

GLOBAL & REGIONAL DAILY

December 16, 2021

Global Markets

As was expected, the FOMC decided to double the monthly pace of tapering to \$30bn, while the “dot plot” of interest rate projections skewed slightly more hawkish in the near-term, indicating three rate hikes in 2022 (from half previously). The updated economic forecasts were largely in line with expectations, while **the statement dropped the reference to “transitory” inflation and modified the forward guidance language**, noting that attaining maximum employment is the only hurdle left before liftoff. Despite the more hawkish tone, equity markets reacted positively to the FOMC policy outcome, the 2-yr UST yield retreated today to pre-Fed levels and the USD gave back post-Fed gains. Focus today is on the ECB, which is expected to make an announcement with respect to its purchasing programs. The BoE also convenes today.

Greece

According to ELSTAT, the seasonally adjusted unemployment rate in Oct-21 reached 13.3% compared to 16.4% in Oct-20 and 13.0% in Sep-21, with the year-to-Oct average standing at 15.4%. The number of employed persons amounted to 4,027,050, higher by 2.5%YoY and lower by 1.2%MoM, while the number of unemployed persons amounted to 617,511 lower by 20.0%YoY and higher by 1.0%MoM. Further spread tightening for GGBs ahead of today’s ECB meeting, with the 10YR yield spread against the German Bund narrowing close to 159bps at the time of writing, after a multi-month high near 174bps on Monday. On the Nov-21 budget execution, the overall fiscal balance stood at €-12.3bn, improved by €1.1bn, against the budget target and the primary fiscal balance at €-7.9bn, improved by €1.1bn, against the budget target.

CESEE

November’s CPI prints in the region point to continuing inflationary pressure. In Bulgaria, inflation accelerated to 73% YoY, marking the highest reading on an annual basis since December 2008, while on a monthly basis the prices level rose by 1.4%. The acceleration of the yearly figure was broadly driven by higher electricity, gas and fuel prices. On the same footing, in Serbia, CPI accelerated to a record high of 7.5% YoY in November compared to 6.6% YoY in the previous month, remaining well above the upper end of the NBS target tolerance band of 3%±1.5pps. In monthly terms, inflation accelerated by 0.9%. The main upward pressure on the headline index came from food and transport prices. The pressure is evident in the core print as well, albeit to a lesser extent, as it spiked to 3.0% YoY in November from 2.7% YoY in October.

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