

GLOBAL & REGIONAL DAILY

HIGHLIGHTS

October 27, 2021

Global Markets

US equities continued to advance overnight, with both the S&P 500 and the DJIA hitting new record highs, while the Nasdaq ended short of its all-time high set on 30 September, favored by further positive corporate earnings results and a string of firm US data. The CB consumer confidence index rose to a higher-than-expected 113.8 in October supported by improving labor market conditions, Richmond Fed Manufacturing index rose to a higher-than-anticipated 12 in October, while new home sales surged to a six-month high seasonally adjusted annual rate of 800k units. Bucking the positive tone in Wall Street, Asian bourses ended mostly lower earlier today amid renewed concerns about China's real estate sector. UST and Bund yield curves flattened and major currency pairs remained stuck within recent tight trading ranges.

Greece

According to the latest Bank of Greece bank lending survey, in Q3-2021 the overall demand for loans to non-financial corporations (NFCs) remained almost unchanged, but is expected to pick up slightly in the next quarter, especially to small and medium-sized enterprises. With regard to households, the overall demand for housing loans remained almost unchanged but the demand for consumer loans increased somewhat compared to Q2-2021. This development is attributed to the improvement in consumer confidence and rising spending on durable goods. On Covid-19, new cases rose to 4,165 yesterday amid almost 385K tests, bringing the positivity rate to 1.1%, while patients in ICUs reached 380, recoding the highest daily increase (+26) for several months.

CESEE

CYPRUS: The volume of non-performing exposures (NPEs) decreased further by €8mn in July after decreasing by €147mn in June, bringing the stock of NPEs to €4.98bn. At the same time, loan exposures expanded by €137mn, so that the NPEs ratio declined to 17.4% in July compared to 17.6% in June and down from 17.9% in March. The coverage ratio stood at 47.0% in July 2021 against 52.7% in July 2020. Recall that according to the EBA conservative definition, a restructured NPE is still classified as an NPE for a probation period of at least 12 months, even if it is properly serviced without incurring new arrears. As a result, a large fraction of the restructured loans are still classified as NPEs (€2.383mn out of €4.133mn in July 2021).

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