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Global markets

Financial stability concerns spread to Europe after the Chairman of the Credit Suisse's top shareholder, Saudi National Bank, in a television interview yesterday ruled out any more investments in the bank, triggering a surge in its 5yr CDS and a massive drop in its shares, sparking a broader heavy sell-off on other major European lenders. Thankfully, markets look calmer today following overnight news that Credit Suisse will borrow CHF 50bn through a Swiss National Bank liquidity facility and will also repurchase up to CHF 3bn of its own debt. Asian equity markets ended lower today but losses were relatively limited, the EUR/USD rose back above 1.06 after falling near 1.05 yesterday for the first time since early January, while European government bond prices were standing not far from yesterday's fresh highs. Focus today is on the ECB policy meeting with market participants positioned for a more cautious policy stance on the back of increased European banking sector woes, implying a higher-than-even probability for a 25bps rate hike.

Greece

According to ELSTAT's short-term Indices of Employment (Persons Employed, Hours Worked and Gross Wages and Salaries without adjustment) in main sectors of the economy for Q4 2022, the index of Professional, Scientific and Technical Activities (PSTA) and that of Administrative and Support Service Activities (ASSA) posted the strongest increase in terms of persons employed (11.0% and 18.8% for PSTA and ASSA respectively), hours worked (16.4% and 23.4% for PSTA and ASSA respectively) and gross wages and salaries (31.2% and 30.7% for PSTA and ASSA respectively). In other news, according to A. Patelis, Chief economic adviser to the Prime Minister of Greece, Greek banks are safe especially compared to recent past, posted strong results recently and hold the highest deposits to debt ratio among Eurozone banks. The regulatory framework in the Greek banking sector is strict, according to Mr. Patelis.

CESEE

In Cyprus, the trade balance deteriorated significantly in Jan-23 on an annual basis, by 163.5%, with the deficit standing at €1.39bn. The worsening came from a steep widening of imports of goods, by 127.4%YoY, exceeding the strong increase in exports by 41.4%YoY. The imports trend is owed to transfers of ownership of vessels, with a total value of €926.1mn, against €73.7mn in Jan-22. These transactions concerned extra-EU trade. Excluding transfers of vessels both from the imports and exports side, the worsening of the trade balance on an annual basis was limited to 10.7%, pointing to a deficit of €574.2mn. Furthermore, according to the final goods trade data for 2022, the deficit widened by 34.5%, to €7.1bn, the highest in GDP terms since at least 2014 (26.3%) and 4.3ppts higher than in 2021. Imports of goods rose in the previous year by 30.5% and exports expanded by 24.2%.

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