

# GLOBAL & REGIONAL DAILY

## HIGHLIGHTS

March 22, 2021

### Global Markets

USTs kicked off the week on a firmer tone and the JPY rose across the board, favored by increased appetite for safe-haven assets, following Turkish President Recep Tayyip Erdogan's unexpected decision to replace Central Bank Governor Naci Agbal. The 10-yr UST yield was hovering around 1.68% at the time of writing, after closing at 1.73% on Friday, its highest closing level since mid-January of last year, on the back of prevailing inflation concerns and the Fed's announcement about the reinstatement of the SLR for bank holdings of bank reserves and USTs after the expiration of an emergency rule on March 31. Key events this week include Fed Chair Jerome Powell and US Treasury Secretary Janet Yellen testifying before congressional committees on the CARES Act (Tuesday and Wednesday).

### Greece

According to ELSTAT, the average overall turnover index in industry for the 12-month period from Feb-20 to Jan-21 dropped by 13.4%, compared with the respective index of the 12-month period from Feb-19 to Jan-20. Meanwhile, according to the Minister of Labour Kostis Xatzidakis, the auxiliary social security reform bill is expected to be tabled to Parliament by the end of H1-2021. The Minister also stated that certified lawyers and accountants from the private sector will be recruited to expedite the award of outstanding pension claims. On Covid-19, the 3-day positivity rate stood at 6.2% yesterday, while patients in ICUs continue to rise, reaching 674. The Minister of Health Vassilis Kikilias decided the requisition for one month of c. 200 doctors from the private sector to support the public health system in the fight against coronavirus.

### Emerging Markets

**TURKEY:** According to a presidential decree published in the early hours of Saturday, the Governor of the Central Bank Naci Agbal was dismissed and replaced by Sahap Kavcioglu, a former ruling AKP party MP. The change of leadership, the third since mid-2019, took place in the aftermath of the last MPC meeting on Thursday in which a sharper than expected rate hike took place. Under the leadership of Naci Agbal, CBRT had hiked the KPR by a cumulative 875bps to 19% since early November helping to restore some of its lost credibility. President Erdogan's strong support for low interest rates aimed at boosting economic activity has raised fresh doubts about the Central Bank's independence and stirred market concerns that unorthodox monetary policies are coming back to the forefront.

### Contributing Authors

**Paraskevi Petropoulou**  
Senior Economist  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Anna Dimitriadou**  
Economic Analyst  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

**Ioannis Gkionis**  
Senior Economist  
[igkionis@eurobank.gr](mailto:igkionis@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



**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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