ISSN: 2241-4851

Eurobank Research

EUROBANK

GLOBAL & REGIONAL DAILY

November 23, 2022

Global markets

Shrugging off a steady rise in new Covid-19 cases and tighter pandemic-related measures in some cities in China, risk sentiment improved ahead of today's November FOMC minutes. Tracking Wall Street's gains, Asian bourses ended mostly higher today and equity futures point to a positive start in Europe, also favored by a higher-than-expected increase of 3.7 points in the EC's November consumer confidence for the Euro area at -23.9. Meanwhile, the USD lost some ground, with the EUR/USD rising back above 1.03 ahead of today's Eurozone PMIs for November, while the 2/10-yr UST yield curve marked a fresh post-1981 low of -77.4bps earlier today as Fed policymakers continued to adopt a firm tone on the need to push rates higher to bring inflation back to target. Oil prices benefited from the risk-on sentiment, with Brent crude rising above $89/bbl, while European natural gas futures ended higher at €132 per MWh yesterday, the third consecutive daily increase, as Gazprom threatened to cut gas flows to Europe via Ukraine.

Greece

The current account deficit widened on an annual basis by €4.7bn (77.7%) in January-September 2022, mostly reflecting the high cost of the imported energy goods and the steep recovery of domestic demand (private consumption and investment). According to the BoG balance of payments data released yesterday, the deficit in the balance of goods increased on an annual basis by €10.1bn (56.2%) and the surplus in the balance of services rebounded by €6.9bn (67.2%). Moreover, the surplus in the balance of primary incomes shrunk on an annual basis by €0.6bn (87.8%) and the surplus in the balance of secondary incomes decreased by €0.9bn (96.0%). The European Commission projects (autumn economic forecasts, November 2022) a current account deficit of 7.3%, 7.4% and 6.9% of GDP in 2022, 2023 and 2024 respectively (6.8% in 2021).

CESEE

In the OECD's Economic Outlook released yesterday, the GDP growth forecast for Bulgaria in 2022 was upward revised to 2.8% from 2.5% projected in June, with a 1.7% deceleration and a 3.1% rebound in 2023 and 2024 respectively. In the said report, it is inferred that consumption will be suppressed by high energy prices and rising interest rates in 2023, while the overall economic worsening in Europe will affect negatively exports next year. The quick recovery in 2024 will be broadly driven by public and private investments covered by EU funds, with the latter and their effective management and absorption rendering pivotal for the economy's potential growth. The OECD projected that inflation will average 14.1% in 2022 and will slow down to 7.5% in 2023, on the back of stabilising energy prices and slowing economic activity.

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