

# GLOBAL & REGIONAL DAILY

October 2, 2023

## Global markets

USTs kicked off the week on a weaker tone following news that the US averted a government shutdown just before the deadline on Saturday night, giving back almost fully Friday's gains recorded after positive inflation-related news. The headline PCE price index rose by a lower than expected 0.4%MoM in August, taking the annual rate at 3.5% from July's 3.4%. Core PCE also advanced less than anticipated on a monthly basis, up by 0.1%MoM, while in year-on-year terms, the Fed's preferred gauge of inflation came in at 3.9%, the lowest since May 2021. Eurozone CPI inflation data also surprised to the downside, especially core which fell sharply to 4.5%YoY in September from August's 5.3%YoY, mainly on the back of lower services prices that were primarily driven by last year's expiry of the 9-Euro transport ticket in Germany. Meanwhile, the USD retained a firm tone, as reflected in the DXY index which continued to consolidate above 106 in early European trade, ahead of the US manufacturing ISM later today and Friday's payrolls data.

## Greece

The retail trade volume index, a statistic that depicts the level of retail sales at constant prices, after re-treating by 3.9% MoM in Jun-23, rebounded in Jul-23, recording a growth rate of 3.5% MoM. On an annual basis it dropped by 3.7% (+2.9% YoY in current prices), from a decrease of 7.0% in Jun-23 (-0.8% YoY in current prices). This result came from the specialized store categories of supermarkets (-5.7% YoY) and pharmaceutical products and cosmetics (-3.2% YoY). On the contrary, the remaining 8 specialized store categories posted an annual increase in their retail trade volume index, with the highest growth rates recorded in department stores (+14.7% YoY) and in furniture, electrical and household equipment (+12.2% YoY). In other news, today the 2024 Draft Budget will be submitted to the Parliament.

## CESEE

In Poland, CPI inflation slowdown accelerated in September, with the headline print below 10%YoY for the first time since March 2022, to 8.2%YoY, against 10.1%YoY in August and 10.8%YoY in July. The fall in core inflation was less pronounced, to 8.8%YoY after 10%YoY in August. On a monthly basis, the headline index fell by 0.4%, while it was unchanged a month ago. The yearly deceleration came mainly from utility prices (to 9.9%YoY against 13.9%YoY) and food – non-alcoholic beverages (to 10.3%YoY from 12.7%YoY). In Czechia, GDP decline in Q2 2023 was revised slightly upwards, to -0.6%YoY from -0.4%YoY. On a quarterly basis, economic activity is now seen as stagnating, compared to a 0.1% increase previously reported. The revision is mostly related to a more overt decline of inventories, as well as a slightly lower contribution of net exports, primarily due to weaker export growth than earlier estimated. The week's calendar opens with PMI releases in Czechia, Hungary, Poland and includes central bank meetings in Poland, Romania, Serbia.

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