

GLOBAL & REGIONAL DAILY

February 6, 2024

Global markets

US services ISM rose by a higher than expected 2.9pts in January to 53.4, mainly supported by a hefty increase in employment, while the prices paid sub-index rose to a near one year high partially due to Red Sea disruptions. Adding to yesterday's positive US data releases which were accompanied by a string of relative Fed hawkish comments, the Fed's latest Senior Loan Officer Opinion Survey on Bank Lending Practices (SLOOS) showed that credit conditions continued to tighten in Q4 but at their slowest pace in seven quarters. Against this backdrop, investors pushed back their expectations for Fed rate cuts, with futures currently pricing in just a 16.5% probability of a March cut, and a cumulative easing of 114bps this year, some 12bps lower from late last week and well below a peak of 168bps in mid-January. In reaction, USTs came under further pressure yesterday with the 10-yr yield up by 15bps to 4.18% before easing modestly to around 4.14% earlier today. In FX, the USD retained a firm tone, with the DXY index remaining above 104.

Greece

Eurostat released yesterday the share of total renewable energy sources consumed in 2022. Analytically, the share of renewable energy sources consumed in Greece stood at 22.7%, i.e., 0.7ppts higher than in 2021 (22.0%) and 1.0ppt higher than in 2020 (21.7%). However, the share of renewable energy sources consumed in transport and in heating/cooling decreased. In the first category the corresponding share dropped from 5.3% in 2020 and 4.4% in 2021 to 4.1% to 2022 (-0.3 ppts YoY). In heating and cooling it decreased to 30.6% in 2022, from 31.1% in 2021 and 31.9% in 2020. Finally, the share of renewable energy sources consumed in electricity rose by 6.5ppts, to 42.4% in 2022 from 35.9% in 2021, a stronger increase compared to 2021-2021 (+0.1 ppts, 35.8% in 2020). In other news, according to the latest ERGANI report, the average gross monthly earnings in private sector increased in the period 2022-2023 by 8.57%.

CESEE

December's retail sales and industrial output data were released early today for a series of regional peers. In Hungary, industrial output declined by 13.7%YoY in December as it had done in all months of 2023 but January, with December's contraction, however, rendered the worst. Retail sales held firmer, though also contracting by a meagre 0.2%YoY compared to a 5.4%YoY decrease in November. In Slovakia the contraction of the retail sales volume went on a similar and even more pronounced vein (-4.0%YoY) with Romania being the bright spot as the retail trade volume picked up modestly by 1.5%YoY after a mightier growth of 3.0%YoY in November. The calendar for the remainder of the week is filled with three key monetary policy rate meetings. The central bank of Poland convenes tomorrow with markets anticipating a holding fire stance which will leave the KPR at 5.75%. The central banks of Czechia and Serbia meet on Thursday with the first expected to proceed with a 25bps cut and set the repurchase rate at 6.50%.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr. Konstantinos Peppas
Research Economist
kpeppas@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



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



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

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