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Global markets

In contrast to strong S&P Global PMIs last week, US data released yesterday surprised to the downside, revealing an unexpected 7.7pts decline in the Dallas Fed manufacturing activity index in April, to -23.4, reinforcing market concerns about the US growth outlook. In reaction, USTs gained, also favored by market anxiety ahead of major US corporate earnings releases this week. Meanwhile, investors retain a cautious stance against risk assets, while the EUR was broadly firmer, breaking above the psychologically important level of 1.10 against the USD and approaching the 1.1075 year-to-date high, contributing to a drop in the DXY index below 101.50, ahead of the CB's consumer confidence survey and US new home sales today. Hawkish comments by ECB Executive Board Member Isabel Schnabel supported expectations of a 50bps rate hike by the ECB at the May 4 policy meeting, while the Ifo business climate indicator came in slightly higher than expected at 93.6 in April, suggesting that growth momentum has improved for Germany.

Greece

According to ELSTAT, the turnover for the enterprises (obliged to double-entry bookkeeping) in accommodation activities stood at €90.5mn in Feb-23, recording an annual increase of 27.0%. The respective turnover in food and beverage service activities amounted to €143.5mn, posting an annual increase of 20.4%. Given these results, the overall turnover in accommodation and food and beverage service activities recorded an annual rise of 22.9% (from €190.4mn in Feb-22 to €233.9mn in Feb-23). In the same month (Feb-23), travel receipts amounted to €241.1mn, from €133.3mn in Feb-22 and €33.0mn in Feb-21, whereas inbound traveller flows increased to 572.6k, from 314.8k in Feb-22 and 76.4k in Feb-21. Once again, the sector of tourism (exports of services) is expected to have a strong contribution to real GDP growth and employment in 2023.

CESEE

According to press, the Bulgarian caretaker government presented a draft budget for 2023 that envisages a consolidated budget deficit equivalent to 6.4% of GDP, despite previous intentions for a 3% of GDP budget deficit target, following the 2.8% of GDP deficit achieved in 2022 based on recent results by the national statistical office. The reasons for the fiscal loosening are broadly rooted on the lack of political support for the draft budget the Ministry of Finance had prepared based on its spring macroeconomic forecasts leading to delays and pushing the caretaker government to extend the provisions of the 2022 budget in the execution of the budget for the running year. Regarding the key assumptions of the draft budget, the GDP growth rate is forecast at 1.8%, compared to 3.4% in 2022, rendering slightly more optimistic than recent estimates by the IMF and the WB that stand close to 1.5%. Targeted budget deficits for 2024 and 2025 remain also loose as they are set at 5.2% and 4.6% of GDP, respectively.

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