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HIGHLIGHTS

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Global Markets

US headline CPI rose by 0.4%MoM, moving towards a slightly higher than anticipated annual rate of 5.4%, while core prices rose by 0.2%MoM and 4.0%YoY, as expected. The breakdown of the report revealed that, whereas some of the pandemic-sensitive components showed signs of easing, housing-related prices that have the potential to exert a more sustained upward pressure on inflation were notably higher, adding to the view that the Fed could embark on a rate tightening cycle earlier than expected. Separately, the FOMC September minutes did not yield any major surprise, revealing a broad consensus for a bond taper announcement at the next meeting in early November. In FX markets, the USD declined on profit taking, with the EUR/USD re-approaching the 1.16 level, in spite of a 1.6%MoM drop in the EA August IP.

Greece

According to the ELSTAT labour force survey, the seasonally adjusted unemployment rate in Aug-21 retreated to 13.9% compared to 16.9% in Aug-20 and to the downwards revised 14.0% in Jul-21. The number of employed persons amounted to 4,070.8k increasing by 5.9%YoY, and 1.3%MoM, while the number of unemployed persons amounted to 655.6k decreasing by 16.4%YoY and 0.2%MoM. In other news, according to the IMF Fiscal Monitor report, the primary deficit as a percentage of GDP is expected to reach 7.3% in 2021 and 1.3% in 2022 and turn into a primary surplus of 0.2% and 0.6% of GDP in 2023 and 2024 respectively. The general government debt-to-GDP ratio is expected to reach 206.7% in 2021 and gradually decline to 199.4% in 2022, 192.4% in 2023 and 188.2% in 2024.

CESEE

In Serbia, inflation accelerated to 5.7% YoY in September from 4.3% YoY in August and 3.3% YoY in July and June. Albeit an eight-year high, the August print remained within the NBS's tolerance band, while in September the reading exceeded the upper end of the 3.0% ±1.5% targeted zone. Core inflation picked up as well, hiking to 2.6% YoY in September from 1.8% and 1.9% in August and July respectively. While, evidently, inflationary pressures are surging, the NBS continues to consider the effect as temporary with some de-escalation anticipated to begin in H2-2022. The NBS grounds its rationale, among other factors, to the short and medium-term inflation expectations of the financial sector and corporates that are anchored around the mid-point of the target, confirming thus the temporary nature of the pressures.

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