



Corporate profitability, Covid-19 developments, fiscal policy and US Elections: The four drivers of equity market direction (and rotation)

- US earnings season kicks off today (JPMorgan Chase, Citigroup and Johnson & Johnson). For the third quarter of 2020, S&P500 companies are expected to report a decline in earnings amounting to -21% yoy according to consensus. Note that the Q2:2020 reporting season saw earnings beating forecasts at a strong pace of 12 pps (mean value) versus 6 pps on average albeit from a very pessimistic base with S&P500 EPS actual growth of -32% yoy from -44% yoy expected at the beginning of the Q2 season. For the Full Year (FY) 2020, consensus analysts' expect an earnings decline of -18% (\$131 per share) due to the pandemic-related contraction in economic activity in the second quarter of the year. Recall that US real GDP declined by -9% yoy in Q2:2020 with global real GDP growth contracting also.
- Looking forward, corporate profitability is expected to recover due to a strong macro rebound with double-digit positive figures expected as early as the Q1:2021 (FY2021: 25% or \$165 per share). Analysts have become more optimistic in the past months as the prospect regarding generalized lockdowns remains lower than in the first covid-19 wave, for now (see graph below). The earnings bounce back appears impressive when it is described in terms of the time it will take reach 2019 earnings levels (\$161 per share), albeit taking into account the fact the correct reference point is the earnings trend which was projected before the pandemic (FY2021 EPS of \$195 as of January 2020).
- All told, the profitability outlook is more uncertain than usual with the economic outlook mostly dependent on how the coronavirus pandemic correlates with the drop in mobility thus jeopardizing the sustained recovery of the services sector. Moreover, the size and the mix (taxes vs. spending) in the 2021 US fiscal policy remains conditional on the November elections' outcome. The odds for a "Blue Wave" sweeping away the Republican majority in the Senate, with former VP Biden winning the presidency have increased in the past ten days, also taking into account the probability of a contested US election result having now lessened. As a result, equity markets rose significantly in the past week with the S&P500 gaining 3.8% with all 11 sectors ending in positive territory. At the same time, speculative corporate bond spreads narrowed by 46 bps ending the week below 500 bps materially for the first time since March.
- Our view here is that in the short term, such a scenario (Blue Wave) would be positive for risk appetite as the likelihood of a significant fiscal drag in 2021 is diminishing. In the medium-term, the Biden tax plan focuses on increasing taxes on corporates (statutory rate: 28% from 21%), capital income and the ordinary income for high-income filers with the aim of raising \$3.4 trillion in new revenues in order to fund the \$5.4 trillion in spending over the fiscal years 2021-2030 according to the Penn/Wharton Budget Model.
- We view the agenda as a mixed bag with regards to their likely impact on stock prices, with the large infrastructure and R&D expansion proposed by the Biden agenda (\$1.6 trillion) likely to support a tilt toward more cyclical parts of the equity market with Industrials and Materials benefiting the most. Technology stocks would come under scrutiny regarding monopolistic behavior suggesting that the marked outperformance of the growth stocks versus value stocks (41% since 2020) may be scaled down. Positive vaccine news could also support this rotation (see graph below).

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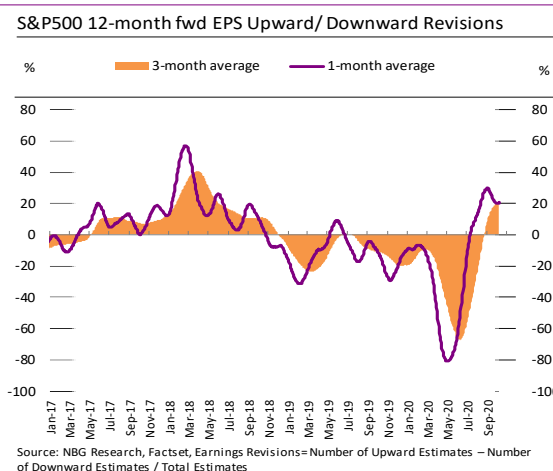
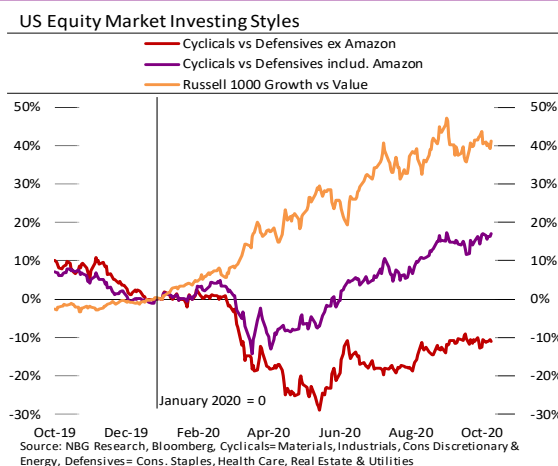
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Charts of the week



US business surveys point to continued robust recovery for business activity in September

- US US business confidence indicators recorded mixed changes in September, overall remaining at solid levels.** Specifically, the Institute for Supply Management's (ISM) manufacturing PMI declined by 0.6 pts to 55.4, below consensus estimates for 56.5, remaining though well above the expansion/contraction threshold of 50.0. As ISM noted, respondents' comments were overall optimistic, with 2.3 positive comments for every cautious one. Moreover, in a development that bodes well for a further improvement being on the cards, the relatively more forward looking index of new orders continued to over-perform, at 60.2. In a contrarian note, the inventories component continued to weigh on the headline index (47.1 in September). Recall that the latter averaged 46.2 in Q3:20, meaningfully below the expansion/contraction threshold of 50.0, suggesting that further inventory destocking took place in Q3 (inventories had consistently been a significant drag on GDP growth from Q2:19 to Q2:20). Such a development though, could act as a tailwind for production in Q4:20. At the same time, the ISM services (formerly known as non-manufacturing) PMI came out at 57.8 in September from 56.9 in August (new orders: 61.5). Notably, in both surveys the new export orders index has returned to levels well above the expansion/contraction threshold of 50.0 (manufacturing: 54.3 | services: 52.6), supporting the view for a recovering global economic activity.

The US trade deficit widened for a 2nd consecutive month in August, at record high levels in absolute terms

- Goods exports (in constant price terms) remain well below pre-pandemic levels (-9.9% since February) as the recovery post-lockdowns for global economic activity is still partial, whereas imports have fully recovered (+4.1% since February) in view of relatively stronger domestic demand (especially for consumption on the back, inter alia, of massive US fiscal stimulus).** Overall, the (goods) trade deficit (in constant price terms) stood at \$92.3bn in August, a record (since 1992) high, from \$91.1bn in July and compared with \$82.3bn, on average, in Q2:20. That development supports the view that net exports of goods will have a negative contribution in real GDP growth in Q3:20 (according to the Federal Reserve Bank of Atlanta's GDPNow model, overall net exports -- i.e. including trade in both goods and services -- will pose a drag of 0.7 pps to a headline GDP growth of +35.2% qoq saar). Finally, in nominal terms, the goods trade deficit was \$83.9bn, also a record high, while as percent of GDP (on a 12-month rolling basis, i.e. the 12-month sum of the goods trade deficit divided by the average of the last four quarterly GDP readings), it stood at 4.0%. Note that the aforementioned ratio has hovered in a tight range of 3.9% - 4.3% since 2013 (4.1% in 2017, just prior to the commencement of international trade wars). By country, the bilateral (goods) trade deficit (in nominal terms) with China is by far the largest (\$29.8bn in August | \$31.3bn, on average in 2017), followed by Mexico (\$12.8bn | \$5.8bn, on average in 2017), Germany (\$5.0bn | \$5.3bn, on average in 2017) and Japan (\$4.5bn | \$5.7bn, on average in 2017).

UK real GDP growth disappointed in August

- According to the monthly estimate from the UK Office for National Statistics (ONS), real GDP in August increased for a 4th consecutive month post-lockdowns, albeit the pace of growth eased substantially, undershooting expectations by a wide margin.** Indeed, the pace of growth came out at +2.1% mom from +6.4% mom in July (and +9.1% mom in June), significantly below consensus estimates for +4.6% mom. Overall, real GDP in August was 9.2% below its pre-pandemic (in February) levels, as well as compared with the same month a year ago. Recall that August's rise in real GDP came mainly on the back of the output in the dominant services sector (c. 80% of total economy in gross value added terms) growing by 2.4% mom. The latter, was due to accommodation and food service activities (+71.4% mom | 1.25 pps contribution to the monthly growth of overall real GDP) which benefited from looser pandemic-related restrictions during August, exceptionally strong domestic tourism in view of strict restrictions of traveling abroad and the "Eat Out to Help Out" government support scheme (50% discount on food and non-alcoholic beverages at participating establishments every Monday, Tuesday and Wednesday between 3 and 31 August). Looking forward, a further deceleration of activity growth is expected, given the gradual re-imposition of pandemic-related restrictions (as well as the withdrawal of the "Eat Out to Help Out" scheme as of September 1st). In the event, according to the National Institute of Economic and Social Research, real GDP growth is expected to be unchanged on a monthly basis in September, followed by +0.4% mom in October. Even though such readings would still be consistent with a sharp rebound for real GDP overall in Q3:20 (+15.2% qoq from -19.8% qoq in Q2:20), the sequential path as well as the recent adverse pandemic-related developments and the return of extensive Brexit-related uncertainties, suggest a much more subdued outlook for Q4.

Japan: Confidence among small businesses strengthened substantially in September

- The Cabinet Office's Economy Watchers survey improved substantially for a 5th consecutive month in September, after having reached record lows (since 2001) in April due to the pandemic.** Specifically, the current conditions index rose by 5.4 pts to 49.3, the highest since April 2018 and well above consensus estimates for 44.9 (7.9 in April 2020). The improvement was broad based, with the component related to small businesses closely linked to household activity, over-performing (50.3 | +5.0 pts compared with August), mostly due to the food and beverage category (+18.1 pts to 55.0). Respondents also cited high hotel occupancy rates, especially in the 4-day holiday period during the month (19 – 22 September | Respect of the Aged Day on Monday September 21st and Autumn Equinox national holiday on Tuesday September 22nd). Note that these developments were also supported by government subsidy schemes (namely the "Go To Travel" and "Go To Eat" programs, aiming at supporting domestic travel and outdoor dining via government-backed respective discounts). Meanwhile, the components of employment (+5.8 pts to 47.0) and corporate related activity (+6.3 pts to 47.4) also posted considerable improvements. Finally, the forward-looking indicator (outlook for 2-3 months ahead) was up by 5.9 pts to 48.3, the highest since February 2019 and versus consensus for 44.0, also with a broad based improvement across components.

Equities

- Global equities rose in the past week due to re-emerging investors' hopes that a new fiscal stimulus bill in the US to support the economy will take place, before or shortly after the elections (Presidential as well as for the legislature) on November 3rd and regardless of the elections outcome.** Overall, the MSCI ACWI ended the week up by 3.6% (+3.4% ytd), with both Developed (+3.6% wow | +3.8% ytd) and Emerging Markets (+3.8% wow | +0.7% ytd), recording gains. The S&P500 rose by 3.8% wow (+7.6% ytd) in a volatile week. Indeed, the index rose significantly on Monday, on the back of news that US President Trump's health improved but the trend reversed on Tuesday following the President's rejection of the latest fiscal stimulus proposal by the Democratic Party and his decision to withdraw the White House negotiators from the talks. However, on Wednesday, he addressed the Congress to tap unused funds from the CARES Act to support airlines, small businesses and households and the index returned to a positive track. Moreover, on Friday the Republicans raised the size of their fiscal stimulus approach to \$1.8 tn, narrowing the gap from the \$2.2 tn Democrats' proposal. Sector wise, the increase was broad based, led by Energy (+5% wow), on account of higher oil prices, followed by Banks (+4.8% wow), with the rebound of the sector from the 4-month lows on September 23rd (+11.2%), continuing. On the other side of the Atlantic, the Eurostoxx rose by 2.8% wow (-9.8% ytd), with Travel & Leisure (+7.5% wow) leading the increase, followed by Banks (+6.9% wow), on the back of higher yields.

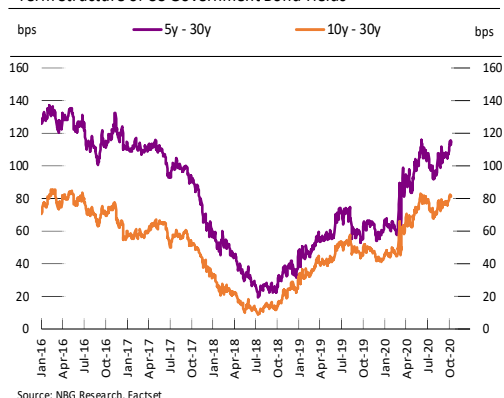
Fixed Income

- Government bond yields rose in major advanced economies in the past week, due to reduced "safe haven" demand.** Overall, the US Treasury 10-year yield ended the week up by 8 bps at 0.77%, its highest level since early-June, also due to expectations for a further increase in government spending (and consequently for larger issuance/supply of bonds which, ceteris paribus, leads to lower prices/higher yields). In the UK, the 10-year yield rose by 3 bps to 0.29%, while in Germany, the 10-year Bund yield was broadly stable at -0.53%. Periphery bond yield spreads over the Bund in the 10-year tenor fell across the board (Italy: -10 bps to 120 bps, Spain: -5 bps to 70 bps, Greece: -12 bps to 139 bps), mainly due to ECB President C. Lagarde's comments that interest rates could decline more if needed (even if QE is still considered the most appropriate tool in the current juncture). The 10-year bond yields of Greece (-12 bps to 0.86%) and Italy (-10 bps to 0.67%) posted new record lows. **Corporate bond spreads narrowed in the past week.** Specifically, US high yield spreads fell by 46 bps to 492 bps, while their euro area counterparts were down by 19 bps to 447 bps. In the Investment Grade spectrum, US spreads were down by 8 bps to 135 bps and Euro area spreads declined by 5 bps to 111 bps.

FX and Commodities

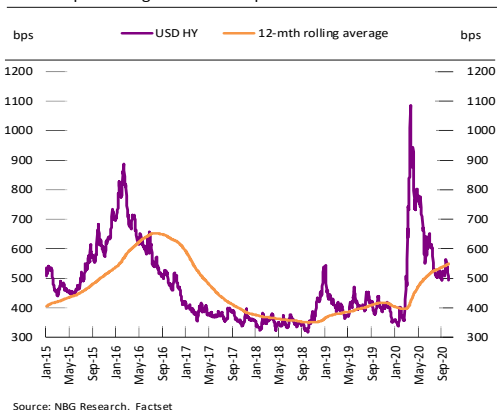
- In foreign exchange markets, the euro increased in the past week.** Specifically, the euro rose by 0.9% wow against the US Dollar to \$1.181 and by 1.1% against the Japanese Yen to ¥124.83, with both of the aforementioned euro's counterparts losing ground due to reduced risk aversion. The British Pound declined in the past week by 0.4% against the euro to €0.909, following news that the EU is not willing to offer concessions to the UK before the deadline of October 15th for a trade agreement. Finally, **in commodities, oil prices rose significantly in the past week,** amid higher optimism for demand prospects in view of increased expectations for a new US fiscal stimulus package. Moreover, the i) major drop by 92% in offshore output in the Gulf of Mexico because of the Hurricane "Delta"; ii) Norway's oil worker union's strike that reduced the country's output by 330k b/d and iii) news that Saudi Arabia is considering the postponement of the OPEC+ agreed output rise by 2 million b/d (scheduled for January 2021), more than offset the increase by 500k barrels in the US crude oil inventories for the week ending October 2nd. Overall, Brent increased by 9.1% to \$42.9/barrel (-35% ytd), and the WTI rose by 9.6% to \$40.6/barrel (-34% ytd).

Term Structure of US Government Bond Yields



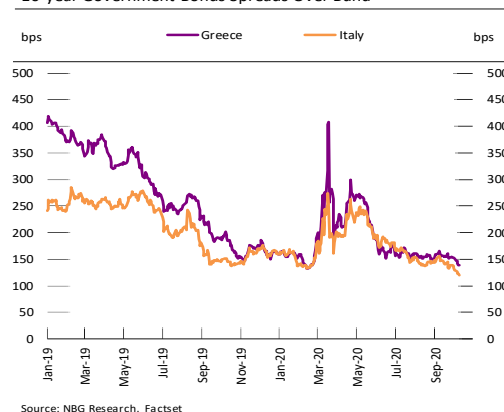
Graph 1.

USD Corporate High Yield Bond Spread



Graph 2.

10-year Government Bonds Spreads Over Bund



Graph 3.

Quote of the week: "A prolonged slowing in the pace of improvement over time could trigger typical recessionary dynamics, as weakness feeds on weakness ... Too little support would lead to a weak recovery ... By contrast, the risks of overdoing it seem, for now, to be smaller. Even if policy actions ultimately prove to be greater than needed, they will not go to waste.", **Fed Chair, Jerome Powell, October 6th 2020.**

Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	October 9th	3-month	6-month	12-month	Official Rate (%)	October 9th	3-month	6-month	12-month
Germany	-0,53	-0,50	-0,40	-0,30	Euro area	0,00	0,00	0,00	0,00
US	0,78	0,90	1,00	1,20	US	0,25	0,25	0,25	0,25
UK	0,28	0,30	0,35	0,43	UK	0,10	0,08	0,06	0,04
Japan	0,04	0,01	0,04	0,06	Japan	-0,10	-0,10	-0,10	-0,10

Currency	October 9th	3-month	6-month	12-month	October 9th	3-month	6-month	12-month	
EUR/USD	1,18	1,17	1,18	1,20	USD/JPY	106	106	105	103
EUR/GBP	0,91	0,90	0,90	0,90	GBP/USD	1,30	1,30	1,31	1,34
EUR/JPY	125	124	124	124					

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
Real GDP Growth (YoY) (1)	3,0	2,3	2,0	2,1	2,3	2,2	0,3	-9,0	-2,6	-3,1	-3,6
Real GDP Growth (QoQ saar) (2)	-	2,9	1,5	2,6	2,4	-	-5,0	-31,4	34,8	0,2	-
Private Consumption	2,7	1,8	3,7	2,7	1,6	2,4	-6,9	-33,2	37,2	2,6	-4,2
Government Consumption	1,8	2,5	5,0	2,1	2,4	2,3	1,3	2,5	17,0	-10,5	3,1
Investment	5,2	2,9	-0,4	2,4	1,0	1,9	-1,4	-29,2	19,0	2,3	-3,9
Residential	-0,6	-1,7	-2,1	4,6	5,8	-1,7	19,0	-35,5	46,4	1,8	2,6
Non-residential	6,9	4,2	0,0	1,9	-0,3	2,9	-6,7	-27,2	13,3	2,4	-5,6
Inventories Contribution	0,2	0,2	-1,1	-0,1	-0,9	0,0	-1,7	-4,7	3,3	0,8	-1,1
Net Exports Contribution	-0,3	0,6	-0,9	0,0	1,9	-0,2	1,6	0,3	-1,2	-0,7	0,6
Exports	3,0	1,8	-4,5	0,8	3,4	-0,1	-9,5	-64,4	22,9	20,4	-15,8
Imports	4,1	-2,1	1,7	0,5	-7,5	1,1	-15,0	-54,1	25,3	19,4	-14,6
Inflation (3)	2,5	1,7	1,8	1,7	2,1	1,8	2,1	0,3	1,1	1,2	1,2

Euro Area	2018a	Q1:19a	Q2:19a	Q3:19a	Q4:19a	2019a	Q1:20a	Q2:20a	Q3:20f	Q4:20f	2020f
Real GDP Growth (YoY)	1,9	1,4	1,3	1,4	1,0	1,3	-3,2	-14,7	-8,1	-6,1	-8,0
Real GDP Growth (QoQ saar)	-	2,0	0,8	1,1	0,1	-	-14,1	-39,4	36,5	9,5	-
Private Consumption	1,4	2,2	0,8	1,7	0,5	1,3	-16,8	-41,0	42,8	9,8	-8,6
Government Consumption	1,2	2,2	2,0	2,5	1,0	1,8	-2,8	-10,0	10,4	4,9	-0,5
Investment	3,5	1,7	2,9	-1,1	14,0	5,0	-19,2	-52,6	49,8	13,9	-9,7
Inventories Contribution	0,1	-3,4	5,6	-5,5	1,0	-0,3	2,0	0,2	0,3	0,2	0,3
Net Exports Contribution	0,2	3,5	-6,0	5,6	-4,1	-0,5	-1,9	-3,8	0,9	0,0	-1,6
Exports	3,6	4,2	0,0	2,9	0,5	2,5	-14,7	-56,5	47,3	17,3	-12,3
Imports	3,6	-3,0	14,1	-8,4	10,0	4,0	-12,1	-54,7	46,7	18,2	-10,1
Inflation	1,8	1,4	1,4	1,0	1,0	1,2	1,1	0,2	0,0	-0,2	0,3

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 but wont avoid a recession - 2020 EPS growth expectations have further room to fall from +2%. Earnings will contract in 2020 - Forget aggressive share buybacks for now due to political pressures - Peaking profit margins - Protectionism and trade wars - P/Es (Valuations) are in line with long-term averages despite P/E contraction of more than 20% since February highs (19x) 	<ul style="list-style-type: none"> + Still high equity risk premium relative to other regions + Modest fiscal loosening in 2020 excluding Germany (5% of GDP) - 2020-2021 EPS estimates may turn pessimistic as economic growth fails to pick up - Political uncertainty (Italy, Brexit) could intensify 	<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 	<ul style="list-style-type: none"> + 65% of FTSE100 revenues from abroad + Undemanding valuations in relative terms - Elevated Policy uncertainty to remain due to the outcome of the Brexit negotiating process
Government Bonds	<ul style="list-style-type: none"> ● Neutral/Positive + Valuations appear rich with term-premium below 0% + Sizeable fiscal deficit + Underlying inflation pressures if Fed seek makeup strategies - Global search for yield by non-US investors continues - Safe haven demand - Fed to remain at ZLB in the course of 2020-2021 - Fed: Unlimited QE purchases 	<ul style="list-style-type: none"> ● Neutral + 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 	<ul style="list-style-type: none"> ● Neutral + Sizeable fiscal deficits + Restructuring efforts to be financed by fiscal policy measures - Safe haven demand - Extremely dovish central bank - Yield-targeting of 10-Year JGB at around 0% 	<ul style="list-style-type: none"> ● Neutral/Negative + Elevated Policy uncertainty to remain due to the outcome of the Brexit negotiating process + Inflation expectations could drift higher ahead of EU/UK negotiations - The BoE is expected to remain on hold with risks towards rate cuts - Slowing economic growth post-Brexit
Foreign Exchange	<ul style="list-style-type: none"> ▲ Slightly higher yields expected + Safe-haven demand - Fed's interest rate differential disappeared following cuts to 0%-0.25% 	<ul style="list-style-type: none"> ▲ Higher yields expected + Reduced short-term tail risks + Higher core bond yields + Current account surplus - Sluggish growth - Deflation concerns - The ECB's monetary policy to remain extra loose (Targeted-LTROs, ABSs, Quantitative Easing) 	<ul style="list-style-type: none"> ● Stable yields expected + Safe haven demand + More balanced economic growth recovery (long-term) + Inflation is bottoming out - Additional Quantitative Easing by the Bank of Japan if inflation does not approach 2% 	<ul style="list-style-type: none"> ▲ Higher yields expected but with Brexit risk premia working on both directions + Transitions phase negotiations + Valuations appear undemanding with REER 6% below its 15-year average - Sizeable Current account deficit - Elevated Policy uncertainty to remain due to the outcome of the Referendum and the negotiating process
	<ul style="list-style-type: none"> ● Broadly Flat EUR against the USD with high volatility around \$1.20 	<ul style="list-style-type: none"> ● Broadly Flat EUR against the USD with high volatility around \$1.20 	<ul style="list-style-type: none"> ▲ Slightly higher JPY 	<ul style="list-style-type: none"> ▲ Higher GBP expected but with Brexit risk premia working on both directions

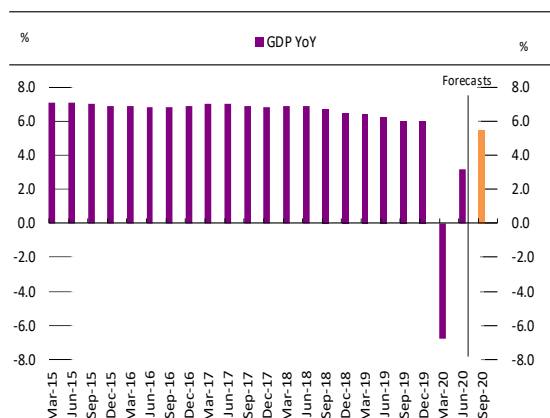
Economic Calendar

In the US, attention turns to inflation data for September, due to release on Tuesday. CPI is expected at 1.4% yoy from 1.3% yoy in August, while the core figure is expected stable at 1.7% yoy. On Friday, high frequency activity indicators for September (industrial production, retail sales) will be closely monitored to assess the economic momentum.

In the UK, unemployment rate for August is released on Tuesday and is expected at 4.3% from 4.1% in July.

In China, attention turns to the external trade (13/10) for an insight to the momentum for economic activity. On Monday, September's activity data (retail sales and industrial production) and Q3 GDP will gather investors' attention. According to analysts' estimates, the annual growth of GDP accelerated to 5.5% in Q3:20, versus 3.2% yoy in Q2:20.

Chinese GDP Growth (YoY)



Source: NBG Research, Bloomberg

Economic News Calendar for the period: October 6 - October 19, 2020

Tuesday 6					Wednesday 7									
US		S	A	P	US		S	A	P					
Trade balance (\$bn)	August	-66.2	-67.1	-63.4	FOMC Minutes	September 16								
UK					JAPAN									
Markit/CIPS UK Construction	September	54.0	56.8	54.6	Leading Index	August	89.0	88.8	86.7					
					Coincident Index	August	79.4	79.4	78.3					
					GERMANY									
					Industrial Production (sa, MoM)	August	1.5%	-0.2%	1.4%					
					Industrial Production (wda, YoY)	August	-8.7%	-9.6%	-10.0%					
Thursday 8					Friday 9					Monday 12				
US		S	A	P	US		S	A	P	US		S	A	P
Initial Jobless Claims (k)	October 3	820	840	849	Wholesale trade (MoM)	August	..	1.4%	4.8%	Initial Jobless Claims (k)	October 10	825	..	840
Continuing Claims (k)	September 26	11400	10976	11979	UK					Continuing Claims (k)	October 3	10400	..	10976
JAPAN					GDP (MoM)	August	4.6%	2.1%	6.4%	Empire Manufacturing	October	14.0	..	17.0
Eco Watchers Current Survey	September	44.9	49.3	43.9	Industrial Production (MoM)	August	2.5%	0.3%	5.2%	Philadelphia Fed Business	October	14.0	..	15.0
Eco Watchers Outlook Survey	September	44.0	48.3	42.4	Industrial Production (YoY)	August	-4.7%	-6.4%	-7.4%	Outlook				
Tuesday 13					Wednesday 14					Thursday 15				
US		S	A	P	EURO AREA		S	A	P	US		S	A	P
CPI (YoY)	September	1.4%	..	1.3%	Industrial Production (sa, MoM)	August	0.7%	..	4.1%	Initial Jobless Claims (k)	October 10	825	..	840
Core CPI (YoY)	September	1.7%	..	1.7%	Industrial Production (wda, YoY)	August	-7.1%	..	-7.7%	Continuing Claims (k)	October 3	10400	..	10976
UK										Empire Manufacturing	October	14.0	..	17.0
ILO Unemployment Rate	August	4.3%	..	4.1%						Philadelphia Fed Business	October	14.0	..	15.0
GERMANY										Outlook				
ZEW survey current situation	October	-60.0	..	-66.2						CHINA				
ZEW survey expectations	October	72.0	..	77.4						Money Supply M0 (YoY)	September	9.3%	..	9.4%
CHINA										Money Supply M1 (YoY)	September	8.5%	..	8.0%
Exports YoY	September	10.0%	..	9.5%						Money Supply M2 (YoY)	September	10.4%	..	10.4%
Imports YoY	September	0.4%	..	-2.1%						New Yuan Loans (RMB bn)	September	1700.0	..	1277.5
										Aggregate Financing (RMB bn)	September	3000.0	..	3582.3
										CPI (YoY)	September	1.9%	..	2.4%
Friday 16					Monday 19									
US		S	A	P	US		S	A	P					
Retail Sales Advance MoM	September	0.8%	..	0.6%	NAHB housing market	October	83	..	83					
Retail sales ex-autos (MoM)	September	0.4%	..	0.7%	confidence index	October	..	..	..		
Industrial Production (MoM)	September	0.6%	..	0.4%	JAPAN									
Net Long-term TIC Flows (\$ bn)	August	..	..	10.8	Exports YoY	September	..	..	-14.8%					
University of Michigan consumer confidence	October	80.5	..	80.4	Imports YoY	September	..	..	-20.8%					
EURO AREA					CHINA									
Trade Balance SA (€ bn)	August	18.0	..	20.3	GDP (sa, QoQ)	Q3:20	3.3%	..	11.5%					
					GDP (YoY)	Q3:20	5.5%	..	3.2%					
					Retail sales (YoY)	September	1.9%	..	0.5%					
					Industrial production (YoY)	September	5.8%	..	5.6%					

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	3477	3,8	7,6	18,3	24,8	MSCI Emerging Markets	63816	3,1	3,8	14,1	
Japan	NIKKEI 225	23620	2,6	-0,2	9,6	0,5	MSCI Asia	1003	3,4	9,8	21,9	
UK	FTSE 100	6017	1,9	-20,2	-16,3	-15,8	China	101	3,8	17,6	33,8	
Canada	S&P/TSX	16563	2,2	-2,9	0,9	6,7	Korea	747	2,8	8,0	18,6	
Hong Kong	Hang Seng	24119	2,8	-14,4	-6,2	-7,9	MSCI Latin America	83499	4,0	-16,6	-10,1	
Euro area	EuroStoxx	364	2,8	-9,8	-3,3	1,0	Brazil	306900	4,0	-16,2	-5,9	
Germany	DAX 30	13051	2,9	-1,5	7,3	11,4	Mexico	35556	5,0	-11,4	-10,8	
France	CAC 40	4947	2,5	-17,3	-11,2	-5,0	MSCI Europe	5110	0,2	-19,8	-11,7	
Italy	FTSE/MIB	19595	2,8	-16,6	-9,9	-0,6	Russia	1129	-0,1	-17,1	-7,5	
Spain	IBEX-35	6951	2,9	-27,2	-23,7	-24,1	Turkey	1356575	0,9	-9,7	1,0	

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		106,4	5,8	-46,0	-41,7	-54,1	Energy		108,7	5,3	-46,1	-43,0
Materials		286,9	4,1	5,4	16,5	14,7	Materials		270,5	3,6	3,8	12,6
Industrials		274,4	3,4	-0,7	8,7	9,1	Industrials		267,2	3,2	-2,2	6,1
Consumer Discretionary		337,4	3,7	21,3	30,7	38,6	Consumer Discretionary		322,1	3,5	20,0	28,6
Consumer Staples		255,5	2,1	1,8	4,9	16,0	Consumer Staples		252,6	1,8	0,4	2,0
Healthcare		299,8	3,5	7,4	23,4	21,7	Healthcare		292,8	3,3	6,2	21,0
Financials		101,3	3,9	-19,5	-10,4	-13,7	Financials		100,6	3,5	-20,2	-12,4
IT		406,9	4,6	30,9	48,9	70,4	IT		392,1	4,5	30,1	47,8
Telecoms		83,4	2,5	7,7	16,1	27,3	Telecoms		86,6	2,4	7,1	15,0
Utilities		149,0	3,6	-0,8	1,8	17,1	Utilities		150,8	3,3	-2,2	-0,5

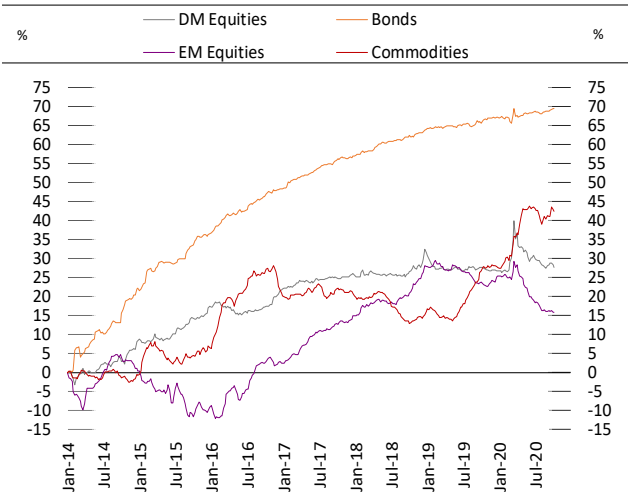
Bond Markets (%)

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		0,78	0,70	1,92	1,67	2,21	US Treasuries 10Y/2Y		62	57	35	13
Germany		-0,53	-0,54	-0,19	-0,47	0,86	US Treasuries 10Y/5Y		44	42	23	18
Japan		0,04	0,02	-0,01	-0,20	0,38	Bunds 10Y/2Y		19	17	42	24
UK		0,28	0,25	0,82	0,59	1,72	Bunds 10Y/5Y		20	19	29	22
Greece		0,87	0,99	1,47	1,45	9,44	Corporate Bond Spreads (in bps)		Current	Last week	Year Start	One Year Back
Ireland		-0,20	-0,17	0,12	0,08	3,06	EM Inv. Grade (IG)		188	196	150	167
Italy		0,72	0,78	1,41	0,96	2,96	EM High yield		659	688	494	563
Spain		0,18	0,22	0,47	0,23	2,68	US IG		135	143	101	125
Portugal		0,18	0,22	0,44	0,20	4,39	US High yield		492	538	360	426
US Mortgage Market (1. Fixed-rate Mortgage)		Current	Last week	Year Start	One Year Back	10-year average	Euro area IG		111	116	94	112
30-Year FRM ¹ (%)		3,0	3,0	4,0	3,9	4,1	Euro area High Yield		447	466	308	384
vs 30Yr Treasury (bps)		144	152	156	174	128						

Foreign Exchange & Commodities

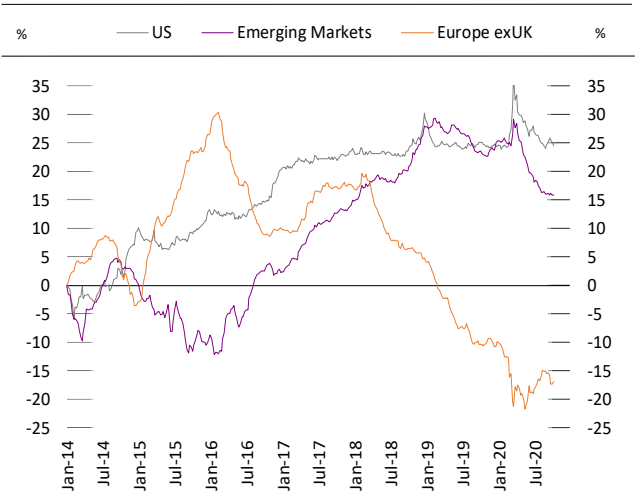
Foreign Exchange		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Commodities		Current	1-week change (%)	1-month change (%)	1-Year change (%)
Euro-based cross rates							Agricultural		348	3,9	8,2	6,8
EUR/USD		1,18	0,9	0,2	7,5	5,5	Energy		233	9,4	4,4	-47,5
EUR/CHF		1,08	-0,2	-0,1	-1,9	-0,9	West Texas Oil (\$)		41	9,6	6,7	-24,2
EUR/GBP		0,91	0,1	-0,1	2,5	7,2	Crude Brent Oil (\$)		42	9,4	3,8	-30,1
EUR/JPY		124,93	1,2	-0,3	5,1	2,7	Industrial Metals		1261	4,0	1,2	3,8
EUR/NOK		10,80	-1,0	1,5	7,6	9,8	Precious Metals		2227	1,3	-2,1	26,2
EUR/SEK		10,39	-0,8	0,6	-4,1	-1,1	Gold (\$)		1930	1,6	-0,8	29,2
EUR/AUD		1,63	-0,2	0,8	0,3	2,2	Silver (\$)		25	6,0	-6,8	43,6
EUR/CAD		1,55	-0,5	0,0	6,1	6,5	Baltic Dry Index		1892	-6,3	46,0	-1,9
USD-based cross rates							Baltic Dirty Tanker Index		412	-4,0	-7,8	-73,6
USD/CAD		1,31	-1,4	-0,2	-1,3	1,0						
USD/AUD		1,38	-1,1	0,6	-6,7	-3,1						
USD/JPY		105,62	0,3	-0,5	-2,2	-2,8						

Global Cross Asset ETFs: Flows as % of AUM



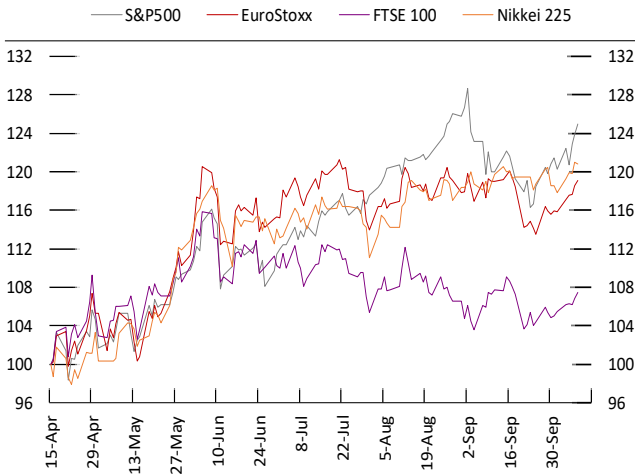
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of October 9th

Equity ETFs: Flows as % of AUM



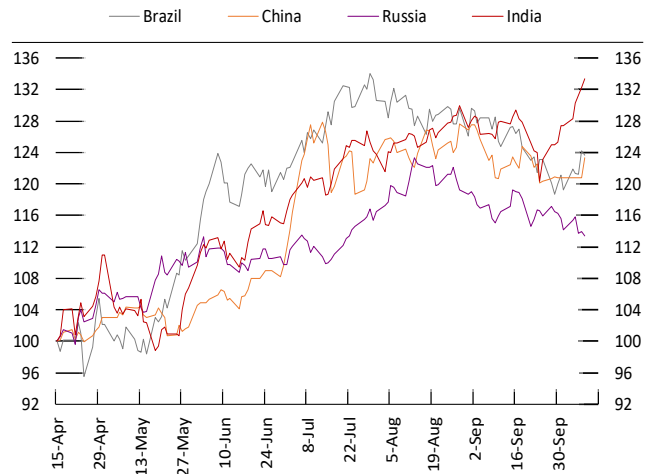
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of October 9th

Equity Market Performance - G4



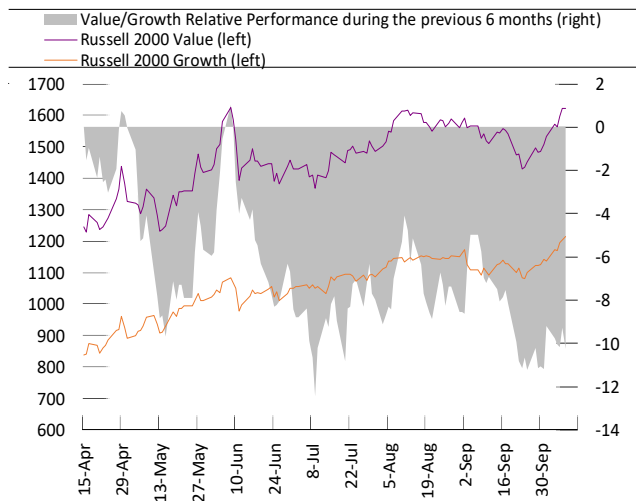
Source: Bloomberg - Data as of October 9th - Rebased @ 100

Equity Market Performance - BRICs



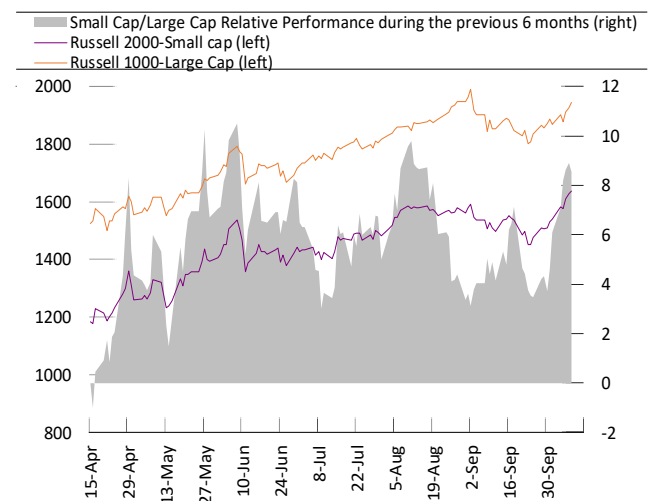
Source: Bloomberg - Data as of October 9th - Rebased @ 100

Russell 2000 Value & Growth Index



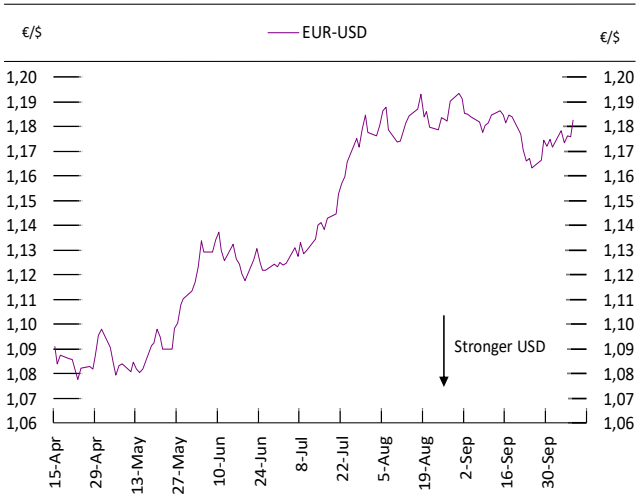
Source: Bloomberg, Data as of October 9th

Russell 2000 & Russell 1000 Index



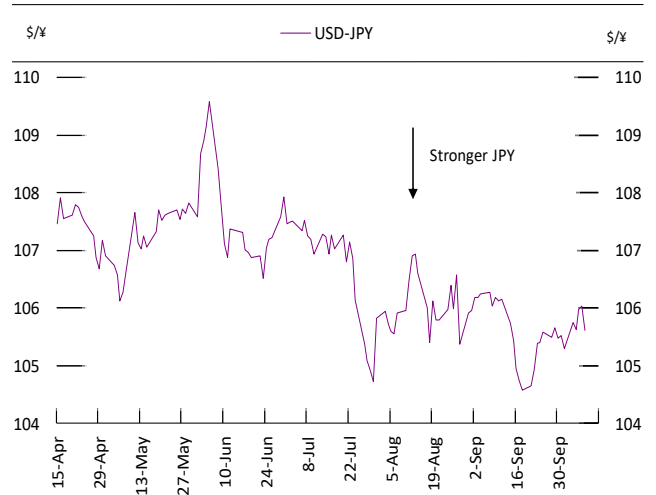
Source: Bloomberg, Data as of October 9th

EUR/USD



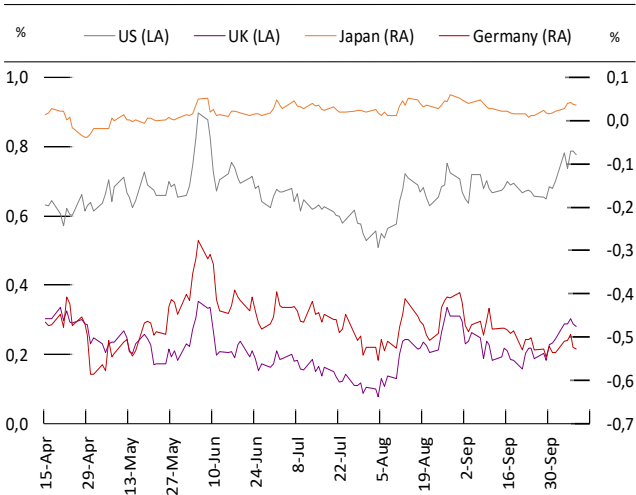
Source: Bloomberg, Data as of October 9th

JPY/USD



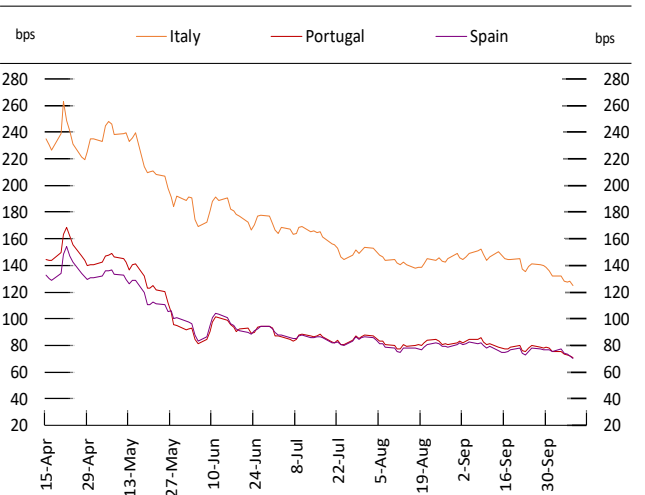
Source: Bloomberg, Data as of October 9th

10- Year Government Bond Yields



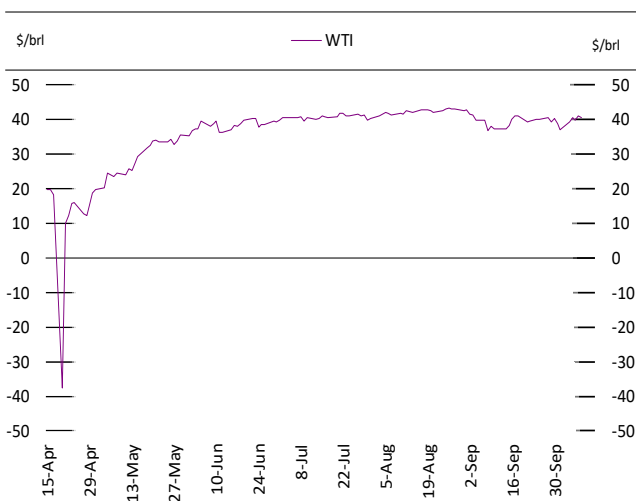
Source: Bloomberg - Data as of October 9th
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



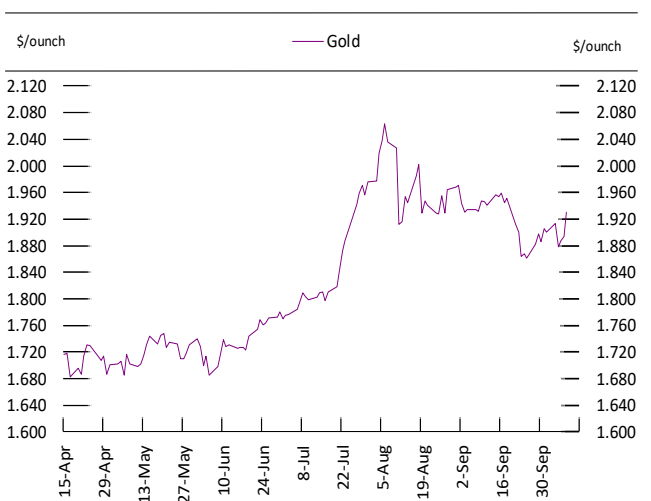
Source: Bloomberg - Data as of October 9th

West Texas Intermediate (\$/bbl)



Source: Bloomberg, Data as of October 9th

Gold (\$/ounce)



Source: Bloomberg, Data as of October 9th

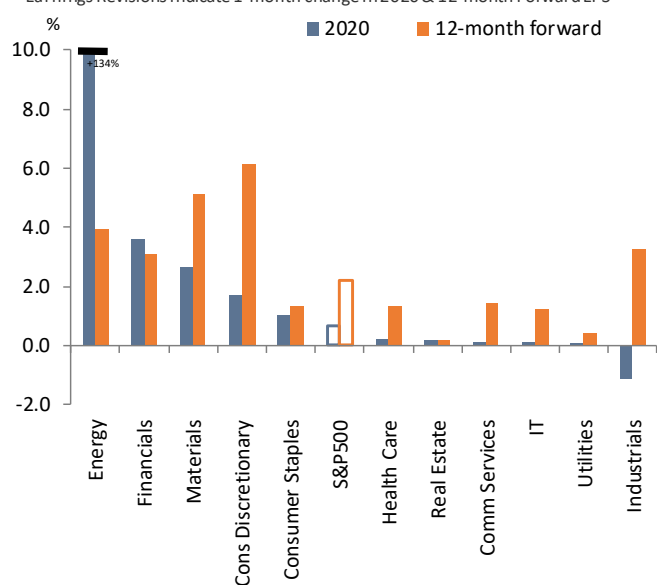
US Sectors Valuation

	Price (\$)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	9/10/20	% Weekly Change	%YTD	2019	2020	2019	2020	2019	2020	12m fwd	10Yr Avg	2019	2020	12m fwd	10Yr Avg
S&P500	3477	3.8	7.6	1.2	-18.2	1.8	1.7	20.3	26.5	22.3	15.6	3.7	3.8	3.7	2.6
Energy	234	5.0	-48.8	-29.0	N/A	3.8	7.3	21.8	N/A	N/A	12.9	1.6	1.0	1.1	1.7
Materials	418	5.1	8.3	-15.6	-15.2	2.1	2.0	20.2	26.6	21.9	15.1	2.4	2.8	2.7	2.5
Financials															
Diversified Financials	718	3.1	-3.4	1.4	-20.5	1.4	1.6	16.3	19.5	16.7	14.0	1.9	1.7	1.6	1.5
Banks	255	4.8	-32.8	9.0	-47.3	2.6	3.8	12.3	16.0	12.4	11.0	1.4	0.9	0.9	1.0
Insurance	379	3.4	-14.0	15.8	-6.8	2.2	2.7	13.4	12.3	11.1	10.9	1.5	1.2	1.2	1.1
Real Estate	229	1.4	-4.7	1.9	-8.0	3.1	3.0	21.0	21.7	20.8	18.2	3.7	3.4	3.5	3.1
Industrials															
Capital Goods	677	4.2	-6.7	-7.1	-28.4	1.8	1.9	21.2	27.1	21.5	15.9	5.5	4.4	4.2	3.5
Transportation	897	4.2	14.4	6.5	N/A	1.9	1.5	14.7	N/A	N/A	9.9	4.3	5.8	5.7	3.5
Commercial Services	386	2.2	11.9	12.8	-3.5	1.3	1.2	28.5	32.1	29.6	20.5	6.0	5.7	5.5	3.6
Consumer Discretionary															
Retailing	3548	4.3	44.9	4.4	-3.1	0.7	0.5	33.9	50.1	41.0	23.4	13.9	15.5	13.4	7.1
Consumer Services	1185	1.7	-9.0	5.0	N/A	2.1	1.6	24.2	N/A	N/A	22.2	16.5	28.1	46.0	8.4
Consumer Durables	416	3.9	11.7	-0.4	-17.0	1.5	1.3	19.7	26.8	21.9	17.1	4.1	4.4	4.1	3.2
Automobiles and parts	105	4.8	-12.1	-16.8	N/A	4.2	1.2	8.5	N/A	N/A	7.7	1.3	1.3	1.2	1.6
IT															
Technology	2211	3.8	38.7	2.6	3.7	1.3	1.0	21.6	27.8	25.1	13.2	9.7	14.4	15.4	4.3
Software & Services	2944	4.5	28.1	11.4	7.9	0.9	0.8	29.5	34.0	30.8	18.3	7.9	9.6	8.8	5.4
Semiconductors	1602	6.2	29.0	-12.3	7.0	1.8	1.5	18.9	22.7	20.6	14.3	5.6	6.3	5.9	3.2
Communication Services	199	2.2	9.3	3.0	-11.8	1.2	1.1	21.8	26.3	22.9	17.8	3.5	3.5	3.3	2.9
Media	752	2.7	15.3	3.8	-11.1	0.4	0.3	27.4	34.2	27.9	20.7	4.2	4.4	4.0	3.3
Consumer Staples															
Food & Staples Retailing	553	2.9	11.3	2.9	-1.6	1.7	1.6	21.5	24.7	24.0	16.6	4.6	5.0	4.7	3.2
Food Beverage & Tobacco	691	2.2	-3.3	-1.7	-1.5	3.3	3.5	19.7	19.4	18.3	17.7	5.3	5.1	4.9	4.9
Household Goods	853	3.2	14.7	6.4	8.4	2.3	2.1	26.0	27.5	26.2	19.8	9.5	10.5	10.2	5.6
Health Care															
Pharmaceuticals	1038	3.3	5.4	10.8	7.5	2.1	2.2	16.2	15.8	14.6	14.8	6.3	5.4	4.9	3.9
Healthcare Equipment	1478	4.9	7.2	9.9	-1.1	1.0	1.0	20.7	22.1	19.7	15.7	3.8	3.6	3.3	2.7
Utilities	323	4.6	-1.8	4.9	1.6	3.1	3.2	20.7	20.1	19.3	16.1	2.2	2.1	2.0	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

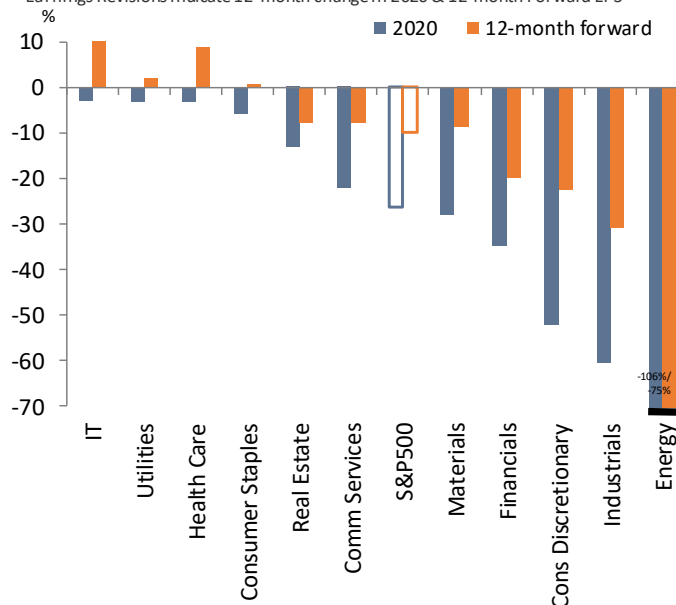
Earnings Revisions indicate 1-month change in 2020 & 12-month Forward EPS



Source: Factset, Data as of October 9th
12-month forward EPS are 22% of 2020 EPS and 78% 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 October 9th
12-month forward EPS are 22% of 2020 EPS and 78% of 2021 EPS

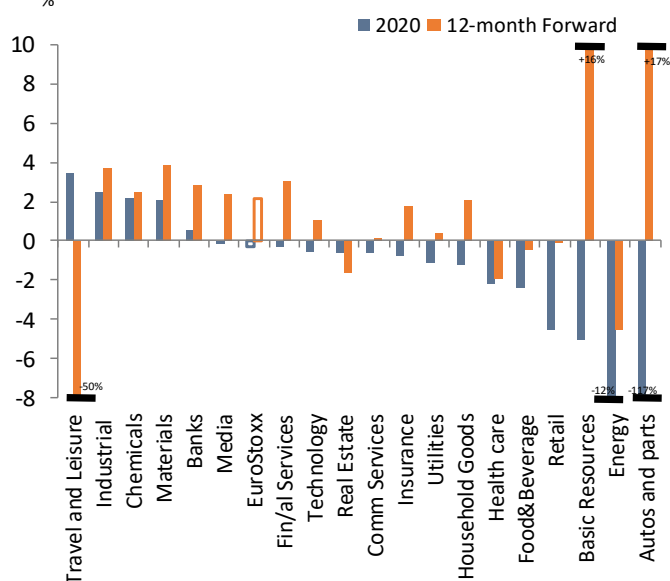
Euro Area Sectors Valuation

	Price (€)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	9/10/20	% Weekly Change	%YTD	2019	2020	2019	2020	2019	2020	12m fwd	10Yr Avg	2019	2020	12m fwd	10Yr Avg
EuroStoxx	364	2.8	-9.8	2.2	-42.0	3.0	2.5	16.8	25.8	19.0	13.5	1.7	1.6	1.5	1.4
Energy	209	4.5	-36.4	-10.1	-75.1	5.0	5.8	13.7	34.6	18.8	12.0	1.3	1.1	1.1	1.1
Materials	415	3.8	-14.9	12.5	-41.0	3.1	2.7	15.4	22.3	16.3	14.3	1.8	1.6	1.5	1.4
Basic Resources	169	2.8	-17.2	-60.5	N/A	3.1	2.0	20.8	N/A	N/A	9.2	0.9	0.9	0.9	0.9
Chemicals	1195	1.6	1.6	-13.5	-18.0	2.7	2.6	21.6	27.1	23.2	15.5	2.1	2.2	2.2	2.2
Financials															
Fin/Al Services	471	-0.1	-6.5	23.4	-38.4	2.6	2.6	14.7	21.8	16.8	13.7	1.5	1.2	1.2	1.1
Banks	58	6.9	-40.1	-1.1	-58.6	5.7	3.7	9.2	13.2	9.7	9.5	0.6	0.4	0.4	0.7
Insurance	229	3.1	-24.3	12.3	-22.0	4.8	6.3	11.0	10.6	8.6	9.3	1.0	0.7	0.7	0.9
Real Estate	201	1.4	-18.5	0.2	-7.1	4.2	4.3	19.1	16.8	16.2	17.0	1.0	0.9	0.8	1.0
Industrial	878	3.5	-6.6	12.0	-46.9	2.4	1.7	20.2	35.1	24.5	15.6	3.2	2.9	2.8	2.4
Consumer Discretionary															
Media	205	3.2	-8.6	4.1	-20.9	2.6	2.4	17.9	20.5	17.8	15.5	2.5	2.3	2.2	1.8
Retail	635	1.7	5.6	4.9	-39.0	2.6	1.7	26.0	44.9	31.6	22.0	6.7	6.1	5.6	4.2
Automobiles and parts	420	2.8	-13.6	-12.2	N/A	3.7	1.4	8.7	N/A	N/A	10.6	0.9	0.8	0.8	1.0
Travel and Leisure	180	7.5	-16.0	-10.1	N/A	2.2	0.4	16.8	N/A	N/A	13.7	2.0	1.9	1.9	2.0
Technology	689	2.6	13.7	2.1	-11.4	1.1	0.7	27.9	34.5	28.4	18.9	4.8	4.6	4.3	3.3
Communication Services	245	3.0	-15.2	-9.6	-3.0	4.0	4.3	18.0	15.5	14.3	14.7	1.8	1.4	1.4	1.8
Consumer Staples															
Food&Beverage	482	4.1	-19.4	16.8	-38.3	2.1	1.9	20.6	26.7	21.8	18.8	2.7	2.1	2.0	2.6
Household Goods	1096	1.2	2.4	6.4	-29.4	1.6	1.2	29.9	42.5	33.5	21.7	6.1	5.8	5.4	3.9
Health care	835	2.1	-4.1	7.0	-9.5	2.1	2.1	20.2	20.8	18.7	15.6	2.4	2.3	2.2	2.2
Utilities	356	1.2	2.7	57.7	-4.4	4.5	4.4	16.2	17.1	15.7	12.8	1.6	1.5	1.5	1.1

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

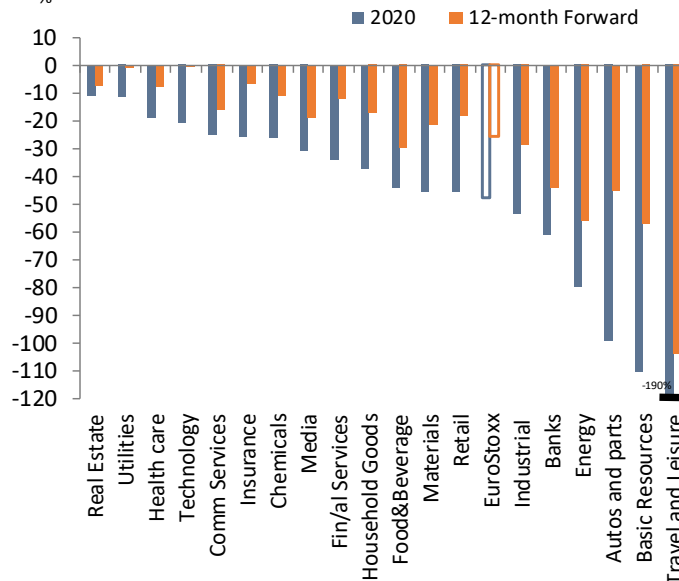
Earnings Revisions indicate 1-month change in 2020 & 12-month Forward EPS %



Source: Factset, Data as of October 9th
12-month forward EPS are 22% of 2020 EPS and 78% 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 October 9th
12-month forward EPS are 22% of 2020 EPS and 78% of 2021 EPS

DISCLOSURES:

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