

# GLOBAL & REGIONAL DAILY

July 10, 2023

## Global markets

US non-farm payrolls rose by a lower-than-expected 209k in June and the readings of the prior two months were revised down by a cumulative 110k. However, the unemployment rate, after rising from April's 3.4% to 3.7% in May, dipped back to 3.6%, and average hourly earnings increased by 0.4%MoM, with the annual rate rising to a higher than expected 4.4% from 4.3% in May, well above the 3.0% rate that is consistent with the Fed's 2% inflation target. All in all, the US employment report points to a still tight but gradually moderating labor market, with market participants revising lower their expectations for a Fed rate hike beyond July. In a knee-jerk reaction to the non-farm payrolls data, USTs rallied before losing some ground soon after, while Asian bourses ended mostly higher earlier today, but off their session highs after China's weak inflation data. In FX markets, the DXY USD index remained not too far from the post-payrolls low, with the EUR/USD recovering back above 1.0950, ahead of Wednesday's US CPI data for June.

## Greece

The inflation rate based on the HICP eased further in Jun-23 to 2.8% (20-month low), from 4.1% in May-23 and 11.6% in Jun-22, mostly reflecting the decline in energy prices and the subsidies provided by the government. Among the 12 main groups of goods and services that form the overall HICP, the category of food and non-alcoholic beverages recorded the highest increase (12.5%), followed by health (7.8%), household equipment (7.3%), clothing and footwear (5.9%), hotels-cafes-restaurants (5.7%), miscellaneous goods and services (4.0%), recreation and culture (3.3%), education (2.2%) and alcoholic beverages and tobacco (2.1%). In contrast, 3 categories of goods and services posted an annual decrease in their price levels in Jun-23, these were: housing (-12.1%), transport (-5.3%) and communication (-2.7%). Finally, in other data releases, the deficit in the trade balance decreased by 11.0% on an annual basis in May-23 (from €3,304.2mn in May-22 to €2,941.6mn in May-23).

## CESEE

On Friday evening, Standard & Poor's Global Ratings (S&P) confirmed Hungary's sovereign rating at BBB- which is one notch below Fitch and Moody's ratings but with the latter two holding a negative outlook while S&P maintained it stable. Remember that the economy remained in a technical recession following the Q1-2023 quarterly GDP growth print as it came in at -0.3%QoQ from -0.6% and -0.8% in Q4-2022 and Q3-2022 respectively when at the same time inflation abides on deep double-digit grounds for almost a year with the CPI increase moderating to 21.5%YoY in May from 24.0%YoY in the previous month and January's peak of 25.7%YoY. On the calendar front, this week's focus will be on Serbia's central bank meeting on Thursday, where no surprises are anticipated following the unexpected hike of the key policy rate to 6.25% from 6.00% in June's meeting while inflation prints for June are also due for Serbia on Wednesday and Poland on Friday.

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