

GLOBAL & REGIONAL DAILY

June 23, 2023

Global markets

Against a backdrop of resilient economic growth and sticky inflation, several G10 central banks increased their policy rates further in their scheduled meetings yesterday, with a clear guidance for additional tightening, if needed. The SNB raised its policy rate by 25bps to 1.75%, while the policy statement stated clearly that additional tightening cannot be ruled out to ensure price stability over the medium term. Norges Bank also raised its policy rate by 50bps to 3.75%, while the BoE surprised markets with a higher than expected 50bps increase and did not push back against market pricing for an additional tightening of about 100bps by year-end. In reaction, global sovereign bonds came under pressure before regaining some ground earlier today on risk-off sentiment amid investor concerns over the growth outlook. In FX markets, the USD was broadly firmer ahead of today's global flash PMIs for June, with the EUR/USD moving back below 1.09 earlier today and the GBP/USD failing to hold post-BoE gains above 1.28 amid UK stagflation concerns.

Greece

Travel receipts (including cruises) in current prices stood at €761.1mn in Apr-23, posting an annual increase of 19.9%. This result mostly reflects a scale effect, since the inbound traveller flows registered an increase of 30.0% (from 1,056.0k travellers in Apr-22 to 1,372,6k in Apr-23), whereas the average non-resident expenditure per trip dropped by 8.4% (from €575.8 in Apr-22 to €527.2 in Apr-23). In the 4-month period from Jan-23 to Apr-23, travel receipts posted a value of €1,494.0mn (+38.0% YoY), inbound traveller flows stood at 3,246.8k (+52.5% YoY) and average non-resident expenditure per trip was at €447.2 (-9.6% YoY). In other data releases, the office price index rose by 2.2% YoY in H2 2022 (1.1% YoY in terms of rents), from 1.2% YoY in H2 2021, and the retail price index increased by 2.4% YoY in H2 2022 (1.8% YoY in terms of rents), from 1.9% YoY in H2 2021.

CESEE

In Turkey, as was much anticipated by market participants after the changes of the Minister of Finance and the Central Bank (CBRT) Governor in the aftermath of the recent elections, the Monetary Policy Committee (MPC) has raised yesterday the policy (one-week repo) rate, to 15% from 8.5%, stating its will to abandon the loose monetary policy applied since September 2021. However, the magnitude of the rate hike was below the median market forecast for an increase to 20%, while individual projections ranged widely. The lower-than-forecast increase in the policy rate is probably the main reason behind the strong fall in the lira (TRY) after the MPC decision, mounting to 6.5% at the time of writing, with the TRY/USD hovering around 0.0399, whereas the devaluation on an annual basis stands at 44.5%. On the other hand, the MPC's guidance for as much further monetary tightening as needed until a significant progress relative to the new 5% medium term inflation target is achieved, may lend some support to the TRY going forward.

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