

# GLOBAL & REGIONAL DAILY

May 26, 2023

## Global markets

According to the second estimate, US Q1 GDP was revised up to a 1.3% annualized rate from 1.1% previously, reflecting a modest upward re-estimate in most expenditure components other than net exports, while core PCE inflation was also revised up from 4.9% to 5.0%. Separately, US initial jobless claims for the week ending May 20 rose by a lower-than-expected 4k to 229k, while the reading of the prior week was revised down by 17k to 225k after Massachusetts revised lower three months' worth of jobless claims data due to fraudulent applications. In reaction to the above and House Speaker McCarthy's comments which fueled optimism for a debt ceiling resolution ahead of the deadline, the USD remained well supported and USTs continued their bear-flattening momentum, as OIS swap markets are now pricing in almost fully another 25bps Fed rate hike by the July meeting (around 11bps are priced in for June and around 10bp for July), while the rate priced in for December dropped further, implying 37bps of rate cuts by year-end.

## Greece

The President of the Hellenic Court of Audit, Mr. Ioannis Sarmas, was sworn yesterday as Prime Minister of the caretaker government which will lead the Hellenic Republic to the new elections on June 25th, 2023. Later today, at 12 p.m., the new cabinet (16 members) will be sworn at the Presidential Mansion. On the data front, according to ELSTAT, the overall material costs index in the construction (CSTM) of new residential buildings recorded an increase of 8.4% YoY in Apr-23, from 8.9% YoY in Mar-23 and 11.0% YoY in Apr-22. As it has been the case with the HICP inflation rate, the CSTM inflation has been following a downward trajectory since Sep-22 (12.4% YoY). Finally, the number of Greek merchant ships (100 GRT and over) decreased marginally to 1,826 in Mar-23, from 1,838 in Mar-22 (-0.7% YoY). The respective decrease in terms of tonnage was 4.7% YoY (37,816,842 in Mar-23 from 39,690,516 in Mar-22).

## CESEE

In Turkey, the Monetary Policy Committee (MPC) kept the policy rate unchanged at 8.5% for the third consecutive month at its May meeting held yesterday. The MPC assessed in the post-meeting press release that the current monetary policy stance is adequate to support the necessary recovery in the aftermath of the February earthquakes by maintaining price and financial stability. The above decision matched market forecasts, based on the MPC's guidance in its April meeting for another hold decision in the next month, as well as on continuing downside pressures on the lira, with the USD/TRY hovering around 19.99 at the time of writing, 2.2% down after the first round of elections in May 14 and 5.9% lower since the February policy rate cut. The recent weakening came on the back of capital flights after the elections, with the Central Bank's FX reserves falling by 14% in the last two weeks and by 29.0%YtD, however relative to one year ago the decline is moderate (-1.9%).

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