

GLOBAL & REGIONAL DAILY

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Global markets

In its Spring 2022 Economic Forecast, the European Commission revised downwards its real GDP forecasts for both the EU and the euro area to 2.7% in 2022 and 2.3% in 2023, down from 4.0% and 2.8% (2.7% in the euro area), respectively, in the Winter 2022 interim forecast. The downgrade was made on the back of upward pressures on commodity prices, renewed supply disruptions and increasing uncertainty, due to the war in Ukraine. In the US, the NY Fed Empire State Manufacturing Survey headline index for May fell by a vast 36 points to -11.6 on the back of declining new orders and shipments falling at the fastest pace since early in the pandemic, whilst optimism about the six-month outlook remained subdued. On the positive side, the prices paid index eased to a 14-month low of 73.7. The dollar slipped against other major currencies, with the USD index at 103.960 at the time of writing, below last week's two-decade high of 105.010.

Greece

According to the EC Spring Economic Forecast released y-day, the real GDP growth estimation for 2022 has been revised downwards to 3.5% from 4.9% in the Winter forecast (Feb-22), as Russia's invasion to Ukraine has clouded the growth outlook of Greece. In 2023, the economy is expected to expand by 3.1%, mainly due to the gradual recovery of real disposable income and a projected return of tourism to its pre-pandemic level. Moreover, inflation is expected to peak at 6.3% in 2022 and then decline to 1.9% in 2023, driven by the increasing international oil and gas prices. Unemployment is seen to progressively decline to 13.7% in 2022 and 13.1% in 2023, while public debt is expected to decrease further to 185.7% of GDP in 2022 and to 180.4% in 2023, supported by the increase in nominal GDP in both years and primary surplus in 2023.

CESEE

In the Spring Economic Forecast released y-day, the European Commission (EC) revised downwards its real GDP growth projections for Serbia to 3.4% in 2022 and 3.8% in 2023 (from 4.3% respectively in Nov-21). Growth is expected to be mainly driven by private consumption and investment, however the economic fallout of Russia's war against Ukraine is expected to weigh on the growth momentum particularly via higher commodity prices, impacting real disposable income, and reduced trade dynamics as Serbia's trading partners are mainly EU countries. CPI inflation is expected to peak at 8.5% in 2022 and then to return below 5% in 2023. On the same footing, the EC revised downwards its GDP growth projections for Bulgaria to 2.1% in 2022 (from 3.7% previously), due to a slower expansion in domestic and external demand and to 3.1% in 2023 (from 3.9% previously).

Contributing Authors:

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr

Elia Tsiampaou
Economic Analyst
etsiampaou@eurobank.gr

Research Team



Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706



Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr
+ 30 210 37 18 793



Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 210 37 18 733



Maria Kasola
Economic Analyst
mkasola@eurobank.gr
+ 30 210 40 63 453



Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 210 37 18 991



Dr. Theodoros Rapanos
Economic Analyst
trapanos@eurobank.gr
+ 30 214 40 59 711



Dr. Theodoros Stamatios
Senior Economist
tstamatios@eurobank.gr
+ 30 214 40 59 708



Elia Tsiampaou
Economic Analyst
etsiampaou@eurobank.gr
+ 30 214 40 59 712

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