

# GLOBAL & REGIONAL DAILY

March 28, 2023

## Global markets

Risk sentiment improved on easing concerns over a wider financial crisis, following a report over the weekend suggesting that US authorities are considering the expansion of the emergency lending facility, the Bank Term Funding Program. Asian bourses ended modestly higher today, taking their cue from Wall Street's gains overnight and the USD lost some ground allowing the EUR/USD to revisit levels above 1.08, also affected by the German March Ifo business confidence index which rose more than expected, to 93.3. Sovereign bonds on both sides of the Atlantic came under pressure with respective yields moving further above last week's lows, as positive investor sentiment led to an upward reassessment in the expected policy rate trajectory of major Central Banks. Fed futures are now assigning a 53% chance of a 25bps rate hike in May, while markets also price in a higher terminal ECB deposit rate at 3.37% by September.

## Greece

According to ELSTAT, the overall material costs index in the construction of new residential buildings posted an annual increase of 10.1% in Feb-23, from 9.0% in Feb-22. The respective annual changes in the material groups with the highest weights in the overall index, were as follows: cement, mortars and ready mixed concrete 9.5% (5.3% in Feb-22), timber and builders' carpentry 9.6% (6.5% in Feb-22), basic metals 11.3% (13.7% in Feb-22) and plumbing, heating and drainage equipment and supplies 8.5% (7.8% in Feb-22). These developments contributed positively to the rise in the prices of new apartments by 12.1% in Q4 2022, from 11.4% in Q4 2021. In other data releases, according to the Bank of Greece, travel receipts increased to €224.2mn in Jan-23 from €130.5mn in Jan-22 (71.9%), whereas inbound traveller flows rose to 635.5k from 341.4k in Jan-22 (86.1%).

## CESEE

Concerns about a financial contagion in Europe moderated, as reflected in some of the most important equity markets of the CESEE region yesterday which ended higher, e.g., the BET index in Bucharest (+0.9% from Friday's close) and the WIG index in Poland (+0.85%). On the other hand, most local currencies lost ground against the euro, especially the Hungarian forint (-0.5% against Friday) and the Romanian leu. Signs of continuing rebound this morning in the regional equity markets, as the BUX index opened 0.6% higher than yesterday's close. Today, the National Bank of Hungary meets for the first time since the start of the recent turbulence in global financial markets, with market surveys suggesting the central bank to keep rates unchanged and adopt a hawkish tone, due to the forint's return to the 400 EUR/HUF level, despite the fact that the peak in inflation is considered passed and the recent improvement in the current account deficit.

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