



## US equity markets closed at record highs in the past week due to optimism about a large fiscal package and supportive monetary policy

- US equity markets edged higher in the past week as the strong prospect of further fiscal stimulus and better-than-expected corporate earnings contributed to the upside. The S&P500 has been up in five out of the six past weeks (+1.9% wow | +2.3% YTD). President-elect Biden has proposed a new fiscal relief program of \$1.9 trillion (9% of 2019 GDP). In the details, the so-called "American Rescue Plan", will provide (i) direct support to households via "checks" of \$1400; (ii) increased and extended unemployment insurance benefits (\$300/week on top of regular benefits by additional 11 weeks); (iii) aid to small businesses and state and local governments and (iv) additional funds to the vaccination program against Covid-19. Having said that, the final size of the package could be trimmed to a lower, albeit significant figure in the tune of \$1 trillion to \$1.5 trillion.
- The expected spending increases should be a large fiscal impetus to aggregate spending boosting real GDP growth and probably leaving the level of US GDP at the end of 2022 above the pre-pandemic path. The mean value of US 2021 real GDP expectations stands at 4% (see graph below).
- Corporate earnings are expected to edge higher in tandem, with heightened expectations for a cyclical recovery following a sizeable decline in Q2/Q3 of 2020 (see graph page 3). The US Q4:2020 earnings season has begun on a strong footing. The mean positive surprise per company hovers at 22% vs a 5-year average of 6%. Financials led the surprises with Goldman Sachs beating consensus EPS estimates by 62% (\$12.1 vs \$7.5), Citigroup by 55% (\$2.1 vs \$1.34), JPMorgan Chase by 43% (\$3.8 vs \$2.7) and Morgan Stanley also by 43% (\$1.8 vs \$1.3). As a result, Financial sector's expected EPS growth for the quarter has turned positive to +10% yoy from -7.5% yoy at the start of the season (January 7<sup>th</sup>).
- Out of 12% of the S&P500 companies that have reported so far, 86% have exceeded estimates vs a 5-year average of 74%, while analysts' expectations for EPS growth in Q4:20 stand at -5.2% yoy from -9.4% yoy at the start of the season and -5.7% yoy in Q3:20. Looking forward, analysts expect EPS to improve substantially in the course of the year recording double-digit increases. Overall, 2021 S&P500 EPS are expected at +23% from -12% in 2020. All in, US equities are looking increasing frothy with the S&P500 12-month forward P/E at 22.5x due to widespread optimism among policymakers, analysts and investors that uninterrupted vaccine rollouts will help economies to start returning to a pre pandemic normalcy in Q2:2021.
- Euro area equity markets lagged due to escalating Covid-19 cases and extending lockdowns (Germany) with the Eurostoxx index flat on weekly basis. Political uncertainty (Italian Prime Minister Conte has eventually resigned) and a slight hawkish addition by the European Central Bank to its monetary policy statement weigh negatively as well. Indeed, the ECB added that the total envelope of €1,850 bn of the Pandemic Emergency Purchase Programme (€781 bn as of January 15<sup>th</sup>) may not be used in full if favourable financing conditions can be maintained with asset purchase flows that do not exhaust the PEPP envelope, driving the euro area periphery bond spreads higher. Specifically, the 10-Year BTP/Bund spread widened by 8 bps to 126 bps and the 10-Year Bonos/Bund spread widened by 4 bps to 64 bps. While the add-in was not a game-changer (cont'd on page 2)

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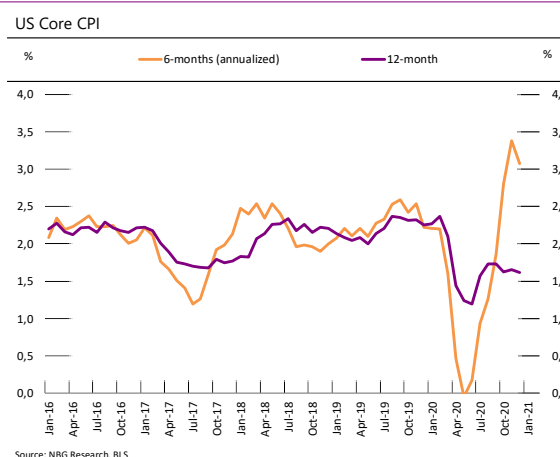
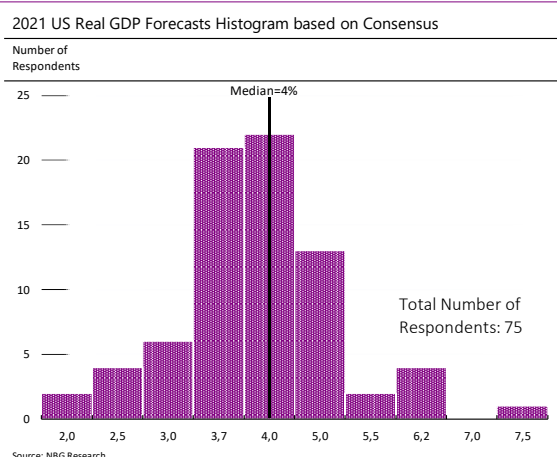
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Charts of the week



... for monetary policy per se, the negative market reaction indicates the challenges that central banks are expected to face when the time (inflation or financial stability risks) comes to reverse their extraordinary liquidity support.

Nevertheless, as Chair Powell has stated, now is not the time to talk about exit from the path of asset purchases. The Federal Reserve (Fed) convenes this week (January 26<sup>th</sup> – 27<sup>th</sup>), albeit we do not expect any change to the forward guidance. US Treasury purchases will continue with a pace of at least \$80 billion per month and of agency Mortgage-Backed Securities by at least \$40 billion per month. The US economy is far from the Fed's goals of maximum employment and average inflation of 2% (see graph page 1).

### The decrease of overall business activity in the euro area, intensified entering 2021, according to PMIs

- **Euro area PMIs deteriorated in January, with a substantial divergence in the performance between the manufacturing and the services sectors remaining in place, in view of tighter pandemic-related restrictions.** Overall, the composite index came out at 47.5, compared with 49.1 in December (broadly in line with consensus estimates), below the expansion/contraction threshold of 50.0 for a 3<sup>rd</sup> consecutive month. The services PMI continued to underperform (-1.4 pts to 45.0, versus consensus for 44.5), as the social distancing measures weigh sharply (and disproportionately) on the sector, in which a big part of activities (e.g. food services, leisure & hospitality), involve face-to-face interaction of people. In a contrarian note, the manufacturing PMI remained resilient (54.7), even with a modest decline compared with the previous month (-0.5 pts), largely in line with expectations. It should also be noted though, that the aforementioned resilience, continues to lack a broad base at the country level (it is heavily concentrated in Germany -- see below). Meanwhile, consumer confidence was considerably down in January, by 1.6 pts to -15.5 (consensus: -15.0), remaining significantly below an average of -11.6 since 2001.
- **Regarding PMI performance by country, Germany overperformed France and (more so) the rest of the euro area (where the composite PMI, on a country weighted basis, came out at 44.7 from 46.1 in December, below the expansion/contraction threshold of 50 for a 6<sup>th</sup> consecutive month).** Specifically, in France the composite PMI was 47.0 in January, from 49.5 in the previous month, below expectations for 49.0. The decline was solely on account of the services PMI (-2.6 pts to 46.5), while its manufacturing counterpart was slightly up (+0.4 pts to 51.5). Meanwhile, INSEE's (France's official statistics office) composite business climate indicator came out at 91.6 in January, little change compared with the previous month (91.2) and remaining well below an average of 100 since 1990. Subdued confidence was recorded in all surveyed sectors, albeit with manufacturing substantially overperforming the retail trade and (more so) the services sectors.
- **German PMIs recorded relatively modest declines. Specifically, the services PMI fell slightly, by 0.2 pts to 46.8.** At the same time, its manufacturing counterpart fell by 1.3 pts, albeit to a still solid 57.0. Regarding the latter, recall that the robust recovery of economic activity in China (a major export destination for German manufactured goods) has provided a substantial boost in recent months, as suggested by consistently solid readings for the new

export orders component, as well as by respondents' comments. Notably, in the latest survey, panelists cited that stronger demand additionally came from the US, also a major export destination for German manufactured goods. Overall, the composite PMI was down by 1.2 pts to 50.8, modestly above consensus estimates for 50.0. Meanwhile, the IFO business climate index deteriorated by 2.1 pts in January, to 90.1 (average of 97.0 since 2005), considerably below consensus estimates for 91.4. The expectations component (expectations for business conditions in the next six months) was down by 1.9 pts to 91.1 and the component regarding the assessment of current conditions, falling by 2.1 pts to 89.2. Sector-wise, a resilience of confidence in manufacturing, contrasted with weakness in the services, construction and trade sectors. Regarding the latter, a sharp deterioration took place, likely linked to the expiration as of January 1st 2021, of the temporary reduction in VAT rates which had been implemented from July 2020 (the standard rate had declined to 16% from 19% and the reduced VAT rate from 7% to 5%).

### Euro area bank credit standards tightened further in Q4

- **The ECB's Bank Lending Survey for Q4:20, suggests an ongoing deterioration of commercial banks' appetite to extend new credit, in view of a more unfavorable perception of risks due to the pandemic.** Specifically, euro area banks reported a substantial tightening of credit standards (i.e. banks' internal guidelines or loan approval criteria) on loans to corporations for a 2<sup>nd</sup> consecutive quarter in Q4:20 (+25% from +19% in Q3). Recall that a positive reading indicates that the fraction of banks tightening standards is greater than those easing. Moreover, a considerable net percentage of respondents (+20%), anticipate a further tightening to take place in the current quarter. Regarding households, standards also tightened (+7% for mortgage loans | +3% for consumer credit). For Q1:21, banks expect credit standards to tighten further (+13% for mortgage loans | +5% for consumer credit). **Loan demand posted mixed changes. Specifically, the share of banks reporting an increase in loan demand by corporations, minus the share of banks reporting a decline, was -12% in Q4:20, following a reading of -4% in Q3.** Importantly, the softer demand, was driven by a weak appetite for capital expenditure. Recall that the latest outcomes bode well with actual lending data in recent months, with a broadly flat net flow of credit to non-financial corporations from September to November (€-4bn cumulatively | data for December are due on January 29th). Banks expect only a moderate increase in firms' demand in Q1:21 (a net percentage of +5%). Regarding households, respondents reported higher demand for housing loans (+16%) in Q4:20, mainly on the back of low mortgage interest rates, while a slight decline is expected in Q1:21 (a net percentage of -3%). Regarding consumer credit (credit cards, overdrafts, auto loans, student loans, etc.), a fall in demand was cited in Q4:20 (-9%), with a modest net percentage of banks expecting an increase in Q1:21 (+4%).

### Chinese GDP exceeded expectations in Q4:20

- **GDP growth in Q4:20 came out at +6.5% yoy** (+2.3% in 2020 from +6.1% yoy in 2021 **accelerating substantially from +4.9% yoy in the previous quarter and overshooting consensus expectations for +6.1% yoy.** As far as the sequential path is concerned, high frequency data were mixed in December, albeit overall remaining consistent with a robust impetus for the economic recovery.

## Equities

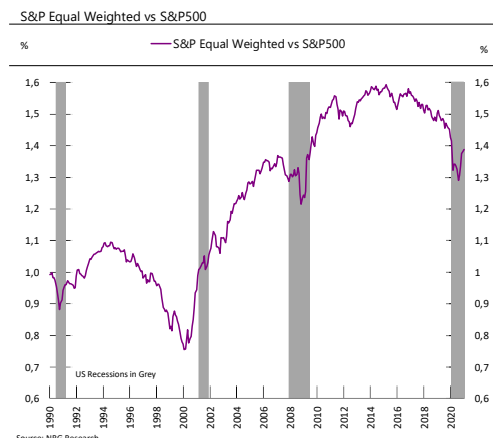
- Global equity markets regained momentum in the past week due to expectations for further fiscal stimulus in the US.** Overall, the MSCI ACWI ended the week up by +1.6%, with Emerging Markets (+2.6% wov) overperforming their Developed Markets peers (+1.5% wov). The S&P500 rose by 1.9% wov, posting a record high intra-week (3853), following the inauguration of the new President and the record-ratio of companies' positive earnings surprises. Specifically, out of the 66 S&P 500 companies that have reported Q4:20 results, the 86% of them exceeded consensus EPS estimates, which is the highest percentage since this metric began to be tracked in 2008. However, the trend reversed on Friday, following key Republican Senators' opposition about the proposed amount of new fiscal stimulus. Moreover, increased concerns about the new deadlier mutation of the Covid-19 against which vaccines may be less effective, contributed to the downside. Sector-wise, Communication Services led the increase (+5.9% wov), as Netflix rose by 13.5%, following the company's announcement that subscribers to its steaming services surpassed 200 mn for the first time (+8.5 mn in Q4 vs +2.2 mn in Q3). On the other side of the Atlantic, the EuroStoxx ended the week broadly stable (+0.1% wov), as investors priced in on Friday (-0.6%) the deterioration of epidemiological data and the extent of restrictive measures in many European countries. In Italy, the FTSE MIB fell by 1.3% due to increased political risk.

## Fixed Income

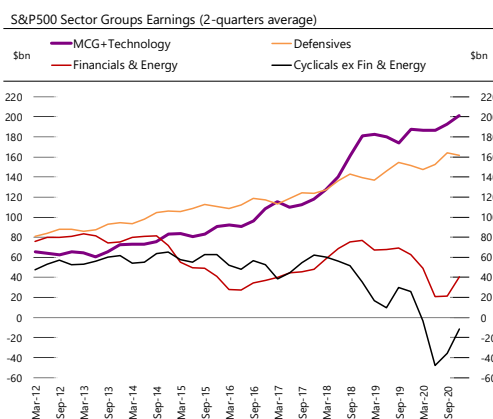
- Government bond yields were mixed in the past week.** Specifically, US 10-year yields ended the week broadly stable at 1.10%. The 10Yr Treasury Inflation-Protected Securities (TIPS) were up 3 bps (reflecting higher growth expectations) to a still deep negative -1.00%, while 10Yr breakeven rates (reflecting inflation expectations) fell by 1 bp wov to 2.08%, with the bulk of the decline occurring in Thursday (-10 bps) following a strong auction of \$15 billion. In Germany, the 10-year yield rose by 4 bps wov to -0.51%. The 10-year Italian yield rose by 12 bps wov at the highest level since November 2020 (0.75%), as political uncertainty has increased and the probability of early elections, albeit small, remains. In Spain, the 10-year yield rose by 8 bps to 0.13% and in Portugal by 7 bps to 0.10%. **USD Corporate bond spreads broadly stable in the past week** (IG: 101 bps, HY: 375 bps), as strong corporate announcements and expectations for strong economic performance were offset from another active week for high-yield capital markets as issuers capitalize on historical low yields. In the euro area, corporate bond spreads narrowed in the past week, especially in the High Yield spectrum. Specifically, the EUR Investment Grade spread declined by 1 bp to 90 bps, while the High Yield spread narrowed by 10 bps to 333 bps.

## FX and Commodities

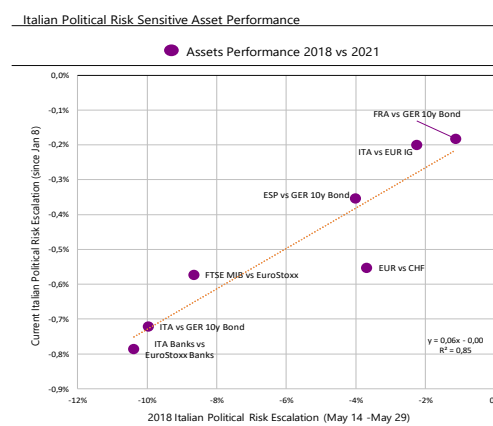
- In foreign exchange markets, the US dollar declined in the past week on the back of decreased "safe haven" demand.** Specifically, the USD fell by -0.6% against a basket of trade-weighted currencies (DXY) and by 0.7% against the euro to \$1.217. The British pound rose in the past week, due to i) better-than-expected economic data ii) strong vaccination pace and iii) lower expectations for NIRP by the Bank of England. Overall, the British Pound rose by 0.7% wov against the US dollar to \$1.368 (3½ years high) while it ended the week flat against the euro to €0.889. Finally, **in commodities, oil prices ended the week broadly flat as the increase in US oil inventories and worries that new pandemic restrictions in China will curb fuel demand weighed on sentiment.** Specifically, US oil inventories rose by 4.4 million barrels to 487 million barrels for the week ending January 15<sup>th</sup>. Overall, Brent ended the week up by 0.6% to \$55.4/barrel (+7% ytd), and the WTI was flat at \$52.3/barrel (+8% ytd). Gold prices ended the week up by 1.5% to \$1856/ounce, mainly due to the weaker US Dollar



Graph 1.



Graph 2.



Graph 3.

**Quote of the week:** "We have an envelope of €1,850 billion that is available, that can be used flexibly, depending on whether or not we reach our objective of preserving favourable financing conditions. If we don't need to use the whole envelope, because the financing conditions will have remained favourable, nonetheless, we will not use the entire envelope.", **ECB President, Christine Lagarde, January 21<sup>st</sup> 2020.**

### Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	January 22nd	3-month	6-month	12-month	Official Rate (%)	January 22nd	3-month	6-month	12-month
<b>Germany</b>	-0.51	-0.50	-0.40	-0.30	<b>Euro area</b>	0.00	0.00	0.00	0.00
<b>US</b>	1.10	1.20	1.30	1.40	<b>US</b>	0.25	0.25	0.25	0.25
<b>UK</b>	0.36	0.31	0.36	0.44	<b>UK</b>	0.10	0.10	0.08	0.06
<b>Japan</b>	0.04	0.00	0.05	0.09	<b>Japan</b>	-0.10	-0.10	-0.10	-0.10

Currency	January 22nd	3-month	6-month	12-month	January 22nd	3-month	6-month	12-month	
<b>EUR/USD</b>	1.22	1.17	1.18	1.20	<b>USD/JPY</b>	104	105	104	101
<b>EUR/GBP</b>	0.89	0.90	0.90	0.90	<b>GBP/USD</b>	1.37	1.31	1.32	1.34
<b>EUR/JPY</b>	127	122	122	122					

Forecasts at end of period

### Economic Forecasts

United States	2019a	Q1:20a	Q2:20a	Q3:20a	Q4:20f	2020f	Q1:21f	Q2:21f	Q3:21f	Q4:21f	2021f
<b>Real GDP Growth (YoY) (1)</b>	2.2	0.3	-9.0	-2.8	-2.3	-3.5	-0.6	10.6	4.5	4.4	4.6
<b>Real GDP Growth (QoQ saar) (2)</b>	-	-5.0	-31.4	33.4	4.8	-	2.0	5.1	6.1	4.3	-
<b>Private Consumption</b>	2.4	-6.9	-33.2	41.0	3.7	-3.8	1.2	7.5	8.5	5.2	5.5
<b>Government Consumption</b>	2.3	1.3	2.5	-4.8	0.8	1.2	0.8	0.9	1.0	2.4	0.3
<b>Investment</b>	1.9	-1.4	-29.2	31.3	14.0	-2.0	3.3	4.4	4.6	4.2	6.3
<b>Residential</b>	-1.7	19.0	-35.6	63.0	29.6	5.7	6.8	3.5	2.8	2.6	11.4
<b>Non-residential</b>	2.9	-6.7	-27.2	22.9	12.1	-4.1	2.4	4.7	5.0	4.6	5.2
<b>Inventories Contribution</b>	0.0	-1.6	-4.3	6.7	2.1	-0.6	0.3	-1.2	-1.1	-0.7	0.5
<b>Net Exports Contribution</b>	-0.2	1.5	0.3	-5.5	-2.3	0.0	0.2	0.2	0.3	0.2	-0.9
<b>Exports</b>	-0.1	-9.5	-64.4	59.6	12.5	-13.4	6.3	8.6	8.9	7.9	6.0
<b>Imports</b>	1.1	-15.0	-54.1	93.1	23.4	-9.6	3.3	4.4	4.2	4.0	9.8
<b>Inflation (3)</b>	1.8	2.1	0.3	1.2	1.3	1.2	1.8	2.9	2.7	2.6	2.5

Euro Area	2019a	Q1:20a	Q2:20a	Q3:20a	Q4:20f	2020f	Q1:21f	Q2:21f	Q3:21f	Q4:21f	2021f
<b>Real GDP Growth (YoY)</b>	1.3	-3.2	-14.7	-4.3	-6.3	-7.1	-2.9	12.6	2.5	6.1	4.4
<b>Real GDP Growth (QoQ saar)</b>	-	-14.1	-39.2	60.0	-7.8	-	-0.8	9.9	9.8	5.8	-
<b>Private Consumption</b>	1.3	-16.7	-41.1	68.6	-11.1	-8.0	-1.1	11.3	11.4	6.5	4.5
<b>Government Consumption</b>	1.8	-2.5	-8.6	20.4	1.2	0.8	0.6	1.8	2.0	2.0	2.9
<b>Investment</b>	5.0	-21.1	-50.3	65.4	-7.2	-9.2	0.4	15.1	14.0	8.6	5.4
<b>Inventories Contribution</b>	-0.3	2.5	-0.9	-5.0	-0.1	-0.4	0.0	1.1	1.3	0.5	-0.3
<b>Net Exports Contribution</b>	-0.5	-2.0	-3.4	10.1	-0.4	-0.6	-0.4	-0.7	-0.9	-0.5	0.4
<b>Exports</b>	2.5	-14.3	-56.8	87.8	-1.3	-10.6	3.9	8.0	7.2	6.1	5.9
<b>Imports</b>	4.0	-11.3	-55.3	59.0	-0.5	-10.2	5.3	10.3	10.0	7.6	5.4
<b>Inflation</b>	1.2	1.1	0.2	0.0	-0.3	0.3	0.5	1.5	1.6	1.7	1.3

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

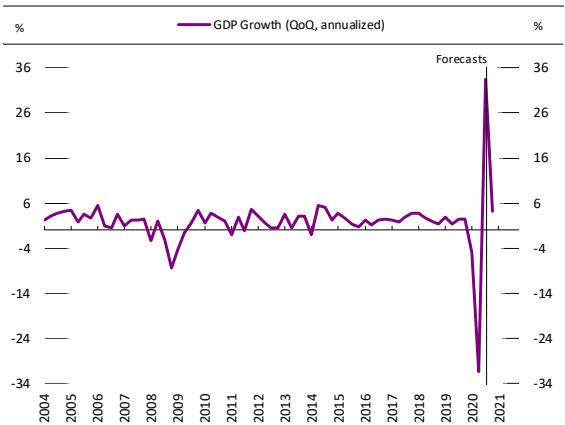
## Economic Calendar

The main macro event next week in the US, is the advance estimate for GDP in Q4:20. Consensus expects growth at +4.2% qoq saar versus +33.4% qoq saar in Q3:20. On Wednesday, attention turns to the Fed meeting. The Fed is expected to keep rates unchanged at 0.00%-0.25%. On Friday, December's personal income and consumption and PCE data (the Fed's preferred measure for gauging inflation developments) for December will gather investors' attention. On Monday, ISM Manufacturing survey (latest: 60.7 | consensus of 61.5) will provide an update on business confidence.

In the Euro area, on Monday, the unemployment rate for December is released.

In China, November's PMI manufacturing is released on Monday. Official Manufacturing PMI is expected at 51.3 from 51.9 in December.

US GDP Growth and Consensus Forecasts



Economic News Calendar for the period: January 19 - February 1, 2021

Tuesday 19				Wednesday 20				Thursday 21									
<b>US</b>	Net Long-term TIC Flows (\$ bn)	November	S	A	P	<b>US</b>	NAHB housing market confidence index	January	S	A	P	<b>US</b>	Initial Jobless Claims (k)	January 16	S	A	P
<b>GERMANY</b>	ZEW survey current situation	January	-69.0	+66.4	-66.5	<b>UK</b>	CPI (YoY)	December	0.5%	+0.6%	0.3%	<b>US</b>	Continuing Claims (k)	January 9	5395	+5054	5181
	ZEW survey expectations	January	60.0	+61.8	55.0		Core CPI (YoY)	December	1.3%	+1.4%	1.1%	<b>US</b>	Building permits (k)	December	1600	+1709	1635
												<b>US</b>	Housing starts (k)	December	1560	+1669	1578
												<b>US</b>	Philadelphia Fed Business Outlook	January	12.0	+26.5	9.1
												<b>JAPAN</b>	Bank of Japan announces its intervention rate	January 21	-0.10%	-0.10%	-0.10%
												<b>JAPAN</b>	Exports YoY	December	-0.3%	+2.0%	-4.2%
												<b>JAPAN</b>	Imports YoY	December	-13.1%	+11.6%	-11.1%
												<b>EURO AREA</b>	ECB announces its intervention rate	January 21	0.00%	0.00%	0.00%
												<b>EURO AREA</b>	ECB announces its deposit facility rate	January 21	-0.50%	-0.50%	-0.50%
												<b>EURO AREA</b>	Consumer Confidence Indicator	January	-14.5	-15.5	-13.9
Friday 22				Monday 25				Tuesday 26									
<b>US</b>	Existing home sales (mn)	December	S	A	P	<b>EURO AREA</b>	Markit Eurozone Manufacturing PMI	January	S	A	P	<b>GERMANY</b>	IFO- Business Climate Indicator	January	S	A	P
<b>UK</b>	Markit UK PMI Manufacturing	January	53.0	-52.9	57.5		Markit Eurozone Services PMI	January	54.5	+54.7	55.2	<b>GERMANY</b>	IFO- Expectations	January	91.5	-90.1	92.2
	Markit/CIPS UK Services PMI	January	46.0	-38.8	49.4		Markit Eurozone Composite PMI	January	44.5	+45.0	46.4	<b>GERMANY</b>	IFO- Current Assessment	January	93.3	-91.1	93.0
	Retail sales Ex Auto MoM	December	1.0%	-0.4%	-3.0%							<b>GERMANY</b>		January	90.0	-89.2	91.3
<b>JAPAN</b>	CPI (YoY)	December	-1.3%	+1.2%	-0.9%												
	Core CPI (YoY) - ex. Fresh Food	December	-1.1%	+1.0%	-0.9%												
	Core CPI (YoY) - ex. Fresh Food and Energy	December	..	-0.5%	-0.4%												
	PMI manufacturing	January	..	49.7	50.0												
Wednesday 27				Thursday 28				Friday 29									
<b>US</b>	S&P Case/Shiller house price index 20 (YoY)	November	S	A	P	<b>US</b>	Fed announces its intervention rate	January 27	S	A	P	<b>US</b>	GDP (QoQ, annualized)	Q4:20	S	A	P
	Conference board consumer confidence	January	89.1	..	88.6		Durable goods orders (MoM)	December	0.25%	..	0.25%	<b>US</b>	Personal consumption (QoQ, annualized)	Q4:20	4.2%	..	33.4%
<b>UK</b>	ILO Unemployment Rate	November	5.1%	..	4.9%		Durable goods orders ex transportation (MoM)	December	1.0%	..	1.0%	<b>US</b>	Initial Jobless Claims (k)	January 23	..	..	900
												<b>US</b>	Continuing Claims (k)	January 16	..	..	5054
												<b>US</b>	New home sales (k)	December	850	..	841
												<b>JAPAN</b>	Retail sales (MoM)	December	..	..	-2.1%
												<b>JAPAN</b>	Retail sales (YoY)	December	-0.9%	..	0.6%
												<b>EURO AREA</b>	Business Climate Indicator	January	-0.1	..	-0.4
												<b>EURO AREA</b>	Economic confidence indicator	January	89.4	..	90.4
Monday 1				Tuesday 2				Wednesday 3									
<b>US</b>	PCE Deflator (YoY)	December	S	A	P	<b>EURO AREA</b>	M3 money supply (YoY)	December	S	A	P	<b>US</b>	ISM Manufacturing	January	S	A	P
	PCE Core Deflator (YoY)	December	1.2%	..	1.1%	<b>GERMANY</b>	GDP (QoQ)	Q4:20	11.0%	..	11.0%	<b>US</b>	Construction spending (MoM)	December	61.5	..	60.7
	Personal income (MoM)	December	0.0%	..	-1.1%	<b>GERMANY</b>	GDP (wda, YoY)	Q4:20	0.0%	..	8.5%	<b>EURO AREA</b>	Unemployment Rate	December	0.6%	..	0.9%
	Personal spending (MoM)	December	-0.4%	..	-0.4%							<b>GERMANY</b>	Retail sales (MoM)	December	..	..	1.1%
	Pending home sales (MoM)	December	-1.5%	..	-2.6%							<b>GERMANY</b>	Retail sales (YoY)	December	..	..	5.0%
<b>UK</b>	Nationwide House Px NSA YoY	January	..	..	7.3%							<b>CHINA</b>	Manufacturing PMI	January	51.3	..	51.9
<b>JAPAN</b>	Industrial Production (MoM)	December	-1.5%	..	-0.5%							<b>CHINA</b>	Caixin PMI Manufacturing	January	52.1	..	53.0
	Industrial Production (YoY)	December	..	..	-3.9%												
	Construction Orders YoY	December	..	..	-4.7%												
	Unemployment rate	December	3.0%	..	2.9%												

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

**Equity Markets** (in local currency)

Developed Markets						Emerging Markets						
		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)			Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)
US	<b>S&amp;P 500</b>	3841	1.9	2.3	15.5	45.6	MSCI Emerging Markets	77745	2.8	8.4	25.0	
Japan	<b>NIKKEI 225</b>	28631	0.4	4.3	20.3	39.0	MSCI Asia	1237	3.7	10.0	34.0	
UK	<b>FTSE 100</b>	6695	-0.6	3.6	-10.8	-2.2	China	120	6.0	11.8	40.2	
Canada	<b>S&amp;P/TSX</b>	17846	-0.4	2.4	1.3	17.3	Korea	1013	1.3	9.4	41.4	
Hong Kong	<b>Hang Seng</b>	29448	3.1	8.1	5.5	9.0	MSCI Latin America	99830	-2.3	-0.1	-3.0	
Euro area	<b>EuroStoxx</b>	404	0.1	1.7	-0.4	17.5	Brazil	370629	-2.2	-0.8	-1.6	
Germany	<b>DAX 30</b>	13874	0.6	1.1	3.6	25.3	Mexico	41114	-2.7	1.1	-2.1	
France	<b>CAC 40</b>	5560	-0.9	0.1	-6.9	14.9	MSCI Europe	6099	-2.3	1.6	-6.2	
Italy	<b>FTSE/MIB</b>	22088	-1.3	-0.7	-6.8	13.9	Russia	1356	-2.5	2.6	-2.8	
Spain	<b>IBEX-35</b>	8036	-2.4	-0.5	-15.6	-12.0	Turkey	1695781	-0.6	0.3	6.0	

**World Market Sectors** (MSCI Indices)

in US Dollar terms						in local currency						
		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)			Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)
Energy		140.7	-1.7	9.0	-26.0	-27.7	Energy		141.0	-2.0	9.0	-28.1
Materials		329.0	-0.1	3.2	23.6	39.5	Materials		303.0	-0.4	3.3	17.9
Industrials		308.5	0.3	1.4	9.6	32.2	Industrials		296.0	0.1	1.6	5.8
Consumer Discretionary		391.0	2.7	3.8	38.9	65.6	Consumer Discretionary		369.9	2.6	3.9	35.6
Consumer Staples		257.3	-0.4	-2.8	1.2	19.9	Consumer Staples		250.3	-0.7	-2.7	-2.2
Healthcare		323.8	0.9	3.6	13.5	35.5	Healthcare		313.0	0.8	3.7	10.7
Financials		122.6	-1.3	2.7	-2.1	11.0	Financials		119.7	-1.5	2.8	-5.2
IT		456.2	4.0	2.8	38.0	105.6	IT		437.9	3.9	2.9	36.6
Telecoms		96.3	4.7	2.3	19.9	48.3	Telecoms		99.5	4.6	2.4	18.3
Utilities		154.5	-0.2	0.8	-1.6	19.1	Utilities		154.4	-0.5	0.9	-4.7

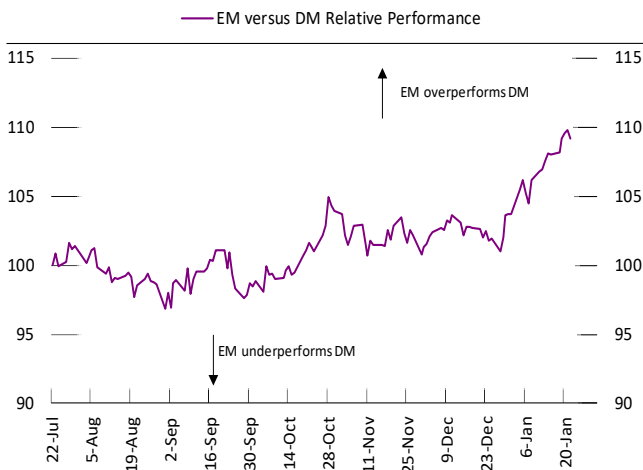
**Bond Markets (%)**

10-Year Government Bond Yields						Government Bond Yield Spreads (in bps)					
	Current	Last week	Year Start	One Year Back	10-year average		Current	Last week	Year Start	One Year Back	
US	1.10	1.10	0.91	1.75	2.15	US Treasuries 10Y/2Y	95	95	77	22	
Germany	-0.51	-0.55	-0.56	-0.30	0.77	US Treasuries 10Y/5Y	49	48	41	16	
Japan	0.04	0.03	0.04	-0.02	0.35	Bunds 10Y/2Y	21	19	16	31	
UK	0.36	0.33	0.23	0.59	1.64	Bunds 10Y/5Y	21	20	18	26	
Greece	0.69	0.66	0.64	1.32	9.14	Corporate Bond Spreads (in bps)	Current	Last week	Year Start	One Year Back	
Ireland	-0.25	-0.28	-0.29	0.00	2.83						
Italy	0.75	0.62	0.45	1.29	2.86						
Spain	0.16	0.08	0.07	0.39	2.55						
Portugal	0.10	0.02	0.05	0.36	4.21						
US Mortgage Market (1. Fixed-rate Mortgage)						US High yield					
	Current	Last week	Year Start	One Year Back	10-year average		Current	Last week	Year Start	One Year Back	
30-Year FRM <sup>1</sup> (%)	2.7	2.7	2.8	3.5	4.0	EM Inv. Grade (IG)	158	162	163	146	
vs 30Yr Treasury (bps)	87	87	112	132	122	EM High yield	535	542	524	461	
						US IG	101	100	103	100	
						Euro area IG	90	91	93	92	
						Euro area High Yield	333	343	355	314	

**Foreign Exchange & Commodities**

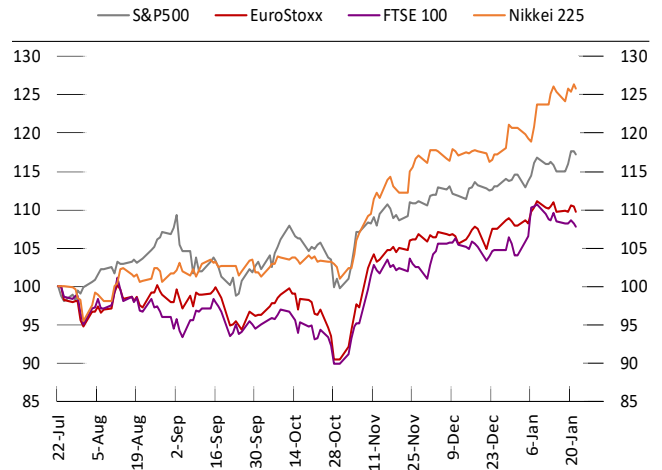
Foreign Exchange						Commodities					
	Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)		Current	1-week change (%)	1-month change (%)	1-Year change (%)	
<b>Euro-based cross rates</b>						Agricultural	372	-5.3	5.9	22.3	
EUR/USD	1.22	0.7	-0.1	10.2	-0.5	Energy	175	-0.6	7.3	-7.0	
EUR/CHF	1.08	0.1	-0.6	0.7	-0.4	West Texas Oil (\$)	52	-0.2	8.6	-6.0	
EUR/GBP	0.89	0.0	-1.2	5.8	-0.5	Crude Brent Oil (\$)	55	0.6	8.2	-10.7	
EUR/JPY	126.35	0.6	0.1	4.6	0.0	Industrial Metals	391	0.7	1.3	22.6	
EUR/NOK	10.35	0.0	-1.8	3.8	-1.2	Precious Metals	2451	1.6	-1.0	20.6	
EUR/SEK	10.10	-0.4	-0.1	-4.3	0.5	Gold (\$)	1856	1.5	-0.9	18.7	
EUR/AUD	1.58	0.4	-1.9	-2.3	-0.6	Silver (\$)	26	3.4	0.2	43.8	
EUR/CAD	1.55	0.3	-1.2	6.6	-0.7	Baltic Dry Index	1810	3.2	32.9	214.2	
<b>USD-based cross rates</b>						Baltic Dirty Tanker Index	512	3.9	9.9	-57.6	
USD/CAD	1.27	-0.3	-1.1	-3.3	-0.2						
USD/AUD	1.30	-0.2	-1.8	-11.3	-0.1						
USD/JPY	103.80	-0.1	0.2	-5.1	0.5						

EM vs DM Performance in \$



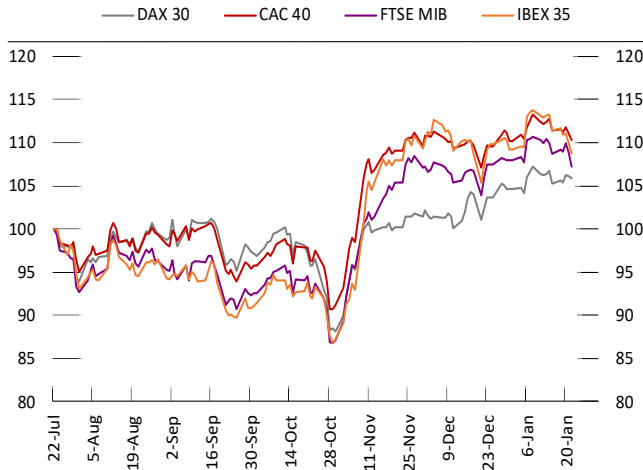
Data as of January 22<sup>nd</sup> – Rebased @ 100

Equity Market Performance - G4



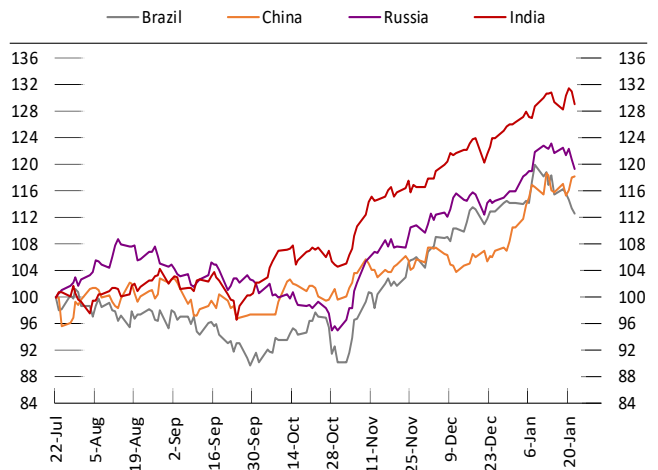
Data as of January 22<sup>nd</sup> – Rebased @ 100

Equity Market Performance – Euro Area G4



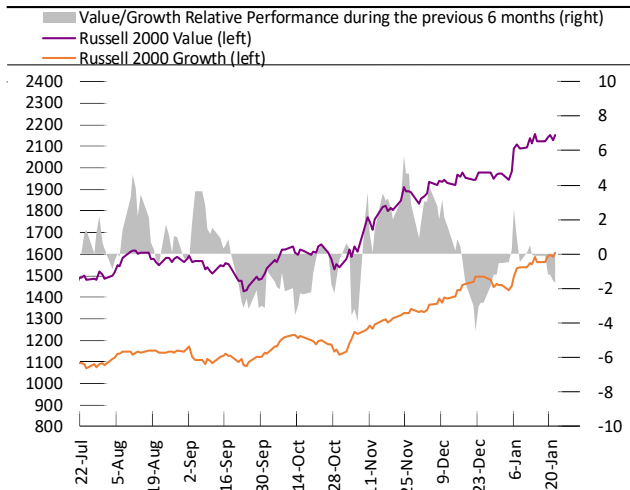
Data as of January 22<sup>nd</sup> – Rebased @ 100

Equity Market Performance - BRICs



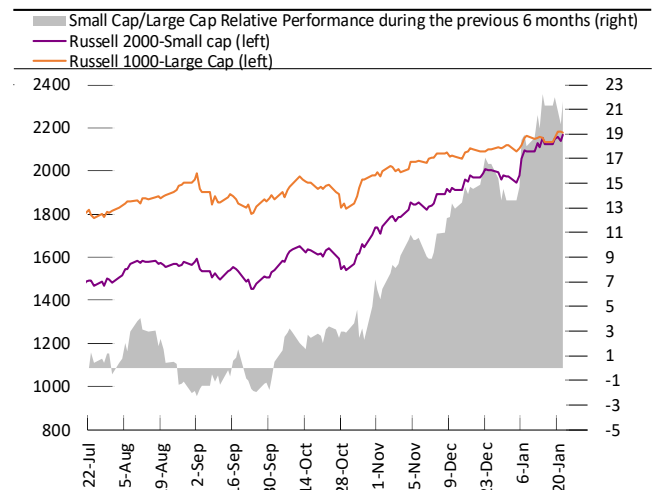
Data as of January 22<sup>nd</sup> – Rebased @ 100

Russell 2000 Value & Growth Index



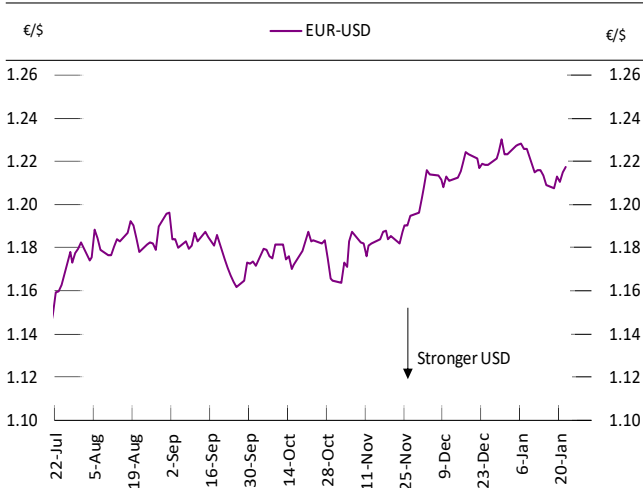
Data as of January 22<sup>nd</sup>

Russell 2000 & Russell 1000 Index



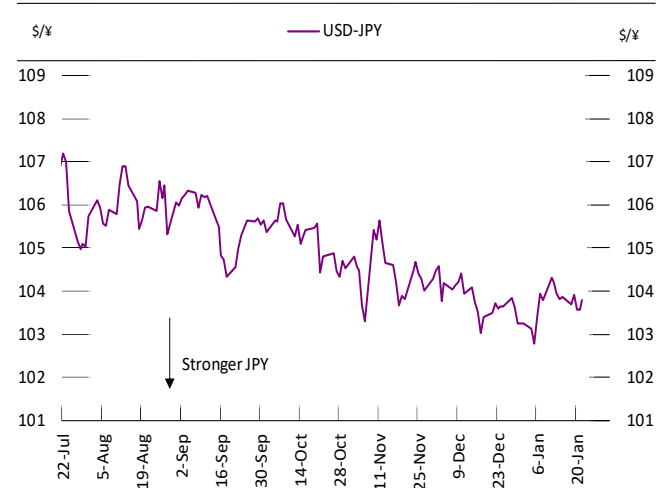
Data as of January 22<sup>nd</sup>

EUR/USD



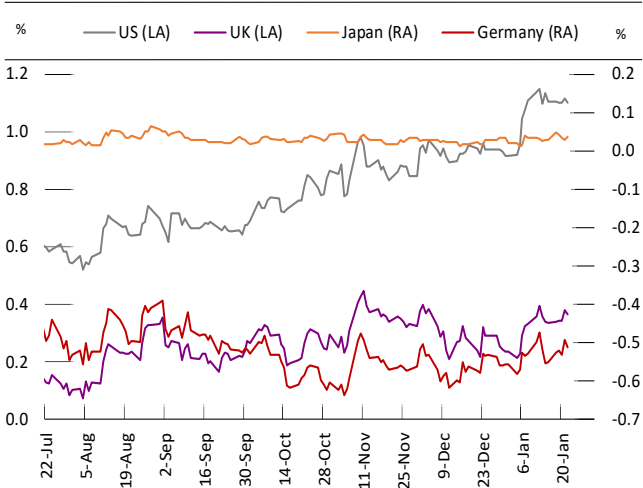
Data as of January 22<sup>nd</sup>

JPY/USD



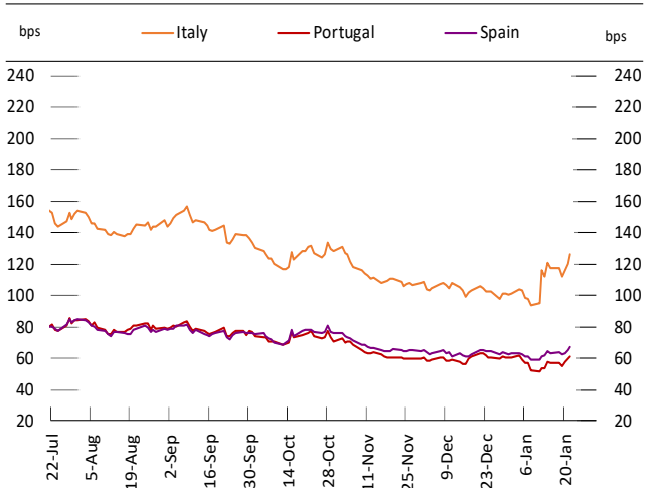
Data as of January 22<sup>nd</sup>

10- Year Government Bond Yields



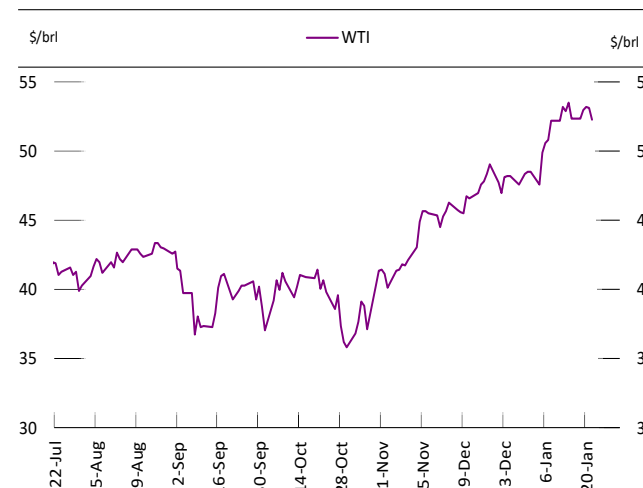
Data as of January 22<sup>nd</sup>  
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



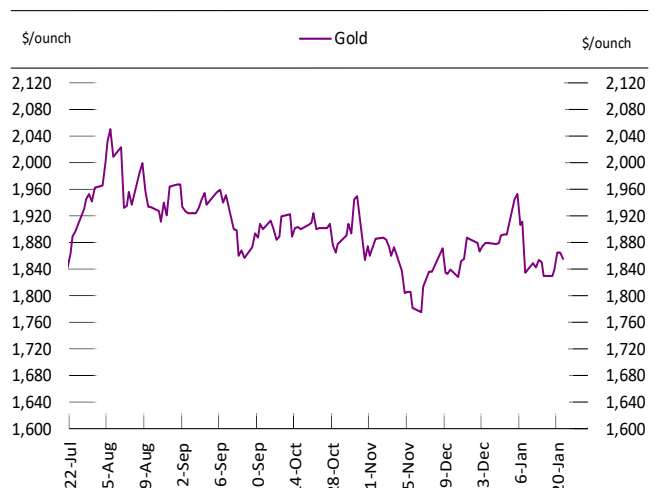
Data as of January 22<sup>nd</sup>

West Texas Intermediate (\$/bbl)



Data as of January 22<sup>nd</sup>

Gold (\$/ounce)



Data as of January 22<sup>nd</sup>



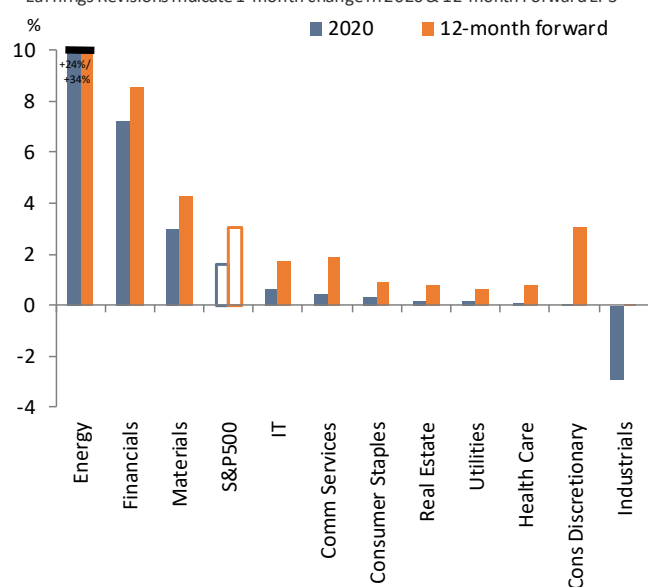
## US Sectors Valuation

	Price (\$)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	22/1/21	% Weekly Change	%YTD	2020	2021	2020	2021	2020	2021	12m fwd	10Yr Avg	2020	2021	12m fwd	10Yr Avg
<b>S&amp;P500</b>	3841	1.9	2.3	-14.6	22.7	1.5	1.5	28.0	22.9	22.7	15.9	4.3	4.0	4.0	2.7
<b>Energy</b>	318	-1.6	11.0	N/A	N/A	5.4	5.1	N/A	28.6	27.9	13.4	1.4	1.5	1.5	1.7
<b>Materials</b>	468	-1.2	2.8	-9.8	31.3	1.8	1.9	27.9	21.3	21.2	15.3	3.2	2.9	2.9	2.5
<b>Financials</b>															
Diversified Financials	832	-1.1	2.1	-9.3	18.2	1.4	1.4	20.0	16.9	16.8	14.2	1.9	1.8	1.7	1.5
Banks	332	-3.1	4.9	-32.6	27.9	2.9	2.7	16.3	12.7	12.6	11.0	1.2	1.1	1.1	1.0
Insurance	429	-0.9	0.3	-6.5	15.7	2.4	2.8	13.7	11.8	11.8	11.0	1.4	1.3	1.3	1.1
Real Estate	229	1.4	0.6	-7.0	4.5	3.0	3.1	21.6	20.7	20.6	18.3	3.3	3.5	3.5	3.1
<b>Industrials</b>															
Capital Goods	766	0.0	0.7	-21.5	28.0	1.6	1.7	28.5	22.3	22.1	16.1	4.8	4.5	4.5	3.6
Transportation	922	-2.0	-1.0	N/A	N/A	1.5	1.5	N/A	32.1	31.2	10.0	6.5	6.4	6.4	3.6
Commercial Services	402	0.9	-4.6	1.6	9.4	1.2	1.3	31.7	28.9	28.8	20.9	6.2	5.6	5.6	3.7
<b>Consumer Discretionary</b>															
Retailing	3654	3.5	2.6	1.3	26.5	0.4	0.5	48.4	38.3	37.8	24.1	16.4	13.5	13.3	7.5
Consumer Services	1295	1.1	-1.9	N/A	N/A	1.5	1.3	N/A	91.7	87.8	23.6	26.8	44.9	44.6	9.6
Consumer Durables	454	2.0	3.1	-7.0	31.1	1.2	1.3	25.9	19.8	19.6	17.2	4.7	4.2	4.2	3.2
Automobiles and parts	158	3.8	20.8	-72.5	87.6	0.1	0.1	98.3	52.4	51.8	11.0	8.7	7.7	7.6	2.1
<b>IT</b>															
Technology	2629	7.2	4.3	5.5	15.3	0.9	0.9	32.3	28.0	27.9	13.6	16.3	17.1	17.1	4.6
Software & Services	3032	3.2	-1.5	6.4	13.6	0.8	0.9	35.0	30.8	30.5	18.8	10.0	8.8	8.8	5.5
Semiconductors	1916	3.0	8.3	9.4	14.0	1.2	1.3	26.0	22.8	22.7	14.5	7.8	6.8	6.8	3.4
Communication Services	226	5.9	1.9	-5.3	14.3	0.9	0.9	27.5	24.1	23.8	18.0	4.0	3.6	3.6	3.0
Media	876	7.1	2.4	-2.8	21.5	0.2	0.2	35.5	29.2	28.9	21.0	5.1	4.5	4.5	3.3
<b>Consumer Staples</b>															
Food & Staples Retailing	574	0.2	0.9	3.1	3.9	1.5	1.6	24.7	23.8	23.7	17.0	5.1	4.8	4.8	3.3
Food Beverage & Tobacco	692	-0.5	-4.7	0.6	6.9	3.4	3.6	18.9	17.7	17.6	17.9	5.1	4.8	4.8	5.0
Household Goods	797	-2.5	-6.0	10.6	7.9	2.2	2.3	25.2	23.3	23.2	20.1	9.8	9.5	9.5	5.8
<b>Health Care</b>															
Pharmaceuticals	1131	1.6	5.7	11.9	8.4	2.1	2.2	16.3	15.1	15.0	14.7	5.8	5.3	5.2	4.0
Healthcare Equipment	1597	-0.6	1.3	3.6	13.2	0.9	1.0	22.8	20.1	20.0	15.9	3.9	3.5	3.5	2.7
<b>Utilities</b>	320	-0.2	0.2	0.9	4.9	3.3	3.3	19.7	18.8	18.8	16.3	2.1	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 2020 & 12-month Forward EPS

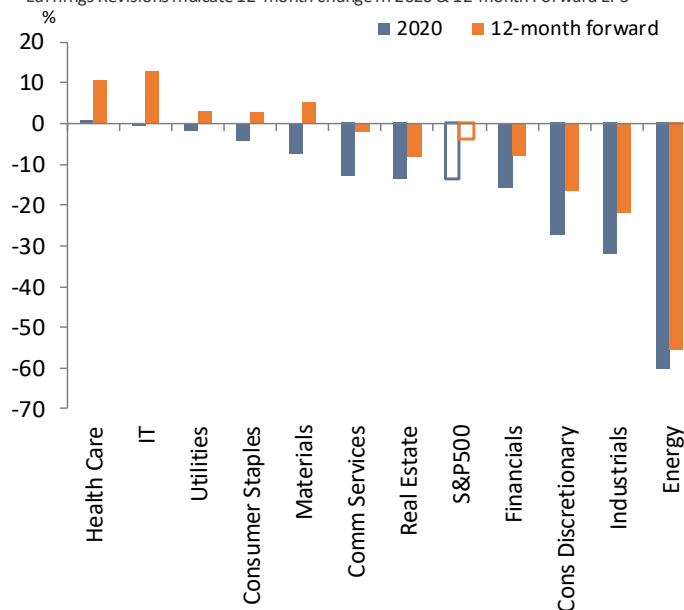
Earnings Revisions indicate 1-month change in 2020 & 12-month Forward EPS



Data as of January 22<sup>nd</sup>  
12-month forward EPS are 94% of 2021 EPS and 6% of 2022 EPS

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

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



Data as of January 22<sup>nd</sup>  
12-month forward EPS are 94% of 2021 EPS and 6% of 2022 EPS

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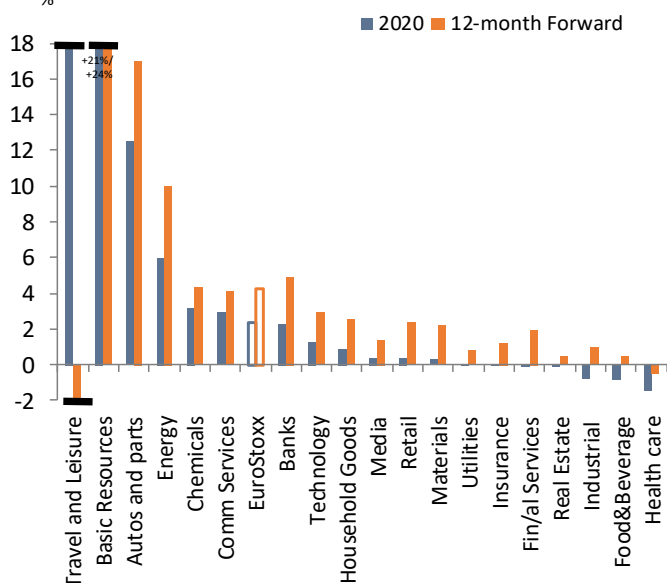
### Euro Area Sectors Valuation

	Price (€)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	22/1/21	% Weekly Change	%YTD	2020	2021	2020	2021	2020	2021	12m fwd	10Yr Avg	2020	2021	12m fwd	10Yr Avg
<b>EuroStoxx</b>	404	0.1	1.7	-36.7	40.5	2.2	2.6	26.4	18.8	18.6	13.7	1.8	1.7	1.7	1.4
<b>Energy</b>	259	-1.4	2.8	-78.8	181.2	4.4	4.6	52.0	18.5	18.2	12.6	1.3	1.3	1.3	1.1
<b>Materials</b>	445	-2.7	3.4	-38.9	48.9	2.5	3.2	23.6	15.9	15.7	14.3	1.7	1.6	1.6	1.4
<b>Basic Resources</b>	218	0.5	4.9	N/A	N/A	2.0	2.7	N/A	15.0	14.9	7.6	1.2	1.1	1.1	0.8
<b>Chemicals</b>	1259	-0.9	0.0	-12.0	21.2	2.4	2.5	26.6	21.9	21.8	15.7	2.4	2.3	2.3	2.2
<b>Financials</b>															
<b>Fin/al Services</b>	483	-0.6	-1.5	-28.9	8.6	2.4	2.7	19.0	17.5	17.3	13.8	1.2	1.2	1.2	1.2
<b>Banks</b>	74	-2.9	0.4	-50.1	29.9	2.0	4.6	13.7	10.6	10.4	9.5	0.5	0.5	0.5	0.7
<b>Insurance</b>	258	-2.7	-1.3	-24.3	35.1	5.7	5.9	12.3	9.1	9.0	9.3	0.8	0.8	0.8	0.9
<b>Real Estate</b>	208	-2.2	-5.6	-11.3	5.6	3.8	4.1	18.0	17.1	17.0	17.1	0.9	0.9	0.9	1.0
<b>Industrial</b>	1008	1.8	3.0	-22.9	9.2	1.4	1.8	27.7	25.4	25.1	16.0	3.5	3.3	3.3	2.4
<b>Consumer Discretionary</b>															
<b>Media</b>	222	0.1	1.3	-26.5	18.3	2.2	2.6	21.6	18.3	18.2	15.8	2.4	2.3	2.3	1.9
<b>Retail</b>	643	-1.1	-3.1	-40.5	56.4	1.7	2.5	43.8	28.0	27.7	22.1	5.7	5.3	5.2	4.1
<b>Automobiles and parts</b>	513	3.9	1.7	-78.3	472.6	1.7	3.3	51.6	9.0	8.9	8.9	0.9	0.8	0.8	1.0
<b>Travel and Leisure</b>	208	-3.6	-2.6	N/A	N/A	0.2	0.5	N/A	N/A	N/A	-15.6	2.5	2.6	2.6	2.0
<b>Technology</b>	765	3.6	6.8	-7.9	18.7	0.7	0.7	36.9	31.1	30.8	19.3	5.3	4.9	4.8	3.4
<b>Communication Services</b>	254	0.3	2.6	-8.2	4.2	4.3	4.0	15.7	15.1	14.9	14.8	1.5	1.5	1.5	1.8
<b>Consumer Staples</b>															
<b>Food&amp;Beverage</b>	508	-1.2	-2.5	-38.8	31.0	1.5	2.0	29.0	22.1	22.0	19.0	2.3	2.2	2.2	2.6
<b>Household Goods</b>	1190	1.0	-2.3	-36.2	52.3	0.9	1.2	54.7	35.9	35.7	23.0	6.1	5.5	5.5	3.6
<b>Health care</b>	846	1.0	4.1	-9.3	10.8	1.9	2.1	21.3	19.2	19.1	15.8	2.4	2.3	2.2	2.2
<b>Utilities</b>	387	-2.5	1.7	-17.2	12.3	3.9	4.2	19.2	17.1	17.0	13.1	1.7	1.6	1.6	1.1

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

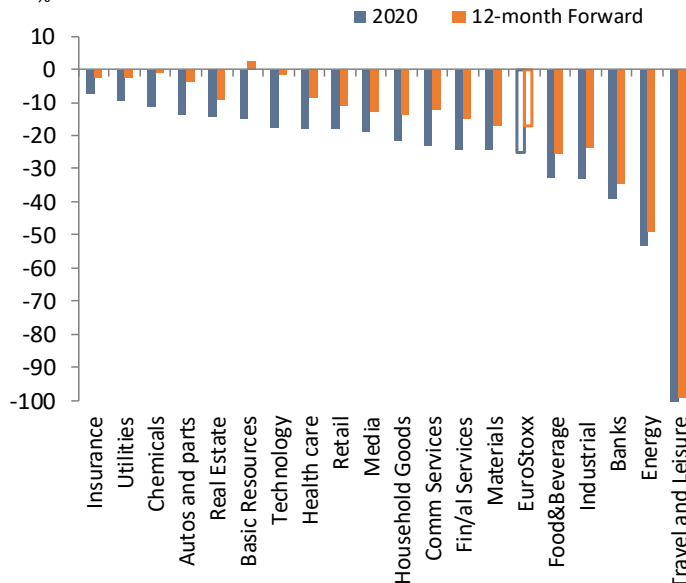
Earnings Revisions indicate 1-month change in 2020 & 12-month Forward EPS %



Data as of January 22<sup>nd</sup>  
12-month forward EPS are 94% of 2021 EPS and 6% of 2022 EPS

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

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



Data as of January 22<sup>nd</sup>  
12-month forward EPS are 94% of 2021 EPS and 6% of 2022 EPS  
National Bank of Greece | Economic Research Division | Global Markets Analysis

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