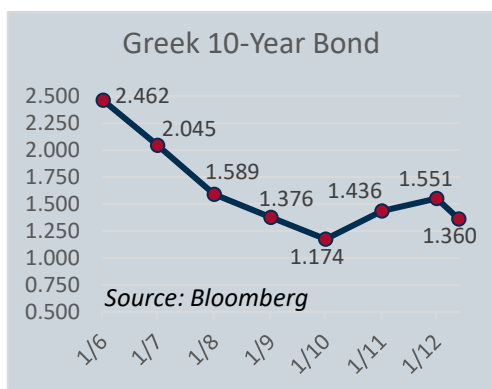


Greek Market

Banking sector and positive global signals reverse last week's trend

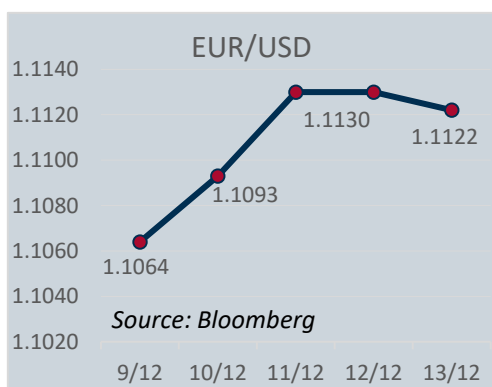
The second week of December brought very positive news for long investors, as ATHEX GI yielded +2.04%, closing at 891.08 points. The week was characterized by a nervous negative start, as investors waited for the results of significant political decisions. This trend shifted sharply on Wednesday, the day with the highest volume of transactions, discounting the late Thursday's approval of Hercules' plan, which was submitted on Tuesday, by the Greek Parliament. The expected rehabilitation of Greek banks, as a substantial part of their NPEs will be released, pushed the banking index (FTSEB) upwards 3.63%, within last week. Positive international news contributed as well to the mid-week's rally bringing the market closer to the technical and psychological border of 900 points. From the large cap index (FTSE Large Cap) it is worth noting the performance of Public Power Corporation (PPC) that soared 19.59% this week, pushing further its remarkable 203% increase within 2019, during a year that involved even solvency discussions about the company. An outstanding year ends soon, accumulating an annual 45.3% yield that concentrated investor's eyes, along with the performance of Greek fixed assets.



Domestic News

Market's astonishing performance still to be reflected on real economy

In the beginning of the week Ergani, labor ministry's platform, reported that nearly 30 thousand job spots were lost in November primarily due to the Greek economy's touristic seasonality. On Tuesday, Hellenic Statistical Authority (HSA) announced November's CPI, showing a 20-bps increase from that of last year's November. Following up, on Wednesday, Greek debt agency PDMA conducted an auction for € 625 mil 52W T-bills. Primary dealers offered € 1.13 bn (coverage ratio: 1.81) lowering the yield to 0.07% (last quarter's auction yield was 0.29%). The total amount reached € 812.5 mil as € 187.5 mil of non-competitive bids were also accepted (30% of the auctioned amount is the regulated maximum). The next day, Christine Lagarde, ECB's new President, stated that she was impressed by the Greek economy's progress and the achieving of the creditors' mandated annual budget primary surplus. However, there is still a distance to be covered for Greece to meet QE's involvement criteria. A slim majority, only consisted of government's MPs, voted in favor of Hercules' bill, which JP Morgan commented how positive can be for the Greek banks, as it has the potential to unburden as far as 50% of current NPEs. Additionally, compared to that of the Italian equivalent CAGS, the offered collateral may be valued at higher, more manageable for the 4 systemic banks, prices.



Global Markets

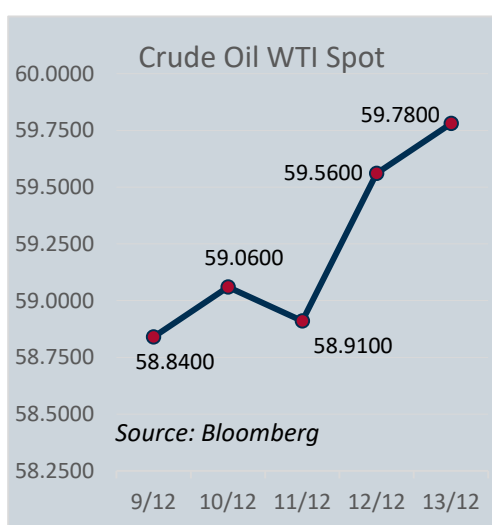
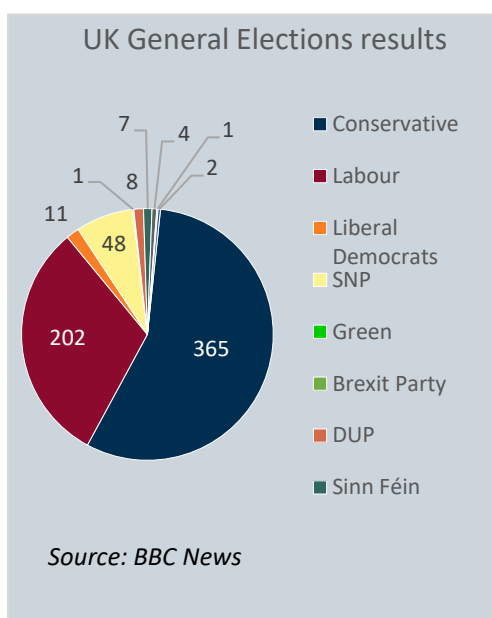
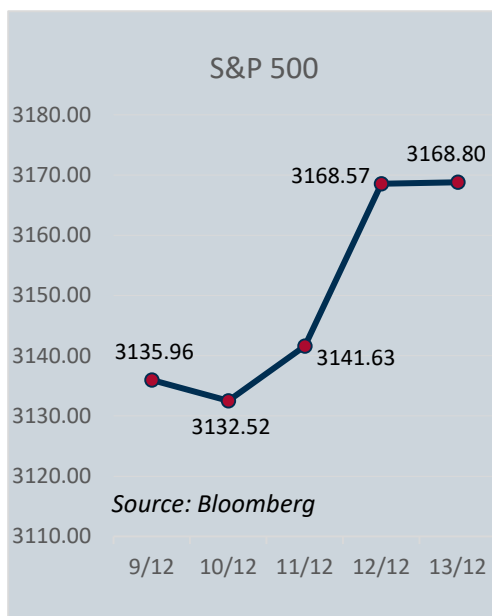
Preliminary draft deal between US and China boosted markets globally

December's 2nd week resulted in positive closings for all main US Indices, while some of them achieved new historical highs (S&P500 +0.73%, DOW30 +0.43% and NASDAQ +0.91%). Within S&P500, tech stocks outperformed others while energy stocks followed suit as trade optimism emerged. The momentum was gained primarily from the first phase trade agreement between the US and China but also from the FED meeting, which favored that it would probably not raise interest rates in 2020. European Indices moved at a similar pace, all yielding positive returns (DAX30 +0.88%, CAC40 +0.80%, FTSE100 +1.57%). After Tories' win in the UK, along with British shares, pound sterling soared to more than \$ 1.35, reaching 19 months highs momentarily against a weakening US dollar. Precious metals finished the week up, gaining boost from the dollar weakening and falling bonds' prices, showing that investors still partly hedge against a shift by either side of the Pacific Ocean (Gold +1.08%, Silver +2,26% and Platinum +3,64%). Crude Oil hit new three month high and closed at \$ 59.78/barrel (+1.20%) for the first time since the attacks on Saudi premises on September. Speaking of, Saudi Aramco raised \$ 25.6 bn in the middle of the week, in the world's largest Initial Public Offering (IPO). Aramco's IPO (representing 1.5% of company's shares) broke the record that Chinese Alibaba previously held. During the week, Aramco's market capitalization surpassed the staggering \$ 2 trillion level, dwarfing its runner up, Apple at c \$ 1.2 tn, but many analysts consider this premium a stretch, as the corporate's governance should result in trading at a discount to international oil majors (e.g. Exxon, Royal Dutch Shell).

International News

Conservatives rise victorious to "get Brexit done", Phase-1 deal pacifies

Last week was characterized by many developments, mainly positive. In the trade war's battlefield, China and the United States reported to the agreement of a "first phase" deal. Beijing agreed to make structural changes by increasing imports on various US products and Washington agreed not only to cancel the tariffs that were scheduled for December 15th on c \$ 160 bn consumer-related imports from China, but also to reduce the tariff rate, from 15% to 7.5%, on c \$ 120 bn worth of Chinese goods. It was worth watching how a deal that could shift the markets to only one direction, resulted once again in a turbulent market, before starting to hike after a series of contradicting tweets by the US President. At the Fed's meeting on 11th of December FED Interest Rate Decision remained unchanged at 1.75% by unanimous decision. Central banker Jerome Powell told that there is no intention of immediate growth and argued that the labor market remains strong, while the economy continues to grow at a steady pace. In Europe, at Christine Lagarde's first meeting on Dec. 12th, interest rates remained unchanged confirming market's estimations. Specifically, the ECB Interest Rate Decision remains at 0%, the Deposit Facility Rate remained at -0.50%



Authors:

Frangelis Modestos

Head of Financial Markets Dept.

Panousis Aggelos

Financial Markets Analyst

Psarros Andreas

Financial Markets Analyst

Skevas Vasilis

Financial Markets Analyst

Tzouanas Filippos

Financial Markets Analyst

and the ECB Marginal Lending Facility at 0.25%, while the importance of growth-friendly policies by EU-decision makers was once again pointed out. As mentioned above, the ECB expects that its key interest rates will remain steady or decrease depending on inflation's level. In the UK, the Conservative Party secured the largest majority since 1987 elections. The UK Prime Minister Boris Johnson's party surpassed the 326-seats level needed and gained the absolute majority of the House of Commons.

What to look for this week

First of all, November's PMI readings on Germany will be released today allowing investors to better understand if Germany can avoid a recession in the fourth quarter, after the latest contraction-defying surprise of German exports. Later this week, the Queen's speech on Thursday will provide details about the upcoming bills according to the next year's government plans. On the same day after Bank of England's meeting, views on inflation and interest rates will be published, clearing further up the obfuscated post-elections environment. Additionally, Bank of Japan meets this Thursday as well, but very little are expected by investors. Finally, in an environment where central bankers wonder whether to hold or cut further their rates, Sweden may diversify by lifting 25-bps its rate, being the first one in Europe that will manage to return from the sub-zero territory.

Disclaimer

About the article

This article has been compiled by the authors mentioned above and published by them via the Finance Club UniPi platform. The club confirms that the authors are active members at the time this article is published but emphasizes the fact that opinions and views given by the authors in this article are his/her own views. Finance Club UniPi takes no responsibility for the completeness or correctness of information provided. No investment advice is given with the text above and the reader should not take any financial position based on the information published in this article. The Club recommends extensive research by the reader before investing in any financial asset.

General

The article may be based on the information extracted from various sources including but not limited to various companies' and statistical agencies' websites, online portals, third-party research, annual reports etc. No representation or warranty of any kind is or may be made with respect to the accuracy or completeness of, and no representation or warranty should be inferred from, any projections or futuristic statement contained herein or any underlying assumptions. This article may include descriptions, statements, estimates and projections/futuristic statements with respect to current and anticipated performance of the underlying. Such statements, estimates and projections reflect various assumptions and best estimates made by the participants concerning anticipated results, whose assumptions and estimates may or may not prove to be accurate or correct. There are no assurances whatsoever that any statements, estimates or projections contained in this article, including without limitation any financial or business projections, accurately present in all material respects the underlying's financial and/or business position as of the respective dates specified and the results of its operations for any respective periods indicated. No copyright or trademark infringement is intended in any form.

© Copyright 2019. Finance Club UniPi