

***Markets sentiment remains favorable, with increased risk appetite and low volatility. The expectation that major Central Banks will start cutting rates in the next months along with the strong corporate earnings announcements support investment climate.***

### Why is it still not clear when the Fed will start cutting rates?

After a troubling first quarter of inflation data in US, the CPI for April released during the current week reinforced markets expectation for Fed interest rate cuts in 2024. The headline CPI was a little softer (0.3%) than expected (0.4%) and the core in line with the consensus at 0.3% mom. Note that it is the first time since October 2023 that core inflation has not been above market expectations. The inflation decreased slightly in April at 3.4% and the core at 3.6%, as was expected. The core inflation fell at the lowest since April 2021. Although the inflation data continues to run well above the Fed's target (2%), April print was a relief for the markets relative to Q1 prints. After the inflation release the forward market prices in two rate cuts in 2024, starting in September. However, looking at the CPI component breakdown, some details are not reassuring. Despite an easing in core services prices, the contribution of services remains persistent and housing inflation is a source of concern. The producer prices released earlier this week were quite mixed and did not provide much more clarity. The PPI increase beat expectations mom in April but there were downward revisions for both headline and core producer prices for March. Speaking after PPI release, Fed Chair Powell called the print quite mixed, saying that he does not think they know if inflation will be persistent. He noted that the first quarter was notable for lack of inflation progress. He expects inflation to move back down but confidence on that is not as high as it was. He mentioned that the Fed needs to be patient and let restrictive policy do its work, adding that it is more likely that the Fed will hold policy rate where it is. He mentioned that US economy has been performing very well and labor market is coming back into better balance because there are signs of gradual cooling.

It seems that the Fed remains in wait-and-see mode and closer to high-for-longer. Although the latest data signals cautious relief for the Fed, further progress will be needed. The inflation is still sticky continuing to challenge plans by the Fed to lower its interest rate this year. The US economy remains resilient despite some signs (ISM services, consumer confidence, retail sales, labor market) that the economic activity lost momentum. In our view, a string of lower inflation prints and softer labor market data will be needed, in order the Fed to start cutting interest rates in September. We need additional evidence in order to shape the Fed's interest rate path. We expect the Fed to take a cautious approach to cutting interest rates. Post-pandemic easing cycle seems to be different.

### The week ahead

In the **Eurozone**, the PMI manufacturing and services indexes as well as the consumer confidence for May are expected on May 23.

In the **US**, the minutes of the FOMC meeting will be released on May 22. The initial jobless claims, Chicago Fed activity and new home sales for April, the PMI manufacturing and services indexes for May are expected on May 23. The durable goods orders for April and the University of Michigan sentiment for May will be released on May 24. Nvidia will report Q1 results on May 22.

In the **UK**, inflation data for April is expected on May 22. The PMI manufacturing and services indexes for May are expected on May 23.

In **Japan**, the PMI manufacturing and services indexes for May will be released on May 23. The CPI for April is expected on May 24.

In **China**, the Central Bank is expected to keep 1 year and 5-year loan prime rates unchanged on May 20.

### “Quote of the Week”

Fed's Chair (J. Powell) said:  
“Looks like it will take longer to become confident that inflation is coming down to 2% over time.”

**Which factors drove stock markets to a new all-time high?**

Main equity indexes advanced this week and demand for risky assets increased. The MSCI all countries index hit on May 16 a new record high (794.08), up more than 9% since the start of the year. The pull back of the index in April (-5.1%) is considered a healthy correction. This is the fourth time the index dropped more than 5% in the current bull market (since Oct. 2022). The positive momentum is justified by three main driving factors:

A. Corporate results for the first quarter were better than expected and the estimated earnings growth for 2024 revised upwards. For the S&P 500, 77% of companies have reported positive surprise regarding earnings per share, while the historic average is around 65%. The blended earnings growth rate for the S&P 500 in the first quarter is close to 7% and for 2024 is estimated at 10%. For the Europe Stoxx 600 index, the expected earnings growth in 2024 is close to 5%. The rich valuation of the US equity market is justified by stronger eps growth expectations.

B. Some macro data in US were softer than expected as persistent inflation related to services sector is starting to burden consumption. Concerns about a slowdown in economic growth in US, raised markets expectations that the Fed will cut rates in September and in December meetings. Lower bond yields affected equity markets positively one more time.

C. Geopolitical worries have receded recently, and oil

prices geopolitical premium vanished. Crude oil (WTI) dropped on May 15 at a low (\$76.70/barrel) since February 26.

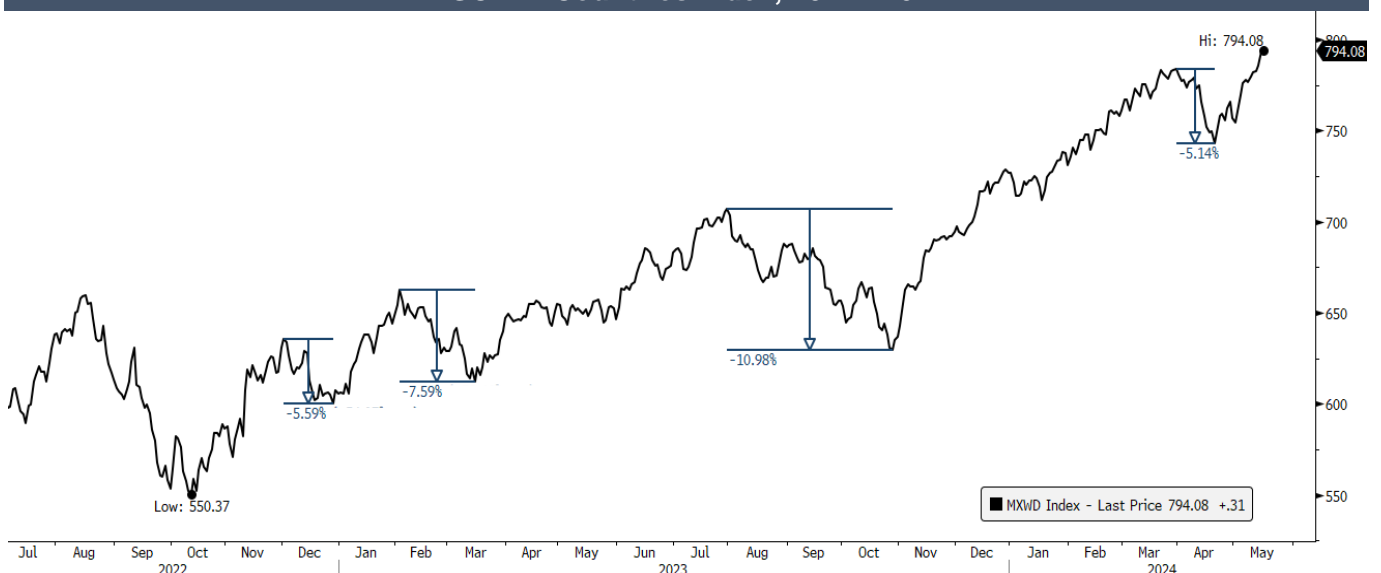
**Will China react to the new US tariffs?**

The Biden administration announced this week new tariffs on \$18 billion worth of imports from China. The tariff rate on EVs will go to 100% from 25%, on semiconductors will jump from 25% to 50% by 2025 and on lithium batteries will increase to 25% from 7.5%. The tariff rate on certain steel and aluminum products will increase to 25% from a range of zero to 7.5%. The move comes ahead of November's presidential election, indicating that both parties will continue tough stance on China trade.

China vowed to response but has not yet announced any specific retaliation measures. It seems that the priority of the Chinese government in current period, is to support the economy, especially the property market. According to press, China is considering buying millions of unsold homes to support the property market. This week announced that China will start selling 1 trillion yuan in long-term special treasury bonds to raise funds to stimulate the economy.

Chinese equity markets rallied since mid-April, mainly due to supportive measures and improved macro data. The Hang Seng China enterprise index climbed this week (3.2%) for fifth time and the total return is strong (20%) since the start of the year.

**MSCI All Countries Index, 2022 - 2024**



MXWD Index (MSCI ACWI Index) Graph 30 Daily 16MAY2021-17MAY2024  
Source: Bloomberg (16/5/2024)

Copyright© 2024 Bloomberg Finance L.P.

17-May-2024 11:36:21

**Global Markets Minesweeper**
**Event Risk Calendar, 20 - 24 May, 2024**

Monday 20/5						
Date Time	Country	Event	Period	Survey	Prior	
20/5 04:15	CH	5-Year Loan Prime Rate	20-May	3.95%	3.95%	
20/5 04:15	CH	1-Year Loan Prime Rate	20-May	3.45%	3.45%	
20/5 07:30	JN	Tertiary Industry Index (MoM)	Mar	-0.10%	1.50%	
<b>Eco Event</b>	US	Atlanta Fed President Bostic speech (15:45)				
<b>Corp. Results</b>	US	Palo Alto Networks Inc				
Tuesday 21/5						
Date Time	Country	Event	Period	Survey	Prior	
21/5 09:00	GE	PPI (MoM)	Apr	--	0.20%	
21/5 09:00	GE	PPI (YoY)	Apr	--	-2.90%	
21/5 11:00	EC	ECB Current Account SA (EUR)	Mar	--	29.5b	
21/5 12:00	EC	Trade Balance SA (EUR)	Mar	--	17.9b	
21/5 13:00	UK	CBI Trends Total Orders	May	--	-23	
<b>Eco Event</b>	US	New York Fed President Williams speech (16:05)				
<b>Corp. Results</b>	US	Lowe's Cos Inc				
Wednesday 22/5						
Date Time	Country	Event	Period	Survey	Prior	
22/5 02:50	JN	Trade Balance Adjusted	Apr	-¥735.2b	-¥701.5b	
22/5 02:50	JN	Exports (YoY)	Apr	11.00%	7.30%	
22/5 02:50	JN	Imports (YoY)	Apr	8.90%	-5.10%	
22/5 09:00	UK	PSNB ex Banking Groups (GBP)	Apr	19.3b	11.9b	
22/5 09:00	UK	CPI (YoY)	Apr	2.10%	3.20%	
22/5 09:00	UK	CPI Core (YoY)	Apr	3.60%	4.20%	
22/5 11:30	UK	House Price Index (YoY)	Mar	--	-0.20%	
22/5 14:00	US	MBA Mortgage Applications	17-May	--	0.50%	
22/5 17:00	US	Existing Home Sales	Apr	4.16m	4.19m	
22/5 17:00	US	Existing Home Sales (MoM)	Apr	-0.70%	-4.30%	
<b>Eco Event</b>	US	FOMC Meeting Minutes (21:00)				
<b>Corp. Results</b>	US	NVIDIA Corp				
Thursday 23/5						
Date Time	Country	Event	Period	Survey	Prior	
23/5 03:30	JN	Jibun Bank Japan PMI Mfg	May P	--	49.6	

May 17, 2024

23/5 03:30	JN	Jibun Bank Japan PMI Services	May P	--	54.3	
23/5 10:15	FR	HCOB France Manufacturing PMI	May P	--	45.3	
23/5 10:30	GE	HCOB Germany Manufacturing PMI	May P	43.3	42.5	🌟
23/5 10:30	GE	HCOB Germany Services PMI	May P	53.8	53.2	
23/5 11:00	EC	HCOB Eurozone Manufacturing PMI	May P	46.1	45.7	🌟
23/5 11:00	EC	HCOB Eurozone Services PMI	May P	53.5	53.3	🌟
23/5 11:30	UK	S&P Global UK Manufacturing PMI	May P	49.5	49.1	🌟
23/5 11:30	UK	S&P Global UK Services PMI	May P	54.9	55	
23/5 15:30	US	Chicago Fed Nat Activity Index	Apr	--	0.15	
23/5 15:30	US	Initial Jobless Claims	18-May	--	222k	
23/5 16:45	US	S&P Global US Manufacturing PMI	May P	50.2	50	
23/5 16:45	US	S&P Global US Services PMI	May P	51.6	51.3	🌟
23/5 17:00	EC	Consumer Confidence	May P	-14	-14.7	🌟
23/5 17:00	US	New Home Sales (MoM)	Apr	-1.90%	8.80%	
<b>Eco Event</b>	EC	Bank of France Governor Villeroy speech (16:45)				
		<b>Friday 24/5</b>				
<b>Date Time</b>	<b>Country</b>	<b>Event</b>	<b>Period</b>	<b>Survey</b>	<b>Prior</b>	🌟
24/5 02:01	UK	GfK Consumer Confidence	May	-17	-19	
24/5 02:30	JN	Natl CPI (YoY)	Apr	2.40%	2.70%	
24/5 02:30	JN	Natl CPI Ex Fresh Food (YoY)	Apr	2.20%	2.60%	🌟
24/5 09:00	UK	Retail Sales Inc Auto Fuel (MoM)	Apr	-1.00%	0.00%	
24/5 09:00	UK	Retail Sales Inc Auto Fuel (YoY)	Apr	-0.50%	0.80%	
24/5 09:00	GE	GDP SA (QoQ)	1Q F	0.20%	0.20%	
24/5 09:00	GE	GDP WDA (YoY)	1Q F	-0.20%	-0.20%	
24/5 15:30	US	Durable Goods Orders (MoM)	Apr P	-0.70%	0.90%	🌟
24/5 15:30	US	Durables Ex Transportation (MoM)	Apr P	0.20%	0.00%	
24/5 17:00	US	U. of Mich. Sentiment	May F	67.4	67.4	🌟
<b>Eco Event</b>	EC	ECB Executive Board member Schnabel speech (10:00)				

**Global Markets Analysis**

marketanalysis@alpha.gr

Konstantinos Anathreptakis, CFA

konstantinos.anathreptakis@alpha.gr

Maria Koutouzi

maria.koutouzi@alpha.gr

Stelios Nistas, CFA

stylianos.nistas@alpha.gr

**Disclaimer:** The information herein is believed to be reliable and has been obtained from sources believed to be reliable, but we make no representation or warranty, express or implied, with respect to the fairness, correctness, accuracy or completeness of such information. In addition we have no obligation to update, modify or amend this communication or to otherwise notify a recipient in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. We are not acting and do not purport to act in any way as an advisor or in a fiduciary capacity. We therefore strongly suggest that recipients seek their own independent advice in relation to any investment, financial, legal, tax, accounting or regulatory issues discussed herein. Analyses and opinions contained herein may be based on assumptions that if altered can change the analyses or opinions expressed. Nothing contained herein shall constitute any representation or warranty as to future performance of any financial instrument, credit, currency rate or other market or economic measure. Furthermore, past performance is not necessarily indicative of future results. This communication is provided for information purposes only. It is not an offer to sell, or a solicitation of an offer to buy, any security, nor to enter into any agreement or contract with Alpha bank or any affiliates. In addition, because this communication is a summary only it may not contain all material terms, and therefore this communication in and of itself should not form the basis for any investment decision. Financial instruments that may be discussed herein may not be suitable for all investors, and potential investors must make an independent assessment of the appropriateness of any transaction in light of their own objectives and circumstances, including the possible risks and benefits of entering into such a transaction. By accepting receipt of this communication the recipient will be deemed to represent that they possess, either individually or through their advisers, sufficient investment expertise to understand the risks involved in any purchase or sale of any financial instrument discussed herein. Any duplication, copy, reprint or transmission of this document is prohibited without the prior written permission of the issuer.