ISSN: 2241-4851

Eurobank Research

EUROBANK

GLOBAL & REGIONAL DAILY

January 31, 2023

Global markets

Spain's headline HICP inflation unexpectedly rose from December's 5.5%YoY to 5.8%YoY in January, fueling market fears that high inflation could likely prove more persistent than expected, forcing major central banks to retain a hawkish policy stance for longer. Eurozone government bonds came under pressure, with the 10-yr UST/Bund yield spread narrowing further to levels around 124bps at the time of writing, Asian bourses closed in negative territory today, failing to capitalize on a string of firmer than expected data from China, while the DXY USD index managed to gain some ground, moving back above 102. In other news, German Q4 GDP unexpectedly shrunk by 0.2%QoQ in Q4, while, on a positive note, the EC' Eurozone economic sentiment indicator rose in January to a seven-month high of 99.9. Separately, in its updated World Economic Outlook, the IMF revised upward by 0.2ppt to 2.9% its 2023 global GDP growth projection, partially thanks to China's reopening, while for 2024, global growth is expected to accelerate to 3.1%.

Greece

According to ELSTAT, the overall industrial producer price index (PPI) – a measure of the average movements of prices received by domestic producers for goods and services sold in the domestic and the foreign markets – in December 2022, increased by 16.5% YoY (2.4% MoM) with petroleum products (29.9% YoY) and energy (21.1% YoY) sub-indices for the domestic market recording the highest increase. The average PPI for January-December 2022 increased by 35.1% YoY, reflecting the inflationary pressures of the said year. In other news, Fitch, a credit rating agency, upgraded Eurobank to BB-from B+ with a stable outlook, the National Bank of Greece to BB- from B+ with a stable outlook and Alpha Bank to B+ from B with a stable outlook, based on the banks' improved profitability and the prospects of the Greek economy.

CESEE

In Cyprus, after a six-month period of weakening credit expansion, bank credit contracted in Dec-22, for the first time since Dec-20, albeit slightly (-0.2%YoY). The change in credit trend came mainly from financing of non-financial businesses, which declined on an annual basis in December by 1.7% (vs. -0.1% in Nov-22), but also from stronger credit contraction towards intermediate financial organisations (-3.1%YoY against -1.8%YoY in Nov-22). On the other hand, credit expansion to households continued at almost the same pace as the Jan-Nov 22 average (2.3%YoY vs. 2.5%YoY). These developments in credit to non-financial businesses are considered linked to the new extension in Dec-22 of the foreclosure suspension for loans and are expected to be a determinant of investment activity in Q4 2022. For the FY2022, average credit expansion to the non-monetary and non-financial sector stood at 1.8%YoY.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr.Theodoros Stamatiou
Senior Economist
tstamatiou@eurobank.gr

Michail Vassileiadis
Research Economist
mvasseiliadis@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