

GLOBAL & REGIONAL DAILY

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Global markets

According to the July JOLTS report, the US labor market, though still tight, continued to loosen, reinforcing expectations that the Fed's tightening cycle may have come to an end, with the implied chance of another rate hike by the November policy meeting dropping close to 50% from around 70% earlier this week. The number of job openings fell by 3.7% to 8.827mn, the lowest level since March 2021, the ratio of vacancies to unemployment took another leg lower to 1.51, the lowest since September 2021, while the number of quits moved back to pre-pandemic levels. In addition, the Conference Board's index of consumer confidence fell by a higher than expected 7.9pts to 106.1 in August, while, in another sign of labor market cooling, the labor market differential (jobs plentiful less hard to get) dropped by 6.2pts to 26.2%, the lowest level since April 2021. Against this backdrop, USTs rallied, risk-on sentiment improved, and the DXY USD index dropped further below last week's fresh highs ahead of today's ADP employment report.

Greece

Retail sales in Q2 2023 amounted to €16.9bn in current prices, up by 7.0%YoY (+€1.1bn) and by 13.6%QoQ (+€2.0bn, non-seasonally adjusted), according to ELSTAT. Retail Volume Index data is to be released tomorrow, however given that the Harmonized Index of Consumer Prices increased on average by 3.8%YoY in the same period, the above reading suggests that the real economic activity may have remained in expansionary territory in Q2 2023. Retail sales of second-hand goods in stores and Sales of cars and light motor vehicles were the two activities posting the largest annual growth rates, at 49.7% and 23.3% respectively. Despite the Wholesale Turnover Index decreasing by 1.7%YoY during the same period, the Wholesale Volume Index posted a robust increase of 13.6%YoY and 3.6%QoQ (seasonally adjusted), providing yet another positive signal regarding the GDP in Q2 2023.

CESEE

The Monetary Policy Committee (MPC) of the National Bank of Hungary (NBH) kept yesterday the key policy rate unchanged at 13.0% and reduced the one-day deposit rate by further 100bps to 14.0%, broadly in line with market expectations. The overnight collateralised lending rate was also cut by 100bps to 16.5%, resulting in further narrowing of the interest rate corridor. With the latest CPI print at 17.6%YoY in July from 20.1%YoY in June, the MPC cited that domestic real interest rates will soon move to positive territory on the back of the current disinflation process. The committee, also, highlighted the acceleration of the disinflation in July and how this supports the return to price stability, adding that inflation expectations of both households and companies moderated during the same month.

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