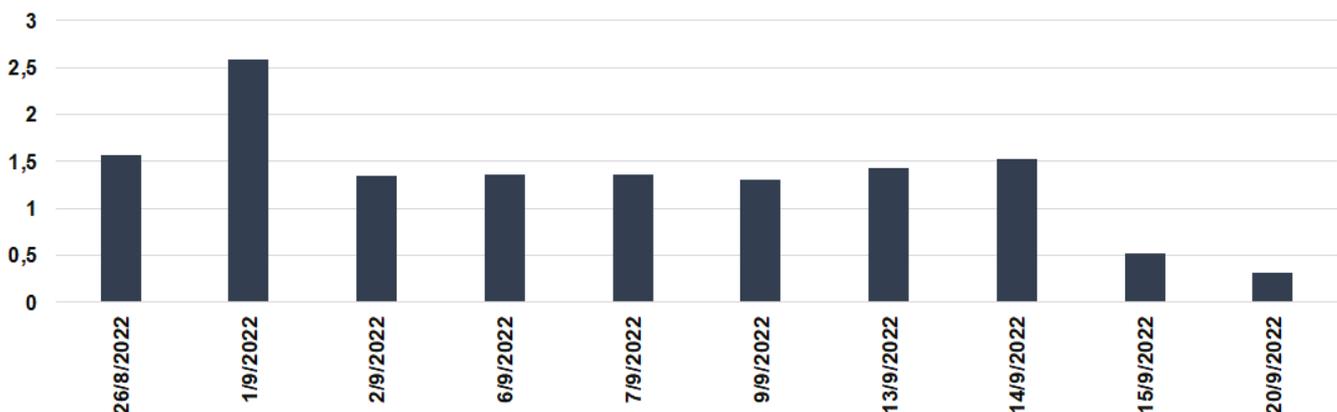


The increased volatility in markets can be attributed to various issues, such as high inflation, geopolitics, lower economic activity, still elevated energy prices and the tightening by the Fed and the ECB. The Fed hiked by 0.75% to 3.00%-3.25%, aiming to inflation moderation. The **US 2-year bond** yield posted high (4.21%) since October 2007 and the US 10-year yield high (3.76%) since February 2011. As the 12-month forward estimate of the S&P 500 index has flattened close (21/9: \$236), but slightly below the historic high posted in June (20/6: \$240), the path of the US yields is key for **equity** market sentiment.

Dividing the earnings per share 12-month forward estimate (\$236) of the S&P 500 index by the level of the index (22/9: 3,758), the forward earnings yield gap is derived at 6.3%. By subtracting from the 6.3%, the level of the US 10-year bond yield (3.7%), the forward earnings yield gap is calculated at 2.6%. The forward earnings yield gap of 2.6% is much lower than its both the 10-year average (3.8%) and the 20-year average (3.6%), but slightly above its 30-year average (2.4%). The 30-year average includes the 1990's, when appetite for risk-on was in most part exuberantly risk-on. If it is assumed that the current environment of elevated geopolitical risks will make investors persistently more strict, then the comparison with the 10-year and the 20-year averages, indicates that stabilization of equity market sentiment needs, on average, at least mildly lower yields than the current. **While it cannot be excluded that a catalyst may appear that will allow investors to prefer equities than government bonds, even at the current elevated area of bond yields, currently it seems more probable that equity market turbulence may continue for some time.** Nominal figures, such as earnings and employment continue to be supportive. However, real GDP has been impacted by high inflation. The Atlanta Fed has revised its estimate for annualized quarterly GDP growth for the 3rd quarter at 0.3% (20/9) versus 2.5% on September 1.

**Atlanta Fed estimate of US GDP for the 3rd quarter: annualised quarterly %
(evolution since late-August)**



Source: Bloomberg

The Stoxx 600 **Europe** index has posted the lowest close (22/9/22: 399.8) since late January 2021, at a cumulative drawdown of -19.1% versus the historic high close of early January (5/1/22: 494.3). High inflation, drop of economic activity in real terms and increased bond yields have “clouded” equity market sentiment in Europe.

The week ahead

German IFO economic index is expected (26/9) lower in September, while **US** consumer confidence index (27/9) may have slightly recovered after declining for three consecutive months. **Eurozone** economic sentiment index is expected (29/9) lower in September. The Eurostat’s inflation estimate (30/9) may show further increase of inflation in September.

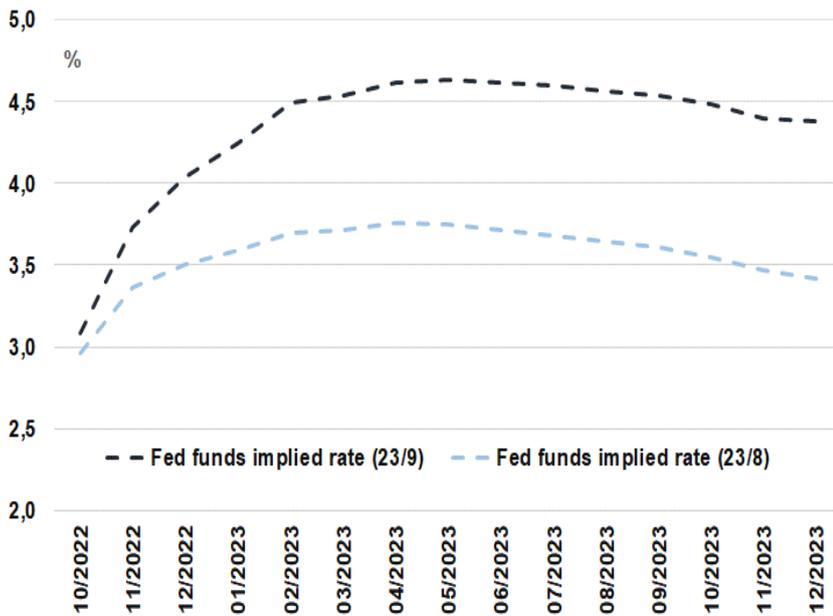
Quote of the Week:

The Fed’s President said: “The chances of a soft landing are likely to diminish to the extent that policy needs to be more restrictive, or restrictive for longer. Nonetheless, the Fed is committed to getting inflation back down to 2%”.

Global Markets in Charts

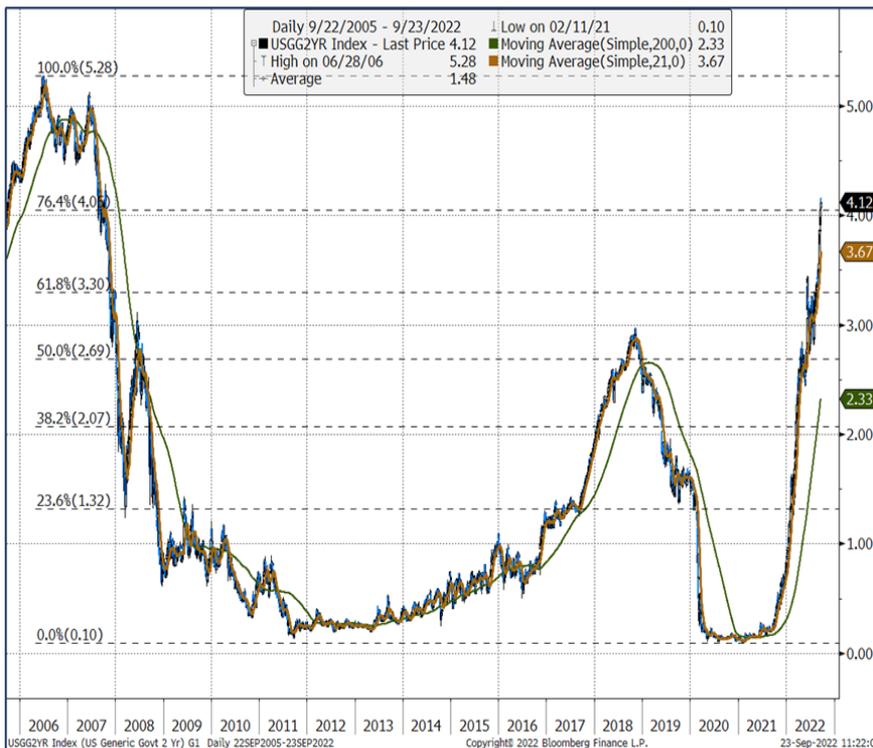
The Fed has repeated that is focused on fighting high inflation

Fed funds implied rate (money market futures)



The **Fed** revised its estimate for GDP growth to 0.2% in 2022 vs 1.7%. It expects GDP growth of 1.2% in 2023 vs 1.7% previously. The Fed revised higher its estimates for inflation. It expects PCE deflator to rise on yearly basis by 5.4% (previous: 5.2%) in 2022, before moderating at 2.8% (previous: 2.6%) in 2023. For the core PCE inflation, it expects yearly rise of 4.5% in 2022 and 3.1% in 2023. The median estimate of FOMC members is for the Fed funds rate at 4.25%-4.50% at the end of 2022 and at 4.50%-4.75% at the end of 2023. The futures implied Fed funds rate by the money market, has risen compared to one-month ago and currently is close to the median projection of the Fed. The **defensive** sectors of the S&P 500 have been resilient. The month to date total return of the S&P 500 is -4.9% (31/8-22/9), while healthcare (-0.71%), utilities (-1.7%) and consumer staples (-2.6%) have been less vulnerable. **EUR/USD** dropped at 20-year low (\$0.9745), mainly due to risk-off and higher recession risk in **Eurozone** vs in the **US**.

The US 2-year government bond yield is around a key area from mid to long term perspective



The **US 2-year bond** yield has increased at a high (4.21%) since October 2007, almost at the area of the Fibonacci retracement 76.4% of the move from 5.28% on June 28, 2006 to 0.10% on February 11, 2021. While it cannot be excluded that Fed's tightening policy could drive the 2-year yield higher, its already high level could indicate relative attractiveness of short-term government bonds, in an environment of high uncertainty for other more risky investments. The **Dollar DXY** index has climbed at a high since mid-2002, which continues to be a "brake" for risk sentiment. Its rise above the area of 7 versus the **chinese** currency, has also affected equity market sentiment in China and in **emerging** markets. The MSCI China has declined very close (22/9: 59.9) to the year to date low (15/3: 59.3) and the emerging index posted low (22/9: 923) since mid-2020.

Source: Bloomberg

Global Markets Minesweeper
Event Risk Calendar, 26 - 30 September 2022

Monday 26/9						
Date Time	Country	Event	Period	Survey	Prior	
26/9 03:30	JN	Jibun Bank Japan PMI Mfg	Sep P		51.5	
26/9 11:00	GE	IFO Business Climate	Sep	87.1	88.5	
26/9 11:00	GE	IFO Current Assessment	Sep	96	97.5	
26/9 11:00	GE	IFO Expectations	Sep	78.7	80.3	
26/9 15:30	US	Chicago Fed Nat Activity Index	Aug		0.27	
26/9 17:30	US	Dallas Fed Manf. Activity	Sep	-8	-12.9	
Eco Event	IT	Outcome of Italian elections				
	FR	OECD publishes Interim Economic Outlook (12:00)				
Tuesday 27/9						
Date Time	Country	Event	Period	Survey	Prior	
27/9 11:00	EC	M3 Money Supply (YoY)	Aug	5.40%	5.50%	
27/9 15:30	US	Durable Goods Orders (MoM)	Aug P	-0.10%	-0.10%	
27/9 15:30	US	Durables Ex Transportation (MoM)	Aug P	0.30%	0.20%	
27/9 15:30	US	Cap Goods Orders Nondef (MoM)	Aug P	0.20%	0.30%	
27/9 16:00	US	FHFA House Price Index (MoM)	Jul	0.00%	0.10%	
27/9 16:00	US	S&P CS 20-City (MoM) SA	Jul	0.25%	0.44%	
27/9 16:00	US	S&P CS 20-City (YoY) NSA	Jul	16.90%	18.65%	
27/9 17:00	US	Conf. Board Consumer. Confidence	Sep	104.5	103.2	
27/9 17:00	US	Richmond Fed Manufact. Index	Sep	-10	-8	
27/9 17:00	US	New Home Sales (MoM)	Aug	-2.20%	-12.60%	
Wednesday 28/9						
Date Time	Country	Event	Period	Survey	Prior	
28/9 08:00	JN	Leading Index CI	Jul F	99.6	99.6	
28/9 08:00	JN	Coincident Index	Jul F	100.6	100.6	
28/9 09:00	GE	GfK Consumer Confidence	Oct	-39.6	-36.5	
28/9 15:30	US	Advance Goods Trade Balance	Aug	-\$88.0b	-\$90.2b	
28/9 15:30	US	Wholesale Inventories (MoM)	Aug P	0.40%	0.60%	
28/9 17:00	US	Pending Home Sales (MoM)	Aug	-0.50%	-1.00%	
Eco Event	EC	ECB's Lagarde speaks at Frankfurt (10:15)				
Thursday 29/9						
Date Time	Country	Event	Period	Survey	Prior	
29/9 12:00	EC	Economic Confidence	Sep	96	97.6	
29/9 12:00	EC	Consumer Confidence	Sep F	-28.8	-28.8	
29/9 15:00	GE	CPI (YoY)	Sep P	8.90%	7.90%	
29/9 15:00	GE	CPI EU Harmonized (YoY)	Sep P	9.70%	8.80%	

September 23, 2022

29/9 15:30	US	Initial Jobless Claims	24-Sep		213k	
29/9 15:30	US	GDP Annualized (QoQ)	2Q T	-0.60%	-0.60%	🌩️
29/9 15:30	US	Personal Consumption	2Q T	1.50%	1.50%	
29/9 15:30	US	GDP Price Index	2Q T	8.90%	8.90%	
29/9 15:30	US	Core PCE (QoQ)	2Q T	4.40%	4.40%	
Eco Event	US	Fed's Mester and ECB's Lane take part in policy panel (20:00)				
Corp. Results	US	Nike				
		Friday 30/9				
Date Time	Country	Event	Period	Survey	Prior	🌩️
30/9 04:30	CH	Manufacturing PMI	Sep	49.4	49.4	🌩️
30/9 04:30	CH	Non-manufacturing PMI	Sep	52.6	52.6	
30/9 04:45	CH	Caixin China PMI Mfg	Sep		49.5	
30/9 08:00	JN	Consumer Confidence Index	Sep	33.5	32.5	
30/9 09:00	UK	GDP (QoQ)	2Q F	-0.10%	-0.10%	
30/9 09:00	UK	GDP (YoY)	2Q F	2.90%	2.90%	
30/9 10:55	GE	Unemployment Claims Rate SA	Sep	5.50%	5.50%	
30/9 12:00	EC	Unemployment Rate	Aug	6.60%	6.60%	
30/9 12:00	EC	CPI Estimate (YoY)	Sep	9.70%	9.10%	🌩️
30/9 12:00	EC	CPI Core (YoY)	Sep P	4.80%	4.30%	🌩️
30/9 15:30	US	PCE Deflator (MoM)	Aug	0.10%	-0.10%	
30/9 15:30	US	PCE Deflator (YoY)	Aug	6.00%	6.30%	🌩️
30/9 15:30	US	PCE Core Deflator (MoM)	Aug	0.50%	0.10%	
30/9 15:30	US	PCE Core Deflator (YoY)	Aug	4.80%	4.60%	🌩️
30/9 16:45	US	MNI Chicago PMI	Sep	51.8	52.2	
30/9 17:00	US	U. of Mich. Sentiment	Sep F	59.5	59.5	🌩️
Eco Event	US	Fed's Lael Brainard speaks about financial stability (16:00)				

Global Markets Analysis

+30 210-3268410

marketanalysis@alpha.gr

Maria Koutouzi

maria.koutouzi@alpha.gr

Ioannis Kouravelos, CFA

ioannis.kouravelos@alpha.gr

Konstantinos Anathreptakis, CFA

konstantinos.anathreptakis@alpha.gr

Nikolaos Sakarelis

nikolaos.sakarelis@alpha.gr

Disclaimer: The information herein is believed to be reliable and has been obtained from sources believed to be reliable, but we make no representation or warranty, express or implied, with respect to the fairness, correctness, accuracy or completeness of such information. In addition we have no obligation to update, modify or amend this communication or to otherwise notify a recipient in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. We are not acting and do not purport to act in any way as an advisor or in a fiduciary capacity. We therefore strongly suggest that recipients seek their own independent advice in relation to any investment, financial, legal, tax, accounting or regulatory issues discussed herein. Analyses and opinions contained herein may be based on assumptions that if altered can change the analyses or opinions expressed. Nothing contained herein shall constitute any representation or warranty as to future performance of any financial instrument, credit, currency rate or other market or economic measure. Furthermore, past performance is not necessarily indicative of future results. This communication is provided for information purposes only. It is not an offer to sell, or a solicitation of an offer to buy, any security, nor to enter into any agreement or contract with Alpha bank or any affiliates. In addition, because this communication is a summary only it may not contain all material terms, and therefore this communication in and of itself should not form the basis for any investment decision. Financial instruments that may be discussed herein may not be suitable for all investors, and potential investors must make an independent assessment of the appropriateness of any transaction in light of their own objectives and circumstances, including the possible risks and benefits of entering into such a transaction. By accepting receipt of this communication the recipient will be deemed to represent that they possess, either individually or through their advisers, sufficient investment expertise to understand the risks involved in any purchase or sale of any financial instrument discussed herein. Any duplication, copy, reprint or transmission of this document is prohibited without the prior written permission of the issuer.