

GLOBAL & REGIONAL DAILY

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Global markets

The UK's Labour Party won yesterday's parliamentary election by a landslide, as expected, with its leader Keir Starmer set to be appointed the country's new prime minister later today. With all but five seats declared in the 650-seat parliament, the Labour party's total of MPs stood at 411. The outcome had been heavily expected and so didn't trigger much reaction in markets, with the GBP rising just 0.1% against the USD so far today, and little changed against the EUR. The yield on 10yr Gilts fell 3bps to 4.18%. Sunday's second round of voting in France's parliamentary elections will probably have a bigger impact on markets next week, with recent polls indicating that the far-right National Rally will emerge as the biggest party but fall short of an overall majority. Elsewhere, markets were quiet yesterday due to the July 4 Independence Day holiday in the US, while the main highlight in today's economic agenda is the June jobs report from the US. The consensus estimate is that non-farm payrolls increased by 190k, down from 272k in May.

Greece

The weighted average interest rate on new loans receded to 5.53% in May-24, 45bps lower compared to Apr-23 and 51bps lower compared to May-23, according to the data released by the Bank of Greece yesterday. This easing was driven primarily by falling lending rates in fixed-term corporate loans (-76bps MoM, -100bpsYoY), with gross disbursement of corporate loans reaching €7.4bn YtD, up by 26.1% YoY. On the other side of the ledger, the weighted average interest rate on new deposits was 0.55%, remaining flat on a monthly basis (+1bps MoM) and increasing by 27bps on an annual basis, with the weighted rates for households and corporations increasing annually by 21bps and 47bps respectively. As a result, the spread between the weighted average interest rates on new loans and new time deposits declined by 46bps MoM and by 131bpsYoY, retreating to its lowest level at least since 2020. New time deposit inflows amounted to €8.6bn in May-24, bringing the Jan-24 to May-24 aggregate to €44.9bn (-20.6% YoY).

CESEE

In the press conference held after the Monetary Policy Committee (MPC) on Wednesday left the Key Policy Interest (KPR) unchanged at 5.75%, Chair of the Central Bank of Poland and the MPC, Adam Glapinski provided some serious forward guidance. He stated, among other things, that a rate cut might not be eligible for consideration until 2026 at the earliest in the central bank's effort to downplay rate cut expectations in the remainder of 2024 and 2025. Glapinski opened the conference by praising the reduction of inflation to the +/-1-ppt band around the 2.5% target in Feb-Jun, but also noted that there is no room for cuts as long as inflation keeps resurging and not showing a clearly decreasing course. The latter fits with the latest CPI inflation reading as it accelerated slightly to 2.6%YoY in June from 2.5%YoY in May, matching the consensus expectations. In month-on-month terms, CPI increased 0.1%, same as in May but up from zero the month before.

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