

# GLOBAL & REGIONAL DAILY

March 20, 2024

## Global markets

The Federal Reserve is expected to keep interest rates on hold when it announces its policy decision later today, with market attention likely to focus on the updated dot plot for signals over the likely course of rates for the remainder of the year. The last update in December showed that the median expectation of Fed policy makers is for a cumulative 75bps of monetary easing in 2024. Options markets are currently pricing in slightly less than that, at 73.5bps – having radically tempered their expectations from 158bps at the end of last year – with the first fully priced in cut expected in July. USTs have recovered slightly ahead of the meeting since Monday, when the yield on the 10yr benchmark closed at its highest since December. It is currently 5bps lower at 4.27%, while the yield on 2yr USTs has fallen by a similar amount to 4.67%. In other developments, the yen continued its post-BoJ descent, with the USD/JPY rising to fresh year-to-date highs above 151 earlier today.

## Greece

According to the data released by Eurostat, hourly labour cost rose by 6.4% YoY in Greece, following a marginally higher increase of 6.5% in Q4 2022. With respect to the two main components of labour cost, namely wages and salaries and labour costs other than wages and salaries, the former reported an increase of 6.1% in Q4 2023 (+6.4% in Q4 2022) and the latter a stronger increase of 7.4% (+6.9% in Q4 2022). For the whole year 2023, the total labour cost increased by of 6.0%, i.e., 1.9ppts higher than its increase in 2022 (4.1%). The picture was similar for wages and salaries which rose by 6.1% (+5.3% in 2022) and for labour costs other than wages and salaries that recorded an increase of 5.5% (+0.2% in 2022). In other news, according to ELSTAT in Jan-24 the turnover in Accommodation and food service activities sector amounted to €270.9mn, i.e., €26.7mn or 11.0% higher than its turnover in Jan-23 (€244.2mn).

## CESEE

Today's focus turns to Czechia as the Monetary Policy Committee of the central bank convenes later in the day and market consensus points to a 50bps interest rate cut that will bring the key policy rate at 5.75% from 6.25% currently. The monetary easing is broadly allowed by recent inflationary data. Specifically, CPI eased from 2.3%YoY in January to 2.0%YoY in February with the core print proving more rigid, yet it followed the downward trend. It eased from 2.9%YoY in January to 2.8%YoY in February while there are indications that the pivotal and volatile segment of food prices could be decelerating in March on a monthly basis. Attention is also being paid to Bulgaria and particularly the latest political developments in the country as the rotational switch for the seat of the PM and its cabinet has taken a bumpy road. At the time of writing, the coalition of WCC-DB appears to not support the proposed cabinet by Mariya Gabriel at helm, who is backed by GERB, growing the chances of a snap elections to bypass the political impasse.

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