

GLOBAL & REGIONAL DAILY

June 26, 2023

Global markets

The Eurozone composite PMI dropped to a lower than expected 50.8 in July from June's 52.8, mainly driven by services (-2.7pts to 52.4), but activity also slowed in manufacturing (-1.2pts to 43.6). The US composite PMI also moved lower in June, though less than the respective Eurozone print, coming in at 53.0 from 53.3, with manufacturing activity falling more than anticipated (-2.1pts to 46.3), but with the services component coming in almost in line with market consensus (-0.8pts to 54.2). In reaction, government bonds gained on both sides of the Atlantic, with USTs underperforming their European peers amid more resilient preliminary June PMIs. In FX markets, the DXY USD index kicked off the week on a relatively positive tone, holding above 102.50 after briefly retesting the 103 area on Friday amid renewed global growth concerns, with the EUR/USD struggling at around 1.09 ahead of the Eurozone flash June CPI release (on Friday) and the ECB's annual conference in Sintra which starts today.

Greece

The general elections for the 300-seat parliament in Greece were completed y-day. Eight parties crossed the 3.0% threshold to enter the parliament. According to the provisional results (the official announcement is expected later today), ND, the incumbent government until late May 2023, wins the election with an outright majority of 40.55% and 158 seats. SYRIZA, the main opposition party was at ca 17.84% (48 seats), PASOK was at 11.85% (32 seats), KKE was at 7.69% (20 seats), SPT was at 4.64% (12 seats), EL was at 4.44% (12 seats), NK was at 3.69% (10 seats) and PE was at 3.17% (8 seats). K. Mitsotakis, the leader of ND, will start his second term as Prime Minister at 13:00 today and the announcement of the new government is expected by noon. For reference, the 10-YR bond yield earlier today was at 3.60% and the spread with the respective German bond was at 125 bps, improved by 80.3 bps year-to-date.

CESEE

Last week concluded with 2 sovereign ratings affirmations for the CEE countries. On Friday, Fitch Ratings affirmed Hungary's rating at BBB and kept the outlook negative, having downgraded it from stable 6 months ago in the previous scheduled credit review. The key highlights of the review sum up to the solid structural economic indicators and the investment-led growth but also to worsening governance and continuing unorthodox policies. The agency also affirmed Poland's rating at A- with a stable outlook, underlining the diversification of the economy and the slightly lower public debt levels than that of other rated peers. The S&P agency, after conducting a semi-annual review of the EMEA region, which also entails Poland, announced its decision not to update Poland's sovereign credit rating, keeping it, thus, at A- and the outlook stable, with the latest credit review going back to mid-February. The week's calendar is rather lightweight with focus turning mostly on June's CPI flash estimate for Poland on Friday.

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