

# GLOBAL & REGIONAL DAILY

January 20, 2022

## Global Markets

After reaching fresh post-pandemic highs in the area of 1.90% mid-session yesterday, 10yr UST yields closed at 1.85% and are currently trading around that level. After trading in positive territory for the first time since May-19 yesterday, 10yr German Bund yields are now falling back a tad trading at -0.01%, while 10yr UK gilts are at almost three-year highs of 1.266% at the time of writing, driven by higher-than-expected December inflation in the UK. More specifically, the UK CPI increased by 5.4%YoY in Dec-21 (against 5.1%YoY in Nov-21) and core CPI rose by 4.2%YoY (against 4.0%YoY in Nov-21), both above expectations and hitting multi-decade highs. Consequently, the markets are now fully pricing in a 25bp rate hike from the Bank of England at the next meeting in 2 weeks.

## Greece

The Hellenic Republic (**rated Ba3 Stable by Moody's, BB Positive by S&P, BB positive by Fitch and BB positive by DBRS**) issued a new 10-YR bond yesterday raising **€3bn** at a yield of 1.84%, with demand exceeding **€15bn**. This transaction is the first syndicated EUR benchmark issued this year and is part of the announced **€12bn Financing Plan of the Hellenic Republic in 2022**. Separately, according to the ELSTAT labour force survey, the seasonally adjusted unemployment rate in Nov-21 retreated to 13.3% compared to the downwards revised 16.1% in Nov-20 and to the upwards revised 13.4% in Oct-21, bringing the year-to-Nov 2021 average unemployment rate at 15.0%. The number of employed persons amounted to 4,087k increasing by 5.4%YoY, while the number of unemployed persons amounted to 625k decreasing by 16.3%YoY.

## CESEE

**The Bulgarian Minister of Finance, Asen Vasilev disclosed in an interview the key assumptions of this year's budget, which have not been officially published yet.** The draft budget envisages a +4.9% GDP growth rate and annual inflation at 5%. Inflation is estimated to peak in March and April and recede afterwards as the energy prices are expected to start decreasing at that time, he added. The budget deficit target, excluding the cost of the anti-COVID measures, is set at 2.5% of GDP, while by factoring in the supportive measures it is not expected to exceed 4.1% of GDP. The MinFin further stated that the minimum wage will be raised to BGN710 from BGN650 currently and assuming that 2022 will be milder in pandemic terms, it could also be a year of normalisation of the economic activity.

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