

# GLOBAL & REGIONAL DAILY

September 1, 2022

## Global markets

According to the flash estimate, Eurozone headline CPI rose by a further 0.2ppt in August to a fresh record high of 9.1%YoY, and core inflation also surged to a higher than expected 4.3%YoY from 4.0%YoY in July, supporting the arguments of several hawkish ECB policymakers for a 75bps rate hike at next week's policy meeting. In reaction, European sovereign bonds came under further pressure, while US Treasuries also lost further ground pressured by new Fed hawkish remarks, failing to capitalize on the ADP August employment report which showed a much lower than anticipated increase of 132k in private payrolls. Turning to markets, risk-off sentiment prevailed during the Asia session today and European and US stock futures point to a lower open. The EUR/USD lost some ground against a broadly firmer USD but remained slightly above parity in early Europe trade, ahead of today's US ISM manufacturing reading for August.

## Greece

The seasonally adjusted retail trade volume index, a variable that is highly and positively correlated with real GDP (correlation coefficient of +0.86 in terms of annual changes), decelerated steeply in Q2 2022 registering a growth rate of just +0.3% YoY (-0.7% QoQ) from +10.4% YoY (-0.1% QoQ) in Q1 2022. This result reflects two factors: 1<sup>st</sup> the fade out of base effects from the second prolonged lockdown and 2<sup>nd</sup> the negative effect of inflation on the quantity of goods demanded. The store categories with the highest deceleration in Q2 2022 were: automotive fuel (-4.8% YoY from +13.4% YoY) and clothing and footwear (-16.0% YoY from +21.2% YoY). In other news, according to Eurostat's flash estimate, the inflation rate – based on the HICP – decreased marginally to 11.1% YoY in Aug-22 (9.1% YoY in EA) from 11.3% YoY in Jul-22 (8.9% YoY in EA) and 11.6% YoY in Jun-22.

## CESEE

Robust economic growth continued in Turkey in Q2-2022, as the GDP increased by 7.6%YoY, following a similar increase in Q1-2022 (+7.5%YoY). Despite the soaring inflation (average Q2-2022: 77.2%YoY), growth came mainly from the much higher consumption of households (+22.5% YoY). The expansion of exports, supported by the devaluation of the TRY (-15.0% against USD in Q2-2022), was the second determinant of growth in Q2-2022 (+16.4%YoY). It also improved the external balance (surplus of 6.2% of GDP, from 5.9% in Q1-2022). Moderate investment increase (4.7%YoY), as strong credit expansion to businesses continued (+59.3%YoY in Q2-2022).

## Contributing Authors:

**Paraskevi Petropoulou**  
Senior Economist  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Dr.Stylios Gogos**  
Research Economist  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr)

**Michail Vassileiadis**  
Research Economist  
[mvasileiadis@eurobank.gr](mailto:mvasileiadis@eurobank.gr)

## Research Team



**Dr. Tasos Anastasatos** | Group Chief Economist  
tanastasatos@eurobank.gr | + 30 214 40 59 706



**Dr. Stylianos Gogos**  
Research Economist  
sgogos@eurobank.gr  
+ 30 214 40 63 456



**Maria Kasola**  
Research Economist  
mkasola@eurobank.gr  
+ 30 214 40 63 453



**Paraskevi Petropoulou**  
Senior Economist  
ppetropoulou@eurobank.gr  
+ 30 214 40 63 455



**Dr. Theodoros Rapanos**  
Economic Analyst  
trapanos@eurobank.gr  
+ 30 214 40 59 711



**Dr. Theodoros Stamatou**  
Senior Economist  
tstamatou@eurobank.gr  
+ 30 214 40 59 708



**Elia Tsiampaou**  
Economic Analyst  
etsiampaou@eurobank.gr  
+ 30 214 40 59 712

**More available research at:** <https://www.eurobank.gr/en/group/economic-research>  
**Subscribe electronically at:** <https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-endiaterontos>  
**Follow us on twitter:** [https://twitter.com/Eurobank\\_Group](https://twitter.com/Eurobank_Group)  
**Follow us on LinkedIn:** <https://www.linkedin.com/company/eurobank>

### DISCLAIMER

This report has been issued by Eurobank S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees. Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.

