

GLOBAL & REGIONAL DAILY

November 21, 2022

Global markets

Risk-off sentiment prevailed across Asian equity markets today while stock futures point to a weak start in Europe and the US amid renewed lockdowns in China as Covid-19 cases are rising with the nation reporting over the weekend its first pandemic-related death in the last six months. Against this backdrop, sovereign bond markets gained on both sides of the Atlantic, with the 2/10-yr UST yield curve flattening at a fresh four-decade low of -72.7bps earlier today. Favored by resurging global risk aversion and recent hawkish comments by several Fed policymakers, the USD strengthened across the board with the DXY index rising back above 107 and the EUR/USD dropping near 1.0250. Elsewhere, oil prices remained in a downward trend amid renewed Covid-19 concerns in China, with Brent crude hovering close to \$87/bbl earlier today and WTI just above \$80/bbl. In terms of releases, focus this week is on global flash PMIs (Wednesday) as well as the FOMC minutes (Wednesday) and the ECB's account of their last meeting (Thursday).

Greece

Today the government is expected to submit to the parliament the 2023 budget. According to press reports, the 2022 real GDP growth estimate will be revised upwards (5.3% according to the draft budget), while the 2023 real GDP growth forecast will be revised downwards (2.1% according to the draft budget). The 2022-2023 inflation rate is expected to be higher compared to the forecasts in the draft budget (8.8% and 3.0% respectively). The expected revisions are similar to those in the European Commission's autumn economic forecast, envisioning stronger growth in 2022, steeper deceleration in 2023 and elevated inflation in both years. With respect to this week's data releases, later today the BoG will announce the balance of payments for September 2022, on Tuesday ELSTAT will announce the turnover in accommodation and food service activities for Q3 2022 and on Thursday ELSTAT will release the turnover in retail trade for Q3 2022.

CESEE

In Cyprus, according to the flash estimate released last week, the seasonally adjusted GDP increase in Q3 2022 stood at 5.4%YoY. The Q3 print signifies a growth deceleration on annual basis terms compared to the newly revised upwards GDP growth in Q2 2022 (6.3%YoY against 6.2%YoY in the Oct-22 GDP revision). That said, the QoQ print was positive (+2.0%), after a decline in Q2 2022 (-0.5%). Although the breakdown of the GDP components will be provided with the final estimate, the press release that accompanied the flash estimate mentioned that the Q3 GDP increase is mainly due to hotels-restaurants and transportation-storage sectors. Regarding the recent trends in the former sector, the rise of tourist arrivals fell in Oct-22 to 2.3%YoY from 21.9%YoY in Sep-22. However, the lag compared to 2019 diminished in October to 8.2%, the smallest so far in 2022, bringing the total Jan-Oct 22 difference relative to 2019 down to 20.4%.

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