

GLOBAL & REGIONAL DAILY

December 6, 2022

Global markets

Coming on the heels of last week's robust US non-farm payrolls report, the US headline composite index for the ISM services survey rose more than expected in November, coming in at 56.5 from October's 54.4, mainly supported by a 9.0ppts increase in the business activity component and a 2.4ppts gain in employment. Against this backdrop, the fed funds terminal rate priced for early 2023 moved above the 5% threshold again compared to levels around 4.85% last week before the release of the US employment data, while market pricing for end-2023 rose to 4.60%, reflecting market expectations that the Fed would likely keep interest rates higher for longer. In reaction, investors adopted a cautious stance against risk assets with Asian bourses ending mixed today following Wall Street's losses overnight, UST yields edged higher with the 10yr yield rising above 3.61% at some point, and the DXY USD index firmed crossing again the 105 level. Today, the US Senate run-off election in Georgia will be taking place.

Greece

ELSTAT will announce tomorrow the national accounts data for Q3 2022. In H1 2022, the Greek economy surprised to the upside with a real GDP growth rate of 7.8% on an annual basis (the FY-2021 real GDP growth rate was 8.4%, from -9.0% in 2020). Private consumption and exports of services had the highest contribution, followed by fixed investment. The period of Q3 2022 was marked by persistently high inflation, with HICP increasing on an annual basis by 11.5% from 10.4% in Q2 2022, amid persisting geopolitical tensions and the prospects of a further rise in the cost of funding. These factors affect negatively private domestic demand (consumption and investment). Nevertheless, the government's support measures against the energy crisis, the strong rebound of tourism, investments funded by the RRF and the post-pandemic willingness of households to consume, despite their negative saving rate, may have counterbalanced the adverse effects of the aforementioned shocks.

CESEE

The CPI inflation in Turkey decelerated in November for the first time after 25 months, albeit moderately, to 84.4%YoY from the all-time high of 85.5%YoY in October. The monthly pace also lost steam, to 2.9% from 3.5%. The slight ease of inflationary pressures stemmed mainly from prices in transport (+107.0%YoY vs. 117.1%YoY in October) and housing, water, electricity, gas (+82.8%YoY against +85.2%YoY), that is the two CPI components mostly affected by energy prices. On the contrary, inflation surged further in food & non-alcoholic beverages (+102.5%YoY from 99.0%YoY). The slowdown is linked to the decline in prices of energy goods globally and the relative stability of the lira exchange rate. These trends will most probably sustain a mild weakening of inflation in the coming months; however, a significant deceleration will be averted by improving consumer sentiment since July and the switch in October to market pricing for 40% of the gas used by large industrial users.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr. Stylianos Gogos
Research Economist
sgogos@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



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



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



Dr. Theodoros Rapanos
Economic Analyst
trapanos@eurobank.gr
+ 30 214 40 59 711



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



Michail Vassileiadis
Research Economist
mvassileiadis@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-entiaferontos>
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.

