

GLOBAL & REGIONAL DAILY

May 30, 2023

Global markets

Asian equity markets closed slightly lower earlier today, while US stock futures are broadly positive ahead of the expected approval by Congress of the bill related to the bipartisan debt-ceiling agreement. Meanwhile, fixed income markets were firmer today on both sides of the Atlantic, with European bonds outperforming, as investors scaled back ECB rate tightening expectations, with futures now implying a terminal rate close to 3.70% by the October meeting. Coming on the heels of a downward revision in Germany's Q1 GDP to negative territory (-0.3%QoQ) that implies a winter technical recession, Spain's Prime Minister Pedro Sanchez surprisingly announced — after his ruling party suffered heavy losses at Sunday's regional elections — that general elections which were supposed to be held at the end of the year, will take place on 23 July. On the flip side, the implied probability for a Fed rate hike at the June meeting has increased to 60%, keeping the USD well supported across the board.

Greece

According to ELSTAT, the volume index in wholesale trade increased strongly in Mar-23, posting a growth rate of 14.3% YoY, from a decrease of 6.9% YoY in Mar-22. In terms of a 3-month average (Jan-23 to Mar-23, a proxy of the quarterly reading), the volume index in wholesale trade registered a positive annual growth rate, 5.1%, for the first time since Q4 2021. In parallel with these results, the volume index in motor trade (sale of motor vehicles) increased steeply by 49.0% YoY in Mar-23 (+35.0% YoY in Q1 2023), from a decrease of 7.4% YoY in Mar-22 (-4.1% YoY in Q1 2022). The strong rise in motor vehicles' sales could be explained by the ongoing rebound of the tourism industry and the increasing needs for transportation vehicles. On the political front, the President of the Hellenic Republic Katerina Sakellariopoulou issued a presidential decree for dissolving the parliament. The new elections are scheduled for June 25th, 2023.

CESEE

Mixed first signs from the markets in the aftermath of the re-election of President Recep Tayyip Erdogan in Turkey. The BIST100 stock index recorded a strong rise on Monday, by 4.1% compared to Friday's closure, with the positive tone continuing earlier today (ca +3.6% at the time of writing, to 4939.14), recovering more than half of the losses since mid-April (-14% from 5146). On the contrary, downside pressures on the lira persist, as the USD/TRY is hovering around 20.30 at the time of writing after closing above 20 yesterday for the first time ever, almost 4.0% down after the first round of elections and 7.7% lower since the February policy rate cut. In other news, according to the latest foreign trade statistics, the continuous lira devaluation does not support exports of goods (in USD), as they declined in April by 17.1%YoY, with the balance of goods deteriorating by 42.1%YoY. In January-April 2023, exports of goods fell by 3.0%YoY and goods balance deteriorated by 32.9%YoY.

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