

# GLOBAL & REGIONAL DAILY

June 1, 2022

## Global markets

Euro area inflation surprised once more to the upside in May with the Flash HICP and core HICP (excl. food and energy) coming in at 8.1%YY and 4.4%YY, from 7.4%YY and 3.9%YY in April respectively, putting further pressure on the ECB to raise interest rates. The reading, which was released yesterday, caused massive sell-off in European bonds with the 10yr Bund and OAT yields currently higher by 9.9bps and 9.5bps from Monday's close. After a three-week slide, the dollar is recovering, hitting a two-week high of 129.49 against the yen at the time of writing and rising against most major currencies with the USD index at 101.91 currently. Separately, in the US, in May, CB consumer confidence dropped to 106.4 from 108.6 previously but the Chicago PMI overshot expectations rebounding to 60.3 from 56.4 in April. On latest Fedspeak, Fed Governor Waller said that he supports tightening policy by 50bps hikes for several meetings until inflation is brought closer to the Fed's 2% target.

## Greece

According to Eurostat's flash estimate, inflation in Greece – in HICP terms – is expected to accelerate to a new record high of 10.7% in May (Euro-area: 8.1%) on an annual basis from a realized figure of 9.1% in April. The said increase was driven mainly by energy, which is expected to have increased by 60.9% (Euro-area: 39.2%) on an annual basis. Meanwhile, according to ELSTAT the overall volume index in retail trade in March increased by 12.3%YoY up from 10.8%YoY in February. Clothing and footwear (+79.8%YoY) and books, stationary and other goods (+38.8%YoY) were the main store categories driving this increase. On a monthly basis, the seasonally adjusted overall volume index in retail trade in March increased by 1.8% (+1.9% in February).

## CESEE

The final Q1-2022 GDP print for the Serbian economy came in at 4.4%YoY in Q1-2022, slowing down from 7.0%YoY in Q4-2021 and 7.6%YoY in Q3-2021. The figure released yesterday surpassed only by a tad the recent flash estimate of 4.3%YoY and stood below the respective readings in the Czech Republic (4.8%YoY) and Poland (8.5%YoY). In Turkey, GDP expanded by 7.3%YoY in Q1-2022, slowing down from 9.1%YoY in Q4-2021 and 7.5%YoY in Q3-2021. On a seasonally and calendar adjusted basis, GDP expanded by 1.2%QoQ in Q1-2022, compared to 1.5%QoQ in Q4-2021 and 2.8%QoQ in Q3-2021. Finally, in yesterday's MPC meeting, the Central Bank of Hungary decided to shift from aggressive tightening to a more gradual approach, raising, thus, the Key Policy Rate (KPR) by 50bps to 5.90%, contrary to previous hikes of 100bps.

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