ISSN: 2241-4851

Eurobank Research

EUROBANK

GLOBAL & REGIONAL DAILY

August 29, 2023

Global markets

With investors waiting for today's US JOLT report ahead of the non-farm payrolls survey on Friday, UST yields were lower on the day, with the short-end of the curve outperforming, supported by yesterday's solid $45bn 2yr and $46bn 5yr auctions. Taking their cue from USTs, Bunds were also firmer today, though to a lesser extent, following hawkish comments by ECB Governing Council Member Holzman who supported the case of higher interest rates at the upcoming policy meeting on September 14, without the central banking taking a pause in the absence of large surprises in incoming data. Meanwhile, Asian equity markets ended mostly higher today and futures point to a positive opening in Wall Street, as Chinese authorities' announcement of a package of measures on Sunday to support the stock market continued to have an impact. In FX markets, the DXY USD index moved further lower earlier today, though still not far from last week's fresh highs, with the EUR/USD continuing to face difficulties in reapproaching the 1.09 area.

Greece

Non-financial private sector (NFPS) deposits at domestic MFIs receded by 0.2% (-€0.37bn) in Jul-23 compared to their Mar-23 level, remaining nevertheless 4.2% higher than their Jul-22 level. Time deposits, however, resumed their uninterrupted upward trend for an eighth consecutive month, increasing by 1.5% (€0.68bn) monthly and by an impressive 54.3% (€15.77bn) annually, following the higher interest rates applying to deposits with agreed maturity. Credit to the NFPS (adjusted for write-offs, reclassifications, and FX fluctuations) was lower by 1.3%MoM in Jul-23, with both credit to non-financial corporations (NFCs) and credit to households decreasing, at rates of 1.9%MoM and 0.2%MoM respectively, largely a result of a streak of early loan repayments. On an annual basis, NFPS credit remained marginally in positive territory (+0.7%) on the back of the hefty credit expansion towards NFCs in the past 12 months, especially in late 2022.

CESEE

In the aftermath of the signals delivered in the last couple days from both the Fed Chair Jerome Powel and the ECB Governing Council member Robert Holzmann that interest rates increases are not yet off the table as inflation remains undefeated, key regional currencies came under mild pressure yesterday, having partially recovered in today's markets opening. Namely, the Polish zloty slid against the euro by 0.1%, the Czech koruna by 0.4% and the Hungarian forint by 0.3% yesterday compared to Friday's closing. On the flipside with the two aforementioned major central banks, the central bank of Hungary is anticipated to proceed with an additional 100bps rate cut today, taking the one-day deposit rate to 14%, according to a Reuters poll. Note also that ahead of Moody's credit rating revision for Hungary this Friday, Fitch Ratings affirmed the Czech Republic's long-term foreign currency rating at AA one week earlier, keeping the outlook negative.

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