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GLOBAL & REGIONAL DAILY

HIGHLIGHTS

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Global Markets

The EA final July manufacturing PMI was revised up by 0.2pts from a preliminary estimate to 62.8, but slightly below a record high of 63.4 in June, marking the first decline in the last six months. Turning to the US, the ISM manufacturing unexpectedly fell in July at a six-month low of 59.5 from 60.6 in June, as an increase in employment was offset by a decline in several key sub-indices, including new orders, supplier delivery times and prices paid. In reaction, UST yields fell across the curve, with 10-yr yields standing at the time of writing close to y-day's 2-week intraday low of 1.151%, also affected by concerns about the impact of the Delta variant on the global recovery. Along these lines, 10-yr Bund yields dropped to a six-month low of -0.486% earlier today, while 30-yr Bund yields briefly turned negative for the first time since February.

Greece

The IHS Markit headline PMI came in at 57.4 in July, down slightly from 58.6 in June, signaling the third-fastest improvement in over 21 years in the operating conditions across the Greek manufacturing sector, despite the headline index dipping to a three-month low. The marked improvement was supported by sustained production and new order growth, with rates of expansion in output and new sales remaining historically elevated. However, severe supply-chain disruption and raw material shortages led to the fastest accumulation in backlogs of work since data collection for the series began in November 2002. As a result of poor vendor performance and an uncertain supply flow, business confidence slipped to the lowest in four months.

CESEE

SERBIA: According to the flash estimate release yesterday, real GDP expanded strongly by 13.4%YoY in Q2 up from 1.7%YoY in Q1 bringing the 1H-2021 performance at 7.5% YoY. The estimate came out higher than the projections of the NBS (11.9% YoY) and the Ministry of Finance (11.2% YoY). The strong Q2 performance is driven by the favorable base effects from phasing out of last year's pandemic related restrictions. However, the ongoing fiscal support measures, and strong manufacturing and construction activity also support the recovery. The economy is on track to expand by 5.0% in FY2021 up from -1.0% in FY2020. The country's lower than the regional peers' exposure to tourism industry and the relatively short duration of the most stringent containment measures back in spring 2020, underpin its over performance in 2020-2021.

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