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Global markets

Most European government bond yields were trading higher compared to Friday's settlement earlier today on better-than-expected preliminary September Euro area PMIs, as the composite PMI unexpectedly improved a bit, coming in at 47.1 from August's 46.7. Turning to the periphery markets, Italian BTPs underperformed, with the 10-yr BTP-Bund yield spread continuing to widen to 195bps earlier today, its widest since May, after a media report suggested that Italy's 2023 budget deficit would be around 5.5% of GDP, above the 4.5% target. USTs were also weaker following a fresh string of hawkish comments by a number of FOMC officials, while the USD retained a firm tone, as investors continue to digest the Fed's hawkish pause last week. The EUR/USD, though continued to hold above 1.06, while the JPY underperformed its G10 currency peers, with the USD/JPY marking a fresh year-to-date high near 148.50, as the BoJ kept its policy stance unchanged on Friday, and Governor Kazuo Ueda retained a dovish bias during the press conference.

Greece

According to Eurostat, weekly hours of work in Greece are higher relative to the EU-27 average, whereas the respective compensation stands lower. More specifically, in 2022 Greeks worked the longest weekly hours in the EU-27 (41.0 vs 37.5 hours in the EU-27), followed by Poland (40.4), Romania and Bulgaria (40.2 both). On the contrary, the shortest weekly hours of work were recorded in the Netherlands (33.2), followed by Germany (35.3) and Denmark (35.4). As far as Greece is concerned, the aforementioned results reflect the relatively low level of labour productivity due to a negative rate of net investment for many years and the drop in TFP (total factor productivity) during the debt crisis.

CESEE

Moody's rating agency decided on Friday not to update Poland's sovereign credit rating despite having scheduled a rating review on the said date, leaving the country's long-term foreign-currency rating at A2 with a stable outlook. It is the second deferral on the credit update for Poland by Moody's that also skipped the prior review in late March. The postponement is most probably grounded on the uncertainty the fiscal outlook for 2024 emits as the state budget for the next year envisages a 4.4% of GDP fiscal deficit, well above the projected 2.7% for 2023. Furthermore, parliamentary elections scheduled for October 15 pave the way for delaying the review, with the next scheduled date in March 2024 providing with substantial time and data so as for the agency to proceed with the review. In Hungary, the economic sentiment index fell by 2pts to -16.7pts in September, based on the independent economic researcher GKI. Additional soft data for the entire region are due on Friday when ESI for September will be published.

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