

GLOBAL & REGIONAL DAILY

April 4, 2022

Global markets

Following robust US labor market data on Friday, the 2yr10yr UST yield curve re-inverted and stands at -6.1bps at the time of writing, on the view that the Fed will need to aggressively hike rates to contain soaring inflation. More specifically, in March the US total nonfarm payroll employment rose by 431k (from 750k in February), the unemployment rate declined to 3.6%, the lowest since its pre-pandemic level of 3.5% (February 2020) and average hourly earnings increased by 0.4%MoM, from 0.1%MoM in the previous month. Separately, oil prices posted the highest weekly fall in two years on Friday on the back of the US and several International Energy Agency members deciding to release oil reserves, while Brent futures remain subdued at USD105.74/bbl at the time of writing. Focus this week turns to the FOMC March meeting minutes that will give more details on Quantitative Tightening, as well as several EU countries' PMIs for March.

Greece

The S&P Global Greece Manufacturing PMI inched down to an 11-month low of 54.6 in March from 57.8 in February, as output expanded at the softest pace in the current 12-month growth sequence amid a weaker rise in new orders. On the price front, input costs rose to a near record-high on the heels of the Russia-Ukraine war, while selling prices at Greek goods producers rose at the sharpest pace since the series began. Given the above, business confidence slipped to a 16-month low in March. Meanwhile, according to Eurostat's flash estimate, inflation in Greece – in HICP terms – is expected at 8.0% in March (Euro-area: 7.5%) on an annual basis from a realized figure of 6.3% in February. The said increase was driven mainly by energy, which is expected to have increased by 51.2% (Euro-area: 44.7%) on an annual basis.

CESEE

In its first Monetary Policy Committee meeting since the outbreak of the Ukrainian war, the Central Bank of Czechia (CNB) maintained its hawkish stance by deciding to raise the Key Policy Rate (KPR) by 50bps to 5.0%, in line with market expectations. In the statement released thereafter, the CNB stressed its intention to continue raising interest rates so that inflation expectations do not diverge from the 2% inflation target in the longer term. Elsewhere in the region, in Serbia, retail sales growth accelerated by 7.7%YoY in February from 4.3%YoY in January, on the back of non-food and fuel sales which recorded double-digit growth. Industrial production continued to decrease for a second consecutive month by -0.7%YoY in February, with the steepest decline being recorded in the utilities section (-25.8%YoY).

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