

GLOBAL & REGIONAL DAILY

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Global markets

Risk-on sentiment prevailed earlier today amid growing expectations that several major central banks could start slowing the pace of rate tightening in the coming months after the BoC delivered a smaller-than-expected 50bps rate hike yesterday. Meanwhile, UST yields retained most of yesterday's hefty gains as investors attempt to price in a Fed pivot to a less hawkish stance next year, and Bund yields were slightly up from yesterday's fresh lows ahead of the ECB policy meeting later today, with investors fully pricing in a further 75bps rate hike. In FX markets, the USD extended recent losses ahead of today's US Q3 GDP advance estimate, which is expected to show a sharp rebound, driven by a narrowing trade balance amid falling imports, after a 1.1% annualized decline in H1. Against this backdrop, the EUR/USD moved above parity for the first time since mid-September, while the GBP/USD briefly exceeded 1.16, even though UK Prime Minister Sunak decided to delay the UK's medium-term budget from 31 October to 17 November.

Greece

According to the non-financial sector accounts of ELSTAT, households' disposable income increased on annual basis by €0.5 bn (1.7%) in Q2 2022 from €1.5 bn (4.9%) in Q1 2022. To a large extent, the expansion of the balance of primary income, i.e., compensation of employees, property income and operating surplus and mixed income, by €2.4 bn (7.2%) was counterbalanced by the increase of the current taxes on income, wealth, etc. and social contributions by €1.0 bn (27.3%) and €1.2 bn (18.4%) respectively. Consumption smoothing proved to be very strong in Q2 2022. Despite the double-digit annual inflation rate (10.4% in Q2 2022 based on the HICP), households' final consumption expenditure remained robust, printing an annual increase of €6.3 bn (20.1%) in Q2 2022 from €6.8 bn (25.6%) in Q1 2022. As a result, households' saving rate dropped to -14.2% in Q2 2022 from -7.9% in Q1 2022.

CESEE

In Cyprus, credit expansion on an annual basis decelerated in September, to 1.4% from 1.9% in August. The credit expansion rate towards non-financial businesses halved, to 1.3% YoY from 2.7% YoY in August, whereas it stood unchanged towards households (+2.6% YoY in September, +2.5% YoY in August). Credit contraction to general government continued at a slower pace, by 12.8% YoY from August's 13.9% YoY. During the January-September period, average credit expansion to the non-monetary and non-financial sector stood at 2.2% YoY. Regarding trends in deposits, their increase slightly accelerated in September to 0.6% YoY from 0.4% YoY a month ago. Deposits of both non-financial businesses and households rose by 2.5% on an annual basis (from 2.8% and 2.0% in August respectively), but general government deposits shrunk by 8.2% YoY. The YtD average rate of increase of deposits stands at 2.6%.

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