

GLOBAL & REGIONAL DAILY

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Global markets

During the Jackson Hole conference on Friday, Fed Chair Power mentioned that they will “proceed carefully” and they are “prepared to raise rates further if appropriate”. Moreover, he added that “additional evidence of persistently above trend growth could put further progress on inflation at risk and could warrant further tightening”. In reaction, short-dated USTs came under pressure and the US dollar rose further, with the DXY USD index rising to 104.4 on Friday for the first time since early June, before retreating modestly to 104.0 earlier today. Markets are currently pricing in an 80.5% chance of steady interest rates at the September policy’s meeting, but around 60% chance of a 25bps hike in November. With the Fed Chair highlighting the importance of the upcoming US economic data, this week’s focus turns to the July PCE inflation (Thursday) and the August payrolls report (Friday). In the Eurozone, a key data release will be the flash CPI for August (Thursday).

Greece

According to the Jan-23 to Jul-23 final State Budget Execution data, the overall fiscal balance posted a deficit of €1.44bn, improved by 38.1% compared to the respective 2023 Budget monthly target. The primary fiscal balance recorded a surplus of €3.56bn, improved by €1.83bn (-94.4%) compared to the target. State budget revenue amounted to €37.15bn (58.1% of the annual budget target), registering a decrease of €0.54bn (-1.4%) relative to the target due to the non-collection of €1.5bn and 1.72bn from the Egnatia motorway concession and from the Recovery and Resilience Fund. Tax revenue (TR) increased by €2.25bn (7.2%) with income tax (30% of TR) and VAT on other goods and services (34.9% of TR) revenue increasing by 8.9% and 6.5% compared to their targets. State budget expenditure amounted to €38.58bn (53.7% of their annual target), decreased by €1.42bn (-3.6%) compared to target.

CESEE

The Ministry of Finance in Serbia has scheduled to offer RSD5.1bn dinars in twelve-year treasury bonds at an auction on September 5 in a reopening of an existing issue. The securities carry a coupon of 4.50% paid semi-annually and mature on August 20, 2032. The bonds were first auctioned on February 18, 2020, when the government sold titles worth RSD19.3bn. The week’s calendar is broadly loaded with the Q2GDP breakdown in all CEE3 countries, following the flash estimates released gradually from mid-August onwards with all annual prints landing again in negative grounds. Focus will also turn to the meeting of the Hungarian central bank which convenes tomorrow. The week will resume with CEE3 PMIs on Friday, along with Moody’s credit rating revision for Hungary.

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