ISSN: 2241-4851

Eurobank Research

EUROBANK

GLOBAL & REGIONAL DAILY

April 19, 2024

Global markets

Tensions in the Middle East escalated further today as Israel launched retaliatory strikes against Iran, causing safe haven assets to spike and stocks to fall. At the time of writing USTs had given back much of their gains, with the yield on the 10yr benchmark currently down 3bps to 4.60%, having dropped 14bps earlier in the day. Before geopolitical risk concerns came to the forefront, USTs fell on Thursday following the release of US data showing slightly fewer initial jobless claims than expected last week and comments by Fed officials that suggested the likelihood of even higher rates. The USD was little changed today, retaining most of its recent gains, as measured by the DXY index which is still trading above 106. The EUR/CHF briefly dropped below 0.96 earlier today for the first time since mid-March, which gold is also on track to test its recent record high. Brent crude is currently up 1% at $87.98/bbl, having surged 4.2% earlier on Friday to $90.75/bbl. Stock indices were down in Europe and Asia, with the Nikkei falling 2.7%.

Greece

Today, Standard and Poor's (S&P) rating agency is expected to release its rating report on Greece. Last October, S&P upgraded Greece to an investment grade status after 13 years, becoming the first out of the "big 3 rating agencies" rating Greece with an investment grade (Fitch followed in Dec-23, with BBB- and a stable outlook). In other news, today the Bank of Greece (BoG) is programmed to announce the current account balance for Feb-24, whereas ELSTAT is scheduled to release the turnover of enterprises in accommodation and food services activities (Feb-24). Based on the soft and hard data released so far for Q1 2024, the short run outlook for Greece's macroeconomic performance is positive (manufacturing PMI and ESI improved in Q1 2024, employment growth accelerated and industrial output increased with a solid rate in Jan-Feb-24) with the consensus real GDP growth forecast for Q1 2024 standing at 0.5% QoQ / 1.8% YoY, from 0.2% QoQ / 1.2% YoY in Q4 2023.

CESEE

In Turkey, despite aggressive monetary policy tightening, international reserves dropped in March for the third consecutive month, by 4.2%MoM, hitting a six-month low ($123.1bn). The decline came entirely from falling foreign currency reserves by 14.4%MoM, to $61.3bn, with increased gold reserves offsetting most but not all the losses (+10.1%MoM, to $54.4bn). Also in Turkey, the current account balance posted another significant improvement in February, as deficit shrank by 63.9%YoY, to $3.27bn, following the 75.8%YoY fall in January. For another month, the deficit narrowing is mostly due to the rapidly shrinking goods deficit (-54.9%YoY or -$5.78bn), with the services surplus expanding by a hefty albeit milder 10.1%YoY (+$219mn). But, in contrast to previous months, the goods deficit declined from both fewer imports (-11.7%YoY) and more exports (+13.0%YoY), instead of just the former development. In its recent WEO, the IMF kept the 2024-2025 growth forecasts for Turkey unchanged from its January update, at 3.1% and 3.2%, respectively.

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