

GLOBAL & REGIONAL DAILY

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Global markets

US jobless claims for the week ending August 27 unexpectedly dropped from 237K to a two-month low of 232K and the ISM manufacturing was held steady at 52.8 in August against an anticipated 1ppt decline, reinforcing expectations of further aggressive Fed rate tightening. Against this background, the USD extended recent gains ahead of today's US non-farm payrolls report for August, with the USD/JPY rising above 104.00 for the first time since 1998, while the EUR/USD moved below parity after yesterday's attempt to move beyond 1.0050 failed again, also affected by a 0.1ppt downward revision in the Eurozone final August manufacturing PMI to 49.6. Asian bourses ended mostly lower, USTs remained under pressure with the yield curve bear-steepening, and oil prices gained some ground earlier today after losing sharply on Thursday, but were still poised for a hefty weekly drop, amid mounting fears over weak global growth and news over fresh COVID-19-related restrictions in China.

Greece

Despite the energy crisis, the seasonally adjusted manufacturing production index was resilient in Q2 2022 registering a quarterly increase of 0.7% QoQ following a drop of 1.0% QoQ in Q1 2022. In terms of annual changes, it decelerated to 4.0% YoY from 4.8% YoY in Q1 2022. Nevertheless, soft data point towards a deterioration of the manufacturing sector in Jul-Aug 2022, albeit modest. More specifically, the PMI manufacturing index decreased further to 48.8 units in Aug-2022 from 49.1 in Jul-22, staying below the 50 units boom-bust threshold for a second month in row. According to the S&P Global press release, lower new order inflows and weak demand led production to decline at the fastest pace since the end of 2020, while employment decreased for the first time since Dec-2020. However, the rate of increase of input costs slowed for a fifth straight month and manufactures' expectations regarding their future production improved.

CESEE

Based on the final estimate released earlier in the week, real GDP growth in Serbia decelerated to 3.9% YoY in Q2-2022, a tad below the 4.0% YoY flash estimate and 0.4ppt lower from the Q1-2022 print. However, on a quarterly basis, real GDP expanded by 1.2%, picking up from the previous quarter when economic activity decelerated by 0.6%. The breakdown of the annual headline 4.0% YoY growth figure into the components of expenditure points to weakened consumption, which, despite remaining the key contributor, decelerated compared to the previous quarter on the back of surging inflation. Government consumption, fixed investments and net exports contributed positively. Marching into Q3-2022, July's retail sales kept increasing by 4.0% YoY, albeit slower compared to 4.8% YoY in June, with persistently high inflation taking a toll on the disposable income.

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