

GLOBAL & REGIONAL DAILY

May 17, 2023

Global markets

US industrial production rose by a higher than expected 0.5%MoM in April mainly on the back of a 1.0%MoM increase in manufacturing output that was partially driven by improved motor vehicle production. Separately, the NAHB housing market index rose by 5pts to 50 in May, the fifth consecutive monthly improvement, and the so-called “control” group retail sales (the category of retail sales that excludes autos, gas, building materials, and food services and the BEA uses to estimate real consumer spending in national income and product accounts) improved by a higher than anticipated 0.7%MoM in April, pointing to upside risks for Q2 consumption growth. In reaction to better-than-expected US data and fresh hawkish comments by Fed officials, USTs came under selling pressure with the yield curve bear-flattening. The USD broadly strengthened, and risk sentiment remained subdued as US debt negotiations continue, while investors appear to be growing more doubtful over whether the Fed would cut rates this year.

Greece

According to the Jan- Apr-23 State Budget Execution preliminary data, the overall fiscal balance posted a deficit of €0.80bn, improved by 79.2% compared to the respective 2023 Budget monthly target. The primary fiscal balance recorded a surplus of €2.43bn, improved by €3.30bn compared to the target. State budget revenue amounted to €21.04bn registering an increase of €2.50bn (13.5%) compared to the target, whereas tax revenue increased by €1.63bn (10.1%) due to the overperformance of the revenues from 2022 tax installment schemes and the tax revenues from the current year. State budget expenditure amounted to €21.84bn registering a decrease of €0.54bn (-2.4%) compared to the target. In other news, the PDMA is expected to re-open the 10-YR and the 15-YR GGBs to raise an amount of ca €0.40 bn. For reference, the 10-YR bond yield was at 4.06% yesterday, lower by 12.2% year-to-date, and the spread compared to the respective German bonds at 170.9 bps.

CESEE

Inflation in Bulgaria remained on a downward trend based on yesterday's data referring to April. Headline CPI came in at 11.6%YoY from 14.0%YoY in March with April being the seventh month in a row with decreasing CPI readings. Easing price pressures were also evident in the monthly reading which came in at 0.3% from 0.5% a month ago. The Q1-2023 GDP growth flash estimate, released the same day, pointed to a modest deceleration compared to Q4-2022, both in annual and quarterly terms as respective growth rates came in at 2.0%YoY and 0.4%QoQ from 2.1%YoY and 0.5%QoQ. Fresh outlooks, the EC Spring Economic Forecast released on Monday and the EBRD Regional Economic Prospects aired yesterday, were slightly improved for 2023, with the Commission setting its growth forecast at 1.5% from 1.4% in February and the EBRD upping its forecast to 1.3% from 1.0% three months earlier.

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