ISSN: 2241-4851

Eurobank Research

EUROBANK

GLOBAL & REGIONAL DAILY

April 7, 2022

Global markets

The March FOMC meeting minutes that were released yesterday, revealed that the Fed intends to begin reducing its USD9 trillion balance sheet in coming months, eventually reducing its holdings of Treasuries and mortgage backed securities by USD95 billion per month. On rate hikes, according to the minutes, many FOMC members were ready to proceed with a 50bps hike already in March, raising chances that the Committee will do so in the next meeting in May. Following the news, 10yr UST yields closed at 2.598%, the highest closing level since 2019 and the 2yr10yr yield curve steepened to 13bps, after having inverted at the beginning of the week. Meanwhile, the USD hovers around a two-year high against a basket of major currencies, with the DXY index at 99.530 at the time of writing. On economic data, industrial output in Germany rose by 0.2%MoM in February, from 1.4%MoM in January.

Greece

According to press, Moody's revised downwards its GDP growth projection for Greece to 3% in 2022 from 5.2% previously, due to the high degree of uncertainty surrounding the Greek economy's prospects because of the impact of the war in Ukraine. For 2023, the rating agency expects GDP growth to accelerate to 4.3%. In other news, according to Eurostat, the industrial producer price index for Greece – an early warning measure of inflationary pressures – rose by 4.8%MoM in February from 3.3%MoM in the previous month, recording one of the highest monthly increases among the EU countries. The respective Euro area monthly changes in February and January were 1.1% and 5.1%. On the data front, our attention is focused on March's inflation reading, which is expected on Friday.

CESEE

In its spring macroeconomic forecast, the Bulgarian Ministry of Finance cut the GDP growth forecast to 2.6% in 2022 and 2.8% in 2023, down from 4.8% for 2022 and 3.7% for 2023 previously. The downward revision reflects the new situation after Russia's invasion in Ukraine, which according to the Ministry, will affect the economy by limiting the purchasing power of households due to higher inflation, lower external demand, which slows exports, and increased uncertainty, which will result in delays in private investment. In other news, in yesterday's MPC meeting, the Central Bank of Poland (NBP) maintained its hawkish stance by deciding to raise the Key Policy Rate (KPR) by 100bps to 4.50%, beating to the upside the market consensus.

Contributing Authors:

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr

Elia Tsiampaou
Economic Analyst
etsiampaou@eurobank.gr

Research Team

Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr
+ 30 210 37 18 793

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 210 37 18 733

Maria Kasola
Economic Analyst
mkasola@eurobank.gr
+ 30 210 40 63 453

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 210 37 18 991

Dr. Theodoros Rapanos
Economic Analyst
trapanos@eurobank.gr
+ 30 214 40 59 711

Dr. Theodoros Stamatiou
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708

Elia Tsiampaou
Economic Analyst
etsiampaou@eurobank.gr
+ 30 214 40 59 712

Περισσότερες εκδόσεις μας διαθέσιμες στην ηλεκτρονική διεύθυνση που ακολουθεί: https://www.eurobank.gr/en/group/economic-research
Εγγραφείτε ηλεκτρονικά, σε: https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-endiaferontos
Ακολουθήστε μας στο twitter: https://twitter.com/Eurobank_Group
Ακολουθήστε μας στο LinkedIn: https://www.linkedin.com/company/eurobank