

GLOBAL & REGIONAL DAILY

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Global markets

Ahead of today's US non-farm payrolls report for October, initial jobless claims for the week ending October 29 dropped to 217k and continuing claims fillings remained at low levels by historical standards, pointing to continued tightness in the labor market. On the flipside, the ISM services employment component dropped below the threshold of 50 in October, suggesting a slowdown in hiring momentum. In other news, the BoE raised rates by 75bps yesterday, taking the Bank Rate to a post-2008 high of 3%. However, the overall tone adopted by the BoE was less hawkish than expected, with Governor Bailey explicitly saying that the Bank Rate will have to rise by less than currently "priced in financial markets". In reaction, the GBP came under pressure, retreating near 1.12 against the USD. Surprisingly, 10-yr gilt yields edged up, taking their cue from 10-yr EGB and USTs yields which remained close to yesterday's highs as markets continue to digest the Fed's message over a higher than previously expected fed funds terminal rate.

Greece

According to the ELSTAT's monthly labour force survey released yesterday, the seasonally adjusted unemployment rate decreased to 11.8% of the labour force in September 2022 from 12.1% in August 2022 and 13.3% in September 2021. Greece printed the second highest jobless ratio among the EU-27 countries after Spain (12.7%), followed by Cyprus (8.0%) and Italy (7.9%). Employment, in terms of number of people, remained on an upward trajectory, registering an increase of 2.1% YoY. For the whole Q3 2022 it printed a growth rate of 2.1% YoY, from 6.5% YoY in Q2 2022. This result, *ceteris paribus*, will translate into a lower real GDP growth rate in Q3 2022. Greece's labour share is estimated at ca 55%. Hence the deceleration of employment growth in Q3 2022 will reduce labour contribution to the annual real GDP growth rate by approximately 2.4 percentage points (7.7% YoY real GDP in Q2 2022). Finally, on a positive tone, the labour force participation ratio increased to 60.2% in September 2022 from 59.7% a year ago.

CESEE

The CPI inflation in Turkey accelerated further in October, to 85.5% YoY from 83.5% YoY in August, the highest rate since Jun-1998. The monthly pace of increase also rose, from 3.1% in September to 3.5% in October. Main upward pressures came from prices of food & non-alcoholic beverages (+99.1% YoY vs +93.1% in Sep-22) and furnishings-household equipment (+93.6% YoY vs +89.7% YoY). Highest price increases were recorded for another month in transportation, remaining unabated compared to September (+117.2% YoY vs +117.7% YoY). Looking ahead, high inflation will likely be sustained by the recent increases in energy prices for the industry sector (+50% in electricity, +47.6-50.8% in gas), which are considered a defining factor of the above listed price hikes in industrial products, but also from the switch in October from BOTAS, the state-run gas company, to market pricing for 40% of the gas used by large industrial users.

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