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Global markets

Government bonds gained with yield curves bull-steepening, recovering part of their post-US CPI losses. UK gilts outperformed favored by weaker than expected January inflation data, as headline and core CPI were both unchanged at 4.0%YoY and 5.1%YoY respectively against market consensus for a modest increase. USTs followed suit, favored by dovish Fed comments, though investors continue to fully price in the first Fed rate cut no earlier than June. Risk sentiment improved, with the S&P 500 closing back above 5,000 overnight and European and US stock futures trading in positive territory. In FX, the USD retained a firm tone ahead of today's US retail sales, though the DXY index has come slightly below this week's highs near 105 on the back of lower long-term UST yields. The EUR/USD hit a new year-to-date low of 1.0693 yesterday before recovering modestly to 1.0730/40 earlier today, and the USD/JPY lost some ground on MoF verbal intervention after approaching the 151 level earlier this week for the first time since last November.

Greece

Aiming to boost liquidity and facilitate secondary market transactions, the Public Debt Management Agency (PDMA) tapped the bond markets yesterday by re-opening two past issues with remaining maturities of 4.25 and 9.25 years for €200mn each. The offerings were oversubscribed 3.12 and 3.56 times, with their yields closing at 2.58% and 3.32% respectively. On the sustainability front, air emissions of greenhouse gases in the first nine months of 2023 declined by 4.0%YoY in Greece, to 2.13tn per capita, versus a 5.5% annual decline in EU27 to 1.87tn per capita, according to Eurostat data. In terms of efficiency, Greece produced 473.7tn per million euro of GDP (in 2015 constant prices), down from 490.9tn in the respective period of 2022, recording an improvement of 3.5%; it remained nevertheless the seventh highest in EU27, and almost double the bloc's average (246.2tn per million euro of GDP, improved by 6.1%YoY).

CESEE

In Poland, based on the Q4 2023 GDP flash estimate released yesterday, growth picked up to 1.0%YoY from 0.5%YoYin Q3, coming a tad below the market consensus of a 1.1%YoY growth print. In quarterly terms, GDP remained flat, pointing to deceleration from Q3 when growth rate had picked up to 1.1% after a negligible contraction of -0.1% in Q2. Further breakdown of GDP components will be available in the preliminary report due in late February. In Bulgaria, GDP expanded by 0.5%QoQ, speeding slightly from the 0.4%QoQ growth rate in the previous three quarters. In annual terms, growth eased to 1.6% compared to 1.8% in Q3. The stable quarterly growth is embraced as sign of resilience against the external challenges such as the slowdown in key EU economies and the temporary increase in energy prices during autumn.

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