

GLOBAL & REGIONAL DAILY

January 17, 2023

Global markets

Asian bourses ended mostly lower earlier today and US equity futures indicate a negative opening after China's 2022 GDP data showed an annual growth rate of 3.0%, the second lowest in nearly half a century and far below the official target of 5.5%. Meanwhile, sovereign bond yields were higher, with Gilts underperforming after BoE Governor Bailey warned over the risk of inflation remaining higher for longer than expected amid a persistently tight labor market. Turning to FX markets, the USD/JPY briefly rose above 129 overnight after marking a seven-month low of 127.21 yesterday on some positioning squaring ahead of the conclusion of this week's two-day BoJ policy meeting tomorrow. Elsewhere, the EUR/USD was trading around 1.0825/30 at the time of writing, not too far from yesterday's nine-month high of 1.0873, favored by expectations of a slower pace of Fed rate tightening, a recent string of firmer than expected Eurozone data and lower natural gas prices that point to increased risks of stagnation rather than a near-term recession.

Greece

According to the state budget execution preliminary data, in January-December 2022 the state budget net revenue stood at €59,598mn in a modified cash basis, lower compared to the target by €255mn (0.4%). On the debit side of the accounts, the state budget expenditure amounted to €71,278mn, depicting an underperformance relative to the target by €1,975mn (2.7%). As a result, the state budget balance registered a deficit of €11,680mn, improved compared to the target by €1,720mn (12.8%). Excluding interest payments, the state budget balance (primary) printed a deficit of €6.676mn, lower relative to the target by €1,830mn (21.5%). The OECD in its recent economic survey for Greece, estimates the general government primary fiscal balance (ESA 2010 terms) at -1.6%, +0.5% and +1.5% of GDP in 2022, 2023 and 2024 respectively.

CESEE

Mixed inflation trends in December in some of the CESEE countries. In Bulgaria, the annual HICP inflation print was unchanged compared to November, at 14.3%, after a 3-month deceleration. The halt to the moderate downward trend came mainly from the acceleration in the health segment (8.7%YoY against 6.6%YoY in Nov-22) and housing, water, electricity (17.8%YoY from 17.6%YoY), despite the slowdown in food and non-alcoholic beverages (26.0%YoY vs. 26.7%YoY). In Hungary inflation escalated further in December, to 24.5%YoY, the highest level in approx. the last 26.5 years (since May-96), 2ppts higher than the previous month. The new price hike came almost exclusively from the transport segment (+20.2%YoY against +7.3%YoY a month ago) and, to a lesser extent, from restaurants-hotels (+30.2%YoY against +27.7%YoY), with the rise in food and non-alcoholic beverages accelerating further by another 0.7ppts, to 47.8%YoY.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Michail Vasseiliadis
Research Economist
mvasseiliadis@eurobank.gr

Research Team



Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706



Dr. Dimitris Exadaktylos
Economic Analyst
v-dexadaktylos@eurobank.gr
+ 30 214 40 63 449



Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 214 40 63 456



Maria Kasola
Research Economist
mkasola@eurobank.gr
+ 30 214 40 63 453



Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 214 40 63 455



Dr. Theodoros Rapanos
Research Economist
trapanos@eurobank.gr
+ 30 214 40 59 711



Dr. Theodoros Stamatios
Senior Economist
tstamatios@eurobank.gr
+ 30 214 40 59 708



Michail Vassileiadis
Research Economist
mvassileiadis@eurobank.gr
+ 30 214 40 59 709

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