

GLOBAL & REGIONAL DAILY

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Global markets

According to provisional results from the first round of yesterday's legislative election in France, the far-right National Rally (NR) party came first with c. 34% of the vote. The left-wing alliance New Popular Front party (NFP) emerged second with 28%, followed by the coalition of pro-Macron parties, Ensemble, with 21%. In terms of seats estimates in the 577-seat National Assembly, NR could win 230-310, NFP 115-200 and Macron's centrist coalition just 60-120. Based on these provisional results, a hung parliament is the most likely post-election outcome as the NR will struggle to form a majority government. Amid hopes that the NR will fall short of a full majority in the second round of voting on July 7, the EUR/USD firmed, hitting a two-week high close to 1.0780 earlier today. France's CAC 40 index futures point to a stronger open and peripheral EGBs outperformed core paper. Meanwhile, USTs remained under pressure, failing to capitalise on June's US PCE data which reaffirmed the May deceleration in inflation following strong prints in Q1.

Greece

According to ELSTAT, in Apr-24, the overall turnover index decreased by 1.4% YoY and 2.3% MoM. The overall volume index experienced a more significant decline, falling by 6.3% YoY and 2.8% MoM. Seasonally adjusted indices also indicated a downward trend, with the seasonally adjusted overall turnover index decreasing by 5.9% MoM and the overall volume index dropping by 5.7% MoM. In the food sector, turnover dropped by 5.9% YoY and 8.8% MoM, with the volume index down 10.2% YoY and 8.9% MoM, reflecting significant declines in consumer spending on food. The non-food sector, excluding automotive fuel, saw a mixed performance: the turnover index increased by 1.9% YoY; the volume index decreased by 6.4% YoY. Specialized stores showed varied results, with department stores achieving a 7.7% YoY increase in turnover, while the food, beverages, and tobacco category experienced a sharp decline of 19.9% YoY. According to ELSTAT, the producer price index in industry for in May-24 decreased by 1.4% YoY (-12.9% YoY in May-23).

CESEE

In Poland, CPI inflation accelerated slightly further in June for the third consecutive month according to the flash estimate, to 2.6%YoY from 2.5%YoY in May and 2.4%YoY in April. On a monthly basis, inflation rose 0.1%, the same pace as in May, but significantly slower than in April (1.1%). The increase in the annual print is most probably due to lagged effects from the VAT rise to 5% on food since April 1, thus evident to non-core inflation, as prices accelerated mainly in food and non-alcoholic beverages, to 2.5%YoY from 1.6%YoY in May and just 0.3%YoY in March. Credit expansion continued in May in Cyprus for the sixth consecutive month, by the same pace as in April (1.2%YoY), with financing growth accelerating towards non-financial businesses (0.6%YoY after 0.3%YoY) and weakening towards households (1.3%YoY from 1.7%YoY). This week's calendar is rather lightweight, including two monetary policy meetings, in Poland (on Wednesday) and Romania (on Friday) and the release later today of the PMI for all the key economies in the region.

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 Stamatou
 Senior Economist
tstamatou@eurobank.gr
 + 30 214 40 59 708



Michail Vassiliadis
 Research Economist
mvasileiadis@eurobank.gr
 + 30 214 40 59 709

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