

# GLOBAL & REGIONAL DAILY

May 18, 2023

## Global markets

Risk-on sentiment prevailed, while USTs remained under pressure amid increased optimism that a debt ceiling resolution could be reached in the near-term, as comments by both US President Biden and House Speaker McCarthy suggested that negotiations are progressing. Against this backdrop, investors continue to scale back Fed rate easing expectations, with the rate priced in for the December meeting rising to 4.525%, implying around 60bps of rate easing by the end of the year. Meanwhile, markets start talking about the possibility of additional Fed rate tightening, with futures currently assigning a 20% chance of a further 25bps rate hike at the next policy meeting in June. The recent string of encouraging US data including yesterday's housing starts for April, may also have had an impact, with the Atlanta Fed rising its GDPNow estimate for Q2 to an annualized rate of 2.9%, up from 2.6% previously. Oil prices rose and the USD retained a firm tone, with the DXY index regaining the 103 level for the first time since early April.

## Greece

According to ELSTAT, the aggregate turnover of the economy (sales in current prices) amounted to €97.6bn in Q1 2023, compared to €90.1bn in Q1 2022, registering an annual increase of 8.3% (€7.5bn). In the same quarter the average annual inflation rate decelerated to 6.4%, from 8.6% in Q4 2022. Hence, the aggregate turnover of the economy in real terms increased on an annual basis by 1.9% in Q1 2023. The aggregate turnover in Mar-23 stood at €29.6bn, from €28.8bn in Mar-22, recording an annual increase of 2.6% (€0.8bn), with the annual inflation rate in the same month declining to 5.4%, from 6.5% in Feb-23. The sectors of economic activity with the highest increases in their turnovers in Q1 2023 were as follows: financial and insurance activities (61.9%), education (32.9%), construction (28.6%) and accommodation and food service activities (27.3%).

## CESEE

Mixed signs from market trends in Turkey a few days after the presidential elections. The Turkish lira keeps sliding against the USD, to 19.7860 at the time of writing from 19.5842 on Friday's settlement and 18.7100 at end December, a fall mainly owed to current President Tayyip Erdogan's pre-elections affirmation that in case of a re-election the low interest rate monetary policy will be continued. On the other hand, after a strong decline of 6.1% on Monday (to 4501.21), the BIST100 index moved higher afterwards, recording a 1.98% increase on Tuesday and a further rise of 1.57% yesterday, standing to 4687.77 (+0.66%) at the time of writing. Regarding trends in figures indicating the sentiment of international investors, the net International Investment Position at the end of March, defined as the difference between external assets and liabilities, posted a deficit of USD -247.4bn against USD -277.7bn at end 2022, with liabilities against non-residents falling by 5.4% against December and residents' external assets declining by 0.5%.

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