ISSN: 2241-4851

Eurobank Research

EUROBANK

GLOBAL & REGIONAL DAILY

March 31, 2023

Global markets

Equity markets continued to recover, with Asian equity markets closing mostly higher, and US futures pointing to further gains, ahead of today's US PCE data for February and the final University of Michigan estimate for March. Meanwhile, yesterday's stronger than expected Germany's inflation data for March reinforced expectations of a further increase in the Eurozone's core CPI, due for release later today, leading to an upward reassessment in the ECB's expected policy rate trajectory. Market pricing of the ECB's terminal deposit rate rose to 3.56% for the November meeting, while the chance of a rate cut by the end of the year dropped below 10%. Against this backdrop, the German yield curve bear-flattened, with the 2-yr Schatz yield rising further to a new two-week high close to 2.81% earlier today In FX markets, the EUR gained broadly, briefly testing levels slightly above 1.09 against the USD and coming within distance from last week's post-FOMC peak of 1.0930, favored by the tightening in the US/Bund yield spread differential.

Greece

For the first time since Oct-22, the Economic Sentiment Indicator (ESI) posted a monthly decrease in Mar-23. Specifically, it decreased to 106.8 (vs. 99.3 in the Euro Area) from 107.6 in Feb-23 (vs. 99.6 in the Euro Area). The subindices (confidence indicators) that led to this result was those in industry and in consumers. On the contrary, the confidence indicator in construction improved steeply for the second month in a row to 18.6 from 8.1 in Feb-23 and -23.8 in Jan-23. Regarding the whole Q1 2023 period, the ESI posted a 4-month high, improving to 106.8 from 101.5 in Q4 2022. With the exemption of services, all the other subindices increased in Q1 2023. Given that the quarterly change of the ESI is highly and positively correlated with the annual real GDP growth, the above results – ceteris paribus – are a good sign for the performance of the economy in Q1 2023.

CESEE

On the flipside of the economic sentiment in the EU and the EA which slightly receded in March compared to February, regional sentiment appeared slightly improved apart from a couple of peers whose sentiment followed the trend in the developed part of the continent. In detail, based on the business and consumer survey results released yesterday by the EC, the modest improvement in the ESI extended from the core CEE3 to two of the three Baltics, also covering Bulgaria and Serbia with the index retreating in Croatia. In other news, following the recent improvement of Romania's sovereign credit outlook from negative to stable by Fitch Ratings, the Romanian Treasury raised yesterday RON331mn by selling bonds maturing in Jan-202. The auction, facilitated by the Romanian Central Bank, was considered successful as offered bids oversubscribed almost threefold the issued amount, pushing downwards the average yield to 7.29% from 7.59% in an identical placement earlier this month.

Contributing Authors:

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr

Dr.Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Maria Kasola
Research Economist
mkasola@eurobank.gr

Research Team

Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706

Dr. Dimitris Exadaktylos
Economic Analyst
v-dexadaktylos@eurobank.gr
+ 30 214 40 63 449

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 214 40 63 456

Maria Kasola
Research Economist
mkasola@eurobank.gr
+ 30 214 40 63 453

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 214 40 63 455

Dr. Theodoros Rapanos
Research Economist
trapanos@eurobank.gr
+ 30 214 40 59 711

Dr. Theodoros Stamatiou
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708

Michail Vassileiadis
Research Economist
mvassileiadis@eurobank.gr
+ 30 214 40 59 709

More available research at: https://www.eurobank.gr/en/group/economic-research
Subscribe electronically at: https://www.eurobank.gr/el/omilos/oikonomikes-analuseis/forma-ekdilosis-endiaferontos
Follow us on twitter: https://twitter.com/Eurobank_Group
Follow us on LinkedIn: https://www.linkedin.com/company/eurobank