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Global markets

US initial jobless claims unexpectedly fell by 2,000 to 190,000 in the week ended February 24, indicating that labour market tightness persists. In reaction, UST yields moved higher, with the 10yr UST yield closing above 4% yesterday for the first time since November 2022, while Fed fund futures are currently pricing in a 5.45% fed funds terminal rate, a new high for the current tightening cycle. In other news, according to the flash estimate, February Eurozone HICP inflation dropped from January's 8.6%YoY to 8.5%YoY thanks to lower energy prices, though the fall was smaller than expected. The upside surprise came mainly from core CPI which accelerated to a fresh record high of 5.6%YoY, from January's 5.3%YoY, reinforcing expectations of more aggressive ECB rate tightening in the coming months. In reaction to higher-than-expected inflation data, Eurozone government bond yields hit fresh multi-year highs, with 10yr Bund yields marking a new post-2011 peak at 2.77% yesterday.

Greece

The annual inflation rate, as measured by the change in the HICP, decelerated to 6.5% in Feb-23 (despite increasing by 0.2%MoM), according to a Eurostat flash estimate released yesterday. This is the fourth lowest annual rate in the Euro Area, and the lowest in Greece since Feb-22 (+6.3%YoY). Nevertheless, core inflation (HICP growth rate excl. energy, food, alcohol and tobacco) rebounded to 6.8%YoY, from 6.5%YoY in Jan-23 and just 1.5%YoY in Feb-22, indicating that the effect of energy and food price hikes has diffused in other sectors of the economy, and disinflation is going to be a long process. According to provisional ELSTAT data, seasonally adjusted unemployment rate declined to 10.8% in Jan-23, from an upwards revised 12.4% in Dec-22, and 13.0% in Feb-22. This marks the lowest rate since 2009, when the country's sovereign debt crisis started to unfold.

CESEE

Hungary's Q4 2022 preliminary GDP detailed data which were released yesterday moved on the same trail with those of Poland, Croatia and Serbia published earlier in the week with the growth rate of the four economies decelerating in the last quarter of 2022, as evident from the annual rates. Czechia's respective figure is due today. On the monetary front, during the week, the Hungarian central bank convened and decided to hold fire, leaving the key policy rate unchanged at 13.0%. The decision was broadly in line with market expectations with the latter looking for some signals over possible easing in the following months. Finally, in Bulgaria, fresh public finance data pointed to a general government deficit of BGN250mn in Jan-Feb compared to a surplus of BGN713.3mn in the same period of 2022, with the Ministry of Finance stating that this was the first time that the budget entered the deficit zone that early in the year since 2015.

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