

GREEK ECONOMY

[Bloomberg Ticker: GKGNGDPY:IND]

November 7, 2018

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Quarterly Macro Note

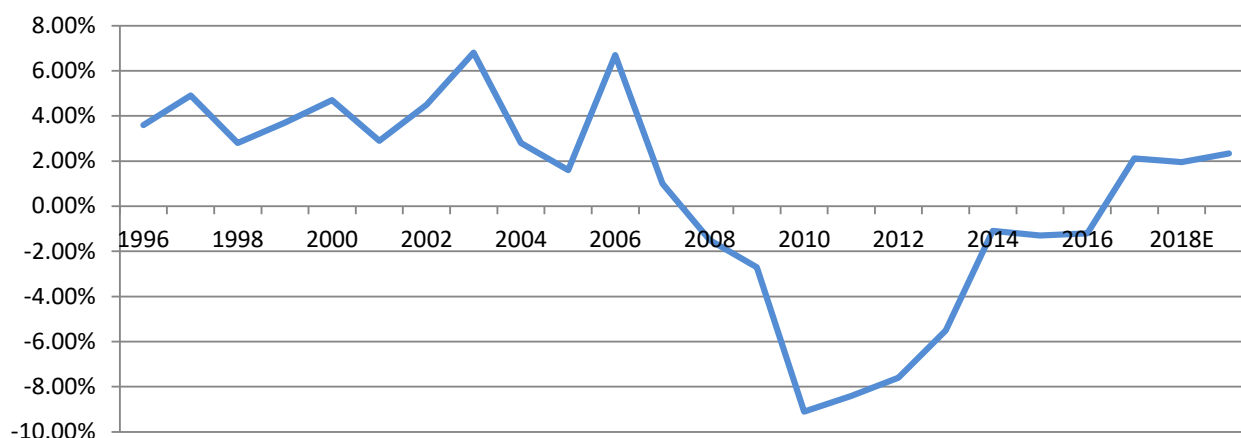
Major Highlights

- The Greek economy is now on a path of economic growth**, the strongest since the beginning of the Greek financial crisis. This is mainly due to the successful completion of the third economic adjustment program, which resulted in improved the confidence. Hence, private consumption and investment will strengthen and this will ameliorate the fiscal credibility. However, the investment growth remains low and volatile. Moreover, GDP growth for the 2019 fiscal year is expected to reach 2.34 % (average forecast of the IMF, OECD and the European Commission). Full reform implementation and keeping the momentum are key factors to strengthening inclusive growth. The key growth driver is the increasing external demand which will be achieved through the improved competitiveness. Furthermore, the imports are expected to decrease. Also, the broadened tax base and the encouragement of electronic payments will help increase tax revenues.
- The public debt remains on extremely high levels with the only solution standing to the continuation of the pro-growth reforms and achieving high primary surpluses.** Business investments remain at a low level because of limited ways of financing. The non-performing loans are steadily decreasing but still remain at a high level, which is a big obstacle for the Greek banks to begin lending. Furthermore **without consistent GDP growth in the following quarters, the Greek banks might need to go through a new re-capitalization phase.**
- The labor market continues to improve.** Unemployment fell to 19% in July 2018, down 1.8 percentage points since the end of 2017. This trend is expected to continue throughout the year. Consumer price inflation reached 0.6% in September, driven mainly by higher processed food and energy prices.
- The “bottom line” for the Greek economy however remains the same as in the previous quarters. The recovery path will be tough and much more commitment will be needed towards structural reforms along with strict fiscal discipline. Also the external environment, due to the continuous signs of weakness in the emerging markets and the cycle of rising interest rates especially in the US, may import ongoing volatility in the Greek economy and especially in its equity market. Greek equities remain subdued reflecting in part the slow recovery path of the domestic economy and the low expectations from market participants.**

GDP (Gross Domestic Product) Growth, Greece

(Period 1996 - 2019)

November 7, 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:

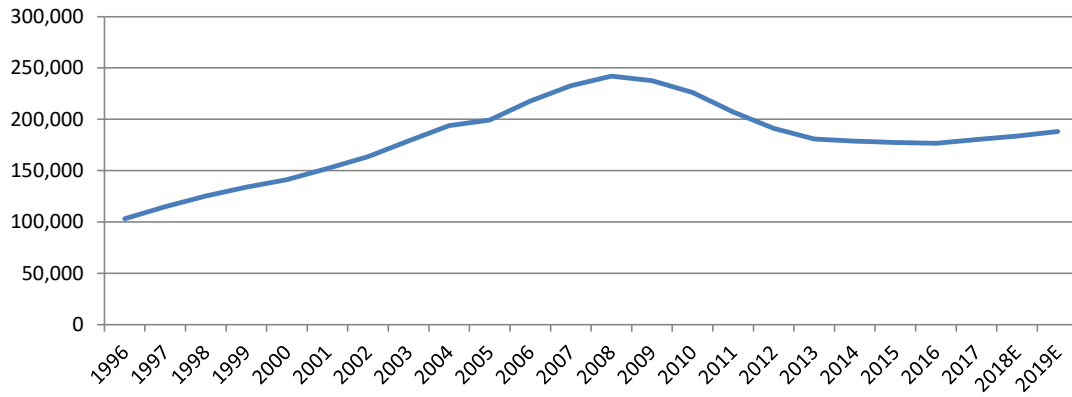
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This report has been prepared in collaboration with the Athens University of Economics and Business (AUEB) Students' Investment & Finance Club. Contributors: Ilias Arvanitakis, Drosoula Tsoutsika.

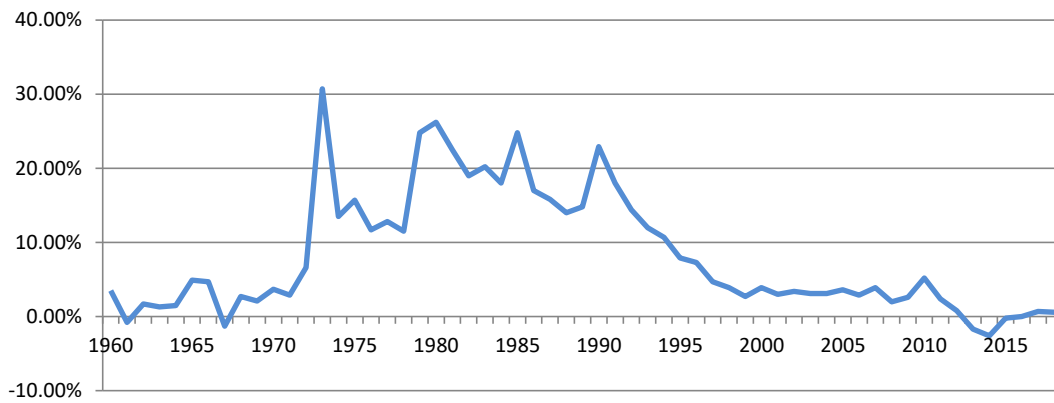
GREEK ECONOMY - TABLES & GRAPHS

GDP, Period 1996 – 2018 (in € million)



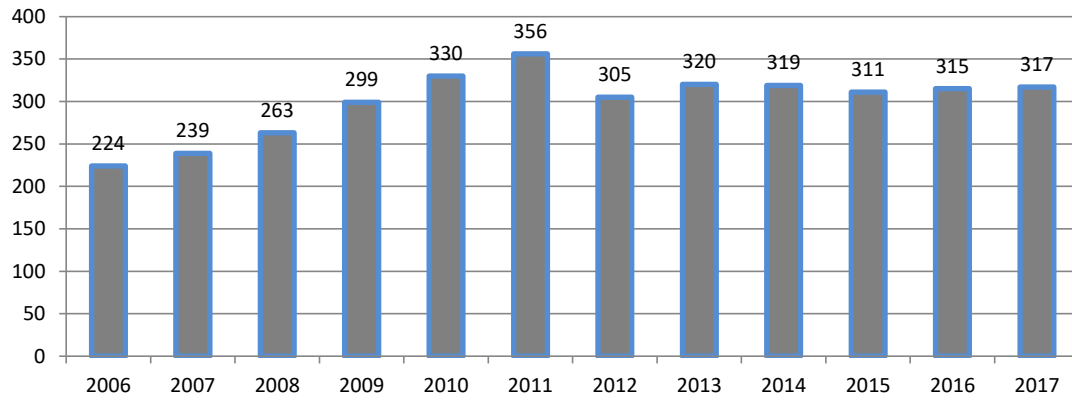
Source: ELSTAT

Inflation, Period 1960 – 2018



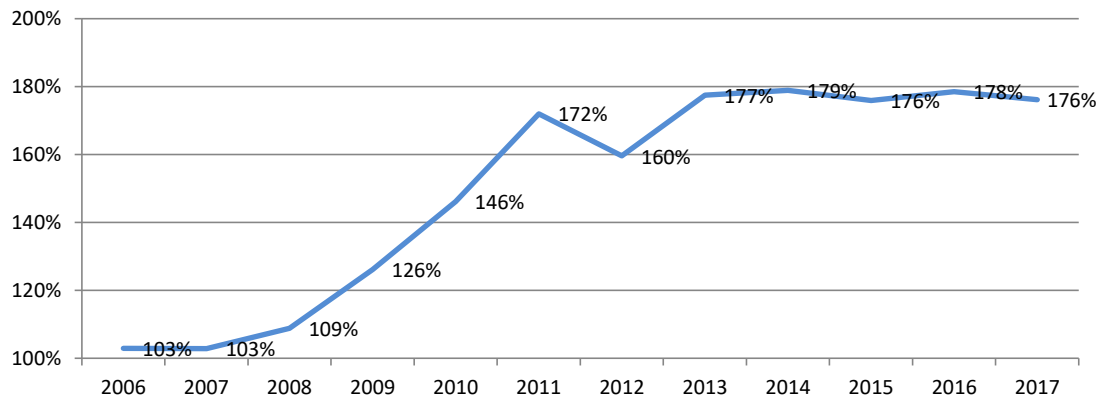
Source: ELSTAT

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



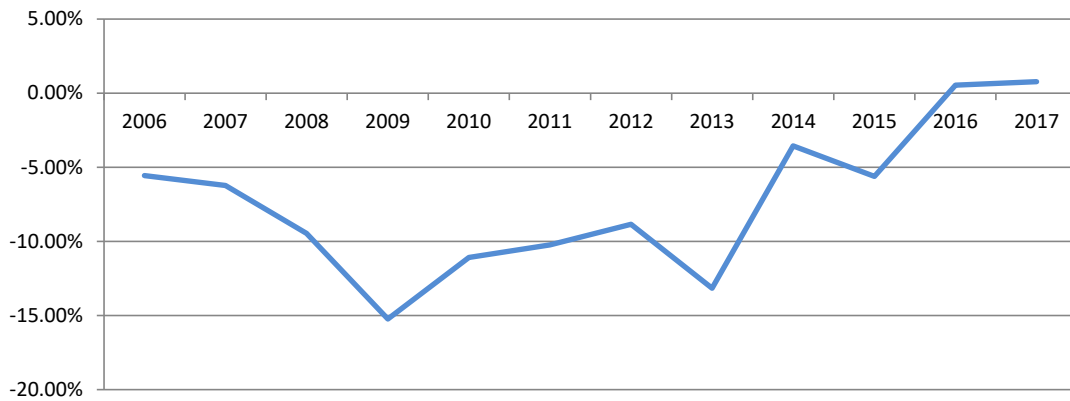
Source: ELSTAT

Debt to GDP, Period 2006 – 2017



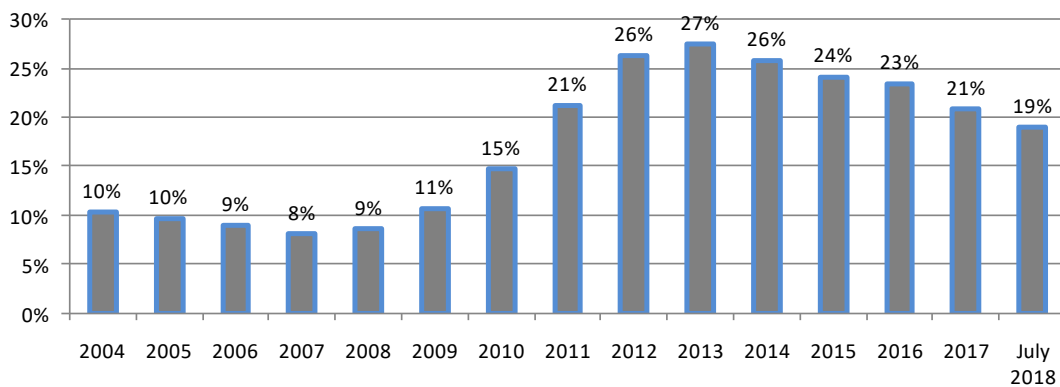
Source: ELSTAT

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



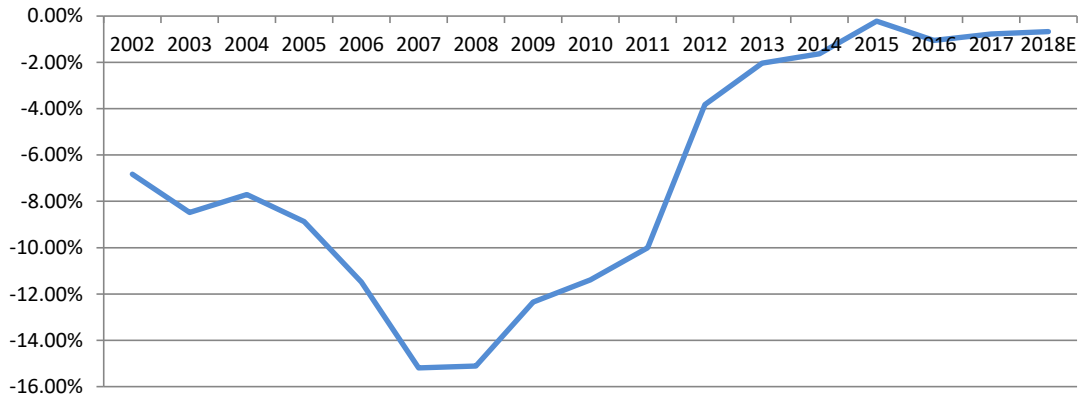
Source: ELSTAT

Unemployment, Period 2004 – 2018



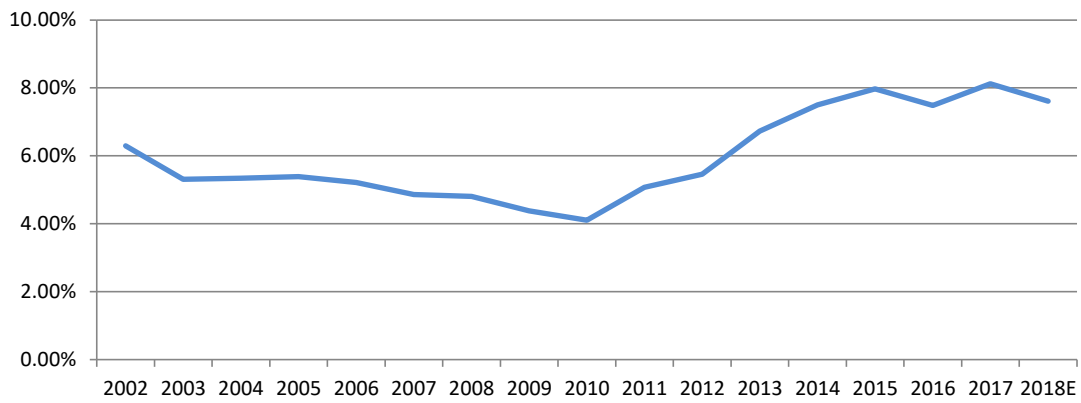
Source: ELSTAT

Balance of Payments to GDP, Period 2002 – 2018



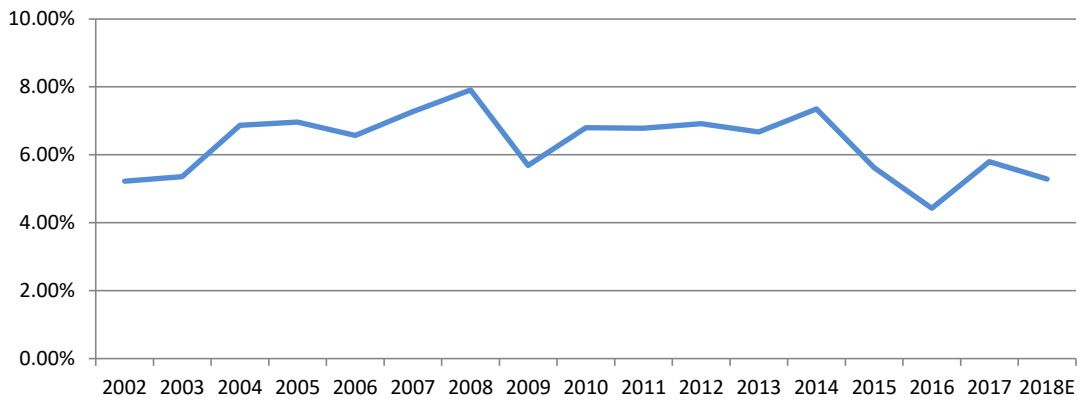
Source: Bank of Greece

Income from Tourism to GDP, Period 2002 – 2018



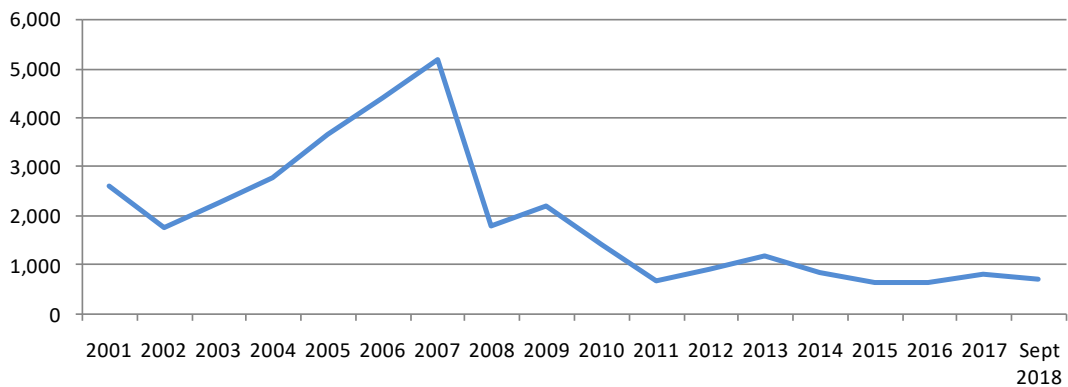
Source: Bank of Greece

Income from Shipping to GDP, Period 2002 – 2018



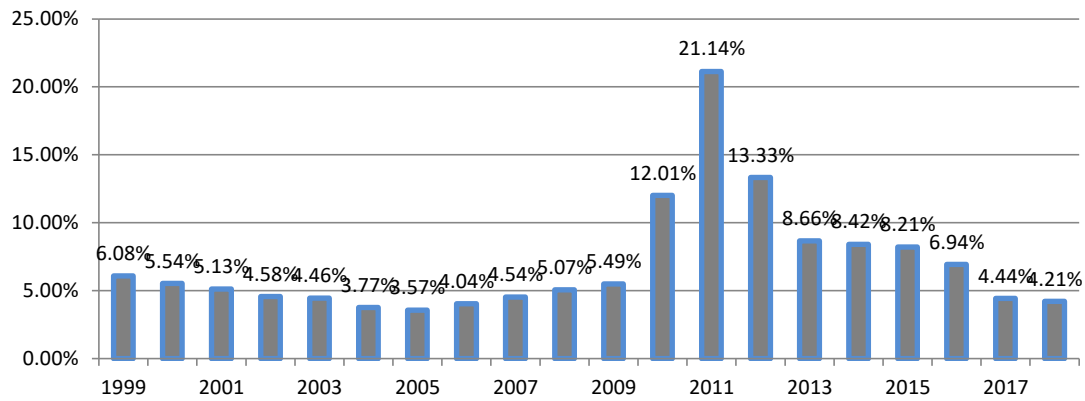
Source: Bank of Greece

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



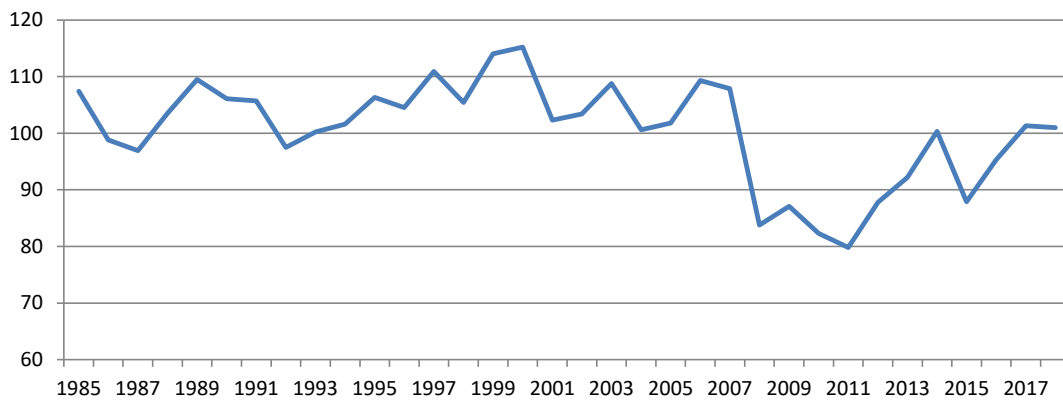
Source: Bank of Greece, Athens Exchange

10-Year Government Bond Yield, Period 1999 – 2018



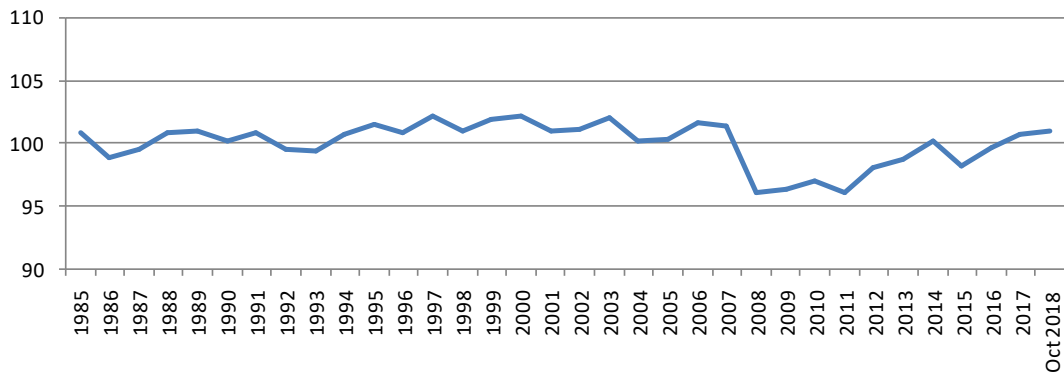
Source: Bank of Greece

Economic Sentiment Index (points), Period 1985 – 2018



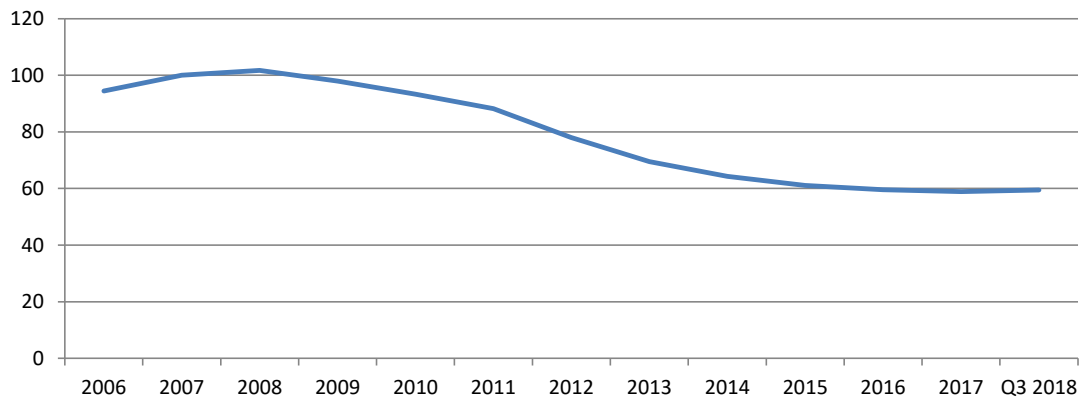
Source: European Commission

Business Confidence Index (points), Period 1985 – 2018



Source: OECD

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



Source: Bank of Greece

 Greek Sovereign Ratings, Period 1990 – 2018

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+	BB-

 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%
Sept 2018	0.60%	0.88%	3.00%	4.19%	3.80%

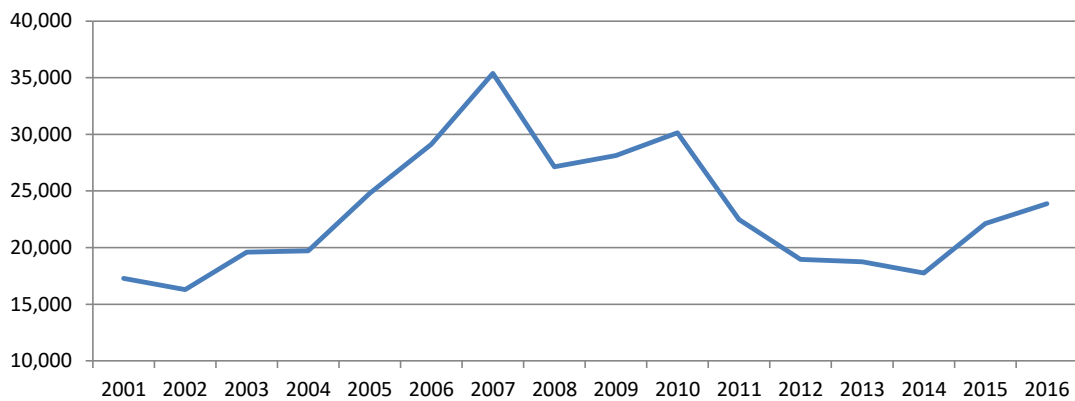
Source: Bank of Greece

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

NOTES

NOTES



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