

# GLOBAL & REGIONAL DAILY

January 29, 2024

## Global markets

US real personal spending surprised to the upside in December, increasing by a near one-year high of 0.5%MoM, while personal income continued to grow by a solid pace, up by 0.3%MoM, and personal savings declined further, at 3.7%, 0.4ppts lower than November. Continued moderation in US inflation pressures has likely also contributed to the December gain of real personal consumption, as core PCE declined to a lower than expected 2.9%YoY. Favored by increasing evidence that US inflation is moving back closer to the Fed's target, USTs were firmer earlier today ahead of this week's Fed policy meeting which concludes on Wednesday. Meanwhile, Asian bourses ended mostly higher today as China's new support measures more than offset news about the liquidation of property giant Evergrande. The EUR/USD continued to trade below 1.0850 amid expectations of substantial ECB rate easing this year, while oil prices rose further, with Brent crude climbing above \$84/bbl for the first time so far this year on rising geopolitical tensions.

## Greece

Non-financial private sector deposits at domestic MFIs increased by 3.0% (€5.6bn) in 2023, with consumers and firms shifting from sight deposits (-6.6%/-€10.1bn) to time deposits (+48.1%/+€15.6bn) amid an inflationary environment and an increasing interest rate spread between the above products. On the other side of the ledger, despite a large flow of loan repayments (+30%YoY up to Nov-23), net credit –adjusted for write-offs, reclassifications and FX fluctuations– remained on an expansionary territory, increasing by 2.7% (+€2.9bn) on an annual basis. Similarly to the previous five years, it was corporate credit (+5.9%/+€3.8bn) that drove this increase, with net credit to households contracting by 2.0%YoY (-€0.8bn). On other data, 129K persons worked in the transport sector in 2022 (5.0% of total employment, vs 5.3% in EU27) according to Eurostat. The share of final household expenditure on transport stood at 12.9% (EU27: 12.5%), and gross investment on transport equipment comprised 1.1% of GDP, the fourth lowest share in EU27 (1.7% of GDP).

## CESEE

In Cyprus, bank credit increased in December for the first time in the last 13 months, despite lending rates at 9.5-year highs amid monetary policy tightening, as the outstanding amount of loans increased by 0.7%, after a 0.2% fall in November. The December rise came mainly from credit expansion towards other financial intermediaries, up by 7.5%YoY vs. a 1.1%YoY fall in November, as well as the weakening pace of credit contraction towards non-financial corporations to 0.7%YoY from 1.3%YoY the month before. Also in December, the expansion of deposits decelerated to an 11-month low of 0.4%YoY from 0.9%YoY a month earlier, as the trend in non-financial businesses turned negative (-0.6%YoY from +0.4%YoY in November), for the first time in almost three years (since Feb-21), and deposits of households rose by 0.7%YoY, a 3¼-year low rate. This week's calendar is heavyweight, including Q4 GDP releases in Czechia, Poland and Serbia, which will reveal the overall economic performance in 2023.

## Contributing Authors:

**Paraskevi Petropoulou**  
Senior Economist  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Dr. Theodoros Rapanos**  
Research Economist  
[trapanos@eurobank.gr](mailto:trapanos@eurobank.gr)

**Michail Vassileiadis**  
Research Economist  
[mvasileiadis@eurobank.gr](mailto:mvasileiadis@eurobank.gr)

## Research Team



**Dr. Tasos Anastasatos** | Group Chief Economist  
[tanastasatos@eurobank.gr](mailto:tanastasatos@eurobank.gr) | + 30 214 40 59 706



**Marcus Bensasson**  
 Research Economist  
[mbensasson@eurobank.gr](mailto:mbensasson@eurobank.gr)  
 + 30 214 40 65 113



**Dr. Stylianos Gogos**  
 Research Economist  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr)  
 + 30 214 40 63 456



**Maria Kasola**  
 Research Economist  
[mkasola@eurobank.gr](mailto:mkasola@eurobank.gr)  
 + 30 214 40 63 453



**Paraskevi Petropoulou**  
 Senior Economist  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)  
 + 30 214 40 63 455



**Dr. Theodoros Rapanos**  
 Research Economist  
[trapanos@eurobank.gr](mailto:trapanos@eurobank.gr)  
 + 30 214 40 59 711



**Symeoni – Eleni Soursou**  
 Junior Economic Analyst  
[ssoursou@eurobank.gr](mailto:ssoursou@eurobank.gr)  
 + 30 214 40 65 120



**Dr. Theodoros Stamatou**  
 Senior Economist  
[tstamatiou@eurobank.gr](mailto:tstamatiou@eurobank.gr)  
 + 30 214 40 59 708



**Michail Vassileiadis**  
 Research Economist  
[mvasileiadis@eurobank.gr](mailto:mvasileiadis@eurobank.gr)  
 + 30 214 40 59 709

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