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Global markets

Risk sentiment remained positive earlier today, with several major equity markets poised for their biggest weekly rise in a year on growing speculation that major central banks' current hiking cycle has come to an end. Weak US data released yesterday also supported this view, as initial jobless claims for the week ending October 28 unexpectedly rose to 217k from 212k and continuing jobless claims reached 1.818mn, the highest level since April, indicating signs of a slowdown in the labour market ahead of today's non-farm payrolls report for October. Long-dated USTs extended post-FOMC gains, with the 10yr yield standing at around 4.67% earlier today, after moving below 4.70% yesterday for the first time since 16 October. Meanwhile, the BoE maintained the Bank Rate at 5.25% yesterday, as expected. In reaction, gilt yields declined with the 2yr gilt yield marking a session low at 4.66% yesterday, the lowest level since June, before rising close to 4.72% earlier today, remaining though well below recent highs.

Greece

The weighted average interest rate on new loans receded to 6.15% in Sep-23 (-20bps MoM) after having increased by 14bps in Aug-23, according to data released by the Bank of Greece yesterday. This easing was driven primarily by falling lending rates in corporate loans exceeding €1mn (-35bps MoM) and in consumer loans (-79bps MoM); interest rates in other type of loans remained nearly flat or posted small increases. On the other side of the ledger, the weighted average interest rate on new deposits increased slightly by 4bps, due to a 24bps hike in the weighted average rate on new time deposits and smaller hikes in other deposit type rates. As a result, the spread between the weighted average interest rates on new loans and new time deposits declined by 44bps MoM, retreating to 14-month low. New time deposit inflows amounted to €9.3bn, bringing the Jan-23 to Sep-23 aggregate to a 6-year high of €92.5bn (+57.2%YoY).

CESEE

The Central Bank of Czechia (CNB) decided yesterday to leave the KPR unchanged at 7.0%. The decision was a close call as market participants were split between a holding stance and a 25bps cut. While Tuesday's disappointing Q3 GDP flash estimate at -0.6%YoY/-0.3%QoQ backed further expectations over a monetary loosening decision yesterday, the MPC held fire and reiterated on a hawkish tone that inflation risks remain tilted to the upside. Despite the rapid disinflation process at play since January when headline inflation stood at 17.5%YoY and landed in September to 6.9%YoY, recent forecasts form the CNB point to persistent core inflation which is expected to remain above 3.0%YoY in 2024, from 5.0%YoY in September. Passing to soft data, in Poland the manufacturing PMI came in at 44.5, beating only slightly market consensus at 44.4 and remaining below the 50-point benchmark since May 2022. On the flipside, in Hungary, it moved back to 50.5, signalling expansion after 4 months of coming in below the '50' bar.

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