

GLOBAL & REGIONAL DAILY

May 3, 2022

Global markets

On the war in Ukraine, the EU is preparing the sixth package of sanctions against Russia, which may include an embargo on Russian oil, after Germany said it was prepared to back such a move. As regards natural gas, EU ministers warned that complying with Russia's demands for payments in roubles means breaching existing EU sanctions. Separately, in its May policy meeting earlier today, the Reserve Bank of Australia raised the cash rate target by 25bps to 0.35%, the first hike in more than a decade, as it judges that it is now time to withdraw the extraordinary monetary support that was put in place during the pandemic. Staying on monetary policy, this week's calendar includes the FOMC meeting today and tomorrow, with markets anticipating the Fed to lift the fed funds rate by 50bps and begin QT, followed by the Bank of England on Thursday, where another rates lift is also expected.

Greece

According to ELSTAT, the overall industrial producer price index (PPI) hit a new record high in March, increasing by 46.6%YoY (+10.6%MoM). This hike was driven by PPI's two largest components: energy (+86.1%YoY/+16.5%MoM) and intermediate goods (+14.2%YoY/+3.4%MoM). Meanwhile, according to ELSTAT, the overall volume index in retail trade in February increased by 10.8%YoY up from 8.5%YoY in January. Clothing and footwear (+38.8%YoY), pharmaceuticals and cosmetics (+30.3%YoY), and furniture, electrical & household equipment (+30%YoY) were the main store categories driving this increase. On a monthly basis, the seasonally adjusted overall volume index in retail trade in February increased by 1.5% (-0.9% in January).

CESEE

In Serbia, the external trade deficit widened by 103.4%YoY to €2,715.9mn in Q1-2022, with both exports and imports continuing to increase at vigorous growth rates. More specifically, exports marked an increase of 28.5%YoY, while imports grew by 48.5%YoY, reflecting price increases of energy and intermediate products. Meanwhile, retail sales growth accelerated by 187.7%YoY in March from 7.7% in February and 4.3% in January, on the back of non-food and fuel sales which recorded double-digit growth. Finally, after two consecutive months of decline, industrial production gained momentum in March increasing by 7.7%YoY. The improvement was broadly led by the manufacturing sector (+9.9%YoY), which increased by 9.9%YoY, after February's mild growth of 2.1%YoY.

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