

## Global equity markets drifted sideways ahead of major central bank meetings (FED, ECB, BOE)

- The Federal Reserve, due on Wednesday, is expected to slow down further the pace of interest rate increases, to +25 bps (FFR range: 4.50%-4.75%), from +50 bps in December and +75 bps in November. The statement's forward guidance of "ongoing increases to interest rates will be appropriate" could be softened. Having said that, Chair Powell is expected to push back against market expectations for interest rate cuts in H2.2023 (see graph below).
- The European Central Bank, due on Thursday, is expected to stay the course (+50 bps to 2.50% DFR), alongside hawkish guidance of "expects to raise them significantly further". The ECB will also provide implementation details on APP Quantitative Tightening. In December 2022, the ECB announced the reduction of reinvestment volumes by €15 billion, on average, per month, from March 2023 to June 2023 (circa ½ of maturing bonds), while the pace and path of quantitative tightening after June will be, probably, decided in following meetings.
- As inflation decelerates, a slower pace of rate hikes could help officials to avoid the risk of over-tightening (see graph below). Indeed, the pace of interest rate increases is slowing, with some central banks even starting to pause their tightening cycles. The Bank of Canada shifted to an on-hold interest rate policy (4.5%) in the past week, albeit continues to suggest a bias toward further tightening (cumulative tightening of 425 basis points since March 2022).
- Global equity markets traded water ahead of central bank meetings and lukewarm earnings announcements. So far, with 149 S&P500 companies having reported results, 70% have surpassed analyst estimates, below the 5-year average of 77%. Companies are reporting earnings that are +1.5% above estimates, standing at \$53 per share versus estimates for \$52, well below the 5-year average of +9%.
- In the current week, 107 S&P500 companies will report results, including mega caps (Apple, Google, Meta and Amazon). Overall, consensus analysts expect S&P500 EPS growth of +4% in 2022 (\$217) and EPS growth of +3% in 2023 (\$224), down from +5% in 2022 (\$219) and +7% in 2023 (\$234) three months ago.
- On a company level, Tesla's market cap has rebounded sharply so far this year, rising by +35% to \$526 bn, due to, *inter alia*, higher-than-expected EPS for Q4:2022 (\$1.19 vs \$1.12). Stock price declined by 65% or \$672 billion in 2022, following market capitalization 1.2 times bigger than the combined valuation of top car manufacturers worldwide in November 2021 (see graph page 3).
- The IMF raised its global growth outlook for the first time in a year, due to resilient consumer spending and China's improved outlook due to the reopening of the economy. Global real GDP growth is expected at +2.9% (+0.2 pps compared with three months ago) from +3.4% in 2022.
- Euro area real GDP increased by +0.1% qoq in Q4:2022 (+1.9% yoy), according to the 1<sup>st</sup> estimate, from +0.3% qoq in Q3. The outcome was above consensus estimates for -0.1% qoq, limiting the chance of a technical recession, given also that the economic momentum has posted signs of improvement recently, according to business indicators (PMIs, ESI, Ifo). For FY:2022, real GDP growth has been +3.5% (from +5.3% in 2021).

Ilias Tsirigotakis<sup>AC</sup>  
Head of Global  
Markets Research  
210-3341517  
tsirigotakis.ilias@nbg.gr

Panagiotis Bakalis  
210-3341545  
mpakalis.pan@nbg.gr

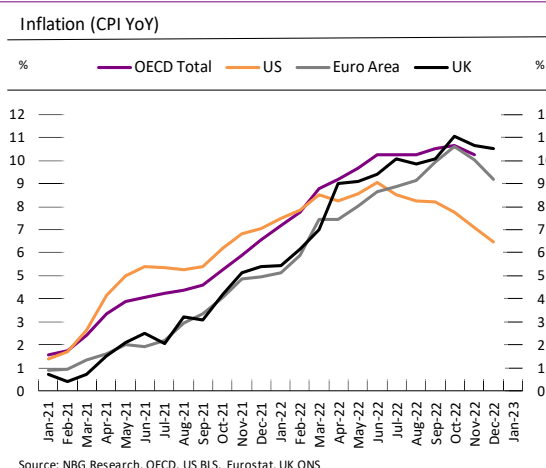
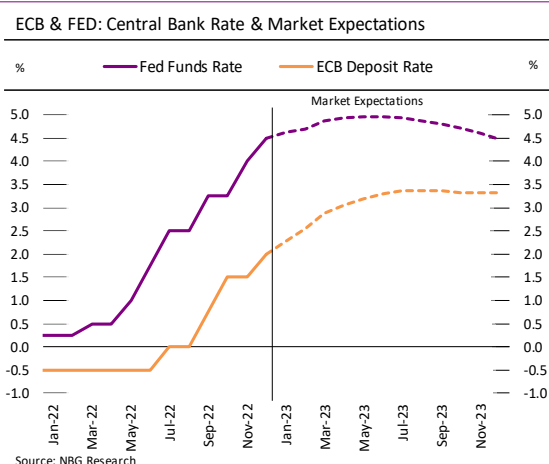
Vasiliki Karagianni  
210-3341548  
karagianni.vasiliki@nbg.gr

Leonidas Patsios  
210-3341553  
Patsios.Leonidas@nbg.gr

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Charts of the week



## US real GDP was resilient in Q4:2022, albeit details were less favorable

- **Real GDP rose by 2.9% qoq saar in Q4:22 (+1.0% yoy), after a +3.2% qoq saar (+1.9% yoy) in the previous quarter, compared with consensus estimates for +2.6% qoq saar.** Regarding the composition of GDP growth, **personal consumption** was up by +2.1% qoq saar (+1.9% yoy) after a +2.3% qoq saar in Q3:22, contributing 1.4 pps to the headline figure. Consumption of services rose by +2.6% qoq saar and purchases of goods by +1.1% qoq saar. Momentum-wise, personal spending (in constant price terms) was down by -0.3% mom in December from -0.2% in November. The aforementioned increase in personal consumption overall in Q4:22 was due to a strong starting point in the quarter and a robust +0.4% mom in October. **Business investment** rose by +0.7% qoq saar in Q4:22 (+0.1 pp to overall GDP growth | +6.2% qoq saar in the previous quarter), with the annual pace of growth standing at +3.7% yoy. The rise was mainly due to investment in intellectual property products (+5.3% qoq saar | +7.9% yoy), whereas spending on structures was little changed (+0.4% qoq saar | -5.2% yoy) and on equipment fell considerably (-3.7% qoq saar | +3.8% yoy). At the same time, **government consumption expenditures & gross investment** were up by +3.7% qoq saar (+0.6 pps | +0.9% yoy), after posting a +3.7% qoq saar in Q3:22 as well. **Net exports** contributed positively to the headline GDP growth in Q4:22 (+0.6 pps), as exports decreased by -1.3% qoq saar (+5.3% yoy) and imports fell by -4.6% qoq saar (+1.7% yoy). In addition, **inventory** accumulation took place and as a result, the contribution of the respective GDP component to headline growth was positive (+1.5 pps), a developments which could act as a headwind for growth in Q1:23. On the other hand, the slide for **residential investment** continued for a 7<sup>th</sup> consecutive quarter in Q4:22, down sharply, by -26.7% qoq saar (-19.3% yoy), posing a drag of -1.3 pps from overall GDP growth. Residential investment has declined by -21.6% compared with a peak in Q1:21, having fully reversed its vast gains during the pandemic (-6.2% below pre-pandemic levels in Q4:19).

## US housing market continues to weaken, with prices heading south, albeit from very high levels

- **New residential construction took another step back in December.** In the event, housing starts fell by -1.4% mom (-21.8% yoy) to 1382k (annualized rate) and building permits decreased by -1.6% mom (-29.9% yoy) to 1330k (annualized rate), both roughly in accordance with consensus estimates. Notably, housing starts have eased sharply in recent months, by -23.4% compared with a peak of 1805k in April, approaching their long term (since 1990) average of 1320k, in view of a moderation in demand and long-standing supply chain issues. Recall that the latter have contributed to an accrual of homes remaining in the phase of construction, at 1.68mn (annualized rate) in July 2022, a record (since 1970) high. That development, alongside elevated uncertainty for demand, is likely a restraining factor for the opening of new housing projects.
- **Regarding demand, existing home sales fell for an 11<sup>th</sup> consecutive month in December, by -1.5% mom (-34.0% yoy), to 4.02mn (annualized), the lowest since November 2010, even below particularly depressed readings at the onset of the pandemic. The latest reading is compared with a peak of 6.49mn in**

January 2022 and a long term (since 1990) average of 4.94mn. At the same time, the National Association of Home Builders (NAHB) survey index – that captures homebuilders' confidence for new home sales – remained particularly depressed in January 2023, at 35 pts (a reading below 50 indicates a negative stance). Having said that, it should be noted that the index improved somewhat (for the first time in 13 months) from 31 in November, which had been the lowest since June 2012 excluding the covid lockdown period. The improvement appears mostly related to a relatively more benign outlook from panelists regarding the path of mortgage interest rates.

- **The easing of demand curbs prices, albeit from particularly elevated levels.** In the event, the median existing home sales price eased for a 6<sup>th</sup> consecutive month in December, -1.5% mom (+2.3% yoy) and -11.3% compared with a peak in June 2022. Nevertheless, nominal levels are still higher by 37.8% relative to January 2020, whereas nominal personal incomes have risen by 16.6% in the same period. Meanwhile, construction costs have stabilized recently, remaining though elevated, with prices paid for goods used in residential construction down by -5.0% cumulatively from June 2022 to December 2022, albeit still +42.2% from a trough in April 2020.
- **Finally, higher mortgage interest rates due to monetary policy tightening have limited the capacity of households to finance home purchases.** Indeed, according to data from Freddie Mac, the 30-year fixed mortgage rate stood at 6.13% for the week ending on January 26<sup>th</sup>. Although a stabilization has taken place recently (peak of 7.08% early in past November), the latest outcome remains far above a trough of 2.77% in early-August 2021 (4.0% on average since 2010). In that context, mortgage applications have also posted a stabilization recently, according to the Mortgage Bankers Association (+7.0% wow for the week ending January 20<sup>th</sup> and +38.4% versus a trough three weeks before), albeit still down by -58.7% compared with late-January 2022.

## Euro area bank lending growth eased in December in view, inter alia, of rising interest rates

- **The annual pace of growth of overall private sector borrowing from commercial banks, decelerated for a 3<sup>rd</sup> consecutive month in December,** to +5.3% from +6.2% in November (+7.0% yoy in September, the highest since December 2008). In addition, the ECB BLS survey indicated that commercial banks tightened further their lending standards both for corporates and households.
- Regarding the two major private sector components, they performed as follows. Loan growth to households (adjusted for sales and securitizations) decelerated by 0.3 pps to +3.8% yoy, mostly due a moderation in the take-up of new loans for house purchases (+4.4% yoy from +4.6% yoy | for consumption: +3.1% yoy from +3.0% yoy). In the event, the net monthly flow (in non-adjusted for sales and securitizations terms) was +€4.5 bn in December, versus a monthly average of +€18.1 bn in 2022. At the same time, the annual growth of loans to non-financial corporations (NFCs) decelerated by 2.0 pps to +6.3% in December, with the net monthly flow at -€15.5 bn versus monthly average of +€25.4 bn in 2022.

## Equities

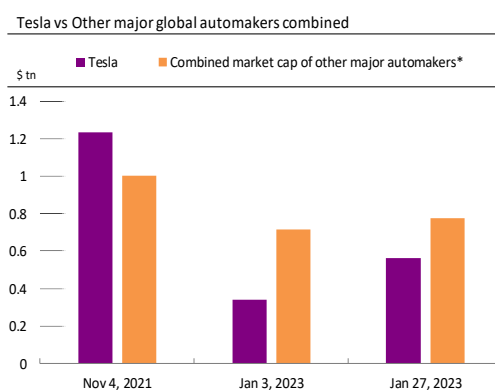
- Global equity markets rose in the past week (MSCI ACWI: +2.1% wow), while recording losses of -0.9% on Monday.** Emerging markets modestly underperformed (MSCI EM: +1.4% wow) their Developed peers (MSCI DM: +2.2%). In the US, the Q4:2022 earning period is well underway and remains a major focal point for investors. Regarding the S&P 500 (+2.5% wow), with 127 companies having reported results so far, 69% have surpassed analyst estimates, versus an average “beat rate” of 77% in the past 5 years. In all, according to analysts' estimates, the annual earnings growth is expected to be -3% (-7% excluding the Energy sector), from +4% in the previous quarter (-3% excluding the Energy sector). Notably, in the beginning of the earnings period, the net profit margin for the S&P500 was estimated to narrow for a 6<sup>th</sup> consecutive quarter in Q4:22, to 11.1% from 11.6% in the previous quarter (and a peak of 12.9% in Q2:21). On the other side of the Atlantic, regarding the pan-European Stoxx600 (+0.7% wow), the Q4:22 earnings period has commenced, with 8 companies having reported so far. Of them, 25% have surpassed analyst estimates, versus an average “beat rate” of +53% since 2012 (so far reported earnings are -1.1% below estimates, versus a positive “surprise factor” of +5.7% on average since 2012). That comes despite analysts' estimates coming sharply down heading towards the earnings period. In the event, according to consensus, the annual earnings growth is expected to be +10% (+5% excluding the Energy sector), from +33% in the previous quarter (+11% excluding the Energy sector). These expectations come after their most aggressive downgrade since Q2:20 (from +21% yoy 2½-months ago).

## Fixed Income

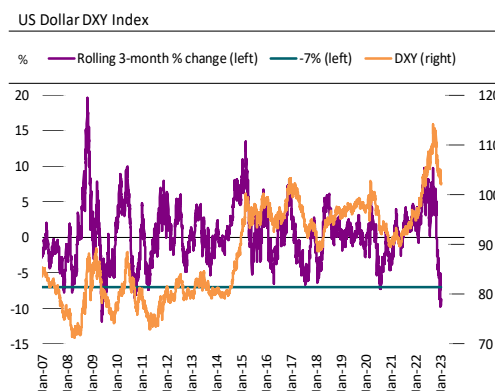
- Government bond yields rose in the past week, with investors' attention turning to the three major central bank meetings in the current week (Fed: Wednesday, ECB and BoE: Thursday).** Specifically, the US Treasury 10-year yield ended the week up by 4 bps to 3.52%, following better-than-expected GDP data for the 4<sup>th</sup> quarter of 2022. Notably, the spread between the yields of short-term (3-month bills) and long-term bonds (10-year) is hovering close to its lowest level since 1981 (-128 bps on January 18th). In Germany, the 10-year yield rose by 11 bps wow to 2.26%, as comments from European Central Bank officials (Lagarde, Knot, Rehn, Nagel) suggest that interest rates would have to rise further at steady pace (50 bps) and better-than-expected euro area PMI data. In the UK, the 10-year yield increased by 2 bps wow to 3.35%, with Debt Management Office issuing a new 30-year gilt of £6 bn. Demand was strong, with orders reaching £68.4 bn, the highest level since September 2021, and the issue carried a coupon of 3.75%. In Greece, the 10-year yield rose by 13 bps wow to 4.25%, ahead of the Fitch Ratings' update regarding the country's credit rating (BB with positive outlook) late on Friday. Fitch Ratings upgraded it to BB+ with a stable outlook, taking it only one step below the Investment Grade.
- Corporate bond spreads narrowed in the past week.** Indeed, USD HY bond spreads narrowed by 12 bps to 423 bps and their EUR counterparts decreased by 10 bps to 436 bps. In the Investment Grade spectrum, US spreads fell by 4 bps to 125 bps and Euro area spreads declined by 4 bps to 149 bps. Following the decline in new issuance in 2022, borrowers have been piling into public debt markets in the start of 2023 due to favorable financing conditions compared to Q4:2022. Notably, new issues from the UK and the European Union have reached their highest level for the first month of a year, surpassing the previous record of €239 bn in January 2020, with a week of the month still left.

## FX and Commodities

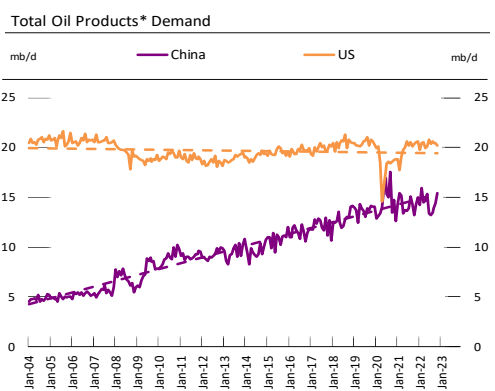
- In foreign exchange markets, the euro appreciated to a 9-month high against the US dollar intra-week (\$1.09), extending its gains from its September's 20-year lows (\$0,959) to 14%, as concerns over a possible recession in the euro area are easing.** In addition, the Fed's interest rate hiking cycle that supported the USD in the previous months, is closing to an end, amid signs that inflation is steadily deescalating.



Graph 1.



Graph 2.



Graph 3.

**Quote of the week:** “While energy inflation has recently been coming down, underlying inflation continues to rise. As a result, it is vital that inflation rates above the ECB’s 2% target do not become entrenched in the economy...we will stay the course to ensure the timely return of inflation to our target”, **President of the European Central Bank, Christine Lagarde, January 23<sup>rd</sup> 2023.**

### Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	January 27th	3-month	6-month	12-month	Official Rate (%)	January 27th	3-month	6-month	12-month
Germany	2.26	2.15	2.25	2.25	Euro area	2.00	3.00	3.25	3.25
US	3.52	4.00	4.10	4.10	US	4.50	5.00	5.00	5.00
UK	3.35	3.69	3.64	3.49	UK	3.50	4.25	4.45	4.40
Japan	0.47	0.47	0.72	0.72	Japan	-0.10	-0.10	-0.10	-0.10

Currency	January 27th	3-month	6-month	12-month	January 27th	3-month	6-month	12-month	
EUR/USD	1.08	1.05	1.08	1.10	USD/JPY	130	135	133	131
EUR/GBP	0.88	0.89	0.90	0.91	GBP/USD	1.24	1.17	1.20	1.21
EUR/JPY	140	142	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
Real GDP Growth (YoY) (1)	-2.8	1.2	12.5	5.0	5.7	5.9	3.7	1.8	1.9	1.0	2.1
Real GDP Growth (QoQ saar) (2)	-	6.3	7.0	2.7	7.0	-	-1.6	-0.6	3.2	2.9	-
Private Consumption	-3.0	10.8	12.1	3.0	3.1	8.3	1.3	2.0	2.3	2.1	2.8
Government Consumption	2.6	6.5	-3.0	-0.2	-1.0	0.6	-2.3	-1.6	3.7	3.7	-0.6
Investment	-2.3	9.7	5.8	-1.1	0.6	7.4	4.8	-5.0	-3.5	-6.7	-0.3
Residential	7.2	11.6	-4.9	-5.8	-1.1	10.7	-3.1	-17.8	-27.1	-26.7	-10.7
Non-residential	-4.9	8.9	9.9	0.6	1.1	6.4	7.9	0.1	6.2	0.7	3.6
Inventories Contribution	-0.7	-3.0	-1.3	2.0	5.1	0.2	0.3	-2.1	-1.4	1.8	0.7
Net Exports Contribution	-0.2	-1.3	-0.8	-1.3	-0.6	-1.7	-3.8	1.2	3.3	0.7	-0.6
Exports	-13.2	0.4	4.9	-1.1	23.5	6.1	-4.6	13.8	14.6	-1.3	7.2
Imports	-9.0	7.6	7.9	6.6	18.6	14.1	18.4	2.2	-7.3	-4.6	8.1
Inflation (3)	1.2	1.9	4.9	5.4	6.7	4.7	8.0	8.7	8.3	7.1	8.0

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

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

### 6-12-Month View & Key Factors for Global Markets

	US	Euro Area	Japan	UK
<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/E's (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 (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		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)	Emerging Markets		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
US	<b>S&amp;P 500</b>	4071	2.5	6.0	-5.9	8.5	MSCI Emerging Markets	62398	1.3	8.6	-8.1	-18.5	
Japan	<b>NIKKEI 225</b>	27383	3.1	4.9	4.6	-4.4	MSCI Asia	960	1.5	9.7	-6.1	-21.2	
UK	<b>FTSE 100</b>	7765	-0.1	4.2	2.8	18.2	China	76	3.2	17.1	-4.8	-36.5	
Canada	<b>S&amp;P/TSX</b>	20714	1.0	6.9	0.8	18.9	Korea	761	4.3	13.5	-5.8	-24.2	
Hong Kong	<b>Hang Seng</b>	22689	2.9	14.7	-4.7	-22.6	MSCI Latin America	92967	0.6	5.3	-3.2	-5.5	
Euro area	<b>EuroStoxx</b>	449	1.4	9.6	-2.5	13.3	Brazil	300830	0.1	1.9	-9.6	-17.6	
Germany	<b>DAX 40</b>	15150	0.8	8.8	-2.4	11.2	Mexico	51072	1.4	13.4	8.8	25.3	
France	<b>CAC 40</b>	7097	1.4	9.6	1.0	30.0	MSCI Europe	2941	0.1	4.5	-55.3	-51.1	
Italy	<b>FTSE/MIB</b>	26436	2.6	11.5	-1.7	22.0	Russia	2189	1.0	1.6	-36.6	-34.5	
Spain	<b>IBEX-35</b>	9060	1.6	10.1	4.1	15.4	Turkey	5208824	-4.6	-3.3	133.8	220.8	

**World Market Sectors** (MSCI Indices)

in US Dollar terms		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)	in local currency		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
Energy		256.5	0.7	4.3	27.2	89.2	Energy		268.1	0.6	3.5	30.3	97.0
Materials		342.3	1.2	10.1	0.2	7.9	Materials		335.7	0.9	8.7	2.7	14.6
Industrials		315.9	1.9	5.6	-1.6	5.7	Industrials		324.2	1.8	4.9	1.3	12.7
Consumer Discretionary		333.1	5.2	14.4	-13.2	-12.4	Consumer Discretionary		328.7	5.2	13.8	-11.8	-8.8
Consumer Staples		269.1	-0.3	-0.2	-4.3	4.4	Consumer Staples		274.5	-0.3	-0.9	-2.4	9.3
Healthcare		342.3	-0.8	-0.8	2.6	8.1	Healthcare		341.8	-0.9	-1.2	3.8	11.5
Financials		141.9	2.7	8.4	-4.2	19.7	Financials		144.9	2.6	7.5	-2.3	25.0
IT		435.4	4.2	10.7	-11.0	-3.1	IT		425.3	4.2	10.4	-10.5	-1.5
Telecoms		75.6	3.0	13.4	-20.8	-19.5	Telecoms		80.0	3.0	13.0	-20.0	-17.5
Utilities		152.8	-0.2	0.0	-2.1	0.8	Utilities		158.9	-0.3	-0.6	-0.7	4.7

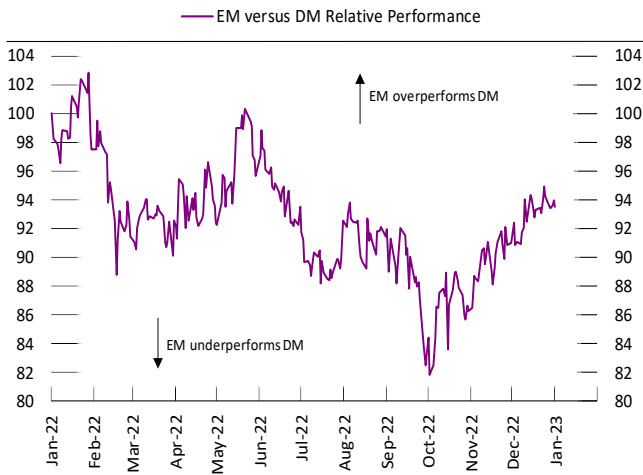
**Bond Markets (%)**

10-Year Government Bond Yields		Current	Last week	Year Start	One Year Back	10-year average	Government Bond Yield Spreads (in bps)		Current	Last week	Year Start	One Year Back	10-year average
US		3.52	3.48	3.88	1.80	2.16	US Treasuries 10Y/2Y		-75	-72	-60	61	95
Germany		2.26	2.15	2.53	-0.05	0.46	US Treasuries 10Y/5Y		-10	-8	-13	14	48
Japan		0.47	0.40	0.42	0.15	0.19	Bunds 10Y/2Y		-33	-42	-16	57	77
UK		3.35	3.33	3.66	1.23	1.49	Bunds 10Y/5Y		-1	-4	0	26	52
Greece		4.25	4.13	4.59	1.66	5.33	Corporate Bond Spreads (in bps)		Current	Last week	Year Start	One Year Back	10-year average
Ireland		2.69	2.56	3.06	0.34	1.24	EM Inv. Grade (IG)		158	159	167	146	190
Italy		4.11	3.94	4.64	1.29	2.19	EM High yield		562	578	640	640	624
Spain		3.24	3.11	3.61	0.67	1.69	US IG		125	129	138	107	132
Portugal		3.13	3.03	3.57	0.59	2.39	US High yield		423	435	481	346	447
US Mortgage Market (1. Fixed-rate Mortgage)		Current	Last week	Year Start	One Year Back	10-year average	Euro area IG		149	153	167	104	120
30-Year FRM <sup>1</sup> (%)		6.20	6.23	6.42	3.72	4.18	Euro area High Yield		436	446	498	355	405
vs 30Yr Treasury (bps)		253.0	254.1	241.8	160.3	141.6							

**Foreign Exchange & Commodities**

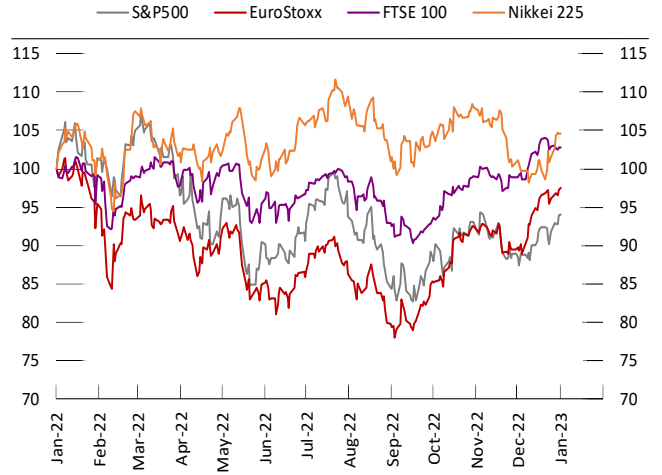
Foreign Exchange		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Commodities		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)
Euro-based cross rates							Agricultural		469	1.7	-0.5	1.4	-0.4
EUR/USD		1.08	0.1	2.1	-2.8	1.6	Energy		282	-2.6	-0.8	-2.5	-2.1
EUR/CHF		1.00	0.3	1.5	-3.6	1.3	West Texas Oil (\$/bbl)		80	-2.0	0.9	-8.0	-0.7
EUR/GBP		0.88	0.2	-0.6	5.4	-1.1	Crude Brent Oil (\$/bbl)		87	-1.1	4.1	-3.0	0.9
EUR/JPY		140.90	0.1	-1.1	9.5	0.1	HH Natural Gas (\$/mmbtu)		2.9	-6.5	-27.5	-33.5	-16.4
EUR/NOK		10.73	0.1	2.1	7.5	2.0	TTF Natural Gas (EUR/mwh)		55	-17.1	-31.9	-40.0	-27.4
EUR/SEK		11.21	0.4	0.9	7.3	0.8	Industrial Metals		488	0.1	7.7	-6.8	8.2
EUR/AUD		1.53	-1.9	-2.8	-3.3	-2.9	Precious Metals		2533	-0.1	6.3	8.0	5.7
EUR/CAD		1.45	-0.6	0.2	2.0	-0.1	Gold (\$)		1928	0.1	6.9	7.3	5.7
USD-based cross rates							Silver (\$)		24	-1.5	0.0	3.5	-1.6
USD/CAD		1.33	-0.7	-1.9	4.9	-1.6	Baltic Dry Index		676	-11.4	-55.4	-48.1	-55.4
USD/AUD		1.41	-2.0	-4.8	-0.6	-4.4	Baltic Dirty Tanker Index		1323	-6.5	-29.4	93.1	-29.4
USD/JPY		129.98	0.0	-3.2	12.6	-1.5							

EM vs DM Performance in \$



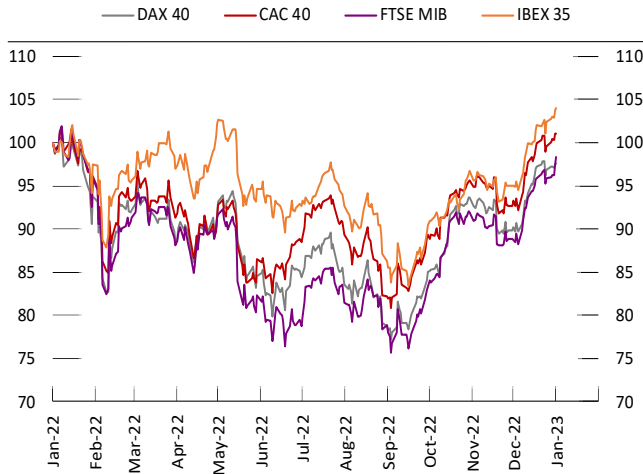
Data as of January 27<sup>th</sup> – Rebased @ 100

Equity Market Performance - G4



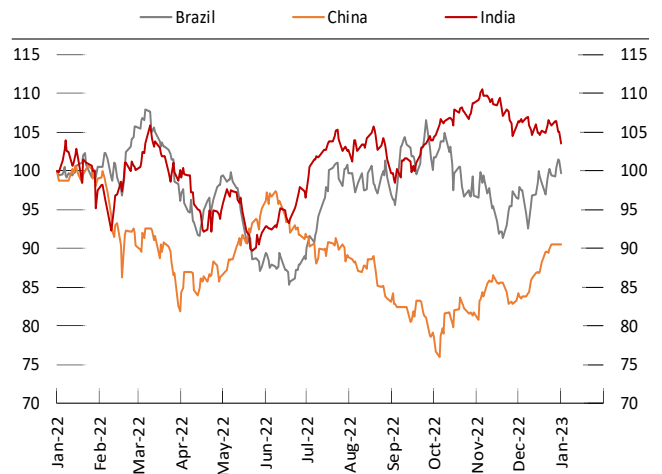
Data as of January 27<sup>th</sup> – Rebased @ 100

Equity Market Performance – Euro Area G4



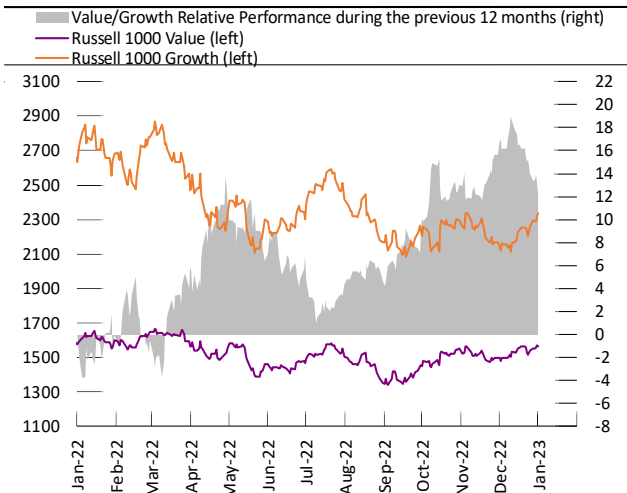
Data as of January 27<sup>th</sup> – Rebased @ 100

Equity Market Performance – Emerging Markets



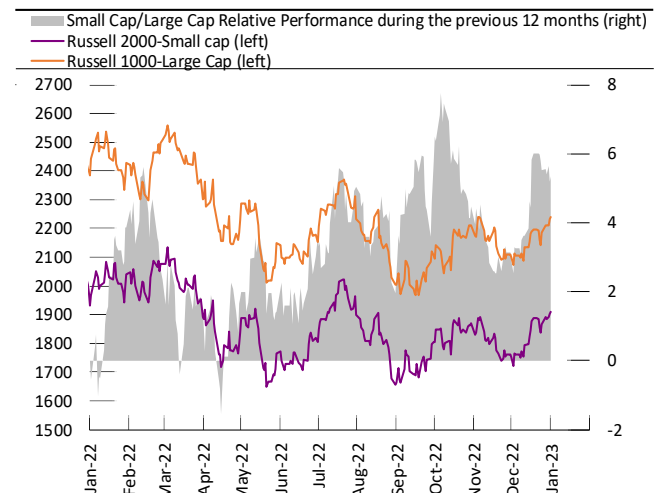
Data as of January 27<sup>th</sup> – Rebased @ 100

Russell 1000 Value & Growth Index



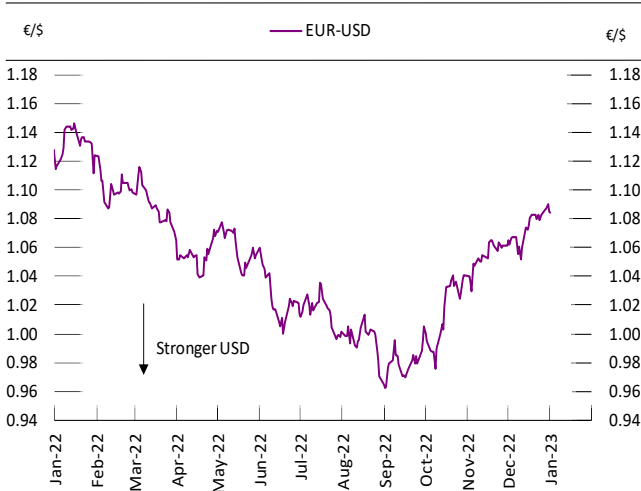
Data as of January 27<sup>th</sup>

Russell 2000 & Russell 1000 Index



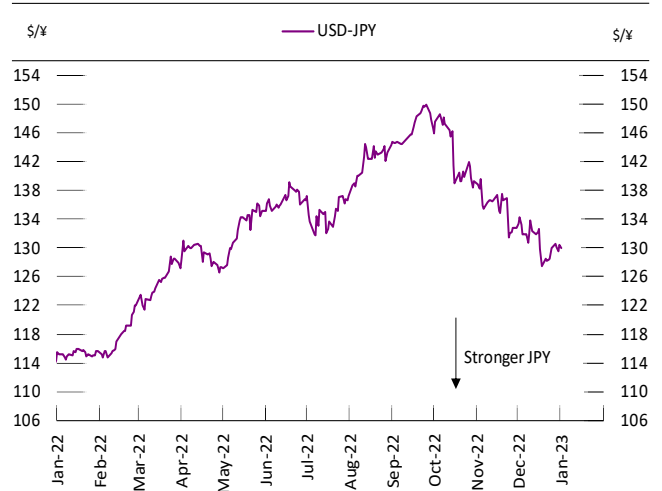
Data as of January 27<sup>th</sup>

EUR/USD



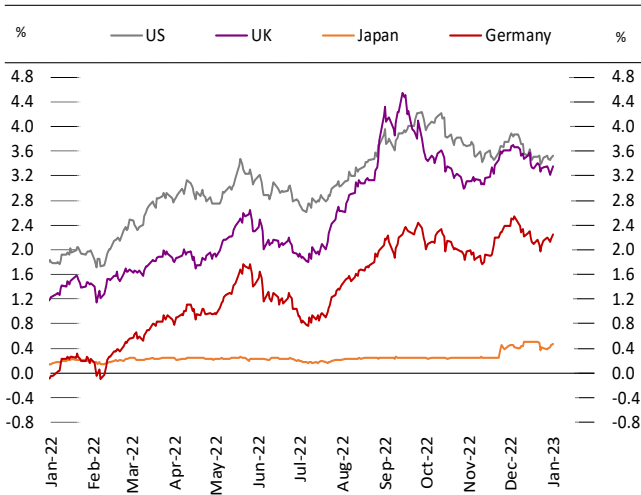
Data as of January 27<sup>th</sup>

JPY/USD



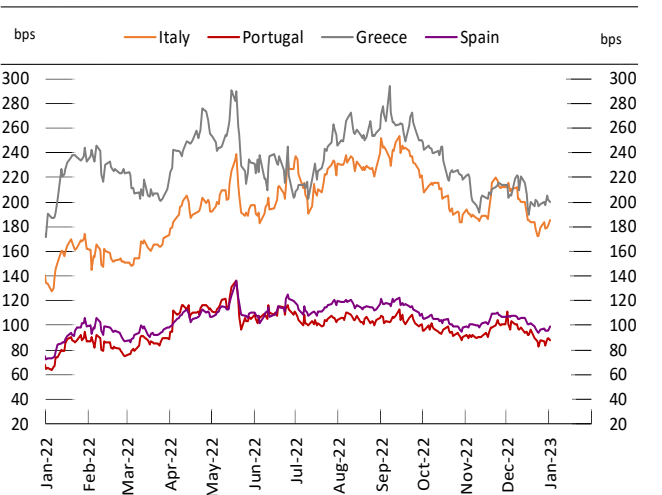
Data as of January 27<sup>th</sup>

10- Year Government Bond Yields



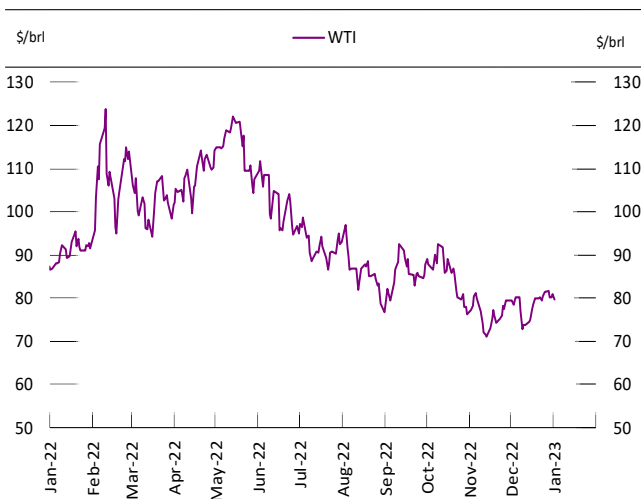
Data as of January 27<sup>th</sup>

10- Year Government Bond Spreads



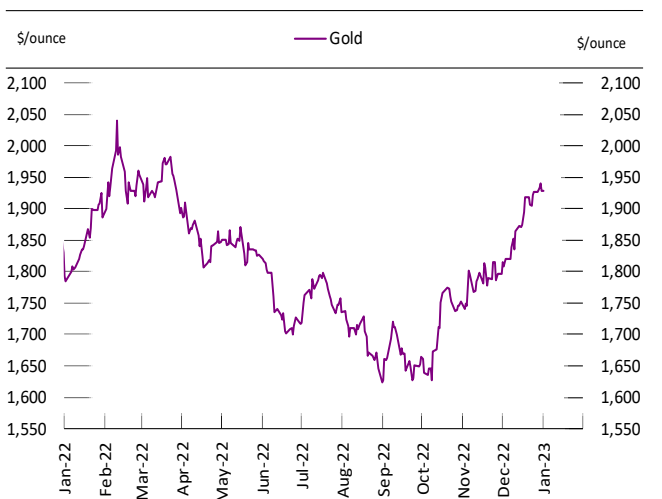
Data as of January 27<sup>th</sup>

West Texas Intermediate (\$/bbl)



Data as of January 27<sup>th</sup>

Gold (\$/ounce)



Data as of January 27<sup>th</sup>



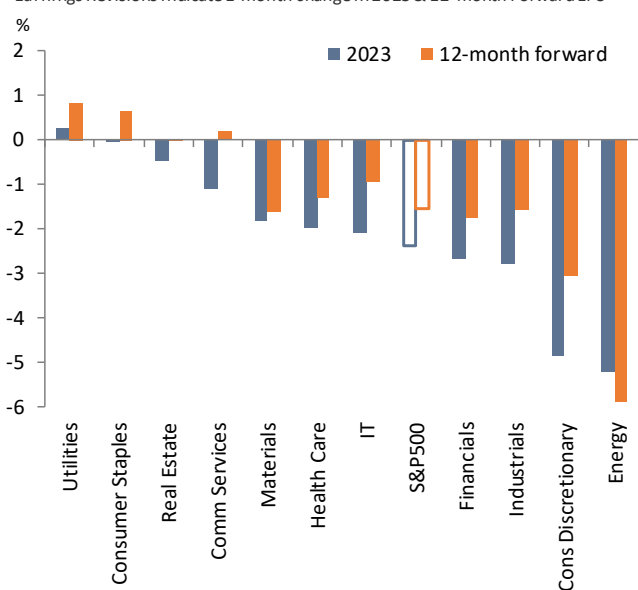
### US Sectors Valuation

	Price (\$)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	27/1/23	% Weekly Change	%YTD	2022	2023	2022	2023	2022	2023	12m fwd	10Yr Avg	2022	2023	Current	10Yr Avg
<b>S&amp;P500</b>	4071	2.5	6.0	5.2	3.1	1.6	1.7	18.7	18.2	18.0	17.4	4.0	3.7	3.7	3.1
<b>Energy</b>	701	0.8	4.2	154.6	-17.5	3.0	3.0	8.9	10.8	10.8	19.5	2.5	2.3	2.3	1.8
<b>Materials</b>	525	0.7	7.3	6.0	-13.6	2.0	2.0	14.8	17.2	17.1	16.2	3.0	2.8	2.8	2.7
<b>Financials</b>															
<b>Diversified Financials</b>	1010	1.7	5.6	-15.5	8.0	1.6	1.7	17.3	16.0	15.9	15.0	2.1	1.9	1.9	1.7
<b>Banks</b>	355	4.1	8.4	-19.0	12.5	2.9	3.1	11.3	10.0	10.0	11.5	1.2	1.1	1.1	1.1
<b>Insurance</b>	610	1.8	2.5	-15.1	32.1	1.7	1.9	17.9	13.6	13.4	12.0	2.2	2.0	2.0	1.3
<b>Real Estate</b>	254	2.8	9.2	10.4	2.1	3.5	3.4	18.4	18.1	18.0	18.7	3.0	3.1	3.1	3.3
<b>Industrials</b>															
<b>Capital Goods</b>	898	3.3	2.8	12.9	13.7	1.6	1.7	22.8	20.0	19.9	17.5	5.0	4.6	4.5	4.1
<b>Transportation</b>	944	-1.0	4.2	124.2	9.5	1.9	2.1	16.0	14.6	N/A	14.1	5.4	4.6	4.5	4.2
<b>Commercial Services</b>	491	0.7	0.9	10.6	5.2	1.1	1.2	28.5	27.1	26.8	23.9	6.1	5.5	5.5	4.3
<b>Consumer Discretionary</b>															
<b>Retailing</b>	3044	3.2	10.5	-40.7	47.0	0.8	0.9	41.2	28.1	27.7	27.9	11.0	9.2	9.1	9.4
<b>Consumer Services</b>	1422	3.3	11.9	N/A	166.7	1.1	1.2	69.9	26.2	N/A	36.1	384.1	197.0	N/A	15.2
<b>Consumer Durables</b>	406	1.4	9.7	2.1	-18.4	1.6	1.7	14.0	17.2	17.0	17.0	3.4	3.1	3.1	3.4
<b>Automobiles and parts</b>	107	25.9	36.1	29.4	-7.6	0.3	0.4	21.5	23.3	N/A	16.3	4.2	3.7	3.7	2.9
<b>IT</b>															
<b>Technology</b>	2789	5.3	10.8	5.5	1.9	0.9	1.0	21.5	21.1	21.0	16.0	15.9	14.2	14.1	7.3
<b>Software &amp; Services</b>	3022	2.4	6.3	9.8	10.1	0.9	1.0	26.0	23.7	23.4	22.0	8.2	7.0	6.9	6.4
<b>Semiconductors</b>	1946	6.3	17.2	-5.8	-12.4	1.4	1.5	19.7	22.5	22.2	15.7	5.0	4.8	4.8	3.9
<b>Communication Services</b>	183	3.3	14.8	-16.8	9.1	1.0	0.9	18.2	16.7	16.5	18.9	3.0	2.7	2.7	3.2
<b>Media</b>	707	3.5	16.6	-17.8	10.7	0.3	0.3	20.7	18.7	18.5	22.4	3.4	3.1	3.1	3.7
<b>Consumer Staples</b>															
<b>Food &amp; Staples Retailing</b>	650	3.1	4.8	1.8	5.7	1.5	1.6	22.7	21.5	21.4	18.8	5.2	4.9	4.9	3.7
<b>Food Beverage &amp; Tobacco</b>	832	0.5	-3.6	5.1	2.7	3.1	3.2	19.2	18.7	18.6	18.6	5.4	5.1	5.0	5.1
<b>Household Goods</b>	819	-2.1	-5.2	-3.2	4.6	2.5	2.6	25.7	24.6	24.4	21.8	9.7	9.4	9.4	7.1
<b>Health Care</b>															
<b>Pharmaceuticals</b>	1261	-1.4	-2.6	4.3	-11.6	1.9	2.0	15.0	17.0	16.9	15.5	5.6	5.0	4.9	4.4
<b>Healthcare Equipment</b>	1810	-0.1	-2.0	3.7	4.3	1.1	1.2	19.2	18.4	18.3	17.1	4.0	3.6	3.6	3.1
<b>Utilities</b>	350	-0.5	-2.3	1.7	7.3	3.0	3.2	19.6	18.3	18.2	17.2	2.1	2.0	2.0	1.8

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

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

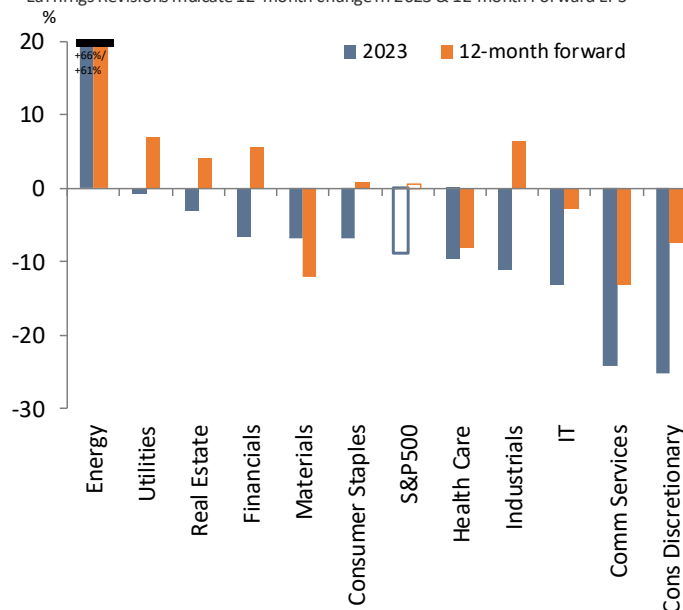
Earnings Revisions indicate 1-month change in 2023 & 12-month Forward EPS



Data as of January 27<sup>th</sup>  
12-month forward EPS are 92% of 2023 EPS and 8% 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 January 27<sup>th</sup>  
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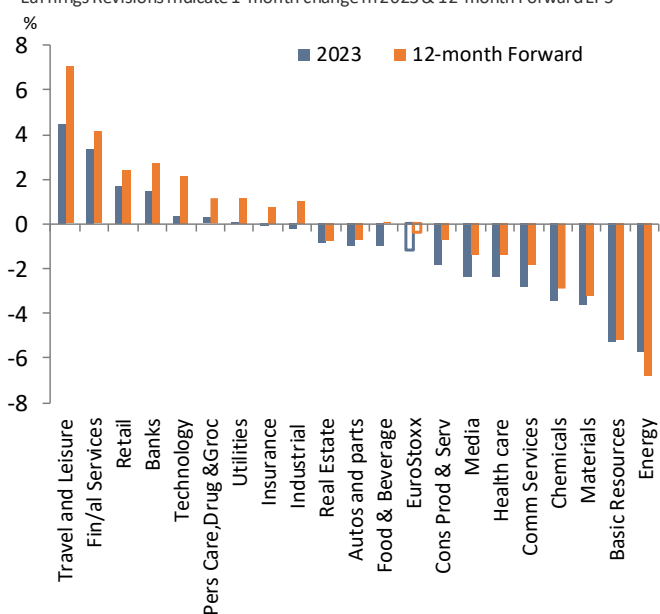
### Euro Area Sectors Valuation

	Price (€)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	27/1/23	% Weekly Change	%YTD	2022	2023	2022	2023	2022	2023	12m fwd	10Yr Avg	2022	2023	Current	10Yr Avg
<b>EuroStoxx</b>	449	1.4	9.6	15.6	2.2	3.0	3.2	13.8	13.6	13.5	14.8	1.8	1.7	1.6	1.5
<b>Energy</b>	354	-0.4	1.9	122.9	-20.4	5.3	4.9	5.2	6.6	6.7	12.7	1.3	1.1	1.1	1.2
<b>Materials</b>	974	0.5	5.6	7.3	-28.7	3.0	2.9	11.4	16.0	15.9	15.8	1.7	1.7	1.7	1.7
<b>Basic Resources</b>	239	1.8	7.0	-12.0	-52.2	2.7	2.9	5.0	10.4	10.3	9.7	0.8	0.7	0.7	0.8
<b>Chemicals</b>	1413	0.3	5.5	18.8	-17.8	3.1	2.9	14.4	17.5	17.4	16.9	2.2	2.1	2.1	2.2
<b>Financials</b>															
<b>Banks</b>	109	4.1	13.9	14.3	4.0	5.6	6.1	8.2	7.9	7.8	10.2	0.7	0.7	0.7	0.7
<b>Insurance</b>	331	0.5	7.6	-5.4	25.0	5.1	5.4	11.6	9.3	9.3	9.7	1.4	1.3	1.3	0.9
<b>Financial Services</b>	515	1.0	5.7	33.5	-3.1	2.9	3.1	11.5	11.9	11.8	16.1	1.2	1.2	1.2	1.3
<b>Real Estate</b>	150	1.9	14.3	4.8	-0.7	5.5	5.8	11.8	11.9	11.9	16.9	0.6	0.7	0.7	1.0
<b>Industrials</b>															
<b>Industrial Goods &amp; Services</b>	1063	1.6	10.5	21.6	11.1	2.2	2.5	19.0	17.1	17.0	17.5	2.7	2.5	2.5	2.7
<b>Construction &amp; Materials</b>	522	2.3	13.0	-3.6	-1.0	3.5	3.6	13.0	13.2	13.1	14.8	1.7	1.6	1.6	1.5
<b>Consumer Discretionary</b>															
<b>Retail</b>	600	3.4	17.2	4.4	6.1	3.8	4.0	23.0	21.7	21.6	25.9	4.7	4.5	4.5	5.5
<b>Automobiles and parts</b>	565	3.3	11.6	8.2	-17.4	5.1	4.7	5.6	6.8	6.8	8.0	0.9	0.8	0.8	1.0
<b>Travel and Leisure</b>	210	0.7	14.5	N/A	25.8	0.9	1.1	23.4	18.6	N/A	N/A	2.3	2.1	2.1	2.2
<b>Consumer Products &amp; Services</b>	495	2.2	16.0	2.0	17.1	1.4	1.5	34.0	29.0	28.8	25.1	6.9	6.1	6.0	4.2
<b>Media</b>	273	0.4	4.8	16.0	14.3	2.3	2.4	22.2	19.4	19.2	18.7	2.9	2.8	2.8	2.2
<b>Technology</b>	844	3.7	18.2	-5.8	25.1	1.0	1.1	29.5	23.6	23.3	22.0	4.1	3.7	3.7	3.7
<b>Consumer Staples</b>															
<b>Food, Beverage &amp; Tobacco</b>	165	-2.5	-0.1	10.5	7.6	1.9	2.2	19.3	17.9	17.8	20.2	2.1	1.9	1.9	2.6
<b>Personal Care, Drug &amp; Grocery</b>	173	-1.2	3.6	1.4	6.3	2.5	2.6	16.1	15.1	15.0	17.6	2.3	2.2	2.2	2.3
<b>Health care</b>	805	-0.9	3.6	8.5	3.2	2.3	2.4	15.9	15.4	15.2	16.7	2.0	1.9	1.9	2.3
<b>Communication Services</b>	281	0.4	7.2	24.1	1.6	3.9	4.2	15.0	14.7	14.6	15.5	1.5	1.4	1.4	1.7
<b>Utilities</b>	358	0.1	2.5	-41.0	81.2	4.5	4.6	22.8	12.6	12.5	14.2	1.6	1.6	1.6	1.3

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

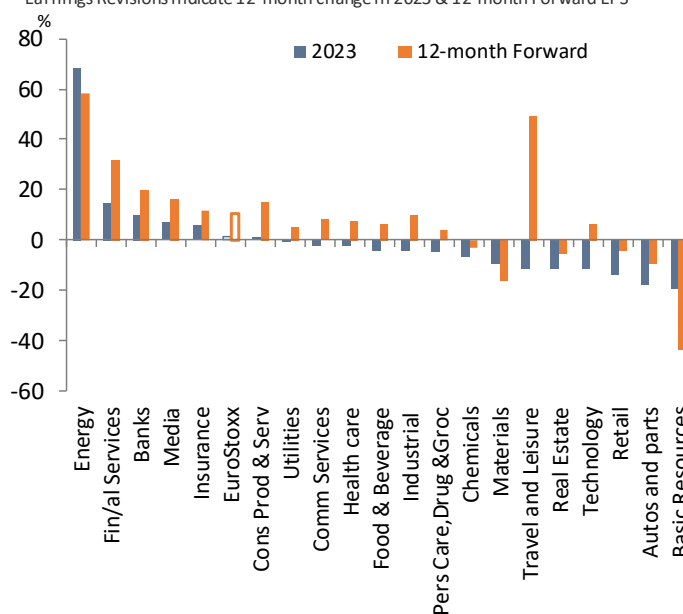
Earnings Revisions indicate 1-month change in 2023 & 12-month Forward EPS



Data as of January 27<sup>th</sup>  
12-month forward EPS are 92% of 2023 EPS and 8% of 2024 EPS

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

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



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