

GLOBAL & REGIONAL DAILY

April 6, 2022

Global markets

Ahead of the release of the FOMC March meeting minutes later today, Fed Governor Lael Brainard — historically among the most dovish members— spoke yesterday of a combination of interest rate hikes and a rapid balance sheet runoff to bring down inflation, causing a massive bond selloff. Treasury yields shot up, with the 10yr UST yield climbing to 2.6031% and the 2yr UST yield at 2.5633% at the time of writing, while the 10yr2yr UST yield curve turned upwards again. Meanwhile, the Governor of the central bank of Belgium Pierre Wunsch, stated yesterday that the ECB could raise interest rates to zero already this year, joining the group of policymakers that discuss a rate hike in 2022. Separately, fears of reduced demand due to the new surge of Covid-19 cases and reduced supply due to the 5th package of sanctions that the West is considering against Russia, have a mixed effect on the price of oil, with Brent futures inching up currently at USD107.10/bbl.

Greece

The Minister of Finance, Christos Staikouras, announced that Greece has repaid its outstanding debts dating back to the financial crisis, to the IMF, two years ahead of schedule. It is reminded that the early repayment of the remaining €1.8bn in IMF loans was formally approved by European Union bailout lenders earlier in Q1-2022. In other news, according to Eurostat, the unemployment rate in Greece was 11.9% in February (Euro-Area: 6.8%) – the lowest reading since April 2010 – from 12.8% in January and 16.2% in February 2021. Youth unemployment (under 25 years of age) was at 31.1% in February (Euro-Area: 14.0%) down from 33.1% in January and 40.2% in February 2021.

CESEE

As broadly expected, the National Bank of Romania decided to increase the Key Policy Rate (KPR) to 3.0% from 2.5% at the MPC meeting held yesterday. It is the third increase since the beginning of the year, with the Bank expecting inflation to rise more steeply in the coming months than anticipated in February, due to supply-side shocks. In Serbia, the central government budget deficit amounted to RSD52.9bn in Jan-Feb 2022 against a surplus of RSD7.5bn a year ago, accounting for 0.8% of the projected GDP. Budget revenues increased by 12.1%YoY, driven primarily by VAT collection, which rose by 28.2%YoY, while expenditures increased at a higher rate of 41.7%YoY, mainly on the back of transfers to social security funds. It is reminded that the 2022 budget targets a deficit of RSD200.2bn or 3% of GDP.

Contributing Authors:

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr

Elia Tsiampaou
Economic Analyst
etsiampaou@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



Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 210 37 18 733



Maria Kasola
Economic Analyst
mkasola@eurobank.gr
+ 30 210 40 63 453



Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 210 37 18 991



Dr. Theodoros Rapanos
Economic Analyst
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

Περισσότερες εκδόσεις μας διαθέσιμες στην ηλεκτρονική διεύθυνση που ακολουθεί: <https://www.eurobank.gr/en/group/economic-research>
Εγγραφείτε ηλεκτρονικά, σε: <https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-endaferontos>
Ακολουθήστε μας στο twitter: https://twitter.com/Eurobank_Group
Ακολουθήστε μας στο LinkedIn: <https://www.linkedin.com/company/eurobank>

DISCLAIMER

This report has been issued by Eurobank S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees. Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.

