

GLOBAL & REGIONAL DAILY

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Global markets

US initial jobless claims rose for the first time since mid-December to 196k in the week ending February 4, but still remained at historically low levels, indicating continued labor market tightness. Turning to markets, a poorly received 30-yr auction yesterday pushed UST yields higher across the curve, with the 10-yr yield reapproaching 3.692% recent highs before moving back close to 3.665% at the time of writing, taking the 2/10-yr yield spread at -82bps, after briefly testing -0.87bps yesterday, the most inverted since 1980. European sovereign bond yields were also higher today, with the 10-yr Bund yield hovering around 2.36% in early European trade, though still below recent multi-week highs near 2.40%, following a briefly drop close to 2.25% yesterday on news that Germany's HICP decelerated to a five-month low of 9.2%Y in January and natural gas futures marked a fresh 17-month low near €53/ MWh. Meanwhile, the DXY USD index continued to lose ground moving back below 103, ahead of today's preliminary February UM survey.

Greece

According to the press (based on a circular from the Ministry of Finance), the Medium-Term Fiscal Strategy Framework (MTFSF) 2024-2027 is expected to be submitted to the European Commission in Apr-23. The primary government balance is estimated to return to a surplus in 2024, while the inflation rate is expected to stand on average at 2% in 2024-2027. In what concerns the nominal GDP growth rate it is estimated at 5.1%, 4.9%, 4.1% and 2.7% in 2024, 2025, 2026 and 2027 respectively. In other news, Greece ranks on the first place among the EU-27 countries regarding the disbursements from the RRF (€11.09bn, 6.07% of GDP) followed by Croatia (€2.22bn, 3.88% of GDP), Italy (€66.89bn, 3.77% of GDP), Romania (€6.36bn, 2.65% of GDP) and Spain (€31.04bn, 2.58% of GDP).

CESEE

As broadly expected, the National Bank of Serbia proceeded yesterday with an additional 25bps interest rate hike which brought the Key Policy Rate at 5.50% after 11 consecutive increases translated into 450bps of cumulative rate tightening since April 2022. Real interest rates continue to lay into double digit negative territory as inflation in December stabilised at 15.1%YoY, the same as in November, averaging 11.9% in 2022 while on a monthly basis, consumer prices rose by 0.5% in December compared to 1.0% in November. Yesterday, the Central Bank of Romania also convened, staying put on rates, following a 25bps increase in January that brought the Key Policy Rate at 7.00%, after inflation decelerated to 16.37%YoY in December from 16.76%YoY in November. On the same footing, Poland's central bank convened one day earlier holding its key rate at 6.75% for the fifth month in a row, matching market consensus.

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