

# GLOBAL & REGIONAL DAILY

September 7, 2023

## Global markets

The US ISM services PMI rose to 54.5 in August, the highest level since February and up from 52.7 in July, against expectations of a small decline, remaining in expansionary territory for the eighth consecutive month. Most of the components were higher, with employment standing at 54.7, the highest since December 2021, 4.0pts up from the previous month, and new orders marking a 6-month high at 57.5. Moreover, the price paid sub-index rose by 2.1ppts to 58.9, suggesting that inflationary pressures persist. In reaction, UST yields rose, with the 2yr yield rising again above 5.0% for the first time since late August. In FX markets, the USD retained a firm tone with the DXY index close to yesterday's near six-month peak at 105.024.

## Greece

According to ELSTAT's provisional national account data published yesterday, the real GDP growth rate in Q2 2023 increased by 2.7% on an annual basis (vs. 0.6% in the Euro Area), from 2.0% in Q1 2023. On a quarterly basis, the real GDP growth rate was at 1.3% in the second quarter of 2023 from 0.0% in the first. In quarterly terms the former was the 12th nonnegative quarterly reading. Based on the expenditure approach of measuring GDP, the components that led to the acceleration of growth in the 2nd quarter of 2023 were private consumption (3.2% YoY and 0.9% QoQ) and fixed investment (7.9% YoY and 0.3% QoQ). On the other hand, government consumption, changes in inventory and net exports had a negative contribution to growth.

## CESEE

In Poland, the Monetary Policy Council (MPC) cut yesterday the key policy rate, which was unchanged since October 2022, by 75bps to 6.0%, a move that markedly exceeded markets expectation for a 25bps cut. The MPC Chairman Adam Glapinski had previously stated that the council would proceed to a rate cut when inflation fell into single-digit levels with the August print (10.1%YoY) lying very close but not at spot. Thus, the timing and the magnitude of the cut caught markets off guard. In its official statement, the MPC reasoned its decision on the grounds of weaker than previously expected demand pressures and falling inflation expectations that will contribute to a faster return of inflation to the 2.5% target. In other regional news, industrial production in Czechia fell in July for the first time since past February by 2.2%YoY, pointing to further weakening of economic activity in Q3 2023, after the GDP fall in Q2 and Q1, by 0.6%YoY and 0.5%YoY respectively.

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