

GLOBAL & REGIONAL DAILY

February 16, 2024

Global markets

A busy day of economic data releases provided mixed signals over the direction of the US economy, though with a hint of weakening momentum in January. Following a hot CPI release earlier in the week, yesterday's January US retail sales print was weaker than expected, falling 0.8%MoM compared with the consensus estimate for a drop of 0.2%MoM following a downwardly revised 0.4%MoM increase in December. Meanwhile, industrial production unexpectedly contracted 0.1%MoM in the same month. Against that, the US labour market showed continued resilience, with initial jobless claims last week dropping to 212k – 8k fewer than expected – from a downwardly revised 218k the previous week, while the Philadelphia Fed reported a surprise expansion of factory activity in the region. With the economic signals being mixed, USTs are little changed after giving up post-retail sales gains. Earlier on Thursday, Q4 GDP data from the Japan and the UK showed both those countries entering technical recessions.

Greece

According to the European Commission's Winter 2024 forecasts published yesterday, Greece's real GDP growth slightly underperformed the Autumn Forecast, reaching 2.2% in 2023 due to reduced consumption growth and slower recovery in key EU trade partners, though investment and net exports contributed positively. The economic outlook for 2024 and 2025 remains stable at 2.3%, with consumption growth and increased investments due to RRF-funded projects and a shift towards more productive investments, constituting the two main drivers of growth. Inflation moderated to 4.2% in 2023, with core inflation higher at 5.3%. Inflation is expected to gradually decrease to 2.7% in 2024 and 2.0% in 2025, affected by a tightening labor market and the upcoming minimum wage increase. In other data, in Jan-24, the State Budget execution exceeded expectations with a €0.93bn overall fiscal surplus and a primary fiscal surplus of €2.12bn, driven by higher-than-anticipated tax and PIB revenue, as well as lower expenditure.

CESEE

The European Commission's winter forecasts point to a weaker growth in the region in 2024-2025. The EC revised downwards its GDP projections for 2024 relative to its autumn forecasts for six out of 11 CESEE countries, upgraded its forecast for three countries, and in two cases left the growth figure unchanged. The outlook for 2024 is less rosy mainly for Estonia (-1.3ppts, to 0.6%), Latvia (-0.7ppts, 1.7%) and Lithuania (-0.4ppts, 2.1%). On the flipside, a stronger growth is expected for Slovakia (+0.6ppts, 2.3%), Bulgaria (+0.1ppts, 2.5%) and Croatia (+0.1ppts, 2.6%). For 2025, weaker growth is projected in five countries, mainly Lithuania (-0.4ppts, 3.0%), Latvia (-0.3ppts, 1.7%) and Czechia (-0.2ppts, 2.8%), with forecasts revised upwards only for Slovakia (+0.6ppts, 2.6%) and Estonia (+0.5ppts, 3.2%), and the outlook for four countries unchanged. In other news, in Cyprus, the Q4 GDP flash estimate was stronger on an annual basis than the Q3 print (+2.3% from 2.2%), with the quarterly change remaining positive, though weaker (+0.8% vs. +1.1%).

Contributing Authors:

Marcus Bensasson
Research Economist
mbensasson@eurobank.gr

Dr. Theodoros Stamatiou
Senior Economist
tstamatiou@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
mvasileiadis@eurobank.gr
 + 30 214 40 59 709

More available research at: <https://www.eurobank.gr/en/group/economic-research>
Subscribe electronically at: <https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-endiiferontos>
Follow us on twitter: https://twitter.com/Eurobank_Group
Follow us on LinkedIn: <https://www.linkedin.com/company/eurobank>

DISCLAIMER

This report has been issued by Eurobank S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees. Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.

