

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

August 6, 2021

Global Markets

Ahead of today's important US July non-farm payrolls report which has the potential to affect Fed taper discussion, initial jobless claims declined from 399k to 385k in the week ending July 31, and continuing claims through July 24 fell from 3.296mn to a new post-pandemic low of 2.930mn. In other news, German IP unexpectedly fell by 1.3%MoM in June, with auto production dropping for the sixth month in a row (-0.9%MoM), mirroring the impact of supply shortages, particularly of semi-conductors. Meanwhile, the DXY index retained a firm tone as hawkish comments by Fed Vice Chair Richard Clarida earlier this week continued to have an impact, while UK gilts underperformed vs. Bunds and USTs after the BoE signaled y-day that meeting its inflation target would require "some modest tightening in the medium term".

Greece

The general government deficit reached €11.9bn on a modified cash basis in H1 2021 (primary deficit: €8.9bn), increasing by 45.7%YoY (primary deficit: +68.4%YoY). The rise in revenue (+9.9%YoY, at €35.5bn), driven by higher tax receipts (+12.9%YoY, at €19.9bn) due to the rebound in economic activity, was offset by an increase in expenditure (+13.9%YoY, at €43.7bn) due to the pandemic relief measures; transfers and subsidies in particular exceeded €8.7bn, up by 73.6%YoY. On the debt front, PDMA sold €812.5mn of 13-week T-bills through a competitive auction on Wednesday, and an additional €187.5mn through non-competitive bidding y-day, raising €1bn at -0.4%. The yield remained unchanged from the previous similar auction in July. Wednesday's bids amounted to €866mn, oversubscribing the initial offering 1.39 times.

CESEE

CYPRUS: Inflation, measured by national standards, spiked to 0.1% MoM/4.0% YoY in July vs. 0.3% MoM/3.1% YoY in June and 0.6% MoM/2.4% YoY in May, bringing the year to June performance at 1.0% YoY. This is the highest reading since March 2012. The biggest increases on an annual basis were observed in the categories of Utilities (+2.0% MoM/+10.7% YoY) and Transportation (+2.5% MoM/+10.1% YoY) which reflect the pass through of rising world energy prices and the subsequent increase in the local electricity tariffs. On an annual basis, retail sales in volume terms increased by +1.3% YoY in May bringing the year to May performance at +8.2% YoY. On a monthly basis, retail sales in seasonally adjusted and calendar terms decreased by -2.4% in May.

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