

GLOBAL & REGIONAL DAILY

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Global markets

With inflation being markedly above the 2% target (12-month CPI inflation was 5.7% in May), the central bank of Norway followed in the footsteps of other major central banks yesterday, raising by a unanimous decision the policy rate from 0.75% to 1.25% and stating that “based on the Committee’s current assessment of the outlook and balance of risks, the policy rate will most likely be raised further to 1.5% in August”. On economic data, UK retail sales volume fell by 0.5%MoM in May 2022 following a rise of 0.4%MoM in April 2022 (revised from a rise of 1.4%MoM) and standing 2.6% above their pre-coronavirus (COVID-19) February 2020 level. The fall in sales is attributed to reduced spending in food stores (-1.6%MoM), which seems to be linked to the impact of rising food prices and the cost of living. In Japan, May CPI and CPI less fresh food and energy, remained unchanged from the previous month at 2.5%YoY and 0.8%YoY respectively.

Greece

In its first quarterly report for 2022, the Parliamentary Budget Office foresees a slowdown in the second quarter of the year, compared to the strong real GDP growth of 7% in Q1 2022, the extent of which will depend, among other things, on the performance of tourism, the activation of the Recovery and Resilience Facility, the impact of increased energy costs and rising borrowing rates. Meanwhile, according to the latest forecast by the Center for Planning and Economic Research (KEPE), Greece's real GDP will grow by 3.9% in Q2 2022 and then slow down to 2.9% in Q3 2022 and 3.2% in Q4 2022, bringing the 2022 growth rate to 4.3%. This estimate reflects the continuation of a strong positive dynamic of the Greek economy, as supported by the latest available data on the economic activity in Q1 2021.

CESEE

Despite the excessive inflation and expectations for further increase in inflation in the near term, the Monetary Policy Committee (MPC) of the Central Bank of Turkey (CBRT) decided y-day to keep the one-week repo policy rate unchanged at 14.0% for the sixth month in a row, in line with market expectations. On the data front, credit growth in the Bulgarian banking system accelerated by 11.2%YoY in May, up from 10.7%YoY in April, on the back of stronger household (+14.5%YoY) and corporate (+8.5%YoY) lending growth. In Serbia, bank lending growth jumped to 13.4%YoY in May, from 12.4%YoY in April. The improvement came mainly on the back of the corporate lending whose annual growth sped up to 16.4% from 14.5% the previous month. However, note that real credit growth is sizably lower than the nominal reading amid the annual recent inflation prints in both economies that keep coming in double digits.

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