

# GLOBAL & REGIONAL DAILY

August 8, 2023

## Global markets

EGBs were firmer so far this week, with short-dated paper outperforming, following news on Friday that, from October 1, the Bundesbank will stop paying interest on domestic government deposits, a move that could be followed by other Eurozone national central banks and underlines rising worries at the ECB over the increasing cost of its large balance sheet. Meanwhile, Eurozone inflation expectations continued to rise, with the 5y5y inflation breakeven reaching a 14-year high of 2.67% yesterday. Turning to markets, Asian bourses ended mostly lower today despite Wall Street's gains overnight for the first time since early last week, while the DXY USD index was modestly firmer earlier today, though still remaining within recent ranges, ahead of Thursday's US July CPI inflation data. In terms of yesterday's data releases, Germany's industrial production dropped by a much higher than expected 1.5%MoM in June, marking the second consecutive monthly decline and standing at odds with last week's strong new orders (7.0%MoM).

## Greece

According to ELSTAT's commercial transactions data announced yesterday, merchandise exports in current prices decreased on an annual basis by 24.5% (€1.3bn) in Jun-23, whereas merchandise imports declined by 21.1% (€1.8bn), reflecting mostly the annual drop in oil prices by 34.8% in Jun-23. As a result, the deficit in the trade balance shrunk on an annual basis by 14.9% (€0.5bn) in Jun-23. In the 6-month period from Jan-23 to Jun-23, merchandise exports in current prices stood at €25.8bn, posting an annual decline of 0.9% (€0.2bn), whereas merchandise imports printed a value of €40.7bn, lower by 7.7% (€3.4bn) compared to Jun-22. Given these changes, the deficit in the trade balance shrunk on an annual basis by 17.6% (€3.2bn). Finally, today ELSTAT is scheduled to announce the inflation rate for Jul-23.

## CESEE

Tentative signs of further inflation deceleration in the region, with the July print in Czechia at 17.6%YoY, against 20.1%YoY a month earlier, the slowest pace in the last 11 months. Inflation was practically unchanged on a monthly basis, for the second consecutive month (+0.1%). Among the main consumption groups, the July annual slowdown was mainly driven, also for a second month in a row, by weakening food inflation (-6.2ppts, to 23.1%YoY), with durable goods prices being the second most contributing factor (-2.5ppts, to 3.6%YoY). In other news from the region, the National Bank of Romania (NBR) kept yesterday the key policy rate at 7% for the eighth consecutive month, a decision in line with market expectations. The decision was grounded on milder than expected inflation moderation in June, to 10.25%YoY against 10.64%YoY in May, amid the government decision on energy price capping until 2025. The NBR reconfirmed its inflation outlook, expecting a single-digit CPI growth rate in Q3-2023.

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