Global Markets Roundup

National Bank of Greece | Economic Research Division | May 15, 2018

NATIONAL BANK OF GREECE

Emerging market assets are under pressure due to stronger USD and higher US rates, as well as due to medium-term challenges

- Investor sentiment improved on the back of weaker-than-expected US inflation data that alleviated concerns about a more aggressive rate tightening cycle by the Fed (see Economics). The MSCI Developed Markets equity index was up by 2.0% wow (+1.4% YtD), with the Energy sector the main driver (3.2% | +6.1% YtD) following the US decision to withdraw from the JCPOA deal (and impose sanctions on Iran) which boosted oil prices to $77/barrel – their highest level since 2014.
- Emerging market (EM) equities also improved, following three consecutive weekly losses, as US 10-Year rates and the US Dollar interrupted their upward trend. Note that all EM assets (Equities, rates, FX) have corrected significantly since mid-April on the back of the strength of the USD, trade tensions and idiosyncratic factors (Turkey, Argentina – see below).
- Indeed, EM currencies have depreciated by circa 4% (JPM FX index) and EM equities have declined by 1% in USD terms (+0.6% in local currency). Moreover, local currency Government debt has returned -1.2% (GBI-EM index and -5.4% in USD terms), USD-denominated Government Debt -2.2% (EMBIGD index) and USD-denominated corporate debt -1.3% (CEMBI index), with spreads widening by 20 bps to 30 bps during the same period (see graph page 3).
- The correction of EM assets may appear exaggerated as EM GDP growth remains strong, with the IIF GDP tracker of 5.9% close to its highest level since December 2011, inflation (with the exception of Turkey and Argentina) remains close or below central bank targets and asset valuations are not elevated.
- The medium-term outlook, however, appears unfavorable, with several downside risks; protectionism is gaining pace and could hurt trade and growth prospects for emerging markets, the heavy political calendar (Turkey: June, Mexico: July, Brazil: October), and tighter global financial market conditions – possibly triggered by a reassessment of the Fed's rate tightening cycle along with the sustained strength of the US Dollar – could prompt capital outflows from emerging markets.
- Investors should favor EM countries with low current account deficits, low external refinancing risks and high reserve adequacy, a low percentage of public debt denominated in FX currency and inflation near or below central bank targets (see our scoreboard below).
- In Argentina, the central bank raised its benchmark policy rate cumulatively by 12.75% since end-April to 40% in order to halt the ARS depreciation (Argentinian Peso/ARS: -22% since end-April against the US Dollar to $24.67 | -34% ytd) due to current account deficit deterioration (4.8% of GDP in 2017 compared with 2.7% of GDP in 2016) and rising inflation (25.4% yoy in March).
- Argentina's non-financial corporates are exposed to currency devaluation risks (via higher debt servicing costs), as circa 40% (6.4% of GDP) of their debt is denominated in USD. Moreover, a large part of Argentina's public debt is denominated in foreign currency (68% of total). Therefore, financial assistance was requested from the IMF under a Stand-By Arrangement (SBA) facility. Argentina's government bond yields stabilized (5Yr: -23 bps wow to 18.71% | +260 bps ytd), while equities rebounded by 4.5% wow (-0.7% ytd) (see page 3).

Ilias Tsirigotakis[AC]
Head of Global Markets Research
210-3341517
tsirigotakis.hlias@nbg.gr

Panagiotis Bakalis
210-3341545
mpakalis.pan@nbg.gr

Lazaros Ioannidis
210-3341207
ioannidis.lazaros@nbg.gr

Vasiliki Karagianni
210-3341548
karagianni.vasiliki@nbg.gr

Table of Contents

Charts of the week

Emerging Markets Scoreboard

Region	Country	EMBI Weight (%)	CEMBI Weight (%)	GBI Weight (%)	Inflation: CPI (YoY, %)	Inflation: Central Bank Target (%)	Current Account Balance (as % of GDP)	Reserves / ARA*	Average external financing needs as % of GDP(2018-2020)	External Debt (as % of GDP)	Public debt held by nonresidents as share of total	Public debt in foreign currency as share of total	Currency Appreciation/Depreciation vs USD YtD	Equities Performance YtD (in $)
Latam	Argentina	3,6	3,1	0,7	25,4	15,0	-4,8	77,3	-	36,6	40,0	68,2	-23,7	-25,8
	Brazil	3,1	3,8	9,9	2,8	4,5	-0,5	168,6	7,8	32,6	8,7	4,4	-8,7	2,9
	Chile	3,5	4,8	2,6	1,9	3,0	-1,5	101,0	17,4	65,5	26,5	17,6	-0,6	0,3
	Mexico	5,7	5,7	9,9	4,6	3,0	-1,6	117,3	11,8	37,9	32,6	33,5	1,2	-3,7
EM ASIA	China	1,4	5,9	-	1,8	3,0	1,3	98,7	7,1	14,0	-	-	2,7	4,7
	Indonesia	4,3	2,2	9,0	3,4	4,0	-1,7	135,8	7,0	34,7	59,0	39,4	-3,0	-13,1
	Malaysia	2,7	1,5	5,7	1,3	3,5	3,0	82,0	34,9	65,3	-	-	0,4	4,3
	Philippines	3,6	1,9	0,3	4,5	3,0	-0,8	212,7	6,1	23,3	25,0	35,7	-4,9	-14,1
EMEA	Poland	4,7	0,3	8,8	1,6	2,5	0,3	125,2	17,9	71,8	52,4	33,7	-2,6	-7,5
	Russia	3,6	3,9	7,5	2,4	4,0	2,2	262,5	1,7	32,9	20,4	24,5	-7,3	5,5
	Turkey	4,0	5,8	6,1	10,9	5,0	-5,6	82,0	28,1	53,2	38,4	40,3	-13,8	-23,1
	South Africa	2,4	2,8	8,8	3,8	3,0	-2,5	76,1	19,0	49,6	35,9	8,9	1,1	-4,3
	Other Emerging Markets	57,4	58,3	30,6										

Source: NBG Research, IIF, IMF ---Data as of: April for Inflation, 2017 for CA Balance & External Debt, May 11 for Equities & Currencies

EMBI = Emerging Markets Sovereign Bond Index - USD Denominated | GBI = Government Bond Emerging Markets Index - Local Currency | CEMBI = Corporate Emerging Markets Bond Index - USD Denominated

*Reserves/Assessing Reserve Adequacy Metric | Fixed Exchange Rate: ARA Metric = 10% × Exports + 10% × Broad Money + 30% × Short-term Debt + 20% × Other Liabilities |Float Exchange Rate: ARA Metric = 5% × Exports + 5% × Broad Money + 30% × Short-term Debt + 15% × Other Liabilities Float Exchange Rate: ARA Metric = 5% × Exports + 5% × Broad Money + 30% × Short-term Debt + 15% × Other Liabilities

In Currencies a negative number indicates that the Country's Currency Depreciates vs the USD

See page 14 for disclosures and analyst certification

US core CPI was weaker-than-expected in April

- **US inflation data for April undershot consensus estimates.** Headline CPI was +2.5% yoy, (+2.4% yoy in March), while core CPI was stable at +2.1% yoy, below consensus estimates for +2.2% yoy. Recall that the PCE deflator in March (the Fed's preferred measure for gauging inflation pressures) was 2.0% yoy and the core figure 1.9% yoy.

The US credit environment was little changed in Q1:18, remaining favorable for economic activity

- **The Fed's Senior Loan Officer Opinion Survey (SLOOS) for Q1:18 suggests banks' credit standards for corporates eased further and remained stable for households, while loan demand overall declined.** Regarding corporates, lending standards for commercial and industrial (C&I) loans eased for a 5th consecutive quarter (11.3% of banks for large and middle corporates compared with 10.0% in Q4:17), with competition being the key factor. A significant portion of banks narrowed their loan rate spreads over the cost of funds on loans to C&I loans to large and middle corporates (31.4%). The tightening cycle for commercial real estate (CRE) loans appears to be nearing an end, with lending standards posting minor changes across categories (construction and land development, nonfarm nonresidential, multifamily). Recall that banks' credit standards for CRE loans had remained consistently in tightening territory since Q4:15, when the federal banking agencies (Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency) called for more prudent risk management practices in CRE lending. Regarding households, credit standards were broadly unchanged in Q1:18 for mortgage loans, while tightening slightly across consumer loan categories (credit cards, auto loans and other consumer loans). On the demand side, credit appetite weakened for all loan categories in Q1:18 (specifically in real estate loans).

The Bank of England remained on hold

- **The Bank of England (BoE) maintained the policy rate at 0.50% and the QE target at £435bn, as expected, while downgrading its near-term forecasts for GDP and inflation.** Indeed, due to weaker-than-expected GDP growth in Q1:18 (+0.1% qoq | BoE projection in February: +0.4% qoq), the BoE's projections for GDP growth, published in its May Inflation Report (IR), were revised down for 2018, to 1.4% yoy (February IR: 1.8% yoy). Nevertheless, while the BoE believes that the Q1:18 weakness is unlikely due to a broader downshift in underlying economic activity trends, it prefers to wait for activity to regain momentum, before proceeding with a rate increase (as a result, markets now apply a 47% likelihood for a hike at the August meeting versus 59% a week ago). Overall, GDP growth forecasts for 2019 and 2020 were maintained unchanged (both at 1.7% yoy). At the same time, the BOE's CPI estimates were revised down for 2018 (-0.3 pps to 2.4%), as the effect of the pass-through of higher import prices to CPI inflation, due to the depreciation of Sterling, is decreasing at a faster pace than previously expected. CPI estimates for 2019 and 2020 were only revised down slightly, both by 0.1 pp to 2.1% yoy and 2.0% yoy, respectively. Overall, the BoE's medium-term economic outlook was broadly unchanged and, as a result, monetary policy guidance for the same period was also unchanged. Indeed, GDP and CPI forecasts are conditioned on a market path for interest rates that prices-in three hikes of 25 bps each, to 1.25% by end-2020, unchanged compared with February.

UK business spending data for March confirm a subdued Q1 for the sector

- **Industrial production was broadly unchanged on a monthly basis in March.** Specifically, industrial production was up slightly by 0.1% mom (+2.9% yoy), compared with +0.1% mom (+2.1% yoy) in February. More importantly, the less volatile manufacturing output (72% of total production) was down slightly by 0.1% mom (+2.9% yoy), compared with -0.2% mom (+2.5% yoy) in February (consensus: -0.2% mom). Overall in Q1:18, manufacturing output rose by 1.0% qoq saar, compared with +5.2% qoq saar in Q4:17. Meanwhile, the weakness in Q1:18 for the construction sector was confirmed. Recall that non-housing construction output declined by 1.8% mom (-7.6% yoy) in March and by 10.0% qoq saar, overall in Q1:18. It should also be noted, however, that the Q1:18 outcome was likely distorted, at least in part by the heavy snowfall. Arguing in favor of improvement going forward, PMI in the construction sector for April was up sharply, by 5.5 pts to 52.5.

Japan: Signs of improvement for business sentiment

- **The Cabinet Office's Economy Watchers survey improved slightly in April.** Specifically, the current conditions index was 49.0, in line with consensus estimates and up slightly compared with March (48.9) and the 10-month low it registered in February (48.6). At the same time, the forward-looking indicator (outlook for 2-3 months ahead) was up by 0.5 pts, to 50.1 (consensus: 49.9). Note that the current conditions index averaged 49.1 in Q1:18, compared with 53.3 in Q4:17 (the highest since Q1:14), consistent with the view for a cyclical slowdown in business investment in Q1:18 following five consecutive quarterly increases (of 4.0% qoq saar, on average). Combined with a subdued outlook for private consumption in Q1:18 (-1.3% qoq saar according to the Cabinet Office's Synthetic Consumption Index, our preferred tracker of real private consumption trends) -- partly related to a negative payback from increased demand for smartphones in Q4:17 -- overall economic activity appears to have treaded water (Q1:18 GDP release due on May 16th | consensus expects 0% qoq).

Solid Chinese trade data entering Q2:18

- **Both external and domestic demand remain strong according to the latest data regarding China's international trade in goods.** Specifically, exports -- in USD terms – rose by 12.9% yoy in April, compared with -- a negatively distorted by seasonal factors -- -2.7% yoy in March, overshooting consensus estimates for +8.0% yoy. Note that, so far, in 2018, exports -- in USD terms -- have risen by 16.3% yoy, on average, versus +7.7% yoy, on average, in 2017. At the same time, imports rose by 21.5% yoy (consensus: +14.4% yoy), compared with +14.4% yoy in March (+19.8% yoy, on average, so far in 2018, versus +16.7% yoy, on average, in 2017). Regarding the bilateral (goods) trade balance with the US, China ran a surplus of $288 bn in April 2018 (12-month rolling) versus $256 bn in April 2017.

Equities

- **Global equity markets recorded strong gains in the past week due to strong corporate earnings and weaker-than-expected US inflation, that alleviated fears of an aggressive Fed.** Overall, the MSCI World index rose by 2.1% wow, with emerging markets (+2.5% wow) overperforming their developed market peers (+2.0% wow). The S&P500 ended the week up by 2.4%, with the Energy sector leading the increase (+3.8% wow) due to rising oil prices. Technology rose by 3.5% wow, as the sector has reported the largest upside aggregate difference between actual earnings and estimated earnings (+12.9%). As the US Q1:18 earnings season concludes, out of the 460 companies that have reported results so far, circa 78% have exceeded analyst estimates. Expectations for EPS growth in Q1:18 stand at 24.9% yoy (+19% yoy for 2018, +10% yoy for 2019). In Europe, the EuroStoxx rose by 0.7% wow, supported by strong earnings results. Indeed, out of the 249 companies that have reported results so far, circa 66% have exceeded analyst estimates, and expectations for EPS growth in Q1:18 stand at 10% yoy (+7% yoy for 2018, +9% yoy for 2019). UK equities rose as well, with the FTSE100 up by +2.1% wow, supported by the weaker pound following dovish commentary from the Bank of England.
- In Italy, a coalition government between M5S and Lega appears likely. Both parties have diluted their Eurosceptic positions, albeit Italy's commitment to fiscal consolidation and structural reforms may come into question. Note that both parties' campaigns call for a fiscal deficit of 3% of GDP in the coming years compared with a current plan for 1.6% in 2018 and 0.8% in 2019. In addition, both challenge the pension and the labor market reforms introduced by previous governments. Italian equities declined (-0.7% wow | +10.6% ytd) and Banks remained flat wow (+13.9% ytd).

Fixed Income

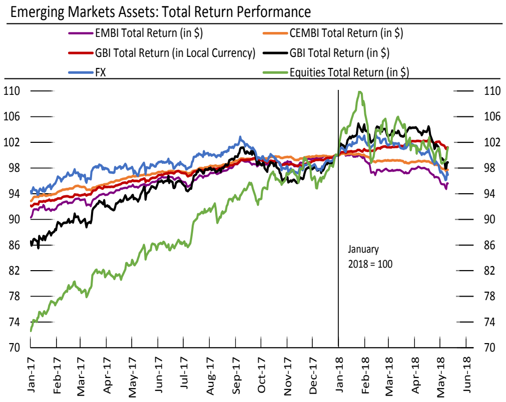
- **Government bond yields ended the week up, albeit they were highly volatile.** Specifically, the US 10-Year yield rose by 2 bps wow to 2.97%, but it declined by 4 bps on Thursday, following weaker-than-expected inflation data. In Germany, the 10-Year Bund rose by 2 bps wow to 0.56%, while periphery bond spreads over the bund narrowed in Spain (-4 bps to 71 bps) and Portugal (-4 bps to 112 bps). In Italy, the 10-year bond yield rose by 8 bps wow to 1.87%, and the bond spread over the Bund widened by 6 bps to 131 bps due to the increased possibility of a coalition between the 5-Star Movement and the League political parties.

  US High Yield corporate bond spreads rallied in the past weak, as stocks rose, government bond yield declined from their highs and oil prices continue to increase. Specifically, spreads fell by 9 bps wow to 340 bps, while their euro area counterparts narrowed by 3 bps to 304 bps. Developments in the investment grade spectrum were muted, as euro area IG bond spreads were broadly stable at 94 bps, while US IG spreads were down by 2 bps wow to 115 bps.

FX and Commodities

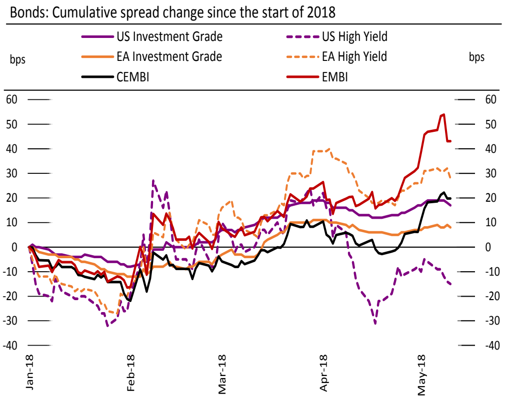
- **In foreign exchange markets, the British pound recorded losses after the BoE kept rates unchanged as expected on Thursday, but cut its growth and inflation projections for this year.** Specifically, sterling fell by 0.8% against the euro to €/0.882 on Thursday. The US dollar lost some of its momentum in the past week, following the weaker-than-expected inflation data. Overall, the USD rose by 0.2% wow against both the euro and the Japanese Yen, to $1.194 and ¥109.39, respectively.

- **In commodities, oil prices maintained their positive momentum over the week, following news that the US will withdraw from the Iran nuclear accord and will introduce sanctions on Iran. Declining oil inventories provided further support.** Indeed, US oil inventories declined by 2.2 million barrels to 434 million barrels for the week ending May 4th. Overall, the WTI rose by 1.4% wow to $70.7/barrel and Brent by 2.2% to $76.5/barrel, both at their highest levels since November 2014.



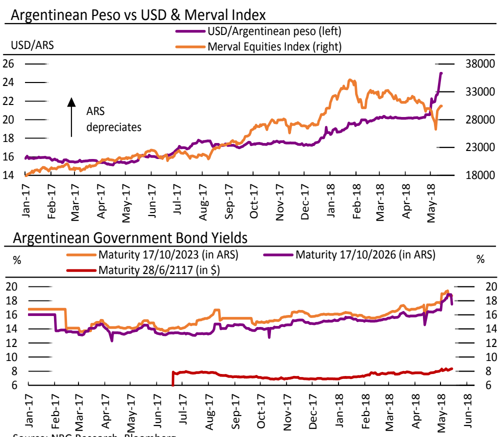
Source: NBG Research, Bloomberg, EMBI = Emerging Markets Sovereign Bond Index - USD Denominated | GBI = Government Bond Emerging Markets Index - Local Currency | CEMBI = Corporate Emerging Markets Bond Index - USD Denominated

Graph 1.



Source: NBG Research, Bloomberg, EMBI = Emerging Markets Sovereign Bond Index - USD Denominated | GBI = Government Bond Emerging Markets Index - Local Currency | CEMBI = Corporate Emerging Markets Bond Index - USD Denominated

Graph 2.



Source: NBG Research, Bloomberg

Graph 3.

Quote of the week: "The time when our net asset purchases will end is approaching...whether it will be in September or in December is not a deep existential question...as far as the first rate hike is concerned, we could give additional guidance on its timing--well past meaning at least some quarters but not years", **Member of the Governing Council of the ECB and Governor of the Bank of France, François Villeroy,** May 14th 2018.

NATIONAL BANK OF GREECE

Tactical Asset Allocation (3-month)

- **Equities**: We remain Neutral/Overweight relative to a 55-40-5 portfolio. Global GDP growth and corporate earnings are strong, albeit offset by trading concerns and the anticipating peak of central bank (C/B) liquidity. Volatility in returns will prevail in the rest of 2018 resulting in lower risk-adjusted returns. US tax-reform may support equities albeit we closed our O/W locking in gains. O/W Euro area and US financials 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, albeit safe haven demand could support prices near-term. **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: OW position**, as a hedge, as well as a way of being tactical. 2018 is less likely to be as "risk on" as 2017.

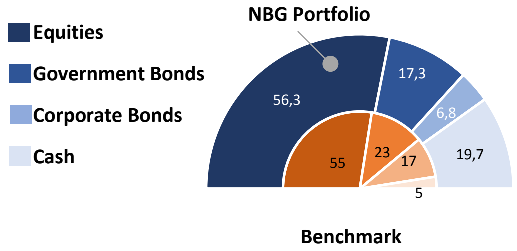
NBG Global Markets - Main Equity Sector Calls

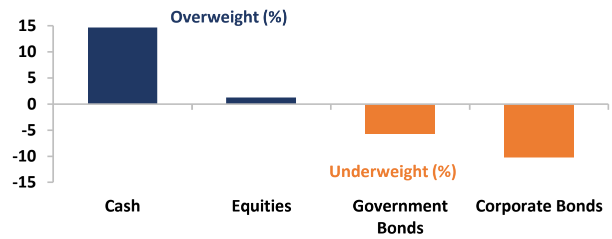
US Sector	Position	View/Comment
Banks	OW	Rising rates from low levels and low deposit betas will support interest margins. Less regulation also positive. Valuations (relative to the market) still attractive.
Energy	Neutral	OPEC's deal extension until end of 2018 has supported oil prices. However, US 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
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	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

Total Portfolio Allocation





Detailed Portfolio Breakdown

Equities	Portfolio	Benchmark	OW/UW
US	50	52	-2,0
Euro area	12	10	2,0
UK	7	7	-
Rest of Dev. Europe	5	5	-
Japan	7	7	-
Rest of Dev. World	8	8	-
Emerging Markets	11	11	-
EM Asia	64	64	-
EM Latin America	18	18	-
EMEA	18	18	-

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) 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) All figures shown are in percentage points.
(3) OW/UW: Overweight/Underweight relative to Benchmark.
(4) Green (red) color arrows suggest an increase (decrease) in relative asset class weights (portfolio vs benchmark) over the last week.

	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**

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

Emerging Markets Research, Head: Dr. Michael Loufir, tel:210-3341211, email: mloufir@nbg.gr

Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	May 11th	3-month	6-month	12-month	Official Rate (%)	May 11th	3-month	6-month	12-month
Germany	0,56	0,70	0,80	0,90	Euro area	0,00	0,00	0,00	0,00
US	2,97	2,80	2,90	3,10	US	1,75	1,75	2,00	2,25
UK	1,44	1,56	1,66	1,83	UK	0,50	0,60	0,70	0,80
Japan	0,05	0,05	0,06	0,15	Japan	-0,10	-0,10	-0,10	-0,10
Currency	May 11th	3-month	6-month	12-month		May 11th	3-month	6-month	12-month
EUR/USD	1,19	1,20	1,20	1,22	USD/JPY	109	108	109	107
EUR/GBP	0,88	0,88	0,88	0,90	GBP/USD	1,35	1,37	1,36	1,36
EUR/JPY	131	130	131	131					

Forecasts at end of period

Economic Forecasts

United States	2016a	Q1:17a	Q2:17a	Q3:17a	Q4:17a	2017a	Q1:18a	Q2:18f	Q3:18f	Q4:18f	2018f
Real GDP Growth (YoY) (1)	1,5	2,0	2,2	2,3	2,6	2,3	2,9	2,8	2,7	2,5	2,7
Real GDP Growth (QoQ saar) (2)	-	1,2	3,1	3,2	2,9	-	2,3	3,0	2,6	2,0	-
Private Consumption	2,7	1,9	3,3	2,2	4,0	2,8	1,1	2,6	2,6	2,4	2,4
Government Consumption	0,8	-0,6	-0,2	0,7	3,0	0,1	1,2	1,6	3,1	3,0	1,8
Investment	0,7	8,1	3,2	2,4	8,2	4,0	4,6	4,5	4,2	1,7	4,6
Residential	5,5	11,1	-7,3	-4,7	12,8	1,8	0,1	2,6	2,6	2,7	2,2
Non-residential	-0,6	7,1	6,7	4,7	6,8	4,7	6,1	5,3	4,6	1,5	5,4
Inventories Contribution	-0,4	-1,5	0,1	0,8	-0,5	-0,1	0,4	0,1	0,0	0,0	0,1
Net Exports Contribution	-0,2	0,2	0,2	0,4	-1,3	-0,2	0,2	-0,1	-0,4	-0,5	-0,2
Exports	-0,3	7,3	3,5	2,1	7,0	3,4	4,8	6,1	1,3	1,8	4,4
Imports	1,3	4,3	1,5	-0,7	14,1	4,0	2,6	5,3	3,5	4,6	4,9
Inflation (3)	1,3	2,5	1,9	1,9	2,1	2,1	2,2	2,6	2,7	2,4	2,5
Euro Area	**2016a**	Q1:17a	Q2:17a	Q3:17a	Q4:17a	**2017a**	Q1:18a	Q2:18f	Q3:18f	Q4:18f	**2018f**
Real GDP Growth (YoY)	1,8	2,1	2,4	2,7	2,8	2,4	2,5	2,4	2,2	2,0	2,3
Real GDP Growth (QoQ saar)	-	2,6	2,9	2,8	2,7	-	1,6	2,4	2,0	2,1	-
Private Consumption	1,9	2,0	2,0	1,3	0,7	1,7	1,2	3,3	1,9	1,7	1,7
Government Consumption	1,8	1,0	1,6	1,8	1,3	1,2	0,9	1,2	1,8	1,3	1,3
Investment	4,5	0,4	8,4	-1,3	4,7	3,2	4,4	4,2	3,4	3,1	3,7
Inventories Contribution	-0,1	-0,8	0,7	-0,1	-0,5	0,0	0,0	-0,6	-0,3	0,2	0,3
Net Exports Contribution	-0,5	2,0	-0,9	2,0	1,6	0,6	3,3	4,3	4,4	4,8	5,3
Exports	3,4	5,6	4,7	6,8	9,3	5,4	3,8	6,1	5,4	4,8	5,0
Imports	4,8	1,3	7,3	2,6	6,4	4,5	0,0	0,0	0,0	0,0	0,0
Inflation	0,2	1,8	1,5	1,4	1,4	1,5	1,2	1,5	1,6	1,6	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	7,4	4,8	4,4
Romania	3,1	3,9	4,8	7,0	4,8	3,8
Bulgaria	1,3	3,6	3,9	3,6	3,8	3,5
Serbia	-1,8	0,8	2,8	1,9	3,6	3,6
Headline Inflation (eop,%)						
Turkey	8,2	8,8	8,5	11,9	10,6	9,0
Romania	0,8	-0,9	-0,5	3,3	4,2	3,7
Bulgaria	-0,9	-0,4	0,1	2,8	2,4	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	-5,5	-5,8	-5,4
Romania	-0,7	-1,2	-2,1	-3,3	-4,2	-4,6
Bulgaria	0,1	0,0	5,3	3,9	2,6	1,4
Serbia	-6,0	-4,7	-3,1	-5,7	-4,9	-4,8
Fiscal Balance (% of GDP)						
Turkey	-1,1	-1,0	-1,1	-1,5	-1,9	-1,5
Romania	-1,7	-1,5	-2,4	-2,8	-4,0	-4,3
Bulgaria	-3,7	-2,8	1,6	0,9	-0,5	-0,3
Serbia	-6,6	-3,7	-1,3	1,2	0,3	0,1

f: NBG forecasts

Stock Markets (in local currency)

Country - Index	14/5/2018	Last week return (%)	Year-to-Date change (%)	2-year change (%)
Turkey - ISE100	103.370	2,5	-10,4	32,9
Romania - BET-BK	1.715	-0,7	3,8	44,5
Bulgaria - SOFIX	644	-1,3	-4,9	46,1
Serbia - BELEX15	737	-0,3	-2,9	19,1

Financial Markets

	14/5/2018	3-month forecast	6-month forecast	12-month forecast
1-m Money Market Rate (%)				
Turkey	14,8	14,0	13,5	12,5
Romania	2,7	2,7	2,8	3,0
Bulgaria	-0,1	0,1	0,1	0,2
Serbia	2,6	2,9	3,1	3,5
Currency				
TRY/EUR	5,21	5,07	5,05	5,10
RON/EUR	4,62	4,63	4,65	4,68
BGN/EUR	1,96	1,96	1,96	1,96
RSD/EUR	118,0	117,9	117,6	117,4
Sovereign Eurobond Spread (in bps)				
Turkey (USD 2020)(*)	256	210	180	150
Romania (EUR 2024)	106	107	108	110
Bulgaria (EUR 2022)	39	39	40	40
Serbia (USD 2021)(*)	154	145	135	120

(*) Spread over US Treasuries

Economic Calendar

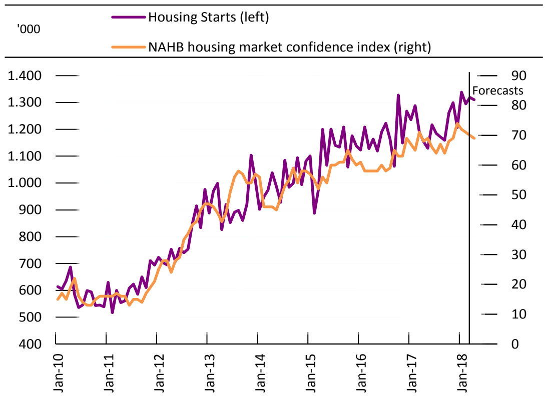
The key macro events next week include the housing, retail sales and industrial production data for April in the US. Industrial production is expected at 0.6% mom compared with 0.5% mom in March.

In the euro area, markets will focus on the 2nd preliminary estimate for GDP in Q1:18. GDP growth is expected to remain unchanged compared with the 1st estimate (final data is due at June 7th).

UK labor market data for March is released on Tuesday. Consensus expects the unemployment rate stable at 4.2%.

In Japan, the first estimate for Q1:18 GDP growth is released. GDP is expected at 0.0% qoq in Q1:18, from 0.4% qoq in Q4:17.

US Housing Starts & NAHB Housing market Confidence Index



Source: NBG Research, Bloomberg

Economic News Calendar for the period: May 8 - May 21, 2018

Tuesday 8

GERMANY		S		A	P
Industrial Production (sa, MoM)	March	0.8%	+	1.0%	-1.7%
Industrial Production (wda, YoY)	March	3.0%	+	3.2%	2.2%
CHINA					
Exports (YoY)	April	8.0%	+	12.9%	-2.7%
Imports (YoY)	April	16.0%	+	21.5%	14.4%

Wednesday 9

US		S		A	P
Wholesale trade (MoM)	March	..		0.3%	1.1%
JAPAN					
Coincident Index	March	116.4		116.4	116.0
Leading Index	March	105.1	-	105.0	105.9

Thursday 10

US		S		A	P
CPI (YoY)	April	2.5%		2.5%	2.4%
Core CPI (YoY)	April	2.2%	-	2.1%	2.1%
Initial Jobless Claims (k)	May 5	219	+	211	211
Continuing Claims (k)	April 28	1800	+	1790	1760
UK					
Bank of England Inflation Report					
Industrial Production (MoM)	March	0.2%	-	0.1%	0.1%
Industrial Production (YoY)	March	3.1%	-	2.9%	2.1%
BoE announces its intervention rate	May 10	0.50%		0.50%	0.50%
BoE Asset Purchase Target (£bn)	May	435		435	435
JAPAN					
Eco Watchers Current Survey	April	49.0		49.0	48.9
Eco Watchers Outlook Survey	April	49.9	+	50.1	49.6
EURO AREA					
ECB publishes its Economic bulletin					
CHINA					
CPI (YoY)	April	1.9%	-	1.8%	2.1%

Friday 11

US		S		A	P
University of Michigan consumer confidence	May	98.3	+	98.8	98.8
CHINA					
Aggregate Financing (RMB bn)	April	1350.0	+	1560.0	1332.3
New Yuan Loans (RMB bn)	April	1100.0	+	1180.0	1120.0
Money Supply M0 (YoY)	April	5.8%		4.5%	6.0%
Money Supply M1 (YoY)	April	7.0%		7.2%	7.1%
Money Supply M2 (YoY)	April	8.5%		8.3%	8.2%

Monday 14

Tuesday 15

US		S	A	P
Empire Manufacturing	May	15.0	..	15.8
Retail Sales Advance (MoM)	April	0.3%	..	0.6%
Retail sales ex-autos (MoM)	April	0.5%	..	0.2%
NAHB housing market confidence index	May	70	..	69
Net Long-term TIC Flows ($ bn)	March	..	..	49.0
UK				
ILO Unemployment Rate	March	4.2%	..	4.2%
GERMANY				
GDP (QoQ)	Q1:18	0.4%	..	0.6%
GDP (wda, YoY)	Q1:18	2.4%	..	2.9%
ZEW survey current situation	May	85.2	..	87.9
ZEW survey expectations	May	-8.2	..	-8.2

EURO AREA		S	A	P
Industrial Production (sa, MoM)	March	0.7%	..	-0.8%
Industrial Production (wda, YoY)	March	3.7%	..	2.9%
GDP (QoQ)	Q1:18	0.4%	..	0.4%
GDP (YoY)	Q1:18	2.5%	..	2.5%
CHINA				
Retail sales (YoY)	April	10.0%	..	10.1%
Industrial production (YoY)	April	6.4%	..	6.0%

Wednesday 16

US		S	A	P
Housing starts (k)	April	1310	..	1319
Building permits (k)	April	1350	..	1379
Industrial Production (MoM)	April	0.6%	..	0.5%
JAPAN				
GDP (QoQ)	Q1:18	0.0%	..	0.4%
GDP Private Consumption	Q1:18	0.0%	..	0.5%
GDP Business Spending (QoQ)	Q1:18	0.4%	..	1.0%

Thursday 17

US		S	A	P
Initial Jobless Claims (k)	May 12	215	..	211
Continuing Claims (k)	May 5	1778	..	1790
Philadelphia Fed Business Outlook	May	21.2	..	23.2

Friday 18

US		S	A	P
Mortgage delinquencies	Q1:18	..	..	5.17%
Mortgage foreclosures	Q1;18	..	..	1.19%
JAPAN				
CPI (YoY)	April	0.7%	..	1.1%
Core CPI (YoY) - ex. Fresh Food	April	0.8%	..	0.9%
Core CPI (YoY) - ex. Fresh Food and Energy	April	0.4%	..	0.5%
EURO AREA				
Trade Balance SA (€ bn)	March	21.1	..	21.0

Monday 21

JAPAN		S	A	P
Exports YoY	April	..	..	2.1%
Imports YoY	April	..	..	-0.6%

Source: NBG Research, Bloomberg

S: Bloomberg Consensus Analysts Survey, A: Actual Outcome, P: Previous Outcome

Equity Markets (in local currency)

Developed Markets		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)	Emerging Markets	Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
US	S&P 500	2728	2,4	2,0	13,9	32,1	MSCI Emerging Markets	61999	2,4	1,8	16,0	39,7
Japan	NIKKEI 225	22758	1,3	0,0	14,0	37,3	MSCI Asia	941	2,6	1,9	18,5	47,2
UK	FTSE 100	7725	2,1	0,5	4,6	25,3	China	93	4,2	5,0	34,6	73,7
Canada	S&P/TSX	15983	1,6	-1,4	2,8	15,9	Korea	745	0,4	-0,6	10,4	40,1
Hong Kong	Hang Seng	31122	4,0	4,0	23,9	55,2	MSCI Latin America	90702	1,7	5,8	14,7	34,4
Euro area	EuroStoxx	396	0,7	2,6	1,7	24,7	Brazil	286051	3,0	11,2	23,6	51,9
Germany	DAX 30	13001	1,4	0,6	2,3	30,3	Mexico	44282	-0,7	-4,9	-4,6	3,1
France	CAC 40	5542	0,5	4,3	2,9	28,4	MSCI Europe	5541	2,5	2,9	11,0	23,0
Italy	FTSE/MIB	24159	-0,7	10,6	12,5	36,5	Russia	1070	3,2	12,0	20,6	25,6
Spain	IBEX-35	10271	1,7	2,3	-5,4	18,6	Turkey	1381578	-0,1	-12,7	3,4	23,7

World Market Sectors (MSCI Indices)

in US Dollar terms	Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)	in local currency	Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
Energy	237,3	3,2	6,1	16,5	22,0	Energy	239,4	3,0	6,5	13,3	22,4
Materials	278,6	2,4	-0,7	18,1	40,3	Materials	260,5	2,3	-0,3	13,7	39,7
Industrials	260,1	2,6	-0,6	11,8	30,7	Industrials	254,1	2,5	-0,7	8,7	30,4
Consumer Discretionary	251,3	1,0	4,9	16,1	32,9	Consumer Discretionary	240,5	0,9	4,7	13,6	33,0
Consumer Staples	216,0	0,3	-9,1	-4,4	-1,2	Consumer Staples	213,7	0,3	-8,9	-6,6	-0,5
Healthcare	227,7	2,0	0,0	6,9	14,1	Healthcare	223,7	2,0	0,2	5,3	14,4
Financials	126,7	2,5	-0,5	13,6	39,1	Financials	125,0	2,4	0,0	10,3	38,6
IT	242,5	3,2	9,9	28,2	71,8	IT	234,1	3,2	9,7	27,2	71,6
Telecoms	66,6	0,5	-6,3	-2,8	-7,5	Telecoms	68,2	0,4	-6,5	-5,9	-7,5
Utilities	125,4	-1,5	-1,4	1,9	4,7	Utilities	126,6	-1,6	-1,3	-0,7	4,5

Bond Markets (%)

10-Year Government Bond Yields	Current	Last week	Year Start	One Year Back	10-year average
US	2,97	2,95	2,41	2,33	2,55
Germany	0,56	0,54	0,43	0,39	1,70
Japan	0,05	0,05	0,05	0,05	0,72
UK	1,44	1,40	1,19	1,09	2,45
Greece	4,03	4,14	4,12	5,68	10,30
Ireland	0,97	0,97	0,67	0,86	4,17
Italy	1,87	1,79	2,01	2,24	3,53
Spain	1,27	1,30	1,57	1,63	3,49
Portugal	1,68	1,71	1,94	3,37	5,26

US Mortgage Market (1. Fixed-rate Mortgage)	Current	Last week	Year Start	One Year Back	10-year average
30-Year FRM[1] (%)	4,8	4,8	4,2	4,2	4,3
vs 30Yr Treasury (bps)	168	166	148	124	96

Government Bond Yield Spreads (in bps)	Current	Last week	Year Start	One Year Back	10-year average
US Treasuries 10Y/2Y	43	45	52	104	174
US Treasuries 10Y/5Y	13	17	20	48	88
Bunds 10Y/2Y	114	112	105	107	128
Bunds 10Y/5Y	62	62	63	71	77

Corporate Bond Spreads (in bps)	Current	Last week	Year Start	One Year Back	10-year average
EM Inv. Grade (IG)	161	162	138	159	265
EM High yield	394	391	371	436	803
US IG	115	117	98	118	194
US High yield	340	349	358	377	627
Euro area IG	94	94	87	106	167
Euro area High Yield	304	307	272	307	647

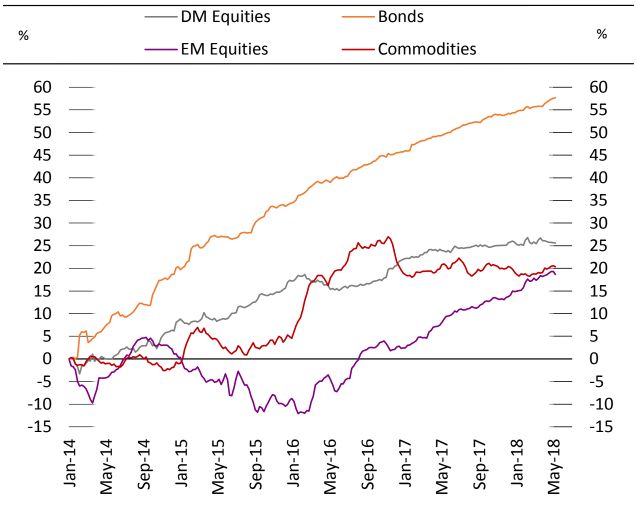
Foreign Exchange & Commodities

Foreign Exchange	Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)
Euro-based cross rates					
EUR/USD	1,19	-0,2	-3,4	10,0	-0,5
EUR/CHF	1,19	-0,1	0,9	9,2	2,1
EUR/GBP	0,88	-0,2	1,1	4,6	-0,6
EUR/JPY	130,62	0,1	-1,1	5,6	-3,4
EUR/NOK	9,56	-0,8	-0,5	2,3	-3,0
EUR/SEK	10,26	-2,6	-0,3	6,4	4,7
EUR/AUD	1,58	-0,2	-0,7	7,6	3,2
EUR/CAD	1,53	-0,5	-1,8	2,7	1,2
USD-based cross rates					
USD/CAD	1,28	-0,4	1,7	-6,6	1,8
USD/AUD	1,33	0,0	2,9	-2,1	3,6
USD/JPY	109,39	0,2	2,4	-3,9	-2,9

Commodities	Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)
Agricultural	394	-3,3	-1,7	-5,3	3,8
Energy	535	2,6	6,7	43,9	15,6
West Texas Oil ($)	71	1,4	5,8	47,8	17,0
Crude brent Oil ($)	77	2,2	6,2	52,5	14,5
Industrial Metals	1422	-0,4	-0,1	22,8	-1,9
Precious Metals	1582	0,6	-2,5	6,5	0,3
Gold ($)	1318	0,2	-2,6	7,6	1,2
Silver ($)	17	0,8	0,0	2,2	-1,6
Baltic Dry Index	1472	6,4	50,4	45,5	7,8
Baltic Dirty Tanker Index	657	1,1	4,6	-12,2	-20,6

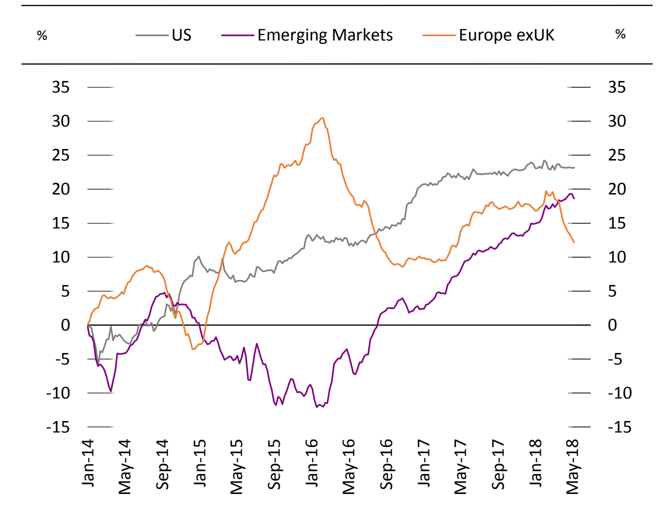
Source: Bloomberg, as of May 11th, S&P/Goldman Sachs Indices for Agricultural, Energy, Industrial & Precious Metals, BofA/ML Indices for Corporate Bond Spreads

Global Cross Asset ETFs: Flows as % of AUM



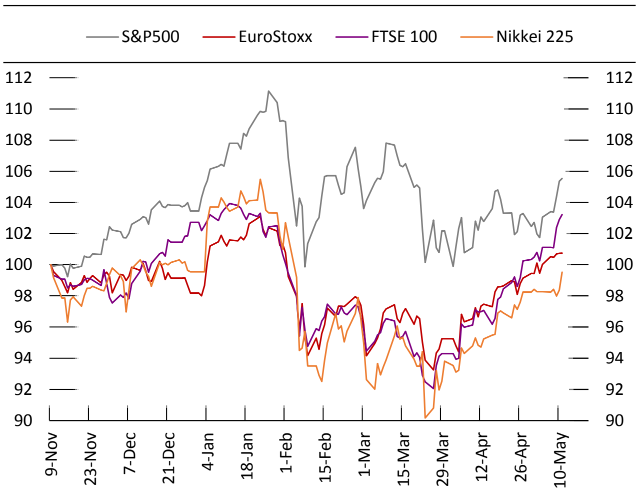
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of May 11th

Equity ETFs: Flows as % of AUM



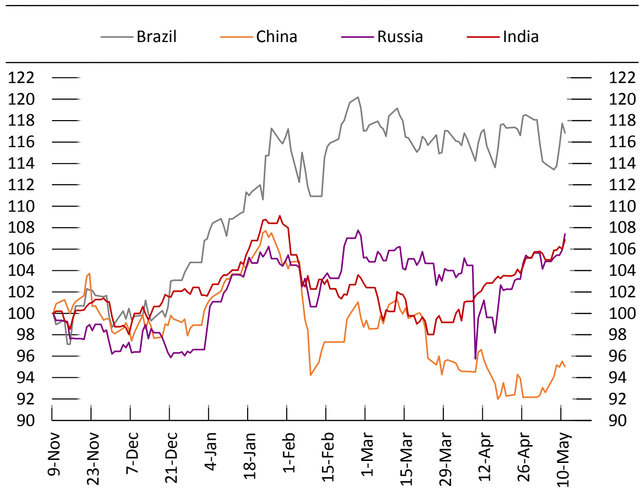
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of May 11th

Equity Market Performance - G4



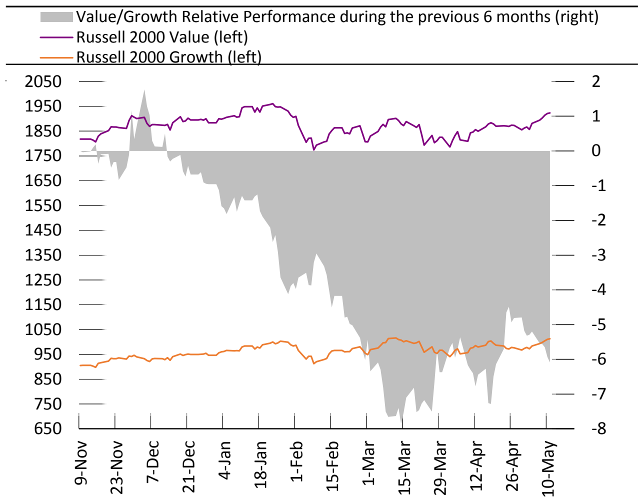
Source: Bloomberg - Data as of May 11th – Rebased @ 100

Equity Market Performance - BRICs



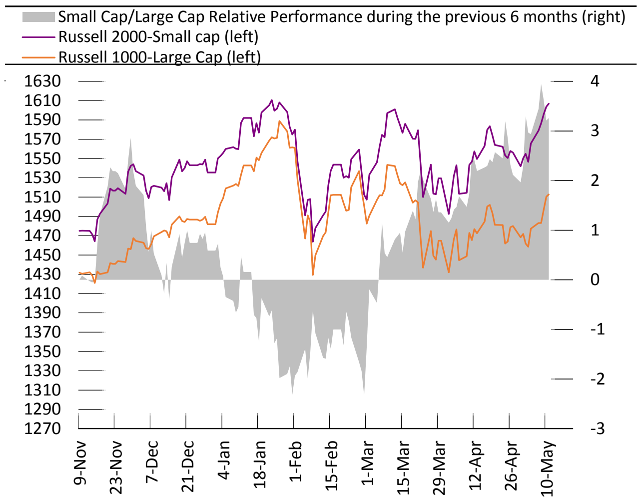
Source: Bloomberg - Data as of May 11th – Rebased @ 100

Russell 2000 Value & Growth Index



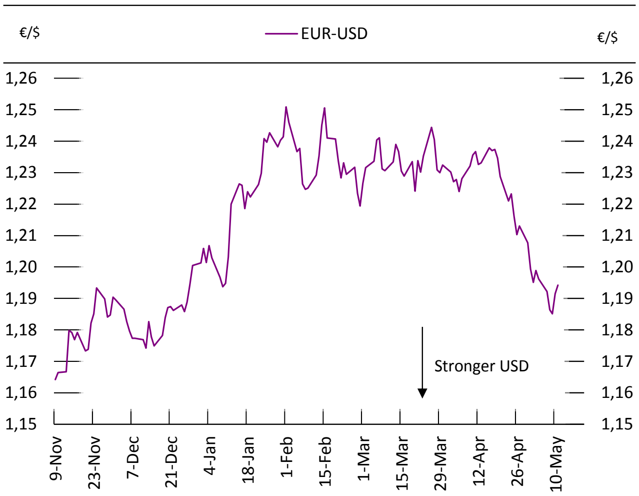
Source: Bloomberg, Data as of May 11th

Russell 2000 & Russell 1000 Index



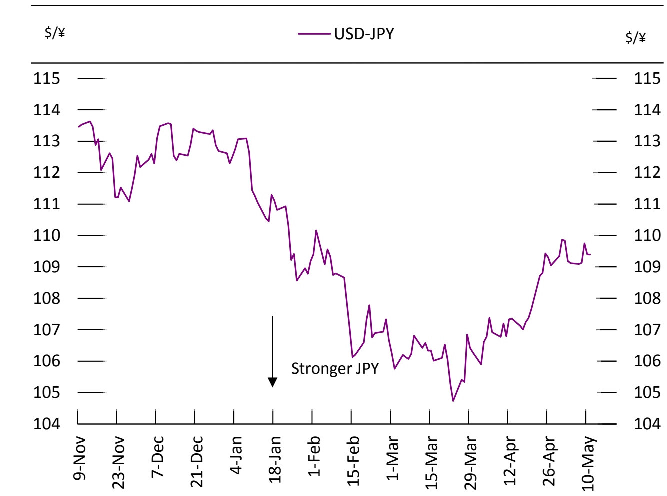
Source: Bloomberg, Data as of May 11th

EUR/USD



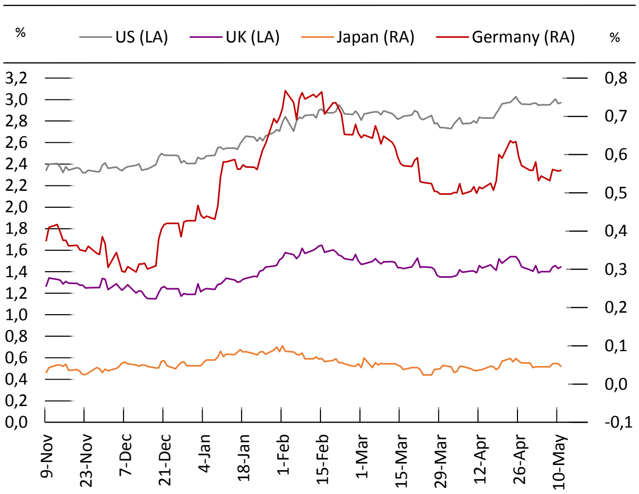
Source: Bloomberg, Data as of May 11th

JPY/USD



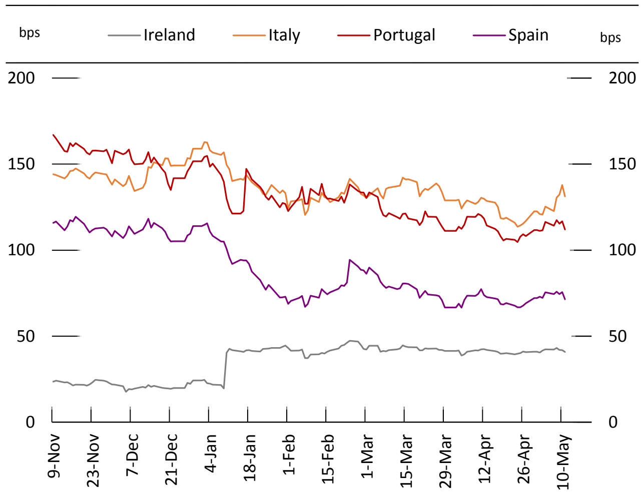
Source: Bloomberg, Data as of May 11th

10- Year Government Bond Yields



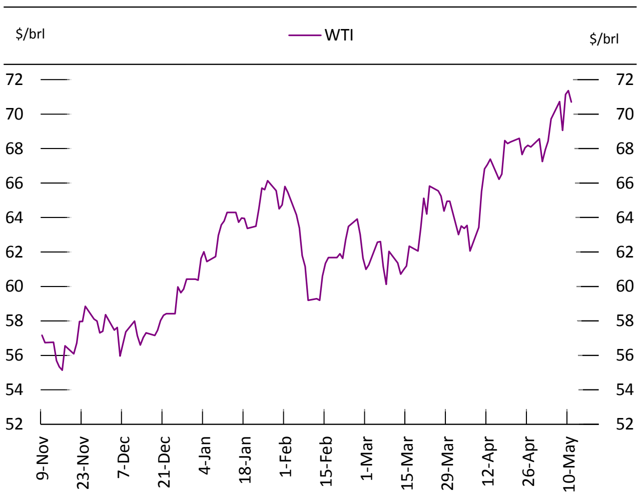
Source: Bloomberg - Data as of May 11th
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



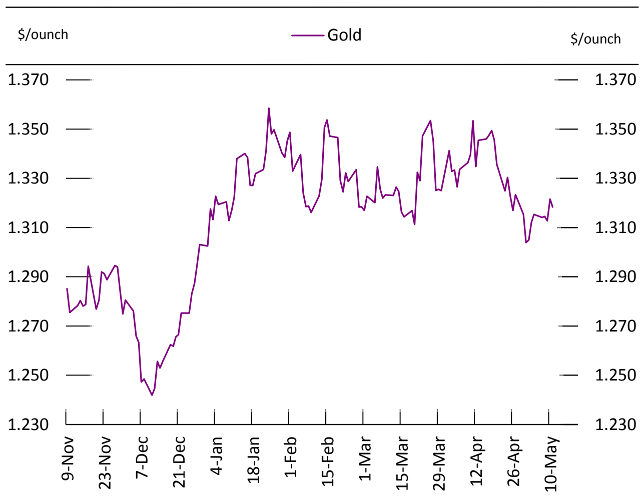
Source: Bloomberg - Data as of May 11th

West Texas Intermediate ($/brl)



Source: Bloomberg, Data as of May 11th

Gold ($/ounch)



Source: Bloomberg, Data as of May 11th

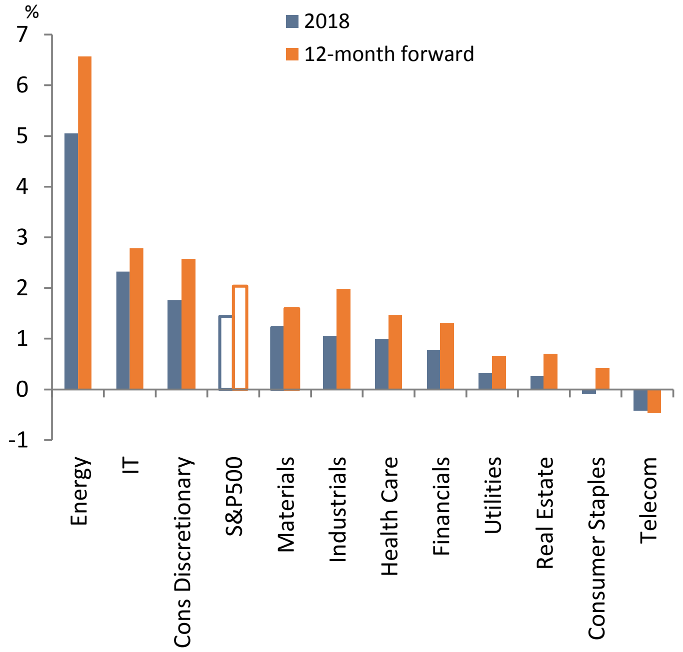
US Sectors Valuation

	Price ($)		EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	11/5/2018	% Weekly Change	2017	2018	2017	2018	2017	2018	12m fwd	10Yr Avg	2017	2018	12m fwd	10Yr Avg
S&P500	2728	2,4	11,7	20,4	1,8	2,0	20,5	17,1	16,5	14,4	3,3	3,2	3,1	2,3
Energy	565	3,8	249,3	85,3	2,9	2,8	34,1	21,2	20,2	19,7	1,8	2,0	2,0	1,8
Materials	369	1,9	9,6	25,6	1,8	2,0	20,9	16,5	16,0	14,9	2,9	2,6	2,6	2,7
Financials														
Diversified Financials	694	3,4	8,7	28,8	1,2	1,5	20,3	15,5	15,0	13,7	2,0	1,9	1,8	1,4
Banks	347	4,7	13,2	26,3	1,8	2,2	16,2	12,4	12,0	12,6	1,5	1,4	1,4	0,9
Insurance	386	1,2	2,5	36,9	2,0	2,2	16,6	11,9	11,6	10,1	1,4	1,3	1,3	1,0
Real Estate	194	0,6	2,5	5,1	3,6	3,6	17,3	17,2	16,9	17,4	3,1	3,1	3,1	2,6
Industrials														
Capital Goods	670	3,4	7,3	17,6	2,1	2,1	22,2	18,0	17,3	14,9	5,0	4,7	4,6	3,0
Transportation	734	3,8	0,8	24,9	1,6	1,8	17,5	14,7	14,0	14,1	4,1	4,0	3,8	3,1
Commercial Services	266	1,6	-1,7	16,0	1,4	1,5	24,6	21,7	20,9	18,3	4,0	3,8	3,7	3,0
Consumer Discretionary														
Retailing	2059	1,2	5,3	28,9	0,7	0,8	41,2	33,2	31,5	21,0	13,0	11,4	10,8	5,5
Media	499	0,2	11,7	17,8	1,4	1,6	18,1	14,4	14,0	15,1	2,8	2,4	2,3	2,3
Consumer Services	1063	0,7	12,9	20,1	1,7	2,0	24,1	20,3	19,5	18,0	8,9	9,1	9,0	4,8
Consumer Durables	322	0,6	-3,6	15,7	1,5	1,6	20,0	17,3	16,4	16,8	3,5	3,2	3,1	2,9
Automobiles and parts	130	0,6	2,9	-2,7	3,7	3,9	7,5	7,6	7,6	8,9	1,8	1,6	1,5	1,9
IT														
Technology	1171	2,5	14,6	17,6	1,7	1,8	17,4	15,4	14,9	12,4	5,3	6,4	6,4	2,8
Software & Services	1724	3,5	15,9	18,4	0,8	0,8	27,1	23,6	22,7	15,8	6,9	6,2	5,8	3,9
Semiconductors	1033	4,8	45,2	22,0	1,6	1,9	17,1	14,3	14,1	16,5	4,8	4,3	4,1	2,8
Consumer Staples														
Food & Staples Retailing	371	-1,5	-2,1	13,9	2,5	2,2	19,5	16,6	16,2	15,2	3,8	3,4	3,3	2,9
Food Beverage & Tobacco	613	-0,5	8,3	12,0	3,0	3,6	20,7	16,7	16,2	16,8	5,1	4,4	4,4	4,8
Household Goods	496	0,6	4,8	9,3	3,0	3,3	21,2	18,1	17,7	17,9	5,3	5,1	5,1	4,4
Health Care														
Pharmaceuticals	812	2,9	5,6	9,8	2,0	2,3	16,5	14,5	14,1	13,9	4,6	4,3	4,1	3,2
Healthcare Equipment	1086	1,9	12,6	16,4	1,0	1,1	19,8	17,3	16,7	13,9	3,4	3,1	3,0	2,4
Telecom	147	0,9	0,8	13,9	5,5	5,8	12,2	10,3	10,2	12,7	2,1	1,8	1,8	2,3
Utilities	255	-2,3	0,1	7,7	3,8	3,7	17,0	16,3	16,0	14,4	1,8	1,7	1,7	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

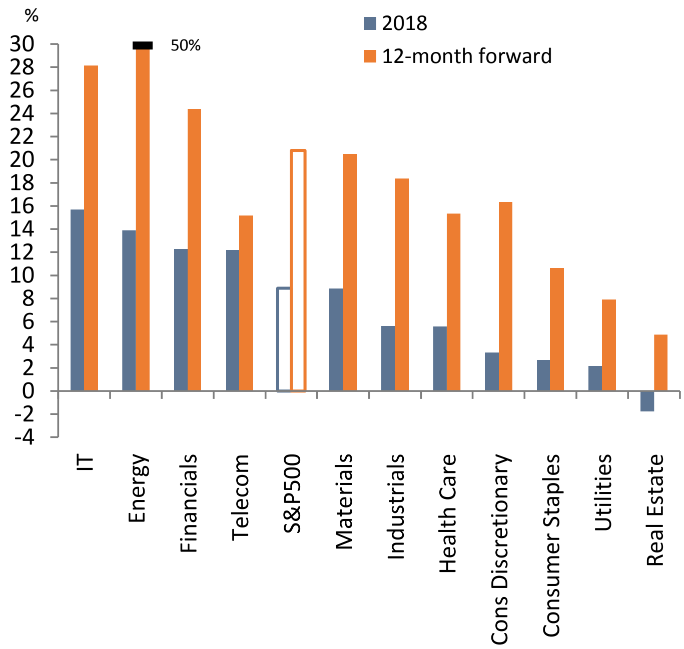
Earnings Revisions indicate 1-month change in 2018 & 12-month Forward EPS



Source: Factset, Data as of May 11th
12-month forward EPS are 64% of 2018 EPS and 36% of 2019 EPS

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

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



Source: Factset, Data as of May 11th
12-month forward EPS are 64% of 2018 EPS and 36% of 2019 EPS

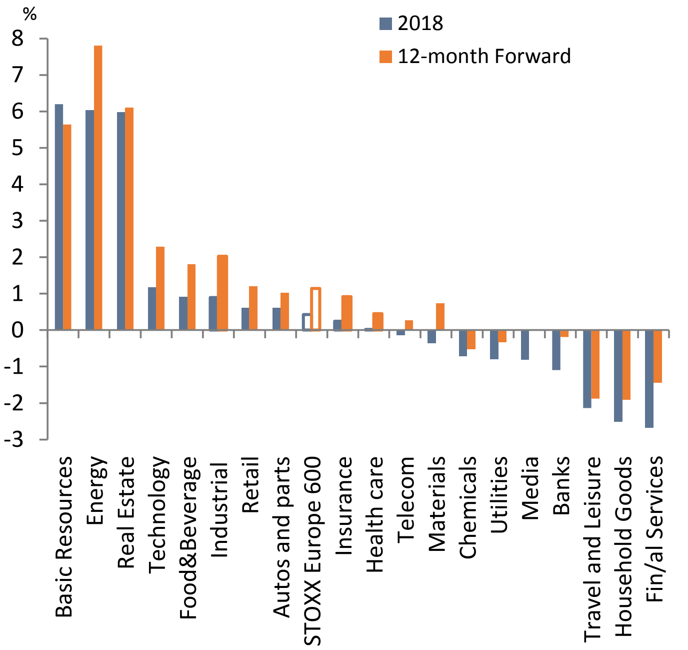
Europe Sectors Valuation

	Price (€)		EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	11/5/2018	% Weekly Change	2017	2018	2017	2018	2017	2018	12m fwd	10Yr Avg	2017	2018	12m fwd	10Yr Avg
STOXX Europe 600	392	1,4	13,6	8,7	3,3	3,4	16,2	15,4	15,0	12,8	1,9	1,9	1,8	1,5
Energy	368	2,6	68,4	26,8	4,8	4,4	16,6	15,1	14,7	11,3	1,4	1,5	1,5	1,2
Materials	463	1,3	12,2	8,0	2,8	2,9	18,1	17,3	16,6	14,3	1,9	2,0	1,9	1,5
Basic Resources	500	4,6	89,2	10,6	3,6	3,7	12,6	12,2	12,3	12,6	1,6	1,6	1,6	1,3
Chemicals	959	1,8	17,6	5,8	2,6	2,8	17,7	16,9	16,6	14,2	2,5	2,4	2,4	2,0
Financials														
Fin/al Services	512	1,7	14,5	-7,9	3,0	3,0	15,5	17,4	16,9	13,2	1,8	1,8	1,7	1,3
Banks	180	1,9	34,7	15,2	3,9	4,4	13,8	11,6	11,2	10,9	1,0	0,9	0,9	0,8
Insurance	295	0,1	-11,0	21,1	4,6	4,9	13,7	11,3	11,1	9,3	1,2	1,2	1,2	1,0
Real Estate	180	0,7	3,1	7,4	3,9	3,8	20,1	20,1	19,7	18,7	1,0	1,0	1,0	1,0
Industrial	545	2,4	9,5	9,8	2,5	2,6	20,0	18,7	18,0	14,5	3,3	3,1	3,0	2,3
Consumer Discretionary														
Media	286	1,4	4,8	0,5	2,9	3,3	16,9	17,6	17,1	14,1	3,1	3,0	3,0	2,4
Retail	316	1,6	1,5	7,5	2,9	2,8	19,8	19,5	18,9	16,0	2,6	2,7	2,6	2,4
Automobiles and parts	627	0,0	20,9	5,6	3,0	3,3	8,7	8,4	8,2	9,2	1,3	1,2	1,2	1,0
Travel and Leisure	256	0,0	15,4	4,0	2,4	2,5	13,8	13,0	12,6	15,7	2,9	2,5	2,4	2,1
Technology	465	2,8	7,9	12,9	1,5	1,5	24,4	22,9	21,8	17,0	3,5	3,5	3,4	2,6
Consumer Staples														
Food&Beverage	618	0,7	3,3	10,7	2,9	3,0	22,4	20,3	19,7	17,3	3,4	3,2	3,2	2,7
Household Goods	829	1,6	7,0	2,9	2,7	2,6	19,7	20,3	19,7	16,8	3,4	3,6	3,5	3,5
Health care	707	0,6	-3,6	2,1	2,9	2,9	16,7	16,9	16,4	14,1	3,3	3,2	3,1	3,0
Telecom	267	-0,5	16,0	0,4	4,9	4,9	15,4	15,7	15,2	13,4	1,8	1,8	1,8	1,6
Utilities	299	-1,2	-1,8	-3,2	5,3	4,9	13,1	15,0	14,7	12,1	1,3	1,5	1,4	1,3

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

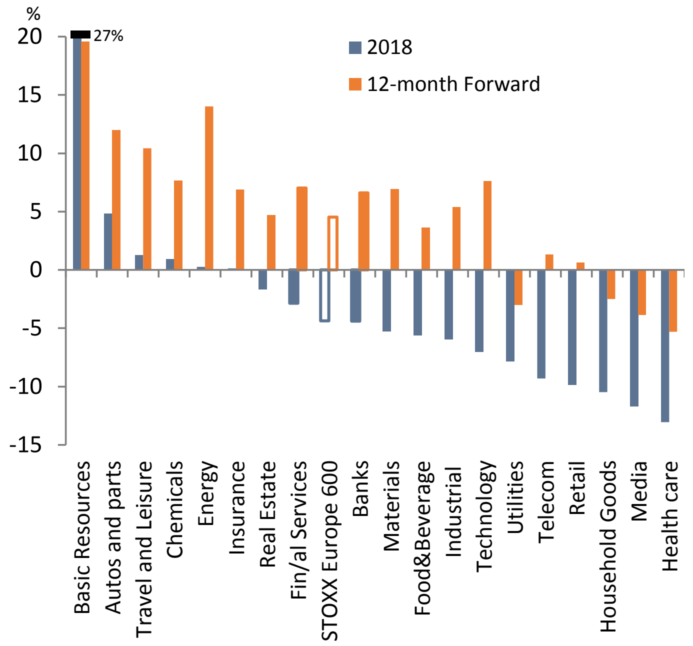
Earnings Revisions indicate 1-month change in 2018 & 12-month Forward EPS



Source: Factset, Data as of May 11th
12-month forward EPS are 64% of 2018 EPS and 36% of 2019 EPS

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

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



Source: Factset, Data as of May 11th
12-month forward EPS are 64% of 2018 EPS and 36% of 2019 EPS

DISCLOSURES:

This report has been produced by the Economic Research Division of the National Bank of Greece, which is regulated by the Bank of Greece, and is provided solely as a sheer reference for the information of experienced and sophisticated investors who are expected and considered to be fully able to make their own investment decisions without reliance on its contents, i.e. only after effecting their own independent enquiry from sources of the investors' sole choice. The information contained in this report does not constitute the provision of investment advice and under no circumstances is it to be used or considered as an offer or an invitation to buy or sell or a solicitation of an offer or invitation to buy or sell or enter into any agreement with respect to any security, product, service or investment. No information or opinion contained in this report shall constitute any representation or warranty as to future performance of any financial instrument, credit, currency rate or other market or economic measure. Past performance is not necessarily a reliable guide to future performance. National Bank of Greece and/or its affiliates shall not be liable in any matter whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance on or usage of this report and accepts no legal responsibility to any investor who directly or indirectly receives this report. The final investment decision must be made by the investor and the responsibility for the investment must be taken by the investor.

Any data provided in this report has been obtained from sources believed to be reliable but has not been independently verified. Because of the possibility of error on the part of such sources, National Bank of Greece does not guarantee the accuracy, timeliness or usefulness of any information. Information and opinions contained in this report are subject to change without notice and there is no obligation to update the information and opinions contained in this report. The National Bank of Greece and its affiliate companies, its representatives, its managers and/or its personnel or other persons related to it, accept no responsibility, or liability as to the accuracy, or completeness of the information contained in this report, or for any loss in general arising from any use of this report including investment decisions based on this report. This report does not constitute investment research or a research recommendation and as such it has not been prepared in accordance with legal requirements designed to promote investment research independence. This report does not purport to contain all the information that a prospective investor may require. Recipients of this report should independently evaluate particular information and opinions and seek the advice of their own professional and financial advisers in relation to any investment, financial, legal, business, tax, accounting or regulatory issues before making any investment or entering into any transaction in relation to information and opinions discussed herein.

National Bank of Greece has prepared and published this report wholly independently of any of its affiliates and thus any commitments, views, outlook, ratings or target prices expressed in these reports may differ substantially from any similar reports issued by affiliates which may be based upon different sources and methodologies.

This report is not directed to, or intended for distribution to use or use by, any person or entity that is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to any law, regulation or rule.

ANALYST CERTIFICATION:

The research analyst denoted by an "AC" on page 1 holds the certificate (type Δ) of the Hellenic Capital Market Commission/Bank of Greece which allows her/him to conduct market analysis and reporting and hereby certifies that all of the views expressed in this report accurately reflect his or her personal views solely, about any and all of the subject issues. Further, each of these individuals also certifies that no part of any of the report analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report. Also, all opinions and estimates are subject to change without notice and there is no obligation for update.