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Global markets

US initial jobless claims for the week ending September 2 unexpectedly fell by 13k to 216k, marking the fourth straight weekly decline and the lowest level since February. Continuing claims for the week ending August 26 declined to 1.679mn from 1.719mn in the prior week. Furthermore, the QoQ annualized growth in nonfarm payroll productivity for Q2 was revised downwards by 0.2ppts to 3.5%, though still higher than expected. In reaction, UST yields initially rose, with the 2yr yield peaking at 5.035%, close to Wednesday's multi-day high, but the trend was reversed later in the day following data from the Eurozone showing that Q2 GDP was revised lower by 0.2ppts to 0.1%QoQ, largely due to Ireland. Comments by the New York Fed President John Williams that "inflation is in the right direction" and US monetary policy is "in good place", also had an impact.

Greece

Greece posted the highest annual and the third highest quarterly GDP growth rate in the EU27 in Q2 2023 (+2.7% and +1.3% respectively), according to the Euro indicator release published yesterday by Eurostat (EA20 average: +0.5%YoY, +0.1%QoQ). Employment grew by 1.2%YoY and 0.6%QoQ, versus EA averages of 1.3%YoY and 0.2%QoQ respectively. In other data releases, the total value of merchandise exports in Jul-23 declined by 14.5%YoY, and that of merchandise imports by 17%YoY according to ELSTAT. In the period from Jan-23 to Jul-23, merchandise exports and imports decreased by 3.0% and 9.1%YoY respectively. As a result, the trade balance deficit narrowed to €17.31bn from €21.1bn in the corresponding period of 2022, recording an annual drop of 18.2%. These sharp declines were largely driven by the fall in oil prices in H1 2023; excluding petroleum products, merchandise exports and imports in the first seven months of 2023 retreated by 5.6%YoY and 3.9%YoY respectively, with the trade deficit decreasing by 9.7%YoY.

CESEE

On the flipside with the Polish Central Bank on Wednesday which caught markets off guard with the 75bps hike vs the anticipated of 25bps, the Central Bank of Serbia decided yesterday to leave its key policy rate unchanged at 6.5% for the second consecutive month. The decision was broadly back by the downward course of inflation since April which landed to 12.5%YoY in July, having peaked at 16.1%YoY in March, and the Q2 GDP print which came in at 1.7%YoY from 0.9%YoY in Q1 and which translates to a 1.3%YoY growth rate in H1, ranking among the highest growth performances in the region. Elsewhere, in Bulgaria the final Q2 GDP data released yesterday confirmed the former flash estimate of a 1.8%YoY growth rate, after a 2.1%YoY print in Q1, bringing the H1 growth at 2%YoY.

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