

# GLOBAL & REGIONAL DAILY

July 31, 2024

## Global markets

At its two-day policy meeting which ended earlier today, the BoJ raised the overnight call rate target to 0.25% from a 0-0.1% range before and announced plans to reduce its monthly pace of sovereign bond purchases, with an intention to halve the amount by Q1 2026. In reaction, Japanese government bonds came under pressure, the JPY firmed taking the USD/JPY below 151, while Japanese equity markets ended slightly lower. Meanwhile, USTs retained a positive tone earlier today following a flare-up in geopolitical tensions in the Middle East, having recovered fully losses recorded at some point yesterday after a slightly higher-than-expected increase in US June JOLTS Job Openings at 8.18mn. Ahead of the conclusion of this week's Fed policy meeting later today (20:00 CET) and Chairman Jerome Powell's press conference (20:30 CET), futures are currently pricing-in fully a 25bps rate cut in September and 67bps of cumulative easing by year-end. EGBs also gained sharply, even though Eurozone Q2 GDP growth surprised to the upside at 0.3%QoQ, while oil prices recovered with Brent crude rising slightly above \$80/bbl.

## Greece

According to the Bank of Greece, the annual net growth rate of total credit extended to the domestic economy rose to 3.7% in Jun-24, up from 2.7% in the previous month. The annual growth rate of total deposits also increased, reaching 1.8% in Jun-24 compared to 1.1% in the previous month. Private sector deposits saw a substantial rise of €3.83 bn in Jun-24, significantly higher than the €0.30 bn increase recorded in the prior month. Credit to the private sector accelerated, with the annual growth rate climbing to 6.1% in Jun-24, supported by a strong net flow of €3.31bn. Corporate deposits surged by €3.05 bn in the said month, reflecting positive economic momentum. In other news, according to ELSTAT, the Producer Price Index (PPI) in Industry for Jun-24 decreased by 0.7% YoY, with the domestic market PPI down 2.4% YoY and the non-domestic market PPI up by 4.6% YoY. The overall PPI, on a monthly basis, increased by 1.5% in Jun-24 driven by a 1.8% MoM rise in the domestic market and a 0.8% MoM increase in the non-domestic market.

## CESEE

GDP flash estimates for Q2 2024 in Hungary and Czechia were released yesterday. In Hungary, growth accelerated to 1.5%YoY compared to 1.1%YoY in Q1. Yet, on a quarterly basis, GDP contracted by 0.2% in seasonally adjusted terms, tapping the brake after three quarters of growth (Q32023 +0.9%QoQ, Q42023 0%QoQ and Q12024 +0.8%QoQ). The print, in both annual and quarterly terms, surprised to the downside as the market consensus estimate was for 2.5%YoY and 0.5%QoQ growth. In Czechia, GDP growth picked up to 0.4%YoY in Q2 from 0.3%YoY in Q1, also catching markets off guard with the latter projecting a GDP growth rate of 0.6%YoY. Identical is the landscape regarding the quarterly print which came in at 0.3% and markets were for a 0.5% reading. In other news, Moody's completed a periodic review of Bulgaria's credit rating, noting that the review is not equal to a credit rating action. The key highlight of the review, in our view, is the expectations of the agency that Bulgaria will adopt the euro in early 2026 at the latest.

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