

UK political risk premium has eased, supporting financial assets, albeit macroeconomic headwinds for the UK remain

- The easing of political uncertainty in the United Kingdom has led to a stabilization of the British Pound. The trade-weighted Sterling Effective Exchange Rate Index has appreciated by +6.2% compared with its trough on September 28th, albeit remaining -5.5% below January 2022 levels. In addition, Gilt yields have declined across the board by 50 – 60 bps (see graph page 3).
- The significant weakening of GBP overall in 2022 has contributed to a substantial divergence in equity performance between UK companies with high global revenue exposure, which can benefit from a weaker GBP, and those with a relatively elevated domestic exposure. Indeed, FTSE100 has overperformed its domestic-oriented peers by circa 20% year-to-date (see graph below).
- In terms of valuations, the 12-month forward P/E ratio of the FTSE100, where an elevated 80% of the revenues of its constituents' stem from abroad, stands at 8.9x versus a 20-year average of 13.0x and for the FTSE 250 at 10.4x versus a 20-year average of 13.8x. Thus, despite the significant overperformance year-to-date, the current relative valuation discount (-14%) remains wide compared with the long-term average discount (-6%).
- Regarding economic activity, real GDP is estimated to have declined by -0.3% qoq (+2.2% yoy) in Q3:2022, following a +0.2% qoq increase (+4.4% yoy) in Q2:2022. The outlook could be influenced, *inter alia*, by the final fiscal decisions, with Chancellor's Autumn Statement due on November 17th. According to the IMF, UK real GDP will barely grow overall in 2023 (+0.3%), from +3.6% in 2022.
- CPI inflation in the UK stood at 10.1% yoy in September, the highest since 1982. At the same time, the pass-through of higher manufacturing costs to consumer prices appears to be still incomplete, advocating in favor of residual pipeline pressures, at least for prices of goods (+13.2% yoy in September). The outlook is uncertain given, *inter alia*, pending clarifications regarding government policies for State subsidies of energy bills. In any case, the recent stabilization of GBP has alleviated fears of additional price pressures from imported inflation.
- Investors' expectations regarding the cumulative size of monetary policy tightening going forward have declined (see graph below). The Bank of England is expected to proceed with a 75 basis points hike to the Bank Rate on November 2nd, to 3.0%. Moreover, the BoE announced Quantitative Tightening (QT) details, following the termination of the emergency gilt purchases, activated in order to combat political-induced market turbulence, from September 28th to October 14th (£19 bn cumulatively).
- Specifically, in the remainder of Q4:2022, the reduction of gilts in the Asset Purchase Facility (holdings of £838 bn or 37% of 2021 GDP), will proceed via sales. Eight auctions of £0.75 bn each (£6 bn in total), evenly distributed across the short (3-7 years) and medium (7-20 years) term maturity spectrum will take place, with the first one on November 1st. Later on, the schedule will be set on a quarterly basis (for Q1:23, announcement is planned for December 16th, 2022). The goal for a reduction in the APF stock of gilts of "around £80 bn" by September 2023 compared with September 2022, remains. Given the profile of maturing gilts, the proceedings of which will not be reinvested, total sales of c. £39 bn are implied over that period.

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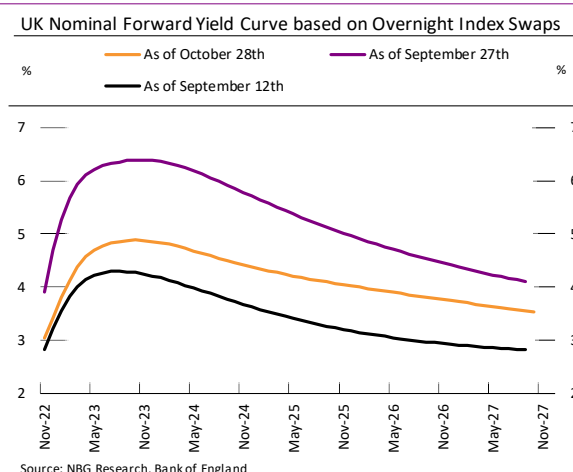
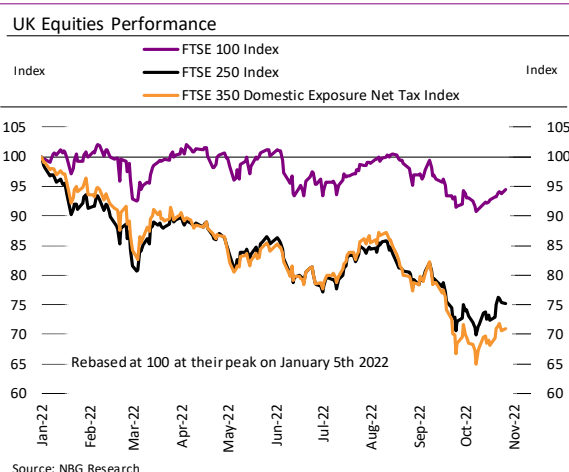
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Charts of the week



US real GDP slightly exceeded expectations in Q3:2022

- **Real GDP rose by 2.6% qoq saar in Q3:22 (+1.8% yoy), after a -0.6% qoq saar (+1.8% yoy) in the previous quarter, compared with consensus estimates for +2.4% qoq saar.** Regarding the composition of GDP growth, **personal consumption** was up by 1.4% qoq saar (+2.0% yoy) after a +2.0% qoq saar in Q2:22, contributing 1.0 pp to the headline figure. A solid increase in consumption of services (+2.8% qoq saar), more than offset a fall in purchases of goods (-1.2% qoq saar). **Business investment** rose by 3.7% qoq saar (+0.5 pps to overall GDP growth | +0.1% qoq saar in the previous quarter), with the annual pace of growth standing at +3.2% yoy. The rise was due to a sharp increase in spending on equipment (+10.8% qoq saar | +5.3% yoy) and investment in intellectual property products (+6.9% qoq saar | +8.7% yoy), whereas spending on non-residential structures fell (-15.3% qoq saar | -11.4% yoy). At the same time, **government consumption expenditures & gross investment** were up by 2.4% qoq saar (+0.4 pps | -1.6% yoy), after posting a -1.6% qoq saar in Q2:22. Meanwhile, the largest positive contribution to the headline GDP growth in Q3:22, came from **net exports** (+2.8 pps), as exports increased strongly (+14.4% qoq saar | +11.3% yoy) and imports fell (-6.9% qoq saar | +7.5% yoy). On the other hand, the downward correction for **residential investment** continued for a 6th consecutive quarter in Q3:22, down sharply, by 26.4% qoq saar (-12.7% yoy | -15.1% compared with a peak in Q1:21, now broadly matching pre-pandemic levels), posing a drag of 1.4 pps from overall GDP growth). Finally, the pace of **inventory** accumulation eased and as a result, the contribution of the respective GDP component to headline growth was negative (-0.7 pps).

Euro area bank credit standards tightened significantly across the board

- **The quarterly ECB's Bank Lending Survey for Q3:22, suggests a considerably weaker appetite of commercial banks to extend new credit, across the board,** mainly due to: i) perceptions of increased risk related to the economic outlook (ongoing slowdown, recession fears); ii) worsened risk perceptions also for industry or firm-specific situation and; iii) reduced risk tolerance. Specifically, euro area banks' credit standards (i.e. banks' internal guidelines or loan approval criteria) on loans to corporations tightened substantially in Q3:22 (+19% from +16% in Q2:22). Recall that a positive reading indicates that the fraction of banks tightening standards, is greater than those easing. The latest outcome was in line with panelists' respective expectations for Q2:22 in the previous survey round. At the same time, a relatively large net percentage of respondents (+29%), anticipate a tightening to take place also in the current quarter.
- Regarding households, euro area banks' standards also tightened substantially both for mortgage loans (+32%, the largest net share reporting a tightening since Q4:08) and for consumer credit (+21% in Q3:22).
- **Loan demand posted mixed changes according to survey panelists.** Specifically, the share of banks reporting an increase in loan demand by corporations, minus the share of banks citing a decline, was a resilient +13% in Q3:22, following a +12% in Q2:22. In a development though which bodes ill for economic prospects, the main demand driver was financing needs for working capital and inventories, mainly related to inflated production costs. On the contrary, fixed investment plans had a dampening impact, suggesting reluctance for capital formation.

Notably, banks also started to indicate a (slight) negative contribution to demand from the general level of interest rates, despite the fact that the composite cost of borrowing indicator for loans to non-financial corporations has increased only modestly to 1.86% (August 2022) compared with an all-time low of 1.36% in December 2021.

The general level of interest rates, alongside, weaker consumer confidence, were the main dampening factors for loan demand by households. Specifically, respondents predominantly reported weaker demand for housing loans in Q3:22 (a net share of 42% | an overwhelming 64% of banks on net expect a demand reduction during Q4:22, which if realized, would roughly equal the respective figures in H2:08). Recall that the composite cost of borrowing indicator for loans to households for house purchase (calculated as a weighted average of interest rates on both short-term and long-term loans) stood at 2.26% in August, from 1.31% in December 2021. On consumer credit (credit cards, overdrafts, auto loans, student loans, etc.), a net bank share of 11% reported weaker demand in Q3:22 and 17% anticipate a similar development in the current quarter.

Euro area inflation accelerated well above expectations

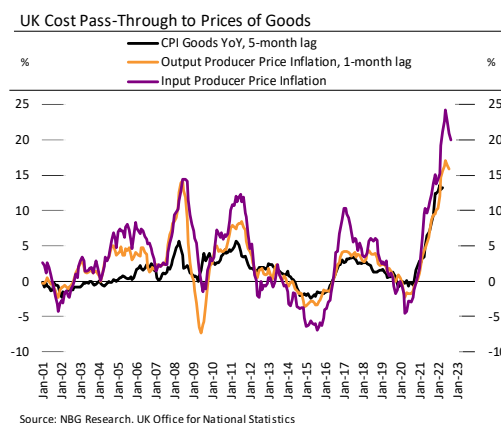
- **According to the "flash" estimate, the annual growth of CPI reached a new record (since 1997) high in October, at 10.7% from 9.9% in September, overshooting by a wide margin consensus estimates for 10.2% yoy.** Energy prices rose by 41.9% year-over-year from 40.7% in September, contributing circa 4.5 pps to the headline's year-over-year increase. At the same time, an acute momentum remained in place for the prices of food, alcohol & tobacco, leading the annual growth to 13.1%, also the highest on record, from 11.8% previously (2.75 pps contribution to headline). Finally, core inflation, which excludes the effects of energy and food components, was again strong in October, mostly due to the non-energy industrial goods component. In all, the annual growth of core CPI accelerated by 0.2 pps to 5.0% in October (3.45 pps contribution), a record high and above consensus estimates for a stable reading.

Euro area real GDP grew modestly in Q3:22

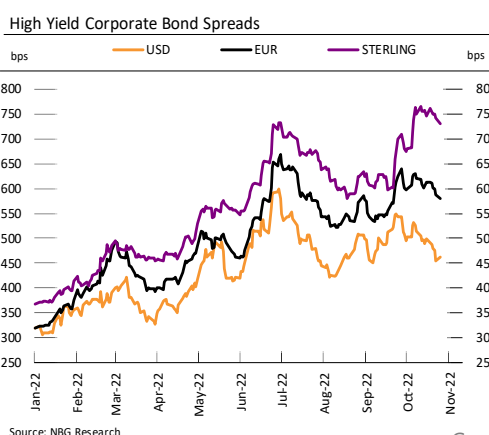
- **The 1st preliminary estimate for euro area GDP growth in Q3:22 came out at +0.2% qoq (+0.7% on an annualized basis), largely as expected and following a +0.8% qoq (+3.3% on an annualized basis) in the previous quarter.** The annual pace of growth eased to 2.1% yoy from +4.3% in Q2:22. Country-wise, Germany's GDP growth was +0.3% qoq (+1.1% yoy), France's was +0.2% qoq (+1.0% yoy), Italy's was +0.5% qoq (+2.6% yoy) and Spain's was +0.2% qoq (+3.8% yoy).

Equities

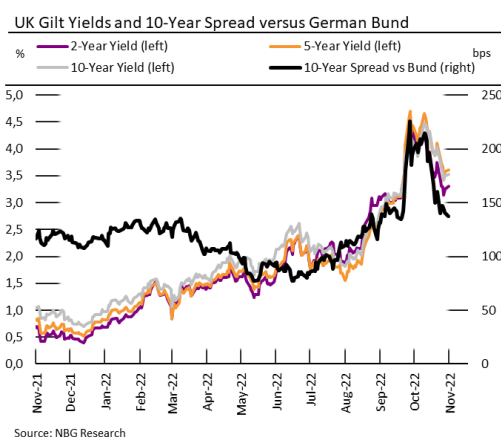
- Global equity markets advanced in the past week.** Overall, the MSCI ACWI ended the week up by +3.3% (-22% ytd), with Developed markets (+4% wow | -21% ytd) overperforming their Emerging Markets peers (-2.2% wow | -31% ytd). The S&P500 rose by 4% wow, adding to previous week gains (+9% since October 12th), following growing optimism around a deceleration in the size of Fed rate hikes after this week's meeting and despite lukewarm, so far, corporate results for Q3.
- With 53% of the S&P500 companies having reported results, **revenues growth hovers at +9.3% yoy (\$3.9 trillion), from expectations of +8.7% at the beginning of the season.** Circa 68% of the companies have exceeded estimates, slightly below the 5-year average of 69%. Companies are reporting revenues that are 1.7% above estimates (i.e. the difference between the reported revenues and the expected revenues), below the 5-year average of 1.9%. Notably, this will be the 1st quarter with a revenue growth of below 10% since Q4:2020. Looking ahead, analysts expect revenues growth of +10.4% for CY 2022. For 2023, analysts are projecting revenues growth of +3.7% for CY 2023.
- In terms of margins, the estimated net profit margin for the S&P500 for Q3:2022 is 12%, from expectations of 12.5% at the beginning of the season,** down by 20 basis points versus Q2 and by 90 basis points versus one year ago. Looking ahead, analysts expect net profit margin of 12.3% for CY 2022. For 2023, analysts are projecting net profit margin of 12.5% for CY 2023, a relatively optimistic view.
- In terms of earnings per share,** circa 72% of the companies have reported EPS above estimates (5-year average of 77%). Companies are reporting earnings that are 2.2% above estimates at the beginning of the season, standing at \$54 per share versus estimates for \$53, below the 5-year average of 8.7%, which will be the 2nd lowest surprise percentage in the past 9 years. **Overall, EPS growth hovers at +2.3% yoy Q3:2022 from expectations of +2.8% at the beginning of the season, though -4.9% yoy excluding the Energy sector.** This would mark the 2nd consecutive quarter in which the S&P500 would be reporting a year-over-year decline in earnings excluding the Energy sector (Q2:2022 EPS growth: +6.2% yoy | -4% yoy excluding the Energy sector).
- Looking ahead, analysts expect EPS growth 5.9% for CY 2022 (-0.6% excluding the Energy sector). For 2023, analysts are projecting EPS growth of +6.4% for CY 2023 (+8.7% excluding the Energy sector).** Notably, 2023 EPS projections have been revised down by 2.8% in October and by 6.4% since June 30th to \$233. In a similar vein, 2022 EPS projections have been downwardly revised by 1.2% in October and by 3.7% since June 30th to \$219.
- In the previous week, some of the mega-cap companies of the index reported results that in aggregate were weaker-than-expected,** with the exception of Apple, with significant downward stock price pressures post earnings announcements. Specifically, **Alphabet** (EPS of \$1.06 vs estimates for \$1.26) declined by -9.1% on Wednesday, while **Microsoft** (EPS of \$2.35 vs estimates for \$2.3 but with weaker-than-expected next-quarter guidance) fell by -7.7% on the same day. Notably, the two companies lost about \$280 bn in combined market value on Wednesday. **Meta** (EPS of \$1.64 vs estimates for \$1.9) lost almost a quarter of its value (-24.6% on Thursday | -71% ytd) after reporting its 4th consecutive quarter with negative EPS yoy growth and its 2nd consecutive quarter with negative sales yoy growth, with investors also concerned regarding the development and spending on Metaverse. **Amazon** (EPS of \$0.28 vs estimates for \$0.22 but with weaker-than-expected sales and forward guidance) declined by -6.8% on Friday, with its market value also briefly passing below the \$1 tn intra-day. On the contrary, **Apple** rose by 7.6% on Friday, after beating EPS estimates (\$1.29 vs \$1.27), reporting record for Revenue and EPS for the September quarter of the year, while active installed base of devices reached all-time high for all major product categories.
- In the current week, 167 S&P500 companies will report results, including Berkshire Hathaway, Pfizer, Qualcomm, AMD, Moderna, AIG and Twitter.



Graph 1.



Graph 2.



Graph 3.

Quote of the week: "Have we completed the job? Have we finished the normalization of our monetary policy as we have called it? No. There is still ground to cover.", **ECB President, C. Lagarde, October 27th 2022.**

Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	October 28th	3-month	6-month	12-month	Official Rate (%)	October 28th	3-month	6-month	12-month
Germany	2.09	2.15	2.25	2.25	Euro area	1.50	2.00	2.25	2.25
US	4.02	4.00	4.10	4.10	US	3.25	4.50	4.50	4.50
UK	3.44	4.08	3.93	3.67	UK	2.25	3.70	4.25	4.35
Japan	0.23	0.23	0.27	0.33	Japan	-0.10	-0.10	-0.10	-0.10

Currency	October 28th	3-month	6-month	12-month	October 28th	3-month	6-month	12-month	
EUR/USD	0.99	1.02	1.05	1.10	USD/JPY	148	149	141	136
EUR/GBP	0.86	0.88	0.87	0.89	GBP/USD	1.16	1.16	1.20	1.23
EUR/JPY	146	152	148	150					

Forecasts at end of period

Economic Forecasts

United States	2020a	Q1:21a	Q2:21a	Q3:21a	Q4:21a	2021a	Q1:22a	Q2:22a	Q3:22a	Q4:22f	2022f
Real GDP Growth (YoY) (1)	-2.8	1.2	12.5	5.0	5.7	5.9	3.7	1.8	1.8	0.3	1.7
Real GDP Growth (QoQ saar) (2)	-	6.3	7.0	2.7	7.0	-	-1.6	-0.6	2.6	2.6	-
Private Consumption	-3.0	10.8	12.1	3.0	3.1	8.3	1.3	2.0	1.4	2.2	2.3
Government Consumption	2.6	6.5	-3.0	-0.2	-1.0	0.6	-2.3	-1.6	2.4	0.9	-0.9
Investment	-2.3	9.7	5.8	-1.1	0.6	7.4	4.8	-5.0	-4.9	3.1	2.6
Residential	7.2	11.6	-4.9	-5.8	-1.1	10.7	-3.1	-17.8	-26.4	1.1	-3.4
Non-residential	-4.9	8.9	9.9	0.6	1.1	6.4	7.9	0.1	3.7	3.5	4.5
Inventories Contribution	-0.7	-3.0	-1.3	2.0	5.1	0.2	0.3	-2.1	-1.0	-0.3	0.6
Net Exports Contribution	-0.2	-1.3	-0.8	-1.3	-0.6	-1.7	-3.8	1.2	3.2	0.6	-1.1
Exports	-13.2	0.4	4.9	-1.1	23.5	6.1	-4.6	13.8	14.4	2.4	5.0
Imports	-9.0	7.6	7.9	6.6	18.6	14.1	18.4	2.2	-6.9	-1.7	9.1
Inflation (3)	1.2	1.9	4.9	5.4	6.7	4.7	8.0	8.7	8.3	8.1	8.3

Euro Area	2020a	Q1:21a	Q2:21a	Q3:21a	Q4:21a	2021a	Q1:22a	Q2:22a	Q3:22a	Q4:22f	2022f
Real GDP Growth (YoY)	-6.3	-0.8	14.2	3.9	4.8	5.3	5.5	4.3	2.1	0.8	3.0
Real GDP Growth (QoQ saar)	-	-0.3	8.2	9.3	2.1	-	2.4	3.3	0.7	-2.3	-
Private Consumption	-7.8	-7.5	13.9	20.2	-0.8	3.7	-0.3	4.2	0.1	-0.6	3.9
Government Consumption	1.0	-0.2	8.7	-0.7	2.7	4.3	0.9	2.4	1.2	1.0	1.9
Investment	-6.5	-9.2	7.2	-2.9	14.3	3.7	-3.1	3.0	1.7	-1.1	2.8
Inventories Contribution	-0.3	2.6	-1.9	-0.1	2.6	0.2	-0.4	-0.5	-0.2	-0.2	0.2
Net Exports Contribution	-0.5	3.4	-0.3	0.2	-3.4	1.3	3.5	0.4	-0.7	-1.8	-0.3
Exports	-9.2	3.7	10.5	8.9	10.6	10.5	6.0	6.9	4.2	-3.5	6.2
Imports	-8.7	-3.4	12.4	9.4	20.1	8.3	-0.9	6.6	6.2	0.0	7.3
Inflation	0.3	1.0	1.8	2.9	4.7	2.6	6.1	8.0	9.3	9.0	8.1

a: Actual, f: Forecasts, 1. Seasonally adjusted YoY growth rate, 2. Seasonally adjusted annualized QoQ growth rate, 3. Year-to-year average % change

12-Month View & Key Factors for Global Markets

	US	Euro Area	Japan	UK
Equity Markets	<ul style="list-style-type: none"> + Households' balance sheets are healthy + Service-oriented sectors are re-opening + Sentiment (e.g. AAII) and positioning indicators are hitting extreme lows - Peaking profit margins - Recession risks are increasing - P/Es (Valuations) still remain above l-t means, despite the recent correction <p>● Neutral/Negative</p>	<ul style="list-style-type: none"> + Still high equity risk premium relative to other regions + Still loose fiscal policy in 2022 (plus RRF) + Geopolitical uncertainty (Ukraine-Russia, natural gas) could intensify - Logistic disruptions (vaccine) and renewed lockdowns in China delay the export-led recovery <p>● Neutral</p>	<ul style="list-style-type: none"> + Still aggressive QE and "yield-curve" targeting by the BoJ + JPY depreciation @ 20Y highs (¥130) support exporters - Signs of policy fatigue regarding structural reforms and fiscal discipline - Chinese growth deceleration <p>● Neutral</p>	<ul style="list-style-type: none"> + Significant exposure to commodities + Undemanding valuations in relative terms relative to other regions - Elevated domestic policy uncertainty <p>● Neutral/Positive</p>
Government Bonds	<ul style="list-style-type: none"> + Valuations appear rich despite the 200bps increase, with term-premium @ 0% (1% for 2000-2015) + Sizeable fiscal deficit + Underlying inflation pressures under Average Inflation Targeting + Fed: End of asset purchases - Global search for yield by non-US investors (e.g. Japan, repatriation from EM Economies) continues - Safe haven demand <p>▲ Slightly higher yields expected</p>	<ul style="list-style-type: none"> + Valuations still appear excessive compared with long-term fundamentals + ECB: End of APP purchases in June 2022, interest rate hikes in H2 - Political Risks - Fragile growth outlook - ECB QE "stock" effect <p>▲ Slightly higher yields expected</p>	<ul style="list-style-type: none"> + Sizeable fiscal deficits + Restructuring efforts to be financed by fiscal policy measures - Safe haven demand - Extremely dovish central bank - Yield-targeting of 10-Year JGB at around 0% <p>● Stable yields expected</p>	<ul style="list-style-type: none"> + Inflation expectations could drift higher due to supply disruptions (persistent post Brexit, temporary due to China) + The BoE is expected to raise rates towards 2% - Slowing economic growth post-Brexit <p>▲ Slightly higher yields expected</p>
Foreign Exchange	<ul style="list-style-type: none"> + Weak global growth / Safe-haven demand status + USD interest rate differential vs peers remain significant + Aggressive Fed tightening - Global political uncertainty to decline <p>● Broadly Flat USD against G10 FX</p>	<ul style="list-style-type: none"> + Current account surplus - Still negative interest rates - Global growth risks remain to the downside <p>● Broadly Flat/Stronger EUR against the USD</p>	<ul style="list-style-type: none"> + Safe haven demand + More balanced economic growth recovery (long-term) + Inflation is bottoming out - Additional Quantitative Easing by the Bank of Japan if inflation does not approach 2% <p>▲ Slightly higher JPY</p>	<ul style="list-style-type: none"> + Valuations appear undemanding with REER below its 15-year average - Sizeable Current account deficit <p>● Broadly stable GBP expected</p>

Equity Markets (in local currency)

Developed Markets		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)	Emerging Markets		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
US	S&P 500	3901	4.0	-18.2	-15.1	19.3	MSCI Emerging Markets	52493	-2.4	-25.1	-27.2	-17.7	
Japan	NIKKEI 225	27105	0.8	-5.9	-6.0	15.7	MSCI Asia	771	-2.9	-27.9	-30.2	-23.6	
UK	FTSE 100	7048	1.1	-4.6	-2.8	26.2	China	49	-8.9	-41.5	-47.2	-52.9	
Canada	S&P/TSX	19471	3.2	-8.3	-8.1	24.9	Korea	688	2.3	-24.5	-23.8	-6.6	
Hong Kong	Hang Seng	14863	-8.3	-36.5	-41.8	-39.8	MSCI Latin America	93209	-2.1	1.0	0.2	14.3	
Euro area	EuroStoxx	393	3.7	-18.0	-16.7	17.9	Brazil	316957	-4.9	3.4	0.4	5.4	
Germany	DAX 40	13243	4.0	-16.6	-15.6	14.6	Mexico	46148	4.3	-7.5	-2.7	33.6	
France	CAC 40	6273	3.9	-12.3	-7.8	37.2	MSCI Europe	2382	1.9	-65.7	-68.1	-50.3	
Italy	FTSE/MIB	22529	4.5	-17.6	-16.2	25.9	Russia*	2168	6.1	-42.8	-48.3	-19.5	
Spain	IBEX-35	7917	4.9	-9.1	-12.3	22.3	Turkey	3953475	-3.3	90.3	132.9	203.8	

World Market Sectors (MSCI Indices)

in US Dollar terms		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)	in local currency		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
Energy		247.9	3.4	42.1	35.1	160.5	Energy		264.6	2.7	49.4	43.6	171.1
Materials		282.7	2.6	-21.5	-18.5	5.8	Materials		289.9	1.5	-15.0	-10.6	14.7
Industrials		281.7	5.9	-19.6	-19.0	9.6	Industrials		300.1	5.1	-13.5	-11.9	20.0
Consumer Discretionary		305.7	1.5	-30.7	-30.8	-5.1	Consumer Discretionary		310.7	1.0	-27.3	-26.8	1.1
Consumer Staples		257.0	5.0	-12.4	-7.7	5.9	Consumer Staples		270.5	4.1	-7.2	-1.5	12.7
Healthcare		331.1	5.0	-10.4	-7.0	17.2	Healthcare		338.2	4.6	-6.9	-2.9	22.6
Financials		124.3	4.8	-16.8	-19.6	30.5	Financials		130.7	4.1	-12.1	-14.2	37.9
IT		408.2	4.4	-28.7	-24.8	8.1	IT		403.1	4.3	-27.4	-23.2	10.8
Telecoms		68.0	-1.1	-36.3	-38.0	-16.5	Telecoms		73.4	-1.4	-34.3	-35.8	-13.2
Utilities		143.0	6.7	-12.9	-9.3	-1.3	Utilities		152.5	6.1	-8.9	-4.2	3.8

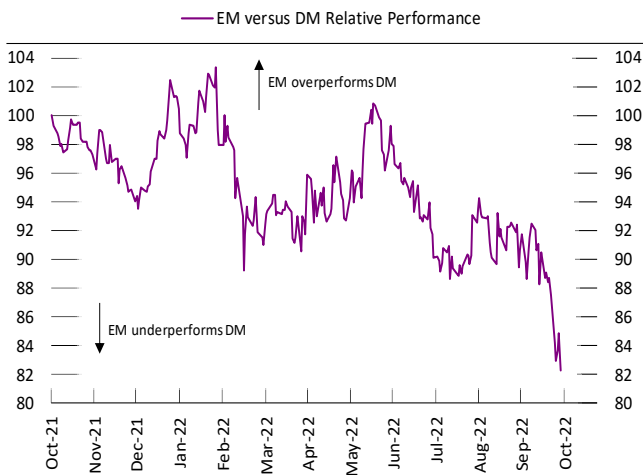
Bond Markets (%)

10-Year Government Bond Yields		Current	Last week	Year Start	One Year Back	10-year average	Government Bond Yield Spreads (in bps)		Current	Last week	Year Start	One Year Back	10-year average
US		4.02	4.22	1.51	1.56	2.11	US Treasuries 10Y/2Y		-51	-35	78	106	100
Germany		2.09	2.44	-0.18	-0.12	0.44	US Treasuries 10Y/5Y		-18	-14	25	38	50
Japan		0.23	0.25	0.07	0.09	0.20	Bunds 10Y/2Y		19	39	46	49	81
UK		3.44	4.09	0.97	1.01	1.46	Bunds 10Y/5Y		11	21	28	30	55
Greece		4.52	5.04	1.32	1.08	5.57	Corporate Bond Spreads (in bps)		Current	Last week	Year Start	One Year Back	10-year average
Ireland		2.51	2.92	0.25	0.26	1.38	EM Inv. Grade (IG)		211	205	139	139	191
Italy		4.17	4.75	1.17	1.06	2.21	EM High yield		829	848	618	668	624
Spain		3.15	3.56	0.57	0.54	1.75	US IG		166	171	98	89	133
Portugal		3.05	3.46	0.46	0.41	2.50	US High yield		454	499	310	308	449
US Mortgage Market (1. Fixed-rate Mortgage)		Current	Last week	Year Start	One Year Back	10-year average	Euro area IG		217	222	98	87	119
30-Year FRM ¹ (%)		7.16	6.94	3.31	3.30	4.11	Euro area High Yield		588	613	331	314	406
vs 30Yr Treasury (bps)		299.0	260.1	138.9	131.6	136.5							

Foreign Exchange & Commodities

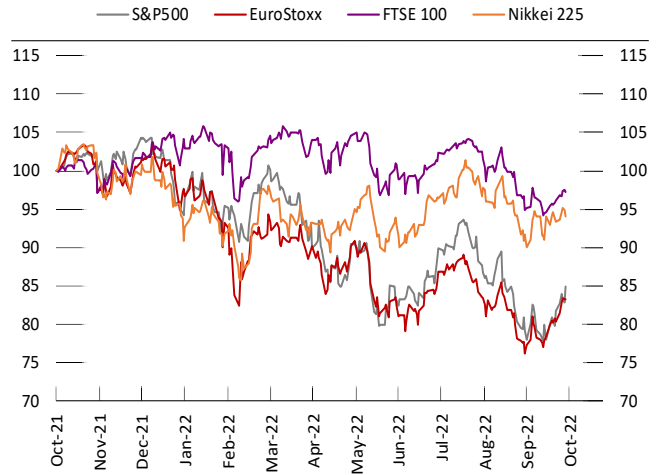
Foreign Exchange		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Commodities		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)
Euro-based cross rates							Agricultural		459	-2.2	-4.1	6.6	3.2
EUR/USD		0.99	1.6	3.3	-14.8	-12.5	Energy		320	3.6	5.0	14.1	26.6
EUR/CHF		0.99	0.7	4.9	-7.1	-4.3	West Texas Oil (\$/bbl)		88	3.4	7.0	6.1	16.9
EUR/GBP		0.86	-2.2	-4.2	1.4	2.2	Crude Brent Oil (\$/bbl)		96	2.4	7.2	13.6	23.1
EUR/JPY		146.77	-0.1	5.4	10.9	12.1	HH Natural Gas (\$/mmbtu)		5.7	27.7	-13.7	0.1	48.8
EUR/NOK		10.29	-0.9	-1.1	5.9	2.6	TTF Natural Gas (EUR/mwh)		112	-1.2	-45.8	45.7	59.6
EUR/SEK		10.91	-1.3	0.1	9.3	6.0	Industrial Metals		405	-0.3	2.7	-17.8	-18.9
EUR/AUD		1.55	0.1	4.4	0.4	-0.7	Precious Metals		2133	-0.6	-1.2	-10.0	-10.8
EUR/CAD		1.35	0.5	2.8	-6.0	-5.7	Gold (\$)		1643	-0.9	-1.0	-8.7	-9.8
USD-based cross rates							Silver (\$)		19	-0.9	1.9	-20.1	-17.0
USD/CAD		1.36	-1.0	-0.5	10.4	7.8	Baltic Dry Index		1534	-15.7	-14.7	-57.7	-30.8
USD/AUD		1.56	-1.5	1.1	17.8	13.5	Baltic Dirty Tanker Index		1823	5.0	21.8	127.9	131.9
USD/JPY		147.51	-1.7	2.0	30.1	28.1							

EM vs DM Performance in \$



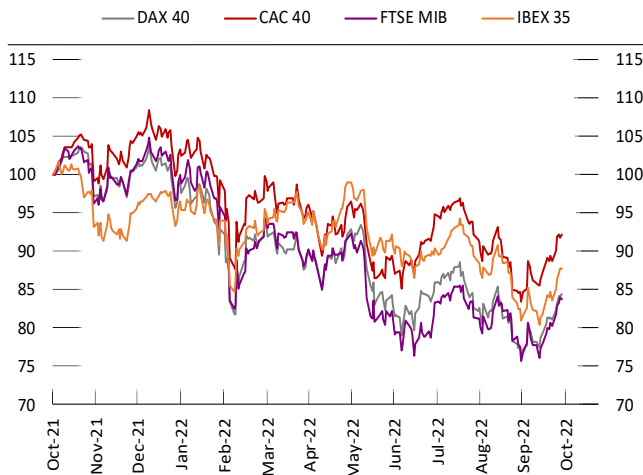
Data as of October 28th – Rebased @ 100

Equity Market Performance - G4



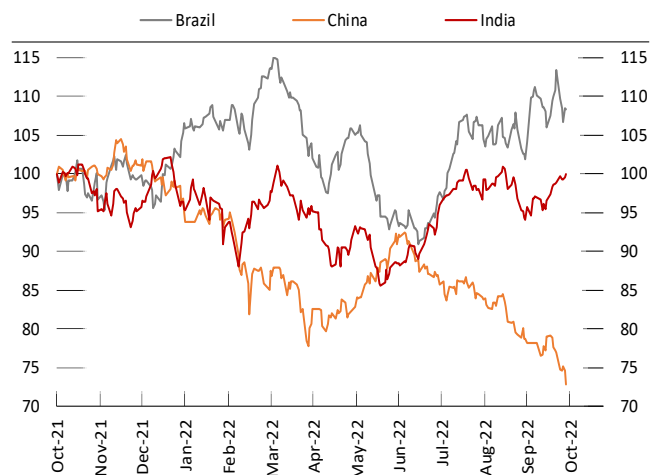
Data as of October 28th – Rebased @ 100

Equity Market Performance – Euro Area G4



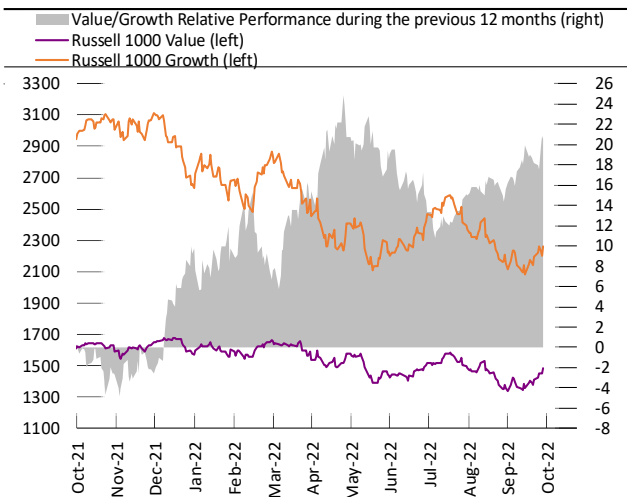
Data as of October 28th – Rebased @ 100

Equity Market Performance – Emerging Markets



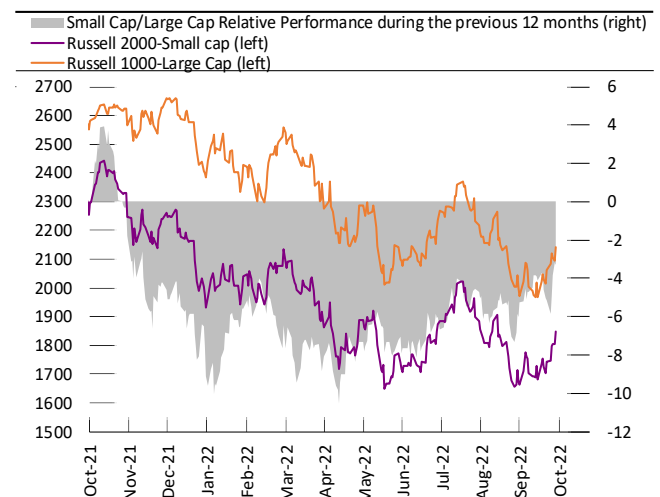
Data as of October 28th – Rebased @ 100

Russell 1000 Value & Growth Index



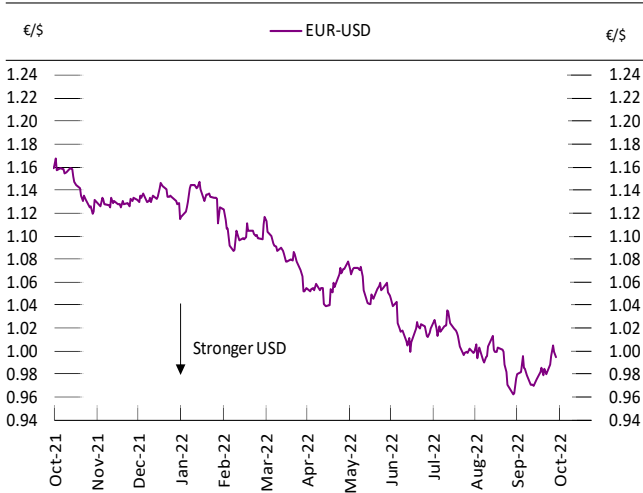
Data as of October 28th

Russell 2000 & Russell 1000 Index



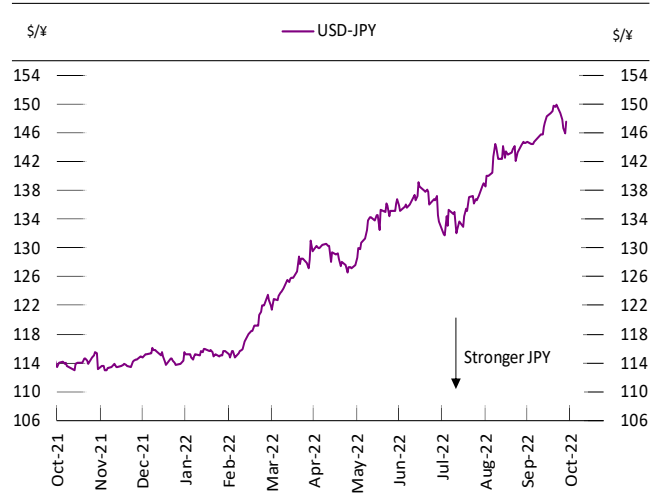
Data as of October 28th

EUR/USD



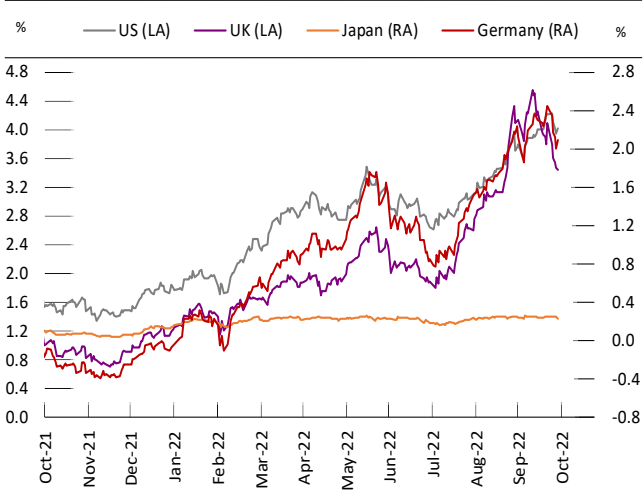
Data as of October 28th

JPY/USD



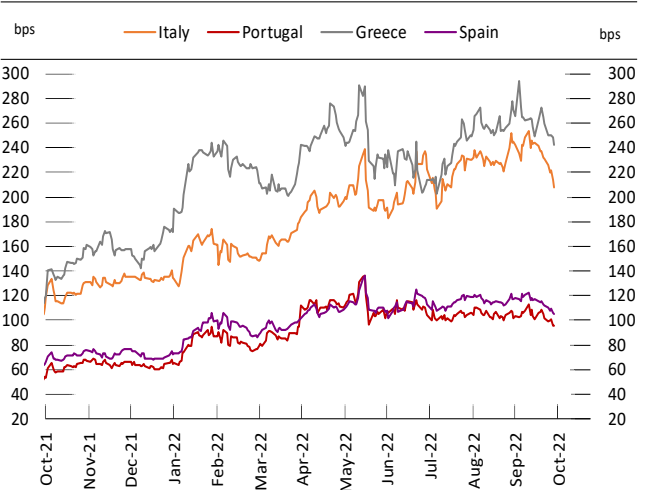
Data as of October 28th

10- Year Government Bond Yields



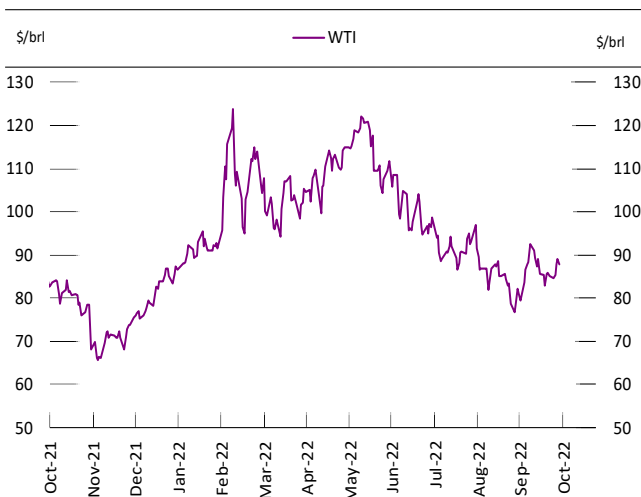
Data as of October 28th
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



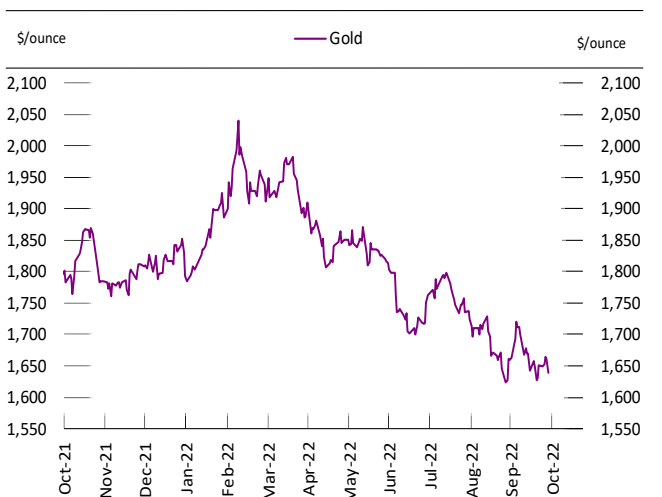
Data as of October 28th

West Texas Intermediate (\$/bbl)



Data as of October 28th

Gold (\$/ounce)



Data as of October 28th

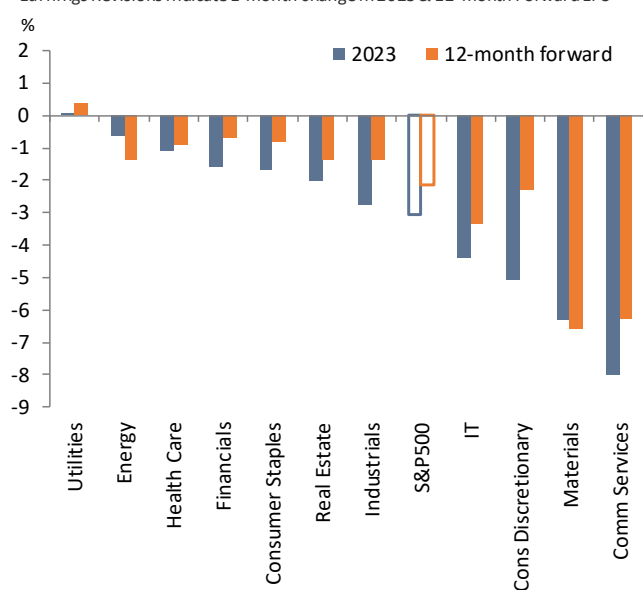
US Sectors Valuation

	Price (\$)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	28/10/22	% Weekly Change	%YTD	2022	2023	2022	2023	2022	2023	12m fwd	10Yr Avg	2022	2023	Current	10Yr Avg
S&P500	3901	4.0	-18.2	6.2	6.5	1.7	1.8	17.8	16.7	16.9	17.3	3.8	3.5	3.5	3.0
Energy	686	2.8	62.2	150.7	-12.6	3.0	2.8	8.8	10.1	9.9	19.4	2.5	2.3	2.3	1.7
Materials	470	3.3	-17.4	8.3	-9.0	2.2	2.3	13.5	14.8	14.6	16.2	2.6	2.4	2.5	2.7
Financials															
Diversified Financials	940	7.8	-14.1	-13.8	10.5	1.7	1.8	15.8	14.3	14.6	15.0	1.9	1.8	1.8	1.6
Banks	337	4.3	-19.3	-17.2	15.6	3.1	3.3	10.5	9.1	9.3	11.5	1.2	1.1	1.1	1.1
Insurance	583	5.8	5.8	-9.5	24.1	1.9	2.1	16.1	13.0	13.5	11.8	2.1	1.9	1.9	1.3
Real Estate	231	6.2	-28.9	9.8	5.3	3.8	3.8	16.8	15.9	16.1	18.7	2.8	2.8	2.8	3.3
Industrials															
Capital Goods	835	7.5	-6.3	13.6	19.6	1.7	1.9	21.0	17.6	18.2	17.4	4.7	4.3	4.4	4.0
Transportation	878	4.6	-22.1	125.3	8.8	2.1	2.2	14.8	13.6	N/A	14.0	5.0	4.2	4.4	4.2
Commercial Services	484	5.6	-10.9	10.0	7.5	1.1	1.2	28.3	26.3	26.6	23.6	6.0	5.4	5.5	4.2
Consumer Discretionary															
Retailing	2987	-3.1	-29.3	-38.0	46.9	0.8	0.9	38.7	26.3	28.5	27.6	10.6	8.8	9.1	9.3
Consumer Services	1259	3.7	-16.6	N/A	143.8	1.2	1.4	55.5	22.8	N/A	35.9	76.4	55.0	N/A	12.2
Consumer Durables	320	6.3	-39.9	4.7	-10.3	2.0	2.1	10.8	12.0	11.8	17.0	2.6	2.4	2.4	3.4
Automobiles and parts	128	7.0	-35.5	28.6	11.8	0.3	0.4	26.2	23.4	N/A	16.1	5.1	4.4	4.5	2.9
IT															
Technology	2903	5.9	-15.0	6.2	4.1	0.9	0.9	22.3	21.4	21.5	15.8	16.3	14.3	14.7	7.0
Software & Services	2882	2.5	-26.0	10.2	11.4	1.0	1.1	24.7	22.2	22.6	21.7	7.7	6.6	6.8	6.3
Semiconductors	1593	6.1	-39.4	-2.9	-1.8	1.8	1.9	15.7	15.9	15.9	15.6	4.1	3.9	3.9	3.9
Communication Services	165	-2.9	-38.5	-14.8	10.8	1.0	1.1	16.1	14.5	14.8	19.1	2.6	2.4	2.5	3.2
Media	629	-4.6	-41.9	-14.7	11.2	0.3	0.4	17.9	16.1	16.4	22.6	3.1	2.8	2.8	3.7
Consumer Staples															
Food & Staples Retailing	658	5.9	-6.1	0.7	7.8	1.5	1.6	23.3	21.6	21.9	18.6	4.9	4.6	4.7	3.7
Food Beverage & Tobacco	845	6.6	3.5	4.6	3.0	3.1	3.2	19.6	19.0	19.1	18.5	5.4	5.1	5.1	5.0
Household Goods	779	5.2	-20.3	-2.2	5.2	2.6	2.7	24.2	23.0	23.2	21.6	9.4	9.1	9.2	6.9
Health Care															
Pharmaceuticals	1250	5.1	-3.8	5.1	-6.8	1.9	2.0	14.8	15.8	15.7	15.4	5.3	4.8	4.9	4.4
Healthcare Equipment	1833	4.9	-8.5	3.6	6.3	1.2	1.2	19.5	18.4	18.6	17.0	3.9	3.6	3.6	3.0
Utilities	342	6.5	-5.9	2.2	7.4	3.1	3.3	19.1	17.8	18.0	17.1	2.1	2.0	2.0	1.8

Blue box indicates a value more than +2standard deviation from average, light blue a value more than +1standard deviation from average. Orange box indicates a value less than -2standard deviation from average, light orange a value less than -1standard deviation from average

1-month revisions to 2023 & 12-month Forward EPS

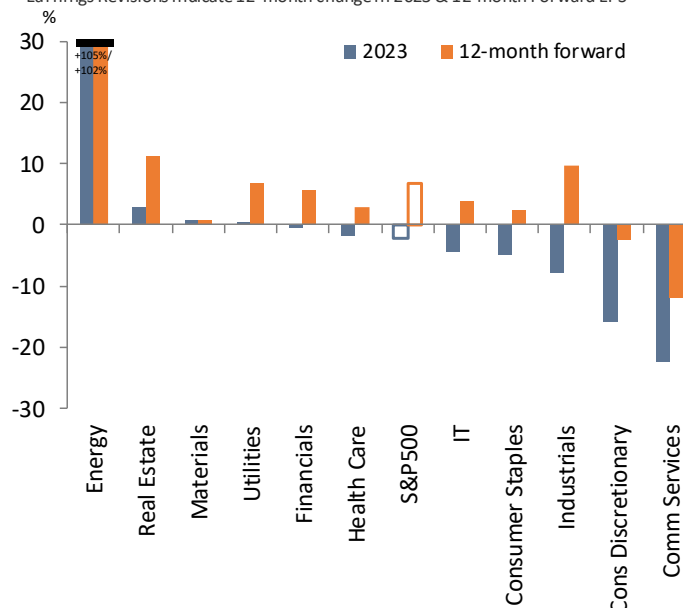
Earnings Revisions indicate 1-month change in 2023 & 12-month Forward EPS



Data as of October 28th
12-month forward EPS are 19% of 2022 EPS and 81% of 2023 EPS

12-month revisions to 2023 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2023 & 12-month Forward EPS



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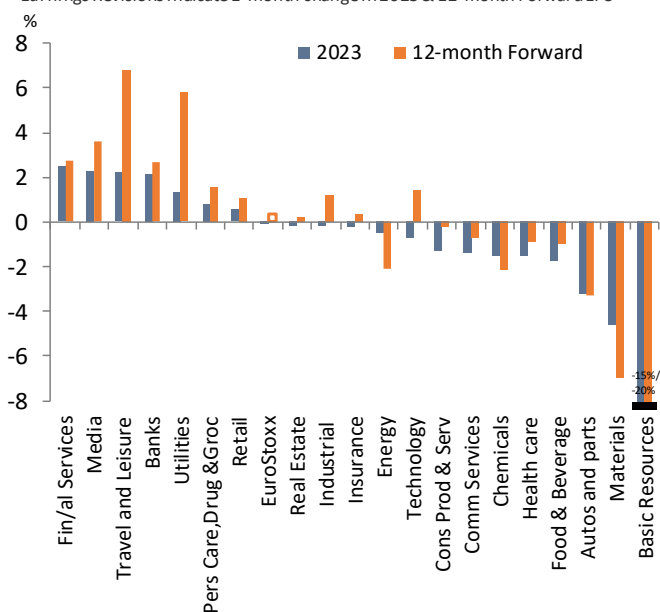
Euro Area Sectors Valuation

	Price (€)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	28/10/22	% Weekly Change	%YTD	2022	2023	2022	2023	2022	2023	12m fwd	10Yr Avg	2022	2023	Current	10Yr Avg
EuroStoxx	393	3.7	-18.0	15.8	4.1	3.5	3.6	12.1	11.6	11.7	14.7	1.5	1.4	1.4	1.5
Energy	324	3.5	12.3	135.7	-17.3	5.3	5.0	4.8	5.8	5.6	13.0	1.1	1.0	1.0	1.2
Materials	911	2.9	-12.7	11.6	-26.2	3.2	3.2	10.3	13.9	13.3	15.7	1.6	1.5	1.5	1.7
Basic Resources	214	-1.3	-13.8	0.7	-52.1	3.3	3.4	3.9	8.1	7.4	9.8	0.6	0.6	0.6	0.8
Chemicals	1328	3.5	-12.6	19.3	-13.1	3.2	3.1	13.5	15.5	15.1	16.8	2.0	2.0	2.0	2.2
Financials															
Banks	87	2.8	-12.9	9.1	4.3	6.8	7.5	6.9	6.6	6.6	9.9	0.6	0.5	0.5	0.7
Insurance	284	3.6	-7.1	-12.5	32.0	5.9	6.3	10.8	8.2	8.6	9.7	1.1	1.0	1.0	0.9
Financial Services	483	3.5	-16.6	39.8	-9.1	3.2	3.3	10.3	11.4	11.2	16.1	1.2	1.1	1.1	1.3
Real Estate	129	6.3	-42.2	6.5	3.2	6.7	7.5	10.0	9.6	9.7	17.0	0.5	0.5	0.5	1.0
Industrials															
Industrial Goods & Services	938	5.0	-19.9	19.5	10.9	2.4	2.7	17.0	15.3	15.6	17.4	2.5	2.2	2.3	2.6
Construction & Materials	451	7.0	-17.0	-4.6	1.7	4.0	4.1	11.4	11.2	11.2	14.8	1.5	1.4	1.4	1.5
Consumer Discretionary															
Retail	457	5.4	-34.1	-4.7	7.3	4.6	4.9	19.2	17.9	18.1	26.0	3.8	3.7	3.7	5.6
Automobiles and parts	497	2.8	-21.1	18.0	-14.5	6.5	6.0	4.5	5.3	5.2	8.0	0.7	0.7	0.7	1.0
Travel and Leisure	182	6.9	-6.1	N/A	45.5	1.0	1.2	23.9	16.4	N/A	N/A	2.2	2.0	2.0	2.2
Consumer Products & Services	397	1.6	-24.7	9.0	12.4	1.8	1.9	25.5	22.7	23.2	24.8	5.4	4.8	4.9	4.2
Media	254	3.9	-10.9	19.8	17.0	2.5	2.8	20.0	17.1	17.6	18.5	2.7	2.5	2.6	2.2
Technology	676	2.0	-31.2	1.1	21.7	1.3	1.4	22.0	18.1	18.8	21.9	3.0	2.8	2.8	3.7
Consumer Staples															
Food, Beverage & Tobacco	160	3.2	-16.6	16.5	9.7	2.0	2.3	17.8	16.2	16.5	20.1	1.9	1.8	1.8	2.6
Personal Care, Drug & Grocery	167	1.7	-16.6	2.6	7.5	2.7	2.8	15.4	14.3	14.5	17.6	2.2	2.1	2.1	2.3
Health care	761	4.1	-18.5	8.7	6.7	2.5	2.6	15.0	14.0	14.2	16.7	1.9	1.8	1.8	2.3
Communication Services	267	5.9	-7.3	22.1	8.3	4.3	4.5	14.4	13.3	13.5	15.3	1.4	1.4	1.4	1.7
Utilities	330	6.4	-16.4	-51.1	109.6	4.7	5.0	25.3	12.1	14.4	14.1	1.5	1.5	1.5	1.3

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1-month revisions to 2023 & 12-month Forward EPS

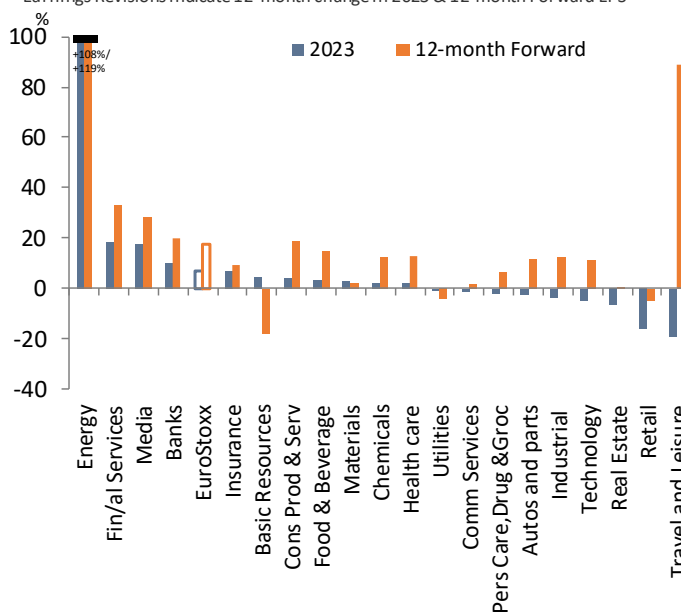
Earnings Revisions indicate 1-month change in 2023 & 12-month Forward EPS



Data as of October 28th
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12-month revisions to 2023 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2023 & 12-month Forward EPS



Data as of October 28th
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