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Global markets

Friday's US data release for August painted a mixed picture regarding the dynamics in employment and earnings, as non-farm payrolls rose more than expected by 187,000, but the figures for the prior two months were revised downwards by 110,000 in total. Furthermore, the unemployment rate unexpectedly rose by 0.3ppts from July to 3.8% and wage growth eased, with average earnings rising less than expected by 0.2%MoM from 0.4%MoM in July. Overall, the data releases on Friday reinforced expectations of a pause in rate hikes by the Fed, with markets pricing in only a 7.0% chance of a 25bps rate hike in the next FOMC policy meeting in September. 10yr UST yields initially fell on Friday after jobs data, but reversed later during the day closing at 4.2%, marginally up from Thursday's closure at 4.1%, following the August ISM manufacturing PMI print that came in slightly stronger than expected at 47.6, 1.2ppts up from July. US markets will be closed today for the Labor Day holiday.

Greece

The weighted average interest rate on new loans rebounded to 6.21% in Jul-23 (+39bps MoM), after having posted a decrease of 22bps in Jun-23, according to data released by the Bank of Greece. This hike was driven by rate increases in all loan categories (households: +19bps; non-financial corporations [NFCs]: +47bps; farmers, freelancers and sole proprietors: +69bps). The weighted average interest rate on new deposits increased also to 0.35% in Jul-23; on new time deposits, in particular, it increased to 2.14%, up by 24bps compared to Jun-23 (households: +4bps, NFCs: +44bps). As a result, the spread be-tween the weighted average interest rates on new loans and new time deposits widened by 15bps monthly, remaining nevertheless the third lowest of the past 12 months. New loans to the non-financial private sector amounted to €1.9bn in Jul-23, bringing the rolling 12-month disbursements to €22.7bn (+6.9%YoY).

CESEE

In Cyprus, GDP growth weakened in Q2 2023 for the fourth consecutive quarter, to 2.3%YoY against 3.2%YoY in Q1 2023. On a quarterly basis GDP declined, for the first time in the last three years, albeit slightly, by 0.4%, in contrast to the increase by 1.1% a quarter earlier. The slowdown on an annual basis is mainly due to a fall in gross capital formation by 5.1%YoY, against a steep rise of 84.2%YoY in Q1, although that increase was mostly based on acquisition of ships, which deteriorated the external balance. The decline in exports widened to 2.7%YoY from 1.9%YoY in Q1, exclusively from a fall in the goods component (-0.2%YoY), nonetheless, the external balance improved, relative also to Q2 2022, due to less imports (-3.0%YoY). On the side of growth drivers, household consumption increased further, by 4.7%YoY against 4.5%YoY in Q1 2023, on the back of weakening inflation (3.4%YoY vs. 6.5%YoY). Support from public consumption to economic activity continued, albeit slightly milder (+3.6%YoY vs. +4.3%YoY).

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