



Greek Market

Sell-off continues even fiercer while the country enters near-lockdown

Athens Stock Exchange General Index closed last week at 551.97 points, shedding 19.4% from previous week's closing price of 684.74 points, remaining in the downward spiral for almost a month now. The large-cap FTSE 25 Index yielded -20.17% in a weekly basis and the bank index FTSEB -22.27%, respectively. Not only the coronavirus continued to spread globally, scaling up uncertainty, but also the COVID-19's outbreak within Greek borders worsened, resulting in nationwide preemptive measures that alarmed investors about the repercussions for the Greek economy. This year's performance (c -40% YTD) is more than alarming both for the Exchange's robustness as c € 25 bn of market cap have been drained within a quarter and for the omnipresent issue of the banking sector that faces 20-year lows. The latter exemplifies how investors hesitate about the sector's ability to provide the necessary liquidity to confront the black swan while still struggling with past exposures. The two main issues in this turbulent period are that of time and of Europe. If Greece's manages to contain the epidemic before June (June-Sept compose 75% of tourism's inflows that represent c 10% of Greece's GDP), while also secure sufficient decision-making space from the European Institutions, the impact could be less severe than it is estimated for other countries like Italy.



Domestic News

Preemptive nationwide measures aim to contain spread and repercussions

In the beginning of the week HSA reported that Greek exports were increased by 13.5% in January '20 reaching € 2.845 bn, compared to those of the same month in '19. The imports followed suit, ascending by 2.8% to € 4.75 bn thus decreasing the country's trade deficit by 9.8%. On Tuesday, HSA announced February's harmonized CPI at 0.4% in contrast to January's index at 1%. The National Price Index was formed accordingly from 0.9% to 0.2%. For the COVID-19's contagion prevention, the Greek government firstly announced that all educational facilities are to remain closed for 14 days and then proceeded to prohibiting the operation of museums, malls, theatres, cinemas, bars and restaurants to restrict gatherings, while also instituting travel and trade bans with neighboring countries. As a response to the latest outbreak, Goldman Sachs revised its expectations regarding the Greek Banking sector by 13% downwards. In the meantime, an auction for 52-W T-bills, conducted by the Greek government, managed to raise € 487.5 m at the rate of 0.24%, significantly higher compared to the previous auction's 0.07%. Regarding the upcoming EWG on the 16th of March, the main requests of the Greek Government are the decline of the primary surplus and the exception of expenses being used to restrict the harmful effects of the COVID-19 on

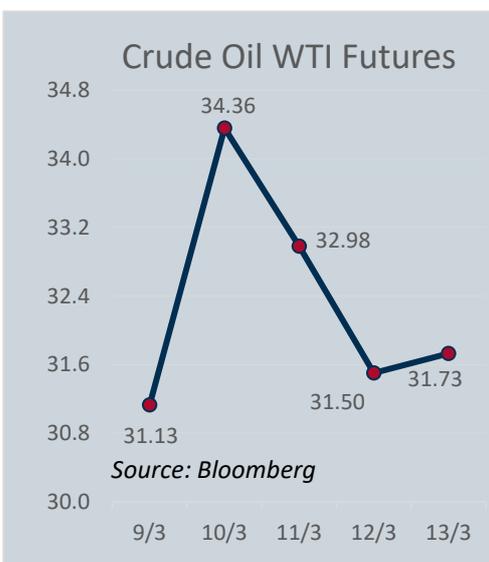
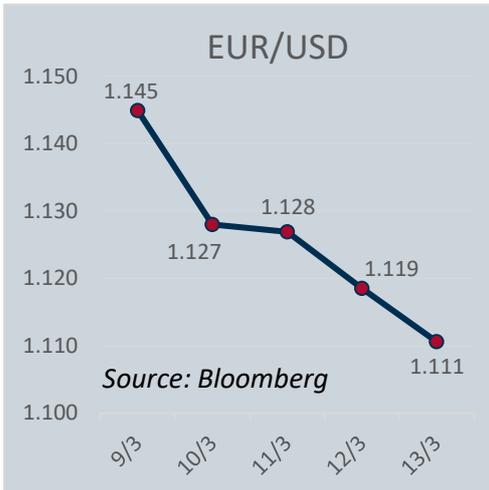
the private sector and households. In that spirit, measures to facilitate the Greek businesses were discussed by the Governor of BoG, the Finance Minister and Hellenic Bank Association. Taxation and loan reliefs or deferrals will be immediately put in use. Eurobank announced the decrease of the deposit rate by an average of 2 bps and the one of housing and small business' loans by 5 bps.

Global Markets

11-year bull market run ends while the 2020 crisis takes its place in history
 Uncertainty leads to volatility, as it has already been established, and high volatility leads to new, albeit contradicting records. Thursday, the worst performance of Dow Jones since Black Monday of 1987 was followed by Friday, the best one-day gain since the Great Recession of 2008. At the same time US has entered a bear market, so rapidly that the 17-day interval between the indices' high point and bear-market territory, is the shortest in history, followed by the Great Depression's in 1929 (S&P500 - 8.79%, Dow30 -10.36%, S&P500 VIX +37.89%). Europe at the same time becomes the center of spotlight after soaring numbers of cases and fatalities, US travel ban from Europe and plunging oil prices. Spain and Italy faced history's worst one-day-sell-off, forcing the two countries to ban short-selling in their respective markets (STOXX600 -18.4%, DAX30 -20%, FTSE100 -17%).

International News

Significant global monetary & fiscal measures show situation's importance
 Coronavirus cases are constantly increasing to more than 156,800 infections and 5,762 deaths (as of Sunday afternoon, NYT). Several fiscal and monetary stimulus plans were announced last week, especially in EU. ECB's decision to pump liquidity through TLTROs and NAP while keeping interest rates unchanged was overshadowed by Christine Lagarde's statement "not here to close spreads". Moments after, Italian bonds jumped from 1.3% to 1.8%, but later ECB officials reassured investors that the bank is committed to avoid fragmentations. In the UK a £ 30 bn spending package was followed shortly by a 50-bps rate cut and extra liquidity measures by BoE. Donald Trump's speech in Friday afternoon gave a boost in stocks as he vowed to combat the virus and declared the situation as a national emergency, "two big words" that free up to \$ 50 bn extra funds towards coronavirus relief. Amongst others, Trump said to speed up free coronavirus test-kits in cooperation with the private sector. In parallel to fiscal measures, FED on Sunday did almost everything that could be done, on top of previous measures like March 3rd's rate cut and \$ 1.5 tn of liquidity in the form of short-term loans. In a huge move, FED announced another cut to nearly zero interest rates, by setting the target between 0 and 0.25% while extending its treasury holding by \$ 500 bn and its MBS by \$ 200 m, totaling \$ 700 bn in the form of QE. However, Dow Jones and S&P500 futures opened close to the limit down of -5% in early trading, understanding the emergency that this cut suggests and the fact that liquidity cannot cure the virus.



MARCH 2020 What to expect this week			
MON 16	TUE 10	WED 11	THU 12
<ul style="list-style-type: none"> ▪ Eurogroup Meeting 	<ul style="list-style-type: none"> ▪ German ZEW Economic Sentiment (Mar) ▪ US JOLTs Job Openings (forecast: 6.4 m) 	<ul style="list-style-type: none"> ▪ EU CPI (Feb forecast: 1.2% YoY) ▪ US Crude Oil Inventories 	<ul style="list-style-type: none"> ▪ China: PBoC Loan Prime Rate Decision ▪ Switzerland's Interest Rate Decision
FRI 13	SAT 14	SUN 15	
<ul style="list-style-type: none"> ▪ Russia's Interest Rate Decision ▪ German PPI (forecast: 0.2% YoY) 			

Commodities

Oil price war continues while investors cash out on gold to survive the crash

Gold: The previous week was rough for the yellow metal as it lost almost 10% of its value. Most of the previous gains were used by investors to cover margin calls in the face of a market crash. Views for a \$ 1,700 territory have been dismissed for the safe-haven commodity as on Friday gold hit year's low at \$1,505.34. This decline signals the worst week for gold in 9 years.

Oil (WTI & Brent): The price war that Saudi Arabia declared on Russia as the two failed to compromise on production cuts resulted in a gap from the already lows of \$42 to almost \$29 before it balances on \$32. The production that the Saudis are going to materialize next month (12m barrels/day) in order to keep up with the current prices resulted in 23% and 24% loses on WTI and Brent respectively last week.

Natural Gas: As other energy options get more attention this period, Natural gas has outperformed them during this price war in crude oil. Even though the natural gas inventories showed a smaller than expected decline (48b cubic feet actual vs 55b cubic feet expected), the commodity managed to climb as much as 10% the previous week to \$1.950/MMBTu.

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