

GLOBAL & REGIONAL DAILY

April 30, 2024

Global markets

The JPY retained most of yesterday's gains, with the USD/JPY trading below 157 in early European trade today after hitting fresh multi-decade highs slightly above 160 during Asian trade on Monday. Japanese MoF officials did not confirm whether they intervened in FX markets, but media reports suggested that the long-awaited intervention had actually occurred on Monday, taking advantage of thin trading due to Japan's public holiday. Meanwhile, tracking Wall Street's gains overnight, Asian bourses ended mostly higher, supported by easing concerns about a geopolitical escalation, as reflected in Brent crude oil prices which were down at around \$88/bbl, 1.8% below recent highs. Lower oil prices supported sovereign bonds, with the 10-yr Bund yield hovering around 2.52% at the time of writing, some 6bps below Monday's session peak. Flash CPI data for April from a number of European countries ahead of today's Eurozone CPI release which supported the prevailing view that the ECB will cut rates in June, also favoured fixed income markets.

Greece

The Economic Sentiment Indicator (ESI) improved marginally to 108.5 in Apr-24, from 108.4 in Mar-24 and 108.1 in Apr-23, remaining above its long run average (=100) for an eighteenth month in a row. On the contrary, the ESI in the euro area deteriorated to 95.6 in Apr-24, from 96.2 in Mar-24 and 99.0 in Apr-23, standing below its long run average (=100) for twenty-two straight months. In the case of Greece, the confidence indicators in services and consumers improved on a monthly basis in Apr-24, while the respective indices in industry, retail trade and construction deteriorated. In other news, according to the press, today the government is expected to submit to the European Commission (EC) the 2024-2025 Stability Programme. The forecast for the 2024 real GDP growth rate is expected to be revised downwards in the era of 2.5%, from 2.9% in the 2024 draft budget.

CESEE

In contrast to the small deterioration at EU level, to 96.2 from 96.5, the economic sentiment indicator (ESI) increased on average at the core of the CESEE region in April, namely the CEE3 countries (Czechia, Hungary, Poland) and Romania. Economic climate improved in all four countries but Czechia, where the index fell by 1pts, to 92.5, because of the decline in business confidence in services and consumer confidence. Among the other three countries, economic sentiment improved mainly in Poland (+1.7pts, to 103.4), on the back of favourable seasonal factors, and Romania (+1.1pts, to 105.1) as confidence strengthened in services and retail trade, and consumer confidence spiked to a multi-month high. In Hungary, the ESI increased modestly (+0.3pts, to 98.8), backed by improved confidence in services. Fitch Ratings affirmed Bulgaria's sovereign credit rating at BBB and kept the outlook positive, citing the country's strong external and public balance sheets compared to BBB peers, as well as the credible policy framework, related to the EU membership.

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