ISSN: 2241-4851

Eurobank Research

EUROBANK

GLOBAL & REGIONAL DAILY

March 30, 2023

Global markets

Risk sentiment continued to steadily recover yesterday, though Asian equity markets ended slightly in negative territory today, and sovereign bonds yields are trading largely within a narrow range, suggesting that recent market volatility has likely abated, at least for the time being. Against this backdrop, the implied fed funds rate for the Fed's December meeting rose to 4.33%, and the expected terminal ECB deposit rate is now priced at 3.33% in September. In FX markets, the EUR/USD was little changed on the day, as the common currency failed to capitalize much on ECB Chief Economist Lane's comments that the recent turmoil in the financial sector is expected to "settle down" and "more hikes will be needed" to contain inflation. Meanwhile, improving risk appetite has dented the JPY's safe-haven appeal, allowing the USD/JPY to rebound, testing levels near 132.90, with the DXY index continuing to trade above 102.50 ahead of today's US jobless claims, in spite of the global equity markets' improved performance.

Greece

The total building activity, measured by the issued building permits, increased on an annual basis by 16.1% in Dec-22 (15.9% in the private sector and 1.9% in the public sector). The respective increase for the 12-month period of Jan-22 to Dec-22 was 5.0% (4.6% in the private and 2.4% in the public sector). Among the 10 basic sectors of economic activity, construction recorded the highest rebound in terms of real GVA in 2022 (26.0%). In other news, following the issuance of a 10-year EUR 3.5bn Greek Government Bond in Jan-23, the Public Debt Management Agency taped the markets yesterday, issuing a 5-year EUR 2.5bn Greek Government Bond at a yield of 3.919%. Regarding the type distribution of investors, banks / private banks and fund managers dominated with shares of 44% and 36% respectively, followed by hedge funds (6%), insurance / pension funds (6%), central banks / official institutions (3%) and others (5%).

CESEE

In line with the monthly survey of the National Bank of Czechia (CNB) among analysts, the CNB board left the policy rate unchanged at 7%. Retaining a hawkish tone in its policy statement, the board said outright that market expectations about interest rates having peaked may not materialise, given that upside risks to the inflation outlook are still considered as high. This monetary policy stance is reflected in the votes of the board, with 6 in favour of stable rates, and one for a 25bp hike. On regional news from rating agencies, Moody's retained an A2 credit rating for Poland, with stable outlook, despite heightened exposure to geopolitical risks that are likely to remain elevated for some time. The rating agency said that Poland's rating was resilient to higher inflation, slower growth, increased fiscal spending, higher government financing costs and currency volatility, as well as the contentious relationship with the EU.

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