

GLOBAL & REGIONAL DAILY

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Global markets

Yields on most global government bonds were higher in early European trading today as diplomatic efforts have intensified to prevent an escalation of the conflict in the Middle East. The 10-yr UST yield hit a peak slightly above 4.76% earlier today, moving closer to a recent multi-year high near 4.89%. The respective Bund yield rose by 4bps, marking a multi-session intraday peak at 2.82% while in the EMU periphery, BTPs underperformed, with the 10-yr BTP-Bund yield spread rising by 2bps earlier today to levels slightly above 200bps. Risk sentiment improved in the absence of a significant escalation of the Israeli-Palestinian conflict, with Brent crude oil prices easing slightly below \$90/bbl and European natural gas prices declining to €46.90/MWh earlier today after marking a multi-month high at €56/MWh late last week. In FX markets, the USD lost some ground, though limited, as the DXY index continued to consolidate above 106 ahead of today's US retail sales and industrial production data for September.

Greece

From Jan-23 to Sep-23, the preliminary State Budget Execution data revealed an overall fiscal deficit of €0.40bn, an 85.2% improvement compared to the 9-month target for 2023. The primary fiscal balance registered a surplus of €5.98bn, exceeding the target by €3.55bn or 145.6%. State budget revenue stood at €48.28bn, which is 75.6% of the annual target, aligning with the projected figures. Notably, revenues from both the Egnatia motorway concession, amounting to €1.5bn, and the Recovery and Resilience Fund disbursement at €1.72bn, remain uncollected and are likely to be received in 2024. Nonetheless, this gap in revenue was offset by the tax revenue overperformance, which reached €44.98bn, a rise of €3.16bn or 7.5% above the target. Conversely, state budget expenditures were €48.68bn, at 67.7% of the annual estimate, marking a decrease of €2.30bn or 4.5% from the expected figure.

CESEE

In Bulgaria, inflation eased to 6.3%YoY in September, down from 7.7%YoY in the previous month, adding to the decelerating streak since October 2022 and returning to one-digit grounds since June 2023. Had it not been for the renewed increase in energy prices, the monthly headline print could have stood lower, still, coming in decreased compared to August (-0.1% vs +0.4%). Identical was the scenery in Croatia, with consumer prices increasing by 6.7%YoY in September from 7.8%YoY in August and surpassing only by a tad the flash estimate of 6.6%YoY in late September. Polish inflation kept slowing down to 8.2%YoY in September from 10.2%YoY in August, beating the 8.5% market consensus to the downside while prices decompression followed suit in monthly terms as well with CPI falling by 0.4%MoM, compared to the stand still in August. Finally, Standard & Poor's affirmed the Czech Republic's foreign-currency long-term debt rating at AA-, keeping the outlook stable.

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