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# GLOBAL & REGIONAL DAILY

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**Global markets**

Sovereign bonds continued their rally yesterday, helped by another drop in oil prices that further fed expectations that inflationary pressures are easing. The price of Brent crude fell 2.5% to $79.54/bbl yesterday, its lowest level in four months. The yield on 10yr USTs dropped 7bps to 4.49% at yesterday's close, while the 30yr UST yield fell 11bps to 4.62%. Markets also responded positively to an auction of 10yr bonds, despite it sending mixed demand signals. EGB spreads narrowed slightly as the yield on 10yr BTPs also fell 7bps to 4.48% and 10yr Bund yields dropped 4bps to 2.62%. Bonds gave up some of those gains today, retreating slightly in early trading at the start of another day with heavy slate of speeches by central bank policy makers. That includes Fed Chair Jerome Powell, who will speak on an IMF panel on monetary policy challenges, ECB President Christine Lagarde and BoE chief economist Huw Pill. There were no significant moves in major FX markets, which mostly held their recent trading levels.

**Greece**

Amid an unfavorable international environment inducing higher funding costs, and in spite of their significant TLTRO III deleveraging (-€18.6bn or -52.5%), Greek banks' funding conditions and liquidity improved further in the first nine months of 2023, according to the November Financial Stability Report published by the Bank of Greece (BoG) yesterday. The Liquidity Coverage Ratio of the system climbed to 213.1%, significantly higher than the 161.3% average of the SSM-supervised significant institutions, and more than double the regulatory requirement of 100%, boosted by strong core profitability and improving asset quality. Nevertheless, albeit already at satisfactory levels, additional improvement is advised in terms of capital adequacy and prudential own funds quality. Moreover, a further reduction in NPLs would help banks to weather better any potential lagged effects of the recent series of ECB rate hikes. On the macro front, GDP is expected to grow by 2.4% in 2023, and inflation to de-escalate significantly.

**CESEE**

Two central banks in the region convened yesterday on monetary policy issues. In Romania, the central bank kept the policy rate unchanged for the tenth consecutive month, to 7%, despite the further deceleration of inflation in October, to 8.8%YoY, from 9.4%YoY in September and 15.5%YoY in February, a YtD high. According, to the press release accompanying the decision, the slower pace of disinflation in Q3 2023 relative to the previous two quarters averted monetary easing. In Poland, the MPC decided not to proceed to a third consecutive key rate cut after the 100bps reduction in September-October, retaining the rate at 5.75% and defying market expectations for a further 25bps cut after the October inflation reading at 6.5%YoY, a 2-year low, against 8.2%YoY in September. The hold decision was reasoned on the sharp policy rate adjustment in the previous months, but also on uncertainty about the future course of fiscal and regulatory policies and their potential impact on inflation.

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