

GLOBAL & REGIONAL DAILY

March 21, 2023

Global markets

Asian bourses finished higher today and futures point to a positive opening for European markets, on a tentative improvement in risk sentiment after European supervisors stepped in to reassure investors that common equity instruments would be the first to absorb losses, and only after their full use would AT1s be required to be written down. Market expectations that the tightening cycle of major CBs has already come or is close to its end amid prevailing financial market concerns, may also had an impact. Market pricing implies now a 25bps rate increase at this week's two-day FOMC policy meeting which concludes tomorrow with a probability of 76.9%, while the peak rate is now seen at around 4.90%, compared to market expectations almost two weeks ago for a 50bps hike this week with a 70% probability and a peak rate close to 6.00%. Risk-on mode pushed sovereign bond yields higher, while the USD remained under pressure, with the EUR/USD regaining the 1.07 level, failing though to rise further and retest the 1.0759 recent peak.

Greece

The Minister of Finance Mr. Christos Staikouras said in an interview yesterday that real GDP growth in 2023 will be close to 2.3% (5.9% in 2022), higher than expected 6 months ago. Moreover, the annual average unemployment rate – 12.4% in 2022 – will decline below 12%, whereas the annual average inflation rate will decelerate to 4.5% in 2023 from 9.3% in 2022. Regarding data releases, the overall turnover index in industry recorded an annual increase of 17.7% in Jan-23. This result mainly came from the performance of the following subindices: tobacco products, basic pharmaceutical products and pharmaceutical preparations, food, coke and refined petroleum products, with the overall turnover index in manufacturing increasing by 17.8% (5.8% in mining and quarrying).

CESEE

Regional markets opened lower yesterday, but the mood improved during the session, with most of them ending higher than Friday's closing, on the back of soothing news regarding the UBS agreement to buy Credit Suisse and the decision by six major central banks for a coordinated action to enhance dollar swap lines. The BUX index in Hungary rose by 1.2% and the WIG index in Poland by 0.3%, whereas the BET index in Romania fell by 1.4%. On the side of developments in local currencies, the Polish zloty and Romanian leu remained at Friday's levels against the euro, but the Hungarian forint fell by 1.2%. Signs of a continuing rebound this morning, with the BUX index at the time of writing higher than yesterday (+1.6%) and the Hungarian and the Romanian currencies gaining ground. In other news, Fitch affirmed yesterday Turkey's sovereign rating at B with negative outlook, the latter based on views that the expansionary policy mix will keep downside pressures on the lira, weaken international reserves and maintain high inflation.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Michail Vassileiadis
Research Economist
mvasileiadis@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 Stamatios
Senior Economist
tstamatios@eurobank.gr
+ 30 214 40 59 708



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

More available research at: <https://www.eurobank.gr/en/group/economic-research>

Subscribe electronically at: <https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-endaferontos>

Follow us on twitter: https://twitter.com/Eurobank_Group

Follow us on LinkedIn: <https://www.linkedin.com/company/eurobank>

DISCLAIMER

This report has been issued by Eurobank S.A. ("Eurobank") and may not be reproduced in any manner or provided to any other person. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. Eurobank and others associated with it may have positions in, and may effect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for those companies. The investments discussed in this report may be unsuitable for investors, depending on the specific investment objectives and financial position. The information contained herein is for informative purposes only and has been obtained from sources believed to be reliable but it has not been verified by Eurobank. The opinions expressed herein may not necessarily coincide with those of any member of Eurobank. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by Eurobank or any of its directors, officers or employees. Any articles, studies, comments etc. reflect solely the views of their author. Any unsigned notes are deemed to have been produced by the editorial team. Any articles, studies, comments etc. that are signed by members of the editorial team express the personal views of their author.

