

GLOBAL & REGIONAL DAILY

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Global Markets

In the Jan-22 Outlook for Economic Activity and Prices, the Bank of Japan raised its inflation forecast for fiscal 2022 to +1.1% from +0.9% in Oct-21, mainly reflecting a rise in commodity prices and the pass-through of that rise to consumer prices. It also increased its 2022 GDP growth forecast to +3.8% from 2.9% in Oct-21, on the back of waning COVID-19 disruptions, increased external demand, accommodative financial conditions and government support measures. Separately, oil prices have climbed to a more than a 7-year high on the back of increasing geopolitical worries on top of signs of tightness across the market with Brent crude trading at 87.94USD/bbl and WTI at 85.61USD/bbl at the time of writing. Meanwhile, 10yr Bund yields are currently trading at -0.019%, closer to positive territory for the first time since Mar-19.

Greece

According to the State Budget execution data on a modified cash basis, in the period January-December 2021 the state budget net revenues were higher by **€800mn or 1.5% relative to the target in the 2022 Budget introductory report** (€54,220mn vs €53,420mn), mainly due to the receipt of ANFA revenues in December 2021 amounting to **€644mn**. On the other side of the ledger, the state budget expenditure undershot the **target by €1,157mn or 1.6%** (€69,750mn vs €70,907mn), due to the under-execution of the Ordinary Budget by **€1,208mn** and more specifically due to the under execution of **€781mn** in the other grants category. As a result, the overall fiscal balance stood at **-€15,529mn, improved by €1,957mn** against the budget target, while the primary fiscal balance reached **-€10,985mn, improved by €1,961mn** against the budget target.

CESEE

According to yesterday's data from the employment agency in Bulgaria, the registered unemployment rate remained unchanged at 4.8% in December compared to the previous month. On an annual basis, the unemployment rate fell by 1.9pps remaining at record-low levels in December, despite the headwinds the labour market was facing during the past months related to the latest pandemic wave and the persistent inflationary pressures. Looking ahead, risks stemming from high energy and other input costs, along with the continuing spread of the Omicron strain remain high as they might affect adversely the decision making of corporates regarding the creation of job vacancies and the beginning of new investments in the foreseeable future.

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