

Macroeconomic and microeconomic announcements during the current week, indicated that economic activity is mildly slower and that inflation pressures have started retreating slightly. Government bond yields moderated further.

In the **US**, **industrial** production declined on monthly basis in December by 0.7%, while on year over year basis it increased by the lowest pace (1.6%, November: 2.2%) since March 2021. The retail sales decreased on monthly basis in December by the most (-1.1%, November: -1%) since late 2021 and retail sales excluding auto decreased on monthly basis by -1.1%, indicating some weakness in **consumption**. Initial jobless claims posted low (190,000) since September 2022 and the four-week average low (206,000) since May 2022, indicating resilient **employment**. According to the Atlanta Fed estimate (19/1), **GDP** may have increased on annualized quarterly basis in the fourth quarter of 2022 by 3.50%.

The producer price index declined on monthly basis in December by 0.5% (November: 0.2%) and the year over year increase was the lowest (6.2%, November: 7.3%) since March 2021, suggesting that **inflation** pressures may be slightly lower. The member of the **Fed** (S. Collins) said (19/1) that: “now that rates are in restrictive territory and we may (based on current indicators) be nearing the peak, I believe it is appropriate to have shifted from the initial expeditious pace of tightening to a slower pace”. Based on the macroeconomic announcements and the comments by Fed officials, it appears that at the FOMC of February 1, the Fed will increase the benchmark rate by 0.25% versus by 0.50% at the FOMC in December.

In the **bond** market, yields moderated further, as the most recent macroeconomic announcements point towards relatively mild economic conditions. The **US** 2-year yield moderated at a low (19/1: 4.03%) since early October and the 10-year yield at a low (19/1: 3.32%) since September 2022. According to the final reading, **Eurozone inflation** was at 9.2% in December from 10.1% in November. The core inflation was in December the highest (5.2%, November: 5%) in the history of the Eurozone. In **Germany**, the ZEW expectations index recovered in January at a level close (16.9, December: -23) to its 10-year average (17.5). German 10-year bond yield posted one-month low (18/1: 1.97%). The President of the **ECB** said that monetary policy needs to be restrictive for long enough, so that inflation returns to the area of 2%. The Bank of **Japan** maintained its accommodative policy on January 19.

In the **stock** market, the MSCI all countries **world value** and the **high dividend yield** indexes retain positive 3-month total return of around 16.3% (19/10/22-19/1/23) versus 9.6% of the **world growth**.

The week ahead

Eurozone consumer confidence for January is expected (23/1). The manufacturing and services PMI indexes for January will be released (24/1). **German** IFO business climate index for January will be announced (25/1).

US leading economic index (23/1) may have declined on monthly basis in December for 10th consecutive month. According to the initial estimate, US GDP (26/1) may have risen on annualised quarterly basis in the fourth quarter (median estimates: 2.5%, 3rd quarter: 3.2%). Inflation measures, such as PCE deflator and core deflator for December will be released (27/1). In **Japan**, the initial reading for PMI manufacturing and services indexes for January (24/1) and the final reading of leading and coincident index for November (25/1) are expected next week.

“Quote of the Week”

The Governor of Bank of France (F. Villeroy) said that half-point rate hike guidance is valid, but “it is too soon to talk about the size of the likely interest-rate increase in March”.

In the **US**, the S&P 500 index retains positive year to date total return of 1.6% (30/12/22-19/1/23), while it is lower by -2.1% on weekly basis (12-19/1). Almost 10% of the companies have reported economic results for the fourth quarter. While almost two out of three of the companies reported so far, have exceeded expectations in terms of **earnings** per share, the results have been mixed, as a mild slowdown of activity is evident. The adjusted earnings per share of Goldman Sachs and Citigroup were significantly lower on yearly basis and below the expected. Morgan Stanley had better than expected eps, while lower on yearly basis. JPMorgan, Bank of America and Wells Fargo reported mildly increased adjusted eps on yearly basis and above median estimates. Overall, the forward 12-month earnings per share estimate of the S&P 500 index has been mildly revised downwards to \$228 currently (19/1/23) from \$239 in late June 2022. Milder bond yields can be supportive for the equity market in the mid-term. The US 10-year **yield** is at 3.43% (20/1) from 3.87% at the end of 2022. The S&P 500 index is near (19/1: 3,899) three averages (21-day: 3,878, 50-day: 3,926, 200-day: 3,972).

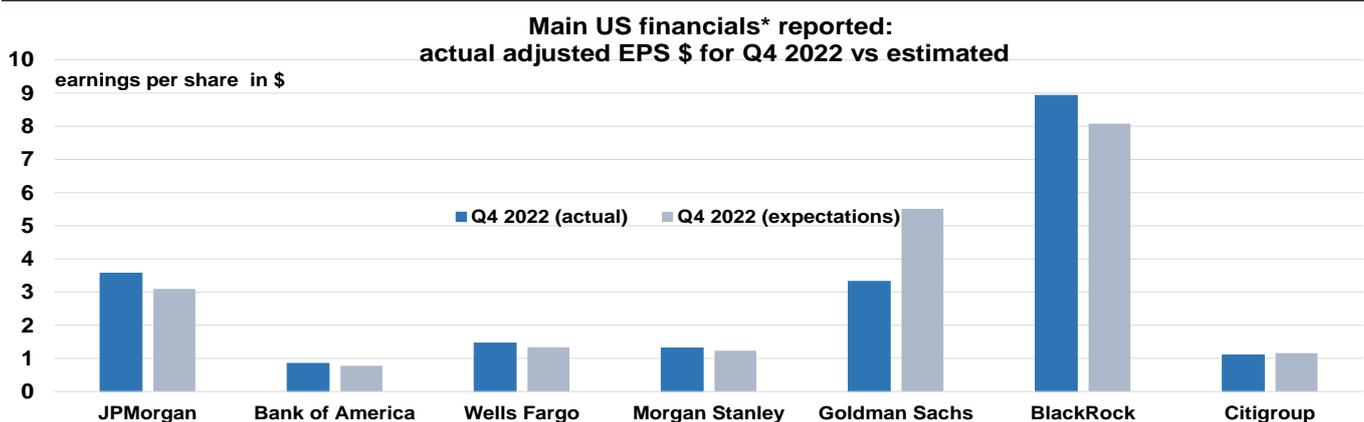
The Stoxx 600 **Europe** index has been almost flat on weekly basis (12-19/1 return: 0.06%), at year to date total return of 6.1%. While the earnings per share 12-month forward estimate of the European index has been revised mildly lower by almost -3.5% (at €35.7 currently from €37 in September 2022), the P/E 12-month forward ratio of the index is mild at 12.6 times (10-year average: 14.5). Furthermore the moderation of bond yields, oil and gas (american futures at a low since June 2021), have supported equity market sentiment in Europe, while geopolitical uncertainty

remains substantial. The WTI crude **oil** price is lower by almost -7.5% year over year (19/1), at an area above (\$80/barrel) its 21-day average (\$77.7/barrel), but below the 200-day average (\$92.9/barrel). US crude oil inventories unexpectedly increased (by almost 8.4 million barrels) in the previous week.

The confirmation that the policy of the Bank of **Japan**, will remain accommodative (19/1) has weakened the JPY versus the USD and versus the Euro during the current week. This coincides with the recovery of the Nikkei index, which increased at a level near (20/1: 26,553) its 200-day average (27,230). Its P/E 12-month forward estimate stands at a level milder (14.7 times) than its 10-year average (16.7), while the eps forward estimate has only marginally been revised lower (-1.5%) vs September 2022. The MSCI **emerging** index has risen above (1,028) its 200-day average (977), mainly supported by the recovery of the chinese market. In **China**, pandemic-related restrictions have been reduced and the currency has recovered versus the USD. Regarding macroeconomics, **China** GDP was at 0% on quarterly basis in the 4th quarter of 2022, while on yearly basis it increased by 2.9% (3rd quarter: 2.9%). Industrial production increased in December by the least (1.3%) since May.

In **FX**, the **Euro** increased vs the **USD** at nine-month high (18/1: \$1.0887), as US yields have declined. Resistance is at \$1.0940 (50% retracement of the move from \$1.2349 on January 6, 2021 to \$0.9536 on September 28, 2022) and at \$1.0990 (5/4/22 high). Support is at the area of \$1.0700 (21-day average, 10/1/23 low) and at \$1.0500 (6/1/23 low).

The economic results of main US financial companies for the fourth quarter were mixed, indicating mild slowdown of activity.



*order of companies in the chart above: per market capitalization (Bloomberg), adjusted earnings per share in \$ for the 4th quarter versus expected

January 20, 2023

Global Markets Minesweeper
Event Risk Calendar, 23 - 27 January 2023

Monday 23/1						
Date Time	Country	Event	Period	Survey	Prior	
23/1 17:00	US	Leading Index (MoM)	Dec	-0.70%	-1.00%	
23/1 17:00	EC	Consumer Confidence	Jan P	-20	-22.2	
Eco Event	EC	ECB's Lagarde speaks (19:45)				
Lunar New Year in China (23- 27 January)						
Tuesday 24/1						
Date Time	Country	Event	Period	Survey	Prior	
24/1 02:30	JN	Jibun Bank Japan PMI Mfg	Jan P		48.9	
24/1 02:30	JN	Jibun Bank Japan PMI Services	Jan P		51.1	
24/1 09:00	GE	GfK Consumer Confidence	Feb	-33	-37.8	
24/1 10:30	GE	Germany Manufacturing PMI	Jan P	48.3	47.1	
24/1 10:30	GE	Germany Services PMI	Jan P	49.8	49.2	
24/1 10:30	GE	Germany Composite PMI	Jan P	49.6	49	
24/1 11:00	EC	Eurozone Manufacturing PMI	Jan P	48.5	47.8	
24/1 11:00	EC	Eurozone Composite PMI	Jan P	49.6	49.3	
24/1 11:00	EC	Eurozone Services PMI	Jan P	50	49.8	
24/1 11:30	UK	UK Manufacturing PMI	Jan P	45.4	45.3	
24/1 11:30	UK	UK Services PMI	Jan P	49.8	49.9	
24/1 11:30	UK	UK Composite PMI	Jan P	49.3	49	
24/1 16:45	US	US Manufacturing PMI	Jan P	46.5	46.2	
24/1 16:45	US	US Services PMI	Jan P	46	44.7	
24/1 16:45	US	US Composite PMI	Jan P		45	
24/1 17:00	US	Richmond Fed Manufact. Index	Jan		1	
Corp. Results	US	Microsoft, 3M, Johnson & Johnson, Verizon, General Electric				
Wednesday 25/1						
Date Time	Country	Event	Period	Survey	Prior	
25/1 07:00	JN	Leading Index CI	Nov F	97.6	97.6	
25/1 11:00	GE	IFO Business Climate	Jan	90.1	88.6	
25/1 11:00	GE	IFO Current Assessment	Jan	95.5	94.4	
25/1 11:00	GE	IFO Expectations	Jan	84.9	83.2	
Corp. Results	US	Tesla, AT&T Inc, Boeing, IBM				
Thursday 26/1						
Date Time	Country	Event	Period	Survey	Prior	
26/1 01:50	JN	PPI Services (YoY)	Dec	1.60%	1.70%	

January 20, 2023

26/1 15:30	US	Chicago Fed Nat Activity Index	Dec		-0.05	
26/1 15:30	US	GDP Annualized (QoQ)	4Q A	2.90%	3.20%	🌩️
26/1 15:30	US	GDP Price Index	4Q A	3.20%	4.40%	
26/1 15:30	US	Initial Jobless Claims	21-Jan		190k	
26/1 15:30	US	Durable Goods Orders (MoM)	Dec P	2.90%	-2.10%	🌩️
26/1 15:30	US	Durables Ex Transportation	Dec P	-0.10%	0.10%	
26/1 17:00	US	New Home Sales (MoM)	Dec	-3.90%	5.80%	
26/1 18:00	US	Kansas City Fed Manf. Activity	Jan		-9	
Corp. Results	EU	SAP, LVMH, Diageo				
	US	Visa, Mastercard, Intel				
		Friday 27/1				
Date Time	Country	Event	Period	Survey	Prior	🌩️
27/1 01:30	JN	Tokyo CPI (YoY)	Jan	4.00%	4.00%	
27/1 01:30	JN	Tokyo CPI Ex-Fresh Food (YoY)	Jan	4.10%	4.00%	🌩️
27/1 11:00	EC	M3 Money Supply (YoY)	Dec	4.60%	4.80%	
27/1 15:30	US	PCE Deflator (MoM)	Dec	0.00%	0.10%	
27/1 15:30	US	PCE Deflator (YoY)	Dec	5.00%	5.50%	
27/1 15:30	US	PCE Core Deflator (MoM)	Dec	0.30%	0.20%	🌩️
27/1 15:30	US	PCE Core Deflator (YoY)	Dec	4.40%	4.70%	🌩️
27/1 17:00	US	Pending Home Sales (MoM)	Dec	-1.00%	-4.00%	
27/1 17:00	US	U. of Mich. Sentiment	Jan F	64.6	64.6	🌩️
27/1 17:00	US	U. of Mich. Current Conditions	Jan F	68.6	68.6	
27/1 17:00	US	U. of Mich. 1 Yr Inflation	Jan F		4.00%	
Corp. Results	US	American Express, Colgate-Palmolive, Chevron, HCA Healthcare				

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