

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

November 1, 2021

Global Markets

According to the flash estimate, headline HICP accelerated by 0.7pts to 4.1%YoY in October largely driven by a 23.5%YoY rise in energy price inflation, while core CPI rose by 0.2pts to a 19-year peak of 2.1%YoY. Separately, Eurozone Q3 GDP grew by 2.2%QoQ following a downwards revised 2.1%QoQ in Q2, leaving activity by just 0.5% below its pre-pandemic level. Turning to the US, personal income dropped by 1.0%MoM in September due to reduced support from unemployment insurance, but the ECI surged by 1.3%QoQ in Q3, the strongest increase in near 20 years. Meanwhile, the USD was broadly firmer amid expectations for a taper announcement at this week's FOMC policy meeting, which concludes on Wednesday. The BoE convenes on Thursday, with money markets assigning a better-than-even chance of a small rate hike.

Greece

The Economic Sentiment Indicator (ESI) in October 2021 picked up to 112.4 (+2.7 points) after having dropped by 3.3 points in the previous month, recording a more pronounced monthly improvement compared to the EU-27 (+1.0 point) and the Euro area (+0.8 points). An amelioration of expectations was registered in industry (+5.3 points), services (+6.0 points) and retail trade (+15.2 points), while confidence weakened among consumers (-6.4 points) and in building activity (-5.5 points). In other news, the BoD of the PPC approved the increase of the share capital through the issuance of 130mn-150mn new shares to be issued at a price between €8.5-9.0 per share. According to the company announcement, the funds will be used to finance the updated strategic plan approved on 23 September.

CESEE

SERBIA: The EUR/RSD has been floating at the upper bound of the 18-month range of 117.54-61 in the past week. NBS intervened anew by selling roughly EUR50 million directly in the FX market, confirming its consistency in intervening on both sides of the said range. In the fixed income market, the yields of the government bonds extended their upward trend, increasing by an average of 10bps on a weekly basis. At the end of October, the 4-year, 6-year and 11-year RSD denominated bonds are trading at 3.00%, 3.40% and 4.00% yields respectively. Industrial production expanded by 1.4% YoY in September vs. 0.1% YoY in August, bringing the year-to-September increase at 7.3% YoY. Supply side bottlenecks coupled with higher energy costs weigh on industry's performance.

Contributing Authors

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr

Ioannis Gkionis
Senior Economist
igkionis@eurobank.gr

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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
Research Economist
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 Stamatou
Senior Economist
tstamatou@eurobank.gr
+ 30 214 40 59 708



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

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