

GLOBAL & REGIONAL DAILY

June 28, 2023

Global markets

Yesterday there was a string of solid US data releases. The US Conference Board Consumer Confidence Index rose more than expected in June to 109.7, up from 102.5 in May, the highest level since January 2022, with both the present situation and expectations components posting monthly gains. Furthermore, US new home sales unexpectedly rose to 763,000 units in May from previous month's 680,000, following recent improvements in other housing market data released last week. New orders for manufactured durable goods increased by 1.7%MoM in May, up from 1.2%MoM in April, against expectations for a decline. In other news, at the ECB Forum on Central Banking in Sintra, ECB President Lagarde confirmed yesterday another interest rate hike in July, "barring a material change to the outlook". Focus today turns to the scheduled policy panel at the same forum, that will feature the heads of ECB, Fed, BoJ and BoE.

Greece

According to press reports, in the handover ceremony in the Ministry of Finance, the new Minister Mr. Kostis Hatzidakis set five main targets for the economy: 1st reducing the gap between Greece and the EU-27 in terms of real GDP per capita, 2nd adjusting the growth model in order to decrease the currently big external imbalance (deficit) on a sustainable basis, 3rd further improvements in the health of the banking sector, 4th efficient use of the RRF funds and 5th efficient use of the public property. Moreover, he stressed the determination by the new government to fight tax evasion in order to reduce further the tax rates. On the data front, for the enterprises in retail trade divisions obliged to double-entry accounting bookkeeping, the turnover increased on an annual basis by 9.8% in Apr-23. Finally, the material costs index in the construction of new residential buildings posted an annual rise of 7.8% in May-23, from 11.4% in May-22.

CESEE

In Serbia, credit lending decelerated to 0.6%YoY in May from 1.6%YoY in April on the back of high base effects and increasing borrowing costs. The deceleration was evident in both segments compared to the previous month as household lending growth retreated to 3.0%YoY from 3.7%YoY and corporate lending contracted by 1.4%YoY from 0.2%YoY. In Romania, credit growth moderated to 8.8%YoY in May from 9.5%YoY in April with drivers of the slowdown considered broadly identical with those in Serbia; corporate and retail credit expansion slowed down to 13.7%YoY and 0.6%YoY in May from 15.3%YoY and 1.1%YoY in April respectively with the divergence in the size of growth rates between the two segments attributed mostly to the public guarantee schemes that apply to corporate lending and were extended in 2023. On the flipside, credit growth in Bulgaria remained firm at 10.9%YoY from 10.7%YoY in April, having stabilised higher from an earlier downward trend during Q1-2023.

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