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Global markets

European government bonds remained under pressure earlier today, with the 10-yr Bund yield hitting a new post-2011 high slightly above 2.70%, on stronger than expected European inflation data. France's HICP inflation surprised to the upside with a 0.2ppt rise to 7.2%YoY, and Spain's HICP inflation unexpectedly rose to 6.1%YoY from January's 5.9%YoY. In response, investors are pricing in a more aggressive ECB rate tightening cycle, with futures now assigning around 140bps of additional hikes, implying that the deposit rate could rise near 3.90% by the December meeting. Similarly, market pricing for the Fed's terminal rate was up to a new high of this tightening cycle at 5.42% for the September meeting, keeping USTs under pressure. Meanwhile, risk on sentiment prevailed earlier today favored by China's positive February PMIs, while in FX markets, the DXY USD index continued to trade above 104.50 ahead of today's US ISM manufacturing PMI survey, in spite of a drop in the CB's consumer confidence to 102.9 in February from January's 106.0.

Greece

The Economic Sentiment Indicator (ESI) improved to a 11-month high in Feb-23, printing a value of 107.5 (99.7 in the Euro Area) from 105.9 in Jan-23 and 113.9 in Feb-22. The confidence indicators in industry, retail trade and construction posted the highest monthly increases, the respective index in services remained almost unchanged, while the consumer confidence indicator after improving for 3 months in a row deteriorated steeply to -47.4 from -41.4 in Jan-23. In other data releases, according to Eurostat, the share of internet users who made online purchases of goods and services increased to 69.8% in 2022 from 68.5%, 58.9% and 50.9% in 2021, 2020 and 2019 respectively. This positive development may well be explained by the physical constraints created by the pandemic. The households due to the extraordinary circumstances were forced to learn and make online purchases.

CESEE

Preliminary data of Serbia's real GDP growth in Q4-2022, released yesterday, verified the flash estimate of 0.4% YoY published a month ago. In annual terms, the pace of GDP expansion decelerated from 1.0% in Q3-2022 while on a quarterly basis the economy picked up by 0.7% after contracting equally in the previous quarter. All in all, FY2022 growth was confirmed at 2.3% from 7.5% in 2021, with private consumption continuing to contribute the most, but with its loss of steam, given the soaring inflation throughout the previous year, reflected in the headline print. Hard data released also yesterday point to a mixed footing so far in 2023; industrial output growth accelerated to 4.1% YoY in January from 1.8% YoY in December, but in seasonally adjusted monthly terms, it fell by 2.1%. On the flipside, retail sales picked up by 1.8%YoY in January after retreating by 0.2%YoY the previous month.

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