

GLOBAL & REGIONAL DAILY

January 12, 2023

Global markets

Ahead of today's US CPI release for December which is expected to show a further decline in both the headline and core measures, US Treasuries gained, especially at the long end, with the 10-yr yield approaching Monday's three-week low slightly below 3.51%, following a temporary spike above 3.60%. Market optimism about the US inflation outlook also favored European sovereign bonds, while a further decline in natural gas prices, not too far from last week's one-year closing low, also had a positive impact. In FX markets, the USD remained under pressure on the view that a further decline in US inflation could support expectations of a slower pace of rate tightening by the Fed in the coming months and a likely dovish pivot later this year. Against this background, the EUR/USD extended recent gains reaching a new year-to-date high of 1.0774 earlier today, while the USD/JPY dropped by 0.6% to 131.35 on reports suggesting that the BoJ will review the side effects of its monetary policy easing at next week's meeting.

Greece

According to ELSTAT, the seasonally adjusted unemployment rate declined to 11.4% of the labour force in November 2022, the lowest value since February 2010, from 11.5% in October 2022 and 13.1% in November 2021. Employment stood at 4,115.8k people, registering an increase of 0.2%MoM / 0.8%YoY from -1.0%MoM / 2.1%YoY in October 2022. Unemployment stood at 527.8k people, registering a decrease of -1.1%MoM / -14.0%YoY from -5.5%MoM / -14.1%YoY in October 2022. As a result, the labour force remained almost unchanged on a monthly basis in November 2022 (4,643.6k people), however on an annual basis it decreased by -1.2%. In other data releases, the manufacturing production index increased by 0.8%MoM / 2.5%YoY in November 2022 from 1.5%MoM / 2.0% YoY in October 2022. Finally, OECD, in its recent publication on the Greek economy, forecasts an annual real GDP growth rate of 5.1%, 1.1% and 1.8% in 2022, 2023 and 2024 respectively.

CESEE

In Turkey, the seasonally adjusted unemployment rate was unchanged on a monthly basis in November for the second consecutive month, at 10.2%. In annual terms, unemployment declined by 1.0ppt, as in Oct-22, the smallest fall in the last 17 months. Excluding the Aug-22 print (9.8%), unemployment stands in the area of 10.1%-10.2% since Jul-22. The stagnation is mainly owed to the new strong net minimum wage rise in Jul-22, by 29.3%, after the 50.4% increase in Jan-22. Deteriorating dynamics in Q3 2022 in some of the key sectors of economic activity, such as in the industry sector, with production growth decelerating from 8.8%YoY in Jun-22 to 0.5% in Sep-22, are additional sources of the unemployment stagnation. These adverse effects are expected to continue in Q4 2022 and at least in the first months of 2023, as industrial production receded in Nov-22 for the first time since Jul-20, by 1.3% and another strong minimum wage increase was put in force in Jan-23 (+54.7%).

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