



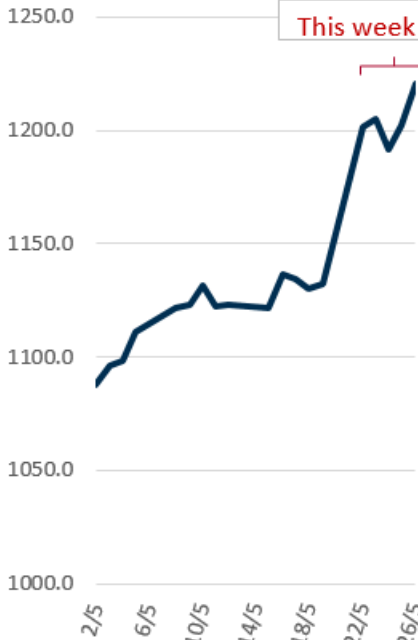
FINANCE  
CLUB UNIPI

FINANCIAL MARKETS DEPARTMENT

# WEEKLY OUTLOOK

22.05.2023 - 26.05.2023



**ASE General Index Closing Prices**


Source: Bloomberg

**GREECE | GI rallies after favorable elections results**
**MARKET COMMENT & DRIVING EVENTS**

The first week after the general elections was concluded on Friday 26th with large gains for the Greek markets, as the results indicated political and financial stability in the upcoming years. More specifically, the General Index skyrocketed to 1,220.89 points recording a 7.82% weekly gain, while the FTSE Large Cap rose 7.59% for the week. The rally begun on Monday, the day after the results were announced, as many foreign investors had their set on the elections which would ultimately decide if the government would remain favorable to public companies and the stock market in general or a change in the course would shake the markets. According to the results, New Democracy received 40.8% of the votes while their main opponent SYRIZA received just over 20% of the total votes. Analysts and investors seem to believe this ND victory is bullish news for the economy as the party is known to prioritize economic growth and prosperity above all.

**STOCK OF THE WEEK: SATOK**

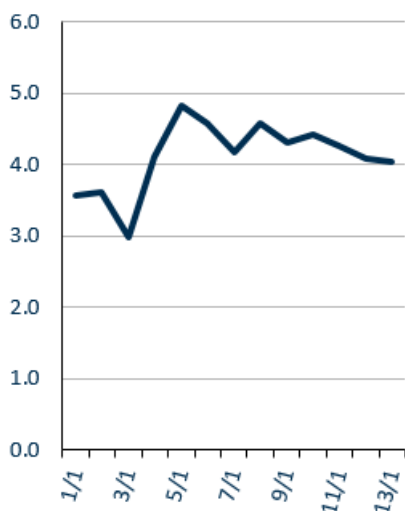
SATOK (SATO A.E) is the pick for this week (for the second time this year), as its shares saw an astonishing jump of 36.84%, reaching 0.039 per share. The company seems to have achieved a speedy recovery after the weak financial results of 2022 and is now set to improve its overall financial health. The management took the decision, to not payout dividends since the first priority for the company is to get rid of the heavy debt they carry (since they reached the point where they couldn't pay it off, thus having to renegotiate with their lenders). All of that seems to be old news now, giving positive signs that the future of the company will be more prosperous. SATO A.E is a company that is involved in the Production and marketing of all types of office furniture and related items and was founded in 1973 with the company being listed on the ASE on June the 15th in 1990.

**CONCLUSION&OUTLOOK**

Although the elections are not over investors don't seem worried about the next round and the current market uptrend is very likely to keep up for the upcoming weeks. The favorable news from the quarters of listed firms persisted at the same time. It turns out that the primary issue with energy prices or gasoline is starting to level out and is rapidly increasing operating profit margins. Additionally, it appears that the banks will easily surpass their early projections and get close to a cumulative net profit of more than 3 billion euros. The prospect of a dividend for this year's fiscal year makes the valuations of the banking companies on the board attractive even if they have experienced a phenomenal surge since the year's beginning. In this regard, many corporations who have cause to be more confident about the trajectory of their corporate performance were strongly valued by the market following the first positive shock of the election results. Once again, the weight falls on the second election round although this time things are very different as the outcome seems to be certain.

Athens Stock Exchange		Weekly Change
General Index Movers		
Top Gainers		
Hellenic Exchanges	22.67%	
Public Power	20.49%	
Alpha Bank	20.42%	
Quest Holdings	18.37%	
Piraeus Bank	18.14%	
Top Losers		
MOG Holdings	-14.91%	
Coca Cola HBC	-3.73%	
Epsilon Net	-2.36%	
Entersoft	-1.06%	
Papoutsanis	-0.85%	

### 10Y Greek Bond YTM



Source: Bloomberg

## NEWS&ECONOMY

### Greece: closer than ever before to the investment grade

On Friday, Reuters reported that Greek bonds were trading as if they were already received investment grade update. Investor expectations were reflected in the decline in Greek 10-year bond yields by more than 15 basis points this week to near 3.85%, continuing their downward trend in the pre-election period. Compared to a month ago (26/4), the yield on the Greek 10-year bonds had decreased on Friday by 32 basis points, while in the other countries of the Eurozone it increased by 2 to 12 bp. Greece's borrowing costs, based on these data, were 50 bp. lower than that of Italy and Britain, two investment-grade countries. The yield on German 10-year bonds rose last month by 11 bps. to 2.50% as a result of which the spread fell below 140 bp. (1.4 percentage points). Against Spanish and Portuguese bonds, the spread narrowed to 30 and 60 bps, respectively.

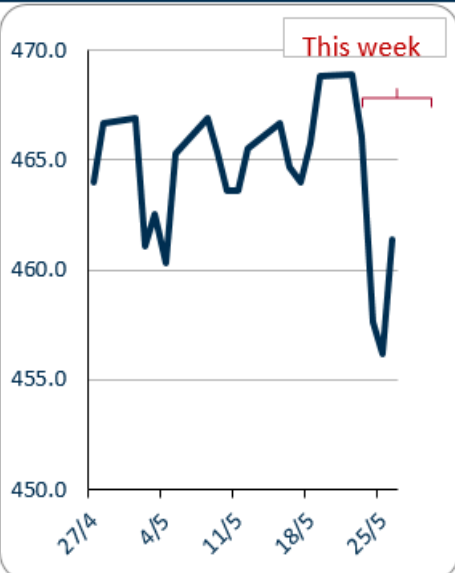
These data confirm that the markets consider it certain that Greece will soon receive the "stamp" of investment grade from the major rating agencies. In particular, all 4 rating agencies, Fitch, S&P, Moody's and DPRS have shown their satisfaction regarding the election's outcome since that signals the continuation of the fiscal-economic policy, a policy that according to the rating agencies will help Greece achieve economic growth, increase primary surplus and reduce the amount of debt. New assessments are coming from all these rating agencies on June 9th (Fitch), October the 20th(S&P), September the 15th(Moody's) and September the 8th(DPRS).

## EUROPE | European stocks down due to weak economic indicators

### MARKETS&ECONOMY

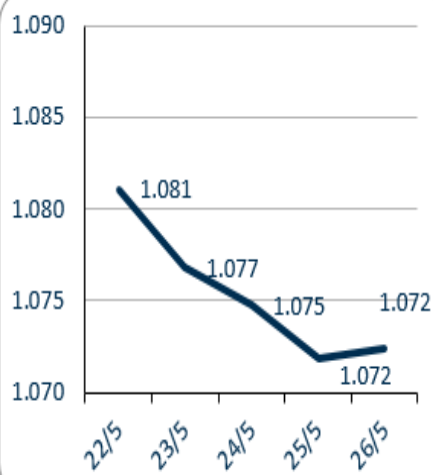
Stock prices in Europe went down because there were indications that the economy might be getting worse, and there was also uncertainty about discussions concerning the U.S. debt ceiling. The pan-European STOXX Europe 600 Index, which measures the overall performance of European stocks, decreased by 1.59% when measured in the local currency. Major stock indexes in Germany, France, Italy, and the UK also went down. Germany's DAX decreased by 1.79%, France's CAC 40 Index dropped by 2.31%, Italy's FTSE MIB tumbled by 2.93%, and the UK's FTSE 100 Index lost 1.67%. According to official data, the German economy the largest in EU experienced a recession in the first quarter. The country's gross domestic product (GDP) shrank by 0.3% between January and March. This figure was revised downward from an initial estimate of no growth and was primarily influenced by a significant decrease in household spending. It is worth noting that Germany's economy had also contracted by 0.5% in the final quarter of the previous year. A recent survey conducted by S&P Global, which asked purchasing managers about their business activities, revealed that the eurozone's business output continued to grow for the fifth consecutive month in May. However, the rate of growth slowed down a bit due to a decline in manufacturing, even though services activities remained strong. The survey also indicated that optimism regarding the economic outlook decreased compared to the highest point reached in February. This decline in optimism is attributed to concerns about reduced customer demand and the possibility of higher interest rates. On some news about monetary policy, European Central Bank (ECB) policymakers have agreed with ECB President Christine Lagarde's opinion that interest rates should go up further and stay high for a while in order to control inflation in the medium term.

### STOXX 600 Closing Prices



Source: Bloomberg

## EUR/USD



Source: Bloomberg

## US | Technology and earnings continue to support markets

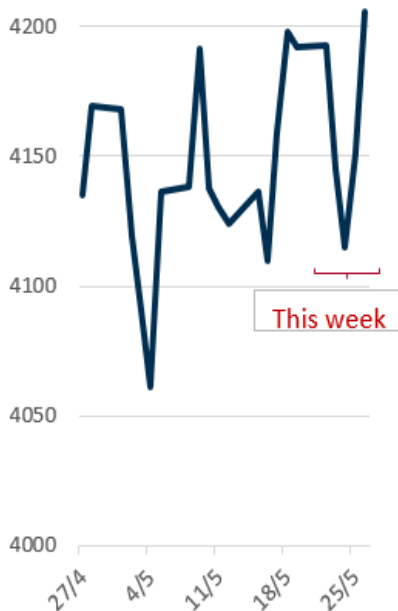
### MARKETS & ECONOMY

Equities finished with gains after a volatile week as better-than-expected corporate earnings results and a rally in technology stocks boosted investors sentiment. Dow Jones Industrials Average slipped - 0.1% closing at 33,093 points, NASDAQ closed at 12,976 rising 2.5% and the S&P 500 closed at 4,205 up 0.3%. Both the S&P 500 and NASDAQ hit the highest since August 2022, even though markets fluctuated between gains and losses following the uncertainty around the ongoing debt-ceiling negotiations as well as the future path of monetary policy. With 95% of the S&P 500 having reported quarterly earnings, the first quarter earnings season is almost complete, showing every sector, except for utilities, beat both sales and earnings growth estimates, as companies faced less profitability pressure than initially expected mostly as a result of resilient economic growth and pricing power. In the meantime, the technology sector, being one of the only three sectors that recorded positive returns thus far this year, it has already soared more than 30%, which is also reflected in NASDAQ's 24% Y-T-D figure, in part mostly driven by poor valuations last year when the Fed's rate hiking campaign started, taking its toll on the high-leveraged tech sector. During the week NASDAQ's strong gains followed a rally in NVIDIA's shares, after the semiconductor company raised its revenue forecast over 50% for the second quarter, as a result of the widespread use of Artificial Intelligence and attractive future growth prospects. The strong upward move in the growth sector also endured the recent sharp increase in yields, with the 2 year and 10-year Treasury notes both hitting the highest since March, in reaction to the increasing probability for another rate hike in June. The Federal Open Market Committee minutes released showed some members judge another rate hike might be necessary to battle the still elevated inflation, following a data dependent approach and closely monitoring May's inflation and job's report. Such commentary pushed the probability of another quarter point rate increase above 40%, double than markets expectations a week earlier, even though several other members still view the central bank's policy as overly restrictive, considering the challenges the economy is facing and the downfall of economic fundamentals, thus raising worries among investors who kept a defensive stance. Market volatility was also led by the ongoing uncertainty around talks about raising the US debt ceiling, with little progress have been made and the June's 1st deadline just one week away, raising concerns over a potential default, especially after Fitch put US AAA credit rating on watch for a potential downgrade. However, markets still hold up strong with any progress on the lawmakers negotiations and the Fed's moves being the primary catalyst of market volatility.

### STOCKS | Performance & Fundamental Analysis

**Nvidia Corp.(NASDAQ: NVDA)** is an American multinational technology company incorporated in Delaware and based in Santa Clara, California. It is a software and fabless company which was founded on April 5, 1993 and designs graphics processing units (GPUs), application programming interface (APIs) for data science and high-performance computing as well as system on a chip units (SoCs) for the mobile computing and automotive market. Nvidia is a dominant supplier of artificial intelligence hardware and software. Its professional line of GPUs are used in workstations for applications in such fields as architecture, engineering and construction, media and entertainment, automotive, scientific research, and manufacturing design. Moreover, at a big conference in Germany on Monday, Nvidia said it has worked with British researchers and Hewlett Packard

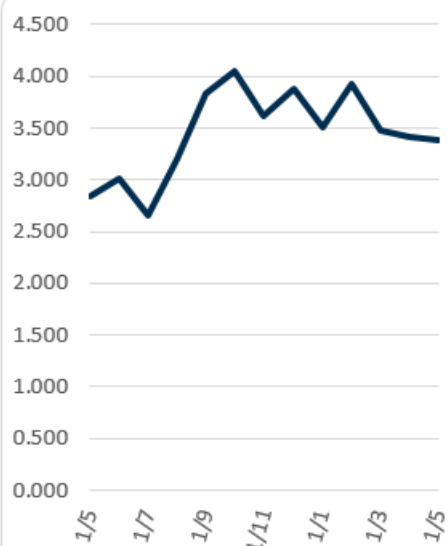
## S&P 500 Closing Prices



Source: Bloomberg



### US 10Y Bond YTM



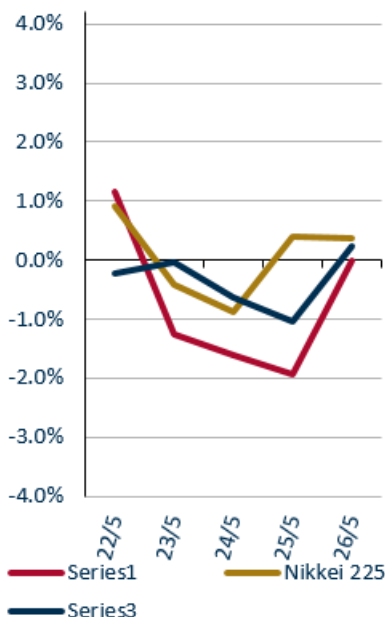
Source: Bloomberg

Enterprise (NYSE: HPE) Co to build a computer called Isambard 3, which is based entirely on its Grace CPU chips and has none of Nvidia's GPUs. As a result, stocks related to artificial intelligence surged in extended trade on Wednesday, adding almost \$300 billion in market capitalization after chipmaker Nvidia forecast strong revenue growth and said it was boosting production of its AI chips to meet surging demand. Ahead of Nvidia's report on Wednesday, optimism around AI had already fueled a 109% surge in its stock so far in 2023, making the chipmaker the S&P 500's top performer year-to-date. The company reported first quarter EPS of \$1.09, \$0.17 better than the analyst estimates of \$0.92. Revenue for the quarter came in at \$7.19B versus the consensus estimate of \$6.52B. On Wednesday, NVIDIA's stock price closed at \$305.38 and it jumped 25%. It is up 31.14% in the last 3 months and up 79.90% in the last 12 months. The company now sees Q2 2024 revenue of \$11 billion, 53% above the Wall Street consensus of \$7.15 billion. On Thursday, shares of major Asian Nvidia suppliers rose sharply including Japan's Advantest Corp, Taiwan Semiconductor Manufacturing Corp, South Korea's SK Hynix Inc etc. Furthermore, Nvidia (NASDAQ: NVDA) Corp closed in on a trillion-dollar market value on Thursday as shares surged 25%. The surge more than doubled the stock's value for this year and increased the chip designer's market capitalization by about \$184 billion to nearly \$939 billion. On Friday, Nvidia Corp's stock climbed 2.5%, adding to its 24% gain on Thursday following its blowout forecast and elevating its stock market value to around \$960.

**Lifecore Biomedical (NASDAQ: LFCR)** is a company that designs, develops, manufactures, and sells health and wellness products for the food and biomaterials markets. It operates through three segments: Lifecore, Curation Foods, and Others. The Lifecore segment sells products that use hyaluronan, a naturally occurring polysaccharide found in connective tissues. The Curation Foods segment focuses on marketing and packaging specialty packaged whole and fresh-cut fruits and vegetables. The Other segment includes corporate expenses, non-Curation Foods and non-Lifecore interest income, and income tax expenses. The company was founded in 1986 and is headquartered in Santa Maria, CA. On May 22, 2023, Lifecore Biomedical, Inc. announced that it has entered into agreements with its long-term customer, Alcon, a global strategic partner. These agreements involve the repayment of Lifecore's existing credit agreement with its current lenders and an increase in the supply of hyaluronic acid (HA) that Lifecore will provide for use in Alcon's commercial products. The new credit arrangement and equipment sale and leaseback will allow for favorable repayment terms and greater flexibility. Additionally, the HA fermentation supply agreement has been expanded for ten years, solidifying the relationship between Lifecore and Alcon and enhancing Lifecore's HA pipeline. These arrangements are expected to improve the company's opportunities and maximize value for its shareholders. The lending and equipment sale and leaseback agreements with Alcon involve total commitments of \$150.0 million. The Amended and Restated Supply Agreement extends the term through December 31, 2033, and increases the expected delivery of HA product. Lifecore also intends to collaborate with Alcon on developing additional capacity. The company's strategic review process is expected to benefit from these agreements and provide greater flexibility for Lifecore in the future. The agreement led the stock to a 50,2% skyrocket rally which on Friday closed at the 7.94\$ mark, up 40,53% from previous week's closing.

Dow Jones Movers	Weekly Change
<b>Top Gainers</b>	
Microsoft	4.57%
American Express Co.	2.80%
Salesforce	2.41%
Goldman Sachs	1.80%
Cisco	1.49%
<b>Top Losers</b>	
Nike	-6.32%
Travelers	-6.22%
Procter & Gamble	-5.07%
Coca-Cola	-4.09%
Walgreens Boots Alliance	-4.06%

### APAC Daily Returns



Source: Bloomberg

### APAC | Shares plummet in China – Nikkei 225 up due to bullish PMIs

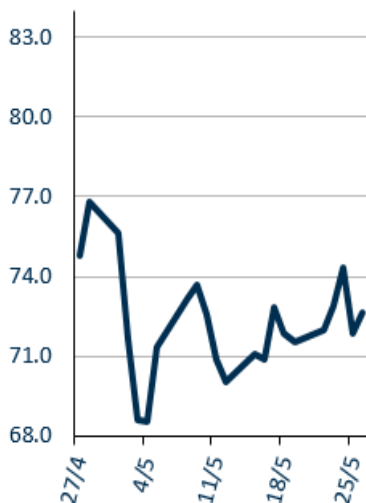
#### MARKETS & ECONOMY

Chinese markets closed this week in the red as both major indices recorded severe losses. More specifically, the Shanghai Composite fell by 2.16% or 71.04 points closing the week at 3,212.5 and the Shanghai Shenzhen (CSI 300) lost 2.37% or 93.59 points reaching 3,850.95 at the end of the week. These steep losses were a direct result of the worsening Sino-U. S relations, as China banned the U.S BASED Micron Technology's chip in some sectors. According to government officials, this ban took effect due to security concerns thus putting even more pressure in the already tense relations between the world's two largest economies. This ban was a reaction to the recent trade agreement that was signed by U.S and Taiwan, as China is feeling threatened by the G7 stance against them. Last week, U.S president Joe Biden announced that relations between the two giants would improve in the near future as he wanted to halt any fears of an upcoming trade war between the two countries. Unfortunately for China, these wasn't the only negative news coming from the other side of the Pacific as lawmakers from the U.S claimed that the had made little progress over the debt ceiling negotiations, sparking fears of a potential U.S default, which would send shockwaves all around the world as it would be the nation's first default and it would surely result in a credit downgrade by rating agencies. To make the matters even worse, the Chinese government warned the citizens of a potential Covid outbreak in late-June which raised questions about any possible disruptions in the supply chains. Such an event would be harming the Chinese economy that hasn't even fully recover from the zero Covid policy which was implemented till the start of 2023. Crossing the border, the Japanese markets closed another week with gains as the Nikkei 225 rose by 0.35% or 107.96 points reaching 30,916.31. The Japanese markets went through a rough week for Asian stocks, but still came out on top mainly due to the surprisingly strong PMIs that were announced on Tuesday, as the manufacturing sector index beat the estimates of 49.5 reaching 50.8 indicating a surprising but well-received growth. The services sector on the other hand, hit a record high growth as it reached 56.3 beating the analysts' forecasts of 55.2 making it clear that the economy is as resilient as ever. This week's overall gains weren't that impressive for Nikkei 225 as many investors decided to secure profits as the index recently hit all-time highs, it remains to be seen if the country can power its way through the tough market conditions.

### COMMODITIES | Oil with second weekly gain – Natural Gas and Gold in the red

Oil markets managed to lock-in their second weekly gain as widespread volatility affects markets. WTI crude oil prices settled at \$72.67/b, yielding +1.57% from last Friday, and London-based Brent oil gained 1.81%, consolidating at \$76.95/b. A U.S. debt default is still the headline of the week as markets follow closely the negotiations between the White House and its Republican rivals in Congress about raising the U.S. debt ceiling. The more positive note of the negotiations in the beginning of the week, bolstered prices on Monday leading to an uptrend. Furthermore, oil prices rose 2% on Wednesday, after a warning from the Saudi energy minister that raised the prospect of further OPEC+ production cuts and a large unexpected drawdown in U.S. crude inventories. More specifically, the Energy Information Administration (EIA) reported that U.S. crude inventories posted a massive surprise weekly drawdown of 12.5 million barrels to a total of 455.2 million barrels. Prices reversed on

### Crude Oil WTI Futures



Source: Bloomberg

Thursday, after Russian Deputy Prime Minister Alexander Novak, who is also the nation's de facto oil minister, said he expected no new steps from OPEC+ at its meeting on June 4, leading to a 3% drop as bulls lost hope of lower supply. On Friday prices reversed once more leading to the weekly gain but to a monthly loss for May. Since the beginning of the year WTI has lost 9.7% and Brent 10.5%. U.S. Natural Gas fell by 6.5%, to \$2.417/MMbtu, after the 20% price increase of the two previous weeks. This week's downfall can be attributed to several factors. One significant factor is the collapse of global gas prices, which has put downward pressure on natural gas futures. Additionally, the United States has seen record-high levels of natural gas output, further contributing to the decline in prices. Increased exports from Canada have also played a role in the market dynamics. The EIA reported a build of U.S. natural gas inventories by 96bcf for the week ending on May 19th. European Natural Gas benchmark ICE Dutch TTF has been collapsing, and is now trending to 2021 levels, with another loss of 18.74% week-over-week, to €24.52/MWh, marking the 8th weekly loss. Gold prices followed a bumpy, but downhill, road this week with the precious metal losing 1.88%, and consolidating at \$1944.30/ounce. The positivity in debt ceiling talks and the certainty of the U.S. President that the U.S. won't default on its obligations, led to the lower demand for the 'safe-haven'. Adding to that, hawkish comments from the FED have brought back the idea of another interest rate hike afflicting Gold's demand. Furthermore, the U.S. dollar index is now trading on March highs weighing on Gold prices.

### What to look for this week

The upcoming week is going to be very busy, as there will take place some interesting releases. Specifically, on Monday, the U.S, U.K. and Swiss markets are going to be closed due to various celebrations. Also, on the same day, the Japan's Unemployment Rate is expected to be released higher than the previous closing indicating that more people are employed. On Tuesday, the CB Consumer Confidence is about to drop down to 99.0, which is going to be bearish for the USD ,as it can predict consumer spending, which plays a major role in overall economic activity. Also, the China's Manufacturing PMI is expected to rise up to 51.4 affecting positively the CNY. Furthermore, on Wednesday, the German Unemployment Change is expected to be released which is very important for the EUR ,while the German CPI (MoM) is about to rise up to 0.6% which will be bullish for the EUR, as it indicates the changes in the price of goods and services purchased by consumers. On Thursday, the U.K's economy is going to be negatively affected by the fact that the Manufacturing PMI is expected to be released at 46.9, while the previous closing was at 47.8 and as the reading is below 50 it indicates contraction in the sector. Finally, on Friday the Singapore's market is going to be closed due to the celebration of Vesak Day, while the U.S' economy will be bearishly affected by the fact that the Average Hourly Earnings (MoM) is expected to drop down to 0.4% and that the Nonfarm Payrolls are expected to be released at 180K, while the previous closing was at 253K.

May 2023	Next week's economic calendar
MON 29	BRL:BCB Focus Market Readout
	NZD: Building Consents (MoM) (Apr)
	JPY: Jobs/applications ratio (Apr)
	AUD: Building Approvals (MoM) (Apr)
	JPY: Unemployment Rate (Apr)(fx:2.5%)
TUE 30	USD: CB Consumer Confidence (May)(fx:99.0)
	CNY: Manufacturing PMI (May)(fx:51.4)
	CHF: GDP (QoQ) (Q1) (fx:0.1%)
	CAD: Current Account (Q1) (fx: -10.9B)
	USD:S&P/CS HPI Composite - 20 n.s.a. (YoY) (Mar)
	AUD: RBA Governor Lowe Speaks
	JPY: Industrial Production (MoM) (Apr) (fx:0.5%)
	JPY: Retail Sales (YoY) (Apr)(fx:5.8%)
	AUD: CPI (YoY)
	EUR:German Unemployment Change (May)
WED 31	EUR: German CPI (MoM) (May) (fx:0.6%)
	CAD: GDP (MoM) (Mar) (fx:0.2%)
	USD: JOLTs Job Openings (Apr)(fx:9.775M)
	AUD: Retail Sales (MoM)
	CNY: Caixin Manufacturing PMI (May)(fx:50.3)
THU 01	EUR:German Manufacturing PMI (May)(fx:42.9)
	GBP:Manufacturing PMI (May)(fx:46.9)
	EUR: CPI (YoY) (May) (fx:7.0%)
	EUR:ECB Publishes Account of Monetary Policy Meeting
	USD: ADP Nonfarm Employment Change (May)
	USD: ISM Manufacturing PMI (May)(fx:47.0)
	USD: Crude Oil Inventories
FRI 02	USD: Average Hourly Earnings (MoM) (May)(fx:0.4%)
	USD: Nonfarm Payrolls (May)(fx:180K)
	USD: Unemployment Rate (May)(fx:3.5%)
	USD: Private Nonfarm Payrolls (May)(fx:160K)

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