

GLOBAL & REGIONAL DAILY

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Global markets

The US manufacturing PMI index fell in March by a higher than expected 1.4pps to 46.3, the lowest level since May 2020, while the breakdown of the report was as gloomy as the headline showing key sub-components dropping further into contraction territory, including new orders and employment. In reaction, USTs rallied, also pulling most of European government bonds higher, with the front end of the curve outperforming, recovering fully yesterday's losses recorded after the unexpected OPEC+ oil production cut announcement. Meanwhile, equity markets in Asia ended mixed and equity futures point to a lower open in Wall Street today amid renewed US macro headwinds, while oil prices remained well supported. In FX markets, the USD came under renewed pressure, with the DXY index moving back below 102, as soft US data reinforced the view that the Fed is nearing the end of its tightening cycle and interest rate differentials between the US and other major economies are set to narrow.

Greece

According to S&P global, the operating conditions of the manufacturing sector improved for a second month in a row in Mar-23. Specifically, the seasonally adjusted PMI manufacturing index (source: S&P Global) rose to 52.8 (10-month high), from 51.7 in Feb-23 and 49.2 in Jan-23. Production and new orders accelerated, price pressures eased, and employment increased at the fastest pace in a year. For the whole quarter, the value of the PMI increased to 51.2 (3-month average), from 47.9 in Q4 2022, indicating a possible positive contribution of the manufacturing sector to the real GDP growth in Q1 2023. Finally, in other data releases, the retail trade volume index, i.e., the value of retail sales at constant prices, increased by 0.7% MoM / 1.6% YoY in Jan-23, from a decline of 0.8% MoM / 0.9% in Dec-22.

CESEE

In Turkey, headline inflation slowed down in March for the fifth consecutive month, to a 13-month low of 50.5%YoY against 55.2%YoY in February and 30ppts below the all-time high of past November. The new weakening came mainly from a deceleration in prices of transport (-16.2ppts from January, to 28.7%YoY) and clothing-footwear (-4.4ppts, to 17.3%YoY). In general, 2/3 of inflation decline from Nov-22 to Mar-23 came from prices in energy, transport and furnishings-household equipment, reflecting falling energy prices globally and successive cuts of the electricity price cap by EPDK, the energy market regulator. In other news from the region, in Bulgaria, the GERB party won the parliamentary election on Sunday by a narrow margin from the party coalition of WCC and DB (26.5% against 24.5% of the vote). These results signal renewed coalition government talks, after the fifth elections during the last two years.

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