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Global markets

Risk sentiment somewhat weakened amid liquidity concerns especially for smaller banks, while USTs retained a firm tone favored by the downward reassessment in the expected Fed's policy rate trajectory, as markets price-in only a 40% chance of a 25bps rate hike in May. EGBs also remained well supported, in spite of fresh hawkish comments by a number of ECB officials yesterday. In FX markets, the USD regained some ground against most of its major currency peers, probably thanks to jobless claims data which pointed to continued labor market tightness and US Treasury Secretary Janet Yellen's comments that regulators would be "prepared for further steps to protect the banking system, if warranted". The EUR/USD retreated below 1.08 earlier today and the GBP/USD dropped close to 1.2230 after rising to a multi-week high of 1.2343 yesterday, following the BoE's decision to raise rates by 25bps and leave the door open to further tightening, if inflationary pressures persist. On the flip side, the USD/JPY briefly fell below 130 for the first time since early February, as the JPY remains the favored safe-haven currency.

Greece

According to the Bank of Greece (BoG), the current account deficit shrunk on an annual basis by €1,994.0mn in Jan-23. This result came from: 1st the increase in the balance of secondary incomes by €1,354.2mn due to the disbursement of the second RRF payment, and 2nd from the decrease in the deficit of the balance of goods by €658.3mn. The decline in oil prices (-7.4% YoY in Jan-23) led to a shrinkage in the deficit of the balance of oil by €362.0mn, whereas the deficit in the balance of goods excluding oil and ships also shrunk by €275.5mn. The current developments in energy prices (oil prices decreased by 16.9% YoY in Feb-23), along with the early start of the tourist season this year, are expected to lead to an improvement of the current account deficit in the coming months.

CESEE

In yesterday's auction, the Serbian Ministry of Finance raised RSD6.2bn in 2-year bonds, less than the initially targeted amount of RSD30bn as investors placed bids only for RSD21.9bn. The notes were sold at an average yield of 5.65%, which is lower compared to the 5.85% yield achieved in an identical auction held on February 21. A plenary meeting was also held yesterday between representatives of the National Bank of Serbia, the Ministry of Finance and the IMF marking the start of official talks which will conclude on April 4 between the said three parties over the first review of the standby arrangement (SBA) and regular consultations under Article IV. Turning to Bulgaria, credit growth stood at 11.3%YoY in February compared to 12.1%YoY in January with the deceleration of lending activity mostly attributed to the gradually increasing borrowing cost.

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