

GLOBAL & REGIONAL DAILY

January 14, 2022

Global Markets

In the week ending January 8, US seasonally adjusted initial claims unexpectedly rose to 230,000, higher by 23,000 from the previous week's level. The USD continued to weaken against major currencies with the EURUSD trading at 1.1465 and the GBPUSD at 1.3730 at the time of writing. 10yr UST yields fell further yesterday closing at 1.7006%, but are currently gaining losses trading at 1.7256% at the time of writing. Separately, UK real GDP posted a strong jump of 8.0%YoY in Nov-21, beyond expectations and higher compared to the upwards revised 5.1%YoY reading of the previous month. In France, the HICP rose to 3.4%YoY in Dec-21, unchanged from the previous month and in line with expectations, while in Spain the said figure increased to 6.5%YoY, from 5.5%YoY in Nov-21.

Greece

According to ELSTAT, the inflation rate (based on the CPI) in Dec-2021 accelerated to an eleven-year high of 5.1%YoY from 4.8%YoY in Nov-2021, bringing the year-to-December average change to 1.2%YoY. The steepest increases were recorded in housing (+18%), transport (+10.9%) and food and non-alcoholic beverages (+4.3%). On a monthly basis, CPI increased by 0.7% in Dec. against 0.5% in Nov. The annual rate of change of the core inflation in Dec-21 also rose to 1.0%, remaining in positive territory for the fourth consecutive month. In other news, Fitch as part of the Credit Outlook EMEA 2022 online conference held y-day said that their outlook for 2022 is clearly improved thanks to the economic recovery and the reduction of NPEs (expecting single-digit levels this year), **sending a strong “message” for the Greek banking sector.**

CESEE

The National Bank of Serbia (NBS) decided y-day to keep the Key Policy Rate (KPR) unchanged at 1.0%, preferring instead to continue tightening monetary conditions through the average repo rate; the one-week rate for dinar securities stood at 0.59% at the last auction this month from 0.11% in October. The next monetary policy meeting is scheduled for February 10 and it will attract substantial market attention, as the inflationary trajectory in the country calls for a more vigorous tightening approach which is expected to unwind within Q12022. As Dec's CPI **prints kept being released throughout the week, the pressure the region is under in terms of prices hiking remains unabated.** That said, inflation in Romania accelerated to 8.19% YoY in Dec from 7.80% YoY in Nov, recording the highest level in the past decade.

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