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Global markets

Sovereign bond yields retreated yesterday on both sides of the Atlantic after the release of the US ADP employment report, which showed that the private sector added 89k jobs in September, the slowest pace of growth since January 2021 and well below market expectations, down from an upwardly revised 180k figure in August. Weak data releases on services ISM may also had an impact, as the headline index fell from to 53.6 in September from 54.5 in August, with the new orders subcomponent falling to its lowest so far this year (51.8 from 57.5 in August). As a result, 10yr UST yields stood at 4.73%, and 10yr Bund yields at 2.94% earlier today, both down from yesterday's multi-year highs at 4.88% and 3.02% respectively. The DXY index stood at 106.8 earlier today, down from Tuesday's 11-month high at 107.3. Meanwhile, oil prices fell sharply yesterday amid concerns about the global growth outlook, but they ticked up marginally earlier today, on news that the OPEC+ ministerial panel will maintain output cuts.

Greece

According to S&P Global, the PMI manufacturing index receded to 50.3 in Sep-23 (43.4 in the Euro Area), from 52.9 in Aug-23 (43.5 in the Euro Area), recording its lowest value since the start of the year. Nevertheless, it remained above the boom-bust 50 threshold for the 8th month in a row. Based on the S&P's press report, the decrease of the PMI index reflects a weaking external and domestic demand, with the latter affected by the severe weather conditions in Sep-23. In other soft data releases, the Economic Sentiment Indicator (EC and IOBE) decreased to 108.0 in Sep-23 (long-term average at 100), from 111.2 in Aug-23, posting its lowest value since May-23. Regarding the performance of its five sub-indices, the highest decreases were recorded in consumers (7-month low) and in construction (8-month low).

CESEE

In Poland, the Monetary Policy Council (MPC) proceeded yesterday to the second straight key rate cut, by 25bps, to 5.75%, following the 75bps cut in September. The last cut is in line with market expectations, as the CPI inflation decelerated significantly in September, to 8.2%YoY from 10.1%YoY in August. On the other hand, the September cut triggered a sharp zloty (PLN) selloff (-3.5% against the EUR in one week, to PLN/EUR = 0.2147 in 12/9), which suggested that the next steps in relaxing monetary tightening should be milder. The MPC reasoned its decision on the basis of weak demand and cost pressures in the Polish economy according to the latest incoming data, as well as reduced inflation pressures from the global economy. In other news from the region, in the context of its Article IV mission, the IMF revised slightly downwards its GDP growth forecast for Romania in 2023, to 2.25% from 2.4%, on the basis of a steeper-than-expected negative impact of the energy inflation and indirect effects of the war in Ukraine on economic activity.

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