

# GLOBAL & REGIONAL DAILY

November 18, 2022

## Global markets

Investors retained a cautious stance against risk assets and UST yields moved higher following hawkish remarks by St. Louis Fed President James Bullard that increased doubts about the likelihood of a Fed pivot soon. The Fed policymaker warned about reading too much into one inflation report, adding that the policy rate should raise further to a “sufficiently restrictive zone”, describing rates at 5-5.25% as “a minimum level”. Supporting also the case for higher Fed rates, initial jobless claims for the week ending November 12 dropped to 222k and continuing claims filings remained at low levels by historical standards, pointing to continuing tightness in the labor market. The prospect of a terminal fed funds rate above 5% had an effect especially on short-dated UTs, with the 2/10-yr yield curve falling below -70bps, the most inverted since 1982. In FX markets, the DXY USD index failed to hold gains above 107 though it still remained above this week’s low of 105.340, with the GBP/USD falling below 1.19 on the prospect of less aggressive BoE rate tightening ahead after fiscal tightening of £55bn per annum by 2027/28 was announced yesterday.

## Greece

According to reports in the press, from July 2022 to November 2022, the Energy Transition Fund absorbed €2.4bn from the abnormal profits of the electricity producers. That amount – equal to 32.3% of the total revenues of the electricity wholesale market – financed subsidies for electricity bills, providing a support to households’ budget. In other news, according to Ergani – the Labour Ministry’s online employment registry – the balance of people employed was positive in the 10-month period from January 2022 to October 2022. More specifically, flows of new hirings stood at 2,505 k persons, while the respective layoffs/retirements stood at 2,358 k persons, leading to a positive balance of 147.607 k persons.

## CESEE

In Bulgaria, the unemployment rate in Q3 fell by 0.9ppt YoY and by 1ppt QoQ landing to the historic low level of 3.7%, according to official statistical data released yesterday. Unemployment rate has been on a downward trend since March 2021, despite the increased economic challenges and the domestic political instability. However, considering the recent Q3 GDP growth rate flash estimate that points to some evident cooling in the economy, which is broadly expected to carry on onto 2023, some uptick in the near-term future cannot be ruled out. In Serbia, according to November’s inflation report, released earlier this week, the NPL ratio in the banking sector stood at 3.19% in Q3, reduced by 0.7ppt compared to the previous quarter and hitting the lowest level on record. The said print is lower by 1pp compared to the latest before the Covid-19 burst out, indicating the soundness of the bank assets quality.

## Contributing Authors:

**Paraskevi Petropoulou**  
Senior Economist  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Dr. Stylianos Gogos**  
Research Economist  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr)

**Maria Kasola**  
Research Economist  
[mkasola@eurobank.gr](mailto:mkasola@eurobank.gr)

## Research Team



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



**Dr. Stylianos Gogos**  
Research Economist  
sgogos@eurobank.gr  
+ 30 214 40 63 456



**Maria Kasola**  
Research Economist  
mkasola@eurobank.gr  
+ 30 214 40 63 453



**Paraskevi Petropoulou**  
Senior Economist  
ppetropoulou@eurobank.gr  
+ 30 214 40 63 455



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



**Dr. Theodoros Stamatou**  
Senior Economist  
tstamatou@eurobank.gr  
+ 30 214 40 59 708



**Michail Vassileiadis**  
Research Economist  
mvassileiadis@eurobank.gr  
+ 30 214 40 59 709

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