

GLOBAL & REGIONAL DAILY

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Global markets

Eurozone May headline HICP decelerated to a 15-month low of 6.1%YoY from April's 7.0%YoY, while core inflation also fell to 5.3%YoY from 5.6%YoY, as core industrial goods inflation remained on a downward trend and services inflation dropped for the first time since last November. In reaction, European government bonds gained, before moving slightly lower earlier today, alongside USTs, on improved risk sentiment thanks to the Senate's approval of the debt ceiling deal and increased expectations that the Fed will stay put on rates at the June 15 meeting (the implied probability for a June rate hike has dropped to just 29%). US Q1 unit labor costs were revised sharply lower to 4.2%QoQ from 6.3%QoQ, and the May ISM Manufacturing PMI fell further in contractionary territory to 46.9, with investors shrugging off data showing that US private payrolls increased by a hefty 278k in May. Meanwhile, ahead of today's US May non-farm payrolls report, the USD broadly weakened, dented by a continued downward adjustment in Fed rate expectations.

Greece

According to ELSTAT's monthly Labour Force Survey (LFS), the seasonally adjusted unemployment rate increased marginally to 11.2% in Apr-23, from 11.1% in Mar-23. Employment recorded a monthly decrease of 0.9% (37.0k persons) and unemployment posted a monthly increase of 0.9% (4.5k persons). Compared to a year before, the unemployment rate was lower by 1.5ppts (decreasing by 11.9% or 71.4k persons), with employment increasing by 1.6% (65.1k persons). Regarding the participation rate (LFS/Population), it dropped to 60.1%, from 60.5% in Mar-23, whereas relative to Apr-22 it was lower by 0.2ppts. Finally, in other data releases, the S&P Global PMI manufacturing index retreated to 51.5 in May-23 (44.8 in the Euro Area), from 52.4 in Apr-23 and 53.8 in May-22, nevertheless remained above the boom-bust threshold (50) for the fourth month in a row.

CESEE

The week concludes with a plethora of detailed GDP data releases that largely confirmed the flash estimates. In Hungary, detailed GDP data released yesterday verified the flash estimate according to which QDP contracted by -0.9%YoY in Q1-2023 from a +0.4%YoY expansion in Q4-2022. The quarterly second reading came in at -0.3% from the -0.2% flash estimate, prolonging the technical recession in which the economy has entered since Q4-2022. A day earlier, the final estimate in Serbia confirmed the flash 0.7%YoY growth rate in Q1-2023 from 0.5%YoY in Q4-2022 while it also provided with a quarterly -0.2% contraction after 0.6%QoQ growth in the previous quarter. The Q1-2023 GDP growth dynamics in Poland were identical with those of Hungary as the second reading pointed to a slightly more pronounced contraction of -0.3%YoY from the -0.2%YoY flash estimate. The quarterly reading held firm at 3.8%, a tad lower than the flash estimate of 3.9%QoQ.

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