

GLOBAL & REGIONAL DAILY

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Global markets

According to the US non-farm payrolls report released on Friday, the economy generated 187k new jobs in July, less than the market consensus estimate of 200k, but up slightly after a downward revised gain of 185k in the prior month, while average hours worked fell by 0.1 hours to 34.3. On the flipside, the unemployment rate edged down by 0.1pts to 3.5%, close to its 50-year low of 3.4%, thanks to a strong 268k rise in household employment, and average hourly earnings rose by a higher-than-anticipated 0.4%MoM, keeping the annual rate unchanged at 4.4% against expectations for a modest decline and still above the 3-3.5% range that several Fed officials argue that is consistent with the 2% inflation target. In reaction to the mixed employment report, USTs rallied across the curve before they reverse some of Friday's gains earlier today ahead of this week's larger than expected Treasury quarterly refunding of \$103bn, while the USD lost some ground, with the DXY index though still remaining within recent ranges.

Greece

Last Friday (4/8/2023), the European credit rating agency Scope Ratings upgraded Greece to investment grade. The long-term credit rating was set at BBB-, whereas the outlook changed to stable. The main factors that lie behind Scope's decision are the following: first, the EU support on the fiscal and monetary front, second, the projected downward trajectory of debt-to-GDP ratio and third, the implementation of structural reforms in the banking sector. As is the case with the Japanese agency R&I, which was the first agency to give Greece an investment grade last Monday (31/7/2023), Scope Ratings is not among the 4 External Credit Assessment Institutions (ECAIs) accepted by the Eurosystem. Greece's next assessment is on September 8th 2023 by DBRS, which currently rates Greece one notch below investment grade. Finally, today ELSTAT is scheduled to announce the Jun-23 commercial transactions.

CESEE

Weakening downward trends in indicators of short-term economic activity in regional economies, ahead of the Q2-2023 flash GDP releases. In Hungary, seasonally adjusted retail trade volume declined by 11.4%YoY in June, however this was the less intense fall of the last five months. Given the June print, average retail trade volume in Q2-2023 stood at -15.3%YoY against -11.6%YoY in the previous quarter. The pace of fall slowed in June also in seasonally adjusted industrial production, to 4.9%YoY against 8.7%YoY a month ago, with the latest decline also being the most moderate of the last five months. Accordingly, industrial production shrunk on average by 7.9%YoY in Q2-2023, faster than in the previous quarter (-4.3%YoY). In Czechia, seasonally adjusted retail trade volume was down by 4.8%YoY in June, the smallest fall in at least the last 12 months, bringing the average decline in Q2-2023 to 6.4%YoY, slightly below its Q1 rate (-7.6%YoY). This week, the July inflation numbers for many CEE countries will be in the spotlight.

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