

GLOBAL & REGIONAL DAILY

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Global Markets

Amid record-high inflation, the ECB took a more hawkish than expected turn yesterday, opening the door to a 2022 rate hike and assuring that it stands ready to adjust all its instruments, as appropriate, to ensure that inflation stabilises at its 2% target over the medium term. As expected, the BoE delivered a 25bps rate rise yesterday – the second in a row – with a four-person minority opting for a 50bps hike. German 10yr Bund yields jumped to 0.159% mid-session yesterday, trading even higher at the time of writing at another high of 0.203%. Meanwhile, 10yr UST yields were little-changed on the day, currently hovering slightly above 1.83%. On economic data, US ISM services eased less than expected to 59.9 in January from 62.3 in the prior month, while initial jobless claims dropped to 238K in the week ending 29 January, from 261K in the week before.

Greece

According to Eurostat, the unemployment rate for Greece was at 12.7% in December 2021 (Euro-Area: 7.0%) – the lowest reading since July 2010 – from 13.3% in November 2021 and 15.6% in December 2020. Youth unemployment was at 30.5% in December 2021 – the lowest reading since February 2010 – from 37.0% in November 2021 and 33.3% in December 2020. Separately, according to Eurostat, the industrial producer price index for Greece – an early warning measure of inflationary pressures – was at 8.0% in December 2021 from 1.6% in the previous month (the respective Euro-area figures for December and November 2021 were 2.9% and 1.8%).

CESEE

In Turkey, headline inflation accelerated to a 20-year high of 48.7%YoY (11.1% MoM) in January, up from 36.1%YoY in December, beating to the upside the market consensus. All expenditure groups contributed to this increase, with the biggest annual increases observed in the categories of Transportation and Food & non-alcoholic beverages, by 68.9%YoY and 55.6%YoY respectively. In Cyprus, tourist arrivals increased to 96.3K in Dec-2021 compared to 9.7K a year ago (i.e. up by 901.1% YoY), bringing the year-to-December arrivals to 1,937K, up by +206.7%YoY. However, arrivals for the year 2021 are still lower by -51.3% compared to their pre-pandemic level in 2019. Finally, headline inflation, measured by national standards, accelerated to a 13.5-year high of 5.4%YoY in January, up from 4.8%YoY in December and 4.3%YoY in October.

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