

# GLOBAL & REGIONAL DAILY

September 20, 2023

## Global markets

Waiting for the outcome of the FOMC policy meeting (interest rate announcement at 20:00 CET and press conference at 20:30 CET), USTs remained under pressure. Investors expect the target range for the federal funds rate to remain unchanged at 5.25-5.50%, but also position for a hawkish bias that will likely be reflected in both the official statement and the rate dot, continuing to point to another 25bp hike by the end of the year, as inflation remains well above the 2% target and personal consumption continues to show surprising resilience. Meanwhile, oil prices are still elevated, with Brent crude rising above \$97/bbl yesterday for the first time since November, before dropping to levels around \$93.40/bbl earlier today, though still standing more than 30% higher compared to June lows, fueling concerns that the disinflation process may slow down, likely forcing major CBs to keep rates high for longer. Elsewhere, Asian bourses ended slightly lower, and the DXY USD index was little changed on the day, remaining not far from recent highs.

## Greece

Following the Prime minister Kyriakos Mitsotakis' state-of-the-economy speech last Saturday, Minister of Finance Kostis Hatzidakis presented yesterday the government's €2.5bn plan (€0.4bn in 2023 and €1.1bn in 2024) that focuses on four axes: reinforcing banking and credit, fighting tax evasion, supporting household incomes, and boosting resilience against natural disasters. In the aftermath of the wildfires in Evros and the floods in Thessaly, the government will submit to the parliament a supplementary budget of €600mn for FY2023 (increasing the regular budget by €150mn and the Public Investment Budget by €450mn) and will undertake climate change-related infrastructure projects of ca €2.2bn. Other measures include reforms to facilitate digital transactions and enhance financial transparency, further digitization of the tax administration, changes in the minimum wages and pensions systems, and a range of welfare subsidies and tax breaks.

## CESEE

In Bulgaria, the current account (CA) balance posted a EUR636.9mn surplus in July which was slightly lower compared to June's record high surplus but still improved by EUR283.4mn compared to the same month of the previous year. The CA turned to a surplus of 0.2% of GDP on a twelve-month rolling basis for the first time since October 2020 with the improvement of the annual print mostly attributed to a sizable increase in the net services surplus, coming from increased gross revenues from tourism and other services in July. The net inflow of foreign direct investment (FDI) into the country jumped close to EUR2.06bn in January-July from EUR1.55bn in the respective period of 2022, translated to 2.2% of GDP for 2023 from 1.8% in 2022 and marking a 22%YoY increase. In other news, S&P revised the outlook on Croatia's BBB+ sovereign rating to positive from stable on the back of the country's recent euro area accession which provides key policy anchors that strengthen the economic resilience and growth potential.

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