

# GLOBAL & REGIONAL DAILY

January 23, 2024

## Global markets

As was expected, the BoJ decided to keep its short-term rate unchanged at -0.1% and maintain its yield curve control policy. It also kept its policy guidance unchanged but said that the likelihood of inflation hitting its price target in a stable manner continued to “gradually rise”, reinforcing market expectations that it will likely abolish its negative rates regime later this year, provided that the annual round of wage talks, expected around mid-March, results in significant wage increases. In reaction to the BoJ policy outcome which was perceived as slightly hawkish, the Nikkei 225 lost some ground, while the JPY firmed, pushing the USD/JPY slightly below 147.50. Favored by the USD’s weakness against the JPY, the EUR/USD managed to retest levels a tad above 1.09, while UST and Bund yields were modestly higher earlier today, with the respective 10-yr yield spread narrowing to 186.50bps. Meanwhile, oil prices retained a firm tone, with Brent crude trading above \$80/bbl, supported by supply concerns and improved risk sentiment.

## Greece

According to the non-financial quarterly accounts released yesterday by ELSTAT and Eurostat, the general government posted a surplus of €1.3bn (2.1% of GDP) in Q3 2023, from a deficit of €1.1bn (2.0% of GDP) in Q3 2022. In seasonally adjusted terms, though, the overall balance was negative (-€0.3bn or -0.6% of GDP). At the end of Q3 2023, the general government debt stood at €360.2bn, recording a new historical high. Yet, owing to the continued robust growth of the Greek economy and the persisting inflationary pressures, it retreated to 165.5% of GDP, down from 167.1% of GDP in Q2 2023 and the all-time high of 210.3% of GDP in Q1 2021, remaining nevertheless the highest in EU27 as a share of GDP. On the tourism front, inbound traveler flows in the period from Jan-23 to Nov-23 increased by 17.3%YoY according to the Bank of Greece, approaching 32.0mn and already surpassing the record-high arrivals of FY 2019 (31.3mn). Hence, despite a lower expenditure per trip (€607, -2.7%YoY), travel receipts exceeded €20.1bn (+15.4%YoY).

## CESEE

Bulgarian PM, Nikolay Denkov hinted in an interview to the local media during the weekend that there are growing chances the country to enter the eurozone with a six-month delay. This translates to the accession taking place in July 2025 instead of January 2025. The PM admitted that the fulfillment of the inflation criterion remains challenging and for this reason the government is in discussion over a possible deferral, later in the year, of the assessment of the related benchmark. The convergence report on the country’s progress over the euro adoption expected by the EC in June will determine whether Bulgaria will adopt the euro. Considering this, the government has repeatedly expressed hopes that the EC and the ECB could approach the Bulgarian case similarly to that of Croatia in 2022 when the inflation criterion was calculated with the exception of Malta and Portugal. Having not been for this discretion, Croatia’s inflationary conduct may have not been sufficient for accession.

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