

GLOBAL & REGIONAL DAILY

March 11, 2024

Global markets

US non-farm payrolls data were mixed, as the economy generated 275k new jobs in February, more than expected, but the prints of the prior two months were revised downward by a hefty 167k cumulatively. Providing additional signs of some easing in labour market tightness, unemployment unexpectedly rose by 0.2ppts to 3.9%, its highest level in more than two years, and average hourly earnings slowed to 0.1%MoM after a solid 0.5%MoM gain in the prior month, taking the annual rate down by 0.1ppts to 4.3%. In a knee-jerk reaction to the firm February payrolls print, USTs came under selling pressure, but quickly reversed course after the market digested the details of the report. Signs of easing in the labor market weighed on the USD, with the DXY index closing below 103.00 on Friday for the first time since mid-January ahead of Tuesday's US February CPI report. USD weakness was more pronounced against the JPY, dropping below 147.00, also pressured by increased expectations that the BoJ is not far away from policy normalization.

Greece

According to ELSTAT, the annual inflation rate as measured by the change in the Harmonized Index of Consumer Prices (HICP) in Feb-24 was at 3.1%, a decrease compared to the 6.5% rate in Feb-23. This improvement can be attributed to slower compared to Feb-23 annual increases in various categories, listed in descending order of their impact: (i) Food and non-alcoholic beverages at 6.7%, (ii) Hotels, cafes, and restaurants at 5.4% (iii) Education and Health, each at 3.5%, (v) Recreation and culture at 3.2%, (vi) Alcoholic beverages and tobacco and Household equipment each at 1.6%, (vii) Clothing and footwear at 1.4%, (viii) Miscellaneous goods and services at 1.1%, and (ix) Transport at 0.8%. Core inflation, as measured by the national Consumer Price Index (CPI), posted a decrease to 2.4% in Feb-24 (overall CPI: 2.9%) from 2.8% in Jan-24, (overall CPI: 3.1%) demonstrating a softening of inflationary pressures. According to the European Commission's Winter forecasts, the 2024 HICP is expected at 2.7%.

CESEE

More signs of further inflation slowdown in February in the region from Hungary. Headline CPI eased slightly, to 3.7%YoY from 3.8%YoY in January, with the deceleration being more pronounced in the core index, to 5.1%YoY from 6.1%YoY. However, the monthly pace remained positive, albeit moderate, +0.7%, same as a month earlier. Disinflation was mainly supported by prices in food – non-alcoholic beverages (-0.6%YoY from +1.0%YoY) and furnishings - household equipment (+4.4%YoY vs. +5.5%YoY). In contrast, CPI inflation increased slightly in Cyprus, despite the disinflationary measures in place since November, with the annual pace at 1.8% from 1.7% in January. The acceleration is mainly due to a non-core component, transports costs, as they are determined from fuel prices, with the relevant subindex falling 0.5%YoY in February from -1.5%YoY a month ago. After a string of Q4 GDP data and rate-setting meetings last week, this week's calendar is lightweight, including releases of January trade data in Romania, Serbia, Poland.

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