

GLOBAL & REGIONAL DAILY

July 13, 2023

Global markets

The US June CPI report surprised to the downside, adding to the view that the end of the Fed's tightening cycle is close. Both the headline and core indices increased by a lower than anticipated 0.2%MoM, taking the annual rate to 3.0%, the lowest since March 2021, and 4.8% respectively, from 4.0% and 5.3% in the prior month. Amid persistent, though easing, labor market tightness, weaker than expected inflation data are unlikely to prevent the Fed from hiking rates by an additional 25bps in the upcoming 25-26 July meeting. Nevertheless, softening inflationary pressures reduce the pressure on the central bank to act again beyond July, with investors pricing in currently a lower terminal rate, at 5.37% by the November meeting, while the fed funds rate is now expected to fall back below 5.00% by May 2024. In reaction, equity markets and government bonds gained across the globe, while the USD's recent sell-off accelerated, with the EUR/USD marking a fresh year-to-date high above 1.11 and the USD/CHF dropping to an 8-year low below 0.87.

Greece

According to ELSTAT, in Jun-23 the new licenses of road motor cars (both new and used from abroad) stood at 23,427 (20,617 passenger cars, 104 buses, 2,706 lorries), recording an annual increase of 10.8%. In the 6-month period from Jan-23 to Jun-23, the new licenses of road motor cars stood at 125,691 (110,207 passenger cars, 607 buses, 14,877 lorries), posting an annual increase of 13.2%. In other news, the Minister of Infrastructure and Transport, Mr. Christos Staikouras, on a conference in Athens outlined the ministry's major projects in the coming years: the Thessaloniki Metro, Highway E65 in Central Greece, the Patra-Pyrgos highway, the Aktio-Amvrakia road in Western Greece, the Northern Road Axis of Crete, the Athens Metro Line 4, the Halikida-Psachna Diversion and the Bralos-Amfissa Axis.

CESEE

The disinflation process continued in the region in June as evident in both Serbia's and Romania's latest CPI prints. In Serbia, inflation decelerated to 13.7%YoY/0.7%MoM from 14.8%YoY/0.9%MoM in May. Core inflation also decelerated to 9.9%YoY from 10.4%YoY in the previous month, with the central bank (NBS) attributing the decrease to preserved stability of the dinar against major currencies. Later today, the NBS holds its MPC meeting where the interest rate will most probably be held at 6.25%, favoured also by yesterday's inflation data that points clearer the phase of remission price increases have entered since March. On the same footing, in Romania, inflation moderated to 10.25%YoY/0.40%MoM from 10.64%YoY/0.64%MoM in May. On fiscal developments, the parliament of Bulgaria approved the government's budget bill for 2023 at first reading with the fiscal deficit target set at 3.0% of GDP and, thus, passing the bar of the respective criterion for the eurozone entry.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Maria Kasola
Research Economist
mkasola@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 Stamatios
Senior Economist
tstamatios@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-endarferontos>

Follow us on twitter: 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.

