

GLOBAL & REGIONAL DAILY

December 21, 2023

Global markets

According to yesterday's US data releases, the CB's consumer confidence index rose in December by a higher than expected 9.7pts, coming in at a four-month high of 110.7 from November's downwardly revised figure of 101.0, reflecting increased optimism about both expectations and current conditions. Separately, existing home sales increased by 0.8%MoM in November, halting a nine-month declining streak, though still remained more than 7% lower than a year ago on the back of persistently high mortgage rates and sharply higher house prices. Shrugging off positive US data releases, government bonds remained well supported amid growing expectations of aggressive rate easing by major CBs in 2024, while yesterday's softer than expected UK inflation data had also had a positive impact. Meanwhile, Asian bourses ended mixed today after Wall Street halted a long winning streak yesterday, and the USD DXY index remained under pressure, continuing to hover not much above 102 ahead of today's weekly initial jobless claims.

Greece

In its 2023 Interim Report on Monetary Policy, the Bank of Greece forecasts GDP growth rates of 2.4%, 2.5% and 2.5%, inflation rates of 4.1%, 3.0%, and 2.4%, and unemployment rates of 11.1%, 10.2% and 9.1% in 2023, 2024 and 2025 respectively. Bringing inflation down to the 2% target, securing public debt sustainability in the medium run, tackling the chronic distortions in the labor market, boosting competitiveness, and timely implementation of RRF projects and reforms are identified as the key challenges facing the Greek economy. In other news, the Economic and Financial Affairs Council (Ecofin) reached an agreement yesterday regarding EU new fiscal rules that provides for a more gradual debt adjustment for highly indebted countries, a favorable treatment of defense expenditures (at 3.9% of GDP in Greece in 2022) when considering the initiation of an excess deficit procedure, and a positive consideration of the impact of accumulated interest payments due by the Greek government in 2033.

CESEE

Signs of weaker economic activity in the CEE3 countries in Q4 according to the latest releases of short-term indicators of economic activity. In Poland, seasonally adjusted industrial production fell by 3.3%YoY in November, almost matching the April print (-3.4%YoY) which is the lowest so far this year and since July 2020. In Romania, construction output growth weakened further in October, to 7.6%YoY, the slowest pace so far in 2023 and from July 2022 onwards, against a 10.0%YoY increase in September. The growth slowdown came from civil engineering works and non-residential construction activity, where output expansion eased to 19.9%YoY and 1.7%YoY, respectively, from 25.4%YoY and 4.7%YoY the month before. In other regional news, ahead of the MPC monetary policy meeting today in Turkey, with markets expecting another rate hike, by 250bps, the lira was trading at 0.0313 against the USD in the morning, unchanged from yesterday, but 1.6% down from the previous MPC meeting in November.

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