

GLOBAL & REGIONAL DAILY

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Global markets

Japanese equities are bucking the trend of other markets – which are mostly moving sideways ahead of tomorrow's US December inflation report – touching multi-decade highs today. Data from Japan's Labour Ministry showed that nominal cash earnings for Japanese workers increased 0.2%YoY in November, compared with the consensus estimate that the figure would stay unchanged from October at 1.5%YoY. Combined with Japanese inflation slowing and weak household spending data this week, the release has lessened pressure on the BoJ to hike its currently negative rates, pushing the Nikkei 2% higher today and squeezing the yen against the dollar as USD/JPY rose 0.4% to 145.04. The dollar overall, as measured by the DXY index, was little changed at 102.5 today, falling just 0.08% lower on the day after rising 0.4% on Tuesday. Derivative markets are pricing a 68% chance that the FOMC will cut rates by its March meeting, and only a 14% chance that the BoJ will hike at its meeting in the same month.

Greece

Merchandise exports stood at €4,292.2mn (in current prices) in Nov-23, posting an annual decrease of 12.2% according to ELSTAT data released yesterday. The respective figure of imports was at €6,953.1mn, registering an even higher decrease of 19.3%. As a result, the deficit of the trade balance shrunk by 28.6%, from €3,729.2 in Nov-22 to €2,660.9 in Nov-23, reflecting mostly a decline in the deficit of oil products by 71.1% or €1,215.6mn. Regarding the 11-month period of Jan-23 to Nov-23, merchandise ex-ports dropped on an annual basis by 7.5% (from €51,036.0mn in Nov-22 to €47,195.7mn in Nov-23), whereas merchandise imports declined by 12.9% (from €86,888.8mn in Nov-22 to €75,656.8mn in Nov-23). Consequently, the trade deficit decreased strongly by 20.6% or €7,391.7mn. As it was the case in Nov-23, the decline of the overall deficit from in the period from Jan-23 to Nov-23 reflects an improvement in the balance of oil products by 53.4% or €5,956.7mn.

CESEE

In Turkey, headline annual inflation accelerated in December to 64.8%, a 13-month high, after three months of being stable at 61.5-62.0%. In contrast, the monthly pace slowed down for a fifth consecutive month, to 2.9% from 3.3% in November. Core annual inflation also increased after being stable for three months, albeit moderately, to 68.0% against 67.3% a month earlier. Although at a multi-month high, the year-end headline reading matches the relevant projection in the last central bank of Turkey (TCMB) inflation report for 2023, released on November 2 (65.0%). In the same report, the TCMB projects that headline inflation will rise throughout H1-2024, then steady decline in H2-2024, resulting in a year-end rate of 36%. In Poland, the Monetary Policy Council decided yesterday to hold its benchmark interest rate for a fourth consecutive month at 5.75%, mainly due to uncertainty over the impact of fiscal and regulatory policies on price developments as well as to the pace of the country's economic recovery.

Contributing Authors:

Marcus Bensasson
Research Economist
mbensasson@eurobank.gr

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Michail Vassileiadis
Research Economist
mvasileiadis@eurobank.gr

Research Team



Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706



Marcus Bensasson
 Research Economist
mbensasson@eurobank.gr
 + 30 214 40 65 113



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



Symeoni – Eleni Soursou
 Junior Economic Analyst
ssoursou@eurobank.gr
 + 30 214 40 65 120



Dr. Theodoros Stamatou
 Senior Economist
tstamatiou@eurobank.gr
 + 30 214 40 59 708



Michail Vassileiadis
 Research Economist
mvasseleiadis@eurobank.gr
 + 30 214 40 59 709

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