

# GLOBAL & REGIONAL DAILY

April 4, 2024

## Global markets

The US ISM services index unexpectedly dropped by 1.2pts to 51.4 in March, with key sub-indices falling sharply. The survey's prices paid sub-index also dropped by a significant 5.2pts, reaching a four-year low of 53.4. Against this backdrop, the recent bearish sentiment in USTs came to a halt, also affected by Chair Powell's comments which supported the view that, although the Fed is not yet confident that inflation is moving sustainably down toward its target, the prospect of lower rates this year is still on its agenda. The UST 10-yr yield retreated from 4.43% highs to levels close to 4.34%, before rising modestly around to 4.36% earlier today following the positive US March ADP employment report. Long-dated Bunds were also firmer today, though a tad above yesterday's highs, in the aftermath of the Eurozone's March flash HICP data which showed a bigger than expected drop of 0.2ppts in both the headline and core inflation to 2.4%YoY and 2.9%YoY respectively. In FX, the USD broadly weakened, allowing the EUR/USD to rise above 1.08.

## Greece

According to the 2023 Survey on Income and Living Conditions of Households conducted by ELSTAT, income inequality widened in 2022, with the respective Gini coefficient increasing to 31.8% from 31.4% in 2021; it stood nevertheless significantly below the 34.5% peak recorded in the heart of the sovereign debt crisis in 2013. The share of population at risk of poverty or social exclusion retreated to 26.1% in 2022 from 26.3% in 2021, and that of severely materially and socially deprived people to 13.5% from 13.9%, remaining though at relatively high levels (in 2021, Greece ranked third in EU27 in both indicators). On the inflation front, the Harmonized Index of Consumer Prices (HICP) increased by 3.4%YoY in Mar-24 according to a Eurostat flash estimate, accelerating from 3.1% in Feb-24, albeit still lower than the 5.4% increase recorded in Mar-23. On a monthly basis, the HICP was higher by 1.8%, the second highest rate in EA20. Core inflation also rebounded, increasing to 3.4%YoY from 3.0%YoY in Feb-24 (Mar-23: +7.0%YoY).

## CESEE

Sentiment indicators released earlier this week and covering major countries in the region improved, signalling rosier expectations. Apart from last week's ESI in Poland, Czechia, Hungary and Romania which perked up, bringing it broadly in line with the general trend in the EU and EA, so did manufacturing PMIs, but with some cross-country differentiation. The index may have improved in Romania, Czechia and Poland, yet it remained below the 50-threshold separating expansion from contraction. In Poland, which is the largest economy among the EU members of the region, the gauge has been stuck well below that level since May 2022, with an uptick only starting in January 2024. In Hungary, the index lies above the 50-benchmark, which increased by a tad in April to 52.3 in line with market expectations. Today, central banks in Poland and Romania have their monetary policy meetings with both expected to hold fire leaving their key policy rates unchanged at 5.75% and 7% respectively.

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