

GLOBAL & REGIONAL DAILY

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Global Markets

In the US, headline CPI for January climbed to a fresh high since 1982 of 7.5%YoY (0.6%MoM) from 7.0%YoY (0.6%MoM) in December. Core CPI (excl. food and energy) rose by 6.0%YoY (0.6%MoM), also a fresh 40-year high, from 5.5%YoY (0.6%MoM) in the previous month. The 10yr UST yield jumped at the news, closing above 2% yesterday, for the first time since August 2019 and trading above this threshold at the time of writing. EGB yields also inched higher with the 10yr Bund at 0.289% and the 10yr OAT at 0.753% currently. In other news, in its Winter Economic Forecast, the EC revised the Euro area real GDP growth forecast to 5.3% (from 5.0%) in 2021, 4.0% (from 4.3%) in 2022 and 2.7% (from 2.4%) in 2023, while HICP inflation is pinned at 3.5% and 1.7% for 2022 and 2023 respectively, from 2.2% and 1.4% in the Autumn 2021 forecast.

Greece

According to the EC Winter Economic Forecast released yesterday, the real GDP growth estimation for 2021 has been revised upwards to 8.5% from 7.1% in the Autumn forecast (Nov-21), with Greece recording the highest growth rate among the EU countries. In 2022 and 2023 real GDP is forecast to grow by 4.9% and 3.5% respectively, driven mainly by private consumption, investment supported by the impetus from the RRF and a continued recover of the tourism industry. Moreover, as electricity and fuel prices are set to remain high for longer, inflation is expected to peak at 3.1% in 2022 and then decline to 1.1% in 2023. It should be noted that the risks to the forecast remain elevated, as despite the quick recovery so far, the evolution of the pandemic represents a source of uncertainty in particular for tourist arrivals.

CESEE

In Bulgaria, industrial output growth accelerated to 14.3% YoY in December from 13.7% YoY in November, while on a monthly basis it picked up by 0.7%. Retail sales growth firmed as well picking up by 9.4% YoY in December from 6.7% YoY in the previous month. The performance of the said hard data in December bodes well for the EC winter economic forecasts released yesterday for 2021 as the Commission revised upwards its real GDP growth projection for Bulgaria's GDP growth to 4.0% from 3.8% in autumn. However, for 2022 forecasts are revised downwards from 4.1% previously to 3.7% currently with a mild uptick to 3.9% in 2023. The rationale beneath the modest deterioration in 2022 is broadly based on higher prices, which will erode the disposable income and thus trim the contribution of private consumption in the final growth print.

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