

# GLOBAL & REGIONAL DAILY

September 11, 2023

## Global markets

Asian equity markets closed mixed overnight while US and European stock futures are little changed, following news over the weekend that deflation pressures are easing in China, as CPI inflation rose by 0.1%YoY compared to -0.3%YoY in July. Meanwhile, UST yields were higher on the day, tracking Japanese government bonds which lost ground amid increased rate tightening expectations after BoJ's Governor Ueda said that the central bank could have enough data by the end of the year to determine whether it can end negative rates. EGBs were also lower today ahead of the ECB policy decision on Thursday, with money-market futures pricing in a near 40% probability of a 25bps rate hike. In FX markets, the JPY gained favored by BoJ Governor's hawkish comments, with the USD/JPY dropping below 146.00 ahead of Wednesday's US CPI. Elsewhere, oil prices remained well supported, while European gas prices were more than 4% higher compared to Friday's settlement after strike action kicked off at two major LNG facilities in Australia.

## Greece

On Friday, September 8<sup>th</sup> 2023, DBRS Morningstar, one of the four External Credit Assessment Institutions (ECAIs) accepted by the Eurosystem, upgraded Greece's rating to BBB (low) with a stable outlook (from BB high), a rating which corresponds to an investment grade. As a result, the Greek Government Bonds after 13 years on a "junk status" returned to an investment grade. On the data front, the annual inflation rate based on the HICP stood at 3.5% in Aug-23, unchanged compared to Jul-23, but much lower relative to Aug-22 (11.2%). The industrial production index posted a monthly increase of 2.2% in Jul-23 (-1.2% in Jun-23), whereas on an annual basis it decreased by 1.8% (-3.6% in Jun-23).

## CESEE

In Bulgaria, mixed signs about GDP growth in Q3 from trends in short-term activity indices for July, after a mild deterioration in Q2, with the annual print at +1.9% from +2.2% in Q1. Specifically, the fall in seasonally adjusted wholesale-retail trade turnover at constant prices weakened for the fourth consecutive month, to 0.4%YoY, albeit below the -3.0%YoY print in June, the smallest decline from June 2022. Seasonally adjusted construction sector production came in lower on an annual basis, at 1.2%, a slower pace relative to June (-1.6%YoY) and May (2.0%YoY). On the contrary, seasonally adjusted industrial output contracted by 11.0%YoY after -9.2%YoY in June, the strongest fall since September 2022. This week's news calendar includes the releases of numerous high-frequency indicators, with those about inflation of high interest, due to their linkage to monetary policy decisions. Czechia will make the start later today, passing the torch to Serbia tomorrow, with Romania following the next day and Slovakia on Thursday.

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