Financial Markets Weekly Outlook

Early Jan: 06-10.01.2020

Greek Market

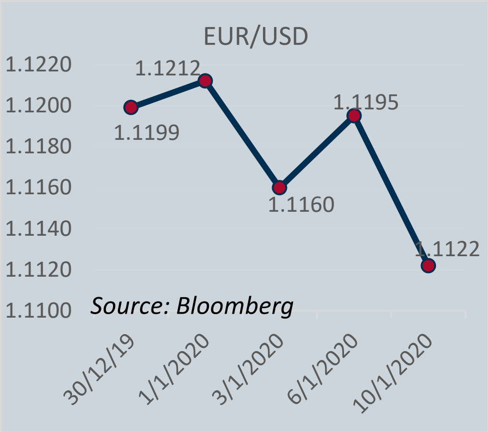
GI shrugged off the US-Iran turbulent relations with remarkable ease

The ATHEX GI closed at 926.63 pts representing a 1.06% upside to Monday's 916.95 points. The FTSE Large Cap yielded 0.44% and the FTSEM 2.46%. Monday started with a relatively increased trade interest followed by the correction of Friday's last close, therefore the ATHEX GI was able to surpass the 920 point-barrier temporarily, despite being short-term and highly volatile. Even though the forecasts for the new trading year were quite prosperous for ASE, geopolitical tensions didn't let the indexes climb where they were expected to, at the beginning of the week. However, on Thursday, a major upside was witnessed, with the ATHEX GI moving from 904 pts to 930 pts, finally closing at 926.06, due to the strong support provided by the ESM's statements praising the Greek economy, the economic sentiment index which hit its peak for the last 12 years, as well as the IMF offices closure in Athens. On an also positive note, the return of investors in the banking sector reached the amount of transactions in satisfactory levels. The last day of the week found the ASE trailing between 929.63 and 921.85 units in ATHEX GI closing at 923.63 points with loses of -0.26% with the Bank Index to remain yet 'weak' raising the GI, as it was halting below the benchmark of 890 units. Certainly, the week seemed to feed investors with the feeling that the international tensions will continue to take a toll in the domestic values without the presence of internal catalysts, as well as geopolitical tension will keep the instability on the market.

Domestic News

Greece's weak presence on trade versus attempt for debt relief

On Tuesday, Bank of Greece announced the new loans' rates to companies and households and the new deposits. The rates remained stable while the rate margin reached 4.15 bps. Furthermore, BoG estimates that the growth rate was 2% the past year and will reach 2.5% on 2020. On Thursday, the HSA (Hellenic Statistical Authority) announced that the seasonally harmonized unemployment rate of Oct-2019 downfalls to 16.6% from 16.8% of Sept- 2019. On the same day, the HSA also reported the trade balance of Nov-2019 which increased by 7% compared to Nov-2018. The imports' total value was €4.320,4 mil last year and €4.563,1 mil in 2018 thus presenting a decline of 5.3%. Ignoring the petrol products, the difference is a slight upside of 0.3% whereas excluding both petrol products and ships the upside goes to 0.1%. Regarding exports, their total value of Nov-2019 was €2,712.4 mil versus €3,060.3 mil in Nov-2018, submitting a drop of 11.4%. Excluding again petrol products and both petrol products and ships the trade balance shows declines of 1.3% and 2.1% respectively. On the frame of



alleviating the Greek debt, ESM (European Stability Mechanism) notifies the abolishment of the increase of the step-up margin in Greece's former loans, declining to zero from 17 June '19 -31 Dec '19 period. The value of this downfall comes to €122.15 mil. Alongside, ESM reminds that the earnings of the Greek bonds (ANFAs), worth of €644.42 mil, were returned to Greek Government.

Global Markets

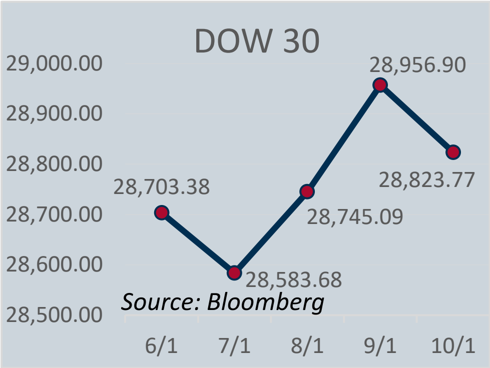
Temporal the effect on the global indices by geopolitical crisis

The week ended with positive sign and new highs for key US Indices (S&P 500 +0.94%, DOW 30 +0.66% and NASDAQ 100 +1.75%), as tensions between Iran and the US have diminished, but also with the news that the Chinese vice president signing the first phase agreement next week. Boeing fell 1.8%, after the crash of a 737 aircraft of Ukraine International Airlines in Iran, resulting in the loss of all 176 passengers on board and closed the week with losses of -0.85%. Mixed were the results for EU Indices influenced by geopolitical developments (DAX 30 +2%, CAC 40 -0.12% and FTSE 100 -0.45%). Germany's trade surplus reached €18.3 bn in November, losing analysts' estimates to € 19 bn. In France Consumer Confidence deteriorated in Dec 2019, with the index declining for the first time since Dec 2018. Ryanair jumped +9.67% this week after revising its estimates for 2020 while Aston Martin shares fell -12.4% as low demand in Europe led to a decline in wholesale volume. Crude Oil recorded its worst weekly performance since July 2019, losing -6.22%. At the beginning of the week, due to developments in the Middle East, crude oil rose up to 65.65$ and closed the week at 59.12$ a barrel. Gold recorded its third consecutive week of earnings. Within the week Gold reached at 1,613.30 while as a result of developments in Geopolitics, Trade War and Macroeconomic Data closed the week at 1,560.10 an ounce (+0.51%).

International News

Trade-war headlines are being replaced by US-Iran tensions

Last week investors focused primarily on geopolitical developments in the Middle East but also on the impending completion of the "first phase" of the US trade deal with China. On Tuesday night, Iran attacked US air bases in Iraq in retaliation for Soleimani's death. On the same day, key stock indices fell rapidly, but the stocks recovered quickly from the profession by US President, who appeared ready for a new deal on Iran's nuclear program. US also launches new economic sanctions against Iran targeting mainly in mining industry exports. In US macro-data, the service sector activity was strengthened with ISM Non-Manufacturing PMI rising 55 pts from 53.9 pts last month while unemployment data, on Friday, showed that US businesses increased jobs for the 10th consecutive year, the longest in a row in the 80-year history of data. However, the unemployment rate remained stable at 3,5%. In Europe, CPI rose to 1.3% in December while the EU Unemployment Rate remained at 7.5% in November, unchanged from the previous month.



Jan 2020	What to expect next week		
MON 13	TUE 14	WED 15	THU 16
Chinese Vice Premier signs Phase I US Banks Kick off			
FRI 17	SAT 18	SUN 19	31st Jan
			Brexit

In UK, ECB member Klaas Knot stressed that a hard Brexit at the end of 2020 remains a possibility and could significantly reduce international trade. Recall that Britain is due to leave the EU on Jan 31st and both sides will have to negotiate a new trade relationship by the end of the year.

What to look for this week

The recent catastrophe by wildfires on a large Australian area, sized as South Korea, could have a heavy negative impact on its tourism, which accounts for over 3% of the domestic economy. The government's relentlessness considering relating the global warming with the crisis is highly likely to have political costs on the long run. Wall Street continues pressing to record highs, and that's unlikely to change after the fourth-quarter earnings season, which U.S. banks will kick off from Tuesday. The Chinese president is expected to sign the long- awaited Phase I in order to terminate the Trade war rally. In British territory, January 31st is the deadline for the Brexit, but here lies the uncertainty whether 11 months will be long enough to reach a trade deal. In US-Iran relations, without knowing how things will turn out, there is a constant threat of war which will keep foreign investors wary of lending to regional governments and companies. Additionally, a question that arises is what risk premium Middle Eastern markets merit now.

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