

GLOBAL & REGIONAL DAILY

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Global markets

The Bank of Japan (BoJ) decided at the monetary policy meeting today to maintain its ultra-accommodative policy keeping the -0.1% target for short-term rates and guide the 10yr JGB yield around 0%. In its statement, the BoJ emphasized its resolve to support financing, mainly of firms, and maintain stability in financial markets, adding that it will not hesitate to take additional easing measures if necessary. On the back of this move, the yen falls today against the dollar, with the USD/JPY at 134.04 currently, from yesterday's close of 132.20. Meanwhile, following the ECB's statement regarding the new tool to tackle fragmentation, periphery spreads have been declining considerably, with the 10yr BTP/Bund yield spread tightening by 42.9bps since Tuesday and the respective Spanish spread by 26bps, at the time of writing. Meanwhile, after dropping sharply – 9.6bps at yesterday's close – on the back of the latest Fed 75bps rate hike, the 10yr UST yield is gaining some ground today hovering around 3.18% at the time of writing.

Greece

The Eurogroup yesterday officially accepted a recommendation by the European Commission to end Greece's enhanced economic surveillance, as the country has fulfilled the bulk of its policy commitments. In other news, according to the ELSTAT labour force survey, the seasonally adjusted unemployment rate in Apr-2022 stood at 12.5% compared to 17.2% in Apr-2021 and to the upwards revised 12.6% in Mar-2022. Finally, according to the IMD World Competitiveness Center, Greece's ranking deteriorated by one position in 2022, placed 47th among 63 countries. Greece's low competitiveness stems from a decline in three out of the four categories of indicators, namely in Government Efficiency by three positions, in Business Efficiency by two positions and in Infrastructure by two positions.

CESEE

In Cyprus, tourism revenues increased to €69.6mn in March 2022 compared to only €8mn in March 2021. For the period Jan-Mar 2022, tourism revenues came in at €136.9mn compared to €14.6mn in the corresponding period of 2021, i.e., up by 838%, but still lower by 27.4% compared to their pre-pandemic level in Jan-Mar 2019. In other news, in its latest medium-term forecast, the Central Bank of Cyprus revised downwards its GDP growth forecast for 2022 to 2.7%, from 3.6% in December 2021, mainly due to the negative impact of geopolitical developments in the sectors of trade, transport, hotels and restaurants, as well as professional services. Moreover, inflation for 2022 was revised upwards to 7%, from 2.5% in December 2021, due to increases in energy prices, as well as the expansion of inflationary pressures in the categories of services, food and industrial products, excluding energy.

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