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**MERRY CHRISTMAS
& HAPPY HOLIDAYS TO EVERYONE**
WE'LL BE BACK IN JANUARY 2023

● **OUTLOOK: What Will the World Look Like in 2023?** More p. 14-15



● Another uncertain New Year

Ross J Brown, Market Technician/CIO argues that all the conflicting information makes it difficult to figure out where things are going for the global economy going forward. More **P10**

● Globalization and free trade are almost dead

"Globalization is almost dead and free trade is almost dead. A lot of people still wish they would come back, but I don't think they will be back," Dr Morris Chang, the founder of Taiwan Semiconductor Manufacturing Co (TSMC) said on Dec. 6. More **P11**

● PE in CEE set for strong growth despite crises

Private equity (PE) in Central and Eastern Europe (CEE) is poised to enter a period of strong growth, overcoming geopolitical risks and macroeconomic turbulence. More **P16**

● Pension plans are facing a perfect storm

As pension funds face a stagflationary environment "extreme pragmatism" will guide asset allocation. More **P17**



in BRIEF

Japan to hike defense budget by 26%

Japan's Ministry of Defense will increase its annual defense budget by 26.3% to a record 6.82 trillion yen (\$51.7 bn) for the next fiscal year. The budget enhancement will allow the country to purchase \$1.6 bn in Tomahawk cruise missiles, triple spending on ammunition and develop new, longer-range missiles.

Musk anticipates serious recession in 2023

Elon Musk, the CEO of Tesla Inc. and Twitter Inc, commented during a Twitter Spaces audio chat that he believes a "serious recession" will hit the economy in 2023. The business magnate also said that he expects the demand for vehicles to drop.

European gold investment to remain robust

European gold bar and coin investment is likely to remain robust in 2023 as retail investors – especially in Germanic markets – look to protect their wealth, according to the World Gold Council. Even a decline in inflation is unlikely to encourage lower demand, given underlying risks.

Container shipping to witness rate war

There is significant market volatility that continues to disrupt the container shipping industry. In 2023, there is a high possibility of an all-out price war according to Christian Roeloffs, Cofounder and CEO, of Container xChange.

From the Editor

Worst Year for Journalists Worldwide

Last year's record has been broken again. The total of 533 journalists being held in connection with their work on Dec. 1 was 13.4% higher than last year's figure, according to the annual round-up of violence and abuses against journalists published by Reporters Without Borders (RSF). The Paris-based organisation has never previously registered such a high number of imprisoned journalists. Two regions alone hold three quarters of the world's imprisoned journalists: nearly 45% in Asia and more than 30% in the Maghreb and the Middle East. The number of journalists killed has also risen. A total of 57 paid with their lives for their commitment to report the news in 2022 – an 18.8% increase compared to 2021, after a two-year period of relative calm and historically low figures. More than 60% of journalists killed lost their lives in countries considered to be at peace in 2022. Eleven were murdered in Mexico alone – nearly 20% of the overall number of journalists killed worldwide. Mexico's figures, along with Haiti's (with six killed) and Brazil's (with three killed) helped turn the Americas into the world's most dangerous region for the media, with nearly half (47.4%) of the total number of journalists killed worldwide in 2022. Meanwhile 65 journalists are being held hostage and 49 are missing.



Kyriaki Balkoudi

This latest increase in the number of detained journalists confirms that authoritarian regimes are becoming more and more comfortable with jailing the journalists who bother them, in most cases without even putting them on trial, RSF says. Just over a third of the journalists who are detained have been convicted. The others (63.6%) are being detained without having been tried.

CHINA / S.ARABIA - BILATERAL RELATIONS

Chinese President Xi Jinping promotes a 'new era' in Sino-Arab relation

During his visit to Riyadh Xi signed strategic partnership agreements including one involving technology giant Huawei and one securing more Saudi crude oil exports to China

China's President, Xi Jinping, who recently secured a third term in power, traveled to Saudi Arabia on Dec. 7 following an invitation from Saudi Arabia's King Salman. The Chinese leader's three-day visit to the oil-rich kingdom was described as "the most important diplomatic event and the highest level between China and the Arab world since the founding of the People's Republic of China" by Mao Ning, the ministry of foreign affairs spokeswoman. She called it "an epoch-making milestone." The two countries signed dozens of commercial agreements, initially valued at more than \$29 billion, in sectors such as clean energy, technology and manufacturing. Those include setting up a Huawei cloud-computing region, building an electric-vehicle manufacturing plant in Saudi Arabia and supplying green hydrogen batteries for a futuristic smart city the prince wants to build. Xi's visit to Saudi Arabia is significant, but also reflects the natural progression of the Sino-Saudi relationship. Saudi Arabia and China's economic ties have been growing for many years, though they have largely been confined to the oil and petrochemicals sphere.

China usually gets around 18% of its oil from the Kingdom. Trade between the two was worth over \$80 billion in 2021, and Chinese companies have made more than \$36 billion in contracting in Saudi Arabia since 2005. Xi's visit comes amid frayed ties between the U.S. and Saudi Arabia. A disagreement over oil production came to a head in October when the Saudi-led OPEC+ — made up of the kingdom and its allies in the oil cartel — imposed deep output

cuts of two million barrels per day in spite of U.S. calls to pump more. US President Joe Biden later told reporters at the White House he thought the cut was "unnecessary."

The Chinese leader's trip also caps a big week for world energy markets, following the introduction of a Western price cap and ban on Russian petroleum exports. The ban covers more than two-thirds of Russian oil imports coming into the European Union.



PHOTO: Saudi Arabia's Crown Prince Mohammed bin Salman (L) and Chinese President Xi Jinping (R) Courtesy of Saudi Arabia Foreign Ministry

PERU - SOCIAL

Peru announces state of emergency after a week of fiery protests

Peru's new government announced a nationwide state of emergency on Dec. 17 following violent demonstrations which have shaken the Andean nation and have left at least eight people dead. The measure suspends the right to gather and move freely across the entire country and empowers the police to search people's homes without permission or judicial order. Defense Minister Alberto Otrola Penaranda said acts of vandalism and violence "require a forceful and authoritative response from the government." The protests were sparked by the ousting of former President Pedro Castillo on Dec. 7 in an impeachment vote. Castillo, a left-wing former schoolteacher elected in 2021, was arrested on rebellion charges when he moved to disband the Congress, which was trying to impeach him for a third time. Following Castillo's removal from

office, Dina Boluarte was sworn in as Peru's first woman president and the country's seventh leader since 2016. "Peru cannot overflow with blood," Boluarte told reporters outside the presidential palace and then referred to the Shining Path days.

"We have already gone through that experience in the 1980s and '90s, and we do not want to return to that painful story that has marked the lives of thousands of Peruvians." Almost 70,000 people died or disappeared in the conflict between the Shining Path rebel group and the Peruvian state in more than a decade.

She said elections could be moved forward further to December 2023 from April 2024, a date she had pledged earlier. The vote is currently slated for 2026 when Castillo's term would have ended. Supporters of Castillo have blocked streets in the capital, Lima, and in other cities.

They have been holding protest rallies demanding Castillo's release, that Congress be dissolved, and that elections for a new Congress and a new President take place immediately. In a handwritten letter shared with The Associated Press by his associate Mauro Gonzales,

Castillo, who has been detained at the DIROES police facility in Lima, asked the Inter-American Commission on Human Rights to intercede for his "rights and the rights of my Peruvian brothers who cry out for justice." Governments in the world's second-largest copper producer in recent years have been anything but stable. The country has seen a series of presidents ousted and a number of ex-presidents sent to prison for crimes committed during their time in office. In one memorable week in 2020, Peru had three presidents in the space of only five days.

• ALGERIA - BRICS

Algeria applies to join BRICS bloc

Algeria has filed an official application to join the BRICS group of major emerging economies which groups Brazil, Russia, India, China and South Africa. Algerian news website Al-Shouruk said the announcement came from Leila Zerrouki, the Foreign Ministry's special envoy for inter-

national partnerships, speaking on state radio on Nov. 7. Algerian President Abdelmadjid Tebboune has also recently said the country was interested in joining, explaining that the country largely meets the criteria for membership. The BRICS, which have more than 40% of the world's population, account for

about a quarter of the world's gross domestic product. is also considering adding nations including Saudi Arabia, Türkiye, Egypt, Iran, Afghanistan and Indonesia. Algeria is Africa's biggest gas exporter and reportedly supplies about 11% of the natural gas consumed in Europe.

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US- MIDTERM ELECTIONS

Republicans win House of Representatives majority, fail to take back Senate

Reports indicated worry about what a divided U.S. government could mean for its performance on the world stage



The United States held its midterm elections on Nov. 8. Thirty-five of the 100 seats in the U.S. Senate were up for election as well as all 435 voting seats in the U.S. House of Representatives. The Republican Party narrowly won control of the House, while Democrats slightly expanded their majority in the Senate. Republicans did well in strongholds like Florida, Tennessee, and Texas, and also saw a surge in traditionally Democratic New York, which was enough for them to flip the House with a slight majority. Democrats gained full control of government in Michigan for the first time since 1983, and in Massachusetts, Maryland, and Minnesota for the first time since 2015. This was the third consecutive midterm election in the incumbent president's first term in which the party not occupying the White House was able to win control of the House but was unable to win

the Senate. The elections continued demographic trends starting in 2012, in which Republicans made gains among the working class, especially whites but since 2016 also some minorities like Latinos, while Democrats improved among college-educated whites. Voters suffered from historically high consumer prices, gas prices, and interest rates. According to an October 2022 Monmouth University poll, 82% of Americans considered inflation to be an "extremely or very essential issue" for the government to handle, and seven in ten Americans disapproved of Biden's handling of the cost of living rise. Billionaire venture capitalist Peter Thiel declared the results "a depressing disaster" after ploughing more than \$30mn into Republican races, Puck News reported. Among the factors that Thiel blamed for the Republicans' performance was the lack of a "detailed substantive agenda."

EU - JUSTICE

Qatar corruption inquiry shakes up Brussels

Cash-for-favors scheme at the heart of the EU prosecutors say

A corruption scandal has unleashed a storm in Brussels, with new twists and turns emerging almost by the hour. At least six individuals have been arrested by Belgian police following a "major investigation" into corruption, money laundering and criminal organisation. One of the individuals is Eva Kaili (pictured), a Greek MEP who until Dec. 13 was one of 14 vice presidents of the European Parliament. Kaili is suspected of accepting "large sums of money" and illicit lobbying in favour of a Persian Gulf state, which Belgian media has identified as Qatar, the controversial host of the 2022 FIFA World Cup. Police raids uncovered €1.5 million in cash. Roughly half that was found in a hotel room occupied by Ms. Kaili's father; another €150,000 was found in the apartment Ms. Kaili shared with her partner, prosecutors said. As the scandal unfolded in Brussels and reverberated across the continent, the Qatari government distanced itself

from the disgraced legislator. "Any association of the Qatari government with the reported claims is baseless and gravely misinformed," the Qatari Mission to the European Union said in a statement. Kaili's office in Brussels remains sealed, her personal assets were frozen by Greek authorities and the list of people under investigation by Belgian police continues to grow.



more on POLITICS

AUSTRALIA

Govt ratifies deals with UK, India

Australia's parliament on Nov. 22 ratified free trade deals with the United Kingdom and India. The deal with New Delhi removes tariffs on more than 85% of Australian goods and exports to India (including including meat, wool, cotton, seafood, nuts and avocados), worth A\$12.6 billion (\$8.3 billion). Under Australia's pact with London meanwhile, more than 99% of Australian goods exports will be duty free, including sheep meat, beef, dairy, sugar and wine. Australian Prime Minister Anthony Albanese discussed the deals with Indian Prime Minister Narendra Modi and British Prime Minister Rishi Sunak on the sidelines of the Group of 20 summit in Indonesia. The deals would come into force 30 days after countries have advised each other in writing that the supporting legislation has been passed by their parliaments.

DRC

Glencore to pay Congo \$180 mln

Swiss mining and commodities titan Glencore Plc announced on Dec. 5 that it has reached an agreement with the government of the Democratic Republic of Congo (DRC) to pay \$180 million to cover corruption allegations, the latest payment in a series of graft cases it has faced worldwide. The Swiss firm said the latest deal covers all activities that have been the subject of probes by the DRC's National Financial Intelligence Unit and Ministry of Justice, and the United States Department of Justice over the period 2007 and 2018.

MALAYSIA

Anwar becomes prime minister

Malaysians headed to the polls on Nov. 19 to elect members of the Dewan Rakyat, over a month after Prime Minister Ismail Sabri Yaakob dissolved Parliament and announced snap elections. Opposition leader Anwar Ibrahim secured the most seats and was sworn in as prime minister (PM) on Nov. 24 by the king. Promising to give up his salary as PM, he pledged to fight corruption and focus on the economy. Anwar's appointment ends days of post-election deadlock following inconclusive elections. Congratulations poured in from leaders from all over the world including Indonesian President Joko Widodo and Singapore Prime Minister Lee Hsien Loong.



INFOCUS UKRAINE

AIR DEFENSE: Nearly all of the major newspapers and cable news networks in the United States have reported that the Biden administration is preparing to imminently send Ukraine at least one battery of Patriot surface-to-air missiles. With each battery costing over \$1 billion and requiring a crew of 90 people to operate, the Patriot, the U.S. military's premier air defense system would become the most expensive and complex weapons system transferred to Ukraine. Kremlin spokesman Dmitry Peskov said Patriots would "definitely" be a target for Russia, but that he would not comment on unconfirmed media reports. The news came as explosions rocked the Ukrainian capital Kyiv, in the latest of a steady stream of attacks by Russia. Moscow has repeatedly targeted Ukrainian energy infrastructure since October. Ukraine has been asking the US for more air defence support for months.

FINANCE: Private businesses in Ukraine are in line to receive \$2bn in financing arranged by the International Finance Corporation (IFC) to help rebuild the country's agriculture and fuel import industries, along with other ventures that have faced extensive losses because of the war. The IFC, a member of the World Bank Group, provides private-sector financing to developing countries. The loans differ from the billions that Ukraine has received in grants and other forms of no-strings-attached aid from donor nations, as they must be paid back. The National Bank of Ukraine estimates that 11 percent of businesses had closed as of September and more than half were operating below capacity.

ENERGY: Ukrainian energy operator Ukrenergo declared on Dec. 16 a state of emergency in the power system throughout the whole country following Russia's most recent shellings. In a statement, the energy operator shared that the "massive rocket attacks" led to a loss of over 50% in the energy capacity of the united energy system. Meanwhile, Ukrainian authorities reported that the country's air defense systems shot down most of the fired missiles. Nonetheless, the attacks resulted in critical infrastructure in Kiev being damaged.

DEATH TOLL: Between 10,000 and 13,000 Ukrainian soldiers have been killed since the start of the war in the country, according to Mykhailo Podolyak, an adviser to Ukrainian President Volodymyr Zelenskyy, the BBC reported on Dec. 2. Neither Ukraine nor Russia tend to release figures for casualties, and Podolyak's comments have not been confirmed by the Ukrainian military. BBC News had identified about 3,600 civilian deaths as of mid-June. The figure is now likely to be much higher. The BBC's Russian Service has established that at least 9,311 Russian soldiers of all ranks have been killed since Feb. 24.

DEFENCE

NATO

The North Atlantic Treaty Organization (NATO) announced on Dec. 14 that its 2023 civil and military budgets will be raised by 27.8% and 25.8%, respectively, compared to the year prior. The North Atlantic Council agreed that the civil budget will amount to €370.8 million and that the military budget will stand at €1.96 billion in 2023. The civil budget provides funds for personnel, operating costs, and programme expenditures of NATO's Headquarters and its International Staff. The military budget covers the operating costs of NATO Command Structure headquarters, missions, and operations around the world. NATO's third principal common funded element is the NATO Security Investment Programme (NSIP), which covers major construction and command and control system investments. The 2023 ceiling for the NSIP is €1 billion, representing a 26.6% increase over 2022.

GERMANY

German officials on Dec. 14 announced a deal to buy 35 F-35 fighter jets from the United States, a package pegged at \$8.4 billion by the Pentagon in its offer from the summer. The German air force has been flying the Tornado, since the 1980s, and Berlin is planning to phase it out between 2025 and 2030. Tornado is the only German jet capable of carrying U.S. nuclear bombs, which are stored in Germany to be used in case of a conflict. Berlin's decision to buy the F-35 jets upset France, Reuters reported. Paris fears the deal could undercut the development of a joint Franco-German fighter jet that is supposed to be ready in the 2040s.

WORLD

Sales of arms and military services by the 100 largest companies in the industry reached \$592 billion in 2021, a 1.9% increase compared with 2020 in real terms. This is according to new data released on Dec. 5 by the Stockholm International Peace Research Institute (SIPRI).

The increase marked the seventh consecutive year of rising global arms sales. However, while the rate of growth in 2020-21 was higher than in 2019-20 (1.1%), it was still below the average for the four years leading up to the Covid-19 pandemic (3.7%). The arms sales of the 40 US companies in the listing totalled \$299 billion in 2021. North America was the only region to see a drop in arms sales compared with 2020.

The 0.8% real-terms decline was partly due to high inflation in the US economy during 2021. Since 2018, the top five companies in the Top 100 have all been based in the USA. In 2021 there were 27 Top 100 companies headquartered in Europe. 'Arms sales' are defined as sales of military goods and services to military customers domestically and abroad.

RUSSIA - GEOPOLITICS

Putin, Lukashenko to discuss security issues in Minsk on Dec.19

The high-level talks between the two leaders will take place as Moscow and Minsk look to strengthen bilateral cooperation and the agenda of the negotiations is expected to be extensive.

On Dec. 19, Russian President Vladimir Putin will make a working visit to Belarus at the invitation of President of the Republic of Belarus Alexander Lukashenko, the press service of the Belarusian leader reported. "As planned, during the day of negotiations, the heads of state will discuss the implementation of earlier approved union programs in detail. Above all, this will involve the issues of trade and economic interaction and joint cooperation projects with the emphasis on import substitution," its statement noted. The press service added that cooperation in the sphere of energy will be an important subject on the agenda. The presidents will also give priority to the issues of security and exchange opinions on the situation in the region and the world, according to the statement. "The program is expected to be eventful. The talks will start with a conversation in the extended format with the participation of the heads of state as well as members of the governments of both countries and heads of ministries and agencies," the press

service added. "In this format, the sides will discuss the entire range of the most pertinent issues of Belarusian-Russian integration." Then, the presidents will continue the talks in a one-on-one format followed by statements and interaction with reporters. "I can see tensions rising. Especially after these large-scale negotiations [with Russian President Vladimir Putin due on Dec. 19], everyone will be saying there is no authority in Belarus and Russians are walking around and governing this country. I would like to underline this specific feature: no one else but us is governing Belarus.

These are our functions, mine included, by constitution. We are exercising these functions," the Belarusian presidential press service quoted Lukashenko as saying at a meeting on Belaru-



PHOTO: Russian President Vladimir Putin (L) and Belarusian President Alexander Lukashenko (R)

sian-Russian cooperation in Minsk on Dec.16. The Belarusian-Russian integration programs do not affect the independence and sovereignty of either Belarus or Russia, Lukashenko said.

GERMANY - JUSTICE

Police arrest 25 people over coup plot

Twenty-five people have been arrested in raids across Germany on Dec. 8 on suspicion of plotting to overthrow the government. Officials say the suspects include members of several far-right extremist groups and QAnon followers, and people who adhere to the Reichsbürger or "Reich citizens" movement, which holds that Germany's current constitution is invalid. Federal, state and other police officers carried out 130 searches in a co-ordinated action spanning 11 states, Public Prosecutor General Peter Frank said in a brief news conference. He confirmed that some 3,000 officers were involved in the raids. The goal, Frank said, was to overturn "the existing state order in Germany based on democracy, using violence, and to replace it with their own state," according to a translation by Deutsche Welle. The Reich Citizens scene has been under observation by Germany's domestic intelligence agency since 2016. Authorities estimate that the movement has about 21,000 adherents.

FACTS & FIGURES

G7
\$60/b
price cap

The Group of Seven (G7) nations and Australia on Dec. 2 said they had agreed a \$60 per barrel price cap on Russian seaborne crude oil after European Union members overcame resistance from Poland. Kremlin spokesperson Dmitry Peskov said Dec. 3 that Russia will not accept the price cap and is analyzing the situation before taking any decisions, according to a report by the Tass news agency. The agreement came on the eve of the EU's implementation of an embargo on seaborne Russian oil imports starting Dec. 5

INDONESIA- G20

The most strained edition of the G20 summit

On Nov. 15-16 the Group of Twenty (G20) held the 17th annual summit of its leaders in Bali, Indonesia. While Russian President Vladimir Putin did not attend the summit and was represented by Foreign Minister Sergey Lavrov, Ukrainian President Volodymyr Zelenskyy participated by video-conference as a guest. The Russia-Ukraine war dominated the summit, taking place at a time of geopolitical tension, soaring inflation, the ever-looming threat of a global recession and nuclear threats from North Korea. The final communiqué contains a series of economic measures and political commitments relating to the global health architecture, the sustainable energy transition, and the digital transformation – the three priorities of the Indonesian G20 presidency. On the margins of the G20 summit, a series of meetings took place, notably that between United States (US) President Joe Biden and Chinese President Xi Jinping, and the meeting of the leaders of the G7/NATO member countries. Another take-away of this year's summit was that the role of the emerging countries from the Global South is growing. They were decisive in overcoming differences between the major geopolitical players.



Court sentences Istanbul Mayor to jail

Istanbul Mayor Ekrem İmamoğlu (pictured), who is seen as a strong potential challenger to President Recep Tayyip Erdoğan in next year's general election, was sentenced to two years, seven months and 15 days in prison for calling members of Turkey's supreme election council "fools" in a press release three years ago. İmamoğlu says his remark was a response to Interior Minister Süleyman Soylu, who he said used the same language against him. İmamoğlu did not attend any trial hearings or the sentencing, and is expected to appeal against the ruling. A Turkish court has also banned him from politics. The verdict drew wide criticism at home and abroad as an abuse of democracy.

OPINION

Kissinger: How to avoid another world war

Former US Secretary of State Henry Kissinger said the time is approaching for a negotiated peace in Ukraine to reduce the risk of another devastating world war. "The time is approaching to build on the strategic changes which have already been accomplished and to integrate them into a new structure toward achieving peace through negotiation," the 99-year-old diplomat wrote on Dec. 17 in *The Spectator* magazine. "A peace pro-

cess should link Ukraine to NATO, however expressed. The alternative of neutrality is no longer meaningful," Kissinger wrote. Earlier in May, Kissinger suggested at the World Economic Forum in Davos, Switzerland, that Ukraine cede territory to Russia in the name of peace. The former statesman-historian concludes, "The quest for peace and order has two components

that are sometimes treated as contradictory: the pursuit of elements of security and the requirement for



acts of reconciliation. If we cannot achieve both, we will not be able to reach either."

LATAM - DIPLOMACY

Colombia's Petro and Venezuela's Maduro hold historic meeting in Caracas

The heads of state met, marking the further strengthening of the diplomatic ties between their countries



PHOTO: Colombian President Gustavo Petro (L) and Venezuelan President Nicolas Maduro (R) in Caracas, Venezuela on Nov. 1, 2022. FEDERICO PARRA / AFP

The presidents of Colombia and Venezuela met in Caracas on Nov. 1, as the Latin American countries continue to repair their relationship and push to deepen economic ties. It was the first time in six years that a Colombian head of state made the trip to Venezuela. For 11 years, none of his predecessors had been received at the Miraflores Presidential Palace in Caracas. The meeting is the result of the re-establishment of diplomatic relations between Caracas and Bogota, which was broken in 2019, and the official reopening of their border in September. The termination of relations had led to the full closure of the common borders between the two countries, which had multifold impacts including the disruption of the transportation of various goods and causing distress to the population living in border areas on both sides. The binational commercial reopening was celebrated by people living in border cities. The governments expressed hope that the reopening would solve the security issues, as well as improve the socio-economic situation. Between Colombia, a historical ally of the United States, and "Bolivarian" Venezuela, relations have never been easy. The arrival in power of left-wing President Gustavo Petro

in August has changed this course. The first leftist president in the history of Colombia is not challenging the legitimacy of Venezuela's President Nicolas Maduro. "For six years, there has been a political vacuum between two neighbouring countries, Colombia and Venezuela," Petro, said at a Colombian military airport before leaving for Caracas. "We of course have a lot to say to each other after all that time," he said, adding that the meeting's agenda was wide open. The meeting lasted three hours and the two leaders talked about consular relations, trade, migrants, security, energy and the environment. At the end of their meeting, Maduro and Petro stressed the importance of the "historical ties" between their two countries and the "common destiny" that unites them. The armed forces of both countries have begun working together to strengthen security.

For six years, there has been a political vacuum between two neighbouring countries, Colombia and Venezuela

FOCUS on SE EUROPE

Croatia joins Schengen Area

Croatia will join the Schengen Area at the start of 2023, the European Union confirmed on Dec. 8, but Bulgaria and Romania were told that they must wait longer to be allowed in Europe's ID-check-free travel zone. Austria, in particular, had objected to Bulgaria and Romania joining, citing migration concerns. The so-called Schengen area is the world's largest free travel zone. It comprises 26 countries — 22 EU states plus Iceland, Liechtenstein, Norway and Switzerland. Almost 1.7 million people live in one Schengen country and work in another. Around 3.5 million people cross an internal border each day. Also, on January 1, 2023 Croatia becomes the 20th member of the Eurozone.

Agreement inked on Black Sea electric cable

Azerbaijan, Georgia, Romania and Hungary signed on Dec. 17 in Bucharest an agreement on the Strategic Partnership in the field of green energy development and transport, in the presence of the President of the European Commission Ursula von der Leyen and Romania's President Klaus Iohannis. The Agreement was signed by the President of the Republic of Azerbaijan, Ilham Aliyev, Prime Minister of Georgia Irakli Garibashvili, Prime Minister of Romania Nicolae Ciuca, and Prime Minister of Hungary, Viktor Orban. The agreement will provide the financial and technical framework for the implementation of the project of the submarine cable for the transport of electricity from renewable sources between Romania and Azerbaijan, via Georgia and the Black Sea, and, subsequently, for the transport of this energy to Hungary and the rest of Europe, through the European transport system. Georgia has said that the feasibility study is scheduled to be completed by the end of 2023 and the cable could be built in late 2029.

Kosovo and Serbia tensions rise

Serbian President Aleksandar Vučić met his national security council as tensions rise in Kosovo between the authorities there and ethnic Serbs. The latest unrest was triggered by the arrest of a Serb former police officer on Dec. 10. Speaking to Reuters after meeting his national security council, Vučić said he wanted to defuse the situation. Nato, which has peacekeeping troops in Kosovo, called on all parties to avoid provocations. Kosovo broke away from Serbia in 1999 and declared its independence in 2008. Serbia has not recognized it.

EASTMED MIDEAST

CYPRUS: Rating agency DBRS Morningstar said that Cyprus was one of only five countries whose credit rating it upgraded during 2022, a year marked by a multidimensional set of challenges, all of which had an adverse impact on the world economy. The other countries were Greece, Ireland, Portugal and Uruguay, according to a 2022 review of the countries assessed by the agency. "As the negative conditions of the pandemic subsided, continued stronger growth and improved public sector balance sheets led to upgrades in five countries: Ireland, Cyprus, Greece, Portugal and Uruguay." DBRS Morningstar said in its review.

QATAR: The 2022 FIFA World Cup, a professional football tournament held between national football teams, took place in Qatar from Nov. 20 to Dec. 18, making it the first World Cup held in the Arab world and Muslim world. FIFA president Gianni Infantino called it "the best World Cup ever." It was a most political World Cup. Before a game was played there was scrutiny of Qatar for its human rights record, employment practices and a years-long boycott by neighboring states in which FIFA pushed for the Gulf region to share the tournament. Argentina were the champions after winning the final against the title holder France 4-2 on penalties following a 3-3 draw after extra time.

IRAN-SAUDI ARABIA:

Iranian top diplomat Hossein Amir-Abdollahian said on Dec. 19 that his country is ready to resume relations with Saudi Arabia "when Riyadh is willing to", Anadolu Agency reported. "Tehran is ready to resume diplomatic ties with Riyadh, reopen embassies," Amir-Abdollahian told the Tehran Dialogue Forum. Iran and Saudi Arabia severed their diplomatic relations after Saudi diplomatic missions were attacked by angry mobs in January 2016 following the execution of Shia Saudi cleric, Sheikh Nimr al-Nimr. The two regional rivals have engaged in negotiations, brokered by Baghdad, in recent months in an effort to restore their ties.

LIBYA: U.N. Special Envoy to Libya Abdoulaye Bathily held a meeting on Dec. 19 with Prime Minister of the Government of National Unity, Abdul Hamid Dbeibeh, to discuss his government's mechanisms to "ensure fair distribution of national resources, government spending and the adopted transparency and disclosure procedures," according to statement by Bathily. The U.N. diplomat said he raised with Dbeibeh "the growing discontent across the country about the unequal allocation of the country's oil and gas revenues, and underscored the need for transparency and accountability to prevent further division."

EURASIA

UZBEKISTAN

Less government, more gas, better public transport, and greater protections for property rights; those were just some of the promises made by Uzbekistan's president Shavkat Mirziyoyev in his state of the nation speech before parliament on Dec. 20, Eurasia Net reported. "From now on, ministers will not work in the old way. If ministers do not have clear strategic approaches in their field and their activities do not alleviate the problems of the people, what use do we have for them? They will have to go," Mirziyoyev said.

AZERBAIJAN

Azerbaijan sees its natural gas exports to Europe increasing in 2023, the country's President Ilham Aliyev was quoted as saying on Dec. 18. Azerbaijan's gas exports to Europe were set to edge up to "at least" 11.6 billion cubic metres (bcm) next year from an estimated 11.3 bcm this year, the Interfax news agency reported. Last year, Azerbaijan supplied 8.2 bcm of the fuel to Europe, he added. Aliyev said Azerbaijan's total gas exports, including supplies to Turkey, were forecast to increase to about 24 bcm next year, up from 19 bcm in 2021, according to the news agency.

ARMENIA

The Russian-led Collective Security Treaty Organization (CSTO) remains ready to send a mission to the Armenian-Azerbaijani border if Armenia deems it necessary, Stanislav Zas, the former head of the bloc told a press conference on Dec. 19. "As for the direction of the CSTO mission – those proposals to provide assistance to the Republic of Armenia – one of the points was the direction of the CSTO mission to the Armenian-Azerbaijani border ... This remains in force. If Armenia considers it necessary either to decide on the entire package of measures or on individual points, this can be implemented," Zas was quoted as saying. Relations between Armenia and Azerbaijan have been tense since 1991.

MONGOLIA

Mongolia's government announced that it is to take public Erdenes Tavan Tolgoi (ETT), the state-owned miner embroiled in a corruption scandal that has sparked protests in the capital Ulaanbaatar. Officials said that 30-40% of ETT would be sold on the stock exchange in a first sell-off round on Dec. 14 in an effort at bringing transparency to the coal mining industry and cracking down on graft. Mongolia also plans to appoint a top international auditor to look into ETT's finances, Nyambaatar Khishgee, Minister of Justice and Internal Affairs told Reuters. Mongolia earns about 50% of its export revenues from coal, mostly mined by ETT.

TURKEY/EGYPT - DIPLOMACY

Erdogan and Sisi shake hands in Qatar pledge new era of bilateral relations

Brushing aside accusations of the past the two leaders agree to rebuild relations



PHOTO: Turkey's President Recep Tayyip Erdogan (R) shakes hands with his Egyptian counterpart Abdel Fattah el-Sisi (L) in Doha (Reuters)

After years of tension between Egypt and Turkey, Egypt's President Abdel Fattah al-Sisi and his Turkish counterpart Tayyip Erdogan shook hands in Qatar on Nov. 21 in what was described in an Egyptian presidency statement as a new start in bilateral relations between the two countries.

The two leaders were in Qatar for the start of the World Cup. Relations between Ankara and Cairo have been fractured for nearly a decade. The crisis in Libya, which borders Egypt to the west, has further strained relations between the two countries. Turkey refused to recognise Sisi as Egypt's legitimate leader following the 2013 ouster

of Egypt's late Muslim Brotherhood President Mohamed Morsi, who was backed by Erdogan, Turkey's then-prime minister. In a televised discussion programme recorded in Turkey's Konya province on Nov. 27, 2022 Erdogan said that he and Sisi had spoken for around half an hour to 45 minutes at that meeting on the sidelines of the World Cup opening ceremony in Doha. "We had narrowly focused talks with Mr. Sisi there and said now let's have ministers coming and going at a low level. After that, let's broaden and widen these talks," Reuters quoted Erdogan as saying. "It was agreed [during the meeting] that this would be the beginning of the development of bilateral relations between the two sides," said Egyptian Presidential Spokesman Bassam Rady in a statement. Despite the political split between Cairo and Ankara, the two countries still have ongoing economic relations. According to Egypt's Central Agency for Public Mobilization and Statistics, Turkey is an important export destination for Egypt in the first half of 2022, receiving eight per cent of all the country's exports.

S.AFRICA - JUSTICE

Ex-President Zuma sues his successor Ramaphosa

South Africa's former President Jacob Zuma has charged current President Cyril Ramaphosa in a private prosecution. "President Cyril Ramaphosa has been charged in a private prosecution with the criminal offence of being accessory after the fact in the crimes committed by among others Advocate Downer namely, breaching the provisions of the [National Prosecuting Authority] NPA Act," the Jacob Zuma Foundation said in a statement. "The serious crimes for

which Mr Ramaphosa has been charged with in a court of law carry the sentence of 15 years in prison," it added. Ramaphosa is seeking a second term amid widespread criticism over a scandal involving a burglary that took place on his private farm in 2020. Ramaphosa has denied any wrongdoing, but the report led to a vote in parliament this month on whether to begin impeachment proceedings against him. The president won with 214 votes in his favour to 148 against.

UK - SOCIAL

Largest nursing strike in NHS history kicks off

Up to 100,000 members of the Royal College of Nursing (RCN) in England, Wales and Northern Ireland stopped work from 08:00 GMT to 20:00 GMT on Dec. 15, after rejecting a government pay offer. Health Minister Maria Caulfield, a former nurse, accepted "it is difficult" living on a nurse's wage, but said that a 19% pay rise "is an unrealistic ask". The strike is the first in the RCN union's 106-year history and the largest nursing

strike in the National Health Service (NHS) history. A second day of strike action will go ahead on Dec. 20, unless there is a breakthrough in talks. The nurses join hundreds of thousands of other British workers who are striking this December, including rail staff, postal workers and ambulance drivers. At the center of these disputes is pay, which is failing to keep pace with inflation that hit a 41-year high of 11.1% in October.

RUSSIA - DEFENCE

Shoygu about military op. in Ukraine in 2023



PHOTO:EPA-EFE/GAVRIIL GRIGOROV /SPUTNIK/KREMLIN / POOL

Speaking at the meeting of the the Russian Defense Ministry Board on Dec. 21 Russia's Defense Minister Sergey Shoygu revealed that the military operation in Ukraine will continue into the next year until all goals are accomplished. Shoygu stated that Moscow aims to strengthen its armed forces to reach to 1.5 million military personnel, adding that the country will establish the Moscow and Leningrad military districts. "Given NATO's desire to build up military potential near the Russian borders, as well as to expand the North Atlantic Alliance by adding Finland and Sweden, it is necessary to take retaliatory measures to create an appropriate group of troops in the North-West of Russia," Shoygu stressed. Strategic opponents of Moscow "want to cut Russia into pieces," the country's President Vladimir Putin told the Russian Defense Ministry. Shoygu's announcement comes as Ukrainian President Volodymyr Zelenskyy headed to Washington on Wednesday (Dec. 21) to meet US President Joe Biden, address Congress and seek "weapons, weapons and more weapons" in his first overseas trip since Feb. 24, according to Reuters. The Kremlin said on Wednesday (Dec. 21) it saw no chance of peace talks with Kyiv. In a call with reporters, spokesman Dmitry Peskov said that continued Western arms supplies to Ukraine would lead to a "deepening" of the conflict.

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“Moral Inflation,”

The Ayn Rand Letter, III, 12, 1

“Inflation is not caused by the actions of private citizens, but by the government: by an artificial expansion of the money supply required to support deficit spending. No private embezzlers or bank robbers in history have ever plundered people’s savings on a scale comparable to the plunder perpetrated by the fiscal policies of statist governments”

Ayn Rand (1905-1982), a major intellectual of the twentieth century, was a Russian-born American writer and philosopher. Through the 1960s and early '70s, Rand edited and published a series of periodicals. The last of these was a biweekly newsletter called The Ayn Rand Letter, which was published from October 1971 to February 1976.

OCT - NOV. 2022 - MARKETS REVIEW

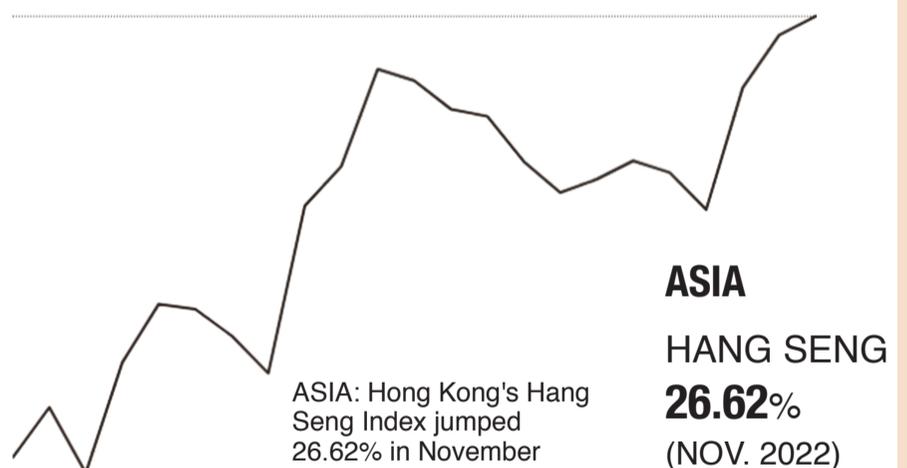
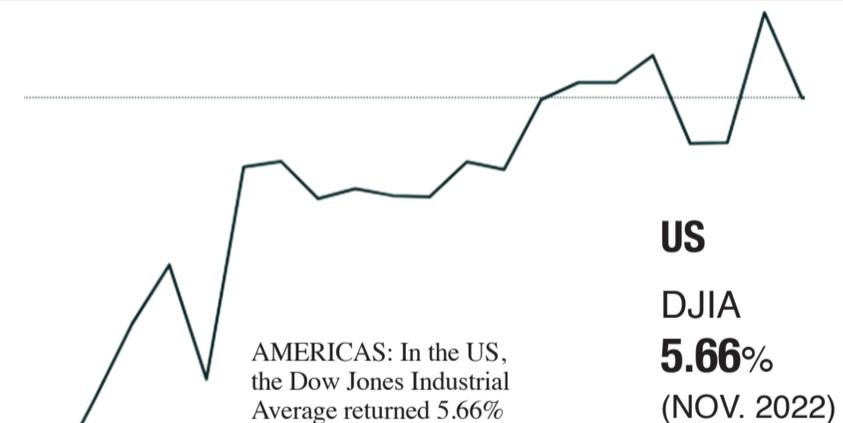
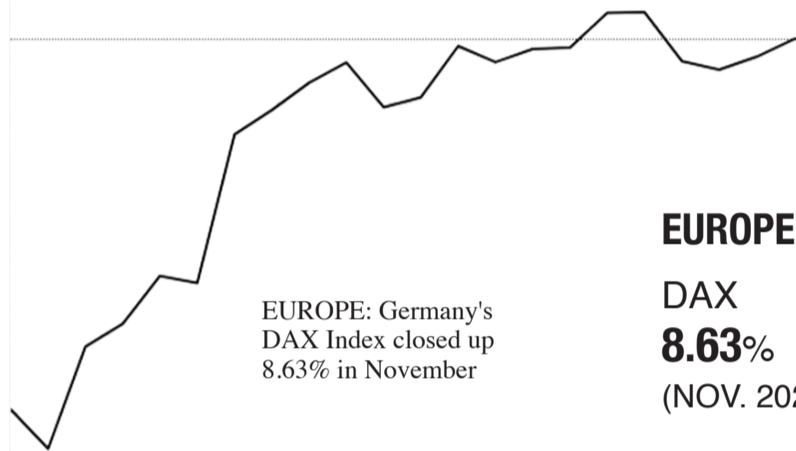


Kyriaki Balkoudi
Markets Editor

Investor Optimism Returns Despite Headwinds



Developed market shares notched up strong gains in October as expectations of a slower pace of interest rate hikes and a better-than-expected earnings season boosted sentiment. US equities advanced in spite of mixed economic data and the Federal Reserve (Fed) confirming that tighter monetary policy is still needed to contain elevated inflation. Markets in Europe rebounded. The European Central Bank (ECB) raised its key interest rates for a second consecutive time by 0.75 percentage point. ECB President Christine Lagarde emphasized that a recession scenario was “looming much more on the horizon.” Markets took that statement as a sign that the pace of rate rises could soon ease, which supported appetite for shares. In the UK, markets bounced back as the rapid replacement of Liz Truss as prime minister appeared to foster a sense of renewed stability. Eurozone inflation soared to a record 10.7% y-o-y in October with energy the largest contributor to the rise. In Asia, Japan’s equities gained but lagged most developed market peers. Emerging markets fell. Chinese stocks slumped after President Xi Jinping secured an unprecedented third term as China’s leader. Concerns that Xi may continue with policies focused on reducing China’s exposure to foreign interests and influence at the expense of economic growth, weighed on sentiment. U.S.-China tensions and new COVID lockdowns also hurt China’s outlook. Capital markets continued to recover in November. Developed market equities gained 7% and emerging market equities rallied by nearly 15%. Central banks did deliver another round of steep policy rate hikes. The Federal Reserve (Fed) and the Bank of England (BoE) raised policy rates by 75 basis points (bps) to 4.0% and 3.0% respectively. However, despite headwinds from tighter monetary policy, risk appetite improved following a weaker-than-anticipated US inflation print: the headline rate fell to 7.7% in October (from 8.2%, y-o-y). It’s still hot but less than feared. China took measures to ease its COVID-19 lockdown policies which sent emerging markets up more than 13% in the month. Looking ahead, the market performance in November – equities and bonds both providing positive returns for investors – could be a blueprint for 2023, according to JP Morgan.



PERFORMANCE

NOV. 2022

EQUITIES

EQUITIES
S&P 500 5.38%
NASDAQ 4.37%
DJIA 5.66%
FTSE100 6.74%
CAC40 7.53%
DAX 8.63%

CURRENCIES

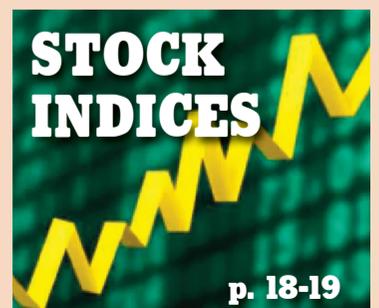
USD Index
Highest: 113.15
Lowest: 105.32
EUR/USD
Highest: 1.0497
Lowest: 0.9729

COMMODITIES

Oil Brent \$91.1
Oil WTI \$84.8
Natural gas Europe \$35.72
Natural gas U.S. \$5.28
LNG, Japan \$21.74
Gold \$1,725

BONDS

US 10y -10.840%
UK 10y -10.2186%
JPN 10y 4.583%
GER 10y -9.5814%
FR 10y -10.354%
IT 10y -10.127%



MARKET ANALYSIS & OUTLOOK

Another Uncertain New Year



Ross J. Brown

Market Technician/Chief Investment Officer @RJB_Financial on twitter and instagram

U.S. equities bottomed this year in October with emerging markets also showing strength recently. The S&P 500 gained about 18% from its trough in mid October to its peak in mid December. Post Fed meeting last week, the S&P tumbled 5.5% in just 3 days. Crude oil prices

peaked in June and resumed their downtrend in early November, with investors worried a coming recession will cause declining demand like we saw in 2008. Oil prices have reversed recently and are now looking better from a chart perspective. The interesting part of this cycle is how the data continues to come in mixed. The consumer remains extremely resilient and continues spending on goods and services. The labor market is still historically tight with unemployment at 3.7%. Wages are up this year and salaries are projected to increase by 4.6% in 2023. People are still traveling with global oil demand around 100 million barrels per day. On the negative side, services PMI's are contracting for the 6th straight month in a row and ISM manufacturing fell below 50 last month. Manufacturing appears to be slowing despite the resiliency in industrial stocks. Bonds bottomed in early November and traded higher until the Fed meeting last week. Still seeing major illiquidity in the Treasury market, yet high yield spreads remain oddly tight. Not signaling the risk of major defaults yet. The broader markets have struggled in 2022 if you look at things from the index level, but under the surface there are plenty of stocks breaking out to new all time highs and things that have done very well this year. All the conflicting information makes it difficult to figure out where things are going for the global economy, global equity markets, and global credit markets going forward.

CRYPTO - BAHAMAS

Former FTX CEO faces fraud charges after arrest

A stunning fall from grace for the young entrepreneur

U.S. authorities have charged Sam Bankman-Fried (widely known by his initials SBF) with "one of the biggest financial frauds in US history" in the failed cryptocurrency exchange FTX. The 30-year-old former FTX boss was arrested in the Bahamas on Dec. 12 and is expected to be extradited to the US to face a trial. Bankman-Fried built a "house of cards on a foundation of deception", US Security and Exchange Commission (SEC) Chair Gary Gensler said. Officials have also accused SBF of violating campaign finance laws. FTX, the company that was once the world's second-largest cryptocurrency exchange, imploded and filed for Chapter 11 bankruptcy on Nov. 11 after reportedly transferring billions of dollars in FTX customer funds to Bankman-

Fried's hedge fund, Alameda Research. According to a court filing, FTX owed its 50 largest creditors almost \$3.1bn. "This is really old-fashioned embezzlement," John Ray III, FTX's replacement CEO said in testimony before the U.S. House Financial Services Committee on Dec. 13. "This is just taking money from customers and using it for your own purpose. Not sophisticated at all." Ray III called FTX's collapse one of the worst business failures he has seen — a "paperless bankruptcy," fueled by an "unprecedented lack of documentation." He also told the committee that the problems at FTX were a culmination of months or even years of bad decisions and poor financial controls. FTX's collapse sent shockwaves through the cryptocurrency industry.

WORLD - FINANCIAL SERVICES

The next decade will be good for investors Smead Cap CIO says

But we will need to wait twelve months first to reap the financial rewards of the next ten years Bill Smead argues



Photo: Bill Smead, chief investment officer at Smead Capital Management

The decade ahead will be great for investing but investors must first sit through the "tide going against us" for the next year, according to Bill Smead, chief investment officer at US-based Smead Capital Management. "We know we have to sit through the next probably 12 months of probably the tide continuing to go out and going against us temporarily to get to the money we're going to make over the next 10 years," Smead told CNBC's "Squawk Box Europe" on Dec. 14. Smead, who is well-known for his down-to-earth demeanor and the value funds his company offers, also said capital and labor-intensive businesses were good buys for the year ahead as the value of their income streams for the next decade. He also shared his thoughts on why the current economy is reminiscent of the 1960s and 1970s. Back then you had the Vietnam War, now you've got the pandemic war," he told CNBC, adding that both periods involved a large amount of government borrowing relative to GDP. "The American investment professional isn't the first analyst to suggest a look back into history could indicate what's ahead for the economy. Historian Niall Ferguson, Milbank Family Senior Fellow at the Hoover Institution, Stanford University,

suggested the world was sleepwalking into an era of political upheaval similar to the 1970s, but worse, when interviewed by CNBC at the Ambrosetti Forum in Italy in September. "Today's global economy is eerily similar to the 1970s. The world economy has been emerging from the pandemic-related global recession of 2020, just as it did during the stagflationary period after the global recession in 1975. Supply disruptions driven by the pandemic and the recent supply shock dealt to global energy and food prices by the Russian Ukrainian military conflict resemble the oil shocks in 1973 and 1979-80. In the 1970s and early 1980s, as now, high debt, elevated inflation, and weak fiscal positions made emerging market and developing economies (EMDEs) vulnerable to tightening financial conditions.

INFOGRAPHIC of the month

NEW FOREIGN COMPANIES IN ROMANIA

JAN - OCT. 2022

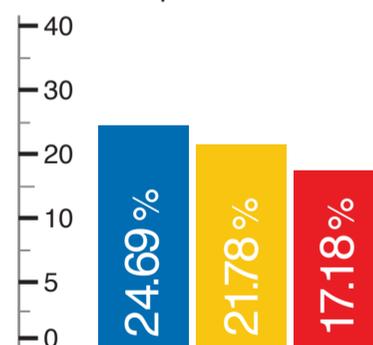
The number of newly established companies with foreign capital in Romania increased, in the first ten months of 2022, by 30.7%, compared to the similar period in 2021, to 6175 units, according to the data centralized by the National Trade Registry Office (ONRC).



Subscribed Capital

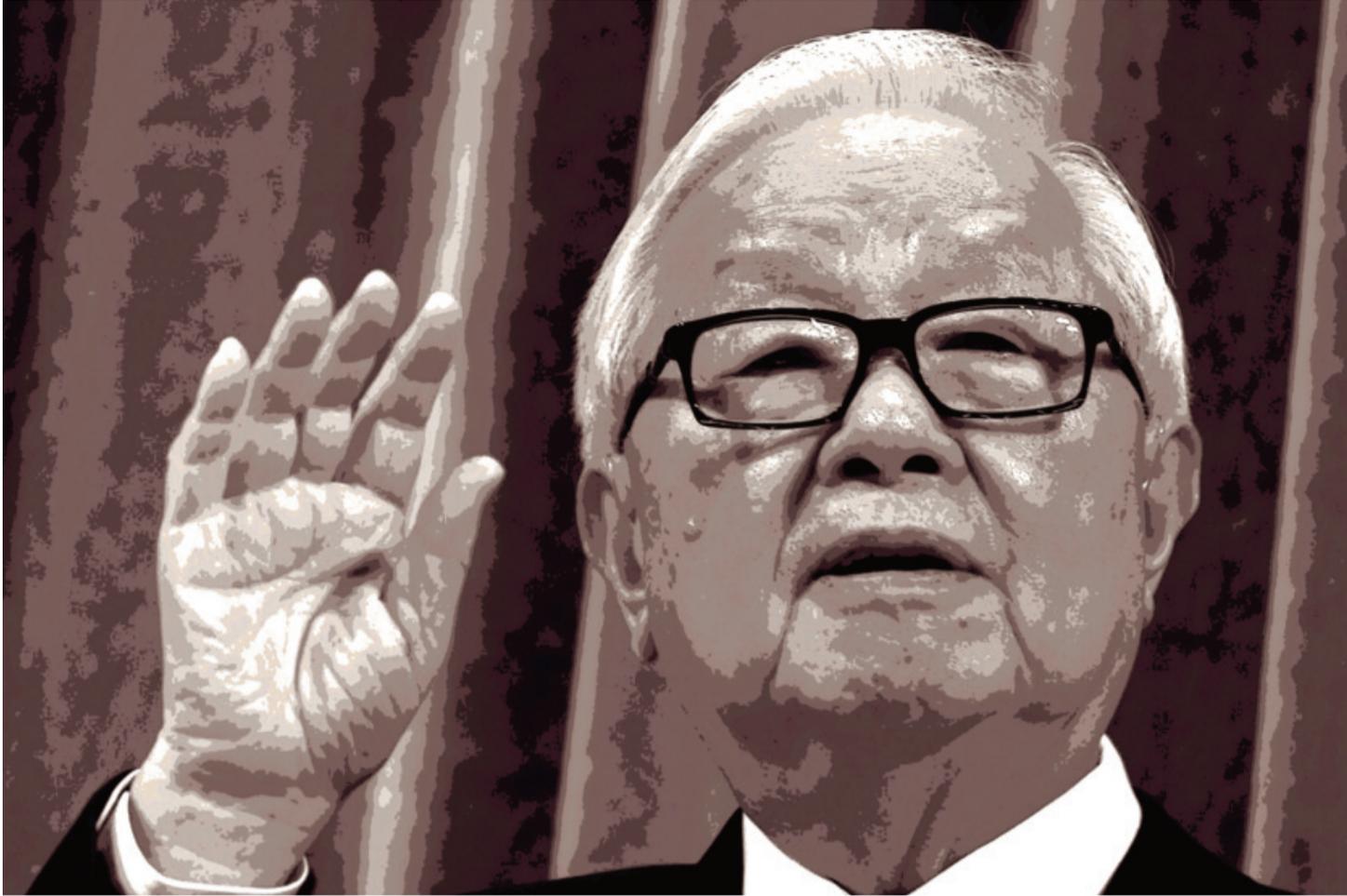


By business, the most registrations were registered in September:



- Wholesale and retail trade, car and motorcycle repair (24.69%)
- Professional, administrative, scientific and technical activities (21.78%)
- Transport, storage and communications (17.18%).

SOURCE: ONRC



BIO

Dr Morris Chang

Dr Morris Chang is the founder of Taiwan Semiconductor Manufacturing Co (TSMC), the world's largest contract chip maker and a major supplier to global tech firms including Apple Inc. TSMC is also renowned for its commitment to spending huge sums on R&D to keep it at the vanguard of the leading-edge microprocessor sector.

The world is witnessing a profound change to the global geopolitical situation, Dr Morris Chang argues, while the ongoing demise of globalisation is being accelerated by the end of the drive to global free trade which he described as "almost dead".

Globalization and free trade are almost dead

Chip veteran and TSMC founder Dr Morris Chang has long been known for his sharp remarks and assessments of the global semiconductor industry. On Dec. 6, at the ceremony for TSMC's advanced chip manufacturing site in Arizona, US, where the firm plans to invest roughly \$40 billion to open a 4nm fabrication facility in 2024 and a more sophisticated 3nm plant in 2026, the 91-year old businessman said geopolitics have drastically changed the situation facing semiconductor makers and proclaimed that "globalization and free trade are almost dead" and unlikely to come back. "Twenty-seven years have passed and [the semiconductor industry] witnessed a big change in the world, a big geopolitical situation change in the world. Globalization is almost dead and free trade is almost dead. A lot of people still wish they would come back, but I don't think they will be back," said Chang, according to Nikkei Asia and other news reports. U.S. President Joe Biden and others, including the CEOs of major TSMC customers, attended the opening ceremony. Dr Chang's

comments come amid rising tensions between the US and China over semiconductors. In October, the Biden administration introduced export controls on China, prohibiting the sale of cutting-edge semiconductor chips, the advanced equipment needed to manufacture them and semiconductor expertise from the United States.

Washington's crackdown on Beijing's chip ambitions has affected many companies, including those in the West, that sell into China, buy from Chinese firms, or run operations in the country. It has also made it increasingly difficult for firms like TSMC to serve Chinese clients.

Dr Chang's sentiments were echoed by Investment Media chairman Hsieh Chin-ho who wrote on Facebook on Dec. 7 that not only is globalization dead, but it "has been dead for a long time." Hsieh also said that he expects TSMC's investment in Arizona to bring about many new changes in the industry. The TSMC deal in Arizona is one of the biggest ever direct investments into the US by a foreign company in the history of the US itself. By 2026, when both fabs are working, they will manufacture at least 600,000 wafers in

annum. A wafer is the shiny disc that chips are made on. The two plants will create 13,000 high-paying tech jobs, including 4,500 under TSMC and the rest filled by suppliers. Meanwhile, TSMC's Arizona factory has sparked concerns in Taiwan, where semiconductor manufacturing is the backbone of the economy, about a "goodbye to Taiwan" trend among chip firms, Reuters reported. Taiwan's government is rolling out more support for the chip industry at home, including proposing larger tax breaks for technology companies' research and development to retain its competitive edge. It is also encouraging more foreign tech firms in the chip supply chain to invest in Taiwan, according to the news agency. Looking to the future, TSMC says it wants to ensure that its Taiwan facilities will always be a chip-generation ahead of anything its plants in the US can build. As globalization is changing and the rules of the game are being rewritten amid global trade tensions over the past few years "the tech industry may never look the same again" according to Dr Chang. At least, (or at last) his "dream of 25 years ago will now be fulfilled," he said of his wish to build fabs in

the United States. Chips are vital for everything from smartphones and self-driving cars to advanced computing and weapons manufacturing.



Twenty-seven years have passed and [the semiconductor industry] witnessed a big change in the world, a big geopolitical situation change in the world

ECONOMICS in BRIEF

Consumer sentiment index nosedives

US: The Consumer Sentiment Index in the United States came in at 59.1 in December rising by 4% month on month, a preliminary report, published by the University of Michigan showed. On the annual basis, the index nosedived by 16.3%

Imports grow faster than exports

PORTUGAL: Portugal's foreign trade deficit widened in October, as imports grew faster than exports, figures from Statistics Portugal showed. The trade deficit rose to EUR 2.83 billion in October y-o-y.

Britons find inflation more sticky

UK: Britons' inflation expectations for 2023 slowed slightly in November but their outlook for the medium-term inflation was higher suggesting that inflation is considered to be more sticky, according to the latest quarterly Inflation Attitudes Survey conducted by Ipsos, on behalf of the Bank of England.

EcoWatchers' reveals rising pessimism

JAPAN: The current conditions index of the Economy Watchers' Survey, which measures the present situation of the Japanese economy, fell to 48.1 in November from 49.9 in October. The index registered a reading below 50.0 for the fifth straight month. A reading below 50 suggests pessimism.

International tourists bring over \$630 mln

NEW ZEALAND: Spendings from all international visitors totaled 1.03 billion NZ dollars (650 million U.S. dollars) in the third quarter of this year, with more than 60% of that coming from Australian visitors, according to NZ's International Visitor Survey July-September 2022.

BANKING & FINANCE

BANKING SCANDALS

UK: The U.K. arm of Spanish banking giant Santander was fined approximately 107.8 million pounds by the country's financial services regulator for "serious and persistent" gaps in its anti-money laundering (AML) controls. In announcing the penalty, the Financial Conduct Authority (FCA) said on Dec. 9, 2022 Santander "failed to properly oversee and manage" its anti-money laundering (AML) systems between Dec. 31, 2012 and Oct. 18, 2017.

EU: Germany's Deutsche Bank and Utrecht-based Rabobank were charged by EU antitrust regulators on Dec. 6 of taking part in a government bond cartel, the latest move against a sector which has racked up millions of euros in fines for various competition violations. The banks can defend themselves at a closed door hearing and in writing before the European Commission makes a final decision.

US: Administrative law judge Christopher McNeil recommended 18.5 million worth of fines for three former Wells Fargo executives (Risk Officer Claudia Russ Anderson, Chief Auditor David Julian, Executive Audit Director Pal McLinko), The Street reported on Dec. 12, 2022. The ruling comes in response to the major American bank's 2016 scandal involving the creation of fake accounts in order to meet internal company quotas.

INDIA: The Reserve Bank of India (RBI) slapped on Nov. 29 a monetary penalty on two Mumbai-based co-operative banks. RBI has taken a monetary action of ₹1.25 crore on Zoroastrian Co-operative Bank for non-compliance with RBI directions on 'Discounting of Bills by UCBs - Restricted Letters of Credit' and the provisions of the Co-operative Banks Rules, 1985 and a monetary penalty of ₹50.00 lakh on Bharat Co-operative Bank for non-compliance with the directions issued by RBI on 'Income Recognition'

EMERGING ECONOMIES



4.1%

Fitch Ratings forecasts growth in mainland China to recover partially to 4.1% in 2023, from 2.8% in 2022, both well below pre-Covid trends.

\$37.4 bn

Foreign investors added \$37.4 billion to emerging market portfolios in November with fixed income attracting \$14.4 billion in the strongest monthly inflows so far this year, the Institute of International Finance (IIF) said.

\$38.331 bn

Ecuador's private banking credit portfolio reached US\$38.331 billion as of November, up 16% y-o-y. Microcredit is the one with the highest annual growth, with 20.4%. That credit portfolio reaches US\$3.066 bn, according to an Asobanca report.

16.5%

The Monetary Policy Committee of the Central Bank of Nigeria, in its last meeting for the year, has voted to increase the benchmark interest rate by 100 basis points to 16.5%, its highest level since 2001. Nigeria's inflation rate rose to 21.09% in October, from 20.77% recorded in the previous month.

the ECONOMIST SAYS

Ali Shihabi

Author-commentator on Middle Eastern politics and economics with a particular focus on Saudi Arabia



Abandonment of the petrodollar is ultimately inevitable

Beijing has been lobbying for use of its yuan currency in trade instead of the US dollar

Chinese leader Xi Jinping traveled to Saudi Arabia on Dec. 7 for a three-day visit. During Xi's visit Riyadh and Beijing signed several strategic and economic partnership deals and released a joint statement outlining their alignment on a swathe of political issues, and promising deeper cooperation on scores of others. As Xi wrote in an article published in Saudi media, the trip was intended to strengthen China's relations with the Arab world. China is Saudi Arabia's biggest trading partner and a source of growing investment. It's also the world's largest crude oil importer, Saudi Arabia is China's largest trading partner in the Middle East, the top global supplier of crude oil and chairs the influential OPEC+ producers' alliance. "The People's Republic of China welcomed the Kingdom's role as a supporter of the balance and stability in the world oil markets, and as reliable major exporter of crude oil to China," said a joint statement published by Riyadh's state-owned Saudi Press Agency. Xi told Gulf Arab leaders on Dec. 9 that China would work to buy oil and gas in yuan, a move that would support Beijing's goal to establish its currency internationally and weaken the U.S. dollar's grip on world trade. "That [abandonment of the petrodollar] is ultimately inevitable since China as the Kingdom's largest customer has considerable leverage," Saudi author and analyst Ali Shihabi told CNN, "although I do not expect it to happen in the near future." A Saudi source, speaking before Xi's visit, told Reuters that a decision to sell small amounts of oil in yuan to China could make sense in order to pay Chinese imports directly, but "it is not yet the right time". Most of Saudi Arabia's assets and reserves are in dollars including more than \$120 billion of U.S. Treasuries that Riyadh holds.

DEC 01-31 2022

ECONOMIC CALENDAR December 2022

● DECEMBER 1

GERMANY: Manufacturing PMI (Nov)
UK: Manufacturing PMI (Nov)
US: Core PCE Price Index (MoM) (Oct), Initial Jobless Claims, USD ISM Manufacturing PMI
AUSTRALIA: Retail Sales (MoM)

EU: ECB President Lagarde Speaks
NEW ZEALAND: RBNZ Gov Orr Speaks

● DECEMBER 2

US: Unemployment Rate (Nov), Nonfarm Payrolls (Nov)
CANADA: Employment Change (Nov)

● DECEMBER 5

UK: Composite PMI (Nov), Services PMI (Nov)
US: ISM Non-Manufacturing PMI (Nov)
AUSTRALIA: RBA Interest Rate Decision (Dec), RBA Rate Statement

● DECEMBER 6

UK: Construction PMI (Nov)
CANADA: Ivey PMI (Nov)
US: EIA Short-Term Energy Outlook
AUSTRALIA: GDP (QoQ) (Q3)
INDIA: Interest Rate Decision

● DECEMBER 7

CANADA: BoC Interest Rate Decision
US: Crude Oil Inventories
JAPAN: GDP (QoQ) (Q3)

● DECEMBER 8

US: Initial Jobless Claims

● DECEMBER 9

US: PPI (MoM) (Nov)

● DECEMBER 12

UK: GDP (QoQ), Manufacturing Production (MoM) (Oct)

● DECEMBER 13

UK: Average Earnings Index +Bonus (Oct), Claimant Count Change (Nov)
GERMANY: German CPI (YoY) (Nov), German ZEW Economic Sentiment (Dec)
BRAZIL: BCB Copom Meeting Minutes
US: Core CPI (MoM) (Nov), CPI (YoY) (Nov), CPI (MoM) (Nov)
JAPAN: Tankan Large Manufacturers Index (Q4), JPY Tankan Large Non-Manufacturers Index (Q4)

● DECEMBER 14

UK: CPI (YoY) (Nov)
US: Crude Oil Inventories, FOMC Economic Projections, FOMC Statement, Fed Interest Rate Decision, FOMC Press Conference
NEW ZEALAND: GDP (QoQ) (Q3)
AUSTRALIA: Employment Change (Nov)
CHINA: Industrial Production (YoY) (Nov)

● DECEMBER 15

SWITZERLAND: SNB Interest Rate Decision (Q4)
UK: BoE Interest Rate Decision (Dec)
EU: Deposit Facility Rate (Dec), Marginal Lending

Facility, ECB Interest Rate Decision (Dec),

ECB Press Conference

US: Core Retail Sales (MoM) (Nov), Initial Jobless Claims, Philadelphia Fed Manufacturing Index, Retail Sales (MoM) (Nov)

● DECEMBER 16

UK: Retail Sales (MoM) (Nov), Composite PMI 48.2, Manufacturing PMI, Services PMI
GERMANY: Manufacturing PMI (Dec)
EU: CPI (YoY) (Nov)
RUSSIA: Interest Rate Decision (Dec)

● DECEMBER 19

GERMANY: German Ifo Business Climate Index (Dec)

● DECEMBER 20

US: Building Permits (Nov)
CANADA: Core Retail Sales (MoM) (Oct)

● DECEMBER 21

CANADA: Core CPI (MoM) (Nov)
US: CB Consumer Confidence (Dec), Existing Home Sales (Nov)

● DECEMBER 22

TURKEY: One-Week Repo Rate (Dec), Overnight Borrowing Rate (Dec) 7.50%
US: GDP (QoQ) (Q3)

SURVEY

Resilience of lending activities to be tested over next six months

Banks in Central, Eastern and Southeastern Europe (CESEE) expect credit conditions to tighten and the ratio of non-performing loans (NPLs) to rise

Increased corporate demand for liquidity and household demand for housing loans have seen loan applications increase in the CESEE region, according to the Bank Lending Survey published by the European Investment Bank (EIB). Banks expect overall credit demand to rise further over the next six months, albeit at a more moderate pace, with firms' working capital requirements to cover liquidity needs now the main driver. Fixed investments and retail segments, including for consumer credit and housing, are expected to decline. Banks expect conditions for credit supply — the financing banks are willing to provide to their clients — to deteriorate significantly over the next six months. Credit standards have tightened, particularly in the mortgage market, especially due to the effects of the war in Ukraine, higher inflation

and interest rates, and the general slowdown of economies. Hence, robust credit demand will be confronted with tighter supply conditions. Despite predictions, credit quality has evolved favourably over the last six months. However, given the unfavourable economic outlook, banks are again expecting an increase in NPLs over the next six months. "Despite unfavourable economic expectations, banks in the Central, Eastern and South-Eastern Europe again report solid access to funding thanks to sustained improvements in retail and corporate deposit funding. Going forward, in the context of deteriorating global conditions, banks anticipate tightened supply conditions and are preparing for a potential increase in NPLs." The EIB CESEE bank lending survey is a survey carried out every six months, polling around 15 international banking groups and

85 local subsidiaries or independent local banks, in CESEE.

PHOTO:

Debora Revoltella, Chief Economist at the EIB heads the EIB Economics Department, a team of 40 economists



WORLD – ECONOMIC OUTLOOK 2023

Global growth prospects sour with many economies poised to contract

The multiple challenges that the world economy is facing are immense and weakening economic indicators point to further challenges ahead

The outlook for the world economy headed into 2023 has soured, according to a number of recent analyses. The US economy is seen going into a recession as we enter 2023, while globally, inflation grew and business activity, especially in the eurozone and the United Kingdom, continued to shrink.

The Conference Board which forecasts global GDP growth of 2.1% for 2023, expects recessions to occur in the US and the Euro Area around the beginning of 2023. The US recession is likely to be induced by aggressive monetary policy tightening in response to persistently high inflation, and the recession in the Euro Area likely will reflect surging energy prices and corresponding reductions in production and demand. The Institute of International Finance predicted a global economic growth rate of just 1.2% in 2023, a level on par with 2009. The Organization for Economic Cooperation and Development (OECD) agrees with the pessimistic forecast. In a report issued in November, the organization's interim Chief Economist Alvaro Santos Pereira wrote, "We are currently facing a very difficult economic outlook. Our central scenario is not a global recession, but a significant growth slowdown for the world economy in 2023, as well as still high, albeit declining, inflation in many countries." Fitch Ratings on Dec. 5 lowered again its world GDP forecasts for 2023 as central banks are forced to toughen up in their fight against inflation and China's property market outlook deteriorates. Fitch now expects world GDP

to grow by 1.4% in 2023, revised down from 1.7% in the September Global Economic Outlook (GEO). Fitch has lowered its 2023 growth forecasts both for the US to 0.2%, from 0.5% — as monetary policy is tightened more rapidly — and also China, to 4.1% from 4.5%. The agency has raised our eurozone growth has to 0.2% from -0.1%. The EU gas crisis has eased a little, but sharper ECB rate rises will weigh on demand. The risk of European natural gas shortages and rationing this winter has receded as LNG imports have surged and gas consumption has fallen. But the crisis is far from over and high wholesale gas prices continue to weigh heavily on firms' costs and household budgets.

Morgan Stanley believes global GDP growth will top out at just 2.2%, narrowly defying recession, but lower than the 3% growth expected for 2022. Other key

takeaways for the global economy going into 2023 from Morgan Stanley Research insights and analysis on the Global Macro Economy:

U.S. economy will tread water with 0.5% growth. Economies in Europe and the U.K. are likely to contract. In contrast to forecasts for Western economies, Asia could offer green shoots for growth and emerging market economies could further benefit as the Fed finds its peak rate and the dollar eases. Many countries in the region are poised for growth in the year ahead — and that could prove positive for the rest of the world economy.

Rapid normalization in Asia could lift many tides: bolstering export demand in Europe; improving supply chains and, in turn, offering an antidote to inflation; and allowing emerging markets to break out of a cycle dominated by the strength on the U.S. dollar. **More on pages 14-15.**



SOUTH EAST EUROPEAN ECONOMY

BULGARIA

Bulgaria's hourly labour cost was the lowest in EU, Eurostat data showed on Dec. 8, 2022. In 2020, the average hourly labour cost in the EU was €28.9. In 2020, the highest hourly labour costs among EU member states, expressed in euros, were recorded in Luxembourg (€47.7), Denmark (€45.7), and Belgium (€40.5), and the lowest in Bulgaria (€6.6), Romania (€8.2) and Hungary (€9.8).

CYPRUS

The Cyprus Fiscal Council expects increased pressures on the macroeconomy in 2023. Based on the Council's scenario, 2.4% GDP growth is expected for 2023, compared to the 3% forecast by the Ministry of Finance. For 2023, inflation is expected to be limited to 3.8%, higher than the Finance Ministry's estimate of 3%.

CROATIA

Almost ten years after becoming the 28th EU member state, Croatia is joining the Schengen Area at the beginning of 2023. Acceptance into the EU's passport-free Schengen area is expected to boost Croatia's successful tourism industry further. Deputy Prime Minister Davor Bozinovic said Croatia met all the conditions in a long and demanding process. "With Croatia in Schengen, everyone benefits — the citizens, the economy, Croatia and the EU," he said on Dec. 8.

GREECE

The Greek economy grew by 2.8% in the third quarter of 2022 y-o-y but decreased by 0.5% on a quarterly basis compared with the second quarter, Hellenic Statistical Authority said. More specifically, on a quarterly basis, the country's Gross Domestic Product dropped 0.5% in the third quarter after rising by 2.2% in the first quarter and by 0.6% in the second quarter.

N. MACEDONIA

The annual inflation rate in North Macedonia was at 19.5% in November, retreating slightly from the record high of 19.8% in the previous month, according to statistics office data released on Dec. 7. In the first eleven months of 2022, the inflation was 13.8%.

ROMANIA

The Romanian government is raising the gross minimum wage to 3000 lei (610 euro) from 2550 lei, starting January 1, 2023. According to the Ministry of Labor and Social Solidarity, this change in the minimum gross salary represents an increase by 17.6%, which in absolute value means 450 RON, and in net value the salary is 1863 RON, the increase being 339 RON, with the net increase being 22.2%. "2,181,134 employees will benefit from the increase of the minimum basic salary of 3000 lei", the Ministry of Labor stated.

SERBIA

The National Bank of Serbia (NBS) hiked the key policy rate by 50 basis points to 5% from 4.50% at its Dec. 8 meeting, the ninth straight hike and in line with markets expectations. Borrowing costs are now at the highest level since 2015. Policymakers noted that the Serbian economy still faces significant cost pressures from the international environment. The central bank expects inflation will remain elevated until the end of this and early next year.

AMERICAS IN 2023

3%

JP Morgan Research sees U.S. business investment up 3% in 2023, with solid spending on equipment and technology partly offset by lower spending on buildings, plants and structures.

-21%

Morgan Stanley's Michael Wilson — a stalwart bear who ranked No. 1 in this year's Institutional Investor survey — sees the S&P 500 falling as much as 21% more in the first quarter.

2%

U.S. gas output is expected to rise to 100.4 bcf/d in 2023, up 2% from 2022's level while Canadian is on track to reach a record 19 bcf/d in 2023. However, growth may be slow due to weakened demand, pipeline bottlenecks and a lack of new LNG export plants according to Rystad Energy.

-16%

Redfin economist Taylor Marr predicted on Dec. 6 that U.S. existing home sales will fall 16% on an annual basis next year to about 4.3 million—their lowest level since the aftermath of the Great Recession in 2011.

1.3%

In a context of external uncertainties and domestic restrictions, the countries of Latin America and the Caribbean will grow by 1.3% in 2023, ECLAC said on Dec. 15. The risk of interest rate hikes, of currency depreciations and greater sovereign risk are seen hampering the financing of govt operations in 2023.

4%

The Mexican peso is one of the best performing currencies of 2022 among the major currencies, recording an advance of more than 4% and BofA and JPMorgan say it will be more attractive than regional currencies in 2023.

OUTLOOK

What Will the World Look Like in 2023?

A



Kyriaki Balkoudi
Editor

As the year comes to an end and 2023 nears, the customary flow of economic outlooks is in full swing. The news is that the outlook for global economic growth is grim and the list of unprecedented crises gets longer each year. There is good reason to be concerned about the cost of energy and food with inflation running at multi-decade highs, central banks pursuing their most aggressive tightening cycles for a couple of generations, a recession now increasingly expected in the US and Europe. Geopolitical risks also loom. There is a growing consensus that 2023 is shaping up to be the third-worst year for global growth in the 21st century so far, but

LATAM- MOODY'S INVESTORS

High debt levels to limit economic growth



Marcos Schmidt,
Associate
Managing
Director at
Moody's

Latin America's most significant countries could see governments' limited ability to stimulate economic growth because debt burdens are likely to remain high, Moody's Investors Service warned on Nov. 24. The rating agency said in a report that the growth of sovereign debts in the region coincides with rapidly rising interest rates worldwide, making refinancing them increasingly less affordable. Meanwhile, the outlook for Latin America's nonfinancial companies is negative in 2023, on account of domestic factors such as unrelenting inflation, social and political challenges, as well as several global external risks. "While credit quality will deteriorate in 2023 from high recent levels, nonfinancial companies in Latin America are not as exposed to deteriorating credit conditions globally as companies in other regions are," says Marcos Schmidt, Associate Managing Director at Moody's. "Rated nonfinancial companies in the region have built up some buffer in credit metrics and liquidity."

N.AMERICA- FITCH

Recession, inflation, rates shadow 2023 outlook



Richard Francis
Senior Director,
Co-Head of the
Americas, Fitch
Ratings

A mild recession, stubborn inflation and tighter financial conditions are the main features of the 2023 deteriorating sector outlook for the U.S. and Canada, Fitch Ratings said on Dec. 16. In its latest report on the region, the credit rating agency lowered its forecast for growth in the U.S. to just 0.2% in 2023, after lower-than-expected growth in 2022 of 1.9%. Meanwhile, the Canadian economy retains more momentum but will follow a similar path with growth slowing to 0.6% in 2023 after a solid posting of 3.5% in 2022. Moreover, Fitch expects the US Federal Reserve to increase its policy rates to 5% by 1Q2023. "Governments will pay more to borrow, although financing needs are declining. Disinflation and an economic slowdown will mean lower revenue growth in the US and Canada, where the housing markets are slowing in response to a sharp tightening in conditions," concluded the report.

AFRICA - EIU

African economies to face turbulent times

South Africa's economy will grow by just 1.5% in 2023 as higher interest rates, power supply issues and weak demand weigh on domestic and export-oriented business activity, according to EIU analysts. The country could easily enter a technical recession next year, the finance group said. Similar conditions will hamper growth in Nigeria, although the economy will benefit from resilient commodities trade and dynamic consumer goods and services markets in major cities, pushing growth to 3.1% in 2023. Meanwhile, Kenya is expected to be the fastest-growing major economy in Africa, posting real GDP growth in the region of 5% during 2023.

BLOOMBERG / DESJARDIS CAPITAL

Canada to enter short technical recession



Royce Mendes
head of macro
strategy at
Desjardis
Capital
Markets

Canada's GDP is expected to record back-to-back quarterly declines at the start of 2023, according to a Bloomberg survey of 26 economists that took place between Nov. 4 and 11. It marks the first time in recent memory two straight quarters of contraction are the base case. "The impacts of higher interest rates will likely push the nation into recession," Royce Mendes, head of macro strategy at Desjardis Capital Markets, told Bloomberg. Based on median estimates in the survey, Canada's economy is projected to contract by an annualized 0.5% in Q1 2023, and 0.6% in Q2 2023. Mendes is forecasting a somewhat deeper downturn, with the economy poised to shrink by an average 1.3% in H1.

OPEC

OPEC sees robust world oil demand growth in 2023

Global oil demand will rise by 2.25 million barrels per day (bpd), or about 2.3% next year, the Organization of the Petroleum Exporting Countries (OPEC) said in a monthly report on Dec. 13. Although global economic uncertainties are high and growth risks in key economies remain tilted to the downside, upside factors that may counterbalance current and upcoming challenges have emerged as well, the Vienna-based organization said in the report. "A resolution of the geopolitical conflict in Eastern Europe and a relaxation of China's zero-COVID policy could provide some upside potential," the report said in a separate section.

only the Covid-19 year in 2020 and the aftermath of the financial crisis in 2009. Global purchasing manager indices (PMI), now in contraction territory, indicate a deepening downturn across geographies. Economic growth forecasts for 2023 are being revised downwards.

In November, the IMF added that the global economic outlook is even gloomier than projected in October. Equity and commodity prices are expected to fall further as slowing global growth dampens demand. 2023 will be another challenging year. But is it really all bad? Some Asian economies are relatively resilient to new shocks than other Emerging Markets (EMs) due to less severe inflation and high forex reserves while other EMs are highly vulnerable to external shocks because of high debt and severe inflation. Uncertainties remain

high. Recent months have shown us that we can't rule out further surprises. So what will 2023 bring? Indeed, many of this year's issues will also be prominent in the next. But will the world have to deal with some new unpleasant surprise? History show us that coming to terms with economic realities is important – in the past, false hope has only created a further misallocation of resources.

And while all might feel very gloomy right now, an acceptance of the challenges ahead does help create the best possible conditions to take action. In any case, we are entering a year with the widest range of possible outcomes and forecasts in years. It is challenging, for the economy, for financial markets, for companies, for households but also for economists. Read below what experts say about what to expect for the economy in 2023.

EUROPE - MORNINGSTAR

The big unknown

High inflation and an economic recession mean corporate earnings are expected to decline in 2023, due to slower sales growth and lower margins, according to Morningstar. The big unknown is how severe the recession will be in Europe (the same question goes for the US). "People hope that inflation is going down, but we only have a single datapoint to support that view. We need more data points to confirm that inflation is actually falling", says Michael Field, Europe market strategist at Morningstar.

MIDEAST- EMIRATES NBO

GCC 2023 outlook remains constructive

The Gulf Cooperation Council (GCC) countries have enjoyed a strong performance in 2022 on several fronts and their economies are well positioned as the world enters an uncertain 2023, according to Khatija Haque, Chief economist and head of research at Emirates NBD, Dubai's government-owned bank and one of the largest banking groups in the Middle East in terms of assets. Non-oil sectors are expected to grow next year, even as the global economy faces recession. "In a world where several developed economies are forecast to be in recession, however, the GCC looks set to remain an outperformer in the global context next year." GCC countries are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates.

APAC- S&P GLOBAL RATING

APAC a bright spot in the global economy in 2023



PHOTO: Louis Kuijs, APAC Chief Economist S&P Global Ratings

Asia-Pacific (APAC) will be a bright spot in the global economy in 2023, according to S&P Global Ratings. The agency assumes that domestic resilience and solid growth in mainland China--albeit off a weak base--will keep regional growth at a healthy level. Strong consumption in the more domestically led economies of India, Indonesia, and the Philippines will also lift the average. Beneath this overall resilience are significant pockets of weakness. Asia-Pacific will be vulnerable to foreign exchange (forex) stress in 2023. The possibility of a currency crunch and capital flight may yet rattle one or more emerging markets in 2023.

RUSSIA - REUTERS/ALFA BANK

Economy seen shrinking 2.5% in 2023



Natalia Orlova, Alfa Bank's chief economist

Russia's economy is set to shrink by 2.5% next year, a Reuters poll suggested. After initially dire predictions of a double-digit GDP slump, analysts and officials have gradually been improving forecasts as the Russian economy demonstrates better-than-anticipated resilience. "The downturn is not as big as we all thought at first, but this does not mean that we can go into next year peacefully," Alfa Bank's chief economist Natalia Orlova told conference in Moscow on Dec. 2.

DEVELOPING ASIA - PACIFIC ASIAN DEVELOPMENT BANK

ADB lowers growth forecast for developing Asia



ADB Chief Economist Albert Park

The Asian Development Bank (ADB) has lowered its economic growth forecasts for developing Asia and the Pacific amid global gloom. The region's economy will grow 4.2% this year and 4.6% next year, ADB said in a regular supplement to the Asian Development Outlook (ADO) 2022, released on Dec. 14. ADB estimated in September that the economy would grow 4.3% in 2022 and 4.9% in 2023. "Asia and the Pacific will continue to recover, but worsening global conditions mean that the region's momentum is losing some steam as we head into the new year," said ADB Chief Economist Albert Park.

EUROPE APAC, MENA IN 2023

0.5%

Eurozone's economy will grow 0.5% in 2023 before recovering to expand by 1.4% in 2024 OECD said in Nov.

3.1%

Goldman Sachs Economics Research looks for Eurozone's core inflation to end 2023 at 3.1% and 2024 at 2.2%.

Looking across countries, the firm expects Germany and Italy to be more affected by the energy crisis than France and Spain.

1.5%

African economies will face turbulent times in 2023, according to the Economist Intelligence Unit. South Africa will grow by just 1.5% in 2023 as higher interest rates, power supply issues and weak demand weigh on domestic and export-oriented business activity.

5.4%

Morgan Stanley raised its forecast for China's gross domestic product in 2023 to 5.4% from its previous outlook of 5%, according to a research note dated Dec. 14 led by the firm's chief Asia economist Chetan Ahya.

1.5%

Australia is not immune to the risks of a US or European recession or a slowdown in China. AMP economists expect Australia's GDP growth will slow from around 3% this year to around 1.5% next year which is in line with the federal budget forecast. AMP believe consumer spending will be the main driver of the slowdown, with people increasingly feeling the pinch from higher interest rates and cost-of-living pressures.

5.4%

Consumer inflation expectations for the next 12 months continue to rise, with the median increasing from 5.1% to 5.4%, the European Central Bank revealed on Dec. 7 in its October Consumer Expectations Survey. Consumers anticipate nominal income growth of 0.7% for the year ahead.

INVEST in STARTUPS

Fresh Funding Rounds

ROMANIA: Poland's Abris Capital backed Alsendo to acquire a majority stake in Innoship, a Romanian SaaS delivery management platform. Alsendo will team up with all four founders of Innoship, who are staying on board following the acquisition. Innoship founded in 2019 is offering advanced technology solutions that optimise last-mile management through data intelligence for over 200 medium and large retailers in Europe.

INDIA: Tiger Global Management, a New York-based hedge fund firm, has participated in Series A rounds in India totalling \$458 million in the first 11 months of 2022, an increase of 80% compared to the same period in the previous year, according to data from Tracxn Technologies Tiger Global is one of India's most aggressive tech investors, having created nearly 40 unicorns out of the country's 106 to date.

KENYA: Kenyan wealth-tech startup Hisa has publicly launched after receiving regulatory approval from the Nairobi Securities Exchange and the Capital Markets Authority to launch its fractional shares trading platform. The Hisa app allows anyone in Kenya to invest in Kenyan listed stocks, US stocks and ETFs directly from their phones using mobile money. Hisa already has partnerships signed in Rwanda and Tanzania, and is looking at expanding into these countries, as well as to Zambia, in the first half of 2023.

CANADA: Fintel Connect, a performance marketing intelligence solution that drives scalable growth for the financial industry, has raised seed funding. The funding round was led by strategic investment firm Bank-Tech Ventures (BTV) in the US and supported by Canada's export credit agency Export Development Canada (EDC). Fintel Connect currently has 41 employees, with most of the team headquartered in Vancouver, BC.

UAE: Qashio raised \$10 million in a seed funding round using equity and non-equity investments to accelerate expansion into Saudi Arabia. Established in 2021, the company enables businesses to gain full visibility and control over their expenses through its spend management platform. In addition, it claims to be the first fintech company in the UAE to issue corporate employee cards.

GREECE: DisruptAD, the business arm of Abu Dhabi's sovereign wealth fund ADQ, has invested in Blueground, a Greek start-up specialising in short and long-term furnished apartment rentals. This marks first deal under the state-owned holding company's \$4.2bn bilateral investment partnership with the Balkan country.

INVESTMENT Statistics

€14.513 bn

In third quarter of 2022, outstanding amount of shares/units issued by investment funds other than money market funds fell to €14,513 billion, down €342 billion on previous quarter, the European Central Bank data showed. Net redemptions in quarter amounted to €94 billion, with €1,002 billion in gross issues and €1,096 billion in gross redemptions. Outstanding amount of shares/units issued by money market funds rose to €1,368 billion, up €5 billion on previous quarter

11.3%

The United States recorded the largest increase of inward foreign direct investment of all economies in 2021. The latest release of the IMF's Coordinated Direct Investment Survey shows the US position increasing by \$506 billion, or 11.3% last year.

£22.9 bn

In the UK, technology investment saw a 22% drop this year, one of the most dramatic falls in Europe. Down from last year's record \$36 billion (£29.6 billion) raised in 2021, UK tech investment fell to \$27.9bn (£22.9bn) in 2022, according to Atomico's State of European Tech 2022 report. However, the UK remains the best funded country in the EU, with 35% of all investments in the past five years.

\$34.99 bn

In contrast with a drought of initial public offerings (IPO), Middle East and Africa (EMEA) companies have raised an overall \$34.99 billion through capital increases so far this year, according to Reuters.

44%

The volume of British investments in Romania increased by 44% in the January-July of 2022, reaching the historical maximum of €5.5 bn according to data by the Romanian Embassy in the UK.

35%

Despite the global uncertainty that increased market volatility, the number of individual investors in equity securities at Brazil's Sao Paulo Stock Exchange B3 grew 35% between the third quarter of 2021 and the same period in 2022, to 4.6 million from 3.3 million. Between the second and third quarters of 2022, the number of investors grew by 200,000. These figures are contained B3's most recent findings. An increase to the Selic lending rate meant the number of investors in fixed income products rose to 12.6 million from 9.6 million.

PRIVATE EQUITY



PE in CEE set for strong growth

Private investments are ready to ride the tide of growth despite macro and geopolitical crises a Bain & Co survey reveals

VALUE OF ANNOUNCED GREENFIED FDI PROJECTS

POLAND	EUR	20.0 bn
ROMANIA	EUR	3.3 bn
HUNGARY	EUR	3.1 bn
SLOVAKIA	EUR	1.9 bn
CZECHIA	EUR	1.8 bn

(SOURCE: UNCTAD 2020)

Private equity (PE) in Central and Eastern Europe (CEE) is poised to enter a period of strong growth, overcoming geopolitical risks and macroeconomic turbulence, according to a new report from Bain & Company. Based on a survey of fund managers, the management consultancy's study tracks how the private equity ecosystem has developed over the past two decades and reports on how the economies of the 11 regional EU members will continue to expand faster than developed Western markets, describing how investors can benefit from this fundamental trend. The report highlights the attractiveness of CEE as an investment destination with consistently strong macro fundamentals: CEE's consistent outperformance of Western Europe (WE) in economic growth will continue – Poland and Romania have forecast GDP growth of 4.2% and 5.1% respectively in 2022, versus 2.7% for the euro area. GDP per capita in WE sits at €43k, versus just €14k in CEE offering significant headroom for convergence. There is substantial room for further growth in investment, with private equity investment in CEE averaging just 0.2% as a proportion of GDP, compared with 0.8% in WE. The region combines its attractive growth profile with developed economy-like stability, differentiating it from other emerging economies. Recent geopolitical and macroeconomic turbulence is already affecting CEE economies, but the magnitude of impact will likely not differ substantially from WE. In addition, CEE is growing in attractiveness, with nearly a quarter of global investors saying the region provides the best emerging market opportunities.

The gap has decreased considerably

In addition, the business landscape has seen exponential improvements in recent years. Governments are overcoming alleged barriers of bureaucracy, regulatory complexity and national fragmentation, with ease of doing business in CEE almost closing the gap to WE in the past 10 years, at 75 and 78 points, respectively. Likewise, the convergence story on labor productivity continues, with CEE reducing a 58 point indexed difference with WE

in 2005 to just 35 points in 2020. At the same time, a well-educated and comparatively inexpensive labor force creates competitive advantage for CEE enterprises and the potential to capitalize on the nearshoring trend. Labor costs sit at €11 per hour, versus €33 in WE. Accordingly, the region has seen a vast influx of multinational tech companies choosing CEE as the location of their R&D centers and hubs. CEE is home to around 6,300 multinational R&D facilities, up from 1,700 in 2010. In addition, a continuous inflow of EU funding is supporting a catch-up in infrastructure vs WE.

PE and VC are maturing

The private equity and venture capital industry also continues to mature, attracting more European and global investors. General Partners in the region will see improving fundraising outlook due to better current and future returns on investment, according to the report. The private equity ecosystem in CEE has been maturing, with all the key stakeholder groups gaining experience and the pool of opportunities widening. Ever more cross-border success stories and regional champions are emerging in CEE, proving the viability of scaling businesses internationally, rather than locally. The most important trends in CEE region in terms of investment opportunities, the report claims are the green transition, manufacturing and services nearshoring and shift to online, as well as consolidation of a fragmented, founder-owned business landscape. "CEE economies are growing fast as they continue catching up to the West, fueled by a highly qualified labor force, and investments in nearshoring, infrastructure and the green economy," said Jacek Poświata (pictured), Managing Partner at Bain & Company Poland/CEE. "After developing over the past two decades, PE funds now have all the pieces in place to capitalize on that trend. VC is already booming and we expect this to continue, with investment doubling or tripling over the next four years, based on the trajectories we've seen in Western European economies" Poświata added.

WORLD - INVESTMENT OUTLOOK

Expect 2023 to be a year for yield MSR says



PHOTO: Andrew Sheets, Chief Cross-Asset Strategist for Morgan Stanley Research

Investors may find themselves a bit whiplashed in 2023 as inflation and some of this year's other dominant market trends fully reverse themselves, according to the 2023 Strategy Outlook from Morgan Stanley Research. "For markets, this presents a very different backdrop than 2022, which was marked by resilient growth, high inflation and hawkish policy," Andrew Sheets, Chief Cross-Asset Strategist for Morgan Stanley Research said. "Overall, 2023 will be a good year for income

investing." Bonds—the biggest losers of 2022—could be the biggest winners in 2023, as global macro trends temper inflation next year and central banks pause their rate hikes. This is particularly true for high-quality bonds. Similarly, emerging market equities and debt, which were early to underperform in this economic cycle, could be early to recover in the next, as was the case after the dotcom bust of the early 2000s and in 2009 following the financial crisis. Other key takeaways from 2023 Strategy Outlook: S&P 500 will tread

water, ending 2023 around 3,900, but with material swings along the way. U.S. dollar will peak in 2022 and declines through 2023. Emerging-market and Japanese equities could deliver double-digit returns. Oil will outperform gold and copper, with Brent crude, the global oil benchmark, ending 2023 at \$110. *This content is a general communication being provided for informational purposes only. It is educational and not designed to be taken as advice or a recommendation for any specific investment product, plan or other purpose.*

WORLD - PENSION FUNDS

Pension plans are facing a perfect storm

Reorienting portfolios in pursuit of inflation protection, capital preservation and capital growth

As pension funds face a stagflationary environment "extreme pragmatism" will guide asset allocation, according to a new report. The survey of 152 global pension funds by CREATE-Research and the Amundi Institute found that 50% of respondents subscribe to a stagflationary scenario for the post-pandemic economy – too hot in terms of inflation, too cold in terms of growth. "The challenge is immense because the recent revival of inflation is believed to be structural, not cyclical," says the survey report, titled Pension funds: reorienting asset allocation in an inflation-fuelled world. "In part, it also reflects deep-seated supply side vulnerabilities that were metastasising under the surface in a prolonged era of ultra-loose monetary policies. "The key vulnerability relates to the shift in the manufacturing centre of gravity from the West to the East over the past four decades in pursuit of cost efficiency. The re-

cent reversal towards 'reshoring' is vital but also expensive." Around 60% of respondents believe that inflation will have a negative impact on their portfolio. The majority of respondents (62%) believe high-quality equities will provide them the most inflation protection, followed by real estate (49%), tied with infrastructure. Overt inflation hedges based on swaps comes in at a distant third (46%) to high-quality equities. Respondents also believe that a return to fundamentals will create an opportunity for thematic investing, an approach which focuses on predicted long-term trends rather than specific companies or sectors. "So far, allocations have remained small because the toolkit of thematic investing is emerging gradually. The key constraint is the absence of a widely recognised classification system that is essential for activities such as portfolio construction, manager selection and peer benchmarking. Another constraint is the relatively limited

universe of 'pure play' companies that seek to capitalise on key growth points in the global economy. These constraints are expected to ease as interest in thematic investing intensifies."



Monica Defend

Monica Defend, Head of the Amundi Institute since February 2022. Paris-based Amundi is largest asset manager in Europe.

INVESTMENT FUNDS

AFRICA: Netherlands-based Goodwell Investments recently launched their most ambitious institutional investment fund yet, uMunthu II. Goodwell is raising EUR 150 million to finance innovative, scalable, small and medium-sized businesses that improve the access and affordability of basic goods and services for un(der)served consumers in Africa. Nigeria's Alitheia Capital will co-manage uMunthu II. To date, the fund has received EUR 50 million in commitments from private investors, family offices and foundations. The capital will be channeled into at least 35 new portfolio companies. The diversified investment portfolio will focus on financial inclusion (35%), food and agriculture (25%), and mobility and logistics (15%), with a secondary focus on healthcare, education and energy. Els Boerhof (pictured) is one of Goodwell's managing partners.



US: The Boards of Trustees of the PIMCO closed-end funds have declared a special year-end distribution for each Fund's common shares. The distributions are payable on December 22, 2022 to shareholders of record on December 15, 2022, with an ex-dividend date of December 14, 2022. In addition to the regular monthly dividends, these special year-end distributions are being paid to allow the Funds to meet its 2022 distribution requirements for federal excise tax purposes.

AUSTRALIA: Several Australian superannuation funds have completed their mergers this month. The merger of HESTA and Mercy Super has been finalised, as has that of UniSuper and Australian Catholic Superannuation and Retirement Fund. More than 80,000 Australian Catholic Superannuation members have moved to UniSuper which will now manage around A\$115 billion in funds on behalf of 620,000 members. About 13,000 Mercy Super members and their assets have moved to HESTA, bringing its total funds under management to almost A\$70 billion.

BULGARIA: Bulgarian investment firm Invenio Partners set up a €55 million fund in November. The new Invenio Partners Fund II, which is backed by the European Investment Fund (EIF), was created to invest in small and medium enterprises (SMEs) in Bulgaria, Romania and Serbia. Invenio Partners also announced its first two investments in SAT Health, a Bulgarian healthcare data analytics and consulting company (€3M investment), and Cycle Gets, a manufacturing plant for alloy bicycle and e-bike frames in Europe (€2M). Invenio was founded as Empower Capital in 2014 to manage Empower Capital Fund I. Invenio Partners CEO is Elvin Guri (pictured).

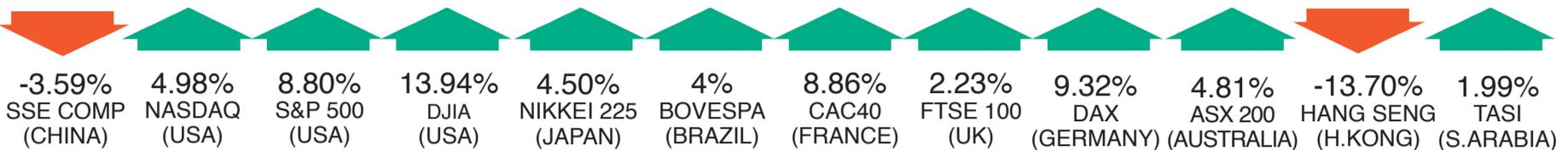


MALAYSIA: Hong Kong-based multinational insurance company FWD Group Holdings, and Malaysia-based venture capital firm Artem Ventures have launched TIM Ventures, an investment fund that seeks to invest in insurtech and Islamic finance startups in Malaysia. The partners have seeded TIM Ventures with MYR45 million (SG\$14 million) in capital. It will invest in small and medium enterprises (SMEs), which are a critical component of the Malaysian economy. SMEs contribute more than a third of Malaysia's GDP.

BRAZIL: Sao Paulo-based investment firm Pátria Investimentos acquired the Brazilian firm Igah Ventures as part of a new strategy to expand into venture capital, while separately it sold a 55% stake in the Brazilian toll road operator Entrevias to French infrastructure group Vinci. Igah Ventures, which since 2013 has focused on startups, has \$320 million in assets under management and has been preparing to launch its fourth fund. Pátria Investimentos raised a new fund in October Pátria Private Equity VII (R\$1,000,000,000).

S.ARABIA: Saudi Arabia's sovereign wealth fund plans to invest more in the Aseer region in the southwest. The Public Investment Fund launched the Aseer Investment Company, which will work to attract local and foreign investment to the region in a bid to turn Aseer into a "year-round tourism destination." The company will specifically target the tourism, hospitality, healthcare, sports and education sectors, the Public Investment Fund said on Dec. 2.

CANADA: Invesco Canada Ltd. announced changes to some of its active equity mutual fund portfolio management teams. In addition to the portfolio management team changes, the investment strategies of the following funds will be amended: Invesco Europlus Fund, Invesco International Companies Fund, Invesco International Companies Class, Invesco Global Select Balanced Fund, Invesco Global Select Equity Class, and Invesco Global Select Equity Fund.



LAGGARDS

-3.09%

Emerging market (EM) equities didn't participate in the rally seen across developed market equities during October. The MSCI EM was off 3.09%. Stocks in China, the largest country weighting in the MSCI Emerging Markets Index, sold off sharply (read more below). Qatar and Taiwan were the only other EMs to deliver a negative return. Taiwan underperformed, while Qatar's returns were ahead of the benchmark.

-16.81

MSCI China returned -16.81%. Markets fell on concerns that Chinese Premier Xi Jinping—who remains as leader for an unprecedented third five year term—may continue with policies focused on reducing China's exposure to foreign interests and influence at the expense of economic growth, with potentially negative consequences for private companies. News that China would not be relaxing its zero-Covid policy anytime soon also weakened investor sentiment. New US export controls on the semiconductor industry, which will restrict Chinese companies' access to advanced chips, added to woes.

-2.84%

The yuan fell 2.84% against the dollar in October as slowdown concerns and the Federal Reserve's interest rate increases led investors to favor higher-yielding U.S. assets. The onshore yuan fell to its weakest closing level against the U.S. dollar since the 2008 global financial crisis despite efforts by China's state banks to support the currency. The yuan has lost 12.68% against the greenback this year and is on track for its biggest annual loss since 1994, when China unified its official and market rates, according to Reuters. Like most global currencies, the yuan has been hit by a stronger U.S. dollar.

-1%

Bond yields continued to push higher, with global bonds delivering a -1% return in October. Although US and European government bond yields were marginally higher over the month, credit spreads tightened and so credit largely outperformed government bonds. The sharp sell-off in bonds this year is improving the options available to investors who are looking to build diversified multi-asset portfolios, according to JP Morgan.

Developed market shares notched up strong gains in October but emerging market (EM) equities didn't participate in the rally. The MSCI World Index gained 7.2% while the MSCI EM fell, with China the weakest index market by a wide margin. (Note: All data on p.18-19 1M% Oct 2022)



5. ASIA PACIFIC

AUSTRALIA: Sydney ASX, ASX200:	4.81%
BANGLADESH:Dhaka DSE,DSEX BROAD:	-2.10%
CHINA: Shanghai SSE, Composite:	-3.59%
CHINA: Shenzhen SZSE, Composite:	-1.72%
HONG KONG:H.Kong HKEX,HANG SENG:	13.70%
INDIA: Mumbai NSE, NIFTY50:	4.05%
INDIA: Mumbai BSE, SENSEX:	4.41%
INDONESIA: Jakarta IDX, Comp:	0.22%
JAPAN: Tokyo TSE, NIKKEI225:	4.50%
MALAYSIA:Kuala Lumpur BM,FTSE KLCI:	3.78%
NEW ZEALAND: Wellington NZX, NZX50:	0.97%
PAKISTAN: Karachi PSE, KSE100:	0.03%
PHILIPPINES: Manila PSE, PSE:	7.18%
SOUTHKOREA: Busan KREX, KOSPI:	5.24%
SRI LANKA: Col. CSE, ASI	-12.11%
TAIWAN: Taipei TPEX,TWII	-4.74%
THAILAND: Bangkok SET, SETI	1.04%

4. AFRICA

COTE D'IVOIREAbidjan,BRVMComposite	-1.86%
EGYPT: Cairo EGX, EGX30:	12.96%
KENYA: Nairobi NSE, NSE20:	-2.19%
MAURITIUS: Port Louis SEMDEX:	-2.87%
MOROCCO: Casablanca CASA SE, MASI:	-6.57%
NAMIBIA: Windhoek NSX, FTSE NSX OI:	7.2%
NIGERIA: Lagos NSE, ASI	-10.43%
SOUTH AFRICA: Johannesburg JSE,Top40:	4.00%
TANZANIA: Dar Es Salaam DSE, DSE	-6.67%
TUNISIA: Tunis BVMT, TUNINDEX:	-1.54%
UGANDA: Kampala USE,ASI	0.00%
ZIMBABWE: Harare ZSE,INDZI:	11.21%

2. EUROPE

AUSTRIA: Vienna WIENER BORSE, ATX :	8.94%
BELGIUM: Brussels EURONEXT, BEL20:	5.44%
BOSNIA-HERZ: Banja Luka BLSE, BIRS:	1.64%
BOSNIA-HERZ: Sarajevo SASE, SASX10:	5.70%
BULGARIA: Sofia BSE, SOFIX:	0.11%
CROATIA: Zagreb ZSE, CROBEX:	0.94%
CYPRUS: Nicosia CSE, Main Market Index:	4.25%
CZECH REPUBLIC: Prague PSE, PX:	5.41%
DENM:Copenhagen NASDAQ,OMXC20:	8.20%
FINLAND: Helsinki NASDAQ, OMXHPI:	4.34%
FRANCE: Paris EURONEXT, CAC40:	8.86%
GERMANY: Frankfurt FWB, DAX:	9.32%

International Equities Datawatch

GREECE: Athens ATHEX, General Composite:	8.56%
HUNGARY: Budapest BSE, BUX:	8.50%
ICELAND: Reykjavik NASDAQ, OMXIPI	3.70%
IRELAND: Dublin EURONEXT, ISEQ:	9.75%
ITALY: BORSA ITALIANA, FTSE MIB:	9.11%
MONTENEGRO: Podgorica MNSE, MNSE10:	N/A
NETHERLANDAmsterdamEURONEXT,AEX:	4.20%
NORWAY:Oslo OSLOBORS EURONEXT,OBX:	5.49%
POLAND: Warsaw GPW, WIG20 (PLN):	9.49%
PORTUGAL: Lisbon EURONEXT, PSI20:	6.69%
ROMANIA: Bucharest BVB, BET (RON):	1.85%
RUSSIA: Moscow MOEX MOEX	10.75%
SERBIA: Belgrade BELEX, BELEX15:	-3.56%
SLOVAKIA: Bratislava BSSE, SAX:	-3.05%
SLOVENIA: Ljubljana LJSE, SBITOP:	6.02%
SPAIN: Madrid BME, IBEX35:	7.46%
SWEDEN: Stockholm NASDAQ, OMXS30:	7.94%
SWITZERLAND: Zurich SIX, SMI	4.92%
TURKEY: BORSA ISTANBUL, BIST100:	21.98%
UK: London LSE, FTSE100:	2.23%

3. MIDDLE EAST

BAHRAIN: Manama BAX	-0.97%
JORDAN: Amman ASE, All Share	-1.07%
IRAQ: Baghdad ISX, ISX Index:	-0.77%
ISRAEL: Tel Aviv TASE TA35	6.22%
LEBANON: Beirut BSE, BLOM	4.18%
OMMAN: Muscat MSM 30	-3.29%
PALESTINE: Ramallah PEX, AL-QUDS	-2.41%
QATAR: Doha Q SE, QE	-3.50%
SAUDI ARABIA: Riyadh TADAWUL, TASI	1.99%
UAE: Abu Dhabi ADX, General.	5.50%

1. AMERICAS

ARGENTINA:Buenos AiresBCBA,MERVAL:	6.28%
BRAZIL: Sao Paulo B3, BOVESPA:	4%
CHILE: Santiago SSE, IPSA:	1.56%
CANADA: Toronto TSX,TSX Composite:	5.57%
COLOMBIA: Bogota BVC, COLCAP:	8.11%
JAMAICA: Kingston JSE, ASI Composite:	-4%
MEXICO: Mexico City BMV, IPC:	9.99%
MEXICO: Mexico City BIVA, FTSE BIBA:	10.22%
PERU: Lima BVL, S&P Lima General:	7.81%
USA: New York NYSE, DJIA:	13.94%
USA: New York NYSE, S&P500:	8.80%
USA: New York NASDAQ, Composite:	4.98%
VENEZUELA: Caracas BVC, Bursatil,	4.85%

STOCK EXCHANGES ANNOUNCEMENTS

ATHEX teams up with MS

Athens Stock Exchange is partnering with Morgan Stanley for the first time to organize a Greek Investment Conference taking place in London, on Monday 28 and Tuesday 29 November 2022 at the Morgan Stanley London Conference Center. The event is being held in partnership with Alpha Bank, Eurobank, National Bank of Greece and Piraeus Bank.

LuxSE post-trade model

The Luxembourg Stock Exchange (LuxSE) launched its new post-trade model for trades made on LuxSE's markets. This new settlement process was made possible thanks to the exchange's partnership with BFF Bank. The new model simplifies the post-trade process of LuxSE and allows for a more streamlined and efficient settlement of securities transactions.

EGX, Muscat to cooperate

The Egyptian Exchange (EGX) received a delegation from the Muscat Stock Exchange (MSX) on Nov. 26 to discuss enhancing joint cooperation in all fields especially those related to the double listing of companies in the two stock exchanges, as well as developing human capabilities, which would positively affect the efficiency of the financial markets in the two countries.

• COMMODITIES

Note:
Monthly Average (Oct. 2022)
Source: World Bank Commodities Price Data (The Pink Sheet)

ENERGY

Coal, South Africa \$/mt 326.6
Crude oil, average \$/bbl 90.3
Crude oil, Brent \$/bbl 93.1
Crude oil, Dubai \$/bbl 90.6
Crude oil, WTI \$/bbl 87.3
Natural gas, Index 2010=100 269.8
Natural gas, Europe \$/mmbtu 39.02
Natural gas, U.S. \$/mmbtu 5.62
Liquefied natural gas, Japan \$/mmbtu 23.69

NON ENERGY

-AGRICULTURE
-Beverages:
Cocoa \$/kg 2.31
Coffee, Arabica \$/kg 5.29
Coffee, Robusta \$/kg 2.27
Tea, average \$/kg 3.14
Tea, Colombo \$/kg 4.14
Tea, Kolkata \$/kg 2.83
Tea, Mombasa \$/kg 2.46
-FOOD
-Oils and Meals:
Coconut oil \$/mt 1,108
Fishmeal \$/mt 1,622
Groundnuts \$/mt 1,619
Palm oil \$/mt 889
Palmkernel oil \$/mt 1,039
Soybean meal \$/mt 542
Soybean oil \$/mt 1,576
Soybeans \$/mt 626
-Grains:
Maize \$/mt 343.6
Rice, Thailand 5% \$/mt 431.0
Rice, Thailand 25% \$/mt 420.0
Rice, Thailand A1 \$/mt 411.6
Rice, Vietnam 5% \$/mt 391.8
Wheat, U.S., HRW \$/mt 438.0
Wheat, U.S., SRW \$/mt n/a

--Other Food:
Bananas, EU \$/kg 0.95
Bananas, U.S. \$/kg 1.57
Meat, beef \$/kg 5.46
Meat, chicken \$/kg 3.31
Oranges \$/kg 1.07
Shrimp \$/kg 11.46
Sugar, EU \$/kg 0.32
Sugar, U.S. \$/kg 0.76
Sugar, World \$/kg 0.39

METALS & MINERALS

Aluminum \$/mt 2,256
Copper \$/mt 7,651
Iron ore \$/dmt 92.6
Lead \$/mt 2,000
Nickel \$/mt 22,033
Tin \$/mt 19,391
Zinc \$/mt 2,967
-PRECIOUS METALS
Gold \$/toz 1,664
Platinum \$/toz 915
Silver \$/toz 19.4
RAW MATERIALS
-Timber:
Logs, Africa \$/cum 344.0
Logs, S.E. Asia \$/cum 202.1
Plywood \$/sheets 370.8
Sawnwood, Africa \$/cum 540.6
Sawnwood, S.E. Asia \$/cum 614.9

-Other Raw Materials:

Cotton \$/kg 2.20
Rubber, RSS3 \$/kg 1.50
Rubber, TSR20 \$/kg 1.29

FERTILIZERS

DAP \$/mt 725.0
Phosphate rock \$/mt 317.5
Potassium chloride \$/mt 562.5
TSP \$/mt 675.0

Urea, E. Europe \$/mt 636.3
Abbreviations: \$ = US dollar bbl = barrel cum = cubic meter dmt = dry metric ton kg = kilogram mmbtu = million British thermal units mt = metric ton toz = tr

• CURRENCIES

AFRICA	Highest: 113.94	Highest: 1.0150
USD/ZAR	Lowest: 109.5	Lowest: 0.9780
Highest: 18.5817	USD/CAD	MIDDLE EAST
Lowest: 17.5694	Highest: 1.3979	USD/TRY
EUR/ZAR	Lowest: 1.3494	Highest: 18.7110
Highest: 18.2619	USD/MXN	Lowest: 18.3570
Lowest: 17.4612	Highest: 20.1775	USD/ILS
ASIA	Lowest: 19.7805	Highest: 3.6167
USD/JPY	USD/BRL	Lowest: 3.4834
Highest: 151.96	Highest: 5.4158	USD/AED
Lowest: 143.52	Lowest: 5.1083	Highest: 3.6733
USD/CNY	EUROPE	Lowest: 3.6726
Highest: 7.3094	EUR/USD	USD/SAR
Lowest: 7.1082	Highest: 1.0094	Highest: 3.7615
USD/HKD	Lowest: 0.9632	Lowest: 3.7546
Highest: 7.8502	EUR/GBP	OCEANIA
Lowest: 7.8470	Highest: 0.8869	AUD/USD
USD/INR	Lowest: 0.8570	Highest: 0.6549
Highest: 83.268	GBP/USD	Lowest: 0.6170
Lowest: 81.284	Highest: 1.1647	NZD/USD
AMERICAS	Lowest: 1.0924	Highest: 0.5874
USD Index	USD/CHF	Lowest: 0.5512

• INTERNATIONAL EQUITIES

MSCI World 7.67%
MSCI USA 8.64%
MSCI Europe ex UK 6.25%
MSCI UK 2.07%
MSCI Japan 4.00%
MSCI Asia ex JP -6.20%
MSCI LATAM 7.42%
MSCI EM -3.45%

(Note: Index returns for Oct in USD terms)

• VOLATILITY INDICES

VIX -18.56%
VXD -11.13%
VXN -14.89%
VDAX -18.96%
Note: CBOE VIX S&P500 Options Volatility, VXD DJIA Options Volatility, VXN, ASDAQ Index Options Volatility, Deutsche Borse VDAX DAX Index Options Volatility (Monthly change % Oct)

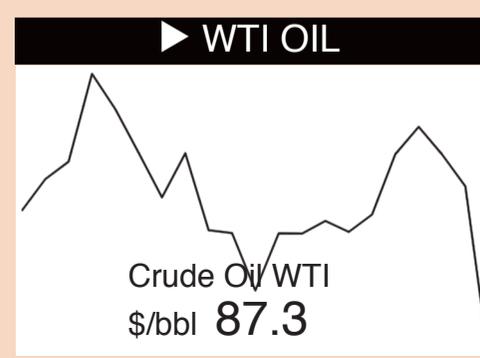
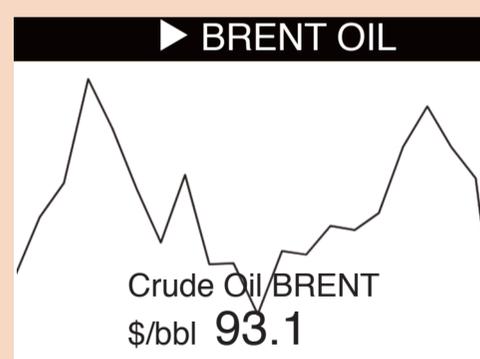
COMMODITIES COMMENTARY

John Baffes
Senior Agriculture Economist,
Development Economics World
Bank's Prospects Group



Commodity prices eased: energy, non-energy agri down

Energy prices fell 7.5% in October, led by natural gas in Europe (-34%) and the U.S. (-27.6%), the World Bank's Pink Sheet reported. Non-energy prices fell 1.2%. Agricultural prices eased 0.7% in October. Food prices increased 0.8%, led by grains (+5.7%). Beverages and raw materials declined 6.4% and 3.2%, respectively. Fertilizer prices declined 3.7%. Metal prices dropped 1.7% in October, led by tin (-8.2%), iron ore (-7.3%), and zinc (-5%). Precious metals eased 0. Large shifts in the demand and supply of commodities, along with price booms and busts and differing long term trends, pose challenges for commodity-exporting emerging market and developing economies (EMDEs). Commodities are critical sources of revenue for almost two-thirds of EMDEs, and their macroeconomic performance is heavily linked to commodity price changes.



• BONDS (10-year)

AUSTRALIA	Highest: 2.5320	Lowest: 4.015
Highest: 4.234	Lowest: 1.7690	Change: -2.655%
Lowest: 3.640	Change: 1.9441%	NETHERLANDS
Change: -5.358%	GREECE	Highest: 2.850
AUSTRIA	Highest: 5.124	Lowest: 2.092
Highest: 3.268	Lowest: 4.333	Change: 0.329%
Lowest: 2.474	Change: -4.930%	POLAND
Change: 0.390%	HUNGARY	Highest: 9.127
BELGIUM	Highest: 11.080	Lowest: 6.825
Highest: 3.155	Lowest: 9.710	Change: 17.155%
Lowest: 2.416	Change: 3.125%	PORTUGAL
Change: -0.723%	INDIA	Highest: 3.581
BRAZIL	Highest: 7.541	Lowest: 2.830
Highest: 12.180	Lowest: 7.361	Change: -0.566%
Lowest: 11.685	Change: 0.635%	QATAR
Change: -0.792%	INDONESIA	Highest: 5.244
BULGARIA	Highest: 7.676	Lowest: 4.422
Highest: 5.000	Lowest: 7.179	Change: -13.353%
Lowest: 5.000	Change: 2.182%	ROMANIA
Change: 66.667%	ISRAEL	Highest: 9.750
CANADA	Highest: 3.483	Lowest: 8.430
Highest: 3.779	Lowest: 3.198	Change: 4.577%
Lowest: 3.034	Change: -3.189%	RUSSIA
Change: 2.524%	ITALY	Highest: 10.300
CHINA	Highest: 4.899	Lowest: 9.710
Highest: 2.810	Lowest: 3.985	Change: -4.183%
Lowest: 2.636	Change: -4.059%	SOUTH AFRICA
Change: -4.745%	JAPAN	Highest: 11.160
CROATIA	Highest: 4.899	Lowest: 10.530
Highest: 4.207	Lowest: 3.985	Change: -0.230%
Lowest: 3.970	Change: -4.059%	UK
Change: 1.579%	MEXICO	Highest: 4.6320
FRANCE	Highest: 10.318	Lowest: 3.3780
Highest: 3.092	Lowest: 9.520	Change: -
Lowest: 2.366	Change: 2.181%	13.9893%
Change: -1.323%	NEW ZEALAND	USA
GERMANY	Highest: 4.825	Highest: 4.338

• MUTUAL FUNDS

Vanguard Total Stock Market Index Fund; Institutional Plus (VSMPIX)	Change: 7.60%	Of America ClassA (AGTHX)
Highest: 178.34	Vanguard Total Stock Market Index Fund; Admiral (VTSAX)	Highest: 53.21
Lowest: 163.69	Highest: 95.08	Lowest: 49.30
Change: 8.18%	Lowest: 87.27	Change: 4.55%
Vanguard 500 Index Fund; Admiral (VFIAX)	Change: 8.17%	American Funds American Balanced Fund ClassA (ABALX)
Highest: 360.27	Goldman Sachs Short Duration Government Fund Institutional Class (GSTGX)	Highest: 28.31
Lowest: 330.20	Highest: 9.13	Lowest: 26.79
Change: 8.09%	Lowest: 9.02	Change: 5.19%
Fidelity 500 Index Fund (FXAIX)	Change: -0.33%	Vanguard Wellington Fund Admiral Shares (VWENX)
Highest: 135.43	American Funds The Growth Fund	Highest: 69.41
Lowest: 124.13		Lowest: 65.51
		Change: 4.63%

• ETFs

SPDR S&P500 (SPY)	Vanguard Total Stock Market Index Fund ETF Shares (VTI)	Highest: 138.80
Highest: 389.52	Highest: 195.53	Lowest: 122.54
Lowest: 348.11	Lowest: 174.84	Change: 11.73%
Change: 8.13%	Change: 8.11%	iShares Core MSCI EAFE ETF (IEFA)
iShares Core S&P 500 ETF (IVV)	Invesco QQQ Trust (QQQ)	Highest: 56.65
Highest: 391.15	Highest: 284.60	Lowest: 51.34
Lowest: 349.53	Lowest: 254.26	Change: 5.79%
Change: 8.12%	Change: 4.00%	iShares Core U.S. Aggregate Bond ETF (AGG)
Vanguard S&P500 ETF (VOO)	Vanguard Value Index Fund ETF Shares (VTV)	Highest: 97.55
Highest: 357.98		Lowest: 93.20
Lowest: 319.87		Change: -1.49%
Change: 8.12%		

S&P 500 SECTORS

S&P500 8.80%
Health Care 9.67%
Cons Disc 0.90%
Industrials 14.25%
Cons Stap 9.51%
Materials 9.94%
Energy 24.10%
Tech 9.2%
Financials 12.62%
Utilities 2.97%
Real Estate 2.14%
Comm Serv 1.61%

CRYPTO

(Note 1M% Oct2022)
BTC/USD 5.5%
ETH/USD -11.6496%
USDT/USD -0.0116%
USDC/USD 0.0247%
BNB/USD 10.04%
XRP/USD -3.23942%
SOL/USD -2.023%
ADA/USD -6.6713%
DOT/USD n/a



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