

GLOBAL & REGIONAL DAILY

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Global markets

Risk-off mode prevailed earlier today on market uncertainty over whether Fed Chair Jerome Powell, who will deliver his semi-annual congressional testimony to the House of Representatives at 10:00 EDT, will stick to the tone adopted at last week's press conference, sounding slightly less hawkish relative to the median end-2023 dot which rose by 50bps and the economic projections which revealed an upward revision in inflation and growth forecasts. Meanwhile, UST yields opened modestly higher after yesterday's US data for May showed an unexpected surge of 21.7%MoM in housing starts to 1.631mn and a solid rise of 5.2%MoM in building permits. German Bunds were also slightly weaker in early trade today, tracking UK gilts lower, after UK inflation data for May showed that headline CPI inflation was unchanged at 8.7%YoY against expectations for a modest decline and core inflation unexpectedly rose by 0.3ppts to 7.1%YoY. In FX markets, the USD was a tad firmer on the day, with the DXY index, though, remaining below the 103 level.

Greece

According to Eurostat the share of people at risk of poverty or social exclusion in 2022 – i.e., the persons that have an equivalized disposable income below the risk-of-poverty threshold – was at 26% in Greece (21.6% in EU-27). The statistic continued its downward path (max in 2016 at 32.6%). The 2022 reading was the third highest in EU-27 – Romania and Bulgaria posted 34.4% and 32.2% respectively – but it was lower compared to 2021 (28.3%) despite the significant inflation pressures of the previous year. In other news, the PDMA, today will proceed with the re-opening of the 25YR Greek Government Bond (maturity January 2042) for an expected amount of €200mn. For reference, the 10-YR bond yield yesterday was at 3.73% and the spread with the respective German bond (Bund yield at 2.41%) was at 132 bps, improved by 73.3 bps year-to-date.

CESEE

In Hungary, the Monetary Policy Committee (MPC) cut the overnight deposit rate by 100bps to 16.0%. It also narrowed the overnight interest rate corridor by cutting the collateralised lending rate by another 100bps, to 18.5%, after a cut of the same magnitude in May. The policy rate was kept unchanged for the ninth consecutive month at 13.0%. The MPC decision was based on the updated national bank (NBH) forecasts from its recent Inflation Report. The MPC expects that headline and core inflation will continue falling at a rapid pace in the remainder of 2023, with the former rate probably reaching single digit levels by the end of the year against 21.5%YoY in May. But disinflation will be slower next year because of the scheduled increases in tax rates. In Cyprus, tourism gained pace in May, as the increase in tourist arrivals accelerated to 33.3%YoY against 18.5%YoY in April, though arrivals lagged their level in 2019 for the first time this year, by 4.1%.

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