

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

May 13, 2021

Global Markets

The US CPI headline for April rose by a much stronger than expected 0.8%MoM, while the annual rate increased from 2.6% to a 12 ½-year high of 4.2%. Core CPI also surprised to the upside, rising by 0.9%MoM, the highest since September 1981, while the annual rate jumped to a more than two decades high of 3.0%. In reaction, UST yields moved higher, with the 10-yr yield hovering around 1.68% at the time of writing, close to y-day's one-month peak of 1.70%, partially driven by an increase in the breakeven inflation rate near an eight-year high of 2.56%. In FX markets, the DXY index gained some ground but remains below 91. In other news, in its Spring Economic Forecast, the European Commission revised higher its 2021 and 2022 GDP growth projection for the EA to 4.3% and 4.4%, respectively, from 3.8% for both years earlier this year.

Greece

According to the EC's Spring 2021 Economic Forecast, Greek real GDP is expected to grow with rates of 4.1%YoY and 6.0%YoY in 2021 and 2022 respectively (cumulative increase of 10.3% vs 8.7% forecasted in the EC's Winter 2021 Economic Forecast). The rebound in 2021 is expected to be driven mainly by domestic demand, while external demand is estimated to support growth in 2022. The unemployment rate is forecasted to remain unchanged at 16.3% in 2021 and then drop marginally by 0.2 ppts in 2022. The inflation rate is estimated to remain in a negative territory in 2021 (-0.2%YoY from -1.3%YoY in 2020) and then increase to 0.6%YoY in 2022.

CESEE

In its Spring Economic Forecast released yesterday, the EC revised upwards its forecast for Bulgaria's GDP growth to 3.5% in 2021 from 2.7% in the Winter Forecast. The outlook for 2022 has also improved from 3.7% previously to 4.6%. Both forecasts by the EC are higher than those adopted by the outgoing government and incorporated in the Convergence Programme. The Commission's more positive view for the Bulgarian economy is broadly based on the sizeable amount of funds the country will be entitled under the NGEU and the MFF. Moreover, the recovering foreign demand will boost exports and domestic consumption, while consumer spending is expected to accelerate in H2-2021 following the easing of the pandemic measures.

Research Team

Contributing Authors

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr. Stylianos Gogos
Economic Analyst
sgogos@eurobank.gr

Maria Kasola
Economic Analyst
mkasola@eurobank.gr



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 Stamatou
Senior Economist
tstamatou@eurobank.gr
+ 30 214 40 59 708



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

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