

# GLOBAL & REGIONAL DAILY

June 15, 2022

## Global markets

All eyes today are on the FOMC monetary policy outcome and Fed Chair Jerome Powell's press conference afterwards, with money markets pricing in fully a 75bps rate hike and a small risk of a 100bps move, following last week's US data which showed an increase in the May's CPI reading to a new 40-year high of 8.6%YoY and a rise in longer-term inflation expectations of the June University of Michigan survey to a more than a decade peak of 3.3%. Meanwhile, USTs remained under selling pressure, with the 10-yr yield marking a fresh post-2011 high near 3.50% y-day before retreating to levels around 3.41% in early European trade today. European government bonds also retained a negative tone, with peripheral spreads marking new post-Covid highs, while the EUR gained some ground after media reports suggested that the ECB's Governing Council will hold an ad-hoc meeting today "to discuss current market conditions".

## Greece

According to the Bank of Greece, the residential property price index expanded by 8.6%YoY in Q1-2022 compared to an increase of 9.5%YoY in Q4-2021 and 4.5%YoY in Q1-2021. Broken down by age of property, the prices of new apartments (i.e. up to 5 years) increased by 10.3%YoY and of old apartments by 7.4%YoY in Q1-2022. Moreover, Athens was the region that recorded the biggest annual increase in prices of apartments, i.e. by 9.7%. According to ELSTAT, the turnover for the enterprises of the economy as a whole, obliged to double-entry accounting bookkeeping, for which data are available on a monthly basis, amounted to €27.2bn in April, recording an increase of 31.6%YoY. The biggest annual increase in turnover was recorded by the enterprises of the section Accommodation and Food Service Activities (+272.6%).

## CESEE

SERBIA: The headline inflation accelerated to a 10-year high of 10.4% YoY in May, up from 9.6%YoY YoY in April and 9.1% YoY in March, on the back of higher food (+16%YoY) and fuel prices (+15.7%YoY). Taking into account the deepening of the global energy crisis following the Ukraine war, the further increase in prices of primary agricultural products and industrial raw materials, as well as the ongoing disruptions in international supply chains, the National Bank of Serbia (NBS) decided to increase the Key Policy Rate (KPR) by 50bps for the third month in a row to 2.5%. It is noted that the NBS expects inflation to reach a peak of 10-11% in June/July and start decelerating afterwards with the arrival of the new agricultural season, while it should return within the target tolerance band of 3%±1.5pps in H2-2023.

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