

GLOBAL & REGIONAL DAILY

April 7, 2023

Global markets

US initial jobless claims rose by a higher than expected 228k in the week ending April 1, while revised data showed an average upward revision of 26k per week since the start of 2023, and continuing claims, which have been on a steady upward trend since September, hit a new high of 1.823mn, adding to recent evidence suggesting that labor market tightness is starting to ease as Fed policy tightening is taking its toll. In spite of weak data, UST yields moved slightly higher and the yield curve bear-flattened following St. Louis Fed President Bullard's comments that, despite banking stress, incoming US data have been firmer-than-expected (citing the Atlanta Fed's GDPNow estimate for a seasonally adjusted annual rate of 1.5% in Q1 2023), giving the Fed leeway to continue rising interest rates (the US bond market will close at 12:00pm ET today due to bank holiday for Good Friday). In FX markets, the DXY USD index was trading sideways ahead of today's US non-farm payrolls data, while the CHF was the top performing G10 currency.

Greece

According to the General Government (GG) data, the total GG arrears to the private sector in February 2023 stood at €2.68bn, marking a monthly decrease of 11.2% (and a year-to-date increase of 27.0%). The net amount of arrears is smaller due to the rebate and clawback amounts of the health sector. The stock of gross public debt in State Budget terms, at the end of February 2023 was €400.74bn, registering an annual increase of 2.7% and a year-to-date increase of 0.1%. According to Eurostat experimental data published earlier this week, the short-term rental accommodation in Greece based on data from online platforms and measured in terms of nights spent registered a 17.4% increase in 2022 compared to its pre-pandemic level, from 24.3mn nights spent in 2019 to 28.5mn nights spent in 2022. The respective EU-27 growth rate was 6.9%.

CESEE

In the Europe and Central Asia Economic Update released yesterday, the World Bank (WB) cut its GDP growth forecast for Bulgaria to 1.5% in 2023 compared to 1.7% projected in January. It also downgraded its 2024 growth forecast to 2.8% from 3.3% previously. The downward revision for 2023 is grounded on the adverse trends in Europe and delays in the absorption of funds under the auspices of the Resilience and Recovery Plan. The political instability is also cited to weigh on the outlook. For Serbia, the WB kept the 2023 and 2024 GD growth forecasts unchanged at 2.3% and 2.4% respectively, foreseeing a 2.8% pick up in 2025. Consumption is identified as a key growth driver in the medium-term and investments, albeit to a lesser extent, while net exports are expected to contribute negatively as import growth is projected to outpace export growth. On the monetary front, in line with market expectations, the National Bank of Serbia proceeded yesterday with an additional interest rate increase bringing the key policy rate at 6.00%.

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