

Central banks “stay the course” against inflation, with Fed raising the policy interest rate by 75 basis points to 4%

- The Federal Reserve raised the Fed Funds Rate (FFR) by 75 bps at the November meeting to 3.75%-4.0%, as widely expected. Mr. Powell noted, that regarding the pace of future increases the Committee will consider i) the cumulative tightening of monetary policy (375 bps in 2022); and ii) the lags with which monetary policy affects economic activity and inflation.
- The Fed pointed to a slower pace of rate hikes, starting as soon as the next meeting (December 14th), albeit at a terminal interest rate higher-than-previously expected. The median FOMC member rate forecast (“dot”) in September revealed the FFR at 4.625% in 2023. Investors’ expectations point to a terminal rate of 5%-5.25% in May 2023 (see graph below).
- The Fed will remain data dependent. The labor market is tight, with the unemployment rate at 3.7% (see Economics), and inflation pressures are strong (core CPI: 6.6% yoy in September), suggesting that any discussion about Fed “pause” or “pivot” is premature.
- The Bank of England also raised by 75 bps the Bank Rate (the largest single hike since 1989) to 3.0%, citing its expectation that the rate will eventually not need to get as high as investors were anticipating prior to the meeting. Such levels would induce a larger hit to economic activity that the necessary one to get inflation back under control.
- The BoE anticipates a sustained fall in UK GDP from H2:2022 up to H1:2024, mainly in view of squeezed real incomes due to high inflation. If confirmed, such a contraction would be the longest since 1955, albeit a relatively “shallow” one. A cumulative fall of -2.9% in GDP is foreseen versus -6.3% during the Global Financial Crisis. These forecasts were conditioned on a market-implied path for the Bank Rate, which pointed to a peak of 5.25% in Q3:2023. The anticipated market-implied peak had eased to 4.75%. In that scenario, the BoE expects CPI inflation to end up well below the 2% target in 2025 (0%, see Economics).
- The S&P500 index lost -3.3% in the past week, as investors’ expectations for a dovish pivot in Fed’s monetary policy were dashed. US Treasury yields edged significantly higher (10-year: +14 bps wov to 4.16% & 2-year: +21 bps wov to 4.73%), with the upward trend continuing on Monday (+5 bps and +7 bps, respectively).
- Attention now turns to US mid-term elections, with all 435 seats in the House of Representatives and 35 out of 100 in the Senate being contested. Currently, the Democrats control both chambers of Congress, as they have a narrow majority in the House of Representatives (222-213), while the Senate is divided (50-50), with Vice President Kamala Harris acting as the tie-breaking vote.
- Prediction market-based pricing implies that Republicans will probably win the control of the House (88%), favored to win 227 seats (9 seats are rated as toss-up). Regarding the Senate, polls are projecting that the Republicans are favored to win 20 out of the 35 seats at stake, reaching 49 seats and the Democrats 12 seats, reaching 48 seats, while 3 seats (Georgia, Nevada, and Pennsylvania) are rated as toss-up. Prediction market-based pricing implies that the Republicans will also win the control of the Senate (65%-35%) minimizing the ability of substantial legislative initiatives.

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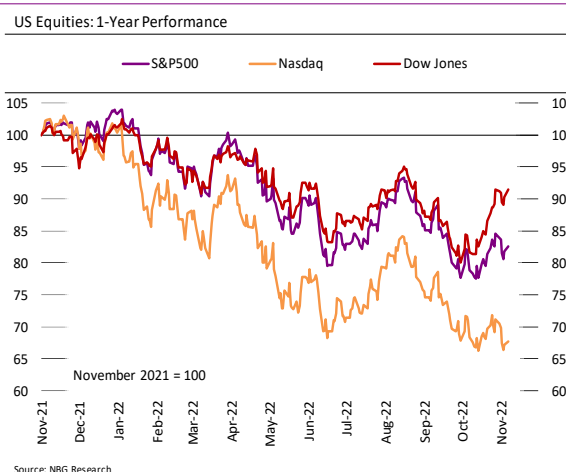
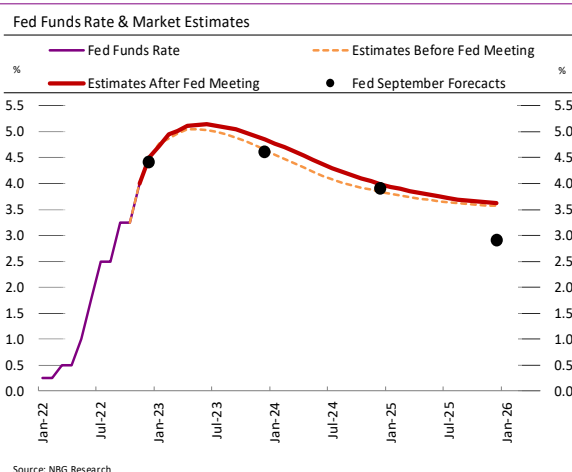
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Charts of the week



US labor market data for October were mixed

- **Headline job creation was stronger than expected in October.** Specifically, non-farm payrolls were up by +261k, from +315k in the previous month, versus consensus estimates for +200k. Furthermore, positive net revisions for the previous two months took place (+29k, cumulatively). Employment gains were reported in 62% of industries. Sector-wise, health care (+53k), professional & technical services (+43k), leisure & hospitality (+35k) and manufacturing (+32k, mainly due to a 23k in the durable goods segment), stood out.
- **On the other hand, the (relatively more volatile) total household employment, including the self-employed and agricultural workers, declined by -328k in October from +204k in September.** As a result, the unemployment rate rose by 0.2 pps to 3.7%, versus expectations for 3.6%. Recall that the unemployment rate has hovered in a tight range of 3.5% (equal to pre-pandemic levels in February 2020 and a joint low since December 1969) to 3.7% in the past eight months. Similarly, the U-6 unemployment rate (which includes the unemployed, part-time workers for economic reasons, and those workers marginally attached to the labor force), which is considered a broader measure of slack, increased by 0.1 pp to 6.8% in October.
- In all, job creation has lost steam, albeit labor market remains tight. In the event, according to the Job Openings and Labor Turnover Survey for September, job openings stood at a strong 10.72mn from 10.28mn in August, above consensus estimates for 10.00mn. The difference with the number of hires widened to an elevated 4.64mn from 3.95mn in August, suggesting that broad mismatches in the supply and demand of labor, remain. Importantly, the prominent job vacancy rate (i.e. the ratio of job openings to the number of unemployed persons excluding those on temporary layoff, a metric closely watched as an indicator of labor market slack), rose to 2.1x from 2.0x, a level which despite being lower than a record (since 2000) high of 2.3x in July, is still particularly elevated (average of 0.7x since 2000).
- **Average hourly earnings remained resilient in October,** with the monthly growth accelerating to +0.4% mom, from +0.3% mom in September, above expectations for a stable performance (average of +0.25% mom since 2006). The annual growth eased to +4.7% from +5.0% in September, in line with consensus estimates and still well above an average of +2.9% yoy since 2007.

US PMIs for October pointed to a somewhat weaker dynamic for business activity

- **PMIs eased in October. Indeed, the ISM manufacturing PMI fell by 0.7 pts to 50.2 (consensus: 50.0).** The decline was due to faster deliveries (the component of supplier delivery times fell by 5.6 pts to 46.8 and a slower accumulation on inventories' component (52.5 from 55.5). The implied better position of manufacturers to manage the supply process was due to an easing of demand (a negative development), as well as due to an alleviation of supply chain impediments (a positive development). The highly indicative of demand conditions and relatively more forward-looking index of new orders increased by +2.1 pts to 49.2. Meanwhile, the ISM services PMI decreased by 2.3 pts to 54.4, below expectations for 55.5 (new orders: -4.1 pts to 56.5).
- On pipeline price pressures, the aforementioned reports painted a mixed picture, with the prices paid index declining by 5.1 pts to 46.6 in the manufacturing survey (below the expansion/contraction threshold of 50.0 for the first time since May 2020) and increasing by 2.0 pts to 70.7 in its services peer.

A bleak economic outlook from the Bank of England

- **The BoE anticipates a sustained fall in UK GDP from H2:2022 up to H1:2024 mainly in view of squeezed real incomes due to high inflation.** If confirmed, such a contraction would be the longest since 1955, albeit a relatively "shallow" one. A cumulative fall of -2.9% in GDP is foreseen versus -6.3% during the Global Financial Crisis.
- According to the November Monetary Policy Report (MPR), real GDP is estimated to have fallen by -0.5% qoq in Q3:22 and is projected to decline anew in Q4:22, by -0.3% qoq. That path suggests a GDP growth of +4.25% overall in 2022 from +7.5% in 2021, a higher estimate compared with the previous MPR (August), due to a better than previously foreseen outcome in Q2:22 (+0.2% qoq instead of an anticipated -0.2% qoq). The contraction of GDP in H2:22 is expected to continue in 2023 (-1.5%) and in H1:24 (-1.5% yoy). As a result, real GDP growth is foreseen at -1.0% overall in 2024 (versus -0.25% in August's MPR). A still relatively subdued +0.5% real GDP growth is projected for 2025.
- In that context, the unemployment rate is projected to increase, peaking during 2025 (average for 2022: 3.75%, unchanged from August's MPR | 2023: 5.0% instead of 4.75% | 2024: 5.75% as also expected in August | 2025: 6.5%, at 6.4% though in Q4:25).
- On inflation, BoE expects headline CPI growth to have peaked at 10.9% yoy in October (10.1% yoy in September) when the price cap from the Great Britain's independent energy regulator Office of Gas and Electricity Markets was reset (the price cap limits the rates which suppliers can charge for their default tariffs). That forecast is meaningfully lower compared with the projections in August's MPR for 13.3% yoy, on the back of fiscal support to cap energy bills for households and corporations (Energy Bills Support Scheme and Energy Price Guarantee). Recall that BoE incorporated a working assumption that some fiscal support continues beyond the current 6-month period (from October 2022 to March 2023) of the Energy Price Guarantee, after which it is set to reviewed. CPI growth is anticipated to remain stable at 10.9% yoy throughout Q4:22, before starting to ease as of Q1:23 (+10.1% yoy) and to gradually fall below the 2% target in Q2:24 (+1.1% yoy). In all, CPI is foreseen at +10.75% yoy on average in 2022 (versus +13.0% yoy in August's MPR), +5.25% yoy in 2023 (instead of +5.5% yoy), +1.5% yoy in 2024 (unchanged from the previous projections) and at 0% in 2025, albeit the BoE cited upside risks to that path, in the medium-term.

China's PMIs entered Q4:2022 on a weak note

- **PMIs posted mixed changes in October, overall suggesting a weakening of momentum for business activity.** In the event, the Caixin manufacturing PMI was up by 1.1 pt to 49.2 (consensus: 49.0). At the same time, the "official" manufacturing PMI, i.e. the one from the National Bureau of Statistics (NBS) of China, decreased by 0.9 pts to 49.2 (consensus: 50.0). According to the NBS, energy-intensive segments weighed on the headline index. Meanwhile, the official nonmanufacturing PMI fell by 1.9 to 48.7, with the services sub-index shedding 1.9 pts to 47.0 (contact intensive segments such as retail sales, catering and air transport services continued to underperform in view of Covid-19 containment measures). Its construction peer declined by 2.0 pts, remaining though solid at 58.2, with the NBS noting strong infrastructure building on the back of policy support.

Equities

• **Global equity markets declined, mainly driven by US equities.** Overall, the MSCI ACWI ended the week down by 1.4% (-23% ytd), with Developed markets (-2.1% wow | -22% ytd) significantly underperforming their Emerging Markets peers (+4.7% wow | -28% ytd). The S&P500 declined by 3.3% wow (-21% ytd), as investors' expectations for a dovish pivot in Fed's monetary policy were dashed following the Fed Chair J. Powell's hawkish remarks during the post-meeting press conference. Regarding sectors, IT fell by -6.9% wow, with Apple ending the week down by 11.1%, recording its largest weekly decline since March 2020, following the imposed Covid-19 restrictions at a Foxconn plant in Zhengzhou that will affect production and shipments of iPhone 14 Pro and Pro Max lines. Communication Services fell by -7.4% wow, with Google underperforming (-10.1%), also posting its largest weekly decline since March 2020.

Regarding the Q3:2022 earnings season, with 88% of the S&P500 having reported results, so far, circa 71% have reported actual EPS above estimates. Consensus expects EPS growth of +2.3% yoy, from 2.7% yoy on September 30th. Notably, looking ahead, analysts now expect EPS to decline by -1.5% yoy in Q4:2022 (-6.1% excluding the Energy sector), from +0.2% yoy in the previous week and +3.9% yoy on September 30th. Full year 2023 estimates stand at +6% from +5.4% in 2022. Regarding styles, the Russell 1000 Growth index underperformed its Value peer by a significant margin of 440 basis points in the past week, widening the lag since September 30th to 860 bps, as the Nasdaq Composite fell by 5.7% wow, posting its largest weekly decline since January 2022. On the other side of the Atlantic, the EuroStoxx rose by +1.6% wow, with the Energy sector leading the increase (+5.5% wow) and Banks following suit (+4.1% wow). In Hong Kong, the Hang Seng rose by 8.7% wow, recording its largest weekly gains since 2011, while in China, the CSI300 increased by +6.4% wow.

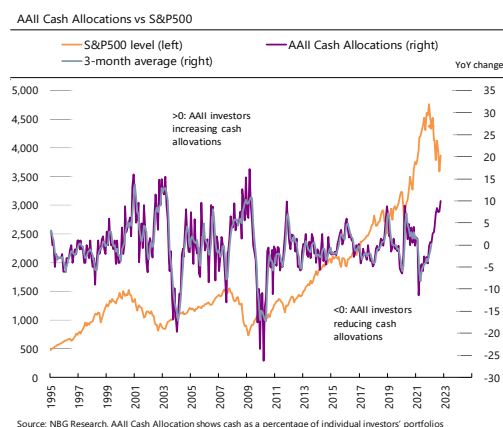
Fixed Income

• **Government bond yields rose in the past week.** Specifically, the US Treasury 10-year yield ended the week up by 14 bps to 4.16%, recording its 13th weekly increase out of the past 14 weeks, due to, *inter alia*, Fed Chair J. Powell's estimates that the Fed Funds Rate may move to higher levels and stay higher for longer than previously expected. The 2-year yield rose by 21 bps wow to 4.73%, recording on Thursday its highest level since 2007 (4.77%). Attention now turns to inflation data for November (core cpi expectations of 0.5% mom) and mid-term elections (November 8th), which are likely to result in divided government (Republicans are projected to win control of the House, while the Senate seems a tossup) and therefore reduce prospects for fiscal stimulus (if needed) and major legislative changes. In the United Kingdom, the yield of the 10-year Gilt increased by 12 bps wow to 3.56%, while on the contrary, the 2-year yield declined by 9 bps wow to 3.05%. In Germany, the 10-year yield rose by 20 bps wow to 2.29%, while periphery government bond yields also increased (Italy: +28 bps to 4.45%, Spain: +20 bps to 3.35%, Greece: +17 bps to 4.69%).

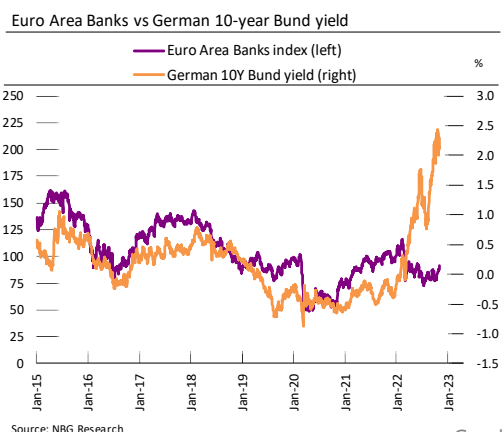
• **Corporate bond spreads were mixed in the past week.** Specifically, US high yield spreads were up by 23 bps to 477 bps, while their euro area counterparts declined by 22 bps to 566 bps. In the Investment Grade spectrum, US spreads decreased by 5 bps to 161 bps and Euro area spreads declined by 9 bps to 208 bps.

FX and Commodities

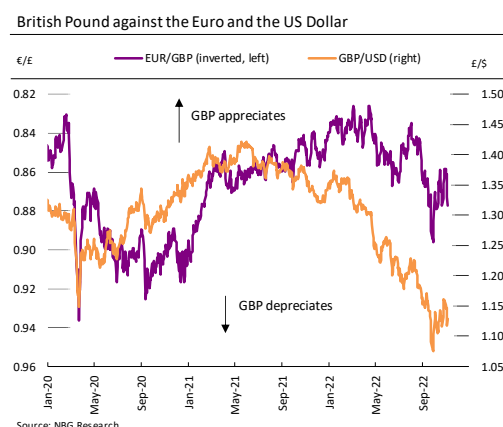
• **In foreign exchange markets, the British Pound depreciated in the past week,** declining by 2.8% wow against the US dollar to USD/GBP 0.89 and by 2.2% wow against the euro to EUR/GBP 0.88, due to, *inter alia*, the Bank of England's expectations that the Bank Rate will increase further, albeit to a peak lower than priced into financial markets (around 5%). **In commodities, oil prices rose in the past week,** supported by a larger-than-expected decline of US oil inventories (-3.1 million barrels to 437 million barrels for the week ending October 28th). Overall, the WTI ended the week up by 5.4% to \$92.6/barrel, while the Brent rose by 2.9% to \$98.6/barrel.



Graph 1.



Graph 2.



Graph 3.

Quote of the week: "Incoming data since our last meeting suggest that the ultimate level of interest rates will be higher than previously expected", **Fed Chair, Jerome Powell, November 2nd 2022.**

Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	November 4th	3-month	6-month	12-month	Official Rate (%)	November 4th	3-month	6-month	12-month
Germany	2.29	2.15	2.25	2.25	Euro area	1.50	2.00	2.50	2.50
US	4.16	4.00	4.10	4.10	US	4.00	4.50	5.00	5.00
UK	3.56	4.08	3.93	3.67	UK	3.00	3.85	4.40	4.45
Japan	0.25	0.23	0.27	0.33	Japan	-0.10	-0.10	-0.10	-0.10

Currency	November 4th	3-month	6-month	12-month	November 4th	3-month	6-month	12-month	
EUR/USD	0.99	1.02	1.05	1.10	USD/JPY	147	149	141	136
EUR/GBP	0.88	0.88	0.87	0.89	GBP/USD	1.14	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. AAI) 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						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	3771	-3.3	-20.9	-19.4	9.5	MSCI Emerging Markets	54687	4.2	-21.9	-23.9	-15.3
Japan	NIKKEI 225	27200	0.3	-5.5	-8.7	14.8	MSCI Asia	810	5.0	-24.3	-26.3	-20.7
UK	FTSE 100	7335	4.1	-0.7	0.8	24.7	China	54	10.7	-35.2	-40.8	-48.7
Canada	S&P/TSX	19450	-0.1	-8.4	-8.9	21.6	Korea	708	2.9	-22.3	-21.3	-4.0
Hong Kong	Hang Seng	16161	8.7	-30.9	-35.9	-35.1	MSCI Latin America	95892	2.9	3.9	4.0	15.5
Euro area	EuroStoxx	399	1.6	-16.6	-17.1	12.7	Brazil	323949	2.2	5.7	5.8	4.9
Germany	DAX 40	13460	1.6	-15.3	-16.0	9.2	Mexico	48270	4.6	-3.3	0.4	39.5
France	CAC 40	6416	2.3	-10.3	-8.2	30.3	MSCI Europe	2515	5.6	-63.7	-66.5	-49.7
Italy	FTSE/MIB	23282	3.3	-14.9	-15.4	20.3	Russia*	2156	-0.5	-43.1	-48.5	-22.6
Spain	IBEX-35	7943	0.3	-8.8	-12.1	17.1	Turkey	4260208	7.8	105.0	139.8	215.2

World Market Sectors (MSCI Indices)

in US Dollar terms						in local currency					
	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	254.9	2.8	46.1	41.1	150.9	Energy	272.7	3.1	54.0	49.4	162.2
Materials	286.1	1.2	-20.6	-17.4	2.8	Materials	294.0	1.4	-13.8	-9.8	11.8
Industrials	283.1	0.5	-19.2	-19.5	4.5	Industrials	302.0	0.6	-12.9	-12.7	14.5
Consumer Discretionary	295.4	-3.4	-33.1	-35.3	-11.3	Consumer Discretionary	300.5	-3.3	-29.7	-31.7	-5.5
Consumer Staples	254.7	-0.9	-13.1	-9.8	2.0	Consumer Staples	268.9	-0.6	-7.7	-3.9	8.9
Healthcare	327.6	-1.1	-11.4	-9.5	9.1	Healthcare	335.2	-0.9	-7.7	-5.6	14.2
Financials	125.1	0.7	-16.3	-18.4	25.8	Financials	131.7	0.8	-11.4	-13.2	33.2
IT	380.6	-6.8	-33.5	-32.0	-3.8	IT	376.0	-6.7	-32.3	-30.6	-1.4
Telecoms	63.9	-6.0	-40.2	-42.4	-26.2	Telecoms	69.0	-6.0	-38.2	-40.4	-23.2
Utilities	142.5	-0.4	-13.2	-8.6	-3.9	Utilities	152.3	-0.2	-9.1	-3.7	1.4

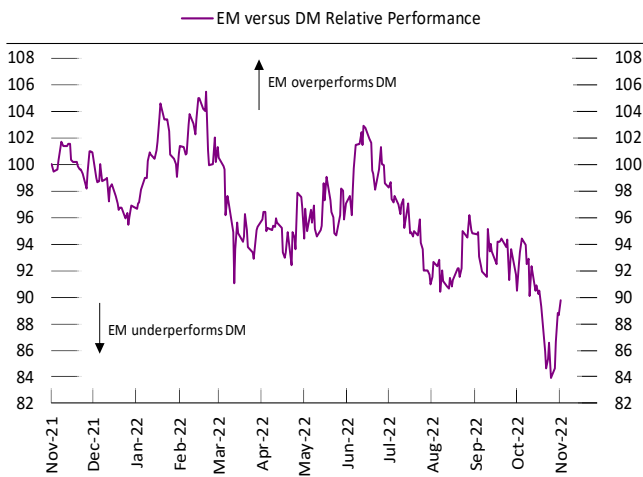
Bond Markets (%)

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	4.16	4.02	1.51	1.52	2.12	US Treasuries 10Y/2Y	-57	-51	78	109	100
Germany	2.29	2.09	-0.18	-0.23	0.45	US Treasuries 10Y/5Y	-17	-18	25	42	50
Japan	0.25	0.23	0.07	0.07	0.20	Bunds 10Y/2Y	18	19	46	49	81
UK	3.56	3.44	0.97	0.93	1.46	Bunds 10Y/5Y	13	11	28	34	55
Greece	4.69	4.52	1.32	1.10	5.55	Corporate Bond Spreads (in bps)					
Ireland	2.78	2.51	0.25	0.16	1.37						
Italy	4.45	4.17	1.17	0.93	2.20	EM Inv. Grade (IG)	211	211	139	147	191
Spain	3.35	3.15	0.57	0.45	1.74	EM High yield	792	829	618	710	624
Portugal	3.26	3.05	0.46	0.35	2.49	US IG	161	166	98	90	133
US Mortgage Market (1. Fixed-rate Mortgage)						US High yield	477	454	310	319	449
30-Year FRM¹ (%)	7.06	7.16	3.31	3.24	4.11	Euro area IG	208	217	98	90	119
vs 30Yr Treasury (bps)	277.5	299.0	138.9	125.7	136.9	Euro area High Yield	566	588	331	332	406

Foreign Exchange & Commodities

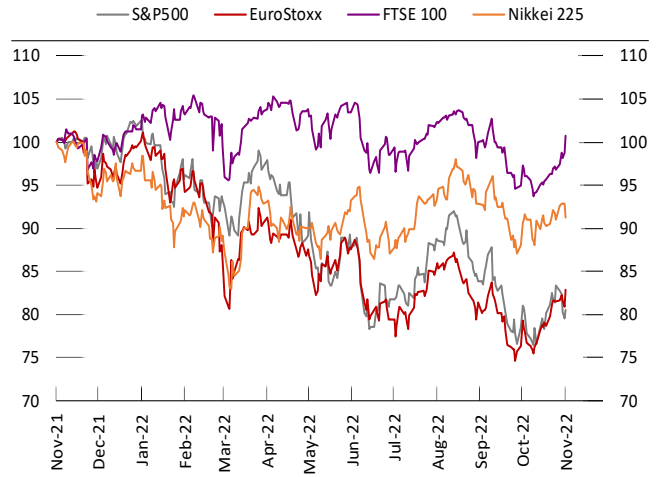
Foreign Exchange						Commodities					
	Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	
Euro-based cross rates						Agricultural	474	3.3	-0.9	10.3	6.6
EUR/USD	0.99	-0.5	0.4	-14.3	-13.0	Energy	337	5.5	3.5	24.9	33.6
EUR/CHF	0.99	-0.4	1.7	-6.3	-4.7	West Texas Oil (\$/bbl)	93	5.4	5.5	17.5	23.1
EUR/GBP	0.88	2.2	0.1	2.5	4.5	Crude Brent Oil (\$/bbl)	99	2.9	5.6	22.4	26.7
EUR/JPY	145.71	-0.7	2.1	11.1	11.3	HH Natural Gas (\$/mmbtu)	6.4	27.5	9.6	11.7	67.5
EUR/NOK	10.18	-1.0	-2.8	3.0	1.5	TTF Natural Gas (EUR/mwh)	115	2.3	-33.9	56.4	63.2
EUR/SEK	10.85	-0.6	0.2	9.5	5.4	Industrial Metals	429	6.1	2.2	-9.0	-14.0
EUR/AUD	1.54	-1.0	0.6	-1.4	-1.7	Precious Metals	2187	2.5	-2.2	-7.2	-8.6
EUR/CAD	1.34	-1.1	-0.8	-7.0	-6.8	Gold (\$)	1681	2.3	-2.0	-6.2	-7.7
USD-based cross rates						Silver (\$)	21	8.4	0.9	-12.3	-10.0
USD/CAD	1.35	-0.6	-1.2	8.6	7.1	Baltic Dry Index	1323	-13.8	-33.7	-52.2	-40.3
USD/AUD	1.55	-0.4	0.2	15.0	13.0	Baltic Dirty Tanker Index	1836	0.7	26.0	130.1	133.6
USD/JPY	147.25	-0.2	1.7	29.6	27.9						

EM vs DM Performance in \$



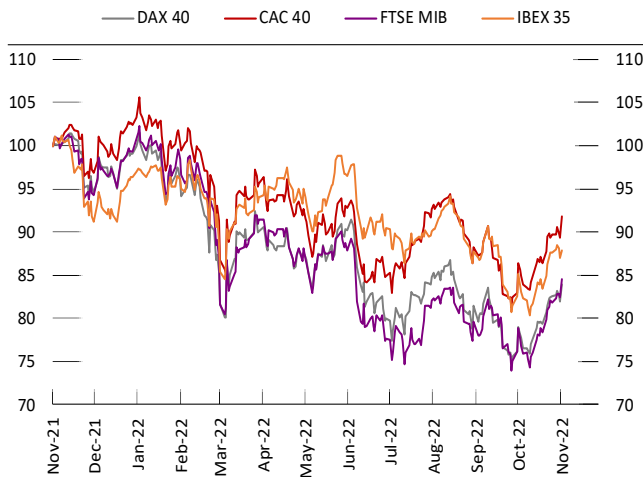
Data as of November 4th – Rebased @ 100

Equity Market Performance - G4



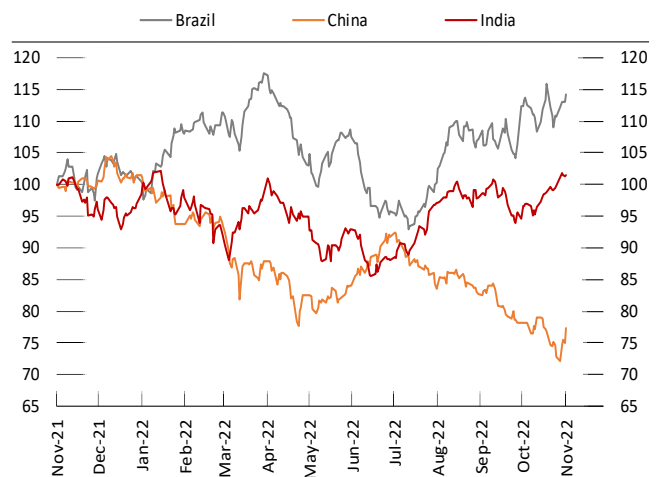
Data as of November 4th – Rebased @ 100

Equity Market Performance – Euro Area G4



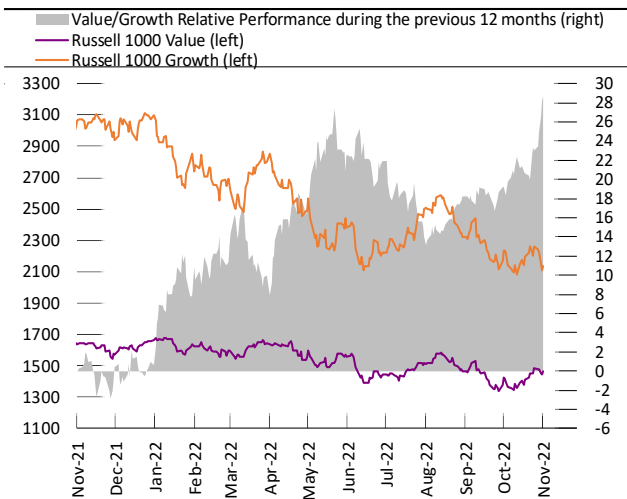
Data as of November 4th – Rebased @ 100

Equity Market Performance – Emerging Markets



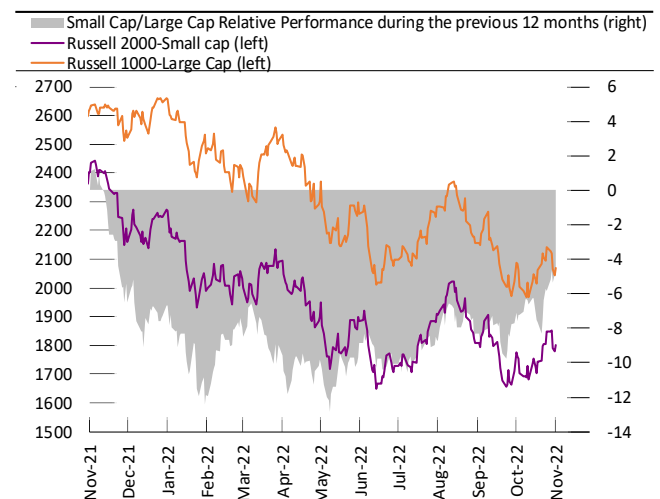
Data as of November 4th – Rebased @ 100

Russell 1000 Value & Growth Index



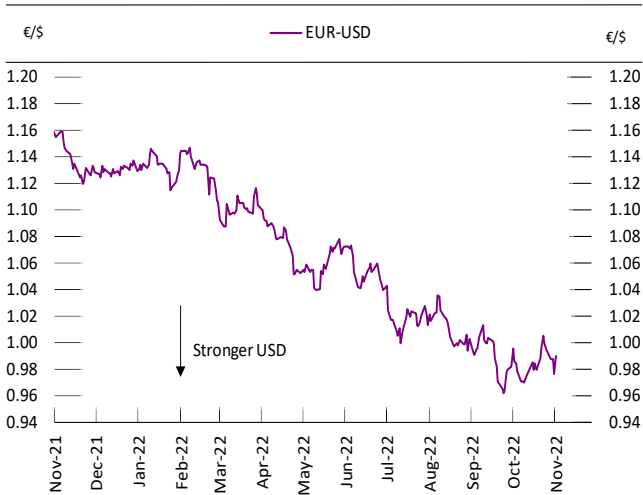
Data as of November 4th

Russell 2000 & Russell 1000 Index



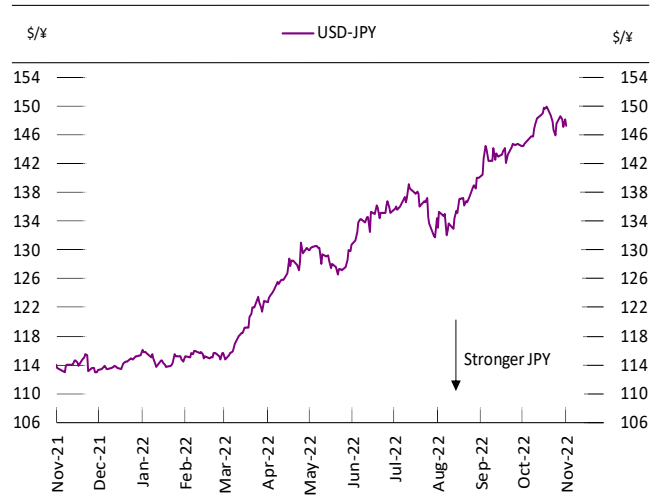
Data as of November 4th

EUR/USD



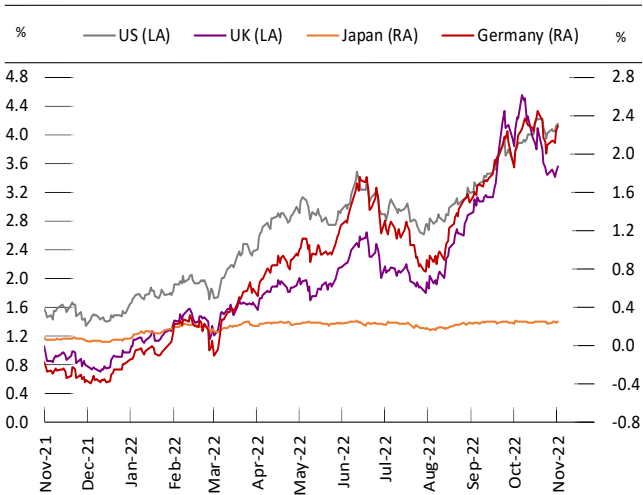
Data as of November 4th

JPY/USD



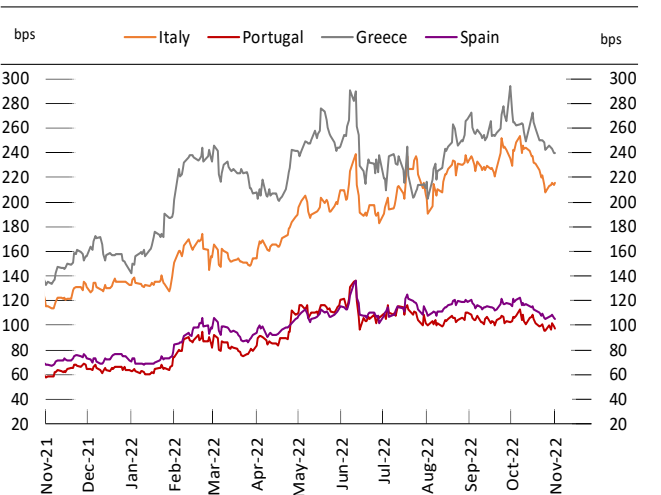
Data as of November 4th

10- Year Government Bond Yields



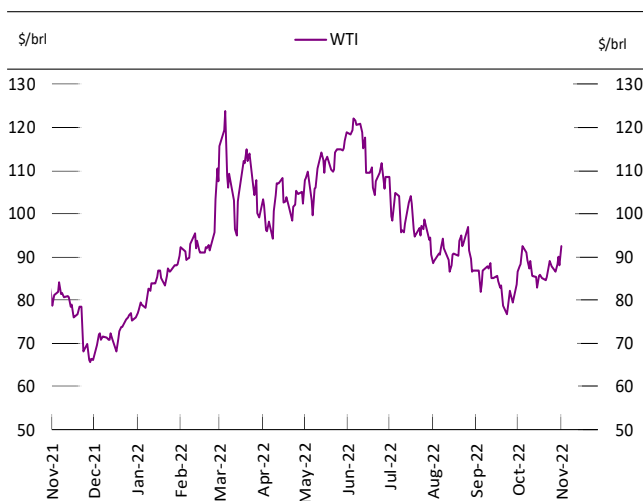
Data as of November 4th
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



Data as of November 4th

West Texas Intermediate (\$/bbl)



Data as of November 4th

Gold (\$/ounce)



Data as of November 4th

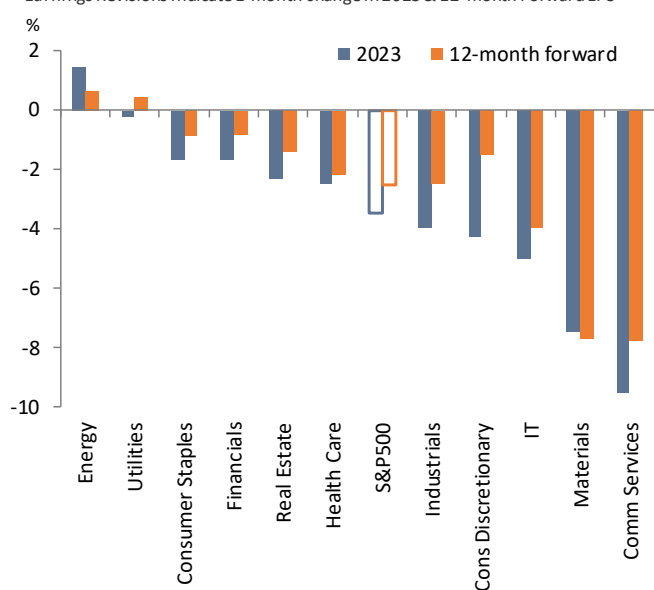
US Sectors Valuation

	Price (\$)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	4/11/22	% Weekly Change	%YTD	2022	2023	2022	2023	2022	2023	12m fwd	10Yr Avg	2022	2023	Current	10Yr Avg
S&P500	3771	-3.3	-20.9	5.9	6.0	1.7	1.8	17.3	16.3	16.4	17.3	3.7	3.4	3.4	3.0
Energy	702	2.4	66.1	156.8	-13.3	3.0	2.9	8.8	10.2	10.0	19.4	2.5	2.3	2.3	1.7
Materials	474	0.9	-16.7	6.5	-9.3	2.2	2.3	13.8	15.2	15.0	16.2	2.7	2.5	2.5	2.7
Financials															
Diversified Financials	922	-1.9	-15.7	-14.1	10.0	1.7	1.9	15.6	14.1	14.4	15.0	1.9	1.7	1.7	1.6
Banks	340	0.7	-18.7	-17.2	15.4	3.1	3.3	10.6	9.2	9.4	11.5	1.2	1.1	1.1	1.1
Insurance	577	-1.0	4.8	-13.4	29.7	1.9	2.1	16.6	12.8	13.4	11.9	2.1	1.9	1.9	1.3
Real Estate	227	-1.8	-30.2	10.6	3.6	3.9	3.8	16.4	15.8	15.9	18.7	2.6	2.8	2.7	3.3
Industrials															
Capital Goods	845	1.2	-5.2	13.1	17.7	1.7	1.9	21.3	18.1	18.6	17.4	4.9	4.4	4.5	4.0
Transportation	873	-0.6	-22.6	124.8	8.5	2.1	2.2	14.7	13.6	N/A	14.0	5.0	4.2	4.3	4.2
Commercial Services	471	-2.6	-13.3	9.4	6.9	1.1	1.2	27.7	25.9	26.2	23.6	5.8	5.3	5.4	4.3
Consumer Discretionary															
Retailing	2749	-8.0	-35.0	-38.9	49.3	0.9	1.0	36.1	24.2	26.1	27.7	9.8	8.1	8.4	9.3
Consumer Services	1262	0.3	-16.4	N/A	163.6	1.2	1.4	59.7	22.7	N/A	35.9	116.4	76.0	N/A	12.3
Consumer Durables	318	-0.7	-40.4	4.5	-10.7	2.1	2.1	10.7	12.0	11.8	17.0	2.6	2.4	2.4	3.4
Automobiles and parts	119	-7.0	-40.0	29.2	10.9	0.3	0.4	24.2	21.8	N/A	16.1	4.8	4.1	4.2	2.9
IT															
Technology	2631	-9.3	-22.9	6.0	3.9	1.0	1.0	20.2	19.5	19.6	15.8	14.9	13.2	13.5	7.0
Software & Services	2665	-7.5	-31.5	10.0	10.9	1.1	1.2	22.9	20.7	21.0	21.8	7.3	6.2	6.4	6.3
Semiconductors	1583	-0.6	-39.8	-3.8	-5.0	1.8	1.9	15.7	16.5	16.4	15.6	4.1	3.9	3.9	3.9
Communication Services	152	-7.4	-43.0	-16.1	10.9	1.1	1.2	15.0	13.5	13.8	19.0	2.5	2.2	2.3	3.2
Media	575	-8.6	-46.9	-16.3	11.4	0.4	0.5	16.6	14.9	15.1	22.4	2.8	2.5	2.6	3.7
Consumer Staples															
Food & Staples Retailing	640	-2.8	-8.7	0.1	7.7	1.6	1.6	22.7	21.1	21.4	18.6	4.8	4.5	4.5	3.7
Food Beverage & Tobacco	830	-1.8	1.6	4.6	3.0	3.1	3.3	19.3	18.7	18.8	18.5	5.3	5.0	5.0	5.0
Household Goods	771	-0.9	-21.0	-3.4	4.6	2.6	2.7	24.2	23.2	23.3	21.6	9.3	9.2	9.2	7.0
Health Care															
Pharmaceuticals	1233	-1.4	-5.1	4.4	-8.0	1.9	2.0	14.7	15.9	15.7	15.4	5.3	4.7	4.8	4.4
Healthcare Equipment	1799	-1.9	-10.2	3.6	5.7	1.2	1.3	19.2	18.1	18.3	17.0	3.9	3.5	3.6	3.0
Utilities	341	-0.6	-6.4	2.1	7.1	3.1	3.3	19.0	17.8	18.0	17.1	2.0	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

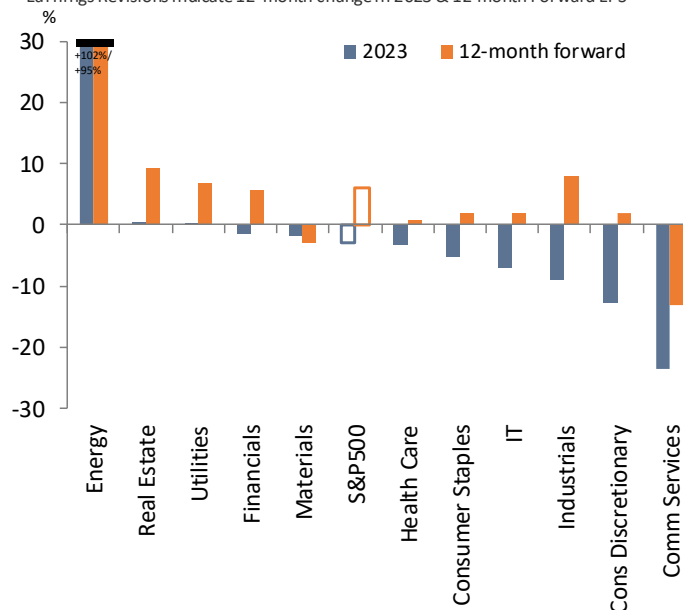
Earnings Revisions indicate 1-month change in 2023 & 12-month Forward EPS



Data as of November 4th
12-month forward EPS are 15% of 2022 EPS and 85% of 2023 EPS

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

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



Data as of November 4th
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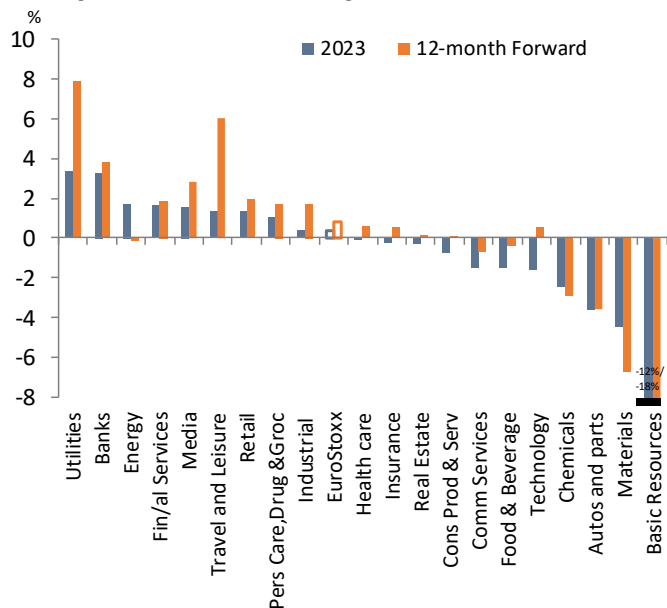
Euro Area Sectors Valuation

	Price (€)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	4/11/22	% Weekly Change	%YTD	2022	2023	2022	2023	2022	2023	12m fwd	10Yr Avg	2022	2023	Current	10Yr Avg
EuroStoxx	399	1.6	-16.6	16.0	3.9	3.4	3.6	12.3	11.8	11.9	14.7	1.5	1.4	1.5	1.5
Energy	342	5.5	18.5	139.0	-18.2	5.3	4.7	5.0	6.1	5.9	13.0	1.2	1.1	1.1	1.2
Materials	929	2.0	-10.9	12.0	-27.0	3.2	3.1	10.4	14.3	13.7	15.7	1.6	1.5	1.5	1.7
Basic Resources	222	3.7	-10.6	0.5	-51.7	3.2	3.3	4.0	8.4	7.7	9.8	0.6	0.6	0.6	0.8
Chemicals	1352	1.8	-11.0	20.0	-14.7	3.2	3.1	13.6	16.0	15.6	16.8	2.1	2.0	2.0	2.2
Financials															
Banks	91	4.1	-9.4	11.2	3.9	6.6	7.2	7.0	6.7	6.8	9.9	0.6	0.5	0.6	0.7
Insurance	291	2.3	-4.9	-13.5	33.5	5.8	6.2	11.2	8.4	8.8	9.7	1.2	1.1	1.1	0.9
Financial Services	476	-1.3	-17.7	39.1	-9.5	3.2	3.3	10.2	11.3	11.1	16.1	1.2	1.1	1.1	1.3
Real Estate	132	2.8	-40.6	6.7	2.6	6.5	7.3	10.2	10.0	10.0	17.0	0.5	0.5	0.5	1.0
Industrials															
Industrial Goods & Services	940	0.2	-19.7	20.0	10.8	2.4	2.7	17.0	15.3	15.6	17.4	2.4	2.2	2.2	2.6
Construction & Materials	458	1.5	-15.7	-4.5	1.5	3.9	4.1	11.5	11.4	11.4	14.8	1.5	1.4	1.4	1.5
Consumer Discretionary															
Retail	465	1.9	-32.8	-3.7	7.4	4.6	4.9	19.3	18.0	18.2	26.0	3.8	3.7	3.7	5.6
Automobiles and parts	504	1.3	-20.1	18.2	-15.6	6.5	5.9	4.6	5.4	5.3	8.0	0.7	0.7	0.7	1.0
Travel and Leisure	184	1.0	-5.1	N/A	43.0	1.1	1.2	23.7	16.6	N/A	N/A	2.1	2.0	2.0	2.2
Consumer Products & Services	411	3.5	-22.0	8.2	13.3	1.7	1.9	26.6	23.4	23.9	24.8	5.6	5.0	5.1	4.2
Media	248	-2.5	-13.2	18.9	17.1	2.6	2.8	19.6	16.8	17.2	18.5	2.6	2.5	2.5	2.2
Technology	672	-0.5	-31.6	-0.4	21.2	1.3	1.4	22.2	18.3	18.9	21.9	3.0	2.8	2.8	3.7
Consumer Staples															
Food, Beverage & Tobacco	162	1.0	-15.8	15.3	9.9	1.9	2.2	18.2	16.5	16.8	20.1	2.0	1.8	1.8	2.6
Personal Care, Drug & Grocery	170	1.4	-15.5	3.0	7.6	2.6	2.8	15.5	14.4	14.6	17.6	2.2	2.1	2.1	2.3
Health care	766	0.7	-17.9	9.6	6.3	2.5	2.6	14.9	14.0	14.2	16.7	1.9	1.8	1.8	2.3
Communication Services	272	1.6	-5.8	22.3	7.6	4.2	4.5	14.6	13.5	13.7	15.4	1.4	1.4	1.4	1.7
Utilities	333	1.1	-15.5	-53.6	123.5	4.6	5.0	27.0	12.1	14.4	14.1	1.6	1.5	1.5	1.3

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

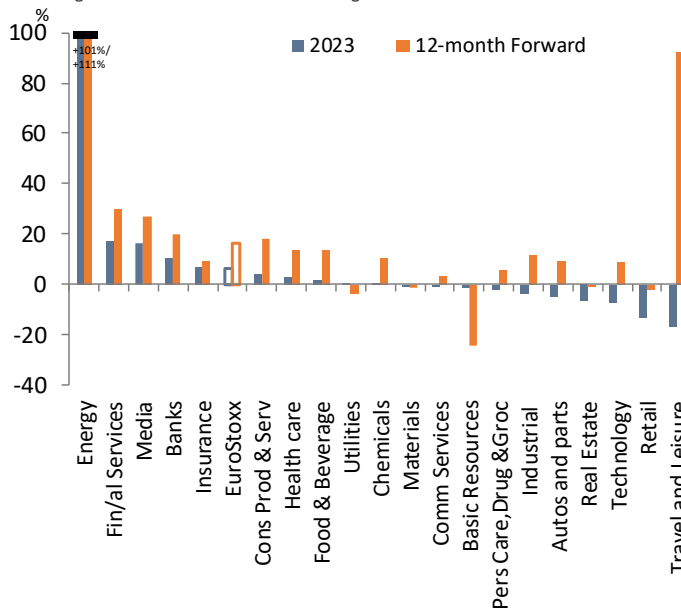
Earnings Revisions indicate 1-month change in 2023 & 12-month Forward EPS



Data as of November 4th
12-month forward EPS are 15% of 2022 EPS and 85% of 2023 EPS

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

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



Data as of November 4th
12-month forward EPS are 15% of 2022 EPS and 85% of 2023 EPS

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