

GLOBAL & REGIONAL DAILY

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Global markets

The ECB monetary policy meeting yesterday did not yield major surprises, as expected, with the GC keeping policy rates and forward guidance unchanged. President Lagarde confirmed that the consensus in the GC is that it is premature to discuss rate cuts, reiterated that the CG continues to be data-dependent and stood by her comments in Davos last week that it is likely the first rate cut comes in summer. However, the overall tone of the statement and President's comments sounded marginally more dovish than expected. Indicatively, the GC appeared more confident in the disinflation process, comments on the growth outlook reflected a slight dovish tweak, and the President did not explicitly push back on market pricing when she was asked about the possibility of an early cut in April. In reaction, EGBs rallied with yield curves bull-steepening and the EUR weakened, moving below 1.0850 against a broadly firmer USD that was supported by a higher-than-expected US Q4 2023 GDP advance estimate at an annualized rate of 3.3%.

Greece

According to the Jan-23 to Dec-23 final State Budget Execution data, on a cash modified basis, the overall fiscal deficit was at €3.76bn, a 54.9% improvement compared to the 12-month target set for 2023 in the 2024 Budget. The primary fiscal balance registered a surplus of €3.92bn, exceeding the 12-month target by €4.77bn, improved by 560.6%. State budget revenue stood at €67.01bn, 102.8% of the annual target. Tax revenue (TR) was €61.63bn, a rise of €0.61bn at 101.0% of the annual target with Income (33.9% of TR) and VAT tax on other goods and services (33.1% of TR) improved compared to their targets by 0.55bn (1.55%) and 0.23bn (1.13%) respectively. State budget expenditure was at €70.77bn, at 96.2% of the annual estimate. According to Eurostat, in 2023, 96.1% of Greek enterprises used fixed broadband for internet access (EU: 93.9%), marking a 15.8pps increase since pre-pandemic 2019. Despite this growth, Greece had the EU's lowest proportion (2.9%) of businesses with high-speed internet connections (EU: 12.8%).

CESEE

In line with market expectations, the central bank of Turkey (TCMB) proceeded yesterday to the eighth consecutive policy rate increase, by 250bps, bringing it to 45.0%. According to the post MPC-meeting press release, recent indicators suggest that domestic demand continues to moderate amid tighter monetary policy. Furthermore, strengthening in foreign exchange reserves, gradual recovery in the current account balance, and demand for Turkish lira denominated assets indicate the effectiveness of the MPC's monetary policy stance. Also considering the lagged impact of monetary tightening, the MPC assessed that the level of monetary tightness required to establish a disinflation course was achieved with the latest policy rate hike and will be maintained until there is a significant decline in the underlying trend of monthly inflation. In other news, all confidence indices but the index in retail trade (-1.2pts, to 115.6) rose in January, with consumer confidence (+3.0pts, to 80.4) and confidence in services (+2.9pts, to 90.9) increasing the most.

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