NATIONAL BANK OF GREECE

## Probability of US tax reform becoming law increases, resulting in gains for US equities and the USD

- US Senate and House Republicans began discussions on tax reform on Monday in an effort to resolve the differences in their respective bills. The final proposal appears likely to be tilted towards the Senate's version. Overall, there is increased probability that the bill will become law (either before year-end or early in 2018).
- The Senate's version is less favorable for small businesses (net reduction in taxes over the next ten years: -$391 bn vs -$638 bn in the House's version). As a result, US small cap equities underperformed large caps by -0.7% wow (see graph page 10). The Senate proposal favors individuals (-$681 bn vs -$367 bn).
- Regarding corporates, the net tax reduction over the next ten years for domestically earned income is $631 bn in the Senate's version ($712 bn in House's), while the difference for internationally earned income is small (net increase: $263 bn vs $278 bn).
- The Fed is expected to raise the Federal funds rate target by 25 bps, to 1.25%-1.50%, at its meeting on December 12-13, with the latest labor market report providing further support for such a move due to strong job gains and moderate wage growth (see Economics section). Interest rate projections will likely be little changed compared with September '17 (three hikes in 2018 and two in 2019 to 2.75%), with the risks tilted to the upside for the first time in a year (see graph page 3).
- Euro area GDP in Q3 was strong at 2.6% yoy, the highest since early 2011, due to robust business spending. Moreover, due to the solid confidence indicators so far in Q4, the ECB, at its meeting on Thursday, will likely upgrade its GDP forecasts for 2018 (currently: 1.8% yoy), while projections for CPI (1.2% yoy) and core CPI (1.3% yoy) are expected to remain broadly unchanged. However, no major monetary policy announcements or changes in forward guidance are expected.
- In China, private non-financial sector debt as % of GDP declined slightly in Q2:17 (for the first time in six years) to 210% from 211% in Q1:17 (see graph). The authorities' efforts to stem excessive leverage continue, with total social financing growth at 12.5% yoy in November, from 13.0% yoy in October (12.9% yoy so far in 2017, on average). Note that the IMF (December 2017) recommended a targeted increase in banks' capital, while highlighting the need for a clear prioritization of financial stability over GDP objectives.
- Global equities were mixed during the past week, with modest profit-taking in emerging markets (+27.6% ytd vs +18.4% ytd for Developed markets in $ terms). Regarding sectors, Banks performed well on both sides of the Atlantic (US: +2.3%, euro area: +3.5%), as amendments to the Basel III framework agreed on December 7th, were lighter than expected. With Basel III, the regulatory reform process has almost been completed, removing a source of uncertainty for bank equities.
- The US Dollar appreciated in the past week, by 1.0% wow against the euro to $1.177 (+0.8% in NEER terms) on the back of progress on tax reform and strong US labor market data (see our Asset Dashboard page 3). Sterling was up by 0.4% wow against the euro to €/0.879 reflecting positive developments in Brexit negotiations (-3.4% ytd).

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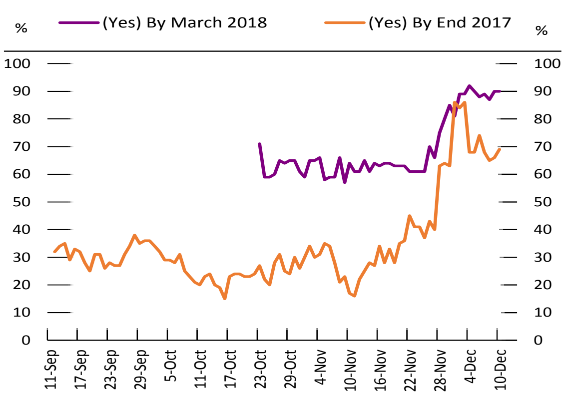
Table of Contents

Overview_p1
Economics & Markets_p2,3
Asset Allocation_p4
Outlook_p5,6
Forecasts_p7
Event Calendar_p8
Markets Monitor_p9
ChartRoom_p10,11
Market Valuation_p12,13

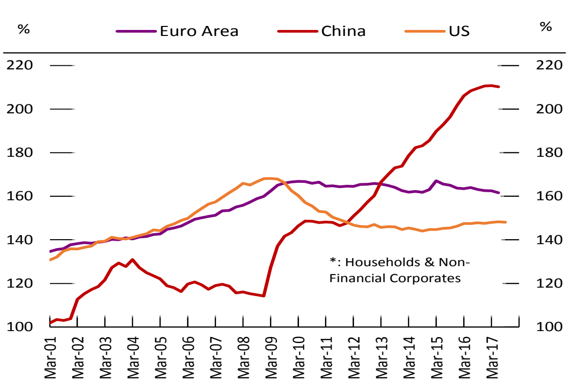
## Charts of the week

Will the corporate tax rate be cut?




Source: NBG Research, PredictIt.org

Private Non-Financial Sector* Debt as % of GDP




Source: NBG Research, Bank for International Settlements, Federal Reserve, Eurostat, Datastream, Data as of Q3:17 for the US, as of Q2:17 for the euro area & China

See page 14 for disclosures and analyst certification

### Solid US job creation, wage growth still modest

- **The November labor market report recorded a robust pace of job creation, while wage growth was contained.** Specifically, nonfarm payrolls increased by 228k from 244k in October (consensus: 195k), while net revisions for the previous two months were minor (+3k). The less volatile 3-month average stands at a strong 170k. The gains were broad based across sectors. Average weekly hours worked by total employees rose to 34.5 in November from 34.4 in October, complementing a positive labor market assessment. The unemployment rate (U-3) was broadly unchanged at 4.1%, a 17-year low. A broader measure of labor market slack, the U-6 unemployment rate (which includes the unemployed, part-time workers for economic reasons, and those workers marginally attached to the labor force) increased slightly, by 0.1 pp to 8.0% (but is down 1.3 pps yoy). Wage growth stood at 0.2% mom, undershooting consensus expectations that called for a stronger +0.3% mom. The annual change in wages was +2.5% yoy, from +2.3% yoy in October, and was also below consensus expectations (+2.7% yoy).

### US household wealth at record levels

- **According to the Fed's Financial Accounts of the United States, households' net worth rose solidly, by 7.5% qoq saar in Q3:17 (+8.0% yoy), suggesting that positive wealth effects could support consumer spending.** The increase was due to the continued appreciation of real estate assets (+6.2% qoq saar | +6.7% yoy), as well as of financial assets (+7.7% qoq saar | +7.9% yoy). As a result, the ratio of net worth to disposable income reached an all-time high of 673% (long-term average of 530%). At the same time, household debt rose by 3.6% qoq saar in Q3:17 (+3.6% yoy), slightly below the pace in Q2:17 (3.7% qoq saar). As a percentage of GDP, debt fell by 0.4 pps to 77.2% (peak of 97.7% in Q1:08). Regarding the two major loan categories, mortgage loans (66% of total) increased by 2.5% qoq saar, from 2.7% qoq saar previously, while consumer credit growth (25% of total) posted signs of stabilization, at 5.0% qoq saar in Q3:17, from 4.8% qoq saar in Q2:17 and a peak of +6.9% qoq saar in Q3:16.

### Strong economic fundamentals in euro area Q3:17 GDP

- **The final estimate for Q3:17 GDP (the first with the composition of GDP) corroborated the view for solid economic fundamentals in the euro area.** Growth came out at 2.4% qoq saar from an upwardly revised (by 0.2 pps) 2.8% qoq saar in Q2:17. The Q1:17 figure was also revised up, by 0.3 pps to 2.5% qoq saar. These revisions resulted in annual GDP growth reaching 2.6% yoy in Q3:17 (2.5% yoy in the previous estimate), the highest since Q1:11. Capital formation was robust, for a 2nd consecutive quarter, at 4.3% qoq saar, after a particularly strong 9.0% qoq saar in Q2:17 and contributed 0.9 pps to overall growth, arguing in favor of strong economic fundamentals. Business investment led the rise (+4.9% qoq saar), while residential investment rose by 2.7% qoq saar. Private consumption rose by 1.3% qoq saar and remained a key driver of overall growth (0.7 pps contribution). Inventories (0.4 pps), government consumption (0.3 pps) and net trade (0.2 pps) also provided support.

### Mixed signals for capital expenditure in the UK

- **Industrial production treaded water in October, remaining unchanged on a monthly basis (+3.6% yoy), from +0.7% mom (+2.5% yoy) in September.** The less volatile manufacturing output (c. 70% of total production) was up by 0.1% mom (+3.9% yoy), from +0.7% mom (+2.7% yoy) previously, broadly in line with consensus estimates. Manufacturing output could, however, pick up in November as suggested by strong PMI readings (58.2 from 56.6 in October). On the other hand, PMIs in the dominant services sector (79% of GDP) were less upbeat in November (53.8 from 55.6 in October). Meanwhile, construction output declined by 1.7% mom in October (-0.2% yoy). Nevertheless, the sharp rise in construction orders for future work in Q3:17 (+37.4% qoq, driven by infrastructure contracts relating to High Speed 2 rail), leave room for optimism that output in the sector will improve during the remainder of Q4:17.

- **On the political front, the European Commission and the UK** agreed on Friday that sufficient progress has been made on Brexit negotiations regarding the issues of the financial settlement ("divorce bill"), the Irish border and citizens' rights. Confirmation is expected at the EU Summit on December 14th–15th, thus paving the way for phase 2 discussions (including trade issues) to commence.

### Substantially higher Q3 GDP in Japan

- **The 2nd estimate for Q3:17 GDP growth was 2.5% qoq saar, up sharply from 1.4% qoq saar in the previous estimate, following an upwardly revised (by 0.3 pps) 2.9% qoq saar in Q2:17.** The Q1:17 figure was also revised up, by 0.5 pps to 1.5% qoq saar. As a result, annual GDP growth in Q3:17 is now estimated at 2.1% yoy (1.6% yoy in the previous estimate), the highest since Q3:15. Although half of the upward revision in Q3:17 was due to inventory accumulation (1.6 pps contribution from 1.1 pp in the 1st estimate), a development that could act as a headwind for Q4:17 GDP growth, business investment came out much stronger than previously estimated, supporting the view that it is on a solid recovery path. Indeed, business investment rose by 4.3% qoq saar, contributing 0.7 pps to the headline figure (1.0% qoq saar / 0.2 pps contribution in the previous estimate), following a robust 4.9% qoq saar in Q2:17. The latest business surveys support the view for strong momentum in the sector, with the ECO Watchers current condition index rising to 55.1 in November, the highest since January 2014, from 52.2 in October (and 50.2 on average in Q3:17). The forward-looking indicator (outlook for 2-3 months ahead) remained strong, at 53.8 in November, albeit down slightly from a 4-year high of 54.9 in October (50.8 in Q3:17).

### Chinese trade data in November reflect positive economic activity

- **Both Chinese exports and imports growth accelerated in November.** Specifically, exports -- in USD terms -- rose by 12.3% yoy from 6.8% yoy in October, well above consensus estimates for +5.3% yoy. At the same time, import growth was also strong, at 17.7% yoy from 17.2% yoy previously, overshooting consensus expectations for +13.0%. Markets will monitor closely the upcoming (December 14th) reports on activity in November (industrial production, fixed assets investment, retail sales) in order to better assess the underlying growth momentum.

## Equities

- **Equity markers recorded gains in the past week, as investors' optimism rebounded on Friday, after the US Government averted a shutdown and tax reform negotiations made progress. In fact, according to media reports, Trump plans to deliver a closing argument for the proposed Republican tax overhaul in a speech on Wednesday.** The MSCI world index was broadly flat (+0.1% wow), with developed markets overperforming their emerging market peers (DM: 0.2% vs EM: -0.5%). The S&P500 ended the week up (+0.4%) following the stronger-than-expected increase in non-farm payrolls, with Financials (+1.5%) and Industrials (+1.4%) leading the increase. European equities recorded modest gains, with the EuroStoxx index up by 1.7% and the FTSE100 up by 1.3% over the week, as UK and the EU announced a breakthrough in Brexit negotiations. Euro area banks overperformed, rising by 3.5% wow, as the new global banking regulations appeared less strict than expected to European banks. In Japan, the Nikkei 225 ended the week broadly flat, albeit it rose on Monday (+0.6%) to a 25-year high, supported by strong growth momentum.

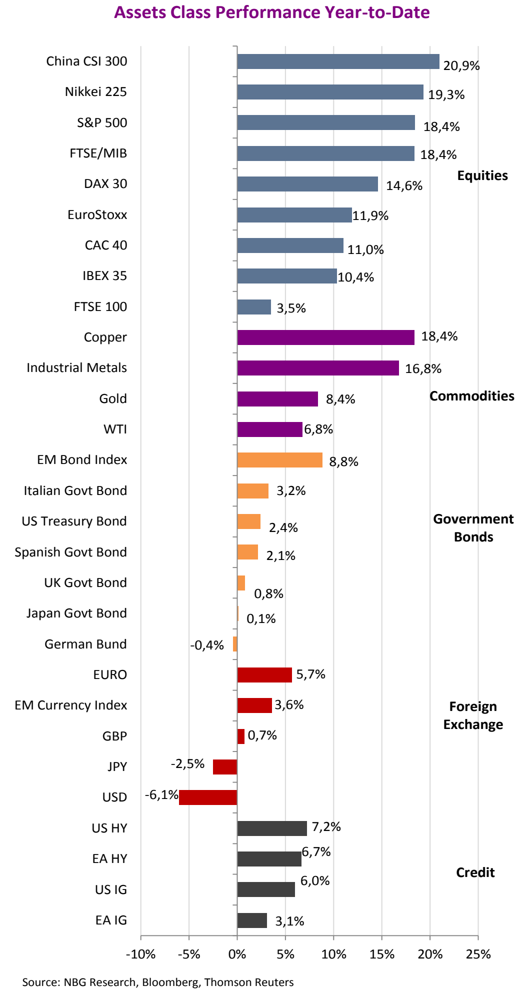
## Fixed Income

- **Government bond yields were little changed in the past week, with the exception of the UK (10-year Gilts rose by 5 bps wow to 1.28%), after an agreement was reached on the key principles of Brexit (Irish border, citizens' rights, "divorce bill"), paving the way for the beginning of trade relationship discussions. However on Monday UK 10-year Gilt fell 8 bps to 1.20% following weekend reports that UK ministers continue to press PM May for a "hard" Brexit.** On Monday, May told Parliament that the UK's financial settlement offer would be taken off the table, if a post-Brexit trade deal is not concluded successfully. The UST 10-year yield rose by 2 bps to 2.38%, and 2-year yield was up 2 bps wow to 1.80%, with the 10Yr/2Yr spread (58 bps) hovering close to 10-year lows. The German 10-year yield was broadly flat at 0.31%, and the 2-year yield was down 3 bps wow to -0.74%. Periphery bond spreads over the Bund declined in the past week. Indeed, Italy's 10-year yield spread was down by 7 bps to 134 bps, Spain's 10-year yield spread by 2 bps to 109 bps and Portugal's spread fell by 8 bps to 150 bps. In Greece, the 10-year bond yield fell below 5% for first time since 2009 (-93 bps wow to 4.5%), while Greek 10-year yield spreads fell by 94 bps to 421 bps, the lowest since June 2014, after the country reached an agreement with its international creditors on reforms needed to disperse the next round of bailout funding. **Corporate bond spreads were broadly unchanged in the past week, except in the euro area high yield spectrum.** Specifically, euro area high yield spreads rose by 10 bps to 287 bps, reflecting increasing risk aversion. US high yield spreads were broadly unchanged at 363 bps. On the investment grade spectrum, spreads were stable for both US and the euro area at 102 bps and 89 bps, respectively.

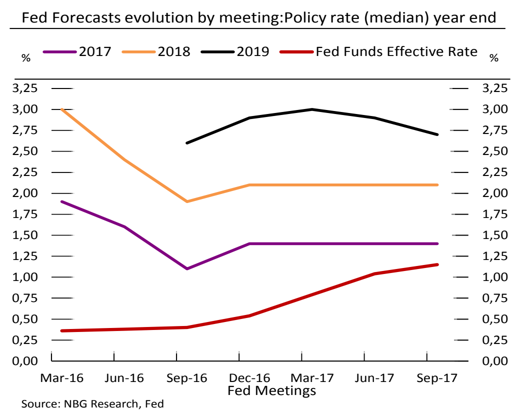
## FX and Commodities

- **In foreign exchange markets, the British Pound demonstrated increased volatility in the past week, as it rose sharply following the news that a deal had been reached on the terms of the exit from the EU.** Specifically, the GBP declined by 0.6% wow against the USD to $1.340 and rose slightly by 0.4% against the euro to €/0.879. On the other hand, the US dollar recorded strong gains, on the back of tax reform progress. Indeed, the USD rose by 1.0% wow against the euro to $1.177 and by 1.2% against the Japanese Yen to ¥113.48.

- **In commodities, oil prices were mixed in the past week, recording strong losses at the start of the week, due to concerns that rising US production (+25,000 barrels/day to 9.7 mb/day for the week ending December 1st) could undermine OPEC-led supply cuts, albeit they rebounded on Thursday and Friday.** Overall, the WTI declined by 1.7% wow to $57.4/barrel (+2.5% cumulative on Thursday and Friday), while Brent was largely unchanged at $63.7/barrel (+3.8% cumulative on Thursday and Friday).




Graph 1.




Graph 2.

Quote of the week: "We all know that breaking up is hard. But breaking up and building a new relationship is much harder...and now, to negotiate a transition arrangement and the framework for our [EU and UK] future relationship, we have *de facto* less than a year", **President of the European Council, Donald Tusk,** December 8th 2017.

## Tactical Asset Allocation (3-month)

- **Equities**: We remain **Overweight,** albeit locking in some profits as we approach year-end following 16% ytd gains. Synchronized global GDP growth and strong corporate earnings offset, for now, the anticipating peak of central bank (C/B) liquidity. O/W though reducing Euro area amid strong growth momentum. US tax-reform, if enacted, will add some fuel to equities (O/W US equities). Finally, O/W Euro area banks due to higher yields, steeper curves and still favorable relative valuations.
- **Government Bonds:** Higher yields due to less aggressive C/Bs, reduced liquidity and stronger inflation data. **Underweight Govies**. Steeper curves, particularly in Bunds.
- **Credit**: Credit spreads have less fuel to run. **Underweight position in credit** with a preference for banks.
- **Cash:** We increase our **OW position**, as a hedge, as well as a way of being tactical. 2018 is less likely to be as "risk on" as 2017.

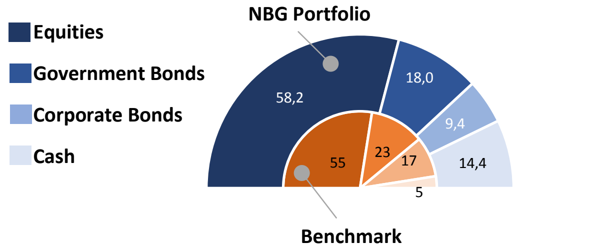
## NBG Global Markets - Main Equity Sector Calls

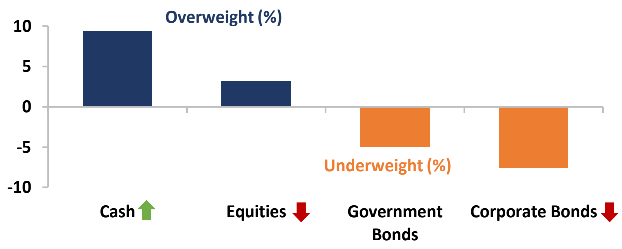
| US Sector | Position | View/Comment |
|---|---|---|
| Banks | **Neutral** | Rising rates from low levels and low deposit betas will support interest margins. Less regulation also positive. Neg: Loan volumes are declining and curves are now flattening |
| Energy | **Neutral** | OPEC's deal extension 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 may present a buying opportunity |
| Cyclical / Defensives | **Neutral** | We remain neutral US stocks this month, with no bias within the sectors |

| EA Sector | Position | View/Comment |
|---|---|---|
| Banks | **OW** | Steeper curves and attractive valuations on P/B terms should offset bouts of volatility. Private sector loan growth is increasing and EPS Revisions remain strong |
| Energy | **UW** | 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 may present a buying opportunity |
| Cyclical / Defensives | **Neutral** | We choose neutral positions across other sectors, for now |

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

## Total Portfolio Allocation




## Detailed Portfolio Breakdown

| Equities | Portfolio | Benchmark | OW/UW |
|---|---|---|---|
| US | 53 | 52 | 1,0 |
| Euro area | 11 | 10 | 1,0 |
| UK | 7 | 7 | - |
| Rest of Dev. Europe | 5 | 5 | - |
| Japan | 7 | 7 | - |
| Rest of Dev. World | 8 | 8 | - |
| EM Asia | 7 | 7 | 0,0 |
| EM Latin America | 0,5 | 2 | -1,5 |
| EMEA | 1,5 | 2 | -0,5 |

| Government Bonds | Portfolio | Benchmark | OW/UW |
|---|---|---|---|
| US | 49 | 46 | 3,0 |
| US TIPS | 6 | 6 | - |
| Germany | 12 | 15 | -3,0 |
| UK | 7 | 7 | - |
| Japan | 26 | 26 | - |

| Corporate Bonds | Portfolio | Benchmark | OW/UW |
|---|---|---|---|
| US Industrials | 22 | 32 | -10,0 |
| US Banks | 22 | 12 | 10,0 |
| US High Yield | 12 | 12 | - |
| EUR Industrials | 5 | 9 | -4,5 |
| EUR Banks | 14 | 9 | 4,5 |
| EUR High Yield | 4 | 4 | - |
| UK Industrials | 2 | 3 | -1,5 |
| UK Banks | 5 | 3 | 1,5 |
| Emerging Markets | 16 | 16 | - |

Notes:
1. (1) The orange inner half-circle of the chart displays asset class weights for the benchmark portfolio. The blue-color representation (outside half-circle) shows asset class weights for the model portfolio.
2. (2) All figures shown are in percentage points.
3. (3) OW/UW: Overweight/Underweight relative to Benchmark.
4. (4) Green (red) color arrows suggest an increase (decrease) in relative asset class weights (portfolio vs benchmark) over the last week.

## Equity Markets

### US

+ 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**

### Euro Area

+ 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**

### Japan

+ 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**

### UK

+ 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

### US

+ 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**

### Euro Area

+ 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**

### Japan

+ 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**

### UK

+ 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

### US

+ 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**

### Euro Area

+ 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**

### Japan

+ 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**

### UK

+ 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**

| | Turkey | Romania | Bulgaria | Serbia |
|---|---|---|---|---|
| **Equity Markets** | + Attractive valuations<br>− Weak foreign investor appetite for emerging market assets | + Attractive valuations<br>− Weak foreign investor appetite for emerging market assets | + Attractive valuations<br>+ Low-yielding domestic debt and deposits<br>− Weak foreign investor appetite for emerging market assets | + Attractive valuations<br>− Weak foreign investor appetite for emerging market assets |
| | ▲ **Neutral/Positive stance on equities** | ▲ **Neutral/Positive Stance on equities** | ▲ **Neutral/Positive Stance on equities** | ▲ **Neutral/Positive Stance on equities** |
| **Domestic Debt** | + Low public debt-to-GDP ratio<br>− Loosening fiscal stance<br>− Stubbornly high inflation | + Low public debt-to-GDP ratio<br>− Easing fiscal stance<br>− Envisaged tightening in monetary policy | + Very low public debt-to-GDP ratio and large fiscal reserves<br>+ Low inflation | + Positive inflation outlook<br>+ Precautionary Stand-By Agreement with the IMF<br>− 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<br>− Sizeable external financing requirements<br>− Weak foreign investor appetite for emerging market assets | + Strong external position<br>− Large external financing requirements | + Solidly-based currency board arrangement, with substantial buffers<br>+ Current account surplus<br>− Large external financing requirements<br>− Heightened domestic political uncertainty | + Ongoing EU membership negotiations<br>+ Precautionary Stand-By Agreement with the IMF<br>− Sizable external financing requirements<br>− Slow progress in structural reforms |
| | ▲ **Stable to narrowing spreads** | ▲ **Stable to narrowing spreads** | ▲ **Stable to narrowing spreads** | ▲ **Stable to narrowing spreads** |
| **Foreign Exchange** | + High domestic debt yields<br>− Sizable external financing requirements<br>− Weak foreign investor appetite for emerging market assets<br>− Increasing geopolitical risks and domestic political uncertainty | + Strong external position<br>− Large external financing requirements | + Currency board arrangement<br>+ Large foreign currency reserves and fiscal reserves<br>+ Current account surplus<br>− Sizable external financing requirements<br>− Heightened domestic political uncertainty | + Ongoing EU membership negotiations<br>+ Precautionary Stand-By Agreement with the IMF<br>− Sizable external financing requirements |
| | ▼ **Weaker to stable TRY against the EUR** | ▲ **Stable to stronger RON against the EUR** | ● **Stable BGN against the EUR** | ▼ **Weaker to stable RSD against EUR** |

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## Interest Rates & Foreign Exchange Forecasts

| 10-Yr Gov. Bond Yield (%) | Dec 8th | 3-month | 6-month | 12-month | Official Rate (%) | Dec 8th | 3-month | 6-month | 12-month |
|---|---|---|---|---|---|---|---|---|---|
| Germany | 0,31 | 0,55 | 0,75 | 0,95 | Euro area | 0,00 | 0,00 | 0,00 | 0,00 |
| US | 2,38 | 2,65 | 2,75 | 2,90 | US | 1,25 | 1,75 | 2,00 | 2,25 |
| UK | 1,28 | 1,46 | 1,57 | 1,78 | UK | 0,50 | 0,50 | 0,55 | 0,70 |
| Japan | 0,05 | 0,04 | 0,06 | 0,17 | Japan | -0,10 | -0,10 | -0,10 | -0,10 |

| Currency | Dec 8th | 3-month | 6-month | 12-month | | Dec 8th | 3-month | 6-month | 12-month |
|---|---|---|---|---|---|---|---|---|---|
| EUR/USD | 1,18 | 1,17 | 1,17 | 1,18 | USD/JPY | 113 | 114 | 114 | 114 |
| EUR/GBP | 0,88 | 0,89 | 0,89 | 0,90 | GBP/USD | 1,34 | 1,32 | 1,31 | 1,31 |
| EUR/JPY | 134 | 134 | 134 | 135 | | | | | |

Forecasts at end of period

## Economic Forecasts

| United States | 2015a | Q1:16a | Q2:16a | Q3:16a | Q4:16a | 2016a | Q1:17a | Q2:17a | Q3:17a | Q4:17f | 2017f |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Real GDP Growth (YoY) (1) | 2,8 | 1,4 | 1,2 | 1,5 | 1,8 | 1,4 | 2,0 | 2,2 | 2,3 | 1,9 | 2,1 |
| Real GDP Growth (QoQ saar) (2) | - | 0,6 | 2,2 | 2,8 | 1,8 | - | 1,2 | 3,1 | 3,3 | 2,0 | - |
| Private Consumption | 3,6 | 1,8 | 3,8 | 2,8 | 2,9 | 2,7 | 1,9 | 3,3 | 2,3 | 2,0 | 2,4 |
| Government Consumption | 1,4 | 1,8 | -0,9 | 0,5 | 0,2 | 0,8 | -0,6 | -0,2 | 0,4 | 0,7 | 0,1 |
| Investment | 3,9 | -0,2 | 1,4 | 1,5 | 1,7 | 0,7 | 8,1 | 3,2 | 2,4 | 3,6 | 4,7 |
| Residential | 10,2 | 13,4 | -4,8 | -4,5 | 7,1 | 5,5 | 11,1 | -7,3 | -5,1 | 4,5 | 5,7 |
| Non-residential | 2,3 | -4,0 | 3,3 | 3,4 | 0,2 | -0,6 | 7,1 | 6,7 | 4,7 | 3,4 | 4,6 |
| Inventories Contribution | 0,2 | -0,7 | -0,7 | 0,1 | 1,1 | -0,4 | -1,5 | 0,1 | 0,8 | 0,2 | -0,1 |
| Net Exports Contribution | -0,7 | -0,3 | 0,3 | 0,4 | -1,7 | -0,2 | 0,2 | 0,2 | 0,5 | -0,4 | -0,3 |
| Exports | 0,4 | -2,6 | 2,8 | 6,4 | -3,8 | -0,3 | 7,3 | 3,5 | 2,2 | 2,3 | 3,0 |
| Imports | 5,0 | -0,2 | 0,4 | 2,7 | 8,1 | 1,3 | 4,3 | 1,5 | -1,1 | 4,0 | 4,4 |
| Inflation (3) | 0,1 | 1,1 | 1,0 | 1,1 | 1,8 | 1,3 | 2,5 | 1,9 | 1,9 | 2,1 | 2,1 |
| **Euro Area** | **2015a** | **Q1:16a** | **Q2:16a** | **Q3:16a** | **Q4:16a** | **2016a** | **Q1:17a** | **Q2:17a** | **Q3:17a** | **Q4:17f** | **2017f** |
| Real GDP Growth (YoY) | 2,0 | 1,7 | 1,8 | 1,7 | 1,9 | 1,8 | 2,1 | 2,4 | 2,6 | 2,3 | 2,2 |
| Real GDP Growth (QoQ saar) | - | 2,0 | 1,4 | 1,7 | 2,6 | - | 2,5 | 2,8 | 2,4 | 2,2 | - |
| Private Consumption | 1,8 | 2,9 | 1,2 | 1,4 | 2,2 | 2,0 | 2,1 | 2,2 | 1,3 | 2,3 | 1,9 |
| Government Consumption | 1,3 | 3,2 | 1,1 | 0,9 | 1,2 | 1,7 | 1,0 | 1,4 | 1,0 | 1,5 | 1,3 |
| Investment | 3,0 | 1,1 | 11,6 | 1,5 | 4,3 | 4,5 | -0,4 | 9,0 | 4,3 | 5,2 | 3,0 |
| Inventories Contribution | 0,0 | -0,5 | -0,6 | 0,4 | 0,4 | -0,1 | -0,6 | 0,5 | 0,4 | 0,0 | 0,0 |
| Net Exports Contribution | 0,1 | 0,0 | -1,1 | 0,0 | -0,1 | -0,5 | 1,9 | -1,0 | 0,3 | -0,5 | 0,3 |
| Exports | 6,1 | 1,5 | 5,2 | 1,9 | 6,7 | 3,3 | 5,4 | 4,1 | 4,7 | 3,3 | 4,5 |
| Imports | 6,5 | 1,6 | 8,4 | 1,9 | 7,5 | 4,7 | 1,5 | 7,0 | 4,5 | 4,6 | 4,1 |
| Inflation | 0,0 | 0,0 | -0,1 | 0,3 | 0,7 | 0,2 | 1,8 | 1,5 | 1,4 | 1,3 | 1,5 |

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

f: NBG forecasts

### Stock Markets (in local currency)

| Country - Index | 11/12/2017 | Last week return (%) | Year-to-Date change (%) | 2-year change (%) |
|---|---|---|---|---|
| Turkey - ISE100 | 109.156 | 3,7 | 39,7 | 55,3 |
| Romania - BET-BK | 1.631 | -1,5 | 21,3 | 22,6 |
| Bulgaria - SOFIX | 665 | -0,6 | 13,5 | 52,4 |
| Serbia - BELEX15 | 744 | 0,0 | 3,8 | 18,3 |

### Financial Markets

| | 11/12/2017 | 3-month forecast | 6-month forecast | 12-month forecast |
|---|---|---|---|---|
| **1-m Money Market Rate (%)** | | | | |
| Turkey | 13,9 | 13,0 | 12,5 | 11,5 |
| Romania | 2,1 | 2,4 | 2,6 | 2,8 |
| Bulgaria | 0,0 | 0,1 | 0,1 | 0,2 |
| Serbia | 2,8 | 3,2 | 3,4 | 3,8 |
| **Currency** | | | | |
| TRY/EUR | 4,52 | 4,50 | 4,44 | 4,36 |
| RON/EUR | 4,63 | 4,62 | 4,60 | 4,55 |
| BGN/EUR | 1,96 | 1,96 | 1,96 | 1,96 |
| RSD/EUR | 119,3 | 119,8 | 120,0 | 120,3 |
| **Sovereign Eurobond Spread (in bps)** | | | | |
| Turkey (USD 2020)(*) | 177 | 174 | 165 | 150 |
| Romania (EUR 2024) | 121 | 120 | 116 | 110 |
| Bulgaria (EUR 2022) | 49 | 54 | 52 | 50 |
| Serbia (USD 2021)(*) | 128 | 124 | 122 | 120 |

(*) Spread over US Treasuries

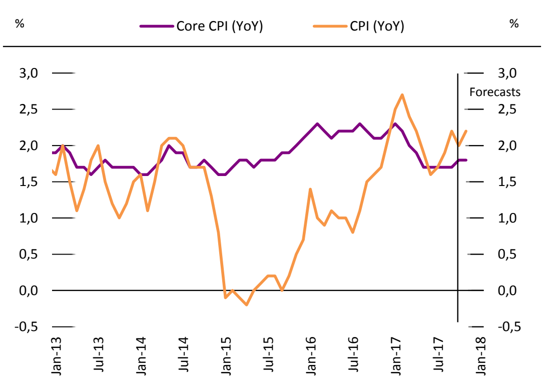
## Economic Calendar

The main event next week is the FOMC meeting. The Fed is expected to increase the target for the Federal funds rate by 25 bps to 1.25% - 1.50% on Wednesday. In hard data releases, there is inflation for November.

In the euro area, markets will focus on the ECB meeting on Thursday, albeit no major monetary policy announcements or changes in forward guidance are expected. On Wednesday, October industrial production data are released and are expected to improve (flat monthly change).

In UK, the Bank of England, on Thursday, is expected to maintain its intervention rate at 0.50%. Labor data for January is released on Wednesday. Consensus expects the unemployment rate at 4.2% in October from 4.3% in the previous month.

US Inflation




Source: NBG Research, Bloomberg

**Economic News Calendar for the period: December 5 - December 18, 2017**

**Tuesday 5**

| US | | S | | A | P |
|---|---|---|---|---|---|
| Trade balance ($bn) | October | -47.5 | - | -48.7 | -44.9 |
| ISM non-manufacturing | November | 59.0 | - | 57.4 | 60.1 |
| **UK** | | | | | |
| Markit/CIPS UK Services PMI | November | 55.0 | - | 53.8 | 55.6 |
| **EURO AREA** | | | | | |
| Retail sales (MoM) | October | -0.7% | - | -1.1% | 0.8% |
| Retail sales (YoY) | October | 1.6% | - | 0.4% | 4.0% |

**Wednesday 6**

| US | | S | | A | P |
|---|---|---|---|---|---|
| ADP Employment Change (k) | November | 190 | | 190 | 235 |

**Thursday 7**

| US | | S | | A | P |
|---|---|---|---|---|---|
| Initial Jobless Claims (k) | December 2 | 240 | + | 236 | 238 |
| Continuing Claims (k) | November 25 | 1919 | + | 1908 | 1960 |
| **GERMANY** | | | | | |
| Industrial Production (sa, MoM) | October | 0.9% | - | -1.4% | -0.9% |
| Industrial Production (wda, YoY) | October | 4.3% | - | 2.7% | 4.1% |
| **EURO AREA** | | | | | |
| Gross Fixed Capital Formation (QoQ) | Q3:17 | 0.7% | + | 1.1% | 2.2% |
| Government expenditure (QoQ) | Q3:17 | 0.3% | - | 0.2% | 0.3% |
| Household Consumption (QoQ) | Q3:17 | 0.4% | - | 0.3% | 0.5% |
| GDP (QoQ) | Q3:17 F | 0.6% | | 0.6% | 0.6% |
| GDP (YoY) | Q3:17 F | 2.5% | + | 2.6% | 2.5% |

**Friday 8**

| US | | S | | A | P |
|---|---|---|---|---|---|
| Change in Nonfarm Payrolls (k) | November | 195 | + | 228 | 244 |
| Change in Private Payrolls (k) | November | 195 | + | 221 | 247 |
| Unemployment rate | November | 4.1% | | 4.1% | 4.1% |
| Average Hourly Earnings MoM | November | 0.3% | - | 0.2% | -0.1% |
| Average Hourly Earnings YoY | November | 2.7% | - | 2.5% | 2.3% |
| Average weekly hours (hrs) | November | 34.4 | + | 34.5 | 34.4 |
| Labor Force Participation Rate | November | .. | | 62.7% | 62.7% |
| Underemployment rate | November | .. | | 8.0% | 7.9% |
| Wholesale trade (MoM) | October | 0.3% | + | 0.7% | 1.4% |
| University of Michigan consumer confidence | December | 99.0 | - | 96.8 | 98.5 |

| UK | | S | | A | P |
|---|---|---|---|---|---|
| Industrial Production (MoM) | October | 0.0% | | 0.0% | 0.7% |
| Industrial Production (YoY) | October | 3.5% | + | 3.6% | 2.5% |
| **CHINA** | | | | | |
| Exports (YoY) | November | 5.3% | + | 12.3% | 6.8% |
| Imports (YoY) | November | 13.0% | + | 17.7% | 17.2% |
| **JAPAN** | | | | | |
| Eco Watchers Current Survey | November | 52.1 | + | 55.1 | 52.2 |
| Eco Watchers Outlook Survey | November | 54.0 | - | 53.8 | 54.9 |
| GDP (QoQ) | Q3:17 F | 0.4% | + | 0.6% | 0.3% |
| GDP Private Consumption | Q3:17 F | -0.5% | | -0.5% | -0.5% |
| GDP Business Spending (QoQ) | Q3:17 F | 0.4% | + | 1.1% | 0.2% |

**Monday 11**

| CHINA | | S | | A | P |
|---|---|---|---|---|---|
| CPI (YoY) | November | 1.8% | - | 1.7% | 1.9% |
| Money Supply M2 (YoY) | November | 8.9% | | 9.1% | 8.8% |
| Money Supply M1 (YoY) | November | 12.9% | | 12.7% | 13.0% |
| Money Supply M0 (YoY) | November | 6.5% | | 5.7% | 6.3% |
| New Yuan Loans (RMB bn) | November | 800.0 | + | 1120.0 | 663.2 |
| Aggregate Financing (RMB bn) | November | 1250.0 | + | 1600.0 | 1038.7 |

**Tuesday 12**

| UK | | S | A | P |
|---|---|---|---|---|
| CPI (YoY) | November | 3.0% | .. | 3.0% |
| CPI Core (YoY) | November | 2.7% | .. | 2.7% |
| **GERMANY** | | | | |
| ZEW survey current situation | December | 88.7 | .. | 88.8 |
| ZEW survey expectations | December | 18.0 | .. | 18.7 |

**Wednesday 13**

| US | | S | A | P |
|---|---|---|---|---|
| CPI (YoY) | November | 2.2% | .. | 2.0% |
| Core CPI (YoY) | November | 1.8% | .. | 1.8% |
| Fed announces its intervention rate | December 13 | 1.50% | .. | 1.25% |
| **UK** | | | | |
| ILO Unemployment Rate | October | 4.2% | .. | 4.3% |
| **EURO AREA** | | | | |
| Industrial Production (sa, MoM) | October | 0.0% | .. | -0.6% |
| Industrial Production (wda, YoY) | October | 3.2% | .. | 3.3% |
| Employment (QoQ) | Q3:17 | .. | .. | 0.4% |
| Employment (YoY) | Q3:17 | .. | .. | 1.6% |

**Thursday 14**

| US | | S | A | P |
|---|---|---|---|---|
| Initial Jobless Claims (k) | December 9 | 239 | .. | 236 |
| Continuing Claims (k) | December 2 | 1905 | .. | 1908 |
| Retail Sales Advance MoM | November | 0,3% | .. | 0,2% |
| Retail sales ex-autos (MoM) | November | 0.7% | .. | 0.1% |
| Markit US Manufacturing PMI | December | 53.6 | .. | 53.9 |
| **UK** | | | | |
| Retail sales Ex Auto MoM | November | 0.4% | .. | 0.1% |
| BoE announces its intervention rate | December 14 | 0.50% | .. | 0.50% |
| BoE Asset Purchase Target (£bn) | December | 435 | .. | 435 |
| **JAPAN** | | | | |
| Nikkei PMI Manufacturing | December | .. | .. | 53.6 |
| **EURO AREA** | | | | |
| Markit Eurozone Manufacturing PMI | December | 59.7 | .. | 60.1 |
| Markit Eurozone Services PMI | December | 56.0 | .. | 56.2 |
| Markit Eurozone Composite PMI | December | 57.2 | .. | 57.5 |
| ECB announces its intervention rate | December 14 | 0.0% | .. | 0.00% |
| ECB announces its deposit facility rate | December 14 | -0.40% | .. | -0.40% |
| **CHINA** | | | | |
| Retail sales (YoY) | November | 10.3% | .. | 10.0% |
| Industrial production (YoY) | November | 6.1% | .. | 6.2% |

**Friday 15**

| US | | S | A | P |
|---|---|---|---|---|
| Empire Manufacturing | December | 18.3 | .. | 19.4 |
| Industrial Production (MoM) | November | 0.3% | .. | 0.9% |
| Net Long-term TIC Flows ($ bn) | October | .. | .. | 80.9 |
| **JAPAN** | | | | |
| Tankan - large manufacturers current index | Q4:17 | 24 | .. | 22 |
| Tankan - large manufacturers outlook index | Q4:17 | 22 | .. | 19 |
| **EURO AREA** | | | | |
| Trade Balance SA (€ bn) | October | 24.3 | .. | 25.0 |

**Monday 18**

| US | | S | A | P |
|---|---|---|---|---|
| NAHB housing market confidence index | December | .. | .. | 70 |
| **JAPAN** | | | | |
| Exports YoY | November | .. | .. | 14.0% |
| Imports YoY | November | .. | .. | 18.9% |

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 | 2652 | 0,4 | 18,4 | 18,0 | 29,5 |
| Japan | NIKKEI 225 | 22811 | 0,0 | 19,3 | 21,6 | 18,2 |
| UK | FTSE 100 | 7394 | 1,3 | 3,5 | 6,7 | 20,7 |
| Canada | S&P/TSX | 16096 | 0,4 | 5,3 | 5,2 | 24,4 |
| Hong Kong | Hang Seng | 28640 | -1,5 | 30,2 | 25,3 | 31,4 |
| Euro area | EuroStoxx | 392 | 1,7 | 11,9 | 15,2 | 13,7 |
| Germany | DAX 30 | 13154 | 2,3 | 14,6 | 17,7 | 24,2 |
| France | CAC 40 | 5399 | 1,5 | 11,0 | 14,0 | 16,4 |
| Italy | FTSE/MIB | 22774 | 3,0 | 18,4 | 23,6 | 5,9 |
| Spain | IBEX-35 | 10321 | 2,3 | 10,4 | 12,9 | 4,9 |

| Emerging Markets | Current Level | 1-week change (%) | Year-to-Date change (%) | 1-Year change (%) | 2-year change (%) |
|---|---|---|---|---|---|
| MSCI Emerging Markets | 59131 | -0,2 | 24,1 | 22,4 | 33,8 |
| MSCI Asia | 900 | -0,1 | 29,9 | 27,2 | 37,1 |
| China | 86 | -0,3 | 47,3 | 41,5 | 45,2 |
| Korea | 746 | -0,1 | 28,5 | 27,9 | 42,1 |
| MSCI Latin America | 81694 | 0,3 | 13,6 | 12,3 | 34,6 |
| Brazil | 246602 | 0,7 | 18,2 | 16,8 | 46,2 |
| Mexico | 44849 | 0,8 | 3,8 | 2,2 | 12,0 |
| MSCI Europe | 5253 | 0,9 | 5,8 | 7,3 | 24,9 |
| Russia | 950 | 0,3 | -4,9 | -3,4 | 24,0 |
| Turkey | 1493039 | 4,0 | 36,7 | 39,8 | 40,4 |

## 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 | 213,5 | -0,9 | -2,5 | -1,7 | 17,4 |
| Materials | 268,2 | -0,1 | 20,9 | 17,6 | 43,5 |
| Industrials | 257,0 | 0,7 | 20,9 | 19,5 | 33,8 |
| Consumer Discretionary | 235,0 | 0,5 | 19,6 | 17,8 | 20,2 |
| Consumer Staples | 235,1 | 0,8 | 13,3 | 15,7 | 13,7 |
| Healthcare | 225,7 | -0,7 | 17,1 | 20,2 | 9,7 |
| Financials | 125,6 | 0,8 | 18,3 | 16,0 | 29,3 |
| IT | 219,4 | 0,0 | 36,1 | 36,0 | 47,6 |
| Telecoms | 70,5 | 0,3 | 1,3 | 3,9 | 4,8 |
| Utilities | 132,3 | -0,5 | 15,0 | 18,0 | 20,6 |

| in local currency | Current Level | 1-week change (%) | Year-to-Date change (%) | 1-Year change (%) | 2-year change (%) |
|---|---|---|---|---|---|
| Energy | 216,4 | -0,5 | -5,3 | -4,0 | 17,7 |
| Materials | 253,2 | 0,4 | 15,8 | 13,6 | 40,9 |
| Industrials | 253,3 | 1,1 | 17,2 | 16,4 | 31,2 |
| Consumer Discretionary | 226,8 | 0,9 | 16,8 | 15,6 | 18,7 |
| Consumer Staples | 233,9 | 1,2 | 10,0 | 12,9 | 14,0 |
| Healthcare | 222,5 | -0,4 | 14,8 | 18,3 | 9,3 |
| Financials | 124,6 | 1,2 | 14,4 | 13,0 | 27,4 |
| IT | 212,6 | 0,1 | 34,9 | 35,1 | 46,5 |
| Telecoms | 72,9 | 0,7 | -2,3 | 0,9 | 3,8 |
| Utilities | 134,3 | -0,2 | 11,8 | 15,1 | 19,8 |

## Bond Markets (%)

| 10-Year Government Bond Yields | Current | Last week | Year Start | One Year Back | 10-year average |
|---|---|---|---|---|---|
| US | 2,38 | 2,36 | 2,45 | 2,41 | 2,59 |
| Germany | 0,31 | 0,31 | 0,21 | 0,38 | 1,84 |
| Japan | 0,05 | 0,04 | 0,05 | 0,05 | 0,77 |
| UK | 1,28 | 1,23 | 1,24 | 1,38 | 2,58 |
| Greece | 4,52 | 5,45 | 7,11 | 6,65 | 10,31 |
| Ireland | 0,50 | 0,52 | 0,75 | 0,90 | 4,32 |
| Italy | 1,65 | 1,71 | 1,81 | 1,99 | 3,63 |
| Spain | 1,40 | 1,42 | 1,38 | 1,50 | 3,61 |
| Portugal | 1,81 | 1,88 | 3,76 | 3,75 | 5,36 |

| US Mortgage Market (1. Fixed-rate Mortgage) | Current | Last week | Year Start | One Year Back | 10-year average |
|---|---|---|---|---|---|
| 30-Year FRM[1] (%) | 4,2 | 4,2 | 4,4 | 4,3 | 4,3 |
| vs 30Yr Treasury (bps) | 142 | 143 | 132 | 116 | 96 |

| Government Bond Yield Spreads (in bps) | Current | Last week | Year Start | One Year Back | 10-year average |
|---|---|---|---|---|---|
| US Treasuries 10Y/2Y | 58 | 59 | 126 | 130 | 178 |
| US Treasuries 10Y/5Y | 24 | 25 | 52 | 57 | 91 |
| Bunds 10Y/2Y | 105 | 101 | 97 | 111 | 125 |
| Bunds 10Y/5Y | 67 | 65 | 74 | 78 | 75 |

| Corporate Bond Spreads (in bps) | Current | Last week | Year Start | One Year Back | 10-year average |
|---|---|---|---|---|---|
| EM Inv. Grade (IG) | 140 | 140 | 181 | 184 | 270 |
| EM High yield | 377 | 378 | 510 | 522 | 817 |
| US IG | 102 | 103 | 129 | 133 | 200 |
| US High yield | 363 | 363 | 421 | 438 | 642 |
| Euro area IG | 89 | 90 | 124 | 125 | 170 |
| Euro area High Yield | 287 | 277 | 376 | 396 | 662 |

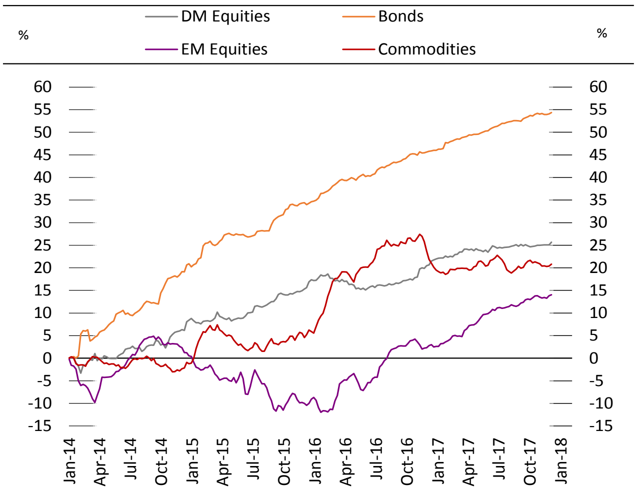
## Foreign Exchange & Commodities

| Foreign Exchange | Current | 1-week change (%) | 1-month change (%) | 1-Year change (%) | Year-to-Date change (%) |
|---|---|---|---|---|---|
| **Euro-based cross rates** | | | | | |
| EUR/USD | 1,18 | -1,0 | 1,5 | 10,9 | 11,9 |
| EUR/CHF | 1,17 | 0,7 | 0,9 | 8,4 | 9,1 |
| EUR/GBP | 0,88 | -0,4 | -0,5 | 4,2 | 3,0 |
| EUR/JPY | 133,59 | 0,1 | 1,2 | 10,4 | 8,6 |
| EUR/NOK | 9,77 | -0,9 | 3,1 | 9,1 | 7,4 |
| EUR/SEK | 9,94 | 0,0 | 2,3 | 2,6 | 3,8 |
| EUR/AUD | 1,57 | 0,4 | 3,8 | 10,3 | 7,5 |
| EUR/CAD | 1,51 | 0,2 | 2,5 | 8,0 | 7,0 |
| **USD-based cross rates** | | | | | |
| USD/CAD | 1,28 | 1,3 | 1,0 | -2,6 | -4,4 |
| USD/AUD | 1,33 | 1,4 | 2,2 | -0,6 | -4,1 |
| USD/JPY | 113,48 | 1,2 | -0,3 | -0,5 | -3,0 |

| Commodities | Current | 1-week change (%) | 1-month change (%) | 1-Year change (%) | Year-to-Date change (%) |
|---|---|---|---|---|---|
| Agricultural | 375 | -2,7 | -2,7 | -13,8 | -13,0 |
| Energy | 437 | -1,6 | -0,9 | 5,0 | 0,5 |
| West Texas Oil ($) | 57 | -1,7 | 1,0 | 12,8 | 6,8 |
| Crude brent Oil ($) | 64 | 0,0 | 0,4 | 19,9 | 14,9 |
| Industrial Metals | 1311 | -3,8 | -4,8 | 11,5 | 16,8 |
| Precious Metals | 1497 | -2,7 | -3,5 | 3,9 | 6,3 |
| Gold ($) | 1249 | -2,5 | -2,6 | 6,6 | 8,4 |
| Silver ($) | 16 | -3,6 | -6,9 | -6,8 | -0,4 |
| Baltic Dry Index | 1702 | 4,7 | 14,5 | 51,7 | 77,1 |
| Baltic Dirty Tanker Index | 814 | -0,7 | 0,9 | -8,4 | -11,4 |

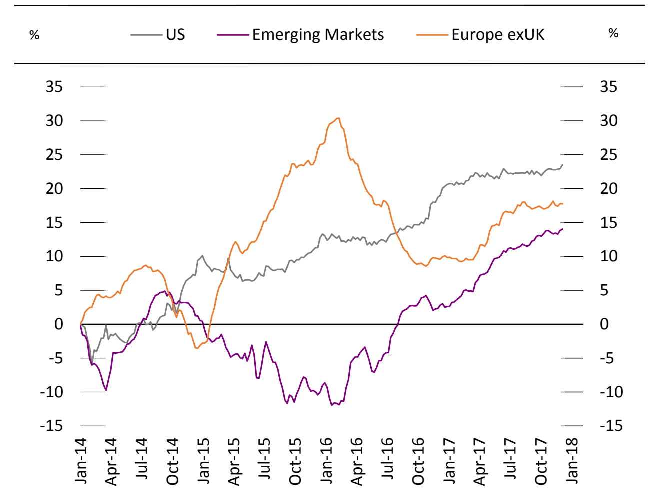
Source: Bloomberg, as of December 8th, S&P/Goldman Sachs Indices for Agricultural, Energy, Industrial & Precious Metals, BofA/ML Indices for Corporate Bond Spreads

## Global Cross Asset ETFs: Flows as % of AUM



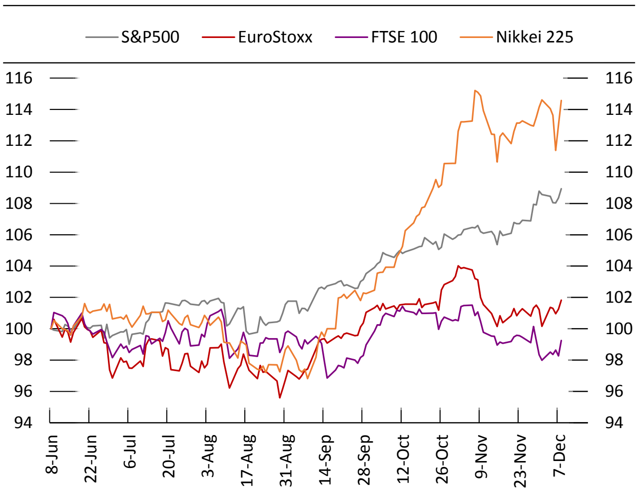

Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of December 8th

## Equity ETFs: Flows as % of AUM



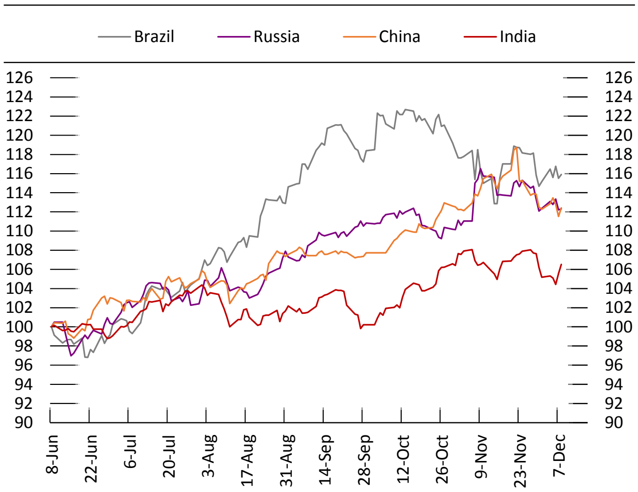

Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of December 8th

## Equity Market Performance - G4



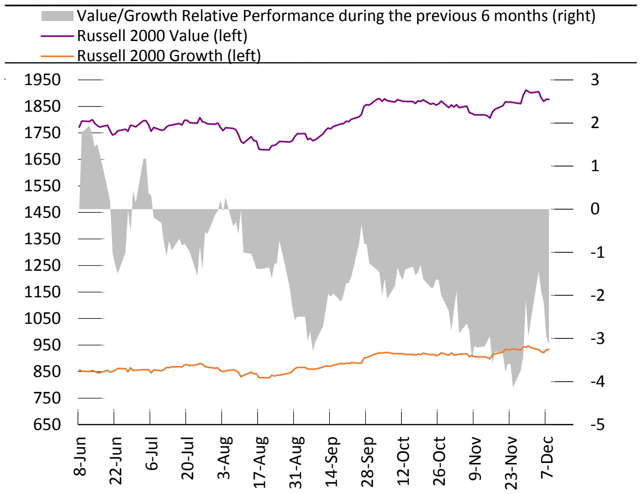

Source: Bloomberg - Data as of December 8th – Rebased @ 100

## Equity Market Performance - BRICs



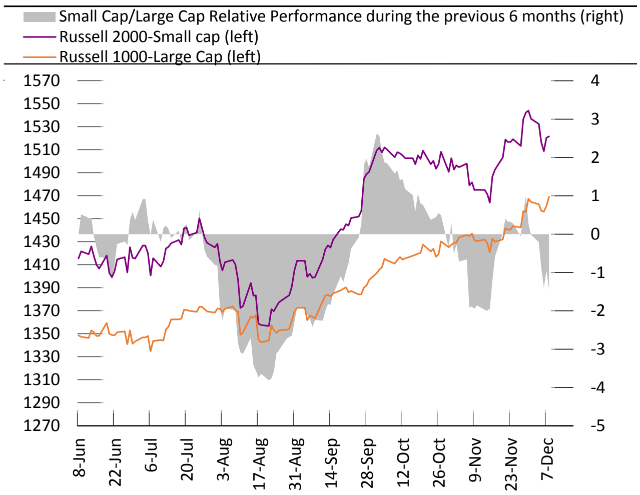

Source: Bloomberg - Data as of December 8th – Rebased @ 100

## Russell 2000 Value & Growth Index



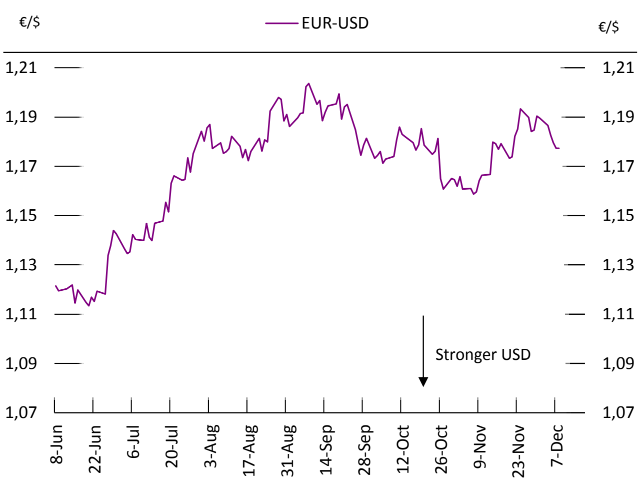

Source: Bloomberg, Data as of December 8th

## Russell 2000 & Russell 1000 Index



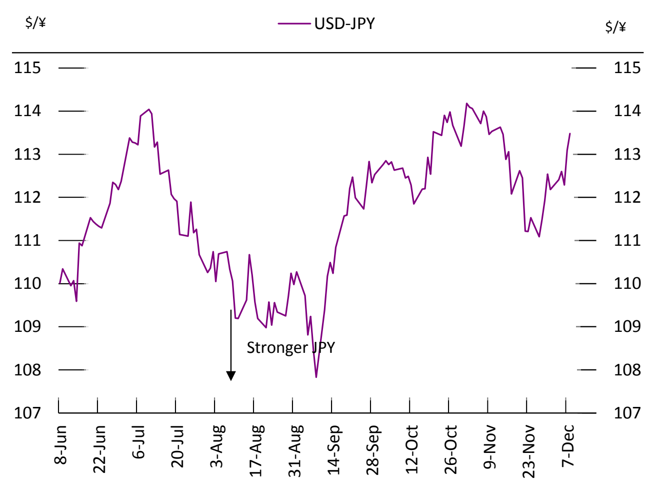

Source: Bloomberg, Data as of December 8th

EUR/USD



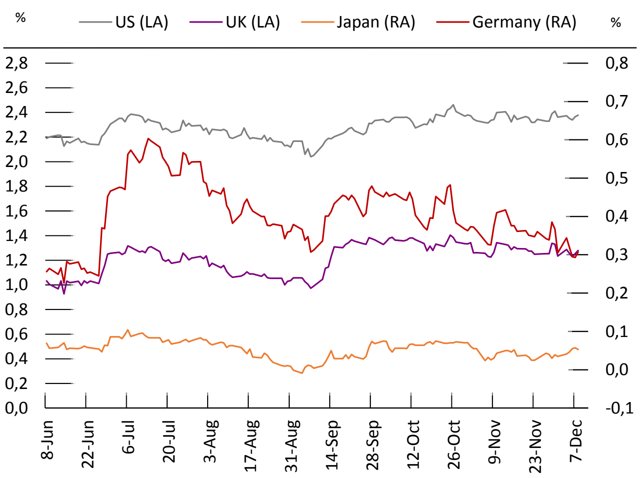

Source: Bloomberg, Data as of December 8th

JPY/USD



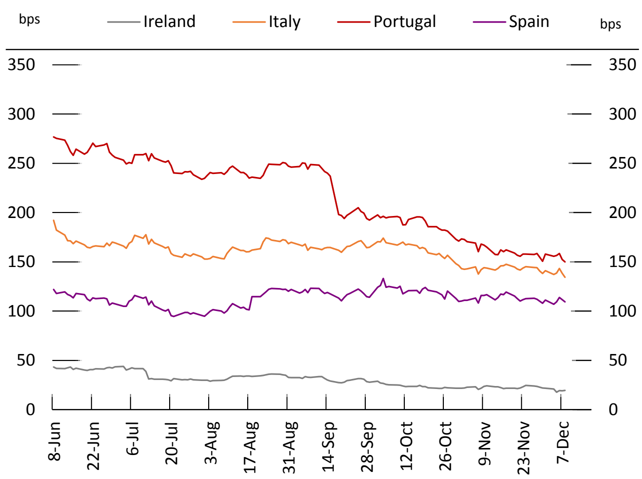

Source: Bloomberg, Data as of December 8th

10- Year Government Bond Yields



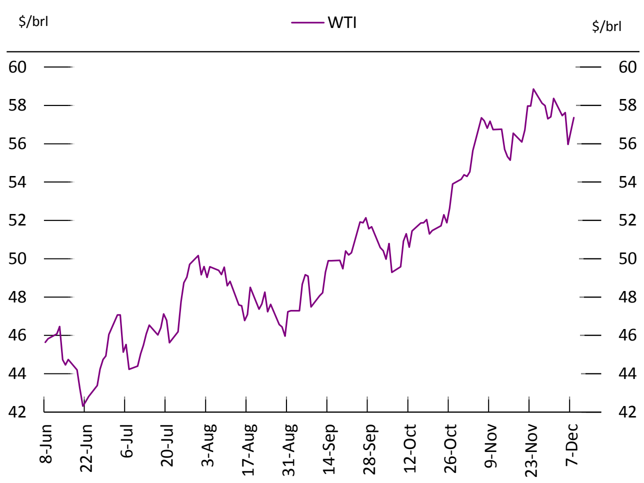

Source: Bloomberg - Data as of December 8th
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



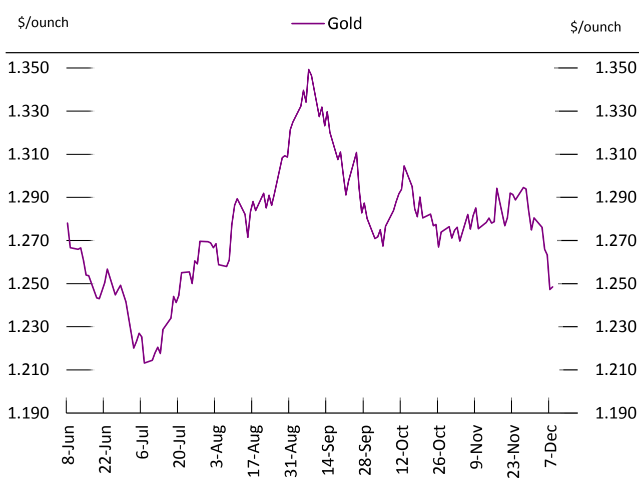

Source: Bloomberg - Data as of December 8th

West Texas Intermediate ($/brl)




Source: Bloomberg, Data as of December 8th

Gold ($/ounch)




Source: Bloomberg, Data as of December 8th

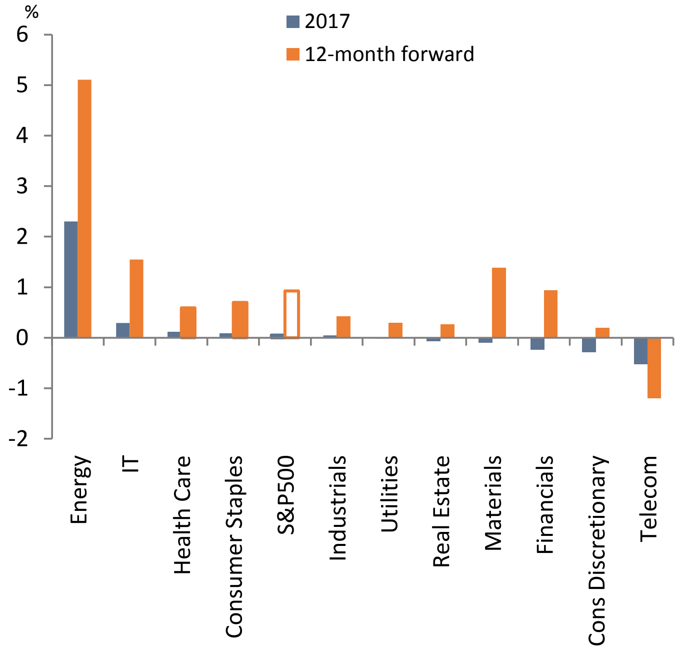
## US Sectors Valuation

| | Price ($) | | EPS Growth (%) | | Dividend Yield (%) | | P/E Ratio | | | | P/BV Ratio | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 8/12/2017 | % Weekly Change | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 12m fwd | 10Yr Avg | 2016 | 2017 | 12m fwd | 10Yr Avg |
| **S&P500** | 2652 | 0,4 | 1,4 | 10,2 | 2,0 | 1,9 | 19,8 | 20,2 | 18,3 | 14,2 | 3,1 | 3,3 | 3,1 | 2,3 |
| **Energy** | 510 | -0,7 | -74,4 | 265,0 | 2,7 | 2,8 | 127,3 | 34,2 | 26,1 | 19,3 | 2,0 | 1,9 | 1,9 | 1,8 |
| **Materials** | 371 | 0,5 | -5,7 | 7,8 | 2,1 | 1,9 | 20,2 | 21,2 | 18,1 | 14,8 | 3,8 | 4,2 | 2,8 | 2,7 |
| **Financials** | | | | | | | | | | | | | | |
| **Diversified Financials** | 677 | 1,5 | 5,7 | 9,7 | 1,3 | 1,2 | 18,1 | 19,3 | 17,3 | 13,6 | 1,8 | 2,0 | 1,9 | 1,4 |
| **Banks** | 339 | 2,3 | 1,1 | 11,7 | 1,8 | 1,9 | 15,3 | 15,5 | 14,0 | 12,5 | 1,3 | 1,4 | 1,3 | 0,9 |
| **Insurance** | 408 | -0,5 | -4,2 | -0,3 | 2,0 | 1,9 | 15,6 | 17,4 | 13,7 | 9,8 | 1,4 | 1,5 | 1,4 | 1,0 |
| **Real Estate** | 204 | -1,0 | 8,0 | 1,4 | 3,9 | 3,3 | 18,8 | 19,0 | 17,9 | 17,2 | 3,0 | 3,2 | 3,3 | 2,6 |
| **Industrials** | | | | | | | | | | | | | | |
| **Capital Goods** | 676 | 1,0 | 4,7 | 5,5 | 2,2 | 2,2 | 20,6 | 21,8 | 20,2 | 14,7 | 4,7 | 5,3 | 5,0 | 2,9 |
| **Transportation** | 718 | 2,4 | -7,8 | -0,5 | 1,6 | 1,6 | 16,0 | 18,2 | 16,4 | 14,2 | 4,5 | 4,6 | 4,2 | 3,0 |
| **Commercial Services** | 259 | 2,1 | 8,5 | -3,7 | 1,4 | 1,4 | 22,9 | 24,9 | 23,4 | 18,0 | 3,9 | 4,1 | 3,9 | 2,9 |
| **Consumer Discretionary** | | | | | | | | | | | | | | |
| **Retailing** | 1698 | 1,1 | 11,6 | 4,7 | 1,0 | 0,8 | 30,9 | 35,2 | 31,2 | 20,2 | 10,1 | 11,0 | 9,6 | 5,1 |
| **Media** | 529 | -0,7 | 2,6 | 7,2 | 1,2 | 1,4 | 20,8 | 18,7 | 17,3 | 15,0 | 3,2 | 3,1 | 2,9 | 2,2 |
| **Consumer Services** | 1070 | 0,9 | 9,8 | 10,9 | 2,0 | 1,7 | 22,5 | 25,0 | 22,3 | 17,8 | 7,8 | 10,3 | 10,5 | 4,5 |
| **Consumer Durables** | 321 | 0,9 | 11,7 | -0,7 | 1,7 | 1,6 | 17,6 | 19,4 | 17,9 | 16,7 | 3,4 | 3,5 | 3,3 | 2,9 |
| **Automobiles and parts** | 142 | -0,6 | 10,6 | 2,4 | 4,2 | 3,4 | 7,6 | 8,2 | 8,7 | 8,9 | 1,8 | 1,8 | 1,6 | 1,9 |
| **IT** | | | | | | | | | | | | | | |
| **Technology** | 1045 | -0,5 | -2,8 | 9,8 | 1,9 | 1,8 | 15,0 | 16,4 | 14,6 | 12,4 | 3,8 | 4,6 | 4,1 | 2,7 |
| **Software & Services** | 1557 | 0,9 | 11,5 | 11,9 | 1,0 | 0,9 | 23,2 | 26,0 | 23,1 | 15,5 | 5,8 | 6,1 | 5,3 | 3,8 |
| **Semiconductors** | 920 | -2,0 | 12,9 | 39,2 | 2,0 | 1,8 | 17,5 | 16,2 | 14,9 | 16,6 | 3,7 | 4,2 | 3,7 | 2,7 |
| **Consumer Staples** | | | | | | | | | | | | | | |
| **Food & Staples Retailing** | 399 | 0,3 | 1,2 | -0,2 | 2,1 | 2,4 | 17,6 | 19,0 | 17,8 | 14,9 | 3,2 | 3,6 | 3,5 | 2,6 |
| **Food Beverage & Tobacco** | 714 | 0,8 | 8,3 | 7,2 | 2,7 | 2,9 | 23,2 | 21,9 | 20,4 | 16,7 | 6,4 | 5,5 | 5,6 | 4,7 |
| **Household Goods** | 583 | 0,4 | 1,6 | 4,2 | 2,6 | 2,7 | 24,1 | 23,3 | 21,9 | 17,8 | 6,4 | 5,8 | 5,7 | 4,3 |
| **Health Care** | | | | | | | | | | | | | | |
| **Pharmaceuticals** | 840 | -0,2 | 6,2 | 5,3 | 2,0 | 2,0 | 16,3 | 16,5 | 15,7 | 13,8 | 4,2 | 4,4 | 4,0 | 3,1 |
| **Healthcare Equipment** | 1029 | -0,7 | 9,5 | 10,2 | 1,0 | 0,9 | 18,8 | 20,0 | 18,6 | 13,8 | 3,3 | 3,5 | 3,3 | 2,4 |
| **Telecom** | 158 | 0,3 | 0,3 | -0,6 | 4,7 | 5,3 | 13,6 | 12,8 | 12,7 | 12,8 | 3,0 | 2,5 | 2,4 | 2,3 |
| **Utilities** | 282 | -1,0 | 6,6 | 1,0 | 3,4 | 3,3 | 18,0 | 19,2 | 18,4 | 14,4 | 2,0 | 2,0 | 2,0 | 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 2017 & 12-month Forward EPS

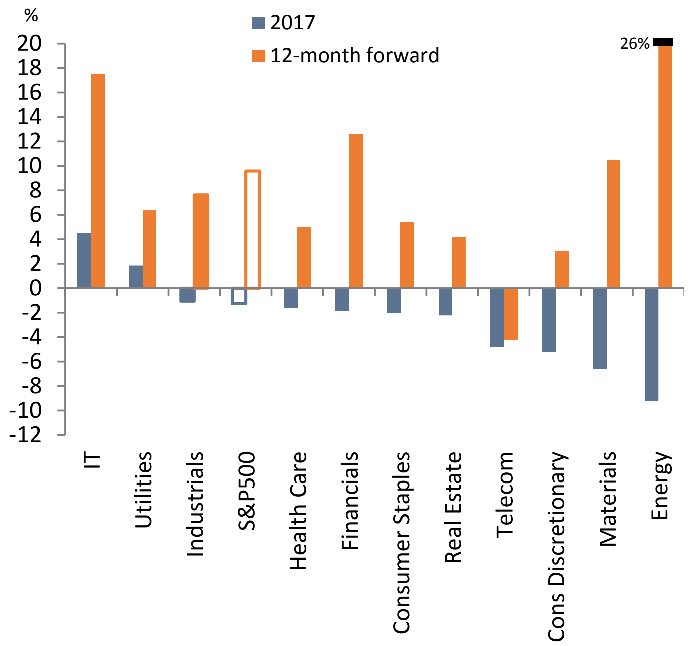
Earnings Revisions indicate 1-month change in 2017 & 12-month Forward EPS




Source: Factset, Data as of December 8th
12-month forward EPS are 6% of 2017 EPS and 94% of 2018 EPS

### 12-month revisions to 2017 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2017 & 12-month Forward EPS




Source: Factset, Data as of December 8th
12-month forward EPS are 6% of 2017 EPS and 94% of 2018 EPS

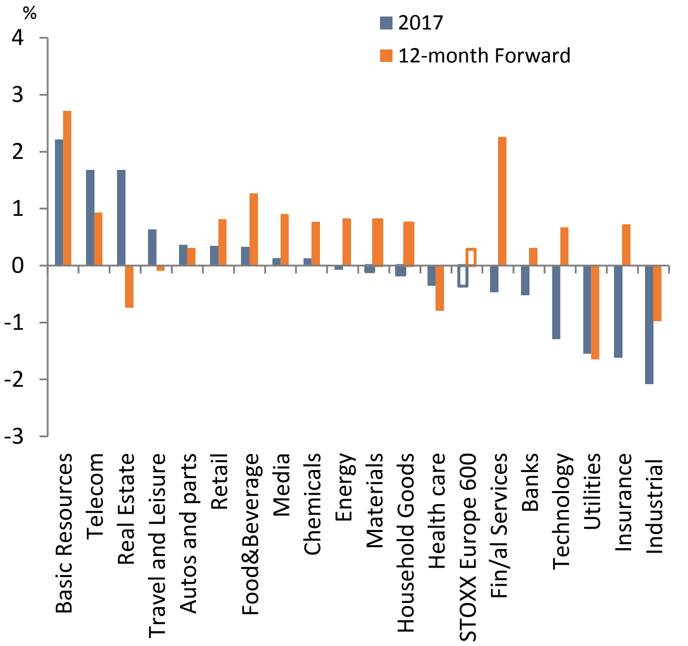
## Europe Sectors Valuation

| | Price (€) | | EPS Growth (%) | | Dividend Yield (%) | | P/E Ratio | | | | P/BV Ratio | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 8/12/2017 | % Weekly Change | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 12m fwd | 10Yr Avg | 2016 | 2017 | 12m fwd | 10Yr Avg |
| **STOXX Europe 600** | 389 | 1,4 | -3,6 | 14,0 | 3,4 | 3,2 | 17,9 | 16,5 | 15,3 | 12,6 | 1,8 | 1,9 | 1,8 | 1,5 |
| **Energy** | 322 | -0,2 | -31,3 | 70,9 | 5,4 | 4,9 | 27,3 | 16,4 | 15,4 | 11,0 | 1,2 | 1,3 | 1,3 | 1,3 |
| **Materials** | 462 | 2,0 | 17,2 | 10,4 | 2,7 | 2,7 | 20,0 | 18,9 | 17,0 | 14,0 | 1,9 | 2,0 | 1,9 | 1,5 |
| **Basic Resources** | 429 | 0,3 | 255,5 | 85,2 | 2,2 | 3,5 | 21,6 | 11,8 | 12,0 | 12,5 | 1,5 | 1,5 | 1,4 | 1,3 |
| **Chemicals** | 967 | 1,2 | -2,0 | 10,4 | 2,7 | 2,6 | 18,0 | 17,9 | 16,8 | 13,8 | 2,4 | 2,5 | 2,4 | 2,1 |
| **Financials** | | | | | | | | | | | | | | |
| **Fin/al Services** | 480 | 0,9 | 12,8 | 3,2 | 3,2 | 3,0 | 15,5 | 16,6 | 16,4 | 12,9 | 1,6 | 1,9 | 2,0 | 1,3 |
| **Banks** | 185 | 2,8 | -35,0 | 46,1 | 4,3 | 4,0 | 16,9 | 12,6 | 11,6 | 10,5 | 0,9 | 1,0 | 0,9 | 0,8 |
| **Insurance** | 288 | 0,8 | 3,1 | -11,0 | 4,8 | 4,7 | 11,1 | 13,4 | 11,4 | 9,2 | 1,1 | 1,2 | 1,1 | 1,0 |
| **Real Estate** | 179 | 3,7 | 7,1 | 7,1 | 3,7 | 3,7 | 20,7 | 20,3 | 20,7 | 18,1 | 1,0 | 1,0 | 1,0 | 1,0 |
| **Industrial** | 534 | 1,1 | 0,7 | 8,3 | 2,6 | 2,4 | 19,9 | 20,2 | 18,1 | 14,1 | 3,3 | 3,4 | 3,1 | 2,3 |
| **Consumer Discretionary** | | | | | | | | | | | | | | |
| **Media** | 276 | 2,2 | -0,1 | 3,6 | 3,2 | 3,1 | 18,3 | 17,3 | 16,2 | 14,0 | 3,1 | 2,9 | 2,8 | 2,4 |
| **Retail** | 311 | 2,7 | 1,4 | 3,2 | 2,6 | 2,8 | 20,6 | 20,3 | 18,5 | 15,8 | 2,9 | 2,8 | 2,6 | 2,4 |
| **Automobiles and parts** | 604 | 1,9 | 17,1 | 16,9 | 3,0 | 3,1 | 9,3 | 8,8 | 8,4 | 9,2 | 1,3 | 1,3 | 1,2 | 1,0 |
| **Travel and Leisure** | 264 | 3,0 | 5,5 | 13,5 | 2,4 | 2,2 | 14,6 | 14,1 | 13,3 | 15,2 | 2,8 | 2,8 | 2,5 | 2,0 |
| **Technology** | 434 | 1,0 | -1,9 | 6,7 | 1,5 | 1,5 | 23,3 | 24,4 | 21,3 | 16,7 | 3,1 | 3,2 | 3,1 | 2,6 |
| **Consumer Staples** | | | | | | | | | | | | | | |
| **Food&Beverage** | 664 | 1,4 | -4,4 | 5,9 | 2,8 | 2,7 | 23,5 | 23,5 | 21,4 | 17,1 | 3,2 | 3,5 | 3,4 | 2,7 |
| **Household Goods** | 849 | 1,5 | 5,3 | 9,8 | 2,5 | 2,6 | 22,2 | 20,7 | 19,1 | 16,5 | 4,6 | 4,6 | 4,2 | 3,3 |
| **Health care** | 720 | -0,1 | 6,7 | -0,9 | 2,8 | 2,9 | 17,9 | 17,4 | 16,6 | 14,1 | 3,5 | 3,5 | 3,3 | 3,0 |
| **Telecom** | 283 | 2,1 | 1,7 | 8,9 | 4,9 | 4,5 | 19,8 | 17,8 | 15,8 | 13,3 | 1,8 | 1,9 | 1,9 | 1,6 |
| **Utilities** | 306 | 1,6 | -8,6 | -6,4 | 5,4 | 4,7 | 13,2 | 15,5 | 15,0 | 12,2 | 1,4 | 1,5 | 1,4 | 1,4 |

*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 2017 & 12-month Forward EPS

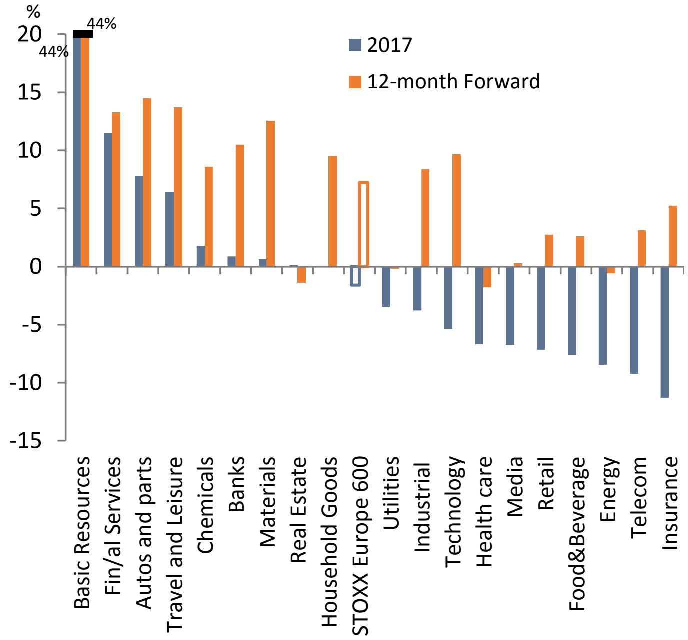
Earnings Revisions indicate 1-month change in 2017 & 12-month Forward EPS




Source: Factset, Data as of December 8th
12-month forward EPS are 6% of 2017 EPS and 94% of 2018 EPS

### 12-month revisions to 2017 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2017 & 12-month Forward EPS




Source: Factset, Data as of December 8th
12-month forward EPS are 6% of 2017 EPS and 94% of 2018 EPS

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