

GLOBAL & REGIONAL DAILY

July 21, 2022

Global markets

European markets are driven today by the resumption of natural gas flows from Russia towards Europe through Nord Stream 1 and the political developments in Italy, as Prime Minister Mario Draghi is expected to resign, given the lack of political consensus in the support he asked yesterday in the Senate, leading Italy to snap elections and a period of political uncertainty. Market focus also shifts to the ECB policy meeting where the Central Bank is expected to hike rates for the first time in more than a decade and announce details of an anti-fragmentation tool. Awaiting the ECB's verdict, the EUR gained some ground moving back above 1.02 against the USD earlier today on market talk that the ECB might opt for a 50bps rate hike today, while the 10-yr Italian spread over Bunds widened further to 235bps, near 20bps wider compared to Tuesday's settlement. On the data front, US existing home sales dropped in June for the fifth consecutive month in June, while the European Commission consumer confidence fell further to new record low of -27.0 in July.

Greece

According to ELSTAT, the overall turnover index in industry (domestic and non-domestic market) in May increased by 53.1% YoY, owing to an annual increase of 53.6% in manufacturing and 15.1% in mining and quarrying. The average overall turnover index in industry for the 12-month period from June-21 to May-22 increased by 34.8%YoY. Separately, according to ELSTAT, for the enterprises in Accommodation Activities obliged to double-entry bookkeeping, for which data are available on a monthly basis, the turnover in May amounted to €554.9mn, higher by 424.6% YoY. For the respective enterprises in the Food and Beverage Service Activities, the turnover in May amounted to €179.1mn, higher by 64.6% YoY. Finally, today the Bank of Greece is expected to announce the balance of payments of May 2022.

CESEE

Data for the current account (CA) balances for both Bulgaria and Serbia were released earlier this week. In more detail, in Bulgaria, the CA recorded a surplus of €195.4mn in May-22, compared to a deficit of €112mn in May-21, mainly due to an improvement in the primary income and goods balance and less so in the services balance. On a cumulative basis, the CA posted a €525.9mn deficit in Jan-May 2022 compared to a €9.9mn surplus in the same period of 2021. In Serbia, the CA deficit widened by 219% YoY to €452.2mn in May-22, with the deterioration stemming mainly from the trade balance as a result of higher energy prices and imports. In the period Jan-May 2022, the CA deficit amounted to €2.3bn compared to a deficit of €235.5mn a year ago.

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