

# Global Macro Trends

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**The Strait of Hormuz remains a key determinant of global economic developments**

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- ▶ Although the armed conflict in the Middle East is approaching its third month, a sustainable resolution does not yet appear within reach. The parties involved are weighing their respective strengths and weaknesses, attaching critical importance to control of the Strait of Hormuz. With neither military operations nor diplomacy producing tangible results so far, uncertainty surrounding the global economy and financial markets remains elevated. Consequently, the prospect of transitioning into a period of persistent inflationary pressures, higher interest rates and greater geopolitical instability than in the past appears increasingly likely. It remains to be seen whether the recent US-China summit can shift the dynamics and create the conditions for a durable resolution.
- ▶ In the United States, real GDP expanded by 2.0% on a quarter-on-quarter annualised basis in Q1 (Q4 2025: 0.5%), supported by the resumption of non-essential federal government services. The latest data and leading indicators suggest that the impact of the war remains relatively contained for the time being, primarily affecting the energy and transport sectors. However, inflationary pressures are beginning to emerge. Headline CPI inflation rose to 3.8% in April (March: 3.3%), although core inflation remained more subdued (2.8%, versus 2.6% in March). At the same time, labour market conditions remain relatively healthy. Much, however, will depend on how consumers respond to gradually rising prices and the resulting drag on domestic demand. Attention also turns to the first policy moves of the new Fed Chair, K. Warsh, and the balance of views that will emerge within the Fed, as well as to developments on tariffs following the US court ruling that struck down the duties introduced to replace the unconstitutional “reciprocal” tariffs.
- ▶ In the euro area, GDP growth came in at 0.1% quarter-on-quarter and 0.8% year-on-year in Q1 (Q4 2025: 0.2% and 1.3% respectively). However, only a small share of the impact of the war has so far been reflected in the data. Economic growth over the coming period is therefore expected to be particularly fragile, weighed down by elevated energy costs. Europe's heavy dependence on imported energy products, combined with the need to compete on price with other regions (notably in Asia) to secure adequate supplies, places a heavier burden on businesses and consumers than in other major economies. The longer the conflict persists, the greater the challenges to the international competitiveness of European products – and, in some cases, to the viability of businesses – intensifying the debate over funding and possible support measures at the European level. On the positive side, the crisis found the euro area with inflation around the 2% mark and a resilient labour market.
- ▶ In China, the most recent economic data point to a marked slowdown, exceeding expectations. War-related uncertainty is weighing on domestic demand, as reflected in the unusually subdued pace of retail sales growth and the low level of inflation. This picture is unlikely to change in the period ahead, as weaker external demand will probably temper export growth, while no meaningful improvement is yet visible in the property market.

## Διεθνείς Μακροοικονομικές Τάσεις

- ▶ Παρόλο που η πολεμική σύρραξη στη Μέση Ανατολή συμπληρώνει εντός ολίγου τους τρεις μήνες, μία βιώσιμη διευθέτησή της δεν φαίνεται ακόμη ορατή. Οι εμπλεκόμενες πλευρές μετρούν τα πλεονεκτήματα και τις αδυναμίες τους, αποδίδοντας κρίσιμη σημασία στον έλεγχο των Στενών του Ορμούζ. Καθώς, έως τώρα, ούτε οι πολεμικές επιχειρήσεις, ούτε η διπλωματία φαίνεται να παράγουν απτά αποτελέσματα, η αβεβαιότητα για την παγκόσμια οικονομία και τις αγορές παραμένει υψηλή. Συνεπώς, το ενδεχόμενο μετάβασης σε μία περίοδο επίμονων πληθωριστικών πιέσεων, υψηλότερων επιτοκίων και μεγαλύτερης σε σχέση με το παρελθόν γεωπολιτικής αστάθειας φαντάζει ολοένα και πιο πιθανό. Μένει να αποδειχθεί εάν η πρόσφατη συνάντηση κορυφής ΗΠΑ-Κίνας μπορεί να αλλάξει τα δεδομένα και να θέσει τις προϋποθέσεις για μια βιώσιμη επίλυση του ζητήματος.
- ▶ Στις ΗΠΑ, κατά το Α΄ Τρίμηνο το πραγματικό ΑΕΠ αυξήθηκε 2,0% σε τριμηνιαία-ετησιοποιημένη βάση (Δ΄ τρίμ. 25: 0,5%), επηρεασμένο θετικά από την επαναλειτουργία των μη κρίσιμων υπηρεσιών του ομοσπονδιακού κράτους. Τα τελευταία στοιχεία και η εξέλιξη των πρόδρομων δεικτών καταδεικνύουν ότι οι επιπτώσεις του πολέμου παραμένουν -προς το παρόν- σχετικά περιορισμένες, κυρίως στους τομείς της ενέργειας/μεταφορών. Ωστόσο, οι πληθωριστικές πιέσεις αρχίζουν να γίνονται εμφανείς. Ο συνολικός πληθωρισμός, βάσει του δείκτη τιμών καταναλωτή, ανήλθε τον Απρίλιο στο 3,8% (Μάρτ.: 3,3%), αν και η άνοδος του δομικού παρέμεινε συγκρατημένη (2,8%, Μάρτ.: 2,6%). Ταυτόχρονα, οι συνθήκες στην αγορά εργασίας παραμένουν σχετικά καλές. Πολλά, ωστόσο, θα κριθούν από την αντίδραση των καταναλωτών στις σταδιακά αυξανόμενες τιμές και την αρνητική επίδραση στην εγχώρια ζήτηση. Παράλληλα, με ενδιαφέρον αναμένονται οι πρώτες κινήσεις του νέου Προέδρου της Fed K. Warsh και οι ισορροπίες που θα διαμορφωθούν στη Fed, όπως και οι εξελίξεις στον τομέα των δασμών μετά την ακυρωτική απόφαση δικαστηρίου των ΗΠΑ για τους δασμούς που αντικατέστησαν τους αντισυνταγματικούς «ανταποδοτικούς».
- ▶ Στην Ευρωζώνη, ο ρυθμός ανάπτυξης κατά το Α΄ Τρίμηνο διαμορφώθηκε στο 0,1% σε τριμηνιαία βάση και κατά 0,8% σε ετήσια (Δ΄ Τρίμ. 25: 0,2% και 1,3% αντίστοιχα). Ωστόσο, πολύ μικρό μέρος των επιπτώσεων του πολέμου έχει προλάβει να αποτυπωθεί. Συνεπώς, η οικονομική ανάπτυξη κατά το επόμενο διάστημα αναμένεται να είναι ιδιαίτερα εύθραυστη, επηρεαζόμενη έντονα αρνητικά από το υψηλό κόστος της ενέργειας. Η μεγάλη εξάρτηση των ευρωπαϊκών χωρών από τις εισαγωγές ενεργειακών προϊόντων και η ανάγκη να ανταγωνιστούν σε επίπεδο τιμών άλλες χώρες (κυρίως ασιατικές) για να εξασφαλίσουν τις αναγκαίες ποσότητες επιβαρύνει τις επιχειρήσεις και τους καταναλωτές περισσότερο από ό,τι στις άλλες μεγάλες οικονομίες. Επομένως, όσο παρατείνεται ο πόλεμος αυξάνονται οι προκλήσεις διεθνούς ανταγωνιστικότητας των ευρωπαϊκών προϊόντων, αν όχι και βιωσιμότητας των επιχειρήσεων, εντείνοντας τη συζήτηση για την εύρεση κεφαλαίων και τους πιθανούς τρόπους στήριξής τους σε ευρωπαϊκό επίπεδο. Θετικά, από την άλλη, επιδρά το γεγονός ότι η κρίση βρήκε την Ευρωζώνη με πληθωρισμό στο επίπεδο του 2% και ισχυρή αγορά εργασίας.
- ▶ Στην Κίνα, τα τελευταία οικονομικά στοιχεία καταγράφουν σημαντική συγκράτηση, μεγαλύτερη των εκτιμήσεων. Η αβεβαιότητα λόγω του πολέμου επιδρά αρνητικά στην αύξηση της εσωτερικής ζήτησης που αποτυπώνεται στον ασυνήθιστα χαμηλό ρυθμό άνοδου των λιανικών πωλήσεων και στο επίπεδο του πληθωρισμού. Η εικόνα αυτή δεν αναμένεται να αλλάξει το επόμενο διάστημα καθώς η μειωμένη εξωτερική ζήτηση πιθανότατα θα μετριάσει την άνοδο των εξαγωγών, ενώ δεν διαφαίνεται σημαντική βελτίωση στην αγορά ακινήτων.

## Main Macroeconomic Indicators – Market Consensus

US											
	Actual				Estimates				% Y/Y avg		
	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q1	2025	2026	2027
Real GDP Q/Q % SAAR	3.8	4.4	0.5	2.0	1.8	1.9	2.0	2.1	2.1	2.1	2.0
Headline PCE PI % Y/Y	2.4	2.7	2.8	3.1	3.6	3.4	3.2	2.7	2.6	3.3	2.4
Core PCE % Y/Y	2.7	2.9	2.9	3.1	3.2	3.1	3.0	2.6	2.8	3.1	2.4
Unemployment Rate	4.2	4.3	4.5	4.3	4.4	4.5	4.5	4.4	4.3	4.4	4.3
Fed Policy Rate (Upper Bound)	4.50	4.25	3.75	3.75	3.73	3.62	3.46	3.37	3.75	3.46	3.26

EA											
	Actual				Estimates				% Y/Y avg		
	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q1	2025	2026	2027
Real GDP Q/Q %	0.1	0.3	0.2	0.1	0.1	0.2	0.3	0.3	1.4	0.8	1.3
CPI % Y/Y	2.0	2.1	2.1	2.1	3.2	3.1	3.1	2.8	2.1	2.8	2.1
Unemployment Rate	6.3	6.3	6.3	6.2	6.3	6.3	6.3	6.3	6.3	6.3	6.2
ECB Policy Rate	2.00	2.00	2.00	2.00	2.21	2.34	2.34	2.33	2.00	2.34	2.19

	Emerging Markets		Brazil			China		India		
	Real GDP	Inflation	Real GDP	Inflation	Key Rate	Real GDP	Inflation	Real GDP	Inflation	Key Rate
2023	4.5	5.8	3.3	4.6	11.75	5.4	0.2	9.2	5.7	6.50
2024	4.6	6.7	3.4	4.4	12.25	5.0	0.2	7.2	5.0	6.50
2025e	4.6	3.1	2.3	5.0	15.00	5.0	0.1	7.1	2.2	5.25
2026f	4.2	3.3	1.8	4.5	13.00	4.6	1.0	7.5	2.0	5.51
2027f	4.1	2.9	1.8	3.9	10.63	4.4	1.1	6.5	4.6	5.62

Market Consensus 15.05.2026

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Bird's Eye View

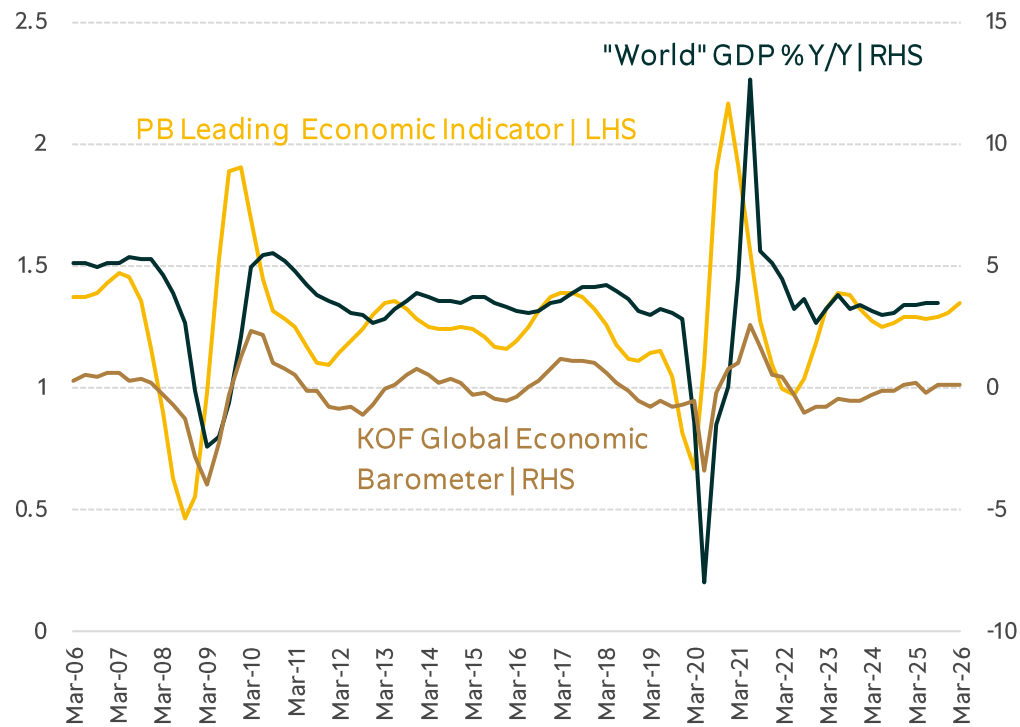
US Economy

EA Economy

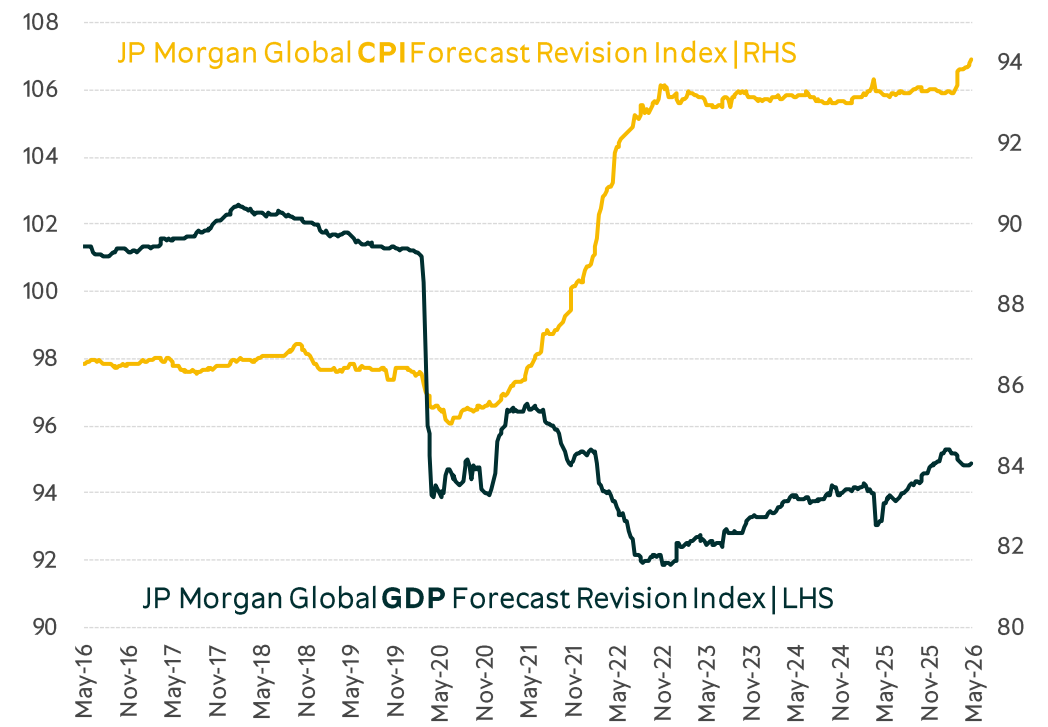
China Economy

# The Global Bird's-Eye View | Global GDP growth has remained resilient, with our leading indicator signaling a modest acceleration; however, this momentum is likely to fade if current geopolitical tensions persist.

Piraeus Bank "World" Leading Economic Indicator & Economic Growth

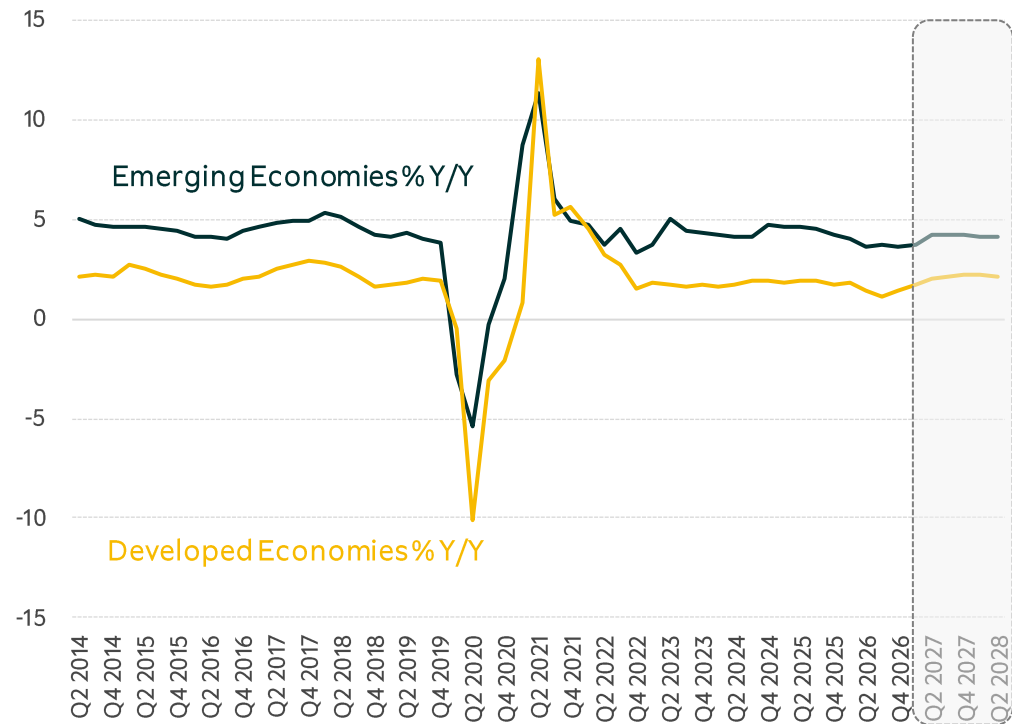


JP Morgan Global Forecast Revision Indices

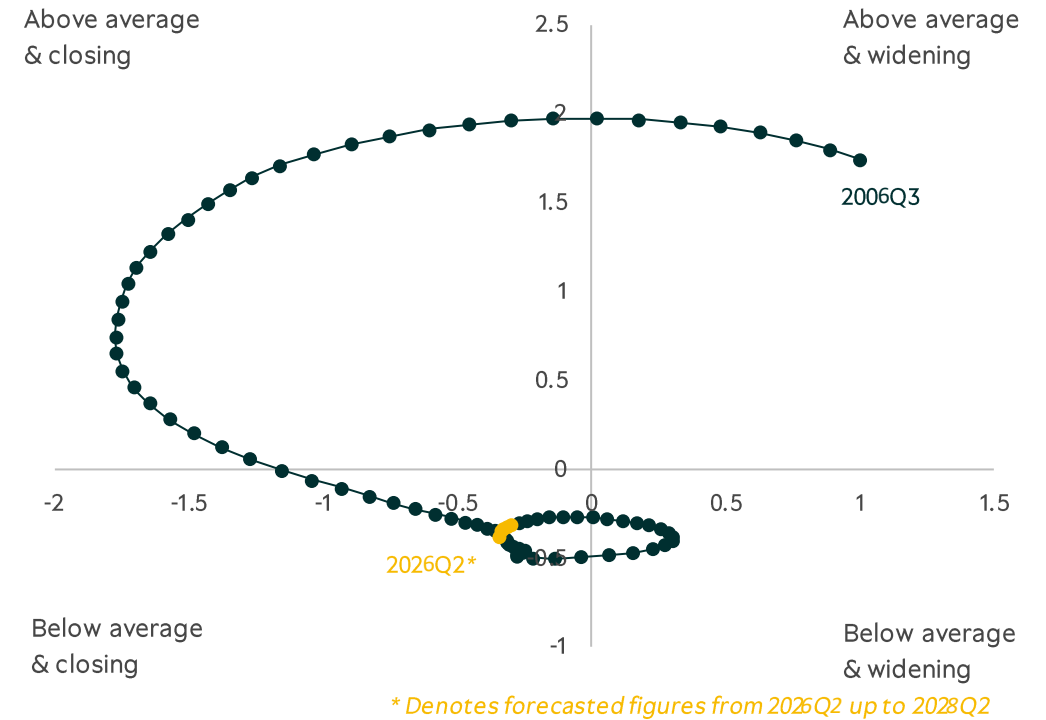


# The Global Bird's-Eye View | The growth differential between emerging markets and developed markets is expected to remain at below average levels for 2026/28.

Real GDP Growth

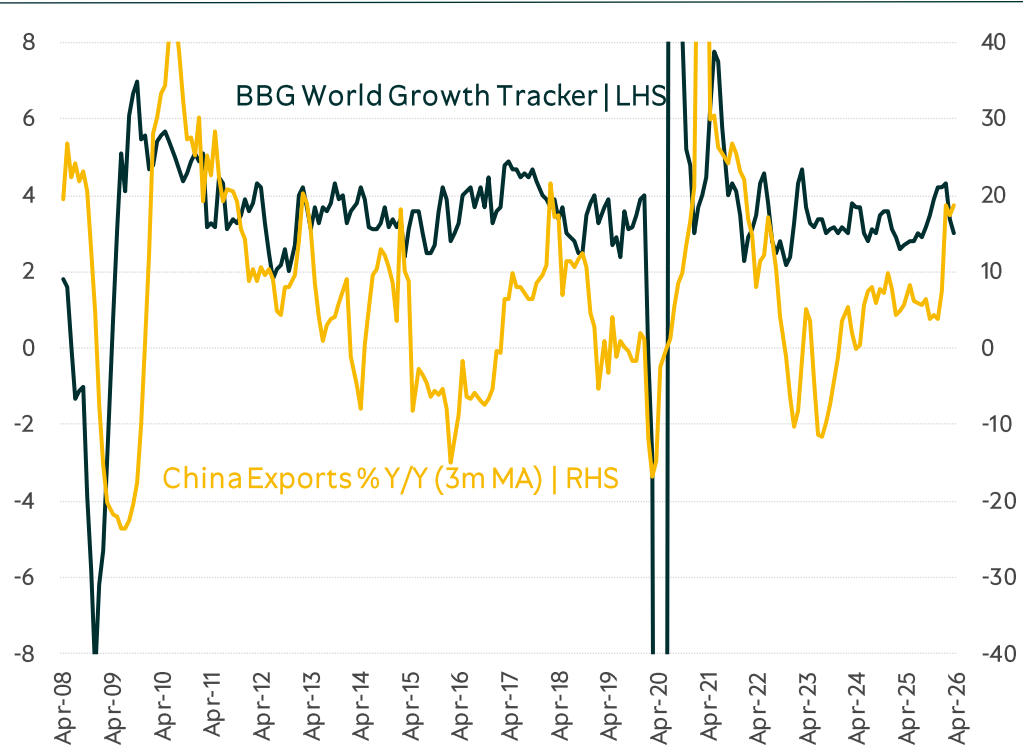


EM – DM Growth Differential

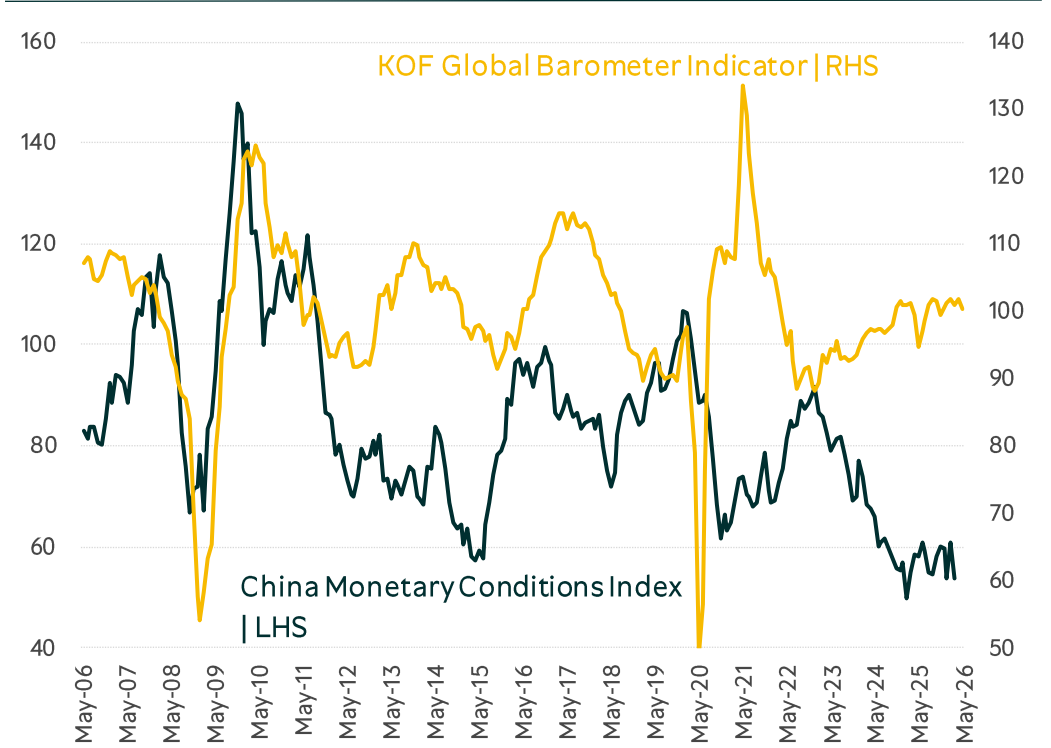


# Global Economic Activity | China's export momentum returned in April after a pause in the previous month and global growth is moderating as leading indicators and monetary conditions remain relatively stable.

### BBG World Growth Tracker & China Exports

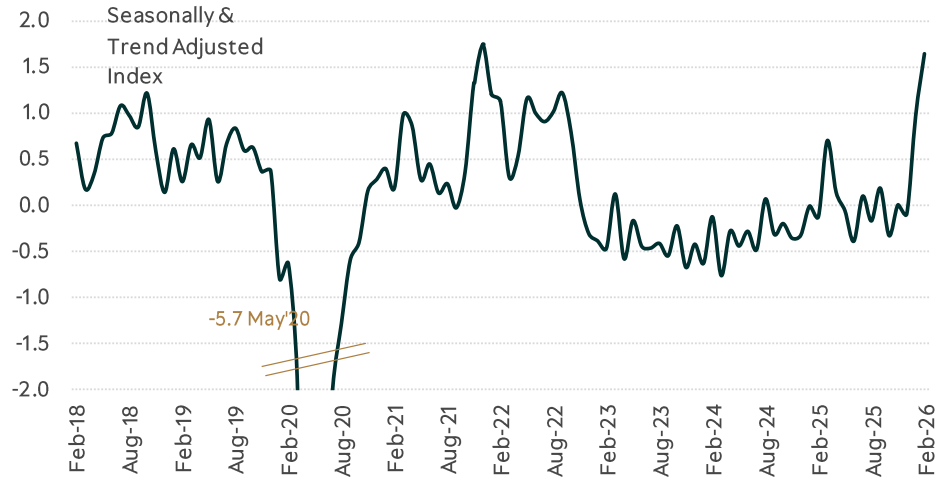


### KOF Global Barometer Indicator & China Monetary Conditions

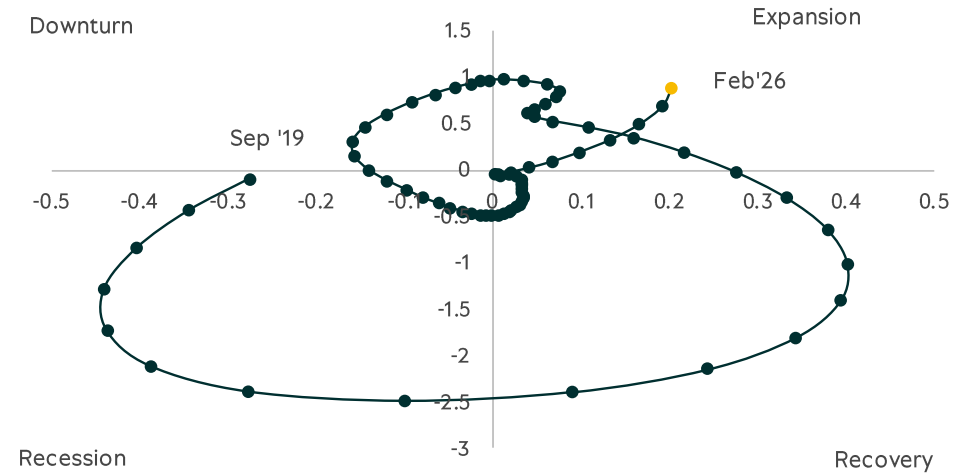


# Global Trade | World trade in February recorded a significant increase mainly due to frontloading demand.

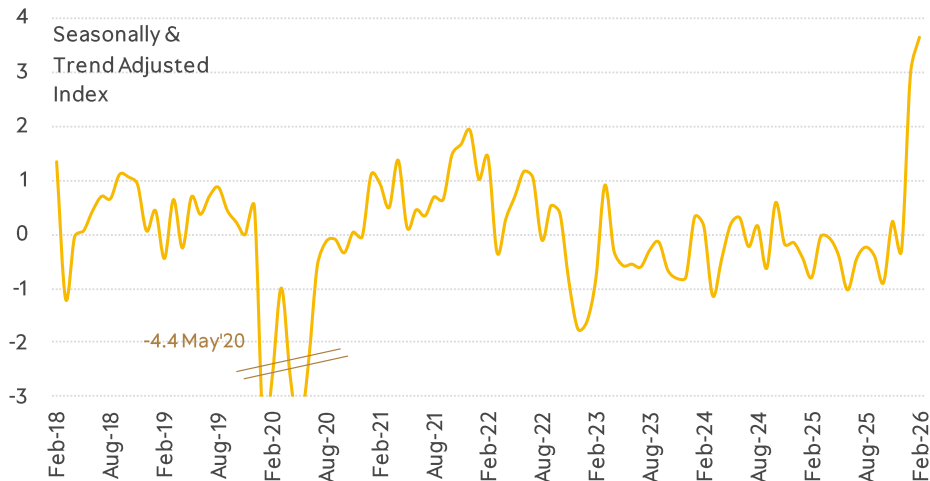
World Trade



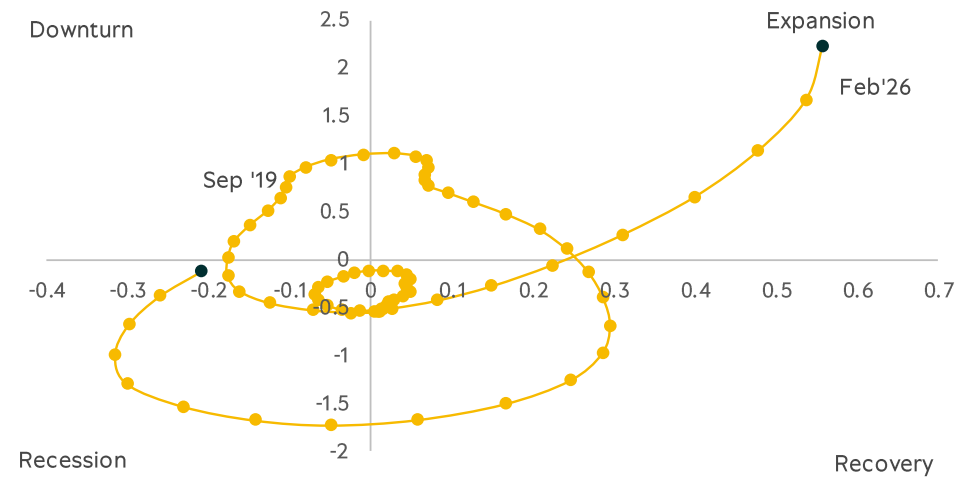
World Trade Tracer



World Exports | EM

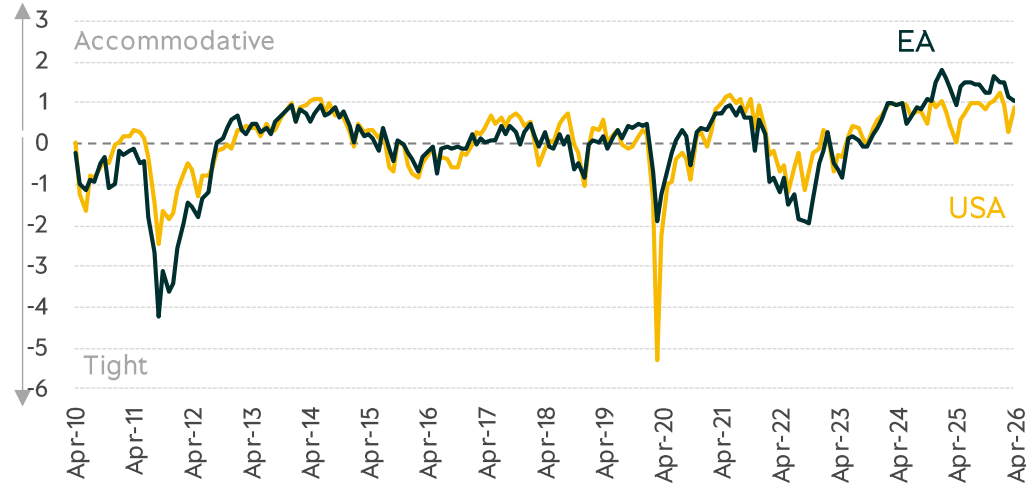


World Exports Tracer | EM

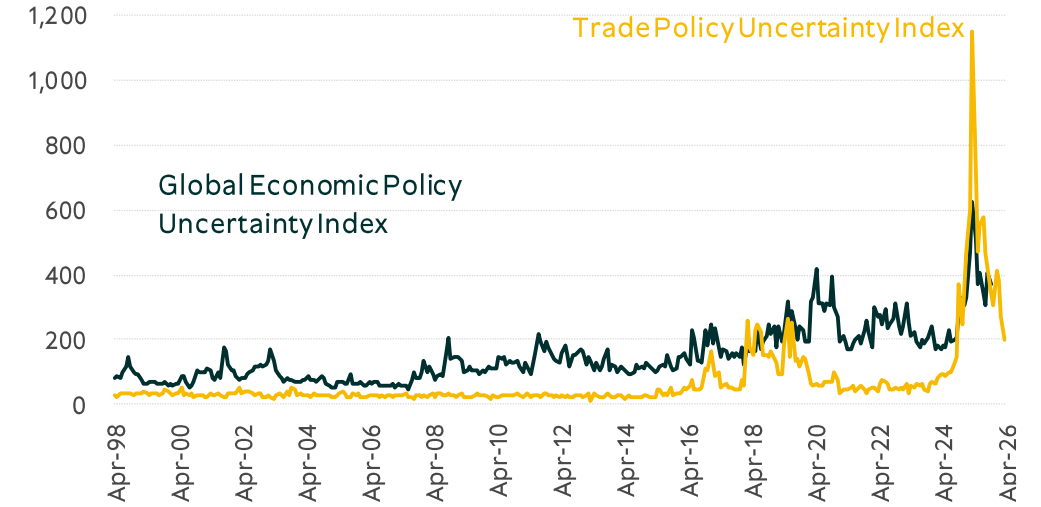


# Global Trends | The NY Fed Global Supply Chain Pressure index in April recorded a historical high since July 2022 driven by the trade disruptions in the Strait of Hormuz.

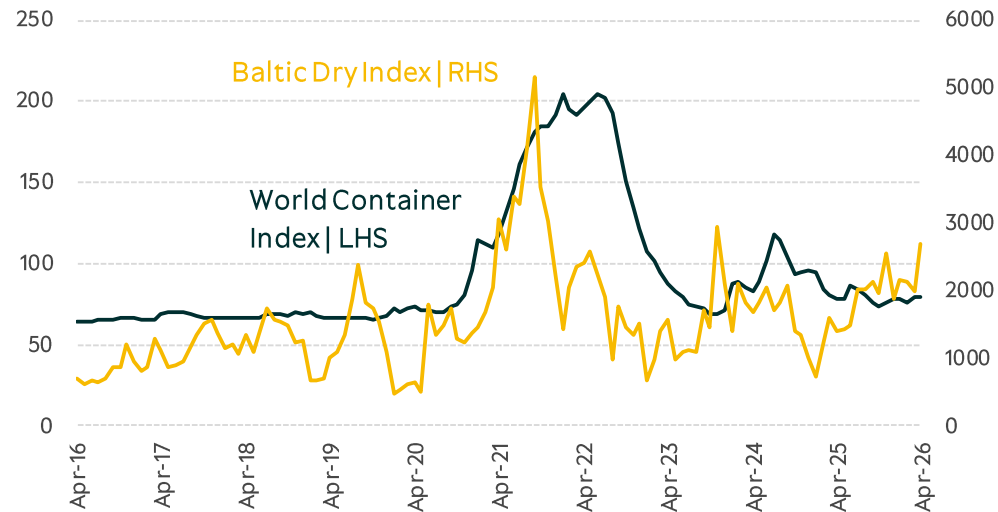
Bloomberg Financial Conditions Indices



Global Economic & Trade Policy Uncertainty (Caldara & Iacoviello)



World Container and Baltic Dry Indices

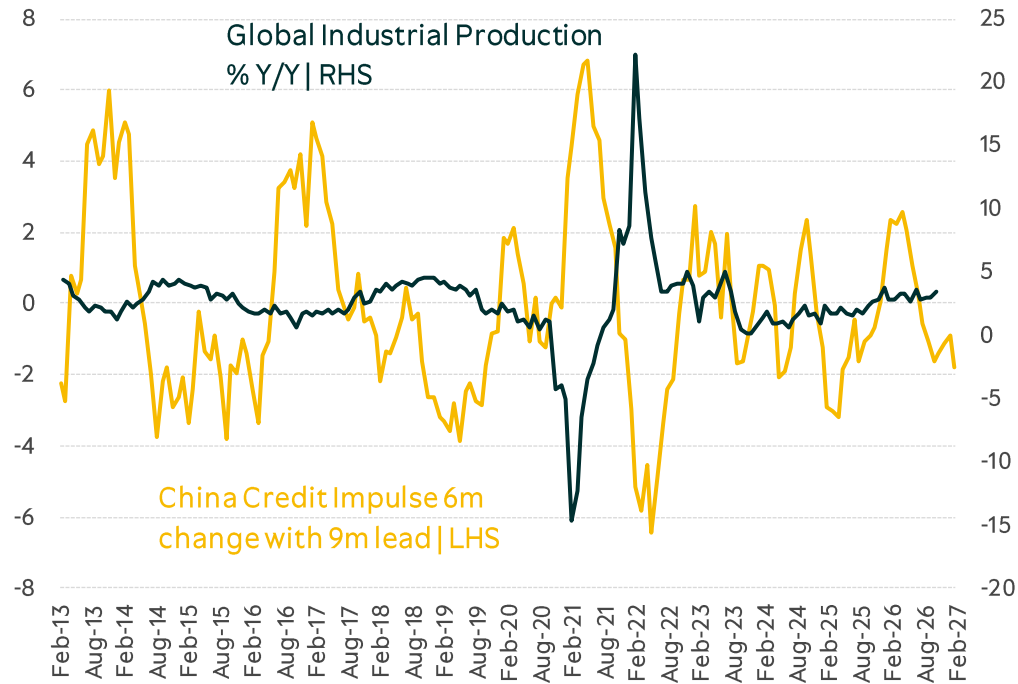


Global Supply Chain Pressure (NY Fed)

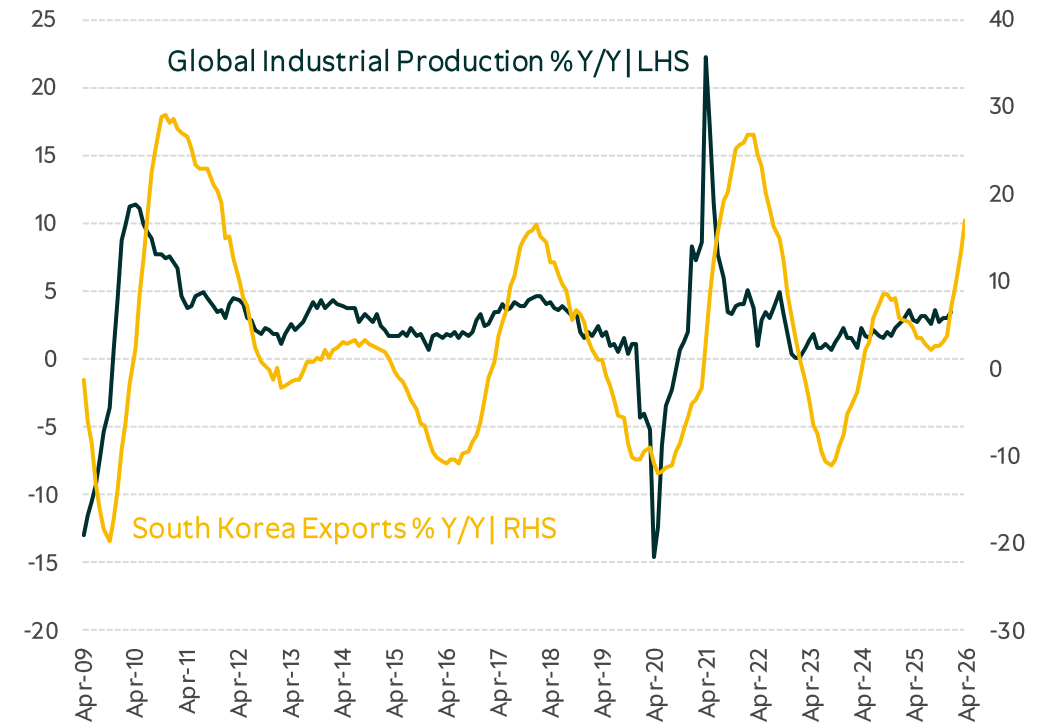


# Global Trends | China's credit decreased further in April, while South Korea's export improvement comes from an AI-led boom in shipments.

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

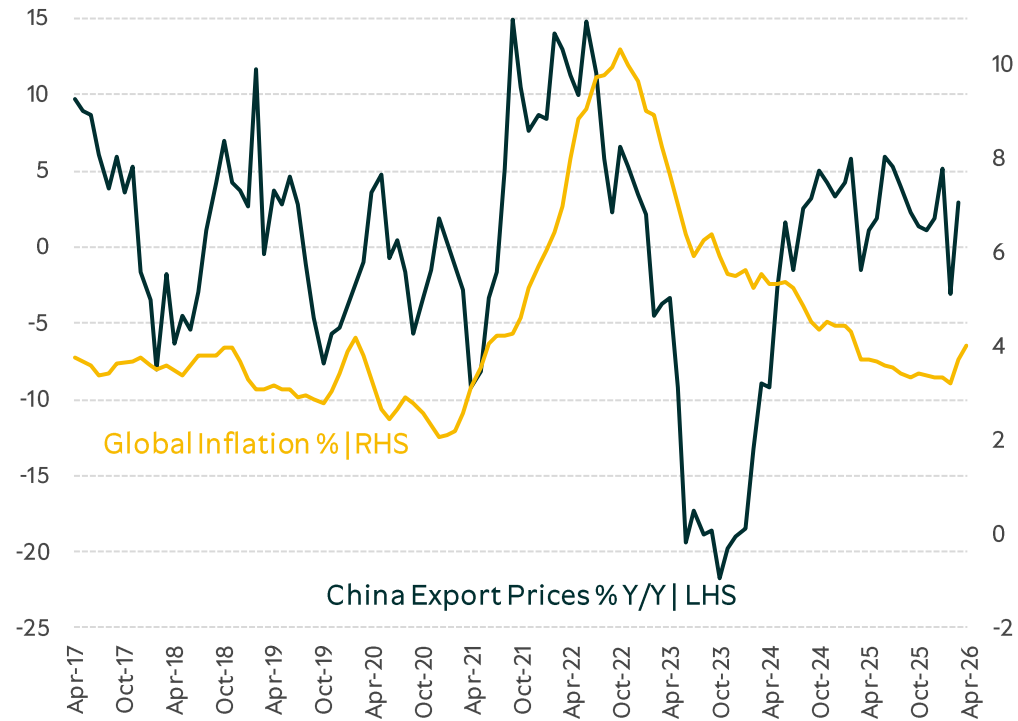


South Korean Exports & Global Industrial Production

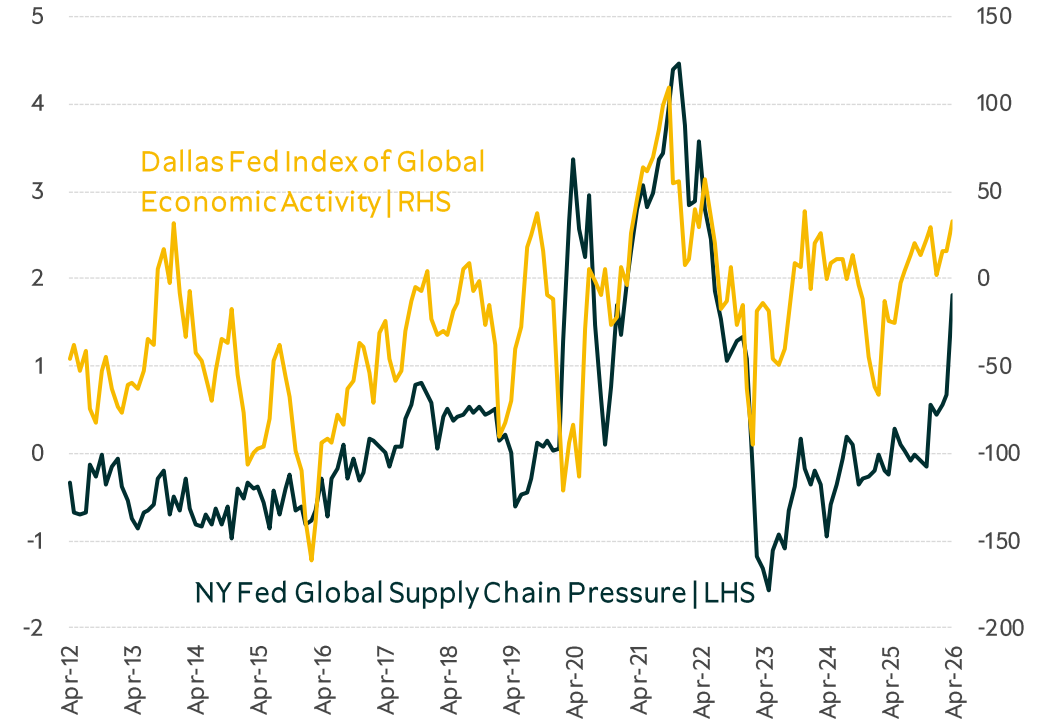


# Global Trends | Global inflation continued to increase in April, while the NY Fed Global Supply Chain index spiked up signaling supply strain and delays.

### China Export Prices & Global Inflation

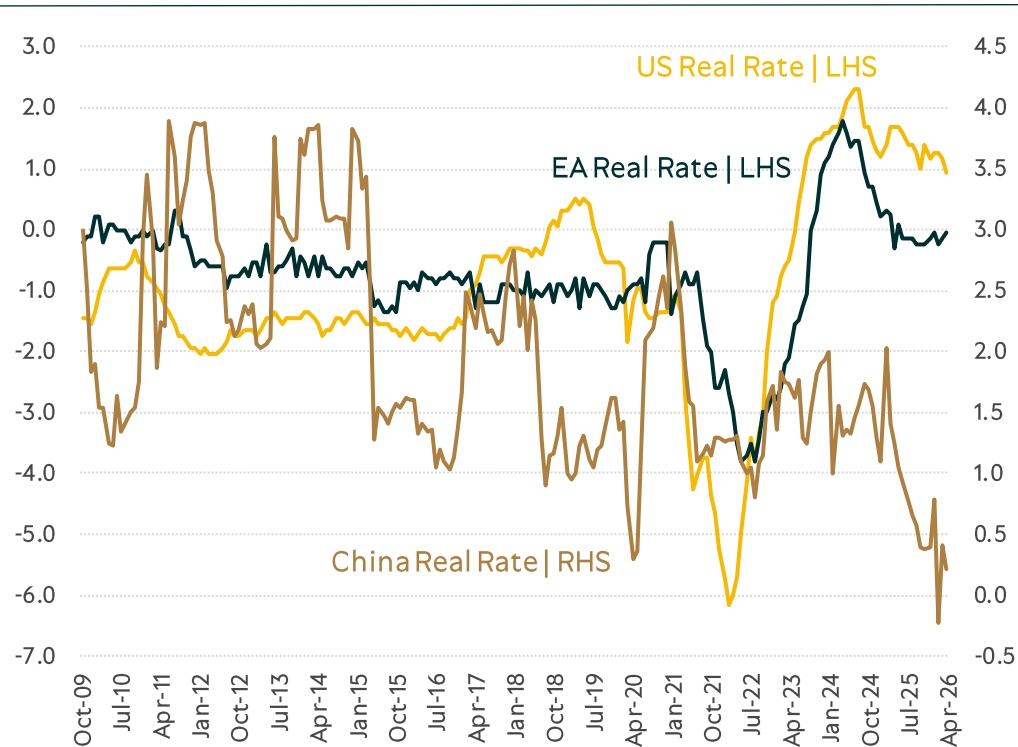


### Global Economic Activity vs Global Supply Pressure

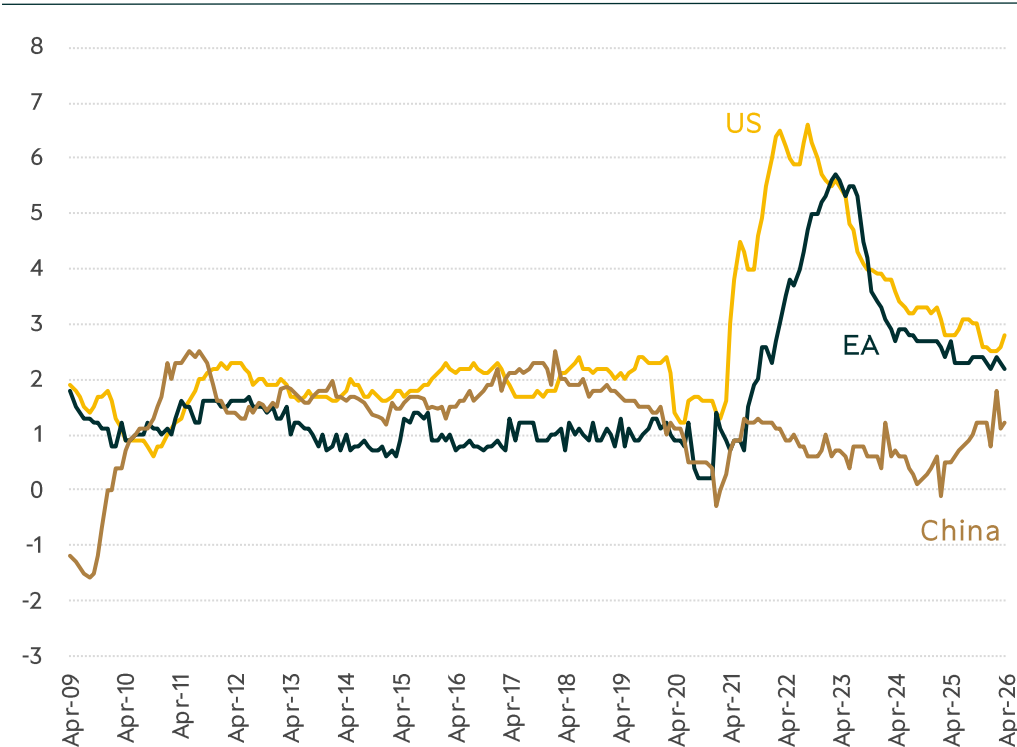


# Global Trends | EA's real policy rate remains in negative territory since Jun'25. Core CPI eased in the EA, while edging slightly higher in the US and China.

Global Real Policy Rates US, EA, CN



US, EA, CN Core Inflation



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Bird's Eye View

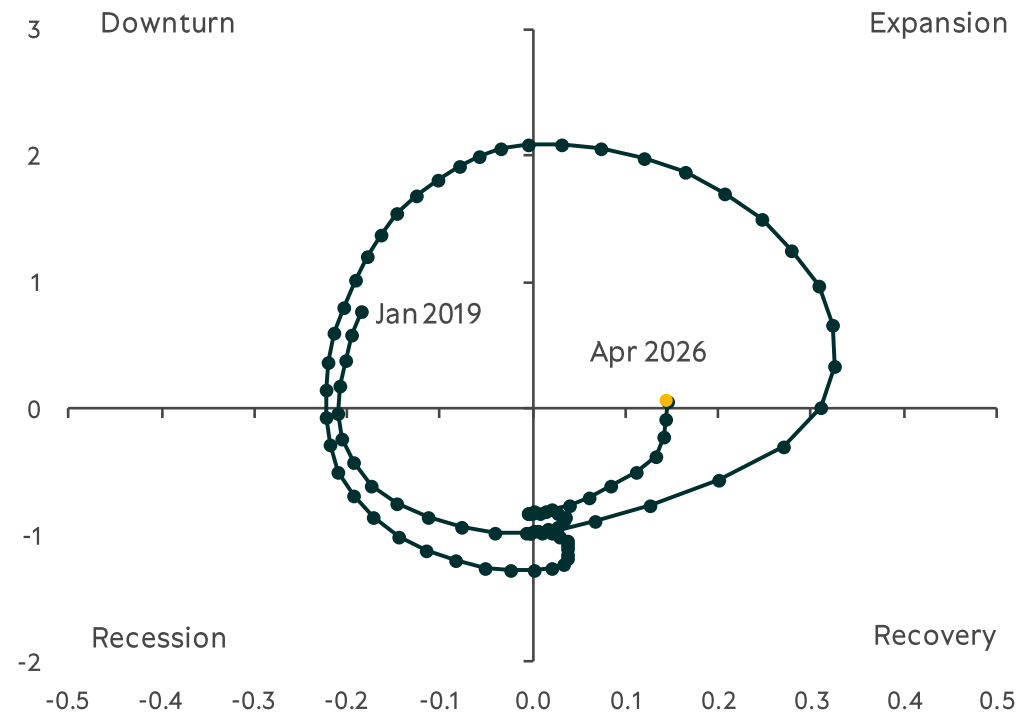
US Economy

EA Economy

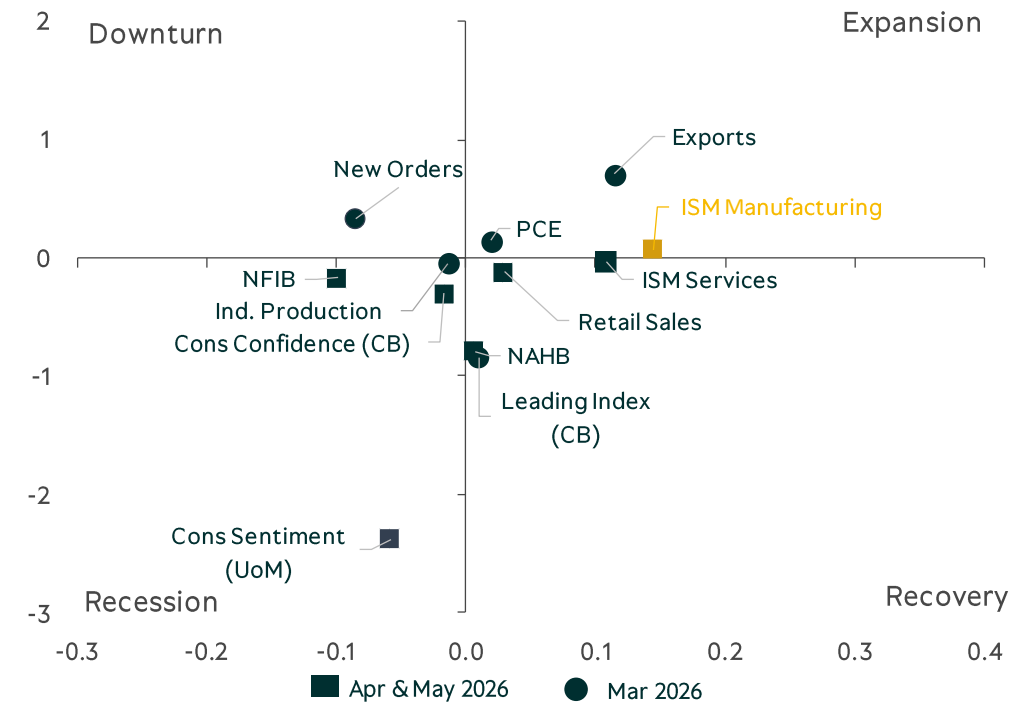
China Economy

# US Business Cycle | ISM Manufacturing has crossed into the expansion phase.

US Business Cycle | Based on ISM Manufacturing Indicator

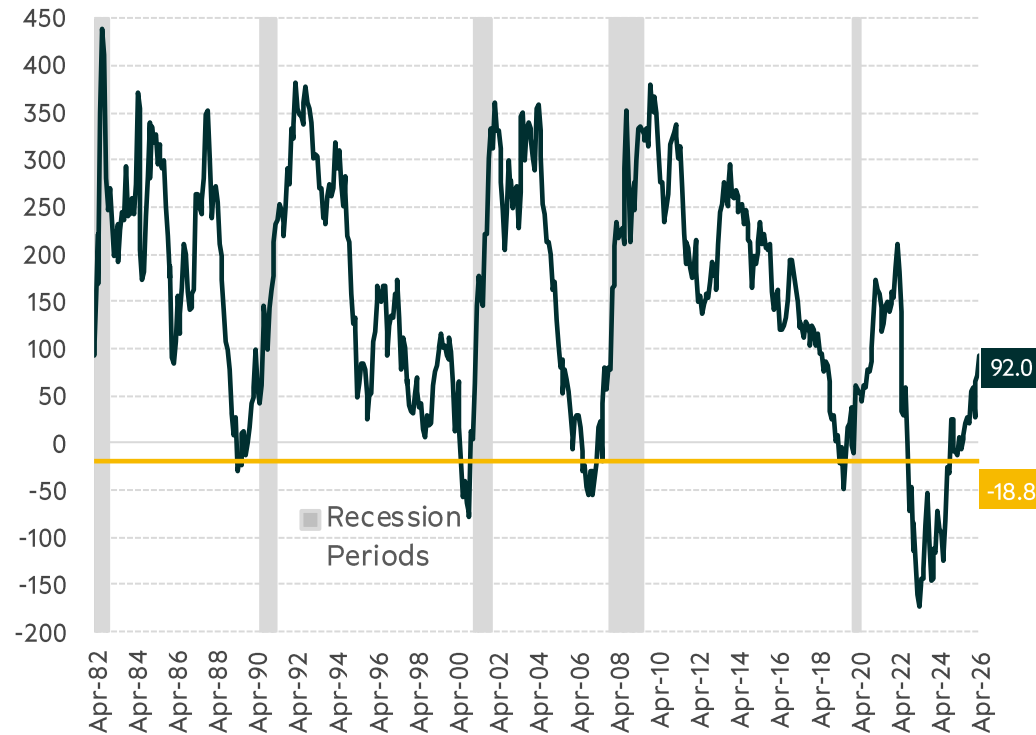


US Business Cycle | Based on Major US Economic Variables

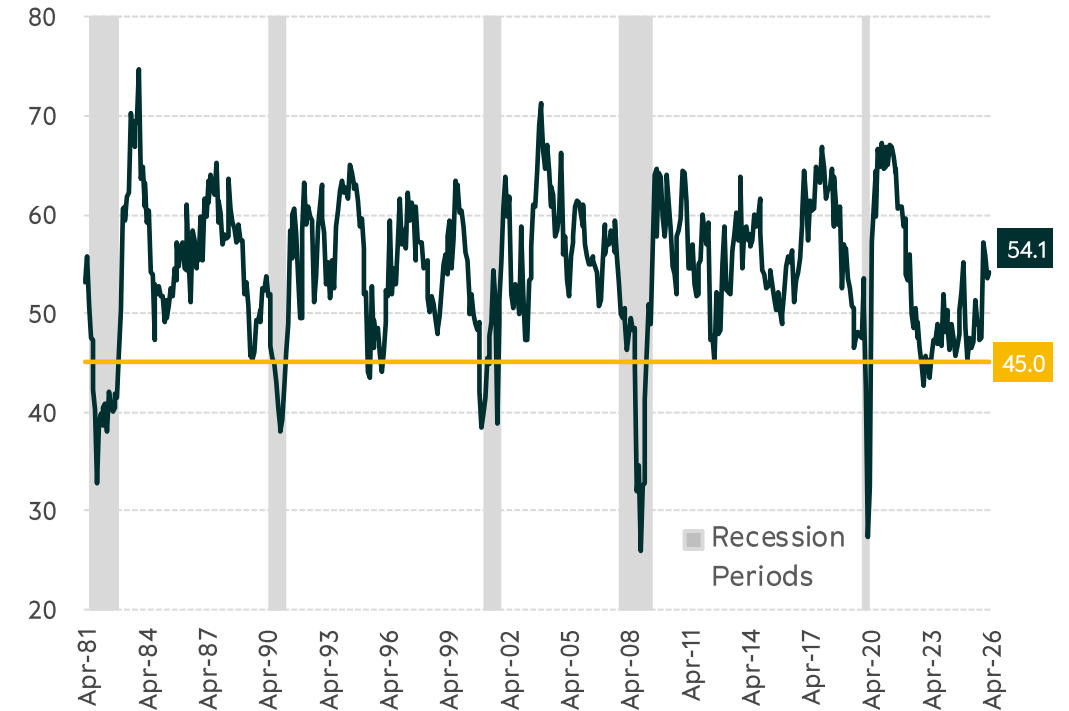


# US Recession Indicators | The 10YR3M spread and the ISM Manufacturing New Order Index remain firmly above the threshold levels consistent with recession periods.

### 10 Year and 3M US Treasury Yields Spread



### ISM Manufacturing New Order Index

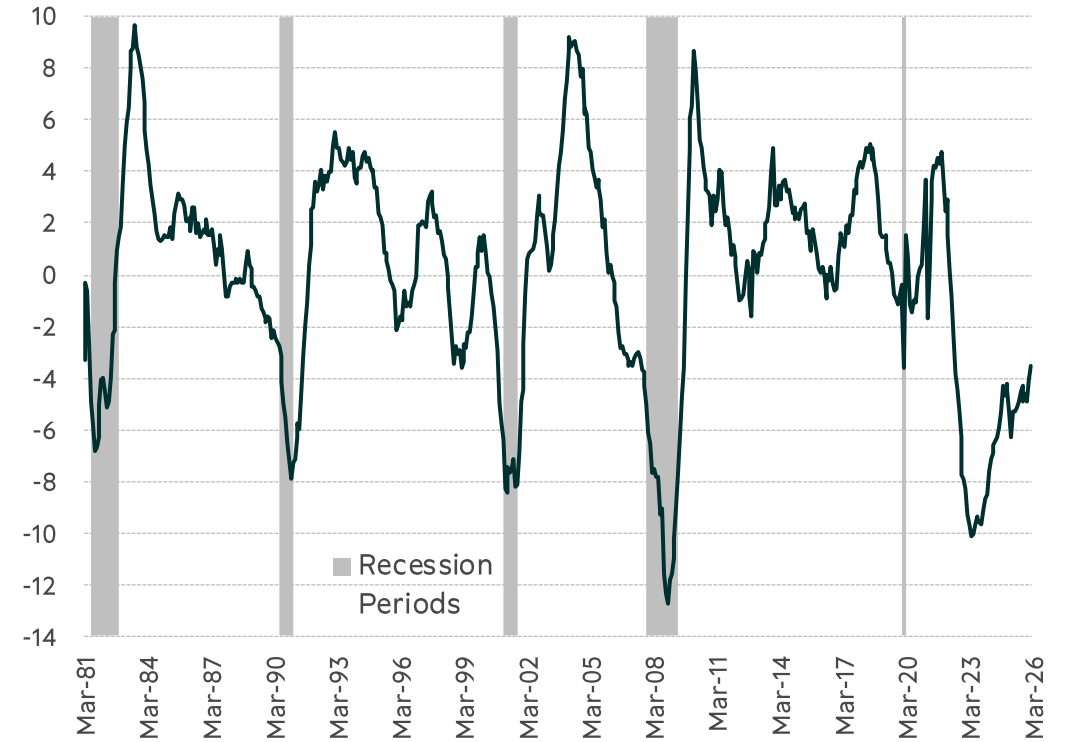


# Conference Board Survey | Consumer Expectations rose in April partially offsetting a decrease in the Current Situation component. The difference between the Leading and Coincident indicators narrowed in March.

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

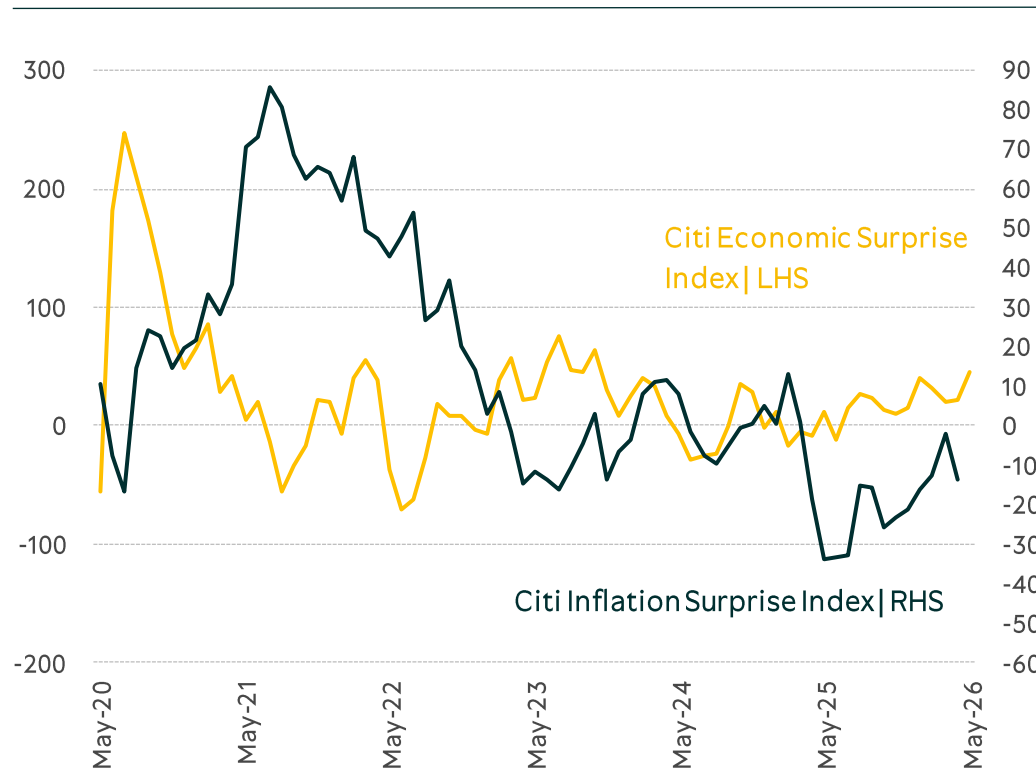


### Difference between Leading & Coincident Indicators (Conference Board)

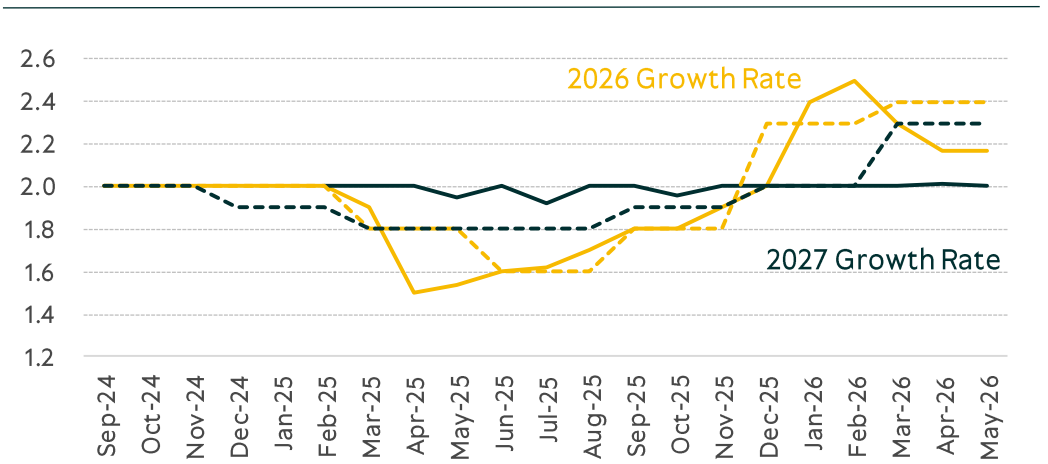


# US Macro Expectations | Economic surprises remain positive. Negative inflation surprises strengthen in April. Growth expectations are being revised lower and inflation expectations higher for 2026.

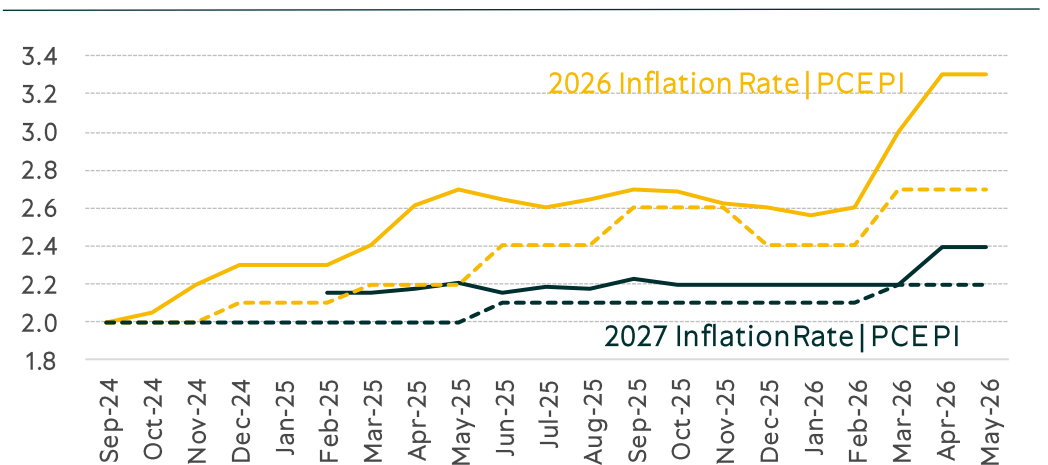
### Economic & Inflation Surprises



### Growth Rate Expectations\*



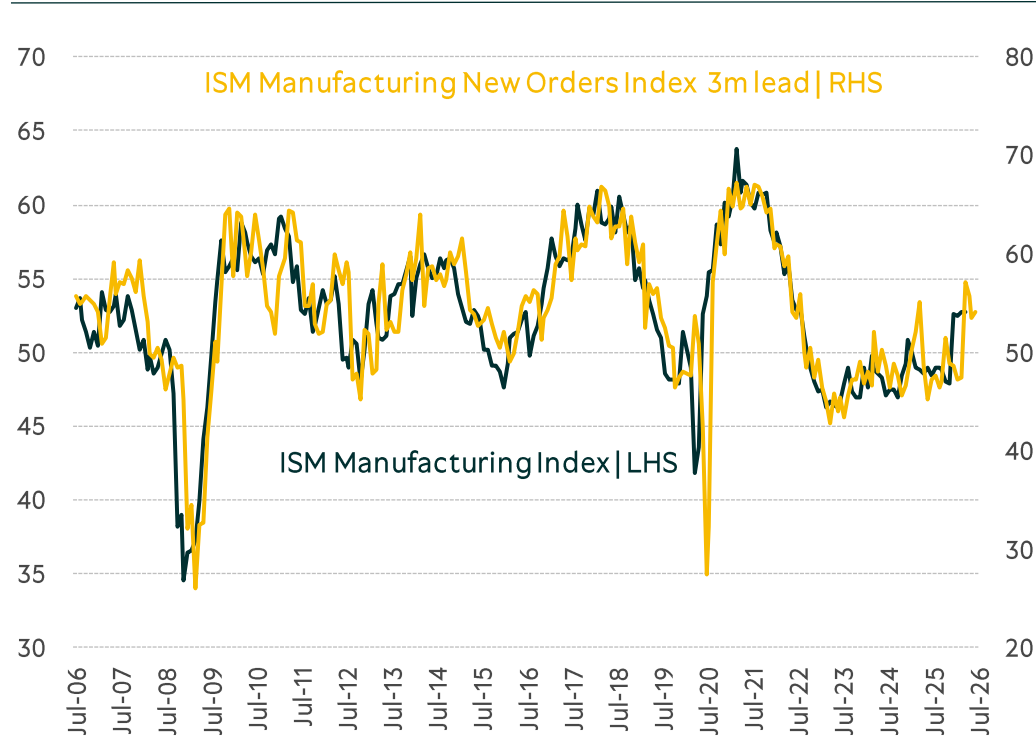
### Inflation Rate Expectations\*



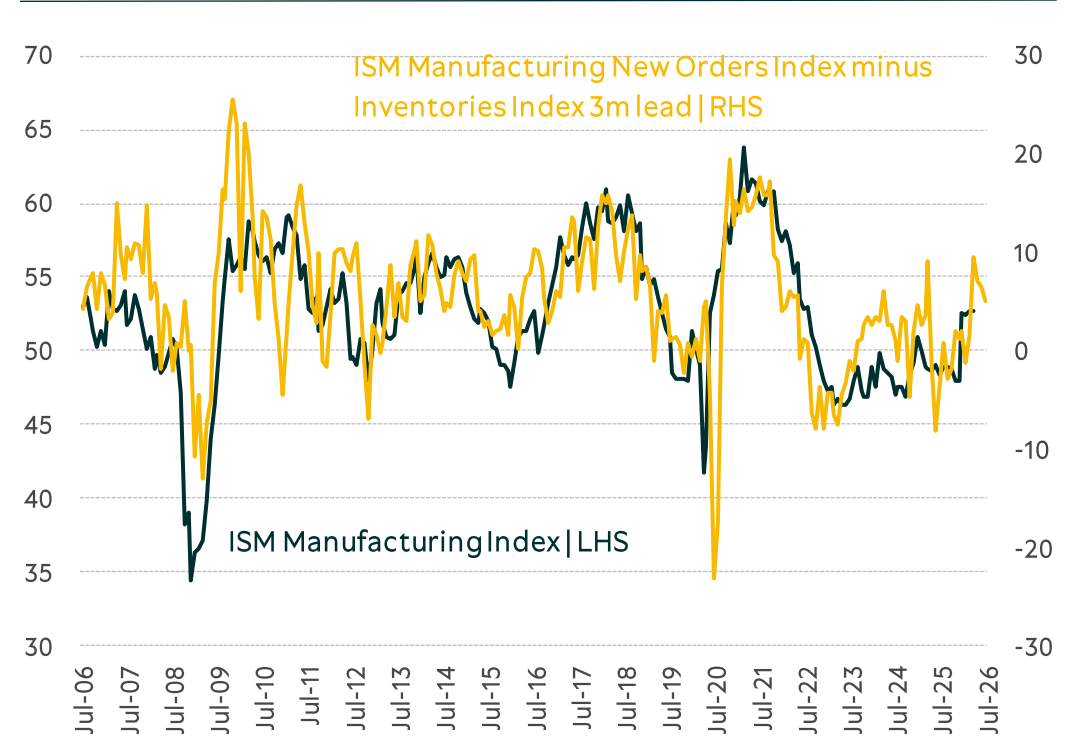
\*Solid line: Consensus; Dotted line: Fed projections

# US Leading Indicators | The ISM Manufacturing Index was unchanged in April. The Inventories subindex rose more than the New orders component.

ISM Manufacturing & New Orders Indices

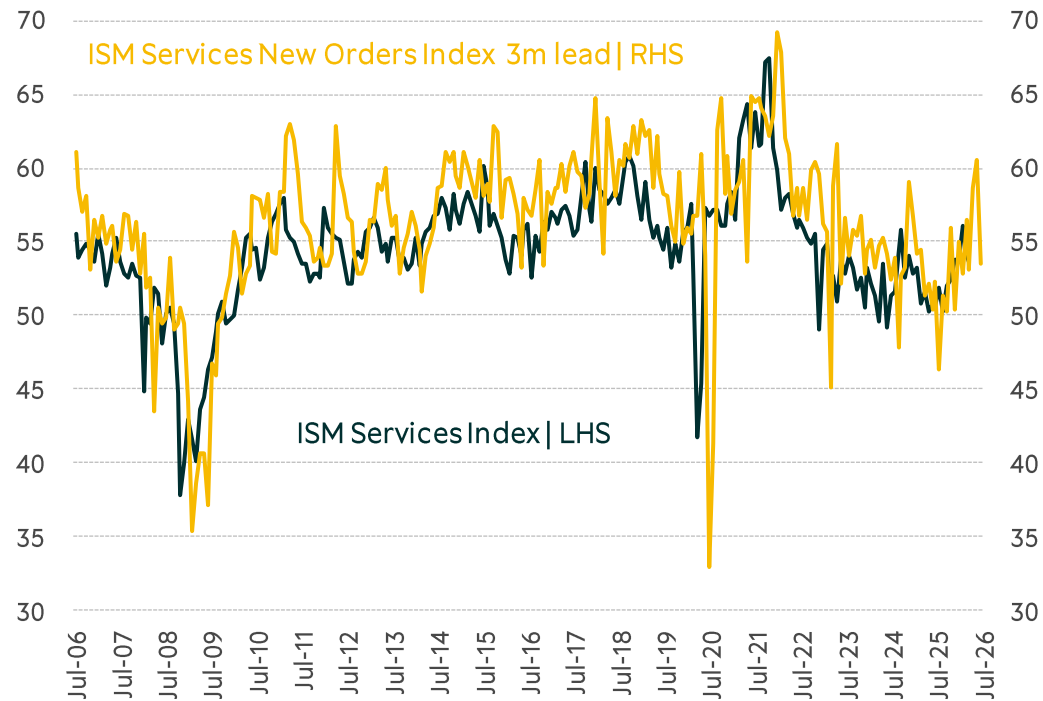


ISM Manufacturing & New Orders Index Minus Inventories Index

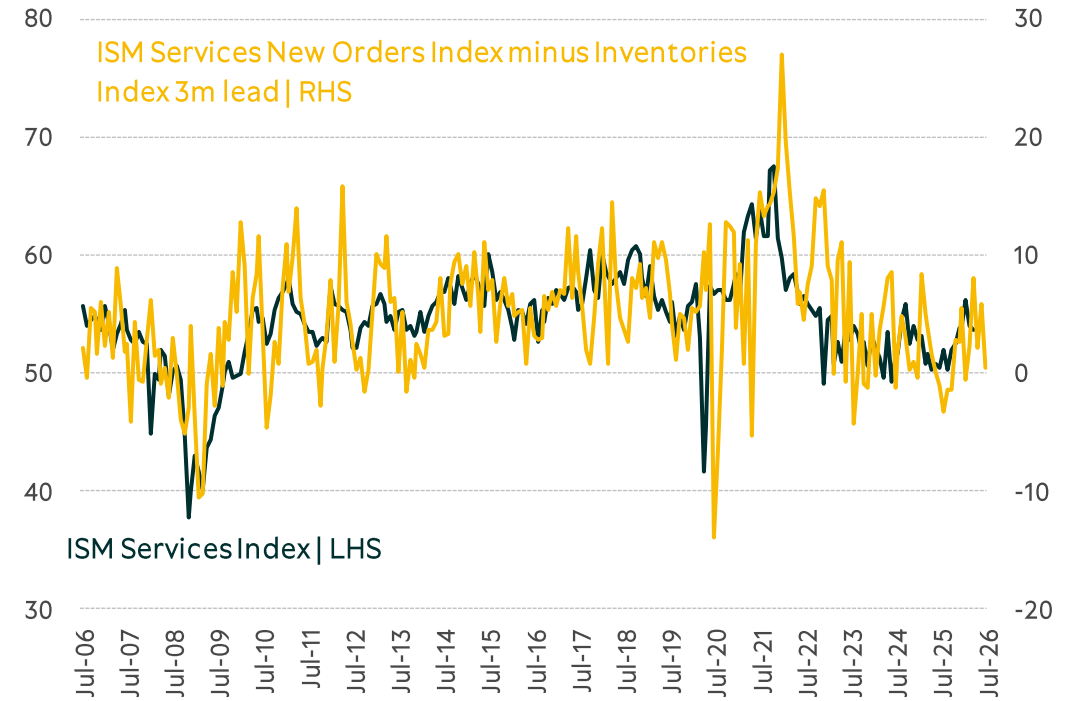


# US Leading Indicators | ISM Services index fell to 53.6 in April and there was a significant decrease in the new orders index.

### ISM Services & New Orders Indices

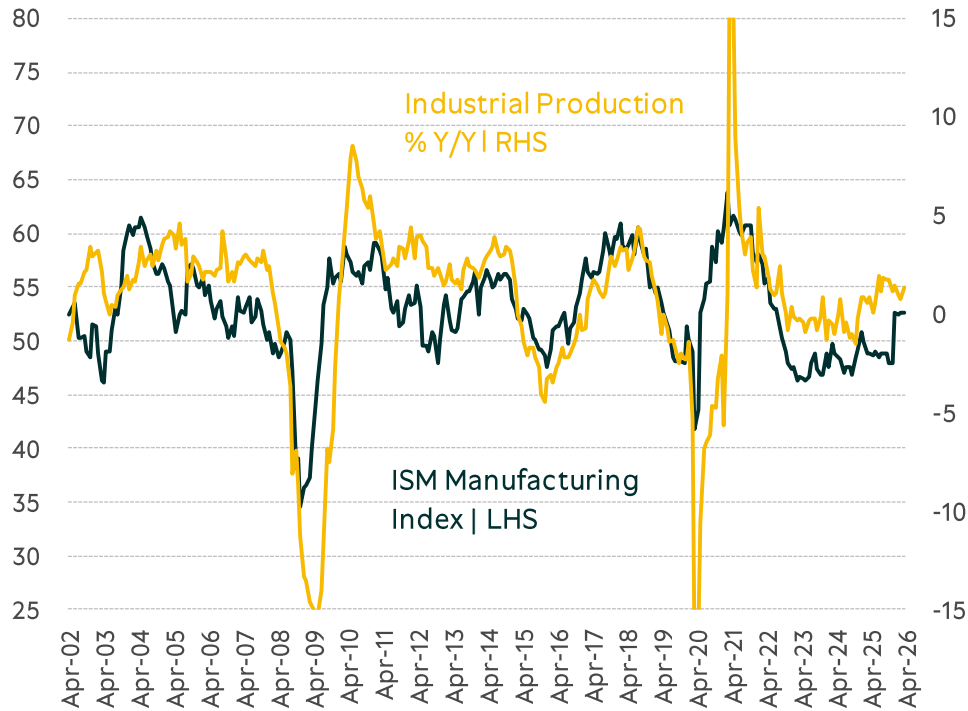


### ISM Services & New Orders Index Minus Inventories Index

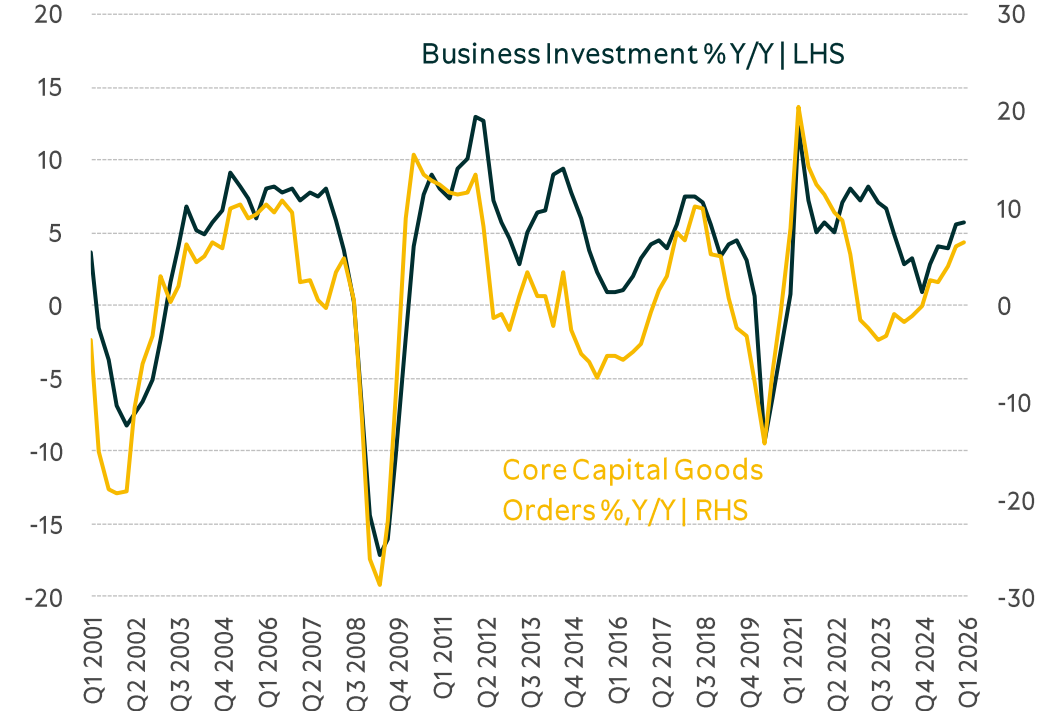


# US | Industrial Production rose 0.7% in April (+1.35% yoy). Pick up in Core Capital Goods and Business Investments in Q1 26.

Industrial Production & ISM Manufacturing

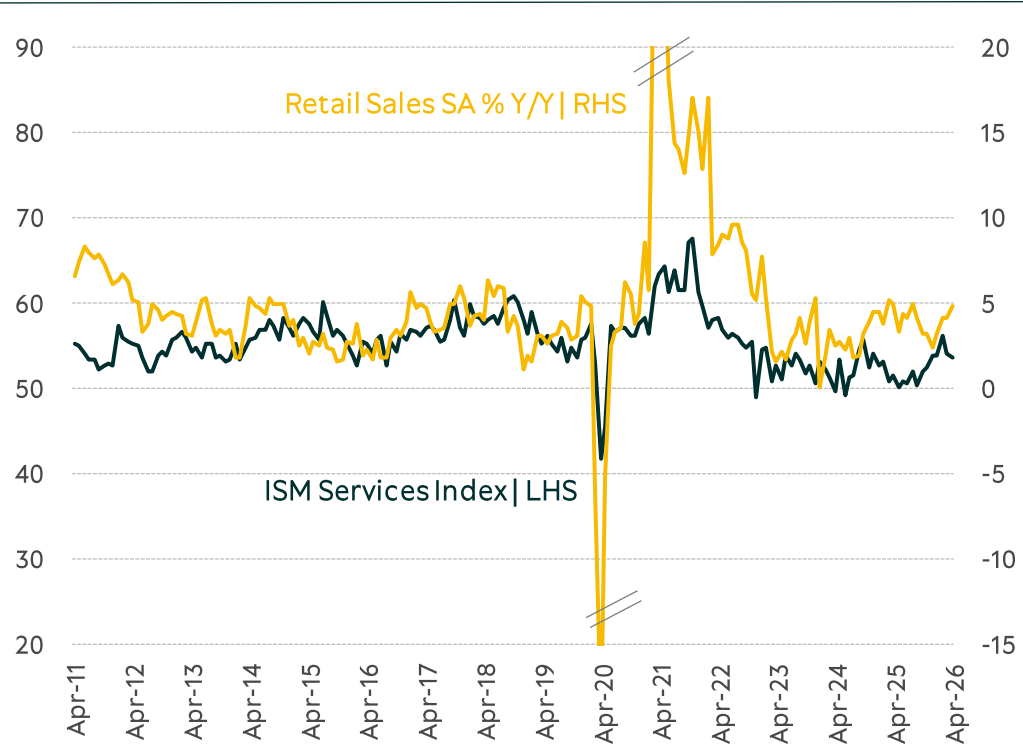


Core Capital Goods Orders & Business Investment

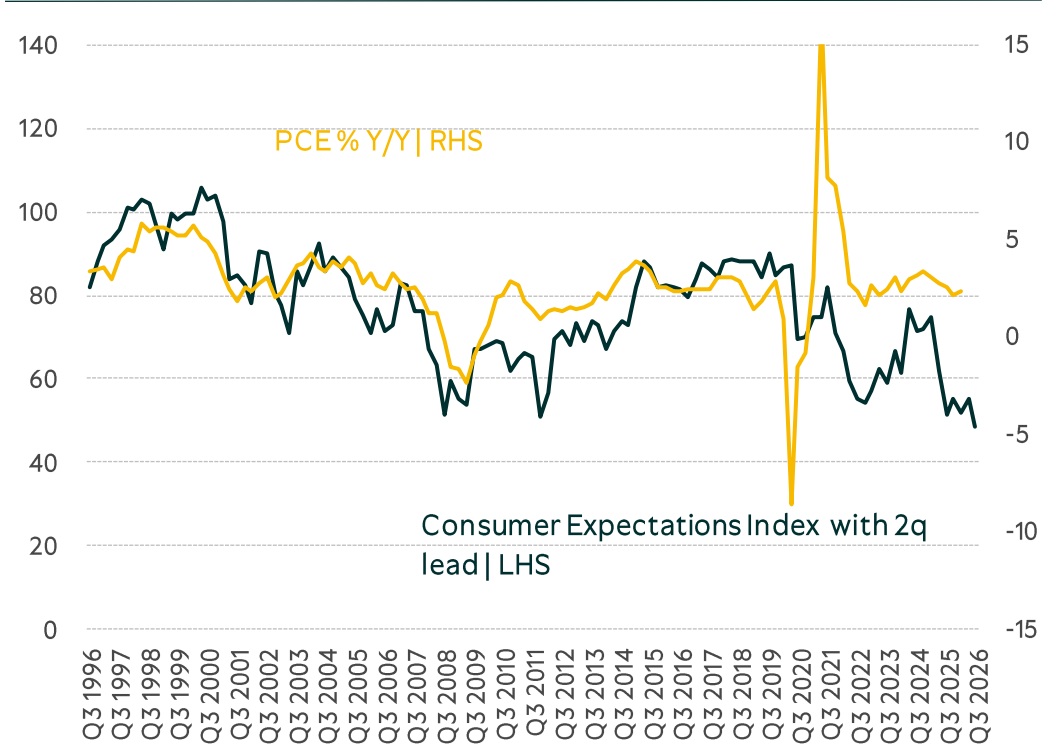


US | ISM Services decreased in April, though advance Retail sales rose 0.5% in April on a monthly basis (+4.9% yoy). Consumer expectations fell further in May.

Retail Sales & ISM Services

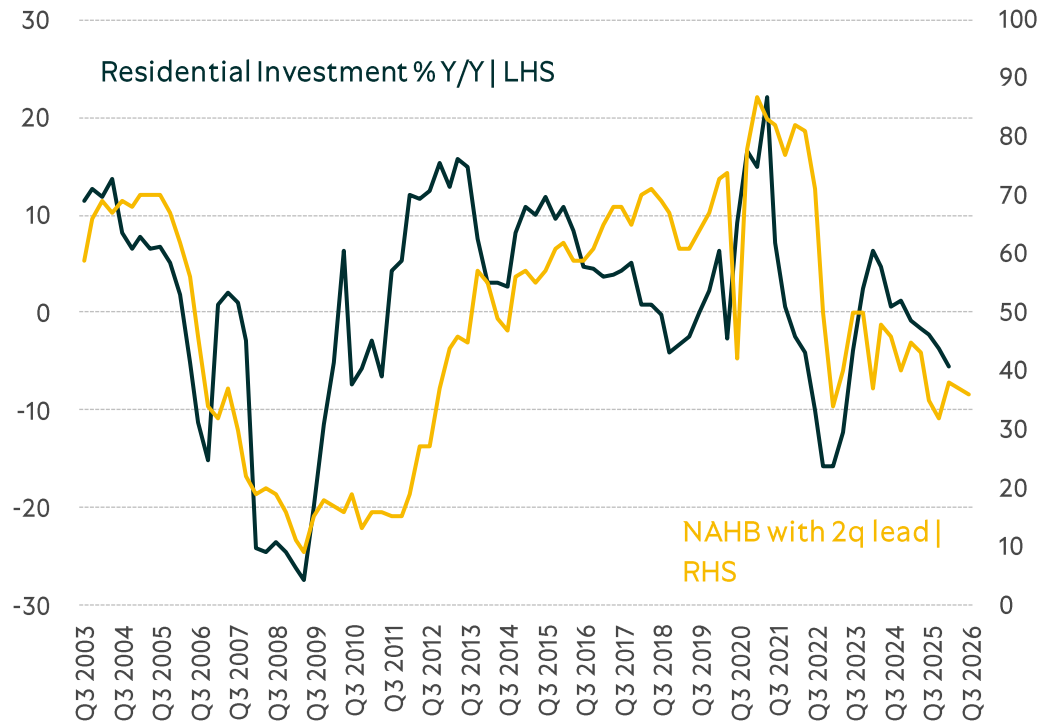


Personal Consumer Expenditure & University of Michigan Consumer Expectations Index

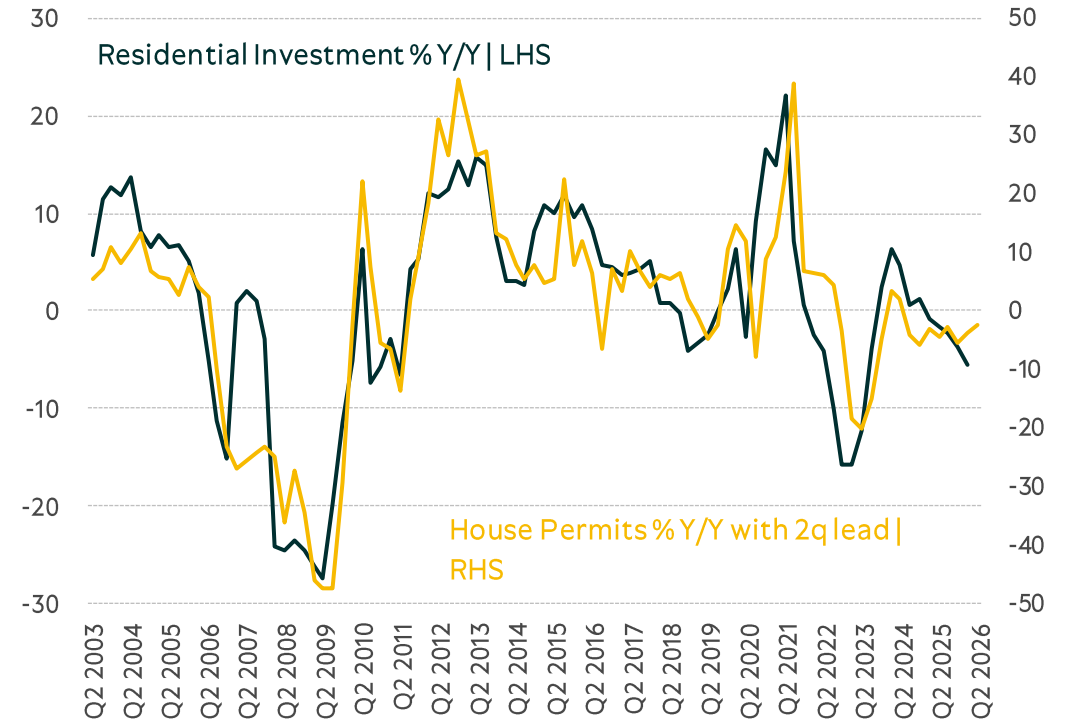


# Housing Market | Residential investment declined further in Q1 but there is an improvement in House Permits. Home builders' expectations rose in May though affordability concerns continue to weigh heavily on buyers.

Residential Investment & NAHB Index

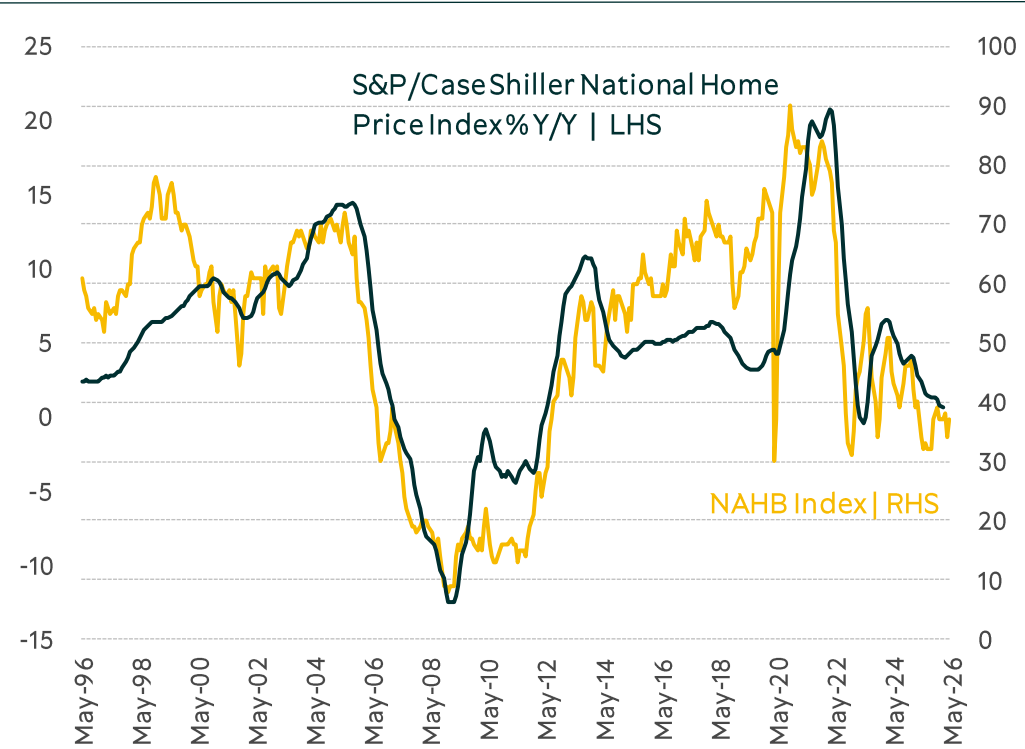


Residential Investment & House Permits

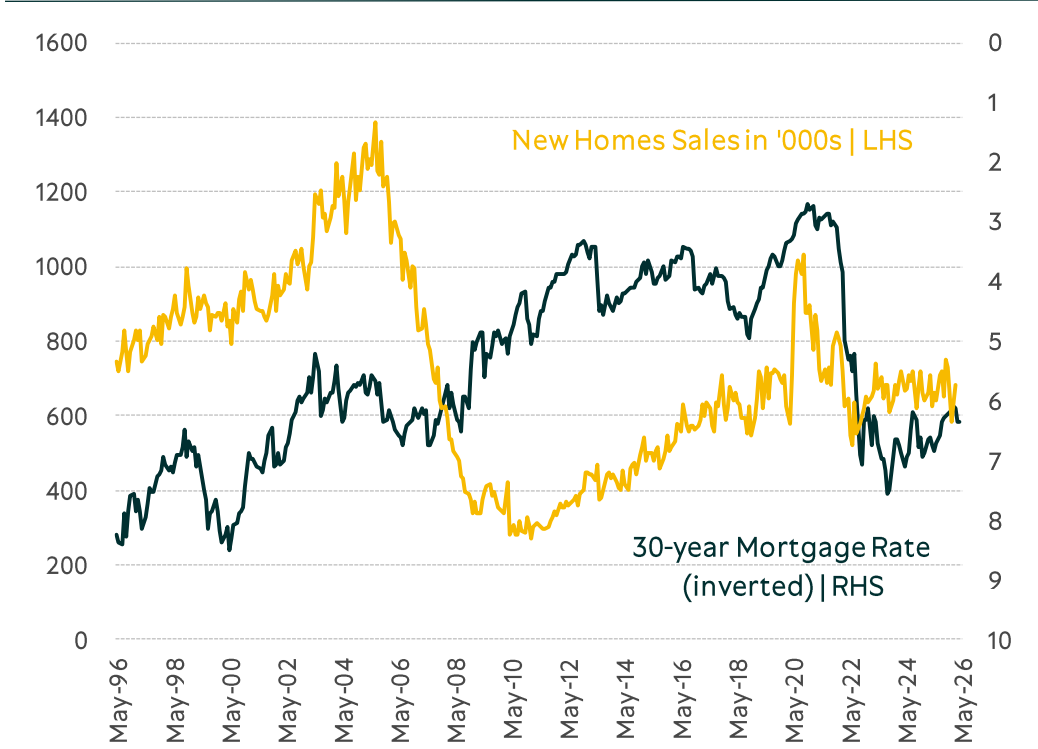


# Housing Market | New home sales rose in Feb & Mar though 30-year mortgage rates remain above 6 percent. The S&P/Case Shiller National Home Price Index posted a modest 0.7% annual gain in February.

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

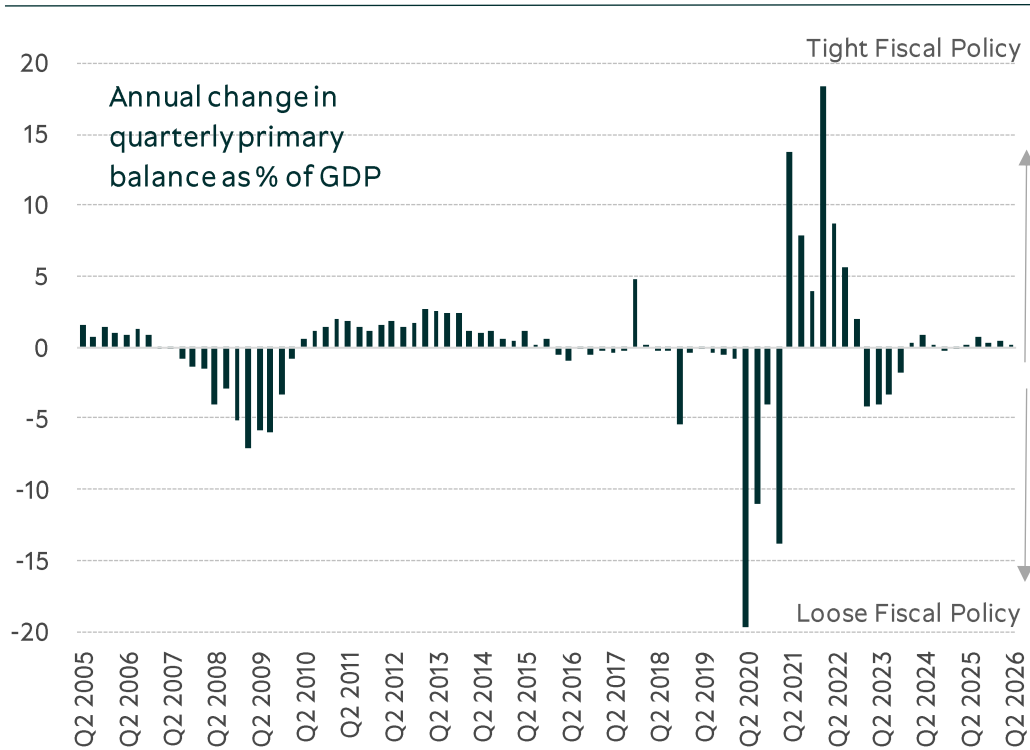


US new home sales and 30-year mortgage rates

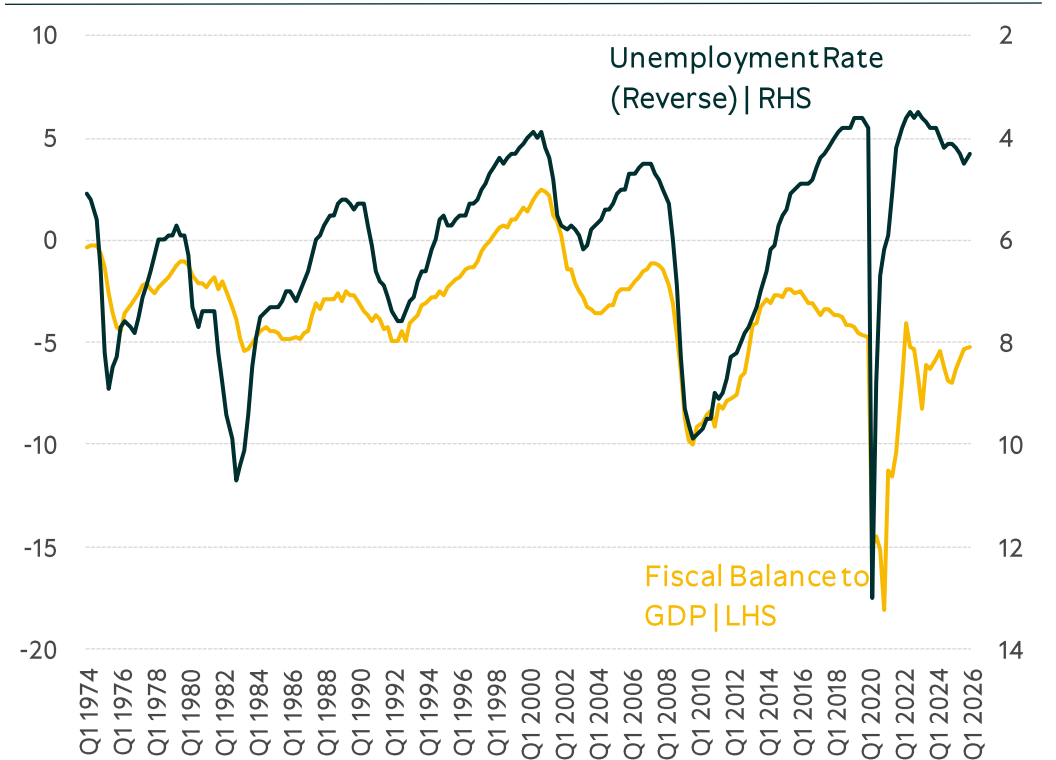


# Fiscal Policy | Still too loose vs unemployment. There was a slight improvement in the Fiscal Balance to GDP ratio in Q1 but challenges ahead remain.

Fiscal Thrust

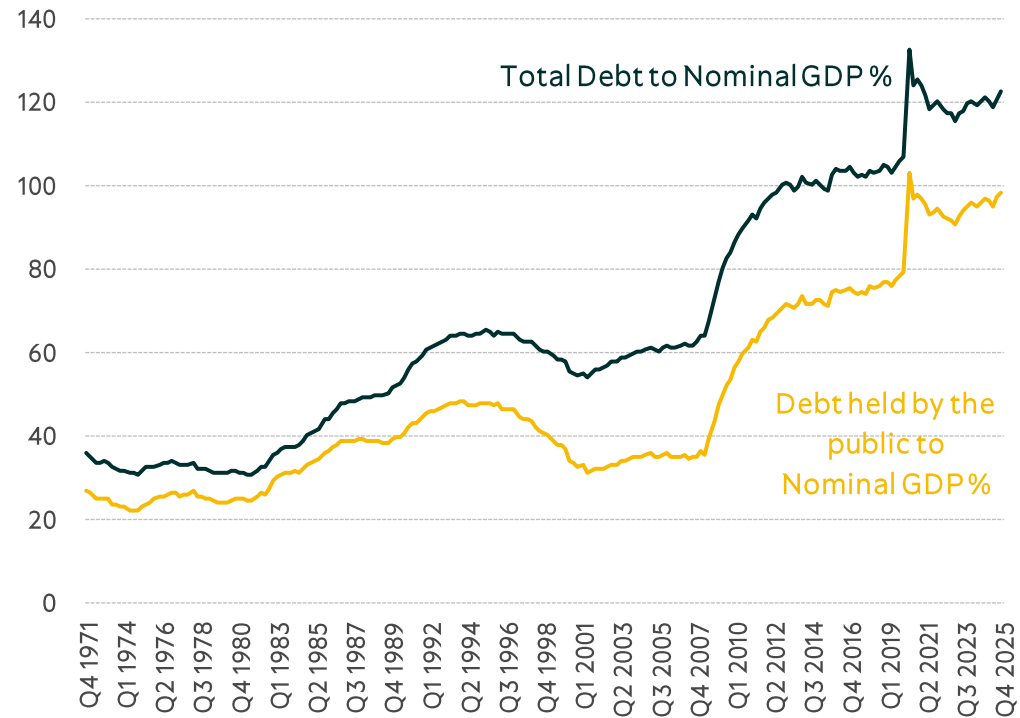


Fiscal Policy vs Unemployment

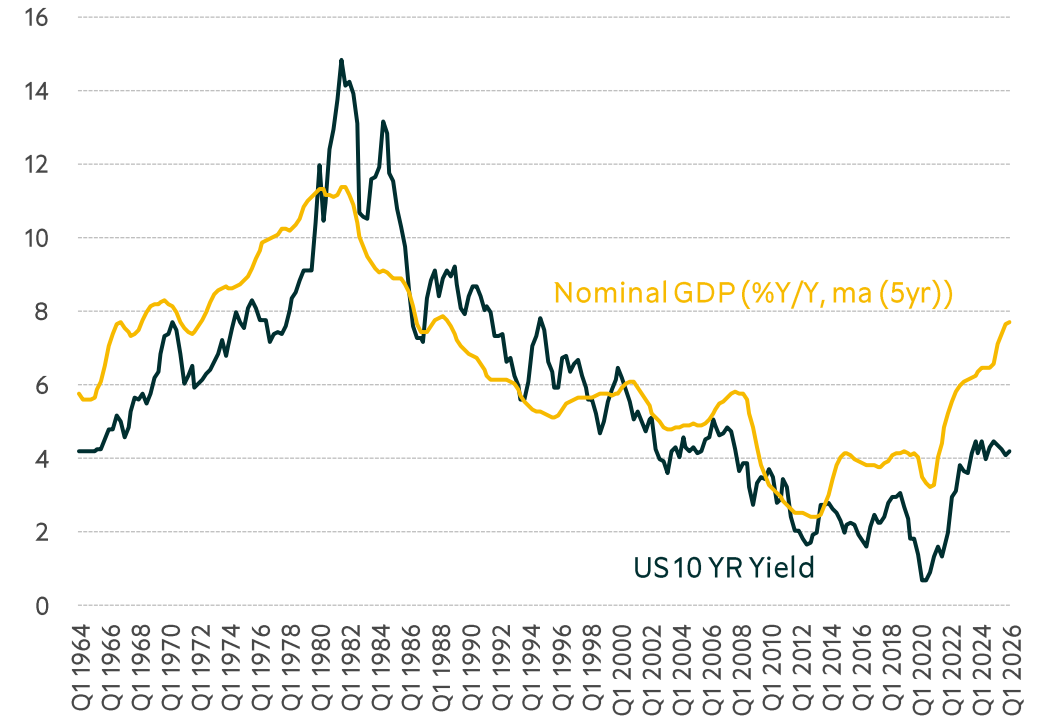


# Fiscal Policy | Slight increase in the Debt/Nominal GDP ratios in Q4 2025. The long-term trajectory remains concerning.

Debt / Nominal GDP

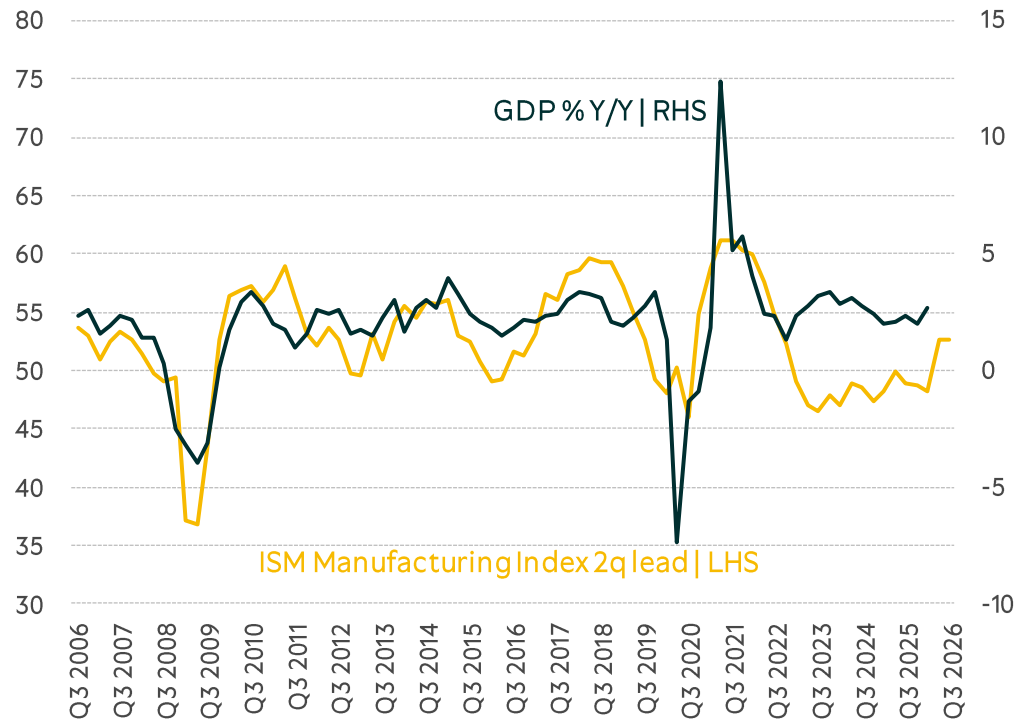


Fiscal Policy Sustainability

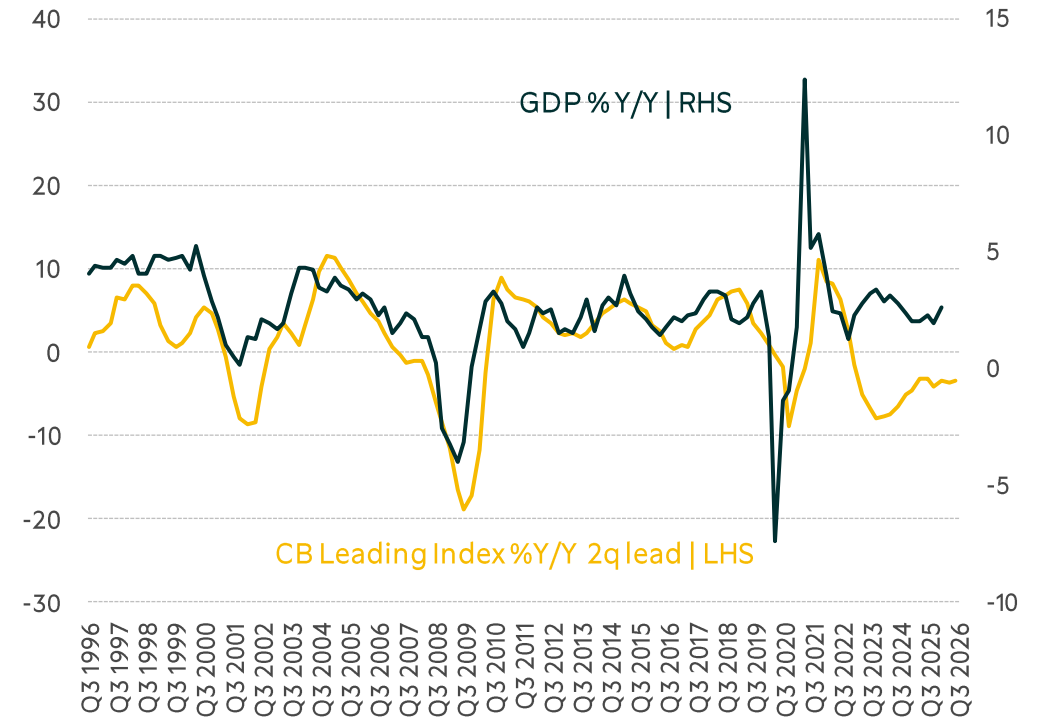


# US GDP Outlook | Leading indicators point to resilient growth in real GDP.

GDP & ISM Manufacturing Indicator

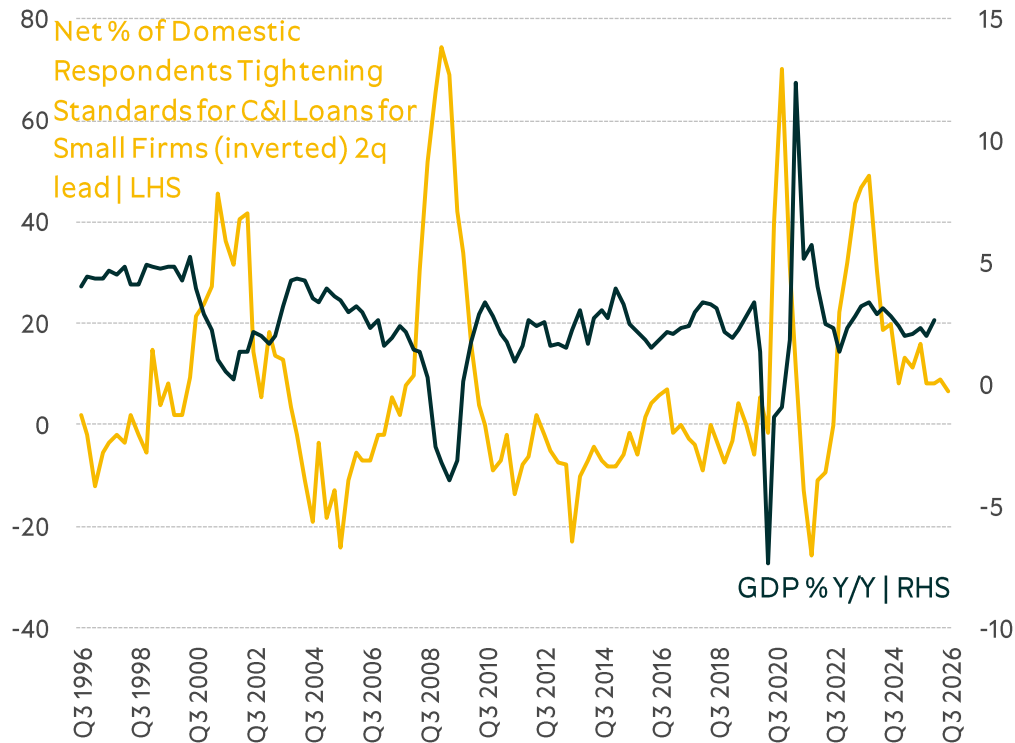


GDP & CB Leading Indicator

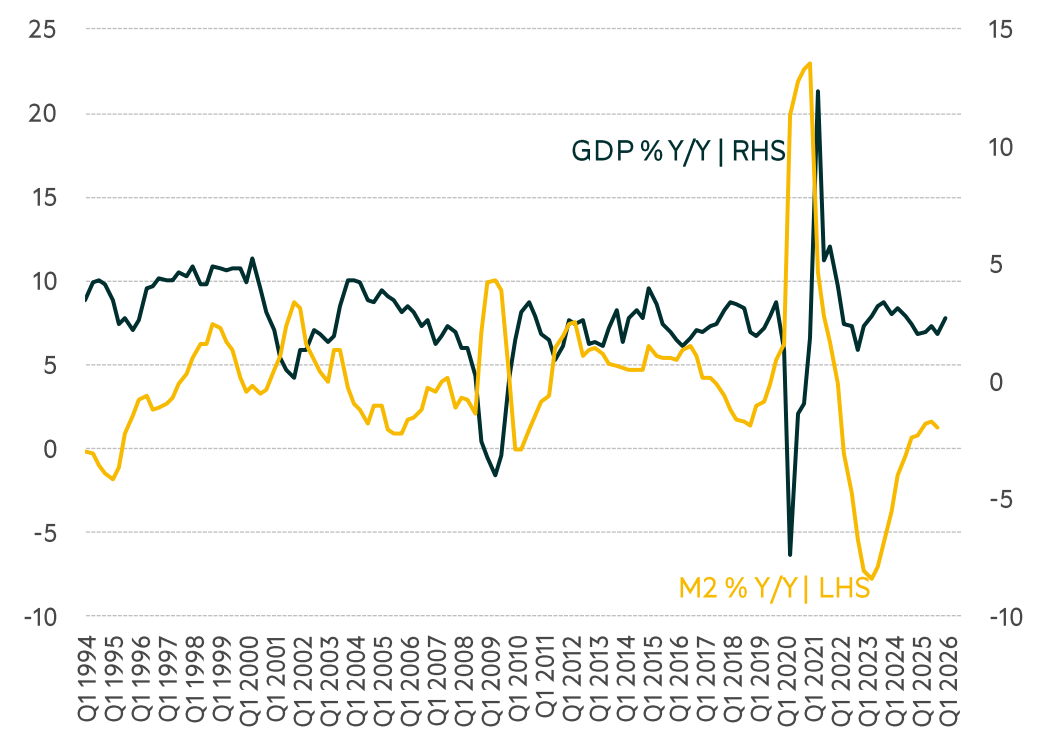


# US GDP Outlook | About 7% of banks tightened lending to small businesses. Real M2 growth is mildly expansionary.

Senior Loan Officer Opinion Survey on Bank Lending Practices

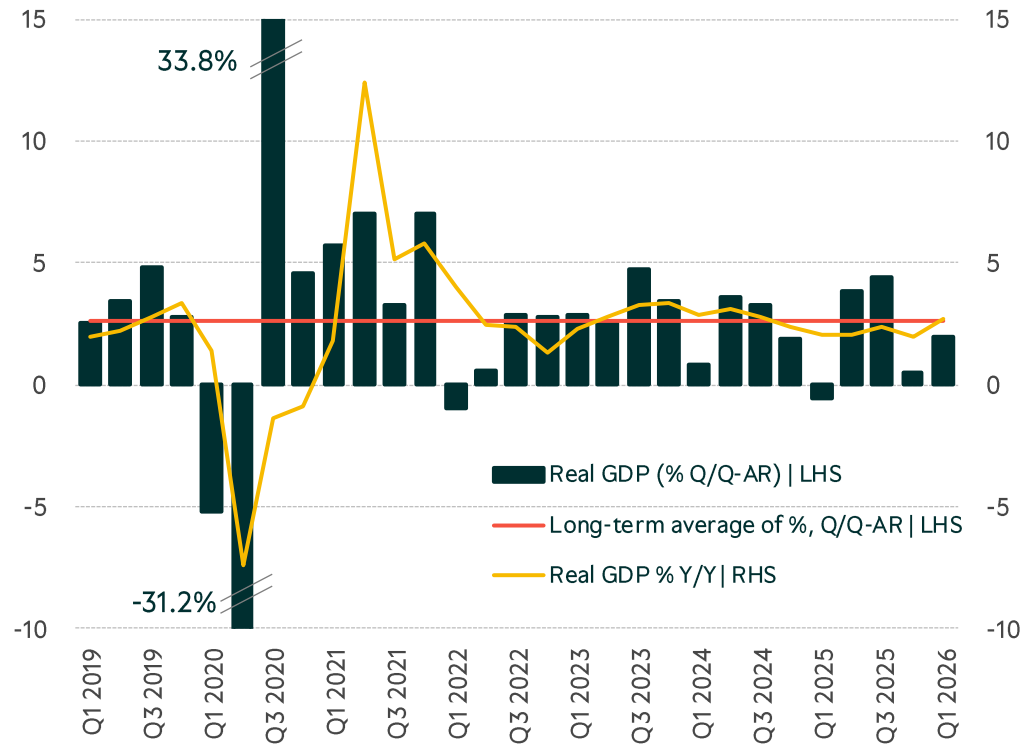


M2 growth vs GDP

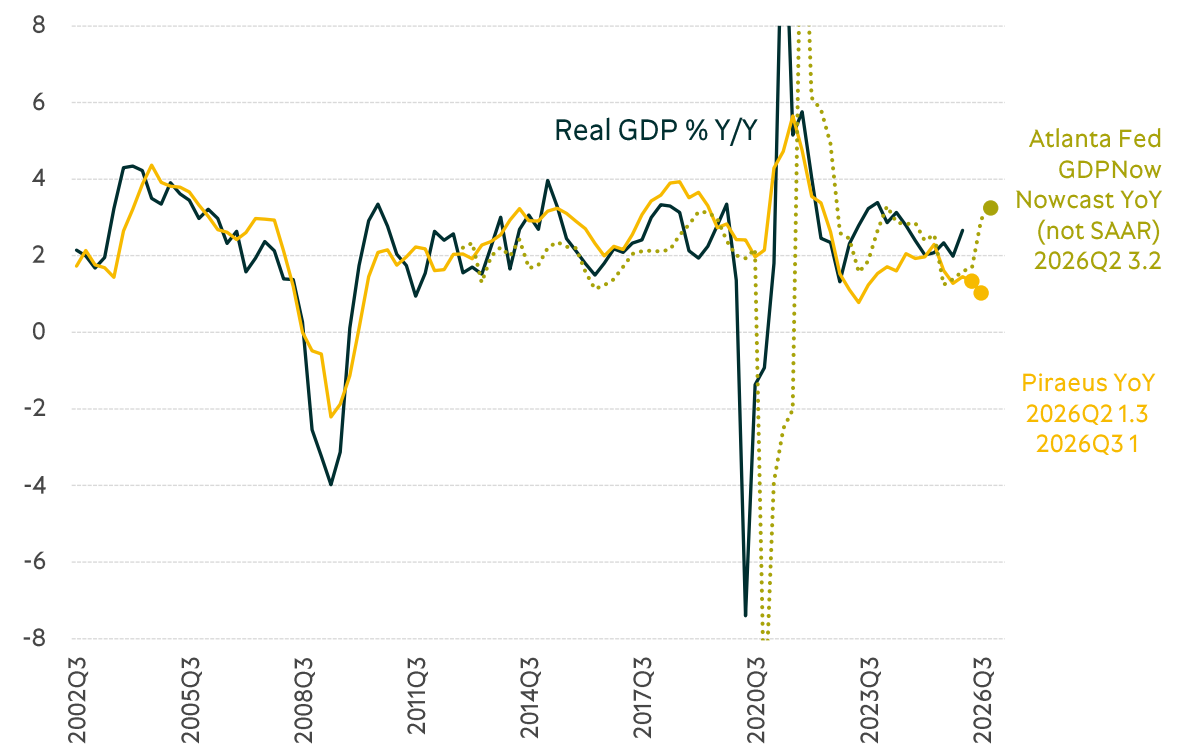


# US GDP Outlook | GDP growth picked up in Q1 2026 following the government shutdown in Q4 2025.

### Growth Rate Outlook

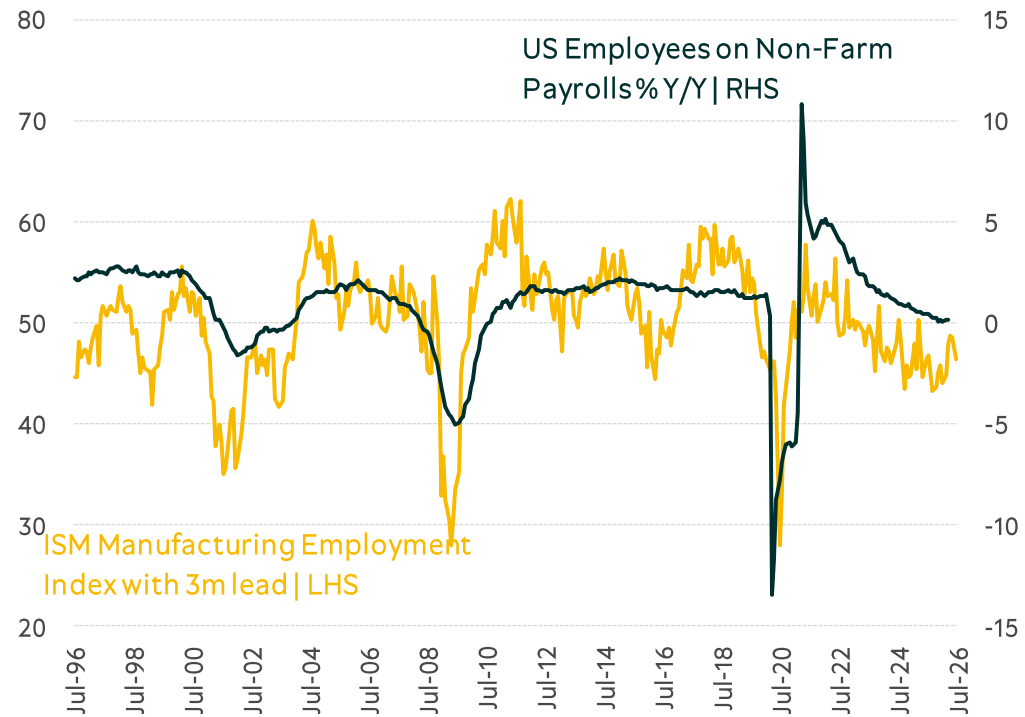


### Growth Rate Estimate

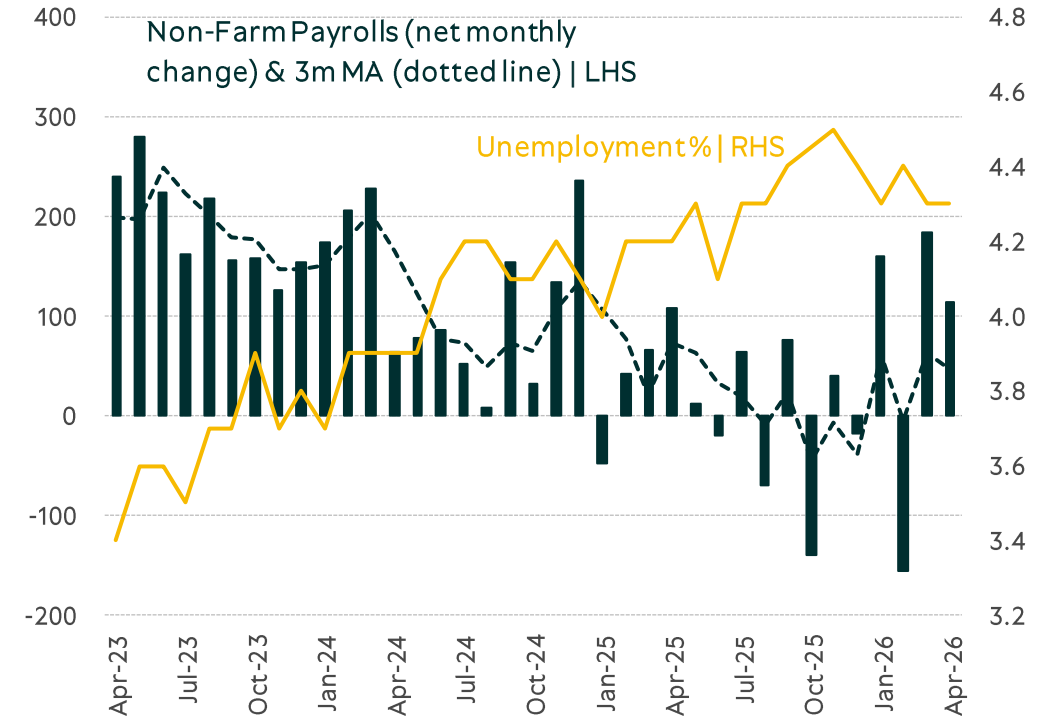


# US Labour Market | The April Jobs report surprised positively (Non-farm payrolls were higher and the unemployment rate remained stable).

Employment & Leading Manufacturing Indicator

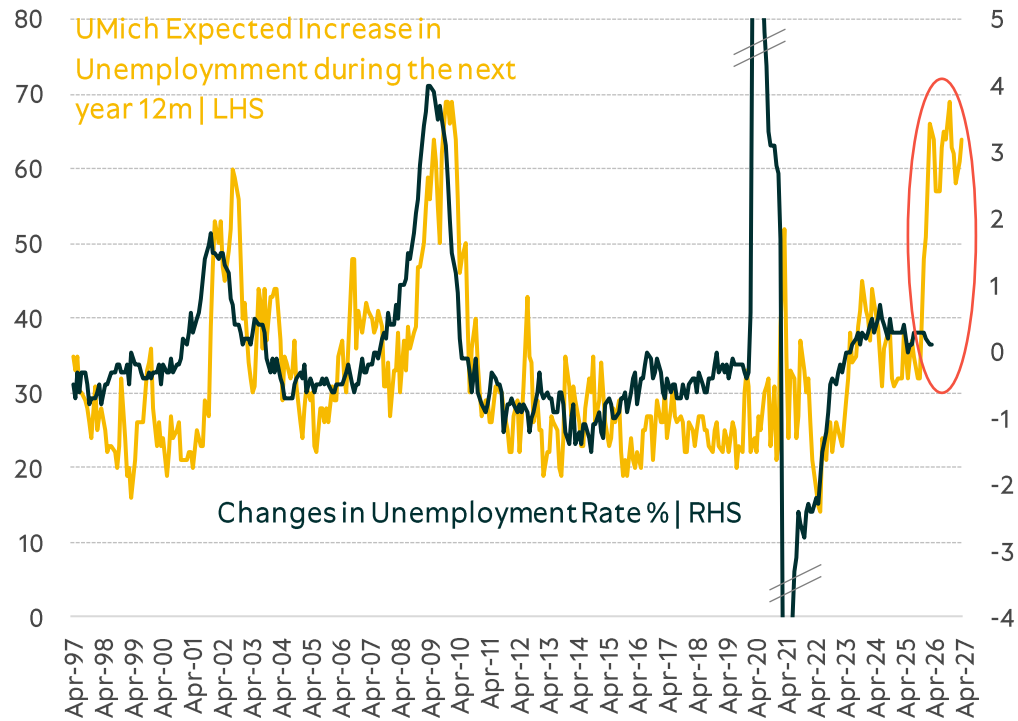


Nonfarm payrolls & Unemployment

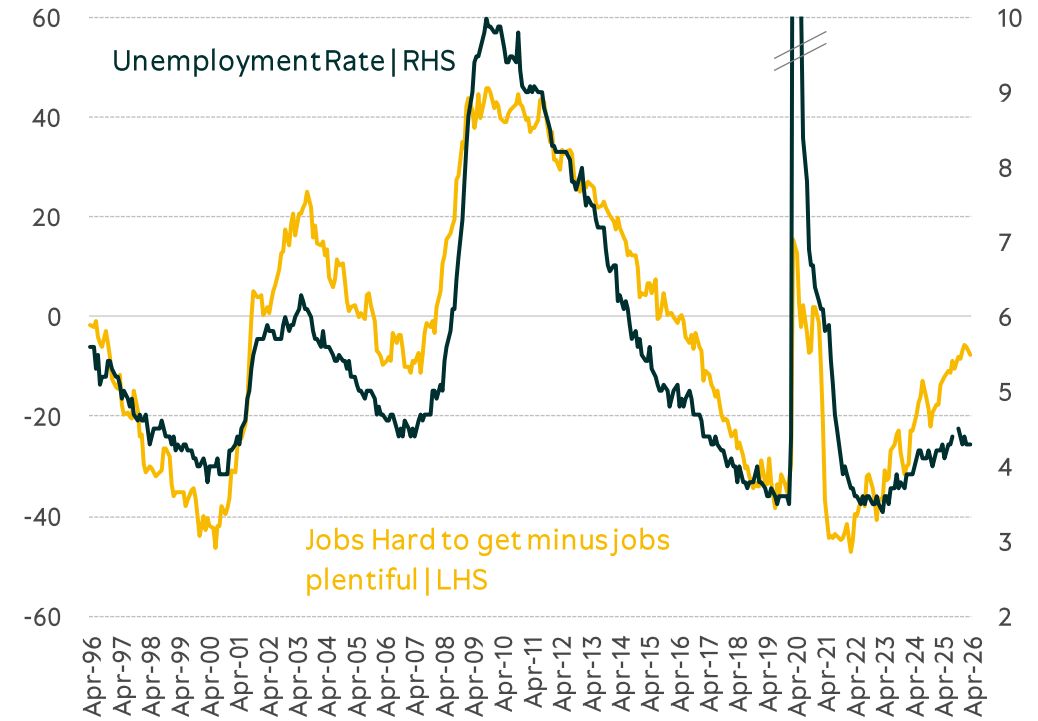


# US Labour Market | Unemployment expectations rose again in April. The gap between those saying jobs were hard to get and jobs were plentiful widened in April.

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

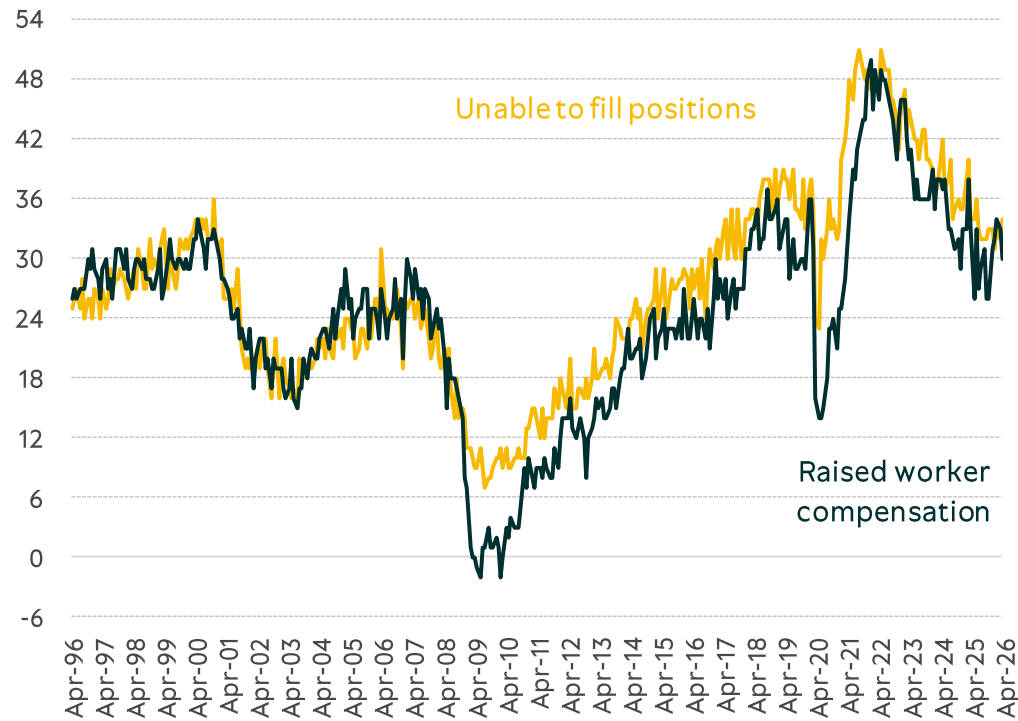


Conference Board Labor market differential & Unemployment rate

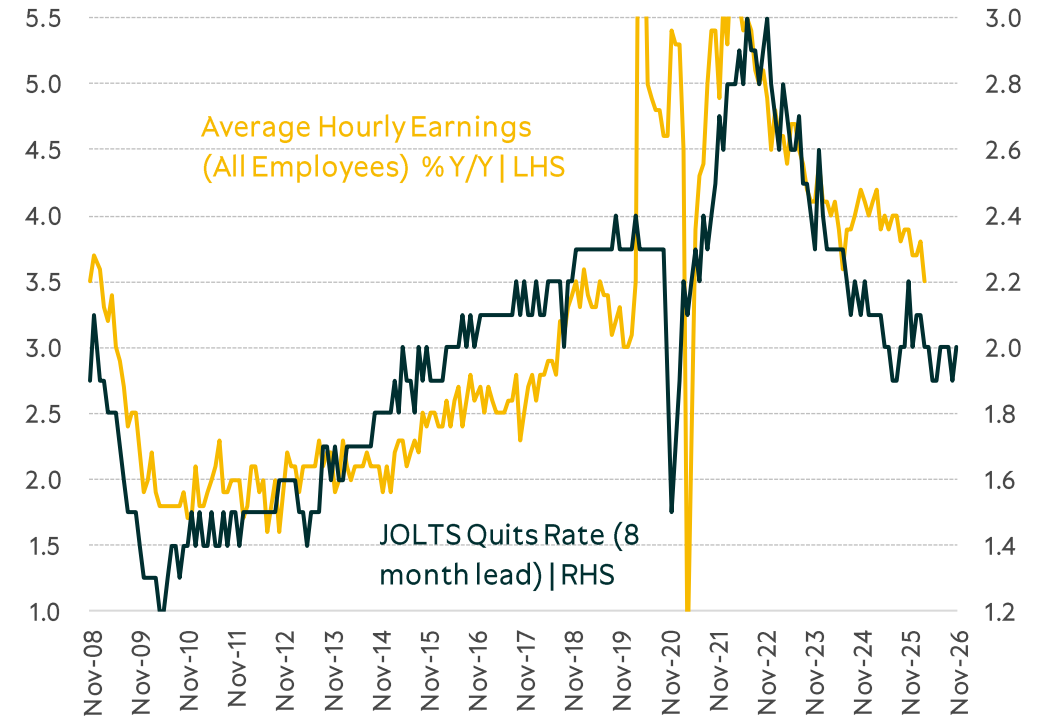


US Labour Market | According to April's NFIB survey a net 30% reported raising compensation (from 33%). The JOLTS Quits Rate rose to 2% in March and Avg Hourly Earnings fell to 3.5%.

US NFIB small business survey

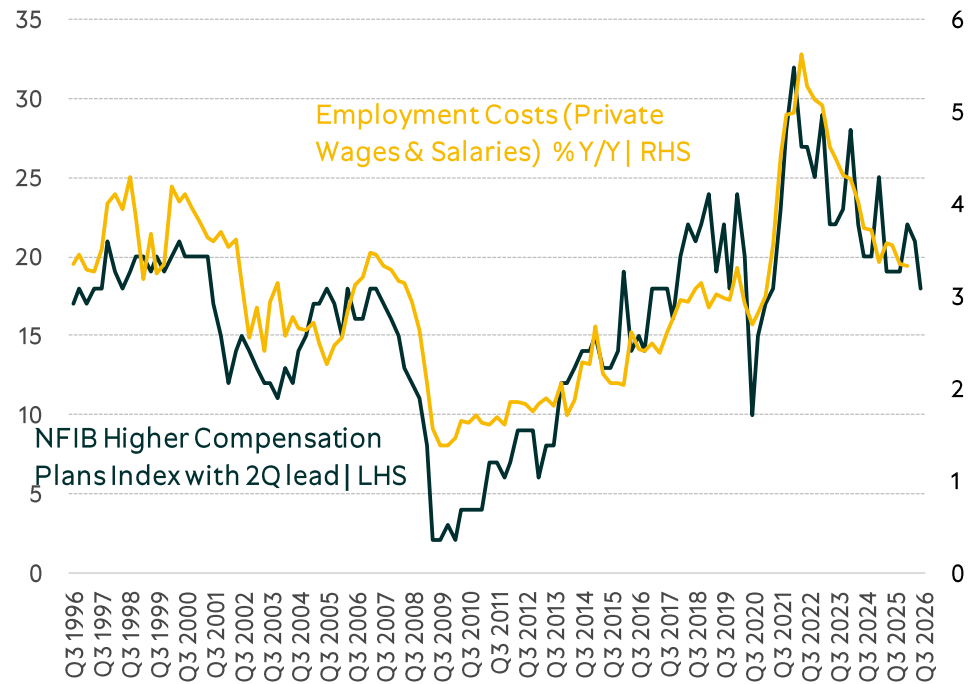


Wages & Quits Rate

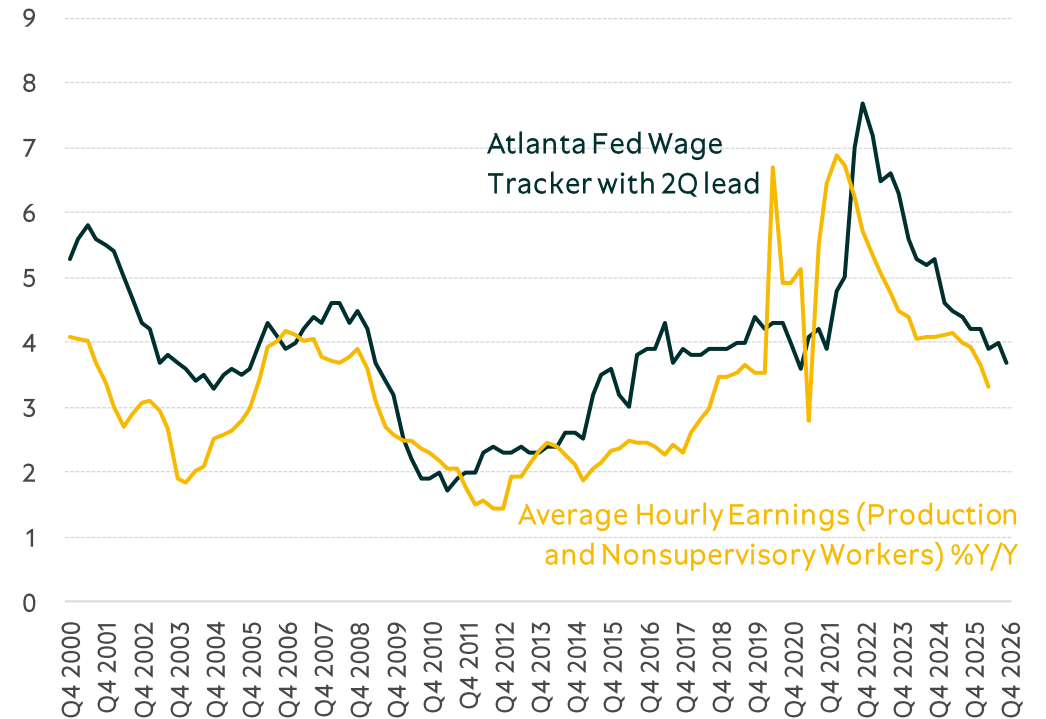


# US Wage Tracker | Private employment costs, Compensation plans, Average Hourly Earnings and Atlanta's Fed Wage Tracker are trending lower.

Employment Cost & Leading Indicator

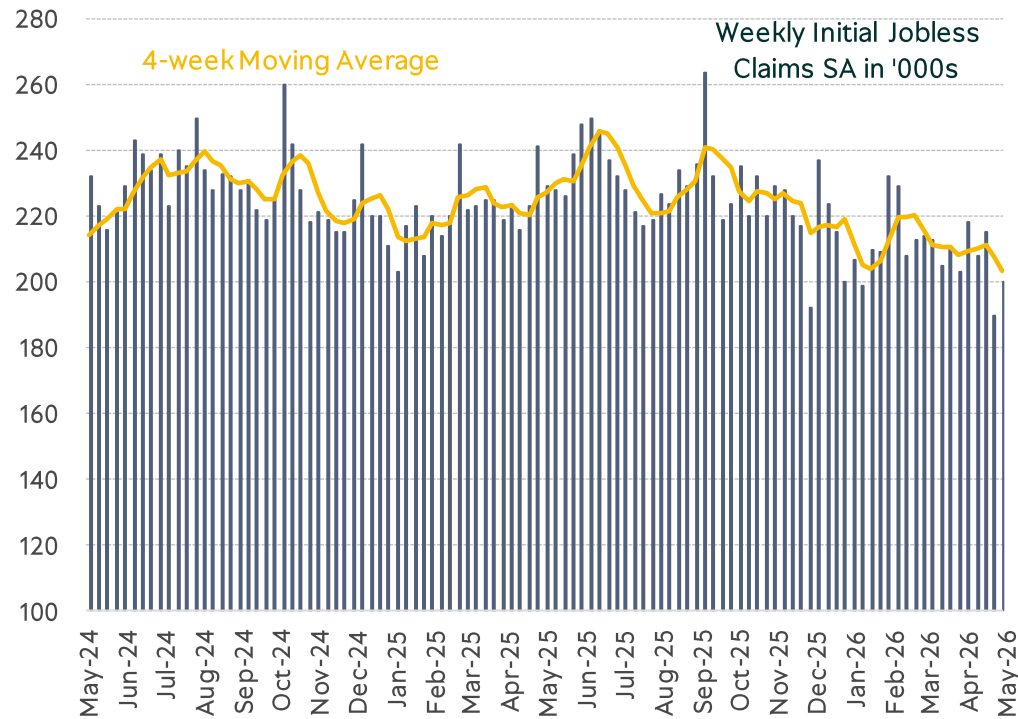


Wages & Leading Indicator

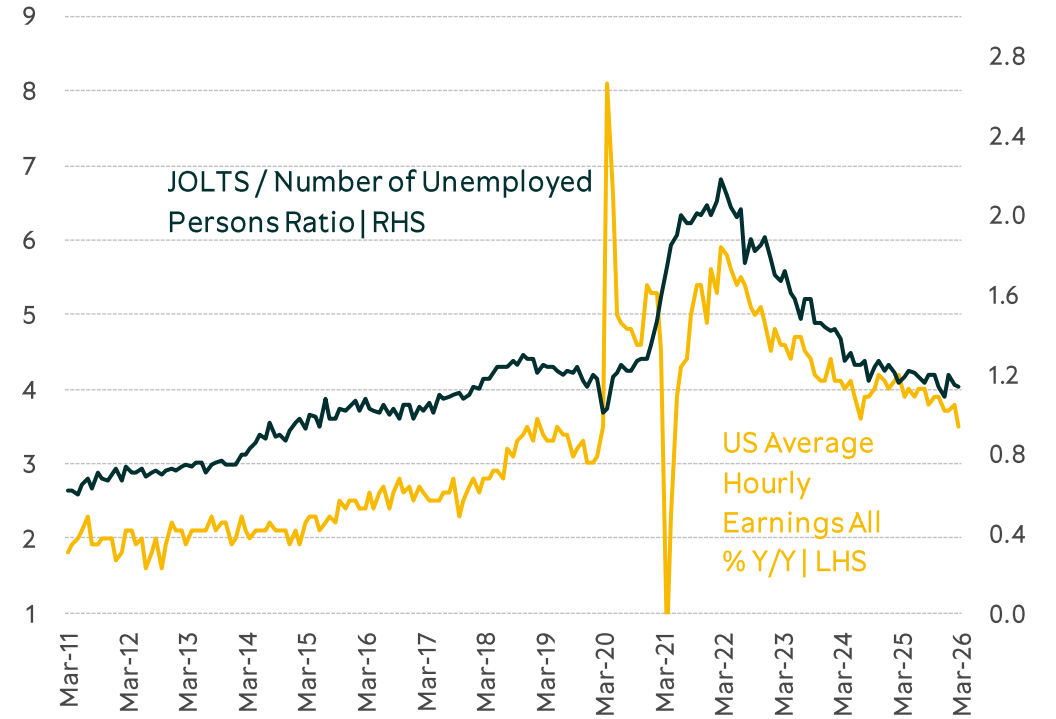


# US Labour Market | Weekly Initial Jobless Claims rose to 211k in mid-May. With job openings per unemployed at 1.14x, labour market tightness appears to have returned to more typical levels after the post-pandemic surge.

Weekly Initial Jobless Claims

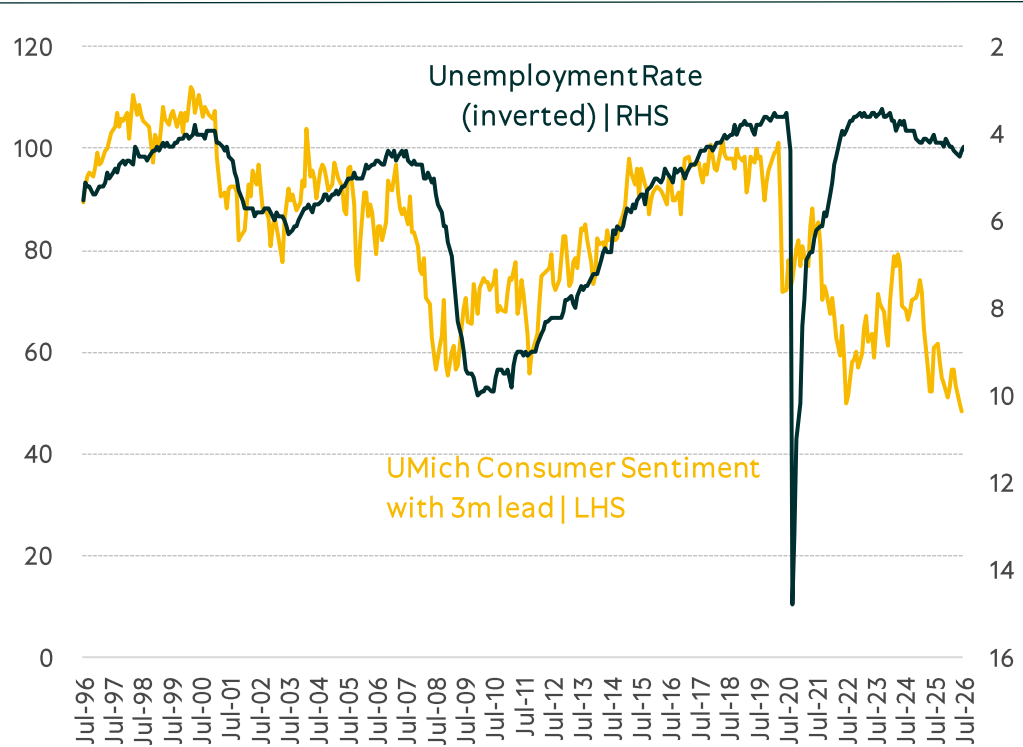


Demand & Supply in Labour Market

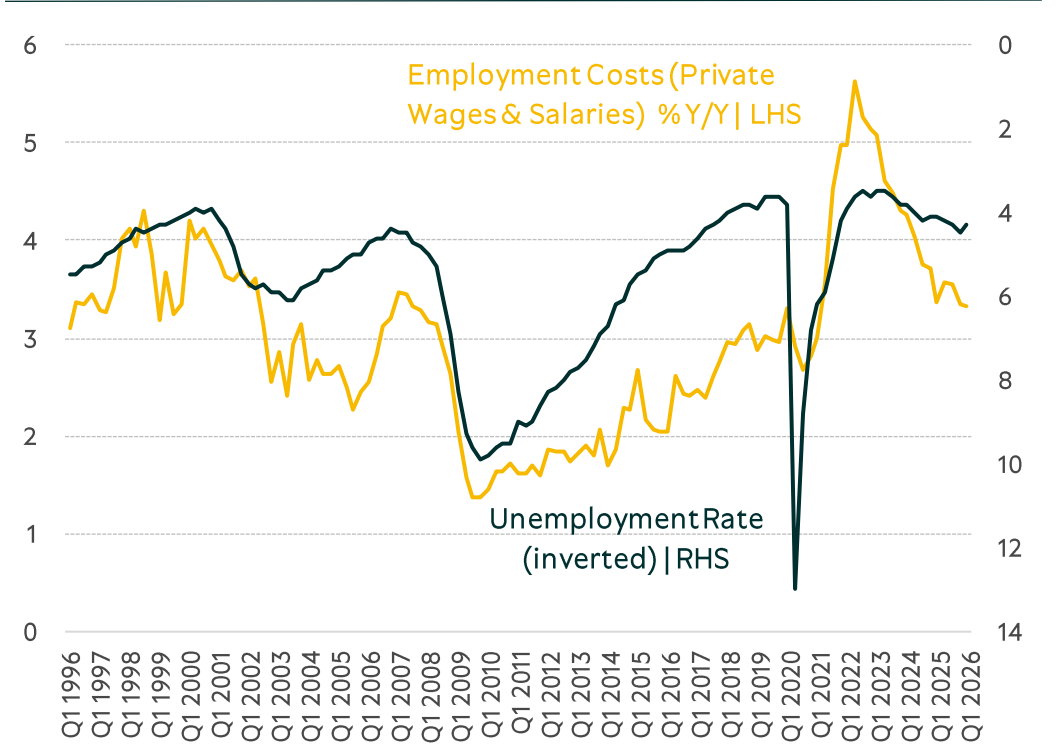


# US Labour Market | Consumer sentiment fell further in May. Private wages & salaries in Q1 continue to point to fading wage pressures.

Consumer Sentiment & Unemployment Rate

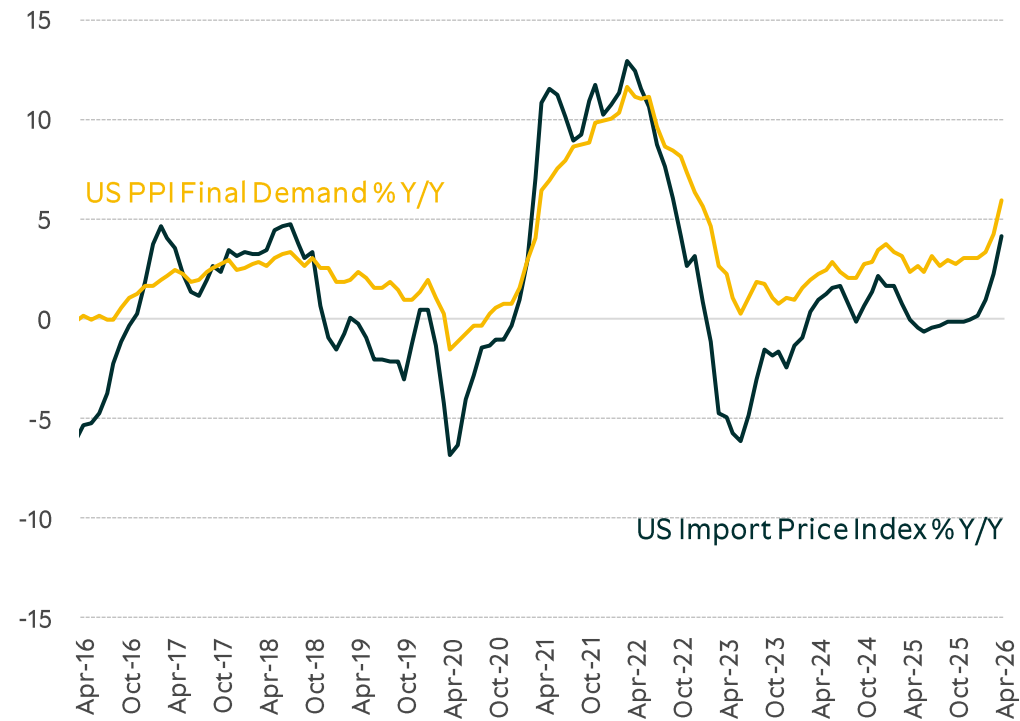


Compensation per Employee & Unemployment Rate

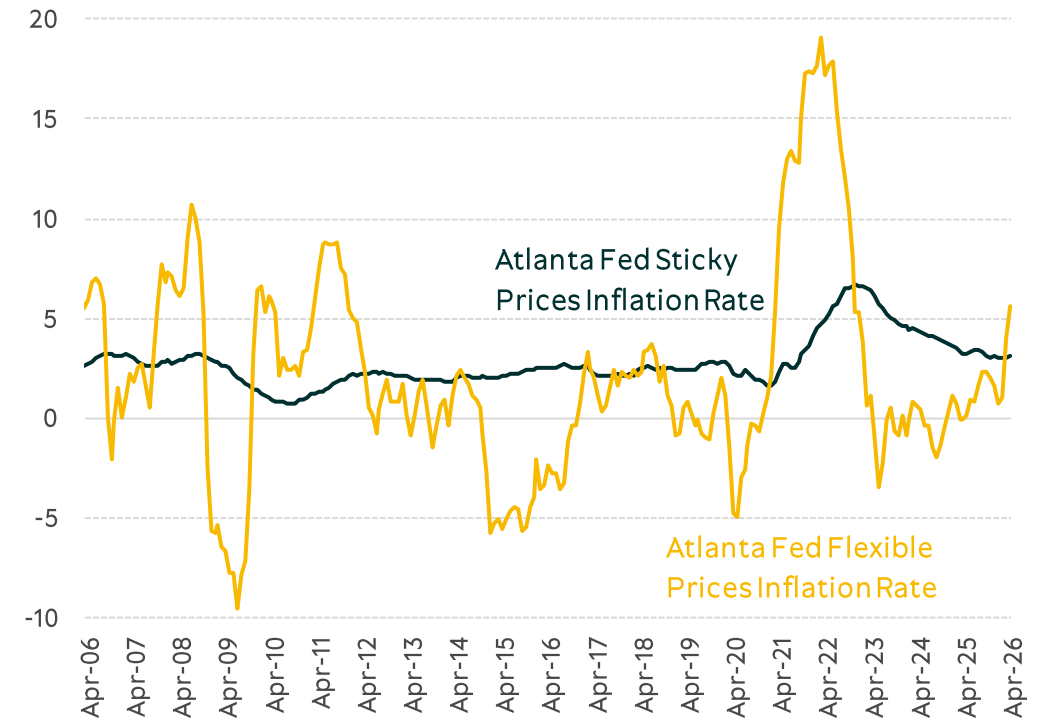


# US Alternative Inflation Metrics | Flexible prices rose significantly in April while sticky prices continue to be elevated. Producer prices rose to 6.0% year-over-year. Import prices to 4.2% in April from 2.1%.

Producers Price Index and Import prices

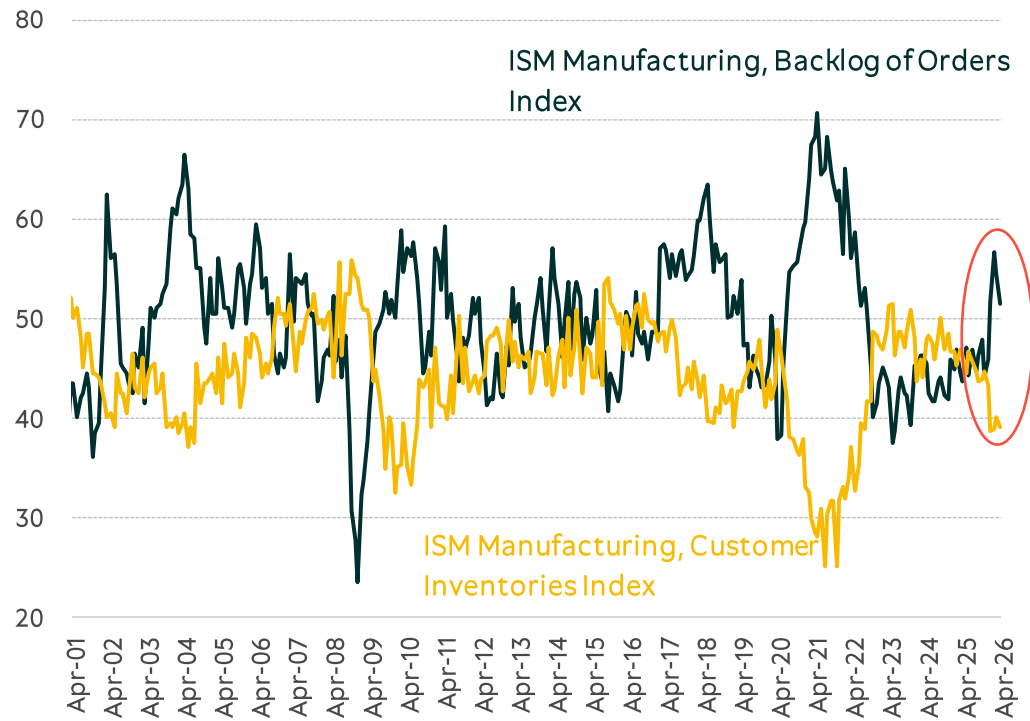


Sticky & Flexible Prices

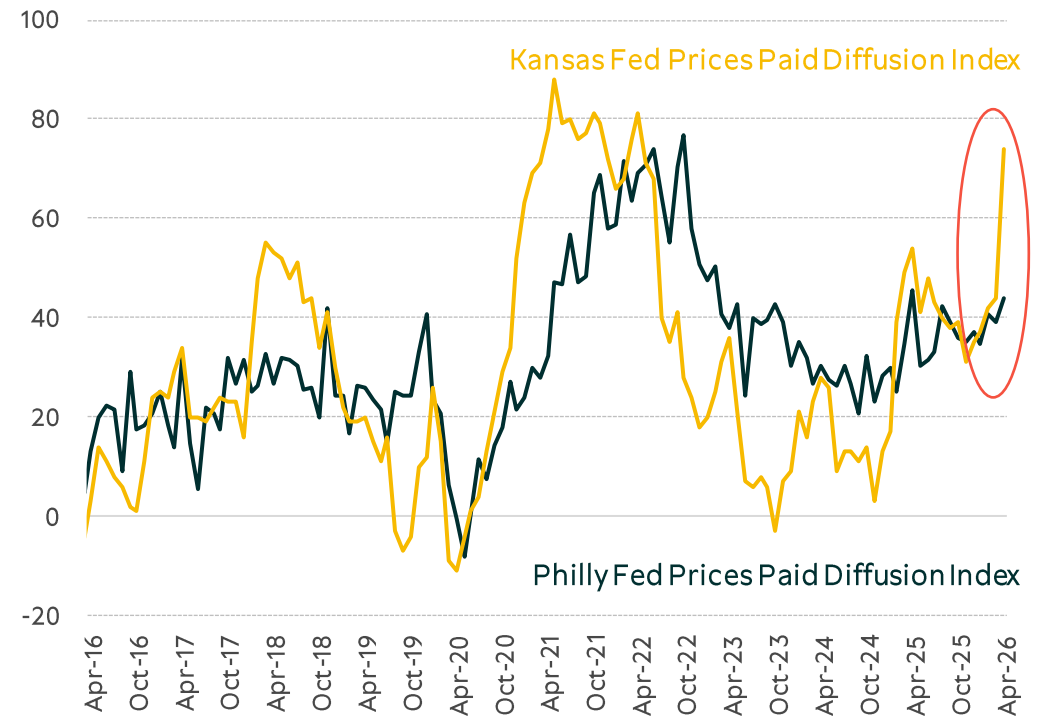


# US Supply & Demand Gap | Price pressures are evident across regional Fed surveys (and ISM).

### Backlog of Orders & Customer Inventories Relation

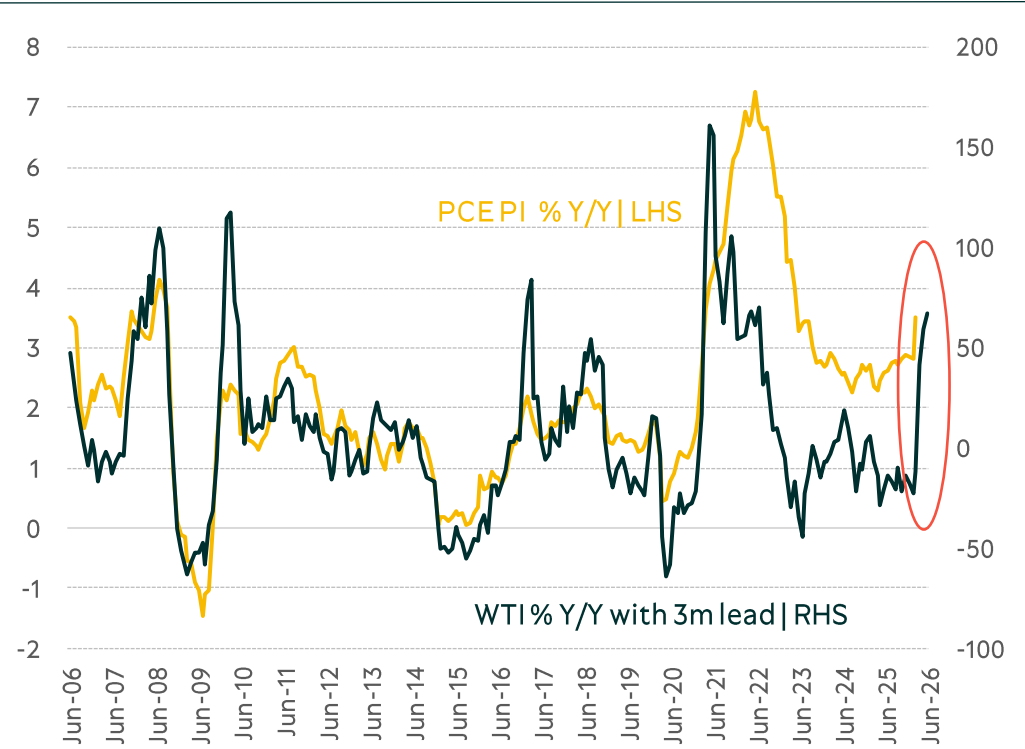


### Leading Prices Indicators

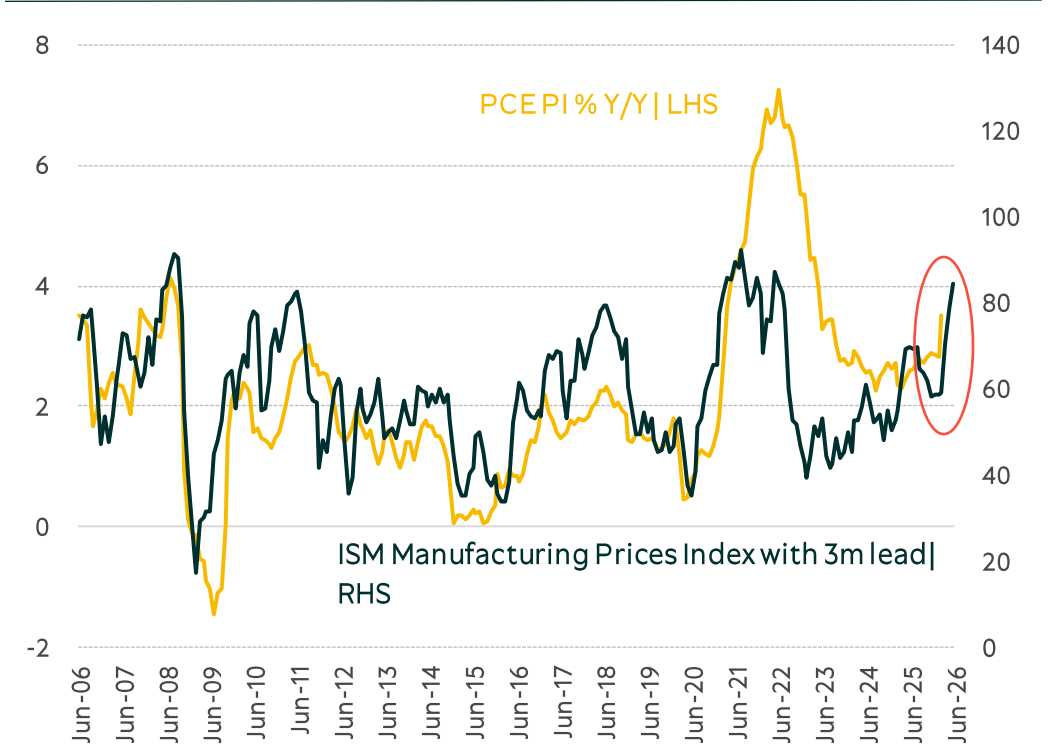


# US Inflation & Energy Prices | Elevated energy prices pose an upside risk to PCE inflation. At the same time the ISM Manufacturing Prices Paid index rose significantly in April.

Inflation Rates & Energy Prices

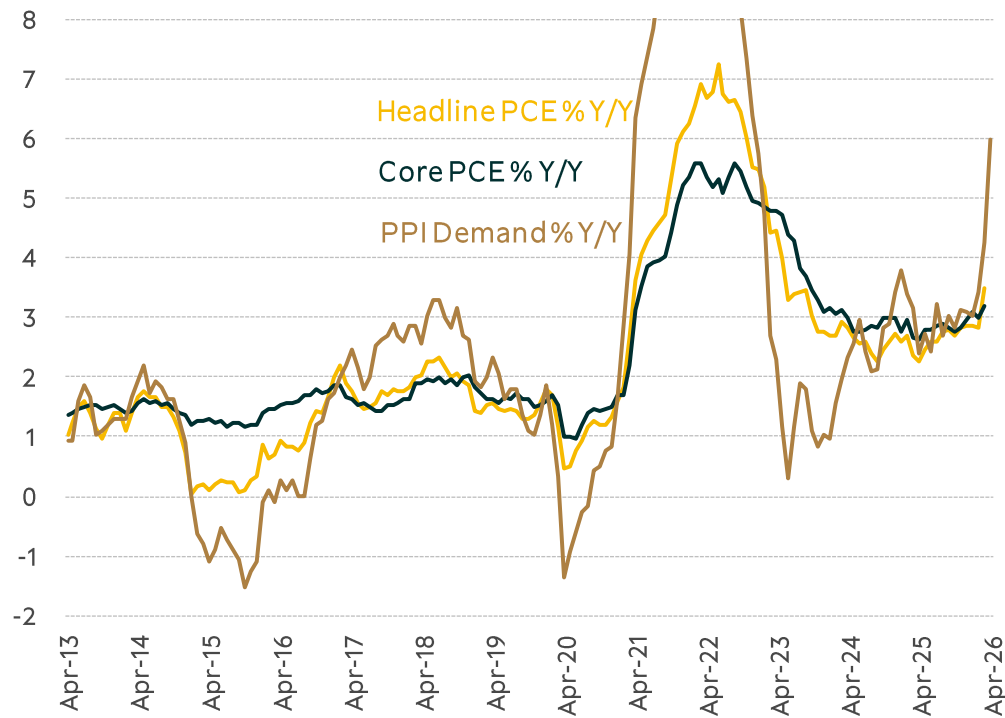


Inflation Rate & Leading Prices Indicator

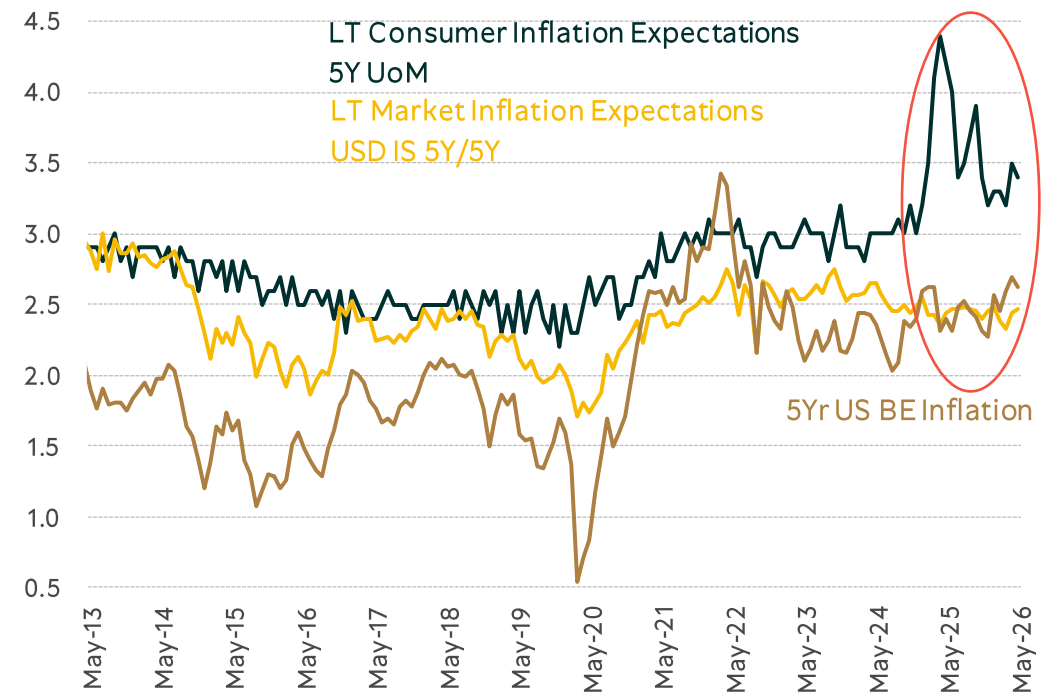


# US Headline & Core Inflation | April data showed worrying signs of actual price pressures. Upside risks to future headline and core PCE. Consumers' long-term view on inflation remains higher than market's (3.4% vs 2.5%).

### Inflation Rates

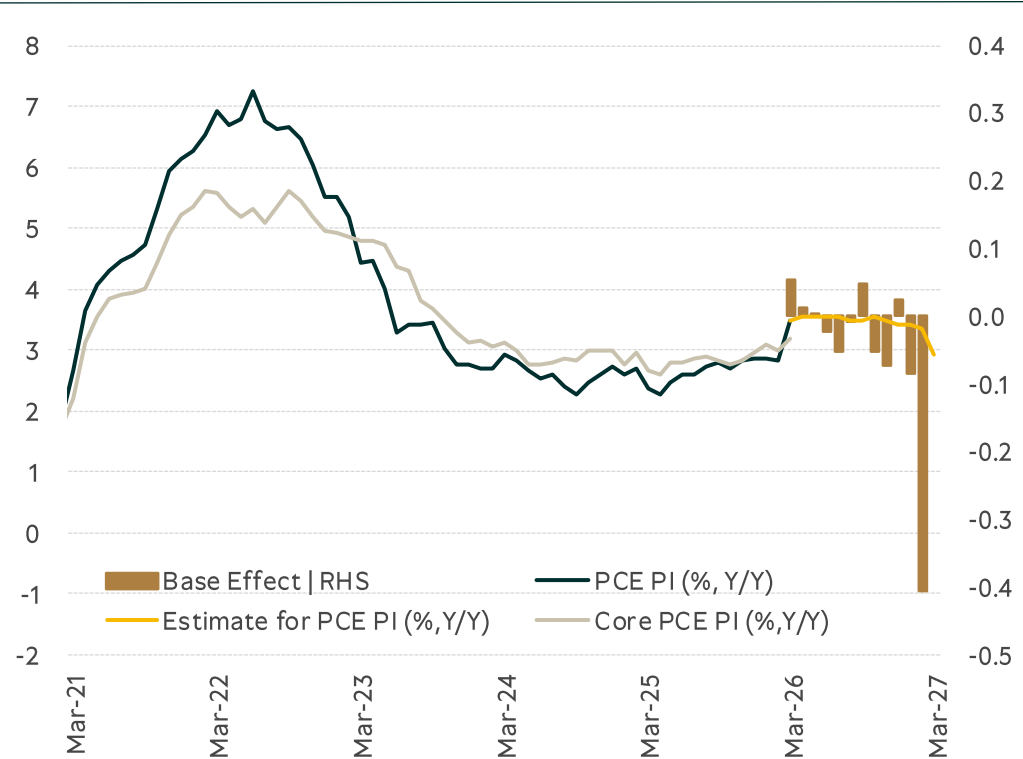


### Long-Term Inflation Expectations

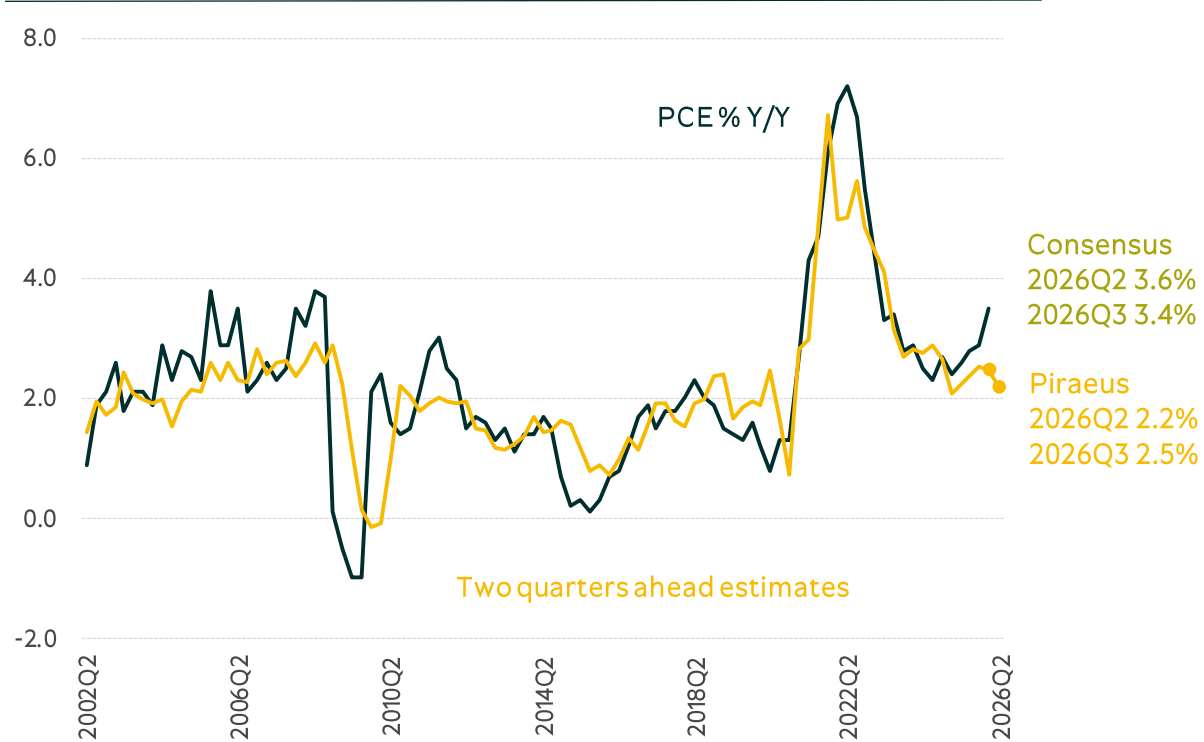


# US Inflation Outlook | Our statistical model points to elevated PCE inflation through 2026. Our macro model has not yet captured the recent oil price increase.

### Inflation Rate Forecast | Statistical Model

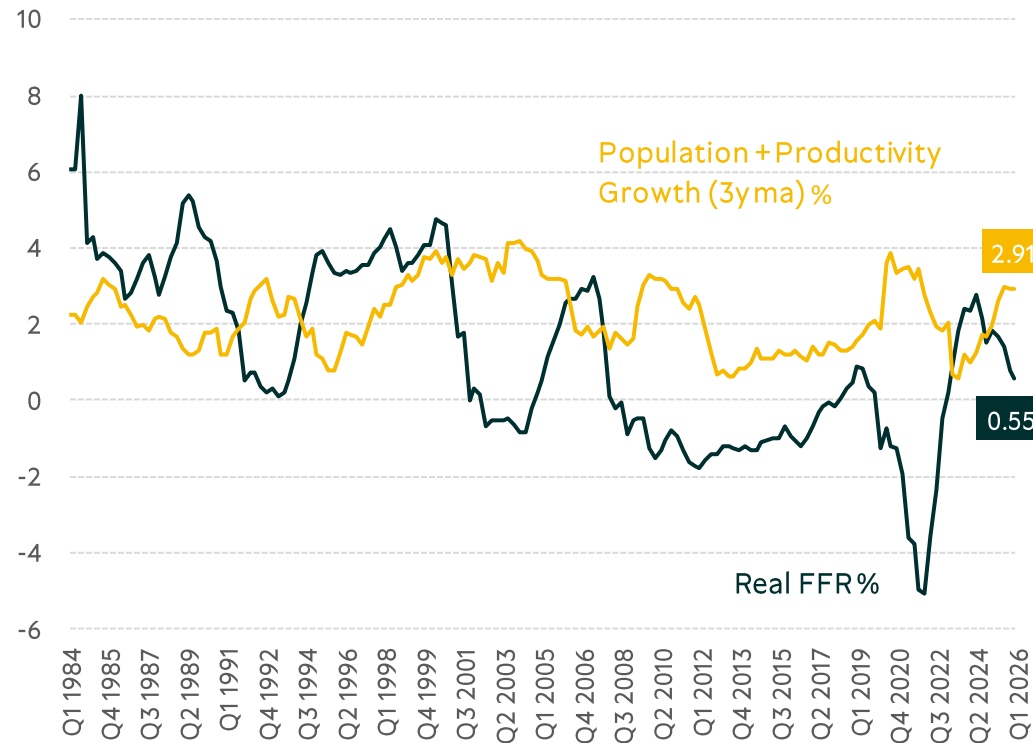


### Inflation Rate Forecast | Macro Model

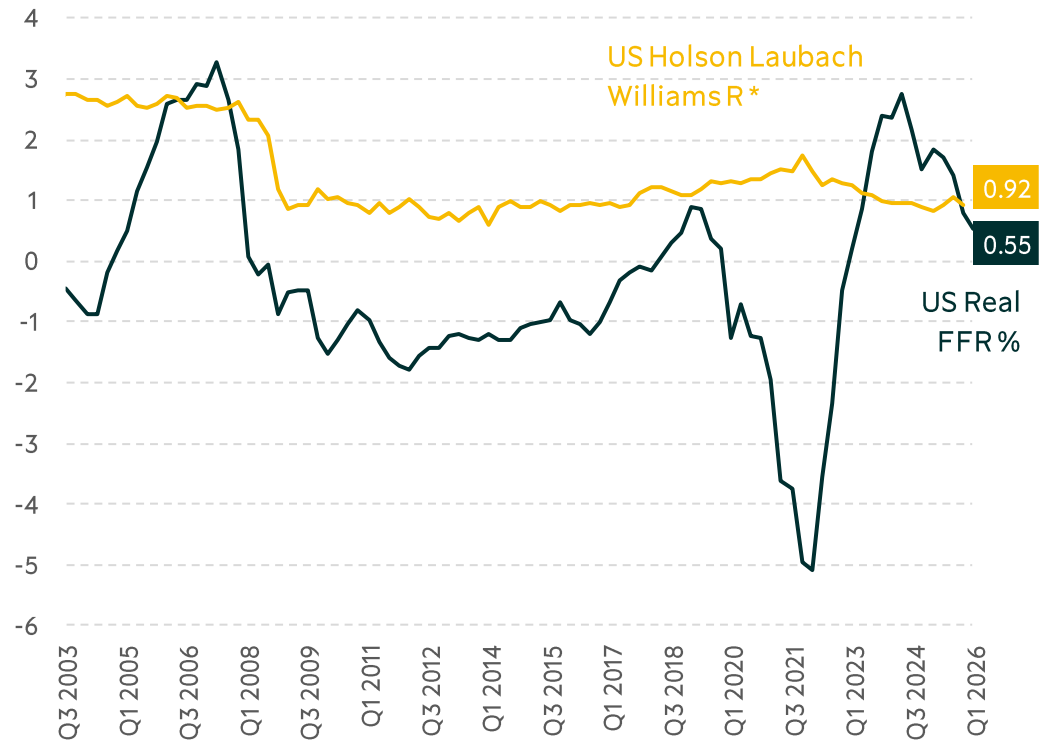


# US Interest Rates | After a strong increase in Q2 and Q3, US productivity growth decelerated in Q4 2025; real policy rate is currently below neutral rate HLW R\*

Population + Productivity growth (3y ma) & US Real Fed Fund Rate

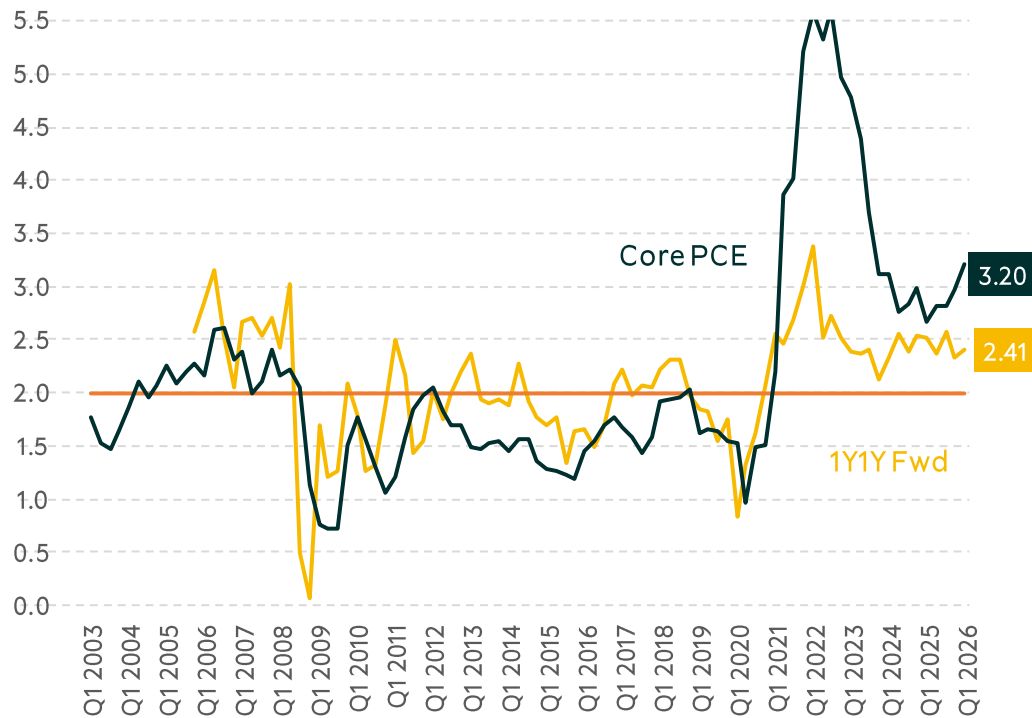


US Holson Laubach Williams R\* & US Real Policy Rate (Fed Fund Rate - Core PCE)

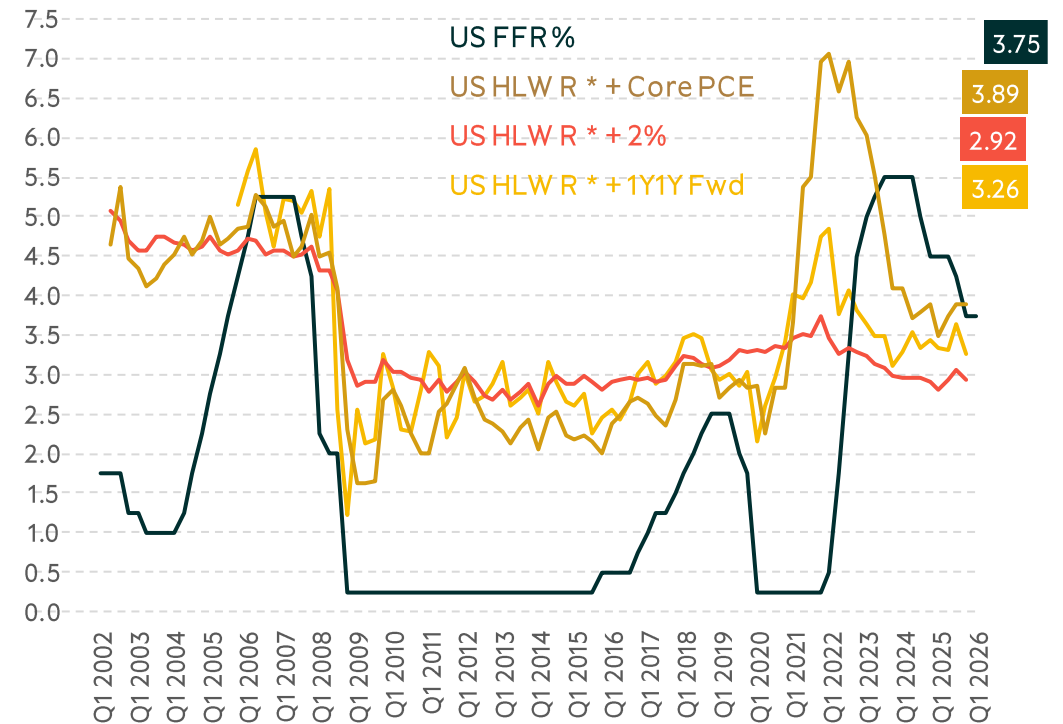


# US Interest Rates | US Inflation expectation pick-up at the beginning of 2026; Fed Fund Rate & Adjusted HLW R\*

US Inflation & Inflation Expectations one year ahead

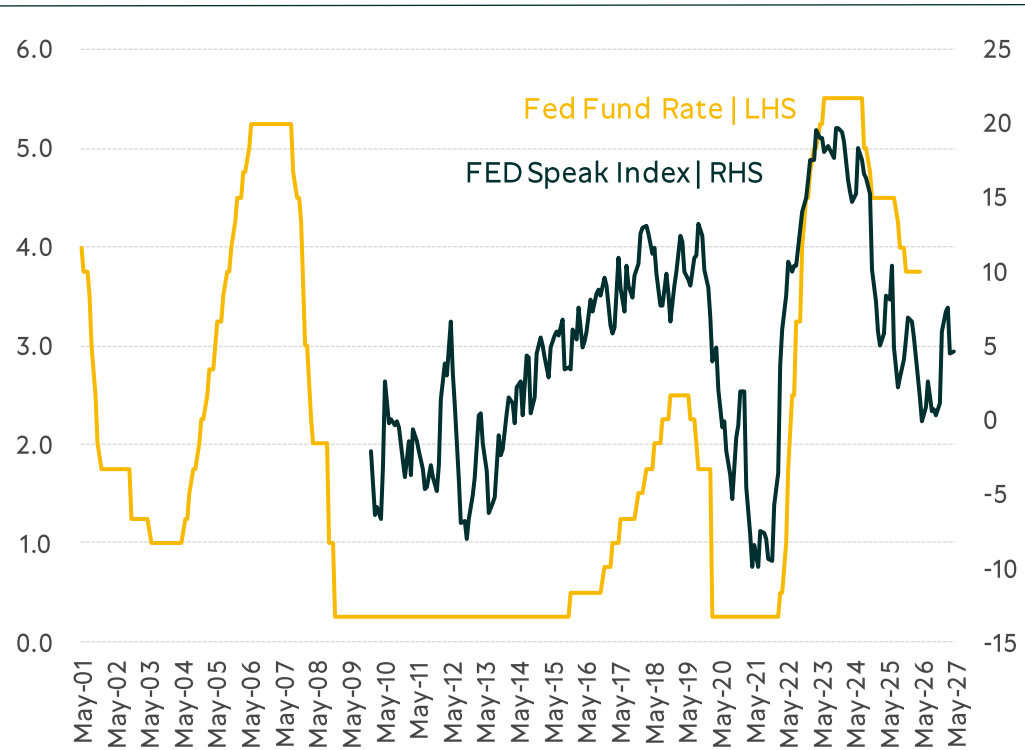


US FFR Rate & Nominal HLW R\*

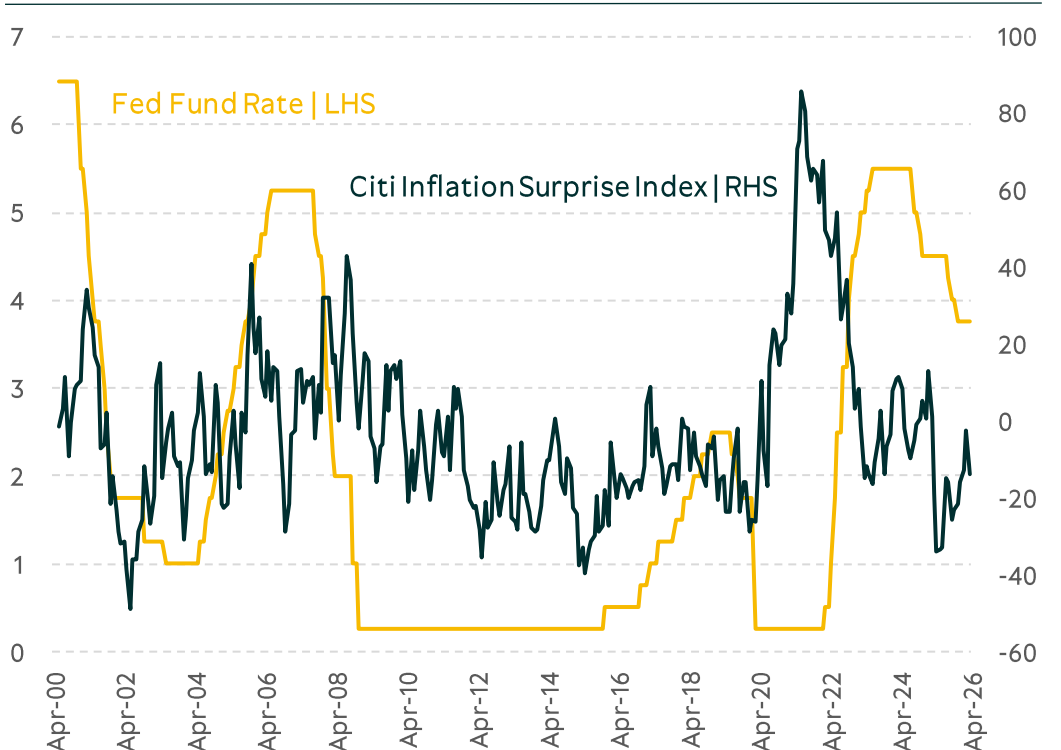


# US Interest Rates | Fed Speak Index above zero; Negative price surprises relative to market expectations

### Fed Speak Index & Fed Fund Rate



### Inflation Surprises & Fed Fund Rate

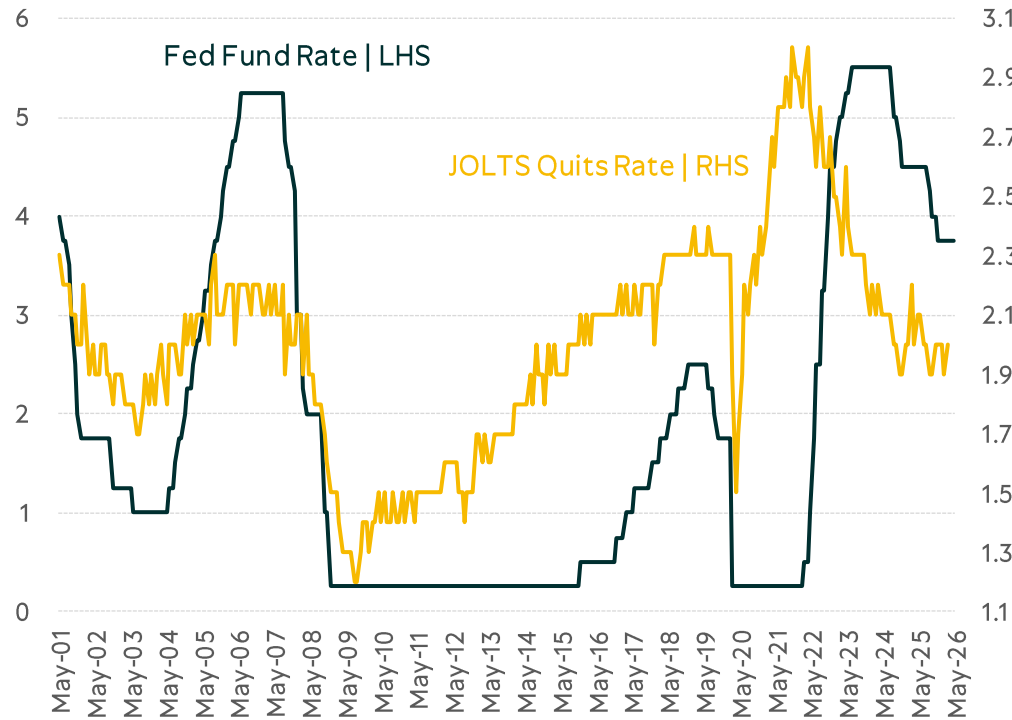


Positive index → Indicates a hawkish tone, meaning the central bank is leaning toward tightening monetary policy (raising interest rates, reducing liquidity).  
 Negative index → Indicates a dovish tone, meaning the central bank is inclined toward easing monetary policy (lowering rates, adding liquidity).

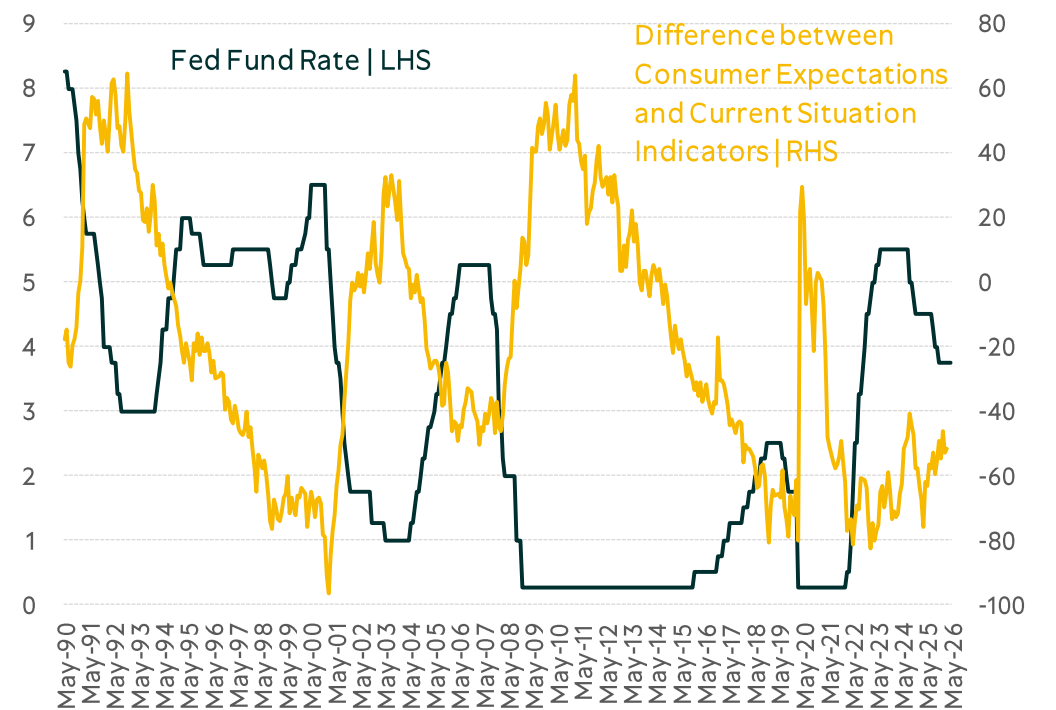
Positive index → Indicates that inflation has been higher than expected  
 Negative index → Indicates that inflation has been lower than expected

# US Interest Rates | JOLTS Quits Rate & Consumer Expectations point to lower Fed Fund Rate.

Fed Fund Rate & Quits Rate

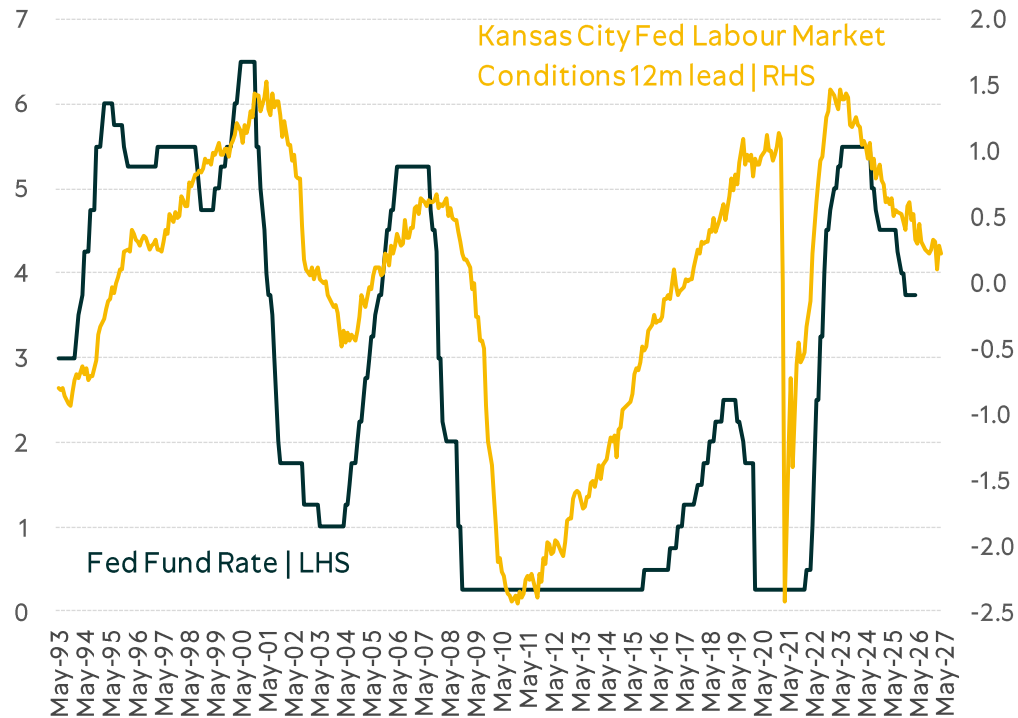


Fed Fund Rate & Difference between Consumer Expectations and Current Situation Indicators (Conference Board)

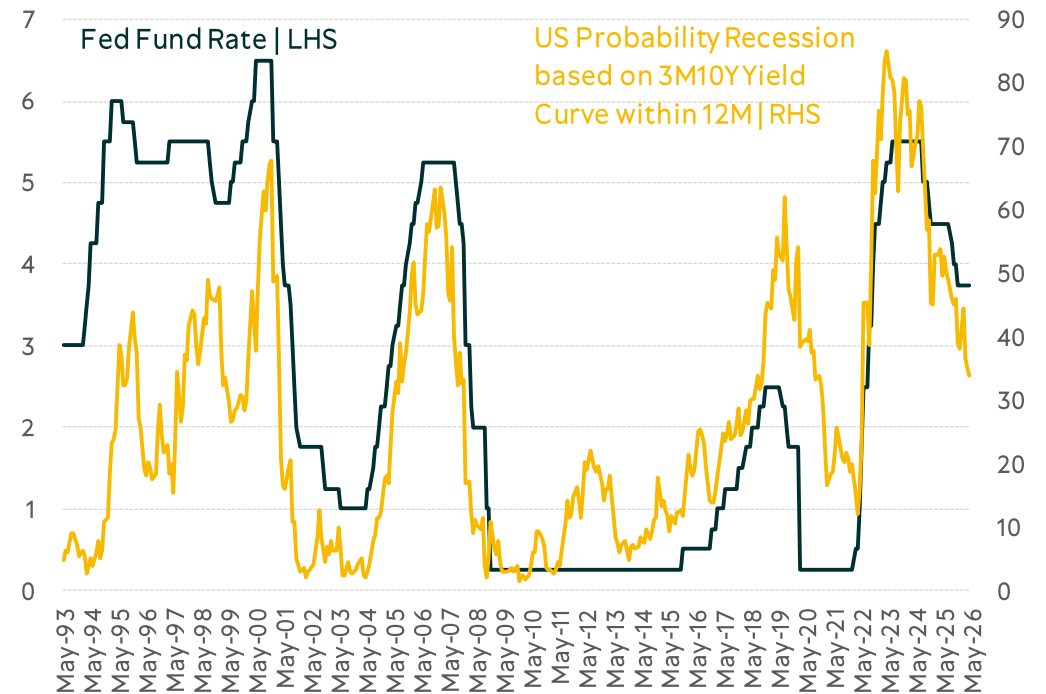


# US Interest Rates | Kansas Fed Labour Market Conditions (12m lead) & Recession probability vs policy rate

Fed Fund Rate & Kansas City Fed Labour Market Conditions

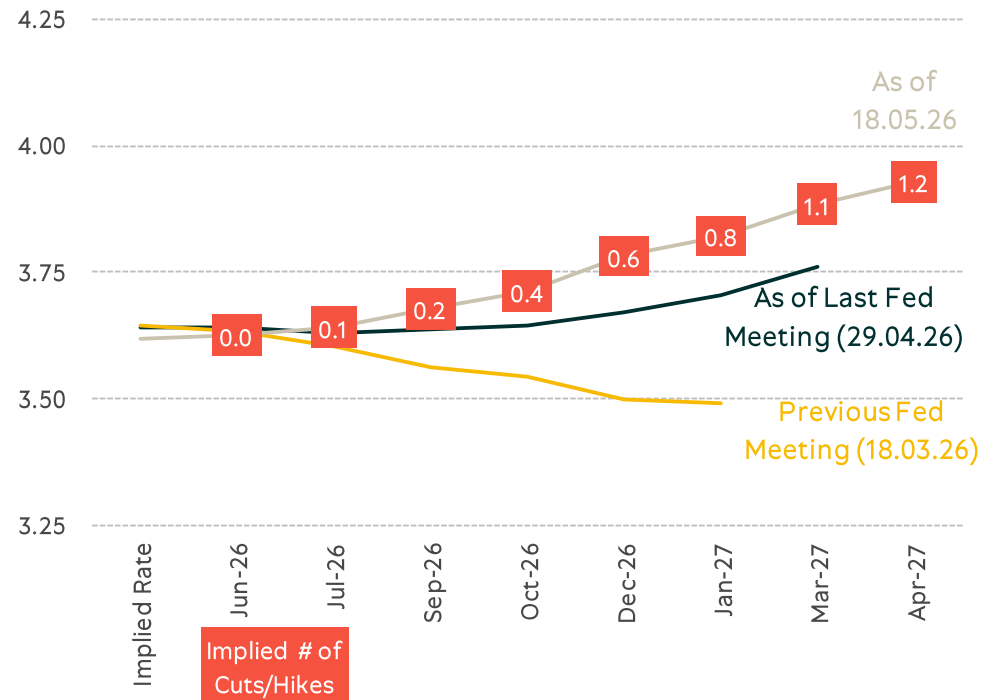


Fed Fund Rate & Probability Recession based on Yield Curve 3M10Y within 12M

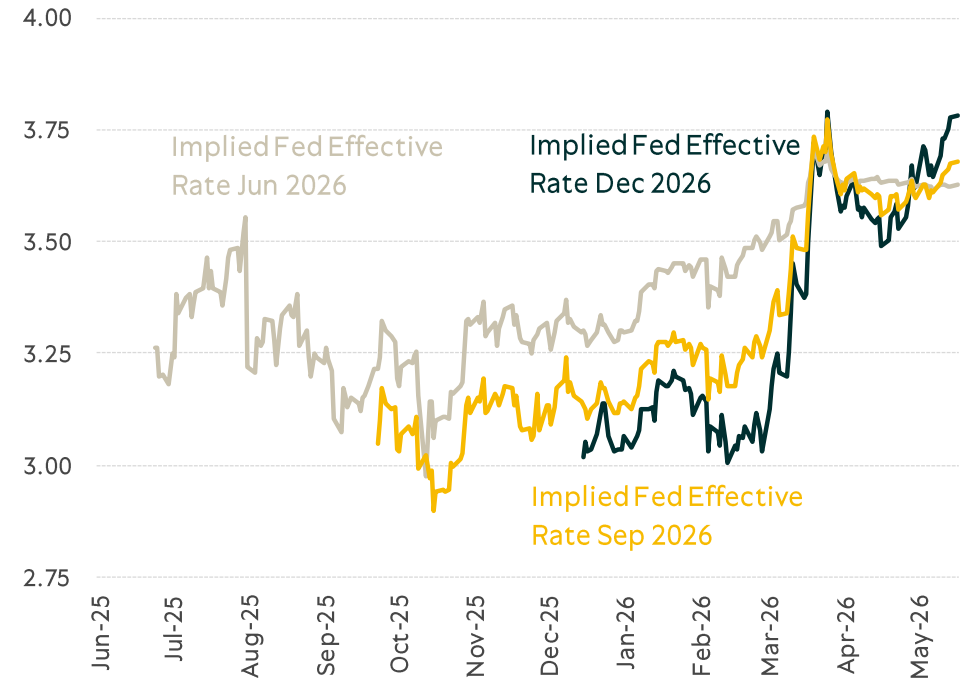


# US Interest Rates | Almost one hike is anticipated by markets for 2026.

Implied Overnight Rate based on Overnight Index Swaps

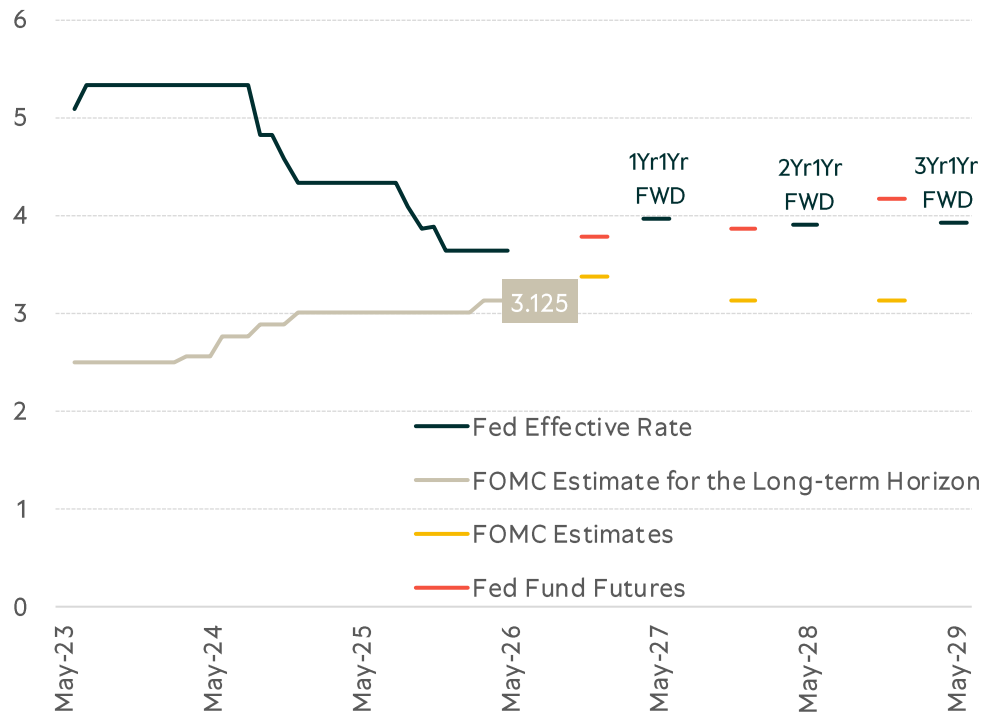


Interest Rates | Implied Fed Effective Rate

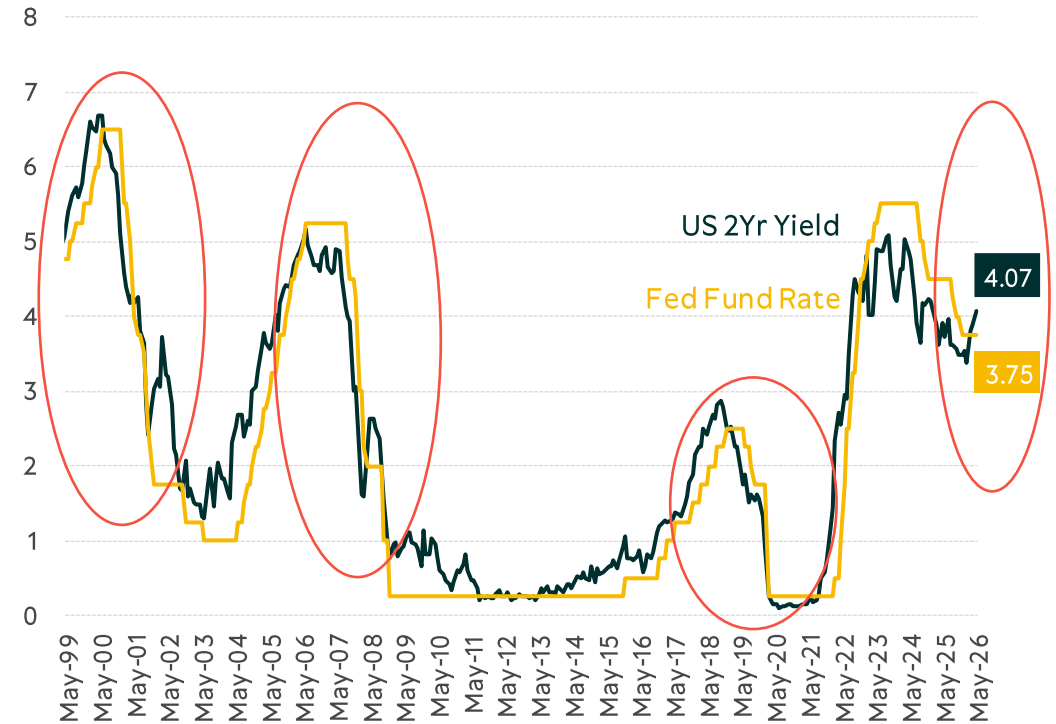


# US Interest Rates | Forward rates are above FOMC's long-term target.

Interest Rates | Fed Effective Rate



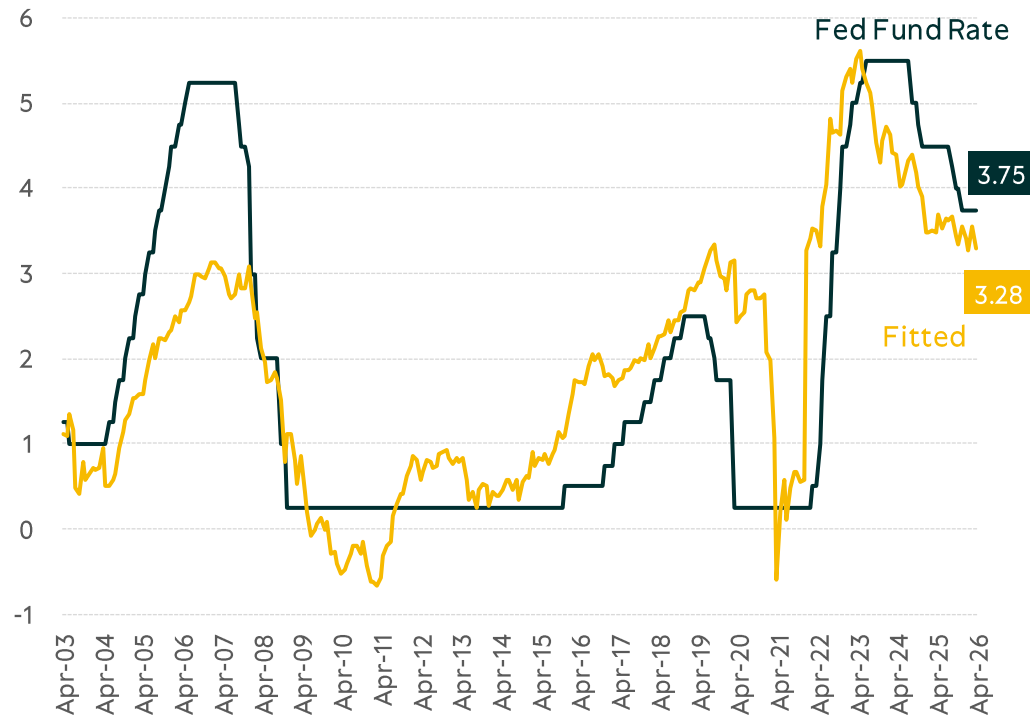
Fed Fund Rate & US Treasury Yield



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

# US Interest Rates | Taylor Rule Proxy Model & Fed Funds Rate

### Fitted vs Actual

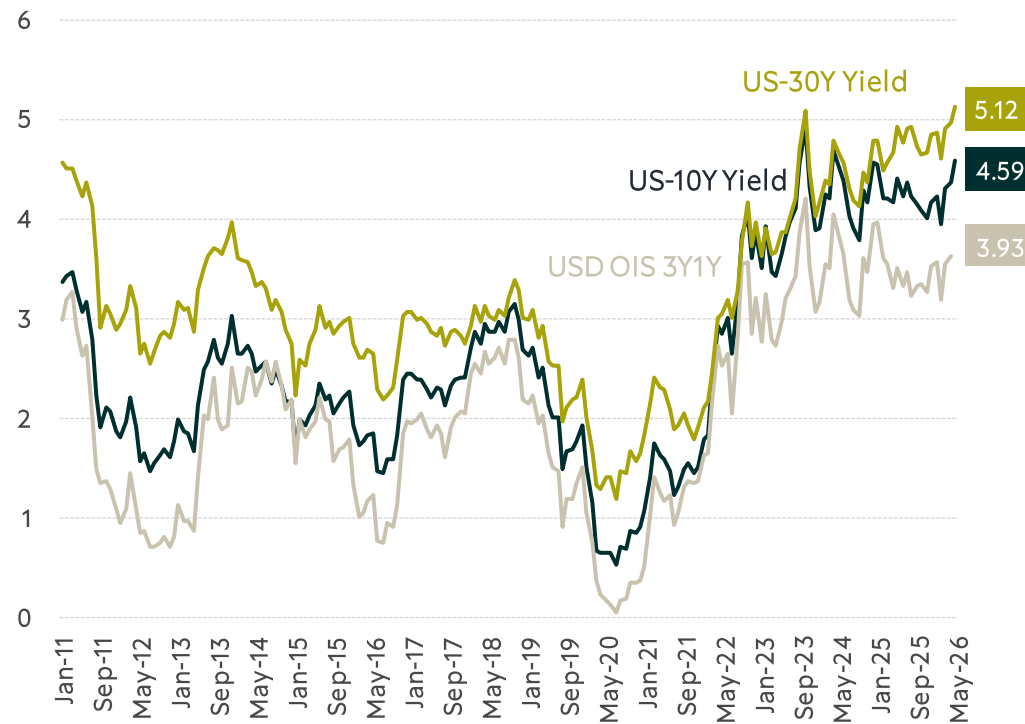


### Residuals



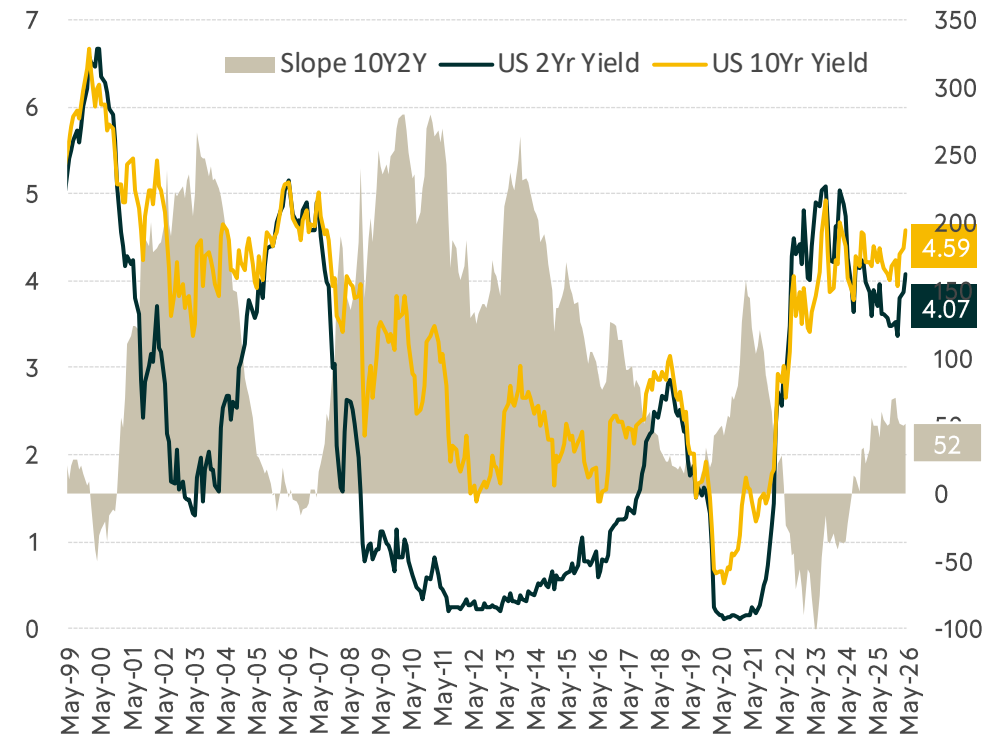
# US | The Fed resumed cutting rates in 2025 by reducing its benchmark rates by 25 bps in September, October and December. Kept them on hold in 2026 so far.

US 10-Year, US 30-Year Yield & USD OIS 3Y1Y



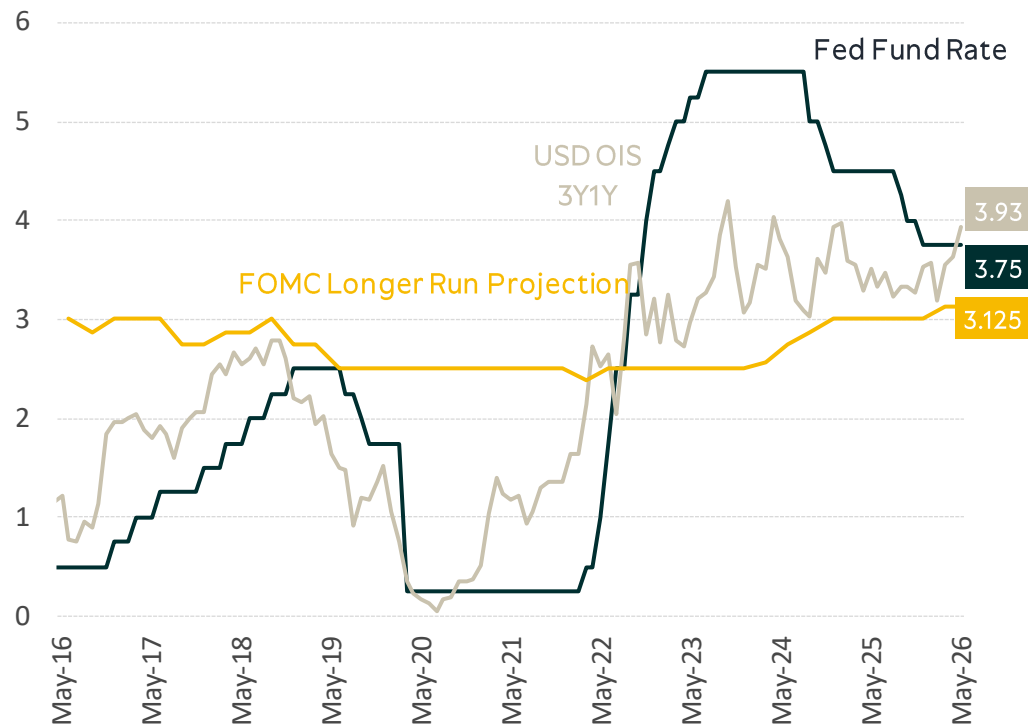
Note: Monthly data apart from the last observation which shows the latest available daily value

US Yield Curve



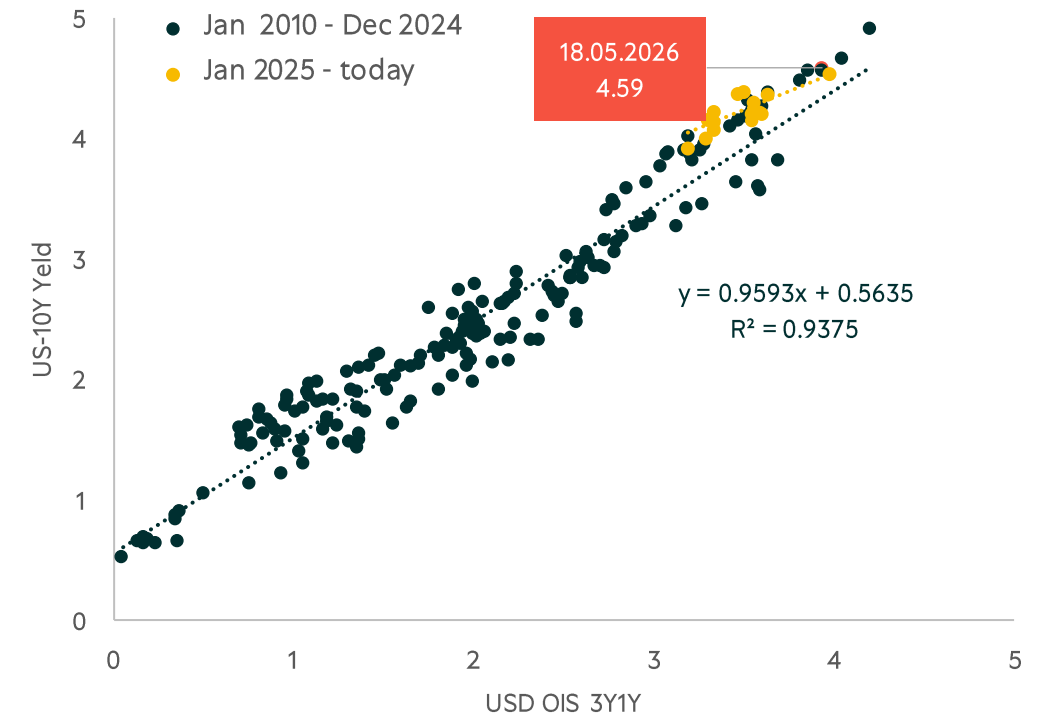
# US Long-Term Rates | Short-term rates 4 years in the future above target (3.125%). 10- year rates above “fair” value given the current level of short-term rates (long history).

### 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



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Bird's Eye View

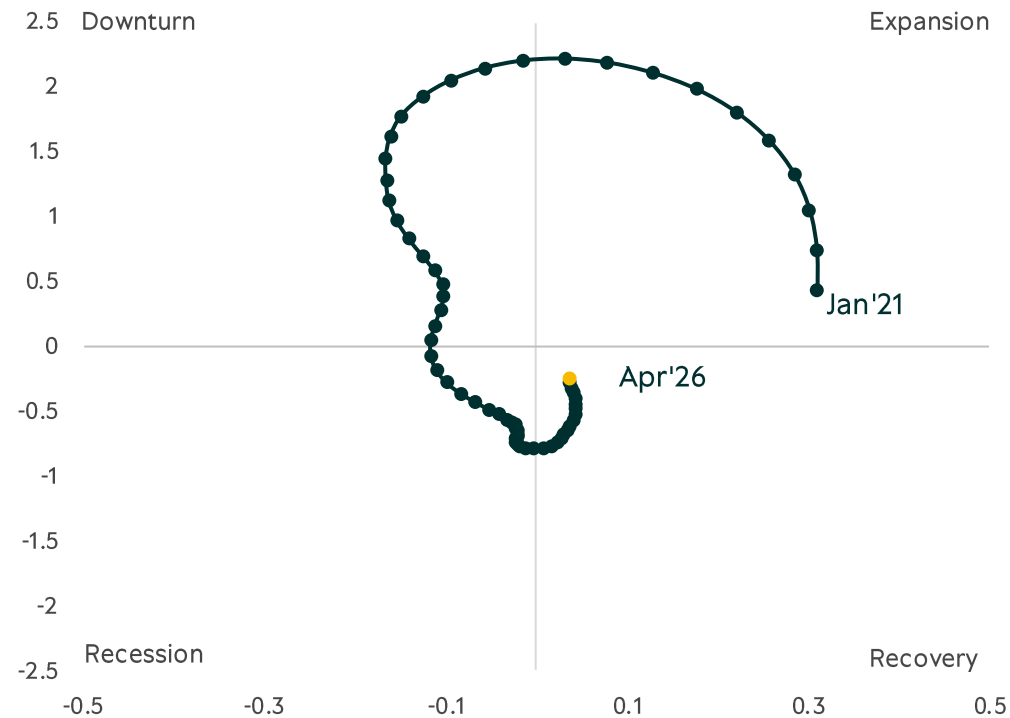
US Economy

EA Economy

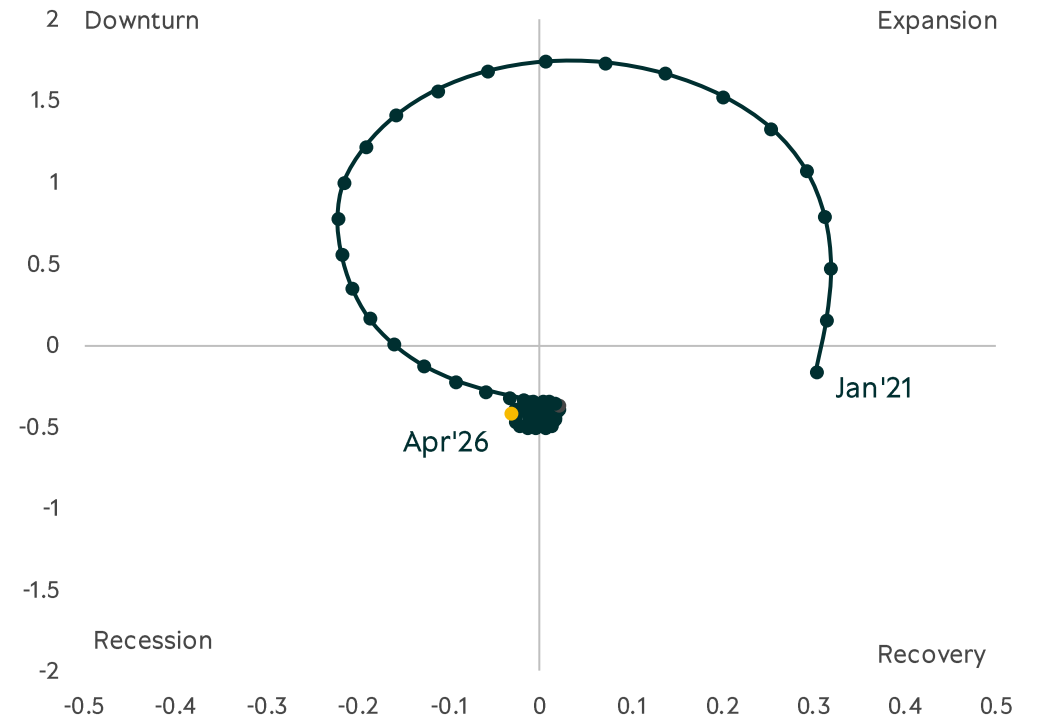
China Economy

# EA Business Cycle Watch | In April, economic sentiment moved back to the recession phase after a revision of historical data, while manufacturing confidence remained in the recovery phase.

EA Business Cycle | Based on Manufacturing Confidence Indicator

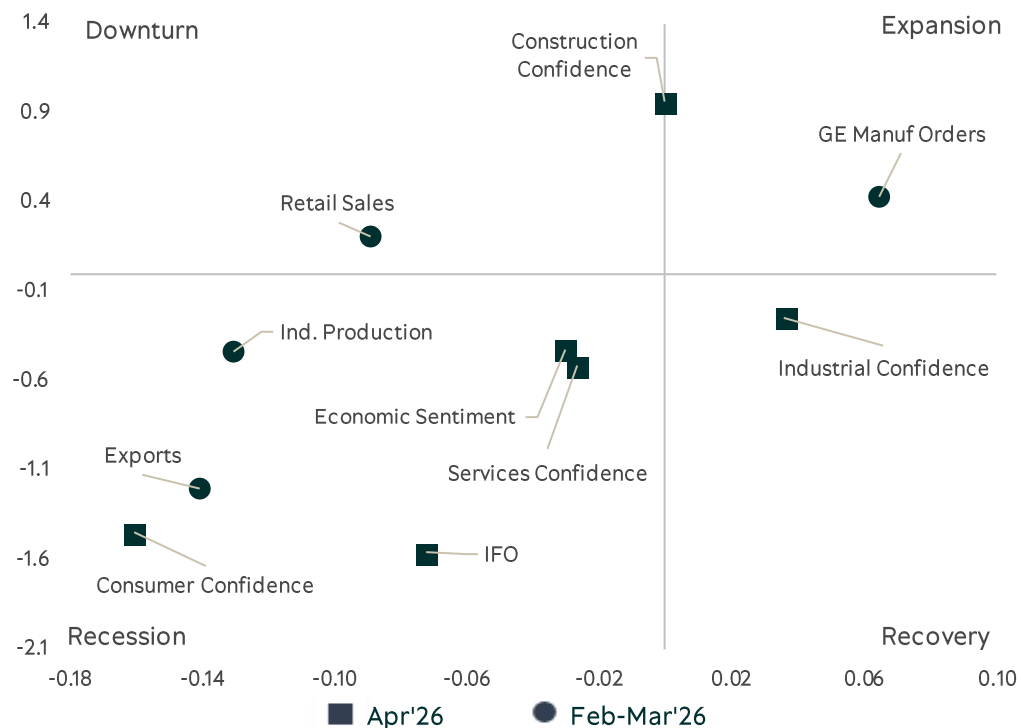


EA Business Cycle | Based on Economic Sentiment Indicator

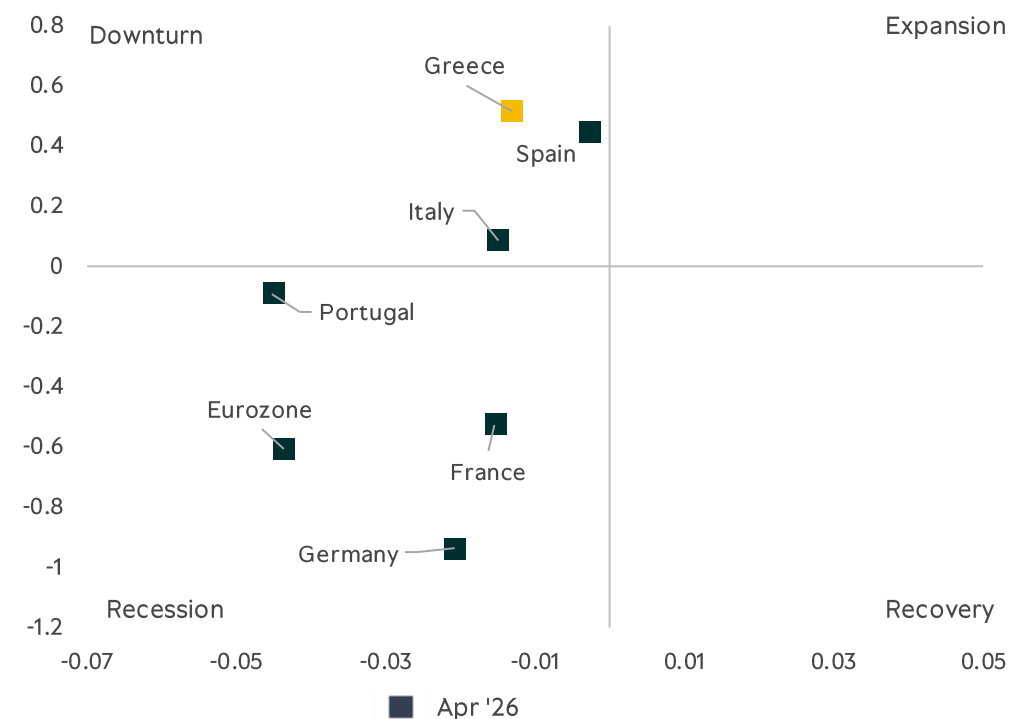


# EA Business Cycle | Most key economic indicators now signal a recessionary phase, with the April ESI weakening across all countries, including the euro area.

EA Business Cycle | Based on Major EA Economic Variables

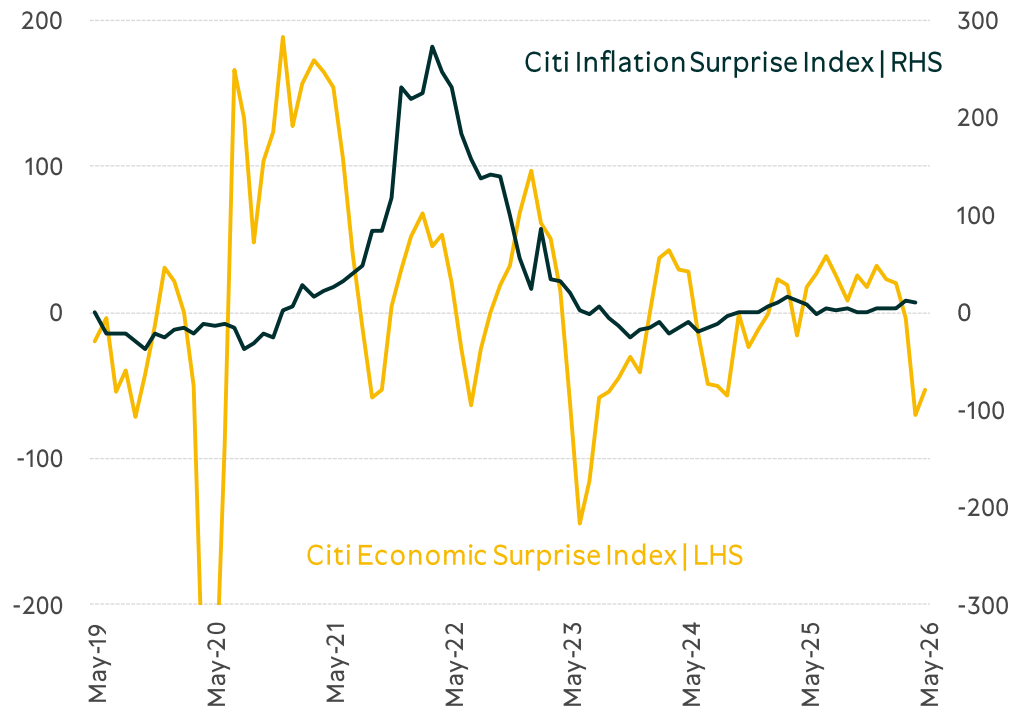


Business Cycle of EA Members | Based on Economic Sentiment Indicator

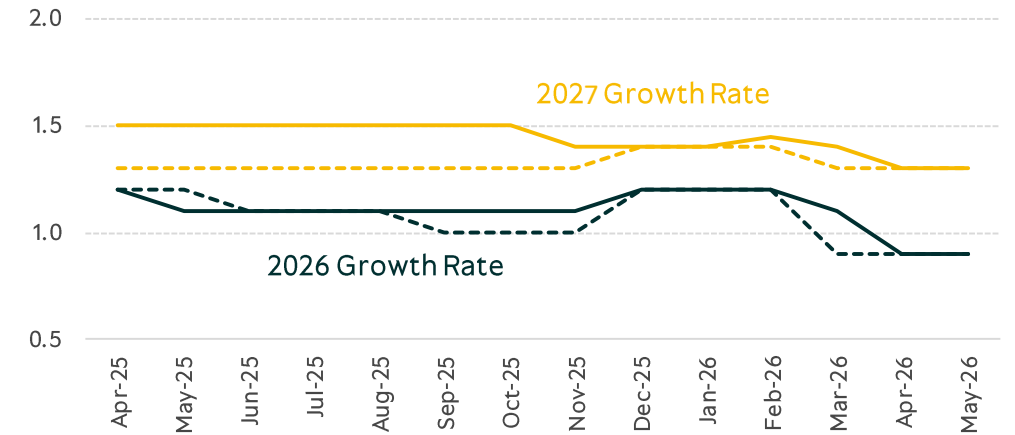


# EA Macro Expectations | In May, economic surprises improved marginally. Consensus growth and inflation expectations for 2026 remained unchanged.

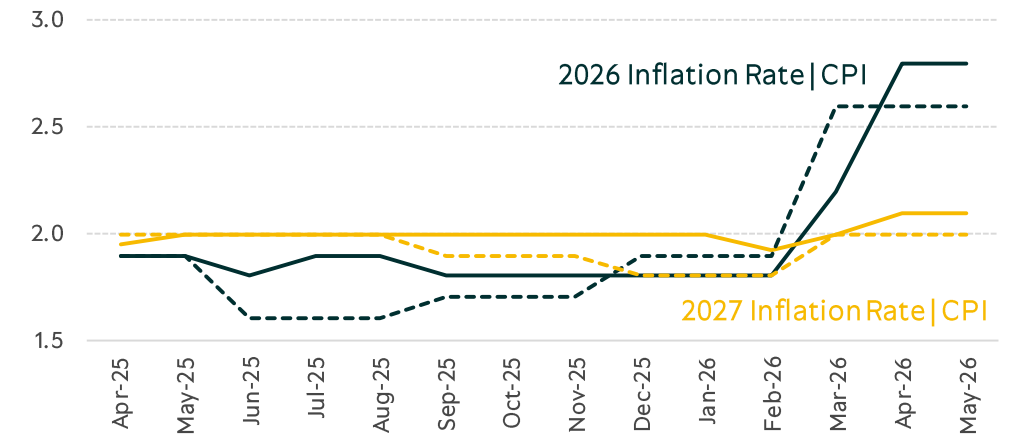
Economic & Inflation Surprises



Growth Rate Expectations\*



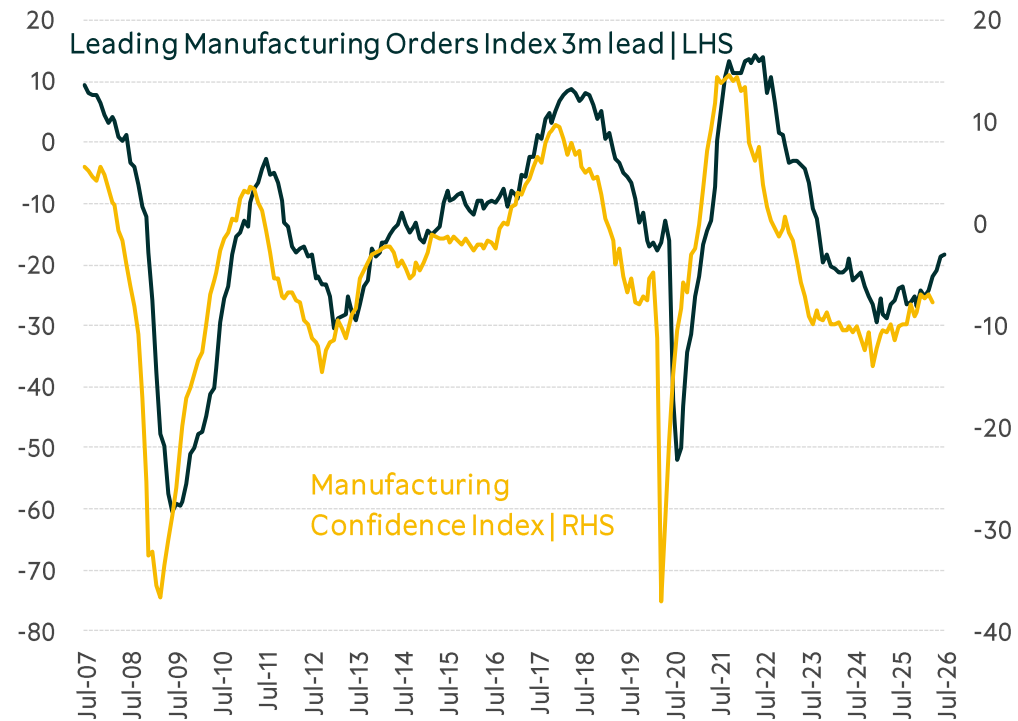
Inflation Rate Expectations\*



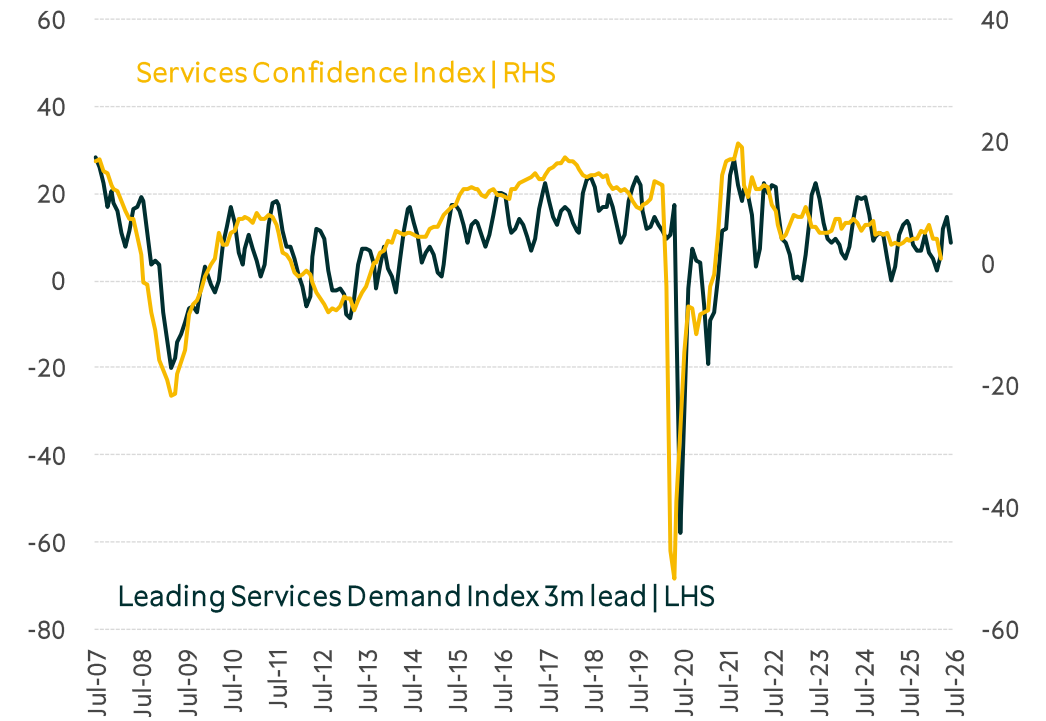
\*Solid line: Consensus; Dotted line: ECB projections

# EA Leading Indicators | In April, manufacturing & services confidence declined, as did the Leading Services Demand index signaling an upcoming deceleration of activity.

Manufacturing Confidence Index & Leading Manufacturing Orders

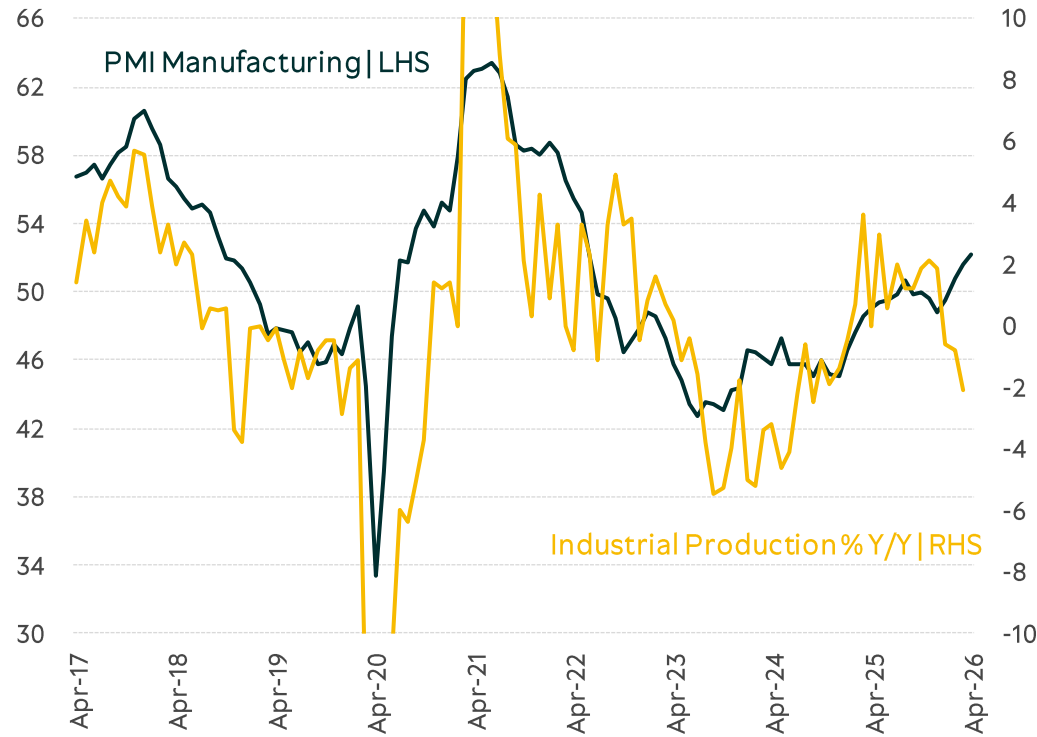


Services Confidence Index & Leading Services Demand Index

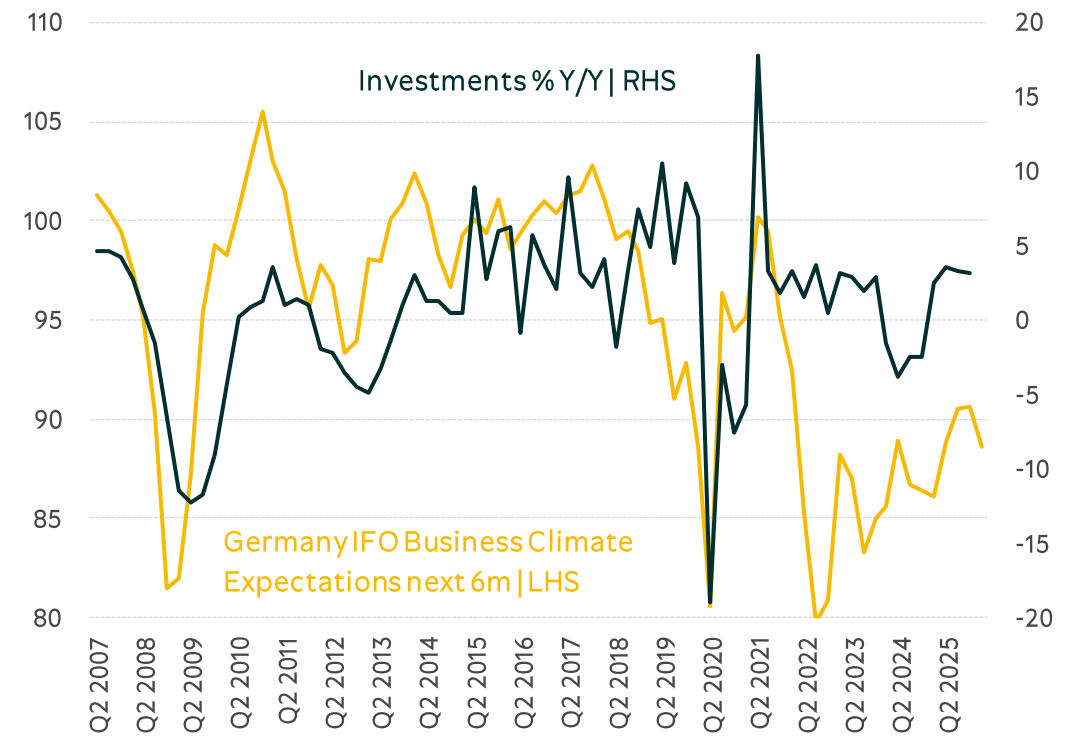


# EA Business Conditions | Industrial production contracted further by 2.1% YoY in March, driven mainly by a significant decline in non-durable consumer goods and to a lesser extent in durable and intermediate goods.

### Industrial Production & PMI Manufacturing

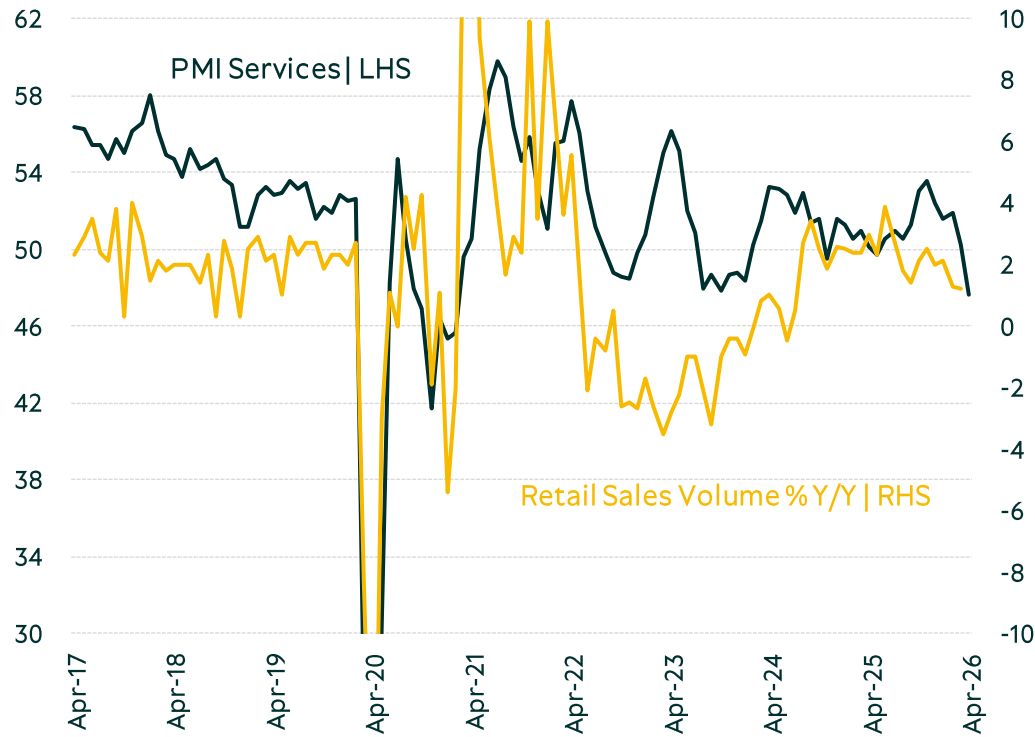


### IFO Expectations & Business Investment

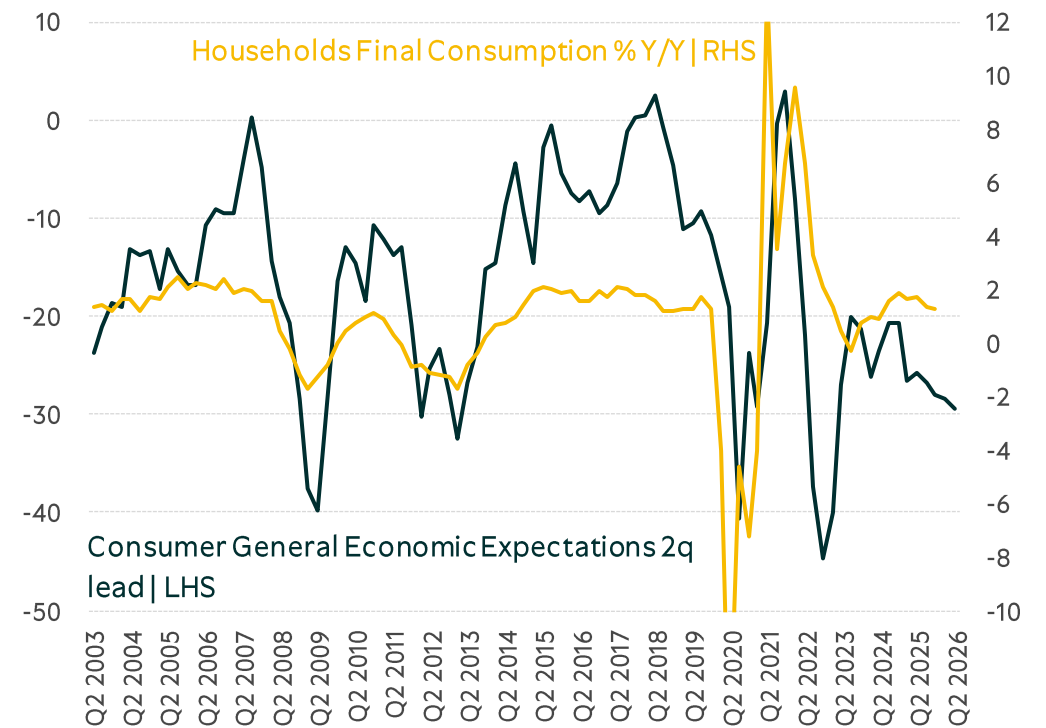


# EA Business Conditions | Retail sales rose 1.2% YoY in March, with non-food products recording the largest uptick, while automotive fuel contracted — suggesting consumers are pulling back in response to higher fuel prices

Retail Sales Volume & PMI Services

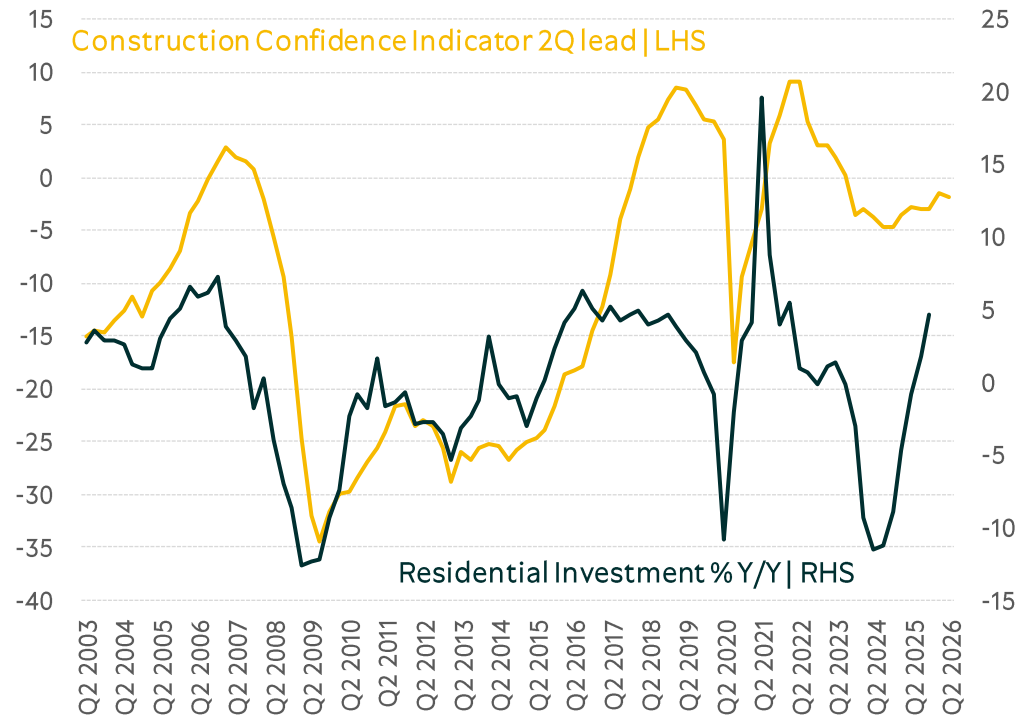


Final Consumption & Consumer Expectations Index

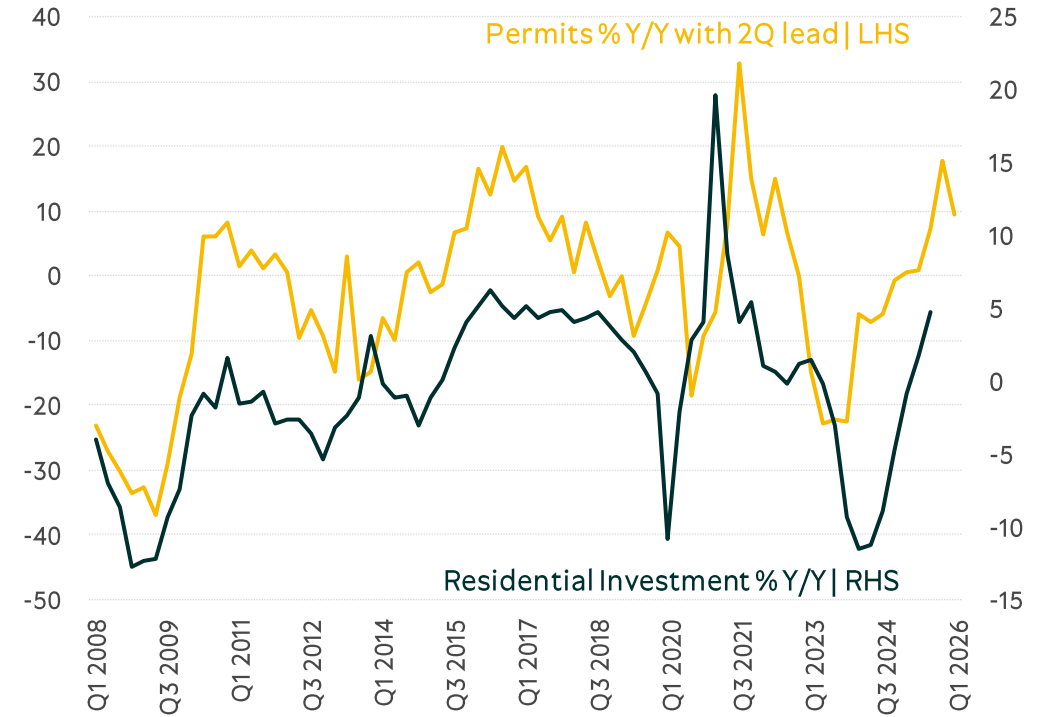


# EA Construction | Resilience in the residential sector persists, underpinned by growing residential investment, despite softer construction confidence. Housing permits still rising at a healthy rate.

Residential Investment & Construction Confidence

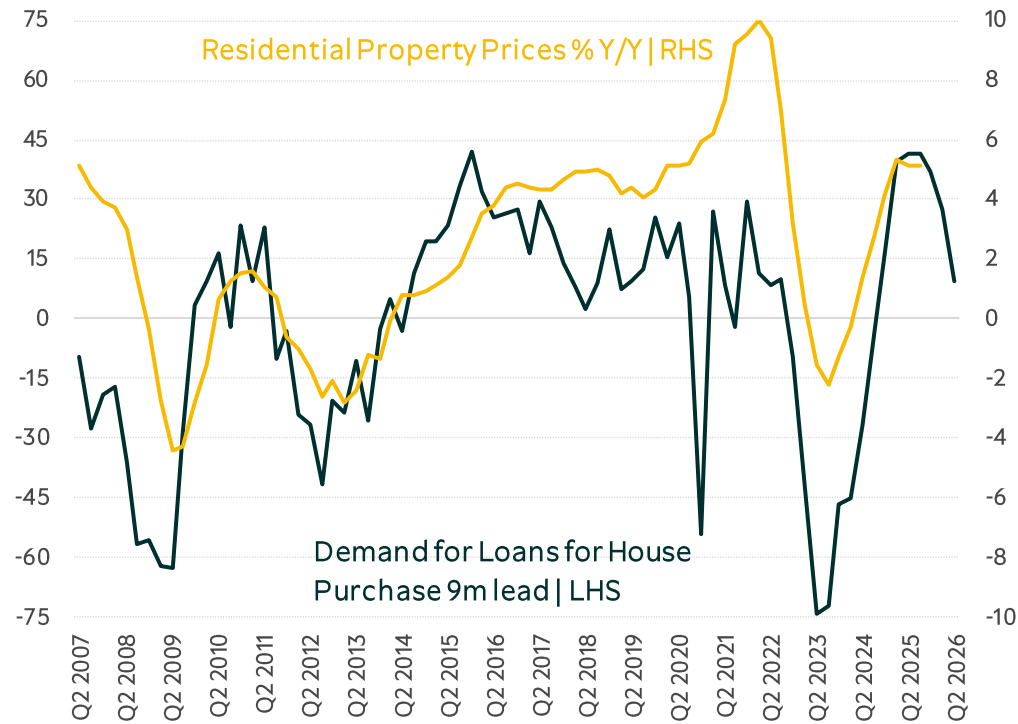


Residential Investment & House Permits

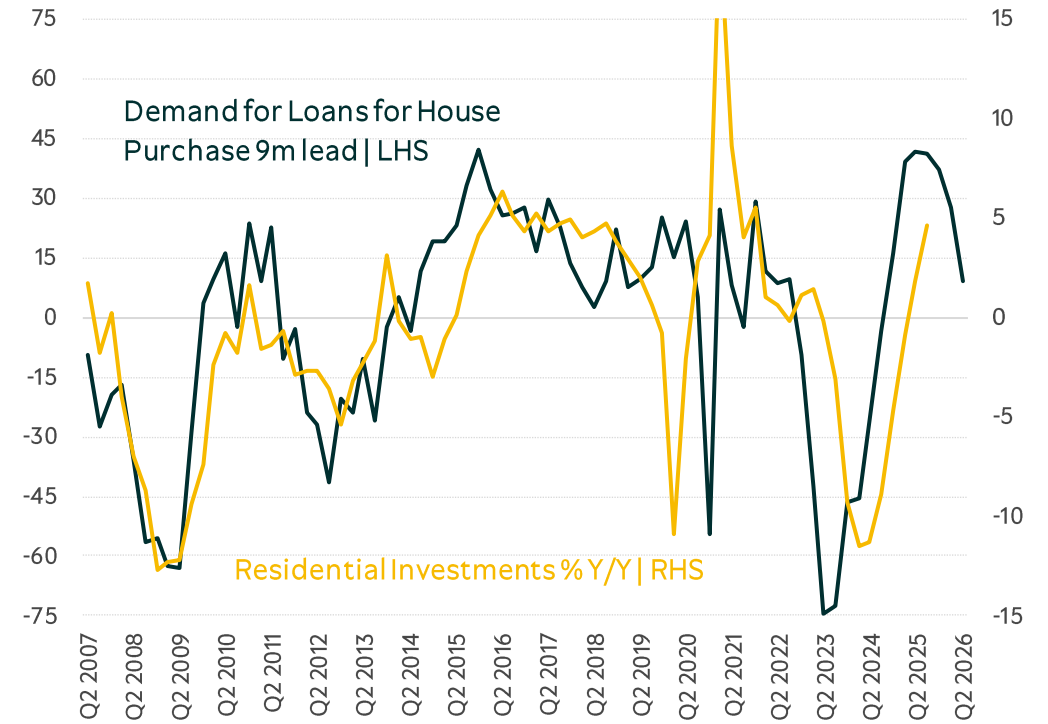


# EA Construction | A stabilisation in residential investments is projected over the next few months, as demand for mortgages decreases further in Q2 2026.

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

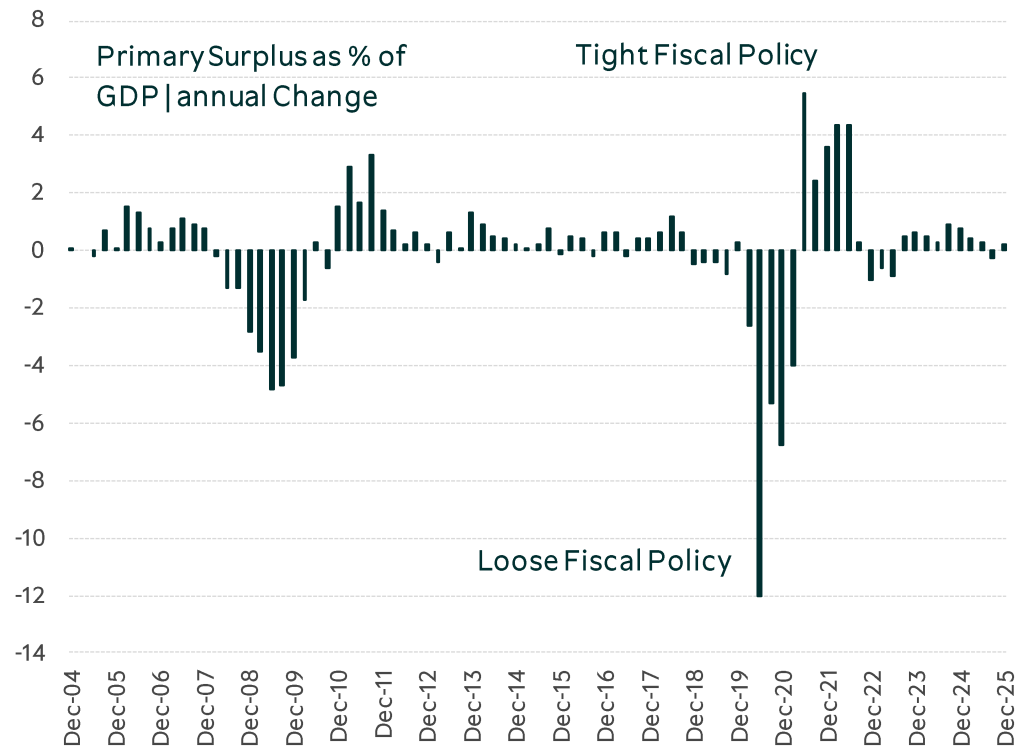


Residential Investments & Demand for loans (9m lead)

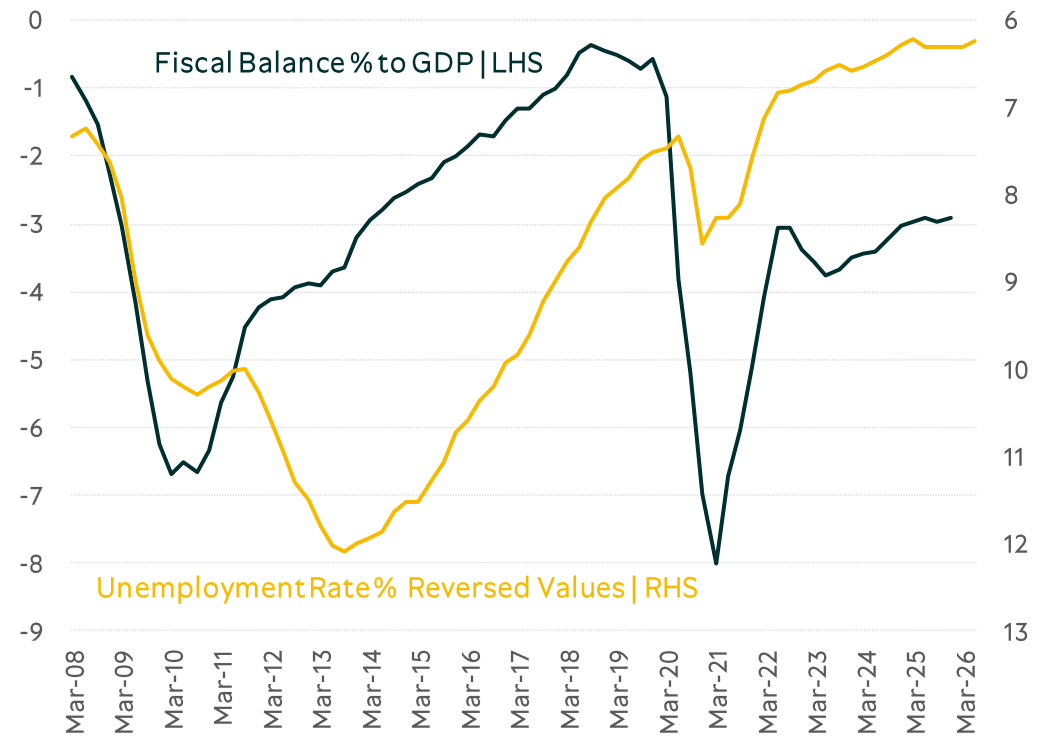


# EA Fiscal Policy | The fiscal deficit has moderated, with the unemployment rate remaining at historic lows.

Fiscal Thrust

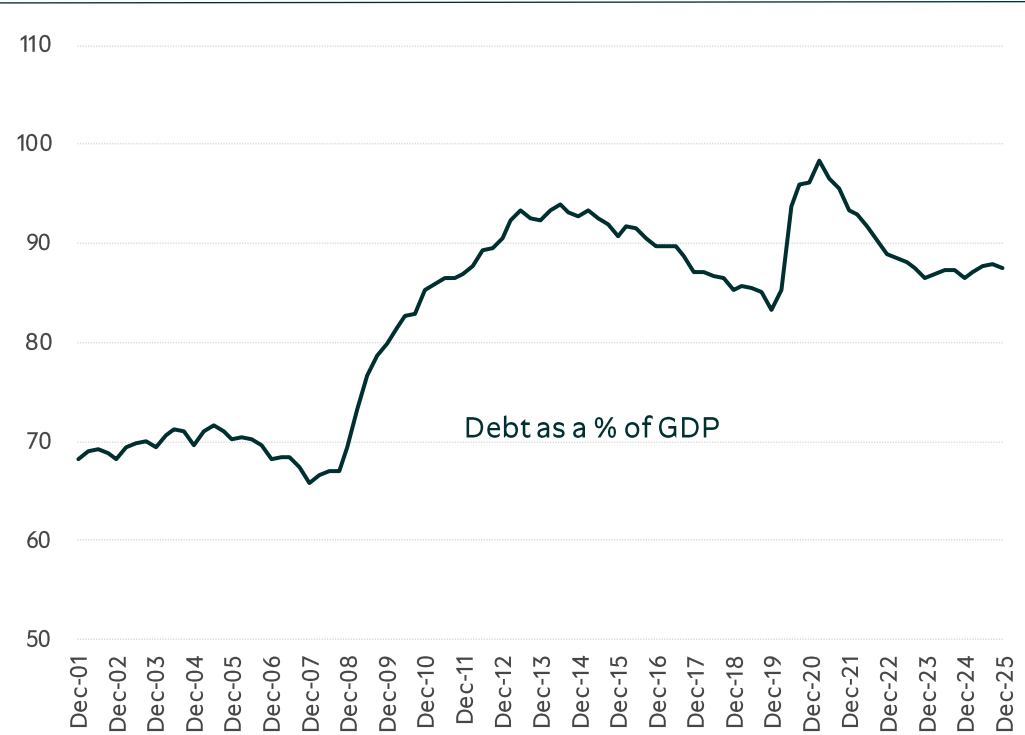


Fiscal Policy & Unemployment Rate

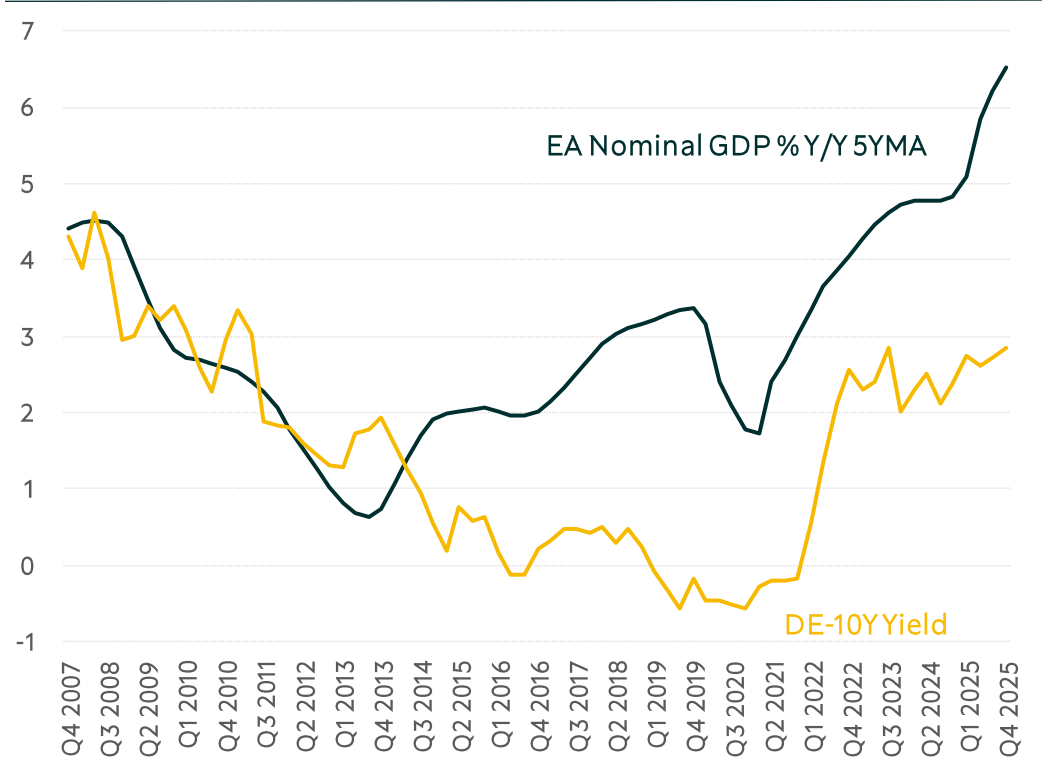


# EA Fiscal Policy | Debt levels have moderated after the pandemic

Debt / GDP

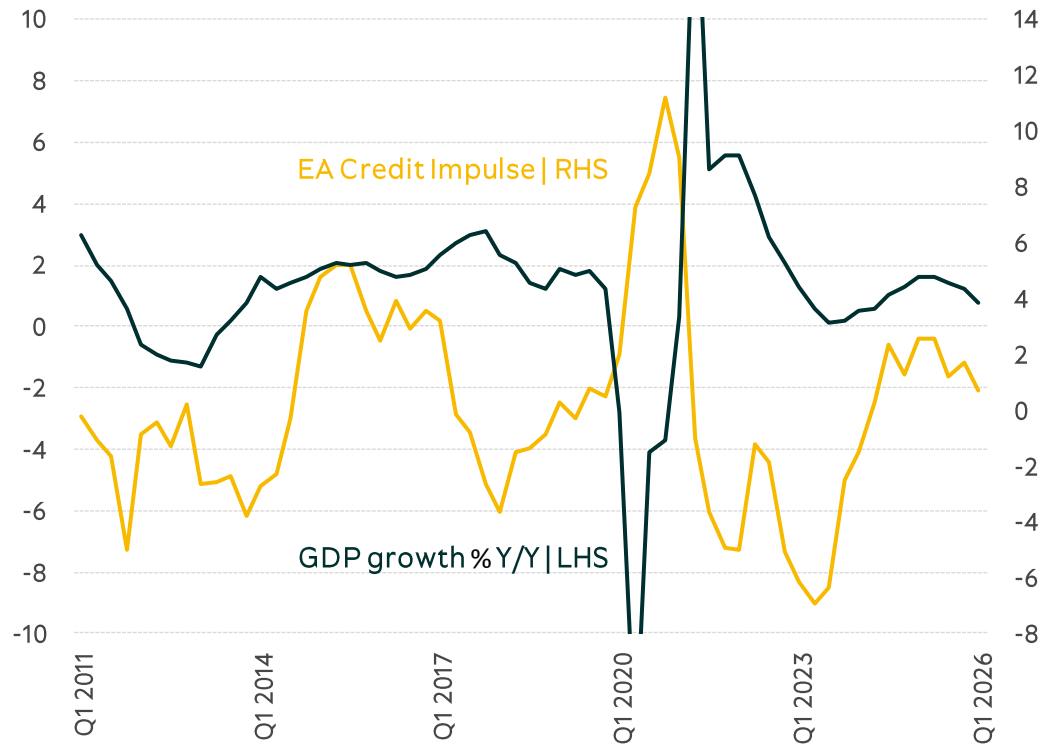


Fiscal Policy Sustainability

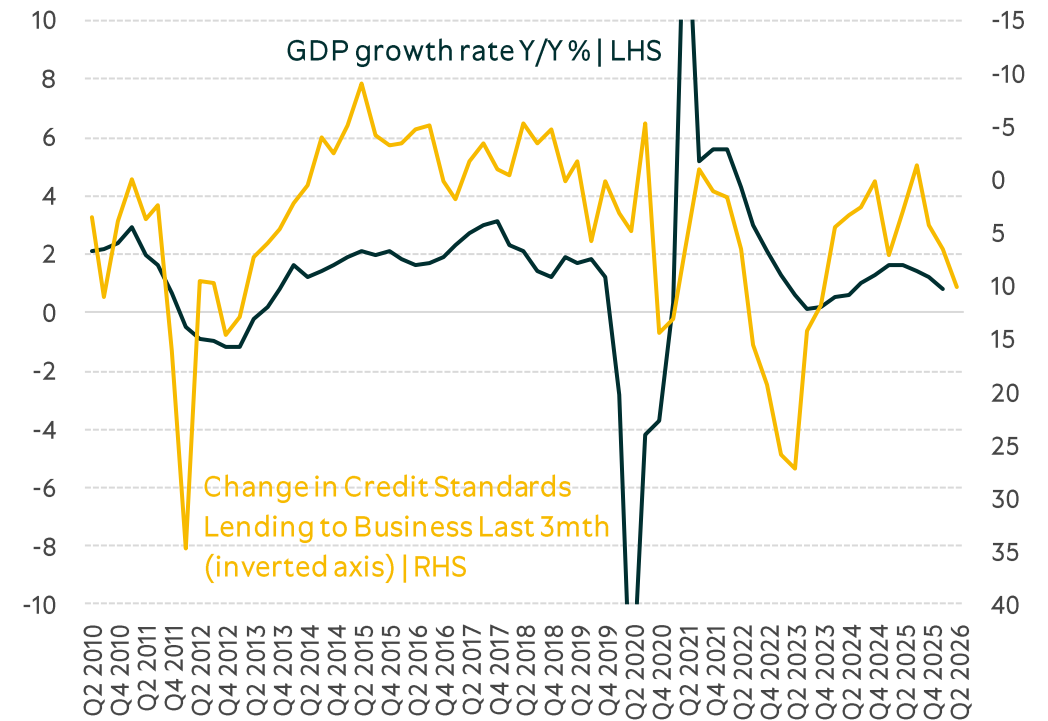


# EA GDP Outlook | Credit impulse tightened in Q1 2026, while credit standards for lending to businesses improved in Q2 2026.

EA Credit Impulse & GDP growth rate

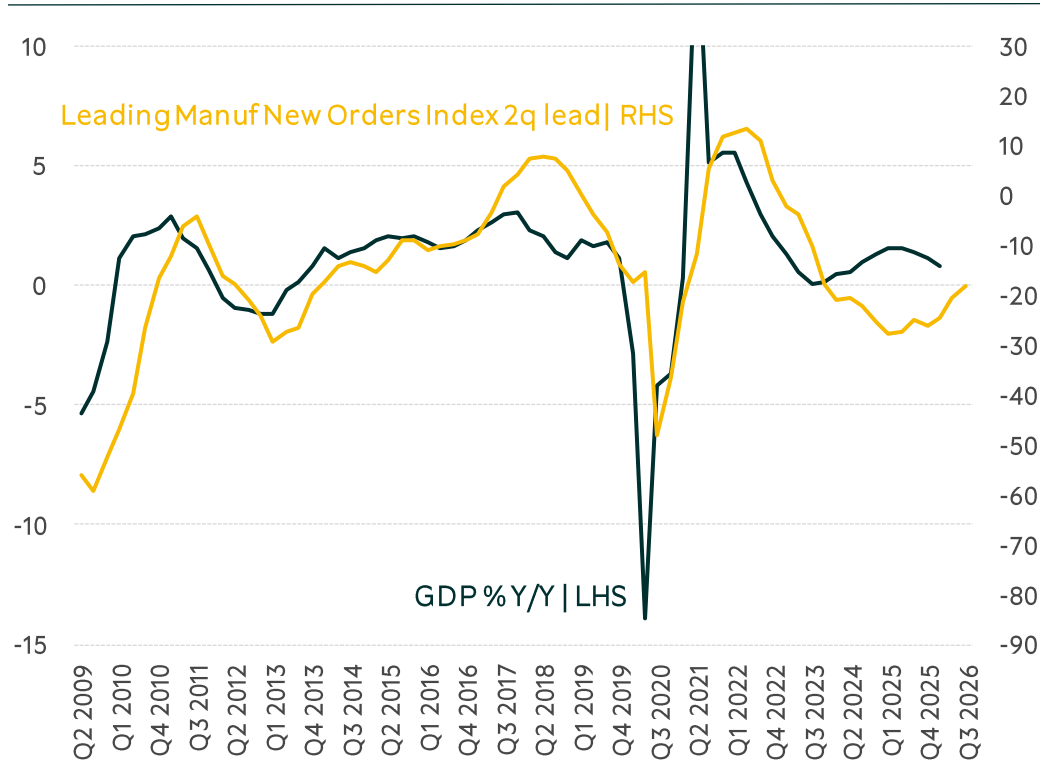


GDP & Bank Lending Standards

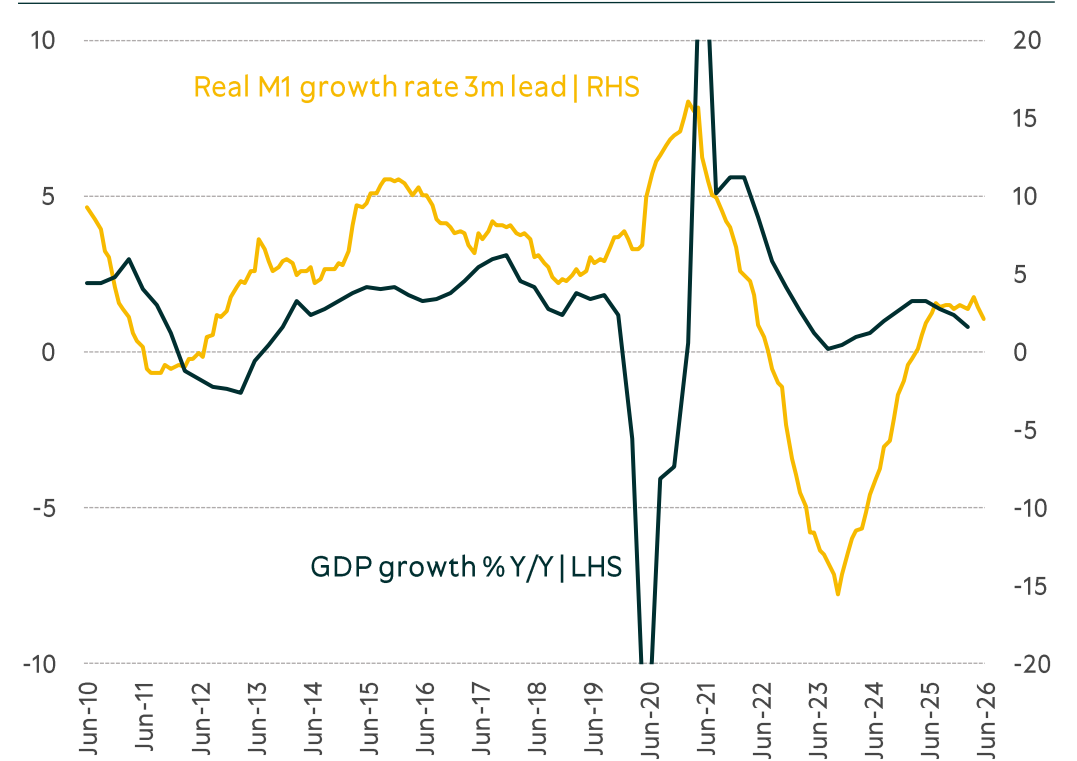


# EA | The contraction in manufacturing new orders eased in Q2 2026, whereas the small deterioration in real M1 points to slightly tighter liquidity conditions.

GDP & New Orders Indices

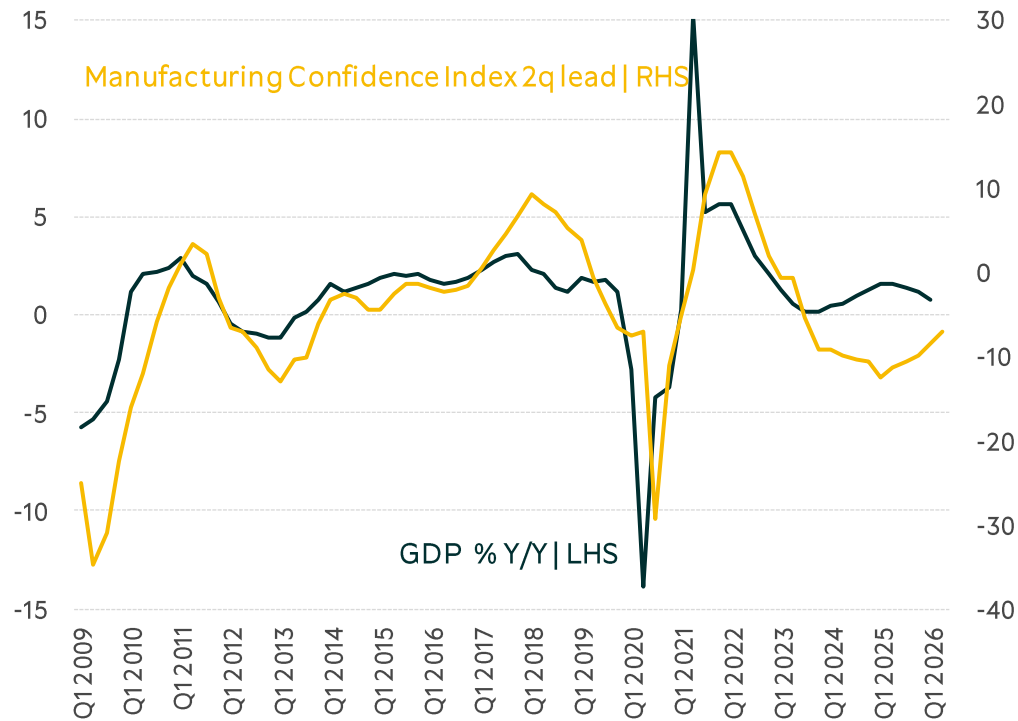


GDP & Real M1 growth rate

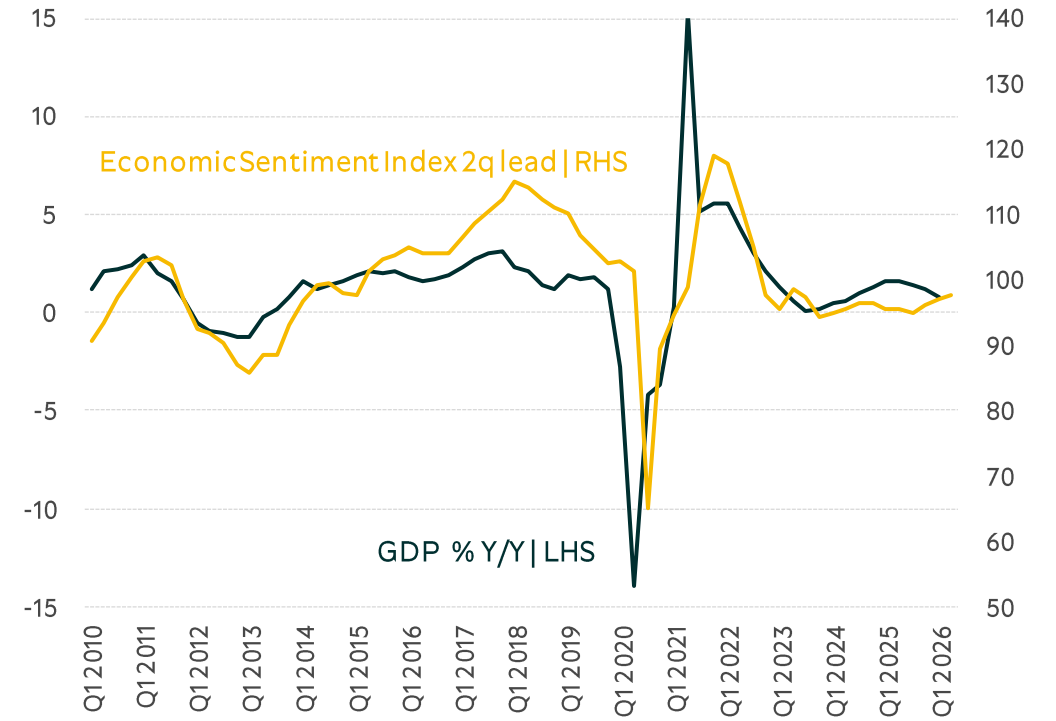


# EA GDP Outlook | Economic and manufacturing sentiment picked up providing some green shoots.

GDP & Manufacturing Confidence Index

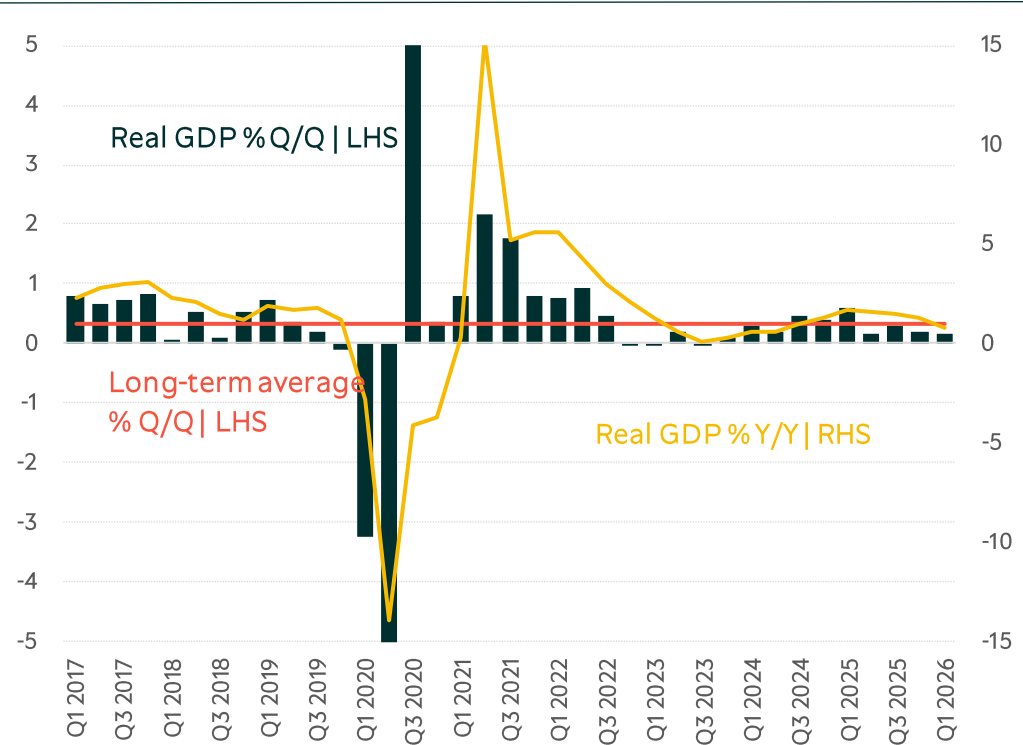


GDP & Economic Sentiment Index

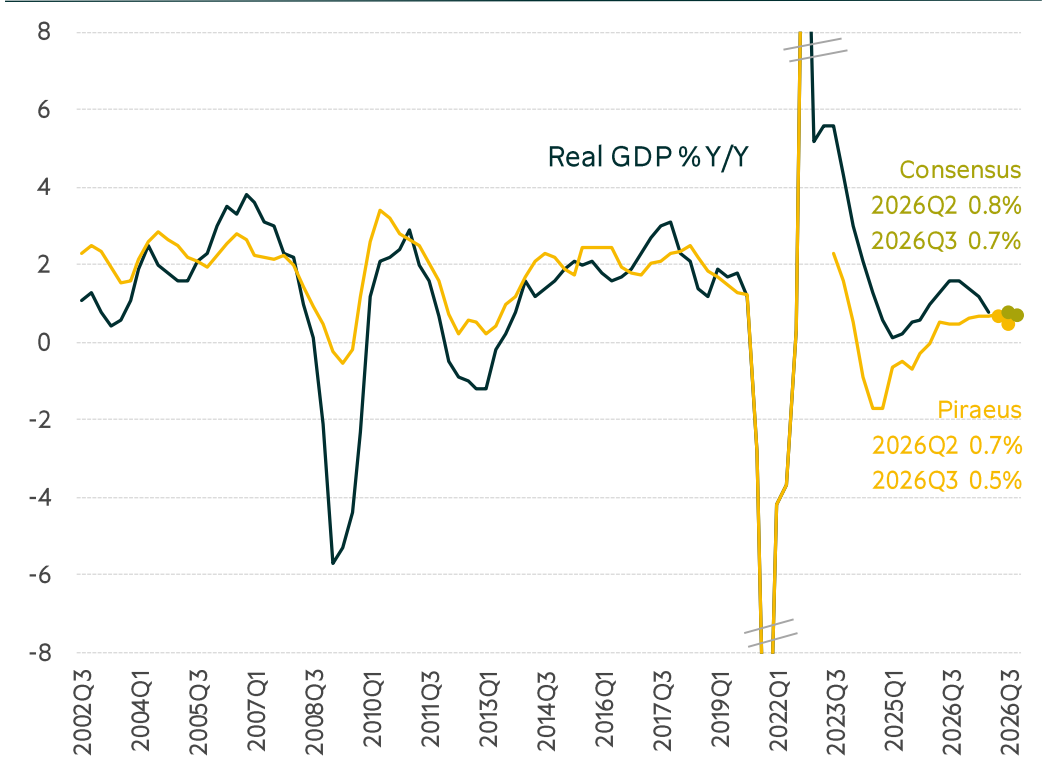


# EA GDP Outlook | Real GDP grew by 0.8% YoY in Q1 2026 from 1.3% in Q4 2025 (0.1% QoQ) and is projected to grow at a slower rate.

Growth Rate Outlook



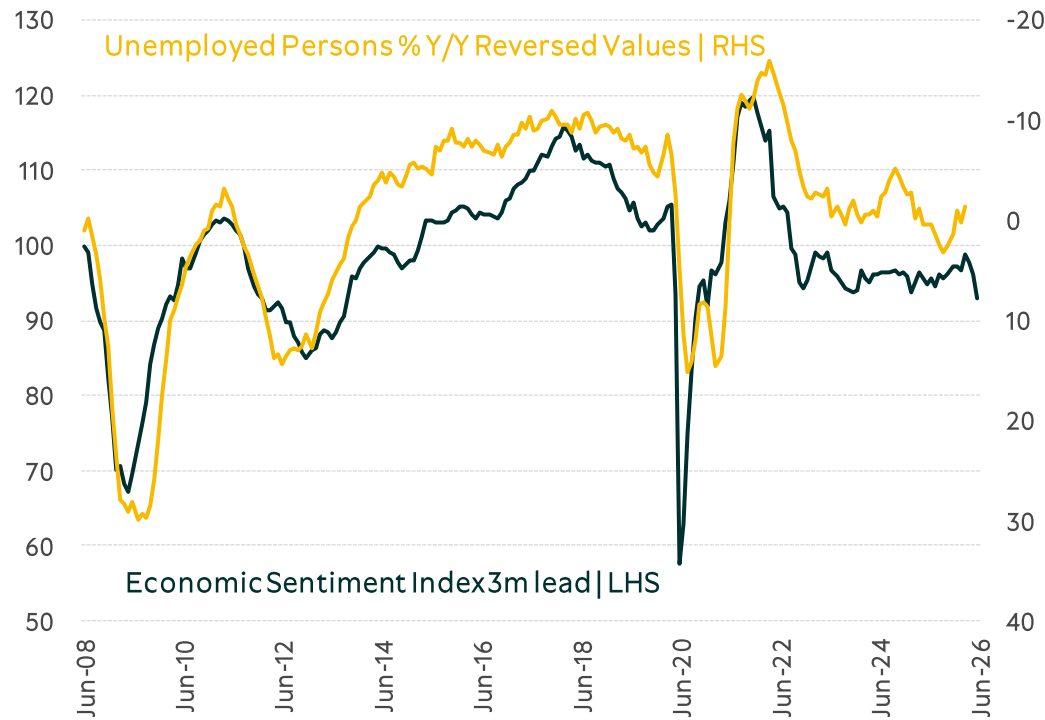
Growth Rate Estimate



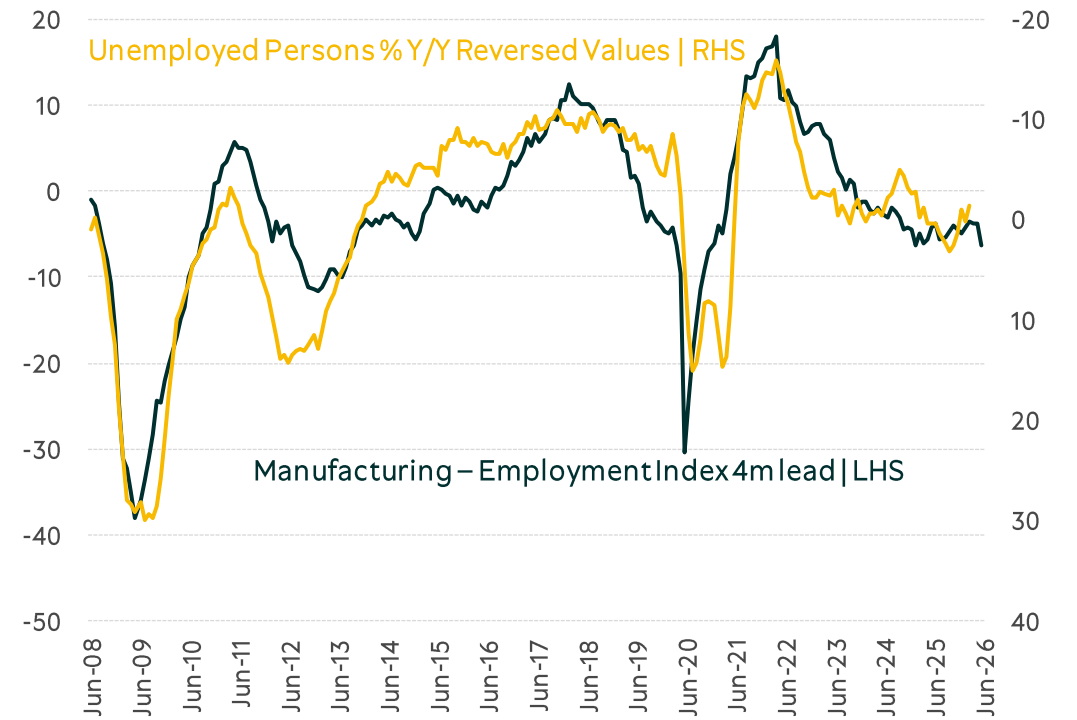
Note: Covid-19 period (Q4 2019 - Q2 2021) is excluded from the estimation

# EA Labour Market | Number of unemployed persons decreased in March, as sentiment and manufacturing indicators remain soft in the euro area.

Unemployment & Leading Sentiment Index

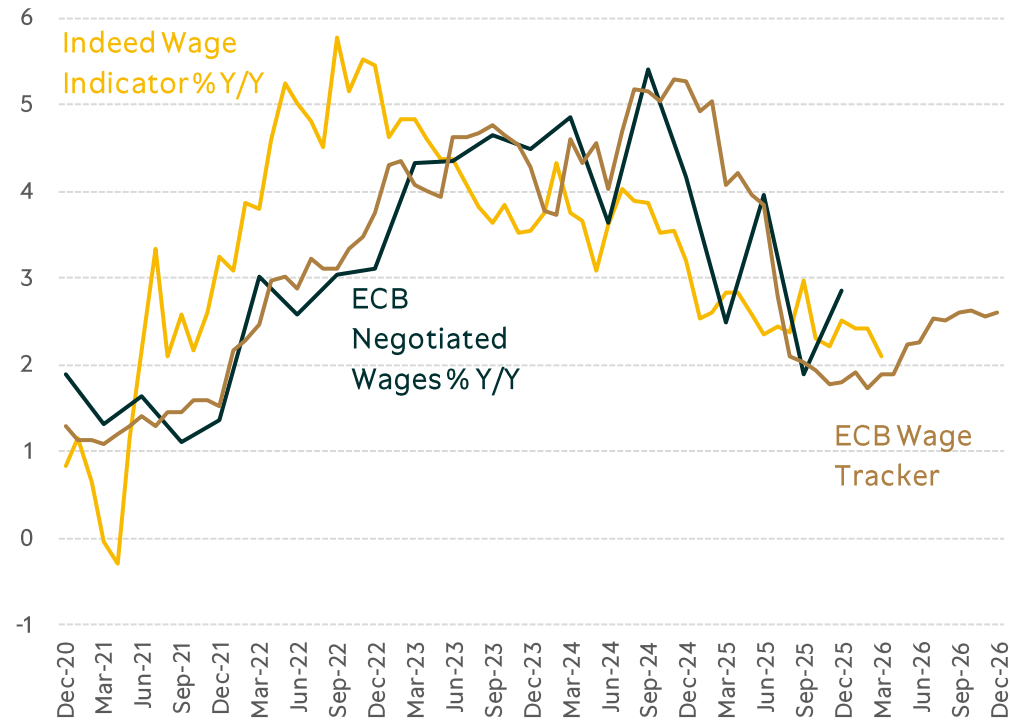


Unemployment & Leading Manufacturing Index

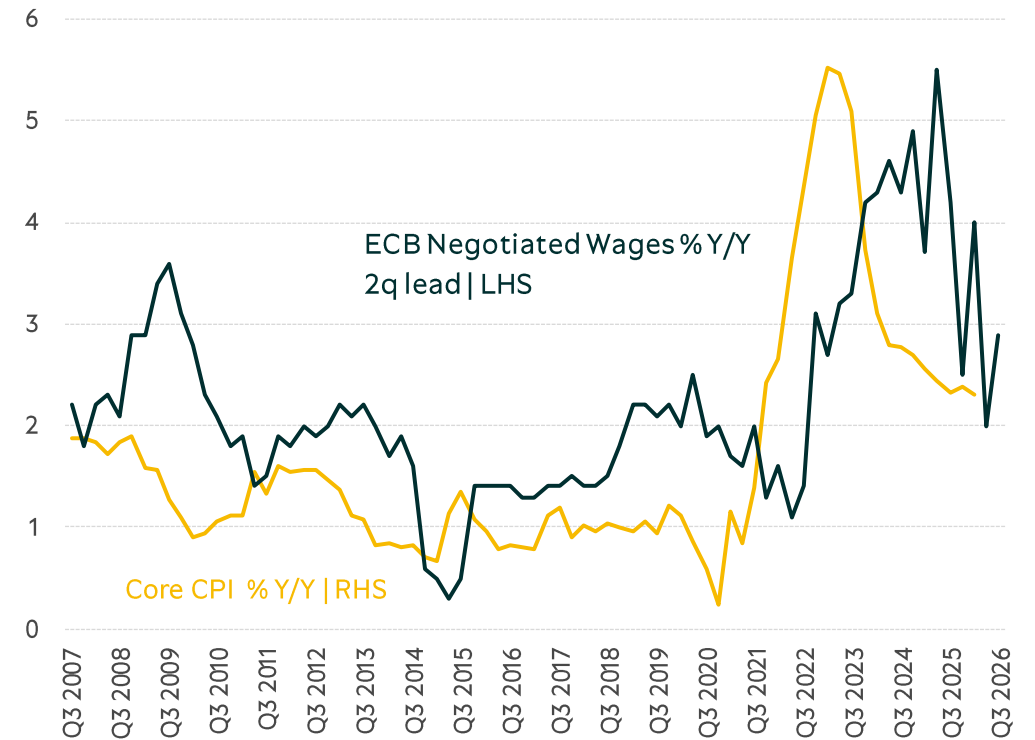


EA Wage Tracker | The Indeed wage indicator increased at 2.09% in March from 2.43% in February. The ECB's Wage Tracker indicates a modest wage growth increase in 2026, as negotiated wages spiked in Q1 2026.

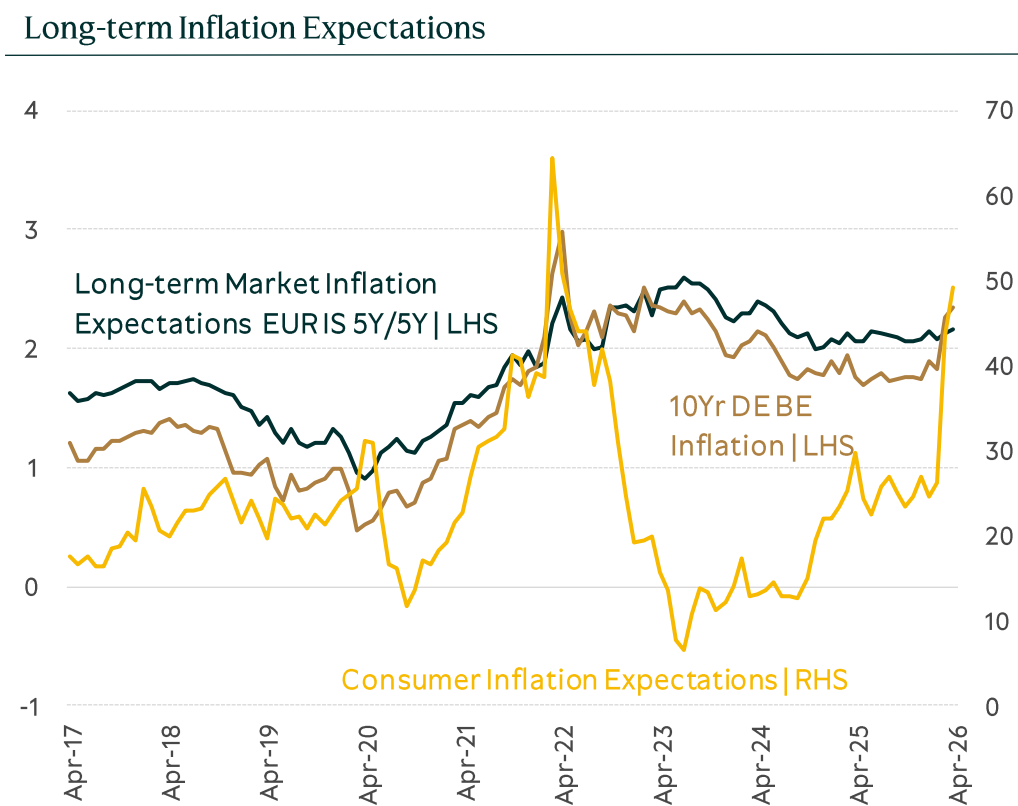
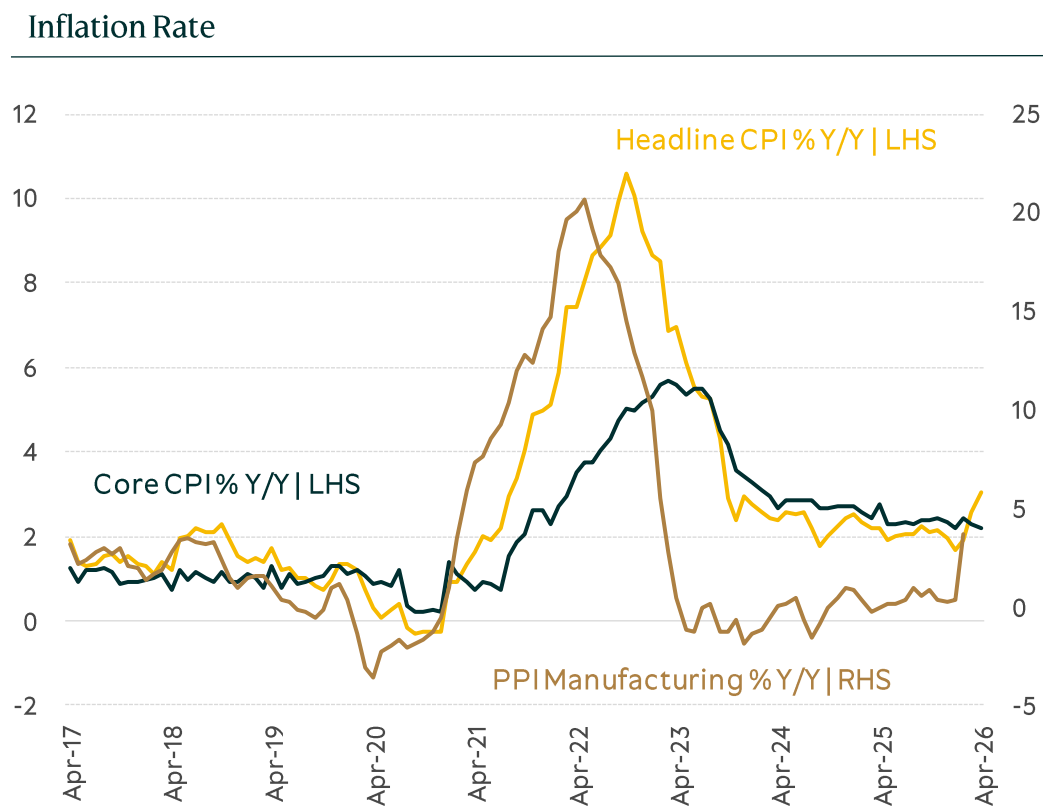
EA Wage Indicators



Core Inflation & Wages

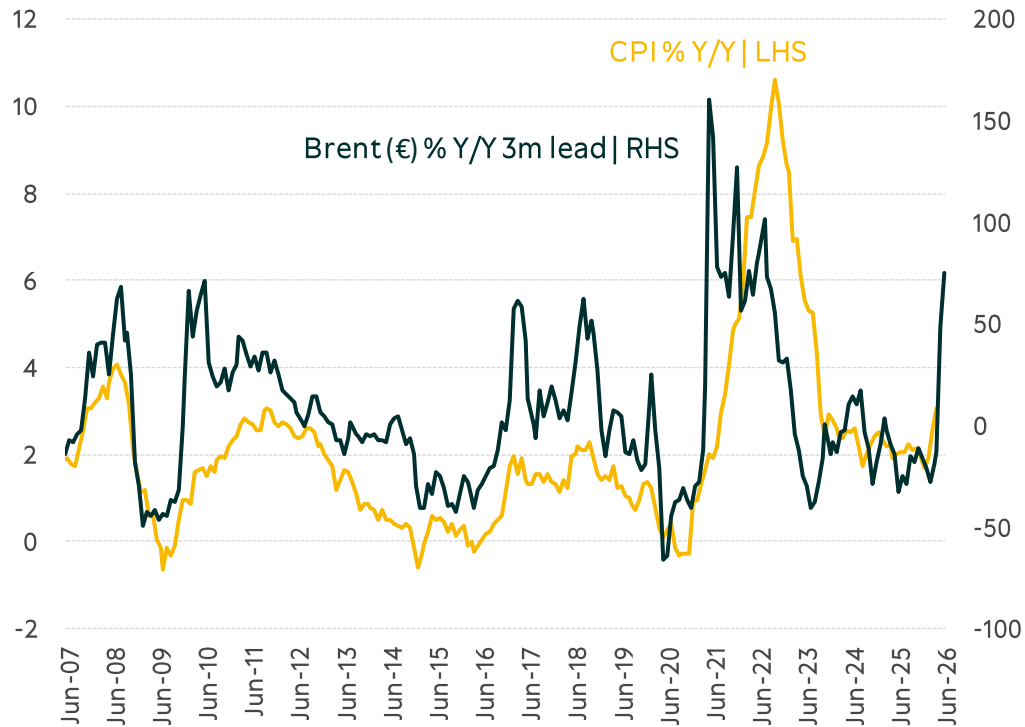


# EA Inflation Pressures | Headline CPI accelerated as expected to 3.0% in April from 2.6% in March, while Core CPI decreased to 2.2% from 2.3%. Consumer inflation expectations surged further in April.

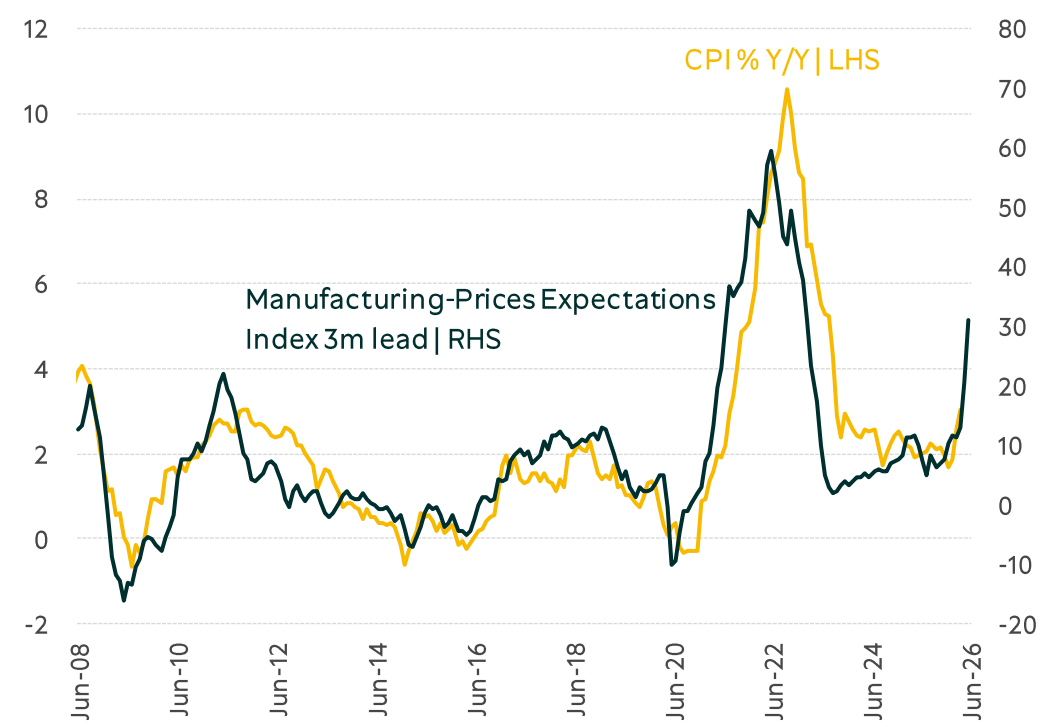


# EA Inflation & Energy Prices | Brent's sharp jump keeps oil prices biased to the upside amid geopolitical tensions, while manufacturing price expectations remain elevated.

### Inflation Rate & Oil Prices

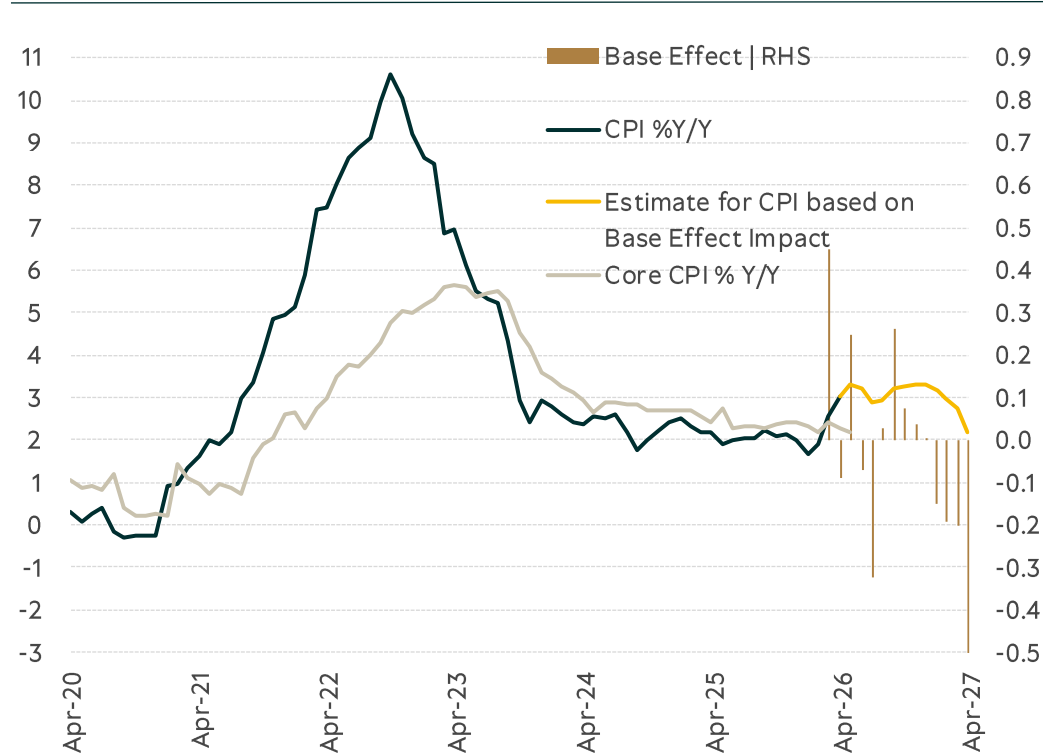


### Inflation Rate & Leading Manufacturing Prices Index

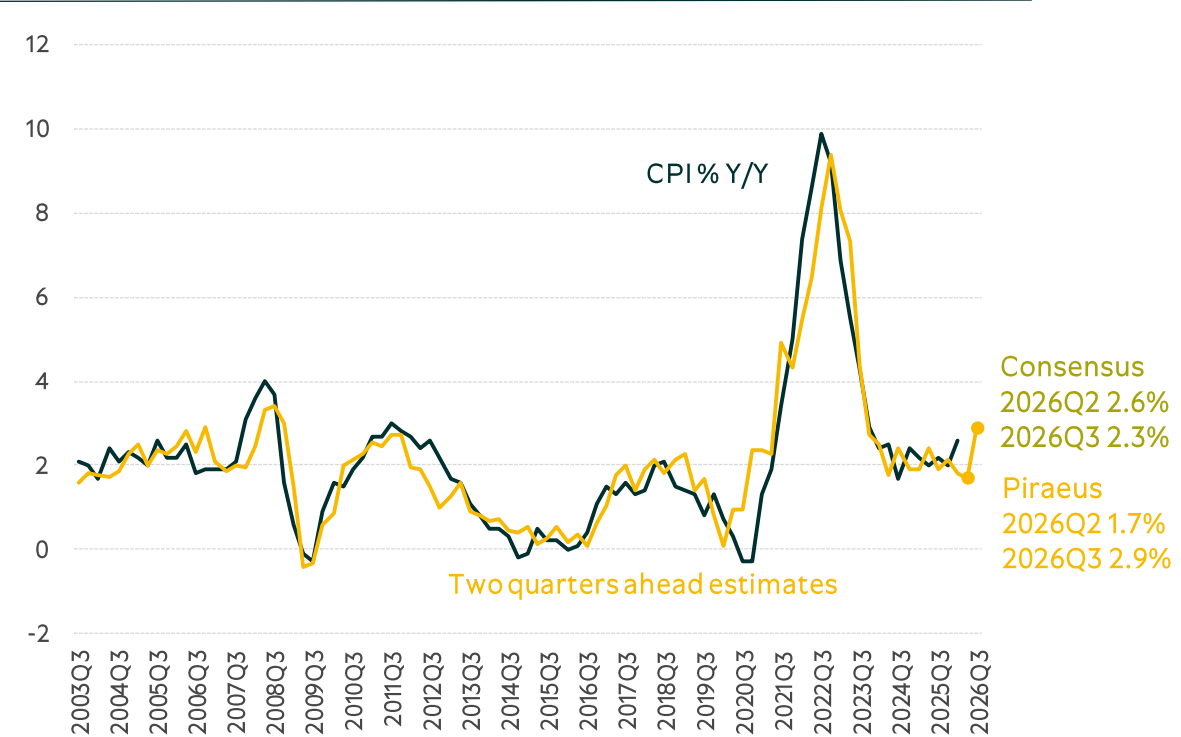


# EA Inflation Outlook | The 2% target is expected to be missed for the year according to our statistical model. The Macro model that includes the price of Brent points to higher inflation ahead.

### Inflation Rate Forecast | Statistical Model

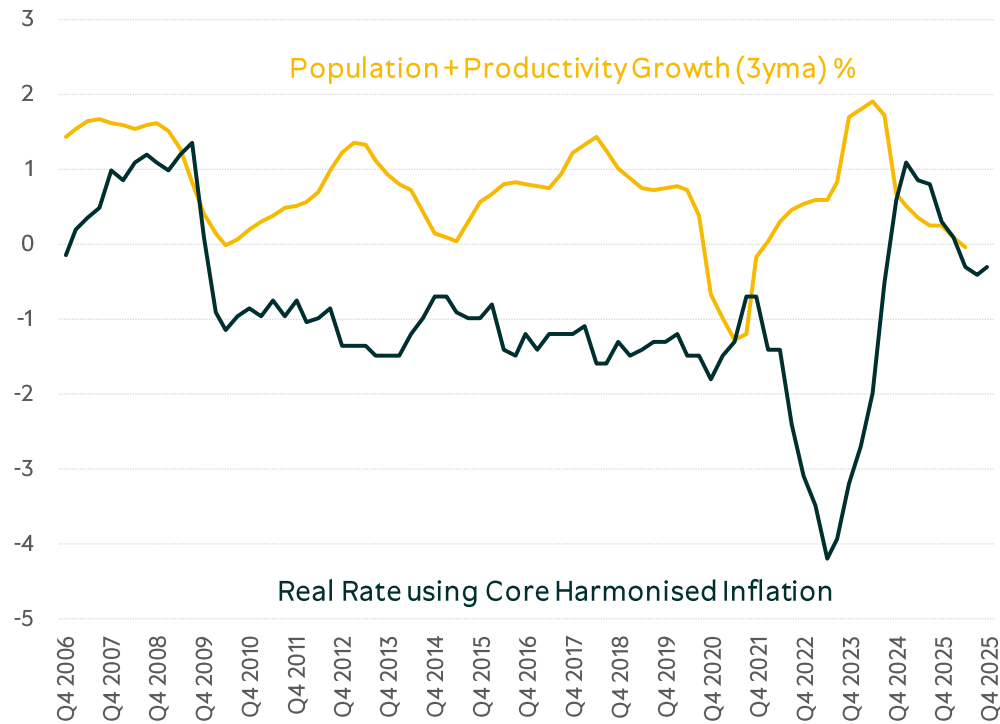


### Inflation Rate Forecast | Macro Model

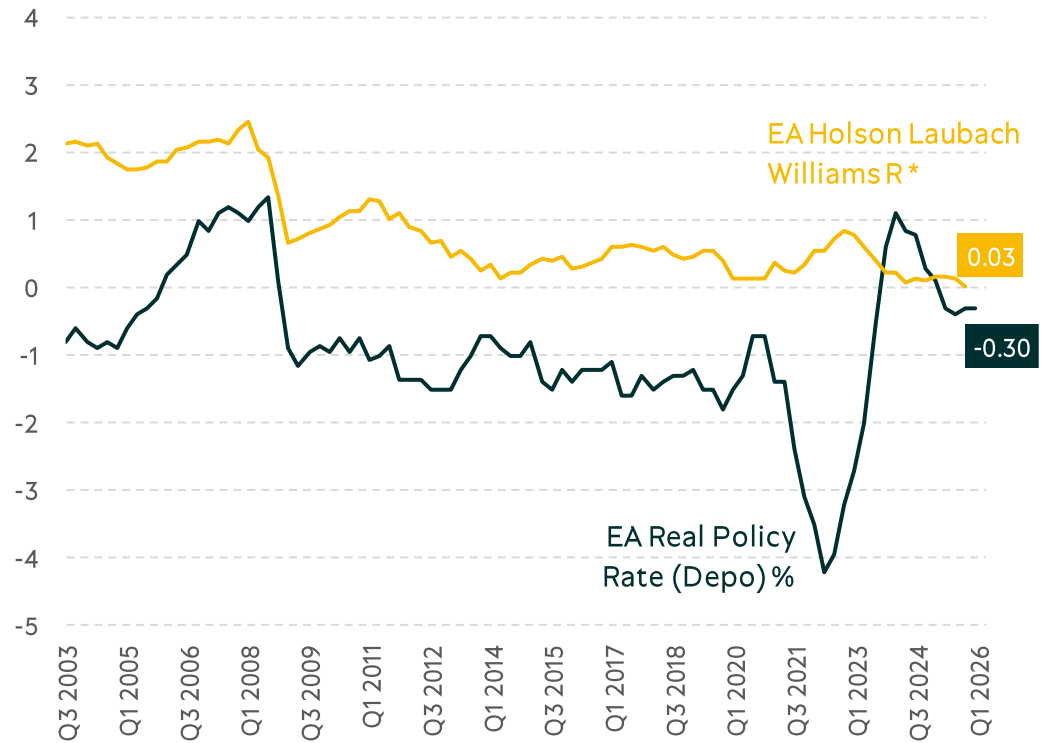


# EA Interest Rates | EA population and productivity growth have stopped falling; real policy rate below HLW neutral rate (R\*)

Population + Productivity growth (3y ma) & EA Real Policy Rate (Depo - Core HICP)

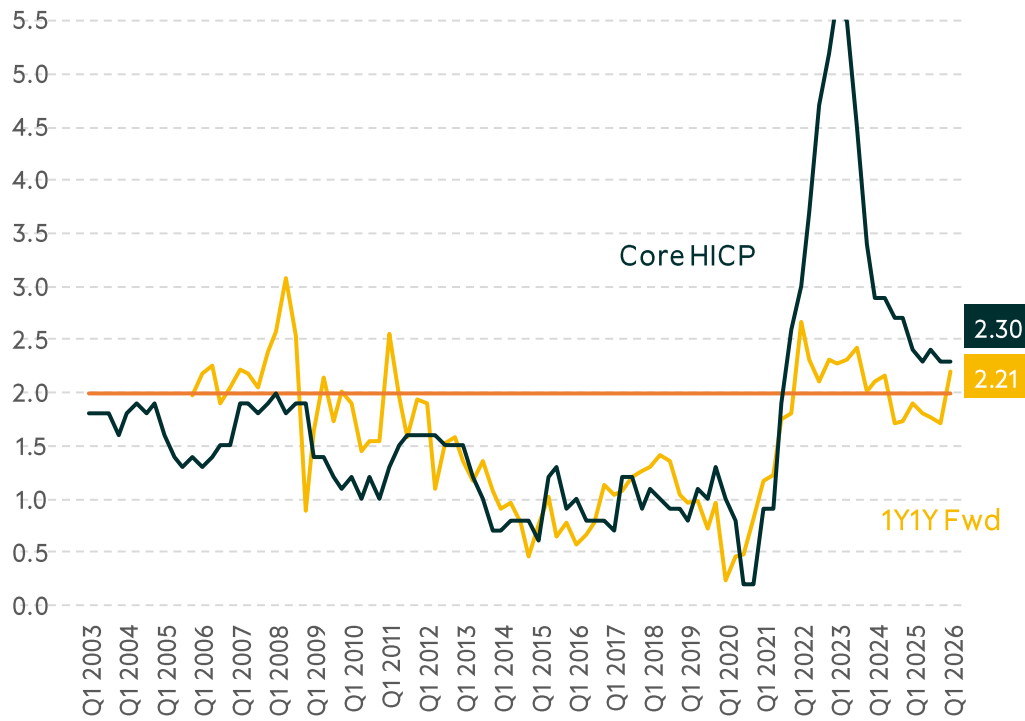


EA Holson Laubach Williams R\* & EA Real Policy Rate (Depo - Core HICP)

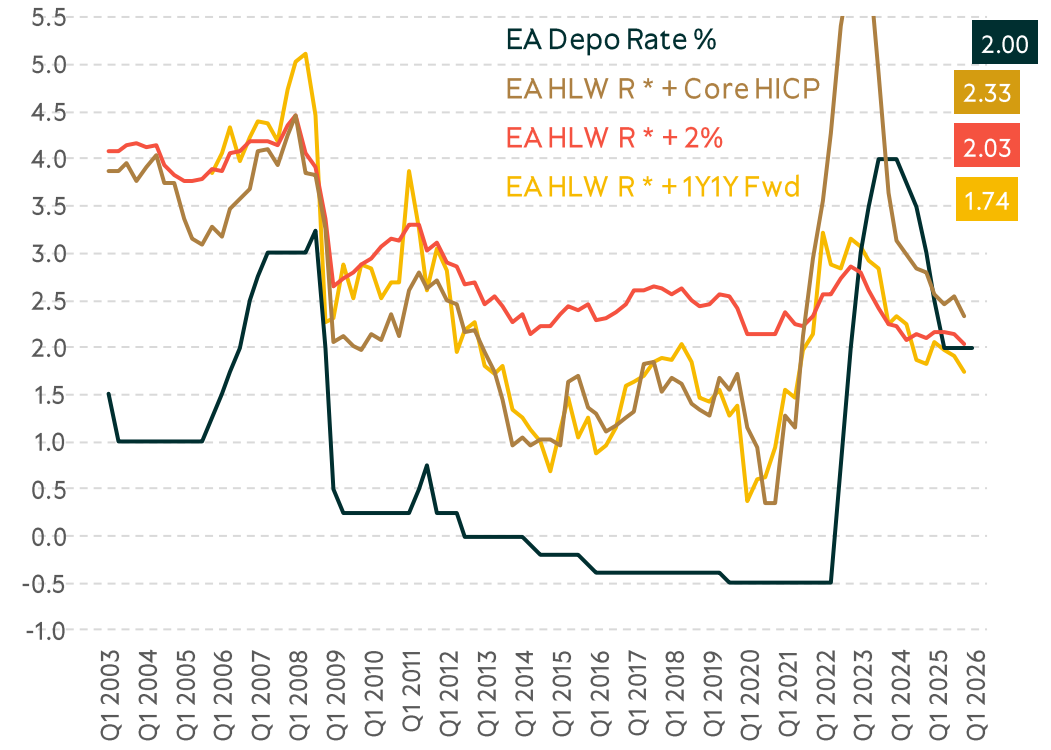


# EA Interest Rates | EA Inflation expectations one year ahead on an upward trend; Depo Rate & Adjusted HLW R\*

EA Inflation & Inflation Expectations one year ahead

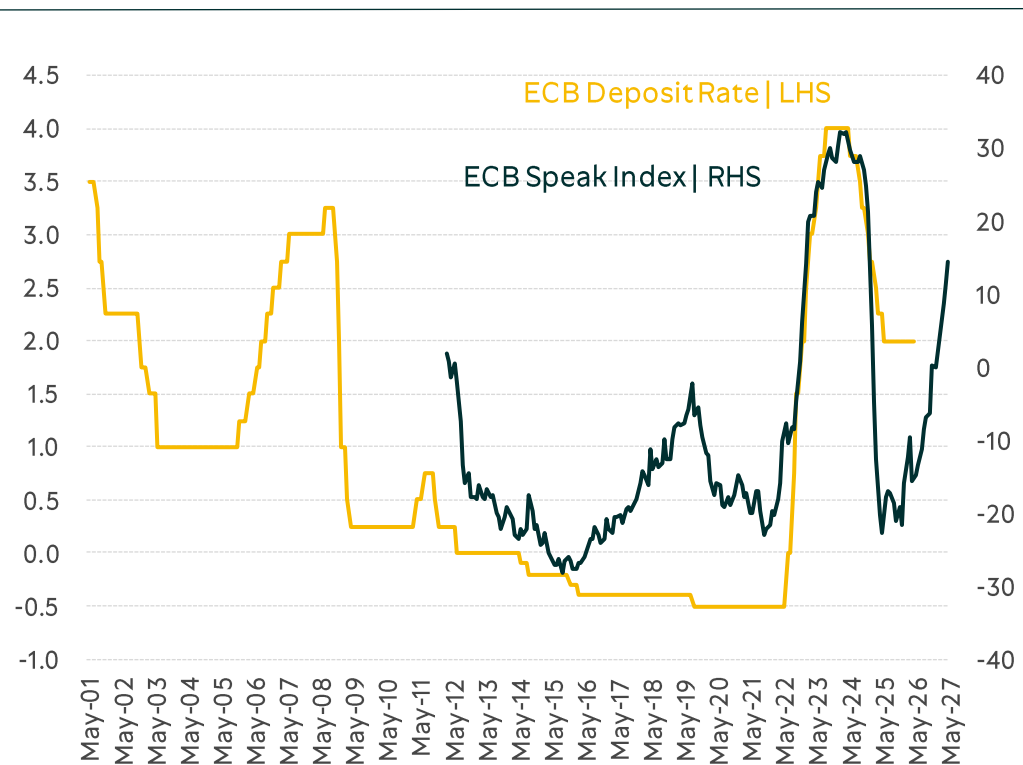


EA Depo & Nominal HLW R\*

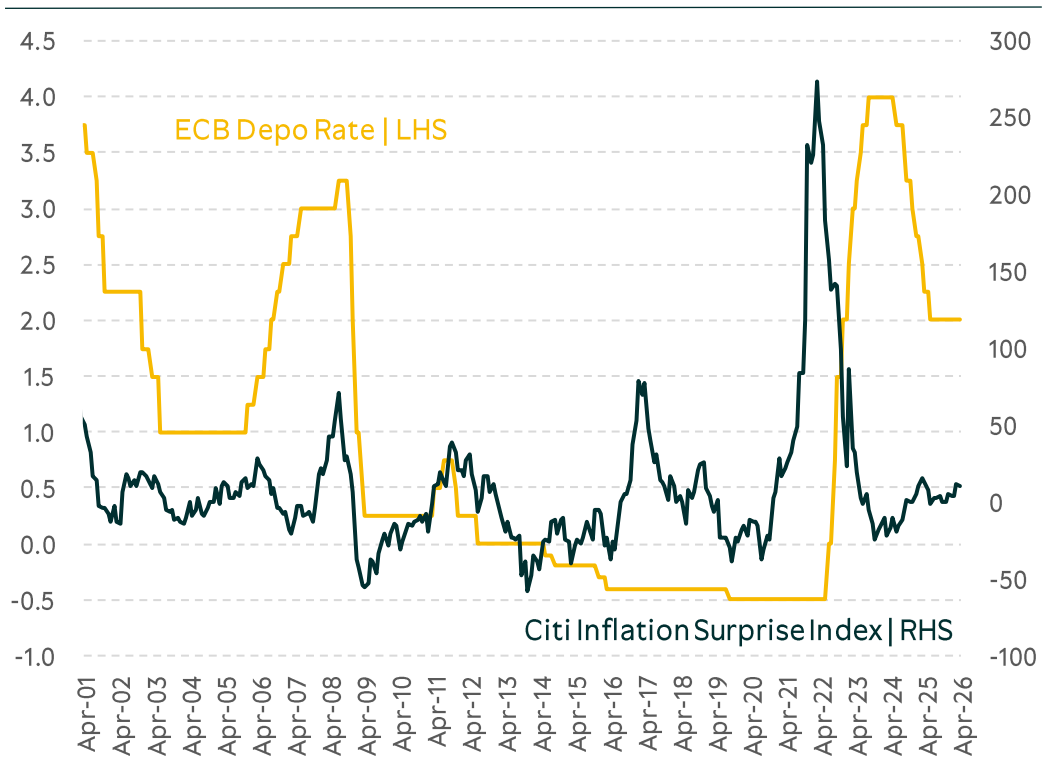


# EA Interest Rates | ECB Speak Index is trending up; Inflation surprises are close to zero

ECB Speak Index & ECB Deposit Rate



Inflation Surprises & ECB Deposit Rate



Positive index → Indicates a hawkish tone, meaning the central bank is leaning toward tightening monetary policy (raising interest rates, reducing liquidity).

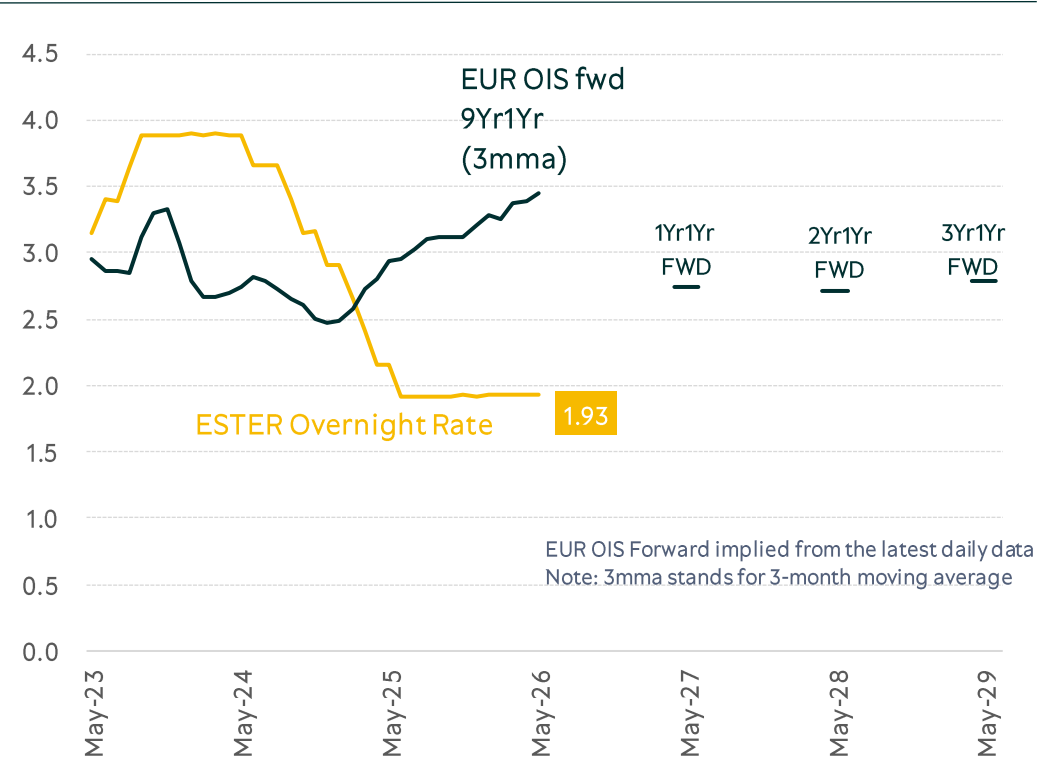
Negative index → Indicates a dovish tone, meaning the central bank is inclined toward easing monetary policy (lowering rates, adding liquidity).

Positive index → Indicates that inflation has been higher than expected

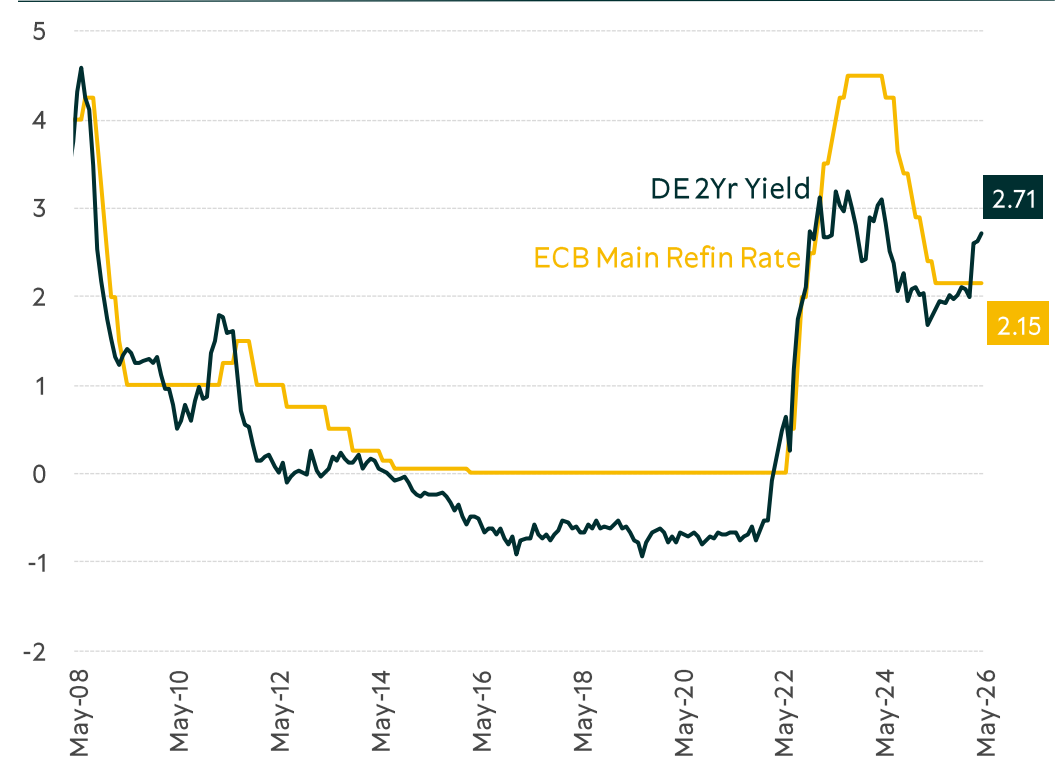
Negative index → Indicates that inflation has been lower than expected

# EA Short-Term Rates | Forward rates suggest higher levels of interest rates

Interest rates | Market Expectations

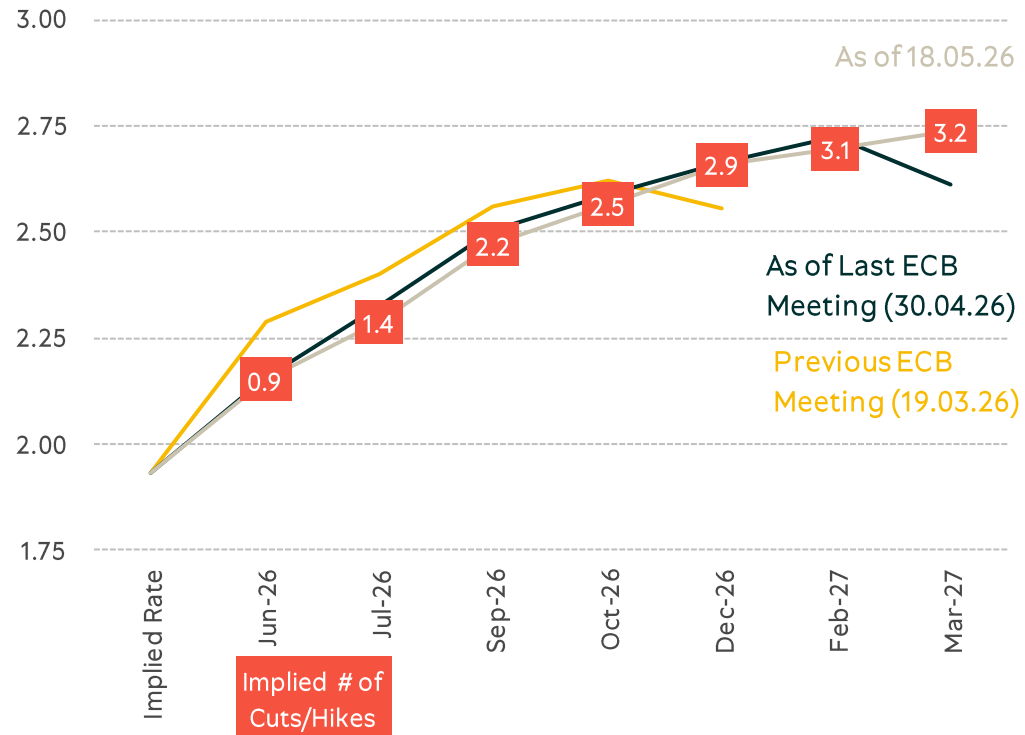


ECB Policy Rate vs German 2Yr Yield

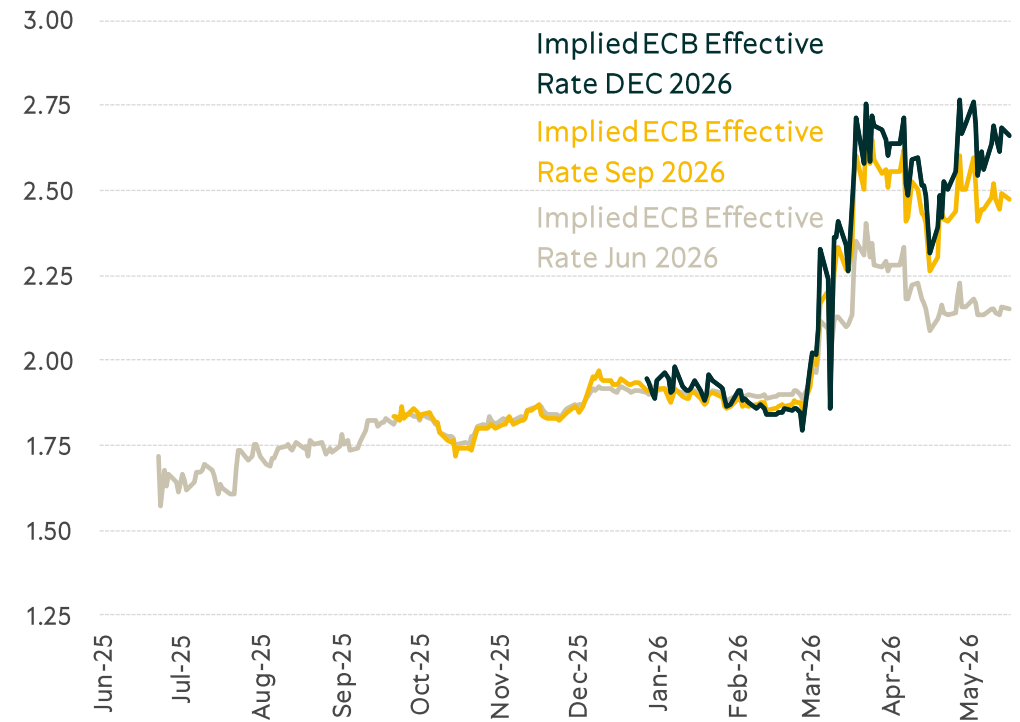


# EA Short-Term Rates | Almost 3 hikes are anticipated by the markets by the end of 2026

Implied Overnight Rate based on Overnight Index Swaps

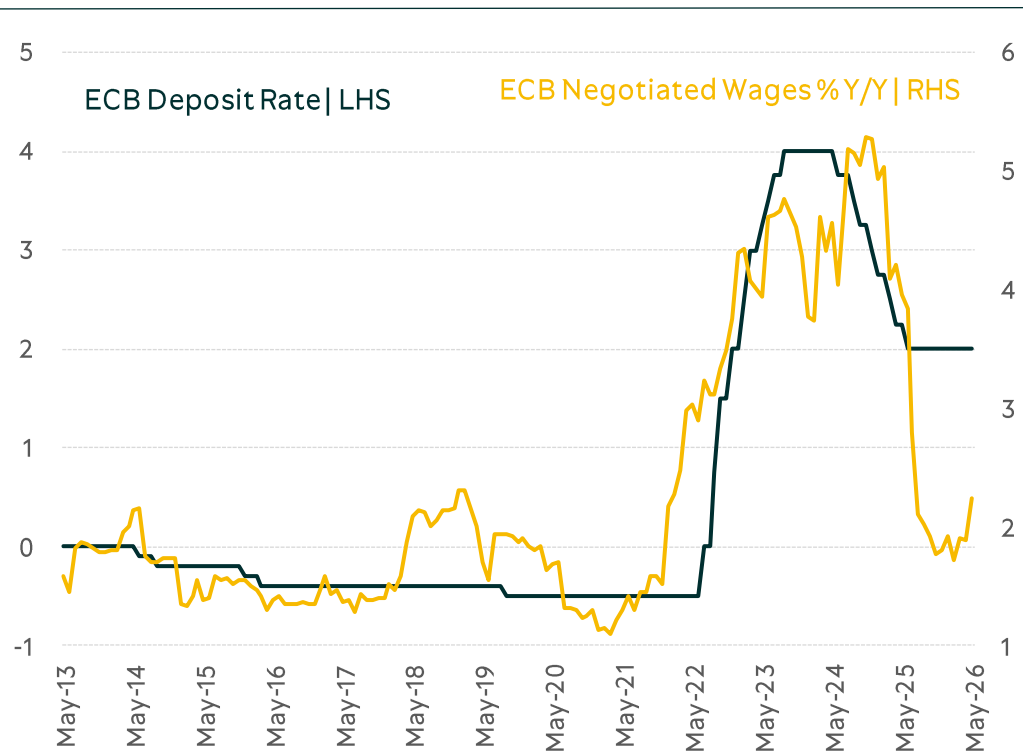


Interest Rates | Implied ECB Effective Rate

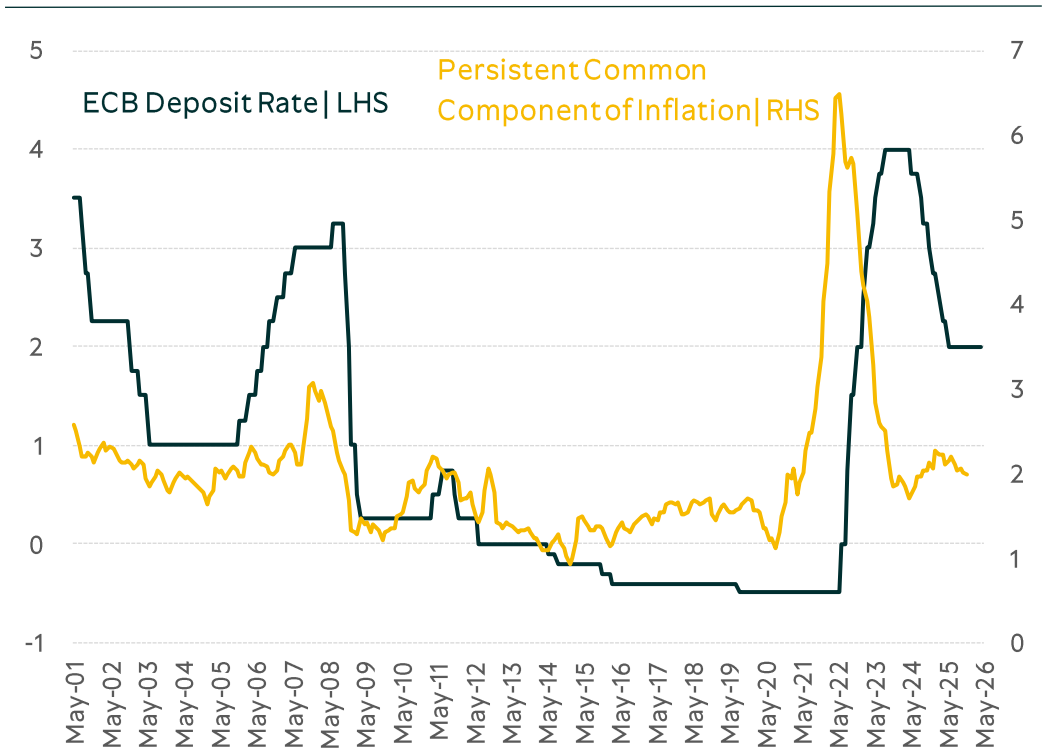


# EA Interest Rates | ECB Depo Rates, Negotiated Wages & Persistent common component of Inflation

ECB Depo Rate & Negotiated Wages

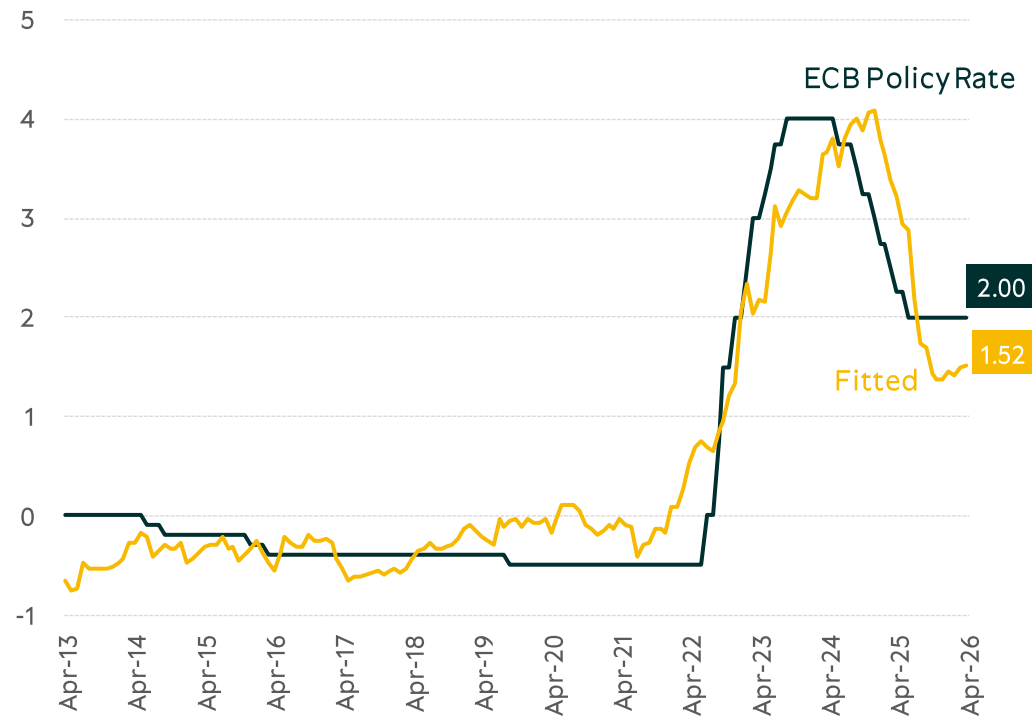


ECB Depo Rate & Persistent Common Component of Inflation

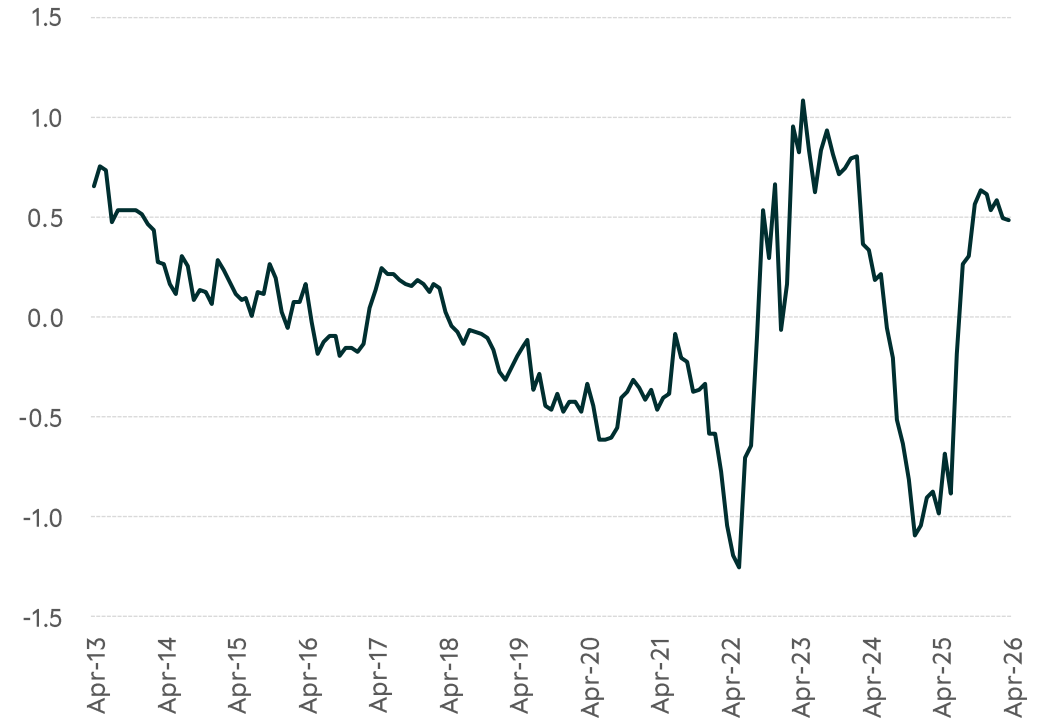


# EA Interest Rates | Taylor Rule Proxy Model & ECB Rate

### Fitted vs Actual

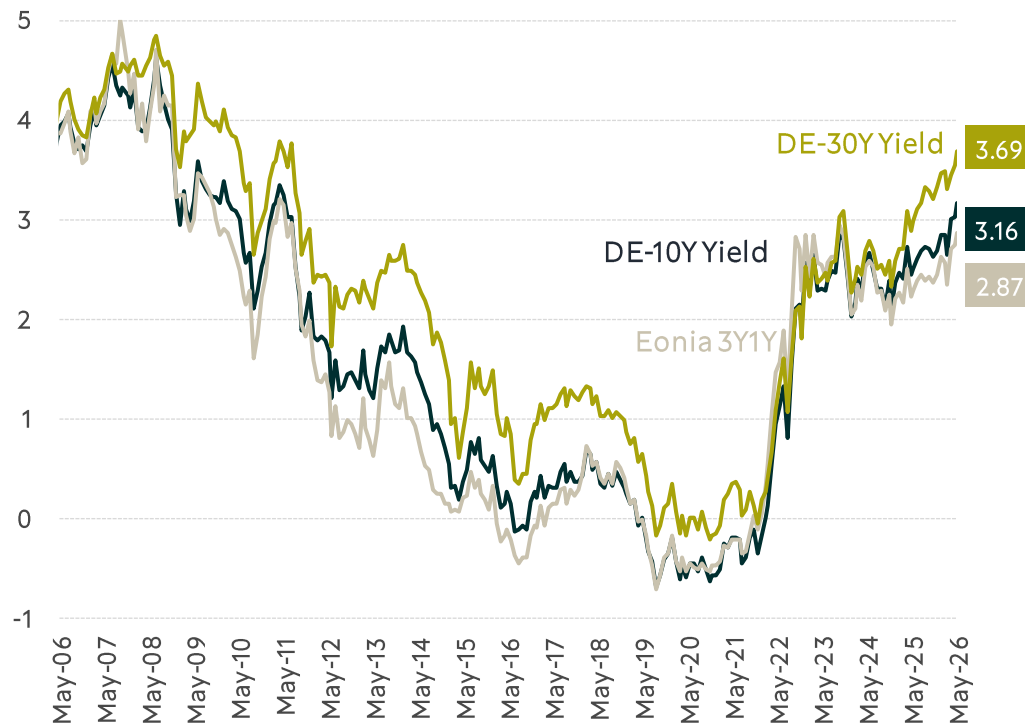


### Residuals

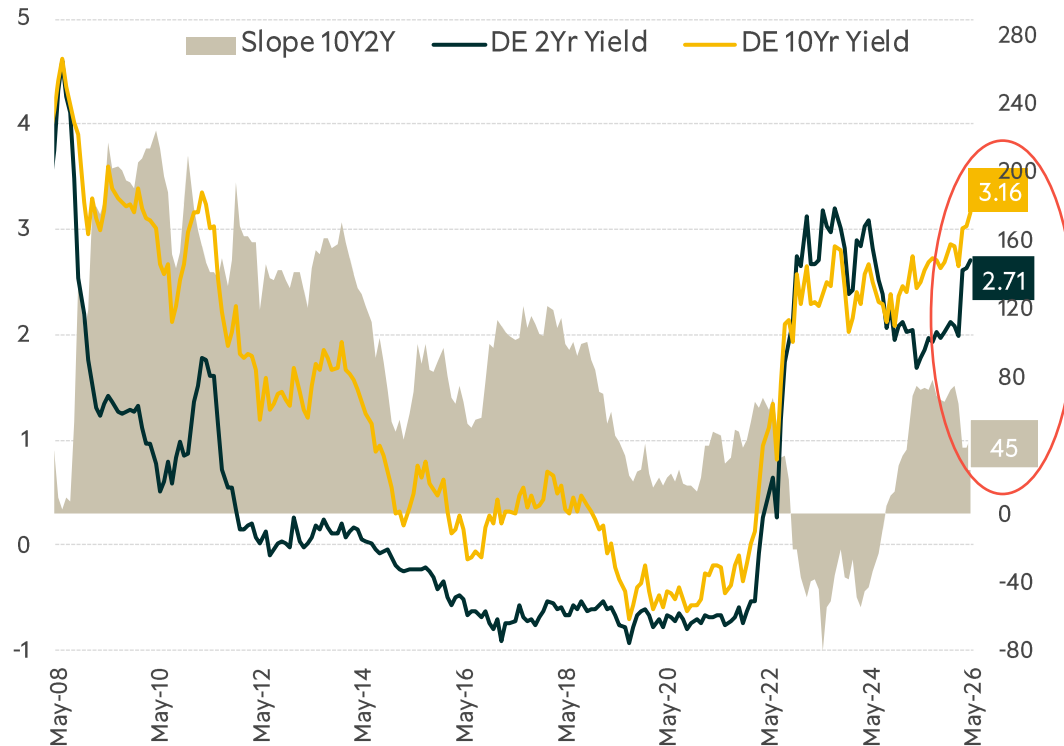


# EA Rates | After four straight cuts in 2025, the ECB kept its key interest rates unchanged. German 10Y2Y spread turned positive at the end of Q3 2024 and has steepened since.

DE 10-Year, DE 30-Year Yield & Eonia 3Y1Y

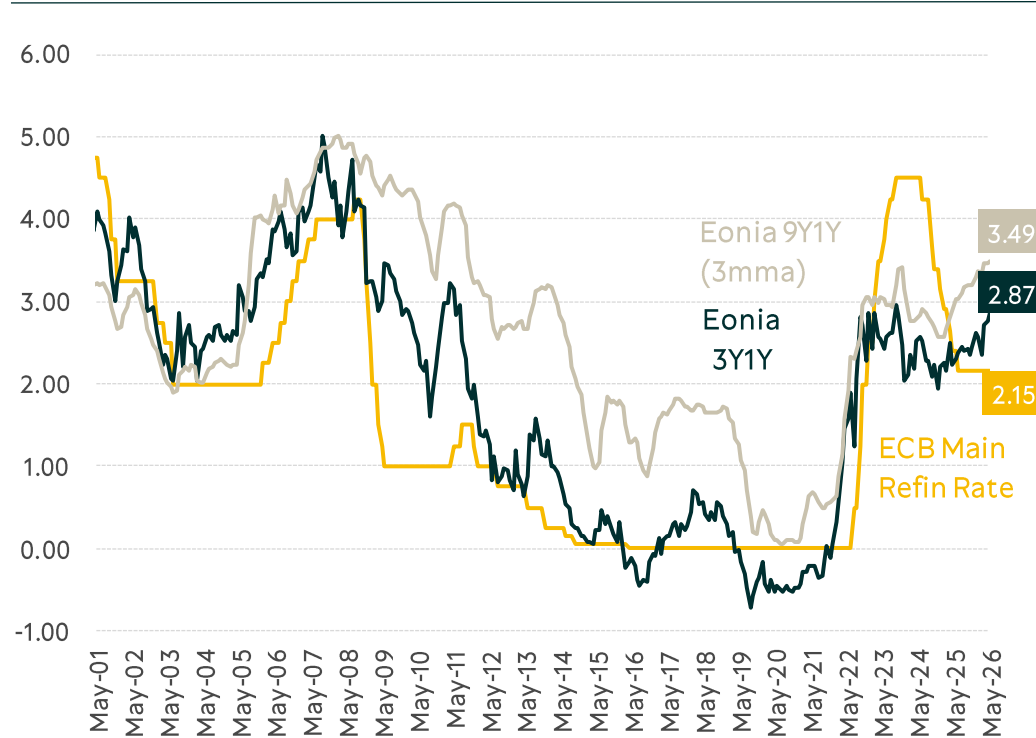


German Yield Curve

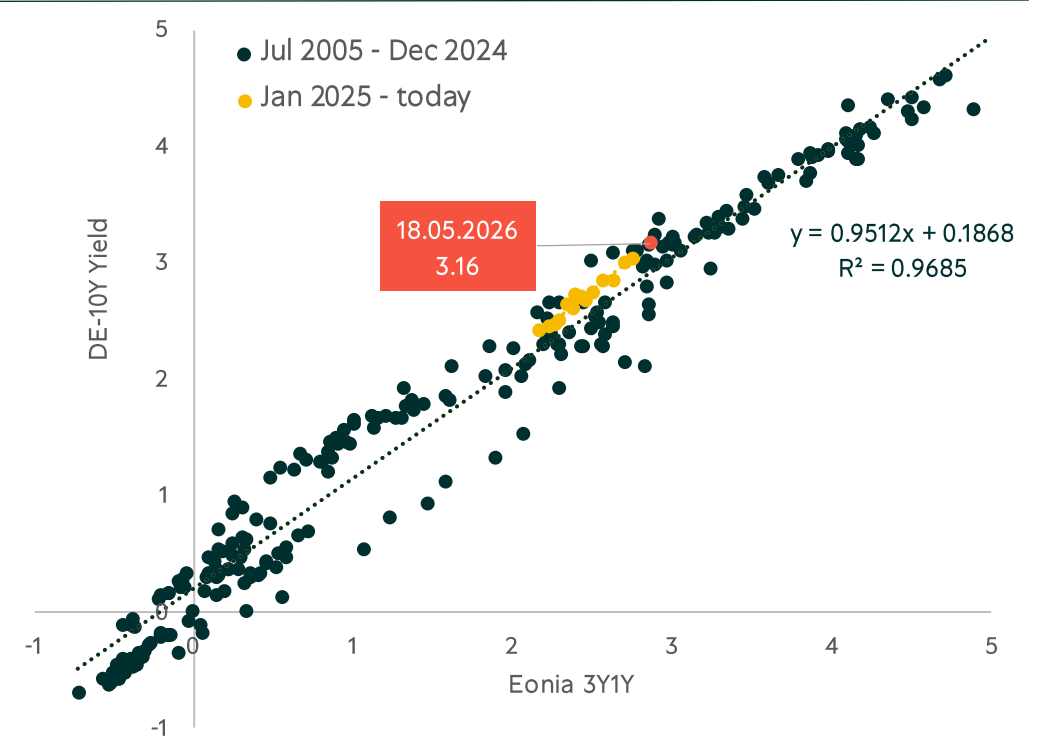


# EA Long-Term Rates | Given the current level of short-term rates, long-term bonds are near “fair value”

Long-term Interest Rate Expectations



DE Yield vs Medium-term Interest Rate Expectations



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Bird's Eye View

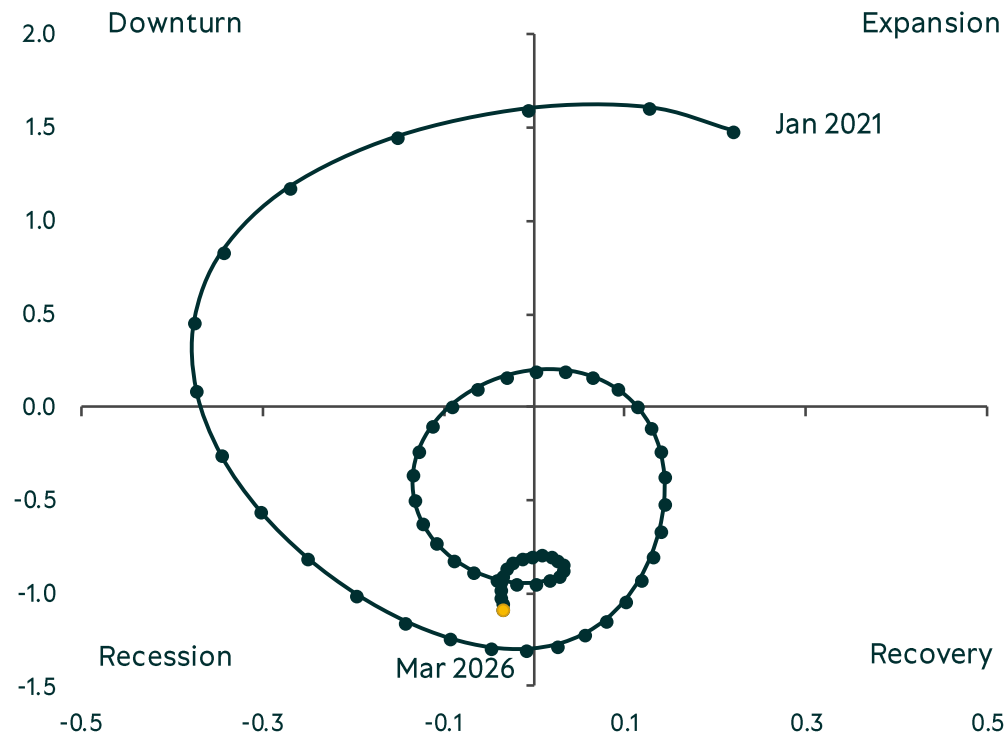
US Economy

EA Economy

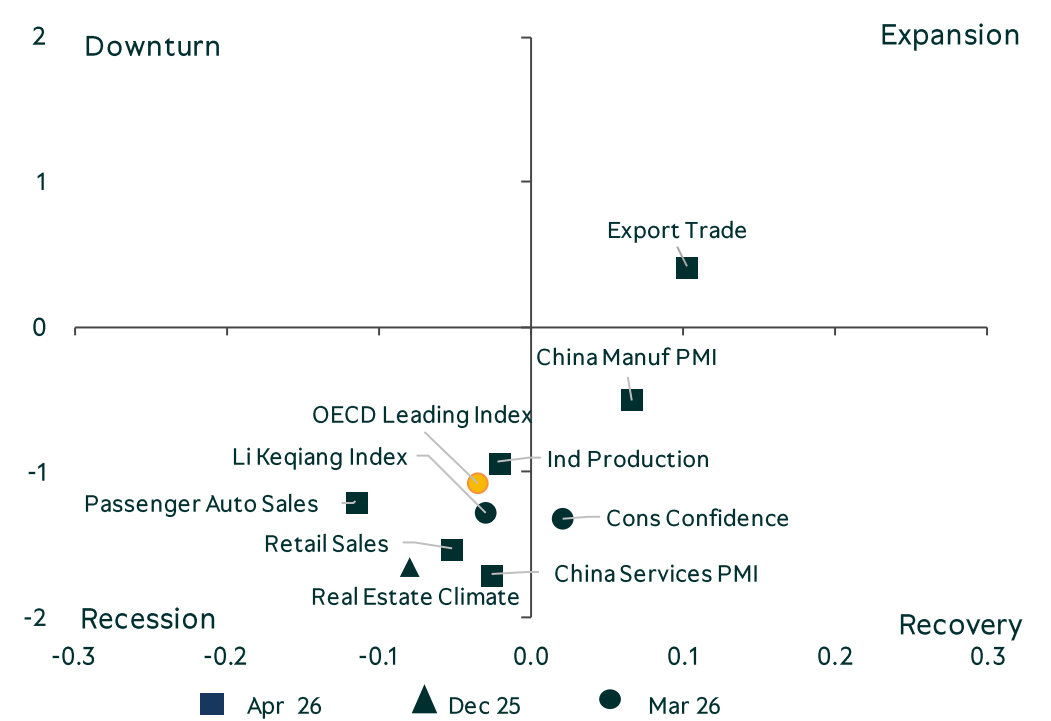
China Economy

# Chinese Business Cycle | The majority of economic variables are positioned in the recession phase

CN Business Cycle | Based on China OECD Leading Indicator

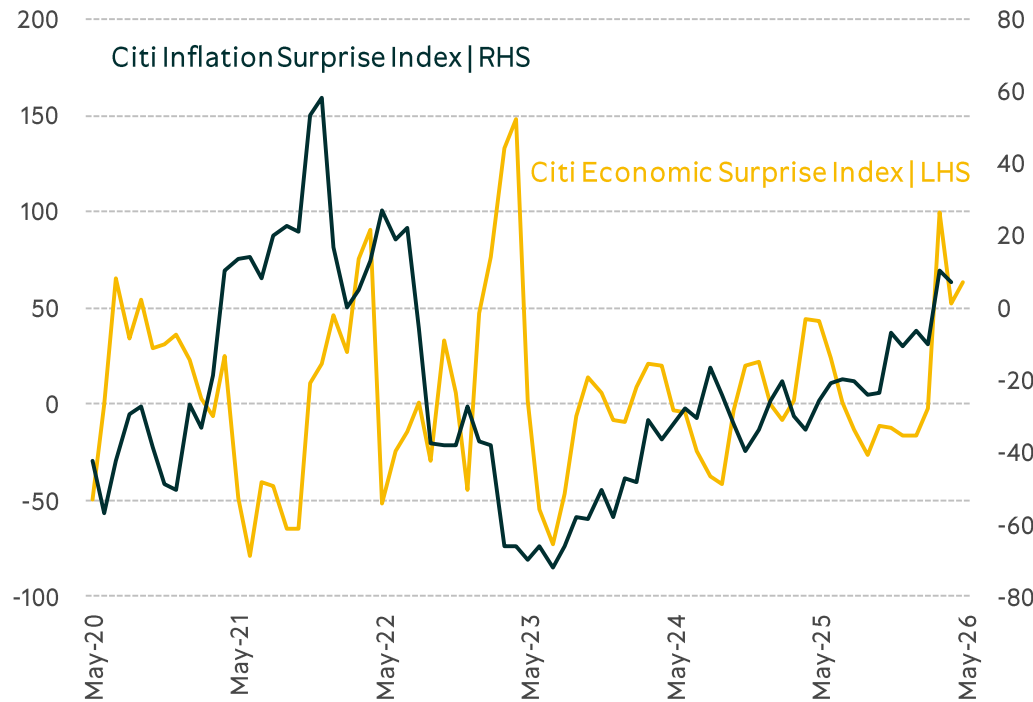


CN Business Cycle | Based on Major CN Economic Variables

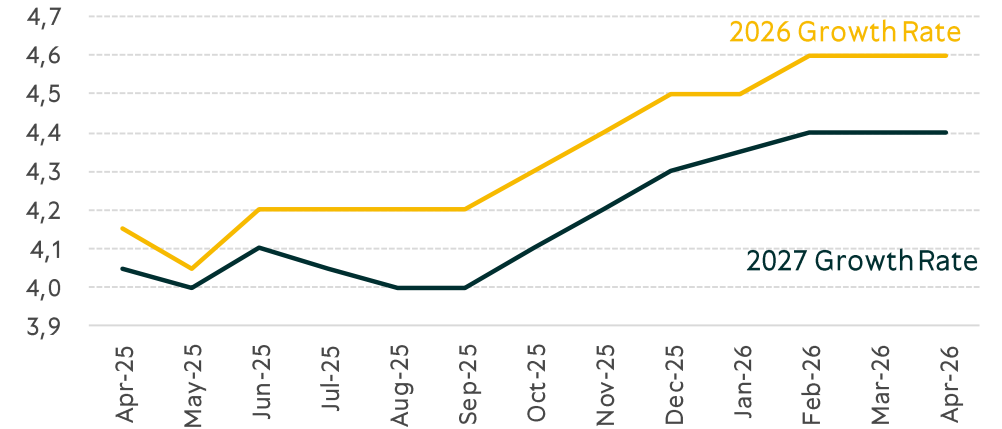


# Chinese Macro Expectations | Sub 5% growth expectations for 2026 & 2027. Inflation is expected to remain too low.

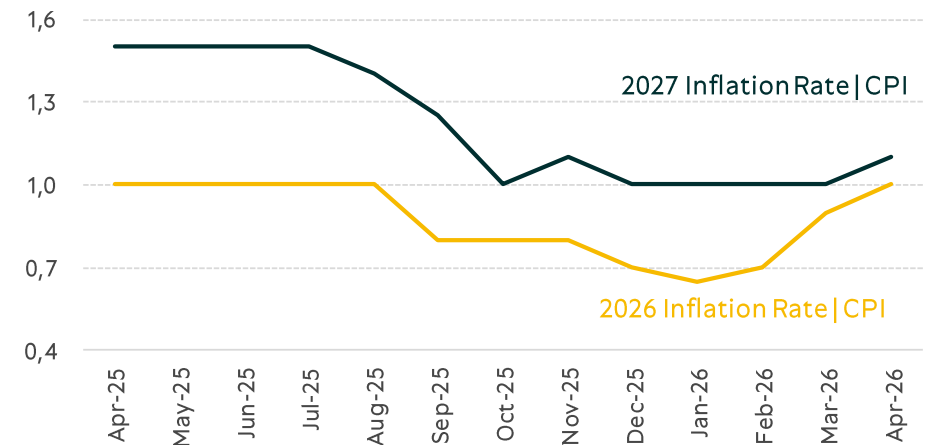
## Economic & Inflation Surprises



## Growth Rate Expectations (Consensus)

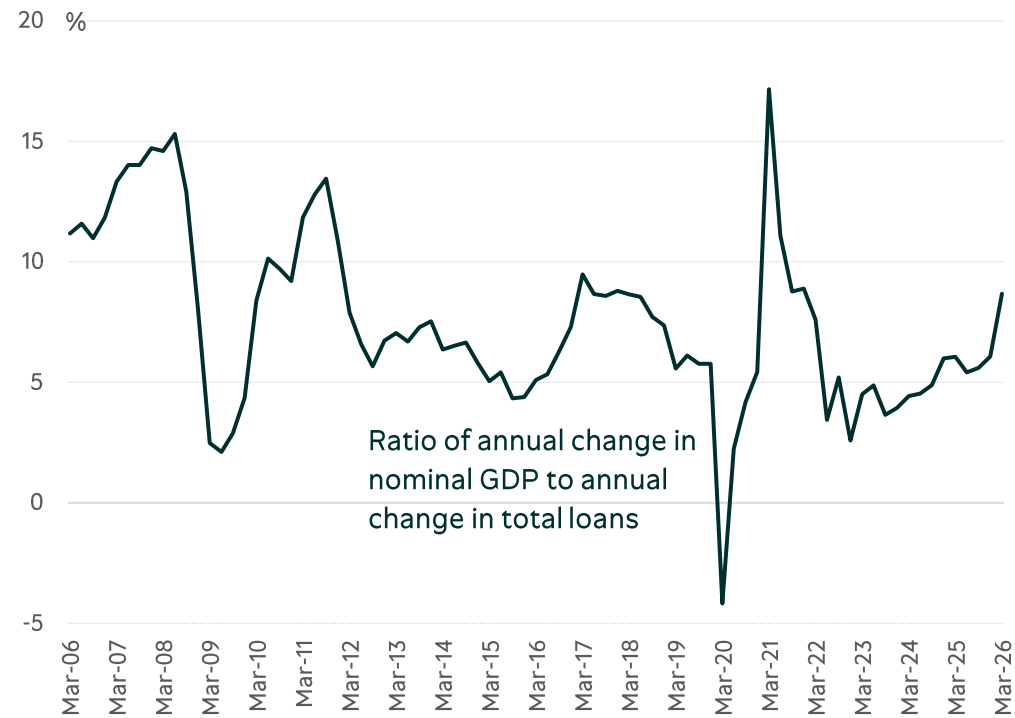


## Inflation Rate Expectations (Consensus)

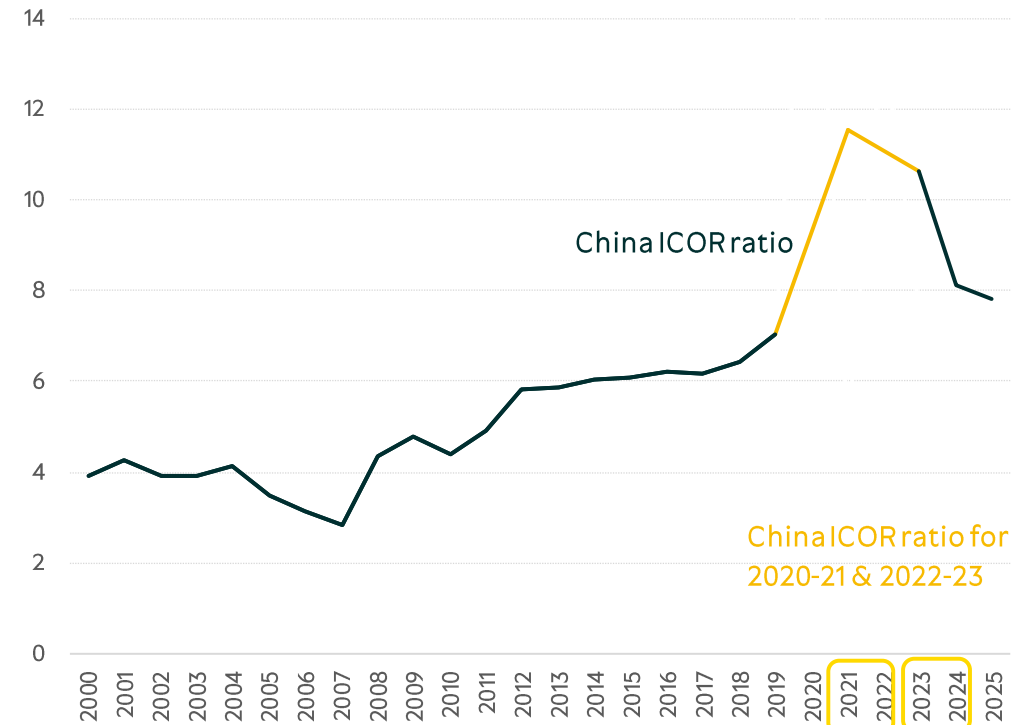


# Chinese Investment Capacity | There is significant potential for more efficient capital allocation

China credit-efficiency ratio

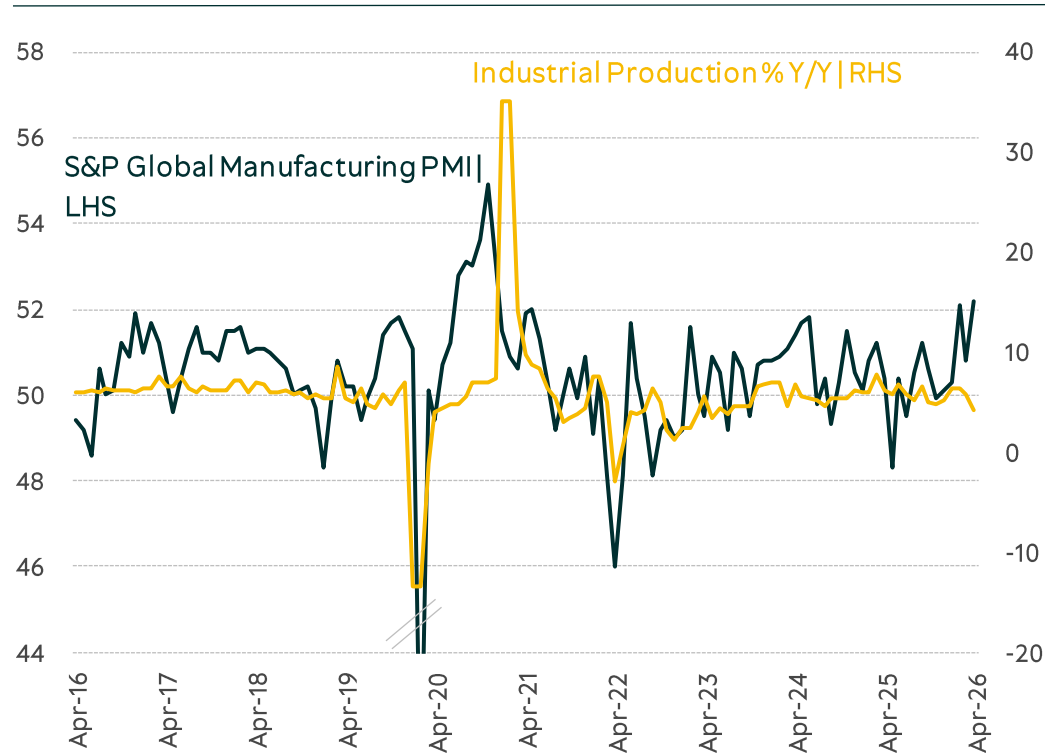


China Incremental Capital Output Ratio

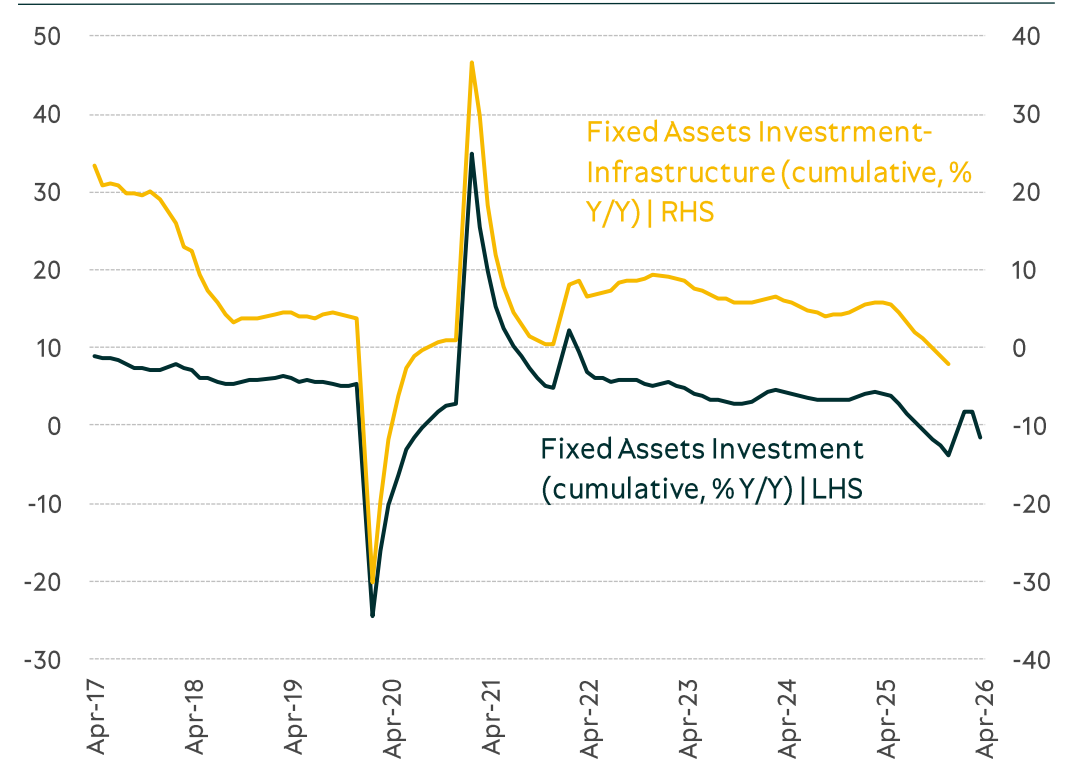


# CN | The S&P Global Manufacturing PMI increased to 52.2 in April; Contraction in fixed asset investment

## Industrial Production & Caixin Manufacturing

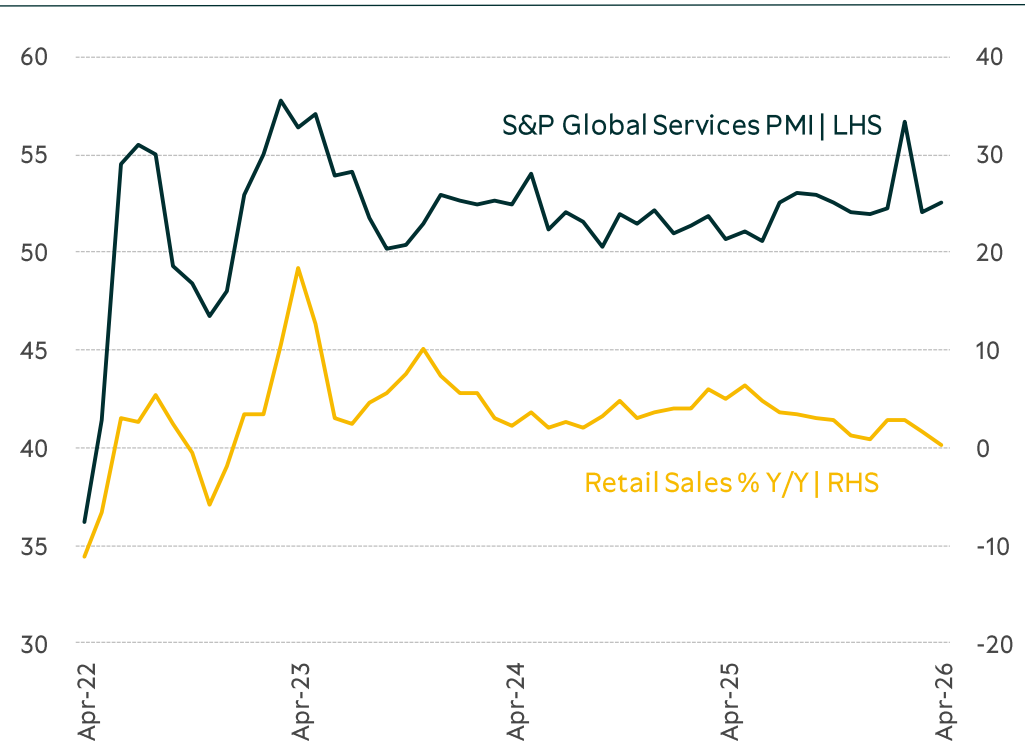


## Fixed Assets Investment

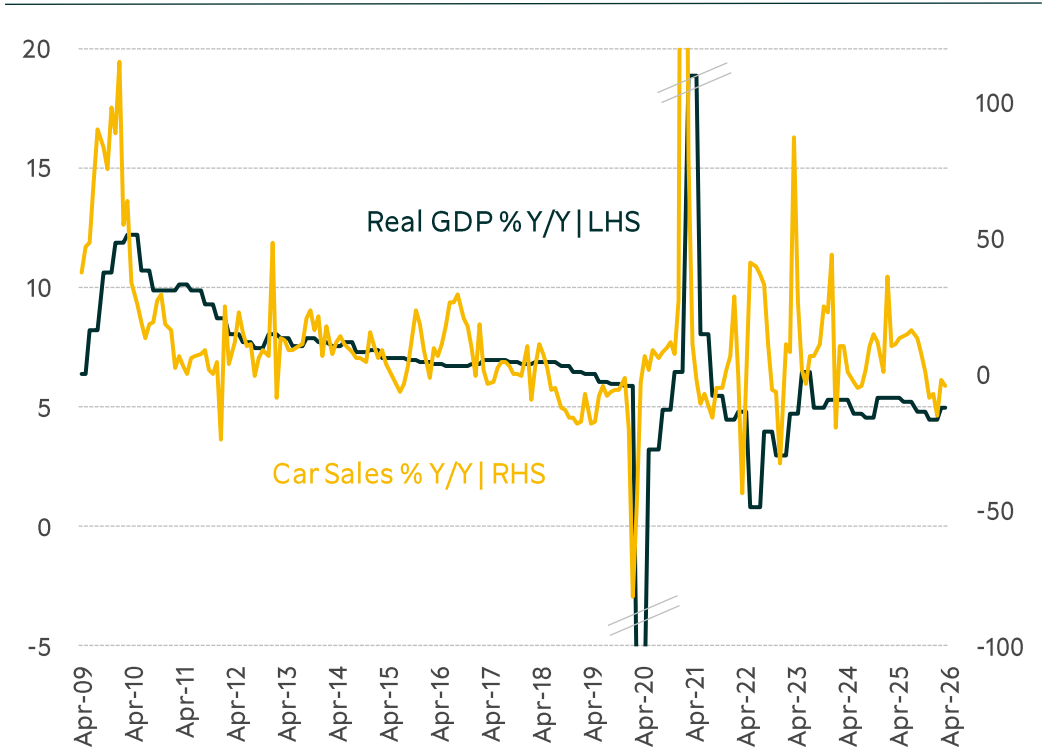


# CN | April saw a slight increase in the S&P Global Services PMI but domestic demand remains subdued

Retail Sales & Caixin Services PMI

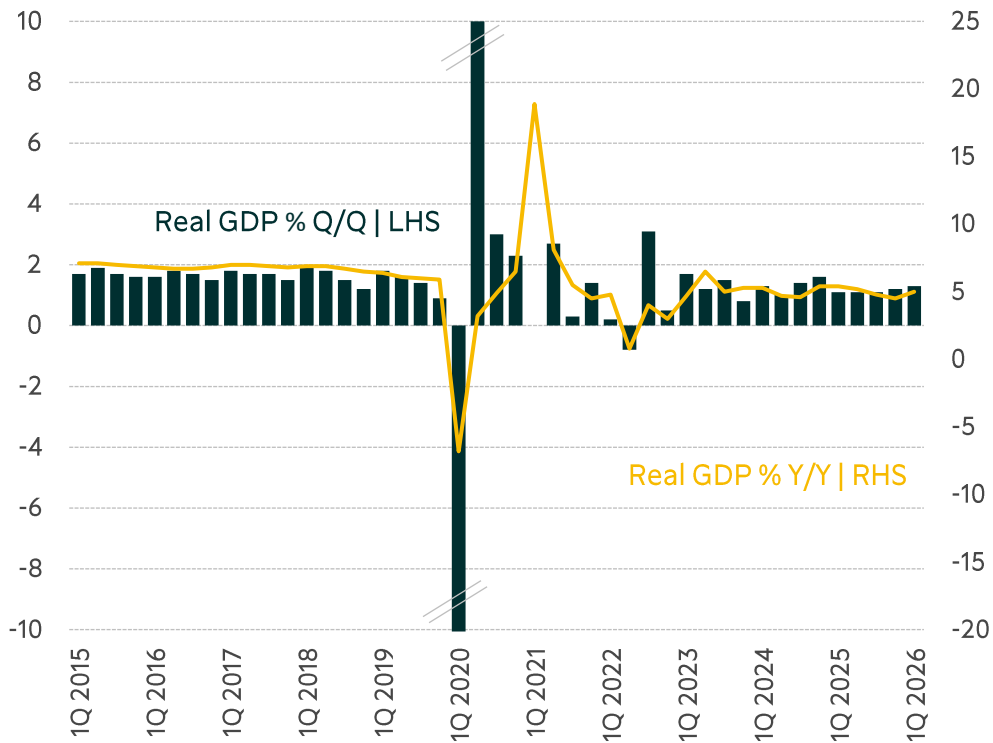


Real GDP & Car Sales

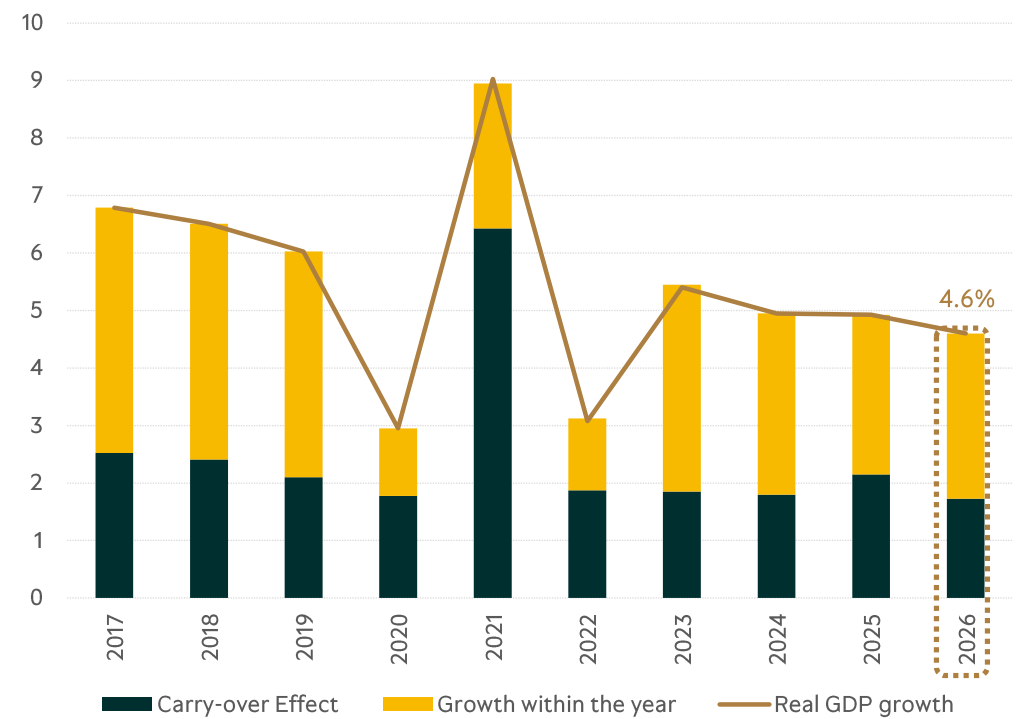


# CN GDP Outlook | Economic growth accelerated to 5% in Q1 '26. The government target range for 2026 is set at 4.5%–5%.

GDP Growth Rate

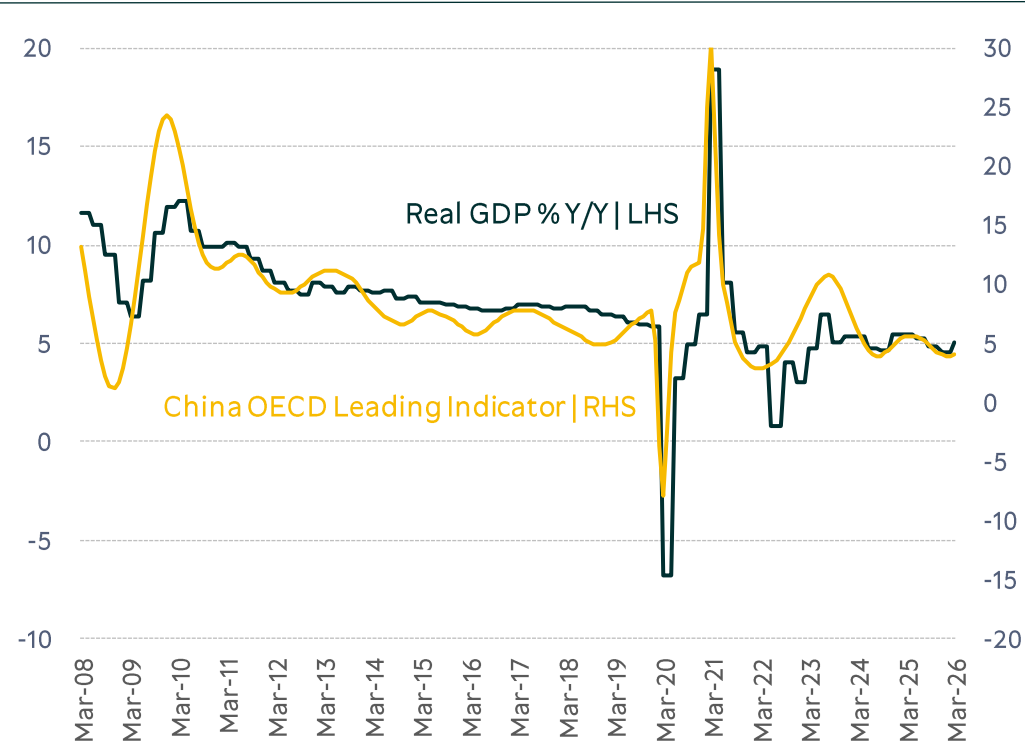


Carry Over Effect

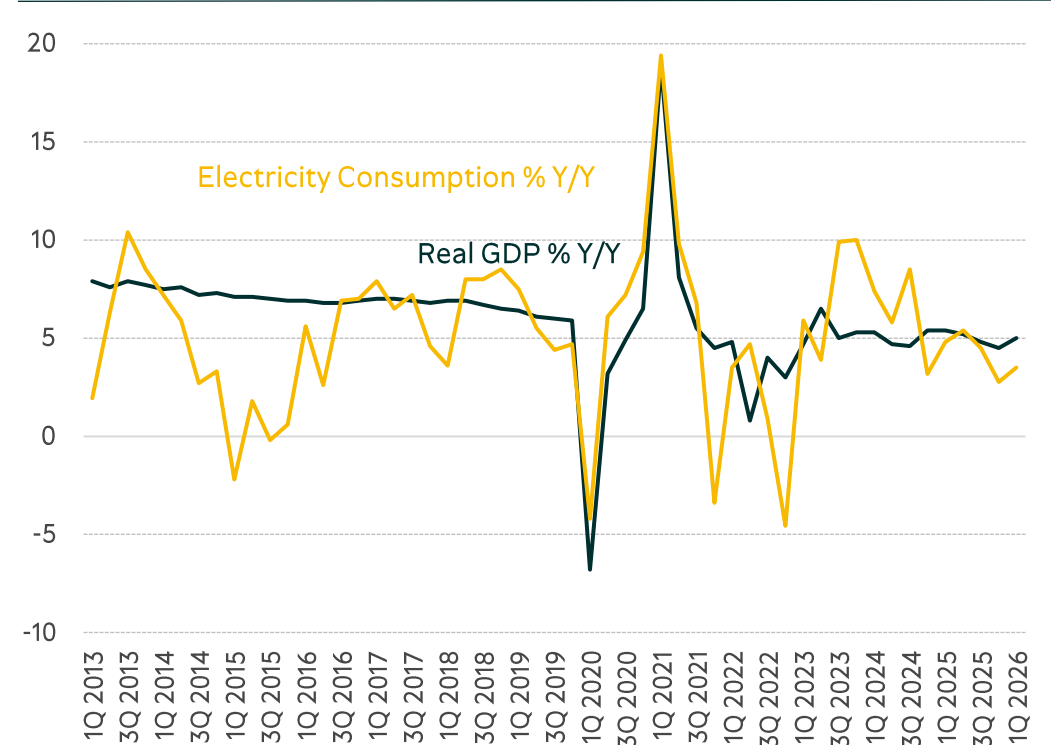


# CN GDP | Trends in electricity consumption and the OECD Leading Indicator suggest that growth is likely to move slightly down from its current level.

Real GDP & China OECD Leading Indicator

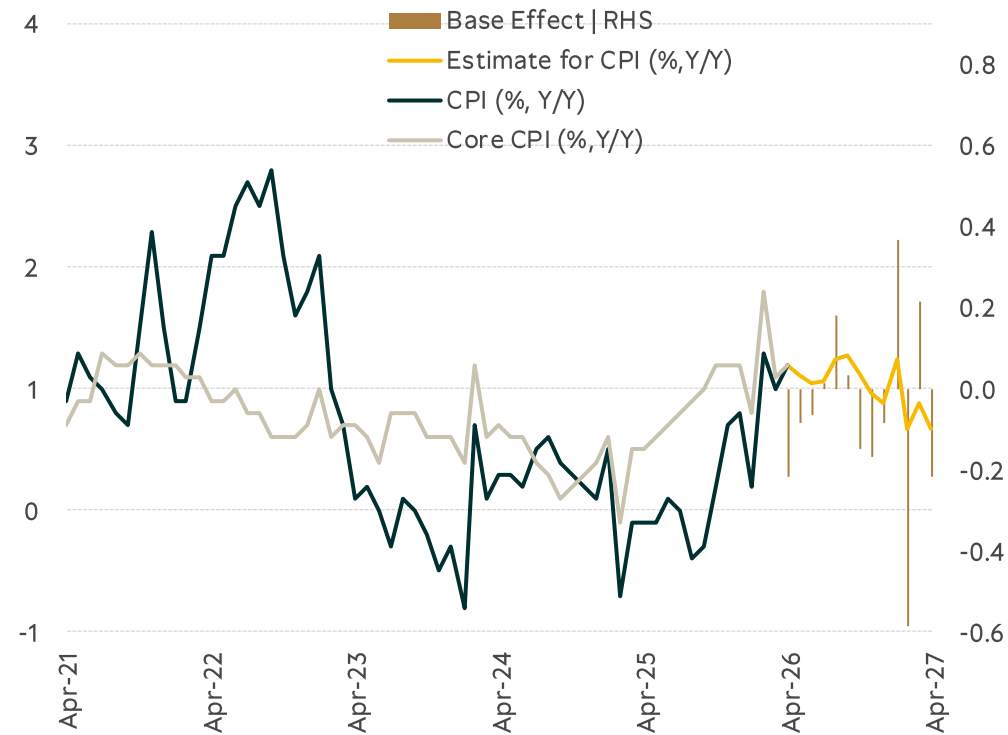


Real GDP & Electricity Consumption

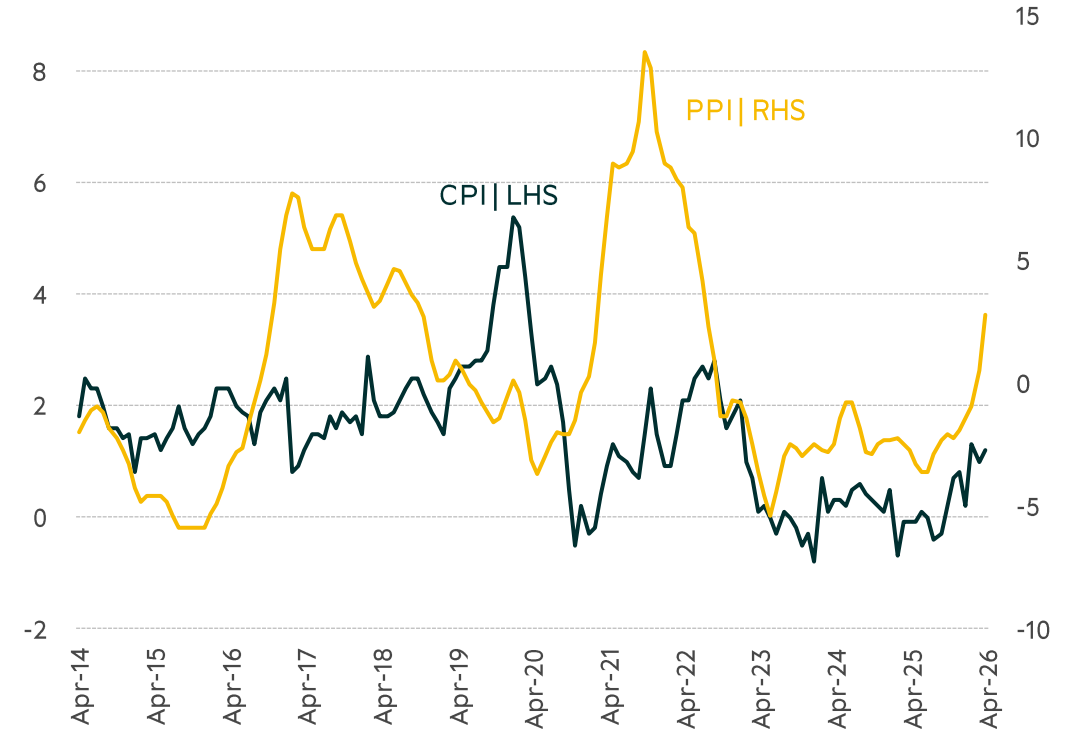


# CN Inflation Outlook | Inflation increased in April but is expected to remain subdued in the coming period.

Inflation Rate Forecast | Statistical Model

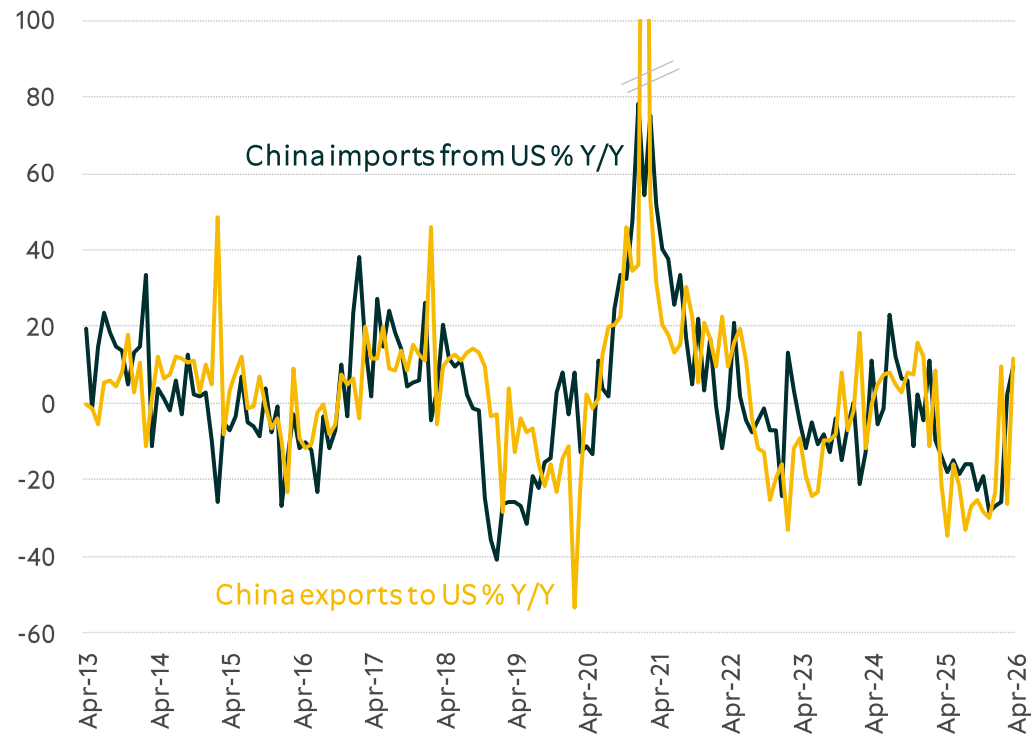


CPI & PPI

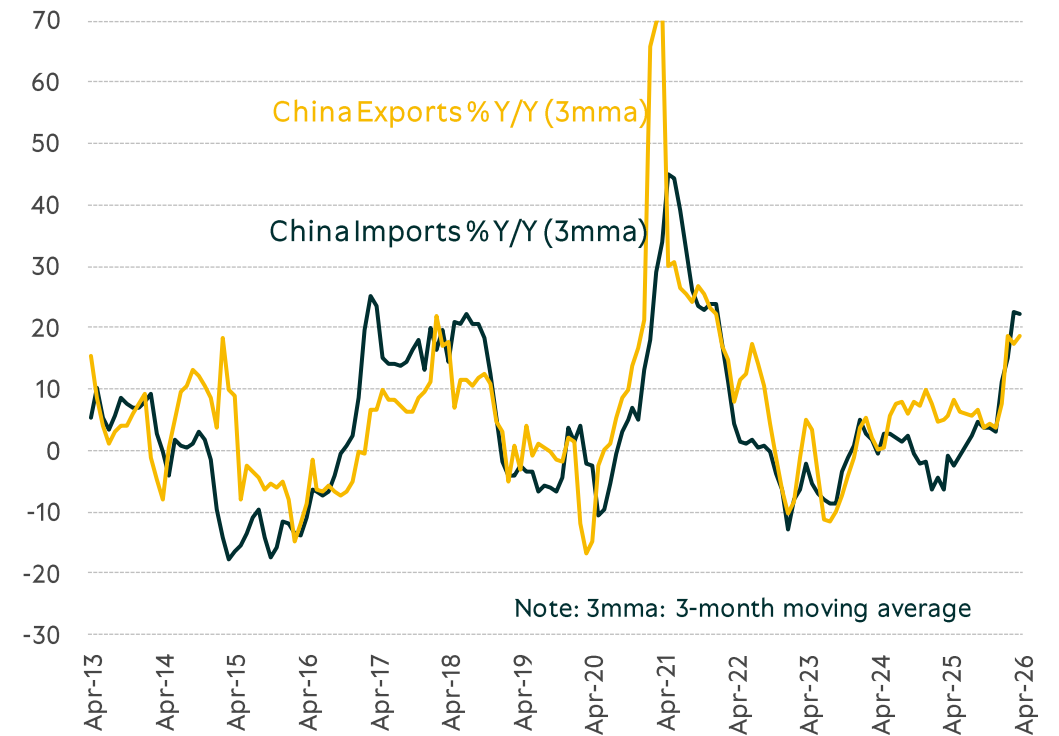


# CN Trade | The trade truce with the US and the successful redirection of exports helped minimize trade losses

Trade US – China

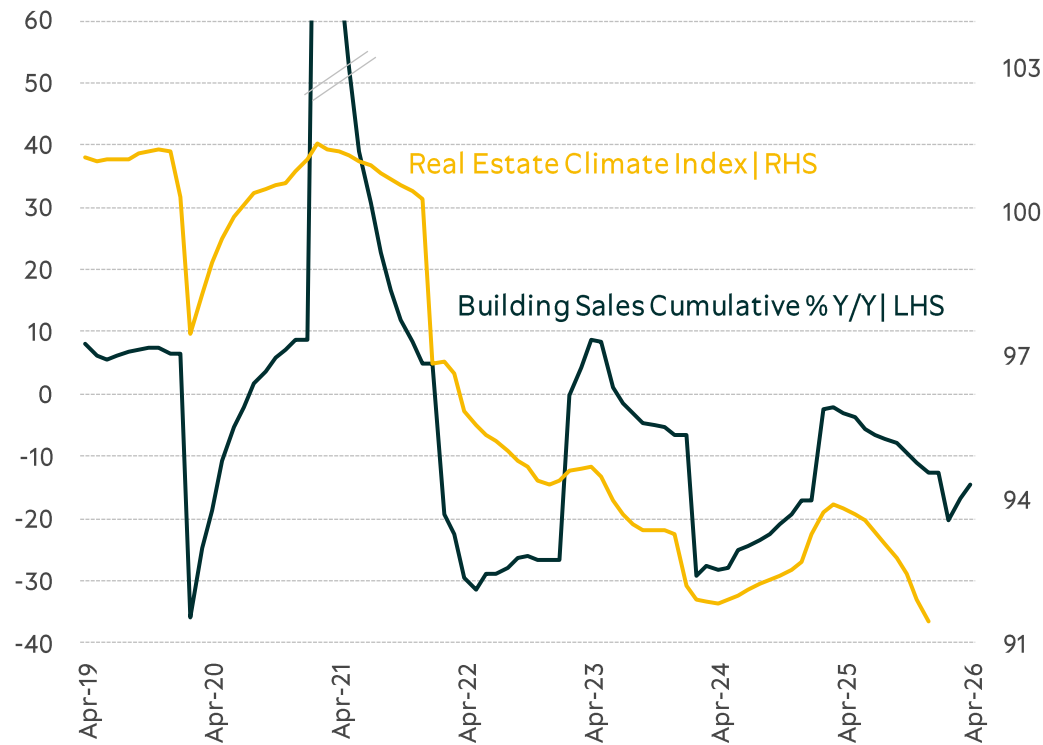


Imports & Exports

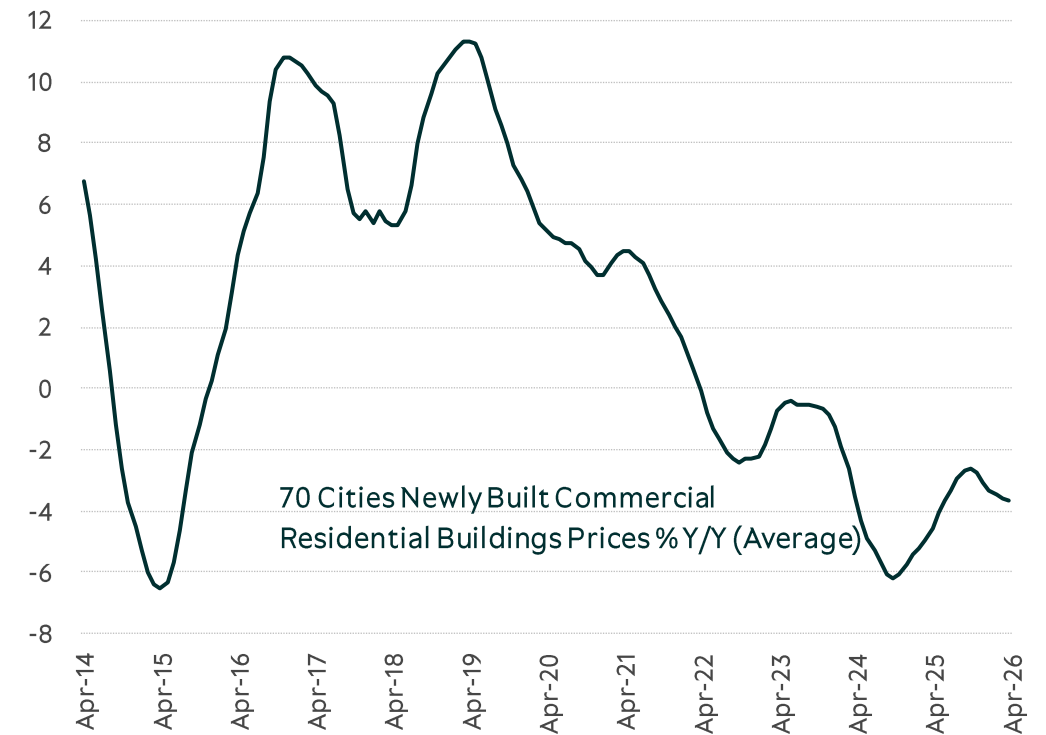


# CN Real Estate | The ongoing decline in building sales and the real estate climate shows no signs of stabilisation. Prices decline again.

Real Estate Climate & Building Sales

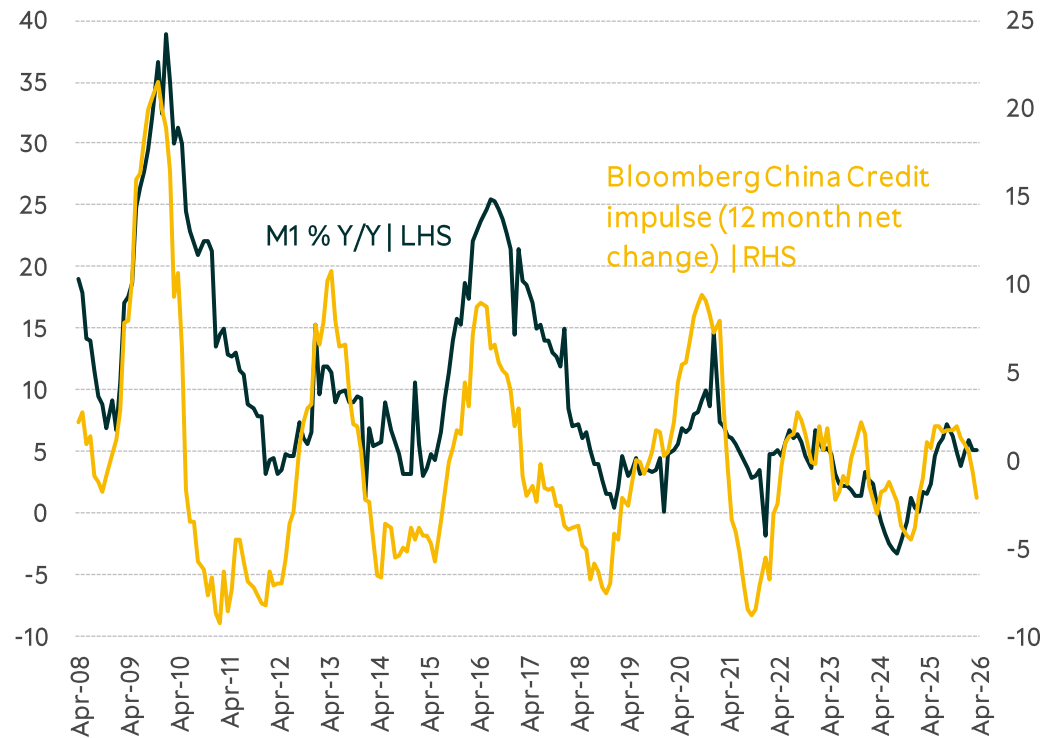


Newly Residential Buildings Prices

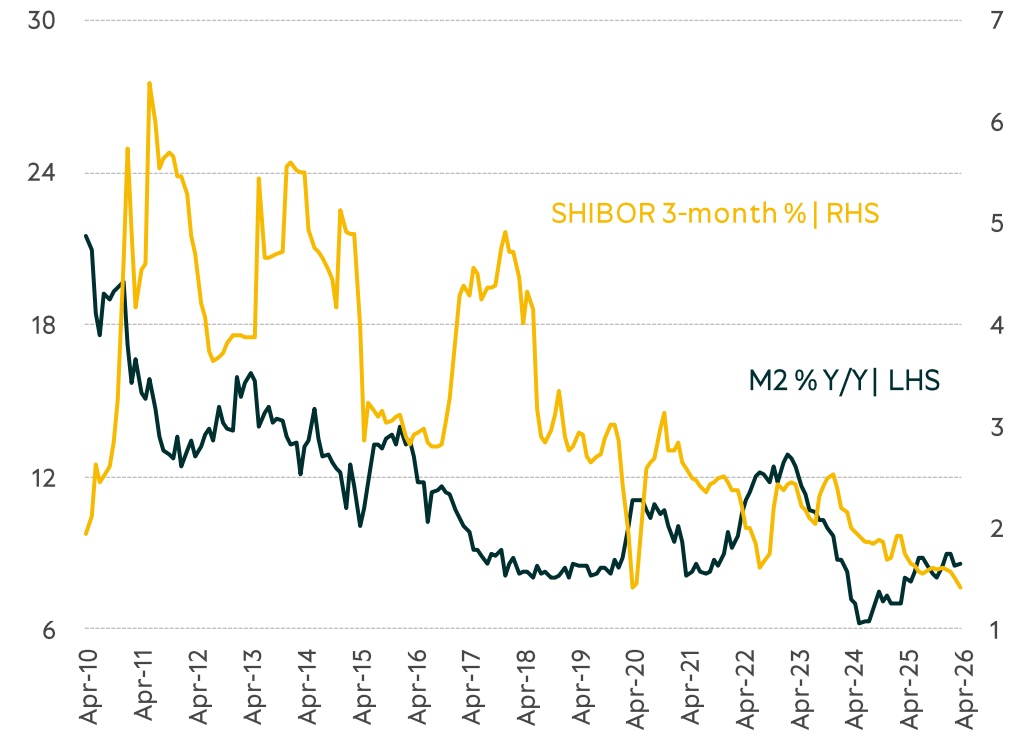


# CN Money Supply | Despite a moderation in growth, monetary aggregates (M1 and M2) remain supportive of economic expansion

Money Supply

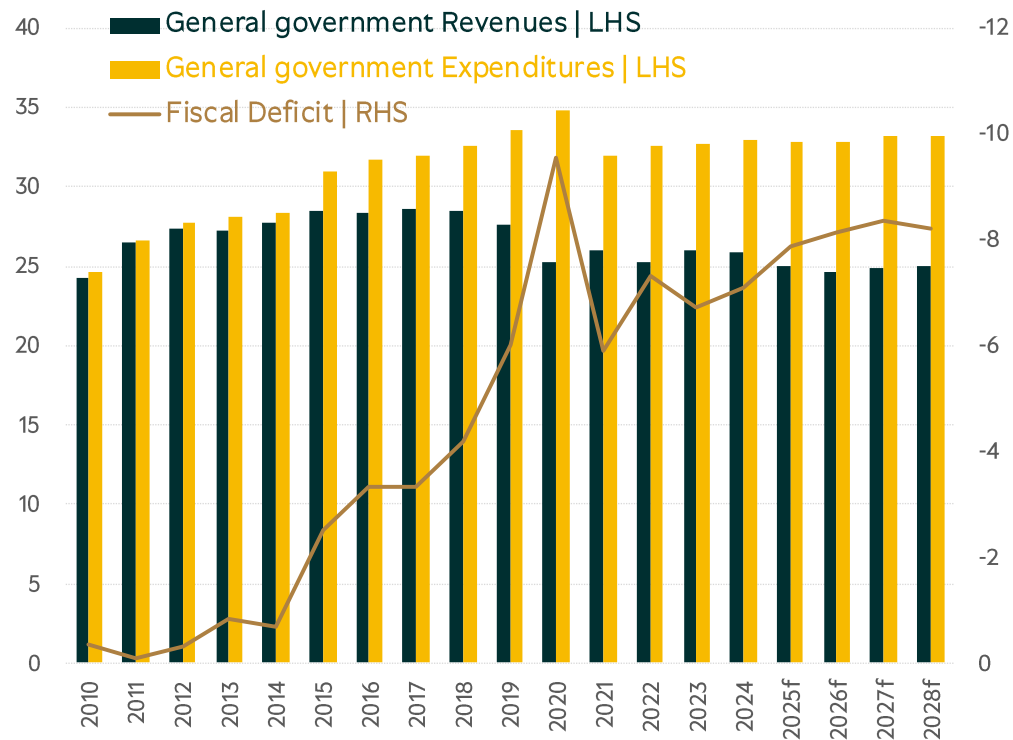


Money Supply & Interbank Rate

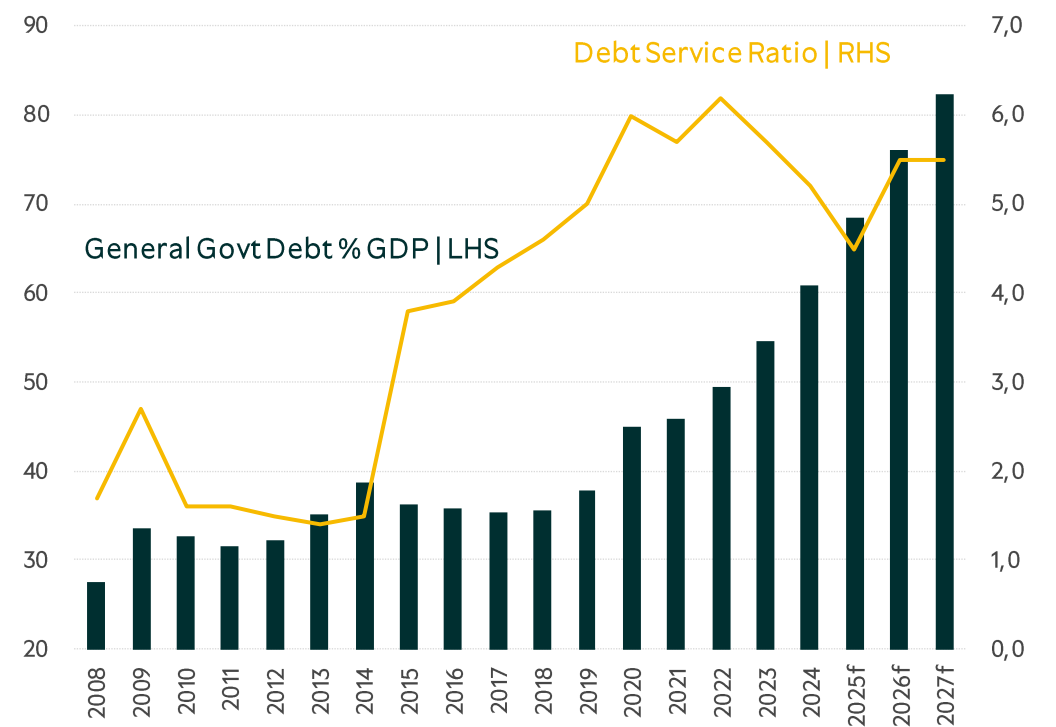


# CN Fiscal | Expansionary Fiscal policy is expected to continue

### Government Balance



### General Government Debt & Debt Service Ratio



$$\text{Debt Service Ratio} = \frac{\text{Interest} + \text{Current-year repayment of principal}}{\text{Current-account receipts}}$$

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Bloomberg Ticker: {PBGR<GO>}

LinkedIn: <https://www.linkedin.com/company/piraeus-bank>

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