

GLOBAL & REGIONAL DAILY

May 30, 2024

Global markets

Sovereign bonds across the world remained under pressure amid mounting worries that policy rates may have to be kept higher for longer than anticipated. The sell off was particular evident in Europe on the back of mounting inflation concerns, after the German flash HICP print for May came in slightly higher than expected at 2.8%YoY from April's 2.4%YoY, partly due to base effects. The 10-yr Bund yield was hovering not too far from yesterday's six-month intraday high close to 2.69% earlier today, while the respective UK yield was trading above 4.40% for the first time since November. USTs also continued to trade heavily, pressured by the recent string of firm US economic data, hawkish Fed remarks and lacklustre demand in a 7-yr auction yesterday, following two other poor auctions earlier this week. The extended bond sell-off weighed on risk assets, while the USD strengthened broadly, as reflected in the DXY index which rose above 105.00 ahead of the second US Q1 GDP estimate and the weekly initial jobless claims later today.

Greece

According to ELSTAT, the Turnover Index in Wholesale Trade decreased by 17.6% in Mar-24 following a drop of 2.5% YoY in Feb-24 and 12.9% YoY in Jan-24. On a quarterly basis, the index declined by 11.5% YoY in Q1 2024 following a rise of 6.9% YoY in Q1 2023. The Volume Index in Wholesale Trade followed a similar path since it dropped significantly in Jan-24 by 17.4% YoY following a decrease of 1.2% YoY in Feb-24 and 8.2% YoY in Jan-24. On a quarterly basis its increase by 5.1% YoY in Q1 2023 was followed by a reduction of 9.6% in Q1 2024. In the Motor Trade front, the Turnover and Volume Indices in the Wholesale, Retail Trade, Repair of Motor Vehicles and Motorcycles sector (45) increased by 7.4% and 4.7% YoY respectively in Q1 2024 following a much stronger increase of 38.5% and 27.6% YoY in the same period of 2023. Finally, the same indices in the Sale of Motor Vehicles sector (45.1) followed a similar trend because they grew by 7.8% and 5.8% YoY in Q1 2024 respectively (+47.3% and +34.4% YoY, respectively in Q1 2023).

CESEE

Polish CPI inflation accelerated for a second consecutive month in May, to 2.5%YoY from 2.4%YoY in April and 2.0%YoY in March, but below market expectations (2.8%YoY). Inflation rose slightly also on a monthly basis (+0.1%), at a pace much slower than in April (+1.1%). Fuels prices set the tone for another month, rising 3.6%YoY against -1.2%YoY a month ago and -4.5%YoY in March. In Cyprus, credit expansion continued in April for the fifth month in a row, up by 1.2%YoY, albeit weaker than in March (1.8%YoY) and February (1.5%YoY). Although credit to non-financial businesses turned positive for the first time in 16 months (+0.3%YoY), the overall trend was defined by credit crunch towards general government (-58.6%YoY). In Turkey, the goods trade balance deteriorated in April for the first time in 10 months, as deficit widened 12.9%YoY, in contrast to a fall by 41.5%YoY in Q1 2024. The trend change is entirely due to rising imports for the first time in six months (+4.0%YoY), against stagnant exports.

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