

US equity market remains unperturbed by the prospect of higher corporate taxes, with valuation multiples at record highs

- The U.S. Federal Government budget deficit for fiscal year 2021 is expected under current law at -13.4% of GDP from -14.9% in 2020, according to the Congressional Budget Office (CBO). The deficit will narrow to -4.7% in 2022. As a result, the Federal debt is anticipated to remain at circa 100% of GDP (see graph below).
- The Biden administration has put forward a bipartisan infrastructure plan of \$579 billion (2.6% of GDP) in additional spending. The size of that framework corresponds to circa 55% of the size of the respective investment areas originally proposed under the Presidency's American Jobs Plan.
- Note that the proposed American Jobs Plan and the American Families Plan by the Biden administration, aim to increase spending and tax expenditures by more than \$4 trillion over the next decade, albeit the final size will be subject to negotiation in the Congress. Democrats hold a slim majority of 220 seats versus 211(R) in the House (4 vacancies), whereas have taken narrow control of the Senate (50D-50R tie), with Vice-President Harris(D) representing the tie-breaking vote.
- More importantly, the proposed post-pandemic plans would be partly financed by raising taxes on corporate profits, high income individuals and capital gains, as well as by providing the IRS the resources to address tax evasion. The American Jobs Plan aims to increase the federal corporate income tax rate from 21% to 28%, albeit it will remain well below levels (35%) which prevailed prior to the 2017 tax rate cuts.
- A comprehensive bipartisan deal on the Presidency's long term investment plans, remains very challenging. Legislation could also be passed in the Senate through the reconciliation process with only a simple majority, rather than the three-fifths majority often needed, which would allow it to take effect without Republican votes.
- The Biden Administration has also endorsed OECD's new two-pillar framework for international tax reform. The first pillar aims to ensure a fairer distribution of profits and taxing rights among countries with respect to the largest Multination Enterprises. Under the first pillar, taxing rights on more than \$100 billion of profit, are expected to be reallocated to market jurisdictions per annum.
- The second pillar seeks to end the global race-to-the-bottom in corporate tax rates through the introduction of a global minimum corporate tax rate of at least 15%, generating circa \$150 billion in additional global tax revenues per annum, or 63% of US corporate income taxes expected to be paid in 2021.
- All told, there is a growing likelihood that the after-tax earnings power of US companies will be reduced, suggesting, *ceteris paribus*, a greater hit to equity sectors EPS with relatively lower effective tax rates (Technology, Communications and Health Care).
- Short-term, the US equity market remains unperturbed by the prospect of higher corporate taxes. The S&P500 recorded new all-time highs in the past week (4352) with Technology (+15% ytd) leading the increase. US Banks lost ground (+25% ytd) due to lower long-term UST yields, while the Energy sector declined (+45% ytd), despite higher oil prices amid the Saudi-UAE clash (see Markets).

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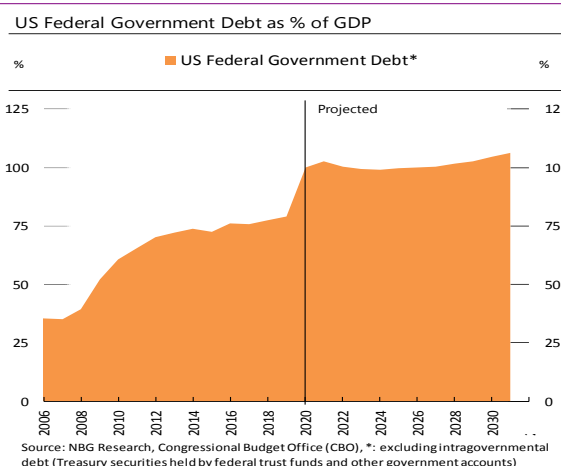
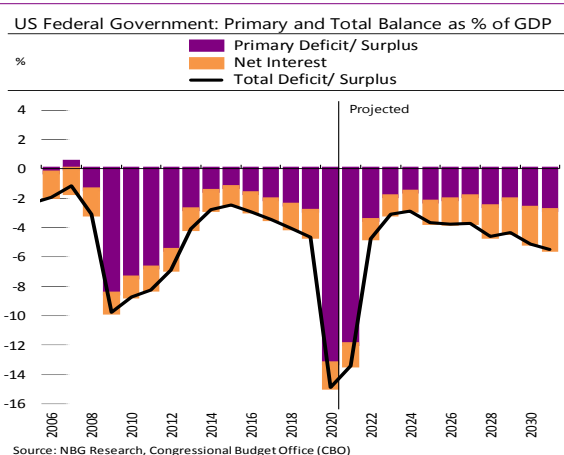
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Charts of the week



The US labor market data was mixed in June

- **The view for a tightening labor market, on the back of pandemic-related restrictions having eased and of labor supply constraints being set to be gradually resolved, remains in place, despite mixed data for June.** In the event, non-farm payrolls increased sharply, by 850k in June, compared with +583k in May and above consensus estimates for 700k. In addition, positive net revisions for the previous two months took place (+15k). Job creation in June continued to benefit from the re-opening of economic sectors which were directly impacted from pandemic-related restrictions. Indeed, sector-wise, leisure and hospitality led the rise, with payrolls up by 343k, followed by notable job gains in public & private education (+230k & +39k, respectively), on the back of a recovery of in-person learning and other school-related activities.
- On the other hand, total household employment (including the self-employed and agricultural workers | on a seasonally adjusted basis) was slightly down, by 18k in June, from +444k in May. As a result, the unemployment rate rose by 0.1 pp to 5.9% (consensus: 5.6%). Nevertheless, caution is warranted in putting too much weight on the headline outcomes in recent months as technical factors related to the seasonal adjustment methodology are at play.
- In addition, temporary labor supply issues likely remained in place in June. In the event, the increased unemployment insurance benefits (a measure to stem the negative economic impact from the pandemic), could pose a disincentive to return to work, particularly for low paid job positions. However, these additional benefits already started being wound down in some States as of June, and are set to expire nationwide by September. Recall that the strong labor demand combined with the aforementioned labor supply issues, probably contributed in the average hourly earnings of the (relatively lower paid) production and nonsupervisory employees increasing solidly for a 3rd consecutive month in June, by 0.4% mom, following a +0.5% mom in May and +0.7% mom in April. As a result, the annual growth stood at a robust +3.7% yoy in June.
- Recall that both the increase in the official unemployment rate during the initial lockdowns period in 2020 (at 14.8% in April from 3.5% in February, the lowest since December 1969) and the sharp fall in subsequent months, were mostly due to people entering a state of temporary layoff (i.e persons that have been given a date to return to work by their employer or expect to be recalled to their job within 6 months) and subsequently returning to work, respectively. Note that in the US, workers on temporary furlough are counted as unemployed, a different norm compared with Europe. As a result, in the current exceptional circumstances, caution is warranted in making direct comparisons between official unemployment rate figures in the US and in European countries. In the US, the number of unemployed persons excluding those on temporary layoff, as % of the labor force, was 4.7% in June.
- Finally, in a development which argues in favor of the absorption of labor market slack remaining on track, even with the headline unemployment rate rising slightly in June, the U-6 unemployment rate (which includes the unemployed, part-time workers for economic reasons, and those workers marginally attached to the labor force), which is considered a broader measure of slack, decreased considerably, by 0.4 pps to 9.8% in June.

Euro area CPI inflation matched expectations in June

- **According to the “flash” estimate, headline inflation decelerated by 0.1 pp to +1.9% yoy in June, in line with consensus estimates.** Energy prices increased by +12.5% yoy in June, versus +13.1% yoy in the previous month, while the annual pace of growth for food, alcohol & tobacco stood at +0.6% from +0.5% in May. More importantly, core inflation (which excludes the effects of energy and food components) came out at +0.9% yoy, from +1.0% yoy in May, in line with expectations.
- Looking forward, the outlook for inflation remains highly uncertain and closely linked to the path of the post-pandemic recovery of consumer demand (how fast and how much of households’ pent-up savings will be directed towards consumption is a crucial factor), alongside the timing of the resolution of the current (international) supply chain bottlenecks, which drive up production costs. In any case, recall that elevated volatility is expected in the course of 2021 and 2022, due to base effects related with energy prices, albeit also related in part to temporary (technical) factors, namely changes in the CPI basket weights reflecting changed consumption patterns in the context of the pandemic and impacts from pandemic-related policies regarding indirect taxes.
- Further distortions due to base effects are likely in the short term, as activities re-open in travel, tourism, food services and drinking places, with methodological issues adding to the difficulty in discerning the underlying dynamics. In the event, recall that during the initial lockdown period in 2020, data collection in categories such as airfares, package holidays, bars & restaurants as well as in accommodation industries was particularly restrained by the pandemic-related restrictive measures. As a result, the readings for the respective CPI components were imputed, with national statistics authorities incorporating some assumptions related to past trends.
- In all, according to our estimates, headline inflation will record a similar reading in July, before increasing in the remainder of H2:2021 in the vicinity of 2.5% yoy. Nevertheless, the aforementioned drivers of CPI movements, are set to be mostly of temporary nature. As a result, we expect headline inflation to gradually ease as of early-2022 and to average +1.4% yoy in 2022 (+1.5% yoy, according to the European Central Bank).

Japan: Business sentiment improved substantially, especially for manufacturers

- **The Bank of Japan’s quarterly Tankan survey that assesses business conditions, revealed a significant improvement of confidence compared with three months ago.** Specifically, the headline business conditions index for large manufacturers was up by 9 pts to +14 in June (reaching its highest level since Q4:18). At the same time, the index for large non-manufacturers also improved, albeit much more modestly, by 2 pts to +1. Regarding respondents’ outlook for activity for three months ahead, the respective index for manufacturers was up by 9 pts to +13 and rose by 4 pts to +3 among non-manufacturers. Importantly, companies’ fixed investment plans (including all surveyed large enterprises | excluding software and R&D investment) for the fiscal year 2021 (i.e. April 2021-March 2022) were revised up, at +9.6% yoy, compared with +3.0% yoy in the previous survey round in March (software: +14.3% yoy | R&D: +6.4% yoy).

Equities

- Global equity markets were mixed in the past week**, with the MSCI ACWI up by 0.4% week-over-week (+12% year-to-date). Notably, Banks underperformed (-1.6% wow | +20% ytd), with government bond yield curve flattening (see below), contributing to the downside. At the same time, emerging markets (-1.8% wow | +5% ytd) underperformed their developed market peers (+0.7% wow | +13% ytd). That development was mostly due to Chinese equity markets (CSI300: -3.0% wow | -2.5% ytd), on account of concerns regarding how the supportiveness of credit policies from Chinese authorities will evolve and the prospect of stricter regulatory frameworks for technology firms. In the US, the S&P500 recorded new all-time highs (+1.7% wow | +16% ytd), with implied equity market volatility (VIX) averaging 16% and ending the week at 15%, the lowest since February 2020, on the back, *inter alia*, of easing concerns for an early start in withdrawing the current ultra-accommodative US monetary policy stance. Regarding sectors, the Information Technology sector over-performed (+3.2% wow | +15% ytd). On the other hand, the EuroStoxx fell by 0.5% wow (+15% ytd), with concerns rising for the spread of the highly contagious SARS-CoV-2 Delta variant and its potential repercussions, especially for the European tourism industry. Banks underperformed (-2.6% wow).

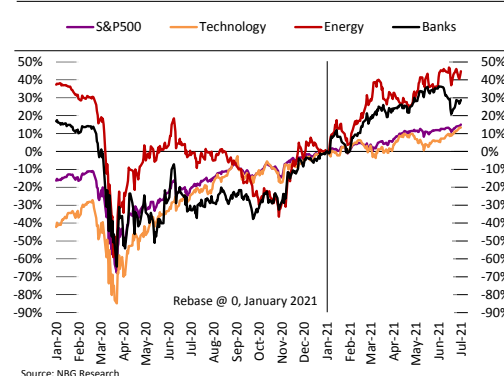
Fixed Income

- Government bond yields declined in major advanced economies in the past week, with curves flattening.** Specifically, the US 10-year yield decreased by 11 bps wow to 1.43%, whereas its 2-year counterpart posted a relatively milder fall, by 2 bps to +0.25%. Investors appear to be increasingly buying into the temporary inflation spike theme, with the 5-Years Ahead 5 Years Forward Breakeven Inflation Expectation Rate, down by 5 bps wow to 2.17%, versus a peak of 2.38% in past May. Note that the above metric is calculated based on the yields of the 10-year and 5-year nominal and inflation adjusted US Treasury securities and represents, broadly, the expected inflation, on average, over the five-year period that begins five years from today. Investors' attention now turns to the minutes of the latest Federal Open Market Committee meeting (June 15th – 16th), for a further insight into the US monetary policy prospects. On the other side of the Atlantic, yields largely followed suit. In the event, Germany's 10-year Bund yield fell by 7 bps wow, while its 2-year counterpart, declined by 3 bps wow to -0.68%. In Italy, the 10-year yield fell by 14 bps to 0.80% and in Greece by 5 bps to 0.79%. **US speculative grade corporate bond spreads were largely unchanged** (304 bps), whereas their EUR counterparts widened by 7 bps wow to 298 bps. In the investment grade spectrum, both spreads were largely stable (US: 87 bps | EUR: 84 bps).

FX and Commodities

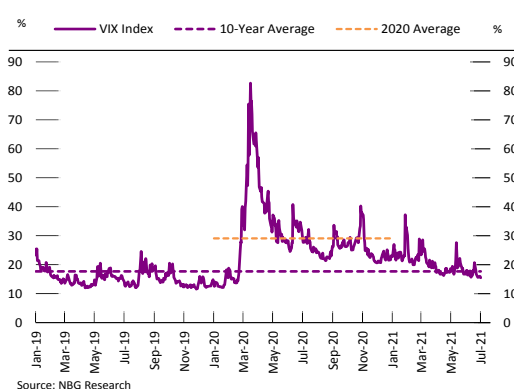
- The US Dollar appreciated in the past week, with the US economic overperformance compared with peers, likely contributing to the upside.** Specifically, the US Dollar rose by 0.4% against a basket of trade-weighted currencies (DXY index) and by 0.9% wow against the euro to \$1.18. **Regarding the euro, investors will monitor, *inter alia*, the European Central Bank's special meeting (expected to conclude on July 8th) on the strategy review.** Finally, in commodities, oil prices posted modest changes in the past week, in anticipation of the decisions from OPEC+ regarding the easing of supply cuts (initial meeting on July 1st), albeit entering the current week on the rise, following the breakdown of the aforementioned talks. Overall, WTI was up by 1.5% wow, to \$75.2/barrel, with US oil inventories declining by 6.7 million barrels to 452 million barrels for the week ending June 25th, the lowest level since March 2020, supporting prices. At the same time, Brent was largely unchanged in the past week (\$76.2/barrel). However, it rose by c. 2% on Monday.

US Equities Performance 2020-2021



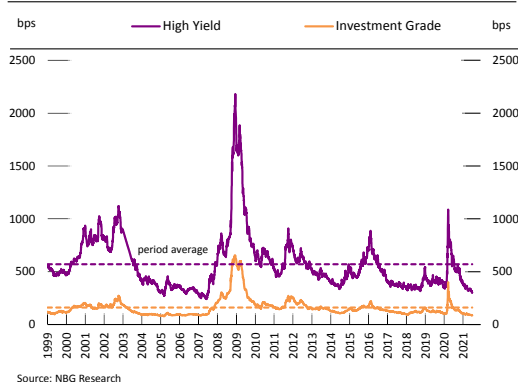
Graph 1.

Volatility Index (VIX)



Graph 2.

USD Corporate Bond Spreads



Graph 3.

Quote of the week: "Years of repeated overprediction of the future path of inflation require that higher inflation prospects need to visibly migrate into the baseline scenario", **Member of the Executive Board of the ECB, Isabel Schnabel, July 3rd 2021.**

Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	July 2nd	3-month	6-month	12-month	Official Rate (%)	July 2nd	3-month	6-month	12-month
Germany	-0.24	-0.30	-0.20	-0.10	Euro area	0.00	0.00	0.00	0.00
US	1.43	1.40	1.50	1.60	US	0.25	0.25	0.25	0.25
UK	0.71	0.95	1.00	1.09	UK	0.10	0.10	0.08	0.06
Japan	0.05	0.13	0.16	0.18	Japan	-0.10	-0.10	-0.10	-0.10

Currency	July 2nd	3-month	6-month	12-month	July 2nd	3-month	6-month	12-month	
EUR/USD	1.18	1.17	1.18	1.20	USD/JPY	111	108	108	107
EUR/GBP	0.86	0.87	0.86	0.86	GBP/USD	1.38	1.35	1.37	1.40
EUR/JPY	132	127	128	129					

Forecasts at end of period

Economic Forecasts

United States	2019a	Q1:20a	Q2:20a	Q3:20a	Q4:20a	2020a	Q1:21a	Q2:21f	Q3:21f	Q4:21f	2021f
Real GDP Growth (YoY) (1)	2.2	0.3	-9.0	-2.8	-2.4	-3.5	0.4	12.7	6.8	7.5	6.4
Real GDP Growth (QoQ saar) (2)	-	-5.0	-31.4	33.4	4.3	-	6.4	8.8	7.6	7.3	-
Private Consumption	2.4	-6.9	-33.2	41.0	2.3	-3.9	11.4	11.1	5.6	5.1	8.1
Government Consumption	2.3	1.3	2.5	-4.8	-0.8	1.1	5.7	5.1	1.3	3.1	2.1
Investment	1.9	-1.4	-29.2	31.3	18.6	-1.8	12.1	3.0	3.3	2.9	8.7
Residential	-1.7	19.0	-35.6	63.0	36.6	6.1	13.1	-5.8	-1.9	0.4	11.3
Non-residential	2.9	-6.7	-27.2	22.9	13.1	-4.0	11.7	8.4	4.7	3.5	8.2
Inventories Contribution	0.0	-1.6	-4.3	6.7	1.4	-0.7	-3.1	0.5	1.6	1.3	0.3
Net Exports Contribution	-0.2	1.5	0.3	-5.5	-2.2	0.0	-1.9	-1.3	1.1	1.3	-1.5
Exports	-0.1	-9.5	-64.4	59.6	22.3	-12.9	-2.1	9.6	17.0	13.8	7.0
Imports	1.1	-15.0	-54.1	93.1	29.8	-9.3	9.5	14.0	4.2	1.9	14.2
Inflation (3)	1.8	2.1	0.3	1.2	1.3	1.2	1.9	4.9	4.6	4.1	3.9

Euro Area	2019a	Q1:20a	Q2:20a	Q3:20a	Q4:20a	2020a	Q1:21a	Q2:21f	Q3:21f	Q4:21f	2021f
Real GDP Growth (YoY)	1.3	-3.3	-14.6	-4.1	-4.7	-6.7	-1.3	13.0	3.0	5.3	4.8
Real GDP Growth (QoQ saar)	-	-14.5	-38.6	60.6	-2.4	-	-1.3	5.3	10.8	6.7	-
Private Consumption	1.3	-16.4	-41.8	70.0	-11.2	-8.0	-8.8	6.7	18.4	8.1	2.5
Government Consumption	1.8	-0.1	-9.9	23.0	1.5	1.4	-0.1	0.5	4.6	1.9	3.0
Investment	5.0	-21.4	-50.4	67.0	10.4	-8.4	1.0	7.4	13.7	5.9	7.5
Inventories Contribution	-0.3	2.2	-0.3	-5.7	1.8	-0.3	2.8	-0.4	-0.2	0.0	0.2
Net Exports Contribution	-0.5	-2.8	-2.2	10.3	-0.4	-0.6	0.5	0.6	-2.1	0.7	0.9
Exports	2.5	-14.6	-56.1	85.8	16.3	-9.6	4.1	7.4	6.5	5.2	9.0
Imports	4.0	-10.0	-55.8	57.0	19.1	-9.1	3.5	6.7	12.1	3.9	7.6
Inflation	1.2	1.1	0.2	0.0	-0.3	0.3	1.0	1.9	2.4	2.5	2.0

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

12-Month View & Key Factors for Global Markets

	US	Euro Area	Japan	UK
Equity Markets	<ul style="list-style-type: none"> + Massive Fiscal loosening will support the economy + 2021 EPS growth expectations have further room to increase + Share buybacks could resume - Peaking profit margins - High market cap concentration - P/Es (Valuations) approaching dot-com levels <p>● Neutral/Positive</p>	<ul style="list-style-type: none"> + Still high equity risk premium relative to other regions + Modest fiscal loosening in 2021 + 2021 EPS estimates remain pessimistic - Political uncertainty (Italy, German Elections) could intensify - Logistic disruptions (vaccine) and renewed lockdowns delay the recovery <p>● Neutral</p>	<ul style="list-style-type: none"> + Still aggressive QE and "yield-curve" targeting by the BoJ - Signs of policy fatigue regarding structural reforms and fiscal discipline - Strong appetite for foreign assets - JPY appreciation in a risk-off scenario could hurt exporters <p>● Neutral</p>	<ul style="list-style-type: none"> + 65% of FTSE100 revenues from abroad + Undemanding valuations in relative terms - Elevated Policy uncertainty to remain <p>● Neutral/Negative</p>
Government Bonds	<ul style="list-style-type: none"> + Valuations appear rich with term-premium below 0% + Sizeable fiscal deficit + Underlying inflation pressures under Average Inflation Targeting - Global search for yield by non-US investors continues - Safe haven demand - Fed to remain at ZLB in 2021 - Fed: Unlimited QE purchases <p>▲ Slightly higher yields expected</p>	<ul style="list-style-type: none"> + Valuations appear excessive compared with long-term fundamentals - Political Risks - Fragile growth outlook - Medium-term inflation expectations remain low - ECB QE net purchases - ECB QE "stock" effect <p>▲ Slightly higher yields expected</p>	<ul style="list-style-type: none"> + Sizeable fiscal deficits + Restructuring efforts to be financed by fiscal policy measures - Safe haven demand - Extremely dovish central bank - Yield-targeting of 10-Year JGB at around 0% <p>● Stable yields expected</p>	<ul style="list-style-type: none"> + Elevated Policy uncertainty to remain + Inflation expectations could drift higher due to supply disruptions post Brexit - The BoE is expected to remain on hold with risks towards rate cuts - Slowing economic growth post-Brexit <p>▲ Slightly higher yields expected</p>
Foreign Exchange	<ul style="list-style-type: none"> + Safe-haven demand - Fed's interest rate differential disappeared following cuts to 0%-0.25% - Global political uncertainty to decline <p>● Broadly Flat EUR against the USD with high volatility around \$1.20</p>	<ul style="list-style-type: none"> + Reduced short-term tail risks + Current account surplus - Sluggish growth - Deflation concerns - The ECB's monetary policy to remain extra loose (Targeted-LTROs, Quantitative Easing) <p>● Broadly Flat EUR against the USD with high volatility around \$1.20</p>	<ul style="list-style-type: none"> + Safe haven demand + More balanced economic growth recovery (long-term) + Inflation is bottoming out - Additional Quantitative Easing by the Bank of Japan if inflation does not approach 2% <p>▲ Slightly higher JPY</p>	<ul style="list-style-type: none"> + Valuations appear undemanding with REER below its 15-year average - Sizeable Current account deficit <p>▲ Higher GBP expected</p>

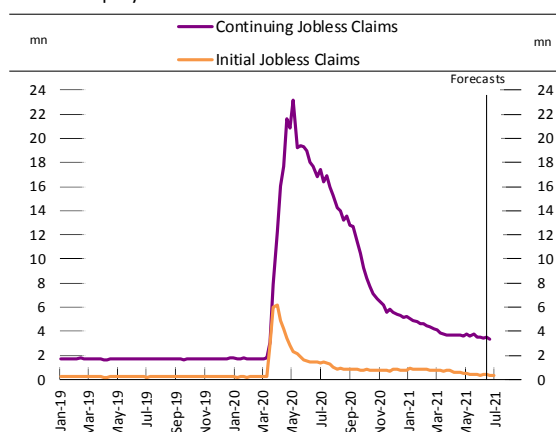
Economic Calendar

In the US, the minutes of the latest Fed meeting are released on Wednesday. On Tuesday, the ISM Services survey (latest: 64.0 | consensus for 63.0) will offer insight regarding the momentum in the business sector. On Thursday, the weekly initial and continuing jobless claims will provide a more updated view of labor market conditions.

In the euro area, retail sales for May are released on Tuesday. The monthly figure is expected to accelerate to +4% mom from -3.1% mom in the previous month. On Wednesday, the European Commission publishes its Summer economic forecasts.

In the UK, industrial production for May is released on Friday (consensus for +1.5% mom vs +2.3% mom in the previous month).

US Unemployment Insurance Claims



Economic News Calendar for the period: June 29 - July 12, 2021

Friday 29					Wednesday 30					Thursday 1				
US	S	A	P		US	S	A	P		US	S	A	P	
S&P Case/Shiller house price index 20 (YoY)	April	14.3%	+ 14.9%	13.4%	ADP Employment Change (k)	June	550	+ 692	886	ISM Manufacturing	June	61.0	- 60.6	61.2
Conference board consumer confidence	June	119.0	+ 127.3	120.0	Pending home sales (MoM)	May	-1.5%	+ 8.0%	-4.4%	Construction spending (MoM)	May	0.4%	- 0.3%	0.1%
UK					UK					Initial Jobless Claims (k)	June 26	400	+ 364	415
Nationwide House Px NSA YoY	June	..	13.4%	10.9%	GDP (QoQ)	Q1:21	-1.5%	- 1.6%	-1.5%	Continuing Claims (k)	June 19	3360	- 3469	3413
JAPAN					GDP (YoY)	Q1:21	-6.1%	- 6.1%	-6.1%	JAPAN				
Unemployment rate	May	2.8%	- 3.0%	2.8%	Industrial Production (MoM)	May	-2.0%	- 5.9%	2.9%	Tankan - large manufacturers current index	Q2:21	..	14	5
Retail sales (MoM)	May	..	-0.4%	-4.6%	Industrial Production (YoY)	May	27.0%	- 22.0%	15.8%	Tankan - large manufacturers outlook index	Q2:21	..	13	4
Retail sales (YoY)	May	9.9%	- 8.2%	11.9%	Construction Orders YoY	May	..	7.4%	3.3%	EURO AREA				
EURO AREA					EURO AREA					Unemployment Rate	May	8.0%	+ 7.9%	8.1%
Business Climate Indicator	June	..	1.7	1.5	CPI estimate (YoY)	June	1.9%	1.9%	2.0%	CHINA				
Economic confidence indicator	June	116.2	+ 117.9	114.5	Core CPI (YoY)	June	0.9%	0.9%	1.0%	Caixin PMI Manufacturing	June	51.8	- 51.3	52.0
					CHINA					GERMANY				
					Manufacturing PMI	June	50.8	+ 50.9	51.0	Retail sales (MoM)	May	5.0%	- 4.2%	-5.5%
										Retail sales (YoY)	May	-0.9%	- 2.4%	4.4%
Friday 2					Monday 5									
US	S	A	P		US	S	A	P		US	S	A	P	
Change in Nonfarm Payrolls (k)	June	700	+ 850	583										
Change in Private Payrolls (k)	June	560	+ 662	516										
Unemployment rate	June	5.6%	- 5.9%	5.8%										
Average weekly hours (hrs)	June	34.9	- 34.7	34.8										
Average Hourly Earnings MoM	June	0.4%	- 0.3%	0.4%										
Average Hourly Earnings YoY	June	3.5%	+ 3.6%	1.9%										
Labor Force Participation Rate	June	..	61.6%	61.6%										
Underemployment Rate	June	..	9.8%	10.2%										
Factory Goods Orders (MoM)	May	1.4%	+ 1.7%	-0.1%										
Trade balance (\$bn)	May	-71.3	+ -71.2	-69.1										
Tuesday 6					Wednesday 7					Thursday 8				
US	S	A	P		US	S	A	P		US	S	A	P	
ISM Services Index	June	63.0	..	64.0	FOMC Minutes	June 16				Initial Jobless Claims (k)	July 3	358	..	364
UK					EURO AREA					Continuing Claims (k)	June 26	3321	..	3469
Markit/CIPS UK Construction	June	63.7	..	64.2	European Commission publishes Summer Economic Forecasts					JAPAN				
EURO AREA					JAPAN					Eco Watchers Current Survey	June	..	..	38.1
Retail sales (MoM)	May	4.0%	..	-3.1%	Leading Index	May	..	..	103.8	Eco Watchers Outlook Survey	June	..	..	47.6
Retail sales (YoY)	May	9.6%	..	23.9%	Coincident Index	May	..	..	95.3	CHINA				
GERMANY					GERMANY					Money Supply M0 (YoY)	June	..	..	5.6%
ZEW survey current situation	July	1.5	..	-9.1	Industrial Production (sa, MoM)	May	0.2%	..	-1.0%	Money Supply M1 (YoY)	June	6.1%	..	6.1%
ZEW survey expectations	July	76.8	..	79.8	Industrial Production (wda, YoY)	May	..	..	26.4%	Money Supply M2 (YoY)	June	8.3%	..	8.3%
										New Yuan Loans (RMB bn)	June	..	..	1500
										Aggregate Financing (RMB bn)	June	..	..	1920
Friday 9					Monday 12									
US	S	A	P		US	S	A	P		US	S	A	P	
Wholesale trade (MoM)	May	..	..	0.8%										
UK														
GDP (MoM)	May	1.5%	..	2.3%										
Industrial Production (MoM)	May	1.5%	..	-1.3%										
Industrial Production (YoY)	May	..	..	27.5%										
CHINA														
CPI (YoY)	June	1.4%	..	1.3%										

Source: NBG Research
S: 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	4352	1.7	15.9	39.1	45.3	MSCI Emerging Markets	75851	-1.2	5.8	28.8	
Japan	NIKKEI 225	28783	-1.0	4.9	30.0	33.0	MSCI Asia	1178	-1.6	4.7	29.8	
UK	FTSE 100	7123	-0.2	10.3	14.1	-6.4	China	106	-2.9	-1.6	16.9	
Canada	S&P/TSX	20226	0.0	16.0	29.5	22.0	Korea	1007	-1.1	8.7	49.9	
Hong Kong	Hang Seng	28310	-3.3	4.0	12.7	-1.9	MSCI Latin America	104963	0.0	5.1	25.7	
Euro area	EuroStoxx	455	-0.5	14.5	25.9	18.8	Brazil	392167	0.4	4.9	28.1	
Germany	DAX 30	15650	0.3	14.1	24.1	24.0	Mexico	45664	-0.8	12.3	30.0	
France	CAC 40	6553	-1.1	18.0	29.8	16.6	MSCI Europe	6850	0.1	14.1	27.5	
Italy	FTSE/MIB	25282	-0.9	13.7	27.1	15.4	Russia	1545	0.8	16.9	31.5	
Spain	IBEX-35	8908	-2.1	10.3	18.8	-5.2	Turkey	1534792	-0.2	-9.3	8.3	

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 (%)
Energy		170.1	-1.6	31.7	37.3	-15.3	Energy	170.5	-1.2	31.9	32.0	
Materials		351.7	-0.3	10.3	39.8	33.7	Materials	328.0	0.3	11.8	34.8	
Industrials		341.5	0.0	12.2	42.8	29.9	Industrials	333.2	0.3	14.3	40.6	
Consumer Discretionary		419.1	1.0	11.2	46.0	57.9	Consumer Discretionary	401.6	1.3	12.8	44.8	
Consumer Staples		275.7	-0.2	4.2	17.0	13.6	Consumer Staples	271.5	0.2	5.6	14.4	
Healthcare		344.8	1.2	10.4	21.3	35.4	Healthcare	336.9	1.5	11.7	19.9	
Financials		143.0	-0.9	19.8	49.0	21.0	Financials	140.7	-0.5	20.8	44.9	
IT		505.7	2.5	14.0	42.3	84.1	IT	487.9	2.6	14.6	41.7	
Telecoms		110.8	1.4	17.7	43.8	52.0	Telecoms	115.2	1.5	18.6	43.0	
Utilities		152.5	-0.3	-0.5	10.0	6.9	Utilities	153.7	0.1	0.4	7.6	

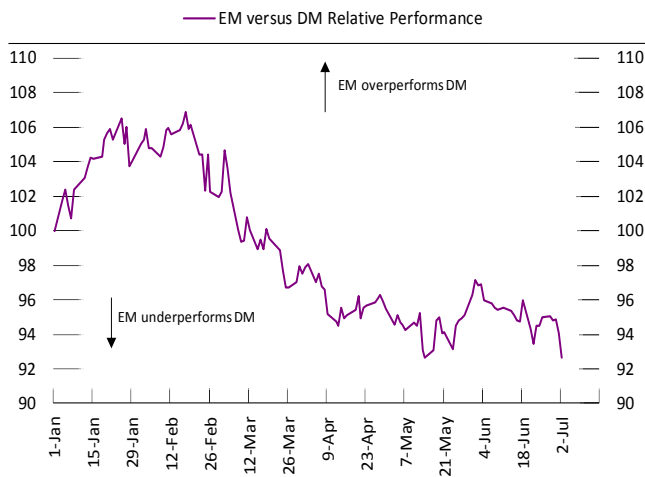
Bond Markets (%)

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
US		1.43	1.54	0.92	0.67	2.07	US Treasuries 10Y/2Y	118	126	80	50	
Germany		-0.24	-0.17	-0.56	-0.43	0.62	US Treasuries 10Y/5Y	58	62	53	28	
Japan		0.05	0.05	0.02	0.04	0.30	Bunds 10Y/2Y	44	49	16	25	
UK		0.71	0.77	0.20	0.19	1.52	Bunds 10Y/5Y	35	38	18	24	
Greece		0.79	0.84	0.62	1.18	8.56	Corporate Bond Spreads (in bps)	Current	Last week	Year Start	One Year Back	
Ireland		0.11	0.19	-0.29	-0.01	2.39						
Italy		0.80	0.94	0.45	1.22	2.68	EM Inv. Grade (IG)	143	140	163	230	
Spain		0.37	0.47	0.04	0.44	2.33	EM High yield	523	510	524	735	
Portugal		0.31	0.42	0.05	0.40	3.84	US IG	87	86	103	154	
US Mortgage Market (1. Fixed-rate Mortgage)		Current	Last week	Year Start	One Year Back	10-year average	US High yield	304	304	386	617	
30-Year FRM ¹ (%)		3.20	3.18	2.90	3.29	4.05	Euro area IG	84	83	93	144	
vs 30Yr Treasury (bps)		115.6	103.0	125.4	186.1	124.9	Euro area High Yield	298	291	355	512	

Foreign Exchange & Commodities

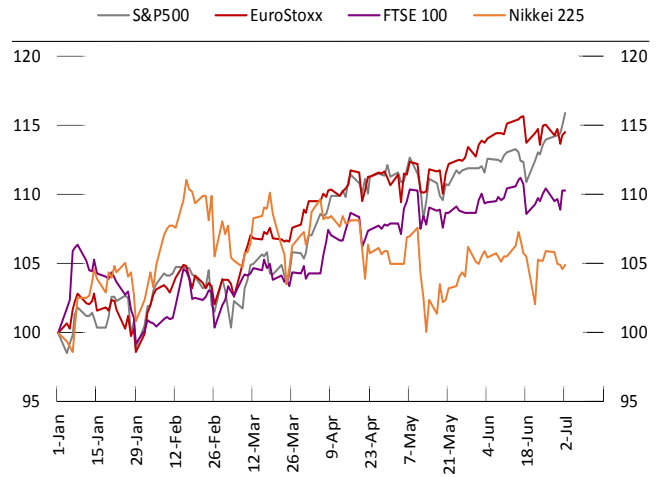
Foreign Exchange		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Commodities		Current	1-week change (%)	1-month change (%)	1-Year change (%)
Euro-based cross rates							Agricultural	410	6.6	-7.5	51.9	
EUR/USD		1.18	-0.9	-3.0	5.5	-3.2	Energy	248	1.5	8.0	81.4	
EUR/CHF		1.09	-0.1	-0.3	3.0	1.1	West Texas Oil (\$)	75	1.5	9.2	84.9	
EUR/GBP		0.86	0.0	-0.3	-4.6	-4.0	Crude Brent Oil (\$)	76	0.0	6.8	76.6	
EUR/JPY		131.83	-0.4	-1.5	9.1	4.4	Industrial Metals	463	1.0	-2.1	52.5	
EUR/NOK		10.22	0.9	0.7	-4.7	-2.5	Precious Metals	2370	0.4	-6.6	3.3	
EUR/SEK		10.14	0.2	0.5	-3.2	0.9	Gold (\$)	1787	0.3	-6.3	0.7	
EUR/AUD		1.58	0.6	0.4	-2.7	-0.3	Silver (\$)	27	1.4	-6.2	47.7	
EUR/CAD		1.47	-0.2	-0.5	-4.1	-6.0	Baltic Dry Index	3285	0.9	29.8	80.2	
USD-based cross rates							Baltic Dirty Tanker Index	590	-5.4	-0.8	27.2	
USD/CAD		1.24	0.7	2.6	-9.1	-2.9						
USD/AUD		1.34	1.5	3.5	-7.7	3.0						
USD/JPY		111.32	0.5	1.6	3.4	7.8						

EM vs DM Performance in \$



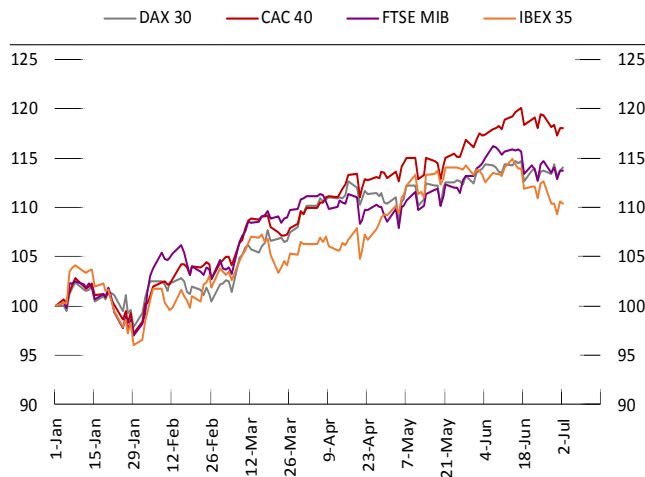
Data as of July 2nd – Rebased @ 100

Equity Market Performance - G4



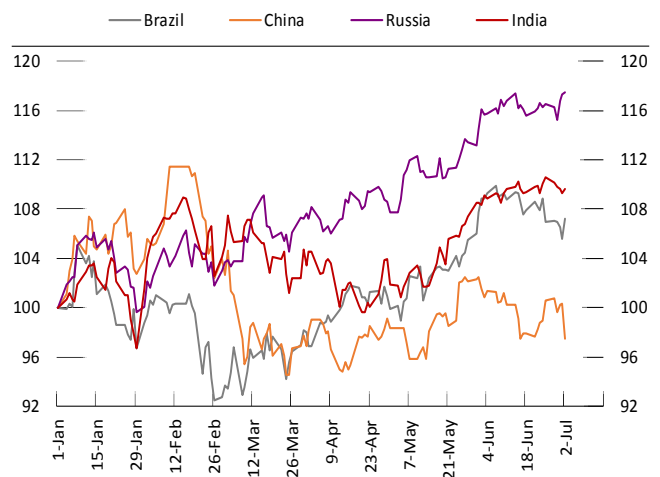
Data as of July 2nd – Rebased @ 100

Equity Market Performance – Euro Area G4



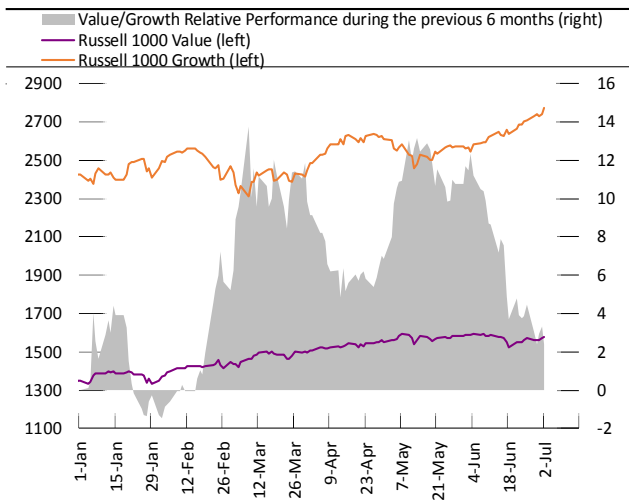
Data as of July 2nd – Rebased @ 100

Equity Market Performance - BRICs



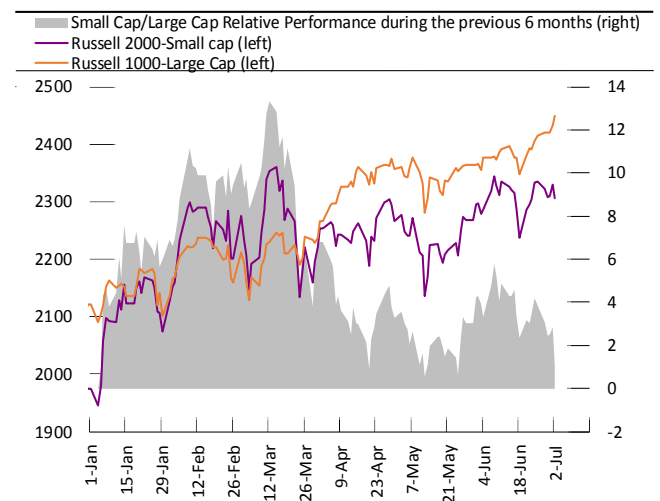
Data as of July 2nd – Rebased @ 100

Russell 1000 Value & Growth Index



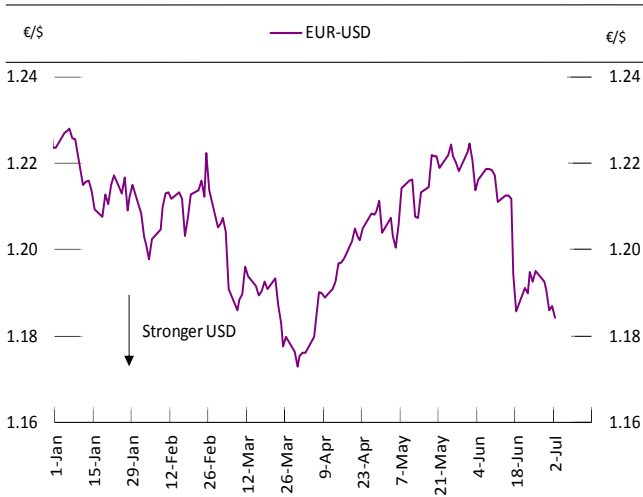
Data as of July 2nd

Russell 2000 & Russell 1000 Index



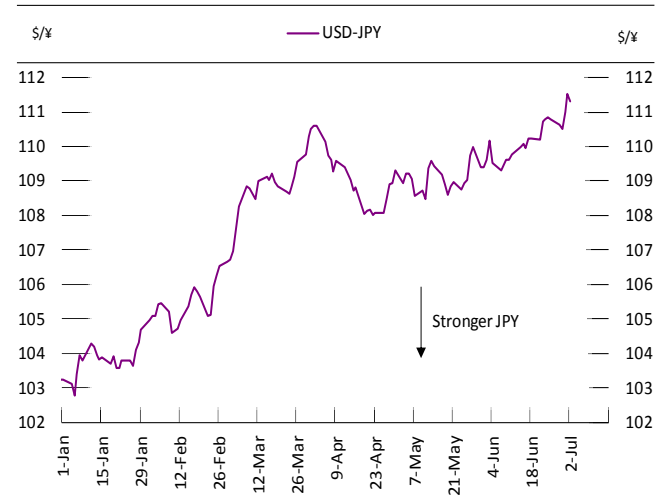
Data as of July 2nd

EUR/USD



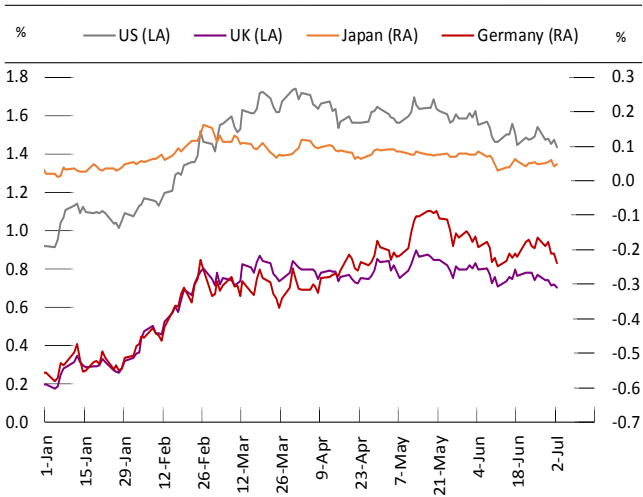
Data as of July 2nd

JPY/USD



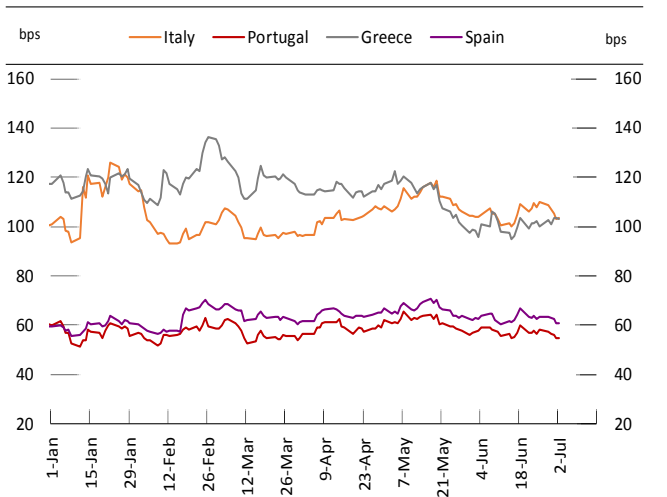
Data as of July 2nd

10- Year Government Bond Yields



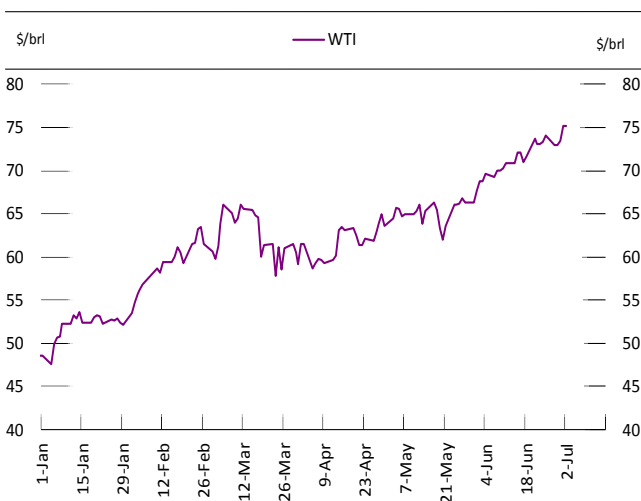
Data as of July 2nd
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



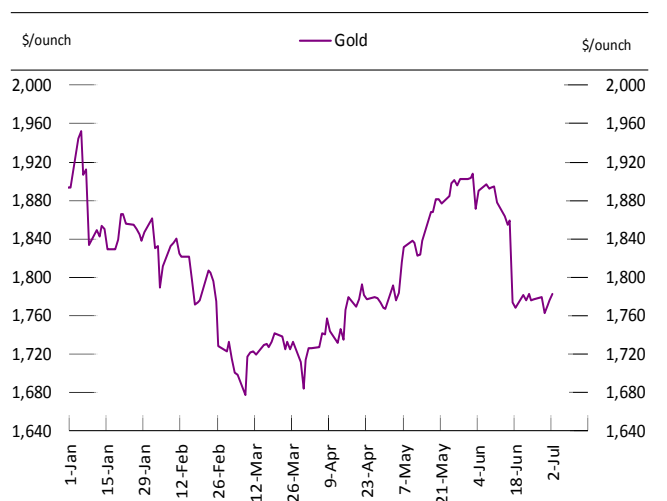
Data as of July 2nd

West Texas Intermediate (\$/bbl)



Data as of July 2nd

Gold (\$/ounce)



Data as of July 2nd

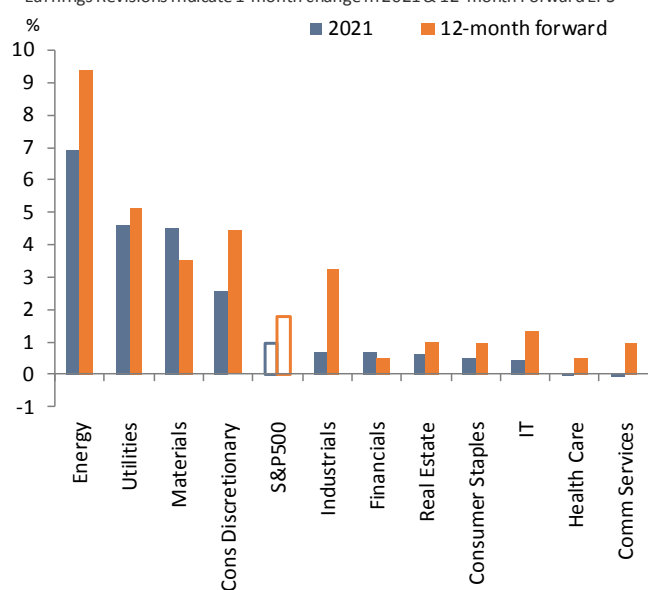
US Sectors Valuation

	Price (\$)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	2/7/21	% Weekly Change	%YTD	2020	2021	2020	2021	2020	2021	12m fwd	10Yr Avg	2020	2021	Current	10Yr Avg
S&P500	4352	1.7	15.9	-13.9	37.4	1.5	1.4	27.6	23.0	21.8	16.3	4.2	4.5	4.3	2.8
Energy	414	-1.1	44.5	N/A	N/A	4.8	4.0	N/A	19.5	17.5	15.7	1.7	1.8	1.8	1.7
Materials	520	0.8	14.2	-6.4	67.8	1.8	1.8	26.5	17.8	17.9	15.6	3.1	3.1	3.0	2.6
Financials															
Diversified Financials	1031	0.4	26.5	-6.4	39.0	1.3	1.2	20.1	17.3	17.1	14.4	2.0	2.2	2.1	1.5
Banks	404	-0.6	27.9	-32.6	67.0	2.6	2.3	17.9	11.9	12.2	11.2	1.3	1.3	1.3	1.0
Insurance	497	-0.4	16.4	-9.5	25.6	2.3	2.4	14.7	13.1	12.7	11.1	1.4	1.5	1.4	1.1
Real Estate	280	0.0	22.7	-5.0	8.8	3.0	2.5	21.5	23.8	23.3	18.5	3.3	4.1	4.2	3.2
Industrials															
Capital Goods	890	0.7	17.0	-30.9	54.2	1.6	1.5	33.3	24.4	22.4	16.5	5.1	5.4	5.2	3.7
Transportation	1083	1.4	16.4	N/A	N/A	1.4	1.2	N/A	43.5	N/A	10.9	7.1	7.3	6.8	3.7
Commercial Services	471	0.9	12.0	5.5	13.8	1.2	1.1	27.9	30.0	28.4	20.4	5.3	5.8	5.5	3.5
Consumer Discretionary															
Retailing	4053	3.0	13.7	20.5	31.7	0.5	0.5	40.6	35.9	33.4	25.3	15.2	13.9	12.2	8.1
Consumer Services	1429	0.1	8.3	N/A	N/A	1.1	0.9	N/A	217.8	N/A	24.7	17.2	23.1	21.1	8.7
Consumer Durables	519	2.7	17.8	-4.0	52.4	1.2	1.1	24.8	18.9	17.8	17.4	4.7	4.6	4.3	3.3
Automobiles and parts	138	0.5	5.4	-66.9	67.6	0.2	0.0	68.3	42.5	N/A	12.5	7.2	6.6	6.1	2.3
IT															
Technology	2738	4.3	8.6	8.2	36.8	1.0	0.9	28.7	24.1	23.6	14.2	15.2	16.2	15.5	5.4
Software & Services	3589	2.6	16.5	8.3	17.7	0.8	0.7	35.1	34.6	32.4	19.6	10.0	10.6	9.9	5.8
Semiconductors	2137	3.5	20.8	10.5	28.2	1.2	1.1	25.6	22.4	21.2	14.9	7.6	7.3	6.8	3.5
Communication Services	269	1.9	21.3	0.1	24.4	0.9	0.8	26.7	24.9	23.5	18.4	4.1	4.3	4.1	3.0
Media	1070	2.1	25.1	5.0	37.2	0.2	0.2	34.2	29.3	27.1	21.5	5.2	5.5	5.2	3.4
Consumer Staples															
Food & Staples Retailing	590	0.1	3.6	2.9	9.2	1.7	1.6	22.9	23.3	22.4	17.4	4.7	5.0	4.8	3.4
Food Beverage & Tobacco	770	0.3	6.0	1.4	8.8	3.5	3.2	18.6	19.2	18.6	18.0	5.1	5.4	5.4	5.0
Household Goods	843	0.7	-0.5	11.2	6.4	2.3	2.2	24.3	24.9	24.1	20.4	9.5	10.7	10.5	6.1
Health Care															
Pharmaceuticals	1195	2.3	11.6	9.9	15.3	2.2	2.1	15.6	15.2	14.9	14.9	5.2	5.8	5.5	4.1
Healthcare Equipment	1803	1.7	14.3	5.3	15.0	0.9	1.0	21.8	21.9	21.0	16.2	3.8	4.1	3.9	2.8
Utilities	325	0.0	2.0	1.5	7.5	3.5	3.2	18.1	18.6	18.0	16.6	1.9	2.0	2.0	1.7

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 2021 & 12-month Forward EPS

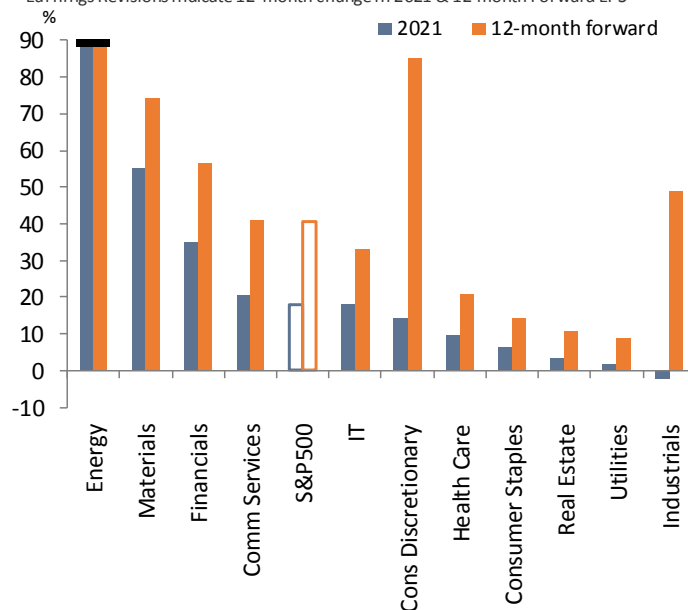
Earnings Revisions indicate 1-month change in 2021 & 12-month Forward EPS



Data as of July 2nd
12-month forward EPS are 49% of 2021 EPS and 51% of 2022 EPS

12-month revisions to 2021 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2021 & 12-month Forward EPS



Data as of July 2nd
12-month forward EPS are 49% of 2021 EPS and 51% of 2022 EPS

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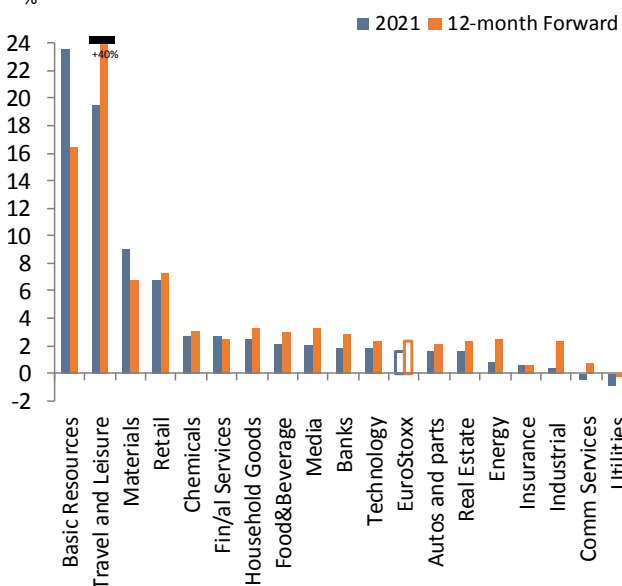
Euro Area Sectors Valuation

	Price (€)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	2/7/21	% Weekly Change	%YTD	2020	2021	2020	2021	2020	2021	12m fwd	10Yr Avg	2020	2021	Current	10Yr Avg
EuroStoxx	455	-0.5	14.5	-35.5	52.5	2.2	2.4	26.1	19.2	18.0	14.1	1.8	1.9	1.9	1.4
Energy	273	-2.2	8.1	-80.1	307.0	4.1	4.8	57.4	14.3	13.3	12.9	1.4	1.3	1.3	1.1
Materials	970	1.3	12.2	-17.9	101.7	2.5	2.4	28.0	15.7	16.5	15.4	2.1	2.2	2.1	1.7
Basic Resources	239	1.2	14.9	N/A	N/A	2.2	2.3	N/A	6.3	8.1	12.0	1.1	1.0	1.0	0.7
Chemicals	1406	1.3	11.7	-7.7	36.8	2.5	2.4	24.8	20.7	20.2	16.2	2.4	2.7	2.6	2.3
Financials															
Fin/Al Services	554	-0.1	12.9	-27.2	19.1	2.4	2.4	18.8	17.8	17.9	14.0	1.3	1.4	1.4	1.2
Banks	94	-2.6	27.2	-47.6	59.9	2.1	4.8	14.8	10.4	9.7	9.7	0.6	0.6	0.6	0.6
Insurance	282	-0.9	7.9	-25.0	40.0	5.3	5.4	13.2	9.8	9.5	9.4	0.9	0.9	0.9	0.9
Real Estate	232	-0.4	5.4	-14.5	1.3	3.2	3.1	18.4	20.7	19.5	17.2	0.9	1.0	1.0	1.0
Industrial	1124	-0.6	14.8	-24.6	17.0	1.5	1.6	28.1	26.9	24.2	16.5	3.4	3.6	3.5	2.5
Consumer Discretionary															
Media	260	1.1	18.7	-23.2	16.1	2.3	2.3	21.7	20.9	19.7	16.2	2.7	2.7	2.6	1.9
Retail	783	-2.3	18.1	-41.7	64.3	1.8	2.0	43.8	33.2	30.6	22.7	5.6	6.3	6.1	4.3
Automobiles and parts	626	-1.7	24.2	-77.8	591.9	1.7	3.5	52.5	8.9	8.3	8.8	1.0	1.1	1.1	1.0
Travel and Leisure	217	-1.0	1.7	N/A	N/A	0.3	0.5	N/A	N/A	N/A	N/A	2.7	3.3	3.1	2.1
Technology	862	0.2	20.2	-5.3	27.1	0.6	0.7	36.2	32.0	29.7	20.0	5.4	4.9	4.6	3.4
Communication Services	289	0.9	17.0	6.8	-20.3	4.8	3.5	11.7	17.1	16.2	13.9	1.4	1.6	1.5	1.7
Consumer Staples															
Food&Beverage	573	-0.3	10.0	-40.1	28.8	1.5	1.6	28.7	26.2	24.4	19.4	2.4	2.7	2.6	2.6
Household Goods	1466	-1.1	20.3	-31.6	50.1	1.0	1.0	50.5	40.8	38.3	23.7	6.5	7.2	6.8	3.8
Health care	893	-0.5	9.9	-8.9	6.6	1.9	1.9	20.4	21.0	20.0	16.2	2.4	2.5	2.5	2.2
Utilities	372	0.3	-2.1	-21.6	18.4	4.4	4.3	18.7	16.5	15.8	13.3	1.6	1.7	1.7	1.1

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1-month revisions to 2021 & 12-month Forward EPS

Earnings Revisions indicate 1-month change in 2021 & 12-month Forward EPS %

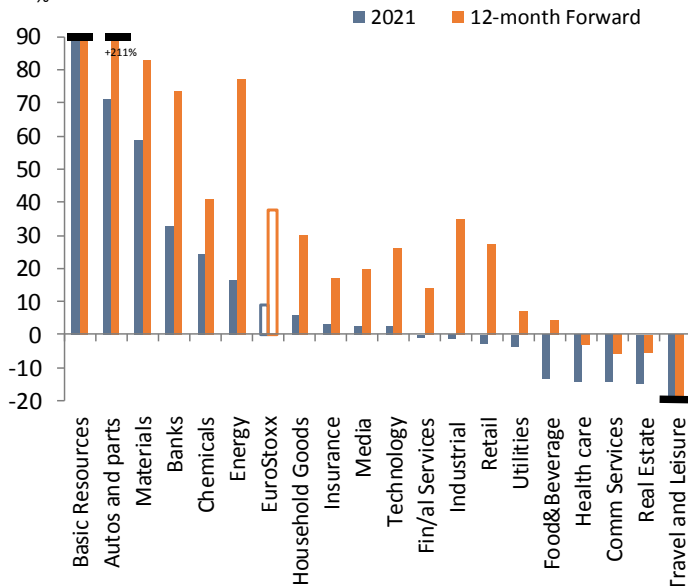


Data as of July 2nd

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12-month revisions to 2021 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2021 & 12-month Forward EPS %



Data as of July 2nd

12-month forward EPS are 49% of 2021 EPS and 51% of 2022 EPS

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