

GLOBAL & REGIONAL DAILY

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Global markets

As widely expected, the FOMC delivered yesterday a fourth consecutive 75bps rate hike. But the post-meeting statement opened the door to a potential downshift in the pace of future rate hikes, by saying that cumulative tightening and the lags with which monetary policy affects economic activity will be taken into account in upcoming monetary policy decisions. However, speaking during the subsequent press conference, FOMC Chair Jerome Powell stressed that, while a slower pace of rate hikes seems appropriate, data released since the September's FOMC meeting suggest that the "ultimate level of interest rates will be higher than previously expected". In a knee-jerk reaction to the perceived dovish tone of the statement, the UST curve undertook a bull steepening and the USD sold off. However, after the Fed Chair shifted attention on how high the terminal rate would have to go, markets reversed course. The 2-yr UST yield briefly rose above 5.0% for the first time since 2007, the USD firmed, and risk sentiment deteriorated.

Greece

Today ELSTAT is scheduled to announce the monthly labour force survey for September 2022. This announcement will provide the complete series for Q3 2022, revealing the contribution of employment, in terms of number of people, to real GDP growth in Q3 2022 scheduled to be released on December 7th 2022. In July-August 2022, the average unemployment rate stood at 12.2%, while employment grew at an average annual rate of 2.1%, from 6.5% in Q2 2022. Soft data including the PMI manufacturing index and the Economic Sentiment Indicator have deteriorated in Q3 2022. However, it should be noted that though soft data were weak in Q2 2022, the economy, boosted by the services sector, grew with a robust rate of 1.2% QoQ / 7.7% YoY. In other news, according to the press, the arrivals in the Athens International Airport reached the 95% of the respective pre-pandemic level in 2019. The strong performance of the Greek tourism sector continues in autumn 2022, supporting employment and income.

CESEE

The discussions between the Serbian government and the IMF which began in mid-September over the supply of financial assistance, in the form of a so-called stand-by arrangement (SBA), bore fruits yesterday, resulting to the approval of a 24-month SBA of SDR 1.9bn, equivalent to EUR2.4bn. The SBA will replace the existing PCI approved in June 2021 and will build on the latter's reform agenda. According to the press release by the IMF, GDP growth in Serbia for 2022 and 2023 is expected at 2.5% and 2.25% respectively while the CA deficit as percentage of the projected GDP is expected to widen to 9% for both years from 4.4% in 2021. It is worth mentioning that the IMF, less than a month ago, in its Autumn Outlook, forecast higher growth rates for 2022 and 2023 (3.5% and 2.7% respectively) with the recent revision implying the prevailing uncertainty and the adjunctive fragility of all forecasts.

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