

GLOBAL & REGIONAL DAILY

September 8, 2022

Global markets

All eyes today are on the ECB policy meeting, with press reports suggesting that a rate hike of either 50bps or 75bps is still in play (monetary policy announcement at 14:15 CET, press conference at 14:45 CET). Awaiting the ECB's verdict, government bond yields in both sides of the Atlantic edged lower, helping equity markets gain some ground, as falling commodity prices amid rising global growth concerns, have fueled hopes that major central banks could likely slow down the pace of rate tightening. Indeed, Brent crude was hovering around \$88.75/bbl in early European trade at the time of writing, not far from Wednesday's trough of \$87.40/bbl, the lowest since mid-January, before the Russian invasion of Ukraine. In FX markets, the EUR-USD was lifted close to parity favored by some position adjustment ahead of the ECB meeting, after testing levels yesterday not far from Tuesday's fresh year-to-date low of 0.9862. Today, focus is also on Fed Chair Jerome Powell who speaks at a monetary policy conference at the Cato Institute in Washington (15:10 CET).

Greece

Despite the deepening of the inflationary shock in Q2 2022, with HICP increasing by 10.4% YoY from 6.6% YoY in Q1 2022, real GDP data surprised on the upside for a second quarter in a row. According to ELSTAT, seasonally adjusted real GDP increased by 1.2% QoQ / 7.7% YoY in Q2 2022 from an upwards revised 2.9% QoQ / 8.0% YoY in Q1 2022, outperforming the Euro Area average (0.8% QoQ / 4.1% YoY). On the expenditure side, private consumption, despite the steep deterioration on consumers' confidence, had the highest contribution on growth (2.2% QoQ / 11.0% YoY), reflecting expenditures for services such as accommodation, food, entertainment and recreation. Moreover, exports of services, mostly tourism, supported growth registering a steep increase of 7.2% QoQ / 47.4% YoY. Finally, fixed investment increased on an annual basis by 8.7% while on a quarterly basis it decreased by -1.0%.

CESEE

The GDP in Bulgaria rose by 4.0%YoY/0.6%QoQ in seasonally-calendar adjusted terms in Q2 2022, with growth slightly easing from 4.2%YoY/0.9%QoQ in the previous quarter. This is the lowest growth rate since the recovery started in Q2 2021. The deceleration on an annual basis came on the back of shrinking gross fixed capital formation, by 7.8%, against a 5.7% decline in Q1 2022, with consumption, both private and public, increasing at the same rate in both previous quarters (5.2% YoY and 5.1% YoY). The exporting performance picked up in Q2 2022 (+10.4%YoY vs +6.5%YoY in Q1), leading to an improvement of the external balance (deficit of BGN 2.76 bn, down from BGN 2.91 bn), despite the stronger demand for imports (+16.7%YoY from +13.5% in Q1 2022).

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