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Global markets

The EU leaders reached an in-principle agreement to cut 90% of Russian oil imports by the end of this year. The embargo applies to seaborne oil imports and therefore to 2/3 of the total oil imported from Russia. The embargo rate will reach 90% by the end of the year, when the supply of Russian oil from Germany and Poland, which receive it through a pipeline, will stop. The remaining 10% for Hungary is exempt. Against this background, oil prices are on the rise with Brent crude futures at USD123.46/bbl at the time of writing, 1.5% up from yesterday's close. On economic data, the May Economic Sentiment Indicator (ESI) that was released yesterday ticked up marginally in the Euro area (105.0 from 104.9) on the back of improved confidence in services, construction and among consumers. In the EU, the May ESI fell slightly (104.1 from 104.6), dragged by subdued confidence in industry, construction and among consumers.

Greece

The Economic Sentiment Indicator (ESI) increased to 108.0 in May up from 105.1 in April, compared to a small monthly increase of 0.1pts (to 105.0) in the EA and a decrease of 0.5pts (to 104.1) in the EU. The increase was driven by an amelioration of expectations among consumers (+4.0pts), in industry (+2.1pts), retail (+1.1pts) and services (+1.0pts), while confidence fell in building activity (-19.3pts). On the public debt front, the Public Debt Management Agency (PDMA) raised €400mn from the re-opening of 15YR and 20YR bonds, through an extraordinary auction yesterday. More specifically, PDMA raised €250mn through the re-opening of a GGB 4.00%, at a yield of 3.51%, maturing on January 30, 2037 and €150mn through the re-opening of a GGB 4.20%, at a yield of 3.56%, maturing on January 30, 2042. The settlement date is June 6, 2022.

CESEE

Standard & Poor's affirmed Bulgaria's sovereign rating at BBB and maintained the outlook stable. The agency revised downwards its GDP growth forecast for 2022 to 1.6% (from 4.3% at the beginning of the year), as the Bulgarian economy is expected to be affected by the Russia-Ukraine conflict, primarily due to the high inflation that diminishes the disposable income and hits business and consumer confidence domestically. Secondarily there will be headwinds from the lower economic activity of its most important trading partners within the EU. Concluding with Cyprus, tourist arrivals increased to 289.3K in April compared to 38.2K a year ago (i.e. up by 657%YoY). Year-to-April tourist arrivals increased by 854.1% to 534K, however, they stand still lower by 22.2% compared to their pre-pandemic level in 2019.

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