

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

October 12, 2021

Global Markets

Commodities recorded another round of price increases y-day, with Brent Crude closing above \$83/bbl for the first time since late 2018, and WTI ending near \$80/bbl for the first time in near seven years. Amid mounting inflation concerns, sovereign bonds remained under pressure, reflecting market worries over a likely more hawkish response by CBs. The 10-yr UST yield rose above 1.61% earlier today for the first time since June, while the respective Gilt yield hit a 2-½ year high near 1.22% y-day, as investors now assign at least a 15bps BoE rate hike by the December meeting following renewed hawkish BoE signals last weekend. In FX, interest rates and yield differentials remain a key market driver, allowing the USD/JPY to hit a near three-year high close to 113.50 earlier today. Today, the IMF will release its latest World Economic Outlook.

Greece

According to ELSTAT commercial transactions data, the total value of goods imports in Aug-21 reached €4,994mn, increasing by 38.3%YoY while the total value of goods exports reached €2,795mn, recording an increase of 34.6%YoY. Year-to-August 2021, the total value of goods imports rose to €39,543mn (+23.8%YoY) and the total value of goods exports to €24,928mn (+25.8%YoY), bringing the deficit of the trade balance to €14,615mn, higher by 20.4% compared to the respective period of 2020. The corresponding deficit excluding oil products rose by €1,766mn (+17.5%YoY) and the corresponding deficit excl. oil products and ships increased by €1,808mn (+18.1%YoY). Separately, new Covid-19 cases reached 2,383 yesterday, with the positivity rate at 3.3% from 0.9% the day before, amid lower testing (73k).

CESEE

The Bulgarian Ministry of Finance placed yesterday BGN500mn of five-year domestic government securities at an auction held by the Bulgarian National Bank (BNB). Investors' appetite was lukewarm compared to the last auction of five-year domestic bonds on September 8, as the bid-to-cover ratio stood at 1.23x in this auction from 2.12x in the previous. The average weighted yield remained in marginally negative grounds, i.e. at -0.02% but stood higher compared to the weighted average yield of -0.15% of the September's auction. The fresh debt brings the total amount raised since the beginning of the year to BGN 1.8bn and as the new debt ceiling for 2021 is set at BGN 4.5bn in the revised budgetary law, most probably new issuances will follow by the end of 2021.

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