Οκτώβριος 25

Global Macro Trends

Η αναστολή λειτουργίας της κυβέρνησης των ΗΠΑ παραμένει σε ισχύ, επηρεάζοντας την δημοσίευση κρίσιμων οικονομικών δεικτών

Piraeus

Economic Research & Investment Strategy
Global Economics & ESG Research

Διεθνείς Μακροοικονομικές Τάσεις

▶Σε νέα φάση έντασης εισήλθε το τελευταίο διάστημα η εμπορική αντιπαράθεση ΗΠΑ-Κίνας με εκατέρωθεν απαγορεύσεις/διοικητικούς περιορισμούς στις εξαγωγές επιμέρους προϊόντων και απειλή των ΗΠΑ για επιπρόσθετο δασμό 100% στα κινεζικά προϊόντα. Ως αποτέλεσμα, η αβεβαιότητα στις διεθνείς αγορές επανήλθε σε αξιοσημείωτο βαθμό. Ωστόσο, οι συζητήσεις συνεχίζονται και ο Αμερικανός Πρόεδρος εξέφρασε την αισιοδοξία του ότι τελικά θα βρεθεί κοινός τόπος. Ταυτόχρονα, σημαντικές είναι και οι γεωπολιτικές εξελίξεις καθώς για πρώτη φορά διαφαίνεται ελπίδα ειρήνευσης στη Μέση Ανατολή μετά την εύθραυστη ανακωχή μεταξύ του Ισραήλ -Χαμάς που συμφωνήθηκε με τη συμμετοχή και των χωρών της ευρύτερης περιοχής.

▶Στις ΗΠΑ, η αναστολή λειτουργίας (shutdown) των ομοσπονδιακών υπηρεσιών από την 1η Οκτωβρίου κυριαρχεί στις οικονομικές εξελίξεις με την προσωρινή παύση της ανακοίνωσης στοιχείων να αποτελεί αναπόφευκτη συνέπεια. Τα τελευταία οικονομικά στοιχεία που δημοσιεύθηκαν και οι πρόδρομοι δείκτες συνεχίζουν να καταδεικνύουν ανθεκτικότητα της ανάπτυξης, πολύ μικρή άνοδο του πληθωρισμού (πλησιάζοντας ωστόσο το 3%), αλλά και χειροτέρευση των συνθηκών στην αγορά εργασίας. Εκτιμάται, όμως ότι μεγάλο μέρος των επιπτώσεων των δασμών δεν έχει ακόμη περάσει στις τιμές, κάτι που αναμένεται να συμβεί κατά τους επόμενους μήνες. Η εξέλιξη αυτή, όπως αναγνώρισε και ο Πρόεδρος της Fed, θα δυσκολέψει πολύ την άσκηση της νομισματικής πολιτικής καθώς η διατήρηση του πληθωρισμού κοντά στο στόχο προϋποθέτει σχετικά υψηλά επίπεδα επιτοκίων, αλλά η χειροτέρευση στην αγορά εργασίας καταδεικνύει την ανάγκη μείωσής τους.

▶Στην Ευρωζώνη, η ανάπτυξη παραμένει αρκετά συγκρατημένη και δεν αναμένεται ουσιαστική ενίσχυσή της τόσο κατά το Γ΄, όσο και το Δ΄ Τρίμηνο. Από την άλλη, το ποσοστό ανεργίας εξακολουθεί να βρίσκεται ιστορικά χαμηλά, επηρεάζοντας θετικά την ιδιωτική κατανάλωση και ο πληθωρισμός αναμένεται να συνεχίσει να κινείται γύρω στο 2%, όσο και ο στόχος της ΕΚΤ. Όμως, οι αυξημένες αμυντικές δαπάνες και η γήρανση του πληθυσμού επιτείνουν την πίεση στους κρατικούς προϋπολογισμούς για περικοπές δαπανών, συχνά μη δημοφιλών, ενισχύοντας την πολιτική αστάθεια. Στο πλαίσιο αυτό, ο κύκλος μείωσης των βασικών επιτοκίων της ΕΚΤ φαίνεται να έχει γενικά ολοκληρωθεί.

▶ Στην Κίνα, παρότι τα τελευταία οικονομικά στοιχεία καταδεικνύουν κάποια επιβράδυνση του ρυθμού ανάπτυξης, συνολικά για το 2025 εκτιμάται ότι, εκτός απροόπτου, θα επιτευχθεί ο στόχος του «περίπου 5%». Σημαντική συμβολή φαίνεται ότι θα έχει η επιτυχής, τουλάχιστον με τα μέχρι τώρα στοιχεία, ανακατεύθυνση των «χαμένων» στις ΗΠΑ εξαγωγών σε άλλες αγορές. Ωστόσο, η ενίσχυση της εσωτερικής ζήτησης και η διατήρηση μιας καλής σχέσης με τις ΗΠΑ θεωρούνται βασικοί παράγοντες για την επίτευξη ενός ισχυρού ρυθμού ανάπτυξης μεσοπρόθεσμα.

Global macro trends

- Trade tensions between the United States and China have increased, as both countries are now enforcing bans and administrative controls on certain exports, and the US has threatened to impose an additional 100% tariff on Chinese goods. Consequently, a considerable level of uncertainty has resurfaced in international markets. However, negotiations continue, and the President of the United States has conveyed confidence that a mutually agreeable resolution will ultimately be achieved. Simultaneously, geopolitical developments remain highly relevant, as hope for peace in the Middle East emerges for the first time following the fragile truce between Israel and Hamas, broken with the involvement of countries from the broader region.

- In the US, the federal government shutdown commencing on 1 October has been the central focus of recent economic developments, resulting in the inevitable interruption of data releases. The latest available economic data and leading indicators demonstrate continued growth, a slight increase in inflation close to 3% and deteriorating conditions in the labour market. It is estimated that a substantial portion of tariff-related impacts has yet to be reflected in consumer prices, with these effects likely to become evident in the coming months. The Chairman of the Federal Reserve has noted that this development is expected to substantially increase the complexity of monetary policy decision-making since maintaining inflation close to target necessitates keeping interest rates elevated whereas the deterioration of the labour market suggests a need for rate reductions.

- Economic growth In the Euro area remains modest with little indication of significant improvement expected in either the third or fourth quarter. On the other hand, the unemployment rate continues to remain at historically low levels, which supports private consumption. Inflation is projected to stay close to 2%, aligning with the ECB's target. At the same time, increased defense expenditure and an aging population are placing additional strain on government budgets. The situation often requires unpopular spending cuts and is contributing to heightened political uncertainty. Against this backdrop, it appears that the present cycle of ECB interest rate cuts appears to have been completed.

- Recent economic data from China reveals a modest deceleration in growth. However, forecasts for 2025 remain optimistic, with the "around 5%" growth target expected to be attainable barring any unexpected disruptions. A notable contributor to this outlook is the effective reallocation of exports formerly destined for the US to alternative international markets, as demonstrated by current data. Nonetheless, bolstering domestic demand and ensuring stable relations with the US are considered critical to sustaining robust medium-term economic growth.

Main Macroeconomic Indicators – Market Consensus

US										
	Actual				Estimates				% Y/Y avg		
	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2024	2025	2026
Real GDP Q/Q % SAAR	3.3	1.9	-0.6	3.8	1.7	1.2	1.5	1.9	2.8	1.8	1.8
Headline PCE PI % Y/Y	2.4	2.6	2.6	2.4	2.8	3.0	2.9	2.9	2.6	2.7	2.7
Core PCE % Y/Y	2.8	3.0	2.8	2.7	3.0	3.2	3.1	3.1	2.9	2.9	2.9
Unemployment Rate	4.2	4.1	4.1	4.2	4.3	4.4	4.4	4.5	4.0	4.2	4.4
Fed Policy Rate (Upper Bound)	5.00	4.50	4.50	4.50	4.25	3.85	3.64	3.44	4.50	3.85	3.29

EA											
	Actual				Estimates				% Y/Y avg		
	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2024	2025	2026
Real GDP Q/Q %	0.4	0.4	0.6	0.1	0.1	0.2	0.3	0.4	0.9	1.3	1.1
CPI % Y/Y	2.2	2.2	2.3	2.0	2.1	2.0	1.7	1.9	2.4	2.1	1.8
Unemployment Rate	6.3	6.3	6.3	6.3	6.3	6.4	6.4	6.3	6.4	6.3	6.3
ECB Policy Rate (Main Refin Rate)	3.65	3.15	2.65	2.15	2.15	2.15	2.15	2.15	3.15	2.15	2.15

	Emerging Markets		**Brazil**			**China**		**India**		
	Real GDP	Inflation	Real GDP	Inflation	Key Rate	Real GDP	Inflation	Real GDP	Inflation	Key Rate
2022	3,9	6,4	3,0	9,3	13,75	3,1	2,0	9,7	6,7	6,25
2023	4,4	5,7	3,3	4,6	11,75	5,4	0,2	7,6	5,7	6,50
2024e	4,8	6,7	3,4	4,4	12,25	5,0	0,2	9,2	5,0	6,50
2025f	4,1	3	2,2	5,1	15,00	4,8	0	6,4	4,6	5,14
2026f	4,0	2,7	1,7	4,2	12,25	4,2	0,8	6,6	2,7	5,25

Market Consensus 15.10.2025

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Source: Economic Research & Investment Strategy

Bird’s Eye View

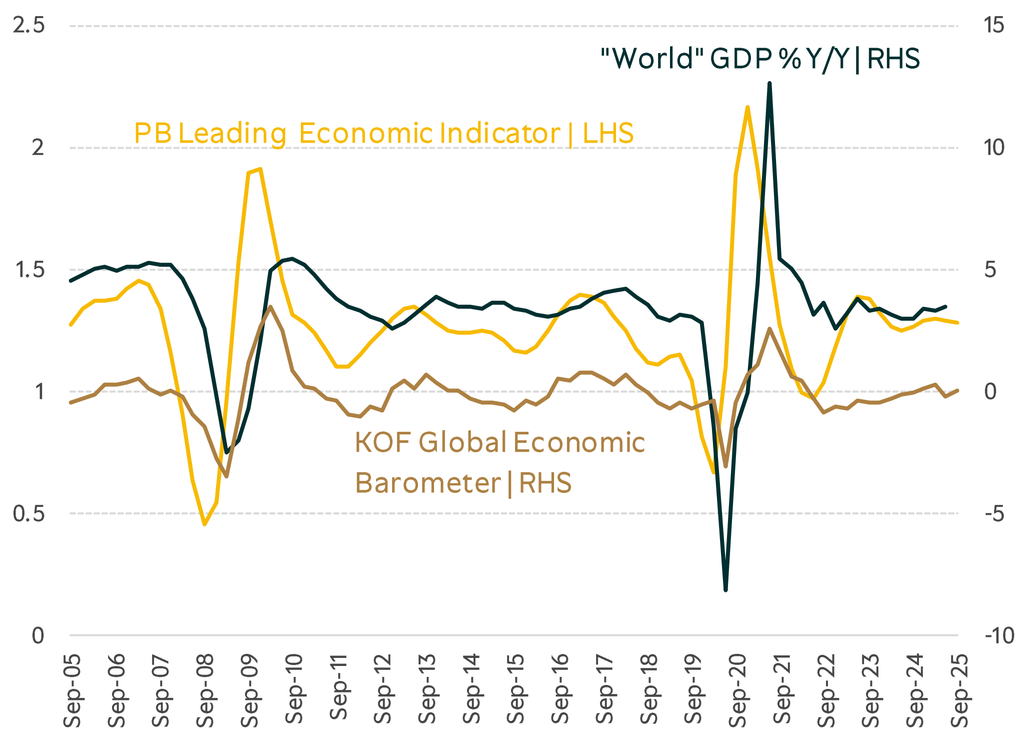
US Economy

EA Economy

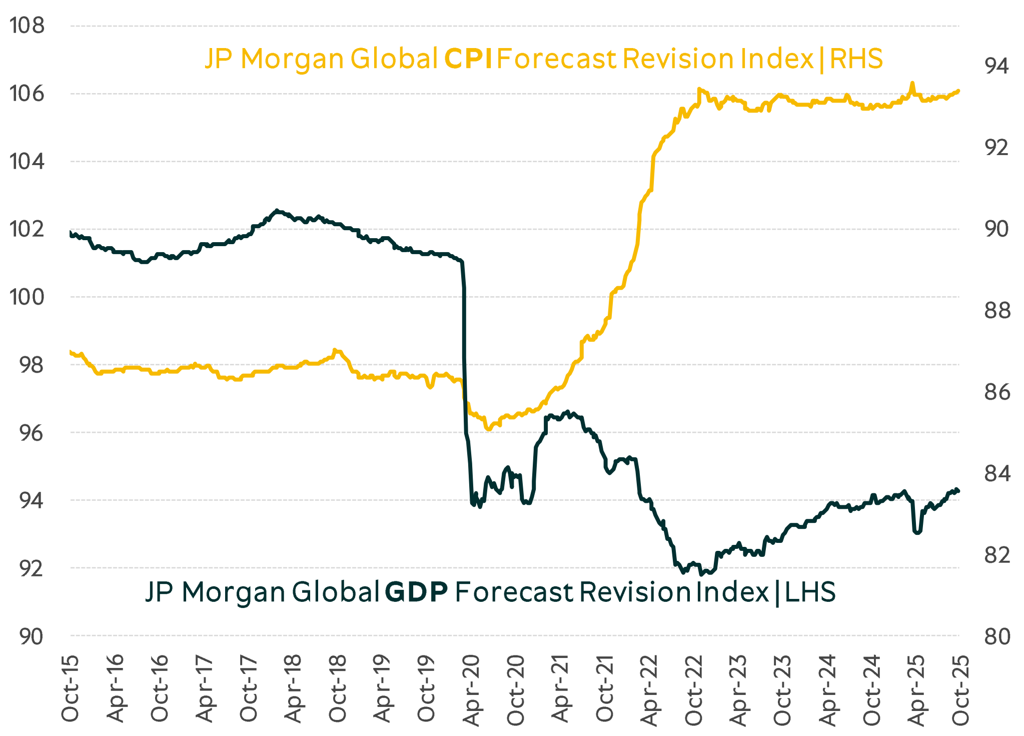
China Economy

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

Piraeus Bank "World" Leading Economic Indicator & Economic Growth



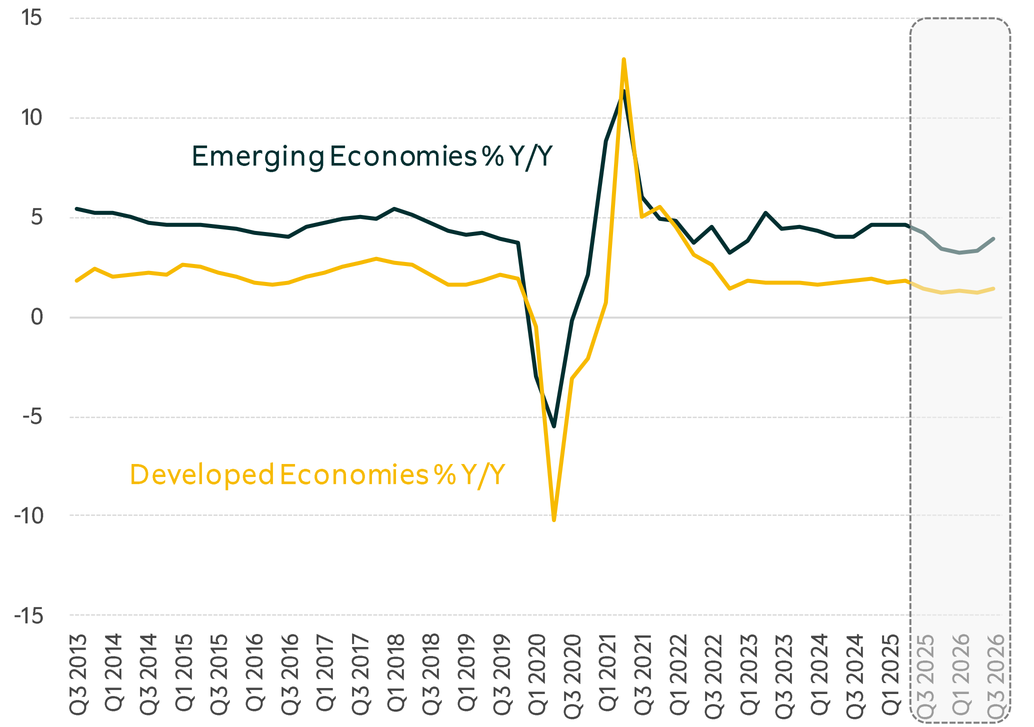
JP Morgan Global Forecast Revision Indices



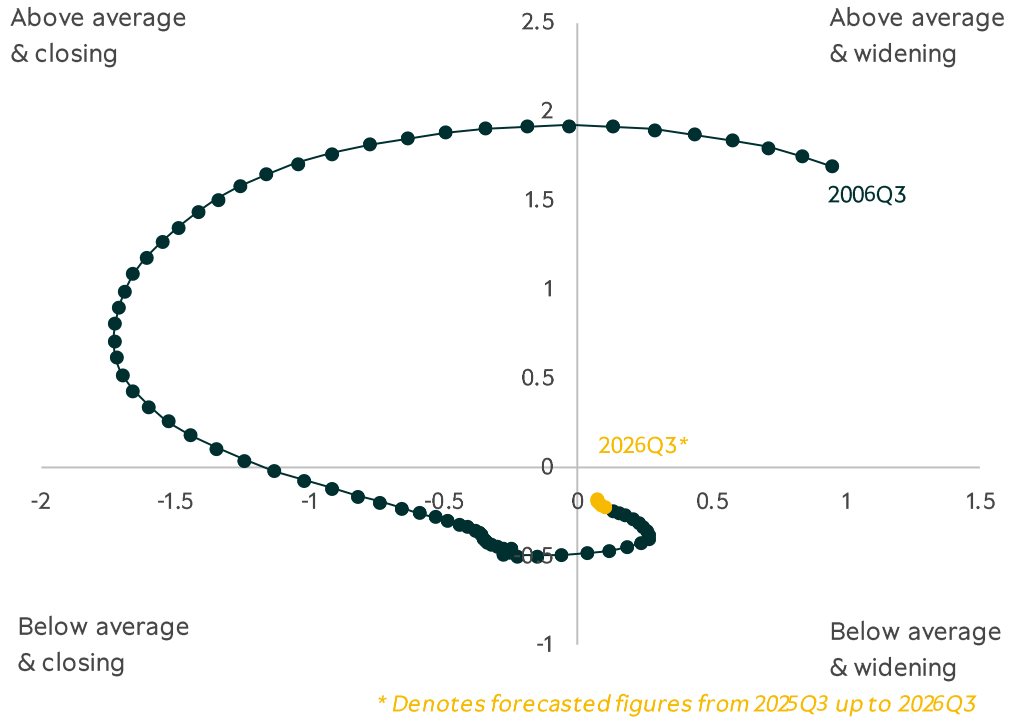
Source: Economic Research & Investment Strategy

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

Real GDP Growth

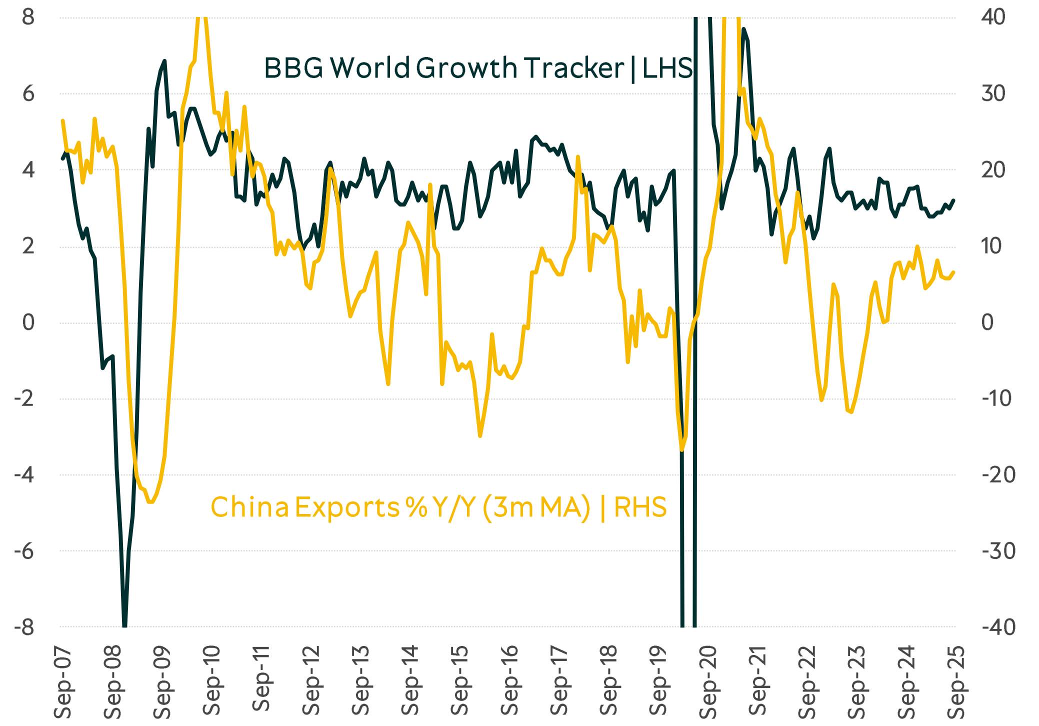


EM – DM Growth Differential

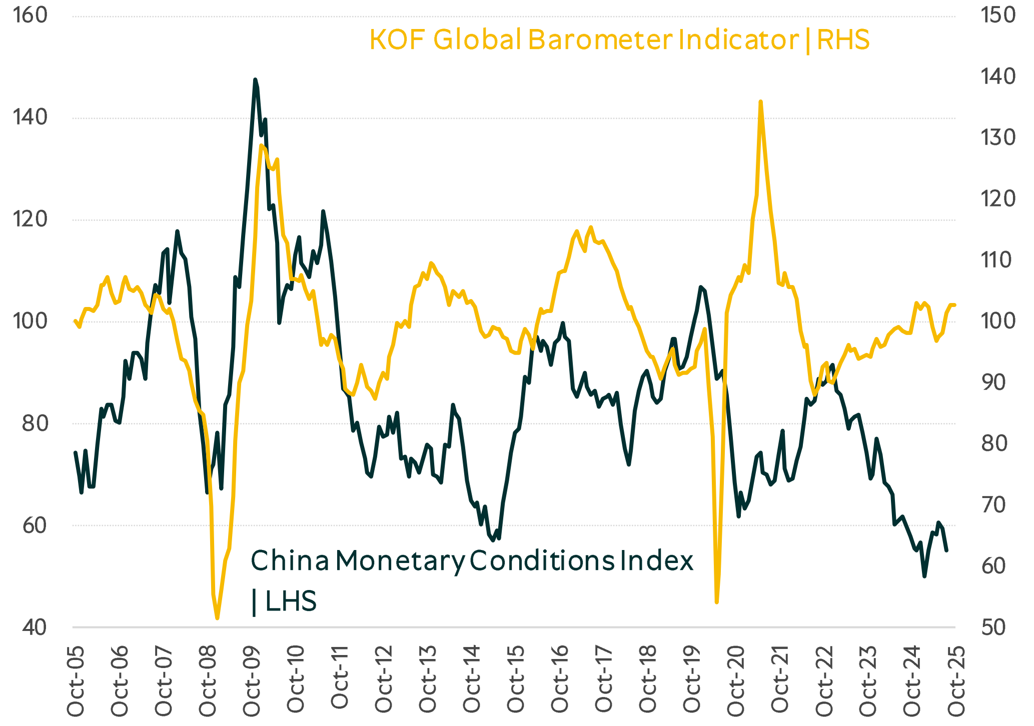


Global Economic Activity | China's exports saw a larger increase in the first quarter of 2025 (front-running inventory buildup) however, future growth is uncertain.

BBG World Growth Tracker & China Exports



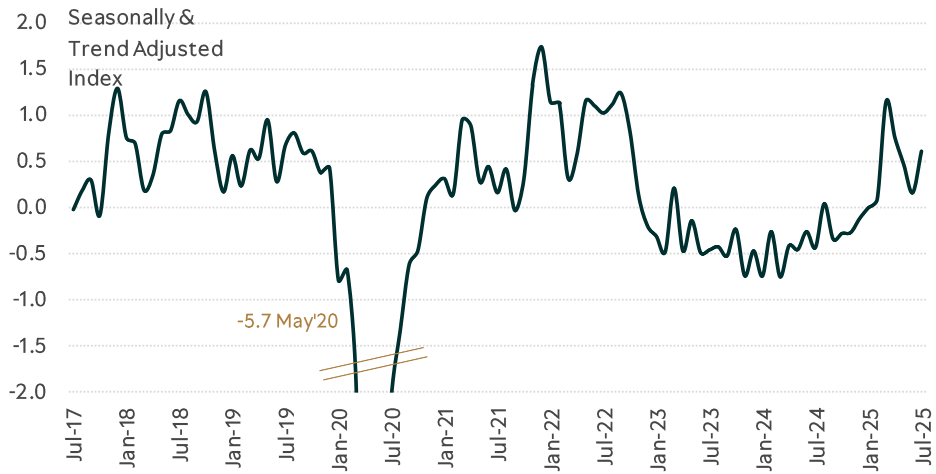
KOF Global Barometer Indicator & China Monetary Conditions



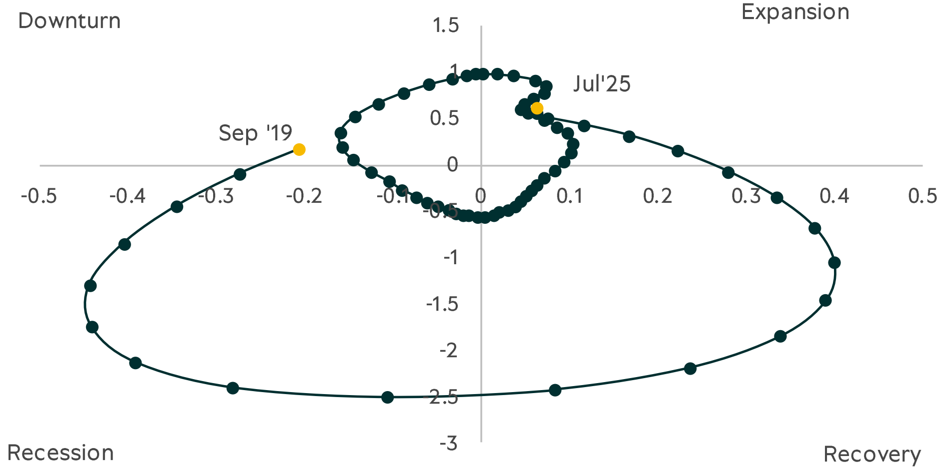
Source: Economic Research & Investment Strategy

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

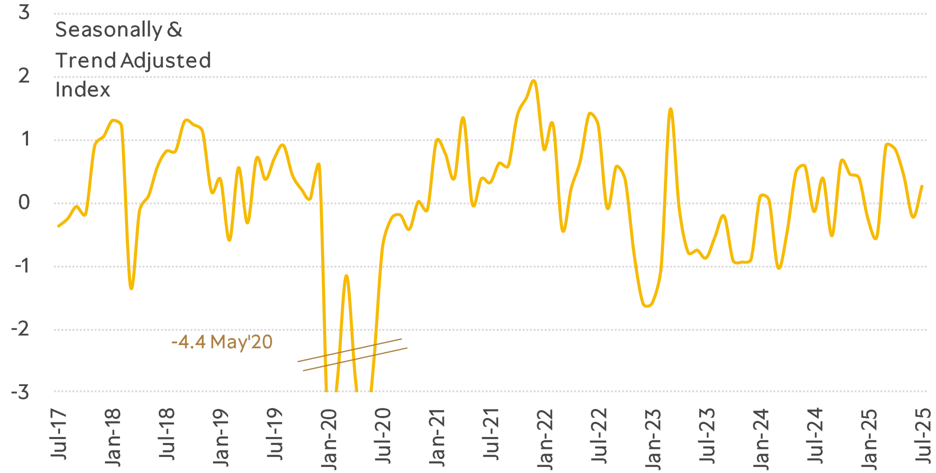
World Trade



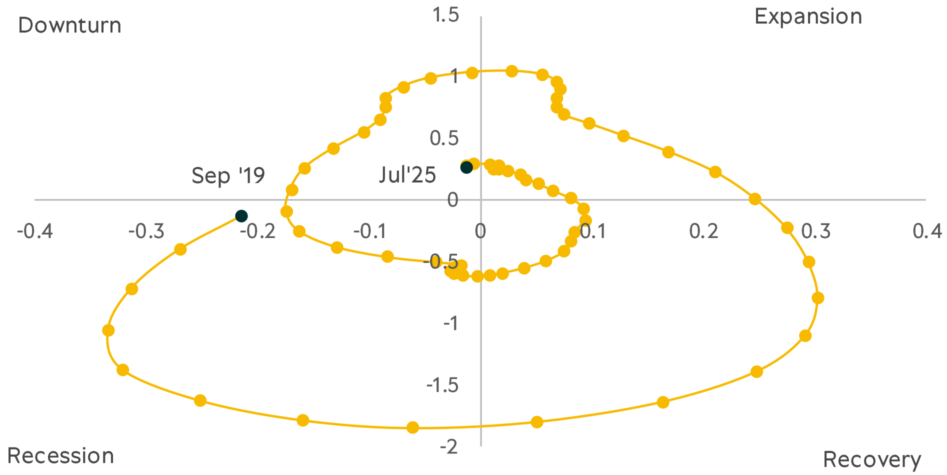
World Trade Tracer



World Exports | EM



World Exports Tracer | EM



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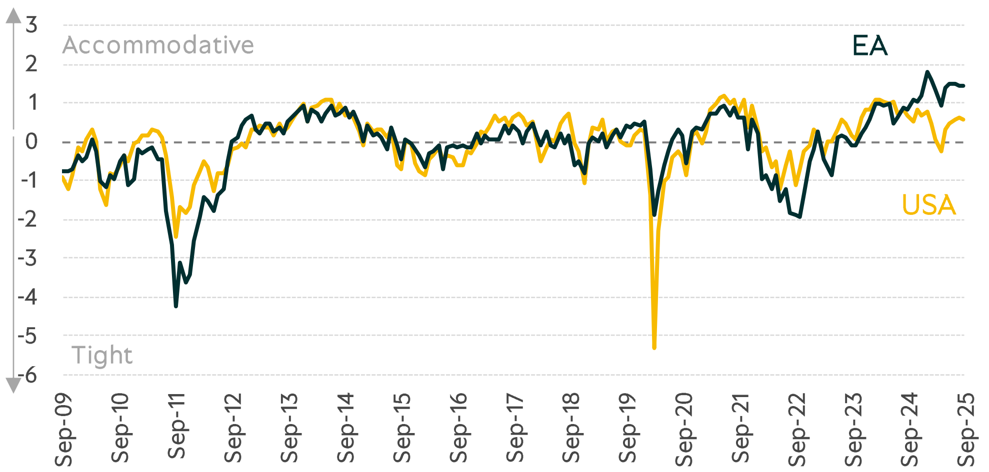
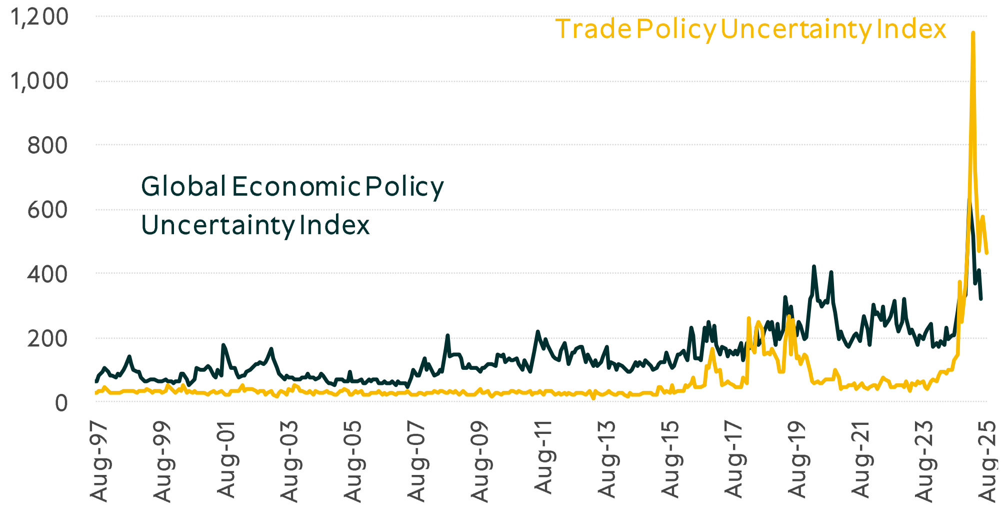
Global Trends | Trade and Economic Policy Uncertainty fell sharply from their peak but remain elevated compared to historical levels. US Financial Conditions remained accommodative in September.

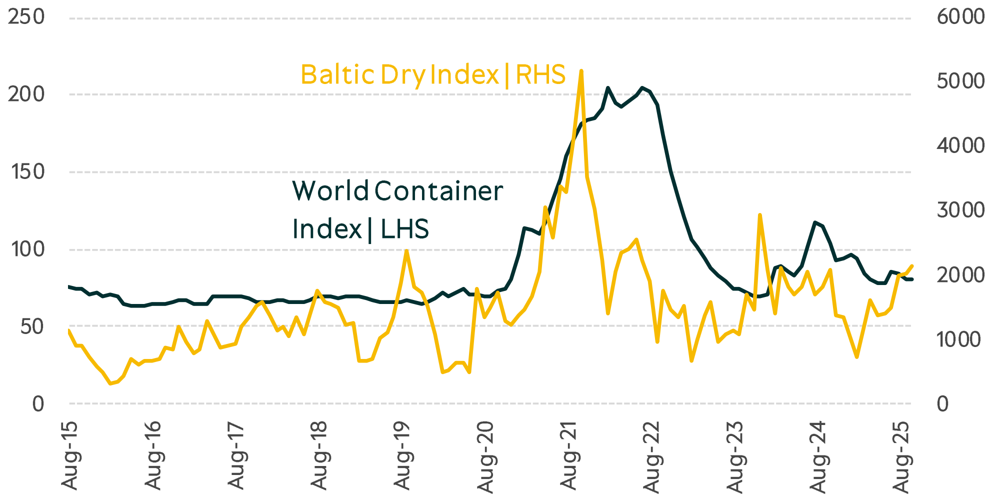
Bloomberg Financial Conditions Indices



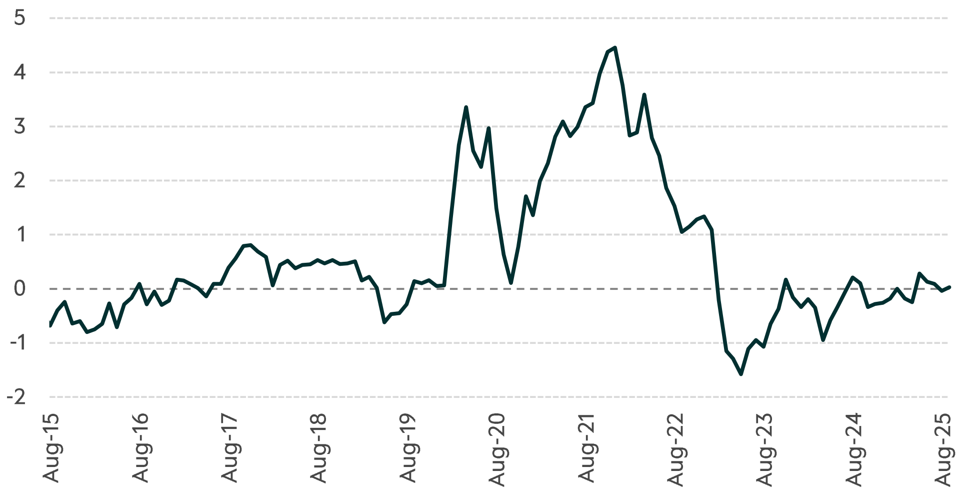
Global Economic & Trade Policy Uncertainty (Caldara & Iacoviello)



World Container and Baltic Dry Indices



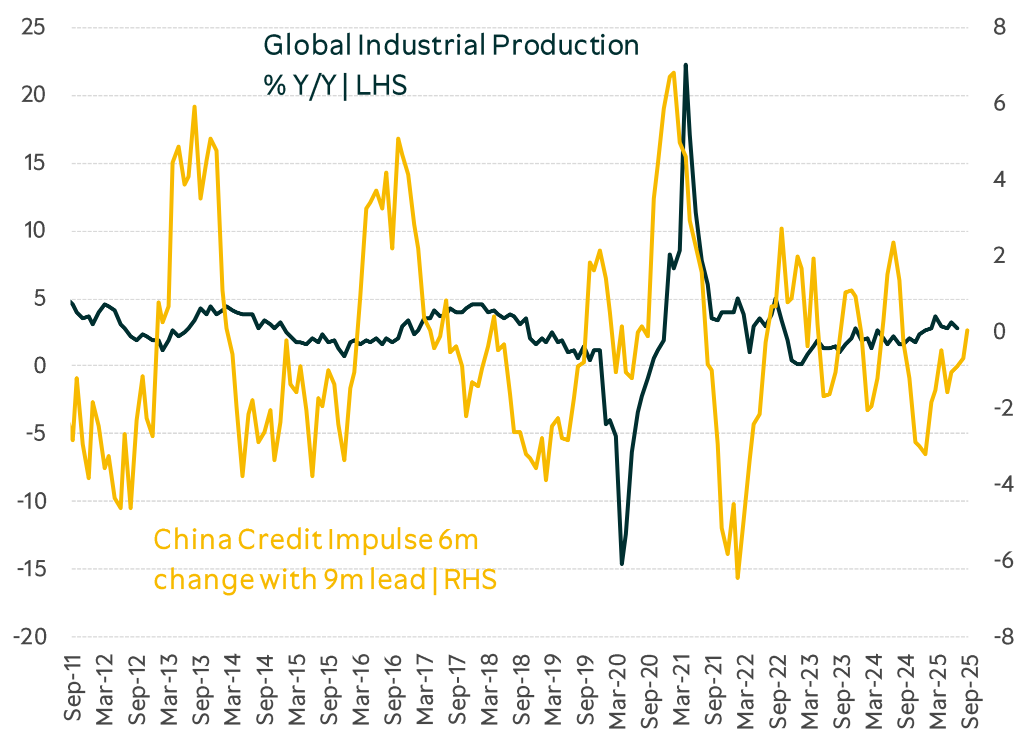
Global Supply Chain Pressure (NY Fed)



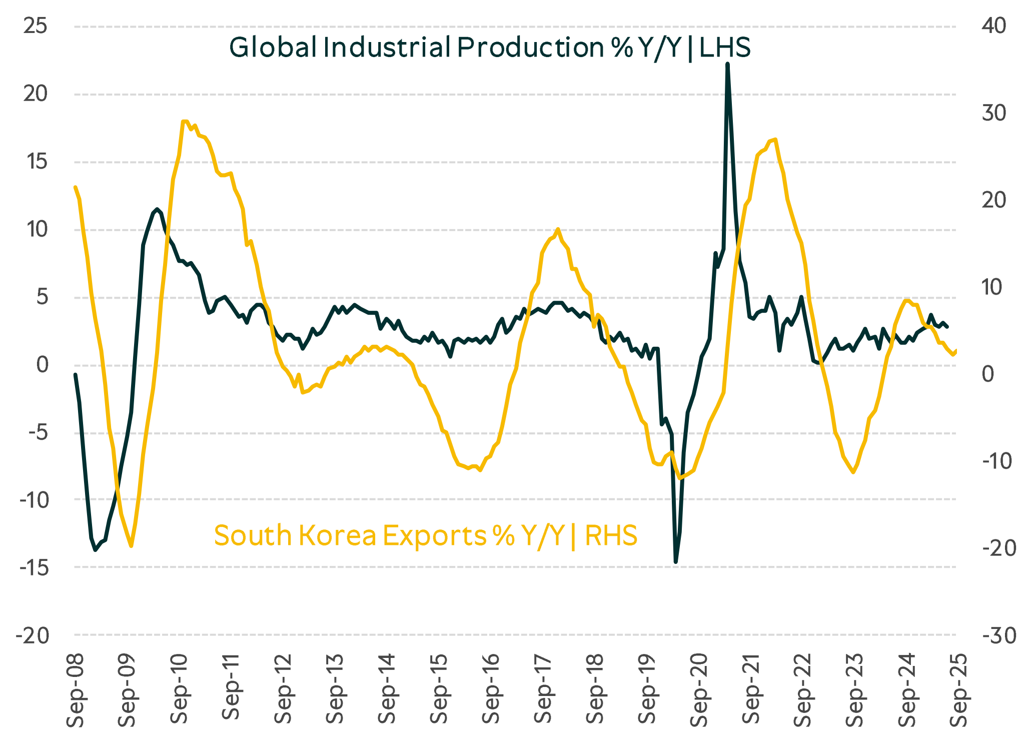
Source: Economic Research & Investment Strategy

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

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



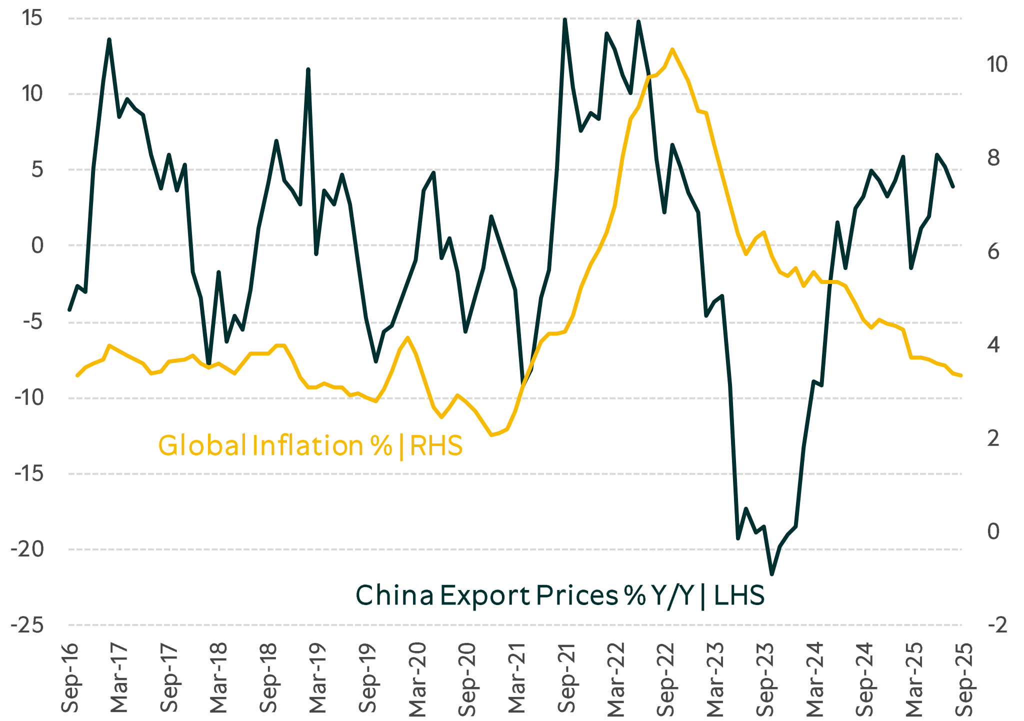
South Korean Exports & Global Industrial Production



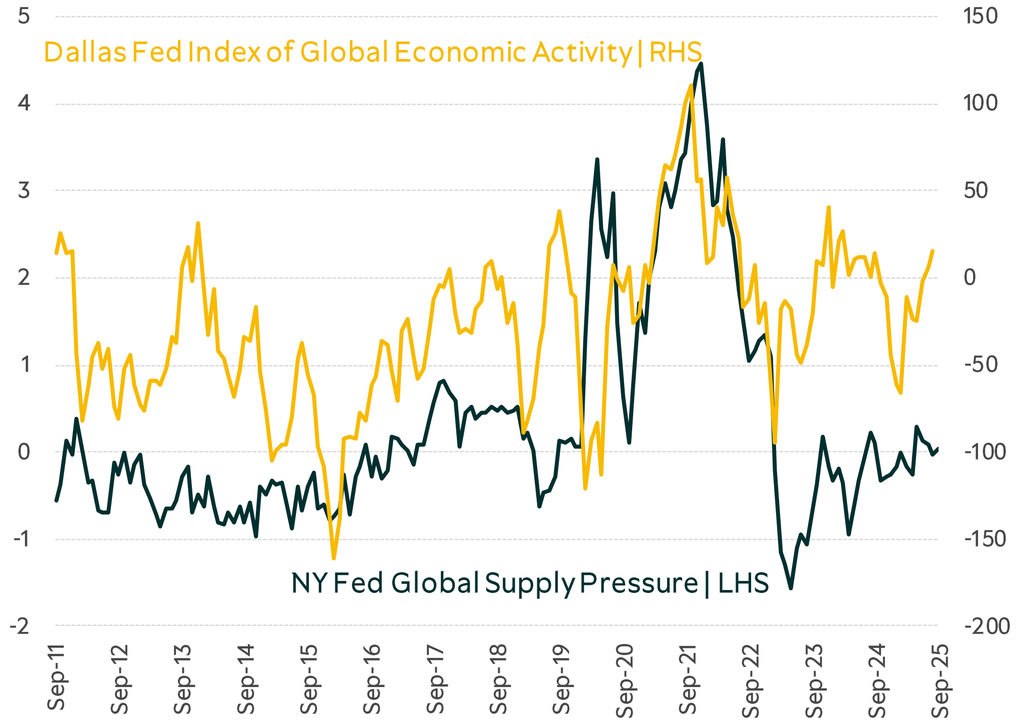
Source: Economic Research & Investment Strategy

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

China Export Prices & Global Inflation

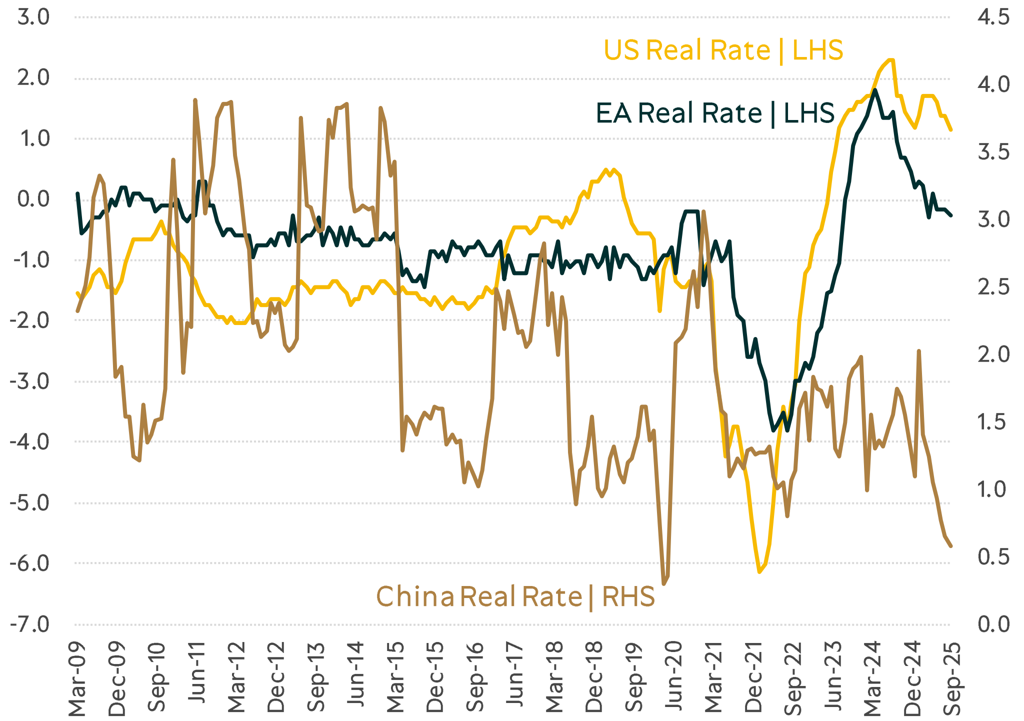


Global Economic Activity vs Global Supply Pressure

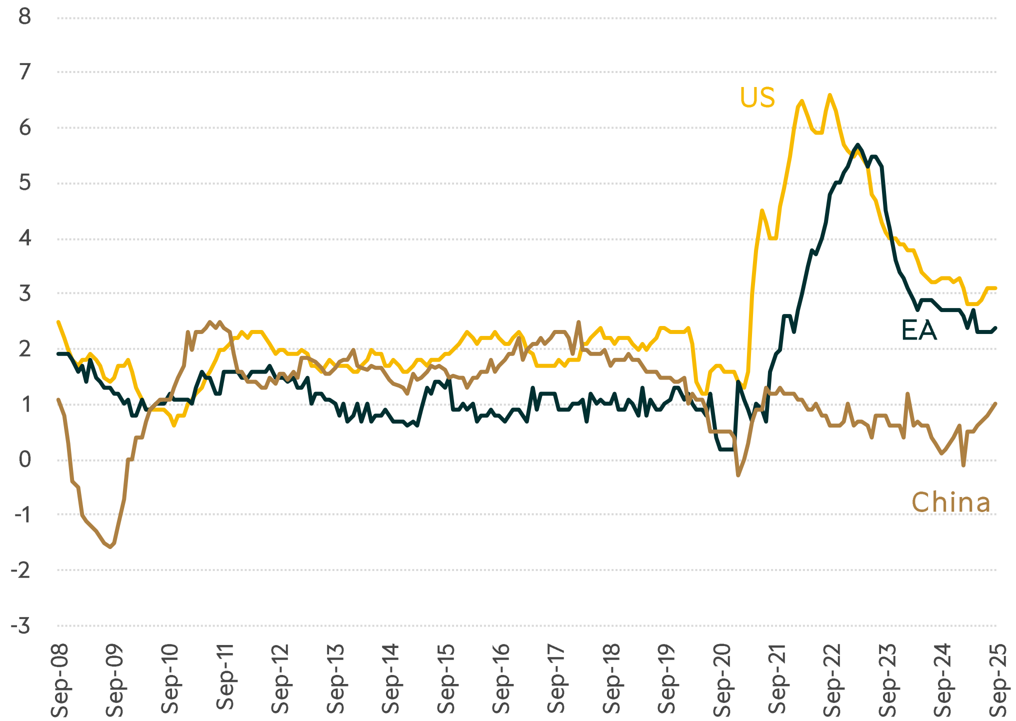


Global Trends | Real policy rates in the US, Eurozone and China continued to decline in September. China's core CPI increased for the fifth consecutive month to 1.0% from 0.9% in August.

Global Real Policy Rates US, EA, CN



US, EA, CN Core Inflation



Bird's Eye View

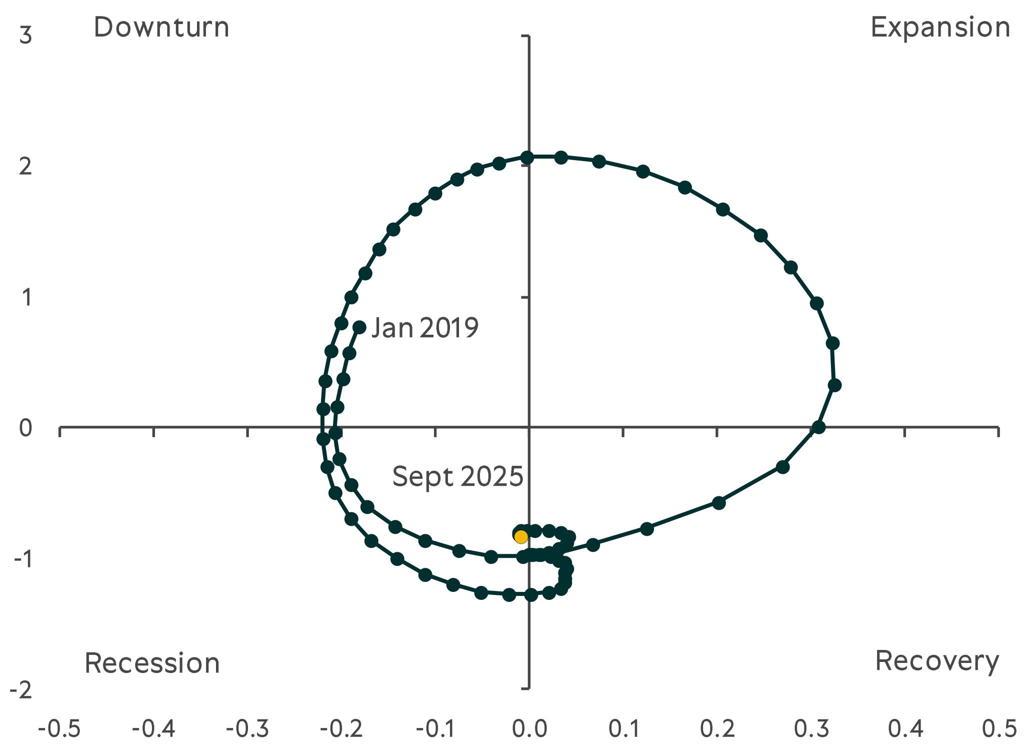
US Economy

EA Economy

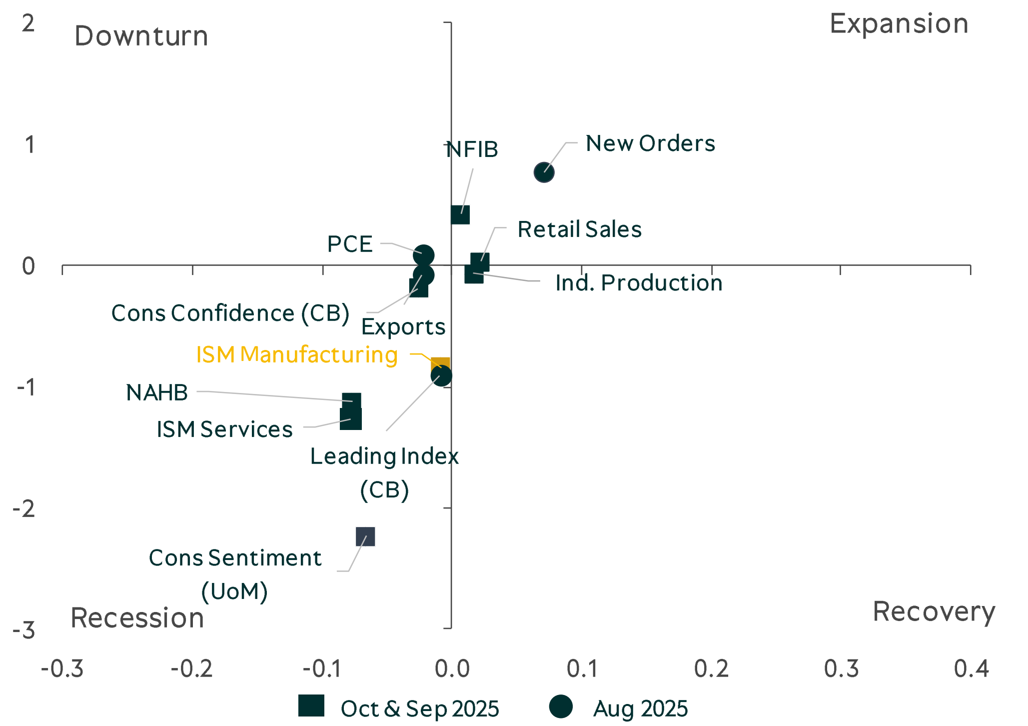
China Economy

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

US Business Cycle | Based on ISM Manufacturing Indicator



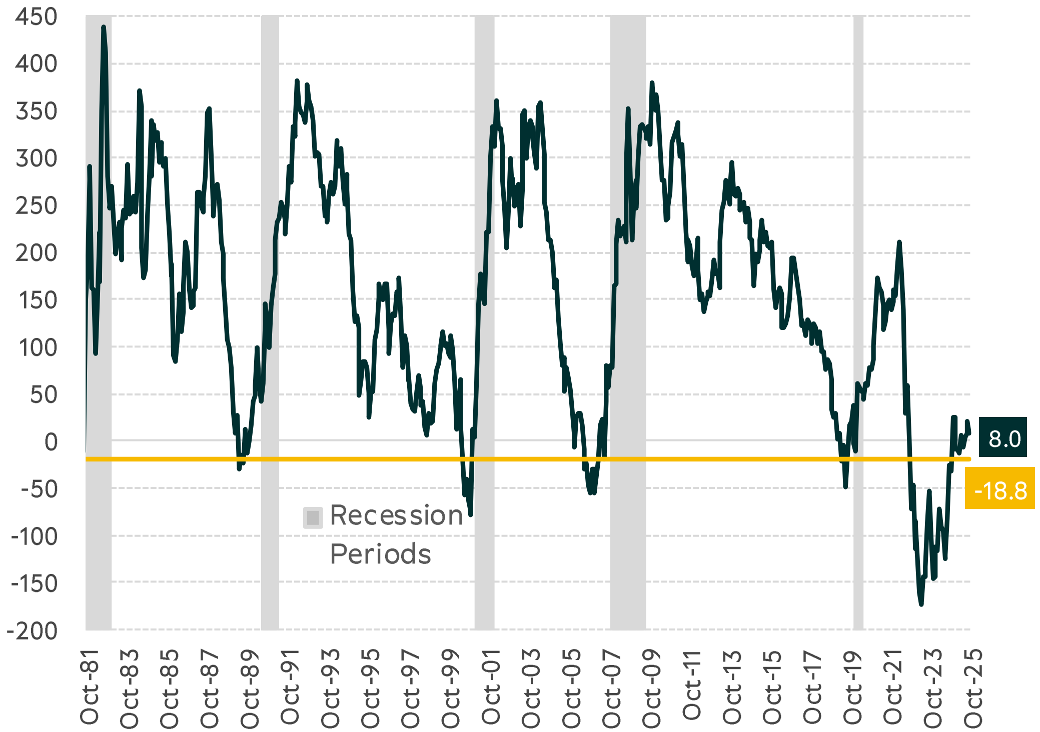
US Business Cycle | Based on Major US Economic Variables



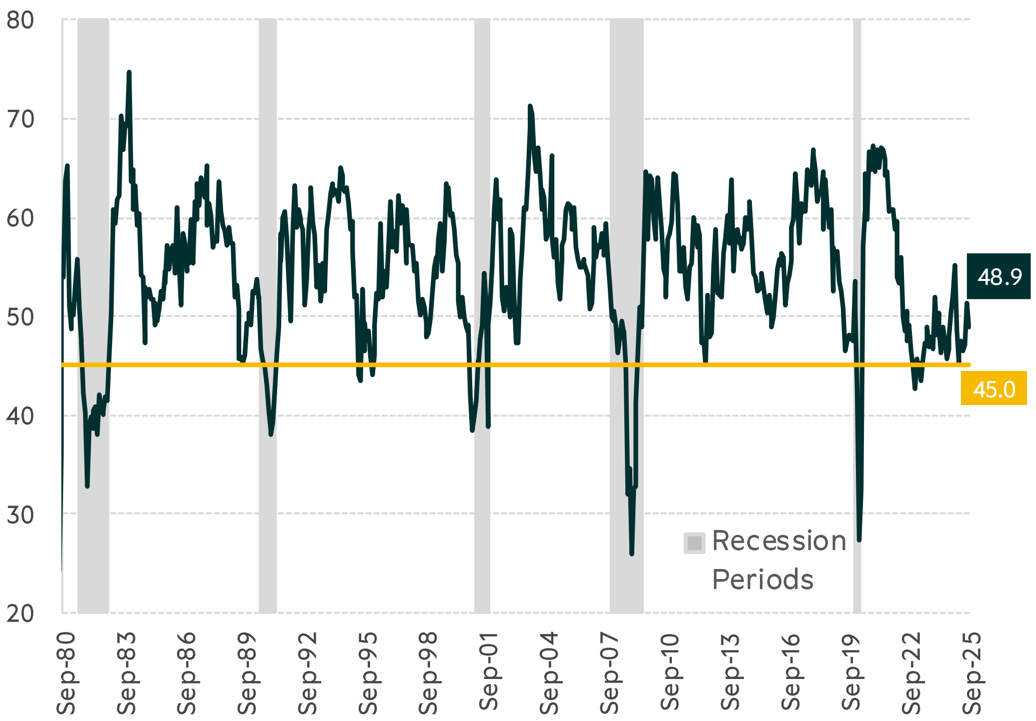
Source: Economic Research & Investment Strategy

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

10 Year and 3M US Treasury Yields Spread



ISM Manufacturing New Order Index

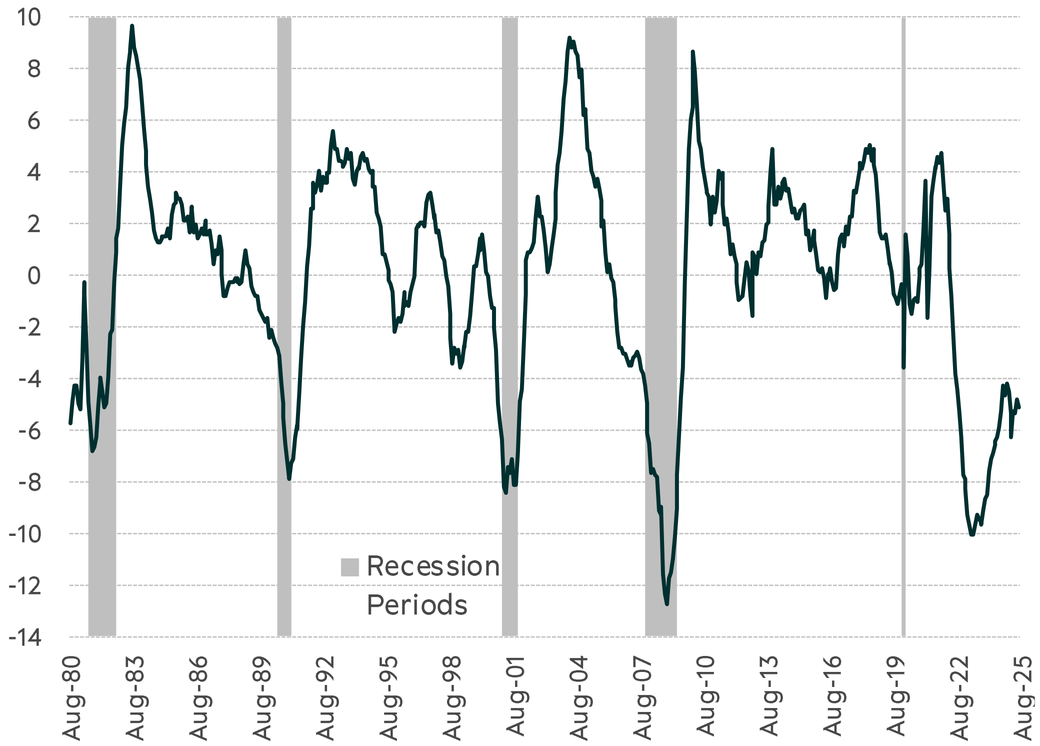


Source: Economic Research & Investment Strategy

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

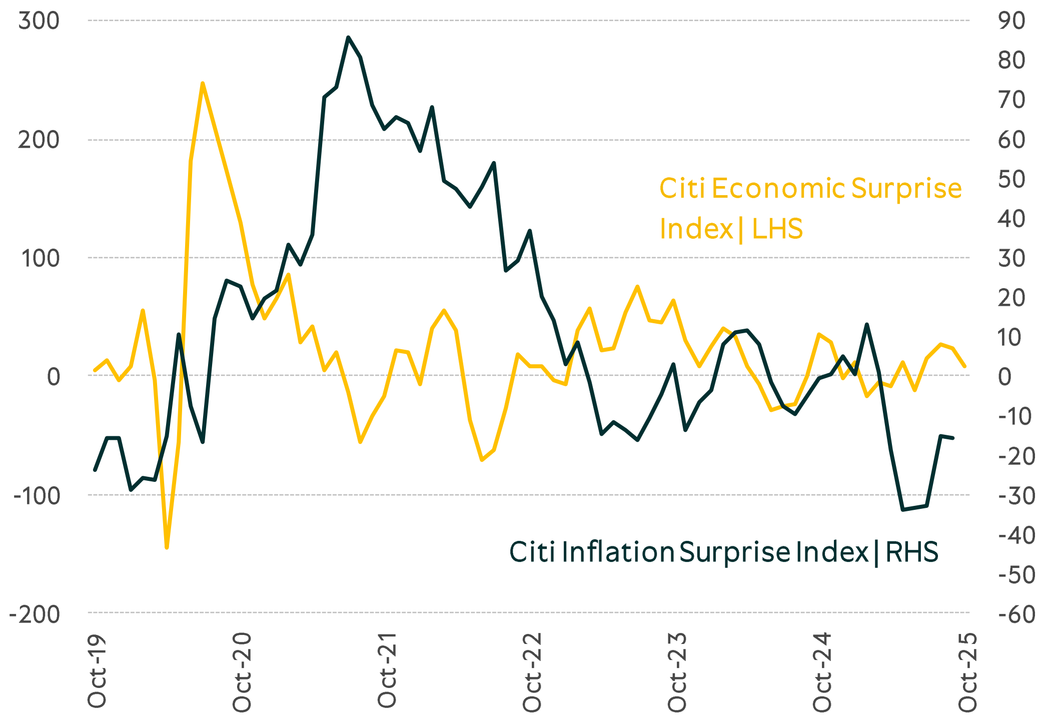
Difference between Consumer Expectations and Current Situation Indicators (Conference Board)

Difference between Leading & Coincident Indicators (Conference Board)

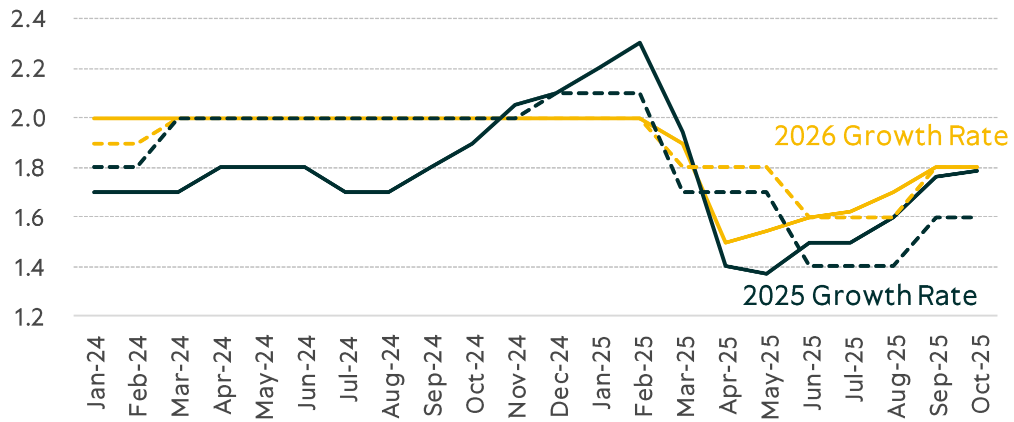


US Macro Expectations | Economic surprises are not as favourable and negative inflation surprises have moderated, although due to the shutdown, data collection and reporting delays may be distorting underlying trends

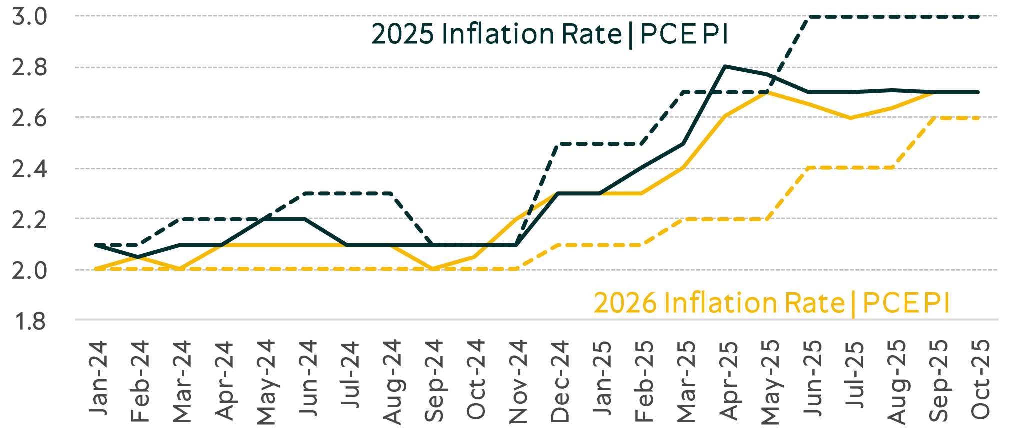
Economic & Inflation Surprises



Growth Rate Expectations*



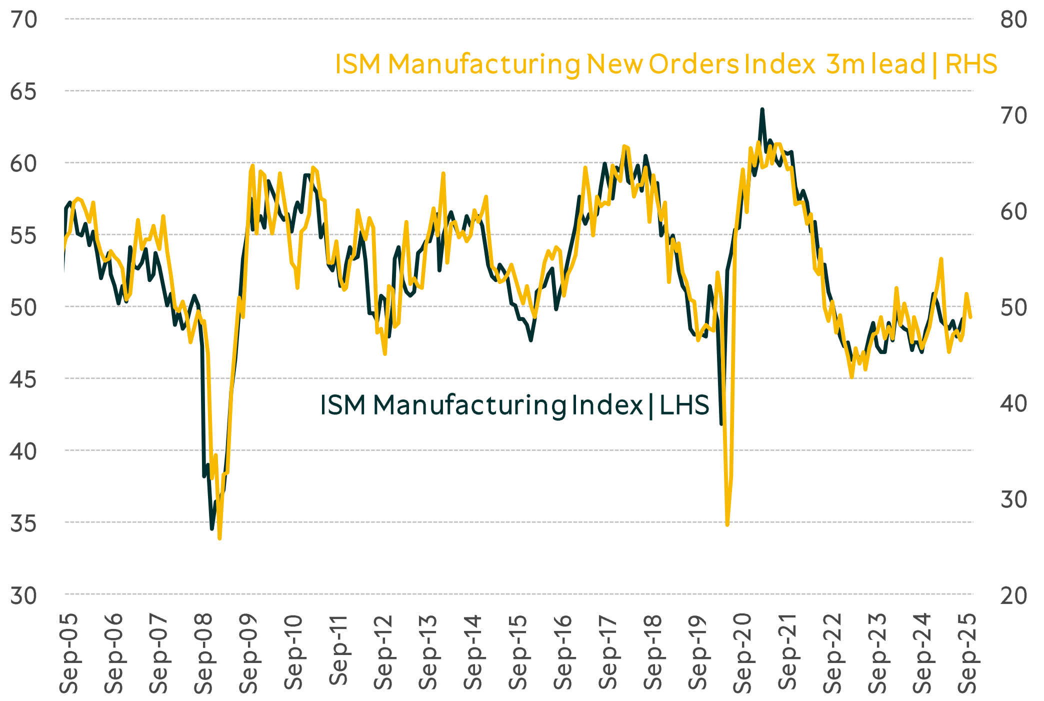
Inflation Rate Expectations*



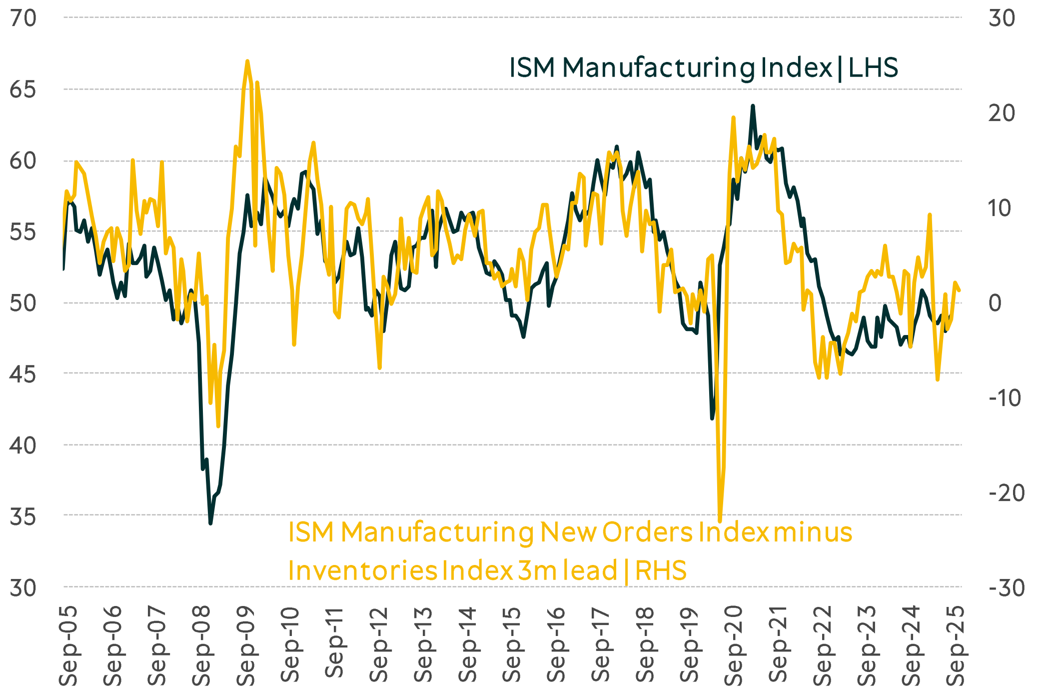
*Solid line: Consensus; Dotted line: Fed projections

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

ISM Manufacturing & New Orders Indices



ISM Manufacturing & New Orders Index Minus Inventories Index



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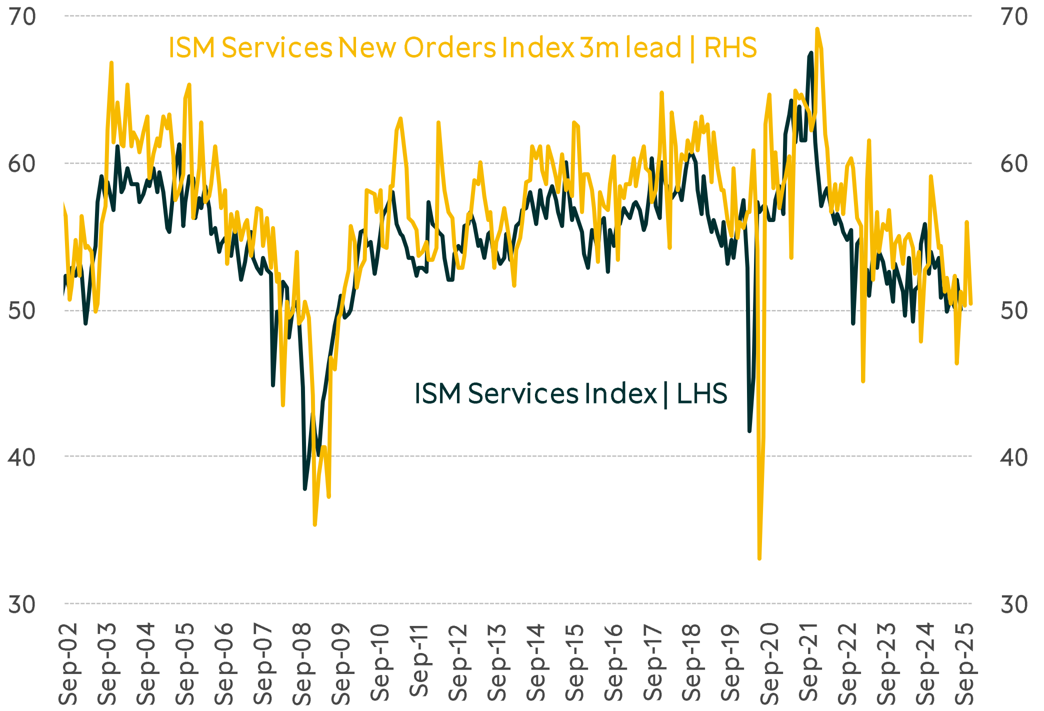
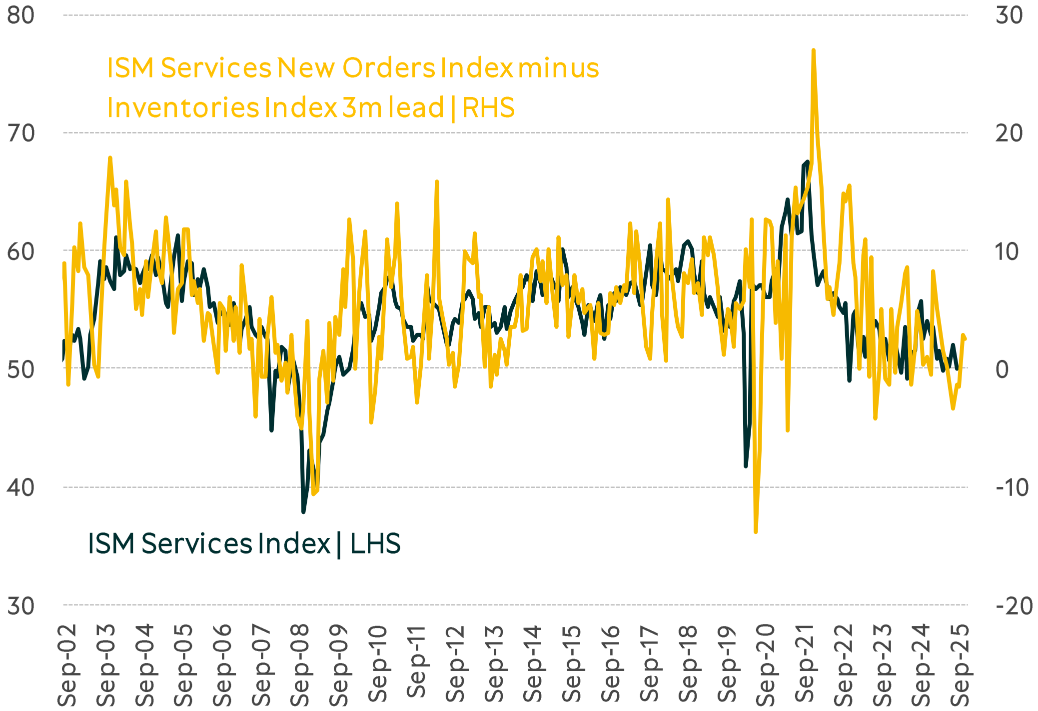
Source: Economic Research & Investment Strategy

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

ISM Services & New Orders Indices

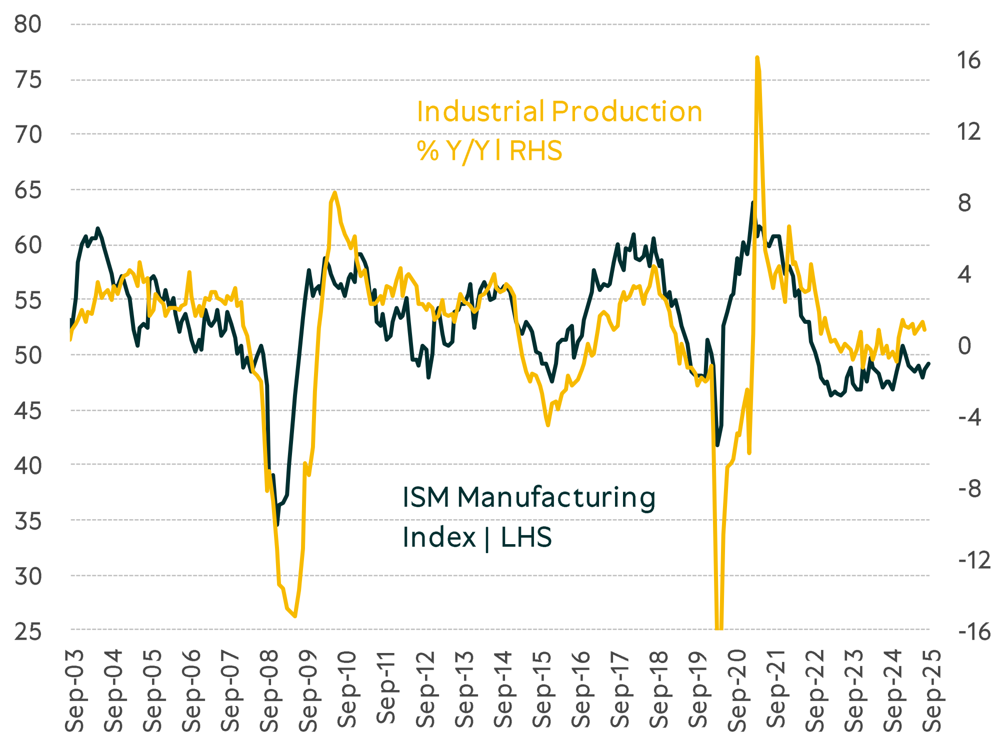


ISM Services & New Orders Index Minus Inventories Index

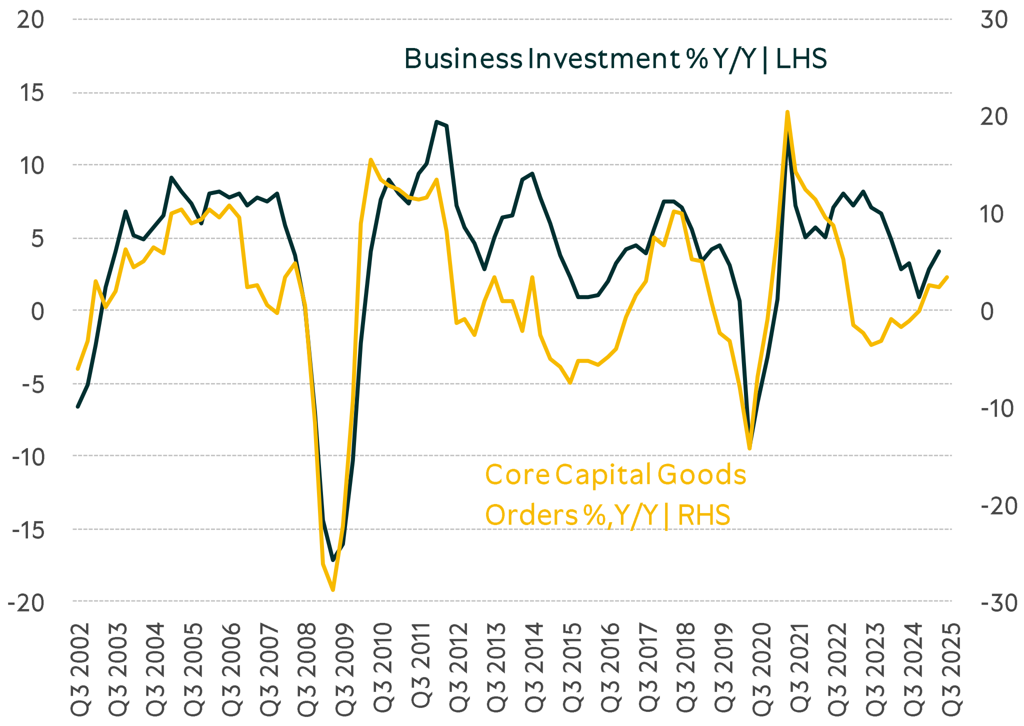


US | Industrial Production edged up in August on a monthly basis. Business investments and Core Capital Goods extend gains, supporting growth momentum into Q3.

Industrial Production & ISM Manufacturing

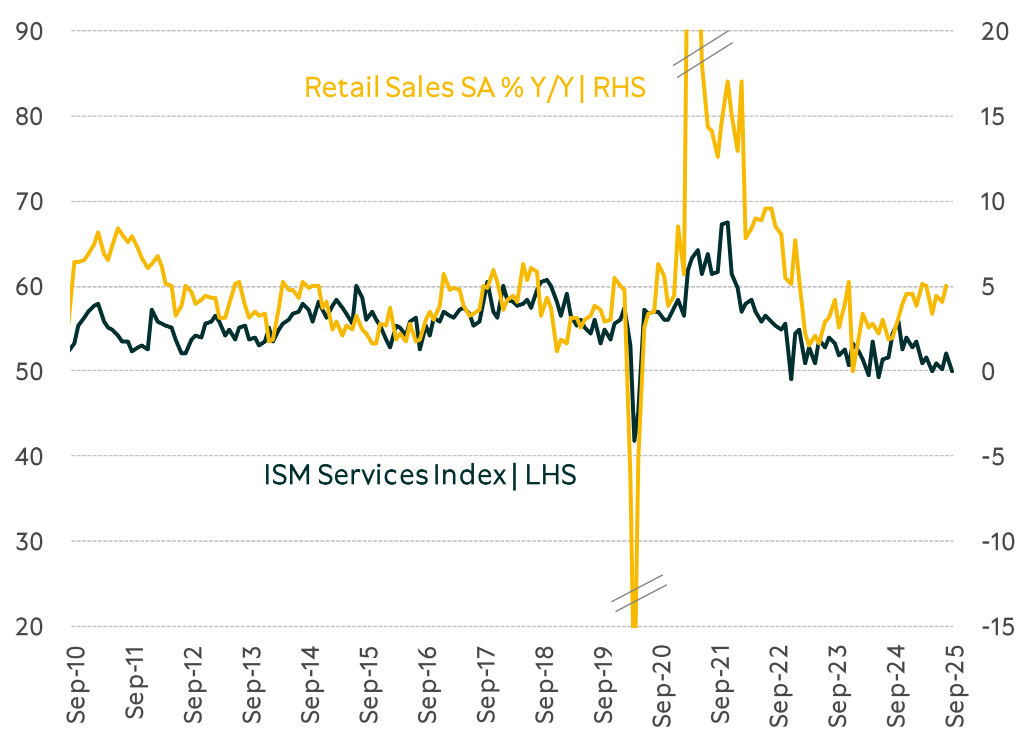


Core Capital Goods Orders & Business Investment

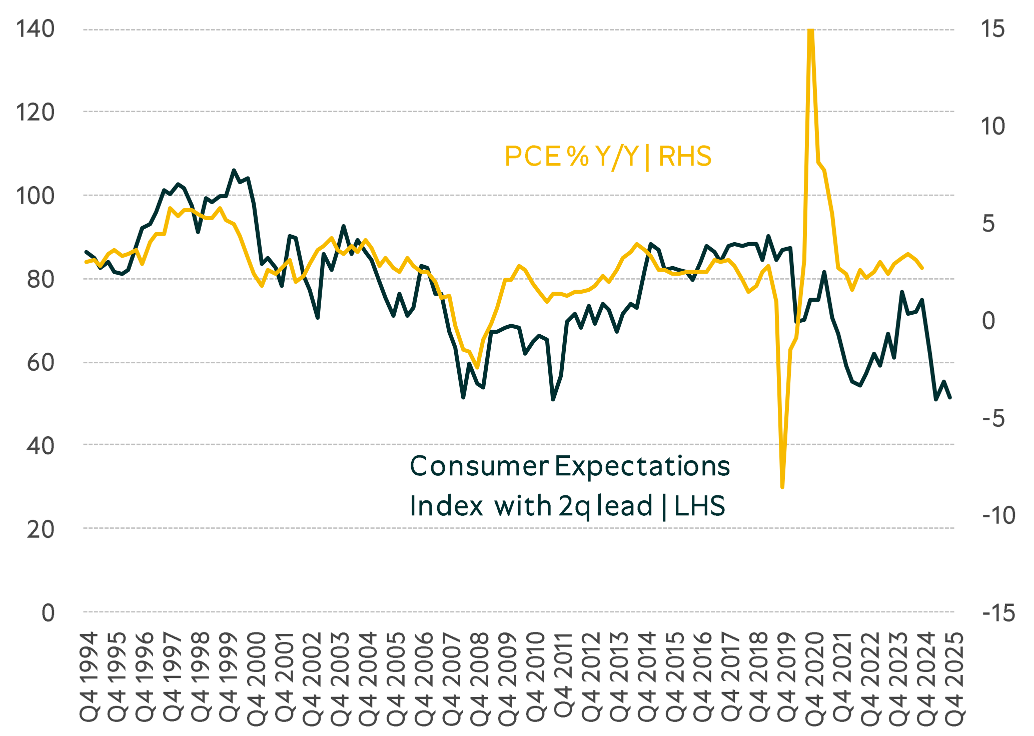


US | The US consumer has been the main "growth driver" so far. Retail sales rose faster than expected in August but September ISM Services and Consumer expectations point to lower consumption ahead.

Retail Sales & ISM Services

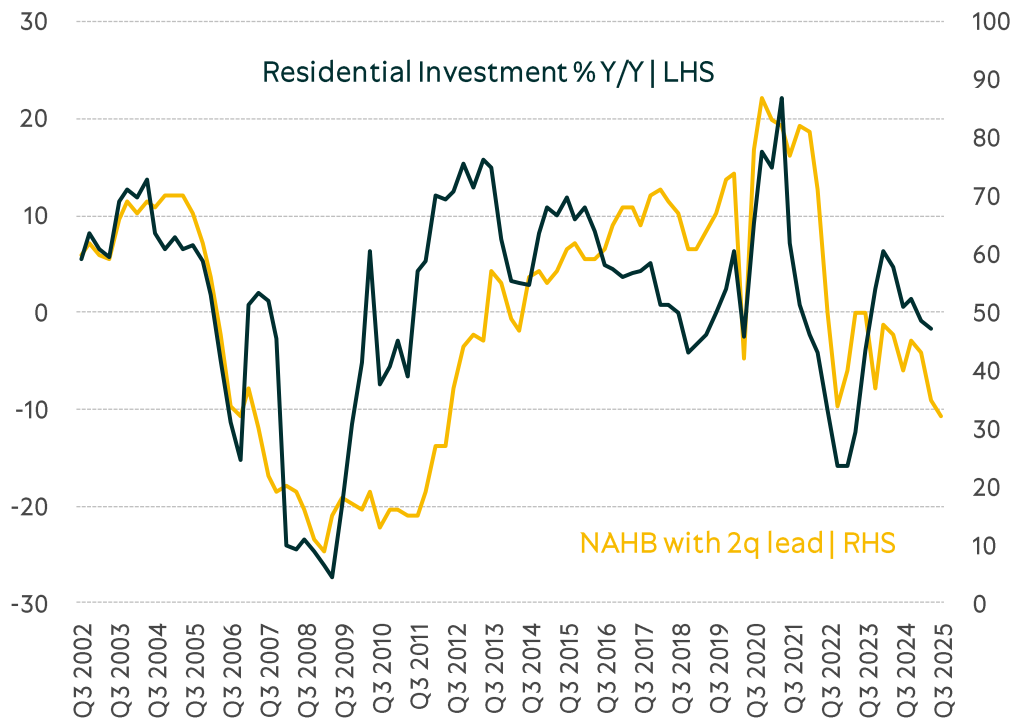


Personal Consumer Expenditure & University of Michigan Consumer Expectations Index

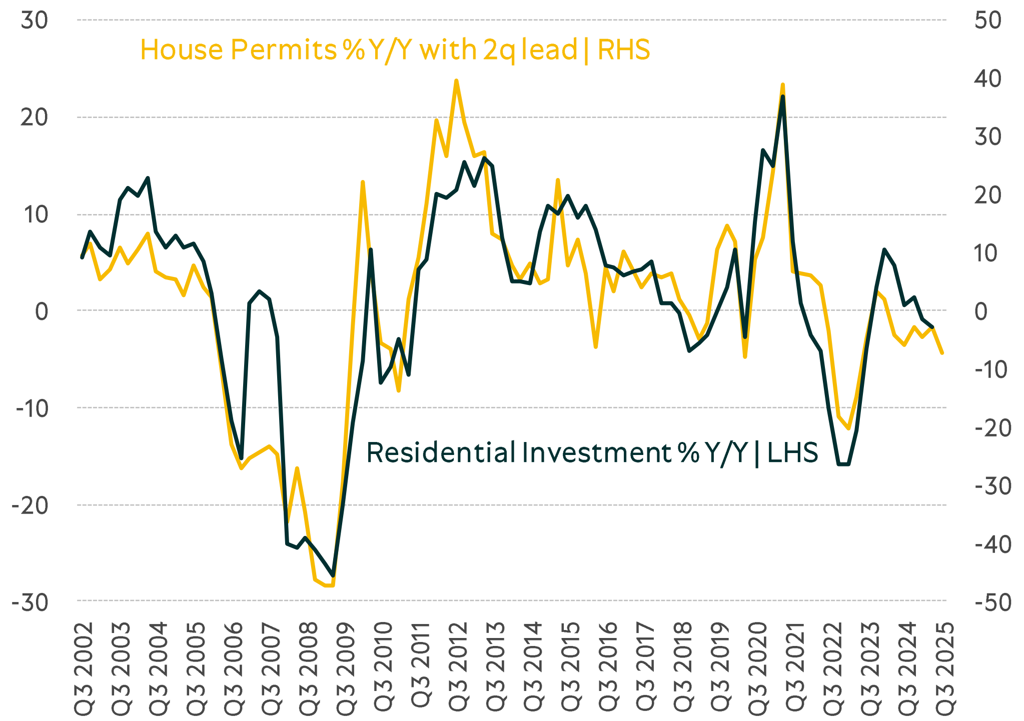


Housing Market | House Permits and Residential investment declined further in Q2. Policy uncertainty is having a negative impact on home builders' expectations.

Residential Investment & NAHB Index



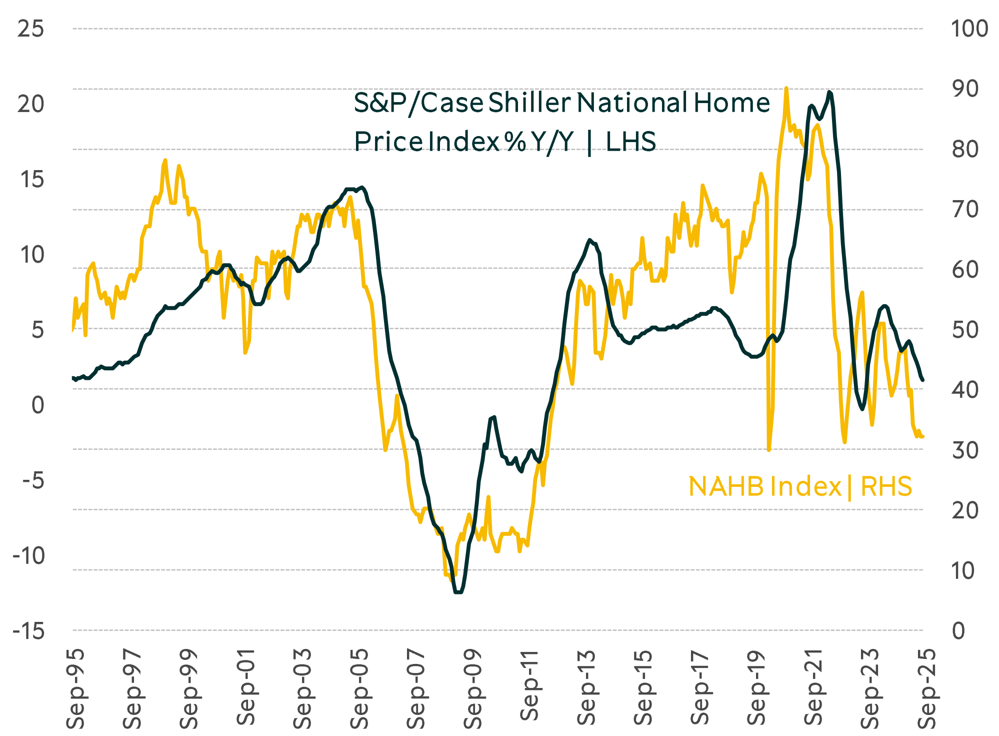
Residential Investment & House Permits



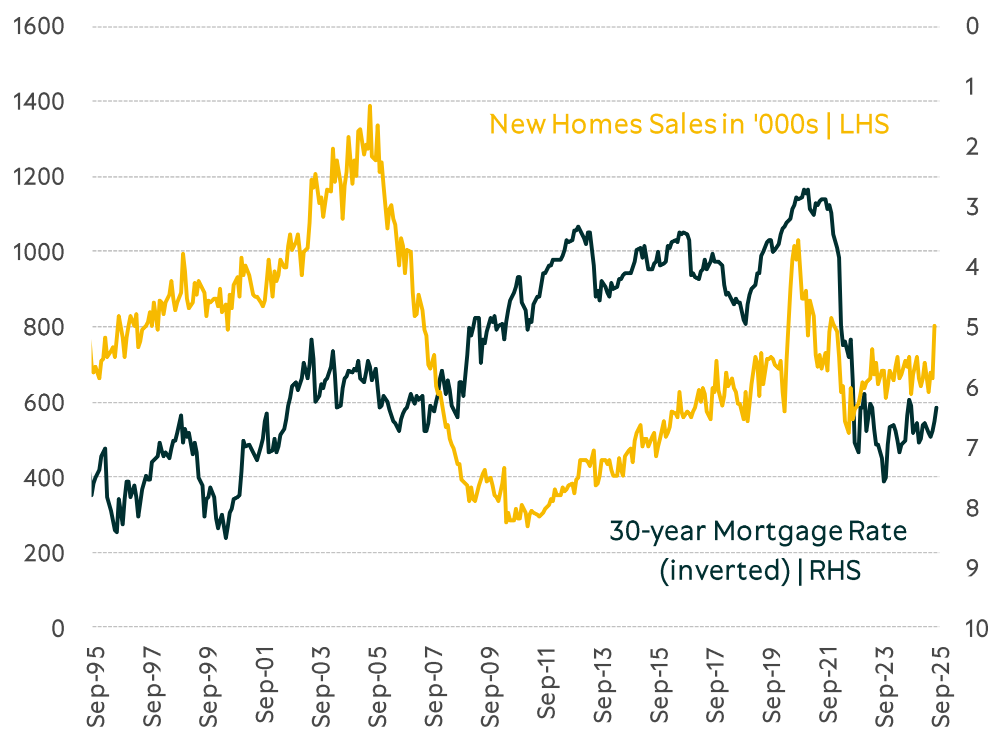
Source: Economic Research & Investment Strategy

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

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

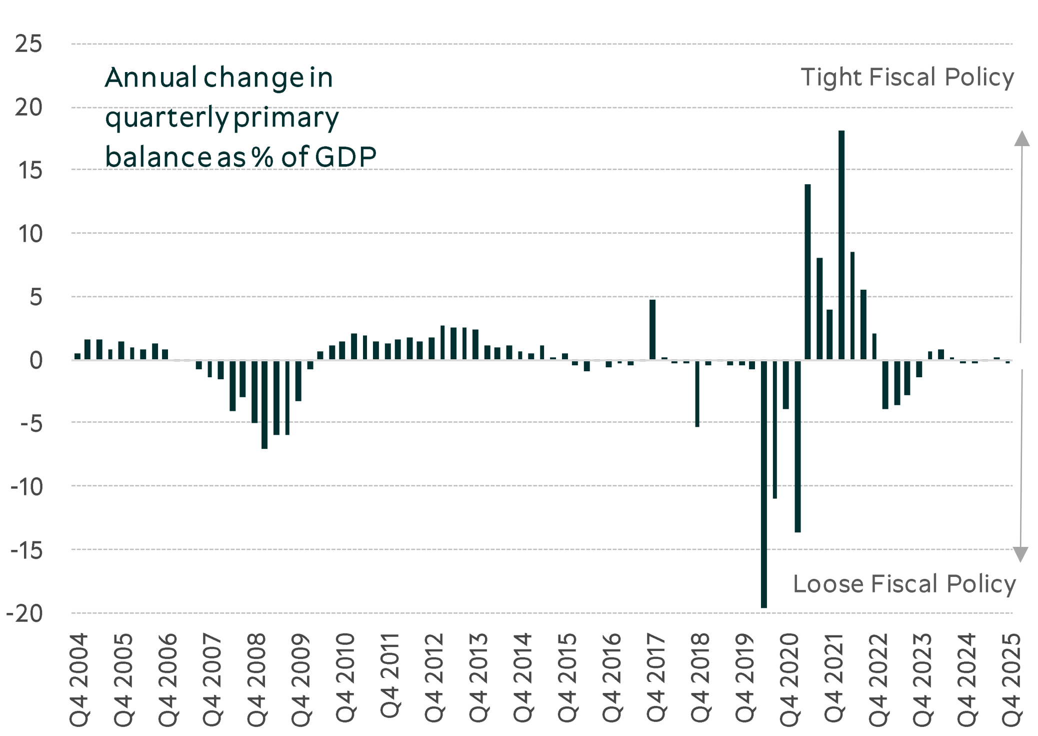


US new home sales and 30-year mortgage rates

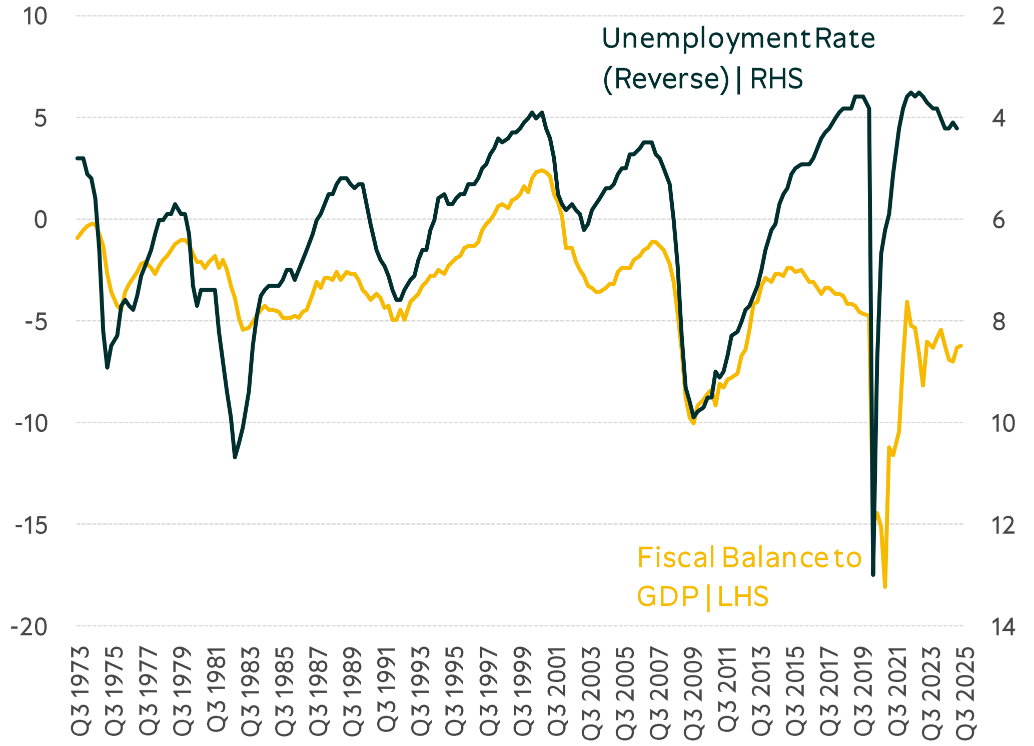


Fiscal Policy | Still too loose vs unemployment. The slight improvement in the Fiscal Balance to GDP ratio is attributed to higher revenues (which incl. tariffs) and moderated spending growth. Fiscal challenges ahead.

Fiscal Thrust

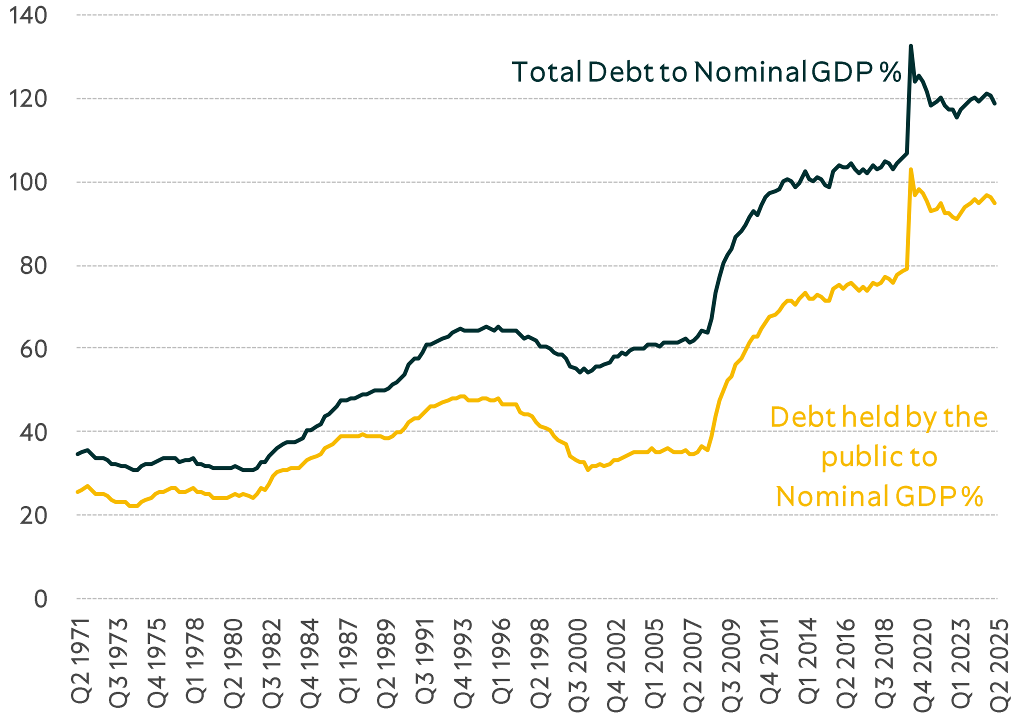


Fiscal Policy vs Unemployment

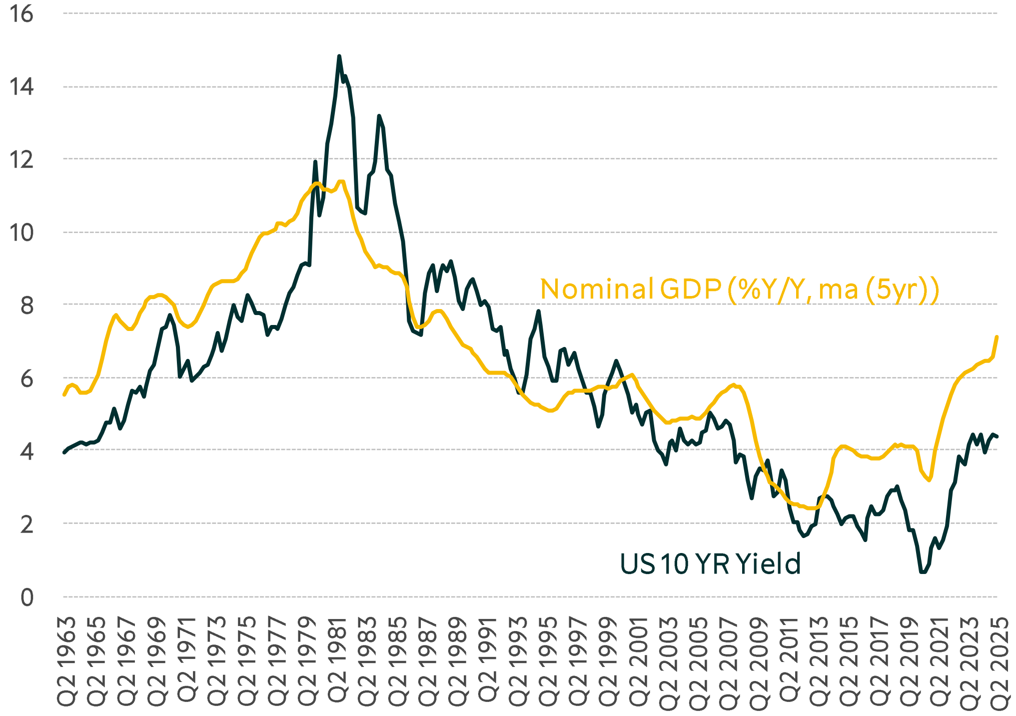


Fiscal Policy | Slight improvement in the Debt/Nominal GDP ratio largely due to nominal GDP growth outpacing the rate of debt accumulation in recent quarters. The long-term trajectory remains concerning.

Debt / Nominal GDP

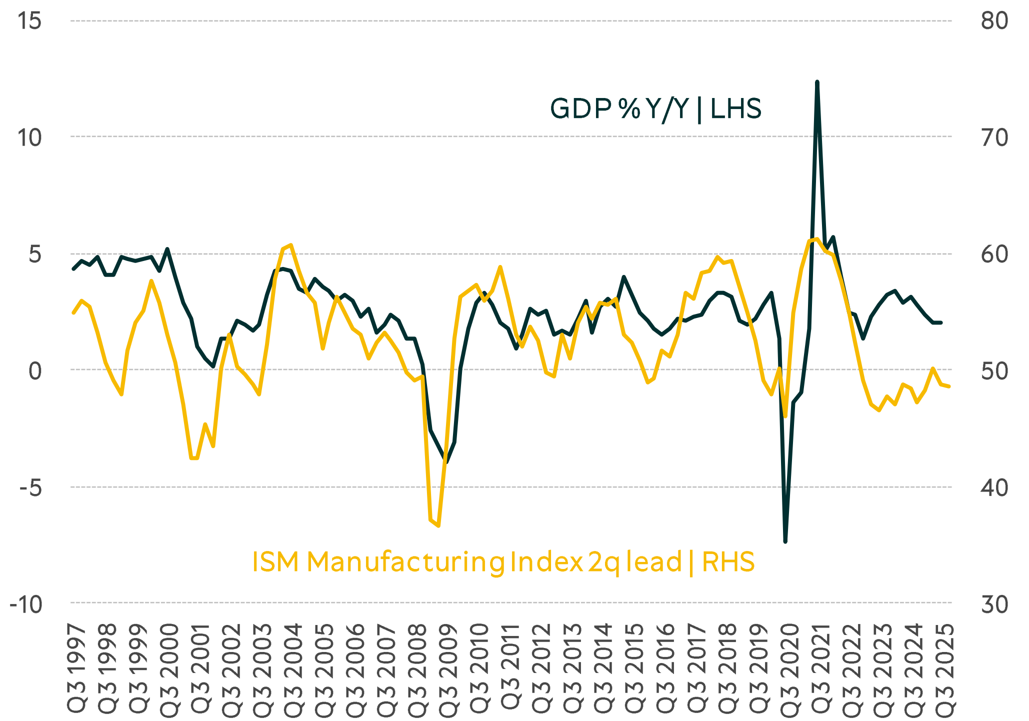


Fiscal Policy Sustainability

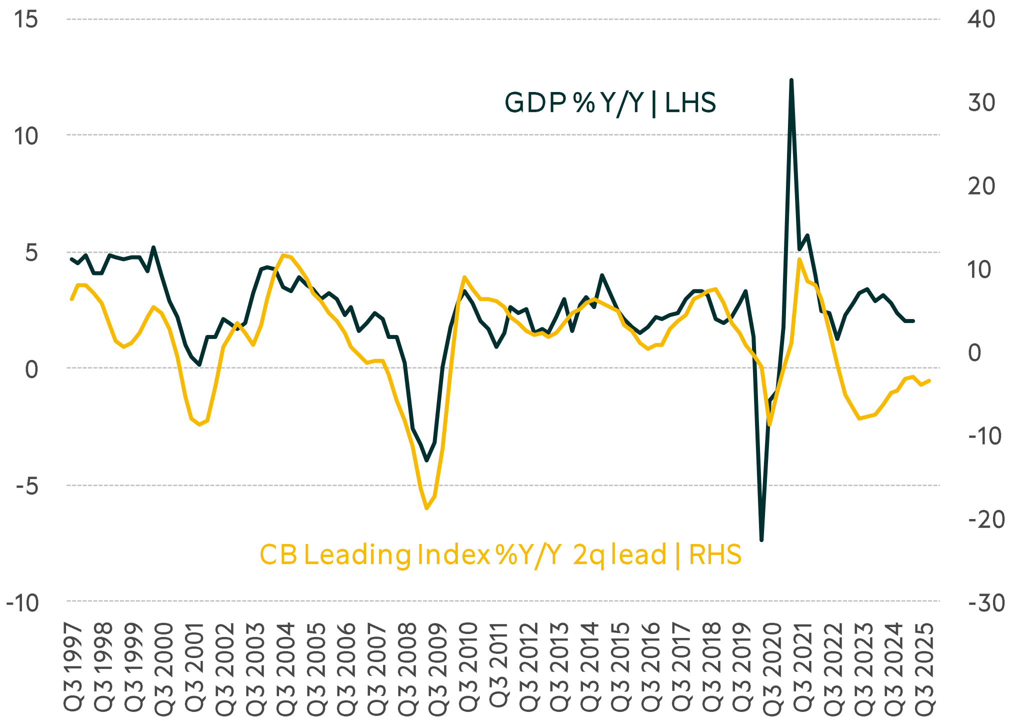


US GDP Outlook | Leading indicators point to deceleration in real GDP

GDP & ISM Manufacturing Indicator



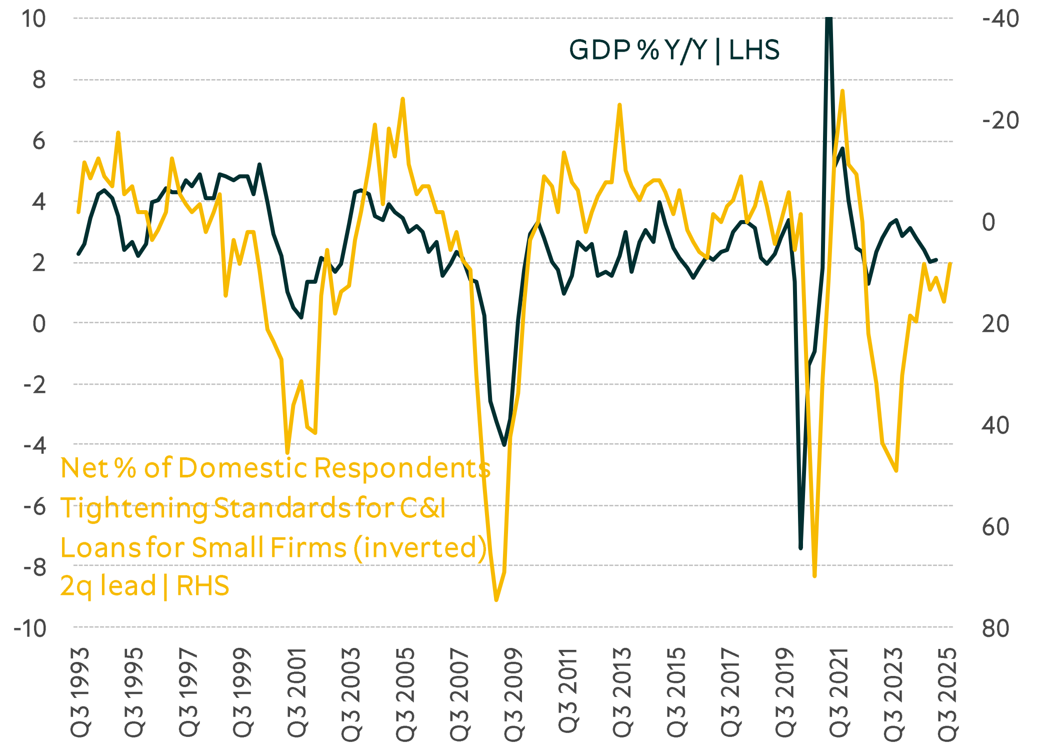
GDP & CB Leading Indicator



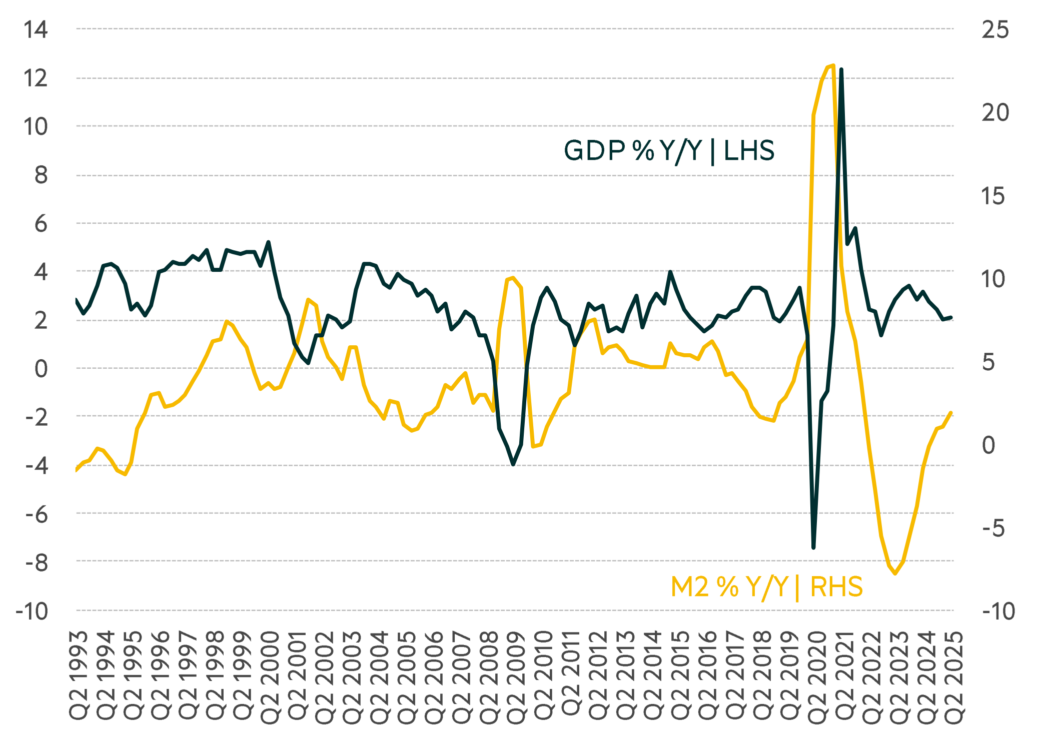
Source: Economic Research & Investment Strategy

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

Senior Loan Officer Opinion Survey on Bank Lending Practices

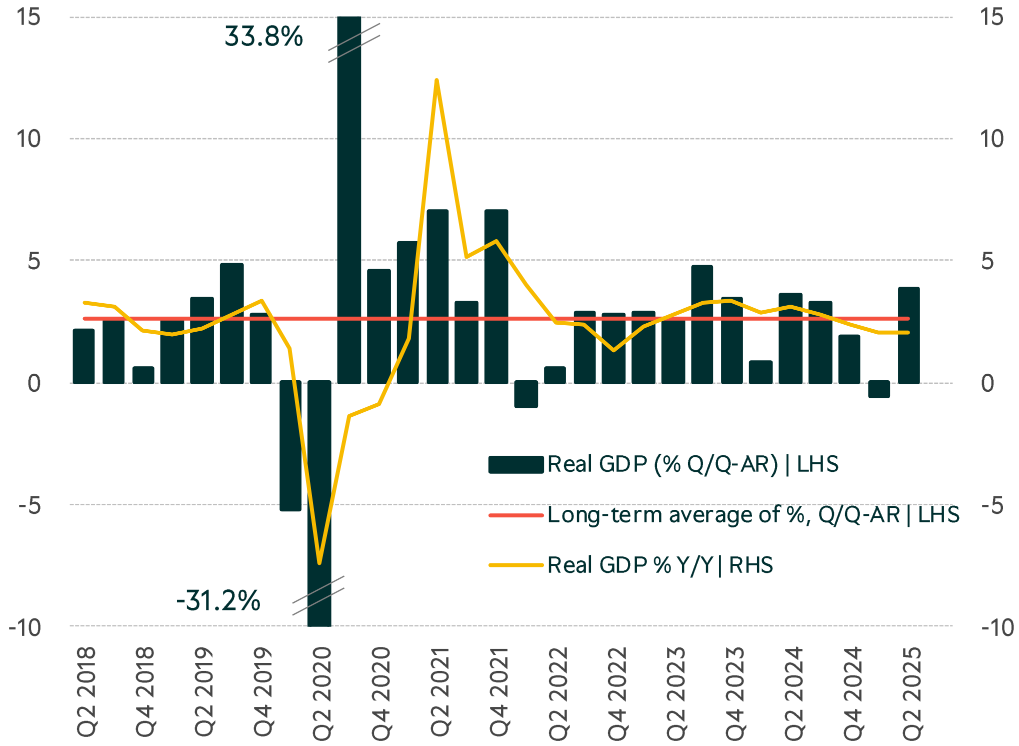


M2 growth vs GDP

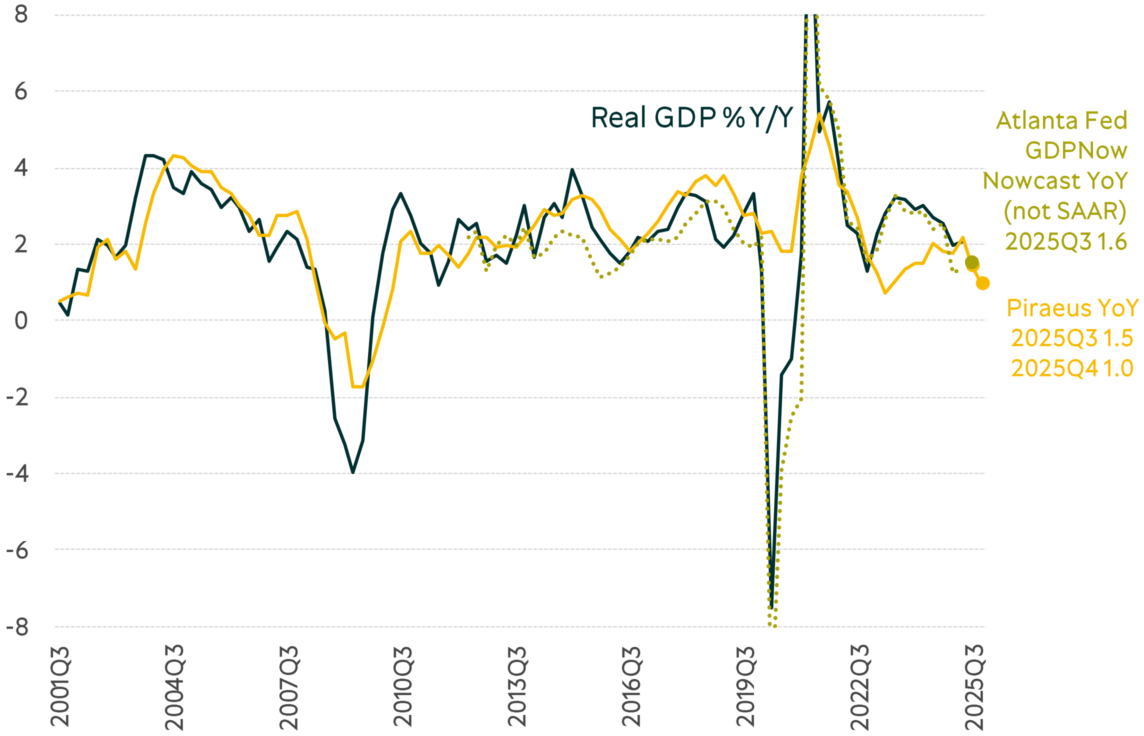


US GDP Outlook | GDP growth is projected to slow down as elevated uncertainty is likely to weigh on growth

Growth Rate Outlook

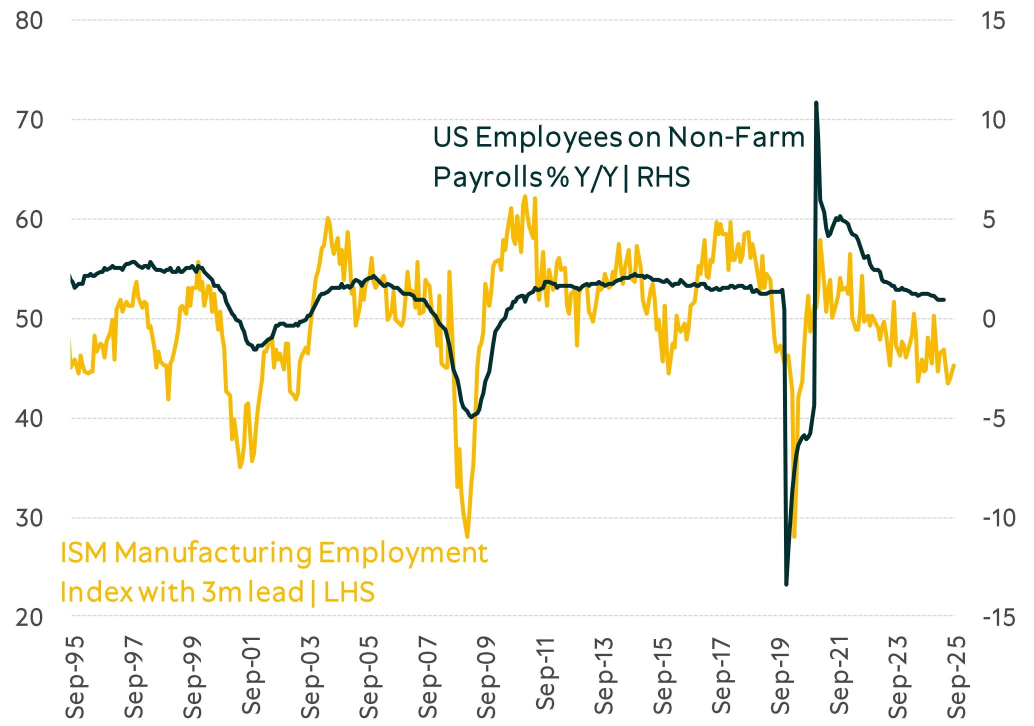


Growth Rate Estimate

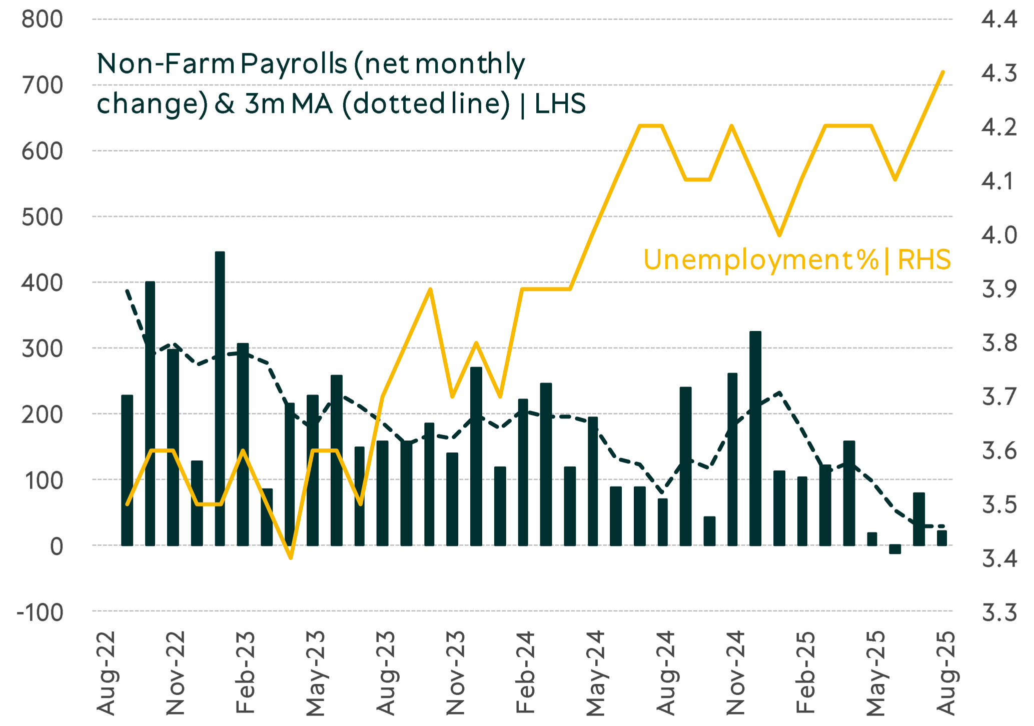


US Labour Market | Non-farm payroll growth slows, while manufacturing employment remains under pressure

Employment & Leading Manufacturing Indicator



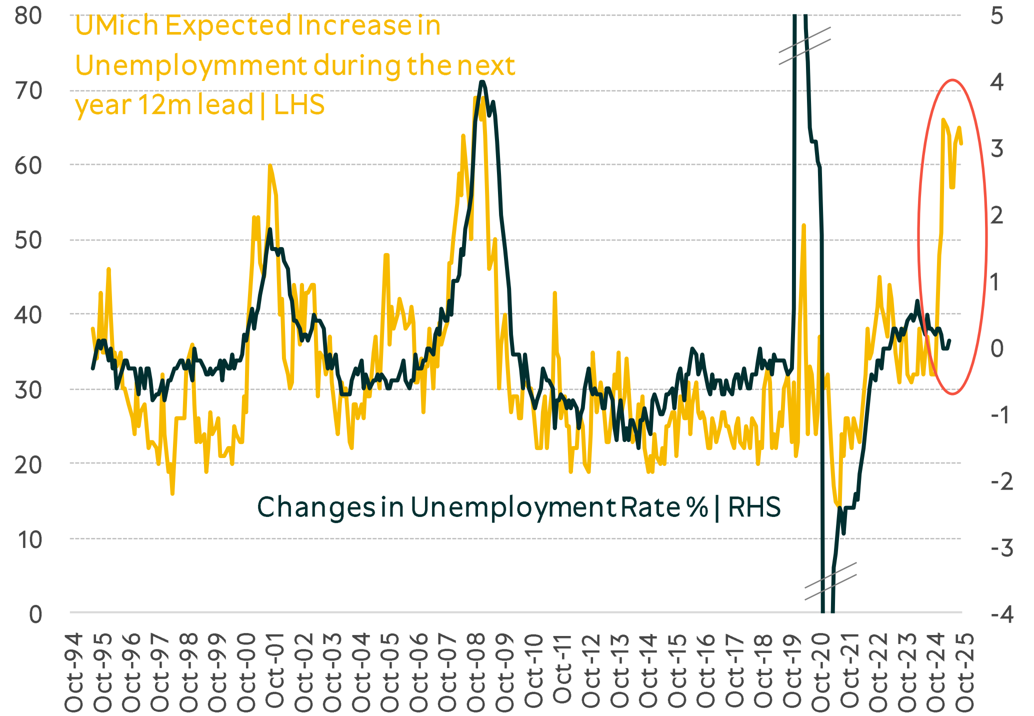
Nonfarm payrolls & Unemployment



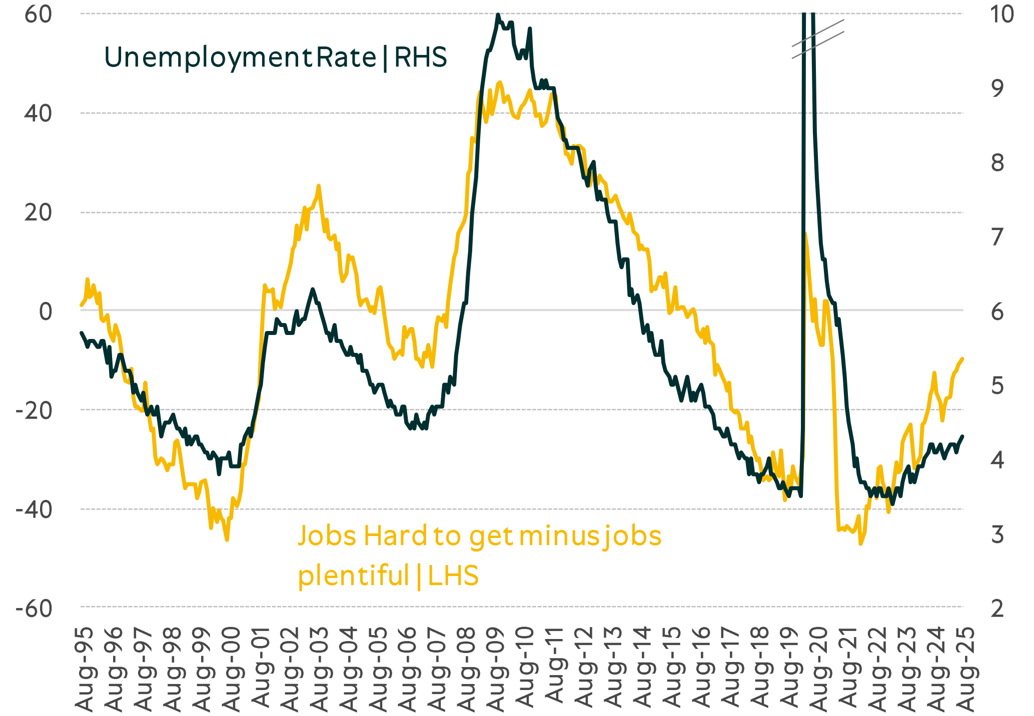
Source: Economic Research & Investment Strategy

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

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

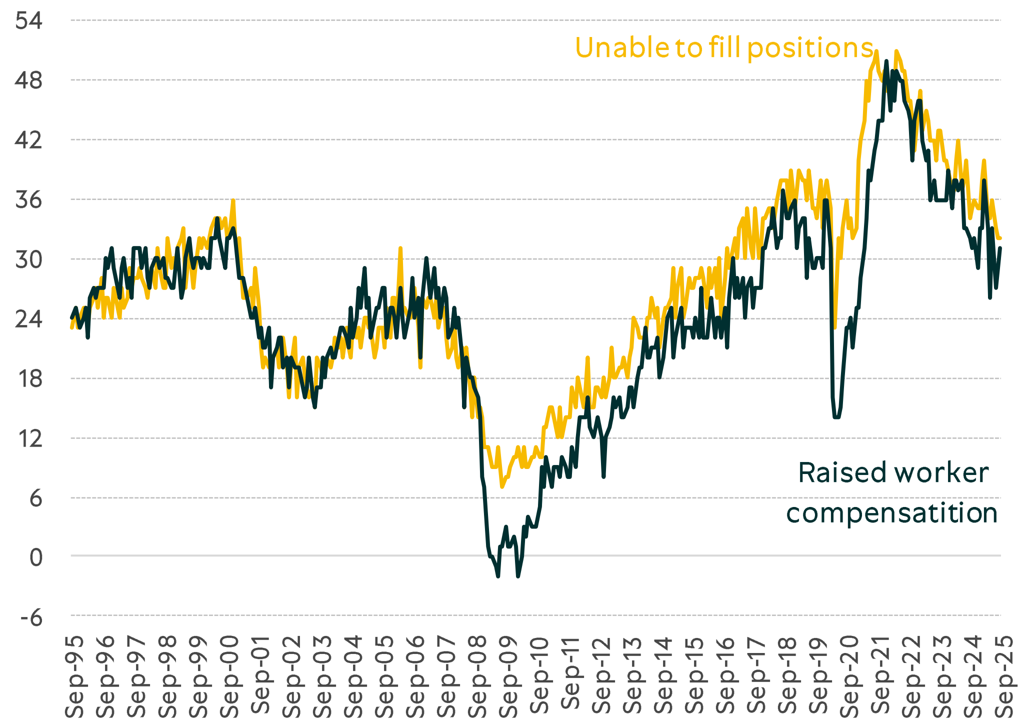


Conference Board Labor market differential & Unemployment rate

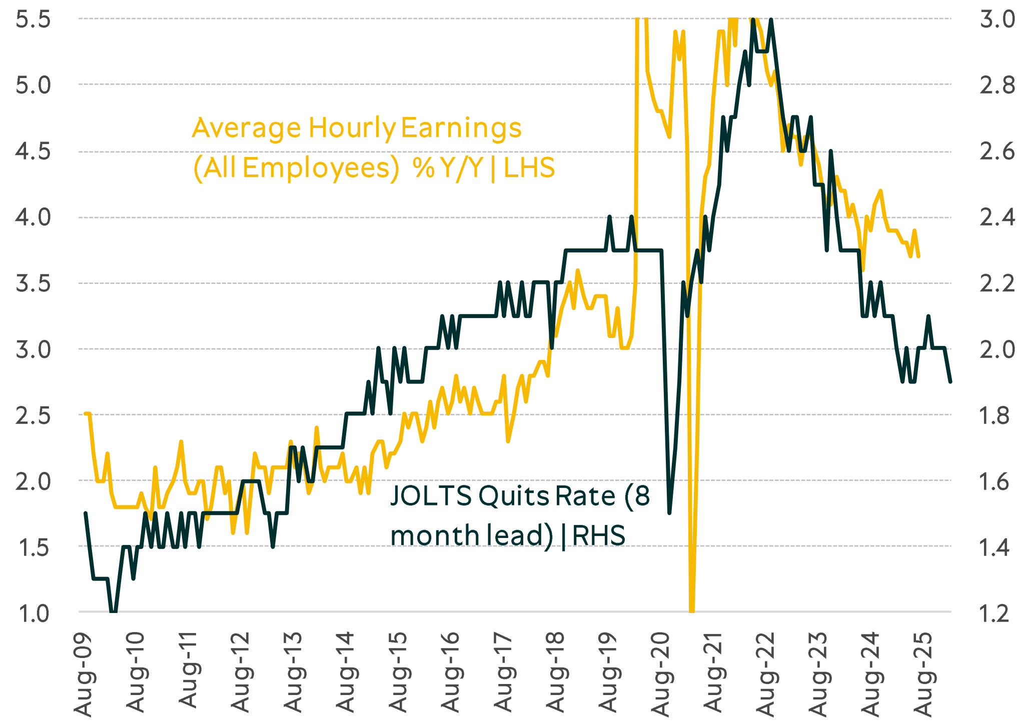


US Labour Market | According to September's NFIB survey a net 31% reported raising compensation, up 2 points from August. The JOLTS Quits Rate back to December 2024 levels.

US NFIB small business survey



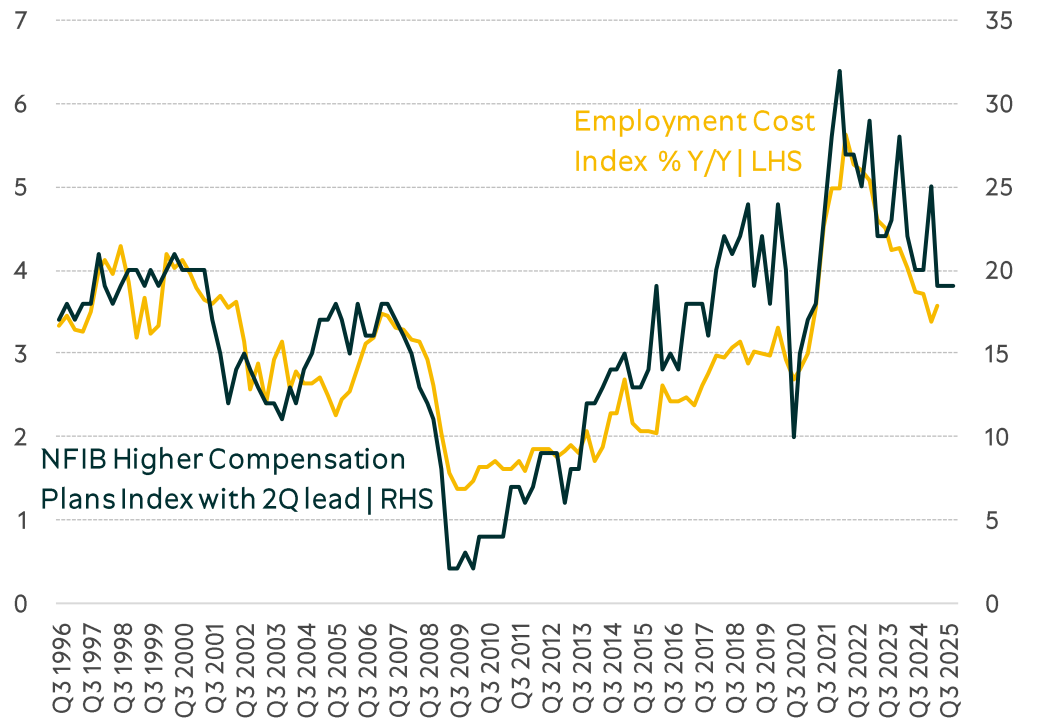
Wages & Quits Rate



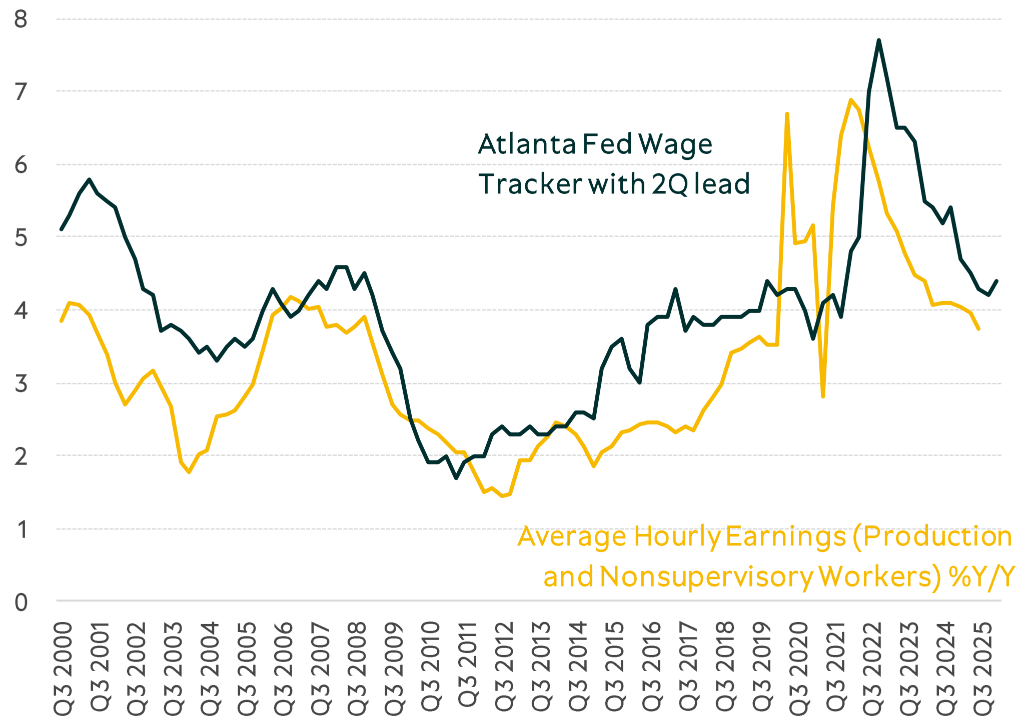
Source: Economic Research & Investment Strategy

US Wage Tracker | Wage pressures are easing but remain elevated

Employment Cost & Leading Indicator



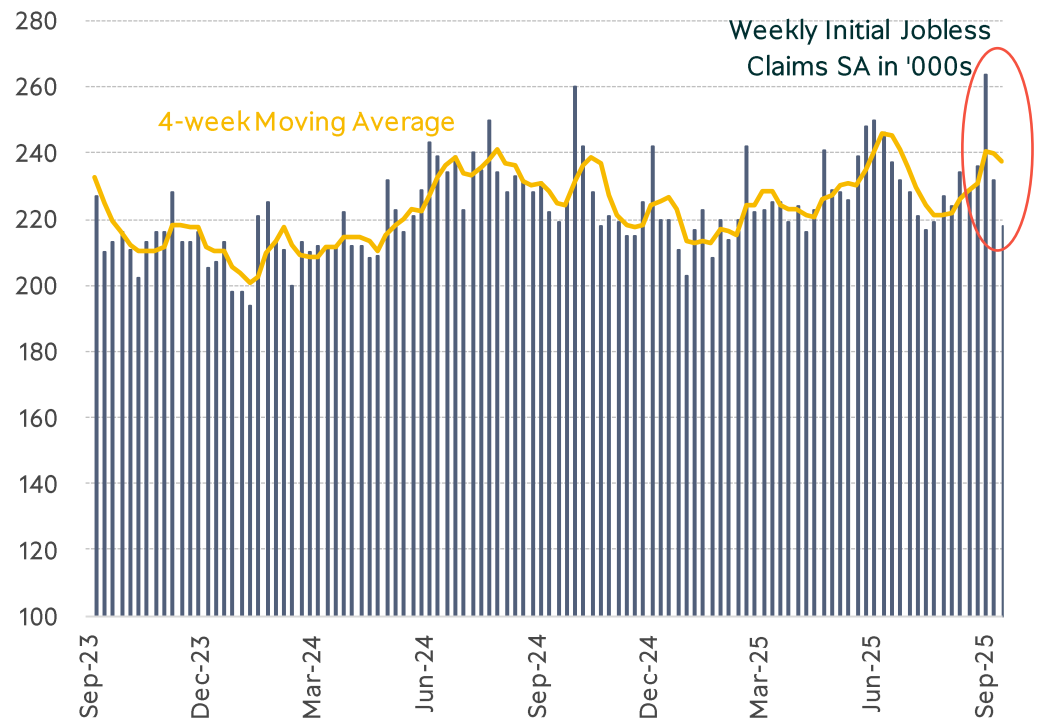
Wages & Leading Indicator



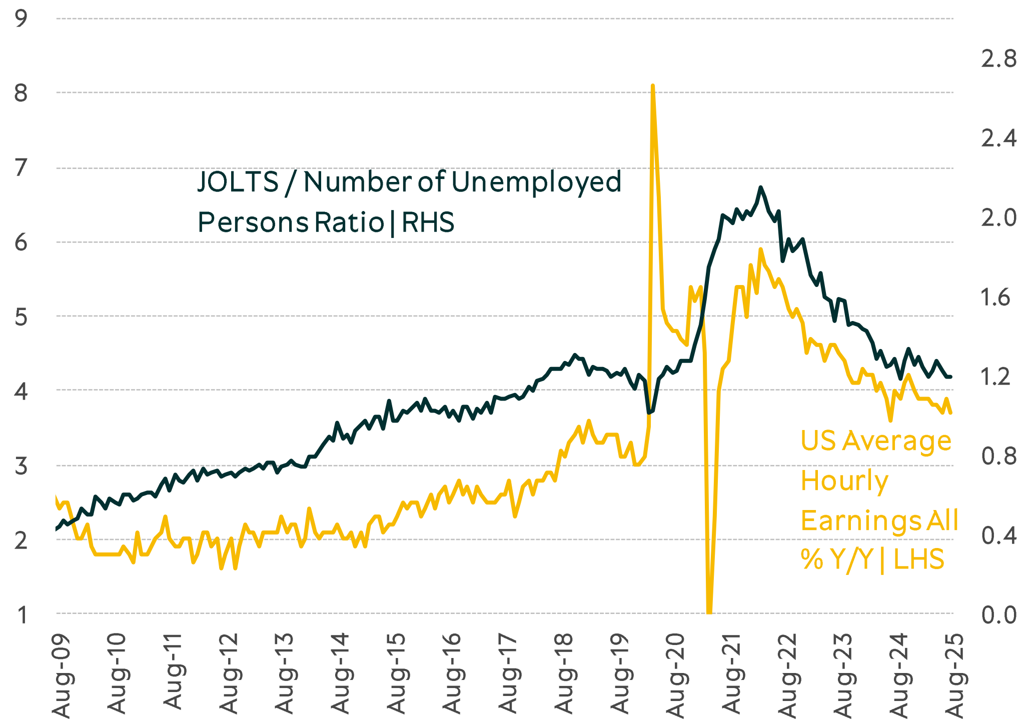
Source: Economic Research & Investment Strategy

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

Weekly Initial Jobless Claims

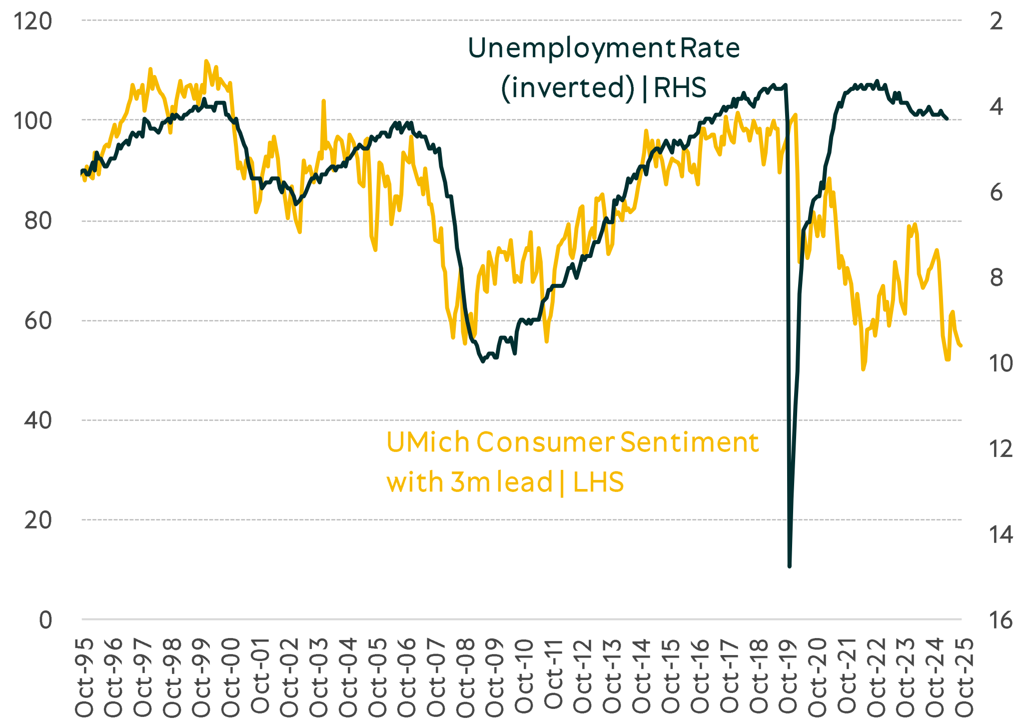


Demand & Supply in Labour Market

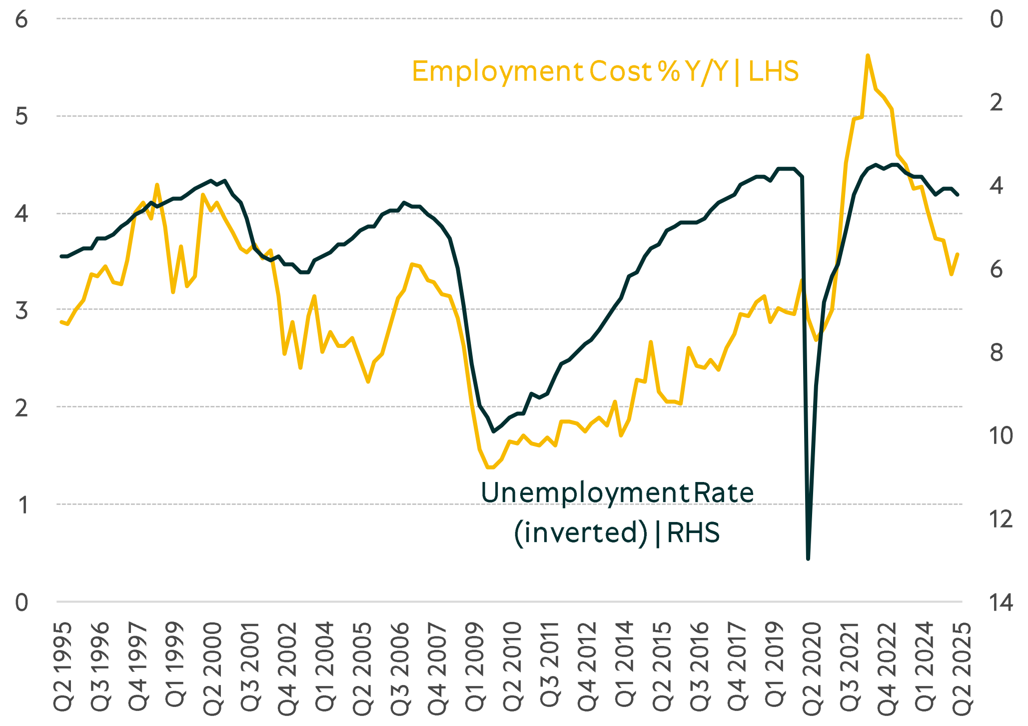


US Labour Market | Consumer sentiment declined in October for a third month in a row. Employment costs moved up in Q2 2025.

Consumer Sentiment & Unemployment Rate



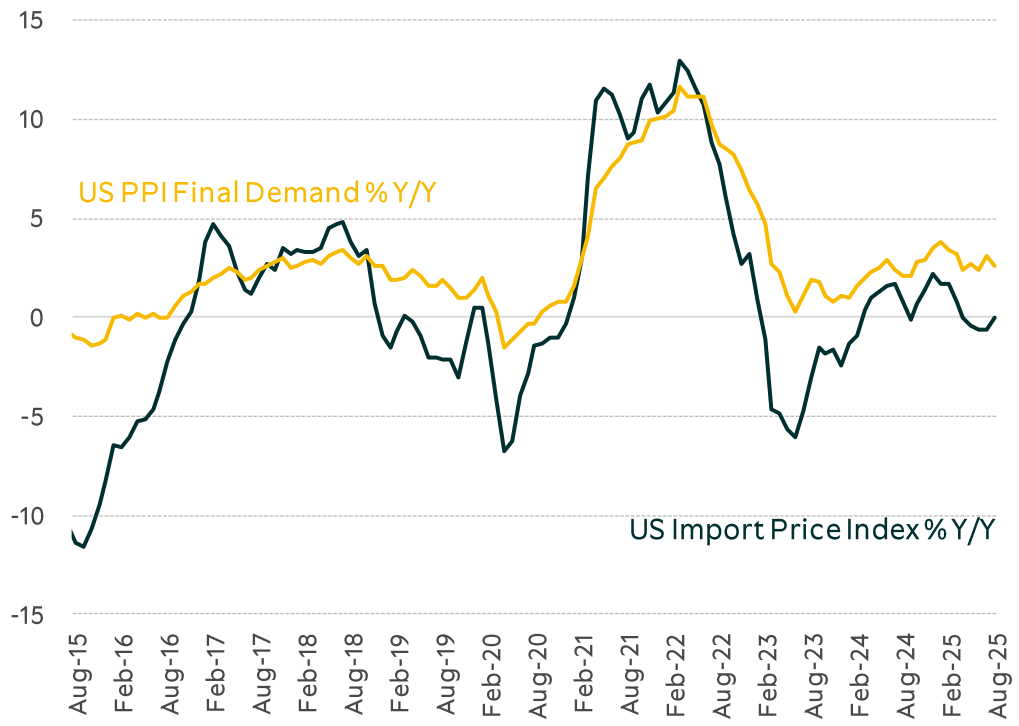
Compensation per Employee & Unemployment Rate



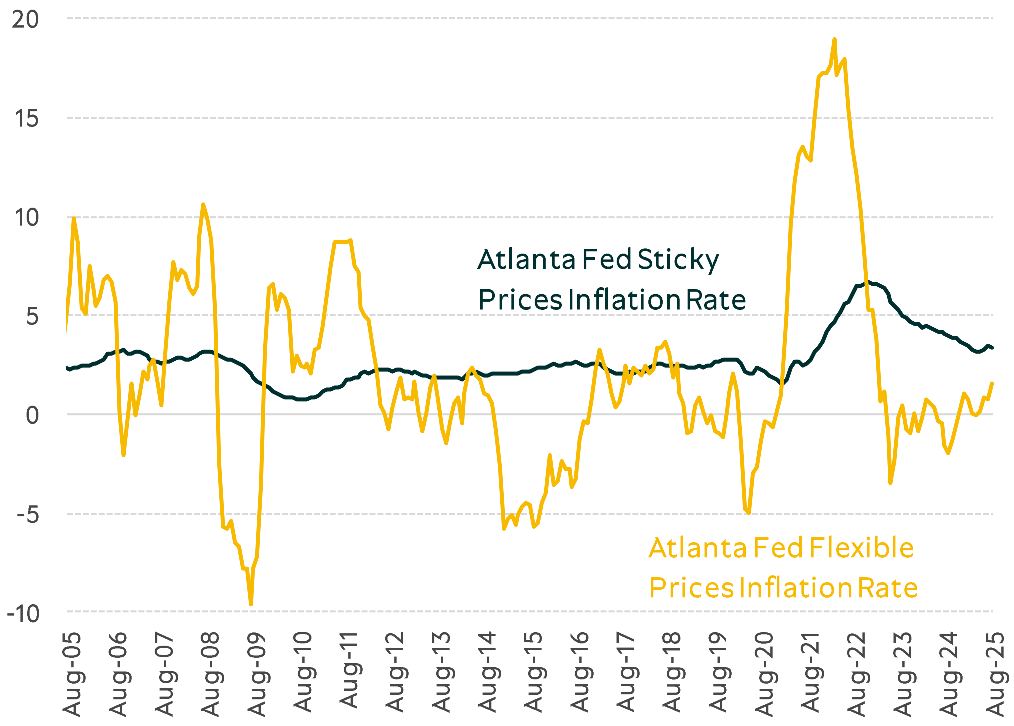
Piraeus

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

Producers Price Index and Import prices

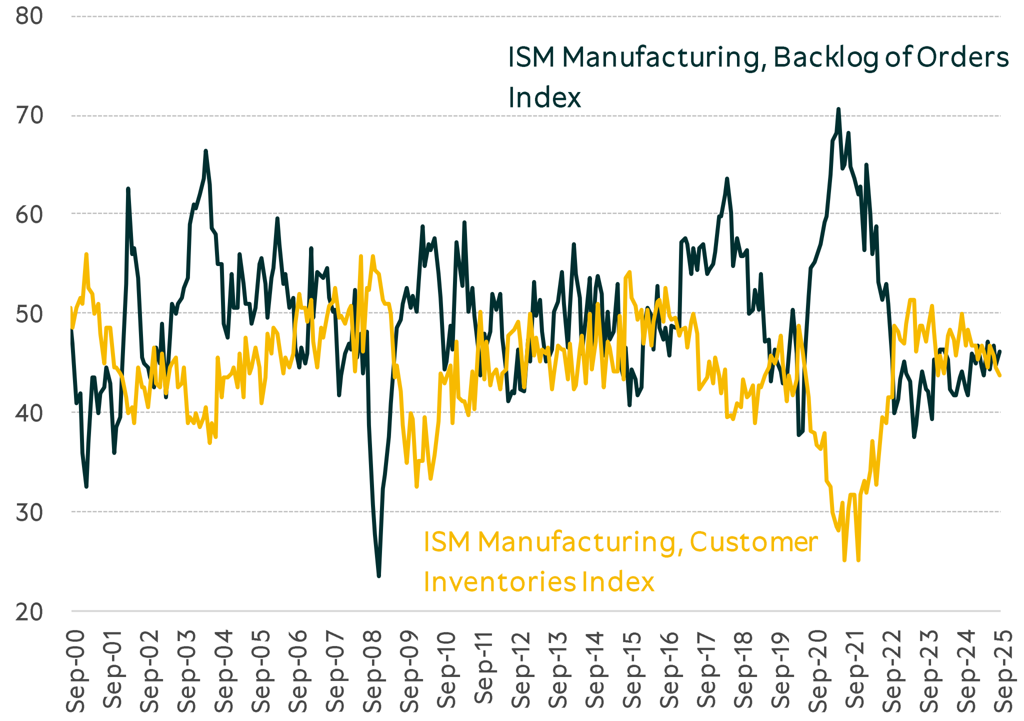


Sticky & Flexible Prices

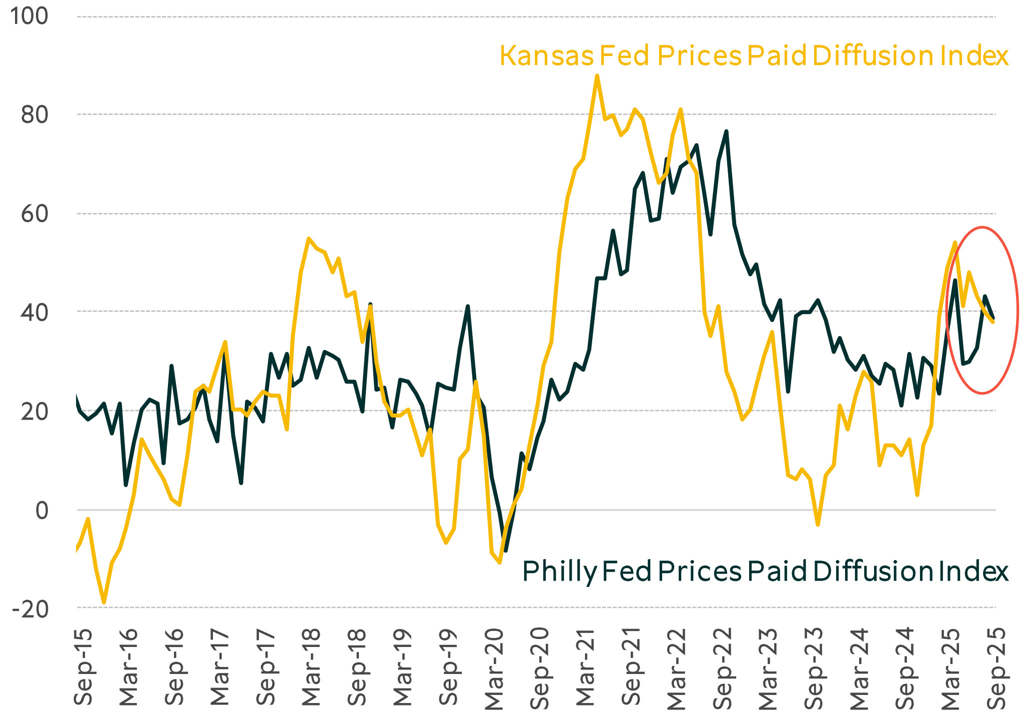


US Supply & Demand Gap | Backlog of Orders above Customer inventories in September; price pressures from both regional Feds' surveys are trending lower.

Backlog of Orders & Customer Inventories Relation

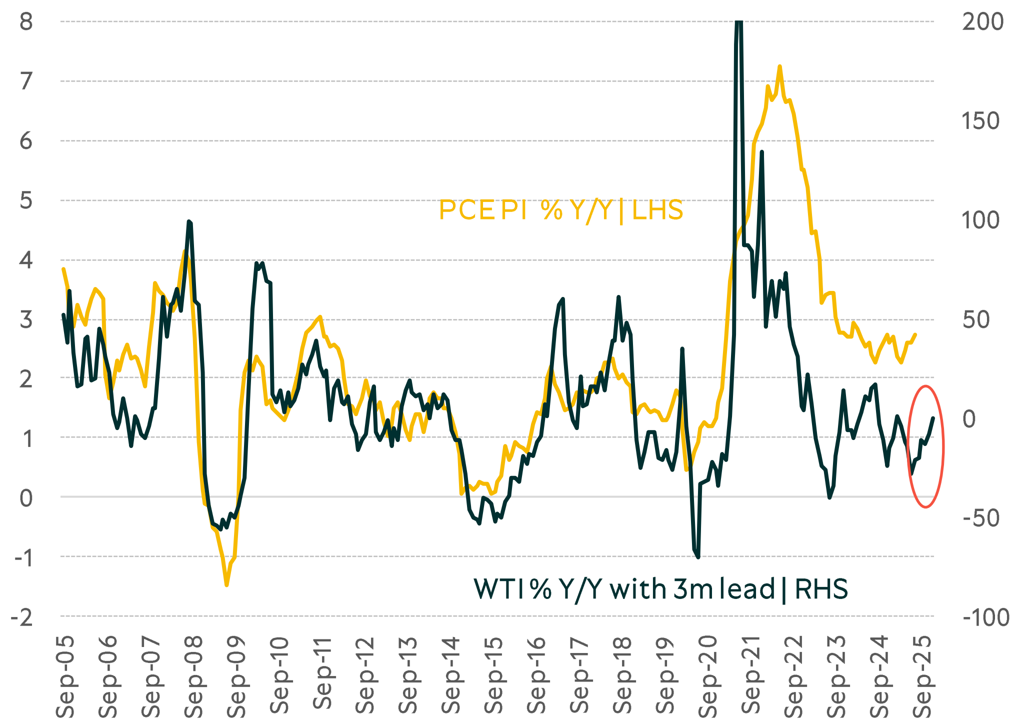


Leading Prices Indicators

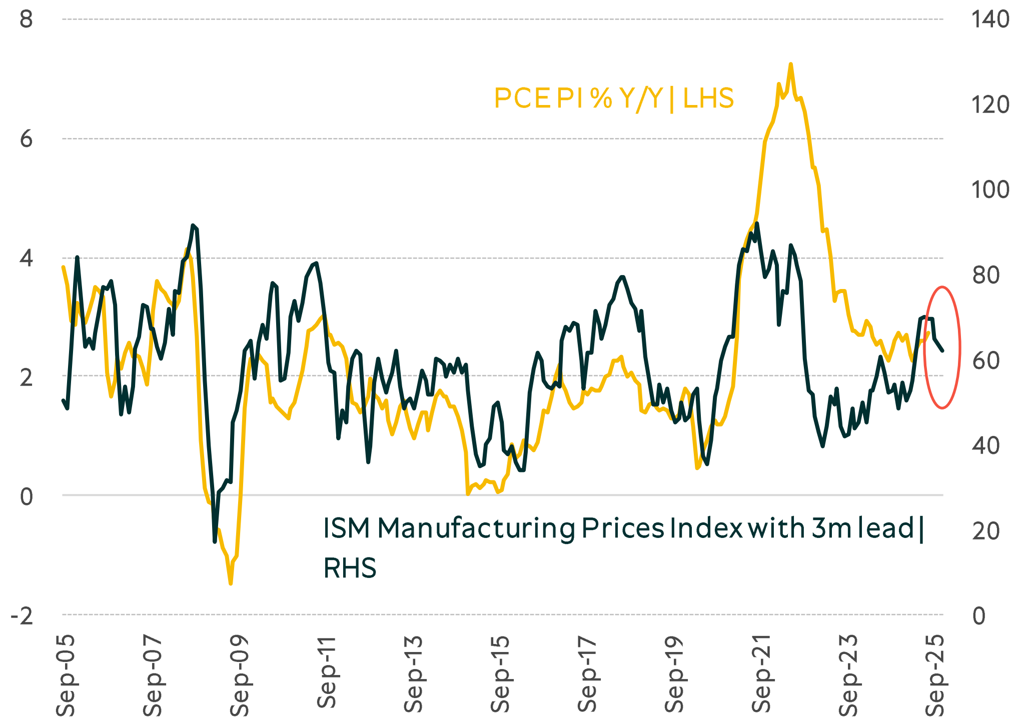


US Inflation & Energy Prices | Leading price indicators are mixed. Energy still supportive. The Manufacturing Price Paid component dropped to 61.9 in September.

Inflation Rates & Energy Prices

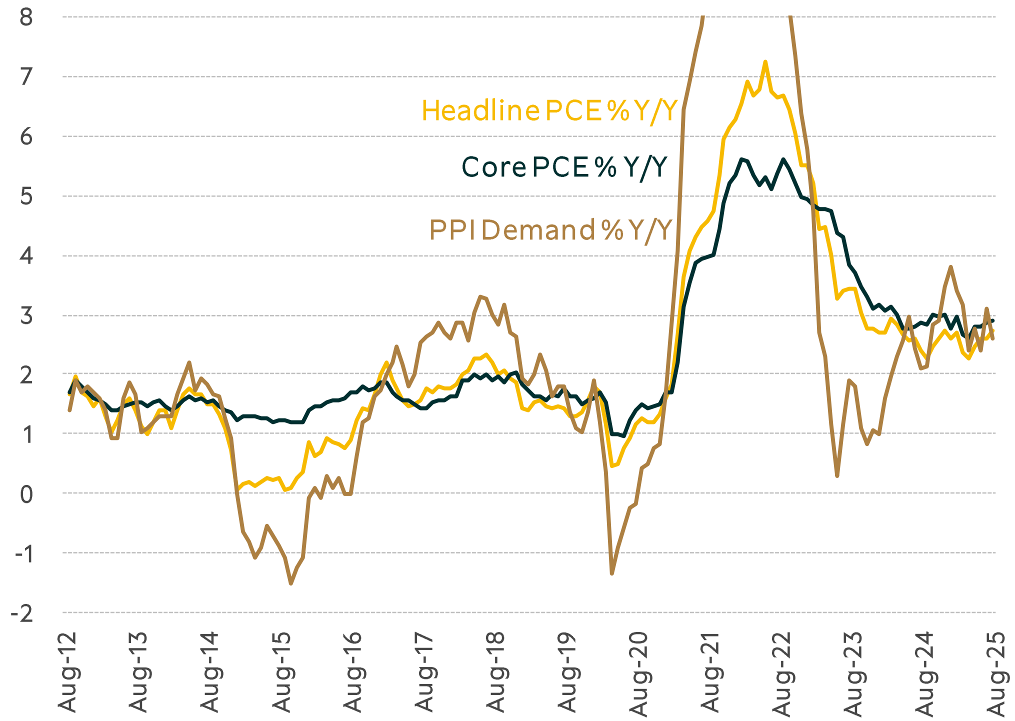


Inflation Rate & Leading Prices Indicator

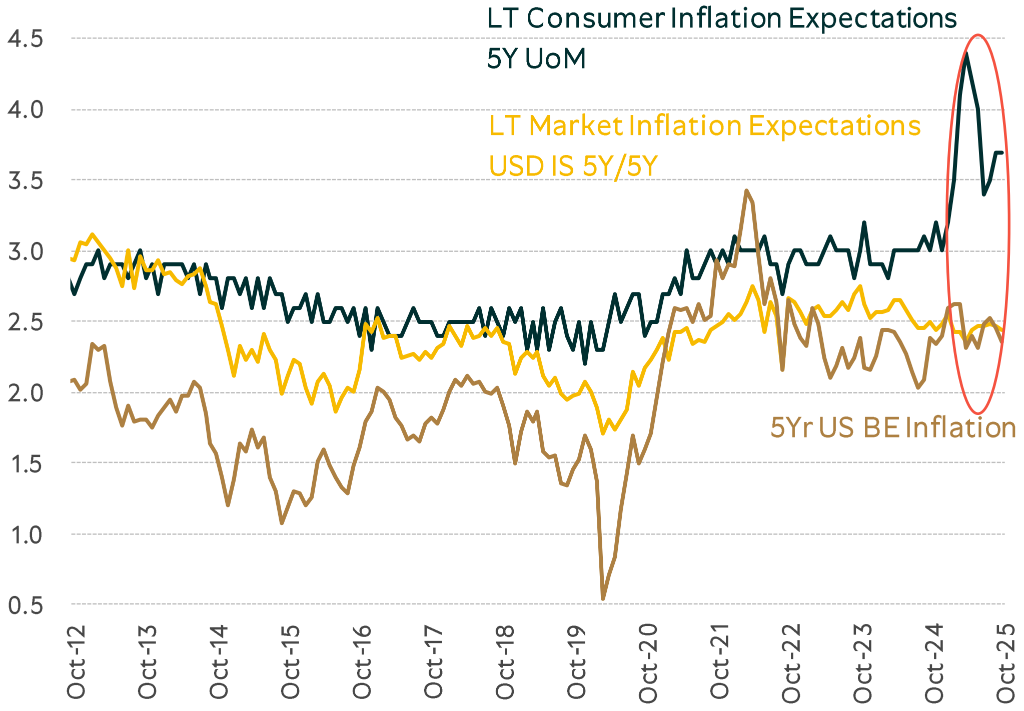


US Headline & Core Inflation | Headline PCE inflation modestly accelerated in August. Consumers' long-term view on inflation remains higher than market's (3.7% vs 2.4%)

Inflation Rates

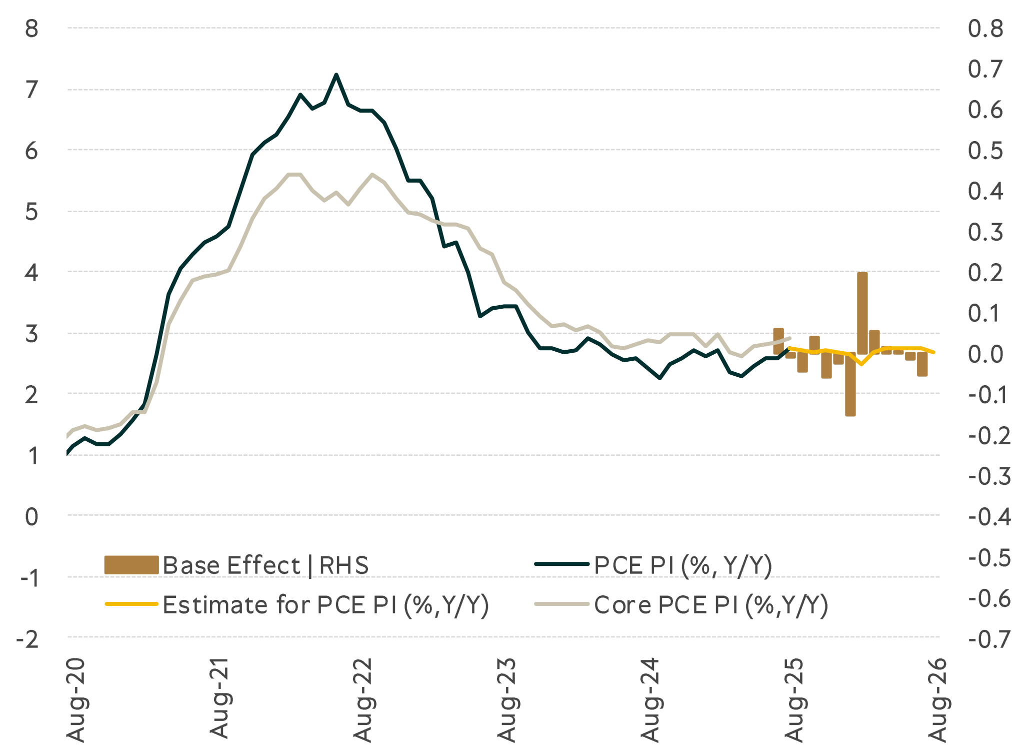


Long-Term Inflation Expectations

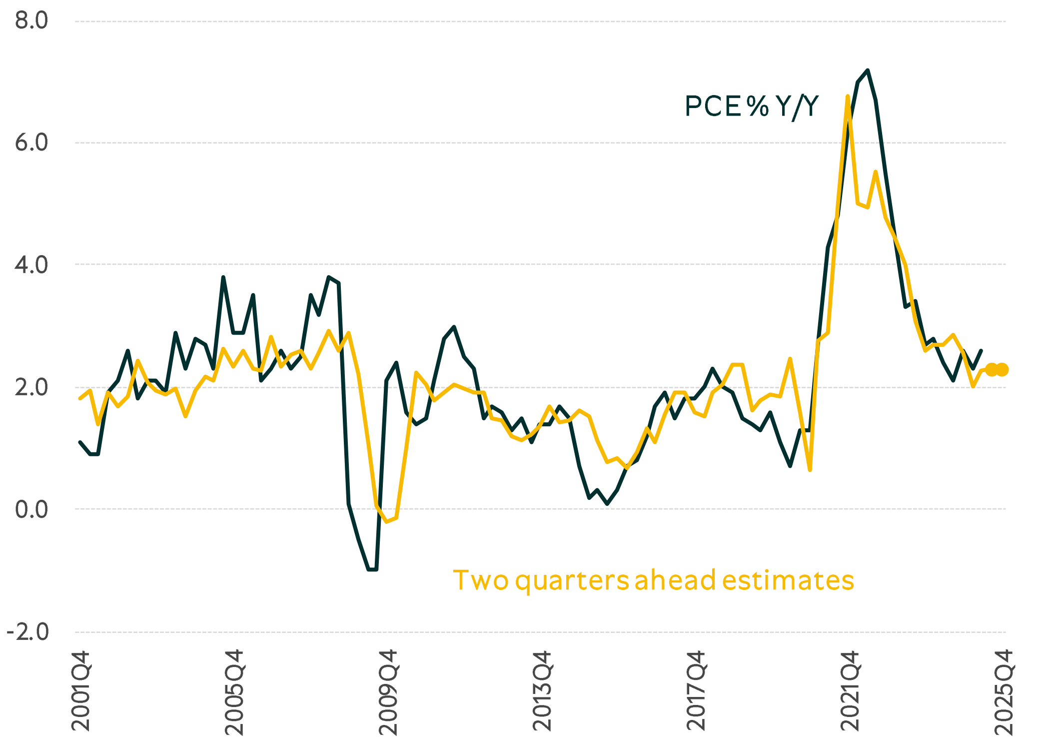


US Inflation Outlook | Both our models still point to inflation above 2.5% for 2025

Inflation Rate Forecast | Statistical Model



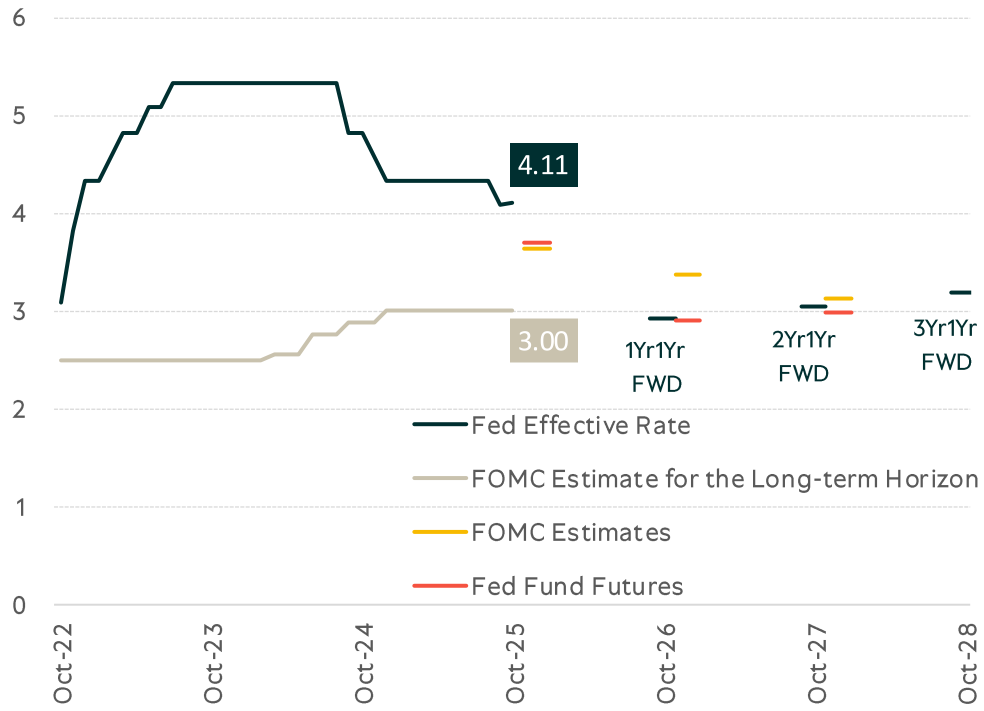
Inflation Rate Forecast | Macro Model



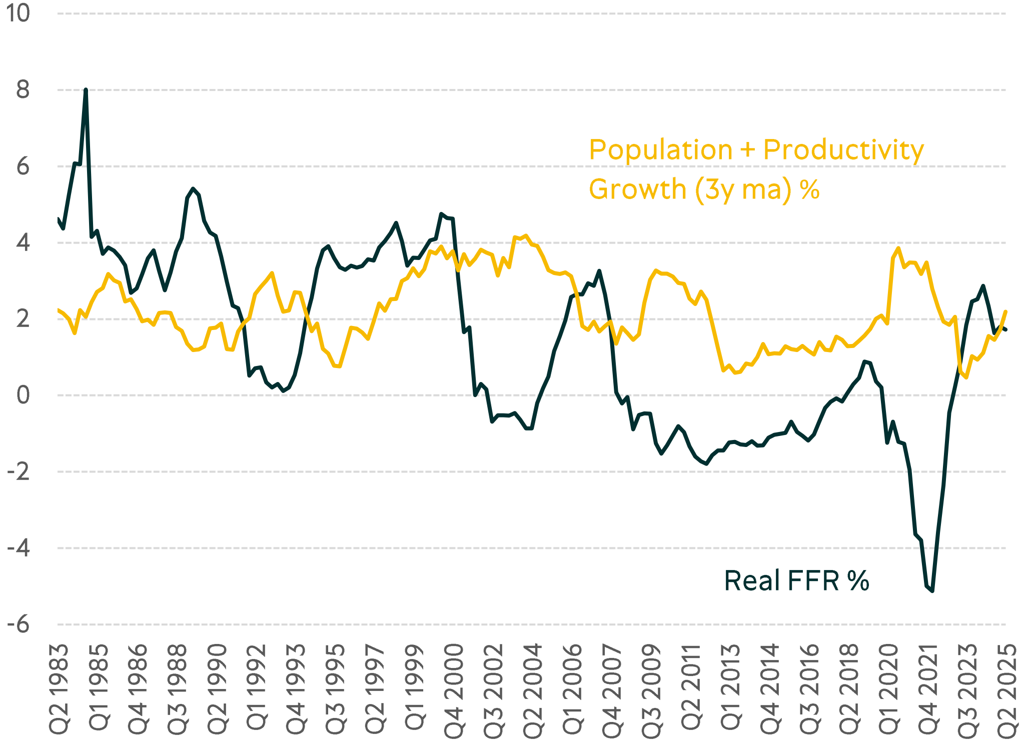
Source: Economic Research & Investment Strategy

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

Interest Rates | Fed Effective Rate

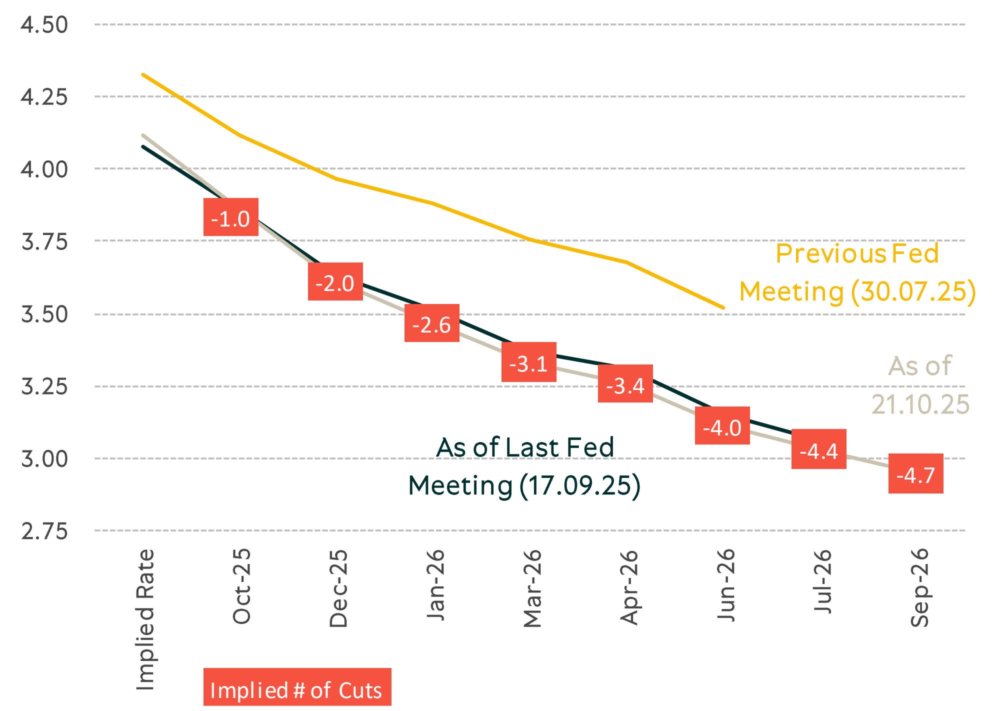


Real FFR (FFR – Core PCE) & Population + Productivity growth

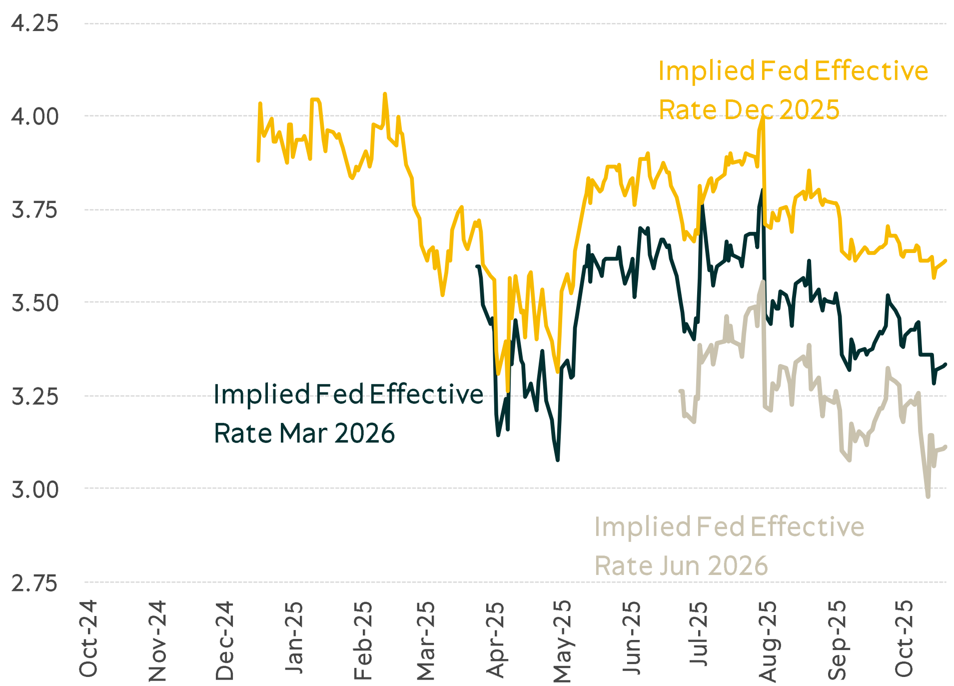


US Interest Rates | A more aggressive rate cut trajectory is anticipated by the markets following the large revisions in the non-farm payrolls

Implied Overnight Rate based on Overnight Index Swaps

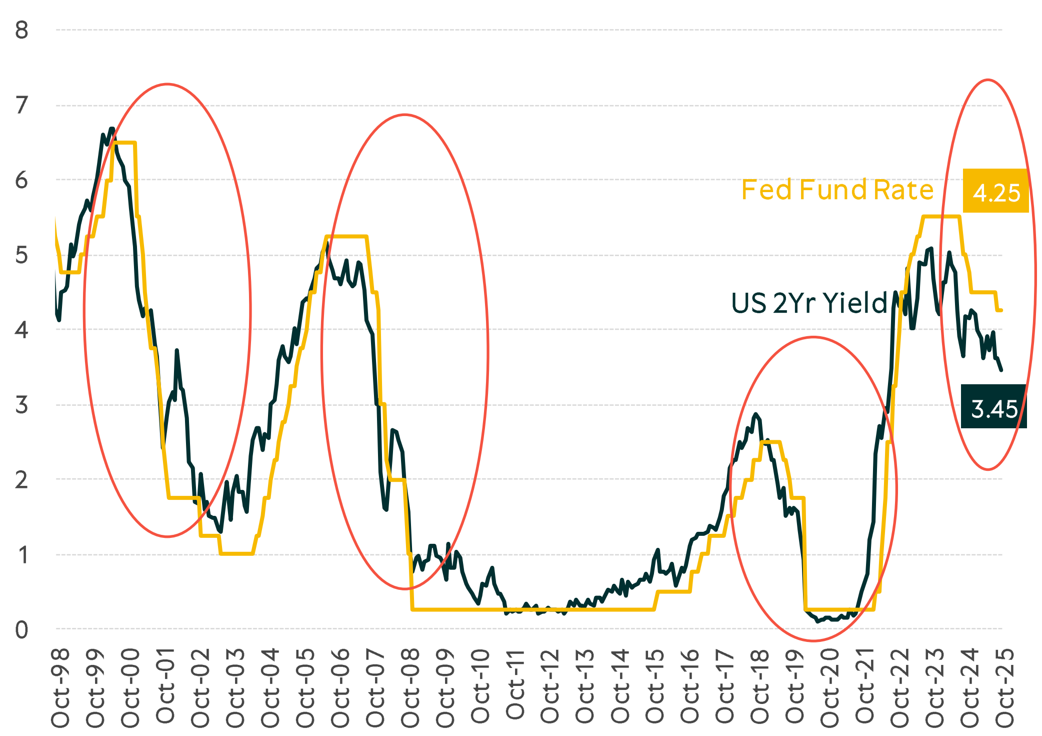


Interest Rates | Implied Fed Effective Rate



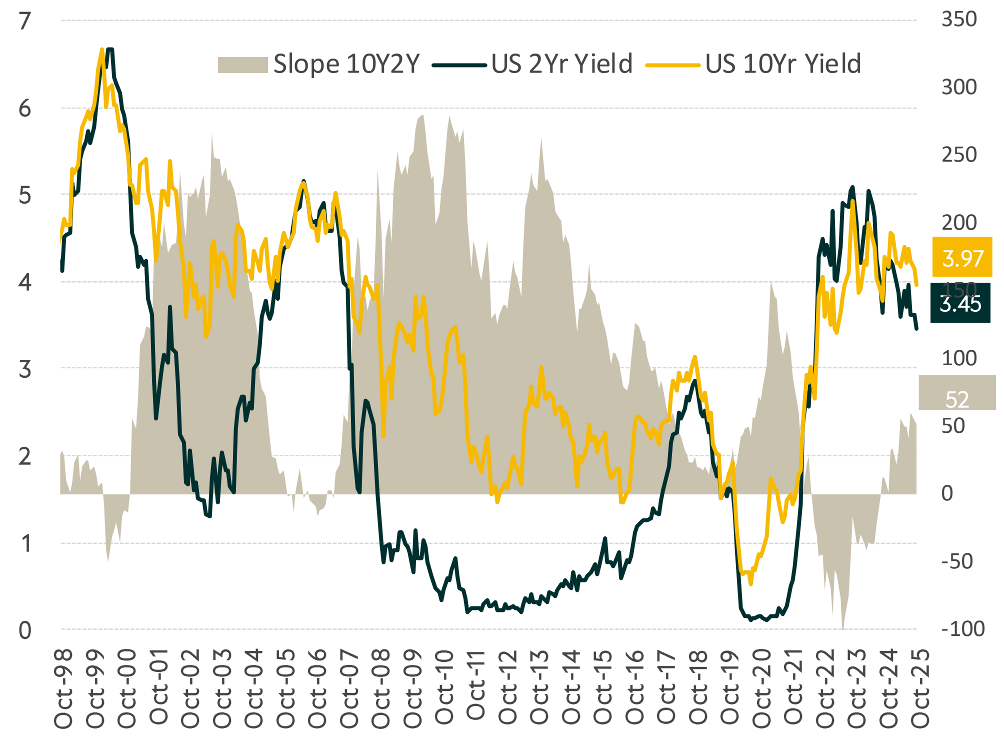
US | The Fed resumed cutting rates in 2025 by reducing its benchmark rates by 25 bps in September as expected, amid downside risks to employment

Fed Fund Rate & US Treasury Yield



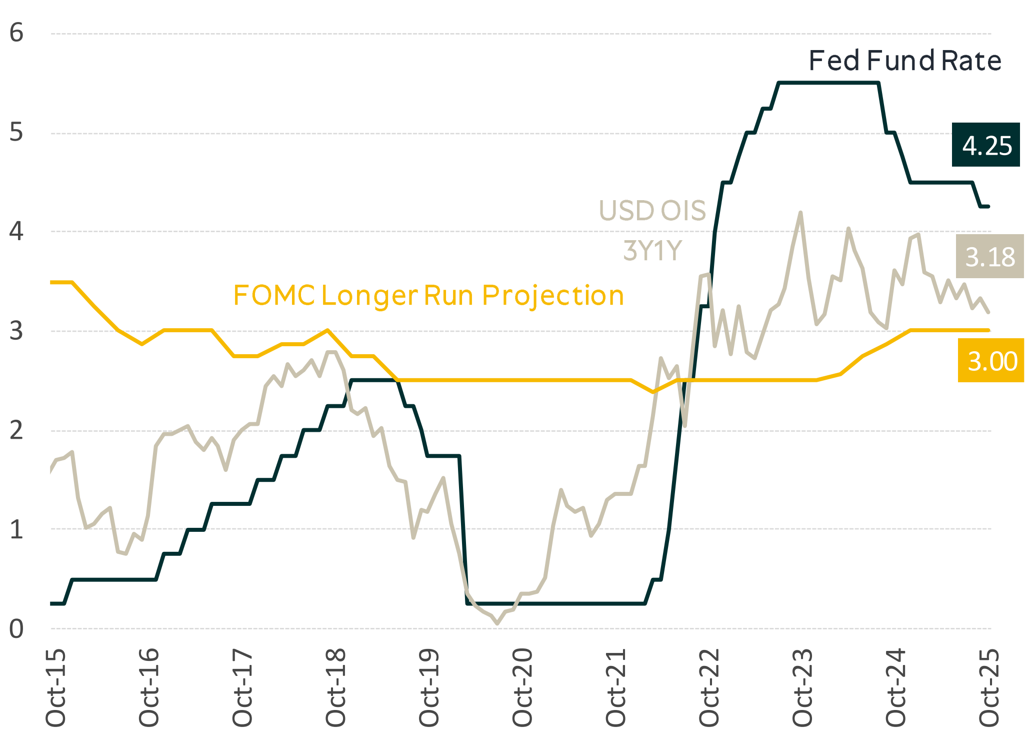
Note: Monthly data apart from the last observation which shows the latest available daily value

US Yield Curve



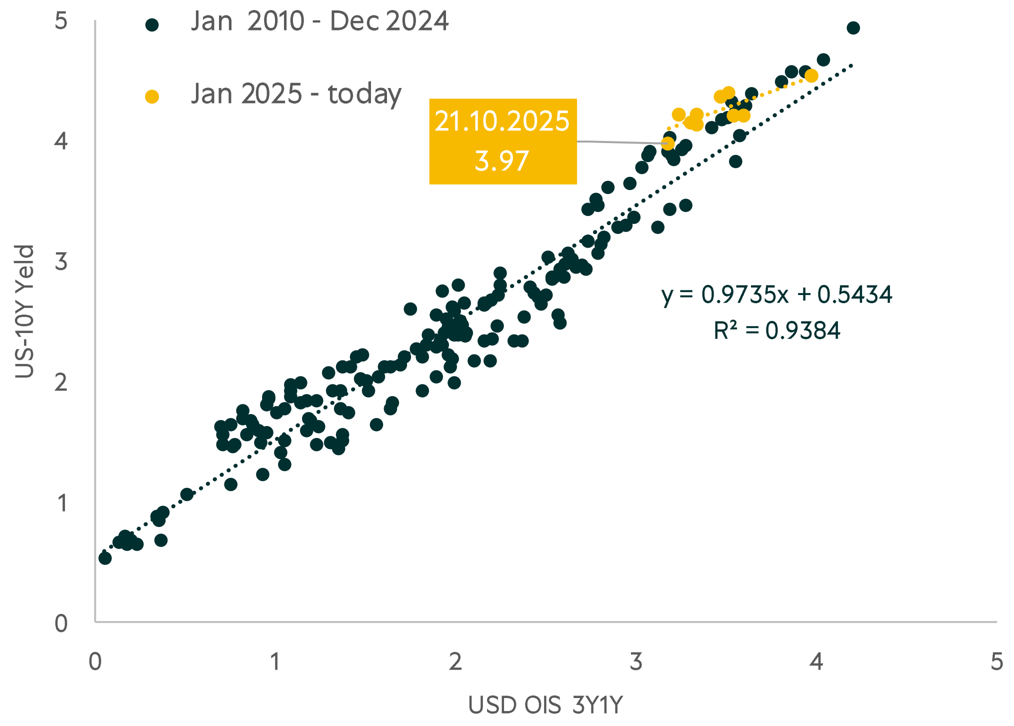
US Long-Term Rates | Short-term rates 4 years in the future approaching target (3%). 10- year rates above "fair" value given the current level of short-term rates.

LT Interest Rate Expectations



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

US Yield vs Medium-Term Interest Rate Expectations



Bird’s Eye View

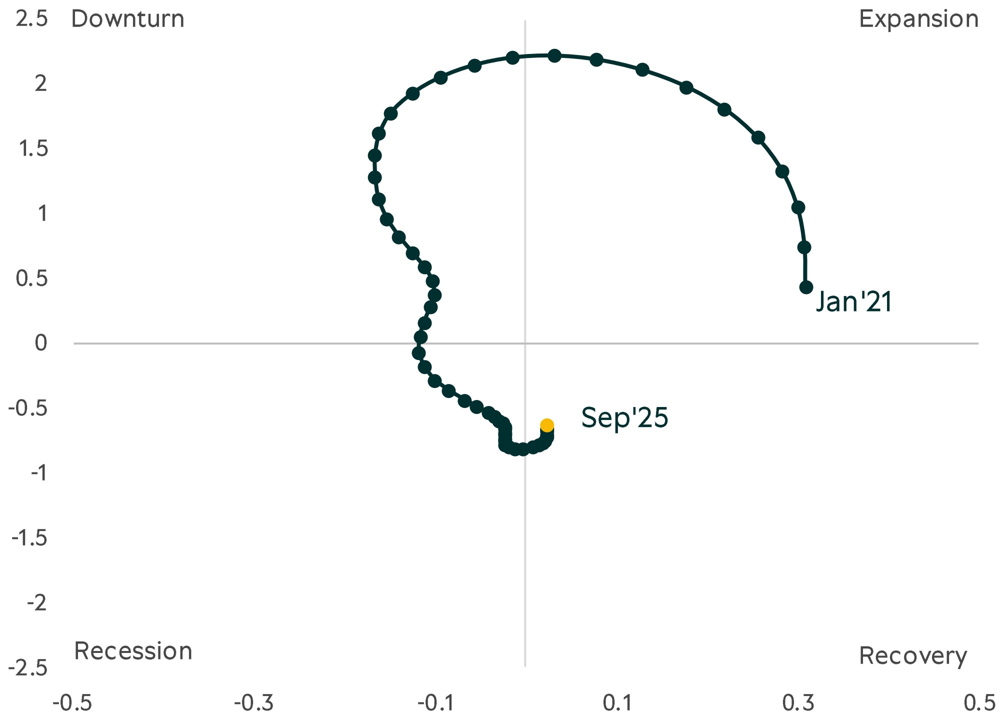
US Economy

EA Economy

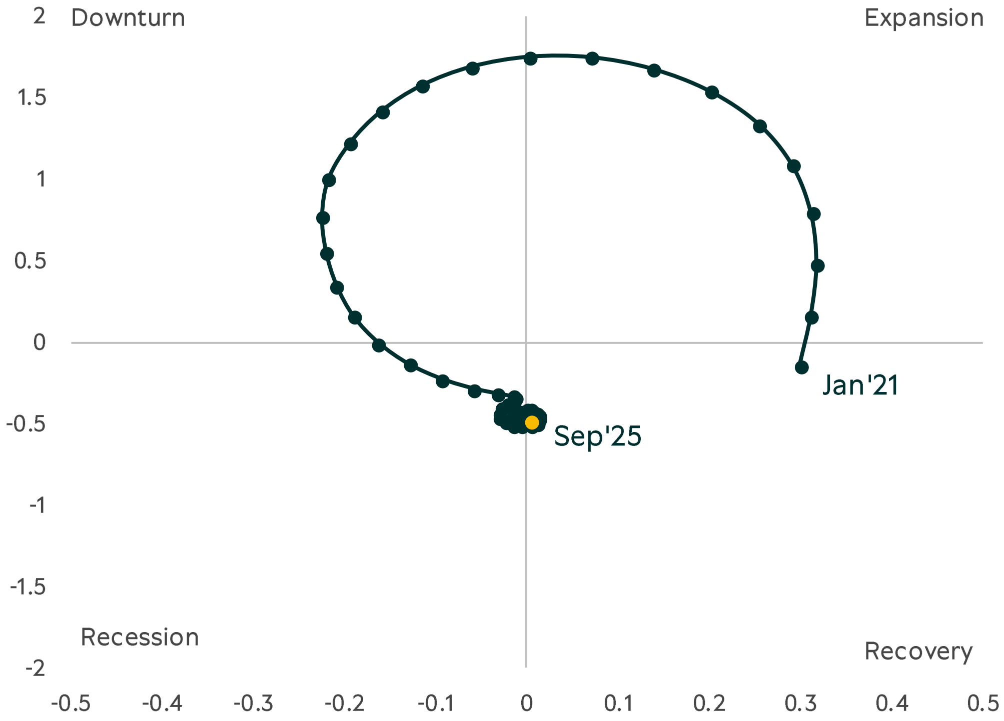
China Economy

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

EA Business Cycle | Based on Manufacturing Confidence Indicator

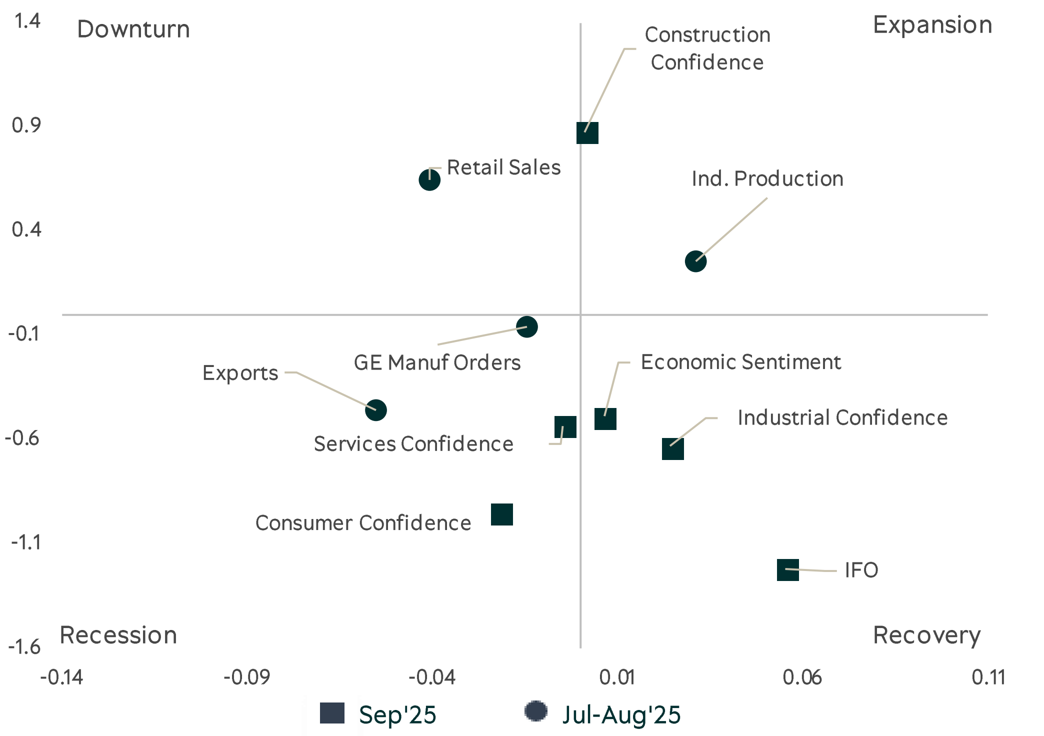


EA Business Cycle | Based on Economic Sentiment Indicator

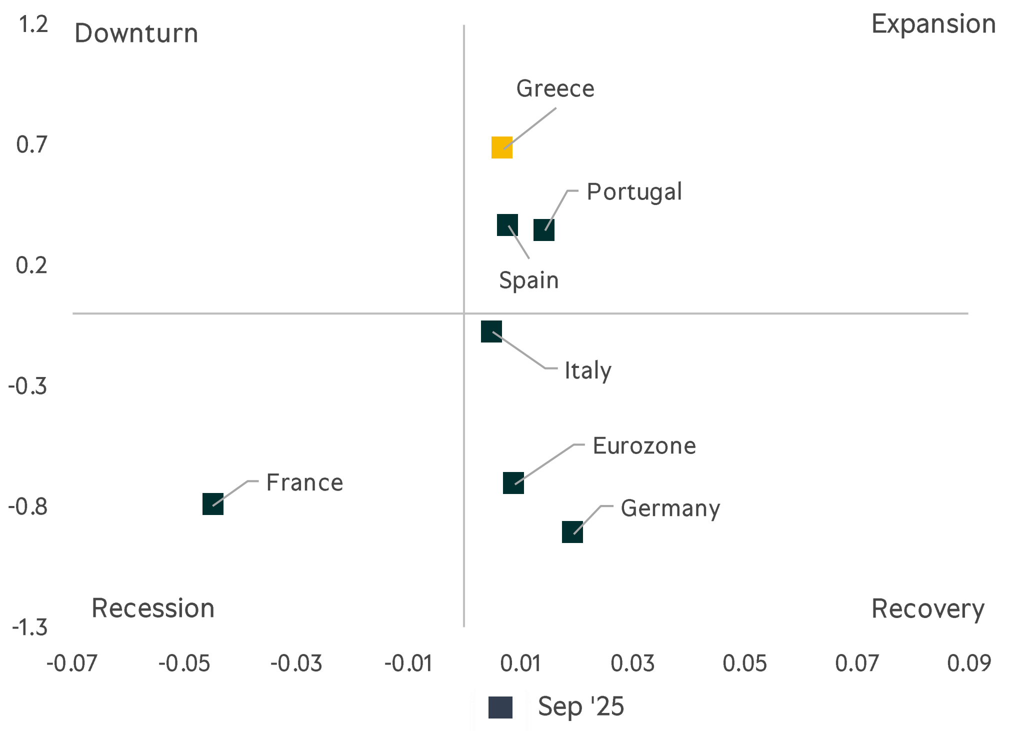


EA Business Cycle | Mixed signals are observed across major economic variables and at a country level, with ESI rising in France, Italy and EA in September.

EA Business Cycle | Based on Major EA Economic Variables

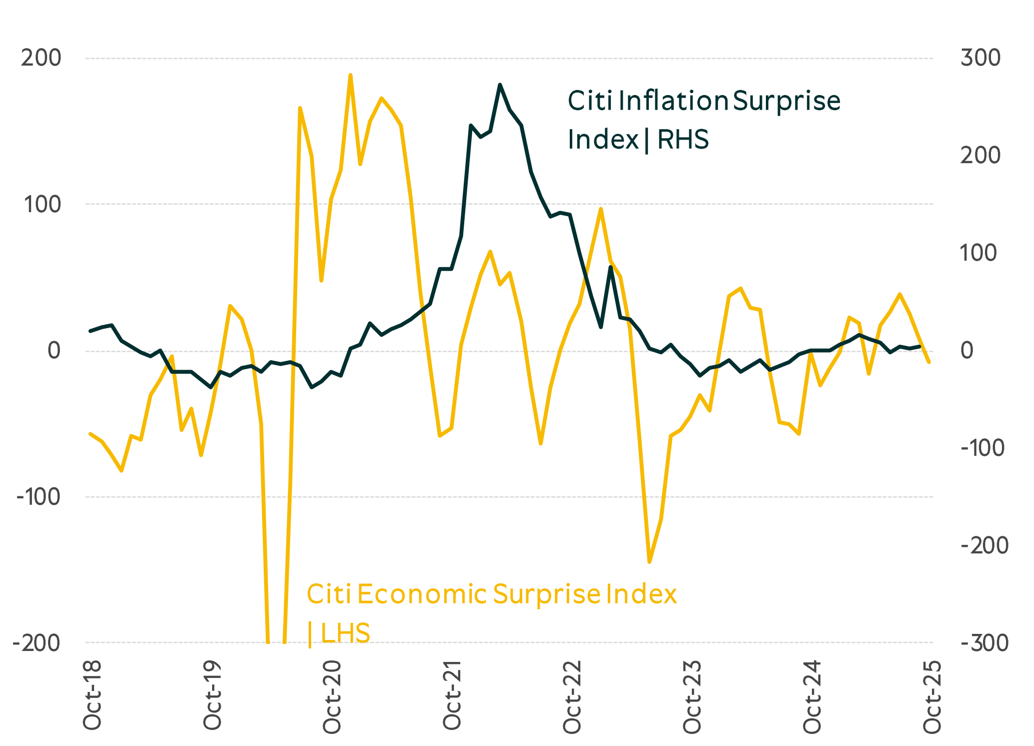


Business Cycle of EA Members | Based on Economic Sentiment Indicator

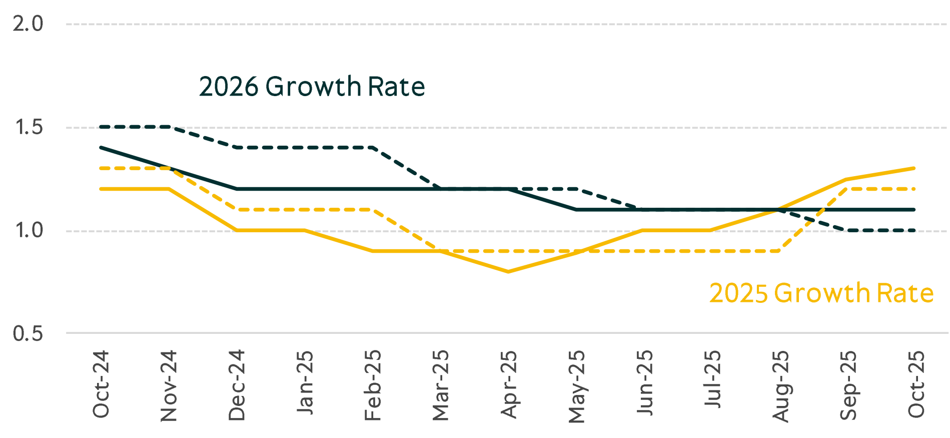


EA Macro Expectations | Economic surprises declined further in October and are now negative, while consensus expectations point to slightly higher growth for 2025.

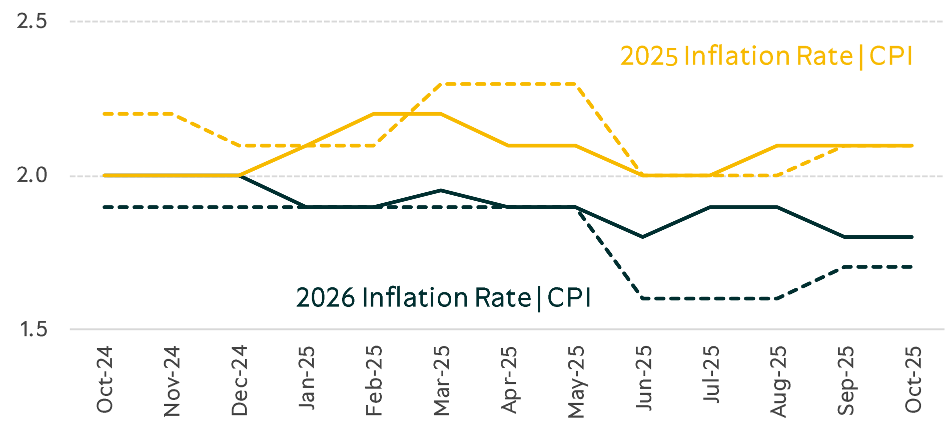
Economic & Inflation Surprises



Growth Rate Expectations*



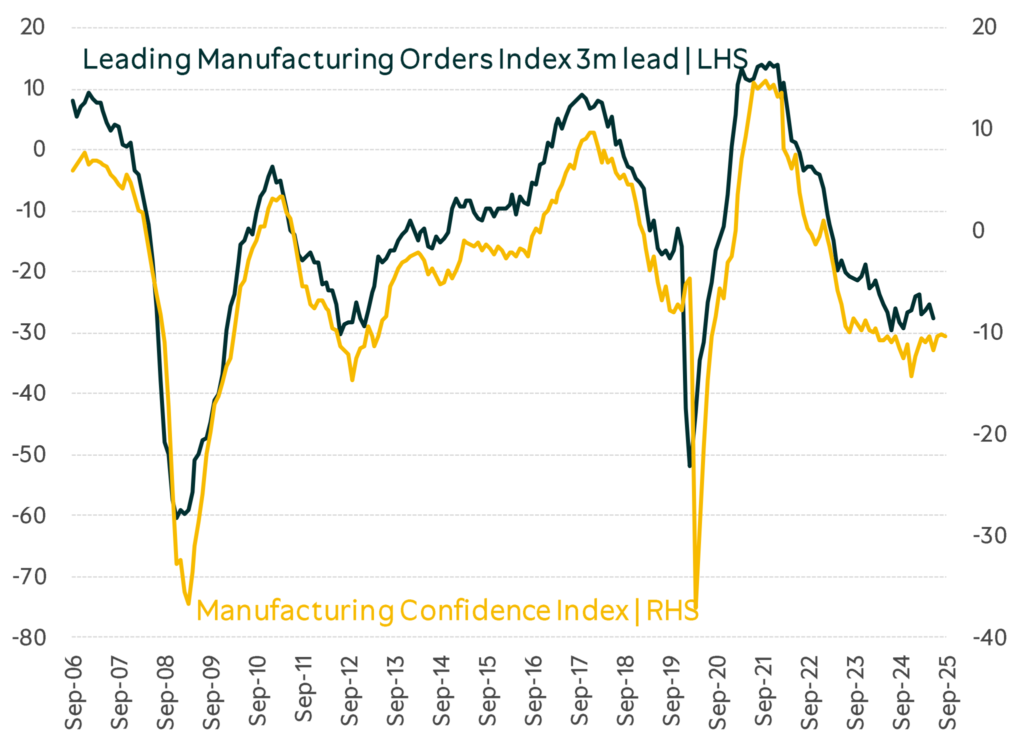
Inflation Rate Expectations*



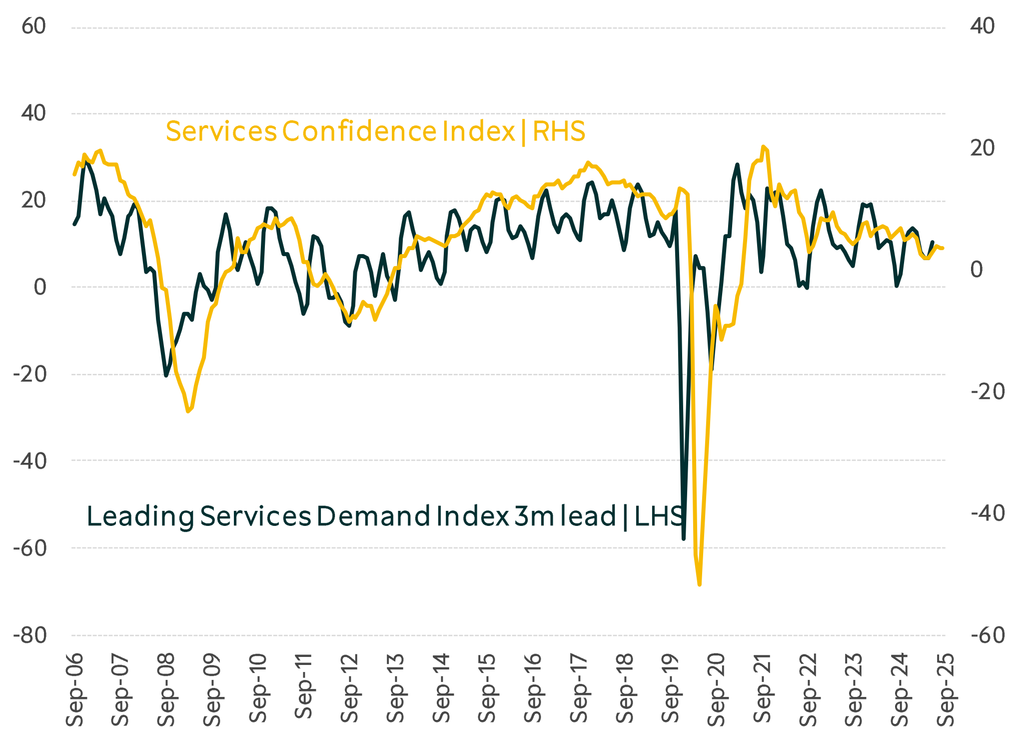
*Solid line: Consensus; Dotted line: ECB projections

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

Manufacturing Confidence Index & Leading Manufacturing Orders

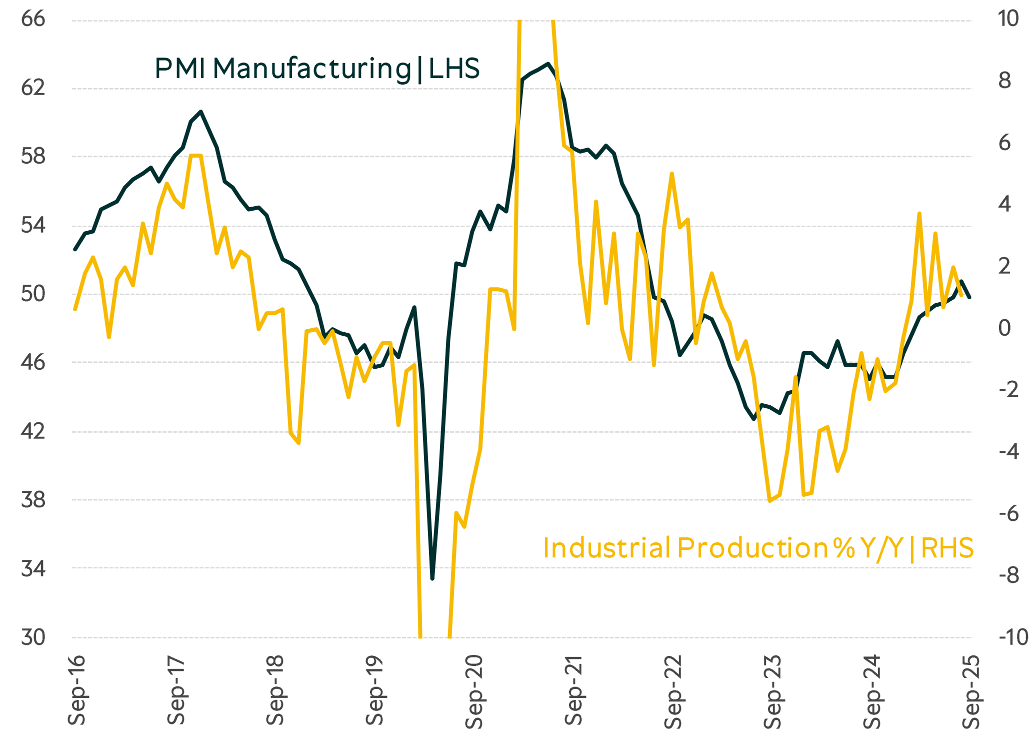


Services Confidence Index & Leading Services Demand Index

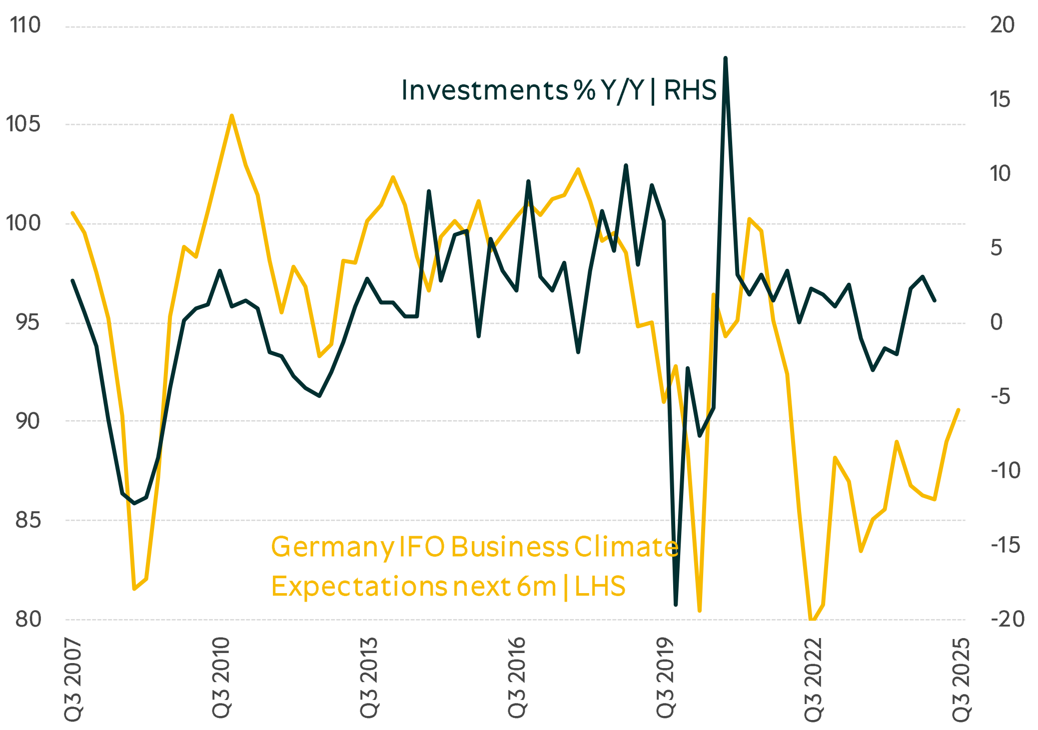


EA Business Conditions | The Manufacturing Leading Indicator declined in September after 10 consecutive months of increases. Industrial production decelerated less than expected in August.

Industrial Production & PMI Manufacturing

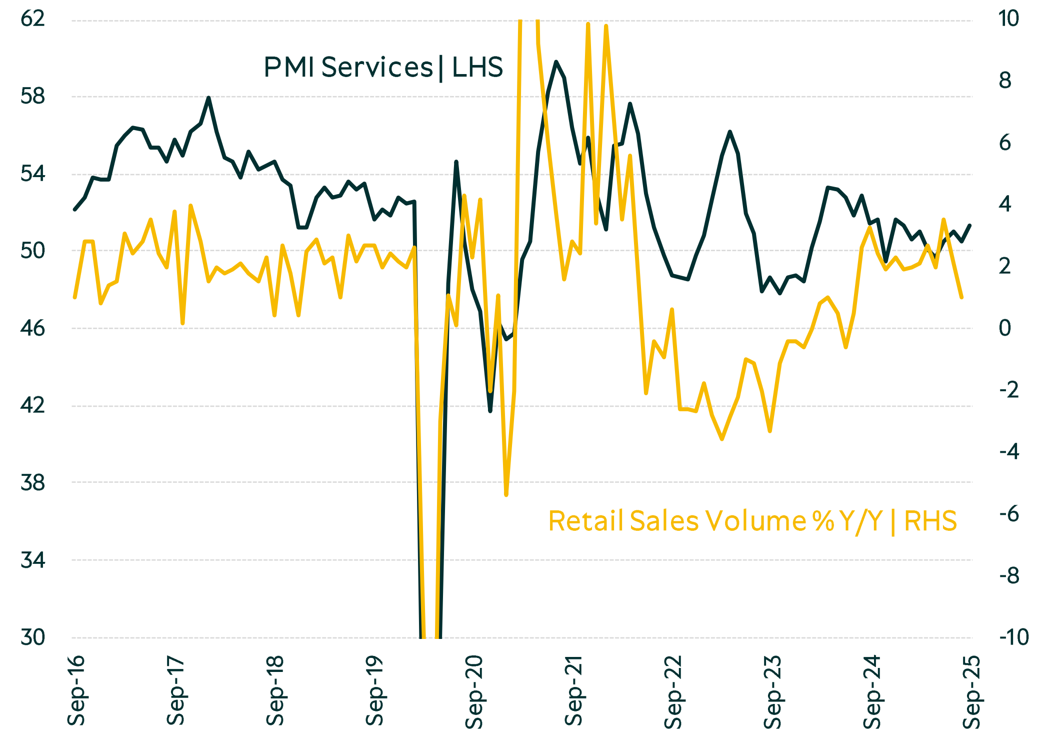


IFO Expectations & Business Investment

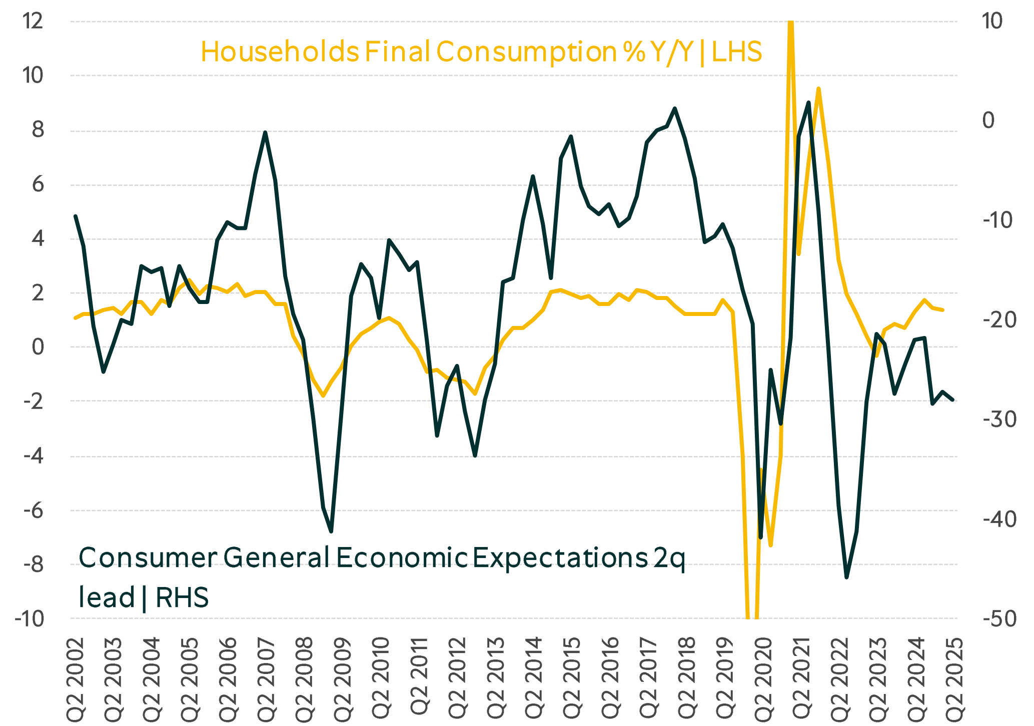


EA Business Conditions | Retail sales growth decelerated further in August to 1.0% but the increase in PMI Services continues to provide a possible tailwind for EA growth.

Retail Sales Volume & PMI Services

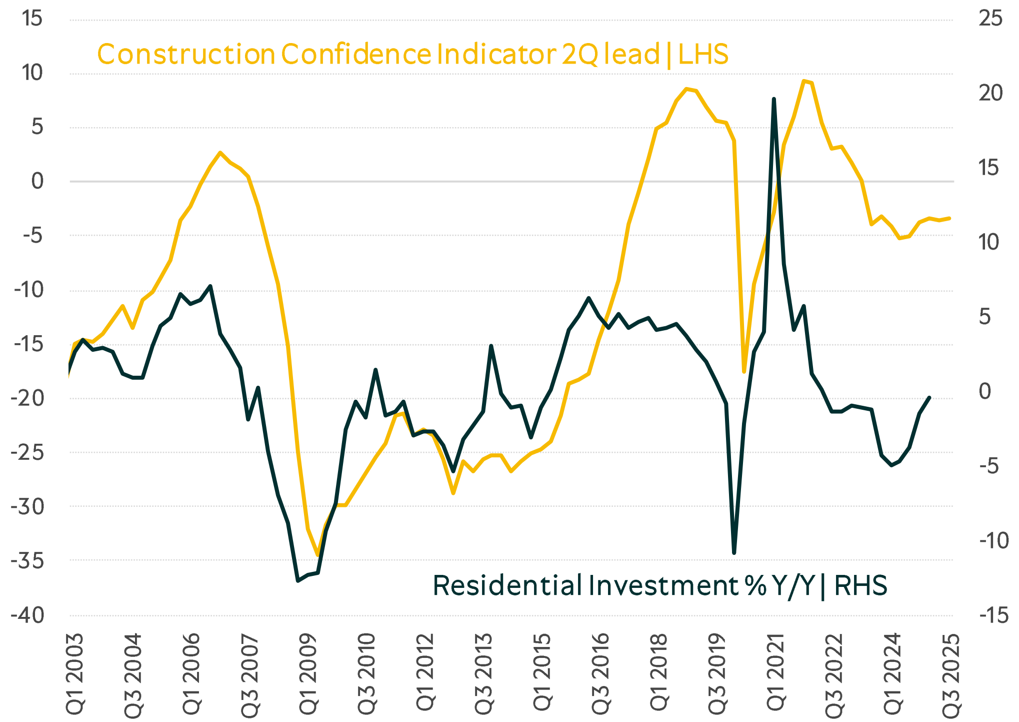


Final Consumption & Consumer Expectations Index

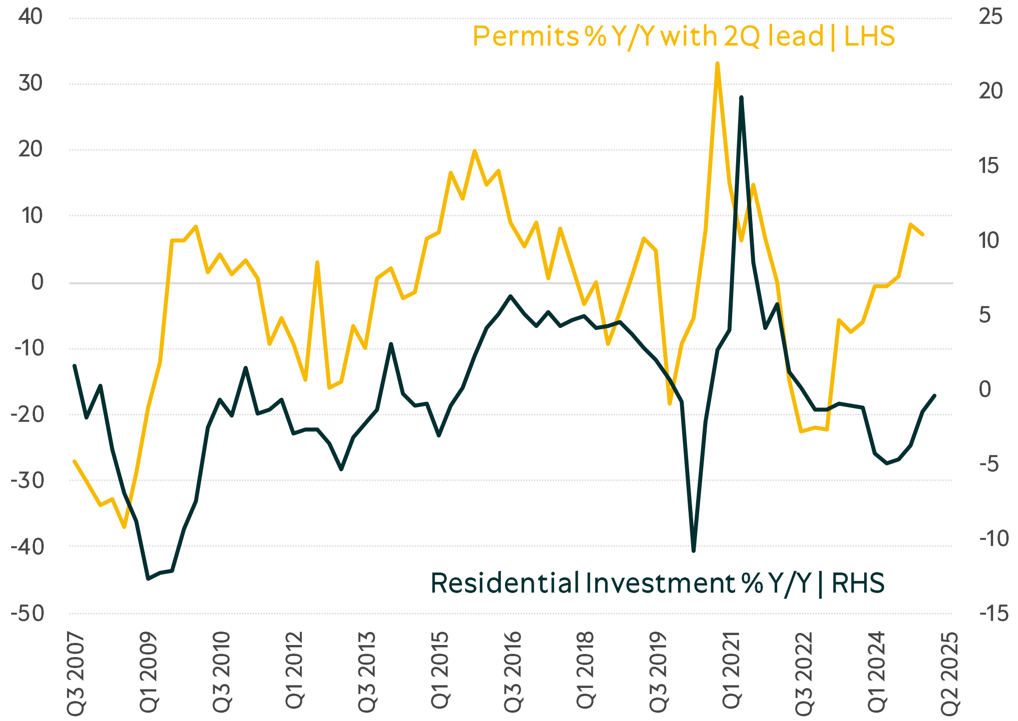


EA Construction | Residential activity gives positive signals as Construction Confidence is on an upward trend. The latest upticks in residential investments provide a glimmer of hope, as permits rebound.

Residential Investment & Construction Confidence

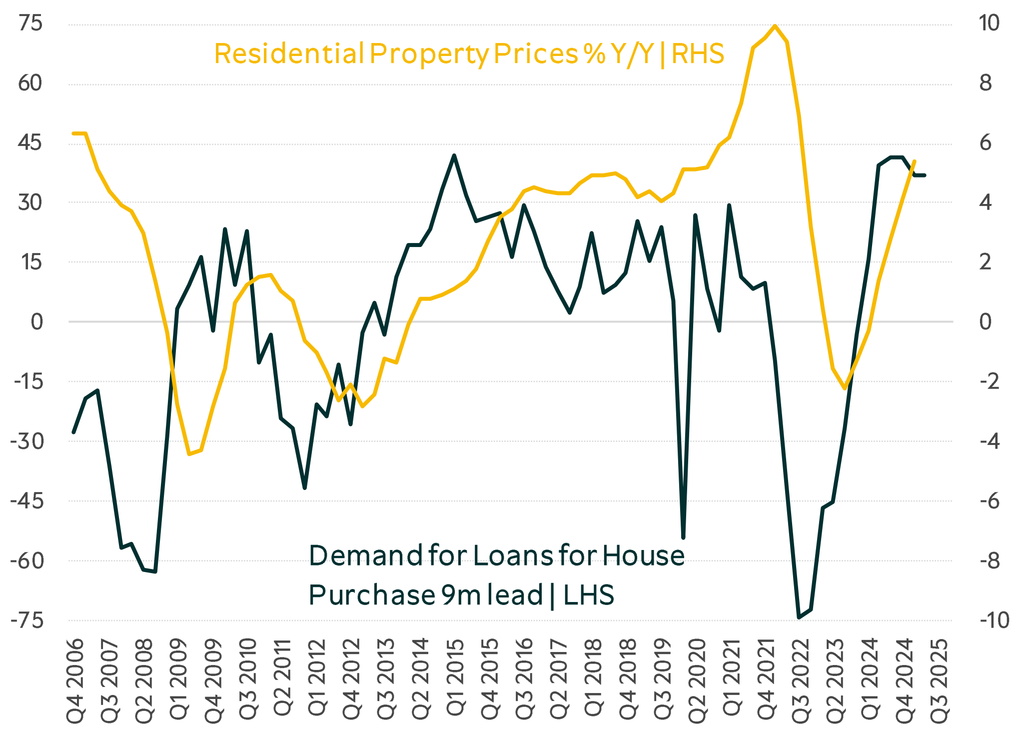


Residential Investment & House Permits

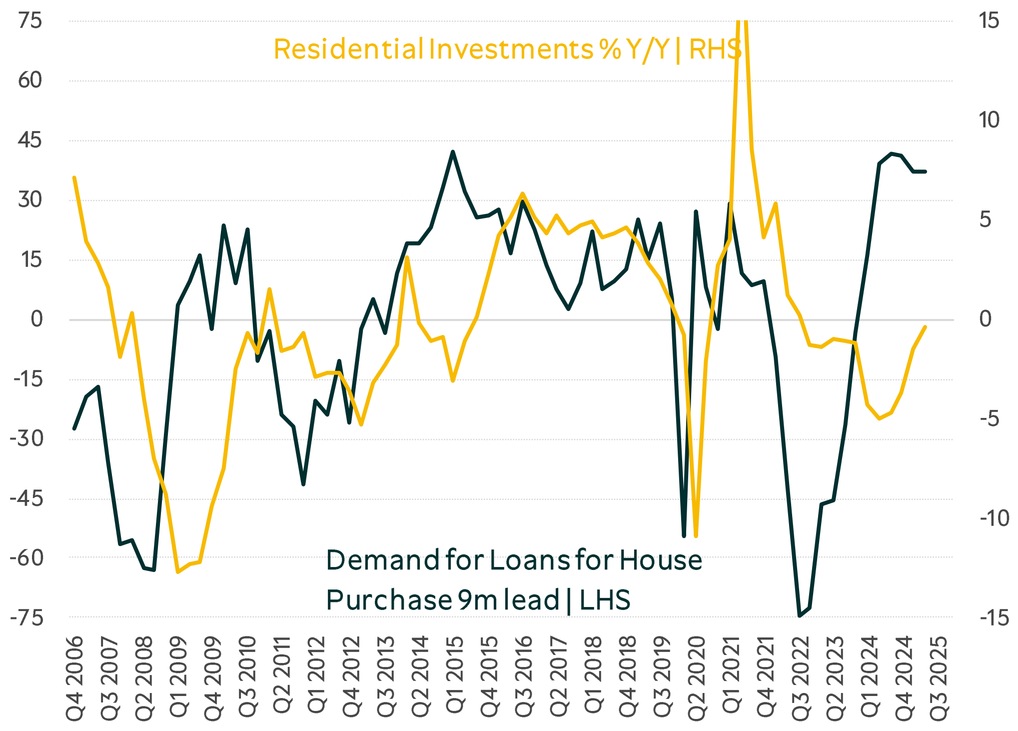


EA Construction | A pick up in investments is expected in the coming months, while demand for loans moderates.

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

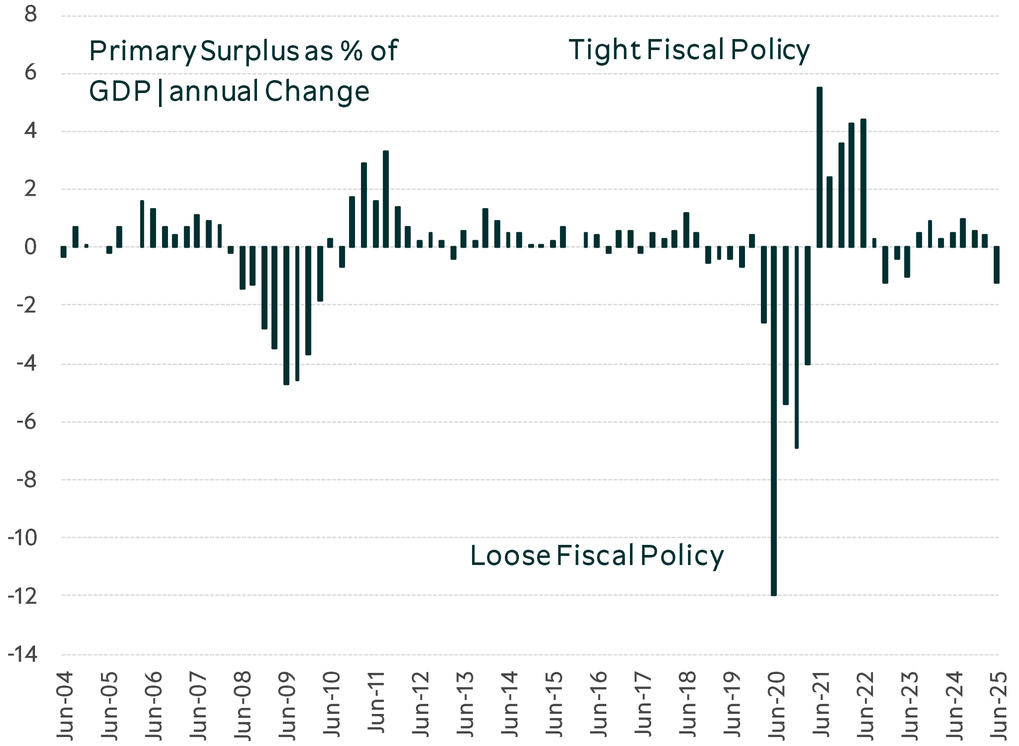


Residential Investments & Demand for loans (9m lead)

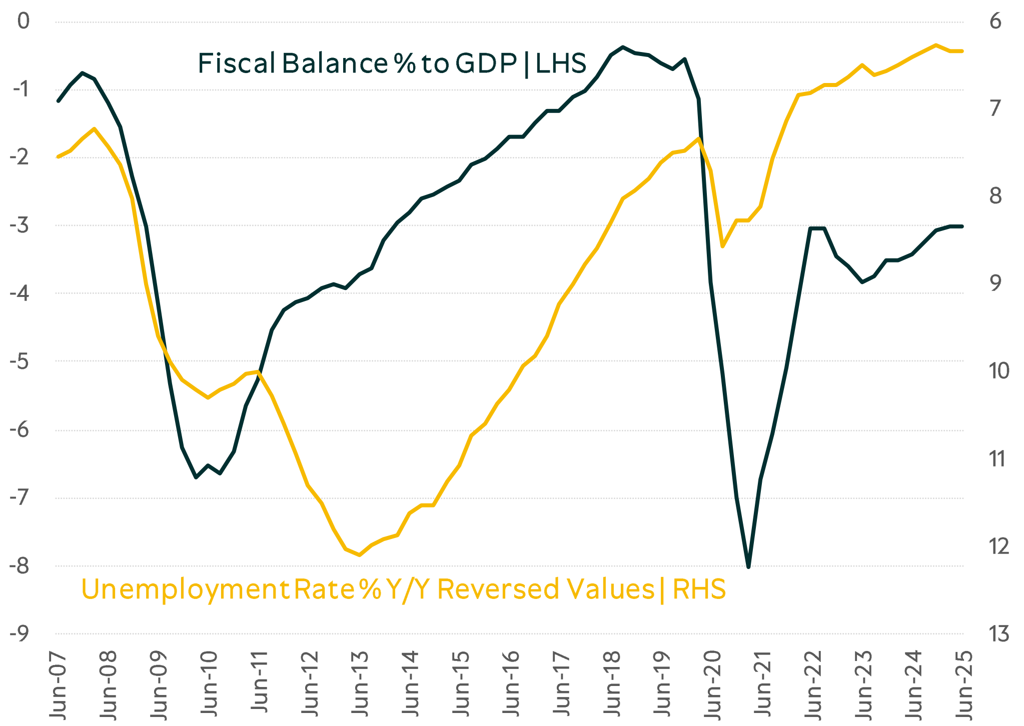


EA Fiscal Policy | Fiscal Deficit remains at low levels while the Unemployment Rate remains at a historic low

Fiscal Thrust



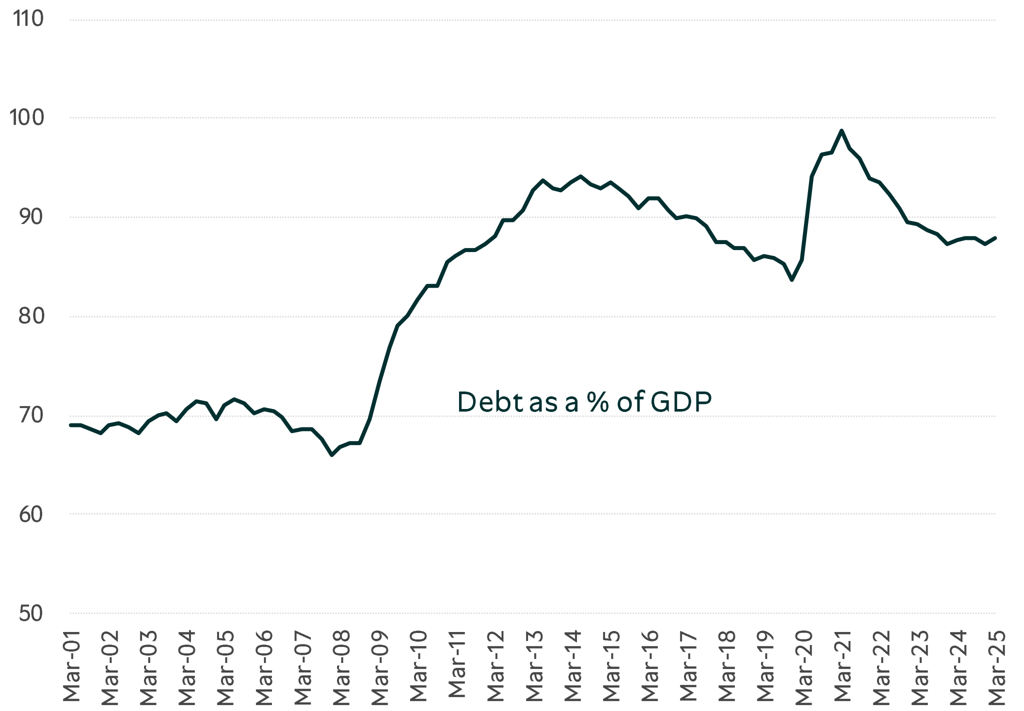
Fiscal Policy & Unemployment Rate



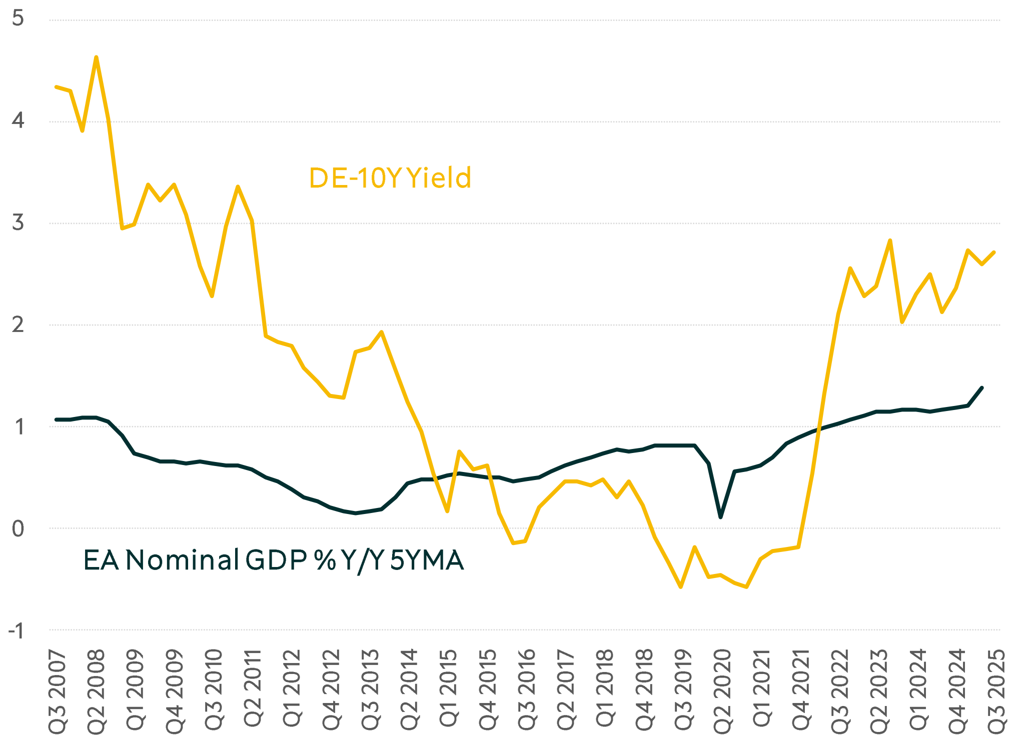
Source: Economic Research & Investment Strategy

EA Fiscal Policy | Debt levels have moderated after the pandemic

Debt / GDP



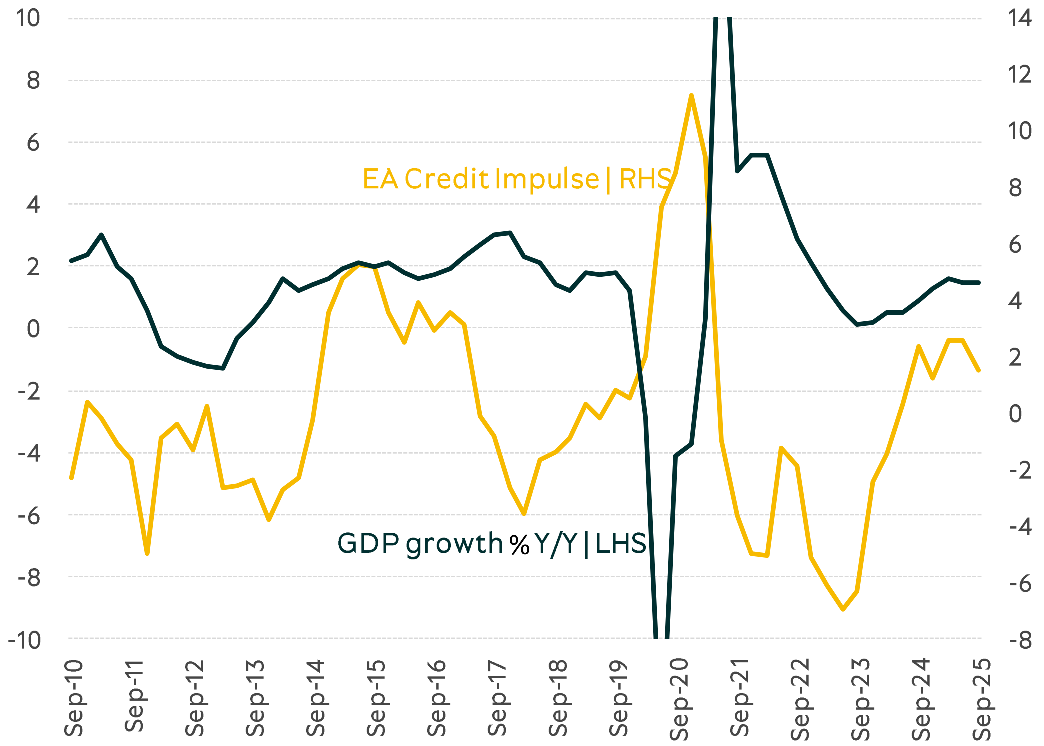
Fiscal Policy Sustainability



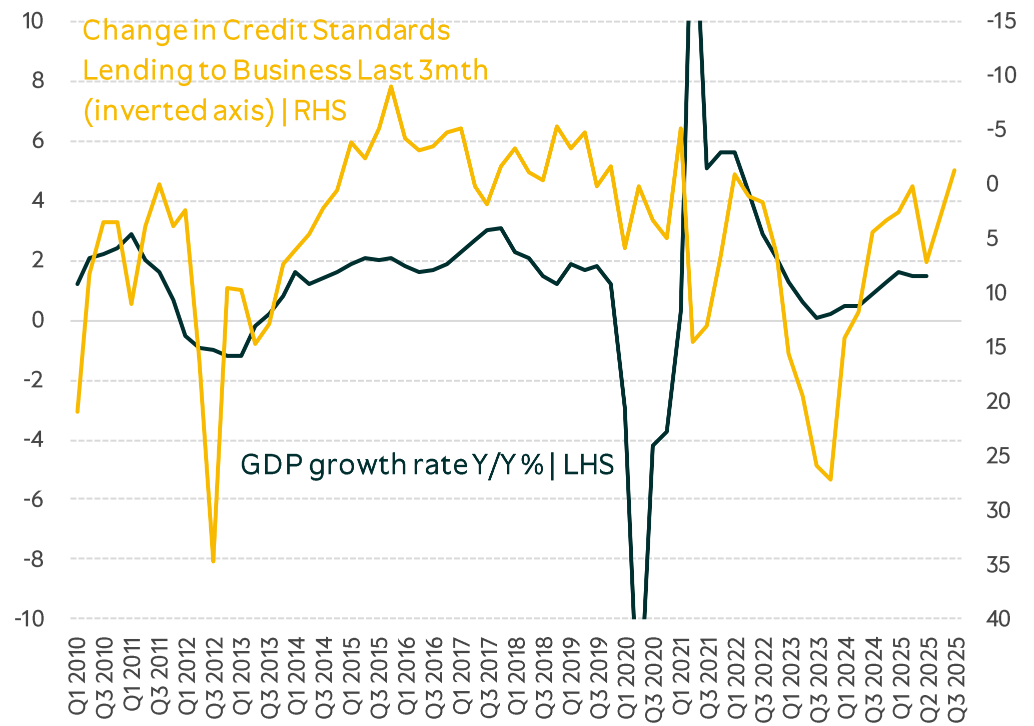
Source: Economic Research & Investment Strategy

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

EA Credit Impulse & GDP growth rate

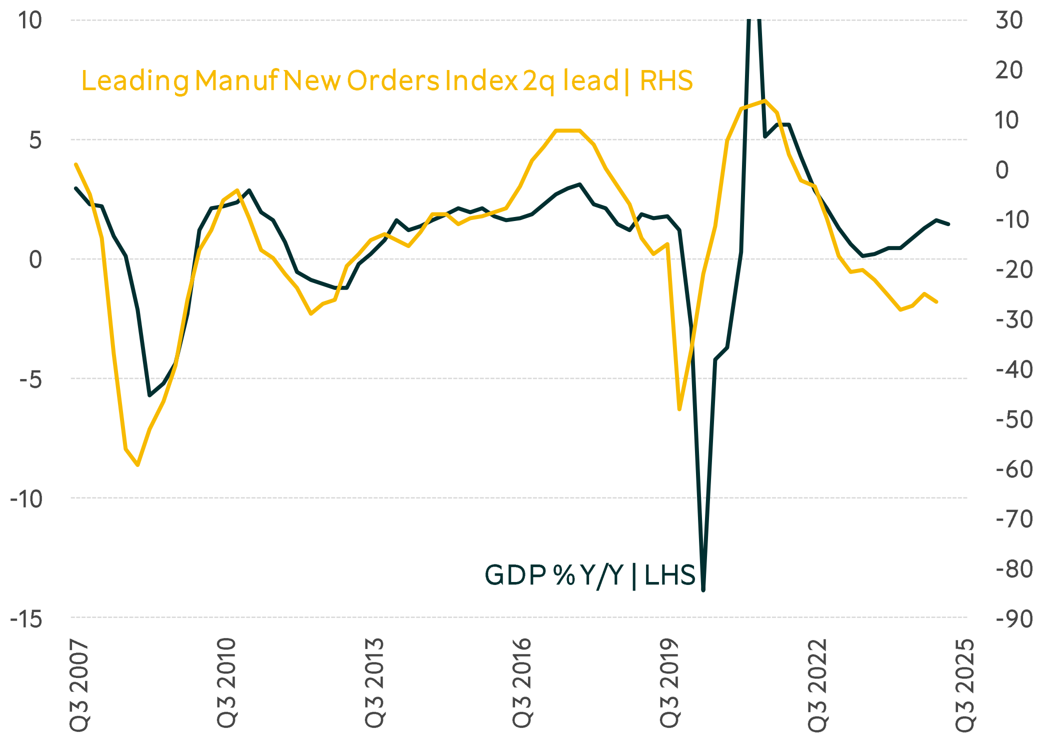


GDP & Bank Lending Standards

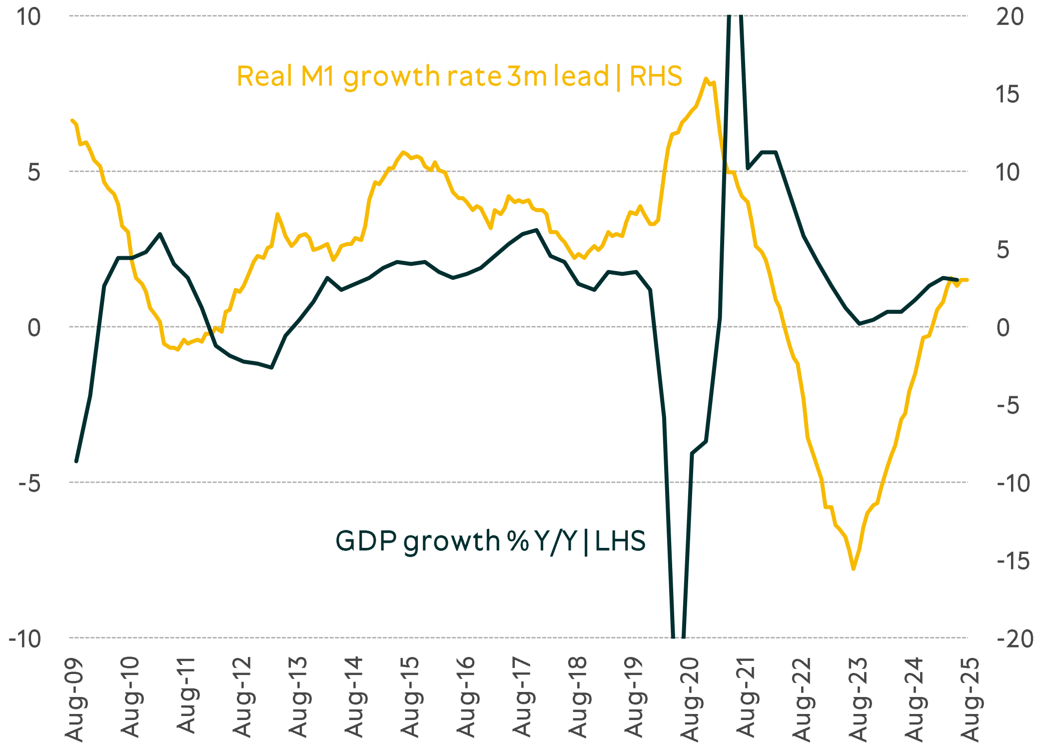


EA | Manufacturing New Orders on downturn in Q3 2025; Real M1 improvement somewhat reduces concerns about the economic outlook.

GDP & New Orders Indices



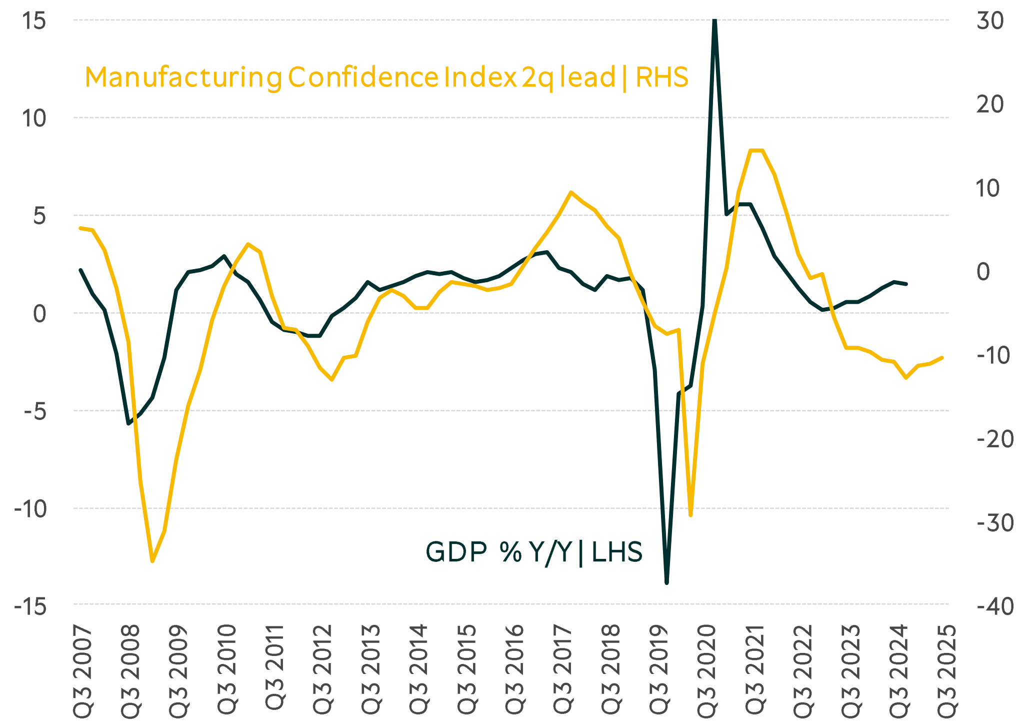
GDP & Real M1 growth rate



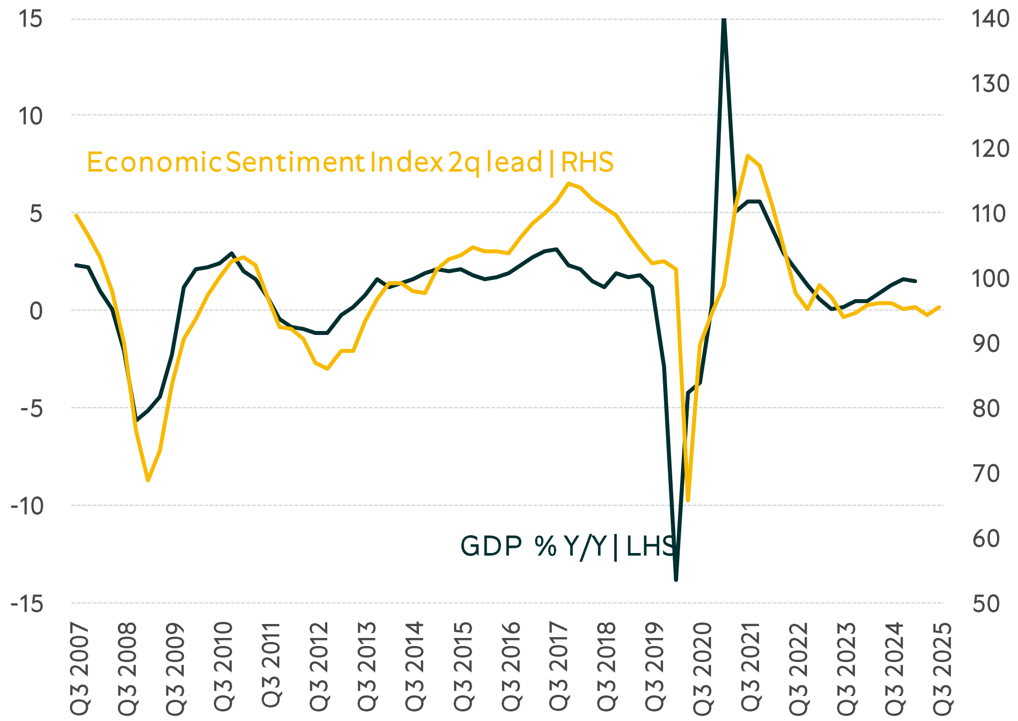
Source: Economic Research & Investment Strategy

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

GDP & Manufacturing Confidence Index



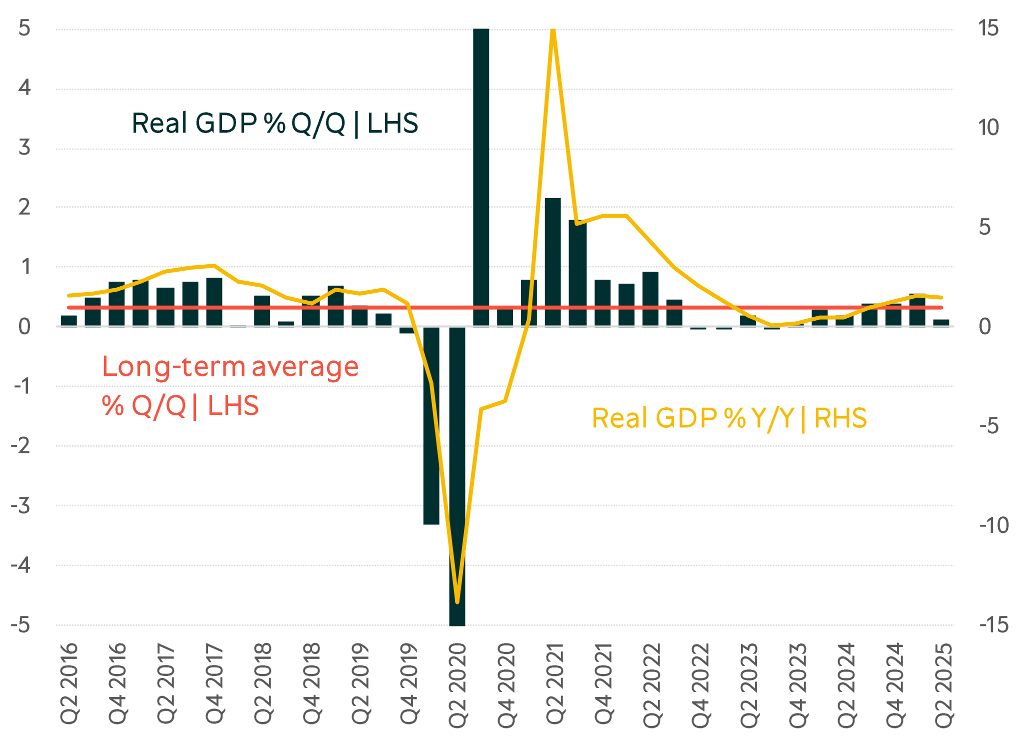
GDP & Economic Sentiment Index



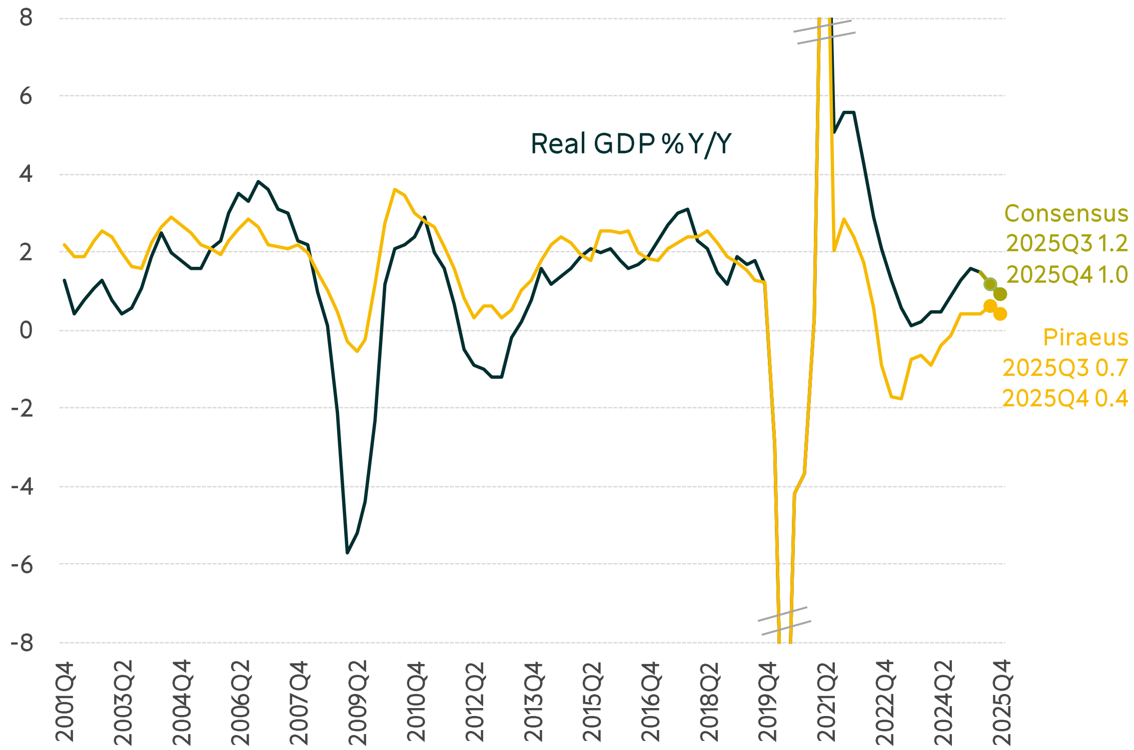
Source: Economic Research & Investment Strategy

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

Growth Rate Outlook



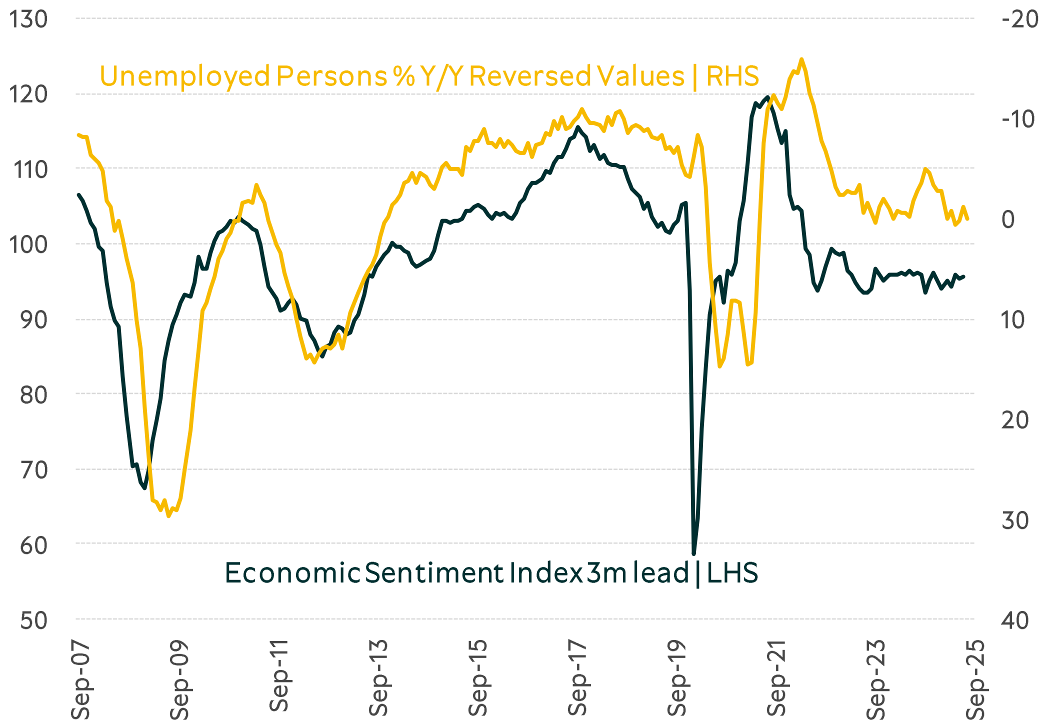
Growth Rate Estimate



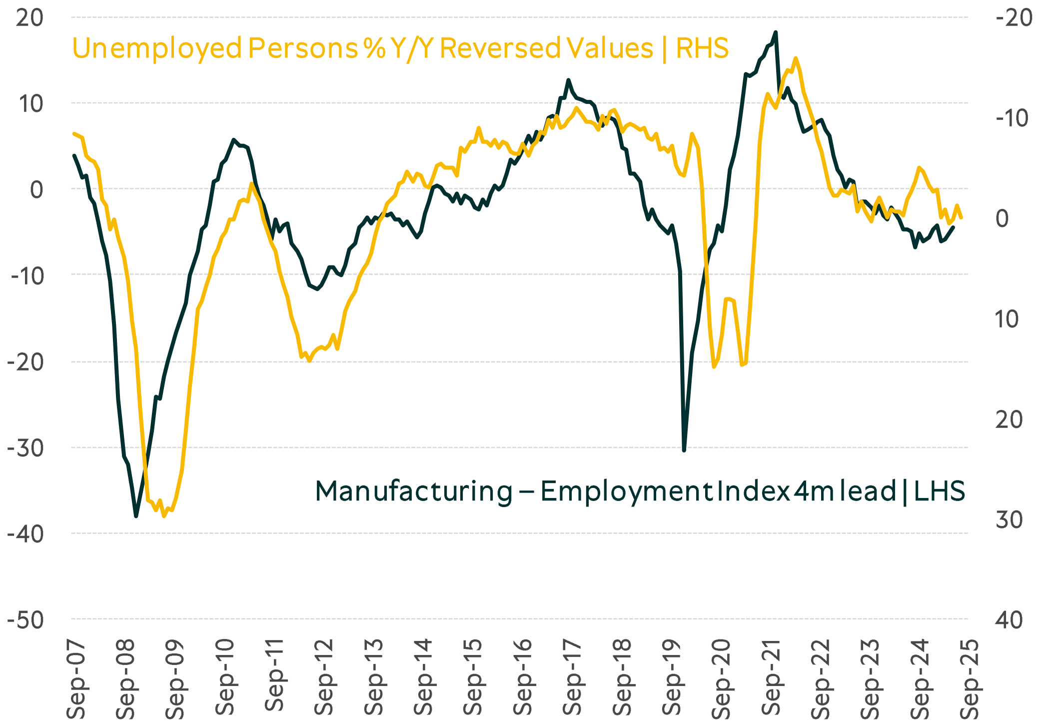
Note: Covid-19 period (Q4 2019 - Q2 2021) is excluded from the estimation

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

Unemployment & Leading Sentiment Index



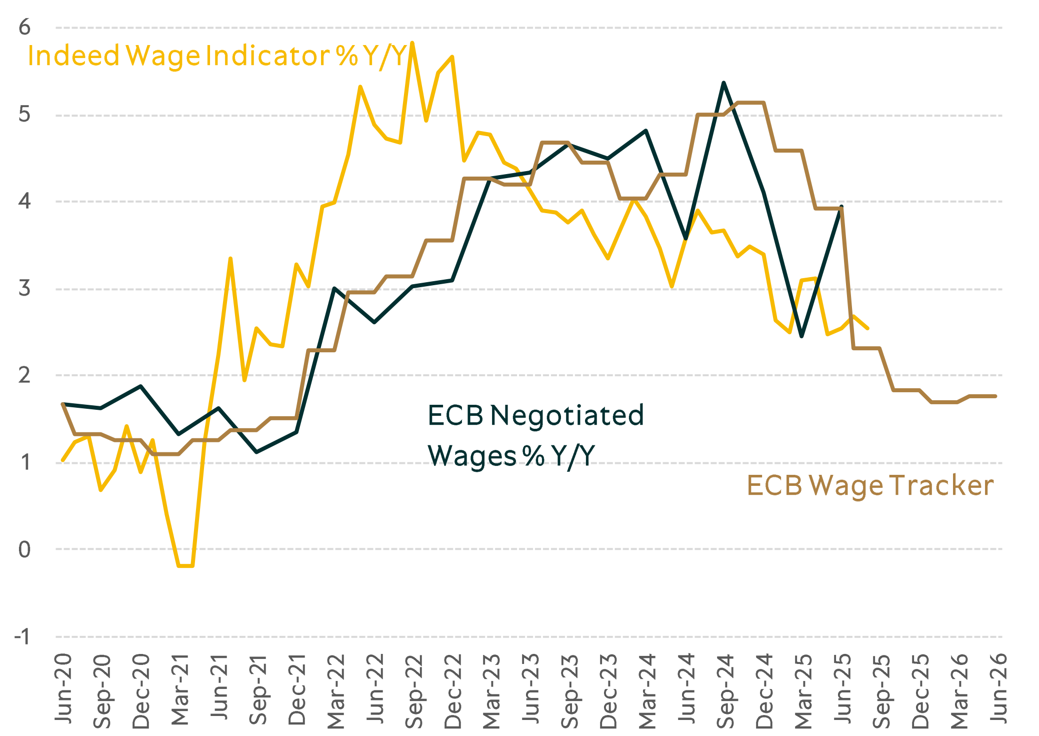
Unemployment & Leading Manufacturing Index



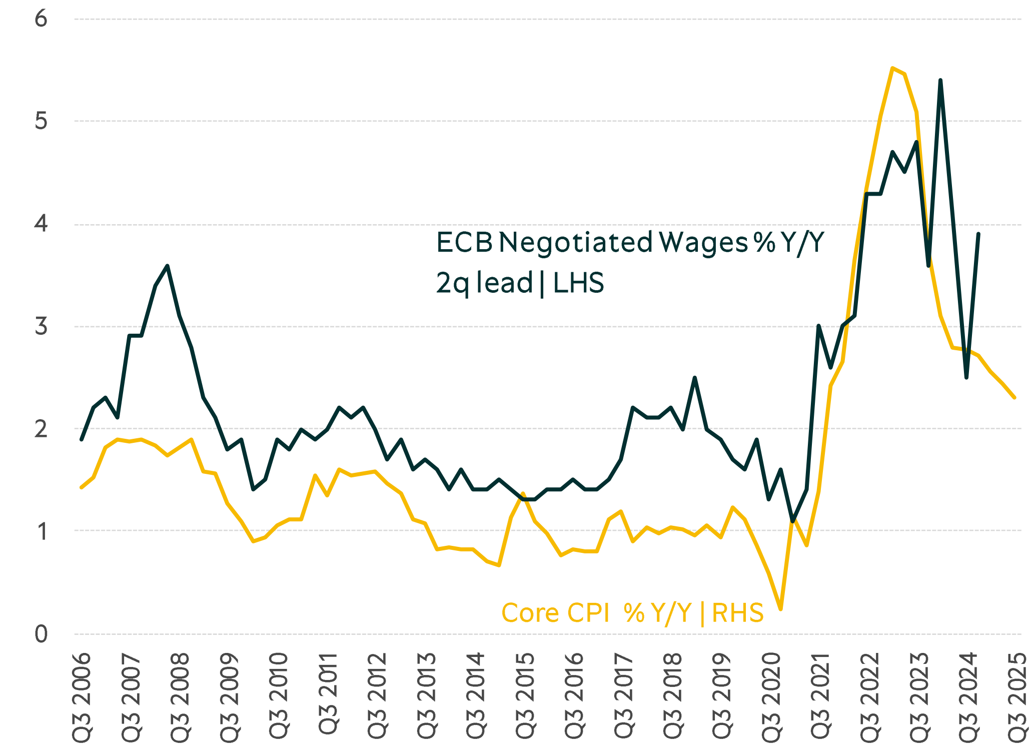
Source: Economic Research & Investment Strategy

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

EA Wage Indicators

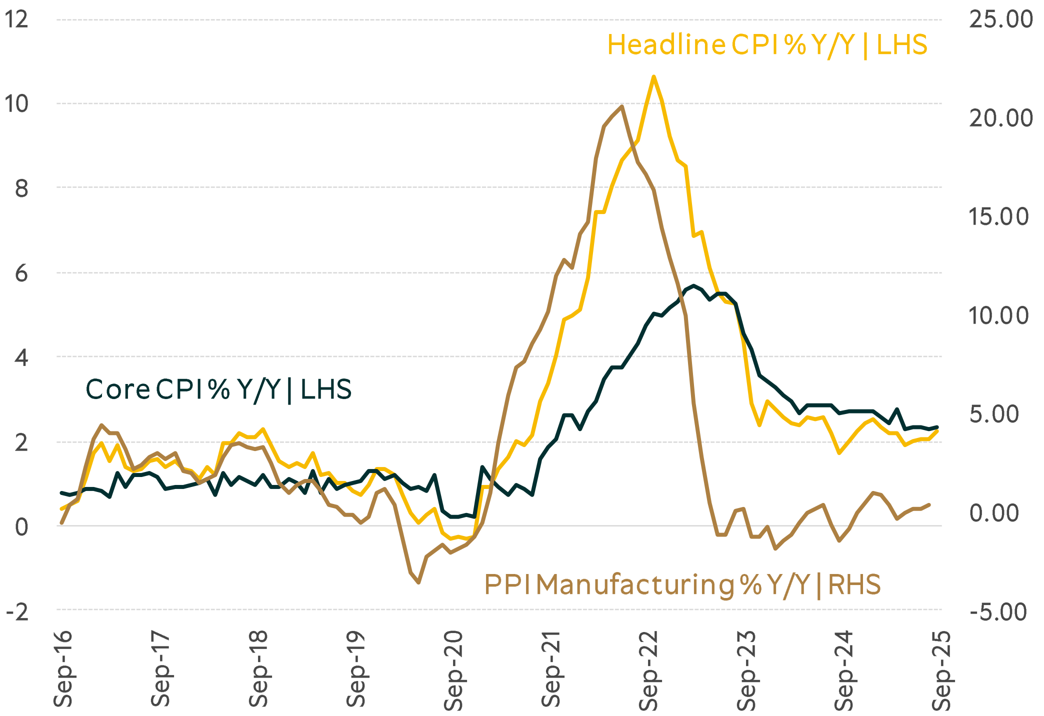


Core Inflation & Wages

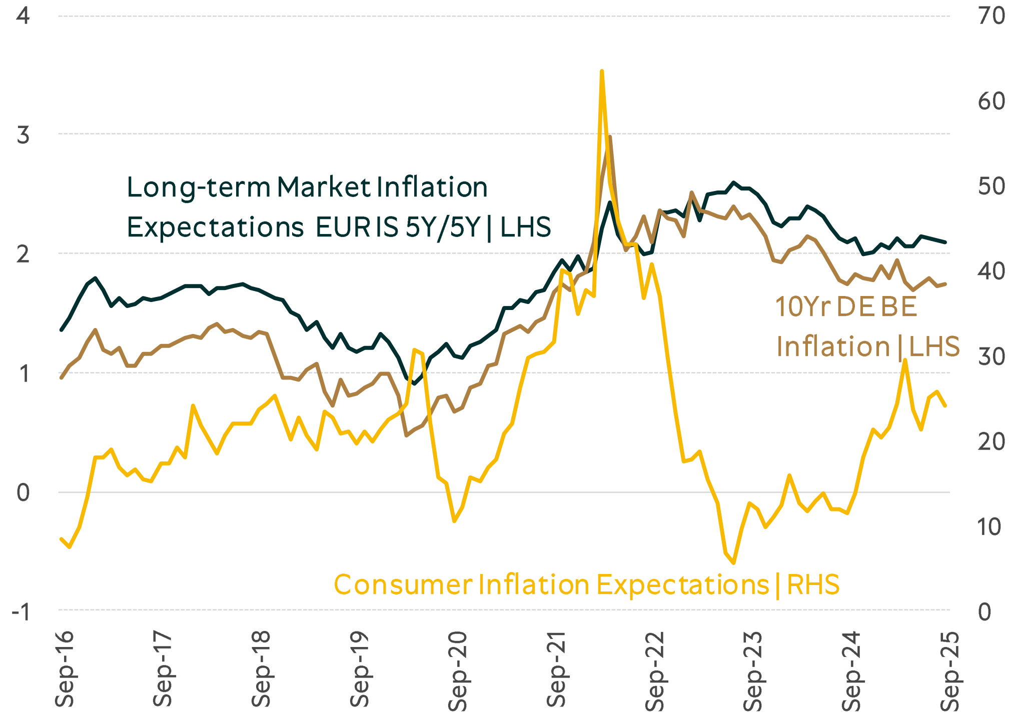


EA Inflation Pressures | Headline CPI accelerated to 2.2% in September, as Core CPI remained at 2.3%. Consumer inflation expectations declined in September after 3 consecutive months of increases.

Inflation Rate

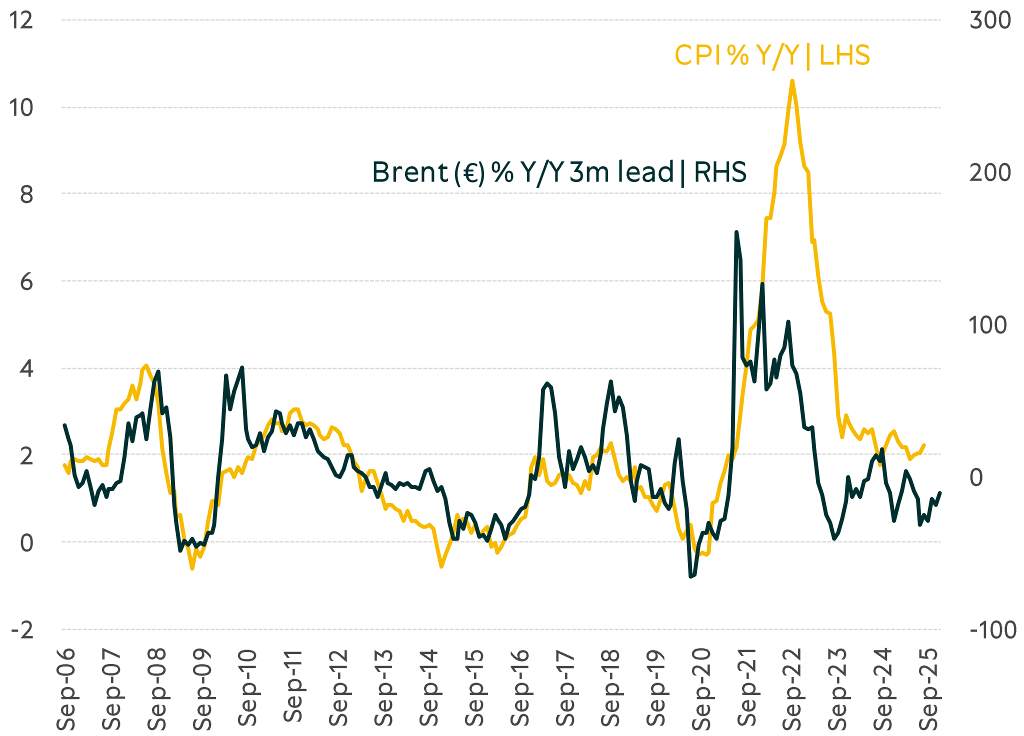


Long-term Inflation Expectations

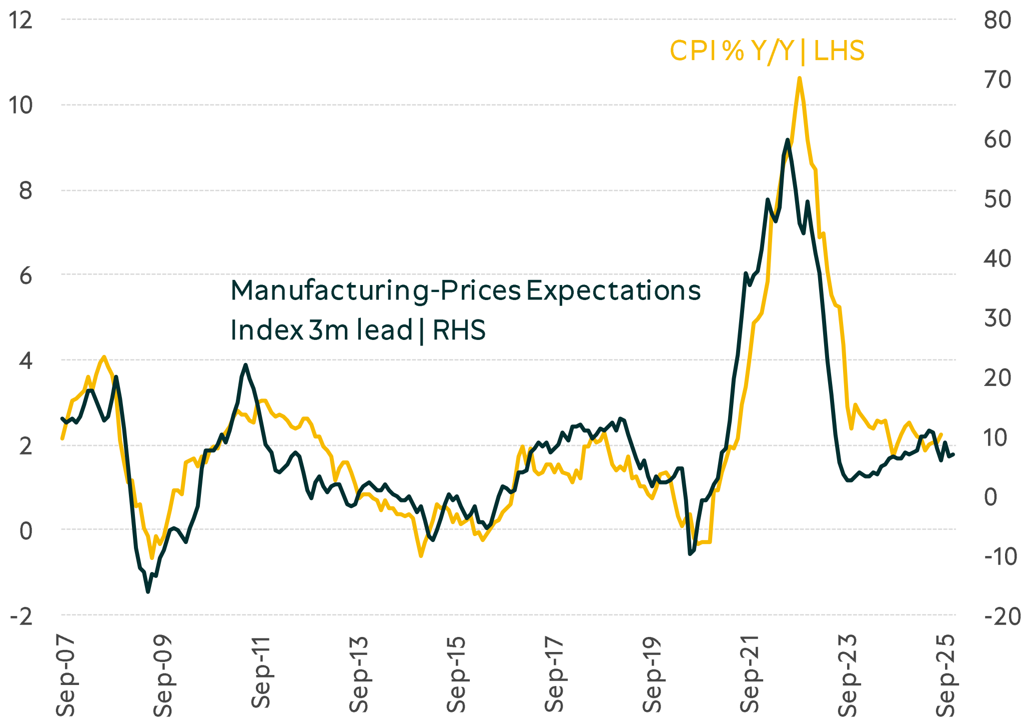


EA Inflation & Energy Prices | Manufacturing Prices Expectations are not exerting upward pressure, while the likelihood of higher Brent prices following the Middle East peace deal is diminishing.

Inflation Rate & Oil Prices

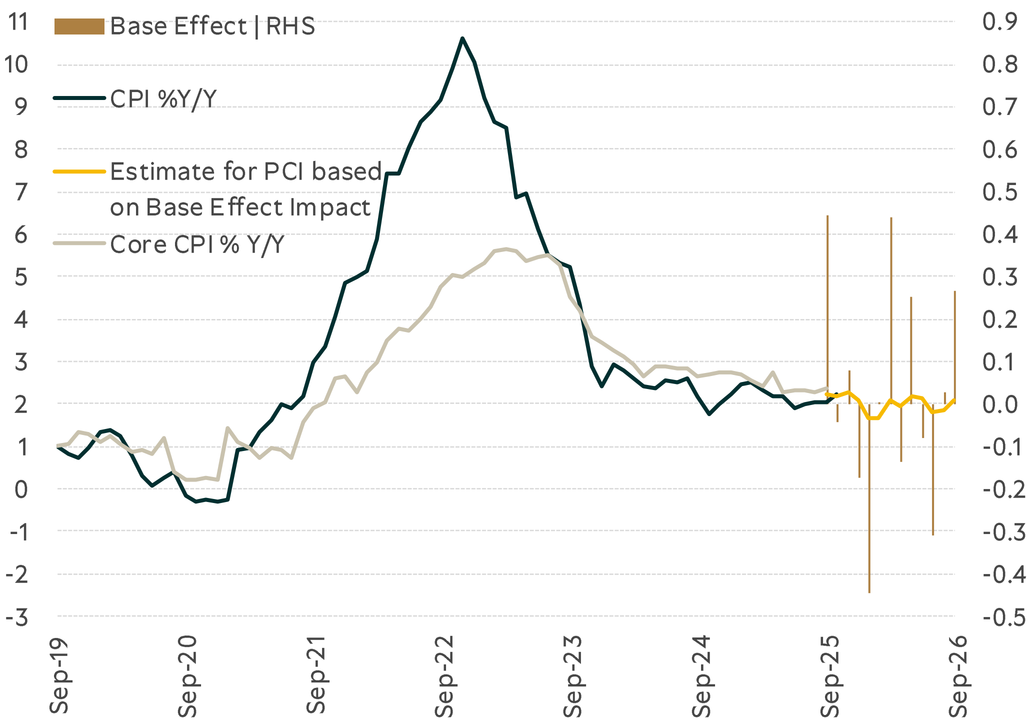


Inflation Rate & Leading Manufacturing Prices Index

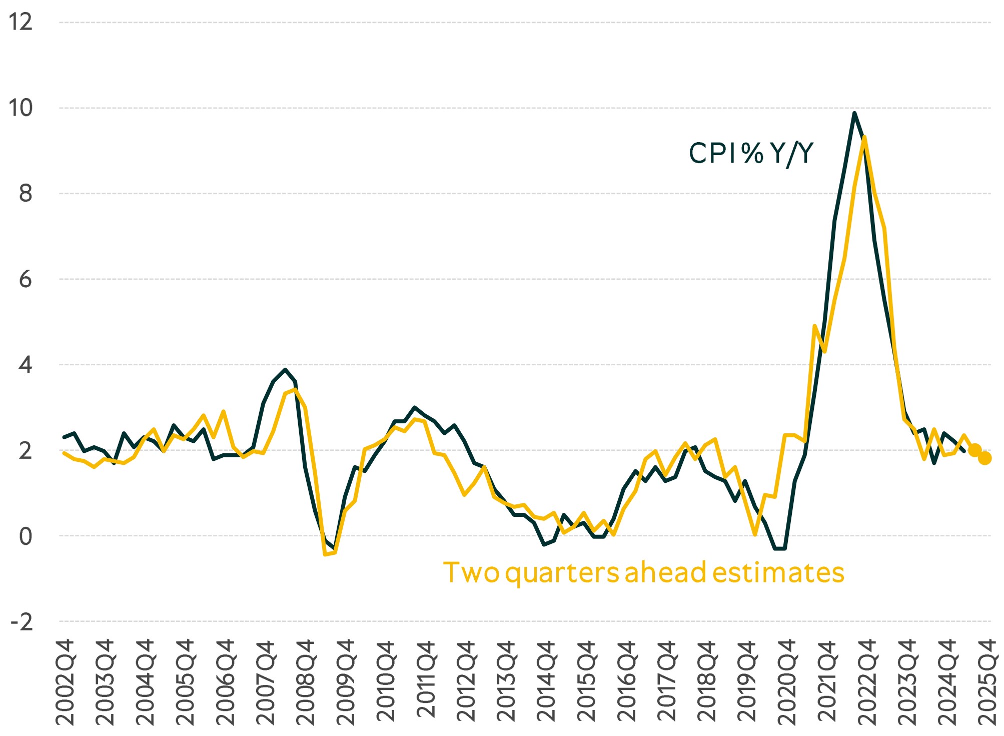


EA Inflation Outlook | The 2% target is expected to be achieved for the year

Inflation Rate Forecast | Statistical Model

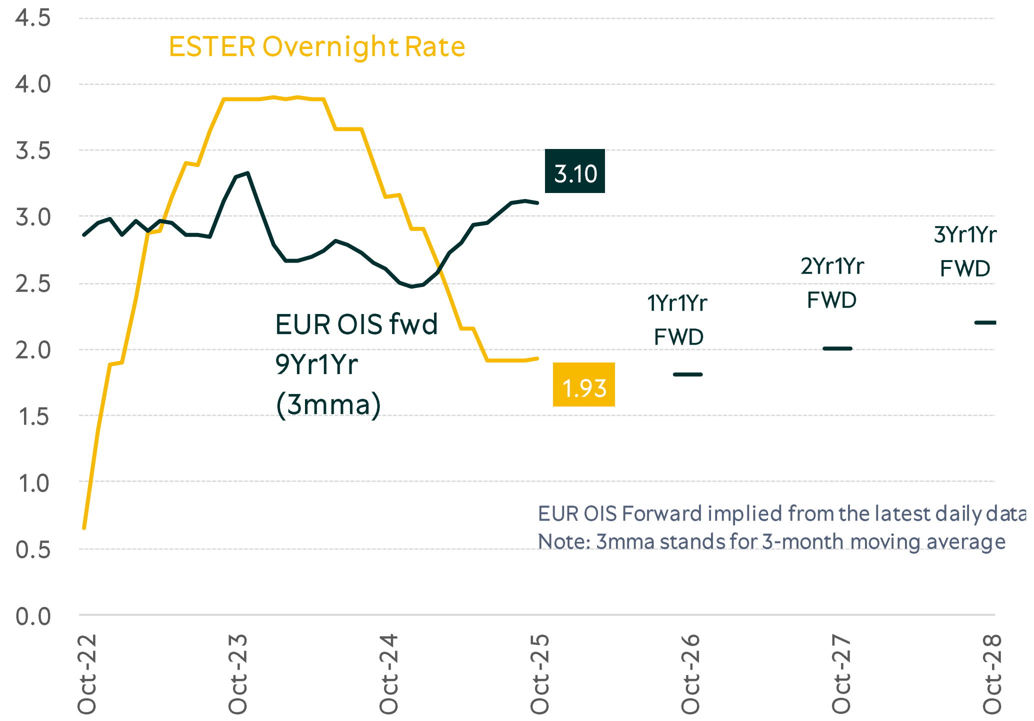


Inflation Rate Forecast | Macro Model

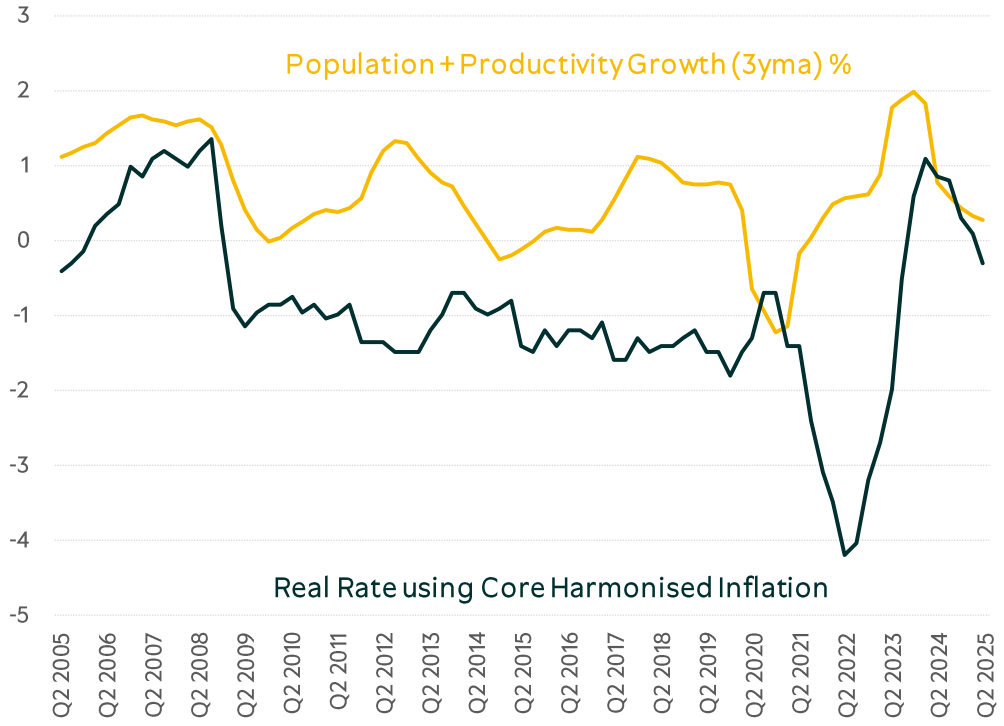


EA Short-Term Rates | 3Yr1Yr forward rates suggest higher levels of interest rates

Interest rates | Market Expectations

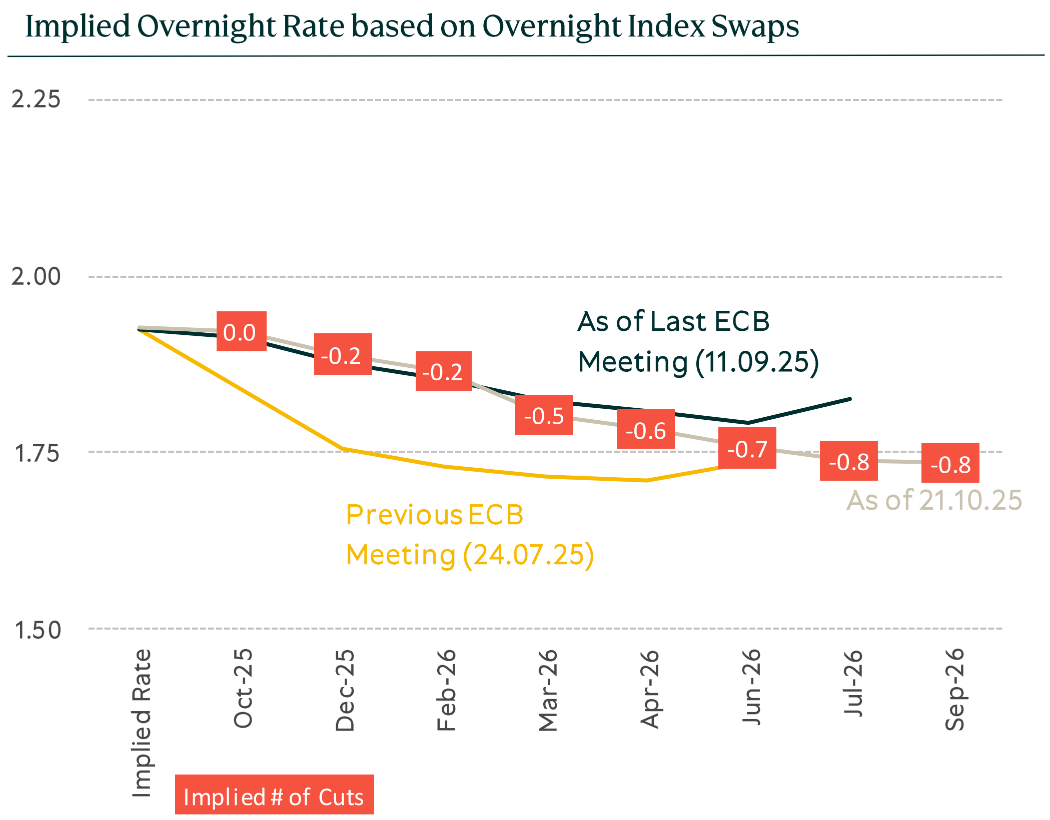


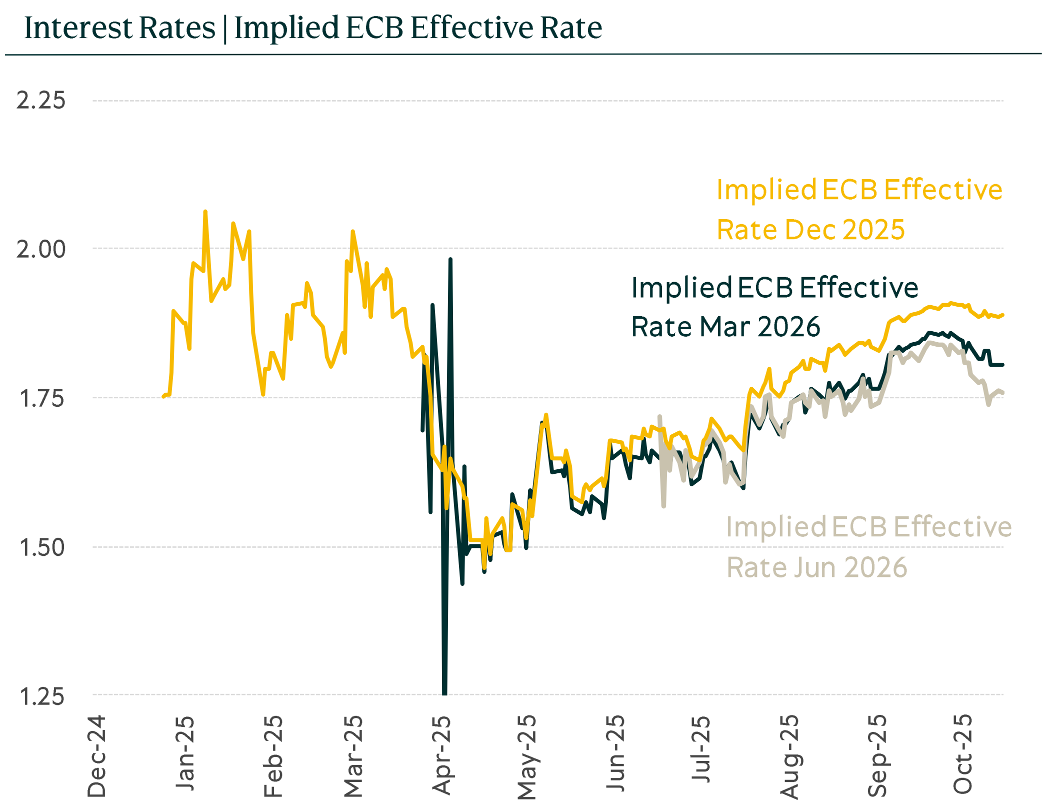
Real Depo Rate (Depo - Core CPI) & Population + Productivity growth



Source: Economic Research & Investment Strategy

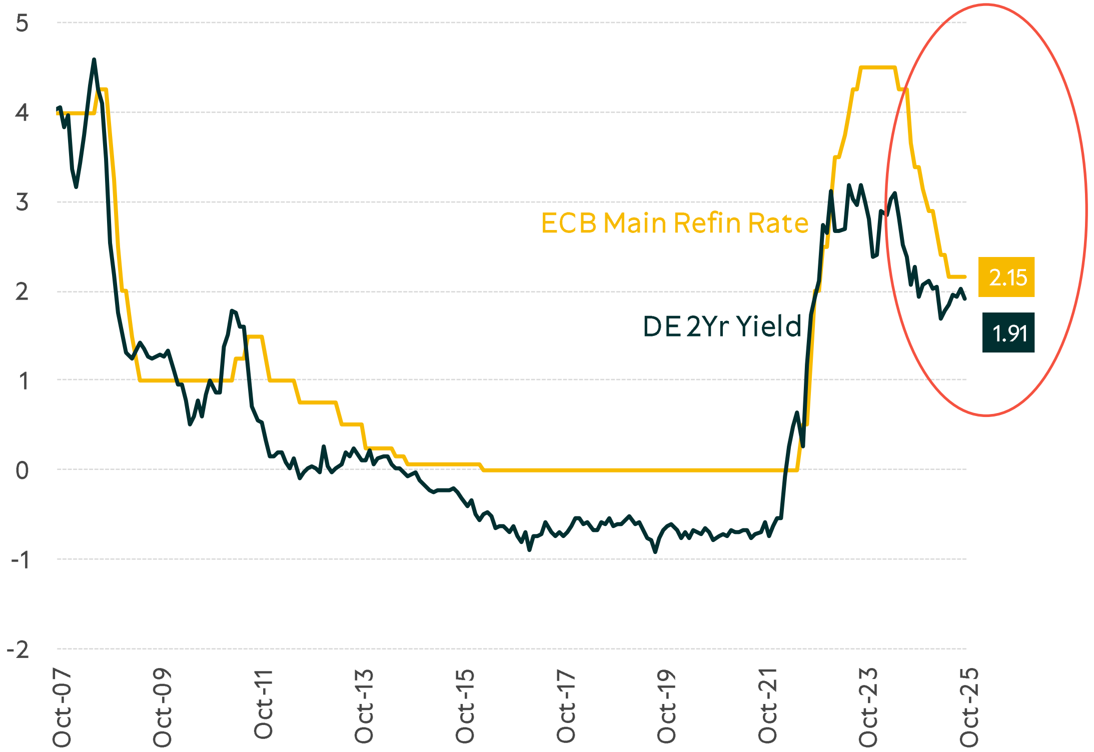
EA Short-Term Rates | Less than one cut is anticipated by the markets by September 2026



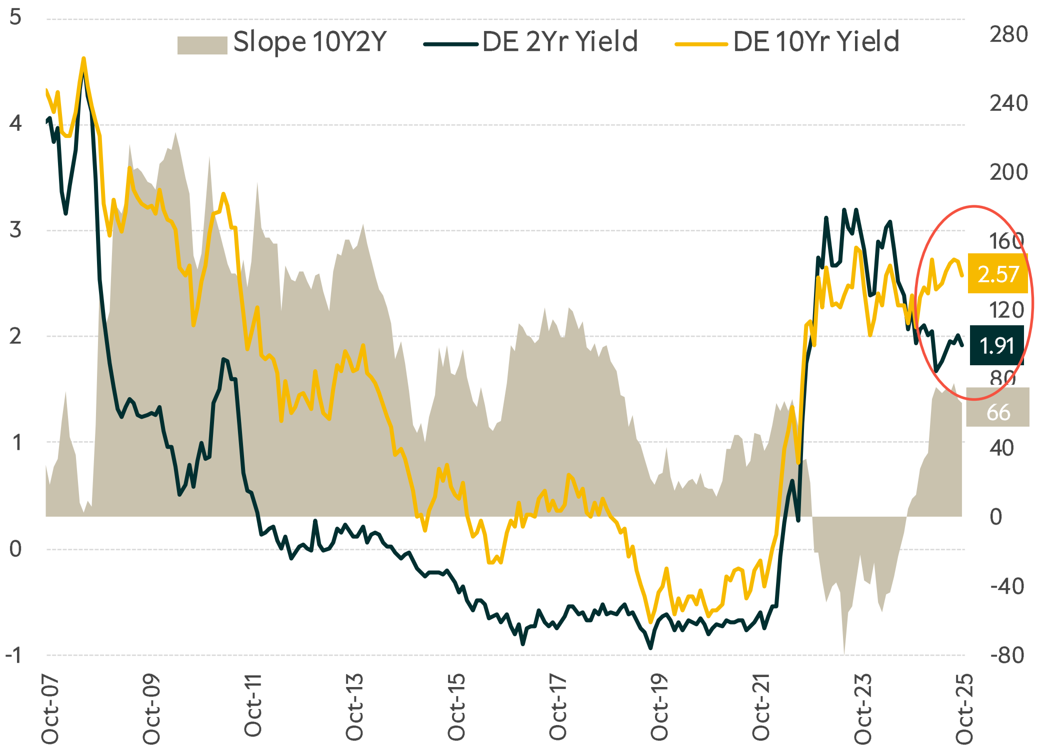


EA Rates | After four straight cuts earlier in the year, the ECB kept its key interest rates unchanged in July and September. German 10Y2Y spread turned positive at the end of Q3 2024 and has steepened since.

ECB Policy Rate vs German 2Yr Yield



German Yield Curve



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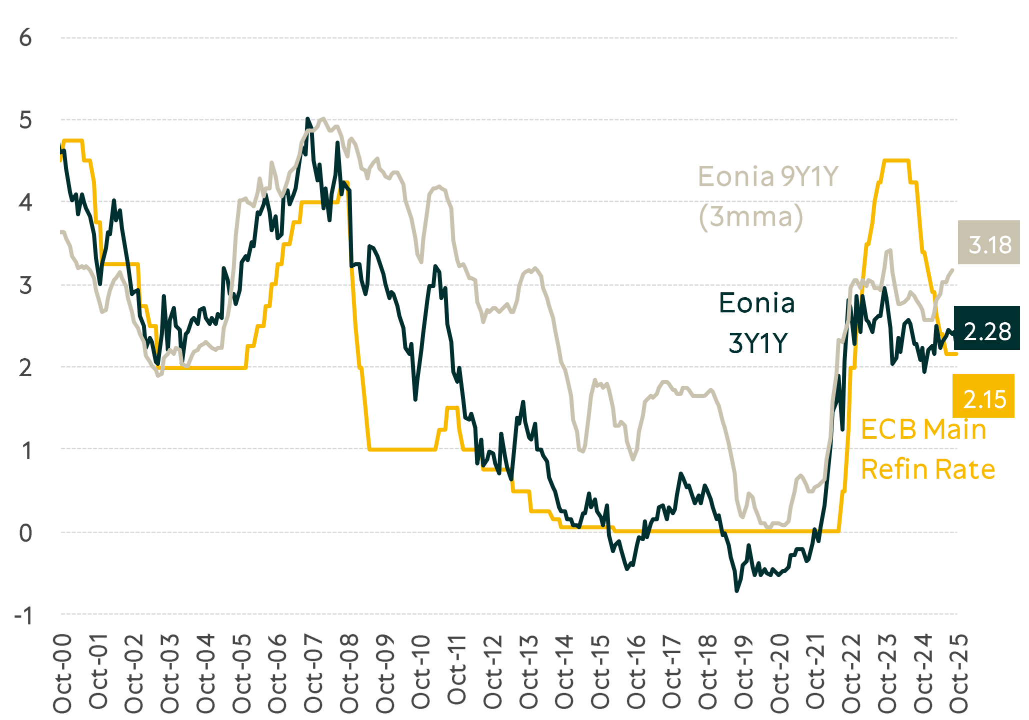
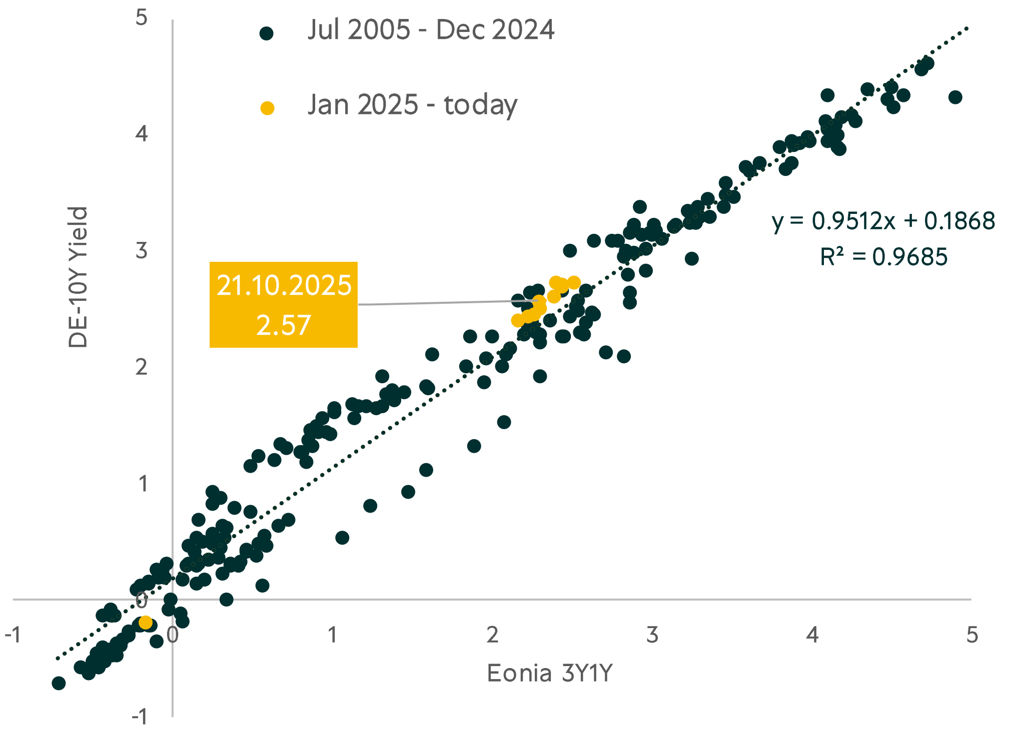
Source: Economic Research & Investment Strategy

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

Long-term Interest Rate Expectations



DE Yield vs Medium-term Interest Rate Expectations



Bird’s Eye View

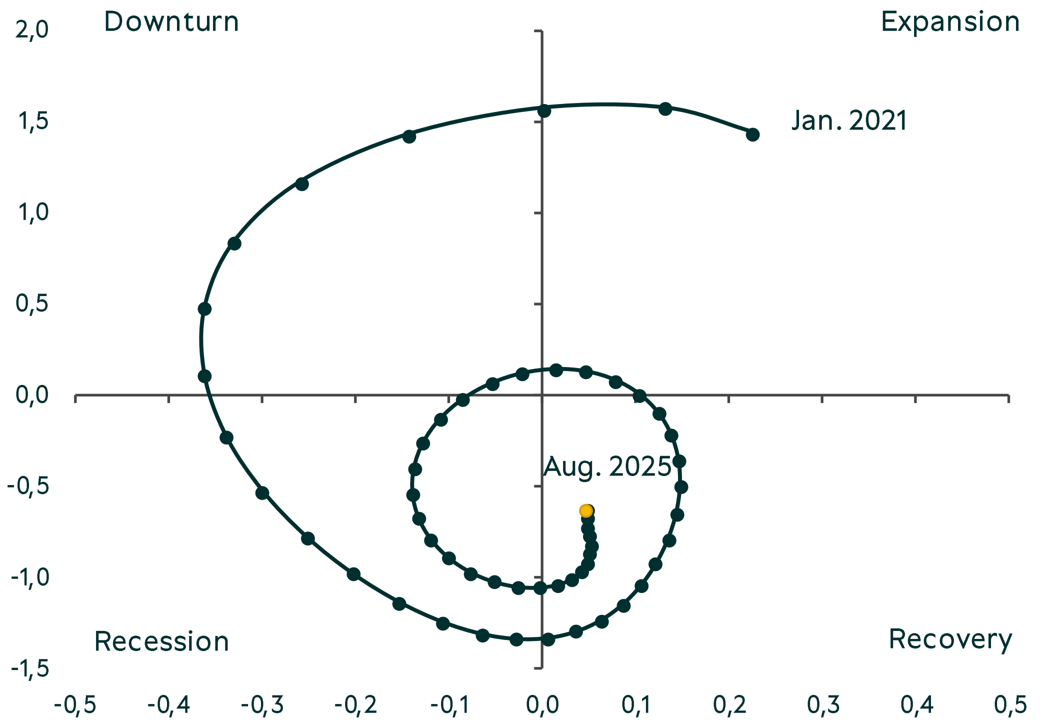
US Economy

EA Economy

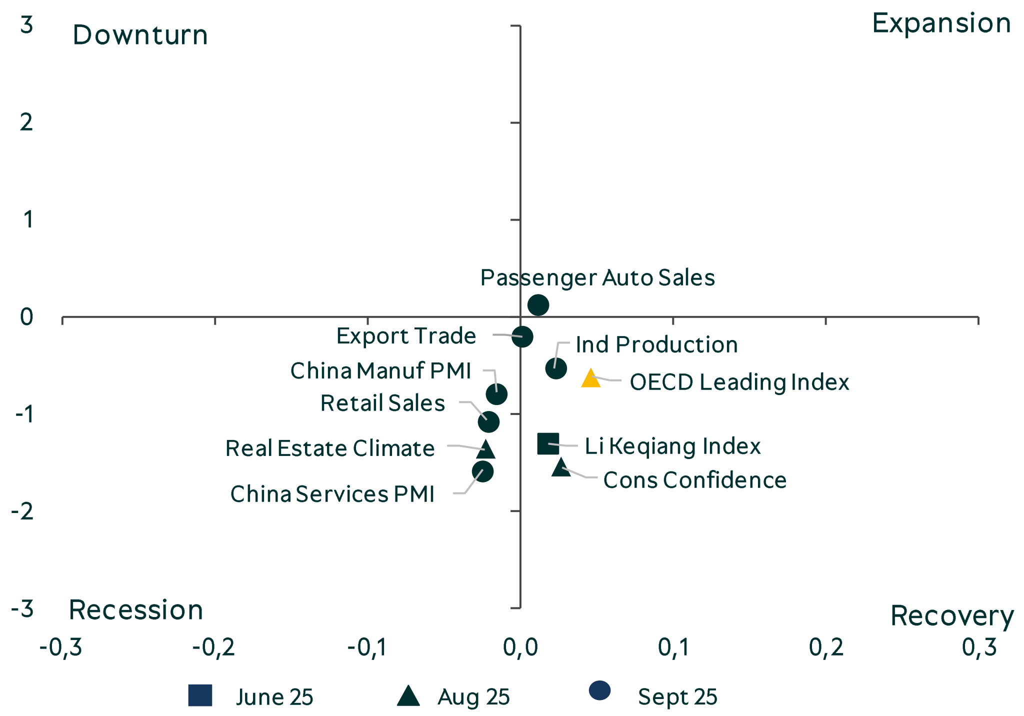
China Economy

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

CN Business Cycle | Based on China OECD Leading Indicator

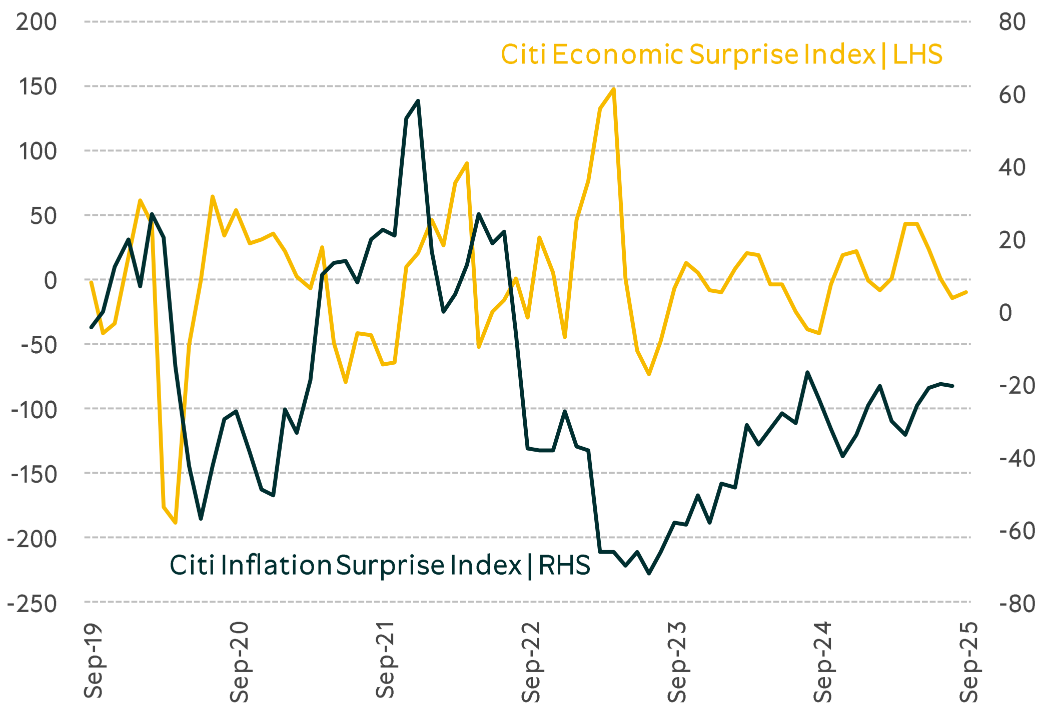


CN Business Cycle | Based on Major CN Economic Variables

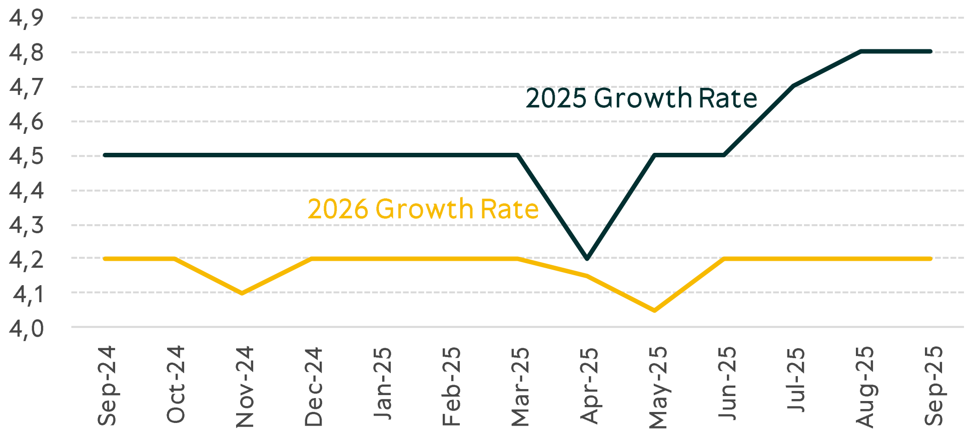


Chinese Macro Expectations | Sub 5% growth expectations for 2025

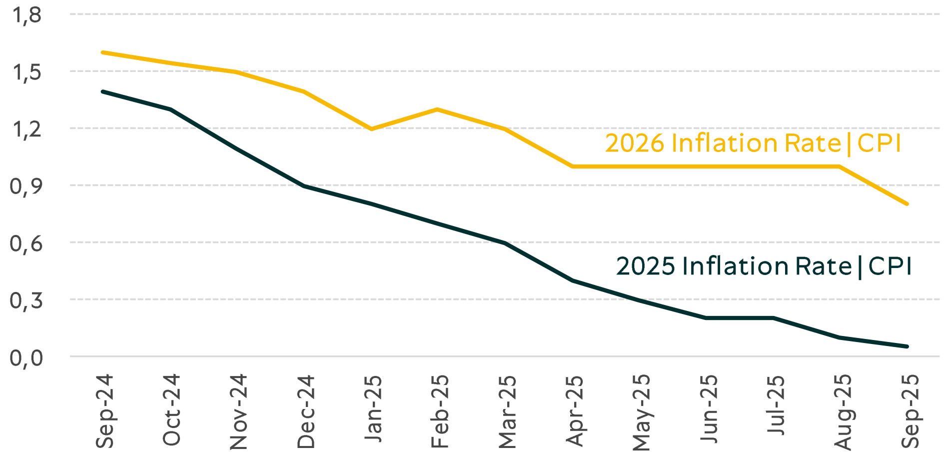
Economic & Inflation Surprises



Growth Rate Expectations (Consensus)



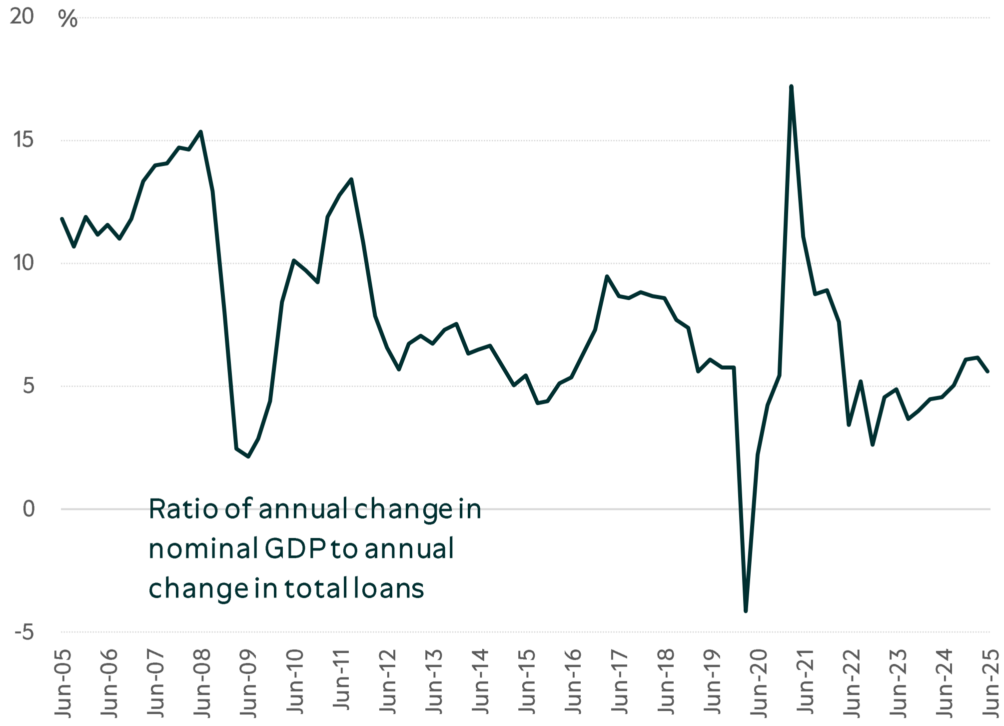
Inflation Rate Expectations (Consensus)



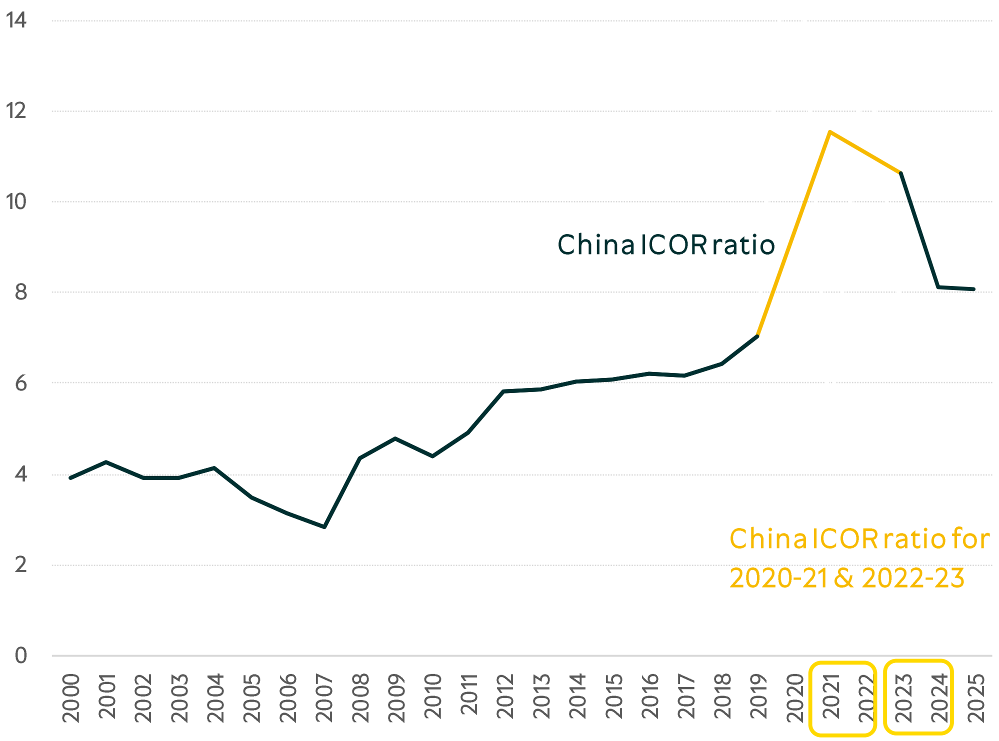
Source: Economic Research & Investment Strategy

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

China credit-efficiency ratio

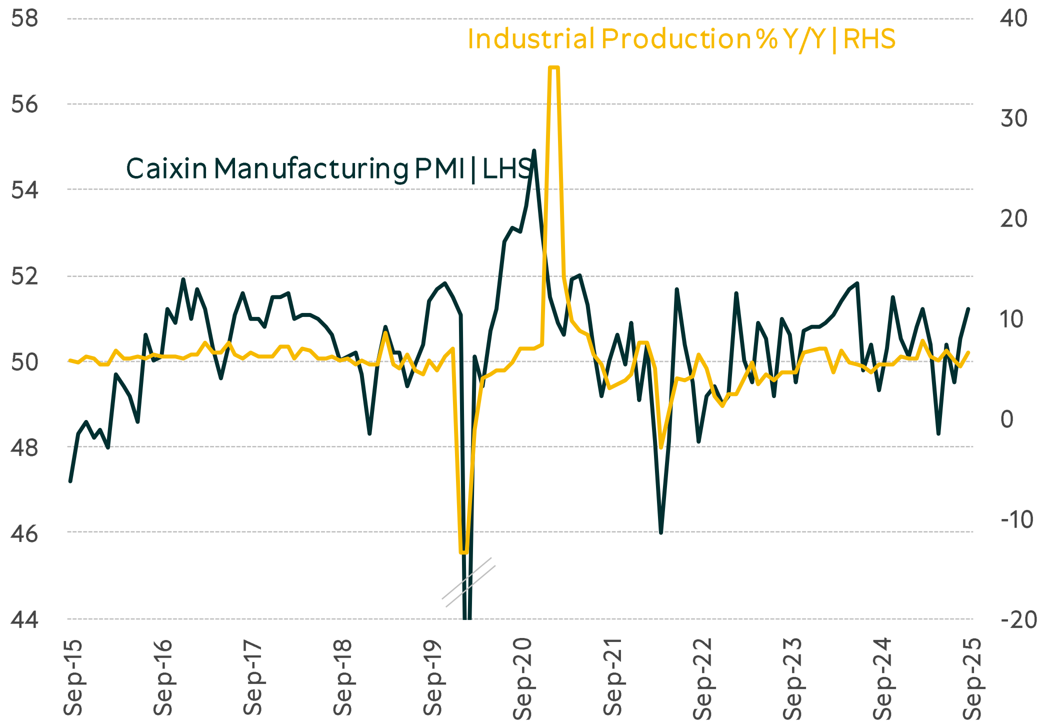


China Incremental Capital Output Ratio

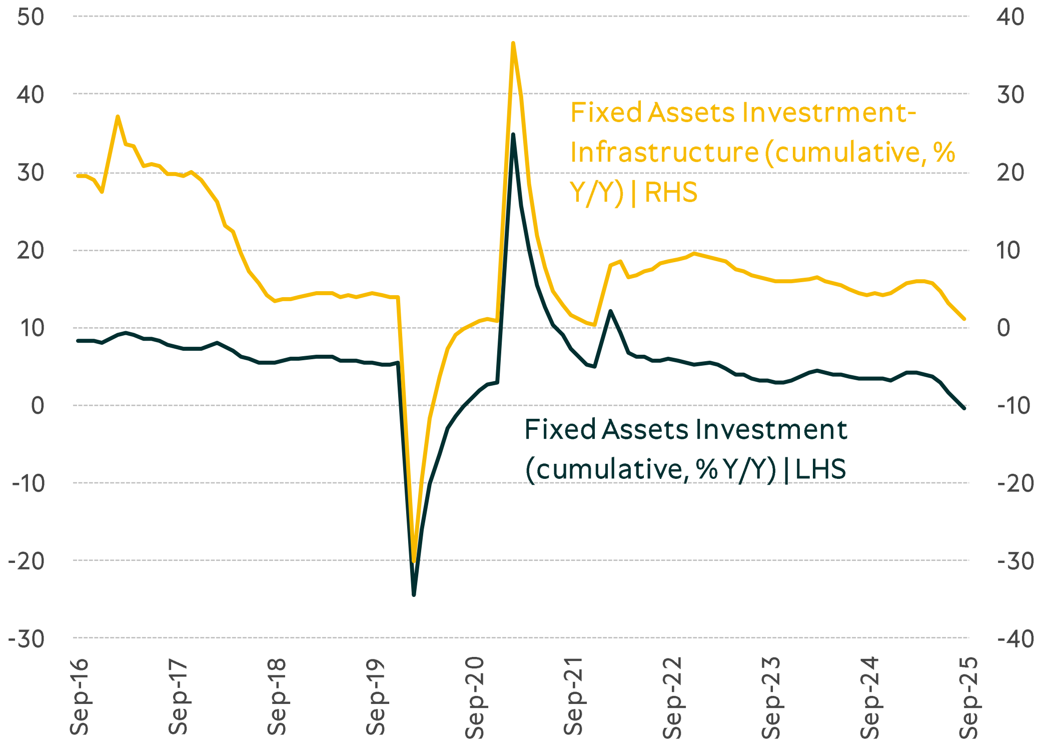


CN | The Caixin Manufacturing PMI rose to 51.2 in September, supported by the ongoing trade truce.

Industrial Production & Caixin Manufacturing

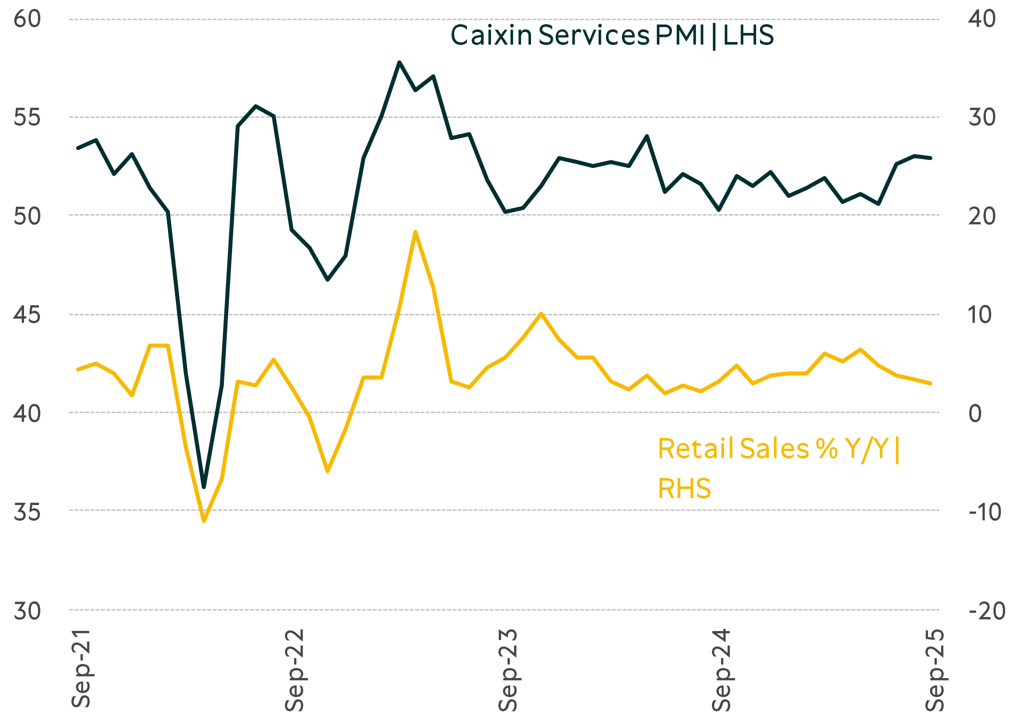


Fixed Assets Investment

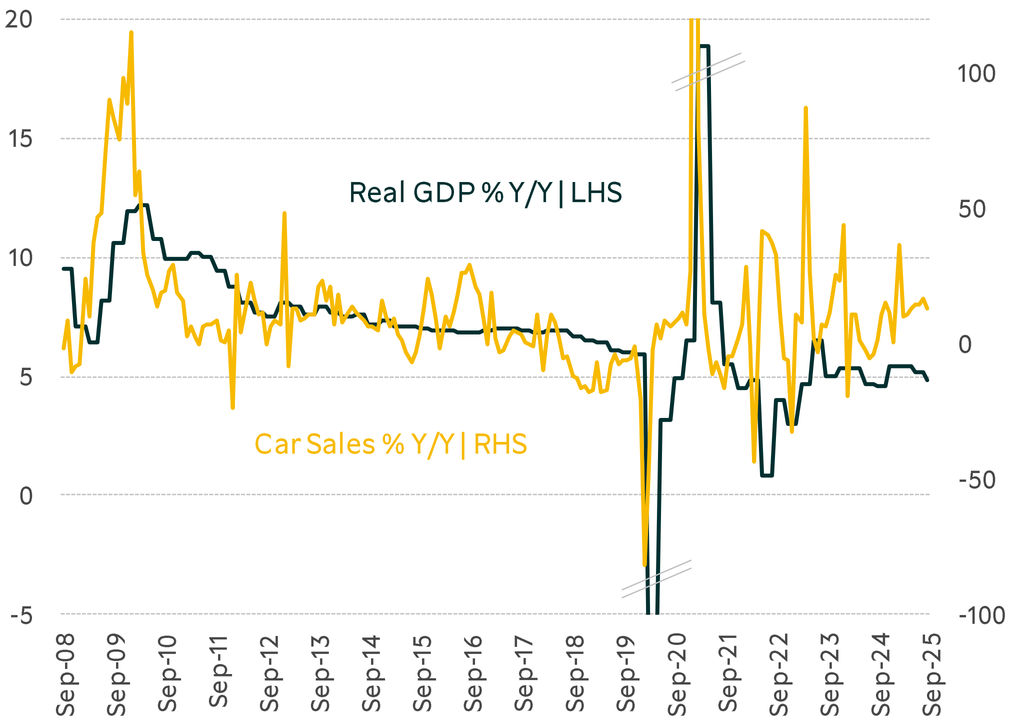


CN | Retail Sales growth rate eases further, while the elevated level of the Services PMI gives a positive signal.

Retail Sales & Caixin Services PMI



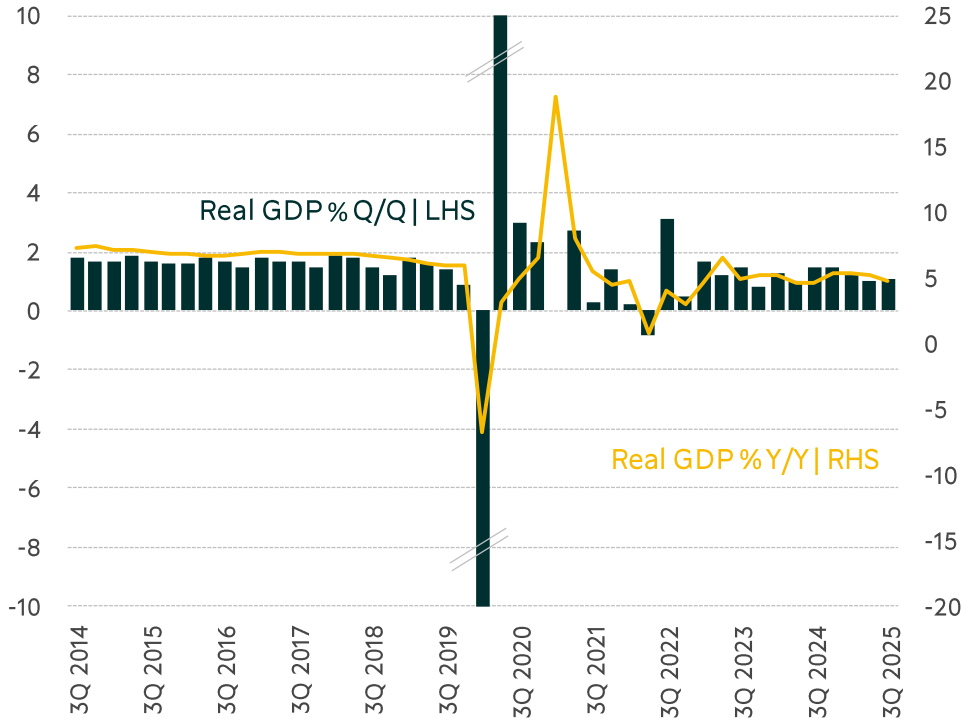
Real GDP & Car Sales



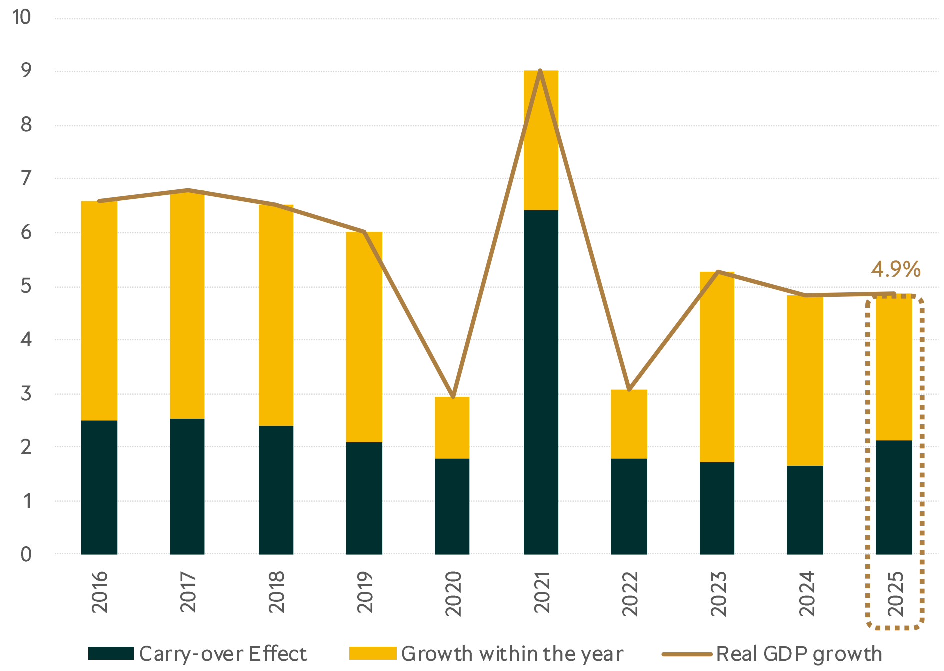
Source: Economic Research & Investment Strategy

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

GDP Growth Rate



Carry Over Effect



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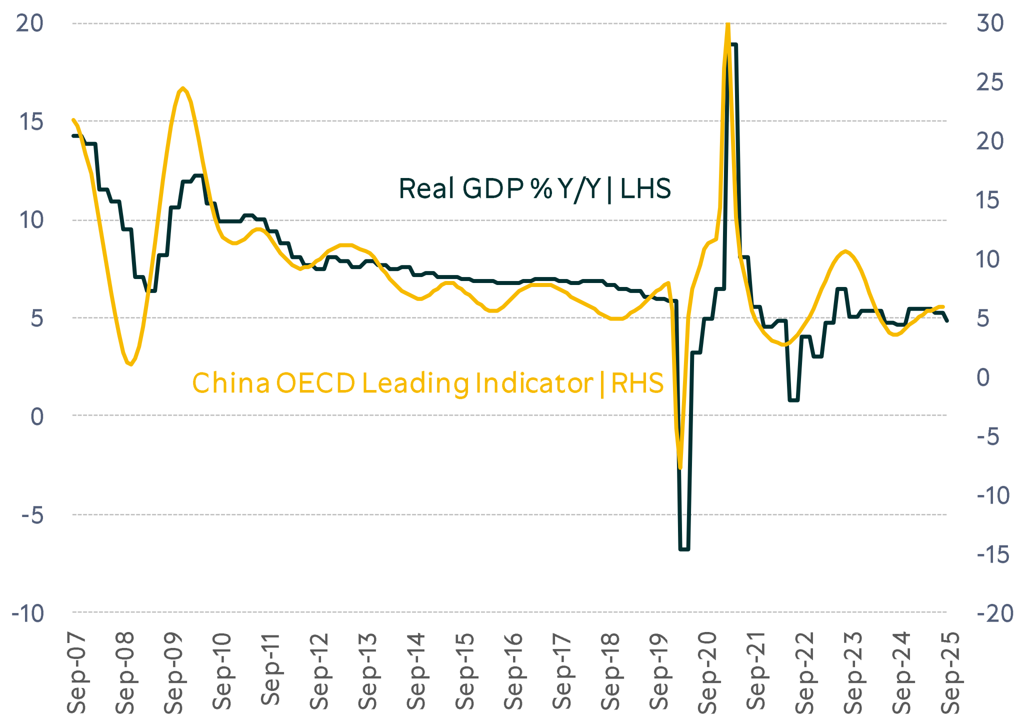
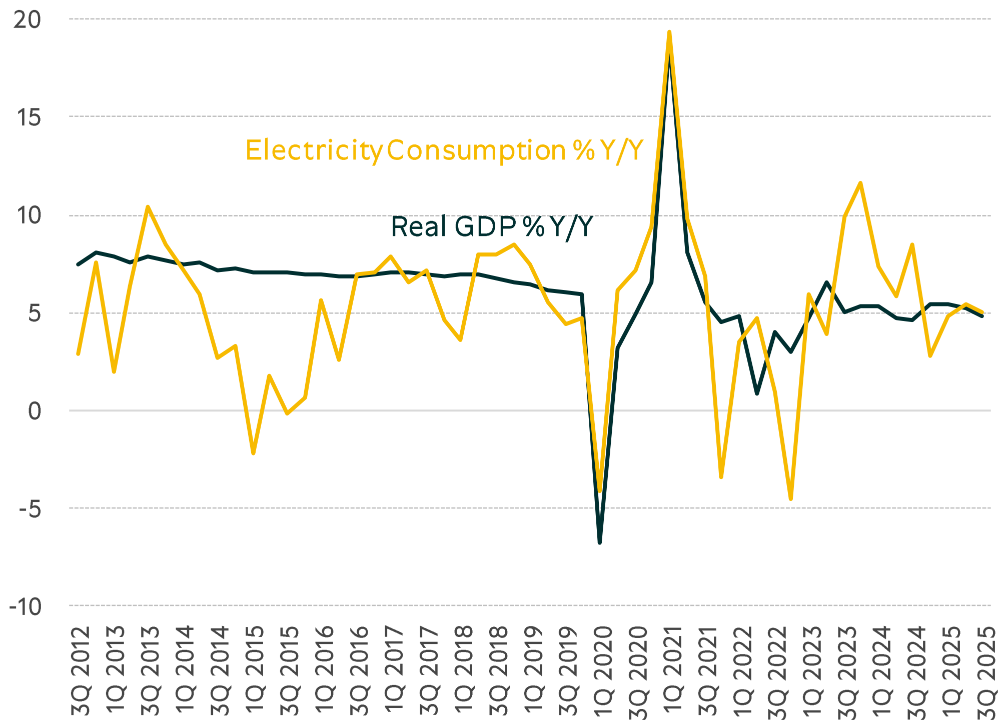
Source: Economic Research & Investment Strategy

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

Real GDP & China OECD Leading Indicator



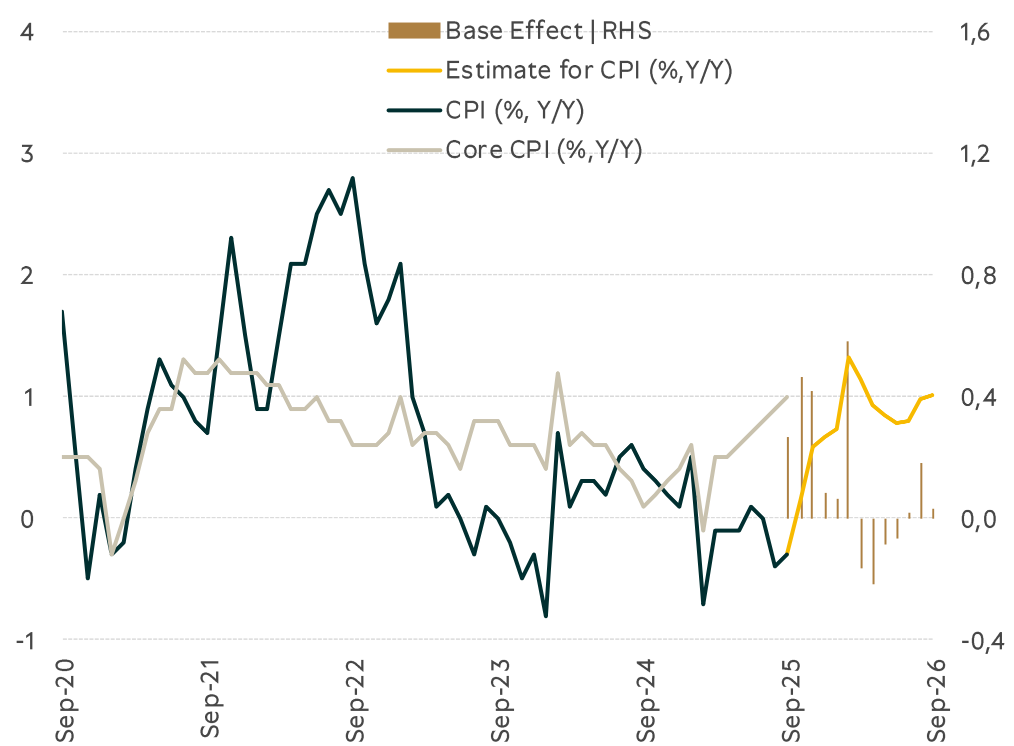
Real GDP & Electricity Consumption



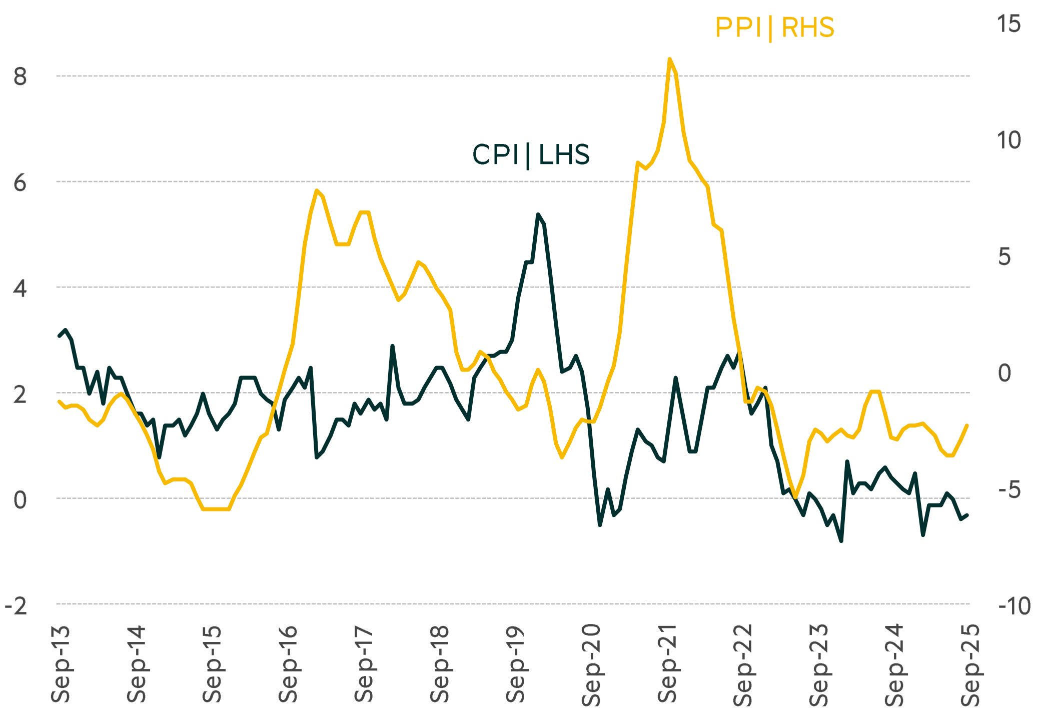
Source: Economic Research & Investment Strategy

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

Inflation Rate Forecast | Statistical Model

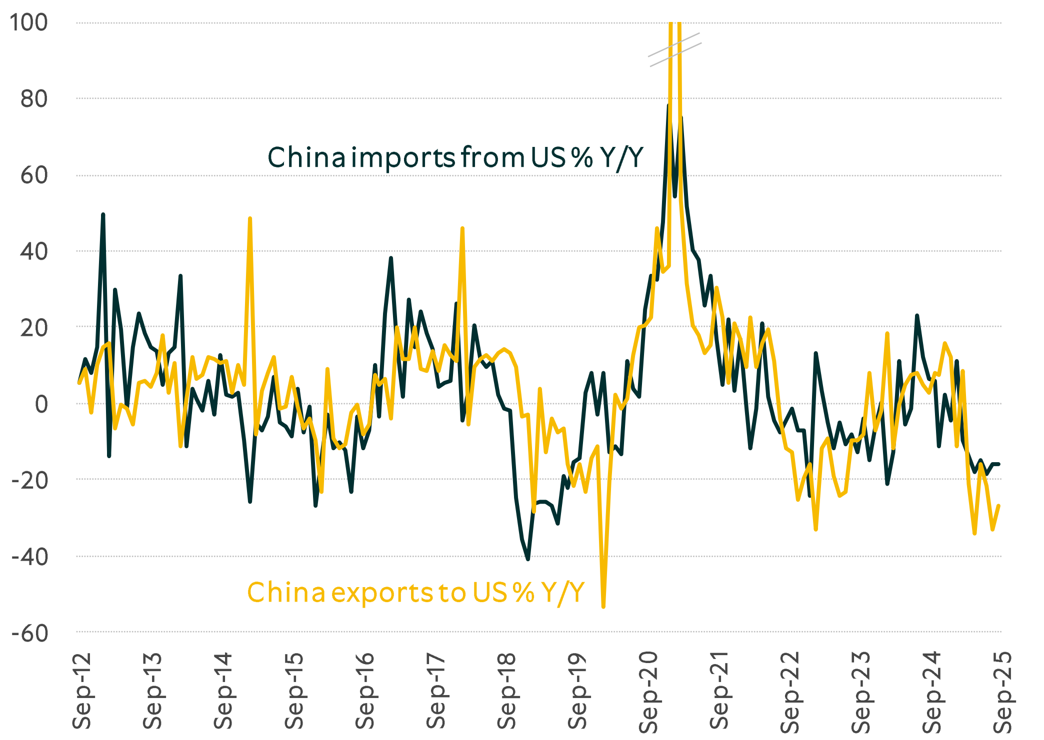


CPI & PPI

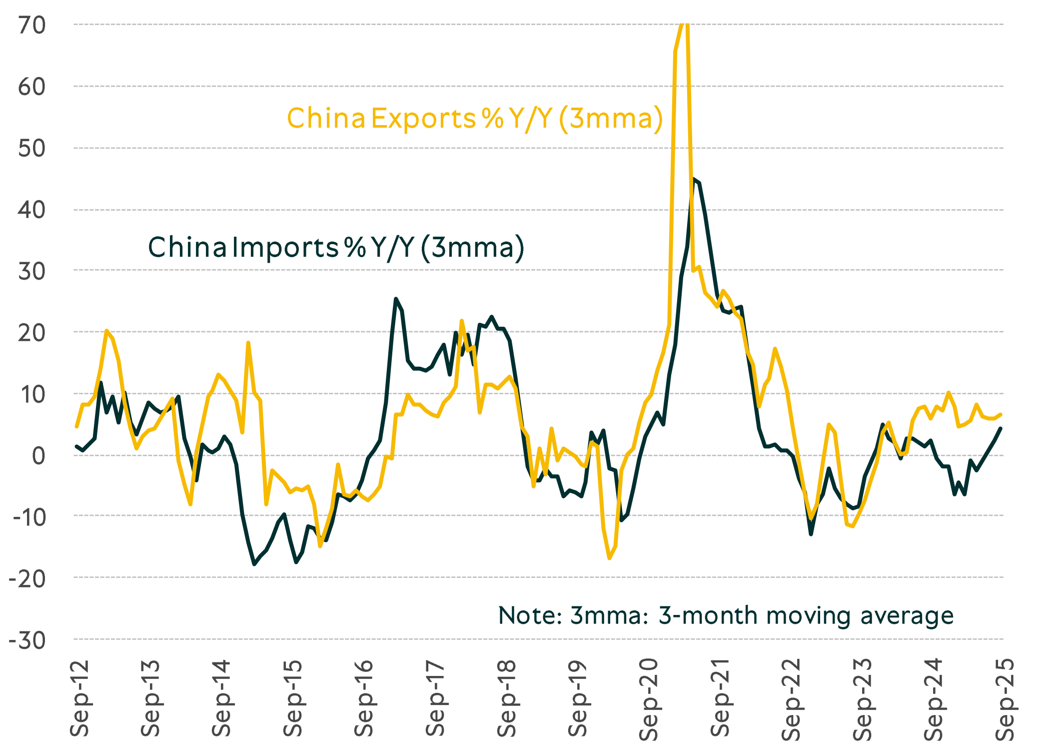


CN Trade | The trade truce with USA has limited trade losses but distrust between the two countries is growing stronger

Trade US – China

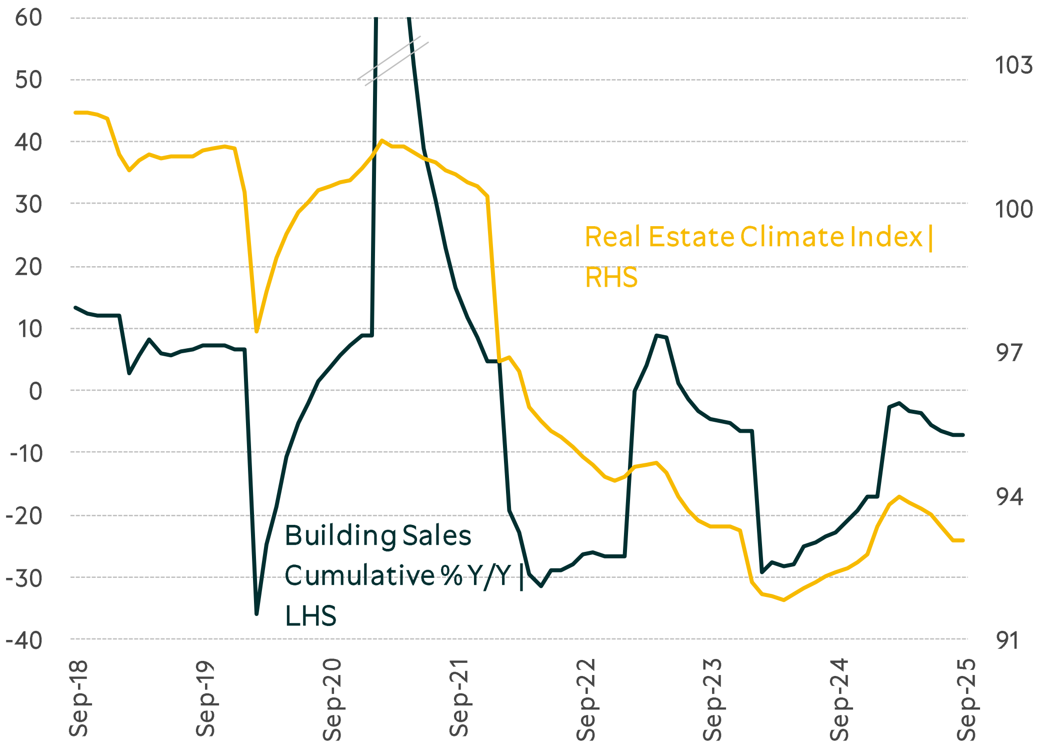


Imports & Exports

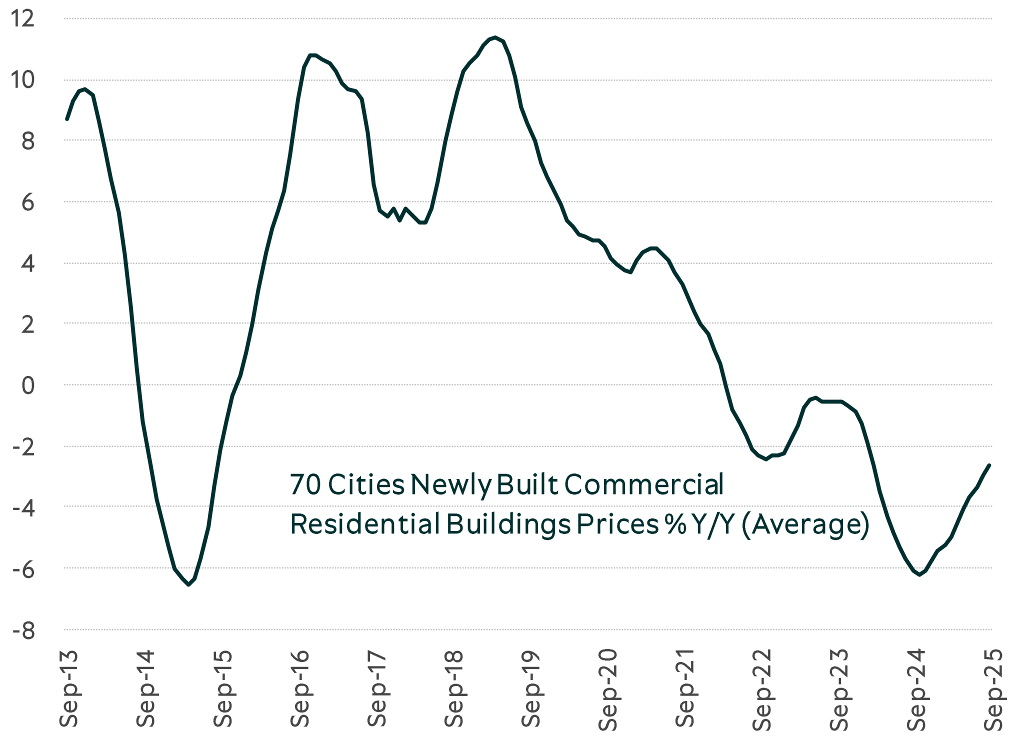


CN Real Estate | Building sales continue to deteriorate, although the Real Estate climate shows signs of stabilising. Prices still very subdued.

Real Estate Climate & Building Sales

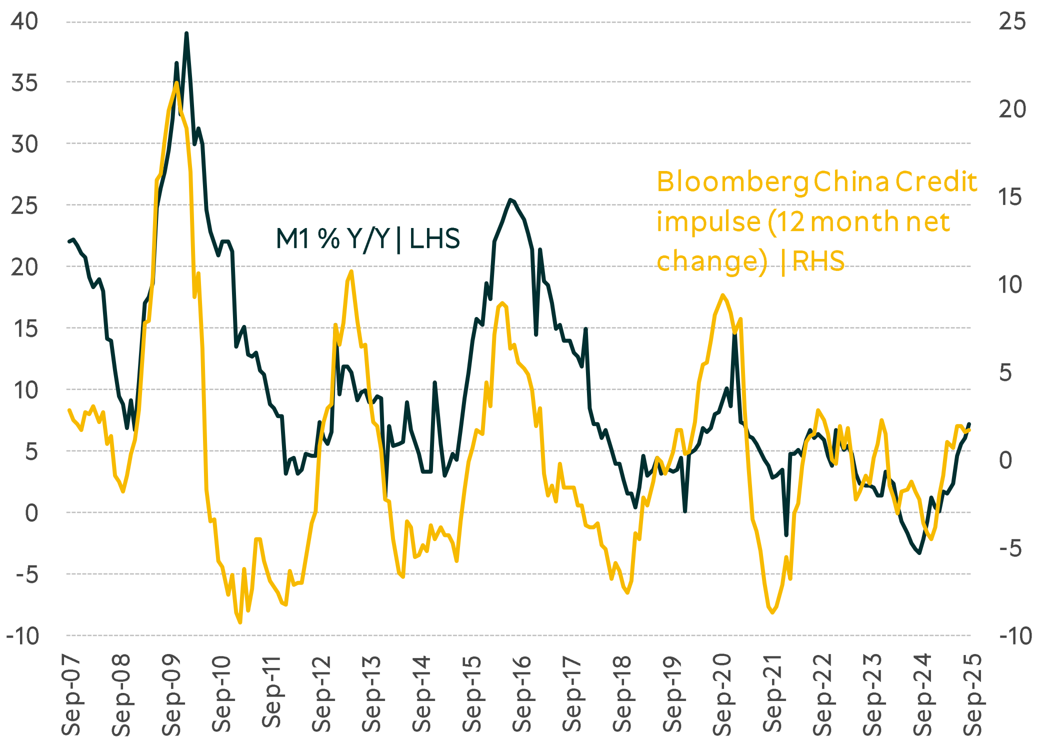


Newly Residential Buildings Prices

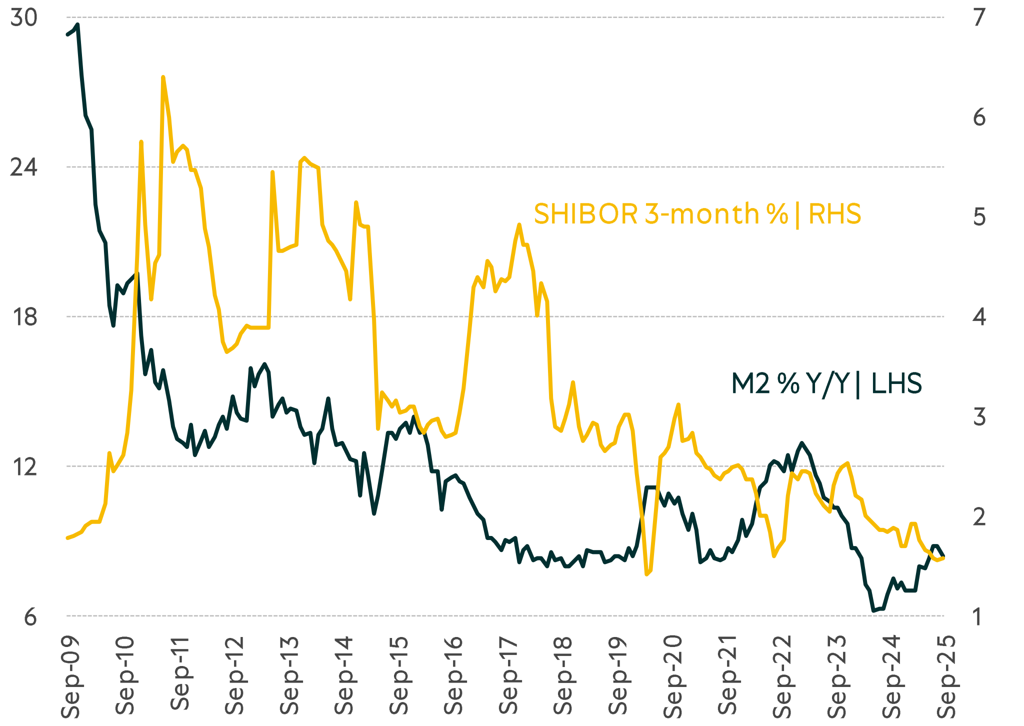


CN Money Supply | M1 and M2 are offering more growth support than before

Money Supply

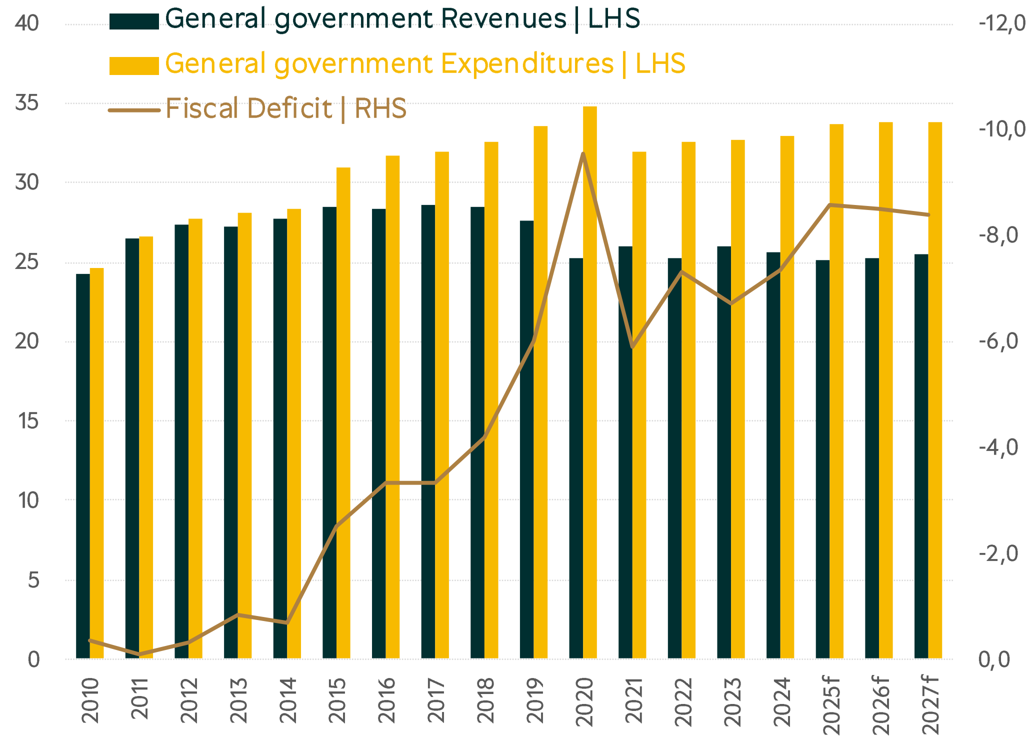


Money Supply & Interbank Rate

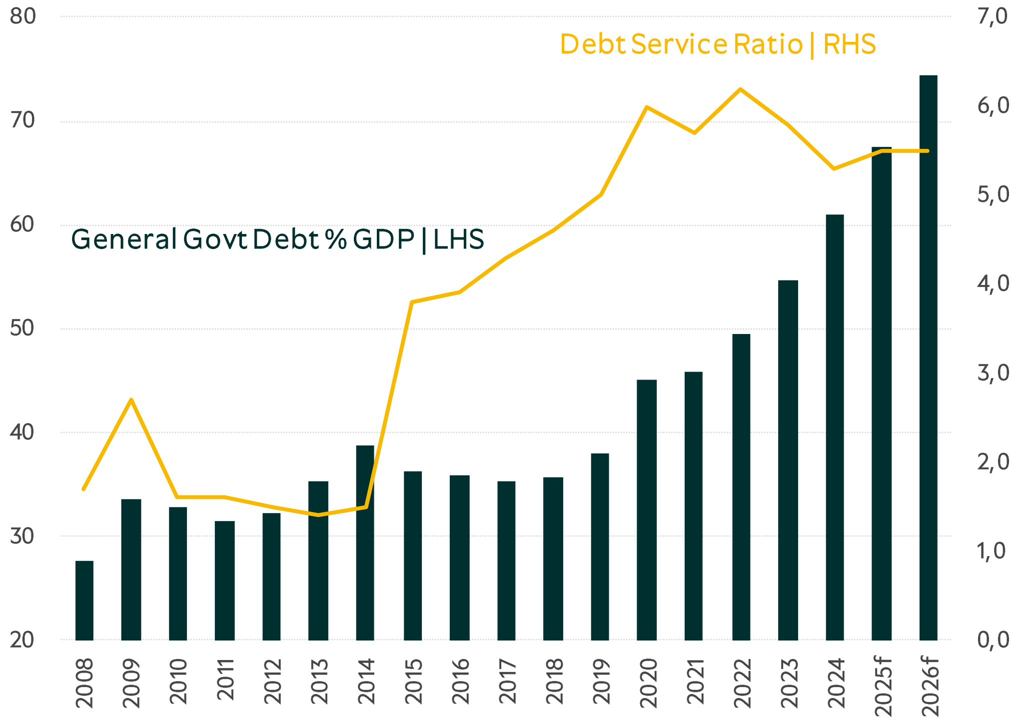


CN Fiscal | Expansionary Fiscal policy is expected to continue

Government Balance



General Government Debt & Debt Service Ratio



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

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