

GLOBAL & REGIONAL DAILY

July 29, 2022

Global markets

According to the advance estimate, US GDP contracted by an annualized rate of 0.9% in Q2, the second consecutive quarter of negative growth after a -1.6% print in the first quarter (although a “technical recession” is generally defined as two consecutive quarters of negative growth, in the US, it is the NBER which officially defines whether the economy is in recession). The main drag to GDP growth came from inventories (-2.01ppts) and residential investment (-0.71ppts), while the only positive contribution came from net exports (+1.43ppts) and personal consumption (+0.7ppts). Turning to markets, Asian bourses ended mixed today, shrugging off Wall Street’s positive performance overnight in the wake of Fed Chair Jerome Powell’s remarks in the post-meeting press conference that, at some point in the future, it will become appropriate to slow the pace of rate hiking. USTs retained a positive tone, while the USD extended post-Fed losses, as reflected by the DXY which dropped below 106 for the first time in more than three weeks.

Greece

The Economic Sentiment Indicator (ESI) receded to 101.1 points in July down from 104.1 points in June, its lowest level since April 2021, recording a less pronounced monthly deterioration compared to the EU-27 (-4.2ppts to 97.6) and the EA (-4.5ppts to 99.0). The confidence indices deteriorated in most of the sub-sectors as follows: building activity (-20.2ppts), among consumers (-2.8ppts), services (-1.7ppts) and industry (-0.3ppts); by contrast, confidence improved in retail trade (+4.1ppts). In other news, according to the ELSTAT labour force survey, the seasonally adjusted unemployment rate in May-22 stood at 12.5% compared to 15.6% in May-21 and to the upwards revised 12.6% in Apr-22. The number of employed persons amounted to 4,170k, increasing by 5.8%YoY, while the number of unemployed persons amounted to 596k, decreasing by 17.9%YoY.

CESEE

The Economic Sentiment Indicator (ESI) came in mixed in the CESEE countries in July, after deteriorating across almost the entire region in June. More specifically, while the indicator improved in Bulgaria (+1.3ppts), Serbia (+0.7ppts) and Romania (+0.3ppts), it eased in the Czech Republic (-6.2ppts), Poland (-3.2ppts), Croatia (-2.8ppts) and Hungary (-0.5ppts). ESI in Cyprus improved by 2.4ppts, while in Turkey it remained almost unchanged. In other news, in its latest Inflation Report for Q3, the Central Bank of Turkey revised upwards its inflation forecast for 2022 to 60.4%, from 42.8% in April’s inflation report, with a 70% probability that inflation will range between 56.9% and 63.9%. Moreover, inflation is expected to fall to 19.2% by the end of 2023 and further recede to 8.8% by the end of 2024.

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