

# GLOBAL & REGIONAL DAILY

May 16, 2022

## Global markets

On the back of full or partial lockdowns in various areas across the country in the past two months, China's April industrial output and retail sales surprised to the downside falling by -2.9%YoY and -11.1%YoY respectively, against consensus forecasts for changes of +0.4%YoY and -6.1%YoY respectively. Concerns about global growth, underlined by China's week data, favour the dollar's safe-haven appeal, with the EUR/USD at 1.0395 earlier today, just above the 1.0348 multi-year low hit on Friday, while the USD/CHF hit parity last week and remains around this level. On economic releases, today the European Commission publishes its Spring forecasts, while later this week focus turns to the EA Q1 GDP and employment prints (Tue), EA April final CPI (Wed) and EC May consumer confidence (Fri). From the US, we expect April retail sales and industrial production (Tue), housing starts and building permits (Wed) and existing home sales (Thu).

## Greece

According to the Bank of Greece (BoG) Financial Stability Review (May-22), one of the biggest challenges of the banking sector remains the high legacy stock of NPLs (NPLs ratio in Dec-21 at 12.8%), as well as increasing profitability and boosting capital adequacy in a challenging international financial environment. The Central Bank notes that banks need to remain vigilant in order to deal with current challenges, given that new NPLs may emerge, especially if the geopolitical crisis is prolonged or escalates further, and after the full withdrawal of pandemic-related support measures. It concludes that the impact from the Russian invasion of Ukraine has clouded the prospects for further recovery of the Greek economy and exacerbated challenges for financial stability.

## CESEE

In Bulgaria, retail sales growth accelerated by 9.6%YoY in March from 6.6%YoY in February, on the back of strengthening non-food sales, which recorded double-digit growth. On a monthly basis, the volume picked up by 1.6%. Industrial production increased by 19.0%YoY, up from 14.8%YoY in February, with the acceleration being broadly led by the utilities sector (i.e., electricity, gas, steam and air conditioning supply). In other news, according to the May Inflation Report, the central bank of Romania revised upwards its inflation forecast for 2022 to 12.5%YoY (from 9.6%YoY in February) and for 2023 to 6.7%YoY (from 3.2%YoY in February), amid stronger inflationary pressures from all basket subcomponents. Finally, this week's calendar is rather hefty with our focus turning to regional Q1 2022 GDP prints.

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