

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

August 2, 2021

Global Markets

According to data released on Friday for the EA, Q2 GDP rose by a higher than expected 2.0%QoQ and HICP inflation increased to 2.2%YoY in July from 1.9%YoY in the prior month, while core CPI inflation eased from 0.9%YoY to 0.7%YoY, due to a technicality related to the delayed 2020 summer sales. Turning to the US, the employment cost index increased to a 2½-year high of 2.9%YoY, and core PCE deflator rose to 3.5%YoY, the largest gain since December 1991. Meanwhile, futures point to a positive open in Wall Street later today on optimism that the long-awaited infrastructure bill could be approved by Congress this week, while the USD remained under some pressure ahead of the July non-farm payrolls report due on Friday, as last week's Fed dovish remarks and lower-than-expected US Q2 GDP growth continued to weigh.

Greece

According to ELSTAT, the overall volume index in retail trade (i.e. turnover in retail trade at constant prices) in May 2021, increased by 15.3%YoY (3.0%MoM), hitting a 9-month high. The said annual increase is attributed to changes in the following specialized store categories: clothing and footwear +56.1%, pharmaceutical products, cosmetics +25.8%YoY, books, stationery, other goods +15.3%YoY, automotive fuel +8.5%YoY and supermarkets +4.1%YoY. The seasonally adjusted overall volume index in May 2021 increased by 5.0%MoM. Moreover, according to results issued on Friday, three out of Greece's four main banks (National Bank, Piraeus Bank and Eurobank) showed core capital ratios falling to 8% or lower under an adverse scenario in the European Central Bank's latest health check of second-tier banks.

CESEE

SERBIA: The EUR/RSD has been stable in the past week, with the cross trading most of the time at 117.55/56. On the fixed income side, the sovereign yield curve has steepened a bit on a weekly basis. The yields of tenors up to 5 years remained little changed, whereas yields at the long-end of the curve increased by 5-10 bps. Thus, the 5-year, 7-year and 11-year RSD denominated bonds yields traded at 2.25%, 2.45% and 3.45%, respectively. Retail sales slowed down to 5.8% YoY in June from 12.0% YoY in May, bringing the H1-2021 expansion at 11.6% YoY. The deceleration was broadly based, mirroring the gradual phasing out of pandemic-related low base effects. According to President Vucic comments, real GDP expanded by 13.4% YoY in Q2 bringing the H1-2021 performance at 7.5% YoY.

Contributing Authors

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Elia Tsiampaou
Economic Analyst
etsiampaou@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
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

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