

# GLOBAL & REGIONAL DAILY

July 5, 2023

## Global markets

Weaker-than-expected data from China that provided further evidence of a slowdown in economic activity after the post-reopening rebound weighed on risk sentiment, with equity futures for Europe and the US indicating a slightly lower opening today. Meanwhile, ahead of the release of the minutes from the FOMC's 13-14 June meeting— where the monetary policy committee left interest rates unchanged, but the overall communication was surprisingly hawkish — later today, the 2-yr UST yield was more than 2bps lower on the day, with the 2/10-yr yield curve undertaking some steepening. In FX markets, the DXY USD index moved back slightly above 103, with the EUR/USD continuing to hover around 1.09, failing to capitalize on recent hawkish remarks from several ECB officials. Elsewhere, oil prices retained most of yesterday's gains, with Brent crude hovering around \$76/bbl today after a short-lived drop below \$75/bbl earlier this week, following news that Saudi Arabia and Russia would extend cuts to their oil production.

## Greece

The seasonally adjusted S&P Global PMI manufacturing index increased, albeit marginally, to 51.8 in Jun-23 (43.4 in the Euro Area), from 51.5 in May-23 and 51.1 in Jun-22, remaining for the fifth month in a row above the boom-bust threshold of 50. According to the agency's press report new orders rose (domestic and foreign customers), leading to an increase in production, for the fifth successive month, and in employment. Moreover, input prices fell, leading to lower output price charges by the producers. Production expectations remained optimistic, however the level of confidence declined to a 5-month low. In other news, passenger traffic at Athens International Airport was strong in Jun-23 (2.92mn passengers), posting an annual increase of 19.2%. In H1 2023 passenger traffic stood higher by 34.5% and 7.2% compared to H1 2022 and H1 2019 respectively.

## CESEE

Less than a month after the formation of the new government in Bulgaria, the Ministry of Finance published a draft budget bill for 2023 with a target of 2.5% deficit as a percentage of GDP compared to the widened 6.4% of GDP deficit, set at this level by the caretaker government, and the 2.8% of GDP deficit achieved in 2022. The said target along with the discussions the government has initiated with the EC over the introduction of the euro as a parallel currency in the country in 2024 earmark the policy continuity and the serious national endeavors of Bulgaria finally becoming a full eurozone member in 2025. Regarding the general government budget execution so far, a BGN200mn surplus in H1-2023 was achieved, decreased by 83.0%YoY, still significantly improved from the BGN1.2bn deficit in Jan-May. Elsewhere in the region, focus today turns to Romania where the MPC of the Central Bank convenes, and based on market forecasts, its key policy interest rate is expected to remain unchanged at 7.0%.

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