

GLOBAL & REGIONAL DAILY

April 21, 2023

Global markets

The Philadelphia Fed manufacturing survey's headline for April disappointed, unexpectedly falling from March's -23.2 to -31.1, the lowest level since May 2020, providing further support to expectations of a deceleration in US GDP growth in Q2. Furthermore, US existing home sales dropped by a higher than anticipated 2.4% to a seasonally adjusted annual rate of 4.44mn in March following a downward revised, though still strong, 13.7% in February. The Conference Board's leading indicator for March also declined by a larger-than-expected 1.2%, and initial jobless claims rose further in the week ended April 15, coming in at 245k from 239k, while continued claims were up by 61k to 1.865mn, the highest level since November 2021. In reaction to the latest string of weak US data releases yesterday, risk-off sentiment prevailed, the DXY USD index remained below 102, Brent crude oil prices dropped to a multi-week low below \$81/bbl and USTs firmed, with the front-end outperforming, ahead of today's preliminary PMIs for April across the globe.

Greece

According to the Bank of Greece, the current account (CA) balance increased on an annual basis for a second month in a row in Feb-23, mostly reflecting an improvement in the oil balance due to the drop in oil prices. Since Jan-23 the annual change in the oil prices has turned negative and as a result the respective change in the oil balance has turned positive. Specifically, the CA balance increased by €1.0bn in Feb-23, with the deficit in the balance of goods decreasing by €1.0bn (with €0.8bn coming from the decrease in the deficit of the oil balance) and the surplus in the balance of services increasing by €0.1bn. In other data releases, the turnover index in industry remained on an upward trajectory in Feb-23, albeit at a decelerating rate, posting an annual increase of 6.7%, from 34.4% in Feb-22. Finally, today ELSTAT is scheduled to announce the first notification of the 2019-2022 fiscal data, while S&P is scheduled to announce its credit rating evaluation.

CESEE

In Serbia, one-year inflation expectations of the financial sector stood at 8% in March, remaining unchanged for the sixth consecutive month, according to a survey conducted by Ipsos on behalf of the central bank (NBS). Short-term expectations in the corporate environment also remained unchanged at 10.0% while those of households stood at 15%, the same as in February, laying as usually higher than the other sectors. Two-year inflation expectations across all sectors exceeded the upper end of the NBS' target tolerance band (3%+/-1.5pps), boding well with March's CPI print which came in at 16.2%YoY from 16.1%YoY in February after having averaged 11.9% in FY2022. In Poland, consumer inflation expectations improved in April, having digested the retreat of inflation in March at 16.2%YoY from 18.4%YoY in February. Finally, Bulgaria is still in the middle of political stirring between GERB and WCC-DB, the two key political formations as surfaced from the April 2 ballot, for the formation of a coalition government.

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