

GLOBAL & REGIONAL DAILY

September 5, 2022

Global markets

Risk-off sentiment prevailed, the EUR/USD dropped to a fresh 20-year low below 0.99, and the Dutch TTF one-month forward contract hit a multi-session high above €270 per megawatt-hour earlier today, following Gazprom's announcement on Friday that it will not reopen the Nord Stream 1 gas pipeline on Sunday, as scheduled, after the completion of a three-day maintenance period. Meanwhile, US non-farm payrolls rose by a slightly higher than expected 315k in August, the unemployment rate rose by 0.2ppt to 3.7%, average weekly hours dropped to 34.5 from July's 34.6 and average hourly earnings growth eased to 0.3%MoM, down from 0.5%MoM, suggesting that the imbalance in the labor market between demand and supply maybe starting to ease. Focus this week is on the ECB policy meeting on Thursday, the European Energy Ministers' meeting on Friday while the new UK Conservative party leader will be announced today at 13:30 CET.

Greece

According to Eurostat, the seasonally adjusted unemployment rate remained on a downward trajectory at the beginning of Q3 2022 reflecting the better-than-expected tourist season (tourist revenues in Jan-Jun 2022 at 94.7% of the respective pre-pandemic level) and the government's support measures against the energy crisis. More specifically, the unemployment rate dropped to 11.4% of the labour force in Jul 2022, the second highest rate in the Euro Area after Spain's 12.6%, from 12.3% in Jun 2022 and 14.3% in Jul 2021. In terms of number of persons, the unemployment decreased to 530k in Jul 2022 from 579k in Jun 2022 and 671k in Jul 2021. Finally, the youth unemployment rate (under 25s) was the highest in the Euro Area registering a value of 28.6% (Spain at 26.9% and Euro Area at 14.2%), lower by 5.4 ppts relative to Jul 2021.

CESEE

According to the final estimate released last Thursday, the strong growth momentum continued in Cyprus in Q2-2022, as GDP expanded by 6.1% YoY, similarly to Q1-2022 (6.0%YoY). However, on a quarterly basis, GDP expansion decelerated to 0.6%QoQ, from 1.3%QoQ in Q1-2022. The annual growth performance is broadly attributed to continued increase of exports (+17.1%YoY), especially those of services, whereas the pick-up of investment activity (+31.0%YoY) was the second highest contributing component. Despite soaring inflation, household consumption expanded by 6.8%YoY, with public expenditure remaining broadly stable. In other news from the region, the National Bank of Serbia (NBS) intervened last week by buying roughly EUR200mn in the FX market, in order to halt the domestic currency's appreciation, resulting thus to a narrow trading range between 117.30/35 and 117.35/40.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr.Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Michail Vassileiadis
Research Economist
mvasileiadis@eurobank.gr

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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

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