ISSN: 2241-4851

Eurobank Research

EUROBANK

GLOBAL & REGIONAL DAILY

November 25, 2022

Global markets

Fixed income markets on both sides of the Atlantic remained well supported amid increased expectations that central banks might not continue hiking rates as aggressively as initially feared, following the release of the 1-2 November FOMC minutes earlier this week and the account of the 26-27 October ECB policy meeting yesterday. Against this backdrop, the 10-yr UST yield dropped to a seven-week low of 3.65% earlier today following yesterday's US Thanksgiving holiday, and the 10-yr Bund yield was hovering around 1.88% at the time of writing, not too far from yesterday's 1 ½-month low near 1.80%, and, thus, not much affected by ECB Executive Board member Isabel Schnabel's hawkish comments. Meanwhile, the DXY USD index remained under pressure moving slightly below 106, while the EUR/USD continued to trade above 1.04, though still below the mid-November high of 1.0480, even after Germany's IFO business climate indicator surprised positively for the second month in a row, rising by a higher than expected 1.8ppts to 86.3 in November.

Greece

The turnover of the enterprises in retail trade stood at €16.7bn in Q3 2022, printing an annual increase of 12.5% from 12.0% in Q2 2022. The respective change in real terms was much lower, given the elevated Q2 2022 inflation rate (11.5%). For example, the retail trade volume index in July-August 2022 rose by 2.9% YoY. In other news, the European Commission is expected to approve today the second RRF trance, amounting to €3.56bn, with a breakdown of €1.7bn in grants and €1.8bn in loans. Greece has already received an advanced payment of €4bn in August 2021 and the first RRF trance, equal to €3.6bn, in April 2022. Finally, yesterday the Greek government and the European Investment Bank signed a contract for additional funds of €400mn for the support of small and medium sized firms.

CESEE

The Monetary Policy Committee (MPC) of the Central Bank of Turkey (TCMB) reduced on Thursday the main policy rate, for a fourth consecutive month, by a further 150bps, to 9.0%. The new rate cut was not a surprise to the markets as it was in line with the MPC's guidance at the October meeting. The Committee argued that leading indicators for H2 2022 continued pointing to a slowdown in GDP growth, mainly due to weakening foreign demand. It also stressed that pressures on the manufacturing sector from external demand became more pronounced, along with their subsequent impact on domestic demand and supply capacity. Considering the risks to the global economy, the Committee evaluated that the current policy rate is adequate and decided to end its cycle of monetary policy easing. The Turkish lira (TRY) exchange rate vis-a-vis the USD is little changed since yesterday (ca. 18.63), whereas since the previous repo rate cut in October the TRY has depreciated by 3.2%. On an annual basis, the TRY depreciation against the USD stands at 49.7%.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr.Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Michalis Vassileiadis
Research Economist
mvassileiadis@eurobank.gr

Research Team

Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 214 40 63 456

Maria Kasola
Research Economist
mkasola@eurobank.gr
+ 30 214 40 63 453

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 214 40 63 455

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

Dr. Theodoros Stamatiou
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708

Michail Vassileiadis
Research Economist
mvassileiadis@eurobank.gr
+ 30 214 40 59 709

More available research at: https://www.eurobank.gr/en/group/economic-research
Subscribe electronically at: https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-endiaferontos
Follow us on twitter: https://twitter.com/Eurobank_Group
Follow us on LinkedIn: https://www.linkedin.com/company/eurobank