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Global markets

Asian bourses ended mostly lower today, tracking Wall Street's lackluster performance overnight, as China's announcement over a significant loosening of Covid restrictions was more than offset by rising global growth concerns after solid US services ISM data earlier this week reinforced expectations of higher Fed rates for longer. China's poor trade data earlier today showing that both imports and exports recorded in November the biggest monthly drop in near two years, might also weighed on risk sentiment. The prospect of weakening global demand led to a further drop in oil prices, with Brent crude falling close to $79/bbl for the first time since early January, standing just 2.1% higher on a YTD basis. Against this backdrop, sovereign bond markets advanced on both sides of the Atlantic, and the USD was broadly firmer, with the DXY index rising back above 105.50. In other news, the Democrats won Georgia's runoff election yesterday, which means that they now have a narrow 51-49 majority in the Senate.

Greece

The Eurogroup meeting on December 5th, 2022, marked the end of an era for the Greek economy. Based on the progress made from May 2022 onwards with respect to the implementation of reforms, the Eurogroup approved the last transfer of SMP-ANFA income equivalent amounts, the reduction to zero of the step-up interest margin on certain EFSF loans H2:2022, and the reduction to zero of the step-up margin from 2023 onward. The approval of the Eurogroup was the last remaining item in the context of the Enhanced Surveillance that officially terminated in August 2022. In other news, according to the General Government data for October 2022, the total arrears to the private sector stood at €2.49 bn registering a monthly increase of 5.7%, including the liabilities of the health sector suppliers (rebate and clawback) that have not been settled yet; the settlement of this amount is expected to reduce the total arrears.

CESEE

As scheduled, Serbia's Ministry of Finance raised yesterday the targeted amount of RSD3.2bn in 10-year bonds maturing on Feb 8 2028, by reopening a February 2018 bond series. Investors placed bids reaching RSD7.8bn, overcovering the auctioned amount with the issued notes bearing an annual 5.875% coupon and being sold at an average yield of 6.75%, which is somewhat lower compared to the 6.80% yield achieved at the identical Oct 4 auction. With the said auction being the last of 2022, the annual borrowings stand substantially below the RSD300bn target and this is broadly explained by the high borrowing costs that have impelled the Serbian government to explore alternative financing options such as the Standby Facility of RSD2.4bn by the IMF and the smaller scale loan of RSD1bn by the UAE.

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