

GLOBAL & REGIONAL DAILY

March 15, 2024

Global markets

The sovereign bond selloff on both sides of the Atlantic escalated after the US producer price inflation report yesterday came in hotter than expected, further damping expectations over the pace and timing of Fed monetary easing. The PPI index increased 0.6%MoM in February, which was double the 0.3%MoM expected and came on top of the hot CPI inflation print earlier in the week already giving bonds a bearish momentum. Despite yesterday's other major data point, US retail sales, rising less than expected in February, the yield on 10yr USTs rose 11bps to a post-PPI high of 4.30% before easing modestly to around 4.28% earlier today. Meanwhile in Europe, the yield on 10yr Bunds rose close to a two-week high of 2.46% today and on 10yr BTPs it rose to 3.74%. The markets are currently fully pricing in a cumulative 76bps of Fed easing this year. Meanwhile in Japan, expectation is growing that the BoJ will hike rate next week, ending the country's negative interest policy. The key event affecting that decision is the publication later today of the first survey of the results of the annual shunto wage negotiations.

Greece

The Overall Import Price Index (MPI) in industry declined by 6.4% YoY in Jan-24 (-8.7% YoY in Dec-23), from a marginal increase of 0.4% YoY in Jan-23 according to the ELSTAT's yesterday release. The sub-indices that recorded the highest annual decreases in Jan-24 were these of electricity, gas, steam and air conditioning supply (-25.7%), extraction of crude petroleum and natural gas (-14.1%) and manufacture of basic metals (-9.0%). On the contrary, the sub-indices that posted the highest annual increases in Jan-24 were these of manufacture of computer, electronic and optical products (5.1%) and manufacture of beverages (3.7%). All in all, the 12-month average MPI in industry (Feb-23 to Jan-24), dropped by 12.8% YoY, mostly reflecting the decline in the energy imports prices. Nevertheless, the 12-month average MPI stood higher by 18.8% compared to the respective pre-pandemic level (Feb-19 to Jan-20).

CESEE

Bulgaria's inflation print in February contributes to disinflationary dynamics in the region, as CPI inflation weakened to 3.3%YoY – a 2.5-year low – from 3.8%YoY in January. The monthly pace also decelerated, to 0.3% from 0.5%. The annual slowdown is mainly due to food disinflation, to 3.2%YoY from 5.0%YoY a month ago, and, to a lesser extent, to the same trend in communication (0.8%YoY from 2.3%YoY) and a turn to deflation in clothing (-0.3%YoY from +1.1%YoY). In Turkey, services output expanded mildly in January, by 0.6%YoY, with the upturn halting a strong growth weakening in the two last months of 2023, from 7.6%YoY in October to stagnation in December. Furthermore, house sales increased in February by a hefty 17.3%YoY, reversing the falling trend since August. However, the recent rise is in part due to the limiting effects of the earthquakes a year ago to the real estate market, thus its dynamics in the coming months will show whether the February spike is sustainable.

Contributing Authors:

Marcus Bensasson
Research Economist
mbensasson@eurobank.gr

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Michail Vassileiadis
Research Economist
mvasileiadis@eurobank.gr

Research Team



Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706



Marcus Bensasson
 Research Economist
mbensasson@eurobank.gr
 + 30 214 40 65 113



Dr. Stylianos Gogos
 Research Economist
sgogos@eurobank.gr
 + 30 214 40 63 456



Maria Kasola
 Research Economist
mkasola@eurobank.gr
 + 30 214 40 63 453



Dr. Konstantinos Peppas
 Research Economist
kpeppas@eurobank.gr
 + 30 214 40 63 520



Paraskevi Petropoulou
 Senior Economist
ppetropoulou@eurobank.gr
 + 30 214 40 63 455



Dr. Theodoros Rapanos
 Research Economist
trapanos@eurobank.gr
 + 30 214 40 59 711



Dr. Theodoros Stamatou
 Senior Economist
tstamatou@eurobank.gr
 + 30 214 40 59 708



Michail Vassiliadis
 Research Economist
mvasileiadis@eurobank.gr
 + 30 214 40 59 709

More available research at: <https://www.eurobank.gr/en/group/economic-research>
Subscribe electronically at: <https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-entiaferontos>
Follow us on twitter: https://twitter.com/Eurobank_Group
Follow us on LinkedIn: <https://www.linkedin.com/company/eurobank>

DISCLAIMER

This report has been issued by Eurobank S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees. Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.

