

GLOBAL & REGIONAL DAILY

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Global markets

According to the European Commission's Autumn Economic Forecast, the euro area is expected to drop into recession in Q4 2022, but for the full year 2022, GDP growth is anticipated to rise by 3.2% thanks to potent momentum from 2021 and strong growth in the first half of the year. In 2023, GDP growth is expected to be subdued, rising by just 0.3% as inflation continues to dent households' disposable income, while economic growth is forecast to progressively regain traction by 2024, averaging 1.5%. Turning to markets, the USD remained under broad pressure on the prevailing view that the Fed will start slowing the pace of rate tightening at the upcoming policy meeting in December, while USTs were weaker earlier today following an increase in both the one-year and five-year-ahead inflation expectation measures in the preliminary November UM survey and Fed Governor Christopher Waller's hawkish comments that, despite soft October's inflation data, "we've still got a ways to go" before the central bank stops raising interest rates.

Greece

According to EC's autumn economic forecast released on Friday, the annual real GDP growth rate is expected at 6.0%, 1.0% and 2.0% in 2022, 2023 and 2024 respectively. Thanks to the better-than-expected performance of the economy in H1 2022, the estimate for the FY-2022 real GDP growth rate was revised upwards by 2.0 ppts compared to the summer (interim) economic forecast. However, the stronger than expected cyclical recovery in 2022 and the persistence of the energy crisis accompanied by high inflation, led to a downward revision in the estimate for the FY-2023 real GDP growth rate by 1.4 ppts. The forecasts for the FY-2022 and FY-2023 inflation rate were revised upwards to 10.0% and 6.0% respectively (from 8.9% and 3.5% in the summer), while for 2023, a deceleration is expected at 2.4%. Finally, the annual unemployment rate is anticipated at 12.6%, 12.6% and 12.1% in 2022, 2023 and 2024 respectively.

CESEE

During the previous week, yields of Bulgarian local sovereign bonds moved both ways; on the short-term, the 1-year tenor rose by 12bps, the mid-term 7-year tenor fell by 23bps while on the long-term end, the 15-year tenor rose by 44bps with no specific development read beneath the bounce, except for the lingering political uncertainty given the continuing inability of a formation of a coalition government almost one and a half month after the parliamentary elections. On the data front, in the EC autumn economic forecast released on Friday, the economy is expected to grow by 3.1% in 2022, which is higher compared to the 2.8% growth estimated in the summer forecast. The upward revision came on the back of the higher-than-expected Q2 GDP growth print that was released in the meantime. Nevertheless, the economy is expected to slow down to 1.1% in 2023, due to weaker private consumption.

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