

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

October 5, 2021

Global Markets

The OPEC+ group agreed y-day to stick to its plan for a gradual output increase of 400k barrels per day, in spite of calls for a larger increase in supply. In reaction, Brent Crude oil prices moved above \$81/bbl for the first time in near three years, while WTI oil prices ended close to a six-year high of \$78/bbl y-day, taking YTD gains above 60%. However, y-day's move to the upside was broader in commodities, rather than solely in energy prices, with Bloomberg's Commodity Spot index surging more than 90% since a four-year low reached in March 2020. Increased inflation concerns supported moderately higher sovereign bonds yields, while Asian equity markets ended mostly weaker earlier today. In FX markets, the USD regained some ground, with the EUR/USD retesting levels below 1.16, ahead of today's US September ISM services index.

Greece

The Draft 2022 Budget that was tabled yesterday to Parliament revises upwards the real GDP growth projection for 2021 to 6.1% from 3.6% in the MTF 2022-2025 (June 2021) and 5.9% announced by the Prime Minister a couple of weeks earlier, while for 2022, real GDP growth is forecast at 4.5%. Cumulative growth for 2021-2022 is expected to increase to 10.8%, i.e. 0.8% higher compared to the MTF 2022-2025 projection, implying that in 2022, GDP is expected to have exceeded its 2019 level by 1.7%. The primary deficit as a percentage of GDP is projected at 7.4% in 2021 and 1.1% in 2022 in ESA terms and at 7.7% in 2021 and 0.9% in 2022 in Enhanced Surveillance terms. Meanwhile, yesterday's Eurogroup evaluated positively Greece's progress in reforms, in spite of the delays caused by the pandemic.

CESEE

The Bulgarian National Bank (BNB) will hold an auction for the placement of BGN500mn of 5-year domestic bonds on October 10. The Ministry of Finance has already set the interest rate of the issue at 0.00%, similar to the previous 5-year bond placements this year. The BNB placed BGN200mn of 5-year domestic securities on September 8, with investors' interest for the bonds turning out high as the bid-to-cover ratio reached 2.12x and their weighted average yield standing at -0.15%. The bonds about to be issued will bring the government debt raised in 2021 at BGN1.8bn, which is substantially below the debt ceiling of BGN 4.5bn for the full year. In Serbia, the IMF mission and the domestic authorities will discuss in the 2nd half of October, inter alia, the state budget execution from a short-term and long-term perspective.

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