

GLOBAL & REGIONAL DAILY

June 7, 2024

Global markets

The ECB's Governing Council yesterday cut its key interest rates by 25bps, as anticipated, the first cut in five years, taking the deposit rate to 3.75%. The move itself had been well-telegraphed, so the main point of interest for markets was that guidance on the future policy was considered slightly hawkish, with ECB President Christine Lagarde not committing to more rate cuts and the central bank also revising its inflation forecasts upwards for this year and next. European government bonds fell as a result, with the yield on 10yr Bunds rising 5bps since Wednesday to its current level of 2.56% and the yield on 10yr BTPs rising 6bps in that time to 3.88%. The EUR/USD appreciated 0.2% and is currently just below the 1.09 level. Market focus has now shifted to the US jobs report later today, with the economy expected to have added 180k non-farm payrolls in May and the unemployment rate to remain unchanged at 3.9%. Meanwhile, US data yesterday showed initial jobless claims last week rose to a more/higher-than expected 229k.

Greece

According to ELSTAT, the non-seasonally adjusted unemployment rate in Greece reached 12.1% in Q1 2024 from 11.8% in Q1 2023 (+0.3ppts). The said increase was the first since Q1 2021, and –excluding the pandemic period– the first quarter with an annual increase in the unemployment rate since Q1 2014. The number of unemployed reached 574.1K, recording a 23.6K (or 4.3%) increase compared to Q1 2023 (550.5K), while the number of employed rose by 75.4K (or 1.8%) to 4,173.4K in Q1 2024 from 4,098.0K. The number of long-term unemployed increased by 8.5K (to 298.7K), but the long-term unemployment rate narrowed to 52.0% from 52.7. Sectoral employment increased in 11 sectors while it decreased in 10. The overall rise in employment was primarily driven by annual increases in the Tourism (+28.3K employed, to 344.8K), Transportation-Storage (+27.4K, to 233.6K) and Construction sectors (+27.2K, to 181.0K) despite annual decreases in the Education (-20.7K employed, to 328.1K) and Public administration (-15.0K, to 350.8K employed) sectors.

CESEE

Retail sales seem to grow on average faster in early Q2 in key economies in the region, backed by disinflation. In Hungary, non-seasonally adjusted retail sales grew by 3.2%YoY in April, down from the 4.1%YoY growth in the previous month, with the slowdown stemming mainly from food sales, where the pace weakened to 3.6%YoY from 5.7%YoY, and non-food sales accelerating to 4.3%YoY after 0.8%YoY. In contrast, in Romania, seasonally adjusted retail sales growth accelerated to 9.5%YoY from 4.5%YoY, based on all the major components but mainly on non-food, non-fuel sales (+21.9%YoY from +6.4%YoY). In Bulgaria, retail sales growth spiked to 9.9%YoY from 0.3%YoY a month ago, the strongest expansion since January 2022. Non-food, non-fuel sales drove consumption growth also in this country, rising 14.8%YoY after stagnation in March. In Czechia n.s.a. industrial output fall eased to 0.4%YoY from 2.9%YoY in March, backed by a shift to expansion in manufacturing in April, by 0.7%YoY vs. -2.9%YoY the month before.

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