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Global markets

At the two-day policy meeting which concluded earlier today, the BoJ decided to keep its policy unchanged, defying expectations of further adjustments to its yield curve control policy (YCC). In reaction, the JPY weakened sharply, falling by 2.7% at some point against the USD, the biggest one-day drop since March 2020, to trade around 130.50 at the time of writing, the 10-yr government bond yield moved well below the BoJ's new ceiling, briefly falling as much as 15bps to 0.36%, the biggest drop in near two decades, while the Nikkei ended in positive territory today, bucking Asian bourses' downtrend. USTs and European government bonds were also firmer today, with the 10-yr Bund yield briefly falling by more than 5bps to a one-month low below 2.04%, on reports suggesting that the ECB may slowdown the pace of rate tightening to 25bps in March following another 50bps hike in February. In other news, oil prices continued to move steadily higher, with Brent crude rising to a fresh year-to-date high of $87/bbl earlier today.

Greece

The turnover of firms obliged to double-entry accounting bookkeeping, for which data is available monthly, exceeded €31bn in Nov-22 according to ELSTAT, increasing by 20.5%YoY. Nevertheless, this was the smallest annual growth rate in the past 20 months, down from 30.1%YoY in Oct-22 and 39.9%YoY in Nov-21. On the debt front, the Public Debt Management Agency (PDMA) tapped the bond markets yesterday for the first time this year, raising €3.5bn through a 10-year bond. Total bids exceeded €21bn, oversubscribing the initial offering 6.2 times, with the yield settling at 4.279% (mid-swap+165bps), slightly lower than the previous 10-year bond auction in Nov-22 (4.44%). This brings PDMA halfway to its medium-/long-term debt issuance target of €7bn for 2023 (not accounting for a contemplated green bond issuance in H2 2023).

CESEE

Bulgaria's Ministry of Finance (FinMin) placed yesterday successfully EUR1.5bn into a 10-year Eurobond with investors' interest laying somewhere above EUR7bn. The achieved yield stood at 4.78% with the latest Eurobonds placed in mid-Sep 2022 yielding at 4.33% (the 7-year EUR1.5bn) and 4.81% (the 12-year EUR750mn). The same day announcement of the issue came as a surprise as the latter is usually announced at least a day ahead to allow market participants to prepare adequately. Evidently, the spotted favourable market window, as investors' appetite for debt markets has strengthened and demand has increased significantly in early 2023, was narrowing ahead of the possible elections in the spring and for the momentum not to be missed the issuance rolled out quickly. The BoJ's meeting, concluding earlier today, and the new wave of turbulence this could have brought in global markets as well as the coming meetings of the ECB and the Fed in early February may have also weighed on the decision to proceed promptly.

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