

GLOBAL & REGIONAL DAILY

May 31, 2024

Global markets

Government bonds rose yesterday as US GDP growth in Q1 2024 was revised downward to 1.3%QoQ saar from 1.6%QoQ saar in the first estimate. Personal consumption expenditure was revised down to 2%QoQ saar from 2.5%QoQ saar. Headline PCE inflation for Q1 was revised down 0.1ppts to 3.3%QoQ in Q1. The monthly reading for PCE inflation – a measure that FOMC watches closely – will be released later today. In other US economic data, initial jobless claims last week rose to 219k, 1k more than expected from a downwardly revised 215k the week before. The revised GDP figures suggest the US economy cooled more than initially thought in Q1, increasing the chances that the Fed will ease monetary policy later this year. In response, the yield on 10yr USTs fell 7bps yesterday to 4.55%, though it has risen 1bp in early trading today. German 10yr bonds are currently 2bps lower than Wednesday's close at 2.66%. Aside from the April PCE print, today's agenda also includes the release of May eurozone CPI.

Greece

According to ELSTAT, the unadjusted unemployment rate in Apr-24 slowed down to 10.9% from 11.3% in Apr-23, 12.5% in Apr-22 and 17.0% in Apr-21. The number of unemployed persons fell to 528.2K in Apr-24 from 529.8K in Apr-23 (-1.6K or 0.3%) and the number of employed reached 4,320.0K from 4,145.9K, reporting an increase of 174.1K persons (or +4.2%). As a result, workforce increased by 172.5K persons or 3.7%, to 4,848.3K in Apr-24 from 4,675.8K in Apr-23, and the drop in the unemployment rate was mainly the result of the increase in employment (+174.1K persons). Moreover, the number of inactive persons (i.e., persons under the age of 75, that neither work nor look for a job), stood at 2,934.5K, reporting a decrease of 195.9K persons or -6.3% compared to Apr-23 (3,130.5K). In addition, in Apr-24 the seasonally adjusted unemployment rate remained unchanged compared to Mar-24, to 10.8%, but it was lower compared to Feb-23 (11.6%) and Jan-24 (11.3%).

CESEE

In contrast to the small improvement at EU level, to 96.5 from 96.2, the economic sentiment indicator (ESI) declined on average at the core of the CESEE region in May, namely the CEE3 countries (Czechia, Hungary, Poland) and Romania. Economic climate deteriorated in all four countries but Czechia, where the index increased by 2pts, to 94.4, because of the rise of business confidence in services and retail trade. Among the other three countries, economic sentiment worsened mainly in Romania (-2.2pts, to 102.6), where all components weakened, especially retail trade (-5.6pts, to 5.9) and services (-2.4pts, to 5.4), and Poland (-1.5pts, to 101.7), despite consumer confidence up by 2.4pts, to 3.7, a 4.5-year high, as business confidence deteriorated in industry. In Hungary, the ESI decreased modestly (-0.5pts, to 98.2), from falling confidence in industry and services. In Serbia, the unemployment rate stood at 9.4% in Q1 2024, down 0.6%YoY, an at least 11-year low for this time of the year.

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