

# GLOBAL & REGIONAL DAILY

February 15, 2023

## Global markets

The US headline CPI halted a three-month decelerating trend in January, rising by 0.5%MoM from December's 0.1%MoM, driven by higher gasoline, food and natural gas prices. The annual rate marginally decelerated from 6.5% to 6.4%, though higher than the 6.2% expected and still well above the Fed's inflation target. Core CPI rose by 0.4%MoM for the second consecutive month amid broad-based gains amongst both goods and services, with the annual rate dropping slightly from 5.7% to 5.6%. Elevated price pressures combined with persistent labor market tightness, led to a new reassessment of the expected fed funds rate path in the coming months. Fed fund futures are currently pricing in a terminal fed funds rate at 5.26% in July compared to 5.20% yesterday before the US CPI release and around 4.80% just two weeks ago, while investors are no longer pricing in fully a 25bps rate cut by year-end. Against this backdrop, risk-off prevailed, UST yields hit fresh highs and the USD gained some ground ahead of today's US retail sales and IP data, both for January.

## Greece

The turnover, from administrative sources, for the total enterprises in the economy, amounted to €125.2bn in Q4-2022, registering an annual increase of 24.0% from 42.8% in Q3-2022. The respective annual increase for the whole year (FY-2022) was 35.5% from 19.7% in 2021, with the economic activity of accommodation and food service printing the highest rise (51.8% YoY), followed by the activities of arts, entertainment and recreation (43.2% YoY) and manufacturing (39.1% YoY). In other data releases, the 12-month average Overall Import Price Index (MPI) in industry increased by 27.7% YoY in 2022 from 20.0% YoY in 2021.

## CESEE

Based on yesterday's Q4-2022 flash estimate, GDP in Bulgaria expanded by 2.1% YoY, decelerating compared to Q3-2022 when the economy grew by 3.1% YoY. On a quarterly basis, growth rate was estimated at 0.5%, coinciding with the pace of growth in the previous quarter. Assuming that the flash estimate will be verified by the preliminary figure due in early March, the FY-2022 GDP growth of Bulgaria came in at 3.7%, which is sizably higher than the market consensus at 3.2% amid the milder than anticipated cooling of the economy in Q4-2022. In Serbia, based on the fresh inflation report presented yesterday by the central bank, 2023's growth projection stands at 2-3%, unchanged from November, with domestic demand, primarily private consumption, expected to be the main growth driver thanks to the preserved labour market.

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