



## The S&P 500 reached new all-time highs in August (3,508) driven by the Information Technology sector and the dovish change in the Federal Reserve's policy formulation

- Global equities rose significantly in August due to a stabilisation in US epidemiological data, optimism that at least one Covid-19 vaccine will be approved by the end of 2020, continuing positive surprises in Q2 corporate results and abundant liquidity, along with central banks aiming to keep interest rates at low levels for a considerable time (see graph below). Overall, the MSCI ACWI was up by 6.3% in August with the S&P500 over-performing (+7.2%), led by heavyweight Information Technology stocks (+11.4%). Corporate bond spreads were broadly unchanged with the exception of EUR Speculative Grade bonds gaining c.2% in total returns. Core bond prices slipped as increased investor appetite and higher inflation expectations led interest rates 10-20 bps higher in the main markets with the 10-Year US Treasury yield at a two month high of +0.75% following the Fed's framework review announcement (see below). Finally, gold prices (\$1,965) and the EUR (\$1.19) remained broadly flat in August, albeit having appreciated significantly since end-March (\$1,578 and \$1.10, respectively) partly in response to the Federal Reserve's ultra loose monetary policy on the one hand and positive political developments in Europe (Next Generation EU fund) on the other.
- On Thursday, at this year's (virtual) Jackson Hole research symposium, Fed Chair Powell announced the results of the central bank's monetary policy framework (MPF) review. The FOMC revised its official statement on policy goals in order to safeguard the 2% long-term inflation expectation and promote maximum employment. In the details, (i) The FOMC will replace flexible inflation-targeting with one-sided average inflation targeting (AIT), which only aims to restore inflation to a 2% average when it has been below 2% for a considerable period of time (not specified). As a result, any appropriate monetary policy is likely to endeavour to achieve inflation moderately above 2% for some time following periods when inflation has fallen short of that goal. Note that core PCE inflation, the Fed's preferred measure, has averaged +1.6% over the last five years (see graph below); (ii) On maximum employment, appropriate monetary policy will now be informed by the Fed's "assessments of the shortfalls of employment from its maximum level" instead of "deviations from its maximum level" suggesting that employment can run at or above the real-time estimates of its maximum level (current estimates of  $u^*$ : +4.1%) without causing concern. As a result, the likelihood of any proactive interest rate hikes in order to prevent a "tight" labor market from getting "tighter" is negligible as inflation appears to be considerably less responsive to activity gaps - a flatter Phillips curve. All told, the MPF review confirms the Fed maintaining a lengthy period of zero interest rates.
- On the US fiscal policy front, although an agreement was not reached before the legislature's summer recess, negotiations are effectively continuing: the vast gap between the Republicans' proposal (worth \$1 tn or 4.7% of the US' GDP) and the respective proposal from the Democrats (initially \$3.4 tn or 16% of the US' GDP) appears to be lessening, with Pelosi (Speaker of the US House of Representatives and Democratic Party member) having cited that the Democrats' proposal could be halved. Nevertheless, it should be noted that an agreement being reached on large size spending bills just a few months before the Presidential elections (in November) is politically convoluted. As a result, the possibility of a relatively smaller spending bill being agreed upon at the current juncture, leaving the door open for more stimulus after the November (cont'd on page 2)

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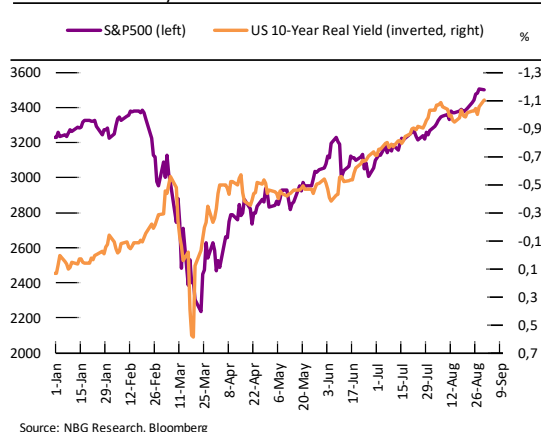
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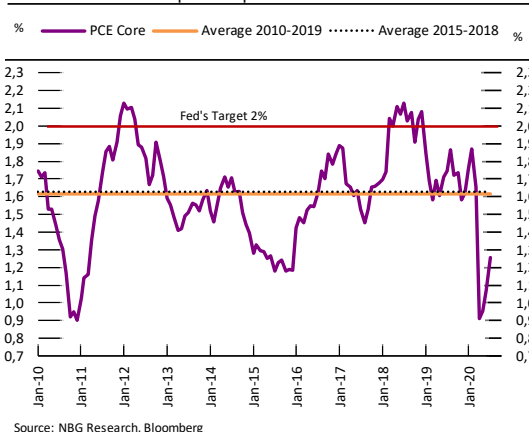
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Charts of the week

S&P 500 vs US 10-year Real Yield



US Personal Consumption Expenditure Core Price Index



... elections, cannot be ruled out.

- A fiscal cliff in the US due to the July 31<sup>st</sup> expiration of the Federal Pandemic Unemployment Compensation (an additional \$600 per week benefit for those eligible for unemployment insurance) was partly avoided for the time being. Indeed, via respective Presidential executive orders, additional unemployment benefits are to continue, albeit lowered to \$400 per week for those receiving at least \$100 per week in regular benefits. Individual States will cover 25% (allocations from the \$150 bn Coronavirus Relief Fund can be used) while the federal government will cover the remaining 75%, funded by the \$44 bn from the Disaster Relief Fund. Assuming that unemployment insurance claims (including regular State programs and newly introduced programs due to the pandemic) run at c.27 mn (vs. 28 mn in the final week of July), the federal share for the additional benefits would cost c.\$34 bn per month. This would result in the \$44 bn in resources running out in early-September, thereby pressuring the US legislature to reach a deal on a new stimulus package. Another major fiscal deadline is September 30<sup>th</sup> when the federal fiscal year ends, given that without a new spending bill, a partial federal government shutdown would take place as of October.

### The decline for US GDP in Q2 was unprecedented, as expected, due to the pandemic

- **US Real GDP growth in Q2:20 came out at -31.7% qoq saar.** Annual growth was -9.1% yoy. Regarding the composition of GDP in Q2:20, unsurprisingly only government expenditures (consumption & gross investment) posted positive growth, at +2.8% qoq saar (+0.8 pps contribution to the overall GDP growth | +2.1% yoy), due to a surge in nondefense federal spending (+40.1% qoq saar) in view of massive supportive fiscal measures to mitigate the adverse economic effects from the pandemic. On the other hand, personal consumption decreased by 34.1% qoq saar (subtracting 24.8 pps from the headline figure | -10.5% yoy), business investment by 26.0% qoq saar (negative contribution of 3.5 pps to overall GDP growth | -8.5% yoy) and residential investment by 37.9% qoq saar (-1.7 pps to the headline | -4.9% yoy). Both exports (-63.2% qoq saar) and imports (-54.0% qoq saar) also plunged, with the effect from net exports to overall GDP growth being modest (+0.9 pps). Finally, inventories subtracted 3.5 pps from the headline figure.

### US private consumption rose in July

- **US private consumption increased for a 3rd consecutive month post-lockdowns, with the pace of improvement easing in July, as expected.** Specifically, personal spending (in constant price terms) rose by 1.6% mom (consensus: +1.3% mom), following a sharp rebound in June (+5.7% mom) and in May (+8.4% mom) in view of the easing of pandemic-related restrictions. As a result, the annual pace of growth came out at -3.8% yoy in July compared with a trough of -16.7% yoy in April. Households' savings ratio (personal savings, i.e. income minus outlays and taxes, as % of disposable personal income) remains particularly high (17.8% in July) due to consumer spending being deferred during the lockdown period (from late in March to early May), alongside massive government support (mainly via relief checks related to Coronavirus Aid, Relief, and Economic Security (CARES) Act), a development that could continue to provide support to private

consumption in the short term. Recall that in June, personal income was up by 8.2% yoy (in nominal terms), mainly on the back of these government transfers (the current transfers component of personal income represented c. 27% of total personal income from April to July, on average). In the event, **developments in the fiscal policy front alongside the path of epidemiological data in the US remain key risks for consumer confidence and more generally for the economic recovery. Recall that the University of Michigan's index of consumer sentiment was broadly stable at 72.8 in August**, slightly above consensus estimates for 72.0. Nevertheless it remains well below a long-term average of 84.9.

### Euro area economic recovery lost momentum in August according to PMIs

- **Euro area PMIs decreased considerably in August, well below consensus estimates, as the recovery in the services sector faltered mainly due to renewed travel restrictions in view of rising Covid-19 cases.** Specifically, the composite index came out at 51.6 from 54.9 in July, undershooting expectations for an unchanged outcome. Note also that the employment component continues to lag (still below the expansion/contraction threshold), as firms appear reluctant to increase staffing levels in view of still elevated uncertainty regarding the path of the economic recovery. Sector-wise, the services PMI fell by 4.4 pts to 50.1, levels that indicate that the recovery in the sector came to a standstill. At the same time, the manufacturing PMI was largely stable at 51.7, with the output component (the part of the manufacturing survey which is incorporated in the calculation of the headline composite index) continuing to overperform (+0.4 pts to 55.7). Overall, the latest data support the view that the robustness of the recovery of economic activity following the record plunge for GDP in Q2:20 (-40.3% qoq saar | -15.0% yoy) remains highly dependent on the path of the pandemic and the respective restrictive measures that will need to be taken in order to suppress its spread.
- **Regarding PMI performance by country, Germany and (less so) France over-performed the rest of the euro area** (according to Markit, on a country-weighted basis, output in the rest of the euro area marginally stood below the expansion/contraction threshold of 50.0). Specifically, **in France the composite PMI was 51.7 in August from a 2½-year high of 57.3 in July.** Both the services PMI (-5.4 pts to 51.9) and its manufacturing counterpart (-3.4 pts to 49.0), significantly lost ground. It should also be noted though that INSEE's (France's official statistics office) composite business climate indicator improved in August, up by 6.8 pts to 91.1 (albeit remaining below an average of 100 since 1990). Overall, despite the recent deterioration in PMIs, the latest data remain consistent with GDP recovering following a record plunge in Q2. In the event, real GDP growth was -44.8% qoq saar (-18.9% yoy) in Q2, with a broad based decrease across expenditure components. Indeed, private consumption fell by 39.4% qoq saar (-16.3% yoy), gross fixed capital formation by 47.6% qoq saar (-22.4% yoy), government consumption by 35.2% qoq saar (-12.4% yoy), while exports growth (-68.4% qoq saar | -30.5% yoy) lagged imports (-51.2% qoq saar | -21.2% yoy).

## Equities

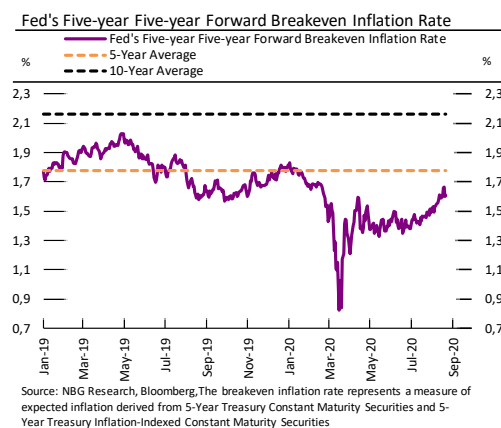
- Global equities rose significantly in August**, mainly due to: i) increased optimism for an eventual vaccine/treatment against Covid-19; ii) positive surprises in Q2 corporate results; iii) better-than-expected economic data and iv) a decrease in new coronavirus cases in the US (to c.40k per day from c.70k per day in late-July). Overall, in August the MSCI ACWI increased by 6.3% (+3.8% ytd), with Developed Markets (+6.6% mtd | +4.2% ytd) overperforming their Emerging Markets peers (+4% mtd | +0.6% ytd). In the US, the S&P 500 rose in August by 7.2% (+8.6% ytd) to a new all-time high (3,508), surpassing its pre-pandemic record high reached in February. The index has rebounded by over 55% since its March low (2,237) after a decrease of 34% between February 19<sup>th</sup> and March 23<sup>rd</sup>. At a sector level, strong gains were recorded in IT (+11.4% mtd) which includes AAPL (+17.5% mtd) and Communication Services (+9.5% mtd) which includes GOOGLE (+10.2% mtd) and FB (+15.8% mtd). Regarding the Q2:20 earnings season, out of the 494 companies (98% of total) that have reported results so far, 82% have exceeded analysts' estimates, with the earnings growth rate for the second quarter at -32% yoy from -44% yoy at the start of the season and -15% yoy in the previous quarter. Although official figures are disappointing, the positive revisions for earnings growth for 2021 (analysts expect an earnings increase of 26.1% yoy from -18.3% yoy for 2020) contributed to the upside. On the other side of the Atlantic, the EuroStoxx increased in August by 4.5% (-9.8% ytd). Although the EU Leaders' agreement on the "Next Generation EU" recovery plan boosted valuations of European stocks, a significant rise in new Covid-19 cases and newly imposed local restrictions combined with the lower-than-expected Services' PMIs, led to a partial increase in uncertainty and profit taking in the past week.

## Fixed Income

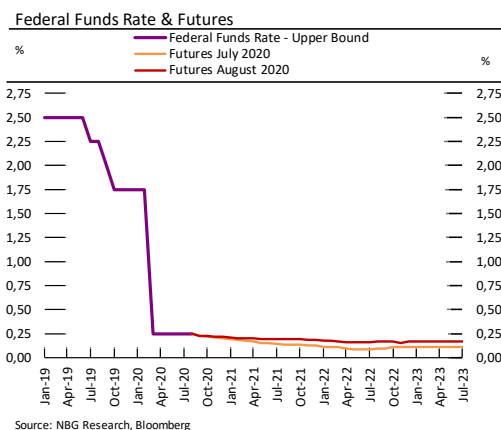
- Government bond yields increased in major advanced economies due to reduced "safe haven" demand, in view of better-than-expected economic data and Covid-19 vaccine hopes.** Specifically, the US Treasury 10-year yield rose by 20 bps mtd to 0.72%, after the Federal Reserve revised the Statement on Longer-Run Goals and Monetary Policy Strategy. Futures imply that short-term rates will remain close to zero at least until July 2023. In Germany, the 10-year Bund yield rose by 12 bps to -0.41%. Periphery bond yield spreads over the Bund in the 10-year tenor declined in August across the board, on the back of the agreement on the recovery plan at the EU summit in late-July (Italy: -9 bps to 145 bps, Spain: -6 bps to 79 bps, Greece: -11 bps to 151 bps). **Corporate bond spreads narrowed in August.** Specifically, US high yield spreads declined by 16 bps to 500 bps, while their euro area counterparts were down by 39 bps to 448 bps. In the Investment Grade spectrum, US spreads were down by 4 bps to 137 bps and Euro area spreads declined by 14 bps to 114 bps.

## FX and Commodities

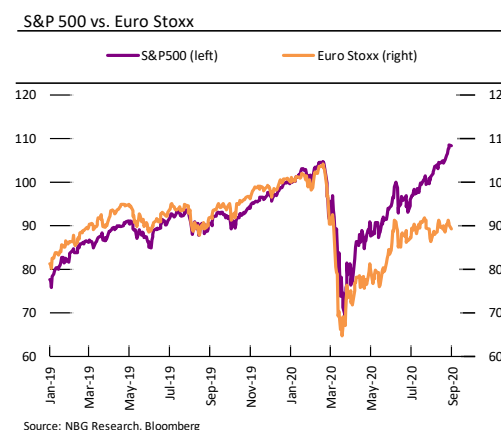
- In foreign exchange markets, the euro rose to its highest level against the US Dollar since May 2018 (\$1.193 in mid-August)**, partially due to the approval of the European recovery fund. However, later in the month the optimism was tempered. As a result, the euro increased by a less profound 1.1% overall in August against the US Dollar to \$1.19. On the other hand, the Japanese Yen declined in August by 0.7% against the US Dollar to ¥106.57, although it rebounded on Friday (28/8), after Japan's PM Abe confirmed plans to step down following a recent deterioration of his health. Finally, **in commodities, oil prices rose** in August due to a drawdown in oil inventories in the US, a drop in offshore output in the Gulf of Mexico by US producers because of the Hurricane "Laura" and reduced concerns about the impact of Covid-19 on global oil demand. Specifically, US oil inventories declined by 11 million barrels in August, to 508 million barrels, their lowest level since April 2020. Overall, Brent increased by 4.3% to \$44.7/barrel (-33% ytd), and the WTI rose by 6.7% to \$43/barrel (-30% ytd), their highest levels since early March. Gold prices decreased in August by 0.6% to \$1965/ounce due to increased investors' risk appetite and the rise of the US dollar, although earlier in the month, gold prices recorded a new all-time high (\$2063).



Graph 1.



Graph 2.



Graph 3.

**Quote of the week:** "Our revised statement says that our policy decision will be informed by our "assessments of the shortfalls of employment from its maximum level" rather than by "deviations from its maximum level" as in our previous statement ... The change to "shortfalls" clarifies that, going forward, employment can run at or above real-time estimates of its maximum level without causing concern.", **Fed Chair, Jerome Powell, August 27<sup>th</sup> 2020.**

### Interest Rates & Foreign Exchange Forecasts

| 10-Yr Gov. Bond Yield (%) | August 28th | 3-month | 6-month | 12-month | Official Rate (%) | August 28th | 3-month | 6-month | 12-month |
|---------------------------|-------------|---------|---------|----------|-------------------|-------------|---------|---------|----------|
| <b>Germany</b>            | -0,41       | -0,50   | -0,40   | -0,30    | <b>Euro area</b>  | 0,00        | 0,00    | 0,00    | 0,00     |
| <b>US</b>                 | 0,72        | 0,90    | 1,00    | 1,20     | <b>US</b>         | 0,25        | 0,25    | 0,25    | 0,25     |
| <b>UK</b>                 | 0,31        | 0,27    | 0,33    | 0,43     | <b>UK</b>         | 0,10        | 0,08    | 0,06    | 0,04     |
| <b>Japan</b>              | 0,06        | 0,00    | 0,03    | 0,05     | <b>Japan</b>      | -0,10       | -0,10   | -0,10   | -0,10    |

| Currency       | August 28th | 3-month | 6-month | 12-month | August 28th    | 3-month | 6-month | 12-month |      |
|----------------|-------------|---------|---------|----------|----------------|---------|---------|----------|------|
| <b>EUR/USD</b> | 1,19        | 1,13    | 1,13    | 1,15     | <b>USD/JPY</b> | 105     | 106     | 105      | 104  |
| <b>EUR/GBP</b> | 0,89        | 0,89    | 0,89    | 0,89     | <b>GBP/USD</b> | 1,34    | 1,26    | 1,26     | 1,29 |
| <b>EUR/JPY</b> | 125         | 120     | 119     | 119      |                |         |         |          |      |

Forecasts at end of period

### Economic Forecasts

| United States                         | 2018a | Q1:19a | Q2:19a | Q3:19a | Q4:19a | 2019a | Q1:20a | Q2:20a | Q3:20f | Q4:20f | 2020f |
|---------------------------------------|-------|--------|--------|--------|--------|-------|--------|--------|--------|--------|-------|
| <b>Real GDP Growth (YoY) (1)</b>      | 3,0   | 2,3    | 2,0    | 2,1    | 2,3    | 2,2   | 0,3    | -9,1   | -5,2   | -5,0   | -4,8  |
| <b>Real GDP Growth (QoQ saar) (2)</b> | -     | 2,9    | 1,5    | 2,6    | 2,4    | -     | -5,0   | -31,7  | 21,7   | 3,0    | -     |
| <b>Private Consumption</b>            | 2,7   | 1,8    | 3,7    | 2,7    | 1,6    | 2,4   | -6,9   | -34,1  | 32,3   | 2,9    | -4,9  |
| <b>Government Consumption</b>         | 1,8   | 2,5    | 5,0    | 2,1    | 2,4    | 2,3   | 1,3    | 2,8    | -1,6   | -0,4   | 1,6   |
| <b>Investment</b>                     | 5,2   | 2,9    | -0,4   | 2,4    | 1,0    | 1,9   | -1,4   | -28,9  | 1,6    | 4,4    | -5,6  |
| <b>Residential</b>                    | -0,6  | -1,7   | -2,1   | 4,6    | 5,8    | -1,7  | 19,0   | -37,9  | 18,4   | 4,1    | -0,6  |
| <b>Non-residential</b>                | 6,9   | 4,2    | 0,0    | 1,9    | -0,3   | 2,9   | -6,7   | -26,0  | -2,3   | 4,4    | -6,9  |
| <b>Inventories Contribution</b>       | 0,2   | 0,2    | -1,1   | -0,1   | -0,9   | 0,0   | -1,7   | -4,7   | 1,7    | 1,4    | -1,3  |
| <b>Net Exports Contribution</b>       | -0,3  | 0,6    | -0,9   | 0,0    | 1,9    | -0,2  | 1,6    | 0,6    | -1,2   | -1,0   | 0,6   |
| <b>Exports</b>                        | 3,0   | 1,8    | -4,5   | 0,8    | 3,4    | -0,1  | -9,5   | -63,2  | 28,0   | 19,6   | -14,9 |
| <b>Imports</b>                        | 4,1   | -2,1   | 1,7    | 0,5    | -7,5   | 1,1   | -15,0  | -54,0  | 29,3   | 21,3   | -14,1 |
| <b>Inflation (3)</b>                  | 2,5   | 1,7    | 1,8    | 1,7    | 2,1    | 1,8   | 2,1    | 0,3    | 0,9    | 1,0    | 1,1   |

| Euro Area                         | 2018a | Q1:19a | Q2:19a | Q3:19a | Q4:19a | 2019a | Q1:20a | Q2:20a | Q3:20f | Q4:20f | 2020f |
|-----------------------------------|-------|--------|--------|--------|--------|-------|--------|--------|--------|--------|-------|
| <b>Real GDP Growth (YoY)</b>      | 1,9   | 1,4    | 1,3    | 1,4    | 1,0    | 1,3   | -3,1   | -15,0  | -7,3   | -4,6   | -7,5  |
| <b>Real GDP Growth (QoQ saar)</b> | -     | 2,0    | 0,8    | 1,1    | 0,1    | -     | -13,6  | -40,3  | 43,0   | 12,1   | -     |
| <b>Private Consumption</b>        | 1,4   | 2,2    | 0,8    | 1,7    | 0,5    | 1,3   | -17,1  | -41,3  | 44,4   | 17,3   | -8,2  |
| <b>Government Consumption</b>     | 1,2   | 2,2    | 2,0    | 2,5    | 1,0    | 1,8   | -1,7   | 5,9    | 3,3    | 0,3    | 1,7   |
| <b>Investment</b>                 | 3,5   | 1,7    | 2,9    | -1,1   | 14,0   | 5,0   | -7,0   | -50,2  | 48,0   | 14,0   | -6,3  |
| <b>Inventories Contribution</b>   | 0,1   | -3,4   | 5,6    | -5,5   | 1,0    | -0,3  | -1,2   | -1,0   | 0,4    | 0,1    | -0,6  |
| <b>Net Exports Contribution</b>   | 0,2   | 3,5    | -6,0   | 5,6    | -4,1   | -0,5  | -1,4   | -2,1   | 0,2    | -0,1   | -1,3  |
| <b>Exports</b>                    | 3,6   | 4,2    | 0,0    | 2,9    | 0,5    | 2,5   | -15,4  | -50,8  | 50,0   | 15,8   | -10,3 |
| <b>Imports</b>                    | 3,6   | -3,0   | 14,1   | -8,4   | 10,0   | 4,0   | -13,6  | -50,6  | 52,4   | 16,9   | -8,5  |
| <b>Inflation</b>                  | 1,8   | 1,4    | 1,4    | 1,0    | 1,0    | 1,2   | 1,1    | 0,2    | 0,4    | 0,5    | 0,6   |

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

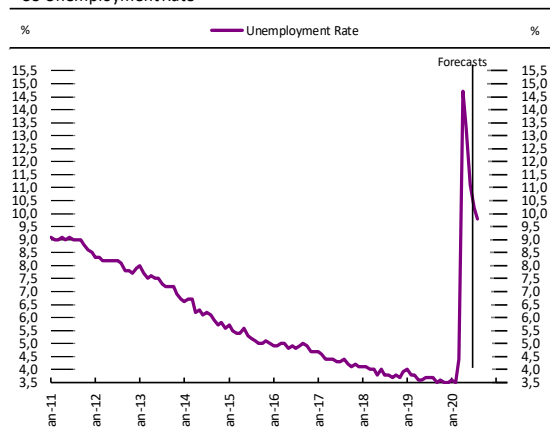
|                         | US  | Euro Area  | Japan   | UK  |
|-------------------------|---|--|---|---|
| <b>Equity Markets</b>   | <ul style="list-style-type: none"> <li>+ Massive Fiscal loosening will support the economy but wont avoid a recession</li> <li>- 2020 EPS growth expectations have further room to fall from +2%. Earnings will contract in 2020</li> <li>- Forget aggressive share buybacks for now due to political pressures</li> <li>- Peaking profit margins</li> <li>- Protectionism and trade wars</li> <li>- P/Es (Valuations) are in line with long-term averages despite P/E contraction of more than 20% since February highs (19x)</li> </ul> <p>● Neutral/Positive</p> | <ul style="list-style-type: none"> <li>+ Still high equity risk premium relative to other regions</li> <li>+ Modest fiscal loosening in 2020 excluding Germany (5% of GDP)</li> <li>- 2020-2021 EPS estimates may turn pessimistic as economic growth fails to pick up</li> <li>- Political uncertainty (Italy, Brexit) could intensify</li> </ul> <p>● Neutral</p>                                  | <ul style="list-style-type: none"> <li>+ Still aggressive QE and "yield-curve" targeting by the BoJ</li> <li>- Signs of policy fatigue regarding structural reforms and fiscal discipline</li> <li>- Strong appetite for foreign assets</li> <li>- JPY appreciation in a risk-off scenario could hurt exporters</li> </ul> <p>● Neutral</p> | <ul style="list-style-type: none"> <li>+ 65% of FTSE100 revenues from abroad</li> <li>+ Undemanding valuations in relative terms</li> <li>- Elevated Policy uncertainty to remain due to the outcome of the Brexit negotiating process</li> </ul> <p>● Neutral/Negative</p>   |
| <b>Government Bonds</b> | <ul style="list-style-type: none"> <li>+ Valuations appear rich with term-premium below 0%</li> <li>+ Sizeable fiscal deficit</li> <li>+ Underlying inflation pressures if Fed seek makeup strategies</li> <li>- Global search for yield by non-US investors continues</li> <li>- Safe haven demand</li> <li>- Fed to remain at ZLB in the course of 2020-2021</li> <li>- Fed: Unlimited QE purchases</li> </ul> <p>▲ Slightly higher yields expected</p>   | <ul style="list-style-type: none"> <li>+ Valuations appear excessive compared with long-term fundamentals</li> <li>- Political Risks</li> <li>- Fragile growth outlook</li> <li>- Medium-term inflation expectations remain low</li> <li>- ECB QE net purchases</li> <li>- ECB QE "stock" effect</li> </ul> <p>▲ Higher yields expected</p>  | <ul style="list-style-type: none"> <li>+ Sizeable fiscal deficits</li> <li>+ Restructuring efforts to be financed by fiscal policy measures</li> <li>- Safe haven demand</li> <li>- Extremely dovish central bank</li> <li>- Yield-targeting of 10-Year JGB at around 0%</li> </ul> <p>● Stable yields expected</p>                         | <ul style="list-style-type: none"> <li>+ Elevated Policy uncertainty to remain due to the outcome of the Brexit negotiating process</li> <li>+ Inflation expectations could drift higher ahead of EU/UK negotiations</li> <li>- The BoE is expected to remain on hold with risks towards rate cuts</li> <li>- Slowing economic growth post-Brexit</li> </ul> <p>▲ Higher yields expected but with Brexit risk premia working on both directions</p> |
| <b>Foreign Exchange</b> | <ul style="list-style-type: none"> <li>+ Safe-haven demand</li> <li>- Fed's interest rate differential disappeared following cuts to 0%-0.25%</li> </ul> <p>● Broadly Flat EUR against the USD with high volatility around \$1.10</p>   | <ul style="list-style-type: none"> <li>+ Reduced short-term tail risks</li> <li>+ Higher core bond yields</li> <li>+ Current account surplus</li> <li>- Sluggish growth</li> <li>- Deflation concerns</li> <li>- The ECB's monetary policy to remain extra loose (Targeted-LTROs, ABSs, Quantitative Easing)</li> </ul> <p>● Broadly Flat EUR against the USD with high volatility around \$1.10</p> | <ul style="list-style-type: none"> <li>+ Safe haven demand</li> <li>+ More balanced economic growth recovery (long-term)</li> <li>+ Inflation is bottoming out</li> <li>- Additional Quantitative Easing by the Bank of Japan if inflation does not approach 2%</li> </ul> <p>▲ Slightly higher JPY</p>                                     | <ul style="list-style-type: none"> <li>+ Transitions phase negotiations</li> <li>+ Valuations appear undemanding with REER 6% below its 15-year average</li> <li>- Sizeable Current account deficit</li> <li>- Elevated Policy uncertainty to remain due to the outcome of the Referendum and the negotiating process</li> </ul> <p>▲ Higher GBP expected but with Brexit risk premia working on both directions</p>                                |

## Economic Calendar

In the US, attention turns to the August labor report that is released on September 4<sup>th</sup>. Consensus expects NFPs of +1,400k from +1,763k in July and unemployment rate of 9.8% from 10.2%. On Tuesday, the ISM Manufacturing survey (latest: 54.2 | consensus of 54.5) will provide an update on business confidence. On Thursday, attention turns to the weekly initial and continuing jobless claims for a more updated view of labor market conditions.

In the Euro area, attention turns to inflation data for August, due on Tuesday. CPI is expected at 0.2% yoy from 0.4% yoy in July and the core figure at 0.8% yoy from 1.2% yoy. At the same time, the unemployment rate for July is also released and is expected at 8% from 7.8% in June. On Thursday, attention turns to retail sales for July. The monthly growth is expected at 1.4% mom from +5.7% mom in June.

US Unemployment Rate



Economic News Calendar for the period: August 25 - September 7, 2020

| Tuesday 25                                  |        |        |          |        | Wednesday 26                                 |        |        |          |        | Thursday 27                            |           |        |          |        |
|---|--------|--------|----------|--------|--|--------|--------|----------|--------|--|-----------|--------|----------|--------|
| US  | S      | A      | P        |        | US   | S      | A      | P        |        | US                                     | S         | A      | P        |        |
| S&P Case/Shiller house price index 20 (YoY) | June   | 3.60%  | + 3.46%  | 3.61%  | Durable goods orders (MoM)                   | July   | 4.8%   | + 11.2%  | 7.7%   | Initial Jobless Claims (k)             | August 22 | 1000   | - 1006   | 1104   |
| Conference board consumer confidence        | August | 93.0   | + 84.8   | 91.7   | Durable goods orders ex transportation (MoM) | July   | 2.0%   | + 2.4%   | 4.0%   | Continuing Claims (k)                  | August 15 | 14400  | - 14535  | 14758  |
| New home sales (k)                          | July   | 790    | + 901    | 791    |  |        |        |          |        | GDP (QoQ, annualized)                  | Q2:20     | -32.5% | + -31.7% | -32.9% |
| <b>GERMANY</b>                              |        |        |          |        |  |        |        |          |        | Personal consumption (QoQ, annualized) | Q2:20     | -34.2% | + -34.1% | -34.6% |
| GDP (QoQ)                                   | Q2:20  | -10.1% | + -9.7%  | -10.1% |  |        |        |          |        | Pending home sales (MoM)               | July      | 2.0%   | + 5.9%   | 15.8%  |
| GDP (wda, YoY)                              | Q2:20  | -11.7% | + -11.3% | -11.7% |  |        |        |          |        | <b>EURO AREA</b>                       |           |        |          |        |
| Private Consumption (QoQ)                   | Q2:20  | -9.8%  | - -10.9% | -2.5%  |  |        |        |          |        | M3 money supply (YoY)                  | July      | 9.2%   | 10.2%    | 9.2%   |
| Government Spending QoQ                     | Q2:20  | 1.5%   | + 1.5%   | 0.6%   |  |        |        |          |        |  |           |        |          |        |
| Capital Investment QoQ                      | Q2:20  | -12.2% | + -7.9%  | -0.5%  |  |        |        |          |        |  |           |        |          |        |
| IFO- Business Climate Indicator             | August | 92.1   | + 92.6   | 90.4   |  |        |        |          |        |  |           |        |          |        |
| IFO-Expectations                            | August | 98.0   | - 97.5   | 96.7   |  |        |        |          |        |  |           |        |          |        |
| IFO- Current Assessment                     | August | 86.2   | + 87.9   | 84.5   |  |        |        |          |        |  |           |        |          |        |
|   |        |        |          |        |  |        |        |          |        |  |           |        |          |        |
| <b>Friday 28</b>                            |        |        |          |        | <b>Monday 31</b>                             |        |        |          |        |  |           |        |          |        |
| US  | S      | A      | P        |        | US   | S      | A      | P        |        | JAPAN                                  | S         | A      | P        |        |
| Personal income (MoM)                       | July   | -0.2%  | + 0.4%   | -1.0%  | Industrial Production (MoM)                  | July   | 5.0%   | + 8.0%   | 1.9%   | Industrial Production (MoM)            | July      | 5.0%   | + 8.0%   | 1.9%   |
| Personal spending (MoM)                     | July   | 1.6%   | + 1.9%   | 6.2%   | Industrial Production (YoY)                  | July   | -17.5% | + -16.1% | -18.2% | Industrial Production (YoY)            | July      | -17.5% | + -16.1% | -18.2% |
| PCE Deflator (YoY)                          | July   | 1.0%   | + 1.0%   | 0.9%   | Retail sales (MoM)                           | July   | -2.5%  | - -3.3%  | 13.1%  | Retail sales (MoM)                     | July      | -2.5%  | - -3.3%  | 13.1%  |
| PCE Core Deflator (YoY)                     | July   | 1.2%   | + 1.3%   | 1.1%   | Retail sales (YoY)                           | July   | -1.7%  | - -2.8%  | -1.3%  | Retail sales (YoY)                     | July      | -1.7%  | - -2.8%  | -1.3%  |
| <b>EURO AREA</b>                            |        |        |          |        |  |        |        |          |        | Construction Orders YoY                | July      | ..     | -22.9%   | -13.4% |
| Economic confidence indicator               | August | 85.0   | + 87.7   | 82.4   |  |        |        |          |        | <b>CHINA</b>                           |           |        |          |        |
|   |        |        |          |        |  |        |        |          |        | Manufacturing PMI                      | August    | 51.2   | - 51.0   | 51.1   |
|   |        |        |          |        |  |        |        |          |        |  |           |        |          |        |
|   |        |        |          |        |  |        |        |          |        |  |           |        |          |        |
| <b>Tuesday 1</b>                            |        |        |          |        | <b>Wednesday 2</b>                           |        |        |          |        | <b>Thursday 3</b>                      |           |        |          |        |
| US  | S      | A      | P        |        | US   | S      | A      | P        |        | US                                     | S         | A      | P        |        |
| ISM Manufacturing                           | August | 54.5   | ..       | 54.2   | ADP Employment Change (k)                    | August | 950    | ..       | 167    | Initial Jobless Claims (k)             | August 29 | 950    | ..       | 1006   |
| Construction spending (MoM)                 | July   | 1.1%   | ..       | -0.7%  | Factory Goods Orders (MoM)                   | July   | 6.0%   | ..       | 6.2%   | Continuing Claims (k)                  | August 22 | 14000  | ..       | 14535  |
| <b>JAPAN</b>                                |        |        |          |        |  |        |        |          |        | Trade balance (\$bn)                   | July      | -57.0  | ..       | -50.7  |
| Jobless Rate                                | July   | 3.0%   | ..       | 2.8%   | <b>UK</b>                                    |        |        |          |        | <b>EURO AREA</b>                       |           |        |          |        |
| <b>EURO AREA</b>                            |        |        |          |        |  |        |        |          |        | Nationwide House Px NSA YoY            | August    | 2.0%   | ..       | 1.5%   |
| Unemployment Rate                           | July   | 8.0%   | ..       | 7.8%   | <b>GERMANY</b>                               |        |        |          |        | Retail sales (MoM)                     | July      | 1.4%   | ..       | 5.7%   |
| CPI estimate (YoY)                          | August | 0.2%   | ..       | 0.4%   | Retail sales (MoM)                           | July   | 0.5%   | ..       | -2.0%  | Retail sales (YoY)                     | July      | 3.0%   | ..       | 1.3%   |
| Core CPI (YoY)                              | August | 0.8%   | ..       | 1.2%   | Retail sales (YoY)                           | July   | 4.1%   | ..       | 6.0%   |  |           |        |          |        |
| <b>CHINA</b>                                |        |        |          |        |  |        |        |          |        |  |           |        |          |        |
| Caixin PMI Manufacturing                    | August | 52.5   | ..       | 52.8   |  |        |        |          |        |  |           |        |          |        |
|   |        |        |          |        |  |        |        |          |        |  |           |        |          |        |
|   |        |        |          |        |  |        |        |          |        |  |           |        |          |        |
| <b>Friday 4</b>                             |        |        |          |        | <b>Monday 7</b>                              |        |        |          |        |  |           |        |          |        |
| US  | S      | A      | P        |        | CHINA  | S      | A      | P        |        | CHINA                                  | S         | A      | P        |        |
| Change in Nonfarm Payrolls (k)              | August | 1400   | ..       | 1763   | Exports YoY                                  | August | ..     | ..       | 7.2%   | Exports YoY                            | August    | ..     | ..       | 7.2%   |
| Change in Private Payrolls (k)              | August | 1275   | ..       | 1462   | Imports YoY                                  | August | ..     | ..       | -1.4%  | Imports YoY                            | August    | ..     | ..       | -1.4%  |
| Unemployment rate                           | August | 9.8%   | ..       | 10.2%  | <b>GERMANY</b>                               |        |        |          |        | Industrial Production (sa, MoM)        | July      | ..     | ..       | 8.9%   |
| Average weekly hours (hrs)                  | August | 34.5   | ..       | 34.5   | Industrial Production (wda, YoY)             | July   | ..     | ..       | -11.7% | Industrial Production (wda, YoY)       | July      | ..     | ..       | -11.7% |
| Average Hourly Earnings MoM                 | August | 0.0%   | ..       | 0.2%   |  |        |        |          |        |  |           |        |          |        |
| Average Hourly Earnings YoY                 | August | 4.5%   | ..       | 4.8%   |  |        |        |          |        |  |           |        |          |        |
| Labor Force Participation Rate              | August | 61.7%  | ..       | 61.4%  |  |        |        |          |        |  |           |        |          |        |
| Underemployment Rate                        | August | ..     | ..       | 16.5%  |  |        |        |          |        |  |           |        |          |        |
| <b>UK</b>                                   |        |        |          |        |  |        |        |          |        |  |           |        |          |        |
| Markit/CIPS UK Construction                 | August | 58.5   | ..       | 58.1   |  |        |        |          |        |  |           |        |          |        |

Source: NBG Research, Bloomberg  
S: Bloomberg Consensus Analysts Survey, A: Actual Outcome, P: Previous Outcome

**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 (%) |
|-------------------|------------|---------------|-------------------|-------------------------|-------------------|-------------------|-----------------------|---------|---------------|-------------------|-------------------------|-------------------|
| US                | S&P 500    | 3508          | 3,3               | 8,6                     | 19,9              | 20,4              | MSCI Emerging Markets | 64205   | 2,1           | 4,5               | 16,7                    |                   |
| Japan             | NIKKEI 225 | 22883         | -0,2              | -3,3                    | 11,8              | 0,2               | MSCI Asia             | 1004    | 2,6           | 9,9               | 24,4                    |                   |
| UK                | FTSE 100   | 5964          | -0,6              | -20,9                   | -17,0             | -21,2             | China                 | 102     | 3,9           | 19,0              | 36,4                    |                   |
| Canada            | S&P/TSX    | 16706         | 1,1               | -2,1                    | 2,0               | 1,9               | Korea                 | 732     | 1,9           | 5,9               | 23,7                    |                   |
| Hong Kong         | Hang Seng  | 25422         | 1,2               | -9,8                    | -1,1              | -10,5             | MSCI Latin America    | 86392   | 0,2           | -13,7             | -4,9                    |                   |
| Euro area         | EuroStoxx  | 364           | 1,7               | -9,8                    | -1,1              | -5,5              | Brazil                | 322809  | 0,7           | -11,8             | 0,0                     |                   |
| Germany           | DAX 30     | 13033         | 2,1               | -1,6                    | 10,1              | 3,8               | Mexico                | 35020   | -0,9          | -12,7             | -9,4                    |                   |
| France            | CAC 40     | 5003          | 2,2               | -16,3                   | -8,2              | -9,1              | MSCI Europe           | 5437    | -0,7          | -14,7             | -5,1                    |                   |
| Italy             | FTSE/MIB   | 19841         | 0,7               | -15,6                   | -7,3              | -4,4              | Russia                | 1211    | -0,8          | -11,0             | -0,2                    |                   |
| Spain             | IBEX-35    | 7133          | 2,2               | -25,3                   | -18,9             | -25,5             | Turkey                | 1316255 | -1,1          | -12,4             | -0,1                    |                   |

**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 (%) |       |
| Energy                 | 121,5         | 1,1               | -38,3                   | -32,9             | -47,6             | Energy                 | 123,4             | 0,4                     | -38,8             | -34,8 |
| Materials              | 279,9         | 2,3               | 2,8                     | 15,3              | 4,0               | Materials              | 262,1             | 1,4                     | 0,6               | 11,0  |
| Industrials            | 268,1         | 2,5               | -3,0                    | 7,2               | 2,4               | Industrials            | 260,0             | 2,0                     | -4,8              | 4,5   |
| Consumer Discretionary | 334,6         | 3,0               | 20,2                    | 29,8              | 27,6              | Consumer Discretionary | 318,7             | 2,7                     | 18,7              | 27,8  |
| Consumer Staples       | 254,2         | 1,6               | 1,3                     | 3,9               | 12,4              | Consumer Staples       | 250,0             | 1,0                     | -0,6              | 0,8   |
| Healthcare             | 296,4         | 0,5               | 6,2                     | 20,4              | 18,3              | Healthcare             | 288,5             | 0,1                     | 4,6               | 17,9  |
| Financials             | 103,6         | 4,0               | -17,6                   | -5,7              | -15,4             | Financials             | 102,5             | 3,4                     | -18,7             | -8,2  |
| IT                     | 410,6         | 4,1               | 32,1                    | 52,7              | 57,4              | IT                     | 395,4             | 3,9                     | 31,2              | 51,6  |
| Telecoms               | 86,8          | 4,1               | 12,0                    | 20,6              | 31,2              | Telecoms               | 90,0              | 3,9                     | 11,3              | 19,5  |
| Utilities              | 141,5         | -0,3              | -5,8                    | -1,1              | 10,8              | Utilities              | 142,7             | -0,7                    | -7,4              | -3,6  |

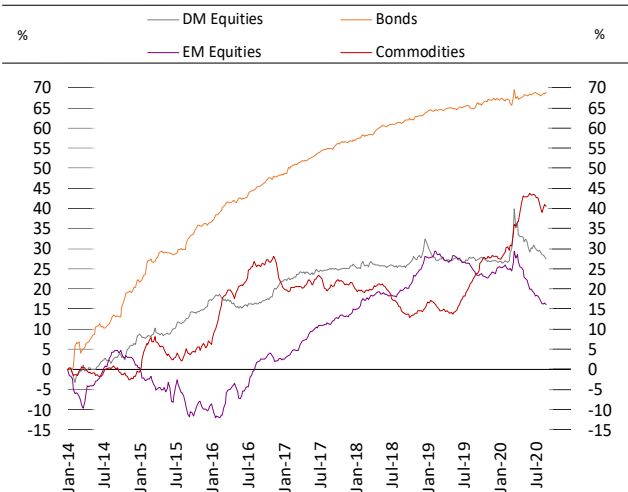
**Bond Markets (%)**

| 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 |     |
| US  | 0,72    | 0,63      | 1,92       | 1,50          | 2,23            | US Treasuries 10Y/2Y                   | 60        | 49         | 35            | -3  |
| Germany                                     | -0,41   | -0,51     | -0,19      | -0,69         | 0,90            | US Treasuries 10Y/5Y                   | 45        | 37         | 23            | 10  |
| Japan                                       | 0,06    | 0,03      | -0,01      | -0,29         | 0,40            | Bunds 10Y/2Y                           | 26        | 18         | 42            | 22  |
| UK  | 0,31    | 0,21      | 0,82       | 0,44          | 1,76            | Bunds 10Y/5Y                           | 24        | 19         | 29            | 21  |
| Greece                                      | 1,10    | 1,09      | 1,47       | 1,58          | 9,56            | Corporate Bond Spreads (in bps)        |           |            |               |     |
| Ireland                                     | -0,06   | -0,16     | 0,12       | -0,08         | 3,13            |  |           |            |               |     |
| Italy                                       | 1,04    | 0,94      | 1,41       | 0,98          | 3,00            | EM Inv. Grade (IG)                     | 188       | 193        | 150           | 171 |
| Spain                                       | 0,38    | 0,30      | 0,47       | 0,10          | 2,73            | EM High yield                          | 644       | 657        | 494           | 601 |
| Portugal                                    | 0,40    | 0,33      | 0,44       | 0,13          | 4,46            | US IG                                  | 137       | 138        | 101           | 126 |
| US Mortgage Market (1. Fixed-rate Mortgage) |         |           |            |               |                 | US High yield                          | 500       | 525        | 360           | 408 |
| 30-Year FRM <sup>1</sup> (%)                | 3,1     | 3,1       | 4,0        | 3,9           | 4,1             | Euro area IG                           | 114       | 116        | 94            | 110 |
| vs 30Yr Treasury (bps)                      | 161     | 177       | 156        | 198           | 127             | Euro area High Yield                   | 448       | 459        | 308           | 358 |

**Foreign Exchange & Commodities**

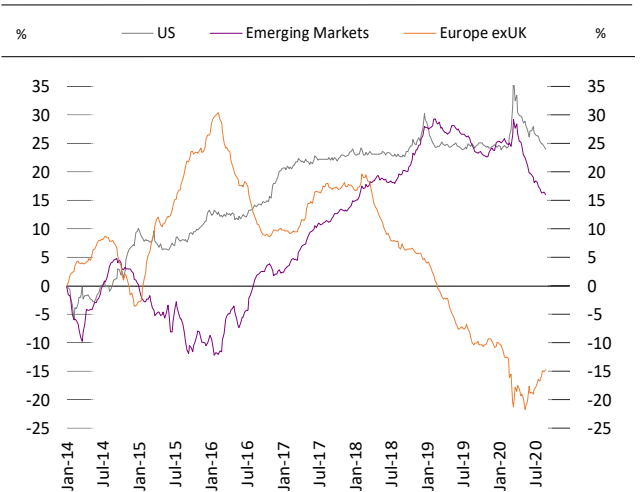
| Foreign Exchange       |         |                   |                    |                   |                         | Commodities               |                   |                    |                   |       |
|------------------------|---------|-------------------|--------------------|-------------------|-------------------------|---------------------------|-------------------|--------------------|-------------------|-------|
|                        | Current | 1-week change (%) | 1-month change (%) | 1-Year change (%) | Year-to-Date change (%) | Current                   | 1-week change (%) | 1-month change (%) | 1-Year change (%) |       |
| Euro-based cross rates |         |                   |                    |                   |                         | Agricultural              | 322               | 3,7                | 6,3               | 2,3   |
| EUR/USD                | 1,19    | 0,9               | 0,9                | 7,7               | 6,1                     | Energy                    | 251               | 1,8                | 4,0               | -44,5 |
| EUR/CHF                | 1,08    | 0,1               | 0,0                | -1,3              | -0,8                    | West Texas Oil (\$)       | 43                | 1,8                | 4,1               | -24,2 |
| EUR/GBP                | 0,89    | -1,1              | -1,7               | -1,8              | 5,4                     | Crude Brent Oil (\$)      | 45                | 2,7                | 3,6               | -26,2 |
| EUR/JPY                | 125,39  | 0,5               | 1,4                | 6,5               | 3,0                     | Industrial Metals         | 1257              | 2,4                | 4,5               | 5,8   |
| EUR/NOK                | 10,53   | -1,0              | -1,1               | 4,7               | 6,9                     | Precious Metals           | 2302              | 1,6                | 1,2               | 27,5  |
| EUR/SEK                | 10,27   | -1,0              | -0,2               | -5,0              | -2,2                    | Gold (\$)                 | 1965              | 1,3                | -0,3              | 28,6  |
| EUR/AUD                | 1,62    | -1,9              | -1,5               | -1,7              | 1,2                     | Silver (\$)               | 28                | 2,7                | 13,1              | 50,6  |
| EUR/CAD                | 1,56    | 0,3               | -0,9               | 6,1               | 7,0                     | Baltic Dry Index          | 1488              | 0,5                | 13,0              | -34,7 |
| USD-based cross rates  |         |                   |                    |                   |                         | Baltic Dirty Tanker Index | 474               | -1,9               | -6,3              | -28,2 |
| USD/CAD                | 1,31    | -0,6              | -1,8               | -1,4              | 0,8                     |                           |                   |                    |                   |       |
| USD/AUD                | 1,36    | -2,8              | -2,4               | -8,7              | -4,8                    |                           |                   |                    |                   |       |
| USD/JPY                | 105,37  | -0,4              | 0,4                | -1,1              | -3,0                    |                           |                   |                    |                   |       |

Global Cross Asset ETFs: Flows as % of AUM



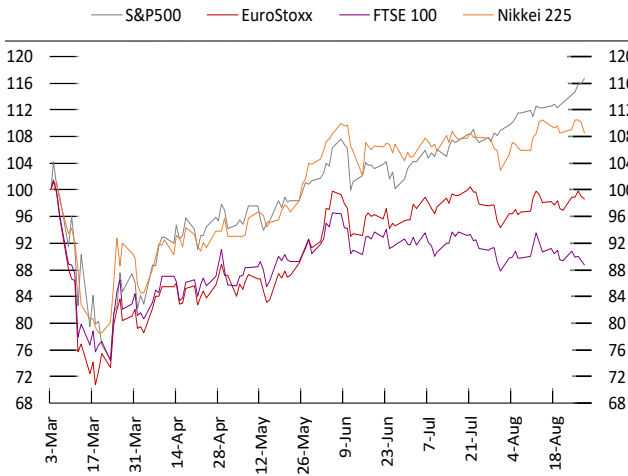
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of August 28<sup>th</sup>

Equity ETFs: Flows as % of AUM



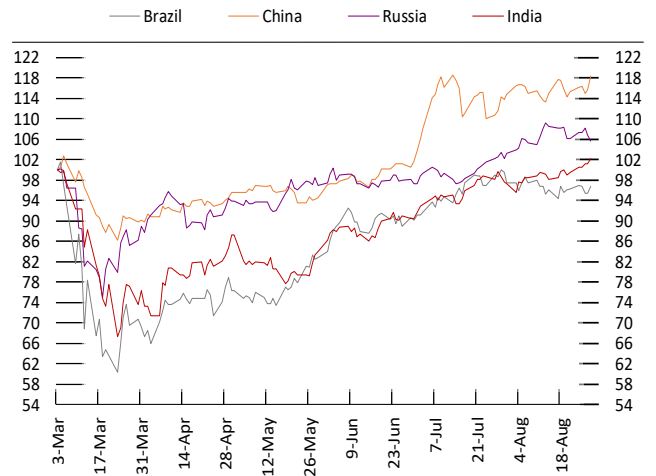
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of August 28<sup>th</sup>

Equity Market Performance - G4



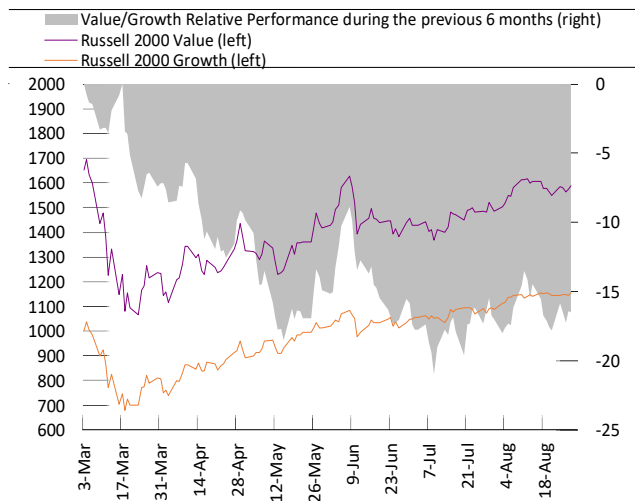
Source: Bloomberg - Data as of August 28<sup>th</sup> - Rebased @ 100

Equity Market Performance - BRICs



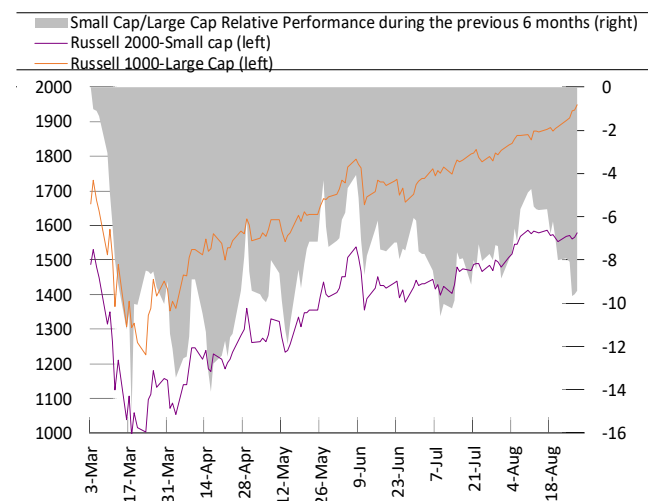
Source: Bloomberg - Data as of August 28<sup>th</sup> - Rebased @ 100

Russell 2000 Value & Growth Index



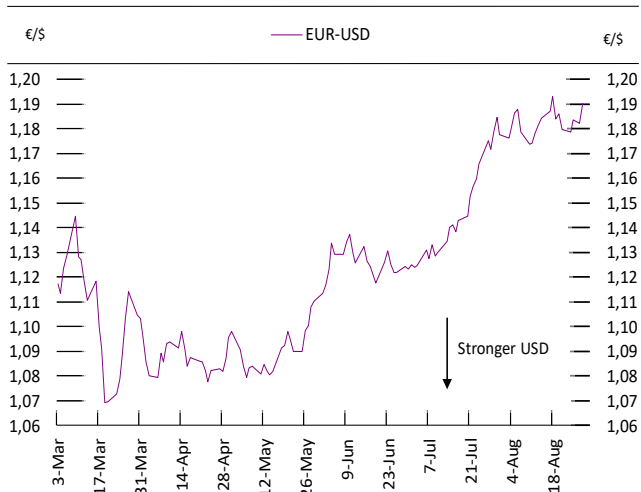
Source: Bloomberg, Data as of August 28<sup>th</sup>

Russell 2000 & Russell 1000 Index



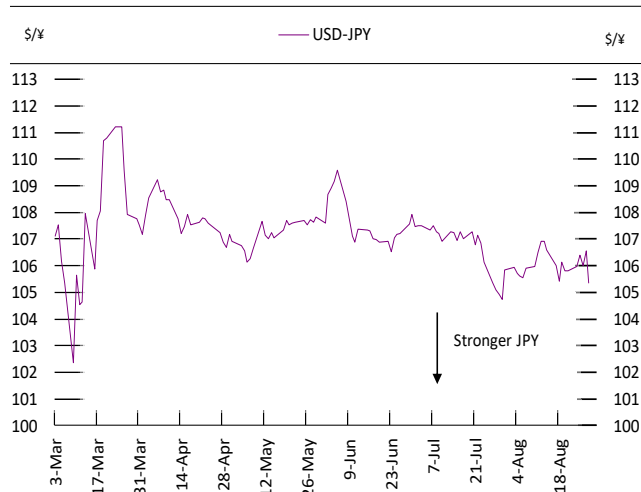
Source: Bloomberg, Data as of August 28<sup>th</sup>

### EUR/USD



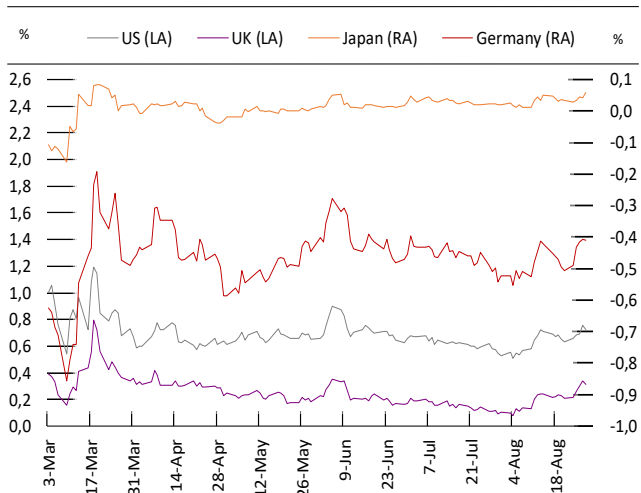
Source: Bloomberg, Data as of August 28<sup>th</sup>

### JPY/USD



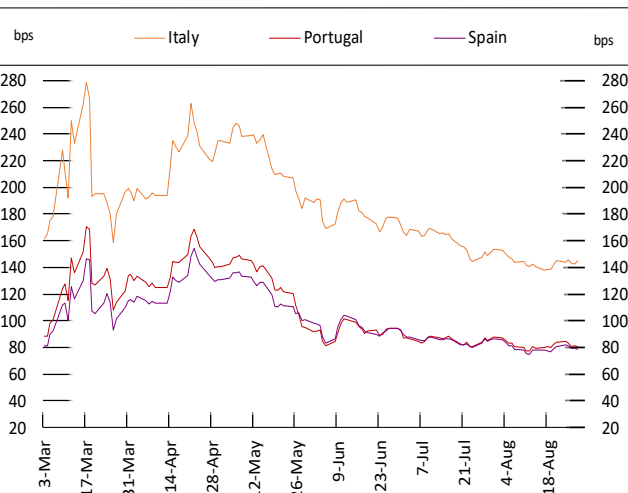
Source: Bloomberg, Data as of August 28<sup>th</sup>

### 10- Year Government Bond Yields



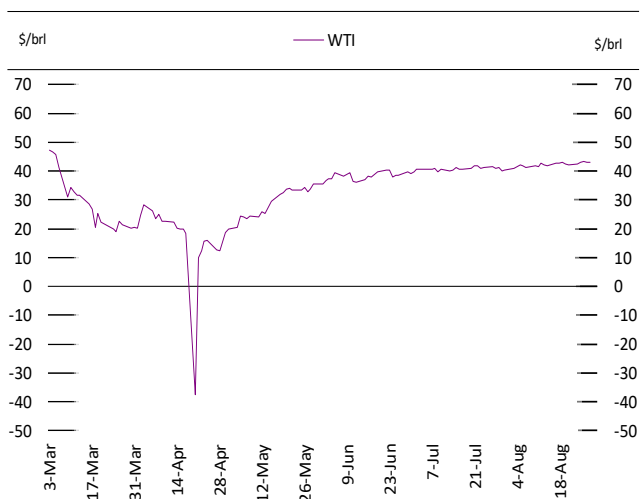
Source: Bloomberg - Data as of August 28<sup>th</sup>  
LA:Left Axis RA:Right Axis

### 10- Year Government Bond Spreads



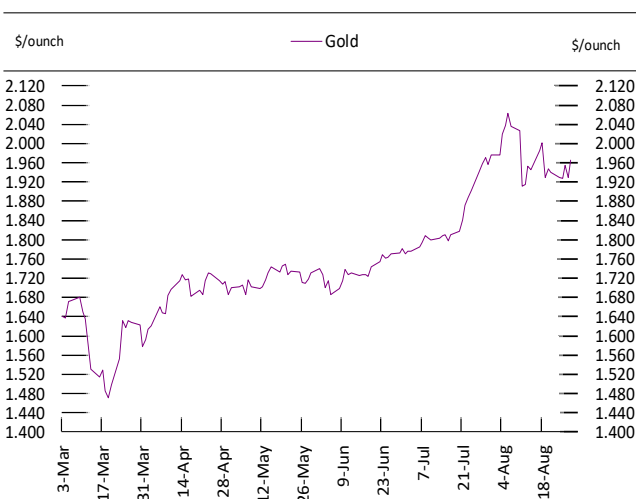
Source: Bloomberg - Data as of August 28<sup>th</sup>

### West Texas Intermediate (\$/bbl)



Source: Bloomberg, Data as of August 28<sup>th</sup>

### Gold (\$/ounce)



Source: Bloomberg, Data as of August 28<sup>th</sup>



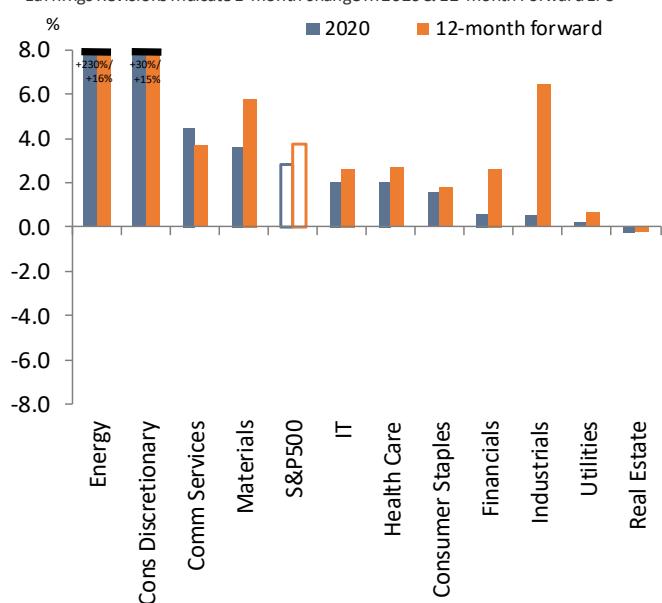
## US Sectors Valuation

|                                     | Price (\$) |                 |       | EPS Growth (%) |       | Dividend Yield (%) |      | P/E Ratio |      |         |          | P/BV Ratio |      |         |          |
|-------------------------------------|------------|-----------------|-------|----------------|-------|--------------------|------|-----------|------|---------|----------|------------|------|---------|----------|
|                                     | 28/8/20    | % Weekly Change | %YTD  | 2019           | 2020  | 2019               | 2020 | 2019      | 2020 | 12m fwd | 10Yr Avg | 2019       | 2020 | 12m fwd | 10Yr Avg |
| <b>S&amp;P500</b>                   | 3508       | 3.3             | 8.6   | 1.2            | -18.8 | 1.8                | 1.6  | 20.3      | 26.9 | 23.2    | 15.5     | 3.7        | 3.9  | 3.7     | 2.6      |
| <b>Energy</b>                       | 272        | 1.1             | -40.3 | -29.0          | N/A   | 3.8                | 6.2  | 21.8      | N/A  | N/A     | 13.5     | 1.6        | 1.2  | 1.2     | 1.7      |
| <b>Materials</b>                    | 402        | 3.3             | 4.1   | -15.6          | -17.4 | 2.1                | 2.0  | 20.2      | 26.2 | 22.3    | 15.0     | 2.4        | 2.7  | 2.6     | 2.5      |
| <b>Financials</b>                   |            |                 |       |                |       |                    |      |           |      |         |          |            |      |         |          |
| <b>Diversified Financials</b>       | 719        | 4.0             | -3.1  | 1.6            | -23.6 | 1.4                | 1.6  | 16.2      | 20.3 | 17.6    | 14.0     | 1.9        | 1.7  | 1.6     | 1.5      |
| <b>Banks</b>                        | 258        | 5.5             | -32.1 | 9.0            | -51.0 | 2.6                | 3.7  | 12.3      | 17.4 | 13.5    | 10.9     | 1.4        | 0.9  | 0.9     | 1.0      |
| <b>Insurance</b>                    | 377        | 2.9             | -14.4 | 15.8           | -5.8  | 2.2                | 2.8  | 13.4      | 12.2 | 11.2    | 10.9     | 1.5        | 1.2  | 1.2     | 1.1      |
| <b>Real Estate</b>                  | 226        | 1.9             | -5.8  | 1.9            | -8.3  | 3.1                | 3.0  | 21.0      | 21.6 | 20.6    | 18.2     | 3.7        | 3.3  | 3.5     | 3.1      |
| <b>Industrials</b>                  |            |                 |       |                |       |                    |      |           |      |         |          |            |      |         |          |
| <b>Capital Goods</b>                | 665        | 2.9             | -8.5  | -7.2           | -28.5 | 1.8                | 1.9  | 21.2      | 26.7 | 22.0    | 15.8     | 5.5        | 4.1  | 3.9     | 3.5      |
| <b>Transportation</b>               | 849        | 3.7             | 8.2   | 6.5            | N/A   | 1.9                | 1.6  | 14.7      | N/A  | N/A     | 10.2     | 4.3        | 5.4  | 5.2     | 3.4      |
| <b>Commercial Services</b>          | 382        | 2.2             | 10.7  | 12.8           | -5.3  | 1.3                | 1.2  | 28.5      | 32.3 | 30.2    | 20.4     | 6.0        | 5.8  | 5.6     | 3.6      |
| <b>Consumer Discretionary</b>       |            |                 |       |                |       |                    |      |           |      |         |          |            |      |         |          |
| <b>Retailing</b>                    | 3591       | 2.8             | 46.6  | 4.2            | -6.3  | 0.7                | 0.5  | 33.6      | 51.8 | 43.7    | 22.9     | 13.3       | 15.3 | 13.5    | 6.8      |
| <b>Consumer Services</b>            | 1172       | 5.6             | -10.0 | 5.1            | N/A   | 2.1                | 1.6  | 24.0      | N/A  | N/A     | 22.3     | 16.3       | 32.4 | 51.0    | 7.8      |
| <b>Consumer Durables</b>            | 369        | 1.4             | -0.8  | -0.4           | -21.7 | 1.5                | 1.4  | 19.7      | 25.2 | 21.3    | 17.1     | 4.1        | 4.0  | 3.8     | 3.2      |
| <b>Automobiles and parts</b>        | 98         | 4.3             | -17.6 | -16.8          | N/A   | 4.2                | 1.3  | 8.5       | N/A  | N/A     | 7.5      | 1.3        | 1.2  | 1.1     | 1.6      |
| <b>IT</b>                           |            |                 |       |                |       |                    |      |           |      |         |          |            |      |         |          |
| <b>Technology</b>                   | 2328       | 0.7             | 46.1  | 2.6            | 3.9   | 1.3                | 1.0  | 21.6      | 29.2 | 26.8    | 13.0     | 9.7        | 15.0 | 15.7    | 4.1      |
| <b>Software &amp; Services</b>      | 3036       | 7.3             | 32.1  | 11.4           | 7.8   | 0.9                | 0.8  | 29.5      | 35.1 | 32.3    | 18.1     | 7.9        | 9.9  | 9.2     | 5.3      |
| <b>Semiconductors</b>               | 1529       | 3.0             | 23.1  | -12.2          | 6.7   | 1.8                | 1.6  | 18.9      | 21.7 | 20.0    | 14.2     | 5.5        | 6.0  | 5.7     | 3.2      |
| <b>Communication Services</b>       | 210        | 4.8             | 15.6  | 3.0            | -11.9 | 1.2                | 1.0  | 21.8      | 27.8 | 24.7    | 17.7     | 3.5        | 3.7  | 3.5     | 2.9      |
| <b>Media</b>                        | 800        | 5.6             | 22.7  | 3.8            | -11.4 | 0.4                | 0.3  | 27.4      | 36.5 | 30.7    | 20.6     | 4.2        | 4.7  | 4.3     | 3.2      |
| <b>Consumer Staples</b>             |            |                 |       |                |       |                    |      |           |      |         |          |            |      |         |          |
| <b>Food &amp; Staples Retailing</b> | 537        | 3.6             | 7.9   | 2.9            | -3.6  | 1.7                | 1.6  | 21.5      | 24.5 | 23.6    | 16.5     | 4.6        | 4.9  | 4.6     | 3.2      |
| <b>Food Beverage &amp; Tobacco</b>  | 701        | 2.6             | -1.8  | -1.7           | -2.6  | 3.3                | 3.4  | 19.7      | 19.9 | 18.9    | 17.7     | 5.3        | 5.3  | 5.1     | 4.9      |
| <b>Household Goods</b>              | 841        | 1.0             | 13.0  | 6.6            | 5.9   | 2.3                | 2.1  | 25.8      | 27.5 | 26.2    | 19.6     | 8.9        | 9.8  | 9.6     | 5.3      |
| <b>Health Care</b>                  |            |                 |       |                |       |                    |      |           |      |         |          |            |      |         |          |
| <b>Pharmaceuticals</b>              | 1046       | 0.3             | 6.1   | 10.9           | 7.6   | 2.1                | 2.2  | 16.1      | 15.8 | 14.8    | 14.7     | 6.3        | 5.5  | 5.0     | 3.9      |
| <b>Healthcare Equipment</b>         | 1448       | 1.9             | 5.1   | 9.9            | -1.2  | 1.0                | 1.0  | 20.7      | 21.7 | 19.7    | 15.6     | 3.8        | 3.5  | 3.3     | 2.7      |
| <b>Utilities</b>                    | 298        | -0.6            | -9.1  | 4.9            | 1.6   | 3.1                | 3.5  | 20.7      | 18.6 | 18.0    | 16.0     | 2.2        | 1.9  | 1.9     | 1.7      |

Source Factset, 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 2020 & 12-month Forward EPS

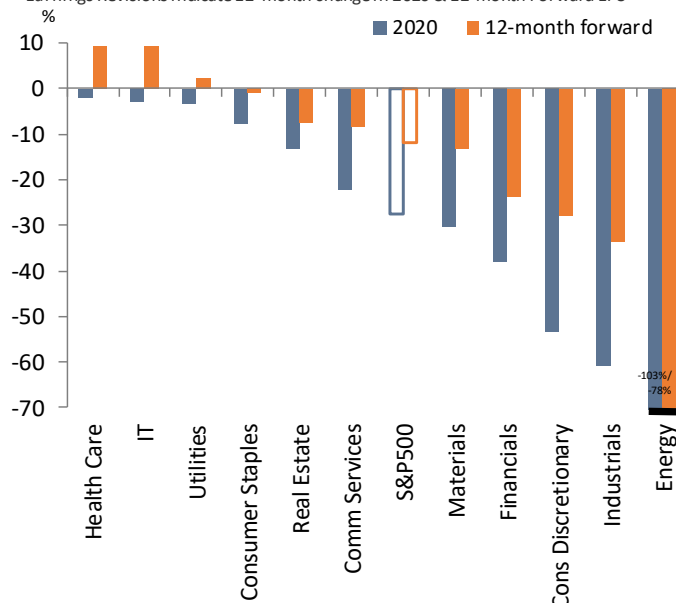
Earnings Revisions indicate 1-month change in 2020 & 12-month Forward EPS



Source: Factset, Data as of August 28<sup>th</sup>  
12-month forward EPS are 34% of 2020 EPS and 66% of 2021 EPS

### 12-month revisions to 2020 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2020 & 12-month Forward EPS



Source: Factset, Data as of August 28<sup>th</sup>  
12-month forward EPS are 34% of 2020 EPS and 66% of 2021 EPS  
National Bank of Greece | Economic Research Division | Global Markets Analysis

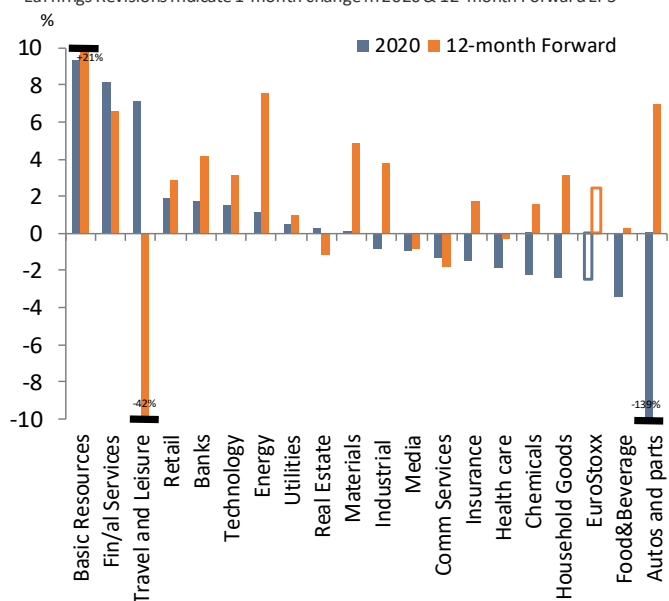
### Euro Area Sectors Valuation

|                               | Price (€) |                 |       | EPS Growth (%) |       | Dividend Yield (%) |      | P/E Ratio |      |         |          | P/BV Ratio |      |         |          |
|-------------------------------|-----------|-----------------|-------|----------------|-------|--------------------|------|-----------|------|---------|----------|------------|------|---------|----------|
|                               | 28/8/20   | % Weekly Change | %YTD  | 2019           | 2020  | 2019               | 2020 | 2019      | 2020 | 12m fwd | 10Yr Avg | 2019       | 2020 | 12m fwd | 10Yr Avg |
| <b>EuroStoxx</b>              | 364       | 1.7             | -9.8  | 2.4            | -41.8 | 3.1                | 2.5  | 16.8      | 25.7 | 19.9    | 13.4     | 1.7        | 1.6  | 1.5     | 1.4      |
| <b>Energy</b>                 | 226       | 2.3             | -31.2 | -10.1          | -71.2 | 5.0                | 5.9  | 13.7      | 32.3 | 20.2    | 11.8     | 1.3        | 1.1  | 1.1     | 1.1      |
| <b>Materials</b>              | 418       | 0.9             | -14.3 | 14.1           | -42.2 | 3.2                | 2.7  | 15.4      | 23.1 | 17.6    | 14.4     | 1.9        | 1.7  | 1.6     | 1.4      |
| <b>Basic Resources</b>        | 157       | 5.6             | -22.9 | -61.6          | N/A   | 3.3                | 2.4  | 19.3      | N/A  | N/A     | 13.7     | 0.8        | 0.7  | 0.7     | 0.8      |
| <b>Chemicals</b>              | 1185      | 1.9             | 0.8   | -13.3          | -19.2 | 2.7                | 2.6  | 21.8      | 27.6 | 24.0    | 15.5     | 2.1        | 2.2  | 2.2     | 2.2      |
| <b>Financials</b>             |           |                 |       |                |       |                    |      |           |      |         |          |            |      |         |          |
| <b>Fin/al Services</b>        | 500       | 1.8             | -0.8  | 23.8           | -31.7 | 2.6                | 2.4  | 15.0      | 21.4 | 18.1    | 13.7     | 1.6        | 1.3  | 1.2     | 1.2      |
| <b>Banks</b>                  | 64        | 5.4             | -33.9 | -1.1           | -58.8 | 5.7                | 3.1  | 9.2       | 14.7 | 11.2    | 9.4      | 0.6        | 0.4  | 0.4     | 0.7      |
| <b>Insurance</b>              | 244       | 3.2             | -19.2 | 13.0           | -20.5 | 4.8                | 6.0  | 11.0      | 11.1 | 9.4     | 9.3      | 1.0        | 0.8  | 0.8     | 0.9      |
| <b>Real Estate</b>            | 206       | 0.1             | -16.3 | -0.2           | -5.8  | 4.2                | 4.2  | 19.0      | 16.9 | 16.3    | 17.0     | 1.0        | 0.9  | 0.9     | 1.0      |
| <b>Industrial</b>             | 863       | 2.3             | -8.2  | 12.2           | -48.9 | 2.4                | 1.7  | 20.1      | 35.7 | 25.9    | 15.5     | 3.2        | 2.8  | 2.7     | 2.4      |
| <b>Consumer Discretionary</b> |           |                 |       |                |       |                    |      |           |      |         |          |            |      |         |          |
| <b>Media</b>                  | 196       | 0.4             | -12.6 | 4.1            | -20.5 | 2.6                | 2.5  | 17.9      | 19.5 | 17.5    | 15.5     | 2.5        | 2.2  | 2.1     | 1.8      |
| <b>Retail</b>                 | 606       | 0.8             | 0.8   | 3.5            | -21.5 | 2.5                | 1.8  | 25.6      | 32.9 | 27.6    | 19.6     | 4.4        | 3.6  | 3.5     | 3.1      |
| <b>Automobiles and parts</b>  | 404       | 3.0             | -17.0 | -12.2          | N/A   | 3.7                | 1.3  | 8.7       | N/A  | N/A     | 8.1      | 0.9        | 0.8  | 0.8     | 1.0      |
| <b>Travel and Leisure</b>     | 178       | 3.5             | -16.7 | -10.1          | N/A   | 2.2                | 0.4  | 16.8      | N/A  | N/A     | 13.7     | 2.0        | 1.9  | 1.8     | 2.0      |
| <b>Technology</b>             | 690       | 3.0             | 14.0  | 5.9            | -9.1  | 1.2                | 0.7  | 26.9      | 32.5 | 27.7    | 18.7     | 4.2        | 4.4  | 4.1     | 3.0      |
| <b>Communication Services</b> | 252       | 0.1             | -12.6 | -14.3          | -2.4  | 4.2                | 4.7  | 17.5      | 15.6 | 14.7    | 14.3     | 1.9        | 1.6  | 1.5     | 1.8      |
| <b>Consumer Staples</b>       |           |                 |       |                |       |                    |      |           |      |         |          |            |      |         |          |
| <b>Food&amp;Beverage</b>      | 480       | 1.8             | -19.8 | 16.8           | -36.9 | 2.1                | 2.0  | 20.5      | 25.9 | 21.8    | 18.7     | 2.7        | 2.1  | 2.0     | 2.6      |
| <b>Household Goods</b>        | 1034      | 0.9             | -3.4  | 6.6            | -29.0 | 1.6                | 1.3  | 29.8      | 39.8 | 32.3    | 21.4     | 6.1        | 5.4  | 5.1     | 3.8      |
| <b>Health care</b>            | 819       | -1.5            | -5.9  | 7.1            | -6.9  | 2.1                | 2.2  | 20.1      | 19.6 | 17.9    | 15.5     | 2.4        | 2.1  | 2.0     | 2.1      |
| <b>Utilities</b>              | 349       | -0.3            | 0.8   | 57.7           | -3.4  | 4.5                | 4.5  | 16.2      | 16.6 | 15.4    | 12.8     | 1.6        | 1.5  | 1.4     | 1.1      |

Source Factset, 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 2020 & 12-month Forward EPS

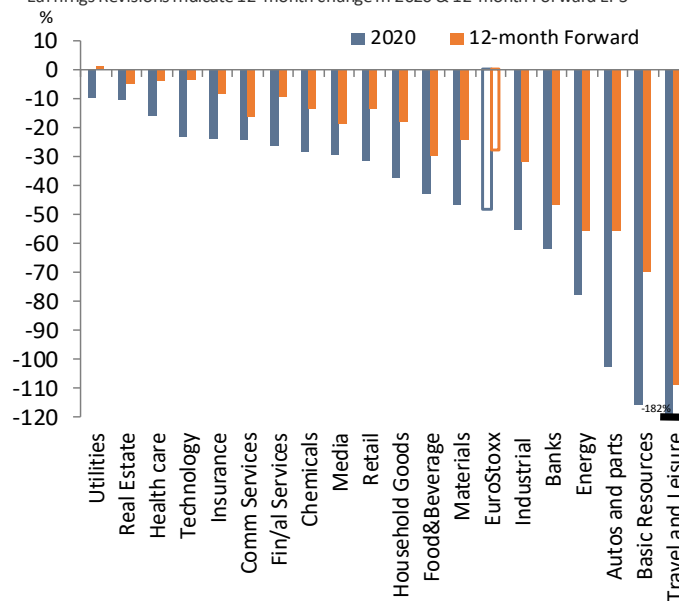
Earnings Revisions indicate 1-month change in 2020 & 12-month Forward EPS



Source: Factset, Data as of August 28<sup>th</sup>  
12-month forward EPS are 34% of 2020 EPS and 66% of 2021 EPS

### 12-month revisions to 2020 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2020 & 12-month Forward EPS



Source: Factset, Data as of August 28<sup>th</sup>  
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