

# GLOBAL & REGIONAL DAILY

February 19, 2024

## Global markets

Coming on the heels of firmer than expected US January CPI data, the PPI report, released on Friday, also surprised to the upside, reinforcing concerns about persistently high inflation. Headline PPI rose 0.3%MoM in January, exceeding market consensus for a 0.1%MoM gain, and 0.9% in annual terms compared to 0.6% market expectations. In terms of other US releases, the preliminary University of Michigan consumer sentiment report, also released on Friday, showed that the median 1-yr and 5-yr inflation expectations rose more than expected in February, to 3.0% and 3.2% respectively. In reaction, the UST curve bear-flattened on Friday, reflecting an increase in the 10-yr yield to a three-month high of 4.33% (US bond markets are closed today on the President's Day holiday). Equity markets proved fairly resilient to the sell-off in government bonds, while, in FX, post-PPI USD gains faded, leaving the DXY index slightly above 104 earlier today, ahead of the minutes from the January FOMC meeting (Wednesday) and global flash PMIs (Thursday).

## Greece

Inflation, as measured by the change in the Harmonized Index of Consumer Prices, retreated to 3.2%YoY in Jan-24, from 3.7%YoY in Dec-23 and 7.2%YoY in Jan-23, according to the Hellenic Statistical Authority (ELSTAT). Core inflation, a measure that excludes price-volatile energy, food, alcohol and tobacco, decelerated to 3.1%YoY, from 3.3%YoY in Dec-23 and 6.5%YoY in Jan-23. Total business turnover receded to €447.4bn in 2023 from €460.9bn in 2022 (-2.9%), posting its first decline since 2020. The NACE Rev.2 sectors driving this annual drop were Electricity, Gas, Steam and Air Conditioning Supply (-45.2%) and Manufacturing (-8.5%); Construction (+16.7%YoY) had the largest positive contribution. Regarding fiscals, gross government debt stood at €360.2bn at the end of Q3 2023 according to Eurostat, climbing to an all-time high. Nevertheless, as share of GDP it declined to 165.5% (-1.6ppts QoQ), its lowest value since Q1 2013.

## CESEE

In Poland, inflation dropped sharply to 3.9%YoY in January from 6.2%YoY in December, coming in below the 4.1% market consensus and landing at the lowest level since March 2021. Note that a preliminary release is also due in mid-March where revisions could be expected. On the same footing, inflation in Czechia surprised also to the downside, easing from 6.9%YoY in December to 2.3%YoY in January, which is substantially lower than the 3% forecast on the month by the Czech central bank and the 2.9% market expectations. Finally, in Bulgaria, inflation cooled down to 3.8%YoY in January, from 4.7%YoY in December. Yet, the fact that in monthly terms, inflation prints all increased, though modestly, compared to those of the previous month, tilts inflationary risks to the upside. The week's calendar is rather thin with remaining CPI and employment data for January due for, among other peers, Serbia and Croatia.

## Contributing Authors:

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

**Dr. Theodoros Rapanos**  
Research Economist  
[trapanos@eurobank.gr](mailto:trapanos@eurobank.gr)

**Maria Kasola**  
Research Economist  
[mkasola@eurobank.gr](mailto:mkasola@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  
[tstamatiou@eurobank.gr](mailto:tstamatiou@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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