

# GLOBAL & REGIONAL DAILY

August 31, 2022

## Global markets

Euro area economic sentiment dropped by 1.3 points in August coming in at 97.6, the lowest since February 2021, while consumer confidence rose by 2.1 points to -24.9, though still the second lowest ever. Turning to the US, the Conference Board's index of consumer confidence halted a three-month declining trend and increased to 103.2 in August, mostly supported by the improved expectations sub-index amid slowing inflation and a strong labor market, as the positive July JOLTS report also suggested. Amid increased expectations of an aggressive Fed rate tightening path, risk-off sentiment prevailed today and USTs remained under pressure, with the 2-yr yield hovering around 3.45% earlier today, not far from yesterday's peak near 3.50%, the highest since late 2007 and still above Tuesday's session lows. Focus today is on the US ADP employment report ahead of Friday's US non-farm payrolls survey and EA flash CPI data for August as several ECB officials are sounding more hawkish ahead of the upcoming policy meeting in September.

## Greece

The Economic Sentiment Indicator (ESI), after decreasing for two consecutive months, slightly increased to 101.5 in August from 101.0 in July, contrary to the decreases of the ESI in the EU-27 (-1.0 point to 96.5) and the EA (-1.3 points to 97.6). The increase was driven by an amelioration of expectations in services (+3.7 points), building activity (+2.9 points) and among consumers (+1.1 points), while confidence fell in retail (-7.2 points) and industry (-1.3 points). In other news, according to ELSTAT, the overall industrial producer price index (PPI) decreased for the third consecutive month by 2.0% MoM in July. On an annual basis, PPI increased by 35.6% mainly driven by its two largest components: energy (+61.4% YoY) and intermediate goods (+15.6% YoY).

## CESEE

The Economic Sentiment Indicator (ESI) dropped in most of the CESEE countries in August. More specifically, the indicator deteriorated in Hungary (-6.2 points), Croatia (-3.2 points), the Czech Republic (-2.0 points), Poland (-1.8 points), Romania (-1.0 points), Serbia (-0.9 points) and Bulgaria (-0.7 points). On the same footing, the respective indicator deteriorated in Cyprus (-1.5 points), while in Turkey the index improved by 1.5 points. In other news, in the Czech Republic, the state statistical office revised upwards the Q2-2022 GDP growth forecast to 3.7% YoY, from 3.6% in its recently published flash report. Finally, in yesterday's MPC meeting, the Central Bank of Hungary maintained its hawkish stance by deciding to raise the Key Policy Rate (KPR) by 100bps to 11.75%, in line with market expectations.

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