

# GLOBAL & REGIONAL DAILY

May 11, 2022

## Global markets

The day yesterday was rich in statements by Fed officials, where the base case was for 50bps hikes in the next few meetings, although Cleveland Fed's Loretta Mester said that it may not be possible to rule out a 75bp hike forever. Today's US April CPI print (consensus: 0.2%MoM/8.1%YoY, March: 1.2%MoM/8.5%YoY) will be an important parameter going forward. Coming to the Euro area, Bundesbank's President Joachim Nagel endorsed a July rate hike from the ECB, if incoming data confirms that inflation remains too high and that higher inflation is likely to prevail, whilst Bank of France Governor Francois Villeroy argued that the ECB must normalise its policy, as core inflation has strengthened. Against this background, Bunds' and OATs' yields lost ground yesterday and continue on this footing today, standing at 0.993% and 1.520% respectively, at the time of writing.

## Greece

According to ELSTAT, the inflation rate (based on the CPI) surged to 10.2% in April, reaching double-digit levels for the first time since 1994, up from 8.9% in March and 7.2%YoY in February, bringing the year-to-April average at 8.1%YoY. The steepest annual increases were recorded in housing (+35.2% - the main component of which is energy), transport (+15.4%) and food and non-alcoholic beverages (+10.9%). On a monthly basis, CPI increased by 2.1% compared to 2.7% in March. Meanwhile, the annual inflation rate measured by the HICP accelerated to 9.1%YoY in April (Euro area: 7.5%), up from 8.0%YoY in March. It is reminded that the Ministry of Finance, in its recent Stability Programme, revised upwards its inflation forecast to 5.6% in 2022, from 0.8% in the 2022 Budget.

## CESEE

In the latest Regional Economic Update report released yesterday, the EBRD revised downwards its GDP growth forecast for the CESEE region in 2022 to 1.1% from 1.7% in March (and 4.2% in November 2021), mainly due to a larger-than-expected contraction in Ukraine as the war drags on. For 2023, growth is expected to recover to 4.7%, from 4.9% previously, with the revision reflecting mounting inflationary pressures in the global economy and the CESEE regions. By breaking down the region into subgroups, GDP in Central Europe and the Baltic states is expected to increase by 3.2% in 2022 and 3.4% in 2023. In the South-Eastern Europe GDP is expected to expand by 2.6% in 2022 and 3.2% in 2023, while the economic output in Western Balkans is expected to grow by 3.2% in 2022 and 3.6% in 2023.

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