

GLOBAL & REGIONAL DAILY

October 14, 2022

Global markets

US headline CPI rose by 0.4% MoM in September after a modest increase of 0.1% MoM in August, but the annual pace decelerated slightly to 8.2% from 8.3%. However, core CPI rose by 0.6% MoM for the second consecutive month, and increased from 6.3% to 6.6% in annual terms, the highest rate since August 1982, entirely driven by core services inflation. Broadening price pressures in combination with a tight labor market led to a hawkish shift in Fed rate hiking expectations, with markets now anticipating a Fed terminal rate close to 4.90% by the end of H1 2023, almost 25bps higher. In a knee-jerk reaction, UST yields jumped before giving back nearly all of their gains on speculation that the UK government considers abandoning the tax cuts package. In FX markets, the DXY USD index retreated from post-CPI highs, with the EUR/USD recovering close to 0.98 on improved risk sentiment, partially thanks to reports suggesting that the ECB might consider a terminal deposit rate much lower than markets' estimate of a rate just over 3%.

Greece

The sales of Greek firms obliged to double-entry bookkeeping remained strong in August 2022. In detail, according to ELSTAT, the turnover stood at €36.3 bn in current prices recording an annual increase of €13.0bn (or 55.7%). Demand was also high in July 2022, with the turnover rising on an annual basis by €11.4bn or 44.4%. Traditionally, the 2-month period of July-August has the highest share in total annual tourist receipts (close to 45% before the pandemic). Hence, tourism's steep recovery (indirect and direct effect) has contributed strongly positive to the above results. Despite worsening soft data, including the Economic Sentiment Indicator and the PMI manufacturing, the high increase of sales of the Greek enterprises during the 2-month period of July-August 2022 (49.8% YoY from 44.6% YoY in Q2 2022) is a good sign for GDP growth in Q3 2022 (1.2% QoQ, 7.7% YoY in Q2 2022).

CESEE

In Serbia, inflation accelerated further to 14.0% YoY in September from 13.2% YoY in August while the pickup continued on a monthly basis as well, with September's print coming in at 1.5% from 1.2% in the previous month. Additionally, core inflation spiked to 8.6% YoY in September from 7.9% YoY one month ago, suggesting that inflationary pressures are getting more broad-based. According to the Central Bank's projection in August, inflation stands most probably at its peak, with some deceleration anticipated by the end of 2022. Turning to the matter of economic sanctions that Serbia is avoiding imposing on Russia, the EC urged the government yesterday, in the presentation of the 2022 Enlargement Package, to align with the EU positions on the matter.

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