

GLOBAL & REGIONAL DAILY

May 29, 2023

Global markets

Risk sentiment improved, with the majority of Asian bourses ending higher today, while European and US stock futures indicate a positive opening following news over a tentative US debt ceiling agreement between President Biden and Republican House Speaker McCarthy. Negotiators reportedly agreed to raise the debt limit for two years while also capping federal spending over the same period, but details still need to be worked out. Provided that a final deal is reached, it should be first ratified by the House before moving for approval to the Senate by June 5, when the Treasury is projected to exhaust its ability to meet its obligations. Amid increased hopes of a debt ceiling final agreement, USTs came under further pressure, especially at the short end of the curve, also affected by Friday's stronger than expected April PCE data. Meanwhile, in spite of improved risk sentiment, the USD retained a firm tone ahead of Friday's US non-farm payrolls report, favored by a continued upward adjustment in Fed rate expectations.

Greece

According to the Jan- Apr-23 State Budget Execution final data, the overall fiscal balance posted a deficit of €0.79bn, improved by 79.4% compared to the respective 2023 Budget monthly target. The primary fiscal balance recorded a surplus of €2.44bn, improved by €3.31bn compared to the target. State budget revenue amounted to €21.06bn registering an increase of €2.51bn (13.5%) relative to the target. Tax revenue increased by €1.57bn (10.1%) with income tax and VAT on other goods and services revenue registering an increase of 10.5% and 8.3% compared to their targets. State budget expenditure amounted to €21.85bn registering a decrease of €0.53bn (-2.4%) compared to its target. The European Commission, in the context of the 2023 Stability Programme, recommended to the European Council its proposals for Greece, which include, the winding down, by the end of 2023, of the energy support measures and the implementation of an upper limit of 2.6% on the nominal increase of nationally financed net primary expenditures in 2024.

CESEE

Material political developments in the region took place in the last couple of days; yesterday, in the second round of elections, incumbent President Recep Tayyip Erdogan was re-elected, gathering 52.1% of total votes based on the preliminary results by the Supreme Council of Elections. Obstacles have emerged in the long-awaited formation of a coalition government in Bulgaria amid leakages of recordings from a "Change Continues" high level meeting which revealed critical comments about leaders of the GERB party. On the same rocky footing, incumbent President Vucic resigned on Saturday from leader of the Serbian Progressive Party (SNS) amid social unrest and protests for a fourth consecutive week in Belgrade and plans of Vucic to form a wider political movement that he hoped would "unite a greater number of those who want to fight for the victory of patriotic Serbia". Along these lines, the calendar of the week is broadly filled with the breakdown of Q1-2023 GDP data in many peers such as Croatia, Czechia, Poland, Serbia, and Hungary.

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