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Global markets

Fed Chair Powell stated yesterday at the Economic Club in NY that "financial conditions have tightened significantly in recent months, and longer-term bond yields have been an important driving factor in this tightening", indicating that the need for additional rate hikes may lessen. In addition, he mentioned that "additional evidence of persistently above-trend growth, or that tightness in the labor market is no longer easing, could put further progress on inflation at risk and could warrant further tightening of monetary policy". Meanwhile, markets are currently pricing in a 21% chance of a December rate hike, down from 39% yesterday. Short-term yields declined, with the 2yr UST yield dropping close to 5.13% earlier today, 8.5bps lower compared to Wednesday's close. Long-term USTs remained under pressure with the 10yr yield trading close to yesterday's fresh 16-year high near 5.0% in early European trading today.

Greece

According to the press, the electricity providers will announce later today their prices for Nov-23. Given the escalation of uncertainty caused by the ongoing geopolitical tensions in the Middle East, as well as Bulgaria's charge of €10/megawatt on Russian gas transport through its territory, electricity prices are expected to increase. Nevertheless, the cost for consumers will be lower due to government subsidies. In other news, out of the 1.3mn self-employed only 10% is registered in the IRIS direct payment services. This figure is expected to increase hugely, due to the obligation for all the self-employed to connect their bank accounts with IRIS, announced by the minister of finance Kostis Hatzidakis. Finally, according to a study from INSETE (the institute of the Greek Tourism Confederation, SETE), in 2022, 25% of total tourist arrivals and 30% of total tourist revenues related to all-inclusive vacations packages.

CESEE

In Turkey, a few days ahead of the next Monetary Policy Committee meeting, on October 26, which could deliver another policy rate hike, the latest data show that foreign reserve assets (FRAs) remained on an upward trend up to October 13. Total FRAs stood at $124.5bn in that day, reaching YtD highs of past January. Relative to their up to now lowest level this year in May, at $97.1bn, FRAs are now 28.2% higher, exclusively due to increased foreign currency (FX) reserves, by 57.2% or $27.6bn. FX reserves continued to recover due to macroprudential measures such as the export revenue conversion rule and recovery in debt-related foreign capital inflows. On the contrary, gold reserves remain close to May year-low levels, of $41.2bn (-0.3% or -$141mn from May). Despite the strong increase in FX reserves, the Turkish lira (TRY) remains weak against the USD, falling below 0.036 this week. Since the last key policy rate hike in September 21, the TRY has slid by another 3.3%, with the YtD fall at 33.1% and the YoY devaluation at 33.6%.

Contributing Authors:

Dr. Dimitrios Exadaktylos
Economic Analyst
v-dexadaktylos@eurobank.gr

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Michail Vassileiadis
Research Economist
mvassileiadis@eurobank.gr

Research Team

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

Dr. Dimitrios 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

Symeoni – Eleni Soursou
Junior Economic Analyst
ssoursou@eurobank.gr
+ 30 214 40 65 120

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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