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# GLOBAL & REGIONAL DAILY

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**Global markets**

Ahead of the minutes from the last FOMC policy meeting and January's US PCE report, due for release on Wednesday and Friday respectively, which are likely to reinforce expectations of further rate tightening ahead, Fed fund futures are currently pricing in a terminal fed funds rate at 5.29% in July, a fresh high of the current hiking cycle and around 11bps higher over the week. Meanwhile, investors are pricing in near 120bps of additional ECB rate tightening by this summer, which could take the terminal deposit rate at around 3.75% amid improved near-term Eurozone growth prospects and sticky core inflation. Growing expectation of more ECB rate hikes kept EGBs under pressure, though they were slightly firmer compared to Friday's settlement earlier today. In FX markets, the USD retained a firm tone, with the EUR/USD continuing to hover around 1.06-1.07 and the USD/JPY briefly rising above 135 on Friday ahead of Kazuo Ueda's confirmation hearing later this week. US markets are closed today for Presidents' Day.

**Greece**

Based on press reports, the Hellenic Federation of Enterprises (SEV) is in favour of a minimum wage increase of 5%-6%, a rise consistent with the expected inflation rate. It must be stressed that SEV's proposal is conditional on the reduction of the non-wage labour cost by 0.6ppts followed by another 3ppts decrease in 2024-2025. The main goal of its proposal is to strengthen the real disposable income of employees without damaging firms' competitiveness. In the memorandum submitted to the Centre of Planning and Economic Research (KEPE), SEV highlights that high (relative to the OECD average) labour income taxes and social contributions create incentives for undeclared work. In the data front, the turnover of the enterprises in accommodation activities increased by 62.6% YoY, while the respective figure in food services activities increased by 41.5% YoY.

**CESEE**

Last week concluded with an announcement by the Bulgarian Minister of Finance, Rositsa Velkova, stating that the government will not request the EC and the ECB to prepare a convergence report on Bulgaria's readiness for eurozone entry, as the target date of January 1, 2024, for the euro adoption cannot be met. The statement came as little surprise, as the economy of Bulgaria fails to meet the inflation criteria for quite some time while there are also delays in the adoption of all necessary legislation. The new target date will be not later than January 1, 2025, while there could be an option for an earlier entry on July 1, 2024, the Minister added. Turning to Serbia, Fitch Ratings affirmed on Friday its sovereign credit rating at BB+, i.e., one notch below investment grade, and kept the outlook stable. Among many things, the agency noted Serbia's greater share of foreign currency denominated public debt and higher net external debt than the peer group median, as well as a high degree of euroisation of the banking sector.

**Contributing Authors:**

**Paraskevi Petropoulou**
Senior Economist
ppetropoulou@eurobank.gr

**Dr.Stylianos Gogos**
Research Economist
sgogos@eurobank.gr

**Maria Kasola**
Research Economist
mkasola@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 Stamatiou**
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708

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

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