

GLOBAL & REGIONAL DAILY

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Global markets

As widely expected, the Fed decided to raise rates by 25bps yesterday, taking the fed funds target range to 5.25-5.50%. The post-meeting statement was little changed compared to the June statement. One change to the statement was the characterization of the US economic growth which was now upgraded from “modest” to “moderate”. Fed Chair Powell noted in his press conference that the Fed “will continue to take a data-dependent approach in determining the extent of additional policy firming that may be appropriate”. He also mentioned that the softer June CPI was “welcome” but it’s “only one month’s data”, adding that the upcoming data reports on several indicators will determine Fed’s decision for the next meeting in September. The probabilities assigned by the market for a 25bps hike in the next meeting are now at 20%. Focus today turns to the outcome of the ECB meeting, with the markets widely anticipating a 25bps hike.

Greece

According to the quarterly non-financial sector accounts published by ELSTAT, the disposable income of households remained on an upward trajectory for a 9th quarter in a row in Q1 2023, posting a value of €35.1bn in current prices, from €31.5bn in Q1 2022. The respective annual growth rate stood at 11.3%, from 7.3% in Q1 2022, exceeding the annual inflation rate (6.4% in Q1 2023). The balance of primary incomes (gross operating surplus and mixed income +8.9% YoY, compensation of employees +7.2% YoY and property income +36.0% YoY) had the highest contribution on the increase of households’ disposable income, followed by the category of social benefits (excluding social transfers in kind) provided by the government. Finally, the consumption expenditure increased to €35.6bn in current prices in Q1 2023, from €32.6bn in Q1 2022 (+9.1% YoY). As a result, the saving rate stood at -€0.5bn in Q1 2023 (-1.4% of disposable income), from -€1.1bn a year ago (-3.4% of disposable income).

CESEE

In Turkey, recent trends in consumer and business confidence indicators point to a deterioration in the first two months after the elections in May. Consumer confidence weakened in July for a second consecutive month, falling to 80.1, the lowest level since March 2023, in the aftermath of the February 6 earthquakes. The decline is mainly due to the MoM deterioration of expectations about the country’s economic situation over the next 12 months, by 10.5pts, to 82.2, which is a YtD low. Business confidence fell across all the main sectors of economic activity in July, with the downturn being more pronounced in retail trade, by 3.0pts, to 114.7, an 11-month low. In absolute terms, the deterioration in construction and services was of the same magnitude (0.8pts), but considering the June index level, it was stronger in the former sector, hitting a 10-month low of 88.1, despite the need for reconstruction in the areas affected by the earthquakes. The confidence index in services stood at 117.3, a level similar to that in May (117.4), marking a 5-month low.

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