

Bond yields rise as investors weigh strong euro area inflation data

- Global government bond yields are again on the rise on both the short and the long end, following stronger-than-expected euro area core inflation data. Long-term German government bond yields increased by 18 bps to 2.72% with short-term (2s) yields increasing by 20 bps to 3.21%, their highest level since 2008. Sovereign bond spreads narrowed slightly, with BTP/Bund and GGB/Bund down by 10 bps to 183 bps and 175 bps, respectively.
- Euro area core CPI rose by 5.6% yoy in February from 5.3% in January, above consensus expectations. Moreover, food, alcohol and tobacco prices accelerated significantly to 15% yoy in February from 14.1% in January suggesting that, *inter alia*, the pass-through of pipeline cost pressures remains strong, as international prices of food continue to decelerate, according to the OECD FAO index. Finally, energy prices decelerated to 13.7% yoy in February, the lowest annual rate since June 2021, from 18.9% in January.
- Market participants' expectations of euro area policy interest rates continue to move higher amid the assessment that price pressures will persist for longer, based on positive activity data (i.e. PMIs > 50) and stronger-than-anticipated actual inflation. The ECB is expected to increase interest rates by 50 basis point in the next week to 3% (DFR) and 3.5% (MRO), while ECB commentary suggests that further interest rate hikes are likely in the course of 2023 (see graph below).
- So far, euro area equities have climbed the wall of "interest rate" worry with success. The Eurostoxx index has recorded gains of +12.5% year-to-date, with valuations reverting, from below, to neutral levels. Indeed, on 13.4x P/E (+11% year-to-date), euro area equities are now trading broadly in line with long-term averages.
- 12-month forward EPS expectations (5% 2023 EPS of €34.0 and 1% 2024 EPS of €37.3) have increased slightly to €34.5 (+1.5% year-to-date). If earnings do not increase on a rolling basis, P/E valuations need to expand for euro area equities to edge further higher in the course of 2023.
- Euro area banks have led the increase year-to-date (+23%) amid the higher interest rate environment which support the profitability of the banking sector through higher net interest margins, as bank lending rates increases more-than-offset higher funding costs. Bank profitability has improved, with the four-quarter forward Return on Equity (ROE) expected at 9.2%, according to Factset consensus analysts (SX7E: #22 banks).
- While market expectations for profitability may prove optimistic, assuming an unexpected deterioration in economic outlook and significantly lower loan volume growth (currently at 4.9% yoy, see Economics), the relationship between banks' P/BV and profitability (ROE) suggests that market valuations are not frothy (P/BV: 0.85), despite the significant revaluation year-to-date (see graph page 3).
- Moreover, the recent over-performance of bank equity prices relative to the market is a drop in the ocean compared to the massive underperformance of euro area bank equity prices since 2010 by -70% (see graph page 3).

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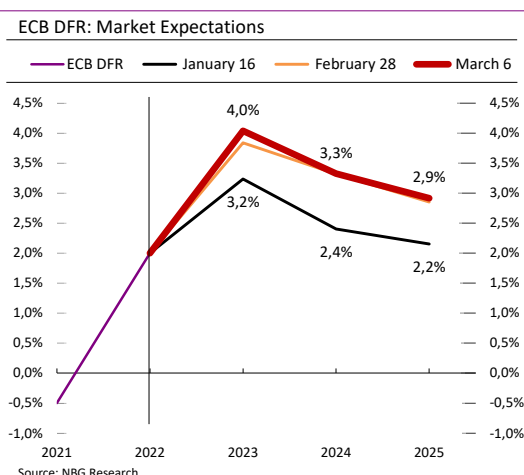
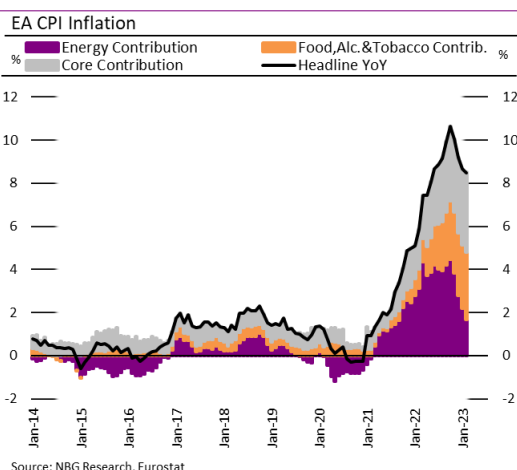
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Table of Contents

- Overview_p1
- Economics & Markets_p2,3
- Forecasts & Outlook_p4
- Event Calendar_p5
- Markets Monitor_p6
- ChartRoom_p7,8
- Market Valuation_p9,10

Charts of the week



Euro area inflation was stronger than expected in February

- According to the “flash” estimate, the annual growth of CPI decelerated for a 4th consecutive month in February, albeit only slightly, to 8.5%, compared with 8.6% in January (record high of 10.6% in October). In addition, the latest reading considerably overshoot consensus estimates for 8.2% yoy, with the momentum being sharp for most components.
- In the event, Energy prices were the sole major component posting a monthly decrease, by -1.1% mom (all figures in not-seasonally adjusted terms). That development, combined with base effects (+3.4% mom in February 2022), led the annual growth to +13.7% yoy from +18.9% in January. The contribution to the headline’s year-over-year increase was circa 1.7 pps. On the other hand, the momentum for prices of food, alcohol & tobacco sharpened further, up by +1.6% mom from +1.4% mom in January and +1.1% mom on average in 2022 (average of +0.2% mom since 1998), leading the annual growth to +15.0%, the highest on record, from +14.1% previously (3.1 pps contribution to headline CPI). The annual growth of food prices was higher than the annual growth of energy prices for the first time since February 2021.
- Furthermore, core inflation, which excludes the effects of energy and food components, rose by +0.8% nsa on a monthly basis (average of +0.1% mom since 1998 and +0.5% mom in February 2022). As a result, the annual growth accelerated by 0.3 pps to a fresh record high of +5.6% (3.7 pps contribution to the headline CPI). The strength was broad based, with the non-energy industrial goods component up by +0.8% mom (+6.8% yoy from +6.7% yoy in January) and its services peer by +0.9% mom (+4.8% yoy from +4.4% yoy in January).

Euro area bank lending growth eased further in January

- The annual pace of growth of overall private sector borrowing from commercial banks, decelerated for a 5th consecutive month in January, to +4.9% from +5.4% in December (+7.0% yoy in September, the highest since December 2008). Recall that in the latest ECB Bank Lending Survey (conducted from December 12th 2022 to January 10th 2023 and released on January 31st), commercial banks cited their expectations for a further tightening in lending standards and a further easing of loan demand in Q1:23, regarding both corporates and households
- Regarding the two major private sector components, they performed as follows. Loan growth to households (adjusted for sales and securitizations) decelerated by 0.2 pps to +3.6% yoy, due to both negative base effects and a moderation in the take-up of new loans across the board. In the event, the net monthly flow (in non-adjusted for sales and securitizations terms) of loans for house purchase was +€2.8 bn in January, versus a monthly average of +€18.2 bn in 2022, with the annual pace of growth at +3.9% yoy from +4.4% yoy in December. The respective flow for consumer credit was +€0.3 bn versus a monthly average of +€1.9 bn in 2022, with annual growth at +3.1% yoy from +3.2% yoy in December.
- At the same time, the annual growth of loans to non-financial corporations (NFCs) decelerated by 0.2 pps to +6.1% in January, with the net monthly flow at +€0.1 bn versus monthly average of +€25.6 bn in 2022.

- Overall, rising interest rates are an important factor for the aforementioned easing in loan demand. Note that the composite cost of borrowing indicator for loans to households for house purchases (calculated as a weighted average of interest rates on both short-term and long-term loans) was 3.10% in January versus a trough of 1.31% in December 2021, while the respective indicator for loans to non-financial corporations has increased to 3.63%, compared with an all-time low of 1.35% in December 2021 (increase of +179 bps & +228 bps, respectively, compared with ECB cumulative interest rate tightening of +250 bps up to January, with further +50 bps having followed in early-February and another +50 bps being all but pre-announced for March).

China’s PMIs improved substantially in February, surprising positively

- PMIs indicated a robust upturn for business activity in February. Note that an improvement was expected in view of the rollback of pandemic-related restrictions and of the subsequent infection “wave” having dissipated, as well as on the back of the resumption of business operations in the aftermath of the Chinese New Year holiday season (January 21st – January 27th). The latest readings though, meaningfully exceeded expectations. Specifically, the Caixin manufacturing PMI increased by +2.4 pts to 51.6, versus consensus estimates for 51.0). Furthermore, the “official” manufacturing PMI, i.e. the one from the National Bureau of Statistics (NBS) of China, rose by +2.5 pts to 52.6, the highest since April 2012, well above the expansion/contraction threshold of 50.0 and overshooting expectations for 50.7. Notably, the relatively more forward-looking component of New Orders overperformed, +3.2 pts to 54.1. Meanwhile, the official nonmanufacturing PMI rose further, by +1.9 pts to 56.3 (the highest since March 2021 | consensus for 55.0), with both the services sub-index (+1.6 pts to 55.6) and its construction peer (+4.7 pts to 62.1) posting solid readings.
- Attention now has turned to the annual National People’s Congress and the People’s Political Consultative Conference (sessions opened on March 5th) and particularly at the economic goals for 2023 (GDP growth, fiscal and credit growth targets), as economic performance in China is closely linked to the government policy approach. According to the opening statement from the outgoing Premier Li Keqiang, a GDP growth of “around 5%” will be targeted for 2023 (+3.0% yoy in 2022). Other economic goals include a CPI inflation of “around +3% yoy” (+2.0% yoy on average in 2022 and +2.1% yoy in January 2023) and a 5.5% unemployment rate in urban areas (5.6% on average in 2022). The deficit-to-GDP ratio is projected at 3.0% in 2023 versus 2.8% in 2022, while on credit policies, no specific numerical goals are set (“prudent” and “forceful” monetary policy is targeted, with the M2 money supply and aggregate financing to increase “generally in line with nominal economic growth”).

Equities

- Global equity markets rose in the past week (MSCI ACWI: +1.9% wow | +6% ytd).** In the US, the S&P500 ended the week up by +1.9%, interrupting 3 consecutive weeks with losses, finding support, *inter alia*, due to better-than-expected earnings results from Salesforce (+15% wow). The software company (market value of USD 184 billion) announced EPS of \$1.68 for Q4:2022, surpassing consensus of \$1.36, above even of the upper bound of the range of estimates (\$1.25 - \$1.46) and supporting the IT sector (+2.9% wow). The Automobiles & components sector rose by 1.7%, with Tesla underperforming (+0.5% wow and +61% YtD), as the company's investor-day presentation provided little details regarding new models and finances (-5.9% on Thursday). On the other side of the Atlantic, the EuroStoxx increased by +2.4% wow. Regarding sectors, Banks increased by +3.7% wow, with Banco Santander overperforming (+9.2% wow), following its announcement of an increase of shareholder payout ratio to 50% of its profits in 2023-2025, distributed approximately 50% in cash dividend and 50% in share buybacks. Moreover, Erste Group Bank increased by +6.5% wow, supported by the announcement of better-than expected earnings results (EPS: €1.20 vs estimates for €1.01). In China, the MSCI China ended the week up by +3.6%, with the bulk of the increase occurring on Wednesday (+4.5%), following positive PMI data (Manufacturing PMI rose to 52.6 in February from 50.1, an 11-year high | Non-Manufacturing PMI rose to 56.3 from 54.4, a 2-year high). In Greece, the ASE Index rose slightly (+0.1% wow | +20% ytd), posting its 11th consecutive week with gains, with Banks overperforming (+1.8% wow | +43% ytd), albeit on Monday the ASE Index declined by -2.9%, recording its largest daily decline since July 2022, with Banks decreasing by -4.3%.

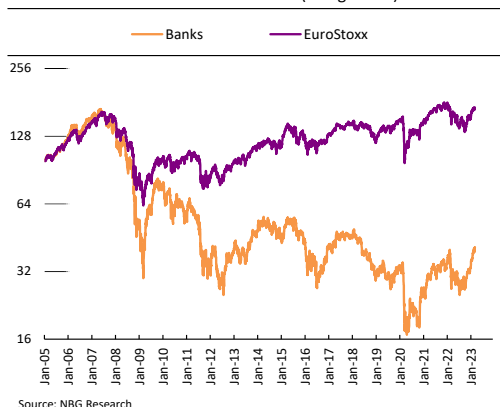
Fixed Income

- Government bond yields rose in the past week, following higher-than-expected inflation data.** In the US, the 10-year yield rose by +3 bps wow to +3.97% and the 2-year yield rose by +6 bps to +4.91%, posting its highest level since July 2007 intra-week (4.94%), following hawkish comments from Federal Reserve's Kashkari (voter) that is open-minded for a 25 bps or a 50 bps policy rate hike by the Fed in its next meeting (March 22nd) and that is considering upwardly revising his forecast for the terminal rate above 5.4%. The upward trend reversed on Friday (10-year yield: -10 bps). In the UK, the 10-year yield rose by +22 bps to 3.85%, posting a 4-month high, with investors' attention turning to the March 15th Budget 2023 announcement that will be accompanied by an updated forecast by the Office for Budget Responsibility (OBR). In Germany, the 10-year yield ended the week up by +18 bps to 2.75%, its highest level since July 2011, following the higher-than-expected CPI data in the euro area, with periphery bond yield spreads narrowing (Italy: -7 bps to 183 bps, Spain: -2 bps to 95 bps, Greece: -9 bps to 176 bps). **Corporate bond spreads narrowed in the HY spectrum.** Indeed, USD HY bond spreads ended the week down by -23 bps wow to 405 bps and their EUR counterparts by -4 bps wow to 414 bps.

FX and Commodities

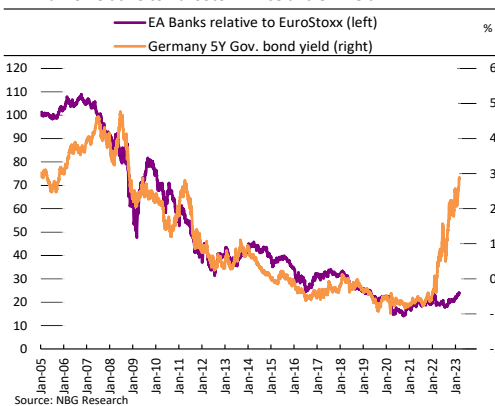
- In foreign exchange markets, the Japanese yen depreciated by -0.5% wow against the euro in the past week to ¥144.5,** as 10-Year nominal yield differentials (GER-JP) have widened by +17 bps to 222 bps, while against the US dollar the yen remained broadly stable at ¥136.3 as the increase in US-JP differentials was limited (+2 bps to 347 bps). The Bank of Japan Deputy Governor nominee S. Uchida' comments that the Bank should maintain monetary easing contributed also to the downside, with investors' attention turning to the Bank's forthcoming meeting on Friday, which will be the final policy meeting for the current Governor H. Kuroda. **In commodities, oil prices increased in the past week, supported by increased optimism regarding China's reopening following the better-than-expected PMI data** (Brent: +3.2% wow to \$85.8/barrel | WTI: +4.4% wow to \$79.7/barrel).

EuroStoxx & Banks Price Performance (in log terms)



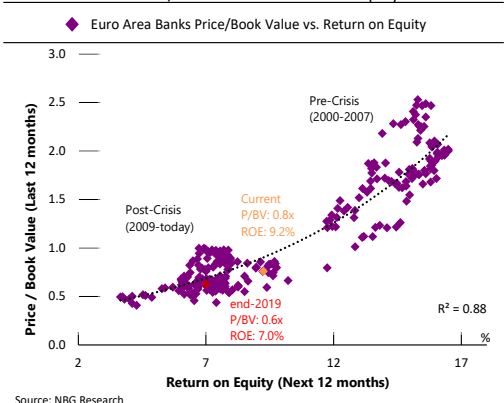
Graph 1.

EA Banks Relative to EuroStoxx Price and 5Y Yield



Graph 2.

Euro Area Banks Price/Book Value vs. Return on Equity



Graph 3.

Quote of the week: "For the ECB, the monetary policy priority is to make sure that inflation returns to target in a timely manner. The current information on underlying inflation pressures suggests that it will be appropriate to raise rates further beyond our March meeting", **Member of the Executive Board of the European Central Bank, Philip Lane, March 6th 2023.**

Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	March 3rd	3-month	6-month	12-month	Official Rate (%)	March 3rd	3-month	6-month	12-month
Germany	2,72	2,60	2,70	2,80	Euro area	2,50	3,00	3,25	3,25
US	3,97	4,00	4,10	4,10	US	4,75	5,00	5,00	5,00
UK	3,85	3,60	3,58	3,38	UK	4,00	4,20	4,30	4,25
Japan	0,50	0,47	0,71	0,70	Japan	-0,10	-0,10	-0,10	-0,10

Currency	March 3rd	3-month	6-month	12-month	March 3rd	3-month	6-month	12-month	
EUR/USD	1,06	1,05	1,08	1,10	USD/JPY	136	131	128	126
EUR/GBP	0,88	0,90	0,90	0,91	GBP/USD	1,20	1,17	1,20	1,20
EUR/JPY	145	138	138	138					

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	Q4:22a	2022a
Real GDP Growth (YoY) (1)	-2.8	1.2	12.5	5.0	5.7	5.9	3.7	1.8	1.9	1.0	2.1
Real GDP Growth (QoQ saar) (2)	-	6.3	7.0	2.7	7.0	-	-1.6	-0.6	3.2	2.9	-
Private Consumption	-3.0	10.8	12.1	3.0	3.1	8.3	1.3	2.0	2.3	2.1	2.8
Government Consumption	2.6	6.5	-3.0	-0.2	-1.0	0.6	-2.3	-1.6	3.7	3.7	-0.6
Investment	-2.3	9.7	5.8	-1.1	0.6	7.4	4.8	-5.0	-3.5	-6.7	-0.3
Residential	7.2	11.6	-4.9	-5.8	-1.1	10.7	-3.1	-17.8	-27.1	-26.7	-10.7
Non-residential	-4.9	8.9	9.9	0.6	1.1	6.4	7.9	0.1	6.2	0.7	3.6
Inventories Contribution	-0.7	-3.0	-1.3	2.0	5.1	0.2	0.3	-2.1	-1.4	1.8	0.7
Net Exports Contribution	-0.2	-1.3	-0.8	-1.3	-0.6	-1.7	-3.8	1.2	3.3	0.7	-0.6
Exports	-13.2	0.4	4.9	-1.1	23.5	6.1	-4.6	13.8	14.6	-1.3	7.2
Imports	-9.0	7.6	7.9	6.6	18.6	14.1	18.4	2.2	-7.3	-4.6	8.1
Inflation (3)	1.2	1.9	4.9	5.4	6.7	4.7	8.0	8.7	8.3	7.1	8.0

Euro Area	2020a	Q1:21a	Q2:21a	Q3:21a	Q4:21a	2021a	Q1:22a	Q2:22a	Q3:22a	Q4:22a	2022a
Real GDP Growth (YoY)	-6.3	-0.8	14.2	3.9	4.8	5.3	5.5	4.2	2.3	1.9	3.5
Real GDP Growth (QoQ saar)	-	-0.2	8.2	9.3	2.2	-	2.5	3.2	1.3	0.4	-
Private Consumption	-7.8	-7.2	14.3	19.1	-0.5	3.7	-0.1	4.2	3.5	-1.0	4.1
Government Consumption	1.0	-1.3	8.9	1.8	1.4	4.3	0.2	-0.4	0.6	3.3	1.3
Investment	-6.5	-9.0	7.4	-3.2	14.3	3.7	-2.9	3.8	15.4	-12.6	3.5
Inventories Contribution	-0.3	2.4	-2.1	0.1	2.7	0.2	-1.2	0.9	0.7	-1.2	0.3
Net Exports Contribution	-0.5	3.6	-0.3	-0.1	-3.4	1.3	4.4	-0.5	-4.4	3.8	0.0
Exports	-9.2	4.4	10.4	7.7	10.9	10.4	5.9	7.0	7.2	-4.4	7.0
Imports	-8.7	-3.1	12.4	8.6	20.3	8.2	-2.9	8.9	18.2	-11.7	7.7
Inflation	0.3	1.0	1.8	2.9	4.7	2.6	6.1	8.0	9.3	10.0	8.4

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

6-12-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 (low debt, still elevated excess savings) + Sentiment (e.g. AAII) and positioning indicators are low, despite the recent rally + Peaking profit margins + Recession risks remain considerable + P/Es (Valuations) above long-term means, with EPS consensus expectations (\$228 for EPS) only slightly lower compared with end Q3 (-3%) <p>● Neutral/Negative</p>	<ul style="list-style-type: none"> + Higher equity risk premium (lower P/E ratio) relative to benchmark market (US) despite the recent rally of +20% since October 2022 lows are low, despite the recent rally (plus RRF) + China's covid policy pivot could accelerate an export-led recovery + Geopolitical uncertainty (Ukraine-Russia, natural gas) could re-intensify <p>● Neutral/Positive</p>	<ul style="list-style-type: none"> + Higher equity risk premium (lower P/E ratio) relative to benchmark market (US) + China's covid policy pivot could accelerate an export-led recovery + JPY appreciation from ¥150 to ¥130, if continues, could hurt exporters - Signs of policy fatigue regarding structural reforms and fiscal discipline - Yield-Curve Control twists, let alone a sustained shift in ultra-loose monetary policy, could hurt market benchmarks (but support Banks) <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 - The BOE is expected to continue increasing interest rates aggressively as inflation remains very high and labor market extremely tight <p>● Neutral</p>
Government Bonds	<ul style="list-style-type: none"> + Valuations appear somewhat rich despite the 237bps increase in 2022, with term-premium @ -0.5% (1% for 2000-2015) + Fiscal deficits to remain sizeable in following years + Underlying inflation pressures remain acute + FED: passive (lower rollover) Quantitative Tightening + Global search for yield by non-US investors (e.g. Japan, repatriation from EM Economies) could reverse - Safe-haven demand bid to support prices assuming geopolitical risks re-intensify - The FED is likely close to be done with rates <p>▲ Slightly higher yields</p>	<ul style="list-style-type: none"> + Valuations still appear excessive compared with long-term fundamentals + ECB to start unwinding its government and corporate bond holdings (APP) in March 2023 + ECB to continue with interest rate hikes in 2023 as core inflation pressures remain strong - Fragile economic growth outlook due to the war in Ukraine - ECB QE "stock" effect, with government bond holdings of €4.2 trillion (32% of GDP) <p>▲ Slightly higher yields</p>	<ul style="list-style-type: none"> + Sizeable fiscal deficits + The range of Yield-Targeting of 10-Year JGB at around 0% could widen further (current: +/- 50 bps) - Safe-haven demand - Monetary stance remains extremely dovish, despite the unexpected shift in YCC range in December 2022 - QE "stock" effect, with government bond holdings of ¥556 trillion (100% of GDP) <p>▲ Slightly Higher yields</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 continue increasing interest rates aggressively as inflation remains very high and labor market extremely tight + BOE: active (sales) Quantitative Tightening - Slowing economic growth post-Brexit <p>▲ Slightly Higher yields</p>
Foreign Exchange	<ul style="list-style-type: none"> + USD interest rate differential vs peers remain significant + Weak global economic growth + Safe-haven demand status + Global political uncertainty to decline - The FED is close to be done, which reduces potential USD upside <p>● Broadly Flat USD against G10 FX</p>	<ul style="list-style-type: none"> + ECB to continue with interest rate hikes in 2023 as core inflation pressures remain strong + Lower geopolitical uncertainty (Ukraine-Russia, natural gas) is positive for EUR - Global growth risks remain to the downside <p>● Range-bound (around 1.05) with upside risks against the USD</p>	<ul style="list-style-type: none"> + Safe haven demand + More balanced economic growth recovery (long-term) + Higher core Inflation rates could accelerate the shift of monetary policy (less accommodative) <p>▲ Stronger 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</p>

Equity Markets (in local currency)

Developed Markets						Emerging Markets						
		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
US	S&P 500	4046	1.9	5.4	-7.3	5.9	MSCI Emerging Markets	59552	1.4	3.6	-11.3	-22.9
Japan	NIKKEI 225	27927	1.7	7.0	5.1	-5.5	MSCI Asia	914	1.6	4.5	-9.5	-25.3
UK	FTSE 100	7947	0.9	6.6	9.8	19.0	China	68	3.6	5.7	-10.7	-42.0
Euro area	EuroStoxx	461	2.4	12.5	11.1	11.7	Korea	737	-0.1	9.9	-12.8	-25.6
Germany	DAX 40	15578	2.4	11.9	13.7	10.6	MSCI Latin America	88745	0.2	0.5	-11.2	-9.2
France	CAC 40	7348	2.2	13.5	15.2	26.0	Brazil	279924	-1.6	-5.2	-18.0	-20.1
Italy	FTSE/MIB	27825	3.1	17.4	16.1	20.7	Mexico	50644	2.8	12.5	1.8	18.8
Spain	IBEX-35	9464	2.9	15.0	18.1	13.6	MSCI Europe	2977	2.1	5.7	-37.3	-51.2
Hong Kong	Hang Seng	20568	2.8	4.0	-8.5	-31.2	Russia	2272	2.9	5.5	-8.0	-33.5
Greece	ASE	1115	0.1	19.9	30.4	36.8	Turkey	5249475	3.6	-2.5	121.9	218.4

World Market Sectors and Styles (MSCI Indices*)

in US Dollar terms						Investment Styles						
		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
Energy		248.2	2.9	0.9	15.4	57.6	Growth	3715.9	2.4	9.6	-10.1	-6.0
Materials		335.9	4.6	8.0	-4.6	0.6	Value	3184.8	1.4	2.6	-2.9	6.2
Industrials		320.5	2.9	7.1	0.7	1.6	Large Cap	1716.5	1.9	5.8	-6.3	1.7
Consumer Discretionary		329.1	2.2	13.0	-11.9	-12.5	Small Cap	502.9	1.9	8.3	-5.1	-8.4
Consumer Staples		267.1	-0.1	-1.0	-4.5	7.6	US Growth	2487.9	2.0	5.4	-14.9	-1.6
Healthcare		332.3	0.4	-3.7	-2.6	8.9	US Value	1511.5	1.8	5.4	0.6	12.8
Financials		139.5	1.0	6.6	-2.0	4.8	US Large Cap	2230.0	1.9	5.9	-7.6	3.2
IT		442.8	2.9	12.6	-9.8	0.5	US Small Cap	1928.3	2.0	9.5	-5.1	-12.7
Telecoms		73.7	2.8	10.6	-20.9	-25.3	US Banks	351.9	0.6	7.3	-12.2	-7.4
Utilities		146.7	-0.7	-4.0	-5.3	3.5	EA Banks	118.0	3.7	23.1	34.1	35.5
Real Estate		203.5	0.9	3.6	-16.6	-5.3	Greek Banks	917.9	1.8	43.3	57.1	77.9

Bond Markets (%)

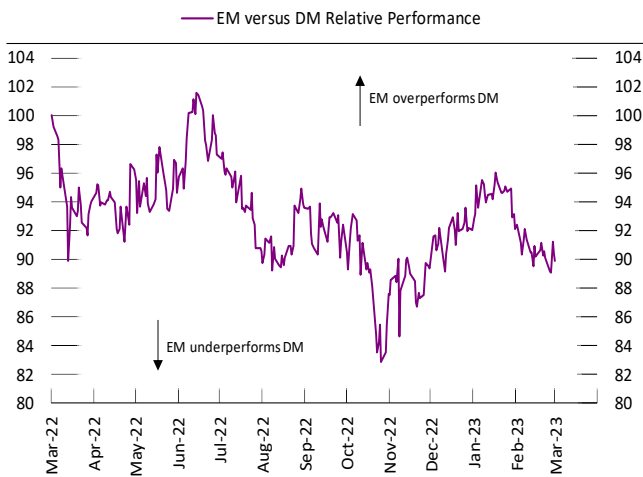
10-Year Government Bond Yields						Government Bond Yield Spreads (in bps)					
	Current	Last week	Year Start	One Year Back	10-year average		Current	Last week	Year Start	One Year Back	10-year average
US	3.97	3.94	3.88	1.84	2.18	US Treasuries 10Y/2Y	-94	-91	-58	30	92
Germany	2.72	2.54	2.53	0.05	0.47	US Treasuries 10Y/5Y	-29	-26	-13	11	46
Japan	0.50	0.49	0.42	0.17	0.19	Bunds 10Y/2Y	-49	-47	-16	66	76
UK	3.85	3.64	3.66	1.34	1.51	Bunds 10Y/5Y	-12	-10	0	29	51
Greece	4.47	4.39	4.59	2.38	5.26	Corporate Bond Spreads (in bps)					
Ireland	3.21	3.02	3.06	0.66	1.19	US IG	125	128	138	133	132
Italy	4.55	4.44	4.64	1.60	2.19	US High yield	405	428	481	371	447
Spain	3.67	3.52	3.61	1.03	1.67	Euro area IG	146	145	167	148	120
Portugal	3.58	3.40	3.57	0.87	2.36	Euro area High Yield	414	418	498	454	404
EM	5.04	4.93	5.04	4.52	0.00	EM	268	266	295	375	143

US Mortgage Market					
	Current	Last week	Year Start	One Year Back	10-year average
30-Year FRM¹ (%)	6.71	6.62	6.42	4.15	4.21
vs 30Yr Treasury (bps)	279.6	264.7	240.0	191.1	143.3

Foreign Exchange & Commodities

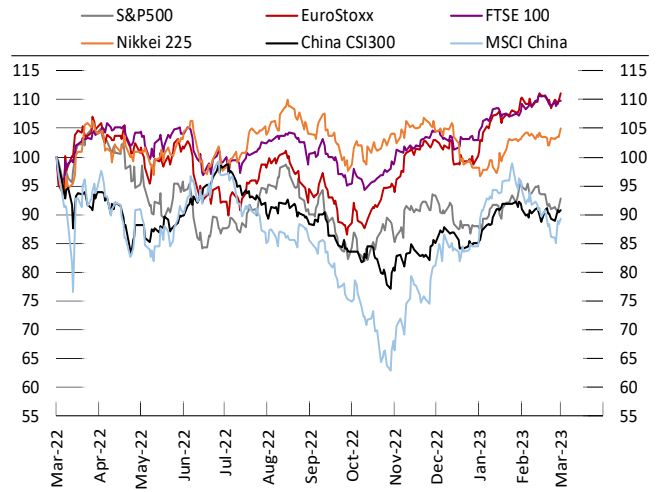
Foreign Exchange						Commodities					
	Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)
Euro-based cross rates						Agricultural	453	-0.7	-3.9	-18.7	-3.7
EUR/USD	1.06	0.5	-3.0	-4.2	-0.7	Energy	279	5.1	4.1	-23.3	-3.2
EUR/CHF	1.00	0.5	-0.3	-2.2	0.8	West Texas Oil (\$/bbl)	80	4.4	4.3	-26.0	-0.7
EUR/GBP	0.88	0.2	-0.1	6.7	-0.3	Crude Brent Oil (\$/bbl)	86	3.2	3.6	-22.3	-0.1
EUR/JPY	144.49	0.5	2.4	12.9	2.6	HH Natural Gas (\$/mmbtu)	3.0	27.5	13.5	-35.0	-14.5
EUR/NOK	11.07	0.8	1.5	12.1	5.3	TTF Natural Gas (EUR/mwh)	45	-11.8	-24.4	-72.0	-41.1
EUR/SEK	11.14	0.7	-2.1	3.1	0.2	Industrial Metals	455	2.7	-6.1	-22.8	0.8
EUR/AUD	1.57	0.2	1.8	4.0	-0.1	Precious Metals	2401	2.0	-5.1	-5.4	0.2
EUR/CAD	1.44	0.4	-0.8	3.0	-0.1	Gold (\$)	1855	2.4	-4.9	-4.2	1.7
USD-based cross rates						Silver (\$)	21	2.3	-11.4	-15.7	-11.4
USD/CAD	1.36	-0.1	2.3	7.6	0.6	Baltic Dry Index	1211	37.1	81.3	-42.4	-20.1
USD/AUD	1.48	-0.3	4.9	8.5	0.6	Baltic Dirty Tanker Index	1483	10.8	17.7	-0.9	-20.8
USD/JPY	136.34	0.0	5.5	17.9	3.3						

EM vs DM Performance in \$



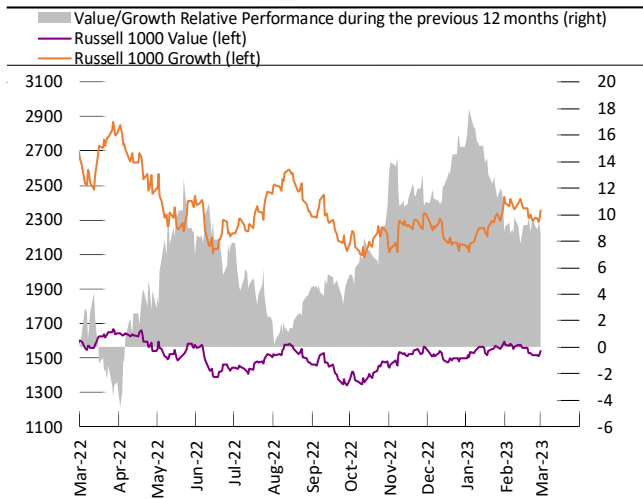
Data as of March 3rd – Rebased @ 100

Equity Market Performance



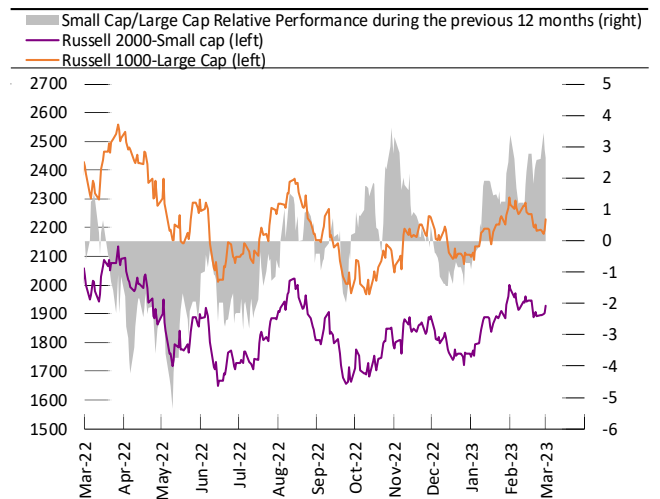
Data as of March 3rd – Rebased @ 100

Russell 1000 Value & Growth Index



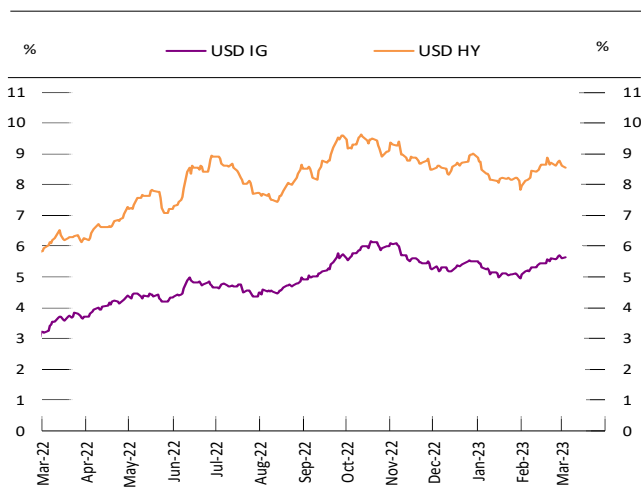
Data as of March 3rd

Russell 2000 & Russell 1000 Index



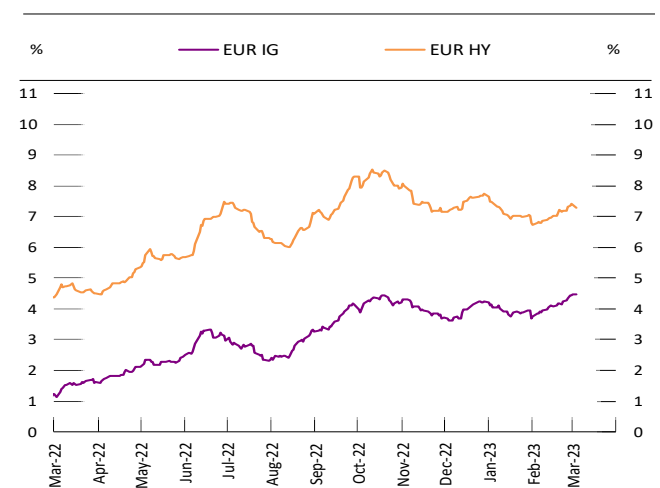
Data as of March 3rd

USD Corporate Bond Yields



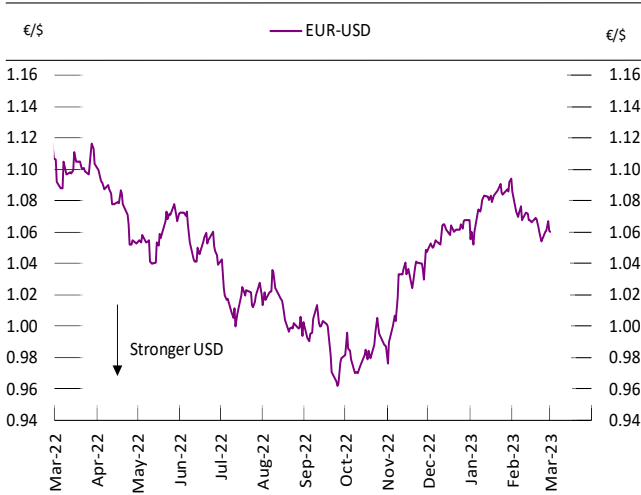
Data as of March 5th

EUR Corporate Bond Yields



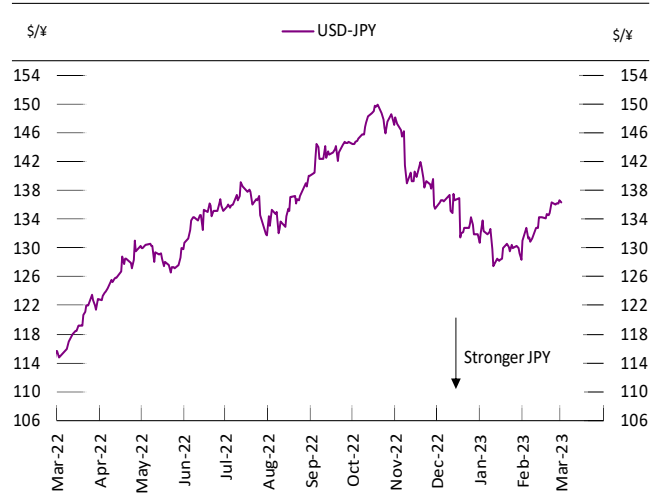
Data as of March 5th

EUR/USD



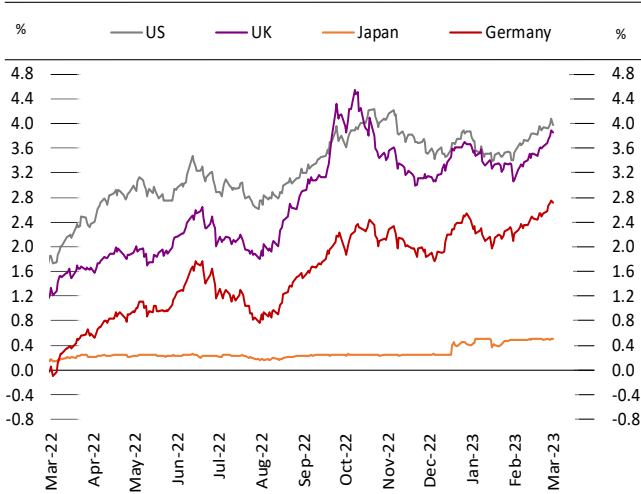
Data as of March 3rd

JPY/USD



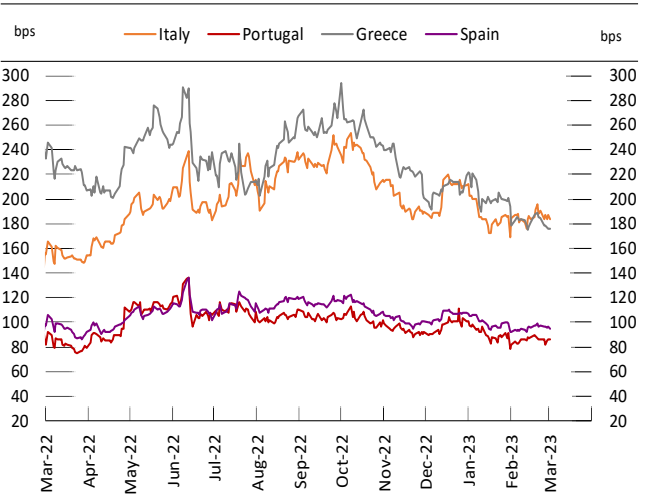
Data as of March 3rd

10- Year Government Bond Yields



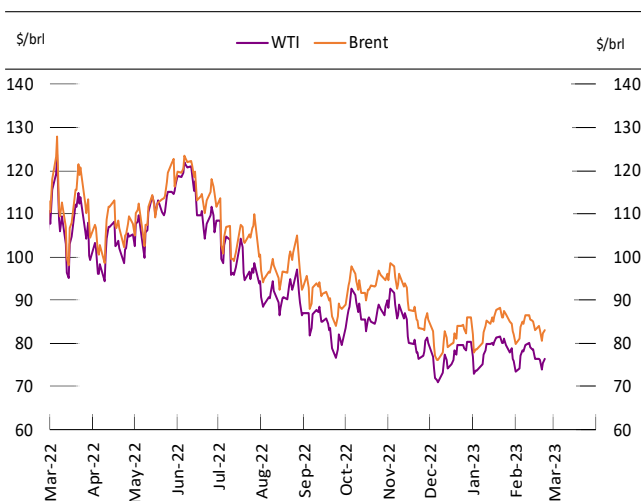
Data as of March 3rd

10- Year Government Bond Spreads



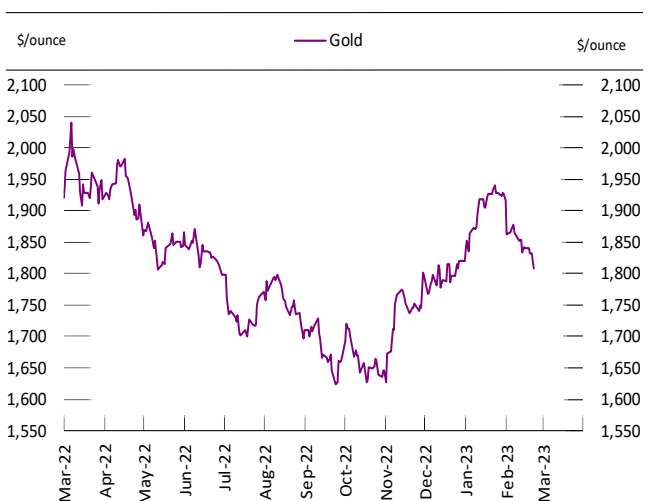
Data as of March 3rd

West Texas Intermediate and Brent (\$/bbl)



Data as of March 3rd

Gold (\$/ounce)



Data as of March 3rd

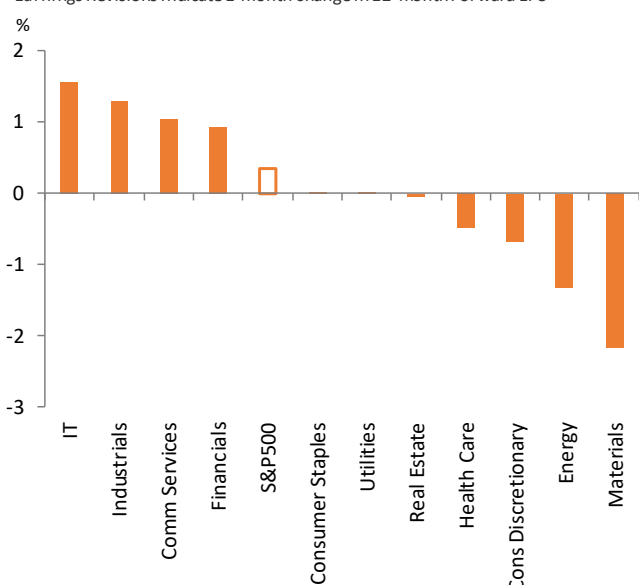
US Sectors Valuation

	Price (\$)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	3/3/23	% Weekly Change	%YTD	2022	2023	2022	2023	2022	2023	12m fwd	20Yr Avg	2022	2023	Current	20Yr Avg
S&P500	4046	1.9	5.4	5.0	2.2	1.7	1.7	18.3	18.3	17.9	15.7	3.9	3.7	3.9	2.9
Energy	664	2.9	-1.2	155.2	-17.9	3.4	3.1	8.1	10.2	10.3	15.2	2.3	2.2	2.3	2.0
Materials	532	4.0	8.7	5.4	-17.0	2.2	2.0	14.6	18.2	17.9	15.2	2.9	2.8	2.9	2.8
Financials															
Diversified Financials	1005	1.2	5.0	-15.9	7.5	1.6	1.7	17.0	16.1	15.8	14.6	2.0	1.9	2.0	2.0
Banks	352	0.6	7.3	-18.9	12.0	3.0	3.2	11.2	10.0	9.8	11.9	1.2	1.1	1.2	1.3
Insurance	598	0.2	0.5	-13.1	29.2	1.7	2.0	17.2	13.3	13.0	11.1	2.2	2.0	2.1	1.4
Real Estate	243	1.6	4.7	11.9	0.3	3.7	3.6	18.0	18.2	18.0	18.7	2.7	2.9	2.7	2.7
Industrials															
Capital Goods	921	3.3	5.4	13.1	14.4	1.7	1.7	22.7	20.4	20.0	16.1	5.0	4.7	4.9	3.6
Transportation	966	3.8	6.6	123.8	8.1	1.9	2.1	16.0	15.1	N/A	15.1	5.5	4.7	5.4	3.7
Commercial Services	490	1.9	0.8	10.6	3.3	1.1	1.2	27.9	27.5	26.9	20.8	6.0	5.6	5.9	3.8
Consumer Discretionary															
Retailing	2894	0.8	5.1	-42.2	41.3	0.9	0.9	40.1	28.5	27.5	21.7	10.2	8.6	9.9	7.0
Consumer Services	1422	3.4	11.9	N/A	172.3	1.1	1.2	69.1	26.1	N/A	27.0	437.4	405.0	N/A	11.8
Consumer Durables	389	2.3	5.1	3.7	-20.5	1.7	1.7	13.0	16.6	16.3	16.1	3.2	3.0	3.2	3.2
Automobiles and parts	117	1.7	49.2	28.6	-8.5	0.3	0.4	24.2	26.0	N/A	11.0	4.7	4.1	4.6	2.8
IT															
Technology	2867	2.7	13.9	5.0	0.6	0.9	0.9	21.8	22.1	21.7	16.0	15.8	14.0	15.5	5.4
Software & Services	3036	2.6	6.8	9.9	10.3	1.0	1.0	25.5	23.7	23.2	19.0	8.3	7.2	8.1	6.0
Semiconductors	2062	3.9	24.2	-5.7	-13.7	1.4	1.4	20.2	24.2	23.4	18.4	5.1	5.1	5.1	3.8
Communication Services	178	3.3	11.7	-20.2	14.9	1.0	1.0	18.0	16.0	15.6	17.5	2.8	2.7	2.8	2.8
Media	692	4.2	14.1	-22.8	19.4	0.3	0.3	20.9	18.1	17.6	21.7	3.3	3.0	3.2	3.2
Consumer Staples															
Food & Staples Retailing	628	-1.3	1.3	3.2	1.0	1.6	1.6	21.8	21.4	21.2	17.5	5.1	4.7	5.0	3.7
Food Beverage & Tobacco	829	-0.8	-3.8	5.7	3.0	3.1	3.3	19.0	18.5	18.3	16.9	5.3	5.0	5.3	4.9
Household Goods	821	1.4	-5.0	-3.4	4.2	2.5	2.5	25.2	24.7	24.3	19.6	9.6	9.5	9.6	6.1
Health Care															
Pharmaceuticals	1216	0.6	-6.1	5.5	-16.2	2.0	2.1	14.1	17.1	16.8	14.6	5.3	4.9	5.2	4.2
Healthcare Equipment	1777	0.4	-3.9	4.4	3.2	1.2	1.3	18.5	18.1	17.8	15.8	3.8	3.6	3.8	3.2
Utilities	335	-0.7	-6.6	1.2	7.2	3.2	3.3	18.5	17.6	17.4	15.3	1.9	1.9	1.9	1.7

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 12-month Forward EPS

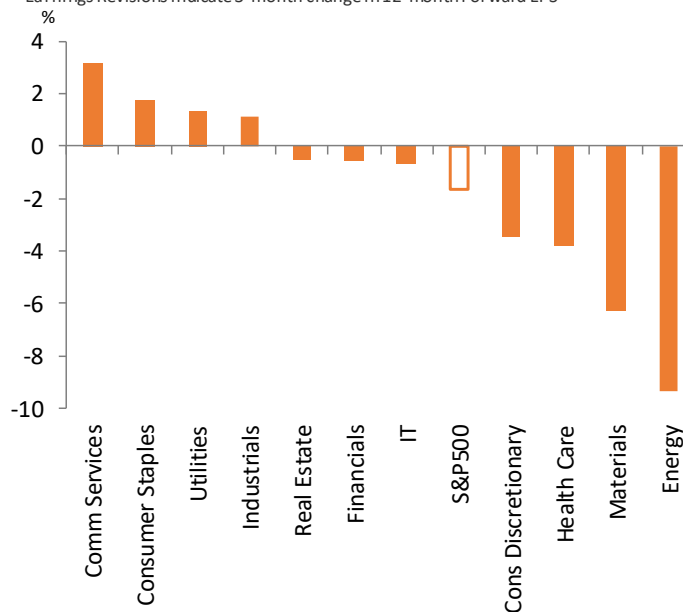
Earnings Revisions indicate 1-month change in 12-month Forward EPS



Data as of March 3rd
12-month forward EPS are 83% of 2023 EPS and 17% of 2024 EPS

3-month revisions to 12-month Forward EPS

Earnings Revisions indicate 3-month change in 12-month Forward EPS



Data as of March 3rd
12-month forward EPS are 83% of 2023 EPS and 17% of 2024 EPS

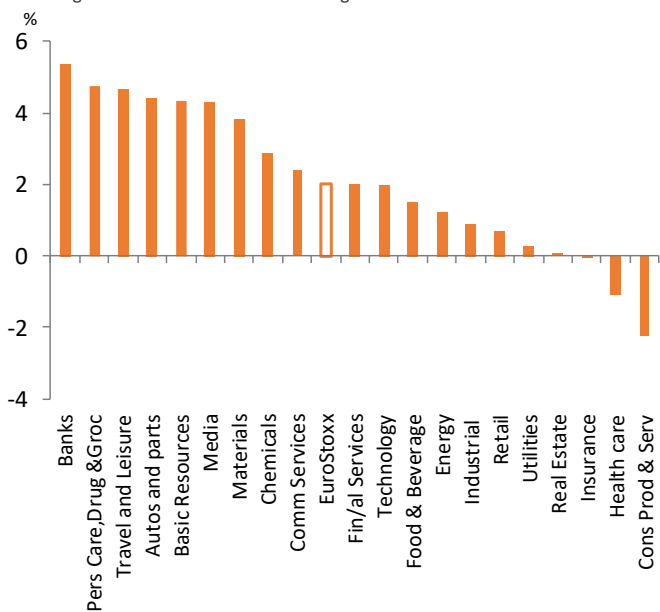
Euro Area Sectors Valuation

	Price (€)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	3/3/23	% Weekly Change	%YTD	2022	2023	2022	2023	2022	2023	12m fwd	20Yr Avg	2022	2023	Current	20Yr Avg
EuroStoxx	461	2.4	12.5	14.9	4.4	3.1	3.2	14.0	13.6	13.4	13.2	1.8	1.7	1.8	1.6
Energy	351	1.5	1.3	123.4	-19.4	5.7	5.0	5.2	6.4	6.6	11.2	1.3	1.1	1.3	1.6
Materials	1010	2.9	9.5	13.5	-35.6	3.8	3.4	8.9	13.9	13.6	13.4	1.4	1.3	1.4	1.6
Basic Resources	250	7.0	11.9	-11.2	-51.5	2.9	2.9	5.0	10.6	10.3	10.6	0.8	0.7	0.7	0.9
Chemicals	1457	2.1	8.8	28.7	-26.2	4.0	3.6	11.1	15.2	14.9	14.2	1.7	1.7	1.7	2.1
Financials															
Banks	118	3.7	23.1	18.4	8.8	5.3	6.2	8.6	7.9	7.7	10.0	0.8	0.7	0.8	1.0
Insurance	331	2.8	7.7	-17.3	41.9	5.2	5.5	13.3	9.4	9.3	9.5	1.5	1.4	1.5	1.1
Financial Services	527	1.7	8.2	40.2	-6.6	2.9	3.1	11.1	12.0	11.8	15.6	1.2	1.2	1.2	1.3
Real Estate	141	-0.7	7.5	4.9	-1.5	5.7	6.1	11.3	11.3	11.2	16.3	0.6	0.6	0.6	1.0
Industrials															
Industrial Goods & Services	1095	2.9	13.8	20.7	11.9	2.2	2.4	19.4	17.6	17.3	15.2	2.8	2.6	2.7	2.3
Construction & Materials	553	4.1	19.6	-0.1	-1.4	3.4	3.5	12.9	13.5	13.3	13.5	1.7	1.7	1.7	1.6
Consumer Discretionary															
Retail	600	3.5	17.2	2.5	8.5	3.7	4.1	23.1	21.6	21.3	22.5	4.7	4.5	4.7	5.6
Automobiles and parts	629	6.0	24.3	9.4	-15.2	4.9	4.4	5.9	7.3	7.2	8.5	0.9	0.9	0.9	1.1
Travel and Leisure	215	2.4	17.1	N/A	27.2	1.1	1.1	22.7	18.0	N/A	N/A	2.3	2.1	2.2	2.2
Consumer Products & Services	500	3.8	17.2	1.7	12.8	1.4	1.6	33.6	30.5	29.8	21.0	6.8	6.2	6.7	3.6
Media	292	0.4	12.0	21.4	15.7	2.2	2.4	22.5	19.6	19.2	15.5	3.0	3.0	3.0	2.0
Technology	835	2.6	16.9	-3.5	24.3	1.0	1.1	28.1	22.9	22.2	21.3	3.9	3.8	3.9	3.6
Consumer Staples															
Food, Beverage & Tobacco	177	1.5	7.4	11.7	7.3	1.8	2.1	20.2	19.1	18.8	17.5	2.2	2.1	2.1	2.5
Personal Care, Drug & Grocery	181	0.6	8.5	6.6	4.3	2.4	2.5	16.1	15.4	15.1	16.2	2.3	2.2	2.3	2.6
Health care	797	-1.4	2.5	6.6	0.2	2.4	2.5	16.0	15.9	15.6	15.0	2.0	1.9	2.0	2.2
Communication Services	297	0.8	13.3	27.6	0.1	3.8	3.9	15.3	15.4	15.0	13.8	1.6	1.5	1.6	2.0
Utilities	357	-0.5	2.0	-58.2	154.0	4.6	4.7	32.3	12.6	12.5	13.4	1.7	1.6	1.7	1.5

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1-month revisions to 12-month Forward EPS

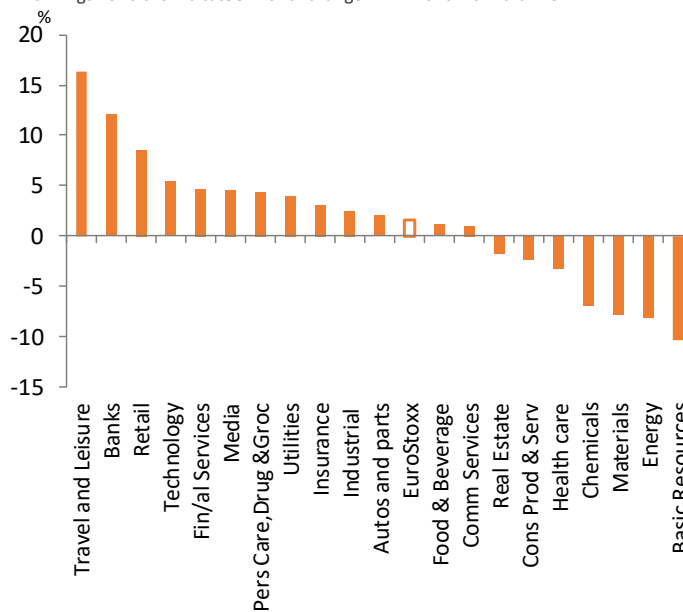
Earnings Revisions indicate 1-month change in 12-month Forward EPS



Data as of March 3rd
12-month forward EPS are 83% of 2023 EPS and 17% of 2024 EPS

3-month revisions to 12-month Forward EPS

Earnings Revisions indicate 3-month change in 12-month Forward EPS



Data as of March 3rd
12-month forward EPS are 83% of 2023 EPS and 17% of 2024 EPS

National Bank of Greece | Economic Research Division | Global Markets Analysis

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