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Global markets

The US Conference Board's index of consumer confidence halted a two-month declining streak in December and increased from 101.4 in the prior month to an eight-month high of 108.3, fueling market optimism that the US economy will likely achieve a soft landing rather than experience a hard landing in the next few quarters. The higher-than-expected gain in the headline reflects an improvement in both the present situation and the expectations component amid increased optimism on labor market conditions, with the proportion of consumers seeing jobs as "hard to get" dropping to 12.0% from 13.7%, and those who considered jobs as "plentiful" increasing to 47.8% from 45.2%. Against this backdrop, risk-on sentiment improved, with Asian equity markets ending in positive territory today following hefty gains in Wall Street overnight, while the DXY USD index retained a weak tone. USTs also managed to post some gains, whilst Bunds remained under pressure, as last week's hawkish ECB policy outcome continued to weigh.

Greece

The Bank of Greece's Governor I. Stournaras, in an interview earlier today, mentioned that the 2023 real GDP growth rate is expected at ca 1.5% and highlighted the importance of continued fiscal consolidation process in the following period. The BoG's Interim Report on Monetary Policy, published yesterday, which envisioned 2022 real GDP growth rate estimate at 6.2% does not include the recent ELSTAT provisional announcement of 2022:Q3 real GDP growth. The real GDP growth rate is expected at 3.0% and 2.8% in 2024 and 2025 respectively, conditional on, among others, the normalization of the geopolitical environment, the efficient use of the EU funds, no negative surprises from the NPLs front, the decline in energy prices and no delays in the formation of a stable government in 2023. Inflation is estimated at 9.4% for 2022 and expected at 5.8%, 3.6% and 2.5% for 2023, 2024 and 2025, respectively. The unemployment rate is estimated at 12.5% in 2022 and expected at 11.5%, 10.4% and 9.4% in 2023, 2024 and 2025, respectively.

CESEE

In Turkey, despite the unconventional monetary policy, the international investment position (IIP) shows signs of improvement in the recent period. In October, the net IIP, defined as the difference between the country's external assets and liabilities, was negative by $249.8bn, instead of $255.3bn by the end of 2021 and $277.7bn in Q2 2021, prior to the policy rate cuts. The small YtD decline in Jan-Oct 22 came from a widening in Turkey's external assets by 2.7% (to $296.1bn), despite the fact that liabilities against non-residents, indicating their investment interest, expanded marginally by 0.4% (to $545.9bn). Among the liabilities items, direct investment stood at €139.9bn in October, slightly below their late-2021 level (-1.3%) and significantly higher than the multi-year low in Q2 2022 (€109.9bn). Portfolio investment from abroad keeps lagging significantly compared to Dec-21 (-10.1%, at $86.8bn), mainly because of fewer withholdings of debt securities (-15.7%, at $65.9bn). On the contrary, other investments have expanded by 4.5%, to $319.1bn.

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