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**Global markets**

Sovereign bonds fell on both sides of the Atlantic as the published minutes of the Fed's January meeting revealed that the committee remains concerned about the risk of premature rate cuts amid worries over a likely stall in progress towards price stability. The yield on 10yr USTs closed 4bps higher yesterday at 4.32%, its highest level since November 2023. The 10yr German Bund yield also rose, 8bps, to close at a three-month high of 2.45%, with another 5bps increase so far today. Options markets are now fully pricing in a first Fed cut in July, having been pricing it in for June before the release of the minutes. The implied probability of an interest rate cut in June now stands at 89%. Despite the sell-off in bond markets equities rose, with Japan's Nikkei 225 index closing at a record high today. The stock rally was prompted by a strong sales forecast by chipmaker Nvidia and – after spreading from the US to Asia – it helped the Nikkei surpass the level it reached in 1989, when it was at the height of a bubble.

**Greece**

The current account deficit (CAD) shrank strongly to €14.1bn in 2023, from €21.2bn in 2022, mostly reflecting the easing in energy prices -brent oil prices fell on average by 16.5% YoY in 2023 – as well as the deceleration in domestic demand following the post-pandemic boom. Given the IMF forecast (Jan-23) of a nominal GDP growth of 7.5% in 2023 (2.3% in real terms), the CAD is expected at 6.4% of nominal GDP in 2023, from 10.3% in 2022 (a 12-year high). Regarding the annual changes in the 4 subcomponents of the current account balance, the deficit in the balance of goods decreased by €7.1bn (18.1%) in 2023, the surplus in the balance of services increased by €2.3bn (12.1%, tourist receipts +15.7%), the primary incomes balance deteriorated steeply by €4.0bn (balance of investment income dropped by €4.2bn), whereas the secondary primary incomes balance improved by €1.6bn.

**CESEE**

While the week's calendar is rather thin in terms of economic data releases, it is rather hefty in terms of public debt issuance in the core of the region. Namely, the Czech Ministry of Finance yesterday sold CZK4.7bn in government bonds maturing in 2043 with the issued amount surpassing modestly the borrowing ceiling at CZK4bn and the cover ratio shaped at 1.65 which points to a rather lukewarm demand. EUR210mn were also raised through a 147-day T-bill, the first with such maturity, with the borrowed amount standing slightly above the initial targeted amount of EUR200mn, despite the impressive cover ratio of 4.1 for a money market instrument. In Poland, PLN8.9bn in government bonds maturing in 2026, 2029 and 2033 were raised by the Ministry of Finance with demand reaching PLN15.2bn which is translated to a 1.71 cover ratio, rather typical of identical transactions. Yet, the cover ratio was slightly higher than the 1.55 reported at the bond auction on January 29, pointing to demand gradually picking up.

**Contributing Authors:**

**Marcus Bensasson**
Research Economist
mbensasson@eurobank.gr

**Dr. Stylianos Gogos**
Research Economist
sgogos@eurobank.gr

**Maria Kasola**
Research Economist
mkasola@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

**Konstantinos Peppas**
Research Economist
kpeppas@eurobank.gr
+ 30 214 40 63 520

**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 Stamatiou**
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708

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

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