

GLOBAL & REGIONAL DAILY

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Global markets

The advance estimate for US Q1 GDP gave markets a nasty surprise yesterday, with the combination of growth coming in lower than expected and prices rising faster. The economy grew an annualised 1.6%QoQ, down from 3.4%QoQ in Q4 and 0.8ppts lower than the consensus forecast. Annualised core PCE inflation accelerated to 3.7%QoQ from 2%QoQ, 0.3ppts more than forecast. In reaction, investors pushed pricing of the first full Fed rate cut out until December 2024, while only 34.3bps of cumulative easing are expected this year. USTs fell yesterday, with the yield on the 10yr benchmark rising at a fresh year-to-date session high near 4.74%, though it is trading 6.6bps lower in early European trade today. Later today the BEA will release monthly PCE data for March, in which core PCE growth, the Fed's preferred measure of inflation, is expected to remain unchanged at 0.3%MoM. Meanwhile, the JPY weakened further hitting a fresh 34-year low of 156.82 against the USD today after the BoJ kept interest rates unchanged at its policy meeting.

Greece

Real pre-tax wages were higher by 1.8%YoY in 2023, according to the OECD Taxing Wages 2024 report. However, this increase was largely offset by the hike in the effective average tax rate by 2.5%, due to the non-inflation-adjustment of the tax brackets. Greece remained the country with the lowest tax relief for families among the advanced OECD economies, with the effective tax rate facing a one-average-wage-earner couple with two children being 1.7ppt lower than that of a single worker, and the respective tax wedge lower by only 1.4ppt. According to Eurostat, the employment rate in Greece increased to 67.4% in 2023 from 66.3% in 2022, remaining though among the lowest in EU27, second only to Italy. The over-qualification rate (people with tertiary education in occupations not requiring it), slightly down to 31.4% from 32.4% in 2022, was the second highest in EU27. The resilience of the Greek banks improved in 2023 according to the BoG, with their NPL ratio dropping to 6.6% in Dec-23 from 8.7% in Dec-22, the CET1 ratio increasing to 15.5% (almost on a par with EA20), and the LCR increasing to 220.3% (among the top in EA20).

CESEE

In Romania, the treasury reopened two bond issuances, at higher yields than in March. A bond maturing in October 2026 raised RON243.9mn at an average yield of 6.23%, an amount below the RON460mn target, as bids totaled RON303.9mn. The same bond raised RON1.15bn at an average yield of 6.13% in March, with bids exceeding target by more than three times. A bond maturing in October 2033 raised RON1.5bn at an average yield of 6.81% from 6.65% in March. In contrast to the shorter issuance, bids exceeded target by more than three times, at RON1.53bn vs. RON460mn, with the Treasury raising RON1.15bn. In Turkey, the deficit in net international investment widened further in February, to \$314.2bn from \$302.1bn in January and \$286.7bn in December. The monthly deficit expansion is due to both a decrease in Turkey's external assets, by 1.3%, and an increase in liabilities against non-residents by 1.2%. The fall in assets is mainly due to fewer reserve assets (-4.0%) and the rise in liabilities to higher direct investment (-4.6%).

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