

GLOBAL & REGIONAL DAILY

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Global markets

USTs came under pressure early today, with the short end of the curve underperforming, in reaction to hawkish comments from Fed Governor Waller, suggesting that “it is appropriate to reduce the overall number of rate cuts or push them further into the future in response to the recent data”. On the flip side, Bunds retained a positive tone following slightly weaker than expected Spanish March inflation data and dovish remarks by ECB official Piero Cipollone, with the 10-yr UST/Bund yield spread widening further to a near six-week high of 191.7bps. In FX, the USD firmed, as reflected in the DXY index which rose slightly above 104.50. Also affected by thinner market conditions as Easter is drawing nearer, the EUR/USD moved below 1.08 and the USD/JPY recovered to levels around 151.40 after falling near 151 yesterday amid concerns about imminent intervention in the FX market by Japanese authorities following the announcement of an unscheduled tri-party meeting with the BoJ, MoF, and FSA to discuss recent market developments.

Greece

ELSTAT released data on the funding of health expenditure in Greece for the year 2022. According to the relevant data, the total funding for health expenditure as a percentage of GDP, dropped to 8.5%, from 9.2% in 2021 and 9.5% in 2020. However, in absolute values, total funding recorded a lower increase of 5.4% (to €17.6bn) in 2022 compared to 2021 (+6.1%, to €16.7bn) and that has also been the case for public funding which increased by 5.0% (to €10.9bn), i.e., 1.6ppts lower than 2021 (+6.6%, to €10.4bn). Also, private funding reported a higher rise of 5.7% (to €6.6bn) compared to 2021 (+5.3%, to €6.3bn). In other news, Eurostat released data on the average hourly labour cost in industry, construction, and services (except public administration, defense, compulsory social security) for the year 2023 which includes compensation of employees and taxes but not subsidies. In 2023 the average hourly labour cost rose by 6.8% to €15.7 following a lower increase of 5.8% in 2022 (€14.7) and 0.7% in 2021 (€13.9).

CESEE

The economic sentiment indicator in the region aligned with that in the EU and the EA in March. It widely improved compared to February. The improvement of the index extended from some of the Baltics, though modestly, to Bulgaria and Romania, also covering the core CEE3, namely Poland, Czechia and Hungary. The increase was remarkable in Croatia with the ESI coming in at 112.7 which is a 12-month high and rather close to the highest print spotted since 2000 at 113.7 in January 2020. On the hard data front, credit growth in Bulgaria held firm in February, accelerating by 12.1%YoY compared to 11.3%YoY in January with growth apparent in both corporate and retail segments. On the same footing, in Romania, nominal growth of domestic credit accelerated to 10.3%YoY in February from 8.0%YoY in January with credit expansion picking up among households and cooling down in the corporate segment.

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