

# GLOBAL & REGIONAL DAILY

June 6, 2023

## Global markets

According to yesterday's US data releases, the ISM services PMI dropped by 1.6pts to a five-month low of 50.3, against expectations for a rebound after consecutive soft readings in the prior two months. The above data reinforced expectations that the Fed will likely take a pause on rate hikes at its next policy meeting on June 14 before delivering another hike in July, with only a 25.3% chance of a June hike now priced in. In reaction, USTs gained sharply before moving lower earlier today, though still standing above Monday's lows recorded in the aftermath of a higher-than-expected increase of 339k in May's non-farm payrolls. In FX markets, the adjustment in Fed rate expectations pushed the DXY USD index slightly below 104, helping the EUR/USD rising above 1.07 after hitting a low of 1.0673 yesterday. Elsewhere, oil prices moved lower today, with Brent crude standing at \$75.30/bbl at the time of writing, more than 4% lower from yesterday's highs following Saudi Arabia's decision to cut its oil output by 1 mb/d in July.

## Greece

Tomorrow ELSTAT is scheduled to announce the quarterly national accounts for the first quarter of 2023. In Q4 2022 the real GDP growth rate was relatively high at 1.4% QoQ / 5.2% YoY (vs. -0.1% QoQ / 1.8% YoY in the Euro Area), contributing strongly to a carry-over effect of 1.5 ppts. The high frequency indicators that have been published so far signal a mixed picture for Greece's macroeconomic performance in Q1 2023. The ESI and the PMI manufacturing have improved relatively to Q4 2022, while the manufacturing production index remained on a strong growth trajectory. On the other hand, employment growth decelerated on an annual basis, whereas the retail trade volume index, due to a steep drop in Mar-23 (-4.8% MoM / -8.0% YoY), shrunk both on a quarterly and on an annual basis for the second quarter in a row.

## CESEE

In Cyprus, GDP growth eased for the third consecutive quarter in Q1-2023, to 3.4%YoY from 4.4%YoY in Q4-2022, however GDP continued growing on a quarterly basis at an almost stable pace (+0.8% against +0.9%). Growth determinants changed compared to Q4, as investments, instead of household consumption, were the main growth driver, due to an increase of 70.5%YoY owed to a very strong expansion of capital formation in transport equipment (+566.8%YoY), from acquisition of ships. Household consumption also rose (+5.1%YoY), but its contribution to growth was much smaller compared to investments. The upward trend in exports of services weakened further, to 2.3%YoY vs. 3.6%YoY in Q4. In combination with a similar rise in exports of goods (+3.0%YoY) and a strong increase in imports of goods (+42.3%YoY), related to the investments in shipping, the external deficit (based on national accounts) skyrocketed to 15.9% of the quarterly GDP.

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