

GLOBAL & REGIONAL DAILY

March 31, 2022

Global markets

Asian bourses ended lower taking their cue from Wall Street's losses overnight, as market hopes for a de-escalation in the Ukraine crisis were evaporated following gloomy comments from both sides over the last few hours. Meanwhile, the impact of the Ukraine crisis was reflected in y-day's March inflation data from Germany and Spain which showed a sharp increase in headline CPI (7.6%YoY and 9.8%YoY, respectively). The above led to a hawkish shift in ECB interest rate tightening expectations, with markets now fully pricing-in two rate hikes for the current year with the possibility of a third in December. Elsewhere, the EUR/USD continues to trade above 1.11, and oil prices dropped, with Brent crude moving below \$110/bbl today on reports suggesting that the US administration is considering releasing 1mb/d from their reserves.

Greece

The Economic Sentiment Indicator (ESI) receded to 113.2 in March down from 114.0 in February, recording a less pronounced monthly deterioration compared to the EU-27 (-5.3pts to 107.5) and the EA (-5.4pts to 108.5). The decline was mostly due to plummeting consumer confidence, which reached its lowest level since November 2020 (-7.1pts), accompanied by marked losses also in services (-5.5pts) and retail trade (-1.9pts); by contrast, confidence improved slightly in building activity (+2.9pts) and in industry (+1.5pts). In other news, the Finance Minister Christos Staikouras stated in an interview that a supplementary budget with an additional spending of €2bn will be tabled to Parliament next week, clarifying however that this does not mean that the deficit will increase by a corresponding €2bn.

CESEE

The Economic Sentiment Indicator (ESI) dropped substantially in most of the CESEE countries in March. The steepest monthly decreases were recorded in Serbia (-8.4pts), Czech Republic (-8.3pts), Latvia (-5.8pts), Turkey (-5.4pts) and Bulgaria (-5.3pts), while the indicator slightly improved in Romania (+0.9pts) and Croatia (+1.5pts). Sharp was also the deterioration of the index in Cyprus as it recorded a steep drop by 8.5pts, with all aforementioned prints being affected by weaker confidence in light of the war in Ukraine. In other news, gross external debt in Bulgaria fell by 0.7%MoM to €41.68 bn at end-January, accounting for 5.5% of the projected GDP for 2022. The external debt decline was on the back of both private and external debt. On the calendar front, our attention is focused on the Central Bank of Czechia MPC meeting later today.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Elia Tsiampaou
Economic Analyst
etsiampaou@eurobank.gr

Research Team



Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706



Anna Dimitriadou
Economic Analyst
andimitriadou@eurobank.gr
+ 30 210 37 18 793



Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 210 37 18 733



Maria Kasola
Economic Analyst
mkasola@eurobank.gr
+ 30 210 40 63 453



Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 210 37 18 991



Dr. Theodoros Rapanos
Economic Analyst
trapanos@eurobank.gr
+ 30 214 40 59 711



Dr. Theodoros Stamatios
Senior Economist
tstamatios@eurobank.gr
+ 30 214 40 59 708



Elia Tsiampaou
Economic Analyst
etsiampaou@eurobank.gr
+ 30 214 40 59 712

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