

GLOBAL & REGIONAL DAILY

July 5, 2022

Global markets

Oil prices briefly rebounded with Brent crude testing a multi-session high of \$114.75/bbl earlier today amid rising supply concerns and gas prices in Europe advanced to a four-month high close to €168 per megawatt-hour on the threat over a strike at Norwegian gas facilities. Meanwhile, Asian bourses were mostly trading higher on reports suggesting that US President Biden could soon ease some tariffs on Chinese imports and the dollar index (DXY) remained above 105, continuing to benefit from its safe-haven status, ahead of Friday's non-farm payrolls for June. On the data front, Swiss inflation rose from May's 2.9%YoY to 3.4%YoY in June, its highest level since October 1993, and core inflation accelerated from May's 1.7%YoY to a record high of 1.9%YoY. The upside surprise in inflation and evidence of broadening price pressures support expectations for further tightening by the Swiss National Bank in September following the unexpected rate hike of 50bps in mid-June that took the policy rate from -0.75% to -0.25%.

Greece

According to the most recent baseline projections of the Bank of Greece (BoG), the growth rate of the Greek economy in 2022 is expected to be 3.2%, revised downwards from 3.8% in the Annual Report of April 2022. The revision reflects a further rise in uncertainty in the economy, due to the ongoing war in Ukraine and the increases in costs and prices in general. Inflation is projected to reach 7.6% in 2022, mainly driven by energy and food prices, before weakening in 2023 and further in 2024. Finally, according to BoG, downside risks to the growth outlook of the Greek economy relate to an escalation of the war in Ukraine which would lead to a further increase in uncertainty and stronger and more persistent inflationary pressures, a new wave of the pandemic and a low absorption rate of EU funds under the RRF.

CESEE

June's CPI prints in the region point to continuing inflationary pressure. In Turkey, headline inflation jumped to a 24-year high of 78.6% YoY, up from 73.5%YoY in May, on the back of faster growth in food prices and higher energy and transport costs. In Poland, according to the latest flash estimate, inflation accelerated to 15.6% YoY from 13.9% YoY in May, reaching its highest level since March-97. Energy, fuel and food prices hikes were the leading factor behind the further increase in inflation in June. Finally, in its latest Inflation Report for Q2, the National Bank of Hungary (NBH) revised upwards its inflation forecasts for 2022 to a range of 11.0%-12.5%, from 7.5%-9.8% in March's Inflation Report. According to the NBH, inflation is expected to slow down to 6.8%-9.2% in 2023 and reach the mid-term target of 3.0% in H1/2024.

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