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Global markets

Risk-off sentiment continued to moderate, as several indicators of financial stress are modestly easing after last month's banking sector turmoil, with the majority of Asian bourses ending slightly higher and US equity futures pointing to further gains today. Meanwhile, investors continued to digest last Friday's non-farm payrolls survey, which revealed some indicators pointing to an easing labor market, with overall conditions, though, remaining strong. According to fed funds futures, the probability of another 25bp rate hike at the May FOMC meeting increased further, to 71% today, also affected by the NY Fed's March Survey of Consumer Expectations which showed that inflation expectations rose at both the 1yr and 3yr horizons (to 4.7% and 2.8%, respectively, from 4.2% and 2.7%). In FX markets, the USD/JPY firmed, standing at the time of writing close to yesterday's one-month high of 133.87, following comments from BoJ Governor Ueda that it is appropriate to maintain the YCC framework under the current economic and price conditions.

Greece

According to ELSTAT, the annual inflation rate remained on a downward trajectory for a sixth month in a row in Mar-23. Specifically, the annual change in the overall HICP stood at 5.4% (the same rate as Eurostat's flash estimate), from 6.5% in Feb-23. Regarding the main groups of goods and services, the results in Mar-23 were as follows: clothing and footwear (14.9%), food and non-alcoholic beverages (14.0%), household equipment (10.5%), hotels-cafes-restaurants (7.7%), miscellaneous goods and services (6.1%), health (5.6%), transport (3.9%), recreation and culture (3.0%), alcoholic beverages and tobacco (2.3%), education (2.2%), communication (-1.9%) and housing (-10.4%, it includes energy). Finally, according to the Governor's Annual Report 2022, the BoG estimates the 12-month average annual inflation rate at 4.4% in 2023, from 9.3% in 2022.

CESEE

Mixed signs over the performance of the Bulgarian economy based on February's hard data; industrial output shrunk by 1.8%YoY in calendar-adjusted terms, lying on negative grounds for a second consecutive month. The decline eased compared to the 3.4%YoY fall in January while on a seasonally adjusted basis, industrial output went up by 0.6% on a monthly basis. The annual decrease in the industrial output was broad-based, spotted on all sectors. Retail sales increased by 4.3%YoY in calendar-adjusted terms, easing from 5.6%YoY in January. Retail sales have been on a subdued trend since mid-2022, reflecting the toll high inflation has taken on private consumption. However, Q4-2022 GDP data and retail sales figures since November 2022 point to resilient private consumption probably on the back of higher wages.

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