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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.

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