



Strong expectations for corporate profitability support equities

- The IMF maintained its global GDP growth forecast for 2018 and 2019 at 3.9% (July 2018 WEO), 0.2 pps above the outcome in 2017, which was the strongest performance since 2011. However, it downgraded its forecast for Europe and Japan (see table).
- The IMF views the balance of risks as tilted to the downside in both the short-term (versus “balanced” in April) and in the medium-term (as was also the case in April). The negative shift is mainly related to an increased possibility for escalating and sustained international trade disputes.
- Regarding the latter, trade brinkmanship continued in the past week. Indeed, on July 10th, the US announced increased tariffs of 10% on \$200 billion worth of Chinese imported goods. The tariffs will not be imposed for two months, allowing a period of public comment on the list of products. A public hearing is scheduled for August 20-23.
- Although the direct effects on global GDP from the higher tariffs are expected to be modest, the wild card for economic momentum is their potential negative implications for business sentiment and consequently for investment decisions. Recall that, according to business surveys from regional Federal Reserve Banks in the US, the effects on capital expenditure plans, at least for the short-term, appear contained, so far (see graph).
- Corporate earnings guidance for future quarters provided by companies will be closely monitored, *inter alia*, for assessing the impact of trade tensions on business sentiment. Regarding company results for Q2:2018, the S&P 500 earnings season commenced in line with expectations (see page 3).
- Global equities recorded gains for a second consecutive week (MSCI World: +1.0% wow | +0.4% ytd), as investors’ attention remained focused on strong current fundamentals (still robust economic activity, corporate profits).
- The Nikkei 225 over-performed, rising by 3.7% wow (-0.7% ytd), on the back of a weaker Japanese Yen (-1.7% wow against the USD, to ¥112.35, a circa 6-month low), due to weaker safe haven demand.
- Chinese equities, during the past week, recovered some of their severe losses in recent months (CSI 300: +3.8% wow | -21% since late-January 2018), but fell slightly on Monday (-0.6%), following the release of Q2:2018 GDP data (see Economics).
- Regarding government bonds, the flattening of the yield curve continued during the past week in the US, with the 10/2 spread for US Treasuries narrowing by 4 bps, to an 11-year low of 25 bps (-27 bps ytd).

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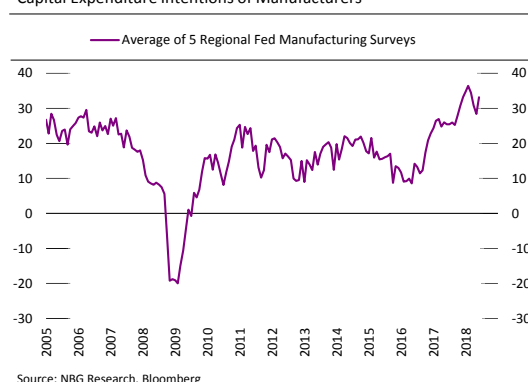
Charts of the week

IMF Forecasts: Real GDP Growth

| | 2017 | 2018 IMF | | 2019 IMF | |
|---------------------|------|-----------------|----------------|-----------------|----------------|
| | | April Forecasts | July Forecasts | April Forecasts | July Forecasts |
| World | 3,7 | 3,9 | 3,9 | 3,9 | 3,9 |
| Developed Economies | 2,4 | 2,5 | ↓ 2,4 | 2,2 | 2,2 |
| US | 2,3 | 2,9 | ↓ 2,9 | 2,7 | 2,7 |
| Euro area | 2,4 | 2,4 | ↓ 2,2 | 2,0 | ↓ 1,9 |
| Japan | 1,7 | 1,2 | ↓ 1,0 | 0,9 | 0,9 |
| UK | 1,7 | 1,6 | ↓ 1,4 | 1,5 | 1,5 |
| Emerging Economies | 4,7 | 4,9 | 4,9 | 5,1 | 5,1 |
| China | 6,9 | 6,6 | 6,6 | 6,4 | 6,4 |
| India | 6,7 | 7,4 | ↓ 7,3 | 7,8 | ↓ 7,5 |
| Russia | 1,5 | 1,7 | 1,7 | 1,5 | 1,5 |
| Brazil | 1,0 | 2,3 | ↓ 1,8 | 2,5 | 2,5 |

Source: NBG Research, IMF World Economic Outlook July 2018

Capital Expenditure Intentions of Manufacturers



US inflation in line with expectations in June

- **Headline, as well as core CPI, accelerated slightly in June.** Headline CPI was +2.9% yoy (the highest since February 2012), compared with +2.8% yoy in May. At the same time, core CPI rose by 0.2% on a monthly basis. Annual growth accelerated slightly, by 0.1 pp to 2.3% yoy (the highest since January 2017), in line with consensus estimates. Recall that the PCE deflator in May (the Fed's preferred measure for gauging inflationary pressures) stood at 2.3% yoy and the core figure at 2.0% yoy (up by 0.2 pps compared with April).

Consumer lending in the US was above expectations in May, following weak readings in previous months

- **The flow of consumer credit was strong in May, at a 6-month high of \$24.6 bn.** As a result, the annual growth of consumer loans accelerated to 4.8% yoy, compared with a 17-month low of 4.6% yoy in April, and remains well below its peak of +6.7% yoy in February 2017. Recall that, in the period February 2017 to April 2018, consumers had exhibited increased propensity to fund purchases via their income (thus making less savings). In the event, the households' savings ratio (personal savings, i.e. income minus outlays and taxes, as % of disposable personal income) had declined to 3.0% in April 2018, compared with 4.1% in February 2017 (3.2% in May 2018).

Increased mobility in the US labor market, due to highly favorable conditions

- **The latest data from the Job Openings and Labor Turnover Survey (JOLTS) suggest the continuation of a strong underlying pace of job creation and a solid labor market.** Job openings remained elevated, declining only modestly, to 6.64mn in May, from a record high (since the survey began in December 2000) of 6.84mn in April (consensus: 6.62mn). At the same time, hires reached 5.75mn, the highest since January 2001. In view of the high availability of job positions, mobility in the labor market, as indicated by the "quits rate" (number of quits to total employment), reached 2.4% in May, also the highest since January 2001. Recall that the latter metric has been cited, on various occasions in the past by the Fed, as an additional indicator to be monitored, in the context of assessing labor market slack (a higher "quits rate" indicates less slack).

Sequential improvement for euro area industrial production

- **Industrial production rose in May, broadly in line with consensus estimates.** Specifically, industrial production increased by 1.3% mom (+2.3% yoy), compared with -0.8% mom (+1.8% yoy) in April. Germany (29% of euro area GDP) led the improvement, with industrial production growth up to +2.5% mom, compared with -1.8% mom in April. Overall, so far in Q2:18, euro area industrial production growth remains in negative territory, down by 0.6% qoq saar (April-May average versus Q1:2018 average). Nevertheless, it improved compared with -2.2% qoq saar in Q1:2018 and leaves room for optimism that the overall economic momentum is starting to stabilize, following a considerable easing in Q1:2018 (GDP: +1.5% qoq saar versus +2.8% qoq saar in Q4:17).

The European Commission downgraded its estimate for euro area GDP in 2018, as expected

- **The European Commission (EC) reduced its forecast for euro area GDP growth in 2018, due to weaker-than-previously-anticipated economic momentum.** The EC views the balance of risks to the outlook as tilted to the downside (beyond the short-term), highlighting those associated with a further escalation of international trade tensions. Overall, the EC expects GDP growth at (a still robust) 2.1% yoy in 2018 (versus 2.3% yoy in its previous projections in May). This is in line with ECB staff forecasts (consensus: +2.2% yoy). For 2019, the EC continues to anticipate GDP growth of 2.0% yoy, being slightly more optimistic compared with the ECB and consensus (both foreseeing +1.9% yoy). The EC noted that possible indirect negative effects of trade protectionism on economic confidence, which could weigh, *inter alia*, on investment decisions, were not incorporated in the outlook.

UK GDP improves

- **The monthly estimate for UK GDP (a new bulletin by the Office for National Statistics) supports the view that the weak GDP performance in Q1:2018 (+0.2% qoq) was below the underlying trend.** Specifically, GDP grew by 0.3% on a monthly basis in May, compared with +0.2% mom in April (and flat monthly growth in March). The headline figure was supported by output in the dominant services sector (79% of total), which increased by 0.3% mom in May, as well as a pick-up in construction (6% of total), to +2.9% mom (following a flat outcome in April and -1.8% mom in March). On the other hand, industrial production declined by 0.4% mom, although the less volatile manufacturing output (73% of total industrial production) rose by 0.4% mom. Overall, the latest data suggest that GDP is broadly in line with the Bank of England's expectations for an improvement to +0.4% qoq in Q2:2018 (May Inflation Report).

Chinese GDP decelerates slightly, as expected

- **GDP growth was in line with expectations in Q2:18, at +6.7% yoy, compared with +6.8% yoy in Q1:18 (and +6.9% yoy overall in FY:2017).** Relatively soft government spending and ongoing efforts to curtail shadow banking (and stem excessive leverage) have tempered economic activity. Indeed, fixed asset investment decelerated in Q2:18 (to 6.4% yoy in Q2:18, on average, compared with 7.5% yoy in Q1:18), largely due to lower growth in infrastructure investment spending, while credit growth eased (Total Social Financing: +10.2% yoy in Q2:18, on average, compared with +11.0% yoy in Q1:18). In contrast, private consumption remained robust, supporting domestic demand, with retail sales up by 9.0% yoy, on average, in Q2:18, compared with +9.6% yoy in Q1:18. Industrial production posted an increase of 6.6% yoy on average in Q2:18, compared with +6.1% in Q1:18, while overall industrial capacity utilization rose by 0.2 pps to 76.7% in Q2:18, suggesting improved efficiency in the industrial sector and progress towards stemming overcapacity. Overall, GDP growth, despite decelerating slightly, remains comfortably in line with the Government's annual target of "around 6.5% yoy" for 2018.

Equities

- Global equity markets recorded gains in the past week, as a positive outlook for current fundamentals (economic data, corporate earnings), offset trade tensions.** Overall, the MSCI World index was up by 1.0% w/w, with emerging markets (+1.5% w/w) overperforming their developed market peers (+1.0% w/w). Chinese equities rose by 3.8% w/w, albeit remaining circa 20% below their peak in late-January 2018. The S&P500 ended the week up by 1.5%, the highest level since February 1st, with the Technology Sector leading the increase (+2.3% w/w). The US Q1:18 earnings season started on a positive note. Indeed, out of the 27 companies that have reported results so far, circa 85% have exceeded analyst estimates. Note that analyst expectations for EPS growth in Q2:18 stand at +20% yoy from +25% yoy in Q1:18. Earnings are expected to rise in all 11 sectors. In the Financial sector, better-than-expected earnings results were reported by JPMorgan (\$2.29 versus \$2.22) and Citigroup (\$1.63 versus \$1.56), while Wells Fargo fell short of expectations (\$0.98 versus \$1.12). Overall, S&P 500 Banks were up slightly by 0.7% w/w. On the other side of the Atlantic, the EuroStoxx was up by 0.6% w/w, with the Industrial sector recording strong gains (+2.8% w/w). In the UK, the FTSE 100 index rose by 0.6% w/w.

Fixed Income

- Government bond yields were mixed in the past week.** Specifically, the US Treasury 10-Year yield was broadly unchanged at 2.83%. In Germany, the 10-Year Bund Yield rose by 5 bps to 0.34%, following a media report which suggested that, as far as the timing for keeping interest rates at present levels is concerned, there is a split among ECB Governing Council members regarding the exact meaning of the phrase “at least through the summer of 2019” in the latest monetary policy decision (June 13-14). It should be noted, however, that this split was not evident in the official minutes of the latest ECB meeting (published on July 12th). Periphery bond spreads over the Bund narrowed in Italy (-21 bps to 221 bps), in Spain (-9 bps to 92 bps) and in Portugal (-12 bps to 139 bps), due to increased risk appetite by investors.

Corporate bond spreads declined in the past week, as economic data were supportive and expectations rise for a strong earnings season. Specifically, US and Euro Area HY spreads declined by 12 bps w/w to 362 bps and 360 bps, respectively. In the investment grade spectrum, both US and euro area corporate bond spreads declined by 4 bps w/w, to 124 bps and 116 bps, respectively.

FX and Commodities

- In foreign exchange markets, the USD gained ground in the past week, in view of continuing US trade protectionism tendencies.** Specifically, the US Dollar rose by 0.5% w/w against the euro to \$1.169. The increase was more profound against the Japanese Yen, up by 1.7%, to ¥112.35 (a circa 6-month high), as the latter was held down also by weaker “safe haven” demand. Meanwhile, the British pound weakened slightly on a weekly basis, declining by 0.4% against the USD to \$1.322, while remaining flat against the euro at €0.883, in anticipation of the next developments in “Brexit” negotiations. In the event, the UK government published a “White Paper”, laying out its proposals for the post-Brexit trading relationships with the EU. Formal negotiations between the UK’s new “Brexit” Secretary, Dominic Raab, and the EU’s chief negotiator, Michel Barnier, resume this week.

- In commodities, oil prices declined in the past week, as escalating US-China trade tensions threaten to hurt oil demand and news that Libya will reopen its ports raised expectations of higher oil supply.** Note that Libyan oil production has fallen to 690k barrels per day following port closures in late-June 2018 from a high of 1.05 million barrels per day in February. Overall, the WTI declined by 3.8% w/w to \$71/barrel and Brent by 3% to \$74.3/barrel.

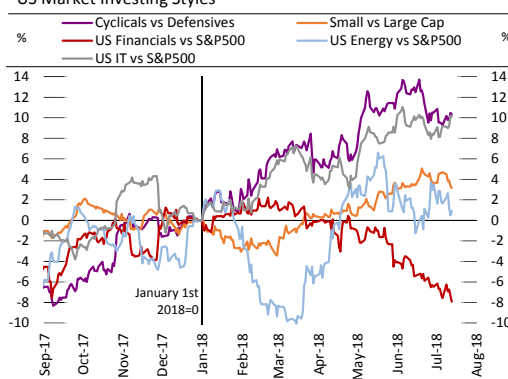
Table: S&P500 EPS Growth Estimates YoY (%)

| | 2017 | Q1:18 | Q2:18 e | Q3:18 e | Q4:18 e | 2018 e |
|------------------------|-------|-------|---------|---------|---------|--------|
| Energy | 255.1 | 99.2 | 144.0 | 96.0 | 89.1 | 101.7 |
| Materials | 25.8 | 54.3 | 49.5 | 32.5 | 15.4 | 28.2 |
| Financials | 7.1 | 26.9 | 17.7 | 38.6 | 22.4 | 27.5 |
| Real Estate | 6.7 | 8.1 | 5.8 | 6.4 | 7.4 | 6.1 |
| Industrials | 4.1 | 23.1 | 13.1 | 17.4 | 19.3 | 17.3 |
| Consumer Discretionary | 3.1 | 14.4 | 13.5 | 17.6 | 18.7 | 17.3 |
| IT | 18.9 | 34.0 | 24.9 | 15.2 | 11.3 | 17.7 |
| Consumer Staples | 3.3 | 10.1 | 8.2 | 9.7 | 10.8 | 10.3 |
| Health Care | 6.6 | 14.7 | 9.7 | 9.7 | 11.6 | 11.7 |
| Telecom Services | 6.3 | 18.7 | 26.5 | 33.0 | 24.8 | 25.8 |
| Utilities | 1.9 | 17.8 | 1.1 | 8.1 | 11.9 | 10.4 |
| S&P500 | 11.2 | 25.0 | 19.9 | 21.3 | 17.7 | 20.4 |

Source: Factset, Data as of July 13th

Graph 1.

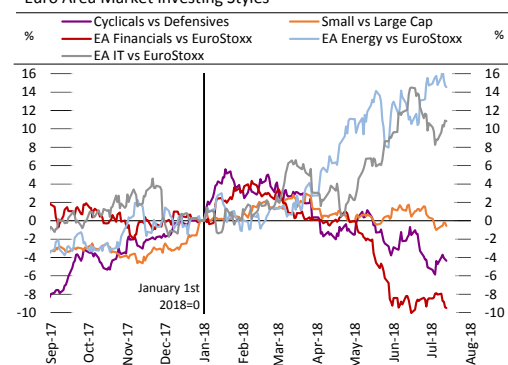
US Market Investing Styles



Source: NBG Research, Bloomberg

Graph 2.

Euro Area Market Investing Styles



Source: NBG Research, Bloomberg

Graph 3.

Quote of the week: “Our modeling suggests that if current trade policy threats are realized and business confidence falls as a result, global output could be about 0.5 percent below current projections by 2020”, **IMF Chief Economist, Maurice Obstfeld**, July 16th 2018.

Tactical Asset Allocation (3-month)

- Equities:** We remain Neutral/Overweight relative to a 55-40-5 portfolio. GDP growth and corporate earnings are strong (particularly in the US), albeit “trade concerns” and the peak of central bank (C/B) liquidity weighs. Volatility in returns will prevail in the rest of 2018 resulting in lower risk-adjusted returns. US tax-reform may continue to support equities albeit we closed our O/W locking in gains. We also closed our O/W position in euro area banks recording losses as Italian concerns and low-for-longer interest rates by the ECB reduce our confidence in this trade.
- Government Bonds:** Higher yields due to less aggressive C/Bs, reduced liquidity and stronger inflation data, albeit safe haven demand could support prices near-term. **Underweight Govies.** Steeper curves, particularly in Bunds.
- Credit:** 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/ Cyclical | Neutral | We turn Neutral Defensives amid elevated volatility and favorable relative valuations. Underweight Consumer Discretionary (Cyclicals) as the sector is a major underperformer during Fed hiking cycles and has high wage expenses. |

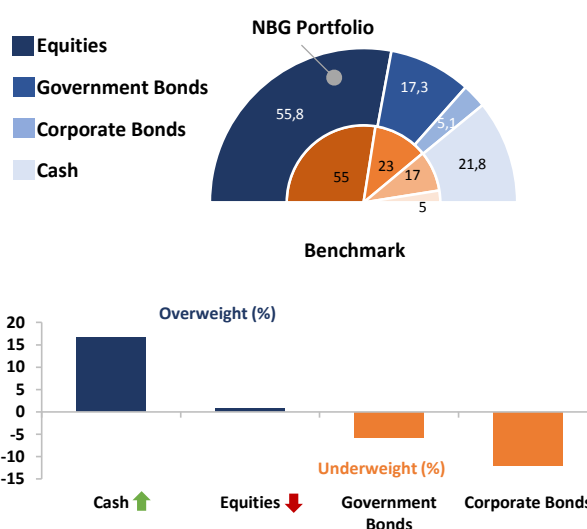
| EA Sector | Position | View/Comment |
|----------------------|----------------|---|
| Energy | Neutral | OPEC's deal extension until end of 2018 has supported oil prices. However, US oil production is increasing (at 2015 high levels) and expected RoE for Energy firms remains low. Light positioning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

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

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.

Total Portfolio Allocation



Detailed Portfolio Breakdown

| Equities | Portfolio | Benchmark | OW/UW |
|---------------------|-----------|-----------|-------|
| US | 52 | 52 | - |
| Euro area | 12 | 10 | 2,0 |
| UK | 7 | 7 | - |
| Rest of Dev. Europe | 5 | 5 | - |
| Japan | 9 | 7 | 2,0 |
| Rest of Dev. World | 8 | 8 | - |
| Emerging Markets | 7 | 11 | -4,0 |
| 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 | - |

| | US | Euro Area | Japan | UK |
|------------------|--|--|---|---|
| Equity Markets | <ul style="list-style-type: none"> + 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 <p>● Neutral/Positive</p> | <ul style="list-style-type: none"> + 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 plateauing economic growth - Strong Euro in NEER terms (2017 vs 2016) - Political uncertainty (Spain, Italy) could re-emerge <p>● Neutral</p> | <ul style="list-style-type: none"> + 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 <p>● Neutral</p> | <ul style="list-style-type: none"> + 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 <p>● Neutral/Negative</p> |
| Government Bonds | <ul style="list-style-type: none"> + 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 <p>▲ Higher yields expected</p> | <ul style="list-style-type: none"> + 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 <p>▲ Higher yields expected</p> | <ul style="list-style-type: none"> + 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% <p>● Stable yields expected</p> | <ul style="list-style-type: none"> + 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 <p>▲ Higher yields expected</p> |
| Foreign Exchange | <ul style="list-style-type: none"> + 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 <p>▲ Long USD against its major counterparts ex-EUR</p> | <ul style="list-style-type: none"> + 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) <p>● Broadly Flat EUR against the USD with upside risks towards \$1.20</p> | <ul style="list-style-type: none"> + 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% <p>▼ Lower JPY against the USD</p> | <ul style="list-style-type: none"> + 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 <p>● Flat GBP against the USD with upside risks short term</p> |

| | Turkey | Romania | Bulgaria | Serbia |
|-------------------------|--|---|---|--|
| Equity Markets | <ul style="list-style-type: none"> + Attractive valuations - Weak foreign investor appetite for emerging market assets | <ul style="list-style-type: none"> + Attractive valuations - Weak foreign investor appetite for emerging market assets | <ul style="list-style-type: none"> + Attractive valuations + Low-yielding domestic debt and deposits - Weak foreign investor appetite for emerging market assets | <ul style="list-style-type: none"> + Attractive valuations - Weak foreign investor appetite for emerging market assets |
| | <ul style="list-style-type: none"> ▲ Neutral/Positive stance on equities | <ul style="list-style-type: none"> ▲ Neutral/Positive Stance on equities | <ul style="list-style-type: none"> ▲ Neutral/Positive Stance on equities | <ul style="list-style-type: none"> ▲ Neutral/Positive Stance on equities |
| Domestic Debt | <ul style="list-style-type: none"> + Low public debt-to-GDP ratio - Loosening fiscal stance - Stubbornly high inflation | <ul style="list-style-type: none"> + Low public debt-to-GDP ratio - Easing fiscal stance - Envisaged tightening in monetary policy | <ul style="list-style-type: none"> + Very low public debt-to-GDP ratio and large fiscal reserves + Low inflation | <ul style="list-style-type: none"> + Positive inflation outlook + Precautionary Stand-By Agreement with the IMF - Large public sector borrowing requirements |
| | <ul style="list-style-type: none"> ▲ Stable to lower yields | <ul style="list-style-type: none"> ▼ Stable to higher yields | <ul style="list-style-type: none"> ▲ Stable to lower yields | <ul style="list-style-type: none"> ▲ Stable to lower yields |
| Foreign Debt | <ul style="list-style-type: none"> + High foreign debt yields - Sizeable external financing requirements - Weak foreign investor appetite for emerging market assets | <ul style="list-style-type: none"> + Strong external position - Large external financing requirements | <ul style="list-style-type: none"> + Solidly-based currency board arrangement, with substantial buffers + Current account surplus - Large external financing requirements - Heightened domestic political uncertainty | <ul style="list-style-type: none"> + Ongoing EU membership negotiations + Precautionary Stand-By Agreement with the IMF - Sizeable external financing requirements - Slow progress in structural reforms |
| | <ul style="list-style-type: none"> ▲ Stable to narrowing spreads | <ul style="list-style-type: none"> ▲ Stable to narrowing spreads | <ul style="list-style-type: none"> ▲ Stable to narrowing spreads | <ul style="list-style-type: none"> ▲ Stable to narrowing spreads |
| Foreign Exchange | <ul style="list-style-type: none"> + High domestic debt yields - Sizeable external financing requirements - Weak foreign investor appetite for emerging market assets - Increasing geopolitical risks and domestic political uncertainty | <ul style="list-style-type: none"> + Strong external position - Large external financing requirements | <ul style="list-style-type: none"> + Currency board arrangement + Large foreign currency reserves and fiscal reserves + Current account surplus - Sizeable external financing requirements - Heightened domestic political uncertainty | <ul style="list-style-type: none"> + Ongoing EU membership negotiations + Precautionary Stand-By Agreement with the IMF - Sizeable external financing requirements |
| | <ul style="list-style-type: none"> ▼ Weaker to stable TRY against the EUR | <ul style="list-style-type: none"> ▲ Stable to stronger RON against the EUR | <ul style="list-style-type: none"> ● Stable BGN against the EUR | <ul style="list-style-type: none"> ▼ Weaker to stable RSD against EUR |

Interest Rates & Foreign Exchange Forecasts

| 10-Yr Gov. Bond Yield (%) | July 13th | 3-month | 6-month | 12-month | Official Rate (%) | July 13th | 3-month | 6-month | 12-month |
|---------------------------|-----------|---------|---------|----------|-------------------|-----------|---------|---------|----------|
| Germany | 0,34 | 0,70 | 0,90 | 1,10 | Euro area | 0,00 | 0,00 | 0,00 | 0,00 |
| US | 2,83 | 3,10 | 3,20 | 3,40 | US | 2,00 | 2,25 | 2,50 | 3,00 |
| UK | 1,27 | 1,58 | 1,73 | 1,89 | UK | 0,50 | 0,70 | 0,75 | 0,90 |
| Japan | 0,04 | 0,05 | 0,05 | 0,08 | Japan | -0,10 | -0,10 | -0,10 | -0,10 |

| Currency | July 13th | 3-month | 6-month | 12-month | July 13th | 3-month | 6-month | 12-month | |
|----------------|-----------|---------|---------|----------|----------------|---------|---------|----------|------|
| EUR/USD | 1,17 | 1,18 | 1,20 | 1,22 | USD/JPY | 112 | 110 | 108 | 107 |
| EUR/GBP | 0,88 | 0,87 | 0,87 | 0,88 | GBP/USD | 1,32 | 1,35 | 1,37 | 1,38 |
| EUR/JPY | 131 | 129 | 130 | 130 | | | | | |

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 | 2,8 | 2,8 | 2,7 | 2,5 | 2,7 |
| Real GDP Growth (QoQ saar) (2) | - | 1,2 | 3,1 | 3,2 | 2,9 | - | 2,0 | 3,0 | 2,6 | 2,0 | - |
| Private Consumption | 2,7 | 1,9 | 3,3 | 2,2 | 4,0 | 2,8 | 0,9 | 2,6 | 2,6 | 2,4 | 2,4 |
| Government Consumption | 0,8 | -0,6 | -0,2 | 0,7 | 3,0 | 0,1 | 1,3 | 1,6 | 3,1 | 3,0 | 1,8 |
| Investment | 0,7 | 8,1 | 3,2 | 2,4 | 8,2 | 4,0 | 7,6 | 4,5 | 4,2 | 1,7 | 4,6 |
| Residential | 5,5 | 11,1 | -7,3 | -4,7 | 12,8 | 1,8 | -1,1 | 2,6 | 2,6 | 2,7 | 2,2 |
| Non-residential | -0,6 | 7,1 | 6,7 | 4,7 | 6,8 | 4,7 | 10,4 | 5,3 | 4,6 | 1,5 | 5,4 |
| Inventories Contribution | -0,4 | -1,5 | 0,1 | 0,8 | -0,5 | -0,1 | 0,0 | 0,1 | 0,0 | 0,0 | 0,1 |
| Net Exports Contribution | -0,2 | 0,2 | 0,2 | 0,4 | -1,3 | -0,2 | -0,1 | -0,1 | -0,4 | -0,5 | -0,2 |
| Exports | -0,3 | 7,3 | 3,5 | 2,1 | 7,0 | 3,4 | 3,6 | 6,1 | 1,3 | 1,8 | 4,4 |
| Imports | 1,3 | 4,3 | 1,5 | -0,7 | 14,1 | 4,0 | 3,2 | 5,3 | 3,5 | 4,6 | 4,9 |
| Inflation (3) | 1,3 | 2,5 | 1,9 | 1,9 | 2,1 | 2,1 | 2,2 | 2,7 | 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 | 2,5 | 2,8 | 2,8 | 2,6 | 2,5 | 2,4 | 2,2 | 2,0 | 2,3 |
| Real GDP Growth (QoQ saar) | - | 2,7 | 3,0 | 2,9 | 2,8 | - | 1,5 | 2,4 | 2,0 | 2,1 | - |
| Private Consumption | 1,9 | 1,5 | 1,9 | 1,5 | 0,7 | 1,7 | 1,9 | 3,3 | 1,9 | 1,7 | 1,7 |
| Government Consumption | 1,8 | 0,5 | 1,9 | 1,8 | 1,1 | 1,2 | 0,1 | 1,2 | 1,8 | 1,3 | 1,3 |
| Investment | 4,5 | 0,5 | 8,3 | -1,2 | 5,5 | 3,5 | 2,0 | 4,2 | 3,4 | 3,1 | 3,7 |
| Inventories Contribution | -0,1 | -0,3 | 0,5 | -0,2 | -0,6 | 0,0 | 0,6 | 0,0 | 0,1 | 0,1 | 0,0 |
| Net Exports Contribution | -0,4 | 1,9 | -0,7 | 2,1 | 1,6 | 0,6 | -0,6 | -0,6 | -0,3 | 0,2 | 0,3 |
| Exports | 3,3 | 6,6 | 4,6 | 6,3 | 9,1 | 5,5 | -1,6 | 4,3 | 4,4 | 4,8 | 5,3 |
| Imports | 4,6 | 2,6 | 6,6 | 2,0 | 6,2 | 4,5 | -0,5 | 6,1 | 5,4 | 4,8 | 5,0 |
| Inflation | 0,2 | 1,8 | 1,5 | 1,4 | 1,4 | 1,5 | 1,2 | 1,7 | 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 | 4,2 | 4,4 |
| Romania | 3,1 | 4,0 | 4,8 | 7,0 | 4,4 | 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 | 14,8 | 12,0 |
| 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 | -5,6 | -6,0 | -5,4 |
| Romania | -0,7 | -1,2 | -2,1 | -3,3 | -4,1 | -4,5 |
| Bulgaria | 0,1 | 0,0 | 2,3 | 4,5 | 3,1 | 1,7 |
| Serbia | -6,0 | -3,7 | -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 | 16/7/2018 | Last week return (%) | Year-to-Date change (%) | 2-year change (%) |
|-------------------------|-----------|----------------------|-------------------------|-------------------|
| Turkey - ISE100 | 89.744 | -9,6 | -22,2 | 8,4 |
| Romania - BET-BK | 1.588 | 0,3 | -3,8 | 29,2 |
| Bulgaria - SOFIX | 624 | -0,7 | -7,9 | 38,6 |
| Serbia - BELEX15 | 733 | 0,0 | -3,6 | 18,9 |

| Financial Markets | 16/7/2018 | 3-month forecast | 6-month forecast | 12-month forecast |
|---|-----------|------------------|------------------|-------------------|
| 1-m Money Market Rate (%) | | | | |
| Turkey | 19,4 | 17,8 | 17,5 | 16,5 |
| Romania | 3,3 | 2,9 | 2,9 | 3,0 |
| Bulgaria | -0,1 | 0,1 | 0,1 | 0,2 |
| Serbia | 2,6 | 2,9 | 3,1 | 3,5 |
| Currency | | | | |
| TRY/EUR | 5,67 | 5,50 | 5,40 | 5,30 |
| RON/EUR | 4,65 | 4,64 | 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)(*) | 346 | 280 | 250 | 180 |
| Romania (EUR 2024) | 123 | 130 | 120 | 110 |
| Bulgaria (EUR 2022) | 45 | 44 | 42 | 40 |
| Serbia (USD 2021)(*) | 136 | 132 | 126 | 120 |

(*) Spread over US Treasuries

Equity Markets (in local currency)

| Developed Markets | | | | | | Emerging Markets | | | | | | |
|-------------------|--------------------|-------------------|-------------------------|-------------------|-------------------|------------------|------------------------------|-------------------|-------------------------|-------------------|-------------------|------|
| | Current Level | 1-week change (%) | Year-to-Date change (%) | 1-Year change (%) | 2-year change (%) | | Current Level | 1-week change (%) | Year-to-Date change (%) | 1-Year change (%) | 2-year change (%) | |
| US | S&P 500 | 2801 | 1,5 | 4,8 | 14,4 | 30,1 | MSCI Emerging Markets | 58743 | 1,3 | -3,5 | 5,7 | 26,1 |
| Japan | NIKKEI 225 | 22597 | 3,7 | -0,7 | 12,4 | 39,2 | MSCI Asia | 890 | 1,8 | -3,6 | 5,8 | 31,1 |
| UK | FTSE 100 | 7662 | 0,6 | -0,3 | 3,4 | 14,9 | China | 86 | 1,0 | -3,4 | 14,3 | 51,2 |
| Canada | S&P/TSX | 16561 | 1,2 | 2,2 | 9,4 | 14,3 | Korea | 697 | 1,9 | -7,0 | -3,0 | 27,4 |
| Hong Kong | Hang Seng | 28525 | 0,7 | -4,7 | 8,3 | 33,8 | MSCI Latin America | 84774 | 0,8 | -1,1 | 8,0 | 22,5 |
| Euro area | EuroStoxx | 384 | 0,5 | -0,5 | 0,4 | 22,5 | Brazil | 255775 | 2,3 | -0,6 | 14,4 | 31,6 |
| Germany | DAX 30 | 12541 | 0,4 | -2,9 | -0,8 | 26,3 | Mexico | 45449 | -1,5 | -2,4 | -4,4 | 4,0 |
| France | CAC 40 | 5429 | 1,0 | 2,2 | 3,7 | 25,2 | MSCI Europe | 5326 | -0,8 | -1,1 | 6,8 | 19,5 |
| Italy | FTSE/MIB | 21892 | -0,2 | 0,2 | 1,7 | 32,5 | Russia | 1068 | 0,4 | 11,9 | 24,8 | 25,1 |
| Spain | IBEX-35 | 9735 | -1,7 | -3,1 | -8,7 | 14,9 | Turkey | 1201337 | -9,5 | -24,1 | -17,8 | 3,7 |

World Market Sectors (MSCI Indices)

| in US Dollar terms | | | | | | in local currency | | | | | |
|-------------------------------|---------------|-------------------|-------------------------|-------------------|-------------------|-------------------------------|---------------|-------------------|-------------------------|-------------------|-------------------|
| | Current Level | 1-week change (%) | Year-to-Date change (%) | 1-Year change (%) | 2-year change (%) | | Current Level | 1-week change (%) | Year-to-Date change (%) | 1-Year change (%) | 2-year change (%) |
| Energy | 236,5 | 0,3 | 5,8 | 20,8 | 14,5 | Energy | 241,2 | 0,6 | 7,3 | 20,8 | 14,3 |
| Materials | 267,2 | -0,5 | -4,7 | 7,9 | 28,6 | Materials | 253,8 | 0,0 | -2,9 | 8,0 | 28,8 |
| Industrials | 253,4 | 1,6 | -3,2 | 5,6 | 24,6 | Industrials | 250,4 | 2,2 | -2,1 | 5,4 | 25,4 |
| Consumer Discretionary | 256,8 | 1,8 | 7,2 | 18,0 | 35,2 | Consumer Discretionary | 247,9 | 2,2 | 7,9 | 17,6 | 36,0 |
| Consumer Staples | 224,2 | 0,3 | -5,7 | -1,3 | -0,5 | Consumer Staples | 224,2 | 0,8 | -4,4 | -1,2 | -0,1 |
| Healthcare | 238,6 | 1,6 | 4,8 | 7,8 | 13,8 | Healthcare | 235,7 | 1,9 | 5,7 | 7,9 | 14,0 |
| Financials | 118,6 | 0,2 | -6,8 | 0,8 | 32,5 | Financials | 118,3 | 0,6 | -5,3 | 0,9 | 32,7 |
| IT | 250,6 | 2,2 | 13,6 | 28,8 | 69,1 | IT | 242,8 | 2,4 | 13,8 | 28,6 | 69,5 |
| Telecoms | 65,2 | -0,9 | -8,4 | -3,9 | -11,3 | Telecoms | 67,6 | -0,3 | -7,2 | -4,3 | -10,9 |
| Utilities | 127,9 | -1,5 | 0,5 | 2,2 | 2,6 | Utilities | 130,3 | -1,1 | 1,6 | 1,8 | 2,4 |

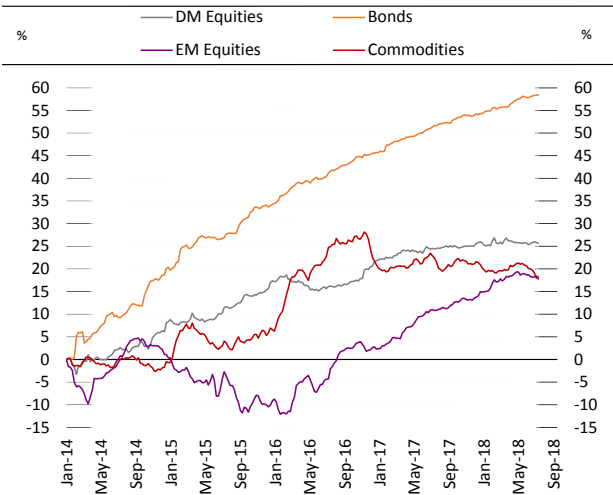
Bond Markets (%)

| 10-Year Government Bond Yields | | | | | | Government Bond Yield Spreads (in bps) | | | | | |
|--|---------|-----------|------------|---------------|-----------------|--|---------|-----------|------------|---------------|-----------------|
| | Current | Last week | Year Start | One Year Back | 10-year average | | Current | Last week | Year Start | One Year Back | 10-year average |
| US | 2,83 | 2,82 | 2,41 | 2,35 | 2,53 | US Treasuries 10Y/2Y | 25 | 28 | 52 | 98 | 173 |
| Germany | 0,34 | 0,29 | 0,43 | 0,60 | 1,63 | US Treasuries 10Y/5Y | 10 | 10 | 20 | 45 | 87 |
| Japan | 0,04 | 0,03 | 0,05 | 0,08 | 0,69 | Bunds 10Y/2Y | 97 | 95 | 105 | 121 | 129 |
| UK | 1,27 | 1,27 | 1,19 | 1,30 | 2,39 | Bunds 10Y/5Y | 65 | 59 | 63 | 71 | 77 |
| Greece | 3,86 | 3,97 | 4,12 | 5,34 | 10,28 | Corporate Bond Spreads (in bps) | Current | Last week | Year Start | One Year Back | 10-year average |
| Ireland | 0,81 | 0,79 | 0,67 | 0,92 | 4,11 | | | | | | |
| Italy | 2,55 | 2,71 | 2,01 | 2,32 | 3,49 | | | | | | |
| Spain | 1,26 | 1,31 | 1,57 | 1,71 | 3,44 | | | | | | |
| Portugal | 1,73 | 1,80 | 1,94 | 3,20 | 5,21 | | | | | | |
| US Mortgage Market (1. Fixed-rate Mortgage) | Current | Last week | Year Start | One Year Back | 10-year average | EM Inv. Grade (IG) | 174 | 177 | 138 | 155 | 264 |
| 30-Year FRM¹ (%) | 4,8 | 4,8 | 4,2 | 4,2 | 4,3 | EM High yield | 487 | 494 | 371 | 455 | 800 |
| vs 30Yr Treasury (bps) | 183 | 183 | 148 | 130 | 98 | US IG | 124 | 128 | 98 | 111 | 192 |
| | | | | | | US High yield | 362 | 374 | 358 | 377 | 621 |
| | | | | | | Euro area IG | 116 | 120 | 87 | 97 | 166 |
| | | | | | | Euro area High Yield | 360 | 372 | 272 | 291 | 642 |

Foreign Exchange & Commodities

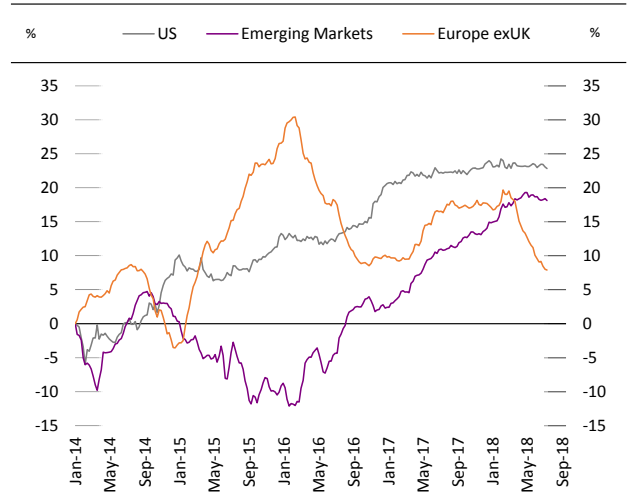
| Foreign Exchange | | | | | | Commodities | | | | | |
|-------------------------------|---------|-------------------|--------------------|-------------------|-------------------------|----------------------------------|---------|-------------------|--------------------|-------------------|-------------------------|
| | Current | 1-week change (%) | 1-month change (%) | 1-Year change (%) | Year-to-Date change (%) | | Current | 1-week change (%) | 1-month change (%) | 1-Year change (%) | Year-to-Date change (%) |
| Euro-based cross rates | | | | | | Agricultural | 356 | -3,8 | -9,8 | -15,0 | -6,3 |
| EUR/USD | 1,17 | -0,5 | -0,9 | 2,5 | -2,7 | Energy | 532 | -2,5 | 2,1 | 50,7 | 14,9 |
| EUR/CHF | 1,17 | 0,7 | 0,7 | 6,2 | 0,1 | West Texas Oil (\$) | 71 | -3,8 | 6,6 | 54,1 | 17,5 |
| EUR/GBP | 0,88 | -0,1 | 0,2 | 0,3 | -0,5 | Crude Brent Oil (\$) | 74 | -3,0 | -2,0 | 55,4 | 11,1 |
| EUR/JPY | 131,30 | 1,2 | 0,9 | 1,7 | -2,9 | Industrial Metals | 1278 | -2,2 | -13,4 | 5,8 | -11,8 |
| EUR/NOK | 9,49 | 0,6 | 0,4 | 0,8 | -3,7 | Precious Metals | 1485 | -1,2 | -4,8 | 1,0 | -5,8 |
| EUR/SEK | 10,37 | 1,2 | 2,1 | 8,8 | 5,7 | Gold (\$) | 1241 | -1,1 | -4,5 | 2,0 | -4,7 |
| EUR/AUD | 1,57 | -0,4 | 1,2 | 6,8 | 2,5 | Silver (\$) | 16 | -1,4 | -7,2 | 0,7 | -6,7 |
| EUR/CAD | 1,54 | 0,0 | 0,4 | 6,0 | 1,9 | Baltic Dry Index | 1666 | 2,7 | 18,7 | 87,6 | 22,0 |
| USD-based cross rates | | | | | | Baltic Dirty Tanker Index | 744 | 3,2 | -3,1 | 15,5 | -10,0 |
| USD/CAD | 1,32 | 0,7 | 1,3 | 3,4 | 4,7 | | | | | | |
| USD/AUD | 1,35 | 0,1 | 2,1 | 4,1 | 5,2 | | | | | | |
| USD/JPY | 112,35 | 1,7 | 1,8 | -0,8 | -0,3 | | | | | | |

Global Cross Asset ETFs: Flows as % of AUM



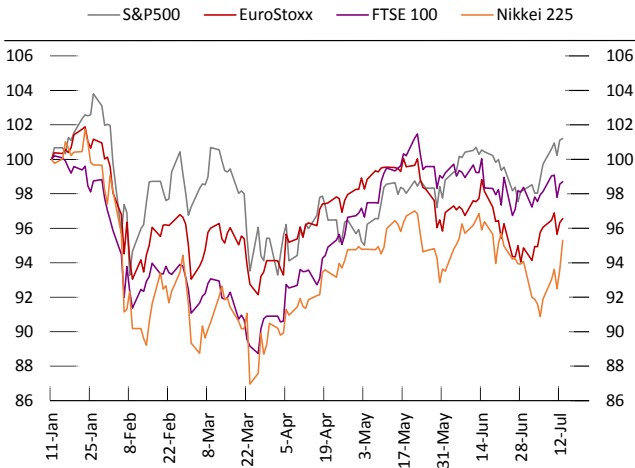
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of July 13th

Equity ETFs: Flows as % of AUM



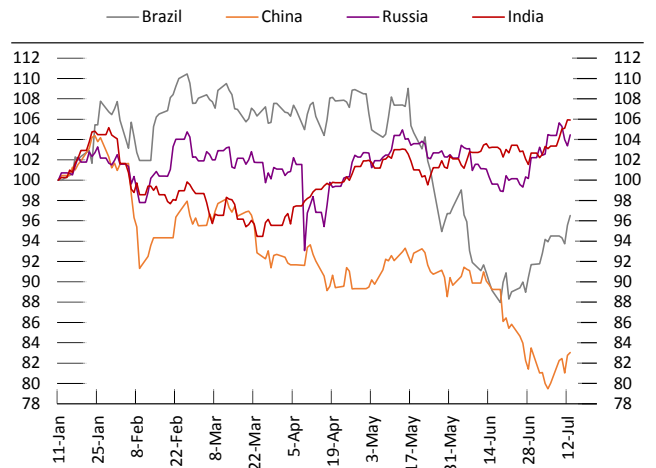
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of July 13th

Equity Market Performance - G4



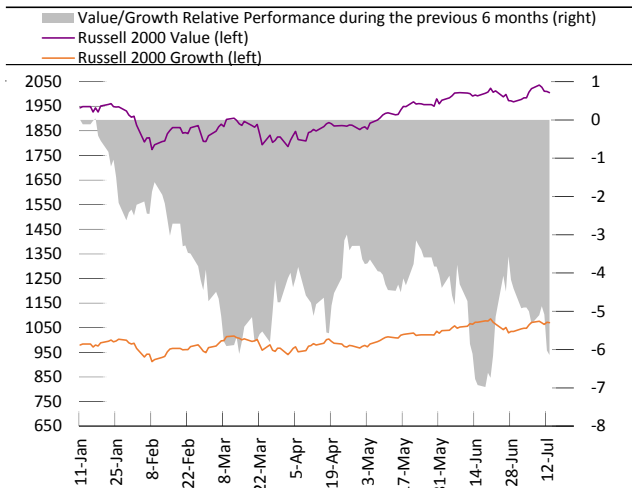
Source: Bloomberg - Data as of July 13th - Rebased @ 100

Equity Market Performance - BRICs



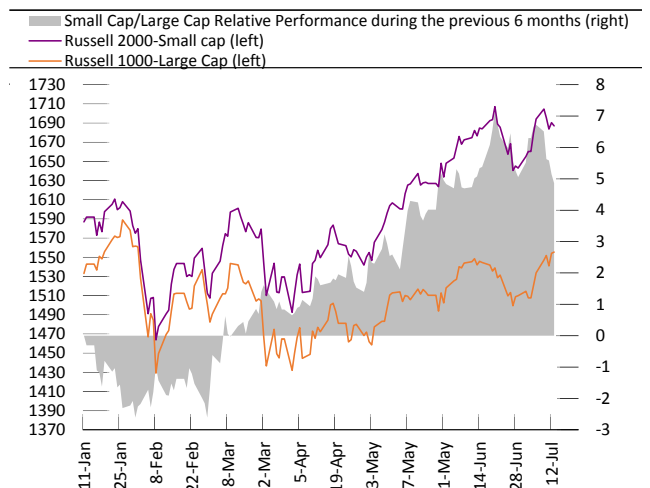
Source: Bloomberg - Data as of July 13th - Rebased @ 100

Russell 2000 Value & Growth Index



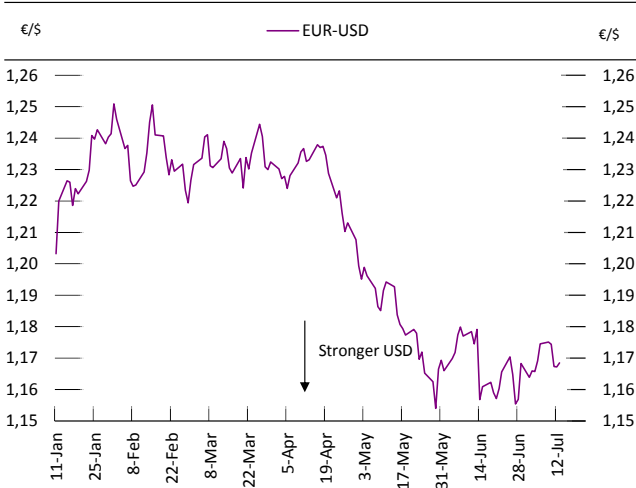
Source: Bloomberg, Data as of July 13th

Russell 2000 & Russell 1000 Index



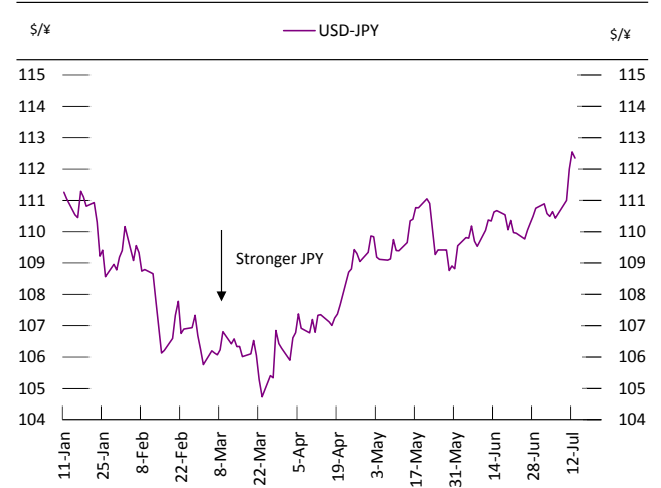
Source: Bloomberg, Data as of July 13th

EUR/USD



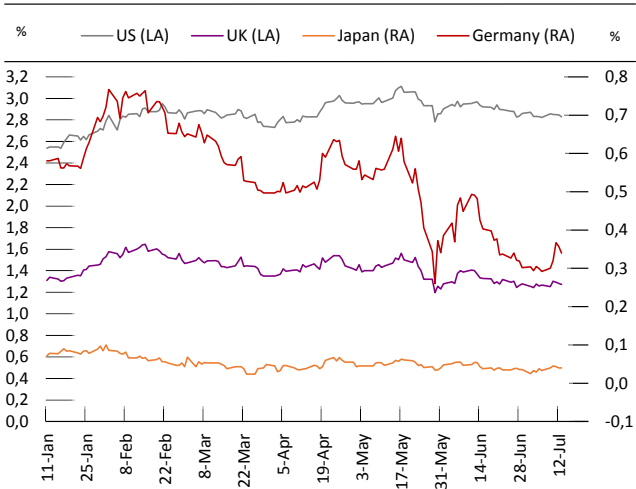
Source: Bloomberg, Data as of July 13th

JPY/USD



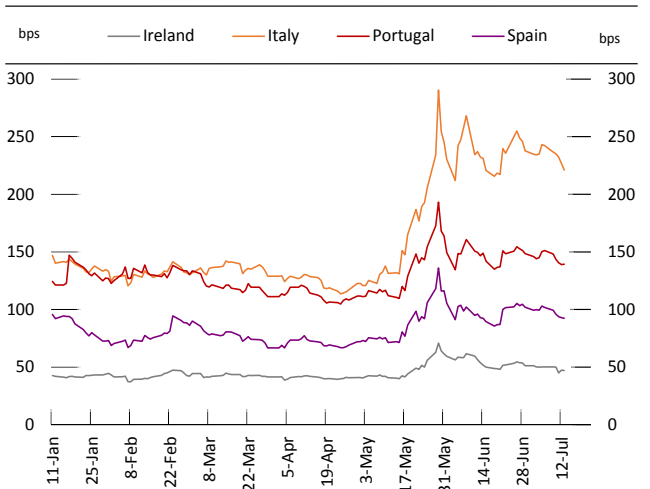
Source: Bloomberg, Data as of July 13th

10- Year Government Bond Yields



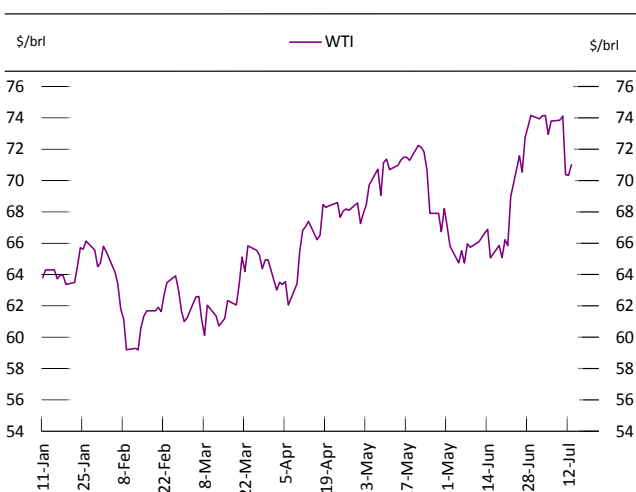
Source: Bloomberg - Data as of July 13th
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



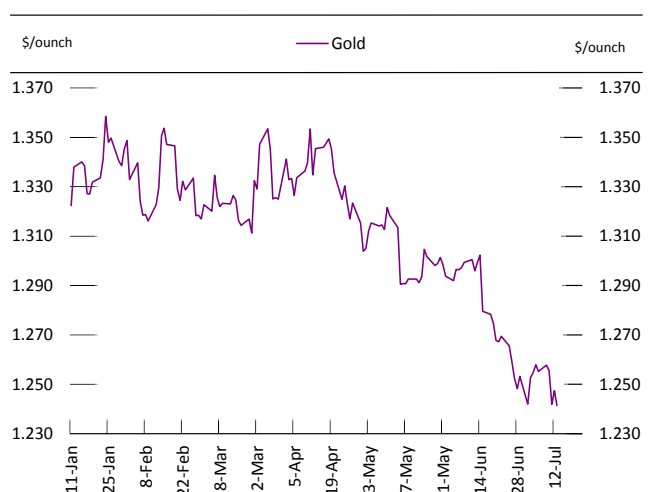
Source: Bloomberg - Data as of July 13th

West Texas Intermediate (\$/bbl)



Source: Bloomberg, Data as of July 13th

Gold (\$/ounce)



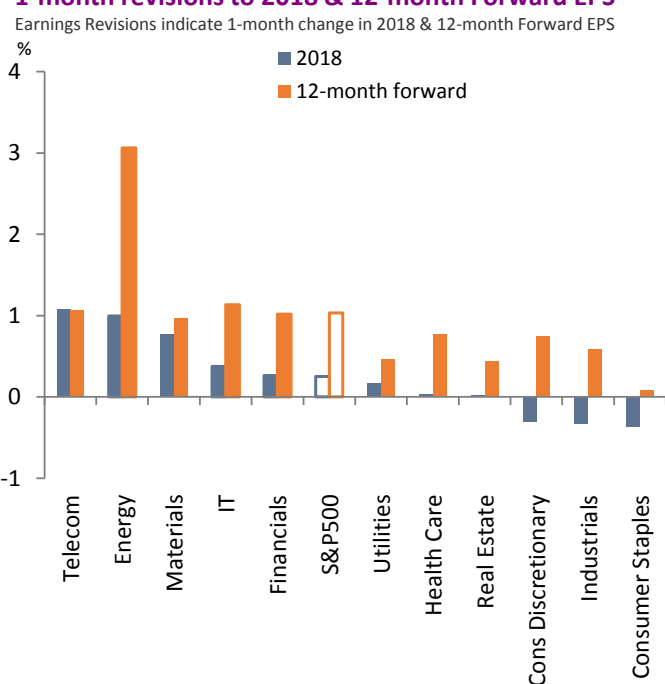
Source: Bloomberg, Data as of July 13th

US Sectors Valuation

| | Price (\$) | | EPS Growth (%) | | Dividend Yield (%) | | P/E Ratio | | | | P/BV Ratio | | | |
|-------------------------------|------------|-----------------|----------------|-------|--------------------|------|-----------|------|---------|----------|------------|------|---------|----------|
| | 13/7/2018 | % Weekly Change | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 12m fwd | 10Yr Avg | 2017 | 2018 | 12m fwd | 10Yr Avg |
| S&P500 | 2801 | 1,5 | 11,5 | 21,2 | 1,8 | 1,9 | 20,5 | 17,5 | 16,6 | 14,4 | 3,3 | 3,2 | 3,1 | 2,3 |
| Energy | 564 | 0,8 | 247,5 | 102,3 | 2,9 | 2,8 | 34,0 | 19,3 | 17,7 | 19,6 | 1,8 | 2,0 | 1,9 | 1,8 |
| Materials | 367 | 0,3 | 8,0 | 28,9 | 1,9 | 2,0 | 20,8 | 15,9 | 15,4 | 14,5 | 2,8 | 2,5 | 2,4 | 2,5 |
| Financials | | | | | | | | | | | | | | |
| Diversified Financials | 667 | 1,6 | 8,7 | 30,1 | 1,2 | 1,5 | 20,4 | 14,8 | 14,2 | 13,8 | 2,0 | 1,8 | 1,7 | 1,4 |
| Banks | 328 | 0,7 | 13,2 | 25,8 | 1,8 | 2,5 | 16,2 | 11,8 | 11,1 | 12,6 | 1,5 | 1,3 | 1,3 | 0,9 |
| Insurance | 378 | 1,0 | 2,5 | 37,4 | 2,0 | 2,3 | 16,6 | 11,6 | 11,2 | 10,2 | 1,4 | 1,3 | 1,2 | 1,0 |
| Real Estate | 204 | -0,8 | 1,8 | 5,7 | 3,6 | 3,5 | 17,4 | 18,1 | 17,5 | 17,4 | 3,1 | 3,2 | 3,3 | 2,6 |
| Industrials | | | | | | | | | | | | | | |
| Capital Goods | 659 | 2,8 | 7,1 | 17,4 | 2,1 | 2,1 | 22,1 | 17,7 | 16,7 | 14,9 | 5,0 | 4,8 | 4,6 | 3,0 |
| Transportation | 720 | 0,7 | 0,8 | 22,0 | 1,6 | 1,8 | 17,5 | 14,8 | 13,7 | 14,0 | 4,1 | 4,0 | 3,8 | 3,1 |
| Commercial Services | 278 | 1,6 | -2,6 | 15,4 | 1,4 | 1,4 | 25,0 | 23,1 | 21,9 | 18,4 | 4,2 | 4,0 | 3,8 | 3,0 |
| Consumer Discretionary | | | | | | | | | | | | | | |
| Retailing | 2277 | 2,5 | 5,3 | 29,0 | 0,7 | 0,7 | 41,2 | 36,7 | 33,9 | 21,3 | 13,0 | 12,6 | 11,5 | 5,7 |
| Media | 551 | 2,1 | 8,4 | 19,6 | 1,3 | 1,5 | 19,2 | 16,7 | 15,7 | 15,4 | 2,9 | 2,7 | 2,6 | 2,4 |
| Consumer Services | 1007 | 1,8 | 13,9 | 18,0 | 1,7 | 2,1 | 24,2 | 19,7 | 18,5 | 18,2 | 8,8 | 9,1 | 9,6 | 4,9 |
| Consumer Durables | 346 | 1,0 | -3,6 | 16,0 | 1,5 | 1,5 | 20,0 | 18,6 | 17,2 | 16,7 | 3,5 | 3,4 | 3,3 | 3,0 |
| Automobiles and parts | 130 | -0,2 | 2,9 | -3,0 | 3,7 | 3,9 | 7,5 | 7,7 | 7,6 | 8,9 | 1,8 | 1,6 | 1,5 | 1,9 |
| IT | | | | | | | | | | | | | | |
| Technology | 1168 | 1,3 | 14,6 | 17,9 | 1,7 | 1,8 | 17,5 | 15,4 | 14,6 | 12,3 | 5,3 | 6,4 | 6,5 | 2,9 |
| Software & Services | 1855 | 3,5 | 15,8 | 18,5 | 0,8 | 0,8 | 27,1 | 25,4 | 23,9 | 16,0 | 6,9 | 6,6 | 6,1 | 3,9 |
| Semiconductors | 1007 | -0,6 | 45,2 | 26,5 | 1,6 | 1,9 | 17,1 | 13,4 | 13,2 | 16,4 | 4,8 | 4,2 | 3,9 | 2,8 |
| Consumer Staples | | | | | | | | | | | | | | |
| Food & Staples Retailing | 398 | 2,8 | -2,1 | 14,0 | 2,5 | 2,1 | 19,5 | 17,8 | 17,2 | 15,2 | 3,8 | 3,7 | 3,6 | 2,9 |
| Food Beverage & Tobacco | 654 | 0,8 | 8,8 | 11,2 | 3,1 | 3,4 | 20,6 | 17,8 | 17,2 | 16,8 | 5,1 | 4,7 | 4,6 | 4,8 |
| Household Goods | 528 | -0,2 | 4,8 | 8,6 | 3,0 | 3,1 | 21,2 | 19,4 | 18,7 | 17,9 | 5,3 | 5,5 | 5,5 | 4,4 |
| Health Care | | | | | | | | | | | | | | |
| Pharmaceuticals | 850 | 1,2 | 5,6 | 9,9 | 2,0 | 2,2 | 16,5 | 15,2 | 14,6 | 13,9 | 4,6 | 4,4 | 4,2 | 3,2 |
| Healthcare Equipment | 1153 | 2,1 | 12,2 | 16,1 | 1,0 | 1,0 | 19,9 | 18,5 | 17,6 | 14,0 | 3,5 | 3,3 | 3,2 | 2,4 |
| Telecom | 149 | -1,6 | 0,8 | 14,5 | 5,5 | 5,8 | 12,2 | 10,4 | 10,2 | 12,7 | 2,1 | 1,7 | 1,7 | 2,3 |
| Utilities | 267 | -1,2 | 0,1 | 7,9 | 3,7 | 3,5 | 17,0 | 17,0 | 16,5 | 14,5 | 1,8 | 1,8 | 1,8 | 1,5 |

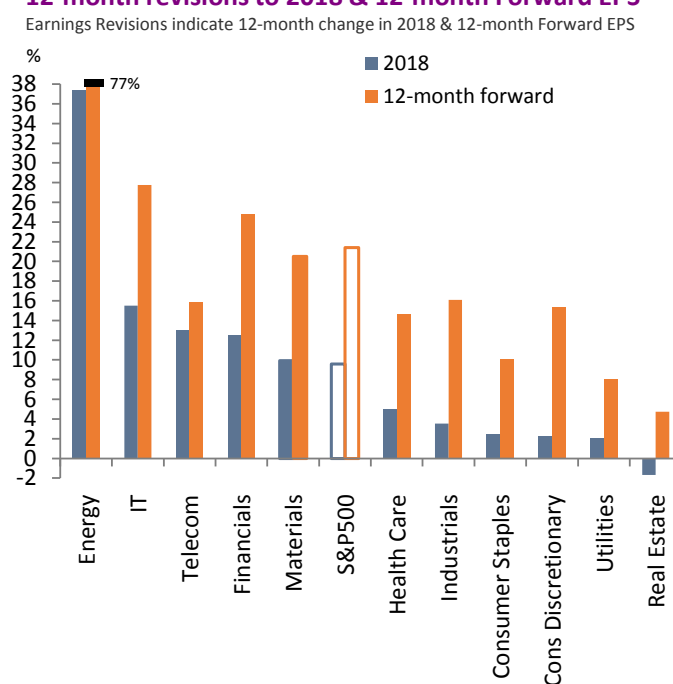
Source Factset, Blue box indicates a value more than +2standard deviation from average, light blue a value more than +1standard deviation from average. Orange box indicates a value less than -2standard deviation from average, light orange a value less than -1standard deviation from average

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



Source: Factset, Data as of July 13th
12-month forward EPS are 47% of 2018 EPS and 53% of 2019 EPS

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



Source: Factset, Data as of July 13th
12-month forward EPS are 47% of 2018 EPS and 53% of 2019 EPS

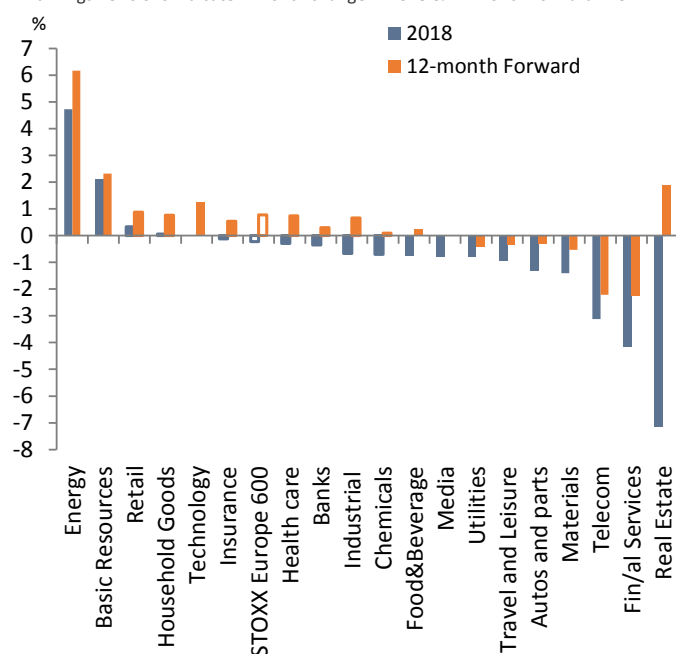
Europe Sectors Valuation

| | Price (€) | | EPS Growth (%) | | Dividend Yield (%) | | P/E Ratio | | | | P/BV Ratio | | | |
|-------------------------------|-----------|-----------------|----------------|-------|--------------------|------|-----------|------|---------|----------|------------|------|---------|----------|
| | 13/7/2018 | % Weekly Change | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 12m fwd | 10Yr Avg | 2017 | 2018 | 12m fwd | 10Yr Avg |
| STOXX Europe 600 | 385 | 0,7 | 13,9 | 9,6 | 3,3 | 3,5 | 16,2 | 15,0 | 14,3 | 12,9 | 1,9 | 1,8 | 1,8 | 1,5 |
| Energy | 367 | 0,3 | 68,4 | 46,6 | 4,8 | 4,5 | 16,6 | 13,0 | 12,5 | 11,3 | 1,4 | 1,5 | 1,4 | 1,2 |
| Materials | 442 | 0,5 | 11,7 | 6,4 | 2,8 | 2,9 | 18,2 | 16,9 | 15,8 | 14,4 | 1,9 | 1,9 | 1,8 | 1,5 |
| Basic Resources | 454 | -1,5 | 90,1 | 20,0 | 3,5 | 4,3 | 12,6 | 10,2 | 10,4 | 12,5 | 1,7 | 1,4 | 1,4 | 1,3 |
| Chemicals | 961 | 0,8 | 17,6 | 5,4 | 2,6 | 2,8 | 17,7 | 17,0 | 16,4 | 14,2 | 2,5 | 2,5 | 2,3 | 2,0 |
| Financials | | | | | | | | | | | | | | |
| Fin/al Services | 486 | -0,2 | 14,5 | -11,6 | 2,9 | 3,1 | 15,5 | 17,3 | 16,5 | 13,3 | 1,7 | 1,6 | 1,6 | 1,3 |
| Banks | 161 | -1,1 | 34,7 | 15,4 | 3,9 | 4,9 | 13,8 | 10,3 | 9,8 | 10,9 | 1,0 | 0,8 | 0,8 | 0,8 |
| Insurance | 275 | 0,2 | -9,8 | 18,7 | 4,7 | 5,2 | 13,5 | 10,6 | 10,2 | 9,4 | 1,2 | 1,1 | 1,1 | 1,0 |
| Real Estate | 179 | -0,3 | 2,1 | 11,1 | 3,7 | 4,0 | 20,2 | 19,4 | 18,8 | 19,0 | 1,0 | 1,0 | 1,0 | 1,0 |
| Industrial | 544 | 2,5 | 10,0 | 8,5 | 2,5 | 2,6 | 19,9 | 18,8 | 17,6 | 14,6 | 3,2 | 3,0 | 2,9 | 2,3 |
| Consumer Discretionary | | | | | | | | | | | | | | |
| Media | 294 | 3,5 | 4,8 | 1,1 | 3,0 | 3,1 | 16,9 | 17,9 | 17,1 | 14,2 | 3,1 | 3,1 | 3,1 | 2,4 |
| Retail | 331 | 0,6 | 1,9 | 7,1 | 2,9 | 2,8 | 19,7 | 20,5 | 19,4 | 16,0 | 2,5 | 2,8 | 2,7 | 2,4 |
| Automobiles and parts | 554 | 0,2 | 20,9 | 3,8 | 3,0 | 3,8 | 8,7 | 7,5 | 7,2 | 9,2 | 1,3 | 1,1 | 1,0 | 1,0 |
| Travel and Leisure | 259 | 2,4 | 15,5 | 2,6 | 2,4 | 2,6 | 13,7 | 13,3 | 12,7 | 15,6 | 2,9 | 2,5 | 2,4 | 2,1 |
| Technology | 469 | 2,4 | 8,0 | 13,2 | 1,5 | 1,5 | 24,4 | 23,0 | 21,3 | 17,0 | 3,5 | 3,5 | 3,4 | 2,6 |
| Consumer Staples | | | | | | | | | | | | | | |
| Food&Beverage | 645 | 0,2 | 3,6 | 10,5 | 2,9 | 2,9 | 22,4 | 21,3 | 20,2 | 17,4 | 3,4 | 3,4 | 3,3 | 2,8 |
| Household Goods | 830 | 1,5 | 7,0 | 2,7 | 2,7 | 2,7 | 19,7 | 20,4 | 19,5 | 16,9 | 3,4 | 3,7 | 3,6 | 3,5 |
| Health care | 740 | 2,1 | -3,6 | 2,7 | 2,9 | 2,8 | 16,8 | 17,6 | 16,9 | 14,2 | 3,3 | 3,3 | 3,2 | 3,0 |
| Telecom | 250 | -2,8 | 18,4 | -2,1 | 4,9 | 5,4 | 15,2 | 14,9 | 14,3 | 13,4 | 1,8 | 1,7 | 1,6 | 1,6 |
| Utilities | 299 | -1,4 | -1,8 | -2,4 | 5,3 | 4,9 | 13,1 | 14,8 | 14,5 | 12,1 | 1,3 | 1,5 | 1,4 | 1,3 |

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

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

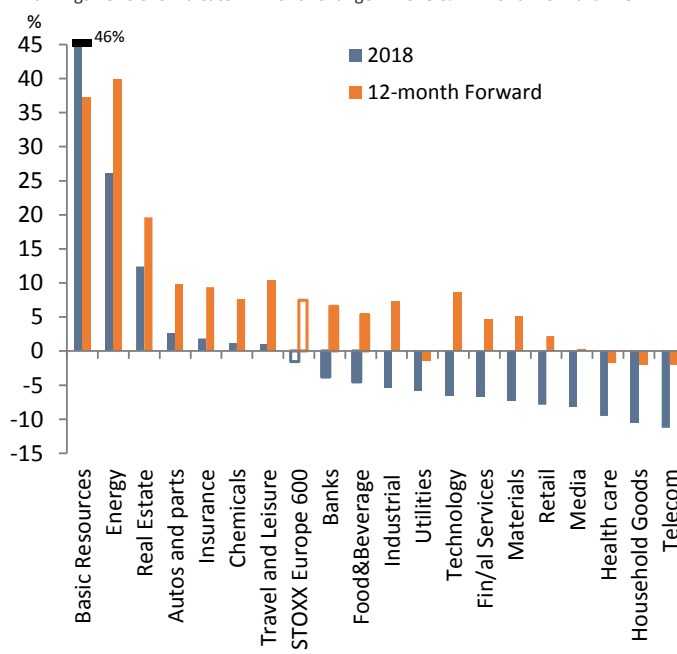
Earnings Revisions indicate 1-month change in 2018 & 12-month Forward EPS



Source: Factset, Data as of July 13th
12-month forward EPS are 47% of 2018 EPS and 53% 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 July 13th
12-month forward EPS are 47% of 2018 EPS and 53% of 2019 EPS

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