



## Upward pressure on bond yields, as monetary policy moves towards normalization

- The minutes of the June 13-14 Fed meeting downplayed the recent weakness in price data as transitory and due to idiosyncratic factors (declines in wireless telephone services and prescription drugs), with policymakers expecting inflation to stabilize around 2% over the medium term.
- The minutes also revealed a lack of consensus among policymakers regarding the timing of a change in the Fed's reinvestment policy. The balance sheet normalization process will most likely be announced in either September or December.
- Despite a strong labor market and above potential economic growth, softness in wages persists. Indeed, job creation was solid (+222k in June, 44k above consensus estimates), albeit wage growth remains subdued (+2.5% on average in Q2:17 from 2.7% in Q1:17).
- According to the Fed's Monetary Policy Report (July 2017), soft wages may reflect the weak pace of productivity growth due to lower capital and R&D spending and the poor performance of the Total Factor Productivity. Indeed, labor productivity (1.2% yoy in Q1) has been subdued in recent years, averaging 1% in the period 2005-2016, half the pace experienced during the period 1990-2004.
- The ECB minutes from the June 7-8 meeting expressed optimism on growth and inflation. Recall that the ECB removed its "easing bias" for rates, while policymakers contemplated the possibility of removing the "easing bias" for the QE programme as well.
- Nevertheless, this bias was maintained in order to avoid triggering an unwarranted tightening in financial market conditions. However, note that since June 8, financial conditions have indeed tightened, with the euro gaining ground (+1.7% against the USD to \$1.14), equities declining (SXXE: -2.5%) and bond yields rising across the board.
- Indeed, German 10-Year Bund yields rose by 11 bps to 0.57% (highest since January 2016) and US 10-Year Treasury yields increased by 8 bps to 2.39% during the past week. Meanwhile, yield curves steepened in both regions (10/2Yr: +6 bps to 99 bps for the US, +13 bps to 117 bps for Germany).
- Developed equity markets were little changed over the week (MSCI World: -0.2%, +9.2% YtD), with US equities remaining flat (+8.3% YtD) and the EuroStoxx up slightly by 0.6% (+7.1% YtD). Investor attention will turn to the Q2 earnings season (large cap financials starting on July 14), with consensus expecting S&P500 EPS growth of 6.3% yoy (see graph).
- Euro area banks (+3.9%) and Italian equities (+2.1%) over-performed, as the European Commission authorized the precautionary recapitalization of Monte dei Paschi di Siena (MPS), approving state aid of €5.4bn. Following recent developments (MPS, liquidation of VB and BPVI regional banks), risks regarding Italy's banking sector have declined.
- The G20 communique contained modest changes regarding trade. Reference was made to recognizing "the role of legitimate trade defense instruments" to "ensure a level playing field" for trade and investments (in the previous communique, countries had expressed their "opposition to protectionism in all its forms"), as well as tougher language regarding steel, with countries encouraged to reduce excess capacity.

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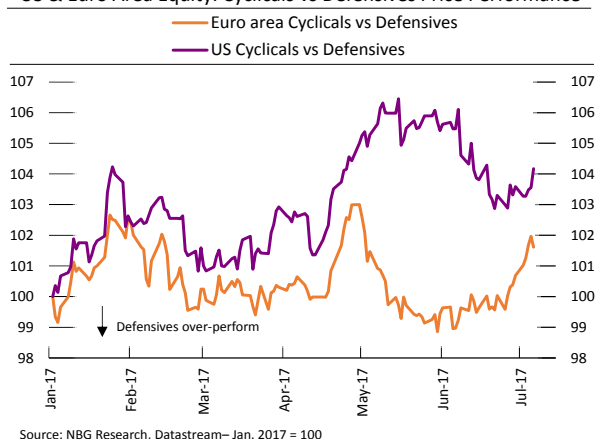
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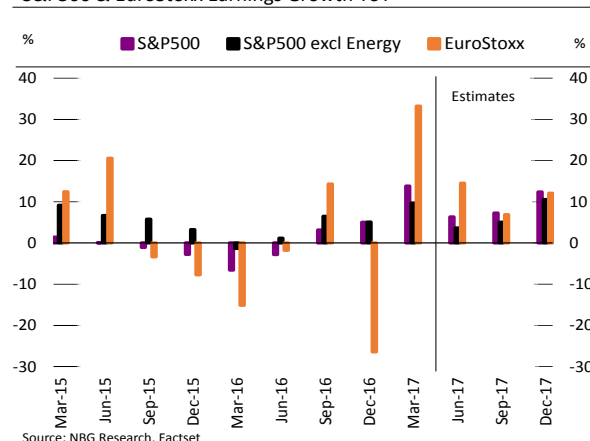
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US & Euro Area Equity: Cyclical vs Defensives Price Performance



S&P500 & EuroStoxx Earnings Growth YoY



## US job creation remains strong, but wage growth undershot expectations

- **The June labor market report recorded a solid pace of job creation, albeit wage growth remains measured.** Nonfarm payrolls increased by a strong 222k in June, while net revisions for the previous two months were a positive 47k (Q2:17: 194k vs 187k in 2016). Healthcare, hospitality and professional/business services led the increase, each adding circa 35-37k. Average weekly hours worked by total employees rose to 34.5 in June from 34.4 in May, complementing a positive labor market assessment.
- The unemployment rate (U-3) increased by 0.1 pp to 4.4% from a 16-year low recorded in May (4.3%), largely due to an increase in the labor force participation rate (+0.1 pp mom to 62.8%). Similarly, a broader measure of labor market slack, the U-6 unemployment rate, (which includes the unemployed, part-time workers for economic reasons, and those workers marginally attached to the labor force) rose by 0.2 pp to 8.6% erasing the drop recorded in May (but is down 1.0 pp yoy). Wage growth accelerated to 0.2% mom, albeit this was below expectations (0.3%) after a disappointing May revision (-0.1pp to 0.1%). The annual change in wages came in at 2.5%, also undershooting estimates (2.6%). As a result, wage growth decelerated on a quarterly basis to 2.5% (on average) in Q2:17 from 2.7% in Q1:17 and 2.6% in 2016.

## Business confidence improves in June

- **US business surveys accelerated in June, highlighting the resilience of the business sector.** Specifically, the ISM manufacturing index rose by 2.9 pts mom to 57.8 in June, the highest outcome since September 2014, above analysts' estimates (55.3). Major index sub-components were similarly encouraging, with new orders, employment and production improving on a monthly basis. At the same time, the ISM non-manufacturing index rose to 57.4 from 56.9 in May, against consensus expectations for a decline (56.5). Note that the Atlanta Fed's GDPNowcast model points to growth of 2.7% qoq saar in Q2:2017, from 1.4% qoq saar in Q1:17.

## Euro area retail sales data support private consumption

- **Retail sales accelerated in May, supporting the view that private consumption picked up in Q2:17 (+1.4 qoq saar in Q1:17).** Retail sales (in seasonally adjusted volume terms) rose by 0.4% mom (2.6% yoy), from +0.1% mom (2.6% yoy) in April, broadly in line with consensus estimates. So far in Q2:17, retail sales growth stands at +2.8% qoq saar (April-May average compared to Q1 average), from +1.4% qoq saar in Q1:17. The continuing rise in consumer confidence (at a 16-year high of -1.3 in June) leaves room for optimism going forward. An improving labor market supports the outlook, with the unemployment rate at 9.3% in May, an 8-year low, having reversed more than half of the post-crisis rise (+4.8 pps, with a peak of 12.1% in mid-2013). Importantly, the decline has taken place amid rising labor force participation rates (64.2% in Q4:16 from 63.5% in Q1:13). In contrast, the US labor force participation rate has declined to 62.7% in Q4:16, from 63.3% in Q1:13.

## UK industrial output below expectations in May...

- **Industrial production data suggest that the strong momentum in the business sector during Q1:17 has abated in recent months.** Recall that business spending rose by a robust 4.2% qoq saar in Q1:17, contributing 0.7 pps to real GDP growth of 0.9% qoq saar. Indeed, industrial production declined by 0.1% mom in May, from +0.2% mom in April (consensus: +0.4% mom). On an annual basis, industrial production fell 0.2%, from -0.8% yoy in April. Importantly, the less volatile manufacturing (which accounts for c. 70% of total output) also declined, by 0.2% mom (+0.4% yoy) from +0.2% mom (0.0% yoy) previously.

## ...while PMIs eased in June

- **In June, the PMI composite index fell by 0.6 pts to 53.8, with a broad based softening across sectors (services, manufacturing, construction).** Overall in Q2, it averaged 54.8, broadly in line with the respective figure for Q1 (54.6). Respondents' comments suggest that political uncertainty, amid general elections and the commencement of "Brexit" negotiations in June, dented business optimism. Note that in the dominant services sector (c. 70% of GDP), business expectations for the next 12 months (not incorporated in the headline index) fell to the lowest level since July 2016 (in the immediate aftermath of the EU participation referendum).

## Japan: Business surveys suggest that the economy continues to pick up

- **In Japan, business sentiment improved for a 3<sup>rd</sup> consecutive month, suggesting that the positive momentum should continue in Q2:17.** Note that GDP is expected at 2.5% qoq saar in Q2:17 from 1.0% qoq saar in the previous quarter. The ECO Watchers current conditions index rose by 1.4 pts to 50 in June (average 48.9 in Q2:17, from 48.6 in the previous quarter), its highest level since December 2016, while the survey's forward-looking indicator (outlook for 2-3 months ahead) increased by 0.9 pts to 50.5 (average 49.6 in Q2:17, from 49.4 in the previous quarter). It should be noted that the results are consistent with the latest PMI surveys (PMI Manufacturing index stood at a healthy 52.7 on average in Q2:17 from 52.8 in Q1:17).

## Chinese PMI point to solid growth in Q2

- **PMI data for June suggest that real GDP growth remained solid in Q2:17, likely posting only a very modest deceleration to 6.6% yoy from the strong Q1:17 performance (6.9% yoy).** Official manufacturing PMI rose by 0.5 pts to 51.7, overshooting consensus estimates for 51.0 and averaging 51.4 in Q2 compared with 51.6 in Q1. On a similar note, the Markit manufacturing PMI increased by 0.8 pts to 50.4 (consensus: 49.8).

## Inflation remains below the Government's target

- **Inflation remained stable in June**, broadly in line with expectations. CPI inflation reached a steady pace of 1.5% yoy, with food price momentum remaining sluggish (-1.2% yoy from -1.6% yoy in May). Overall, following an average of 2% yoy in 2016 and 1.4% yoy in Q1:17, mainly due to lower food prices, CPI remained stable at 1.4% in Q2:17 and is expected to average close to 2% in FY:2017, comfortably below the official target of 3.0%. Meanwhile, growth in the producers' price index (PPI) remained stable at 5.5% yoy in June after a peak of 7.8% in February 2017, decelerating due to base effects relating to commodity prices.

## Equities

- **Global equity markets were little changed in the past week, with higher bond yields denting investors' risk appetite.** Specifically, the MSCI World index was flat on a weekly basis, with emerging markets underperforming in local currency terms their developed market peers, which were largely flat w/w (DM: 0.0% vs EM: -0.3%). In the US, the S&P500 index rose by 0.1%. The Banking sector continued to overperform for a second consecutive week (+1.8%), benefiting from higher government bond yields. In addition, banks performance reflects expectations of stronger capital positions, allowing them to return more capital to shareholders (through dividends and repurchases). The rebound in the Technology sector (+0.6% w/w) offset some of the decline in the energy sector (-1.2% w/w), due to lower oil prices, after reports of reluctance by Russia to consider deeper cuts to production. In Europe, the UK's FTSE 100 index rose by 0.5% on a weekly basis, benefitting from the weaker pound, as c. 70% of companies' revenue comes from abroad, while the EuroStoxx rose by 0.6% on a weekly basis. Moreover, equity markets in Italy recorded gains on a weekly basis (FTSE MIB: +2.1%), as the EU approved a €5.4 billion state bailout for Monte dei Paschi di Siena, since Italy's fourth-largest lender was forced to request state aid in December after its attempt to raise capital from private investors failed.

## Fixed Income

- **Long term nominal government bond yields continued to rise during the past week.** The US 10-year yield rose by 8 bps to 2.39%. Since June 27<sup>th</sup>, the 10-year yield has increased by 18bps, with the 10Yr Treasury Inflation-Protected Securities (TIPS) up 15 bps (reflecting higher growth expectations), while 10Yr breakeven rates rose by 3 bps (reflecting inflation expectations). In the euro area, the stronger economic data and the rising ECB confidence in growth and, consequently, the normalization in inflation increased Germany's 10-year Bund yield by 11 bps to 0.57%. Since June 27<sup>th</sup>, the 10-year yield has increased by 20bps, with the 10Yr TIPS up 11 bps, while 10Yr breakeven rates rose by 9 bps. Meanwhile, periphery bond spreads over the Bund rose, with the Italian 10-year yield spread over its German peer up by 8 bps to 177 bps and the respective Spain spread rising by 9 bps on a weekly basis to 116 bps. In contrast, Greek spreads over the Bund declined by 10 bps to 486 bps, as the disbursement of the €7.7 bn tranche by the ESM is expected to be made on Monday.

- Corporate bond spreads were mixed in the past week, with investment grade bond spreads narrowing slightly over the week, while high yield spreads moved in the opposite direction, reflecting lower oil prices and increasing risk aversion. Specifically, US high yield spreads rose by 6 bps w/w to 383 bps, and their euro area counterparts by 9 bps w/w to 297 bps. On the other hand, investment grade (IG) bond spreads eased by 3 bps w/w both in the US (to 112 bps) and the euro area (100 bps).

## FX & Commodities

- **In foreign exchange markets, the US dollar strengthened across the board after the strong employment report.** Indeed, the USD rose by 0.2% w/w against the euro to \$/1.140 and by 1.4% against the Japanese yen to ¥/113.89 (+0.6% on Friday). Meanwhile, the British pound recorded losses in the past week due to weaker-than-expected economic data. Specifically, the British pound weakened by 0.9% against the euro to €/£0.885 and by 1.0% against the US dollar to \$/1.289. **In commodities, oil prices declined on the back of high drilling activity in the US and supply concerns from OPEC countries.** Specifically, US oil rigs rose by 7 rigs to 763 rigs for the week ending July 7<sup>th</sup>, after a decline of 2 rigs in the previous week. Meanwhile, Saudi Arabia production increased in June, while OPEC continued to not be considering further action at this time. However, there were also reports that OPEC was considering output caps for Libya and Nigeria, after rapid growth in output since the start of the year. Overall, WTI declined by 3.9% w/w, to \$44.2/barrel and Brent by 3.5% w/w to \$46.5/barrel.

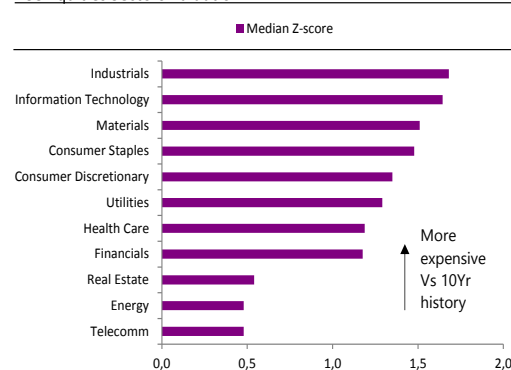
Global Equities Valuation: 12-month Forward Price to Earnings Ratio

	Current	Average Level		Percentile Rank (%)	
		5-year	10-year	5-year	10-year
Latin America	13,9	13,8	13,0	43,2	67,8
EMEA	7,3	6,8	7,5	75,2	53,9
EM Asia	14,6	13,3	13,2	82,2	78,0
FTSE 100	14,5	13,5	11,9	62,2	81,1
Nikkei225	14,9	14,2	15,4	73,7	64,6
S&P 500	17,5	15,4	14,1	93,3	96,6
Euro STOXX	14,9	13,9	12,3	77,0	88,5

Source: NBG Research, Factset

Graph 1.

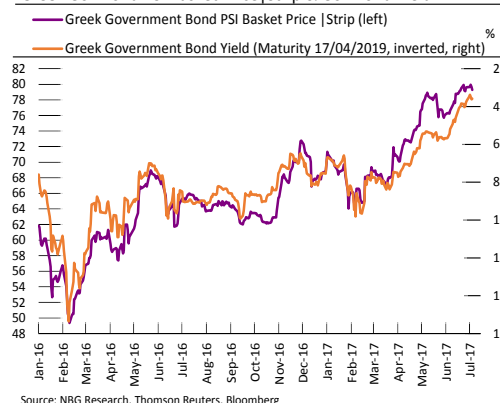
US Equities Sectors Valuation



Source: NBG Research, Factset Median Z-score of: EV/Sales, EV/EBITDA, P/B, FCF Yield, PEG Ratio, Price/Sales, 12-month Forw PE. The Z-score indicates how many standard deviations above/below the 10Yr mean is the current metric value

Graph 2.

Greek Gov Bond PSI Basket Price | Strip & Gov Bond Yield



Source: NBG Research, Thomson Reuters, Bloomberg

Graph 3.

**Quote of the week:** "The global recovery remains on track, but it will take tangible policy actions and stronger international cooperation to sustain and broaden the momentum", **Managing Director of the International Monetary Fund, Christine Lagarde**, July 5<sup>th</sup> 2017.

## Tactical Asset Allocation (3-month)

- **Equities:** We remain **Overweight**, albeit reducing our exposure transferring income to Cash. Strong corporate earnings offset, for now, the anticipating peak of central bank (C/B) liquidity. O/W Euro area on declining political risks and strong growth momentum. O/W Euro area banks due to higher yields, less political uncertainty (France, Italy) and steeper curves.
- **Government Bonds:** The trend of higher yields will continue reflecting less aggressive C/Bs and reduced C/B liquidity. **Underweight Govies, but we upgrade slightly** following their recent sell-off. Steeper curves, particularly in Bunds.
- **Credit:** Credit spreads have less fuel to run, with slowing ECB CSPP purchases probably acting as a plateau for EUR IG. **Underweight position in credit** with a preference for banks.
- **Cash:** We increase our **OW position** in cash, as a hedge, as well as a way of being tactical.

## NBG Global Markets - Main Equity Sector Calls

US Sector	Position	View/Comment
Banks	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 (by 20% ytd) may present a buying opportunity
Cyclical / Defensives	Neutral	We remain slightly under-weight 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

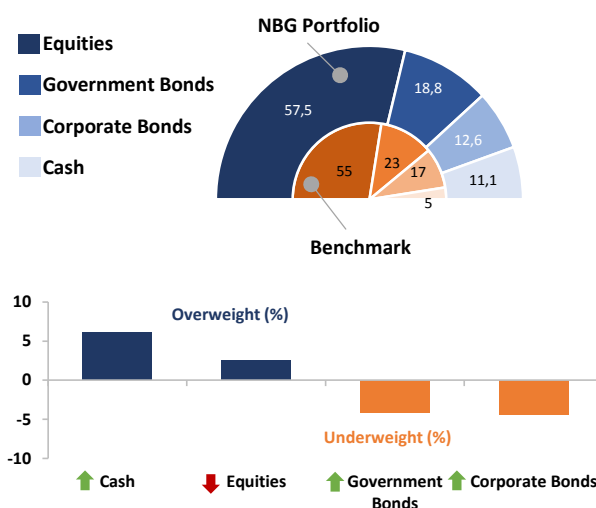
\*Including Technology and Industrials

\*\*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	51	52	↑ -1,0
Euro area	13	10	3,0
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>+ Fiscal loosening</li> <li>+ EPS acceleration</li> <li>+ Cash-rich corporates lead to share buybacks and higher dividends (de-equitization)</li> <li>- Demanding valuations</li> <li>- Peaking profit margins</li> <li>- Protectionism and trade wars</li> </ul>	<ul style="list-style-type: none"> <li>+ Still high equity risk premium, albeit declining</li> <li>+ Credit conditions gradual turn more favorable</li> <li>+ Small fiscal loosening</li> <li>- Sovereign debt crisis could re-emerge</li> <li>- EPS estimates may turn optimistic due to higher EUR</li> <li>- Strong Euro in NEER terms (2017 vs 2016)</li> </ul>	<ul style="list-style-type: none"> <li>+ Aggressive QE by the BoJ</li> <li>+ Upward revisions in corporate earnings</li> <li>- Signs of policy fatigue regarding structural reforms and fiscal discipline</li> <li>- Strong appetite for foreign assets</li> <li>- If sustained, Japanese Yen appreciation hurts exporters companies</li> </ul>	<ul style="list-style-type: none"> <li>+ 65% of FTSE100 revenues from abroad</li> <li>+ Undemanding valuations in relative terms</li> <li>+ High UK exposure to the commodities sector assuming the oil rally continues</li> <li>- Elevated Policy uncertainty to remain due to the outcome of the Referendum and the negotiating process</li> </ul>
	● Neutral/Positive	● Neutral	● Neutral	● Neutral/Negative
Government Bonds	<ul style="list-style-type: none"> <li>+ Valuations appear rich</li> <li>+ Underlying inflation pressures</li> <li>+ The Fed is expected to increase its policy rate towards 1.5% by end-2017</li> <li>- Global search for yield by non-US investors continues</li> <li>- Fed's commitment on gradual tightening policy</li> <li>- Safe haven demand</li> </ul>	<ul style="list-style-type: none"> <li>+ Upside risk in US benchmark yields</li> <li>+ Valuations appear excessive compared with long-term fundamentals</li> <li>- Political Risk</li> <li>- Fragile growth outlook</li> <li>- Medium-term inflation expectations remain low</li> <li>- Gradually less accommodative monetary policy by the ECB</li> </ul>	<ul style="list-style-type: none"> <li>+ Sizeable fiscal deficits</li> <li>+ Restructuring efforts to be financed by fiscal policy measures</li> <li>- Safe haven demand</li> <li>- Extremely dovish central bank</li> <li>- Yield-targeting of 10-Year JGB at around 0%</li> </ul>	<ul style="list-style-type: none"> <li>+ Elevated Policy uncertainty to remain due to the outcome of the Referendum and the negotiating process</li> <li>+ Rich valuations</li> <li>+ Inflation overshooting due to GBP weakness feeds through inflation expectations</li> <li>- The BoE is expected to cut rates or/and re-activate asset purchases</li> <li>- Slowing economic growth post-Brexit</li> </ul>
	▲ Higher yields expected	▲ Higher yields expected	● Stable yields expected	▲ Higher yields expected
Foreign Exchange	<ul style="list-style-type: none"> <li>+ The Fed is expected to increase its policy rate towards 1.5% in 2017</li> <li>+ Growth to remain slightly above-trend in 2017</li> <li>+ Destination-based taxation with border adjustment</li> <li>- Mid-2014 rally probably out of steam</li> <li>- Protectionism and trade Wars</li> </ul>	<ul style="list-style-type: none"> <li>+ Reduced short-term tail risks</li> <li>+ Higher core bond yields</li> <li>+ Current account surplus</li> <li>- Sluggish growth</li> <li>- Deflation concerns</li> <li>- The ECB's monetary policy to remain extra loose (Targeted-LTROs, ABSs, covered bank bond purchases, Quantitative Easing)</li> </ul>	<ul style="list-style-type: none"> <li>+ Safe haven demand</li> <li>+ More balanced economic growth recovery (long-term)</li> <li>+ Inflation is bottoming out</li> <li>- Additional Quantitative Easing by the Bank of Japan if inflation does not approach 2%</li> </ul>	<ul style="list-style-type: none"> <li>+ Transitions phase negotiations</li> <li>- The BoE to retain rates at current levels</li> <li>- Slowing economic growth post-Brexit</li> <li>- Sizeable Current account deficit (-5.5% of GDP)</li> <li>- Elevated Policy uncertainty to remain due to the outcome of the Referendum and the negotiating process</li> </ul>
	▲ Long USD against its major counterparts ex-EUR	● Flat EUR against the USD with upside risks short term	▼ Lower JPY against the USD	▼ Weaker GBP against the EUR and the USD



	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 (%)	July 7th	3-month	6-month	12-month	Official Rate (%)	July 7th	3-month	6-month	12-month
Germany	0,57	0,55	0,75	0,95	Euro area	0,00	0,00	0,00	0,00
US	2,39	2,65	2,75	2,90	US	1,25	1,25	1,50	1,75
UK	1,31	1,25	1,44	1,62	UK	0,25	0,25	0,25	0,25
Japan	0,09	0,05	0,05	0,09	Japan	-0,10	-0,10	-0,10	-0,10
Currency	July 7th	3-month	6-month	12-month		July 7th	3-month	6-month	12-month
EUR/USD	1,14	1,11	1,11	1,12	USD/JPY	114	114	114	114
EUR/GBP	0,88	0,88	0,88	0,88	GBP/USD	1,29	1,26	1,27	1,27
EUR/JPY	130	126	126	128					

Forecasts at end of period

## Economic Forecasts

United States	2015a	Q1:16a	Q2:16a	Q3:16a	Q4:16a	2016a	Q1:17a	Q2:17f	Q3:17f	Q4:17f	2017f
Real GDP Growth (YoY) (1)	2,6	1,6	1,3	1,7	2,0	1,6	2,1	2,4	2,2	2,4	2,2
Real GDP Growth (QoQ saar) (2)	-	0,8	1,4	3,5	2,1	-	1,4	2,8	2,8	2,8	-
Private Consumption	3,2	1,6	4,3	3,0	3,5	2,7	1,1	2,3	2,6	3,4	2,6
Government Consumption	1,8	1,6	-1,7	0,8	0,2	0,8	-0,9	1,0	1,0	0,8	0,7
Investment	4,0	-0,9	-1,1	0,1	2,9	0,7	11,0	5,3	5,4	2,7	3,6
Residential	11,7	7,8	-7,8	-4,1	9,6	4,9	12,9	4,0	3,5	3,5	3,8
Non-residential	2,1	-3,4	1,0	1,4	0,9	-0,5	10,4	5,7	5,9	2,4	3,5
Inventories Contribution	0,2	-0,4	-1,2	0,4	1,0	-0,4	-1,1	0,2	0,0	0,0	0,1
Net Exports Contribution	-0,7	0,0	0,2	0,9	-2,0	-0,1	0,2	-0,1	-0,1	-0,1	-0,3
Exports	0,1	-0,7	1,8	10,0	-4,5	0,4	7,0	2,2	2,2	2,2	3,2
Imports	4,6	-0,6	0,2	2,2	8,9	1,1	4,0	2,2	2,2	2,6	4,7
Inflation (3)	0,1	1,1	1,0	1,1	1,8	1,3	2,5	2,2	2,2	2,1	2,1
Euro Area	2015a	Q1:16a	Q2:16a	Q3:16a	Q4:16a	2016a	Q1:17a	Q2:17f	Q3:17f	Q4:17f	2017f
Real GDP Growth (YoY)	1,9	1,7	1,6	1,8	1,8	1,7	1,9	2,1	2,1	2,1	2,0
Real GDP Growth (QoQ saar)	-	2,2	1,3	1,7	1,9	-	2,3	2,2	1,8	1,9	-
Private Consumption	1,8	2,9	1,4	1,3	1,8	1,9	1,4	1,8	1,8	1,8	1,6
Government Consumption	1,3	2,8	1,3	0,6	1,8	1,8	1,4	1,5	1,5	1,5	1,3
Investment	3,0	3,2	4,7	-0,7	14,0	2,5	5,3	3,5	3,3	3,3	5,5
Inventories Contribution	-0,2	-1,1	-0,6	0,5	1,3	0,0	0,3	0,0	0,0	0,0	0,4
Net Exports Contribution	0,2	0,6	-0,1	0,5	-3,3	-0,2	-0,1	0,1	-0,2	-0,1	-0,6
Exports	6,3	1,0	5,3	1,5	7,3	2,7	4,8	4,0	3,6	3,2	4,4
Imports	6,3	-0,3	6,1	0,4	16,5	3,4	5,3	4,0	4,2	3,7	6,3
Inflation	0,0	0,0	-0,1	0,3	0,7	0,2	1,8	1,5	1,5	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	2,9	4,6	4,2
Romania	3,5	3,1	3,9	4,8	5,0	4,2
Bulgaria	0,9	1,3	3,6	3,4	3,7	3,5
Serbia	2,6	-1,8	0,8	2,8	2,8	3,6
Headline Inflation (eop,%)						
Turkey	7,4	8,2	8,8	8,5	9,2	7,8
Romania	1,6	0,8	-0,9	-0,5	2,0	2,6
Bulgaria	-1,6	-0,9	-0,4	0,1	0,8	1,4
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	-4,3	-4,2
Romania	-1,1	-0,7	-1,2	-2,3	-2,9	-3,3
Bulgaria	1,3	0,1	-0,1	4,2	3,7	3,2
Serbia	-6,1	-6,0	-4,7	-4,0	-4,4	-4,3
Fiscal Balance (% of GDP)						
Turkey	-1,0	-1,1	-1,0	-1,1	-3,0	-2,5
Romania	-2,5	-1,7	-1,5	-2,4	-3,8	-4,5
Bulgaria	-1,8	-3,7	-2,8	1,6	-1,0	-0,5
Serbia	-5,5	-6,6	-3,7	-1,3	-1,2	-1,0

f: NBG forecasts

## Stock Markets (in local currency)

Country - Index	10/7/2017	Last week return (%)	Year-to-Date change (%)	2-year change (%)
Turkey - ISE100	101.097	0,6	29,4	22,1
Romania - BET-BK	1.587	3,0	18,1	16,6
Bulgaria - SOFIX	709	0,6	20,9	50,2
Serbia - BELEX15	716	0,6	-0,1	10,9

## Financial Markets

	10/7/2017	3-month forecast	6-month forecast	12-month forecast
1-m Money Market Rate (%)				
Turkey	13,0	12,5	12,0	11,0
Romania	0,7	2,0	3,8	4,0
Bulgaria	0,0	0,1	0,1	0,2
Serbia	3,3	3,4	3,5	3,8
Currency				
TRY/EUR	4,11	4,00	3,90	3,80
RON/EUR	4,57	4,56	4,55	4,55
BGN/EUR	1,96	1,96	1,96	1,96
RSD/EUR	120,1	121,4	122,0	122,5

## Sovereign Eurobond Spread (in bps)

Turkey (USD 2020)(*)	220	200	190	180
Romania (EUR 2024)	146	142	140	130
Bulgaria (EUR 2022)	56	60	65	70
Serbia (USD 2021)(*)	149	140	136	130

(\*) Spread over US Treasuries

## Economic Calendar

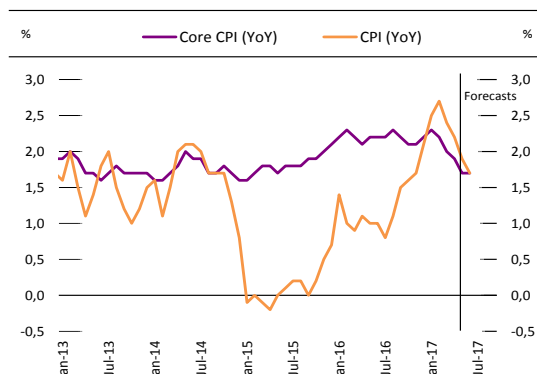
The main macro event next week in the US are retail sales and inflation data for June. Inflation is expected at 1.7% yoy in June, from 1.9% yoy in May.

In the euro area, markets will focus on industrial production data for May. Industrial production is expected to increase on a monthly basis (+1.0% mom from +0.5% mom in April).

In UK, the labor market report for May is released on Wednesday. Unemployment rate is expected to remain stable at 4.6% in May.

In China, the first estimate for Q2:17 GDP is released on Monday, and is expected at 1.7% qoq, from 1.3% in Q1:17.

US Inflation



Source: NBG Research, Bloomberg

### Economic News Calendar for the period: July 4 - July 17, 2017

Tuesday 4					Wednesday 5					Thursday 6							
UK		S	A	P	US		S	A	P	US		S	A	P			
Markit/CIPS UK Construction PMI	June	55.0	-	54.8	56.0	FOMC Minutes	June 14			ADP Employment Change (k)	June	188	-	158	230		
						Markit/CIPS UK Services PMI	June	53.5	-	53.4	53.8	Initial Jobless Claims (k)	July 1	243	-	248	244
						EURO AREA				Continuing Claims (k)	June 24	1940	-	1956	1945		
						Retail sales (MoM)	May	0.4%		0.4%	0.1%	Trade balance (\$bn)	May	-46.3	-	-46.5	-47.6
						Retail sales (YoY)	May	2.3%	+	2.6%	2.6%	ISM non-manufacturing	June	56.5	+	57.4	56.9
Friday 7					Monday 10					Thursday 13							
US		S	A	P	GERMANY		S	A	P	JAPAN		S	A	P			
Change in Nonfarm Payrolls (k)	June	177	+	222	152	Industrial Production (sa, MoM)	May	0.2%	+	1.2%	0.7%	Eco Watchers Current Survey	June	49.0	+	50.0	48.6
Change in Private Payrolls (k)	June	170	+	187	159							Eco Watchers Outlook Survey	June	50.3	+	50.5	49.6
Unemployment rate	June	4.3%	-	4.4%	4.3%	Industrial Production (wda, YoY)	May	4.0%	+	5.0%	2.8%	CHINA					
Average Hourly Earnings MoM	June	0.3%	-	0.2%	0.1%							CPI (YoY)	June	1.6%	-	1.5%	1.5%
Average Hourly Earnings YoY	June	2.6%	-	2.5%	2.4%												
Average weekly hours (hrs)	June	34.4	+	34.5	34.4												
Underemployment rate	June	..		8.6%	8.4%												
Labor Force Participation Rate	June	62.7%	+	62.8%	62.7%												
UK																	
Industrial Production (MoM)	May	0.4%	-	-0.1%	0.2%												
Industrial Production (YoY)	May	0.2%	-	-0.2%	-0.8%												
JAPAN																	
Leading Index	May	104.5	+	104.7	104.2												
Coincident Index	May	115.5		115.5	117.1												
Tuesday 11					Wednesday 12					Thursday 13							
US		S	A	P	UK		S	A	P	US		S	A	P			
Wholesale trade	May	..	..	-0.4%	ILO Unemployment Rate	May	4.6%	..	4.6%	Initial Jobless Claims (k)	July 8	245	..	248			
					EURO AREA					Continuing Claims (k)	July 1	1950	..	1956			
					Industrial Production (MoM)	May	1.0%	..	0.5%	CHINA							
					Industrial Production (YoY)	May	3.5%	..	1.4%	Exports (YoY)	June	9.0%	..	8.7%			
										Imports (YoY)	June	14.4%	..	14.8%			
Friday 14					Monday 17												
US		S	A	P	US		S	A	P								
CPI (YoY)	June	1.7%	..	1.9%	Empire Manufacturing	July	15.0	..	19.8								
Core CPI (YoY)	June	1.7%	..	1.7%	CHINA												
Retail Sales Advance MoM	June	0.1%	..	-0.3%	Aggregate Financing (RMB bn)	June	1500.0	..	1062.5								
Retail sales ex-autos (MoM)	June	0.2%	..	-0.3%	New Yuan Loans (RMB bn)	June	1300.0	..	1110.0								
Industrial Production (MoM)	June	0.3%	..	0.0%	Money Supply M0 (YoY)	June	6.8%	..	7.3%								
University of Michigan consumer confidence	July	95.0	..	95.1	Money Supply M1 (YoY)	June	15.9%	..	17.0%								
					Money Supply M2 (YoY)	June	9.5%	..	9.6%								
					Retail sales (YoY)	June	10.6%	..	10.7%								
					Industrial production (YoY)	June	6.5%	..	6.5%								
					GDP (sa, QoQ)	Q2:17	1.7%	..	1.3%								
					GDP (YoY)	Q2:17	6.8%	..	6.9%								

Source: NBG Research, Bloomberg

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



## Equity Markets (in local currency)

Developed Markets		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)	Emerging Markets		Current Level	1-week change (%)	Year-to-Date change (%)	1-Year change (%)	2-year change (%)
US	S&P 500	2425	0,1	8,3	15,6	18,5	MSCI Emerging Markets	53977	-0,3	13,3	19,3	13,7	
Japan	NIKKEI 225	19929	-0,5	4,3	30,5	1,0	MSCI Asia	818	-0,5	18,2	23,7	17,1	
UK	FTSE 100	7351	0,5	2,9	12,5	13,3	China	72	-1,0	23,1	30,5	14,3	
Canada	S&P/TSX	15027	-1,0	-1,7	6,3	4,3	Korea	703	-0,4	21,1	31,0	33,4	
Hong Kong	Hang Seng	25341	-1,6	15,2	22,4	7,8	MSCI Latin America	75951	-0,2	5,6	13,5	12,8	
Euro area	EuroStoxx	375	0,6	7,1	26,0	8,7	Brazil	213656	-1,1	2,4	15,1	11,6	
Germany	DAX 30	12389	0,5	7,9	31,5	15,3	Mexico	46781	0,3	8,3	9,2	10,5	
France	CAC 40	5145	0,5	5,8	24,9	10,9	MSCI Europe	4853	0,6	-2,3	12,5	6,8	
Italy	FTSE/MIB	21015	2,1	9,3	36,1	-2,3	Russia	834	1,1	-16,5	0,8	9,8	
Spain	IBEX-35	10489	0,4	12,2	31,0	0,6	Turkey	1403729	-0,5	28,5	25,9	24,2	

## 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		192,5	-1,3	-12,1	-4,2	-10,5	Energy		196,9	-1,2	-13,8	-4,4	-8,5
Materials		241,8	0,4	9,0	22,7	13,6	Materials		230,3	0,8	5,4	23,2	14,0
Industrials		237,3	0,0	11,7	21,1	21,6	Industrials		235,5	0,3	9,0	22,7	20,9
Consumer Discretionary		215,1	-0,7	9,5	17,4	10,7	Consumer Discretionary		208,7	-0,4	7,5	19,0	10,4
Consumer Staples		225,6	-1,1	8,7	1,1	12,0	Consumer Staples		225,9	-0,8	6,3	1,5	13,9
Healthcare		220,1	-0,7	14,1	6,4	1,6	Healthcare		217,5	-0,4	12,2	6,6	2,2
Financials		116,8	1,3	10,0	36,6	15,3	Financials		116,8	1,5	7,2	37,0	15,6
IT		189,3	0,3	17,4	32,5	34,9	IT		183,8	0,4	16,7	33,3	34,4
Telecoms		67,4	-1,5	-3,0	-6,9	-2,6	Telecoms		70,5	-1,1	-5,5	-5,6	-1,7
Utilities		124,3	-1,0	8,1	0,8	10,0	Utilities		127,2	-0,9	5,9	1,0	10,8

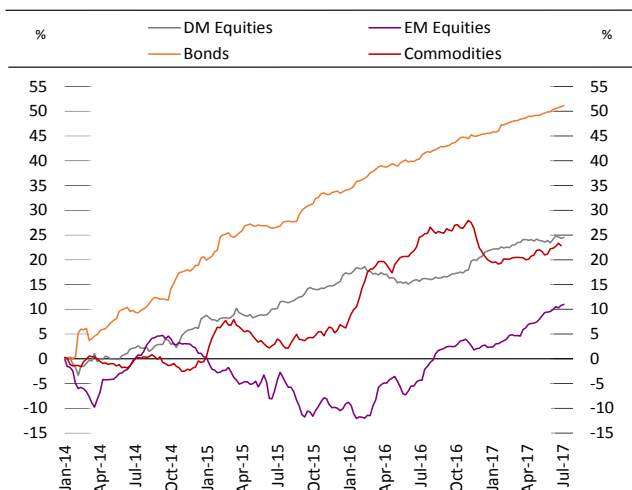
## Bond Markets (%)

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	2,39	2,31	2,45	1,39	2,68	US Treasuries 10Y/2Y	99	92	126	80	177
Germany	0,57	0,47	0,21	-0,17	2,00	US Treasuries 10Y/5Y	44	42	52	43	90
Japan	0,09	0,09	0,05	-0,27	0,84	Bunds 10Y/2Y	117	104	97	51	121
UK	1,31	1,26	1,24	0,78	2,74	Bunds 10Y/5Y	66	69	74	44	73
Greece	5,44	5,42	7,11	7,99	10,28	Corporate Bond Spreads (in bps)	Current	Last week	Year Start	One Year Back	10-year average
Ireland	0,99	0,90	0,75	0,47	4,46						
Italy	2,34	2,15	1,81	1,24	3,74						
Spain	1,73	1,54	1,38	1,18	3,73						
Portugal	3,16	3,03	3,76	3,08	5,45						
US Mortgage Market (1. Fixed-rate Mortgage)	Current	Last week	Year Start	One Year Back	10-year average	US High yield	383	377	421	602	645
30-Year FRM <sup>1</sup> (%)	4,2	4,2	4,4	3,7	4,4	Euro area IG	100	103	124	131	170
vs 30Yr Treasury (bps)	127	137	132	153	99	Euro area High Yield	297	288	376	475	667

## Foreign Exchange & Commodities

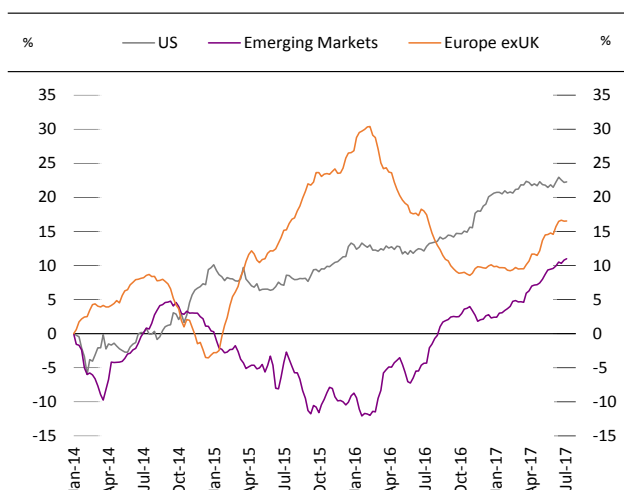
Foreign Exchange		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)	Commodities		Current	1-week change (%)	1-month change (%)	1-Year change (%)	Year-to-Date change (%)
Euro-based cross rates							Agricultural		434	2,9	5,1	-4,7	0,6
EUR/USD		1,14	-0,2	1,3	3,1	8,4	Energy		340	-3,6	-2,6	-11,5	-21,7
EUR/CHF		1,10	0,4	1,1	1,5	2,5	West Texas Oil (\$)		44	-3,9	-3,3	-2,0	-17,7
EUR/GBP		0,88	0,9	1,8	3,2	3,6	Crude Brent Oil (\$)		47	-3,5	-2,0	3,7	-16,0
EUR/JPY		129,96	1,2	5,1	16,6	5,7	Industrial Metals		1204	-0,7	4,5	19,3	7,3
EUR/NOK		9,54	0,0	-0,2	1,4	4,9	Precious Metals		1459	-3,1	-7,1	-13,5	3,6
EUR/SEK		9,61	-0,2	-1,8	1,2	0,4	Gold (\$)		1213	-2,3	-5,7	-10,8	5,3
EUR/AUD		1,50	0,9	0,6	1,4	2,7	Silver (\$)		16	-6,1	-11,3	-20,7	-1,9
EUR/CAD		1,47	-0,9	-3,4	2,1	3,9	Baltic Dry Index		822	-8,8	0,1	17,6	-14,5
USD-based cross rates							Baltic Dirty Tanker Index		649	-2,1	-8,3	-3,0	-29,4
USD/CAD		1,29	-0,7	-4,7	-1,0	-4,2							
USD/AUD		1,31	1,1	-0,7	-1,6	-5,3							
USD/JPY		113,89	1,4	3,7	13,0	-2,7							

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



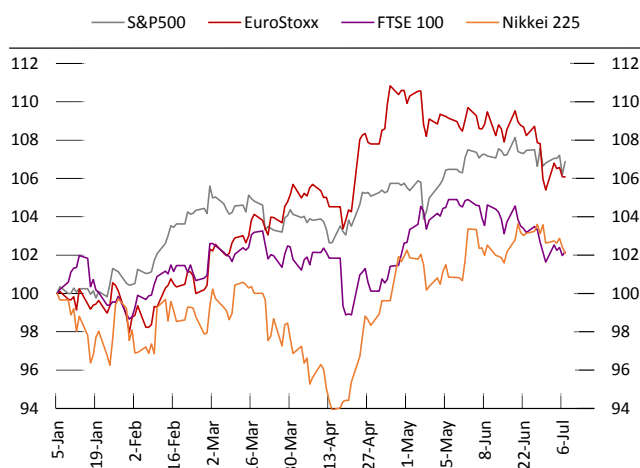
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of July 7<sup>th</sup>

## Equity ETFs: Flows as % of AUM



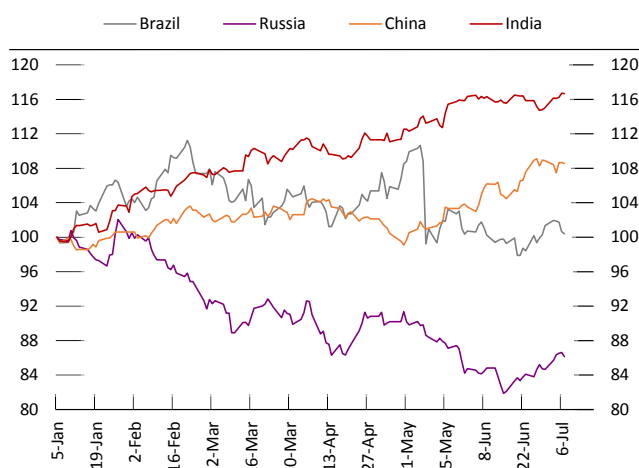
Source: Bloomberg, NBG estimates, Cumulative flows since January 2014, AUM stands for Assets Under Management, Data as of July 7<sup>th</sup>

## Equity Market Performance - G4



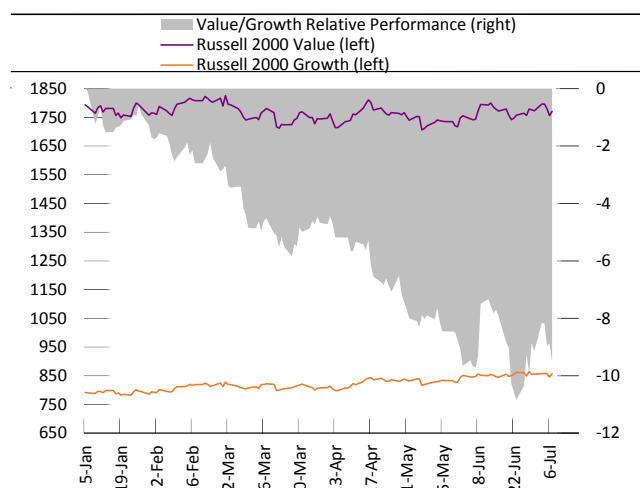
Source: Bloomberg - Data as of July 7<sup>th</sup> - Rebased @ 100

## Equity Market Performance - BRICs



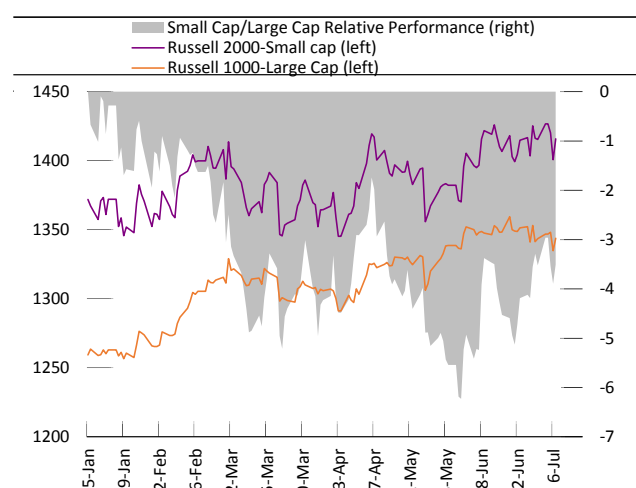
Source: Bloomberg - Data as of July 7<sup>th</sup> - Rebased @ 100

## Russell 2000 Value &amp; Growth Index



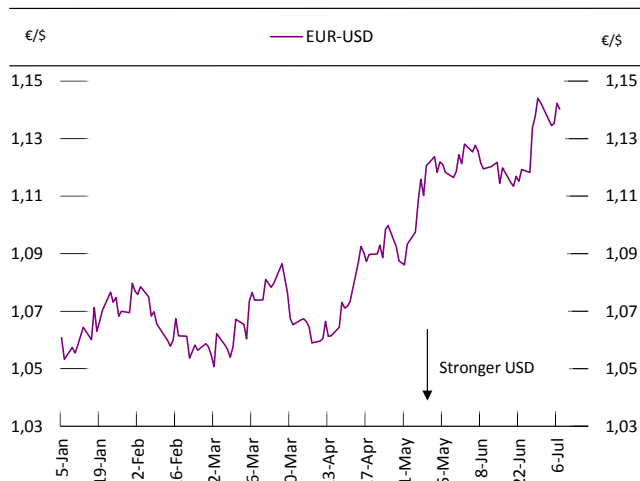
Source: Bloomberg, Data as of July 7<sup>th</sup>

## Russell 2000 &amp; Russell 1000 Index



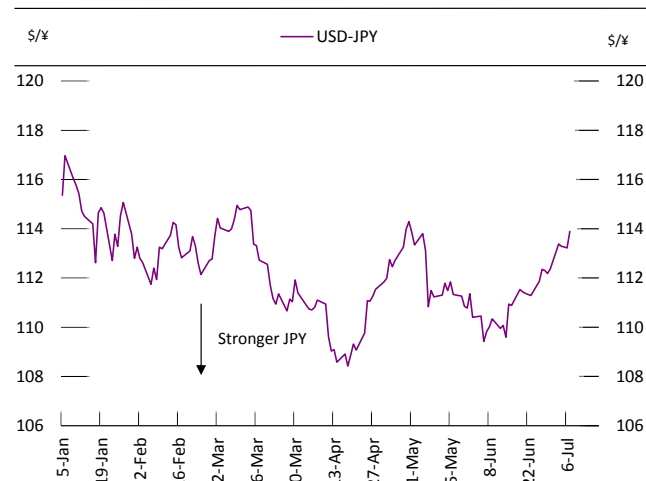
Source: Bloomberg, Data as of July 7<sup>th</sup>

## EUR/USD



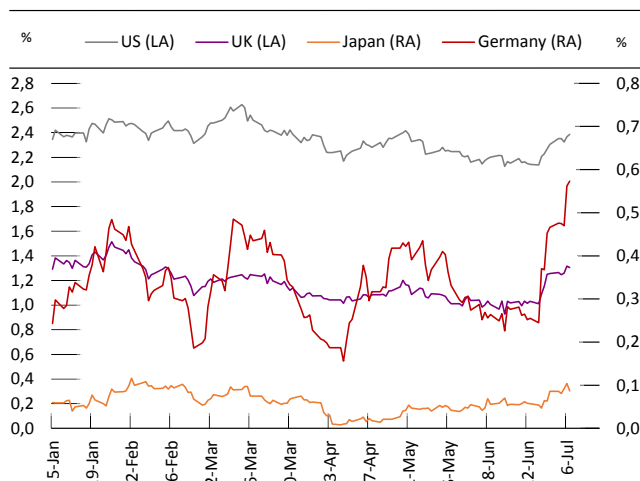
Source: Bloomberg, Data as of July 7<sup>th</sup>

## JPY/USD



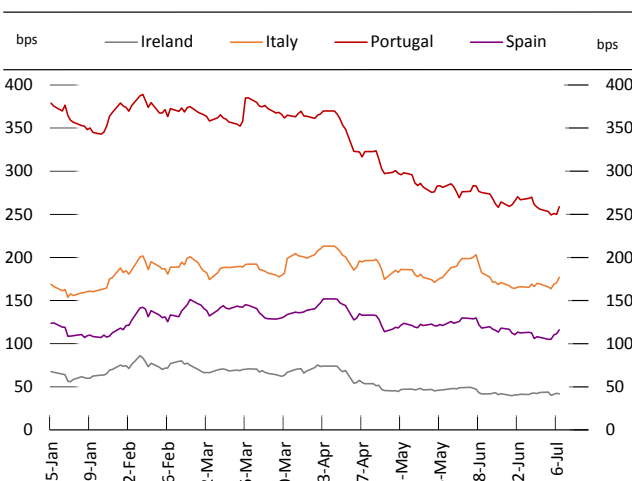
Source: Bloomberg, Data as of July 7<sup>th</sup>

## 10- Year Government Bond Yields



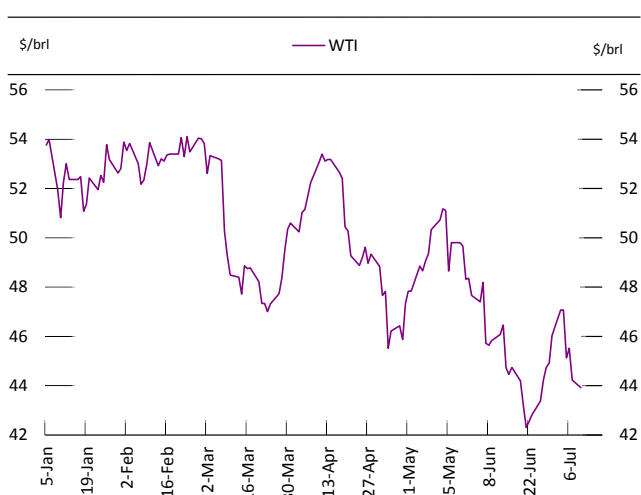
Source: Bloomberg - Data as of July 7<sup>th</sup>  
LA:Left Axis RA:Right Axis

## 10- Year Government Bond Spreads



Source: Bloomberg - Data as of July 7<sup>th</sup>

## West Texas Intermediate (\$/bbl)



Source: Bloomberg, Data as of July 7<sup>th</sup>

## Gold (\$/ounce)



Source: Bloomberg, Data as of July 7<sup>th</sup>

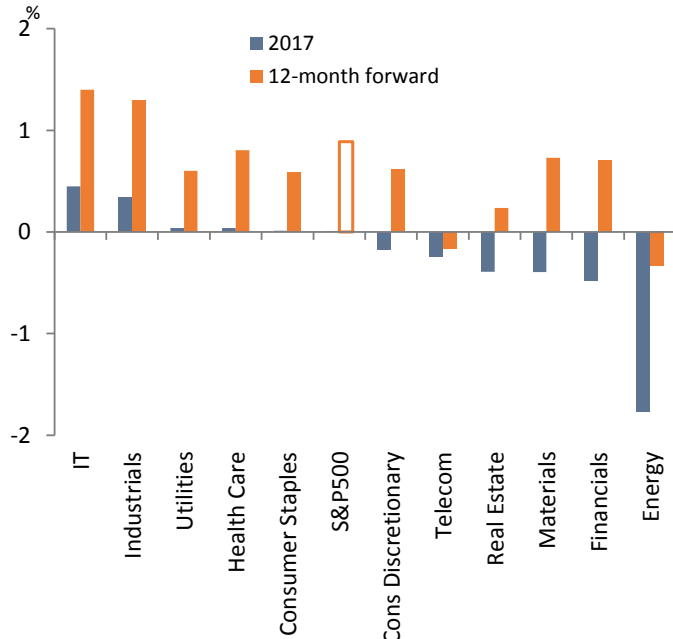
## US Sectors Valuation

	Price (\$)		EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	7/7/2017	% Weekly Change	2016	2017	2016	2017	2016	2017	12m fwd	10Yr Avg	2016	2017	12m fwd	10Yr Avg
<b>S&amp;P500</b>	2425	0,1	1,2	10,4	2,0	2,0	19,9	18,5	17,5	14,1	3,1	3,0	2,9	2,2
<b>Energy</b>	472	-1,2	-73,9	264,0	2,7	3,0	123,0	30,7	26,0	18,7	1,9	1,8	1,7	1,8
<b>Materials</b>	339	0,6	-3,6	12,2	2,0	2,0	20,5	18,9	17,9	14,6	4,0	3,7	3,5	2,7
<b>Financials</b>														
Diversified Financials	590	1,2	5,7	10,3	1,3	1,4	18,1	16,7	15,8	13,5	1,8	1,7	1,7	1,5
Banks	305	1,8	1,1	10,1	1,8	2,1	15,3	14,1	13,2	12,4	1,3	1,2	1,2	0,9
Insurance	387	1,4	-4,2	22,9	2,0	2,0	15,9	13,6	13,1	9,9	1,4	1,4	1,3	1,0
<b>Real Estate</b>	196	-1,5	8,3	2,3	4,0	3,5	18,9	18,3	17,6	17,3	2,9	3,0	3,0	2,5
<b>Industrials</b>														
Capital Goods	630	0,5	4,7	8,2	2,2	2,3	20,6	19,8	18,7	14,6	4,7	4,7	4,5	2,9
Transportation	674	1,2	-7,8	4,1	1,6	1,7	16,0	16,3	15,4	14,2	4,5	4,3	4,0	3,0
Commercial Services	245	0,2	8,5	3,5	1,4	1,5	22,9	22,0	20,9	17,9	3,9	3,9	3,8	2,9
<b>Consumer Discretionary</b>														
Retailing	1466	-0,9	11,1	8,4	1,0	1,0	30,0	28,5	26,6	19,3	9,5	8,7	8,2	4,7
Media	540	-1,2	2,6	8,8	1,2	1,4	20,8	18,8	17,7	15,0	3,2	3,0	2,9	2,2
Consumer Services	991	0,6	8,2	11,3	2,1	1,9	22,8	23,5	22,1	17,2	9,8	12,7	12,5	4,9
Consumer Durables	312	-0,7	11,7	4,7	1,7	1,7	17,6	17,9	17,1	16,8	3,4	3,3	3,2	2,9
Automobiles and parts	125	0,6	10,6	-3,5	4,2	3,8	7,6	7,6	7,5	8,3	1,8	1,6	1,5	1,9
<b>IT</b>														
Technology	891	-0,1	-2,9	7,7	1,9	2,1	15,3	14,5	13,8	12,6	4,0	3,9	3,6	2,8
Software & Services	1352	0,5	11,6	8,3	1,0	1,0	23,2	23,3	21,9	15,3	5,8	5,5	5,2	3,8
Semiconductors	766	1,9	12,9	26,3	2,0	2,1	17,5	14,9	14,4	16,8	3,7	3,5	3,3	2,7
<b>Consumer Staples</b>														
Food & Staples Retailing	357	-1,6	1,1	0,9	2,1	2,7	17,7	16,8	16,2	15,0	3,2	3,1	3,0	2,6
Food Beverage & Tobacco	711	-0,7	8,6	7,6	2,7	2,9	23,3	21,9	21,0	16,5	6,2	5,3	5,4	4,6
Household Goods	566	-0,1	1,6	4,2	2,6	2,8	24,1	22,7	21,8	17,7	6,4	5,7	5,7	4,2
<b>Health Care</b>														
Pharmaceuticals	816	-0,1	6,3	2,6	2,0	2,1	16,2	16,4	15,7	13,8	4,3	4,3	4,1	3,1
Healthcare Equipment	964	0,1	9,5	9,7	1,0	1,0	18,8	18,8	17,9	13,7	3,2	3,4	3,2	2,4
<b>Telecom</b>	151	-2,2	-7,4	-1,7	4,5	5,2	14,0	12,6	12,4	13,2	2,9	2,5	2,4	2,2
<b>Utilities</b>	261	-0,9	6,6	-0,8	3,4	3,6	18,0	18,1	17,5	14,3	2,0	1,9	1,8	1,5

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

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

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

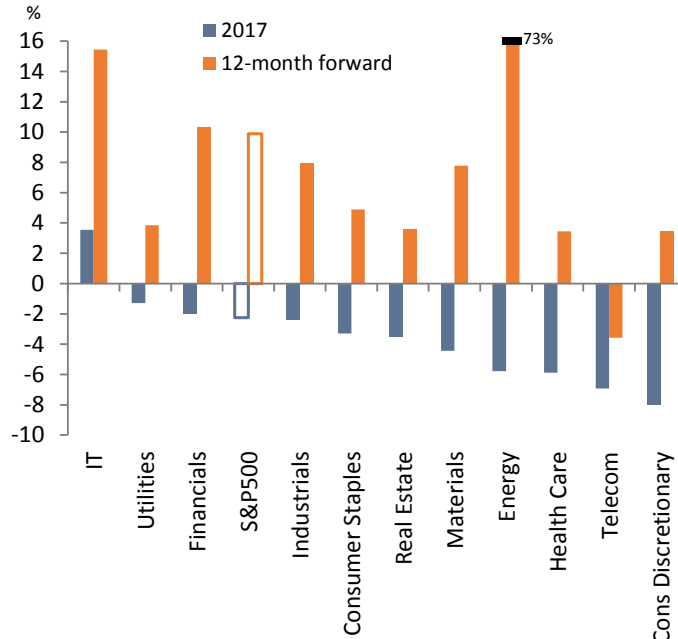


Source: Factset, Data as of July 7<sup>th</sup>

12-month forward EPS are 48% of 2017 EPS and 52% 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



Source: Factset, Data as of July 7<sup>th</sup>

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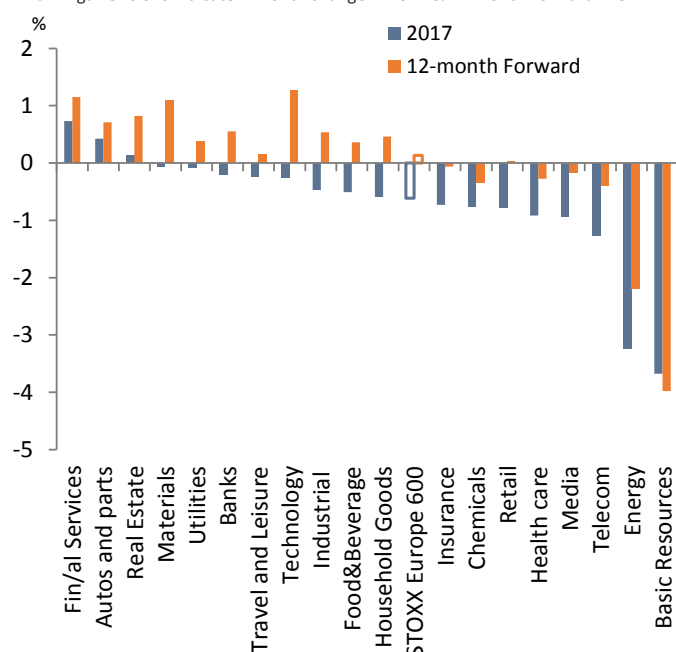
## Europe Sectors Valuation

	Price (€)		EPS Growth (%)		Dividend Yield (%)		P/E Ratio				P/BV Ratio			
	7/7/2017	% Weekly Change	2016	2017	2016	2017	2016	2017	12m fwd	10Yr Avg	2016	2017	12m fwd	10Yr Avg
<b>STOXX Europe 600</b>	380	0,2	-4,0	16,3	3,4	3,3	18,0	15,9	15,2	12,5	1,8	1,8	1,8	1,6
<b>Energy</b>	291	-0,9	-30,3	69,4	5,4	5,6	26,9	14,8	13,8	10,8	1,2	1,1	1,1	1,3
<b>Materials</b>	453	-0,1	17,2	13,6	2,7	2,8	20,0	18,0	17,0	13,8	1,9	1,9	1,8	1,5
<b>Basic Resources</b>	391	2,1	271,8	68,8	2,2	3,5	21,7	11,9	12,5	12,5	1,5	1,4	1,3	1,4
<b>Chemicals</b>	898	-0,9	-9,9	19,9	2,7	2,8	19,6	16,6	16,0	13,7	2,4	2,4	2,3	2,1
<b>Financials</b>														
<b>Fin/ai Services</b>	475	0,5	7,7	-4,0	3,2	3,1	15,6	17,8	16,6	12,8	1,7	1,7	1,7	1,3
<b>Banks</b>	188	2,9	-35,0	45,2	4,3	4,0	16,9	12,9	12,3	10,4	0,9	1,0	0,9	0,9
<b>Insurance</b>	283	2,7	3,8	0,0	4,9	4,8	11,2	11,8	11,4	9,1	1,1	1,1	1,1	1,0
<b>Real Estate</b>	169	-1,7	6,7	-6,1	3,7	3,9	20,7	21,9	21,4	18,1	1,0	1,0	1,0	1,0
<b>Industrial</b>	513	0,6	0,5	12,8	2,6	2,5	20,0	18,7	17,7	14,0	3,3	3,3	3,1	2,3
<b>Consumer Discretionary</b>														
<b>Media</b>	274	-2,4	-0,8	8,3	3,2	3,4	18,6	16,7	15,9	14,0	3,0	2,8	2,8	2,4
<b>Retail</b>	303	-0,3	1,6	4,5	2,6	2,7	20,5	19,5	18,4	15,7	2,8	2,7	2,6	2,4
<b>Automobiles and parts</b>	536	1,6	17,1	15,5	3,0	3,4	9,3	7,9	7,7	9,4	1,3	1,1	1,1	1,0
<b>Travel and Leisure</b>	254	-1,6	2,5	8,8	2,5	2,4	15,2	14,7	14,1	14,6	2,9	2,8	2,7	2,1
<b>Technology</b>	409	0,4	-1,9	11,0	1,5	1,5	23,4	22,1	20,4	16,5	3,1	3,1	3,0	2,6
<b>Consumer Staples</b>														
<b>Food&amp;Beverage</b>	644	-1,4	-4,4	9,4	2,8	2,8	23,5	22,1	21,1	16,9	3,2	3,3	3,2	2,7
<b>Household Goods</b>	857	-0,3	5,3	12,0	2,5	2,6	22,2	20,5	19,6	16,4	4,6	4,3	4,2	3,3
<b>Health care</b>	751	-1,1	6,6	1,4	2,9	2,8	17,8	17,7	16,9	14,0	3,5	3,6	3,4	3,0
<b>Telecom</b>	285	-0,6	0,6	13,3	4,8	4,4	20,1	17,5	16,4	13,2	1,8	1,9	1,9	1,6
<b>Utilities</b>	289	-0,9	-8,8	-3,2	5,3	4,9	13,3	14,2	13,9	12,3	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 &amp; 12-month Forward EPS

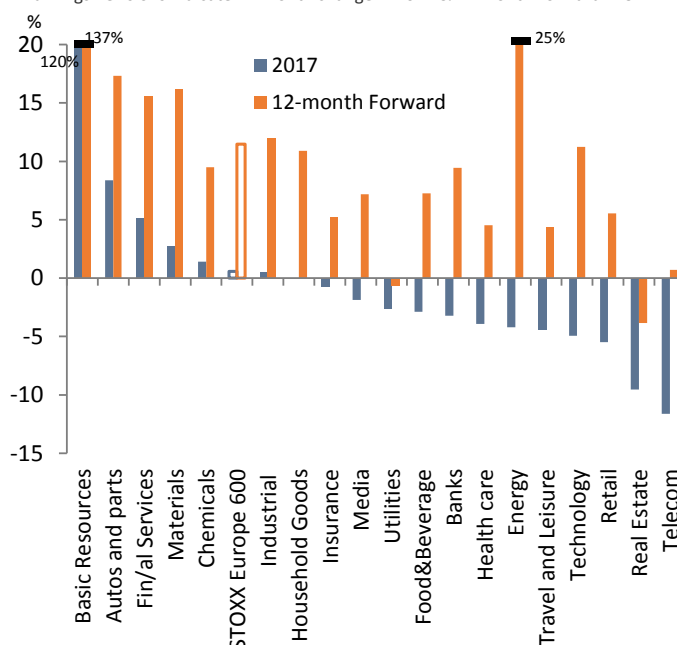
Earnings Revisions indicate 1-month change in 2017 & 12-month Forward EPS



Source: Factset, Data as of July 7<sup>th</sup>  
12-month forward EPS are 48% of 2017 EPS and 52% 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



Source: Factset, Data as of July 7<sup>th</sup>  
12-month forward EPS are 48% of 2017 EPS and 52% of 2018 EPS

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