

GLOBAL & REGIONAL DAILY

June 28, 2022

Global markets

Oil prices rally for a third day today, on concerns about capacity constraints in major oil producers Saudi Arabia and United Arab Emirates. Brent crude futures hit an almost two-week high of USD117.28/bbl earlier today, and hover around this level at the time of writing. On economic data, the ongoing Russian – Ukraine war has a toll on consumer sentiment, with Germany's GfK consumer sentiment for July plunging to a new record low of -27.4 from -26.2 in June and France's consumer confidence (INSEE) falling to a multi-year low of 82 in June from 85 in May. Separately, focus today turns to the introductory speech by President Christine Lagarde at the ECB's 2022 Forum on Central Banking, with markets interested in hints on the Bank's policy normalization framework and in particular the confirmation of a 25bps increase in interest rates in July.

Greece

According to the final State Budget execution data on a modified cash basis, in May, tax revenues over-performed by €1.1bn (or by +31.5%) against the target, mainly due to higher property tax revenues by €811mn, as the first installment of ENFIA collected earlier than anticipated (initially expected to be collected in September). On privatizations, four interested parties submitted expressions of interest for the sub-concession of the right to construct, operate, manage, maintain and exploit the Mega-yacht Marina in Corfu. Finally, on the public debt front, the Public Debt Management Agency (PDMA) will auction tomorrow 26-week T-bills to the amount of €625mn, maturing on December 30, 2022.

CESEE

BULGARIA: In its 2022 Article IV Consultation Staff Report, the IMF revised downwards its GDP growth forecast for 2022 to 2.8%, from 3.2% previously (IMF's World Economic Outlook in April). According to the Fund, despite the fact that the Bulgarian economy showed some resilience during the pandemic, the war in Ukraine has clouded the outlook, heightened uncertainty and increased downside risks. In detail, high energy dependence from Russia is considered as a significant vulnerability, while key risks include stronger spillovers from the war, a resurgence of COVID-19 and faster-than-anticipated tightening of global financing conditions. Finally, average inflation is expected to rise to 12.2% in 2022 pushed by rising commodity prices, global supply-chain disruptions, increasing labor costs, and strong domestic demand.

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