

GLOBAL & REGIONAL DAILY

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Global markets

All eyes this week are on the two-day FOMC policy meeting which concludes on Wednesday, with investors pricing-in fully a 75bps rate hike, while Friday's latest survey on inflation expectations conducted by the University of Michigan — released a couple of days after the weaker than expected August PPI data — has reduced the probability of an even larger 100bps move. In detail, according to preliminary results for August, the median one-year ahead inflation expectation declined from 4.8% in July to 4.6% and the median five-year-ahead inflation expectation dropped by 0.1ppts to 2.8%YoY. Market focus will also be on Fed Chair Jerome Powell's press conference and the updated economic projections which are anticipated to show a higher projected terminal fed funds rate amidst higher inflation and lower growth. Turning to markets, risk-off sentiment prevailed, as indicated by today's poor performance of Asian equity markets and US stock futures, UST yields were a tad lower on the day but within distance from Friday's fresh multi-year highs, and the EUR/USD moved back below parity.

Greece

According to the preliminary State Budget execution data, for the period Jan-Aug 2022 the overall fiscal balance registered a deficit of €4.11 bn, compared to a targeted deficit of €-9.99 bn, (-58.8%). The primary fiscal balance registered a surplus of €0.01 bn, against a targeted deficit of €5.94 bn (-100.17%). State Budget net revenues overperformed the target by €5.69 bn (16.95%). This was mainly due to the better-than-expected tax revenue, the ANFA revenue (there was no target in the 2022 Budget) and the rescheduling of the ENFIA revenue (neutral for the annual outcome). Despite the increase (above target) of the social security funds expenditure, the state budget expenditure undershot the target by €0.19 bn (-0.44%), as a result of the postponement of payments for military procurement and lower payments for guarantees.

CESEE

The Bulgarian Ministry of Finance successfully placed two Eurobond issues of EUR1.5bn with 7-year maturity and EUR0.75bn with 12-year tenor late last week. The total amount of the offers reached EUR4.2b with the 7-year yield set at 4.33% and the 12-year at 4.81%. Until the year end, issuances up to BGN2.05bn on the domestic market are scheduled which, along with the BGN1.8bn placements since the start of 2022 and the said Eurobonds issues, reach BGN8.25bn, below the BGN10.3bn bar set at the running fiscal budget. In Serbia, the EUR/RSD pair continued to test the 117.30 support level, after the Central Bank intervened in the FX market in order to halt the appreciating dynamics of the dinar. In the fixed income market, the sovereign yield curve spiked slightly compared to the previous week, with the 3.5-year, 5.5-year and 10-year bonds trading at 6.30%, 6.80% and 7.30%, respectively.

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