

GLOBAL & REGIONAL DAILY

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Global markets

At an interview yesterday, Fed Chair Powell repeated that the Fed is considering raising interest rates by 50bps at the next two meetings, if the economy performs as expected, adding that: “If things come in better than we expect, then we’re prepared to do less. If they come in worse than when we expect, then we’re prepared to do more”. This morning, UST yields are moving mildly upwards, with the 10yr and the 2yr yields at 2.8949% and 2.5945% slightly above y-day’s close, but far from this week’s highs of 3.2% and 2.86% respectively. The dollar strengthened further with the USD index climbing to a fresh 20-year high of 104.920 y-day and hovering close to that level and the EUR/USD dropping to 1.0392 at the time of writing. In the Euro area, 10yr Bund yields fell further at some point at 0.841% earlier today, before recovering to levels around 0.9% currently and 10yr OAT yields are hovering within a narrower range slightly over 1.4%.

Greece

DBRS revised downwards its GDP growth projection for Greece to 3.1% in 2022 from 4.5% previously, due to the increased commodity prices and the negative impact of high inflation. The rating agency positively assessed Greece's commitment to fiscal discipline but noted that the fiscal outlook is increasingly uncertain due to the war in Ukraine. On RRF, 57 additional projects with a budget of €1.7bn were approved for inclusion in “Greece 2.0”, thus increasing the total number of RRF-funded projects to 230, at a total budget of €10.2bn. The bulk of the aforementioned resources will be channeled into projects and initiatives regarding the digitalization of businesses, the digital transformation of public healthcare and the provision of financial incentives promoting private investments.

CESEE

In Serbia, the headline inflation came in at 9.6%YoY in April, up from 9.1%YoY in March and above market expectations, approaching a nine-year high. Given the fact that inflationary pressures around the world and in the domestic market are still stronger and more persistent than previously expected, the Central Bank of Serbia decided to continue tightening the monetary conditions, by increasing the Key Policy Rate (KPR) by 50bps to 2.0%. In Cyprus, tourism revenues increased to €39.6mn in February 2022 compared to only €3.8mn in February 2021. For the period Jan-Feb 2022, tourism revenues came in at €67.8mn compared to €6.6mn in the corresponding period of 2021, i.e. up by 927%, but still lower by 26.3% compared to their pre-pandemic level in Jan-Feb 2019.

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