Global Markets Roundup

National Bank of Greece | Economic Research Division | March 05, 2019

NATIONAL BANK OF GREECE

The ECB may explain future long-term liquidity provisions, while a dovish change in forward guidance, vis-à-vis interest rates, could be postponed until the April meeting

- Equity markets were muted regarding weaker-than-expected US economic data on Friday (ISM manufacturing, December real consumption expenditure) due to: i) optimism -- fueled by a WSJ article -- surrounding an agreement to end the US-China trade conflict, likely around March 27th; and ii) a better-than-expected Chinese PMI outcome -- the highest level in three months – which was only marginally below the neutral threshold of 50, reflecting an improvement in domestic demand and indicating that the Chinese Authorities' policy support measures are starting to bear fruit. The National People's Congress (March 5th) will confirm the authorities' efforts to stabilize 2019 growth including, *inter alia*, a higher fiscal deficit target and a VAT cut.
- Overall, global equities were up by 0.3% wow (+11% ytd), with an overperformance in the bourses in both China (positive news regarding trade, MSCI inclusion of A-shares -- see Markets) and Italy (Banks rallied). On the other hand, large-cap, export-oriented UK equities (FTSE100) lost ground in the past week (-1%) and have underperformed their developed market peers by circa 500 bps ytd as the strength of the British Pound (touched its highest level since mid-2018 at GBP/USD 1.33) is a headwind for overseas earnings of UK companies and correlates negatively with FTSE100 price returns.
- Government bond yields increased by circa 10 bps across core markets, as risk-off mode declined, while political factors fueled the yield-increase of specific markets. Indeed, 10-Year Gilt Yields rose by 15 bps to 1.30% in the past week, as the threat of a no-deal Brexit by March 29th subsided. We maintain a negative view on Government bonds due to the current low levels of yields (European), while we also expect a stabilization of economic data and a waning of recession premia. We now hold a more constructive tactical view vis-à-vis corporate bonds (see Asset Allocation). Spreads have narrowed significantly ytd, but remain 20-30 bps wider relative to their Q4:2018 lows. Moreover, trade risks are fading and the Fed has adopted a more dovish stance implying fewer (if any) interest rate hikes in 2019-2020, a supportive factor for corporate fundamentals.
- Key market drivers this week are the US February employment report (Friday | consensus expects nonfarm payrolls at 185k, unemployment rate at 3.9% and wages at 3.3% yoy), as the US economy is projected to slow in Q1:2019. The Fed's dovish shift was confirmed by the leadership trio of Powell, Clarida and Williams in the past week. The FOMC minutes from the January 29-30 meeting indicated that "almost all" policymakers favored a late 2019 end to the balance sheet (B/S) contraction, with Chairman Powell recently suggesting that the runoff could stop when the B/S reaches 16% – 17% of GDP (or \$3.5tn - \$3.7tn) from \$4.0tn currently.
- Equally importantly, the ECB is expected to revise down its 2019 euro area GDP forecast to 1.3%-1.4% from 1.7% in December, reflecting lower-than-expected qoq GDP in Q4:2018 (0.2% qoq) and a downbeat quarterly path during 2019. Lower oil prices and a weaker EUR nominal effective compared with three months ago is expected to have a small upward impact of 0.1-0.2 on real GDP growth forecasts, offsetting carry-over effects from a weaker 2019 and implying 2020 and 2021 real GDP growth rates of 1.5%-1.7%. One should not rule out hints regarding future liquidity injections (LTROs/TLTROs) and a (dovish) change in forward guidance on Thursday.

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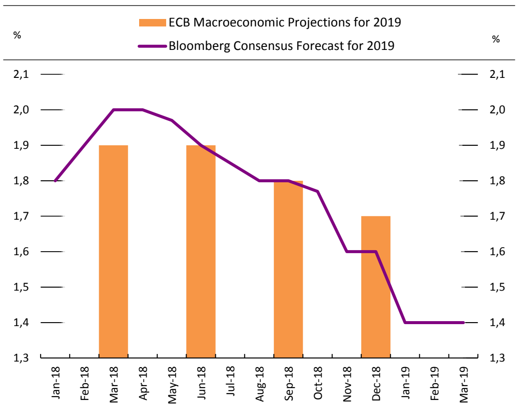
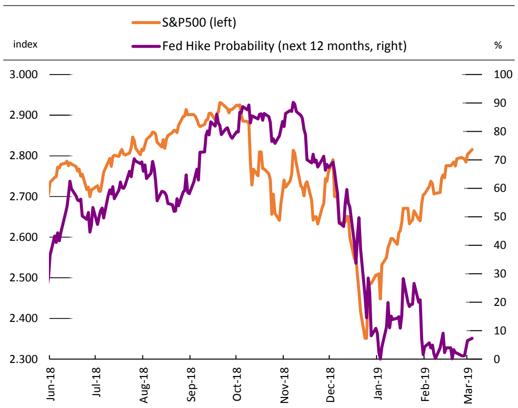
Charts of the week

Euro Area 2019 GDP: ECB Macroeconomic Projections vs Bloomberg Forecasts



Source: NBG Research, ECB, Bloomberg

US Equities vs Fed Hike Probability in the next 12 months



Source: NBG Research, Bloomberg

See page 14 for disclosures and analyst certification

US GDP growth in Q4:2018 was strong, while the Q1:2019 path was more uncertain

- **US GDP growth was +2.6% qoq saar in Q4:18 (+3.4% qoq saar in Q3:18), moderately above consensus estimates for +2.2% qoq saar.** Annual growth reached +3.1% yoy in Q4:18, the highest level since Q2:15 and +2.9% yoy in FY:2018, a 12-year high. **Private consumption** rose by 2.8% qoq saar in Q4:18 (+3.5% qoq saar in Q3:18) -- the main driver of overall GDP growth (1.9 pps contribution). Sequentially, however, in December, it decreased by a sharp -0.6% mom, which -- although was likely due to transitory factors (equity markets selloff, the partial federal government shutdown) -- clouds the outlook for private consumption growth in Q1:19. Recall that consumer confidence indicators so far in Q1:19 (January – February) support the view for a modest deceleration for private consumption compared with Q4:18, albeit they remain at healthy levels. In the event, the University of Michigan consumer confidence indicator stood at 92.5, on average in January-February, versus 98.1 on average in Q4:18 (long-term average of 86.2).

- **Business investment was strong, up by 6.2% qoq saar (+0.8 pps contribution | +7.2% yoy), compared with a modest +2.5% qoq saar in Q3:18.** A sharp rise in investment in intellectual property (+13.1% qoq saar) and a strong increase of +6.7% qoq saar in equipment investment more than offset the weak outcome for investment in structures (-4.2% qoq saar). Looking forward, business confidence has modestly declined so far in Q1:19, Indeed, the ISM manufacturing index has averaged 55.4 in January – February, versus 56.9 in Q4:18 and the non-manufacturing index stood at 56.7 in January (the February outcome is due on March 5th), versus 59.5 in Q4:18, on average. **Government consumption** rose by a weak 0.4% qoq saar (+0.1 pp contribution | +1.8% yoy), compared with +2.6% qoq saar in Q3:18, likely distorted by the partial federal government shutdown. **Inventories** added a further 0.1 pp to the headline figure, following substantial inventory accumulation in Q3:18 (+2.3 pps). It should be noted, however, that the aforementioned build-up in inventories overall in H2:18 could act as a headwind for GDP growth in Q1:19. **Net exports** subtracted 0.2 pps from overall quarterly GDP growth, as imports (+2.7% qoq saar) outpaced exports (+1.6% qoq saar). **Residential investment** declined for a 4th consecutive quarter by 3.5% qoq saar (-0.1 pp contribution | -3.0% yoy).

Euro area labor market developments remain positive, while inflation continues to be weak

- **In the euro area, the continued tightening in the labor market, albeit supporting the household sector (resilient consumption, higher wages), has, so far, failed to translate into higher underlying price pressures.** Indeed, the unemployment rate was stable at 7.8% in January following the downward revision in December (-0.1 pp). The unemployment rate now hovers around its lowest level since October 2008. **Despite steady gains in the labor market, inflation pressures remain subdued**, with the annual change in the headline CPI at 1.5% yoy in February from 1.4% in January (inflation has averaged 1.8% over the past 12 months). The headline figure was supported by higher energy (+0.8 pps to 3.5% yoy) and food prices (food, alcohol and tobacco: +0.6 pps to 2.4% yoy). In contrast, inflation in non-energy industrial goods stood at a modest 0.3% yoy, stable compared with January, while services prices decelerated (-0.3 pps to 1.3% yoy). As a result, core inflation (which excludes the effects of energy and food components) declined to 1.0% from 1.1% in February, lower than consensus expectations for an unchanged outcome.

Euro area credit growth declined in January

Private sector borrowing slowed in January, reflecting less favorable economic conditions in the euro area. Indeed, the growth rate of loans to the private sector (adjusted for sales and securitizations) slowed to 3.0% from 3.4% in December (3.3% on average in 2018). The weakening was due to the corporate sector, with loan growth to non-financial corporations decelerating to 3.3% yoy in January from 3.9% in December and 3.8% on average in 2018. In contrast, loans to households remained unchanged (at +3.2% yoy) compared with December and 3.0% on average in 2018.

Japanese industrial production entered Q1:19 on a weak note

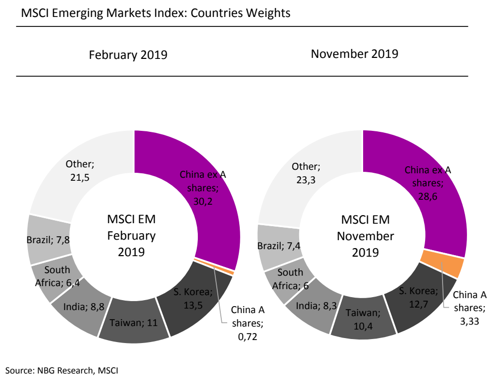
- **Industrial production fell sharply in January, by 3.7% mom (flat in yoy terms), following a -0.1% mom decline (-1.9% yoy) in December.** The decrease was broad-based, with 12 out of the 15 industrial sectors posting declines. Although a deterioration from the December readings was expected, the latest outcome was below consensus estimates for -2.5% mom. Furthermore, in January, inventories over-performed the headline figure (-1.5% mom | shipments declined by -4.0% mom). As a result, the Ministry of Economy, Trade and Industry's (METI) index for the inventory-to-shipments ratio stood at a 12-month high (108.5), which could act as a headwind for production going forward. In the event, the METI's estimate for industrial production based on the survey outcome, points to only a modest increase of +0.4% mom in February and a decline of -1.6% mom in March. However, it should be noted that Japan's industrial production during the first two months of each year tends to be volatile, due to seasonal distortions linked to China's Lunar New Year holidays (China accounts for c. 20% of Japanese exports).

Chinese PMIs were mixed, but signal value could be distorted due to the Lunar New Year holiday

- Specifically, the Caixin/Markit manufacturing PMI indicated some tentative signs of improvement, increasing by 1.6 pts mom to a 3-month high of 49.9 in February, approaching the expansion/contraction threshold (50.0). Both output and total new orders components expanded slightly, suggesting somewhat firmer demand in February. However, the external sector likely remained soft, as new export orders (a gauge for foreign demand) weakened marginally. In contrast, the official manufacturing PMI was less sanguine, declining to 49.2 in February from 49.5 in January, worse than consensus expectations and the lowest since early 2016. Market attention will now turn to upcoming releases (industrial production, retail sales and fixed asset investment cumulatively for January/February, due next week).

Equities

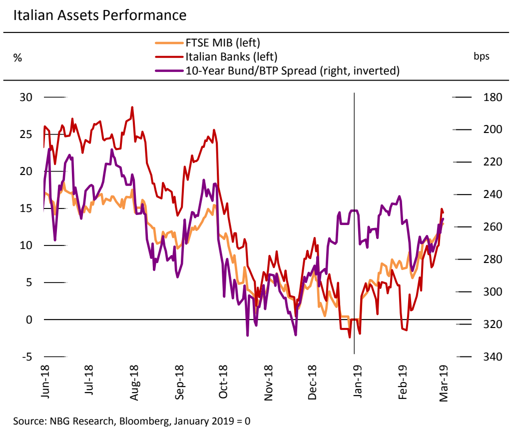
- **Global equity markets treaded water in the past week, as geopolitical tensions and modest profit-taking offset positive news on trade.** The MSCI ACWI index ended the week broadly flat (+0.3% wow |+11% ytd), with developed markets (+0.4% wow) overperforming their emerging market peers (-0.7% wow). S&P500 recorded small gains (+0.4% wow), supported by Energy (+1.1% wow) and Technology (+1.0%). On the other side of the Atlantic, EuroStoxx ended the week up by 1.3% (+11% ytd), with Banks leading the increase (+5.4% wow) on the back of higher government bond yields. In Italy, the FTSE MIB rose by 2.1% wow, with Banks overperforming (+6.7% wow | +14% ytd) on the back of reports that Italy is preparing a plan to renew a state guarantee scheme designed to help its banks reduce their stock of NPLs. Note that the current scheme, known as GACS, was introduced in 2016 and is set to expire on March 6th. The FTSE100 index underperformed, declining by 1.0% in the past week (+5.6% ytd), due to a stronger British Pound (circa 70% of FTSE 100 companies' revenue is earned abroad).
- In China, CSI 300 (largest A-shares in Shanghai and Shenzhen exchanges) rose by 6.5% wow, on the back of stronger-than-expected PMI data and the confirmation that the MSCI will increase the weighting of China's A-shares (shares of mainland China-based companies). The changes will take place in 3 stages, a 5% increment each in May, August and November. Specifically, in May, the MSCI will increase the index inclusion factor of all China A-Large Cap shares in the MSCI Indices from 5% to 10% and add ChiNext shares (part of the Shenzhen Stock Exchange, including high tech firms), with a 10% inclusion factor. In August, the inclusion factor will increase to 15%. Finally, in November, the inclusion factor will increase to 20%, and China A-Mid Cap shares will be added, including eligible ChiNext shares, with a 20% inclusion factor. Overall, the current weight of China A-shares on the MSCI EM Index is 0.72% (China: 31%) and by November 2019, the weight is estimated at 3.33% (China: 32%).



Graph 1.

Fixed Income

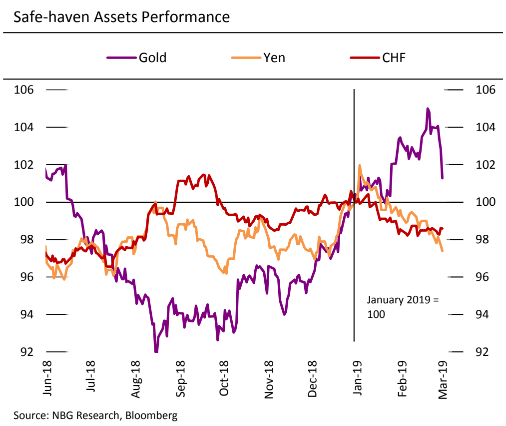
- **Government bond yields increased in the past week**. The UST 10-year yield rose by 10 bps to 2.76%, and the 2-year yield was up 6 bps wow to 2.56%, supported by stronger-than-expected GDP data. The UK's 10Yr Gilt yield was up by 14 bps to 1.30% due to optimism of an extension of Article 50. Similarly, the German 10-year yield rose by 9 bps to 0.18%, supported by strong retail sales data. Investor risk appetite resulted in narrowing in bond spreads over the Bund in Italy by 20 bps to 255 bps, in Spain, by 6 bps wow to 101 bps, and by 8 bps wow in Portugal to 131 bps, in the 10-Year tenor. **Corporate bond spreads declined in the past week**, **due to modest risk-on mode.** US HY bond spreads narrowed by 19 bps to 386 bps (the lowest since November 2018) and their euro area counterparts by 23 bps to 395 bps. In the investment grade spectrum, euro area spreads fell by 5 bps to 129 bps and US by 4 bps to 128 bps.



Graph 2.

FX and Commodities

- **In foreign exchange markets, the British Pound recorded gains in the past week, as PM May opened up the possibility for an extension of Article 50.** Overall, the British Pound was up 1.2% against the US dollar to \$1.321 and 0.9% against the euro to €/0.860 (a c. 21-month high). The Japanese Yen declined in the past week, in view of reduced safe haven demand. Indeed, the Japanese Yen was down by 1.1% wow against the US Dollar to ¥111.91 and by 1.4% wow against the euro to ¥127.19.
- **In commodities, oil prices declined in the past week**, as concerns over global demand growth after weak US manufacturing data, the rise of US oil production to an all-time high (12.1 million barrels per day) and Trump's criticism on high prices overshadowed the decline of US oil inventories (-8.6 million barrels to 446 million barrels for the week ending February 22nd) and OPEC-led supply cuts. Regarding the latter, according to a Reuters' survey, the OPEC oil supply fell by 300k barrels per day in February to 30.68 million barrels per day, a four-year low. Overall, the WTI was down by 2.3% wow (+23% ytd) to \$55.8/barrel and Brent declined by 3.4% (+21% ytd) to \$64.3/barrel.



Graph 3.

Quote of the week: "(Powell) a gentleman that likes raising interest rates in the Fed, we have a gentleman that loves quantitative tightening in the Fed, we have a gentleman that likes a very strong dollar in the Fed", **US President, Donald Trump, March 2nd 2019.**

NBG Global Portfolio Tactical Asset Allocation (TAA)

- **Equities**: With the Fed effectively on a "wait-and-see" mode and US-China trade war tail risks fading, risk premia could decline further supporting more upside near-term. Valuations have increased since market's bottom by 2x, with the MSCI DM P/E ratio at 15.1x vs a 30-y average of 16.1x. On the other hand, economic growth continues to decelerate with risks on the downside. Moreover, expectations for 2019 company earnings continue to decelerate (MSCI DM 2019 EPS growth: 4.6% vs 7.0% in early January). All in, as we are near end-cycle, volatility in returns will continue. As a result, **we are neutral tactically relative to a Strategic Asset Allocation (SAA) benchmark of 60-30-10,** which is categorized as a moderate to moderate aggressive portfolio with AR of 7% and STDEV of 10% based on 15-year history. Intra-class, positioning (since late November) continues in favor of Emerging Markets reflecting the stabilization of the USD, trade détente (now beyond March 1st) and policy measures by the Chinese Government.
- **Government Bonds:** For the first time in many years, higher yields (lower prices) do not form our baseline scenario with many degrees of certainty. The Fed is expected to pause at least until June and UST yields may have peaked for this cycle at 3.25% as long as inflation pressures are modest. German Bunds and UK Gilts yields, however, have upside assuming euro area growth stabilizes (ECB QE exit will weigh in the course of 2019) and Brexit negotiations conclude with some form of deal. Overall, **underweight in Govies.** Intra-class, we hold relative positions that can alleviate portfolio losses (e.g. OW USTs due to higher coupons) assuming that prices continue to increase.
- **Credit**: We turned broadly neutral **in Corporate Bonds** holding a more constructive tactical view. Spreads have narrowed significantly ytd but remain 20-30 bps wider relative to their Q4:2018 lows. Moreover, trade risks are fading and the Fed has adopted a more dovish stance implying fewer (if any) interest rate hikes in 2019-2020, a supportive factor for corporate fundamentals. We retain a neutral view intra-class (Investment Grade vs Speculative Grade) and cross-currency (EUR vs USD paper). Medium-term, however, Quantitative Tightening (ECB), deteriorating Debt-Service-Ratios and Quality (BBB issues are 50% of IG indices vs 20% pre-QE) and the eventual turn of economic cycle will weigh on spreads and returns. **Cash**: **Overweight position**, as a hedge, as well as a way of being tactical.

Figure1. **NBG Global Portfolio TAA Tilts: LEVEL 1**

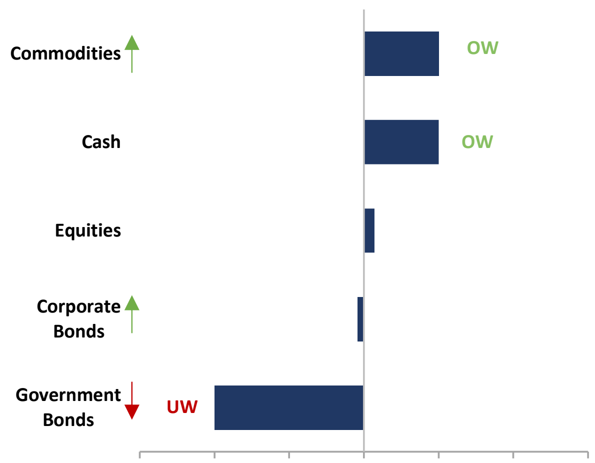


Figure2. **NBG Global Portfolio TAA Tilts: LEVEL 2**

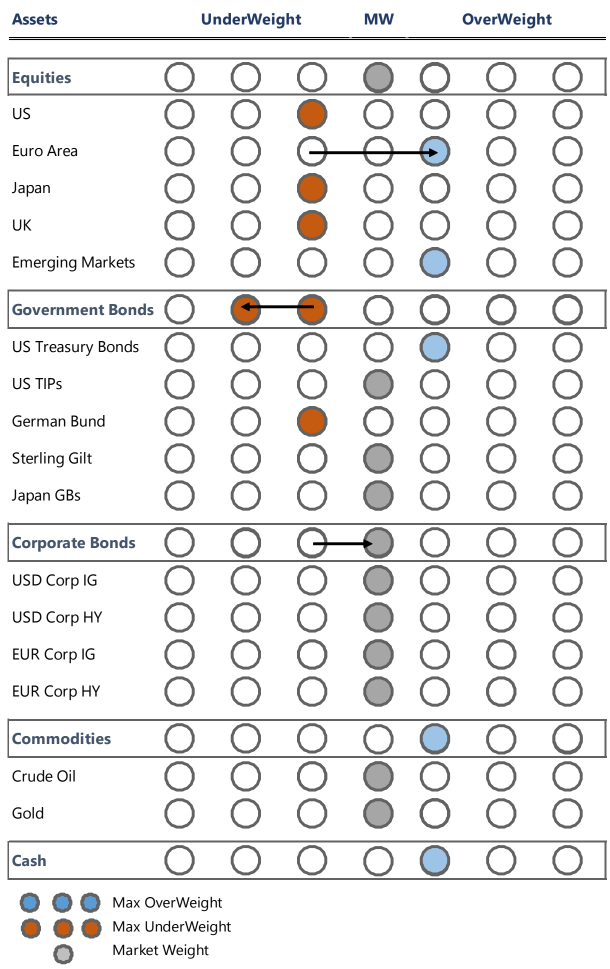
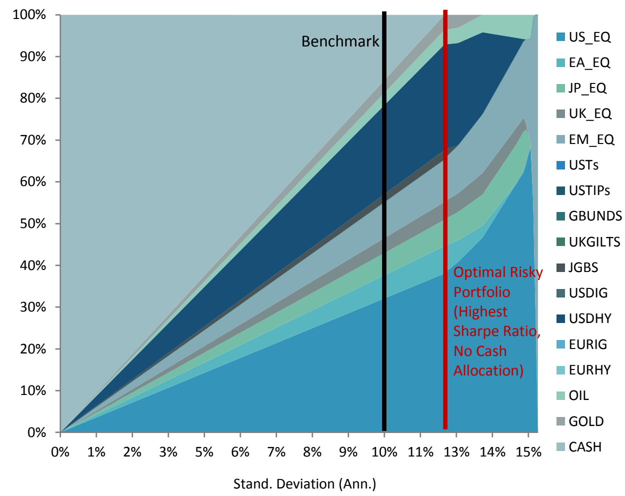


Figure3. **Efficient Portfolio Allocation for Various Volatility Levels**



(1) Figure1: Green (red) color arrows suggest an increase (decrease) in relative asset class weights over the last week (Tactical Asset Allocation tilits vs our Strategic Asset Allocation portfolio).
(2) Figure2: The orange/light blue circles of the chart displays current asset class and intra-asset class tilts relative to the Strategic Asset Allocation portfolio. Black arrows point to an increase/decrease, if any, relative to previous allocations.
(3) UW|MW|OW: Underweight | Marketweight | Overweight Tactical Asset Allocation (TAA) relative to our Strategic Asset Allocation portfolio.

Equity Markets

US

- + Fiscal loosening will support the economy & companies' earnings
- + Solid EPS growth in 2018 & strong in 2019
- + Cash-rich corporates will lead to share buybacks and higher dividends (de-equitization)
- − Peaking profit margins
- − Protectionism and trade wars

● **Neutral/Positive**

Euro Area

- + Still high equity risk premium relative to other regions
- + Credit conditions gradual turn more favorable
- + Small fiscal loosening in 2019
- − 2019 EPS estimates may turn pessimistic due to plateuning economic growth
- − Political uncertainty (Italy, Brexit) could intensify

● **Neutral**

Japan

- + Still aggressive QE and "yield-curve" targeting by the BoJ
- + Upward revisions in corporate earnings
- − Signs of policy fatigue regarding structural reforms and fiscal discipline
- − Strong appetite for foreign assets
- − JPY appreciation in a risk-off scenario could hurt exporters

● **Neutral**

UK

- + 65% of FTSE100 revenues from abroad
- + Undemanding valuations in relative terms
- + High UK exposure to the commodities sector assuming the oil rally re-emerges
- − Elevated Policy uncertainty to remain due to the outcome of the Brexit negotiating process

● **Neutral/Negative**

Government Bonds

US

- + Valuations appear rich with term-premium close to 0%
- + Underlying inflation pressures
- + Balance sheet reduction, albeit well telegraphed may push term premia higher
- − Global search for yield by non-US investors continues
- − Safe haven demand
- − Fed on a "Wait-and-see" mode at least in H1:2019

▲ **Slightly higher yields expected**

Euro Area

- + Valuations appear excessive compared with long-term fundamentals
- + ECB exits, albeit slowly, net QE (flow effect)
- − Political Risks
- − Fragile growth outlook
- − Medium-term inflation expectations remain low
- − ECB QE "stock" effect

▲ **Higher yields expected**

Japan

- + Sizeable fiscal deficits
- + Restructuring efforts to be financed by fiscal policy measures
- − Safe haven demand
- − Extremely dovish central bank
- − Yield-targeting of 10-Year JGB at around 0%

● **Stable yields expected**

UK

- + Elevated Policy uncertainty to remain due to the outcome of the Brexit negotiating process
- + Inflation overshooting due to GBP weakness feeds through inflation expectations
- + The BoE is expected to increase short-term policy rates assuming WA deal
- − Slowing economic growth post-Brexit

▲ **Higher yields expected but with Brexit risk premia working on both directions**

Foreign Exchange

US

- + Tax cuts may boost growth, and interest rates through a more aggressive Fed
- + Safe-haven demand
- − Fed on a "Wait-and-see" mode at least in H1:2019
- − Protectionism and trade Wars
- − Mid-2018 rally probably out of steam

● **Broadly Flat USD against the EUR with upside risks towards $1.18**

Euro Area

- + Reduced short-term tail risks
- + Higher core bond yields
- + Current account surplus
- − Sluggish growth
- − Deflation concerns
- − The ECB's monetary policy to remain extra loose (Targeted-LTROs, ABSs, covered bank bond purchases, Quantitative Easing)

● **Broadly Flat EUR against the USD with upside risks towards $1.18**

Japan

- + Safe haven demand
- + More balanced economic growth recovery (long-term)
- + Inflation is bottoming out
- − Additional Quantitative Easing by the Bank of Japan if inflation does not approach 2%

▲ **Slightly higher JPY**

UK

- + Transitions phase negotiations
- + The BoE is expected to increase short-term policy rates assuming WA deal
- − Sizeable Current account deficit
- − Elevated Policy uncertainty to remain due to the outcome of the Referendum and the negotiating process

▲ **Higher GBP expected but with Brexit risk premia working on both directions**

	Turkey	Romania	Bulgaria	Serbia
Equity Markets	+ Attractive valuations − Weak foreign investor appetite for emerging market assets − Persisting domestic financial crisis	+ Strong economic activity + Attractive valuations − Weak foreign investor appetite for emerging market assets	+ Attractive valuations + Low-yielding domestic debt and deposits − Weak foreign investor appetite for emerging market assets	+ Attractive valuations − Weak foreign investor appetite for emerging market assets
	▲ **Neutral/Positive**	▲ **Neutral/Positive**	▲ **Neutral/Positive**	▲ **Neutral/Positive**
Domestic Debt	+ Low public debt-to-GDP ratio − Loosening fiscal stance − Stubbornly high inflation − Persisting domestic financial crisis	+ Low public debt-to-GDP ratio − Easing fiscal stance − Envisaged tightening in monetary policy	+ Very low public debt-to-GDP ratio and large fiscal reserves	+ Positive inflation outlook + Policy Coordination Instrument with the IMF + Restored fiscal and public debt sustainability + Acceleration in economic activity − Large public sector borrowing requirements
	▼ **Stable to lower yields**	▲ **Stable to higher yields**	▼ **Stable to lower yields**	▼ **Stable to lower yields**
Foreign Debt	+ High foreign debt yields − Sizeable external financing requirements − Weak foreign investor appetite for emerging market assets − Persisting domestic financial crisis	− Large external financing requirements − Heightened domestic political uncertainty	+ Solidly-based currency board arrangement, with substantial buffers + Current account surplus − Large external financing requirements	+ Ongoing EU membership negotiations + Policy Coordination Instrument with the IMF − Sizable external financing requirements − Reinvigorated progress in structural reforms
	▼ **Stable to narrowing spreads**	▲ **Stable to widening spreads**	▼ **Stable to narrowing spreads**	▼ **Stable to narrowing spreads**
Foreign Exchange	+ High domestic debt yields − Sizable external financing requirements − Weak foreign investor appetite for emerging market assets − Persisting geopolitical risks and domestic financial crisis − Escalating global trade war	− Large external financing requirements − Heightened domestic political uncertainty	+ Currency board arrangement + Large foreign currency reserves and fiscal reserves + Current account surplus − Sizable external financing requirements − Heightened domestic political uncertainty	+ Ongoing EU membership negotiations + Policy Coordination Instrument with the IMF + Large FDIs − Sizable external financing requirements
	▼ **Weaker to stable TRY against the EUR**	▼ **Weaker to stable RON against the EUR**	● **Stable BGN against the EUR**	▲ **Stable to stronger RSD against the EUR**

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Interest Rates & Foreign Exchange Forecasts

10-Yr Gov. Bond Yield (%)	Mar 1st	3-month	6-month	12-month	Official Rate (%)	Mar 1st	3-month	6-month	12-month
Germany	0,18	0,35	0,45	0,75	Euro area	0,00	0,00	0,00	0,00
US	2,76	2,70	2,80	3,00	US	2,50	2,50	2,50	2,75
UK	1,30	1,44	1,61	1,78	UK	0,75	0,75	0,75	1,00
Japan	-0,01	0,02	0,05	0,08	Japan	-0,10	-0,10	-0,10	-0,10

Currency	Mar 1st	3-month	6-month	12-month		Mar 1st	3-month	6-month	12-month
EUR/USD	1,14	1,12	1,16	1,18	USD/JPY	112	108	107	104
EUR/GBP	0,86	0,86	0,85	0,86	GBP/USD	1,32	1,30	1,36	1,37
EUR/JPY	128	121	124	122					

Forecasts at end of period

Economic Forecasts

United States	2017a	Q1:18a	Q2:18a	Q3:18a	Q4:18a	2018a	Q1:19f	Q2:19f	Q3:19f	Q4:19f	2019f
Real GDP Growth (YoY) (1)	2,2	2,6	2,9	3,0	3,1	2,9	2,8	2,5	2,1	2,0	2,4
Real GDP Growth (QoQ saar) (2)	-	2,2	4,2	3,4	2,6	-	1,3	2,7	1,9	1,9	-
Private Consumption	2,5	0,5	3,8	3,5	2,8	2,6	1,5	3,1	2,1	1,9	2,6
Government Consumption	-0,1	1,5	2,5	2,6	0,4	1,5	2,1	4,1	2,0	1,8	2,2
Investment	4,8	8,0	6,4	1,1	3,9	5,3	3,7	3,1	3,3	3,3	3,4
Residential	3,3	-3,4	-1,4	-3,5	-3,5	-0,2	-1,6	-0,4	1,0	1,0	-1,5
Non-residential	5,3	11,5	8,7	2,5	6,2	7,0	3,9	3,9	3,8	3,8	4,4
Inventories Contribution	0,0	0,3	-1,4	2,7	0,2	0,1	-0,3	-0,5	-0,3	-0,1	0,1
Net Exports Contribution	-0,4	-0,1	1,3	-2,3	-0,3	-0,3	-0,2	-0,2	-0,2	-0,2	-0,4
Exports	3,0	3,6	9,3	-4,9	1,6	3,9	2,5	2,4	2,4	2,5	1,7
Imports	4,6	3,0	-0,6	9,3	2,7	4,6	2,9	2,9	2,9	3,1	3,4
Inflation (3)	2,1	2,2	2,7	2,6	2,2	2,4	1,5	1,5	1,6	1,8	1,6

Euro Area	2017a	Q1:18a	Q2:18a	Q3:18a	Q4:18f	2018f	Q1:19f	Q2:19f	Q3:19f	Q4:19f	2019f
Real GDP Growth (YoY)	2,5	2,4	2,2	1,6	1,2	1,8	1,0	1,0	1,2	1,4	1,2
Real GDP Growth (QoQ saar)	-	1,5	1,7	0,6	0,8	-	1,0	1,6	1,6	1,6	-
Private Consumption	1,7	2,1	0,8	0,5	0,7	1,3	1,0	1,3	1,3	1,2	1,0
Government Consumption	1,2	0,0	1,8	1,0	1,1	1,0	1,1	1,2	1,2	1,1	1,1
Investment	2,9	0,5	6,4	2,9	3,0	3,3	3,3	3,5	3,4	3,2	3,4
Inventories Contribution	-0,1	0,7	-0,3	1,1	-0,5	0,1	-0,4	-0,2	-0,1	0,0	-0,1
Net Exports Contribution	0,8	-0,4	-0,1	-1,5	0,0	0,1	-0,1	0,1	0,0	0,0	-0,2
Exports	5,4	-2,8	4,7	0,5	0,9	2,8	1,2	2,7	2,9	2,9	1,9
Imports	4,1	-2,2	5,4	4,0	0,9	2,7	1,5	2,7	3,1	3,2	2,5
Inflation	1,5	1,2	1,7	2,1	1,9	1,8	1,5	1,2	1,0	1,2	1,2

a: Actual, f: Forecasts, 1. Seasonally adjusted YoY growth rate, 2. Seasonally

South Eastern Europe Economic Forecasts

Economic Indicators

	2015	2016	2017	2018e	2019f	2020f
Real GDP Growth (%)						
Turkey	6,1	3,2	7,4	2,5	0,2	3,0
Romania	3,9	4,8	7,0	4,1	3,8	3,4
Bulgaria	3,5	3,9	3,8	3,3	3,6	3,2
Serbia	1,8	3,3	2,0	4,3	4,0	3,8
Headline Inflation (eop,%)						
Turkey	8,8	8,5	11,9	20,3	14,5	11,5
Romania	-0,9	-0,5	3,3	3,3	3,0	2,8
Bulgaria	-0,4	0,1	2,8	2,7	2,9	2,7
Serbia	1,5	1,6	3,0	2,0	1,8	2,0
Current Account Balance (% of GDP)						
Turkey	-3,7	-3,8	-5,6	-3,6	-2,8	-3,6
Romania	-1,2	-2,1	-3,2	-4,7	-5,2	-5,5
Bulgaria	0,0	2,6	6,5	4,6	2,5	1,8
Serbia	-3,5	-2,9	-5,3	-5,2	-5,0	-4,5
Fiscal Balance (% of GDP)						
Turkey	-1,0	-1,1	-1,5	-1,9	-3,0	-3,0
Romania	-1,5	-2,4	-2,8	-2,9	-3,6	-3,8
Bulgaria	-2,8	1,6	0,8	0,1	-0,5	-0,5
Serbia	-3,5	-1,2	1,1	0,6	0,4	-0,2

f: NBG forecasts

Stock Markets (in local currency)

Country - Index	4/3/2019	Last week return (%)	Year-to-Date change (%)	2-year change (%)
Turkey - ISE100	104.193	-0,1	15,2	16,1
Romania - BET-BK	1.533	0,2	5,3	3,3
Bulgaria - SOFIX	585	-1,3	-1,6	-4,6
Serbia - BELEX15	694	1,5	-8,9	-4,0

Financial Markets

	4/3/2019	3-month forecast	6-month forecast	12-month forecast
1-m Money Market Rate (%)				
Turkey	24,2	23,5	22,0	18,5
Romania	3,3	3,0	3,0	3,0
Bulgaria(*)	0,0	0,0	0,0	0,1
Serbia	2,7	2,9	3,1	3,5
Currency				
TRY/EUR	6,09	6,30	6,60	6,80
RON/EUR	4,74	4,80	4,82	4,85
BGN/EUR	1,96	1,96	1,96	1,96
RSD/EUR	118,0	116,5	116,0	115,0
Sovereign Eurobond Spread (bps)				
Turkey (USD 2025)(**)	410	190	380	340
Romania (EUR 2024)	135	130	120	110
Bulgaria (EUR 2022)	47	45	43	40
Serbia (USD 2021)(**)	131	125	118	110

(*) Base interest rate (**) Spread over US Treasuries

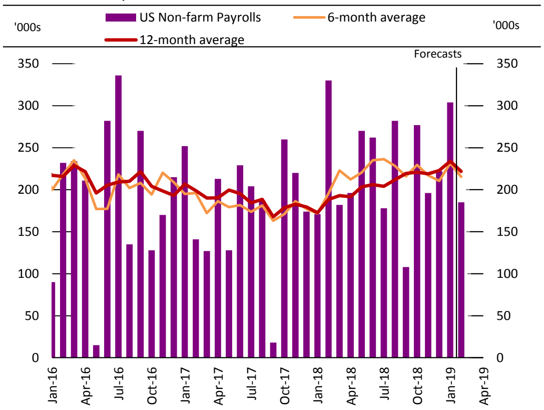
Economic Calendar

The main macro event next week in the US is the labor market report for Febuary. The unemployment rate is expected at 3.9% from 4.0% in January, with job creation at robust levels. Markets will also monitor the ISM survey for February in the non manufacturing sector and external trade data for December.

In the Euro area, attention turns to the final estimate of GDP for Q3:18. GDP is expected to remain unchanged compared with the previous estimate, at 0.2% qoq (0.2% qoq in Q3:18).

In China, external trade data for February are released on Friday. Note that on January exports rose by 9.1% yoy in part due to the front-loading ahead of the Lunar New Year. On February, exports are expected to decline by -2.7% yoy.

US Nonfarm Payrolls



Source: NBG Research, Bloomberg

Economic News Calendar for the period: February 26 - March 11, 2019

Tuesday 26

US		S		A	P
Housing starts (k)	December	1256	-	1078	1214
Building permits (k)	December	1290	+	1326	1322
S&P Case/Shiller house price index 20 (YoY)	December	4.50%	-	4.18%	4.58%
Conference board consumer confidence	February	124.9	+	131.4	121.7

Wednesday 27

US		S		A	P
Pending home sales (MoM)	January	1.0%	+	4.6%	-2.3%
Factory Goods Orders	December	0.6%	-	0.1%	-0.5%
EURO AREA					
M3 money supply (YoY)	January	4.0%		3.8%	4.1%
Economic confidence indicator	February	106.0	+	106.1	106.3
Business Climate Indicator	February	0.66	+	0.69	0.69

Thursday 28

US		S		A	P
GDP (QoQ, annualized)	Q4:18	2.2%	+	2.6%	3.4%
Personal consumption (QoQ, annualized)	Q4:18	3.0%	-	2.8%	3.5%
Initial Jobless Claims (k)	February 23	220	-	225	217
Continuing Claims (k)	February 16	1737	-	1805	1726
JAPAN					
Industrial Production (MoM)	January	-2.5%	-	-3.7%	-0.1%
Industrial Production (YoY)	January	1.3%	-	0.0%	-1.9%
Retail sales (MoM)	January	1.4%	-	0.6%	1.3%
Retail sales (YoY)	January	-0.8%	-	-2.3%	0.9%
CHINA					
PMI manufacturing	February	49.5	-	49.2	49.5
UK					
Nationwide House Px NSA YoY	February	0.3%	+	0.4%	0.1%

Friday 1

US		S		A	P
Personal income (MoM)	January	0.3%	-	-0.1%	1.0%
Personal spending (MoM)	December	-0.3%	-	-0.5%	0.6%
PCE Deflator (YoY)	December	1.7%		1.7%	1.8%
PCE Core Deflator (YoY)	December	1.9%		1.9%	1.9%
ISM Manufacturing	February	55.8	-	54.2	56.6
UK					
Markit UK PMI Manufacturing SA	February	52.0		52.0	52.6
JAPAN					
Unemployment rate	January	2.4%	-	2.5%	2.4%

EURO AREA		S		A	P
Unemployment Rate	January	7.9%	+	7.8%	7.8%
CPI (YoY)	February	1.5%		1.5%	1.4%
Core CPI (YoY)	February	1.1%	-	1.0%	1.1%
CHINA					
Caixin PMI Manufacturing	February	48.5	+	49.9	48.3
GERMANY					
Retail sales (MoM)	January	2.0%	+	3.3%	-3.1%
Retail sales (YoY)	January	1.2%	+	2.6%	-1.6%

Monday 4

UK		S		A	P
Markit/CIPS UK Construction PMI	February	50.5	-	49.5	50.6
US					
Construction spending (MoM)	December	0.2%	-	-0.6%	0.8%

Tuesday 5

US		S	A	P
ISM non-manufacturing	February	57.3	..	56.7
New home sales (k)	December	590	..	657
UK				
Markit/CIPS UK Services PMI	February	49.9	..	50.1
EURO AREA				
Retail sales (MoM)	January	1.3%	..	-1.6%
Retail sales (YoY)	January	2.1%	..	0.8%

Wednesday 6

US		S	A	P
Trade balance ($bn)	December	-57.8	..	-49.3
ADP Employment Change (k)	February	190	..	213

Thursday 7

US		S	A	P
Initial Jobless Claims (k)	March 2	225	..	225
Continuing Claims (k)	February 23	1762	..	1805
JAPAN				
Leading Index	January	96.1	..	97.5
Coincident Index	January	98.9	..	101.8
EURO AREA				
GDP (QoQ)	Q4:18 F	0.2%		0.2%
GDP (YoY)	Q4:18 F	1.2%	..	1.2%
Government expenditure (QoQ)	Q4:18	0.4%	..	0.3%
Gross Fixed Capital Formation (QoQ)	Q4:18	0.3%	..	0.7%
Household Consumption (QoQ)	Q4:18	0.2%	..	0.1%
ECB announces its intervention rate	March 7	0.00%	..	0.00%
ECB announces its deposit facility rate	March 7	-0.40%	..	-0.40%

Friday 8

US		S	A	P
Change in Nonfarm Payrolls (k)	February	185	..	304
Change in Private Payrolls (k)	February	187	..	296
Unemployment rate	February	3.9%	..	4.0%
Average Hourly Earnings MoM	February	0.3%	..	0.1%
Average Hourly Earnings YoY	February	3.3%	..	3.2%
Average weekly hours (hrs)	February	34.5	..	34.5
Underemployment rate	February	..	..	8.1%
Labor Force Participation Rate	February	..	..	63.2%
Housing starts (k)	January	1184	..	1078
Building permits (k)	January	1287	..	1326

CHINA		S	A	P
Exports (YoY)	February	-2.7%	..	9.1%
Imports (YoY)	February	0.0%	..	-1.5%
JAPAN				
GDP (QoQ)	Q4:18 F	0.4%	..	0.3%
GDP Private Consumption	Q4:18 F	0.6%	..	0.6%
GDP Business Spending (QoQ)	Q4:18 F	2.7%	..	2.4%
Eco Watchers Current Survey	February	46.2	..	45.6
Eco Watchers Outlook Survey	February	49.8	..	49.4

Monday 11

GERMANY		S	A	P
Industrial Production (sa, MoM)	January	..	..	-0.4%
Industrial Production (wda, YoY)	January	..	..	-3.9%
CHINA				
CPI (YoY)	February	1.5%	..	1.7%

Source: NBG Research, Bloomberg

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

Equity Markets (in local currency)

Developed Markets		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
US	S&P 500	2804	0,4	11,8	4,7	17,0
Japan	NIKKEI 225	21603	0,8	7,9	-0,6	11,4
UK	FTSE 100	7107	-1,0	5,6	-1,0	-3,7
Canada	S&P/TSX	16068	0,3	12,2	4,4	3,0
Hong Kong	Hang Seng	28812	0,0	11,5	-7,2	21,2
Euro area	EuroStoxx	365	1,3	11,0	-3,4	0,8
Germany	DAX 30	11602	1,3	9,9	-4,8	-3,9
France	CAC 40	5265	0,9	11,3	0,0	6,1
Italy	FTSE/MIB	20695	2,1	12,9	-7,8	6,9
Spain	IBEX-35	9268	0,7	8,5	-4,8	-5,0

Emerging Markets	Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
MSCI Emerging Markets	57901	-0,5	8,4	-7,1	14,7
MSCI Asia	861	0,0	9,8	-8,7	16,3
China	82	0,7	16,2	-12,3	27,0
Korea	658	-1,8	9,0	-10,2	9,2
MSCI Latin America	91141	-3,3	5,5	0,6	17,6
Brazil	307929	-3,6	6,6	7,5	33,7
Mexico	39590	-2,8	2,2	-12,3	-11,7
MSCI Europe	5610	-0,7	5,7	-0,7	13,7
Russia	1121	-0,9	5,5	5,6	22,8
Turkey	1409406	-0,5	12,6	-12,5	12,1

World Market Sectors (MSCI Indices)

in US Dollar terms	Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
Energy	207,6	0,6	13,6	0,5	-1,0
Materials	251,5	-0,9	10,4	-7,9	5,9
Industrials	251,9	0,0	14,6	-2,5	11,4
Consumer Discretionary	247,6	0,5	10,9	0,7	19,5
Consumer Staples	224,4	-0,2	7,4	0,7	2,0
Healthcare	248,9	0,8	8,2	10,2	18,8
Financials	114,7	1,3	11,3	-10,4	1,6
IT	245,3	0,8	15,2	5,6	37,6
Telecoms	67,8	0,2	9,9	0,8	-2,9
Utilities	135,1	-0,1	7,3	13,3	13,5

in local currency	Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
Energy	212,7	0,4	12,5	2,6	-2,7
Materials	241,0	-1,0	9,9	-4,4	3,9
Industrials	249,9	0,0	14,8	0,0	9,3
Consumer Discretionary	239,6	0,6	11,1	2,6	17,5
Consumer Staples	225,4	-0,3	7,2	3,4	0,3
Healthcare	246,6	0,8	8,3	12,2	17,5
Financials	115,2	1,2	11,0	-8,0	0,1
IT	238,0	0,8	15,3	6,4	36,8
Telecoms	70,9	0,2	9,9	4,1	-4,7
Utilities	138,5	-0,2	7,2	15,9	11,6

Bond Markets (%)

10-Year Government Bond Yields	Current	Last week	Year Start	One Year Back	10-year average
US	2,76	2,65	2,69	2,81	2,51
Germany	0,18	0,10	0,24	0,64	1,42
Japan	-0,01	-0,04	0,00	0,04	0,60
UK	1,30	1,16	1,28	1,47	2,21
Greece	3,65	3,81	4,40	4,47	10,22
Ireland	0,83	0,83	0,90	1,07	3,87
Italy	2,73	2,84	2,74	1,94	3,38
Spain	1,20	1,18	1,42	1,51	3,25
Portugal	1,49	1,49	1,72	1,95	5,04

US Mortgage Market (1. Fixed-rate Mortgage)	Current	Last week	Year Start	One Year Back	10-year average
30-Year FRM[1] (%)	4,7	4,7	4,8	4,6	4,3
vs 30Yr Treasury (bps)	153	163	183	156	105

Government Bond Yield Spreads (in bps)	Current	Last week	Year Start	One Year Back	10-year average
US Treasuries 10Y/2Y	20	16	20	60	163
US Treasuries 10Y/5Y	20	18	17	23	83
Bunds 10Y/2Y	69	66	85	120	131
Bunds 10Y/5Y	46	45	55	63	79

Corporate Bond Spreads (in bps)	Current	Last week	Year Start	One Year Back	10-year average
EM Inv. Grade (IG)	176	183	213	142	235
EM High yield	465	472	586	351	717
US IG	128	132	159	104	168
US High yield	386	405	533	359	555
Euro area IG	129	134	154	82	153
Euro area High Yield	395	418	506	289	566

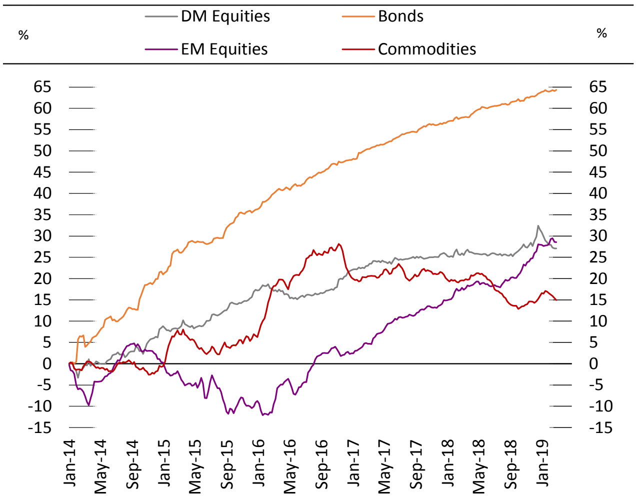
Foreign Exchange & Commodities

Foreign Exchange	Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)
Euro-based cross rates					
EUR/USD	1,14	0,3	-1,0	-7,3	-0,9
EUR/CHF	1,14	0,1	-0,5	-1,7	0,7
EUR/GBP	0,86	-0,9	-1,7	-3,4	-4,3
EUR/JPY	127,19	1,4	1,6	-2,4	1,2
EUR/NOK	9,76	0,0	0,9	1,3	-1,5
EUR/SEK	10,54	-0,6	1,5	4,1	3,8
EUR/AUD	1,61	1,0	1,4	1,5	-1,3
EUR/CAD	1,51	1,5	0,1	-4,0	-3,3
USD-based cross rates					
USD/CAD	1,33	1,2	1,1	3,6	-2,5
USD/AUD	1,42	0,9	2,6	9,8	-0,2
USD/JPY	111,91	1,1	2,6	5,3	2,0

Commodities	Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)
Agricultural	339	-3,2	-5,0	-17,3	-2,8
Energy	459	-2,2	4,4	1,4	19,8
West Texas Oil ($)	56	-2,3	2,9	-8,5	22,9
Crude brent Oil ($)	64	-3,4	4,8	0,4	20,9
Industrial Metals	1290	0,7	3,7	-8,1	8,6
Precious Metals	1535	-2,7	-1,4	-1,7	1,0
Gold ($)	1293	-2,6	-2,0	-1,8	0,9
Silver ($)	15	-4,5	-5,3	-7,6	-1,9
Baltic Dry Index	664	4,7	-7,9	-44,5	-47,8
Baltic Dirty Tanker Index	774	-6,0	-9,9	16,9	-38,2

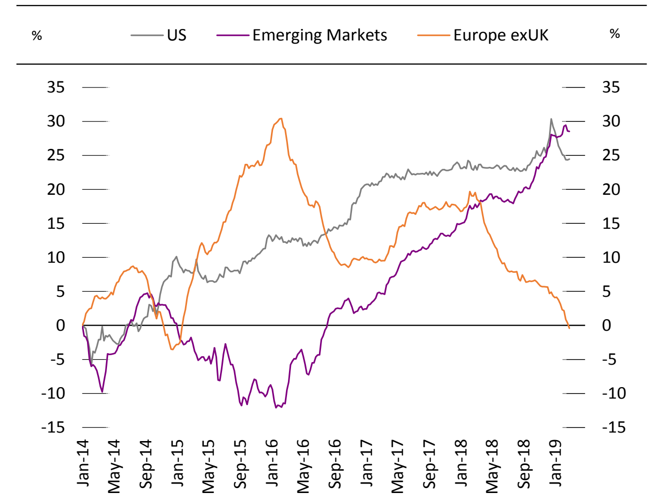
Source: Bloomberg, as of March 1st, S&P/Goldman Sachs Indices for Agricultural, Energy, Industrial & Precious Metals, BofA/ML Indices for Corporate Bond Spreads

Global Cross Asset ETFs: Flows as % of AUM



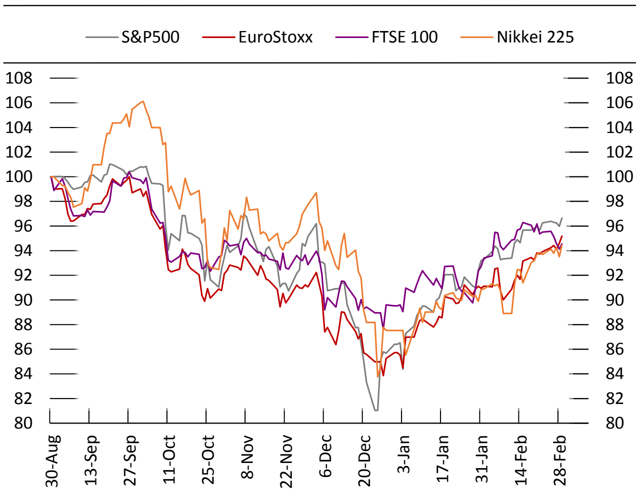
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of March 1st

Equity ETFs: Flows as % of AUM



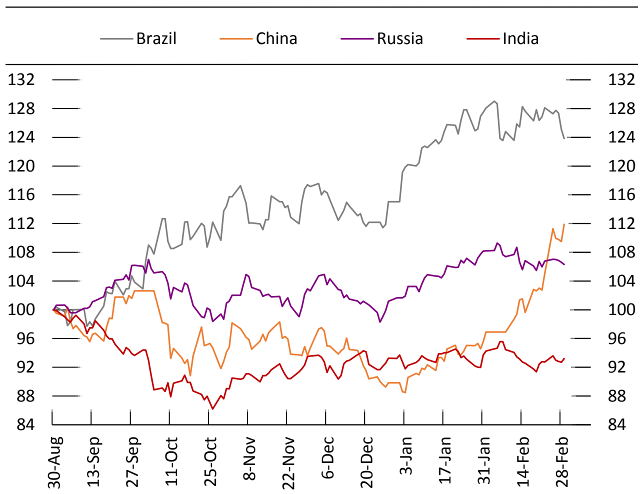
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of March 1st

Equity Market Performance - G4



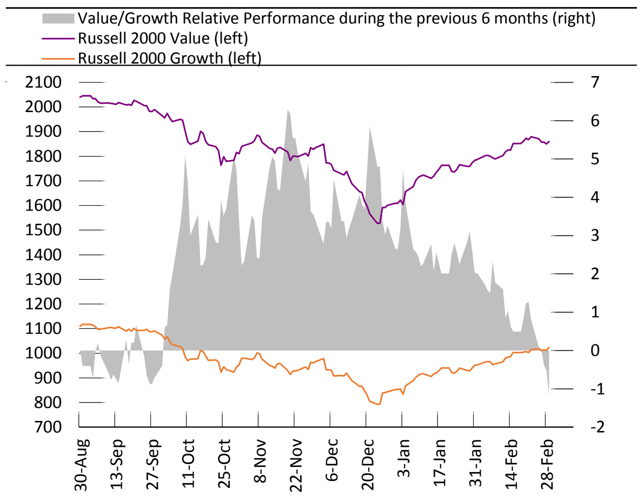
Source: Bloomberg - Data as of March 1st – Rebased @ 100

Equity Market Performance - BRICs



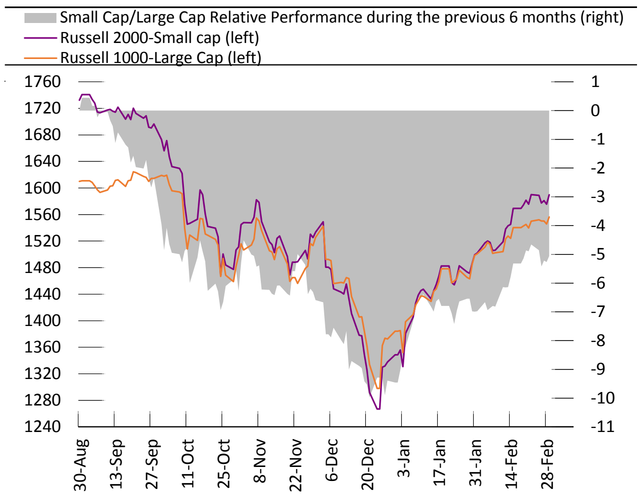
Source: Bloomberg - Data as of March 1st – Rebased @ 100

Russell 2000 Value & Growth Index



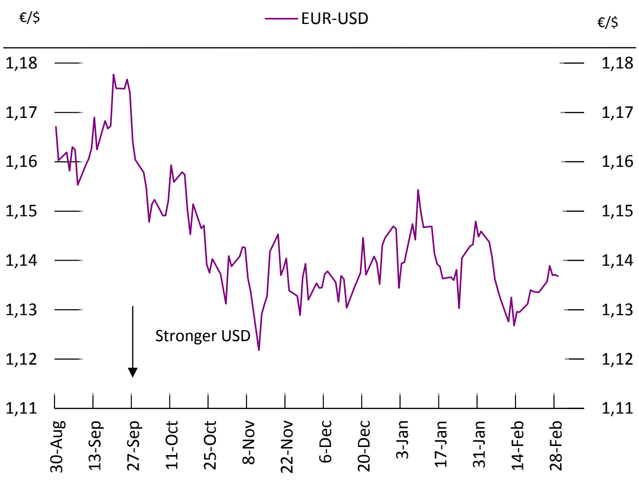
Source: Bloomberg, Data as of March 1st

Russell 2000 & Russell 1000 Index



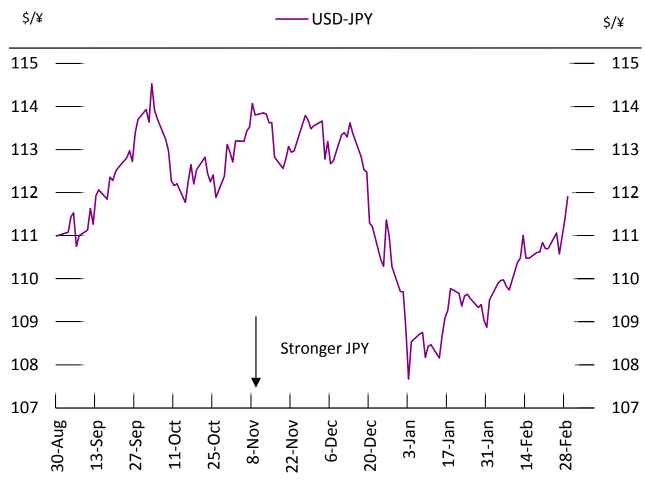
Source: Bloomberg, Data as of March 1st

EUR/USD



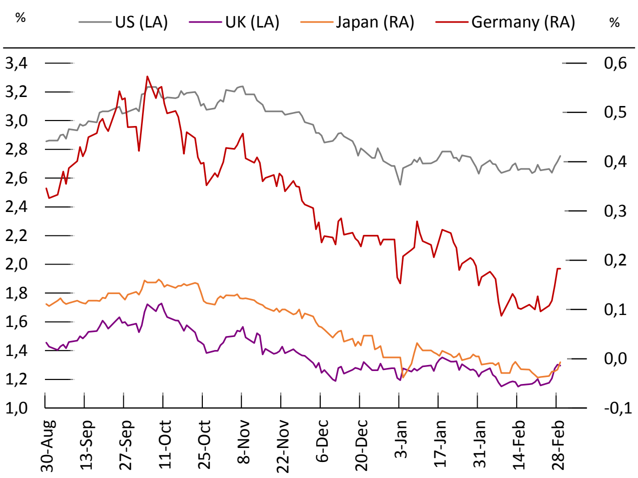
Source: Bloomberg, Data as of March 1st

JPY/USD



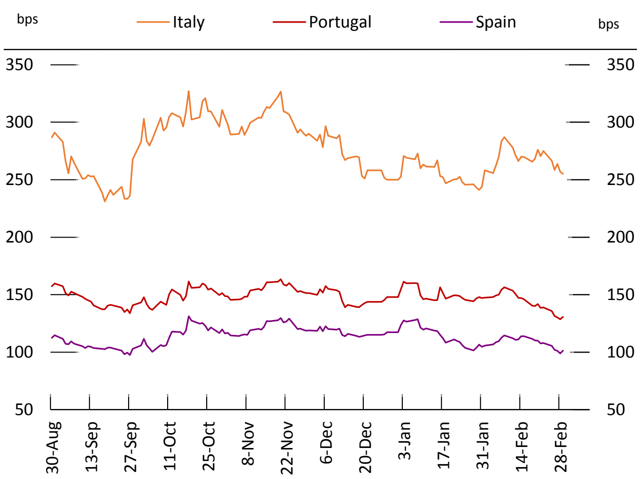
Source: Bloomberg, Data as of March 1st

10- Year Government Bond Yields



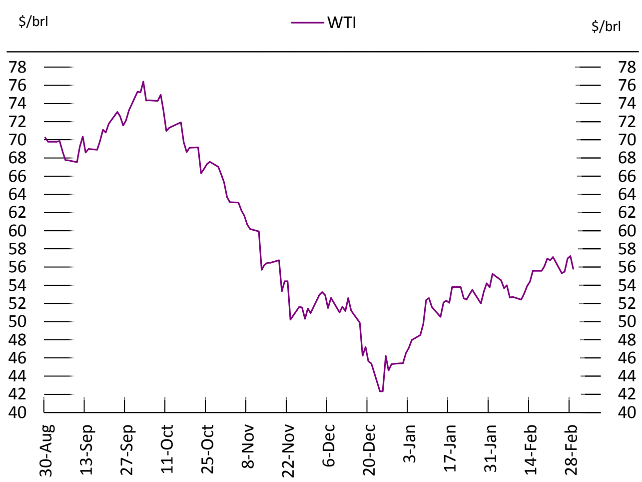
Source: Bloomberg - Data as of March 1st
LA:Left Axis RA:Right Axis

10- Year Government Bond Spreads



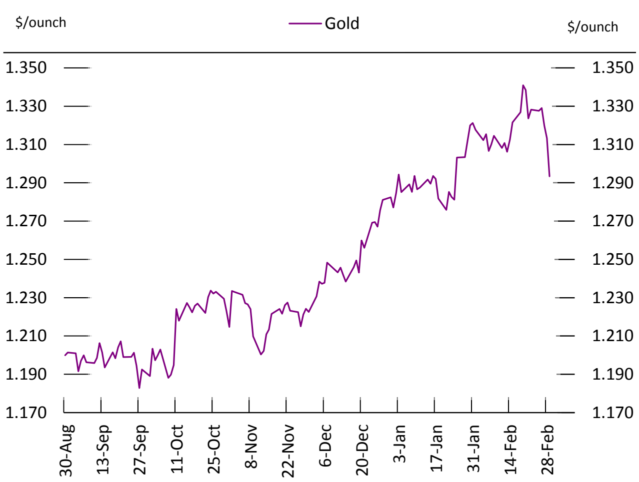
Source: Bloomberg - Data as of March 1st

West Texas Intermediate ($/brl)



Source: Bloomberg, Data as of March 1st

Gold ($/ounch)



Source: Bloomberg, Data as of March 1st

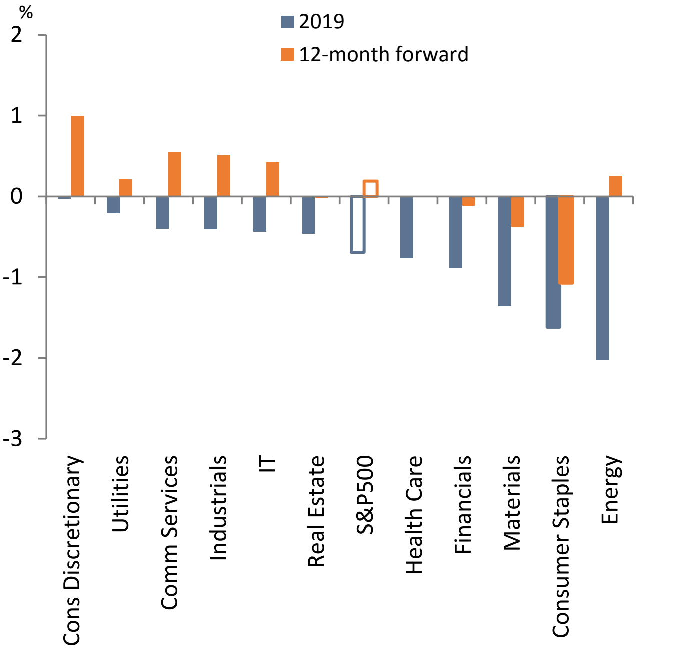
US Sectors Valuation

	Price ($)		EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	1/3/2019	% Weekly Change	2018	2019	2018	2019	2018	2019	12m fwd	10Yr Avg	2018	2019	12m fwd	10Yr Avg
S&P500	2804	0,4	18,2	7,8	2,0	2,1	17,4	16,7	16,4	14,7	3,2	3,1	3,1	2,4
Energy	489	1,1	73,7	5,6	3,2	3,5	20,1	19,0	18,3	20,3	1,8	1,7	1,7	1,8
Materials	344	-1,6	23,5	-3,0	1,9	2,3	16,7	15,8	15,5	14,7	2,6	2,1	2,1	2,5
Financials														
Diversified Financials	653	1,2	27,9	6,9	1,3	1,6	16,0	13,8	13,6	13,9	1,9	1,6	1,6	1,4
Banks	318	0,6	24,7	11,3	2,2	3,1	13,0	10,4	10,2	12,3	1,4	1,2	1,2	1,0
Insurance	394	0,6	33,2	5,1	2,2	2,3	12,1	11,5	11,3	10,4	1,3	1,3	1,3	1,0
Real Estate	214	-1,2	5,8	3,1	3,8	3,4	16,7	18,6	18,5	17,8	3,1	3,5	3,5	2,8
Industrials														
Capital Goods	678	0,4	15,9	10,5	2,0	2,0	19,0	16,6	16,3	15,2	4,6	4,7	4,7	3,1
Transportation	756	-1,0	25,0	16,1	1,8	2,0	14,0	13,0	12,8	14,0	3,6	3,8	3,8	3,2
Commercial Services	291	1,2	16,7	5,1	1,5	1,6	22,8	24,2	23,7	19,0	4,1	4,9	4,8	3,1
Consumer Discretionary														
Retailing	2159	0,3	22,2	27,6	0,8	0,9	30,8	26,3	25,7	19,8	10,1	9,9	9,6	5,3
Media	556	0,9	18,2	11,1	0,4	0,5	23,3	21,9	21,4	18,7	4,0	3,5	3,4	3,0
Consumer Services	1142	-0,5	17,2	11,8	1,9	2,1	20,6	20,1	19,7	18,5	8,9	13,8	13,9	5,4
Consumer Durables	333	0,6	17,2	2,1	1,6	1,6	17,1	17,3	17,1	16,8	3,2	3,5	3,4	3,0
Automobiles and parts	118	0,2	-5,2	-6,4	3,7	4,0	7,8	7,5	7,4	8,7	1,6	1,3	1,3	1,7
IT														
Technology	1133	0,8	16,9	2,5	1,8	2,0	15,1	14,8	14,5	12,5	5,2	6,2	6,2	3,2
Software & Services	1857	1,4	14,0	10,1	1,3	1,2	22,7	22,9	22,5	16,2	6,9	7,8	7,6	4,8
Semiconductors	965	0,0	16,1	1,7	1,9	2,3	14,8	13,9	13,7	15,6	4,3	4,3	4,2	2,9
Consumer Staples														
Food & Staples Retailing	417	-1,2	12,0	3,1	2,1	2,0	17,4	18,4	18,2	15,5	3,6	3,7	3,7	3,0
Food Beverage & Tobacco	637	0,5	12,5	-0,5	3,3	3,7	18,3	17,3	17,1	17,0	5,1	4,5	4,5	4,8
Household Goods	614	-1,7	9,9	2,0	3,1	2,8	19,3	21,8	21,6	18,3	5,4	6,4	6,4	4,6
Health Care														
Pharmaceuticals	915	1,8	8,3	9,0	2,2	2,2	15,2	15,2	15,0	14,1	4,2	4,8	4,7	3,3
Healthcare Equipment	1203	-1,5	13,1	13,9	1,1	1,1	18,0	17,9	17,6	14,6	3,3	3,1	3,1	2,5
Communication Services	152	-0,6	15,2	3,7	5,6	5,5	10,6	10,2	10,1	12,7	2,0	1,7	1,7	2,3
Utilities	288	-0,1	5,2	3,8	3,9	3,5	16,4	18,3	18,2	14,9	1,7	1,9	1,9	1,5

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

1-month revisions to 2019 & 12-month Forward EPS

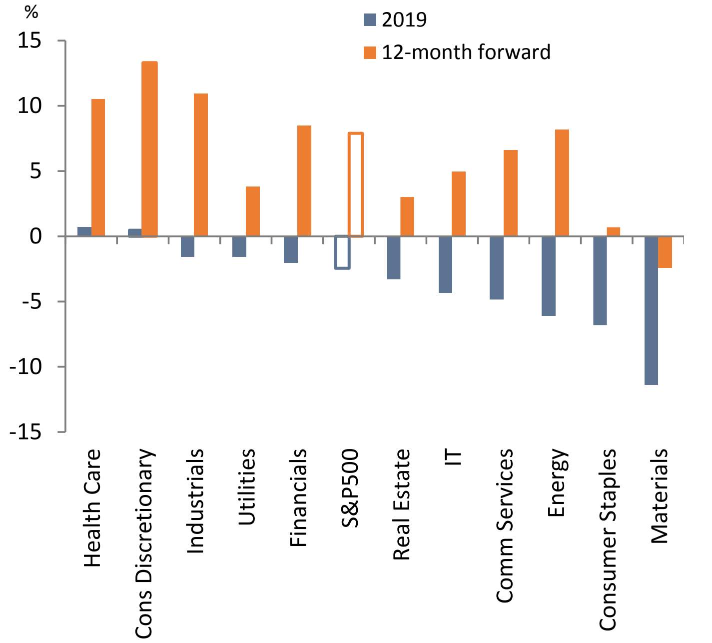
Earnings Revisions indicate 1-month change in 2019 & 12-month Forward EPS



Source: Factset, Data as of March 1st
12-month forward EPS are 83% of 2019 EPS and 17% of 2020 EPS

12-month revisions to 2019 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2019 & 12-month Forward EPS



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Euro Area Sectors Valuation

	Price (€)		EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	1/3/2019	% Weekly Change	2018	2019	2018	2019	2018	2019	12m fwd	10Yr Avg	2018	2019	12m fwd	10Yr Avg
EuroStoxx	365	1,3	7,2	1,9	3,2	3,6	14,8	13,9	13,7	13,0	1,6	1,5	1,5	1,4
Energy	335	-0,1	7,3	24,6	4,8	4,8	13,6	11,7	11,5	11,3	1,2	1,2	1,2	1,2
Materials	419	1,2	9,7	7,7	3,1	3,6	15,3	13,5	13,4	14,0	1,7	1,6	1,6	1,4
Basic Resources	212	0,9	-3,3	10,0	2,3	3,3	12,9	9,2	9,1	15,8	1,2	0,9	0,8	0,9
Chemicals	1025	1,1	5,1	-12,7	2,8	3,0	16,0	17,1	16,9	14,8	2,4	1,9	1,9	2,2
Financials														
Fin/al Services	430	1,1	14,4	-1,2	2,6	2,8	15,9	15,0	14,8	13,6	1,7	1,3	1,3	1,2
Banks	98	5,4	12,4	-4,7	4,1	5,8	11,5	8,7	8,6	10,4	0,9	0,6	0,6	0,7
Insurance	276	2,3	14,2	7,3	5,0	5,4	10,8	10,1	10,0	9,1	1,0	1,0	1,0	0,9
Real Estate	229	-0,9	8,4	9,5	4,2	4,8	18,7	16,9	16,7	16,7	1,0	0,9	0,9	1,0
Industrial	812	0,8	12,1	7,7	2,6	2,8	18,2	16,6	16,3	14,9	2,8	2,6	2,6	2,2
Consumer Discretionary														
Media	233	2,2	0,5	10,2	3,8	3,7	17,7	16,6	16,4	15,0	2,3	2,2	2,2	2,0
Retail	533	3,1	11,1	11,4	2,7	2,9	20,0	20,1	19,8	17,9	2,7	3,1	3,1	2,6
Automobiles and parts	486	2,5	4,6	-8,1	3,3	4,4	8,2	7,2	7,2	9,3	1,2	0,9	0,9	1,0
Travel and Leisure	194	0,1	1,5	-11,2	1,7	2,2	12,0	11,3	11,1	35,1	2,0	1,7	1,7	1,8
Technology	488	-0,5	3,7	5,6	1,6	1,7	21,3	19,9	19,4	17,9	3,5	3,3	3,3	2,9
Consumer Staples														
Food&Beverage	575	3,4	15,4	4,3	2,9	2,2	20,6	19,5	19,2	17,8	2,9	2,5	2,5	2,6
Household Goods	889	0,4	7,5	11,7	1,9	2,0	23,1	23,5	23,2	19,7	4,3	4,9	4,8	3,4
Health care	757	1,9	4,9	-2,3	2,5	2,5	17,0	16,7	16,4	14,5	2,1	2,1	2,1	2,1
Communication Services	287	-1,8	-3,8	0,9	4,8	5,2	14,0	13,6	13,4	13,2	1,7	1,7	1,7	1,7
Utilities	300	-0,9	-4,5	8,3	5,2	5,0	14,1	14,8	14,5	12,2	1,2	1,4	1,4	1,1

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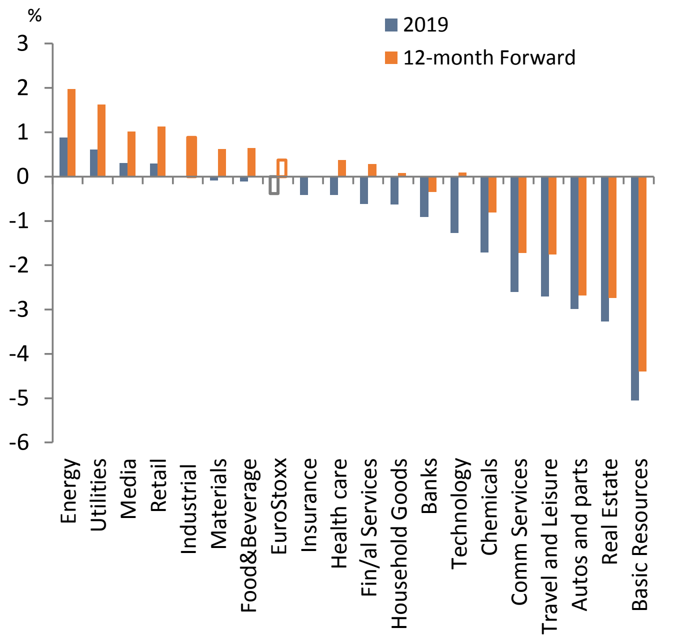

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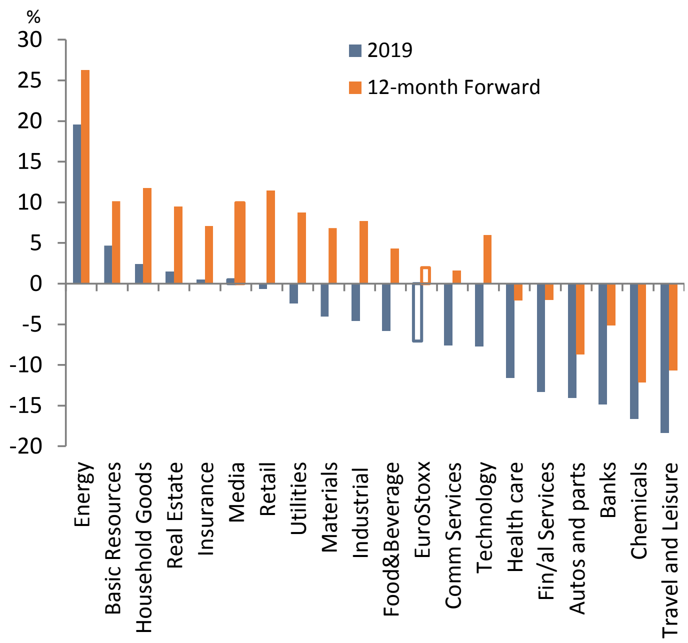
12-month revisions to 2019 & 12-month Forward EPS

Earnings Revisions indicate 12-month change in 2019 & 12-month Forward EPS



Source: Factset, Data as of March 1st
12-month forward EPS are 83% of 2019 EPS and 17% of 2020 EPS

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