



## Democrats have unveiled a \$2.2tn pandemic relief bill, as additional fiscal thrust is crucial in supporting the fragile US economic recovery

- The probability for a 5<sup>th</sup> pandemic-related relief US fiscal package is still below 50%, with political tensions increasing as we move closer -- get ready for the start of the debate season tonight-- to November's Presidential elections. The gap between the two parties on how to support the economy remains sizeable, albeit narrowing. Democrats' current standpoint is \$2.2 trillion (10% of US GDP) from \$3.4 trillion initially, whereas comments from President Trump and the White House Chief of Staff Meadows suggest that the Republicans may support a package totaling \$1.3 to \$1.5 trillion (6% to 7% of GDP) from \$1 trillion. In that context, the prospect of significantly more stimulus to come after the November elections appears more likely, albeit negotiations in the US legislature continue at the time of writing.
- Recall that the four coronavirus relief fiscal packages (total: \$3 trillion) enacted so far have been pivotal in stemming the adverse economic effects from the pandemic and supporting the expected GDP recovery in H2:2020. According to the Congressional Budget Office (CBO), the insofar enacted pandemic-related legislation had a positive effect on the level of real GDP in Q2 of 5 pps. As a result, real GDP would have contracted by circa 45% qoq saar (-14% yoy), instead of an actual outcome of -32% qoq saar (-9% yoy). For Q3, the positive effect is estimated at about 8 pps, with real GDP expectations at +32% qoq saar (-3.2% yoy), according to the Federal Reserve Bank of Atlanta's GDPNow forecasting model. Overall, CBO estimates that the already enacted fiscal measures will increase the level of real GDP by 4.7% in 2020, mitigating an extraordinary recession. Note that consensus analysts expect 2020 real GDP growth of -4.4% (NBG estimates: -4.1%).
- Looking forward, elevated household savings could continue to gradually feed through to higher private consumption (70% of US GDP) lessening the absence of new fiscal measures. Indeed, households' savings ratio (i.e. income minus outlays and taxes, as % of disposable personal income) remains particularly high (at 17.8% in July versus a 30-year average of 6.9%). Note that August data are due on October 1<sup>st</sup> with consensus expecting a still elevated ratio of 12%-14% on the back of consumer spending being deferred during the lockdown period (from late March to early May), alongside the massive government support (in form of, *inter alia*, direct checks to households and additional unemployment benefits). However, there is elevated uncertainty regarding the pace of re-directing these savings towards consumption, especially in the current, exceptional circumstances. All told, further fiscal stimulus appears an important prerequisite for the US economy to sustain its recent strong momentum in the short term with consensus expecting real GDP growth of +3.8% in 2021 (NBG estimates: +3.7%).
- Nevertheless, the insofar stimulus is projected by the CBO to add \$2.3 tn to the federal budget deficit in fiscal year 2020 (11% of GDP) and \$0.6 tn in 2021 (3% of GDP). As a result, CBO estimates that the federal government deficit will increase to 16% of GDP in fiscal year 2020 (i.e. from October 2019 to September 2020), the largest since 1945, followed by also extraordinary deficits of 8.6% and 6.1% in fiscal years 2021 and 2022, respectively (see graph below). As a result, according to the CBO, the federal debt will reach a record 106% of GDP by fiscal year 2022. At the general government level (including the debt of state and local governments), (cont'd on page 2)

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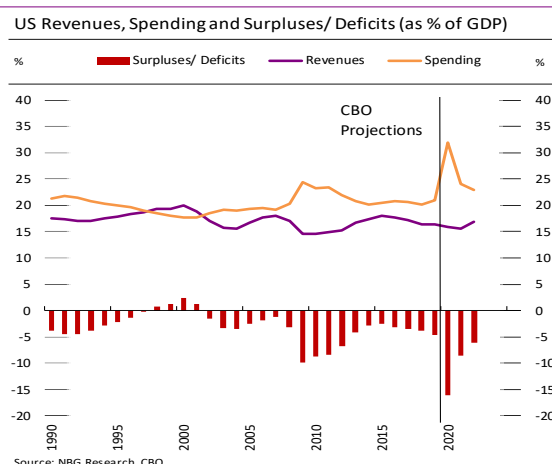
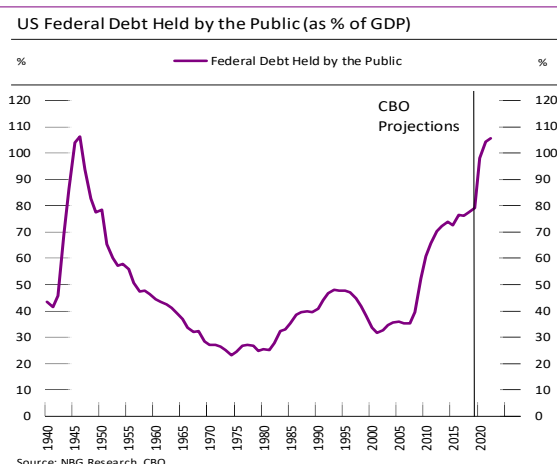
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Charts of the week



... debt will reach 143% of GDP in 2022 according to the International Monetary Fund (2020 Article IV Consultation, August 2020). Debt dynamics over the long-run are also bleak. CBO estimates that under current legislation, the federal debt will skyrocket to 195% of GDP by 2050 with a sharp rise in interest expenses (from 1.6% of GDP in fiscal year 2020 to 8.1% in fiscal year 2050).

### **Euro area PMIs suggest that the improvement for overall business activity stalled in September**

- **Euro area PMIs decreased considerably for a 2<sup>nd</sup> consecutive month in September (at the composite level), coming out meaningfully below consensus estimates.** Indeed, the composite index declined to 50.1, from 51.9 in August and 54.9 in July, below expectations for an unchanged outcome. The ongoing deterioration of Covid-19 epidemiological data and the subsequent renewed social distancing measures weigh on the services sector, with the respective PMI returning to levels below the expansion/contraction threshold of 50.0, to 47.6 (consensus: 50.6) from 50.5 in August and versus a peak of 54.7 in July. The aforementioned decrease, more than offset a rise in the manufacturing PMI, by 2.0 pts to 53.7 (not a broad-based one though country-wise, as it was heavily concentrated in Germany | see below), versus consensus estimates for 51.9. Notably, panelists reported that prices charged for goods and services (on average) fell for a 7<sup>th</sup> consecutive month in September and at the steepest rate since June 2020, as they increasingly resorted to discounts in order to support sales. On the other hand, survey participants reported higher input costs for a 4<sup>th</sup> consecutive month in September, mainly due to higher virus protection costs. These developments suggest a significant narrowing of firms' profit margins (the most profound since December 2018 according to Markit). Note also that the employment component continues to lag (below the expansion/contraction threshold for a 7<sup>th</sup> consecutive month), as firms appear reluctant to increase staffing levels in view of elevated uncertainty regarding the path of the pandemic and the economic recovery. Meanwhile, consumer confidence was modestly changed (+0.8 pts) to -13.9 in September, remaining below an average of -11.6 since 2001 (consensus for a stable outcome).

- **Regarding PMI performance by country, Germany overperformed France and the rest of the euro area (below the expansion/contraction threshold of 50.0 on a country weighted basis, for a 2<sup>nd</sup> consecutive month at the composite level).** Specifically, in France the composite PMI was 48.5 in September from 51.6 in August (and a 2½-year high of 57.3 in July), versus expectations for 51.9. The services PMI lost significant ground, down by 4.0 pts to 47.5, while its manufacturing counterpart rose by 1.1 pt to 50.9. It should also be noted though that INSEE's (France's official statistics office) composite business climate indicator improved in September, up by 2.0 pts to 92.4 (albeit remaining below an average of 100 since 1990).

- **German PMIs recorded mixed changes.** Specifically, the services PMI fell by 3.4 pts to 49.1, whereas its manufacturing counterpart increased substantially, by 4.4 pts to 56.6, the highest since July 2018. Overall, the composite PMI posted a much less profound fall compared with the rest of euro area countries, by 0.7 pts to 53.7 in September, close to consensus estimates for 54.0 and remaining

well above the expansion/contraction threshold of 50.0. Meanwhile, the IFO business climate index continued to recover, rising by 0.8 pts to 93.4, albeit remaining below its average of 97.1 since 2005. In a development that bodes well for a further improvement in coming months, the expectations component (expectations for business conditions in the next six months) continued to over-perform (97.7), while the assessment of current conditions came out at 89.2. Improvement occurred in the manufacturing, trade and construction sectors, whereas a modest deterioration took place in services. It should be noted that when interpreting/comparing the findings of the aforementioned surveys, caution is warranted in the different rationale of the survey questionnaires. In the event, PMI surveys indicate whether certain aspects are increasing or decreasing (e.g. the services business activity index is based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"). In the IFO survey a different approach is undertaken, with participants giving their assessments of the current business situation, describing it as "good," "satisfactory," or "poor" and their expectations for the next six months, describing them as "more favorable," "unchanged," or "less favorable".

### **Euro area bank lending growth to corporations remained strong in August**

- **Robust bank lending growth remains an important supporting factor for economic activity in the euro area, with the annual pace of growth of overall private sector borrowing largely stable at +4.6% yoy in August.** The two major private sector components performed as follows in August: i) loan growth to households (adjusted for sales and securitizations) was largely unchanged at +3.0% yoy; and ii) loan growth to non-financial corporations was also broadly stable at an elevated +7.1% yoy, remaining close to an 11½-year high of 7.3% yoy in May 2020. On a country-by-country basis, the robust outcomes were broad based. Attention now turns to the ECB's quarterly Bank Lending Survey (due on October 27<sup>th</sup>), as it will provide insight regarding how euro area banks' willingness to extend credit to the private sector evolves, as well as an indication for loan demand (based on banks' expectations).

### **UK PMIs suggest continued recovery for business activity in September, albeit with some loss of momentum**

- **UK PMIs declined considerably in September, remaining though well above the expansion/contraction threshold of 50.0.** Specifically, the PMI in the dominant services sector (80% of UK GDP) fell by 3.7 pts to 55.1. Stronger housing market conditions, rising demand for digital services and greater domestic tourism were cited by respondents as having a positive effect. On the other hand, pandemic related restrictions continued to weigh heavily on transport services, international travel, hospitality and consumer-facing businesses. Meanwhile, the manufacturing PMI decreased modestly, by 0.9 pts to 54.3. Overall, the composite PMI came out at 55.7 in September from 59.1 in August. The fact that the Covid-19 lockdown in the UK was imposed relatively later and lasted longer (thus the exit from strict restrictions occurred relatively more recently) appears to have resulted in remaining pockets of pent-up demand, a development which continued to boost activity in September, as also suggested by respondents' comments.

## Equities

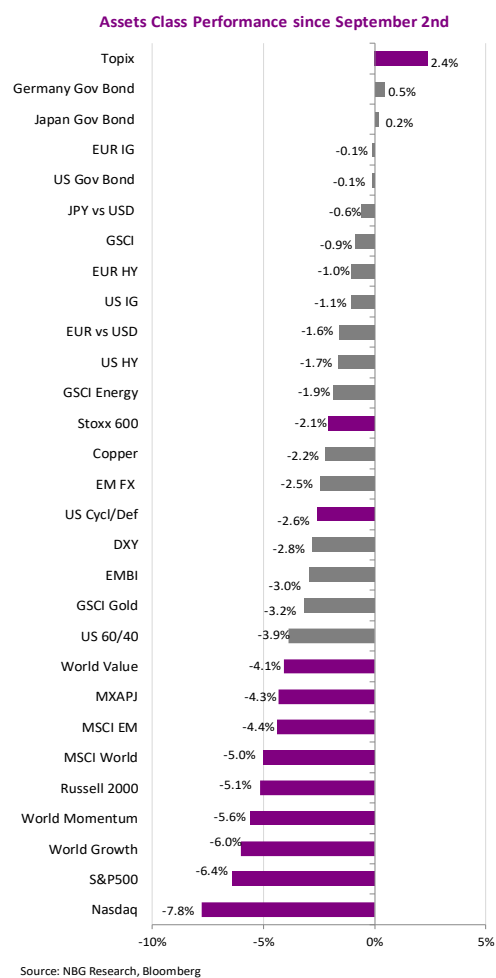
- Global equities declined in the past week, due to concerns that the rising number of coronavirus cases and the implementation of tighter restrictive measures will have a significant impact on the global economic recovery.** Overall, the MSCI ACWI ended the week down up 2.1% (-1.8% ytd), with Developed Markets (-1.7% wow | -1.3% ytd) over-performing their Emerging Markets peers (-4.5% wow | -5% ytd). The S&P500 ended the week down by 0.6% (+2.1% ytd), recording its 4<sup>th</sup> consecutive week with losses, for the first time since August 2019 (See Graph 1). However, on Friday, the Index rose by 1.6%, on the back of renewed optimism for COVID-19 vaccine, as Johnson & Johnson's vaccine candidate entered Phase-3 trials (Healthcare: +1.7% on Friday). The IT sector led the increase (2.4% on Friday), with the \$5INFT index hovering circa 10% lower compared with its 2020 high. Sector wise, Energy (-8.6% wow) led the decline on account of lower oil prices (see below), followed by Banks (-6.2% wow), due to, *inter alia*, money laundering reports earlier in the week. Looking forward, the forthcoming US election (November 3<sup>rd</sup>), the increased probability of a pandemic second wave and the possibility that the Congress will not reach an agreement for a new stimulus package are key factors to watch. On the other side of the Atlantic, the Eurostoxx fell by 4.2% wow (-14% ytd), posting its largest weekly decline since June 12<sup>th</sup>, as the number of new coronavirus cases recorded the largest weekly increase in France, Spain and the UK. On a sectoral level, Banks (-9.6% wow | -45% ytd) led the decline.

## Fixed Income

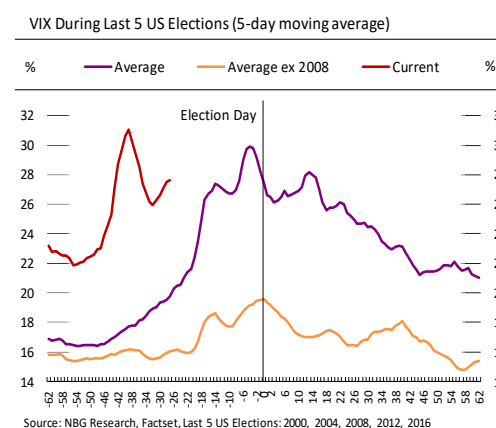
- Government bond yields declined in major advanced economies, due to investors' increased risk aversion.** Specifically, the US Treasury 10-year yield ended the week down by 3 bps at 0.65%. On the other side of the Atlantic, in the UK, the 10-year yield was stable at 0.21%, having increased by 5 bps on Tuesday, after the Bank of England's Governor Andrew Bailey stated that negative rates are part of the Bank's toolbox and that last week's monetary policy statement did not imply anything about the possibility of using them. In Germany, the 10-year Bund yield declined by 4 bps to -0.52%. Periphery bond yield spreads over the Bund in the 10-year tenor were broadly stable (Spain: 76 bps, Portugal: 77 bps, Greece: 154 bps) with the exception of Italy (-3 bps to 139 bps), following the decrease in political uncertainty post-regional elections. **Corporate bond spreads widened in the past week.** Specifically, US high yield spreads rose by 48 bps to 564 bps, while their euro area counterparts were up by 46 bps to 484 bps. In the Investment Grade spectrum, US spreads increased by 11 bps to 146 bps and Euro area spreads rose by 7 bps to 119 bps.

## FX and Commodities

- In foreign exchange markets, the US Dollar rose in the past week as "safe haven" demand increased, due to intensified concerns about the effects of a second wave of Covid-19 on the economic recovery.** Specifically, the US Dollar increased by 2% wow against the euro to \$1.162, its highest level since July 23<sup>rd</sup> and by 1.3% against the Japanese Yen to ¥105.64. On the contrary, the British Pound declined in the past week, due to i) the risks related to a no-deal Brexit; ii) the speculation about the implementation of a negative bank rate by the BoE and iii) the restrictive measures announced by the country's government that hurt the investors' sentiment. Overall, the Sterling fell by 2% against the US Dollar to \$1.27, recording a 2-month low, while it remained stable against the euro at €0.915. Finally, **in commodities, oil prices declined in the past week due to smaller-than-expected fall in US oil inventories and the rise in coronavirus cases that stoked concern about the pace of economic recovery and oil demand.** Specifically, US oil inventories decreased by 1.6 million barrels to 494 million barrels for the week ending September 18<sup>th</sup>. Moreover, the restoration of the pre-hurricane oil production in the Gulf of Mexico and the restart of Libyan oil exports almost nine months after the blockade imposed during the civil war also contributed to the downside. Overall, Brent declined by 2.9% to \$41.9/barrel (-37% ytd), and WTI by 2.1% to \$40.3/barrel (-34% ytd).



Graph 1.



Graph 2.

**Quote of the week:** "It doesn't imply anything about the possibility of us using negative instruments ... We have looked hard at the question of what scope is to cut interest rates further and particularly negative interest rates.", **Bank of England Governor, Andrew Bailey, September 22<sup>nd</sup> 2020.**

### Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	September 25th	3-month	6-month	12-month	Official Rate (%)	September 25th	3-month	6-month	12-month
<b>Germany</b>	-0,53	-0,50	-0,40	-0,30	<b>Euro area</b>	0,00	0,00	0,00	0,00
<b>US</b>	0,66	0,90	1,00	1,20	<b>US</b>	0,25	0,25	0,25	0,25
<b>UK</b>	0,19	0,30	0,35	0,43	<b>UK</b>	0,10	0,08	0,06	0,04
<b>Japan</b>	0,01	0,01	0,04	0,06	<b>Japan</b>	-0,10	-0,10	-0,10	-0,10

Currency	September 25th	3-month	6-month	12-month	September 25th	3-month	6-month	12-month	
<b>EUR/USD</b>	1,16	1,17	1,18	1,20	<b>USD/JPY</b>	106	106	105	103
<b>EUR/GBP</b>	0,91	0,91	0,91	0,90	<b>GBP/USD</b>	1,27	1,29	1,30	1,33
<b>EUR/JPY</b>	123	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
<b>Real GDP Growth (YoY) (1)</b>	3,0	2,3	2,0	2,1	2,3	2,2	0,3	-9,1	-3,7	-3,7	-4,1
<b>Real GDP Growth (QoQ saar) (2)</b>	-	2,9	1,5	2,6	2,4	-	-5,0	-31,7	29,3	2,4	-
<b>Private Consumption</b>	2,7	1,8	3,7	2,7	1,6	2,4	-6,9	-34,1	32,8	5,0	-4,7
<b>Government Consumption</b>	1,8	2,5	5,0	2,1	2,4	2,3	1,3	2,8	14,1	-9,2	2,9
<b>Investment</b>	5,2	2,9	-0,4	2,4	1,0	1,9	-1,4	-28,9	12,8	3,4	-4,4
<b>Residential</b>	-0,6	-1,7	-2,1	4,6	5,8	-1,7	19,0	-37,9	36,2	1,3	0,9
<b>Non-residential</b>	6,9	4,2	0,0	1,9	-0,3	2,9	-6,7	-26,0	7,6	4,0	-5,8
<b>Inventories Contribution</b>	0,2	0,2	-1,1	-0,1	-0,9	0,0	-1,7	-4,7	2,9	1,2	-1,1
<b>Net Exports Contribution</b>	-0,3	0,6	-0,9	0,0	1,9	-0,2	1,6	0,6	-1,2	-1,0	0,6
<b>Exports</b>	3,0	1,8	-4,5	0,8	3,4	-0,1	-9,5	-63,2	28,0	19,6	-14,9
<b>Imports</b>	4,1	-2,1	1,7	0,5	-7,5	1,1	-15,0	-54,0	29,3	21,3	-14,1
<b>Inflation (3)</b>	2,5	1,7	1,8	1,7	2,1	1,8	2,1	0,3	1,1	1,0	1,1

Euro Area	2018a	Q1:19a	Q2:19a	Q3:19a	Q4:19a	2019a	Q1:20a	Q2:20a	Q3:20f	Q4:20f	2020f
<b>Real GDP Growth (YoY)</b>	1,9	1,4	1,3	1,4	1,0	1,3	-3,2	-14,7	-7,9	-5,3	-7,8
<b>Real GDP Growth (QoQ saar)</b>	-	2,0	0,8	1,1	0,1	-	-14,1	-39,4	37,8	12,2	-
<b>Private Consumption</b>	1,4	2,2	0,8	1,7	0,5	1,3	-16,8	-41,0	43,5	14,8	-8,3
<b>Government Consumption</b>	1,2	2,2	2,0	2,5	1,0	1,8	-2,8	-10,0	12,4	4,6	-0,3
<b>Investment</b>	3,5	1,7	2,9	-1,1	14,0	5,0	-19,2	-52,6	54,4	17,6	-9,2
<b>Inventories Contribution</b>	0,1	-3,4	5,6	-5,5	1,0	-0,3	2,0	0,2	0,0	-0,4	0,2
<b>Net Exports Contribution</b>	0,2	3,5	-6,0	5,6	-4,1	-0,5	-1,9	-3,8	0,9	0,0	-1,6
<b>Exports</b>	3,6	4,2	0,0	2,9	0,5	2,5	-14,7	-56,5	47,3	17,3	-12,3
<b>Imports</b>	3,6	-3,0	14,1	-8,4	10,0	4,0	-12,1	-54,7	46,7	18,2	-10,1
<b>Inflation</b>	1,8	1,4	1,4	1,0	1,0	1,2	1,1	0,2	0,1	0,0	0,4

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

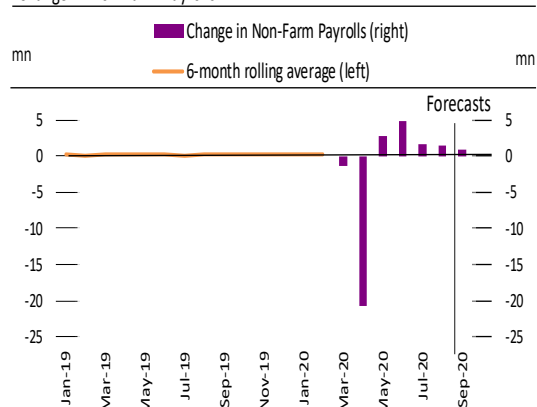
	US	Euro Area	Japan	UK
<b>Equity Markets</b>	<ul style="list-style-type: none"> <li>+ Massive Fiscal loosening will support the economy but wont avoid a recession</li> <li>- 2020 EPS growth expectations have further room to fall from +2%. Earnings will contract in 2020</li> <li>- Forget aggressive share 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>● Neutral/Positive</li> <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>● Neutral</li> <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>● Neutral</li> <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>● Neutral/Negative</li> <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>
	<ul style="list-style-type: none"> <li>● Broadly Flat EUR against the USD with high volatility around \$1.20</li> </ul>	<ul style="list-style-type: none"> <li>● Broadly Flat EUR against the USD with high volatility around \$1.20</li> </ul>	<ul style="list-style-type: none"> <li>▲ Slightly higher JPY</li> </ul>	<ul style="list-style-type: none"> <li>▲ Higher GBP expected but with Brexit risk premia working on both directions</li> </ul>

## Economic Calendar

In the US, attention turns to the September labor report that is released on October 2<sup>nd</sup>. Consensus expects NFPs of +850k from +1,371k in August, average weekly earnings of +0.2% mom (+4.8% yoy) from +0.4% (+4.7% yoy) and unemployment rate of 8.2% from 8.4%. On Thursday, ISM Manufacturing survey (latest: 56 | consensus of 56.3) will offer insight regarding the momentum in the business sector. At the same time, the weekly initial and continuing jobless claims will provide a more updated view of labor market conditions.

In the Euro area, attention turns to inflation data for September, due to release on Friday. CPI is expected stable at -0.2% yoy, while the core figure at 0.4% yoy. At the same time, unemployment rate for August is also released and is expected at 8.1% from 7.9% in the previous month.

Change in Non-Farm Payrolls



Source: NBG Research, Bloomberg

Economic News Calendar for the period: September 22 - October 5, 2020

Tuesday 22					Wednesday 23					Thursday 24					
US		S	A	P	US		S	A	P	US		S	A	P	
Existing home sales (mn)	August	6.00	6.00	5.86	Markit US Manufacturing PMI	September	53.5	53.5	53.1	Initial Jobless Claims (k)	September 19	840	-	870	866
<b>EURO AREA</b>					<b>UK</b>					Continuing Claims (k)	September 12	12275	-	12580	12747
Consumer Confidence Indicator	September	-14.7	+ -13.9	-14.7	Markit UK PMI Manufacturing SA	September	54.0	+ 54.3	55.2	New home sales (k)	August	890	+ 1011	965	
					Markit/CIPS UK Services PMI	September	55.9	- 55.1	58.8	<b>EURO AREA</b>					
					<b>JAPAN</b>					ECB publishes its Economic bulletin	September 24				
					PMI manufacturing	September	..	47.3	47.2	<b>GERMANY</b>					
					<b>EURO AREA</b>					IFO- Business Climate Indicator	September	93.8	-	93.4	92.5
					Markit Eurozone Manufacturing PMI	September	51.9	+ 53.7	51.7	IFO-Expectations	September	98.0	-	97.7	97.2
					Markit Eurozone Services PMI	September	50.6	- 47.6	50.5	IFO- Current Assessment	September	89.5	-	89.2	87.9
					Markit Eurozone Composite PMI	September	51.9	- 50.1	51.9						
Friday 25					Monday 28										
US		S	A	P			S	A	P			S	A	P	
Durable goods orders (MoM)	August	1.5%	- 0.4%	11.7%											
Durable goods orders ex transportation (MoM)	August	1.0%	- 0.4%	3.2%											
<b>EURO AREA</b>															
M3 money supply (YoY)	August	10.1%	9.5%	10.1%											
Tuesday 29					Wednesday 30					Monday 5					
US		S	A	P	US		S	A	P	GERMANY		S	A	P	
S&P Case/Shiller house price index 20 (YoY)	July	3.60%	..	3.46%	ADP Employment Change (k)	September	630	..	428	Retail sales (MoM)	August	0.4%	..	-0.2%	
Conference board consumer confidence	September	90.0	..	84.8	GDP (QoQ, annualized)	Q2:20	-31.7%	..	-31.7%	Retail sales (YoY)	August	4.2%	..	5.0%	
<b>EURO AREA</b>					Personal consumption (QoQ, annualized)	Q2:20	-34.1%	..	-34.1%	<b>CHINA</b>					
Economic confidence indicator	September	89.0	..	87.7	Pending home sales (MoM)	August	3.0%	..	5.9%	Manufacturing PMI	September	51.3	..	51.0	
					<b>UK</b>					Caixin PMI Manufacturing	September	53.1	..	53.1	
					GDP (QoQ)	Q2:20	-20.4%	..	-20.4%						
					GDP (YoY)	Q2:20	-21.7%	..	-21.7%						
					Nationwide House Px NSA YoY	September	4.5%	..	3.7%						
					<b>JAPAN</b>										
					Industrial Production (MoM)	August	1.4%	..	8.7%						
					Industrial Production (YoY)	August	-13.4%	..	-15.5%						
					Retail sales (MoM)	August	2.0%	..	-3.4%						
					Retail sales (YoY)	August	-3.1%	..	-2.9%						
					Construction Orders YoY	August	..	..	-22.9%						
Thursday 1					Friday 2					Monday 5					
US		S	A	P	US		S	A	P	EURO AREA		S	A	P	
Initial Jobless Claims (k)	September 26	850	..	870	Change in Nonfarm Payrolls (k)	September	850	..	1371	Retail sales (MoM)	August	..	..	-1.3%	
Continuing Claims (k)	September 19	12250	..	12580	Change in Private Payrolls (k)	September	850	..	1027	Retail sales (YoY)	August	..	..	0.4%	
Personal income (MoM)	August	-2.5%	..	0.4%	Unemployment rate	September	8.2%	..	8.4%						
Personal spending (MoM)	August	0.8%	..	1.9%	Average weekly hours (hrs)	September	34.6	..	34.6						
PCE Deflator (YoY)	August	1.2%	..	1.0%	Average Hourly Earnings MoM	September	0.2%	..	0.4%						
PCE Core Deflator (YoY)	August	1.4%	..	1.3%	Average Hourly Earnings YoY	September	4.8%	..	4.7%						
ISM Manufacturing	September	56.3	..	56.0	Labor Force Participation Rate	September	61.9%	..	61.7%						
Construction spending (MoM)	August	0.7%	..	0.1%	Underemployment Rate	September	..	..	14.2%						
<b>JAPAN</b>					Factory Goods Orders (MoM)	August	1.0%	..	6.4%						
Tankan - large manufacturers current index	Q3:20	-24	..	-34	<b>JAPAN</b>										
Tankan - large manufacturers outlook index	Q3:20	-16	..	-27	Jobless Rate	August	3.0%	..	2.9%						
<b>EURO AREA</b>					<b>EURO AREA</b>										
Unemployment Rate	August	8.1%	..	7.9%	CPI estimate (YoY)	September	-0.2%	..	-0.2%						
					Core CPI (YoY)	September	0.4%	..	0.4%						

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	<b>S&amp;P 500</b>	3298	-0,6	2,1	10,8	13,5	MSCI Emerging Markets	60809	-3,5	-1,1	7,1	
Japan	<b>NIKKEI 225</b>	23205	-0,7	-1,9	5,2	-3,5	MSCI Asia	949	-3,9	3,9	13,9	
UK	<b>FTSE 100</b>	5843	-2,7	-22,5	-20,5	-22,2	China	95	-3,6	10,6	24,6	
Canada	<b>S&amp;P/TSX</b>	16065	-0,8	-5,8	-4,3	-0,6	Korea	714	-4,5	3,3	11,4	
Hong Kong	<b>Hang Seng</b>	23235	-5,0	-17,6	-10,8	-16,5	MSCI Latin America	81729	-1,2	-18,4	-13,9	
Euro area	<b>EuroStoxx</b>	347	-4,2	-14,0	-8,7	-9,1	Brazil	304351	-1,6	-16,9	-9,9	
Germany	<b>DAX 30</b>	12469	-4,9	-5,9	1,5	0,7	Mexico	33873	1,8	-15,6	-14,9	
France	<b>CAC 40</b>	4730	-5,0	-20,9	-15,9	-14,2	MSCI Europe	5142	-2,6	-19,3	-13,1	
Italy	<b>FTSE/MIB</b>	18698	-4,2	-20,5	-14,8	-13,6	Russia	1152	-2,3	-15,4	-7,6	
Spain	<b>IBEX-35</b>	6628	-4,4	-30,6	-27,4	-30,4	Turkey	1327049	1,8	-11,7	-4,3	

**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		103,9	-7,4	-47,2	-45,2	-56,0	Energy		107,3	-6,4	-46,8	-45,8
Materials		272,3	-5,4	0,0	8,5	1,5	Materials		259,7	-4,1	-0,4	6,2
Industrials		261,6	-3,1	-5,4	1,1	-1,2	Industrials		256,3	-2,2	-6,2	-0,7
Consumer Discretionary		318,4	-0,9	14,4	22,1	21,5	Consumer Discretionary		305,1	-0,3	13,7	20,5
Consumer Staples		246,5	-1,2	-1,8	0,3	9,2	Consumer Staples		245,5	-0,3	-2,4	-1,6
Healthcare		288,1	-2,4	3,2	17,1	13,6	Healthcare		282,6	-1,8	2,5	15,4
Financials		94,9	-4,9	-24,5	-18,3	-22,3	Financials		95,0	-4,0	-24,6	-19,4
IT		384,5	1,7	23,7	40,2	49,1	IT		371,1	2,0	23,2	39,4
Telecoms		80,1	-1,1	3,4	10,3	20,1	Telecoms		83,4	-0,7	3,1	9,5
Utilities		139,3	-0,2	-7,3	-6,2	11,6	Utilities		141,9	0,6	-7,9	-7,9

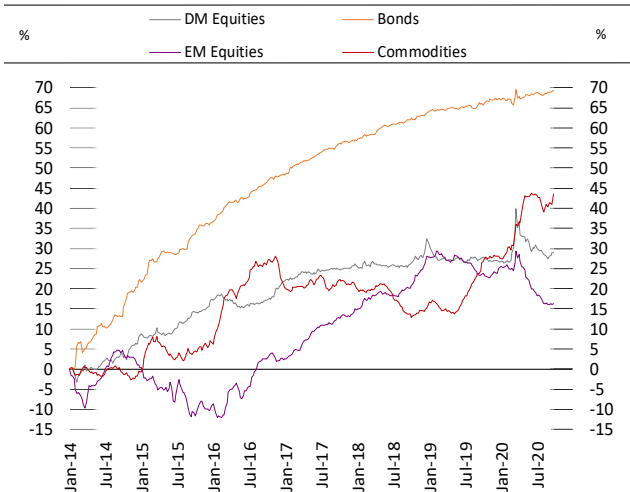
**Bond Markets (%)**

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		0,66	0,70	1,92	1,69	2,22	US Treasuries 10Y/2Y		53	56	35	4
Germany		-0,53	-0,49	-0,19	-0,58	0,87	US Treasuries 10Y/5Y		39	41	23	11
Japan		0,01	0,02	-0,01	-0,25	0,39	Bunds 10Y/2Y		18	21	42	17
UK		0,19	0,18	0,82	0,52	1,73	Bunds 10Y/5Y		19	20	29	18
Greece		1,03	1,08	1,47	1,34	9,48	Corporate Bond Spreads (in bps)		Current	Last week	Year Start	One Year Back
Ireland		-0,17	-0,13	0,12	-0,04	3,09	EM Inv. Grade (IG)		197	190	150	162
Italy		0,89	0,96	1,41	0,82	2,98	EM High yield		682	645	494	570
Spain		0,25	0,29	0,47	0,15	2,70	US IG		146	135	101	120
Portugal		0,27	0,30	0,44	0,17	4,42	US High yield		564	516	360	395
US Mortgage Market (1. Fixed-rate Mortgage)		Current	Last week	Year Start	One Year Back	10-year average	Euro area IG		119	112	94	112
30-Year FRM <sup>1</sup> (%)		3,1	3,1	4,0	4,0	4,1	Euro area High Yield		484	438	308	361
vs 30Yr Treasury (bps)		170	165	156	188	128						

**Foreign Exchange & Commodities**

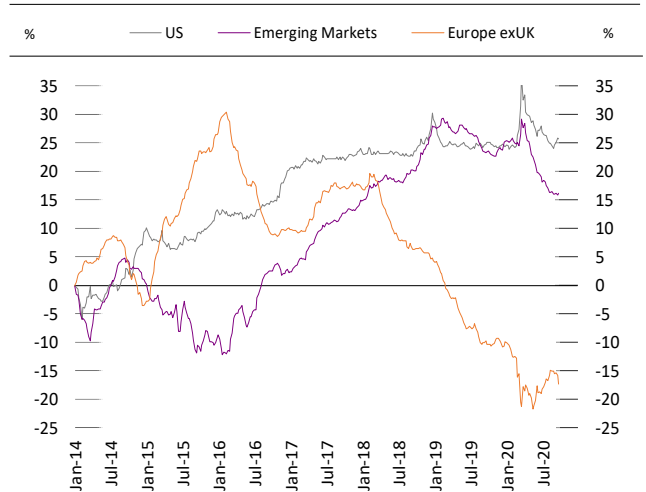
Foreign Exchange		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Commodities		Current	1-week change (%)	1-month change (%)	1-Year change (%)
Euro-based cross rates							Agricultural		325	-3,3	3,0	1,2
EUR/USD		1,16	-1,8	-1,7	6,5	3,7	Energy		230	-2,1	-9,1	-50,2
EUR/CHF		1,08	0,1	0,5	-0,5	-0,5	West Texas Oil (\$)		40	-2,5	-7,6	-28,9
EUR/GBP		0,91	-0,5	1,9	3,0	7,9	Crude Brent Oil (\$)		41	-2,9	-9,1	-33,8
EUR/JPY		122,88	-0,8	-2,0	4,3	1,0	Industrial Metals		1212	-3,8	-2,4	1,5
EUR/NOK		11,14	3,4	5,9	12,3	13,1	Precious Metals		2147	-6,0	-5,7	20,5
EUR/SEK		10,62	2,3	2,9	-0,5	1,1	Gold (\$)		1862	-4,6	-4,8	23,7
EUR/AUD		1,65	1,9	1,1	2,3	3,6	Silver (\$)		23	-14,5	-16,8	28,4
EUR/CAD		1,56	-0,4	0,1	7,5	6,9	Baltic Dry Index		1667	28,6	10,5	-15,1
USD-based cross rates							Baltic Dirty Tanker Index		434	-1,6	-8,2	-50,5
USD/CAD		1,34	1,4	1,8	0,9	3,0						
USD/AUD		1,42	3,7	2,9	-4,0	-0,2						
USD/JPY		105,58	1,0	-0,4	-2,1	-2,8						

Global Cross Asset ETFs: Flows as % of AUM



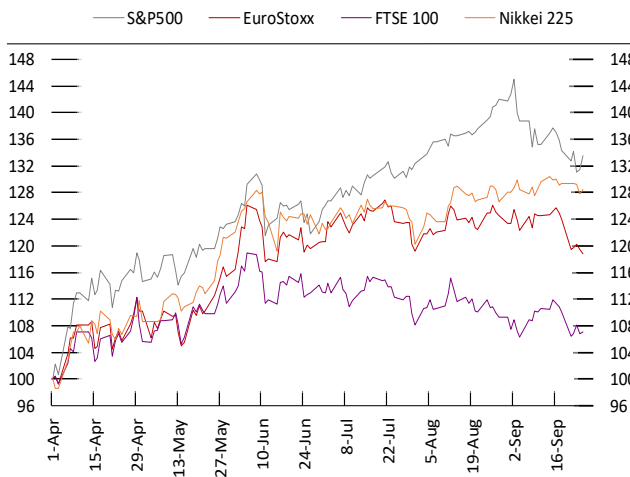
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of September 25<sup>th</sup>

Equity ETFs: Flows as % of AUM



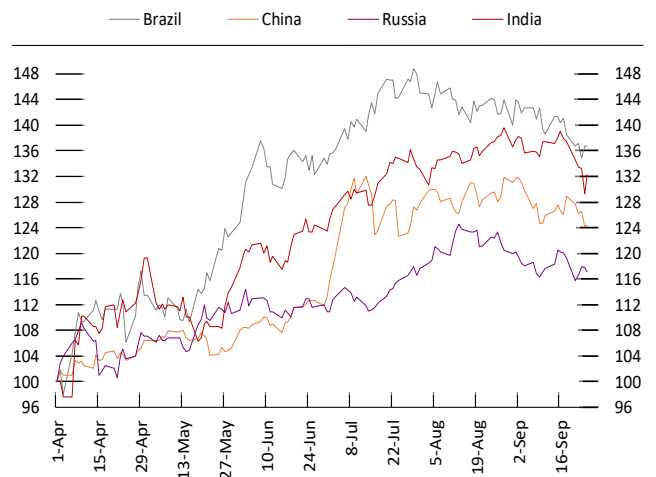
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of September 25<sup>th</sup>

Equity Market Performance - G4



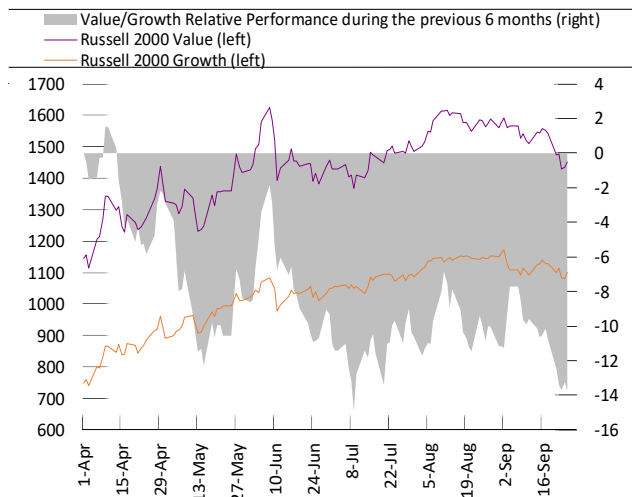
Source: Bloomberg - Data as of September 25<sup>th</sup> - Rebased @ 100

Equity Market Performance - BRICs



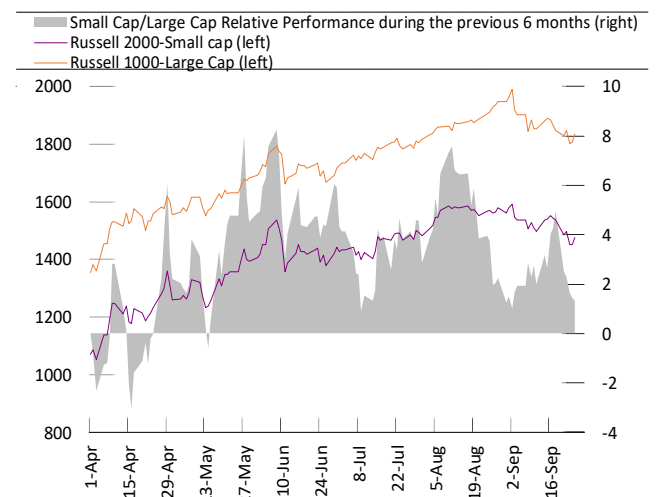
Source: Bloomberg - Data as of September 25<sup>th</sup> - Rebased @ 100

Russell 2000 Value & Growth Index



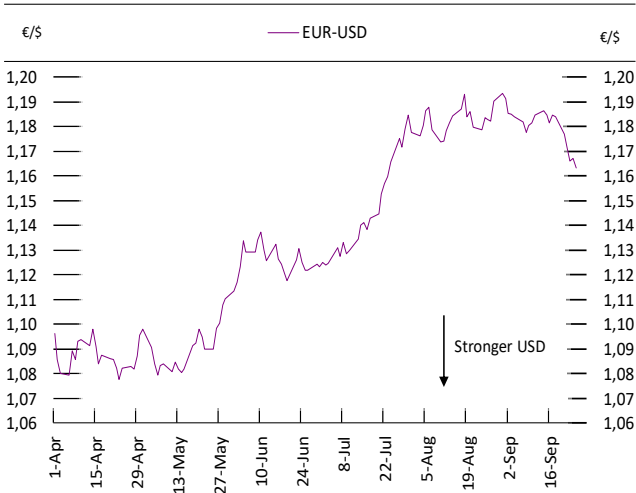
Source: Bloomberg, Data as of September 25<sup>th</sup>

Russell 2000 & Russell 1000 Index



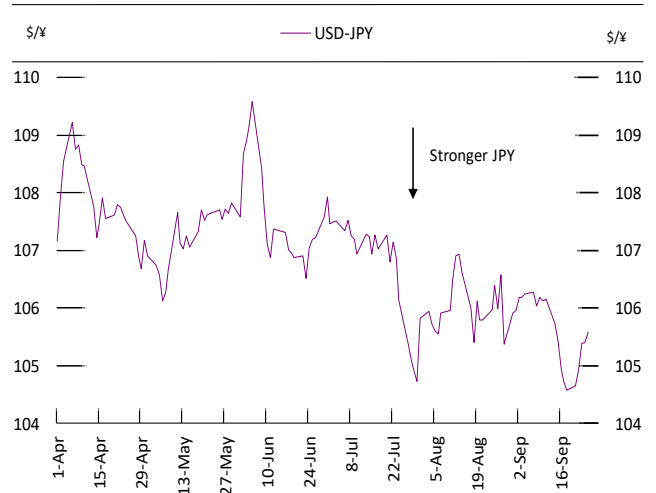
Source: Bloomberg, Data as of September 25<sup>th</sup>

### EUR/USD



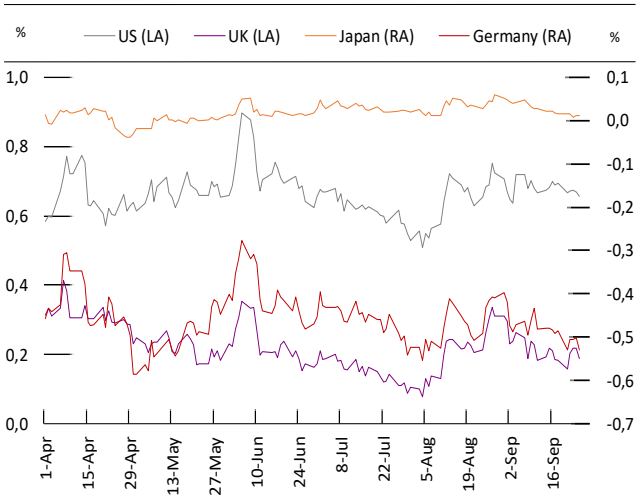
Source: Bloomberg, Data as of September 25<sup>th</sup>

### JPY/USD



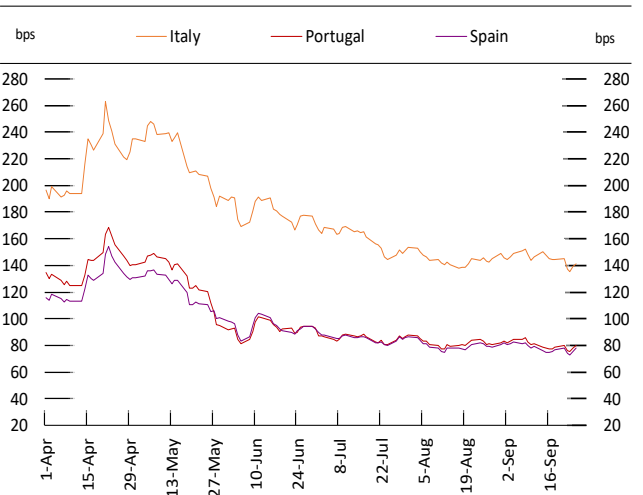
Source: Bloomberg, Data as of September 25<sup>th</sup>

### 10- Year Government Bond Yields



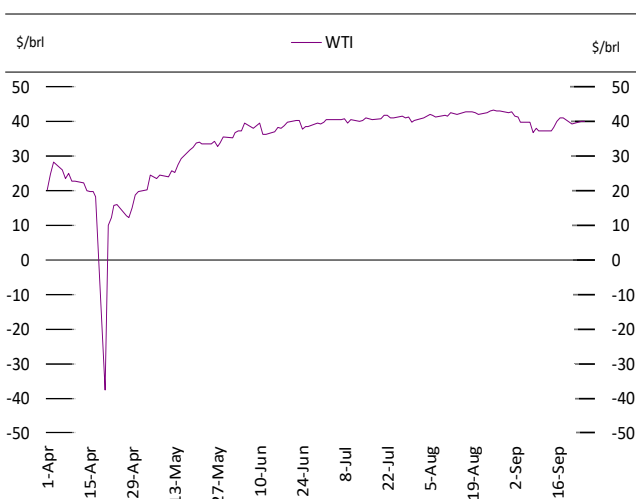
Source: Bloomberg - Data as of September 25<sup>th</sup>  
LA:Left Axis RA:Right Axis

### 10- Year Government Bond Spreads



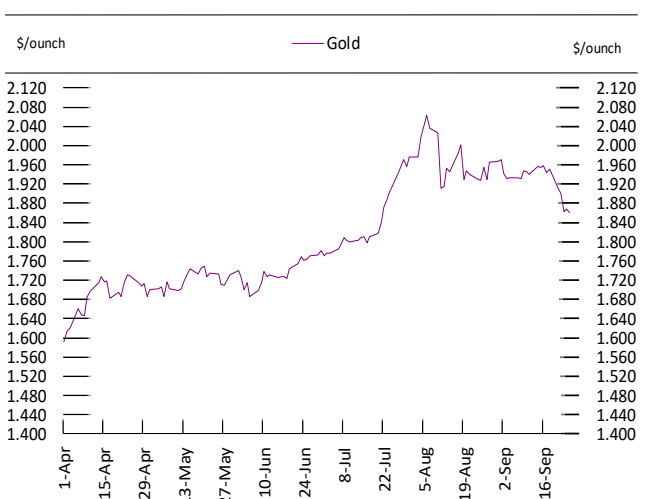
Source: Bloomberg - Data as of September 25<sup>th</sup>

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



Source: Bloomberg, Data as of September 25<sup>th</sup>

### Gold (\$/ounce)



Source: Bloomberg, Data as of September 25<sup>th</sup>



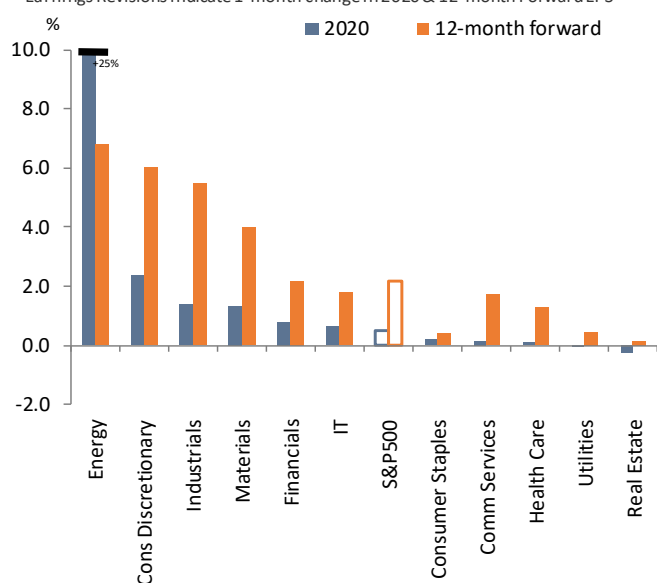
### US Sectors Valuation

	Price (\$)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	25/9/20	% Weekly Change	%YTD	2019	2020	2019	2020	2019	2020	12m fwd	10Yr Avg	2019	2020	12m fwd	10Yr Avg
<b>S&amp;P500</b>	3298	-0.6	2.1	1.2	-18.4	1.8	1.7	20.3	25.2	21.4	15.6	3.7	3.7	3.5	2.6
<b>Energy</b>	229	-8.6	-49.8	-29.0	N/A	3.8	7.4	21.8	N/A	N/A	13.0	1.6	1.0	1.0	1.7
<b>Materials</b>	393	-4.6	1.8	-15.6	-16.3	2.1	2.1	20.2	25.3	21.0	15.1	2.4	2.6	2.6	2.5
<b>Financials</b>															
Diversified Financials	679	-2.9	-8.6	1.6	-22.8	1.4	1.7	16.2	19.0	16.2	14.0	1.9	1.6	1.5	1.5
Banks	233	-6.2	-38.7	9.0	-50.5	2.6	4.1	12.3	15.5	11.8	10.9	1.4	0.8	0.8	1.0
Insurance	356	-4.0	-19.2	15.8	-5.9	2.2	2.9	13.4	11.5	10.5	10.9	1.5	1.2	1.1	1.1
Real Estate	215	-2.1	-10.4	1.9	-8.4	3.1	3.2	21.0	20.5	19.6	18.2	3.7	3.2	3.3	3.1
<b>Industrials</b>															
Capital Goods	638	-3.7	-12.2	-7.2	-28.3	1.8	2.0	21.2	25.6	20.5	15.9	5.5	4.2	4.0	3.5
Transportation	859	-0.4	9.6	6.5	N/A	1.9	1.6	14.7	N/A	N/A	9.9	4.3	5.5	5.4	3.5
Commercial Services	374	-0.4	8.2	12.8	-3.7	1.3	1.2	28.5	31.0	28.8	20.5	6.0	5.7	5.5	3.6
<b>Consumer Discretionary</b>															
Retailing	3329	1.9	35.9	4.4	-3.4	0.7	0.5	33.9	47.2	39.2	23.3	13.8	14.5	12.6	7.1
Consumer Services	1140	-0.9	-12.4	5.0	N/A	2.1	1.7	24.2	N/A	N/A	22.2	16.5	31.9	55.5	8.2
Consumer Durables	385	2.2	3.5	-0.4	-17.2	1.5	1.4	19.7	24.9	20.6	17.1	4.1	4.1	3.8	3.2
Automobiles and parts	94	-7.1	-21.1	-16.8	N/A	4.2	1.4	8.5	N/A	N/A	7.6	1.3	1.2	1.1	1.6
<b>IT</b>															
Technology	2112	3.5	32.5	2.6	3.7	1.3	1.1	21.6	26.6	24.1	13.1	9.7	13.7	14.7	4.2
Software & Services	2801	1.4	21.9	11.4	7.9	0.9	0.9	29.5	32.3	29.5	18.2	7.9	9.2	8.4	5.4
Semiconductors	1488	2.0	19.8	-12.3	7.4	1.8	1.6	18.9	21.0	19.1	14.2	5.6	5.9	5.5	3.2
Communication Services	192	-0.4	5.9	3.0	-11.9	1.2	1.1	21.8	25.4	22.3	17.8	3.5	3.4	3.2	2.9
Media	725	-0.1	11.2	3.8	-11.2	0.4	0.3	27.4	33.0	27.2	20.7	4.2	4.2	3.9	3.3
<b>Consumer Staples</b>															
Food & Staples Retailing	524	0.5	5.3	2.9	-2.0	1.7	1.6	21.5	23.5	22.8	16.6	4.6	4.8	4.5	3.2
Food Beverage & Tobacco	664	-1.4	-7.1	-1.7	-2.1	3.3	3.6	19.7	18.7	17.7	17.7	5.3	5.0	4.7	4.9
Household Goods	822	0.5	10.6	6.4	8.3	2.3	2.1	26.0	26.6	25.4	19.8	9.5	10.1	9.9	5.6
<b>Health Care</b>															
Pharmaceuticals	1005	-1.8	1.9	10.8	7.5	2.1	2.3	16.2	15.2	14.2	14.7	6.3	5.2	4.8	3.9
Healthcare Equipment	1379	-2.2	0.1	9.9	-1.2	1.0	1.1	20.7	20.7	18.5	15.7	3.8	3.3	3.1	2.7
<b>Utilities</b>	299	1.2	-9.1	4.9	1.5	3.1	3.5	20.7	18.6	17.9	16.1	2.2	1.9	1.9	1.7

Source Factset, Blue box indicates a value more than +2standard deviation from average, light blue a value more than +1standard deviation from average. Orange box indicates a value less than -2standard deviation from average, light orange a value less than -1standard deviation from average

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

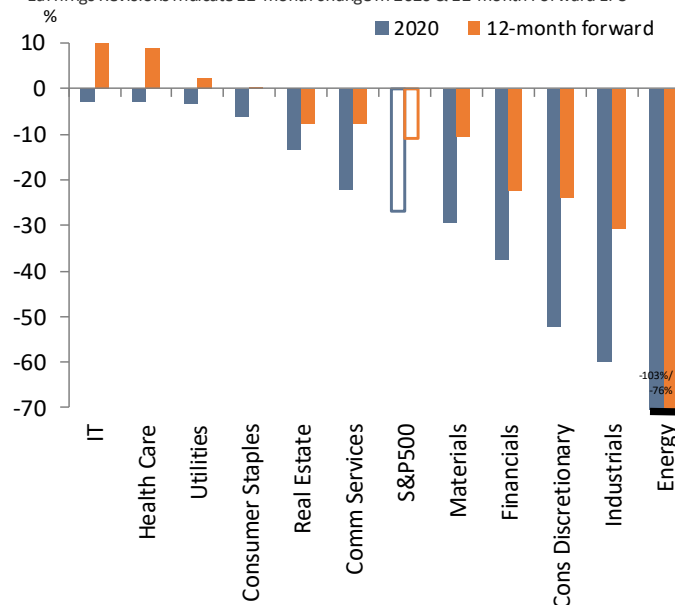
Earnings Revisions indicate 1-month change in 2020 & 12-month Forward EPS



Source: Factset, Data as of September 25<sup>th</sup>  
12-month forward EPS are 26% of 2020 EPS and 70% 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 September 25<sup>th</sup>  
12-month forward EPS are 26% of 2020 EPS and 70% of 2021 EPS  
National Bank of Greece | Economic Research Division | Global Markets Analysis

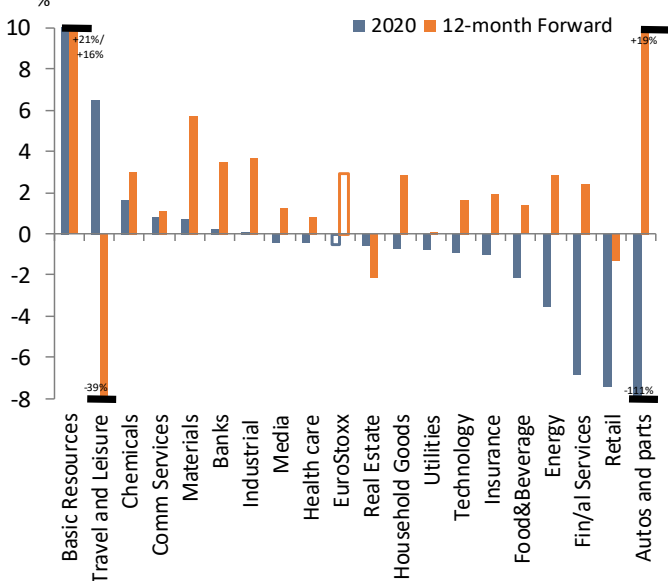
### Euro Area Sectors Valuation

	Price (€)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	25/9/20	% Weekly Change	%YTD	2019	2020	2019	2020	2019	2020	12m fwd	10Yr Avg	2019	2020	12m fwd	10Yr Avg
<b>EuroStoxx</b>	347	-4.2	-14.0	2.2	-41.7	3.0	2.6	16.8	24.5	18.3	13.5	1.7	1.5	1.5	1.4
<b>Energy</b>	199	-8.0	-39.4	-10.1	-72.1	5.0	6.6	13.7	29.3	17.0	11.9	1.3	1.0	1.0	1.1
<b>Materials</b>	387	-5.3	-20.7	12.5	-41.5	3.1	3.0	15.4	21.0	15.4	14.2	1.8	1.5	1.4	1.4
<b>Basic Resources</b>	157	-8.4	-22.9	-60.5	N/A	3.1	2.2	20.8	N/A	N/A	9.3	0.9	0.8	0.8	0.9
<b>Chemicals</b>	1151	-4.9	-2.1	-13.5	-18.5	2.7	2.7	21.6	26.3	22.5	15.5	2.1	2.1	2.1	2.2
<b>Financials</b>															
<b>Fin/al Services</b>	461	-2.9	-8.5	23.8	-36.4	2.6	2.6	15.0	21.2	16.4	13.8	1.6	1.2	1.1	1.2
<b>Banks</b>	53	-9.6	-45.2	-1.1	-58.7	5.7	3.9	9.2	12.1	9.0	9.5	0.6	0.4	0.3	0.7
<b>Insurance</b>	218	-8.0	-28.0	12.3	-21.8	4.8	6.6	11.0	10.0	8.3	9.3	1.0	0.7	0.7	0.9
<b>Real Estate</b>	192	-5.1	-22.2	0.2	-6.9	4.2	4.5	19.1	16.0	15.5	17.0	1.0	0.8	0.8	1.0
<b>Industrial</b>	825	-4.5	-12.2	12.0	-47.7	2.4	1.8	20.2	33.5	23.5	15.6	3.2	2.7	2.6	2.4
<b>Consumer Discretionary</b>															
<b>Media</b>	196	-1.1	-12.5	4.1	-20.6	2.6	2.5	17.9	19.5	17.3	15.5	2.5	2.2	2.1	1.8
<b>Retail</b>	607	-4.0	1.0	4.9	-39.5	2.6	1.8	26.0	43.3	31.0	21.9	6.7	5.8	5.4	4.2
<b>Automobiles and parts</b>	398	-3.8	-18.1	-12.2	N/A	3.7	1.5	8.7	N/A	N/A	11.4	0.9	0.8	0.7	1.0
<b>Travel and Leisure</b>	170	-1.8	-20.6	-10.1	N/A	2.2	0.4	16.8	N/A	N/A	13.7	2.0	1.8	1.8	2.0
<b>Technology</b>	651	-3.0	7.5	2.1	-11.1	1.1	0.8	27.9	32.5	26.9	18.8	4.8	4.4	4.1	3.3
<b>Communication Services</b>	237	-4.2	-18.0	-9.6	-2.4	4.0	4.5	18.0	14.9	13.9	14.7	1.8	1.4	1.4	1.8
<b>Consumer Staples</b>															
<b>Food&amp;Beverage</b>	456	-4.9	-23.7	16.8	-37.2	2.1	2.1	20.6	24.8	20.4	18.8	2.7	2.0	1.9	2.6
<b>Household Goods</b>	1059	-1.7	-1.1	6.4	-29.1	1.6	1.3	29.9	40.9	32.6	21.7	6.1	5.5	5.2	3.9
<b>Health care</b>	820	-2.5	-5.8	7.0	-8.2	2.1	2.1	20.2	20.1	18.1	15.6	2.4	2.2	2.1	2.2
<b>Utilities</b>	341	-1.2	-1.6	57.7	-4.0	4.5	4.6	16.2	16.3	15.0	12.8	1.6	1.4	1.4	1.1

Source Factset, Blue box indicates a value more than +2standard deviation from average, light blue a value more than +1standard deviation from average. Orange box indicates a value less than -2standard deviation from average, light orange a value less than -1standard deviation from average

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

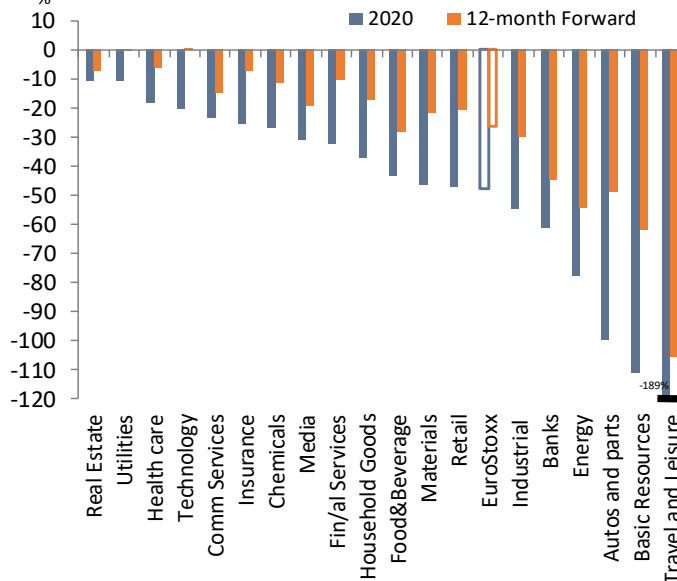
Earnings Revisions indicate 1-month change in 2020 & 12-month Forward EPS



Source: Factset, Data as of September 25<sup>th</sup>  
12-month forward EPS are 26% of 2020 EPS and 70% 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 September 25<sup>th</sup>  
12-month forward EPS are 26% of 2020 EPS and 70% of 2021 EPS

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