AUEB Students' Investment & Finance Club

Market Report – Volume 10, May 2023

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

On a macro-level, EUR/USD has reversed its upward trend and erased all gains since the end of March, as it has fallen from 1.101 to 1.0691 and its outlook is bearish. The Euro's fall can be attributed to weaker-than-expected economic data, especially from Germany while the ECB, though committed to short-term tightening, sent mixed messages over longer-term policy. Inflation in the US showed signs of slowing down, coming in at 4.9%, a month-on-month decrease of 0.1% but EU headline inflation reached 7.0%, an unexpected 0.1% increase from the previous month, while core inflation fell by 0.1% to 5.6%. Both the ECB and the Fed raised interest rates by 25 basis points to 3.75% and 5.25% respectively. Both central banks have made mixed comments about the future levels of interest rates although they remain committed to increases through the end of summer. The real driver in the pair's downfall was the slowdown in the EU economy, while bearish market sentiment and escalating fears over banking problems and the problems regarding the US Debt ceiling, pushed risk-averse investors towards the Dollar. Germany reported a series of worse-than-anticipated economic data with GDP contracting at a 0.5% annualized rate in the first quarter, much worse than the 0.1% estimate along with worsening manufacturing data. In general, the dollar appears more attractive amid economic uncertainty and continuing inflation.

On a micro-level, during the first week of May, the pair was mainly impacted by interest rate announcements. The exchange rate started at 1.1016, reaching a month high of 1.106 on 4/5, a day after the 25 bps increase of the Fed and EU preliminary inflation data showing an increase in April inflation, before falling closer to 1.100 after the ECB increased rates by the expected 0.25%. The second week of May began with an unexpected decline of 3.4% in German industrial production in March, worse than the expected 1.5% slide. This pushed the Euro down to a weekly low of 1.0965 against the dollar on 10/5 with reports of slowing inflation in the US failing to keep the pair above the 1.100 threshold amid worsening market sentiment. The pair ended the week on 1.0852, marking its worst weekly decline since September 2022. The third week of May saw the pair trade around 1.0800 at the start, but stagnating Eurozone growth and fears over the prospect of a US default pushed investors towards the Dollar across markets. The pair ended up at 1.0799 at the end of the week. The fourth week of May saw a continuation of the downward trend for the EUR/USD, as Germany reported a worse-than-anticipated GDP slowdown of -0.5% while it's manufacturing PMI dropped to 42.9 in April from 44.5 the previous month. Hawkish comments by Fed members, stronger growth, and a pending deal on the US debt limit contributed to the dollar rising against the Euro with the pair hitting 2-month lows below 1.0750 multiple times during the week. The exchange rate reached 1.073 on 26/5. The Pair stayed near 1.0750 on 29/5 but in the next 2 days, reports of weakening inflation in Spain and Germany amid growing fears over the deal to avert a US default put the Euro under pressure with the exchange rate falling as low as 1.065 on 31/5. The pair ended the month at 1.0691.

GBP/USD

On the macro-level, GBP/USD saw the reversal of the previous 2-month uptrend with the pair entering the month at 1.2565 and ending up at 1.2386. The main drivers of this movement have been continuing growing fears about a recession in the UK economy along with persistent inflation, highlighting the prospect of stagflation. US inflation fell by 0.1% month-on-month to 4.9% but UK inflation showed unexpected staying power, falling to 8.7% from a 10.1% reading in March, far above expectations of an 8.2% level. Both the Fed and the BoE increased rates by 25 basis points with expectations of a few more raises but growing talk about medium to long term easing. This affected the pound negatively as markets continue to anticipate rate hikes until the end of the year, especially after the inflation report. Another blow was dealt to the Pound after a series of data releases showed a growing unemployment rate, a contraction of GDP in March and growing wage inflation. These contribute to the expectation of a recession in the UK which along with the seeming robustness of the US economy and a generally risk averse climate pushed the exchange rate close to 1.23.

On a micro-level, the pair started the month on year highs, trading around 1.256. The major event of the week was the 25-basis point hike of the US Fed which was accompanied by dovish rhetoric in the Policy Statement. This pushed the exchange rate to its highest level since April 2022, trading close to 1.265 on 5/5, with markets pricing in a 25-bps hike by the BoE in the following week. The pair started the next week trading around 1.2600, with investors anticipating the BoE's decision on 11/5. On Wednesday, the expected 0.25% rate increase was announced with the Governor of the bank stating that he anticipated a sharp decrease in April inflation. This, along with the report of a contraction of GDP in March, plunged the rate to sub 1.2500 levels erasing the past three week's gains. The pair traded in the 1.2450-1.2500 range in the next week, with the report of a growth in the UK unemployment rate coming out on 16/5. The rest of the week saw similar rate levels with the pair ending up at 1.2466 on 19/5. The pair started the next week trading sideways around 1.245 with drops below 1.24 on 23/5. On Wednesday, the UK released its inflation report showing slowing inflation but at a much slower pace than expected, with an 8.7% rate when 8.2% was anticipated. This, accompanied by risk aversion and fear over a US default, caused a plunge in the exchange rate below 1.235 with the pair ending the week on 1.2349. The next week opened with anticipation of the US default deal passing through congress pushing investors towards the safe haven of the Dollar and keeping the exchange rate around 1.235. On 30/5 the Pound recovered 100bps due to expectations of continuing rate increases to combat inflation and it ended May at 1.2433.

USD/JPY

On a macro-level USD/JPY continued its April uptrend, beginning the month at 136.897 and ending up at 139.498. The main drivers of the continuing increase are the persistent commitment of the BoJ to maintaining low interest rates amidst a global tightening cycle and rising Japanese inflation, a general risk aversion as the prospect of a US default loomed over markets and the continuing strength of the US economy. US inflation fell by 0.1% to 4.9% while Japan reported an upsurge in April inflation to 3.4% with core-core inflation, which strips out food and energy prices, reaching 4.1%, reaching its highest level since 1981. The US Fed raised interest rates by 25 bps while the BoJ continued its loose monetary policy with no rate changes. The US economy grew by 1.3% in the first quarter of the year, exceeding expectations, while Japanese GDP also had an unexpected 0.7% rise in the first quarter. Despite the Japanese economy's robustness, investors flocked to the Dollar amid anticipation over the US debt limit and continuing dovish messages by the BoJ which seems committed to letting inflation play out at the current time.

On a micro-level, the pair started the first week of May at 136.897 continuing its uptrend until 2/5, reaching 2-month highs over 137.5. The Fed decision to raise rates by 0.25% on 3/5 accompanied by dovish rhetoric erased the recent uptrend plunging the Dollar below 134.5 to the Yen before stabilizing slightly below 135.0, marking the worst week for the pair since March. The rate stayed around 135 during the start of the next week hitting lows of 133.82 on 11/5 after reports of weakening inflation in the US. The pair reversed course on Friday amid general Dollar strength across markets due to weakening market sentiment and ended up at 135.683. The next week saw continuing Dollar strength amid increasing US bond yields which pushed investors away from the Yen with the report of unexpectedly high GDP growth in Japan on 17/5 failing to stop the uptrend, with the pair reaching levels above 138.5. Decade high inflation numbers helped the Yen recover some ground with the pair ending up slightly below 138.00 on 19/5. The pair started off 22/5 by a jump to 139.00 and sideways trading thereafter, with rising US Treasury yields driving the Dollar to a 139.4 high amid investor fears over the US default agreement negotiations. The exchange rate continued climbing and reached 140.588 at the end of the week. The pair continued with more of the same on 30/5, approaching 141.00 but correcting back below 140 before the end of the day. The pair switched course after an emergency meeting of the financial authorities of Japan on 31/5, ensuring markets that Japan will closely monitor market activity and respond if needed. This, along with an easing of market fears after the conclusion of negotiations over a US default averting bill, pushed the exchange rate towards 139.00 with the pair ending the month trading around 139.50.

USD/CHF

On a macro level, USD/CHF reversed the previous 2-month downtrend with the pair entering the month at a 0.8941 exchange rate and ending the month at 0.9109. The main factors strengthening the Dollar have been risk-aversion over a US default, rising interest rates, and the persistent growth of the US economy. The US reported a slowdown in April inflation, falling to 4.9% from 5% in March. Swiss inflation fell even faster, down to 2.6% from 2.9 in March. This, along with a 25 bps hike from the US Fed pushed the pair upwards to heights not seen since the start of April. Both the US and Switzerland reported strong first-quarter growth with the US GDP growing at a 1.3% rate and Switzerland at an 0.3% rate, up from 0% in the previous quarter.

On a micro-level, the first week of May started off with the pair trading at 0.8941 showing a slight uptrend towards 0.895, anticipating the Fed rate decision on 3/5. The Fed raised interest rates by 25 bps and sent dovish messages pushing the pair below 0.89, even coming close to the 0.880 thresholds, before making a sharp correction back towards 0.89. On 5/5, Switzerland announced a lower-than-expected 2.6% inflation rate. Next week started off with sideways trading around 0.89 until 10/5 when a slowdown in US inflation was announced, down to 4.9% YoY, which plunged the Dollar back below 0.89 to the Franc with investors becoming more uncertain about future rates. The downturn did not last long, with the US Dollar picking up strength and the pair ended the week close to 0.9. Next week, fears over debt ceiling negotiations undercut Dollar strength with the pair falling towards 0.895 on 15/5 before Fed officials indicated more rate hikes to come in the future which pushed the dollar towards highs of over 0.905. The following week saw a similar pattern with a correction back under 0.9 during the first 2 days amid concerns over a US default but the pair returned to the upwards trend towards the end of the week, finishing near 0.905 on 26/5. The last few days of May saw sideways trading around 0.905 with a debt ceiling agreement having been reached over the weekend which, along with indications of a June interest rate hike pushed the pair even higher towards month-highs close to 0.915 before ending the month at 0.9109.


Euro US Dollar 1.06856 -0.00264 (-0.25%)
1.110
1.100
1.090
1.080
1.06856
1.060
1.050
Jan
Feb
Mar
Apr
May
Jun
1D 1W 1M 6M 1Y 5Y 10Y 25Y 50Y All


US Dollar Japanese Yen 139.33 -0.21 (-0.15%)
142
140
139.33
138
136
134
132
130
128
Jan
Feb
Mar
Apr
May
Jun
1D 1W 1M 6M 1Y 5Y 10Y 25Y 50Y All


British Pound US Dollar 1.24117 -0.00253 (-0.2%)
1.270
1.260
1.250
1.24117
1.230
1.220
1.210
1.200
1.190
1.180
Jan
Feb
Mar
Apr
May
Jun
1D 1W 1M 6M 1Y 5Y 10Y 25Y 50Y All

GOLD

May has been relatively weak for Gold, as the commodity's price declined by almost 1% during the month, from 1985.06 levels in 01/05 to 1965.35 levels in 31/05, although offering a 7% positive performance on a YTD basis. On the big picture, the commodity seems to still be in line with its medium-term upward trend, which started on November 2022, when Gold saw lows of approximately USD 1635. The above MoM performance can be attributed to USD strengthening, with the USD Index increasing by almost 2.5% on an MoM basis, as April US Core inflation figures and stronger-than-expected payroll data, crushed investors' expectations of the FED stopping earlier the monetary tightening process. Actually, during the month the FED increased its FED Funds Rate target by 25 bps, pushing Yields higher, and that is bearish news for the commodity. As far as the inner month performance is concerned, Gold's price increased reaching yearly highs of 2047.77 on 4/05. From that point on, the commodity's price started crushing, finally reaching 1965 levels on the last day of the month.

OIL

May proved to be a relatively harsh month for Oil, as the benchmark Crude Brent started the month at USD 76.13 levels, and finished at USD 67.55 levels on May 31, offering a negative return of approximately 11%. The main reason for the slump: persistent fears of a slowdown in the global economy that, in turn, has created worries among investors and traders about weaker demand for oil and other commodities. As per the big picture, the commodity seems to be consolidating since November 2022 at the USD 70-80 range. As per Supply/Demand dynamics, Global liquids demand declined by 0.7 MMb/d in April to 99.9 MMb/d. Strong gains in China and Europe (+0.3 MMb/d and +0.2 MMb/d respectively) were more than offset by a decline in demand in Japan and the Middle East. On the other hand, OPEC 10 production remained relatively steady m-o-m at 29.5 MMb/d. Saudi Arabia increased production by 0.3 MMb/d 10.55 MMb/d.

On a micro level, the month started with the commodity sharply declining (both WTI and Brent crushed over 5% on 3/05), as Concerns about growth were front and center as traders awaited the FOMC's latest monetary policy decision the same day. US crude (WTI) closed in on the $70 mark, its lowest level since March 27th. Brent finished the first week of the month with a decline of about 5.3% while U.S. crude plunged by 7.1% even after Friday's rebound. Both benchmarks were down for three weeks in a row for the first time since November. The second week of the month saw the commodity rebounding and regaining some of its losses, as a healthy U.S. jobs report for April helped ease fears of recession for the US economy. Note that Goldman Sachs published a report saying that concerns over near-term demand and elevated supplies were "overblown." From that point and till the end of the month, the commodity consolidated at the 69-73 range, finishing the month at 67.55 lows.

Fixed Income Highlights

USA & Europe

Entering May 2023, the first 10 days happened as follows.
The Euro Area's consumer price inflation was confirmed at 7.0 percent in April 2023, slightly higher than the previous month's 13-month low of 6.9 percent. The rate remained significantly above the European Central Bank's target of 2.0 percent, indicating that policymakers will likely continue their efforts to curb inflationary pressures, by raising interest rates. Energy prices rebounded by 2.4 percent compared to a decline of 0.9 percent in March, while the cost of services increased at a faster pace of 5.2 percent. However, inflation slowed for food, alcohol, and tobacco, as well as non-energy industrial goods. On a monthly basis, consumer prices rose by 0.6 percent, marking the third consecutive month of increase. The core index, which excludes volatile items such as food and energy, eased slightly to 5.6 percent but remained near the all-time high of 5.7 percent recorded in March.

As a consequence of the above, the European Central Bank raised its key interest rates by 25 bps during its May meeting, signaling a slowing pace of policy tightening. Nevertheless, borrowing costs have now reached their highest level since July 2008, following seven consecutive rate increases as the ECB strives to combat high inflation despite ongoing recession risks. The central bank also announced plans to discontinue the reinvestment of cash from maturing bonds purchased under the €3.2 trillion APP from July. The latest economic data revealed that the inflation rate in the Euro Area rose to 7% in April, with the core rate remaining close to March's all-time high at 5.6%. The interest rate on the main refinancing operations, as well as the interest rates on the marginal lending facility and the deposit facility, increased to 3.75%, 4.00%, and 3.25%, respectively. Meanwhile, President Lagarde told a news conference that the ECB had more ground to cover and it was not pausing the rate-lifting cycle anytime soon.

Moving into the US, the annual inflation rate fell to 4.9% in April 2023, the lowest since April 2021, and below market forecasts of 5%. Food prices grew at a slower rate (7.7% vs. 8.5% in March). Compared to the previous month, the CPI rose 0.4%, much higher than 0.1% in March but matching market expectations. Shelter expenses were the largest contributor to the monthly all-items increase, followed by used cars and trucks and gasoline.
The impact of all of these on the major 10year bonds was the following:
The US bond, opened at 3.5567% on May 2, hitting the month's maximum drawdown on the 4th of May at 3.3169%, the day the inflation rate status was announced, and eventually closing at 3.4445% on May 10. The German bond followed a similar path opening at 2.3680% on May 2, reaching the month's maximum drawdown on May 4 as well, at 2.18%, and closing at 2.2910% on May 10.

Continuing on the next 10 days of the month, the Bank of England raised the bank rate by 25bps to 4.5% in May 2023, marking the twelfth consecutive rate increase, in line with market expectations. Borrowing costs are now at fresh highs not seen since 2008, as the central bank continues to battle double-digit inflation. The central bank estimates inflation falling to 5.1% in Q4 2023, compared to 3.9% in the February forecast, and meeting the 2% target by late 2024. The British 10-year bond despite opening at 3.7780%, presented a decrease in the yield which opened at 3.7030% on May 12. Still, yield climbed at 3.9560% on May 22 entering the last week of May highly influenced by the news across the Eurozone and the globe. Additionally, it's high time we mentioned France, in which the consumer price inflation declined to 5.1 percent year-on-year in May 2023, down from 5.9 percent the month before and below market expectations of 5.5 percent, a preliminary estimate showed. The rate hit its lowest level since April 2022, suggesting a potential slowdown in inflationary pressures within Europe's second-largest economy. Still, it remained well above the European Central Bank's target of 2.0 percent. The influence of the news made the French 10-year bond reach its lowest yield on May 11, at 2.7780%, having opened on May 2 at 2.9550%, but still reaching a high 3.0160% yield on May 19.

On May 19, Fed officials expressed uncertainty about how much more policy tightening may be appropriate in the future and many focused on the need to retain optionality, minutes from the Federal Open Market Committee (FOMC) meeting in May showed. Several participants noted that if the economy evolved in line with their current outlooks, then further policy firming may not be necessary. However, other participants commented that additional policy firming would likely be warranted if the progress in returning inflation to 2% would continue to be unacceptably slow. Members agreed that, in assessing the appropriate stance of monetary policy, they would continue to monitor the implications of incoming information for the economic outlook and would be prepared to adjust it as appropriate. The Fed raised the fed funds rate by 25bps to a range of 5%-5.25% in its May FOMC meeting, marking the 10th increase and bringing borrowing costs to their highest level since September 2007. The US 10-year bond yield stood at 3.7071 on May 19.

During the last 10 days of May, the monthly review formed as follows.
In the US, The 10- and 2-year U.S. Treasury yields fell on May 30, as markets reopened after being closed for Memorial Day on Monday (29/05) and investors braced themselves for a vote on a debt ceiling deal ahead of the June 5 deadline. The yield on the 10-year Treasury was down by almost 13 basis points to 3.692%. The 2-year Treasury was trading almost 13 basis points lower at 4.463%. Moving on, the yield on the US 10-year Treasury note fell to under 3.7%, well below the 3.85% level touched on the last week of the month, as investors await the votes on the debt deal. Meanwhile, markets have now assigned a higher probability for a 25bps rate hike in the fed funds rate in June.

In Europe, the yield on the UK's 10-year Gilt remained above the 4.3% level, staying close to a seven-month high of 4.384% reached on May 25, supported by market expectations of further tightening of monetary policy by major central banks.
Germany's 10-year government bond yield maintained its downward trend, dropping below 2.3% and nearly hitting its lowest point since May 11, primarily influenced by economic data suggesting a cooling inflation rate in Europe's largest economies during May. Notably, recent data from France, Italy, Spain, and several major German states indicated a significant slowdown in inflation, which has instilled optimism among investors as it raises the possibility that the European Central Bank might not need to implement as many interest rate hikes as initially anticipated. However, it is still expected that the ECB will continue its campaign of tightening monetary policy throughout the year. The yield on the French 10-year OAT continued to decline, dropping below 2.85% to touch its lowest level since May 11, as weaker-than-expected inflation data from Europe's largest economies fueled hopes of a potential reduction in the number of interest rate hikes by the European Central Bank.

Italy's 10-year bond yield experienced further losses, approaching the 4.0% mark and touching the lowest level since April 7, following the release of data indicating a cooling inflation rate across Europe's largest economies in May. While this raised expectations of a potential slowdown in the European Central Bank's tightening measures, it is still anticipated that the central bank will move forward with at least two additional rate hikes in the coming months. The latest CPI reports showed that Italy's inflation rate dropped to 7.6%, matching the one-year low reached in March.
Finally, this month's report will be concluding with the Greek 10-year bond and its impressive trajectory. The yield on the Greece 10-year government bond dropped by more than 20bps to below 3.9%, the lowest since early December, as investors welcomed the outcome of the parliamentary election. The ruling center-right party of Prime Minister Mitsotakis garnered a better-than-expected result and investors are optimistic about the potential unveiling of market-friendly reforms, further reducing the country risk of the country's debt. Still, the New Democracy party did not win enough votes to secure a single-party government and the Prime Minister has already indicated his lack of interest in power-sharing, so a re-run vote will probably take place. Meanwhile, the spread between the yields of Greece and Germany's 10-year debt, a key gauge of investors' risk assessment, fell to nearly 140bps, the lowest in more than a year. The yield on the 10-year bond in Greece is currently lower than that of the Italian bond, which stands at 4.3%, as well as the British 10-year bond, which has a yield of 4.05%.


Greece 10Y Bond Yield (percent) 3.7500 -0.0340 (-0.90%)
4.400
4.300
4.200
4.100
4
3.900
3.800
3.75
May
10
16
22
26
Ju
1D
1W
1M
6M
1Y
5Y
10Y
25Y
All


Spread Greece 10 Years / Germany 10 Years Bond
Zoom
1m
3m
6m
YTD
1y
All
30 Apr 2023 → 31 May 2023
200
175
150
125
Spread
1 May
8 May
15 May
22 May
29 May


Spread Greece 10 Years / Italy 10 Years Bond
Zoom
1m
3m
6m
YTD
1y
All
31 May 2022 → 31 May 2023
50
25
0
-25
-50
Spread
Jul '22
Oct '22
Jan '23
Apr '23

American Market - Indices

DJIA, NADAQ

Entering May Both Dow Jones & the Nasdaq kept getting lower until Friday's (5/5) bullish trading session with U.S. stocks jumping after Apple Inc posted stronger-than-expected results on strong sales. The Dow was up 431 points or 1.3% and the Nasdaq was up 1.8%. U.S. companies added 253,000 jobs last month, more than the 180,000 analysts expected. The unemployment rate fell to 3.4%, also unexpected. The data point to resilient labor sector strength that could encourage the Federal Reserve to keep interest rates higher for a longer period.

The 2nd week of May began with the Nasdaq Composite up 0.5 percent, with its growth-sensitive constituents supported by the prospect that easing inflation may slow the Federal Reserve's plans for further interest rate rises. On Thursday (11/5) the DJIA closed lower, driven by a dive in Disney and ongoing turmoil in regional banks, but another day of big gains for Google kept losses in check. The Dow Jones Industrial Average fell 0.7% or 221 points and the Nasdaq gained 0.2%. The week ended with Dow suffering a second-weekly loss after closing just below the flatline Friday (12/5), as regional banks continued to feel the heat and tech lost steam at a time when consumer sentiment fell to its lowest in six months amid growing worries about the economy, the DJIA fell 0.03%, or 8 points lower and the Nasdaq slid 0.35%. The melt-up in tech stocks seen earlier this week ran out of steam as Treasury yields regained momentum after Federal Reserve officials suggested that further rate hikes can't be ruled out as inflation remains too high and labor markets too tight.

During the 3rd week on Wall Street stocks slipped on Tuesday (16/5) as traders looked for signs of a breakthrough to the impasse in Washington over the US debt ceiling. Stocks were the only sector that recorded gains, and the tech-dominated Nasdaq Composite dipped a more modest 0.2 percent. Wall Street stocks rose on Thursday (18/5) after policymakers in Washington said that a bill to raise the US debt ceiling may be put to a vote next week, raising the possibility of a deal to avoid a government default. Both the blue-chip S&P 500 index and the Nasdaq Composite reached their highest levels since August 2022, up 0.9 percent and 1.5 percent, respectively. Wall Street drifted to a lower close on Friday (19/5). But still marked its best week since March. The Dow lost 109 points or 0.3%, and the Nasdaq composite slipped 0.2%. Worries about talks in Washington to avert a debt default by the U.S. government helped cause stocks to slip.

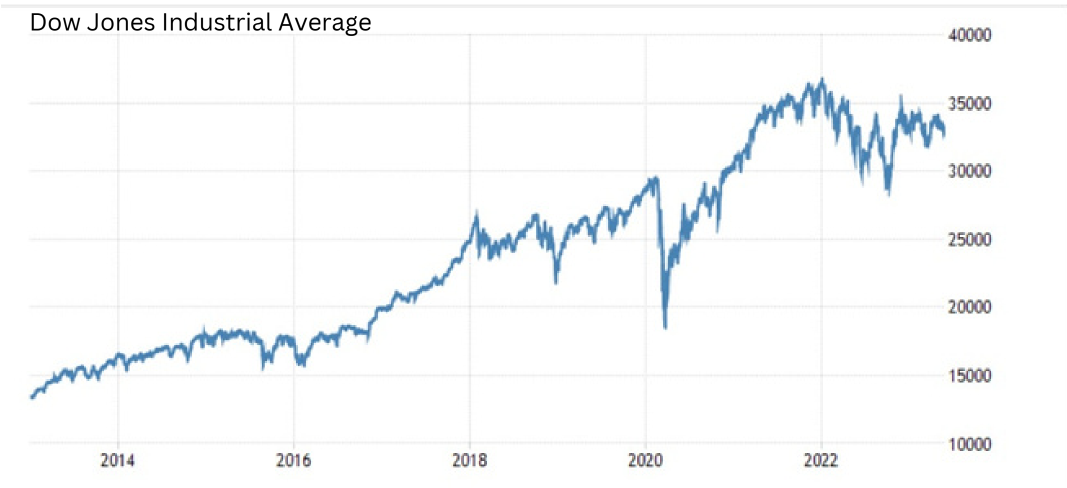
References: Investing.com, CNBC, Financial Times, Bloomberg, The Washington Post, Reuters

Ending the month with the blue-chip Dow Jones reaching its 7-week lows on Wednesday (24/5), while the Nasdaq 0.6%, as concerns grew over the ongoing struggle among U.S. lawmakers to reach an agreement on the country's debt ceiling, raising fears of a potential default. US equities were trading higher on Friday (26/5), with the Dow Jones surging nearly 300 points and the Nasdaq gaining 1.6% as investors monitored developments on the debt ceiling impasse. These gains didn't last long since Dow slipped on Wednesday (31/5), pressured by a retail-led plunge in consumer stocks and weakness in tech just as investors eagerly await the outcome of a key vote on the debt-ceiling bill, the Dow Jones Industrial Average fell 0.4%, or 135 points lower, and the Nasdaq gained 0.6%. Passage of the debt ceiling bill continued to dominate attention with just hours until the U.S. House of Representatives is expected to vote on the legislative measure to increase the debt ceiling and avoid a default.

S&P500

In the first week of May, S&P 500 opened at 4166 points and closed at 4136 points. On the first 4 days of the week, the index moved downwards and reached a weekly low at 4048, as a result of 1) US Global Services PMI which was lower than expected (act 53.5 cons 53.7 prev 52.8), 2) On 3/5 Jerome Powell, the chairman of the Federal Reserve, pointed out the persistense of US inflation, which is 2,5 times higher than FEDd target, and for the first time the chairman of the Federal Reserve expressed his worries about a credit crunch and the US debt ceiling standoff. However, on the last day of the week, after the strong results for the US labor market (Unemployment Rate Act 3.4% cons 3.6% prev 3.5%, Non-Farm Payrolls Act 253K cons 180K prev 165K) the index erased some of its losses and closed the week at 4136 level. The following week, the S&P 500 index remained steady in a trading range from 4100 up to 4150, despite the announcements of US CPI Y/Y (act 4.9% cons 5% prev 5%) and PPI Y/Y (act 2.3% cons 2.4% prev 2.7%) report.

The third week of May, started bearish for S&P 500 index, reaching a weekly low at 4108, but after the announcements from the President of the United States, Joe Biden, and the speaker of the United States House of Representatives, Kevin McCarthy about the progress of debt ceiling decision, the index moved far higher, breaking the major resistance of 4200 level, and reaching a 7-month high at 4214 points. Finally, the index closed the week at the 4192 level. Moving into the last week of the month, S&P 500 started the week without any big changes, trading in a narrow range from 4180 up to 4202. However, on 23/5, the index followed a bearish route, as a result of the announcement of US Global Manufacturing PMI (act 48.5 cons 50 prev 50.2) which was lower than expected, on 24/5 the index reached a weekly low at 4103 points. On the last session of the week, the S&P 500 continued far higher from the previous low and reached the major resistance at the 4200 level, boosted by the AI rally and growing confidence in a deal on the US debt limit.



European Market - Indices

FTSE100,CAC40

European stock markets fell Thursday (4/5), as investors digested a deluge of quarterly corporate earnings ahead of the European Central Bank's latest monetary policy decision. The FTSE 100 in the U.K. dropped 1.1%, and the CAC 40 in France fell 0.85%. The Eurozone's Interest Rate Decision was in focus on Thursday, with the central bank widely expected to tighten monetary policy later in the session, lifting interest rates for the seventh time, following Wednesday's lead by the U.S. Federal Reserve. London equities market saw a rebound on Friday (5/5) as the benchmark FTSE 100 recovered from its recent one-month low, edging towards the 7,800 level. The energy sector was the primary driver of gains, with BP and Shell leading the way, each up around 2%. European stock markets edged lower Wednesday (10/5) on signs of slowing growth ahead of the release of key U.S. inflation data while the earnings season continues, the FTSE 100 in the U.K. dropped 0.2% and the CAC 40 in France fell 0.2%.

European stock markets traded higher Thursday (18/5), with investors optimistic of a deal to lift the U.S. debt ceiling while awaiting comments from ECB chief Christine Lagarde. The FTSE 100 in the U.K. climbed 0.25% and the CAC 40 in France rose 0.6% (18/5) as Investors have been buoyed by the apparent determination of President Joe Biden and top U.S. congressional Republican Kevin McCarthy to reach an agreement soon.

The 3rd week of May ended on a bullish note with the United Kingdom's stock market largely edging higher on Friday, helped by a wave of optimism that a U.S. debt default can be avoided as well as British consumers showing increased confidence. The benchmark FTSE 100 Index traded 0.3% higher. U.K. equities have followed the global trend higher as both U.S. President Joe Biden and top congressional Republican Kevin McCarthy expressed confidence that a deal could shortly be reached to lift the U.S. debt ceiling, removing the potential for a default on the country's debt obligations, which would have had severe repercussions globally.

The CAC 40 index fell about 0.1% to trade around the 7,485 level on Monday (22/5), tracking a general cautious mood, as investors awaited developments on the US debt ceiling negotiations. On Wednesday (24/5) both the FTSE 100 in the U.K. & CAC 40 in France dropped 1.7%. Data released earlier Wednesday showed that the U.K.'s headline inflation rate fell by less than expected in April, dropping to 8.7% from 10.1% the prior month, while core inflation, which excludes volatile food and energy prices, surged to 6.8%, a 31-year high.

Ending the month with the European stock markets trading in a mixed fashion on Friday (26/5), helped by better-than-expected British retail sales while a deal to raise the U.S. debt ceiling looks set to go to the wire. The CAC 40 in France fell 0.3%, while the FTSE 100 in the U.K. climbed 0.1%. Data released on Thursday showed that retail sales n the U.K. rose 0.5% MoM in April, more than expected, with consumers remaining surprisingly resilient in the face of a cost-of-living squeeze.

STOXX600, DAX

In the first week of the month, the European equities declined and reached weekly lows on 4/5 (DAX 15662, Stoxx600 458) as the announcements of 1) Germany Retail sales report Y/Y (act -8.6% cons -3.6% prev -7.1%) which showed us an 11th straight month of decline 2) Euro Area Inflation Y/Y number which was hotter than expected (act 7% cons 6.9% prev 7%). However, on the last day of the week, European Equities rebounded with Stoxx600 up 1.98% and DAX up 2.1%, gaining all of their previous losses.

The following week, both indices traded in a narrow range, the DAX opened at 15967 points and closed the week at 15910 points and the Stoxx600 opened at 465.5 points and closed at 467 points. The third week of May started neutral for European Equities without any big changes in indices, even though Euro Area Gross Domestic Product Y/Y declined (act 1.3% cons 1.3% prev 1.8%). Moving into the last two sessions of the week, both DAX and Stoxx600 moved upwards, with DAX making a record high on 19/5 at 16331 points and at the same time, Stoxx600 making a 7-month high at 470 points. In the last week of May, the European Equities continued lower and on 25/5 reached a weekly low (DAX at 15726 points and Stoxx600 at 456 points). From that point, both indices moved upwards, erasing some of their previous losses. Finally, the DAX closed the week at 15983 and the Stoxx600 index closed at 461 points.


Euro Area Stock Market Index (EU600) 459.82 -0.11 (-0.02%)
470
459.82
450
440
430
Jan
Feb
Mar
Apr
May
Jun
1D 1W 1M 6M 1Y 5Y All


Germany Stock Market Index (DE40) 15938.7 -25.19 (-0.16%)
16500
15939
15500
15000
14500
14000
Jan
Feb
Mar
Apr
May
Jun
1D 1W 1M 6M 1Y 5Y 10Y 25Y All


France Stock Market Index (FR40) 7176.500 -24.410 (-0.34%)
7600
7400
7176.5
7000
6800
6600
6400
Jan
Feb
Mar
Apr
May
Jun
1D 1W 1M 6M 1Y 5Y 10Y 25Y All

Asian Market-Indices

NIKKEI 225

In Japan, the Nikkei 225 had modest gains of 0.2% on the 1st Monday of the month but had a mixed outcome on Tuesday (2/5) since the Index rose 0.12% to close at 29,158, while the broader Topix Index fell 0.12% to 2,076 with Japanese stocks struggling for direction amid weak cues from Wall Street overnight.

During the 2nd week of May the Nikkei 225 Index jumped 1.01% to close at 29,243 on Tuesday (9/5), recouping losses from the previous session, with all market sectors participating in the rally. Still, investors remained cautious amid heightened economic uncertainties and the possibility of a global recession. The week ended with most Asian markets falling off on Friday (12/5), capping off a week marked by soft economic readings and a worsening outlook for the year, although Japan's Nikkei blazed past its peers on a batch of strong earnings. The Nikkei 225 index jumped 0.9% to its strongest level since late December, buoyed by strong earnings from Nissan Motor Co Ltd and Honda Motor Co Ltd which rose 4% and 5%, respectively.

The penultimate week for Japan's market was bullish with Nikkei 225 reaching its highest level in nearly 20 months on Wednesday (17/5) as the country's gross domestic product (GDP) for the first quarter surpassed market expectations. The index rose 0.8% to 30,073.50 points, its strongest level since September 2021. The index has risen sharply in recent weeks, also aided by a strong earnings season and dovish signals from the Bank of Japan. The Nikkei 225 index has gained more than 16% since the start of the year and is again close to a post-bubble high, making Japan one of the hottest markets in the world. Foreign investors have plowed into stocks and futures in the past five weeks, with net inflows during the period reaching nearly $30bn, according to the Tokyo Stock Exchange (TSE), some of the largest inflows of the past decade.

The final Monday of the month (22/5) ended strong with a gain of 1.14% further confirming that the Japanese indices are among the best-performing national benchmarks in the world this year, with a gain of nearly 14 percent in the Topix and 18 percent in the Nikkei 225. Japan's benchmark stock indexes retreated on Wednesday (24/5), extending declines into a second session as investors locked in profits and questioned just how high stocks could run after reaching 33-year highs. The Nikkei 225 index fell 0.8%, while the broader TOPIX index shed 0.2%, drifting further away from the 33-year peaks hit earlier this week. A strong first-quarter earnings season and dovish signals from the Bank of Japan had drawn a flurry of buying into Japanese stocks over the past two weeks. The country is also the only major economy to still retain ultra-low interest rates this year, which has kept local liquidity conditions high.

HKSI

In the first week of May, the Hang Seng index started bearish reaching a weekly low at 19538 level. From that point, the index moved higher and closed the week at the 20114 level, up 2.65% from lows. Moving into the second week of the month, the HSI continued its previous route and reached a weekly high at 20321 points. However, on the last 4 days of the week, the HSI moved sharply lower, closing at 19590 despite the positive news coming from China's inflation Y/Y report (act 0.1% cons 0.4% prev 0.7%) which was lower than expected. The third week of May started bullish for Hang Seng Index, recouped some of its previous losses, and reached a weekly high at the 20183 level. However, after the announcement of the China Industrial Production report (act 5.6% cons 10.9% prev 4%) which missed the estimates, the HSI index moved far lower reaching a weekly low on 18/5 at 19352 points. In the last week of the month, the HSI index continued downwards, for a second straight week, over the fears of the US debt ceiling standoff. Finally, on 25/5 the index hit a 4-month low at 18620 points.

Index	05/06 Close	MoM	YtD
S&P 500	4,282.37	3.75%	11.31%
NASDAQ 100	14,546.64	10.27%	33.06%
DJIA	33,762.76	0.1%	1.25%
FTSE 100	7,599.99	-2.39%	1.70%
DAX	15,963.89	-0.13%	14.45%
CAC 40	7,200.91	-2.86%	11.00%
STOXX 600	459.33	-1.19%	8.24%
ATHEX GD	1,217.86	10.29%	33.08%
HKHS	19,108.5	-3.87%	-3.45%
NIKKEI 225	32,217.43	11.16%	25.57%

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

Commodity	05/06 Close	MoM	YtD
Bloomberg Commodity Index	Points 100.06	-3.62%	-11.40%
Gold Continuous Cont	USD 1,974.3	-3.05%	8.17%
Silver Continuous Cont	USD 23.63	-8.20%	-1.82%
Crude WTI Continuous Cont	USD 72.15	-4.13%	-12.18%
Crude Brent Continuous Cont	USD 76.71	-2.90%	-12.73%
Natural Gas TTF Continuous	EUR 26.9	-27.12%	-65.27%
Copper Continuous Cont	USD 3.768	-3.7%	-1.57%
Aluminium 1M	USD 2,223.5	-4.16%	-8.53%
Iron 1M	USD 107.38	1.78%	78.76%
HRC Steel Continuous Cont	USD 945	-13.78%	26.17%
Corn 1M	USD 5.975	3.54%	-10.61%

Pair	05/06 Close	MoM	YtD
USD Index	104.20	2.55%	0.65%
EUR/USD	1.0715	-2.59%	-0.23%
GBP/USD	1.2437	-1.71%	2.54%
USD/JPY	139.58	3.20%	6.44%
USD/CHF	0.9063	1.99%	-1.85%
USD/TRY	21.2748	10.16%	15.08%
BTC/USD	25,713	-7.07%	55.13%
ETH/USD	1,804.84	-1.88%	51.51%

Rates	05/06 Close	MoM	YtD
FED Funds Rate Target	5.00%-5.25%	+25 bps (4/05/2023)	+25 bps (2/02/2023) +25 bps (17/03/2023) +25 bps (4/05/2023)
ECB Main Refinancing Operations Rate	3.75%	+25 bps (10/05/2023)	+50 bps (8/02/2023) +50 bps (22/03/2023) +25 bps (10/05/2023)
ECB Deposit Facility Rate	3.25%	+25 bps (10/05/23)	+50 bps (8/02/2023) +50 bps (22/03/2023) +25 bps (10/05/2023)
EURIBOR 1M	2.915 %	+31 bps	+173 bps
USA 3 Month Treasury	5.296%	+8 bps	+87 bps
USA 10 Year Treasury Bill	3.688%	+15 bps	-20 bps
Germany 10 Year Bond	2.381%	-1 bps	-23 bps
UK 10 Year Gilt	4.207%	+35 bps	+55 bps
Greece 10 Year Bond	3.693%	-36 bps	-94 bps

Adobe's $20 billion Figma buyout deal under UK competition watchdog scanner

The $20 billion acquisition of cloud-based designer platform Figma by Adobe Inc. (ADBE.O) by Britain's competition authority is being investigated to see if it might result in a "substantial lessening of competition" in the nation.

TD pulls $13.4 billion First Horizon purchase, leaves US bank in limbo

First Horizon Corp's (FHN.N) shares dropped close to 40% after Toronto-Dominion Bank Group (TD.TO) of Canada canceled its $13.4 billion acquisition of the U.S. regional bank.

EU decision clearing $69 billion Microsoft, Activision deal expected May 15, sources say

EU antitrust officials are expected to accept Microsoft Corp.'s (MSFT.O) $69 billion acquisition of Activision (ATVI.O), according to people with knowledge of the situation.

Microsoft says UK regulator an 'outlier' for blocking Activision deal

In its attempt to acquire "Call of Duty" creator Activision Blizzard (ATVI.O) for $69 billion, Microsoft (MSFT.O) accused Britain's anti-trust authority of being a worldwide "outlier" and a "global outlier" in doing so. The acquisition was rejected by the Competition and Markets Authority (CMA) in April because it may harm competition in the emerging cloud gaming business, setting up a raging argument.

Chevron to boost U.S. presence with $7.6 billion PDC Energy buy

Chevron Corp (CVX.N) is expanding its presence in the U.S. oil and gas industry by purchasing shale producer PDC Energy Inc (PDCE.O) in a $7.6 billion stock-and-debt deal.

EnBW sells minority stake in TransnetBW for $1.1 billion

EnBW (EBKG.DE), a German utility, has sold around 25 percent of its high-voltage transmission network TransnetBW to a consortium led by savings banks for about 1 billion euros ($1.1 billion).

UK's Asda to buy EG petrol stations unit in $2.9 billion deal

To accelerate its entry into the convenience market, British grocery chain Asda announced that it will acquire the majority of EG Group's UK and Ireland operations to form a company with combined sales of around 30 billion pounds ($38 billion).

Pfizer to raise $31 billion for Seagen takeover in largest debt offering

The drugmaker Pfizer Inc (PFE.N) announced late that it intended to raise $31 billion through its largest debt offering to finance its proposed acquisition of Seagen Inc (SGEN.O).

Booking set to get EU antitrust warning on Etraveli deal

Online travel operator Booking Holdings Inc (BKNG.O) can anticipate receiving an EU antitrust warning about its 1.63 billion euro offer for Sweden's Etraveli Group.

Private equity firm GTCR amasses $11.5 bln in record fundraise

Private equity firm GTCR LLC announced that it has raised its largest fund ever, bringing in $11.5 billion from investors to buy businesses in the technology, healthcare, financial, and consumer services industries.

Asda owners to announce 10 billion-pound merger with EG UK

The owners of Asda supermarket and EG Group, a firm that operates gas stations, will announce a 10 billion pound ($12.6 billion) merger of their operations in Britain.

Vitamin Shoppe owner taken private in $2.6 bln deal with CEO-led group

Franchise Group Inc (FRG.O), the firm that owns Vitamin Shoppe, would be taken private by a group headed by CEO Brian Kahn in a deal estimated to be worth around $2.6 billion, the business announced.

Investment consortium nears $7 bln-plus deal for Syneos Health

A consortium made up of Elliott Investment Management, Patient Square Capital, and Veritas Capital is close to agreeing to buy Syneos Health Inc (SYNH.O), a company that conducts clinical research for pharmaceutical companies, for more than $7 billion, including debt.

Grupo Mexico nearing $7 bln deal for Citi's Banamex unit

Grupo Mexico (GMEXICOB.MX) plans to purchase Citigroup Inc.'s (C.N) retail banking operations in Mexico for around $7 billion.

Toshiba says working with JIP to 'quickly complete' $15 bln buyout

As the industrial conglomerate anticipated another year of subpar profitability, Toshiba Corp (6502.T) announced that it was collaborating with Japan Industrial Partners (JIP) to swiftly finalize a $15 billion takeover by the private equity group.

Australia's InvoCare gets higher $1.3 bln offer from TPG

Shares of Australian funeral services provider InvoCare Ltd (IVC.AX) increased by almost 12% on Monday after the company said that a greater A$1.86 billion ($1.26 billion) offer from global private equity firm TPG had been made just weeks after it rejected a lesser offer it felt undervalued the company.

US pipeline operator ONEOK moves into oil, products with $18.8 billion Magellan deal

ONEOK Inc. (OKE.N) agreed to acquire U.S. pipeline operator Magellan Midstream Partners (MMP.N) in a cash-and-stock transaction valued at approximately $18.8 billion, including debt. This will allow ONEOK, which is focused on natural gas, to enter the transportation of oil and refined products.

Australian gold miner Newcrest backs Newmont's $17.8 billion offer

Newcrest Mining Ltd., an Australian gold miner, said on Monday that it would support Newmont Corp.'s (NEM.N) A$26.2 billion (17.8 billion) takeover offer in one of this year's largest buyouts to date.

FTC to block Amgen's $27.8 billion deal for Horizon Therapeutics

Amgen Inc.'s (AMGN.O) $27.8 billion acquisition of Horizon Therapeutics PLC (HZNP.O) is expected to be blocked by the Federal Trade Commission of the United States.

Pfizer to raise $31 billion for Seagen takeover in largest debt offering

Pfizer Inc. (PFE.N) announced that it plans to raise $31 billion through its largest debt offering to finance its proposed acquisition of Seagen Inc. (SGEN.O).

Brookfield India REIT, Singapore's GIC to buy India assets for $1.4 billion

In a deal that has an enterprise value of $1.4 billion, Brookfield Asset Management (BAM.TO) will sell two commercial properties in India to a partnership consisting of its locally listed REIT Brookfield India (BROF.NS) and the Singapore sovereign wealth fund GIC.

Lithium producers Allkem, Livent to combine in $10.6 billion deal

Allkem Ltd. (AKE.AX) and Livent Corp. (LTHM.N), two lithium companies, announced that they will combine in a $10.6 billion all-stock deal to become the world's third-largest producer of the metal used in electric vehicle batteries.

Broadcom CEO seeks to convince EU on $61 billion VMware deal

U.S. chipmaker Broadcom's (AVGO.O) CEO Pawn Tan will attempt to persuade EU antitrust masters that his proposed $61 billion bid for distributed computing firm VMware (VMW.N), which has set off investigation on the two sides of the Atlantic, is favorable to serious.

FTX gets approval for LedgerX sale, asserts $3.9 billion Genesis claim

The bankruptcy court in the United States granted permission to the bankrupt crypto exchange FTX to sell its LedgerX business for $50 million, bringing in additional funds to repay creditors. FTX announced on Wednesday that it would seek repayment of nearly $4 billion from Genesis Global Capital (GGC), the crypto firm Genesis's bankrupt lending arm.

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

Athens General Index

In the first week of the month, ASE opened at 1085 points and continued on a positive route. On 5/5 the General Index reached a weekly high at 1113 points, boosted by the announcement of Greece's Unemployment Rate (act 10.9% cons 11.6% prev 11.3%) which was lower than expected. Finally, the index closed the week at 1109 level. Moving into the second week of May, the Athens Stock Exchange General Index continued higher, as a result of the Greece Harmonized CPI Y/Y report, which showed us a decrease to 4.5% in April, down 1% from March. However, on 11/5 ASE gave up some of its previous profits and closed the week at 1124 points. In the third week of the month, ASE continued upwards, reaching a weekly high on 17/5 at 1139 points. In the remaining 2 sessions of the week, the General Index remain on a steady path, as the investors waited for the Greece General Election result. Moving into the last week of the month, the Athens General exchange index surged and reached a decade high at 1220 points boosted by the election result and the consecutive Investment Grade rating upgrade for the Greek public debt.

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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!"