

# GLOBAL & REGIONAL DAILY

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## Global markets

Addressing the Senate Banking Committee in the context of the Fed's semiannual Monetary Policy Report to Congress, Fed Chair Powell stated that a recession is "a possibility", while the "soft landing" of the economy will be "very challenging", implying a change in rhetoric compared to some weeks back as events around the world have tilted risks to the downside. However, the Fed remains committed to reducing inflation to the medium-term target of 2.0% and will have to see compelling evidence that price pressures are weakening before it eases its tightening policy. On the back of Powell's comments, 10yr UST yields fell sharply closing 11.9bps lower yesterday from Tuesday's close and continuing to fall today, hovering around 3.1% at the time of writing. On economic data, Japan June Composite Flash PMI came in at 53.2, from 52.3 in May, while Germany and France S&P Flash Composite Output PMIs for June came in at 51.3 (from 53.7 in May) and 52.8 (from 57.0 in May) respectively.

## Greece

According to the IMF 2022 Article IV Consultation Staff Report, real GDP growth in 2022 is expected at 3.5%, despite the adverse impact of the war in Ukraine, while it is expected to decelerate to 2.6% in 2023 (i.e. the same as the forecasts issued in the IMF's World Economic Outlook in April). However, the IMF revised upwards its inflation forecast for 2022 to 6.1%, from 4.5% in April, which is then anticipated to slow down to 1.2% in 2023. In other news, according to ELSTAT, for the enterprises in Accommodation Activities obliged to double-entry bookkeeping, for which data are available on a monthly basis, the turnover in Apr-22 amounted to €221.9mn, higher by 5187%YoY. For the respective enterprises in the Food and Beverage Service Activities, the turnover in Apr-22 amounted to €149.4mn, higher by 134.2%YoY.

## CESEE

The Serbian Ministry of Finance raised on Tuesday RSD6.5bn in 10-year bonds, which were first offered on February 6, 2018. The initial scope of the auction was RSD25bn, but the issuance was capped at RSD5bn as investors' bids lied below the initial target, i.e. at ca RSD6.5bn. The notes bear a 5.875% coupon and were sold at an average yield of 6.7%, significantly higher from the yield of 2.5% achieved at the identical auction held on February 9, 2021. In other news, in yesterday's Monetary Policy Committee meeting, the Central Bank of Czechia (CNB) remained very hawkish by deciding to raise the Key Policy Rate (KPR) by 125bps to 7.0%, in line with market expectations. In the accompanying statement, elevated inflation and weaker national currency were cited as the reasons for the rate hike.

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