

GLOBAL & REGIONAL DAILY

May 31, 2023

Global markets

Ahead of the expected approval of the bill related to the debt-ceiling agreement from the House of Representatives later today, USTs extended recent gains, also favored by the Dallas Fed manufacturing activity index which dropped more than expected in May to a three year low of -20.1. Along similar lines, European government bond yields moved further lower as Spain's preliminary inflation data for May showed that the headline HICP came in at just 2.9%YoY, the lowest since July 2021, while the EC's economic sentiment indicator for the EA unexpectedly fell in May to a six-month low of 96.5. In FX markets, the USD/JPY eased back below 140 earlier today after hitting a fresh year-to-date peak near 141 yesterday following news that Japan's MoF, the BoJ, and the FSA will hold their first tri-party meeting since March. On the slip side, the EUR/USD continued to hover below 1.07, with the USD retaining a firm tone against most its currency peers supported by the continued upward adjustment in Fed rate expectations.

Greece

Non-financial private sector deposits at domestic MFIs in Apr-23 scarcely retreated from their Mar-23 level (-0.02%MoM), standing nevertheless 5.1% higher than their Apr-22 balance. Their composition, however, continued shifting further towards time deposits (+4.6%MoM), resuming a trend observed since the beginning of the year (+25.4%YtD); household time deposits, in particular, have increased by 31.0% or €7.3bn since end-2022. Credit to the non-financial private sector (adjusted for write-offs, reclassifications, and FX fluctuations) was lower by 0.6%MoM in Apr-23—but up by 3.8%YoY—driven by declines in credit to non-financial corporations (NFC, -0.7%MoM) and household mortgages (-0.5%MoM). The former can be partially attributed to the early repayment of corporate loans (attested by a 2.7%MoM drop in NFC deposits), while the latter has been in a continuous retreat ever since the onset of the nation's sovereign debt crisis in 2010.

CESEE

In tandem with the release of the economic sentiment indicator in the EU and the EA which both retreated in May, regional sentiment appeared broadly off beat with a few exceptions that marked improvement. In detail, based on the survey results released yesterday by the EC, the deterioration of the ESI extended from two of the CEE4, Czechia and Slovakia, to the three Baltics, also covering Croatia, Romania and Serbia with the index improving in Hungary, Poland, and Bulgaria. In other news, in Croatia, the Q1-2023 GDP growth print, released on Monday, came in at 2.8%YoY from 3.5%YoY in Q4-2022, beating the 2.3%YoY market expectations to the upside. The breakdown of GDP components pointed to net exports and private consumption contributing positively and investments also, albeit in a weaker vein. Yesterday, the respective data for the Czech GDP was due, resulting in a downward revision of the -0.2%YoY flash estimate to -0.4%YoY while Poland and Serbia take the torch today.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr. Theodoros Rapanos
Research Economist
trapanos@eurobank.gr

Maria Kasola
Research Economist
mkasola@eurobank.gr

Research Team



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



Dr. Dimitris 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



Dr. Theodoros Stamatou
Senior Economist
tstamatou@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-endiiferontos>

Follow us on twitter: 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.

