

# GLOBAL & REGIONAL DAILY

January 11, 2024

## Global markets

Market focus today is on the US December CPI report, with investors remaining confident that the Fed will pivot to monetary easing soon, as reflected in Fed Fund futures which are currently pricing in a 68% probability of a 25bps rate cut by March. However, Fed officials continue to emphasize that the central bank is not in a hurry to start cutting rates as they need some time for convincing evidence that inflation is moving steadily down towards levels consistent with target, including NY Fed President Williams yesterday. Meanwhile, government bonds were little changed on the day and Asian equity markets generally ended in positive territory overnight, with the Nikkei rallying after Japan's weaker-than-expected November wage growth data reduced the odds of an imminent change in the BoJ monetary policy. In FX markets, the JPY weakened sharply, allowing the USD/JPY to reapproach last week's peak of 145.98 and the EUR/USD rose close to 1.10 following comments by ECB Schnabel that is it "too early to discuss rate cuts."

## Greece

According to the Jan-23 to Nov-23 final State Budget Execution data, the overall fiscal deficit was €1.03bn, an 65.6% improvement compared to the 11-month target set for 2023 in the 2024 Budget. The primary fiscal balance registered a surplus of €5.83bn, exceeding the 11-month target by €2.06bn or 54.5%. State budget revenue stood at €59.16bn, 90.7% of the annual target, and €0.20bn or 0.3% of the projected 11-month figure. Tax revenue (TR) was €56.04bn, 0.45bn or 0.8% above the target with income (33.7% of TR) and VAT tax on other goods and services (33.9% of TR) in line with their respective targets. Finally, state budget expenditure was €60.19bn, at 81.9% of the annual estimate, €1.78bn or 2.9% below the expected 11-month figure. In labor market news, according to Ergani's database, hirings in Nov-23 were 223,119, showing a net decrease of 82,463 compared to departures, primarily due to the conclusion of the tourist season. The hirings-departure balance for 2022 was also negative at -83,627.

## CESEE

In its latest Global Economic Prospects (GEP) report, the World Bank revised mostly downwards its 2023 GDP forecasts for a number of CEE economies (Poland, Romania, Bulgaria, Serbia), with the outlook for 2024 either remaining unchanged or moderately worsening. For 2023, GDP growth forecast improved only for Bulgaria, by 0.2ppt (+1.7%) and mostly deteriorated for Romania (-0.8ppt, to +1.8%). Growth prospects in 2024 remained unchanged relative to the previous GEP report for Poland (+2.6% after 0.5% the year before) and Serbia (+3.0% after +2.0%) but deteriorated by 0.4ppt for Bulgaria (+2.4% from +1.7% in 2023) and 0.6ppt for Romania (+3.3% after +1.8%). In other regional news, in Cyprus, the goods trade balance slightly improved on an annual basis in November after four months of continued strong deterioration, with the trade deficit falling by 0.2%, as exports expanded by 9.2%, an increase outpacing the rise in imports (+3.0%).

## Contributing Authors:

**Paraskevi Petropoulou**  
Senior Economist  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Dr. Theodoros Stamatou**  
Senior Economist  
[tstamatou@eurobank.gr](mailto:tstamatou@eurobank.gr)

**Michail Vassileiadis**  
Research Economist  
[mvasileiadis@eurobank.gr](mailto:mvasileiadis@eurobank.gr)

## Research Team



**Dr. Tasos Anastasatos** | Group Chief Economist  
[tanastasatos@eurobank.gr](mailto:tanastasatos@eurobank.gr) | + 30 214 40 59 706



**Marcus Bensasson**  
 Research Economist  
[mbensasson@eurobank.gr](mailto:mbensasson@eurobank.gr)  
 + 30 214 40 65 113



**Dr. Stylianos Gogos**  
 Research Economist  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr)  
 + 30 214 40 63 456



**Maria Kasola**  
 Research Economist  
[mkasola@eurobank.gr](mailto:mkasola@eurobank.gr)  
 + 30 214 40 63 453



**Paraskevi Petropoulou**  
 Senior Economist  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)  
 + 30 214 40 63 455



**Dr. Theodoros Rapanos**  
 Research Economist  
[trapanos@eurobank.gr](mailto:trapanos@eurobank.gr)  
 + 30 214 40 59 711



**Symeoni – Eleni Soursou**  
 Junior Economic Analyst  
[ssoursou@eurobank.gr](mailto:ssoursou@eurobank.gr)  
 + 30 214 40 65 120



**Dr. Theodoros Stamatou**  
 Senior Economist  
[tstamatou@eurobank.gr](mailto:tstamatou@eurobank.gr)  
 + 30 214 40 59 708



**Michail Vassileiadis**  
 Research Economist  
[mvasileiadis@eurobank.gr](mailto:mvasileiadis@eurobank.gr)  
 + 30 214 40 59 709

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