

GLOBAL & REGIONAL DAILY

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Global markets

The ECB kept its key interest rates unchanged yesterday, as was widely expected, and announced its intention to start reducing the pace of PEPP reinvestments in H2 2024 before terminating all reinvestments at the end of the year. The statement omitted the reference to inflation remaining “too high for too long”, and the updated inflation projections were revised lower. However, President Christine Lagarde made clear that the ECB should not “lower its guard”, although inflation has dropped in recent months, and explicitly stated that the GC “did not discuss rate cuts at all”. Helped by the ECB’s more hawkish tone, the EUR/USD surged, briefly rising above 1.10. EGBs sold off in a knee-jerk reaction, before regaining momentum shortly after, tracking USTs which retained a positive tone, in spite of firmer than expected retail sales, as the Fed’s dovish pivot continues to affect market sentiment. Meanwhile, the bullish trend to global equities remained intact, while sentiment was also positive for commodities ahead of today’s global flash PMIs for December.

Greece

According to the ELSTAT quarterly labour force survey, the unemployment rate declined to 10.8% of the labour force in Q3 2023, from 11.6% in Q3 2022, whereas long-term unemployment decreased to 60.3% of total unemployment in Q3 2023, from 62.9% in Q3 2022. The number of people employed stood at 4,256.2k, posting an annual increase of 1.0%, from 1.7% in Q2 2023, a deceleration that was reflected in the Q3 2023 GDP data. In the 9-month period from Jan-23 to Sep-23, the average unemployment rate decreased to 11.3%, from 12.6% in Jan-22 to Sep-22, whereas employment growth dropped to 1.3%, from 6.8% a year before, reflecting the return of the economy to normal growth rates after the steep recovery in the post-pandemic period (2021-2022). According to the autumn economic forecasts of the EC published in Nov-23, the unemployment rate is estimated at 11.4%, 10.7% and 9.9% of the labour force in 2023, 2024 and 2025 respectively.

CESEE

In Turkey, growth of retail sales volume slowed down further in October, to 13.7%YoY -an eleven-month low- against 14.2%YoY in September and 21.1%YoY in Q3. Still, on a monthly basis, retail trade at constant prices expanded by 2.0%, after falling for two consecutive months (-4.6% in August, -0.6% in September). The weakening in annual terms mainly reflects the surging inflation from August onwards, around 60%YoY, a pace that continued at least until November. In other country news, seasonally adjusted unemployment weakened significantly in October, to 8.5% -an eleven-year low- against 9.0% in September and 9.1% in Q3. In Romania, the government targets a 4.9% of GDP deficit in 2024 according to the Ministry of Finance draft budget for next year, narrowing from the 6.0% of GDP estimated deficit for 2023, though well below the 3.0% threshold in order to exit the EC’s excessive deficit procedure. The deficit is projected to fall below 3.0% in 2027 (2.9% of GDP).

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