

# GREEK ECONOMY

October 17, 2017

[Bloomberg Ticker: GKGNGDPY:IND]

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## Quarterly Macro Note

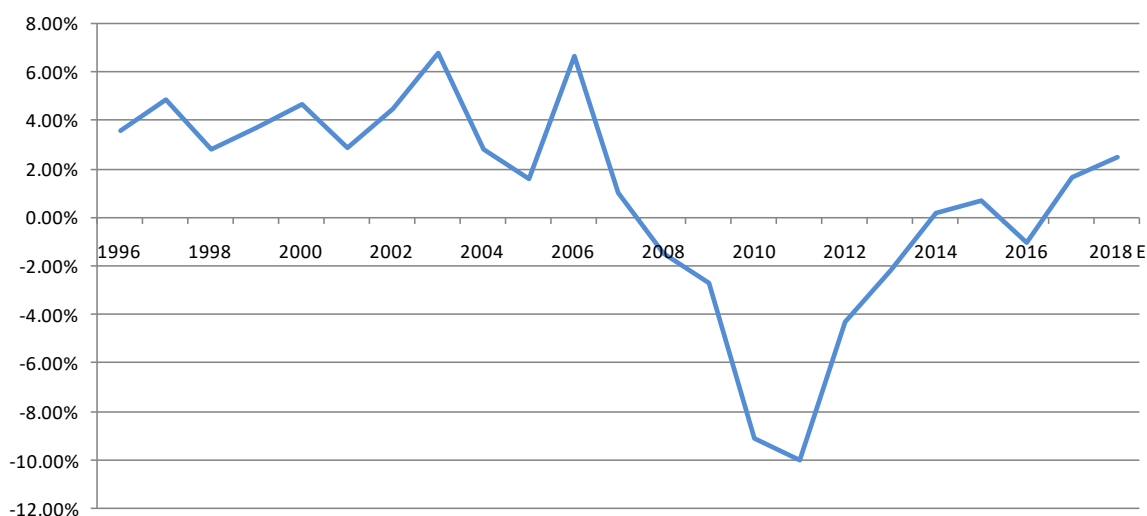
### Major Highlights

- After a prolonged depression, the economy stabilized in 2016 and GDP is projected to achieve high growth rates both in 2017 and 2018 (1.8% 2017E, 2.4% 2018E, Greek Ministry of Finance). Based on its observed resilience, private consumption is expected to be the main driver of growth in 2017, supported by the increase in employment. The labor market has been improving, supporting private consumption, and elevated demand from abroad has been boosting exports. The implementation of additional structural reforms is expected to increase productivity and, through intensified participation in global value chains, exports. Developing and implementing effective job-search and training policies, linked to unemployment benefits, and enhancing life-long learning would strengthen workers' skills, accelerate the shift towards tradable sectors and improve people's prospects of getting good jobs. Investment has started to recover from very low levels and should gather pace, under the condition of sustained political stability and the successful closure of the 3rd review of the third economic adjustment program by the end of the year. The consumption tax increase in early 2017 and the recent energy price increases are expected to raise consumer price inflation even though core inflation will remain moderate, as ample spare capacity persists.
- Greece is currently at the beginning of the third review of its financial adjustment program, which is of primary importance a deal to be reached quickly in order for the fiscal targets not to be undermined (1.75% of GDP in 2017 and 3.5% of GDP in 2018). However, the IMFs' current projections have questioned the ability of the Greek economy to reach the above fiscal targets (1.7% 2017E, 2.2% 2018E, although the IMF is not going to demand for new measures, as the projected numbers cover the Funds' requirements for debt sustainability. The combination of fiscal discipline according to the above fiscal adjustment with a clean exit from the economic adjustment program could produce a further decline on public debt and initiate the talks for a debt relief.
- Regarding the banking sector, despite the gradual and steady easing of capital controls, financing conditions remain tight. Greek banks continue to rely, though to a lesser extent, on the Emergency Liquidity Assistance of the Bank of Greece. The large stock of non-performing loans is weighing on banks' balance sheets, restricting credit supply, especially to SMEs and households. Though a new resolution framework, including quantitative targets, is now in place for the orderly reduction of non-performing loans.

## GDP (Gross Domestic Product) Growth, Greece

(Since Year 1996)

October 17, 2017



Source: Hellenic Statistical Authority (ELSTAT).

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

**Important Note:**

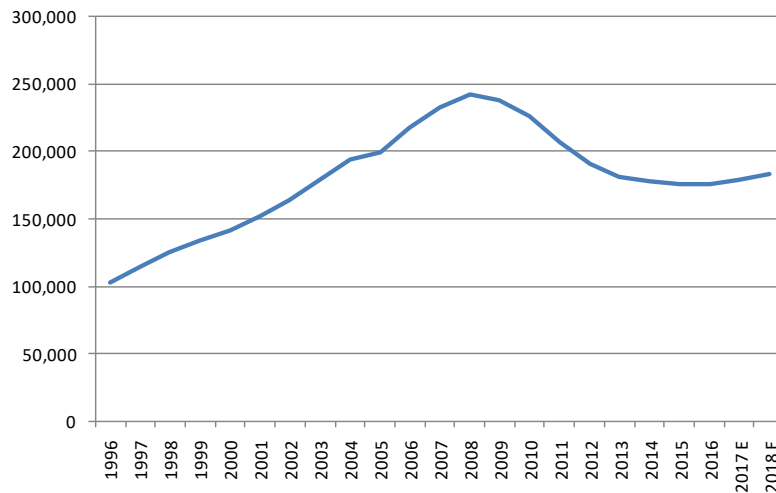
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**This report has been prepared in collaboration with the Athens University of Economics and Business (AUEB) Students' Investment & Finance Club. Contributors: Ilias Arvanitakis, Tilemachos Leftheriotis.**

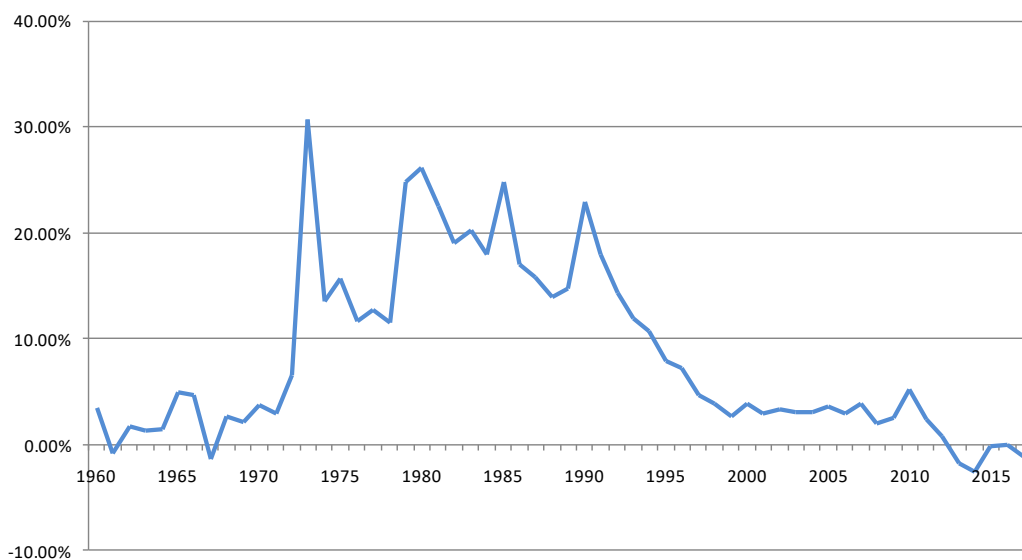
## GREEK ECONOMY - TABLES & GRAPHS

GDP, Period 1996 – 2018 (in € million)



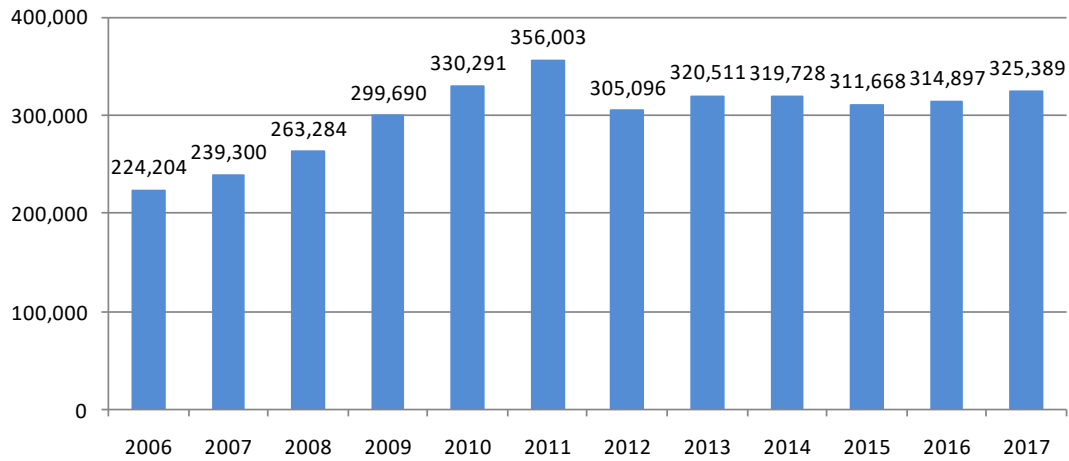
Source: ELSTAT

Inflation, Period 1960 – 2017



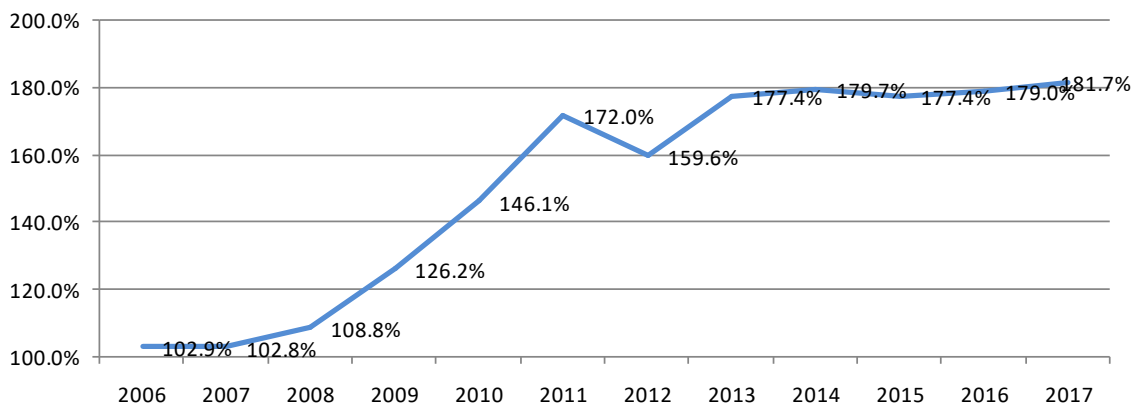
Source: ELSTAT

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



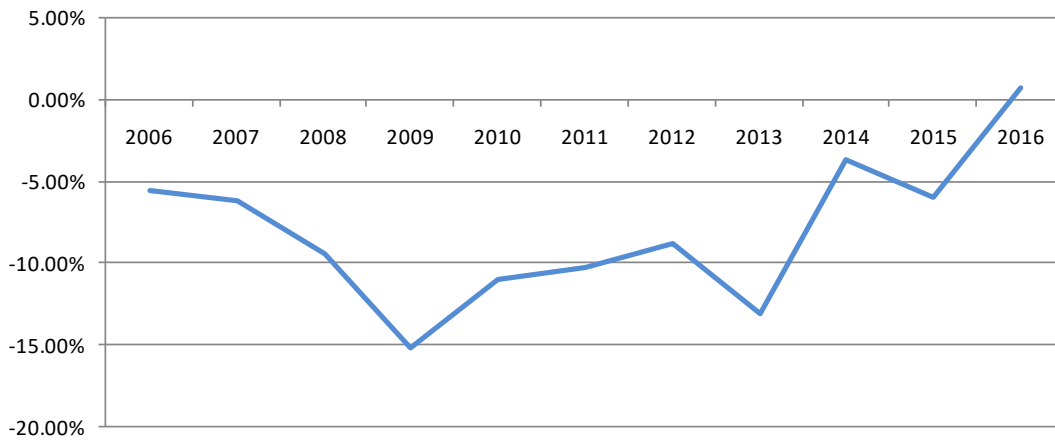
Source: ELSTAT

Debt to GDP, Period 2006 – 2017



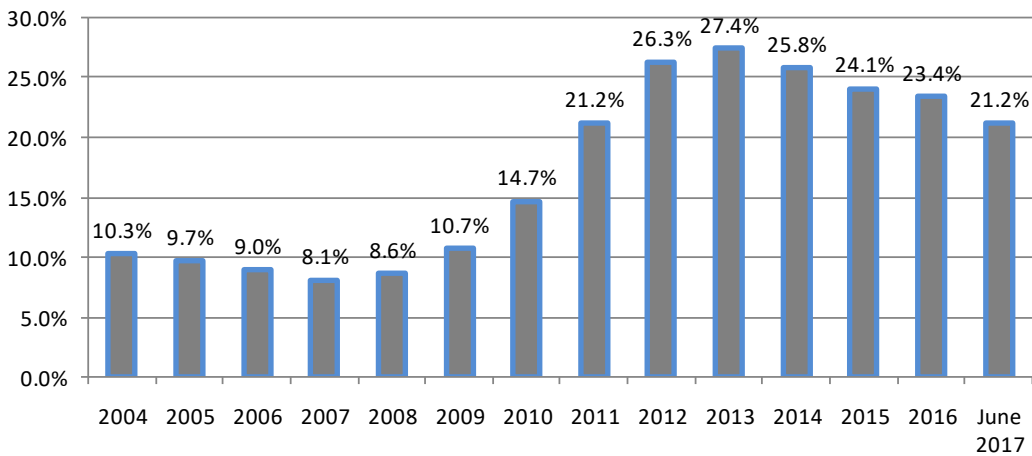
Source: ELSTAT

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



Source: ELSTAT

Unemployment, Period 2004 – 2017

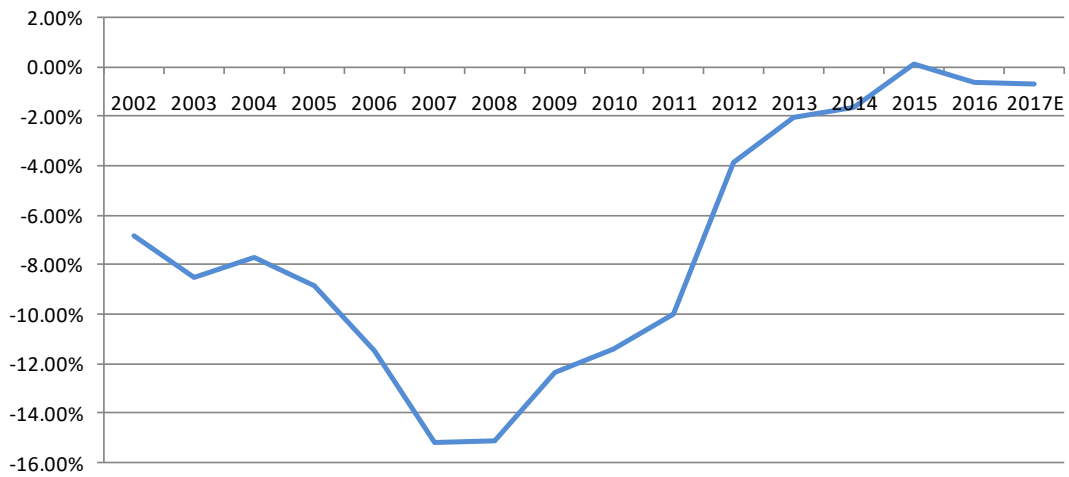


Source: ELSTAT

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Balance of Payments to GDP, Period 2002 – 2017

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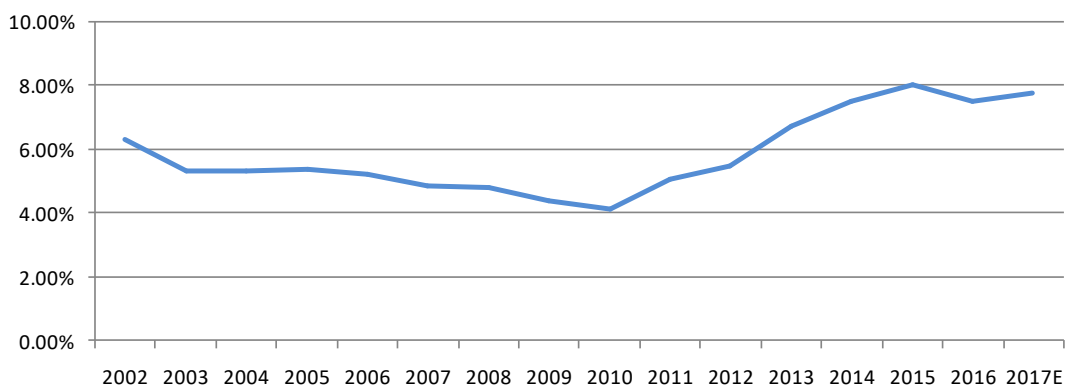
Source: Bank of Greece

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Income from Tourism to GDP, Period 2002 – 2017

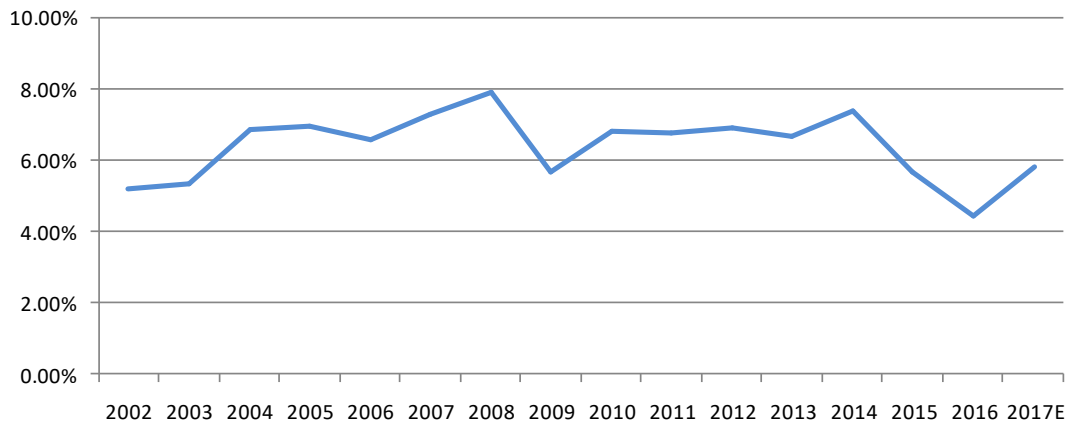
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Source: Bank of Greece

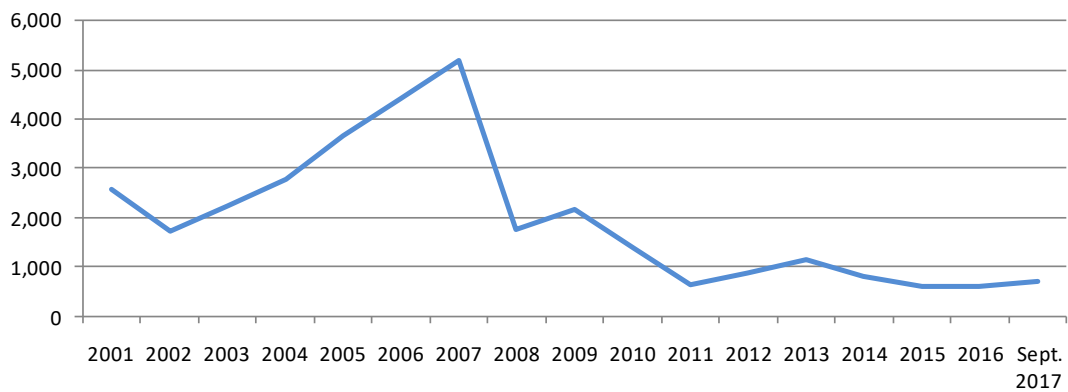
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Income from Shipping to GDP, Period 2002 – 2017



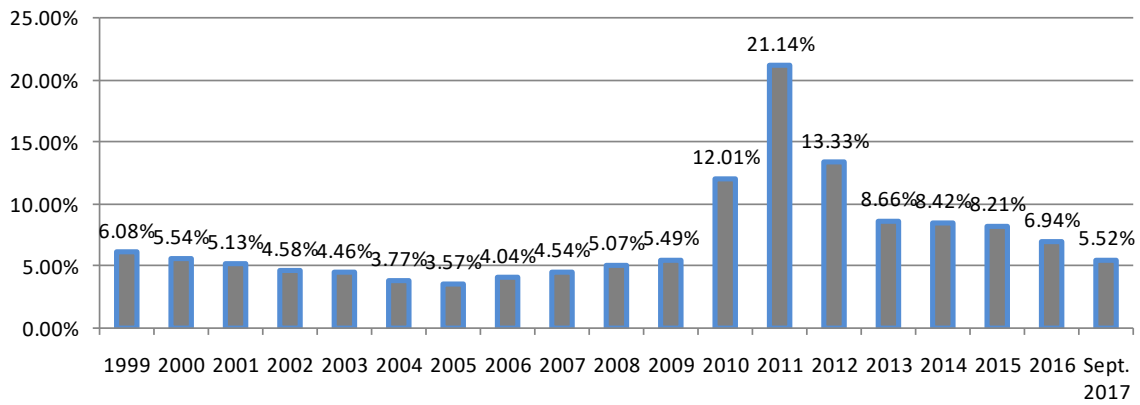
Source: Bank of Greece

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



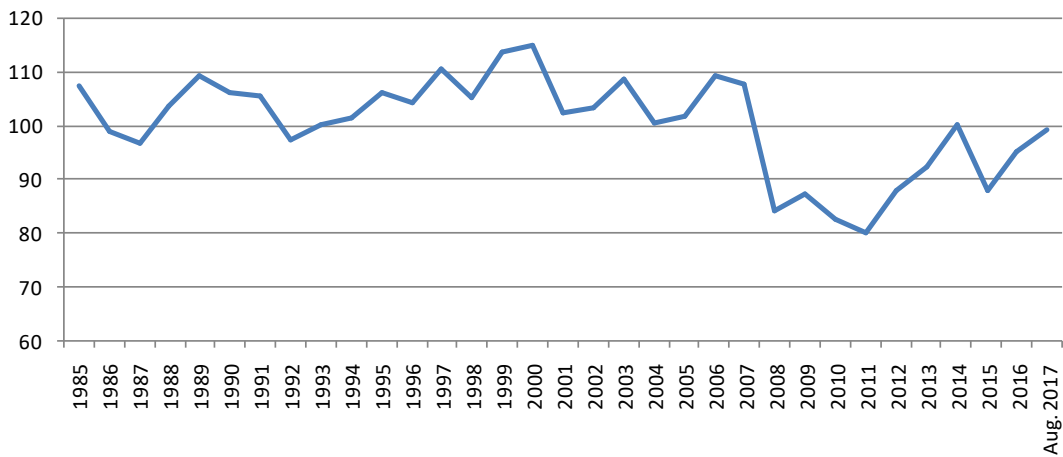
Source: Bank of Greece

10-Year Government Bond Yield, Period 1999 – 2017



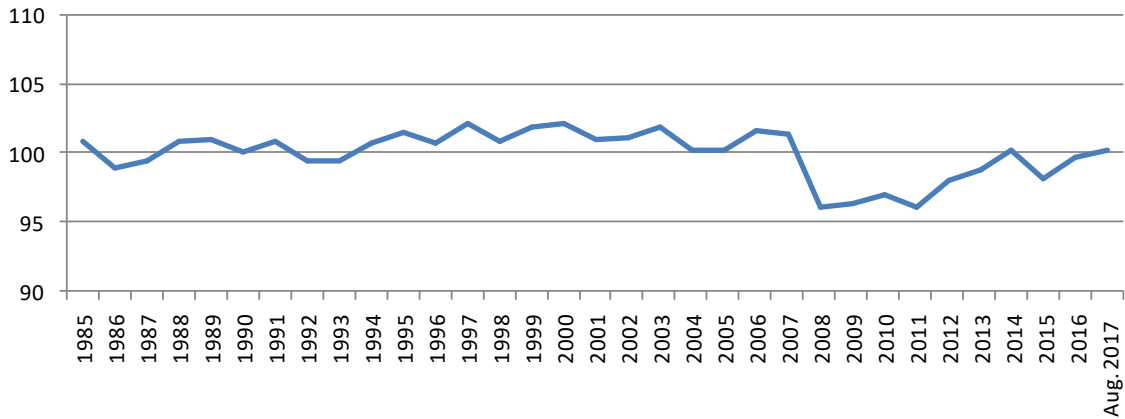
Source: Bank of Greece

Economic Sentiment Index (points), Period 1985 – 2017



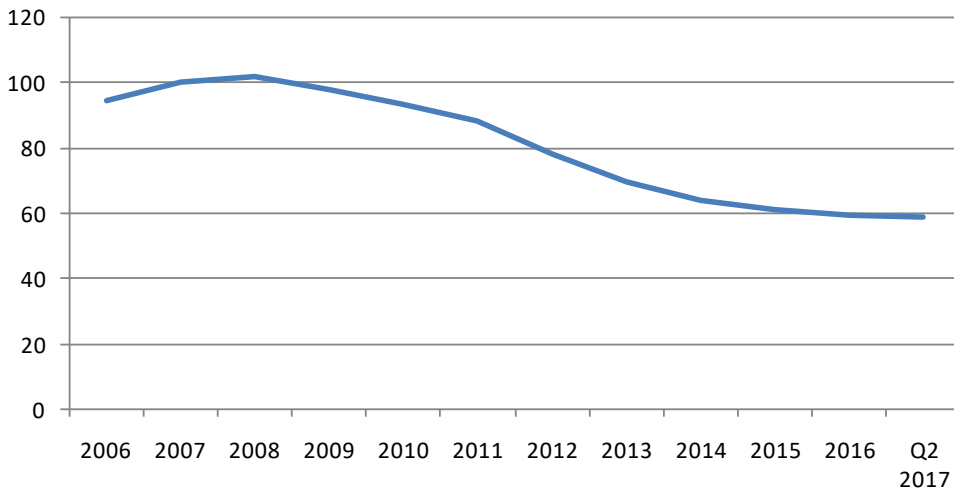
Source: European Commission

Business Confidence Index (points), Period 1985 – 2017



Source: OECD

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



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-

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

## Important 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%
July 2017	0.63%	0.75%	2.65%	4.89%	4.10%

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	-10.00%	-3.78%	-3.52%	-3.37%	-12.39%	-4.61%	-6.23%
2012	-4.30%	5.97%	2.81%	1.70%	-2.79%	1.15%	0.39%
2013	-2.20%	3.41%	4.05%	4.38%	18.54%	0.33%	7.38%
2014	0.20%	2.96%	2.75%	3.63%	15.72%	6.15%	10.20%
2015	0.70%	-0.54%	-0.35%	-0.18%	-12.65%	-4.08%	-6.74%
2016	-1.00%	0.32%	0.30%	0.81%	9.00%	-5.18%	-0.75%

Source: ELSTAT

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