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Global markets

Amid a subdued trading earlier today as many equity markets in Asia are closed for the Lunar New Year holiday, Japan's Nikkei 225 was a star performer with gains above 1% following Wall Street's strong performance last Friday on firmer US tech stocks. Meanwhile, futures point to a positive opening for European equity markets, while European sovereign bonds remained under pressure, with the 10-yr Bund yield hovering around a multi-session high close to 2.20% at the time of writing, after recent hawkish comments by a number of ECB officials brushed off last week's reports suggesting a likely slowdown in the pace of ECB rate hikes as soon as March. Turning to FX markets, ahead of tomorrow's global December PMI preliminary surveys and US Q4 GDP on Thursday, the EUR/USD extended recent gains rising above 1.09 earlier today for the first time since April 2022 and contributing to push the DXY index back below 102, amid heighted US recession concerns following a recent string of disappointing US data releases.

Greece

According to BoG, the current account deficit increased to €3,928.9mn in Nov-22 from €2,740.7mn in Nov-21, mostly reflecting a widening of the deficit in the oil balance by €780.0mn YoY. In the 11-month period of Jan-22 to Nov-22, the current account deficit increased by €7,485.9mn YoY (74.9% YoY). The deficit in the balance of goods increased by €12,603.8mn YoY (53.8% YoY), with oil contributing the 58.0% of that rise. The surplus in the balance of services widened by €6,620.2mn YoY (53.5% YoY) due to the performance of the tourist balance (€6,308.0mn YoY, 67.7% YoY). Given its value in the 11-month period of Jan-22 to Nov-22 (€17.5bn), the current account deficit stands at 8.4% of nominal GDP (for the FY-2022 nominal GDP growth we use as a proxy its value in Jan-22 to Sep-22, that is 14.1% YoY). As a result, the FY-2022 current account deficit as a percentage of GDP may be even higher.

CESEE

In Turkey, the general government (GG) primary deficit in Dec '22 fell by 36.9%YoY, to TRY95.7bn, whereas the GG overall deficit declined by 29.0%YoY, to TRY114.0bn. The narrowing of the GG primary deficit came from the widening of total revenues by 98.2%YoY, mainly from higher indirect taxes receipts (+89.8%YoY), despite the rise of primary expenditures by 24.1%YoY. The latter expanded from higher spending on capital transfers (+121.3%YoY) and compensation of employees (+104.4%YoY). Given the Dec '22 reading, the FY2022 GG primary balance was positive by TRY173.6bn, in contrast to a deficit of TRY25.3bn a year ago. Nonetheless, the overall GG balance remained on negative territory in 2022, albeit smaller by 33.5%YoY, to TRY137.2bn, as interest payments domestically increased on an annual basis by 63.3% (TRY195.5bn), with interest payments abroad expanding by 97.3% (TRY79.5bn). According to the latest data available, the GG debt stood at 34.8% of GDP in Q3 2022, 2.7ppts below the Q3 2021 level.

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