

# GLOBAL & REGIONAL DAILY

July 28, 2023

## Global markets

As widely expected, the ECB raised the three policy rates by 25bps yesterday, taking the deposit facility rate at 3.75%. Overall, the ECB acknowledged that “inflation continues to decline but is still expected to remain too high for too long”. During the press conference, ECB President Lagarde recognized that “the near-term economic outlook for the euro area has deteriorated, owing largely to weaker domestic demand”, while “high inflation and tighter financing conditions are dampening spending”. Regarding future actions, the ECB stated that “the Governing Council will continue to follow a data-dependent approach to determining the appropriate level and duration of restriction”. In other news, according to the advance estimate, US real GDP increased by a higher-than-expected 2.4% annualized rate in Q2 2023, indicating an acceleration compared to the prior quarter’s 2.0% pace. Meanwhile, core PCE prices slowed by 3.8% from 4.9% in the previous quarter, marking the slowest pace of increase since Q1 2021.

## Greece

According to the Bank of Greece (BoG), the deposits of the private sector in the domestic MFIs amounted to €189.3bn in Jun-23, recording both a monthly and an annual increase of 1.6% and 3.8% respectively. The deposits of households stood at €142.6bn in Jun-23, posting a monthly and an annual increase of 0.6% and 4.5% respectively, whereas the respective figure for private firms stood at €46.7bn, higher by 4.6% and 2.0% compared to May-23 and Jun-22 respectively. On the other side of the ledger, taking into account reclassifications and transfers of loans, write-offs and exchange rate variations, the annual change of credit to the private sector from the domestic MFIs slightly decelerated to 2.8%, from 3.1% in May-23 (monthly net flow at +€1.8bn, from -€0.3bn in May-23).

## CESEE

In Turkey, the signs that the switch to a tight monetary policy stance after the recent elections is gradually bearing fruits are increasing. According to the latest banking statistics, during 15-21 July, i.e., the week up to the July convention of the Monetary Policy Committee (MPC) about the policy rate, the central bank’s (TCMB) reserves expanded further on a weekly basis, albeit marginally (+0.43%). The widening is due to both higher reserves in foreign exchange (+0.41%) and gold (+0.47%), bringing the total reserves expansion after the second round of the presidential elections in May 28 to 11.5%, exclusively from foreign exchange accumulation (+18.9%), as gold reserves have declined since marginally (-0.9%). These developments in foreign reserves indicate that, despite market uncertainty ahead of the July MPC decision, reflected at the further lira (TRY) devaluation by 2.9% against USD in the said week, the TCMB did not support the TRY. Although the recent policy rate hike from 15.0% to 17.5% came below the market forecast for a 5ppts rise, the TCMB abidance to monetary policy tightening, is considered the main reason behind the stability of the TRY vis-à-vis USD a week after the new key rate increase, to ca 0.037.

## Contributing Authors:

**Dr. Dimitrios Exadaktylos**  
Economic Analyst  
[v-dexadaktylos@eurobank.gr](mailto:v-dexadaktylos@eurobank.gr)

**Dr. Stylianos G. Gogos**  
Research Economist  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr)

**Michail Vassileiadis**  
Research Economist  
[mvasileiadis@eurobank.gr](mailto:mvasileiadis@eurobank.gr)

## Research Team



**Dr. Tasos Anastasatos** | Group Chief Economist  
tanastasatos@eurobank.gr | + 30 214 40 59 706



**Dr. Dimitrios Exadaktylos**  
Economic Analyst  
v-dexadaktylos@eurobank.gr  
+ 30 214 40 63 449



**Dr. Stylianos Gogos**  
Research Economist  
sgogos@eurobank.gr  
+ 30 214 40 63 456



**Maria Kasola**  
Research Economist  
mkasola@eurobank.gr  
+ 30 214 40 63 453



**Paraskevi Petropoulou**  
Senior Economist  
ppetropoulou@eurobank.gr  
+ 30 214 40 63 455



**Dr. Theodoros Rapanos**  
Research Economist  
trapanos@eurobank.gr  
+ 30 214 40 59 711



**Symeoni – Eleni Soursou**  
Junior Economic Analyst  
ssoursou@eurobank.gr  
+ 30 214 40 65 120



**Dr. Theodoros Stamatiou**  
Senior Economist  
tstamatiou@eurobank.gr  
+ 30 214 40 59 708



**Michail Vassileiadis**  
Research Economist  
mvassileiadis@eurobank.gr  
+ 30 214 40 59 709

**More available research at:** <https://www.eurobank.gr/en/group/economic-research>

**Subscribe electronically at:** <https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-entiaferontos>

**Follow us on twitter:** [https://twitter.com/Eurobank\\_Group](https://twitter.com/Eurobank_Group)

**Follow us on LinkedIn:** <https://www.linkedin.com/company/eurobank>

### DISCLAIMER

This report has been issued by Eurobank S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees. Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.

