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Global markets

Asian equity markets ended mostly in negative territory today, and futures point to a lower start for US bourses ahead of Tuesday's US January CPI data, which are likely to reinforce expectations of higher Fed interest rates ahead, especially in the context of persistent labor market tightness. Meanwhile, Fed fund futures are currently pricing in a terminal fed funds rate at 5.188% in July, the highest level of this cycle so far, and Fed fund futures for December indicate rate easing of just 22bps compared to 25bps last week and around 50bps earlier this month. Against this backdrop, UST yields moved further up, with the 10-yr yield hitting a fresh five-week peak of 3.7550% earlier today. Supported by higher UST yields and concerns about Russia's intention to cut oil supply, the USD gained ground across the board, with the EUR/USD marking a five-week low close to 1.0650 earlier today and the USD/JPY rising above 132 ahead of the Japanese government's official nomination on the new BoJ Governor tomorrow.

Greece

The manufacturing sector, with a share of 9.9% in total GVA and 7.7% in total employment in 2021, proved to be resilient both during the pandemic (2020-2021) and the ongoing energy crisis (2022). More specifically, according to ELSTAT, the 12-month average production index in manufacturing, after decreasing mildly in 2020 (-1.4% YoY, -1.8% YoY in total industry) rebounded steeply in 2021 (+8.8% YoY, +9.9% in total industry), and in 2022, despite the energy cost hikes, remained on an upward path, albeit at a lower rate compared to 2021 (+4.6% YoY, +4.5% in total industry). In Q4-2022, the manufacturing production index increased by +2.5% QoQ / +3.2% YoY from +0.7% QoQ / 4.3% YoY in +Q3-2022. On the contrary, driven by a drop in the electricity production, the total industrial production index decreased by -2.1% QoQ / -1.9% YoY in Q4-2022 from an increase of +1.8% QoQ / +3.3% YoY in Q3-2022.

CESEE

CEE economies continue to feel the pain from surging inflation as CPI releases indicate persistent price pressures. In Hungary, inflation accelerated to 25.7%YoY in January from 24.5%YoY in December, with the increase most probably attributed to the removal of the fuel price cap early in December. On the same footing, in Czechia, January's CPI print came in at 17.5%YoY from 15.8%YoY in the previous month, with the uptick also related to the removal of subsidies on energy prices since the start of 2023 but also with some optimism implied from the core print as it eased to 12.3%YoY in January from 13.3%YoY in the prior month. Passing to data from the real economy in Bulgaria, construction and industrial output decelerated in December by 4.3%YoY and 2.1%YoY respectively, paving the way for Q4 GDP growth flash estimate which is due tomorrow, and most probably will confirm the cooling in the economy in the respective quarter. Additionally, Q4 growth data for Hungary, Poland, Romania, are also due tomorrow.

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