

## US equities are flat month-to-date (+6% in January), as investors price in more interest rate hikes by the Federal Reserve

- The latest set of macro data has led investors to revise up further their expectations for the federal funds terminal rate at a range of 5.25% - 5.5% (from 4.75% - 5% in late January). Hawkish FOMC members emphasized the likelihood of increasing rates for longer than previously anticipated.
- In a similar vein, market pricing for ECB policy rates moved up by circa +10 bps in the past week and now points to further hikes of +125 bps by mid-2023. According to the ECB, there is a strong commitment for an additional interest rate hike of 50 basis points in March 2023, and then it will evaluate the subsequent path of monetary policy.
- The upward repricing of the path of monetary policy interest rates sent core government bond yields higher by circa +10 bps w/w in the 2 to 10-year tenors in both the US and Germany (10-year: 3.83% and 2.45%). So far this month, nominal 10-Year UST yields are up by +31 bps, with real rates leading the increase (+19 bps to +1.46%, +12 bps for breakeven rates to 2.37%).
- US equities, following the strongest gain in January since 2019 (+6.2%), paused for breath in February. On the other hand, euro area equities continue to advance (+2.7% in February and +12% ytd), albeit from lower valuation layers, as downside risks related to energy supply have diminished.
- Indeed, natural gas storage levels in the European Union currently stand at levels 46% above their 2015 -2020 average for the same period (64% of storage capacity). As a result, European natural gas prices have fallen sharply, with the "spot" Dutch TTF below the 50 mark (€48/MWh) for the first time since early-September 2021.
- Sectoral composition has supported euro area equities as well. EuroStoxx Banks (+22% ytd), which benefit from the higher interest rate environment, alongside a less malign macroeconomic outlook, represent c. 10% of the headline index's market capitalization. The respective share for S&P500 Banks (+9% ytd) stands at c. 4%. Recall that relative sectoral weights (i.e. Technology, Banks) explain a large portion of the significant US equity overperformance in the aftermath of the Global Financial Crisis (see graph page 3).
- At the same time S&P500 valuations appear relatively stretched. The 12-month forward Price-to-Earnings ratio (P/E) stands at 18.5x (as of February 16<sup>th</sup>) versus an average of 16.4x since 1999 (at the 80<sup>th</sup> percentile in that period), whereas the respective ratio for the EuroStoxx stands at 12.7x versus an average of 13.9x since 1999 (at the 37<sup>th</sup> percentile in that period).
- A more benign recent path for earnings expectations, in turn aided by the dissipation of sharply negative economic risks, has been a key factor for the relative gains of euro area equities. Indeed, 12-month forward Earnings-Per-Share estimates have fallen by -6% since a peak in July 2022 for the S&P500 to \$225, whereas rising by +4% in the same period for the EuroStoxx to €36.
- Regarding euro area growth, PMIs for February improved further. The composite index increased by 2.0 pts to 52.3, its highest level since May 2022, overshooting consensus expectations, with the services activity (53.0) and the manufacturing output (50.4) in expansionary territory.

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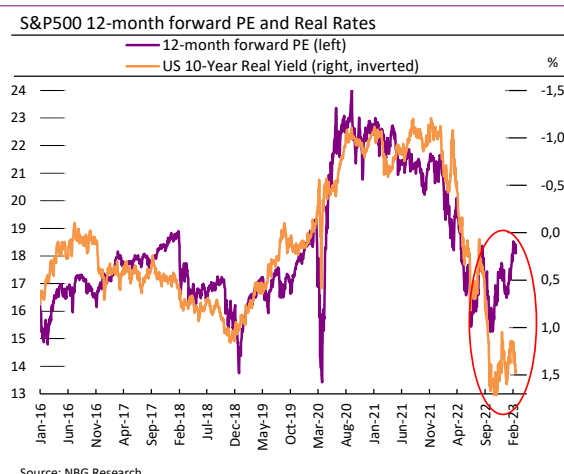
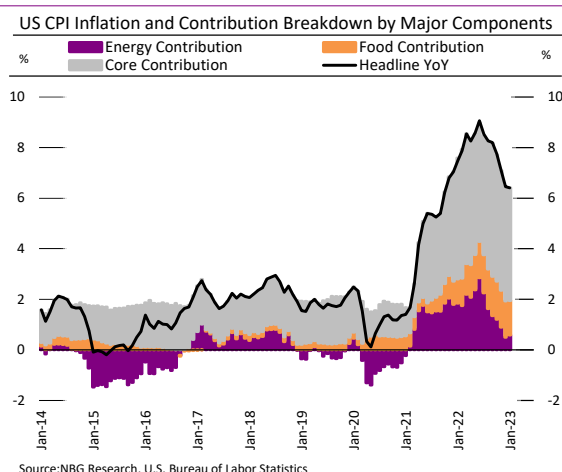
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### Table of Contents

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



## US CPI inflation decelerated only slightly in January

- **Headline inflation remained elevated in January, albeit decelerating for a seventh consecutive month.** Specifically, the annual pace of growth came out at 6.4% compared with 6.5% in December (and a peak of 9.1% in June 2022). On a monthly basis, the index increased by +0.5% in January (seasonally adjusted | "sa"), as expected, from an upward revised (by +0.2 pps) +0.1% mom in the previous month. The momentum was resilient across the board. In the event, the energy index rose by +2.0% mom (sa) following a -3.1% mom in December and the annual growth accelerated to 8.7% from 7.3% previously. At the same time, food prices increased by +0.5% mom (sa) from +0.4% mom in December (average monthly pace since June 2021: +0.8% mom versus a 20-year average of +0.2% mom). Still, base effects led to a modest deceleration in the annual pace of growth, at 10.1% from 10.4% in December (peak of 11.4% in August, the highest since May 1979).
- Core CPI increased by +0.4% mom (sa) for a 2<sup>nd</sup> consecutive month (December's reading was revised up by 0.1 pp | average of +0.5% mom in the past 16 months), in line with consensus estimates (20-year average of +0.2% mom). Core CPI's annual pace of growth decelerated by 0.1 pp to 5.6% in January, modestly above consensus estimates for 5.5% (peak of 6.6% yoy in September 2022). A strong momentum is maintained for the relatively less volatile and predominantly determined by domestic economic developments, shelter prices (+0.7% mom from +0.8% mom in December | +0.7% mom on average in the past nine months, triple its 20-year average), which constitute c. 1/3 of the headline CPI and c. 40% of the core index, evident in both major components. The index for the rent of primary residence was up by +0.7% mom in January (8.6% yoy, the highest since September 1981) and the owners' equivalent rent of residences (i.e. the implicit rent that owner occupants would have to pay if they were renting their homes), also increased by +0.7% mom (7.8% yoy, a record high).
- At first sight, that development may appear at odds with the cooling down of the US housing market in recent months. However, it should be noted that the slowdown has started to weigh on prices of new rent leases (after peaking in August 2022 according to independent private sources). The CPI rent index though, covers both new leases and existing ones. The latter respond with a substantial lag to market conditions for new leases and most likely, there remains a substantial catching-up to take place. The silver lining is that, barring an unwarranted renewed spike in prices of new rent leases, the CPI rent index should stabilize after the catching up concludes.
- On the other hand, the downward correction for used cars & trucks, the prices of which had spiked in recent years as the market for new ones faced sharp supply chain disruptions, continues. Prices fell by -1.9% mom (sa) in January and by -11.6% compared with a peak a year before (-8.8% yoy in December), when they stood at +55.0% above pre-pandemic levels. Recall that CPI excluding food, shelter, energy and used cars & trucks, stood at +5.4% yoy in January versus a peak of +6.7% yoy in September.
- Looking forward, the Federal Reserve Bank of Cleveland's Inflation Nowcasting model points to 6.2% yoy for the headline CPI in January and to 5.5% yoy for the core index.

## US retail sales entered 2023 on a very strong note

- **Nominal retail sales rose by +3.0% mom seasonally adjusted (+6.4% yoy) in January.** The outcome followed a -1.1% mom

decline in December (+5.9% yoy) and significantly overshoot consensus estimates for +1.8% mom. Meanwhile, the so-called "control group", as it feeds into the calculation for GDP (i.e., excluding autos, gas, food services and building materials) was up by +1.7% mom (+4.4% yoy) from -0.7% mom in December (+6.5% yoy), versus consensus estimates for +0.8% mom. Recall that the relatively strong January performance was probably supported by the annual Cost-Of-Living Adjustment to Social Security and Supplemental Social Security Income benefits (+8.7% as of January 2023 in nominal terms).

- **The University of Michigan's index of consumer sentiment improved for a 3<sup>rd</sup> consecutive month in February, albeit remaining subdued.** The preliminary reading came out at 66.4 from 64.9 in January, above consensus for 65.0, albeit still well below a long-term (since 2001) average of 82.9. The improvement in February was due to a relatively more benign assessment of current economic conditions (+4.2 pts to 72.6), whereas the expectations component was little changed (-0.4 pts to 62.3). Recall that consumers maintain particularly elevated uncertainty regarding the short-term outlook for inflation. In the event, respondents' 1-year ahead inflation expectations have exhibited high volatility recently, increasing to +4.2% in the February survey after having eased to +3.9% in January from +4.4% in December and +4.9% in November. Meanwhile, its 5-year ahead counterpart was insignificantly changed at +2.9%, remaining in a tight range of 2.9% - 3.1% for 18 of the past 19 months.

## Japanese real GDP rose by less than expected in Q4:22

- **Japanese GDP increased by +0.6% qoq saar in Q4:22 (+0.6% yoy) according to the preliminary estimate, following a -1.0% qoq saar (+1.5% yoy) contraction in Q3:22 and versus consensus estimates for +2.0% qoq saar. The message regarding the economic outlook from the performance of expenditure components, was a mixed bag.** In the event, **private consumption** showed resilience, up by +2.0% qoq saar (+1.1 pp contribution to the headline figure), after being unchanged on a quarterly basis in Q3:22. **Government consumption** was also up, +1.3% qoq saar (+0.1 pp contribution | +0.3% qoq saar in Q3:22). **Net exports added significantly further to the headline GDP growth, +1.4 pps**, as imports (of both goods & services) decreased by -1.6% qoq saar, whereas exports rose by +5.7% qoq saar. Nevertheless, the decline in imports should be viewed as a partial correction following a sharp +24.0% qoq saar in Q3:22, a development predominantly on the back of an extraordinary concurrence of advertising payments abroad from Japanese companies (which had driven imports of services to a +106.7% qoq saar). **Inventories** posed a meaningful drag (-1.6 pps), a development though which could act as a tailwind for GDP growth in Q1:23. **Residential investment** decreased by -0.5% qoq saar (neutral to headline GDP growth | -1.7% qoq saar in Q3:22), while **business investment** fell by -2.1% qoq saar in Q4:22 (+6.3% in the previous quarter), subtracting -0.3 pps from the headline outcome. Finally, **public investment** was down by -2.1% qoq saar (-0.1 pp | +2.6% qoq saar in Q3:22). **Looking forward, business confidence among small businesses, according to the Cabinet Office's Economy Watchers survey, overall improved entering 2023.** Specifically, the current conditions index was insignificantly changed at 48.5 (average of 44.6), while the forward-looking indicator (outlook for 2-3 months ahead) was up by 2.5 pts to 49.3 (average of 46.3 since 2001).

## Equities

- **Global equity markets were broadly flat in the past week**, as investors weighed better-than-expected economic data and expectations for more aggressive monetary policy tightening (MSCI ACWI: -0.3% wow | +7 ytd). In the US, the S&P500 declined by -0.3% wow, with the upward trend early in the week reversing, following stronger-than-expected producer price index data and hawkish comments from Federal Reserve officials.

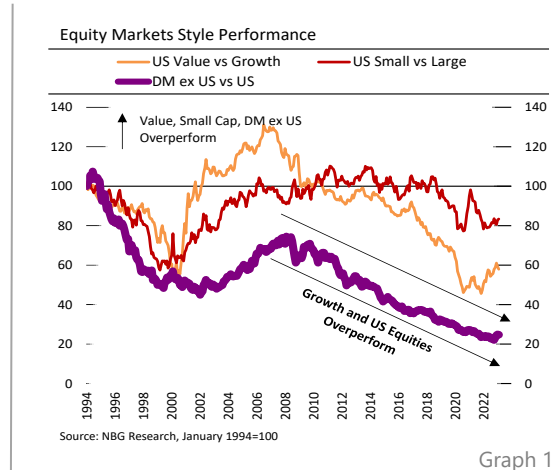
On the other side of the Atlantic, the EuroStoxx rose by +1.9% wow. Regarding sectors, Banks increased by +3.2% wow, with Commerzbank overperforming (+12% wow), with the bulk of the increase occurring on Thursday (+11.6%), following the significantly better-than-expected results for Q4:2022 (EPS: €0.41 vs estimates for €0.31), with its trading volume surpassing the 23.3 million shares on the same day compared to a prior 30-day average of 6.1 million shares. In Greece, the ASE Index ended the week up by 3.2% wow, while entering the current week on a positive note (+1.9% on Monday), surpassing the milestone of 1100 points (1123) for the first time since September 2014. Notably, the index recorded its 9<sup>th</sup> consecutive week with gains, for the first time since January 2005 (see graph 2).

## Fixed Income

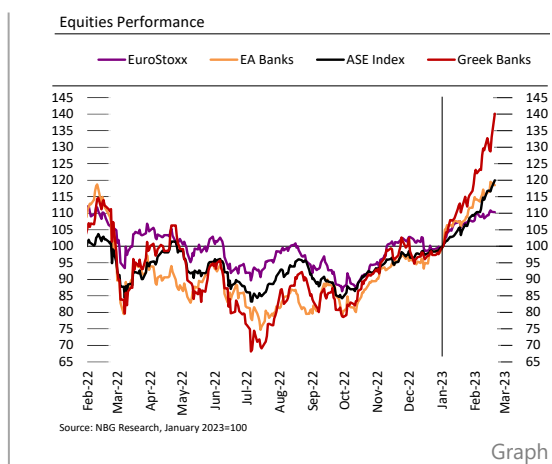
- **Government bond yields in the US rose, amid higher-than-expected data (CPI, PPI, retail sales) and hawkish comments from Federal Reserve's officials (Bullard, Mester).** Overall, the 10-year yield increased by +10 bps to +3.83% and the 2-year yield by +11 bps to +4.66%. German 10-year yields rose by +10 bps to 2.45%, their highest level since late-December, re-approaching eleven year highs (2.53%), while periphery bond yield spreads were little changed, remaining well bid (Spain: +1 bp to 95 bps, Italy: broadly stable at 184 bps, Greece: -2 bps to 181 bps). **Corporate bond spreads widened in the HY spectrum.** Indeed, USD HY bond spreads increased by 14 bps wow to 438 bps and their EUR counterparts by +3 bps wow to 412 bps. Regarding Emerging Markets, corporate bonds spreads of the non-financial sector denominated in hard currency widened by +10 bps. Nevertheless, spreads have narrowed significantly (-188 bps) since their late-October highs, due to the depreciation of the US dollar, during the same period, against the currencies of EM economies (-5%). The yield-to-maturity currently stands at 7.8%, compared to 9.8% on October 24<sup>th</sup>, remaining above its 20-year average of 6.4%. A weaker USD supports, *ceteris paribus*, EM corporates, as a significant part of their debt is issued in USD, thus the cost for the refinancing of the USD-denominated debt is lower in periods of USD stress.

## FX and Commodities

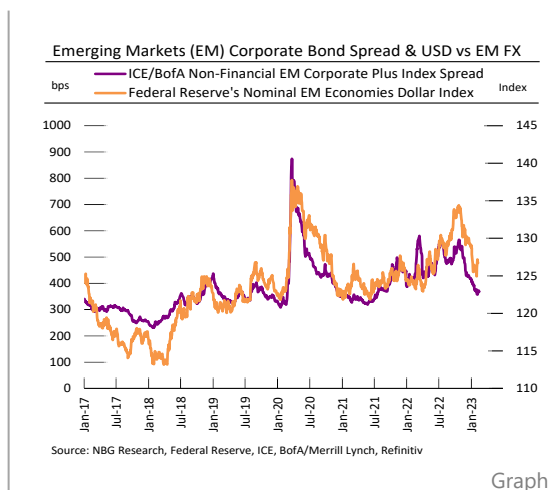
- **The Japanese yen depreciated by -2.3% wow against the US dollar to ¥134.3 in the past week and by -4.6% since February 2<sup>nd</sup>**, as 10-Year nominal yield differentials (US-JP) have widened by +43 bps during the same period. **In commodities, oil prices declined in the past week, as the US inventories build put some downward pressure on oil prices** (WTI: -4.2% wow to \$76.3/barrel). Specifically, US oil inventories rose by 16.3 million barrels to 471 million barrels for the week ending February 10<sup>th</sup>, recording their 8<sup>th</sup> consecutive weekly increase, with the 8-week moving sum reaching 53 million barrels, the highest level since May 2020. Inventory building more-than-offset slightly upwardly revised estimates for oil demand in 2023 by the International Energy Association and the OPEC to 101.9 million barrels per day on average, 200k and 100k barrels per day higher compared to their previous month's estimates, respectively. Finally, European natural gas prices declined significantly (TTF: -9.1% wow to €49/MWh, its lowest level since August 2021), due to, *inter alia*, relatively mild temperatures so far this winter in Europe that have led to a reduction in heating demand.



Graph 1.



Graph 2.



Graph 3.

**Quote of the week:** "We are still far away from claiming victory on inflation. A broad disinflation process has not even started in the euro area.", **Member of the Executive Board of the European Central Bank, Isabel Schnabel, February 15<sup>th</sup> 2023.**

### Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	February 17th	3-month	6-month	12-month	Official Rate (%)	February 17th	3-month	6-month	12-month
<b>Germany</b>	2,45	2,15	2,25	2,25	<b>Euro area</b>	2,50	3,00	3,25	3,25
<b>US</b>	3,83	4,00	4,10	4,10	<b>US</b>	4,75	5,00	5,00	5,00
<b>UK</b>	3,51	3,63	3,58	3,43	<b>UK</b>	4,00	4,20	4,25	4,20
<b>Japan</b>	0,50	0,47	0,72	0,72	<b>Japan</b>	-0,10	-0,10	-0,10	-0,10

Currency	February 17th	3-month	6-month	12-month	February 17th	3-month	6-month	12-month	
<b>EUR/USD</b>	1,07	1,05	1,08	1,10	<b>USD/JPY</b>	134	134	133	131
<b>EUR/GBP</b>	0,89	0,89	0,90	0,91	<b>GBP/USD</b>	1,20	1,18	1,20	1,21
<b>EUR/JPY</b>	144	141	144	144					

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
<b>Real GDP Growth (YoY) (1)</b>	-2.8	1.2	12.5	5.0	5.7	5.9	3.7	1.8	1.9	1.0	2.1
<b>Real GDP Growth (QoQ saar) (2)</b>	-	6.3	7.0	2.7	7.0	-	-1.6	-0.6	3.2	2.9	-
<b>Private Consumption</b>	-3.0	10.8	12.1	3.0	3.1	8.3	1.3	2.0	2.3	2.1	2.8
<b>Government Consumption</b>	2.6	6.5	-3.0	-0.2	-1.0	0.6	-2.3	-1.6	3.7	3.7	-0.6
<b>Investment</b>	-2.3	9.7	5.8	-1.1	0.6	7.4	4.8	-5.0	-3.5	-6.7	-0.3
<b>Residential</b>	7.2	11.6	-4.9	-5.8	-1.1	10.7	-3.1	-17.8	-27.1	-26.7	-10.7
<b>Non-residential</b>	-4.9	8.9	9.9	0.6	1.1	6.4	7.9	0.1	6.2	0.7	3.6
<b>Inventories Contribution</b>	-0.7	-3.0	-1.3	2.0	5.1	0.2	0.3	-2.1	-1.4	1.8	0.7
<b>Net Exports Contribution</b>	-0.2	-1.3	-0.8	-1.3	-0.6	-1.7	-3.8	1.2	3.3	0.7	-0.6
<b>Exports</b>	-13.2	0.4	4.9	-1.1	23.5	6.1	-4.6	13.8	14.6	-1.3	7.2
<b>Imports</b>	-9.0	7.6	7.9	6.6	18.6	14.1	18.4	2.2	-7.3	-4.6	8.1
<b>Inflation (3)</b>	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
<b>Real GDP Growth (YoY)</b>	-6.3	-0.8	14.2	3.9	4.8	5.3	5.5	4.2	2.3	1.9	3.5
<b>Real GDP Growth (QoQ saar)</b>	-	-0.2	8.2	9.3	2.2	-	2.5	3.2	1.3	0.4	-
<b>Private Consumption</b>	-7.8	-7.2	14.3	19.1	-0.5	3.7	-0.1	4.2	3.5	-1.0	4.1
<b>Government Consumption</b>	1.0	-1.3	8.9	1.8	1.4	4.3	0.2	-0.4	0.6	3.3	1.3
<b>Investment</b>	-6.5	-9.0	7.4	-3.2	14.3	3.7	-2.9	3.8	15.4	-12.6	3.5
<b>Inventories Contribution</b>	-0.3	2.4	-2.1	0.1	2.7	0.2	-1.2	0.9	0.7	-1.2	0.3
<b>Net Exports Contribution</b>	-0.5	3.6	-0.3	-0.1	-3.4	1.3	4.4	-0.5	-4.4	3.8	0.0
<b>Exports</b>	-9.2	4.4	10.4	7.7	10.9	10.4	5.9	7.0	7.2	-4.4	7.0
<b>Imports</b>	-8.7	-3.1	12.4	8.6	20.3	8.2	-2.9	8.9	18.2	-11.7	7.7
<b>Inflation</b>	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
<b>Equity Markets</b>	<ul style="list-style-type: none"> <li>+ Households' balance sheets are healthy (low debt, still elevated excess savings)</li> <li>+ Sentiment (e.g. AAII) and positioning indicators are low, despite the recent rally</li> <li>+ Peaking profit margins</li> <li>+ Recession risks remain considerable</li> <li>+ P/Es (Valuations) above long-term means, with EPS consensus expectations (\$228 for EPS) only slightly lower compared with end Q3 (-3%)</li> </ul> <p>● Neutral/Negative</p>	<ul style="list-style-type: none"> <li>+ 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</li> <li>+ Fiscal policy will remain supportive in 2023 (plus RRF)</li> <li>+ China's covid policy pivot could accelerate an export-led recovery</li> <li>+ Geopolitical uncertainty (Ukraine-Russia, natural gas) could re-intensify</li> </ul> <p>● Neutral/Positive</p>	<ul style="list-style-type: none"> <li>+ Higher equity risk premium (lower P/E ratio) relative to benchmark market (US)</li> <li>+ China's covid policy pivot could accelerate an export-led recovery</li> <li>+ JPY appreciation from ¥150 to ¥130, if continues, could hurt exporters</li> <li>- Signs of policy fatigue regarding structural reforms and fiscal discipline</li> <li>- Yield-Curve Control twists, let alone a sustained shift in ultra-loose monetary policy, could hurt market benchmarks (but support Banks)</li> </ul> <p>● Neutral</p>	<ul style="list-style-type: none"> <li>+ Significant exposure to commodities</li> <li>+ Undemanding valuations in relative terms relative to other regions</li> <li>- Elevated domestic policy uncertainty</li> <li>- The BOE is expected to continue increasing interest rates aggressively as inflation remains very high and labor market extremely tight</li> </ul> <p>● Neutral</p>
<b>Government Bonds</b>	<ul style="list-style-type: none"> <li>+ Valuations appear somewhat rich despite the 237bps increase in 2022, with term-premium @ -0.5% (1% for 2000-2015)</li> <li>+ Fiscal deficits to remain sizeable in following years</li> <li>+ Underlying inflation pressures remain acute</li> <li>+ FED: passive (lower rollover) Quantitative Tightening</li> <li>+ Global search for yield by non-US investors (e.g. Japan, repatriation from EM Economies) could reverse</li> <li>- Safe-haven demand bid to support prices assuming geopolitical risks re-intensify</li> <li>- The FED is likely close to be done with rates</li> </ul> <p>▲ Slightly higher yields</p>	<ul style="list-style-type: none"> <li>+ Valuations still appear excessive compared with long-term fundamentals</li> <li>+ ECB to start unwinding its government and corporate bond holdings (APP) in March 2023</li> <li>+ ECB to continue with interest rate hikes in 2023 as core inflation pressures remain strong</li> <li>- Fragile economic growth outlook due to the war in Ukraine</li> <li>- ECB QE "stock" effect, with government bond holdings of €4.2 trillion (32% of GDP)</li> </ul> <p>▲ Slightly higher yields</p>	<ul style="list-style-type: none"> <li>+ Sizeable fiscal deficits</li> <li>+ The range of Yield-Targeting of 10-Year JGB at around 0% could widen further (current: +/- 50 bps)</li> <li>- Safe-haven demand</li> <li>- Monetary stance remains extremely dovish, despite the unexpected shift in YCC range in December 2022</li> <li>- QE "stock" effect, with government bond holdings of ¥556 trillion (100% of GDP)</li> </ul> <p>▲ Slightly Higher yields</p>	<ul style="list-style-type: none"> <li>+ Inflation expectations could drift higher due to supply disruptions (persistent post Brexit, temporary due to China)</li> <li>+ The BOE is expected to continue increasing interest rates aggressively as inflation remains very high and labor market extremely tight</li> <li>+ BOE: active (sales) Quantitative Tightening</li> <li>- Slowing economic growth post-Brexit</li> </ul> <p>▲ Slightly Higher yields</p>
<b>Foreign Exchange</b>	<ul style="list-style-type: none"> <li>+ USD interest rate differential vs peers remain significant</li> <li>+ Weak global economic growth</li> <li>+ Safe-haven demand status</li> <li>+ Global political uncertainty to decline</li> <li>- The FED is close to be done, which reduces potential USD upside</li> </ul> <p>● Broadly Flat USD against G10 FX</p>	<ul style="list-style-type: none"> <li>+ ECB to continue with interest rate hikes in 2023 as core inflation pressures remain strong</li> <li>+ Lower geopolitical uncertainty (Ukraine-Russia, natural gas) is positive for EUR</li> <li>- Global growth risks remain to the downside</li> </ul> <p>● Range-bound (around 1.05) with upside risks against the USD</p>	<ul style="list-style-type: none"> <li>+ Safe haven demand</li> <li>+ More balanced economic growth recovery (long-term)</li> <li>+ Higher core Inflation rates could accelerate the shift of monetary policy (less accommodative)</li> </ul> <p>▲ Stronger JPY</p>	<ul style="list-style-type: none"> <li>+ Valuations appear undemanding with REER below its 15-year average</li> <li>- Sizeable Current account deficit</li> </ul> <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	<b>S&amp;P 500</b>	4079	-0.3	6.2	-6.9	3.8	<b>MSCI Emerging Markets</b>	60203	-0.9	4.7	-14.6	-25.2
Japan	<b>NIKKEI 225</b>	27513	-0.6	5.4	1.0	-9.2	<b>MSCI Asia</b>	923	-1.3	5.4	-13.3	-28.3
UK	<b>FTSE 100</b>	8004	1.5	7.4	6.2	19.3	<b>China</b>	69	-2.1	6.2	-18.1	-46.7
Canada	<b>S&amp;P/TSX</b>	20515	-0.5	5.8	-3.1	11.6	<b>Korea</b>	747	-0.8	11.4	-12.7	-25.3
Hong Kong	<b>Hang Seng</b>	20720	-2.2	4.7	-16.4	-33.3	<b>MSCI Latin America</b>	90678	1.3	2.7	-7.2	-10.8
Euro area	<b>EuroStoxx</b>	460	1.9	12.1	0.8	11.2	<b>Brazil</b>	293321	1.1	-0.7	-12.2	-22.4
Germany	<b>DAX 40</b>	15482	1.1	11.2	1.4	11.3	<b>Mexico</b>	50130	2.7	11.3	2.8	20.8
France	<b>CAC 40</b>	7348	3.1	13.5	5.8	27.4	<b>MSCI Europe</b>	2959	4.1	5.1	-55.5	-51.8
Italy	<b>FTSE/MIB</b>	27751	1.8	17.1	4.1	19.7	<b>Russia</b>	2169	-4.1	0.7	-38.2	-36.9
Spain	<b>IBEX-35</b>	9333	2.4	13.4	7.6	14.9	<b>Turkey</b>	5206580	13.4	-3.3	129.7	217.4

**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	242.2	-5.3	-1.6	16.5	62.6	Energy	255.2	-5.0	-1.5	20.8	70.9
Materials	329.9	-0.4	6.1	-6.6	-0.3	Materials	327.9	0.1	6.2	-2.1	7.3
Industrials	319.4	0.5	6.7	-1.7	2.2	Industrials	330.9	1.0	7.0	2.7	9.7
Consumer Discretionary	336.0	1.6	15.4	-15.6	-15.2	Consumer Discretionary	334.0	1.9	15.6	-13.4	-11.2
Consumer Staples	270.9	1.0	0.4	-5.2	5.1	Consumer Staples	278.7	1.3	0.6	-1.9	10.8
Healthcare	339.8	-0.3	-1.5	0.7	6.0	Healthcare	341.1	-0.1	-1.4	2.8	9.8
Financials	141.2	-0.3	7.9	-7.1	9.4	Financials	145.5	0.1	7.9	-4.0	15.2
IT	442.9	-0.4	12.6	-11.3	-5.6	IT	433.8	-0.3	12.6	-10.4	-3.8
Telecoms	74.7	0.6	12.0	-21.0	-26.9	Telecoms	79.5	0.8	12.1	-19.6	-24.9
Utilities	151.2	0.8	-1.0	-2.1	0.8	Utilities	158.3	1.0	-1.0	0.5	5.3

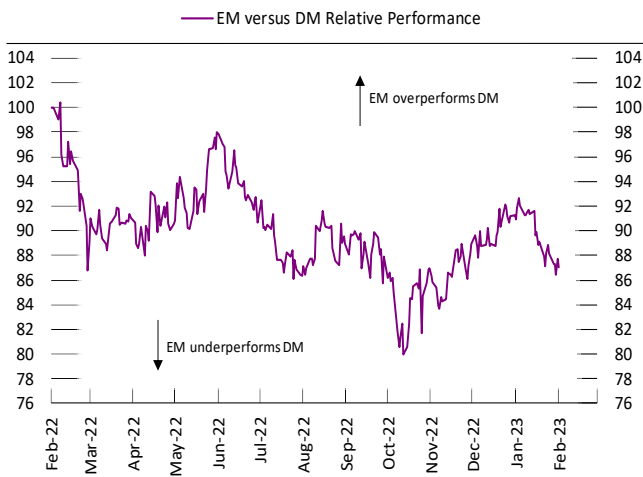
**Bond Markets (%)**

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	3.83	3.74	3.88	1.97	2.17	<b>US Treasuries 10Y/2Y</b>	-83	-81	-58	44	93
Germany	2.45	2.36	2.53	0.23	0.47	<b>US Treasuries 10Y/5Y</b>	-20	-20	-13	12	47
Japan	0.50	0.50	0.42	0.21	0.19	<b>Bunds 10Y/2Y</b>	-42	-39	-16	66	76
UK	3.51	3.38	3.66	1.45	1.50	<b>Bunds 10Y/5Y</b>	-7	-3	0	24	52
Greece	4.27	4.19	4.59	2.61	5.29	<b>Corporate Bond Spreads (in bps)</b>					
Ireland	2.90	2.83	3.06	0.80	1.21						
Italy	4.29	4.20	4.64	1.84	2.19	<b>EM Inv. Grade (IG)</b>	150	144	167	154	190
Spain	3.41	3.31	3.61	1.18	1.68	<b>EM High yield</b>	593	577	640	663	624
Portugal	3.33	3.22	3.57	1.09	2.38	<b>US IG</b>	126	123	138	118	132
<b>US Mortgage Market (1. Fixed-rate Mortgage)</b>						<b>US High yield</b>	438	424	481	374	447
<b>30-Year FRM<sup>1</sup> (%)</b>	6.39	6.18	6.42	4.05	4.20	<b>Euro area IG</b>	142	141	167	125	120
<b>vs 30Yr Treasury (bps)</b>	246.6	232.3	240.0	171.8	142.5	<b>Euro area High Yield</b>	412	409	498	399	404

**Foreign Exchange & Commodities**

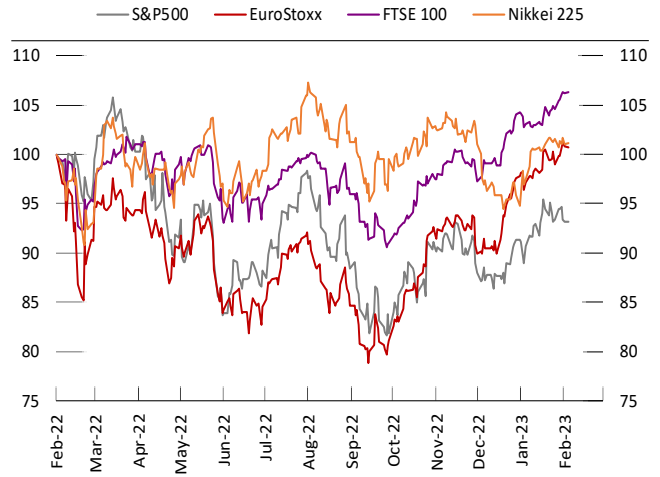
Foreign Exchange						Commodities					
	Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	
<b>Euro-based cross rates</b>						<b>Agricultural</b>	470	-0.8	1.7	-2.5	0.0
EUR/USD	1.07	-0.1	-1.6	-6.2	-0.1	<b>Energy</b>	264	-4.2	-6.2	-12.0	-8.3
EUR/CHF	0.99	0.3	0.0	-5.4	0.2	<b>West Texas Oil (\$/bbl)</b>	76	-4.2	-4.0	-16.8	-4.9
EUR/GBP	0.89	0.5	1.7	6.5	0.2	<b>Crude Brent Oil (\$/bbl)</b>	83	-3.9	-2.3	-10.7	-3.4
EUR/JPY	143.25	2.2	3.0	9.6	1.7	<b>HH Natural Gas (\$/mmbtu)</b>	2.3	-4.0	-28.9	-50.2	-35.4
EUR/NOK	11.00	1.7	3.2	8.5	4.7	<b>TTF Natural Gas (EUR/mwh)</b>	49	-9.1	-20.5	-34.5	-35.7
EUR/SEK	11.18	0.3	0.7	5.3	0.6	<b>Industrial Metals</b>	456	-0.9	-6.8	-15.6	1.0
EUR/AUD	1.56	0.9	0.7	-1.5	-1.1	<b>Precious Metals</b>	2402	-1.3	-4.2	-3.3	0.3
EUR/CAD	1.44	0.9	-0.9	-0.3	-0.5	<b>Gold (\$)</b>	1841	-1.3	-3.3	-3.0	0.9
<b>USD-based cross rates</b>						<b>Silver (\$)</b>	22	-2.3	-7.6	-8.8	-9.3
USD/CAD	1.35	1.0	0.7	6.3	-0.4	<b>Baltic Dry Index</b>	538	-10.6	-38.4	-71.5	-64.5
USD/AUD	1.46	1.0	2.3	5.0	-1.1	<b>Baltic Dirty Tanker Index</b>	1261	4.6	-11.3	81.7	-32.7
USD/JPY	134.34	2.3	4.6	16.8	1.8						

EM vs DM Performance in \$



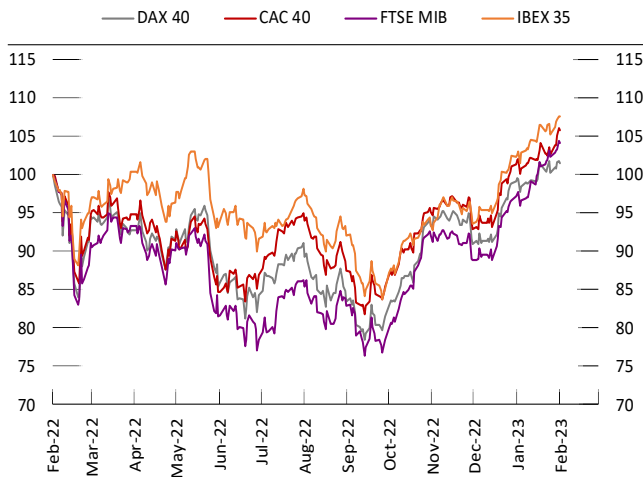
Data as of February 17<sup>th</sup> – Rebased @ 100

Equity Market Performance - G4



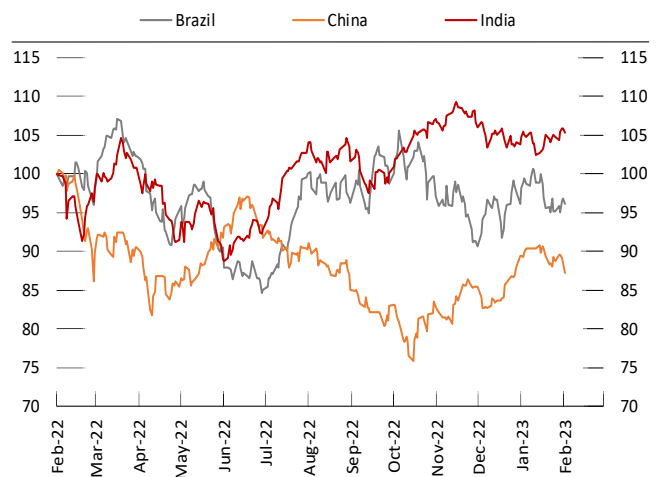
Data as of February 17<sup>th</sup> – Rebased @ 100

Equity Market Performance – Euro Area G4



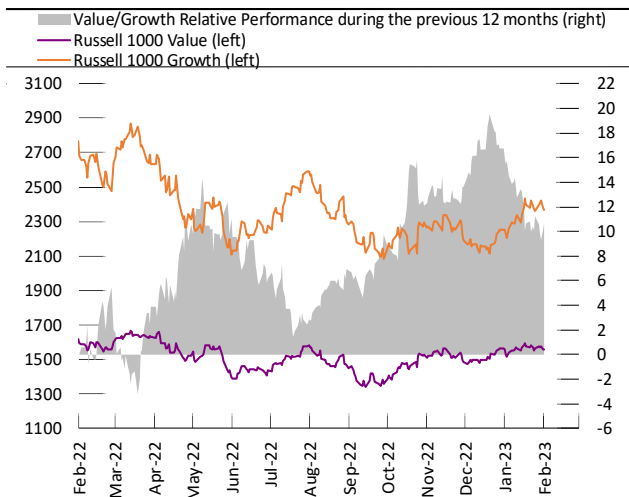
Data as of February 17<sup>th</sup> – Rebased @ 100

Equity Market Performance – Emerging Markets



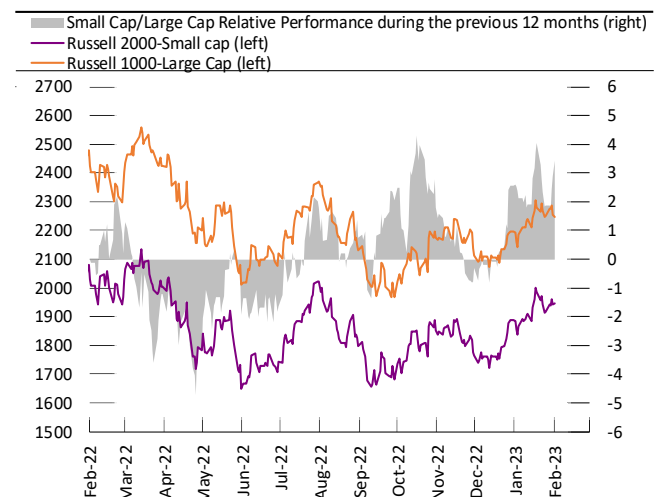
Data as of February 17<sup>th</sup> – Rebased @ 100

Russell 1000 Value & Growth Index



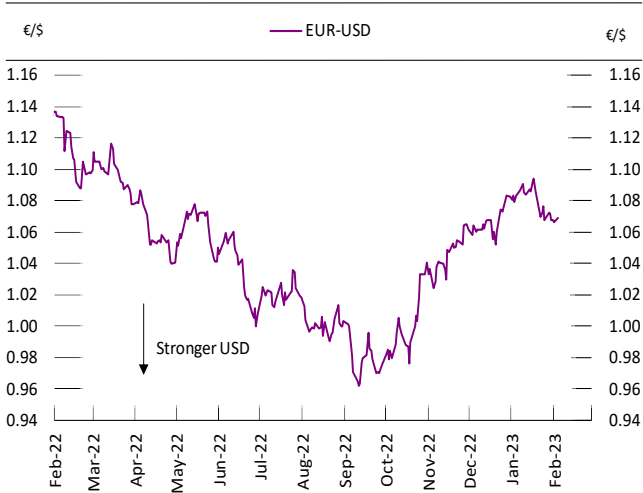
Data as of February 17<sup>th</sup>

Russell 2000 & Russell 1000 Index



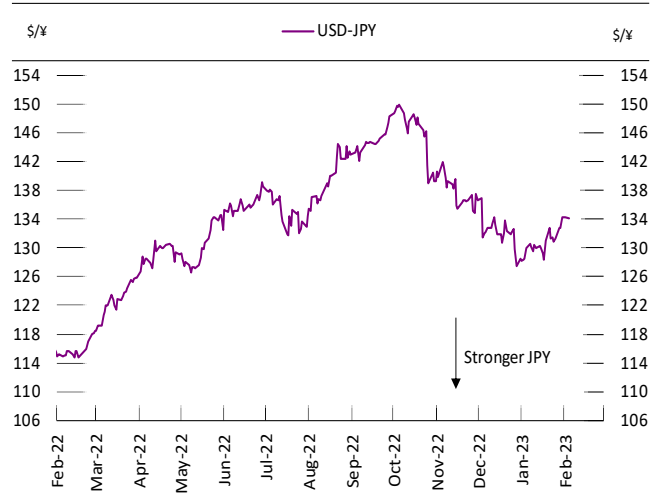
Data as of February 17<sup>th</sup>

EUR/USD



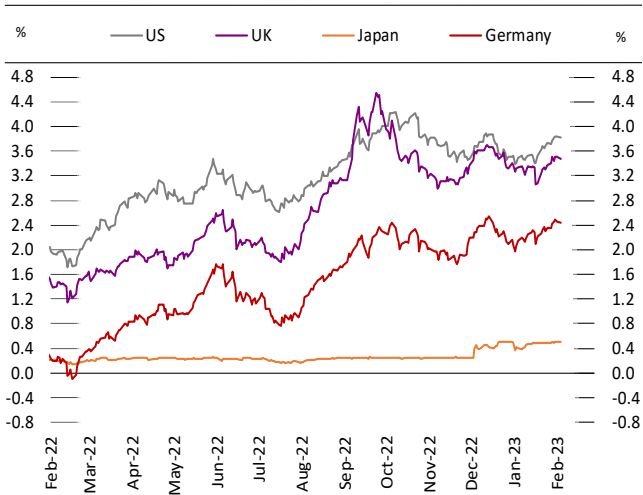
Data as of February 17<sup>th</sup>

JPY/USD



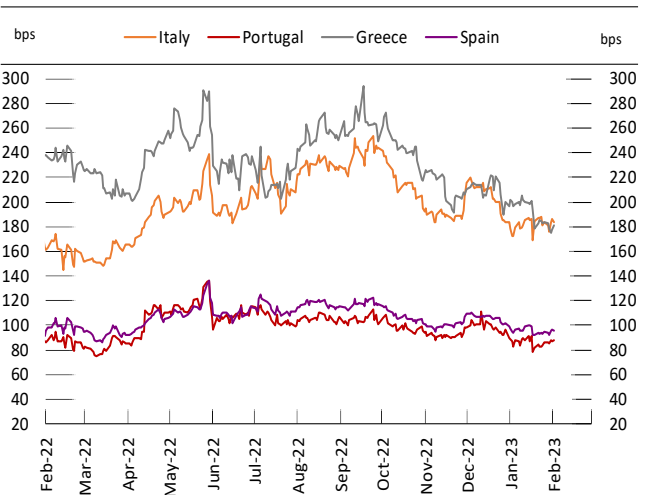
Data as of February 17<sup>th</sup>

10- Year Government Bond Yields



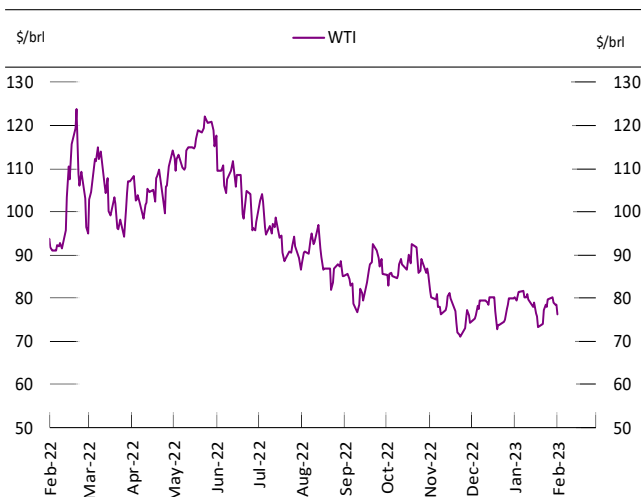
Data as of February 17<sup>th</sup>

10- Year Government Bond Spreads



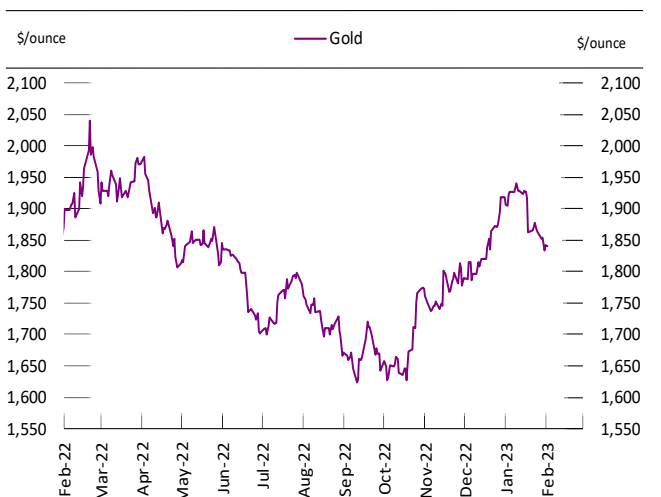
Data as of February 17<sup>th</sup>

West Texas Intermediate (\$/bbl)



Data as of February 17<sup>th</sup>

Gold (\$/ounce)



Data as of February 17<sup>th</sup>



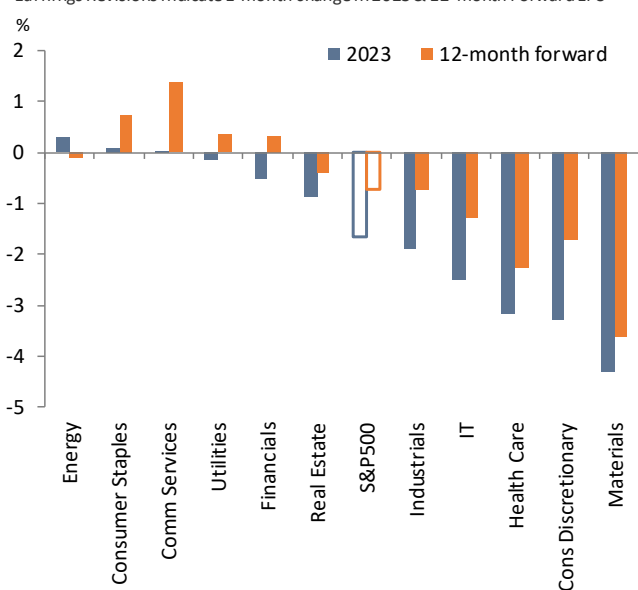
### US Sectors Valuation

	Price (\$)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	17/2/23	% Weekly Change	%YTD	2022	2023	2022	2023	2022	2023	12m fwd	10Yr Avg	2022	2023	Current	10Yr Avg
<b>S&amp;P500</b>	4079	-0.3	6.2	5.2	2.3	1.6	1.7	18.8	18.4	18.1	17.4	4.0	3.7	3.7	3.1
<b>Energy</b>	644	-6.9	-4.2	155.1	-17.4	3.4	3.3	8.2	9.9	10.0	19.5	2.3	2.1	2.1	1.8
<b>Materials</b>	512	-1.0	4.6	5.8	-16.1	2.2	2.1	14.5	17.3	17.1	16.2	2.9	2.7	2.7	2.7
<b>Financials</b>															
<b>Diversified Financials</b>	1015	-0.5	6.1	-15.5	7.3	1.6	1.7	17.4	16.2	16.0	15.1	2.1	2.0	1.9	1.7
<b>Banks</b>	357	0.1	8.8	-19.0	12.2	2.9	3.1	11.3	10.1	10.0	11.5	1.2	1.1	1.1	1.1
<b>Insurance</b>	605	-0.6	1.7	-13.0	28.8	1.7	1.9	17.4	13.5	13.3	12.0	2.2	2.0	2.0	1.3
<b>Real Estate</b>	249	-1.3	7.1	10.6	1.1	3.5	3.5	18.1	17.9	17.7	18.7	2.8	3.1	3.1	3.3
<b>Industrials</b>															
<b>Capital Goods</b>	916	1.3	4.9	13.0	14.1	1.6	1.7	23.2	20.4	20.0	17.6	5.1	4.6	4.6	4.1
<b>Transportation</b>	956	-1.2	5.4	124.2	8.1	1.9	2.1	16.1	14.9	N/A	14.1	5.5	4.7	4.6	4.2
<b>Commercial Services</b>	495	1.0	1.9	10.6	4.5	1.1	1.2	28.8	27.5	27.1	24.0	6.2	5.6	5.5	4.4
<b>Consumer Discretionary</b>															
<b>Retailing</b>	3003	0.5	9.0	-42.4	46.6	0.8	0.9	41.9	28.6	27.9	28.0	10.7	9.1	8.9	9.5
<b>Consumer Services</b>	1421	1.7	11.9	N/A	170.6	1.1	1.2	70.7	26.1	N/A	36.2	357.9	236.1	N/A	16.4
<b>Consumer Durables</b>	398	0.6	7.4	3.6	-20.3	1.6	1.7	13.5	17.0	16.7	17.0	3.4	3.1	3.0	3.4
<b>Automobiles and parts</b>	122	5.3	55.9	28.8	-8.7	0.3	0.4	24.8	27.2	N/A	16.4	4.8	4.3	4.2	2.9
<b>IT</b>															
<b>Technology</b>	2910	1.5	15.7	5.0	0.9	0.9	0.9	22.6	22.4	22.1	16.1	16.4	14.1	13.8	7.4
<b>Software &amp; Services</b>	3048	-1.8	7.2	10.0	9.6	0.9	1.0	26.2	23.9	23.5	22.1	8.5	7.2	7.0	6.4
<b>Semiconductors</b>	1989	0.0	19.8	-5.9	-14.1	1.4	1.5	20.1	23.4	22.8	15.8	5.1	5.0	4.9	3.9
<b>Communication Services</b>	180	0.2	13.1	-18.3	12.2	1.0	0.9	18.2	16.3	15.9	18.9	3.0	2.7	2.7	3.2
<b>Media</b>	697	0.0	14.9	-20.2	15.6	0.3	0.3	21.0	18.2	17.8	22.4	3.4	3.1	3.0	3.7
<b>Consumer Staples</b>															
<b>Food &amp; Staples Retailing</b>	657	1.4	5.9	1.8	5.4	1.5	1.6	23.0	21.8	21.6	18.8	5.3	5.0	5.0	3.7
<b>Food Beverage &amp; Tobacco</b>	844	0.6	-2.2	5.6	3.1	3.1	3.2	19.4	18.8	18.6	18.6	5.4	5.1	5.1	5.1
<b>Household Goods</b>	818	1.1	-5.4	-3.3	4.2	2.4	2.6	25.7	24.7	24.3	21.9	9.8	9.5	9.4	7.1
<b>Health Care</b>															
<b>Pharmaceuticals</b>	1240	-0.9	-4.3	5.6	-15.7	1.9	2.0	14.6	17.3	17.1	15.5	5.5	4.9	4.9	4.5
<b>Healthcare Equipment</b>	1823	0.3	-1.4	4.4	3.5	1.1	1.2	19.2	18.6	18.3	17.2	3.9	3.6	3.6	3.1
<b>Utilities</b>	347	0.9	-3.2	0.8	8.0	3.0	3.2	19.6	18.2	18.0	17.3	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

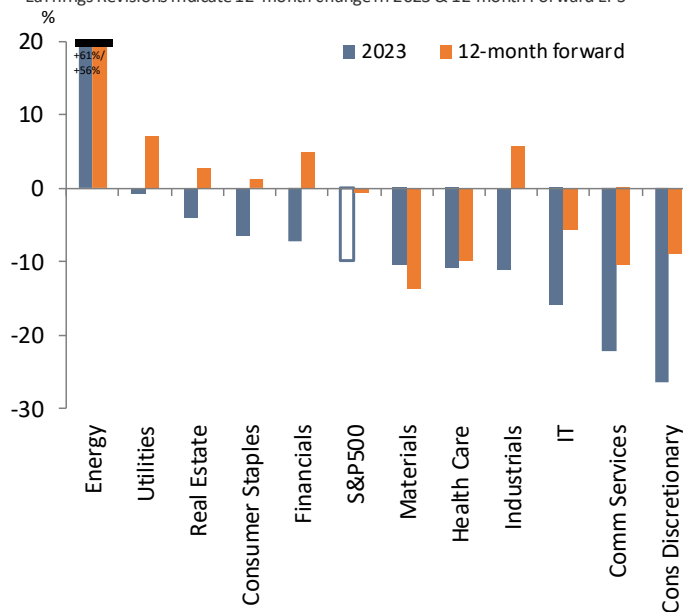
Earnings Revisions indicate 1-month change in 2023 & 12-month Forward EPS



Data as of February 17<sup>th</sup>  
12-month forward EPS are 87% of 2023 EPS and 13% of 2024 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 February 17<sup>th</sup>  
12-month forward EPS are 87% of 2023 EPS and 13% of 2024 EPS  
National Bank of Greece | Economic Research Division | Global Markets Analysis

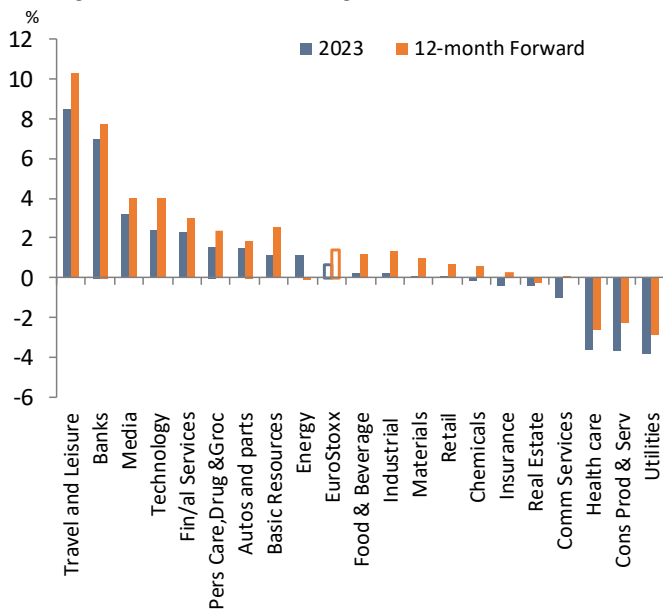
### Euro Area Sectors Valuation

	Price (€)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	17/2/23	% Weekly Change	%YTD	2022	2023	2022	2023	2022	2023	12m fwd	10Yr Avg	2022	2023	Current	10Yr Avg
<b>EuroStoxx</b>	460	1.9	12.1	15.4	3.1	3.0	3.1	14.2	13.8	13.6	14.8	1.8	1.7	1.7	1.5
<b>Energy</b>	353	-1.7	1.7	123.2	-19.6	5.5	5.0	5.2	6.5	6.6	12.8	1.3	1.1	1.1	1.2
<b>Materials</b>	977	0.7	5.9	6.8	-28.1	3.0	2.9	11.5	16.0	15.8	15.8	1.7	1.7	1.6	1.7
<b>Basic Resources</b>	240	1.2	7.2	-11.5	-51.5	3.0	3.0	5.0	10.2	10.0	9.7	0.7	0.7	0.7	0.8
<b>Chemicals</b>	1416	0.6	5.7	17.7	-17.2	3.0	2.8	14.5	17.5	17.3	16.9	2.2	2.2	2.1	2.2
<b>Financials</b>															
<b>Banks</b>	117	3.2	21.6	17.8	7.4	5.4	6.1	8.5	7.9	7.8	10.2	0.8	0.7	0.7	0.7
<b>Insurance</b>	327	0.1	6.3	-17.6	42.9	5.2	5.5	13.2	9.2	9.1	9.7	1.4	1.3	1.3	0.9
<b>Financial Services</b>	533	1.1	9.4	36.3	-3.1	2.9	3.0	11.7	12.1	11.9	16.1	1.3	1.2	1.2	1.3
<b>Real Estate</b>	148	-1.4	12.8	5.0	-1.3	5.6	5.9	11.6	11.8	11.7	16.9	0.6	0.7	0.7	1.0
<b>Industrials</b>															
<b>Industrial Goods &amp; Services</b>	1094	3.3	13.7	21.2	11.9	2.2	2.4	19.7	17.6	17.3	17.5	2.8	2.6	2.6	2.7
<b>Construction &amp; Materials</b>	537	3.0	16.1	-2.9	-0.7	3.4	3.5	13.3	13.4	13.2	14.8	1.7	1.6	1.6	1.5
<b>Consumer Discretionary</b>															
<b>Retail</b>	595	3.0	16.1	3.3	7.8	3.8	4.1	23.1	21.4	21.2	25.9	4.7	4.5	4.4	5.5
<b>Automobiles and parts</b>	607	2.9	20.0	9.5	-17.3	4.8	4.5	6.0	7.2	7.2	8.0	1.0	0.9	0.9	1.0
<b>Travel and Leisure</b>	214	6.2	16.9	N/A	29.6	0.9	1.1	23.3	18.0	N/A	N/A	2.3	2.1	2.1	2.2
<b>Consumer Products &amp; Services</b>	503	2.8	17.8	1.7	13.8	1.4	1.5	34.6	30.4	29.9	25.2	7.0	6.2	6.1	4.3
<b>Media</b>	285	1.8	9.4	19.6	14.4	2.2	2.4	22.4	19.6	19.4	18.8	3.0	2.9	2.8	2.2
<b>Technology</b>	849	0.1	18.8	-5.2	26.0	1.0	1.1	29.5	23.4	22.8	22.0	4.0	3.8	3.7	3.7
<b>Consumer Staples</b>															
<b>Food, Beverage &amp; Tobacco</b>	172	3.6	4.6	11.4	7.9	1.8	2.1	20.0	18.6	18.3	20.2	2.1	2.0	2.0	2.6
<b>Personal Care, Drug &amp; Grocery</b>	181	6.1	8.3	6.1	3.3	2.4	2.5	16.1	15.6	15.4	17.6	2.4	2.2	2.2	2.3
<b>Health care</b>	821	0.6	5.6	8.8	0.5	2.3	2.4	16.1	16.0	15.8	16.8	2.1	2.0	1.9	2.3
<b>Communication Services</b>	294	4.0	12.5	23.9	1.9	3.8	4.0	15.7	15.4	15.2	15.5	1.6	1.5	1.5	1.7
<b>Utilities</b>	359	1.4	2.8	-39.9	71.5	4.5	4.7	22.5	13.1	12.9	14.2	1.6	1.6	1.6	1.3

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

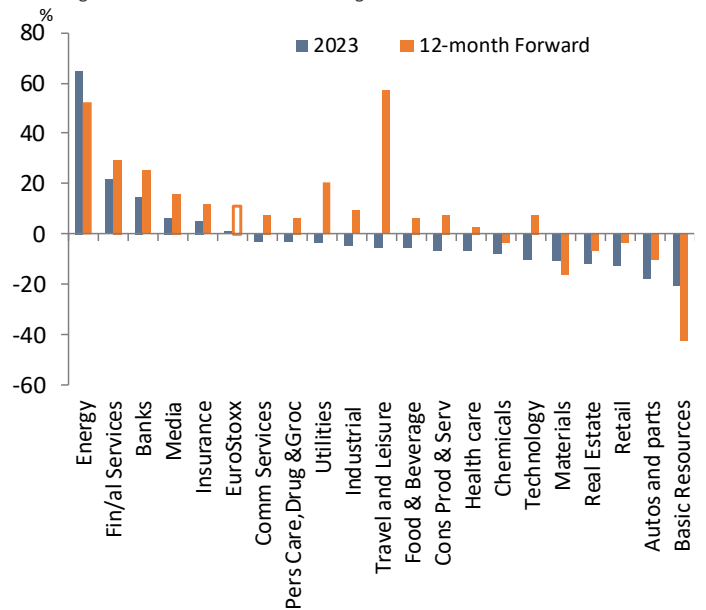
Earnings Revisions indicate 1-month change in 2023 & 12-month Forward EPS



Data as of February 17<sup>th</sup>  
12-month forward EPS are 87% of 2023 EPS and 13% of 2024 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 February 17<sup>th</sup>  
12-month forward EPS are 87% of 2023 EPS and 13% of 2024 EPS

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