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Eurobank Research

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

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Global Markets

US non-farm payrolls rose by a much lower than expected 194k in September, but the disappointing headline figure was somewhat offset by an upward revision of a cumulative +169k in the prior two months. In addition, the unemployment rate fell by a higher than anticipated 0.4pts to 4.8%, the average workweek rose to 34.8 from August's 34.6 hours and average hourly earnings increased by a hefty 0.6%MoM, suggesting that the FOMC is still likely to announce the start of tapering at its next policy meeting in early November. In reaction, USTs weakened, with the 10-yr yield hitting on Friday a four-month high close to 1.62%, while the USD retained a firm tone ahead of the US September CPI report and the September FOMC minutes, both on Wednesday. US markets are closed today on Columbus Day.

Greece

According to ELSTAT, the Consumer Price Index in Sep-21 increased by 2.2% on an annual basis with the steepest increases recorded in transport (+7.8%), housing (+4.7%) and food and non-alcoholic beverages (+3.1%). The annual rate of change of the core inflation in Sep-21 also rose to 0.12%, after 15 months in negative territory. On a monthly basis, consumer prices in Sep-21 increased by 2.4%. Separately, the overall industrial production index (IPI) in Aug-21 recorded an increase of 10.1%YoY, driven by increases in the electricity supply index (+25.5%), the manufacturing index (+6.2%) and the water supply index (+4.3%), while the quarrying and mining index decreased by 7.0%. The average overall IPI for the period Jan-Aug-21 recorded an increase of 9.5% compared with the average IPI of the corresponding period in 2020.

CESEE

SERBIA: Demand for hard currency increased at the end of the week as foreign holders of government bonds are keen to readjust their holdings as inflation looms and treasury yields are going higher. However, the NBS is expected to intervene with its abundant FX reserves in case such demand that could dislocate the EUR/RSD rate from its longstanding range of 117.55 – 117.65 emerges. The sovereign yield curve has steepened a bit on a weekly basis. The short end of the curve was little changed, with yields of 6M-2Y tenors rising up to 5bps. When it comes to long-term yields, in which real flows get into, they increased by 20-25 bps, with 4-year, 6-year and 11-year bonds' yields currently trading at 2.45%, 2.75% and 3.65%, respectively.

Contributing Authors

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr

Ioannis Gkionis
Senior Economist
igkionis@eurobank.gr

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Eurobank

Eurobank Research

Research Team

Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr
+ 30 210 37 18 793

Ioannis Gkionis
Senior Economist
igkionis@eurobank.gr
+ 30 214 40 59 707

Dr. Stylianos Gogos
Economic Analyst
sgogos@eurobank.gr
+ 30 210 37 18 733

Maria Kasola
Economic Analyst
mkasola@eurobank.gr
+ 30 210 33 18 708

Olga Kosma
Research Economist
okosma@eurobank.gr
+ 30 210 37 18 728

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 210 37 18 991

Dr. Theodoros Rapanos
Economic Analyst
v-trapanos@eurobank.gr
+ 30 214 40 59 711

Dr. Theodoros Stamatiou
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708

Elia Tsiampaou
Economic Analyst
etsiampaou@eurobank.gr
+ 30 214 40 59 712

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