

GLOBAL & REGIONAL DAILY

July 3, 2023

Global markets

The US headline PCE price index slightly rose by 0.1%MoM in May from 0.4%MoM in April, with the annual increase coming in at 3.8%YoY compared to 4.3%YoY in previous month, the lowest since April 2021. The core PCE price index rose by 0.3%MoM from the previous month's 0.4%MoM, bringing the annual rate to 4.6%YoY from 4.7%YoY in April. Personal consumer spending in May rose less than expected to 0.1%MoM from 0.6%MoM in April, with a 0.4%MoM increase in services and a 0.5%MoM decline in goods. In other news, according to flash estimates, the Eurozone headline HICP inflation decelerated to 5.5%YoY in June from 6.1%YoY in May, with the core HICP inflation (excl. energy, food, alcohol and tobacco) standing at 5.4%YoY from 5.3%YoY in the previous month. Both indices came in slightly below expectations. Regarding this week's agenda, we expect the US ISM Manufacturing for June (Mon), the release of the FOMC minutes (Wed), the US ISM non-manufacturing for June (Thu) and the US payrolls (Fri).

Greece

On Friday 30th June 2023, the Bank of Greece (BoG) submitted its Monetary Policy Report 2022-2023 to the speaker of the Greek parliament and the cabinet. The BoG foresees real GDP growth rates of 2.2% in 2023, 3.0% in 2024 and 2.7% in 2025. The inflation rate based on the HICP is expected to decelerate to 4.3%, 3.8% and 2.3% in 2023, 2024 and 2025 respectively, remaining, nevertheless, above the ECB's target. Finally, the unemployment rate is forecasted to decline to 11.5%, 10.4% and 9.4% in 2023, 2024 and 2025 respectively. The Governor Yannis Stournaras, presented 8 main challenges for the Greek economy: 1st regaining the investment grade, 2nd sustained deceleration of inflation, 3rd the high public debt-to-GDP ratio, 4th the high current account deficit, 5th non-performing loans and private debt overhang, 6th high unemployment and job mismatches, 7th chronic weaknesses and 8th low GDP per capita.

CESEE

The first inflation flash estimates in the region referring to June indicate a further deceleration, albeit at different paces among countries. In Poland, the CPI inflation slowed to 11.5%YoY in June from 13.0%YoY in May, coming in below the 11.8%YoY consensus expectation and braking to the slowest pace since March 2022. However, the weakening in core inflation, to be released later in July, is expected to be milder, as the ease in both electricity, gas and other fuels (from 20.4%YoY in May to 18.0%YoY) and fuels for personal transport inflation (from -9.5%YoY to -18.0%YoY) exceeded that of the headline price index. In Croatia, consumer prices increased by 7.7% on an annual basis in June, a tad below the 7.9% rise a month ago, the slowest pace since April 2022, but in this case the print was considerably above the market forecast for a 7%YoY increase. Regarding this week's data calendar, focus is mostly on Romanian and Polish central banks rate-setting meetings.

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