



## US equities reach new highs, with markets remaining complacent about Fed hikes

- In her semiannual testimony to Congress, Fed Chair Yellen was positive regarding the outlook for the US economy (although slightly cautious regarding the housing market), as both employment and the inflation mandate are close to being met. The Fed will consider further gradual rate increases at its upcoming meetings.
- A strong inflation report for January and positive economic data support the Fed's view. However, the probability of a rate hike in March remains low (32%), with markets assigning a 55% likelihood for the May meeting, when there will be more clarity on US fiscal policy.
- The minutes of the January 18-19 ECB meeting revealed that the Governing Council would lean towards "limited and temporary" deviations from the capital key regarding the distribution of its government bond purchases in order to facilitate the execution of the programme.
- The 33% issuer limit (ECB holdings as % of an issuer's marketable government debt) remains a binding constraint and could limit Portuguese and Irish Government bond purchases in the future, as the ECB already holds 29% and 25% of their outstanding bonds, respectively.
- In Italy, ex-PM and PD leader, Renzi, called for a party leadership contest that will take place in June. Consequently, the probability of early Italian parliamentary elections has dissipated. Also, there is an increased likelihood of a break up in the PD's left-wing.
- Italian elections will likely take place in either September 2017 or February 2018, subject to the timing of the 2018 budget draft (due to be sent to the European Commission by October 20<sup>th</sup> 2017, with the latter responding by February 2018). Italian 10-Year BTP yields declined by 8 bps to 2.19% during the past week.
- Global equity markets remained buoyant in the past week (MSCI World: +1.1% / +20.7% yoy), amid strong earnings announcements in major regions. The S&P 500 rose 1.5% wow, to record highs, with financials the main contributor (+3.0% wow / +43.6% yoy).
- The outlook for corporate earnings remains strong across the board, with consensus expecting annual growth of EPS in 2017 of 10.1% for the S&P 500 (13.2% for the EuroStoxx and at 13.5% for EM equities). However, earnings estimates have changed only slightly from November, suggesting that analysts have not incorporated tax cuts and deregulation in their projections.
- EM equities continue to benefit from strong growth, attractive valuations (see graph) and small probability placed on a materialization of a protectionist US trade agenda. EM equities have overperformed their DM peers ytd (+6.3% vs +4.1%). However, that trend could change in the case of escalating trade tensions, a faster-than-currently-expected Fed tightening, and a stronger USD.
- Government bond yields in major economies were little changed on a weekly basis, as the increase due to the hawkish Fed commentary and positive inflation data faded by the end of the week. Overall, 10-year USTs were broadly flat at 2.42% (albeit increasing to 2.49% mid-week), while 10-year Bunds and Gilts fell by 2-4 bps.

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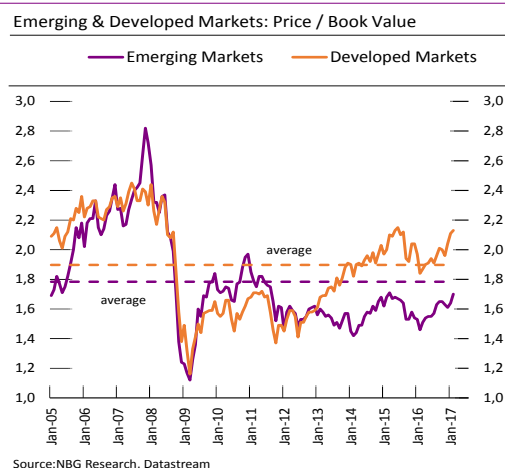
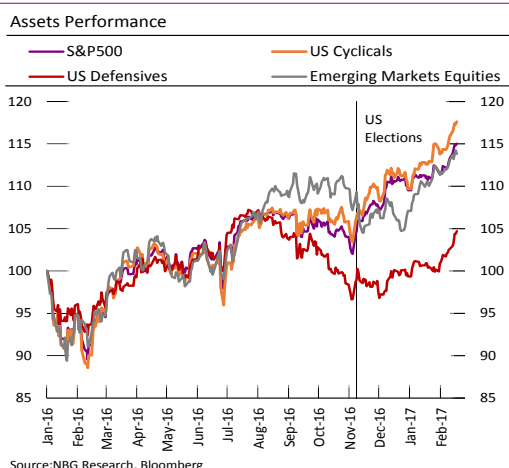
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Charts of the week



See page 14 for disclosures and analyst certification

## Satisfactory retail spending suggests consumption remains a main growth driver

- **US retail sales entered 2017 on a strong footing.** Retail sales (in value terms) excluding autos, gas, food services and building materials -- the so-called "control group" since they feed into the calculation for GDP -- rose by 0.4% mom in January (+4.0% yoy), from +0.2% mom in December, with broad based gains across all its components. Note, however, that the unusually mild weather in January could have distorted the latest readings, while delays in tax refunds this year could weigh temporarily in the coming months.

## Manufacturing remains strong

- **Industrial production was soft in January, albeit due to transitory factors, with continued momentum in the manufacturing subsector.** Industrial production fell by 0.3% mom, from a +0.6% mom in December, due to a weather-related decline in the utilities component. Importantly, the growth in the less volatile manufacturing production (78% of total production) was stable at 0.2% mom (+0.3% yoy). At the same time, business surveys for February so far suggest upside risk for the manufacturing sector, with the Philadelphia Fed Business Index at a 33-year high of 43.3 (+19.7 pts from January), and the Empire manufacturing index at 18.7 from 6.5 in January.

## Inflation is picking up

- **CPI inflation increased substantially in January, suggesting that the Fed could be closer to achieving its price stability mandate (PCE inflation at 2.0% yoy).** Headline inflation accelerated to 2.5% yoy (the highest since March 2012) from 2.1% yoy in December, mainly due to higher energy prices (+10.8% yoy) that contributed 0.7 pps to the annual rate. However, the upside pressures also extended to core CPI (+0.1 pp to 2.3% yoy), with goods prices accounting for the bulk of the increase, mainly due to new vehicles and apparel. Recall that the PCE deflator for November (the Fed's preferred measure for gauging inflation pressures) stood at 1.6% yoy and the core figure at 1.7% yoy.

## Delinquencies up for the first time in 3 years

- **Data for mortgage delinquencies and foreclosures were mixed.** Going forward, favorable labor market conditions and rising home valuations remain supportive, albeit a negative impact from higher US interest rates could be on the horizon (30YR fixed mortgage rate up by 70 bps since late September 2016). Total mortgage delinquencies (as % of total mortgages) rose to 4.80% in Q4:16, albeit from a 10-year low of 4.52% in Q3:16 (the first deterioration since Q1:2013). On the other hand, foreclosures inventories (as % of total mortgages) declined to 1.53%, the lowest rate since Q2:2007, from 1.55% previously.

## Euro area GDP was revised down slightly

- **The second estimate of Q4:16 real GDP growth was revised down by 0.1 pp to 0.4% qoq (+1.7% yoy).** The breakdown of demand components will be available on March 7<sup>th</sup>. The downward revision appears to be partly related to weak industrial production in December. Indeed, industrial production in the euro area declined by 1.6% mom (+1.7% yoy) from +1.5% mom in November, mainly due to a disappointing performance in Germany (-3.0% mom). Overall, it should be noted that hard data has not reflected the elevated expectations stemming from particularly strong consumer and business confidence indicators.

## Rising UK inflation will hit real income growth

- **The rising trend in inflation continued in January, mainly due to energy prices.** CPI growth accelerated by 0.2 pps to +1.8% yoy, the highest since June 2014, albeit slightly below the Bank of England's and consensus forecasts for 1.9% yoy. The increase was due to the transport component that rose mostly on the back of motor fuel prices. Meanwhile, core CPI was stable at 1.6% yoy. Inflation pressures are expected to intensify further going forward (to 2.1% yoy in February according to the Bank of England), as higher import prices due to the significant depreciation of the British Pound post Brexit (-12.7% yoy in NEER terms in January) feed into consumer prices. Recall that the selling prices component in recent PMI surveys has recently reached multi-year record levels. Moreover, it should be noted that the producers price index accelerated by 0.7 pps in January to a 5-year high of 3.5% yoy, supporting the view that further upside inflation pressures are underway. Finally, recently announced large utility bill hikes this year will also add to the upside pressures.

## Chinese credit creation remains elevated due to total social financing

- **Credit growth remained strong in January, underscoring the challenges that the authorities face in their efforts to stem excessive leverage.** Recent measures by the PBoC including, *inter alia*, an increase in the rate on open market operations likely constrained loan creation, with the growth of outstanding RMB loans decelerating to 12.6% yoy from 13.5% yoy in December. However, overall domestic credit growth, as measured by total social financing (TSF), was broadly stable at a strong 12.1% yoy, as banks reverted to alternative credit channels (such as acceptance bills). The latest data suggest that the Chinese authorities will have to step up their efforts to contain credit growth in the coming months. Nevertheless, the prospect of monetary policy tightening through the use of main policy tools (such as a hike in the benchmark interest rate or the required reserve requirement) appears low, unless CPI inflation rises well above the target of "around 3.0%".

## Chinese Inflation metrics on the rise (CPI, PPI)

- **Inflation accelerated substantially in January, albeit likely due to a seasonal distortion.** Core CPI rose to a c. 5-year high of 2.2% yoy. The outcome was probably affected by base effects due to the timing of the 7-day Lunar New Year holiday season from January 27 – February 2 2017 (February 7 – February 13 in 2016), temporarily boosting holiday-related prices. Meanwhile, the producers price index (PPI) reached its highest level since August 2011, at 6.9% yoy in January from 5.5% yoy in December (and a trough of -5.9% yoy in December 2015), mostly due to base effects related to commodity prices. The weaker RMB (NEER: -5.0% yoy in January) likely posed further upside pressures. It should be noted that the recent sharp acceleration in PPI inflation is positive for corporate earnings.

## Equities

- **Global equity markets continued to rally during the past week**, as positive fundamentals (e.g. US retail sales, corporate earnings) support investors' risk appetite, largely superseding concerns stemming from policy uncertainty (e.g. US trade policy, upcoming French elections). Indeed, the MSCI World index rose by 1.1% on a weekly basis, with developed markets overperforming their emerging market peers (+1.2% vs 0.6% wow). The S&P500 index rose by 1.5% wow, with financials (+3.0%) overperforming among sectors, followed by healthcare (+2.5%). Regarding the US Q4:16 earnings season, out of the 416 companies that have reported results so far, circa 68% have exceeded analyst estimates. In Europe, the EuroStoxx index recorded robust gains (+1.0% wow), while the FTSE100 index was up by 0.6% on a weekly basis. In contrast, the Nikkei225 index (Japan) registered small losses (-0.7% wow), with the Yen ending the week slightly higher.

Table 1: S&P500 EPS Growth Estimates YoY (%)

	% Companies Reported	% Positive EPS Surprise	Q1:16	Q2:16	Q3:16	Q4:16 Actual	Q1:17	Q2:17	Q3:17	Q4:17
Consumer Discretionary	67	69	19.5	13.2	6.7	3.0	0.6	4.1	6.5	12.3
Consumer Staples	86	47	1.5	0.4	6.2	10.2	3.8	5.3	6.0	8.2
Energy	69	60	-109.7	-84.3	-62.6	-4.6	-	444.5	164.6	131.4
Financials	97	74	-14.6	-5.6	8.0	11.7	14.9	9.6	7.0	18.3
Real Estate	76	55	106.1	-10.6	33.9	16.0	5.4	4.0	6.5	1.7
Health Care	85	84	7.3	5.2	5.8	4.9	2.5	3.3	5.4	7.3
Industrials	96	59	-5.2	-3.3	-1.4	-5.7	-5.8	0.0	3.8	13.7
IT	90	85	-6.0	-0.4	8.1	9.1	11.2	8.3	6.2	6.1
Materials	88	73	-12.1	-8.7	5.1	2.6	9.8	9.3	7.7	16.9
Telecom Services	80	25	16.6	7.2	-1.6	-27.9	-2.0	5.3	0.8	0.0
Utilities	54	47	-3.0	5.2	16.3	17.1	1.1	0.7	-5.0	1.3
<b>S&amp;P500</b>	<b>82</b>	<b>68</b>	<b>-6.6</b>	<b>-2.9</b>	<b>2.9</b>	<b>4.7</b>	<b>9.7</b>	<b>9.0</b>	<b>8.1</b>	<b>12.2</b>
Ex-Financials	80	67	-3.3	-2.8	2.2	3.4	8.5	8.8	8.4	11.0
Ex-Energy	83	69	-0.1	0.6	6.5	5.0	5.7	5.6	5.4	9.8

Source: NBG Research, Factset, Data as of February 17th

Graph 1.

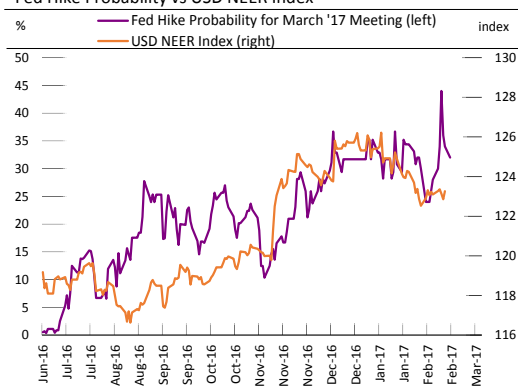
## Fixed Income

- **Government bond yields were mixed on a weekly basis**, with the US Treasury 10-year yield broadly unchanged (+1 bp) at 2.42% despite a hawkish tone in Fed officials' rhetoric (e.g. Chair Yellen's speech) and strong US economic data. In contrast, core European bond yields declined for a 3<sup>rd</sup> consecutive week with the UK's 10-year Gilt yield falling by 5 bps to 1.21% and the German 10-year Bund yield by 2 bps to 0.30%. Periphery bond spreads over the Bund were tighter in most countries (-6 bps to +189 bps for Italian 10Yr BTPs, -5 bps to 132 bps for Spanish 10Yr Bonos, -9 bps to 373 bps for the Portuguese government 10Yr bond).
- **Corporate bond spreads narrowed across the board**, as investor sentiment remained constructive on risk assets and government bond yields were little changed (they declined in Europe). Indeed, euro area HY spreads fell by 6 bps wow to 346 bps and their US counterparts by 4 bps wow to 386 bps. In the investment grade (IG) spectrum, US IG corporate bond spreads were down by 3 bps wow to 124 bps, while their euro area peers fell slightly by 1 bp to 123 bps.

## FX & Commodities

- **In foreign exchange markets, the USD ended the week up slightly** (+0.1% in NEER terms / +0.3% against the euro at \$1.061), supported by hawkish rhetoric by Fed officials and positive US data. However, more clarity on the US administration's economic policies is important for investors and thus key events in the coming weeks (e.g. State of the Union address on February 28<sup>th</sup>, upcoming promised tax reform) are expected to attract attention. In contrast, the euro continued to lose ground (-0.3% in NEER), while investors focus on the French elections (scheduled for late April/early May).
- **In commodities, oil prices recorded their largest weekly decline since mid-January** as US oil inventories stand at multi-year highs (+9.5 mb to 518 mb for the week ending February 10<sup>th</sup>, a 6<sup>th</sup> consecutive weekly rise) and an OPEC report suggested most member countries failed to reach their production cut targets and that compliance is mostly driven by Saudi Arabia's overperformance. Specifically, Brent was down 1.6% on a weekly basis, to \$55.1/barrel and WTI down by 0.9% to \$53.4/barrel.

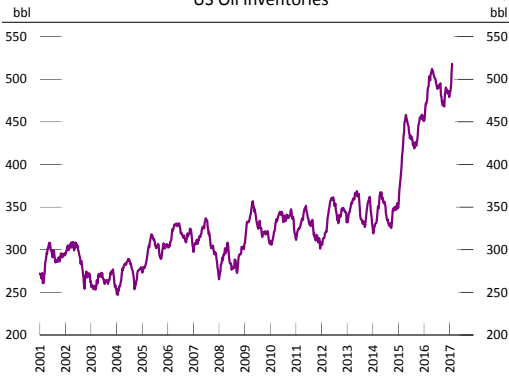
Fed Hike Probability vs USD NEER Index



Source: NBG Research, Bloomberg - NEER = Nominal Effective Exchange Rate

Graph 2.

US Oil Inventories



Source: NBG Research, US Energy Information Administration, Bloomberg

Graph 3.

**Quote of the week:** "Waiting too long to remove accommodation would be unwise, potentially requiring the FOMC to eventually raise rates rapidly, which could risk disrupting financial markets and pushing the economy into recession." **Fed Chair J. Yellen**, February 15<sup>th</sup> 2017

### Tactical Asset Allocation (3-mth)

- **Equities:** We are **slightly Overweight** amidst expectations for a recovery in global growth. We still expect slightly higher equity returns in 2017, with EPS growth required.
- **Government Bonds:** The trend of higher long-term Government yields will continue reflecting a buildup in inflation expectations. **Underweight Govies.** At the short-end, USTs are vulnerable due to Fed hikes. Steeper curves, particularly in Bunds. Until French elections though, Bunds may attract flows due to political risks.
- **Credit:** Credit spreads have less fuel to run from current levels. From a total return perspective, we prefer Investment Grade corporates. **Overall, we have trimmed our OW in credit, still long.**
- **Cash:** We hold an **OW position** in cash, as a hedge, as well as a way of being tactical.

### NBG Global Markets - Main Equity Sector Calls

US Sector	Position	View/Comment
Banks	<b>OW</b>	Rising rates support interest margins
Energy	<b>Neutral</b>	OPEC's deal implementation remains a risk
Industrials	<b>Neutral</b>	Should benefit from US mfg recovery
Technology	<b>Neutral</b>	High foreign exposure and cash reserves
Healthcare	<b>UW</b>	Policy plays could suppress margins
Utilities	<b>UW</b>	Likely hurt by higher rates
Telecoms	<b>UW</b>	Typically lags in cyclical recoveries

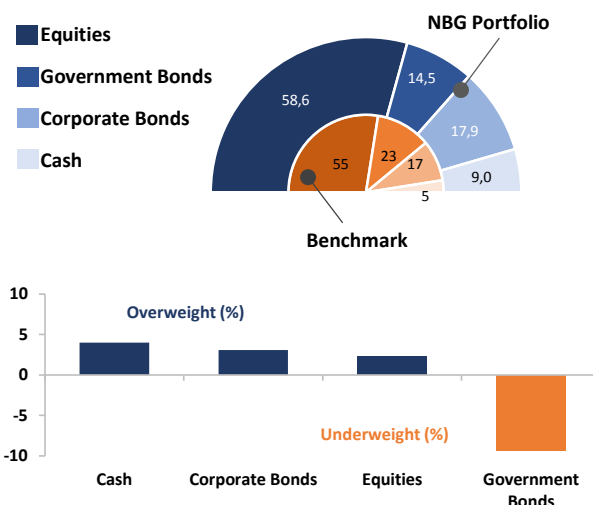
EA Sector	Position	View/Comment
Banks	<b>OW</b>	Steeper curves and attractive valuations should offset bouts of volatility
Industrials	<b>Neutral</b>	Benefit from better growth prospects. Valuations have increased
Defensive Sectors*	<b>UW</b>	Defensives could struggle to outperform in a reflationary environment

\*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	49	52	-3,0
Euro area	10	10	-
UK	10	7	3,0
Rest of Dev. Europe	5	5	-
Japan	7	7	-
Rest of Dev. World	8	8	-
EM Asia	7	7	-
EM Latin America	2	2	-
EMEA	2	2	-

Government Bonds	Portfolio	Benchmark	OW/UW
US	49	46	3,0
US TIPS	6	6	-
Euro area	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"> <li>+ Fiscal loosening</li> <li>+ EPS acceleration</li> <li>+ Cash-rich corporates lead to share buybacks and higher dividends (de-equitization)</li> <li>- Demanding valuations</li> <li>- Peaking profit margins</li> <li>- Protectionism and trade wars</li> </ul>	<ul style="list-style-type: none"> <li>+ Still high equity risk premium due to policy uncertainty</li> <li>+ Credit conditions gradual turn more favorable</li> <li>+ Small fiscal loosening</li> <li>- Sovereign debt crisis could re-emerge</li> <li>- EPS estimates are declining</li> <li>- Strong Euro in NEER terms (2016 vs 2015)</li> </ul>	<ul style="list-style-type: none"> <li>+ Aggressive QE by the BoJ</li> <li>+ Upward revisions in corporate earnings</li> <li>- Signs of policy fatigue regarding structural reforms and fiscal discipline</li> <li>- Strong appetite for foreign assets</li> <li>- If sustained, Japanese Yen appreciation hurts exporters companies</li> </ul>	<ul style="list-style-type: none"> <li>+ 65% of FTSE100 revenues from abroad</li> <li>+ Undemanding valuations in relative terms</li> <li>+ High UK exposure to the commodities sector assuming the oil rally continues</li> <li>- Elevated Policy uncertainty to remain due to the outcome of the Referendum and the negotiating process</li> </ul>
	● <b>Neutral/Positive</b>	● <b>Neutral</b>	● <b>Neutral</b>	● <b>Neutral/Positive</b>
Government Bonds	<ul style="list-style-type: none"> <li>+ Valuations appear rich</li> <li>+ Underlying inflation pressures</li> <li>+ The Fed is expected to increase its policy rate towards 1,5% by end-2017</li> <li>- Global search for yield by non-US investors continues</li> <li>- Fed's commitment on gradual tightening policy</li> <li>- Safe haven demand</li> </ul>	<ul style="list-style-type: none"> <li>+ Upside risk in US benchmark yields</li> <li>+ Valuations appear excessive compared with long-term fundamentals</li> <li>- Political Risk</li> <li>- Fragile growth outlook</li> <li>- Medium-term inflation expectations remain low</li> <li>- Gradually less accommodative monetary policy by the ECB</li> </ul>	<ul style="list-style-type: none"> <li>+ Sizeable fiscal deficits</li> <li>+ Restructuring efforts to be financed by fiscal policy measures</li> <li>- Safe haven demand</li> <li>- Extremely dovish central bank</li> <li>- Yield-targeting of 10-Year JGB at around 0%</li> </ul>	<ul style="list-style-type: none"> <li>+ Elevated Policy uncertainty to remain due to the outcome of the Referendum and the negotiating process</li> <li>+ Rich valuations</li> <li>+ Inflation overshooting due to GBP weakness feeds through inflation expectations</li> <li>- The BoE is expected to cut rates or/and re-activate asset purchases</li> <li>- Slowing economic growth post-Brexit</li> </ul>
	▲ <b>Higher yields expected</b>	▲ <b>Higher yields expected</b>	● <b>Stable yields expected</b>	▲ <b>Higher yields expected</b>
Foreign Exchange	<ul style="list-style-type: none"> <li>+ The Fed is expected to increase its policy rate towards 1,5% in 2017</li> <li>+ Growth to remain slightly above-trend in 2017</li> <li>+ Destination-based taxation with border adjustment</li> <li>- Mid-2014 rally probably out of steam</li> <li>- Protectionism and trade Wars</li> </ul>	<ul style="list-style-type: none"> <li>+ Reduced short-term tail risks</li> <li>+ Higher core bond yields</li> <li>+ Current account surplus</li> <li>- Sluggish growth</li> <li>- Deflation concerns</li> <li>- The ECB's monetary policy to remain extra loose (Targeted-LTROs, ABSs, covered bank bond purchases, Quantitative Easing)</li> </ul>	<ul style="list-style-type: none"> <li>+ Safe haven demand</li> <li>+ More balanced economic growth recovery (long-term)</li> <li>+ Inflation is bottoming out</li> <li>- Additional Quantitative Easing by the Bank of Japan if inflation does not approach 2%</li> </ul>	<ul style="list-style-type: none"> <li>+ Transitions phase negotiations</li> <li>- The BoE to retain rates at current levels</li> <li>- Slowing economic growth post-Brexit</li> <li>- Sizeable Current account deficit (-5.5% of GDP)</li> <li>- Elevated Policy uncertainty to remain due to the outcome of the Referendum and the negotiating process</li> </ul>
	▲ <b>Long USD against its major counterparts</b>	● <b>Flat EUR against the USD with downside risks short term</b>	▼ <b>Lower JPY against the USD</b>	▼ <b>Weaker GBP against the EUR and the USD</b>

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

**Interest Rates & Foreign Exchange Forecasts**

10-Yr Gov. Bond Yield (%)	Feb. 17th	3-month	6-month	12-month	Official Rate (%)	Feb. 17th	3-month	6-month	12-month
<b>Germany</b>	0,30	0,40	0,50	0,70	<b>Euro area</b>	0,00	0,00	0,00	0,00
<b>US</b>	2,42	2,55	2,65	2,90	<b>US</b>	0,75	0,75	1,00	1,25
<b>UK</b>	1,21	1,50	1,65	1,80	<b>UK</b>	0,25	0,25	0,25	0,25
<b>Japan</b>	0,09	0,10	0,10	0,15	<b>Japan</b>	-0,10	-0,10	-0,10	-0,10

Currency	Feb. 17th	3-month	6-month	12-month	Feb. 17th	3-month	6-month	12-month	
<b>EUR/USD</b>	1,06	1,07	1,05	1,05	<b>USD/JPY</b>	113	115	118	120
<b>EUR/GBP</b>	0,86	0,88	0,88	0,88	<b>GBP/USD</b>	1,24	1,22	1,20	1,20
<b>EUR/JPY</b>	120	123	123	126					

Forecasts at end of period

**Economic Forecasts**

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

Euro Area	2015a	Q1:16a	Q2:16a	Q3:16a	Q4:16a	2016a	Q1:17f	Q2:17f	Q3:17f	Q4:17f	2017f
<b>Real GDP Growth (YoY)</b>	2,0	1,7	1,6	1,8	1,7	1,7	1,4	1,6	1,7	1,7	1,6
<b>Real GDP Growth (QoQ saar)</b>	-	2,0	1,2	1,8	1,6	-	1,4	1,9	1,7	1,8	-
Private Consumption	1,8	2,8	1,0	1,4	0,8	1,7	1,8	1,8	1,6	1,6	1,5
Government Consumption	1,4	2,3	1,5	1,7	0,9	1,9	1,0	1,2	1,5	1,5	1,2
Investment	2,9	1,5	4,6	-2,1	4,2	2,6	1,5	2,7	2,7	2,7	2,0
Inventories Contribution	-0,2	-0,6	-0,7	0,1	0,1	-0,1	-0,2	-0,2	-0,2	-0,2	-0,1
Net Exports Contribution	0,3	0,4	0,2	0,9	-0,5	-0,1	0,1	0,3	0,1	0,2	0,2
Exports	6,2	0,6	4,7	0,6	3,0	2,3	2,5	3,0	3,0	3,0	2,7
Imports	6,2	-0,2	4,6	-1,4	4,6	2,9	2,5	2,5	3,0	3,0	2,5
<b>Inflation</b>	0,0	0,0	-0,1	0,3	0,7	0,2	1,7	1,3	1,6	1,4	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**

	2012	2013	2014	2015	2016f	2017f
<b>Real GDP Growth (%)</b>						
Turkey	4,8	8,5	5,2	6,1	2,1	2,0
Romania	0,6	3,5	3,0	3,8	4,8	4,0
Bulgaria	0,0	0,9	1,3	3,6	3,4	3,7
Serbia	-1,0	2,6	-1,8	0,8	2,8	3,2
<b>Headline Inflation (eop,%)</b>						
Turkey	6,2	7,4	8,2	8,8	8,5	9,2
Romania	5,0	1,6	0,8	-0,9	-0,5	2,0
Bulgaria	4,2	-1,6	-0,9	-0,4	0,1	0,6
Serbia	12,2	2,2	1,7	1,5	1,6	2,8
<b>Current Account Balance (% of GDP)</b>						
Turkey	-5,6	-6,7	-4,7	-3,7	-3,8	-4,5
Romania	-4,8	-1,1	-0,7	-1,2	-2,5	-3,1
Bulgaria	-0,9	1,3	0,1	0,4	3,9	3,4
Serbia	-11,6	-6,1	-6,0	-4,7	-4,0	-4,2
<b>Fiscal Balance (% of GDP)</b>						
Turkey	-1,9	-1,0	-1,1	-1,0	-1,1	-2,0
Romania	-2,5	-2,5	-1,7	-1,5	-2,5	-3,8
Bulgaria	-0,4	-1,8	-3,7	-2,8	1,6	-1,0
Serbia	-6,8	-5,5	-6,6	-3,7	-1,4	-1,2

f: NBG forecasts

**Stock Markets (in local currency)**

Country - Index	20/2/2017	Last week return (%)	Year-to-Date change (%)	2-year change (%)
Turkey - ISE100	88.588	0,0	13,4	3,6
Romania - BET-BK	1.473	0,5	9,6	6,9
Bulgaria - SOFIX	608	0,4	3,7	24,7
Serbia - BELEX15	712	1,2	-0,8	7,7

Financial Markets	20/2/2017	3-month forecast	6-month forecast	12-month forecast
<b>1-m Money Market Rate (%)</b>				
Turkey	11,3	10,5	10,0	9,5
Romania	0,6	0,9	1,2	1,5
Bulgaria	0,0	0,1	0,1	0,2
Serbia	3,4	3,4	3,5	3,8
<b>Currency</b>				
TRY/EUR	3,85	4,00	3,90	3,80
RON/EUR	4,52	4,49	4,49	4,50
BGN/EUR	1,96	1,96	1,96	1,96
RSD/EUR	123,8	123,2	124,0	125,0
<b>Sovereign Eurobond Spread (in bps)</b>				
Turkey (EUR 2019)	208	260	250	240
Romania (EUR 2024)	202	180	165	150
Bulgaria (EUR 2022)	141	120	116	110
Serbia (USD 2021)(*)	225	200	190	180

(\*) Spread over US Treasuries

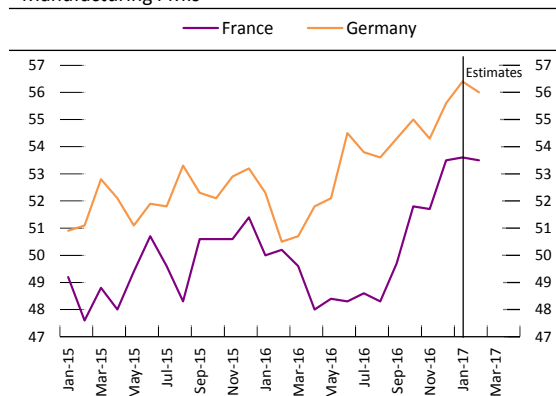
## Economic Calendar

The key macro events next week include the release of the minutes of the February's FOMC meeting as well as the housing data for January in the US.

Markets will also focus on the PMI data in the Euro area and Japan that should offer a better insight on underlying growth momentum in Q1:17.

In the UK, the second estimate of GDP will be released on Wednesday 22 and will include detailed data for GDP components. Growth is expected at 0.6% qoq in Q4:16, similar to the past two quarters.

Manufacturing PMIs



Source: Bloomberg

### Economic News Calendar for the period: February 14 - February 27, 2017

Tuesday 14						Wednesday 15											
<b>UK</b>			<b>S</b>	<b>A</b>	<b>P</b>	<b>CHINA</b>			<b>S</b>	<b>A</b>	<b>P</b>	<b>US</b>			<b>S</b>	<b>A</b>	<b>P</b>
CPI (YoY)	January		1.9%	- 1.8%	1.6%	Aggregate Financing (RMB bn)	January		3000.0	+ 3740.0	1626.0	Empire Manufacturing	February		7.0	+ 18.7	6.5
CPI Core (YoY)	January		1.7%	- 1.6%	1.6%	New Yuan Loans (RMB bn)	January		2440.0	- 2030.0	1040.0	CPI (YoY)	January		2.4%	+ 2.5%	2.1%
<b>EURO AREA</b>						Money Supply M0 (YoY)	January		8.9%	19.4%	8.1%	Core CPI (YoY)	January		2.1%	+ 2.3%	2.2%
GDP (QoQ)	Q4:16		0.5%	- 0.4%	0.5%	Money Supply M1 (YoY)	January		20.2%	14.5%	21.4%	Retail Sales Advance MoM	January		0.1%	+ 0.4%	1.0%
GDP (YoY)	Q4:16		1.8%	- 1.7%	1.7%	Money Supply M2 (YoY)	January		11.3%	11.3%	11.3%	Retail sales ex-autos (MoM)	January		0.4%	+ 0.8%	0.4%
Industrial Production (sa, MoM)	December		-1.5%	- 1.6%	1.5%	CPI (YoY)	January		2.4%	+ 2.5%	2.1%	Industrial Production (MoM)	January		0.0%	- 0.3%	0.6%
Industrial Production (wda, YoY)	December		1.7%	+ 2.0%	3.2%							NAHB housing market confidence index	February		67	- 65	67
<b>GERMANY</b>												Net Long-term TIC Flows (\$ bn)	December		..	-12.9	34.4
GDP (QoQ)	Q4:16		0.5%	- 0.4%	0.1%							Mortgage delinquencies	Q4:16		..	4.80%	4.52%
GDP (wda, YoY)	Q4:16		1.8%	- 1.7%	1.7%							Mortgage foreclosures	Q4:16		..	1.53%	1.55%
ZEW survey current situation	February		77.0	- 76.4	77.3							<b>UK</b>					
ZEW survey expectations	February		15.0	- 10.4	16.6							ILO Unemployment Rate	December		4.8%	4.8%	4.8%
												<b>EURO AREA</b>					
												Trade Balance SA (€ bn)	December		22.0	+ 24.5	22.2
Thursday 16						Friday 17						Monday 20					
<b>US</b>			<b>S</b>	<b>A</b>	<b>P</b>	<b>UK</b>			<b>S</b>	<b>A</b>	<b>P</b>	<b>JAPAN</b>			<b>S</b>	<b>A</b>	<b>P</b>
Housing starts (k)	January		1226	+ 1246	1279	Retail sales Ex Auto MoM	January		0.7%	- -0.2%	-2.2%	Exports YoY	January		5.0%	- 1.3%	5.4%
Building permits (k)	January		1230	+ 1285	1228							Imports YoY	January		4.8%	+ 8.5%	-2.6%
Initial Jobless Claims (k)	February 11		245	+ 239	234							<b>EURO AREA</b>					
Continuing Claims (k)	February 4		2050	- 2076	2079							Consumer Confidence Indicator	February		-4.9	- -6.2	-4.8
Philadelphia Fed Business Outlook	February		18.0	+ 43.3	23.6												
Tuesday 21						Wednesday 22						Monday 27					
<b>US</b>			<b>S</b>	<b>A</b>	<b>P</b>	<b>US</b>			<b>S</b>	<b>A</b>	<b>P</b>	<b>GERMANY</b>			<b>S</b>	<b>A</b>	<b>P</b>
Markit US Manufacturing PMI	February		55.3	..	55.0	Existing home sales (mn)	January		5.55	..	5.49	IFO - Business Climate Indicator	February		109.6	..	109.8
<b>JAPAN</b>						FOMC Minutes	February 1					IFO - Current Assessment	February		103.0	..	103.2
Nikkei PMI Manufacturing	February		..	..	52.7	<b>UK</b>						IFO-Expectations	February		116.6	..	116.9
<b>EURO AREA</b>						GDP (QoQ)	Q4:16		0.6%	..	0.6%						
Markit Eurozone Manufacturing PMI	February		55.0	..	55.2	GDP (YoY)	Q4:16		2.2%	..	2.2%						
Markit Eurozone Services PMI	February		53.7	..	53.7	Private Consumption (QoQ)	Q4:16		0.6%	..	0.7%						
Markit Eurozone Composite PMI	February		54.3	..	54.4	Government Spending QoQ	Q4:16		0.1%	..	0.0%						
						Gross Fixed Capital Formation	Q4:16		0.2%	..	0.9%						
Thursday 23						Friday 24						Monday 27					
<b>US</b>			<b>S</b>	<b>A</b>	<b>P</b>	<b>US</b>			<b>S</b>	<b>A</b>	<b>P</b>	<b>US</b>			<b>S</b>	<b>A</b>	<b>P</b>
Initial Jobless Claims (k)	February 18		240	..	239	New home sales (k)	January		571	..	536	Durable goods orders (MoM)	January		1.5%	..	-0.5%
Continuing Claims (k)	February 11		2065	..	2076							Durable goods orders ex transportation (MoM)	January		0.4%	..	0.5%
<b>GERMANY</b>												Pending home sales (MoM)	January		0.8%	..	1.6%
GDP (QoQ)	Q4:16 F		0.4%	..	0.4%							<b>EURO AREA</b>					
GDP (wda, YoY)	Q4:16 F		1.7%	..	1.7%							M3 money supply (YoY)	January		..	..	5.0%
Private Consumption (QoQ)	Q4:16		0.3%	..	0.4%							Economic Confidence	February		..	..	107.9
Government Spending QoQ	Q4:16		0.8%	..	1.0%							Business Climate Indicator	February		..	..	0.77
Capital Investment QoQ	Q4:16		0.8%	..	0.0%												

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	<b>S&amp;P 500</b>	2351	1,5	5,0	22,6	12,0	<b>MSCI Emerging Markets</b>		50634	0,6	6,3	19,5	0,6
Japan	<b>NIKKEI 225</b>	19235	-0,7	0,6	18,8	5,7	<b>MSCI Asia</b>		741	0,8	7,0	19,2	-0,9
UK	<b>FTSE 100</b>	7300	0,6	2,2	22,2	5,8	<b>China</b>		65	1,6	11,2	26,1	-5,6
Canada	<b>S&amp;P/TSX</b>	15839	0,7	3,6	22,5	4,1	<b>Korea</b>		601	-0,1	3,5	17,0	9,8
Hong Kong	<b>Hang Seng</b>	24034	1,9	9,2	24,1	-3,2	<b>MSCI Latin America</b>		77968	1,0	8,4	32,5	15,3
Euro area	<b>EuroStoxx</b>	355	1,0	1,3	15,3	0,0	<b>Brazil</b>		233532	2,4	11,9	54,8	22,2
Germany	<b>DAX 30</b>	11757	0,8	2,4	24,2	7,3	<b>Mexico</b>		44553	-1,4	3,1	8,5	7,9
France	<b>CAC 40</b>	4868	0,8	0,1	14,8	1,4	<b>MSCI Europe</b>		4992	-0,3	0,5	19,5	1,0
Italy	<b>FTSE/MIB</b>	19006	0,8	-1,2	11,1	-12,2	<b>Russia</b>		944	-1,7	-5,5	20,0	10,8
Spain	<b>IBEX-35</b>	9500	1,3	1,6	14,5	-12,1	<b>Turkey</b>		1249954	1,8	14,4	19,4	3,4

**World Market Sectors** (MSCI Indices)

in US Dollar terms		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)	in local currency		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
Energy		208,6	-1,8	-4,7	21,6	-13,7	Energy		216,4	-1,7	-5,3	23,8	-9,9
Materials		238,8	0,4	7,6	36,0	0,5	Materials		232,0	0,4	6,1	38,0	4,3
Industrials		223,4	1,0	5,1	21,8	8,6	Industrials		225,1	0,9	4,2	23,4	10,6
Consumer Discretionary		205,7	0,8	4,7	16,0	5,7	Consumer Discretionary		201,8	0,7	4,0	17,5	7,4
Consumer Staples		217,9	1,9	5,0	5,2	5,6	Consumer Staples		221,6	1,8	4,3	7,7	10,0
Healthcare		205,4	2,2	6,5	7,6	-1,9	Healthcare		205,4	2,1	6,0	8,8	0,3
Financials		112,0	2,1	5,5	33,0	8,4	Financials		113,6	2,1	4,3	34,1	11,5
IT		175,7	1,7	9,0	30,8	20,6	IT		171,2	1,7	8,7	31,2	20,9
Telecoms		69,1	0,0	-0,7	0,4	-2,9	Telecoms		73,3	-0,1	-1,6	2,5	0,8
Utilities		116,5	0,0	1,3	2,4	-2,9	Utilities		121,1	0,0	0,8	4,3	0,2

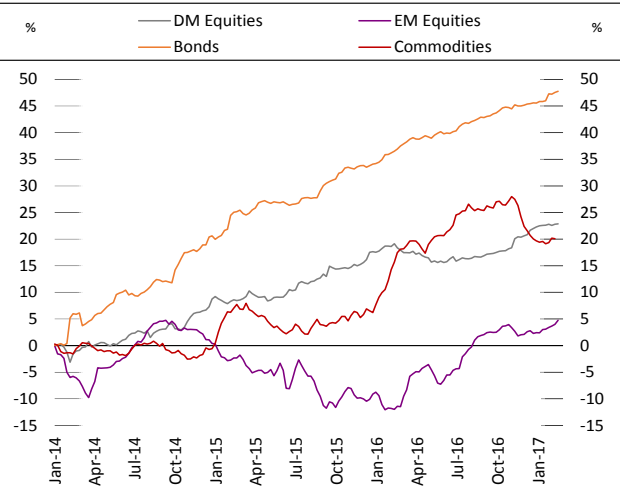
**Bond Markets (%)**

10-Year Government Bond Yields		Current	Last week	Year Start	One Year Back	10-year average	Government Bond Yield Spreads (in bps)		Current	Last week	Year Start	One Year Back	10-year average	
US		2,42	2,41	2,45	1,74	2,78	<b>US Treasuries 10Y/2Y</b>		123	122	126	105	173	
Germany		0,30	0,32	0,21	0,22	2,15	<b>US Treasuries 10Y/5Y</b>		51	52	52	54	89	
Japan		0,09	0,09	0,05	0,02	0,91	<b>Bunds 10Y/2Y</b>		111	111	97	74	117	
UK		1,21	1,26	1,24	1,45	2,89	<b>Bunds 10Y/5Y</b>		76	76	74	54	70	
Greece		7,84	7,39	7,11	10,49	10,20	<b>Corporate Bond Spreads (in bps)</b>							
Ireland		1,07	1,09	0,75	0,95	4,57								
Italy		2,18	2,26	1,81	1,55	3,83	<b>EM Inv. Grade (IG)</b>		166	169	181	270	268	
Spain		1,64	1,70	1,38	1,70	3,84	<b>EM High yield</b>		443	453	510	977	813	
Portugal		4,03	4,12	3,76	3,40	5,48	<b>US IG</b>		124	127	129	216	201	
<b>US Mortgage Market (1. Fixed-rate Mortgage)</b>		Current	Last week	Year Start	One Year Back	10-year average	<b>US High yield</b>		386	390	421	817	641	
<b>30-Year FRM<sup>1</sup> (%)</b>		4,3	4,3	4,4	3,8	4,5	<b>Euro area IG</b>		123	124	124	158	167	
<b>vs 30Yr Treasury (bps)</b>		130	131	132	122	100	<b>Euro area High Yield</b>		346	352	376	602	663	

**Foreign Exchange & Commodities**

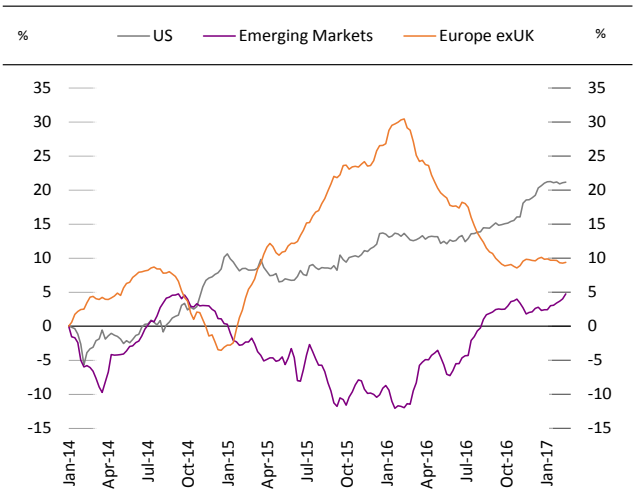
Foreign Exchange		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Commodities		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)
<b>Euro-based cross rates</b>							<b>Agricultural</b>		453	-1,5	-0,6	3,6	5,1
EUR/USD		1,06	-0,3	-0,2	-4,4	0,9	<b>Energy</b>		414	-1,8	0,8	32,9	-4,9
EUR/CHF		1,06	-0,2	-0,6	-3,5	-0,7	<b>West Texas Oil (\$)</b>		53	-0,9	4,5	73,5	-0,6
EUR/GBP		0,86	0,5	-1,3	10,5	0,3	<b>Crude Brent Oil (\$)</b>		55	-1,6	2,7	64,7	-0,6
EUR/JPY		119,81	-0,6	-1,7	-4,7	-2,6	<b>Industrial Metals</b>		1226	-1,6	2,5	30,0	9,2
EUR/NOK		8,85	-0,5	-2,0	-7,2	-2,6	<b>Precious Metals</b>		1521	0,3	2,3	1,6	8,0
EUR/SEK		9,46	-0,3	-0,6	0,9	-1,2	<b>Gold (\$)</b>		1235	0,1	2,6	0,3	7,2
EUR/AUD		1,38	-0,2	-2,3	-10,9	-5,2	<b>Silver (\$)</b>		18	0,2	5,5	16,8	13,0
EUR/CAD		1,39	-0,1	-1,4	-8,7	-1,6	<b>Baltic Dry Index</b>		741	5,6	-22,2	136,7	-22,9
<b>USD-based cross rates</b>							<b>Baltic Dirty Tanker Index</b>		863	1,9	-14,2	7,1	-6,1
USD/CAD		1,31	0,1	-1,3	-4,6	-2,6							
USD/AUD		1,31	0,2	-2,1	-6,6	-6,0							
USD/JPY		112,82	-0,3	-1,6	-0,4	-3,6							

Global Cross Asset ETFs: Flows as % of AUM



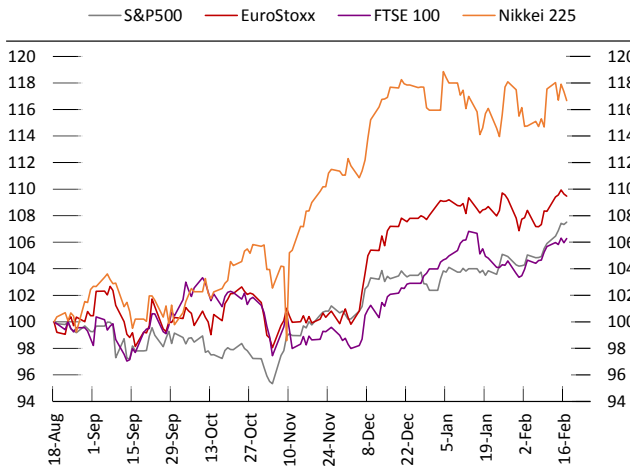
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of February 17<sup>th</sup>

Equity ETFs: Flows as % of AUM



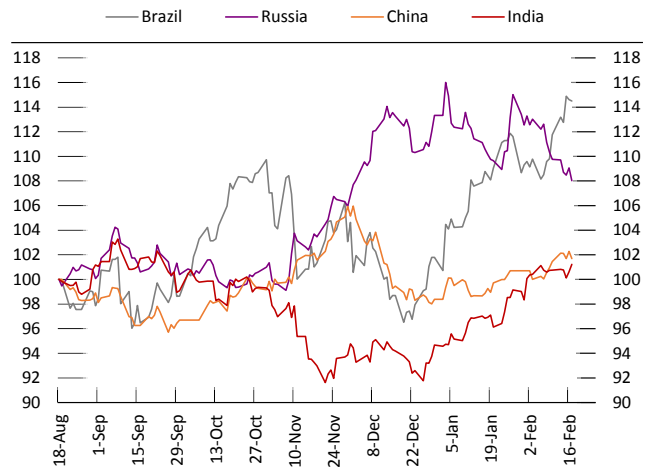
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of February 17<sup>th</sup>

Equity Market Performance - G4



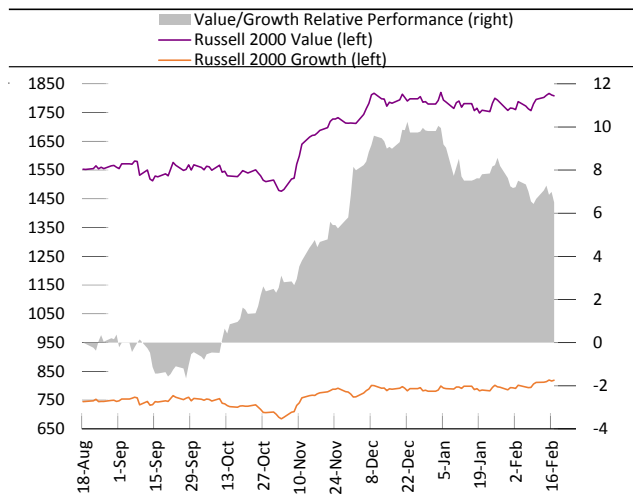
Source: Bloomberg - Data as of February 17<sup>th</sup> - Rebased @ 100

Equity Market Performance - BRICs



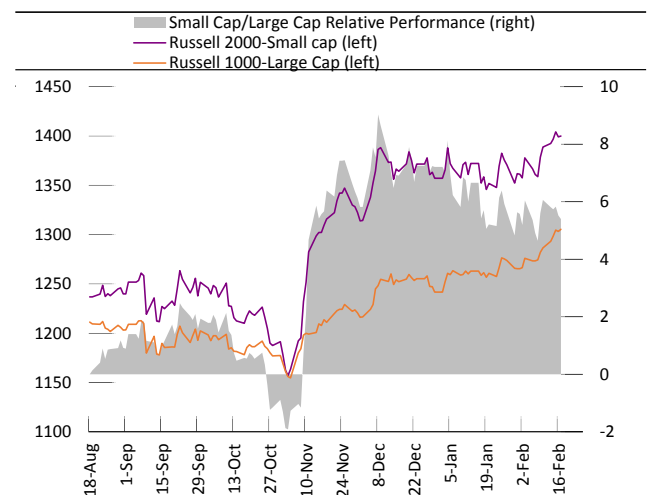
Source: Bloomberg - Data as of February 17<sup>th</sup> - Rebased @ 100

Russell 2000 Value & Growth Index



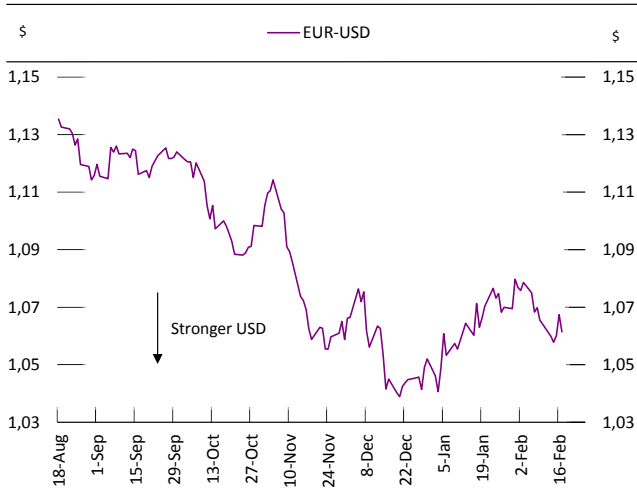
Source: Bloomberg, Data as of February 17<sup>th</sup>

Russell 2000 & Russell 1000 Index



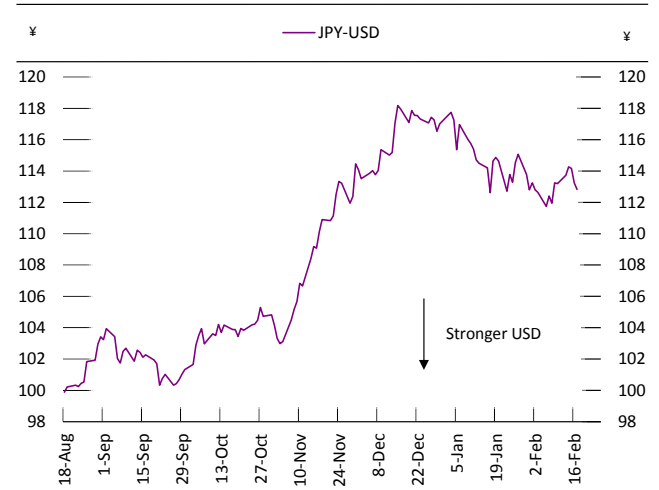
Source: Bloomberg, Data as of February 17<sup>th</sup>

EUR/USD



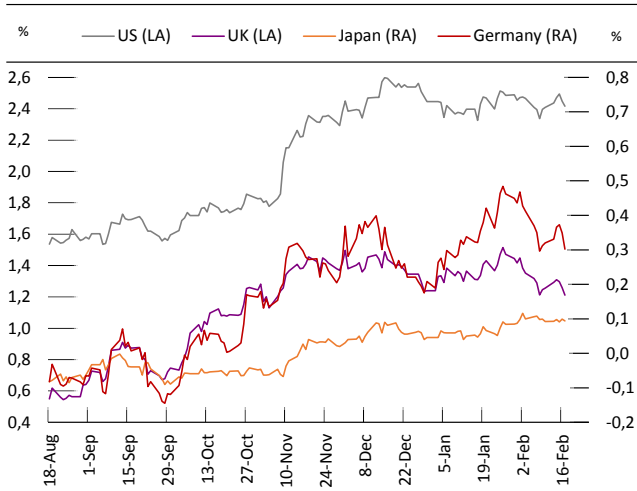
Source: Bloomberg, Data as of February 17<sup>th</sup>

JPY/USD



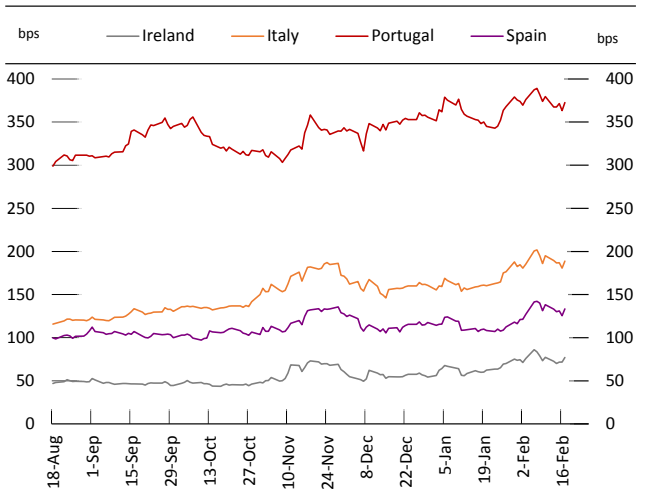
Source: Bloomberg, Data as of February 17<sup>th</sup>

10- Year Government Bond Yields



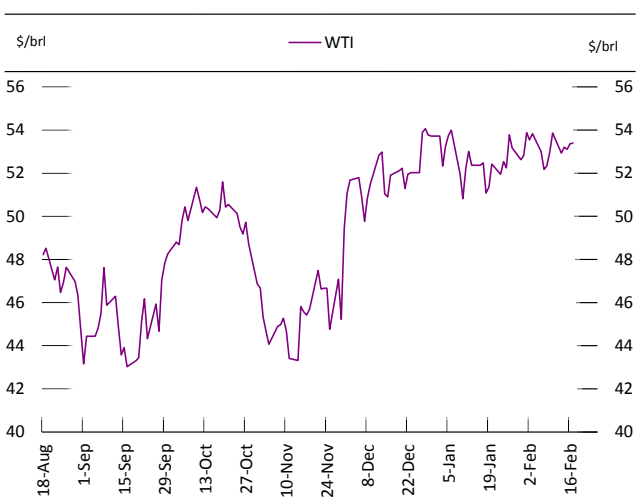
Source: Bloomberg - Data as of February 17<sup>th</sup>  
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



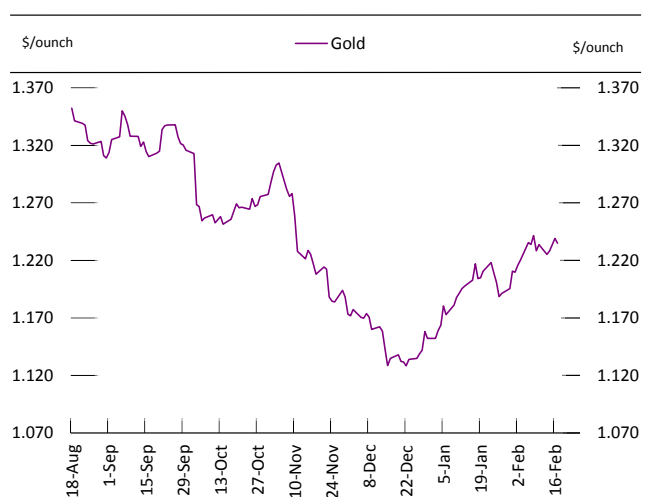
Source: Bloomberg - Data as of February 17<sup>th</sup>

West Texas Intermediate (\$/bbl)



Source: Bloomberg, Data as of February 17<sup>th</sup>

Gold (\$/ounce)



Source: Bloomberg, Data as of February 17<sup>th</sup>

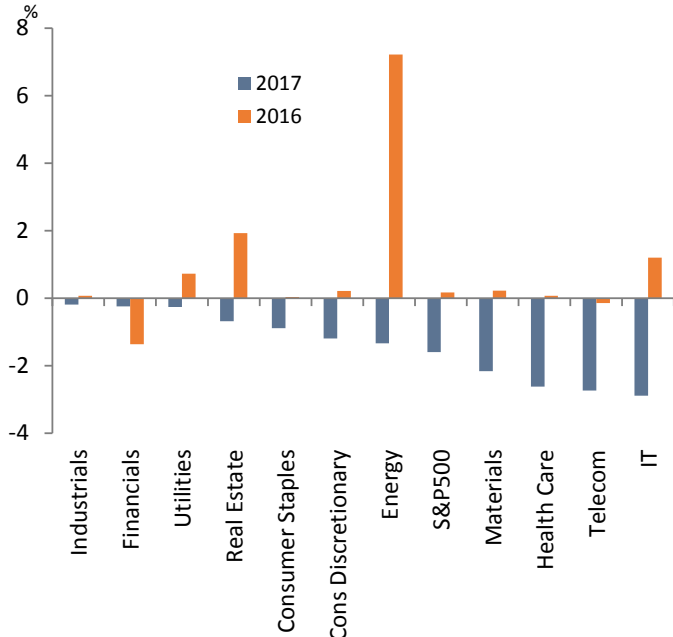
### US Sectors Valuation

	Price (\$)		EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	17/2/2017	% Weekly Change	2016	2017	2016	2017	2016	2017	12m fwd	10Yr Avg	2016	2017	12m fwd	10Yr Avg
<b>S&amp;P500</b>	2351	1,5	1,6	10,0	1,9	2,0	19,9	18,1	17,8	14,1	3,1	2,9	2,9	2,2
<b>Energy</b>	523	-2,1	-73,3	292,6	2,7	2,7	120,9	30,8	29,6	18,0	1,9	2,0	2,0	1,9
<b>Materials</b>	328	0,3	-3,6	12,8	2,0	2,1	20,6	18,2	18,0	14,5	4,0	3,6	3,6	2,7
<b>Financials</b>														
Diversified Financials	578	2,9	6,0	11,2	1,3	1,5	18,0	16,2	15,9	13,5	1,8	1,7	1,7	1,5
Banks	301	3,7	1,2	9,0	1,8	2,0	15,3	14,1	13,8	12,3	1,3	1,2	1,2	1,0
Insurance	364	1,2	-5,2	24,5	2,0	2,1	16,1	12,9	12,8	9,8	1,4	1,3	1,3	1,0
<b>Real Estate</b>	194	0,4	8,7	2,8	4,1	3,5	18,4	17,9	17,8	17,6	3,0	2,9	2,9	2,5
<b>Industrials</b>														
Capital Goods	607	1,6	4,8	5,0	2,2	2,4	20,6	19,7	19,4	14,5	4,7	4,6	4,5	2,8
Transportation	642	1,8	-7,7	1,3	1,6	1,7	16,1	15,9	15,7	14,3	4,6	4,0	3,9	2,9
Commercial Services	247	2,7	8,6	4,7	1,7	1,8	21,9	20,9	20,7	16,9	3,3	4,5	4,5	3,2
<b>Consumer Discretionary</b>														
Retailing	1429	1,1	10,5	12,8	1,0	1,0	30,2	26,8	26,2	18,9	9,4	8,5	8,3	4,4
Media	549	0,5	5,2	6,6	1,2	1,3	19,9	18,7	18,4	14,8	3,1	2,9	2,9	2,0
Consumer Services	873	1,4	11,0	10,9	2,1	2,2	23,1	20,8	20,5	17,3	11,4	11,0	11,0	4,8
Consumer Durables	291	0,7	6,3	7,0	1,6	1,8	17,7	16,6	16,4	16,9	3,4	3,1	3,0	2,8
Automobiles and parts	129	2,8	10,5	-1,7	4,1	3,6	7,6	7,8	7,7	9,0	1,8	1,6	1,6	1,8
<b>IT</b>														
Technology	864	3,0	-2,8	7,8	1,9	2,1	15,4	14,2	14,1	13,2	4,1	3,7	3,7	2,9
Software & Services	1238	1,2	13,5	5,2	0,8	0,9	23,4	22,3	21,9	15,7	5,2	4,6	4,5	3,9
Semiconductors	717	1,9	14,3	13,2	2,0	2,2	17,2	15,2	15,1	16,0	3,6	3,3	3,2	2,8
<b>Consumer Staples</b>														
Food & Staples Retailing	370	1,9	1,3	3,2	2,2	2,3	17,5	17,0	16,8	15,0	3,1	3,0	3,0	2,6
Food Beverage & Tobacco	691	0,6	8,3	7,1	2,7	2,9	23,0	21,5	21,3	16,5	6,1	5,9	5,9	4,7
Household Goods	576	4,3	1,6	4,2	2,6	2,8	24,0	23,1	22,9	17,6	6,3	5,9	5,9	4,2
<b>Health Care</b>														
Pharmaceuticals	777	3,1	6,9	3,4	2,0	2,2	15,7	15,2	15,0	13,7	4,1	3,8	3,7	3,1
Healthcare Equipment	859	1,6	9,7	9,1	1,0	1,1	18,3	16,8	16,6	13,9	3,2	3,0	2,9	2,4
<b>Telecom</b>	169	0,2	-7,5	1,1	4,6	4,7	14,0	13,9	13,8	13,3	2,8	2,7	2,7	2,2
<b>Utilities</b>	251	0,3	5,9	-0,7	3,5	3,7	17,3	17,4	17,3	14,3	1,8	1,8	1,8	1,6

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 2016 & 2017 EPS

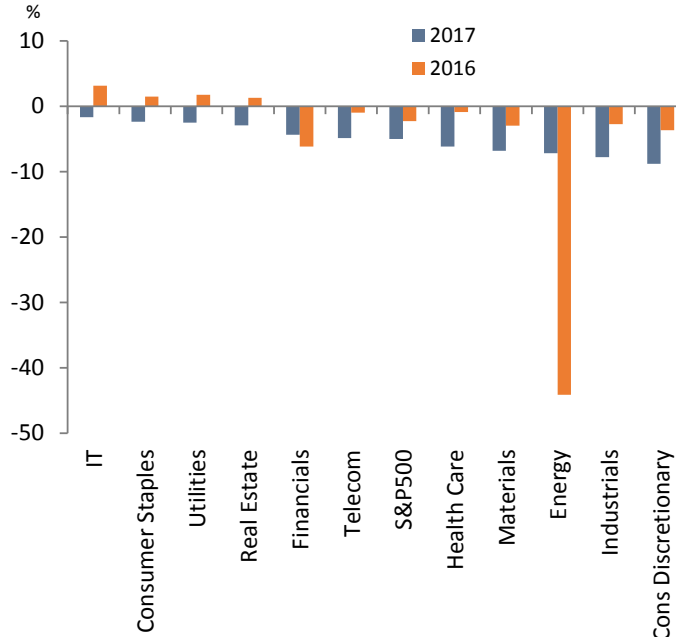
Earnings Revisions indicate 1-month change in 2016 & 2017 EPS



Source: Factset, Data as of February 17<sup>th</sup>

### 12-month revisions to 2016 & 2017 EPS

Earnings Revisions indicate 12-month change in 2016 & 2017 EPS



Source: Factset, Data as of February 17<sup>th</sup>

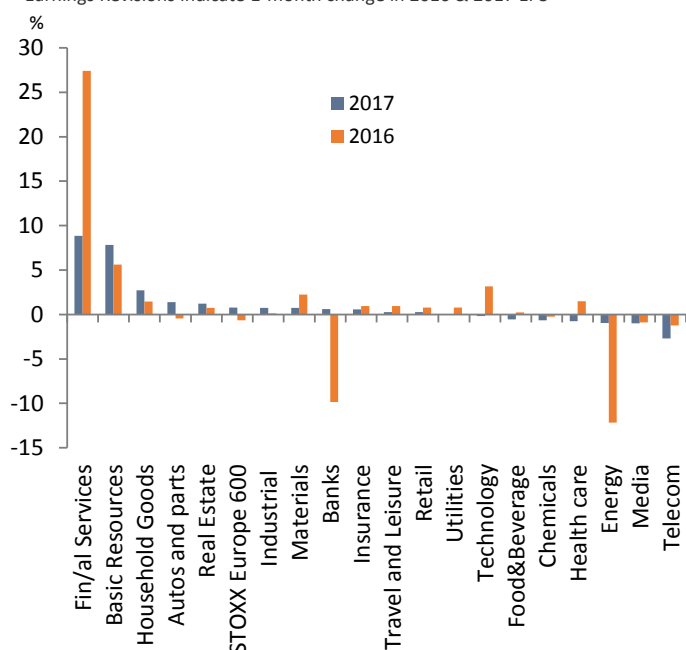
### Europe Sectors Valuation

	Price (€)		EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	17/2/2017	% Weekly Change	2016	2017	2016	2017	2016	2017	12m fwd	10Yr Avg	2016	2017	12m fwd	10Yr Avg
<b>STOXX Europe 600</b>	370	0,8	-2,9	16,5	3,3	3,5	17,9	15,3	15,2	12,5	1,8	1,7	1,7	1,6
<b>Energy</b>	313	-2,0	-32,8	85,6	5,8	5,7	27,0	14,5	14,3	10,6	1,2	1,2	1,2	1,3
<b>Materials</b>	439	-0,3	16,7	12,2	2,7	2,8	19,9	17,8	17,5	13,8	1,9	1,8	1,8	1,5
<b>Basic Resources</b>	438	0,4	307,3	48,0	2,0	2,8	19,9	13,4	13,6	12,4	1,6	1,5	1,5	1,4
<b>Chemicals</b>	894	0,7	-0,5	8,2	2,7	2,8	18,6	17,2	17,0	13,9	2,7	2,5	2,5	2,2
<b>Financials</b>														
<b>Fin/ai Services</b>	438	1,0	24,9	-12,5	3,3	3,5	13,3	15,3	15,4	13,0	1,5	1,4	1,4	1,2
<b>Banks</b>	175	1,5	-33,7	43,4	4,1	4,4	17,2	12,0	11,8	10,4	0,9	0,9	0,9	0,9
<b>Insurance</b>	270	0,0	4,8	0,2	4,8	5,0	11,1	11,1	11,0	9,1	1,1	1,1	1,0	1,0
<b>Real Estate</b>	170	1,0	5,1	6,7	3,7	3,9	20,7	19,4	19,3	17,7	1,0	1,0	1,0	1,0
<b>Industrial</b>	479	0,1	0,8	12,4	2,6	2,7	19,6	17,5	17,2	14,0	3,2	2,9	2,9	2,2
<b>Consumer Discretionary</b>														
<b>Media</b>	282	0,2	-2,4	14,4	3,0	3,1	19,4	17,0	16,8	14,0	3,1	3,0	2,9	2,4
<b>Retail</b>	309	-1,0	0,6	11,1	2,5	2,8	21,1	19,0	18,7	15,8	2,8	2,7	2,7	2,4
<b>Automobiles and parts</b>	544	1,5	17,5	13,1	2,9	3,2	9,2	8,1	8,0	9,4	1,2	1,1	1,1	1,0
<b>Travel and Leisure</b>	239	0,3	1,4	6,9	2,5	2,6	15,1	14,1	13,9	14,5	2,8	2,5	2,5	2,1
<b>Technology</b>	384	1,2	-3,1	11,6	1,5	1,6	23,2	20,8	20,4	16,4	3,0	2,8	2,8	2,6
<b>Consumer Staples</b>														
<b>Food&amp;Beverage</b>	621	1,2	-3,8	13,3	2,7	2,8	24,2	21,3	21,1	17,3	3,2	3,0	3,0	2,8
<b>Household Goods</b>	820	3,0	2,0	13,8	2,4	2,7	22,5	19,7	19,5	16,2	4,1	3,8	3,7	3,1
<b>Health care</b>	742	1,6	7,5	3,8	2,9	3,0	17,6	17,0	16,8	14,0	3,7	3,5	3,5	3,1
<b>Telecom</b>	284	0,7	5,7	11,5	4,9	4,6	18,7	16,7	16,5	13,0	1,8	1,8	1,8	1,7
<b>Utilities</b>	274	-0,1	-9,6	-4,3	5,4	5,1	13,2	13,8	13,7	12,4	1,3	1,3	1,3	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 2016 & 2017 EPS

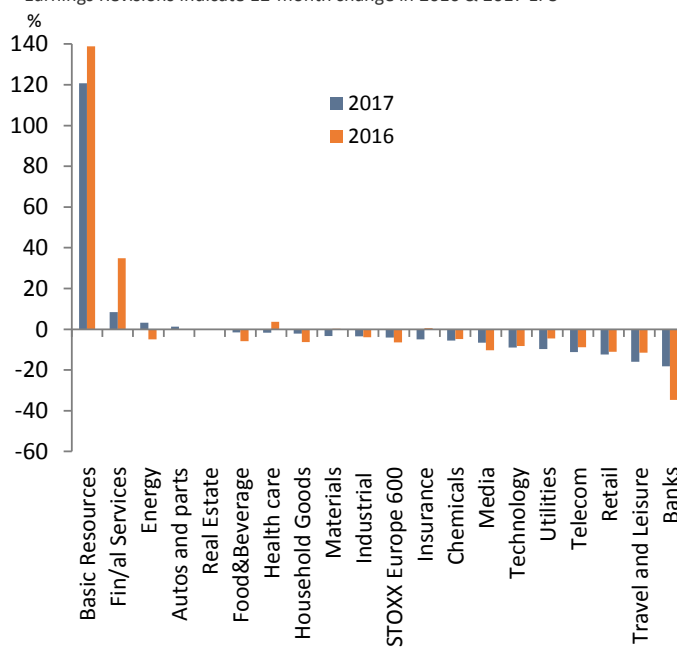
Earnings Revisions indicate 1-month change in 2016 & 2017 EPS



Source: Factset, Data as of February 17<sup>th</sup>

### 12-month revisions to 2016 & 2017 EPS

Earnings Revisions indicate 12-month change in 2016 & 2017 EPS



Source: Factset, Data as of February 17<sup>th</sup>

**DISCLOSURES:**

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