

GLOBAL & REGIONAL DAILY

July 18, 2023

Global markets

The NY Fed's July Empire Manufacturing index fell less than expected by 5.5pts to 1.1. Trends in the index components were mixed, with new orders and employment standing higher than in the previous month and those about shipments and delivery time falling. Price subindices (prices paid -5.3pts to 16.7 and prices received -5.1pts to 3.9) declined, adding to the positive signals from last week's softer than expected US inflation data. Furthermore, the index for future business conditions fell to 14.3 from 18.9. According to the survey report, the last trend indicates that although business conditions are expected to improve, optimism remains muted. Regarding equity markets, most US equities closed higher yesterday. Most Asian stocks declined today after yesterday's release of weak Chinese economic data. This effect was also reflected in European equities which closed lower yesterday and were little changed this morning.

Greece

According to the preliminary state budget execution data, the state budget net revenue stood at €30.870bn (on modified cash basis) in Jan-23 to Jun-23, overperforming compared to the target by €1.202bn or 4.1%. This overperformance came from the categories of taxes (+€2.241bn or +8.9%) and other current revenue which counterbalanced the underperformance of the category of revenue of sales of goods and services. Regarding the expenditure component of the government's balance, the state budget expenditure amounted to €33.337bn, undershooting the target by €596mn or 1.8%. Given the overperformance of revenue and the undershooting of expenditure, the state budget balance recorded a deficit of €2.467bn, lower compared to the target of a deficit of €4.265bn, whereas the primary balance posted a surplus of €2.116bn against a target of a deficit of €415mn.

Emerging markets

The key word in the emerging space came yesterday from China as the Q2-2023 GDP growth rate came in at 6.3%YoY/0.8%QoQ from 4.5%YoY/2.2%QoQ, bringing the H1-2023 growth rate at 5.4%YoY and poisoning risks over the accomplishment of this year's growth target set at around 5.0%. Annual growth between April and June may appear stronger compared to the first quarter but Q2 growth print is inflated from low base effects routed in the respective period last year when the severe lockdown in Shanghai was in effect (Mar 2022-Aug 2022). Along these lines, the 6.3%YoY beat market expectations that exceeded the 7.0%YoY bar to the downside and spurred expectations over more extensive policy support amid additional faltering economic data recently. Approaching the continental arm of developing economies, inflation in Bulgaria returned to one-digit grounds in June (8.7%YoY from 10.1%YoY in May) after 16 consecutive months during which CPI kept coming in above 10.0%YoY, corroborating further the disinflation process in CESEE.

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