

# GLOBAL & REGIONAL DAILY

May 10, 2024

## Global markets

Coming on the heels of the weaker than anticipated March JOLTS and April employment reports, US initial jobless claims rose more than expected in the week ended on May 4, up by 22k to an eight-month high of 231k, adding to the view that the labour market may be slowing faster than expected and the Fed will likely cut rates later this year. Meanwhile, the BoE stayed put on rates at yesterday's MPC meeting, as expected. However, the committee took further steps towards a first rate cut in the near future, with the policy statement and comments by Governor Bailey at the press conference making clear that a rate cut at the next meeting on June 20 cannot be ruled out. In reaction, equity markets gained and sovereign bonds were modestly firmer as investors grew more confident that major central banks are heading towards a less restrictive monetary policy stance this year. Elsewhere, the USD continued to consolidate within recent trading ranges ahead of the UoM's preliminary May consumer sentiment index later today.

## Greece

According to a recent study of OECD, labour productivity in Greece was more than 1/3 lower than the OECD average in 2022. However, not only Greece's labour productivity is lower than OECD average but dropped during 2015-2022 period. In more detail, labour productivity in terms of GDP per hour worked was \$34.5 in 2022, from \$34.1 in 2021 (+1.2%). In 2022 the OECD average was \$53.8, the EZ-19 average was \$60.8 and the EU-28 average was \$55.7 which means that Greece's labour productivity was 35.9%, 43.3% and 38.1% lower than the OECD, EZ-19 and EU-28 averages, respectively. During the 2015-2022 period labour productivity in Greece dropped smoothly and it stands at 99.7% of 2015 levels (\$34.6), while productivity in the OECD countries was 7.2% higher than its 2015 level (\$50.2), in EZ-19 was 4.6% higher (\$58.1) and in EU-28 was 6.1% higher (\$52.5). Finally, compared to 2000 the distance gap in labour productivity between Greece and the OECD average increased at the expense of the former.

## CESEE

As broadly expected, Poland's Monetary Policy Council (MPC) decided yesterday to leave the Key Policy Rate (KPR) unchanged at 5.75%. Despite the sizable ease of price pressures for at least the last 12 months, the central bank kept for another month its "wait and see" stance on the back of "substantial uncertainty" that stems from the impact of fiscal and regulatory policies on price developments as well as from the pace of economic recovery in the country and the respective dynamics in the labour market, given the "marked" wage growth so far. Another point of concern for the MPC, as outlined in the policy statement, is the possibility for energy prices to increase, amid the geopolitical tension in the middle east, which could, in turn, trigger inflationary pressures in H2. On inflation, the MPC noted that the rise of headline CPI to 2.4% YoY in April from 2.0% YoY in March was driven mainly by a stronger growth in food and drinks prices given the restoration of the VAT to 5%.

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