

GLOBAL & REGIONAL DAILY

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Global markets

Following sharply higher gilt yields over the past few days on mounting concerns about the sustainability of UK finances, the BoE issued a statement yesterday saying that it would effectively restart temporarily QE only a few days before QT was supposed to start. In detail, the BoE will engage in long-dated gilt purchases in unlimited amounts from September 28 until October 14 aiming to restore orderly market conditions and prevent an unwarranted tightening of financing conditions. In reaction, gilts rallied, with the 30-yr yield ending at 3.9% yesterday after trading above 5.0% prior to the BoE's announcement, marking the largest daily decline in 30 years, and the GBP also moved higher, rising from 1.0540 against the USD to around 1.0900, before retreating close to 1.0800 earlier today. Tracking gilts, sovereign bonds around the world also gained ground, with the 10-yr UST yield dropping back below 4.0% in spite of fresh hawkish comments by Fed officials, while global equity markets were firmer, recovering part of recent hefty losses.

Greece

The Greek Government, according to the letter to the European Commission, signed by K. Skrekas, the Minister of Environment and Energy, insisted on its earlier proposal for a price cap on all wholesale natural gas transactions as a measure against the inflationary pressures stemming from the ongoing energy crisis. The proposal signed by 15 EU member states – including Belgium, France, Poland and Portugal – calls for the discussion of the issue in the upcoming extraordinary Energy Council (30 September 2022). Several EU members including Germany still oppose the proposal on various grounds. In other news, according to ELSTAT, the number of total building permits issued in June 2022, increased by 9.3% YoY (that corresponds to 10.3%YoY and 16.6%YoY in surface terms (m2) and volume terms (m3) respectively).

CESEE

In the latest Regional Economic Prospects report released yesterday, the EBRD raised its forecasts for the region in 2022 but the outlook for 2023 has worsened significantly since May 2022. Central European and Baltic economies are expected to expand their output by 3.7% in 2022 from 3.2% previously, with the average growth of the region cooling to 1.3% in 2023 vs 3.4% seen back in May. The forecast for 2022 GDP growth in South-eastern Europe (SEE) marked among the biggest upward revisions across all regional sub-groups, reaching 5.0% before landing to 2.0% in 2023. Key drivers for the improved outlook of the SEE in 2022 are the performances of Greece (+5.2%) and Romania (+5.4%) and to a lesser extent that of Bulgaria (+3.0%), with the deteriorated outlook in 2023 shared evenly among the said three economies and attributed, inter alia, to reduced gas supply and spill over from the slowdown in advanced EU economies.

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