

GLOBAL & REGIONAL DAILY

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Global markets

In the Global Economic Prospects report released yesterday, the World Bank slashed this year's growth forecast to 2.9%, from 4.1% in January. The downgrade is mainly attributed to the surge in energy and food prices, the supply and trade disruptions triggered by the war in Ukraine and the necessary interest rate normalization now underway. The revisions for 2022 GDP growth for major economies are as follows: US 2.5% (from 3.7% in January), Euro area 2.5% (from 4.2% in January), Japan 1.7% (from 2.9% in January) and China 4.3% (from 5.1% in January). The report also warned of the risk of high global inflation accompanied by tepid growth, like the stagflation of the 1970s, which could result in a sharp tightening of monetary policy in advanced economies that could lead to financial stress in some emerging markets and developing economies.

Greece

The data released by ELSTAT for Q1-2022 real GDP (seasonally adjusted, provisional data), surprised to the upside. Real GDP increased by 2.3%QoQ / 7.0%YoY compared to 0.8%QoQ / 8.1%YoY in Q4-2021 and 2.3%QoQ / 11.7%YoY in Q3-2021. The GDP expenditure components recorded the following changes: private consumption +2.5%QoQ / +11.6%YoY, public consumption +1.8%QoQ / +1.8%YoY, gross fixed capital formation +3.7%QoQ / +12.7%YoY, exports of goods and services -3.6%QoQ / +9.6%YoY and imports of goods and services -5.6%QoQ / +17.5%YoY. It is noted that Greece has recorded one of the best performances among the EU countries, with the respective average readings in EU-27 (Euro Area) being +0.4%QoQ / +5.2%YoY (+0.3%QoQ / +5.1%YoY).

CESEE

The Serbian Ministry of Finance raised yesterday RSD4.04bn in 2-year bonds, which were first offered on January 18, 2022. The initial scope of the auction was RSD8.1bn but the issuance was capped at RSD5.8bn as investors' bids lied below the initial target, i.e. at ca RSD6bn. The notes bear a 2.75% coupon and were sold at an average yield of 3.60%, slightly up from the yield of 3.59% achieved at the identical auction held on May 10. In Bulgaria, according to the latest BNB's data, the long-term convergence interest rate stood flat at 1.62% in May, after five consecutive months of increases. Finally, the Bulgarian Ministry of Finance presented on Monday the revision of the draft budget for 2022, in which it maintained the cash-based budget deficit target at 4.1% of GDP for 2022.

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