

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

November 16, 2021

Global Markets

Though the virtual summit between US President Joe Biden and Chinese leader Xi Jinping ended without any major announcement, comments by both leaders over their responsibility to avoid conflict was a positive driver for risk sentiment in the Asia session earlier today. However, inflation concerns prevail, triggering another sell-off in USTs, with 10-yr yields currently standing not far from y-day's three-week high of 1.632%. The same pattern also prevailed for Bunds, but to a lesser extent, with the 10-yr UST/Bund yield spread hovering close to y-day's widest level since late-April of 186bps. Against this background, the EUR/USD remained under pressure, standing not far from y-day's 16-month low of 1.1354, while pandemic-related concerns, did not help the EUR either. Focus today is on US retail sales and IP, both for October.

Greece

According to the preliminary data for the execution of the State Budget on a modified cash basis, the State Budget balance for the period of Jan-Oct 2021 recorded a deficit of €11,522mn, against a target of a deficit of €11,576mn in the MTF5 2022-2025 explanatory report and a deficit of €13,451mn in the same period of 2020. The State Budget Primary Balance registered a deficit of €7,204mn, against the primary deficit target of €7,272mn and the primary deficit of €9,065mn in the same period of 2020. Separately, according to press, the percentage of e-auctions that produce results remains low at around 12% of total scheduled e-auctions in year-to-Oct 2021 and 15% for the FY2020. Among the reasons cited by market sources is the reluctance to buy real estate in the midst of the pandemic.

CESEE

Official results based on 93% of the votes point to a new centrist political party winning Bulgaria's parliamentary election, spurring hopes that the political impasse the country has hit since April could come to an end. The 'We Continue the Change' party (PP) was founded just two months ago by two Harvard-alumni entrepreneurs who both served as interim ministers in the caretaker government. With the PP having won 25.5% of the votes and the GERB following with 22.80%, challenging talks over a coalition government will follow right after the finalisation of the results, expected within the day. Meanwhile, the Ministry of Finance proceeded y-day, as scheduled, with a new placement of 3.5-year government securities amounting to BGN500mn at an average weighted yield of 0.13%.

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



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 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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