

GLOBAL & REGIONAL DAILY

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Global markets

Asian equity markets kicked off the week on a positive tone amid hopes that tomorrow's US inflation report for August will likely show a further modest decline in the headline CPI number on the back of lower petrol prices. Meanwhile, USTs were under pressure, with the 2-yr yield rising to 3.58% earlier today, the highest level since November 2007, following comments by St. Louis Fed President James Bullard that he is "leaning more strongly" toward a 75bps hike and an improved September CPI report should not affect the decision at next week's FOMC policy meeting. In FX markets, the EUR extended recent gains against the USD, hitting a new three-week peak at 1.0197 on reports suggesting that the ECB will likely push the key interest rate to 2% or higher to curb high inflation. Elsewhere, Brent crude prices were hovering around \$92.80/bbl at the time of writing, not too far from last week's 7 ½-month low at \$87.24/bbl due to global growth concerns.

Greece

The annual inflation rate continued to surge in August 2022 standing at a double-digit level for a fourth month in a row. Based on ELSTAT's latest release, the HICP increased by 11.2% YoY (9.1% YoY in the Euro Area), recording a marginal deceleration compared to July 2022 (11.3% YoY) and June 2022 (11.6% YoY). Among the Euro Area countries, Greece had the 7th highest inflation rate in August 2022. With the exemption of the communication's group sub-index (-2.1% YoY, a decrease likely due to high competition and technological improvement), all the other main categories of goods and services of the HICP registered an increase in their price level. As was also the case in the preceding months, housing (33.4% YoY, including energy), food and non-alcoholic beverages (13.0% YoY) and transport (15.2% YoY) had the highest contribution, adding 8.9 percentage points in total to the annual inflation rate. A supplementary budget for 2022 of €2.9 bn, mainly aiming to address the increased energy costs, is expected to be submitted in Parliament later today.

CESEE

Upward YoY trends prevailed in most short-term indicators of economic activity in July in Bulgaria. Industrial production grew by 17.7% YoY (seasonally adjusted terms), same as in June, with the output in manufacturing rising by 13.4% YoY, in mining and quarrying by 17.9% YoY and in energy supply by 41.9%. The YoY change in seasonally adjusted turnover in retail trade (except motor vehicles – motorcycles) was +1.8% YoY in July, however this was a 17-month low. On the contrary, construction output fell by 1.1% YoY in calendar adjusted terms, down from -0.1% YoY in June. This was the second strongest decline on a yearly basis during the last nine months, caused by a 3.1% YoY fall in the civil engineering segment.

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