

GLOBAL & REGIONAL DAILY

July 26, 2024

Global markets

US GDP growth accelerated more than anticipated in Q2 rising by an annualised rate of 2.8%, 0.8ppts above market consensus. Consumer spending and business investment were the main growth drivers, contributing 1.6ppts and 0.7ppts respectively. Additionally, the core PCE deflator rose 2.9%, 0.2ppts above the consensus figure. Separately, initial jobless claims dropped by 10k to 235k in the week ending July 20 and continuing claims declined to 1.851mm in the prior week, both lower than expected. In reaction, short-dated USTs came under pressure, while longer-dated paper rallied, resulting in a bear-flattening of the UST yield curve, as the market-implied probability for a 25bps Fed rate cut in September remained above 100%. US equity markets ended in negative territory overnight, although above session lows. In FX, range trading prevailed ahead of today's US June PCE deflator, with the EUR/USD remaining above 1.08, showing no reaction to the robust US data and weak July business survey data in Germany and France.

Greece

According to the final data published by the Ministry of Finance, the State Budget on a modified cash basis in the period Jan-Jun 2024, recorded an overall fiscal deficit of €2.3bn, 37.6% lower than the 2024 Budget target and improved on an annual basis. The primary balance reached a surplus of €2.9bn, 141% above the €1.2bn target again improved on an annual basis. Net revenues totaled €31.5bn, 0.9% below target, while total revenues were €34.7bn, 1.2% below target. Tax revenues were €29.2bn, 4.5% above target, driven by VAT revenues of €11.9bn, 3% above target, and income tax revenues of €8.8bn, 9.1% above target. Expenditures stood at €33.7bn, 4.7% below target. Investment spending was €5.2bn, 2.5% above target. According to the PDMA, the 2024 debt-to-GDP ratio is projected at 153.9%, with the general government primary balance at 2.3%, with the latter improved over the 2024 Budget target. Financing needs in 2024 are estimated at €19.0bn. Bond issuance for 2024 expected at 10.0bn (with 85% already issued).

CESEE

In Cyprus, credit expansion accelerated in June to 1.6%YoY from 1.2%YoY a month ago, the second highest pace since returning to credit growth in Dec-23. The June acceleration is mainly due to a same trend in credit towards households, to 1.7%YoY from 1.3%YoY, and, to a smaller extent, to stronger credit supply towards businesses (0.6%YoY after 0.3%YoY). In Turkey, consumer confidence weakened for the second consecutive month in July, by 2.4pts, to 75.9, the lowest level since Dec-23. Households' assessments worsened in three of the four questions defining consumer confidence, mainly in those about expectations for the general economic situation over the next 12 months (-5.3pts, to 70.8) and the current financial situation of households (-3.4pts, to 60.4). Business expectations in services, construction and retail trade also worsened for a second month in a row, with the decline being stronger in the latter sector (-1.7pts, to 107), slightly weaker in services (-1.3pts, to 114.1) and the smallest among these sectors in construction (-0.8pts, to 87.1).

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr. Theodoros Stamatiou
Senior Economist
tstamatiou@eurobank.gr

Michail Vassileiadis
Research Economist
mvasileiadis@eurobank.gr

Research Team



Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706



Marcus Bensasson
 Research Economist
mbensasson@eurobank.gr
 + 30 214 40 65 113



Dr. Stylianos Gogos
 Research Economist
sgogos@eurobank.gr
 + 30 214 40 63 456



Maria Kasola
 Research Economist
mkasola@eurobank.gr
 + 30 214 40 63 453



Dr. Konstantinos Peppas
 Research Economist
kpeppas@eurobank.gr
 + 30 214 40 63 520



Paraskevi Petropoulou
 Senior Economist
ppetropoulou@eurobank.gr
 + 30 214 40 63 455



Dr. Theodoros Rapanos
 Research Economist
trapanos@eurobank.gr
 + 30 214 40 59 711



Dr. Theodoros Stamatou
 Senior Economist
tstamatou@eurobank.gr
 + 30 214 40 59 708



Michail Vassiliadis
 Research Economist
mvasileiadis@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-endiaferontos>
Follow us on twitter: 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.

