

GLOBAL & REGIONAL DAILY

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Global markets

Government bonds fell on both sides of the Atlantic on strong economic data suggesting that central banks will be cautious about easing monetary policy too fast. In the US, the S&P Global May composite flash PMI index jumped 3.3pts to 54.4, a 25-month high, compared with the consensus expectation that it would dip to 51.1. A separate data release also showed that initial jobless claims last week fell for a second time in a row. USTs sold off, with the yield on 10yr bonds rising 4bps to 4.48% at yesterday's close (the yield has fallen almost 1bp in early trading so far today). The euro area also saw a solid flash PMI print yesterday, with the composite indicator rising to 52.3 from 51.7 in April, above the consensus forecast of 52.0. That drove European government bonds lower, with the yield on 10yr Bunds closing 7bps higher yesterday at 2.60% (falling 2bps so far today). While markets are still pricing a 90% chance of a rate cut by the ECB in June, the total cumulative easing priced in for this year has crept down to 56bps.

Greece

According to ELSTAT, the Turnover in Retail Trade increased by 3.4% in Q1 2024 (to €15,7bn) following a stronger rise of 12.5% in Q1 2023 (€15,2bn) and 17.4% in Q1 2022 (€13,5bn). The main drivers of this increase were the rise in the turnover in Sales of other motor vehicles (+29.3% YoY) and Retail sale of second-hand goods in stores (+26.3% YoY) despite the significant drop of the turnover in Retail sale of electrical household appliances in specialized stores and in Retail sale of audio and video equipment in specialized stores by 16.9% YoY and 13.8% YoY respectively. In other news, the share of "early school leavers" (people aged 18-24 leaving early from education and training) in Greece was the second lowest among the EU countries in 2023 and well below the EU and the EA averages (9.5% and 9.8%, respectively). In 2023 it dropped to 3.7% from 4.1% in 2022 and 3.2% in 2021 and it remained unchanged in males (3.8%) but reported a decline in females (-0.9 ppts, to 3.6% in 2023 from 4.5% in 2022).

CESEE

In contrast to the spike in industrial production in April in Poland released on Wednesday, retail trade volume growth decelerated in the same month to 4.1%YoY from 6.1%YoY in both March and February, according to data released yesterday. In monthly terms, retail trade volume fell 1.8% after a 14.2% expansion a month earlier. The annual growth ease came almost entirely from the change of trend in food-beverages-tobacco to -6.8%YoY from +6.6%YoY in March, possibly due to the earlier catholic Easter holiday than last year, and partly from a stronger downfall in clothing-footwear (-15.8%YoY after -15.2%YoY). In Cyprus, seasonally unadjusted unemployment was almost unchanged in Q1 2024 relative to Q4 2023, 6.0% from 5.9%, but 0.8pts below the reading a year ago. The Q1 print is also a 15-year low for this time of the year. The annual unemployment fall is due to a rise in employment by 0.5%, stemming mainly from more persons employed in transport-storage (+25.5%), the ICT sector (+13.1%) and scientific-professional services (+5.9%).

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