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On March 14th, Greece's latest €173bn bailout package was finally signed off by all eurozone countries. Following the package's approval, €39.4bn will be released by the European Union (EU). This disbursement is vital for the recapitalization of the Greek banking sector, which was significantly hurt by the debt restructuring that took place the previous week. The €39.4bn payment is part of €145bn in aid to come from the EU. On March 15th, The International Monetary Fund (IMF), also approved its part of an additional €28bn in aid.

The successful signing off of the bailout package has been received with optimism, albeit cautious, by the media, markets and European officials. Jean-Claude Juncker, the chair of Eurogroup, called this bailout a 'unique opportunity' for Greece, while Mario Draghi, the president of the European Central Bank, spoke of 'continued signs of stabilisation in the euro area economy'.

The agreement of all eurozone countries came after Greece saw the biggest sovereign debt restructuring in history, on March 8th. With an overwhelming participation close to 95%, the Greek bond swap with private creditors was deemed successful and, thus, cleared the way for the final approval of the new bailout.

The high participation was made possible through the CACs (Collective Action Clauses), which ensured that the bond swap offer was binding for all holders. The success of the bond swap was a necessary step for Greece to reach its target debt burden of 120% of GDP in 2020 (from 160% now). In fact, Reuters reportedly obtained a confidential EU/IMF report saying that Greek debt could be as low as 116.5% of GDP in 2020, and 88% in 2030.

Meanwhile, in light of the debt restructuring, Fitch Ratings raised Greece's credit rating four noches to a B-. This shift moved Greek bonds out of the default category, although their current level is still considered to be equivalent to 'junk'. While the new rating does not imply that the threats posed by financial and political uncertainty are eradicated, it is a sign Greece is moving towards the right direction. The upgrade was the first the country has been given from Fitch since 2003.

As the risk of a disorderly Greek default seems to have been successfully contained, everyone's focus is now shifting to Greek politics. The impending election has generated concerns among many creditors who fear reforms will not be given sufficient priority and attention. While Greece has been given the time and funds, structural reforms are necessary to take advantage of this leeway offered. The likeliest election outcome will be a coalition made of parties supporting reform. In the meantime, all eyes will remain on fluid political developments and their effects on Greece's future.