

GLOBAL & REGIONAL DAILY

October 25, 2022

Global markets

Range trading for major currency pairs prevailed in early European trade, while most of Asian bourses ended higher, tracking Wall Street's gains overnight and European equities' positive performance yesterday amid a sharp drop in European natural gas prices below €100/MWh for the first time since mid-June. Meanwhile, gilts retained a positive tone amid hopes for greater UK fiscal discipline as Rishi Sunak was confirmed to take over as the new PM after winning the Conservative leadership election yesterday. 10-yr Bunds were also firmer on the day, reacting to yesterday's disappointing Eurozone PMIs for October which showed a further drop in the composite PMI to 47.1, the lowest in nearly a decade —letting aside pandemic times— mainly driven by the manufacturing sector, with the relative headline PMI falling to a lower than expected 46.6. However, UST yields were higher on the day, shrugging off weak October PMIs which revealed a drop in the manufacturing PMI into contractionary territory for the first time since June 2020.

Greece

Based on the balance of travel services data from BoG, travel receipts including cruises stood at €4.0 bn in August 2022, posting an annual increase of 28.1% (€886.7 mn), whereas compared to their pre-pandemic level in 2019, they were marginally lower by 1.5% (€61.5 mn). The performance of tourism was also robust for the whole 8-month period of January-August 2022, with travel receipts including cruises registering a value of €12.7 bn, higher by 92.1% compared to January-August 2021 but lower by 3.6% or €471.8 mn relative to the pre-pandemic period. Inbound traveller flows excluding cruises rebounded more rapidly compared to receipts, posting an annual increase of 44.0% in August 2022 (from 4.1 to 5.9 mn people) and of 121.8% in January-August 2022 (from 8.6 to 19.1 mn people). Nevertheless, relative to their levels in August 2019 and in January-August 2019, they were lower by 13.3% (0.9 mn people) and 12.4% (2.7 mn people) respectively. Finally, travel receipts per capita dropped to €678.7 in August 2022 from €764.3 in August 2021.

CESEE

The Monetary Policy Committee (MPC) of the Central Bank of Turkey (TCMB) reduced once again last Thursday the repo policy rate, for a third consecutive time, by 150bps, to 10.5%. This was the seventh reduction since September 2021. The Committee supported the decision by stating that it is critically important that financial conditions remain supportive to preserve the growth momentum in industrial production and the positive trend in employment and reiterated its observation that leading indicators for the second half of the year point to a slowdown in economic growth due to weakening foreign demand. The MPC announced its intention for a similar step in the following meeting, ending - most probably -the rate easing cycle. The Turkish lira (TRY) depreciated marginally since last Thursday (-0.2% vis-a-vis USD, to 18.63), whereas since the previous repo rate cut in September the depreciation stands at 1.5%. On an annual basis, the TRY has depreciated against the USD by 93.9%.

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