

## US equities ended at fresh highs on Monday due to strong corporate earnings results

- In the US, the earnings season is well underway with S&P500 companies beating EPS estimates by a significant margin. Overall, out of the 136 companies that have reported results, so far, circa 82% have exceeded analyst estimates (5-year average: 76%) and circa 75% have reported a positive revenue surprise. In aggregate, companies are reporting EPS that are circa 13% above estimates or \$50 vs quarterly EPS expectations of \$44.
- All told, EPS growth rate for the third quarter is expected at 33% year-over-year. For 2021, EPS growth is expected at +44% (\$201).
- Strong corporate earnings supported equities' rally in the past week, with the S&P500 recording a new all-time high (4566). Cyclical sectors overperformed, with Consumer Discretionary rising by 1.5% wow led by Automobiles (+6.3% wow) due to Tesla (see Markets).
- At the same time, government bond yields edged higher as expectations for the first interest hikes by major Central Banks have been brought forward, while increased inflation expectations drove the US 10-year breakeven rate to 2.66%, its highest level since 2006. The 10-Year UST yield has increased by 13 bps MtD to 1.65% (5-month high) and the 10-Year Bund yield has increased by 9 MtD to -0.09% (c. 2.5-year high).
- US real GDP in Q3:2021, due on October 28<sup>th</sup>, is expected to confirm a partial easing of post-pandemic economic momentum due to (i) decelerating private consumption amid Covid-related health concerns; (ii) supply chain disruptions hurting production and (iii) some retreat for residential investment. According to the Atlanta Fed's GDPNowcast model, real GDP growth is expected at +0.5% qoq saar (consensus estimates: +3.5% qoq saar), from +6.7% qoq saar (12.2% yoy) in Q2:2021.
- On the other side of the Atlantic, euro area real GDP growth, due on October 29<sup>th</sup>, is expected to have held up better in Q3:2021 in view of a strong performance of the tourism sector during the summer. In addition, economic activity had made up, so far, a lesser part compared with the US, of pandemic losses. Indeed, euro area real GDP in Q2:2021 was 2.7% below Q4:2019 levels, versus +0.9% in the US. All in all, consensus estimates suggest growth of +8.2% qoq saar, from +8.7% qoq saar (+14.2% yoy) in Q2:2021.
- On monetary policy, the European Central Bank, due on October 28<sup>th</sup>, is expected to stand pat. However, the press conference will be monitored for potential indications regarding the decisions on asset purchases, which are set to come in December. Recall that the Pandemic Emergency Purchase Programme with a total envelope of €1.85 tn (holdings of €1.44 tn as of October 15<sup>th</sup>) is likely to run its course in March 2022.
- The European Commission relaunched the public debate on the review of the EU economic governance framework, following the changed circumstances due to the COVID-19 crisis. In the event, European Stability Mechanism (ESM) has presented a detailed two-pillar proposal that utilizes a 3% fiscal deficit ceiling while raising the debt limit (Debt-to-GDP ratio) from 60% to 100% (see graph below).

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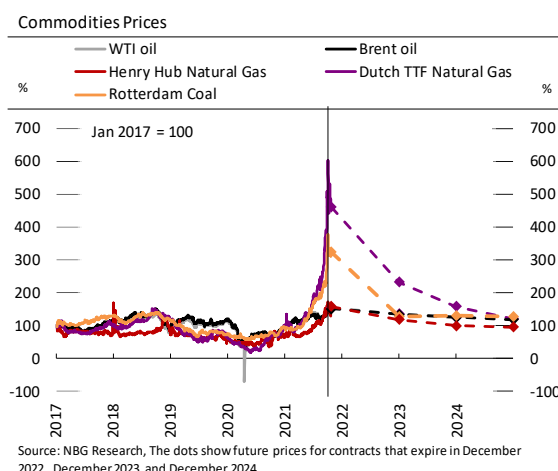
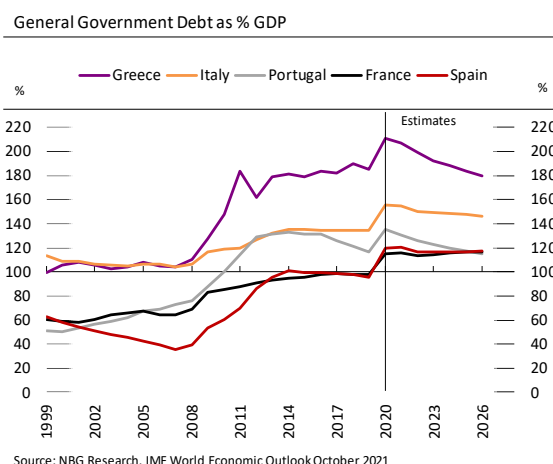
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Charts of the week



## US industrial production fell considerably in September, albeit with circa half of the monthly drop due to temporary disruptions from Hurricane Ida

- US industrial production decreased by 1.3% mom in September, versus consensus estimates for +0.2% mom.** Notably, the undershooting of expectations was more profound for the level of output, given that a significant downward revision took place for August's outcome (-0.5 pps to -0.1% mom). The annual pace of growth was +4.6% (from +5.7% in August), with favorable base effects remaining. Discounting for these effects, we note that the annualized rate of growth of industrial production, compared with the same month two years ago, stood at -1.1% in September, from -0.7% in August. Recall that September's reading was weighed down by utilities output (-3.6% mom) as demand for cooling eased after a particularly warm August. Mining output also posed a drag (-2.3% mom), solely due to disruptions stemming from Hurricane Ida in the Gulf of Mexico. Hurricane-related industry outages, also accounted for 0.3 pps of a monthly decline of 0.7% (consensus for +0.1% mom) for manufacturing production (76% of total) in September (+4.8% yoy), following a downward revised (by 0.6 pps) -0.4% mom in August (+5.6% yoy). Apart from the aforementioned disruptions, a drag of c. 0.4 pps to the monthly change, came from a -7.2% mom decline for the production of motor vehicles and parts, on account of shortages of semiconductors.

## Euro area PMIs suggest that supply chain fault lines continue to limit output and push up prices

- PMIs remained well in expansionary territory in October, albeit somewhat undershooting expectations and pointing to an easing of impetus for economic activity.** Specifically, the composite index came out at 54.3, compared with 56.2 in September (and a peak of 60.2 in July, a 21-year high), versus consensus estimates for 55.2. Nevertheless, it remained above the expansion/contraction threshold of 50.0 as well as a long-term pre-pandemic average of 53.0. Sector-wise, the services PMI fell by 1.7 pts to 54.7, due to a deterioration of confidence in travel, tourism and recreation sectors, in view of increasing concerns regarding the path of the pandemic. The manufacturing PMI was largely stable at 58.5. However, the output index (the component of the manufacturing PMI which is taken into account in the calculation of the composite index), shed 2.4 pts, to 53.2, a 16-month low, with international supply chain bottlenecks continuing to be cited as the major restraining factor for output, extending the mismatch between solid demand (following the re-opening of economies) and production. The consequent extensive shortages of materials and higher supplier prices, alongside elevated fuel prices as well as transport costs, resulted in input prices continuing to rise strongly, with the respective indicator at a 21-year high at the composite level. In tandem, according to Markit, selling prices growth accelerated at its fastest pace in almost two decades of comparable survey history both in manufacturing and services.
- Regarding PMI performance by country, the easing was broad based, albeit Germany under-performed both France and the rest of the euro area at the composite level.** Specifically, in France, the composite PMI declined by 0.6 pts to 54.7 in October.

The decrease was due to the manufacturing PMI (-1.5 pts to 53.5 | output: -5.1 pts to 46.2), as its services counterpart was resilient (+0.4 pts to 56.6). On a more positive note, INSEE's (France's official statistics office) composite business climate indicator rose by 2.8 pts to 113.4 in October, remaining elevated (average of 100 since 1990).

- Germany's composite PMI fell to an 8-month low of 52.0 in October, from 55.5 in the previous month.** The services PMI declined by 3.8 pts to 52.4. At the same time, the headline manufacturing index decreased slightly, by 0.2 pts to 58.2, with the output component though, substantially under-performing (-3.1 pts to 51.1). In a similar note, the IFO business survey deteriorated, with the aforementioned supply chain issues being the main weighing factor. In the event, the business climate index fell by 1.2 pts in October, to 97.7 (largely in line with consensus estimates), albeit remaining above an average of 97.1 since 2005. The decline was mostly due to the expectations component (expectations for business conditions in the next six months), -2.0 pts to 95.4, while the component regarding the assessment of current conditions, was modestly down, by 0.3 pts to 100.1. Sector-wise, the deterioration was broad based (manufacturing, services, retail trade), with the exception of construction.

## UK inflation modestly decelerated in September, albeit mainly due to temporary base effects

- Headline CPI came out at +3.1% yoy in September, compared with +3.2% in August, slightly below consensus estimates for an unchanged reading and close to the Bank of England's estimates (August Monetary Policy Report) for +3.0% yoy.** The elevated headline reading remained in a big part due to the energy component (+9.5% yoy in September, from +9.3% yoy in August), while the annual growth of prices of food, alcoholic beverages & tobacco, was +1.3% (+0.9% in August). Importantly, core CPI growth (i.e. excluding the two aforementioned components), decelerated by 0.2 pps to +2.9% yoy in September, moderately below expectations for +3.0% yoy. Nevertheless, it should be noted that the aforementioned development was solely due to a deceleration in the component of restaurants & hotels (by -3.5 pps to +5.1% yoy), which came on the back of less favorable base effects. Indeed, the widespread discounting which was evident in August 2020 under the government-sponsored Eat Out to Help Out scheme, ended in September 2020, pushing up the respective prices. In that context, the latest CPI deceleration should not be viewed as indicative of the underlying momentum. In the event, according to the Bank of England (Monetary Policy Committee meeting ending on September 22nd), headline inflation will peak at "slightly above" +4.0% yoy on average in Q4:21, Q1:22 and into Q2:22, before starting to gradually ease later on. Recall that survey data corroborate the view that inflation pressures continue to build. In the event, the output prices component in PMI surveys, reached record highs in October (i.e. for almost two decades at the composite level), with respondents citing a rapid rise in input costs, in view of higher wages, rising fuel, transport and energy costs as well as steep price increases for items in short supply worldwide (e.g. semiconductors).

## Equities

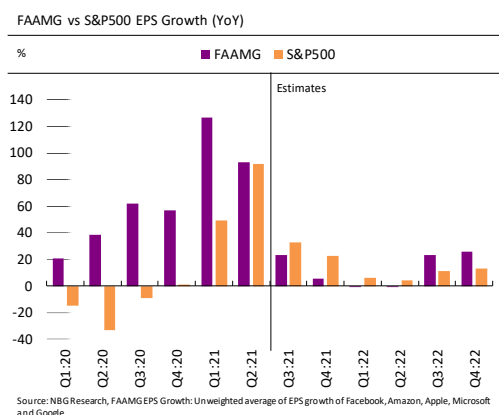
- Global equity markets were mixed in the past week.** The MSCI ACWI ended the week up by 1.3% wov (+15% ytd), with Developed Markets (+1.3% wov | +17% ytd) overperforming their Emerging Markets peers (+0.7% wov | 0% ytd). In the US, the S&P500 rose by 1.6% (+21% ytd), posting a new all-time high, following 7 consecutive sessions with gains, as buy-the-dip strategy (previously, the index had shed 4% compared with its previous highs in early-September) continued to be fueled by a stronger-than-expected start to the Q3 earnings season. Overall, out of the 136 companies that have reported results, so far, circa 82% have exceeded analyst estimates, with the total earnings growth rate for the third quarter at 33% yoy. Moreover, option-implied volatility (CBOE VIX) fell to 15%, its lowest level since February 2020. Sector-wise, Automobiles rose by 6.3% wov, with Tesla overperforming (+7.9% wov), recording a new-all time high (\$910), following its positive earnings announcement for Q3:21, with EPS reaching \$1.86, well above estimates of \$1.62. **On Monday, Tesla rose by 13%, with its market cap surpassing the \$1 trillion milestone for the first time, following news that Hertz ordered 100K vehicles worth \$4.2 bn (largest-ever order for electric vehicles).** On the other side of the Atlantic, the EuroStoxx index rose by 0.4% wov (+17% ytd), with Utilities leading the increase (+3% wov), while Travel and Leisure underperformed significantly (-3.3% wov).

## Fixed Income

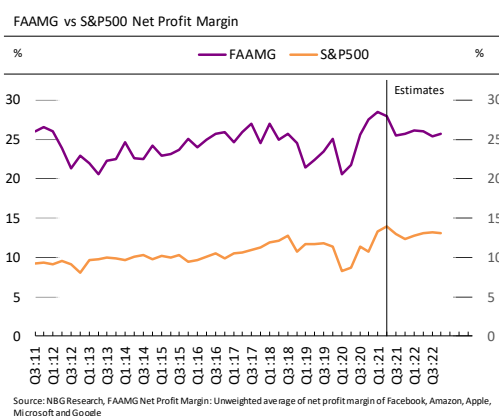
- Government bond nominal yields rose in the past week, in view of higher inflation expectations.** In the UK, the 10-year yield rose by 7 bps wov to 1.16%, having reached 1.21% on Thursday, its highest level since May 2019, while the 2-year yield that is tied more closely to the BoE's official rate rose by 12 bps to 0.63% (2.5-year high), due to, *inter alia*, BoE officials' hawkish comments. Specifically, Governor A. Bailey commented that the Bank would "have to act" if inflationary pressures prove persistent, while Chief Economist, H. Pill pointed out that inflation could reach 5% in the coming months. Regarding a rate hike decision at the November 4<sup>th</sup> meeting he said that "it is finely balanced", but also adding "I think November is live". Nevertheless, on Friday the yield declined by 5 bps, following reports that the EU could consider terminating the post-Brexit trade deal if the UK pulls out of its commitments over Northern Ireland. In the US, the 10-year yield increased by 8 bps wov to 1.65%, its highest level since mid-May, while the 2-year yield rose by 8 bps to 0.50%, its highest level since March 2020. In Germany, the 10-year yield rose by 7 bps to -0.09%, its highest level since May 2019. Periphery government bond yields tracked core markets (spreads widened slightly) posting their highest levels since May. Specifically, in Spain, the 10-year yield rose by 7 bps wov to 0.53%, while in Greece it increased by 12 bps wov to 1.02%. In Italy it rose by 9 bps wov to 0.99%, while on Monday it declined by 5 bps following an unexpected credit rating outlook upgrade from S&P Global to positive from stable (rating BBB).

## FX and Commodities

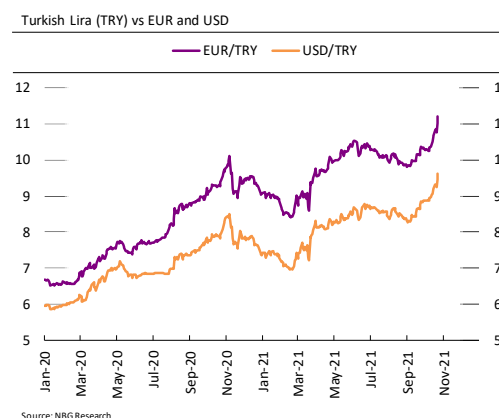
- In foreign exchange markets, major pairs were modestly changed,** with the euro up by 0.4% wov against the US Dollar, to \$1.16. Meanwhile, the Turkish Lira lost ground, down by 5.5% wov in nominal effective exchange terms to new record lows (-21% ytd), following a surprising cut from the country's central bank, to its policy rate (by 200 bps to 16%), which came despite sharp inflation of +19.6% yoy in September (see Graph 3). **Finally, in commodities, oil prices rose further in the past week in the tune of 1% - 2%** (WTI: \$83.8/barrel, a 7-year high | Brent: \$85.5/barrel, a 3-year high). A decline in US oil inventories (-0.4 million barrels to 427 million barrels for the week ending October 15<sup>th</sup>), contributed to the upside for prices. On the other hand, an increase of US natural gas inventories (+92 billion cubic feet for the week ending October 15<sup>th</sup>) resulted in a partial easing of natural gas prices in the past week. Indeed, the North America benchmark Henry Hub contract was down by 2.9% wov to \$5.28/mmbtu (124% ytd). Note though that it entered the current week on a strong note, in view of weather forecast models suggesting a higher probability of an upcoming cold shift in northern America. Meanwhile, the Dutch TTF contract was down by -6.7% in the past week, to €87.3/mwh (+357% ytd).



Graph 1.



Graph 2.



Graph 3.

**Quote of the week:** "While the time is near for tapering our asset purchases it would be premature to tighten policies using rates now.", **Fed Chair, Jerome Powell, October 22<sup>nd</sup> 2021.**

### Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	October 22nd	3-month	6-month	12-month	Official Rate (%)	October 22nd	3-month	6-month	12-month
<b>Germany</b>	-0.09	0.00	0.10	0.20	<b>Euro area</b>	0.00	0.00	0.00	0.00
<b>US</b>	1.65	1.70	1.80	2.00	<b>US</b>	0.25	0.25	0.25	0.25
<b>UK</b>	1.16	0.94	1.00	1.13	<b>UK</b>	0.10	0.19	0.40	0.55
<b>Japan</b>	0.09	0.07	0.11	0.14	<b>Japan</b>	-0.10	-0.10	-0.10	-0.10

Currency	October 22nd	3-month	6-month	12-month	October 22nd	3-month	6-month	12-month	
<b>EUR/USD</b>	1.16	1.17	1.18	1.20	<b>USD/JPY</b>	114	109	109	108
<b>EUR/GBP</b>	0.85	0.86	0.85	0.85	<b>GBP/USD</b>	1.38	1.37	1.38	1.41
<b>EUR/JPY</b>	132	128	129	130					

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	5,1	5,4	5,7
<b>Real GDP Growth (QoQ saar) (2)</b>	-	-5,1	-31,2	33,8	4,5	-	6,3	6,7	3,0	5,5	-
<b>Private Consumption</b>	2,2	-6,9	-33,4	41,4	3,4	-3,8	11,4	12,0	1,2	2,8	7,8
<b>Government Consumption</b>	2,2	3,7	3,9	-2,1	-0,5	2,5	4,2	-2,0	2,4	0,7	0,9
<b>Investment</b>	3,2	-2,3	-30,4	27,5	17,7	-2,7	13,0	3,3	-4,1	2,0	7,3
<b>Residential</b>	-0,9	20,4	-30,7	59,9	34,4	6,8	13,3	-11,7	-6,1	0,2	9,3
<b>Non-residential</b>	4,3	-8,1	-30,3	18,7	12,5	-5,3	12,9	9,2	-2,0	2,5	6,9
<b>Inventories Contribution</b>	0,1	-1,0	-4,6	6,6	1,4	-0,6	-3,7	-1,7	3,0	3,1	0,0
<b>Net Exports Contribution</b>	-0,2	0,1	1,4	-5,6	-2,4	-0,2	-2,0	-0,4	-0,7	-0,2	-1,7
<b>Exports</b>	-0,1	-16,3	-59,9	54,5	22,5	-13,6	-2,9	7,6	6,3	7,4	5,2
<b>Imports</b>	1,2	-13,1	-53,1	89,2	31,3	-8,9	9,3	7,1	8,0	5,6	13,7
<b>Inflation (3)</b>	1,8	2,1	0,3	1,2	1,3	1,2	1,9	4,9	5,4	5,6	4,5

Euro Area	2019a	Q1:20a	Q2:20a	Q3:20a	Q4:20a	2020a	Q1:21a	Q2:21a	Q3:21f	Q4:21f	2021f
<b>Real GDP Growth (YoY)</b>	1,6	-3,0	-14,5	-4,0	-4,4	-6,5	-1,2	14,3	3,6	5,2	5,2
<b>Real GDP Growth (QoQ saar)</b>	-	-13,2	-39,1	60,9	-1,7	-	-1,1	9,2	8,5	4,3	-
<b>Private Consumption</b>	1,4	-16,0	-42,4	71,6	-11,8	-8,0	-8,2	15,8	11,0	7,0	3,2
<b>Government Consumption</b>	1,8	-0,4	-10,5	24,3	2,8	1,4	-1,9	5,0	-0,1	0,0	3,0
<b>Investment</b>	6,4	-16,9	-58,4	68,4	11,5	-7,5	-0,8	4,6	19,7	13,4	6,7
<b>Inventories Contribution</b>	-0,1	1,4	-0,9	-6,4	2,5	-0,5	3,4	-1,0	-0,7	-0,5	0,2
<b>Net Exports Contribution</b>	-0,8	-1,9	1,9	10,2	-0,5	-0,4	0,5	0,2	-0,5	-1,5	1,2
<b>Exports</b>	2,5	-13,8	-56,0	84,6	17,4	-9,3	2,7	9,0	9,2	5,9	9,4
<b>Imports</b>	4,6	-10,7	-59,5	56,2	20,6	-9,2	1,8	9,4	11,4	10,1	7,5
<b>Inflation</b>	1,2	1,1	0,2	0,0	-0,3	0,3	1,0	1,8	2,9	3,7	2,4

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</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>



**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>	4545	1.6	21.0	31.6	51.3	<b>MSCI Emerging Markets</b>		73170	0.7	2.1	13.5
Japan	<b>NIKKEI 225</b>	28805	-0.9	5.0	22.7	27.3	<b>MSCI Asia</b>		1123	1.3	-0.2	10.8
UK	<b>FTSE 100</b>	7205	-0.4	11.5	24.5	-0.8	<b>China</b>		95	3.5	-11.4	-7.5
Canada	<b>S&amp;P/TSX</b>	21216	1.4	21.7	30.3	29.9	<b>Korea</b>		901	0.1	-2.7	21.9
Hong Kong	<b>Hang Seng</b>	26127	3.1	-4.1	5.4	-1.7	<b>MSCI Latin America</b>		93265	-4.6	-6.6	8.3
Euro area	<b>EuroStoxx</b>	468	0.4	17.7	32.0	20.7	<b>Brazil</b>		316239	-6.7	-15.4	-1.4
Germany	<b>DAX 40</b>	15543	-0.3	13.3	23.9	21.4	<b>Mexico</b>		47838	-2.1	17.7	33.8
France	<b>CAC 40</b>	6734	0.1	21.3	38.8	19.1	<b>MSCI Europe</b>		7487	-1.1	24.7	49.1
Italy	<b>FTSE/MIB</b>	26572	0.3	19.5	39.3	18.9	<b>Russia</b>		1691	-1.5	28.0	51.6
Spain	<b>IBEX-35</b>	8906	-1.0	10.3	31.0	-5.1	<b>Turkey</b>		1664027	5.3	-1.6	20.7

**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>		184.1	0.2	42.6	78.1	-3.0	<b>Energy</b>		185.0	0.1	43.0	75.3
<b>Materials</b>		344.2	-0.2	8.0	22.0	35.9	<b>Materials</b>		322.4	-0.5	9.9	21.2
<b>Industrials</b>		347.7	1.4	14.3	27.7	32.5	<b>Industrials</b>		341.0	1.2	17.0	28.9
<b>Consumer Discretionary</b>		428.5	1.1	13.7	28.5	61.6	<b>Consumer Discretionary</b>		412.5	0.9	15.9	29.7
<b>Consumer Staples</b>		276.6	0.8	4.5	9.8	13.4	<b>Consumer Staples</b>		272.9	0.7	6.1	9.8
<b>Healthcare</b>		353.8	2.4	13.2	20.4	41.0	<b>Healthcare</b>		346.4	2.2	14.8	20.8
<b>Financials</b>		154.6	2.2	29.5	53.7	30.1	<b>Financials</b>		152.5	2.1	30.9	52.7
<b>IT</b>		536.2	1.6	20.9	33.8	95.2	<b>IT</b>		518.3	1.6	21.8	34.3
<b>Telecoms</b>		109.0	-0.8	15.8	28.6	48.2	<b>Telecoms</b>		113.6	-0.9	16.9	29.1
<b>Utilities</b>		156.4	2.3	2.0	4.4	5.4	<b>Utilities</b>		158.2	2.2	3.4	4.4

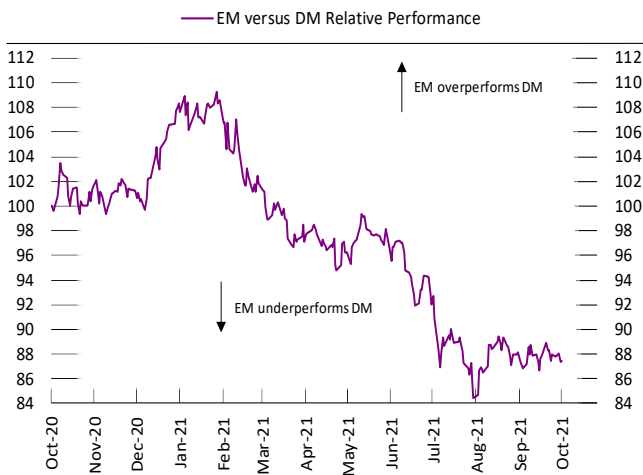
**Bond Markets (%)**

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		1.65	1.57	0.92	0.84	2.04	<b>US Treasuries 10Y/2Y</b>		116	115	80	66	
Germany		-0.09	-0.16	-0.56	-0.57	0.54	<b>US Treasuries 10Y/5Y</b>		44	45	53	36	
Japan		0.09	0.08	0.02	0.03	0.27	<b>Bunds 10Y/2Y</b>		58	53	16	21	
UK		1.16	1.09	0.20	0.27	1.46	<b>Bunds 10Y/5Y</b>		33	36	18	22	
Greece		1.02	0.90	0.62	0.93	8.00	<b>Corporate Bond Spreads (in bps)</b>						
Ireland		0.27	0.18	-0.31	-0.20	2.08							
Italy		0.99	0.90	0.45	0.75	2.54	<b>EM Inv. Grade (IG)</b>		138	142	163	182	
Spain		0.53	0.46	0.04	0.21	2.17	<b>EM High yield</b>		661	688	524	662	
Portugal		0.41	0.35	0.03	0.20	3.50	<b>US IG</b>		89	89	103	131	
<b>US Mortgage Market (1. Fixed-rate Mortgage)</b>								<b>US High yield</b>		307	312	386	488
<b>30-Year FRM<sup>1</sup> (%)</b>		3.23	3.18	2.90	3.02	4.01	<b>Euro area IG</b>		87	87	93	110	
<b>vs 30Yr Treasury (bps)</b>		113.0	111.5	126.2	135.7	125.5	<b>Euro area High Yield</b>		318	322	355	450	

**Foreign Exchange & Commodities**

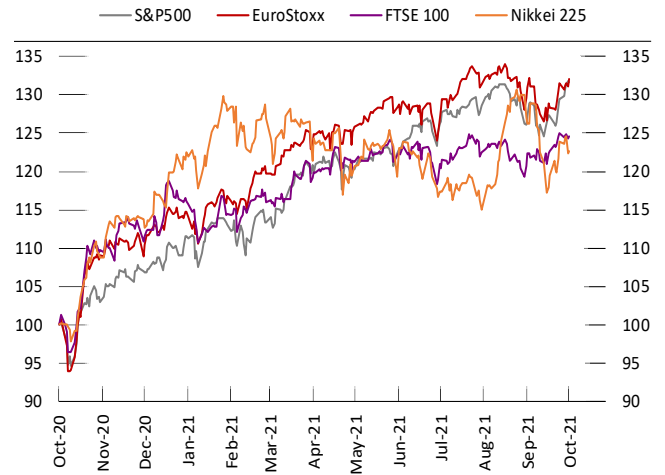
Foreign Exchange		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Commodities		Current	1-week change (%)	1-month change (%)	1-Year change (%)	
<b>Euro-based cross rates</b>								<b>Agricultural</b>		419	1.2	3.1	28.1
EUR/USD		1.16	0.4	-0.7	-1.5	-4.8	<b>Energy</b>		283	0.7	14.4	101.8	
EUR/CHF		1.07	-0.4	-1.5	-0.6	-1.4	<b>West Texas Oil (\$/bbl)</b>		84	1.8	16.0	106.1	
EUR/GBP		0.85	0.3	-1.7	-6.4	-5.5	<b>Crude Brent Oil (\$/bbl)</b>		86	0.8	12.3	101.4	
EUR/JPY		132.30	-0.1	2.8	6.7	4.7	<b>HH Natural Gas (\$/mmbtu)</b>		5.3	-2.9	7.3	76.6	
EUR/NOK		9.72	-0.4	-3.9	-10.8	-7.2	<b>TTF Natural Gas (EUR/mwh)</b>		87	-6.7	21.8	472.4	
EUR/SEK		9.97	-0.2	-1.8	-3.8	-0.7	<b>Industrial Metals</b>		501	-6.4	3.4	43.4	
EUR/AUD		1.56	-0.5	-3.8	-6.5	-1.9	<b>Precious Metals</b>		2365	1.9	1.6	-5.2	
EUR/CAD		1.44	0.3	-3.8	-7.3	-7.7	<b>Gold (\$)</b>		1793	1.4	1.4	-5.9	
<b>USD-based cross rates</b>								<b>Silver (\$)</b>		24	3.9	7.2	-1.6
USD/CAD		1.24	0.0	-3.1	-5.9	-3.0	<b>Baltic Dry Index</b>		4410	-9.1	-3.3	214.8	
USD/AUD		1.34	-0.9	-3.1	-5.1	3.0	<b>Baltic Dirty Tanker Index</b>		768	5.8	25.9	82.4	
USD/JPY		113.60	-0.4	3.6	8.4	10.0							

EM vs DM Performance in \$



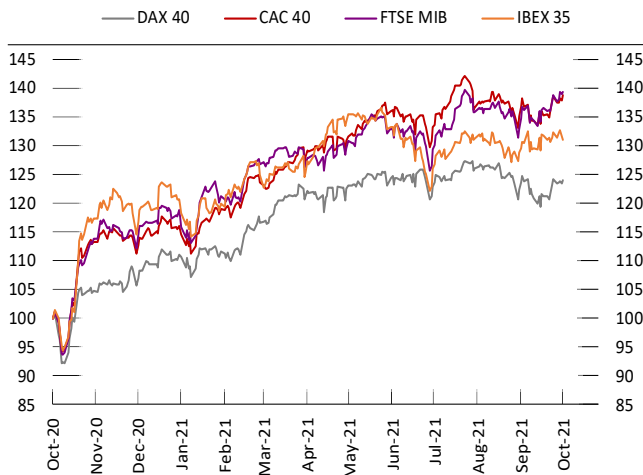
Data as of October 22<sup>nd</sup> – Rebased @ 100

Equity Market Performance - G4



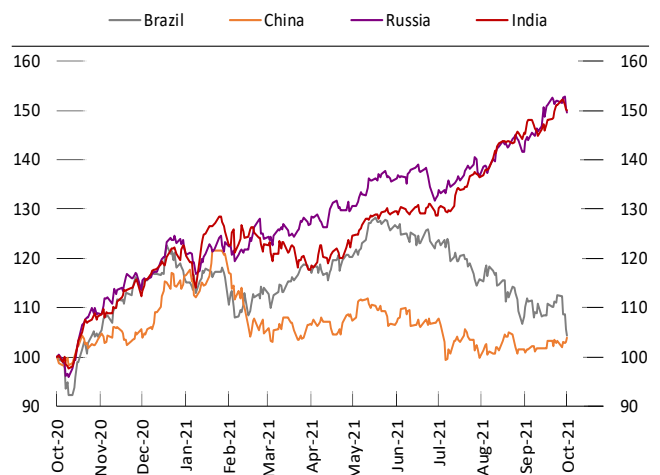
Data as of October 22<sup>nd</sup> – Rebased @ 100

Equity Market Performance – Euro Area G4



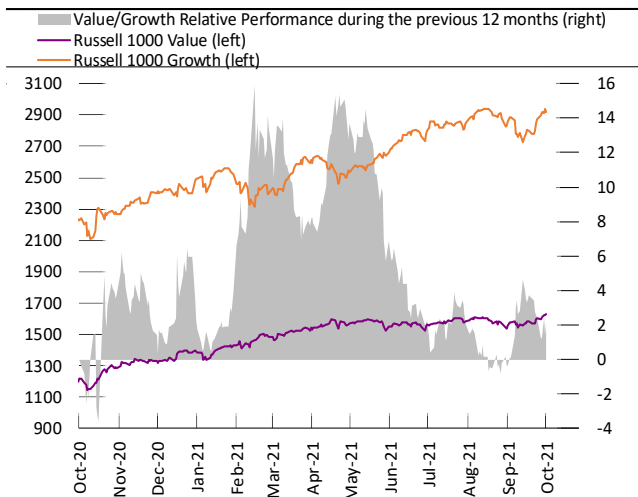
Data as of October 22<sup>nd</sup> – Rebased @ 100

Equity Market Performance - BRICs



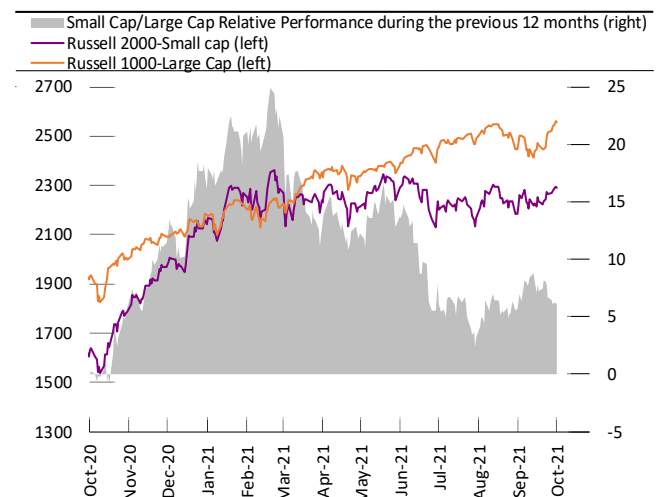
Data as of October 22<sup>nd</sup> – Rebased @ 100

Russell 1000 Value & Growth Index



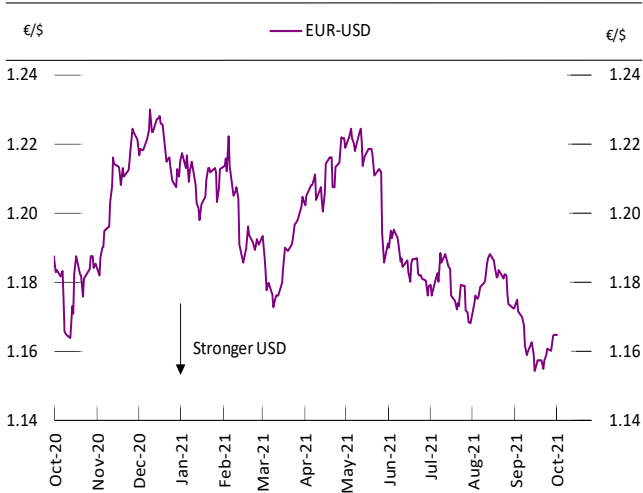
Data as of October 22<sup>nd</sup>

Russell 2000 & Russell 1000 Index



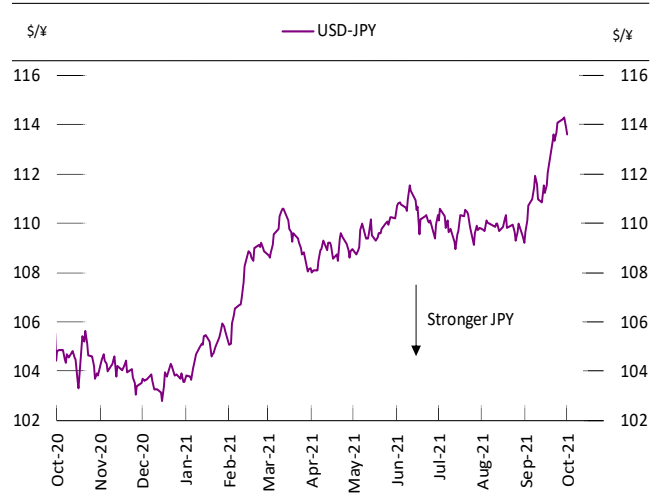
Data as of October 22<sup>nd</sup>

EUR/USD



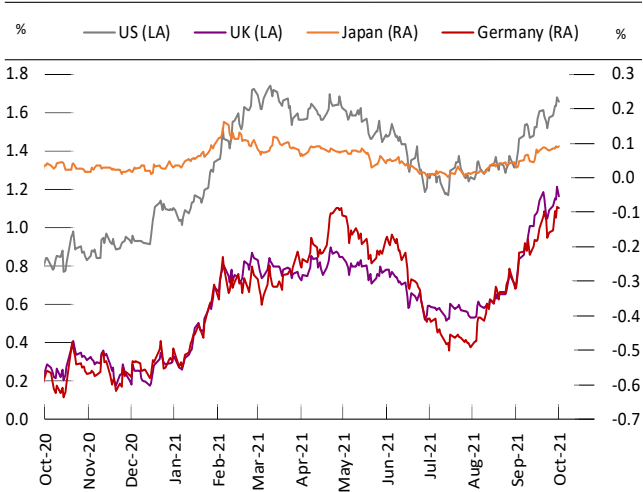
Data as of October 22<sup>nd</sup>

JPY/USD



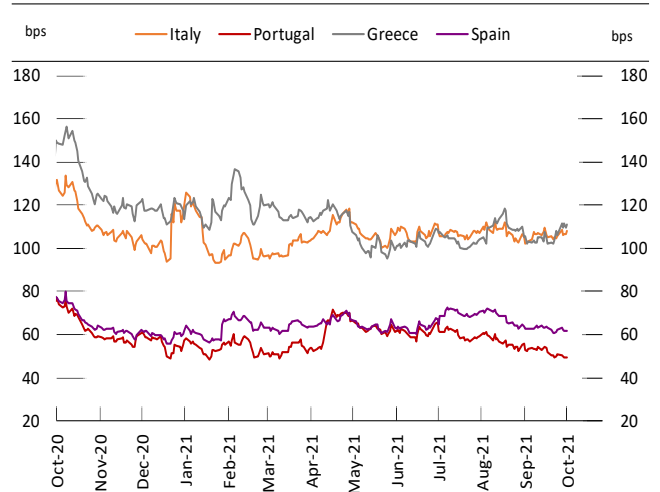
Data as of October 22<sup>nd</sup>

10- Year Government Bond Yields



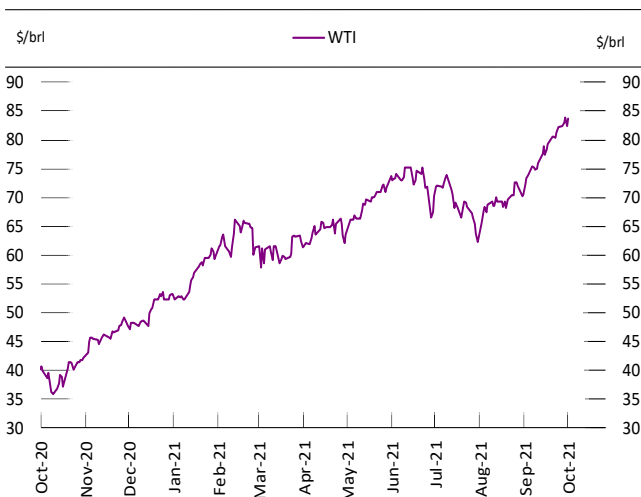
Data as of October 22<sup>nd</sup>  
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



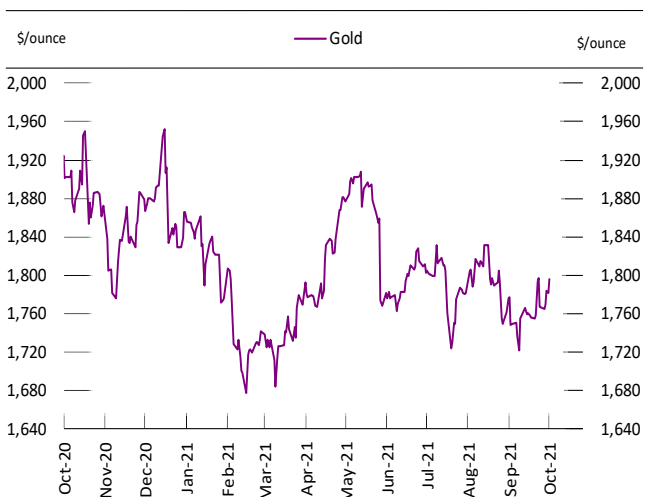
Data as of October 22<sup>nd</sup>

West Texas Intermediate (\$/bbl)



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

Gold (\$/ounce)



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



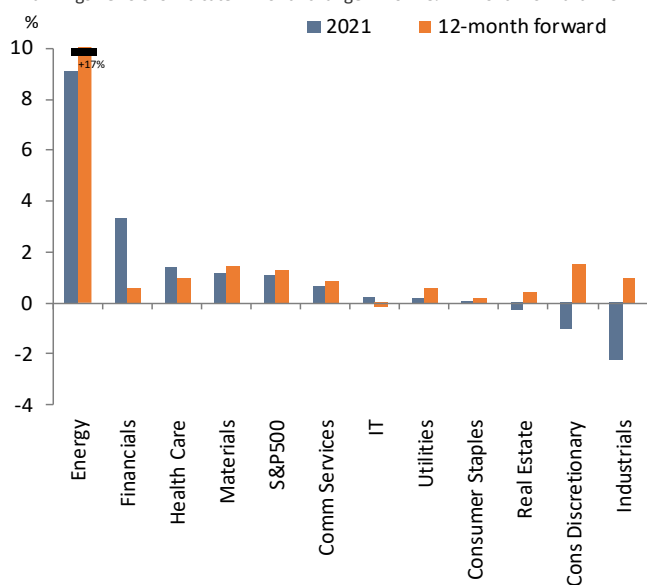
### US Sectors Valuation

	Price (\$)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	22/10/21	% Weekly Change	%YTD	2021	2022	2021	2022	2021	2022	12m fwd	10Yr Avg	2021	2022	Current	10Yr Avg
<b>S&amp;P500</b>	4545	1.6	21.0	46.5	8.7	1.3	1.4	22.6	20.8	21.1	16.7	4.7	4.3	4.3	2.9
<b>Energy</b>	440	1.2	53.6	N/A	30.9	3.9	4.0	N/A	12.3	13.0	14.9	1.9	1.8	1.9	1.7
<b>Materials</b>	533	0.9	16.9	85.9	-1.3	1.8	1.9	16.5	16.7	16.6	15.8	3.2	2.9	3.0	2.6
<b>Financials</b>															
<b>Diversified Financials</b>	1107	2.1	35.8	57.4	-7.0	1.2	1.4	16.4	17.6	17.4	14.6	2.3	2.1	2.2	1.6
<b>Banks</b>	453	3.6	43.4	89.1	-15.3	2.1	2.3	11.8	13.9	13.5	11.3	1.5	1.4	1.4	1.0
<b>Insurance</b>	558	2.9	30.6	30.3	5.0	2.0	2.1	14.5	13.8	13.9	11.4	1.7	1.6	1.6	1.2
<b>Real Estate</b>	298	3.2	30.7	12.3	6.1	2.4	2.6	24.6	23.2	23.4	18.6	4.2	4.4	4.3	3.3
<b>Industrials</b>															
<b>Capital Goods</b>	895	1.1	17.7	55.5	21.7	1.5	1.6	24.4	20.0	20.9	16.8	5.5	5.0	5.1	3.8
<b>Transportation</b>	1078	3.4	15.8	N/A	146.4	1.3	1.4	N/A	18.6	N/A	11.3	6.9	6.0	6.2	3.9
<b>Commercial Services</b>	529	2.9	25.6	17.9	11.2	1.0	1.0	32.5	29.2	29.8	20.8	6.7	6.1	6.2	3.6
<b>Consumer Discretionary</b>															
<b>Retailing</b>	4092	0.6	14.8	33.1	15.0	0.5	0.6	35.9	31.2	32.1	25.9	14.0	11.2	11.7	8.4
<b>Consumer Services</b>	1459	-1.6	10.6	N/A	1115.1	0.9	1.1	N/A	30.8	N/A	27.3	24.7	19.5	20.5	9.3
<b>Consumer Durables</b>	512	2.3	16.2	55.9	13.4	1.1	1.3	18.2	16.0	16.4	17.4	4.4	3.9	4.0	3.4
<b>Automobiles and parts</b>	174	6.3	32.4	86.3	20.0	0.0	0.1	48.0	40.0	N/A	13.4	8.3	7.1	7.3	2.4
<b>IT</b>															
<b>Technology</b>	2893	2.5	14.8	45.8	4.8	0.8	0.9	23.9	22.8	23.0	14.6	16.1	14.5	14.8	5.7
<b>Software &amp; Services</b>	3835	1.1	24.5	20.3	14.3	0.7	0.7	36.2	31.7	32.6	20.2	11.1	9.7	10.0	6.0
<b>Semiconductors</b>	2193	1.8	24.0	34.8	4.4	1.1	1.2	21.8	20.8	21.0	15.1	7.3	6.3	6.5	3.6
<b>Communication Services</b>	270	-0.6	21.5	36.4	9.8	0.8	0.9	22.9	20.8	21.2	18.7	4.3	3.8	3.9	3.1
<b>Media</b>	1090	-0.7	27.4	51.6	13.3	0.2	0.3	27.2	24.0	24.6	21.9	5.6	4.8	5.0	3.5
<b>Consumer Staples</b>															
<b>Food &amp; Staples Retailing</b>	654	4.7	14.9	16.5	7.4	1.4	1.5	24.3	22.6	22.9	17.7	5.4	4.9	5.0	3.5
<b>Food Beverage &amp; Tobacco</b>	769	0.1	5.8	11.1	5.7	3.3	3.4	18.8	17.8	18.0	18.2	5.3	5.0	5.1	5.1
<b>Household Goods</b>	852	-1.4	0.6	4.8	6.9	2.2	2.4	25.6	23.9	24.2	20.7	10.3	9.8	9.9	6.3
<b>Health Care</b>															
<b>Pharmaceuticals</b>	1193	2.0	11.5	25.0	2.0	2.0	2.2	14.7	14.4	14.4	15.0	6.3	5.2	5.4	4.3
<b>Healthcare Equipment</b>	1904	3.8	20.8	19.5	6.4	0.9	1.0	22.3	21.0	21.2	16.5	4.4	3.9	4.0	2.8
<b>Utilities</b>	342	2.3	7.1	2.6	5.6	3.1	3.2	20.4	19.3	19.5	16.8	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

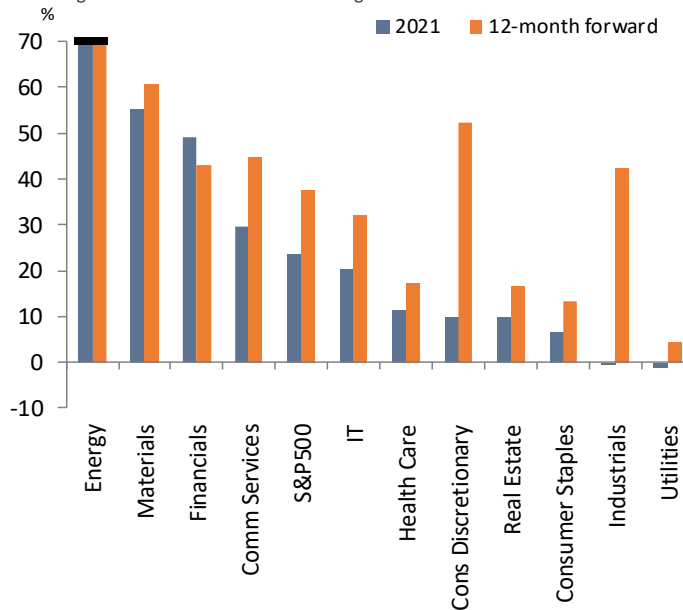
Earnings Revisions indicate 1-month change in 2021 & 12-month Forward EPS



Data as of October 22<sup>nd</sup>  
12-month forward EPS are 19% of 2021 EPS and 81% 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 October 22<sup>nd</sup>  
12-month forward EPS are 19% of 2021 EPS and 81% of 2022 EPS

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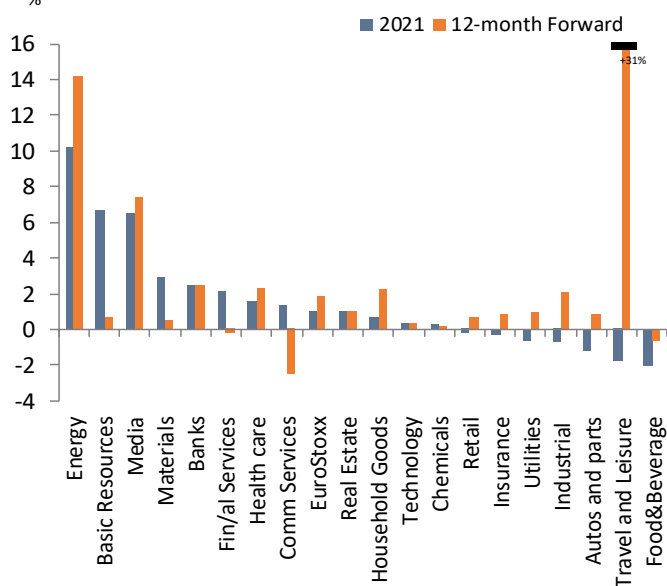
### Euro Area Sectors Valuation

	Price (€)			EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	22/10/21	% Weekly Change	%YTD	2021	2022	2021	2022	2021	2022	12m fwd	10Yr Avg	2021	2022	Current	10Yr Avg
<b>EuroStoxx</b>	468	0.4	17.7	70.4	7.9	2.5	2.7	17.5	16.2	16.5	14.3	2.0	1.9	1.9	1.5
<b>Energy</b>	293	-0.5	16.2	402.0	15.7	4.7	4.9	12.5	10.8	11.1	13.0	1.4	1.3	1.3	1.1
<b>Materials</b>	987	0.0	14.1	144.2	-12.4	2.4	2.5	13.2	15.0	14.7	15.6	2.2	2.0	2.0	1.7
<b>Basic Resources</b>	234	0.0	12.3	N/A	N/A	2.5	2.8	N/A	6.4	6.0	12.0	0.9	0.8	0.8	0.7
<b>Chemicals</b>	1438	0.0	14.2	52.8	0.6	2.4	2.5	19.0	18.9	18.9	16.4	2.7	2.6	2.6	2.3
<b>Financials</b>															
<b>Fin/Al Services</b>	579	0.5	18.1	34.1	5.8	2.3	2.5	16.6	15.7	15.8	14.3	1.6	1.6	1.6	1.2
<b>Banks</b>	103	-0.7	39.3	81.8	3.3	5.4	5.5	9.6	9.3	9.4	9.8	0.7	0.7	0.7	0.7
<b>Insurance</b>	294	0.5	12.6	41.8	5.7	5.2	5.5	10.1	9.5	9.6	9.5	0.9	0.9	0.9	0.9
<b>Real Estate</b>	231	1.7	4.9	1.9	11.2	3.1	3.4	20.5	18.4	18.8	17.4	1.0	0.9	0.9	1.0
<b>Industrial</b>	1128	-0.9	15.3	25.7	23.5	1.6	2.0	25.1	20.4	21.3	16.8	3.6	3.3	3.4	2.5
<b>Consumer Discretionary</b>															
<b>Media</b>	274	0.6	25.0	-1.0	14.3	1.8	2.0	25.8	22.5	23.2	16.6	6.0	5.4	5.5	2.0
<b>Retail</b>	704	-1.5	6.0	66.0	16.6	2.2	2.5	29.5	25.3	26.1	23.1	5.8	5.3	5.4	4.3
<b>Automobiles and parts</b>	625	-1.8	23.9	701.5	8.5	3.9	4.4	7.7	7.1	7.2	8.8	1.1	1.0	1.0	1.0
<b>Travel and Leisure</b>	216	-3.3	1.1	N/A	N/A	0.5	1.3	N/A	N/A	N/A	N/A	3.0	2.9	2.9	2.1
<b>Technology</b>	955	1.1	33.2	37.6	14.4	0.6	0.7	32.9	28.8	29.6	20.7	5.2	4.7	4.8	3.5
<b>Communication Services</b>	286	-0.4	15.7	28.5	-29.4	3.6	4.0	10.5	14.9	14.0	14.1	1.5	1.4	1.4	1.7
<b>Consumer Staples</b>															
<b>Food&amp;Beverage</b>	549	0.3	5.6	33.7	15.1	1.7	1.9	24.3	21.1	21.7	19.6	2.5	2.3	2.4	2.6
<b>Household Goods</b>	1460	2.2	19.9	63.9	12.6	1.1	1.2	37.2	33.1	33.9	24.2	7.1	6.3	6.5	3.9
<b>Health care</b>	916	2.5	12.8	10.7	7.3	1.9	2.0	20.7	19.2	19.5	16.4	2.7	2.5	2.5	2.2
<b>Utilities</b>	376	3.0	-1.1	27.9	4.9	4.2	4.5	15.4	14.7	14.8	13.5	1.7	1.7	1.7	1.2

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

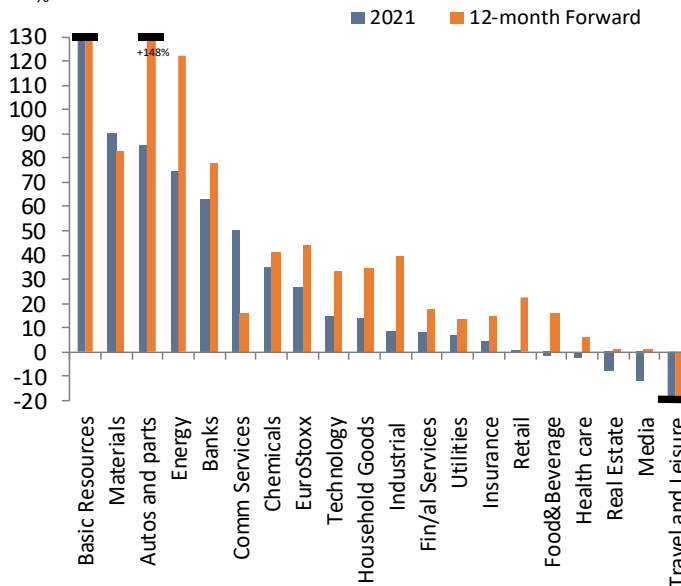
Earnings Revisions indicate 1-month change in 2021 & 12-month Forward EPS %



Data as of October 22<sup>nd</sup>  
12-month forward EPS are 19% of 2021 EPS and 81% 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 October 22<sup>nd</sup>  
12-month forward EPS are 19% of 2021 EPS and 81% of 2022 EPS

**DISCLOSURES:**

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