

August's red hot US inflation report suggests that the Federal Reserve will continue to raise interest rates aggressively

- Government bond interest rates rose in the past week on both sides of the Atlantic, in view of hawkish central banks. Recall that recent Fed officials' commentary has contributed to the prospect of another hike in the federal funds rate by 75 bps to a range of 3.0% - 3.25% on September 21st.
- The solid core CPI reading for August was a notable surprise (+0.6% mom vs expectations of +0.3% mom) implying that the Fed would not shift down the pace of tightening. The core CPI rose by 6.3% yoy from +5.9% yoy in July and the headline CPI increased by +8.3% yoy from +8.5% yoy.
- As a result, the US 2-Year Treasury yield surged intraday by circa 25 basis points to 3.75% and the 10-Year rose by 15 basis points to 3.45%, with the 10/2s curve inverted further. Front-end German interest rates have increased by 20 basis points to 1.3% in the past week (10-Year up by 18 basis points to 1.68%) as the ECB now favors front-loading interest rate hikes.
- The ECB increased its key policy rates by 75 basis points to +0.75% (DFR), +1.25% (MRO) and +1.50% (MLF). President Lagarde noted that further hikes should be expected at the next several meetings, which she specified as probably more than two and less than five. Interest rates are far from the level the ECB thinks appropriate to help return inflation to 2% (see Economics).
- The pace of central bank normalization remains top of mind for investors. Following the stronger-than-expected CPI outcome on Tuesday, the S&P500 index was down by 3%. In the past week, equity markets have moved higher mostly on the back of positive data surprises (US ISM) and some respite for wholesale prices of natural gas and electricity in Europe (c. -40% & -50%, respectively as of September 12th from their peak on August 26th).
- The European response to the energy crisis continues to be formed. Reportedly, a twofold approach is discussed in the EU. First, reducing power demand is a major goal, with a broad target for overall consumption and a mandatory one for electricity usage during peak hours (when the expensive natural gas is needed to come into the wholesale market for total demand to be met).
- The second part of the approach entails: i) oil, gas, coal and refinery companies facing an "exceptional and temporary" levy on their extra-ordinary profits (likely to be calculated on the basis of the extent that their pre-tax profits will exceed the average in 2019 – 2021) for relief measures towards households and companies to be funded and; ii) a limit in excess revenues (via a price cap) of power producers which rely on renewables, lignite and nuclear sources.
- In the United Kingdom, the new PM Mrs. Truss, pre-announced a sizable fiscal intervention (initial estimates suggest that the package may amount to c. £150 bn or 6% of GDP) to alleviate the burden from skyrocketing energy bills.
- The plan entails support measures for companies for the next 6 months (details are yet to be finalized) and a cap for households' bills as of October 2022 and for the next 2 years. In the event, for an energy consumption equaling the median one per household in 2019, the bills will be capped at £2.500 per annum, instead of £3.550 as estimated without government intervention (calculations are based on a weighted average base for all types of dwellings).

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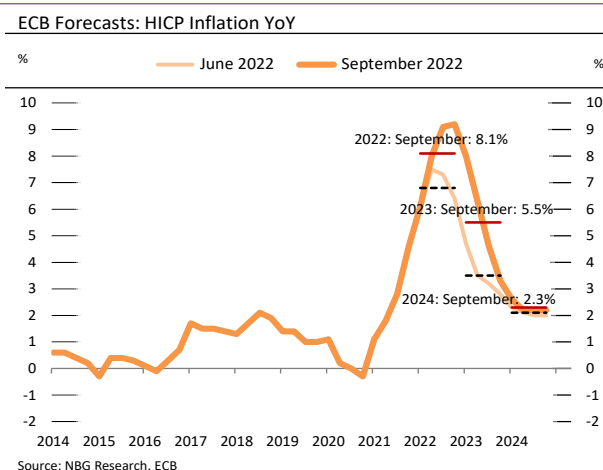
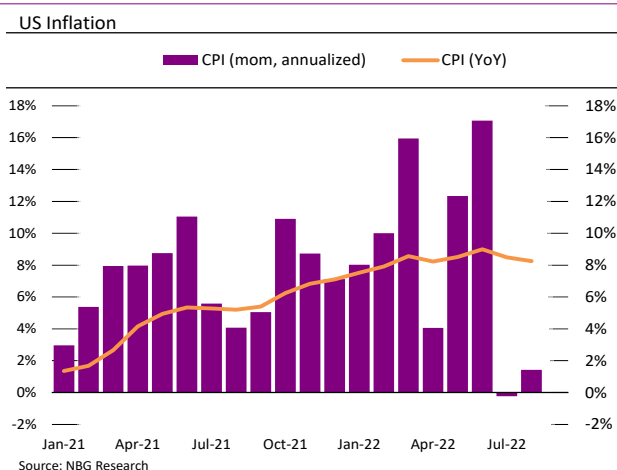
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Charts of the week



US PMIs for August, surprised to the upside

- **PMIs roughly held their ground in August.** In the event, the ISM manufacturing PMI was stable at 52.8 pts, above consensus estimates for 52.0. The production component fell by 3.1 pts to 50.4. Nevertheless, the highly indicative of demand conditions and relatively more forward looking index of new orders, returned to expansionary territory (above the expansion/contraction threshold of 50.0), up by 3.3 pts to 51.3. Meanwhile, the ISM services PMI rose by 0.2 pts to a solid 56.9 (business activity: +1.0 pt to 60.9 | new orders: +1.9 pts to 61.8), well above expectations for 55.1.
- Pipeline price pressures continue across the board, albeit with a further alleviation in their pace of increase. In the event, the prices paid index declined by 7.5 pts to 52.5 in the manufacturing survey (peak of 87.1 in March) and by 0.8 pts to 71.5 in its services peer (peak of 84.6 in April).
- In all, the Atlanta Fed's GDPNowcast model points to +1.3% qoq saar (+1.5% yoy) for GDP in Q3:22, from -0.6% qoq saar (+1.7% yoy) in Q2:22.

The ECB revised substantially upwards its projections for inflation and to the downside for GDP

- **The quarterly ECB staff's estimates point to a bleaker outlook for economic activity,** as a result, *inter alia*, of: i) rising pressures to households' purchasing power due to higher inflation (see below); ii) a tighter monetary policy in the euro area; iii) weaker external demand in view of a deteriorating outlook for global economic activity (and also due to tighter monetary policies abroad); iv) higher uncertainty leading to a hit on economic confidence and; v) energy supply disruptions. For FY:2022, positive surprises for GDP in H1:2022 more than offset the worsened outlook for H2:2022 (when largely a stagnation is anticipated). As a result, the estimate for real GDP growth in 2022 was revised up by 0.3 pps (compared with the previous estimates in June) to +3.1% yoy. Further ahead (with stagnation being anticipated to continue in Q1:2023), the growth estimate for 2023 was revised sharply down, by 1.2 pps to 0.9% yoy. Notably, under a more adverse ECB staff scenario (in the baseline one, no major rationing of natural gas will take place) in which larger disruptions to energy supplies combined with a cold winter lead to more severe production cuts, real GDP would grow by 2.8% in 2022 and contract by 0.9% in 2023. Finally, under the baseline scenario, real GDP growth is anticipated at +1.9% in 2024, versus +2.1% in June's projections.
- At the same time, **sharp upward revisions for inflation projections took place,** reflecting: i) substantially stronger than previously expected readings in recent months; ii) the outlook for wholesale natural gas and electricity prices having moved dramatically north; iii) stronger wage growth and; iv) a weaker euro. These effects more than offset the downward impact of a recent decline in prices of international food commodities (the Food Price Index from the Food and Agriculture Organization of the United Nations fell by 12.7% from May to August 2022), easing supply bottlenecks and the weaker growth outlook. Specifically, the (baseline) projection for inflation in 2022 was revised up by 1.3 pps to 8.1% yoy (on average), by 2.0 pps to 5.5% yoy in 2023 and by 0.2 pps to 2.3% yoy in 2024 (still above the 2% target, arguing against a return to an accommodative policy stance throughout the projection horizon). Core CPI inflation estimates were also revised up sharply, by 0.6 pps in 2022 to 3.9% yoy, also by 0.6 pps in 2023 to 3.4% yoy, while being left unchanged at 2.3% for 2024.

Euro area's strong GDP performance in Q2 was surprisingly revised up in the final estimate

- **The 3rd estimate for euro area GDP growth in Q2:22 (the first including analytical breakdown per expenditure component) came out at +0.8% qoq (+3.1% in annualized terms), versus +0.6% qoq (+2.5% annualized) in the previous estimate** (above consensus estimates for an unrevised reading) and following a +0.7% qoq (+2.7% annualized) in the previous quarter. The annual growth was +4.1% from +5.4% in Q1:22. Unsurprisingly, the re-opening of the economies, combined with the commencement of the summer tourism season, boosted **private consumption**, which rose by 1.3% qoq (+5.6% yoy), after being unchanged on a quarterly basis (+8.1% yoy) in Q1:22 and was by far the major contributor to headline growth (+0.6 pps). At the same time, **government consumption** was up by 0.6% qoq (+1.6% yoy), contributing 0.1 pp to overall growth. Further 0.2 pps were added by **capital formation**, which increased by 0.9% qoq (+3.1% yoy), with strong business investment (+1.4% qoq | +3.6% yoy), more than offsetting a fall in residential investment (-0.4% qoq | +1.6% yoy). At the same time, **inventories** (including acquisitions less disposals of valuables) were largely neutral to overall growth. Finally, **net exports** subtracted 0.2 pps, as imports (+1.8% qoq | +8.6% yoy) outpaced exports (+1.3% qoq | +7.4% yoy).

Japanese GDP in Q2 was revised up, above expectations

- **Japanese GDP rose by 0.9% qoq in Q2:22 (+3.5% in annualized terms) according to the 2nd estimate (+1.6% yoy), versus +0.5% qoq in the preliminary estimate (+2.2% annualized) and following a +0.1% qoq (+0.2% annualized | +0.6% yoy) in Q1:22.** The outcome exceeded consensus estimates for +0.7% qoq. The main upward revisions regarded **business investment**, +0.6 pps to +2.0% qoq (+0.3 pps to overall GDP's quarterly growth | +0.3% yoy), following a -0.1% qoq (-1.0% yoy) in the previous quarter and **inventories** (-0.3 pps contribution instead of -0.4 pps in the preliminary estimate). Elsewhere, revisions were minor, with **private consumption** standing at +1.2% qoq (+0.6 pps contribution | +3.1% yoy) in Q2:22, following a +0.3% qoq (+2.0% yoy) in Q1:22. **Government consumption** increased by 0.7% qoq (+0.2 pps | +1.9% yoy), compared with +0.4% qoq (+2.1% yoy) in Q1:22. **Public investment** rose by 1.0% qoq (neutral to overall GDP's quarterly growth | -8.9% yoy), from -3.2% qoq (-12.6% yoy) in Q1:22. **Net exports** added 0.1 pp, as exports (+0.9% qoq | +2.7% yoy), outpaced imports (+0.6% qoq | +3.2% yoy). On a negative note, **residential investment** was down by 1.9% qoq (-6.2% yoy), posing a drag of 0.1 pp to headline GDP growth (-1.4% qoq | -3.0% yoy in the previous quarter).

China's external trade eased in August

- **Both exports and imports considerably undershot consensus estimates in August.** Specifically, the annual pace of growth of exports -- in USD terms -- eased to +7.1%, from +18.0% in July. Although a significant deceleration was expected due to unfavorable base effects, the latest reading was well below consensus estimates for +12.8% yoy. At the same time, total imports came out at +0.3% yoy compared with +2.3% yoy in July, versus expectations for +1.1% yoy. In all, the latest data suggest that the impetus for demand eased in August, both domestically and abroad. Attention will now focus on August's main economic activity data (industrial production, fixed assets investment, retail sales), due on September 16th.

Equities

- Global equity markets rose in the past week, following three consecutive weekly declines.** Overall, the MSCI ACWI ended the week up by +2.6% (-18% ytd), with Developed markets (+3% wow | -17% ytd) overperforming their Emerging Markets peers (-0.2% wow | -21% ytd). The S&P500 rose by 3.6% wow (-15% ytd), rising above the 4000-points milestone (4067). Regarding sectors, Banks overperformed (+4.7% wow), due to rising yields. Autos sector rose by 9.8% wow, mainly due to the overperformance of Tesla (+13%, 86% of sector market cap), as company's deliveries of China-made vehicle recorded a new near record high (76,965). Tesla's China operations are back in full swing after an upgrade to its factory in Shanghai and the Covid-19 lockdown in the city that slowed production earlier this year. On the other side of the Atlantic, the Eurostoxx rose by 0.9% wow (-17% ytd), and by a further +2% on Monday, fueled by expectations that softer inflation could lead to a slowdown in the pace of monetary tightening by central banks. Ukraine's progress in recapturing territory from Russian forces has also lifted market sentiment. In China, CSI 300 rose by 1.7% wow, while the MSCI China ended the week broadly flat, as modest inflation data and expectations of further policy support prompted investors to look past tightened Covid-19 measures.

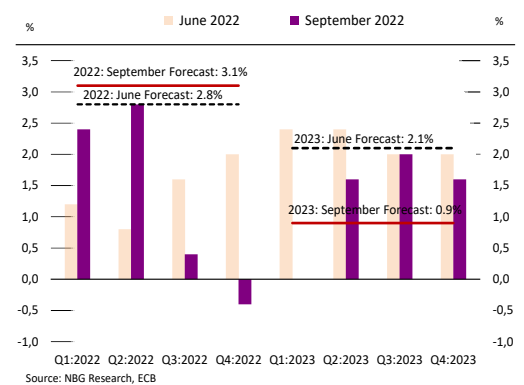
Fixed Income

- Government bond yields continue to rise, mainly due to hawkish monetary policy in recent weeks.** Specifically, the US Treasury 10-year yield ended the week up by 12 bps wow to 3.32% (+181 bps ytd) and the 2-year yield increased by 18 bps to 3.66%, at the highest level since November 2007. The UK 10Yr Gilt yield rose by 18 bps to 3.08%, its highest level since 2011. Meanwhile, the Bank of England on Friday rescheduled its next announcement on interest rates and other decisions for September 22nd from an original date of September 15th following the death of Queen Elizabeth. In Germany, 10-Year yield rose by 18 bps to 1.68%, following the ECB's decision to hike interest rates by 75 bps. Note that periphery bond spreads were broadly stable on a weekly basis (Italy: 232 bps, Spain: 116 bps, Greece: 258 bps), as the ECB announced that it will continue reinvesting, in full, the principal payments from maturing securities purchased under the APP (for an extended period of time past the date when it started raising the key ECB interest rates) and the PEPP (until at least the end of 2024) – a total envelope of €4.9 billion. **Corporate bond spreads narrowed significantly in the past week, especially in the High Yield spectrum, due to the risk-on sentiment.** Indeed, EUR HY bond spreads decreased by 32 bps to 543 bps and their US counterparts narrowed by 49 bps to 457 bps. In the investment grade spectrum, EUR spreads fell by 8 bps to 192 bps and USD spreads declined by 3 bps to 147 bps. Note that EUR credit spreads are discounting more risk vs the USD as the ratio of spreads is close to the European sovereign crisis levels in both the HY and IG market.

FX and Commodities

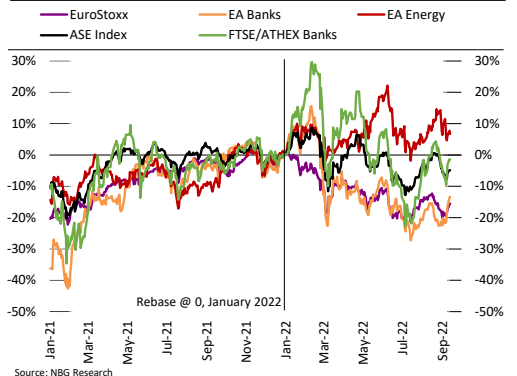
- In foreign exchange markets, the British pound fell to a 37-year low vs the USD (GBP/USD 1.16), due to US dollar strength and UK's deteriorating fiscal and current account position.** Against the euro, sterling was broadly stable on a weekly basis (-3% ytd) to EUR/GBP 0.87. The euro was little changed against the US Dollar in the past week, breaking though (slightly) above absolute parity on Monday (+0.9% to \$1.013). **In commodities,** oil prices whipsawed, with a softer outlook for demand (corroborated by renewed pandemic-related curbs in China), being counterbalanced by supply issues (OPEC+ decided to reduce its output by 100k barrels per day in October, reversing the previous month's increase | officials' comments on the prospect of an imminent Iran nuclear deal have turned much less optimistic lately). In all, both the Brent and the WTI were roughly unchanged on a week basis, while entering the current week up by c. 1% (at \$94.0/barrel and \$87.8/barrel, respectively), following also fresh cautious comments in the weekend on the Iran deal. Meanwhile, highly volatile European natural gas prices ended the week and Monday lower (Dutch TTF: -11.5% cumulative to €272.6/Mwh).

ECB Forecasts: Real GDP Growth qoq saar



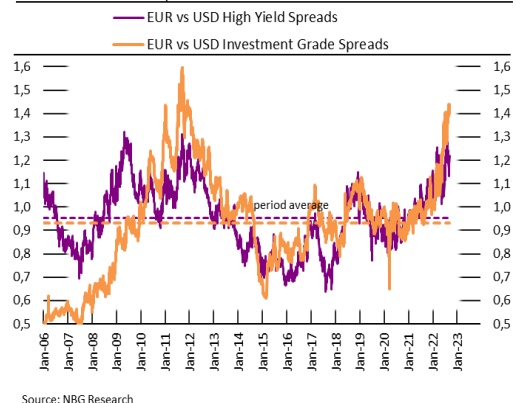
Graph 1.

EA Equities Performance 2021-2022



Graph 2.

EUR vs USD Credit Spreads



Graph 3.

Quote of the week: "We will continue to increase rates meeting-by-meeting on the basis of data, because we believe that we are far away from the rate at which we hope and we'll see inflation return to the 2% medium-term target", **ECB President, C. Lagarde, September 8th 2022.**

Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	September 9th	3-month	6-month	12-month	Official Rate (%)	September 9th	3-month	6-month	12-month
Germany	1,68	1,40	1,60	1,90	Euro area	0,75	2,00	2,25	2,25
US	3,32	3,20	3,30	3,40	US	2,50	3,00	3,50	4,00
UK	3,08	2,21	2,18	2,03	UK	1,75	2,10	2,50	2,60
Japan	0,23	0,22	0,23	0,27	Japan	-0,10	-0,10	-0,10	-0,10

Currency	September 9th	3-month	6-month	12-month	September 9th	3-month	6-month	12-month	
EUR/USD	1,00	1,02	1,05	1,10	USD/JPY	142	141	137	134
EUR/GBP	0,87	0,86	0,86	0,87	GBP/USD	1,16	1,19	1,23	1,27
EUR/JPY	142	144	144	147					

Forecasts at end of period

Economic Forecasts

United States	2020a	Q1:21a	Q2:21a	Q3:21a	Q4:21a	2021a	Q1:22a	Q2:22a	Q3:22f	Q4:22f	2022f
Real GDP Growth (YoY) (1)	-3.4	0.5	12.2	4.9	5.5	5.7	3.5	1.7	1.3	0.3	1.7
Real GDP Growth (QoQ saar) (2)	-	6.3	6.7	2.3	6.9	-	-1.6	-0.6	1.2	2.6	-
Private Consumption	-3.8	11.4	12.0	2.0	2.5	7.9	1.8	1.5	1.0	2.2	2.3
Government Consumption	2.5	4.2	-2.0	0.9	-2.6	0.5	-2.9	-1.8	0.9	0.9	-0.9
Investment	-2.7	13.0	3.3	-0.9	2.7	7.8	7.4	-4.5	2.5	3.1	2.6
Residential	6.8	13.3	-11.7	-7.7	2.2	9.2	0.4	-16.2	-1.4	1.1	-3.4
Non-residential	-5.3	12.9	9.2	1.7	2.9	7.4	10.0	0.0	3.4	3.5	4.5
Inventories Contribution	-0.6	-3.7	-1.7	2.1	5.4	0.1	-0.1	-2.1	-1.5	-0.3	0.6
Net Exports Contribution	-0.2	-2.0	-0.4	-1.5	-0.7	-1.9	-3.9	1.4	1.3	0.6	-1.1
Exports	-13.6	-2.9	7.6	-5.3	22.4	4.5	-4.8	17.6	7.6	2.4	5.0
Imports	-8.9	9.3	7.1	4.7	17.9	14.0	18.9	2.8	-2.1	-1.7	9.1
Inflation (3)	1.2	1.9	4.9	5.4	6.7	4.7	8.0	8.7	9.0	8.1	8.3

Euro Area	2020a	Q1:21a	Q2:21a	Q3:21a	Q4:21a	2021a	Q1:22a	Q2:22a	Q3:22f	Q4:22f	2022f
Real GDP Growth (YoY)	-6.2	-0.8	14.4	3.7	4.6	5.2	5.4	4.1	0.9	0.9	2.6
Real GDP Growth (QoQ saar)	-	-0.4	8.2	9.0	2.0	-	2.7	3.1	-0.5	0.9	-
Private Consumption	-7.8	-8.2	15.6	18.6	-0.2	3.7	-0.2	5.1	0.8	0.2	2.7
Government Consumption	1.0	-0.6	8.0	0.4	2.7	4.2	0.9	2.5	0.7	0.4	1.1
Investment	-6.6	-7.8	6.7	-2.4	15.7	4.1	-3.3	3.7	0.3	0.2	2.5
Inventories Contribution	-0.3	2.8	-2.3	-0.7	2.2	0.1	0.4	-0.2	-1.4	-1.0	0.1
Net Exports Contribution	-0.5	3.1	-0.4	0.8	-3.7	1.4	2.9	-0.7	0.3	1.7	0.3
Exports	-9.3	2.5	10.5	9.6	10.1	10.3	4.8	5.4	2.6	2.9	5.2
Imports	-8.8	-4.0	12.5	8.5	20.4	8.0	-0.9	7.4	2.1	-0.4	5.2
Inflation	0.3	1.0	1.8	2.9	4.7	2.6	6.1	8.0	8.8	8.0	7.7

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 	<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 	<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 	<ul style="list-style-type: none"> + Significant exposure to commodities + Undemanding valuations in relative terms relative to other regions - Elevated domestic policy uncertainty
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 	<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 	<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% 	<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
Foreign Exchange	<ul style="list-style-type: none"> + Slightly higher yields expected + Weak global growth / Safe-haven demand status + USD interest rate differential vs peers remain significant + Aggressive Fed tightening - Global political uncertainty to decline 	<ul style="list-style-type: none"> + Slightly higher yields expected + Current account surplus - Still negative interest rates - Global growth risks remain to the downside 	<ul style="list-style-type: none"> + Stable yields expected + 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% 	<ul style="list-style-type: none"> + Slightly higher yields expected + Valuations appear undemanding with REER below its 15-year average - Sizeable Current account deficit
	<ul style="list-style-type: none"> ● Broadly Flat USD against G10 FX 	<ul style="list-style-type: none"> ● Broadly Flat/Stronger EUR against the USD 	<ul style="list-style-type: none"> ▲ Slightly higher JPY 	<ul style="list-style-type: none"> ● Broadly stable GBP expected

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	4067	3.6	-14.7	-9.5	19.7	MSCI Emerging Markets	58834	0.0	-16.0	-19.3	-5.3
Japan	NIKKEI 225	28215	2.0	-2.0	-6.0	22.5	MSCI Asia	895	0.0	-16.4	-20.3	-7.6
UK	FTSE 100	7351	1.0	-0.5	4.7	22.3	China	65	-0.2	-21.7	-30.7	-32.3
Canada	S&P/TSX	19773	2.6	-6.8	-4.5	20.7	Korea	713	-1.2	-21.8	-24.2	-2.9
Hong Kong	Hang Seng	19362	-0.5	-17.2	-24.7	-20.9	MSCI Latin America	90910	1.8	-1.5	-8.2	7.3
Euro area	EuroStoxx	396	0.9	-17.4	-15.6	8.4	Brazil	308234	1.2	0.6	-11.9	-3.4
Germany	DAX 40	13088	0.3	-17.6	-16.2	-1.1	Mexico	44038	2.5	-11.7	-7.3	31.6
France	CAC 40	6212	0.7	-13.2	-7.1	23.2	MSCI Europe	2358	3.7	-66.0	-66.9	-54.9
Italy	FTSE/MIB	22095	0.8	-19.2	-14.7	11.8	Russia*	2426	-1.8	-35.9	-39.3	-15.6
Spain	IBEX-35	8033	1.3	-7.8	-8.7	14.4	Turkey	3792335	11.6	82.5	130.6	191.6

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	229.6	-3.5	31.6	46.5	93.9	Energy	242.7	-3.1	37.1	54.2	101.7
Materials	286.7	-5.7	-20.4	-19.7	0.5	Materials	288.9	-5.2	-15.3	-13.2	7.9
Industrials	281.8	-3.4	-19.6	-20.0	4.0	Industrials	296.7	-3.0	-14.5	-13.5	12.6
Consumer Discretionary	327.7	-2.8	-25.7	-22.0	-3.8	Consumer Discretionary	330.6	-2.5	-22.6	-17.7	1.7
Consumer Staples	261.8	-2.5	-10.7	-7.3	1.9	Consumer Staples	273.5	-2.0	-6.1	-1.5	8.0
Healthcare	318.3	-2.3	-13.9	-13.2	6.0	Healthcare	323.4	-2.0	-11.0	-9.6	10.4
Financials	123.6	-2.0	-17.3	-16.3	20.0	Financials	128.4	-1.6	-13.6	-11.6	25.9
IT	417.8	-5.1	-27.0	-22.4	-1.5	IT	411.4	-5.0	-25.9	-20.8	0.7
Telecoms	74.8	-2.4	-29.9	-35.3	-15.6	Telecoms	80.3	-2.2	-28.1	-33.2	-12.7
Utilities	157.0	-2.4	-4.4	-3.5	9.0	Utilities	166.6	-2.2	-0.5	1.8	14.6

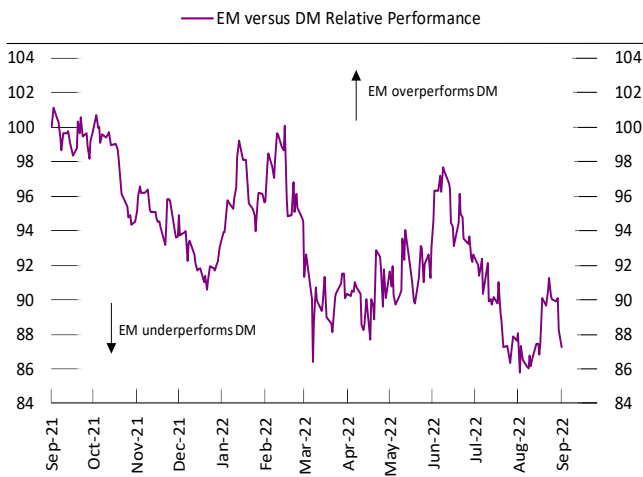
Bond Markets (%)

10-Year Government Bond Yields					Government Bond 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	3.32	3.20	1.51	1.30	2.08	US Treasuries 10Y/2Y	-34	-28	78	106	103
Germany	1.68	1.50	-0.18	-0.36	0.44	US Treasuries 10Y/5Y	-13	-10	25	51	52
Japan	0.23	0.24	0.07	0.04	0.21	Bunds 10Y/2Y	39	43	46	36	83
UK	3.08	2.90	0.97	0.65	1.43	Bunds 10Y/5Y	17	22	28	30	56
Greece	4.26	4.17	1.32	0.76	5.77	Corporate Bond Spreads (in bps)					
Ireland	2.30	2.14	0.25	0.00	1.46	EM Inv. Grade (IG)	167	176	139	135	191
Italy	4.01	3.82	1.17	0.67	2.21	EM High yield	764	786	618	558	622
Spain	2.85	2.68	0.57	0.31	1.78	US IG	147	150	98	92	133
Portugal	2.76	2.60	0.46	0.19	2.57	US High yield	457	506	310	315	450
US Mortgage Market (1. Fixed-rate Mortgage)						Euro area IG	192	200	98	86	118
30-Year FRM¹ (%)	5.94	5.80	3.31	3.03	4.07	Euro area High Yield	543	575	331	296	407
vs 30Yr Treasury (bps)	244.7	242.5	138.9	111.7	133.8						

Foreign Exchange & Commodities

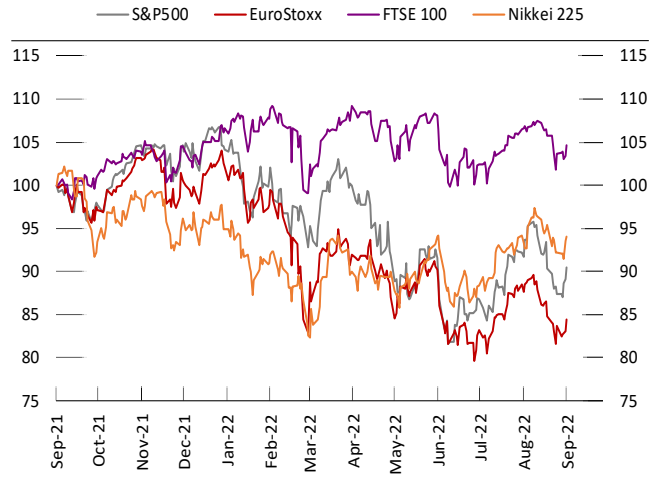
Foreign Exchange					Commodities						
	Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	
Euro-based cross rates											
EUR/USD	1.00	0.1	-3.0	-15.0	-11.7	Agricultural	483	2.6	5.3	20.8	8.4
EUR/CHF	0.97	-1.7	-0.8	-11.0	-6.8	Energy	323	-1.5	-3.3	36.8	28.1
EUR/GBP	0.87	0.2	2.7	1.6	3.3	West Texas Oil (\$/bbl)	87	-0.1	-5.6	27.4	15.4
EUR/JPY	143.06	1.9	4.6	10.2	9.2	Crude Brent Oil (\$/bbl)	93	-0.2	-4.7	29.9	19.4
EUR/NOK	9.97	-0.2	1.2	-2.6	-0.6	HH Natural Gas (\$/mmbtu)	8.0	-12.9	1.7	60.9	109.3
EUR/SEK	10.66	-0.7	2.7	4.7	3.5	TTF Natural Gas (EUR/mwh)	207	-3.5	0.8	266.0	194.4
EUR/AUD	1.47	0.3	0.6	-8.3	-6.1	Industrial Metals	421	2.2	-5.8	-13.3	-15.7
EUR/CAD	1.31	-0.1	-0.8	-12.4	-8.8	Precious Metals	2227	0.7	-5.2	-5.9	-6.9
USD-based cross rates											
USD/CAD	1.30	-0.3	2.2	3.1	3.3	Gold (\$)	1717	0.3	-4.2	-4.3	-5.8
USD/AUD	1.46	0.1	3.8	7.9	6.3	Silver (\$)	19	4.1	-8.9	-21.9	-18.9
USD/JPY	142.45	1.7	7.8	29.7	23.7	Baltic Dry Index	1213	11.7	-23.8	-66.7	-45.3
						Baltic Dirty Tanker Index	1432	-3.8	-2.1	135.1	82.2

EM vs DM Performance in \$



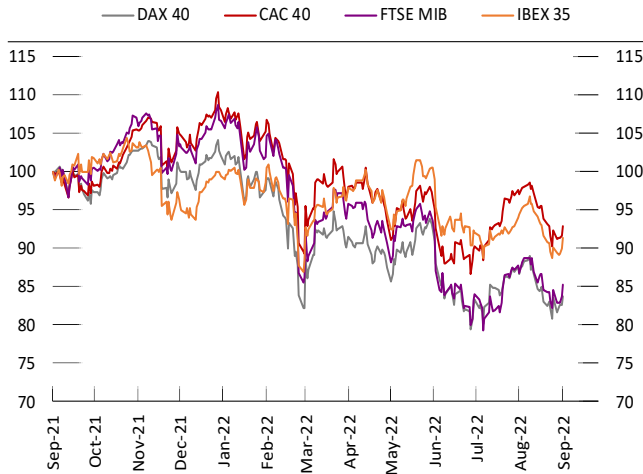
Data as of September 9th – Rebased @ 100

Equity Market Performance - G4



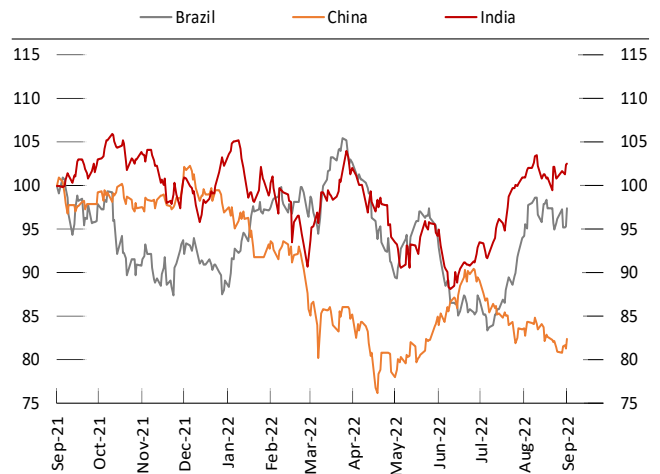
Data as of September 9th – Rebased @ 100

Equity Market Performance – Euro Area G4



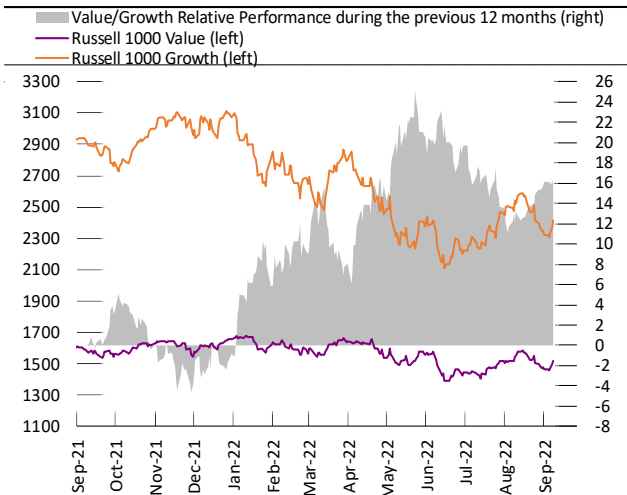
Data as of September 9th – Rebased @ 100

Equity Market Performance – Emerging Markets



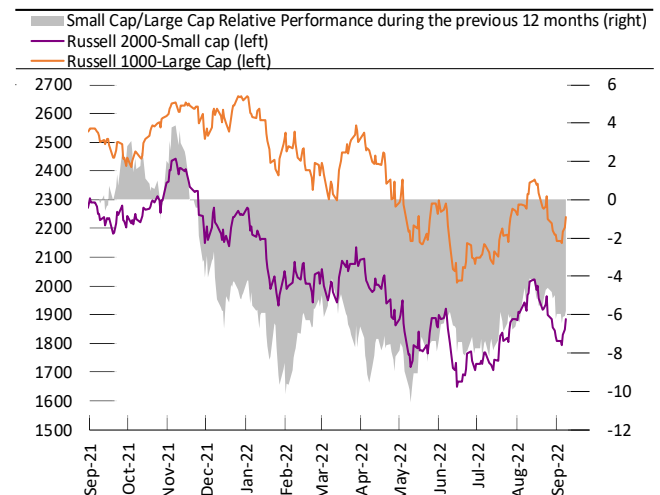
Data as of September 9th – Rebased @ 100

Russell 1000 Value & Growth Index



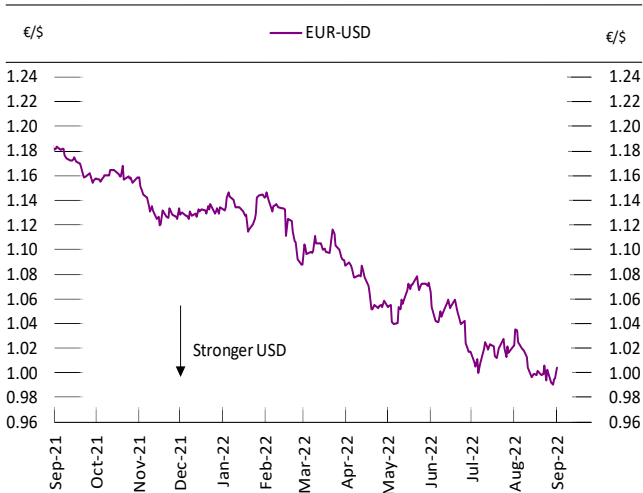
Data as of September 9th

Russell 2000 & Russell 1000 Index



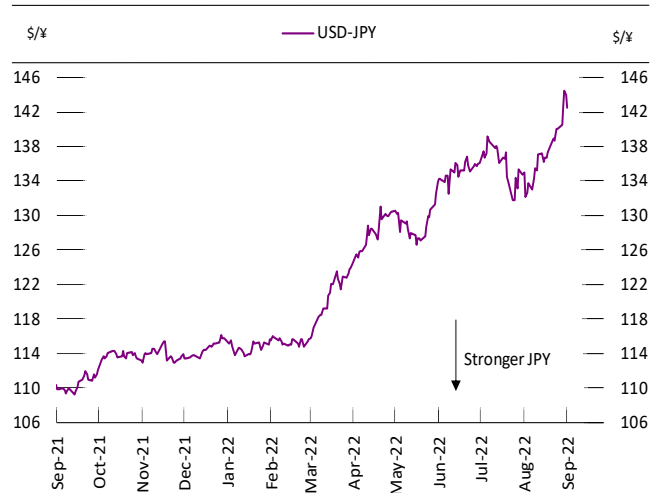
Data as of September 9th

EUR/USD



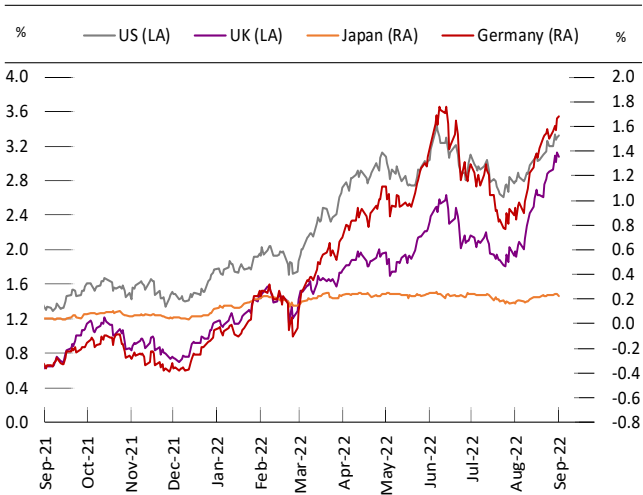
Data as of September 9th

JPY/USD



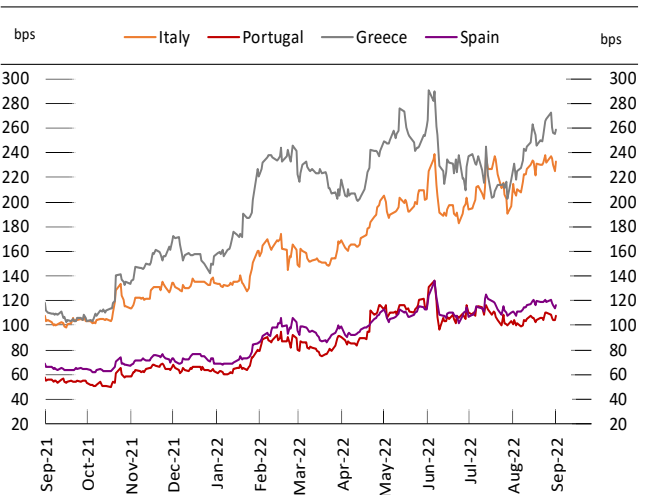
Data as of September 9th

10- Year Government Bond Yields



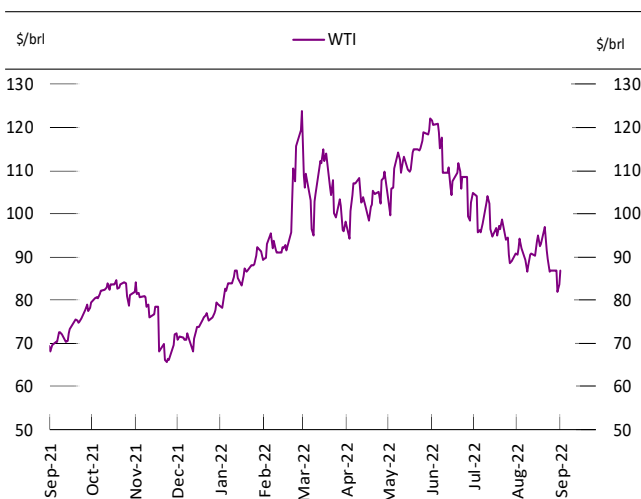
Data as of September 9th
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



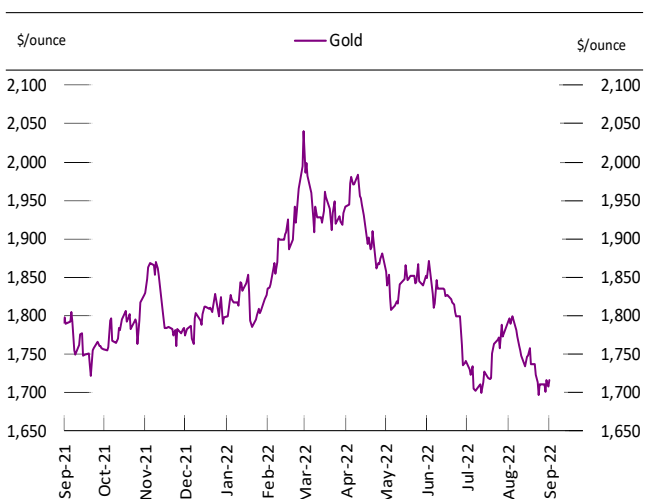
Data as of September 9th

West Texas Intermediate (\$/bbl)



Data as of September 9th

Gold (\$/ounce)



Data as of September 9th

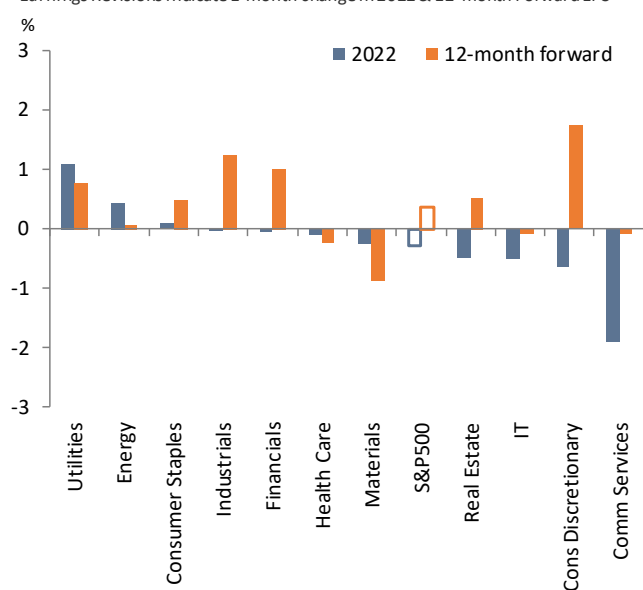
US Sectors Valuation

	Price (\$)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	9/9/22	% Weekly Change	%YTD	2022	2023	2022	2023	2022	2023	12m fwd	10Yr Avg	2022	2023	Current	10Yr Avg
S&P500	4067	3.6	-14.7	8.0	8.4	1.6	1.7	18.3	16.9	17.3	17.3	3.9	3.6	3.7	3.0
Energy	612	0.6	44.8	148.1	-13.9	3.2	3.1	7.9	9.1	8.7	15.7	2.3	2.0	2.1	1.7
Materials	489	4.9	-14.1	16.1	-7.3	2.1	2.2	13.1	14.1	13.8	16.2	2.7	2.5	2.6	2.7
Financials															
Diversified Financials	953	4.3	-12.9	-12.2	10.8	1.6	1.8	15.7	14.2	14.7	15.0	1.9	1.8	1.8	1.6
Banks	340	4.7	-18.6	-16.6	16.5	3.0	3.3	10.5	9.0	9.5	11.5	1.1	1.0	1.1	1.1
Insurance	562	4.0	2.1	-2.6	16.0	2.0	2.2	14.4	12.4	13.0	11.8	1.9	1.8	1.8	1.3
Real Estate	269	4.1	-17.2	10.6	6.7	3.1	3.3	19.5	18.3	18.6	18.8	3.3	3.4	3.4	3.3
Industrials															
Capital Goods	804	3.5	-9.8	18.3	18.0	1.8	2.0	19.4	16.5	17.4	17.3	4.4	4.0	4.1	4.0
Transportation	991	2.9	-12.1	126.0	19.5	1.8	1.9	16.6	13.9	N/A	14.0	5.6	4.6	4.9	4.1
Commercial Services	499	3.7	-8.2	9.9	10.2	1.2	1.2	26.9	24.4	25.2	21.8	6.2	5.6	5.7	4.1
Consumer Discretionary															
Retailing	3382	4.2	-20.0	-36.5	52.1	0.7	0.8	42.8	28.1	32.6	27.5	12.0	9.7	10.4	9.2
Consumer Services	1268	5.2	-16.1	2509.0	125.5	1.2	1.3	50.5	22.4	N/A	29.2	46.3	32.3	N/A	11.0
Consumer Durables	361	4.4	-32.3	12.0	-2.6	1.8	1.9	11.3	11.6	11.5	16.9	2.8	2.5	2.6	3.3
Automobiles and parts	163	9.8	-17.9	28.0	17.7	0.2	0.2	33.4	28.4	N/A	15.8	6.3	5.3	5.6	2.8
IT															
Technology	2937	1.5	-13.9	6.8	5.6	0.9	0.9	22.4	21.2	21.6	15.7	16.1	13.9	14.6	6.9
Software & Services	3087	3.9	-20.7	12.0	13.7	0.9	1.0	26.0	22.9	23.8	21.6	8.1	6.9	7.3	6.3
Semiconductors	1747	4.7	-33.6	2.0	5.9	1.6	1.7	16.4	15.5	15.7	15.5	4.4	4.0	4.1	3.9
Communication Services	188	2.9	-29.7	-11.4	16.3	0.9	1.0	17.7	15.2	15.9	19.1	2.9	2.7	2.7	3.2
Media	733	3.1	-32.3	-10.4	18.1	0.3	0.4	19.9	16.9	17.8	22.6	3.5	3.1	3.2	3.7
Consumer Staples															
Food & Staples Retailing	665	3.4	-5.2	1.8	8.3	1.5	1.6	23.2	21.5	22.0	18.5	4.9	4.5	4.6	3.6
Food Beverage & Tobacco	835	1.5	2.3	3.2	6.0	3.1	3.2	19.6	18.5	18.9	18.5	5.2	4.8	4.9	5.0
Household Goods	820	1.5	-16.1	-1.2	7.2	2.4	2.6	25.2	23.5	24.0	21.6	9.7	9.3	9.4	6.9
Health Care															
Pharmaceuticals	1210	4.5	-6.9	4.8	-5.4	2.0	2.1	14.3	15.1	14.9	15.4	5.1	4.6	4.7	4.3
Healthcare Equipment	1827	4.2	-8.7	3.2	7.8	1.1	1.2	19.6	18.1	18.6	16.9	3.9	3.5	3.6	3.0
Utilities	391	3.7	7.5	4.8	4.9	2.8	2.9	21.7	20.7	21.0	17.3	2.4	2.3	2.3	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 2022 & 12-month Forward EPS

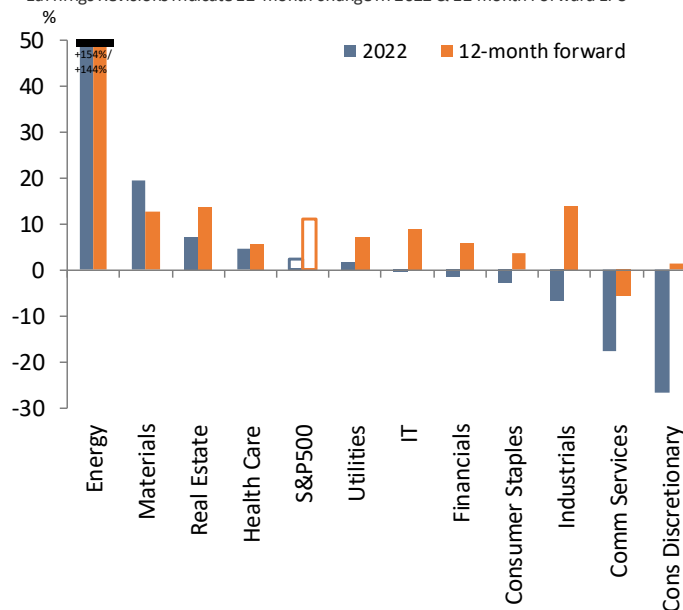
Earnings Revisions indicate 1-month change in 2022 & 12-month Forward EPS



Data as of September 9th
12-month forward EPS are 31% of 2022 EPS and 69% of 2023 EPS

12-month revisions to 2022 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2022 & 12-month Forward EPS



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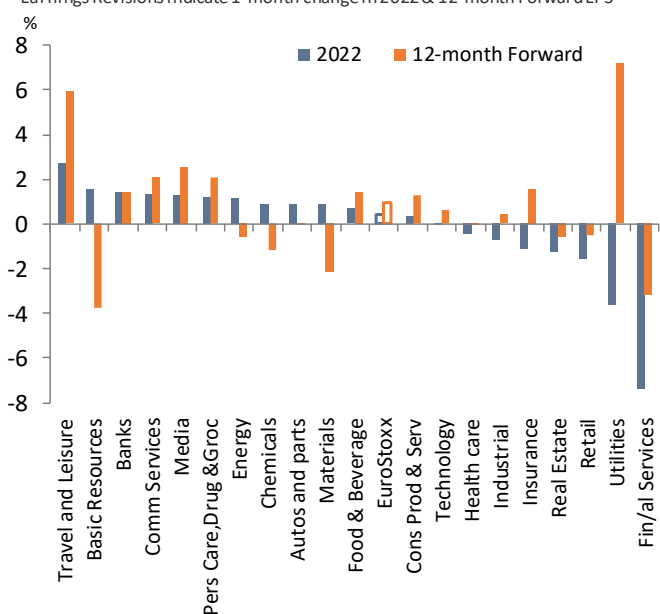
Euro Area Sectors Valuation

	Price (€)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	9/9/22	% Weekly Change	%YTD	2022	2023	2022	2023	2022	2023	12m fwd	10Yr Avg	2022	2023	Current	10Yr Avg
EuroStoxx	396	0.9	-17.4	13.0	5.9	3.4	3.6	12.4	11.7	12.0	14.6	1.5	1.4	1.5	1.5
Energy	306	-3.0	6.1	129.0	-19.9	5.1	5.3	4.7	5.8	5.5	13.0	1.1	1.0	1.0	1.2
Materials	881	0.2	-15.6	14.1	-23.6	3.3	3.2	9.7	12.7	11.8	15.7	1.5	1.4	1.5	1.7
Basic Resources	216	0.4	-13.0	11.4	-46.3	3.4	3.5	3.5	6.6	5.7	9.9	0.6	0.5	0.6	0.8
Chemicals	1277	0.2	-15.9	17.5	-10.8	3.3	3.2	13.1	14.7	14.2	16.8	2.0	1.9	1.9	2.2
Financials															
Banks	84	4.5	-16.4	6.0	4.0	6.9	7.4	6.7	6.4	6.5	9.9	0.5	0.5	0.5	0.7
Insurance	275	1.1	-10.1	-4.9	21.0	6.1	6.4	9.6	7.9	8.4	9.7	1.0	0.9	0.9	0.9
Financial Services	495	0.3	-14.4	23.8	-11.7	3.1	3.3	11.0	12.4	12.0	14.6	1.3	1.4	1.4	1.2
Real Estate	147	-0.7	-33.9	6.2	5.6	6.0	6.7	11.4	10.8	11.0	17.0	0.6	0.5	0.6	1.0
Industrials															
Industrial Goods & Services	909	0.3	-22.4	17.5	14.9	2.5	2.8	16.7	14.5	15.2	17.4	2.4	2.1	2.2	2.6
Construction & Materials	458	0.8	-15.6	-5.2	3.7	3.9	4.1	11.7	11.3	11.4	14.9	1.5	1.4	1.4	1.5
Consumer Discretionary															
Retail	426	-0.6	-38.5	-5.7	8.0	4.9	5.3	18.1	16.7	17.1	26.1	3.5	3.4	3.4	5.6
Automobiles and parts	498	-1.7	-21.1	6.9	-2.9	6.5	6.1	5.0	5.2	5.1	8.0	0.7	0.7	0.7	1.0
Travel and Leisure	171	1.1	-11.6	N/A	57.4	1.1	1.3	24.9	15.8	N/A	N/A	2.1	1.9	2.0	2.2
Consumer Products & Services	424	1.2	-19.6	9.4	13.7	1.7	1.8	27.1	23.8	24.8	24.7	5.8	5.1	5.3	4.1
Media	246	2.4	-13.8	17.2	14.8	2.6	2.9	18.7	16.3	17.0	17.7	2.5	2.4	2.4	2.2
Technology	709	2.2	-27.9	-1.5	24.6	1.1	1.2	23.7	19.0	20.5	21.5	3.3	3.0	3.1	3.6
Consumer Staples															
Food, Beverage & Tobacco	167	0.0	-12.9	17.2	10.3	1.9	2.3	18.4	16.7	17.2	20.1	2.0	1.9	1.9	2.6
Personal Care, Drug & Grocery	175	1.5	-13.0	1.7	7.9	2.5	2.7	16.2	15.0	15.4	17.6	2.3	2.2	2.2	2.3
Health care	778	1.4	-16.6	8.3	6.6	2.4	2.6	15.4	14.4	14.7	16.7	2.0	1.9	1.9	2.3
Communication Services	287	-0.2	-0.4	22.8	9.8	4.0	4.3	15.4	14.0	14.4	15.3	1.5	1.5	1.5	1.7
Utilities	347	2.3	-12.0	-54.3	125.6	4.5	5.0	28.0	12.4	17.2	14.0	1.6	1.5	1.6	1.2

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1-month revisions to 2022 & 12-month Forward EPS

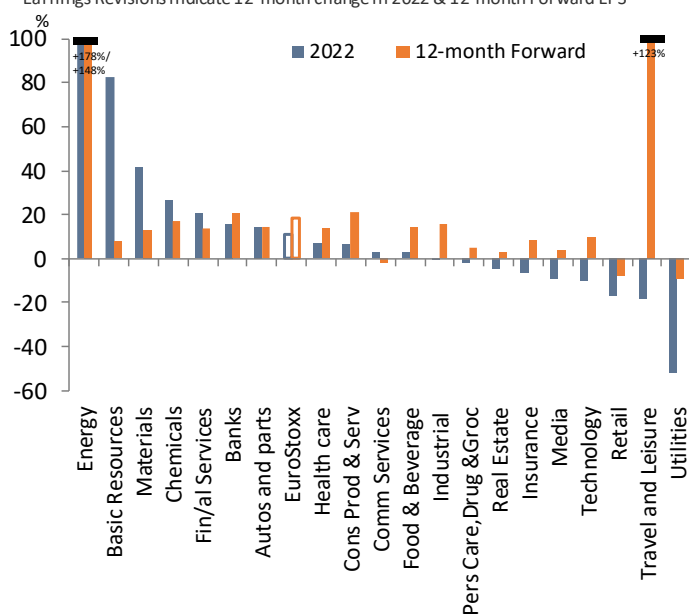
Earnings Revisions indicate 1-month change in 2022 & 12-month Forward EPS



Data as of September 9th
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12-month revisions to 2022 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2022 & 12-month Forward EPS



Data as of September 9th
12-month forward EPS are 31% of 2022 EPS and 69% of 2023 EPS

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