

# GLOBAL & REGIONAL DAILY

March 17, 2022

## Global markets

As broadly expected, the FOMC decided yesterday to raise the target range for the federal funds rate by 25bps to 1/4 to 1/2 percent. The decision was backed by 8 out of 9 FOMC members, while one member was in favour of a 50bps hike. On the balance sheet, the Fed noted that QT would start at a coming meeting with Chair Powell signaling that it could start as early as May, noting that more details on runoff would be provided in the minutes. On economic projections, the Fed sees PCE inflation at 4.3% in 2022 (prev 2.6%), 2.7% in 2023, 2.3% in 2024; median long-run forecast unchanged at 2.0%. Following the Fed decision, the 2yr10yr yield curve flattened at 24bps yesterday. Separately, oil prices are so far rising today with Brent crude at USD101.82/bbl at the time of writing, on concerns voiced by the IEA on potential supply shortfalls.

## Greece

Y-day the PM Kyriakos Mitsotakis announced additional measures of ca €1.1 bn mainly aiming to assist the low-income residents of the country and firms against the recent price hikes. The respective total measures so far amount to ca €3.7 bn. Meanwhile, according to the preliminary data of the State Budget execution on a modified cash basis, for the period Jan-Feb 2022 **the overall fiscal balance registered a deficit of €0.9 bn, compared to a targeted deficit of €2 bn. The primary fiscal balance registered a surplus of €0.85 bn, against a targeted deficit of €0.24 bn.** State Budget net revenues underperformed by €1.1 bn (or by 10.9%) against the target, mainly due to the rescheduling of **the RRF installment of €1.72 bn**, which was initially planned to be received in February but is now expected in April.

## CESEE

**As February's CPI prints kept being released throughout the week, the pressure the region is under in terms of price increases remains unabated.** Inflation in Bulgaria accelerated to 10.0%YoY from 9.1%YoY in January, hitting the highest level since October 2008. The acceleration of the annual print was broadly driven by rising food prices (+13.2% YoY), on the back of faster price growth in soft commodities and high energy and transport costs. According to the employment agency in Bulgaria, the registered unemployment rate remained unchanged at 4.9% in February compared to the previous month. On an annual basis, the unemployment rate fell by 2pps remaining at record-low levels in February, reflecting the labour market full recovery to pre-crisis levels over the past months, despite the anti-pandemic restrictions.

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