

GLOBAL & REGIONAL DAILY

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Global markets

The Federal Reserve triggered a huge surge in markets across asset classes after signalling a faster pace of monetary easing in 2024 than previously anticipated. While the FOMC kept the benchmark rate unchanged between 5.25-5.5% at Wednesday's meeting, the updated quarterly forecasts showed policy makers now expect 75bps of rate cuts next year, more than in September, while there were also dovish shifts in the Fed's communication. Futures markets have now fully priced in a first rate cut in March (with a 20% probability of a cut in January) and imply 160bps in total cuts next year. The yield on 2yr USTs plunged 30bps yesterday and another 11bps today to reach 4.31bps, while the yield on the 10yr UST is today at 3.94% – below 4% for the first time since August. European bonds also rose along with global equities, while most major currencies rose against the dollar, with the DXY index falling around 1.1% since the announcement to 102.7. The focus stays with central banks today, as the ECB, BoE and SNB all hold their own policy meetings.

Greece

According to press reports, at the European Council meeting scheduled for today, Greek Prime Minister Kyriakos Mitsotakis will advocate for increased European budget allocations for Greece with respect to immigration and natural disaster management. In other news, the debate on the 2024 Budget in Parliament started yesterday and is expected to be concluded on Sunday 17 December 2023. According to the Minister of Finance Kostis Hatzidakis, in 2024 the government aims to focus on key economic priorities including bolstering households' income through permanent measures totaling €1.6bn, enhancing public investment in education and health, and executing investment plans worth €12bn, funded by the Recovery and Resilience Fund and other sources. The government intends to continue its approach on a path of fiscal discipline, combining it with developmental policies and social cohesion strategies. Note, that according to the 2024 Budget, real GDP growth in 2023 and 2024 is expected at 2.4% and 2.9% respectively.

CESEE

In Romania, inflation eased more than economists' expectations in November, retreating to 6.72%YoY compared to 8.07%YoY in October and the consensus estimate of 7.0%YoY. Consumer prices decreased marginally in monthly terms, driven primarily by food deflation and so did the adjusted CORE2 inflation (the remainder of the headline CPI after excluding tobacco and alcohol products, fuels, vital food items and items with administered prices) which recoiled to 0.34% in November from 0.68% in the previous month. Turning to Bulgaria, according to press reports, parliament adopted the 2024 budget bill at first reading with the votes of MPs from the ruling parties WCC-DB, GERB and MRF. The budget envisages a 3% of projected GDP fiscal deficit target under the assumptions of a 3.2% GDP growth target and an average inflation rate of 4.8% for 2024.

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