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Global markets

USTs retained a positive tone, with yields moving further lower earlier today, on the back of heightened geopolitical tensions in the Middle East. Against this backdrop, yesterday's slightly higher than expected US September PPI data and San Francisco Fed President Mary C. Daly's remarks over the possibility of a new neutral rate between 2.5-3.0%, were finally shrugged-off by market participants. EGBs were also firmer today, while BTPs were consolidating their recent tightening, with the 10-yr BTP/Bund spread remaining below 200bps. Favored by a further decline in sovereign bond yields and the minutes from the September FOMC policy meeting which showed a growing sense of uncertainty about the path of the US economy, risk-on sentiment prevailed in the Asian trading earlier today. Meanwhile, ahead of today's US September CPI data, the USD extended its recent losses pressured by reduced expectations of a final 25bps Fed rate hike by year-end, while the CHF outperformed as geopolitical uncertainty favors its safe-haven appeal.

Greece

According to the IMF Fiscal Monitor, released yesterday, the primary balance of the general government is estimated at a surplus of 1.0% of GDP, marginally lower compared the government's target (1.1% of GDP). In 2024-2025 and in 2026-2028, the primary balance surplus is expected to increase to 2.0% and 2.2% of GDP respectively, estimates which stand higher relative to the respective IMF projections in Apr-23. Regarding the real GDP growth rate, the IMF (World Economic Outlook) projects a decelerating path of growth, from 2.5% in 2023 to 1.1% in 2028 (average at 1.6%). On this path of growth Greece would need more than 10 years in order to return to the pre-debt crisis real GDP level (€239.7bn in 2007, €192.1bn in 2022). On the data front, the issuing of motor vehicle licenses (both new and used from abroad road motor cars) in Sep-23 registered an annual increase of 21.6%, from 2.2% in Sep-22.

CESEE

Going through a busy week in terms of economic data releases, a set of September inflation data has been released with rest on the cue up to tomorrow. So far, inflation in Romania eased further to 8.83% YoY in September from 9.43% YoY in August with the monthly print, however, slightly picking up to 0.79% from 0.54% in the previous month. In Czechia, inflation eased to 6.9% YoY in September from 8.5% YoY in August, coming in below market at 7.5%YoY and the central bank's at 7.2%YoY expectations. Consumer prices also decreased by 0.7%MoM in September, against a mild 0.2%MoM increase that markets foresaw. In Hungary, the country that continues to post double digit inflation readings, CPI moderated to 12.2%YoY from August's 16.4%YoY. Later in the day, Serbia's print is due, with the S&P affirming on Friday the country's BB+/B long- and short-term sovereign credit ratings (one notch below investment grade) and keeping the outlook stable. Tomorrow Poland's reading is out with the country heading to parliamentary elections on Sunday.

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