

GLOBAL & REGIONAL DAILY

July 4, 2024

Global markets

A string of US data releases yesterday came in slightly weaker than expected, supporting the view that the economy is losing some momentum and paving the way for lower Fed rates this year. The ISM services index dropped by 5.0pts in June to 48.8, the lowest level in around four years when we were in the midst of the pandemic, and the ADP employment report revealed that the economy generated 150k new jobs in the private sector, the lowest print in five months. In addition, new jobless claims rose 238k in the week ending June 29, taking the 4-week moving average to a near one-year high of 238.5k, while the continuing claims for the prior week came in at 1.858m, the highest since November 2021. In reaction, US equities ended higher, and USTs gained yesterday (US markets are closed today due to the US Independence Day holiday), while the USD weakened, with the DXY index retesting levels below 105.50. Today, the main highlight is the UK general election, with the first exit poll expected to be released when voting ends at 22:00.

Greece

According to the press, inward direct investment stood at €1.2bn in Q1 2024. Out of that amount, €520mn or 43.3% were absorbed by the real estate sector (€489.5mn in Q4 2023 and 497.0mn in Q1 2023). From September 1st 2024 and onwards, the minimum threshold for the Golden Visa Program in the metropolitan areas of Attica and Thessaloniki, as well as in the islands with population, i.e. permanent residents, of at least 3,100 people, is expected to be raised to €800,000 (and to €400,000 in the rest of the country from €250,000 today). As a result, the share of real estate in total inward direct investment may decrease in H2 2024. On other data releases, the economic sentiment indicator improved strongly to 110.0 in Q2 2024 from 106.9 in Q1 2024. Moreover, the manufacturing PMI decreased to 54.7 in Q2 2024 from 55.8 in Q1 2024, although remaining above the 50 threshold for a 6th quarter in a row.

CESEE

In Turkey, inflation decelerated in June for the first time in 12 months, to 71.6%YoY from 75.5%YoY in May, with the monthly print also weakening, to 1.6% from 3.4%, a 13 – month low. The slowdown in the annual figure came mainly from prices in non-core CPI components, namely transport (65.7%YoY from 79.1%YoY) and alcoholic beverages – tobacco (67.9%YoY from 86.5%YoY). In Poland, the Monetary Policy Council (MPC) kept the benchmark interest rate unchanged yesterday for the eighth consecutive month, to 5.75%. The MPC reasoned its decision on the possibility of a resurgence on inflation in the coming months to levels above the central bank's target, due to higher energy prices. In Cyprus, the current account deficit fell in Q1 2024 by 52.9%YoY, down to €890.2mn, with the weakening stemming mostly (89.5%) from a decline in the goods deficit, by 37.9%YoY, due to 30.3%YoY fewer imports. A small part of the improvement in the current account balance came from the services surplus, that widened by 13.7%YoY, to €1.36bn.

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