

# GLOBAL & REGIONAL DAILY

July 31, 2023

## Global markets

According to US data releases on Friday, personal income increased by a lower than expected 0.3%MoM in June, but personal spending was fairly strong, rising by a higher than anticipated 0.5%MoM. Separately, core PCE inflation continued to moderate, rising by 0.2%MoM from May's 0.3%MoM, with the annual rate dropping to 4.1% from 4.6%, while the ECI was up by a two-year low of 1.0%QoQ in Q2, bringing the annual rate down to 4.5% from 4.8% in Q1. In reaction, US equity markets closed higher on Friday also supported by rising corporate earnings expectations and Asian bourses followed suit earlier today, amid increased market hopes for further policy stimulus in China in the aftermath of today's poor PMI data. USTs reversed part of Friday's gains ahead of the US July non-farm payrolls report later this week, while in FX markets, the JPY lost ground after the BoJ announced an unscheduled bond-purchase operation as 10-yr JGB yields rose sharply following its decision on Friday to effectively raise the upper end of the YCC band to 1%.

## Greece

The Economic Sentiment Indicator (ESI) improved to 111.1 in Jul-23 (94.5 in the Euro Area), from 110.1 in Jun-23 and 100.3 in Jul-22. This value corresponds to a sixteen-month high and is well above the long-term average (100). Regarding the subindices that form the ESI, the confidence indicators in services, consumers and retail trade improved on a monthly basis in Jul-23, whereas the respective indices in industry and construction deteriorated. Compared to Jul-22 all the confidence indicators posted an improvement reflecting to some extent the reduced level of uncertainty. In other data releases, the total building activity (private-public) which is calculated on the basis of the number of issued building permits, increased by 0.9% YoY in Apr-23.

## CESEE

In Cyprus, the rebound of industrial production strengthened in May. After the average fall by 0.4%YoY in Q1-2023 and the 1.5%YoY increase in April, industrial output rose by 3.0%YoY in May, the strongest upturn in the last 12 months, not owed to base effects, as a year ago industrial production had jumped by 6.4%YoY. All the main industrial sectors but electricity production supported the rebound, with the index in the said sector declining by 8.2%YoY in May, after a 3.3%YoY rise in April. On the contrary, water supply rose by 12.2%YoY, the strongest increase in the last 12 months, following a 1.3%YoY decrease a month earlier. Output in mining-quarrying expanded by 4.8%YoY against a minor fall in April (-0.6%YoY) and manufacturing production stood higher by 4.7%YoY (vs. +1.3%YoY). This week's calendar is heavy-loaded, as the first GDP estimate for Q2-2023 will be released today in Czechia and Serbia and several CEE countries will publish retail sales and industrial output data for June, which will culminate in the flash GDP estimates in August.

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