

# GLOBAL & REGIONAL DAILY

May 9, 2024

## Global markets

Sovereign bonds in the US and the Eurozone were weaker earlier today, though modestly, on hawkish remarks by ECB officials and US supply concerns. On the flip side, UK gilts remained supported amid expectations that the BoE's MPC will keep rates unchanged at today's policy meeting (12:00 London time) but it is likely to make a step towards a first cut in the near future. In FX, major currency pairs remained in consolidation mode, while the EUR/SEK was 0.2% weaker after marking a multi-session high slightly above 11.75 yesterday following the Riksbank's decision to cut rates by 25bps and become the second G10 central bank to start an easing cycle. In terms of data releases yesterday, Germany's industrial production declined by 0.4%MoM in March after rising strongly in the prior two months. In Q1 as a whole, industrial activity increased by a solid 1.0%QoQ, its strongest expansion in a year. However, a sustained recovery in industrial production is still some way off as orders remain weak and industrial confidence still looks subdued.

## Greece

According to data released by Eurostat, calendar but not seasonally adjusted data for services production reported a strong increase of 12.0%YoY for the Jan-Feb-24 period, but it was/albeit lower compared to the same period of 2023 (+13.7%YoY) and 2022 (+16.6%YoY). This increase was mainly due to the increase/rise in Accommodation - food service activities (+26.1%YoY, from 6.0%YoY in Jan-Feb-23 period and 124.8%YoY in the Jan-Feb-22 period) and Information - communication (+17.1%, from 13.4% during the same period of 2023 and 0.6% in the same period of 2022). In Real estate activities production expansion slowed down to 15.7%YoY from 56.9%YoY in the Jan-Feb-23 period and 49.1%YoY in Jan-Feb-22, while Administrative and support service activities preserved a two-digit positive growth rate of 12.7%, which was lower compared to Jan-Feb-23 period (17.3%). Finally, the increase of production in Transportation and storage sector decelerated to 3.3%YoY from 10.4% in Jan-Feb-23 period and 18.2% in the Jan-Feb-22 period.

## CESEE

March retail sales data point to different trends in domestic demand in Czechia and Hungary. In Czechia, retail sales rose by 6.1%YoY from a 2.5%YoY in February with the print coming in much stronger than market expectations for a 2.7%YoY increase. Growth held firm in monthly terms also as retail sales picked up by 1.3%, recovering from a 0.3% retreat in February. In Hungary, they increased by 4.2%YoY in March, yet at a slower pace compared to February (6.3%YoY, revised down from 7.1%YoY). Consumption spiked in the first two months of the year on the back of firm growth in the non-foods trade, which indicates resilient demand, continuing also in March as this specific component reported another double-digit rise. Glancing at the week's calendar, today the central of Poland is holding its Key Policy Rate (KPR) meeting, where no changes are expecting and the KPR is set to remain at 5.75% with the torch passed tomorrow to the central bank of Serbia.

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