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Global markets

With the US Federal Reserve entering its quiet period before the FOMC's Jan. 31 meeting, attention this week shifts to the earlier policy meetings from the BoJ, which meets tomorrow, and the ECB, whose governing council meets Thursday. Neither central bank is expected to shift policy this week. Key data releases this week include the US Q4 GDP that comes out on Thursday, along with the core PCE inflation gauge, which is the Fed's preferred measure. Several survey indicators also come out this week, including flash PMI estimates for the Eurozone, Germany, France, Japan, US and UK on Wednesday. A main theme in markets in the latter half of last week was the divergence between equities and rates, which had previously been tightly correlated, as the S&P 500 index closed at an all-time high on Friday following a week in which government bonds sold off. So far today, the UST-Bund spread widened slightly compared with Friday's close as the yield on 10yr Bunds fell 3bps to 2.31% currently, while the yield on 10yr USTs rose 1bp to 4.14%.

Greece

The current account deficit shrank by 35.8% YoY or €6.6bn in Jan-23 to Nov-23, according to the data published by Bank of Greece (BoG) last Friday. The said improvement came from the balances of goods, services and secondary incomes, which counterbalanced the deterioration in the balance of primary incomes. Specifically, the deficit in the balance of goods decreased by 18.9% YoY or €6.9bn, the surplus in the balance of services increased by 11.9% YoY or €2.3bn, whereas the balance of secondary incomes, from a deficit of €308.2mn in Jan-22 to Nov-22 switched to a surplus of €649.6.2mn in Jan-23 to Nov-23. These changes reflect mostly the decline in energy prices (the deficit in the oil balance has shrunk by 49.1% YoY or €6.1bn) and the rebound in tourist receipts (the surplus in the tourist balance has increased by 14.1% YoY or €2.2bn). Finally, in other data releases, the turnover in accommodation activities rose by 21.8% YoY in Nov-23, whereas the respective increase in food and beverage service activities stood at 6.9% YoY.

CESEE

In Serbia, the Ministry of Finance reopened for the third time on Friday the auction for 8-year bonds that started on October 2023 and sold notes of RSD63.1bn, the largest ever single issue of dinar bonds, at an average yield of 6.15%. The overall scope of the 8-year bonds series was RSD110bn and with the last reopening, the MinFin has raised in total RSD105.6bn (96% of the target). The latest notes' average yield was down by 15bps compared to the yield at the previous auction, and 24bps below the initial offering in October. In Romania, the Treasury raised more than RON0.9bn with 1-year T-bills, at an average yield of 6.01%. The amount of the issue was more than double the RON400mn target, due to strong demand, as bids exceeded RON1.3bn. In the previous T-bill auction, on January 8, RON703mn were raised with 7-month T-bills, at a marginally higher yield of 6.03%, despite the shorter duration. Thus, the latest auction indicates the gradually rising investor confidence in the Romanian economy.

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