

GLOBAL & REGIONAL DAILY

September 14, 2023

Global markets

US headline CPI rose by 0.6%MoM in August compared to 0.2%MoM in July mainly on the back of higher energy prices, taking the annual rate at 3.7% from 3.2%, almost in line with market expectations. However, core CPI rose by a higher than expected 0.3%MoM driven by a modest increase in core services inflation and an upside surprise in core goods inflation, with the annual rate though, decelerating to 4.3% from July's 4.7%, suggesting that disinflation is proceeding, but more gradually than the US CPI data had likely indicated a couple of months ago. That said, the release of the data did not alter near-term Fed rate tightening expectations, with futures continuing to assign a 47% chance of another 25bps rate hike by the end of the year. Meanwhile, all eyes are on the ECB's monetary policy meeting today, with market pricing currently pointing to a 64% probability of a 25bps rate hike. Awaiting the ECB's policy announcement (due at 14:15 CET), EGBs were modestly firmer earlier today, while the EUR/USD continued to consolidate around 1.0740.

Greece

According to ELSTAT, Thessaly, the region of Greece which suffered the most by storm Daniel, directly contributed the 5.2% of the total gross valued added produced in the country in 2020 (2000-2020 AVG at 5.1%). The regional unit of Larissa -the capital of Thessaly- contributed the 2.3% of total GVA (2000-2020 AVG at 2.2%), followed by Magnisia (including the regional unit of Sporades) with 1.4% (2000-2020 AVG at 1.5%), Trikala with 0.8% (2000-2020 AVG at 0.8%) and Karditsa with 0.7% (2000-2020 AVG at 0.6%). Moreover, Thessaly directly contributed the 14.1% of the total GVA in the sector of Agriculture, forestry and fishing produced in the country in 2020 (2000-2020 AVG at 13.3%), followed by 7.1% in manufacturing and 7.0% in public administration and defence, compulsory social security, education, human health and social work activities.

CESEE

In Romania, the annual CPI inflation for August remained broadly unchanged from July, at 9.4%YoY, exceeding market expectations for a 9.15%YoY print. This is the second case so far of flattening inflation in the region after Czechia. On a monthly basis, CPI growth accelerated to 0.55% against 0.15% a month ago. Inflation stagnation came from a surprising surge in pharmaceuticals prices (+15.1%YoY), on top of resilient prices in tourism services (+12.6%YoY). Regarding recent economic activity trends in the country, seasonally adjusted industrial output weakened in July by 5.3%YoY, a fall same as in June (-5.4%YoY), with the contraction in the sector hovering at these levels since the beginning of the year, excluding March (-3.1%YoY). In Hungary, industrial output decline eased in July to -3.6%YoY against -5.1%YoY a month earlier. However, also in this country industrial output fall is hovering at these levels during 2023, thus it is unclear whether the July print indicates fading pressures to the downside.

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