

# GLOBAL & REGIONAL DAILY

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## Global markets

US 10-yr Treasury yields are again pushing close to the 5% mark after weak demand at an auction of 5-yr notes raised concern about the large supply of new USTs soon to hit the market. The yield has risen 14bps since Tuesday's close to reach 4.97% – steepening the curve as the yield on 2-yr USTs barely rose more than a basis point to 5.12%. The auction accelerated a sell-off amid expectations that the US will release a strong Q3-2023 GDP print later today – while in Europe, the ECB's Governing Council meets in Athens today and is expected to keep rates on hold. There's a growing consensus that the ECB has reached the end of its hiking cycle as the economy slows down, with market implied probabilities showing an 86% chance of a first rate cut by June 2024. The divergence in sentiment has also strengthened the USD, as reflected by the DXY index, which rose for a third day today, gaining 1.23% since Monday.

## Greece

According to data released by the Bank of Greece yesterday, the domestic deposits of the non-financial private sector (NFPS) increased by 1.4%MoM in Sep-23 (+€2.56bn), reaching €188.3bn, their highest level since Apr-11. Their composition continued shifting further in favor of time deposits (+3.6%/+€1.63bn MoM), maintaining a trend observed since Q3 2022. Having grown by 62.1%YoY, time deposits accounted for 25.0% of all NFPS deposits in Sep-23, from just 16% a year earlier. Credit to the non-financial private sector (adjusted for write-offs, reclassifications, and FX fluctuations) posted a robust monthly growth of 2.2% (+€2.3bn) in Sep-23, driven almost exclusively by credit to NFCs (+3.6%/+€2.2bn MoM). As a result, and despite a surge in early repayments this year, corporate loans recorded an adjusted growth of 1.6%YtD (+€1.1bn). On the flipside, lending to households remained almost flat in Sep-23, close to its twenty-year low (-1.7%/-€0.65bn YtD).

## CESEE

Recent data from the National Bank of Bulgaria indicate a 10.2%YoY nominal increase of the outstanding stock of bank loans to the private sector in September, picking up from a 9.7%YoY increase in August. In real terms, the increase is calculated to 3.9%YoY, taking into account the 6.3%YoY inflation print for the same month, leading to a fifth increase in a row, after a prolonged streak of contraction going back to January 2022. On the national accounts front, the National Statistical Institute stepped into an upward revision of the FY2022 GDP growth reading by 0.5ppt, bringing it to 3.9% from 3.4% previously. The revision points to more moderate consumption and stronger gross capital formation, related, though primarily, with inventories. Data for the first two quarters of 2023 were also updated resulting to a H1 average growth rate of 2.05%YoY from 1.95%YoY previously. Given the small difference in the figures, the official growth forecast of the Ministry of Finance for FY2023 remains unchanged at 1.8%.

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