

GLOBAL & REGIONAL DAILY

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Global markets

All eyes today are on Fed Chair Jerome Powell, who will deliver his annual speech at the Jackson Hole conference and is expected to adopt a rather hawkish tone, reiterating that further rate tightening will be appropriate to restore price stability on a sustained basis. Meanwhile, UST yields were slightly higher on the day, though below Thursday's 1-½ month intraday peak near 3.13% following positive US data releases. According to the second estimate, Q2 GDP decreased at an annual rate of -0.6%, upwards revised from the advance estimate of -0.9%. On top of that, initial jobless claims for the week ended August 20 fell to a lower than expected 243k from 245k and continuing claims for the previous week dropped from 1.434mn to 1.415mn. In FX markets, ahead of the Fed Chair's address, the EUR/USD continued to stand below parity, failing to capitalize on Germany's Ifo business climate index which, despite the intensifying energy crisis, dropped by just 0.1ppt to 88.5ppts in August, against expectations for a more profound decline.

Greece

According to the final data of the State Budget execution data, for the period Jan-Jul 2022, the overall fiscal balance registered a deficit of €4.59bn, compared to a targeted deficit of €9.18bn. The primary fiscal balance registered a surplus of €1.16bn, against a targeted deficit of €5.81bn. State Budget net revenues overperformed by €2.08bn (or by 8.6%) against the target, mainly as a result of better-than-expected tax and repayable advance payment revenue that exceeded the target by €3.32 and €0.64bn respectively plus an amount of €0.64bn from the ANFA revenue (with no target in the budget). VAT revenues increased by €1.15bn (or 10.7%), income tax revenues increased by €1.05bn (or 14.6%), and property tax revenues increased by €1.25bn (or 188.9%) compared to their respective targets. The state budget expenditure overshoot the target by €0.65bn (or 2.1%).

CESEE

Romanian GDP growth slowed down to 2.1%QoQ in Q2 2022 from 5.1%QoQ in the previous quarter, according to the flash estimate released by the National Institute of Statistics. On an annual basis, GDP is estimated to have grown by 5.3%, compared to 6.4% in Q1 2022 and 15.4% in Q2 2021. On the monetary policy front, the National Bank of Romania (NBR) increased its policy rate by 75bps to 5.5%. This is the fifth hike this year and follows the NBR's upwards revised inflation forecast of 13.9% for 2022 earlier this month. In Serbia, annual inflation rate (12.8% in Jul-22) is projected to start declining in Q4 2022, but is not expected to return within the target band before 2024, according to the National Bank's (NBS) August inflation report. Regarding GDP, the NBS forecasts growth of 3.5%–4.5% both in 2022 and in 2023.

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