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Global markets

The disinflation process continues in the US economy, as suggested by yesterday's weaker than expected PPI data. Coming on the heels of softer than anticipated CPI inflation data earlier this week, the headline PPI rose by a lower than expected 0.1%MoM in June, while the annual rate rose by 0.1%, the smallest increase since August 2020. The core PPI also came in softer than anticipated rising by just 0.1%MoM and bringing the annual rate down from May's 2.6% to 2.4%, the slowest pace since January 2021. In reaction, USTs continued to rally with yields dropping to fresh multi-week session lows, but the downward momentum came to a halt after US initial jobless claims data showed a larger-than-expected decline to 237k in the week ended July 8. Equity markets gained further across the globe, oil prices continued to rise with Brent crude moving above $81/bbl for the first time since April, while the USD's recent hefty losses extended further, with the DXY index dropping below 100 for the first time since April 2022.

Greece

According to the Bank of Greece (BoG), the capacity utilization rate in industry increased to 74.0% in Jun-23, from 72.7% in May-23, remaining, however, lower by 4.4 ppts compared to Jun-22. In the 3-month period from Apr-23 to Jun-23, the capacity utilization rate in industry posted an average value of 73.4%, lower compared to Q1 2023 (74.2%) and Q2 2022 (77.1%). In the same period, the Economic Sentiment Indicator (ESI) improved to 109.0, from 106.9 in Q1 2023 and 105.1 in Q2 2022, whereas the PMI manufacturing index recorded a marginal increase to 51.9 in Q2 2023, from 51.2 in Q1 2023. In other news, according to the press, Governor Mr. Yannis Stournaras, said on an interview that regaining the investment grade will lead to an increase in foreign direct investment. Finally, he stressed that one of the main challenges for Greece is to converge to the EU-27 average in terms of real GDP per capita without creating fiscal-external imbalances.

CESEE

The National Bank of Serbia (NBS) Executive Board surprised markets yesterday by proceeding to the sixth key rate increase so far this year, by another 25bps, to 6.50%. The new rise brought the cumulative policy rate increase since the start of the current tightening cycle in April 2022 to 550bps. In its decision rationale, the Board said that monetary tightening is still needed to ensure that inflation moves on a sustainable downward path and returns within the target band in the projection horizon. The Board also signaled a further moderate tightening in the months ahead, as it assessed that global inflation is more resilient than expected and that uncertainty regarding the duration of the conflict in Ukraine and the availability of energy resources remains elevated. In other news from the region, CPI inflation in Czechia eased further in June, to 9.7%YoY from 11.1%YoY in May, the slowest pace since January 2022 and in line with market expectations.

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