

# GLOBAL & REGIONAL DAILY

March 29, 2023

## Global markets

Risk sentiment continued to improve on easing concerns over a wider financial crisis, with Asian equity markets posting decent gains today. Positive risk sentiment was also evident in fixed income markets which remained under pressure. Short-dated US sovereign bonds underperformed, with the yield curve undertaking some further bear-flattening. The 2-yr yield was standing slightly above 4.00% at the time of writing, up around 50bps from last week's lows but still down about 100bps from the levels of 8 March, just before the onset of banking stresses in the US and Europe. Risk-on mode was also reflected in fed funds futures which now point to an implied rate for year-end at 4.32%, indicating 60bps of rate easing by December compared to 70bps earlier this week and over 90bps last Friday. In FX markets, the USD retained a negative tone, with the EUR/USD rising further towards last week's 1.0930 post-FOMC high, in spite of the higher-than-expected increase in the US Conference Board consumer confidence index to 104.3 in March.

## Greece

Prime Minister Kyriakos Mitsotakis announced yesterday that the 2023 legislative election will be held on May 21st. If this election results in a hung parliament –which seems quite likely given the latest polls and hardening party lines– a fresh election is to be held on July 2nd under a different, semi-proportional system favoring the largest party. On the macro front, non-financial private sector deposits decreased by 0.8%MoM in Feb-23 according to data released by the Bank of Greece, which can be explained by a largely seasonal drop of 3.5%MoM in corporate deposits. Nevertheless, the deposit balance of the non-financial private sector stood 3.7% higher compared to Feb-22. Despite retreating by 0.2%MoM, credit to the non-financial private sector (adjusted for write-offs, reclassifications, and FX fluctuations) increased by 4.4%YoY, resuming an uninterrupted upward streak of annual increases that began in Apr-20.

## CESEE

In line with market expectations, the National Bank of Hungary kept the policy rate at 13.0% and the overnight deposit and lending rate at 12.5% and 25% respectively. Today, the National Bank of Czechia (CNB) picks up the torch, and is also expected to keep the key policy rate unchanged at 7.0% based on the monthly survey of the CNB among analysts. In view of a rather lightweight calendar for the remainder of the week, we pick out the 2023 GDP forecasts of S&P for two of the CEE3, Hungary and Poland, as tabulated in the emerging markets economic outlook released yesterday, which stand at 0.3% and 0.9% and bode well with those of the EC in February (0.1% for Hungary and 0.7% for Poland). Staying on regional news for rating agencies, Fitch Ratings affirmed Romania's sovereign credit rating, at BBB- but revised its outlook to stable from negative, grounding the improvement, inter alia, on stabilising public debt, gradual fiscal consolidation, and greater political stability.

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