

# GLOBAL & REGIONAL DAILY

March 27, 2023

## Global markets

After positive news flow related to the acquisition of SVB, most of Asian bourses ended little changed today and futures point to a positive opening for European equity markets following Friday's losses amid renewed jitters concerning the stability of the European banking sector. Meanwhile, government bonds on both sides of the Atlantic retained a positive tone, with yields standing close to Friday's fresh lows at the time of writing, amid concerns over the impact of the strains in the banking sector to the overall economic activity. In FX markets, high volatility across equity markets has become a catalyst for the roller-coaster ride of major currency pairs, with the EUR/USD retreating below 1.08, ahead of the Eurozone's March preliminary inflation data and the US's February PCE, both due on Friday. In terms of data releases late last week, the US composite PMI rose to a ten-month high of 53.3 in March, while for the Eurozone, the respective index likewise beat expectations, coming in at 54.1, consistent with GDP growth of 0.3%QoQ in Q1.

## Greece

According to the final Jan-Feb-23 State Budget Execution data, the overall fiscal balance posted a surplus of €2.31bn, overperforming by €2.27bn compared to the respective target in the 2023 Budget. The primary fiscal balance recorded a surplus of €4.22bn, improved by €2.40bn compared to the respective budget target. State budget revenue amounted to €12.97bn registering an increase of €1.96bn (17.8%) compared to the respective budget target with tax revenue at €9.99bn increased by €1.25bn (14.3%) due to the over-performance of revenues from 2022 tax installment schemes and tax revenues from the current year. Income and VAT (VAT on other goods and services (excluding oil and tobacco)) tax revenue registered an increase of 13.2% and 8.71% (10.34%) respectively. Note also that Public Investment Budget revenue registered an increase of €0.79bn compared to the respective budget target. State budget expenditure amounted to €10.66bn registering a decrease of €0.31bn (-2.8%) compared to the respective budget target.

## CESEE

Most significant local equity markets on Friday were not unmoved by the new turbulence linked to Deutsche Bank, especially the BUX index in Hungary (-2.5% down from Thursday's closing) and the WIG index in Poland (-1.7%). Local currencies were less affected in the same day, as the Hungarian forint and the Romanian leu depreciated marginally against the euro, whereas the Polish zloty exchange rate closed a tad higher than Thursday. Signs of improved risk sentiment this morning, as the BET index opened higher than Friday's close (+0.9% at the time of writing) and the Polish and Romanian currencies were relatively unchanged. In other news from the region, the FY2022 economic results of the banking sector (after tax) in Cyprus, announced on Friday by the Central Bank, were the most robust since at least 2017, with profits reaching €178.07mn, against losses of €70.6mn in 2021. Furthermore, the NPLs ratio stood at end-Dec-22 to 9.5%, 1.5ppts lower than a year ago.

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