

GLOBAL & REGIONAL DAILY

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Global markets

US inflation continues to surprise to the upside, with the headline rising by 1.3%MoM in June, the highest since September 2005, and taking the annual rate to a new multi-decade high of 9.1% mainly due to a hefty increase in energy and food prices. Core CPI also rose by a higher than anticipated 0.7%MoM, moving the annual rate to a still elevated 5.9% from 6.0% in May. In a knee-jerk reaction to stronger than expected US June inflation data that support market expectations for further aggressive Fed rate tightening ahead, the USD strengthened, with the EUR/USD dropping below parity for the first time since late 2002 and hitting an intraday low of 0.9997 before gaining some ground thereafter, hovering around 1.0015/20 in early European trade today. Elsewhere, UST yields rose, especially at the short-end of the curve, with the 2/10-yr spread inverting further and trading at around -26bps at the time of writing, the lowest level since 2000.

Greece

According to the latest Athens International Airport passenger traffic data, in June, the airport's passenger traffic rose by 1.3% MoM, marking a second consecutive month of growth. On privatisations, the HRADF launched last week an international tender for the development of the property in the former construction site of the Rio-Antirrio connection project, which is suitable for the development of a supply chain/logistics park, combined with the utilization of the nearby sea front, the creation of a technology park or even the development of tourism infrastructure. In other news, according to ELSTAT, the overall industrial producer price index (PPI) decreased by 2.9% MoM in May, halting an eight-month rising streak. On an annual basis, PPI increased by 43.0% mainly driven by its two largest components: energy (+78.2% YoY) and intermediate goods (+15.4% YoY). The average Overall Index for the twelve-month period from June 2021 to May 2022 increased by 28.7%YoY.

CESEE

The Serbian Ministry of Finance raised on Tuesday RSD1.3bn in 2-year bonds, which were first offered on January 18, 2022. The initial scope of the auction was RSD4bn and investors' bids met the initial target. The notes bear a 5.875% coupon and were sold at an average yield of 4.1%, which is higher from the yield of 3.6% achieved at the identical auction held on June 7, 2022. In other news, the Central Bank of Hungary (MNB) decided to proceed with a more aggressive monetary tightening, raising the Key Policy Rate (KPR) by 200bps to 9.75%, compared to previous rate hikes of 185bps in June and 50bps in May. The hike was decided at a non-monetary meeting and equalised the policy rate and the one-week deposit rate after the 200bps deposit rate hike last week, which aimed to contain the persistent depreciation pressure on the forint.

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