

# GLOBAL & REGIONAL DAILY

## HIGHLIGHTS

October 6, 2021

### Global Markets

Inflation expectations continued to mount following a further hefty increase in energy prices in the UK and Europe. Oil prices also posted another round of gains, with Brent crude rising above \$83/bbl for the first time in the last three years and WTI closing y-day to a near five-year peak of \$79.17/bbl. The case for higher inflation was also supported by y-day's releases of September composite PMIs in several countries, which pointed to ongoing supply-chain disruptions. In reaction, sovereign bonds came under pressure on both sides of the Atlantic. The 10-yr UST yield rose above 1.57% earlier today, 4.5bps higher on the day, while the sell-off was less pronounced in the EA, where the 10-yr Bund yield rose by 3.6bps to -0.15%. Meanwhile, the EUR/USD continued to trade below 1.16, ahead of today's US September ADP employment report.

### Greece

On the pandemic front, new cases jumped to 2,876 yesterday amid high testing (370k) bringing the positivity rate at 0.8%, against a 7-day average of 1.3%. The number of patients in ICUs stood at 334 compared to 322 a week earlier. The median age of patients is 66 years, with 89.82% of them being unvaccinated or partially vaccinated and 10.18% fully vaccinated. So far, 6,190,314 people are fully vaccinated (58% of the population) but daily vaccinations stand at low levels in spite of the recent incentives to get vaccinated and the restrictions for unvaccinated people. On the political front, one New Democracy (ND) lawmaker was expelled yesterday from the ruling party's parliamentary group, leaving ND with 157 MPs in the 300-seat Parliament.

### CESEE

**TURKEY:** Headline inflation accelerated to a two-year high of 19.6% YoY in September up from 19.25% YoY in August, well above the revised year-end target of 12.4% in 2021 and the mid-term target of 5%. The print was in line with analysts' consensus expectations (actual: +1.1% MoM). In an illustration of the elevated cost-led price pressures, PPI inched down to 44.0% YoY in September compared to 45.5% YoY in August. 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 surprised markets cutting its key policy rate (KPR) by 100bps to 18.0% in late September. The decision confirmed the shift in the CBRT focus from headline inflation to core metrics developments.

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