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Global markets

Risk sentiment improved and government bonds on both sides of the Atlantic, especially in Europe, gained, favored by additional signs of easing inflation. Following downside inflation surprises from Germany and Spain earlier this month, HICP inflation in France unexpectedly dropped to 6.7%YoY in December (5.9%YoY in terms of the National CPI) mainly due to lower energy prices that offset the impact of the reduced fuel tax rebate. In addition, the prices paid component of the US ISM manufacturing survey for December dropped by 3.6ppts to 39.4, its lowest level since April 2020, European natural gas futures fell by almost 10% to a one-year low of €65 per kWh yesterday amid unusually warm weather in Europe for this time of year and oil prices also fell sharply, with Brent crude ending -5.2% lower to $77.84/bbl before briefly recovering close to $79.20/bbl earlier today. In FX markets, the DXY USD index was little changed ahead of today's ADP report for December, failing to capitalize on the hawkish tone of the December FOMC minutes.

Greece

Eurostat is scheduled to announce tomorrow the flash estimate for the inflation rate in December 2022. Six days later, ELSTAT will follow with the final figures, both for the HICP and National CPI. In November 2022, the annual change of the HICP was 8.8% (8.5% in terms of the National CPI), from an all-time high peak of 12.1% in September 2022. The decrease of the energy prices along with the government's subsidies, explain to some extent the aforementioned deceleration. For the 11-month period of January-November 2022, the average HICP increased by 9.4% on an annual basis compared to 0.2% in the respective period of 2021. According to the BoG interim report on monetary policy 2022 (December 2022), the average inflation rate in terms of the HICP is expected to peak at 9.4% in 2022 and then to decline to 5.8%, 3.6% and 2.5% in 2023, 2024 and 2025 respectively.

CESEE

Poland's Monetary Policy Council decided yesterday to hold the key policy rate at 6.75% for a fourth consecutive month, verifying the market consensus. Inflation came in at 17.5% YoY in November from 17.9% YoY in October, allowing thus, for the Central Bank to retain its wait -and- see stance. On the same footing, other regional central banks such as those in Hungary and Czechia held fire in their latest MPC meetings held in December. As evident from the minutes of the meeting, the National Bank of Hungary (NBH), kept the base rate unchanged at 13.0% with a unanimous decision with November's inflation at 22.5% YoY, while the Central Bank of Czechia left the policy rate at 7% despite the uptick of inflation from 15.1% YoY in October to 16.2% YoY in November.

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