

GLOBAL & REGIONAL DAILY

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Global markets

The US CPI data surpassed market expectations for the third consecutive month, increasing the risk the Fed to delay the start of an easing cycle. Headline CPI inflation rose by 0.4%MoM against expectations for a 0.3%MoM increase, with the annual rate rising by 0.3ppts to 3.5%, higher than 3.4% expected. Core CPI rose by 0.4%MoM for the third month in a row, against expectations for a slowdown to 0.3%MoM, leaving the annual rate stable at 3.8%, though consensus was for a modest drop to 3.7%. While core goods prices resumed their downward trend falling by 0.2%MoM (-0.7%YoY), core services prices rose by a hefty 0.5%MoM (5.4%YoY). Against this backdrop, forwards pushed pricing of the first full 25bps Fed rate cut by the November meeting, while the implied cumulative easing by year-end was reduced to just 40bps. USTs experienced an aggressive sell off with the yield curve bear-flattening. Risk sentiment weakened, and the USD broadly strengthened, pushing the EUR/USD below 1.0750 ahead of today's ECB policy meeting.

Greece

The inflation rate accelerated to 3.4% in Mar-24 (2.4% in the Euro Area), from 3.1% in Feb-24 (2.6% in the Euro Area), signaling that the fight against inflation is not over yet. It is worth noting that since Jun-23, the declining trend of the inflation rate has stopped, with the annual change of the HICP oscillating around a mean of 3.2%, far above the 2% target. Regarding the main groups of goods and services, the highest inflationary pressures in Mar-24 were recorded in hotel-cafes-restaurants (6.1%), clothing and footwear (5.7%) and food and non-alcoholic beverages (5.5%). The current consensus forecast for the average inflation rate in 2024 stands at 2.9%, higher by 0.3pts compared to the respective forecast a month ago. In other data releases, the industrial production index dropped by 1.7% MoM in Feb-24, from a rise of 3.1% MoM in Jan-24, whereas the respective index in manufacturing declined by 0.9% MoM in Feb-24, from an increase of 0.8% in Jan-24.

CESEE

March inflation figures point to a continuing ease of prices pressures. CPI in Czechia came in at 2%YoY, flat compared to February and spiking only by 0.1%MoM. In Hungary prices increased by 3.6%YoY from 3.7%YoY in the previous month while core inflation also eased to 4.4%YoY from 5.5%YoY. In Romania, where the inflationary landscape is more challenging, inflation came in at 6.6%YoY compared to 7.2%YoY in February with ease of prices growth also evident on the monthly prints (0.42% in March vs 0.81% in February). In Bulgaria, a series of mixed hard data came in with retail sales rising by 3.2%YoY in February after mildly contracting in January (-0.1%YoY) and the construction output picking up by 3.3%YoY after remaining stagnant in the previous two months. Yet, industrial production continued to shrink by 8.3%YoY, albeit at a slower pace compared to January (9.2%YoY). Today, the central bank of Serbia holds its MPC where no changes are expected, and the key policy rate is set to remain unchanged at 6.5%.

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