

# GLOBAL & REGIONAL DAILY

## HIGHLIGHTS

March 4, 2021

### Global Markets

Sovereign bonds came under renewed severe pressure y-day amid expectations for increased inflationary pressures. The US 10-yr yield was hovering around 1.46% in early European trade, up by 8.5bps from this week's lows and not too far from y-day's multi-session peak near 1.50%. Poor US data showing a drop in the ISM services index to 55.2 in February from January's 58.7 and a lower than anticipated increase of 117k in February's private sector employment, failed to provide adequate support. European sovereign bonds were also sold off across the board, as yields on 10-yr Bunds (+5.4bps), OATs (+5.7bps) and Gilts (+8.7bps) were all up from y-day's trough. Meanwhile, the risk-off mode that prevailed in Wall Street overnight was spread to Asian bourses today. In FX markets, the EUR/USD continued to consolidate around 1.2150.

### Greece

The continuation of the pandemic and the consequent pressure on the health system lead to the extension and tightening of restrictive measures. As a result, according to the Ministry of Finance, economic support, including the 6<sup>th</sup> repayable advance scheme, will continue but will be more targeted, aiming at helping businesses stay afloat rather than cover the losses. Meanwhile, the EU intends to prolong the suspension of the Stability and Growth Pact rules at least until 2023. According to Commissioner for Economic and Financial Affairs Paolo Gentiloni, pulling back support too quickly would be a policy mistake. Moreover, even after the reinstatement of fiscal rules, the flexibilities of the Stability and Growth Pact are likely to be used to accommodate the level of economic activity of each member state.

### CESEE

Serbia's chief epidemiologist and member of the state anti-epidemic crisis team, Predrag Kon, stated yesterday that the epidemic situation in Belgrade is 'catastrophic' and that he considers the lockdown of cafes and restaurants imperative for at least seven days. He also added that the state of emergency and a curfew seems the only solution in the current situation. Such statements came after the doubling of Covid-19 cases since mid-February, which as of yesterday exceeded 4,000 on a daily basis while hospitalisations kept increasing at a worrying extent. On the other hand, Bulgaria is in a better shape with respect to the pandemic, as although active cases have increased, they still lie at manageable levels and hospitals are not under severe pressure, as Prime Minister Boyko Borissov stated yesterday.

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