

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

October 15, 2021

Global Markets

US data y-day continued to point to an ongoing improvement in labor market conditions, as initial jobless claims fell to a new post-pandemic low of 293k in the week ended on October 9. Positive US data and a strong start to the US Q3 earnings season allowed US equity markets to end in positive territory overnight, while Asian bourses followed suit closing higher earlier today. Meanwhile, the Bloomberg's Commodity Spot Index advanced to new highs, with Brent Crude at a fresh post-2018 peak of \$84.94/bbl earlier today. Nevertheless, long-dated bond yields remained below recent highs reflecting concerns about longer-term growth prospects, while in FX, the dollar index DXY continued to hover just below 94 ahead of today's US September retail sales and the University of Michigan consumer survey for October.

Greece

On "Greece 2.0", 36 additional projects were approved for inclusion in the RRF, with a budget of €1.34bn. Together with the first 12 projects with a budget of €1.42bn announced in July, the Fund now has 48 projects, with a total budget of €2.76. The bulk of the resources of the second group are channeled into environmental crisis, energy, justice, infrastructure and transport projects. On the pandemic front, daily new cases reached 2,601 yesterday and intubated patients increased to 347, at slightly higher levels compared to the past week. The positivity rate stood at 1.7% yesterday, against a 7-day average of 1.5%. Vaccinations are progressing at a slow pace, with complete vaccinations having reached c.6.3mn, corresponding to 58% of the total population.

CESEE

TURKEY: The lira tumbled to a record low of 9.18/\$ on Thursday in the aftermath of the sudden changes in the Monetary Policy Committee (MPC). Following a meeting between President Erdogan and the Central Bank Governor Sahap Kavcioglu on late Wednesday, the Deputy Governors Semih Tumen and Ugur Namik along with MPC member Abdullah Yavas were removed from their post. The move was interpreted as fresh evidence of political interference mirroring President Erdogan's strong public support for low interest rates to boost economic activity and stirred market concerns for further rate cuts. Recall that the CBRT surprised markets cutting its key policy rate (KPR) by 100bps to 18.0% below headline inflation in late September. The decision confirmed the shift in the CBRT focus from headline inflation to core metrics developments.

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