ISSN: 2241-4851

Eurobank Research

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

March 12, 2021

Global Markets

The ECB stayed put on interest rates y-day, as expected, but surprised investors by announcing that, in response to the recent unwanted tightening of financial conditions, the GC decided to "significantly" increase the pace of purchases under the PEPP over the next quarter relative to the pace seen so far this year. In a knee-jerk reaction, EGBs gained, with 10-yr Bund yields falling by 5.6bps to a three-week low of -0.37%, before reversing some of the gains to stand around -0.31% in early European trade today. In FX markets, the EUR/USD weakened to 1.1914 y-day just after the ECB's announcement but managed to gain and approach the 1.20 area earlier today on positive risk sentiment before retreating again around 1.1940/45 in early European trade today as higher UST yields helped the US currency to gain some ground.

Greece

According to ELSTAT, the total building activity (private and public) in Greece, in December 2020, which is calculated on the basis of the number of issued building permits, amounted to 1,813, recording an increase of 0.7%YoY. For the whole year, 18,907 building permits were issued, having recorded a rise of 9.2%YoY. For the said period, private building activity in particular, recorded an 8.8%YoY increase in the number of issued building permits. Meanwhile, two new measures were included in the aid package announced yesterday by the Prime Minister. These are the subsidy of fixed costs of companies (estimated cost €500mn) and the subsidy of installments of business loans, depending on the turnover and the number of employees that the company employs (estimated cost €300mn).

CESEE

According to the quarterly Economic Review published yesterday by the Bulgarian National Bank (BNB), the macroeconomic uncertainties stemming from the Covid-19 pandemic, along with the suppressed investment activity are anticipated to have a negative impact on the credit growth of the banking system. The lending growth deceleration is expected to show in Q2 with the gradual cessation of the loan moratoria adding to this dynamic. As payments on some of the deferred loans will not resume given the financial inability of borrowers to cover their due instalments regularly, an increase of the non-performing loans could be instigated, forcing banks to slightly raise interest rates on new financings. In yesterday's session, the National Bank of Serbia kept the key policy rate unchanged at 1% for the third consecutive month.

Contributing Authors

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr

Maria Kasola
Economic Analyst
mkasola@eurobank.gr

Research Team

Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr
+ 30 210 37 18 793

Ioannis Gkionis
Senior Economist
igkionis@eurobank.gr
+ 30 214 40 59 707

Dr. Stylianos Gogos
Economic Analyst
sgogos@eurobank.gr
+ 30 210 37 18 733

Maria Kasola
Economic Analyst
mkasola@eurobank.gr
+ 30 210 33 18 708

Olga Kosma
Research Economist
okosma@eurobank.gr
+ 30 210 37 18 728

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 210 37 18 991

Dr. Theodoros Rapanos
Economic Analyst
v-trapanos@eurobank.gr
+ 30 214 40 59 711

Dr. Theodoros Stamatiou
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708

Elia Tsiampaou
Economic Analyst
etsiampaou@eurobank.gr
+ 30 214 40 59 712

Περισσότερες εκδόσεις μας διαθέσιμες στην ηλεκτρονική διεύθυνση που ακολουθεί: https://www.eurobank.gr/en/group/economic-research
Εγγραφείτε ηλεκτρονικά, σε: https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-endiaferontos
Ακολουθήστε μας στο twitter: https://twitter.com/Eurobank_Group
Ακολουθήστε μας στο LinkedIn: https://www.linkedin.com/company/eurobank