

GLOBAL & REGIONAL DAILY

July 8, 2024

Global markets

In the second round of yesterday's legislative elections in France, the joint efforts of the left-leaning alliance New Popular Front party (NFP) and Macron's centrist coalition, Ensemble, to minimize the chance of victory for the far-right Rassemblement National party (RN) proved successful. The RN, which came first in the first round finished third yesterday, gaining 143 seats in the 577-seat National Assembly. The NFP scored first with 182 seats, followed by Ensemble which claimed 163 seats. The fact that no party secured a 289-seat parliamentary majority suggests that political negotiations will follow for the formation of a government. However, these negotiations may take long, especially since NFP which won the second round consists of parties with different political ideologies. Amid reduced political risks in France as the far-right RN performed below expectations EGBs opened lower today, while in FX, the EUR showed a muted reaction continuing to trade above 1.08 vs. the USD. Meanwhile, USTs retained most of Friday's gains recorded after modestly weaker-than-expected US June non-farm payrolls data increased Fed rate easing expectations.

Greece

According to Eurostat data released on Friday, rents in Greece for May 2024, as measured by the respective rents index within the context of the HICP exercise, increased by 0.4% MoM, 4.4% YoY, and 1.3% YTD. In comparison, the corresponding figures for the Eurozone were 0.2% MoM, 2.8% YoY, and 1.3% YTD. Since Apr-21, the lowest value of the rents index since the eruption of the Greek Sovereign Debt Crisis in late 2009, rents in Greece have risen by 9.7%. This increase underscores the ongoing challenges and volatility in the Greek rental market. According to Eurostat, in Q1 2024, Greece's current account of the balance of payments, which encompasses all transactions between resident and non-resident entities including international trade in goods and services, as well as primary and secondary income, registered a deficit amounting to -4.1% of GDP.

CESEE

In Romania, the central bank (BNR) cut the policy rate for the first time in 19 months, by 25bps, to 6.75%. The BNR reasoned its decision on lower-than-projected headline inflation in April and May, with the latter print down by 1.5ppts relative to March, at 5.1%YoY, on the back of deflation in energy goods and disinflation in food, i.e., from non-core CPI components. Mixed signs from short-term indicators of economic activity in Hungary in May, as seasonally adjusted industrial production fell by 4.8%YoY, the strongest fall so far in 2024. In contrast, seasonally adjusted retail sales expansion accelerated to 3.5%YoY -the fastest pace this year, the same as in March- from 3.0%YoY the month before, with the trend stemming entirely from food sales, as growth in both non-food (excl. fuel) and fuel sales weakened in May. This week's calendar is dominated by June inflation prints (Hungary, Czechia, Romania, Serbia), while on Thursday the central bank of Serbia will hold its monetary policy meeting.

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