

GLOBAL & REGIONAL DAILY

May 14, 2024

Global markets

Ahead of today's US April PPI release that will be followed by tomorrow's US CPI report, USTs were little changed on the day, as the impact from the NY Fed's latest Survey of Consumer Expectations yesterday which showed an increase in one-year inflation expectations in April to a five-month high of 3.3%, proved short lived. Bunds also witnessed a rather subdued performance, with the 10-yr BTP-Bund yield spread widening slightly above 135bps. In FX, the majority of major currency pairs remained range bound, allowing the USD DXY index to continue trading above the 105 level. The EUR/USD and GBP/USD remained stuck below 1.08 and around 1.2550, respectively, while the USD/JPY rose back above 156, even though long-dated JGB yields hit fresh multi-decade highs on concerns that the BoJ will likely reduce the size of bond purchases again at its next regular operation on Friday. In terms of events, Fed Chair Jerome Powell is scheduled to speak today with ECB GC member Klaas Knot at an event in the Netherlands (16:00).

Greece

According to ELSTAT's commercial transaction data, merchandise exports decreased to €12.3bn in current prices in Q1 2024, from €13.9bn in Q1 2023 (-11.0% YoY). The category of products excluding oil and ships had the highest contribution to this result (-€832.8mn YoY), followed by oil products (-€643.3mn YoY) and ships (-€49.2mn YoY). In the debit side of the ledger, merchandise imports declined to €20.3bn in current prices in Q1 2024, from €21.2bn in the respective quarter of 2023 (-4.2% YoY), mostly reflecting the performance of oil products (-€828.6mn YoY, -13.8% YoY). Given these changes, the trade balance deteriorated to -€8.0bn in Q1 2024, from -€7.3bn in Q1 2023 (balance of goods excluding oil and ships -€0.8bn YoY). Finally, in other news, today ELSTAT is programmed to announce the HICP inflation rate for Apr-24 (3.4% YoY in Mar-24).

CESEE

Broadly in line with market expectations, the central bank of Romania decided to keep the key policy rate unchanged at 7%, along with the lending facility (Lombard) rate at 8% and the deposit facility rate at 6%. The course of inflation follows a retreating trend since the start of the year that could pave the way for some monetary easing, but risks of price pressures resurging are rendered high given the parliamentary elections scheduled for late 2024 and as such the monetary policy stance remains for the time being reluctant. CPI inflation moderated to 5.90%YoY in April, lower than market expectations of 6.4%YoY, from 6.61%YoY in March and 7.23%YoY in February. The steeper-than-expected moderation was mainly backed by a pronounced deflation in energy prices. Tomorrow is the busiest day of the week in terms of data releases among which Q1 GDP flash estimates due in Bulgaria, Poland and Romania.

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