

GLOBAL & REGIONAL DAILY

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Global markets

Eurozone retail sales dropped by a higher than expected 1.2%MoM in June amid persistently high inflation pressures and deteriorating consumer confidence, while the final Eurozone July composite PMI was revised upwards by 0.5ppts to 49.9, though still below the threshold of 50 for the first time since February 2021 and lower compared to June's 52.0. Turning to the other side of the Atlantic, the US services PMI rose unexpectedly in July coming in at a three-month high of 56.7 from June's 55.3, easing fears about a potential US recession. In reaction to encouraging US data, risk-on sentiment prevailed today, the USD firmed, while USTs came under pressure, leading the 2/10-yr yield curve to further invert. Meanwhile, oil prices moved further lower today, with Brent crude standing below \$97/bbl at the time of writing on reduced US gasoline demand, following a short-lived peak above \$102/bbl yesterday following news that OPEC+ agreed on a 100k output increase from September, well below the July and August increases north of 600k.

Greece

According to Eurostat, the unemployment rate in Greece was 12.3% in June-22 from 12.5% in May-22 and 15.0% in June-21. Although it was the lowest reading since April 2010, it remains the second highest rate among the EU countries and well above the Euro area and EU27 averages of 6.6% and 6.0% respectively. Youth unemployment (under 25s) was at 29.5% in June (Euro area & EU27: 13.6%) compared to 30.1% in May and 31.8% in June 2021. On the debt front, the Public Debt Management Agency (PDMA) raised €812.5mn from 13-week T-bills through a competitive auction yesterday. The amount raised included non-competitive bids of €187.5mn and the yield was 0.45%, increased from 0.20% in the corresponding previous sale in July. Yesterday's bids amounted to €1,074mn, oversubscribing the initial offering 1.72 times.

CESEE

In Turkey, headline inflation jumped from 78.6% YoY in June to a new record high of 79.6% YoY in July, although slightly lower compared to market forecasts. In Cyprus, tourism revenues increased by €221mn in May 2022 compared to just €76.7mn in May 2021. In the period Jan-May 2022, tourism revenues came in at €543mn compared to €123mn in the corresponding period of 2021, i.e., up by 341.5%, but still 17.5% lower relative to the pre-pandemic level in Jan-May 2019. On the fiscal front, according to the preliminary fiscal results released by the Statistical Service of Cyprus (CYSTAT), the general government recorded a €11.4mn deficit in the period Jan-June 2022 (accounting for 0.05% of the projected GDP for the year), against a deficit of €750.7mn in the same period last year, on the back of strong revenues growth (16.7%YoY).

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