

GLOBAL & REGIONAL DAILY

March 11, 2022

Global markets

The ECB's Governing Council decided yesterday that after closing the PEPP in March, it will carry out QE net purchases under the APP at a monthly pace of EUR40bn in April, EUR30bn in May, and EUR20bn in June, with the baseline scenario envisaging the termination of net asset purchases in Q3-2022. At the same time, the ECB decided to de-link the end of net asset purchases from the timing of the first rate hike. The euro rose against the dollar briefly on the ECB's hawkish message on QE, reaching 1.1120 y-day, but then retreated currently trading at 1.0985. Separately, US CPI in February rose by 0.8%MoM / 7.9%YoY with increases in the indexes for gasoline, shelter, and food being the largest contributors to the seasonally adjusted all items increase. Core CPI increased by 0.5%MoM / 6.4%YoY. This is the last inflation reading before next week's FOMC meeting.

Greece

According to ELSTAT, the inflation rate (based on the CPI) in February surged to a multi-year high of 7.2%YoY, up from 6.2%YoY in January and 5.1%YoY in December, bringing the year-to-February average increase at 6.7%YoY. The steepest annual increases were recorded in housing (+25.4%), transport (+12.2%), food and non-alcoholic beverages (+7.1%) and clothing and footwear (+5.6%). On a monthly basis, CPI increased by 1.1% against -0.3% in January. Meanwhile, the overall industrial production index (IPI) declined by 0.2% in January, interrupting a 14-month upward streak, due to decreases of 21.5%YoY in the quarrying and mining index and 6.7% in the electricity supply index, while the manufacturing index increased by 2.6%YoY. In the same month, the seasonally adjusted overall IPI increased by 4.0%MoM.

CESEE

In Bulgaria, retail sales continued to grow, accelerating by 11.1%YoY in January from 9.9%YoY in December and 6.9%YoY in November. On a monthly basis, the volume picked up by 1.0% continuing its upward trend. Industrial output growth accelerated by 16.5%YoY in January from 14.7%YoY in the previous month, while on a monthly basis it picked up by 1.9%. In other news, at its regular MPC meeting yesterday, the National Bank of Serbia (NBS) decided to keep the Key Policy Rate (KPR) unchanged at 1.0% for the fifteenth consecutive month. The NBS preferred instead to continue tightening the monetary conditions through the average repo rate; the one-week rate for dinar securities stood at 0.90% at the last auction this month, which is close to the key policy rate, from 0.11% in October 2021, i.e. increased by 79bps.

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