

GLOBAL & REGIONAL DAILY

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Global markets

The Federal Reserve yesterday kept its benchmark interest rate unchanged in the 5.25%-5.5% range, as anticipated, and continued to signal in its dot plot that it expects to ease monetary policy by a cumulative 75bps in 2024. Markets interpreted the new dot plot, along with comments by Fed Chair Jerome Powell in his press conference, as dovish, given that inflation prints have surprised to the upside since the last update in December. Futures markets are now pricing in 83bps of easing this year, 10bps more than they did before the meeting, and the market implied odds of a first rate cut by June has increased to 80% from 66%. The dollar weakened, as measured by the DXY index, which has fallen 0.4% since Tuesday to 103.41. The UST yield curve steepened as the 10yr UST yield fell 5bps from Tuesday's close to 4.25% and the 2yr benchmark fell 9bps to 4.59%. Elsewhere, the SNB surprisingly cut its policy rate by 25bps early today, while the BoE is expected to keep its interest unchanged when it meets later today.

Greece

Aiming to boost liquidity in the secondary market transactions, the Public Debt Management Agency tapped the bond markets yesterday for €250mn by re-opening for a fifth time a past issue due Jun 28. The yield closed at 2.85%, unchanged from the last re-opening in Feb-24, with the offering oversubscribing 3.72 times. On other data, despite recording a monthly drop of 6.5%, the Overall Turnover Index in Industry in Jan-24 was 3.2% higher compared to Jan-23 according to ELSTAT, driven by Consumers non-durables (+6.7%YoY) and Energy (+2.2%YoY). Categorizing based on goods destination, the domestic market subindex increased by 6.0%YoY, more than making up for fall in the non-domestic market subindex (0.6%YoY). On the fiscal front, the Central Government Budget recorded a surplus of €0.35bn in the period from Jan-24 to Feb-24, according to the Bank of Greece, down from €1.30bn in the respective period of 2023, mainly due to the Public Investment Budget posting a deficit of €0.26bn versus a surplus of €1.81bn last year.

CESEE

In line with market expectations, the central bank of Czechia (CNB) proceeded yesterday with a 50bps rate cut that brought the key policy rate at 5.75%. According to the post-meeting statement of the bank, two members voted for a 75bps cut with the rest supporting the delivered length while the messaging remained rather hawkish. It was outlined that the inflationary outlook continues to carry several risks, which, if materialised, will push headline inflation towards the upper end of the CNB's tolerance band (2%+/-1pp). As key risks the slower-than-expected deceleration of inflation expectations, the sticky service prices and the pause in tradable goods' disinflation were identified, while the weaker than expected performance of the koruna also remains a point of concern. In other news, the IMF revised downwards its GDP growth forecast for Bulgaria for 2024 from 3.2%, projected in October, to 2.75% in its latest Article IV mission conclusions, warning of significant downside risks to economic outlook.

Contributing Authors:

Marcus Bensasson
Research Economist
mbensasson@eurobank.gr

Dr. Theodoros Rapanos
Research Economist
trapanos@eurobank.gr

Maria Kasola
Research Economist
mkasola@eurobank.gr

Research Team



Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706



Marcus Bensasson
 Research Economist
mbensasson@eurobank.gr
 + 30 214 40 65 113



Dr. Stylianos Gogos
 Research Economist
sgogos@eurobank.gr
 + 30 214 40 63 456



Maria Kasola
 Research Economist
mkasola@eurobank.gr
 + 30 214 40 63 453



Dr. Konstantinos Peppas
 Research Economist
kpeppas@eurobank.gr
 + 30 214 40 63 520



Paraskevi Petropoulou
 Senior Economist
ppetropoulou@eurobank.gr
 + 30 214 40 63 455



Dr. Theodoros Rapanos
 Research Economist
trapanos@eurobank.gr
 + 30 214 40 59 711



Dr. Theodoros Stamatou
 Senior Economist
tstamatou@eurobank.gr
 + 30 214 40 59 708



Michail Vassiliadis
 Research Economist
mvasileiadis@eurobank.gr
 + 30 214 40 59 709

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