

# GLOBAL & REGIONAL DAILY

November 28, 2023

## Global markets

Sovereign bond yields declined on both sides of the Atlantic, with no obvious events driving the markets, though some fresh soft US data releases likely had an impact. October's new home sales unexpectedly fell to 679k from 719k in September, as higher mortgage rates weighed on demand. In reaction, the 10yr UST yield stood at 4.38% and the 10yr Bund yield stood at 2.53% earlier today, down by 10bps and 12bps respectively from last week's settlement, ahead of this week's inflation data releases (Eurozone November's flash HICP and US October's PCE index). In FX markets, the DXY USD index fell to a near three-month low at 103.07 earlier today. Meanwhile, ECB President Lagarde acknowledged yesterday at her speech before the EU parliament, that inflationary pressures are easing, but also stated that "this is not the time to start declaring victory", and they expect that holding rates at current levels for long will help restore price stability. She also hinted that the ECB may reassess its PEPP strategy in the not-too-distant future.

## Greece

According to the Jan-23 to Oct-23 final State Budget Execution data, the overall fiscal deficit was €0.48bn, a 49.9% overperformance compared to the monthly target set in the 2024 Budget for October 2023. The primary fiscal balance registered a surplus of €6.08bn, exceeding the target by €0.48bn or 8.5%. State budget revenue stood at €53.93bn, 82.7% of the annual target, and in line with the monthly projected figure. Tax revenue (TR) was €50.72bn, at 0.03bn or 0.1% above the target with income (33.4% of TR) and VAT tax on other goods and services (33.8% of TR) in line with their respective targets. State budget expenditure was at €54.41bn, 74.0% of the annual estimate, decreased by €0.43bn or 0.8% relative to the respective target. The PIB and RRF balances registered deficits of €4.17bn, and €0.97bn respectively, higher (by 5.1% and 21.5% respectively) compared to their monthly targets. Given that the annual RRF target is equal with the realization for October, no additional RRF installment is expected by the end of 2023.

## CESEE

The streak of positive news on the Bulgarian economy continues following the improvement of the country's sovereign rating outlook by S&P, which was reported in yesterday's issue. The Bulgarian central bank almost doubled its 2023 GDP growth forecast to 1.9% in November's Macroeconomic Forecast Report from 1.0% in July, although that's still lower than the 3.9% growth rate of 2022. The bank identifies as key growth drivers for the current year private consumption and net exports with its forecast boding well with those of the government at 1.8% and the EC at 2.0% with the IMF, EBRD and the World Bank rendered a bit more conservative around the 1.5% area. For the years ahead, a solid rebound is on the cards with growth in 2024 and 2025 expected at 2.7% and 3.5% respectively. Looking at the regional calendar, it is rather hefty this week filled with detailed Q3 GDP data due today in Croatia and split between Thursday and Friday for the CEE3 plus Serbia.

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