

Equity and bond market volatility edged higher, due to a stronger-than-expected increase in US CPI inflation

- Equity markets demonstrated elevated volatility in the past week, with the S&P500 declining by 1.4% wow (+11% YtD), mainly due to a -2.1% fall on May 12th, following the release of stronger-than-expected US CPI data for April. Option-implied volatility (Vix) rose to a 2-month high of 28%, albeit the S&P500 recouped a portion of its losses by the end of the week.
- Both the headline and the core CPI index, overshoot consensus estimates by a wide margin, with their annual growth at multi-year highs (4.2% yoy & 3% yoy, respectively). That development fed through to higher market interest rates (US Treasury 10-yield: +7 bps wow to 1.63%), reflecting, *inter alia*, concerns for an earlier withdrawal of the ultra-accommodative US monetary policy stance.
- Looking forward, CPI inflation is expected to accelerate further in May (at +4.5% yoy for the headline and at +3.3% yoy for the core index, according to the Federal Reserve Bank of Cleveland Inflation Nowcasting model), due to a further normalization of pandemic-hit items as the economy fully re-opens, as well as an intensification of some of the favorable base effects currently at play.
- Nevertheless, there is still little evidence to challenge the Federal Reserve's view, that the ongoing inflation spike is temporary (see Economics). Indeed, according to our estimates, the annual pace of growth of the headline CPI will peak in May and later on will revert towards 2% by early-2022.
- A risk to the aforementioned benign outlook, is a possible feedback loop between spiking CPI readings and higher inflation expectations (consumers and businesses). In that context, respective data, will be closely monitored in coming months (see graph below).
- The annual growth of CPI appears a biased indicator for capturing underlying inflation trends at the current juncture, as it is heavily distorted by base effects. Indeed, prices for some items were particularly depressed a year ago (especially oil), due to the pandemic-related lockdowns.
- Instead, assessing prices with the same month two years ago, with a conversion to an annualized rate, broadly eliminates these effects. According to that metric, inflation pressures are still range bound at circa 2.2% in April and are expected to remain so, supporting the view for the transitory nature of the ongoing headline spike (see graph below).
- Trimmed-metrics of inflation, which exclude outliers (e.g. used cars and trucks rose by +10% mom) and focus on the interior of the distribution of price changes, hover around 2.4% yoy.
- On the other side of the Atlantic, according to the European Commission, the gradual relaxation of the measures to stem the spread of Covid-19, which started recently and is expected to intensify in the coming months, will lead euro area GDP higher by 0.9% qoq in the current quarter, +3.2% in the next one and +1.4% in Q4:2021 (following a -0.6% qoq in Q1).
- The aforementioned scenario, points to GDP growth of +4.3% yoy in 2021, followed by +4.4% yoy in 2022 (-6.6% in 2020), in line with our estimates. The latest projections represent an upward revision compared with three months ago (+3.8% in both 2021 and 2022), mostly due to the incorporation of the Next Generation EU programme (€750 bn or 5.25% of 2019 GDP).

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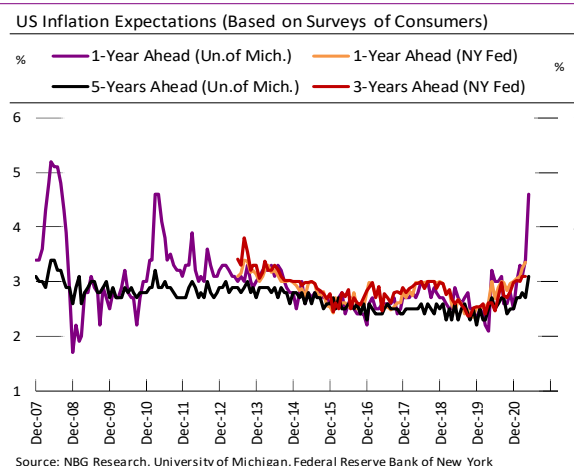
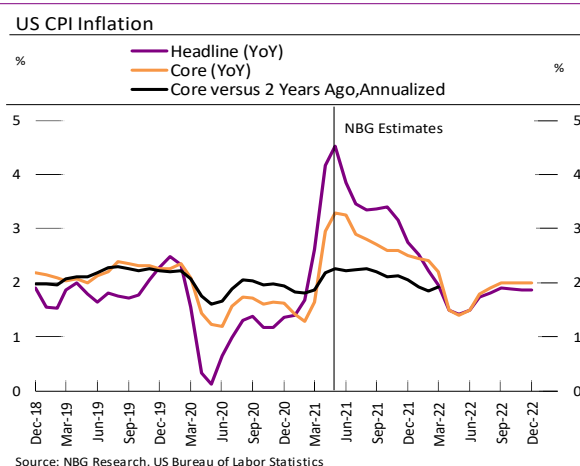
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Charts of the week



US CPI inflation exceeded expectations by a wide margin in April

- **The annual pace of growth of both the headline and core CPI accelerated sharply in April, due to both a robust sequential momentum and strong base effects.** Specifically, the headline growth came out at +4.2% yoy (the highest since September 2008), compared with +2.6% yoy in March and versus consensus estimates for +3.6% yoy. The acceleration was in a substantial part, due to the energy index coming out at +25.1% yoy from +13.2% yoy in March, on the back of base effects (on a monthly basis, the energy index was largely unchanged) due to a much lower base of comparison, for international oil prices (in April 2020, oil prices had plunged due to the pandemic). Meanwhile, the respective trend for the food index, decelerated by 1.1 pp to +2.4% yoy.

- More importantly, core CPI (i.e. CPI excluding food & energy) posted a sharp increase, by 0.9% on a (seasonally adjusted) monthly basis, the highest reading since April 1982. Notably, c. 1/3 of the aforementioned monthly increase was due to the index for used cars and trucks rising by 10.0% mom, a record (since 1953) high. That development is likely due to supply chain issues (including, *inter alia*, a global shortage of semiconductors) which hamper the supply of new cars & trucks (in recent months, the respective production has been particularly restrained, with the output in April standing at levels c. 18% below the ones in January 2021), a factor though which is expected to be transitory.
- Furthermore, the re-opening of the US economy led to a recovery of demand (and consequently of prices) of some travel-related components which had been particularly depressed during the pandemic. Indeed, in April, the monthly growth of prices of lodging away from home including hotels and motels, came out at +8.8% and at +10.2% for airline fares. Combined with strong base effects (as the prices of these items in April 2020 were particularly low), the annual growth came out at +8.1% from -7.6% in March and at +9.6% from -15.1%, respectively (the weight of these components on the headline index are 0.8% and 0.6%, respectively). In addition, base effects also resulted in the annual growth of apparel prices increasing to +1.9% from -2.5% yoy in the previous month (weight of 2.8% on the headline index). As a result of the above, core CPI's annual pace of growth accelerated to +3.0% yoy (the highest since January 1996), from +1.6% yoy in March (consensus for +2.3% yoy).

- Finally, note that the PCE deflator (the Fed's preferred measure for gauging inflationary pressures) was +2.3% yoy in March (+1.5% yoy in February), while the core figure stood at +1.8% yoy (from +1.4% yoy in February). According to the Federal Reserve Bank of Cleveland Inflation Nowcasting model, PCE growth is expected at +3.5% yoy in April and its core counterpart at +3.0% yoy.

US retail sales undershot expectations in April, albeit remaining at robust levels

- **Nominal retail sales were unchanged in April, below consensus estimates for +1.0% mom, albeit following a leap of +10.7% mom in March (upward revised by 0.9 pps), which was supported by fiscal stimulus and the easing of pandemic-related restrictions.** As far as the annual pace of growth for retail sales is concerned, it came out at +51.2% in April, from +29.0% yoy in the previous month, with the latest figures being boosted by large (favorable) base effects (as sales in March/April 2020 were heavily restrained by the pandemic). To discount for these effects, we note that the rate of growth of retail sales, compared with the

same month two years ago (with a conversion to an annualized rate), stood at +10% in April, from +10.2% in March.

- Recall that retail sales mainly include sales of goods (with a total weight of c. 90%), whereas spending on services consists c. 2/3 of overall private consumption. As a result, attention now turns to April's personal spending data (+4.2% mom | +11% yoy in March, in nominal terms), due on May 28th (consensus: +0.5% mom) for a comprehensive measure of personal consumption and especially regarding pandemic-hit items such as transportation, recreation, accommodation, education and personal care.

US manufacturing output rose for a 2nd consecutive month in April

- **US industrial production rose by 0.7% mom in April, from +2.4% mom in March (consensus: +0.9% mom).** The annual pace of growth improved sharply, to +16.5% yoy, from +1.0% yoy, due to base effects. At the same time, manufacturing production (78% of total) increased by 0.4% mom (+23.0% yoy) following a gain of +3.1% mom in March (+3.2% yoy), largely in line with expectations. Discounting for the large base effects, we note that the rate of growth of industrial production, compared with the same month two years ago (with a conversion to an annualized rate), stood at -1.2% in April, from -1.9% in March and the respective trend for the manufacturing output at -0.5% from -1.2%.
- **In all, the Atlanta Fed's GDPNowcast model, points to growth of +10.5% qoq saar (+13.1% yoy) in Q2:2021 for real GDP (+6.4% qoq saar | +0.4% yoy in Q1:21).**

UK real GDP fell in Q1, albeit with a sharp improvement of momentum in the course of the quarter

- **Real GDP declined by 1.5% qoq in Q1:2021 (-5.9% in annualized terms | -6.1% yoy), from +1.3% qoq (+5.2% annualized | -7.3% yoy) in Q4:2020, largely in line with consensus estimates.** The decrease in Q1:2021 was solely due to a plunge of activity in the beginning of the quarter, in view of a tightening of pandemic-related restrictions. In the event, the easing of the aforementioned restrictions late in the quarter, led to a sharp improvement, with the monthly GDP estimate from the UK Office for National Statistics (ONS) at +2.1% mom in March, compared with +0.7% mom in February and -2.5% mom in January.

- **Looking forward, according to the recent estimates from the Bank of England (May Monetary Policy Report), real GDP is expected to increase by 4.3% qoq in Q2:2021** due to the further easing of pandemic-related restrictions. Moreover, the progress in the vaccinations program against Covid-19, leads to a fading of health concerns and of the uncertainty regarding the economic outlook. Overall, following a contraction by -9.8% in FY:2020, GDP is projected to post an increase of +7.3% in 2021, followed by +5.8% in 2022 and +1.3% in 2023. That path, points to GDP returning to pre-pandemic (Q4:19) levels, late in 2021. The balance of risks around these assumptions is judged as skewed to the downside in the first year of the forecast period and broadly balanced further out. The major risks relate to how the pandemic will evolve, including possible renewed waves of infections, alongside a potential emergence of new variants of Covid-19, which could lead to a more prolonged period of uncertainty and of precautionary behavior by households and businesses.

Equities

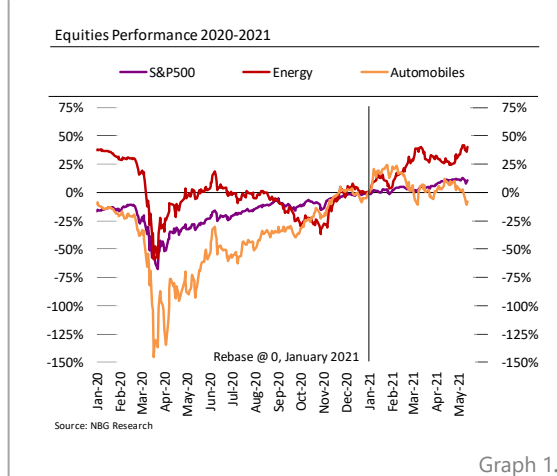
- Global equity markets exhibited high volatility in the past week, due to the stronger-than-expected US inflation data for April.** Overall, the MSCI ACWI ended the week down by 1.6% (+8% ytd). In the US, the S&P500 declined by 1.4% wow, as the sharp acceleration of inflation weighed on sentiment, with investors reassessing valuations as profit margins could be squeezed. During the week, equity implied volatility significantly increased, with the Vix index rising to 28% on Wednesday, its highest level since early-March. On Wednesday, the S&P500 declined by 2.1%, recording its largest daily decline since February 25th, with its cumulative losses since the start of the week reaching -4%. However, on Thursday, the trend reversed, supported by i) the US Centers for Disease Control and Prevention’s revised guidance that fully vaccinated people do not need to wear face masks or keep social distance in most settings; and ii) the decline of weekly jobless claims to a pandemic-era low (473k). Sector-wise, the Automobiles sector led the decline (-10.2% wow) with Tesla underperforming (-12.3% wow – its 2nd largest weekly decline since March 2020), following the decrease of the company’s sales in China by 27% mom, which was significantly more profound than the overall decline of 12% in the EV market. On the other side of the Atlantic, the Eurostoxx fell 0.5% wow, with Banks overperforming (+3.8% wow), due to the higher interest rates that support their future earnings.

Fixed Income

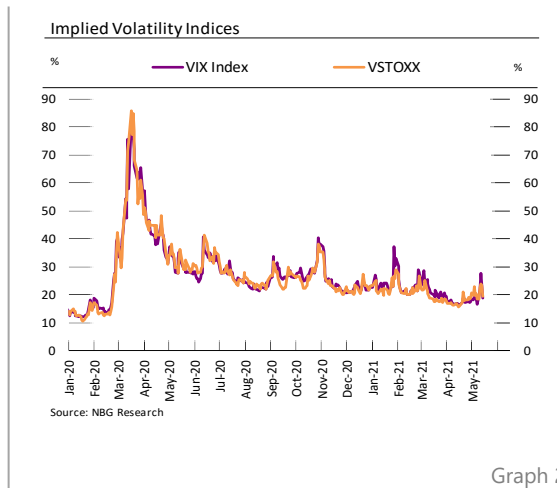
- Government bond yields rose in major advanced economies in the past week.** Specifically, the US Treasury 10-year yield ended the week up by 7 bps wow to 1.63%, with the yield recording on Wednesday its largest daily increase since mid-March (+8 bps to 1.70%), following the strong inflation data. Fed officials (Clarida, Waller) tried to reassure investors that the increase of inflation should be temporary due to transitory factors and that that it will take "some time" before the Fed considers to ease its accommodative policy. In the UK, the 10-year yield rose by 11 bps wow to 0.86%. In Germany, the 10-year yield increased by 11 bps wow to -0.10%, the highest level since May 2019 while in France, it rose by 12 bps wow to 0.21%, the highest level since March 2020. Investors are pricing in (i) higher euro area growth due to the accelerating vaccinations and (ii) the possibility that the ECB will eventually slowdown the pace of its bond purchases via its pandemic emergency programme (PEPP). Similarly, periphery bond yields, in the 10-year tenor increased across the board (Italy: +12 bps to 1.05%, its highest level since September 2020, Spain: +12 bps to 0.59% its highest level since June 2020, Portugal: +9 bps to 0.54%, its highest level since June 2020, Greece: +7 bp to 1.06%). **Corporate bond spreads widened in the HY spectrum in the past week.** Specifically, US high yield spreads rose by 8 bps wow to 335 bps, while their euro area counterparts were up by 2 bps wow to 306 bps. In the Investment Grade spectrum, US and EUR spreads were broadly stable at 92 bps and 85 bps respectively.

FX and Commodities

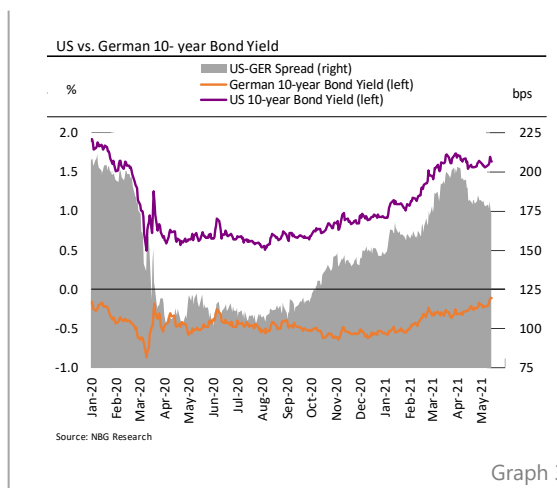
- The British Pound found support in the past week following positive -- for the ruling Conservative Party -- local election results, especially in Hartlepool, where the party had not won since 1974.** Overall, the Sterling rose by 0.8% wow against the US dollar to \$1.409 and by 0.8% against the euro to €0.861. **Finally, in commodities, oil prices ended the week broadly stable,** with investors weighing the increase of refiners’ oil demand after the reopening of a major US fuel pipeline following a cyber-attack that caused its six-day shutdown and the announcement that fuel consumption in India, a proxy for oil demand, declined by 9.4% mom in April. Overall, Brent ended the week up by 0.6% to \$68.7/barrel (+33% ytd), and the WTI by 0.7% to \$65.4/barrel (+35% ytd).



Graph 1.



Graph 2.



Graph 3.

Quote of the week: "That second thud you heard yesterday was forecasters' bodies following their jaws to the floor after the CPI report was released. It was a surprise, but a look at its causes doesn't alter my fundamental outlook, which is that the main pressures on inflation are temporary.", **Fed Governor, Christopher Waller, May 13th 2021.**

Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	May 14th	3-month	6-month	12-month	Official Rate (%)	May 14th	3-month	6-month	12-month
Germany	-0.10	-0.30	-0.20	-0.10	Euro area	0.00	0.00	0.00	0.00
US	1.63	1.40	1.50	1.60	US	0.25	0.25	0.25	0.25
UK	0.86	0.78	0.81	0.84	UK	0.10	0.10	0.08	0.06
Japan	0.08	0.08	0.14	0.14	Japan	-0.10	-0.10	-0.10	-0.10

Currency	May 14th	3-month	6-month	12-month	May 14th	3-month	6-month	12-month	
EUR/USD	1.21	1.17	1.18	1.20	USD/JPY	109	107	106	105
EUR/GBP	0.86	0.87	0.87	0.87	GBP/USD	1.41	1.35	1.36	1.38
EUR/JPY	132	125	125	126					

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	12.6	6.8	7.0	6.3
Real GDP Growth (QoQ saar) (2)	-	-5.0	-31.4	33.4	4.3	-	6.4	8.4	8.2	5.1	-
Private Consumption	2.4	-6.9	-33.2	41.0	2.3	-3.9	10.7	10.5	9.8	5.6	8.4
Government Consumption	2.3	1.3	2.5	-4.8	-0.8	1.1	6.3	0.9	0.2	2.3	1.2
Investment	1.9	-1.4	-29.2	31.3	18.6	-1.8	10.1	5.2	4.6	3.2	8.9
Residential	-1.7	19.0	-35.6	63.0	36.6	6.1	10.8	8.1	5.0	1.1	14.7
Non-residential	2.9	-6.7	-27.2	22.9	13.1	-4.0	9.9	7.5	4.5	3.8	7.6
Inventories Contribution	0.0	-1.6	-4.3	6.7	1.4	-0.7	-3.1	1.2	0.5	0.2	0.3
Net Exports Contribution	-0.2	1.5	0.3	-5.5	-2.2	0.0	-1.1	-1.7	0.0	0.0	-1.7
Exports	-0.1	-9.5	-64.4	59.6	22.3	-12.9	-1.1	11.7	9.5	7.9	6.4
Imports	1.1	-15.0	-54.1	93.1	29.8	-9.3	5.7	17.8	6.4	5.1	14.4
Inflation (3)	1.8	2.1	0.3	1.2	1.3	1.2	1.9	4.2	3.5	3.2	3.2

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	-4.2	-4.9	-6.8	-1.8	12.3	2.7	4.8	4.3
Real GDP Growth (QoQ saar)	-	-14.2	-38.8	59.9	-2.6	-	-2.5	4.5	12.0	5.7	-
Private Consumption	1.3	-16.8	-41.6	69.5	-11.5	-8.1	-3.3	6.0	17.7	7.2	3.5
Government Consumption	1.8	-1.1	-8.4	19.9	1.7	1.1	1.5	1.5	1.5	1.8	2.9
Investment	5.0	-21.7	-50.5	68.3	6.4	-8.5	0.5	7.9	12.1	6.4	6.9
Inventories Contribution	-0.3	2.1	0.0	-5.8	2.5	-0.2	0.1	0.0	0.0	0.1	-0.1
Net Exports Contribution	-0.5	-1.9	-3.4	10.4	-0.3	-0.6	-1.0	-0.9	-0.1	0.0	0.4
Exports	2.5	-14.1	-56.6	85.4	14.9	-9.8	1.9	3.7	10.7	7.7	8.4
Imports	4.0	-11.3	-55.1	56.1	17.4	-9.3	4.4	6.0	11.9	8.3	8.0
Inflation	1.2	1.1	0.2	0.0	-0.3	0.3	1.0	1.6	2.0	2.1	1.7

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

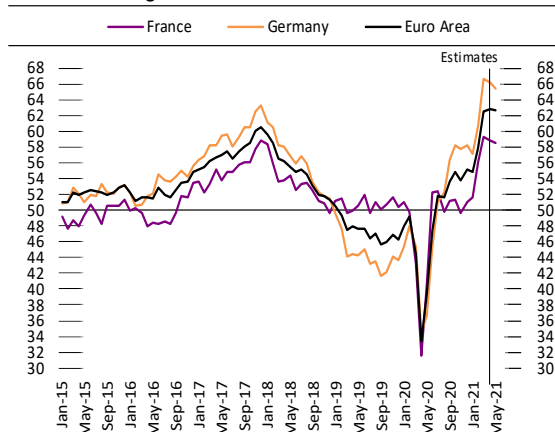
	US	Euro Area	Japan	UK
Equity Markets	<ul style="list-style-type: none"> + Massive Fiscal loosening will support the economy + 2021 EPS growth expectations have further room to increase + Share buybacks could resume - Peaking profit margins - High market cap concentration - P/Es (Valuations) approaching 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 Friday, April's existing home sales announcement will gather investors' attention. In addition, housing starts & building permits data for April are released on May 18th. 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, the second estimate of Q1:21 GDP on Tuesday will be closely watched. GDP is expected to remain unchanged compared with the previous estimate (-0.6% qoq | -1.8% yoy). On Friday, PMIs and consumer confidence surveys for May will provide valuable insight regarding the current economic momentum.

Manufacturing PMIs



Economic News Calendar for the period: May 11 - May 24, 2021

Tuesday 11					Wednesday 12				
GERMANY					US				
ZEW survey current situation	May	S	A	P	CPI (YoY)	April	S	A	P
ZEW survey expectations	May	73.5	+ 84.4	-48.8	Core CPI (YoY)	April	3.6%	+ 4.2%	2.6%
CHINA					UK				
CPI (YoY)	April	1.0%	- 0.9%	0.4%	GDP (QoQ)	Q1:21	-1.6%	+ -1.5%	1.3%
					GDP (YoY)				
					GDP (MoM)				
					Government Spending QoQ				
					Private Consumption (QoQ)				
					Gross Fixed Capital Formation (QoQ)				
					Industrial Production (MoM)				
					Industrial Production (YoY)				
					JAPAN				
					Leading Index				
					Coincident Index				
					EURO AREA				
					Industrial Production (sa, MoM)				
					Industrial Production (wda, YoY)				
					CHINA				
					Money Supply M0 (YoY)				
					Money Supply M1 (YoY)				
					Money Supply M2 (YoY)				
					New Yuan Loans (RMB bn)				
					Aggregate Financing (RMB bn)				
					US				
					Retail Sales Advance MoM				
					Retail sales ex-autos (MoM)				
					Industrial Production (MoM)				
					University of Michigan consumer confidence				
					JAPAN				
					Empire Manufacturing				
					Net Long-term TIC Flows (\$ bn)				
					NAHB housing market confidence index				
					CHINA				
					Retail sales (YoY)				
					Industrial production (YoY)				
					US				
					Initial Jobless Claims (k)				
					Continuing Claims (k)				
					Philadelphia Fed Business Outlook				
					JAPAN				
					Exports YoY				
					Imports YoY				
					EURO AREA				
					Markit Eurozone Manufacturing PMI				
					Markit Eurozone Services PMI				
					Markit Eurozone Composite PMI				
					Consumer Confidence Indicator				
					US				
					Markit US Manufacturing PMI				
					Existing home sales (mn)				
					UK				
					Markit UK PMI Manufacturing				
					Markit/CIPS UK Services PMI				
					Retail sales Ex Auto MoM				
					JAPAN				
					PMI manufacturing				
					CPI (YoY)				
					Core CPI (YoY) - ex. Fresh Food				
					Core CPI (YoY) - ex. Fresh Food and Energy				
					EURO AREA				
					GDP (QoQ)				
					GDP (YoY)				
					Trade Balance SA (€ bn)				
					US				
					Building permits (k)				
					Housing starts (k)				
					UK				
					ILO Unemployment Rate				
					JAPAN				
					GDP (QoQ)				
					EURO AREA				
					GDP (QoQ)				
					GDP (YoY)				
					Trade Balance SA (€ bn)				
					US				
					FOMC Minutes				
					UK				
					CPI (YoY)				
					Core CPI (YoY)				
					JAPAN				
					Initial Jobless Claims (k)				
					Continuing Claims (k)				
					Philadelphia Fed Business Outlook				
					JAPAN				
					Exports YoY				
					Imports YoY				
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					Markit Eurozone Manufacturing PMI				
					Markit Eurozone Services PMI				
					Markit Eurozone Composite PMI				
					Consumer Confidence Indicator				
					US				
					Markit US Manufacturing PMI				
					Existing home sales (mn)				
					UK				
					Markit UK PMI Manufacturing				
					Markit/CIPS UK Services PMI				
					Retail sales Ex Auto MoM				
					JAPAN				
					PMI manufacturing				
					CPI (YoY)				
					Core CPI (YoY) - ex. Fresh Food				
					Core CPI (YoY) - ex. Fresh Food and Energy				

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	4174	-1.4	11.1	46.3	46.4	MSCI Emerging Markets	72981	-2.8	1.8	38.1	
Japan	NIKKEI 225	28084	-4.3	2.3	41.0	32.5	MSCI Asia	1130	-3.4	0.5	38.8	
UK	FTSE 100	7044	-1.2	9.0	22.7	-3.5	China	103	-3.1	-4.5	26.6	
Canada	S&P/TSX	19367	-0.5	11.1	33.5	18.7	Korea	977	-2.1	5.5	63.4	
Hong Kong	Hang Seng	28028	-2.0	2.9	17.6	-0.9	MSCI Latin America	102692	0.0	2.8	42.4	
Euro area	EuroStoxx	445	-0.5	11.9	44.8	20.5	Brazil	376168	-0.4	0.6	49.2	
Germany	DAX 30	15417	0.1	12.4	49.1	27.4	Mexico	44998	-0.2	10.7	34.1	
France	CAC 40	6385	0.0	15.0	49.4	18.8	MSCI Europe	6447	-0.6	7.4	30.6	
Italy	FTSE/MIB	24766	0.6	11.4	46.8	18.7	Russia	1446	-1.2	9.5	31.6	
Spain	IBEX-35	9146	1.0	13.3	39.7	-0.3	Turkey	1532905	-0.1	-9.4	24.3	

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		167.2	-0.4	29.5	43.2	-17.3	Energy		165.9	-0.5	28.2	34.2
Materials		367.2	-1.3	15.1	68.3	50.6	Materials		337.4	-1.2	15.0	56.7
Industrials		341.2	-1.4	12.1	64.6	35.8	Industrials		329.6	-1.3	13.1	58.8
Consumer Discretionary		395.7	-3.0	5.0	60.8	56.4	Consumer Discretionary		376.3	-2.9	5.7	57.3
Consumer Staples		275.7	0.4	4.2	23.9	17.7	Consumer Staples		268.6	0.3	4.4	18.6
Healthcare		328.1	-0.5	5.0	19.8	38.7	Healthcare		318.4	-0.5	5.5	16.7
Financials		146.3	0.3	22.5	73.7	29.3	Financials		142.5	0.3	22.4	64.9
IT		456.9	-2.6	3.0	47.2	77.0	IT		439.5	-2.5	3.3	45.8
Telecoms		104.7	-2.2	11.3	48.0	48.1	Telecoms		108.5	-2.2	11.7	46.1
Utilities		157.4	-0.5	2.7	23.1	15.8	Utilities		157.1	-0.5	2.7	17.9

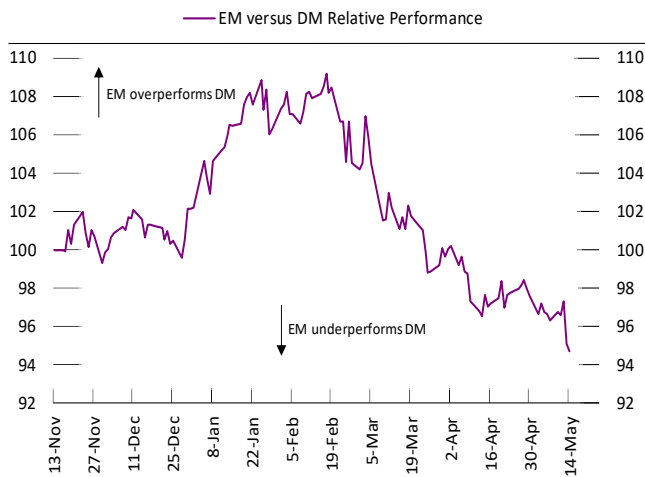
Bond Markets (%)

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		1.63	1.56	0.92	0.62	2.09	US Treasuries 10Y/2Y		147	142	80	44
Germany		-0.10	-0.22	-0.56	-0.52	0.66	US Treasuries 10Y/5Y		80	77	53	25
Japan		0.08	0.08	0.02	0.00	0.32	Bunds 10Y/2Y		56	48	16	25
UK		0.86	0.75	0.20	0.20	1.55	Bunds 10Y/5Y		41	38	18	23
Greece		1.06	0.99	0.62	2.03	8.77	Corporate Bond Spreads (in bps)		Current	Last week	Year Start	One Year Back
Ireland		0.26	0.14	-0.30	0.14	2.53	EM Inv. Grade (IG)		152	154	163	290
Italy		1.05	0.94	0.45	1.85	2.74	EM High yield		507	505	524	933
Spain		0.59	0.47	0.04	0.77	2.39	US IG		92	93	103	221
Portugal		0.54	0.44	0.04	0.83	3.97	US High yield		335	327	386	777
US Mortgage Market (1. Fixed-rate Mortgage)		Current	Last week	Year Start	One Year Back	10-year average	Euro area IG		85	85	93	196
30-Year FRM ¹ (%)		3.11	3.18	2.90	3.43	4.07	Euro area High Yield		306	304	355	658
vs 30Yr Treasury (bps)		76.8	90.0	125.4	213.8	124.1						

Foreign Exchange & Commodities

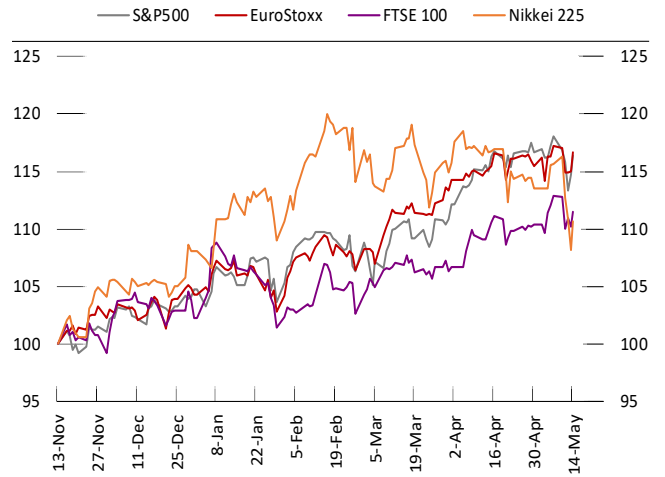
Foreign Exchange		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Commodities		Current	1-week change (%)	1-month change (%)	1-Year change (%)
Euro-based cross rates							Agricultural		438	-7.3	9.3	69.6
EUR/USD		1.21	-0.1	1.4	12.2	-0.8	Energy		220	0.6	4.3	117.1
EUR/CHF		1.10	-0.1	-0.8	4.3	1.3	West Texas Oil (\$)		65	0.7	3.5	137.2
EUR/GBP		0.86	-0.8	-0.8	-2.8	-3.8	Crude Brent Oil (\$)		69	0.6	3.2	120.7
EUR/JPY		132.78	0.7	1.8	14.7	5.1	Industrial Metals		472	-2.4	9.1	74.5
EUR/NOK		10.00	0.1	-0.4	-9.6	-4.5	Precious Metals		2446	0.4	6.1	9.8
EUR/SEK		10.13	0.2	0.0	-4.9	0.8	Gold (\$)		1843	0.7	6.1	6.5
EUR/AUD		1.56	0.9	0.8	-7.2	-1.5	Silver (\$)		27	-0.2	7.9	72.8
EUR/CAD		1.47	-0.5	-2.2	-3.7	-5.8	Baltic Dry Index		2939	-7.7	34.9	647.8
USD-based cross rates							Baltic Dirty Tanker Index		610	0.5	-0.3	-29.3
USD/CAD		1.21	-0.4	-3.5	-14.2	-5.0						
USD/AUD		1.29	0.9	-0.6	-17.3	-0.7						
USD/JPY		109.44	0.8	0.4	2.2	6.0						

EM vs DM Performance in \$



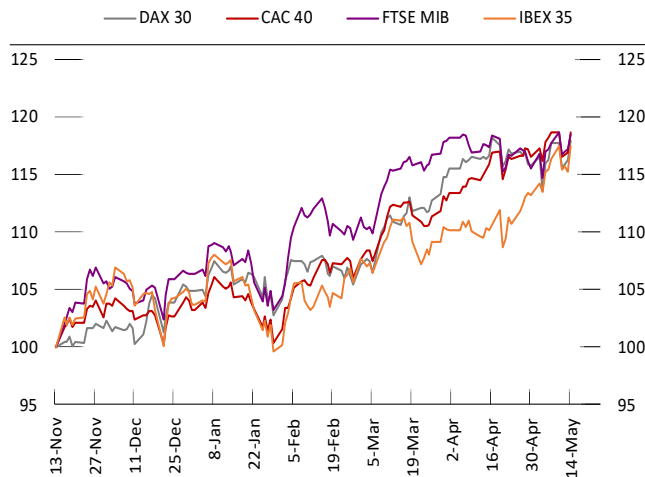
Data as of May 14th – Rebased @ 100

Equity Market Performance - G4



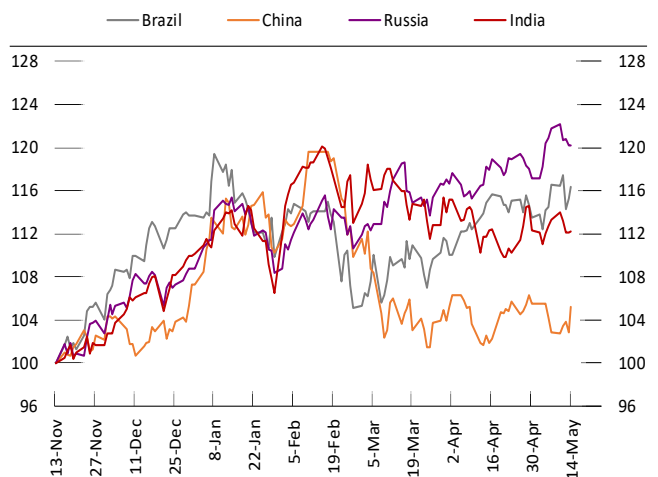
Data as of May 14th – Rebased @ 100

Equity Market Performance – Euro Area G4



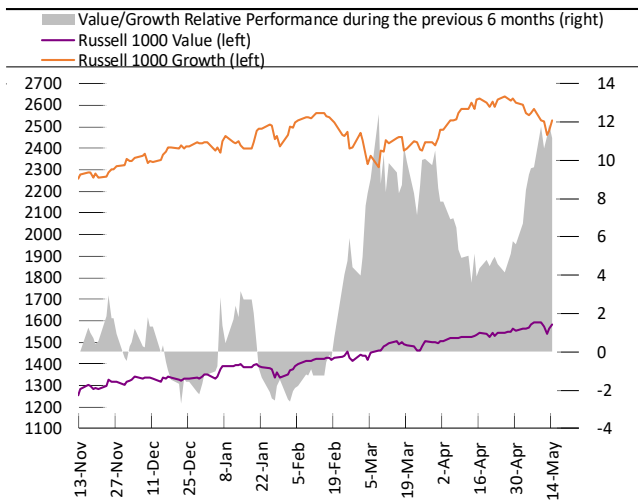
Data as of May 14th – Rebased @ 100

Equity Market Performance - BRICs



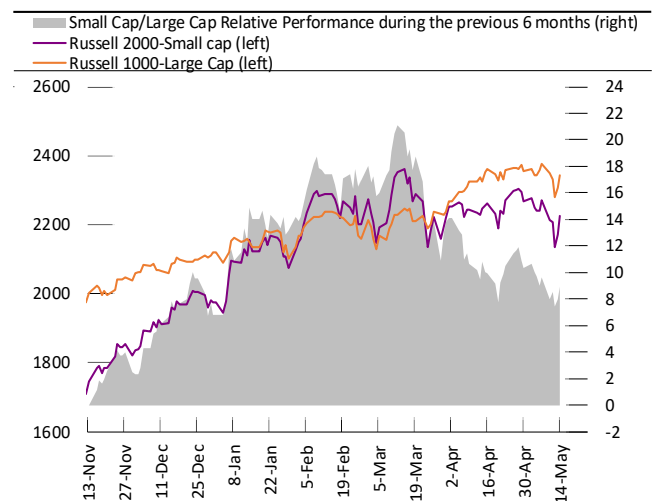
Data as of May 14th – Rebased @ 100

Russell 1000 Value & Growth Index



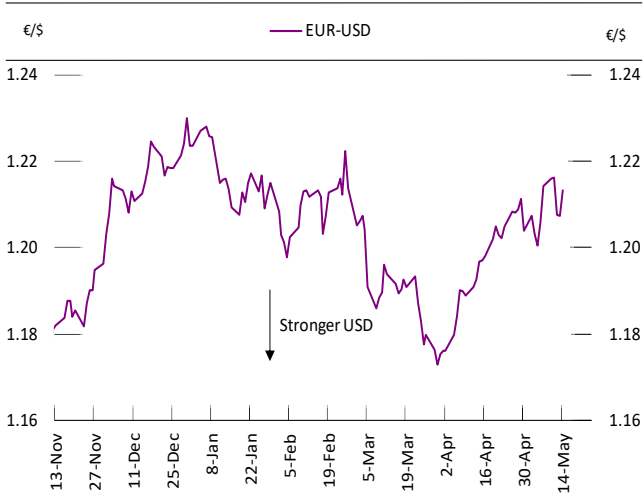
Data as of May 14th

Russell 2000 & Russell 1000 Index



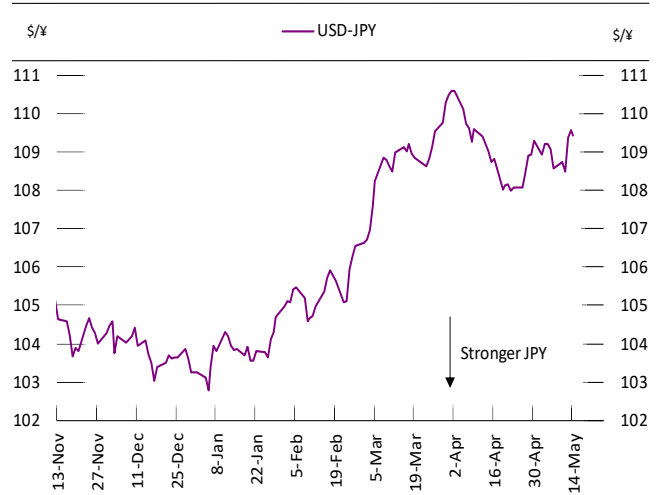
Data as of May 14th

EUR/USD



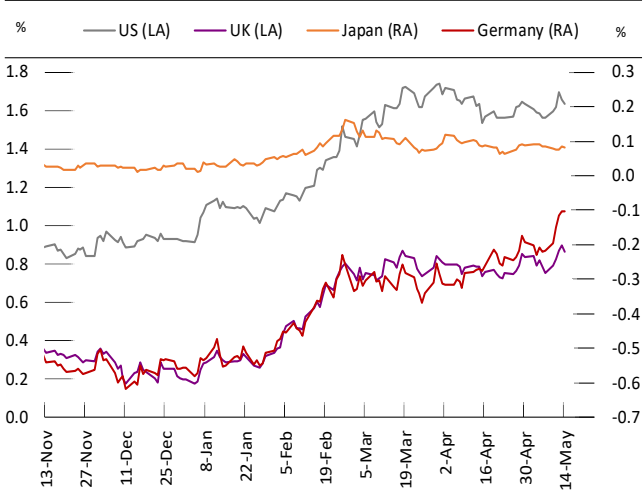
Data as of May 14th

JPY/USD



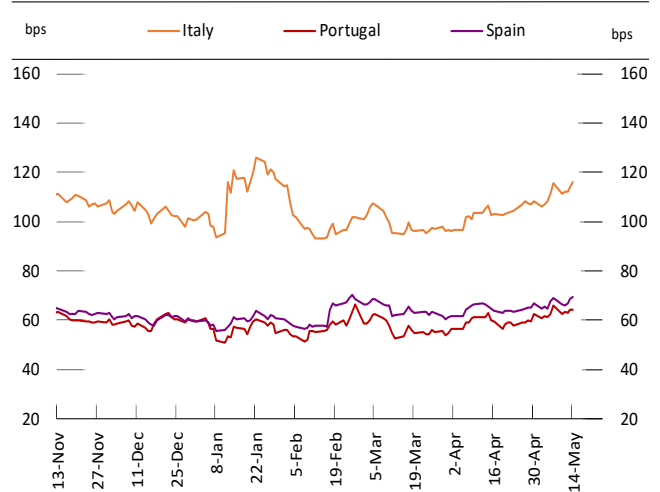
Data as of May 14th

10- Year Government Bond Yields



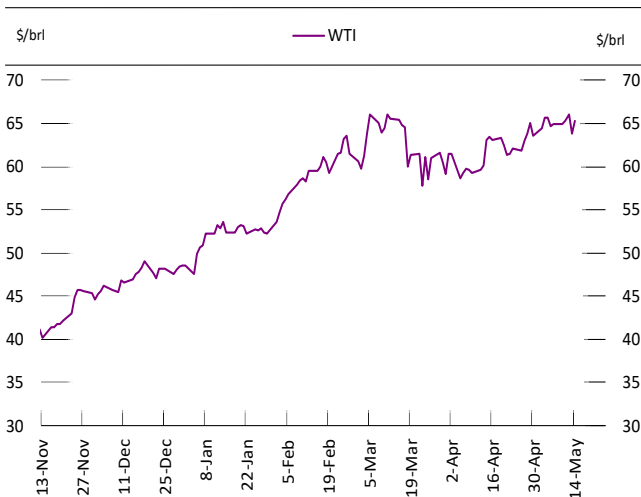
Data as of May 14th
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



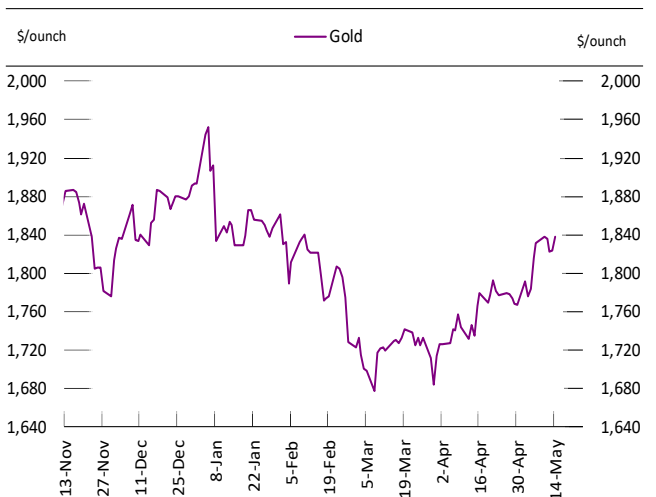
Data as of May 14th

West Texas Intermediate (\$/bbl)



Data as of May 14th

Gold (\$/ounce)



Data as of May 14th

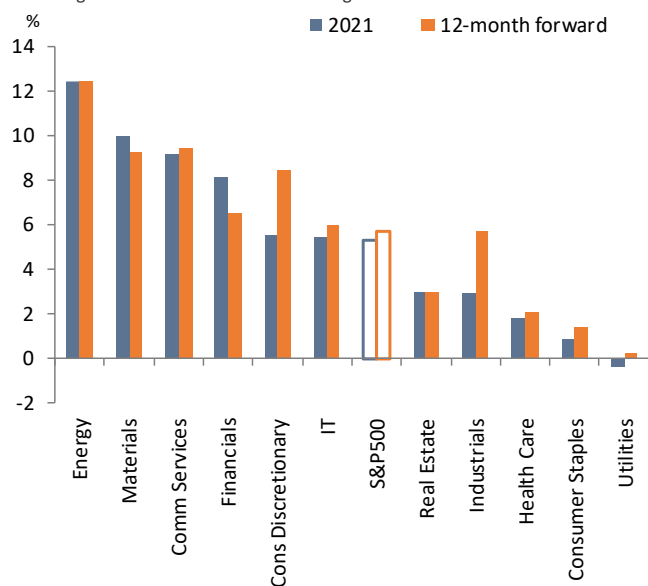
US Sectors Valuation

	Price (\$)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	14/5/21	% Weekly Change	%YTD	2020	2021	2020	2021	2020	2021	12m fwd	10Yr Avg	2020	2021	Current	10Yr Avg
S&P500	4174	-1.4	11.1	-14.0	34.9	1.5	1.4	27.6	22.4	21.5	16.2	4.2	4.3	4.2	2.7
Energy	401	-0.8	40.2	N/A	N/A	4.8	4.1	N/A	21.0	19.4	17.9	1.7	1.8	1.8	1.7
Materials	552	0.1	21.1	-6.4	58.8	1.8	1.7	26.5	20.0	19.8	15.5	3.1	3.3	3.3	2.6
Financials															
Diversified Financials	1018	-0.2	24.8	-6.4	38.1	1.3	1.2	20.1	17.1	17.0	14.3	2.0	2.1	2.1	1.5
Banks	427	1.1	35.2	-32.6	65.3	2.6	2.1	17.9	12.7	12.9	11.1	1.3	1.4	1.4	1.0
Insurance	524	-0.4	22.6	-9.5	25.7	2.3	2.3	14.7	13.8	13.5	11.1	1.4	1.6	1.5	1.1
Real Estate	262	-1.0	15.0	-5.0	6.9	3.0	2.6	21.5	22.7	22.3	18.4	3.3	3.9	4.0	3.2
Industrials															
Capital Goods	898	-0.7	18.1	-30.9	53.3	1.6	1.4	33.3	24.8	23.3	16.4	5.1	5.5	5.3	3.7
Transportation	1126	-0.4	21.0	N/A	N/A	1.4	1.2	N/A	49.0	N/A	10.7	7.1	7.8	7.4	3.7
Commercial Services	462	-0.7	9.7	5.5	12.6	1.2	1.1	27.9	29.7	28.5	20.3	5.3	5.7	5.5	3.4
Consumer Discretionary															
Retailing	3827	-2.5	7.4	20.5	24.0	0.5	0.5	40.6	36.0	33.9	25.1	15.2	13.1	12.0	8.0
Consumer Services	1408	-1.9	6.7	N/A	N/A	1.1	0.9	N/A	199.2	N/A	23.2	17.2	22.8	21.7	8.5
Consumer Durables	492	-3.6	11.7	-4.0	45.0	1.2	1.2	24.8	18.8	18.0	17.3	4.7	4.6	4.3	3.3
Automobiles and parts	121	-10.2	-7.9	-66.9	49.8	0.2	0.0	68.3	41.5	N/A	12.1	7.2	5.9	5.6	2.2
IT															
Technology	2537	-2.0	0.7	8.2	36.5	1.0	0.9	28.7	22.4	22.0	14.0	15.2	14.9	14.3	5.2
Software & Services	3268	-1.6	6.1	8.3	17.0	0.8	0.8	35.1	31.7	30.2	19.3	10.0	9.6	9.1	5.7
Semiconductors	1852	-4.3	4.7	10.5	24.0	1.2	1.3	25.6	20.0	19.3	14.8	7.6	6.4	6.0	3.5
Communication Services	253	-2.0	13.9	0.1	24.0	0.9	0.8	26.7	23.5	22.4	18.3	4.1	4.1	3.9	3.0
Media	987	-2.3	15.4	5.0	36.5	0.2	0.2	34.2	27.1	25.6	21.4	5.2	5.1	4.9	3.4
Consumer Staples															
Food & Staples Retailing	590	-0.5	3.7	2.9	2.3	1.7	1.6	22.9	24.9	24.1	17.3	4.7	5.0	4.8	3.4
Food Beverage & Tobacco	780	0.4	7.4	1.4	8.4	3.5	3.2	18.6	19.5	19.1	18.0	5.1	5.4	5.4	5.0
Household Goods	847	1.1	0.0	11.2	6.7	2.3	2.2	24.3	25.0	24.3	20.3	9.5	10.7	10.6	6.0
Health Care															
Pharmaceuticals	1139	0.5	6.4	9.9	14.3	2.2	2.2	15.6	14.7	14.5	14.8	5.2	5.5	5.3	4.1
Healthcare Equipment	1746	-1.7	10.7	5.3	16.2	0.9	1.0	21.8	21.0	20.4	16.1	3.8	4.0	3.8	2.8
Utilities	334	-0.4	4.6	1.5	2.8	3.5	3.2	18.1	19.9	19.4	16.5	1.9	2.1	2.1	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

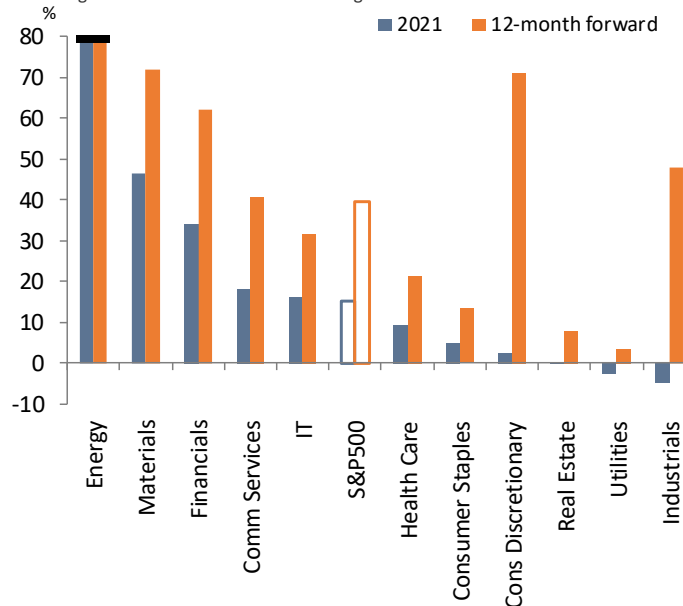


Data as of May 14th

12-month forward EPS are 63% of 2021 EPS and 37% 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 May 14th

12-month forward EPS are 63% of 2021 EPS and 37% of 2022 EPS

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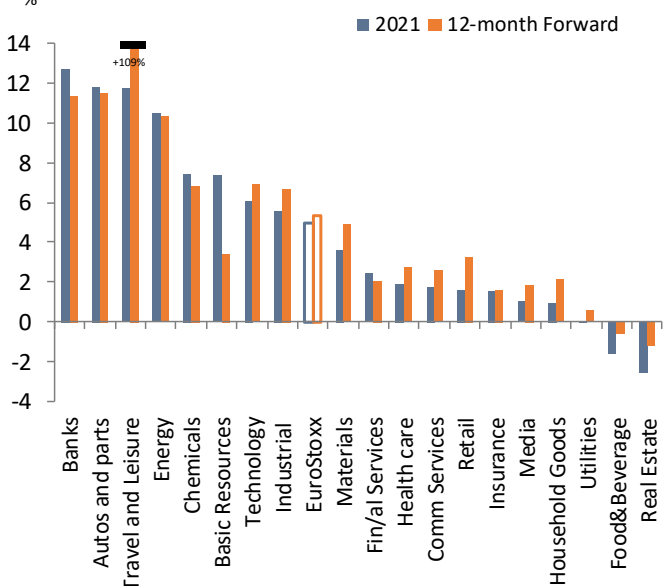
Euro Area Sectors Valuation

	Price (€)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	14/5/21	% Weekly Change	%YTD	2020	2021	2020	2021	2020	2021	12m fwd	10Yr Avg	2020	2021	Current	10Yr Avg
EuroStoxx	445	-0.5	11.9	-35.3	48.6	2.2	2.5	25.8	19.1	18.1	13.9	1.8	1.9	1.8	1.4
Energy	275	0.8	9.0	-79.4	288.0	4.1	4.7	55.5	14.6	13.9	12.8	1.4	1.4	1.3	1.1
Materials	525	-0.9	21.8	-34.3	44.5	2.9	2.7	22.5	17.9	16.9	14.4	1.8	2.0	1.9	1.4
Basic Resources	242	-1.6	16.5	N/A	N/A	2.2	2.2	N/A	8.6	9.7	12.0	1.1	1.1	1.0	0.7
Chemicals	1399	-0.6	11.1	-7.7	32.8	2.5	2.4	24.8	21.2	20.8	16.1	2.4	2.7	2.6	2.3
Financials															
Fin/ial Services	529	-0.5	7.8	-27.2	24.9	2.4	2.6	18.8	16.2	16.5	14.0	1.3	1.4	1.3	1.2
Banks	97	3.8	32.1	-47.6	51.9	2.1	4.4	14.8	11.3	10.7	9.6	0.6	0.6	0.6	0.6
Insurance	294	0.5	12.6	-24.1	36.8	5.5	5.2	12.9	10.2	10.0	9.4	0.8	0.9	0.9	0.9
Real Estate	216	-0.3	-2.1	-14.5	0.4	3.2	3.3	18.4	19.4	18.6	17.1	0.9	0.9	0.9	1.0
Industrial	1081	-1.5	10.4	-24.6	16.0	1.5	1.7	28.1	26.1	24.2	16.3	3.4	3.5	3.4	2.5
Consumer Discretionary															
Media	253	-1.5	15.6	-23.2	13.9	2.3	2.3	21.7	20.7	19.9	16.0	2.7	2.6	2.6	1.9
Retail	760	1.4	14.6	-41.7	61.9	1.8	2.0	43.8	32.7	30.8	22.5	5.6	6.2	6.0	4.2
Automobiles and parts	593	-0.3	17.7	-77.8	574.8	1.7	3.5	52.5	8.7	8.2	8.8	1.0	1.0	1.0	1.0
Travel and Leisure	212	-7.1	-0.8	N/A	N/A	0.3	0.5	N/A	N/A	N/A	N/A	2.7	3.2	3.1	2.0
Technology	807	-3.2	12.5	-5.3	26.2	0.6	0.7	36.2	30.2	28.5	19.8	5.4	5.0	4.8	3.4
Communication Services	277	-0.3	11.8	6.7	-18.7	4.6	3.6	12.1	16.5	15.8	14.1	1.4	1.5	1.5	1.7
Consumer Staples															
Food&Beverage	555	-0.4	6.6	-39.9	26.0	1.5	1.6	28.6	25.9	24.6	19.2	2.4	2.7	2.6	2.6
Household Goods	1373	0.1	12.8	-31.4	50.2	1.0	1.1	51.6	39.1	37.2	23.6	6.5	6.7	6.5	3.7
Health care	873	0.4	7.4	-8.9	7.8	1.9	2.0	20.4	20.3	19.5	16.1	2.4	2.4	2.4	2.2
Utilities	386	-0.4	1.5	-21.6	19.4	4.4	4.2	18.7	16.9	16.5	13.2	1.6	1.8	1.7	1.1

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

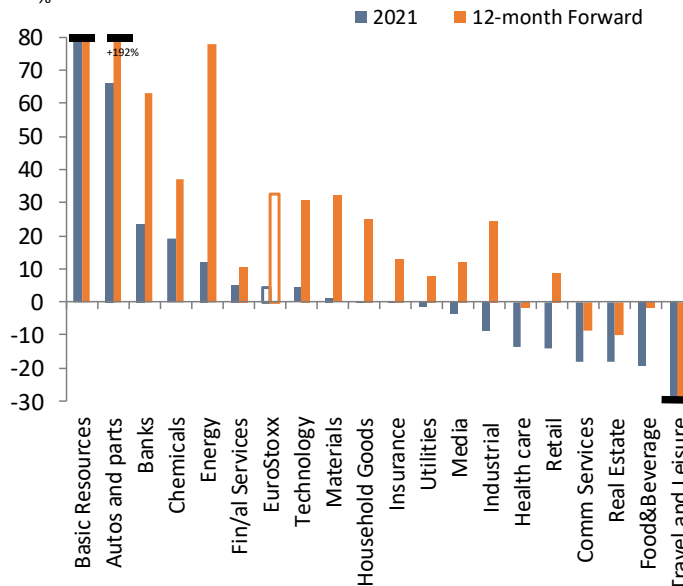
Earnings Revisions indicate 1-month change in 2021 & 12-month Forward EPS %



Data as of May 14th
12-month forward EPS are 63% of 2021 EPS and 37% 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 May 14th
12-month forward EPS are 63% of 2021 EPS and 37% of 2022 EPS

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