AUEB Students' Investment & Finance Club

Market Report – Volume 6, November 2022

AUEB Students' Investment & Finance Club

Our purpose

AUEB Students' Investment and Finance Club is a non-political and non-profit student initiative, and the first Finance Club amongst Greek Universities, founded in 2013.

It aims to promote the social dimension of Finance, demonstrate the potential positive impact of investments on society, train and inspire its members on different functions of Finance.

For this purpose, we plan and implement innovative activities which are mainly related to:

- Investments and Stock Markets
- Consulting
- The broad universe of finance through activities such as insight days, internships, workshops and involvement in research
- Building a strong network with other European finance clubs and maintain a strong alumni base

Last but not least, we emphasize on the cultural fit of our members, in order to ensure the Club's success, and for this purpose we have established a selection process. Thus, our members are well-rounded and highly motivated individuals with a genuine interest in Finance.

Organizational Structure

General Assembly	Management Board	Audit Committee

- The **General Assembly** consists of the members of the Club as well as honorary members. It is held annually and decides on any matter of the Club.

- The **Management Board** is consisted of 5 members of the Club with one year incumbency. It is elected by the Annual General Assembly and their role is the management of the Club and achieving the objectives of the Club.

- The **Audit Committee** is elected by the Annual General Assembly as well with one year incumbency. Their role is to supervise and monitor the financial management of the Club.

EUR/USD

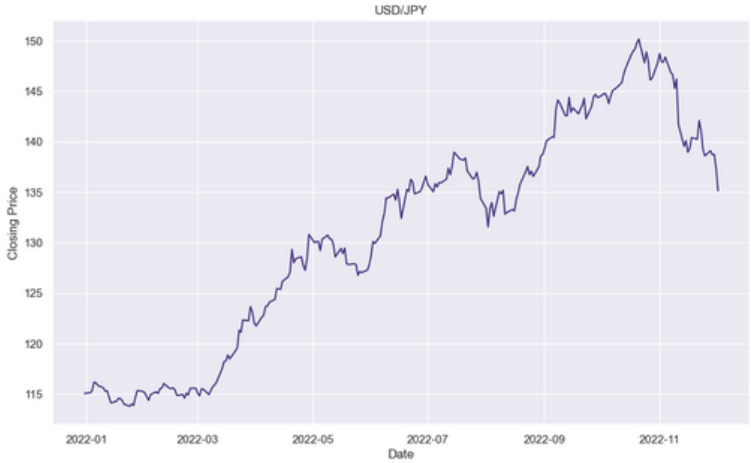
EUR/USD had a quiet start to the month ahead of the U.S. Federal Reserve monetary policy meeting, with traders anticipating a pivot in the chair's tone. Following the Federal Reserve's policy announcements, the EUR/USD fell sharply but found support near 0.9730. Also, ECB President Lagarde emphasized that inflation is far too high and that action is required. Lagarde further said that the Euro's exchange rate is important and must be factored into inflation forecasts. During the second week of November, the EUR/USD reached a 10-day high of 1.0035, European Central Bank policymaker Martins Kazaks stated that inflation in the eurozone remains a concern and underlined that interest rates will continue to rise. The pair appears to be consolidating and was last seen trading in negative territory little above 1.0300. Lastly, the pair increased to it's highest level since late June during the second half of the month, at 1.1480, as lower than expected US inflation created the hope of FED pivoting earlier than expected.

GBP/USD

The GBP/USD rises at the start of the month as the Federal Reserve decided to raise rates by 75 basis points while also acknowledging that the pace of tightening would be determined by the accumulated tightening of monetary policy, inflation, and financial market events, with the pair trading around 1.1450-1.1550. Later that month, The GBP/USD hit it's highest level since August 26 at 1.1855 and earned strong weekly gains. After that, the pair was in the process of correcting downward and was trading at about 1.1750, as investors were closely awaiting the release of the FOMC minutes at the end of November to learn the full rationale for the bigger rate hike. Towards the end of the month, the GBP/USD exchange rate reached its highest point in three months at 1.2155 before losing termporarily its bullish momentum. Despite this, Bank of Governor Andrew Bailey acknowledged that the UK labor market has proven to be much more limited than they had anticipated, and the GBP/USD exchange rate is still expected to complete the third week in positive territory.

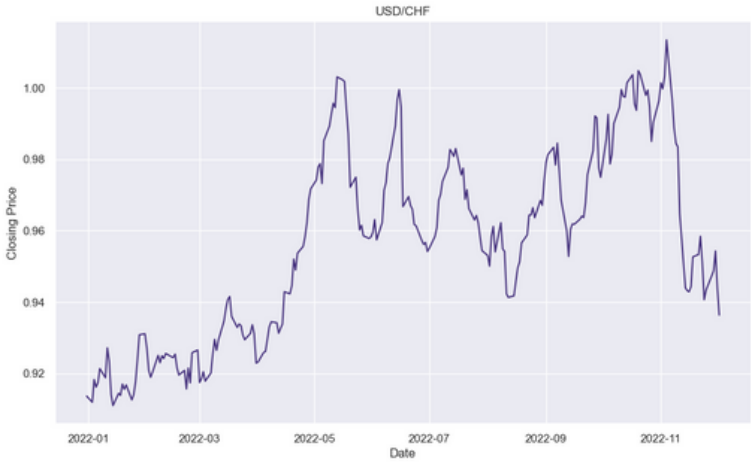
USD/JPY

The USD/JPY fell below 140.00 for the first time in ten weeks, closing the fourth consecutive week in negative territory. As Bank of Japan (BoJ) Governor Haruhiko Kuroda said "Abnormally one-sided, sharp yen weakening appears to have paused, thanks partly to the government's FX intervention", adding that the US Dollar's "solo strength" will not persist permanently. The firtst weeks of the month, USD/JPY traded in a narrow range of around 139.50. Moreover, below 138.00, the USD/JPY dropped to its lowest point since late August before gaining momentum once more. A spending plan totaling 29 trillion Japanese Yen has been approved by the Japanese Cabinet (USD207.37 billion). According to Japanese Finance Minister Shunichi Suzuki, the government would conduct its fiscal and economic planning in a "responsible" manner. The USD/JPY push down at the end of the month and traded below 138.00 for the first time in two weeks. Haruhiko Kuroda, governor of the Bank of Japan (BoJ), stated earlier in the day that he anticipated that as the labor market continued to tighten, wage pressure will gradually rise, so BoJ could start the tightening proses earlier than expected, meaning bullish news for JPY.



USD/CHF

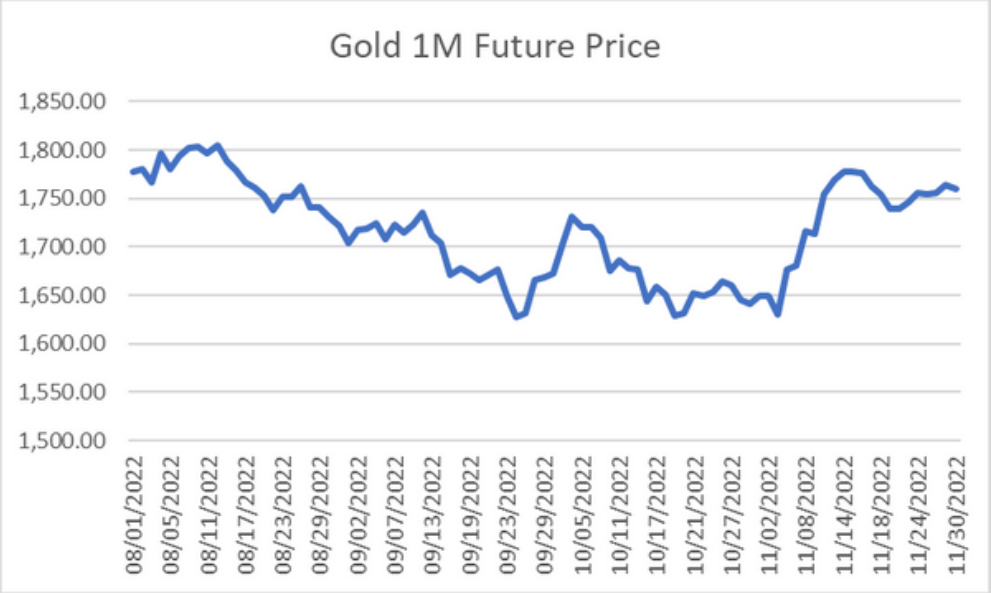
After failing to break over the key barrier of 0.9875 in the early Asian session, the USD/CHF pair has been under selling pressure. The currency is trading at its two-week bottom and is expected to fall further under risk-on market fluctuations. During the second week of November, the SNB Chairman stated that monetary policy was not restrictive enough. The Swiss franc jumps across the board, while the EUR/CHF plummets by a hundred pips in minutes and the USD/CHF falls below 0.9500 for the first time in three months. Furthermore, towards the end of the month, early on Wednesday in Europe, USD/CHF accepts bids to retake the intraday low near 0.9520. As a result, the Swiss Franc (CHF) pair reverses from its highest levels in a week and records its first daily loss in five days. Unless it refreshes the monthly low, it is anticipated that USD/CHF will continue to rebound. The upward momentum, however, seems to be limited.



GOLD

November has been an excellent month for Gold performance, moving higher by 10.03% MoM and hitting a 3M high, following a: 1) Less than expected US October CPI and PPI, announced on November 10% and 15% respectively, shifting monetary policy expectations to a more moderate hiking, thus weakening the dollar and 2) Growing recession fears for 2023, which turn investors attention into safe-haven assets like Gold. The above, helped the wealth-storage commodity create strong sentiment and gain momentum to move solidly above USD 1,800 levels, entering into December.

More specifically, Gold 1M Futures, started the month with a sharp decline, amid aggressive monetary tightening, as FED was expected to further increase its fund's rate by 75 bps, in the 2/11 FOMC meeting. Gold 1M future stood at USD 1,638.5, down from 1,730.5 a month earlier. Then, a further deep in Yield Inversion as seen on US 2Y-10Y spread, hitting a historic 40-year low, completely changed market sentiment and created a strong upwards trend that continued till 15/11. That day, Gold 1M Futures stood at USD 1,775.8 levels. Meanwhile, October data for inflation showed a considerable cooldown, being lower than market consensus. That gave investors hope for earlier than expected FED pivoting, thus making the USD move lower (USD Index is -6% MoM) and improving market conditions for Gold, given the historical negative correlation between USD and the commodity. The next days, till 27/11 Gold 1M future prices saw a limited impact correction from their previous rally, landing at 1,740.3 levels, as investors tried to process the USD index future movement. Finally, in the last 2 days of the month, market participants saw the commodity move higher, reaching on 31/11 USD 1,815 levels, and gaining momentum for the mid-term, moving higher and establishing a USD 1,800 resistance level.

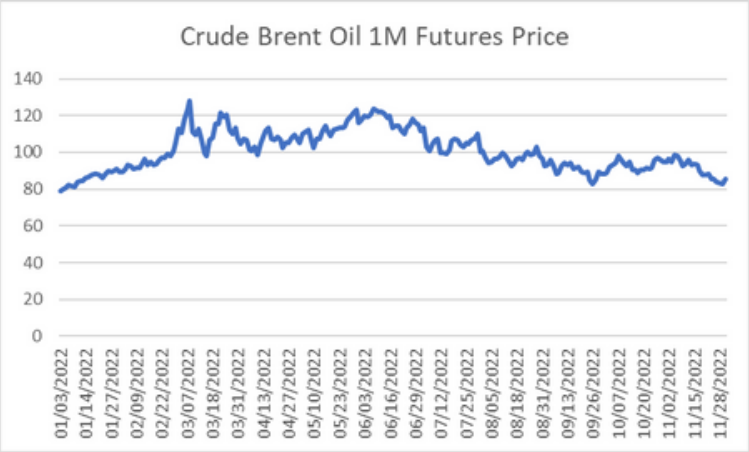


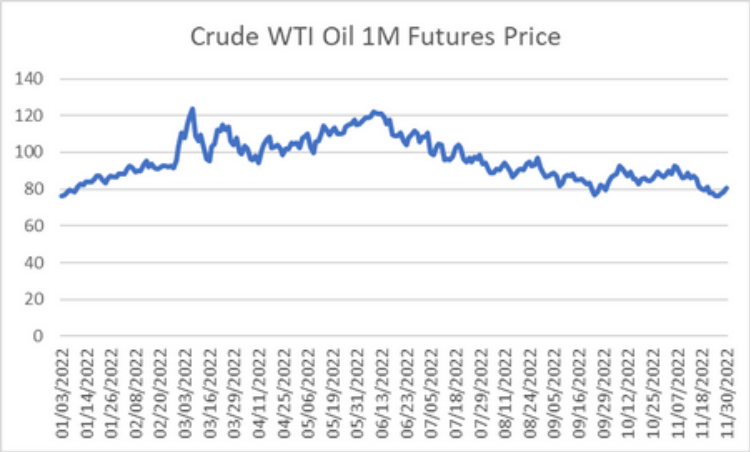
References: Bloomberg, Investing.com, Reuters, Financial Times, FXStreet

OIL

November has been a tough month for Oil price performance, as 1M Crude and Brent Futures contracted by 8.09% and 6.29% respectively. The above can be mainly attributed to the deterioration of demand expectations, due to the increased (as seen in the historic levels of yield inversions) investors' fear of a global recession hitting next year. As to short-term volatility, the commodity has also been influenced by supply limitations, mainly due to geopolitical tension in the Baltic greater region, as well as OPEC+ threats for production cuts. However, mid-term sentiment for Oil prices has worsened.

More specifically in micro-level, Oil started the month with a price spike (WTI +7% WoW), due to a combination of the following factors: 1) G7 sanctions on Russian Crude oil effective by December 5th, 2) The ending of US Strategic Petroleum Reserves (SPR) releases, 3) the expected OPEC+ production cuts and 4) Flattering of US Oil Production. All these factors, put enormous pressure on the commodity's supply side, thus creating an upwards move that lasted till 4/11-7/11, with Brent reaching USD 98.57 levels and WTI USD 92.61 highs. From that point, market sentiment changed as persistent investors' fears about a global recession-driven demand downturn, dominated the market. Renewed COVID-19 outbreaks in top oil importer China stoked concerns of potential new lockdowns, dashing hopes for a gradual economic reopening and rebound in energy consumption. That, made the commodity enter into a downward move, reaching USD 76.28 lows on 25/11 for WTI and USD 83.71 for Brent. The last days of the month saw the commodity correcting higher, due to hopes for China reopening, given the violent protests which took place in the country, putting pressure on Xi Jinping's zero COVID policy.





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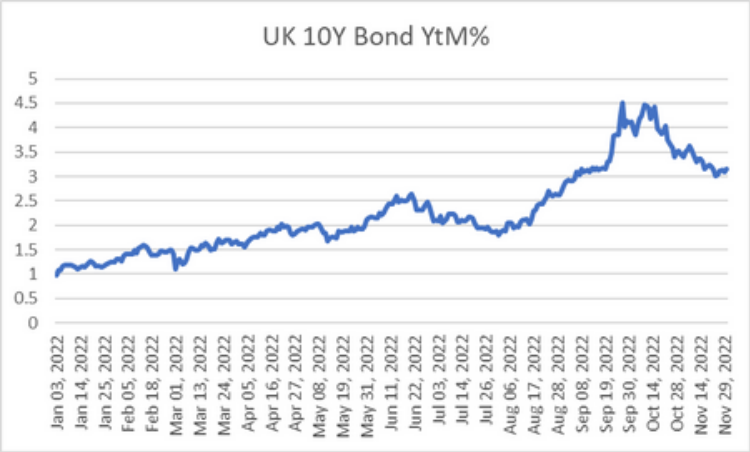
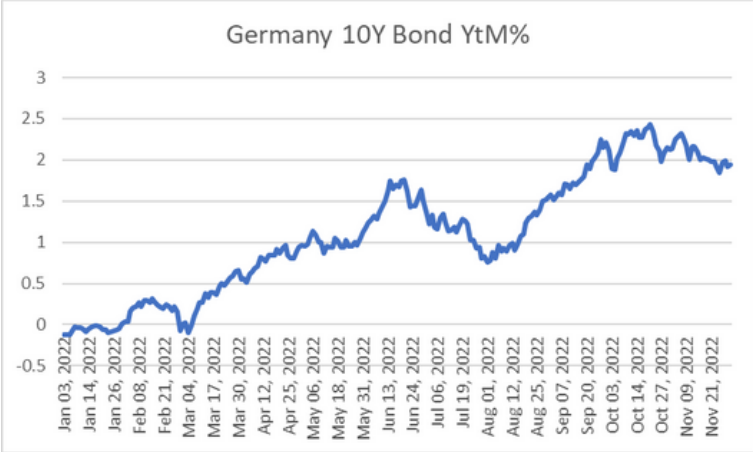
Fixed Income Highlights

EUROPE

With inflation failing to moderate (October CPI in EU further accelerated to 10.7% YoY), the European Central Bank decided once again to raise rates by 75 bp with effect from November 2, putting upwards pressure to EU bond yields, especially those in periphery. The head of the Bank of France stated that interest rates must continue to rise until inflation in the Eurozone has peaked, ruining expectations about slowing down rate hikes. Nevertheless, there was also some positive news and change of market phycology, as the preliminary Eurozone CPI release for November showed a slight easing in inflation down to 10% YoY compared to October's CPI of 10.7%, thus creating a surge in bond demand, pushing the yields downwards. Overall, Europe's flagship bond yield, the German 10Y, moved downwards from 2.15% at 31/10, to 1.94% at the end of the month, showing sign that inflation might actually start to decelerate, making the ECB to consider earlier than expected pivoting.

Similarly, in the UK inflation as we entered the month was at a 40-year high of 10.1% and therefore, as expected, the BoE raised rates by 75 bp, pushing them to their highest level since 2008. At the same time, BoE started to reduce its bond holdings accumulated during the many years of quantitative easing, becoming the first major central bank to reduce its bond holdings through the open market. The above, as expected, created upwards pressure in UK Gilt yields, Getting into the second week of November, further rate hikes are deemed necessary, according to BoE. Bank of England Chief Economist Haw Hill highlighted the tightness in the labor market with large numbers of people retired from the workforce, as a crucial factor in pushing inflation higher. On November 7, BoE received soft demand at its first auction of 750 million pounds of medium-dated Government Bonds, pushing 10-year borrowing costs to an 11-day high. As a consequence, the benchmark 10-year government bond yields rose to their highest since October 27 at 3.626%.
The 10-year UK gilt yield dropped back below 3% for the first time since early September before recovering a little. A Reuters poll found that the BoE is about to raise rates by 50 bp on Dec. 15 despite the fears of a recession and the consecutive squeeze on incomes. The poll also found that inflation will peak at 10.7% this quarter, more than five times the 2% target.



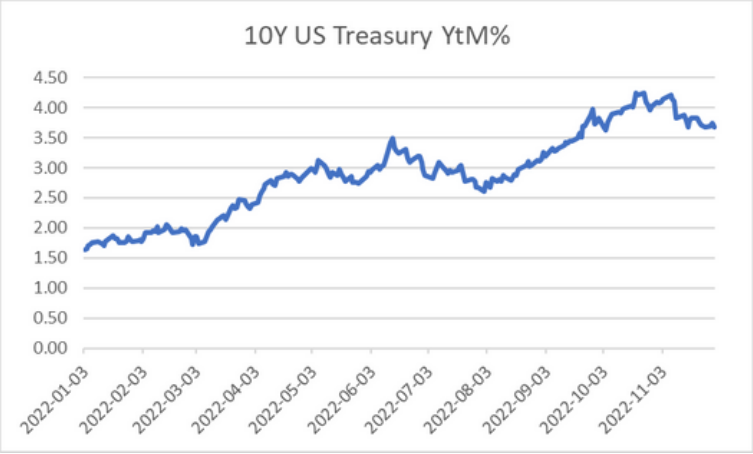


Fixed Income Highlights

UNITED STATES

In the United States, November started with another significant rate increase. The Fed increased the Fed Funds rate to 3.75%-4.00%, the highest level since 2008, in its sixth successive rate hike and the fourth consecutive increase of 75bp. As the movement had largely been expected by the market, much attention was focused on the accompanying statement from Fed Chairman Jerome Powell, who raised the possibility that the pace of interest rate hikes could ease as the Fed analyses their lagged impact on the economy. Short rates moved by more than rates at longer maturities, leading to a further inversion of the yield curve. The two-year/10-year yield spread expanded to 55bp, the widest seen this cycle and for many decades. Coming into the second week of the month the 2-year Treasury yield traded at 4.722% while the 10-year Treasury note traded at 4.214% as investors anticipated both October's inflation report and the FED's announcements regarding interest rates. Eventually, lower-than-expected inflation, increased investors' appetite for riskier assets, causing markets to surge and bond yields to move lower. The YoY CPI figure for October came in at 7.7%, compared with consensus forecasts of approximately 8%. It was the lowest reading since January and marked the fourth consecutive monthly fall in inflation since the peak of 9.1% in June. The 10-year Treasury yield fell by almost 30bp on the data, moving towards 3.8%. The two-year Treasury bond yield, which had traded up to over 4.7% early in the week (its highest level for 15 years), fell to 4.3%. The inflation figure encouraged hopes that the US Federal Reserve would pivot, and the market forecast for peak rates next year dropped below 4.9%.

Following better-than-expected consumer inflation data for October, the pace of the PPI (Producer Price Index) also slowed, rising by 8% year-on-year and by 0.2% over the month, less than market consensus. Subsequently, Federal Reserve Vice Chair Lael Brainard reportedly suggested that "it will probably be appropriate soon to move to a slower pace of increases", and that she favored a 50bp rather than 75bp hike at the next policy meeting. Meanwhile, the inversion between the 2-year and 10-year Treasury yield hit 70bp, its widest for 40 years, indicating that a US recession is very likely in the medium term.



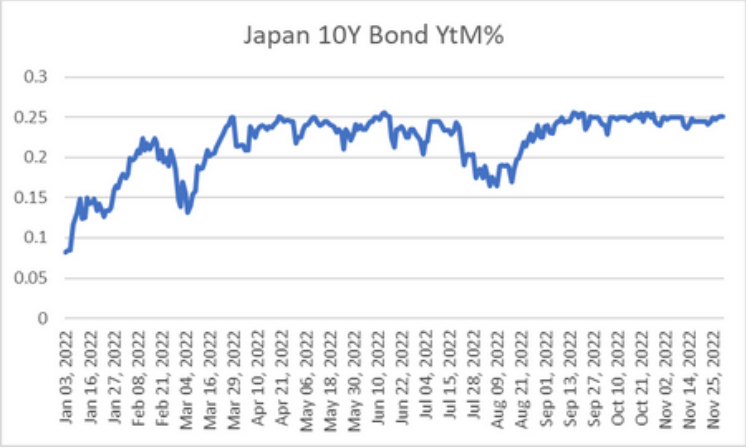
References: Bloomberg, Investing.com, Reuters, CNBC, Financial Times, Morning Star

Fixed Income Highlights

ASIA

While most of the developed world is currently battling the highest inflation levels seen in decades, both China and Japan remain an outlier and they pursue an easy monetary policy as economic growth, not inflation, remains the key issue. Still tight COVID-related restrictions in China continue to limit economic growth potential. Waning overseas demand and falling imported commodity prices were the key factors behind the slowdown in inflationary pressure in the country, as both the consumer price and producer price indices weakened in October. Consumer price inflation fell to a five-month low of 2.1%, while producer price inflation fell 1.3% YoY, the first fall for almost two years. As per performance, the 10Y Chinese Bond Yield, stood at 2.92% on the last day of November, having moved higher from 2.7% levels on the first day of the month.

Japan's latest inflation rate was 3% compared with 8.5% in the US and more than 10% in some European countries. As a result, the Bank of Japan (BoJ) remains committed to maintaining a loose monetary policy. In a speech early in November, BoJ Governor Haruhiko Kuroda stated that it was imperative that the central bank maintains loose monetary policy, given the sluggish nature of the economy. This stance has seen bond yields remain very low by international standards. There had been recent speculation that the BoJ could begin to tolerate gradually tighter monetary policy, as both headline and core inflation hit 3%. While playing down the immediate prospect of this, Kuroda did keep the door open for a potential change in policy as he suggested that raising its yield targets and allowing bond yields to increase might become an option if inflation continues to rise, provided it is accompanied by wage growth. As per performance, the 10Y Japanese Bond Yield stood at 0.28%, being almost no volatile during the month.



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American Market - Indices

S&P 500

After a relatively strong October for US stocks, the first week of November halted S&P 500's rally and recorded a drop, while investors were preparing for the Fed's announcement regarding interest hikes later that 1st week. The announcement came on Thursday and SPX had its most negative reaction to a Fed decision since January 2021, after Jerome Powell announced a 75 percentage points increase in the short-term borrowing rate to a range of 3.75% - 4%; the highest level since January 2008. The Fed's decisiveness to retain inflation has resulted in its most aggressive campaign since the 80's, as the risk of taking rates above 5% remains a realistic possibility. However, the S&P 500 ended the week with a short rally, after increases in the unemployment rate led the index up by 1.38%.

On the first Monday, the S&P 500 kept the momentum and opened higher, but struggled to maintain a consistent direction, as investors were preparing amid US midterm elections that will determine control of Congress. The gaining leverage by the Republican party was viewed positively by investors, which resulted in an increase in the S&P 500 by 5.54%, marking its biggest single-day increase in the last 2.5 years, after support from slowing inflation raised speculations that the Fed will ease up on its rate hikes policy. Expectations of China's relaxation on COVID-19 policies, boosted the markets, resulting in a further 0.3% increase in the S&P. This comes to close a strong week, where the SPX performed gains of 222.38 points, or 5.9%, nearly reclaiming the 4,000 mark.

In the second week, S&P 500 opened lower, as many investors eyed the Fed's hawkish announcement that stated "investors must focus on the endpoint of rate hikes; not their pace". However, the positive inflation results and consideration for slower increases pushed the markets to rise moderately; S&P 500 increased by 14.75 points, or 0.37%, which was later cooled off, due to the geopolitical news from Europe and the missile strike on the Ukrainian-Polish borders. The decline continued mid-week, due to the disappointing outlook from Target, which raised concerns about retailers amid the holiday season and the indications regarding an increase in rate hikes by the Fed. On a positive note, gains in defense stocks despite energy's decline led the S&P to record a positive closing by 0.48%.

The third week opened negatively, as China stated it's facing the most challenging phase of the pandemic yet; raising concerns for an even more strict COVID policy. The momentum was regained after Best Buy's sales forecast suppressed fears of a poor holiday season due to inflation and a rally in oil prices boosted energy stocks; S&P closed at a 2.5-month high. After Thanksgiving, the S&P closed flat -0.03% down, but ended the week higher, as Friday's short-session was marked by the busiest day for U.S. retailers as Black Friday sales started.
In the last week, protests in China regarding COVID-19 restrictions raised concerns about economic growth and worried investors about its impact on Apple; The S&P fell steeply by more than 1%. The S&P continued its negative trend, as investors were discounting potential hints of rate hikes from the Fed amid their upcoming meeting. The S&P rallied to close the month strongly after Jerome Powell announced the central bank might consider settling on stalling the pace of interest rate hikes. Overall, it was a good month for the index, finishing up by 9.5%.

References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

DJIA, NASDAQ

During the first week of the month, the central bank's decision to raise its benchmark rates and continue hiking rates led to the drop of DJIA and NASDAQ to 0.5% and 1.7% respectively. However, the week closed on a positive note after jobs data came in stronger than anticipated, but also hinted at some slack in the tight American labor market. This gave investors hope that the Federal Reserve could ease off on monetary tightening. Therefore, DJIA rose 1.26% to 32,403.22 and the NASDAQ Composite added 1.28% to 10,475.25.

In the first days of the second week (November 7-8), US stock indices finished in the green, ahead of midterm election results and crucial inflation data. The following day, US stocks fell as midterm election results came in. On Friday, the week closed in the green as US stocks recorded their strongest day in more than two and a half years over positive inflation data and a slower increase pace of interest rate increases by the Federal Reserve. The DJIA and the NASDAQ gained 0.1% and 1.82% respectively.

The third week of the month ended with no significant changes in the US indices. The FED's comment for further possible interest rate rises in combination with Amazon's announcement for new job cuts took their toll on the US equity market, with both indices registering losses. This, however, was quickly offset as data that inflation may have peaked came in, raising hopes that the Federal Reserve will moderate its pace of interest-rate hikes. The announcement of October's retail sales data as well as manufacturing output growth in the USA, came weaker than consensus, raising therefore investors' fear of a recession and consecutively hurting the market. Moreover, James Bullard's hawkish comment, president of the St Louis branch of FED, about further interest rate increases in the near future had also a negative effect on the market. The week closed for the tech-heavy Nasdaq and Dow Jones Industrial Average at 11,144.96 and 33,546.32 points respectively.

On the 4th week of the month, Wall Street ended its shorter session due to Black Friday, followed by Thanksgiving Holiday, with low trading volumes. Every week, both indices recorded gains over hopes that FED could ease up on its rising interest rates policy. The DJIA closed at 34.347,03 while NASDAQ closed at 11.226,36 points. The US stock market experienced its first month of consecutive gains since 2021, with a steady upward trend accentuated by a strong rise on the final trading day of November. The last day's strong performance came after a FED speech, by chair Jay Powell, stating that it would be reasonable to halt the pace of interest rate hikes. Overall, NASDAQ-100 gained 5.5% MoM basis.

References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

European Market - Indices

DAX, FTSE-100, STOXX-600, CAC

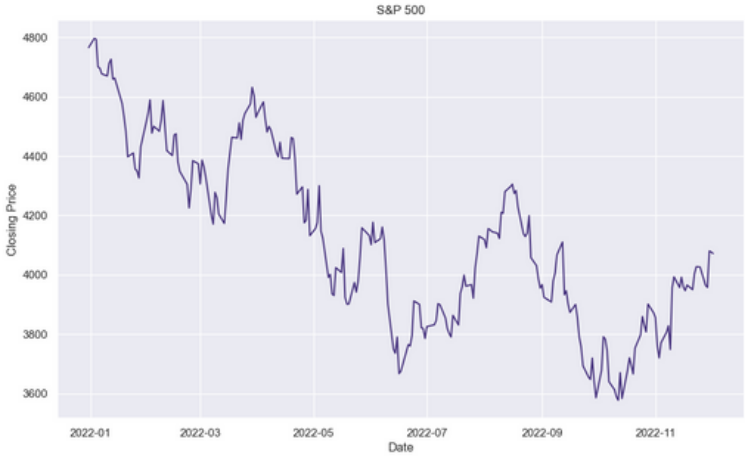
European stocks started November strongly, opening higher due to the blowout earnings from BP and the hopes that the US Federal Reserve will slow down the pace of the rate hikes. European STOXX-600 jumped by 1.3%, finishing October at its highest in more than six weeks. London's FTSE 100 was up 1.5%, while Germany's DAX was up 1.1%. Mid-week, European equities drew down, after survey data indicated that EU manufacturing entered a recession and fears arise for a potential increase in FED rates. STOXX-600, DAX, and the French CAC-40 were all down 0.29%, 0.61%, and 0.81% respectively. The 75 percentage points increase by the Bank of England - the largest single increase in the last four decades- along with record-high inflation will put additional stress on the debt structure of companies and mortgage payments; leading FTSE-250 down 0.59%. On the contrary, a weakened British pound has a "shielding" effect for FTSE-100, as the index closed at +0.62%. The European shares rallied in the end after positive data on the US job market were better than expected and possibly China's reopening will boost luxury and mining stocks.

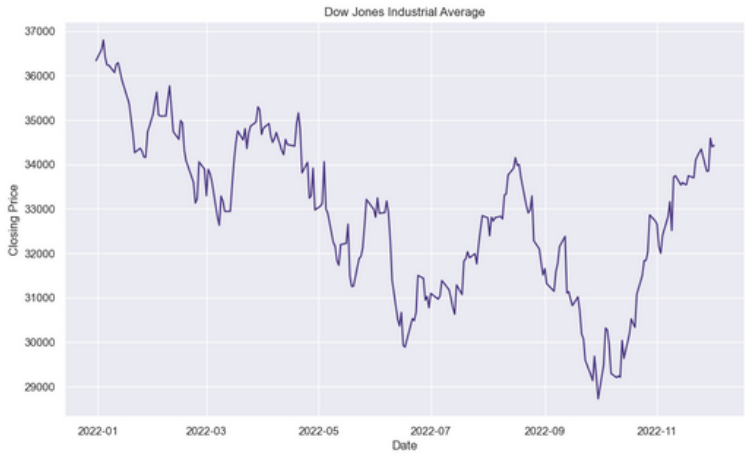
On the first Monday, the European markets opened lower, after hopes of an ease in China's zero-COVID policy crashed over the weekend. However, the markets reversed, as investors expected a Republican gain in the US midterm elections. DAX was up 1.1%, followed by STOXX-600 and Spain's IBEX (0.8%). The momentum continued after the soft inflation data boosted the markets with STOXX-600 jumping 2.8%, DAX 3.6%, and CAC and FTSE-100 up 2.1% and 1.3% respectively; an 11-week high. European stocks noted the best weekly performance of the past 8 months, driven by investors' bets for smaller rate hikes and easing the Chinese COVID policy. DAX and CAC were up 0.6%, however, the news was not very pleasant for the UK and FTSE-100, as the index dropped after the UK economy is headed towards a recession.

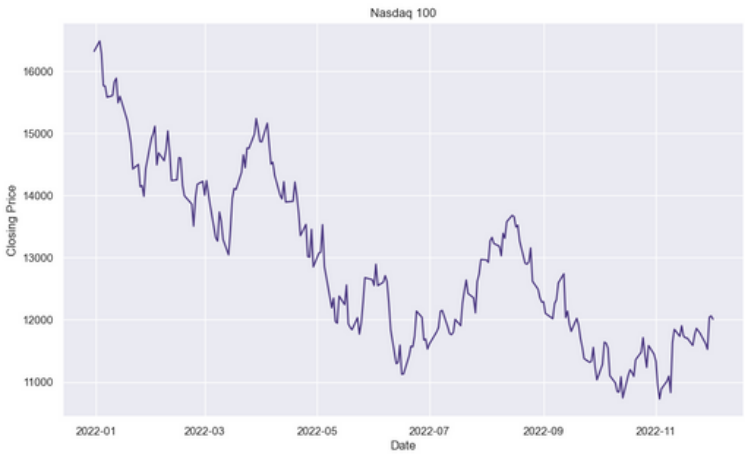
In the second week, European stocks started higher, after positive results mainly from mining companies. DAX, CAC, and IBEX were up 0.6%, 0.3%, and 0.9% respectively. The FTSE-100 also took advantage of the weakness in the pound ahead of pivotal weak economic data and details of the new Government's potential tax hikes and spending cuts and closed the day up by 1%. The positive inflation of US data and expectations for a softer Fed policy gave a needed boost to tech and commodity stocks, which led European indices higher. Reported losses by Mercedes Group, along with worrying forecasts by Target, pressured retailers and raised concerns regarding consumer spending. This led EU indices down. Stoxx-600, DAC, CAC, and FTSE-100 were down 1%, 0.9%, 0.5%, and 0.2% respectively. Strong results by Siemens led the markets to close strongly; STOXX-600 and CAC were up by 1.1%; DAX rallied to 1.2% and FTSE-100 0.5%.

References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

In the third week, European stocks were mixed as gains from defensive and healthcare stocks were countered by declines in commodity stocks amid China's concerns about stricter COVID-19 policies. Mid-week gains in mining stocks and indications of smaller interest rate hikes gave a further boost to European stocks; STOXX-600 hit a 3-month high, rallying by 0.7%. CAC and FTSE-100 by 0.3% and DAX by 0.1%. However, signs of slower interest rate hikes were countered by fears about a stalling holiday season, as the high cost of living, energy crisis and fear affect European retailers. This led most of the markets to close the week flat; CAC was up by 0.1% and FTSE-100 was up by 0.3%. In the closing week, European markets started by moving downwards, as investors eyed China's restricting policies, which led to numerous protests in major cities, indicating disruptions in the global markets. EU markets continued negatively, as tech and commodity stocks were hit by Chinese protests, crashing investors' hopes for potential ease on restricting policies. Overall, EU indices recorded the second consecutive positive month as investors hope for potentially smaller rate hikes, due to positive eurozone inflationary data. The indices closed November with STOXX-600 up by 6.8% - the best performance since July- DAX was up 9.6%, CAC rallied by 6.5% and FTSE-100 ended up 6.7%; the best month since November 2020.







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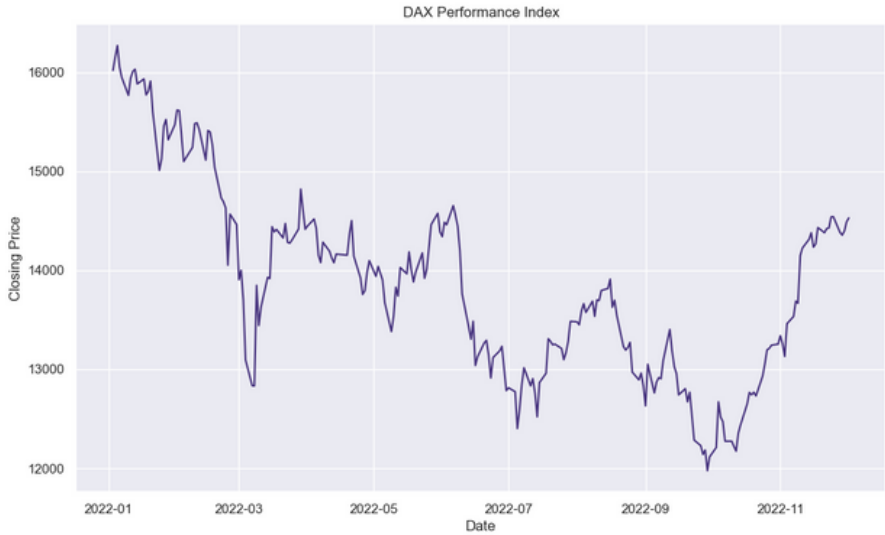

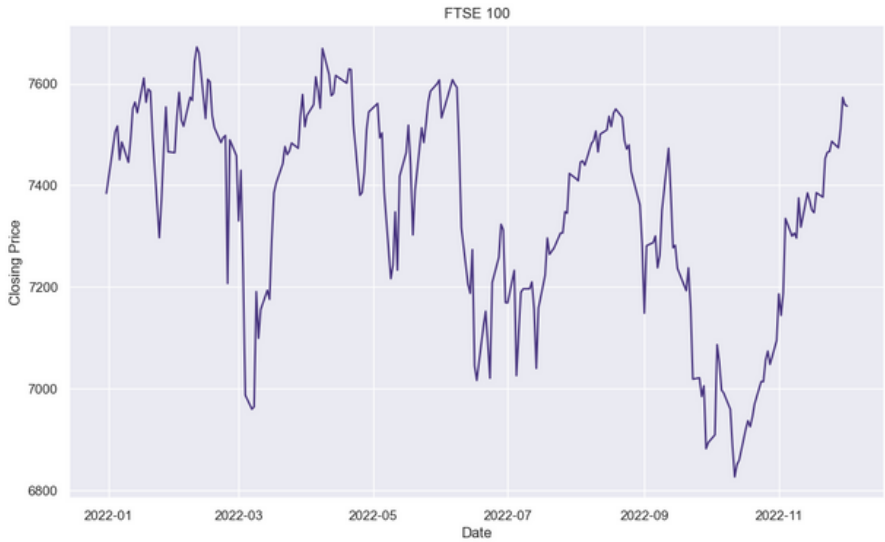

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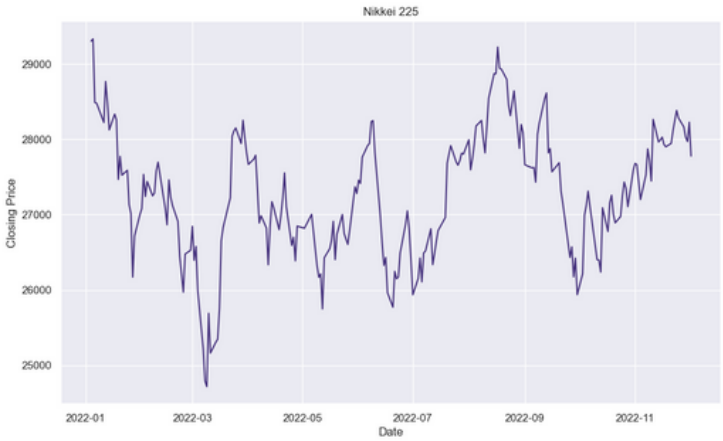
Asian Market-Indices

HKHS, Nikkei 225

The Asian Markets started the 1st week of the month with significant losses after the US Federal Reserve signaled further hikes ahead. HKHS recorded a 3.11% loss, leading losses in the Asia Pacific Markets, whereas Nikkei 225 dropped 0.56%. On November 4th, Hang Seng Index closed with a 6% rise over reopening hopes regarding China's zero-COVID policy.
The following week started with a rise in Asian stocks, as China marked the first annual decline in exports since May 2020. HKHS gained 2.55% while Nikkei 225 closed 1.21% higher. On November 9th -10th, when the US midterm election results and cooler-than-expected inflation data were announced, both indexes closed in the red. The Hang Seng Index in Hong Kong lost 1.86% while the Nikkei 225 lost 0.98%. The week closed with a 7% rise for the HKHS as China eased its COVID measures, followed also by US data indicating a relief from inflation. Nikkei also closed up 2.98% at 28,263.57.
During the third week of November, Asia-Pacific Indexes were highly influenced by the meeting between Xi Jinping and Joe Biden which signaled a desire to improve US-China trade relations. Along with Beijing's decision to ease its pandemic-related policy, HKHS and Nikkei gained 4.11% and 0.1% respectively. However, Nikkei 225 closed at 27,889.77 and HKHS at 17,992.54 due to Japan's core consumer index rise for October and Tencent's stock sharp losses after its announcement to slash its over $20 billion stake in Meituan.
During the 4th week of the month, the Asian Market finished in the red as a sharp rise in China's COVID cases, combined with a 40-year historical high in Japan's inflation, hurt the stock indices. The HKHS and Nikkei 225 closed at 17,573.58 and 28,283.03 respectively.
The riots that broke out in China, during the last days of November, due to its tight zero-COVID policy led to a sharp fall in stocks globally. However, this was quickly changed as investors bet that protests will prompt Beijing to ease its COVID-19 limitations. As a result, the Hang Seng Index saw a whopping 6.2% rebound, while Nikkei ended the week with no significant changes. Overall, Nikkei 225 had a 1.42% gain MoM, while HKHS remained stable, with a mere 0.5% MoM raise.



References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

ENERGY

During November, the energy sector followed the strong trend that it already had from the first half of 2022. That is the result of higher commodity prices being stickier than expected due to the ongoing war in Ukraine. This made profits from oil companies to soar once again, with this month's highlight being BP's profit doubling to $8 billion and Saudi Aramco reporting its second-highest quarterly profits since listing its shares in 2019, generating a net income of $42.4 billion in the three months to September. In this period of lucrative profits for oil producers, combined with oil shortages, President Joe Biden wants US oil companies to boost production using their profits and accuses them of "profiteering" from Russia's invasion. In the UK more drastic taxation measures were imposed, as Jeremy hunt increased windfall taxes on the profits of oil and gas companies from 25 percent to 35 percent and extended them until 2028 as part of a wider fiscal consolidation to restore market confidence in the UK. M&A activity in the energy sector showed positive movement with significant deals such as Blackstone agreeing to buy a majority stake in Emerson's Electric Co climate technologies unit that valued the business at $14 billion, Marathon Oil acquiring Ensign in a $3 billion deal and Shell agreed to buy Europe's largest biogas producer for €1.9bn.

FINANCIAL SERVICES

The financial services sector has been impacted a lot by rampant inflation and the grim economic outlook. There were no significant deals during November in the sector, as M&A activity has slowed down and costs have increased. Because of the current economic conditions many companies in the sector, and especially the big banks have announced or have already started mass layoffs of employees, especially in the US. This is the result of a very tight labour market in combination with very high inflation and recession fears. These conditions drove banks in the US and Europe to stare at billions of dollars of losses on debt, which they had agreed to provide for acquisitions before markets were conquered by fears of a potential recession. Now banks are trying to sell chunks of risky (junk-rated) debt that they were exposed to, during the last years. It is the latest sign that participants in the market for such debt start to suffer losses. A clear example of the challenges that banks face around the world is Credit Suisse, as its long-term credit rating was downgraded by S&P Global Ratings to one step above junk bond status after a series of scandals and losses. Banks face billions of dollars in losses because of funding leveraged buyouts in the post-pandemic period of economic growth and low-interest rates. Moreover, companies in the Financial Technology sector (FinTech) are increasingly becoming acquisition targets for traditional U.S. banks as rising interest rates and falling valuations crimp their expansion.

References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

PHARMACEUTICAL AND HEALTHCARE

Earnings and M&A activity showed progress in the pharmaceutical and healthcare industry this month. The most significant deal in the sector was the acquisition of cardiovascular technology company Abiomed by Johnson & Johnson for $16.6 billion, as J&J focuses on expanding its production from drugs to medical devices. Another highlight in the sector was Estee Lauder Cos Inc agreeing to buy U.S. fashion label Tom Ford for $2.8 billion. November was a troubling month for DuPont De Nemours Inc, which decided to end its $5.2 billion buyout of Rogers Corp, due to Chinese regulatory hurdles, marking the first collapse of a major U.S. deal in four years

On the earnings part, Pfizer has almost doubled Covid jab's price since 2020 and lifted its revenue outlook, in accordance with sales forecasts, from $2bn to $34bn. On the other hand, Moderna -US biotech company- cut its forecast for Covid-19 vaccine sales between $18bn-$19bn in 2022, citing delays in deliveries linked to supply chain constraints.

TECHNOLOGY

The Technology sector is facing problems as the economic outlook for the world's economies is darkening and a potential recession is closer than ever.

Many tech groups announced layoffs and paused hiring new employees. Stripe, an e-commerce platform, and Lyft, a ride-hailing service, were the latest technology companies that laid off staff, while Amazon paused new hires in its corporate workforce. The layoffs come as an immediate effect of the economic struggles the corporate environment is facing.

In the EU area, Microsoft possibly has to offer concessions to address EU antitrust concerns about its $69bn bid for "Call of Duty" maker Activision Blizzard after regulators opened a full-scale investigation and warned about the impact of the deal. Finally, after prolonged pressure, Software company Zendesk Inc completed its sale to a group of private equity firms led by Hellman & Friedman and Permira in a deal valued at $10.2bn.

In Asia, China's second-largest chipmaker -Hua Hong Semiconductor Ltd- poised for a $2.5bn IPO in Shanghai, according to a filing published on the HK stock exchange.

References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

AUTOMOTIVE

In the automotive sector, it appears that most companies continue their turnaround efforts to change the downward trend and mark some profits.
Toyota's quarterly profits fell 25% this year since it had to face yen volatility, interest rate rises in the US, and production disruption caused by Covid-19 lockdowns.
The news was better for BMW and Stellantis which have reported surging revenues -reaching €37.2 billion- boosted by higher prices and strong demand for cars especially in China, despite supply chain disruptions during the Covid-19 pandemic. French carmaker Renault announced its split into five businesses to boost profits and planned to reinstate dividends again in the upcoming year (2023). Moreover, Renault, targeting a $14 billion valuation for its electric-vehicle business (EV), started preparing the EV and software company for a potential initial public offering (IPO). This month Musk sold additional shares of Tesla (about $3.95bn worth), as a result, Tesla Inc's share price fell to its lowest level in two years.

TWITTER

Twitter is still in the highlight amongst other corporates as its new owner, Elon Musk has taken some daring decisions about the company's structure. After the $44bn takeover of Twitter, Musk tried to impose an $8 monthly fee towards verified accounts with the blue checkmark. This strategy aimed to make the social media company less dependent on digital ads and increase its revenue sources but was abandoned due to EU regulations on big tech.
Musk, who borrowed $12.7 billion from banks, will have their support by being marketed to investors until early next year when he is going to unveil a clearer business plan for cost reduction and the company's financial performance in 2023 and 2024. After Musk's disputable actions, General Motors, Pfizer, and Audi are among the companies that have pulled their ads from Twitter due to content moderation concerns. Moreover, the "deep cuts plan" target contains steep infrastructure cuts by achieving between $1.5mn and $3mn daily savings from servers and cloud services. Musk also examined the possibility of hiring a new leader for Twitter who would commit to an extremely hardcore working culture. Finally, waves of layoffs and departures from Twitter left the company empty for defending Democratic US senators' accusations about "serious disregard for safety and security of the platform's users.

References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

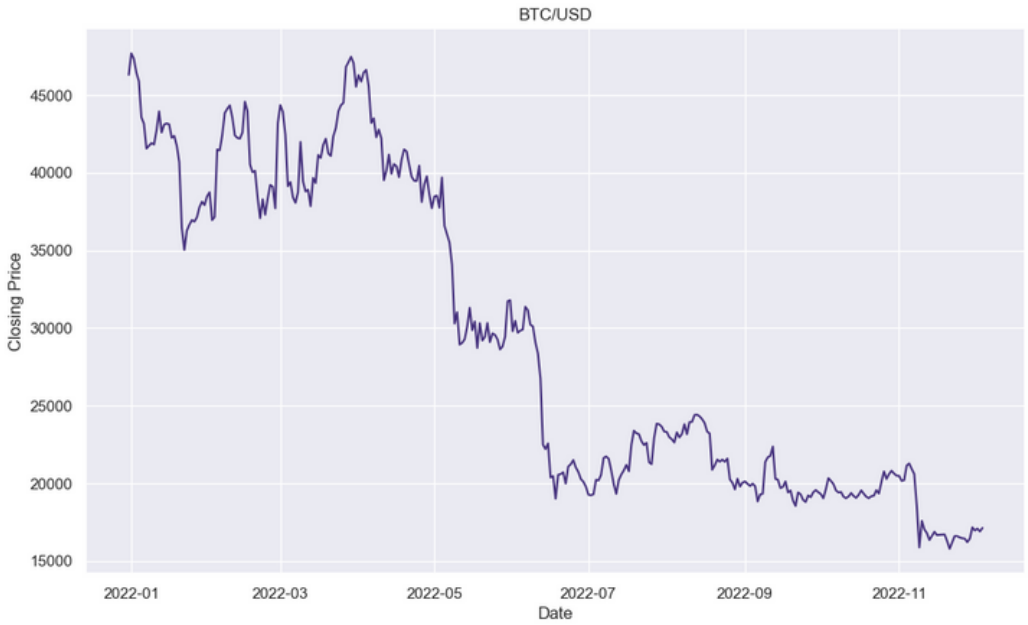
FTX

November was a disastrous month for crypto markets. From the start of 2022, crypto markets had taken a downturn, with most of the coins in the market having significant losses. To add to all that, FTX, crypto's second largest exchange, with a valuation at the start of 2022 that reached $32 billion, filed for Chapter 11 Bankruptcy.

Let's have a closer look at what happened. During the first days of the month, the exchange suffered a liquidity crunch, as its customers tried to do massive withdrawals of their investments in the exchange. FTX had less than $1 billion of capital to deliver to its customers when its liabilities had reached around $9 billion. There were glimmers of hope for FTX's rescue, when its biggest rival, Binance, said it would potentially bail out FTX through an acquisition, but this proposal lasted a few days, as Binance pulled out of the deal.
The liquidity crunch came as an effect of its disproportionally low amount of liquid assets (~ 900 million) in comparison to its Liabilities which amounted to ~$9 billion. Making things even worse, FTX had a very complex corporate structure ringing many regulators' alarms.

FTX finally filed for Chapter 11 Bankruptcy in the US. The once $32 billion exchange had now collapsed. With it, many creditors and investors of the exchange suffered huge losses, as they had hundreds of millions in funds trapped in FTX, with the biggest loser being Sequoia Capital.

FTX's collapse marks several similarities with past bankruptcies that were proved systematic and caused lots of trouble in the world's economies. Firstly, the temptation for greater profit that comes with a greater risk appetite and more complex products. Secondly, the ability of Alameda to trade in its own platform (FTX), gave the company access to information that other traders didn't have. Finally, capital requirements were not imposed on the exchange, leading to hold little to zero capital against its Assets.



References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

Strong dollar forecast to wipe $10bn off US company earnings in Q3

The currency is unlikely to weaken much until the Fed begins cutting interest rates
The dollar's strength has been eating into US earnings all year, taking its toll on makers of everything from children's toys to cigarettes. The trend is becoming increasingly difficult for investors to ignore as concerns grow about its knock-on impact on demand.

Blackstone to take control of Emerson's climate tech in $14 billion deal

Emerson Electric Co will sell a majority stake in its climate technologies unit to Blackstone Inc in a deal that values the business at $14 billion, as the U.S. industrial firm pivots to supplying to a booming automation market.
The company will receive an upfront payment of about $9.5 billion, which it will use to scoop up more firms, especially in the automation segment.

Verisk to sell Wood Mackenzie unit to PE firm for $3.1 bln

Verisk Analytics Inc (VRSK.O) said it had agreed to sell its energy research and consulting unit Wood Mackenzie to private equity firm Veritas Capital for $3.1 billion, as the data analytics firm looks to streamline its business to focus on insurance.
Demand for insurance analytics and risk assessment has strengthened as insurers look for ways to navigate a surge in claims from frequent catastrophes, while facing an uncertain economy and decades-high inflation.

Shipping, power owner Atlas agrees to higher $11 bln buyout by Poseidon

Marine and energy asset owner Atlas Corp (ATCO.N) will be taken private after accepting a sweetened $10.9 billion acquisition offer from Poseidon Acquisition Corp, the companies said.

The transaction, expected to close in the first half of 2023, is a rare example of a large buyout. Such deals have dried up in recent months, as buyers struggled to raise cash from banks and direct lenders which pulled back from the acquisition finance market as they dealt with the impact of a jump in interest rates.

Johnson & Johnson bucks global M&A slowdown with $16.6bn Abiomed deal

Johnson & Johnson has agreed to buy cardiovascular technology group Abiomed for $16.6bn, including debt.

CVS, Walmart, Walgreens agree to pay $13.8 bln to settle U.S. opioid claims

CVS Health Corp (CVS.N), Walgreens Boots Alliance Inc (WBA.O) and Walmart Inc (WMT.N) agreed to pay about $13.8 billion to resolve thousands of U.S. state and local lawsuits accusing the pharmacy chains of mishandling opioid pain drugs, potentially bringing years of litigation close to the finish line.

CVS, Walmart, Walgreens agree to pay $13.8 bln to settle U.S. opioid claims

Teva Pharmaceuticals (TEVA.TA) will pay up to $4.2 billion in the United States to settle claims related to its role in fueling the country's opioid crisis.

References: Bloomberg, Financial Times, The Wall Street Journal, New York Times

Germany's Uniper reports one of biggest losses in corporate history

Soon-to-be-nationalised energy group takes €40bn hit on gas price surge. Uniper has reported a €40bn loss, one of the biggest in corporate history, after Russia's decision to limit European gas supplies pushed the soon-to-be-nationalised German energy group to the brink of collapse.

Tech groups cut jobs and pause hiring amid 'leaner times'

Stripe and Lyft become latest to announce lay-offs as Amazon keeps lid on headcount
The job losses are a sign of how darkening economic conditions are forcing tech companies to cut costs and build buffers to cope with a slowdown in consumer spending.

Wells Fargo under pressure from CFPB to pay over $1 bln in fine- Bloomberg News

Wells Fargo (WFC.N) is under pressure from the U.S. Consumer Financial Protection Bureau (CFPB) to pay more than $1 billion to settle a slew of investigations into customer mistreatment, Bloomberg News reported, citing people familiar with the matter.

Walgreens-backed VillageMD nears $9 bln deal with Summit Health - WSJ

VillageMD, a healthcare provider majorly owned by Walgreens Boots Alliance Inc (WBA.O), is nearing a deal to combine with Summit Health in a deal worth roughly $9 billion including debt, the Wall Street Journal reported, citing sources.

Canada's Ritchie Bros to buy auto retailer IAA in $7.3 bln deal

Canada's Ritchie Bros Auctioneers Inc (RBA.TO), which sells heavy industrial equipment, on Monday agreed to buy U.S.-based vehicle marketplace IAA Inc (IAA.N) in a deal valued at about $7.3 billion, including debt.

Oracle Sells $7 Billion of Debt to Help Fund Cerner Purchase

Oracle Corp. is the latest company to seize the moment in a credit market recovery, bringing a $7 billion bond sale to help fund its acquisition of medical-records systems provider Cerner Corp.
The software-maker sold bonds in as many as four parts, according to a person with knowledge of the matter. The longest portion of the offering, a 30-year note, yields 2.55 percentage points above Treasuries after earlier discussions of about 3.1 percentage points.

China's second-largest chipmaker poised for $2.5 billion IPO in Shanghai

Chinese chip manufacturer Hua Hong Semiconductor Ltd (1347.HK) has received regulatory approval for an 18 billion yuan ($2.5 billion) IPO in Shanghai, according to a filing published on the Hong Kong stock exchange.

China's second-largest chipmaker poised for $2.5 billion IPO in Shanghai

Software company Zendesk Inc (ZEN.N) completed its sale to a group of private equity firms led by Hellman & Friedman and Permira in a deal valued at $10.2 billion after prolonged pressure from activist investor Jana Partners.

References: Reuters, Investopedia, Financial Post, Wall Street Journal,bloomberg

Amazon Becomes World's First Public Company to Lose $1 Trillion in Market Values

Amazon market cap shrinks to $879 billion from $1.88 trillion. Amazon.com Inc. is the world's first public company to lose a trillion dollars in market value as a combination of rising inflation, tightening monetary policies and disappointing earnings updates triggered a historic selloff in the stock this year.

Oil producer Ithaca shares sink in UK's largest IPO of 2022

Ithaca Energy made a lacklustre debut in London as the North Sea oil and gas producer defied volatile markets with Britain's largest initial public offering of 2022.

As Europe's fifth biggest IPO of the year began trading, Ithaca's shares fell as much as 11.6% below their 250 pence issue price, touching a low of 221 pence shortly after midday. At 1617 GMT, the shares were down 8.1% at 229.70 pence.

Origin Energy $11.8bln buyout would be Australia's largest PE deal ever

Origin Energy Ltd (ORG.AX), Australia's no.2 power producer and energy retailer, announced it would back an A$18.4 billion ($11.8 billion) buyout offer from a consortium led by Canada's Brookfield Asset Management. read more

The deal, if successful, would be the largest ever private equity-backed buyout in Australia, surpassing Blackstone's (BX.N) $6.3 billion acquisition of casino operator Crown Resorts Ltd earlier this year, according to Dealogic data.

Masayoshi Son owes $4.7bn to SoftBank following tech rout

Masayoshi Son personally owes SoftBank close to $5bn because of growing losses on the Japanese conglomerate's technology bets, which have also rendered the value of his stake in the group's second Vision Fund worthless.

Greece's National Bank issues 200 mln sterling notes

National Bank (NBG) (NBGr.AT), Greece's second-largest lender by market value, issued 200 million pounds ($241.6 million) of notes which will mature in 4-1/2 years. It is the first sterling-denominated offer from a Greece-based issuer since 2009, with 70% of the senior preferred notes taken up by foreign investors, National Bank said in a statement. The final cost for the issue came at 6.97%.

RBC Bets on Immigration in $10.1 Billion HSBC Canada Deal

Bank of Canada RY -0.62% said it would pay US$10.1 billion for HSBC Holdings HSBC 0.10% PLC's Canadian operations, a move meant to position Canada's biggest bank to expand during an expected immigration surge.

Vodafone teams up with KKR and GIP in $16 bln towers deal

Vodafone (VOD.L) has agreed to sell a chunk of it masts company Vantage Towers to Global Infrastructure Partners (GIP) and KKR (KKR.N), creating a joint venture that will release proceeds of at least 3.2 billion euros to cut the telecoms operator's debt.
Vodafone CEO Nick Read said deal, which values Vantage at 16 billion euros ($16 billion), achieved his objectives of retaining co-control of the infrastructure needed to roll out 5G networks, while extracting value and removing it from the British group's balance sheet.

References: New York Times, WSJ, Reuters, , Bloomberg, Financial Times

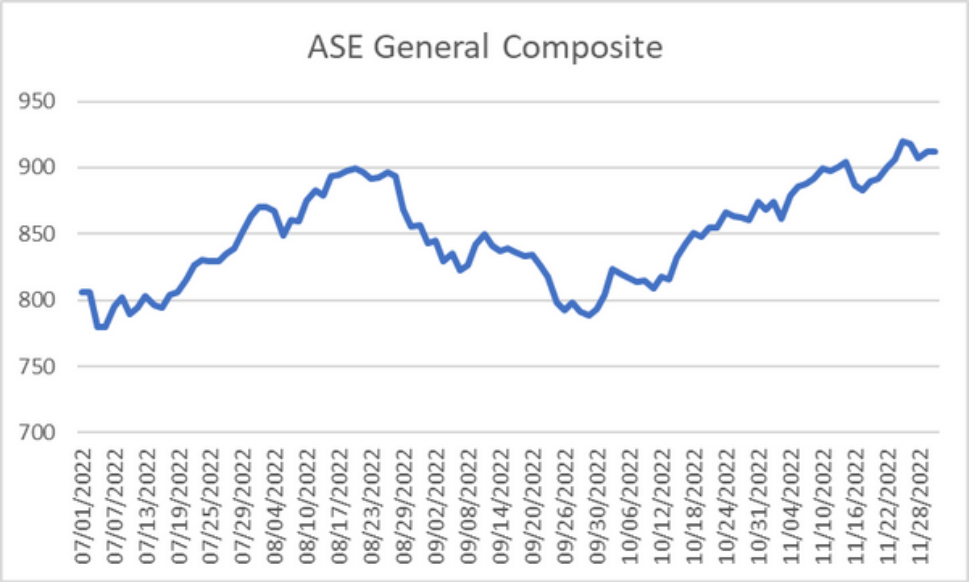
Athens General Index

During the first days of November, the ASE General Index declined 1.4% as the US Federal Reserve's signal to continue monetary tightening and not pivot, had a negative impact on equities worldwide, including Greek stocks. Overall, during the first week, the Composite remained unchanged, with a Week to date performance of 0.5%.

During the second week of the month, despite awaiting the US midterm election results, the General Index moved higher, reaching 897.78 points, continuing its 6th week of consecutive gains, following recent US Inflation data, indicating a cooldown, and consecutively raising investor hopes for a reduced rate in the interest rate increases.

The following week signaled the first week of ASE in the red after a consecutive 6-week gain. More specifically, the General Index dropped from around 900 points to 889.90 points after geopolitical tensions in Ukraine and the eurozone's inflation data halting buyers' efforts and eventually letting the GC slide and close into negative territory.

On November 21-25th, the ASE managed to again surpass the goal of 900 points and despite dropping 0.2 points, the General Index closed at 917 points, bringing the total gains of the week to more than 3%.
During the last week of November, Traders had their eyes mostly on China's issue over the zero-COVID policy on the one hand, and in London, on the other hand, where Morgan Stanley's "Greek Investment Conference" took place, where major listed companies had over 200+ meetings with international funds. The General Index closed at 912,33 points signaling the second positive month for ASE while surpassing its 900 points goal. Overall, the GC gained 4.35% MoM.



References: Dealtracker, Naftemporiki, Capital.gr, Bloomberg, Greece Investor Guide

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Our emblem, a symbol of the creation and the deeper mentality of our club.

In the center, there is the legendary mermaid, the Medusa's head, which had the ability to turn into stone whoever dared to look it in the eyes. It's undoubtedly an Ancient Greek element. The choice of the mermaid is a kind of allegorical gate. Looking Medusa is like looking into yourself in the eyes and putting the greatest effort to overcome your biggest fears. You can either step back or proceed forward in a way that will make you considerably stronger.

At the bottom, the phrase «esse est percipi» is written. The deeper meaning of this expression is that the perception of something, is what really establishes the foundations of its existence. It consists of an element of the philosophy of "plasticity" that describes the world, or in other words it is a basis that highlights the fundamental importance of the power of ideas and analytical thinking in its creation, by providing many different alternative dimensions and perspectives.

Last but not least, the background is dominated by the exciting wheel of luck (rota fortunae). As it is lyrically mentioned in the poem collection Carmina Burana of the 13th century, "Fortune rota volvitur; descendo minoratus; alter in altum tollitur; nimis exaltatus; rex sedet in vertice; caveat ruinam!"