Global Markets Roundup

National Bank of Greece | Economic Research Division | October 30, 2018

NATIONAL BANK OF GREECE

Equity markets remain under pressure, with 40% of S&P500 stocks in bear market

- The European Commission officially requested the Italian government to submit a revised draft budgetary plan for 2019, after finding a serious non-compliance with previously agreed targets for a structural improvement of 0.6% of GDP (the budget presented by Italy had penciled-in a structural deterioration of 0.8% of GDP for 2019). Italian authorities were given until November 13th to submit a new plan that will comply with EU fiscal rules or likely risk facing disciplinary action.
- Volatility on Italian assets continued, as expected, with the 10-Year BTP/Bund spread rising by 14 bps on Tuesday (draft budget rejection) and narrowing by 12 bps on Thursday as Mr Draghi expressed his confidence that an agreement can be reached, and ending the week up 7 bps to 309 bps. The spread declined further on Monday (-13 bps) as S&P maintained unchanged its rating for Italy at BBB (two notches above non-investment grade status), but changed its outlook to negative. With no other major rating agency updates due until the end of 2018, the risk of further downgrades has declined.
- Euro area business surveys disappointed in October, with the composite PMI down by 1.4 pts mom to 52.7 (consensus: 53.9) -- a 25-month low -- mainly due to increased uncertainty for trade. GDP growth is expected (based on PMIs) at around 1.2% qoq (annualized) in Q4:18 from 0.6% in Q3:18 (first preliminary estimate from Eurostat) and 1.7% in H1:18 (on average).
- The ECB left rates and QE guidance unchanged at its October 25th meeting and remains constructive on euro area growth, in line with the view that the economy is facing a deceleration towards more normal levels, compared with an exceptionally strong performance in 2017 (+2.5% yoy). The ongoing labor market tightening (declining unemployment rate, increasing wages), high capacity utilization rates and still accommodative financial conditions should help raise inflation, allowing the ECB to terminate its net QE purchases after December 2018 and begin increasing rates in Q4:19.
- US GDP growth surprised positively, up by 3.5% qoq (annualized) in Q3:18 from 4.2% in Q2:18 (consensus: +3.3%) (see Economics). The headline figure was stronger than expected due to consumer-driven demand, but underlying trends (business spending decelerated and housing investment continued to weaken for a 3rd consecutive quarter) indicate a less sanguine outlook, as the fiscal stimulus boost begins to fade.
- With the peak of the US and S&P500 earnings expansion likely behind us (see Markets), and risks to the outlook rising (e.g. the slowdown in China, "trade wars" and less accommodative financial conditions), investors have bid down equity prices in October heavily (MSCI ACWI: -9.4%) and are now seeking safe-haven assets (Gold: +3.4%, JPY NEER: +2.9%, German Bunds: +0.9% on a total return basis). The rotation to defensive from cyclical sectors and to value from growth-sensitive stocks has also gained traction in October (see charts page 3).
- Global equity markets sold-off in the past week (MSCI ACWI: -3.8% | -7.4% ytd), with the S&P500 erasing its ytd gains (-3.9% wow | -0.6% ytd) and the Nikkei225 underperforming (-6.0% wow | -6.9% ytd). US industrials fell strongly (-5.6% wow), as bellwether corporates reported disappointing earnings, and energy recorded heavy losses (-7.6% wow) as oil prices weakened.

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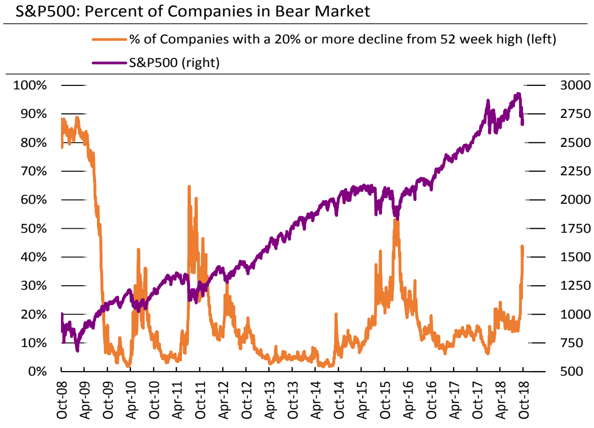
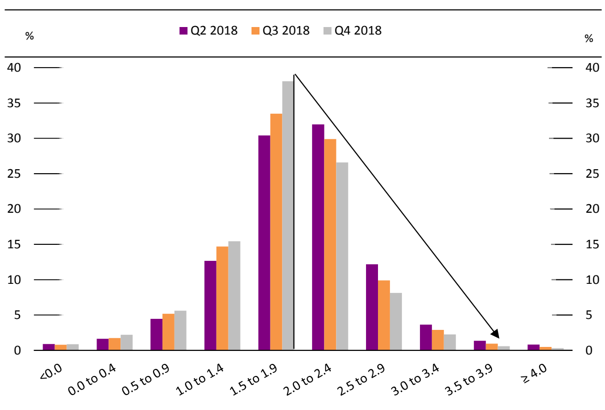
Charts of the week



Source: NBG Research, Thomson Reuters Datastream



Source: NBG Research, ECB Survey of Professional Forecasters Q4:2018

See page 14 for disclosures and analyst certification

US GDP growth was strong in Q3, albeit with a slowdown in business investment

- **US GDP growth was +3.5% qoq saar in Q3:18 (+4.2% in Q2:18), slightly above consensus for +3.3%.** Annual growth reached +3.0% yoy, the highest since Q2:15. The GDP strength was closely linked to fiscal policy support. Indeed, private consumption grew sharply for a 2nd consecutive quarter, by +4.0% qoq saar (+3.0% yoy), versus +3.8% qoq saar in Q2:18, the strongest outcome since Q4:14 (contributing +2.7 pps to the headline figure), as it continues to benefit from tax cuts. At the same time, government consumption rose by 3.3% qoq saar (+0.6 pps contribution | +2.4% yoy), led by expenses for national defense (+4.6% qoq saar). According to the Brookings Institute, the overall fiscal impact on quarterly US GDP growth was +0.73 pps in Q3 (+0.71 pps in Q2:18 and +0.42 pps in Q1:18). Inventories added a further 2.1 pps to the headline figure, as expected, following substantial destocking in previous quarters.

- **Business investment increased by 0.8% qoq saar (+0.1 pp contribution | +6.4% yoy), posting a significant deceleration compared with Q2:18 (+8.7% qoq saar).** The weakness was related to investment in structures (-7.9% qoq saar, versus +14.5% qoq saar previously) and equipment (+0.4% qoq saar, versus +4.6% qoq saar previously), while investment in intellectual property remained strong (+7.9% qoq saar, versus +10.5% qoq saar previously). Regarding investment in equipment, the sub-components of autos (-47.6% qoq saar) and aircrafts (-26.2% qoq saar) were the sources of weakness. Net exports subtracted 1.8 pps from overall quarterly GDP growth, as exports declined by 3.5% qoq saar (+3.9% yoy) and imports rose sharply by 9.1% qoq saar (+5.7% yoy), likely corroborating the aforementioned inventory accumulation. Note that the decline in exports is, in part, due to a payback following significant front-loading of food exports in Q2:18, ahead of the imposition of increased tariffs by China (in early July) on imports from the US. At the same time, the rise in imports is likely distorted by a front-loading of imports ahead of the imposition of increased tariffs by the US on imports from China. Finally, residential investment declined by 4.0% qoq saar (-0.2 pps contribution | +0.4% yoy), a 3rd consecutive quarterly decline.

Euro area business confidence deteriorated in October

- **Business surveys entered Q3:18 on a weak note.** The euro area composite PMI decreased sharply, by 1.4 pts to a 2-year low of 52.7 in October, well below consensus estimates for 53.9. The decline was due to both the services (-1.4 pts to a 2-year low of 53.3) and manufacturing sectors (-1.1 pt to 52.1, the lowest since August 2016). Furthermore, the forward-looking indicator of new orders was at its lowest level since August 2016, with the weakness being more profound in the manufacturing sector. Note that in the latter, it registered 49.8, entering contractionary territory (below the 50 threshold) for the first time since November 2014, led by a further deterioration in new export orders. That development is in line with respondents' comments, which included strong concerns regarding "trade wars". Moreover, anecdotal evidence from the survey pointed to the autos sector -- highly sensitive to international trade conditions -- as a key source of weakness. Finally, corroborating the softness in the latest survey, business optimism for the year ahead stood at its lowest level since December 2014 in the services sector and since December 2012 in manufacturing. On a positive note, consumer confidence was -2.7 in October (-2.9 in September), well above its long-term average (-12.1 since 2001).

Euro area bank lending growth accelerates further…

- **Euro area bank lending growth stands at multi-year highs, supporting economic activity.** The two major private sector components performed as follows in September: i) loan growth to households (adjusted for sales and securitizations) was stable at 3.1% yoy, the highest since February 2009; and ii) loan growth to non-financial corporations accelerated by 0.2 pps, to 4.3% yoy, the highest since May 2009. On a country-by-country basis, divergence remains, with the annual growth rate of loans to non-financial corporations in Germany (+5.9%) and France (+6.6%) strongly outpacing that of Spain (+0.4%) and Italy (+2.5%). In Italy, however, there has been consistent improvement recently (1.8% yoy, on average, so far in 2018, compared with +0.1% yoy, on average, in 2017 and a trough of -0.5% in September 2017).

…and bank credit conditions continue to improve

- **The ECB's Bank Lending Survey for Q3:18 pointed to a continuing improvement in the credit environment.** Euro area banks reported a net easing of credit standards (i.e. banks' internal guidelines or loan approval criteria) on loans to corporations (-6%) for a 7th consecutive quarter in Q3, while expecting them to slightly ease in the next three months (-1%). Recall that a negative reading indicates that the fraction of banks easing standards is greater than those tightening. Notably, in Italy, the respective figure was stable at -10% in Q3:18 (for Q4:18, Italian banks expect credit standards to remain stable), suggesting that the recent financial market jitters have not weighed on banks' willingness to extend credit to corporations. In fact, Italian banks cited a more favorable perception of risk as the main factor behind the latest easing of credit standards. Regarding households in the euro area, standards continued to ease in mortgage loans (-2%), although more modestly compared with Q2:18 (-8%), while being broadly unchanged in consumer credit (+1%). In both cases, banks expect a loosening in the next three months (-5% and -3%, respectively).

- **Demand for bank loans remains robust.** The share of banks reporting an increase in loan demand from corporates, minus the share of banks reporting a decline, was +12% in Q3:18. Importantly, apart from low interest rates, respondents cited higher capital spending as the most important driver. It is worth noting that demand from Italian corporations over-performed markedly (+30% in Q3:18, while a further +10% is expected for Q4:18), with increased appetite for capital spending being a key factor. Regarding households in the euro area, the respective figure for mortgages was +5%, mainly due to low interest rates and favorable housing market prospects. Recall that house prices in the euro area rose by 4.1% yoy in Q2:18, close to the highest annual pace of growth since Q3:07 which was recorded in Q1:18 (+4.3% yoy | source: ECB). For consumer credit (credit cards, overdrafts, auto loans, student loans, etc.), banks also reported increased demand (+22%), on the back of low interest rates and high consumer confidence. For all loan subcategories, banks expect a further increase in demand in the next three months.

Equities

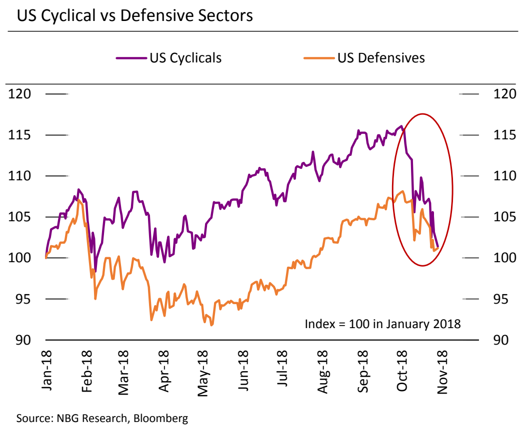
- **Global equity markets lost ground in the past week, as anxiety over corporate profits added to lingering fears regarding global trade and economic growth.** Overall, the MSCI World index ended the week down by 3.8% (-7.4% ytd), with developed markets (-3.9% wow | -5.8% ytd) underperforming their emerging markets peers (-3.3% wow | -18.9% ytd). The S&P500 declined by 3.9% wow, while volatility persisted (the Vix Index averaged 23% in the past week, the highest level since February 2018). Energy (-7.1% wow) and Industrials (-5.6% wow) recorded strong losses. Technology declined by 2.7% wow, on the back of mixed reports on company earnings. Microsoft ($1.14 vs. $0.96), Twitter ($0.21 vs. $0.14), Amazon ($5.75 vs. $3.11) and Alphabet ($11.86 vs. $10.45) reported better-than-expected earnings results. Note, however, that sales in Amazon and Alphabet were below expectations, while Twitter users continue to decline. Overall, out of the 241 S&P500 companies that have reported results, so far, circa 78% have exceeded analyst estimates. Analyst expectations for EPS growth in Q3:18 stand at +22.6% yoy, compared with +25% yoy in Q2:18 and Q1:18. However, growth is expected to weaken in the following quarters, to 16% yoy in Q4:18 and 6.5% yoy in Q1:19, as the tax-cut effect fades. More importantly, out of the 41 companies in S&P500 that have issued EPS guidance for Q4:18, 26 have issued negative guidance (63%), albeit remaining below the 5-year average of 70%. For 2019, EPS growth is expected at 10.5% yoy, unchanged from the beginning of the earnings season.
  On the other side of the Atlantic, the EuroStoxx declined by 2.6% wow, on the back of weaker-than-expected PMIs and earnings results. Banks recorded strong losses (-4.1% wow), with Deutsche Bank down by 10% wow (-46% ytd). Deutsche Bank missed EPS estimates for Q3:18 (€0.14 vs €0.22), while profit before tax was €506 million vs €933 million one year ago. Overall, circa 60%, out of the 79 companies that have reported results so far, have missed analyst estimates. Note that analyst expectations for EPS growth in Q3:18 stand at +4% yoy, compared with +9% yoy in Q2:18 and 7% yoy in Q1:18.

Fixed Income

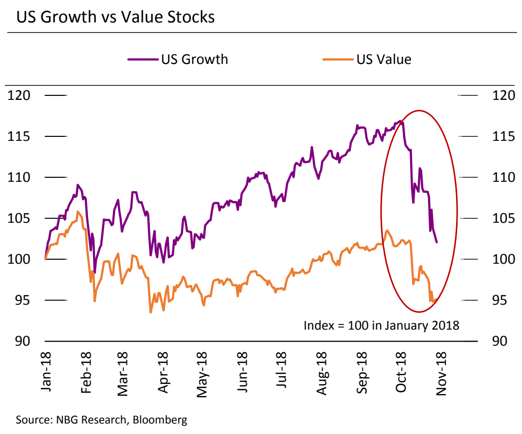
- **Government bond yields in major advanced economies declined in the past week, due to increased "safe haven" demand.** Specifically, US Treasury 10-year yields declined by 12 bps to 3.08% and the 2-year yield by 10 bps wow to 2.81%, with weaker-than-expected housing data adding to the downside pressure. In the UK, 10-year government bond yields fell by 19 bps wow to 1.38%, while in Germany, 10-Year Bund yields ended the week down by 11 bps to 0.35%. Upside pressure on the Italian 10-year yield spread over the Bund eased in the past week (+7 bps to 309 bps). **Corporate bond spreads widened in the past week due to increased risk aversion.** Specifically, euro area HY spreads rose by 27 bps wow to 414 bps (the highest since December 2016), while their US counterparts rose by 34 bps to 385 bps (the highest since November 2017). In the investment grade spectrum, euro area spreads were up by 7 bps to 128 bps, while US IG spreads were up by 6 bps to 123 bps.

FX and Commodities

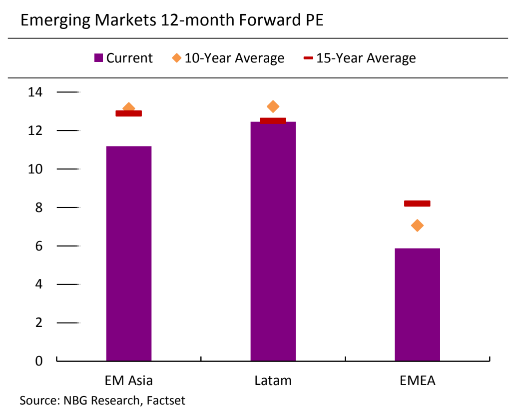
- **In foreign exchange markets, better-than-expected GDP data in the US supported the US Dollar in the past week.** Specifically, the USD rose by 1.0% against the euro to $1.140, and by 1.9% against the British pound to $1.283. The latter was negatively affected by disagreement in PM May's cabinet on how to proceed with Brexit negotiations.
  In commodities, oil prices fell for a 3rd consecutive week, reflecting both demand concerns in view of the risk-off environment and comments by Saudi Arabia's energy minister, who indicated that OPEC was now in a "produce as much as you can" mode. Oil inventories rose for a 5th consecutive week (+6.3 million barrels to 423 million barrels for the week ending October 19th). Overall, Brent declined by 3.6% wow to $77.3/barrel and WTI by 2.2% wow to $67.6/barrel.



Graph 1.



Graph 2.



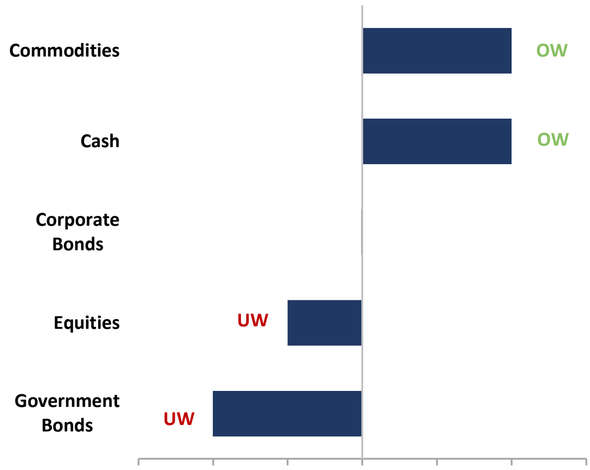
Graph 3.

Quote of the week: "The assessment of the Governing Council was, yes, there is a weaker momentum… but is this enough of a change to make us change the baseline scenario? The answer is no. These risks are not being considered at this point in time enough to change the balance of risks", **ECB President, Mario Draghi**, October 25th 2018.

NBG Global Portfolio Tactical Asset Allocation (TAA)

- **Equities**: We turn slightly underweight relative to a Strategic Asset Allocation (SAA) benchmark of 60-30-10 (moderate to moderate aggressive portfolio). GDP growth and corporate earnings are strong (particularly in the US) albeit peaking. Trade concerns and the peak of central bank (C/B) liquidity weighs. Volatility in returns will prevail in the rest of 2018 resulting in lower risk-adjusted returns. We have closed (June) our O/W position in euro area banks recording losses as Italian concerns and low-for-longer interest rates by the ECB reduced our confidence in this trade.
- **Government Bonds:** Higher yields due to less aggressive C/Bs, reduced liquidity and stronger inflation data, albeit safe haven demand could support prices near-term. **Underweight Govies**. Steeper curves, particularly in Bunds.
- **Credit**: we are broadly Neutral in Corporate Bonds.
- **Cash: Overweight position**, as a hedge, as well as a way of being tactical. 2018 is less likely to be as "risk on" as 2017.

Figure1. NBG Global Portfolio TAA Tilts: LEVEL 1



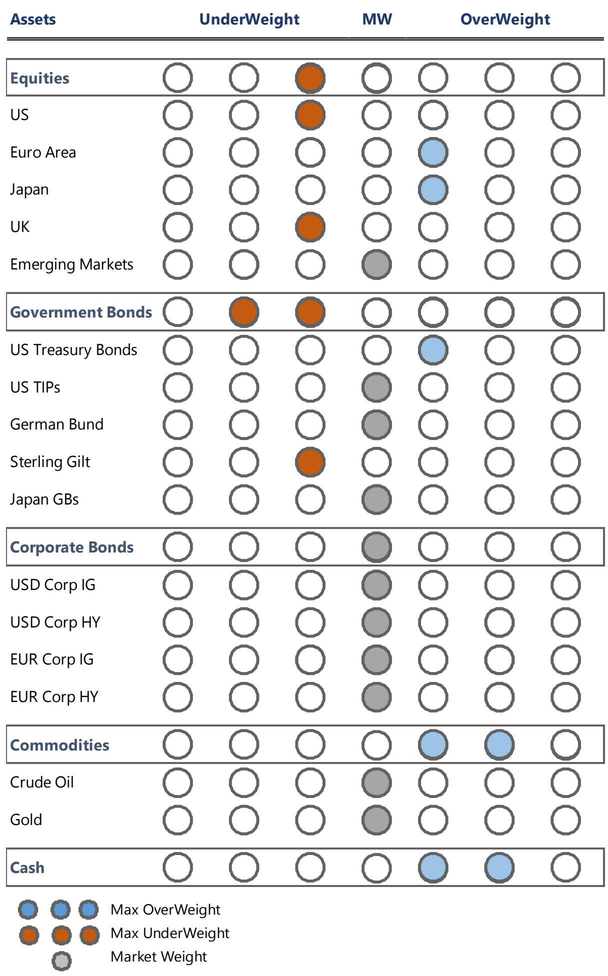
NBG Research - Main Equity Sector Calls

US Sector	Position	View/Comment
Banks	OW	Rising rates from low levels and low deposit betas will support interest margins. Less regulation also positive. Valuations (relative to the market) still attractive.
Energy	Neutral	OPEC's deal extension until end of 2018 has supported oil prices. However, US oil production is increasing (at 2015 high levels) and expected RoE for Energy firms remains low. Light positioning and sizeable underperformance (2017) may present a buying opportunity. Oil backwardation a positive for the sector.
Defensives/ Cyclicals	Neutral	We turn Neutral Defensives amid elevated volatility and favorable relative valuations. Underweight Consumer Discretionary (Cyclicals) as the sector is a major underperfomer during Fed hiking cycles and has high wage expenses.

EA Sector	Position	View/Comment
Energy	Neutral	OPEC's deal extension until end of 2018 has supported oil prices. However, US oil production is increasing (at 2015 high levels) and expected RoE for Energy firms remains low. Light positioning and sizeable underperformance (2017) may present a buying opportunity, thus we upgrade to neutral our position.
Defensives/ Cyclicals	Neutral	We turn Neutral Defensives amid elevated volatility and favorable relative valuations. Underweight Consumer Discretionary (Cyclicals) as the sector is a major underperfomer during Fed hiking cycles and has high wage expenses.

*Including Technology and Industrials
**Including Healthcare, Utilities, Telecoms

Figure2. NBG Global Portfolio TAA Tilts: LEVEL 2



(1) Figure1: Green (red) color arrows suggest an increase (decrease) in relative asset class weights over the last week (Tactical Asset Allocation tilits vs our Strategic Asset Allocation portfolio).
(2) Figure2: The orange/light blue circles of the chart displays current asset class and intra-asset class tilts relative to the Strategic Asset Allocation portfolio. Black arrows point to an increase/decrease, if any, relative to previous allocations.
(3) UW|MW|OW: Underweight | Marketweight | Overweight relative to our Strategic Asset Allocation portfolio.

	US	Euro Area	Japan	UK
Equity Markets	+ Likely fiscal loosening will support the economy & companies' earnings + Solid EPS growth in H2:2017 & 2018 + Cash-rich corporates will lead to share buybacks and higher dividends (de-equitization) − Demanding valuations − Peaking profit margins − Protectionism and trade wars − Aggressive Fed in 2018 ● **Neutral/Positive**	+ Still high equity risk premium, albeit declining + Credit conditions gradual turn more favorable + Small fiscal loosening − EPS estimates may turn pessimistic due to higher EUR and plateuning economic growth − Strong Euro in NEER terms (2017 vs 2016) − Political uncertainty (Spain, Italy) could re-emerge ● **Neutral**	+ Still aggressive QE and "yield-curve" targeting by the BoJ + Upward revisions in corporate earnings − Strong domestic recovery in H1:2017 will continue − Signs of policy fatigue regarding structural reforms and fiscal discipline − Strong appetite for foreign assets − If sustained, JPY appreciation hurts exporters companies ● **Neutral**	+ 65% of FTSE100 revenues from abroad + Undemanding valuations in relative terms + High UK exposure to the commodities sector assuming the oil rally continues − Elevated Policy uncertainty to remain due to the outcome of the Brexit negotiating process ● **Neutral/Negative**
Government Bonds	+ Valuations appear rich with term-premium close to 0% + Underlying inflation pressures + The Fed is expected to increase its policy rate towards 1.5% by end-2017 and 2%-2.25% by end-2018 + Balance sheet reduction, albeit well telegraphed may push term premia higher − Global search for yield by non-US investors continues − Safe haven demand ▲ **Higher yields expected**	+ Upside risk in US benchmark yields + Valuations appear excessive compared with long-term fundamentals − Political Risk − Fragile growth outlook − Medium-term inflation expectations remain low − Only slow ECB exit from accommodative monetary policy ▲ **Higher yields expected**	+ Sizeable fiscal deficits + Restructuring efforts to be financed by fiscal policy measures − Safe haven demand − Extremely dovish central bank − Yield-targeting of 10-Year JGB at around 0% ● **Stable yields expected**	+ Elevated Policy uncertainty to remain due to the outcome of the Referendum and the negotiating process + Rich valuations + Inflation overshooting due to GBP weakness feeds through inflation expectations + The BoE is expected to increase policy rates to 0.50% − Slowing economic growth post-Brexit ▲ **Higher yields expected**
Foreign Exchange	+ The Fed is expected to increase its policy rate towards 1.5% in 2017 and 2%-2.25% by end-2018 + Tax cuts may boost growth, and interest rates through a more aggressive Fed − Mid-2014 rally probably out of steam − Protectionism and trade Wars ▲ **Long USD against its major counterparts ex-EUR**	+ Reduced short-term tail risks + Higher core bond yields + Current account surplus − Sluggish growth − Deflation concerns − The ECB's monetary policy to remain extra loose (Targeted-LTROs, ABSs, covered bank bond purchases, Quantitative Easing) ● **Broadly Flat EUR against the USD with upside risks towards $1.20**	+ Safe haven demand + More balanced economic growth recovery (long-term) + Inflation is bottoming out − Additional Quantitative Easing by the Bank of Japan if inflation does not approach 2% ▼ **Lower JPY against the USD**	+ Transitions phase negotiations − The BoE to retain rates at current levels − Slowing economic growth post-Brexit − Sizeable Current account deficit (-5.5% of GDP) − Elevated Policy uncertainty to remain due to the outcome of the Referendum and the negotiating process ● **Flat GBP against the USD with upside risks short term**

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	Turkey	Romania	Bulgaria	Serbia
Equity Markets	+ Attractive valuations – Weak foreign investor appetite for emerging market assets – Persisting domestic financial crisis	+ Strong economic activity + Attractive valuations – Weak foreign investor appetite for emerging market assets	+ Attractive valuations + Low-yielding domestic debt and deposits – Weak foreign investor appetite for emerging market assets	+ Attractive valuations – Weak foreign investor appetite for emerging market assets
	▲ **Neutral/Positive**	▲ **Neutral/Positive**	▲ **Neutral/Positive**	▲ **Neutral/Positive**
Domestic Debt	+ Low public debt-to-GDP ratio – Loosening fiscal stance – Stubbornly high inflation – Persisting domestic financial crisis	+ Low public debt-to-GDP ratio – Easing fiscal stance – Envisaged tightening in monetary policy	+ Very low public debt-to-GDP ratio and large fiscal reserves	+ Positive inflation outlook + Policy Coordination Instrument with the IMF + Restored fiscal and public debt sustainability + Acceleration in economic activity – Large public sector borrowing requirements
	▼ **Stable to lower yields**	▲ **Stable to higher yields**	▼ **Stable to lower yields**	▼ **Stable to lower yields**
Foreign Debt	+ High foreign debt yields – Sizeable external financing requirements – Weak foreign investor appetite for emerging market assets – Persisting domestic financial crisis	– Large external financing requirements – Heightened domestic political uncertainty	+ Solidly-based currency board arrangement, with substantial buffers + Current account surplus – Large external financing requirements	+ Ongoing EU membership negotiations + Policy Coordination Instrument with the IMF – Sizable external financing requirements – Reinvigorated progress in structural reforms
	▼ **Stable to narrowing spreads**	▲ **Stable to widening spreads**	▼ **Stable to narrowing spreads**	▼ **Stable to narrowing spreads**
Foreign Exchange	+ High domestic debt yields – Sizable external financing requirements – Weak foreign investor appetite for emerging market assets – Persisting geopolitical risks and domestic financial crisis – Escalating global trade war	– Large external financing requirements – Heightened domestic political uncertainty	+ Currency board arrangement + Large foreign currency reserves and fiscal reserves + Current account surplus – Sizable external financing requirements – Heightened domestic political uncertainty	+ Ongoing EU membership negotiations + Policy Coordination Instrument with the IMF + Large FDIs – Sizable external financing requirements
	▼ **Weaker to stable TRY against the EUR**	▼ **Weaker to stable RON against the EUR**	● **Stable BGN against the EUR**	▲ **Stable to stronger RSD against the EUR**

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Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	Oct 26th	3-month	6-month	12-month
Germany	0,35	0,70	0,90	1,10
US	3,08	3,10	3,20	3,40
UK	1,38	1,56	1,65	1,81
Japan	0,11	0,12	0,14	0,15

Official Rate (%)	Oct 26th	3-month	6-month	12-month
Euro area	0,00	0,00	0,00	0,00
US	2,25	2,50	2,75	3,00
UK	0,75	0,75	0,80	1,05
Japan	-0,10	-0,10	-0,10	-0,10

Currency	Oct 26th	3-month	6-month	12-month
EUR/USD	1,14	1,17	1,18	1,21
EUR/GBP	0,89	0,87	0,87	0,88
EUR/JPY	128	130	130	132

	Oct 26th	3-month	6-month	12-month
USD/JPY	112	111	110	109
GBP/USD	1,28	1,35	1,36	1,38

Forecasts at end of period

Economic Forecasts

United States	2016a	Q1:17a	Q2:17a	Q3:17a	Q4:17a	2017a	Q1:18a	Q2:18a	Q3:18a	Q4:18f	2018f
Real GDP Growth (YoY) (1)	1,6	1,9	2,1	2,3	2,5	2,2	2,6	2,9	3,0	3,0	3,0
Real GDP Growth (QoQ saar) (2)	-	1,8	3,0	2,8	2,3	-	2,2	4,2	3,5	2,3	-
Private Consumption	2,7	1,8	2,9	2,2	3,9	2,5	0,5	3,8	4,0	2,5	2,7
Government Consumption	1,4	-0,8	0,1	-1,0	2,4	-0,1	1,5	2,5	3,3	4,7	1,9
Investment	1,7	9,9	4,3	2,6	6,2	4,8	8,0	6,4	-0,3	5,2	5,2
Residential	6,5	11,1	-5,5	-0,5	11,2	3,3	-3,4	-1,4	-4,0	0,7	0,0
Non-residential	0,5	9,6	7,3	3,4	4,9	5,3	11,5	8,7	0,8	5,8	6,7
Inventories Contribution	-0,6	-0,9	0,3	1,2	-1,1	0,0	0,3	-1,4	2,4	-0,1	0,1
Net Exports Contribution	-0,3	-0,2	0,0	0,0	-1,2	-0,4	-0,1	1,3	-2,1	0,0	-0,3
Exports	-0,1	5,0	3,6	3,5	6,6	3,0	3,6	9,3	-3,5	3,9	4,3
Imports	1,9	4,8	2,5	2,8	11,8	4,6	3,0	-0,6	9,1	3,1	4,6
Inflation (3)	1,3	2,5	1,9	1,9	2,1	2,1	2,2	2,7	2,6	2,4	2,5
Euro Area	**2016a**	Q1:17a	Q2:17a	Q3:17a	Q4:17a	**2017a**	Q1:18a	Q2:18a	Q3:18a	Q4:18f	**2018f**
Real GDP Growth (YoY)	1,9	2,1	2,5	2,8	2,7	2,5	2,4	2,2	1,7	1,7	2,0
Real GDP Growth (QoQ saar)	-	2,7	2,8	2,7	2,7	-	1,6	1,8	0,6	1,8	-
Private Consumption	1,9	1,7	1,9	1,7	1,0	1,7	2,2	0,8	1,5	1,4	1,4
Government Consumption	1,8	0,9	1,5	1,8	0,8	1,2	0,3	1,5	2,5	0,8	1,2
Investment	4,0	-2,9	8,6	-1,1	6,3	2,9	0,3	5,9	2,6	2,6	3,2
Inventories Contribution	0,1	-0,4	-0,3	0,1	-0,8	-0,1	0,9	-0,1	0,1	0,1	0,2
Net Exports Contribution	-0,4	2,6	0,0	1,5	1,5	0,8	-0,6	0,0	-0,2	0,2	0,1
Exports	3,0	7,2	4,2	5,3	8,8	5,4	-2,9	4,2	1,9	2,7	2,6
Imports	4,2	1,8	4,6	2,2	6,0	4,0	-1,8	4,8	2,6	2,5	2,5
Inflation	0,2	1,8	1,5	1,4	1,4	1,5	1,2	1,7	2,1	2,1	1,7

a: Actual, f: Forecasts, 1. Seasonally adjusted YoY growth rate, 2. Seasonally adjusted annualized QoQ growth rate, 3. Year-to-year average % change

South Eastern Europe Economic Forecasts

Economic Indicators

	2014	2015	2016	2017	2018f	2019f
Real GDP Growth (%)						
Turkey	5,2	6,1	3,2	7,4	3,2	1,0
Romania	3,4	3,9	4,8	7,0	4,2	3,8
Bulgaria	1,3	3,5	3,9	3,8	3,6	3,4
Serbia	-1,8	0,8	2,8	1,9	4,3	4,0
Headline Inflation (eop,%)						
Turkey	8,2	8,8	8,5	11,9	25,0	16,5
Romania	0,8	-0,9	-0,5	3,3	3,7	3,4
Bulgaria	-0,9	-0,4	0,1	2,8	2,7	2,6
Serbia	1,7	1,5	1,6	3,0	2,5	2,8
Current Account Balance (% of GDP)						
Turkey	-4,7	-3,7	-3,8	-5,6	-5,4	-3,4
Romania	-0,7	-1,2	-2,1	-3,2	-3,7	-4,5
Bulgaria	0,1	0,0	2,6	6,5	3,8	2,1
Serbia	-6,0	-3,7	-3,1	-5,7	-5,4	-5,2
Fiscal Balance (% of GDP)						
Turkey	-1,1	-1,0	-1,1	-1,5	-2,0	-2,0
Romania	-1,7	-1,5	-2,4	-2,8	-3,6	-3,9
Bulgaria	-3,7	-2,8	1,6	0,9	0,5	-0,5
Serbia	-6,6	-3,7	-1,3	1,2	0,6	0,4

f: NBG forecasts

Stock Markets (in local currency)

Country - Index	29/10/2018	Last week return (%)	Year-to-Date change (%)	2-year change (%)
Turkey - ISE100	90.542	-4,4	-21,5	15,6
Romania - BET-BK	1.595	-1,9	-3,4	21,6
Bulgaria - SOFIX	602	-0,8	-11,1	14,5
Serbia - BELEX15	736	-0,4	-3,1	8,8

Financial Markets

	29/10/2018	3-month forecast	6-month forecast	12-month forecast
1-m Money Market Rate (%)				
Turkey	26,5	25,0	22,0	20,0
Romania	3,3	3,2	3,0	3,0
Bulgaria(*)	0,0	0,1	0,1	0,2
Serbia	2,6	2,9	3,1	3,5
Currency				
TRY/EUR	6,32	6,45	6,60	6,80
RON/EUR	4,67	4,67	4,68	4,68
BGN/EUR	1,96	1,96	1,96	1,96
RSD/EUR	118,2	117,9	117,6	117,4
Sovereign Eurobond Spread (in bps)				
Turkey (USD 2020)(**)	378	350	310	280
Romania (EUR 2024)	116	130	120	110
Bulgaria (EUR 2022)	51	44	42	40
Serbia (USD 2021)(*)	147	132	126	120

(*) Base interest rate (**) Spread over US Treasuries

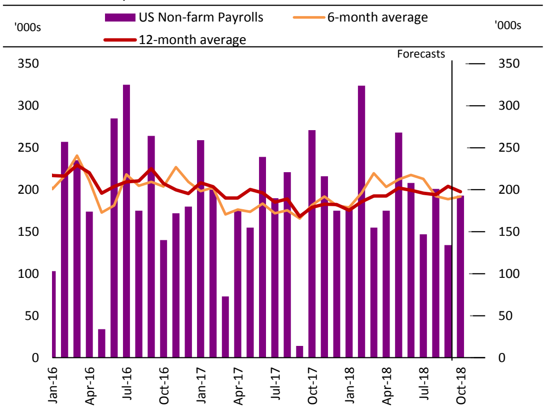
Economic Calendar

The main macro event next week in the US is the labor market report for October. The unemployment rate is expected to remain stable at 3.7%, with job creation at robust levels. Markets will also monitor the ISM survey for October in the manufacturing sector and external trade data for September.

In the Euro Area, markets will focus on the flash estimate for inflation in October. Although headline inflation is expected at 2.2% yoy in October (2.1% yoy in September), core CPI remains weak at 1.1% yoy.

In the UK, PMI data for October are released. Manufacturing PMI is expected at 53.0 compared with 53.8 in the previous month. Bank of England on Thursday is expected to keep its rate unchanged at 0.75%.

US Nonfarm Payrolls



Source: NBG Research, Bloomberg

Economic News Calendar for the period: October 23 - November 5, 2018

Tuesday 23

		S		A	P
EURO AREA					
Consumer Confidence Indicator	October	-3.2	+	-2.7	-2.9

Wednesday 24

		S		A	P
US					
Markit US Manufacturing PMI	October	55.3	+	55.9	55.6
New home sales (k)	September	625	-	553	585
JAPAN					
Nikkei PMI Manufacturing	October	..		53.1	52.5
EURO AREA					
Markit Eurozone Manufacturing PMI	October	53.0	-	52.1	53.2
Markit Eurozone Services PMI	October	54.5	-	53.3	54.7
Markit Eurozone Composite PMI	October	53.9	-	52.7	54.1
M3 money supply (YoY)	September	3.5%		3.5%	3.4%

Thursday 25

		S		A	P
US					
Initial Jobless Claims (k)	October 20	215		215	210
Continuing Claims (k)	October 13	1644	+	1636	1641
Durable goods orders (MoM)	September	-1.5%	+	0.8%	4.6%
Durable goods orders ex transportation (MoM)	September	0.4%	-	0.1%	0.3%
Pending home sales (MoM)	September	0.0%	+	0.5%	-1.9%
GERMANY					
IFO- Business Climate Indicator	October	103.2	-	102.8	103.7
IFO-Expectations	October	100.4	-	99.8	100.9
IFO- Current Assesment	October	106.0	-	105.9	106.6
EURO AREA					
ECB announces its intervention rate	October 25	0.00%		0.00%	0.00%
ECB announces its deposit facility rate	October 25	-0.40%		-0.40%	-0.40%

Friday 26

		S		A	P
US					
GDP (QoQ, annualized)	Q3:18	3.3%	+	3.5%	4.2%
Personal consumption (QoQ, annualized)	Q3:18	3.3%	+	4.0%	3.8%

Monday 29

		S		A	P
US					
PCE Deflator (YoY)	September	2.0%		2.0%	2.2%
PCE Core Deflator (YoY)	September	2.0%		2.0%	2.0%
Personal income (MoM)	September	0.4%	-	0.2%	0.4%
Personal spending (MoM)	September	0.4%		0.4%	0.5%
JAPAN					
Retail sales (MoM)	September	-0.2%		-0.2%	0.9%
Retail sales (YoY)	September	2.1%		2.1%	2.7%

Tuesday 30

		S	A	P
US				
S&P Case/Shiller house price index 20 (YoY)	August	5.80%	..	5.92%
Conference board consumer confidence	October	135.9	..	138.4
JAPAN				
Jobless Rate	September	2.4%	..	2.4%
EURO AREA				
Economic confidence indicator	October	110.0	..	110.9
Business Climate Indicator	October	1.16	..	1.21
GDP (QoQ)	Q3:18	0.4%	..	0.4%
GDP (YoY)	Q3:18	1.8%	..	2.1%

Wednesday 31

		S	A	P
US				
ADP Employment Change (k)	October	190	..	230
Employment Cost Index (QoQ)	Q3:18	0.7%	..	0.6%
JAPAN				
Industrial Production (MoM)	September	-0.3%	..	0.2%
Industrial Production (YoY)	September	-2.1%	..	0.2%
Bank of Japan announces its intervention rate	October 31	-0.10%	..	-0.10%
EURO AREA				
Unemployment Rate	September	8.1%	..	8.1%
CPI Estimate (YoY)	October	2.2%	..	2.1%
Core CPI (YoY)	October	1.1%	..	0.9%
CHINA				
PMI manufacturing	October	50.6	..	50.8

Thursday 1

		S	A	P
US				
Nonfarm Productivity (QoQ, annualized)	Q3:18	2.2%	..	2.9%
Unit labor costs (QoQ, annualized)	Q3:18	1.1%	..	-1.0%
Initial Jobless Claims (k)	October 27	213	..	215
Continuing Claims (k)	October 20	1639	..	1636
Construction spending (MoM)	September	0.0%	..	0.1%
ISM Manufacturing	October	59.0	..	59.8
UK				
Markit UK PMI Manufacturing SA	October	53.0	..	53.8
BoE announces its intervention rate	November 1	0.75%	..	0.75%
BoE Asset Purchase Target (£bn)	November	375	..	375
Bank of England Inflation Report				
Nationwide House Px NSA (YoY)	October	1.9%	..	2.0%
CHINA				
Caixin PMI Manufacturing	October	50.0	..	50.0

Friday 2

		S	A	P
US				
Trade balance ($bn)	September	-53.7	..	-53.2
Change in Nonfarm Payrolls (k)	October	193	..	134
Change in Private Payrolls (k)	October	190	..	121
Unemployment rate	October	3.7%	..	3.7%
Underemployment Rate	October	..	..	7.5%
Average Hourly Earnings (MoM)	October	0.2%	..	0.3%
Average Hourly Earnings (YoY)	October	3.2%	..	2.8%
Average weekly hours (hrs)	October	34.5	..	34.5
Labor Force Participation Rate	October	62.7%	..	62.7%
Factory Goods Orders (MoM)	September	0.5%	..	2.3%
UK				
Markit/CIPS UK Construction PMI	October	52.0	..	52.1

Monday 5

		S	A	P
US				
ISM non-manufacturing	October	59.5	..	61.6
UK				
Markit/CIPS UK Services PMI	October	..	..	53.9

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 (%)
US	S&P 500	2659	-3,9	-0,6	3,8	24,3
Japan	NIKKEI 225	21185	-6,0	-6,9	-2,6	21,8
UK	FTSE 100	6940	-1,6	-9,7	-7,3	-0,3
Canada	S&P/TSX	14888	-3,8	-8,1	-6,3	0,5
Hong Kong	Hang Seng	24718	-3,3	-17,4	-12,4	6,0
Euro area	EuroStoxx	346	-2,6	-10,4	-12,4	4,4
Germany	DAX 30	11201	-3,1	-13,3	-14,7	4,6
France	CAC 40	4967	-2,3	-6,5	-8,9	9,5
Italy	FTSE/MIB	18683	-2,1	-14,5	-18,1	8,1
Spain	IBEX-35	8730	-1,8	-13,1	-15,6	-4,8

Emerging Markets	Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
MSCI Emerging Markets	52340	-2,9	-14,0	-12,0	6,7
MSCI Asia	768	-3,5	-16,8	-14,7	6,8
China	70	-2,4	-21,8	-18,0	10,5
Korea	611	-5,8	-18,4	-18,6	7,9
MSCI Latin America	87463	-0,2	2,0	2,2	15,1
Brazil	284286	1,4	10,5	10,4	26,5
Mexico	42283	-3,5	-9,2	-8,8	-5,7
MSCI Europe	5120	-3,0	-4,9	-0,6	13,1
Russia	1034	-2,2	8,2	13,9	18,1
Turkey	1231051	-5,8	-22,2	-16,8	10,0

World Market Sectors (MSCI Indices)

in US Dollar terms	Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
Energy	207,9	-6,5	-7,0	0,1	1,6
Materials	232,9	-4,6	-17,0	-13,5	9,1
Industrials	232,0	-4,6	-11,3	-8,6	13,4
Consumer Discretionary	233,2	-3,2	-2,6	3,6	21,9
Consumer Staples	219,1	-1,3	-7,8	-3,1	2,6
Healthcare	233,2	-4,8	2,4	3,7	20,3
Financials	108,7	-4,6	-14,6	-11,9	14,1
IT	232,0	-3,3	5,1	9,5	44,3
Telecoms	62,3	-5,1	-12,5	-8,7	-7,7
Utilities	124,9	-2,2	-1,8	-4,8	6,8

in local currency	Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
Energy	213,9	-6,1	-4,8	1,4	0,7
Materials	224,0	-4,1	-14,3	-11,9	9,1
Industrials	230,5	-4,5	-9,9	-8,0	13,6
Consumer Discretionary	225,9	-3,1	-1,7	3,9	22,0
Consumer Staples	220,9	-0,9	-5,9	-2,0	2,4
Healthcare	231,3	-4,7	3,7	4,2	20,1
Financials	109,4	-4,3	-12,5	-10,8	13,8
IT	225,0	-3,3	5,5	9,6	44,5
Telecoms	65,0	-4,9	-10,8	-8,1	-7,8
Utilities	128,2	-1,9	0,0	-3,9	6,3

Bond Markets (%)

10-Year Government Bond Yields	Current	Last week	Year Start	One Year Back	10-year average
US	3,08	3,19	2,41	2,46	2,51
Germany	0,35	0,46	0,43	0,42	1,52
Japan	0,11	0,15	0,05	0,07	0,65
UK	1,38	1,58	1,19	1,38	2,29
Greece	4,30	4,35	4,12	5,55	10,26
Ireland	0,94	1,05	0,67	0,64	4,00
Italy	3,44	3,48	2,01	1,94	3,44
Spain	1,57	1,74	1,57	1,54	3,35
Portugal	1,91	2,02	1,94	2,24	5,12

US Mortgage Market (1. Fixed-rate Mortgage)	Current	Last week	Year Start	One Year Back	10-year average
30-Year FRM[1] (%)	5,1	5,1	4,2	4,2	4,3
vs 30Yr Treasury (bps)	180	173	148	121	101

Government Bond Yield Spreads (in bps)	Current	Last week	Year Start	One Year Back	10-year average
US Treasuries 10Y/2Y	27	29	52	85	168
US Treasuries 10Y/5Y	17	15	20	38	86
Bunds 10Y/2Y	98	104	105	116	132
Bunds 10Y/5Y	57	59	63	73	79

Corporate Bond Spreads (in bps)	Current	Last week	Year Start	One Year Back	10-year average
EM Inv. Grade (IG)	177	165	138	138	256
EM High yield	499	476	371	385	783
US IG	123	117	98	100	184
US High yield	385	351	358	341	602
Euro area IG	128	121	87	92	163
Euro area High Yield	414	387	272	235	621

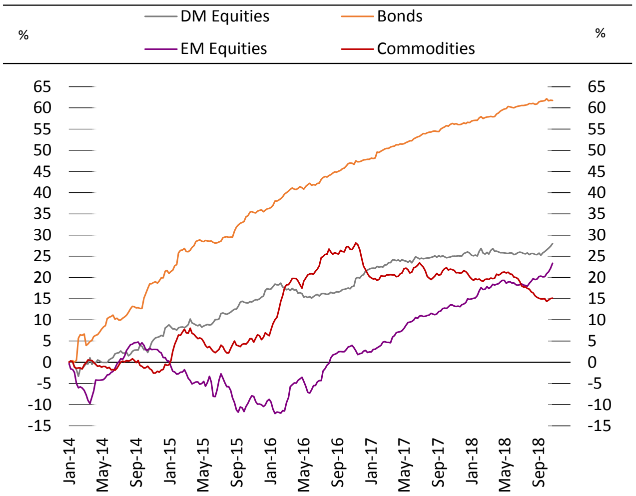
Foreign Exchange & Commodities

Foreign Exchange	Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)
Euro-based cross rates					
EUR/USD	1,14	-1,0	-2,9	-2,1	-5,0
EUR/CHF	1,14	-0,8	0,3	-2,1	-2,8
EUR/GBP	0,89	0,8	-0,4	0,4	0,1
EUR/JPY	127,69	-1,5	-3,5	-3,8	-5,6
EUR/NOK	9,52	0,4	0,0	0,0	-3,3
EUR/SEK	10,42	0,6	0,7	7,1	6,3
EUR/AUD	1,61	-0,5	-0,6	5,8	4,8
EUR/CAD	1,49	-0,9	-2,2	-0,1	-1,0
USD-based cross rates					
USD/CAD	1,31	0,0	0,7	2,0	4,2
USD/AUD	1,41	0,3	2,3	8,0	10,1
USD/JPY	111,89	-0,6	-0,7	-1,8	-0,7

Commodities	Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)
Agricultural	361	-0,7	3,0	-5,6	-4,8
Energy	544	-2,1	-3,7	32,1	17,6
West Texas Oil ($)	68	-2,2	-5,6	28,4	11,9
Crude brent Oil ($)	77	-3,6	-4,9	30,6	15,6
Industrial Metals	1254	-0,8	-1,6	-10,5	-13,5
Precious Metals	1465	0,6	3,2	-4,4	-7,1
Gold ($)	1233	0,5	3,2	-2,7	-5,4
Silver ($)	15	0,8	2,5	-12,5	-13,3
Baltic Dry Index	1519	-3,6	1,1	-2,3	11,2
Baltic Dirty Tanker Index	1141	11,4	41,9	24,0	38,0

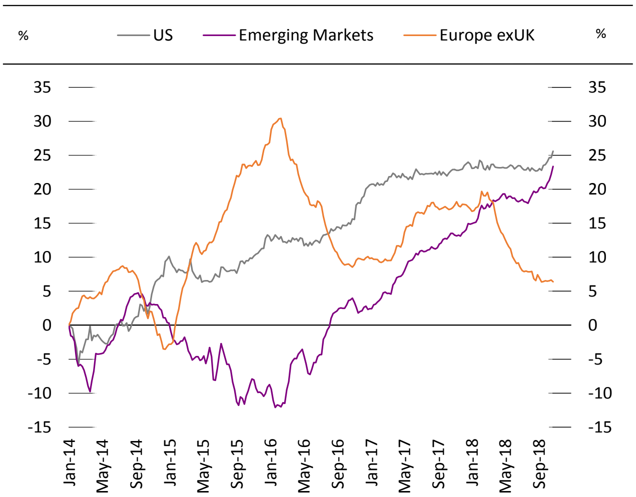
Source: Bloomberg, as of October 26th, S&P/Goldman Sachs Indices for Agricultural, Energy, Industrial & Precious Metals, BofA/ML Indices for Corporate Bond Spreads

Global Cross Asset ETFs: Flows as % of AUM



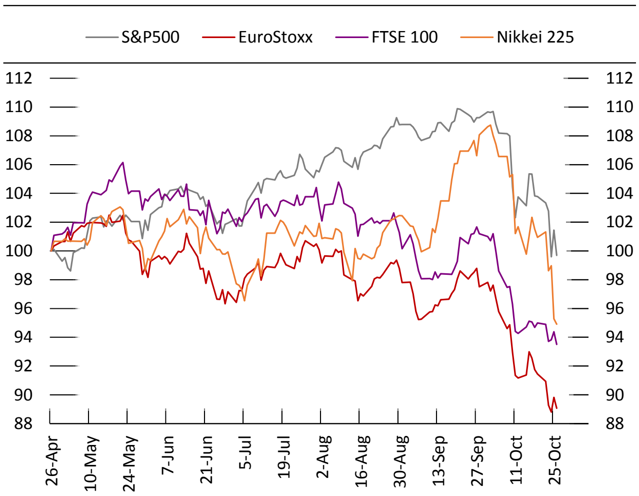
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of October 26th

Equity ETFs: Flows as % of AUM



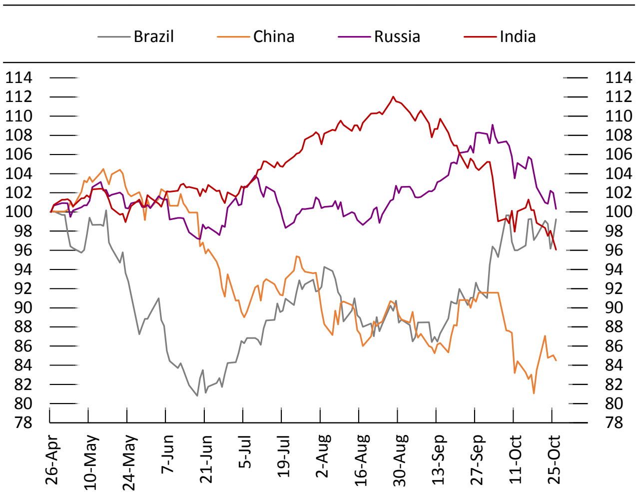
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of October 26th

Equity Market Performance - G4



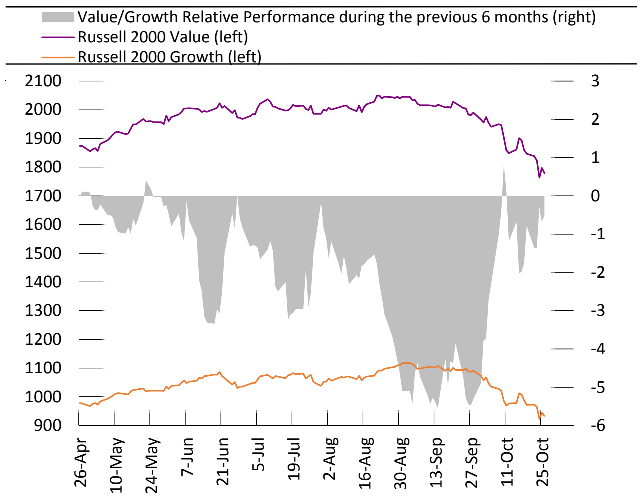
Source: Bloomberg - Data as of October 26th – Rebased @ 100

Equity Market Performance - BRICs



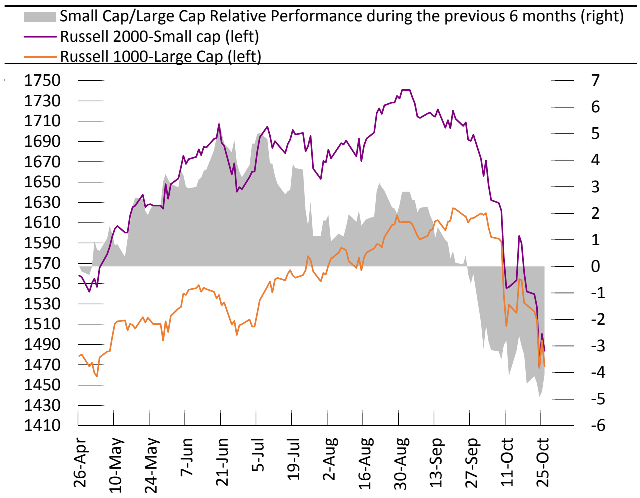
Source: Bloomberg - Data as of October 26th – Rebased @ 100

Russell 2000 Value & Growth Index



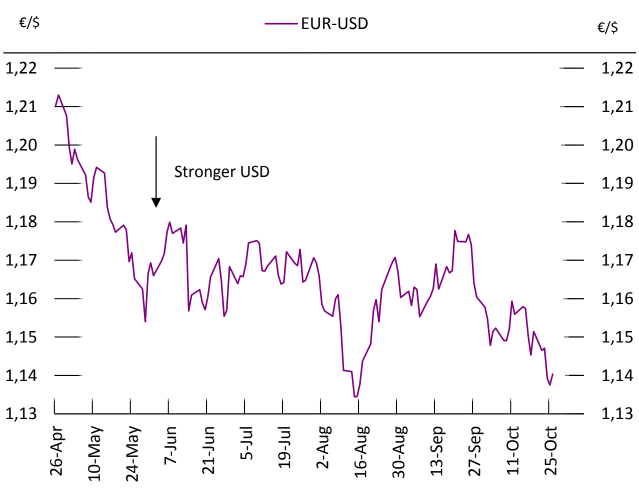
Source: Bloomberg, Data as of October 26th

Russell 2000 & Russell 1000 Index



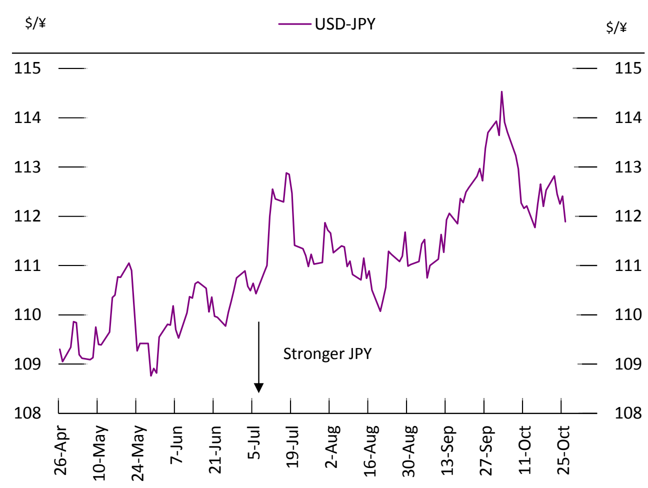
Source: Bloomberg, Data as of October 26th

EUR/USD



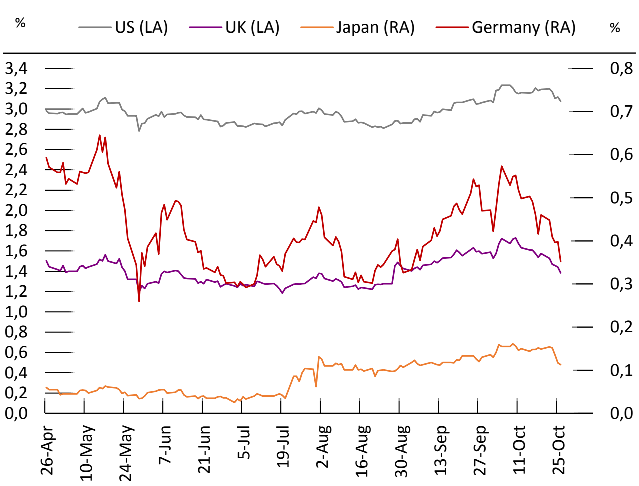
Source: Bloomberg, Data as of October 26th

JPY/USD



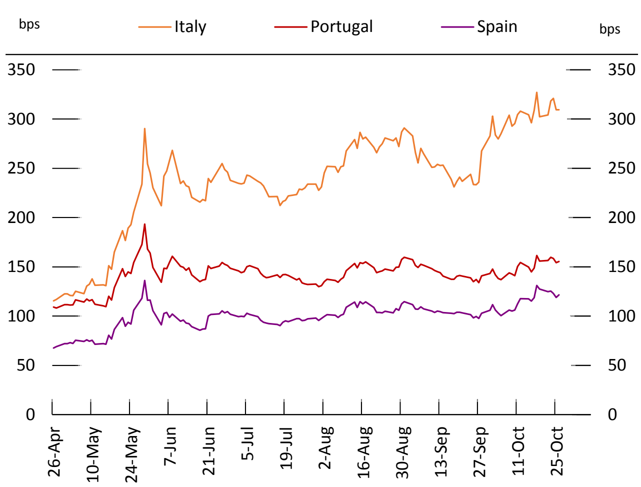
Source: Bloomberg, Data as of October 26th

10- Year Government Bond Yields



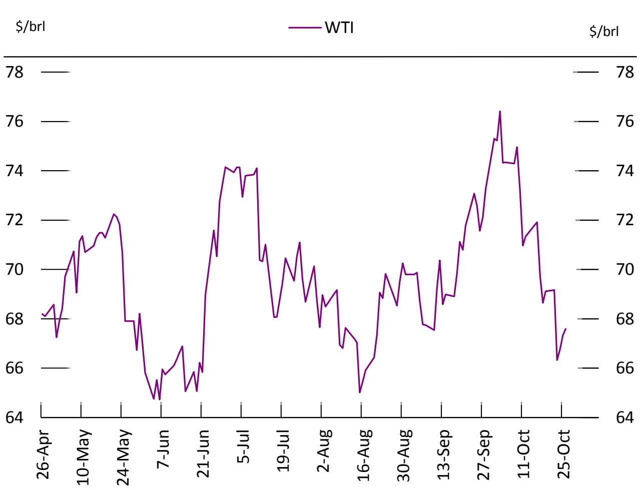
Source: Bloomberg - Data as of October 26th
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



Source: Bloomberg - Data as of October 26th

West Texas Intermediate ($/brl)



Source: Bloomberg, Data as of October 26th

Gold ($/ounch)

Source: Bloomberg, Data as of October 26th

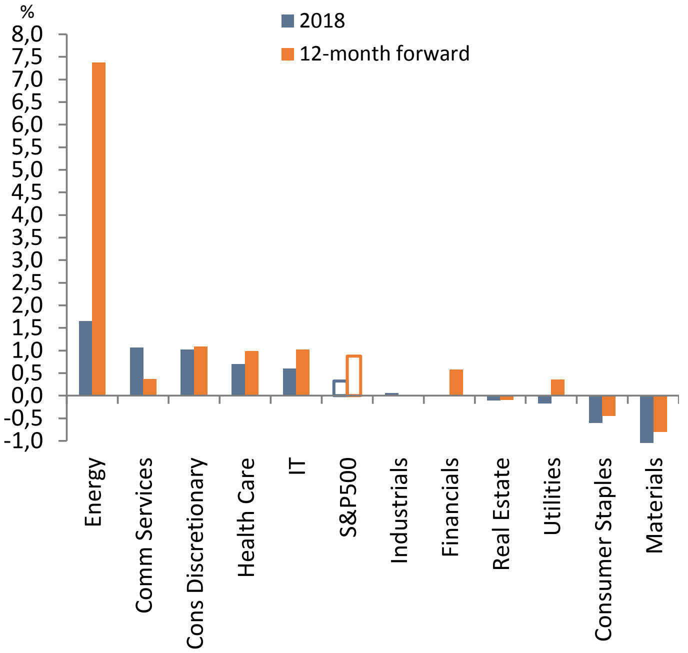
US Sectors Valuation

	Price ($)		EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	26/10/2018	% Weekly Change	2017	2018	2017	2018	2017	2018	12m fwd	10Yr Avg	2017	2018	12m fwd	10Yr Avg
S&P500	2659	-3,9	11,5	22,2	1,8	2,0	20,5	16,5	15,3	14,6	3,4	3,1	3,0	2,3
Energy	493	-7,1	253,1	104,4	2,9	3,2	34,7	17,1	13,9	20,2	1,8	1,8	1,7	1,8
Materials	318	-4,5	8,0	27,3	1,9	2,4	20,8	14,0	13,2	14,6	2,8	2,2	2,1	2,5
Financials														
Diversified Financials	622	-5,7	8,7	36,4	1,2	1,7	20,4	13,2	12,7	13,8	2,0	1,6	1,5	1,4
Banks	307	-4,9	13,3	26,7	1,8	2,6	16,2	10,9	10,0	12,5	1,5	1,2	1,2	0,9
Insurance	357	-5,0	5,1	29,9	2,0	2,5	16,1	11,3	10,3	10,3	1,4	1,3	1,2	1,0
Real Estate	195	-1,0	1,4	6,2	3,6	3,6	17,6	17,4	16,7	17,6	3,2	3,1	3,2	2,7
Industrials														
Capital Goods	610	-5,8	7,1	19,4	2,1	2,3	22,1	16,1	14,8	15,0	5,0	4,5	4,2	3,0
Transportation	710	-4,7	0,8	24,7	1,6	1,9	17,5	14,3	12,9	13,9	4,1	4,0	3,6	3,2
Commercial Services	255	-5,9	-3,5	12,2	1,4	1,5	25,9	22,5	20,9	19,0	4,2	4,0	3,8	3,1
Consumer Discretionary														
Retailing	2090	-4,3	7,4	36,8	0,8	0,8	37,7	29,0	26,1	19,3	12,0	10,7	9,2	5,0
Media	521	-4,0	-11,9	21,4	0,4	0,5	27,5	22,2	20,2	18,4	4,7	3,9	3,4	2,9
Consumer Services	1008	-1,1	13,9	19,0	1,7	2,1	24,2	19,5	18,1	18,3	8,8	9,6	10,6	5,1
Consumer Durables	294	-2,5	-3,6	14,5	1,5	1,7	20,0	16,0	14,4	16,8	3,5	3,0	2,8	3,0
Automobiles and parts	107	3,0	2,9	-11,6	3,7	4,8	7,5	6,9	6,8	8,8	1,8	1,3	1,2	1,9
IT														
Technology	1250	-2,0	14,0	20,1	1,6	1,7	17,6	16,3	14,8	12,4	5,3	6,9	7,1	3,0
Software & Services	1686	-2,2	16,2	12,8	1,2	1,2	25,7	23,0	21,0	15,8	7,8	8,0	7,2	4,6
Semiconductors	861	-5,3	45,2	30,6	1,6	2,3	17,1	11,1	10,9	16,3	4,8	3,9	3,7	2,8
Consumer Staples														
Food & Staples Retailing	429	-1,1	-2,1	11,4	2,5	1,9	19,5	19,6	19,1	15,3	3,8	4,1	3,9	2,9
Food Beverage & Tobacco	655	-1,3	8,8	10,9	3,1	3,5	20,6	17,9	17,1	16,9	5,1	4,7	4,6	4,8
Household Goods	545	-1,9	4,8	7,7	3,0	3,0	21,2	20,2	19,4	18,0	5,3	5,8	5,8	4,5
Health Care														
Pharmaceuticals	858	-4,6	5,6	13,3	2,0	2,2	16,5	14,9	14,1	14,0	4,6	4,5	4,2	3,2
Healthcare Equipment	1142	-4,3	12,2	17,0	1,0	1,0	19,9	18,2	16,9	14,1	3,5	3,4	3,2	2,4
Communication Services	148	-5,6	0,8	18,0	5,5	5,8	12,2	10,0	9,9	12,7	2,1	1,7	1,7	2,3
Utilities	271	-2,1	0,1	8,1	3,7	3,4	17,0	17,3	16,6	14,6	1,8	1,8	1,8	1,5

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

1-month revisions to 2018 & 12-month Forward EPS

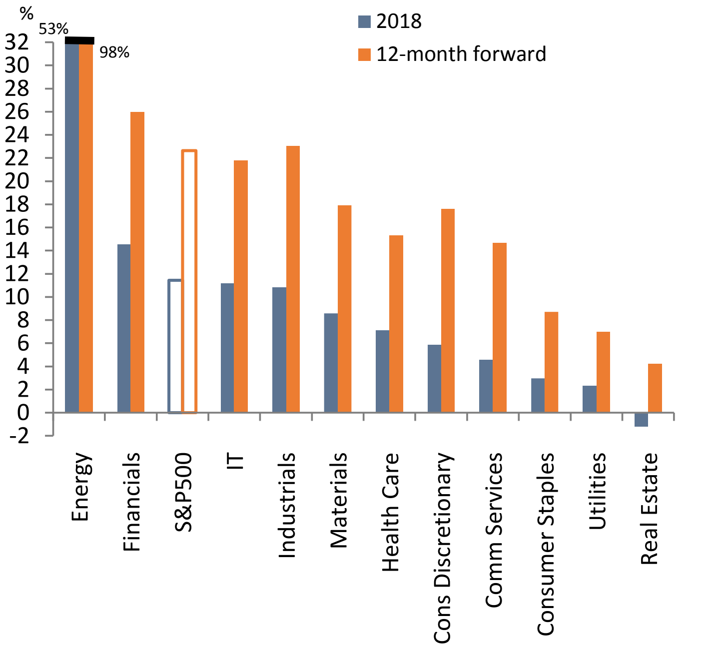
Earnings Revisions indicate 1-month change in 2018 & 12-month Forward EPS



Source: Factset, Data as of October 26th
12-month forward EPS are 18% of 2018 EPS and 82% of 2019 EPS

12-month revisions to 2018 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2018 & 12-month Forward EPS



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Euro Area Sectors Valuation

	Price (€)		EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	26/10/2018	% Weekly Change	2017	2018	2017	2018	2017	2018	12m fwd	10Yr Avg	2017	2018	12m fwd	10Yr Avg
EuroStoxx	346	-2,6	18,5	4,7	3,1	3,6	15,9	13,7	12,6	12,8	1,7	1,5	1,4	1,4
Energy	333	-3,8	26,8	34,2	4,6	4,8	14,6	11,6	10,4	11,2	1,2	1,2	1,2	1,2
Materials	385	-1,0	16,4	4,1	2,9	3,6	16,8	14,1	12,5	13,9	1,8	1,6	1,5	1,4
Basic Resources	223	-8,1	70,7	32,1	2,0	2,8	12,5	7,8	8,1	15,7	1,3	1,0	0,9	0,9
Chemicals	976	-1,1	22,0	5,6	2,7	3,1	16,8	14,2	13,7	14,2	2,4	2,0	1,9	2,0
Financials														
Fin/al Services	411	-3,1	26,4	10,8	2,4	2,9	18,1	14,6	13,4	13,3	1,7	1,4	1,4	1,2
Banks	95	-4,1	66,9	5,2	3,8	5,7	12,9	8,7	8,1	10,3	0,9	0,6	0,6	0,7
Insurance	257	-2,6	-3,4	16,0	4,7	5,4	12,4	9,9	9,4	9,0	1,0	0,9	0,9	0,9
Real Estate	230	-1,5	-0,3	15,3	3,9	4,6	20,3	17,4	16,4	16,5	1,1	1,0	0,9	1,0
Industrial	777	-0,8	11,9	6,3	2,5	2,8	20,4	18,1	16,0	14,7	3,0	2,7	2,5	2,1
Consumer Discretionary														
Media	221	-4,8	11,9	1,5	3,2	4,2	17,8	17,2	15,9	14,8	2,4	2,2	2,1	1,9
Retail	460	1,3	5,0	8,7	2,4	2,8	22,4	19,9	18,1	17,9	3,2	3,2	3,0	2,8
Automobiles and parts	456	-1,3	21,1	-3,1	3,0	4,4	8,7	6,8	6,3	9,2	1,3	0,9	0,8	1,0
Travel and Leisure	182	0,6	21,9	-11,7	1,7	2,1	12,2	10,9	10,4	35,1	2,3	1,7	1,6	1,8
Technology	456	-4,2	19,1	2,0	1,4	1,7	22,1	19,9	17,9	17,7	3,8	3,3	3,1	2,8
Consumer Staples														
Food&Beverage	519	-4,2	7,4	8,0	2,8	2,4	23,7	19,6	17,7	17,6	3,0	2,4	2,3	2,5
Household Goods	823	-0,2	11,8	10,8	1,8	2,0	24,8	23,6	22,0	19,5	4,7	4,8	4,5	3,3
Health care	742	-5,8	-5,7	-6,4	2,4	2,5	17,8	18,0	16,2	14,3	2,3	2,2	2,1	2,0
Communication Services	275	-3,0	29,9	-8,5	4,6	5,1	13,5	13,8	12,8	13,1	1,8	1,7	1,6	1,7
Utilities	265	-1,3	2,5	-7,1	5,2	5,2	13,4	14,4	13,3	12,0	1,2	1,3	1,3	1,1

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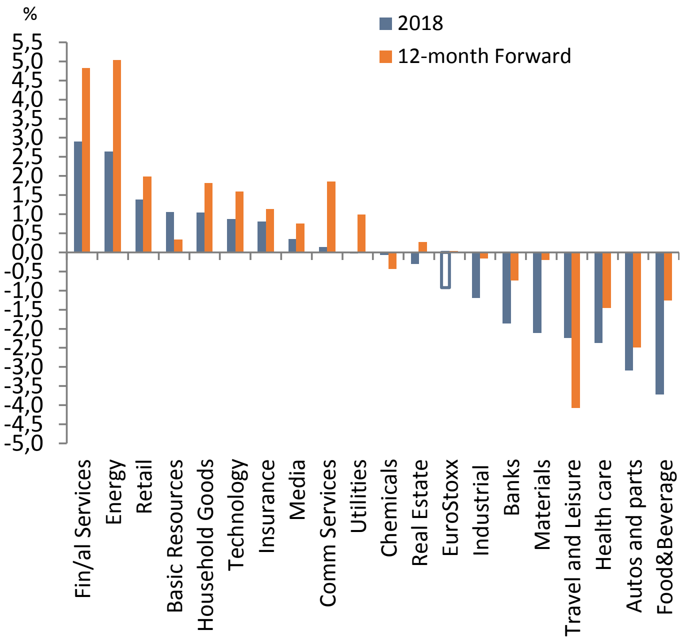
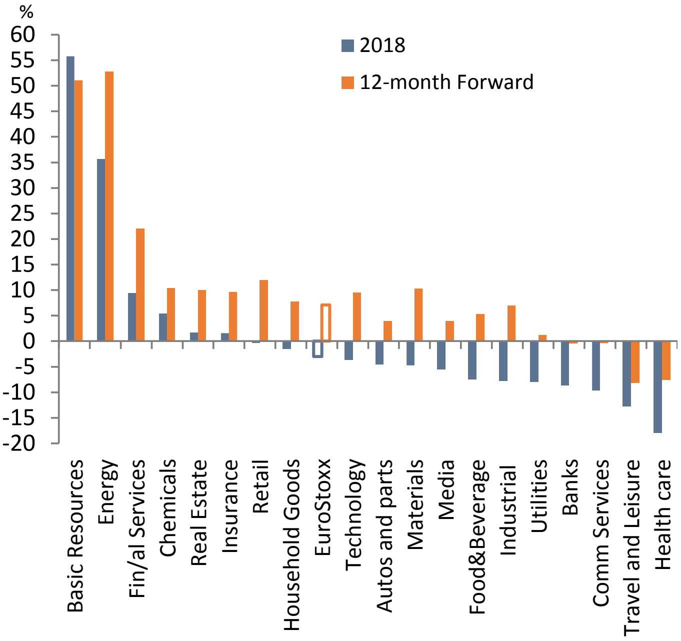


Source: Factset, Data as of October 26th
12-month forward EPS are 18% of 2018 EPS and 82% of 2019 EPS

12-month revisions to 2018 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2018 & 12-month Forward EPS



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