

GLOBAL & REGIONAL DAILY

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Global markets

USTs remained under pressure in early European trade today, especially at the long-end of the curve, with respective yields trading close to last week's fresh multi-year highs amid increased inflation-related concerns, as reflected in the 5yr5yr inflation swap rate which rose further to a new four-month high near 2.79%. US supply and fiscal concerns may also have had an impact, while short-dated US sovereign paper has been hit relatively less on the back of increased expectations that the Fed will not hike rates further due to heightened geopolitical uncertainty. Meanwhile, the 2/10-yr yield curve steepened further earlier today, close to -12bps, its highest level since September 2022. Elsewhere, pressures on equity markets prevailed, while major currency pairs in FX markets were trading with no clear direction ahead of a busy economic agenda this week, especially in the US as it includes the first estimate of Q3 GDP on Thursday. The ECB's bank lending survey, due on Tuesday, also lures market attention ahead of Thursday's ECB policy meeting.

Greece

On Friday, October 20th, 2023, S&P Global, a leading ratings agency, elevated Greece's credit ratings to 'BBB-/A-3' from 'BB+/B', attributing it to balanced external risks and consistent primary budget surpluses. According to the agency, the recent election results are likely to ensure policy stability and deeper economic reforms. The gross public debt is projected to drop to 154.1% in 2024, from 161.9% of GDP in 2023. Persistent challenges exist and encompass potential global economic fluctuations impacting sectors such as tourism and shipping, coupled with the volatility of energy prices. Marking Greece's first investment-grade rating from one of the three major agencies in nearly 13 years, this development is set to bolster confidence in Greece's economic prospects. Among the anticipated benefits are tightened GGBs spreads, reduced private sector lending rates, and enhanced inflow of FDIs.

CESEE

In Poland, the decline in retail sales at constant prices moderated for a seventh consecutive month in September, to a YtD low of 0.3%YoY, against 2.7%YoY in August, bringing the Q3 2023 average rate to 2.3%YoY vs. 6.3%YoY in Q2 2023. Household consumption seems to benefit from the rapid inflation deceleration, from 18.4%YoY in February to 8.2%YoY in September, partially on the back of the relevant government measures, such as the freezing of power and natural gas prices, fuel price cuts and the reduction of the VAT on most food to 0% from 5%. Besides, among the retail subsectors, the improvement of sales in September relative to August was more pronounced in solid, liquid, and gaseous fuels (+7.5%YoY vs. -3.5%YoY), with pharma-cosmetics followed by pharma-cosmetics (+0.6%YoY after -2.9%YoY). In Cyprus, GDP growth in 2022 was revised downward in the second estimate, to 5.1% against an initial print of 5.6% in April. The revision came from much slower public consumption expansion, by 0.1% against 2.7% in the first estimate.

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