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Weekly overview

- With the exception of the double-digit retail trade growth rates recorded during post-pandemic 2021, the high 9.1% growth rate posted in December last year, has not been recorded since August 2007. Such a trend was indicated by the Tax Administration's data on the increase in the amount of fiscalised invoices in the G-47 activity (+13.5%) and the fact that the inflation rate in the same month slowed to 4.5%, as well as the data that the real increase in the average net wage paid during December amounted to a little more than 10%, and support also came from 18% more foreign tourist arrivals (+8% overnight stays) realised during December compared to the same month a year earlier, and from 11% higher cash loans to citizens. Thus, the last quarter of last year was rounded up with a quarterly increase in real retail trade turnover of 2.8%, i.e., an annual increase of 7.6%, which also pushed the overall growth rate for 2023 to 3.7% (after the growth of 2% recorded during 2022). Accordingly, a more noticeable acceleration of real increase in personal consumption is to be expected in the last quarter of last year (we recall that in 3Q23 personal consumption increased by 3% year-on-year) which could then also push the overall expected GDP growth rate in 2023 to a higher level than the expected 2.4%. The fact that the amount of fiscalised invoices in the G-47 activity recorded an equivalent increase in January as in December (13.5%), with the estimated inflation rate lower than in December, points to a continuation of relatively high real growth rates in retail trade.

Retail trade upsurge in December, a solid +3.7% at 2023 level

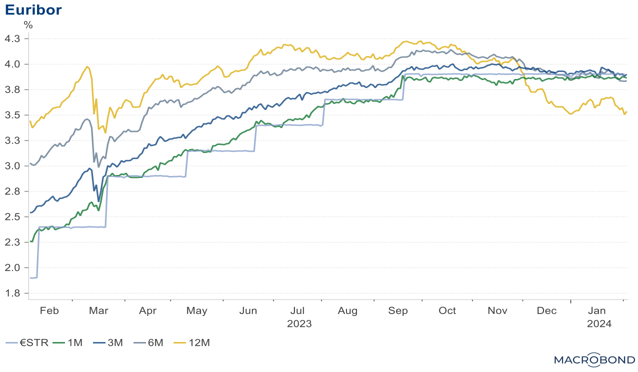
With a continued growth of the amount of fiscalised invoices in January 2024

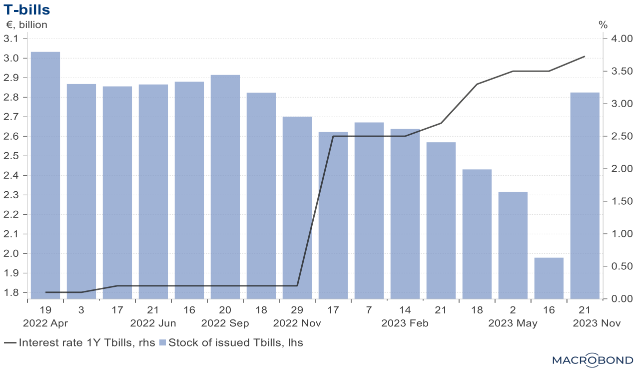
- Unlike retail trade, industrial production faltered in December, after the previous three more favourable months, recording a decline of -4.3% month-on-month, or -0.9% year-on-year. However, at the level of the last quarter of last year, industry recorded a quarterly increase of +0.6% (in 3Q -0.8%), i.e., an annual increase of 1.6% (in 3Q23 -0.4%), thus rounding up the entire year 2023 to -0.1%. In particular, over the past year, production of intermediate goods, most significant in terms of share (32.6%), recorded a decrease of -2.8%, while production of durable consumer goods, smallest in terms of share (2.5%), plunged by -12.3%, and energy (18.8% share) by -0.6%. Growth of 5.6% was achieved in production of capital goods (14.1% share) and non-durable consumer goods (by 1.3%, 32% share). Although the recovery of industrial production in the following period will depend mainly on the recovery of foreign demand, industrial sentiment has been

Industrial production falters in December

constantly improving since September last year (with the exception of November) and the component of expectations for the next three months has significantly improved compared to the bottom it touched in July last year.

- Statistical week was closed by the release of the flash estimate of the inflation rate in January, which recorded a monthly decline of -0.3% according to the harmonised index, with the annual inflation rate reduced to 4.8% (from 5.4% in December), while according to the national index, the monthly decline in price levels was of slightly stronger -0.4% and the annual inflation rate slowed to 4.1% (from 4.5% in December 2023). Details revealed by the national consumer price index indicate that January brought an acceleration of the monthly rise in food prices to 1.1% after several months of a very mild or even recorded monthly price decline, which we also attribute to the usual seasonal trend. At the same time, the monthly decline in energy prices slowed (to -0.6% from an average of -1.5% during the previous three months), while the decline in prices of non-food goods without energy significantly accelerated (-3.1%), which probably also partly reflects seasonal reductions. However, the increase in service prices also accelerated in January to as much as 0.7% after the average stagnation recorded from September to December.
- The Fed at its last week's meeting maintained the fed funds rate targeted range at the current level of 5.25-5.50%, stating as well as the ECB that it would decide on further moves based on data. The Fed notes that it will not cut the interest rate until it is confident that inflation is moving sustainably down to the 2% level. Powell, like Lagarde a week earlier, insisted on dissuading the markets that a reduction would follow quickly, declaring it was unlikely that by the March meeting members of the FOMC would be fully convinced that inflation is falling towards the target level.
- The euro weakened against the dollar after the Fed meeting, only to see a correction in the exchange rate by the end of the week, closing Friday at $1.0883 to the euro, up by a slight 0.1% week-on-week.
- Euribor recorded a week-on-week decline, marginal at shorter and slightly more pronounced, up to 6 b. p., at longer maturities. At the end of the week, 3M and 6M were 3.9% and 3.8%, respectively.
- The positive streak continued on the ZSE, so Crobex recorded a solid 1.5% growth week-on-week to 2,672 points on Friday due to the growth of all the most significant sectoral indices (CROBEXindustry +0.5% to 1,750, CROBEXnutris +2.1% to 953, CROBEXtourist +3.0% to 4,489). Crobis advanced by 0.1% to 96.2 points.





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