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Global markets

Reinforcing inflation-related concerns, oil prices resumed their uptrend yesterday, with Brent crude extending gains to a fresh year-to-date high of $97.7/bbl earlier today amid mounting supply woes following a larger than expected drop in US crude inventories last week. Currencies sensitive to oil prices outperformed their G10 currency peers, including the CAD, even against a broadly firmer USD, as reflected in the DXY index which was hovering in early European trade close to yesterday's session peak of 106.8, the highest level since late November 2022. The EUR/USD hit a new year-to-date low of 1.0486 yesterday, although it is trading slightly above 1.05 earlier today, while the USD/JPY approached 150 before pulling back close to 149 in early European trade amid concerns about potential FX interview by the Japanese authorities. Meanwhile, the sovereign bond sell-off continued, with the 10-yr Bund yield marking a fresh post-2011 high of 2.875% earlier today, while the respective UST yield was standing close to yesterday's peak at 4.64%.

Greece

The deposits of the non-financial private sector (NFPS) at domestic MFIs increased marginally by 0.2%MoM (+€0.30bn) and by 4.4%YoY (+€7.75bn) in Aug-23, according to BoG data released yesterday. Credit to the NFPS, adjusted for write-offs, reclassifications, and FX fluctuations, posted a monthly decrease of 0.4% (-€0.38bn), landing nevertheless marginally higher (+0.4% or +€0.37bn) compared to Jul-22. On other data, Greece recorded the second largest annual growth rate in nights spent at tourist accommodation establishments in 2022 (+79.7%), significantly higher than the EU27 average of +50.1%, according to data cited in a Eurostat news article published on the occasion of World Tourism Day. Foreign residents accounted for 84% of these stays, the fifth largest share in the EU27. In the period from Jan-23 to Jul-23 nights spent were up by 13.6%YoY, with the share of non-residents remaining roughly unchanged (83.6%).

CESEE

According to the EBRD Regional Economic Prospects (REP) report released yesterday, the economic outlook for 2023-2024 in the countries of the CESEE region remains subdued, despite an expected improvement in the second half of 2023. Low growth in advanced European economies continues weighing on economic activity in the CESEE countries. However, growth in H2-2023 is expected to be stronger than the weak outturns in its first half, as real wages and consumer confidence recover on falling inflation, and public investment is boosted by EU funds inflows. Furthermore, better than expected tourism season provides a boost to growth in tourism-dependent economies. EBRD now expects growth in central Europe and the Baltic states to average 0.5% in 2023 and pick up to 2.5% in 2024, a rate unchanged and 0.4ppts revised downwards, respectively, relative to the previous REP report. In the south-eastern EU, growth of 2% is expected in 2023, and of 2.8% in 2024, 0.3 and 0.2ppts lower, respectively, than previously projected.

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