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Global markets

Market fears about an escalation of Middle East tensions prevail, pushing gold prices higher to a near three-month high of $1,948/oz earlier today, while oil prices continued to trade close to recent highs after Iran's foreign minister called for oil embargo on Israel. However, in spite of increased geopolitical uncertainty, global sovereign bonds continued to sell off sharply. USTs remained among hardest hit amid increased expectations for higher Fed rates for longer, as reflected on OIS forward rates which point to a higher implied rate for the December 2024 meeting at 4.83% due to the surprising resilience of the US economic activity. Elsewhere, risk-off sentiment prevailed amid rising tensions in the Middle East and higher UST yields, while safe-haven currencies remained well supported. The EUR/CHF plunged to a fresh year-to-date low of 0.9447 yesterday before recovering modestly to levels around 0.9470 earlier today, while the DXY USD index was also firmer ahead of Fed Chair Powell's speech at the Economic Club in NY later today.

Greece

ELSTAT released yesterday its revised national account estimates for years 2019–2022. Real GDP growth rates in 2020 and 2022 were revised downwards to -9.3% and 5.6% respectively, from earlier estimates of -9.0% and 5.9%, mainly due to revisions of final consumption expenditure and the residual component of changes in inventories. The growth rate of private consumption (which accounts for nearly 70% of the Greek GDP) was re-estimated at 7.4% in 2022, down from 7.8%, while that of government consumption was re-calculated at 2.1%, from -1.6% formerly, following the incorporation of a Eurostat guidance regarding the recording of last year's energy subsidies. The 2021 growth rate remained unchanged at 8.4%. On the debt front, the Public Debt Management Agency tapped the markets yesterday for a ninth time this year with the reopening of a 5-year bond for €150mn and a 10-year bond for €250mn; the yields closed at 3.85% and 4.34%, up from 3.30% and 4.01% in the previous similar auctions in Jul-23 and Sep-23 respectively.

CESEE

In Cyprus, the HICP inflation remained on an upward trend for a second consecutive month in September, accelerating to a six-month high of 4.3%YoY, against 3.1%YoY in August. However, the monthly rise was marginal, +0.2%, the slowest in the last eight months, after a 1.1% increase in August. The acceleration on a yearly basis came mainly from a reverse of the falling trend in transport (+2.6%YoY vs. -2.9%YoY in August) and housing – utility prices (+0.3%YoY against -2.0%YoY), on account of rebounding energy prices, but also from surging inflation in recreation and cultural activities (+3.6%YoY against +2.2%YoY). The YtD average annual rate stands at 4.4%YoY, almost half that a year ago (8.1%YoY). In other news from Cyprus, tourist arrivals grew in September slightly faster than in August, by 17.9%YoY against 15.2%YoY. The September print implies a Q3 average annual increase of 15.4%, milder than in Q2 (+24.9%), which is expected to weigh on tourism revenues.

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