

GLOBAL & REGIONAL DAILY

May 15, 2023

Global markets

The University of Michigan's preliminary consumer sentiment index for May dropped more than expected coming in at a six-month low of 57.7 from April's 63.5 on the back of heightened concerns about the US growth outlook given the risk of a debt ceiling crisis. Meanwhile, the survey's reading of one-year inflation expectations fell slightly to 4.5% from 4.6% in April. However, coming in contrast with mild CPI and PPI inflation readings last week, long-run inflation expectations surprised to the upside, rising from 3.0% last month to 3.2%, the highest level since 2011. In reaction, fixed income markets came under pressure on both sides of the Atlantic, while oil prices moved further lower amid heightened global growth woes following a recent flurry of weak data from China. In FX markets, favored by its safe-haven appeal on the back of growth concerns, debt ceiling woes and lingering fears over regional US banks, the USD broadly strengthened, taking the EUR/USD below 1.09 for the first time since early April.

Greece

Today, the European Commission is expected to publish its 2023 Spring Economic Forecasts. According to its Winter Economic Forecasts (Feb-23), the real GDP growth rate in 2023 is expected at 1.2%, followed by an acceleration to 2.2% in 2024. Moreover, the inflation rate (12-month average) is estimated at 4.5% and 2.4% in 2023 and 2024 respectively. Given the relatively high carry over effect from 2022 (+1.5 percentage points) and the Q1 2023 readings for most of the high frequency indicators published so far (PMI manufacturing, Economic Sentiment Indicator, Manufacturing Production, trade balance) an upward revision for the real GDP growth rate in 2023 is expected in today's EC's Spring Economic Forecasts. The 2023 Stability Programme, submitted by the government in late Apr-23, forecasts real GDP growth rates of 2.3%, 3.0%, 3.0% and 2.1% in 2023-2026 and inflation rates of 4.5%, 2.4%, 2.0% and 2.0% in 2023-2026.

CESEE

Focus today turns to Turkey following yesterday's presidential elections. Given the preliminary results, current President Tayeep Erdogan may have a lead on votes but this does not seem enough to avoid a second round on May 28 between his party and that of Kemal Kılıçdaroğlu. Local markets have opened lower today with the BIST100 index trading in the red, lower by 6.38% compared to Friday's closing and by 18.51% year-to-date at the time of writing. The Turkish lira is also under pressure, trading currently at 19.6616 against the USD from 19.5842 on Friday and 18.7100 early this year. Elsewhere in the region, late on Friday evening, Fitch Ratings affirmed Bulgaria's sovereign rating at BBB and kept the outlook positive in its latest rating action while April's core and headline CPI prints on Serbia spurred some optimism as both came lower compared to March.

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 Stamatiou
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708



Michail Vassileiadis
Research Economist
mvassileiadis@eurobank.gr
+ 30 214 40 59 709

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