

GLOBAL & REGIONAL DAILY

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Global markets

Risk sentiment continued to recover with bank stocks outperforming, amid hopes that a global banking crisis will be averted. Speaking to the American Bankers Association, US Treasury Secretary Yellen noted that the US banking system “is stabilizing” and highlighted the government’s “resolute commitment to take the necessary steps to ensure that depositors’ savings and the banking system remain safe”. Easing financial stability concerns allowed investors to reprice higher the expected policy rate paths of major central banks. Awaiting the outcome of the two-day FOMC policy meeting (interest rate announcement at 19:00 CET & press conference at 19:30 CET), market pricing implies an 85% probability for a 25bps hike and a chance of near 70% for another 25bps increase in May, with a terminal rate just below 5.00%. Meanwhile, the USD remained under pressure, while government bond yields bounced, with the 2-yr UST yield hovering around 4.16% at the time of writing, more than 50bps above Monday’s intrasession lows.

Greece

According to ELSTAT, the seasonal adjusted index of wages cost (hourly labour costs) for the whole economy increased by 0.2% QoQ / 7.1% YoY in Q4 2022, from 5.4% QoQ / 7.3% YoY in Q3 2022. The FY-2022 growth of wages cost accelerated to 2.9%, from 1.9% in 2021. Nevertheless, it stood lower by 6.4ppts compared to the annual inflation rate (9.3%). Based on the quarterly labour force survey, the nominal rise of the hourly labour costs in Q4 2022 was accompanied by an increase in employment by 2.0% YoY, from 2.4% YoY in Q3 2022. The FY-2022 employment growth increased to 5.4% from 1.4% in 2021, accounting for most of the real GDP growth in 2022.

CESEE

Further gains in the major local equity markets yesterday, implying a gradual restoration of risk sentiment, as the BUX index in Hungary rose further, up by 1.95% relative to Monday’s close, the WIG index in Poland ended higher by 1.5%, whereas the recovery of the BET index in Romania was relatively subdued (+0.3%). Trends in local currencies against the euro were mixed, with the Hungarian forint (+1.5%) and the Polish zloty gaining ground (+0.4%), and the Romanian leu moderately falling (-0.5%). Signs of weakening this morning, as the BET index opened a tad lower than yesterday’s close (-0.4% at the time of writing) and the Polish and Romanian currencies are slightly losing ground. In other news from the region, the EU commissioner for cohesion Elisa Ferreira told the media that the caretaker government in Bulgaria has informed the EC that it is not interested in implementing the Just Transition Plan in 2023. The plan could provide EUR1.3bn of funds in the country’s three coal regions, EUR465mn of which for 2023 alone.

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