

GLOBAL & REGIONAL DAILY

January 30, 2023

Global markets

US real consumption continued to slow in December, falling by 0.3%MoM after a downward revised drop of 0.2%MoM in November and a 0.4%MoM rise in October, while nominal income rose by 0.2%MoM, taking the savings rate up by 0.5ppt to 3.4%, the highest since May 2022, though still well below pre-pandemic levels. The headline PCE price index rose by 0.1%MoM, while core PCE inflation was firmer with a 0.3%MoM increase, pushing the annual rate to 5.0% and 4.4%, respectively, noticeably above the Fed's target. Turning to markets, Asian bourses ended mostly lower today, failing to maintain last week's positive momentum, and USTs appeared to be range trading, ahead of the expected downshift in the pace of FOMC rate hikes to 25bps this week (Wednesday) and the January non-farm payrolls report (Friday). Range-bound activity also continued in FX markets, with the EUR/USD stuck at around 1.0850, ahead of an expected further 50bps ECB rate hike (Thursday) and a string of major Eurozone data releases, including Q4 GDP (Tuesday).

Greece

Last Friday, Fitch ratings became the third out of the four External Credit Assessment Institutions (ECAIs) accepted by the ECB with a rating on Greece one notch below investment grade (the other two are S&P and DBRS, while Moody's rating currently stands three notches below). Fitch upgraded Greece's credit profile to "BB+" with a stable outlook from "BB". The upgrade reflects improving conditions on the fiscal, banking and structural reforms fronts. Fitch estimates the FY-2023 real GDP growth at 0.9% YoY and for 2024 at 2.3% YoY, while for the inflation rate it predicts a gradual slowdown to 5.0% in 2023 and 1.5% in 2024. On the data front, private sector's deposits in the domestic MFIs amounted to €188.7bn in Dec-22, higher by €4.8bn (2.6%) compared to Nov-22 and by €8.7bn (4.9%) compared to Dec-21. Private sector's net credit flows from the domestic MFIs stood at €2.8bn in Dec-22 and at €6.9bn in Jan-22 to Dec-22 (6.3% YoY).

CESEE

Caretaker Minister of Finance, Rositsa Velkova, stated to the press that all efforts will be put for a budget bill for 2023 and a mid-term budgetary framework for the 2024-2026 period, as the latter has to be presented to the EC by May, to be quickly submitted to the parliament, given the coming elections in 2 months. Also, in February, the caretaker cabinet will present all the necessary data to the Eurozone finance ministers and following the conclusions of the meeting, the government will decide whether to request the preparation of a convergence report from the ECB and the EC regarding Bulgaria's readiness for the euro adoption. Turning to this week's economic calendar, it is rather hefty with annual 2022 GDP growth data releases. In detail, later today Poland is due and Czechia and Serbia follow tomorrow.

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