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Global markets

Global government bonds came under renewed pressure earlier today, and risk sentiment deteriorated with Asian equity markets closing in the red, following comments by BoJ officials which increased expectations that the central bank soon could end its negative interest rate policy. The 10-yr JGB yield hit a multi-session high near 0.76% earlier today, more than 10bps higher on the day. USTs followed suit, with the 10-yr paper yielding levels around 4.17% at the time of writing, after closing at a near four-month low of 4.12% yesterday amid increased market optimism about a dovish pivot from the Fed in the next few months and a soft landing for the US economy after the weaker-than-expected ADP employment report yesterday added to recent evidence pointing to a cooling labor market. A further decline in oil prices to fresh multi-month lows was another factor behind yesterday's rally in USTs. In FX markets, weak US employment data failed to provide a lasting support to the EUR/USD, with the pair remaining below 1.08.

Greece

Following a strong performance in Q2 2023, growth decelerated in Q3 2023 according to ELSTAT's national account data released yesterday. In detail, the quarterly real GDP growth dropped to zero (-0.1% in the Euro Area) from 1.1% in Q2 2023, whereas the annual growth decreased to 2.1% (0.1% in the Euro Area) from 2.6% (2.2% in Q1-Q3 2023). Regarding the demand side components of the economy, private consumption and fixed investment contracted on a quarterly basis by 0.7% and 1.8% respectively, whereas on an annual basis their growth rates decelerated to 0.9% and 4.9% respectively (-0.7% for public consumption). The decline of the post-pandemic willingness for consumption, hysteresis effects from the high inflationary pressures and the rising cost of borrowing, may explain to some extent these results. Finally, net exports had a negative contribution both to the quarterly and the annual real GDP growth rate.

CESEE

In Turkey, headline inflation was almost unchanged in November for a second consecutive month, to 62%YoY against 61.4%YoY in October and 61.5%YoY in September. The monthly footing marginally slowed, to 3.3% from 3.4%, the slowest pace in the last six months. Core annual inflation also remained almost unchanged for a second month in a row, with the shift tilted to the downside, to 67.3%YoY against 67.6%YoY in October and 67.2%YoY in September. The stabilizing trend in inflation after a period of resurgence during June – August, mainly reflects the effects of the aggressive tightening in monetary policy by the central bank (TCMB) from June onwards, through six successive policy rate hikes, which led to an increase in the key rate from 8.5% to 40.0%. In other regional news, in Poland, the Monetary Policy Council decided yesterday to hold its benchmark interest rate at 5.75% for a third consecutive month, mainly due to heightened uncertainty as to the shape of future fiscal and regulatory policies and their impact on inflation.

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