

GLOBAL & REGIONAL DAILY

January 21, 2022

Global Markets

The Euro zone HICP inflation annual increase accelerated in Dec-21 to 5.0%YoY – the highest since the launch of the Euro – from 4.9%YoY in Nov-21. Asked about policies to counter price pressures, ECB President Christine Lagarde reiterated that the European Central Bank does not need to act as boldly “as we could imagine the Fed **might**”, because the economic situation is different, but stands ready to react “if the figures, the data, the facts demand it”. On economic data, in the UK, retail sales (volume, s.a.) fell 3.7%MoM in Dec-21 on the back of the Omicron spread, which led many consumers to either do their shopping earlier (the Nov-21 figure was higher by 1.0%MoM), or stay home. On an annual basis, retail sales decreased by 0.9%, while compared to the pre-pandemic Feb-20 levels, they were still 2.6% higher.

Greece

According to the Bank of Greece, in Nov-21 the current account (CA) deficit widened on an annual basis by €1,276.6mn mainly due to a deterioration in the goods balance (-€1,303mn) and less so in the primary income account (-€83.6mn) **and the secondary income account (-€7.7mn), while the services balance posted a higher surplus (+€117.7mn)**. January to November 2021, the CA **deficit contracted by €1,423.8mn year-on-year, mainly because of an increase in the services surplus of €5,640.5mn, driven by a strong rebound in travel receipts (+144.6%YoY), which at 10,476.5mn stood at 58.6% of the corresponding 2019 level. The improvement was also supported by an increase in the surpluses of the primary income account (€982.9mn) and the secondary income account (€636.3mn), while the goods deficit expanded by €5,835.9mn.**

CESEE

The Monetary Policy Committee (MPC) of the Central Bank of Turkey (CBRT) decided yesterday to keep the one-week repo policy rate unchanged at 14.0%. The decision was in line with market expectations given the signaling over ending the easing monetary cycle in **the previous month's** MPC. Dec's CPI print that came in at 36.1% YoY weighed as well. Note that the CBRT has delivered a cumulative rate easing of 500bps between September and December. Elsewhere in the region, in Serbia, the Ministry of Finance held on Tuesday the first auction of two-year treasury bonds for 2022. The titles issued amounted to RSD60bn carrying a coupon rate of 2.75%, with RSD10bn of those sold, matching investors' **demand**. The notes were sold at an average yield of 2.75%, up from the yield of 1.57% achieved at the May 11, 2021 identical auction.

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