

# GLOBAL & REGIONAL DAILY

September 23, 2022

## Global markets

Risk-off sentiment prevailed earlier today, as investors continued to absorb the Fed's hawkish message. Rate hikes by several central banks yesterday to tackle inflation —including the BoE, the SNB and the Norges Bank — which further increased market concerns about the global growth outlook and data showing a further decline in Euro area consumer confidence to a fresh record low of -28.8, also had a negative impact. Meanwhile, UST yields continued to climb higher, also affected by yesterday's US data showing a lower-than-expected increase in initial jobless claims and an unexpected drop in continuing claims. In FX markets, the Japanese government intervened yesterday for the first time in 24 years to slow the pace of the currency's depreciation, taking the USD/JPY down close to 140.00 before recovering to levels slightly above 142.00 earlier today, still below this week's fresh 24-year high of 146.00 recorded in reaction to the BoJ's message that it is unlikely to tighten monetary policy in the near future.

## Greece

The Greek Parliament Budget Office (PBO), in its report for the Q2 2022 period released yesterday, highlights the resilience of the Greek economy to the supply shock of the energy crisis. In spite of the increase in inflation to 10.4% YoY in Q2 2022 from 6.6% YoY in Q1 2022, real GDP growth remained strong at 1.2% QoQ / 7.7% YoY from 2.9% QoQ / 8.0% YoY in Q1 2022, surpassing the pre-pandemic level (Q4 2019) by 5.0%. According to the PBO report, Greece's economic performance in H1 2022 (7.8% YoY real GDP growth) will lead to an upside revision of the initial forecasts for the FY-2022 growth. Nevertheless, despite the better-than-expected growth performance in the short term, the PBO stresses four downside risks for the Greek economy in the medium term: (1) inflation pressures, (2) monetary policy tightening, (3) uncertainty due to the Ukraine war and the energy crisis and (4) political risk due to the upcoming elections.

## CESEE

Total labour cost rose by a 1.5-year high of 5.5%YoY in seasonally adjusted terms in Q2 2022 in Bulgaria, picking from 1.1%YoY in the previous quarter, as reported by the statistical institute (NSI). The acceleration was on the back of a speeding in both wage (+5.6%YoY) and non-wage cost (+5.5%YoY). The wage cost increase was mainly driven by the services sector (+5.6%YoY, up from 3.6%YoY in Q1 2022), while the annual growth in the industry sector was somewhat lower (4.5%YoY, from 3.5%YoY in Q1 2022). Total labour cost increase in annual terms in Q2 2022 exceeded that in labour productivity, measured in terms of the volume of gross value added per employee (+2.6%YoY), whereas the opposite happened in Q1 2022 (+3.3%YoY).

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