

GLOBAL & REGIONAL DAILY

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Global markets

Reinforcing concerns about a sharp loss of growth momentum in the Eurozone's biggest economy, the German Ifo business climate index dropped by a higher than expected 3.6ppts to 88.6 in July, driven by a sharp decline in the expectations component (-5.2ppts to 80.3) and, to a lesser extent, a move down in the current conditions component (-1.7ppts to 97.7). Turning to markets, the majority of Asian bourses closed in positive territory after erased earlier losses, supported by China's plans to tackle property debt crisis. Meanwhile, the DXY index was standing not far below recent highs ahead of an expected 75bps Fed rate hike this week and German Bunds retained a firm tone on gas supply concerns after Gazprom announced that another turbine will go offline tomorrow for maintenance and gas flows are set to decline further to around 20% of capacity. Today, the IMF will release the updated World Economic Outlook and EU energy ministers will meet to discuss the European Commission's proposal for a 15% reduction in gas use.

Greece

According to ELSTAT, for the total of enterprises in retail trade, the turnover in May reached €3.11bn, recording an increase of 16.4%YoY. The activities that recorded the biggest annual increase were retail sales of cosmetic and toilet articles in specialized stores (+58.1%) and retail sales of carpets, rugs, wall and floor coverings in specialized stores (+49.1%). Separately, according to ELSTAT the imports from Russia in May amounted to €625.5mn (with 95% of the value of imports being energy related) registering a 94.7% annual increase because of the recent energy price hikes. In the period Jan-May 2022 the imports from Russia amounted to €2,817mn, recording an increase of 117.6%YoY. The deficit of the trade balance between Greece – Russia for the said period amounted to €2,769.7mn.

CESEE

In its latest Economic Bulletin, the Central Bank of Cyprus (CBC) revised downwards its GDP growth forecast for 2022 to 2.7%, from 3.6% in December, due to the negative effects of the war in Ukraine and the sanctions against Russia. For 2023 and 2024, GDP growth is estimated at 3.6% and 3.7% respectively, on the back of continued recovery in domestic demand and net exports, as well as the absorption of funds from the RRF. Moreover, inflation for 2022 was revised upwards to 7%, from 2.5% in December, due to the significant increase in energy prices, as well as broadening inflationary pressures in the categories of food, services and industrial goods excluding energy. Finally, according to the said report, although the effects of the pandemic on banks' loan portfolios have not been as strong as initially expected, the CBC did not rule out the deterioration of the quality of bank's assets in Cyprus, due to the geopolitical crisis.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Elia Tsiampaou
Economic Analyst
etsiampaou@eurobank.gr

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 Stamatou
Senior Economist
tstamatou@eurobank.gr
+ 30 214 40 59 708



Elia Tsiampaou
Economic Analyst
etsiampaou@eurobank.gr
+ 30 214 40 59 712

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