

GLOBAL & REGIONAL DAILY

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Global markets

The US Conference Board consumer confidence index for July rose more than expected to 117.0 from 110.1 in June, jumping to its highest level since July 2021, with increases in both the present situation and expectations components. Focus today turns to the outcome of the FOMC meeting. In other news, the Q2 ECB Bank Lending Survey indicated that the demand for loans by enterprises in Q2 decreased to an all-time low since the start of the survey in 2003. Credit standards for enterprises tightened further, albeit at a slower pace compared to Q1, with banks expecting an even slower tightening in Q3. Finally, echoing the weak German Flash PMI data for July, the German IFO business climate index fell more than expected to 87.3 in July from 88.6 in June, marking a third consecutive monthly reduction, with a big decline in current conditions component (-2.4pts to 91.3) and a smaller drop in expectations component (-0.3pts to 83.5).

Greece

According to the Jan-23 to Jun-23 final State Budget Execution data published yesterday, the overall fiscal balance posted a deficit of €2.46bn, improved by 42.3% compared to the respective 2023 Budget monthly target. The primary fiscal balance recorded a surplus of €2.12bn, improved by €2.53bn (-609.9%) compared to the target. State budget revenue amounted to €30.88bn (48% of their annual budget target), registering an increase of €1.21bn (4.1%) relative to the target and despite the non-collection of €1.5bn from the Egnatia motorway concession. Tax revenue (TR) increased by €2.15bn (8.6%) with income tax (27% of TR) and VAT on other goods and services (36% of TR) revenue increasing by 11.8% and 7.2% compared to their targets. State budget expenditure amounted to €33.34bn (46% of their annual budget target), registering a decrease of €0.60bn (-1.8%) compared to its target.

CESEE

Based on the IMF's WEO update released yesterday, prospects for the emerging and developing Europe appear improved as GDP growth is projected at 1.8% in 2023, marking a 0.6ppt upward revision since April, and is expected to rise further to 2.2% in 2024. The revision was primarily driven by the improvement in this year's growth forecasts for Russia and Poland; the forecast for Russia has been revised upwards by 0.8ppt to 1.5%, "reflecting hard data that point to a strong first half of the year, with a large fiscal stimulus driving that strength". Poland's growth forecast was upped by 0.9ppt to 1.2% for 2023, but slightly trimmed to 2.2% for 2024 from 2.4% previously. Yesterday, in Hungary, the MPC convened and decided to keep the base rate unchanged at 13.0%, but also proceeded with a third consecutive 100bps cut to the 1-day depo rate, currently standing at 15%, and a 100bps cut to the corridor's top-end rate (over-night collateralized lending) set at 17.5%, with all three actions aligned with market expectations.

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