

GLOBAL & REGIONAL DAILY

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Global markets

Long-term UST yields continued to rise, with the 30-yr yield briefly climbing to a nine-month high close to 4.28% earlier today, in the aftermath of the Treasury's announcement over its plan to increase both new issue and reopening auction sizes amid continued increases in near-term deficit estimates. The stronger than expected ADP employment report which showed that 324k jobs were added in the private sector in July (vs. 190k expected), had also an impact. Meanwhile, global risk-off sentiment prevailed, with Nasdaq and S&P 500 posting yesterday their biggest one-day decline since February and April respectively, while Asian bourses ended mostly lower today, following Fitch's downgrade of the US' long-term credit rating to AA+ from AAA earlier this week. Against this backdrop, the USD was broadly firmer favored by safe-haven flows, with the EUR/USD moving back close to 1.09 and the GBP/USD trading near yesterday's 1.2678 one-month session low earlier today ahead of the BoE policy decision later in the day.

Greece

According to the Bank of Greece (BoG), the weighted average interest rate on new deposits increased to 0.31% in Jun-23, from 0.28% in May-23 and 0.03% in Jun-22. In the other side of the ledger, the weighted average interest rate on new loans posted a monthly decline for the first time since Jul-22 (5.82% in Jun-23, from 6.04% in May-23), while on an annual basis it rose by 184 basis points. The higher cost of capital in 2023 compared to 2022 may negatively affect the annual growth rates of the domestic demand components of private consumption and investment. In other news, according to the Civil Aviation Authority, in Jun-23 passenger traffic at Greek airports rose by 10.7% and 11.0% relative to Jun-22 and Jun-19 respectively. In the 6-month period from Jan-23 to Jun-23, passenger traffic at Greek airports increased by 21.7% and 10.9% compared to the respective periods in 2022 and 2019. The travel receipts data for Jun-23 is scheduled to be released by the BoG on 21st August (+24.8% YoY in May-23).

CESEE

In Turkey, halting an eight-month declining streak, headline inflation spiked in July, to 47.8%YoY against 38.2%YoY in June, exceeding market expectations for a 47.3%YoY rate. The acceleration in core inflation was weaker, to 54.3%YoY vs. 46.6%YoY. On a monthly basis the CPI increased by 9.5%, the strongest rise in the last 18 months. The yearly rise is mainly due to the upward trend in prices of transport (+43.4%YoY, up by 22.7ppts from June), hotels-restaurants (+82.6%YoY, +15.4ppts) and food and non-alcoholic beverages (+60.7%YoY, +6.8ppts). The strong inflation increase is considered reflecting the implications of the switch to a tight monetary policy stance by the central bank (TCMB) after the May elections, through a key policy hike in June by 6.5ppts, to 15%, and the termination of support to the lira (TRY), which led to its devaluation in June by another 22.6% vis-à-vis the USD, inflating imports prices. Another factor behind the July spike is the second minimum wage raise in 2023, by 34%, put in effect from July.

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