

# GLOBAL & REGIONAL DAILY

October 13, 2023

## Global markets

The US headline CPI rose more than expected in September by 0.4%MoM after a 0.6%MoM increase in August, with the core CPI rising by 0.3%MoM after another 0.3%MoM rise in the prior month and core services CPI being up by 0.6%MoM from 0.4%MoM in August, feeding on expectations that the Fed may raise interest rates again this year. The markets are currently pricing in the chance of a hike by the December FOMC meeting to around 33%, up from around 28% on Wednesday. In reaction to the strong US CPI data, sovereign bond yields rose on both sides of the Atlantic, with the 10yr UST yield standing at 4.65% and the 10yr Bund yield standing at 2.75% earlier today, both above Wednesday's close at 4.60% and 2.72% respectively. In the FX markets, the USD gained against its major currency peers, with the DXY index standing at 106.32 earlier today, up from Wednesday's close at 105.82.

## Greece

Bank of Greece Governor Yannis Stournaras indicated a growth rate “very close” to 3% in 2023 in a Reuters interview yesterday, affirming both the government's estimate earlier this month, and the central bank's June forecast. He also projected robust GDP growth rates between 2.5% and 3% in the medium term – on the back of the strong foreign capital inflows expected in the following years– adding to the downward momentum of public debt-to-GDP ratio. Although wars have usually stagflationary effects, Governor Stournaras said that the impact of the renewed Israel– Hamas conflict will depend on whether it is contained locally. On the data front, commercial air traffic in Greece seems to have recovered from the shock of the pandemic, recording the largest growth rate in EU27 in the first nine months of 2023 compared to the corresponding period in 2019 (+7.5%); the EU27 average was -11.7%, with all but four countries posting negative changes, according to data published yesterday by Eurostat.

## CESEE

In Serbia, inflation eased from 11.5%YoY in August to 10.2%YoY in September, faring better than market expectations, which implied inflation coming in at 10.7%YoY. The monthly print stood at 0.3%, in line with those of the last couple of months. Key downward drivers were energy and food prices with food prices increase easing from 17.2%YoY in August to 14.7%YoY in September and similar was the course of energy prices, which rose by 12%YoY, posting the weakest increase in 14 months. Along this progress of gradual disinflation at play since March, the Central Bank of Serbia decided to hold fire in previous week's MPC and keep the key policy rate unchanged at 6.5%. Note that the country will hold snap elections on December 17, as confirmed yesterday by President Aleksandar Vucic. Later today, inflation for September is due for Poland, which is also holding parliamentary elections this Sunday.

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