

# GLOBAL & REGIONAL DAILY

June 21, 2024

## Global markets

The EUR/USD dropped for a second day early on Friday as weak PMI data from France amplified market jitters around the political uncertainty in the Eurozone's second biggest economy. After falling 0.4% on Thursday, the currency has fell another 0.2% so far today at 1.067, with a sharp drop coming after the French release. The country's flash composite PMI unexpectedly dropped to 48.2 in June from 48.9 the month before, indicating that uncertainty over the country's elections at the end of this month and early July are affecting business sentiment. In US, initial jobless claims last week were 238k, less than the upwardly revised 243k the week before but 3k more than the consensus estimate, while housing starts for May unexpectedly dropped to an annualised rate of 1,370k. In the UK, the BoE held interest rates unchanged at its policy meeting yesterday, as expected, but markets interpreted it as a "dovish hold", increasing bets for a rate cut in August as the market-implied odds of one 25bps cut rose to 71% from 34% before the meeting.

## Greece

The current account balance deteriorated by €822.0mn YoY in Apr-24 according to the balance of payment data released yesterday by the Bank of Greece (BoG). Regarding the 4 major balances that add up to the current account balance, the results were as follows: 1st, the deficit in the goods balance widened by €865.3mn YoY, 2nd, the surplus in the services balance improved marginally by €26.8mn YoY, 3rd, the primary incomes balance increased by €38.9mn YoY and 4th, the secondary incomes balance decreased by €22.4mn YoY. In the 4-month period from Jan-24 to Apr-24, the current account balance deteriorated by €1.1bn YoY or 18.7% YoY, mostly reflecting a poor performance in exports of goods. Based on the EC's spring economic forecasts, the current account deficit is expected to shrink to 5.7% and 5.3% of GDP in 2024 and 2025 respectively (6.3% in 2023).

## CESEE

The IMD world competitiveness ranking for 2024 mostly indicated a deterioration in the bulk of the CESEE economies. Only Poland improved its position, ranking 41st among 67 countries, two places up relative to the previous year. In contrast, Czechia lost 11 places, falling to the 29th, with the deterioration mainly due to diminishing business efficiency (30th from 15th position in 2023), on the back of inefficiencies the labour market (41st from 20th) and obstacles to management practices (29th vs. 2nd last year). Nonetheless, Czechia remains the highest ranked country in the region. Hungary's ranking deteriorated to 54th from 46th, mainly on account of worsened economic performance (36th from 21st), related to high inflation in the country and persistent difficulties to consolidate public finances. Romania lost two places, ranking 50th this year, as its business efficiency ranking stood five places below that in 2023 (54th from 49th), again linked to obstacles in proper managerial functioning (62nd against 52nd a year ago).

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