

# GLOBAL & REGIONAL DAILY

June 15, 2023

## Global markets

The Fed left interest rates unchanged yesterday, as expected, but the overall communication was surprisingly hawkish, leading market pricing for July to rise to 5.26% and year-end pricing to 5.23%, implying that investors have essentially priced out rate cuts this year. The forward guidance shifted to further rate hikes, the median end-2023 dot rose by 50bps, pointing to an expected 5.6% terminal rate and the median forecast for 2023 core PCE inflation was revised significantly higher to 3.9%. Speaking at the press conference, Chair Powell noted that “nearly all” participants anticipate some further tightening and repeatedly said that the July meeting will be “live” in terms of the discussion on whether to raise rates. Markets took the Fed’s hawkish messaging in stride, with UST yields ending below post-FOMC highs yesterday before moving higher again earlier today, while the DXY index continued to trade above 103, with the EUR/USD consolidating above 1.08 as the market prices in nearly fully a 25bps hike at today’s ECB policy meeting.

## Greece

Business turnover (firms obliged to double-entry accounting bookkeeping, for which monthly data is available) amounted to €27.8bn in Apr-23 according to ELSTAT, declining by 2.0%YoY. The NACE Rev.2 sectors driving this annual drop –the first one since Feb-21– were: Manufacturing (-8.3%YoY), Electricity, Gas, Steam and Air Conditioning Supply (-13.6%YoY), and Wholesale and Retail Trade / Repair of Motor Vehicles and Motorcycles (-2.4%YoY); Construction (+18.1%YoY) and Accommodation and Food Service Activities (+22.8%YoY) had the largest positive contributions. In the same month, the Overall Import Price Index in Industry was lower by 17.5% compared to Apr-22, but higher by 12.2% on a 12-month rolling basis (May-22 to Apr-23 vs. May-21 to Apr-22). This annual decrease comes as a result of a sharp drop in energy goods (-35.4%YoY, from 89.5%YoY in Apr-22), reflecting strong base effects due to easing oil prices.

## CESEE

Mixed signs from short-term indicators about economic activity in early Q2 2023 in the countries of the region. In Hungary, the decline in the production volume index in the construction sector decelerated to 3.2%YoY in April, a significant weakening from the 9.8%YoY decline a month earlier, the most moderate fall so far this year. The deceleration is due to the much weaker decline in construction of buildings, by 4.9%YoY against 21.8%YoY in March, the steepest fall in the last 2.5 years. In civil engineering works, the trend changed from a marginal fall (-0.9%YoY) to a moderate increase (+1.3%YoY). On the contrary, in Romania, the weakening in industrial production was stronger in April, reaching 4.7%YoY vs. 3.6%YoY in March, the second strongest fall so far in 2023. The deterioration was driven by a steeper fall in manufacturing, by 5.2%YoY against 2.2%YoY a month earlier, with the rise in mining-quarrying easing to 0.5%YoY from 2.5%YoY in March.

## Contributing Authors:

**Paraskevi Petropoulou**  
Senior Economist  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Dr. Theodoros Rapanos**  
Research Economist  
[trapanos@eurobank.gr](mailto:trapanos@eurobank.gr)

**Michail Vassiliadis**  
Research Economist  
[mvasiliadis@eurobank.gr](mailto:mvasiliadis@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 Stamatou**  
Senior Economist  
tstamatou@eurobank.gr  
+ 30 214 40 59 708



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

**More available research at:** <https://www.eurobank.gr/en/group/economic-research>  
**Subscribe electronically at:** <https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-endaferontos>  
**Follow us on twitter:** [https://twitter.com/Eurobank\\_Group](https://twitter.com/Eurobank_Group)  
**Follow us on LinkedIn:** <https://www.linkedin.com/company/eurobank>

### DISCLAIMER

This report has been issued by Eurobank S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees. Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.

