

GLOBAL & REGIONAL DAILY

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Global Markets

The Russian invasion in Ukraine is shaking the markets this morning. Markets in Asia are in risk-off mode with the Nikkei (-1.81%), the Hang Seng (-3.1%) and the Shanghai Composite (-1.7%) recording hefty declines. Brent crude breaches USD100/bbl for the first time since 2014 trading at USD102.94/bbl at the time of writing. Investors are moving into safe-haven assets with gold price surging by more than 2% to its highest level in more than a year at USD1,943/ounce. Sovereigns are rallying today, with the 10yr UST yield declining to 1.9026% and the 10yr Bund yield to 0.149% currently. Against this backdrop, the spread between Italian and German 10yr yields hit another recent high of 173.5bps, The USD gains against some major foreign currencies, with the EUR/USD at 1.1247, the GBP/USD at 1.3483 but falls against the yen at 114.61.

Greece

The EC published yesterday the 13th Enhanced Surveillance report, which overall **concludes that** “Greece has taken the necessary actions to achieve its specific commitments, despite the challenging circumstances that continue to be posed by the pandemic.” The report acknowledges significant progress in areas such as public administration, the investment licensing framework, social welfare, the chart of accounts, the ENFIA property tax reform, the clearance of arrears, privatisations and the cadastral. Delays are detected, among others, in the reform of the IAPR, the primary health care system, the inspections framework and justice reform. In other news, Greek government bond yield spreads against German Bunds are widening, with the 10YR bond spread standing at 244.3bps at the time of writing, the highest since May 2020.

CESEE

With Russia invading early today in Ukraine, regional markets are roiled driven by increased uncertainty and risk aversion. **Aligned with the rouble’s plunge as it has opened today’s trade with losses of 9.8% and 6.8% against the euro and the US dollar respectively,** major regional currencies such as the Polish zloty and **the Hungarian forint begun today’s session under severe pressure and the landscape is identical in the bourses of the two aforementioned countries with minor and peripheral equity markets, such as the Bulgarian, following the prevailing trend. Today’s market attention will be on the political positioning of governments in the CESEE region.** Already, PM of Hungary, Viktor Orban stated that Hungary should stay out of the conflict, while **Serbia’s President, Aleksandar Vucic will take a stance by tomorrow.**

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