

# GLOBAL & REGIONAL DAILY HIGHLIGHTS

February 28, 2022

## Global markets

Over the weekend, Western governments proceeded with a range of severe sanctions against Russia and in response Russia ordered nuclear forces to be on high alert. Energy prices are on the rise again with Brent crude currently at USD102.06/bbl (+4.22%) and natural gas at EUR114.00/MWh (+22.39%) at the time of writing. As expected, markets are on a risk-off mode favouring safe-haven assets, with the 10yr UST yield **currently at 1.9130% (from Friday's close of 1.9704%) and the 10yr Bund yield at 0.167% (from Friday's close of 0.224%)**. On monetary policy, focus this week turns to Fed Chair **Powell's testimony before the House** and Senate Committees on Wed and Thu respectively, while the Bank of Canada is expected to be the next CB to begin the liftoff in its policy rate. The EA February flash CPI on Wed is also important for the ECB.

## Greece

Despite declining by 1.2%MoM in Jan-22, private sector deposits at domestic NFIs stood 9.7% higher than their Jan-21 levels, shows Bank of Greece data. Following NPL deleveraging through the Hercules II scheme, **domestic MFIs' credit stock** to the private sector decreased by 23.3%YoY, reaching €107.9bn, its lowest level since Feb-04. Adjusted for write-offs, reclassifications, and FX fluctuations though, credit to the private sector increased by 0.9% in the past twelve months; credit to non-financial corporations grew by 2.8%YoY, more than offsetting a 2.4% drop in credit to households. According to ELSTAT, Overall Material Costs Index in the Construction of New Residential Buildings hit a twenty-year high in Jan-22 (+0.8%MoM/+7.3%YoY), reflecting increased material, fuel, and energy costs.

## CESEE

The EUR/RSD remained under pressure, moving in line with most of the currencies in the CESEE markets (HUF, RON, PLN), as a result of uncertainties related to **Russia's invasion to Ukraine**. **Despite** fresh intervention by National Bank of Serbia (NBS), it hit a two-year high of 117.70/75 intraday, closing at 117.63/68 on Friday. In the fixed income market, government bond yields changed little, increasing by 5bps on a weekly basis, with the 4-year, 6-year and 11-year bond yields trading at around 3.10%, 3.40% and 3.80%, respectively. Meanwhile, the PM of Serbia, Aleksandar Vucic stated that Serbia fully supports the territorial integrity of Ukraine but will look after its own interests and not impose sanctions on Russia. On the **economic data front, this week's calendar is rather hefty with our focus** turning to regional Q4 2021 GDP prints.

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We would like to thank Djordje Lucic from Eurobank Beograd for his valuable contribution in today's issue.

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