

GLOBAL & REGIONAL DAILY

May 1, 2024

Global markets

Tracking Wall Street's losses overnight, Asian equity markets generally ended lower earlier today and USTs were under pressure in reaction to the higher-than-expected increase in the US Employment Cost Index (ECI) to a near one-year high of 1.2%QoQ in Q1 from 0.9%QoQ in the prior quarter. Meanwhile, the USD gained ground, with the DXY index rising above 106, as the upside inflation surprise led investors to dial back Fed rate easing expectations. Awaiting the Fed's verdict later today (2:00pm ET), futures have reduced the implied amount of rate cuts by December 2024 to just 28bps, pointing to a Fed funds rate above 5% for the entire 2024. EGBs were also under pressure due to the US ECI release but also to solid Eurozone data which increased uncertainty about the ECB's path of rate easing after June. The Eurozone posted solid growth of 0.3%QoQ in Q1, the strongest pace since Q3 2022, while April flash HICP held steady at 2.4%YoY, as expected, though core inflation fell by a lower-than-expected 0.2ppts to 2.7%YoY.

Greece

According to the final data published by the Ministry of Finance, for Jan.-Mar.-24 (Q1-24), the State Budget on a modified cash basis reported a deficit of €0.08bn, surpassing the 2024 Budget target for Q1-24 by €0.74bn (-90.6%), with a primary surplus of €2.99bn against a target of €2.13bn for the said period, lower by €0.85bn (40.0%). This difference is attributed to a) Recovery and Resilience Facility (RRF) revenue that do not affect the outcome in fiscal terms, and b) tax revenue of €0.65bn originating from 2023 and thus not accounted in the 2024 fiscal results. Total revenue reached €16.82bn, above the Q1-24 target by €0.43bn (2.6%). Expenditures rose to €16.87bn, below the Q1-24 target by €0.34bn (-2.0%). In other data, inflation in Greece is expected at 3.2% according to Eurostat's flash estimate (Euro Area: 2.4%), in Apr-24 improved by 0.2ppts compared to Mar-24. According to ELSTAT, in Feb-24, the overall turnover index in retail trade registered an annual turnover decrease of 3.8% and volume decrease of 9.8%.

CESEE

Flash Q1 GDP growth estimates were released yesterday, stronger than the Q4 2023 prints. The Hungarian economy grew by 1.7%YoY (seasonally adjusted terms), the highest growth in six quarters, up from 0.5%YoY in Q4 2023. GDP performed better also on a quarterly basis, expanding by 0.8%, the strongest pace in seven quarters, against stagnation in Q4. In Czechia, GDP growth accelerated to 0.4%YoY in Q1, also a six-quarter high, from 0.2%YoY the quarter before. GDP quarterly increase stagnated to the Q4 print (0.4%), nonetheless this is a seven-quarter top performance. The release of the full dataset for Q1 GDP is due on May 31st, however, in the press release for the flash estimate was stated that final consumption and improved external trade balance were the main determinants of the annual GDP growth. In contrast, gross capital formation continued declining. In Poland, CPI inflation accelerated in April for the first time in 13 months, to 2.4%YoY from 2.0%YoY in March, however below the 2.5%YoY consensus.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr. Theodoros Stamatiou
Senior Economist
tstamatiou@eurobank.gr

Michail Vassileiadis
Research Economist
mvasileiadis@eurobank.gr

Research Team



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



Marcus Bensasson
 Research Economist
mbensasson@eurobank.gr
 + 30 214 40 65 113



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



Dr. Konstantinos Peppas
 Research Economist
kpeppas@eurobank.gr
 + 30 214 40 63 520



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 Stamatiou
 Senior Economist
tstamatiou@eurobank.gr
 + 30 214 40 59 708



Michail Vassiliadis
 Research Economist
mvasileiadis@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-endarferontos>
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.

