

GLOBAL & REGIONAL DAILY

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Global markets

Markets cleared a last hurdle ahead of what are expected to be a quiet few days – thanks to the Thanksgiving Holiday in the US – as the minutes to the FOMC’s November 1 meeting matched the comments made by Fed chair Jerome Powell at the time. There was minimal reaction to yesterday’s release of the minutes – the yield on 10yr USTs currently stands at 4.40%, just 2bps below Monday’s close – which didn’t do enough to challenge the current market narrative of a dovish pivot from the Fed. This was reinforced by the October print for existing home sales coming in lower than expected. Data releases for initial jobless claims and the November UoM consumer sentiment survey have been pushed forward to later today due the break, while in Europe, we are also waiting for October flash consumer confidence data for the eurozone. Meanwhile, UK Finance Minister Jeremy Hunt will make a mini-budget statement today in which he is expected to announce tax cuts, with an eye on elections that must take place by January 2025.

Greece

The 2024 Budget for Greece, presented to Parliament yesterday, projects a real GDP growth of 2.4% in 2023, rising to 2.9% in 2024. Inflation is anticipated to be 4.1% in 2023, decreasing to 2.6% in 2024. The unemployment rate is expected to drop from 11.2% in 2023 to 10.6% in 2024. Fixed investments are forecasted to grow by 7.1% in 2023 and by 15.1% in 2024. The primary fiscal balance is projected to improve to 1.1% of GDP in 2023 and 2.1% in 2024. To counter the effects of natural disasters, fiscal support measures are estimated at approximately €0.6bn annually starting in 2024. General government debt is projected to decrease to 160.3% of GDP in 2023 and further to 152.3% in 2024. Privatization revenues are expected to reach €5.8bn in 2024, up from an estimated €0.4bn in 2023. According to the European Commission, Greece is among the seven countries fully aligned with the 2024 Draft Budget Assessment.

CESEE

The MPC of the Central Bank of Hungary decided yesterday to reduce the base interest rate (KPR) by 75bps to 11.5%. The cut was the second in a row, as another of the same amount was delivered in October’s MPC with the KPR having been pinned at 13.0% since September 2022. The monetary easing, broadly expected in both October’s and November’s policy meetings as it had been thoroughly implied through forward guidance from high level authorities of the bank, came on the back of strong disinflation with the core print more than halved in October 2023 (10.9%YoY) since its peak at 25.7%YoY six months earlier. Elsewhere in the region, the EBRD published yesterday its 2023-2024 transition report based on which 2023 GDP growth forecasts for most of the covered economies remained unchanged compared to those published in September. Bulgaria’s growth forecast for 2023 is seen at 1.6% rebounding to 2.6% in 2024 on the back of lower inflation, accelerated absorption of EU funds and recovery in external demand, according to the forecast.

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