

GLOBAL & REGIONAL DAILY

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Global markets

Both the US headline and core PPI rose by a higher than expected 0.5%MoM in April. But the upside surprise was counterbalanced by a 0.3%MoM downward revision in the prior month's figures. Fed Chair Jerome Powell called the report "mixed" and stuck to the tone adopted at the May press conference, noting that he expects inflation to continue declining on a monthly basis through 2024, though his confidence in that "is not as high as it was" after prices rose faster than expected in Q1. Turning to markets, UST yields spiked shortly after the PPI release but reversed course soon after and moved lower following comments from Cleveland Fed President Mester that she is not eager to consider rate hikes. Lower UST yields weighed on the USD with the DXY index moving below 105 ahead of today's US April CPI data that comes after three upside surprises in a row for core inflation. US equity markets posted solid gains overnight, while Asian bourses ended mixed after the new US tariffs announced yesterday on various Chinese imports.

Greece

Greece has taken 'significant steps to strengthen its security of supply and diversify its natural gas sources', states the European Commission in its 2-year anniversary report on the REPowerEU plan. Notably, it cut down its gas demand by 16% between Aug-22 and Jan-24 –close to the EU average of 18%– and increased its renewables capacity to 15,805 MW in 2023, up by 26.9% compared to 2021, with a mixture of 44% solar, 33% wind, and 22% hydroelectric power, according to the IRENA database. Hellenic Statistical Authority (ELSTAT) data shows that despite retreating to 3.2%YoY in Apr-24 from 3.4%YoY in Mar-24, the growth rate of the Harmonized Index of Consumer Prices remained above the EA20 average for a seventh month in a row, driven by increases in Food and non-alcoholic beverages (+5.4%YoY) and Hotels, restaurants, and cafés (+5.5%YoY). Ever since its 9-month long downward trend was interrupted in Jul-23, inflation has been moving sideways in the vicinity of 3%, at a distance from the ECB's medium-term target of 2%.

CESEE

In Romania, the seasonally adjusted GDP grew by 1.8%YoY in Q1 2024 according to the flash estimate released earlier today, slightly exceeding the 1.1%YoY increase in the previous quarter. Growth resumed in quarterly terms (+0.5%), after a temporary shift to recession in Q4 (-0.6%). The country's gross external debt rose 0.5%MoM in March, reaching €177.7bn, with the increase mainly driven by a 1.4%MoM expansion of the state's debt, which edged up to €84.1bn (47.3% of total external debt). Banks' external debt also rose, by 2.1%MoM, to €16.5bn (9.3% of total), with the rest of the sectors being the only segment of the economy that reduced its non-domestic liabilities (-0.4%MoM), to €31.1bn (17.5% of total). In Cyprus, housing activity spiked in February, both in terms of number of licenses (+28%YoY) and m2 surface (+37%YoY), however the rise is mainly due to base effects. Overall, in the January-February period, the momentum remained positive, with a 13.1%YoY increase in the number of licenses and a 14.3%YoY rise in surface terms.

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