

GLOBAL & REGIONAL DAILY

April 16, 2024

Global markets

Asian equity markets were under pressure earlier today, tracking losses in Wall Street overnight, and Brent crude oil futures rose back above \$90/bbl after press reports quoted Israel's Defense Forces Chief of Staff Herzi Halevi as saying that Israel will respond to Iran's attack, but it is unclear what form that response will take. The USD extended recent gains ahead of today's speech by Fed Chair Powell, supported by a deterioration in risk sentiment and yesterday's surprisingly firm US March retail sales which led investors to dial back further the amount of Fed rate easing priced in by the end of this year. The USD/JPY rose to a fresh multi-decade high of 154.60 earlier today despite repeated warnings from Japanese government officials over potential FX intervention, while the EUR/USD was holding just above 1.06. Elsewhere, yields of sovereign bonds on both sides of the Atlantic remained close to recent highs with the front-end of the curve slightly outperforming and periphery EGB spreads widening on risks of escalating geopolitical tensions.

Greece

According to the Ministry of Finance, in Q1 2024, the State Budget of Greece reported a fiscal deficit of €0.08bn, significantly improved by 90.6% compared to the respective 2024 Budget target. The primary balance displayed a surplus of €2.95bn, exceeding the budget target by 38.5%; the inclusion of €0.16bn from the RRF does not affect fiscal term calculations. Net revenues in Q1 2024 reached €16.79bn, surpassing the respective budget target by €0.40bn or 2.4%, with tax revenues alone exceeding expectations by €0.67bn due to efficient collection of current and previous years taxes. On the other side, total expenditure was at €16.87bn, lower by €0.34bn or -1.99% compared to the respective budget target, primarily due to delays in transfers and military procurements. According to Eurostat, Greece's industrial production in Feb-24 rose by 1.5%YoY (with the Euro area average at -6.4%YoY), from 10.5%YoY in Jan-24. The Feb-24 figure positioned Greece as the fourth highest among Euro area countries.

CESEE

Following March CPI prints for Czechia, Hungary and Romania released in the previous week, an additional flow of data in the region points to the same direction where inflationary pressures are steadily curbed. Namely, inflation in Serbia cooled down to 5%YoY from 5.6%YoY in February with the ease mirrored on the monthly print as well which retreated to 0.3% from 0.6%. In Bulgaria, it slowed down to 3%YoY/0.2%MoM from 3.3%YoY/0.3%MoM. The deceleration of the annual headline inflation was entirely supported by the food segment, yet the stronger non-food inflation was driven by fuel prices. Following the flash estimate released earlier, the Polish stats office revised the latest March's estimate only by a tad, i.e., to 2%YoY from 1.9%YoY with the monthly print coming in at 0.2% which coincides with the flash and is lower than the 1.1% spotted in February.

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