

GLOBAL & REGIONAL DAILY

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Global markets

SVB contagion fears prevail, in spite of the emergency measures US regulators announced on Sunday, leading to an abrupt repricing of market expectations for the Fed's monetary policy ahead. Investors have now fully priced out the probability of a 50bp hike at the March 22 policy meeting and assign a chance of less than 50% for a 25bps rate hike, while market terminal rate pricing dropped to 4.70%, with the first 25bps rate cut now expected in June and almost 100bps of cumulative rate easing by the end of the year. Reflecting the above, UST yields continued to move lower, led by the front end of the curve, with the 2-yr yield dropping by more than 60bps so far this week, and the 2/10-yr yield curve bull-steepening to around -45bps, its steepest since late October. Meanwhile, risk-off sentiment prevailed in Asia today, though US equity futures point to signs of stabilization, while in FX markets, the USD remained under pressure, with the DXY index still hovering below 104 ahead of today's US February inflation data.

Greece

The inflation rate based on the HICP remained on a declining path for a fifth month in a row in Feb-2023. Following the energy crisis peak of 12.1% in Sep-2022, it dropped to 6.5% in Feb-2023, mostly reflecting the drop of the inflation rate in the category of housing, water, electricity, gas and other fuels to -4.9% from 38.1% in Sep-2022. The categories of goods and services with the highest contribution to the inflation rate in Feb-2023 were: food and non-alcoholic beverages 14.5% (2.9ppts contribution), hotels-cafes-restaurants 7.8% (1.6ppts) and transport 7.9% (1.0ppts). On the contrary, the two categories of goods and services with a negative contribution to the inflation rate in Feb-2023 were: housing, water, electricity, gas and other fuels -4.9% (-0.5 ppts contribution) and communication -1.6% (-0.1ppts).

CESEE

Signs of strengthening in economic activity in Turkey ahead of the February 6 earthquakes. Industrial production rose by 3.9%YoY in Jan-23, the highest increase since Jul-22, in contrast to the meager fall of 0.3%YoY in Dec-22. The upturn stemmed mainly from accelerating growth in manufacturing, to 5.7%YoY in January from 0.4%YoY a month earlier, and secondly from softening contraction in electricity-gas-steam, to 5.7%YoY from 8.5%YoY. On the contrary, the decline in mining-quarrying deepened to 8.6%YoY vs. 2.5%YoY. Growth accelerated in retail trade volume, standing higher on an annual basis by 34.1% vs. a 20.9% increase in December, the strongest rise since May-21, on the back of new increases in the minimum wage and civil servants' pay. The increase was strong across all sub-categories of retail trade, reaching 23.7%YoY in food-drinks-tobacco from 12.9%YoY in Dec-22 and 43.1%YoY in non-food trade against 26.7%YoY a month earlier.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Michail Vassileiadis
Research Economist
mvasseiliadis@eurobank.gr

Research Team



Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706



Dr. Dimitris Exadaktylos
Economic Analyst
v-dexadaktylos@eurobank.gr
+ 30 214 40 63 449



Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 214 40 63 456



Maria Kasola
Research Economist
mkasola@eurobank.gr
+ 30 214 40 63 453



Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 214 40 63 455



Dr. Theodoros Rapanos
Research Economist
trapanos@eurobank.gr
+ 30 214 40 59 711



Dr. Theodoros Stamatou
Senior Economist
tstamatou@eurobank.gr
+ 30 214 40 59 708



Michail Vassileiadis
Research Economist
mvassileiadis@eurobank.gr
+ 30 214 40 59 709

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