

GLOBAL & REGIONAL DAILY

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Global markets

Most of Asian bourses continued with their rising streak today hitting fresh multi-week highs and equity futures point to a positive opening for European and US markets, reflecting market optimism surrounding China's opening. Market hopes that most of major central banks are nearing an end to their rate tightening cycle after the Bank of Canada hiked rates by 25bps to 4.50% yesterday, as expected, and explicitly signaled a pause to assess the impact of the cumulative interest rate increases of 425bps so far, had also had an impact. Meanwhile, the US/Bund 10-yr yield spread was trading close to recent lows around 129bps, following a fresh stream of hawkish comments by ECB officials suggesting that rates should rise by 50bps at the next two policy meetings. In FX markets, the USD remained under pressure, as reflected by the DXY index which slipped back close to 101.50. Awaiting US Q4 GDP data, the EUR/USD hit a new year-to-date high of 1.0929 earlier today, also supported by a 1.6ppts increase in Germany's January IFO index to 90.2.

Greece

The State Budget registered a deficit of €6.65bn on a modified cash basis in 2022, according to the data released by the Ministry of Finance yesterday, lower by €1.85bn compared to the revised target (-21.8%) but exceeding by €0.40bn the target set in the 2022 Budget (+6.3%). Net revenue reached €59.62bn, fueled mainly by an overperformance in VAT and income tax receipts. Expenditure amounted to €71.28bn, suppressed compared to the revised target of €73.25bn –but in excess of the initial target of €67.93bn– mainly due to a hysteresis in PIB and other non-allocated expenditure (excl. RRF). On the political front, a no-confidence motion filed by the main opposition party yesterday is expected to be rejected on a session scheduled to take place on Friday, as the governing party maintains a comfortable majority in the Parliament.

CESEE

As broadly expected, Bulgaria will hold snap elections, as announced yesterday by President Rumen Radev, following the unfruitful 3rd and last exploratory mandate for the formation of a coalition government. The coming parliamentary elections will be the 5th in the last two years with the most recent polls dated in Dec 2022 still pointing to a fragmented parliament and a low turnout of voters. Along these lines, fresh comments by Fitch Rating, following the announcement of elections, on the delay of reforms attached to the National Recovery Plan (NRP) due to the political instability came as no surprise. On a similar footing, Serbia seems to be also approaching an impasse in the international relations sphere with clear economic imprint, following the 11 points-EU's plan for normalisation of relations with Kosovo. President Aleksandar Vucic stated that the so far slowly progressing EU integration process could be interrupted, causing withdrawal of EU-related investments in case of rejection of the said plan.

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