

GLOBAL & REGIONAL DAILY

July 3, 2024

Global markets

USTs retained a positive trend earlier today, with the 10-yr yield standing at around 4.44%, some 5bps lower than Monday's session highs. This movement followed Fed Chair Powell's dovish-leaning remarks yesterday at the ECB Forum on Central Banking, where he noted that "inflation now shows signs of resuming its disinflationary trend". An unexpected increase in May's US job openings which were up by 221k to 8,140k, failed to exert a long-lasting negative impact as May's gains were largely offset by a 140k downward revision in the April print. Meanwhile, Bunds remained under some pressure, continuing to underperform USTs, following the flash Eurozone CPI release for June yesterday which showed core inflation surprising marginally to the upside. Semi-peripheral and peripheral markets continued to outperform Bunds, with the 10-yr OAT/Bund yield spread narrowing further to 70bps earlier today. In FX, the USD/JPY moved higher approaching 162 earlier today, while the EUR-USD continued to consolidate around 1.0750.

Greece

According to a Eurostat flash estimate released yesterday, the annual inflation rate as measured by the annual change in the Harmonized Index of Consumer Prices remained stable at 2.4% in Jun-24, on a par with the EA20 average (2.5%) and slightly lower than a year ago (2.8% in Jun-23). At the same time, however, the core inflation accelerated to 3.4% (EA20: 2.9%) from 2.8% in May-24, a sign that the cost increases of the past two years have been widely diffused and well embedded into the economy-at-large, suggesting that further disinflation is going to be a slow and painstaking process. Regarding labour market developments, payroll employment increased by 126,660 persons on a monthly basis in May-24, according to the Ministry of Labor and Social Affairs, pushing aggregate year-to-date net increase to a record-high of 315,247 persons, 14.2% higher than in the first five months of 2023. Nearly half of these gains come from Hospitality, a quarter comes from Restaurants, cafés, and bars, and about 8% from Retail and Wholesale trade, with the aforementioned sectors accounting for more than 80% of the increase.

CESEE

The Bulgarian Ministry of Finance will attempt to raise BGN200mn (EUR102.3mn) by reopening a six-year fixed-rate issue of Treasury notes at an auction scheduled for July 8 which will be facilitated by the central bank. The government securities have an annual coupon of 3.25% and a maturity date on May 15, 2030. At the previous auction of the same issue held in June, papers of a total worth of BGN200mn were sold at a weighted average annual yield of 3.54%. The sovereign bonds offering is rather active lately in the region with a series of placements taking place and quite a few on the pipeline ahead. Last week, the Ministry of Finance raised BGN200 by reopening an issue of three-year fixed-rate Treasury notes at a weighted average annual yield of 3.44%. Similarly, on Monday RON1.307bn (EUR262.5mn) were raised in Romania in the form of Treasury bills that mature on June 30, 2025. The average yield at the auction was shaped at 6.01%, with demand totalling to RON1.656bn and resulting to an above target debt raising.

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