

# GREEK ECONOMY

**February 27, 2018**

[Bloomberg Ticker: GKGNGDPY:IND]

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## Quarterly Macro Note

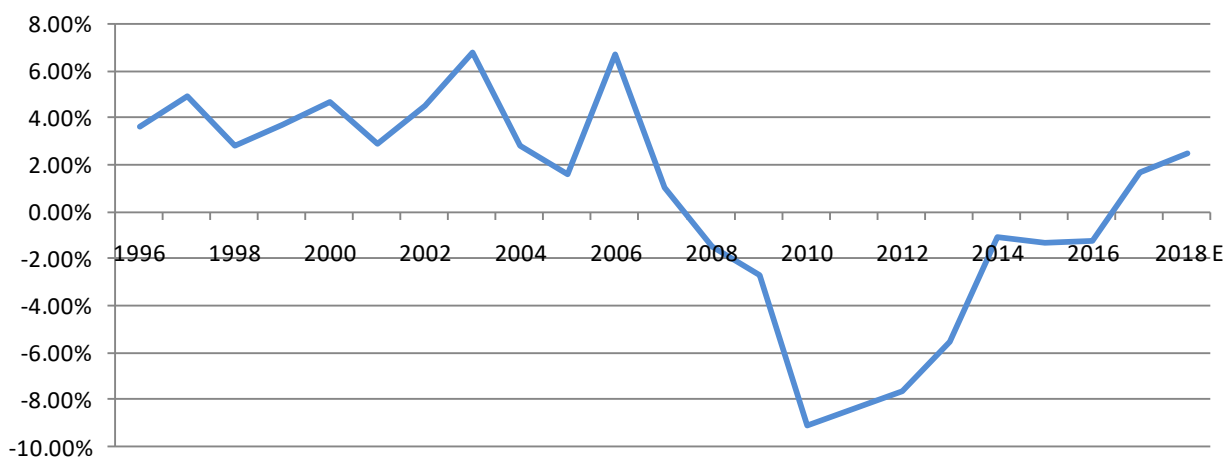
### Major Highlights

- The Greek economy is growing again with real GDP expected to reach 1.6% by 2017. The recovery is expected to be strengthened in the coming years providing further support for employment growth. Sustained commitment to structural reforms remains vital to the continued expansion. According to provisional data, real GDP in Greece grew by 0.3% (q-o-q) in the third quarter of 2017 (in seasonally-and working-day adjusted terms) corresponding to a growth of 1.1% y-o-y for the first three quarters of 2017. This marks the first time since 2006 that the Greek economy has grown for three consecutive quarters. Net exports took over as the main driver of growth in the second and third quarters, signaling that Greece is also benefiting from the wider recovery in Europe and the improvements in the country's competitiveness achieved by structural reforms. Private consumption growth was broadly flat during the first three quarters of 2017, which somewhat narrowed the savings gap. The decline in investment was likely linked to adverse effects resulting from the delayed closure of the second review of the European Stability Support Program in the third quarter. Real GDP growth is estimated to accelerate in both 2018 and 2019 (IMF: 2.6% and 1.9% respectively, OECD: 2.3% and 2%, European Commission: 2.5% and 2.5%). Sustained improvement in the labor market and in consumer sentiment is set to fuel private consumption growth. The business climate in Greece is also expected to improve further, although financing conditions may ease only gradually, leading to moderate investment growth.
- The labor market continues to improve, with the unemployment rate as low as 20.7% in October 2017, down 2.7 pps since the end of 2016. The improvement was driven by the increase in employment, as the size of the labor force was broadly stable. According to quarterly national accounts data, employment rose by 1.8% (y-o-y) in the first three quarters of 2017. Employment is expected to continue growing, in line with the economic recovery.
- Consumer price inflation reached 1.1% in 2017, driven by the rebound in energy prices and increases in indirect taxation. Headline inflation is expected to decrease in 2018, as core inflation looks unlikely to fully compensate for fading base effects linked to energy prices.
- NPLs should be reduced rapidly and substantially to allow for a resumption of credit and growth. This requires additional efforts both to strengthen and fully implement the debt restructuring legal framework and to enhance supervisory tools. At the same time, bank governance needs to be further strengthened and capital controls need to be eliminated as soon as prudently possible, while preserving financial stability.

## GDP (Gross Domestic Product) Growth, Greece

(Since Year 1996)

February 27, 2018



Source: Hellenic Statistical Authority (ELSTAT).

Please see important disclosure and disclaimer statements at the end of this report.

Economic Summary 2017	
GDP	+
Inflation	+
Debt to GDP	+
Unemployment	-
Income from Tourism	+
Income from Shipping	+
Stock Market	+
10-Year Government Bond Yield	-
Economic Sentiment Index	+
Business Confidence Index	+
Real Estate Price	-

### Important Note:

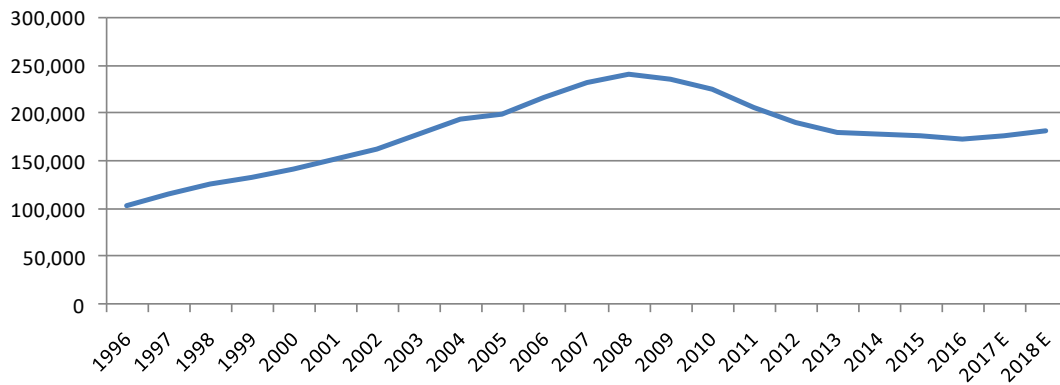
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**This report has been prepared in collaboration with the Athens University of Economics and Business (AUEB) Students' Investment & Finance Club. Contributors: Ilias Arvanitakis, Tilemachos Leftheriotis.**

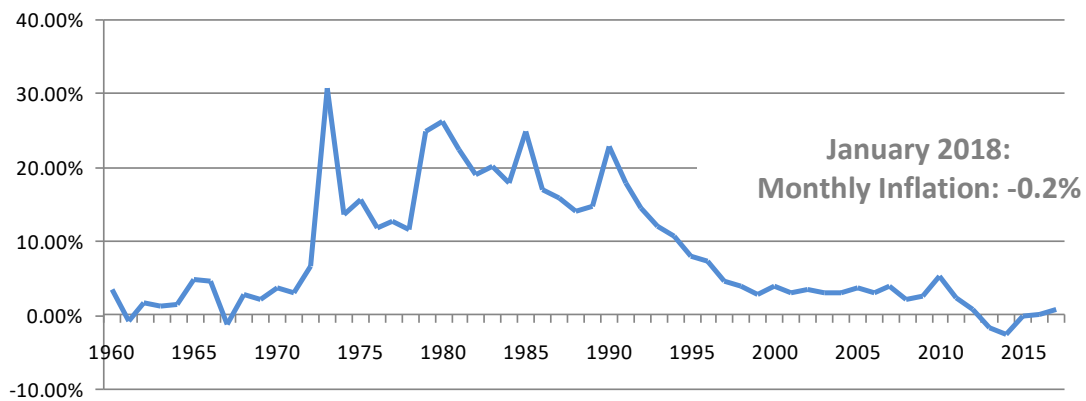
## GREEK ECONOMY - TABLES & GRAPHS

GDP, Period 1996 – 2018 (in € million)



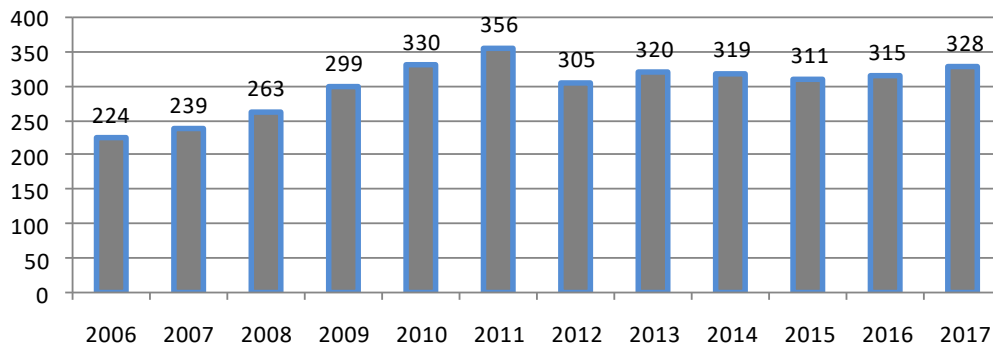
Source: ELSTAT

Inflation, Period 1960 – 2017



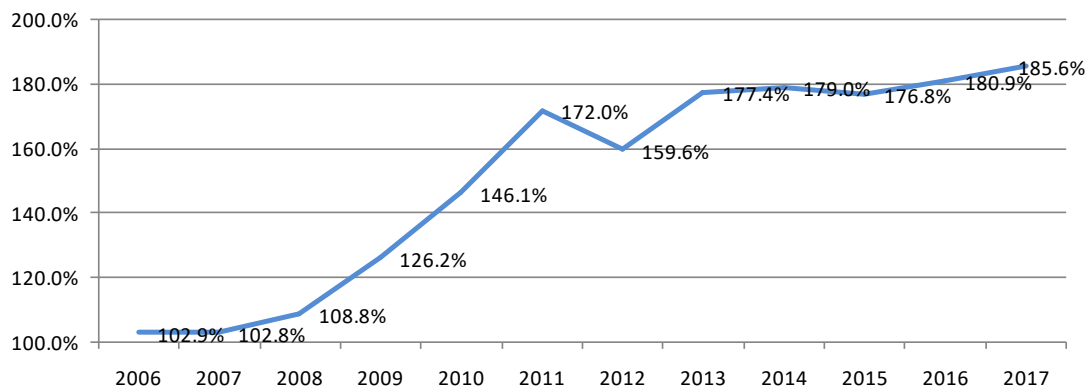
Source: ELSTAT

Public Debt, Period 2006 – 2017 (in € billion)



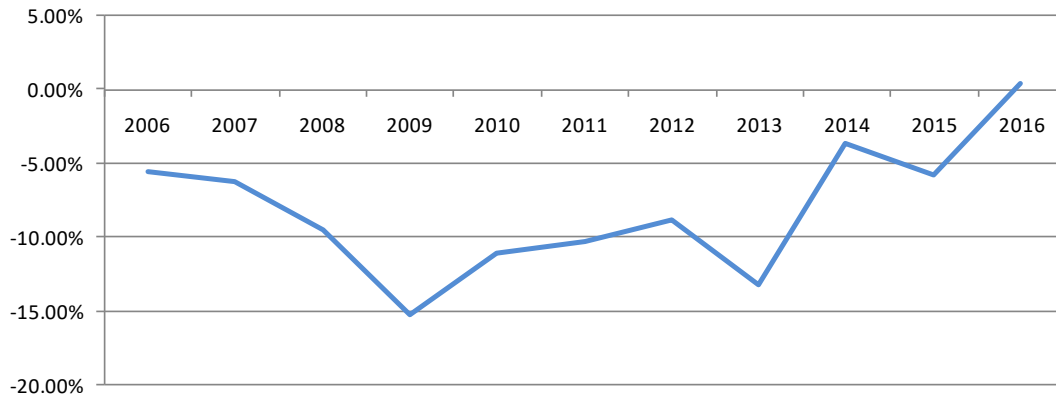
Source: ELSTAT

Debt to GDP, Period 2006 – 2017



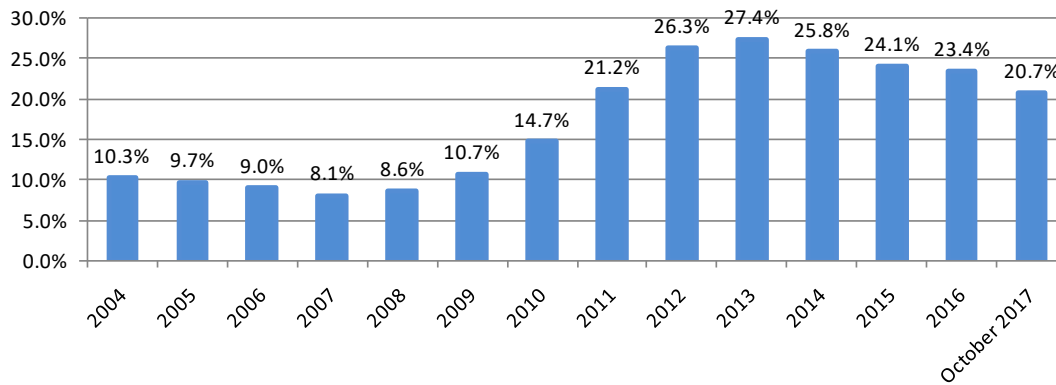
Source: ELSTAT

Budget Balance [Surplus / (Deficit)] to GDP, Period 2006 – 2016



Source: ELSTAT

Unemployment, Period 2004 – 2017

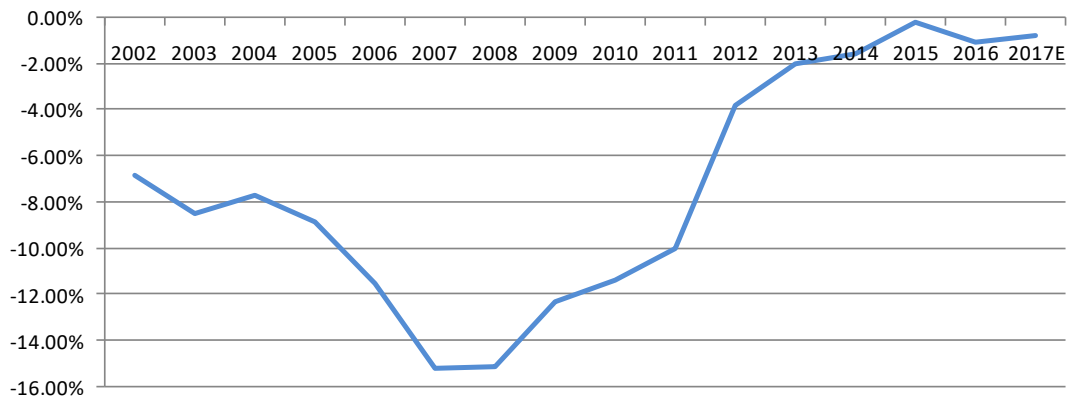


Source: ELSTAT

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Balance of Payments to GDP, Period 2002 – 2017

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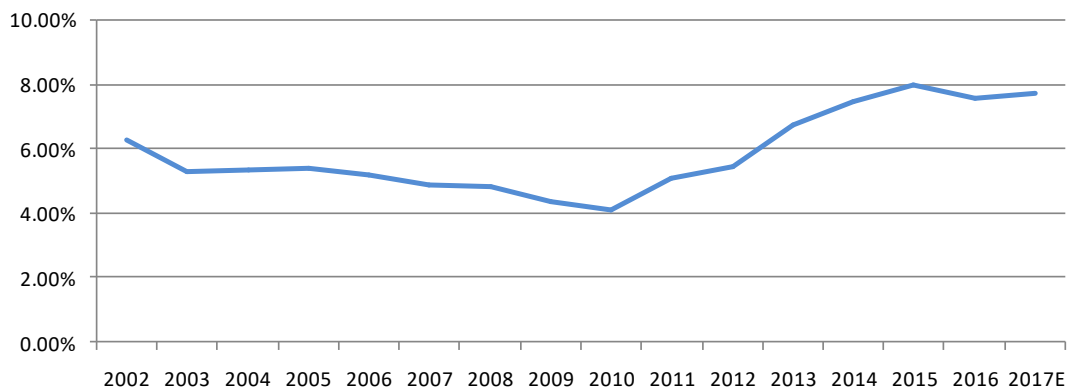
Source: Bank of Greece

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Income from Tourism to GDP, Period 2002 – 2017

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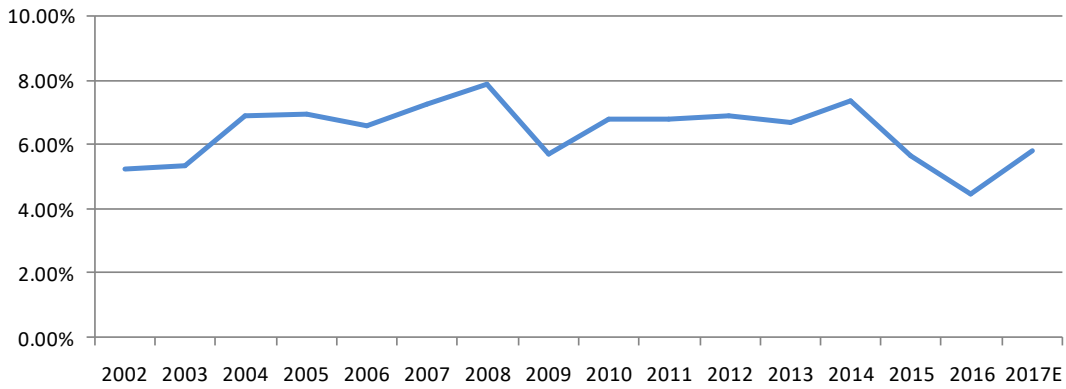
Source: Bank of Greece

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Income from Shipping to GDP, Period 2002 – 2017

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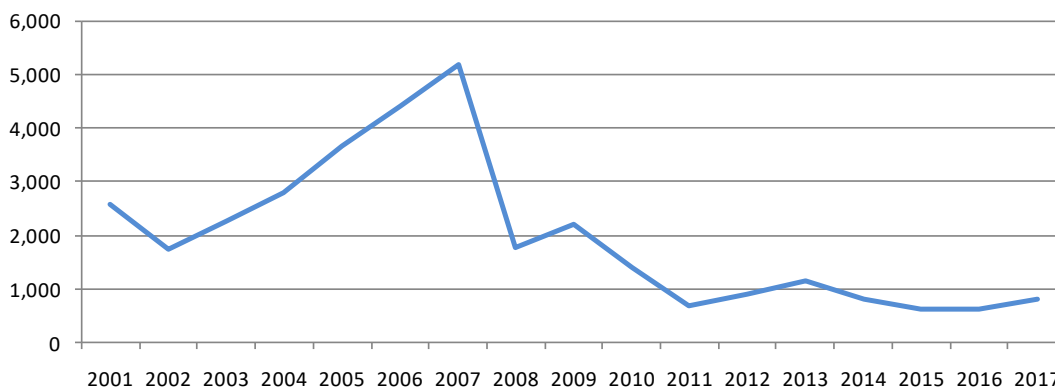


Source: Bank of Greece

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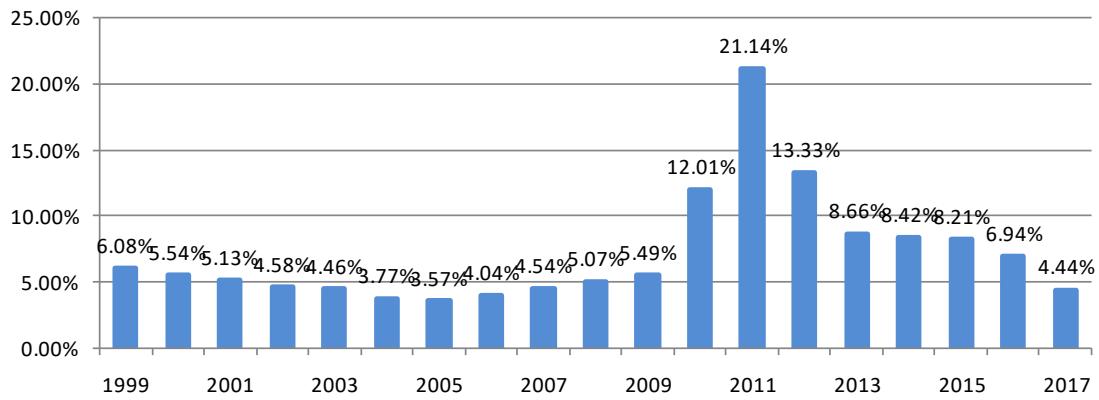
Stock Market, Athens Exchange General Index (points), Period 2001 – 2017

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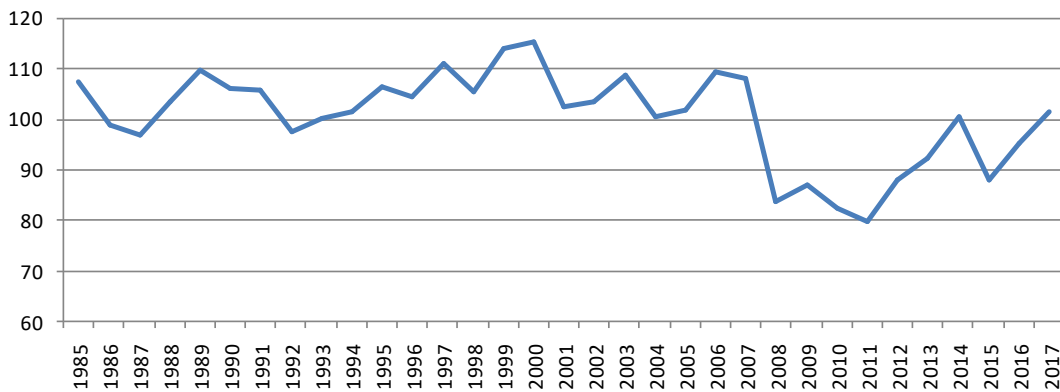
Source: Bank of Greece, Athens Exchange

10-Year Government Bond Yield, Period 1999 – 2017



Source: Bank of Greece

Economic Sentiment Index (points), Period 1985 – 2017

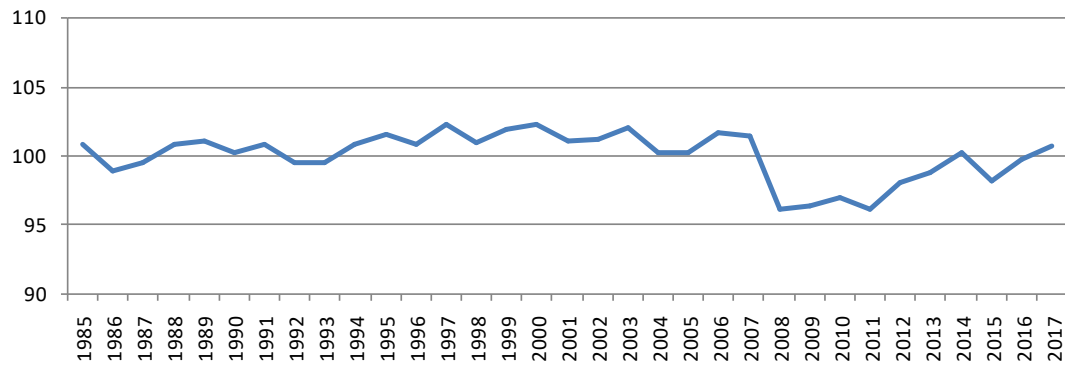


Source: European Commission

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Business Confidence Index (points), Period 1985 – 2017

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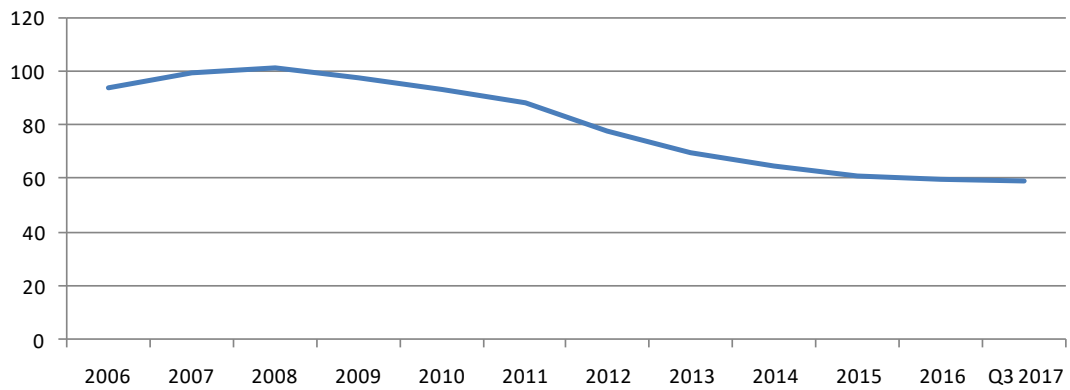


Source: OECD

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Real Estate Prices Index (points), Period 2006 – 2017

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Source: Bank of Greece

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 Greek Sovereign Ratings, Period 1990 – 2017
 

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Year	Moody's	Standard & Poor's	Fitch
1990	Baa1	BBB-	-
1991	Baa1	BBB-	-
1992	Baa1	BBB-	-
1993	Baa1	BBB-	-
1994	Baa3	BBB-	-
1995	Baa3	BBB-	BBB-
1996	Baa1	BBB-	BBB-
1997	Baa1	BBB-	BBB
1998	Baa1	BBB	BBB
1999	A2	A-	BBB+
2000	A2	A-	A-
2001	A2	A	A
2002	A1	A	A
2003	A1	A+	A+
2004	A1	A	A
2005	A1	A	A
2006	A1	A	A
2007	A1	A	A
2008	A1	A	A
2009	A2	BBB+	BBB+
2010	Ba1	BB+	BBB-
2011	Ca	CC	CCC
2012	C	B-	CCC
2013	Caa3	B-	B-
2014	Caa1	B	B
2015	Caa3	CCC+	CCC
2016	Caa3	B-	CCC
2017	Caa2	B	B-
2018	-	-	B

Source: Moody's, Standard & Poor's, Fitch Ratings

## Key Interest Rates (Duration 1 Year), Period 2002 – 2017

Year	Households' Deposit Rate	Corporates' Deposit Rate	Mortgage Rate	Loan to Corporates (up to € 1 million)	Loan to Corporates (above € 1 million)
2002	2.93%	3.10%	4.42%	5.76%	4.50%
2003	2.22%	2.35%	4.31%	5.13%	3.78%
2004	2.30%	2.20%	4.21%	5.04%	3.77%
2005	2.39%	2.32%	3.86%	5.41%	3.93%
2006	3.47%	3.48%	4.36%	6.30%	5.16%
2007	4.52%	4.33%	4.76%	6.83%	5.79%
2008	5.36%	4.36%	4.92%	6.18%	5.07%
2009	2.10%	1.18%	3.08%	4.70%	3.24%
2010	3.68%	3.29%	3.67%	5.87%	5.00%
2011	4.88%	3.76%	4.17%	6.90%	6.21%
2012	4.70%	4.15%	3.04%	6.06%	5.88%
2013	2.82%	2.65%	2.81%	5.81%	4.83%
2014	1.82%	1.85%	2.93%	5.18%	4.61%
2015	1.02%	1.14%	2.69%	5.04%	5.15%
2016	0.70%	0.85%	2.83%	5.07%	4.50%
2017	0.60%	0.93%	2.99%	4.58%	4.66%

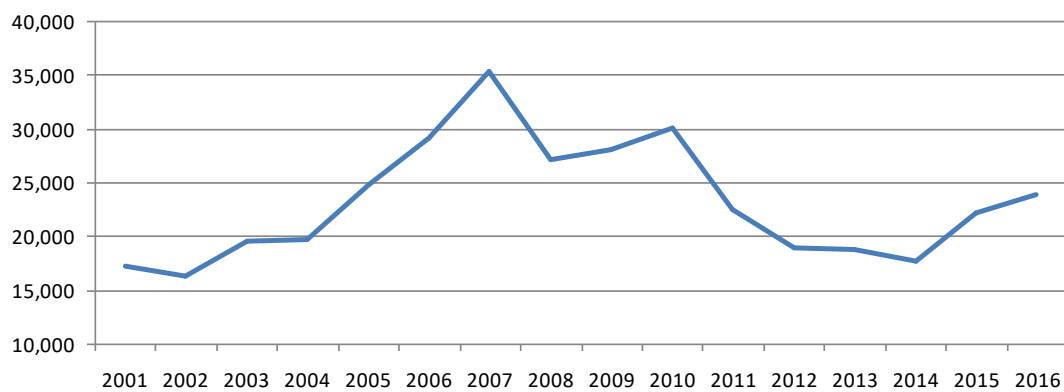
Source: Bank of Greece

Annual Changes of Major Economic Figures, Period 2010 – 2016

Year	GDP	Output of goods and services	Gross value added	Final consumption expenditure	Gross capital formation	Exports of goods and services	Imports of goods and services
2010	-9.10%	-4.16%	-2.38%	-5.16%	22.04%	28.69%	21.25%
2011	-8.40%	-3.78%	-3.52%	-3.37%	-12.39%	-4.61%	-6.23%
2012	-7.60%	5.97%	2.81%	1.70%	-2.79%	1.15%	0.39%
2013	-5.50%	3.41%	4.05%	4.38%	18.54%	0.33%	7.38%
2014	-1.10%	2.96%	2.75%	3.63%	15.72%	6.15%	10.20%
2015	-1.30%	-0.54%	-0.35%	-0.18%	-12.65%	-4.08%	-6.74%
2016	-1.20%	0.32%	0.30%	0.81%	9.00%	-5.18%	-0.75%

Source: ELSTAT

Foreign Direct Investment, Period 2001 – 2016 (in € million)



Source: Bank of Greece

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