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Global markets

US initial jobless claims unexpectedly dropped by 12k to 214k in the week ending October 15, while continuing claims rose by 21k to 1.385mn, remaining though at low levels compared to historical standards and suggesting that the labor market remains tight despite recent signs of slowing economic activity. Against this backdrop, investors moved to price in a more aggressive Fed rate tightening path, also affected by further hawkish Fed signals, with Fed funds futures now expecting the Central Bank to push rates above 5.0% next year. As a result, USTs faced another sell off, with 10-yr yields up to a fresh post-2009 high, slightly above 4.27% earlier today. Bunds also lost ground, along with UK gilts, as the UK political turmoil continues following news on Liz Truss's resignation as UK PM. Amid rising sovereign bond yields, futures point to a lower opening for European and US equity markets, while the DXY index firmed, with the USD/JPY rising above 150 for the first time since 1990 and the GBP/USD moving back slightly below 1.12.

Greece

Based on press reports, the European Commission will announce its proposals regarding the reforms for the Stability and Growth Pact on November 9th 2022. The core of the proposals will be the abolishment of the 1/20 debt-to-GDP ratio reduction rule. Economies with high debt burden, like Greece and Italy, are expected to benefit from these reforms; the time span for the decrease of their debt-to-GDP ratio will likely increase. In other news, the electricity prices for November 2022 announced by the respective providers yesterday were lower by over 30% compared to October 2022 (0.40 EUR per kW from 0.56-0.70 per kW in October 2022). The said decrease will probably lead to a drop of the monthly and the annual inflation rate in November 2022. Finally, the turnover of the enterprises (obliged to double-entry accounting bookkeeping) in retail trade increased in August 2022 by 18.8% YoY from 8.6% YoY in July 2022.

CESEE

The Serbian Ministry of Finance trimmed its GDP growth forecast for 2022 and 2023, as evident in the Current Macroeconomic Developments presentation released in the week; the economy is expected to grow by 3% in 2022, compared to 3.5% projected in June and by 2.5% in 2023 from 4.0% previously expected. GDP growth is forecast to rebound in 2024 by 3.5% and 2025 by 4.0%, though at a slower rate than previously anticipated, as both projections were revised lower by 0.5ppt. Drivers of the 2022 and 2023 revisions were mainly the war in Ukraine and its negative repercussions, but also idiosyncratic factors, such as adverse weather conditions in the summer that acted as headwinds to this year's agricultural crop. Looking backwards, in Bulgaria, the statistical office stepped into a surprising upward GDP revision for 2021 with no supplementary explanation submitted; GDP growth was estimated at 7.6% in 2021, compared to 4.2% previously.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr.Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Maria Kasola
Research Economist
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 Stamatiou
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708

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

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