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Global markets

The Fed's Q1 2023 Senior Loan Officer Survey showed further tightening in lending standards for both businesses and households as well as weaker demand for loans, raising risks about a broader contraction in credit that could result in a significant slowdown in economic activity. However, the results of the survey did not come as a surprise to market participants as they were in line with Powell's rhetoric at last week's press conference and the recent Beige Book report which indicated tighter lending standards "amid increased uncertainty and concerns about liquidity". Meanwhile, Asian bourses ended mostly flat today and futures point to a rather positive opening for European markets, while USTs remained under moderate pressure as last week's stronger-than-expected US employment report continued to have an impact. Brent crude oil prices moved further above last week's lows and the EUR/USD dropped to just below 1.10 following a 3.4%MoM decline in Germany's industrial production in March after February's 2.1%MoM increase.

Greece

Merchandise exports (non-seasonally adjusted in current prices) slowed down in Mar-23, recording a growth rate of 5.7% YoY (+€260.5mn), from 20.5% YoY in Feb-23. In the same month, merchandise imports (non-seasonally adjusted in current prices) increased by 4.1% YoY (+€293.8mn), from a decrease of 4.4% YoY in Feb-23. As a result, the deficit in the trade balance widened to €2.6bn in Mar-23, from €2.5bn in Mar-22 (1.3%). In the whole quarter of Q1 2023, merchandise exports increased to €13.7bn (€4.4bn oil products and €9.3bn excluding oil products and ships), from €11.6bn in Q1 2022, registering a growth rate of 17.8% YoY. On the other side of the ledger, merchandise imports recorded a lower growth rate of 1.8%, posting a value of €20.9bn in Q1 2023 (€6.1bn oil products and €14.8bn excluding oil products and ships), from €20.6bn in Q1 2022. Given these results, the deficit in the trade balance shrunk to €7.2bn in Q1 2023, from €8.9bn in Q1 2022.

CESEE

In Turkey, the implications of the February earthquakes on public finances seem to have moderated significantly in March. The widening of the general government expenditure (in $) narrowed to 13.8%YoY against 46.2%YoY in February and 55.1%YoY in January, with the deceleration mainly owed to a downsizing in aid transfers provided by the Ministry of Finance (-29.5% MoM) and duty exemptions (-57.9%MoM). On the revenue side, performance in March (+40.0%YoY) implies that most probably the collapse in February (-42.2%YoY) was temporary, but it is also owed to differed payments. The recovery stemmed from restoring direct taxes payments (+4.8%YoY in March against -75.3%YoY a month earlier) and other business and ownership revenues (+549%YoY against -93%YoY). The overall general government deficit in March ($2.56bn) was improved compared both to the previous month (-$10.1bn) and March 2022 (-$4.63bn).

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