

# GLOBAL & REGIONAL DAILY

June 7, 2023

## Global markets

In the FX market, the AUD was the top performing G10 currency after the RBA caught markets off guard with an unexpected 25bps rate hike overnight, while the EUR remained under some pressure continuing to trade below 1.07 against the USD following the ECB's Consumer Expectations Survey for April which showed a significant decline in inflation expectations (12-month and 3-year ahead inflation expectations dropped to 4.1% and 2.5% respectively, from 5.0% and 2.9% in March). In addition, weak data released from Germany added to the view that the Eurozone's largest economy which experienced a winter recession is still lacking dynamism, with new manufacturing orders unexpectedly declining by 0.4%MoM in April and IP increasing by 0.3%MoM following an upwardly revised fall of -2.1%MoM in March. In other news, in its updated economic outlook that was released yesterday, the World Bank revised upward its 2023 GDP growth estimate for the world economy by 0.4ppt to 2.1%.

## Greece

According to Eurostat's flash estimate for the inflation rate in May-23, the annual change of the HICP in Greece decelerated for the 8th month in a row to 4.1% (6.1% in the Euro Area), from 4.5% in Apr-23 (7.0% in the Euro Area). The inflation rate of the core component of HICP, i.e., excluding energy, food, alcohol and tobacco, remained relatively high but constant at 7.2% (5.3% in the Euro Area), reflecting lagged pass-through effects from the energy price hikes in 2022. According to EC's spring economic forecasts (May-23), the average inflation rate in 2023 and 2024 is expected at 4.2% and 2.4% respectively (9.3% in 2022). In other data releases, according to the Bank of Greece, the weighted average interest rate on new deposits increased marginally to 0.25% in Apr-23, whereas the respective rate on new loans stood at 5.6%. Finally, today at 12pm ELSTAT is scheduled to announce the Q1 2023 national accounts data.

## CESEE

In Turkey, headline inflation slowed down in May for the seventh consecutive month, albeit modestly compared to previous months, to 39.6%YoY against 43.7%YoY in April. On a monthly basis the CPI was practically unchanged (+0.04% vs. +2.4% a month ago), indicating thus that the annual weakening stems from base effects. The yearly deceleration is mainly due to the trend in prices of housing-water-electricity (+20.7%YoY, -22.5ppts from April) and alcoholic beverages – tobacco (+30.1%YoY, -8.1ppts). As in the previous month, the strong decline in the former category reflects the four cuttings in the utility price cap so far this year from the energy market regulator EPDK. Prices did not ease significantly in the other goods – services categories. Accordingly, core inflation was broadly unchanged, to 47.7%YoY in May from 48.0%YoY a month earlier. In other news from the region, the Monetary Policy Council in Poland kept its benchmark interest rate at 6.75% in the ninth straight hold.

## 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  
[mvasseiliadis@eurobank.gr](mailto:mvasseiliadis@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

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