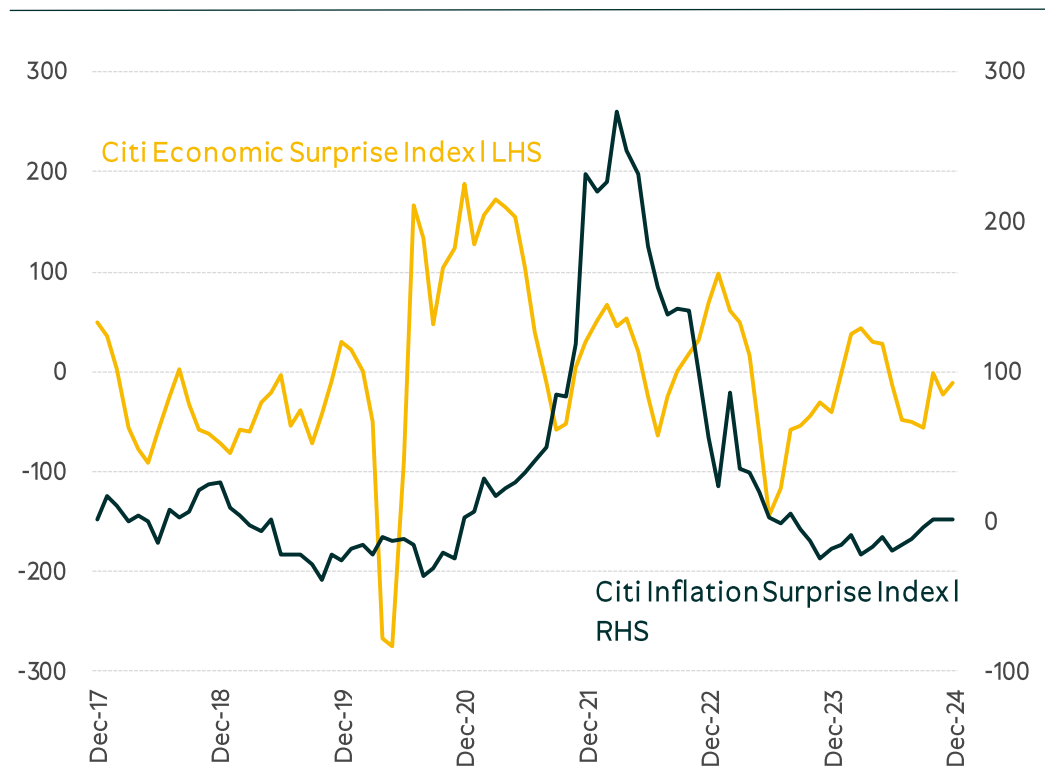


EA Business Cycle | Most EA economic variables stand between recession and recovery, whilst mixed signals are observed on country level

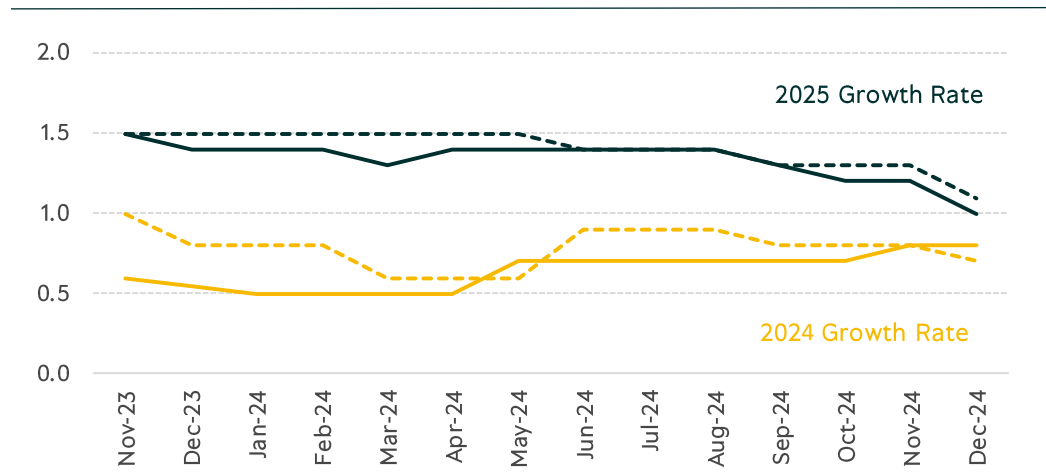


EA Macro Expectations | Economic surprises show some volatility the past months. Worries about inflation eased. Recent uptick mostly due to base effects.

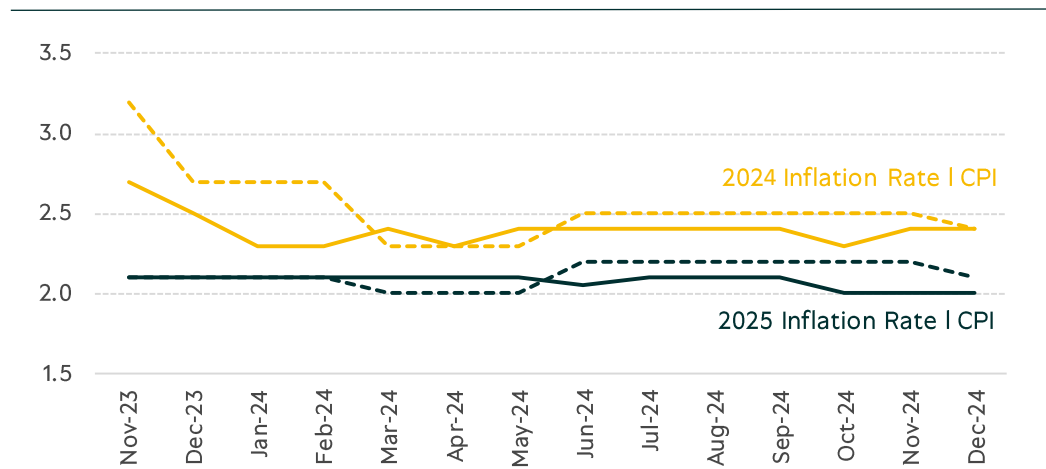
Economic & Inflation Surprises



Growth Rate Expectations*

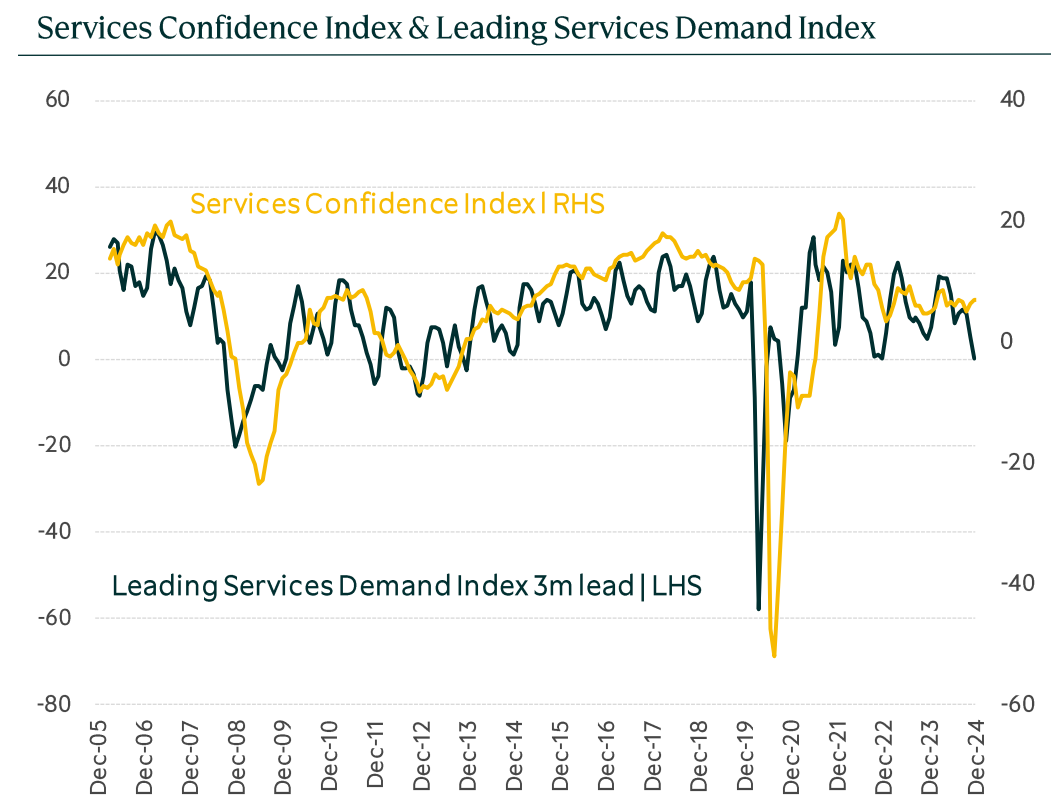
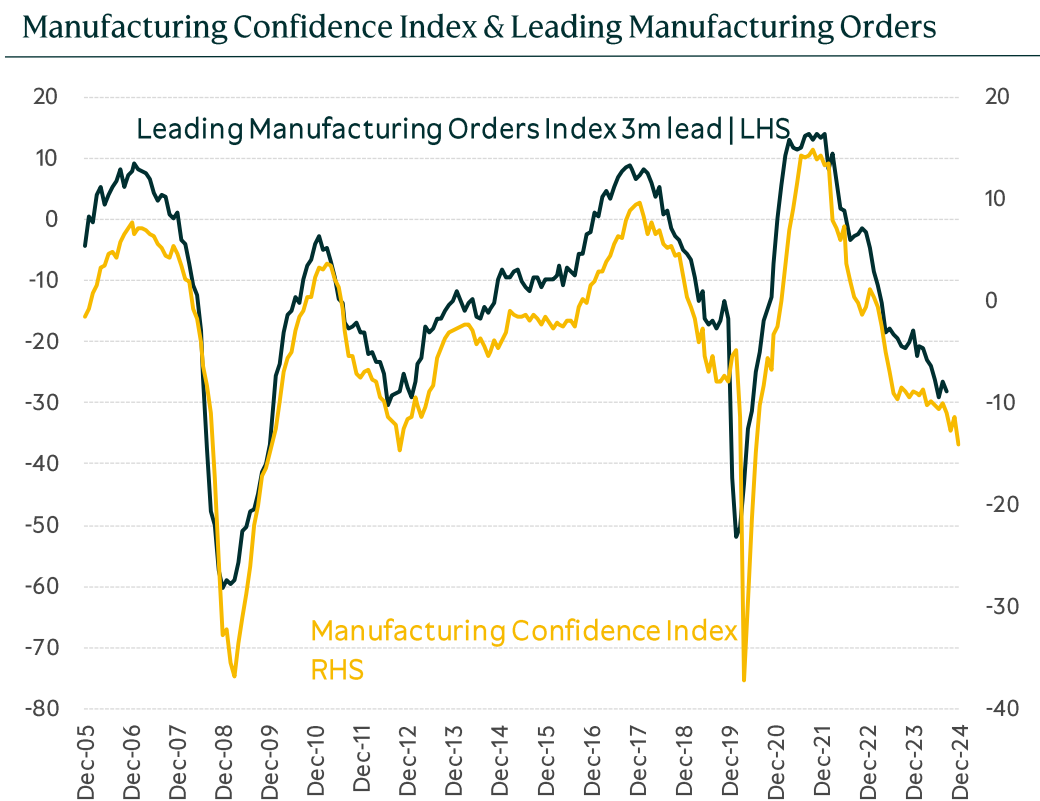


Inflation Rate Expectations*



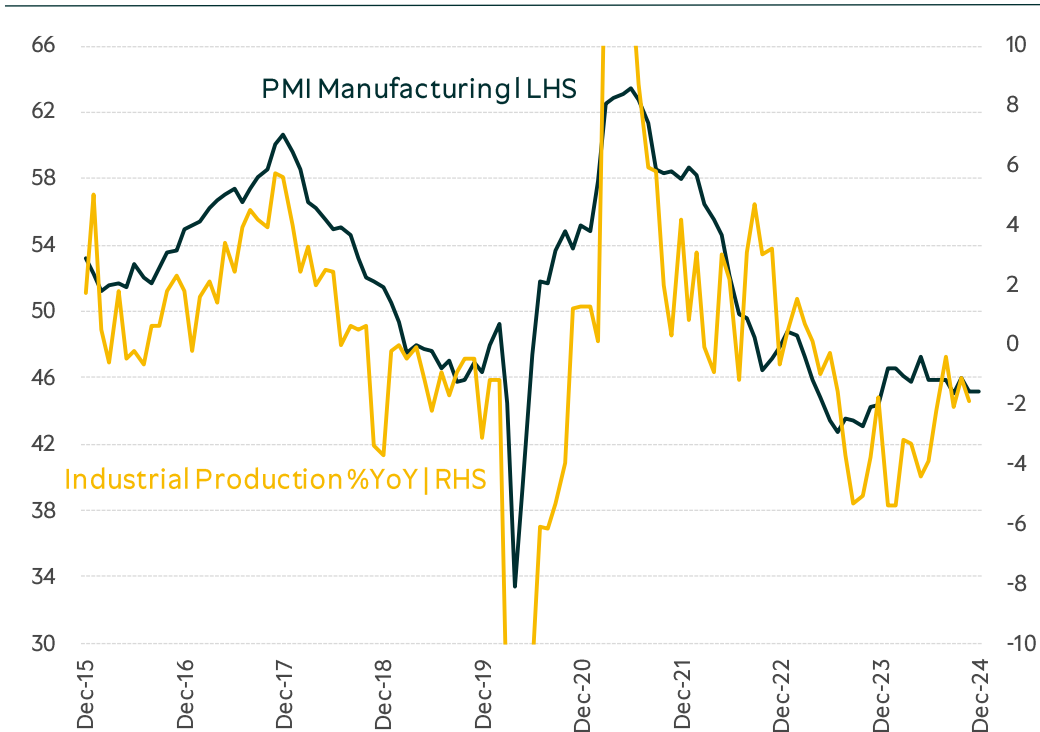
*Solid line: Consensus; Dotted line: ECB projections

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

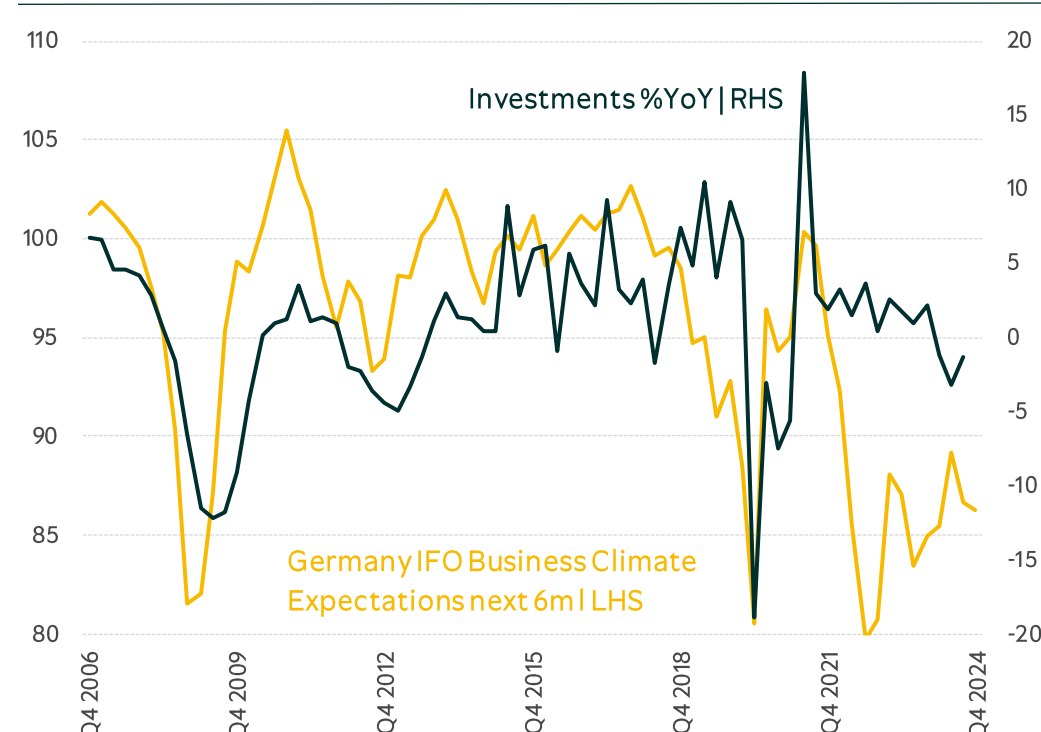


EA Business Conditions | Manufacturing and industrial production remain vulnerable. Business investments ticked up.

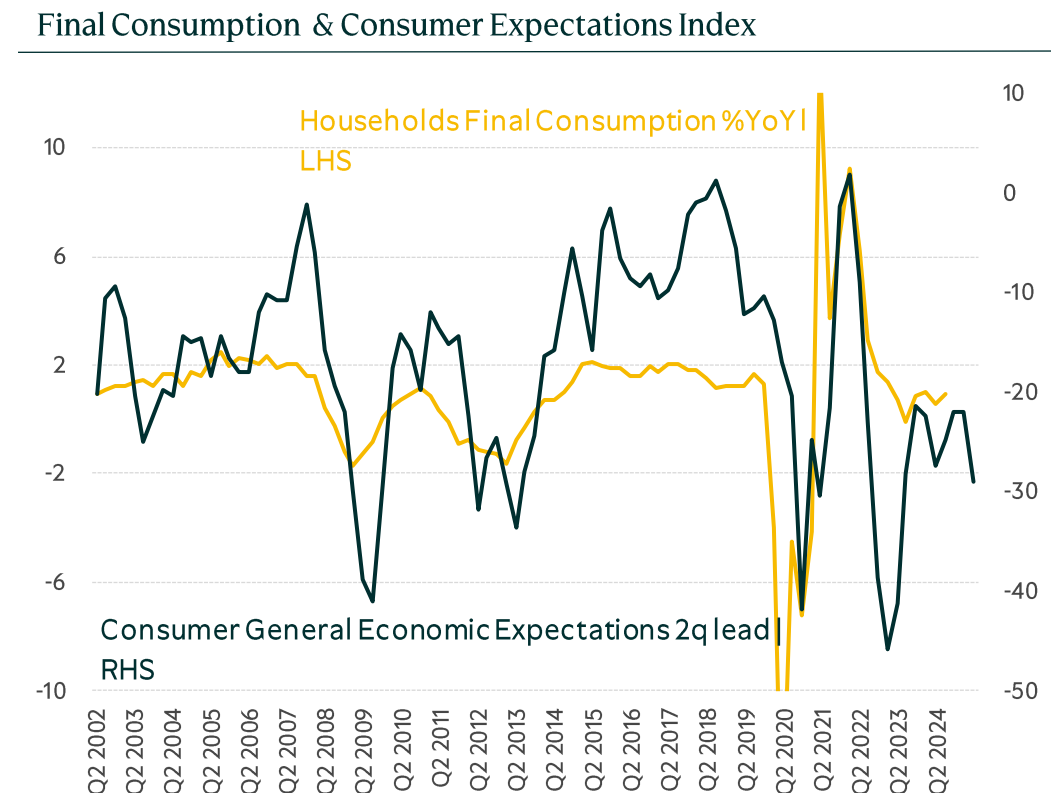
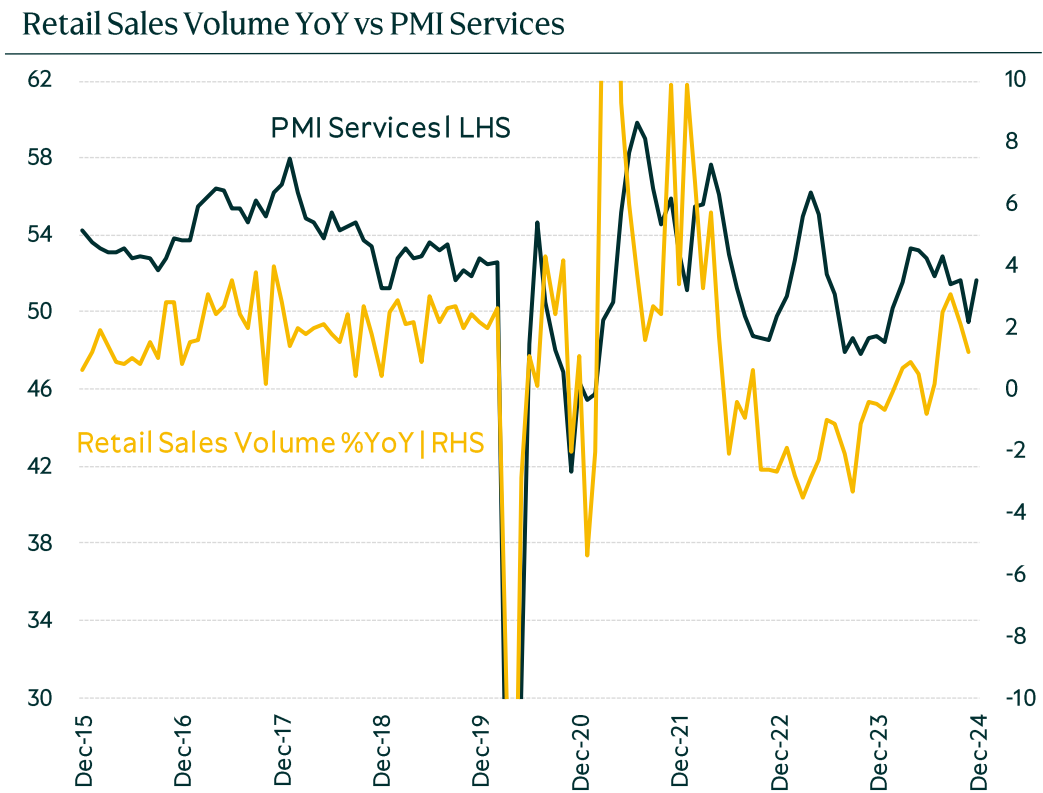
Industrial Production YoY vs PMI Manufacturing



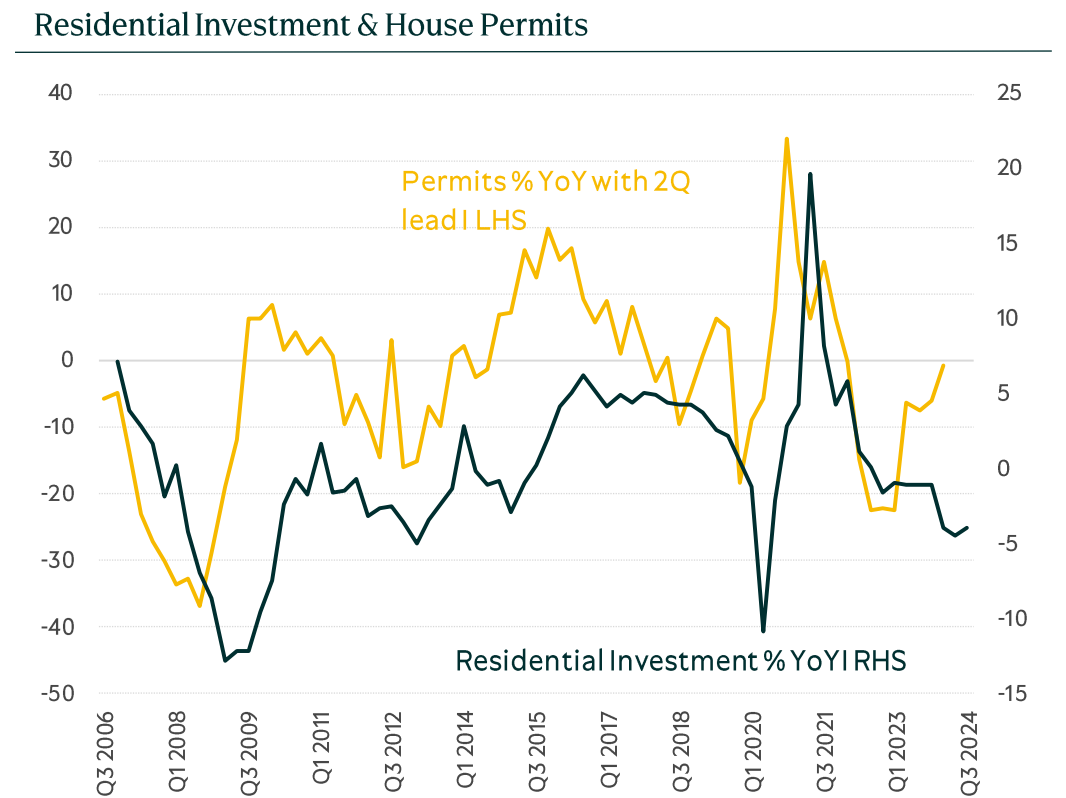
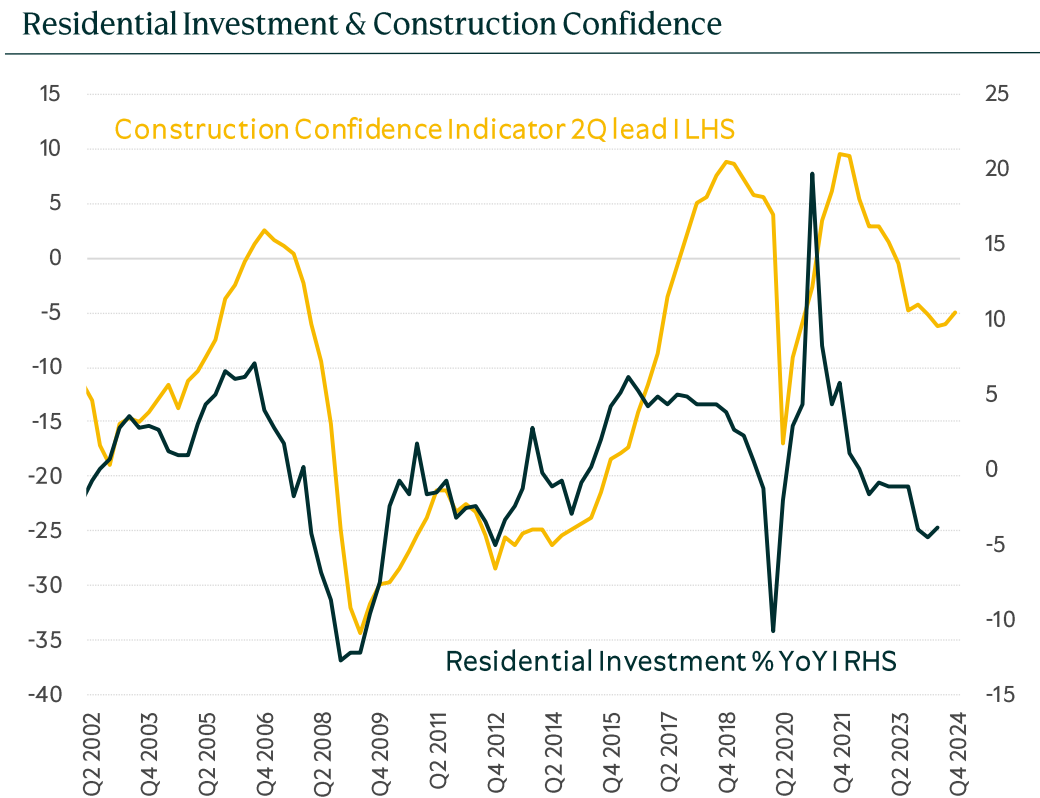
IFO Expectations & Business Investment



EA Business Conditions | Retail spending is a possible tailwind to EA growth as it remains in positive territory, though growing at a slower pace.

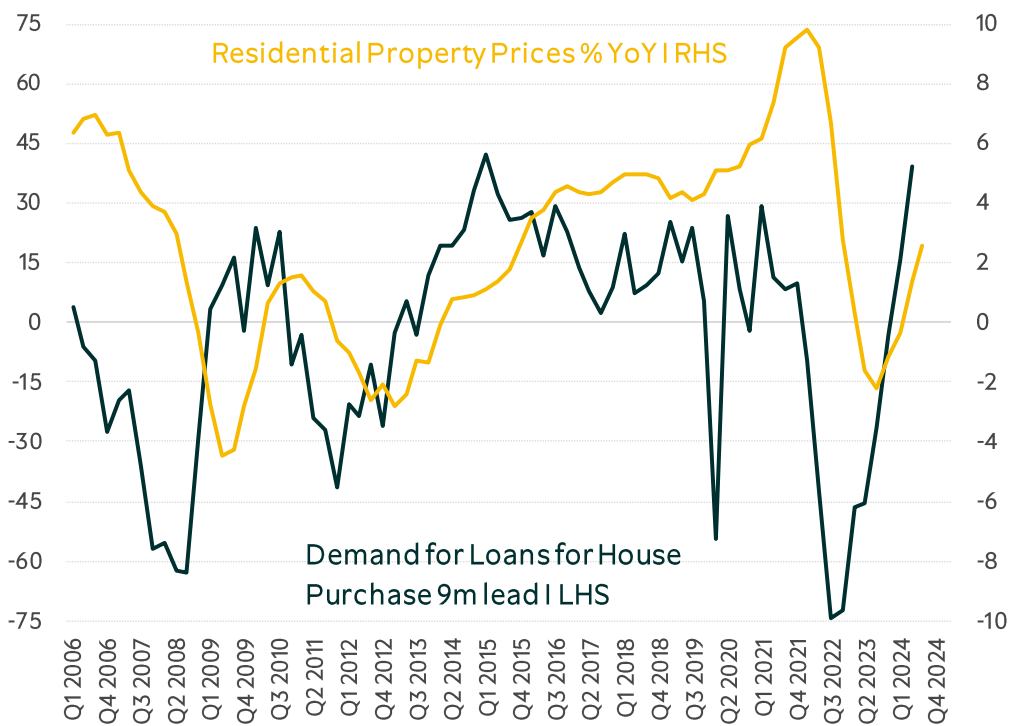


EA Construction | Residential activity gives positive signals as Construction Confidence on an upward trend. Permits and the latest uptick in residential investments provide a glimmer of hope.

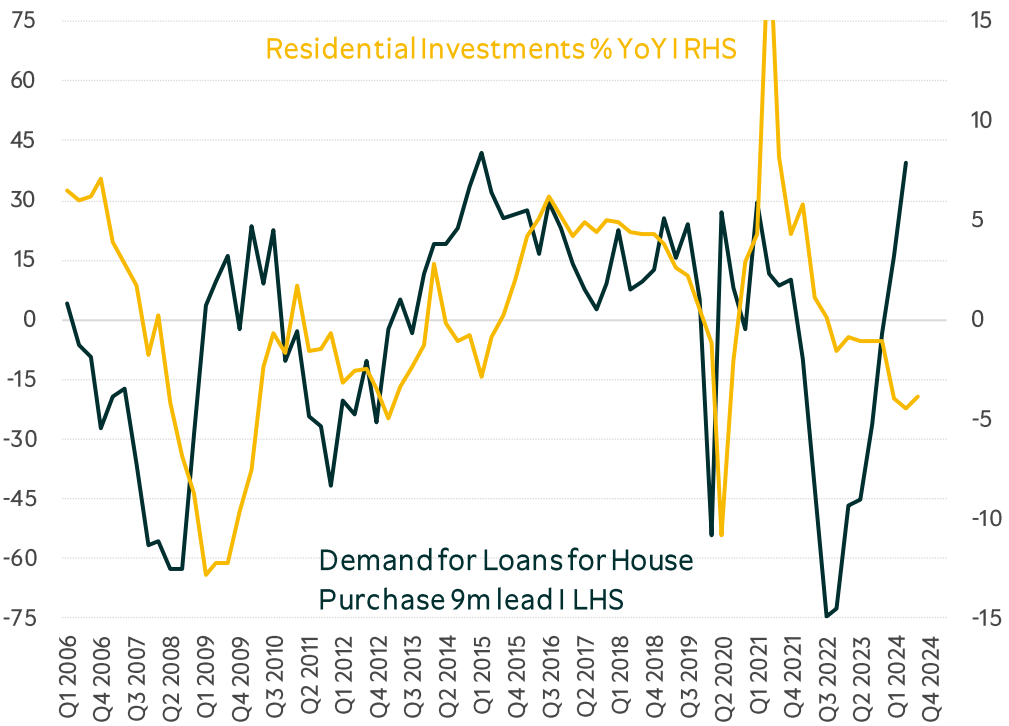


EA Construction | A pick up in investments and housing loans is expected in the coming months

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

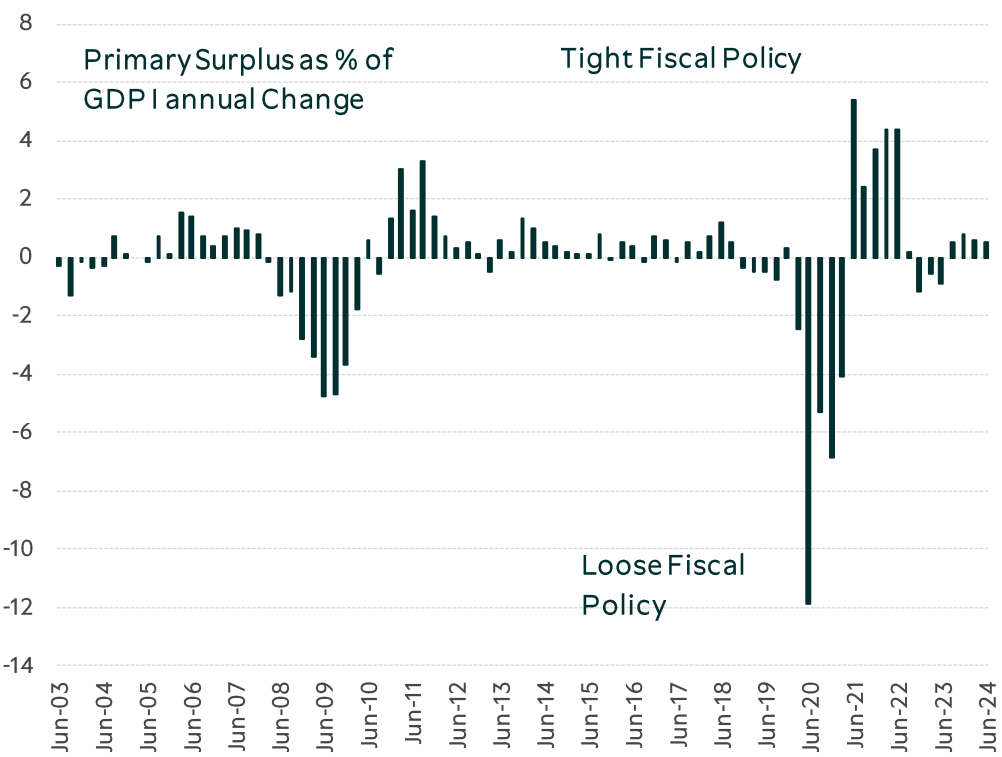


Residential Investments & Demand for loans (9m lead)

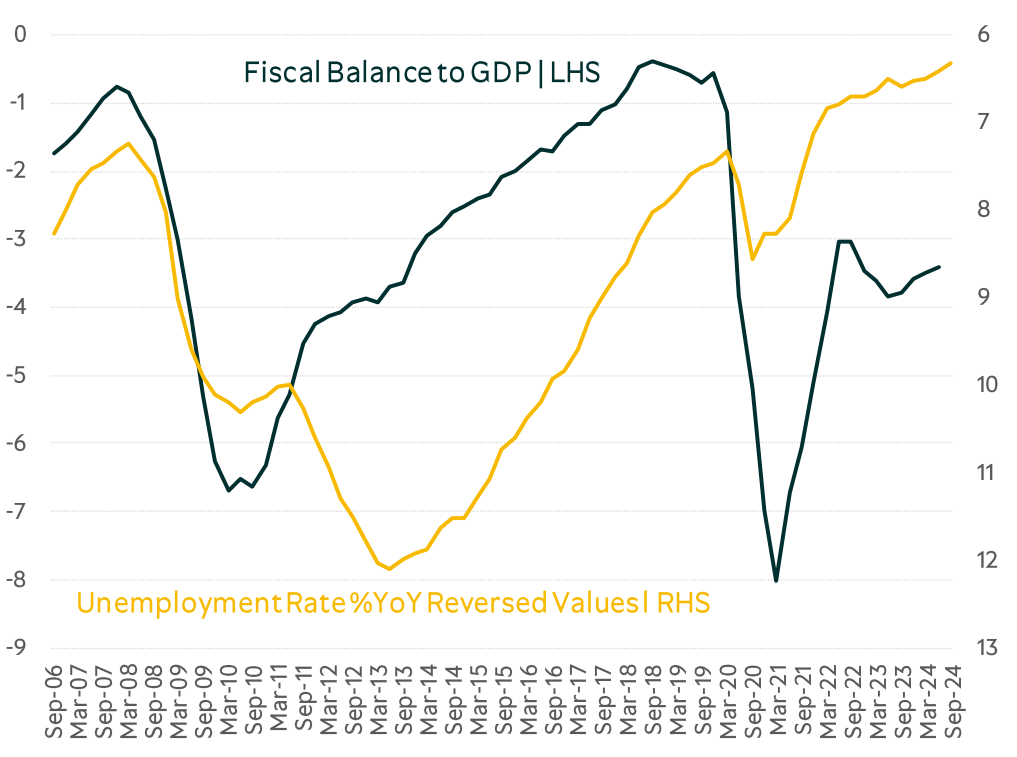


EA Fiscal Policy | Fiscal Deficit improvement with Unemployment Rate still at all time low

Fiscal Thrust

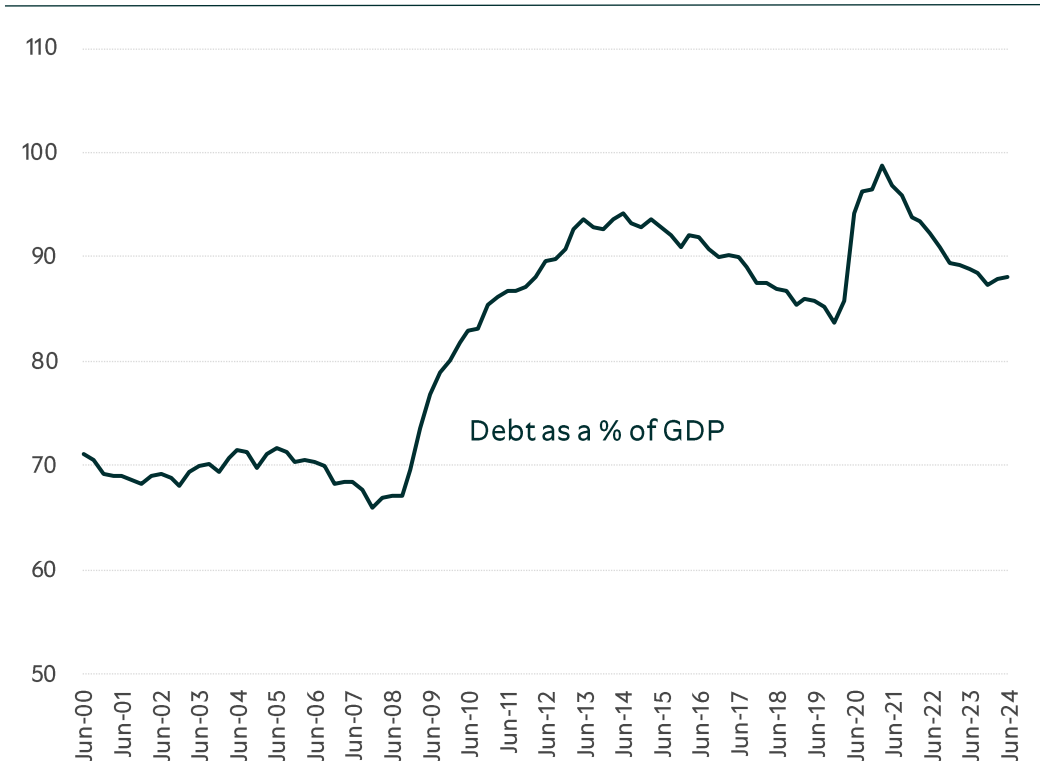


Fiscal Policy & Unemployment Rate

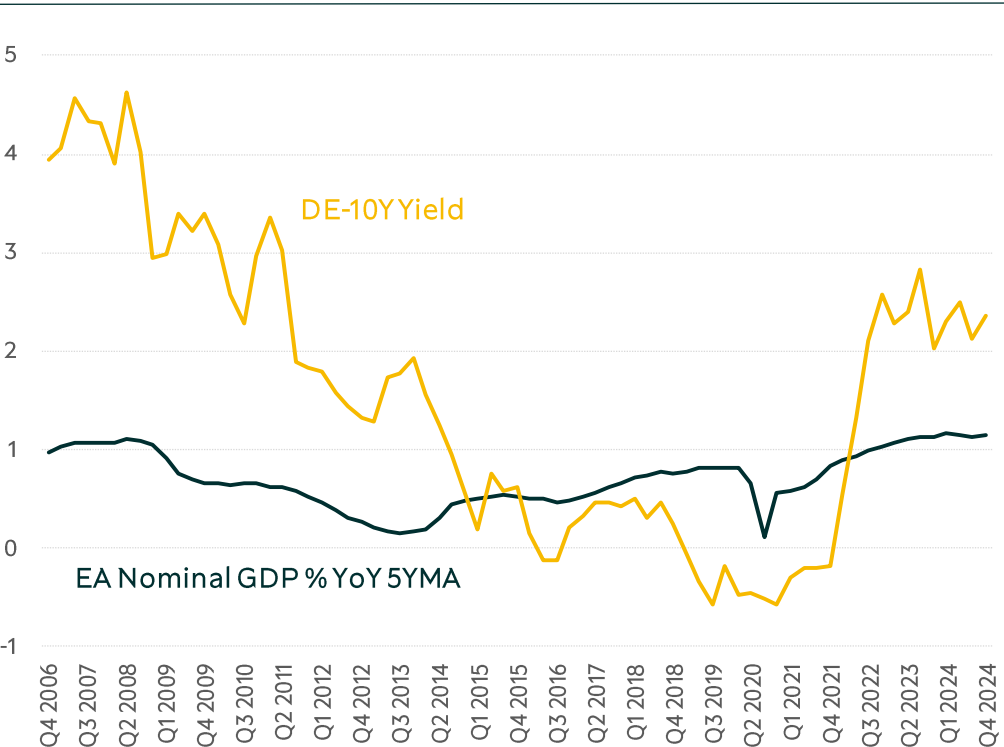


EA Fiscal Policy | Debt levels have moderated after the pandemic

Debt / GDP

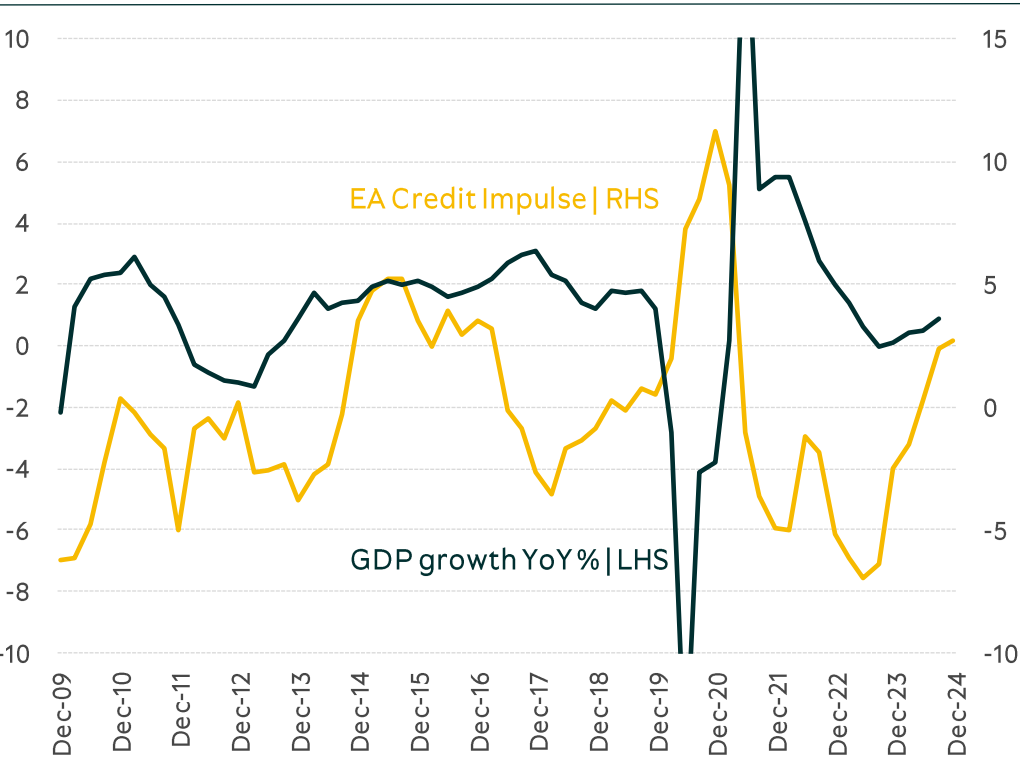


Fiscal Policy Sustainability

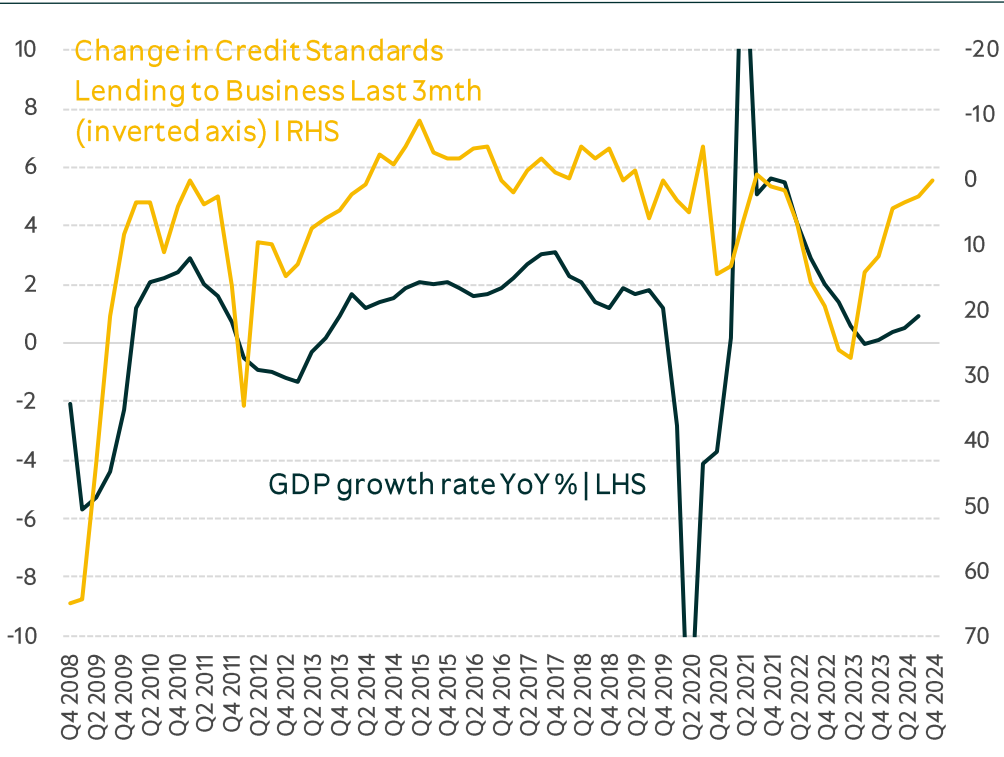


EA GDP Outlook | Credit impulse and bank lending standards provide a ray of hope for GDP growth

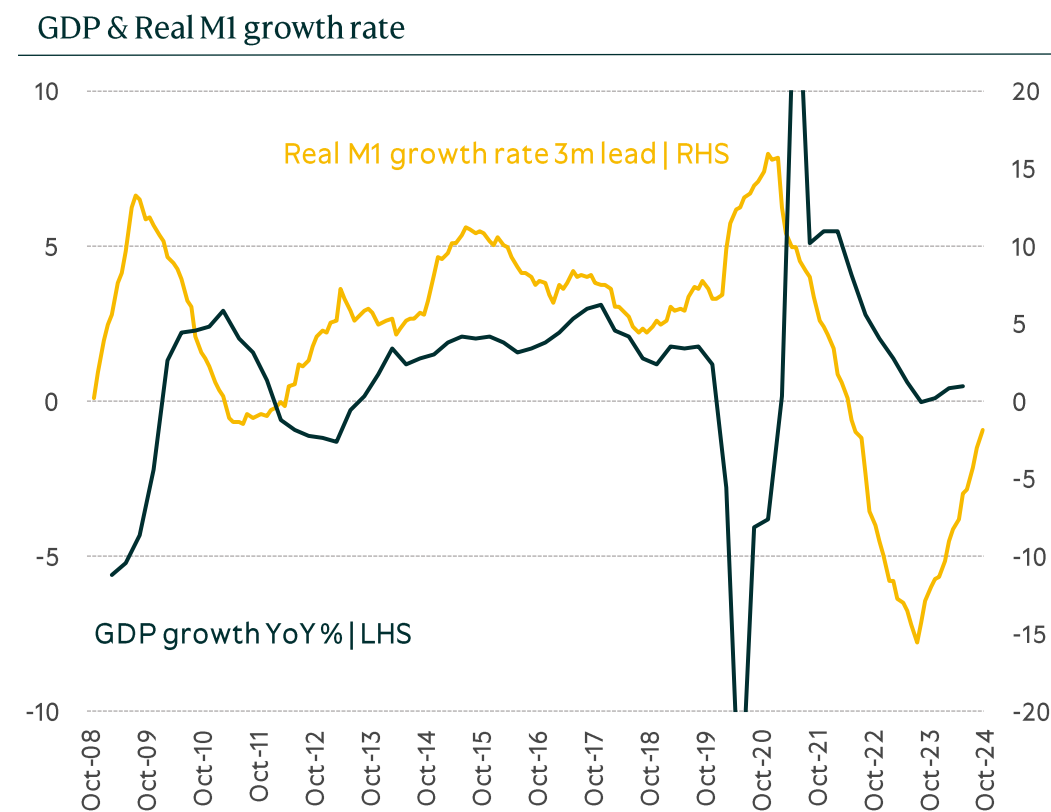
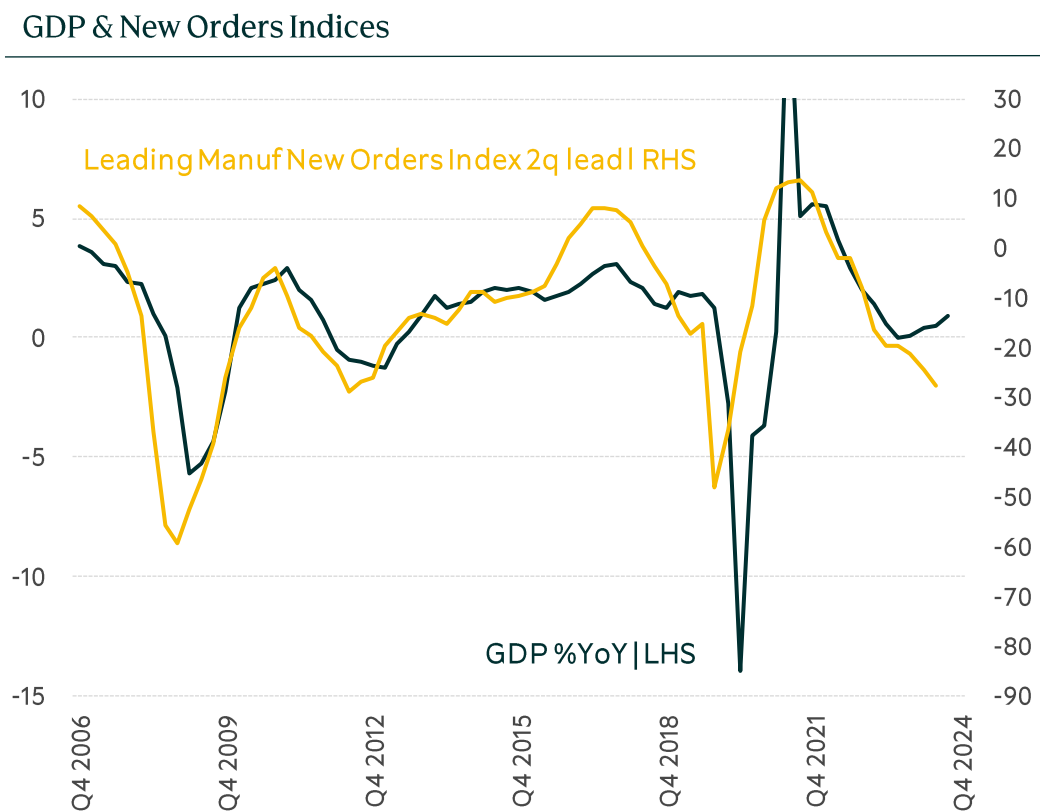
EA Credit Impulse & GDP growth rate



GDP YoY & Bank Lending Standards

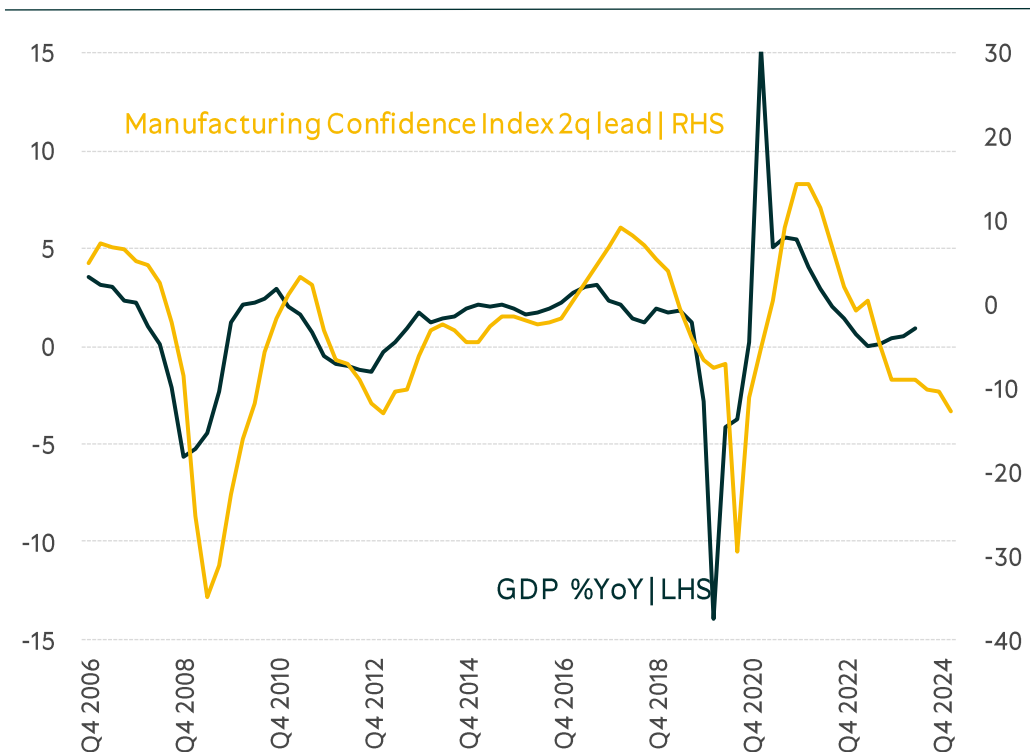


EA | Manufacturing New Orders still on a downtrend; Real M1 improvement somewhat reduces concerns about the economic outlook

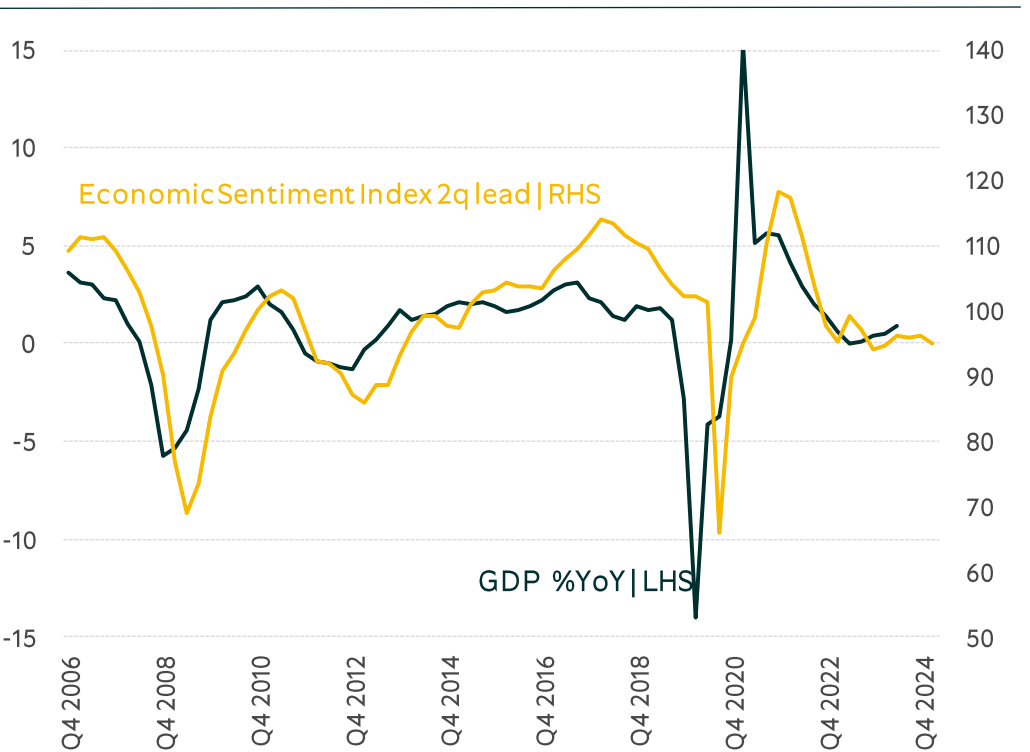


EA GDP Outlook | Economic sentiment implies stabilisation at low levels but manufacturing a headwind

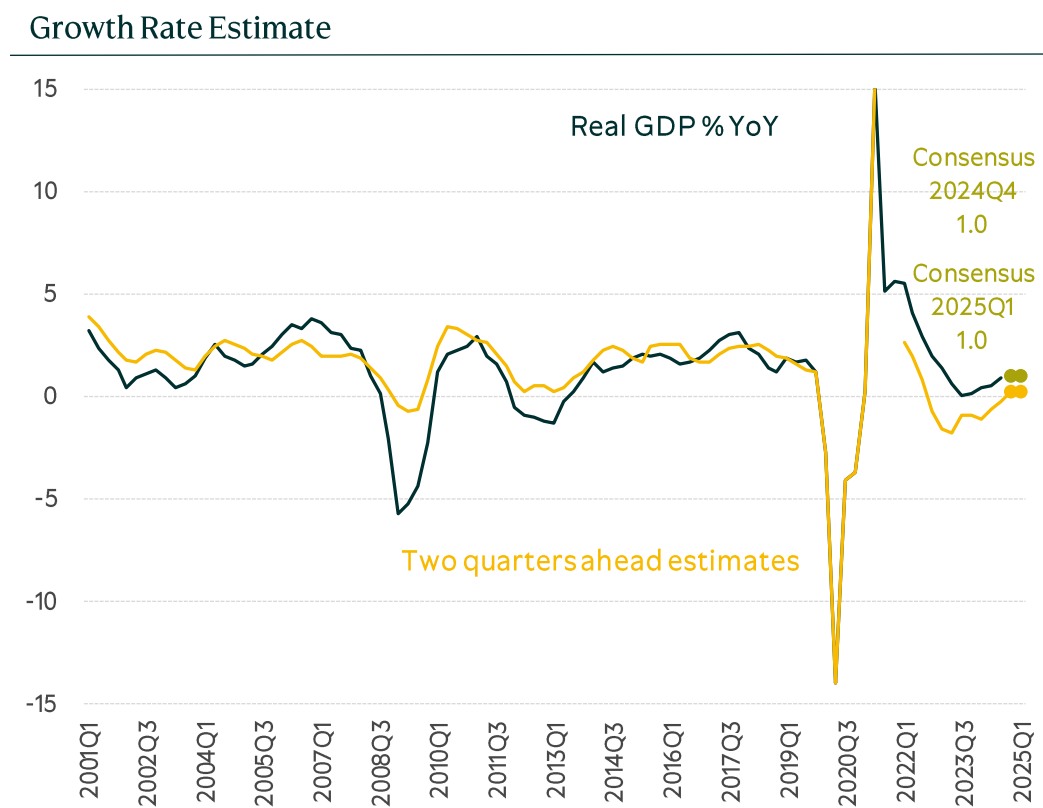
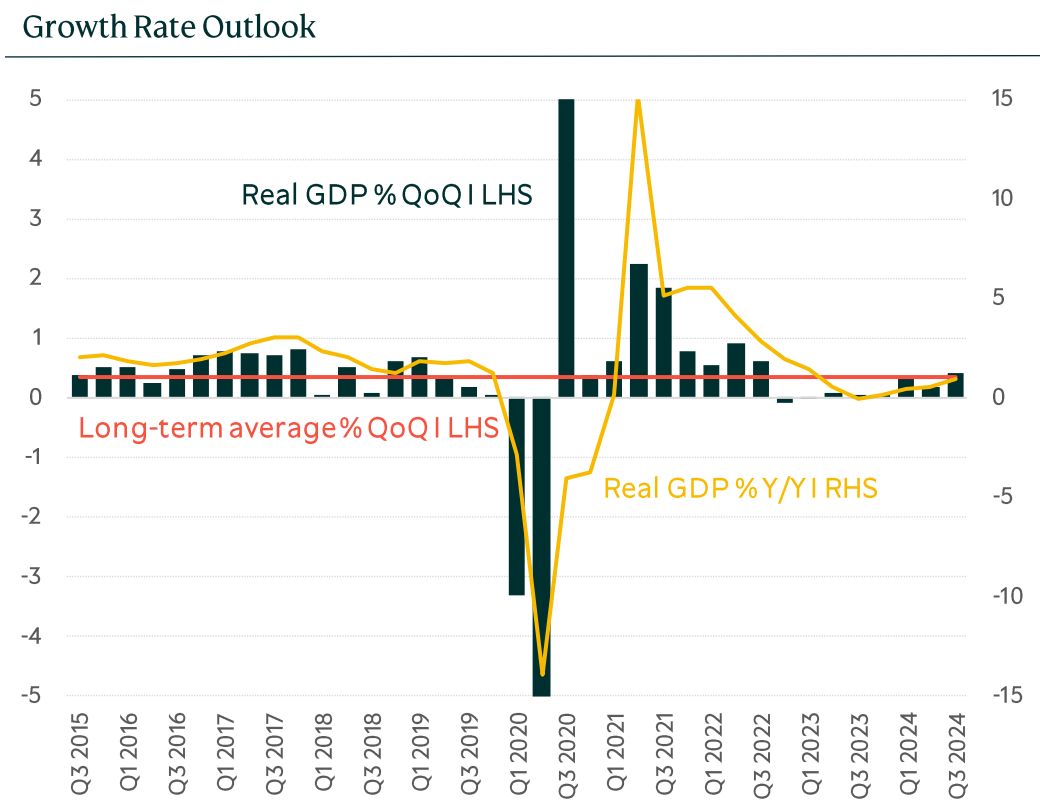
GDP & Manufacturing Confidence Index



GDP & Economic Sentiment Index

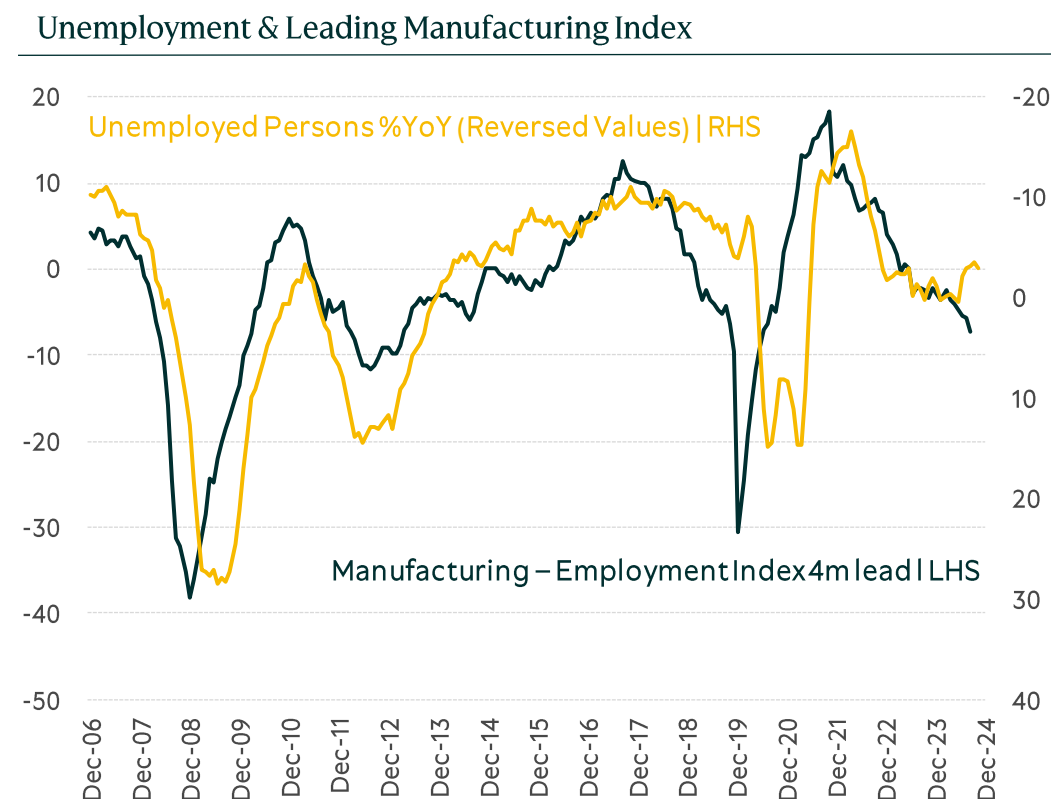
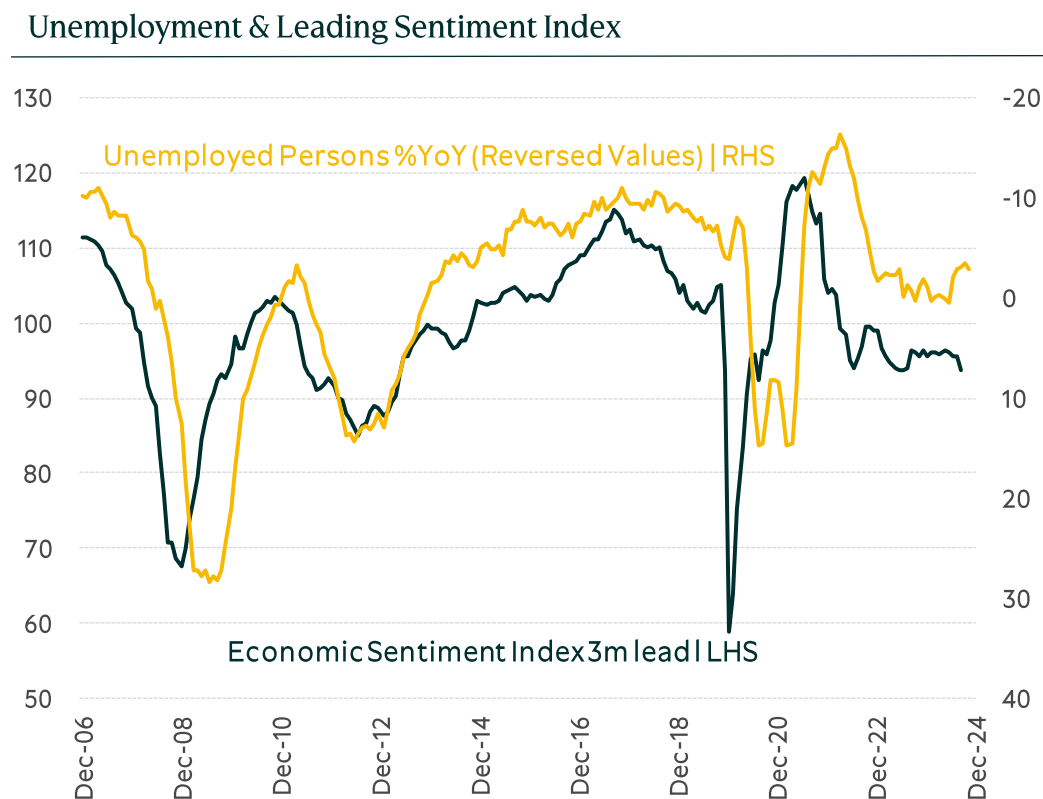


EA GDP Outlook | EA economy improved in Q3, with quarterly GDP growth reaching the long-term average



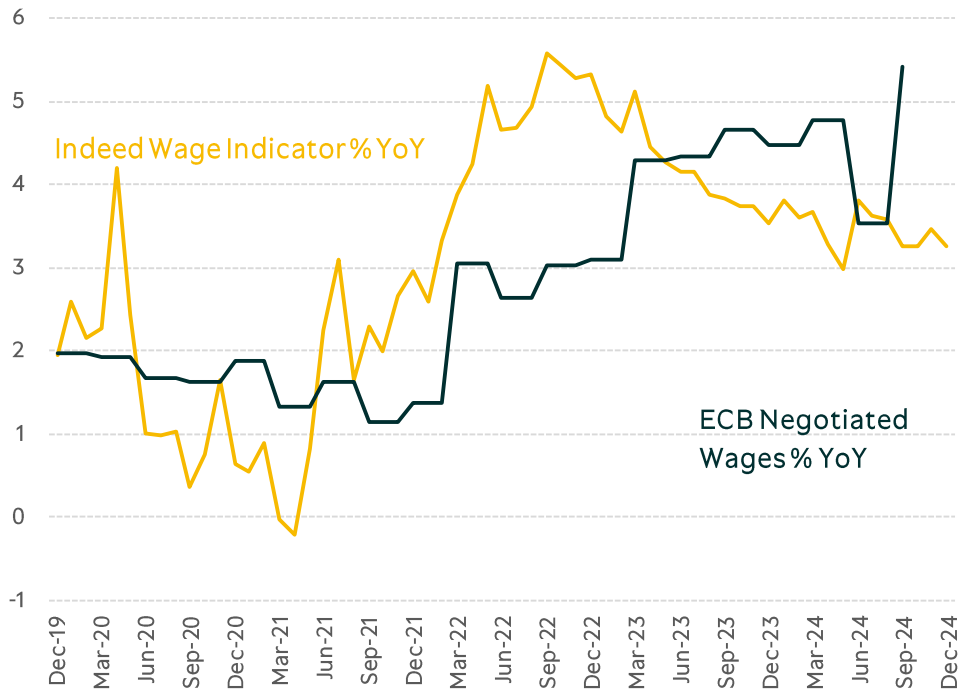
Note: Covid-19 period (Q4 2019 - Q2 2021) is excluded from the estimation

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

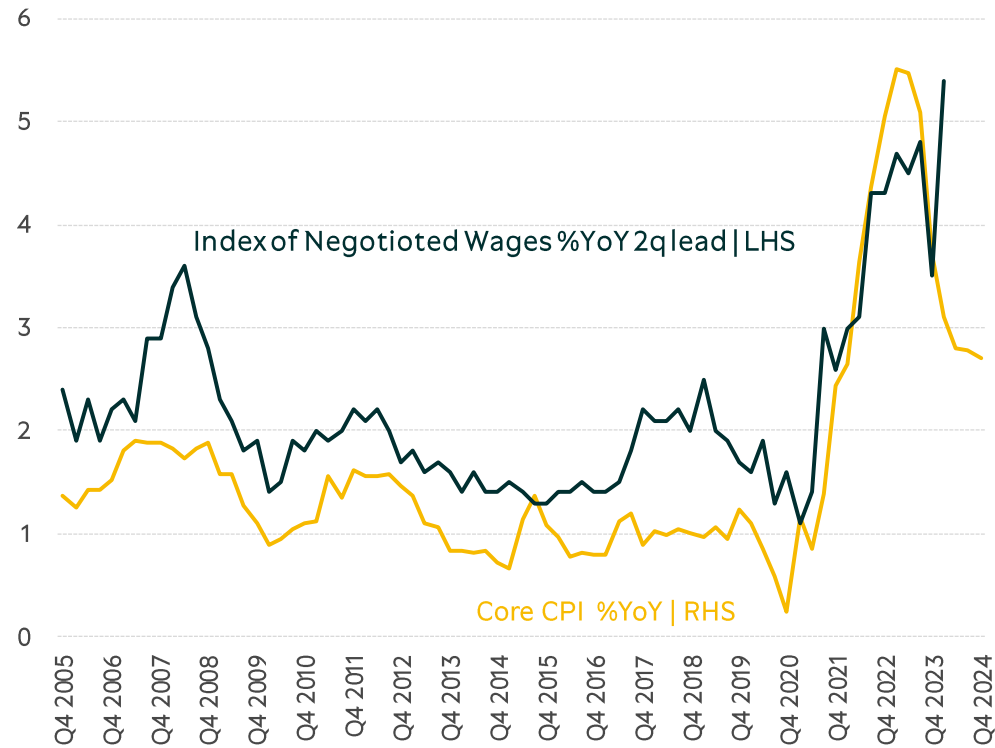


EA Wage Tracker | Negotiated wages rose significantly in Q3 (largely driven by Germany) but are expected to follow the market Indeed Wage Indicator lower. Real wage growth turned positive

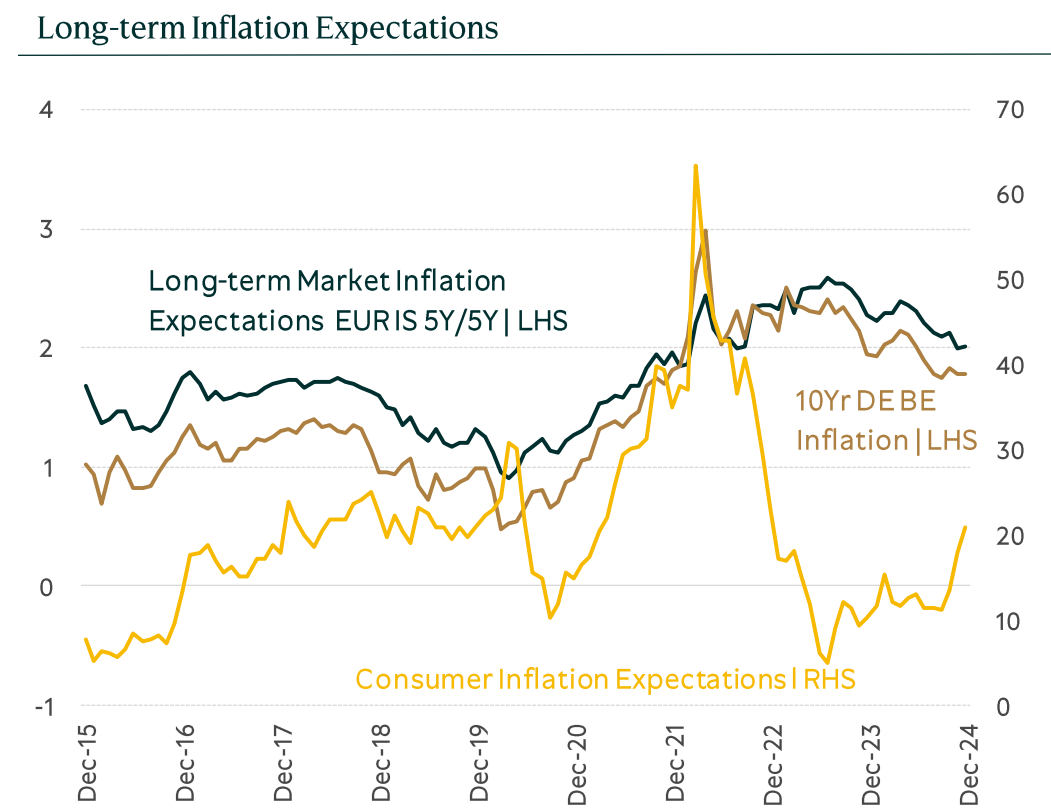
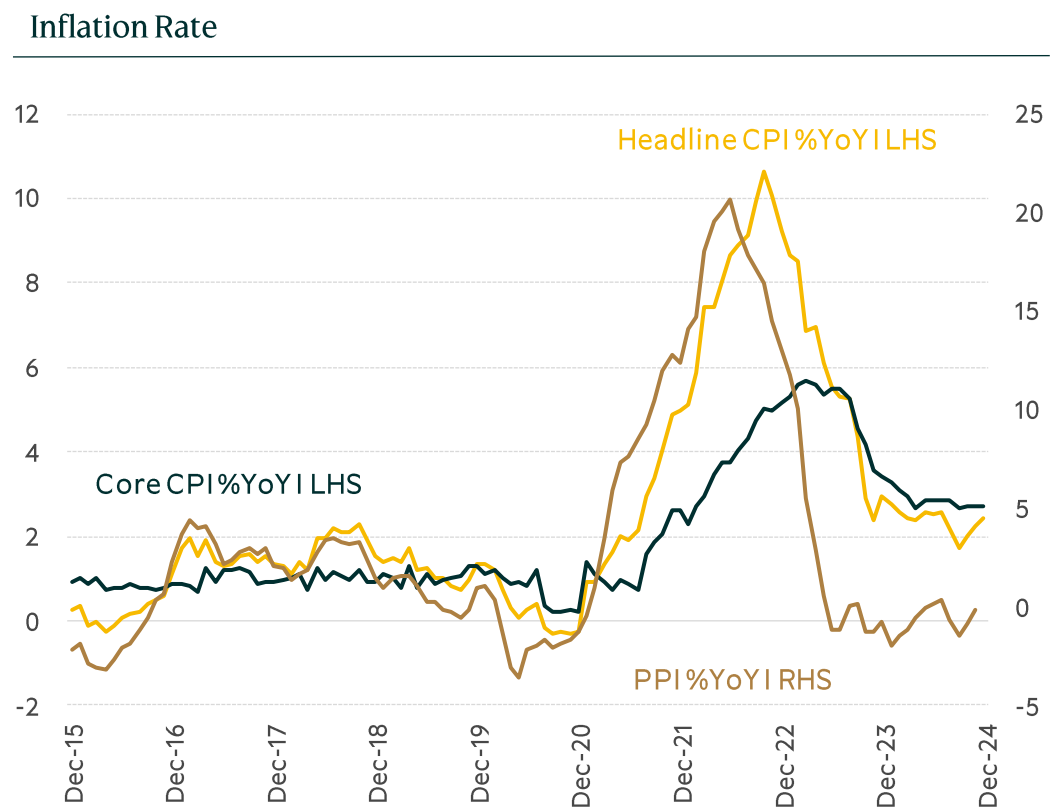
Labour Market



Core Inflation & Wages

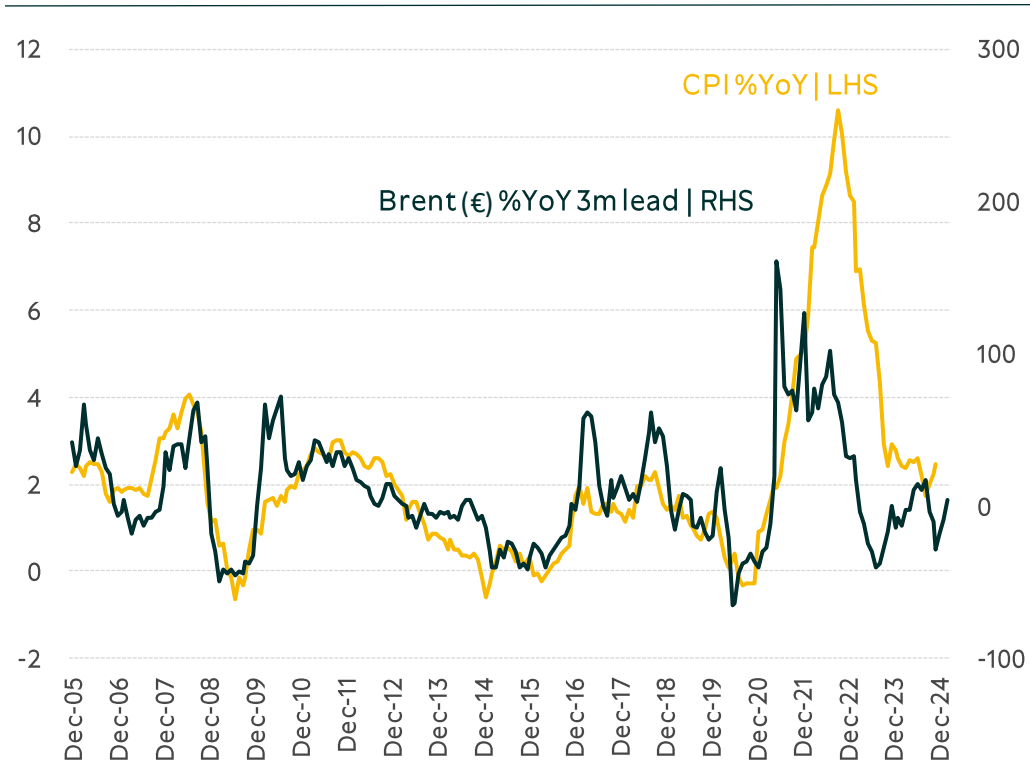


EA Inflation Pressures | Headline CPI in December ticked up to 2.4% as disinflation effects from energy prices fades out.

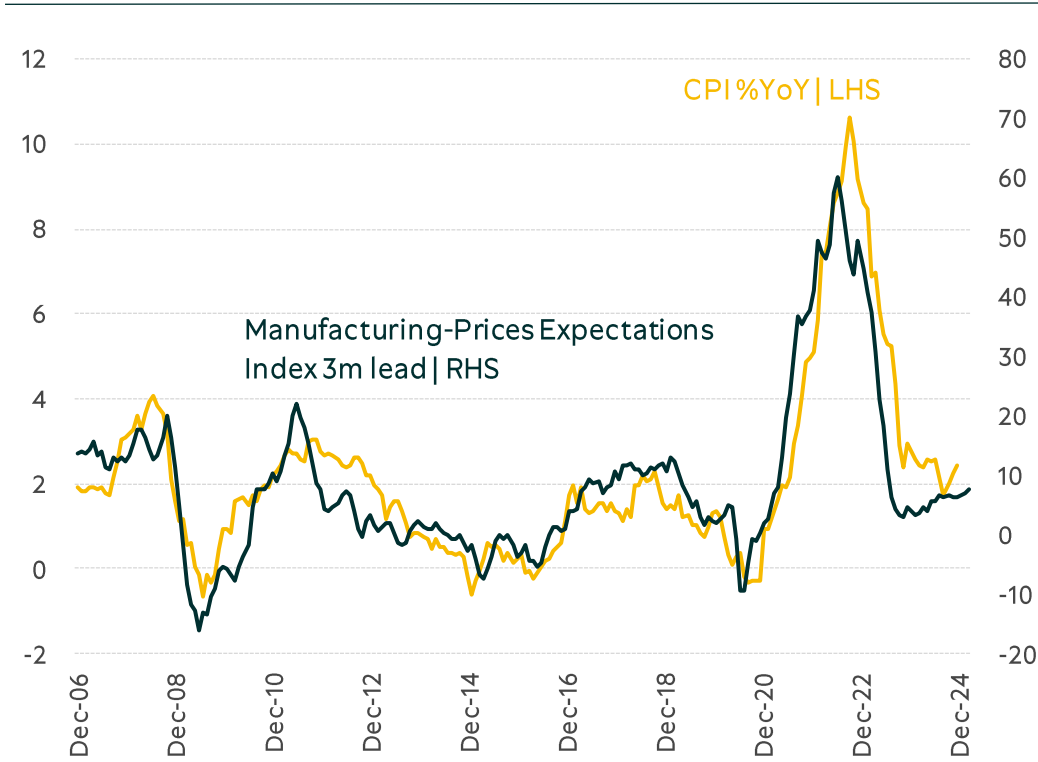


EA Inflation & Energy Prices | Cost-push inflation drivers show signs of marginal pressure in the past months

Inflation Rate & Oil Prices

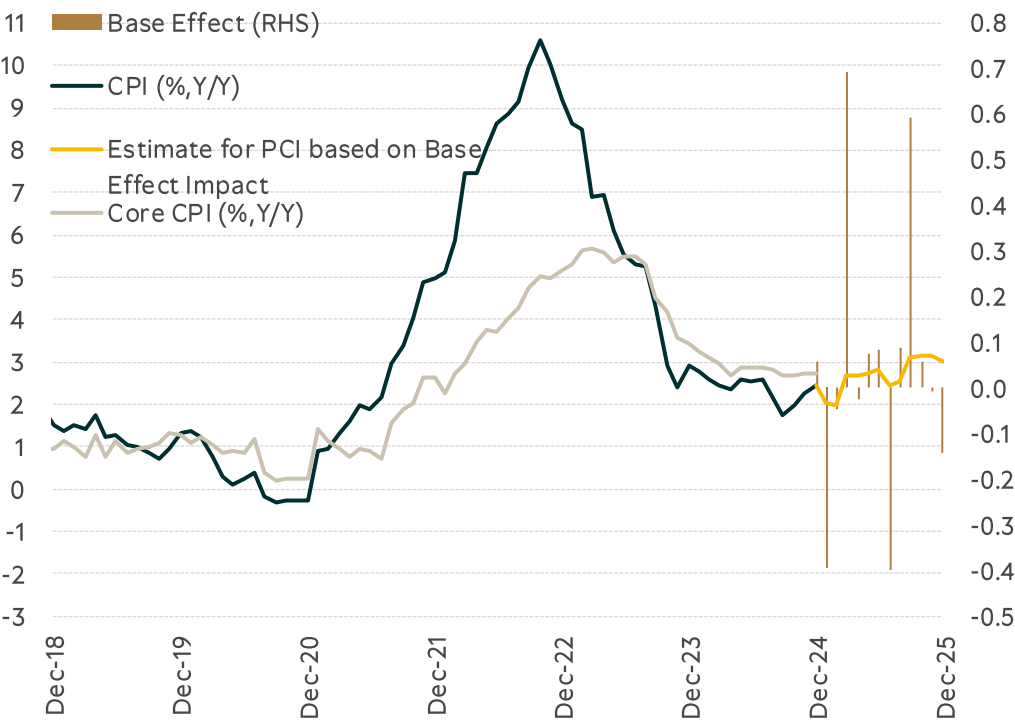


Inflation Rate & Leading Manufacturing Prices Index

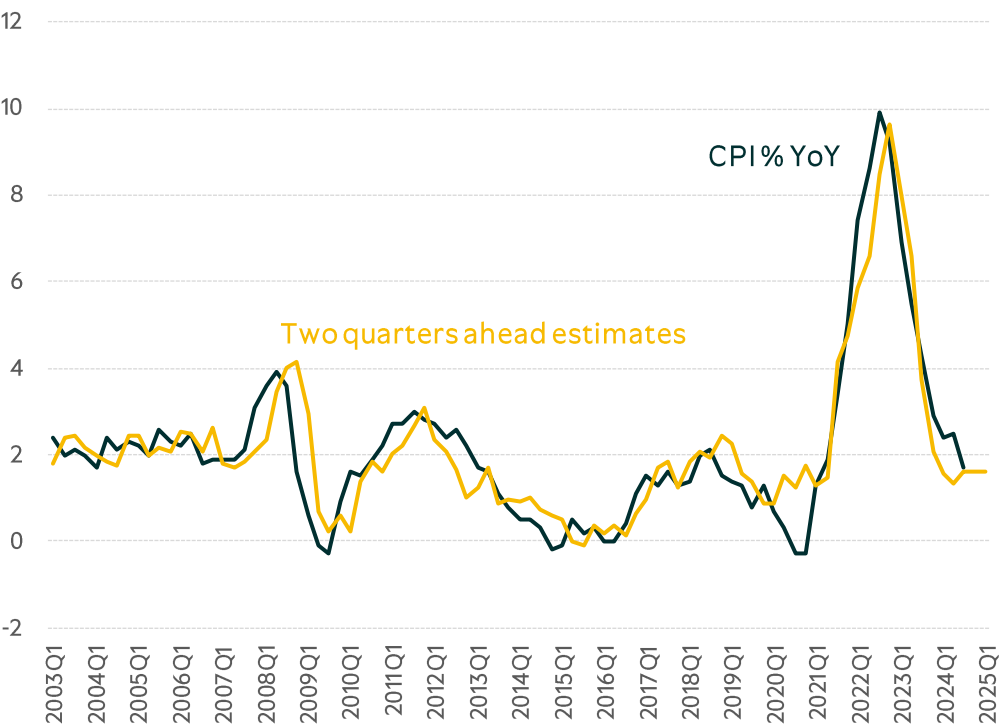


EA Inflation Outlook | The 2% target is expected to be achieved in 2025 according to our models

Inflation Rate Forecast | Statistical Model

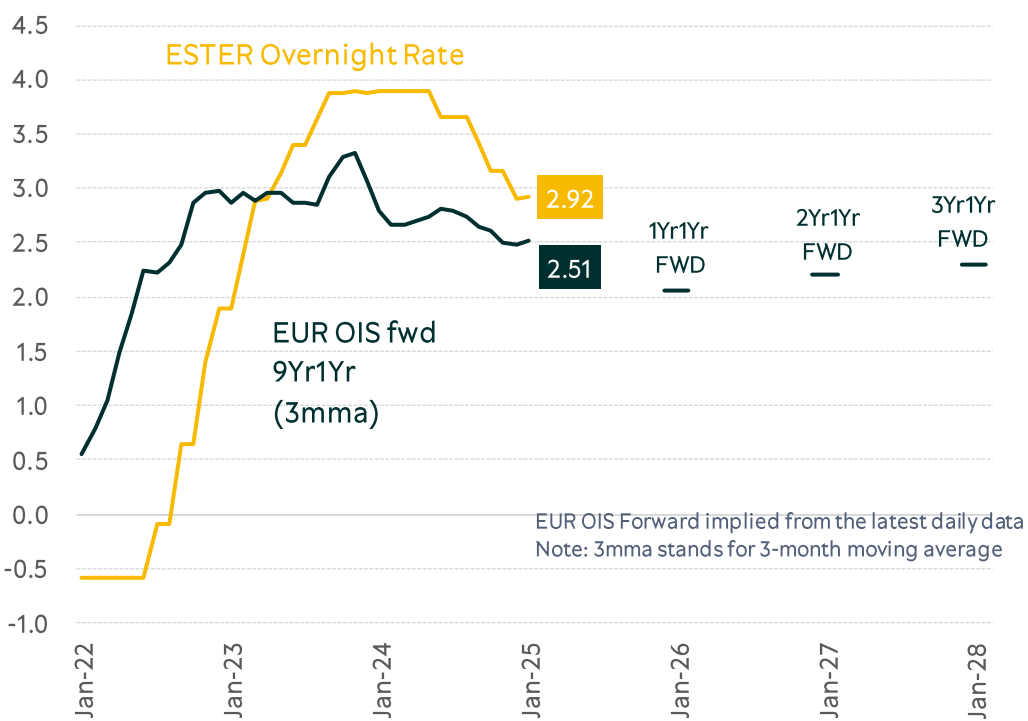


Inflation Rate Forecast | Macro Model

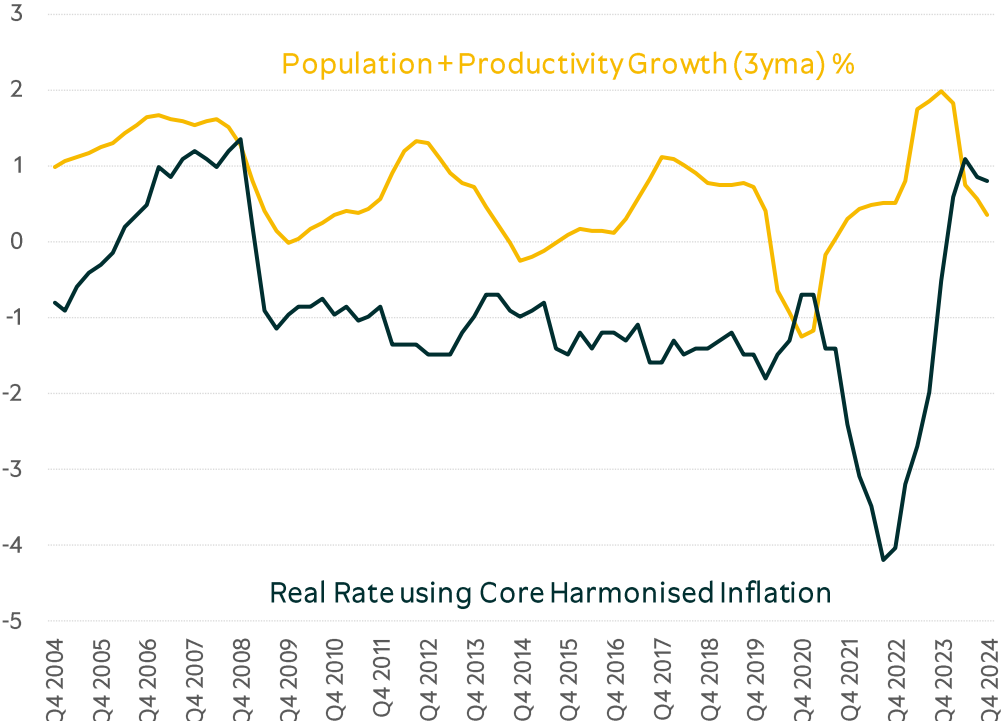


EA Short-Term Rates | The “higher for longer” paradigm is fading

Interest rates | Market Expectations

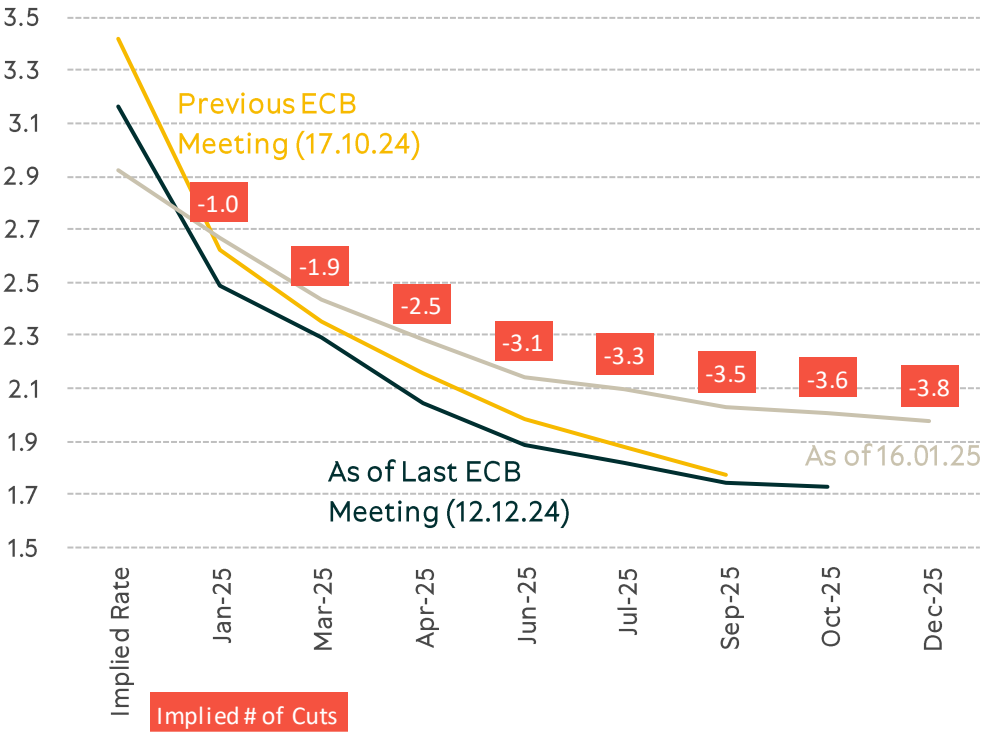


Real Depo Rate (Depo - Core CPI) & Population + Productivity growth (3y ma)

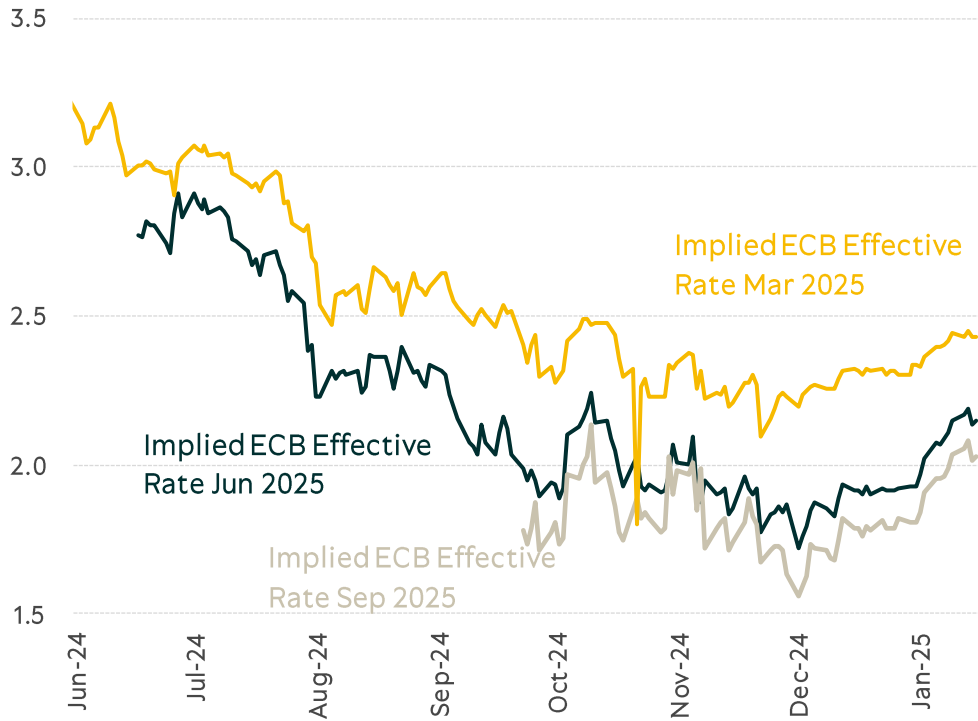


EA Short-Term Rates | The “higher for longer” paradigm is being questioned

Implied Overnight Rate based on Overnight Index Swaps

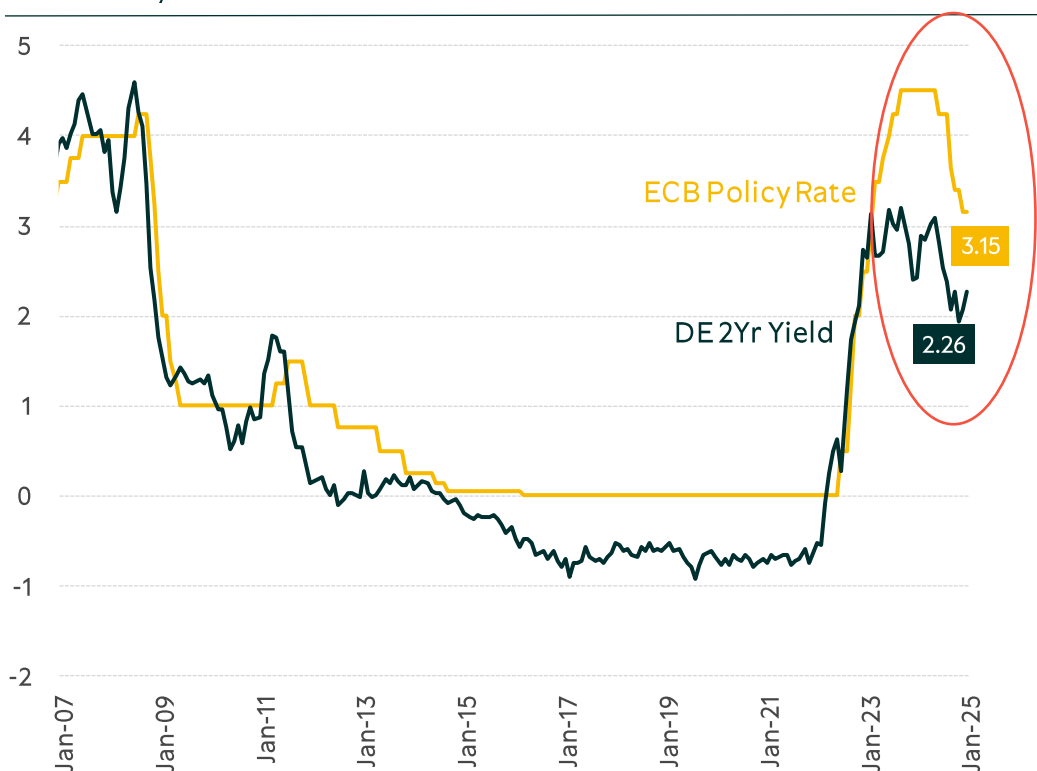


Interest Rates | Implied ECB Effective Rate

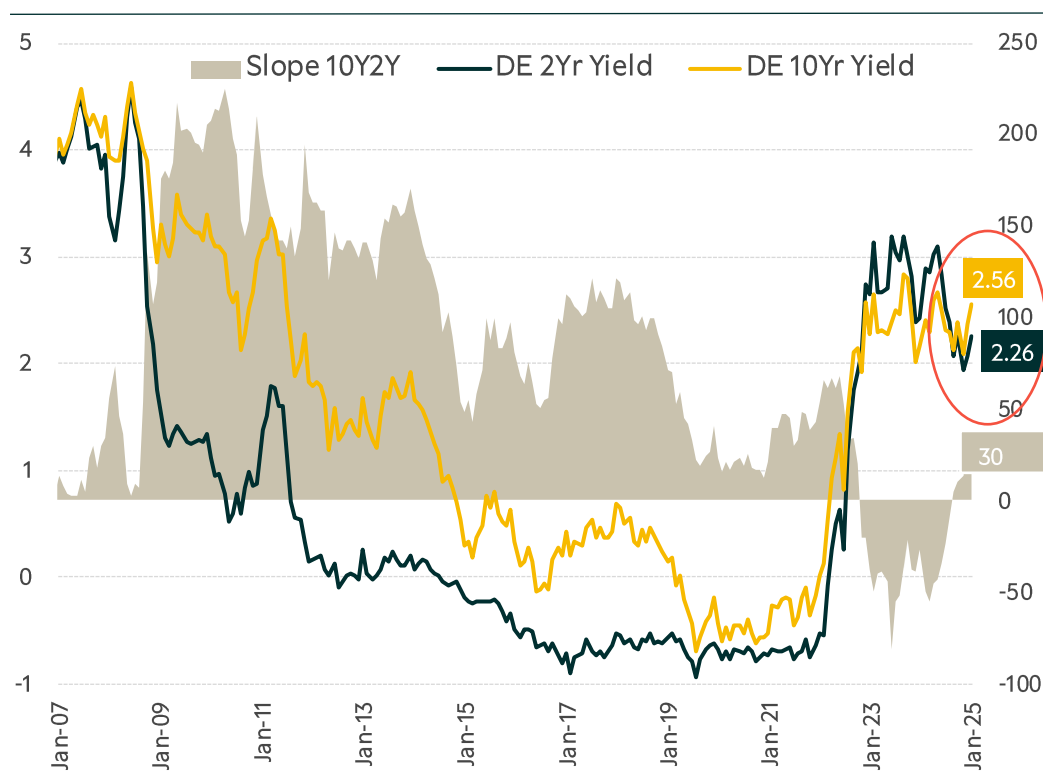


EA Rates | German yield curve turned positive at the end of Q3 2024. Fears of recession subside.

ECB Policy Rate vs German 2Yr Yield

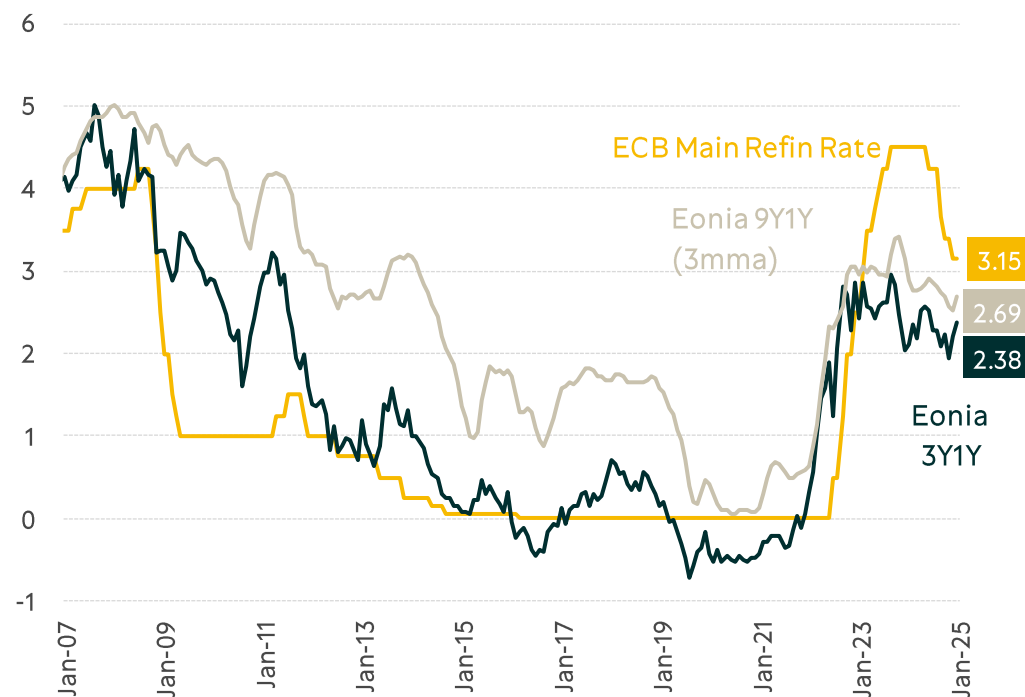


German Yield Curve

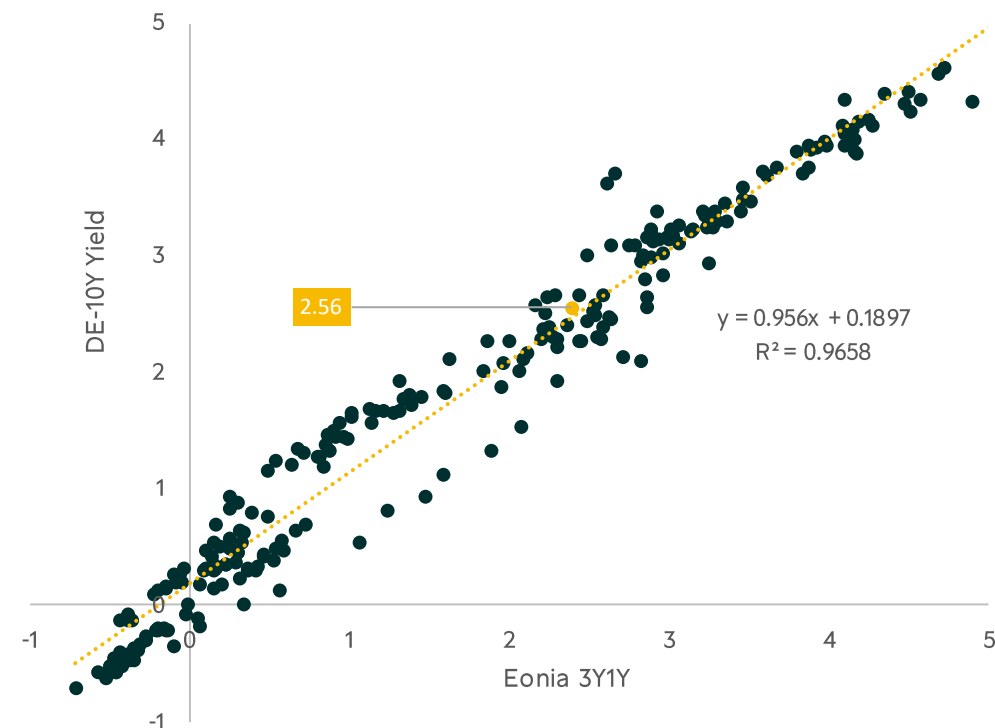


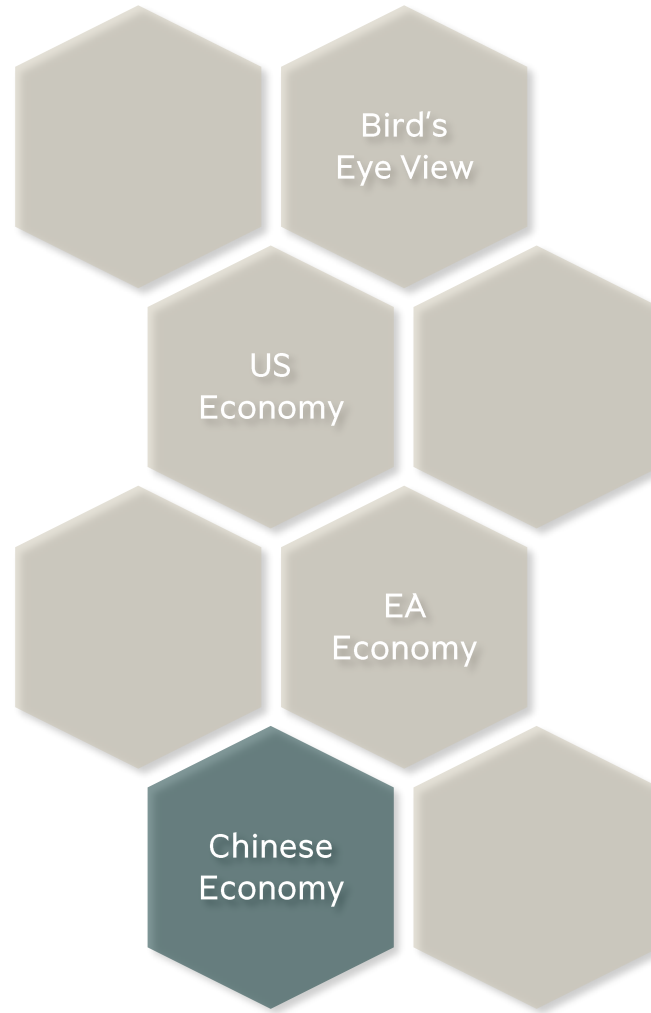
EA Long-Term Rates | Given the current level of short-term rates, long-term bonds seem “fairly” priced

Long-term Interest Rate Expectations



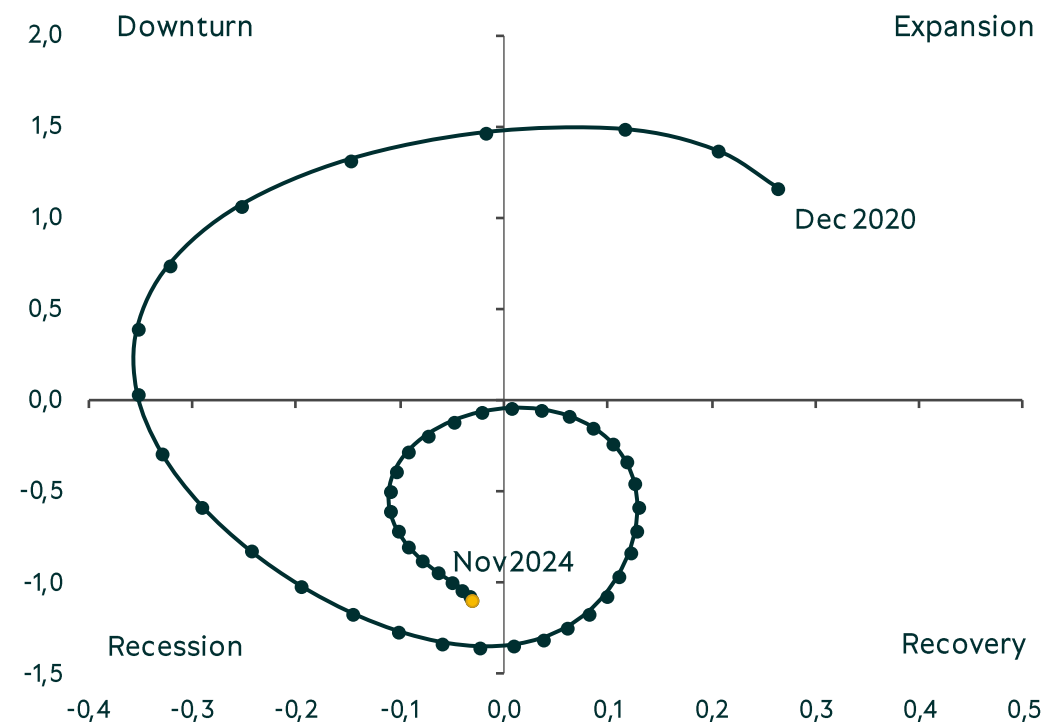
DE Yield vs Medium-term Interest Rate Expectations



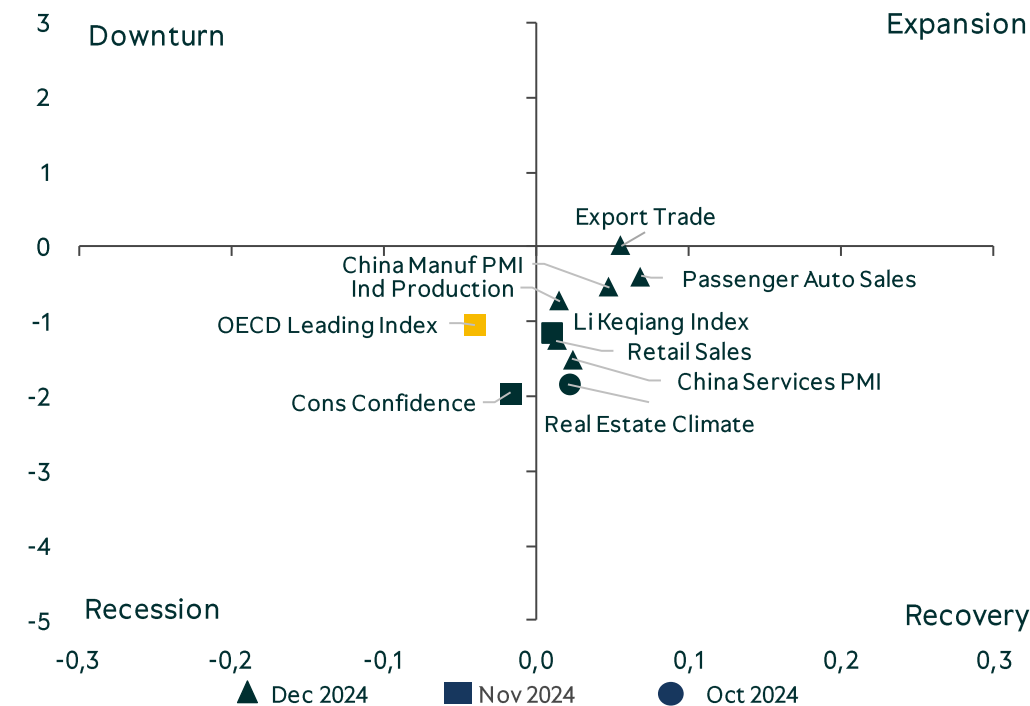


Chinese Business Cycle | Economic variables are beginning to show indications of improvement

CN Business Cycle | Based on China OECD Leading Indicator

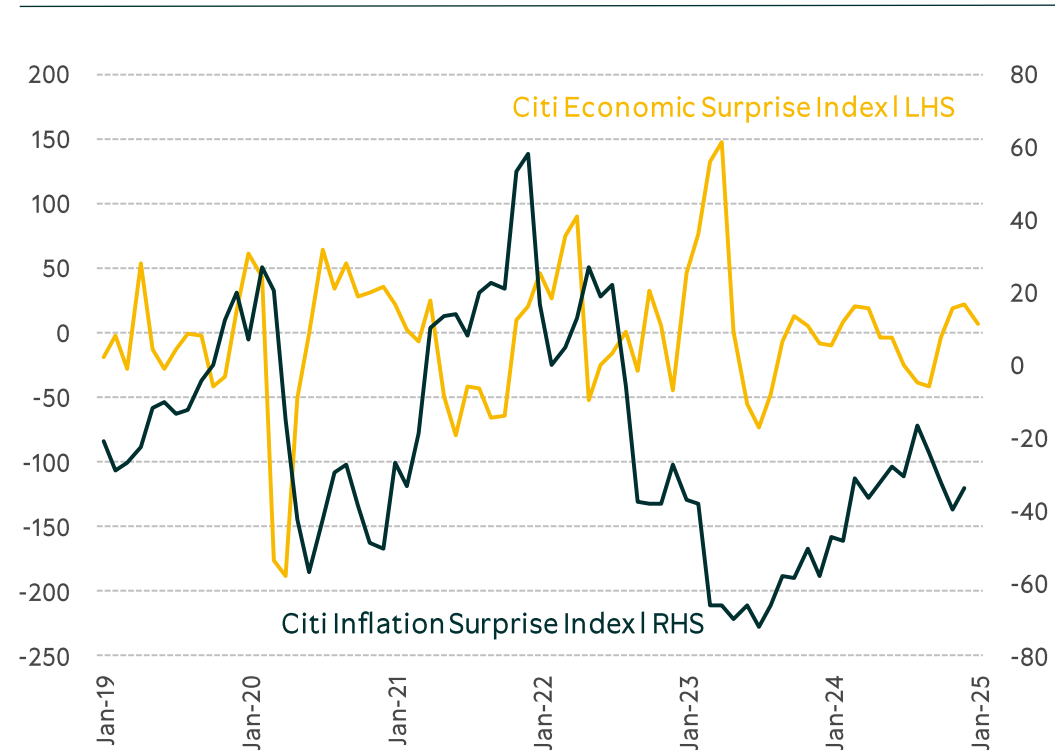


CN Business Cycle | Based on Major CN Economic Variables

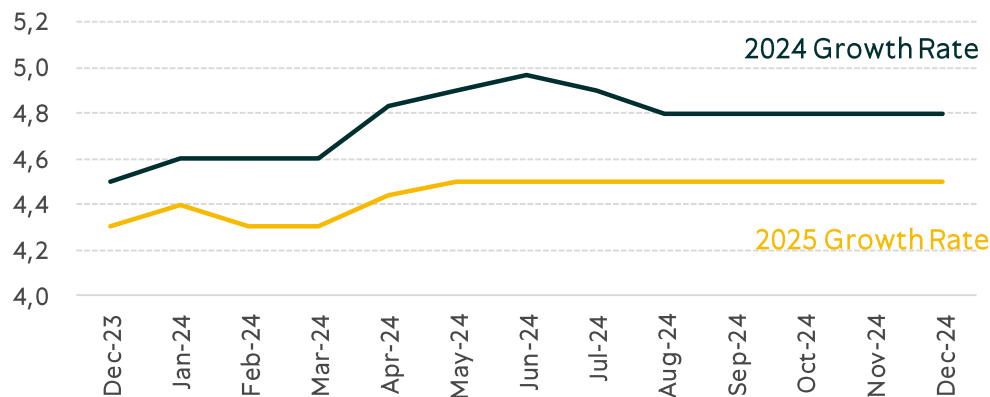


Chinese Macro Expectations | Sub 5% growth expectations for 2025

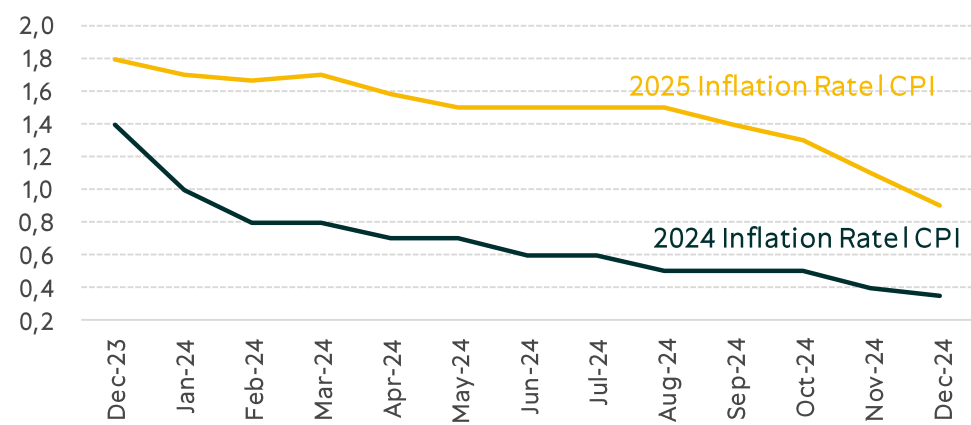
Economic & Inflation Surprises



Growth Rate Expectations (Consensus)

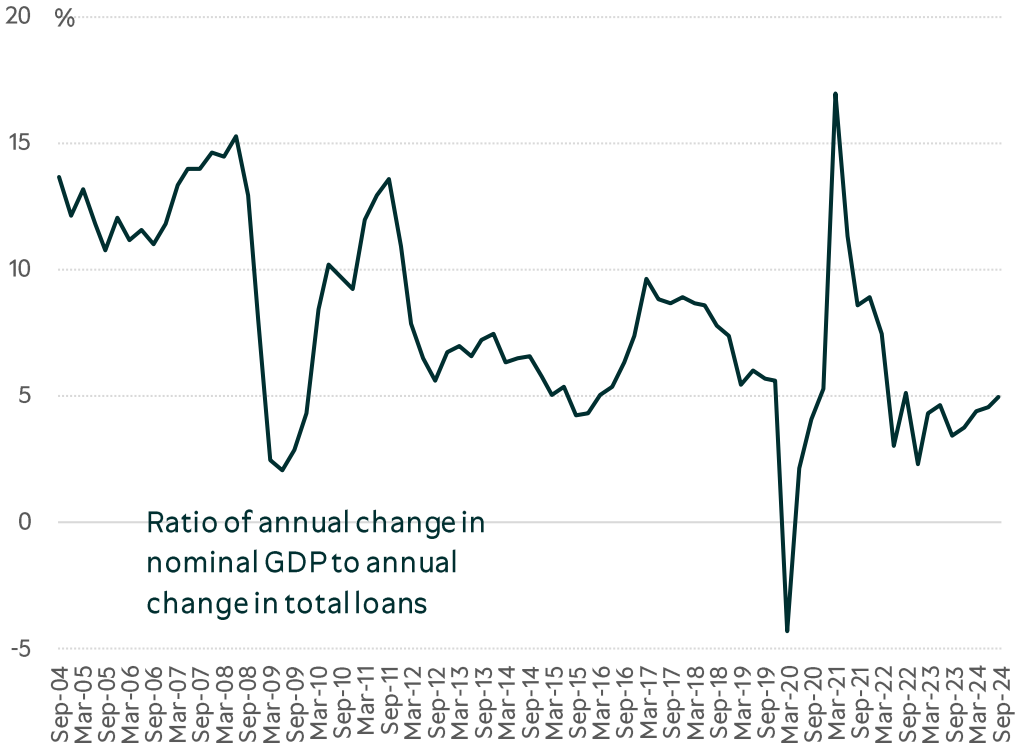


Inflation Rate Expectations (Consensus)

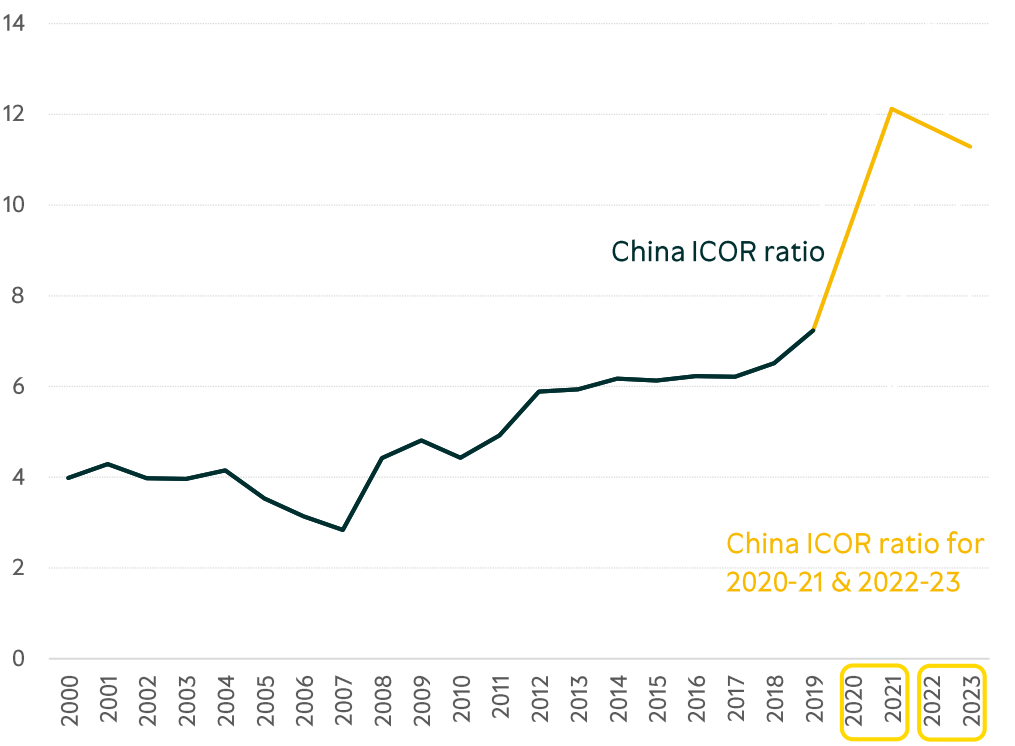


Chinese Investment Capacity | There is a need for more efficient capital allocation

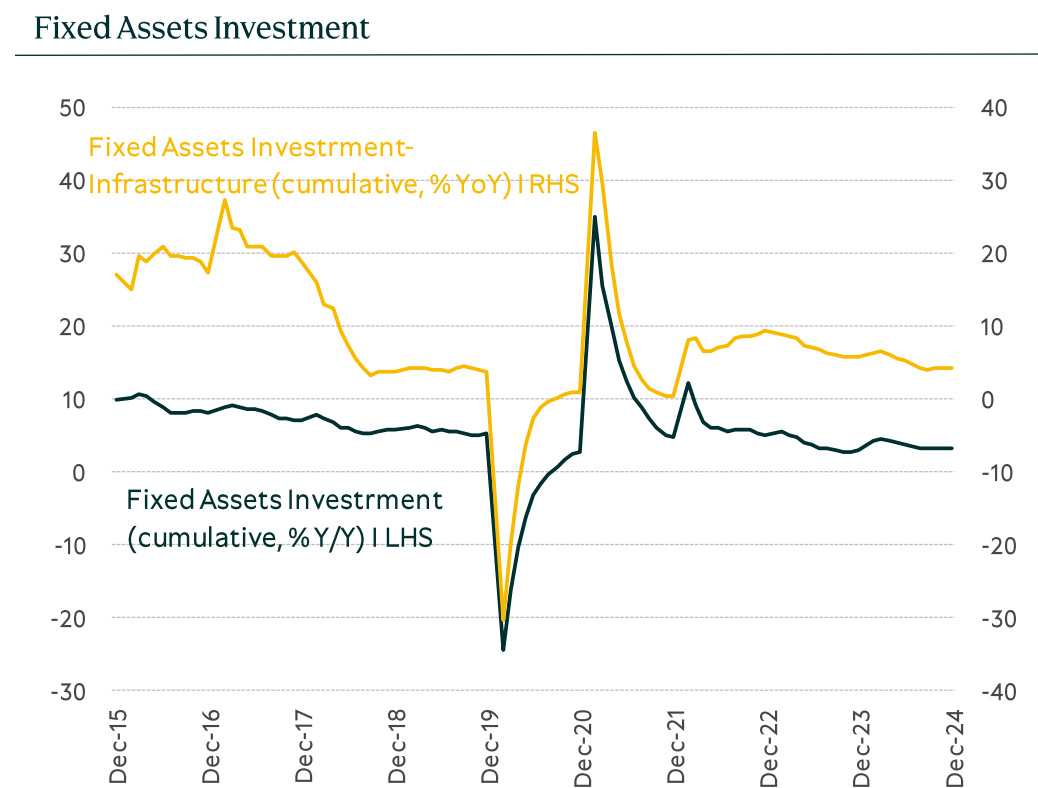
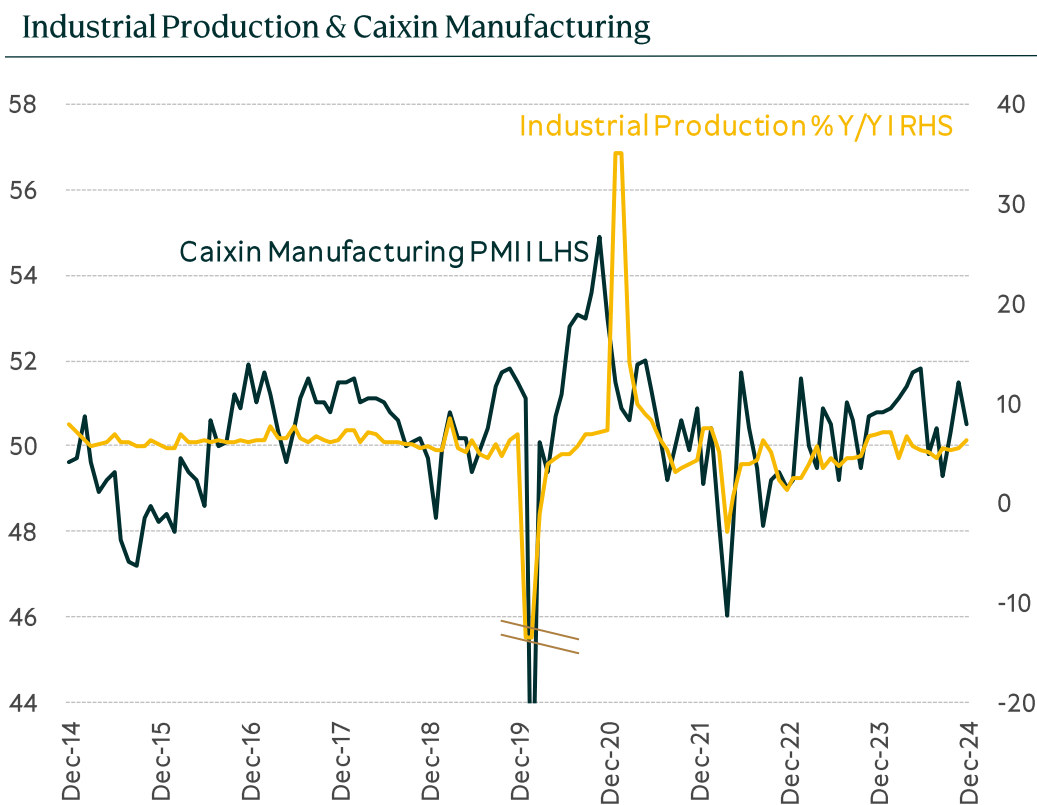
China credit-efficiency ratio



China Incremental Capital Output Ratio

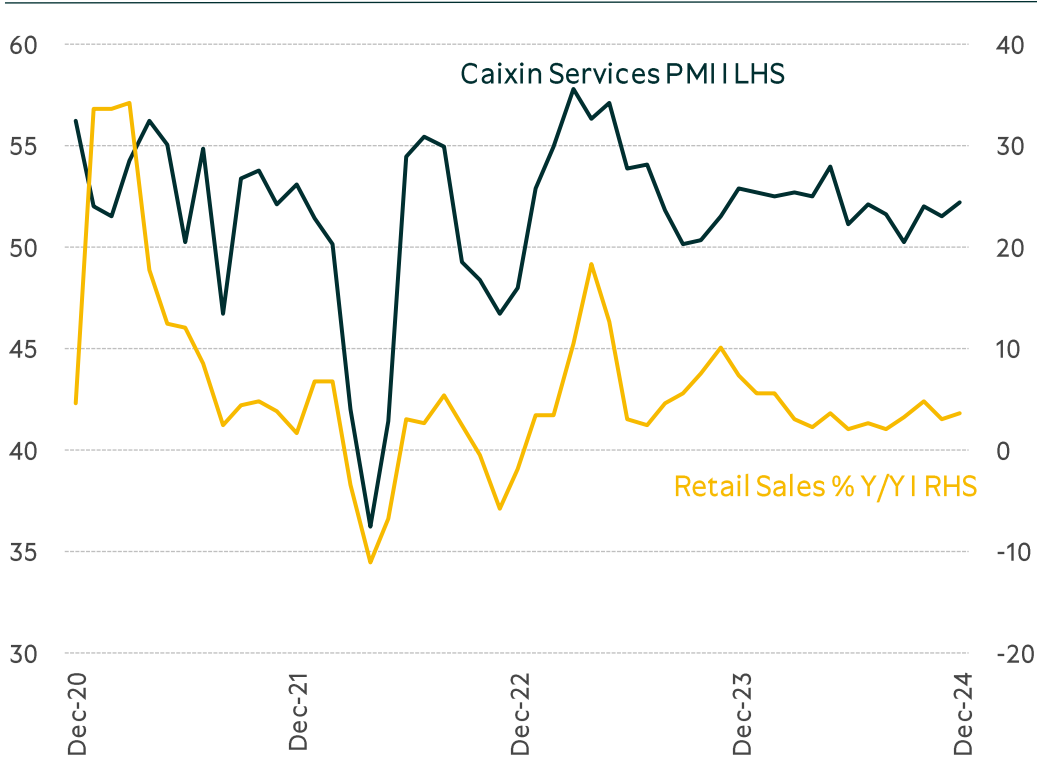


CN | Caixin Manufacturing fell to 50.5 in December, while fixed asset investments appear to be stabilising

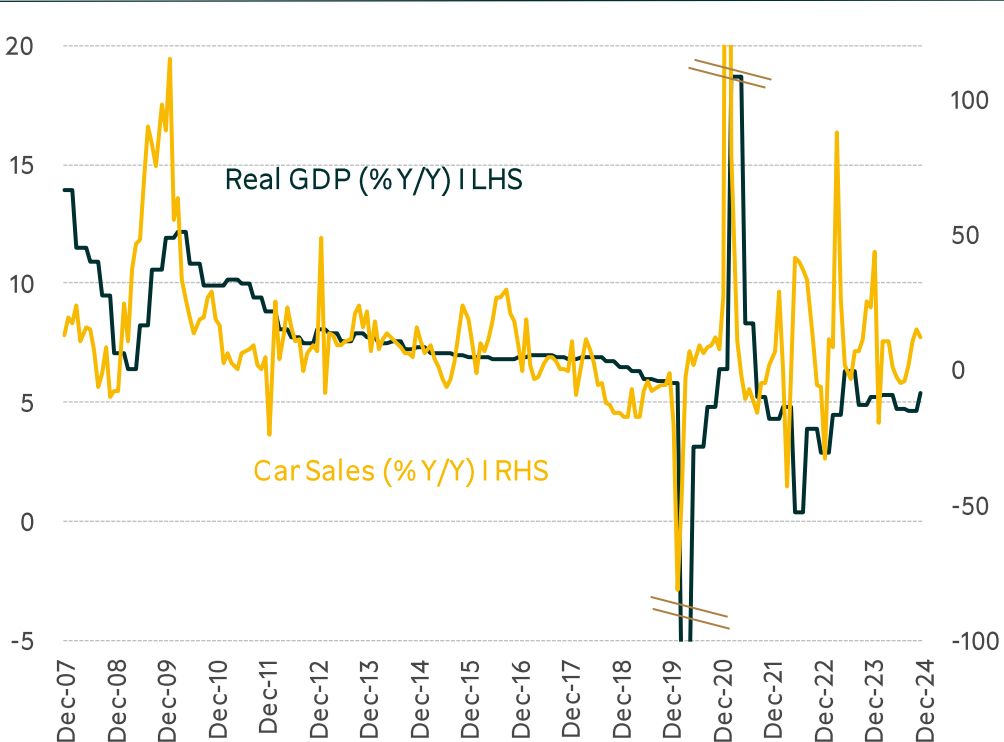


CN | Retail Sales remain relatively subdued. Caixin Services PMI rose in December

Retail Sales & Caixin Services PMI

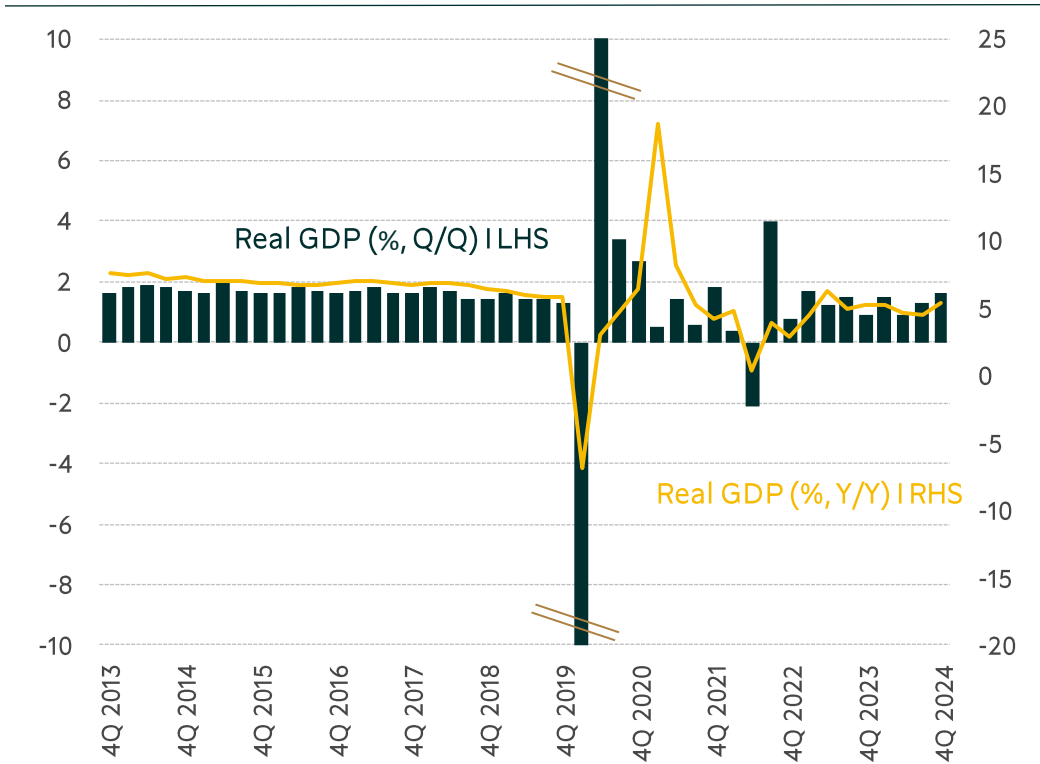


Real GDP & Car Sales

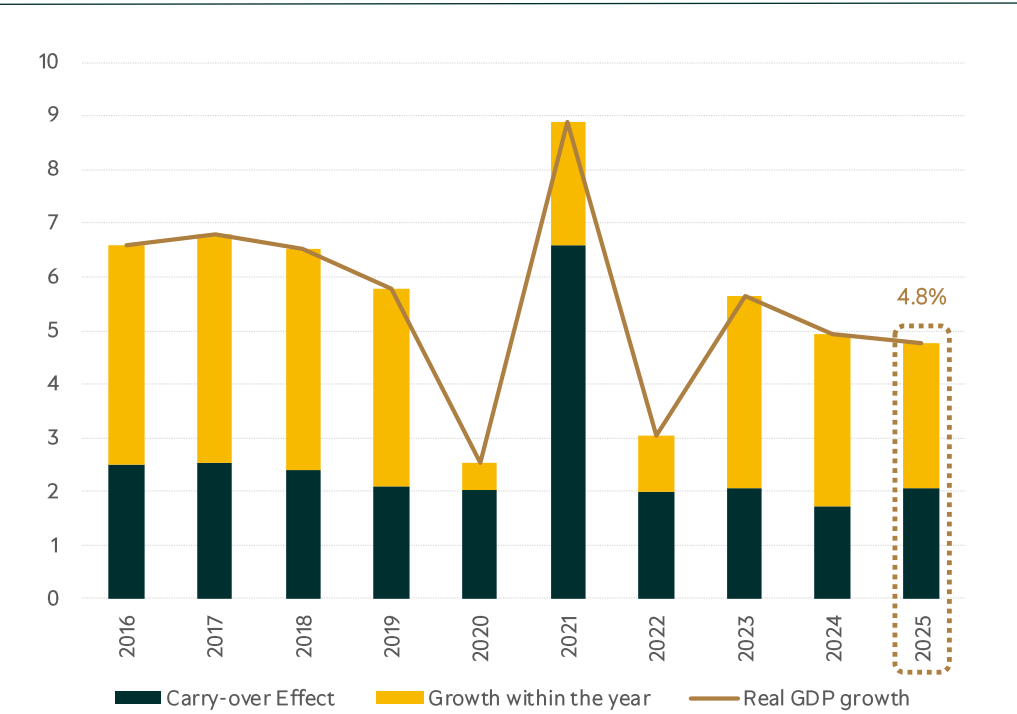


CN GDP Outlook | The official target of about 5% for 2024 is achieved but slightly lower growth is expected for 2025

GDP Growth Rate

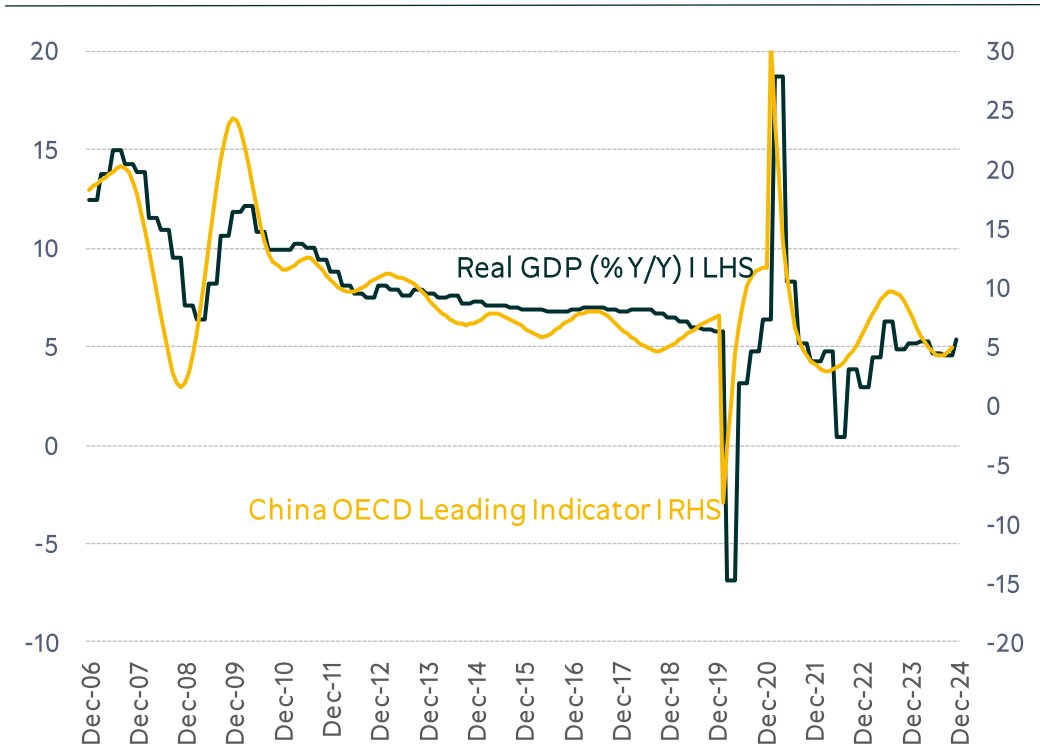


Carry Over Effect

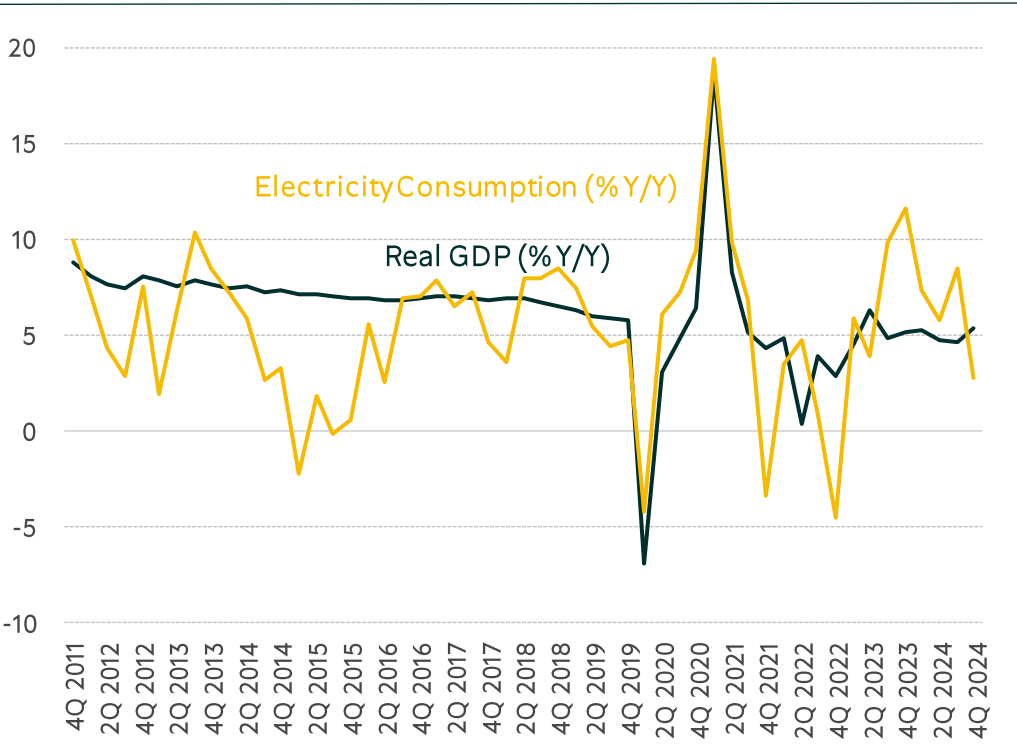


CN GDP | Electricity consumption data fell significantly in November while OECD's Leading Indicator is trying to move upwards

Real GDP & China OECD Leading Indicator

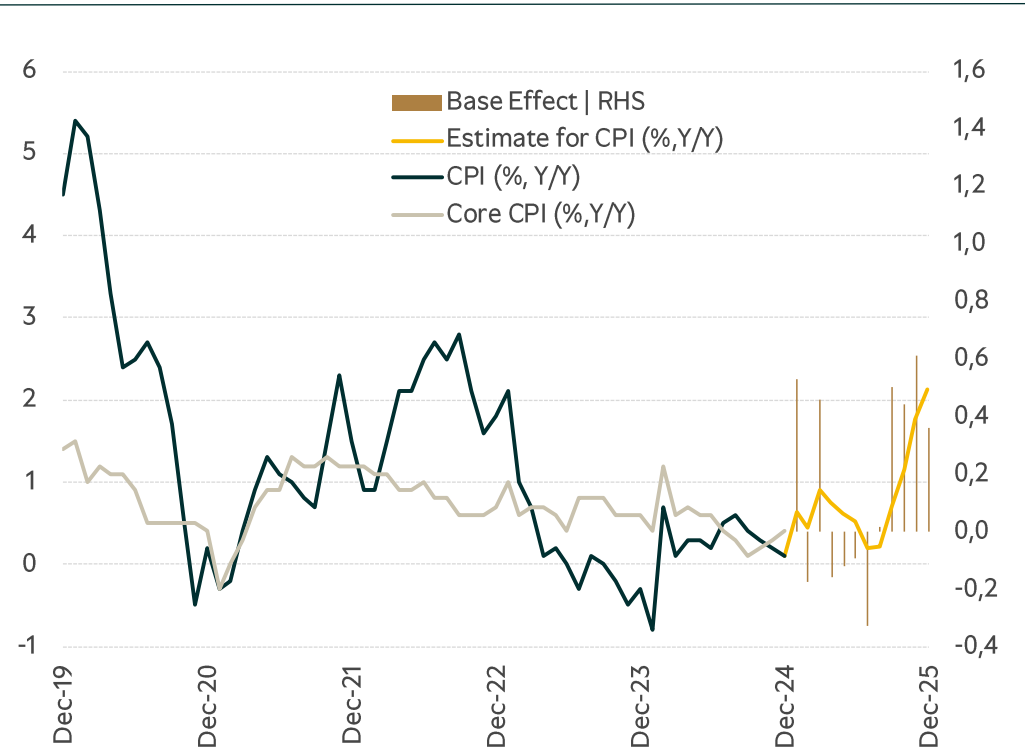


Real GDP & Electricity Consumption

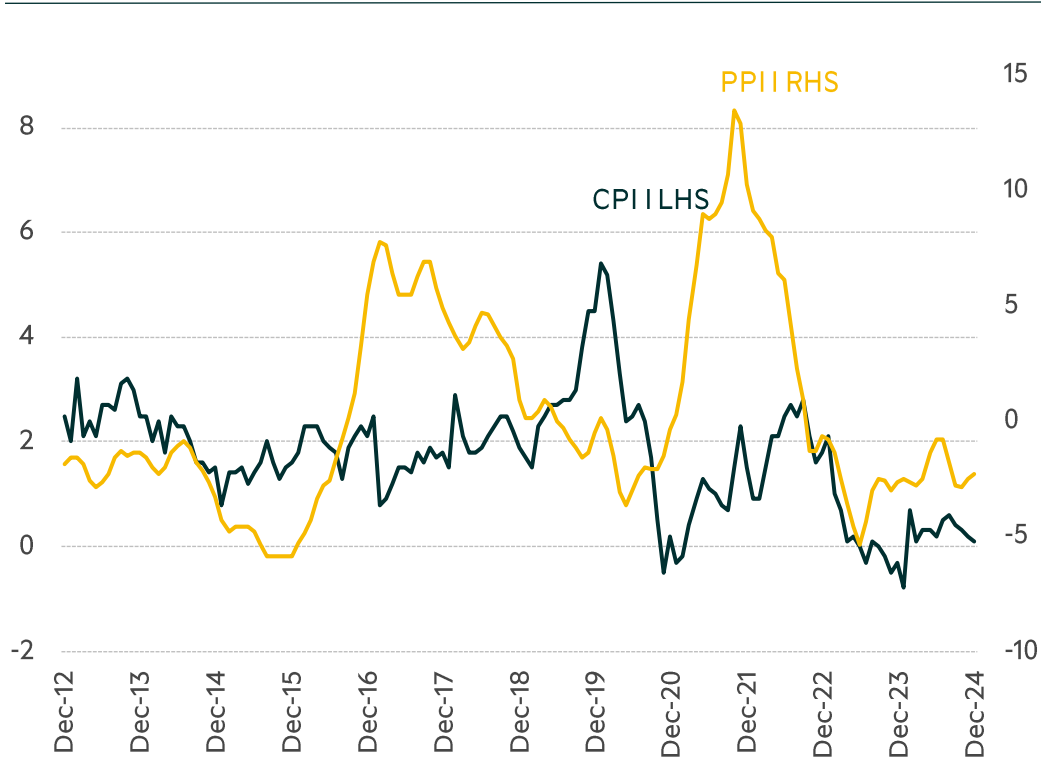


CN Inflation Outlook | Base effects are pointing to higher inflation in the next 12 months

Inflation Rate Forecast | Statistical Model

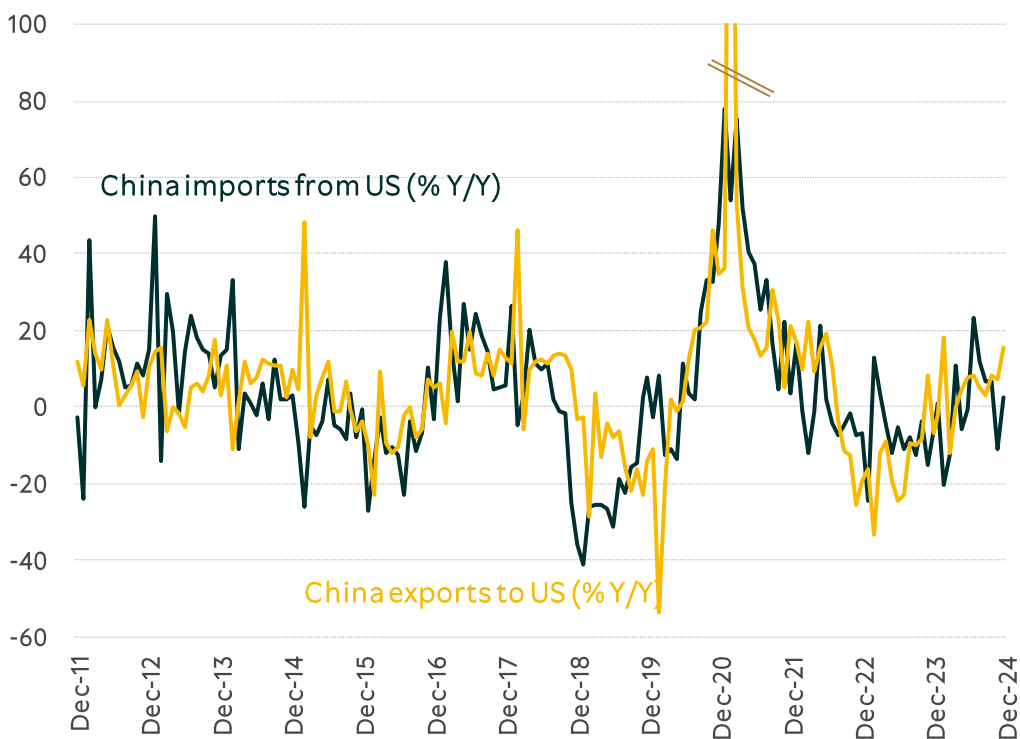


CPI & PPI

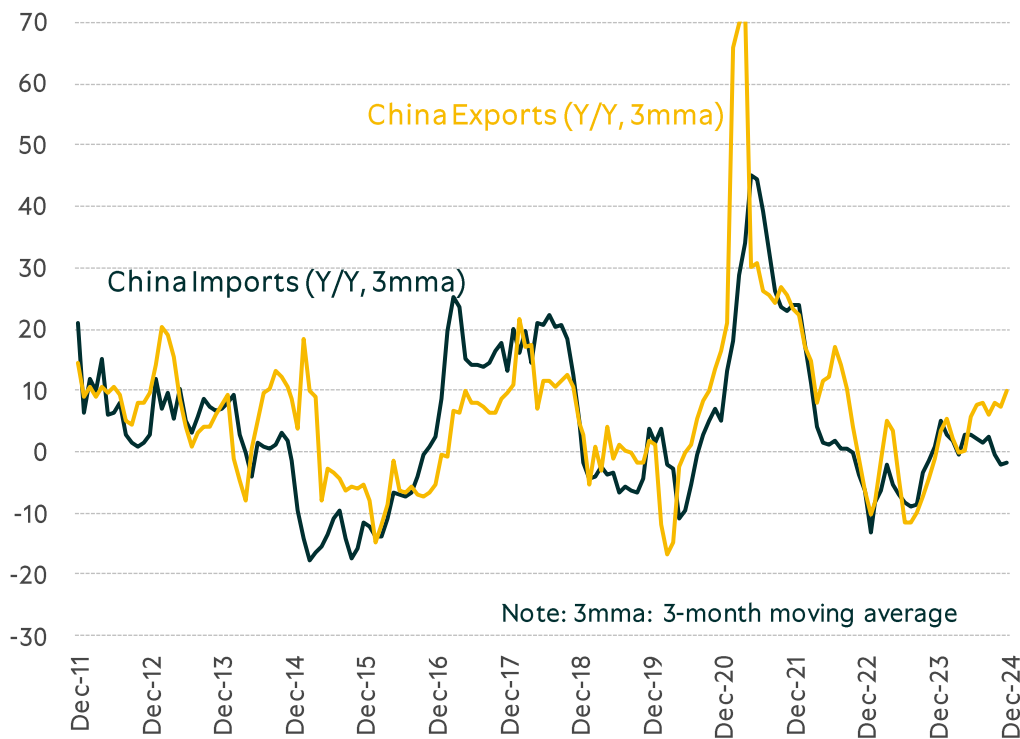


CN Trade | The trade outlook is quite uncertain due to the threat of higher tariffs

Trade US – China

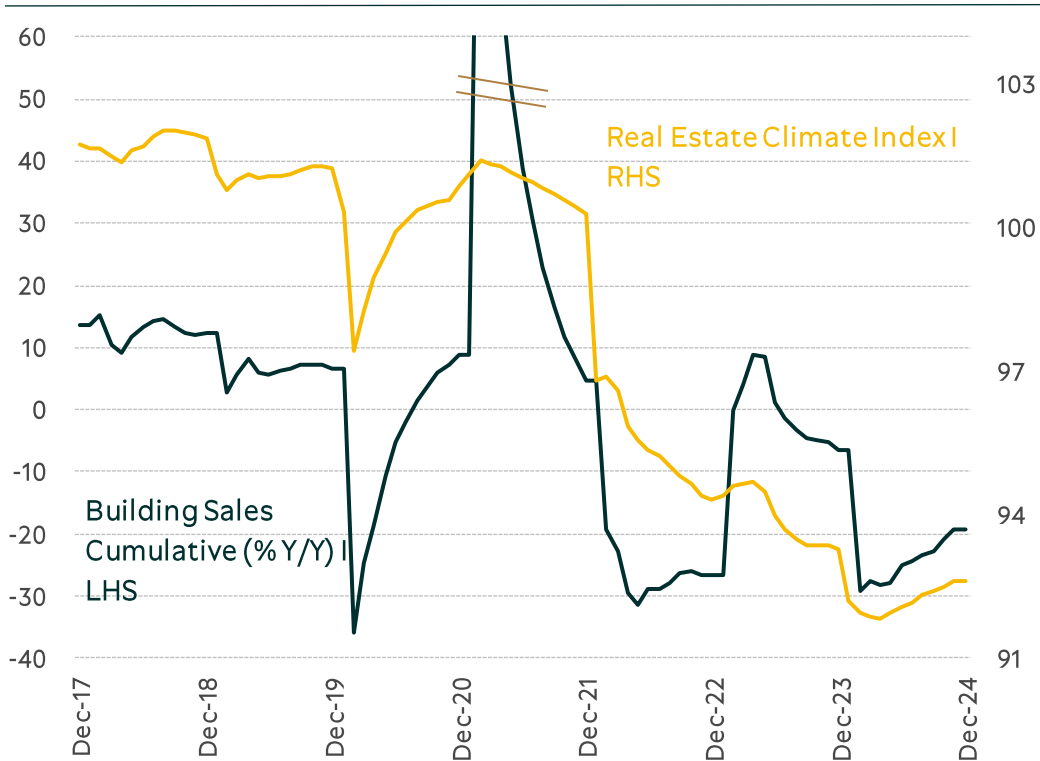


Imports & Exports

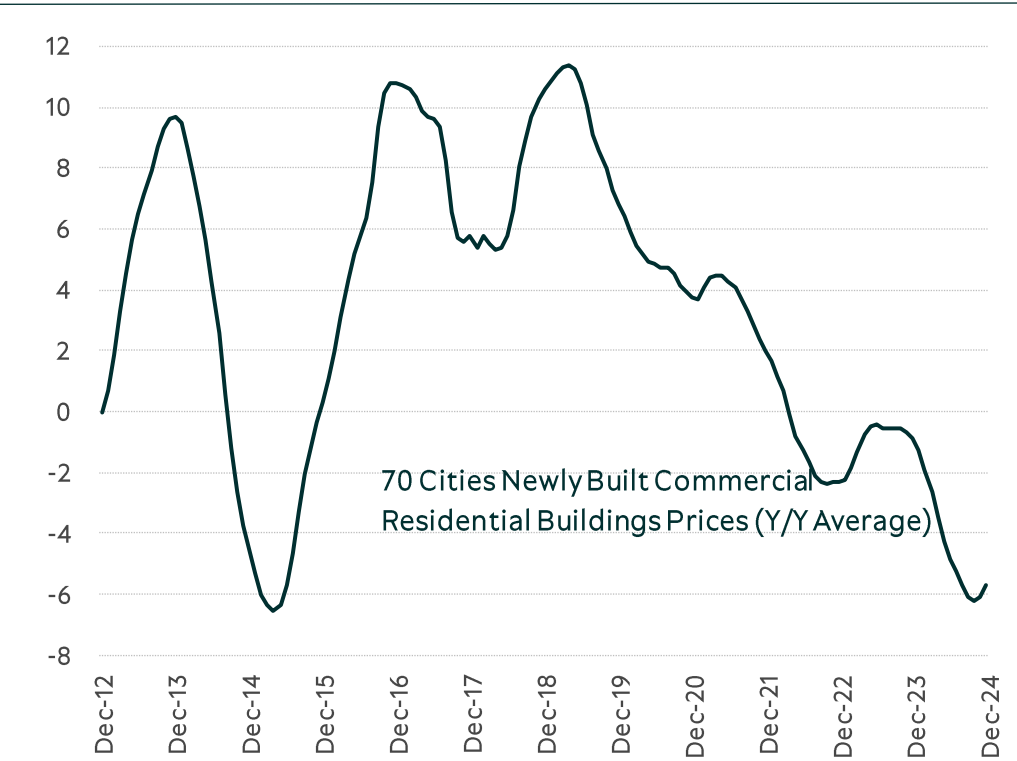


CN Real Estate | Small improvement in Building sales and Real Estate climate but Prices still very subdued

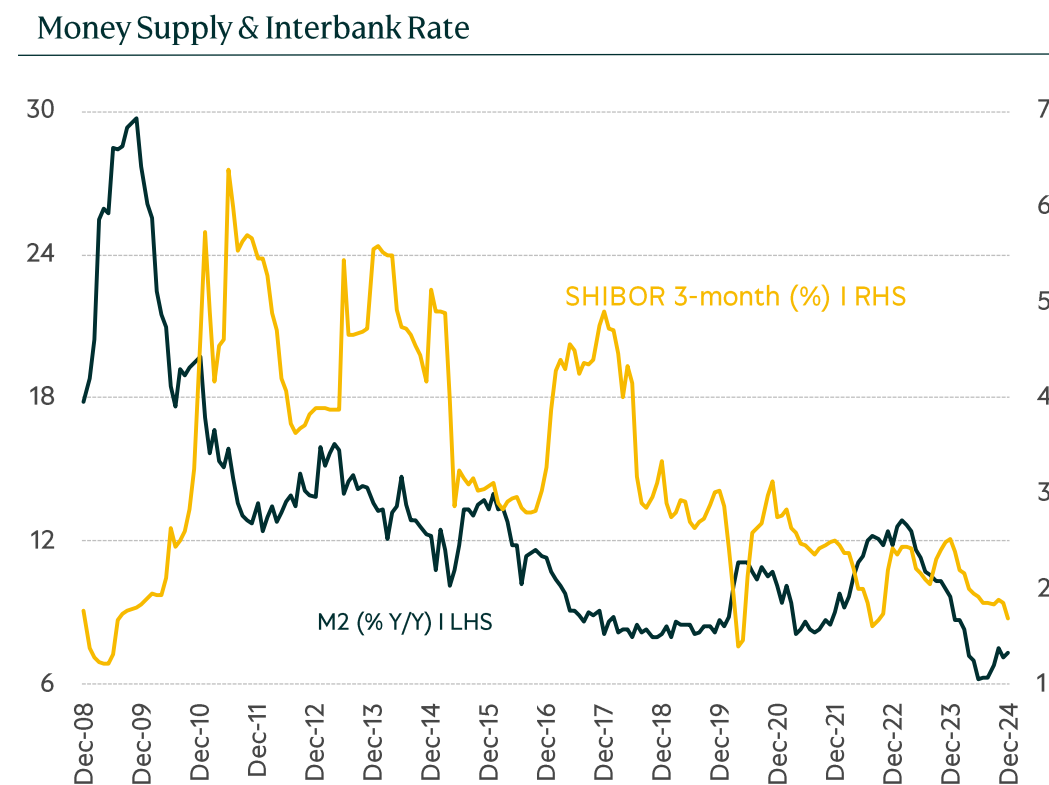
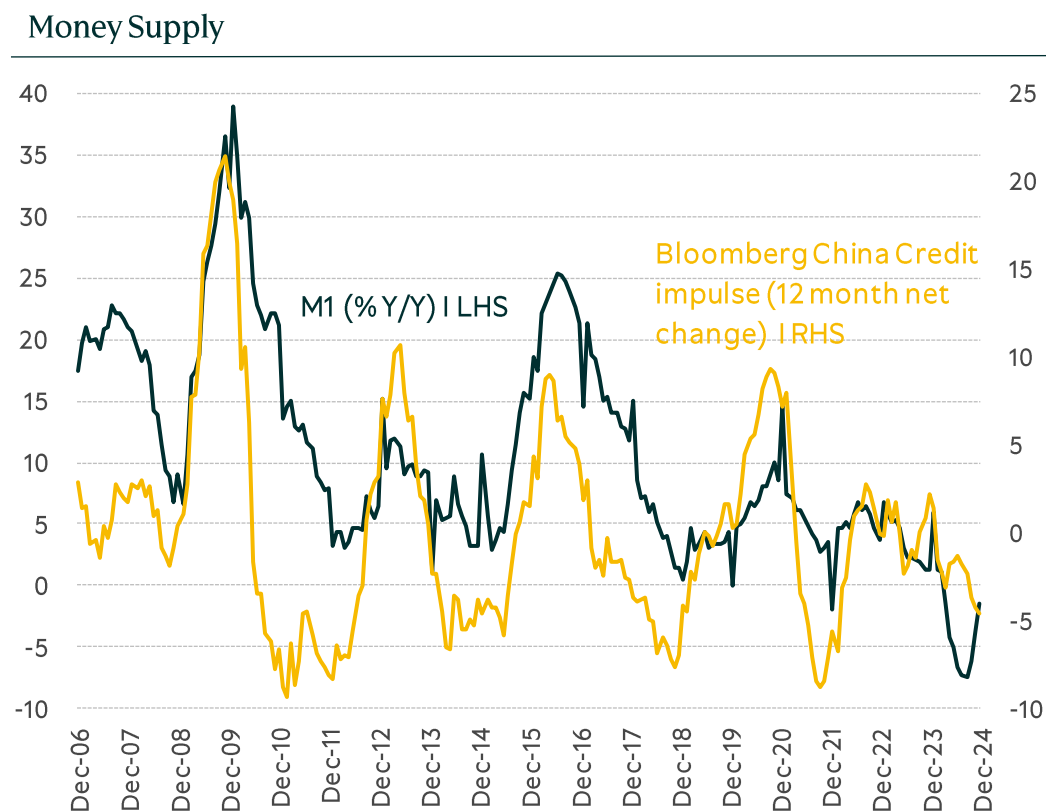
Real Estate Climate & Building Sales



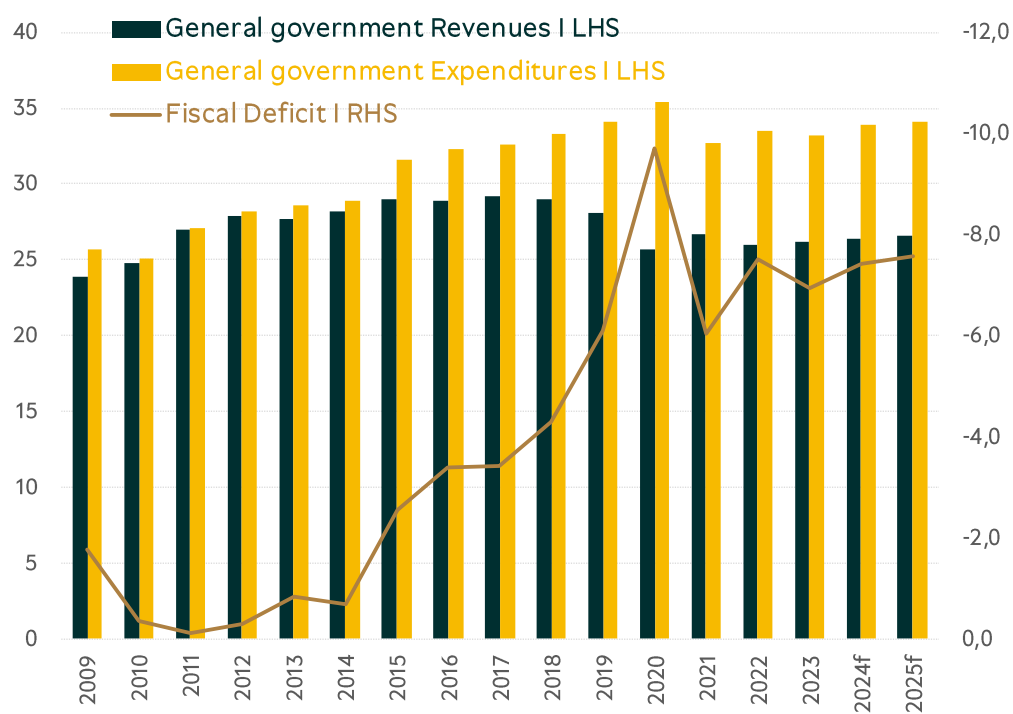
Newly Residential Buildings Prices



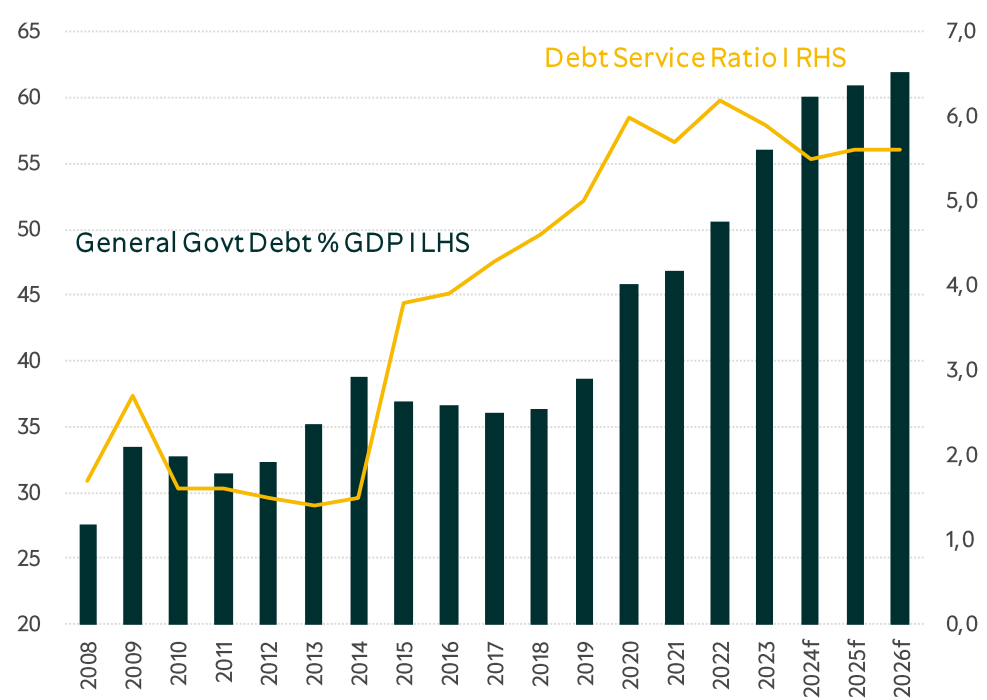
CN Money Supply | M1 and M2 still a drag to GDP ahead



Government Balance



General Government Debt & Debt Service Ratio



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

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