

GLOBAL & REGIONAL DAILY

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Global Markets

The ECB Governing Council judged yesterday that progress on economic recovery and towards its medium-term inflation target permits a gradual reduction in the pace of asset purchases over the coming quarters, but left the door open for flexibility whenever price stability is jeopardised. The pace of asset purchases under PEPP will gradually slow down until the programme expires at the end of Mar-22. The monthly net purchases pace under APP is set at **€40bn in Q2-22** and **€30bn in Q3-22** before returning to **€20bn** as of Oct-22 onwards, for as long as necessary. The ECB annual inflation projections were revised upwards to 3.2% in 2022, 1.7% in 2023 and 1.8% in 2024. Meanwhile, in a move that came as somewhat of a surprise, the BoE hiked rates yesterday by 15bps to 0.25%, on the back of more persistent inflation pressures.

Greece

The ECB Governing Council meeting decided yesterday that the ECB will continue buying Greek bonds over and above rollovers of redemptions, after the end of the Pandemic Emergency Purchase Programme (PEPP) in March 2022, in order to facilitate the transmission of monetary policy to Greece, while it is recovering from the pandemic. According to ELSTAT, for the enterprises of the economy as a whole obliged to double-entry accounting bookkeeping, for which data are available on a monthly basis, the turnover in October 21 **amounted to €24.8bn**, higher by 28.5%YoY. The biggest annual increase in turnover was recorded in the section Accommodation and Food Service Activities (+82.2%), while the smallest increase was recorded in the section Water Supply, Sewerage, Waste Management and Remediation Activities (+2.9%).

CESEE

In Turkey, despite the soaring inflation (latest CPI print at 21.3%YoY in November), markets anticipated an 100bps cut in the policy one-week repo rate, which was indeed delivered by the Central Bank of Turkey (CBRT) yesterday. The Monetary Policy Committee (MPC) of the CBRT implied that it will pause the monetary easing cycle in the next couple of months, following a cumulative 500bps of rate easing since September. The decision pushed the lira to new all-time lows against the euro and the dollar, trading at the time of writing at 18.15 and 16.06 respectively. Elsewhere in the region, the Bulgarian National Bank's (BNB) Governing Council raised the countercyclical capital buffer rate for the eight systemic banks to 1.5% as of Q12023 from 0.5% until Q32022 and 1.0% in Q42022.

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