

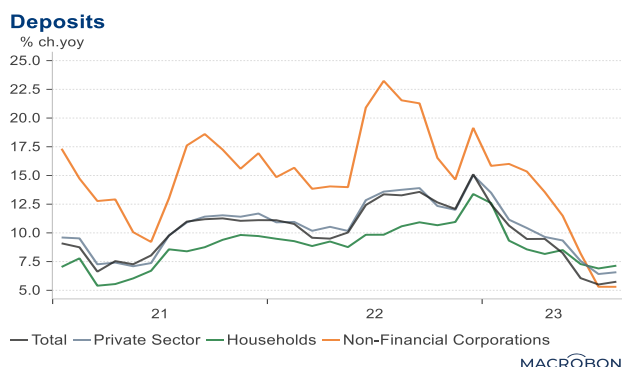
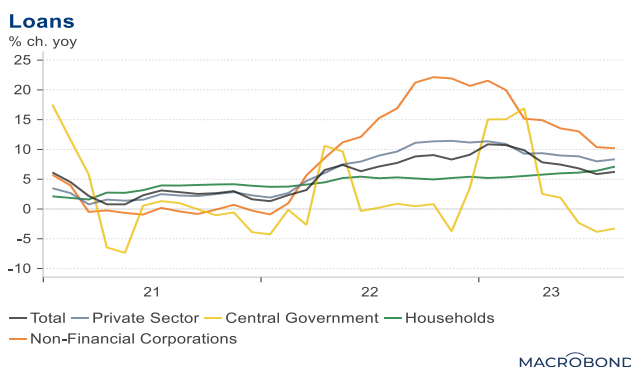
NUMBER 833, OCTOBER 9, 2023

Loan slowdown trend maintained

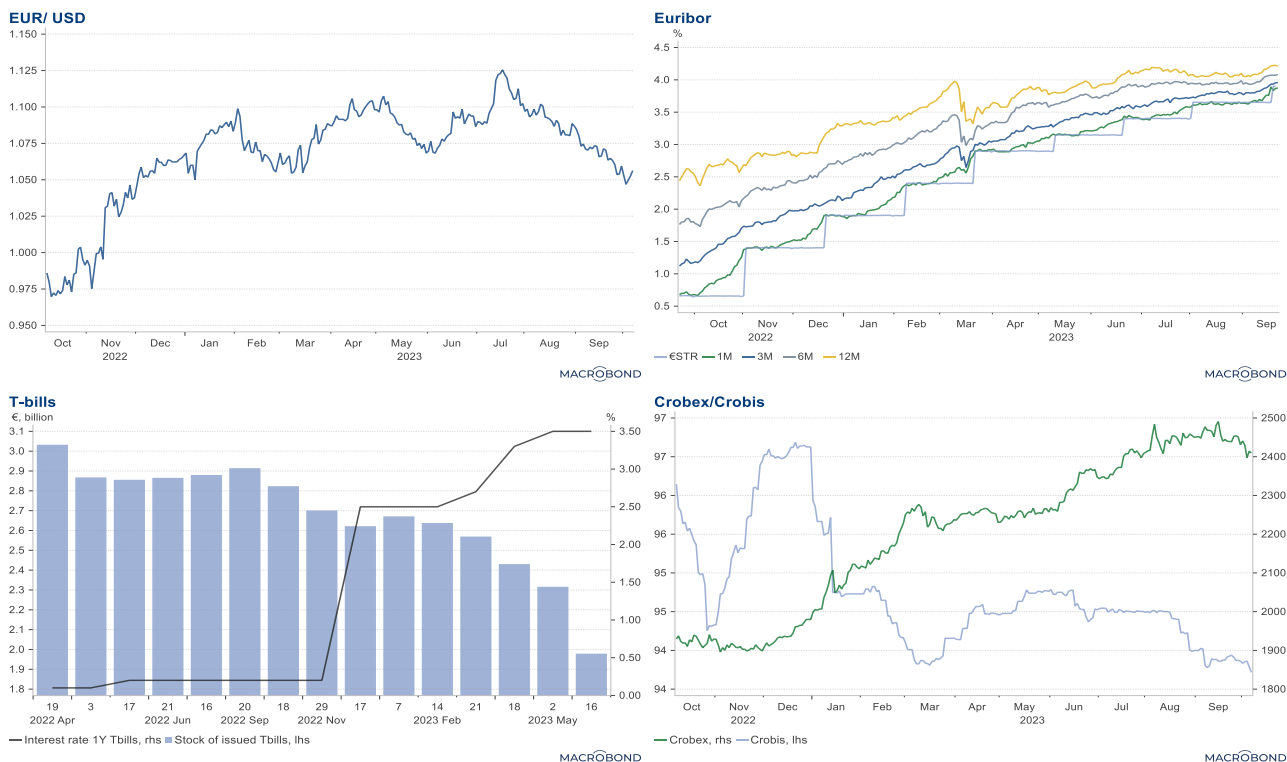
- Loan growth rate slowdown continued during previous months, primarily due to lower corporate demand. In late August total loans were up by 6.2% y-o-y, with loans to the central government down by -3.3%, while loans to the private sector increased by 8.4%. Loans to non-financial corporations increased by 10.2%, with investment loans recording a solid growth of 6.6%, loans for other purposes recording a strong growth of 26.6%, while working capital loans, after declining in the previous month, recorded an increase in August of a mild 2.1%. Data per size of the enterprises reveal that loans to small and medium-sized enterprises contracted (-0.6%, i.e., -1.3%), lending to micro enterprises is strong (8.8%), while loans to large enterprises are still growing per highest rates (25.0%). Loans to households are simultaneously strengthening (7.1%) on the wings of subsidies (housing 9.9%), but also due to a higher demand for cash loans (6.4%). For the upcoming period we predict a cool down of demand due to financing costs' increase and weakening of inflationary pressures.
- Deposit growth rate has also decreased, both due to outflow of household deposits for the purchase of government bonds early this year and due to inflation which is reducing available incomes and a high base (last year's inflows due to entry into the eurozone). Thus, in August total deposits recorded an increase of 5.7% y-o-y (private sector 6.6%). Deposits of non-financial corporations observed a recovery, i.e., m-o-m growth for the fourth consecutive month, thus making annual growth reach 5.3% (overnight -12.0%, contracted tenor 245.5%). Households recorded deposit growth of 7.1%, but unlike companies, citizens' time deposits are still decreasing y-o-y. However, the latter's m-o-m growth for the second consecutive month, not recorded for several years, is signalling that the trend may have been reversed due to interest rates' hike. We foresee further deposit growth dampening by the end of year.

Loans in August up by 6.2% y-o-y

Deposits in August rose by 5.7% y-o-y



- Dollar continued to strengthen against the euro and EUR/USD fell below 1.05 mid-week. The exchange rate was corrected by the end of the week, and Friday finished at 1.0563 dollars to the euro, down by 0.3% w-o-w.
- Euribor is still recording only mild oscillations and on Friday 3M was 4.0%, and 6M 4.1%, almost the same as previous week.
- ZSE retained its negative trend by which Crobex finished the week at 2,410 points, down by 0.9% w-o-w. All the most important sectoral indices were in the red (CROBEXindustry -0.5% at 1,556, CROBEXnutris -2.5% at 860, CROBEXtourist -5.0% at 4,013). Crobis was reduced by -0.2% to 93.7 points.



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