

GLOBAL & REGIONAL DAILY

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Global markets

Taking their cue from Wall Street's modest gains overnight, Asian equity markets ended in positive territory earlier today amid increased expectations that the end of the Fed's tightening cycle is close. US non-farm payrolls came in lower than anticipated in June for the first time in the last 15 months, while expectations are for a further moderation in both headline and core inflation in June — the US CPI report is due for release on Wednesday — especially following yesterday's data showing a sharp decline in wholesale used-vehicle prices. Market hopes of more policy stimulus in China amid increasing evidence that the post-Covid rebound has likely run out of steam, also supported investors' cautious optimism against risk assets. Meanwhile, government bonds were firmer on both sides of the Atlantic earlier today, with USTs outperforming their European peers, while in FX markets, the USD continued to lose ground against most of its G10 currency peers amid narrowing bond yield differentials, with the DXY index falling below the 102 level.

Greece

After a steep monthly drop of 5.1% in Apr-23, the manufacturing production index rebounded partially in May-23, recording a monthly and an annual increase of 2.3% and 3.0% respectively. In the period from Jan-23 to May-23, the average manufacturing production index posted an annual increase of 5.9%, from 4.3% in the respective period of 2022. This strong rise is related, among other factors, to the relatively high carry-over effect of 2022 (+2.6 ppts). In other data releases, according to ELSTAT's commercial transaction data, the nominal value of merchandise exports and imports decreased on an annual basis by 15.4% (-€739.8mn) and 13.6% (-€1,102.4mn) respectively. This drop came from the category of oil products, reflecting the annual decrease in oil prices. The nominal value of exports excluding oil products and ships increased on an annual basis by 3.6%, while the nominal value of imports posted an annual decrease of 4.7%.

CESEE

Further, significant inflation deceleration in Cyprus in June. The headline print stood at 1.9% on an annual basis -the slowest pace since May 2021- against 3.0% in the previous month. The ease in inflationary pressures is due to lower energy prices compared to a year ago, as housing-electricity-gas prices did not increase for the first time since March 2021 (-0.12%YoY vs. +4.8%YoY a month ago) and trend in transport prices continued falling by a faster pace for a third consecutive month (-10.3%YoY against -5.2%YoY in May). On the contrary, despite VAT cuts in certain food products in May and June, inflation in food & non-alcoholic beverages spiked for a second consecutive month, by 1.7ppts, to 10.1%YoY. Price increases accelerated also in clothing-footwear (+1.5ppts, to 3.8%YoY). In other country news, the trend in exports of goods turned negative in May, for the second time after February this year, posting a contraction of 14.8%YoY. However, the decrease in imports was sharper (-16.4%YoY), leading to a smaller trade deficit by 17.4%YoY.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Michail Vasseiliadis
Research Economist
mvasseiliadis@eurobank.gr

Research Team



Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706



Dr. Dimitris Exadaktylos
Economic Analyst
v-dexadaktylos@eurobank.gr
+ 30 214 40 63 449



Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 214 40 63 456



Maria Kasola
Research Economist
mkasola@eurobank.gr
+ 30 214 40 63 453



Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 214 40 63 455



Dr. Theodoros Rapanos
Research Economist
trapanos@eurobank.gr
+ 30 214 40 59 711



Dr. Theodoros Stamatios
Senior Economist
tstamatios@eurobank.gr
+ 30 214 40 59 708



Michail Vassileiadis
Research Economist
mvassileiadis@eurobank.gr
+ 30 214 40 59 709

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