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Global markets

The BEA revised lower its real GDP growth estimate for Q3 2023 to 4.9%QoQ saar from 5.2%QoQ saar in its second estimate, though still the fastest rise since Q4 2021. As before, the main growth driver was private domestic final purchases, mainly supported by personal consumption which was reassessed 0.5ppts lower to a still robust 3.1%QoQ saar. The biggest surprise was in the main price deflators, as core PCE deflator was revised down by 0.3ppts to just 2.0%QoQ saar. Separately, US initial jobless claims rose by a lower-than-expected 2k to 205k in the week ending December 16, remaining near historically low levels, and continuing claims unexpectedly declined, adding to the view that the labor market is slowing, but only gradually. Turning to markets, USTs were little changed compared to yesterday's settlement ahead of November's US core PCE deflator later today, Asian equity markets ended mixed after Wall Street bounced back overnight, and the USD was under pressure, allowing the EUR/USD to retest levels slightly above 1.10.

Greece

Provided the continuation of prudent fiscal policies, the public debt will remain sustainable, with low risk in the short and long run, but relatively high in the medium run, according to the 3rd Post-Programme Surveillance Report published yesterday by the European Commission. The workout of legacy NPLs is identified as another key challenge for the Greek economy. Meanwhile, in its 2023 Autumn Report, the Hellenic Fiscal Council forecasts a GDP growth rate of 2.6% in 2024. On the data front, the current account balance recorded a deficit of €8.7bn in the first ten months of 2023, narrower by €5.9bn (-40.4%) compared to the respective period in 2022, according to the Bank of Greece. The trade deficit was contained to €26.8bn (-18.4%YoY) on the back of easing fuel prices (trade deficit excl. fuel -5.0%YoY), while the services surplus expanded to €20.8bn (+11.2%YoY), boosted by all-time-high travel receipts of €19.6bn (+14.7%YoY). Moreover, the deterioration in the primary income account balance (-€3.2bn YoY) was partially offset by an improvement in the secondary income account balance (+€1.0bn YoY).

CESEE

In line with market expectations, the central bank of Turkey proceeded yesterday to the seventh consecutive policy rate increase, albeit milder relative to the previous ones (250bps instead of 500bps), bringing the policy rate to 42.5%. According to the post MPC-meeting press release, the current level of domestic demand, stickiness in services inflation, and geopolitical risks sustaining inflationary pressures were the main drivers behind further monetary tightening. The MPC assesses the current level of monetary tightness as significantly close to the one required to establish the disinflation course, thus very few (1 or 2) policy rate increases are expected in the months ahead, of the same size as the one yesterday. In Czechia, the central bank (CNB) cut the policy rate by 25bps after holding it stable at 7.0% since June 2022. The cut decision was not widely expected, due to the hawkish tone of the minutes from the November meeting, which supported the view that the CNB would not start cutting rates before early 2024.

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