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Global markets

Short-dated USTs rallied with the bull-steepening of the curve accelerating on weak US economic data releases. Existing home sales fell 5.4%MoM in June marking the fourth consecutive monthly decline, while the Richmond Fed manufacturing index unexpectedly dropped further in July. The robust $69bn 2yr auction also favoured short-dated USTs, with the 2-yr yield trading around 4.445% earlier today, 3.8bps lower on the day and nearly 10bps lower from Monday's multi-session highs. Meanwhile, EGBs recovered part of their recent losses, with semi-core and peripheral bonds underperforming core paper. The 10-yr OAT/Bund yield spread widened by more than 5bps over the last couple of sessions amid heighted political uncertainty after press reports suggested that the right-wing National Rally will likely support legislation proposed by France Unbowed to repeal President Macron's pension reform. In FX, the USD retained a positive tone, while oil prices remained under pressure, with Brent crude trading close to multi-week lows.

Greece

ELSTAT released data on the evolution of the turnover of enterprises in retail trade divisions obliged to double-entry accounting bookkeeping. According to them, the turnover in May-24 increased by 3.1% YoY to €3.72bn from €3.61bn in May-23 (+12.9% YoY) and €3.19bn in May-22 (+17.7% YoY). However, compared to Apr-24 (€3.85bn) the turnover recorded a drop by 3.3%. The highest increase in the turnover was observed in the Retail sale of sporting equipment in specialized stores (+20.9%, from €43.2mn in May-23 to €52.3mn in May-24), in the Retail sale of cosmetic and toilet articles in specialized stores (+14.4%, from €89.4mn to €102.3mn), and in the Retail sale of games and toys in specialized stores (+13.3%, to €89.7mn from €79.2mn) activities. On the contrary, the sharpest decrease was observed in the Retail sale of carpets, rugs, wall and floor coverings in specialized stores and in the Retail sale of newspapers and stationery in specialized stores by 16.9% (to €1.12mn from €1.35mn) and 16.8% (to €1.83mn from €2.20mn) respectively.

CESEE

Yesterday, the Monetary Policy Committee (MPC) of the central bank of Hungary (NBH) decided to cut the Key Policy Rate (KPR) by another 25bps to 6.75%. The move was expected by a slim majority in the market consensus forecasts with those voting for a cut, grounding it on the easing of inflation and the recovery of the forint against other currencies. In the respective press release, the NBH stated that economic activity in Europe is weak and is having an increasingly lasting impact on the country's economy, mirrored in subdued exports. On the flipside, ongoing and new FDIs will continue to foster exports. Household consumption was one of the growth drivers in Q1 and the MPC foresees it to support activity by the end of the year while investment underperformed in Q1 and will continue to weigh on economic growth in the entire year. Along these lines, GDP growth is expected between 2% and 3% this year with a more balanced growth outlook on cards for 2025.

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