

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

August 4, 2021

Global Markets

According to y-day's US data releases, new orders for factory goods increased by a higher-than-expected 1.5%MoM and inventories rose by a stronger than the BEA estimated in its recent Q2 GDP report 1.0%MoM, suggesting that the advance estimate for an annual growth rate of 6.5% may have to be revised higher. Meanwhile, Asian equity markets were firmer earlier today, tracking overnight gains in Wall Street, 10-yr UST yields were a tad higher on the day but still not far from recent two-week lows of 1.151%, while oil prices remained below last week's highs on worries that the Delta variant could slow the global economic recovery. In FX markets, the EUR/USD remained trendless in the 1.18-1.19 area ahead of today's ADP July employment report, while the NZD outperformed on increased expectations for an early RBNZ rate hike.

Greece

Interest rates on private sector deposits and loans remained virtually unchanged in June 2021 on a monthly basis, according to the Bank of Greece. In detail, the weighted average interest rate on new loans remained at 3.95%, despite household mortgage rate dropping to 2.41% (-20 bps compared to May) and defined-maturity SME loan floating rate dropping to 3.32% (-12 bps). The weighted average interest rate on new and old deposits stood at 0.06% (+0 bps) and 0.05% (-1 bp) respectively. Meanwhile, net purchases of Greek Government Bonds by the ECB under its Pandemic Emergency Purchasing Programme (PEPP) in June and July 2021 exceeded €3.7bn, pushing ECB's aggregate GGB holdings under PEPP to €29.4bn, that is almost 80% of the €37bn envelope provisioned for GGBs.

CESEE

TURKEY: Inflation increased further to 19.0% YoY in July, up from 17.5% YoY in June, well above the revised year-end 2021 target of 12.4% and the mid-term target of 5.0%. The print surprised to the upside analysts' consensus expectations (Actual: +1.8% MoM vs +1.6% MoM) and limits CBRT's room for maneuver. In an illustration of the increasing cost led price pressures, PPI increased for a 14th month in a row to 44.9% YoY in July, up from 42.9% YoY in June. On top, upside inflation risks do exist from the food and energy inflation and the continued pass-through from earlier FX depreciation. Recall that the CBRT left its key policy rate (KPR) at 19.0% in mid-July, meeting markets' expectations in the fourth MPC meeting under Governor Sahap Kavcioglu.

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