

# GLOBAL & REGIONAL DAILY

March 6, 2024

## Global markets

Sovereign bonds rose on Tuesday as weaker-than-expected data from the US added to a prevailing risk-off sentiment driven by a correction in tech stocks. The ISM services index dropped in February by slightly more than expected, to 52.6 from 53.4 the month before, while the prices paid component dropped to 58.6 after its spike to 64 in January, which had raised some fears about an inflation resurgence. The yield on the 10yr UST fell 6bps to 4.15% yesterday and is little changed in early trading today. Peripheral spreads in Europe, already at a two-year low, tightened further on Tuesday as the 10yr German Bund yield fell 7bps to 2.32%, while on Italian 10yr BTPs it dropped 9bps to 3.71%. Meanwhile, the gold spot price climbed to a record high in nominal terms of \$2,128.04/oz yesterday. Moving on to today's agenda, Fed Chairman Jerome Powell will testify at the House Financial Services Committee, while in the UK, Chancellor of the Exchequer Jeremy Hunt will deliver the budget which is expected to include pre-election tax cuts.

## Greece

According to the provisional data released by the Bank of Greece, apartment prices in nominal terms increased by 11.8% YoY in Q4 2023 following a stronger increase of 14.1% in Q4 2022. During the same period, prices of new apartments (up to 5 years old) increased by 11.0% YoY (+13.5% in Q4 2022) and of old apartments (over 5 years old) by 12.4% (+14.6%). In Athens, the residential property prices observed an increase of 10.8% in Q4 2023 (+16.8% in Q4 2022) and in Thessaloniki 14.6% (+16.2%). In the whole year 2023, apartment prices increased at an average annual rate of 13.4%, as opposed to a lower increase of 11.9% in 2022. In 2023 the rise in prices of new apartments reached 12.4% and it was similar to their increase of 12.5% in 2022, whereas in the case of old apartments prices rose by 14.2% (+11.6% in 2022). Finally, in 2023 the corresponding prices in Athens and Thessaloniki increased by 13.7 (+13.9% in 2022) and 16.2% (+12.7%).

## CESEE

In Hungary, the detailed Q4 2023 GDP data confirmed that GDP was flat on an annual basis, following three successive quarters of contraction. The shift in the trend of household consumption from falling to rising (+1.0%YoY after -1.2%YoY in Q3), also after three quarters in contraction, was the main driver of the GDP trend change. In contrast, public consumption was restrained after two expansionary quarters (-3.8%YoY against +4.5%YoY the quarter earlier). Gross capital formation kept contracting at a fast pace, albeit slightly less than previously (-13.0%YoY from -14.8%YoY), due to shrinking inventories (-58.2%YoY), as the fall in gross fixed capital formation eased significantly (-3.0%YoY vs. -12.3%YoY). The external balance continued boosting GDP, but less than in Q3 (+4.1ppts from +4.8ppts). In Turkey, the deficit in the goods balance (in \$) more than halved in January (-56.4%YoY), with the improvement coming almost exclusively from a contraction in imports by 22.0%YoY, as exports expanded moderately (+3.5%YoY).

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