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Global markets

US housing starts remained in a downward trend in December falling by 1.4% MoM, while building permits, which are deemed as a more reliable indicator of the housing construction prospects, fell by 1.6%MoM, the third consecutive monthly decline. Adding to market concerns over a US downtrend in the not-too-distant future, the headline for the Philadelphia Fed manufacturing survey increased from -13.7 in December to -8.9 in January, though still remaining into negative territory. Meanwhile, range trading prevailed in FX markets, while USTs gave back some of their recent gains, pressured by a higher-than-expected decline of 15k in initial jobless claims in the week ended January 14 to a near four-month low of 190k, as well as fresh hawkish comments by Fed officials suggesting higher-for-longer rates. European government bonds also lost some ground after ECB President Lagarde's comments and the minutes of the ECB's latest meeting downplayed recent reports suggesting a likely slowdown in the pace of ECB rate hikes as soon as March.

Greece

The European Commission disbursed yesterday the second installment under the Recovery and Resilient Facility (RRF) amounting to €3.6bn. Out of that amount, €1.7bn are grants and €1.8bn are loans. Greece completed 28 relevant milestones and targets, while in terms of the loan contracts it accomplished its targets earlier than expected. As a result, according to the Alternate Minister of Finance Mr. Theodoros Skylakakis, the part of investment funded with loans under the RRF can move faster than expected. In total the disbursements from the RRF reached €11bn. On the data front, today the Bank of Greece (BoG) is scheduled to announce today the current account balance for November 2022. In January-October 2022 the current account deficit stood at 13.6bn from 7.3bn in January-October 2021.

CESEE

Taking advantage of the spotted favourable market window and the fixed income spree at play since the start of 2023, Serbia's Ministry of Finance (FinMin) borrowed in one of yesterday's auctions EUR37.5mn in 2-year bonds. The amount was lower than the EUR50mn FinMin's target with the borrowing ceiling set at EUR100mn. Bonds were sold at par, which resulted in a yield of 2.50%, which is much higher than yields achieved in identical auctions a year ago (ca 1%). In the same day, an additional auction was held resulting in the raise of USD1.75bn through two Eurobonds with maturities of 5 and 10 years. The 5-year bond gathered USD750mn, while the remaining USD1bn was collected through the 10-year bond. Bids for both maturities added up to USD11bn, which was received as a clear indication of strong demand.

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