

# GLOBAL & REGIONAL DAILY

September 22, 2022

## Global markets

The Fed unanimously decided to deliver its third straight 75bps rate hike, as was expected, taking the target range for the federal funds rate to 3.00-3.25%. The policy statement was little changed compared to that in July, while Chair Jerome Powell retained a hawkish tone at the subsequent press conference, reiterating that the Fed remains strongly committed to bringing inflation back to target. Reflecting the Fed's resolve to restore price stability, the updated dot plot was revised up significantly, pointing to a more aggressive rate path. The median fed funds projection for 2022 was taken to 4.4% (from 3.4%) and for 2023 to 4.6% (from 3.8%), while for 2024 and 2025, median dots signaled modest rate easing, with the fed funds rate, though, remaining firmly in restrictive territory. In reaction, the 2-yr UST yield rose above 4.0% for the first time since 2007, risky assets came under pressure and the USD rallied, also favored by fears over a further escalation of the Ukraine war, pushing the EUR/USD below 0.99 for the first time since 2002.

## Greece

The tourism sector in Greece proves to be a key pillar for the FY-2022 real GDP growth rate. According to the national accounts (source: ELSTAT), real exports of services increased by 22.8% YoY and 47.4% YoY in Q1 2022 and Q2 2022 respectively. Based on turnover data, the strong recovery of the Greek tourism sector continued in Jul-22. More specifically, the turnover for the enterprises in accommodation and food and beverage service activities increased by 55.1% YoY in Jul-22 (source: ELSTAT). During the same month, travel receipts and traveller flows surged by 62.7% YoY and 87.3% YoY respectively (source: BoG). In other news, the Greek Minister of Finance Mr. Christos Staikouras stated in the parliament that the government's total measures against the energy crisis stand at €12.4 bn (€9.8 bn for subsidizing the electricity and natural gas bills of households and firms).

## CESEE

According to data released early this week, tourist arrivals in Cyprus were 40.2% higher YoY in August, with the increase easing from 52.9%YoY in July, whereas the hysteresis compared to 2019 stood at 18.5%. During the January-August period, the average increase in tourist arrivals on an annual basis reached 121.5%, with the average lag compared to 2019 at 22.2%. The lack of tourists from Russia, who held the second highest share in tourist arrivals to Cyprus in the previous years, was partially offset by tourists from Poland (121.9 thousand in January-August, 151.9% of the FY2019 level) Germany (118.6 thousand and 78.3% respectively), Denmark (41.0 thousand, 101.1%), France (34.1 thousand, 109.6%), Slovakia (31.6 thousand, 96.1%) and the United Kingdom (827.1 thousand, 62.2%). Arrivals from Russia in January-August 2022 were just at 3.4% of their 2019 level.

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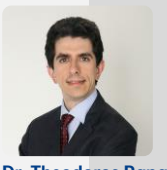
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