

### GREEK ECONOMY

[Bloomberg Ticker: GKGNGDPY:IND]

July 20, 2018

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#### Quarterly Macro Note

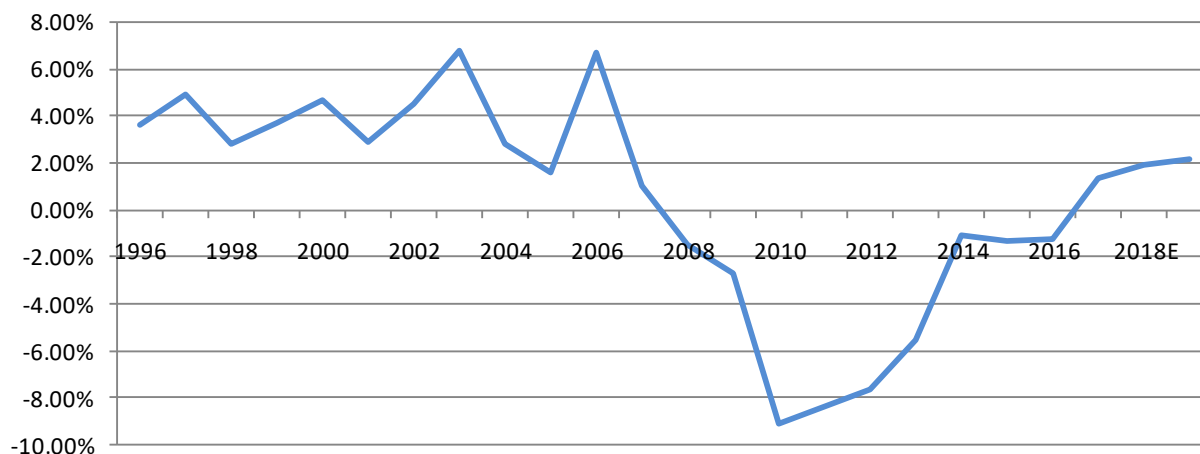
#### Major Highlights

- Greek government’s fiscal consolidation has led to an economic recovery and has further improved the fiscal credibility of the country. After an unprecedented depression, the economy stabilized and the growth rate of GDP gathered pace (2% 2018E, 2.3% 2019E, European Commission). The percentage of Income from Tourism and Shipping to GDP is steady at almost 7.71% and 5.21% accordingly over the past 3 years. Furthermore, unemployment continues to decrease (20.1%, Hellenic Statistical Authority), even though it is still higher from the pre-crisis levels. Wages are now competitive but many workers still earn below the minimum wage, due to part-time contracts. Moreover, Greece's inflation rose to 1.0% y-o-y in June 2018. Public debt continues its stable path and the positive prospects of GDP’s growth render it solvent (European Commission). Correspondingly, Balance of Payments has also stabilized to an average of -0.85% over the past 3 years. The forecast of annual growth of total fixed investment, in real terms, is 9.1% (OECD), while improving the business environment would boost investments and gain confidence for the country.
- After an agreement with the creditors, Greece leaves its bailout program in August 2018. This agreement renders the public debt solvent, since the Greek government has agreed to maintain a primary surplus of 3.5% of GDP until 2022, lowered then at 2.2% of GDP until 2060. Moreover, a further deferral of EFSF interest and amortization by 10 years and an extension of the maximum weighted average maturity (WAM) by 10 years, respecting the program’s authorized amount, were also granted as a measure for the sustainability of the public debt. What’s more, a package approved by the parliament includes new reforms in the health sector, the labor market and public administration, as well as measures to manage and lessen NPLs, improve the business environment and restructure the energy market. The creditors confirmed the creation of a “cash buffer”, which means that €20bn is provided to Greek government in order to cover its necessary liquidity. However, it is important to mention that the exit of Greece is occurring at a time with political upheaval in Europe and the response of the markets is questionable.
- Regarding the banking sector, Greek banks passed ECB’S stress tests of their financial health and continued successfully their efforts to reduce Non Performing Loans (now standing at 92.3 billion euros down from 107.1 billion euros in 2016). Furthermore, the relaxation of capital controls and increase of cash withdraw limit made a positive impact on the real economy and helped banks work properly and regain their credibility (deposits now standing at 128 billion euros up from 119 billion euros 1 year ago).

#### GDP (Gross Domestic Product) Growth, Greece

(Since Year 1996)

July 20, 2018



Source: Hellenic Statistical Authority (ELSTAT)

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

Economic Summary 2018	
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 Prices	+

### Important Note:

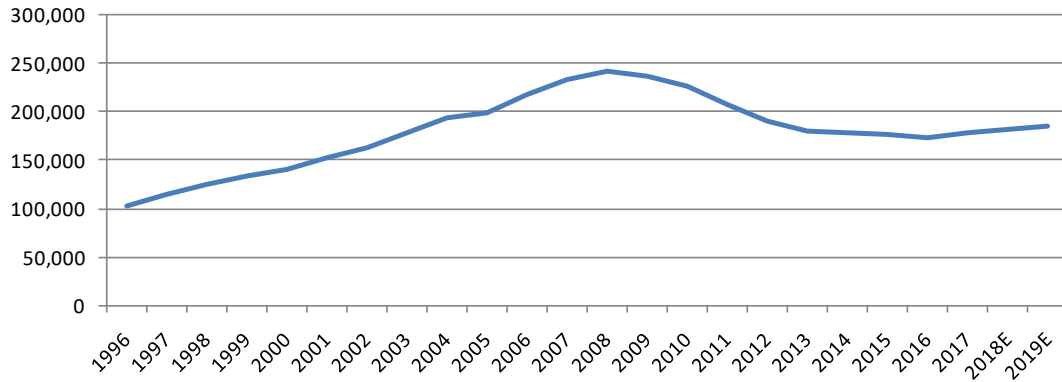
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**This report has been prepared in collaboration with the Athens University of Economics and Business (AUEB) Students' Investment & Finance Club. Contributors: Ilias Arvanitakis, Apostolos Gaitanis.**

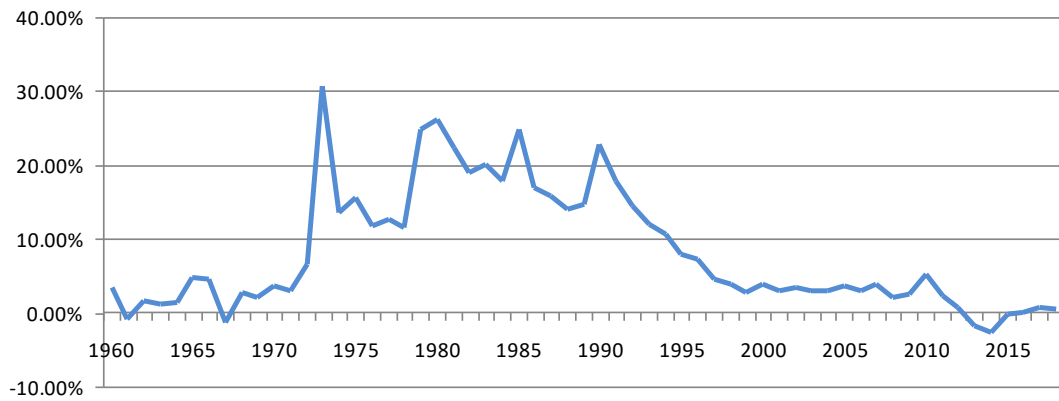
## GREEK ECONOMY - TABLES & GRAPHS

GDP, Period 1996 – 2018 (in € million)



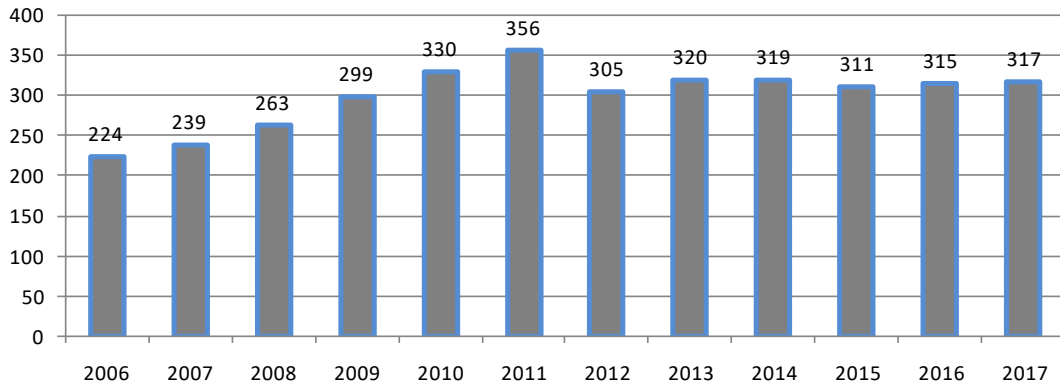
Source: ELSTAT

Inflation, Period 1960 – 2018



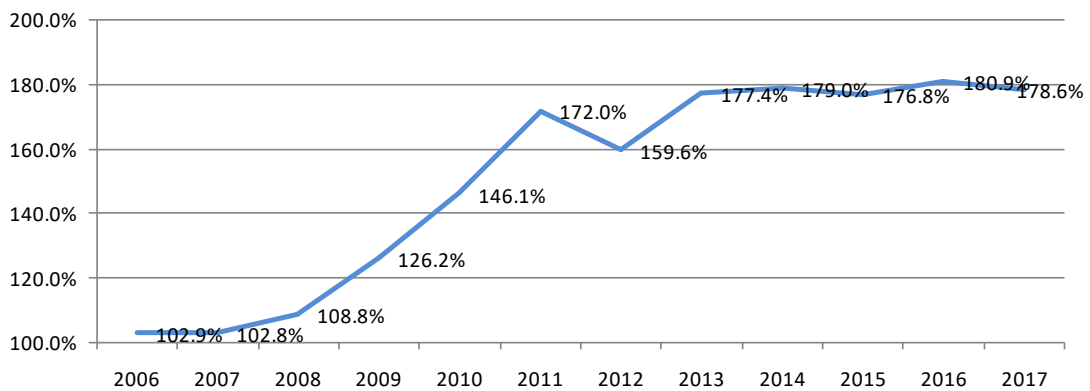
Source: ELSTAT

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



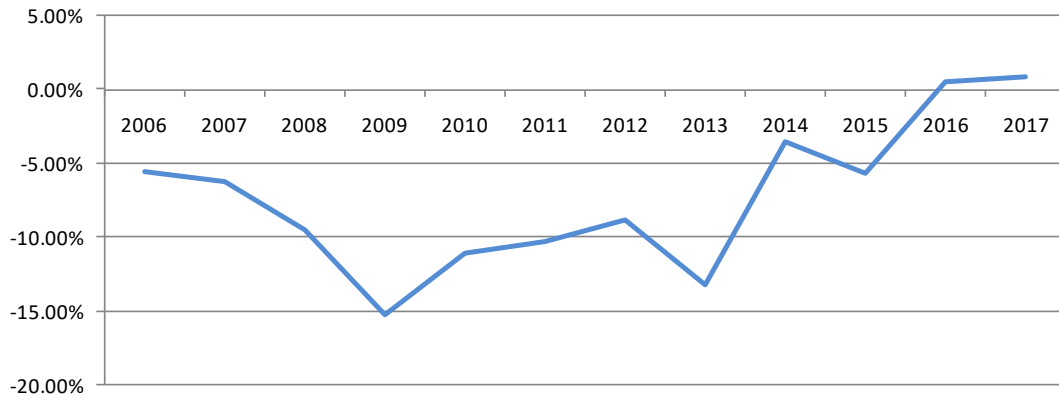
Source: ELSTAT

Debt to GDP, Period 2006 – 2017



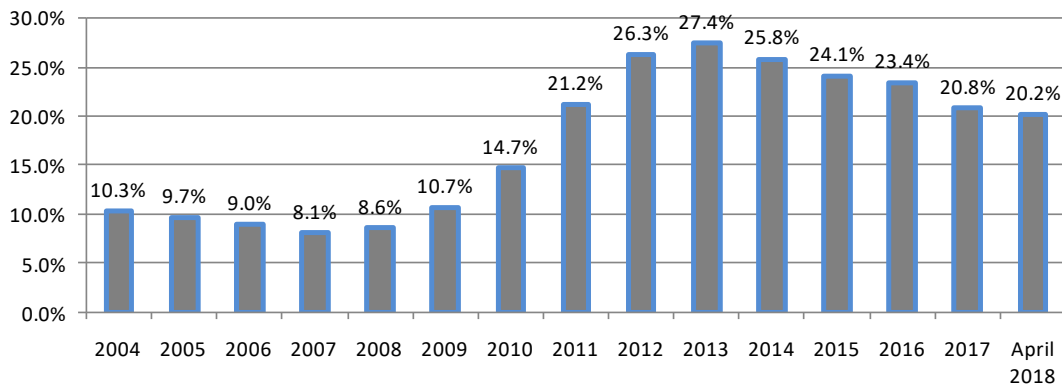
Source: ELSTAT

Budget Balance [Surplus / (Deficit)] to GDP, Period 2006 – 2017



Source: ELSTAT

Unemployment, Period 2004 – 2018

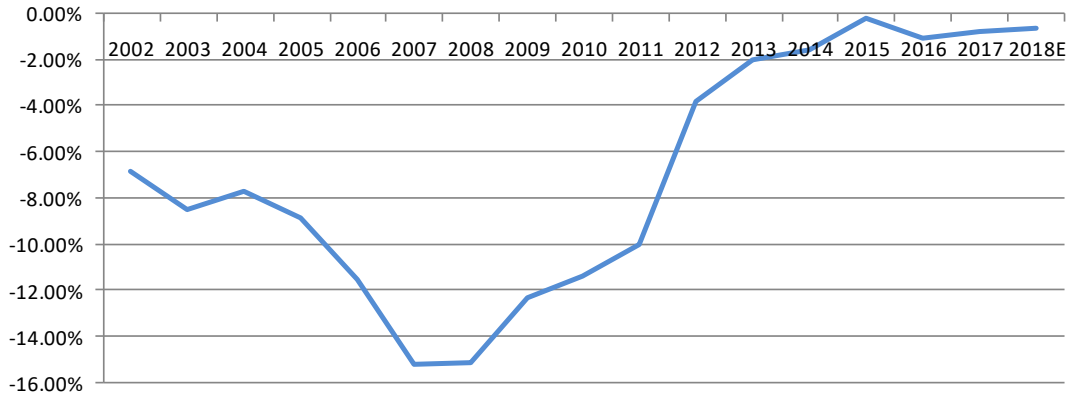


Source: ELSTAT

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Balance of Payments to GDP, Period 2002 – 2018

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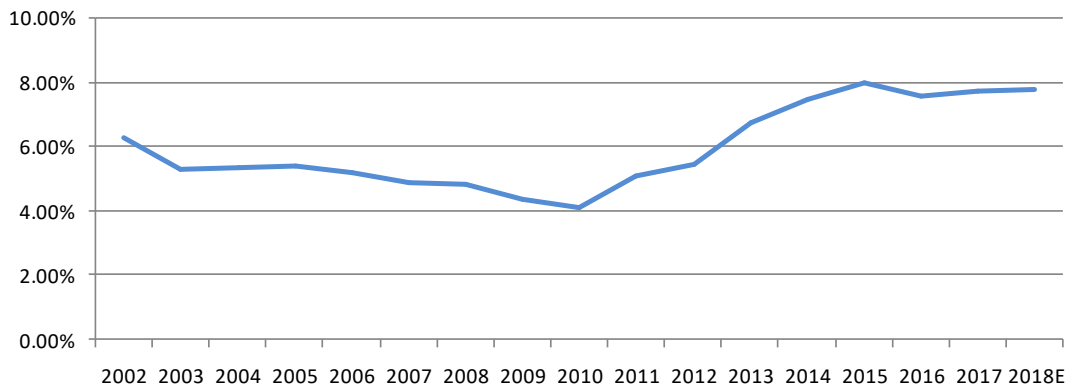
Source: Bank of Greece

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Income from Tourism to GDP, Period 2002 – 2018

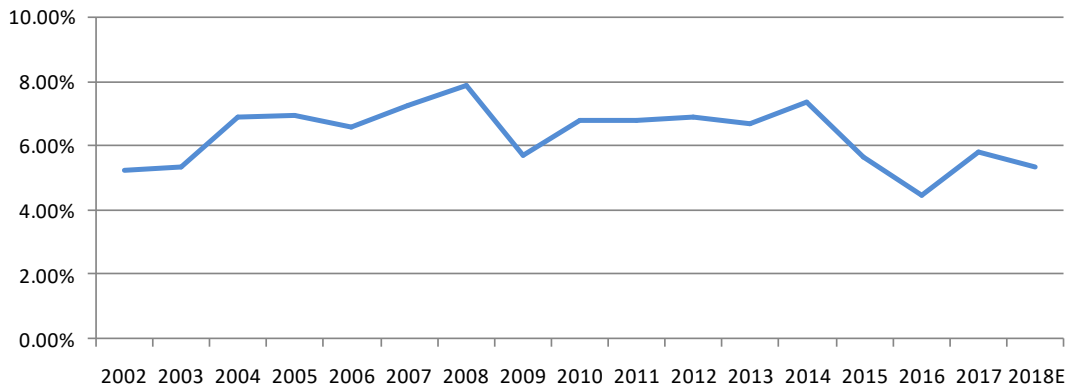
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Source: Bank of Greece

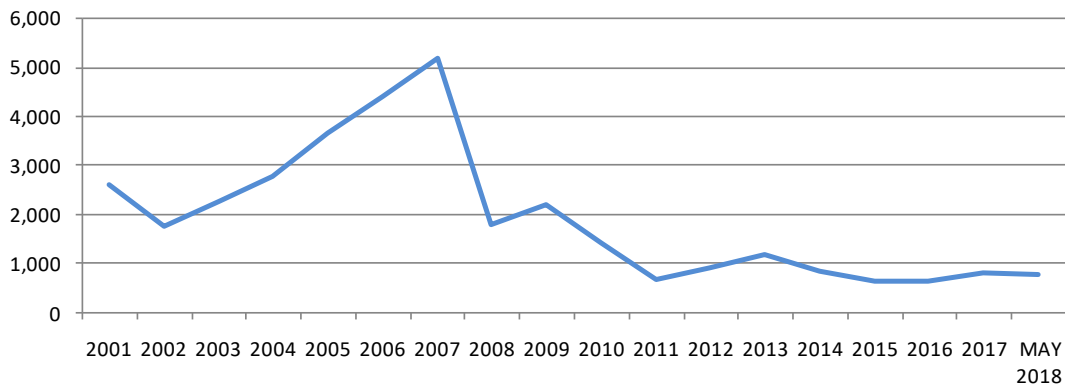
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Income from Shipping to GDP, Period 2002 – 2018



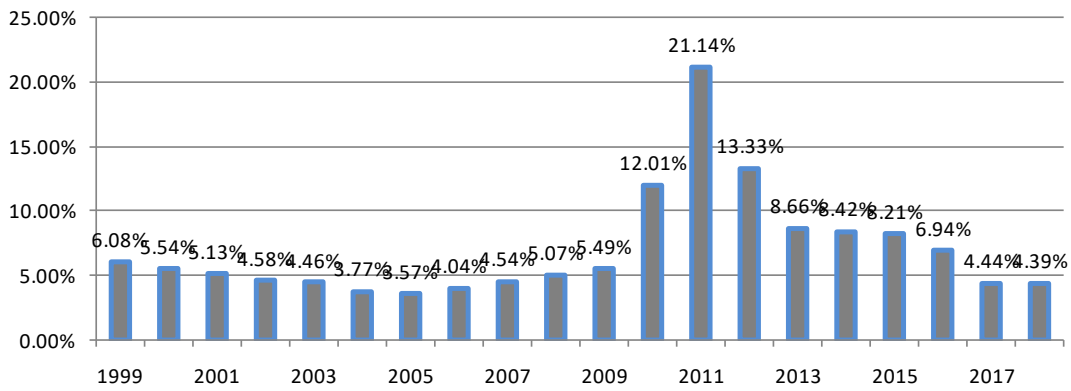
Source: Bank of Greece

Stock Market, Athens Exchange General Index (points), Period 2001 – 2018



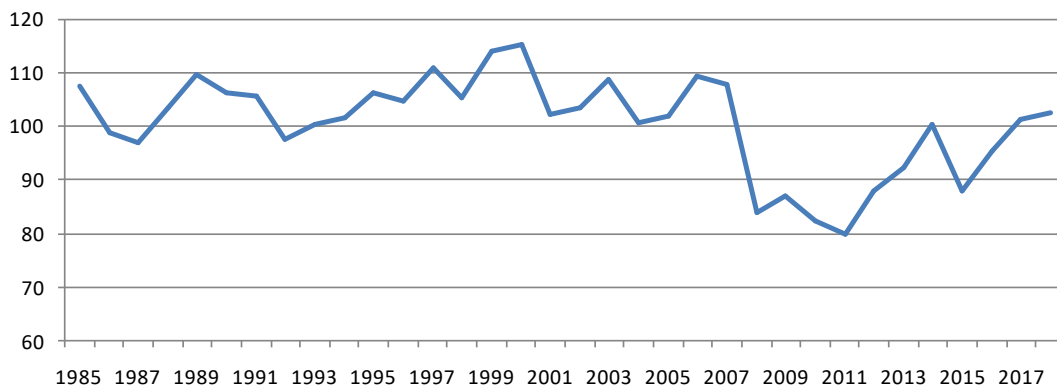
Source: Bank of Greece, Athens Exchange

10-Year Government Bond Yield, Period 1999 – 2018



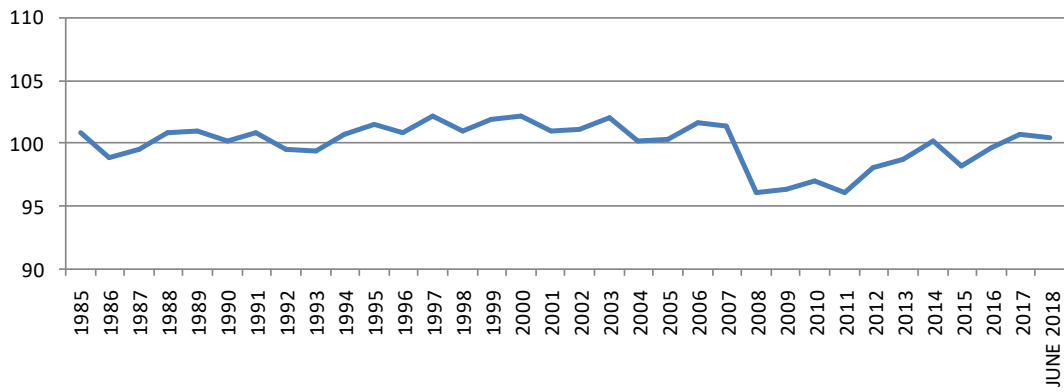
Source: Bank of Greece

Economic Sentiment Index (points), Period 1985 – 2018



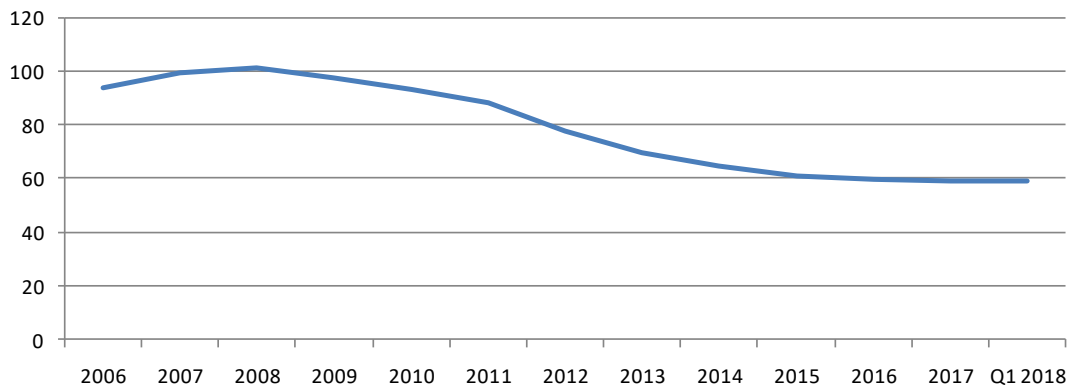
Source: European Commission

Business Confidence Index (points), Period 1985 – 2018



Source: OECD

Real Estate Prices Index (points), Period 2006 – 2018



Source: Bank of Greece

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 Greek Sovereign Ratings, Period 1990 – 2018
 

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## Credit Rating

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	B3	B+	B

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

## Important Interest Rates (Duration 1 Year), Period 2002 – 2018

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%
MAY 2018	0.58%	0.89%	2.93%	4.45%	3.00%

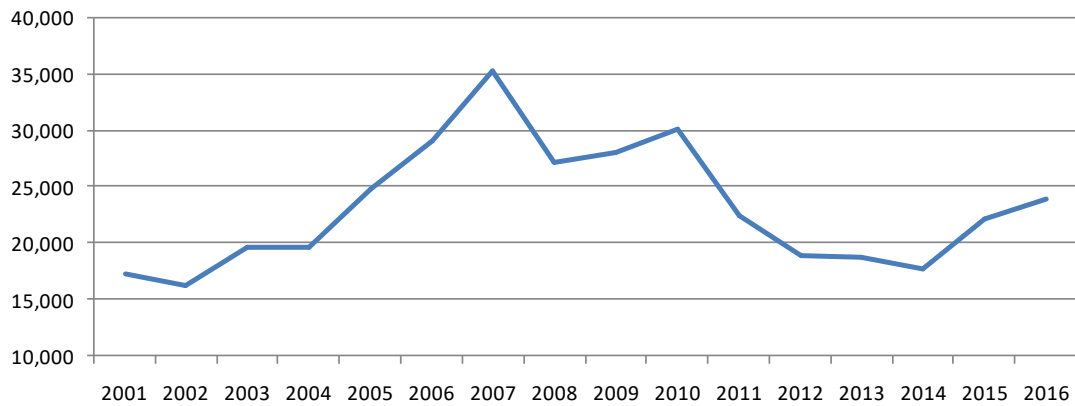
Source: Bank of Greece

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



Source: Bank of Greece

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