

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

November 12, 2021

Global Markets

Risk-on sentiment prevailed earlier today on the perception that elevated inflationary pressures will prove transitory and will gradually weaken as we move through next year. On the other hand, government bonds remained under pressure following the higher-than-expected US CPI inflation data earlier this week, while the USD retained a firm tone on the view that the Fed could tighten monetary policy earlier than previously anticipated. In other news, according to European Commission Autumn Economic Forecast, the euro area economy is projected to expand by 5.0%, 4.3% and 2.4% in 2021, 2022 and 2023, respectively, while inflation is forecast to peak at 2.4% in 2021, before declining to 2.2% in 2022 and 1.4% in 2023. Today we expect Eurozone September IP and the preliminary November UM consumer sentiment report.

Greece

According to European Commission Autumn Economic Forecast, the real GDP growth estimation for 2021 has been revised upwards to 7.1% from 4.3% in the Summer Interim Forecast (Jul-21) driven primarily by domestic demand and a better-than-expected tourist season. In 2022 and 2023 GDP is forecast to grow by 5.2% and 3.6% respectively, driven mainly by public and private investment stemming from the roll-out of projects under the Recovery and Resilience Facility. Unemployment is seen to progressively decline to 15.3% in 2021, 15% in 2022 and 14.5% in 2023, while public debt is also expected to gradually drop to 202.9% of GDP in 2021, 196.9% in 2022 and 192.1% in 2023. Inflation is expected to remain in positive territory at 0.1% in 2021, 1.0% in 2022 and 0.4% in 2023.

CESEE

In the Autumn Forecast released y-day, the European Commission (EC) revised downwards its 2021 GDP growth projection for Bulgaria to 3.8% from 4.6% in July and kept its forecast for 2022 unchanged at 4.1% anticipating some cooling to 3.5% in 2023. The key driver of the downward revision for 2021 is the limited contribution of investments in the economic output, which is expected to be reversed in the medium term once the Recovery Resilience Plan of the country is approved and funds from the RRF begin to be infused in the economy. On the flipside, the EC, broadly aligned with all other FIs, revised upwards its forecasts for Serbia, anticipating a 6.7% GDP growth expansion in 2021 from 5.3% in spring with the positive momentum lasting throughout 2022 and 2023, resulting in GDP growth rates of 4.3% for both years.

Contributing Authors

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr

Maria Kasola
Economic Analyst
mkasola@eurobank.gr

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 Economic
igkionis@eurobank.gr
+ 30 214 40 59 707



Dr. Stylianos Gogos
Research Economist
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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