

GLOBAL & REGIONAL DAILY

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Global markets

A busy week for economic news ends with the release of more key US data as the jobs report and the University of Michigan consumer sentiment index are both due later today. The consensus estimate is that the world's biggest economy added 180k non-farm payrolls in January, down from 216k the month before, with the unemployment rate ticking up to 3.8% from 3.7% in December. Meanwhile, yesterday's flash inflation release for the Eurozone showed headline HICP growth slowed to 2.8%YoY in January from 2.9%YoY, while core HICP inflation decelerated by the same amount to 3.3%YoY, which was 0.1ppt higher than the consensus forecast. Government bonds yesterday continued what has been a strong rally this week, with the yield on 10yr USTs closing 9bps lower at 3.85%. Although the yield is up 2bps so far today, it's still 27bps below last week's close. Meanwhile, the yield on German 10yr Bunds is up 4bps today at 2.16%, which is still 14bps lower than last week's close. The EUR/USD is trading slightly firmer at around 1.070/90.

Greece

The seasonally adjusted unemployment rate declined to 9.2% of the labour force in Dec-23, from 9.4% in Nov-23 and 12.2% in Dec-22, according to the monthly labour force survey (LFS) released by ELSTAT yesterday. The respective 12-month average figure dropped – for the 10th year in a row – to 10.6%, from 12.4% in 2022, with the number of persons employed standing on average at 4,196.8k, from 4,133.5k in 2022 (+1.5% YoY), supporting households' disposable income and, consequently, private consumption. The participation rate (=labour force/population) declined marginally to 60.2%, remaining nevertheless above its pre-pandemic level (59.7% in 2019). The increase in the participation rate and the decrease in the natural rate of unemployment, are both critical parameters for the medium-term contribution of the labour factor to real GDP growth. Finally, in other data releases, the S&P Global manufacturing PMI increased sharply in Jan-23 to 54.7, from 51.3 in Feb-23, reflecting a strong expansion in output and new orders.

CESEE

Trends differed in the manufacturing PMI in two of the three CEE3 countries in January, according to releases yesterday. In Czechia, the manufacturing PMI improved to 43.0 from 41.8 in December, the highest level in the past 10 months, albeit not far from the 3.5-year low of 40.8 in June 2023. The index rise beat slightly market forecasts for a 1.1pts improvement. New orders, especially from foreign markets, fell at a faster pace, sustaining a decline in output for 20 consecutive months and causing cuts in staff. On the other hand, some optimism for the coming 12 months was restored, with confidence picking up to a five-month high. In Poland, the manufacturing PMI fell for a second consecutive month, by 0.3pts, to 47.1, in contrast to market projections for a rise to 48.1. As in Czechia, the decline came in part from a sharper fall in orders, as well as from a stronger decline in output. Nonetheless, businesses were more optimistic about the 12-month outlook, with confidence at its highest level since February 2022, just prior to Russia's invasion of Ukraine.

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