

# GLOBAL & REGIONAL DAILY

July 12, 2022

## Global markets

Taking their cue from Wall Street's sharp losses overnight, Asian equity markets were weaker earlier today pressured by the prospect of further tightening by several major central banks, concerns about new restrictive measures in a number of major cities in China and fears over the risk of the Eurozone tipping into a recession in case of long-lasting Russian gas supply difficulties. Favored by their safe-haven appeal, USTs gained, performing broadly in line with their European peers. The US 2/10 yield curve remained inverted, while the Eurozone 5y5y inflation swap rate dropped below 2% for the first time since early March, reflecting concerns that Russian gas flows may not resume after the regular maintenance of the Nord Stream 1 pipeline, that started yesterday and is scheduled to last until July 21, is completed. In FX markets, weighted down by mounting Eurozone growth concerns and the perception that the Fed has probably more room to hike rates than the ECB, the EUR/USD dropped to a new two-decade low of 1.0003, just above parity.

## Greece

According to ELSTAT provisional data on commercial transactions, in the period Jan-to-May 2022, the total value of goods imports stood at €35,236mn (+50.1%YoY) and the total value of goods exports at €20,534mn (+34.9%YoY), bringing the deficit of the trade balance for the said period to €14,702mn, wider by 77.9%YoY. On privatisations, the HRADF pre-qualified eight interested parties that meet the eligibility criteria to participate in Phase B (Binding Offers Phase) of the tender process regarding the new services concession agreement in relation to financing, operation, maintenance and exploitation of Attica Motorway, for a duration of 25 years. On the debt front, yesterday, the Hellenic Republic raised €500mn through the reopening of GGB 1.75%, maturing on January 18, 2032, at a yield of 3.67%. The total bids amounted to €1,934mn (i.e. coverage ratio of 3.87x) and the settlement date is Monday 18 July 2022.

## CESEE

In Hungary, headline inflation jumped to a 24-year high of 11.7% YoY in June, well above market expectations and up from 10.7% YoY in May, on the back of rising food prices (22.1% YoY). In Bulgaria, retail sales growth decelerated to 5.0% YoY in May from 5.7% YoY in April, on the back of easing non-food sales growth (i.e., +7.2% YoY from +10.0% YoY in April). In seasonally adjusted terms, retail sales rose by 0.4% MoM compared to a 1.1% MoM decline in April. Industrial production increased by 20.2% YoY, up from 17.3% YoY in April, broadly driven by the mining and manufacturing sector. In other news, Fitch Ratings downgraded Turkey's sovereign credit rating to B from B+ and maintained the outlook to negative, reflecting spiraling inflation and policies that increase macro and external risks.

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