

# GLOBAL & REGIONAL DAILY

August 24, 2023

## Global markets

Based on the latest Flash PMIs, Eurozone business activity contracted further and more than expected in August, with the composite index falling to 47.0 from 48.6 in July, marking a 33-month low, driven by the services sector. The respective index came in below expectations both in Germany and France, with the former one standing at 44.7 from July's 48.5, the lowest level since May 2020, and the latter coming in at 46.6, matching July's 32-month low. In the US, the flash composite PMI fell by 1.6pts to 50.4 in August, with declines in both sectors (manufacturing PMI -2.0pts to 47.0, services PMI -1.3pts to 51.0). In reaction to the weak PMI data, government bond yields declined on both sides of the Atlantic, with the 10yr Bund yield falling to a two-week low of 2.45% earlier today and the 10yr UST yield dropping further from Tuesday's 16-year high of 4.37%, standing at 4.20% earlier today.

## Greece

Travel receipts (i.e., revenue from incoming non-residents to Greece) posted a historical high in H1 2023, reaching €6.2bn, according to the Bank of Greece. This is 23.9% higher compared to H1 2022, and 14.1% higher compared to the respective period in 2019, the best year so far for the tourist industry in Greece and worldwide. Average spending per visitor in H1 2023 fell to €594 (-2.2%YoY) but remained higher by 6.6% compared to H1 2019. The majority of travel receipts came from EU travelers (54.4%), especially German (18.4%) and French (7.4%) residents. From third-country travelers, the largest groups in terms of revenue were the UK (13.9%) and the US (8.5%) residents. Incoming travelers were up by 26.0%YoY (+7.0% vs H1 2019), with the majority being German residents (15.5%), followed by UK (12.9%) and French (6.4%) residents.

## CESEE

In Bulgaria, the outstanding of bank loans to the private sector rose by 10.3%YoY in nominal terms as of end-July, easing by a tad compared to the monthly increase of 10.9%YoY in both June and May, based on data released yesterday by the Central Bank of the country. In real terms, the stock of loans rose by 1.6%YoY, marking the third monthly increase in a row following a 16-month route of contraction dated back in January 2022. Corporate lending growth eased to 7.3%YoY but the retail loan portfolio expanded by a steady 14.0%YoY. The quality of the total loan portfolio may have deteriorated slightly in monthly terms but the relative share of nonperforming and restructured loans remained stable at 5.9%, standing around these levels since March 2023. In Serbia, credit growth inched down to 0.2%YoY in July from 0.3%YoY in June, on the back of a steeper slowdown in the lending to households.

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