

GLOBAL & REGIONAL DAILY

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Global markets

The Eurozone Flash Composite Output PMI Index retreated to 53.3 in May, down from April's 54.1, indicating an expansion in business activity for a fifth consecutive month, albeit at a slower pace. The decline was broad-based across sectors but more pronounced in manufacturing, with manufacturing PMI falling to a 36-month low of 44.6, down from April's 45.8, pointing to a further contraction in the manufacturing sector. The services PMI stood at 55.9 from 56.2 in April. In the US, the Flash Composite Output PMI Index hit a 13-month high in May, standing at 54.5 from 53.4 in April driven by the services sector, as services PMI rose to 55.1 from 53.6. The manufacturing PMI moved back into contractionary territory in May after reaching the expansion area in April, falling to 48.5 from 50.2. Meanwhile, the DXY USD index maintained a positive tone, with negotiations about the debt ceiling not having reached yet to a resolution.

Greece

According to the balance of travel services (the largest subcomponent of the balance of services), travel receipts in current prices increased to €732.9mn in Q1 2023, from €447.5mn in Q1 2022, nevertheless they stood lower by 1.8% compared to the respective pre-pandemic figure (€746.5mn in Q1 2019). In-bound traveller flows increased impressively to 1,874.2k in Q1 2023, from 1,072.7k and 271.0k in Q1 2022 and Q1 2021 respectively. Given the above changes in travel receipts and inbound traveller flows, the average non-resident expenditure per trip decreased to €388.6 in Q1 2023, from €414.3 and €391.9 in Q1 2022 and Q1 2021 respectively. Finally, consistent with the above results, the turnover in accommodation activities and in food and beverage activities in Q1 2023, registered an annual increase of 28.6% and 27.0% respectively.

CESEE

The Monetary Policy Committee (MPC) of the Central Bank of Hungary (NBH) decided yesterday to cut by 100bps the one-day deposit rate to 17.0%, signalling, thus, the beginning of monetary policy normalisation, after the emergency meeting held on 14 October 2022 which introduced a series of measures to halt the extensive pressure on the forint at that time. The decision came, among other factors, on the back of some visible stabilisation of inflation, which, besides some meagre drawbacks, has been on a downward path since the start of 2023, remaining, though, above 20%, both on the headline and the core readings (24.0% and 24.8% respectively in April). Along these lines, a possible cut on the key policy rate, which currently stands at 13.0%, is not on the table for the time being, NBH deputy governor Barnabas Virag stated in the post-meeting press conference as inflation needs to retreat substantially further.

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