

GLOBAL & REGIONAL DAILY

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Global Markets

In spite of the rapid spread of the Omicron variant, most of Asian bourses were generally firmer today and futures point to a higher open in Europe amid increased risk appetite heading into year-end. Meanwhile, **Eurozone bond yields moved higher on the back of global bourses' improved performance, while hawkish** comments by ECB official Peter Kazimir that inflation could stay elevated for even longer than the Central Bank anticipates, had also had an impact. Longer-dated paper underperformed and most EMU peripheral debt spreads vs. Bunds widened. The 10-yr Bund yield was currently standing close to **y-day's two-week** high of -0.299%, leading to a 2/10-yr bear steepening curve. In FX, the EUR/USD was little changed on the day, while safe-haven currencies including the JPY and the CHF, weakened amid improved risk appetite.

Greece

According to the Bank of Greece, in Oct-21 the current account deficit widened on an annual basis by **€45.1mn due to a deterioration in the goods balance (-€864.5mn), the primary income account (-€84.5mn)** and the secondary income account (**-€38.9mn**), **while the services balance** posted a higher surplus (+€942.8mn). January to October 2021, the current account deficit **contracted by €2,711.6mn year-on-year, mainly because of an increase in the services surplus of €5,526.3mn and less so in the surpluses of the primary income account (€1,066.5mn) and the secondary income account (€651.8mn). For the said period, the goods deficit expanded by €4,532.9mn.** In line with the improvement in the services balance in Oct-21, for the enterprises in Accommodation Activities the turnover in this month increased by 105.9%YoY.

CESEE

In Serbia, the IMF completed on Monday the first review under the new Policy Coordination Instrument (PCI). The Fund confirmed the official GDP growth forecast of 4.5% for 2022, while it stressed out the expectation that inflation will return within the lower half of the NBS's target band (3%+/-1.5pps) in H2-2022, **when the effects from this year's drought** will wane and energy prices will stabilise. The fiscal standing of the economy is deemed well balanced, with Serbia having returned to pre-crisis levels in terms of economic output since Q1-2021. Elsewhere in the region, the labour cost growth in Bulgaria accelerated to 13.8%YoY in Q3-2021 from 6.7%YoY in the previous quarter, widening, thus, the gap between the labour cost growth and the labour productivity growth, which came in at 0.88% in Q3-2021 from 5.41% in Q2-2021.

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