

GLOBAL & REGIONAL DAILY

December 5, 2023

Global markets

USTs opened slightly higher today with flatter yield curve, regaining part of yesterday's losses ahead of a string of key US data releases this week, including today's ISM services index for November and the JOLTS report for October. Waiting for those releases, risk sentiment deteriorated. US equity markets ended lower overnight and Asian bourses generally closed in the red today. Meanwhile, favored by recent ECB dovish commentary, Bunds retained a positive tone. The 10yr UST-Bund yield spread widened to 195bps in early European trade, while ECB OIS markets are currently pricing in over 100bps of rate easing by September 2024. In FX markets, the DXY USD index was slightly firmer, though still remaining below 104, while the EUR/USD retested earlier today Monday's near three-week intraday low close to 1.08. Elsewhere, oil prices remained under pressure, with Brent crude trading close to \$79.50/bbl earlier today, despite remarks by the Saudi energy minister that Saudi Arabia's crude production cuts could "absolutely" go beyond Q1 2024.

Greece

According to Eurostat data, R&D expenditure in Greece in 2022 amounted to 1.48% of GDP, while in the Euro area (EA) averaged at 2.26% of GDP. R&D expenditure represents the financial resources allocated to support research activities aimed at developing new products, processes, or services, as well as improving existing ones. This expenditure aims in fostering innovation, competitiveness, and economic growth. The 2022 figure for Greece, marks a slight increase from the 1.46% recorded in 2021 but a significant improvement compared to the average of 0.56% of GDP in the 2003-2007 period, before the initiation of the sovereign debt crisis. Breaking down the sources of R&D expenditure, we find that the private business sector in Greece allocated 0.73% of GDP for R&D (EA: 1.49%). The higher education sector contributed 0.44% (EA: 0.48%), the government sector allocated 0.31% (EA: 0.26%), and the private non-profit sector accounted for 0.01% of GDP (EA: 0.04%).

CESEE

On Friday evening, S&P Global Ratings affirmed Poland's foreign currency sovereign credit rating at A-keeping the outlook stable. The rating agency outlined that Poland's rating could be upgraded going forward if sustained institutional and governance reforms, which both unlock steady flow of EU funds and net FDI, take place, improving, thus, the medium-term growth prospects. Another area that could lead to an upgrade in case progress is noticed is the fiscal balance. On the flipside, S&P added that downside risks regarding the rating could stem from slower than expected disinflation which could undermine competitiveness and growth, among others. Recently released GDP growth forecasts of 0.6% for 2023 and 3.1% for 2024 published a week earlier in an economic outlook, were reaffirmed under the assumption that the new government may prove able to invigorate the country's access to EU funds and underpin that way investment growth in 2024 and beyond.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr. Theodoros Stamatiou
Senior Economist
tstamatiou@eurobank.gr

Maria Kasola
Research Economist
mkasola@eurobank.gr

Research Team



Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706



Marcus Bensasson
Research Economist
mbensasson@eurobank.gr
+ 30 214 40 65 113



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
Research Economist
trapanos@eurobank.gr
+ 30 214 40 59 711



Symeoni – Eleni Soursou
Junior Economic Analyst
ssoursou@eurobank.gr
+ 30 214 40 65 120



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



Michail Vassileiadis
Research Economist
mvasileiadis@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-endiaferontos>
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.

