

GLOBAL & REGIONAL DAILY

May 29, 2024

Global markets

Government bonds fell on both sides of the Atlantic, with an unexpectedly strong Conference Board US consumer confidence print acting as the first of several catalysts for the sell off yesterday. Consumer confidence rose to 102.0 in May from an upwardly revised 97.5 the month before, marking the first increase since January. Later yesterday, unexpectedly hawkish comments by Minneapolis Fed President Neel Kashkari and weak demand at a UST auction contributed to the negative sentiment for bonds. The yield on 10yr USTs increased 7bps by yesterday's close, rising a further 3bps in early trading today to levels around 4.57%. The yield on 10yr Bunds has risen 8bps since Monday to its current level of 2.63%, while the yield on 10yr Italian BTPs has risen 12bps in that time to 3.95%. Japanese bonds have also sold off, with the yield on the 10yr benchmark rising 5bps to 1.08% in today's session. Later today Germany will release preliminary May CPI data, ahead of the eurozone-wide release due on Friday.

Greece

The Residential Real Estate Price Index published by the Bank of Greece was up by 2.6% on a quarterly and up by 10.4% on an annual basis in Q1 2024, climbing to its highest value since the onset of the sovereign debt crisis in late 2009, and only 4% short of its historical peak in Q3 2008. In the Athens region in particular, prices posted a new high, exceeding their previous record of Q2 2008 by 2.4%, while prices in rural areas increased by 4.8% on a quarterly and by 12.1% on an annual basis. Construction also remained on the up-side, increasing by 43.7%YoY in terms of building permits issued and by 41.3%YoY in terms of surface in the first two months of 2024. On other statistics, family benefits in Greece stood at €243 per inhabitant (1.4% of GDP per capita) in 2021 according to Eurostat, increasing by 25% compared to 2020, yet remaining the second lowest in EU27, less than a third of the bloc's average of €777 per inhabitant (2.4% of GDP per capita). On the energy front, demand for natural gas was lower by 10% in 2023, versus a 7.4% drop in EU27.

CESEE

The Bulgarian Ministry of Finance sold BGN300mn in a treasury bond auction facilitated by the central bank of the country (BNB) on Monday. Based on BNB's statement, the amount raised was as much as targeted while the placement came through a reopening of an issuance of three-year fixed-rate treasury notes. The securities were placed at a weighted average annual yield of 3.21%, carrying an annual coupon of 3% and maturing on April 17, 2027. In a separate statement by the Ministry of Finance, it appears that the largest share of new government debt, i.e. 81%, was acquired by banks, followed by insurance companies holding a 9% share and guarantee and pension funds along with other investors gathering the remaining 20%. On the macro front, in Croatia, GDP growth surprisingly eased to a slower-than-expected 3.9%YoY in Q1 from 4.4%YoY in Q4 2023. The Q1 print matched the local central bank's estimate and stood above that of the EC (3.5%YoY).

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