

GLOBAL & REGIONAL DAILY

December 20, 2023

Global markets

Appetite for profit taking in fixed income markets following recent hawkish-leaning comments by various Fed and ECB officials was short lived. Sovereign bond prices resumed their uptrend over the last few hours as investors remain confident that major central banks will start cutting rates aggressively next year. The outcome of the BoJ policy meeting yesterday which was perceived as moderately dovish and weaker than expected UK November inflation data also favored market sentiment. The 10-yr Bund yield dropped below 2% for the first time since late March, while BTPs outperformed, with the respective yield spread narrowing to 162bps, close to year-to-date lows recorded in mid-June. Meanwhile, UST yields were trading slightly lower on the day in spite of stronger than expected US housing starts data. Elsewhere, equity markets retained a positive tone, the USD DXY index remained under pressure continuing to hover not much above 102, and oil prices rose, with Brent crude up to a three-week high of \$80/bbl due to Red Sea tensions.

Greece

According to the Jan-23 to Nov-23 preliminary State Budget Execution data, the overall fiscal deficit was at €1.00bn, an 66.5% improvement compared to the 11-month target set for 2023 in the 2024 Budget. The primary fiscal balance registered a surplus of €5.85bn, exceeding the 11-month target by €2.08bn or 55.2%. State budget revenue stood at €59.19bn, 90.8% of the annual target, and €0.22bn or 0.4% of the projected 11-month figure. Nonetheless, tax revenue was €56.20bn, a rise of €0.60bn or 1.1% above the 11-month target. Finally, state budget expenditure was at €60.19bn, at 81.9% of the annual estimate, €1.78bn or 2.9% below the expected 11-month figure. According to ELSTAT, in Oct-23 the turnover of the enterprises in accommodation and food and beverage services activities obliged to double-entry bookkeeping, amounted to €963.6mn, recording an annual increase of 13.9%. The latter was significantly above the Oct-23 inflation rate of 4.2%YoY, reflecting a real increase of turnover.

CESEE

Monetary policy easing continued in Hungary for a third consecutive month, as the MPC reduced yesterday the base rate by another 75bps, to 10.75%. The rate cut decision was much expected after the further inflation slowdown in November to 7.9%YoY –a 22-month low- against 9.1%YoY in October. According to the MPC post-meeting statement, Hungary's economy is clearly on a path of disinflation, while risk perceptions have improved further. In Cyprus, annual headline HICP inflation eased for a second consecutive month in November, to 2.4% - matching the July print which was the lowest so far this year- from 3.6% the month before. In monthly terms, the trend was deflationary, by -1.5% -also the strongest fall in 2023- after -0.1% in October. Also for a second month in a row, the annual slowdown came mainly from weakening inflation in non-core items, such as food–non-alcoholic beverages (2.7%YoY against 5.8%YoY in October), transports (-2.6%YoY vs. +1.2%YoY) and utility-fuel-housing-water supply (2.5%YoY against 4.1%YoY).

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