

# GLOBAL & REGIONAL DAILY

March 14, 2024

## Global markets

The bearish trend in USTs persisted in early European trade ahead of today's US retail sales and PPI for February, as firmer than expected US CPI data released earlier this week continued to have an impact. The implied probability of a Fed rate cut by June has dropped to 75% and the cumulative easing priced-in by December has come down to 80bps. EGBs were also under pressure, while periphery government bonds continued to outperform, with the 10-yr BTP-Bund yield spread narrowing further to a fresh year to date low of 123bps. In FX, G10 currencies continued to trade within recent ranges, with the DXY USD index remaining slightly below 103. Turning to the commodity market, Brent crude oil prices extended yesterday's gains rising to \$84.36/bbl earlier today, the highest since late January. In other news, the ECB published the outcome of its operational framework review with no major surprises. Among others, the floor system will be maintained and the spread between the rate on the MORs and the DFR will be reduced to 15bps.

## Greece

In Jan-24, the Industrial Production Index in Greece recorded the second largest annual increase in EU27 (+10.5%) according to Eurostat, carried by Electricity Supply (+33.9%YoY) and Manufacturing (+5.3%). In terms of main industrial groupings, the Consumer Durables Index recorded the largest annual increase (+30.8%). Total business turnover (firms obliged to double-entry accounting bookkeeping with monthly data available) amounted to €25.9bn in Jan-24 according to ELSTAT, down from €26.5bn in Jan-23 (-1.5%YoY), primarily a result of the sharp drop in the NACE Rev.2 sector of Electricity, Gas, Steam and Air Conditioning Supply (-47.0%YoY). Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (+5.9%YoY) had the largest positive contribution, followed closely by Financial and Insurance Activities (+33.5%YoY). On other statistics, registrations of new passenger cars were up by 15.0%YoY in Feb-24 and by 18.2%YoY in the first two months of 2024.

## CESEE

Signs of weakening activity in the region in early-Q1 from short-term indicators. In Romania, industrial production (seasonally adjusted-s.a.) fell in January by 3.9%YoY -a nine-month low-, after a 0.9%YoY increase in December. The trend change is almost entirely due to manufacturing, where output fell by 4.0%YoY against a 1.7%YoY rise the month before, while the fall in electricity-gas-steam supply rose mildly, to 2.3%YoY from 1.8%YoY. In Hungary, (s.a.) industrial production decline accelerated in January to 2.8%YoY from 1.3%YoY a month ago, with the latest fall being the highest in 28 months. Also, the trend in manufacturing set the tone, with its output down by 2.1%YoY against stagnation in December, with the already sharp fall in electricity-gas-steam supply further strengthening (-21.3%YoY after -19.4%YoY). In Turkey, the current account deficit plunged in January by 75.5%YoY, due to a 64.8%YoY contraction in the goods trade deficit, from a 24.1%YoY fall in imports, while the services surplus shrank by 0.9%YoY.

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