

# GLOBAL & REGIONAL DAILY

May 22, 2024

## Global markets

Government bonds fell and the GBP rose this morning as UK inflation data showed price rises slowed less than expected in April, raising doubts over whether the BoE would cut interest rates in June. The yield on 10yr Gilts rose 10bps to 4.22% following the CPI print, which showed the headline inflation rate slowed to 2.3%YoY, 0.2ppts above the consensus estimate, from 3.2%YoY in March. German Bunds reversed gains from yesterday – when ECB President Christine Lagarde said an interest rate cut is likely next month with inflation “under control” – rising 4bps today to 2.54%. The yield on 10yr USTs today rose 3bps to 4.44% after falling by a similar amount on Tuesday. Following the UK inflation print, the market implied odds of a June rate cut by the BoE collapsed to 13% from 52% yesterday. Meanwhile, the GBP/USD increased 0.2% today. Lagarde’s comments had underpinned a positive sentiment for government bonds yesterday, even as more Fed policy makers stressed the need for several positive CPI reports before easing US monetary policy.

## Greece

According to the BoG balance of payments data, the current account balance registered a deficit of €4.2bn in Q1 2024, from €3.9bn in Q1 2023. The said deterioration reflects the widening of the deficit in the goods balance by €1,053.2mn and the decrease of the primary incomes balance by €659.4mn. On the contrary, the surplus in the balance of services improved by €135.6mn and the balance of secondary incomes increased by €1,321.7mn. Based on the EC’s Spring Economic Forecasts, the deficit of the current account balance is expected at 5.7% and 5.3% of GDP in 2024 and 2025 respectively, from 6.3% of GDP in 2023. In other data releases, the turnover of the enterprises and the activities of the economy as a whole amounted to €100.8bn in current prices in Q1 2024, from €99.3bn in Q1 2023, posting an annual increase of 1.5%. The biggest increases were recorded in administrative and support service activities (20.0%), in construction (17.9%) and in public administration and defences; compulsory social security (14.1%).

## CESEE

Broadly in line with market expectations, the Hungarian central bank decided to cut the base rate by 50bps bringing it to 7.25% at its rate-setting meeting held yesterday with the monetary policy guidance remaining almost unchanged compared to the previous few sessions of the Monetary Policy Committee (MPC). The MPC underlined the need for a cautious and data dependent approach to monetary policy due to risks regarding the disinflation trend and the fragility of investors’ confidence. On the markets front, the Romanian finance ministry is about to tap international markets with two new EUR-denominated bonds, according to Bloomberg. One holds an 8-year maturity with an indicative rate of 285bps above mid-swap and the other has a 13-year tenor priced indicatively at 320bps above the mid-swap rate with the current placement marking the third FX bond issue in 2024.

## Contributing Authors:

**Marcus Bensasson**  
Research Economist  
[mbensasson@eurobank.gr](mailto:mbensasson@eurobank.gr)

**Dr. Stylianos Gogos**  
Research Economist  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr)

**Maria Kasola**  
Research Economist  
[mkasola@eurobank.gr](mailto:mkasola@eurobank.gr)

## Research Team



**Dr. Tasos Anastasatos** | Group Chief Economist  
[tanastasatos@eurobank.gr](mailto:tanastasatos@eurobank.gr) | + 30 214 40 59 706



**Marcus Bensasson**  
 Research Economist  
[mbensasson@eurobank.gr](mailto:mbensasson@eurobank.gr)  
 + 30 214 40 65 113



**Dr. Stylianos Gogos**  
 Research Economist  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr)  
 + 30 214 40 63 456



**Maria Kasola**  
 Research Economist  
[mkasola@eurobank.gr](mailto:mkasola@eurobank.gr)  
 + 30 214 40 63 453



**Dr. Konstantinos Peppas**  
 Research Economist  
[kpeppas@eurobank.gr](mailto:kpeppas@eurobank.gr)  
 + 30 214 40 63 520



**Paraskevi Petropoulou**  
 Senior Economist  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)  
 + 30 214 40 63 455



**Dr. Theodoros Rapanos**  
 Research Economist  
[trapanos@eurobank.gr](mailto:trapanos@eurobank.gr)  
 + 30 214 40 59 711



**Dr. Theodoros Stamatou**  
 Senior Economist  
[tstamatou@eurobank.gr](mailto:tstamatou@eurobank.gr)  
 + 30 214 40 59 708



**Michail Vassiliadis**  
 Research Economist  
[mvassiliadis@eurobank.gr](mailto:mvassiliadis@eurobank.gr)  
 + 30 214 40 59 709

**More available research at:** <https://www.eurobank.gr/en/group/economic-research>  
**Subscribe electronically at:** <https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-endaferontos>  
**Follow us on twitter:** [https://twitter.com/Eurobank\\_Group](https://twitter.com/Eurobank_Group)  
**Follow us on LinkedIn:** <https://www.linkedin.com/company/eurobank>

### DISCLAIMER

This report has been issued by Eurobank S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees. Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.

