Financial Markets… Greece’s troika of international lenders—the International Monetary Fund, the European Commission, and the European Central Bank—have interrupted a quarterly review of Athens’ compliance with its bailout program on Wednesday, delaying disbursement of a €2.8 billion of aid loans for the country due this month. Officials from the troika said “significant progress has been made but a few issues remain outstanding” and they will return in April to complete the review.

European stocks advanced on Thursday, with the benchmark Stoxx 600 Index climbing 0.7% to its highest level since June 2008, as robust U.S. retail sales along with better-than-expected jobs data bolstered confidence in the global economic recovery. Germany’s DAX index rose 0.8% to its highest levels in more than 4 years, while France’s CAC 40 index gained 0.6%.

Developing-country equities fell for a 4th day, with the benchmark MSCI Emerging Market Index extending this week’s loss to 1.8%, as shares in Philippines and Indonesia tumbled on valuations concerns. The Philippine PSEI Index fell 1.2% to the lowest closing since March 4, the biggest losses among Asian benchmark indices, while Indonesia’s Jakarta Composite Index dropped 1% after reaching a record high on March 8.

High-income Economies… In the US, the four-week moving average of initial jobless claims fell to its lowest level in 5 years to 346,750 for the week ending March 9, suggesting that the recovery in labor markets is gaining traction. This was the 3rd consecutive week that initial claims had dropped, and follows recent data showing that unemployment rates had fallen to a 4-year low of 7.7% in February.

Final estimates for Japan’s manufacturing production revised monthly output growth for January down to 0.3% (m/m sa) from 1.0%. Despite this, on a 3m/3m basis, data show a marked recovery from the end of last year: output rose by 0.15% (3m/3m saar, vs initially estimated 1.0%) in January, following declines of 18.3% and 7.1% in November and December respectively.

Spanish retail sales fell 10.2% (y/y) in January from a year earlier, after dropping a revised 11.4% a month earlier. Retail sales last grew in June 2010.

Greece’s jobless rate rose to a record 26% in Q4 2012 from 24.8% in Q3 reflecting the depth of recession that the economy is mired in. For the under-25 age group, unemployment was 57.8% and for women was 29.7% compared to 23.3% for men.
Developing Economies...East Asia and Pacific: The Philippines central bank kept its key policy rates unchanged, but lowered rates on the deposit facility by 50bp. The overnight borrowing rate was kept at 3.5% while the overnight lending rate remained at 5.5%.

Europe and Central Asia: Croatia’s inflation eased to 4.9% (y/y) in February, slower than 5.2% growth recorded in January. Largest drivers of inflation were increased costs of housing and utilities as well as food prices.

Latin America and the Caribbean: Brazil’s retail sales recovered slightly in January to 5.9% (y/y), up from 5.0% in December. Sales of office equipment, computers and electronic gadgets led month-on-month gains in January, climbing 18.5%. Supermarket sales, which carry the heaviest weighting in the retail survey, rose 1.4% from December.

Sub-Saharan Africa: Rwanda’s inflation eased to 4.8% (y/y) in February 2013 from 5.7% in January. Main drivers were increases in housing, utilities and energy prices. Core/underlying inflation inched up slightly to 5.1% (y/y) in February, an 11-month high, from 4.9% in the previous month.

Recent issues and other current analysis is also available on the Prospects blog.

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