

# GLOBAL & REGIONAL DAILY

May 12, 2023

## Global markets

US jobless claims for the week ended May 6 rose by 22k to 264k, the highest level since October 2021, and continuing claims for the prior week edged up to 1.813mn, suggesting a potentially more rapid easing in labor market conditions. Along these lines, the Atlanta Fed wage tracker index decelerated in April (the three-month moving average of the weighted index slowed to 6.4%YoY from 6.5%YoY in March), in contrast with the acceleration in April's annual average hourly earnings, as evident in the latest non-farm payrolls survey. Meanwhile, US price pressures, though still elevated, may be gradually heading lower, with both the headline and core PPI dropping in April to 2.3%YoY and 3.4%YoY respectively, the slowest rate of increase since April 2021. Against this backdrop, USTs firmed, while the USD gained ground favored by increased risk aversion following today's weak data from China, taking the GBP/USD down close to 1.25, even though the BoE raised rates by 25bps yesterday and kept the door open for further tightening.

## Greece

According to ELSTAT, the seasonally-adjusted industrial production index rebounded in Q1 2023, recording a growth rate of 2.4% QoQ / 2.1% YoY, from -2.0% QoQ / -1.8% YoY in Q4 2022. The respective index in manufacturing remained on an upward trajectory, posting a growth rate of 2.9% QoQ / 7.8% YoY, from 2.7% QoQ / 3.3% YoY in Q4 2022. These results are consistent with the improvement of the confidence indicator in industry in Q1 2023. In other news, according to the Financial Stability Review published by the Bank of Greece, the total amount of non-performing loans of the four systemic banks is expected to decrease from €9.680bn in 2022 (7% of total loans vs 1.8% EU average) to €6.549bn in 2025 (4% of total loans), based on their 2023-2025 business plans.

## CESEE

The central bank of Serbia held yesterday May's MPC and decided to hold fire keeping the Key Policy Rate (KPR) unchanged at 6.00% following consecutive increases since April 2022 which translate to 500bps of cumulative KPR hikes. The decision caught the market off guard as consensus was for a 25bps hike given the inflationary pressures that remain unabated in Serbia, on the contrary with the rest region. That said, inflation in Romania came in at 12.53% YoY in April from 14.53%YoY in March and on the same footing, inflation in Czechia retreated to 12.7%YoY in April from 15.7%YoY a month ago, with both fresh prints streamlining with those of Poland and Hungary that came in earlier in the week at lower levels than the previous month on annual terms. Even further, the ease of prices pressures was also reflected in the core CPI print in Czechia which resided to 10.0%YoY in April from 11.5%YoY in March.

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