

GLOBAL & REGIONAL DAILY

July 29, 2024

Global markets

The headline US PCE price index increased by 0.1%MoM in June after a flat reading in May, bringing the annual rate down by 0.1ppts to 2.5%, while the core PCE deflator rose by 0.2%MoM, keeping the annual rate steady at 2.6%. In response to the PCE data which alleviated fears of a likely acceleration after a higher-than-expected increase in Q2 PCE, US equities rebounded on Friday and futures indicate further gains today, while Asian bourses ended mostly in positive territory. The US yield curve bull-steepened with the 2/10-yr spread at -19.6bps earlier today, the steepest level since mid-2022, reflecting increased expectations of a September Fed rate cut, with the amount of rate easing priced in for the remainder of 2024 rising to 68bps. In FX, the USD DXY index continued to trade above 104 ahead of the FOMC policy meeting which concludes on Wednesday and Friday's US July non-farm payrolls report. Elsewhere, Brent crude oil rose, trading above \$81/bbl after falling near \$80/bbl last week amid rising tensions in the Middle East.

Greece

This week's calendar on data releases is as follows: 1st, tomorrow the European Commission (EC) will announce the Economic Sentiment Indicator (ESI) for Jul-24. In Jun-24 the ESI posted a value of 110.6, marginally lower compared to May-24, but far above its long-term average (100) and the Euro Area average (95.9). 2nd, on Wednesday, ELSTAT will announce the retail trade volume index for May-24. In Apr-24, the retail trade volume index dropped steeply by -5.7% MoM / -6.0% YoY, from an increase of 6.3% MoM / 4.7% YoY in Mar-24. Moreover, on the same day ELSTAT will release the monthly labour force survey for Jun-24 (in May the unemployment rate stood at 10.6%). 3rd, on Thursday, S&P Global will release the PMI manufacturing index for Jul-24. In Jun-24 the PMI manufacturing index registered a value of 54.0 (above the boom-bust threshold for a 17th month in a row) overperforming relative to the Euro Area (45.8).

CESEE

In Bulgaria, president Rumen Radev will give today the third and last government formation mandate to the smallest parliamentary party, TISP. While it is expected that most of the other political parties will respond positively to TISP's invitation for talks, the chances of agreeing on the formation of a coalition government are minimal. If TISP fails to form a government, the president will hold political consultations to appoint a new interim prime minister (PM), which will probably be the incumbent caretaker PM Dimitar Glavchev. The decree appointing the caretaker government will also set a date for snap elections. In Romania, the general government ran a deficit in H1 2024 of RON63.7bn (3.6% of projected GDP), exceeding the RON54.6bn target, despite expenditure falling below target, as the revenue projection was not met. This week's calendar is heavy loaded, including the Q2 GDP flash estimates in Czechia and Hungary tomorrow and Serbia on Wednesday and inflation flash estimates in Croatia, Poland, Slovenia and Slovakia.

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