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Global markets

Investors stepped into pricing in a less aggressive Fed rate tightening path, with futures now expecting a federal funds terminal rate at 4.83% next year compared to above 5.00% late last week, in reaction to press reports suggesting that the Fed is set to raise rates by 75bps at next week's policy meeting, but would also debate "whether and how to signal plans" for a downshift in the pace of rate hikes by the end of the year. Against this backdrop, US equities ended higher on Friday and futures point to a positive opening today, while UST yields dropped sharply. The USD weakened, with the DXY index moving back close to 112.00, allowing the EUR/USD to briefly test levels near 0.99 in early European trade, ahead of today's flash Euro-zone PMIs for October and Thursday's ECB policy meeting, while the GBP/USD has recovered from Friday's 1.1058 multi-session low, hovering around 1.1315/18 at the time of writing, following news that Boris Johnson pulled out of the contest to become next UK's PM.

Greece

According to the Bank of Greece (BoG), the deficit of the current account balance increased on an annual basis by €4.2 bn or 72.8% in the 8-month period of January-August 2022. This result was mostly driven by the widening of the deficit in the goods balance by €8.7 bn or 55.6% due to the elevated prices of energy imports and the steep rise of domestic demand. Moreover, the balances of the primary and secondary income accounts deteriorated by €0.8 and €1.0 bn respectively. Thanks to the strong recovery of tourism, as tourist receipts stood at 96.4% of the respective 2019 revenues in January-August 2022, the surplus of the balance of services increased by €6.3 bn or 78.5%, partially offsetting the widening of the deficit in the current account balance.

CESEE

During the previous week, Bulgarian local sovereign papers posted worth noticing movements. On the short-term, the 3-year tenor rose by 23bps and the 5-year tenor by 149bps, while on the long-term end, the 15-year tenor spiked by 4bps. On the macro data front, inflation in September came in at 18.7% YoY from 17.7% YoY in August, while the pressure continues to remain unabated on a monthly basis, as same month's reading stood at 1.2% MoM. The drivers of the increase remain the same, i.e., elevated energy and food prices while any decompression on the energy segment from the IGB operation in early October and its respective decrease by almost 30% in the locally regulated natural gas price is expected to be spotted in the next couple of months. This week's regional data calendar is considered as rather lightweight with market attention focusing on Hungary's CB meeting scheduled for tomorrow.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr.Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Maria Kasola
Research Economist
mkasola@eurobank.gr

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Research Team

Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 214 40 63 456

Maria Kasola
Research Economist
mkasola@eurobank.gr
+ 30 214 40 63 453

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 214 40 63 455

Dr. Theodoros Rapanos
Economic Analyst
trapanos@eurobank.gr
+ 30 214 40 59 711

Dr. Theodoros Stamatiou
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708

Michail Vassileiadis
Research Economist
mvassileiadis@eurobank.gr
+ 30 214 40 59 709

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