

# GLOBAL & REGIONAL DAILY

July 14, 2022

## Global markets

US inflation continues to surprise to the upside, with the headline rising by 1.3%MoM in June, the highest since September 2005, and taking the annual rate to a new multi-decade high of 9.1% mainly due to a hefty increase in energy and food prices. Core CPI also rose by a higher than anticipated 0.7%MoM, moving the annual rate to a still elevated 5.9% from 6.0% in May. In a knee-jerk reaction to stronger than expected US June inflation data that support market expectations for further aggressive Fed rate tightening ahead, the USD strengthened, with the EUR/USD dropping below parity for the first time since late 2002 and hitting an intraday low of 0.9997 before gaining some ground thereafter, hovering around 1.0015/20 in early European trade today. Elsewhere, UST yields rose, especially at the short-end of the curve, with the 2/10-yr spread inverting further and trading at around -26bps at the time of writing, the lowest level since 2000.

## Greece

According to the latest Athens International Airport passenger traffic data, in June, the airport's passenger traffic rose by 1.3% MoM. On privatisations, the HRADF launched last week an international tender for the development of the property in the former construction site of the Rio-Antirrio connection project, which is suitable for the development of a supply chain/logistics park, combined with the utilization of the nearby sea front, the creation of a technology park or even the development of tourism infrastructure. In other news, according to ELSTAT, the overall industrial producer price index (PPI) decreased by 2.9% MoM in May, halting an eight-month rising streak. On an annual basis, PPI increased by 43.0% mainly driven by its two largest components: energy (+78.2% YoY) and intermediate goods (+15.4% YoY). The average Overall Index for the twelve-month period from June 2021 to May 2022 increased by 28.7%YoY.

## CESEE

The Serbian Ministry of Finance raised on Tuesday RSD1.3bn in 2-year bonds, which were first offered on January 18, 2022. The initial scope of the auction was RSD4bn and investors' bids met the initial target. The notes bear a 5.875% coupon and were sold at an average yield of 4.1%, which is higher from the yield of 3.6% achieved at the identical auction held on June 7, 2022. In other news, the Central Bank of Hungary (MNB) decided to proceed with a more aggressive monetary tightening, raising the Key Policy Rate (KPR) by 200bps to 9.75%, compared to previous rate hikes of 185bps in June and 50bps in May. The hike was decided at a non-monetary meeting and equalised the policy rate and the one-week deposit rate after the 200bps deposit rate hike last week, which aimed to contain the persistent depreciation pressure on the forint.

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