

GLOBAL & REGIONAL DAILY

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Global markets

Coming on the heels of last week's weaker than expected US CPI data, producer prices for October also surprised to the downside, supporting the view that inflation has already passed its peak and the Fed will slow the pace of rate tightening to 50bps in December. The headline PPI rose by 0.2%MoM, taking the annual rate at 8.0% from September's 8.4%, while the core PPI similarly slowed to 6.7% from 7.1%. Meanwhile, news after European markets closed yesterday over a Russian missile landing in Poland triggered a fresh bout of geopolitical uncertainty, but market sentiment improved by the US close and USTs managed to hold most of their post-PPI gains on reports suggesting that, based on US officials' initial investigations, the incident was likely to be accidental as the missile was probably fired by Ukrainian forces at an incoming Russian one. Increased geopolitical tensions temporarily pushed the DXY USD index higher above 107 before moving lower again and approach 106 earlier today, though still above 105.340 post-PPI low.

Greece

According to the January-October 2022 State Budget Execution preliminary data, the overall fiscal balance registered a deficit of €4.77 bn, lower by €6.3 bn (-56.8%) compared to the 2022 Budget target. The primary fiscal balance registered a deficit of €0.35 bn improved by €6.40 bn (-94.83%) compared to the 2022 Budget target. The state budget revenue was at €48.87 bn printing an increase of €5.22 bn (12.05%) compared to the 2022 Budget target mainly attributed to increased tax revenue, while the state budget expenditure was at €53.64 bn registering a decrease of 1.83% compared to the 2022 Budget target. For the said period, the preliminary measures for the COVID19 pandemic amounted (on a cash basis) to €1.83 bn (12.86% MoM) and the Preliminary Payments for the Main Energy Tackling Measures amounted to €2.17 bn (91.28% MoM),

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In Bulgaria, after 20 months of continuing increase, annual inflation in October came in lower compared to the previous month, albeit remaining well above single digit levels; CPI retreated to 17.58% from 18.70% in September and landed a tad below August's print at 17.70%. Despite the slight relief from the eased headline print, worries remain as the food prices component continued its upward trend, marking a 26.34% annual increase. Yesterday, the flash Q3 GDP growth estimate was also released, verifying the anticipated cooling of the economy in second half of the year. The reading came in at 0.6% QoQ from 0.7% QoQ in Q2 while on an annual basis it dropped to 3.2% from 4.6% in the previous quarter. Breakdown of the GDP components will be provided with the final estimate, revealing, thus, the drivers of the deceleration.

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