

# GLOBAL & REGIONAL DAILY

March 28, 2022

## Global markets

On geopolitics, after more than four weeks of conflict, a new round of peace talks between Ukraine and Russia is set to take place this week in Turkey. Separately, on Covid-19, the decision for a two-stage lockdown in Shanghai to contain surging infections, led to worries for weaker fuel demand, driving oil prices down with Brent futures at **USD116.19/bbl at the time of writing, below Friday's close of USD120.65bbl**. Meanwhile, two measures of the US Treasury yield curve that are broadly watched for recession warnings, are sending mixed signals as the 2yr10yr UST yield curve is flattening (11bps currently) but the spread between the 3Mo Treasury bills and 10yr UST yields is steepening (193bps currently). On economic data, focus this week turns to the US 2023 budget proposal, US March Conference Board consumer confidence, Germany and France latest consumer confidence indicators and CPI.

## Greece

The government is planning to extend until the end of the year the reduced VAT regime for restaurant and transportation services, set to expire in Jun-22, with the corresponding fiscal cost estimated at **€250mn**, Finance Minister Christos Staikouras said on Saturday. According to provisional Bank of Greece data, travel receipts exceeded **€140mn** in Jan-22, up by 310%YoY. Average expenditure per trip rose by 14.5%YoY, reaching **€409**. Net travel receipts made up almost 16% of **Greece's** total net receipts from services, offsetting 2% of the goods balance deficit. Driven by increased raw materials, fuel, and equipment costs, the Overall Material Costs Index in the Construction of New Residential Buildings maintained its upward trend for a sixteenth month in a row, hitting an all-time high in Feb-22 (+2%MoM/+9%YoY), according to ELSTAT.

## CESEE

The Bulgarian government decided to increase the minimum wage by 9.2% as of April 1 amid, inter alia, persistent inflation. On a similar footing, Serbia's average net wage increased on real terms by 3.9% YoY in January, following a 4.6% annual rise a month before, but on a monthly basis, the average net wage dropped by 5.8% in real terms, after rising by 7.5% in December. Evidently, regional economies attempt to weather the negative effects of surging inflation on private consumption by deploying prudently the available space of the fiscal budgets in a hard to navigate year. Concluding, the IMF, which in its latest forecast saw economic expansion for Serbia in the order of 4.5% in 2022, announced that it will soon revise its forecast downwards, given the expected supply chain disruptions from the Russia-Ukraine war.

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