

GLOBAL & REGIONAL DAILY

May 16, 2023

Global markets

USTs remained under moderate pressure on hawkish remarks from Fed officials and continued concerns about the risk of a debt ceiling crisis, failing to capitalise on US data showing a bigger-than-expected 42.6pts drop in the NY Fed's May Empire Manufacturing index to -31.8. In FX markets, the USD retained a firm tone, with the DXY index continuing to consolidate above 102 ahead of today's US retail sales and industrial production data, while Asian bourses ended mostly firmer, shrugging off today's weak retail sales data from China. Debt-ceiling negotiations will resume today, with Treasury Secretary Yellen repeating in a letter to Congressional leaders yesterday that debt-limit measures "may be exhausted" as soon as June 1. Meanwhile, European natural gas prices continued to decline, marking a session low of €32.25/MWh yesterday, the lowest since July 2021, while oil prices rose, with WTI crude up to \$71.07/bbl on news that the US will be filling the Strategic Petroleum Reserves with up to 3 million barrels of crude oil for August delivery.

Greece

According to the European Commission's Spring Economic Forecasts released yesterday, the annual real GDP growth rate in 2023 and 2024 is estimated at 2.4% and 1.9% respectively, from 1.2% and 2.2% in the Winter Economic Forecasts released in Feb-23. Domestic demand (fixed investment and private consumption) is expected to have the highest contribution to the 2023-2024 growth (cumulative at 4.3%), followed by net exports. Regarding the unemployment rate, it is forecasted to decline, relatively weakly, to 12.2% and 11.8% in 2023 and 2024 respectively (12.4% in 2022), while the inflation rate based on the HICP, is estimated to decelerate to 4.2% and 2.4% in 2023 and 2024 respectively (9.3% in 2022). Finally, the general government balance deficit is forecasted at 1.3% and 0.6% of GDP in 2023 and 2024 respectively, whereas the debt-to-GDP ratio is estimated to drop to 160.2% of GDP in 2023 and to 154.4% of GDP in 2024 (171.3% of GDP in 2022).

CESEE

According to the Commission Spring 2023 Economic Forecast released yesterday, growth prospects for 2023 have improved in all but one CESEE member countries compared to last November. However, inflationary pressures persist and are proved somewhat stronger than projected in late 2022. Average annual 2023 GDP growth in the CESEE countries is now expected to be about 0.5ppts higher than in the Winter 2022 EC Forecast, to 1.25%, as projections were revised upwards for all the countries of the region but Estonia (-1.1ppts, to -0.4%), due to high inflation and tightening financing conditions. On the contrary, growth dynamics have improved mainly in Romania (+1.4ppts, to 3.2%) and Cyprus (+1.3ppts, to 2.3%). Regarding consumer prices trends, inflation in the countries of the region is expected to ease in 2023 somewhat moderately relative to projections in the previous EC Economic Forecast, to 9.4% against 9.2%, due to stronger inflationary pressures mainly in Estonia (+2.6ppts, to 9.2%), and Czechia (+2.4ppts, to 11.9%).

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Michail Vassileiadis
Research Economist
mvasileiadis@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

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-endi aferontos>

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.

