

GLOBAL & REGIONAL DAILY

June 7, 2022

Global markets

In a surprise move, the Reserve Bank of Australia (RBA) raised the cash rate by 50bps to 0.85%, overshooting market expectations for an upward move in the order of 25 or 40bps. In May, the RBA raised the cash rate target by 25bps to 0.35% - the first hike in more than a decade - as CPI inflation hit a 20-year high of 5.1% in Q1 and could come close to 6% in Q2. Meanwhile, the dollar continues its rally against the yen hitting a multi-year high of 132.99 earlier today. At the same time, government bond yields also soar with the 10yr UST, Bund and OAT yields hitting 3.0640% (almost one-month high), 1.343% and 1.873% (both multi-year highs) respectively, earlier today. On politics, British PM Boris Johnson remains at the helm of the UK and the Conservative Party following an internal vote of confidence.

Greece

According to the latest Athens International Airport passenger traffic data, traffic is progressively recovering from the COVID-19 pandemic's impact, as we are heading towards the peak summer period. More specifically, in May the airport's passenger traffic amounted to 2.05mn, increased by 254%YoY, remaining however lower by 10.2% compared to the May 2019 level. Domestic passengers amounted to 0.67mn, lower by 4.3% compared to the 2019 level, while international air travelers amounted to 1.38mn, lower by 12.8% vs 2019. In the first five months of 2022, the airport's passenger traffic amounted to c. 6.5mn, lower by 24.4% compared to the respective 2019 level. On the public debt front, the Public Debt Management Agency (PDMA) will auction on Wednesday 52-week T-bills to the amount of €1bn, maturing on June 9, 2023.

CESEE

According to the ECB Convergence Report (June 2022), Bulgaria is not ready for eurozone accession yet, as it meets three out of the four convergence criteria. More specifically, the country meets the government budgetary position criterion, as its debt-to-GDP ratio was well below the 60% reference value, as well as the criteria regarding the stability of exchange rates and long-term interest rates. It doesn't however fulfil the condition for price stability, as in April 2022 the 12-month average rate of HICP inflation was 5.9%, i.e. well above the reference value of 4.9%. Finally, despite some amendments to the law on the Bulgarian National Bank, Bulgaria's monetary legislation remains not fully compatible with that of the EU.

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