

GLOBAL & REGIONAL DAILY

April 23, 2024

Global markets

Risk assets retained a positive tone today on market optimism that a meaningful escalation in geopolitical tensions in the Middle East will be avoided. Ahead of the April flash PMIs from major economies today and quarterly earnings reports from a number of US tech giants this week, Asian equities continued to advance, tracking yesterday's gains in major stock indices around the globe. Fixed income markets were also firmer on both sides of the Atlantic supported by lower oil prices which reinforced rate easing expectations. Bunds fared relatively better than their US counterparts favored by fresh dovish comments from ECB officials, while, turning to peripheral EGBs, Italy outperformed with the 10-yr BTP/Bund yield spread narrowing to 132bps, mainly as a reaction to the unchanged sovereign credit rating from S&P that was announced late on Friday. In FX markets, the USD remained broadly firm, with the DXY index continuing to consolidate above 106, not far from the peak of 106.52 recorded last week.

Greece

According to ELSTAT's 1st Notification on fiscal data published yesterday, the overall fiscal balance was at -9.8%, -7.0%, -2.5% and -1.6% of GDP in 2020, 2021, 2022 and 2023 respectively. The primary balance was at -6.8%, -4.5%, 0.0% and 1.9% of GDP in 2020, 2021, 2022 and 2023 respectively. Thus, both the overall and primary fiscal balances in 2023 were significantly improved compared to the respective 2024 Budget targets of -2.1% and 1.1% of GDP respectively. The general government debt was at 207.0%, 195.0%, 172.7% and 161.9% of GDP in 2020, 2021, 2022 and 2023 respectively. According to the non-financial quarterly accounts released yesterday by ELSTAT, the general government posted a primary surplus of €1.5bn (0.7% of GDP) in Q4 2023, from a surplus of €1.3bn (0.6% of GDP) in Q4 2022. At the end of Q4 2023, the general government debt stood at €356.7bn (161.9% of GDP).

CESEE

The release of fiscal data in the region continues with Hungary talking the torch from Czechia last week. The budget deficit of the general government, excluding municipalities, reached HUF2,321.4bn and widened by 11.1%YoY in Q1 based on data from the budget execution. The deficit was unchanged compared to the preliminary estimate published earlier this month, representing 92.3% of the deficit target for the full year. However, the government has already announced its intention over a 2024 budget revision due to the worse-than-expected outturn last year and the underperformance of the economy. Central government debt amounted to HUF54,316.1bn at the end of March and increased by 1.1%MoM, according to data by the State Debt Management Agency. Debt spiked in nominal terms on the back of the monthly budget deficits as well as the forex bond placement earlier in January. Forint-denominated debt accounted for the larger 70.1% share of the total debt and rose by 1.0%MoM as of end-March.

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