

GLOBAL & REGIONAL DAILY

June 18, 2024

Global markets

European equities opened higher today, tracking earlier gains in Asian markets and the US in Monday's session, when tech stocks drove the S&P 500 to another record high. Meanwhile, Fed Bank of Philadelphia President Patrick Harker yesterday reiterated the central bank's position that one rate interest rate cut is appropriate for this year, despite last month's softer CPI print. This, combined with the US markets' risk-on sentiment, encouraging US data and supply jitters, contributed to a selloff of USTs, with the 10yr benchmark yield falling 6bps at yesterday's close, followed by another 1bp today to 4.29% currently. In Europe, the yield on 10yr Bunds has risen 7bps since the start of the week to 2.43%. Investors nervous about France's upcoming parliamentary elections continued to drive the OAT-Bund spread wider yesterday as it rose another 2bps to 79bps. However, so far today it has narrowed by the same amount. The main highlight of today's agenda is the US May retail sales print, with the consensus estimate being for a 0.3%MoM increase.

Greece

The preliminary data published by the Ministry of Finance, for Jan.-Apr.-24, reveal an overall fiscal deficit of €0.58bn, significantly lower compared to both the 2024 Budget target by -78.7% and the respective 2023 figure by -84.6%. The primary surplus reached €3.15bn, surpassing the budget target by €0.80bn or 293.0% and the respective 2023 figure by €0.77bn or -20%. State budget revenues totaled €26.84bn, up 5.6% from the target, with tax revenues at €24.83bn, exceeding the target by €1.43 or 6.17% due to better performance of income taxes and current year's taxes. State Budget expenditures were €27.42bn, below target by €0.72bn or -2.6%, despite increased investment expenditure. The Bank of Greece, in its Inflation Monitor published yesterday projects that the HICP is expected to drop from 4.2% in 2023 to 3.0% in 2024 and towards 2.2% in 2026. This reduction is driven by sharp declines in energy commodity prices and the de-escalation of food inflation and economic stabilization.

CESEE

In Bulgaria, following the June 9 parliamentary elections, representatives of the election winner GERB and the second largest party MRF held a first meeting yesterday to explore the ground over the formation of a government. The discussions have not borne fruit yet, but GERB's representatives left the door open for a collaboration with the MRF as quite a few similarities in the two parties' political agendas have come into surface. On top of any potential deal between GERB and MRC, a third political party should also be needed to seal any political agreement as the first two do not command the required parliamentary majority. Along these lines, a few days earlier, the IMF published its latest Article IV mission conclusions, underlining that despite the domestic political uncertainty in the past few years the economy continues to show resilience and can achieve a soft landing provided that inflation eases towards 2%. The fund kept its growth forecast at 2.7% for 2024 and 2.9% for 2025 with average inflation seen gradually easing to 2.7% in 2025.

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