

GLOBAL & REGIONAL DAILY

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Global markets

Bonds resumed their rally yesterday as markets determined that comments by several central bank speakers were on balance dovish, strengthening the narrative that a pivot is coming towards easing rates. The yields on 10-yr USTs closed 8bps lower at 4.57%, reversing Monday's increase, which came after they had fallen 36bps in three days. In the UK, the yield on 10-yr gilts fell 11bps to 4.2% earlier today, on dovish comments by the BoE's chief economist, while Germany's 10-yr Bunds yields fell 8bps to 2.66%. EGBs were also boosted by weak data out of Germany, as industrial production contracted by a more-than-expected 1.4%MoM in September and October's construction PMI dropped to 38.3 from 39.3. Meanwhile, inflation fears were also eased by the drop in oil, with Brent crude closing 4.2% lower to \$81.6/bbl yesterday – its first close below the \$84.6/bbl level from the day before the October 7 attack on Israel. Bond markets retained a positive tone earlier today, ahead of Fed Chair Powell's comments at a conference later today.

Greece

Merchandise exports posted a value of €4.2bn in Sep-23, registering an annual drop of 11.2%, from a rise of 27.0% in Sep-22, based on data released by ELSTAT yesterday. The category of goods excluding oil products and ships had the highest contribution to that result (7.7ppts), followed by oil products (3.6ppts). In the debit side of the accounts, merchandise imports stood at €6.9bn in Sep-23, posting an annual decrease of 17.6%, from a strong increase of 42.4% in Sep-22. The category of oil products had the highest contribution to that result (13.2ppts), followed by the category of products excluding oil and ships (4.4ppts). The trade balance registered a deficit of €2.7bn in Sep-23, improved on an annual basis by €0.9bn (25.9%). In the 9-month period from Jan-23 to Sep-23, the trade deficit (€22.8bn) was lower compared to the respective period of 2022 by €5.0bn (18.1%), nevertheless it stood higher compared to the respective period of 2021 by €5.9bn (35.2%).

CESEE

Following Czechia's GDP contraction by 0.6%YoY/0.3%QoQ in Q3, the decrease of retail sales by 4%YoY in September compared to the 2.8%YoY fall in August underlined the loss of steam in households spending during the said quarter. Arrhythmias are also evident elsewhere in the region coming from the supply side as calendar-adjusted industrial output in Hungary declined by 5.8%YoY in September, deteriorating further compared to the 5.2%YoY contraction in August, marking the second worst reading since the start of 2023. Turning to market developments, Romania sold on Monday LEI797.5mn or EUR160.5mn worth of treasury bonds maturing on April 28 2031 according to data released yesterday by the Central bank of the country. The average yield came in at 6.83%, compared to 7.18% achieved at the previous identical auction of government securities held in October while demand for the securities was also stronger relatively to the previous auction.

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