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Global markets

Reasons continued to pile up for the Federal Reserve to hold back on cutting interest rates, with another round of generally solid US economic data releases on Thursday. Initial jobless claims fell to 201k last week, 17k less than expected, with continuing claims also falling more than anticipated. Separately, January's existing home sales rose to a five-month high, although against that the US composite PMI fell slightly in February due to a dip in services. Several Fed speakers made comments on Thursday reinforcing the message of restraint in rate cuts too soon, a message that also came through in the minutes to the ECB's January meeting. Futures markets are now pricing in 79bps of cumulative Fed cuts this year, which means they are now almost in line with the 75bps suggested by the Fed's dot plot. Short-dated sovereign bonds in both sides of the Atlantic remained under pressure, with yields marking fresh multi-month highs earlier today. However, the persistence of a higher interest rate environment was not enough to prevent the Nvidia effect from rippling through global stock markets as more equity indices reached record highs.

Greece

According to the Bank of Greece (BoG), 32.7mn foreign travelers visited Greece in the period from Jan-23 to Dec-23, posting an annual increase of 17.6%, surpassing the respective pre-pandemic level (2019) by 4.4% and contributing positively to employment and growth. Out of the 32.7mn foreign visitors in 2023, 60.0% came from EU27 countries (4.8mn from Germany and 1.8mn from France), whereas non-EU27 origin countries as the UK and the USA contributed 4.6mn and 1.4mn visitors respectively. The average non-resident expenditure per trip declined to €603.3 in 2023 (current prices), from €620.0 in 2022, standing nevertheless higher compared to 2019 by 7.0%. These figures boosted tourist receipts to an all-time high value - in level terms - of €20.5bn in 2023 (9.2% of GDP, given the IMF forecast of a nominal GDP of €221.6bn in 2023), from €17.7bn last year (+15.7%) and €18.2bn in 2019 (+12.5%).

CESEE

A few days before the release of Q4 GDP for Turkey, data for building activity in this period indicate a growth slowdown relative to the previous quarter. The annual increase in the number of building permits weakened to 7.9% from 25.2% during Q3, accompanied by a similar slowdown in surface terms, to 8.8% from 22.3%. On the other hand, it is reminded that the monthly state capital transfers related to the reconstruction process after the Feb-23 earthquakes spiked to TRY622.7bn in Dec-23, which accounts for 56.9% of the FY2023 capital transfers and are expected to provide a strong boost to construction output since Q4. In other news from Turkey, the MPC convened yesterday, in the aftermath of the recent change in the governor of the central bank and, in line with the market forecast, decided to hold the base rate unchanged to 45.0% after eight successive increases. Furthermore, the rise in the number of foreign visitors slowed down in January, to 2.05%YoY from 3.5%YoY in December.

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