

# GLOBAL & REGIONAL DAILY

July 25, 2023

## Global markets

Flash PMI data for July were mixed in the US. The composite PMI declined to 52.0 from June's 53.2 driven by a softer than expected fall in services (-2.0pts to 52.4). On the other hand, manufacturing PMI rose more than expected to 49.0 from 46.3 against expectations of a slight drop, showing signs of recovering after weakening considerably in June. In Eurozone, the flash PMIs surprised to the downside. The composite PMI fell more than expected to 48.9 from 49.9 in June, marking an 8-month low. The decline was broad-based across sectors (manufacturing -0.7pts to 42.7, services -0.9pts to 51.1). According to the report, the components of new orders, backlogs of work, output expectations fell, the employment component rose at the slowest pace since February 2021, while inflationary pressures moderated. At country level, business activity deteriorated in Germany and France, with the flash composite PMI falling by 2.3pts to 48.3 and by 0.6pts to 46.6 respectively.

## Greece

According to the Bank of Greece, travel receipts increased further in May-23 supporting incomes and employment. Their value picked up to €1,748.1mn in current prices, from €1,400.7mn in May-22, posting an annual growth of 24.8%. This result reflects the continued rebound of the inbound traveller flows (+13.9% YoY) as well as the rise, to some extent inflationary, of the average non-resident expenditure per trip (+9.0% YoY). In the 5-month period from Jan-23 to May-23, travel receipts recorded a value of €3,244.3mn, higher by 30.7% compared to the respective period in 2022. In contrast to the monthly results of May-23, the increase in the travel receipts in the period from Jan-23 to May-23 came exclusively from the steep rise of the inbound traveller flows (+32.9% YoY), while the average non-resident expenditure per trip dropped to €541.0, from €554.2 in the respective period of 2022 (-2.4% YoY). Finally, travel receipts from Jan-23 to May-23 exceeded their pre-pandemic level by 13.6% (traveller flows +8.6%, expenditure per trip +4.3%).

## CESEE

Based on the fresh Q1-2023 fiscal data released by Eurostat, mixed trends are observed across the region regarding the level of fiscal deficit. Among the CEE-4, while Poland achieved a sharp reduction from an 8.4% of GDP deficit in Q4-2022 to 2.0% in Q1-2023 and Czechia held steady at 4.2%, Hungary's deficit widened further to 11.1% in Q1-2023, ranking first by and large across EU peers, from the already extensive deficits in the last two quarters of 2022 (-9.4% in Q4-2022 and -7.0% in Q3-2022). Slovakia's deficit also loosened, albeit to a smaller extent, inching up to 3.8% of GDP from 2.7% in Q4-2022. In Bulgaria, a transition from a 0.8% of GDP surplus in Q4-2022 to a 3.6% of GDP deficit was marked but given the pledge of the recently formed coalition government for a FY2023 deficit at 3.0%, a consolidation is anticipated for the remainder of the year. Finally in the Baltics, large deficits in Q4-2022 were curbed in Q1-2023, especially in Latvia and Lithuania, while Estonia held almost constant close to the range of 2.0%.

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