

GLOBAL & REGIONAL DAILY

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Global markets

Worries over the risk of the Eurozone sliding into a recession are mounting on the back of higher gas prices. Netherlands TTF natural gas futures were trading close to €155 per megawatt-hour earlier today, not far from yesterday's four-month peak of €168 and still c. 5% higher so far this week, on reports that politicians have warned over possible long-term supply disruptions after the regular maintenance of the Nord Stream 1 pipeline, scheduled to last from July 11 to July 21, is completed. Meanwhile, the final Eurozone composite PMI for June came in at 52.0, a tad higher than the flash release of 51.9 but still the lowest in 16 months, with broad-based weakness in both sectors and sub-components. Against this background the EUR weakened sharply against most of its major currency pairs. The EUR/USD was standing not far from y-day's two-decade low of 1.0233 earlier today, the EUR/CHF extended yesterday's losses marking a fresh trough since the SNB abandoned its currency cap on 2015, while EUR/GBP losses were relatively contained due to UK political worries following news that two senior cabinet ministers have resigned.

Greece

According to the General Government (GG) data, the total GG arrears to the private sector in May 2022 stood at €1.79 bn, marking a monthly decrease of -3.7% (and a year-to-date increase of 37%). All major categories of GG arrears declined with the exception of State Budget Arrears that recorded a monthly increase of 23.5% (from €81 mn to €100mn). According to the Economist Intelligence Unit, the real GDP growth rate for Greece in 2022 is expected at 4.0% (Eurozone: 2.2%) from 8.3% in 2021 mainly as a result of the increased tourism revenues and the investments originating from the EU Recovery Fund and despite the inflationary pressures from food and energy prices.

CESEE

In Cyprus, the recovery in real estate prices continued in Q1 2022, driven mainly by domestic demand. More specifically, the residential property price index (RPPI) expanded by 1.1% QoQ compared to 1.3% in Q4 2021 and 0.6% in Q3 2021. On an annual basis, the RPPI increased by 3.2% in Q1 2022 compared to 2.6% in Q4 2021 and 1.2% in Q3 2021. The increase was mainly driven by a rise in flat apartments prices by 1.7% QoQ / 6.8% YoY and to a lesser extent by a 0.7% QoQ / 1.5% YoY increase in the house prices. However, according to the Central Bank's report, the war in Ukraine has intensified the inflationary pressures, having a significant impact on construction costs, while an increase in the cost of borrowing, due to a possible rise in interest rates, may also have a negative effect on the real estate market.

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