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Global markets

Eurozone January HICP was revised up to 8.6%YoY from 8.5%YoY in the flash estimate following the inclusion of Germany's official data, but still lower from December's 9.2%YoY. However, underlying inflation pressures remain elevated, with core CPI rising to a fresh record high of 5.3%YoY, revised upward from an initial print of 5.2%YoY. Turning to the US, Q4 GDP was revised lower to an annualised rate of 2.7% from 2.9% in the advance estimate, while core PCE — the Fed's preferred gauge of inflation — was revised up to 4.3% from 3.9% previously. Meanwhile, Asian bourses ended mostly lower today, with Japan's Nikkei bucking the negative trend after the incoming BoJ head, Kazuo Ueda, lent his support to the current ultra-accommodative monetary policy in the confirmation to the lower house. Sovereign bond yields were lower across the globe and the USD retained a firm tone ahead of today's US January personal income and personal consumer expenditure, although the 10-yr UST yield has dropped below 3.98% yesterday's peak.

Greece

According to the financial account of the balance of payments data published by the Bank of Greece, foreign direct investment (a foreign firm holds at least 10% of the capital of a domestic firm, the establishment of a branch and real estate investment) hit a new all-time high in terms of levels in 2022. More specifically, it stood at €6,246.0mn in current prices (direct investment liabilities in the financial account) from €5,560.4 in 2021, printing a growth rate of 12.3% YoY. Foreign direct investment is one of the sources of funding the current account deficit (€20.1bn, 9.6% of GDP in 2022). Data on the breakdown of the total foreign direct investment to sectors of economic activity in 2022 is not published yet. In 2021, real estate investment had the lion share, close to 40%, followed by financial and insurance activities (11.8%), manufacturing (10.8%), trade (8.9%) and energy (8.1%).

CESEE

The Monetary Policy Committee (MPC) of the Central Bank of Turkey (TCMB) reduced yesterday the policy rate (one-week repo rate) by 50bps, to 8.5%, after a three-month pause from a cumulative rate easing of 500bps in Aug-Nov 2022. The MPC linked the new rate cut to the devastating earthquakes of Feb 6. However, on Feb 1, President Erdogan had stated that the key interest rate would be further reduced from the 9% level. According to the committee, prior to the earthquakes, leading indicators pointed to a strengthening of economic growth in Q1 2023. The MPC expects this event to affect economic activity in Turkey in the near-term but anticipates that it will not have a permanent impact on the mid-term performance of the economy. Under these extraordinary conditions, the committee assessed that it had become more important to keep financial conditions supportive to preserve the growth momentum in industrial production and employment and proceeded to the new key policy rate cut.

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