

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

November 2, 2021

Global Markets

Awaiting the FOMC's verdict tomorrow, major currency pairs remained stuck within recent trading ranges, with the dollar index (DXY) continuing to struggle close to 94 and the EUR/USD retesting the 1.16 level. Meanwhile, sovereign bonds from both sides of the Atlantic were modestly firmer on the day, but still well off their recent highs, amid market expectations for a faster monetary policy normalization from several major CBs. On the data front, y-day's releases from the US showed that construction spending unexpectedly fell by 0.5%MoM in September, while the manufacturing ISM dropped by 0.3pts to 60.8 in October amid continued supply chain disruptions. Looking at today's calendar, data highlights include the October manufacturing PMI for the Euro area.

Greece

The headline IHS Markit Manufacturing PMI rose to 58.9 in Oct-21, up from 58.4 in Sep-21, marking the 8th consecutive month of expansion in the Greek manufacturing sector (i.e. above the 50pts threshold), driven primarily by new order inflows. Stronger client demand was recorded in both domestic and international markets as looser travel restrictions boosted tourist activity. Staffing levels rose at an accelerated pace and firms remained broadly positive about their outlook prospects. Nevertheless, output growth was hampered by supply constraints, while input cost inflation picked up further. On Covid-19, new daily cases climbed to a record-high of 5,449 yesterday with the positivity rate reaching 6.6% amid, however, low testing (82.6K), while patients in ICUs rose to 430 yesterday from 354 a week earlier.

CESEE

According to the flash estimate released yesterday, the Serbian real GDP expanded by 7.4% YoY in Q3, losing some steam compared to the 13.7% YoY print in the previous quarter. Assuming that the detailed data on the national accounts for Q3 due in November 30 verify the current flash estimate, the GDP growth for the first nine months of the year stands at 7.5% YoY, rendering the official target of 7% for 2021 set by the Ministry of Finance achievable, subject to a print in Q4 at the area of 6% YoY. On the monetary front, the NBS released yesterday a note with the factors behind the recent pick-up in inflation and the measures it had taken to deal with it. The Central Bank anticipates the average annual inflation rate to stand between 3.5% and 4.0% in 2021, with the pressure continuing to surge in the last quarter.

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