ISSN: 2241-4851

Eurobank Research

EUROBANK

GLOBAL & REGIONAL DAILY

October 10, 2023

Global markets

UST yields opened lower after Columbus holiday yesterday on the back of market worries regarding the geopolitical tensions in the Middle East and dovish comments by Fed officials. Dallas Fed President Logan stated that "if long-term interest rates remain elevated because of higher term premiums, there may be less need to raise the fed funds rate", while Fed Vice Chair Philip Jefferson mentioned "I will remain cognizant of the tightening in financial conditions through higher bond yields and will keep that in mind as I assess the future path of policy". To this end, 10yr UST yields stood at 4.67% earlier today, down from last week's close at 4.78%. Markets are currently pricing in a 14.0% chance of a 25bps hike at the next FOMC meeting on Oct 31 - Nov 1. Oil prices jumped yesterday, with Brent crude ending at 88.15$/bbl, more than 4% higher compared to last week's close due to the geopolitical tensions, before easing to 87.33$/bbl earlier today, c. -0.9% lower on the day.

Greece

According to the press, foreign direct investment (FDI) in real estate is projected to reach a new record high in 2023, based on data from the Bank of Greece (BoG). More specifically, in H1 2023, FDI in real estate increased to €1.1bn, from €788mn in the respective period of 2022 (+39,5%). In other news, according to Fitch, a downward trajectory of the debt-to-GDP ratio based on fiscal prudence, along with an improvement in the medium-term prospects of growth due to investment and structural reforms, are keys for an upgrade of Greece's rating, now standing one notch below investment grade by Fitch, Moody's and S&P. Fitch is expected to publish its assessment on the Greek economy on December 1st 2023. Finally, on the data front, today ELSTAT is scheduled to publish the industrial production index for Aug-23 (+2.2% MoM, -1.8% YoY in Jul-23).

CESEE

Mixed indications from the dynamics in economic activity in the region based on short-term indicators. In Czechia, industrial production fell in August for the second consecutive month, albeit by a milder pace than a month earlier, by 1.7%YoY against a decline of 2.8%YoY in July, but also in contrast to a 1.1%YoY expansion in Q2 2023. The deceleration in the pace of contraction came from the lower decline in electricity-gas (to -10.4%YoY against -15.0%YoY), as well as in mining-quarrying (to -15.4%YoY from -19.5%YoY). In Hungary, a surplus of €708mn was recorded in the goods trade balance in August, exceeding the €599mn surplus in July. Both prints concerning Q3 months significantly lag the €1,042mn average monthly surplus in Q2 2023. But the annual improvement is stronger in the recent months, due to base effects, at €2.01bn against an average of €1.49bn in Q2. Last, the Bulgarian government officially requested the second due payment from the Recovery and Resilience Fund, worth BGN1.4bn, after completing 94% of the 66 related milestones.

Contributing Authors:

Dr. Dimitrios Exadaktylos
Economic Analyst
v-dexadaktylos@eurobank.gr

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr

Michail Vassileiadis
Research Economist
mvassileiaidis@eurobank.gr

Research Team

Dr. Tasos Anastasatos | Group Chief Economist
tanastasatos@eurobank.gr | + 30 214 40 59 706

Dr. Dimitrios Exadaktylos
Economic Analyst
v-dexadaktylos@eurobank.gr
+ 30 214 40 63 449

Dr. Stylianos Gogos
Research Economist
sgogos@eurobank.gr
+ 30 214 40 63 456

Maria Kasola
Research Economist
mkasola@eurobank.gr
+ 30 214 40 63 453

Paraskevi Petropoulou
Senior Economist
ppetropoulou@eurobank.gr
+ 30 214 40 63 455

Dr. Theodoros Rapanos
Research Economist
trapanos@eurobank.gr
+ 30 214 40 59 711

Symeoni – Eleni Soursou
Junior Economic Analyst
ssoursou@eurobank.gr
+ 30 214 40 65 120

Dr. Theodoros Stamatiou
Senior Economist
tstamatiou@eurobank.gr
+ 30 214 40 59 708

Michail Vassileiadis
Research Economist
mvassileiadis@eurobank.gr
+ 30 214 40 59 709

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