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Global markets

March US CPI decelerated more than expected to 5.0% YoY from 6.0% YoY in February, the slowest pace of increase since May 2021, feeding expectations that the rate hike cycle might end soon. The dollar was under pressure earlier today, with the DXY USD index hovering around yesterday's close at 101.50, lower than Tuesday's close at 102.20. Besides, according to the minutes of the March FOMC meeting released yesterday, "several participants" had considered a pause in rate hikes at that meeting due to the banking turmoil. However, eventually they agreed that a 25bps rate hike would be necessary to tackle the elevated inflation. Furthermore, the staff projected a "mild recession starting later this year". To this end, US equities closed lower yesterday, and most Asian equities declined today. Finally, European equities opened higher today, driven by increases in luxury stocks.

Greece

According to the IMF's Fiscal Monitor published yesterday, the primary balance is estimated at -1.5% of GDP in 2022 and expected at 0.4% and 1.4% of GDP in 2023 and 2024 respectively. The primary balance is expected to gradually increase to 2.0% of GDP in 2027 and to remain constant in 2028. The IMF uses the stricter – compared to ESA2010 – enhanced surveillance methodology for the calculation of the primary balance. The general government debt is estimated at 177.4% of GDP in 2022 and expected at 166.0% and 160.5% in 2023 and 2024 respectively. From then onwards it is expected to gradually decrease and reach 143.6% of GDP in 2028. The IMF uses its own (GFSM2014) methodology for the calculation of public debt and thus the above debt figures differ significantly compared to the respective ESA2010 forecasts. For example, public debt in 2021 was at 200.7% of GDP in IMF terms and at 194.5% of GDP in ESA 2010 terms (Bank of Greece, Apr-22 for the latter figure).

CESEE

Worries in the region over the inflationary outlook fail to ease as evident in statements of high-level authority members of regional Central Banks (CBs). Namely, Jan Prochazka, BoD member of the Central Bank of Czechia stated recently that interest rate cuts will arrive only after inflation is clearly lower. On the same footing, the released minutes of the MPC of the CB of Hungary on Mar-28 revealed the unanimity with which the maintenance of the Key Policy Rate at 13% was decided. The rationale of both bodes well with the trajectory of inflation in both Czechia and Hungary and they could be interpreted as indicative of the stance neighboring CBs will hold in the following meetings given the course of inflation in adjacent peers; in Romania, inflation may have moderated to 14.53%YoY in March from 15.52%YoY in February, but on a monthly basis, CPI stood at 1.08% from 0.70%, mainly driven by food prices. In Serbia, inflation came in at 16.2%YoY in March, a tad higher from February with the monthly print at 0.9% from 1.4%.

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