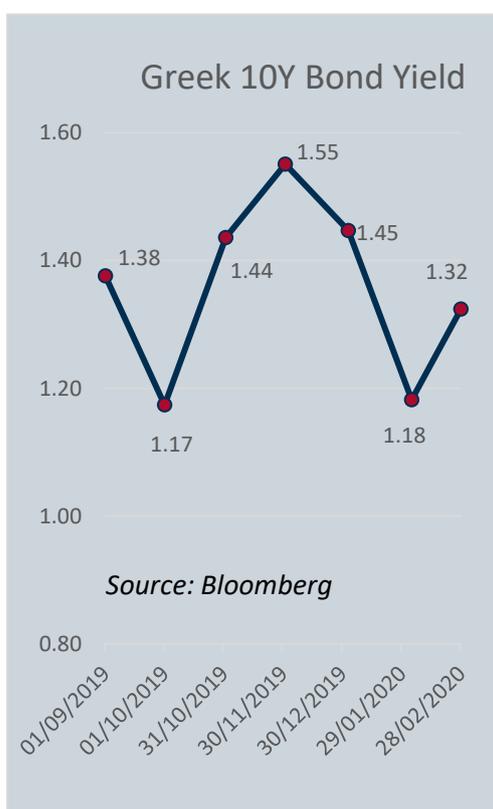


## Greek Market

### *Global pandemic concerns wiped off previous 11-months-rally's earnings*

The ATHEX GI closed last week at 720.35 points, shedding 19.3% from last week's closing price of 893.03 points, in the worst performing week since the announcement for capital controls in 2015. The large-cap FTSE 25 index yielded -18.6%, in a weekly basis and the bank index FTSEB -24.9%, respectively. The massive sell-off was triggered by concerns over the impact of coronavirus on the global economy. The relatively illiquid Greek stock market could not withstand these pressures and lost in a single week the returns of the previous 11 months' rally. Analysts justifiably referred to the first day of last week as "Black Monday", for the benchmark presented its largest drop since June 24<sup>th</sup> of 2016, the day of the Brexit referendum. At the same time the drop of the bank index strays away from correction levels and enters the bear territory driven also by uncertainty over the banking's system ability to reduce NPEs, as efficiently as it claims. However, the lack of data about COVID-19 economic does not erase the possibility of an overreaction. Given that fundamentals remain solid, a V-shape recovery is still plausible. In an individual stock basis, every component of the General Index (mainly construction, transportation and bank stocks) wrote off losses last week as well as (apart from 2) on a YTD basis.



## Domestic News

### *Additional signs of recovery coexist with Greece's remaining weaknesses*

On Wednesday, European Commission released the 5th post-memorandum assessment, which featured satisfactory improvements in the surveillance's prerequisites. The primary budget surplus for 2019 is estimated at 4%, confidently over the 3.5% limit for 5<sup>th</sup> consecutive year. The predictions for the GDP's growth are 2.4% for 2020 and 2.2% for 2019. On the other hand, the low performance regarding the investment program (-1.1% vs expectations in terms of GDP) generates second thoughts about allowing the use of the bond profits for investment reasons apart from debt servicing. Lastly, the interventions in the banking system will be the subject of the next -6<sup>th</sup>- exhibition, which will be conducted in May of 2020. Last week also, Eurobank submitted the first request of participation in the asset protection scheme "Hercules", besides the undefined parameter of the risk-free asset weight. The portfolio "Cairo", consisting of c € 7.5 non-performing loans, will be transferred to 3 SPVs. Eurobank applied for € 1.65 bn Greek State aid for the senior part, the one that the bank will keep in its assets, of Cairo I & II. Eurobank aims to reduce its NPEs ratio to 15% by the end of Q1'20. On Wednesday, Greek debt agency PDMA conducted an auction for € 625 m 26W T-bills. The offered amount covered 170% of the auctioned one,

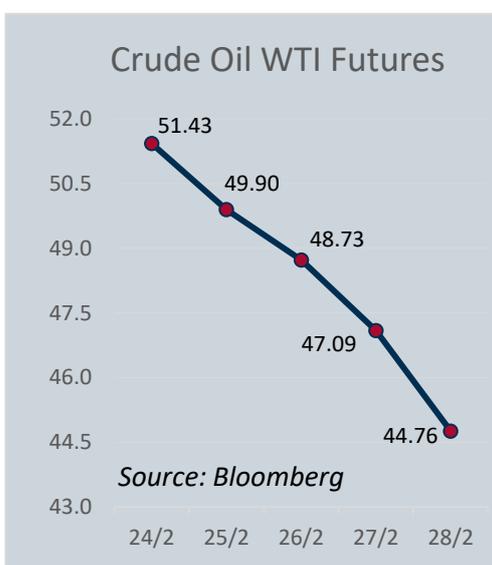
setting the yield at -0.05%. Including non-competitive bids, the State managed to borrow € 812.5 m for 6 months with a negative rate.

## Global Markets

*Coronavirus impact triggered the worst week since the credit crisis of 2008*  
International stock markets have been hit by concerns over the rapid spread of COVID-19, with S&P 500 suffering the fastest correction in history. Nearly 6 trillion dollars were wiped off from international market capitalization with Wall Street key Indices losing c \$ 4.5 tn (S&P 500 -11.49%, DJI 30 -12.36% and NASDAQ -10.54%) and Europeans \$ 1.5 tn, respectively (STOXX 600 -13.2%, DAX 30 -12.44%, CAC 40 -11.94% and FTSE 100 -11.12%). Asian equities faced smaller declines as the rest of the globe drew part of attention away (NIKKEI 225 -9.6%, Shanghai Comp. Index -5%, KOSPI -8.13%). Investors fear that the spreading of virus will hurt hundreds of businesses with American colossians such as Apple, Nike, Starbucks, McDonald's and Microsoft warning that the pandemic could hurt their Q1'20 financial results. Crude Oil declined by 15.34% in its worst week of the last 11 years as COVID-19 spread has sparked fears of a significant decline in demand with the only optimistic evidence resting on OPEC+ countries making further production cuts at their meeting later this week. Although gold is a safe haven in times of crisis, last week lost 3.56% as investors move into mass sales to cover losses from collapsing stock markets. In individual stock basis, Qorvo and Regeneron Pharmaceuticals were the only S&P500 components that were up last week, with energy stocks performing the worst.

## International News

*COVID-19 outbreak overshadowed other news and strong fundamentals*  
Sell-off, as previously mentioned, was caused by the spread of coronavirus with more than 85,000 outbreaks and more than 2,900 deaths, as well as by the safety measures taken by governments across the globe. Italy reports largest COVID-19 outbreak in Europe with more than 890 cases and 21 virus deaths, most in the northern part of the country. Concerns have also been raised in S. Korea, which is affected by more than 3,100 cases, while in China the rate of outbreaks has decreased. Neither the statements of US President Donald Trump that the United States will make every effort to limit the virus, nor the positive data on US consumer spending, managed to dampen the investors' fear on the impact of the epidemic on the global economy with World Health Organization declaring that the spread of coronavirus has a pandemic potential and we are currently at a critical juncture. On the other side, Jerome Powell stated on Friday that the US economy remains strong, despite the dangers that lie ahead, adding that the FED will act appropriately if necessary. Markets already fully price a rate cut in the next FED's meeting in March. US bond yields reached all-time lows (US 10Y 1.15% in Friday), while credit spreads in corporate bonds increased amid fears for companies' (mainly energy and automotive) creditworthiness. On of the best performing asset classes were municipal bonds, capitalizing on uncertainty and tax-exempt benefits. In



MAR 2020		What to expect this week	
MON 2	TUE 3	WED 4	THU 5
Germany & UK PMI release (forecast 47.8 & 51.8 respectively)	Super-Tuesday primary elections & caucuses		OPEC+ meeting
FRI 6	SAT 7	SUN 8	
US non-farm payrolls and unemployment rate release			

macroeconomic data of the week, German economy remained stationary in the fourth quarter as consumption slowed while German CPI was slightly better than expected at 0.4%. In United States household incomes rose in January and consumer spending moved higher, while inflation remained in control.

### What to look for this week

The most important aspect of this week is the publication of first data from Asia Pacific, Chinese and Korean PMI along with Malaysia’s and Australia’s exports data will allow a first quantification of COVID-19’s impact, as Reuters reports. OPEC+ will meet this Thursday and as previously mentioned are expected to announce wider output cuts as a response to the price-hit by demand due to the virus outbreak. Super-Tuesday, the largest single-day primary election, takes place this week and is expected to provide, the most important yet, glance at the Democratic US presidential leading nominee. The outcome and the leading nominee’s views on health care, education and fiscal policy, could affect several stocks given that investors can shift part of their focus from the virus outbreak.

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