

GLOBAL & REGIONAL DAILY

July 19, 2023

Global markets

US Retail sales rose less than expected in June by 0.2%MoM, a slower pace compared to 0.5%MoM in May, with higher sales in core categories more than offsetting a 1.4%MoM drop in gas station sales and a 1.2%MoM decrease in building materials stores. Indicatively, sales excluding building materials, autos, gasoline stations and food services came in higher by 0.6%MoM, a rise exceeding expectations. Industrial production in June fell for a second consecutive month by 0.5%MoM with the manufacturing output declining further by 0.3%MoM from 0.2% MoM in the previous month. Both indices came in against expectations to remain unchanged compared to previous month. The indices for mining and utilities fell by 0.2%MoM and 2.6%MoM respectively. Finally, the NAHB housing market index rose slightly to 56 in July from 55 in June, marking the seventh consecutive monthly increase and reaching the highest level since June 2022.

Greece

According to ELSTAT, in May-23 the turnover of the enterprises in accommodation activities amounted to €675.7mn (sales in current prices), posting an annual increase of 18.9%. The respective turnover in food and beverage service activities stood at €206.6mn, higher compared to May-22 by 7.6%. In total, the turnover of the enterprises in accommodation and food and beverage service activities amounted to €882.3mn, recording an annual increase of 16.1%. In the same month, the annual inflation rate in the category of restaurants and hotels was at 8.7%. As a result, the aforementioned increase in the sales of the enterprises in accommodation and food and beverage service activities, reflects not only an inflationary rise but also a real one.

CESEE

In the sovereign mid-year 2023 outlook released yesterday by Scope Ratings, growth prospects for 2023 appear improved compared to the former release back in December. Specifically, 2023 GDP growth rate in the region (CEE-11) is forecast at 1.7% from 1.2% previously, edging up to 2.5% in 2024. Despite the upward revision in 2023's growth forecast, material downside economic risks continue to lurk as "the decline in energy prices is contributing to a gradual decrease in high headline inflation, but tighter monetary policies and tepid external demand are hampering fragile recovery". Inflation in most of the CEE-11 peers is expected to return to single-digit grounds by the end of this year, with the average inflation forecast standing at 11.8% in 2023 and then expected to retreat to less than half in 2024, i.e. to 5.6%. On the economic news front, the Bulgarian parliament elected incumbent BNB governor Dimitar Radev for a second 6-year term at the helm of the central bank.

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