ISSN: 2241-4851

Eurobank Research

EUROBANK

GLOBAL & REGIONAL DAILY

January 24, 2023

Global markets

The Conference Board's index of leading indicators fell by a higher than expected 1.0% MoM in December, the tenth consecutive monthly decline, reinforcing concerns about a potential recession by the middle of the year. Nevertheless, risk sentiment remains buoyant, with US equity markets hitting fresh highs overnight and futures pointing to a positive opening for European markets, amid expectations of a slower pace of Fed rate tightening ahead. On the flip side, sovereign bonds remained under pressure, with 10-yr UST yields trading not far from yesterday's 3.55% multi-session high at the time of writing and yields on 10-yr Bunds standing close to a one-week high of 2.21% ahead of today's Eurozone December PMI preliminary surveys, as ECB policymakers continue to brush off last week's report conveying that the ECB is considering slowing the pace of rate hikes to 25bps after the February meeting. Elsewhere, Brent crude oil closed above $88/bbl yesterday for the first time so far this year amid continued optimism surrounding China's reopening.

Greece

The tourist sector, after the pandemic shock in 2020 and its partial rebound in 2021, supported strongly employment and incomes in 2022. According to the BoG, in Jan-22 to Nov-22 travel receipts -a major component of foreign demand for domestically produced services- reached 97.2% of their respective Jan-19 to Nov-19 level, registering a nominal growth of 68.5% YoY. In real terms, however, the said recovery was weaker due to the inflationary pressures. Tourist revenues from the EU-27 countries surpassed their pre-pandemic level by 2.9% (16.3% for Germany and 10.3% for France), while revenues from the non-EU-27 countries remained lower by 8.9%. Inbound traveller flows stood at 27.3mn in Jan-22 to Nov-22, higher by 12.9mn (90.3%) compared to the respective period in 2021, but lower by 3.4mn (11.1%) relative to the respective period in 2019. Finally, the average non-resident expenditure per trip declined to €623.1 in Jan-22 to Nov-22 from €708.2 in Jan-21 to Nov-21 (higher by 9.8% relative to the respective period of 2019).

CESEE

Following Serbia's markets tapping in the previous week through 3 sovereign bond offerings that, evidently, succeeded in attracting investors' interest, the Ministry of Finance proceeded yesterday with an additional issuance of 2-year bonds, raising RSD27.2bn. The initial target of the auction was RSD100bn, but as investors' appetite resulted in the lukewarm amount of RSD33.2bn bids, the offering was capped up to RSD 30bn. The notes bear a 5% coupon and were sold above par, at an average yield of 5.95%, which is higher compared to the 4.35% yield achieved at the latest identical auction on November 1, 2022. In Bulgaria, the lingering political crisis starts to have evident spillover effects in the euro adoption process, as admitted yesterday by the governor of the central bank of the country (BNB), Dimitar Radev, who reaffirmed the BNB's strong endeavours to make the eurozone accession possible in January 2024, but also underlined the lack of strong political will required in the whole process.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr.Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Maria Kasola
Research Economist
mkasola@eurobank.gr

Research Team

Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706

Dr. Dimitris Exadaktylos
Economic Analyst
v-dexadaktylos@eurobank.gr
+ 30 214 40 63 449

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 214 40 63 456

Maria Kasola
Research Economist
mkasola@eurobank.gr
+ 30 214 40 63 453

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 214 40 63 455

Dr. Theodoros Rapanos
Research Economist
trapanos@eurobank.gr
+ 30 214 40 59 711

Dr. Theodoros Stamatiou
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708

Michail Vassileiadis
Research Economist
mvassileiadis@eurobank.gr
+ 30 214 40 59 709

More available research at: https://www.eurobank.gr/en/group/economic-research
Subscribe electronically at: https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-endiaferontos
Follow us on twitter: https://twitter.com/Eurobank_Group
Follow us on LinkedIn: https://www.linkedin.com/company/eurobank