

# GLOBAL & REGIONAL DAILY

June 19, 2023

## Global markets

Ahead of Fed Chair Jerome Powell's semi-annual congressional testimony to the House of Representatives and the Senate on Wednesday and Thursday, respectively, Asian equity markets, along with European and US stock futures kicked off the week on a weak note amid market uncertainty over the launch of meaningful economic stimulus in China. Meanwhile, EGB yields opened lower today, while EMU peripheral government bonds outperformed Bunds with the 10-yr BTP-Bund yield spread declining below 160bps. On the other side of the Atlantic, USTs ended lower on Friday on fairly hawkish Fed comments (the US bond market is closed today in observance of Juneteenth), with the 2/10-yr yield curve bear-flattening further, in spite of a hefty drop in preliminary June UM one-year inflation expectations from 4.2% to a near two-year low of 3.3%. In FX markets, the USD gained some ground favored by higher UST yields, while the JPY continued to underperform its G10 peers after the BoJ kept unchanged its yield curve control policy on Friday.

## Greece

Based on ELSTAT's quarterly labour force survey, the non-seasonally adjusted unemployment rate decreased to 11.8% in Q1 2023, from 13.8% in Q1 2022. Employment stood at 4,098.0k persons, recording an increase of 1.3% YoY (54.0k), whereas unemployment stood at 550.5k persons posting a decrease of 14.9% YoY (96.7k). Given these results, the labour force decreased to 4,648.5k persons in Q1 2023, from 4,691.2k in Q1 2022 (-0.9% YoY). According to the OECD, the unemployment rate is expected to drop to 11.2% in 2023 and 10.4% in 2024, from 12.4% in 2022. Regarding other labour market data releases, the index of wages costs – a metric on the evolution of the hourly labour costs – increased on an annual basis by 6.2% in Q1 2023, from an annual drop of 0.8% in Q1 2022. Finally, tomorrow the BoG is scheduled to announce April's 23 current account balance.

## CESEE

In Turkey, ahead of the Monetary Policy Committee meeting on the policy rate on Thursday June 22, the first after the recent elections and the change of the Central Bank (CBRT) Governor, CBRT's foreign reserves show signs of stabilization, after a long period of deterioration. In the two weeks after the second round of elections, total CBRT foreign reserves, including gold and FX reserves, hover around \$100bn. On Friday June 9, gold reserves stood at \$42.0bn, unchanged relative to Friday before the second round of elections (May 26), and FX reserves were higher by 2.35%, at \$57.8bn, bringing the total CBRT reserves at \$99.8bn (+1.35% above their pre-second round level). This stabilizing trend is considered by market analysts as an indication of a gradual abandonment of the loose monetary policy applied since September 2021, accompanied by strong support to the lira currency with the use of FX reserves. Meanwhile, the TRY/USD hovers around 0.0425 in the last 10 days, after a devaluation of 14.3% between May 29 – June 6.

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