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Global markets

US GDP expanded by an annualized rate of 4.9% in Q3, the fastest pace in nearly two years compared to 2.1% in Q2, mainly supported by consumer spending which accelerated to 4.0% from 0.8% in Q2. But while consumption surged, the core PCE deflator came in at a near three-year low of 2.4%, not far above the 2% target. Meanwhile, the surge in consumption was financed by a big fall in the personal savings rate, as personal disposable income rose by 1.9%, sharply lower from 6.1% in Q2, adding to the view that the Fed will keep rates stable at the next policy meeting, despite the strong Q3 GDP print. Meanwhile, the ECB kept its key policy rates stable yesterday, as expected, and retained its data dependent policy approach, while President Lagarde made known that neither PEPP nor minimum reserves were discussed, despite recent comments on these issues from a number of hawkish GC members. In reaction to yesterday's developments, USTs and EGBs gained, while major currency pairs continued to trade without clear direction.

Greece

According to the ELSTAT annual non-financial sector accounts (which present the circular flow model of the economy), 2022 marked the first year since 2009 where total net fixed investment escaped, albeit marginally, the negative territory that had been into since 2010. More specifically, fixed investment in current prices stood at €28,296mn in 2022, whereas consumption of fixed capital registered a value of €28,285mn. In the 12-year period from 2010 to 2021, annual net fixed investment was continuously negative (-4.4% of GDP on average), resulting to a cumulative loss of net fixed capital equal to €95.0bn (40.7bn excluding the household sector which mostly invests in residential capital). In what concerns the household sector, gross disposable income increased on an annual basis by €9.5bn (7.6%) in 2022 (HICP inflation at 9.3%), whereas final consumption expenditure rose by €17.7bn (14.3%). As a result, gross saving from +€2.7bn in 2021 slid to a negative territory of -€5.5bn in 2022 (-4.0% of disposable income).

CESEE

In line with market expectations, the central bank of Turkey (TCMB) proceeded to the fifth consecutive rise of the policy rate, by another 500bps, to 35%, a new high since at least 2010. According to the post-meeting press release of the Monetary Policy Committee, inflation readings in the third quarter were above expectations. The upside risks to inflation previously identified, i.e., the strong course of domestic demand, the persistent stickiness of services inflation and high oil prices, continue to put upward pressure on inflation. On the other hand, the pass-through from tax regulations, increased wages and falling exchange rates is considered largely completed. Recent geopolitical developments pose additional risks to the inflation outlook through oil prices. Although TCMB's FX reserves have significantly increased since the switch of the monetary policy to a tightening stance in past May (+57.2%, to $75.9bn), the lira remains very weak against the USD, landing to 0.0355 early today (-29.7% relative to May's average rate, -33.6%YtD).

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