

GLOBAL & REGIONAL DAILY

October 11, 2023

Global markets

USTs extended yesterday's gains, with the 10-yr yield falling by a further 9bps to a multi-session low of 4.56% earlier today, favored by increased geopolitical uncertainty and lower expectations regarding the prospect of further Fed rate hikes after various Fed officials appeared more dovish than anticipated. The implied probability for a 25bps Fed rate hike by year-end has dropped to 30% from c. 50% before Friday's strong non-farm payroll data, while forwards also discount more cumulative rate easing by end-2024, of about 20bps. EGBs also gained, with the 10-yr BTP-Bund yield spread tightening back below 200bps on improved risk sentiment. Meanwhile, the USD lost some ground, as reflected in the DXY index which dropped slightly below 106, pressured by the dovish shift in Fed rate tightening expectations. In other news, according to the updated economic outlook, the IMF projects global GDP growth to slow from 3.5% in 2022 to 3.0% in 2023, as many challenges persist, and policy tightening takes effect across advanced economies.

Greece

The annual inflation rate based on the HICP decelerated to 2.4% in Sep-23, from 3.5% in Aug-23 and 12.1% in Sep-22 (4.4% in Jan-23 to Sep-23). The main groups of goods and services with the highest increases in their price levels were the following: food and non-alcoholic beverages (9.7%), clothing and footwear (6.3%), health (5.7%) and hotels-cafes-restaurants (4.9%). On the contrary, the annual inflation rate in housing, water, electricity, gas and other fuels and in communication was negative at -16.2% and -3.2% respectively. According to the IMF World Economic Outlook (WEO), published yesterday, the annual inflation rate is forecasted to ease to 4.1% and 2.8% in 2023 and 2024 respectively, from 9.3% in 2022. In other data releases, the manufacturing production index increased by 0.2% MoM / 1.5% YoY in Aug-23, from a rise of 0.1% MoM / 0.8% YoY in Jul-23 (4.1% in Jan-23 to Aug-23).

CESEE

In its latest World Economic Outlook (WEO) report, the IMF revised significantly upward its GDP growth projection for emerging – developing Europe in 2023 relative to the previous WEO in April, by 1.2ppts, to 2.4% and slightly downward the figure for 2024, by 0.3ppt, to 2.2%, implying a moderate slowdown in the next year. The upward revision for 2023 is mainly due to projections for stronger economic growth in Russia (2.2%, +1.5ppts) and Turkey (4.0%, +1.3ppts), as well as to a thorough revision of the GDP forecast for Ukraine, by 5.0ppts, to +2.0%. That said growth revisions for 2023 concerning the most significant CESEE countries are not towards the same direction, indicating various, idiosyncratic growth factors. Poland is projected to grow by 0.6% this year, up by 0.3ppt compared to April, and Czechia by 0.2%, against an expected contraction of 0.5% in spring. On the contrary, growth for Hungary was revised downwards, to -0.3% from 0.5% previously expected.

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