

GLOBAL & REGIONAL DAILY

November 29, 2022

Global markets

Risk sentiment tentatively improved on rumors that recent protests in major Chinese cities might prompt an earlier loosening in zero-Covid restrictions. Against this backdrop, oil prices gained, with Brent crude oil marking a session peak of \$86/bbl earlier today after dropping to \$80.60 yesterday, not too far from January's year-to-date low near \$77/bbl. Meanwhile, long-dated US Treasuries gave back part of yesterday's risk-off induced gains following fresh hawkish comments by FOMC policymakers over a higher fed funds terminal rate, while German Bunds were firmer on the day, in spite of ECB President Christine Lagarde's comments on the possibility inflation may not have peaked yet, as it seems that there is a deep divide within the GC on whether to proceed with another 75bp rate increase or to slow the pace of tightening to 50bps at the upcoming mid-December meeting. In FX markets, the DXY USD index was a tad firmer today, hovering slightly above 106 after testing a key support level of 105.38 yesterday, though still remained well below recent highs, ahead of today's US CB consumer confidence for November.

Greece

Despite receding by 0.4%MoM in Oct-22, non-financial private sector deposits at domestic MFIs stood 6.9% higher than their Oct-21 level, according to data released yesterday by the Bank of Greece. This monthly decrease was driven by a 1.7%MoM drop in the deposits of non-financial corporations (NFCs), with household deposits increasing marginally compared to Sep-22. Credit to the non-financial private sector also posted a decline (-0.8%MoM adjusted for write-offs, reclassifications, and FX fluctuations) for the first time since Jan-22. Year-to-October though, adjusted growth was positive, at 3.4%, mainly as a result of a robust increase in credit to NFCs (+7.8%). Regarding private building activity, the number of new permits issued in Aug-22 increased by 11.7%YoY and by 8.2% on a 12-month rolling basis, according to ELSTAT.

CESEE

In Cyprus, credit expansion on an annual basis decelerated further in October, to 0.9% from 1.4% in September, the lowest rate so far in 2022. The weakening came mainly from the trend of credit towards non-financial businesses, which increased only by 0.3%YoY, a 21-month low, whereas credit expansion towards households continued at a pace similar to the average since the beginning of 2022 (+2.5%YoY in October, YtD +2.5%YoY). Credit to general government contracted by 12.8%YoY for a second consecutive month. During the January-October 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 October, to 0.9%YoY from 0.6%YoY a month ago, mainly due to deposits of non-financial businesses, which rose by 4.0%YoY (from 2.5%YoY in September), whereas the acceleration in the deposits of households was moderate (from 2.5%YoY in Sep-22 to 2.8%YoY). The YtD average rate of increase of deposits stands at 2.4%.

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