

GLOBAL & REGIONAL DAILY

February 5, 2024

Global markets

The US January non-farm payrolls report, released on Friday, was unexpectedly strong, reducing the implied probability for the first Fed rate cut in March to below 20% and causing a heavy sell-off in USTs. The economy generated 353k jobs, the highest in a year and well above market consensus for a 185k gain, while the readings of the prior two months were revised higher by a cumulative 126k. Unemployment was steady at 3.7%, against market expectations for an uptick to 3.8% and average hourly earnings rose by 4.5%YoY after December's 4.3%YoY (upwardly revised by 0.2ppts). The UST curve bear-flattened, also affected by Fed Chair Powell who repeated in an interview yesterday that the Committee needs to see more data before it is convinced on the disinflation process in order to avoid making a rate move prematurely. In FX, the USD broadly firmed, with the DXY index regaining the 104 level for the first time since early December ahead of today's US January non-manufacturing PMI and the Fed's Senior Loan Officer Opinion Survey.

Greece

According to ELSTAT's regional accounts data, in 2021, Attiki led Greece's regional Gross Value Added (GVA) with a contribution of 47.9% in total GVA and an 8.5% annual growth in 2021, followed by: Kentriki Makedonia (13.7% contribution, 8.9% growth), Thessalia (5.2% contribution, 9.4% growth), Sterea Ellada (5.1% contribution, 11.3% growth), Kriti (4.9% contribution, 12.3% growth) and Peloponissos (4.5% contribution, 8.3% growth). In terms of GVA allocation per industry in Greece, 25.2% originates from the "Wholesale and retail trade, repair of motor vehicles and motorcycles, Transportation and storage, and Accommodation and food activities" and 20.4% from the "Public Administration and defense, compulsory social security and education" sector. Meanwhile in other data, the Greek Merchant Fleet (for vessels with at least of 100 gross tonnage) saw a slight 0.1% reduction in ship numbers and a 2.8% decrease in gross tonnage in Nov-23 compared to the previous year.

CESEE

In Bulgaria, the general government posted a deficit of BGN4,639.1mn in December, which brought the total budget deficit for last year to BGN5,619.4mn. According to the MinFin, based on preliminary estimates, the 2023 budget deficit is expected at around 2.2% of the projected GDP under the ESA 2010 methodology, beating to the downside the target of 3.0% of GDP in the 2023 State Budget. This projection also meets the relevant criterion under the assessment of Bulgaria's readiness for the euro adoption. In Turkey, headline annual inflation was marginally higher in January relative to December, at 64.9% from 64.8%, reaching a 14-month high, despite aggressive monetary policy tightening. The monthly pace accelerated to 6.7% from 2.9% the month before. The annual inflation persistence is mainly due to rising prices in housing-utility-water, by 5.6%YoY in January from +2.9%YoY in December, overshooting the price fall in food and non-alcoholic beverages by 2.3%YoY, but also to the minimum wage increase since January 1.

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