

GLOBAL & REGIONAL DAILY

March 2, 2022

Global markets

In the latest tightening of restrictions against Russia, the US is banning Russian flights from American airspace, following similar moves by the EU and Canada. Oil rallies again today, as investors worry over the impact of the sanctions against Russia, with Russian oil exports accounting for c. 8% of global supply. Brent crude spiked to USD113.02/bbl at some point today – a level last seen in June 2014 – despite an agreement by IEA countries to release 60mn barrels of crude reserves to try to hold back price increases and inflationary pressures. Separately, safe-haven sovereign bonds rallied yesterday with the 10yr Bund yield falling back into negative territory and currently trading at -0.056% and the 10yr UST yield hitting an almost 2-month low of 1.6820% at some point yesterday and trading at 1.72413% at the time of writing.

Greece

According to the final State Budget Execution data for January 2022, the overall fiscal balance registered a deficit of €1.20 bn, compared to a targeted deficit of €2.24 bn. The primary fiscal balance registered a surplus of €0.02 bn, against a targeted deficit of €1.15 bn. The deviation of the state budget net revenue was €-0.61 bn (-13.7%) and was mainly due to the extension until February 4 of tax liabilities that were due in January, as a result of the heavy snowfall and frost on January 24, 2022. The deviation of the budget expenditure from its targeted level was €-1.65 bn (-24.7%), mainly as a result of the postponement of payments for military procurement. The total payments for the main Covid-19 pandemic measures were €0.18 bn.

CESEE

According to the Bulgarian Ministry of Finance, the general government budget surplus reached BGN 937mn in January, up by 77.7%YoY, on the back of strong revenues growth (16.4%YoY). The surplus accounted for 0.7% of the projected GDP for the year compared to a 4.1% of GDP deficit target in the budget law. In the same period, central government debt decreased by 0.1%MoM to BGN 32.5bn, shaping the debt-to-GDP ratio at 22.7%. In Serbia, retail sales slowed down to 4.3%YoY in January from 11.2%YoY in December, due to a deterioration in all sub-categories, while industrial production fell by 2.6%YoY in January after rising by 3.3%YoY in December, due to a drop in electricity and gas. On the labor market front, the unemployment rate retreated to 9.8% in Q4-2021 compared to 10.5% in Q3-2021 and 10.7% in Q4-2020.

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