ISSN: 2241-4851

Eurobank Research

EUROBANK

# GLOBAL & REGIONAL DAILY

September 15, 2023

**Global markets**

The ECB decided to raise its key policy rates by another 25bps yesterday, taking the deposit rate to 4.00%, as inflation is still expected to remain "too high for too long." The Governing Council reiterated its data dependency for future rate decision, but critically signaled that the tightening cycle has likely come to an end, with the official statement reading that interest rates "have reached levels that, maintained for a sufficiently long duration, will make a substantial contribution to the timely return of inflation to the target". In reaction, EGBs rallied before giving part of their post-ECB gains earlier today, and risk-on sentiment improved. In FX markets, the EUR weakened broadly, breaking decisively below 1.07 against the USD to a new multi-month low of 1.0629, also pressured by ECB's lower GDP growth projections for the three-year horizon. Against this backdrop, President Lagarde's comments at the post-meeting press conference that rates may not have reached a peak yet, failed to provide the common currency with any concrete support.

**Greece**

According to the Bank of Greece (BoG), the total index of apartment prices rose on an annual basis for the 22nd quarter in a row in Q2 2023. More specifically, it posted a growth rate of 14.0% YoY, from 15.0% YoY in Q1 2023 and 10.9% YoY in Q2 2022. Increasing demand, especially by non-residents (foreign direct investments), and supply constraints due to the drop in residential investment following the eve of the debt crisis, explain to some extent the ongoing rise in the apartment prices. Relative to its trough in Q3 2017, the said index has increased by 53.9%, nevertheless it is still lower by 11.4% compared to its peak in Q3 2008. In other data releases, according to the ELSTAT quarterly labour force survey, the unemployment rate (non-seasonally adjusted) receded to 11.2% in Q2 2023, from 12.4% in Q2 2022, and employment growth accelerated to 1.7% YoY, from 1.3% YoY.

**CESEE**

The week concludes today with the detailed CPI prints in Poland and Croatia, following the recent spree of August's inflation readings in Czechia, Serbia and Slovakia which all pointed to a continuance of deflation. Sort of an exception in the said landscape is considered the case of Romania, as outlined yesterday, with the monthly print spiking by a tad and the annual remaining flat with Croatia following suit. The inflationary trend between Croatia and Poland is divergent based on the available flash print for August, with CPI in the first surging to 7.8%YoY from 7.3%YoY in July and CPI in the latter slowing down to 10.1%YoY from 10.8%YoY. Concluding with some market developments, yesterday, in Romania treasury bills of 623mn lei (EUR125.4mn) worth and maturing on March 27, 2024 were sold with the issued amount surpassing at large the 300mn lei target. The average yield at the auction came in at 6.21%, while demand totaled to 968.8mn lei.

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