

GLOBAL & REGIONAL DAILY

January 5, 2022

Global Markets

Oil prices continued to rise, with Brent crude moving above \$80/bbl for the first time since late November when the Omicron variant first emerged, following the decision by the OPEC+ group y-day to stick to its plan for an increase in supply of 400k per day in February. Meanwhile, UST yields were slightly lower today after hitting fresh multi-month highs y-day amid expectations for higher Fed interest rates ahead, while in Europe, the 10-yr Bund yield marked a fresh two-month peak of -0.114% earlier today. In FX markets, the USD remained well-supported amid expectations of widening interest rate differentials with the rest of the world. The USD/JPY hit a fresh five-year high above 116 and the EUR/USD continued to trade below 1.13 ahead of today's FOMC minutes from the December meeting and the ADP's December employment report.

Greece

In Dec-21, the IHS Markit Manufacturing headline PMI came in at 59 from 58.8 in Nov-21 and 58.9 in Oct-21 and slightly above the Eurozone Dec-21 reading of 58. The continuing expansion in the manufacturing sector is attributed to sustained strong client demand, which in conjunction with increasing backlogs of work led to the expansion of workforce numbers at the steepest pace since Feb-20. Expectations over the coming year outlook reached a six-year high, although they are likely to be tempered by the spread of the Omicron variant. On the pandemic front, new cases at 50,126 reached a new record high yesterday with the positivity rate standing at 7.7%. The surge led to stricter protective measures for the schools that will open next week, which mainly involve more frequent testing.

CESEE

Based on recently released fiscal data, the central government budget deficit in Bulgaria amounted to BGN4.0bn between January and December 2021, posting a 13.3% increase on an annual basis and accounting for 3.0% of the projected GDP. Between January and November 2021, the general budget posted a surplus of BGN 638.7mn, which accounts for 0.5% of the projected GDP for the year compared to a 3.6% of GDP deficit target in the budget law. In Serbia, the central government budget deficit fell by 60.1%YoY to RSD149.6bn in January-November 2021 with the deficit accounting for approximately 2.5% of the projected GDP, against the revised 2022 budget target for a deficit RSD304.5bn or 4.9% of GDP.

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