Greek Market

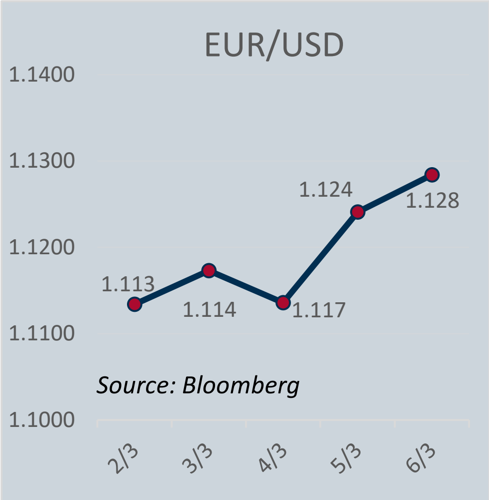
Market falls below 700 points, surrendering all previous 52-weeks' gains

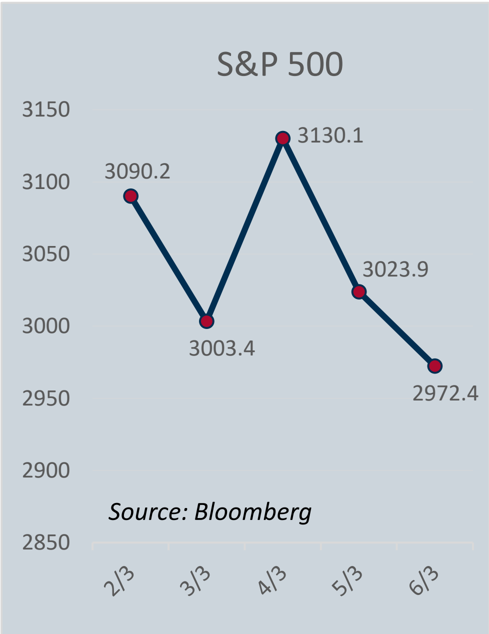
The ATHEX General Index closed last week at 684.74 points, shedding 4.94% from last week's closing price of 720.35 points, suggesting a further surrender to sellers' appetites. The large-cap FTSE 25 Index yielded -4.66% in a weekly basis and the bank index FTSEB -12.17%, respectively. The week started surprisingly on a promising note, as ATHEX GI managed to partially recover, although the coronavirus concerns have not yet abated. Greek indices were positively influenced by the US Markets' optimistic beginning on Monday, paired with the hopeful await of a reaction from central banks and governments around the globe. Estimates of international growth slow down, the general sentiment of approaching recession levels and the first -since 2008- emergency FED rate cut, reversed that initial trend in Athinon Avenue. Concluding the week with another stock slide, the General Index ended on Friday at 684.74 points, recording new 52 week-lows, as the 'black swan' event of coronavirus seems to be driving global indices for the last two weeks, with the Greek being the leader in terms of relative losses. As the small Greek Stock Market is included in several international aggressive portfolios, its YTD performance of -25.3%, the worst internationally, resulted in a cumulative loss of € 12.6 bn of market capitalization. In a period that every stated resist line falls apart, the initial goal of attracting more institutional investors seems a far 2019 night's dream.

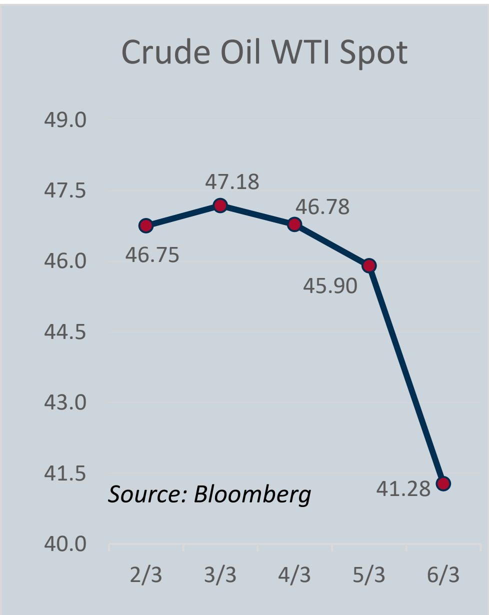
Domestic News

COVID-19 and border tensions overshadow positive fundamentals

Starting the week, Greek February PMI data showed one of the few positive signs of this period, standing at 56.2, sitting at the expansion side and outperforming Eurozone's respective measure of 49.2. The next day GDP estimations were revised from 2.8% growth in 2020 to 2.54%, while the Hellenic Fiscal Council (HFisc) also stated that in a gray sky scenario, Greek GDP growth could end 2 standard deviations lower at 1.88%, due to COVID-19's shock. On Wednesday, BoG announces that, generally, the rates for the January period remain stable. Especially, the weighted average rate for the new deposits remains at 0.17% and the one for new loans remains at 4.36%. On Thursday, HAS (Hellenic Statistical Authority) announced that the harmonized unemployment rate was 16.3% for the December period against the rate of the respective period of 2018, at 18.5%. At the end of last week, a significant measure that will boost Small and Medium Enterprises' activities (SMEs) was launched by the Greek Prime Minister, Kyriakos Mitsotakis and EIB VP, Andrew McDowell. € 500 m, guaranteed by EIF with € 100 m, will allow SMEs to face partially, threats like coronavirus outbreak and Greek-Turkish border tensions.







Global Markets

COVID-19 establishes volatility, the only remaining market constant

The week ended with strong volatility as investors struggle to quantify the extent of COVID-19's impact on the global economy as the virus continues to spread rapidly in dozens of countries, besides China which associated upheavals in business, supply chains and travel. Uncertainty prevails over the extent of COVID-19, with key Wall Street Indices turning positive at the last moment on Friday, while facing record intraday and intraweek gains and losses (S&P 500 +0.61%, Dow 30 +1.79% and NASDAQ 100 +0.10%). US 10-year bond yields hit a new historic low, slipping well below 1% for the first time. Markets already price in another double cut in the next Fed meeting in March, with US-10Y ending at 0.77% YTM. In Europe, Indices closed negatively last week (DAX 30 -2.93%, CAC 40 -3.22% and FTSE 100 -1.79%) as fears mount that the economic impact of the global epidemic will be severe and lasting. At the same time, the German 10Y YTM is slipping to -0.72%. The oil market experienced its worst day in more than 5 years on Friday. Crude Oil prices plummeted 10%, ending at $ 41.61/barrel and hitting a four-year low as OPEC countries failed to persuade Russia to cut output by an additional 1.5 m barrels/day in the second quarter of 2020 to support prices. Gold closed last week with strong gains, recording its best weekly performance since October 2011 as the worries about markets and falling bond yields lead investors to safe havens (+5.45% at $ 1,674.35/ounce).

International News

Oil prices could end at 20Y-lows facing both a supply and a demand shock

Coronavirus cases are constantly increasing to more than 109,400 infections and 3,800 deaths (as of Sunday afternoon, NYT), leading to a lot of implications, among others in education where 300 m children remain out of schools in Italy (7,375 infections, 366 deaths). In France, the increase in outbreaks led to 120 closed schools and in China factories remain closed temporarily whereas schools are shut indefinitely. At the same time, the IMF is calling for a more vigorous fight against it globally as the epidemic represents a "serious threat" that will slow global growth to below last year's 2.9%, while current estimations sit at 3.3%. To tackle the virus, FED on Tuesday unpredictably cut interest rates during the trading session by 50 basis points to 1-1.25%, which was the first unexpected rate cut since the 2008 global financial crisis. Earlier in the G7 meeting, the potential impact of the virus on global development was discussed and it was confirmed that they would use all policy tools to achieve robust sustainable development. In the macroeconomic data, the US economy added another 273,000 jobs in February, while unemployment fell to 3.5% from 3.6% in January, confirming labor market strength last month, while coronavirus had not yet spread to the country. At the same time, US business activity shrunk for the first time since October 2013, as data released on Wednesday showed, specifically Markit Composite PMI reduced to 49.6 in February from 53.3 in January (50 separates expansion from contraction). ISM Non-Manufacturing Business Activity fell to 57.8 in February from 60.9 in January, with most

MARCH 2020	What to expect this week		
MON 9	TUE 10	WED 11	THU 12
▪ German Trade Balance ▪ China Feb CPI (forecast: 5.2% YoY vs previous 5.4%)	▪ EU GDP Q4'19 (forecast: 0.9% YoY vs previous 1.2%)	▪ UK GDP, Trade Balance ▪ German 10Y Bund Auction	▪ ECB Meeting (forecast: no rate cut)
FRI 13	SAT 14	SUN 15	

businesses expressing concern about the coronavirus epidemic and its impact on the supply chain. Joe Biden's confident performance in Super Tuesday resulted in a rally of healthcare stocks, In Europe consumer prices stood at 1.2% year-on-year in February, after rising 1.4% in January. The most important escalation was announced this Saturday, as Saudi Arabia declared a price war on Russia, following latter's negative response to production cuts. The biggest "plus" of OPEC+, Russia, decided to reject a production cut, as it would aid US shale industry, a move that caught out everyone from OPEC's headquarters in Vienna to the trading floors. Aramco is expected to reduce official prices by $6-8/barrel, offering its flagship Arab Light Crude $10.25 less than Brent, while the Russian flagship trade at $2 less. Analysts familiar with past price wars expect oil prices to fall anywhere between $30 and -its 21½ year lows- $10, reacting to a simultaneous demand and supply shock.

What to look for this week

Reaction of the oil market's participants, from futures to strategical decisions, is the most anticipated part of this week. The ECB meeting, this Thursday, will also be monitored closely. A rate cut would be surprising, same with BoE, which also futures a new Governor. British Finance Minister's budget plan towards confronting coronavirus damage adds to the list of fiscal packages, along Italy's, S. Korea's, US' and EU's.

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