

The latest macroeconomic announcements indicate that the US economy is currently in mild expansion. While, short-term pullbacks in markets can be evident, the broader investment landscape appears improved.

In the **US**, the ISM **services** index recovered at a level slightly above (January: 55.2, December: 49.2) the long-term average (1997-2023: 55), indicating that the services sector, which is the broader of the economy, is expanding. While the ISM **manufacturing** index has indicated contraction (January: 47.4, December: 48.4), overall a composite of the two indexes, would indicate that the economy is mildly expanding. Non-farm payrolls increased in January by 517,000 (December: 260,000, average 1939-2023: 124,000) and the unemployment rate posted low (3.4%) since mid-1969. According to the estimate (8/2) of Atlanta Fed, **GDP** may be increasing in the first quarter of the year at an annualized quarterly pace of 2.2%, around the 10-year average. The President of the **Fed** said that inflation has started declining. He added that some rate increases will probably be needed and then a pause, in order to examine the economic and financial situation. He noted that “big part of inflation is pandemic-related”. The WTI crude **oil** is currently at -13% on year over year basis (9/2/22-9/2/23), which can be helpful for the economy.

US 10-year bond yield has fluctuated between key levels: On February 2, it “touched” (intraday low of 2/2: 3.33%) its 200-day average. Then, the solid employment and ISM services figures were announced, prompting the 10-year yield to move up to the key area of 3.70% (10/2: Fibonacci retracement 38.2% of the move from 4.34% on October 21, 2022 to 3.32% on January 19, 2023) - 3.75% (21-week average and January 6, 2023 intraday high).

In the **US stock market**, the S&P 500 index increased on February 2 at the highest close (4,180) in more than five months, below but not far from the key area of resistance of 4,290 (20% cumulative recovery from the lowest close of 3,577 on October 12, 2022) – 4,300 (61.8% Fibonacci retracement of the move from the intraday historic high of 4,819 on January 4, 2022 to the intraday low of 3,492 in mid-October 2022). It has recently “taken a breather” at a level (9/2: 4,081.5), still above the key area of support 3,950 (200-day average and January 25 low) - 4,040 (February 1 low and 21-day average). During February, it has total return of 0.2% (as of February 9, year to date: 6.5%). The composition of S&P 500 sector indexes, which have risen during February is “aggressively-tilted” (31/1-9/2: technology: at 3.8%), a potential sign of market “willingness” to “re-risk” rather than to “de-risk”. However, arguments against adding risk currently, include the earnings’ path, which has been revised mildly lower.

The week ahead

In the **US**, **inflation** (14/2) may have moderated at 6.2% (median of estimates) in January from 6.5% in December, posting low since October 2021. The **core inflation** may have posted in January low (median of estimates: 5.4%, December: 5.7%) since November 2021, indicating that inflation has started moderating. Industrial production for December will be announced on February 15. Retail sales may have recovered by 1.7% on monthly basis in January (median estimate) after dropping by 1.1% in December.

Eurozone revised reading of GDP for the fourth quarter (14/2) is expected at 0.1% on quarterly basis and at 1.9% on yearly basis. Industrial production for December will be released on February 15. In **Japan**, the initial reading of GDP (14/2) for the fourth quarter is expected at 0.5% (median of estimates, 3rd quarter: -0.2%).

“Quote of the Week”

The member of the Fed (Lisa Cook) said: “The Fed is not yet done with raising interest rates, but moving in smaller steps will give time to examine the effects on the economy”.

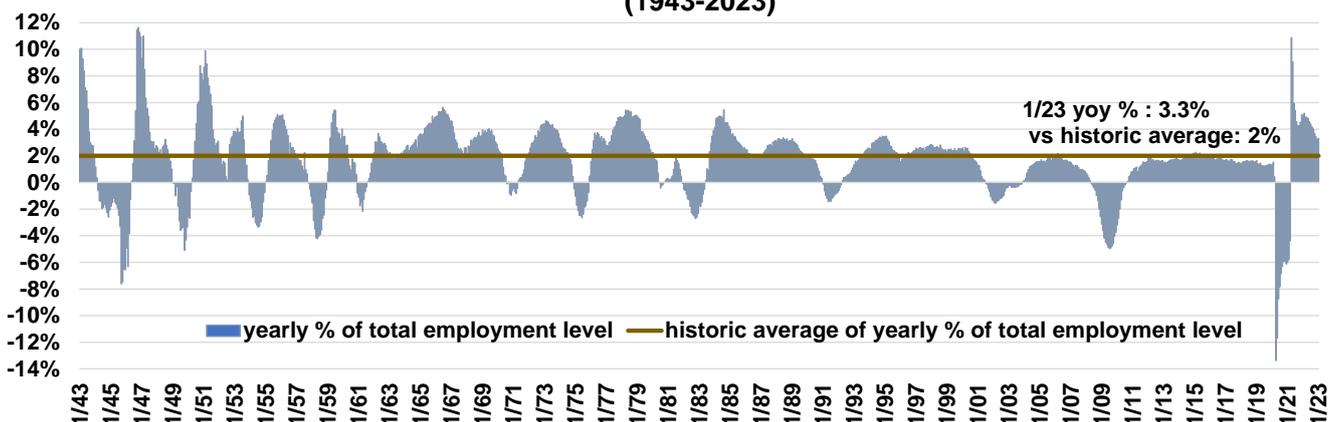
The adjusted earnings per share of the S&P 500 index have mildly dropped (area of -2% to -3%) in the fourth quarter of 2022 and moderate yearly drop of similar scale is expected for the two first quarters of the current year, before a mild recovery of earnings in the second half of the year which is expected to conclude around flat (in terms of annual change of profitability). The 12-month forward EPS estimate for the S&P 500 index has gradually been revised to \$223 (9/2/23) from \$238 in late June 2022. **The cross-currents of this market environment, which include improved market sentiment but “resiliently bended fundamentals”, call for a more conservative mix of investments compared to where market sentiment stands year to date.** The five of the seven S&P 500 sector indexes with the highest last one-year total return, also appear suitable currently (with mid-term perspective), for creating a balanced mix of defensive exposure (healthcare, utilities, consumer staples) and aggressive exposure (financials, materials).

In the **Eurozone**, the Sentix investor confidence index increased in February at a high (-9, January: -17.5) since March 2022, while is still mildly below the long-term average (2002-2023: 2.2). The **German 10-year bond yield** is (10/2: 2.36%) contained, but inside an area of potential “inflection”: above the 2.20% (21-day, 50-day averages), but below 2.57% (30/12/22 highest close since mid-2011). Still, contained German 10-year yield and resilient Eurozone **economy** have contributed to the upwards move of the Stoxx 50 Eurozone **equity** index, which has recently turned positive in terms of one-year total return (9/2/22-9/2/23: 4.8%). The

Stoxx 600 **Europe** has risen at 10-month high (9/2: 462). Resistance is at 468 (76.4% Fibonacci retracement: 495-380) – 476 (10/2/22 high), while support is at the area of 426 (200-day average) – 455 (21-day average). The P/E 12-month forward ratio is almost (9/2: 13.3) at the long-term average (2006-2023). However, the earnings 12-month forward estimate has started softening, as it stands at €34.8 (9/2) vs €36.4 in September 2022. The Stoxx 600 Banks sector has the highest six-month total return (9/8/22-9/2/23: 27%), while the real estate sector has dropped (-9.3%). **In 3 months, the Stoxx 600 retail (29%) and the banks index (25%) have posted the highest total returns, reflecting the economic resilience.** The 12-month forward eps estimate of the banks sector has risen at high since 2011. In **Japan**, the Nikkei is above (10/2: 27,671) its 200-day average (27,250), with market sentiment supported by the expectation that accommodative monetary policy will continue. The MSCI **emerging** is between (9/2: 1,025) the 200-day (974) and the 21-day average (1,033). In **Greece**, the ASE index has risen at a high (9/2: 1,075, 21-day average: 1,015) in more than eight years, approaching the 1,155 area (Fibonacci retracement 76.4% of the move from 1,379 on March 19, 2014 to 421 on February 11, 2016). In **FX**, **EUR/USD** fluctuated from the 10-month high (\$1.1033) on February 2, to one-month low (\$1.0670) on February 7, trading in range (possibly: \$1.05-\$1.10), at least until becomes clearer that German bond yields may move slightly higher, while US yields may move slightly lower, which can be Euro-supportive.

The total level of US employment in January 2023 has increased by 3.3% versus January 2022, which is above the historic average (2%)

US: year over year % of total * employment (1943-2023)



*total level of employment in millions in January 2023 compared in percentage terms % (year over year) to the total level of employment in January 2022

Global Markets Minesweeper
Event Risk Calendar, 13 - 17 February 2023

Monday 13/2							
Date Time	Country	Event	Period	Survey	Prior		
Eco Event	EC	European Commission Publishes Economic Forecasts (12:00)					
	US	Fed's Bowman speaks at Banking Conference (15:00)					
Tuesday 14/2							
Date Time	Country	Event	Period	Survey	Prior		
14/2 01:50	JN	GDP Annualized SA (QoQ)	4Q P	2.00%	-0.80%		
14/2 01:50	JN	GDP SA (QoQ)	4Q P	0.50%	-0.20%		
14/2 01:50	JN	GDP Nominal SA (QoQ)	4Q P	1.60%	-0.70%		
14/2 09:00	UK	ILO Unemployment Rate 3M	Dec	3.70%	3.70%		
14/2 12:00	EC	GDP SA (QoQ)	4Q P	0.10%	0.10%		
14/2 12:00	EC	GDP SA (YoY)	4Q P	1.90%	1.90%		
14/2 13:00	US	NFIB Small Business Optimism	Jan	91	89.8		
14/2 15:30	US	CPI (MoM)	Jan	0.50%	-0.10%		
14/2 15:30	US	CPI Ex Food and Energy (MoM)	Jan	0.30%	0.30%		
14/2 15:30	US	CPI (YoY)	Jan	6.20%	6.50%		
14/2 15:30	US	CPI Ex Food and Energy (YoY)	Jan	5.40%	5.70%		
14/2 15:30	US	Real Avg Hourly Earnings (YoY)	Jan		-1.50%		
Corp. Results	US	Coca Cola, Marriott International					
	EC	thyssenkrupp AG, TUI, Telecom Italia, Carrefour					
Wednesday 15/2							
Date Time	Country	Event	Period	Survey	Prior		
15/2 03:20	CH	1Y M.Term Lending Facility Rate	15-Feb	2.75%	2.75%		
15/2 09:00	UK	CPI (MoM)	Jan	-0.40%	0.40%		
15/2 09:00	UK	CPI (YoY)	Jan	10.20%	10.50%		
15/2 09:00	UK	CPI Core (YoY)	Jan	6.30%	6.30%		
15/2 11:30	UK	House Price Index (YoY)	Dec		10.30%		
15/2 12:00	EC	Industrial Production SA (MoM)	Dec	-0.90%	1.00%		
15/2 12:00	EC	Trade Balance SA (EUR)	Dec		-15.2b		
15/2 15:30	US	Empire Manufacturing	Feb	-20	-32.9		
15/2 15:30	US	Retail Sales Advance (MoM)	Jan	1.70%	-1.10%		
15/2 15:30	US	Retail Sales Ex Auto (MoM)	Jan	0.80%	-1.10%		
15/2 16:15	US	Industrial Production (MoM)	Jan	0.50%	-0.70%		
15/2 17:00	US	NAHB Housing Market Index	Feb	37	35		
Corp. Results	US	Kraft, AIG, Cisco					
	EU	Kering, EDF, Heineken					

February 10, 2023

Thursday 16/2						
Date Time	Country	Event	Period	Survey	Prior	
16/2 01:50	JN	Trade Balance Adjusted	Jan	-¥2469.8b	-¥1724.2b	
16/2 15:30	US	Building Permits (MoM)	Jan	1.00%	-1.00%	
16/2 15:30	US	Housing Starts (MoM)	Jan	-2.00%	-1.40%	
16/2 15:30	US	Initial Jobless Claims	11-Feb		196k	
16/2 15:30	US	Phil. Fed Business Outlook	Feb	-7.4	-8.9	
16/2 15:30	US	PPI Final Demand (MoM)	Jan	0.40%	-0.50%	
16/2 15:30	US	PPI Ex Food and Energy (MoM)	Jan	0.30%	0.10%	
16/2 15:30	US	PPI Final Demand (YoY)	Jan	5.40%	6.20%	
16/2 15:30	US	PPI Ex Food and Energy (YoY)	Jan	4.90%	5.50%	
Eco Event	EC	ECB publishes Economic Bulletin (11:00)				
	EC	ECB Chief Economist Philip Lane speaks (17:00)				
Corp. Results	EC	Airbus, Repsol, Orange				
Friday 17/2						
Date Time	Country	Event	Period	Survey	Prior	
17/2 09:00	UK	Retail Sales Inc Auto Fuel (MoM)	Jan	-0.30%	-1.00%	
17/2 09:00	UK	Retail Sales Inc Auto Fuel (YoY)	Jan	-5.80%	-5.80%	
17/2 11:00	EC	ECB Current Account SA (EUR)	Dec		13.6b	
17/2 15:30	US	Import Price Index (MoM)	Jan	-0.10%	0.40%	
17/2 15:30	US	Export Price Index (MoM)	Jan	-0.20%	-2.60%	
17/2 17:00	US	Leading Index (MoM)	Jan	-0.30%	-0.80%	
Corp. Results	EC	Allianz				

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

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