

GLOBAL & REGIONAL DAILY

January 12, 2022

Global Markets

The World Bank cut its global economic growth forecasts to 5.5% (from 5.6%) in 2021 and 4.1% (from 4.3%) in 2022 amid continued COVID-19 flare-ups, less fiscal support, and lingering supply bottlenecks. Separately, in a congressional hearing yesterday, Fed Chair Powell appeared determined to ensure that inflation does not become entrenched and that higher interest rates as well as **the shrinking of the Fed's USD9trn** balance sheet are necessary actions to maintain the current economic expansion. Fed Funds futures are currently pricing in almost four rate hikes this year, implying a more aggressive tightening of monetary policy than expected. On economic releases, in Nov-21 retail trade volume in Italy increased by 11.7%YoY marking the 9th consecutive annual increase and accelerating from +2.8%YoY in Oct and +3.9%YoY in Sep.

Greece

According to Eurostat's flash estimate, the inflation rate in Greece increased for the 7th month in a row in Dec-21 and reached its highest value since early 2011. More specifically, it stood at 4.4%, lower by 0.6 percentage points compared to the Euro Area. The group of goods and services with the highest contribution to the aforementioned result was that of housing, water, electricity, gas and other fuels. Given the estimated value for Dec-21, the FY-2021 inflation rate increased to 0.6% from -1.3% in 2020. The acceleration of the inflation rate is based, 1st on the energy crisis, 2nd on the imbalances between demand and supply and 3rd on base effects. The relative high inflation rate, together with the Omicron variant, constitute the two central downside risks for the economy in the 1st quarter of 2022.

CESEE

Following three months of surpluses, which were supported by the good tourism season, the current account of Turkey posted a deficit of USD2.7bn in November. On a yearly basis, the deficit decreased by 24.4%YoY, as the goods trade gap narrowed and foreign tourism kept recovering, bringing the twelve-month rolling deficit to USD14.3bn or -1.7% of GDP in November. For the period Jan-Nov 2021, the CA deficit reached USD10.8bn, narrowing by 66.3% compared with the same period of 2020. In Cyprus, **tourism revenues increased to €310.2mn in October 2021 compared to only €77.4mn in October 2020.** For the period Jan-Oct 2021, tourism revenues came in **at €1,355.4mn compared to €376.3mn in the corresponding period of 2020, i.e. up by 260.2%, but still lower by 46.5% from their respective reading in Jan-Oct 2019.**

Contributing Authors:

Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr

Dr. Stylianos Gogos
Research Economist
sgogos@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



Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr
+ 30 210 37 18 793



Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 210 37 18 733



Maria Kasola
Economic Analyst
mkasola@eurobank.gr
+ 30 210 33 18 708



Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 210 37 18 991



Dr. Theodoros Rapanos
Economic Analyst
trapanos@eurobank.gr
+ 30 214 40 59 711



Dr. Theodoros Stamatios
Senior Economist
tstamatios@eurobank.gr
+ 30 214 40 59 708



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

Περισσότερες εκδόσεις μας διαθέσιμες στην ηλεκτρονική διεύθυνση που ακολουθεί: <https://www.eurobank.gr/en/group/economic-research>
 Εγγραφείτε ηλεκτρονικά, σε: <https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-endaferontos>
 Ακολουθήστε μας στο twitter: https://twitter.com/Eurobank_Group
 Ακολουθήστε μας στο LinkedIn: <https://www.linkedin.com/company/eurobank>

DISCLAIMER

This report has been issued by Eurobank S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees. Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.

