

# GLOBAL & REGIONAL DAILY

October 18, 2022

## Global markets

Risk sentiment was firmer, with futures pointing to a positive opening for European and US equity markets, following the newly appointed UK Chancellor Jeremy Hunt's announcement yesterday that he is reversing "almost all" of the tax cuts proposed by the government in the "mini-budget". He also made known that the energy price cap will now apply until April 2023, rather than for the next two years, and subsequent support will depend on a review that will be conducted by the Treasury. Press reports suggesting that the BoE will delay QT and positive US corporate earnings results, also favored sentiment towards risk assets. UK assets gained, with the 10-yr gilt yield moving back below 4.0% and the GBP gaining ground against a broadly weaker USD. Meanwhile, ahead of the two-day EU summit starting today, where the European Commission will submit a number of measures to tackle the energy crisis, European natural gas prices dropped further yesterday, with front-month Dutch gas futures ending at a four-month low of €130/MWh

## Greece

According to the preliminary state budget execution data for September 2022, the state budget net revenue in January-September 2022 stood at €44,008 mn on a modified cash basis, exceeding the target by €5,203 mn or by 13.4%. The revenue component of taxes had the highest positive contribution to the above result mainly due to the higher-than-expected nominal growth of the economy (nominal GDP growth at 16.9% YoY in H1 2022). More specifically, the state budget taxes registered a value of €40,644 mn overshooting the target by €4,902 mn or by 13.7%. In the expenditure side, the state budget expenditure stood at €48,245 mn underperforming relative to the target by €641 mn or by 1.3%. Given the above results, the state budget balance registered a deficit of €4,236 mn compared to the target for a deficit of €10,081 mn (lower deficit by 58.0%). The respective primary balance recorded a surplus of €37 mn relative to the target for a deficit of €5,943 mn.

## CESEE

Based on the revised GDP data for Cyprus, recession in 2020 stood at 5.0% YoY which makes it slightly deeper compared to the previous print in Apr-2022 (4.4% YoY). On the contrary, the recovery in 2021 was stronger by 1.1 ppts, at 6.6% YoY. The steeper GDP contraction in 2020 came from a bigger fall in private consumption on an annual basis, by 7.7% (instead of -5.8% previously estimated), with investments declining milder than initially calculated (-4.3% YoY vs. -11.3% YoY). Furthermore, the external deficit narrowed, from €545.7 mn to €301.8 mn. The revision of the FY 2021 GDP was driven by almost flat investment (-0.8% YoY vs. -4.9% YoY) and a stronger growth of exports (+16.7% YoY) compared to the respective data released in Apr-2022 (15.9% YoY). On the back of these revisions, the GDP volume in 2021 stood at €22.94 bn, up by 2.3% from the previous annual GDP release (€22.43 bn).

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