

GLOBAL & REGIONAL DAILY

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Global markets

Yesterday's key news came from the policy panel at the ECB Forum on Central Banking in Sintra, with Fed Chair Powell, ECB President Lagarde, BoJ Governor Ueda and BoE Governor Bailey brought all together. An important comment came from Fed Chair Powell who said that "although policy is restrictive, it may not be restrictive enough and it has not been restrictive for long enough", adding that he would not take the possibility of consecutive hikes off the table. ECB President Lagarde reiterated earlier messages saying that the ECB will "very likely" hike in July if its baseline stands, while future decisions will be mostly data dependent. On the data front, ahead of tomorrow's Eurozone HICP data release for June, preliminary estimates for Italian HICP came in at 6.7%YoY in June, down from 8.0%YoY in May, the lowest level since April 2022. Spain HICP inflation decelerated to 1.6%YoY in June from 2.9%YoY in May, the lowest level since March 2021. Later today, respective figures for Germany are due.

Greece

Deposits of the non-financial private sector (NFPS) at domestic MFIs in May-23 increased by 0.3%MoM (+€0.55bn) and by 4.8%YoY (+€8.3bn), according to BoG data. The trend of shifting to-wards time deposits observed since the end of last year continued, with their share climbing to 23.3% of NFPS deposits in May-23, from 16.4% in Nov-22. Credit to the NFPS, adjusted for write-offs, reclassifications, and FX fluctuations, posted a monthly decrease of 0.4% (-€0.44bn), yet increased by 2.7% (€2.76bn) on an annual basis. In other news on the banking sector, three Greek lenders proceeded with early repayments of around €12.5bn of TLTRO-III funds to the ECB yesterday, bringing TLTRO-III holdings of the four systemically significant Greek banks down to €15.4bn, an amount they should be able to cover comfortably, according to a report by Fitch Ratings earlier this week. Note that their combined liquidity coverage ratio at end-2022 stood at 202% vs 161% in the euro area, according to the ECB.

CESEE

In Cyprus, credit contraction continued in May for the sixth consecutive month, at the same pace as in April, by 1.3%YoY, the strongest fall in the last 2.5 years, against a 0.7%YoY average decrease in the January-March period. The heightened fall in the last two months came from both the stronger contraction towards non-financial businesses, by ca 3.2%YoY, against 2.5%YoY in the January-March period, as well as the milder credit expansion to households, by 1.5%YoY in April-May against 2.1%YoY earlier in 2023. In Poland, the Ministry of Finance sold yesterday PLN7.3bn of Treasury bonds. The value of the titles sold at the main auction reached PLN7.0bn and were offered in five series of T-bonds on demand of PLN8.7bn, giving a bid/cover ratio of 1.24, down from 1.75 at the previous auction held on Jun 16. Another PLN341mn in three series of T-bonds were also offered at a supplemental auction. The bonds yield ranged between 5.61-5.80%, against 5.89-6.06% in the previous auction held earlier in June.

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