

GLOBAL & REGIONAL DAILY

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Global markets

Eurozone headline CPI surprised again to the upside in September rising from 9.1%YoY to a new record high of 10.0%YoY. The increase was broad-based across all major subcomponents as energy inflation rose by 2.2ppts to 40.8%, food, alcohol & tobacco inflation was up by 1.2ppts to 11.8% and core inflation increased from 4.3%YoY to 4.8%YoY. US inflationary pressures also continued unabated, with headline PCE up by a higher than expected 0.3%MoM in August and core PCE accelerating to 4.9%YoY from 4.7%YoY in July. In reaction, long-dated USTs were weaker on the day, also affected by fresh hawkish comments by a number of Fed officials suggesting that rates should stay high for longer to restore price stability. US stock futures point to a lower open today, while the US dollar index DXY kicked off the week on a relatively negative tone hovering just above 112.00 after a two-decade high of 114.78 just one week ago, ahead of today's ISM manufacturing survey and Friday's non-farm payrolls report, both for September.

Greece

According to ELSTAT's August 2022 labour force survey (LFS), the seasonally adjusted unemployment rate of Greece remained constant on a monthly basis at 12.2% (the second highest in the Euro Area after Spain), while on an annual basis it decreased by 1.5 percentage points. For the 8-month period of January-August 2022, the average unemployment rate stood at 12.7% from 15.7% in January-August 2021. The consensus forecast for the unemployment of Greece in 2022 and 2023 stands at 12.5% and 11.6% respectively (source: Bloomberg). The drop of the unemployment rate in January-August 2022 was supported by strong employment growth of 7.1% YoY (favourable base effects in February-April 2022), especially in the sector of services. Nevertheless, productivity, measured as real output per hour worked, has shrunk by 2.1% YoY in H1 2022. Finally, today the government will submit to the parliament the 2023 draft budget.

CESEE

In line with recent polls, yesterday's elections in Bulgaria led, for once more, to a fragmented parliament of 7 parties, pointing to a continuing difficulty regarding the formation of a stable coalition government. Based on the counting of 99% of votes, the lead is taken by the centre right GERB which gathered 25.4% of the votes, followed by the Centrist WCC with 20.2%. Turning to Serbian markets, yields of local Eurobonds kept moving higher intraweek as global uncertainties continue and idiosyncratic factors surface; the 5-year title ended at 8.0% last Friday, marking a 130bps weekly increase. The spike was strongly driven, inter alia, by the warning of the European Parliament to suspend the EU membership talks as the government refuses to adopt the common sanctions against Russia. Yields of local sovereign papers behaved more quietly, posting milder increases while the dinar remained resilient, ending Friday's session at 117.26/31 against the EUR.

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