

GLOBAL & REGIONAL DAILY

February 3, 2022

Global Markets

Focus turns to the **Euro zone and UK central banks'** monetary policy meetings today. The ECB meeting draws special attention, after the surprise flash HICP reading for the EA y-day that came in at a fresh record high of 5.1%YoY (from 5%YoY in December), contrary to expectations that inflation would gradually start to ease from the beginning of the year. Driven by the view that persisting inflation might trigger an earlier tightening of monetary policy this year, sovereign bond yields rose, with the 10yr Bund trading at 0.51%, at the time of writing, the highest level since Apr-19. Meanwhile, with inflation currently at 5.4%YoY, the BoE is likely to proceed with another rate hike today, following the December 25bps one. Separately, the OPEC+ group agreed yesterday to a further output increase of +400k barrels per day in March.

Greece

According to the Minister of Finance Christos Staikouras, the reduction of the Single Property Tax (ENFIA) by 13%, announced y-day by the Prime Minister Kyriakos Mitsotakis, is expected to result in a decrease of **ca €0.4bn** in the respective 2022 Budget revenue item (from €2.6bn in 2021 to **ca €2.2bn** in 2022) in ESA2010 terms. **According to Eurostat's flash estimate**, inflation in Greece – in HICP terms – is expected at 5.5% in January 2022 (Euro-area: 5.1%) on an annual basis from 4.4% in December 2021. The said increase is driven mainly by energy, which is expected to increase by 40.3% in January 2022 (Euro-area: 28.6%).

CESEE

During the week, data for the external trade balances for both Serbia and Turkey were released. In Serbia, **external trade deficit widened by 63.1%YoY to €910.3mn in Dec-21**, bringing the year-to-December 2021 trade gap expansion at 18.3%YoY. Both export and import growth accelerated in December by 26.5% and 36.1% accordingly. In Turkey, external trade deficit expanded by 49.3%YoY to USD6.8bn in Dec-21, with imports gaining pace (29.9%YoY), while export growth slowed down (24.9%YoY). For the period Jan-Dec 2021 the external trade deficit narrowed by 7.5%, to USD 46.1bn. **Elsewhere in the region, this week's calendar** is rather lightweight with attention focusing on the Central Bank of Czechia (CNB) MPC meeting later today.

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