

GLOBAL & REGIONAL DAILY

April 20, 2023

Global markets

The final March HICP release for the Eurozone confirmed that headline inflation dropped to 6.9%YoY from February's 8.5%YoY on a sharp decline in energy prices, but core inflation edged up by 0.1ppt to 5.7%YoY, led by services. Meanwhile, following yesterday's strong UK inflation data and a continued easing in financial conditions over recent days, futures took the odds of another 50bps rate hike by the ECB in May up to 65%, while investors continue to downplay the chance of rate cuts from major CBs this year, with only 50bps of Fed rate easing now priced in for 2023. Turning to markets, sovereign bond yields were trading slightly lower from yesterday's fresh highs, the DXY USD index was still below 102 and Asian equities ended mostly lower after a lacklustre performance of US equities yesterday on mixed corporate earnings and rising fears over a US economic downturn. According to the Fed's Beige Book, overall activity showed "little change", though "banks tightened lending standards amid increased uncertainty and concerns about liquidity."

Greece

According to the state budget execution preliminary data, for the period Jan-23 to Mar-23, the state budget net revenue stood at €16.8bn on a modified cash basis, overperforming against the target in the 2023 Budget by €2.3bn (15.6%). This result reflects, firstly, the increased tax and PIB (Public Investment Budget) revenues and, secondly, the collection of an amount of €0.6bn from ANFA's, not projected in the 2023 Budget. In the expenditure side, the state budget expenditure posted a value of €16.6bn, undershooting the target by €0.5bn (3.2%). Given the above results in Q1 2023, the state budget balance recorded a surplus of €0.2bn against the target for a deficit of €2.6bn, whereas the respective primary balance posted a surplus of €3.1bn, higher by €3.0bn compared to the target. In other news the Public Debt Management Agency reopened a 10Y GGB yesterday, raising €300mn with the yield settling at 4.31%.

CESEE

Positive signs from the course of inflation in Bulgaria as CPI retreated to 14.0%YoY in March compared to 16.0%YoY in February. The deceleration in prices increase was also evident on the monthly print as it came in at 0.5% in March from 0.8% in the previous month. Compression on the annual print came from food prices with the respective inflation decelerating to 20.8%YoY from 23.5%YoY, driven by slower price increases in grains, meat, fish, milk and eggs, fruits, and vegetables, while falling energy prices also added to the recoil of the headline figure. Unemployment continues to remain low, coming in at 5.4% in March, with the rate remaining almost unchanged to that of one month and one year ago, even though since the start of 2023, the employment agency has begun to use the population data of the 2021 census, action which, given the population shrinkage, inflates the current year's unemployment rates compared to those of previous years.

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