

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

December 3, 2021

Global Markets

A chorus of Fed speakers y-day reiterated Chair Jerome Powell's hawkish message that the Fed might need to consider speeding up the pace of tapering, triggering a fresh sell off in US Treasuries. The yield curve continued to flatten, with the 2/10-yr spread narrowing close to 80bps earlier today, the flattest since January. In FX, awaiting today's closely watched US non-farm payrolls for November, the EUR/USD weakened, moving back below 1.13, following dovish comments by a couple of ECB officials that the current inflation spike is largely transitory and CBs should look through it. Meanwhile, oil prices recovered, with Brent crude rising slightly above \$71/bbl after falling to a more than three-month low beneath \$66/bbl y-day, on news that the OPEC+ group decided to stick to its existing plan to increase output by 400k per day in January.

Greece

According to the European Commission data on VAT evasion, revenue loss for Greece in 2019 is estimated at €5.3bn, as 25.8% of expected revenue does not end up in state coffers. This is the second highest national VAT compliance gap after Romania, where 34.9% of VAT revenues are going missing. Nevertheless, Greece is among the countries with the most significant year-over-year decreases in the VAT gap (-3.2pp) in 2019. In other news, according to data published by Eurostat, the seasonally adjusted unemployment rate for Oct-21 is estimated at 12.9% from 13.1% in Sep-21 and 16.4% in Oct-20. On the pandemic front, new cases stood at 6,260 yesterday with the positivity rate at 1.8% against a 7-day average of 2.3%. Patients in ICUs continue to rise, reaching 704 yesterday, from 621 a week earlier.

CESEE

CYPRUS: Real GDP on a seasonally adjusted basis expanded by 1.5%QoQ in Q3 2021, compared to 1.5%QoQ in Q2 2021 and 1.4% QoQ in Q1 2021. The latter translates into +5.6%YoY in Q3 2021, down from +13.3%YoY in Q2 2021 vs -2.1%YoY in Q1 2021. Headline inflation, measured by national standards, remained in positive territory at 0.5%MoM/4.3%YoY in November vs. 0.7%MoM/4.3%YoY in October and -0.1%MoM/4.1%YoY in September, bringing the year-to-November performance at 2.2%YoY. The biggest increases on an annual basis were observed in the categories of Utilities (+16.9%YoY) and Transportation (+16.2%YoY). Finally, the Economic Sentiment Indicator receded in Nov, coming in at 104.8pts, from 106.0pts in the previous month, which was the highest level since the start of the pandemic.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr

Elia Tsiampaou
Economic Analyst
etsiampaou@eurobank.gr

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



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 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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