

GLOBAL & REGIONAL DAILY

December 12, 2022

Global markets

Asian bourses weakened today, and equity market futures point to a lower start in Europe and the US ahead of this week's two-day FOMC policy meeting which concludes on Wednesday. The committee is widely expected to downshift the pace of rate tightening to 50bps, but similarly, the updated dot plot is anticipated to show a higher terminal fed funds rate compared to September projections and Chair Jerome Powell to emphasize at the post-meeting press conference on the likelihood of monetary policy to remain restrictive over a longer time horizon. In addition to the Fed, the ECB and the BoE convene on Thursday, and both are also likely to deliver a 50bps rate hike. Meanwhile, ahead of Tuesday's US November CPI data, the USD DXY index was a tad higher on the day, and USTs were slightly firmer, but still below recent highs, following Friday's US PPI figures which showed a higher-than-expected increase in both the headline and the core reading, 0.3%MoM (7.4%YoY) and 0.4%MoM (6.2YoY), respectively.

Greece

The inflation rate, measured by the annual percentage change of the HICP, decline for a second month in a row, printing a value of 8.8% in November 2022 (8.5% in terms of the national CPI), from 9.5% and 12.1% in October 2022 and September 2022 respectively. The aforementioned deceleration came from the category of housing, water, electricity, gas and other fuels, with the relevant price index increasing on an annual basis by 5.1%, from 18.1% a month before. The drop of the energy prices and the government's subsidies explain to some extent this result. Contrariwise, the annual inflation rate in the categories of food and non-alcoholic beverages, clothing and footwear, transport and hotels-café-restaurants accelerated to 14.9%, 11.2%, 14.4% and 9.9% respectively. Finally, for the 11-month period of January-November 2022, the average annual inflation rate of the overall HICP stood at 9.4%, from 0.2% in January-November 2021.

CESEE

Following the final Bulgarian Q3 GDP growth estimate released last week, recent hard data suggest that the slowdown in the economy continues also in Q4; industrial output (IP) growth decelerated to 5.7% YoY in October compared to September's 10.7% YoY expansion. On the same footing with IP, retail sales increased by 0.6% YoY in October, slower from September's 2.3% YoY growth, while on a monthly basis, they slightly contracted (-0.4%) after being stable in September (+0.1%) and increasing by 1.0% in August. In Serbia, the parliament adopted on Friday the 2023 budget that targets a RSD264bn or 3.3% of GDP deficit against a revised budget target of RSD279.1bn (3.9% of GDP) in 2022. Concluding with a glance at this week's regional calendar, focus will turn to November's CPI prints; indicatively, later today the Serbian is due and on Wednesday the Bulgarian.

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