

GLOBAL & REGIONAL DAILY

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Global markets

US consumer price data for January came in hotter than anticipated yesterday, jolting bond markets and damping expectations about how much the Federal Reserve will cut interest rates this year. Head-line CPI increased 0.3%MoM, up from 0.2%MoM in December, while core CPI increased 0.4%MoM, the most since May 2023. Alarmingly, so-called supercore inflation – a measure of core services excluding shelter that is favoured by the Fed – spiked to 0.9%MoM, its highest rate since April 2022. In response, the cumulative amount of Fed rate cuts priced in by markets for this year dropped to 93bps – slightly less than four 25bps hikes – compared with the 112bps that markets were pricing in on Monday, and 158bps at the end of 2023. The yield on 10yr USTs jumped, closing 14bps higher to 4.31% yesterday and is currently trading at 4.29% after peaking at a two-month intraday high of 4.33% earlier today. European government bonds also fell yesterday, though by less, and have since regained their losses. The USD strengthened yesterday, as measured by the DXY index which rose 0.8% close to 105.

Greece

Today, the Public Debt Management Agency (PDMA) will proceed with the reopening of two General Government Bonds (GGBs), a 5-year GGB issued in Apr-23 (3.875%) and a 10-year GGB issued in Jan-23 (4.25%), in order “to satisfy investors’ demand, also facilitating secondary market’s operation” as it marks in its announcements. The amounts scheduled to be auctioned are up to €200mn for each bond. Furthermore, according to the press, next week the PDMA will proceed with an auction of 6-month treasury bills (T-Bills). In other news, TUI, the biggest travel services company in the EU, highlighted that Greece, Spain and Turkey stand in the top 3 destinations for the coming summer. The results for the travel receipts and the inbound traveller flows in 2023 (Jan-23 to Dec-23) are scheduled to be announced next week by the Bank of Greece (BoG).

CESEE

In line with market expectations, the central bank of Romania held the Key Policy Rate (KPR) at 7.0% in yesterday’s rate setting meeting. Inflation had been on a downward path almost the entire 2023 with annual CPI prints for both November and December landing below the levels of the KPR which has been set at 7.0% since January. Yet, one day after the rate decision, January’s inflation print is out, picking up to 7.41%YoY/1.1%MoM in January 2024 from 6.61%YoY/0.26%MoM in December with both annual and monthly prints coming above the market consensus of 7.2%YoY and 0.9%MoM. The Q4 GDP flash estimate was also released earlier today, pointing to acceleration in annual terms (2.9%YoY in Q4 vs 1.1%YoY in Q3) but marginal contraction when looking at the quarterly data (-0.4%QoQ in Q4 vs 0.8%QoQ in Q3). In Hungary, the flash estimate, both annual and quarterly, points to broad stagnation in Q4 while later in the day the Bulgarian Q4 GDP flash estimate is also out.

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