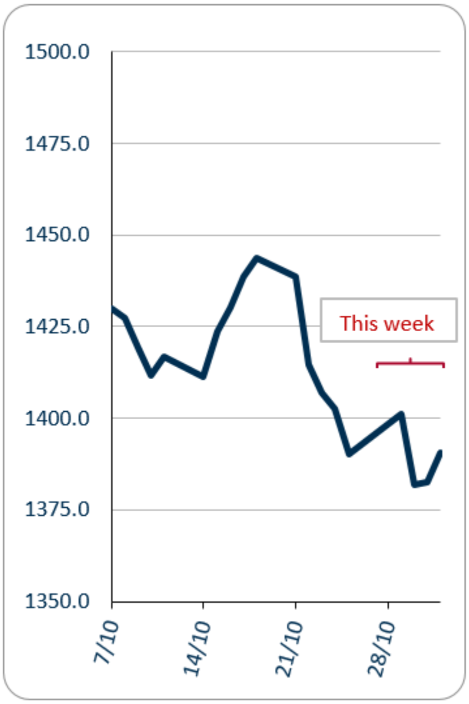
ASE General Index Closing Prices



Source: Refinitiv

Athens Stock Exchange General Index Movers	Weekly Change
Top Gainers	
Piraeus Port	5.23%
Alumil	5.18%
Athens International Airport	3.66%
Cars Motorcycles Marine Engine	3.31%
Eurobank Ergasias	3.19%
Top Losers	
Intralot	-9.44%
Lavipharm SA	-5.59%
Aegean Airlines	-3.84%
Biokarpet	-3.77%
Austriacard Holdings	-3.59%

GREECE | Challenges in Greek Markets with Focus on Banking Sector and Strengthened Bond Auctions

MARKET COMMENT & DRIVING EVENTS

For the last week of October, Greece’s financial markets exhibited cautious sentiment, marked by declines across major indices. The **Athens Stock Exchange (ASE)** general index dropped below 1,400 points, reflecting market unease driven largely by the banking sector’s performance. **FTSE’s large-cap** index fell by 2.3%, and the mid-cap index showed similar trends, underscoring widespread investor caution. Banking stocks faced particular pressure following a report from Goldman Sachs, which highlighted risks related to Greek banks’ high loan exposure and systemic challenges. Despite these concerns, the Greek banking index showed a modest gain of 1.92% for the week, supported by targeted investor interest and initiatives to fortify the banking sector’s capital structure.

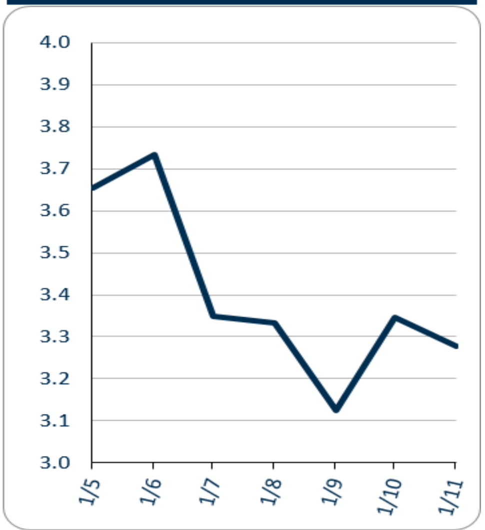
Throughout these market movements, the Greek government held a successful auction for 13-week Treasury bills, raising EUR 600 million at a 2.63% yield—a decrease from 2.84% in the previous month. This auction saw strong investor demand, with a coverage ratio of 2.12, which underscores continued confidence in Greek debt instruments.

The economic landscape showed mixed signals. Inflation remains a concern, with the **Harmonized Index of Consumer Prices (HICP)** in Greece slightly increasing to 3.2% year-over-year in October, up from 3.1% in September. This rise contrasts with a decrease in Eurozone inflation, which fell to 2.0% in October, indicating that Greek consumers continue to face significant price pressures, particularly in energy and essential goods. However, the labor market exhibited strength, as the unemployment rate decreased to 9.3% in September, down from 9.5% in August and a substantial improvement from 10.7% the previous year. This reduction in unemployment is largely attributed to growth in Greece’s tourism and services sectors, which have been instrumental in driving job creation.

In the banking sector, CEOs from Greece’s four major banks met with the Bank of Greece’s Governor to discuss enhancing capital adequacy through accelerated amortization of **Deferred Tax Credits (DTCs).** The proposed increase in annual amortization—from approximately €750 million to between €1.3 billion and €1.5 billion—aims to reduce the banks' reliance on state-backed assets. Given that DTCs account for over 60% of **Core Equity Tier 1 (CET1)** capital in some cases, this initiative is expected to strengthen the resilience of Greek banks’ capital structures and grant more flexibility under regulatory guidelines.

Meanwhile, Greece’s manufacturing sector showed resilience, with the **Purchasing Managers’ Index (PMI)** rising to 51.2 in October from 50.3 in September, signaling steady, albeit moderate, growth in industrial activity. In response to evolving digital trends, the Finance Ministry urged banks to enhance the **IRIS** payment system by increasing the daily transaction limit to €1,000. This initiative, which includes €500 for person-to-person transfers and €500 for POS transactions, aims to expand digital payment options across businesses by early 2025, offering a faster and more secure payment method for consumers and businesses alike.

10Y Greek Bond YTM



Source: Refinitiv

In corporate news, **Athens International Airport** reported robust performance, with nine-month revenues increasing by 9.8% year-over-year, largely due to a 13.3% rise in passenger traffic. **Piraeus Bank** also exceeded expectations in the third quarter, reporting an adjusted net profit of €320 million, driven by strong loan spreads and higher non-core income. The bank's **Non-Performing Exposure (NPE)** ratio declined to 3.2%, marking an improvement in asset quality. Furthermore, Piraeus Bank has accelerated its strategy for DTC amortization, now targeting complete elimination by 2034, enhancing its capital management under the Single Supervisory Mechanism (SSM).

CONCLUSION &OUTLOOK

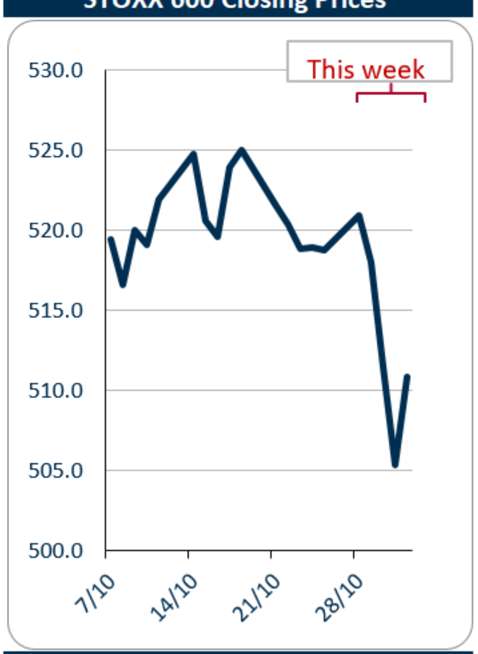
Overall, the financial markets in Greece are navigating through complex dynamics, with structural banking reforms and fiscal policies aimed at strengthening economic stability. While inflation remains a challenge, targeted initiatives in the banking sector and government-led fiscal discipline efforts underscore Greece's commitment to sustaining growth and resilience in an evolving macroeconomic environment.

EUROPE |Declining Trends in European Markets Due to Geopolitical Concerns and Policy Uncertainty

MARKETS & ECONOMY

European markets ended the week lower, as concerns over Middle East tensions, mixed corporate earnings, and uncertainty around central bank policies weighed on investor sentiment. The **pan-European STOXX 600** index declined by 1.52%, with major indexes following suit. **France's CAC 40** fell 1.18%, **Germany's DAX** dropped 1.07%, **Italy's FTSE MIB** declined by 1.42%, and the **UK's FTSE 100** edged down by 0.29%.The eurozone's economy posted a stronger-than-expected third quarter, growing by 0.4%—double the previous quarter's rate and exceeding the 0.2% forecast. This growth was bolstered by Germany's 0.2% expansion, allowing it to avoid recession, alongside better-than-expected performance from France and Spain. Italy's economy, however, stagnated, indicating uneven growth across the region.

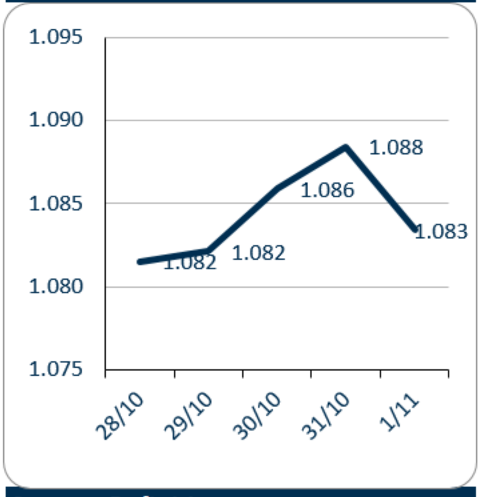
STOXX 600 Closing Prices



Source: Refinitiv

Inflation in the eurozone also edged higher, reaching 2% in October from 1.7% in September, as last year's drop in energy prices was phased out of the annual comparison. The core inflation rate, excluding volatile items such as energy and food, held steady at 2.7%. Services inflation remained elevated at 3.9%, suggesting persistent price pressures in the economy despite slowing energy costs. Geopolitical concerns continued to weigh on European markets as tensions in the Middle East raised the risk of energy supply disruptions. Additionally, the upcoming U.S. presidential election heightened market caution, with investors assessing potential shifts in U.S. economic policy. The prospect of a Republican win and possible tariffs could impact Europe's already slowing growth.In monetary policy, the European Central Bank's path remains uncertain. Despite recent stronger-than-expected GDP and inflation data, market expectations for further ECB easing have risen. Some analysts suggest that the ECB could consider a 50-basis-point cut to the deposit rate by December if economic weakness persists and inflationary pressures remain contained. In the UK, the Labour government's first budget in 14 years unveiled significant spending increases and tax hikes. Chancellor Rachel Reeves announced GBP 70 billion in additional spending over the next five years, funded by GBP 40 billion in new taxes and GBP 32 billion in extra borrowing.

EUR/USD



Source: Refinitiv

The Office for Budget Responsibility warned that these measures might hamper long-term growth, revising its economic growth expectations to just over 1% this year and 2% next year.

Corporate earnings were mixed, affecting key sectors. Banks were the strongest performers, with the sector benefiting from positive earnings and leading a late-week rally that saw the **STOXX 600** gain 1.1% on Friday. However, the banking rebound did little to offset earlier losses, as the index still logged a weekly decline. The food and beverages sector, on the other hand, was the week's worst performer. Among individual stocks, **Renault** (+6.47%), **Siemens Energy** (+5.01%), and **Stellantis** (+4.04%) were notable gainers, driven by strong earnings and sector momentum. Meanwhile, **Michelin** (-9.21%), **Adidas** (-4.78%), and **L'Oreal** (-4.57%) saw significant declines, reflecting broader pressures in the consumer sector.

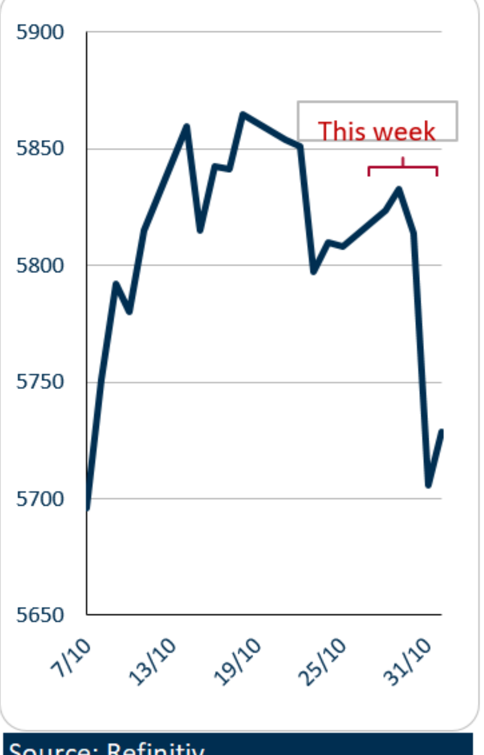
With multiple factors impacting the European economic outlook—ranging from geopolitical risks to mixed economic data and fiscal policy changes—investors are expected to remain cautious. Markets are closely watching the U.S. Federal Reserve's policy decision next week, as well as further developments from the ECB. The ECB's response to the latest data and the impact of geopolitical tensions will be critical in determining the path of European markets in the weeks to come

US |Increased Volatility and Mixed Earnings Results in Tech Stocks

MARKETS & ECONOMY

This week was marked by heightened volatility in U.S. stock markets, as major indices experienced declines in response to mixed earnings results from leading technology companies and evolving macroeconomic signals. The **S&P 500** fell 1.8%, the **Dow Jones Industrial Average (DJIA)** slipped 0.9%, and the **Nasdaq Composite** dropped 2%. The week's trading underscored growing market sensitivity to tech earnings and broader economic data.

S&P 500 Closing Prices



Source: Refinitiv

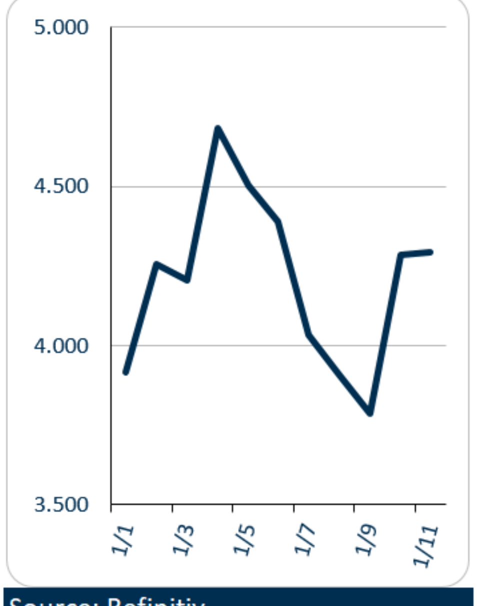
Among the technology giants, **Amazon** stood out with a 7.2% surge on Friday after reporting earnings that exceeded analyst expectations. This late-week rally helped offset some of the broader losses. However, **Microsoft's** positive earnings release was tempered by a cautious revenue forecast for the upcoming quarter, which raised investor concerns about potential deceleration in its cloud and software business. Similarly, **Apple** provided a mixed outlook, as its anticipated revenue growth for the key holiday quarter came in below projections, leading to a 0.8% decline in its stock. Meanwhile, **Meta Platforms** reported an uptick in AI-related investments, sparking investor anxiety over profitability even as the company benefits from enhanced user engagement driven by its AI initiatives.

The energy sector also played a crucial role in the week's dynamics. **Chevron** gained 4% after posting strong earnings, and **Intel** climbed 6.8%, buoyed by an optimistic earnings forecast for the current quarter despite weaker-than-expected losses. These performances, especially in energy and select tech stocks, contributed to Friday's market rebound, helping to partially mitigate the week's earlier losses.

The labor market added another layer of complexity, reflecting broader economic challenges. U.S. employers added only 12,000 jobs in October, sharply missing the consensus estimate of 100,000.

Nasdaq Movers	Weekly Change
Top Gainers	
Atlassian Corp Plc	16.06%
Cadence Design	14.48%
Charter Communications	14.00%
Booking	9.86%
Warner Bros Discovery	7.36%
Top Losers	
Super Micro Computer	-45.45%
Constellation Energy	-15.37%
CDW Corp	-12.54%
Constellation Energy	-12.02%
Regeneron Pharma	-10.74%

US 10Y Bond YTM



Source: Refinitiv

The report cited a variety of factors, including a significant strike by **Boeing**, which reduced payrolls by approximately 46,000, and recent hurricanes, estimated to have suppressed employment figures by an additional 40,000 to 70,000. This weak jobs report pressured short-term Treasury yields downward, as investors speculated that the Federal Reserve might sustain a dovish stance on rates to support labor market recovery. The two-year Treasury yield dipped from 4.18% to 4.13%, while the 10-year yield remained steady at 4.29% by week’s end.

In manufacturing, data continued to show signs of a slowing sector. The Institute for Supply Management (ISM) reported that its manufacturing index fell to 46.5, the lowest level in 15 months and the seventh consecutive month in contraction territory. Manufacturing companies have been significantly affected by the Federal Reserve’s interest rate hikes over the past year, resulting in increased borrowing costs and greater caution around inventory accumulation and capital investment. Uncertainties surrounding inflation and federal fiscal policies further contributed to this hesitancy, as firms carefully weigh future spending.

In the fixed-income market, Treasury bills (T-bills) have garnered increased attention from investors seeking safety amid stock market volatility. As of November 1, 2024, the yield on 13-week T-bills stood at 2.63%, reflecting strong demand and investor confidence in short-term government securities. This yield is lower than the previous month's 2.84%, indicating heightened investor interest in T-bills as a safe haven. The robust demand for T-bills is further evidenced by a coverage ratio of 2.12 in the latest auction, underscoring their appeal in uncertain economic times.

Looking forward, market participants are focused on the upcoming Federal Open Market Committee (FOMC) meeting, where there is a high likelihood of a quarter-point rate cut, aligning with Wall Street expectations. This decision could influence interest-sensitive sectors, especially as the U.S. heads into an election period that has drawn investor attention due to its potential economic impact. Market participants are expected to remain cautious, balancing strong corporate earnings in some sectors with uncertainties around economic policy and labor market resilience. As a result, market sentiment in the near term may be characterized by a wait-and-see approach amid these key developments.

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