

# GLOBAL & REGIONAL DAILY

July 4, 2023

## Global markets

According to yesterday's US data releases, the ISM manufacturing index dropped by a higher-than-expected 0.9pts in June, coming in at a three-year low of 46.0, the eighth consecutive sub-50 reading. In a knee-jerk reaction, USTs firmed, but gains proved limited with yields closing above post-data lows, as focus swiftly shifted to new orders, a key forward-looking component, which rose sharply from 42.6 to 45.6 (US bond markets are closed today for the Independence Day holiday). Meanwhile, EGBs opened lower today following a fresh string of hawkish comments from ECB officials, with markets pricing in almost fully a 25bps rate hike in July and they even assign a 62% chance of an additional hike in September, that would take the deposit rate at 4.00%. Turning to equity markets, Asian bourses ended mostly higher today after the RBA, Australia's central bank, opted to pause interest rate hikes, while in FX markets, the DXY USD index remained at around 103, with the EUR/USD continuing to struggle to rise much above 1.09.

## Greece

Yesterday, a new Parliament was sworn (in total 300 MPs) following the results of the general elections held on June 25th 2023. Today, the new Parliament will convene to elect the Parliament's Speaker and the Presidium, whereas on Saturday the new government will seek a vote of confidence following a 3-day debate on its policy statement. On the data front, according to ELSTAT, the seasonally adjusted unemployment rate declined to 10.8% of the labour force in May-23 (the second highest rate in the Euro Area after Spain), from 11.3% in Apr-23 and 12.7% in May-22. Employment growth decelerated to 1.1% YoY in May-23, from 1.6% YoY in Apr-23 and 5.1% YoY in May-22. Finally, the retail sales volume index posted a monthly increase of 2.1% in Apr-23, from a drop of 4.8% in Mar-23, while on an annual basis it decreased for a second month in a row (-5.1% in Apr-23 and -8.0% in Mar-23).

## CESEE

The latest PMI surveys indicate a stronger weakening of economic activity in June in two of the major economies in the region. In Poland, the manufacturing PMI fell by 1.9pts, to 45.1pts, hitting the lowest level since November 2022. The indicator remained below the 50pts threshold, which implies a downturn in the activity of the sector, for the 14th consecutive month. Four out of five PMI components (new orders, output, employment, stocks of purchases) stood in June at lower levels relative to the previous month. Contraction in manufacturing PMI was much sharper in Hungary, as the index lost 12.9pts in just one month in June, sliding to 44.2pts. This was the worst reading for June in the history of the index, which returned to the contractionary territory for the first time since September 2022. The fall was mainly driven by the demand component, which contracted by 21.7pts, implying a downturn for the first time in almost three years, with the downscaling in employment plans being the other major cause of the PMI downfall.

## Contributing Authors:

**Paraskevi Petropoulou**  
Senior Economist  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Dr. Stylianos Gogos**  
Research Economist  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr)

**Michail Vassileiadis**  
Research Economist  
[mvassileiadis@eurobank.gr](mailto:mvassileiadis@eurobank.gr)

## Research Team



**Dr. Tasos Anastasatos** | Group Chief Economist  
tanastasatos@eurobank.gr | + 30 214 40 59 706



**Dr. Dimitris Exadaktylos**  
Economic Analyst  
v-dexadaktylos@eurobank.gr  
+ 30 214 40 63 449



**Dr. Stylianos Gogos**  
Research Economist  
sgogos@eurobank.gr  
+ 30 214 40 63 456



**Maria Kasola**  
Research Economist  
mkasola@eurobank.gr  
+ 30 214 40 63 453



**Paraskevi Petropoulou**  
Senior Economist  
ppetropoulou@eurobank.gr  
+ 30 214 40 63 455



**Dr. Theodoros Rapanos**  
Research Economist  
trapanos@eurobank.gr  
+ 30 214 40 59 711



**Dr. Theodoros Stamatou**  
Senior Economist  
tstamatou@eurobank.gr  
+ 30 214 40 59 708



**Michail Vassileiadis**  
Research Economist  
mvassileiadis@eurobank.gr  
+ 30 214 40 59 709

**More available research at:** <https://www.eurobank.gr/en/group/economic-research>

**Subscribe electronically at:** <https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-endiiferontos>

**Follow us on twitter:** [https://twitter.com/Eurobank\\_Group](https://twitter.com/Eurobank_Group)

**Follow us on LinkedIn:** <https://www.linkedin.com/company/eurobank>

### DISCLAIMER

This report has been issued by Eurobank S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees. Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.

