

GLOBAL & REGIONAL DAILY

April 24, 2024

Global markets

US and Asian equity markets rallied, along with USTs, after weak US data rekindled hopes for Fed interest rate cuts. The US manufacturing PMI unexpectedly slipped to 49.9 in April – below the 50 threshold that signifies improving operating conditions – from 51.9 the month before, while the composite and services PMI readings also declined, according to S&P Global’s data release yesterday. The DXY index, a measure of USD value, slipped 0.4% yesterday, although it has regained 0.1% so far today and is currently just below the 106 level. The yield on both 2yr and 10yr USTs dropped around 8bps immediately following the release, though overall the biggest impact was on the short end of the curve, with the 2yr closing 4bps lower yesterday at 4.93%. The 10yr yield closed just 0.8bps lower at 4.60%, and is up 2bps so far today. By contrast, EGBs fell after yesterday’s eurozone services and composite PMI data came in stronger than expected, driving the yield on Germany 10yr Bund to a fresh five month high of 2.52% today.

Greece

According to Eurostat, in 2021, the value added of Greece’s ICT sector was equivalent to 3.5% of the country’s gross value added, the lowest share among EU countries, although higher compared to 2020 (3.2%). In terms of employment, again Greece had the lowest share in EU, while the share of employment in ICT sector increased from 1.5% in 2019 and 1.6% in 2020 to 1.7% in 2021. The highest shares both in value added and in employment terms were observed in ICT services (3.4% and 1.7%, respectively). In the tourist front, ELSTAT released provisional data on arrivals and nights spent in hotels, similar establishments, tourist campsites and short-stay accommodation establishments. In Feb-24 arrivals stood at 773.1K and nights spent at 1.68mn, recording an increase of 1.2% and 1.6%, respectively, compared to Feb-23 figures (763.8K and 1.65mn). In more detail, the arrivals and the nights spent of residents increased by 2.8% (to 501.8K) and 2.1% (to 1.01mn), respectively, and those of non-residents by 4.0% (to 271.3K) and 3.6% (to 663.9K).

CESEE

In Hungary, the monetary policy committee (MPC) proceeded yesterday to the 13th consecutive base rate cut, albeit smaller, at 50bps, than the all the previous ones, bringing the policy rate to 7.75%. The cut slowdown was expected as the MPC had clearly signaled in its March post-meeting statement that it will switch to a more moderate monetary policy easing as of Q2. The new base rate cut was based on continuing disinflation and persistently low external and domestic demand pressures. The MPC reaffirmed in this post-meeting statement that any further monetary easing will be decided following a data-based approach and will be slower than those in the past. Cyprus posted a general government surplus of 3.1% of GDP in 2023, slightly higher than the 2022 outcome (2.7% of GDP), which kept the country in first place in terms of fiscal performance in the euro area. The improvement in the fiscal balance came on the back of increased revenue by 1.8ppts of GDP, rising to 43.3%. Public debt declined to 77.3% of GDP from 85.6% the year before.

Contributing Authors:

Marcus Bensasson
Research Economist
mbensasson@eurobank.gr

Dr. Konstantinos Peppas
Research Economist
kpeppas@eurobank.gr

Michail Vassileiadis
Research Economist
mvasileiadis@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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