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Global markets

Amid expectations of a further deceleration in both US June headline and core CPI inflation — due for release later today — Asian equity markets ended mostly higher today, tracking gains in Wall Street overnight, while European and US stock futures point to a positive opening. Admittedly, today's US inflation report is unlikely to have a material impact on investor expectations of a 25bp Fed rate hike at the next policy meeting on 26 July, a rate move that is currently priced-in with a probability of 89%. However, it could affect expectations regarding the terminal rate that is currently anticipated at 5.42% by the November policy meeting and the timing the Fed will embark on a rate easing cycle. Meanwhile, USTs were firmer on the day, with EGBs following suit, while in FX markets, the USD continued to lose ground. The USD/JPY dropped below 140 and the GBP/USD rose to a multi-month high close to 1.2970 earlier today after yesterday's firmer than expected wage growth reinforced expectations of further aggressive BoE rate tightening.

Greece

According to Eurostat, 10.0% of people living in Greece were unable to afford a meal with meat, fish, or a vegetarian equivalent every second day in 2022. Down from 11.6% in 2021, this is the lowest figure in the past ten years; it remains nevertheless the seventh highest in EU27 (8.3%), and the fourth highest in the euro area. On the debt front, the Public Debt Management Agency (PDMA) auctioned a new 15-year bond yesterday, raising €3.5bn at a yield of 4.464%, 171 bps higher than the German bund with comparable maturity. Total bids exceeded €13.6bn, oversubscribing the initial offering 3.9 times. This was the third new bond issued this year, which together with the four bond re-openings, bring the amount PDMA has raised from the markets to €10.4bn, surpassing its medium-/long-term debt issuance target of €7bn for 2023.

CESEE

Signs of moderate strengthening in economic activity in Turkey during Q2-2023 from high frequency indicators. Industrial production was unchanged in May on an annual basis, after a 0.9%YoY fall in April. All the main industrial sectors performed better than in April, with the fall in mining-quarrying slowing down to 8.1%YoY vs. 12.9%YoY, and in electricity-gas to 1.4%YoY against 4.2%YoY, with output in manufacturing growing by 0.6%YoY, after stagnation (+0.1%YoY). Regarding recent developments in the labour market, the seasonally adjusted unemployment rate fell in May to 9.5% -the lowest rate since April 2014- against 10.0% a month ago. The decline in May is due to both the increase of persons employed by 0.2%MoM and the fall in the labour force by 0.4%MoM, with the latter trend preventing a rise in unemployed persons. The labour market will be affected from July onwards by the second minimum wage raise in 2023, by 34%, bringing the nominal increase relative to end-2022 to 107.3%.

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