

GLOBAL & REGIONAL DAILY

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Global markets

The US ISM manufacturing index unexpectedly dropped in May for the second consecutive month coming in at 48.7 from April's 49.2, as a sizable drop in new orders and production offset an improvement in the employment component. US construction spending also dropped in April, down 0.1%MoM, confounding expectations for a 0.2%MoM improvement. Incorporating a recent string of soft US data including April's consumer spending data last week, the Atlanta Fed Q2 2024 GDPNow estimate has been revised to an annualized rate of 1.8%, down from 2.6% previously. Turning to markets, government bonds rallied strongly across the world amid increased rate easing expectations. Lower oil prices on the back of cease-fire hopes in the Middle East, also helped sentiment towards fixed income markets, with Brent crude dropping further today to a four-month low near \$77/bbl, more than 9% lower than last week's peak. In FX, the USD weakened further, with the DXY index falling back close to 104 ahead of today's US JOLTs survey for April.

Greece

The PMI manufacturing index remained above the 50 threshold for a 16th month in a row in May-24 (54.9 vs. 47.3 in the Euro Area), signaling a continued improvement in the health of the manufacturing sector. Underpinned by sustained demand, output and new order growth rates were strong, although softer compared to previous months. Moreover, firms' expectations improved to a 3-month high leading to the largest increase in employment in over two years. Regarding costs issues, supply chain disruptions worsened (delays to input deliveries), translating to the steepest rise in input costs since Dec-22. Tomorrow the Bank of Greece (BoG) is scheduled to announce the bank deposit and loan interest rates for Apr-24, and on Thursday ELSTAT will release the Q1 2024 quarterly labour force survey, followed by the release of the Q1 2024 national accounts on Friday.

CESEE

Yesterday May's manufacturing PMIs for the CEE3 and Romania were released. In Czechia, the gauge improved to a 21-month high of 46.1 from 44.7 in April, according to figures from S&P Global, coming in above market expectations of 45.5. In Hungary, it remained unchanged at 51.8pts in May, according to the logistics association MLBKT, standing lower than the past three years average. In Poland, it retreated to 45.0 from 45.9 in April, marking a 25th straight month in negative ground. The landscape was somewhat rosier in Romania, as the PMI, released by the S&P Global in cooperation with BCR, increased to 52.0 from 51.5 in April. The remainder of the week is filled with the detailed GDP data in Hungary later today and Romania on Friday while tomorrow the central bank of Poland convenes.

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