

# GLOBAL & REGIONAL DAILY

April 12, 2023

## Global markets

Tracking the UST front-end-led sell-off following last week's US non-farm payrolls survey, EGBs also came under pressure, with short-dated paper underperforming. Germany's 2-yr Schatz yield rose to a multi-session high of 2.74% earlier today, approaching the mid-March peak of 2.82%, as markets are now pricing in fully a 25bps rate hike at the May ECB policy meeting for the first time in more than four weeks. Meanwhile, market pricing for the May FOMC meeting was little changed, keeping the probability of a 25bps hike close to 75%, the highest level since SVB was taken over by regulators on March 10. Elsewhere, Asian bourses ended mixed today and the USD remained under pressure ahead of today's US March CPI report and the Fed's March FOMC minutes. Elsewhere, in its latest World Economic Outlook, the IMF now expects global GDP growth to fall from 3.4% in 2022 to 2.8% in 2023, slightly lower from 2.9% previously, pointing out that the risks are "heavily skewed to the downside, with the chances of a hard landing having risen sharply."

## Greece

The IMF in the World Economic Outlook (WEO), published yesterday, revised upward the forecast for the FY-2023 real GDP growth of Greece to 2.6%, from 1.8% in the WEO of Oct-22. In the medium-term, the economy is expected to slow down steadily, reaching a real GDP growth of 1.2% in 2028 (2023-2028 average at 1.6%). The unemployment rate is forecasted to decline further to 11.2% in 2023 (12.4% in 2022), whereas in the medium-term it is expected to reach a level of 9.0% in 2028. Regarding the inflation rate, after picking up at 9.3% in 2022, is estimated to ease to 4.0% in 2023 and then to decline smoothly to 1.8% in 2028. Finally, the General Government primary balance is expected to post a surplus of 0.4% of GDP in 2023, while the current account balance deficit is forecasted to decrease to 8.0% of GDP in 2023, from 9.7% in 2022. In other data releases, the manufacturing production index, in parallel with the rebound in the PMI, increased strongly in Feb-23 by 1.9% MoM / 6.9% YoY, from 0.9% MoM / 9.1% YoY in Jan-23.

## CESEE

In the IMF's spring WEO published yesterday, prospects in the region remain gloomy for 2023 as almost all peers are heading for growth deceleration amid steep challenges. The fund forecasts real GDP growth for Poland merely at a standstill mode for 2023, i.e., at 0.3%, from 4.9% in 2022 with a recovery on cards to 2.4% in 2024, grounding 2022's deceleration, inter alia, to the proximity of the country to the source of lingering geopolitical uncertainty in the region, as cited in the Article IV report in March. Prospects for the economy of Czechia have worsened with the GDP projection for 2023 slashed to -0.5% from 1.5% in the autumn WEO and expected to expand by 2% in 2024. Growth forecasts for Hungary remain unchanged compared to the Article IV in January with GDP expected to grow by 0.5% in 2023 and 3.2% in 2024. On a stronger pace, compared to the CEE3 s, but still decelerating compared to 2022, Bulgaria's growth forecast was slashed more than half for 2023 to 1.4% from 3.0% in October 2022 with a rebound of 3.5% in 2024.

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