

GLOBAL & REGIONAL DAILY

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Global markets

The US October retail sales report, released yesterday, came in stronger than expected, pointing to another solid increase in consumer spending in Q4, though significantly slower than Q3's 4.0%QoQ saar. Headline sales declined by 0.1%MoM, less than -0.3%MoM expected, following September's upwardly revised gain of 0.9%MoM, while control retail sales increased by 0.2%MoM, in line with market consensus, after a 0.7%MoM rise in September. In reaction, UST yields moved higher across the curve, giving back part of their recent post-CPI gains, with investors shrugging off October PPI data which suggested that pipeline inflation pressures are slowing. Meanwhile, the USD firmed, though modestly, favored by higher UST yields, allowing the EUR/USD to continue trading above 1.08 earlier today. In other news, in its Autumn Forecast, the European Commission projects Eurozone GDP growth at 0.6% in 2023, 0.2ppts lower than projected in the summer and downwardly revised by an even larger 0.4ppts compared to the Spring Forecast.

Greece

The Greek economy is expected to grow at a rate of 2.4% in 2023 (the third highest in EU27, exceeding its potential GDP for the first time since 2008), 2.3% in 2024 and 2.2% in 2025, according to the Autumn 2023 Economic Forecast published yesterday by the European Commission (EC). The inflation rate is forecast to slow down to 2.8% in 2024 and 2.1% in 2025, from 4.3% this year, sustained above the 2% threshold due to upwards pressures from corporate profits in the short run and the tightening job market in the longer run; as unemployment recedes to 10.4% of the labor force in 2024 and 9.9% in 2025 from 11.4% this year, the compensation per employee is expected to be 11.8% higher in 2025 compared to 2022. The current account deficit is expected to narrow to 6.1% and 5.6% of GDP in 2024 and 2025 respectively, from 7.0% in 2023. Regarding fiscals, the EC forecasts primary general government surpluses of 1.1%, 2.5%, and 2.6% of GDP in 2023, 2024 and 2025, with the gross debt falling to 160.9%, 151.9%, and 147.9% of GDP respectively.

CESEE

The flash estimate release in Bulgaria showed that GDP rose by 0.4%QoQ in Q3, same as in Q2. In annual terms, GDP growth eased to 1.7%YoY in Q3 compared to 2.0%YoY in Q2 and 2.4%YoY in Q1, bringing the average 9M2023 growth rate at 2.0%. Despite the evident deceleration, the economy has fared better than earlier in the year expected with the improved growth prospects also mirrored in the EC autumn forecasts released yesterday. The economy is forecast to expand by 2.0% in 2023 from 1.5% in spring with the upward revision, however, not carried over onto 2024, as forecast for the said year was trimmed to 1.8% from 2.4% previously. On the flipside, EC projections for Romania were downwards revised for 2023 from 3.3% in spring to 2.2% currently, following the deceleration in Q3, evident in Tuesday's flash GDP estimate. GDP expanded by 0.2%YoY in Q3, slowing down from 1.0%YoY in Q2 while deceleration was also evident based on the sequential print which came in at 0.4%QoQ from 1.3%QoQ in the previous quarter.

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