

# GLOBAL & REGIONAL DAILY

## HIGHLIGHTS

March 18, 2021

### Global Markets

The FOMC stayed put on interest rates and kept unchanged asset purchases and forward guidance, as expected. In the updated SEP, 2021 GDP was revised notably higher at 6.5% from 4.2% in December, core PCE is now seen exceeding the 2.0% target this year and the unemployment rate was revised downwards at 4.5%, while it is expected to drop below NAIRU in 2022. Despite substantial upgrades to the US outlook, the dot plot showed that the majority of FOMC participants still sees rates stable through end-2023 and Chair Jerome Powel reiterated that it is “not yet” time to talk about tapering. In a knee-jerk reaction to the dovish FOMC message, UST yields moved lower but resumed their uptrend soon after, with the 10-yr yield hitting a 14-month peak of 1.74% earlier today. Risk-on sentiment prevailed and the USD weakened.

### Greece

The European Commission adopted yesterday Greece’s proposal for the creation of a Digital Green Certificate to facilitate safe free movement inside the EU during the COVID-19 pandemic. The certificate, which is expected to boost the recovery of tourism in 2021, will be a proof that a person has been vaccinated against COVID-19, received a negative test result or recovered from COVID-19. On the data front, according to ELSTAT, the seasonally adjusted unemployment rate in Dec-20 was 15.8% compared to 16.4% in Dec-19 and to 16.2% in Nov-20. The number of employed persons decreased by 0.9%YoY, while the unemployed decreased by 5.8%YoY. Finally, Greece raised yesterday €2.5bn through the issuance of a 30-YR bond at a yield of 1.956% with demand reaching almost €26bn.

### CESEE

Since yesterday and until Monday, March 22, the authorities decided to restrict sizably the economic activity in Serbia with the exceptions of food stores, pharmacies and gas stations which will continue to function regularly. While neither curfew nor ban on movement have been imposed, the aforementioned restrictive measures came on the back of the severe spike in Covid-19 cases since mid-February and in an effort to flatten the epidemic curve as soon as possible with the least economic impact. One day prior to the imposed restrictions, the Ministry of Finance raised RSD5.2bn in 12-year bonds with investors placing bids for RSD5.4bn. The notes bear a 4.5% semi-annual coupon rate and were sold at an average yield of 3.44%, which is the same with the yield achieved at an identical auction held on January 19.

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