

GLOBAL & REGIONAL DAILY

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Global markets

USTs were firmer earlier today after comments from Fed Chair Jerome Powell yesterday fuelled expectations of rate cuts in the near future. While Powell did not specify the timing of cuts, he noted "the three readings in Q2 ... do add somewhat to confidence" that inflation is heading toward target and highlighted that the labour market has come into better balance. The 10-yr UST yield was hovering around 4.20% in early European trade, some 3bps lower on the day, after hitting a session peak close to 4.25% on Monday on market perception that the failed assassination attempt on former US President Donald Trump might increase his odds of winning the upcoming presidential election. Elsewhere, US equities are expected to retain a positive tone today favoured by the likelihood of a Trump presidency, while futures point to a lower opening for European bourses, enhancing the safe-haven appeal of EGBs. The USD gained some ground but was still hovering not too far from Monday's multi-week lows ahead of today's US June retail sales.

Greece

According to ELSTAT the output price index in Agriculture-Livestock increased in May-24 by 6.3% YoY but at a much lower rate compared to May-23 (20.8% YoY). The main driver of this increase was the rise in the index in the "crop output" group by 8.8% YoY (19.7% in May-23) while the rise in the index in the "animal output" group was lower (0.5% in May-24 from 23.2% in May-23). Going to the products, Olive oil reported the sharpest increase (63.1% from 54.4%) followed by Wine (3.1% from 7.4%). The input price index in Agriculture-Livestock dropped by 1.2% YoY in May-24 after its increase by 2.1% YoY in May-23. This decrease was the result of the drop in the index in "goods and services currently consumed in agriculture" group by 2.4% YoY (-0.1% in May-23) whereas the index in "goods and services contributing to agricultural investment" group increased by 2.5% (9.7% in May-23). Going to inputs, the higher increase is observed in Other goods and services (16.6% from 7.1%) and the strongest drop in Fertilizers (-14.0% from +5.8%).

CESEE

It was Bulgaria's turn to release June inflation data yesterday, with the CPI headline print inching up for the first time in 11 months, to 2.5%YoY from 2.3%YoY in May. In contrast, the slow monthly fall continued unchanged (-0.2%). The slight acceleration in the annual inflation was driven by food and energy prices, with food inflation rising to 1.5%YoY from 1.0%YoY a month ago and housing-utilities inflation speeding up to 3.9%YoY from 3.2%YoY. There are signs of deterioration in the current account (CA) balance in the region from the initial May data. In Czechia, the CA balance turned negative for the first time this year, by CZK14.7bn after a CZK 27.9bn surplus in April and a CZK6.2bn deficit in May 2023. The worsening annual data is due to an increase in the primary income deficit (CZK42.4bn from CZK39.3bn) and a decline in the services surplus (CZK5.5bn from CZK7.9bn). The CA deficit widened in Romania both on an annual (+61%) and a monthly basis (+16%), with the former coming mainly from a higher goods deficit (€3.1bn from €2.3bn).

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