

GLOBAL & REGIONAL DAILY

November 10, 2022

Global markets

US midterm election initial results reveal a tighter than expected race and it will take a few weeks for the final outcome to be called. Republicans appear likely to win the House of Representatives with a modest majority, but control of the Senate remains uncertain. According to press reports, five Senate seats are yet to be called, including Georgia where a run-off election will take place on 6 December, after neither the Republican or the Democrat candidate secured an outright majority. Amid lack of certainty about the election results, risk sentiment deteriorated, helping the DXY USD index to recover part of the losses recorded in the three previous sessions, pushing the EUR/USD back towards parity and the GBP/USD below 1.14. Meanwhile, ahead of today's key US CPI release for October, USTs were slightly weaker on the day, with the front-end underperforming after gaining sharply yesterday, while European government bonds gained ground following news that Russia ordered its troops to withdraw from the Ukraine city of Kherson.

Greece

The European Commission proposed yesterday a series of amendments in its economic guidance framework. Notably, for member states with high public debt ratios, such as Greece, it proposes replacing the so-called "SGP 1/20 rule"—requiring an annual decrease in the public-debt-to-GDP ratio by 1/20 of the difference between its current level and the 60% threshold set in the Maastricht treaty—with fiscal adjustment requirements tailored to each country that would be more transparent and simpler—based on a single indicator, net primary expenditure—improving thus monitoring and enforceability. In others news, Greece may apply for the fourth RRF payment by early 2023 or even late 2022, according to the European Commissioner for Economy, Paolo Gentiloni, who reiterated his confidence on the Greek government's commitment to attaining the required targets and milestones.

CESEE

In Cyprus, exports of goods increased by 39.5%YoY in September, against a drop of 10.4%YoY a month ago, whereas imports of goods widened by 32.3%YoY (vs. +34.4% in Aug-22), bringing the goods deficit up by 28.9%YoY. Exports to EU countries expanded by 42.4%YoY in Sep-22 and exports to extra-EU countries increased by 37.5%YoY. In Q3 2022, goods deficit widened by 44.4%YoY, due to the rise of imports by 32.4%YoY, while exports expanded by 13.8%YoY. In Q2 2022 the deficit increased by 59%YoY, as imports rose by 47.6%YoY and exports expanded by 27.7%YoY. Regarding trends in building activity in Aug-22, the number of permits declined by 2.5%YoY, albeit less than in Jul-22 (-11.9%YoY), but in terms of surface (m²) the print was positive, by 16.8%YoY (vs -9.9%YoY in Aug-22). In the Jan-Aug 22 period the number of building permits declined by 4.0%YoY and the related surface fell by 7.7%YoY.

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