

# Global Markets Roundup

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NATIONAL BANK  
OF GREECE

## US and euro area economic data are buoyant, albeit politics (US tax-plan, German coalition talks) remain a source of uncertainty for global assets

- The euro area economic recovery has shown signs of increasing synchronization, with French and Italian GDP growth both picking up (see graph). Politics continue to cause uncertainty in the euro area, with coalition talks breaking down in Germany, with the liberal FDP citing large disagreements on immigration and energy with Merkel's CDU/CSU block and the Green Party.
- New elections (most likely in Spring 2018) or a minority Government are now the prevailing options, while a "Grand Coalition" between CDU/CSU and Socialist SPD appears unlikely. Eurostoxx (+0.4%) and the EUR (-0.5% at \$1.173 against the USD) were broadly unchanged on Monday.
- US economic data entered Q4 on a positive note, with retail sales and industrial production increasing strongly, suggesting that growth should remain strong in the final quarter of the year (see Economics Section). Nowcast GDP models (Atlanta & NY Fed) point to Q4:2017 growth of circa 3.6% qoq saar following average quarterly GDP rates of 2.4% in 2017.
- US core CPI increased slightly to 1.8% yoy in October, after remaining constant at 1.7% yoy for the previous five months. Overall, strong data boosted short-term Treasury yields, with the 2-Yr increasing by 7 bps woy to 1.72% (+53 bps ytd), with the US yield curve flattening further. Indeed, the 10s/2s term spread declined by 13 bps woy to 62 bps, the lowest since 2007 as 10-Yr yields declined by 6 bps to 2.34% (-10 bps ytd).
- The flattening of the yield curve year-to-date reflects: i) two rate hikes of 50 bps by the Fed ytd; and ii) expectations that inflation pressures will remain muted as the Fed will continue to increase short-term rates (to 1.50% in December and likely by another 75 bps cumulatively in 2018, according to its own forecasts). Since 1960, seven out of ten S&P500 bear markets (equity market corrections larger than 20%) began with the slope of the yield curve being zero or negative (see graph).
- Thus, strong corporate profitability across regions and low interest rates continue, at least for now, to be a tailwind for global equity markets (MSCI Developed Markets in \$: -0.3% woy | +16% ytd). Perhaps reflecting increased market "jitters", equity implied volatility rose to its highest level since August during the past week, albeit it remains below historical averages (Vix: 15% versus an average of 20% since 1999) due to modest profit taking and uncertainty regarding the US tax reform.
- US Energy stocks underperformed (-3.4% woy | -11% ytd), as Norway's \$1trillion Sovereign Wealth Fund proposed to gradually cut its exposure to Energy stocks and WTI oil prices declined slightly, by 0.3% woy to \$56.6/brl (+5% ytd) following the 2½-year high attained during the past week.
- The US Energy sector has underperformed year-to-date, by a wide margin, both the S&P500 and the S&P500 (excluding-IT), despite higher (spot) oil prices (see graph 1 p.3). Note that the gap between the S&P500 and US Energy sector expected 12-month forward Return on Equity (RoE) remains circa 10% in Q2:2017 from 9.8% in Q4:2016 and from 0% in early 2013 (see graph 3 p.3). The fact that futures oil prices remain around \$50/brl has not materially improved the expected top-line profitability of Energy companies (see graph 2 p.3 – the oil market has shifted to Backwardation).

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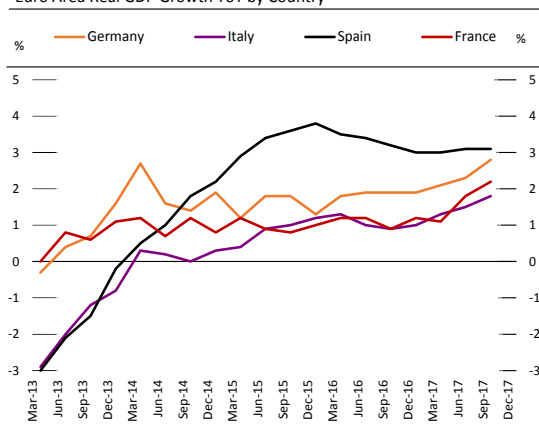
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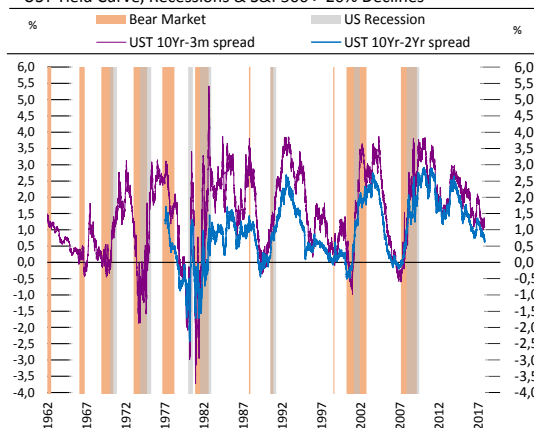
Charts of the week

Euro Area Real GDP Growth YoY by Country



Source: NBG Research, Bloomberg

UST Yield Curve, Recessions & S&P500 > 20% Declines



Source: NBG Research, NBER, US Treasury, Bloomberg

See page 14 for disclosures and analyst certification

## US core inflation shows signs of acceleration

- **Inflation data in the US were modestly above expectations in October, after having undershot consensus estimates in 6 of the previous 7 months.** Headline CPI decelerated to 2.0% yoy, from 2.2% yoy in September, as expected, due to gasoline price growth easing to 10.8% yoy from a (distorted by hurricane-related refinery outages) +19.3% yoy previously. More importantly, core CPI increased to 1.8% yoy, after being stable at 1.7% yoy since May 2017, above consensus expectations for an unchanged outcome, albeit it remains well below its peak of 2.3% yoy in January 2017.

## Strong outlook for US private consumption is confirmed by retail sales data

- **Nominal retail sales data are consistent with the view that the trend for private consumption (+2.5% qoq saar, on average, so far in 2017) remains firm.** In value terms, the so-called "control group", as it feeds into the calculation for GDP (i.e. excluding autos, gas, food services and building materials), rose by 0.3% mom (+3.4% yoy) in October from an upwardly revised (by 0.1 pp) +0.5% mom (+3.6% yoy) in September.

## Manufacturing production surprised on the upside

- **Industrial production rose by more than expected in October.** Output increased by 0.9% mom (+2.9% yoy), from +0.4% mom (+2.1% yoy) in September. More importantly, the acceleration was due to the less volatile manufacturing production (76% of total), which increased sharply by 1.3% mom (+2.5% yoy) from +0.4% mom (+1.4% yoy) in September. Although a significant improvement was widely anticipated, as the September figures were distorted by the hurricanes Harvey and Irma, and reconstruction efforts are having a large impact, the latest figures exceeded consensus estimates (+0.6% mom for manufacturing production). However, caution is warranted in extrapolating this performance due to the difficulty in discerning the underlying trend in view of the aforementioned distortions over the past two months. Regional business surveys, so far, in November were slightly downbeat, with the Empire manufacturing index declining by 10.6 pts to a still strong 19.4 and the Philadelphia Fed Business Index down to 22.7, from a 5-month high of 27.9 in October. Overall, according to the Atlanta Fed's GDPNowcast model, GDP growth for Q4:17 is currently expected at 3.4% qoq saar (3.3% qoq saar a week ago), from +3.0% qoq saar in Q3:17.

## UK inflation below expectations in October

- **Both headline and core (excluding food and energy) CPI inflation undershot consensus estimates in October (by 0.1 pp), remaining at 3.0% yoy and 2.7% yoy, respectively.** Upward contributions from food and, less so, from recreational goods prices were offset by falling motor fuel and furniture prices. Recall that the Bank of England (BoE) expected headline inflation at 3.2% yoy in October (in its November Inflation Report) due to positive effects from the past depreciation of Sterling. The outlook is for a gradual slowdown, close to the target of 2.0% yoy, as the upward pressures on inflation from a weaker Sterling dissipate (due to higher import prices), as well as from higher commodity prices. The recent easing in the growth of the Producers Prices Index, to 2.8% yoy in October, from 3.3% yoy in September (and 3.4% yoy, on average, so far in 2017), supports that view. Furthermore, domestic cost pressures remain lackluster, with wage growth

steady at 2.2% yoy in September, despite the fact that the unemployment rate is at a 42-year low of 4.3%. Thus, wage growth continues to lag the respective trend in CPI, suggesting a weak outlook for consumption due to squeezed real incomes.

## Japan: Q3 GDP in line with expectations

- **Japan posted a 7<sup>th</sup> consecutive quarterly gain in GDP for the 1<sup>st</sup> time in 16 years in Q3:17.** GDP increased by 1.4% qoq saar, following an upwardly revised (by 0.1 pp) +2.6% qoq saar in Q2:17. The outlook for a resilient underlying trend for GDP remains, despite the moderation of growth in Q3:17 and some unfavorable details in the latest readings. Regarding the latter, private consumption declined for the 1<sup>st</sup> time since Q4:15, by 1.8% qoq saar in Q3:17, subtracting 1.0 pp from the headline figure. Nevertheless, a negative payback was widely anticipated, after posting particularly strong readings in H1:17 (+2.1% qoq saar on average). Public investment fell by 9.7% qoq saar (-0.5 pps contribution), following an exceptionally strong +25.3% qoq saar in Q2:17 (distorted by 2020 Tokyo Olympic Games-related construction and increased spending on infrastructure related to the fiscal stimulus package introduced in mid-2016). Government consumption and residential investment had minor negative implications for overall growth (both -0.1 pp). On the other hand, business investment growth remained in positive territory for a 4<sup>th</sup> consecutive quarter (+1.0% qoq saar / +0.2 pps contribution), while net exports were the main driver of growth (+2.1 pps), due to a combination of weak domestic demand in Q3:17 (imports declined by 6.2% qoq saar) and strong demand for Japanese exports (+6.0% qoq saar) from the global economic upswing, as well as the weaker Yen (-2.1% qoq in Q3:17 in NEER terms / -8.7% yoy). Finally, following considerable destocking since Q3:16 (-0.8 pps on average), inventories added 1.1 pp to Q3:17 overall GDP growth.

## China's economic impetus eased modestly entering Q4

- **High frequency activity data undershot expectations in October, albeit possibly distorted, in part, by temporary factors.** Specifically, industrial production rose by 6.2% yoy compared with 6.6% yoy in September and 6.3% yoy, on average, in Q3:17 (consensus: 6.3% yoy), while growth in fixed asset investment also eased, to 7.3% yoy from 7.5% yoy previously. Nevertheless, the National Day and mid-Autumn Festival holiday season (October 1<sup>st</sup> – 8<sup>th</sup>) may have negatively affected the latest outcomes, while for the industrial sector, the stricter implementation of environment protection reforms (aiming mostly at reducing air pollution) also played a role. On the other hand, reform implementation supports the authorities' efforts to stem overcapacity, an important issue regarding the health of the Chinese economy in the long run. Retail sales (in value terms) in October rose by 10.0% yoy from 10.3% yoy previously (consensus: 10.5% yoy), with many consumers likely deferring purchases until "Singles Day" (November 11<sup>th</sup>) -- a day associated with substantial online offers. At the same time, credit growth is broadly stable. Indeed, official total social financing (TSF) growth was steady at 13.0% yoy in October (12.9% yoy, on average, so far in 2017). The "adjusted" TSF -- including the local government debt swap program -- was also stable at 14.4% yoy. Within the TSF, banks' loan growth decelerated slightly, by 0.1 pp to 13.0% yoy.

## Equities

- **Global equity markets recorded losses during the past week, due to persistent uncertainty over US tax reform, the latest developments in the probe into Russian interference in the 2016 presidential elections and some easing of global growth momentum (China).** The MSCI World declined by 0.2% w/w, with developed markets under-performing their emerging market peers (DM: -0.3% vs EM: +0.7%). The S&P500 remained broadly unchanged (-0.1% w/w), with losses in Energy (-3.4% w/w) counteracting the gains in Retailing (+1.5%) and Consumer Staples (+1.0% w/w). Concerning the US Q3:17 earnings season, out of the 480 companies that have reported results, so far, circa 74% have exceeded analyst estimates, with reported growth of 6.3% yoy (consensus expectations at the start of the earnings season: +2%), from 10.4% yoy in Q2:17. In Europe, the EuroStoxx under-performed, decreasing by 1.1% w/w, due to losses in Energy (-4.1% w/w) and Materials (-1.8% w/w), as commodity prices weakened across the board. In Japan, the Nikkei 225 ended the week down (-1.3%), albeit recording gains on Thursday and Friday (+1.7%). In China, the CSI300 index (largest A-shares in Shanghai and Shenzhen exchanges) ended the week up by 0.2%, recording strong gains on Thursday and Friday (+1.2%) after the PBoC made the largest weekly net cash injection through reverse-repurchase agreements since mid-January (+810bn Yuan from -230bn Yuan in the previous week) in order to ease liquidity stress in the financial system due to corporate tax payments.

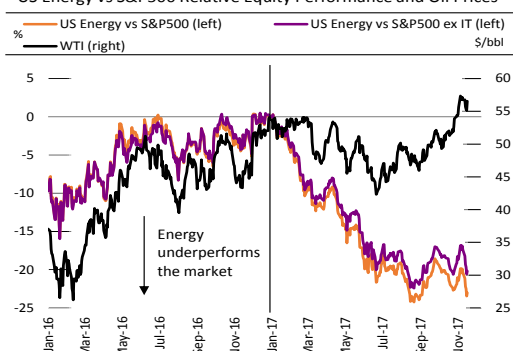
## Fixed Income

- **Long-term government bond yields in US declined in the past week, while the yield curve (10-2 year spread) is at its flattest in a decade (62 bps).** Specifically, the UST 10-year yield declined by 6 bps to 2.34%, and 2-year yield was up 7 bps w/w to 1.72%. Similarly, the German 10-year yield declined by 5 bps to 0.36%, and 2-year yield was up 3 bps w/w to -0.71%, while the 10Yr/2Yr spread (109 bps) is at the lowest level in 2½ months. Finally, periphery bond spreads over the Bund were mixed, with Italy's 10-year yield spread up by 4 bps to 148 bps, Spain's 10-year yield spread up by 3 bps to 119 bps, while Portugal's spread fell by 3 bps to 162 bps. **High yield corporate bond spreads widened in the past week, largely hit by the fall in oil prices.** Specifically, euro area HY spreads rose by 12 bps w/w to 275 bps, while their US peers were unchanged at 376 bps (albeit they are up by 25 bps since their lows in early October). Euro area investment grade (IG) corporate bond spreads increased by 3 bps w/w to 92 bps, while US IG spreads were flat at 106 bps.

## FX and Commodities

- **In foreign exchange markets, the US dollar lost ground in the past week.** Overall, the USD declined by 1.1% w/w against the euro to \$1.179, and by 1.3% against the Japanese yen to ¥112.08, the lowest in a month. The British pound recorded gains against the US dollar, for a second consecutive week (+0.2% to \$1.322), after comments by the PM, Theresa May, that Britain will honor its commitments to the European Union. Note that negotiations between the EU and the UK at the December 14-15 summit in Brussels is seen as an important milestone in the Brexit talks, and will likely give sterling more direction.
- **In commodities, oil prices weakened on a weekly basis, following reports that Russian support for an extension of production cuts, at the next OPEC meeting on November 30<sup>th</sup>, appears questionable. However, on Friday, oil recorded strong gains (Brent: +2.1%, WTI: +2.6%), as Saudi Arabia's Energy Minister reaffirmed his expectation that OPEC will extend production curbs.** US oil inventories rose for a second consecutive week, by 1.9 million barrels to 459 million barrels for the week ending November 10<sup>th</sup>. Overall, Brent declined by 1.8% w/w to \$62.3/barrel and WTI was down 0.3% to \$56.6/barrel. In contrast, precious metals strengthened, with gold rising by 1.5% w/w to \$1294/ounce and silver up by 2.5% to \$17.3/ounce as investors sought safe haven assets.

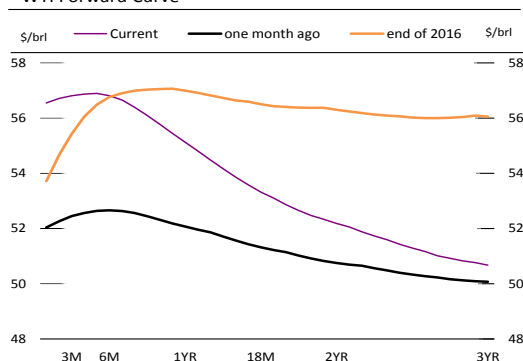
US Energy vs S&P500 Relative Equity Performance and Oil Prices



Source: NBG Research, Bloomberg, January 2017 = 100

Graph 1.

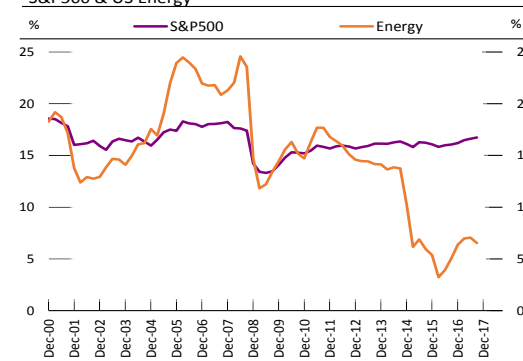
WTI Forward Curve



Source: NBG Research, Bloomberg

Graph 2.

Expected Return on Equity (RoE) on a 12-month forward basis: S&P500 & US Energy



Source: NBG Research, Factset

Graph 3.

**Quote of the week:** "The re-calibration of our policies for the period beyond the end of this year is meant to preserve the degree of monetary stimulus that is still necessary to secure a sustained return of inflation rates towards levels below, but close to, 2% in the medium term", **ECB President, Mario Draghi**, November 20<sup>th</sup> 2017.

## Tactical Asset Allocation (3-month)

- **Equities:** We remain **Overweight**, albeit locking in some profits as we approach year-end following 14% ytd gains. Synchronized strong global GDP growth and double-digit corporate earnings offset, for now, the anticipating peak of central bank (C/B) liquidity. US tax-reform, if enacted, will add some fuel to equities. O/W Euro area amid strong growth momentum with EUR strength now running out of steam (positive for EUR-denominated foreign earnings). O/W Euro area banks due to higher yields, steeper curves and still favorable relative valuations.
- **Government Bonds:** Higher yields due to less aggressive C/Bs, reduced liquidity and stronger inflation data. **Underweight Govies.** Steeper curves, particularly in Bunds, albeit in the short-term a more dovish ECB turns us less bearish in euro rates.
- **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.

## NBG Global Markets - Main Equity Sector Calls

US Sector	Position	View/Comment
Banks	Neutral	Rising rates will support interest margins, less regulation also positive. (see US Treasury report) Neg: Loan volumes are declining and curves are now flattening
Energy	Neutral	OPEC's deal implementation (assuming a 9-month extension) remains a risk and oil price weakness has aggravated recently. US oil production is increasing (at 2015 high levels). Light positioning and sizeable underperformance may present a buying opportunity
Cyclical / Defensives	Neutral	We remain neutral US stocks this month, with no bias within the sectors

EA Sector	Position	View/Comment
Banks	OW	Steeper curves and attractive valuations on P/B terms should offset bouts of volatility. Private sector loan growth is increasing and EPS Revisions remain strong
Energy	UW	OPEC's deal implementation (assuming a 9-month extension) remains a risk and oil price weakness has aggravated recently. US oil production is increasing (at 2015 high levels)
Cyclical / Defensives	Neutral	We choose neutral positions across other sectors, for now

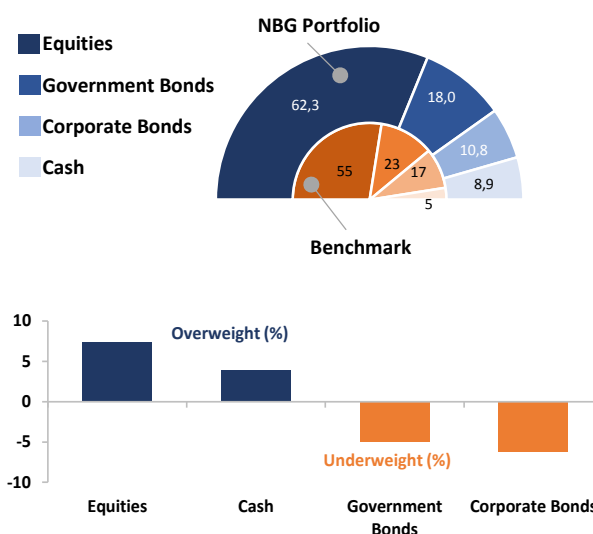
\*Including Technology and Industrials

\*\*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	0,0
Euro area	12	10	2,0
UK	7	7	-
Rest of Dev. Europe	5	5	-
Japan	7	7	-
Rest of Dev. World	8	8	-
EM Asia	7	7	0,0
EM Latin America	0,5	2	-1,5
EMEA	1,5	2	-0,5

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

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

	US	Euro Area	Japan	UK
Equity Markets	<ul style="list-style-type: none"> <li>+ Likely fiscal loosening will support the economy &amp; companies' earnings</li> <li>+ Solid EPS growth in H2:2017 &amp; 2018</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> <li>- Aggressive Fed in 2018</li> </ul> <p>● <b>Neutral/Positive</b></p>	<ul style="list-style-type: none"> <li>+ Still high equity risk premium, albeit declining</li> <li>+ Credit conditions gradual turn more favorable</li> <li>+ Small fiscal loosening</li> <li>- EPS estimates may turn pessimistic due to higher EUR and plateauing economic growth</li> <li>- Strong Euro in NEER terms (2017 vs 2016)</li> <li>- Political uncertainty (Spain, Italy) could re-emerge</li> </ul> <p>● <b>Neutral</b></p>	<ul style="list-style-type: none"> <li>+ Still aggressive QE and "yield-curve" targeting by the BoJ</li> <li>+ Upward revisions in corporate earnings</li> <li>- Strong domestic recovery in H1:2017 will continue</li> <li>- Signs of policy fatigue regarding structural reforms and fiscal discipline</li> <li>- Strong appetite for foreign assets</li> <li>- If sustained, JPY appreciation hurts exporters companies</li> </ul> <p>● <b>Neutral</b></p>	<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 Brexit negotiating process</li> </ul> <p>● <b>Neutral/Negative</b></p>
Government Bonds	<ul style="list-style-type: none"> <li>+ Valuations appear rich with term-premium close to 0%</li> <li>+ Underlying inflation pressures</li> <li>+ The Fed is expected to increase its policy rate towards 1.5% by end-2017 and 2%-2.25% by end-2018</li> <li>+ Balance sheet reduction, albeit well telegraphed may push term premia higher</li> <li>- Global search for yield by non-US investors continues</li> <li>- Safe haven demand</li> </ul> <p>▲ <b>Higher yields expected</b></p>	<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>- Only slow ECB exit from accommodative monetary policy</li> </ul> <p>▲ <b>Higher yields expected</b></p>	<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> <p>● <b>Stable yields expected</b></p>	<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 increase policy rates to 0.50%</li> <li>- Slowing economic growth post-Brexit</li> </ul> <p>▲ <b>Higher yields expected</b></p>
Foreign Exchange	<ul style="list-style-type: none"> <li>+ The Fed is expected to increase its policy rate towards 1.5% in 2017 and 2%-2.25% by end-2018</li> <li>+ Tax cuts may boost growth, and interest rates through a more aggressive Fed</li> <li>- Mid-2014 rally probably out of steam</li> <li>- Protectionism and trade Wars</li> </ul> <p>▲ <b>Long USD against its major counterparts ex-EUR</b></p>	<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> <p>● <b>Flat EUR against the USD with upside risks short term</b></p>	<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> <p>▼ <b>Lower JPY against the USD</b></p>	<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> <p>● <b>Flat GBP against the USD with upside risks short term</b></p>



	Turkey	Romania	Bulgaria	Serbia
Equity Markets	<ul style="list-style-type: none"> <li>+ Attractive valuations</li> <li>- Weak foreign investor appetite for emerging market assets</li> </ul> <p>▲ Neutral/Positive stance on equities</p>	<ul style="list-style-type: none"> <li>+ Attractive valuations</li> <li>- Weak foreign investor appetite for emerging market assets</li> </ul> <p>▲ Neutral/Positive Stance on equities</p>	<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> <p>▲ Neutral/Positive Stance on equities</p>	<ul style="list-style-type: none"> <li>+ Attractive valuations</li> <li>- Weak foreign investor appetite for emerging market assets</li> </ul> <p>▲ Neutral/Positive Stance on equities</p>
Domestic Debt	<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> <p>▲ Stable to lower yields</p>	<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> <p>▼ Stable to higher yields</p>	<ul style="list-style-type: none"> <li>+ Very low public debt-to-GDP ratio and large fiscal reserves</li> <li>+ Low inflation</li> </ul> <p>▲ Stable to lower yields</p>	<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> <p>▲ Stable to lower yields</p>
Foreign Debt	<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>
Foreign Exchange	<p>▲ Stable to narrowing spreads</p> <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> <p>▼ Weaker to stable TRY against the EUR</p>	<p>▲ Stable to narrowing spreads</p> <ul style="list-style-type: none"> <li>+ Strong external position</li> <li>- Large external financing requirements</li> </ul> <p>▲ Stable to stronger RON against the EUR</p>	<p>▲ Stable to narrowing spreads</p> <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> <p>● Stable BGN against the EUR</p>	<p>▲ Stable to narrowing spreads</p> <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> <p>▼ Weaker to stable RSD against EUR</p>

## Interest Rates &amp; Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	Nov 17th	3-month	6-month	12-month	Official Rate (%)	Nov 17th	3-month	6-month	12-month
Germany	0,36	0,55	0,75	0,95	Euro area	0,00	0,00	0,00	0,00
US	2,34	2,65	2,75	2,90	US	1,25	1,50	1,75	2,00
UK	1,29	1,43	1,53	1,75	UK	0,50	0,50	0,50	0,60
Japan	0,04	0,02	0,05	0,10	Japan	-0,10	-0,10	-0,10	-0,10
Currency	Nov 17th	3-month	6-month	12-month		Nov 17th	3-month	6-month	12-month
EUR/USD	1,18	1,17	1,17	1,18	USD/JPY	112	113	114	113
EUR/GBP	0,89	0,88	0,89	0,91	GBP/USD	1,32	1,33	1,31	1,29
EUR/JPY	132	133	133	133					

Forecasts at end of period

## Economic Forecasts

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

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

## South Eastern Europe Economic Forecasts

## Economic Indicators

	2013	2014	2015	2016	2017f	2018f
Real GDP Growth (%)						
Turkey	8,5	5,2	6,1	3,2	5,5	4,0
Romania	3,5	3,1	3,9	4,8	6,6	4,2
Bulgaria	0,9	1,3	3,6	3,9	3,8	3,6
Serbia	2,6	-1,8	0,8	2,8	2,0	3,6
Headline Inflation (eop,%)						
Turkey	7,4	8,2	8,8	8,5	10,5	9,0
Romania	1,6	0,8	-0,9	-0,5	2,6	3,2
Bulgaria	-1,6	-0,9	-0,4	0,1	2,2	2,6
Serbia	2,2	1,7	1,5	1,6	2,8	3,0
Current Account Balance (% of GDP)						
Turkey	-6,7	-4,7	-3,7	-3,8	-4,8	-4,6
Romania	-1,1	-0,7	-1,2	-2,1	-3,0	-3,6
Bulgaria	1,3	0,1	0,0	5,3	4,5	3,2
Serbia	-6,1	-6,0	-4,7	-4,0	-4,4	-4,4
Fiscal Balance (% of GDP)						
Turkey	-1,0	-1,1	-1,0	-1,1	-2,0	-2,3
Romania	-2,5	-1,7	-1,5	-2,4	-3,3	-4,5
Bulgaria	-1,8	-3,7	-2,8	1,6	0,0	-1,0
Serbia	-5,5	-6,6	-3,7	-1,3	0,0	0,0

f: NBG forecasts

## Stock Markets (in local currency)

Country - Index	20/11/2017	Last week return (%)	Year-to-Date change (%)	2-year change (%)
Turkey - ISE100	108.860	-4,6	39,3	33,0
Romania - BET-BK	1.649	1,1	22,7	20,1
Bulgaria - SOFIX	669	-0,5	14,1	51,6
Serbia - BELEX15	736	0,9	2,6	21,7

## Financial Markets

	20/11/2017	3-month forecast	6-month forecast	12-month forecast
1-m Money Market Rate (%)				
Turkey	13,4	13,0	12,5	11,5
Romania	2,2	2,4	2,6	2,8
Bulgaria	-0,1	0,1	0,1	0,2
Serbia	2,8	3,2	3,4	3,8
Currency				
TRY/EUR	4,61	4,40	4,37	4,36
RON/EUR	4,65	4,62	4,60	4,55
BGN/EUR	1,96	1,96	1,96	1,96
RSD/EUR	118,6	119,8	120,0	120,3

## Sovereign Eurobond Spread (in bps)

Turkey (USD 2020)(*)	211	200	180	150
Romania (EUR 2024)	124	120	116	110
Bulgaria (EUR 2022)	52	54	52	50
Serbia (USD 2021)(*)	130	128	125	120

(\*) Spread over US Treasuries

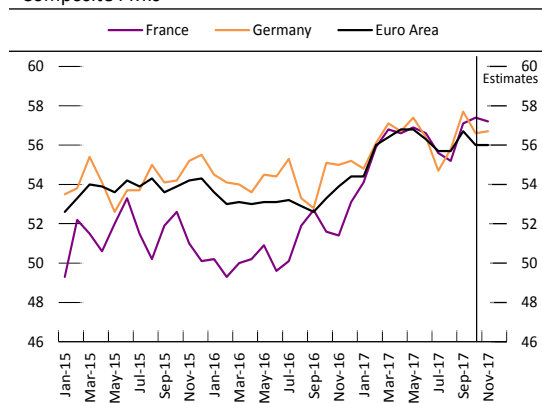
## Economic Calendar

The main macro events next week in the US include housing as well as durable goods orders data for October. In addition, the minutes of the last (October 31<sup>st</sup> – November 1<sup>st</sup>) Fed meeting will be released.

In the Euro area, markets will focus on the PMI data as well as the consumer confidence indicator for November, in order to better assess the ongoing economic momentum.

In the UK, investors' attention turns to the 2<sup>nd</sup> estimate for Q3:17 GDP, as it is the 1<sup>st</sup> including detailed expenditure data.

Composite PMIs



Source: NBG Research, Bloomberg

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

Tuesday 14					Wednesday 15												
UK		S	A	P	EURO AREA		S	A	P	US		S	A	P			
CPI (YoY)	October	3.1%	-	3.0%	3.0%	Industrial Production (sa, MoM)	September	-0.6%	-0.6%	1.4%	CPI (YoY)	October	2.0%	2.0%	2.2%		
CPI Core (YoY)	October	2.8%	-	2.7%	2.7%						Core CPI (YoY)	October	1.7%	+	1.8%	1.7%	
GERMANY					EURO AREA					US							
GDP (QoQ)	Q3:17	0.6%	+	0.8%	0.6%	Industrial Production (wda, YoY)	September	3.2%	+	3.3%	3.9%	Empire Manufacturing	November	25.1	-	19.4	30.2
GDP (wda, YoY)	Q3:17	2.3%	+	2.8%	2.3%	GDP (QoQ)	Q3:17	0.6%	0.6%	0.6%	Retail Sales Advance MoM	October	0.0%	+	0.2%	1.9%	
ZEW survey current situation	November	88.0	+	88.8	87.0	GDP (YoY)	Q3:17	2.5%	2.5%	2.5%	Retail sales ex-autos (MoM)	October	0.2%	-	0.1%	1.2%	
ZEW survey expectations	November	19.5	-	18.7	17.6	CHINA					Net Long-term TIC Flows (\$ bn)	September	..	80.9	73.2		
Retail sales (YoY)	October	10.5%	-	10.0%	10.3%	JAPAN					ILO Unemployment Rate	September	4.3%	4.3%	4.3%		
Industrial production (YoY)	October	6.3%	-	6.2%	6.6%	EURO AREA					GDP (QoQ)	Q3:17	0.4%	-	0.3%	0.6%	
											GDP Private Consumption	Q3:17	-0.4%	-	-0.5%	0.7%	
											GDP Business Spending (QoQ)	Q3:17	0.3%	-	0.2%	0.5%	
											Trade Balance SA (€ bn)	September	21.0	+	25.0	21.0	
Thursday 16					Friday 17					Monday 20							
US		S	A	P	US		S	A	P	JAPAN		S	A	P			
Initial Jobless Claims (k)	November 11	235	-	249	239	Mortgage foreclosures	Q3:17	..	1.23%	1.29%	Exports YoY	October	15.7%	-	14.0%	14.1%	
Continuing Claims (k)	November 4	1900	+	1860	1904	Mortgage delinquencies	Q3:17	..	4.88%	4.24%	Imports YoY	October	20.2%	-	18.9%	12.1%	
Philadelphia Fed Business Outlook	November	24.6	-	22.7	27.9	Housing starts (k)	October	1190	+	1290	1135						
Industrial Production (MoM)	October	0.5%	+	0.9%	0.4%	Building permits (k)	October	1250	+	1297	1225						
NAHB housing market confidence index	November	67	+	70	68												
UK					EURO AREA					US							
Retail sales Ex Auto MoM	October	0.0%	+	0.1%	-0.6%	Consumer Confidence Indicator	November	-0.8	..	-1.0	GDP (QoQ)	Q3:17	0.4%	..	0.4%		
											GDP (YoY)	Q3:17	1.5%	..	1.5%		
											Private Consumption (QoQ)	Q3:17	0.4%	..	0.2%		
											Government Spending QoQ	Q3:17	0.3%	..	0.1%		
											Gross Fixed Capital Formation	Q3:17	0.4%	..	0.6%		
Tuesday 21					Wednesday 22					Thursday 23							
US		S	A	P	US		S	A	P	GERMANY		S	A	P			
Existing home sales (mn)	October	5.40	..	5.39	Initial Jobless Claims (k)	November 18	240	..	249	GDP (QoQ)	Q3:17 F	0.8%	..	0.8%			
					Continuing Claims (k)	November 11	1879	..	1860	GDP (wda, YoY)	Q3:17 F	2.8%	..	2.8%			
					Durable goods orders (MoM)	October	0.4%	..	2.0%	Private Consumption (QoQ)	Q3:17	0.2%	..	0.8%			
					Durable goods orders ex transportation (MoM)	October	0.5%	..	0.7%	Government Spending QoQ	Q3:17	0.2%	..	0.6%			
					FOMC Minutes	November 1				Capital Investment QoQ	Q3:17	1.4%	..	1.0%			
					EURO AREA					EURO AREA							
					Consumer Confidence Indicator	November	-0.8	..	-1.0	Markit Eurozone Manufacturing PMI	November	58.2	..	58.5			
										Markit Eurozone Services PMI	November	55.2	..	55.0			
										Markit Eurozone Composite PMI	November	56.0	..	56.0			
										UK							
										GDP (QoQ)	Q3:17	0.4%	..	0.4%			
										GDP (YoY)	Q3:17	1.5%	..	1.5%			
										Private Consumption (QoQ)	Q3:17	0.4%	..	0.2%			
										Government Spending QoQ	Q3:17	0.3%	..	0.1%			
										Gross Fixed Capital Formation	Q3:17	0.4%	..	0.6%			
Friday 24					Monday 27												
US		S	A	P	US		S	A	P	US		S	A	P			
Markit US Manufacturing PMI	November	55.0	..	54.6	New home sales (k)	October	618	..	667								
JAPAN																	
Nikkei PMI Manufacturing	November	..	..	52.8													
GERMANY																	
IFO- Business Climate Indicator	November	116.6	..	116.7													
IFO-Expectations	November	108.8	..	109.1													
IFO- Current Assessment	November	125.0	..	124.8													



## Equity Markets (in local currency)

Developed Markets		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)	Emerging Markets		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
US	S&P 500	2579	-0,1	15,2	17,9	23,8	MSCI Emerging Markets	60702	0,3	27,4	29,5	33,4	
Japan	NIKKEI 225	22397	-1,3	17,2	25,4	14,0	MSCI Asia	925	0,1	33,6	35,1	38,5	
UK	FTSE 100	7381	-0,7	3,3	8,6	17,5	China	89	0,5	52,7	49,8	46,3	
Canada	S&P/TSX	15999	-0,3	4,7	7,9	19,4	Korea	772	-0,3	32,9	39,5	45,2	
Hong Kong	Hang Seng	29199	0,3	32,7	31,2	31,6	MSCI Latin America	83124	0,8	15,6	16,4	31,4	
Euro area	EuroStoxx	386	-1,1	10,3	18,7	8,0	Brazil	249349	1,6	19,5	19,1	44,0	
Germany	DAX 30	12994	-1,0	13,2	21,6	18,6	Mexico	45199	-0,4	4,6	7,0	7,2	
France	CAC 40	5319	-1,1	9,4	17,5	8,4	MSCI Europe	5269	-1,3	6,1	16,0	15,0	
Italy	FTSE/MIB	22093	-2,1	14,9	33,4	0,0	Russia	958	-1,4	-4,1	6,2	16,2	
Spain	IBEX-35	10010	-0,8	7,0	14,8	-2,4	Turkey	1474437	-1,9	35,0	39,8	28,4	

## 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		208,9	-3,5	-4,6	2,7	5,0	Energy		212,0	-3,4	-7,2	0,2	5,3
Materials		267,3	-1,0	20,5	23,6	38,9	Materials		251,9	-1,1	15,3	19,8	34,8
Industrials		248,9	-1,1	17,1	19,1	27,0	Industrials		244,8	-1,4	13,3	16,7	23,3
Consumer Discretionary		228,6	0,6	16,4	18,5	16,4	Consumer Discretionary		220,2	0,4	13,4	16,8	14,0
Consumer Staples		229,0	0,4	10,3	13,0	11,0	Consumer Staples		227,8	0,2	7,2	10,7	10,6
Healthcare		222,6	0,2	15,4	14,0	6,6	Healthcare		219,3	0,1	13,2	12,5	5,4
Financials		121,1	-0,1	14,0	19,2	22,5	Financials		120,1	-0,1	10,3	16,3	19,7
IT		220,6	-0,1	36,8	38,3	48,3	IT		213,5	-0,2	35,5	37,7	46,7
Telecoms		67,4	0,5	-3,1	3,6	-1,4	Telecoms		69,6	0,3	-6,7	1,2	-3,3
Utilities		131,2	-0,8	14,2	19,5	18,7	Utilities		133,2	-0,9	10,9	16,9	17,1

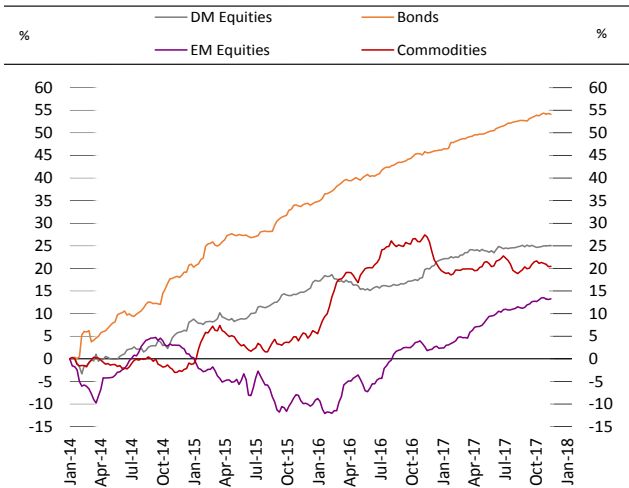
## Bond Markets (%)

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	2,34	2,40	2,45	2,36	2,60	US Treasuries 10Y/2Y	62	74	126	129	179
Germany	0,36	0,41	0,21	0,27	1,86	US Treasuries 10Y/5Y	29	35	52	56	91
Japan	0,04	0,04	0,05	0,04	0,78	Bunds 10Y/2Y	107	116	97	94	125
UK	1,29	1,34	1,24	1,46	2,60	Bunds 10Y/5Y	71	74	74	64	75
Greece	5,22	5,18	7,11	7,06	10,31	Corporate Bond Spreads (in bps)	Current	Last week	Year Start	One Year Back	10-year average
Ireland	0,58	0,65	0,75	1,00	4,34						
Italy	1,83	1,84	1,81	2,09	3,65						
Spain	1,56	1,58	1,38	1,59	3,63						
Portugal	1,98	2,06	3,76	3,85	5,38						
US Mortgage Market (1. Fixed-rate Mortgage)	Current	Last week	Year Start	One Year Back	10-year average	US High yield	376	376	421	484	643
30-Year FRM <sup>1</sup> (%)	4,2	4,2	4,4	4,2	4,3	Euro area IG	92	89	124	124	170
vs 30Yr Treasury (bps)	140	130	132	113	96	Euro area High Yield	275	263	376	415	664

## Foreign Exchange & Commodities

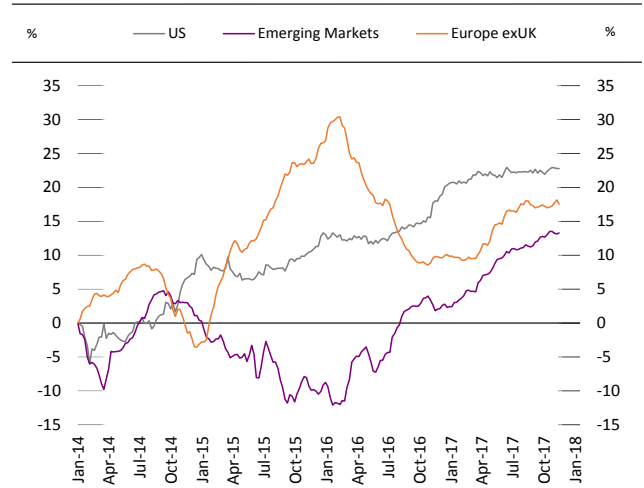
Foreign Exchange		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Commodities		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)
Euro-based cross rates							Agricultural		384	-0,3	0,5	-13,0	-10,9
EUR/USD		1,18	1,1	0,0	11,0	12,1	Energy		437	-1,1	7,8	18,4	0,5
EUR/CHF		1,17	0,3	0,8	8,9	8,8	West Texas Oil (\$)		57	-0,3	8,7	24,5	5,3
EUR/GBP		0,89	0,9	0,0	4,3	4,5	Crude Brent Oil (\$)		62	-1,8	6,6	38,0	12,5
EUR/JPY		132,15	-0,2	-0,7	12,9	7,4	Industrial Metals		1357	-0,7	-1,7	19,9	20,9
EUR/NOK		9,72	2,4	3,6	7,0	6,9	Precious Metals		1569	1,9	1,3	5,3	11,4
EUR/SEK		9,93	2,0	3,5	1,1	3,7	Gold (\$)		1294	1,5	1,0	6,4	12,3
EUR/AUD		1,56	2,4	3,8	8,7	6,8	Silver (\$)		17	2,5	1,8	3,8	8,7
EUR/CAD		1,51	1,8	2,5	4,8	6,5	Baltic Dry Index		1371	-6,4	-12,5	11,4	42,7
USD-based cross rates							Baltic Dirty Tanker Index		809	0,7	-10,8	-2,6	-12,0
USD/CAD		1,28	0,6	2,4	-5,6	-5,0							
USD/AUD		1,32	1,3	3,7	-2,1	-4,8							
USD/JPY		112,08	-1,3	-0,8	1,8	-4,2							

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



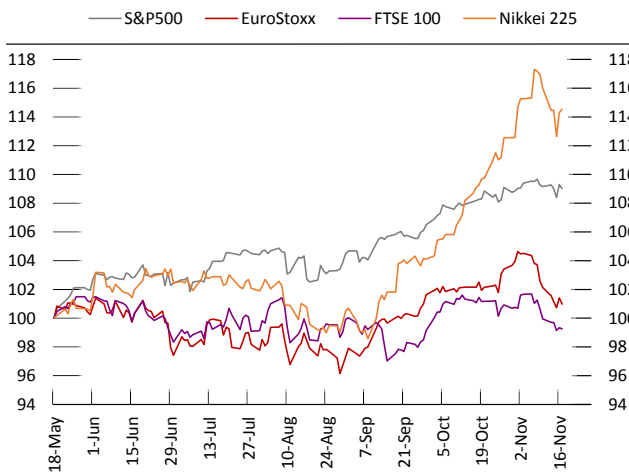
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of November 17<sup>th</sup>

## Equity ETFs: Flows as % of AUM



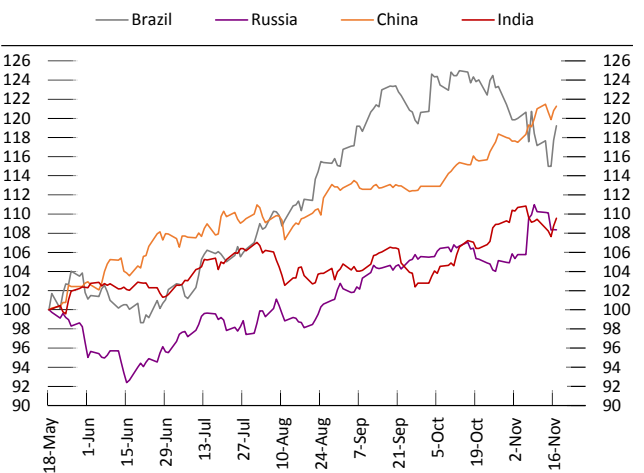
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of November 17<sup>th</sup>

## Equity Market Performance - G4



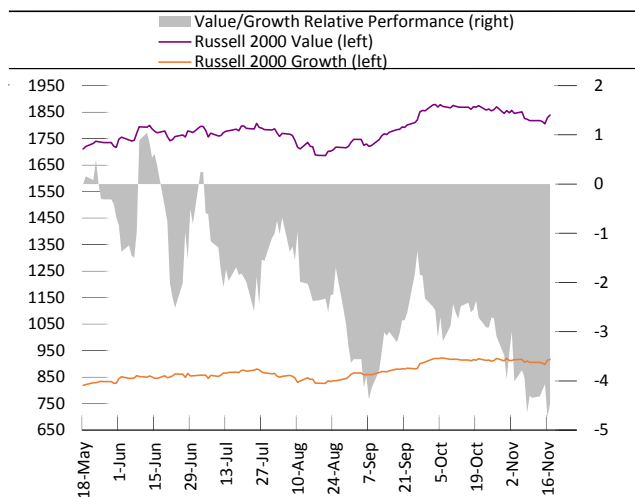
Source: Bloomberg - Data as of November 17<sup>th</sup> - Rebased @ 100

## Equity Market Performance - BRICs



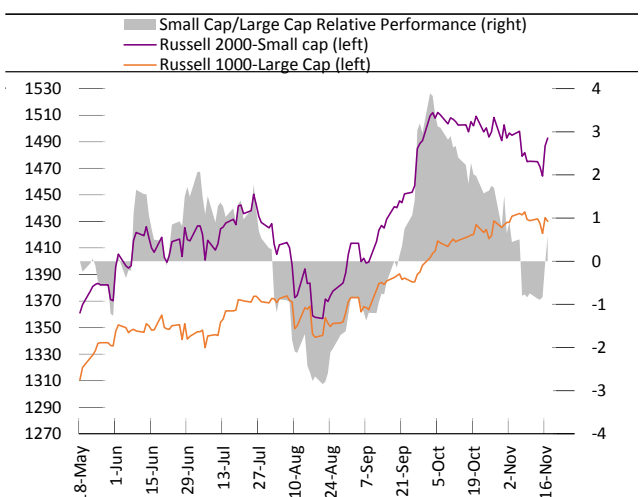
Source: Bloomberg - Data as of November 17<sup>th</sup> - Rebased @ 100

## Russell 2000 Value &amp; Growth Index



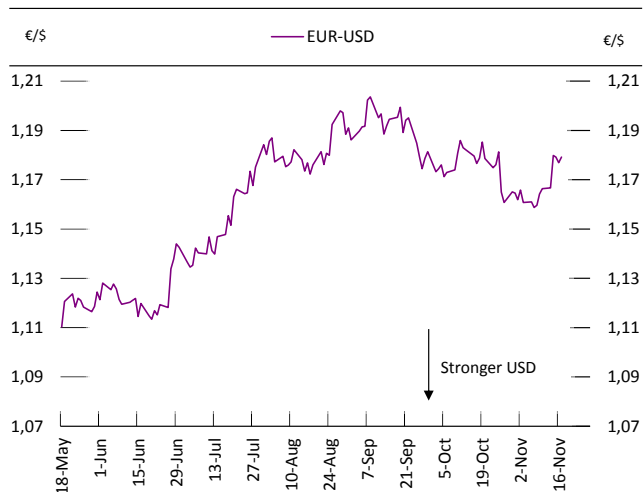
Source: Bloomberg, Data as of November 17<sup>th</sup>

## Russell 2000 &amp; Russell 1000 Index



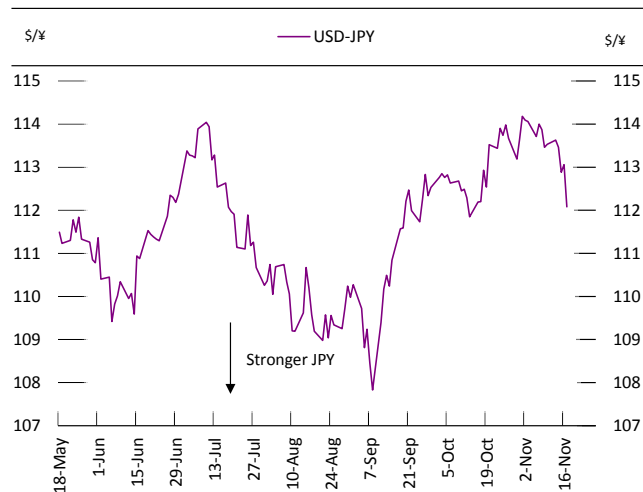
Source: Bloomberg, Data as of November 17<sup>th</sup>

## EUR/USD



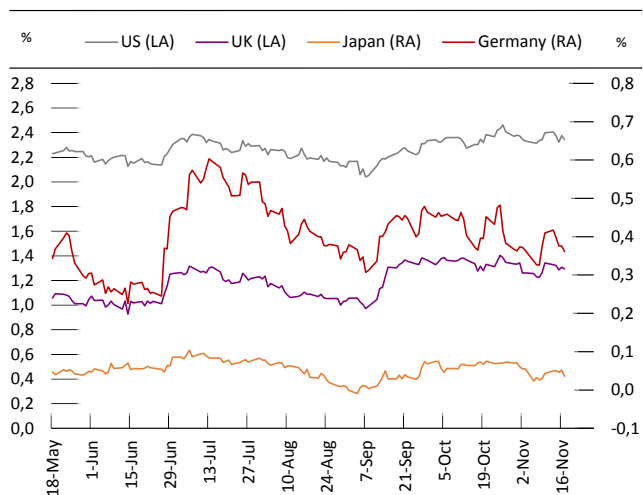
Source: Bloomberg, Data as of November 17<sup>th</sup>

## JPY/USD



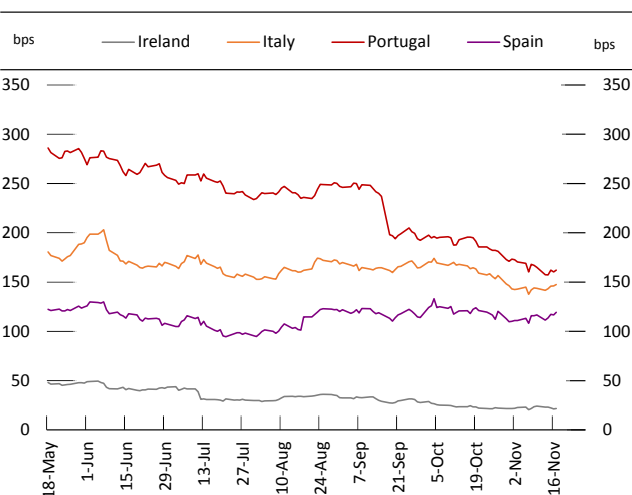
Source: Bloomberg, Data as of November 17<sup>th</sup>

## 10- Year Government Bond Yields



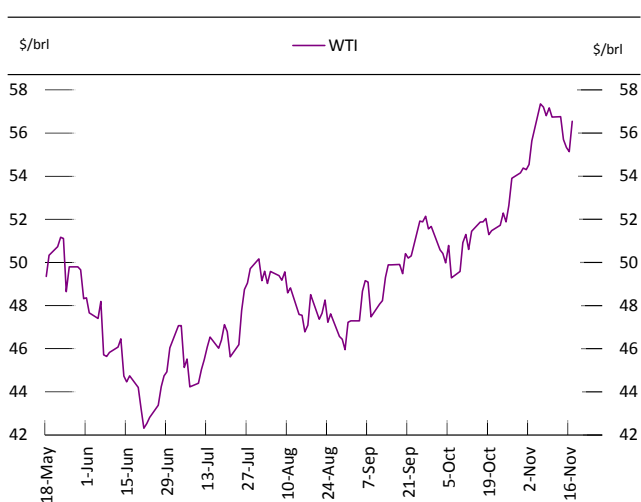
Source: Bloomberg - Data as of November 17<sup>th</sup>  
LA:Left Axis RA:Right Axis

## 10- Year Government Bond Spreads



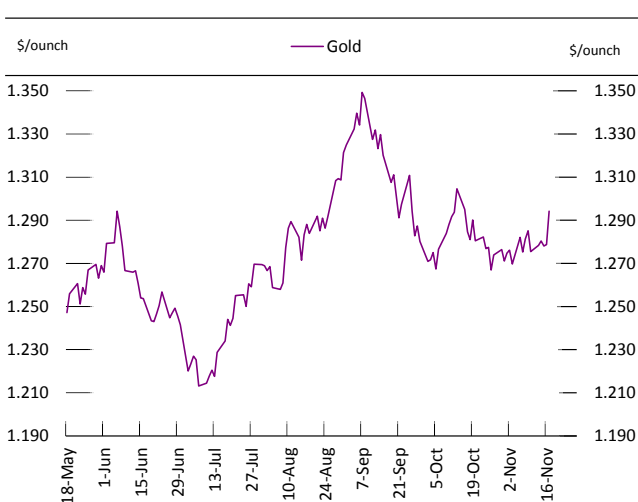
Source: Bloomberg - Data as of November 17<sup>th</sup>

## West Texas Intermediate (\$/bbl)



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

## Gold (\$/ounce)



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

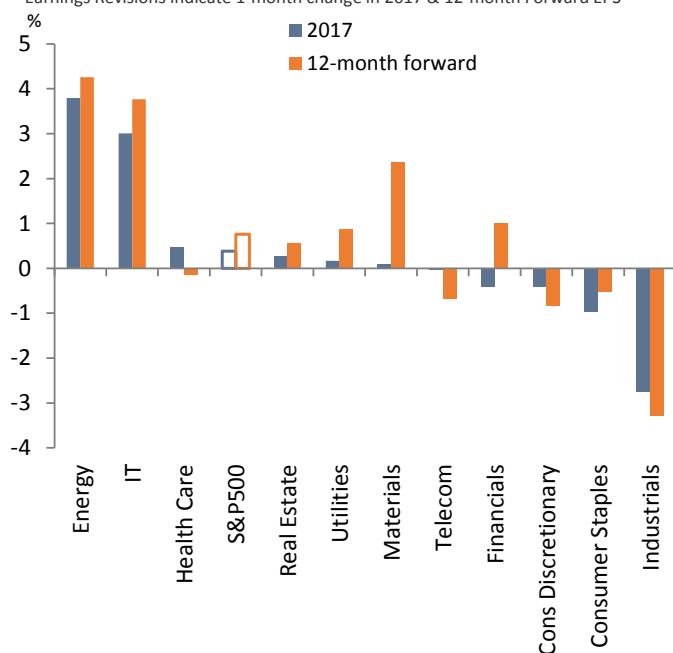
## US Sectors Valuation

	Price (\$)		EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	17/11/2017	% Weekly Change	2016	2017	2016	2017	2016	2017	12m fwd	10Yr Avg	2016	2017	12m fwd	10Yr Avg
<b>S&amp;P500</b>	2579	-0,1	1,4	10,1	2,0	1,9	19,8	19,7	18,0	14,2	3,1	3,2	3,0	2,2
<b>Energy</b>	496	-3,4	-74,4	259,6	2,7	2,9	127,3	33,8	26,5	19,2	2,0	1,9	1,9	1,8
<b>Materials</b>	365	0,2	-5,7	7,9	2,1	1,9	20,2	20,8	18,0	14,8	3,8	4,1	2,9	2,7
<b>Financials</b>														
Diversified Financials	628	0,3	5,7	9,7	1,3	1,3	18,1	17,9	16,2	13,6	1,8	1,8	1,7	1,4
Banks	314	0,7	1,1	11,7	1,8	2,0	15,3	14,3	13,0	12,5	1,3	1,3	1,2	0,9
Insurance	399	-0,8	-4,2	0,3	2,0	2,0	15,6	16,9	13,6	9,8	1,4	1,4	1,3	1,0
<b>Real Estate</b>	207	-0,9	8,0	1,4	3,9	3,3	18,8	19,3	18,2	17,1	3,0	3,2	3,3	2,5
<b>Industrials</b>														
Capital Goods	648	-1,5	4,7	5,4	2,2	2,3	20,6	20,9	19,5	14,7	4,7	5,1	4,8	2,9
Transportation	651	0,0	-7,8	-0,5	1,6	1,7	16,0	16,5	15,0	14,2	4,5	4,2	3,8	3,0
Commercial Services	247	0,5	8,5	-3,7	1,4	1,5	22,9	23,8	22,5	18,0	3,9	3,9	3,7	2,9
<b>Consumer Discretionary</b>														
Retailing	1621	1,5	11,6	4,8	1,0	0,9	30,9	33,5	29,9	20,1	10,1	10,5	9,2	5,1
Media	516	-0,2	2,6	7,1	1,2	1,4	20,8	18,3	16,9	15,0	3,2	3,1	2,9	2,2
Consumer Services	1035	0,9	9,8	10,9	2,0	1,8	22,5	24,2	21,8	17,7	7,8	10,0	10,2	4,5
Consumer Durables	311	3,7	11,6	-0,9	1,7	1,7	17,6	18,8	17,3	16,7	3,3	3,3	3,2	2,9
Automobiles and parts	139	1,7	10,6	1,8	4,2	3,3	7,6	8,1	8,6	8,9	1,8	1,8	1,6	1,9
<b>IT</b>														
Technology	1040	-0,6	-2,8	9,8	1,9	1,8	15,0	16,3	14,7	12,4	3,8	4,5	4,1	2,7
Software & Services	1543	-0,4	11,5	11,9	1,0	0,9	23,2	25,8	23,1	15,5	5,8	6,1	5,3	3,8
Semiconductors	969	0,2	12,9	38,6	2,0	1,7	17,5	17,1	15,9	16,6	3,7	4,5	4,0	2,7
<b>Consumer Staples</b>														
Food & Staples Retailing	384	2,8	1,2	-1,6	2,1	2,5	17,6	18,5	17,5	14,9	3,2	3,5	3,4	2,6
Food Beverage & Tobacco	695	0,6	8,3	7,0	2,7	2,9	23,2	21,4	20,0	16,7	6,4	5,4	5,4	4,7
Household Goods	566	0,0	1,6	4,2	2,6	2,8	24,1	22,7	21,3	17,8	6,4	5,6	5,5	4,3
<b>Health Care</b>														
Pharmaceuticals	829	-0,3	6,2	5,2	2,0	2,0	16,3	16,3	15,5	13,8	4,2	4,3	4,0	3,1
Healthcare Equipment	999	0,5	9,5	10,1	1,0	1,0	18,8	19,5	18,2	13,8	3,3	3,4	3,2	2,4
<b>Telecom</b>	145	0,8	0,3	-0,5	4,7	5,8	13,6	11,7	11,7	12,8	3,0	2,3	2,2	2,2
<b>Utilities</b>	282	0,2	6,6	0,9	3,4	3,3	18,0	19,2	18,4	14,4	2,0	2,0	2,0	1,5

Source Factset, Blue box indicates a value more than +2standard 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 2017 &amp; 12-month Forward EPS

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

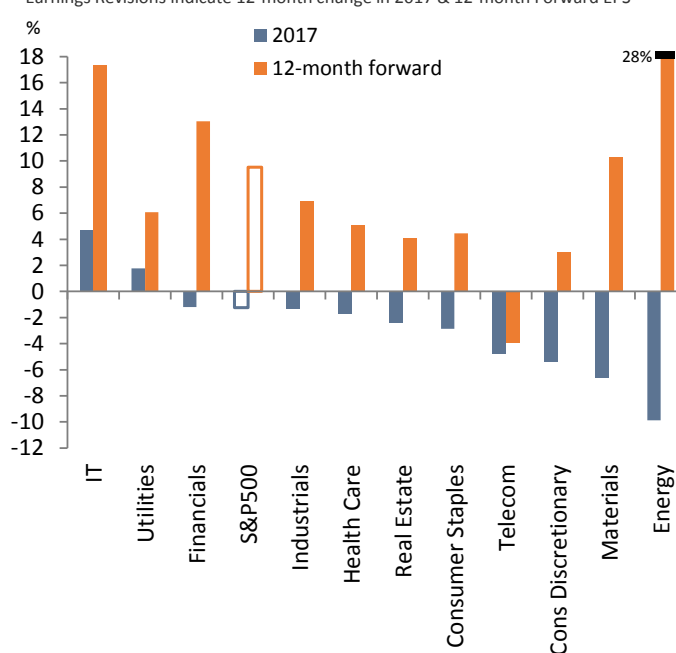


Source: Factset, Data as of November 17<sup>th</sup>

12-month forward EPS are 12% of 2017 EPS and 88% of 2018 EPS

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

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



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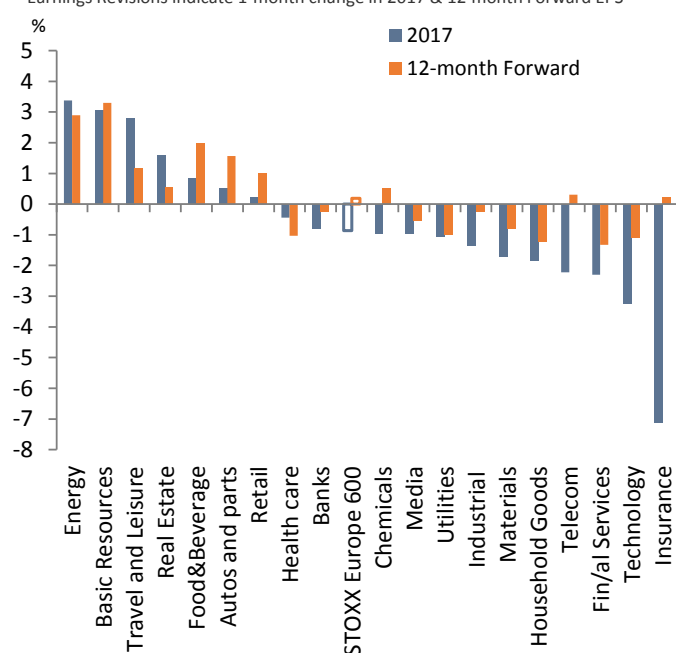
## Europe Sectors Valuation

	Price (€)		EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	17/11/2017	% Weekly Change	2016	2017	2016	2017	2016	2017	12m fwd	10Yr Avg	2016	2017	12m fwd	10Yr Avg
<b>STOXX Europe 600</b>	384	-1,3	-3,5	13,8	3,4	3,3	17,9	16,3	15,1	12,7	1,8	1,9	1,8	1,6
<b>Energy</b>	316	-4,2	-31,3	70,6	5,4	5,0	27,3	16,1	15,4	11,0	1,2	1,3	1,3	1,3
<b>Materials</b>	459	-0,6	17,2	9,7	2,7	2,7	20,0	18,9	17,1	13,9	1,9	2,0	1,9	1,5
<b>Basic Resources</b>	430	-4,0	255,5	82,5	2,2	3,4	21,6	12,0	12,4	12,5	1,5	1,5	1,4	1,3
<b>Chemicals</b>	965	-1,5	-2,0	10,2	2,7	2,6	18,0	17,8	16,9	13,8	2,4	2,5	2,4	2,1
<b>Financials</b>														
<b>Fin/ai Services</b>	476	-0,7	12,8	2,5	3,2	3,0	15,5	16,6	16,4	12,9	1,6	1,9	2,0	1,3
<b>Banks</b>	180	-1,7	-34,2	45,3	4,2	4,1	16,8	12,3	11,4	10,8	0,9	0,9	0,9	0,9
<b>Insurance</b>	288	-0,9	3,1	-10,6	4,8	4,7	11,1	13,4	11,5	9,2	1,1	1,2	1,1	1,0
<b>Real Estate</b>	173	0,3	7,1	7,1	3,7	3,8	20,7	19,7	19,7	18,1	1,0	1,0	1,0	1,0
<b>Industrial</b>	527	-1,4	0,7	8,8	2,6	2,4	19,9	19,9	17,9	14,1	3,3	3,3	3,1	2,3
<b>Consumer Discretionary</b>														
<b>Media</b>	266	0,0	-0,1	2,8	3,2	3,2	18,3	16,8	15,7	14,0	3,1	2,8	2,7	2,4
<b>Retail</b>	294	-1,5	1,4	2,3	2,6	2,9	20,6	19,4	17,7	15,8	2,9	2,6	2,5	2,4
<b>Automobiles and parts</b>	589	-1,2	17,1	16,4	3,0	3,1	9,3	8,6	8,2	9,3	1,3	1,2	1,1	1,0
<b>Travel and Leisure</b>	255	-0,8	5,5	12,9	2,4	2,3	14,6	13,7	12,9	15,2	2,8	2,8	2,5	2,0
<b>Technology</b>	445	0,5	-1,9	7,4	1,5	1,5	23,3	24,9	22,0	16,6	3,1	3,2	3,2	2,6
<b>Consumer Staples</b>														
<b>Food&amp;Beverage</b>	656	-0,5	-4,4	5,3	2,8	2,7	23,5	23,4	21,4	17,1	3,2	3,5	3,3	2,7
<b>Household Goods</b>	841	-1,3	5,3	9,0	2,5	2,6	22,2	20,7	19,2	16,5	4,6	3,7	4,2	3,3
<b>Health care</b>	716	0,0	6,7	-1,4	2,8	2,9	17,9	17,4	16,5	14,1	3,5	3,5	3,3	3,0
<b>Telecom</b>	275	-0,2	1,7	7,5	4,9	4,6	19,8	17,5	15,5	13,3	1,8	1,9	1,8	1,6
<b>Utilities</b>	297	-2,8	-8,6	-5,6	5,4	4,8	13,2	15,0	14,5	12,2	1,4	1,4	1,4	1,4

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 2017 & 12-month Forward EPS

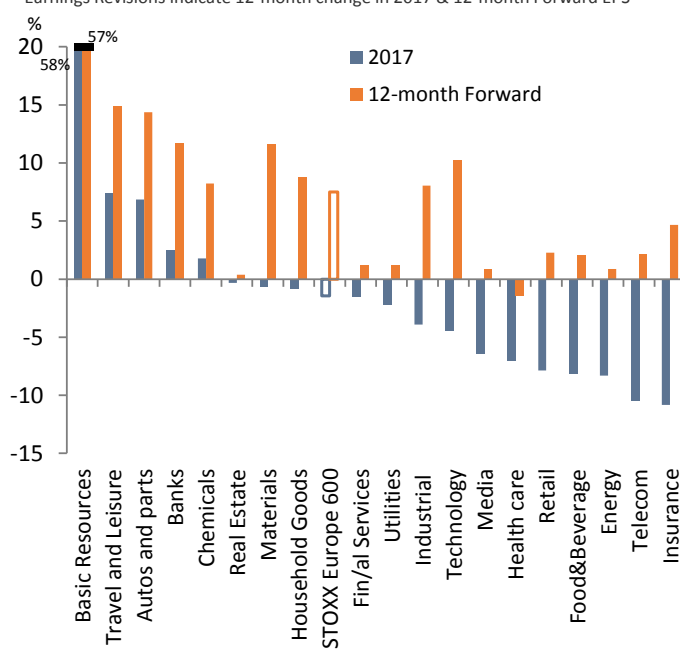
Earnings Revisions indicate 1-month change in 2017 & 12-month Forward EPS



Source: Factset, Data as of November 17<sup>th</sup>  
12-month forward EPS are 12% of 2017 EPS and 88% of 2018 EPS

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