

# GLOBAL & REGIONAL DAILY

May 18, 2022

## Global markets

On geopolitical developments, today Sweden and Finland formally applied to join NATO, while the European Commission is expected to unveil a roughly €210bn plan to shift away from Russia's fossil fuels and accelerate transition to green energy. On monetary policy, Fed Chair Jerome Powell reiterated yesterday the Fed's resolve to address high inflation and restore price stability, moving more aggressively if need be. On the growth outlook, he remarked that there are pathways to avoid a full-blown recession. Interest rate futures expect the fed funds rate to reach at least 2.75%-3.00% by the end of the year. On economic data, US retail sales in April grew by 0.9%MM from 1.4%MM in March, while UK CPI stood at 9.0%YY (highest since 1989)/2.5%MM in April from 7.0%YY/1.1%MM in March and core CPI to 6.2%YY/0.7%MM from 5.7%YY/0.9%MM previously.

## Greece

According to the Jan-Apr 2022 preliminary State Budget execution data, the overall fiscal balance registered a deficit of €3.33bn, compared to a targeted deficit of €4.97bn, while the primary fiscal balance registered a deficit of €0.81bn, against a targeted deficit of €2.45bn. State Budget net revenues were higher by €0.69bn (or by 4%) compared to the target, despite the decreased Public Investment Budget revenues by €0.64bn, due to the overperformance of tax revenues by €1.79bn (or by 12.5%). On the other side of the ledger, the state budget expenditure undershot the target by €0.96bn (or by 4.4%), mainly because of the postponement of payments for military procurement. The preliminary payments for the main Covid-19 pandemic measures stood at €0.50bn, while those for the main energy tackling measures stood at €0.36bn.

## CESEE

According to the flash estimate released by the Bulgarian statistics office, GDP rose by 1.0%QoQ in Q1-2022, decelerating from 1.4%QoQ in the previous quarter. On an annual basis, the GDP increased by 4.5%YoY, easing from 5.2%YoY in Q4-2021 and 5.1%YoY in Q3-2021. It is reminded that in early April, the Finance Ministry of Bulgaria revised downwards its GDP growth forecast to 2.6% in 2022, due to the increasing uncertainty regarding the economic activity and inflation after Russia's invasion in Ukraine. Meanwhile, inflation in Bulgaria accelerated to 14.4%YoY in April from 12.4%YoY in March and 10.0%YoY in February, hitting the highest level since July 2008. The annual increase came on the back of rising fuel prices (+44.9%YoY) and food prices (+20.7%YoY).

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