

The main equity markets have risen in November as macroeconomic indicators suggest mild activity, as earnings in the US have started recovering and as government bond yields are milder compared to late October.

In the **US**, **inflation** moderated in October at 3.2% and the **core inflation** was at 4%, the mildest since September 2021. While both are milder than the recent past, they are above the 30-year average.

How has the US bond market responded to the latest inflation releases?

The **US 2-year bond yield** dropped at a low since early September. The **US 10-year bond yield** moderated at a low (4.38%) since mid-September, **highlighting that the rise of government bond yields in October may have been excessive. US government bond yields may continue moderating in the mid-term.**

How the recent macroeconomic indicators have affected the Eurozone bond market?

The **German** ZEW current conditions index was lower than the expected in November, however the respective outlook index recovered at a high since March. According to the revised estimate, it was confirmed that **Eurozone** GDP slightly decreased by 0.1% on quarterly basis in the 3rd quarter, while it slightly increased on yearly basis by 0.1%. The average of the year over year rise of GDP in the 3 quarters of 2023 is at 0.6%, indicating slow economic activity. The **German 10-year yield** declined at the mildest (2.52%) since early September, **lower than where it ended 2022.**

What the recent recovery of global equities indicates?

The S&P Global 1200 **equity** index has risen by 6.8% in the latest six-month period, supported by the recovery of its **earnings** 12-month forward estimate almost at the historic high of June 2022. The profitability of the index is expected to fully recover, after a mild earnings recession, which lasted until mid-2023. The P/E 12-month forward ratio of the global index is quite attractive at around its 10-year average. The global technology **sector** has risen by almost 20% in the last six months, despite the “healthy” correction of -12% (18/7-26/10) which recently happened. The global communications followed, with six-month total return of 11.8%.

The financials sector, with aggressive characteristics, has been fourth in terms of total return in the six-month period and above the global index. The P/E 12-month forward ratio of the global financials sector index is milder at 10.9 times than its 10-year average.

The week ahead

In **Germany**, the producer price index for October is expected on November 20 and the IFO economic index for November will be released on November 24.

In the **Eurozone**, the manufacturing and services PMI indexes for November will be released on November 23.

The consumer confidence index (22/1) may have slightly increased in November.

In the **US**, the leading economic index (20/11) may have dropped in October for 19th consecutive month, indicating economic growth slowdown. According to the latest Atlanta Fed estimate (15/11), GDP is rising on annualised quarterly basis in the fourth quarter by 2.2%, a pace milder than the long-term average.

The minutes of the latest **Fed** meeting will be released on November 21.

In **Japan**, the PMI indexes for November are expected on November 24.

“Quote of the Week”

The Fed’s Richmond President (Barkin) said:
 “Inflation has come down but much of the drop is the reversal of Covid-period price spikes”

What are the latest developments in terms of the US equity market?

In the **US**, the S&P 500 index has 12-month forward **earnings** estimate around the historic high. The S&P 500 has total return of 10.6% in the last six-months, exhibiting strong momentum. The eight of the eleven S&P 500 sector indexes have positive total return in the last six months, another sign of solid momentum.

Why have European equities lagged in the last six-months and does the recent bounce suggests further recovery?

The Stoxx 50 **Eurozone equity** index has been almost flat in terms of six-month total return, lagging compared to the S&P 500 index in the US. The economic stagnation in the Eurozone, the geopolitical uncertainty and the volatile oil prices have affected the Eurozone equity index. However, the Eurozone index bounced by 6% in November, as the earnings 12-month forward estimate is around multi-year high. Furthermore, its P/E 12-month forward ratio is attractive at 11.9 times, below the 10-year average. Additionally, the moderation of the **German 10-year bond yield** is supportive for Eurozone equities. Moreover, the correction of oil price can be favorable for equities.

The **WTI crude oil** dropped in November at a low since mid-July and is currently at almost -15% year over year, as global economic activity may be mildly slower.

What the divergence of the six-month return of the Nikkei in Japan in JPY versus in Euro indicates?

In **Japan**, the Nikkei **equity** index has six-month total return of 13% in **JPY** but only 2.6% in **Euro** (as of

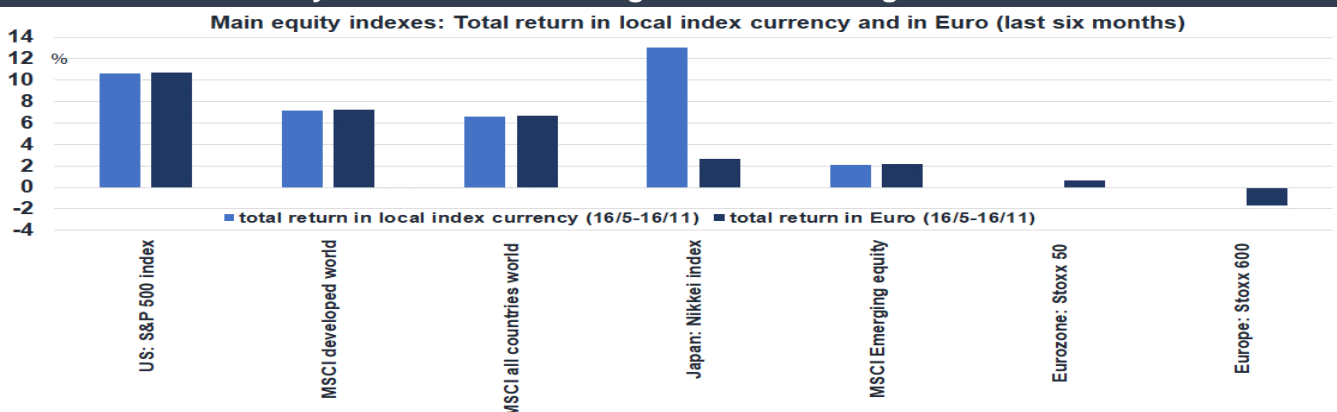
16/11). This highlights that the level of the JPY is a key parameter for the Japanese equity market. If the Bank of Japan intervenes to stabilize the weakening JPY, the Japanese equity index may mildly correct. However, as GDP has dropped on quarterly basis in the 3rd quarter, the 10-year bond yield is mild, which may support the Japanese equity market in the mid-term at least in JPY terms (after short term corrections).

In **emerging equity**, the MSCI **China** has positive total return (4.3%) in November. Its P/E 12-month forward is attractive (9.5). For a more prolonged recovery of the equity market, further evidence of economic stabilization is needed. Industrial production increased on yearly basis in October by slightly more than in September. Furthermore, the USD/CNY has started moderating at 7.24 currently from 7.30 recently. If this strengthening of the yuan continues, it can be favourable for Chinese equities, as the strength of the yuan has usually been regarded in the past as sign of stabilization in China.

In **Greece**, the ASE **equity** index bounced upwards at the highest close of the last two months. The P/E 12-month forward ratio is attractive at 8 times and the Greek 10-year bond yield moderated.

In fx, the **EUR/USD** increased at a high (\$1.0896) since late August, after the drop of **US inflation** and the moderation of **US bond yields**. The **German-US 2-bond yield** spread recovered at a high since late September, which if not reversed, may push the Euro towards the area of \$1.1000-70. If geopolitics worsen, it can't be excluded that the Euro may temporarily approach the support of \$1.0620.

The US equity market has exhibited the highest total return in the last six months *, as the economy has maintained mild growth and earnings have recovered.



* The order of six months returns in the chart are in terms of common comparison currency: Euro (Source: Bloomberg)

Global Markets Minesweeper
Event Risk Calendar, 20 - 24 November 2023

Monday 20/11						
Date Time	Country	Event	Period	Survey	Prior	
20/11 03:15	CH	5-Year Loan Prime Rate	20-Nov	4.20%	4.20%	
20/11 03:15	CH	1-Year Loan Prime Rate	20-Nov	3.45%	3.45%	
20/11 09:00	GE	PPI (MoM)	Oct	0.00%	-0.20%	
20/11 09:00	GE	PPI (YoY)	Oct	-11.00%	-14.70%	
20/11 17:00	US	Leading index (MoM)	Oct	-0.60%	-0.70%	🔴*
Tuesday 21/11						
Date Time	Country	Event	Period	Survey	Prior	
21/11 15:30	US	Chicago Fed Nat Activity Index	Oct		0.02	
21/11 15:30	US	Philadelphia Fed Non-Manfg Activity	Nov		-20.3	
21/11 17:00	US	Existing Home Sales	Oct	3.90m	3.96m	
Eco Event	US	FOMC meeting minutes (21:00)				🔴*
Corp. Results	US	NVIDIA, HP, Lowe's				
Wednesday 22/11						
Date Time	Country	Event	Period	Survey	Prior	
22/11 15:30	US	Initial Jobless Claims	18-Nov		231k	
22/11 15:30	US	Durable Goods Orders (MoM)	Oct P	-3.10%	4.60%	🔴*
22/11 15:30	US	Durables Ex Transportation (MoM)	Oct P	0.20%	0.40%	
22/11 17:00	US	U. of Mich. Sentiment	Nov F	60.5	60.4	
22/11 17:00	US	U. of Mich. 1 Yr Inflation	Nov F		4.40%	
22/11 17:00	US	U. of Mich. 5-10 Yr Inflation	Nov F		3.20%	
22/11 17:00	EC	Consumer Confidence	Nov P	-17.5	-17.9	🔴*
Eco Event	EC	ECB's Lagarde, Germany's Lindner speak in Berlin (18:00)				
Thursday 23/11						
Date Time	Country	Event	Period	Survey	Prior	
23/11 10:30	GE	Germany Manufacturing PMI	Nov P	41	40.8	🔴*
23/11 10:30	GE	Germany Services PMI	Nov P	48.8	48.2	
23/11 10:30	GE	Germany Composite PMI	Nov P	46.6	45.9	
23/11 11:00	EC	Eurozone Manufacturing PMI	Nov P	43	43.1	🔴*
23/11 11:00	EC	Eurozone Services PMI	Nov P	48	47.8	
23/11 11:00	EC	Eurozone Composite PMI	Nov P	46.7	46.5	
23/11 11:30	UK	UK Manufacturing PMI	Nov P	45	44.8	🔴*
23/11 11:30	UK	UK Services PMI	Nov P	49.6	49.5	
23/11 11:30	UK	UK Composite PMI	Nov P		48.7	

November 17, 2023

Eco Event	EC	ECB publishes Account of October policy meeting (14:30)				
		Thanksgiving in USA, markets closed				
		Friday 24/11				
Date Time	Country	Event	Period	Survey	Prior	
24/11 01:30	JN	Natl CPI (YoY)	Oct	3.40%	3.00%	🌟*
24/11 01:30	JN	Natl CPI Ex Fresh Food (YoY)	Oct	3.00%	2.80%	🌟*
24/11 02:01	UK	GfK Consumer Confidence	Nov		-30	
24/11 02:30	JN	Jibun Bank Japan PMI Mfg	Nov P		48.7	
24/11 02:30	JN	Jibun Bank Japan PMI Services	Nov P		51.6	
24/11 07:00	JN	Leading Index CI	Sep F	108.7	108.7	
24/11 07:00	JN	Coincident Index	Sep F	114.7	114.7	
24/11 09:00	GE	GDP SA (QoQ)	3Q F	-0.10%	-0.10%	
24/11 09:00	GE	GDP NSA (YoY)	3Q F	-0.80%	-0.80%	
24/11 09:00	GE	GDP WDA (YoY)	3Q F		-0.30%	
24/11 11:00	GE	IFO Business Climate	Nov	87.6	86.9	🌟*
24/11 11:00	GE	IFO Current Assessment	Nov	89	89.2	
24/11 11:00	GE	IFO Expectations	Nov	86	84.7	🌟*
24/11 16:45	US	US Manufacturing PMI	Nov P	49.8	50	🌟*
24/11 16:45	US	US Services PMI	Nov P	50.5	50.6	

Global Markets Analysis

+30 210-3268410

marketanalysis@alpha.gr

Konstantinos Anathreptakis, CFA

konstantinos.anathreptakis@alpha.gr

Maria Koutouzi

maria.koutouzi@alpha.gr

Ioannis Kouravelos, CFA

ioannis.kouravelos@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.