

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

February 19, 2021

Global Markets

USTs and German Bunds resumed their downtrend, with the 10-yr UST yield rising by 1.4bps on the day at 1.31%, approaching the recent 1.33% one-year peak, while the 10-yr Bund yield jumped above -0.31% for the first time since last June. Meanwhile, the recent rally in risk assets appears to lose some momentum, potentially reflecting an impact from higher bond yields and y-day's US data showing a rise in initial jobless claims for the week ended 13 February at a four-week high of 862k. Taking their lead from modest losses in Wall Street, the majority of Asian bourses ended slightly lower today and European equities opened little changed from y-day's lows, while oil prices retreated from y-day's one-year highs. In FX markets, the EUR/USD firmed, rising above 1.21 ahead of today's preliminary PMIs for February from the EA and the US.

Greece

The first five rounds of the advance repayment scheme – one of the measures to support pandemic-hit enterprises – reached €6.8bn, which were disbursed to 544,591 entities. The lion's share was reportedly directed mostly to small and medium size business, primarily based in the largest prefectures of Attica, Piraeus and Thessaloniki but also in tourism destinations such as Mykonos, Santorini, Rhodes, Kos and Corfu. On the pandemic front, new Covid-19 cases rose to 1,400 yesterday, also because of more tests, while the positivity rate also increased to 3.8% against 2.9% the day before. Patients in ICUs are also increasing, reaching 320 yesterday against 131 and 309 in the previous two days. The R_t index for the whole territory is estimated at 0.99.

CESEE

In the latest Inflation Report published yesterday by the National Bank of Serbia (NBS), GDP is forecasted to expand by 5-6% this year, primarily driven by domestic demand and exports, and is anticipated to reach its pre-crisis level in Q2 2021, with external demand and extensive vaccination rate leading the full recovery. The current GDP growth projection was in line with that of November at +6%, when the previous issue of the same report was released, albeit a bit more prudent. Risks are regarded as symmetric and mainly attached to the course of the pandemic. Inflation will fluctuate within the lower half of the 3%±1.5pp tolerance band in 2021 and 2022, but higher in 2021 compared to 2020, due to higher global oil prices.

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