

GLOBAL & REGIONAL DAILY

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Global markets

Japanese government bonds remained under pressure earlier today after comments by BoJ Governor Kazuo Ueda in a newspaper interview over the weekend led to a hawkish repricing in interest rate market expectations, pointing to an exit from the extremely accommodative policy at the January 2024 policy meeting and 20bps of rate tightening by April 2024. Japanese bond sell-off has been spread globally, with UST and EGB yields standing close to yesterday's session highs in early European trade, ahead of Wednesday's US CPI and the ECB's policy meeting on Thursday. In FX markets, the USD retained a weak tone against its major currency peers, continuing to trade some way off last week's multi-month high near 147.90 against the JPY at the time of writing, though up from yesterday's multi-session low below 146.00. In other news, in its Summer 2023 Forecast, the European Commission revised lower its Eurozone GDP forecasts for 2023 and 2024, to 0.8% and 1.3% from 1.1% and 1.6% respectively, in the face of persistent headwinds.

Greece

Most services sector industries maintained their upward trend in Q2 2023, shows the latest ELSTAT data. The Travel agency, tour operator reservation services and related activities index increased by a robust 33.5%YoY, followed by the Other professional, scientific and technical activities (+29.2%YoY), and Architectural and engineering activities, technical testing and analysis (+26.2%YoY) indices. On the flip side, the indices for Programming and broadcasting activities (-18%YoY) and Information service activities (-11.6%YoY) posted the largest annual decline rates. According to population and social conditions data released by Eurostat yesterday, 18.7% of the Greek population declared that they faced inability to keep their home adequately warm in 2022, up from 17.5% in 2021 and 17.9% in pre-pandemic 2019. This is the third highest figure in EU27, and more than double the EU27 average (9.3%, from 6.9% in 2021 and 2019). The 12-month average increase in the Energy component of HICP were 41% in Greece and 35.2% in EU27.

CESEE

In Czechia, CPI inflation eased in August for the seventh consecutive month, albeit moderately, to 8.5%YoY, in line with market expectations, from 8.8%YoY in July. The monthly pace remained positive, at 0.2%, against 0.5% in the previous month. The deceleration in core inflation was faster, to a 14-month low of 7.3%YoY from 7.9%YoY. The slowdown in headline disinflation is due to weaker prices deceleration in food and non-alcoholic beverages and furnishings-household equipment, but also to a surge in transport prices. In other regional news, Fitch Ratings affirmed yesterday Romania's BBB- long-term foreign currency issuer default rating, with a stable outlook. The rating was justified based on Romania's EU membership and related capital inflows, while GDP per capita, governance and human development indicators are above 'BBB' category peers. But these performances are balanced against large budget and current account deficits relative to peers, a weak record of fiscal consolidation, high budget rigidities and net external debt.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr. Theodoros Rapanos
Research Economist
trapanos@eurobank.gr

Michail Vassileiadis
Research Economist
mvasileiadis@eurobank.gr

Research Team



Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706



Dr. Dimitrios Exadaktylos
Economic Analyst
v-dexadaktylos@eurobank.gr
+ 30 214 40 63 449



Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 214 40 63 456



Maria Kasola
Research Economist
mkasola@eurobank.gr
+ 30 214 40 63 453



Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 214 40 63 455



Dr. Theodoros Rapanos
Research Economist
trapanos@eurobank.gr
+ 30 214 40 59 711



Symeoni – Eleni Soursou
Junior Economic Analyst
ssoursou@eurobank.gr
+ 30 214 40 65 120



Dr. Theodoros Stamatiou
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708



Michail Vassileiadis
Research Economist
mvassileiadis@eurobank.gr
+ 30 214 40 59 709

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