

GLOBAL & REGIONAL DAILY

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Global markets

Speaking at the Brookings Institution yesterday, Fed Chair Jerome Powell reinforced expectations for a slower pace of rate tightening to 50bps at the mid-December meeting and reiterated that the terminal fed funds rate would likely need to be “somewhat higher” than expected in September, while restoring price stability would likely require holding rates at restrictive territory for “some time”. His remarks were perceived less hawkish than expected, triggering a dovish shift in Fed rate tightening expectations. In reaction, risk sentiment improved, and USTs gained sharply, before moving modestly lower earlier today. The release of the November ADP report and the October JOLTS data which both suggested some moderation in the US labor market, also had a positive impact. The DXY USD index moved back below 106, and the EUR/USD reapproached 1.0450, following a drop below 1.03 yesterday after EA data showed a higher-than-expected deceleration in the November HICP inflation to 10.0%YoY, though core remained stable at 5.0%YoY.

Greece

The economic sentiment indicator (ESI), after a steep drop in October 2022 to 98.4 points from 105.0 points in September 2022, recovered partially in November 2022 to 101.4 points (long term average at 100), a level higher by 7.7 points compared to the Euro Area. All the confidence subindices recorded an improvement on a monthly basis, remaining however, with the exemption of retail trade, highly surpassed compared to their values in November 2021. This result reflects the negative effects from the energy crisis and the war in Ukraine, but also the excessive optimism that prevailed on the eve of the post-pandemic period. In other data releases, the retail trade volume index, after a weak performance in Q2 2022 (-0.6% QoQ / 0.4% YoY), returned to growth in Q3 2022 (1.9% QoQ / 2.8% YoY). Finally, the residential property prices increased by 11.2% YoY in Q3 2022 from 10.1% and 9.8% in Q2 2022 and Q1 2022 respectively. The residential property prices remain lower (higher) by 19.9% (39.1%) relative to their peak (trough) in Q3 2008 (Q3 2017).

CESEE

In Turkey, according to the GDP estimate for Q3-2022 released yesterday, the strong growth momentum eased significantly, as seasonally adjusted GDP expanded by 4.0%YoY, down from 6.9%YoY in Q2-2022 and 7.0%YoY in Q1-2022. On a quarterly basis, GDP was flat (-0.1%QoQ), instead of an increase of 1.9%QoQ in Q2-2022. The deceleration on an annual basis was mainly driven by a fall in investment by 1.2%YoY, in contrast to an increase of 3.8%YoY in the previous quarter. Household consumption expansion eased, to 18.1%YoY from 21.9%YoY in Q2-2022, on the back of pressures on real income by soaring inflation. The hikes in energy prices during summer boosted imports (+11.5%YoY from 8.1%YoY). On the other hand, the support to exports from the depreciation of the Turkish Lira was weaker, as the pace of their increase fell to 13.2%YoY, from 15.2%YoY in Q2-2022. The much stronger expansion of government consumption, by 7.0%YoY, instead of 1.7%YoY in Q2-2022 prevented a bigger growth deceleration.

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