

# GLOBAL & REGIONAL DAILY

October 19, 2022

## Global markets

Asian bourses ended mixed today as investors adopted a cautious stance amid China's ongoing Party Congress, while European equity markets opened higher and futures point to a positive opening for US stock markets. Meanwhile, the USD's uptrend took a pause, despite yesterday's US industrial production data showing a higher than anticipated 0.4% MoM increase in September and an upward revision in August's print to -0.1% MoM. Ahead of today's Beige Book along with US housing starts and building permits, the DXY index was trading just above 112 in early European trade pressured by positive risk sentiment, partially owned to lower global energy prices. Brent crude was hovering slightly above \$90/bbl at the time of writing, after briefly dropping below that level yesterday for the first time in a couple of weeks on reports suggesting that the US will release 15ml more barrels from the Strategic Petroleum Reserve. Along these lines, European natural gas futures fell further, closing yesterday to a fresh 4-month low of €111.20/MWh.

## Greece

On a scheduled announcement, ELSTAT revised upwards, albeit marginally, the 2021 real GDP growth rate. According to the second estimate of the 2021 Annual National Accounts, the steep recovery of the Greek economy following the first year of the pandemic and the deep recession (9.0%), stood at 8.4% from 8.3% based on the first estimate released in March 2022. A revision was also carried out for 2019, with real GDP growth increasing marginally by 0.1 percentage points to 1.9%. Despite the energy crisis and the war in Ukraine, the recovery of the Greek economy continues in 2022 with real GDP growth at 7.8% YoY in H1 2022 and sales indicators increasing strongly in July-August 2022. However, persistently high inflation, increasing cost of capital and rising fears for a recession in major trading partners, create downside risks for consumption, investment and exports of the Greek economy in Q4 2022 and H1 2023.

## CESEE

The Bulgarian Ministry of Finance sold BGN180.6mn of domestic government securities with maturity of 5.5 years (expiring on March 28, 2028) at an auction held on Monday with an interest rate of 3.20%. The bid-to-cover ratio stood at 1.04%, similar to the 1.02% of the latest identical auction of 5.5-year bonds in late September. However, the average weighted yield increased visibly to 5.65% compared to the 4.13% yield achieved in September's auction, reflecting, inter alia, the increasing debt financing cost. The National Bank of Bulgaria facilitated the said auction and also announced the scheduled sale of BGN200mn in 10.5-year bonds on October 24 at a 2.25% interest rate. On the steamy political front, no concrete progress has been marked so far following the October 2 elections, with regards to the formation of a stable coalition government, albeit negotiations among the elected parties continue.

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