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# GLOBAL & REGIONAL DAILY

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**Global markets**

The US ISM non-manufacturing index rose by a higher-than-expected 4.4pts in May, to 53.8, the highest level since August 2023, after a short-lived drop into contractionary territory in April. In a knee-jerk reaction USTs weakened, but reversed course soon after, as underlying details of the report did not necessary support the notion that interest rates will remain “higher for longer”. The prices paid component fell by 1.1pts to 58.1, and the employment sub-index stayed well below the threshold of 50, at 47.1, despite May’s 1.2pts rise. The weaker than expected US ADP employment report and the 25bps rate cut by the Bank of Canada yesterday, also favoured USTs. Meanwhile, risk-on sentiment prevailed and the EUR/USD was a tad firmer, though still continuing to trade below 1.09, ahead of today’s ECB policy meeting, with the Governing Council widely expected to cut rates by 25bps but refrain from providing a clear guidance for the policy path thereafter amid ongoing uncertainty about the pace of disinflation in services.

**Greece**

According to BoG data, in Apr-24, the weighted average interest rate on new loans decreased to 5.98% while the rate on new deposits held steady at 0.53%, narrowing the respective interest rate spread to 5.45pps. Household overnight deposit rates remained unchanged at 0.03%, and non-financial corporation (NFC) rates remained nearly constant at 0.16%. Household deposits with up to 1-year maturity saw a slight increased to 1.83%, whereas NFC deposits remained stable at 3.19%. On the loan front, consumer loan rates without a defined maturity dropped to 15.07%, while housing loan rates at a floating rate edged up to 5.11%. Corporate loans without a defined maturity fell to 6.69%, and loans to SMEs with a defined maturity at a floating rate rose marginally to 6.15%. According to the Ministry of Finance, as of Apr-24, General Government arrears to the private sector (including tax arrears) increased by 16.0% YtD to €2.92bn, with hospital arrears, including the still pending rebate and clawback, at €1.32bn, or 45.1% of the total.

**CESEE**

Broadly in line with market expectations, Poland's Monetary Policy Council (MPC) decided yesterday to leave the key policy interest rate at 5.75%. Overall, the MPC follows a 'wait and see' policy stance, in its effort to detect how inflation will be impacted by the governmental anti-inflation measures. In other news, the Czech Ministry of Finance borrowed yesterday EUR1bn through 6-month T-bills, with the raised amount two folding the initial borrowing ceiling set at EUR 500mn and confirming, thus, market expectations that the finance ministry will opt for money market instruments rather than government bonds to cover financing needs. On a larger scale, Serbia borrowed USD1.5bn in a debut 10-year Sustainability Bond at a coupon rate of 6% to fund sustainable development, green agenda projects and socially responsible activities. There was a solid demand for the Eurobond as bids added up to USD6.5bn with submitted offers summing up to 250 investors, widely geographically dispersed.

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