

# GLOBAL & REGIONAL DAILY

March 29, 2024

## Global markets

Despite many markets being closed due to the Catholic and Protestant Easter holidays, investors will nevertheless keep an eye on the US PCE inflation release for February, which comes out later today. The consensus expectation is that the headline index increased 0.4%MoM, compared with 0.3%MoM in January, but that core PCE inflation slowed to 0.3%MoM from 0.4%MoM. The release is important as the PCE index is the Fed's preferred measure of inflation. While CPI inflation prints at the start of the year have come in hotter-than-anticipated, recent comments from Fed Chair Powell have suggested the central bank considers that those have largely been driven by seasonal and idiosyncratic factors. Meanwhile, the US yesterday released data showing that GDP grew 3.4%QoQ saar in Q4 2023, revised from 3.2%QoQ saar in the flash estimate. Sovereign bonds were little changed in Thursday trading, while in FX news, Japan's finance minister today again signalled the country would intervene if needed to halt the yen's weakening momentum.

## Greece

As widely expected, the Parliament rejected yesterday on a 141–159 vote the no confidence motion brought forward by four left-of-the-center opposition parties against the centre-right New Democracy government led by Kyriakos Mitsotakis. The motion delayed by few days the announcement of the new minimum wage (expected between €830 and €840 per month, effective from Apr-24) that is due later today. In other news, following the seasonal correction customarily observed in January, credit to the non-financial private sector (NFPS) rebounded in Feb-24 (+0.5%/+€0.5bn MoM) led by an increase in business loans (+0.9%/+€0.6bn MoM), according to data released by the Bank of Greece. The 0.4%/€0.7bn MoM drop in the NFPS deposits can be also attributed to seasonal factors, with their balance closing at €184.6bn in Feb 24 (+3.3%/+€6.0bn YoY). Time deposits remained flat at €47.0bn yet standing 34.9%/€12.2bn higher on an annual basis, with sight deposits retreating marginally by 0.5%/€0.7bn MoM and by 4.3%/€6.2bn YoY.

## CESEE

In Cyprus, credit expansion continued in February for a third consecutive month, at a pace of 1.5%YoY – an 18-month high – after +0.4%YoY in January. The acceleration came almost exclusively from financing towards other financial intermediaries, which increased 25.6%YoY from -1.2%YoY the month before, and, to a small extent, from marginally higher credit expansion to households (+1.4%YoY vs. +1.3%YoY). By contrast, credit contraction towards non-financial businesses heightened to 1.0%YoY from 0.2%YoY. Lending growth was unchanged in February in Czechia relative to a month ago, at 5.2%YoY, remaining close to the 5.8%YoY 8-month high pace in December. In Turkey, the significant improvement in the goods trade balance continued in February, with the deficit narrowing by 44.2%YoY. In contrast to previous months when the deficit contraction stemmed almost exclusively from falling imports, February's print came almost equally from higher exports and lower imports (47.1% and 52.9% of the improvement, respectively).

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