

GLOBAL & REGIONAL DAILY HIGHLIGHTS

December 10, 2021

Global Markets

The US CPI report for November 2021 that will be released later today is the last big release ahead of next **Wednesday's Fed decision**, where markets expect the announcement of faster tapering, based also on **Chair Powell's recent testimony**. **Markets' consensus stands for a headline CPI of 6.8%YoY and core CPI of 4.9%YoY** while, by the close yesterday, Fed funds were pricing in fully a rate hike by the June meeting, with **a 70% chance of this happening before May**. **The markets' mood yesterday was rather subdued due to lingering concerns over the Omicron variant**. As a result, US equities and oil prices retreated for the first time this week, as did 10yr Treasury yields. Meanwhile, UK GDP is estimated to have grown by 0.1%MoM in Oct-21 compared with 0.6%MoM in Sep-21 and is 0.5% below its pre-pandemic level (Feb-20).

Greece

Fitch expects the non-performing loan ratio of Greek banks to be below 10% by the end of 2022, down from 21% by end-June 2021. They also believe that the inflow of new non-performing loans from the pandemic will be manageable in 2022, although some risks persist among the most vulnerable lenders who continue to benefit from grace periods of government support measures such as the Bridge Loan Subsidy program. On privatisations, REDS S.A. was nominated as the First Eligible Investor for the development of part of the former U.S. base in Gournes in Heraklion, Crete, with an improved **financial offer of €40.2mn**, while the financial transaction of DEPA Infrastructure is expected to be completed today. According to press, the **Board of Directors of HRADF estimates that revenues from privatisations will amount to €2.2bn for 2022**.

CESEE

In monetary policy meetings held in the week, the CB of Poland proceeded with an interest hike by 50bps bringing the Key Policy Rate (KPR) at 1.75% while the National Bank of Serbia (NBS) decided to hold fire leaving the KPR unchanged at 1.0%. Both decisions confirmed market consensus. While the NBS has kept the KPR unchanged throughout 2021, it has sporadically signaled a tightening path to be followed in 2022 given its view that inflationary pressures will start to ease only after H22022. Additionally, the CB of Hungary (NBH) proceeded y-day with an additional hike on the one-week deposit rate by 20bps to 3.30% with the NBH Deputy Governor, Barnabas Virag, stating that the tightening process in Hungary aims at being the most aggressive in the region, implying **a possibly additional KPR hike in next week's MPC meeting**.

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