

GLOBAL & REGIONAL DAILY

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Global markets

After a volatile start to the week following the fallout from the European Parliament elections, market attention is now shifting to the US, where tomorrow's agenda includes both the release of May CPI data and the conclusion of the FOMC's two-day policy meeting, in which it is expected to keep rates on hold. The EUR/USD was little changed at 1.077 today after hitting a one-month low of 1.073 on Monday. USTs are firmer so far today, with the yield on the 10yr benchmark falling 2bps to 4.44% after rising 18bps in the previous three sessions. However, European sovereign spreads continued to widen following French President Emmanuel Macron's decision to call snap parliamentary elections, with the spread of French 10yr bonds over their German counterparts rising another 2bps today to 57bps following their 8bps increase on Monday. Meanwhile, the yield on UK 10yr Gilts fell 3bps to 4.29% as the unemployment rate unexpectedly rose to 4.4%, its highest level since 2021, in the three months through April.

Greece

The inflation rate decelerated to a 32-month low in May-24, according to the ELSTAT data released yesterday. More specifically, the annual change of the overall HICP dropped to 2.4% in May-24, from 3.2% in Apr-24 and 4.5% in May-23. The respective rates of change in the 12 main groups of goods and services that form the overall HICP were as follows: food and non-alcoholic beverages (2.6%), alcoholic beverages and tobacco (1.1%), clothing and footwear (6.3%), housing, water, electricity, gas and other fuels (-2.1%), household equipment (-0.2%), health (2.2%), transport (2.9%), communication (-1.2%), recreation and culture (3.0%), education (3.5%), hotels-café-restaurants (4.8%) and miscellaneous goods and services (0.2%). In the 5-month period from Jan-24 to May-24, the overall HICP increased on an annual basis by 3.0%, lower by 1.5ppts compared to the respective period in 2023. The IMF, the Government, the EC and the OECD forecast the FY-24 inflation rate at 2.7%, 2.6%, 2.8% and 3.0% respectively (from 4.2% in 2023).

CESEE

Following the parliamentary elections of June 9 held in Bulgaria, jointly with the elections for the European parliament, the centre-right GERB-UDF gathered 24.7% of the votes and came first, enabling the party to hold 68 seats in the 240-seated parliament, which, however, is far below from the required majority of 121 members of parliament, based on the final results. Seven parties made it to the parliament, making its fragmentation more pronounced and, thus, harder, to form a majority government. Ethnic-minority MRF was second with 17.1%, followed by liberal WCC-DB with 14.3%, nationalist Vuzrazhdane with 13.8%, socialist BSP with 7.1%, TISP with 6.0% and the new party in the parliament Greatness with 4.7%. Almost all parties, including the election winner GERB, lost a visible share of their electorate compared to the April 2, 2023 election as the turnout in this election is estimated much lower compared to that of the previous election.

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