

# GLOBAL & REGIONAL DAILY HIGHLIGHTS

November 5, 2021

## Global Markets

The BoE surprised most of market participants by voting 7-2 to maintain Bank Rate unchanged at 0.1% amid uncertainty about the impact of the end of the furlough scheme on the labor market, signs of “a moderation in demand” and cautiousness that elevated prices will likely “prove transitory”. However, the Committee left the door open for higher interest rates in the coming months, with the minutes stating that, should incoming data, particularly on the labor market, come broadly in line with expectations, higher interest rates would be necessary to **return inflation sustainably to the 2% target**. In reaction to the BoE’s verdict, the GBP fell sharply, while the USD remained on course for a second straight week of gains ahead of today’s US October non-farm payrolls report.

## Greece

Following the PM Kyriakos Mitsotakis’ statement about a potential second increase of the minimum wage in 2022, the Deputy Interior Minister Stelios Petsas opined that with a GDP growth rate close to 8% in 2021, a 2% increase of the minimum wage in 2022 may not be enough. It is reminded that the procedure for the update of the minimum wage, which involves consultations with research, scientific and social partners and their review by five independent economic experts set by the Ministers of Labour and Social Affairs, Finance and Development, led to a 2% increase in its level (**from €650 to €663 per month**) as of 1 Jan. 2022. In other news, the book building process for the PPC share capital increase was completed yesterday, and the company is expected to raise €1.35bn from the combined bid, with demand exceeding €4bn.

## CESEE

The Serbian government adopted on Wednesday the draft 2022 budget that will target a deficit of 3% of GDP. The deficit has been set lower than the 4.9% of GDP foreseen in the second budget revision. The target was agreed with the IMF during the first review under the Policy Coordination Instrument (PCI), while the budget is drafted under the assumption that GDP will grow by 4.5% in 2022. Total financing needs are calculated at RSD547.6bn, i.e. substantially lower than the RSD 707.9bn estimated previously with the public debt projected to stand at 55.5% of GDP in 2022. **In Bulgaria, BNB’s data released y-day** showed that the long-term convergence interest rate rose to 0.25% in October, i.e. by 11bps on a monthly basis, which is a notable rise, taking into account that for 10 months in a row the rate stood below 0.20%.

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