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Global markets

The Federal Reserve's kept the Fed funds rate unchanged at its meeting yesterday, as expected, with bonds rising after Fed Chair Jerome Powell played down talk that the central bank may hike rates further. The Fed's communication continued its hawkish turn overall, as Powell left the timing of rate cuts uncertain and noted that inflation data this year had eroded the Fed's confidence that price pressure was coming under control. However, the Fed announced that it was slowing the pace of QT, which together with the central bank minimising the likelihood of another hike drove the yield on 10yr USTs down 7bps since Tuesday's close to its current level of 4.61%. The short end of the curve gained even more, with the yield on the 2yr benchmark falling 10bps since Tuesday to 4.94%. Meanwhile, a spike in the yen late yesterday, which saw it jump more than 3% in an hour, renewed speculation that the country is intervening in the currency market. The USD/JPY has since drifted up slightly, now standing 1.6% lower than Tuesday's close at 155.32.

Greece

The Ministry of Economy and Finance submitted to the European Commission the Stability Program for the years 2024-2025 in abbreviated form, as the full Medium-term fiscal-structural plan for the years 2025-2028, will be submitted, based on the new fiscal framework, in Sep-24. According to the forecasts of the Program the Greek Economy will achieve a growth rate of 2.5% in 2024 (2.9% in the 2024 Budget) and 2.6% in 2025, while the inflation rate will decelerate to 2.6% in 2024 (2.6% in the 2024 Budget) and 2.0% in 2025, and unemployment rate will ease to 10.6% in 2024 (10.6% in the 2024 Budget) and 9.9% in 2025. In other data, Eurostat released data on long working hours, which refer to those workers who usually spend 49 hours or more per week at work. In 2023, among EU countries, Greece had the highest share of workers with long hours, i.e., 11.6%, but it was reduced compared to 2022, 2021 and 2020 figures (12.6%, 14.3% and 16.1%, respectively). The lowest share was recorded in Bulgaria (0.4%) while the EU average was 7.1%.

CESEE

There were signs of improvement in Turkey's external sector balance in Q1 2024, coming for goods trade and tourism, in data released yesterday. On the side of the goods trade balance, despite a smaller annual decline in its deficit in March relative to the previous two months, the average fall in Q1 stood at an immense 41.5%YoY, up from 29.3%YoY and 16.6%YoY in Q4 2023 and Q3 2023, respectively. Improvement in Q1 is mainly due to a decline in imports by 12.8%YoY (from -5.5%YoY in Q4), on the back of lower energy prices, and to a lesser extent to the increase in exports by 3.6%YoY, almost of the same magnitude as the quarter before (+3.9%YoY). Turning to developments in exports of services, net income from tourism expanded in Q1 by 4.0%YoY, in contrast to a 4.7%YoY fall in the previous quarter and stagnation in Q3, with the improvement relative to the last quarter of 2023 due to both faster rising receipts from incoming visitors (+5.4%YoY after +2.2%YoY), and an ease in growth spending of inhabitants (+11.3%YoY vs. +44.1%YoY).

Contributing Authors:

Marcus Bensasson
Research Economist
mbensasson@eurobank.gr

Dr. Konstantinos Peppas
Research Economist
kpeppas@eurobank.gr

Michail Vassileiadis
Research Economist
mvassileiadis@eurobank.gr

Eurobank Research

EUROBANK

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
mvassileiadis@eurobank.gr
+ 30 214 40 59 709

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