

## Euro area inflation edged significantly higher in August, with investors' attention now turning to the ECB meeting

- Inflation in the euro area jumped to its highest level since 2011 in August, with the headline CPI at +3.0% yoy from 2.2% yoy in July, well above consensus estimates for +2.7% yoy, while the core CPI reached +1.6% yoy, recording a 9-year high from +0.7% yoy in July (consensus: +1.4% yoy).
- Meanwhile, according to the IMF Food Price Index, global food (producer) prices have increased by 42% since their trough in April 2020 and by 35% since July 2020, due to elevated demand for consumption and biofuels and reduced supply, due to, *inter alia*, the shortage of workers and the supply chain disruptions.
- Following the surge in inflation, investors' attention turns to the forthcoming ECB meeting on September 9<sup>th</sup>, with some officials putting forward the prospect of a possible reduction of the pace of PEPP purchases in Q4:2021.
- German political uncertainty ahead of the national elections on September 26<sup>th</sup> is elevated, as the election polls open up a wide range of possible coalition options. Specifically, according to the latest Infratest Dimap voting intention poll (survey period: Aug 30<sup>th</sup> – Sep 1<sup>st</sup>), the center-left SPD is standing at 25% (+7 pps since August 5<sup>th</sup>) and is leading for the first time since February 2017, while the center-right CDU/CSU stands at a record-low 20% (-2 pps).
- The 5pps margin in favor of the SPD is the widest since 2001. Polls have tightened significantly since the start of 2021 (see graph below). Note that on January 16<sup>th</sup>, A. Laschet was elected as the new leader of the CDU party. Recall that in the last general elections in 2017, the CDU/CSU received the 32.9% of the votes and the SPD the 20.5%.
- Furthermore, the Greens continued to lose momentum, as they currently stand at 16% (-3 pps), their lowest level since September 2018 and well below the 26% they reached in May when they temporarily had the polling lead. The center-right FDP stands at 13%, the far-right AfD at 12%, while the left-wing Die Linke at 6%. As far as the Chancellor preference poll is concerned, SPD's O. Scholz is by far the most popular as it stands at 41%, CDU's A. Laschet at 16% and Greens' A. Baerbock at 12%.
- Based on polls, only a three-party government could achieve the majority (>50%). The SPD leader and current Finance Minister commented that he would like to govern with the Greens, however there are differences with the FDP (tax policy) and with the left-wing (commitment to NATO), so post-election negotiations are highly expected.
- Regarding the US labor report for August, nonfarm payrolls rose by 235K, recording their smallest increase since January. The latest reading was well below consensus for +750K, as payrolls in the leisure and hospitality sector were unchanged, following average increases of +350K/month during the past 6 months, due to, *inter alia*, the resurgence of the Delta variant and constraints in labor supply. However, on the positive side, net revisions for the previous two months took place (+134k), while the unemployment rate declined to 5.2% (its lowest level since March 2020) from 5.4% in July.

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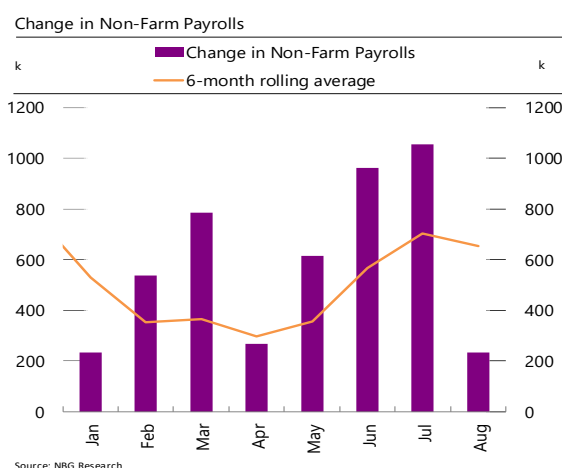
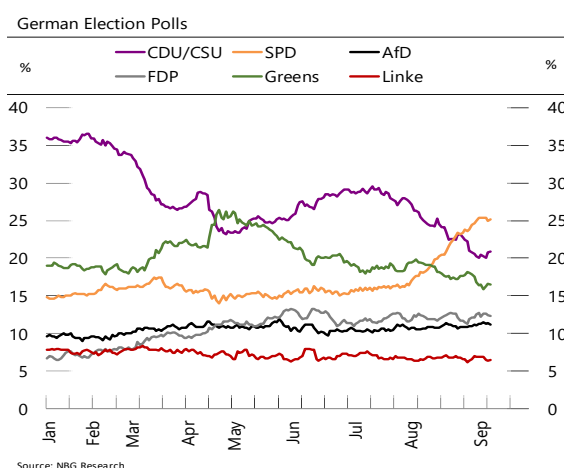
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Charts of the week



## US job creation disappointed in August, albeit the unemployment rate continued to decline

- **The US unemployment rate fell further in August, albeit job creation decelerated substantially, undershooting expectations by a significant margin.** In the event, non-farm payrolls increased by 235k in August, compared with +1053k in July (the strongest outcome since August 2020) and well below consensus estimates for 750k (compared with April 2020, non-farm payrolls are up by 17.0 million, albeit still down by 5.3 million from its pre-pandemic level in February 2020). It should also be noted though, that positive net revisions for the previous two months took place (+134k, cumulatively). Meanwhile, total household employment (including the self-employed and agricultural workers | on a seasonally adjusted basis) posted a relatively stronger +509k in August, from +1043k in July (recall though that the latest outcome benefitted from technical factors related to the seasonal adjustment methodology | in not-seasonally adjusted terms, total household employment fell by 364k in August, following gains of +1313k in July). As a result, the unemployment rate decreased by 0.2 pps to 5.2%, in line with consensus estimates (pre-pandemic levels of 3.5% in February 2020, a 50-year low). Finally, the U-6 unemployment rate (which includes the unemployed, part-time workers for economic reasons, and those workers marginally attached to the labor force), which is considered a broader measure of slack, decreased by 0.4 pps to 8.8% in August.
- **Regarding wages, the strong momentum was maintained,** with the monthly pace of increase for average hourly earnings at +0.6% mom, from +0.4% mom in July, considerably above consensus estimates for +0.4% mom. As a result, the annual pace accelerated by 0.2 pps to +4.3% yoy (consensus: +4.1% yoy). Notably, the annual change in the wages of production and nonsupervisory employees (81% of total -- that also have a higher propensity to consume) continued to overperform, largely stable at +4.8% yoy.

## US PMIs remained particularly high in August

- **PMIs in August maintained strong levels, albeit with output continuing to struggle to cope with the sharp demand, in view of supply chain bottlenecks regarding materials and labor supply issues.** Specifically, the ISM manufacturing PMI came out at 59.9 in August, from 59.5 in July, versus consensus estimates for 58.5. Notably, the gap between the new orders (a core indication of demand conditions | at 66.7 in August) and the production (60.0) sub-indexes, remained exceptionally large (6.7 pts), close to its widest since 2009 (8.5 pts), which was recorded in May 2021, a month associated with the most profound easing of pandemic-related restrictions. At the same time, the ISM services (formerly known as nonmanufacturing) PMI decreased to a still robust 61.7 in August, from a record (since 1997) high of 64.1 in the previous month, largely in line with consensus estimates.
- In all, respondents in both surveys reiterated that demand is surging, albeit also that output continues to struggle at an unprecedented extent to catch up. In the event, respondents in both surveys continued to highlight disruptions linked to the supply chain (mainly shortages of critical parts and basic materials) and distribution (including transport-related logistics challenges) as well as labor supply limitations, both domestically and abroad. Notably, the latter factor has been exacerbated recently in major manufacturing hubs abroad (e.g. Malaysia, Vietnam) due to disruptions (worker absenteeism, short-term shutdowns) from renewed surges in Covid-19 infections, adding to international supply chain challenges. In all, the consequent, stronger suppliers'

pricing power, combined with higher international prices of commodities, continue to result in rising input costs, a major source of concern for respondents (the Prices Index stood at 79.4 in the manufacturing survey and at 75.4 in the services survey).

## Euro area CPI inflation exceeded expectations in August, climbing at multi-year highs

- **According to the "flash" estimate, headline inflation was +3.0% yoy in August, a 10-year high, compared with +2.2% yoy in July and versus consensus estimates for +2.7%.** The acceleration was broad based. Indeed, energy prices increased by 15.4% yoy, versus +14.3% yoy in July. At the same time, the annual pace of growth for food, alcohol & tobacco rose to +2.0% in August, from +1.6% in the previous month. More importantly, core inflation (which excludes the effects of energy and food components) came out at +1.6% yoy, a 9-year high, compared with +0.7% yoy in July, above consensus estimates for +1.4% yoy. The latter was due to both a robust momentum (+0.3% mom in August, versus an average of +0.1% mom since 2001), as well as favorable base effects.
- Looking forward, elevated inflation volatility is expected to persist in the course of 2021 and 2022, due to base effects related with energy prices, albeit also linked in part to temporary (technical) factors, namely changes in the CPI basket weights reflecting changed consumption patterns in the context of the pandemic and impacts from pandemic-related policies regarding indirect taxes (mainly VAT alterations in Germany). Further distortions due to base effects are likely in the short term, as activities have reopened in travel, tourism, food services and drinking places. In all, the outlook for inflation remains closely linked to pandemic developments, alongside the timing of the resolution of the current (international) supply chain bottlenecks, which drive up production costs. According to our baseline scenario, headline inflation will increase further in the coming months, close to +3.5% yoy, on account of both a robust sequential momentum and a further intensification of favorable base effects. Nevertheless, we expect headline inflation to gradually ease as of early-2022 and to average +1.6% yoy in 2022.

## China's PMIs indicated a considerable deceleration of activity in August

- **PMIs deteriorated in August, below expectations.** Specifically, the Caixin/Markit manufacturing PMI was 49.2 from 50.3 in July, undershooting consensus estimates for 50.1. At the same time, the "official" manufacturing PMI, i.e. the one from the National Bureau of Statistics (NBS) of China was 50.1 in August, from 50.4 in the previous month (consensus: 50.2). At the same time, the official nonmanufacturing PMI (which covers the services and construction sectors) was down sharply, by 5.8 pts to 47.5 and significantly below expectations for 52.0. The deterioration was solely due to the services sub-index (-7.3 pts to 45.2) while its peer for the construction sector rose (+3.0 pts to 60.5), likely due to more favorable weather conditions. In all, according also to respondents' comments, the deterioration of business sentiment, especially in the services sectors, was due to the acceleration of Covid-19 infections during the month and the subsequent restrictions imposed. Nevertheless, it should be noted that the pandemic situation has posted signs of improvement since late-August.

## Equities

- Major global equity markets posted modest changes in the past week, with the exception of Japanese bourses (Nikkei225: +5.4% wow, with further gains of 1.8% on Monday September 6<sup>th</sup> | +8% ytd) after Prime Minister (PM) Suga made known that he will step down and with speculation that his successor will push for a more expansionary fiscal policy.** In the event, PM Suga announced that he will not run for re-election as leader of the ruling Liberal Democratic Party (LDP), in the upcoming (set to conclude on September 29<sup>th</sup>) leadership contest. His successor is expected to be elected as PM by Japan's legislature (in which the LDP holds the majority) soon after and the formation of the new cabinet is expected early in October. Further political developments are also due in Japan, as the term of the House of Representatives (the one of the two legislative bodies in Japan, which together with the House of Councilors forms the National Diet), ends on October 21<sup>st</sup>, with the respective elections to follow early in November. In all, the MSCI ACWI was up by 1.3% wow (+16% year-to-date), with Emerging Markets (+3.4% wow | +2% ytd) closing to some extent the ytd performance gap with their Developed peers (+1.0% wow | +18% ytd). The S&P500 rose by 0.6% wow (+21% ytd), with speculation that the latest (softer than expected) economic data will prompt the Fed to delay the start of QE tapering. Finally, the EuroStoxx was largely unchanged in the past week, albeit entering the current one on a positive note (+0.8% on September 6<sup>th</sup> | +19% ytd).

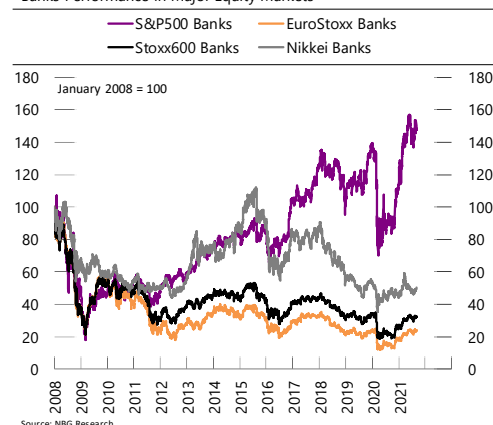
## Fixed Income

- Government bond yields increased in major advanced economies.** Specifically, the US Treasury 10-year yield rose by 2 bps wow to 1.32% with investors trying to weigh the sharp increase in wages and the fall in the unemployment rate revealed in the labor market report for August against the lower-than-expected nonfarm payrolls. The yield curve steepened slightly with the 10Yr-2Yr spread increasing by 3 bps to 110bps, a 3-week high. In Germany, the 10-year Bund yield rose by 3 bps to -0.38%, following the surge of inflation in the euro area to a 10-year high and the comments from ECB officials (Holzmann, Knot, Weidmann) regarding a possible slower pace for bond purchases via its pandemic emergency purchase programme (PEPP). Periphery government bond yields broadly tracked core markets, while posting their highest levels since July. Specifically, in Italy the 10-year yield rose by 6 bps to 0.74%, in Spain by 3 bps to 0.34%, while in Greece it increased by 9 bps to 0.78%, with the country borrowing €2.5 bn from the successful simultaneous reissuance of a 5-year and a 30-year bonds with total demand reaching almost €19 bn. **Corporate bond spreads narrowed slightly in the HY spectrum.** Specifically, US HY spreads were down by 3 bps wow to 314 bps, while their EUR declined by 4 bps wow to 300 bps. In the investment grade spectrum, both US and EUR corporate bond spreads were broadly unchanged, at 92 bps and 85 bps, respectively.

## FX and Commodities

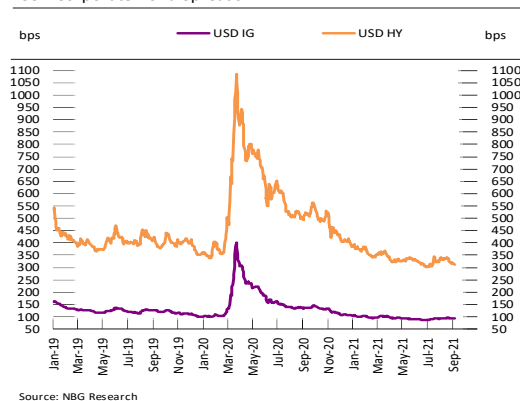
- In foreign exchange markets, the US Dollar lost ground, as the outlook for the US economy's overperformance against major peers, partly weakened, following the latest economic data.** Specifically, the US Dollar fell by 0.8% wow against the euro, to \$1.19, while overall, it decreased by 0.7% wow against a basket of trade-weighted currencies (DXY). **Finally, in commodities, oil prices were little changed in the past week** (WTI: +0.8% wow to \$69.3/barrel | Brent: broadly stable at \$72.6/barrel). Recall that hurricane Ida has caused disruptions in the US output in the Gulf of Mexico, with the active oil rigs declining by 11 on a weekly basis, to 497 for the week ending September 3<sup>rd</sup>, according to data compiled by Baker Hughes. Nevertheless, the US government has compensated for these temporary disruptions, via releasing parts of the US crude oil strategic reserves. Finally, note that Brent prices entered the current week down by -0.5%, to \$72.2/barrel, following a statement by Saudi Aramco that it will cut October prices for crude oil sold to Asian customers, by at least \$1/barrel.

Banks Performance in Major Equity Markets



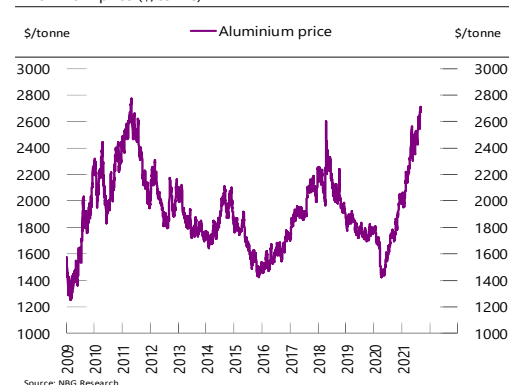
Graph 1.

USD Corporate Bond Spreads



Graph 2.

Aluminum price (\$/tonne)



Graph 3.

**Quote of the week:** "The pandemic emergency purchase programme (PEPP) is linked inextricably to the pandemic and must be brought to an end as soon as the crisis has been overcome. It is for good reason that the first "P" in "PEPP" stands for "pandemic" and not "permanent"., **ECB Governing Council member, Jens Weidmann, September 1<sup>st</sup> 2021.**

### Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	September 3rd	3-month	6-month	12-month	Official Rate (%)	September 3rd	3-month	6-month	12-month
<b>Germany</b>	-0.38	-0.30	-0.20	-0.10	<b>Euro area</b>	0.00	0.00	0.00	0.00
<b>US</b>	1.32	1.40	1.50	1.60	<b>US</b>	0.25	0.25	0.25	0.25
<b>UK</b>	0.62	0.88	0.98	1.09	<b>UK</b>	0.10	0.10	0.08	0.06
<b>Japan</b>	0.04	0.07	0.11	0.14	<b>Japan</b>	-0.10	-0.10	-0.10	-0.10

Currency	September 3rd	3-month	6-month	12-month	September 3rd	3-month	6-month	12-month	
<b>EUR/USD</b>	1.19	1.17	1.18	1.20	<b>USD/JPY</b>	110	108	108	107
<b>EUR/GBP</b>	0.86	0.86	0.86	0.86	<b>GBP/USD</b>	1.39	1.36	1.38	1.40
<b>EUR/JPY</b>	131	127	128	129					

Forecasts at end of period

### Economic Forecasts

United States	2019a	Q1:20a	Q2:20a	Q3:20a	Q4:20a	2020a	Q1:21a	Q2:21a	Q3:21f	Q4:21f	2021f
<b>Real GDP Growth (YoY) (1)</b>	2.3	0.6	-9.1	-2.9	-2.3	-3.4	0.5	12.2	6.0	6.3	6.2
<b>Real GDP Growth (QoQ saar) (2)</b>	-	-5.1	-31.2	33.8	4.5	-	6.3	6.6	6.5	6.0	-
<b>Private Consumption</b>	2.2	-6.9	-33.4	41.4	3.4	-3.8	11.4	11.9	3.7	3.4	8.1
<b>Government Consumption</b>	2.2	3.7	3.9	-2.1	-0.5	2.5	4.2	-1.9	1.9	1.9	1.0
<b>Investment</b>	3.2	-2.3	-30.4	27.5	17.7	-2.7	13.0	3.4	1.2	4.0	8.1
<b>Residential</b>	-0.9	20.4	-30.7	59.9	34.4	6.8	13.3	-11.5	-0.9	1.2	10.5
<b>Non-residential</b>	4.3	-8.1	-30.3	18.7	12.5	-5.3	12.9	9.3	3.7	4.8	7.6
<b>Inventories Contribution</b>	0.1	-1.0	-4.6	6.6	1.4	-0.6	-3.7	-1.7	2.4	2.8	-0.1
<b>Net Exports Contribution</b>	-0.2	0.1	1.4	-5.6	-2.4	-0.2	-2.0	-0.4	0.6	-0.3	-1.6
<b>Exports</b>	-0.1	-16.3	-59.9	54.5	22.5	-13.6	-2.9	6.6	16.1	9.7	6.2
<b>Imports</b>	1.2	-13.1	-53.1	89.2	31.3	-8.9	9.3	6.7	6.9	8.0	13.8
<b>Inflation (3)</b>	1.8	2.1	0.3	1.2	1.3	1.2	1.9	4.9	5.5	5.3	4.4

Euro Area	2019a	Q1:20a	Q2:20a	Q3:20a	Q4:20a	2020a	Q1:21a	Q2:21f	Q3:21f	Q4:21f	2021f
<b>Real GDP Growth (YoY)</b>	1.4	-3.2	-14.4	-4.0	-4.6	-6.5	-1.3	13.6	3.3	4.9	4.9
<b>Real GDP Growth (QoQ saar)</b>	-	-13.6	-38.5	59.9	-2.5	-	-1.3	8.2	9.4	3.5	-
<b>Private Consumption</b>	1.4	-16.5	-41.6	69.5	-11.1	-8.0	-8.6	10.2	13.0	5.9	2.4
<b>Government Consumption</b>	1.7	0.0	-10.0	23.2	1.8	1.4	-0.8	1.7	0.6	0.6	2.5
<b>Investment</b>	6.6	-17.3	-57.5	63.1	10.9	-7.6	0.5	10.7	13.1	5.7	6.6
<b>Inventories Contribution</b>	-0.3	1.1	-0.4	-5.9	2.1	-0.4	2.4	-0.3	-0.3	-0.2	0.2
<b>Net Exports Contribution</b>	-0.8	-1.6	1.4	10.6	-0.9	-0.4	1.1	0.6	0.1	-0.7	1.4
<b>Exports</b>	2.4	-13.5	-56.0	85.1	16.6	-9.4	2.6	8.9	9.6	4.7	9.2
<b>Imports</b>	4.5	-11.0	-59.0	55.3	20.9	-9.2	0.4	8.5	10.3	6.8	6.7
<b>Inflation</b>	1.2	1.1	0.2	0.0	-0.3	0.3	1.0	1.8	2.9	3.3	2.3

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</li> <li>+ 2021 EPS growth expectations have further room to increase</li> <li>+ Share buybacks could resume</li> <li>- Peaking profit margins</li> <li>- High market cap concentration</li> <li>- P/Es (Valuations) approaching dot-com levels</li> </ul> <p>● Neutral/Positive</p>	<ul style="list-style-type: none"> <li>+ Still high equity risk premium relative to other regions</li> <li>+ Modest fiscal loosening in 2021</li> <li>+ 2021 EPS estimates remain pessimistic</li> <li>- Political uncertainty (Italy, German Elections) could intensify</li> <li>- Logistic disruptions (vaccine) and renewed lockdowns delay the recovery</li> </ul> <p>● Neutral</p>	<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> <p>● Neutral</p>	<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</li> </ul> <p>● Neutral/Negative</p>
<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 under Average Inflation Targeting</li> <li>- Global search for yield by non-US investors continues</li> <li>- Safe haven demand</li> <li>- Fed to remain at ZLB in 2021</li> <li>- Fed: Unlimited QE purchases</li> </ul> <p>▲ Slightly higher yields expected</p>	<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> <p>▲ Slightly higher yields expected</p>	<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> <p>● Stable yields expected</p>	<ul style="list-style-type: none"> <li>+ Elevated Policy uncertainty to remain</li> <li>+ Inflation expectations could drift higher due to supply disruptions post Brexit</li> <li>- The BoE is expected to remain on hold with risks towards rate cuts</li> <li>- Slowing economic growth post-Brexit</li> </ul> <p>▲ Slightly higher yields expected</p>
<b>Foreign Exchange</b>	<ul style="list-style-type: none"> <li>+ Safe-haven demand</li> <li>- Fed's interest rate differential disappeared following cuts to 0%-0.25%</li> <li>- Global political uncertainty to decline</li> </ul> <p>● Broadly Flat EUR against the USD with high volatility around \$1.20</p>	<ul style="list-style-type: none"> <li>+ Reduced short-term tail risks</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, Quantitative Easing)</li> </ul> <p>● Broadly Flat EUR against the USD with high volatility around \$1.20</p>	<ul style="list-style-type: none"> <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> <p>▲ Slightly higher JPY</p>	<ul style="list-style-type: none"> <li>+ Valuations appear undemanding with REER below its 15-year average</li> <li>- Sizeable Current account deficit</li> </ul> <p>▲ Higher GBP expected</p>

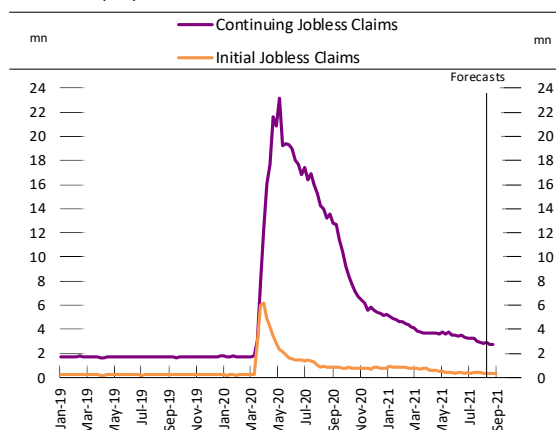
## Economic Calendar

In the US, on Thursday, the weekly initial and continuing jobless claims will provide a more updated view of labor market conditions.

In the Euro area, the final estimate of Q2:21 GDP on Tuesday will be closely watched as it will be the first with analytical data per expenditure component. On Thursday, attention turns to the ECB meeting. The ECB staff's quarterly macroeconomic projections will also be closely watched. The recent economic data as well as officials' commentary, suggest that an upward revision for the quarterly projections for GDP and inflation (at least for the short-term horizon), will likely take place.

In the UK, industrial production for July is released on Friday (consensus for +0.4% mom vs -0.7% mom in the previous month).

US Unemployment Insurance Claims



**Economic News Calendar for the period: August 31 - September 13, 2021**

Tuesday 31					Wednesday 1					Thursday 2										
		S	A	P			S	A	P			S	A	P						
<b>US</b>	S&P Case/Shiller house price index 20 (YoY)	June	18.6%	+	19.1%	17.1%	<b>US</b>	ADP Employment Change (k)	August	625	-	374	326	<b>US</b>	Initial Jobless Claims (k)	August 28	350	+	340	354
	Conference board consumer confidence	August	124.0	-	113.8	125.1		ISM Manufacturing	August	58.5	+	59.9	59.5		Continuing Claims (k)	August 21	2833	+	2748	2908
	<b>JAPAN</b>						<b>UK</b>	Construction spending (MoM)	July	0.3%	0.3%	0.0%		Factory Goods Orders (MoM)	July	0.3%	+	0.4%	1.5%	
	Unemployment rate	July	2.9%	+	2.8%	2.9%		Nationwide House Px NSA YoY	August	..	11.0%	10.5%		Trade balance (\$bn)	July	-71.5	+	-70.1	-73.2	
	Industrial Production (MoM)	July	-2.5%	+	-1.5%	6.5%	<b>EURO AREA</b>	Unemployment Rate	July	7.6%	7.6%	7.8%								
	Industrial Production (YoY)	July	11.2%	+	11.6%	23.0%	<b>GERMANY</b>	Retail sales (MoM)	July	0.5%	-	-5.1%	4.5%							
	Construction Orders YoY	July	..	-3.4%	32.3%		Retail sales (YoY)	July	5.3%	-	-0.3%	6.5%								
	<b>EURO AREA</b>						<b>CHINA</b>	Caixin PMI Manufacturing	August	50.1	-	49.2	50.3							
	CPI estimate (YoY)	August	2.7%	+	3.0%	2.2%														
	Core CPI (YoY)	August	1.4%	+	1.6%	0.7%														
	<b>CHINA</b>																			
	Manufacturing PMI	August	50.2	-	50.1	50.4														
Friday 3					Monday 6															
		S	A	P			S	A	P			S	A	P						
<b>US</b>	Change in Nonfarm Payrolls (k)	August	750	-	235	1053	<b>UK</b>	Markit/CIPS UK Construction PMI	August	56.3	-	55.2	58.7							
	Change in Private Payrolls (k)	August	690	-	243	798														
	Unemployment rate	August	5.2%	5.2%	5.4%															
	Average weekly hours (hrs)	August	34.8	-	34.7	34.7														
	Average Hourly Earnings MoM	August	0.4%	+	0.6%	0.4%														
	Average Hourly Earnings YoY	August	3.9%	+	4.3%	4.1%														
	Labor Force Participation Rate	August	..	61.7%	61.7%															
	Underemployment Rate	August	..	8.8%	9.2%															
	ISM Services Index	August	61.6	+	61.7	64.1														
	<b>EURO AREA</b>																			
	Retail sales (MoM)	July	0.1%	-	-2.3%	1.8%														
	Retail sales (YoY)	July	5.4%	-	3.1%	5.4%														
Tuesday 7					Wednesday 8					Wednesday 8										
		S	A	P			S	A	P			S	A	P						
<b>JAPAN</b>	Leading Index	July	103.0	..	104.1	<b>CHINA</b>	Exports YoY	August	17.6%	..	19.3%	<b>JAPAN</b>	GDP (QoQ)	Q2:21	0.3%	..	0.3%			
	Coincident Index	July	..	..	94.5		Imports YoY	August	26.5%	..	28.1%		Eco Watchers Current Survey	August	..	..	48.4			
	<b>EURO AREA</b>												Eco Watchers Outlook Survey	August	..	..	48.4			
	GDP (QoQ)	Q2:21	2.0%	..	2.0%								<b>CHINA</b>							
	GDP (YoY)	Q2:21	13.6%	..	13.6%								Money Supply M0 (YoY)	August	..	..	6.1%			
	Gross Fixed Capital Formation (QoQ)	Q2:21	1.5%	..	0.2%								Money Supply M1 (YoY)	August	4.0%	..	4.9%			
	Household Consumption (QoQ)	Q2:21	2.8%	..	-2.3%								Money Supply M2 (YoY)	August	8.4%	..	8.3%			
	Government expenditure (QoQ)	Q2:21	0.8%	..	0.0%								New Yuan Loans (RMB bn)	August	..	..	1080			
	<b>GERMANY</b>												Aggregate Financing (RMB bn)	August	..	..	1060			
	ZEW survey current situation	September	34.0	..	29.3															
	ZEW survey expectations	September	30.0	..	40.4															
	Industrial Production (sa, MoM)	July	0.5%	..	-1.3%															
	Industrial Production (wda, YoY)	July	5.8%	..	5.1%															
Thursday 9					Friday 10					Monday 13										
		S	A	P			S	A	P			S	A	P						
<b>US</b>	Initial Jobless Claims (k)	September 4	343	..	340	<b>US</b>	Wholesale trade (MoM)	July	..	..	2.0%									
	Continuing Claims (k)	August 28	2710	..	2748	<b>UK</b>	GDP (MoM)	July	0.6%	..	1.0%									
	<b>EURO AREA</b>						Industrial Production (MoM)	July	0.4%	..	-0.7%									
	ECB announces its intervention rate	September 9	0.00%	..	0.00%		Industrial Production (YoY)	July	3.0%	..	8.3%									
	ECB announces its deposit facility rate	September 9	-0.50%	..	-0.50%															
	<b>CHINA</b>																			
	CPI (YoY)	August	1.0%	..	1.0%															

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	<b>S&amp;P 500</b>	4535	0.6	20.7	31.3	54.4	<b>MSCI Emerging Markets</b>	73549	2.6	2.6	15.9	
Japan	<b>NIKKEI 225</b>	29128	5.4	6.1	24.1	41.1	<b>MSCI Asia</b>	1132	3.4	0.6	13.9	
UK	<b>FTSE 100</b>	7138	-0.1	10.5	22.0	-2.4	<b>China</b>	94	4.1	-12.4	-5.7	
Canada	<b>S&amp;P/TSX</b>	20821	0.9	19.4	26.6	26.6	<b>Korea</b>	967	2.2	4.5	31.0	
Hong Kong	<b>Hang Seng</b>	25902	1.9	-4.9	3.6	-2.3	<b>MSCI Latin America</b>	100509	-2.1	0.6	18.6	
Euro area	<b>EuroStoxx</b>	471	0.1	18.5	30.1	26.0	<b>Brazil</b>	355850	-3.0	-4.8	12.0	
Germany	<b>DAX 30</b>	15781	-0.4	15.0	20.9	31.2	<b>Mexico</b>	47985	-1.2	18.0	42.5	
France	<b>CAC 40</b>	6690	0.1	20.5	33.5	20.9	<b>MSCI Europe</b>	7148	2.7	19.1	34.7	
Italy	<b>FTSE/MIB</b>	26065	0.2	17.2	33.3	19.9	<b>Russia</b>	1595	3.1	20.7	35.1	
Spain	<b>IBEX-35</b>	8864	-0.7	9.8	26.5	0.1	<b>Turkey</b>	1668334	0.0	-1.4	30.1	

**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 (%)
<b>Energy</b>		156.1	-0.3	20.9	32.6	-14.4	<b>Energy</b>		156.6	-0.8	21.1	30.7
<b>Materials</b>		357.9	0.3	12.2	28.1	45.0	<b>Materials</b>		333.4	-0.2	13.7	26.9
<b>Industrials</b>		351.8	1.0	15.6	32.3	39.6	<b>Industrials</b>		342.2	0.7	17.4	32.3
<b>Consumer Discretionary</b>		420.2	1.5	11.5	27.1	62.2	<b>Consumer Discretionary</b>		401.7	1.3	12.9	27.3
<b>Consumer Staples</b>		282.5	1.2	6.7	11.3	13.8	<b>Consumer Staples</b>		277.3	1.0	7.8	10.8
<b>Healthcare</b>		367.1	1.6	17.5	25.2	49.0	<b>Healthcare</b>		357.9	1.5	18.6	25.2
<b>Financials</b>		147.2	-1.0	23.2	44.5	32.8	<b>Financials</b>		144.8	-1.3	24.3	43.4
<b>IT</b>		541.6	1.3	22.1	35.2	100.3	<b>IT</b>		522.2	1.2	22.7	35.2
<b>Telecoms</b>		115.8	1.0	23.1	34.4	60.0	<b>Telecoms</b>		120.4	0.9	23.9	34.5
<b>Utilities</b>		161.7	1.4	5.4	13.5	11.0	<b>Utilities</b>		162.7	1.1	6.3	13.0

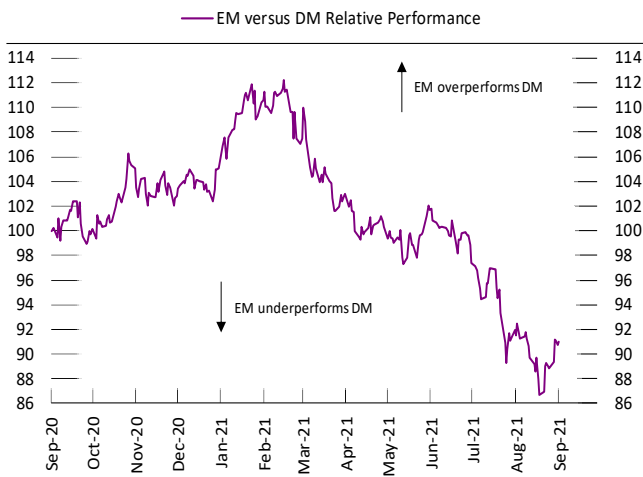
**Bond Markets (%)**

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		1.32	1.31	0.92	0.62	2.05	<b>US Treasuries 10Y/2Y</b>		110	108	80	48
Germany		-0.38	-0.41	-0.56	-0.48	0.57	<b>US Treasuries 10Y/5Y</b>		54	51	53	27
Japan		0.04	0.02	0.02	0.04	0.29	<b>Bunds 10Y/2Y</b>		34	33	16	22
UK		0.62	0.59	0.20	0.23	1.48	<b>Bunds 10Y/5Y</b>		32	30	18	23
Greece		0.78	0.69	0.62	1.12	8.29	<b>Corporate Bond Spreads (in bps)</b>		Current	Last week	Year Start	One Year Back
Ireland		0.01	-0.03	-0.31	-0.15	2.19	<b>EM Inv. Grade (IG)</b>		135	139	163	191
Italy		0.74	0.68	0.45	1.01	2.60	<b>EM High yield</b>		559	558	524	632
Spain		0.34	0.31	0.04	0.31	2.24	<b>US IG</b>		92	92	103	135
Portugal		0.21	0.18	0.03	0.33	3.64	<b>US High yield</b>		314	317	386	504
<b>US Mortgage Market (1. Fixed-rate Mortgage)</b>		Current	Last week	Year Start	One Year Back	10-year average	<b>Euro area IG</b>		85	86	93	114
<b>30-Year FRM<sup>1</sup> (%)</b>		3.03	3.03	2.90	3.08	4.03	<b>Euro area High Yield</b>		300	304	355	440
<b>vs 30Yr Treasury (bps)</b>		108.6	111.1	125.4	171.7	126.0						

**Foreign Exchange & Commodities**

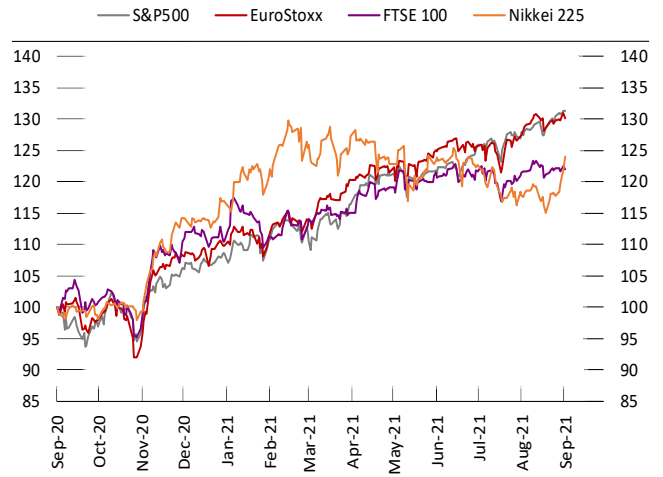
Foreign Exchange		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Commodities		Current	1-week change (%)	1-month change (%)	1-Year change (%)
<b>Euro-based cross rates</b>							<b>Agricultural</b>		411	-2.5	0.6	41.7
EUR/USD		1.19	0.8	0.3	0.4	-2.9	<b>Energy</b>		239	1.7	2.9	71.0
EUR/CHF		1.09	0.8	1.1	0.8	0.3	<b>West Texas Oil (\$)</b>		69	0.8	1.7	67.5
EUR/GBP		0.86	-0.1	0.6	-4.0	-4.3	<b>Crude Brent Oil (\$)</b>		73	-0.1	3.2	64.8
EUR/JPY		130.29	0.5	0.4	3.6	3.1	<b>Industrial Metals</b>		478	1.4	2.0	42.2
EUR/NOK		10.30	0.1	-1.6	-2.5	-1.7	<b>Precious Metals</b>		2412	1.0	0.7	-5.6
EUR/SEK		10.16	-0.3	-0.3	-1.9	1.1	<b>Gold (\$)</b>		1827	0.6	0.8	-5.4
EUR/AUD		1.60	-1.2	-0.6	-1.6	0.7	<b>Silver (\$)</b>		25	2.9	-2.7	-7.1
EUR/CAD		1.49	-0.1	0.1	-4.3	-4.6	<b>Baltic Dry Index</b>		3944	-6.9	18.9	182.7
<b>USD-based cross rates</b>							<b>Baltic Dirty Tanker Index</b>		616	2.0	1.5	36.3
USD/CAD		1.25	-0.9	-0.2	-4.7	-1.8						
USD/AUD		1.34	-2.0	-0.9	-2.0	3.7						
USD/JPY		109.67	-0.3	0.1	3.2	6.2						

EM vs DM Performance in \$



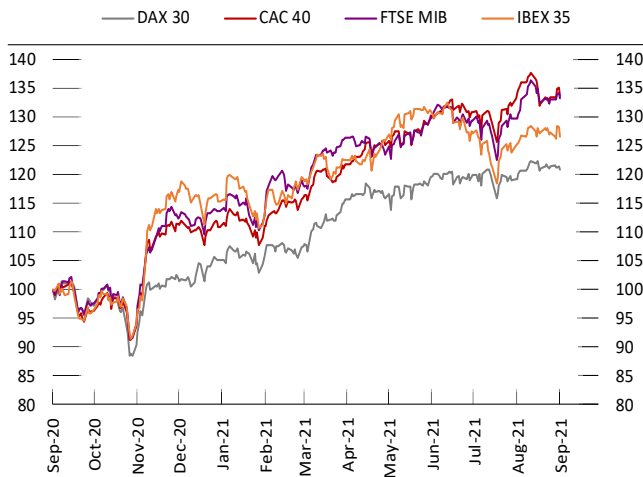
Data as of September 3<sup>rd</sup> – Rebased @ 100

Equity Market Performance - G4



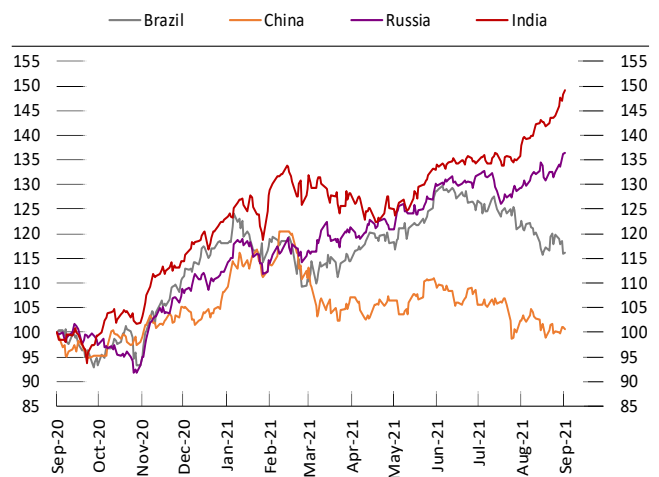
Data as of September 3<sup>rd</sup> – Rebased @ 100

Equity Market Performance – Euro Area G4



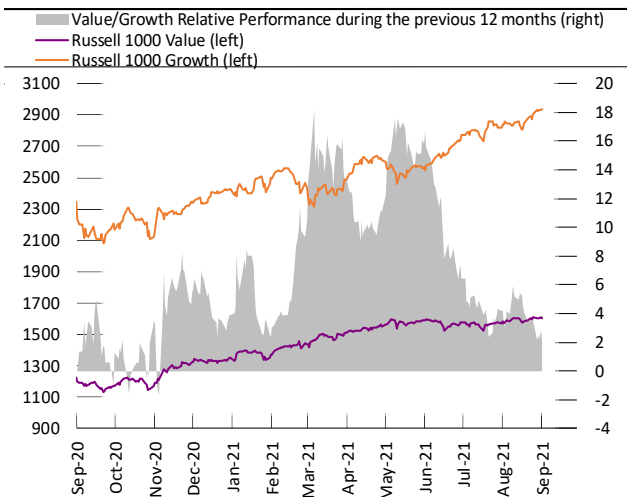
Data as of September 3<sup>rd</sup> – Rebased @ 100

Equity Market Performance - BRICs



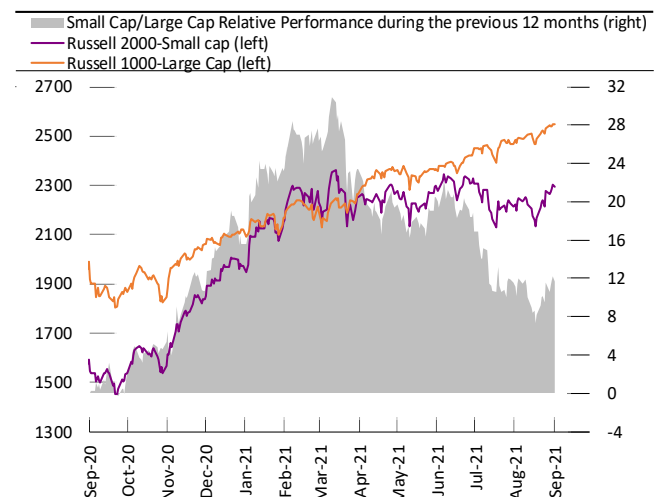
Data as of September 3<sup>rd</sup> – Rebased @ 100

Russell 1000 Value & Growth Index



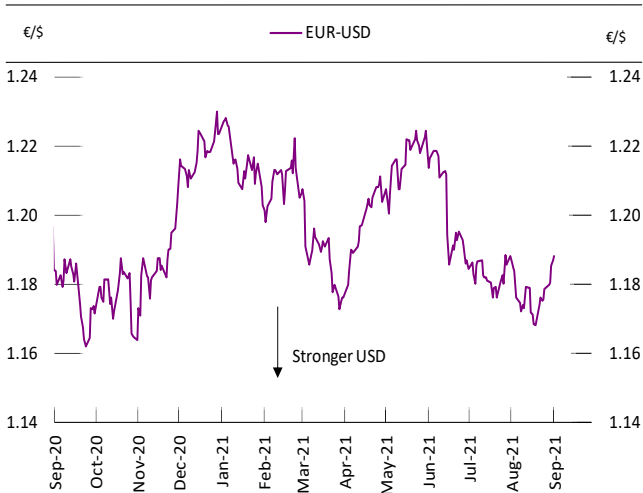
Data as of September 3<sup>rd</sup>

Russell 2000 & Russell 1000 Index



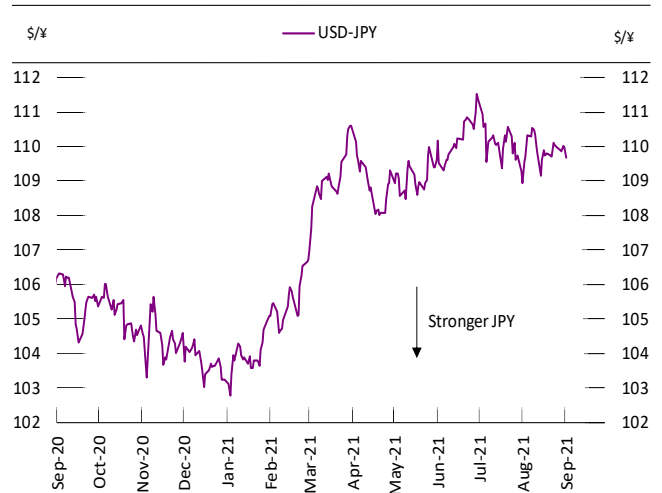
Data as of September 3<sup>rd</sup>

EUR/USD



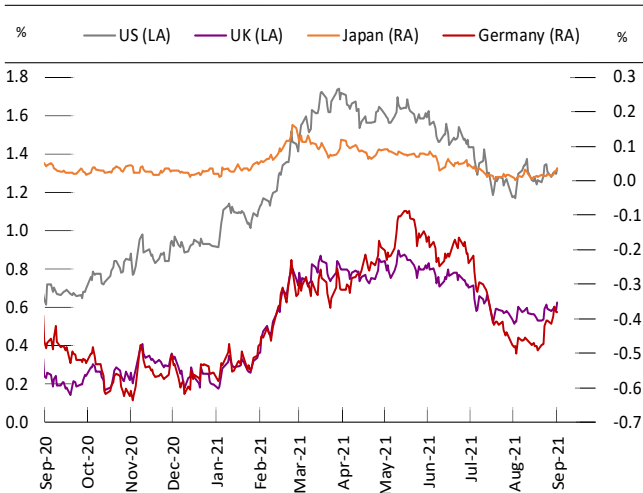
Data as of September 3<sup>rd</sup>

JPY/USD



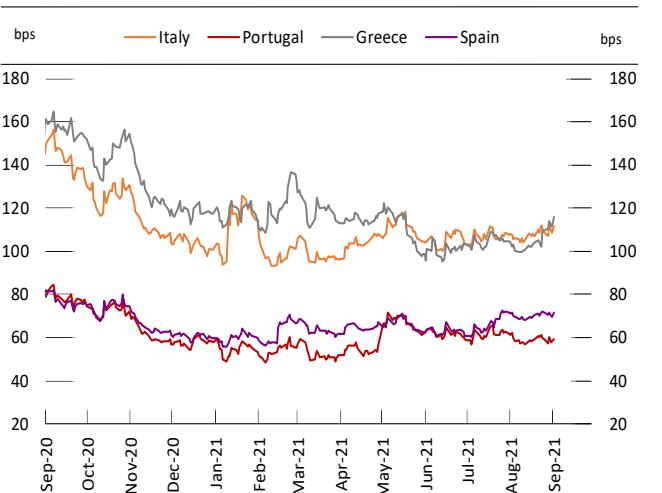
Data as of September 3<sup>rd</sup>

10- Year Government Bond Yields



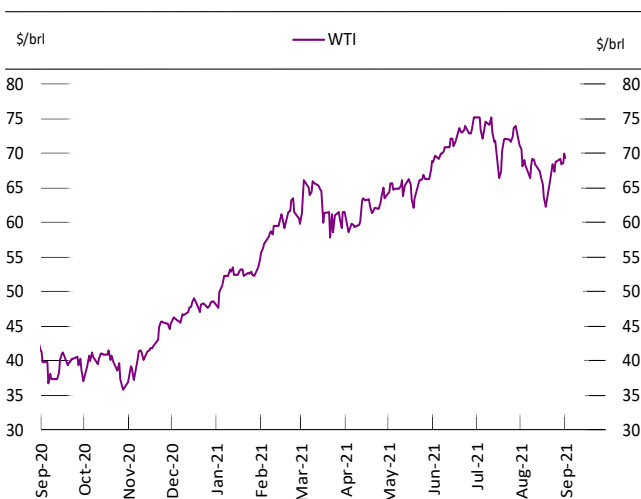
Data as of September 3<sup>rd</sup>  
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



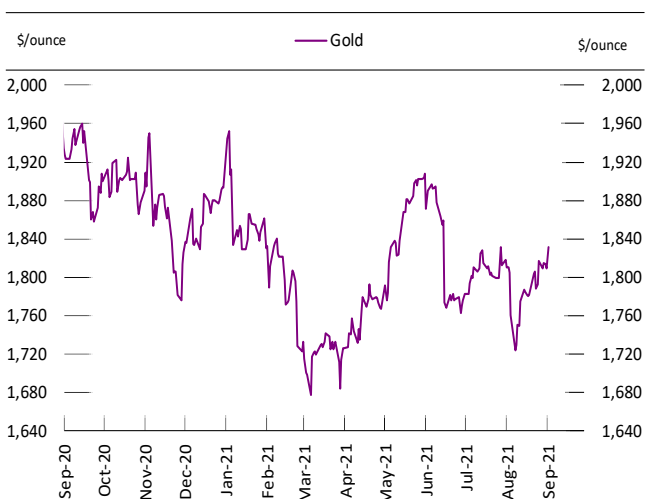
Data as of September 3<sup>rd</sup>

West Texas Intermediate (\$/bbl)



Data as of September 3<sup>rd</sup>

Gold (\$/ounce)



Data as of September 3<sup>rd</sup>



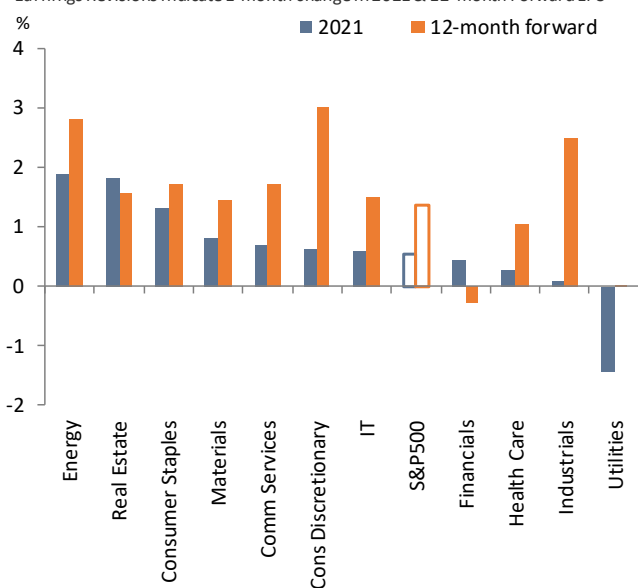
### US Sectors Valuation

	Price (\$)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	3/9/21	% Weekly Change	%YTD	2021	2022	2021	2022	2021	2022	12m fwd	10Yr Avg	2021	2022	Current	10Yr Avg
<b>S&amp;P500</b>	4535	0.6	20.7	45.1	9.2	1.3	1.4	22.7	20.8	21.4	16.5	4.6	4.2	4.4	2.8
<b>Energy</b>	364	-1.4	27.2	N/A	23.6	4.7	4.7	N/A	12.0	12.9	14.8	1.6	1.5	1.6	1.7
<b>Materials</b>	534	-0.9	17.3	83.9	-2.2	1.8	1.9	16.7	17.1	17.0	15.8	3.2	2.9	3.0	2.6
<b>Financials</b>															
<b>Diversified Financials</b>	1067	-2.1	30.9	51.1	-4.3	1.3	1.4	16.4	17.2	16.9	14.5	2.2	2.1	2.1	1.5
<b>Banks</b>	406	-3.7	28.5	80.4	-11.8	2.3	2.6	11.1	12.5	12.1	11.2	1.3	1.3	1.3	1.0
<b>Insurance</b>	530	-0.7	23.9	34.0	2.1	2.2	2.2	13.0	12.8	12.9	11.2	1.6	1.5	1.5	1.2
<b>Real Estate</b>	304	4.0	33.6	12.6	5.1	2.3	2.5	25.0	23.8	24.2	18.5	4.2	4.3	4.3	3.2
<b>Industrials</b>															
<b>Capital Goods</b>	907	-0.4	19.3	59.8	19.3	1.4	1.5	24.1	20.2	21.4	16.7	5.5	5.0	5.2	3.8
<b>Transportation</b>	1029	-1.5	10.5	N/A	112.0	1.3	1.5	N/A	17.1	N/A	11.2	6.5	5.5	5.8	3.8
<b>Commercial Services</b>	511	1.6	21.4	17.0	11.5	1.0	1.1	31.6	28.4	29.4	20.7	6.4	5.8	6.0	3.5
<b>Consumer Discretionary</b>															
<b>Retailing</b>	4066	2.1	14.1	32.4	15.0	0.5	0.6	35.8	31.2	32.7	25.6	13.7	10.7	11.7	8.3
<b>Consumer Services</b>	1444	-0.5	9.5	N/A	708.0	0.9	1.3	N/A	29.0	N/A	26.3	24.5	19.3	21.0	9.0
<b>Consumer Durables</b>	528	-1.9	19.9	59.2	12.7	1.1	1.2	18.4	16.3	17.0	17.4	4.5	3.9	4.1	3.4
<b>Automobiles and parts</b>	142	1.7	7.9	84.2	21.2	0.0	0.1	39.6	32.6	N/A	13.0	6.8	5.7	6.1	2.3
<b>IT</b>															
<b>Technology</b>	3002	3.0	19.1	45.4	4.3	0.8	0.8	24.9	23.9	24.2	14.5	16.8	15.1	15.7	5.6
<b>Software &amp; Services</b>	3782	0.2	22.8	20.7	14.0	0.7	0.8	35.5	31.2	32.6	20.0	10.9	9.5	9.9	5.9
<b>Semiconductors</b>	2212	-0.3	25.1	33.2	11.4	1.1	1.2	22.2	19.9	20.7	15.0	7.4	6.3	6.6	3.6
<b>Communication Services</b>	287	1.0	29.2	35.5	10.5	0.7	0.8	24.4	22.0	22.8	18.6	4.5	4.0	4.2	3.1
<b>Media</b>	1158	1.0	35.4	51.2	13.6	0.2	0.3	28.7	25.3	26.4	21.8	5.9	5.1	5.4	3.5
<b>Consumer Staples</b>															
<b>Food &amp; Staples Retailing</b>	652	2.1	14.5	14.6	8.0	1.4	1.5	24.6	22.8	23.4	17.6	5.3	4.9	5.0	3.4
<b>Food Beverage &amp; Tobacco</b>	787	1.4	8.2	11.0	6.3	3.2	3.3	19.2	18.1	18.5	18.1	5.4	5.3	5.3	5.1
<b>Household Goods</b>	877	1.3	3.5	4.9	7.2	2.2	2.3	26.3	24.5	25.1	20.6	10.8	10.5	10.6	6.2
<b>Health Care</b>															
<b>Pharmaceuticals</b>	1270	1.0	18.6	23.6	2.4	1.9	2.0	15.8	15.4	15.5	14.9	6.4	5.5	5.8	4.2
<b>Healthcare Equipment</b>	1925	2.5	22.1	17.4	7.8	0.9	1.0	22.9	21.3	21.8	16.4	4.4	4.0	4.1	2.8
<b>Utilities</b>	351	1.4	10.1	2.2	5.9	3.0	3.1	21.1	19.9	20.3	16.7	2.2	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

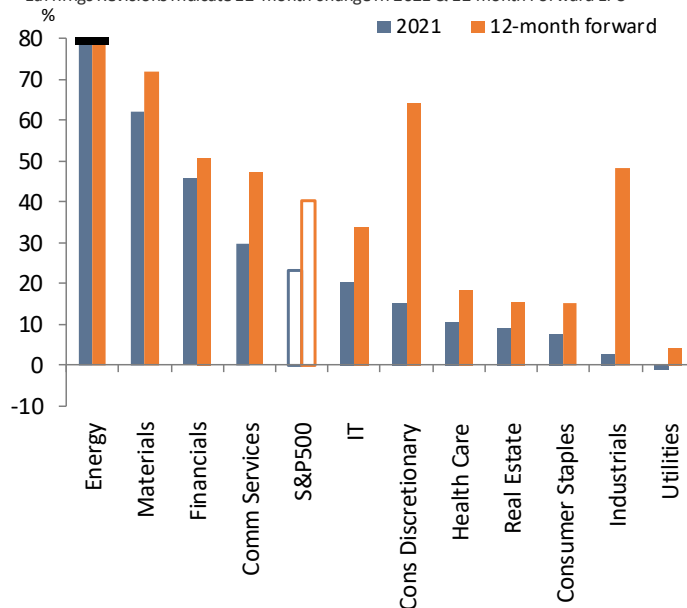
Earnings Revisions indicate 1-month change in 2021 & 12-month Forward EPS



Data as of September 3<sup>rd</sup>  
12-month forward EPS are 32% of 2021 EPS and 68% 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 September 3<sup>rd</sup>  
12-month forward EPS are 32% of 2021 EPS and 68% of 2022 EPS  
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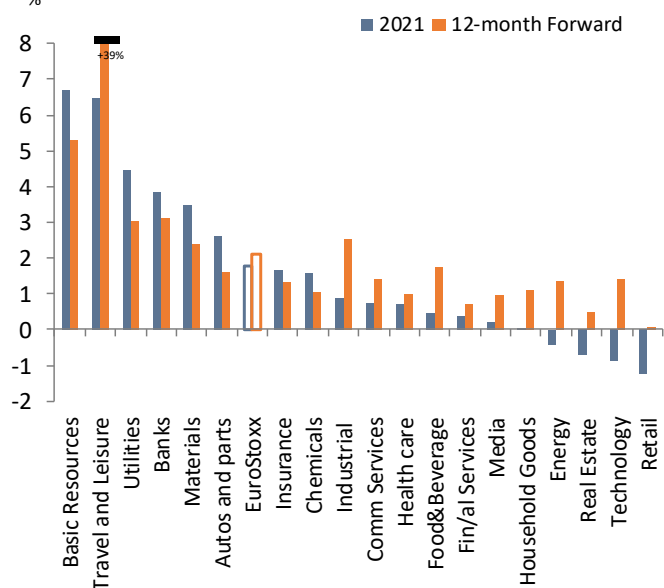
### Euro Area Sectors Valuation

	Price (€)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	3/9/21	% Weekly Change	%YTD	2021	2022	2021	2022	2021	2022	12m fwd	10Yr Avg	2021	2022	Current	10Yr Avg
<b>EuroStoxx</b>	471	0.1	18.5	66.5	9.4	2.5	2.7	18.1	16.6	17.1	14.2	2.0	1.9	1.9	1.5
<b>Energy</b>	264	-0.1	4.5	345.2	12.5	5.1	5.3	12.6	11.2	11.7	13.0	1.3	1.2	1.2	1.1
<b>Materials</b>	1013	-0.6	17.1	138.9	-11.8	2.3	2.5	13.8	15.7	15.1	15.5	2.2	2.1	2.1	1.7
<b>Basic Resources</b>	257	-1.5	23.8	N/A	N/A	2.2	2.4	N/A	7.4	6.6	12.0	1.1	0.9	1.0	0.7
<b>Chemicals</b>	1461	-0.5	16.1	52.4	0.2	2.3	2.5	19.3	19.3	19.3	16.3	2.7	2.6	2.6	2.3
<b>Financials</b>															
<b>Fin/Al Services</b>	573	0.1	16.8	28.1	5.8	2.4	2.5	17.2	16.2	16.5	14.2	1.5	1.4	1.4	1.2
<b>Banks</b>	97	0.0	31.3	80.6	4.7	5.5	5.6	9.2	8.8	8.9	9.7	0.6	0.6	0.6	0.6
<b>Insurance</b>	286	-1.5	9.6	44.1	3.9	5.4	5.7	9.7	9.3	9.4	9.5	0.9	0.9	0.9	0.9
<b>Real Estate</b>	234	-3.4	6.2	0.7	11.0	3.0	3.4	20.9	18.9	19.5	17.3	1.0	1.0	1.0	1.0
<b>Industrial</b>	1174	-0.4	20.0	25.7	22.2	1.6	1.9	26.2	21.4	23.0	16.7	3.7	3.4	3.5	2.5
<b>Consumer Discretionary</b>															
<b>Media</b>	286	0.7	30.4	20.4	12.5	2.1	2.3	22.1	19.6	20.4	16.4	3.0	2.8	2.8	1.9
<b>Retail</b>	742	1.6	11.7	65.7	18.5	2.1	2.4	31.1	26.3	27.9	22.9	6.0	5.5	5.7	4.3
<b>Automobiles and parts</b>	597	-0.6	18.4	708.5	6.2	4.1	4.5	7.3	6.9	7.0	8.8	1.0	0.9	1.0	1.0
<b>Travel and Leisure</b>	214	0.7	0.1	N/A	N/A	0.5	1.4	N/A	N/A	N/A	N/A	3.1	2.9	2.9	2.1
<b>Technology</b>	980	2.2	36.7	35.4	16.0	0.6	0.7	34.3	29.6	31.1	20.4	5.3	4.7	4.9	3.5
<b>Communication Services</b>	299	-2.8	20.7	-14.8	7.7	3.4	3.9	16.5	15.3	15.7	14.0	1.5	1.5	1.5	1.7
<b>Consumer Staples</b>															
<b>Food&amp;Beverage</b>	555	-0.5	6.5	35.5	14.8	1.7	1.9	24.2	21.0	22.1	19.5	2.6	2.4	2.4	2.6
<b>Household Goods</b>	1442	0.7	18.4	62.8	12.1	1.1	1.2	37.0	33.0	34.3	24.0	7.0	6.3	6.5	3.8
<b>Health care</b>	940	1.2	15.7	8.7	7.3	1.8	1.9	21.7	20.2	20.7	16.4	2.7	2.6	2.6	2.2
<b>Utilities</b>	387	1.2	1.6	28.7	3.7	4.2	4.4	15.7	15.2	15.4	13.4	1.8	1.7	1.7	1.2

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

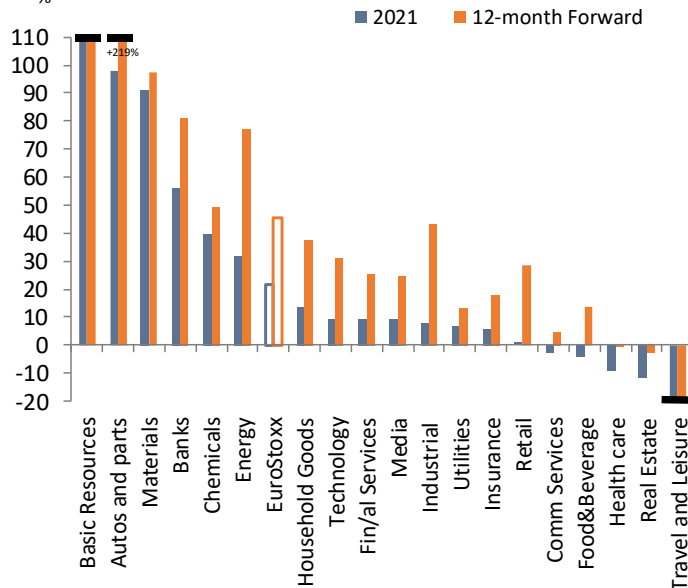
Earnings Revisions indicate 1-month change in 2021 & 12-month Forward EPS %



Data as of September 3<sup>rd</sup>  
12-month forward EPS are 32% of 2021 EPS and 68% 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 September 3<sup>rd</sup>  
12-month forward EPS are 32% of 2021 EPS and 68% of 2022 EPS

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