

# GLOBAL & REGIONAL DAILY

July 8, 2022

## Global markets

Natural gas prices in Europe remain on an upward trend, with Dutch TFF futures trading around €181.00 a megawatt-hour earlier today, 23% higher so far this month and up by more than 100% compared to early June levels, after marking a session peak at €186.75 yesterday, the second highest ever. Market concerns are growing that gas flows via Nord Stream 1 will not return to full capacity after the regular maintenance of the pipeline, scheduled to last from July 11 to July 21, is completed. The surge in European gas prices that could lead to energy rationing during the winter adds to Eurozone growth risks, as it could jeopardize the new EU storage regulation that requires member states to have their gas storage facilities filled up to at least 80% of their capacity by November. Against this background, the EUR remains under significant selling pressure, dropping to a fresh two-decade low of 1.0109 against the USD earlier today ahead of the all-important US non-farm payrolls report, while the EUR/GBP fell to a new two-month low of 0.8440, failing to capitalize on increased UK political uncertainty after UK PM Boris Johnson announced his resignation.

## Greece

In its Quarterly Bulletin for the Greek Economy, the Foundation for Economic and Industrial Research (IOBE) revised upwards its baseline GDP growth projection to 3.5-4.0% for 2022, from 2.5-3.0% in April. The contributing factors are the boost of private consumption, the continued recovery of the tourism industry - tourism revenues to reach 90% of 2019 levels this year - and the increased investment supported by the RRF. According to IOBE, inflation is estimated to average at 9-9.6% in 2022, as the war in Ukraine is expected to continue at least for most of the second half of 2022, causing oil prices to record this year a 50-55% increase. In other news, PM Kyriakos Mitsotakis announced that from 2023 the solidarity levy will be completely abolished and pensions will be unfrozen, thus allowing for the first increase in pensions in 12 years after the stringent fiscal rules imposed by the country's creditors during its debt crisis.

## CESEE

In Cyprus, headline inflation, measured by national standards, accelerated to a new record high of 9.6%YoY in June, up from 9.1%YoY in May, bringing the H1-2022 performance to 7.8%YoY. The biggest annual increases recorded in the categories of Transport (24.7%YoY) and Housing, Water, Electricity, Gas and Other Fuels (23.5%YoY). In other news, the Central Banks of Serbia (NBS) and Poland (NBP) maintained their hawkish stance in yesterday's MPC meetings. In particular, the NBS decided to raise the Key Policy Rate (KPR) by 25bps to 2.75%, opting however for a more moderate pace of monetary policy tightening than in the previous three meetings, when it delivered a cumulative tightening of 150bps. On the same footing, the NBP raised the KPR by 50bps to 6.50%, the tenth consecutive rate hike.

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