

# GLOBAL & REGIONAL DAILY

December 21, 2022

## Global markets

US housing starts for November dropped by a lower than expected 0.5%MoM but permits — an indicator of future housing demand — plunged by 11.2%MoM, as higher mortgage rates continued to depress market activity, adding to recent evidence suggesting a slowdown in GDP growth in Q4. That said, the Atlanta Fed GDPNow model estimate for Q4 2022 was revised to an annualised growth rate of 2.7%, down from 2.8% before the housing data release and from slightly above 3.0% earlier this month. On the other side of the Atlantic, Eurozone consumer confidence rose by 1.7ppts in December, the third consecutive monthly increase, at -22.2, but still a low level relative to historical standards. Meanwhile, global fixed income markets remained under pressure as investors continued to absorb the BoJ's unexpected decision to widen the yield curve control, and the JPY retained a firm tone on growing speculation that the BoJ could raise interest rates in 2023, with the USD/JPY standing not far from yesterday's 4 ½ month low of 130.56.

## Greece

According to the Parliament Budget Office report for Q3:2022, the Greek economy is entering a "soft landing" phase with real GDP growth expected at 5.6% and 1.8% in 2022 and 2023, respectively. The main risks include the ongoing energy crisis and its effect on the current account, elevated inflation, and higher interest rates. According to press reports, following the approval of the Ministry of Finance, the Hellenic Financial Stability Fund (HFSF) is expected to launch its disinvestment strategy from the four Greek banking institutions, i.e. National Bank of Greece (40.4% share ownership (so)), Piraeus Bank (27.0% so), Alpha Bank (9.0% so) and Eurobank (1.4% so). The HFSF also holds shares in Attica Bank (62.93% so).

## CESEE

While October's current account (CA) data was disappointing for Bulgaria and encouraging for Serbia, the impression alters by looking at the dynamics during January-October and on a 12-month rolling basis. In detail, in Bulgaria, the CA deficit soared to EUR177.1mn in October vs a EUR24.3mn deficit in October 2021. In Jan-Oct, the CA balance turned positive with a EUR542.1mn surplus, up by 13.1%YoY while on a 12-month rolling basis, the CA deficit reached to EUR288.2mn or 0.4% of GDP. In Serbia, the EUR160.7mn CA deficit narrowed compared to the EUR 246.4mn deficit a year ago. However, in Jan-October, it widened by 87.4%YoY to EUR3.0bn while the 12m-rolling CA deficit reached EUR 3.7bn or 6.2% of GDP as of end-October. Elsewhere in the region, Hungary's CB yesterday kept the key policy rate unchanged at 13.0% while in Poland, IP data for November surprised to the upside as its growth slowed to 4.6%YoY in November from 6.6%YoY in October, when market expected a 2.8%YoY expansion.

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