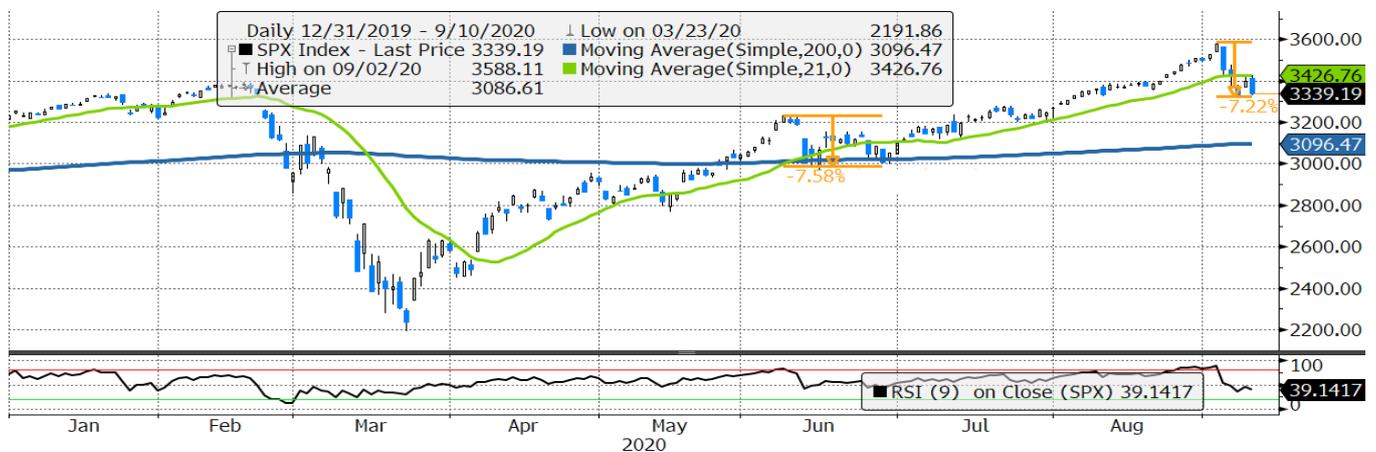


In this week, a correction has been unfolded for the S&P 500 index. This is the second corrective move of the S&P 500 index in the last five months. The previous one, in mid-June, was brief and mild (8-11/6: -7.1% on closing levels) and was followed by upwards move of the index until historic high two months later. Looking at the previous "bull market" (9/3/2009-19/2/2020), there had been twelve corrective episodes of -5% to -10%, two corrective episodes of -10% to -15% and three corrective episodes of -15% to -20%. Despite these seventeen in total, corrective episodes of -5% to -20%, the S&P 500 index had posted an annualised total return of 18.3% (9/3/09-19/2/20). Turning to the period since March 23, despite the current corrective move, the index maintains an increase of almost 49% (119 working days: 23/3-10/9/2020), which is around the rise, which had posted in the comparable period after March 9, 2009 (119 working days: 9/3-28/8/2009: 52%).



SPX Index (S&amp;P 500 Index) G1 Daily 31DEC2019-10SEP2020

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11-Sep-2020 10:19:46

Source: Bloomberg

In the current week, AstraZeneca temporarily paused its coronavirus vaccine trial because of an unexplained illness in one of the participants in the study. Despite this development, the hope remains that effective vaccines will be developed, however it is uncertain when vaccination will become possible. The price of WTI crude oil dropped at a low (8/9: \$36.13/barrel) since mid-June, as global demand is considered weak and as S. Arabia cut pricing for October. Regarding macroeconomic figures of the week, **Eurozone** Sentix investor confidence index increased in September at a high (-8) since February, indicating improvement, but at an early stage, as it remained below the historic average (2.8). In the **US**, the Chairman of the Fed J. Powell has recently said (4/9) that low rates will be needed for years and that the Federal Reserve is ready to add monetary stimulus, if needed. The ECB (10/9) did not add monetary easing, keeping the size of the pandemic bond buying programme at €1.35 bn.. EUR/USD temporarily increased at \$1.1917 (10/9), but is currently (11/9) at \$1.1860 area. Resistance is at \$1.2000-\$1.2100, while support is at the area of \$1.1750 (9/9 low) and at \$1.1710 (12/8 low).

### **The week ahead:**

The announcements of economic figures during next week will probably confirm ongoing recovery. **Eurozone** industrial production (14/9) may have risen on monthly basis in July for third consecutive month. **German** ZEW confidence index for August is expected on September 15. **US** leading indicators index has likely increased in August (18/9) for fourth consecutive month. In **China**, industrial production (15/9) may have on yearly basis in August by 5.1% (July: 4.8%). Three main Central Banks will hold policy meeting during the week: The Federal Reserve (16/9), the Bank of Japan and the Bank of England (17/9) will probably confirm that monetary easing will continue for long and that more supportive measures may be added, if needed. **Corrective episodes may reappear during September (an on-average seasonally weak month), allowing for investors' repositioning. The Fed meeting (16/9) may be key for the short-term. For the medium term, it appears more possible, that the recent pull-back in equities will prove corrective, while the mid to long term upwards move, started since March 23, may remain intact, conditionally upon the assumptions, that effective vaccines will be developed and that monetary and fiscal stimulus in major economies will continue for long.**

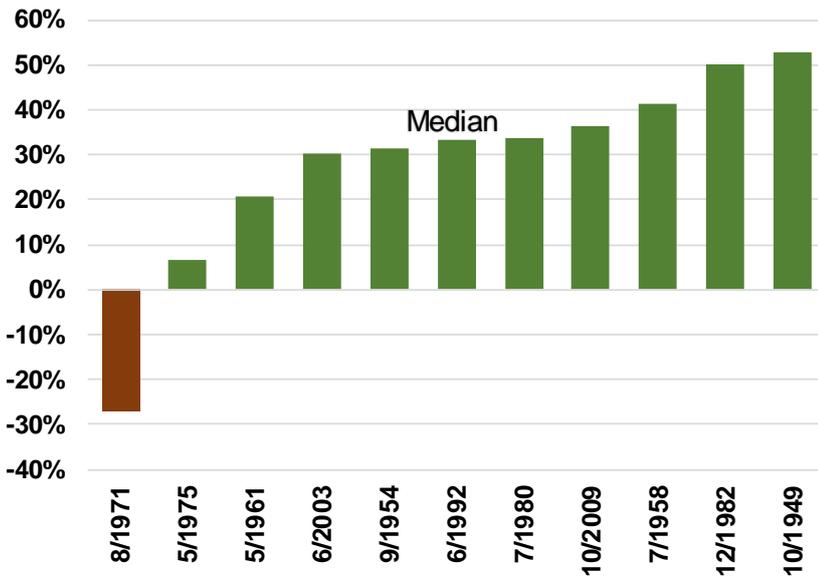
### **Quote of the Week:**

The President of the ECB said (10/9) that the Central Bank "assess incoming information, including developments in the exchange rate, with regard to its implications for the medium term inflation outlook".

Global Markets in Charts

In the last seven decades, the peak of US unemployment rate out of a recession, was usually followed by quite favourable investment landscape at the time horizon of one to three years.

S&P 500 index: historic returns three years after peak of unemployment, when out of recession (since 1948)



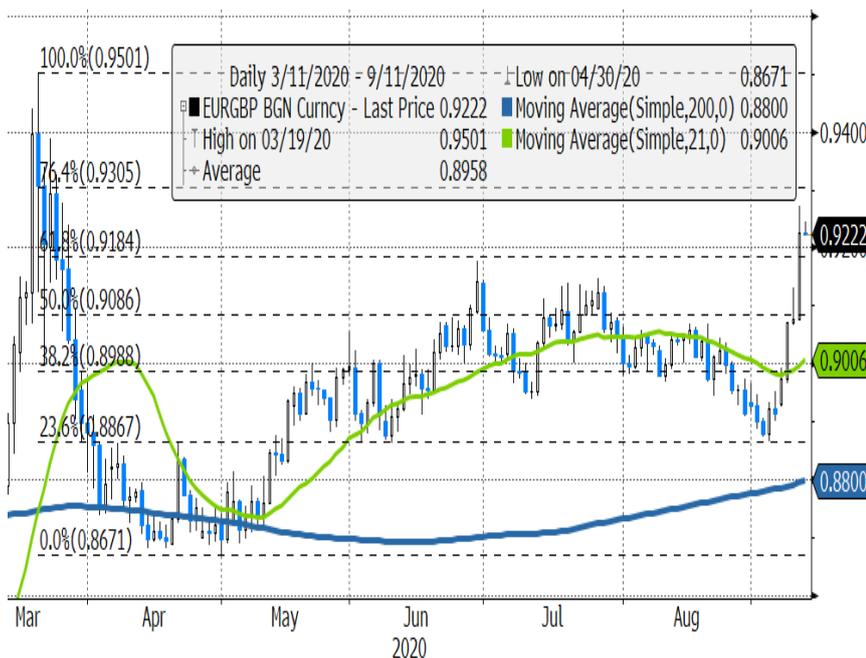
Source: Bloomberg

US unemployment had climbed at the early stage of the pandemic, posting historic high in April 2020 at 14.7%.

Since then, it has declined for four consecutive months down to 8.4% in August (historic average: 5.8%). Although, unemployment figures can be revised substantially, it seems that the 14.7% of April, was probably the peak unemployment level for the recession of the first half of 2020. Since 1948, when the economy exits recession (as defined by NBER), unemployment peaks sooner or later.

Starting from the month that unemployment peaked, following exiting a recession, it can be seen that, most of the times, the US stock market tends to move upwards at the time horizon of 3-years ahead. While history may not repeat itself, the upwards move of the last five months since the likely peak of unemployment (30/4-10/9: 14.7%), may be seen in the context of a pattern, which in the past, had usually been consistent with upwards move at the 3-year horizon.

EUR/GBP has risen at a high (9/9: £0.9292) since March 24.



EURGBP Currency (EUR-GBP X-RATE) G1 Daily 11MAR2020-11SEP2020

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11-Sep-2020 10:19:12

EUR/GBP has increased at a high (9/9: £0.9292) since March 24, as there is disagreement between the EU and the UK regarding the terms of an orderly (with deal) Brexit. The EU has noted that the UK may be deviating from the terms of the withdrawal agreement, which would be an obstacle for an orderly Brexit and for the future relationship of the EU with the UK. According to the press, the UK seems to ask for a trade deal with the EU to be agreed until October 15, or else, the UK appears willing to exit the European Union at the end of the year, without a deal.

Resistance for EUR/GBP is at £0.9305 (Fibonacci retracement level 76.4% of the move: £0.9501-£0.8671), at £0.9500 (19/3/20 high) and at the area of £0.9800 (30/12/08 high). Support is at the area of £0.9000 (21-day average), at £0.8866 (3/9/20 low) and at the area of £0.8800 (13/5/20 low and 200-day average).

**Global Markets Minesweeper**
**Event Risk Calendar, September 14 - 18, 2020**

| Monday 14/9          |         |  |        |         |         |  |
|----------------------|---------|--|--------|---------|---------|--|
| Date Time            | Country | Event  | Period | Survey  | Prior   |  |
| 14/9 07:30           | JN      | Tertiary Industry Index (MoM)  | Jul    | 0.50%   | 7.90%   |  |
| 14/9 07:30           | JN      | Industrial Production (YoY)  | Jul F  | --      | -16.10% |  |
| 14/9 09:30           | FR      | Bank of France Ind. Sentiment  | Aug    | 100     | 99      |  |
| 14/9 12:00           | EC      | Industrial Production SA (MoM)   | Jul    | 3.00%   | 9.10%   |  |
| 14/9 12:00           | EC      | Industrial Production WDA (YoY)  | Jul    | -8.80%  | -12.30% |  |
| <b>Eco Event</b>     | EC      | ECB Chief Economist Philip Lane participates in panel                  |        |         |         |  |
| Tuesday 15/9         |         |  |        |         |         |  |
| Date Time            | Country | Event  | Period | Survey  | Prior   |  |
| 15/9 05:00           | CH      | Industrial Production (YoY)  | Aug    | 5.10%   | 4.80%   |  |
| 15/9 05:00           | CH      | Retail Sales (YoY)   | Aug    | 0.00%   | -1.10%  |  |
| 15/9 05:00           | CH      | Surveyed Jobless Rate  | Aug    | 5.60%   | 5.70%   |  |
| 15/9 09:00           | UK      | Jobless Claims Change  | Aug    | --      | 94.4k   |  |
| 15/9 09:00           | UK      | ILO Unemployment Rate 3Mths  | Jul    | 4.00%   | 3.90%   |  |
| 15/9 12:00           | GE      | ZEW Survey Expectations  | Sep    | 69      | 71.5    |  |
| 15/9 12:00           | GE      | ZEW Survey Current Situation   | Sep    | -72.5   | -81.3   |  |
| 15/9 15:30           | US      | Empire Manufacturing   | Sep    | 4.4     | 3.7     |  |
| 15/9 15:30           | US      | Import Price Index (YoY)   | Aug    | --      | -3.30%  |  |
| 15/9 16:15           | US      | Industrial Production (MoM)  | Aug    | 1.00%   | 3.00%   |  |
| <b>Eco Event</b>     | US      | The Federal Open Market Committee gathers for a two-day policy meeting |        |         |         |  |
| <b>Corp. Results</b> | US      | Adobe Inc, FedEx Corp  |        |         |         |  |
| Wednesday 16/9       |         |  |        |         |         |  |
| Date Time            | Country | Event  | Period | Survey  | Prior   |  |
| 16/9 02:50           | JN      | Trade Balance  | Aug    | -¥20.0b | ¥10.9b  |  |
| 16/9 09:00           | UK      | CPI (YoY)  | Aug    | 0.20%   | 1.00%   |  |
| 16/9 09:00           | UK      | CPI Core (YoY)   | Aug    | 0.80%   | 1.80%   |  |
| 16/9 09:00           | UK      | RPI Ex Mort Int.Payments ((YoY))                                       | Aug    | --      | 1.90%   |  |
| 16/9 09:00           | UK      | PPI Output NSA (YoY)   | Aug    | -0.60%  | -0.90%  |  |
| 16/9 11:30           | UK      | House Price Index (YoY)  | Jul    | --      | 2.90%   |  |
| 16/9 12:00           | EC      | Trade Balance SA (Euro)  | Jul    | --      | 17.1b   |  |
| 16/9 15:30           | US      | Retail Sales Advance (MoM)   | Aug    | 1.00%   | 1.20%   |  |
| 16/9 15:30           | US      | Retail Sales Ex Auto (MoM)   | Aug    | 1.20%   | 1.90%   |  |
| 16/9 17:00           | US      | Business Inventories   | Jul    | 0.20%   | -1.10%  |  |
| 16/9 17:00           | US      | NAHB Housing Market Index  | Sep    | 78      | 78      |  |

September 11, 2020

|                  |                |  |               |               |              |   |
|------------------|----------------|--|---------------|---------------|--------------|---|
| 16/9 21:00       | US             | FOMC Rate Decision (Upper Bound)   | 16-Sep        | 0.25%         | 0.25%        |    |
| 16/9 23:00       | US             | Net Long-term TIC Flows  | Jul           | --            | \$113.0b     |   |
|                  |                |  |               |               |              |   |
| <b>Eco Event</b> | EC             | The OECD presents new economic forecasts for G-20 economies              |               |               |              |    |
|                  | US             | FOMC statement (21:00), projections (21:00) and press conference (21:30) |               |               |              |    |
|                  |                |  |               |               |              |   |
|                  |                | <b>Thursday 17/9</b>   |               |               |              |   |
| <b>Date Time</b> | <b>Country</b> | <b>Event</b>   | <b>Period</b> | <b>Survey</b> | <b>Prior</b> |    |
| 17/9             | JN             | BOJ Policy Balance Rate  | 17-Sep        | -0.10%        | -0.10%       |    |
| 17/9             | JN             | BOJ 10-Yr Yield Target   | 17-Sep        | 0.00%         | 0.00%        |   |
| 17/9 12:00       | EC             | CPI (YoY)  | Aug F         | -0.20%        | -0.20%       |    |
| 17/9 12:00       | EC             | CPI Core (YoY)   | Aug F         | 0.40%         | 0.40%        |   |
| 17/9 14:00       | UK             | Bank of England Bank Rate  | 17-Sep        | 0.10%         | 0.10%        |    |
| 17/9 15:30       | US             | Building Permits (MoM)   | Aug           | 3.20%         | 17.90%       |    |
| 17/9 15:30       | US             | Housing Starts (MoM)   | Aug           | -3.10%        | 22.60%       |    |
| 17/9 15:30       | US             | Philadelphia Fed Business Outlook  | Sep           | 15            | 17.2         |   |
| 17/9 15:30       | US             | Initial Jobless Claims   | 12-Sep        | --            | 884k         |    |
|                  |                |  |               |               |              |   |
| <b>Eco Event</b> | EC             | ECB Governing Council member Olli Rehn speaks (11:00)                    |               |               |              |   |
|                  |                |  |               |               |              |   |
|                  |                | <b>Friday 18/9</b>   |               |               |              |   |
| <b>Date Time</b> | <b>Country</b> | <b>Event</b>   | <b>Period</b> | <b>Survey</b> | <b>Prior</b> |  |
| 18/9 02:30       | JN             | Natl CPI (YoY)   | Aug           | 0.20%         | 0.30%        |   |
| 18/9 02:30       | JN             | Natl CPI Ex Fresh Food (YoY)   | Aug           | -0.40%        | 0.00%        |   |
| 18/9 09:00       | UK             | Retail Sales Inc Auto Fuel (YoY)   | Aug           | 2.20%         | 1.40%        |   |
| 18/9 09:00       | GE             | PPI (YoY)  | Aug           | --            | -1.70%       |   |
| 18/9 11:00       | EC             | Current Account SA (Euro)  | Jul           | --            | 20.7b        |   |
| 18/9 15:30       | US             | Current Account Balance  | 2Q            | -\$167.3b     | -\$104.2b    |   |
| 18/9 17:00       | US             | Leading Index (MoM)  | Aug           | 1.30%         | 1.40%        |  |
| 18/9 17:00       | US             | U. of Mich. Sentiment  | Sep P         | 74.9          | 74.1         |  |

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