

EU Economic Forecasts

(European Commission, Economic Forecast, [Autumn 2017](#) & [Spring 2018](#))

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	2017 Autumn forecasts November 2017			2018 Spring forecasts May 2018		
	2017	2018	2019	2017	2018	2019
GDP	1.6	2.5	2.5	1.4	1.9	2.3
Private Consumption	0.9	1.2	1.2	0.1	0.5	0.9
Public Consumption	0.9	0.2	0.4	-1.1	1.2	0.4
Gross fixed capital formation	5.1	11.5	12.1	9.6	10.3	12.1
of which: equipment	18.0	13.4	13.4	28.9	11.8	13.4
Exports (goods and services)	6.8	4.6	4.4	6.8	5.7	4.6
Imports (goods and services)	6.0	3.8	4.2	7.2	5.5	4.4

Recovery entrenched... though at low levels, while prospects remain unclear!

The overall picture of the economy is generally positive, as industrial production and exports move upwards, retail sales seem to recover after having weakened in the last quarter of 2017 and unemployment declines further. Early indications regarding tourism performance show that, barring any unforeseen circumstances, there will be a new record of arrivals in 2018. Moreover, household deposits stabilise.

The beginning of the tourist season and Easter holidays, led to the improvement of the economic climate in April 2018, which rebounded closer to the highs of February of this year. However, perceived delays related to the final evaluation of the financial assistance program, coupled with lack of clarity surrounding economic policy conditions after the end of the program, hold back Greek growth prospects.

According to the [Spring 2018 projections of the European Commission](#), the growth of the Greek economy for 2018-2019 was revised downwards, from 2.5% in both years, to 1.9% and 2.3% for 2018 and 2019 respectively. Such a downgrade of the growth prospects, which became necessary following the weak performance of private consumption in 2017 (+0.1% vs +0.9% forecast), may also incorporate increased uncertainty as regards the direction of economic policy after the conclusion of the program of financial assistance in the summer of 2018, in combination with emerging strains due to the political cycle. It is to be noted, moreover, that due to the expected pension cuts on average by -14%, it will be rather difficult for the economy to achieve the growth forecast of 2019 (+2.3%) without the acceleration of investment and export activity, in the context of a European economy that will also be slowing down (+2.0% in 2019 from +2.3% in 2018).

More specifically:

- Economic climate rose to 103.6 points, from 99.8 in the previous month and 95.2 in April 2017, at the second highest level since August 2014.
- Consumer confidence also improved in April 2018, at -48.8 points from -52.8 in the previous month and -72.2 in April 2017, recovering a significant part of the big drop that began in February 2015 (-30.6 points) and was substantially halted in March 2017 (-74.4 points).
- Manufacturing PMI, despite a slight decline in April 2018 (at 52.9 points from 55.0 in the previous month and 48.2 in April 2017), remained well above the 50-point limit (zero growth threshold). According to the indicator, the growth of production and new

MACROECONOMIC ANALYSIS AND EUROPEAN POLICY

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It will be rather difficult for the economy to achieve the growth forecast of 2019 (+2.3%) without the acceleration of investment and export activity, in the context of a European economy that will also be slowing down (+2.0% in 2019 from +2.3% in 2018).

- orders has moderated, but at the same time optimism on business activity in the coming months remained high, while employment continued growing.
- Despite declining marginally in February and March 2018 (-0.1% and -0.8% respectively), non-oil manufacturing production has been on the rise since the beginning of 2017, while in Q1 2018 it was higher by +1.6%, on top of +5.1% in Q1 2017.
 - Turnover in non-oil manufacturing rose further in February 2018 (+1.1% and + 6.1% in the period Jan - Feb 2018), but at a slower pace following the decline in output and business expectations in industry, after the significant increase in the last quarter of 2017 and in the first two months of 2018. The slowdown was due to a fall in the domestic market (-1.5%), while in the foreign market the turnover continued to increase (+5%).
 - Exports of goods excluding oil and ships rose by +7.2% (+6.3% at constant prices) in March 2018, on top of +13.6% (+7.6% at constant prices) in March 2017, moving in positive territory for the 11th consecutive month. In the period Jan – Mar 2018, they increased by +13.8% (+12.7% at constant prices), mainly due to rising exports of industrial products (+ 13.5%), especially industrial goods classified by material (+16,6%) and machinery (+16.3%).
 - Additionally, tourism and transportation receipts increased by + 4.2% and + 11.2% respectively in the period Jan - Feb 2018, while the Greek merchant fleet has been growing again since the beginning of 2017 (+0.7% in the February 2018), indicating stabilising conditions in the shipping sector.
 - The trend in retail sales volume was mixed in February 2018, as significant increases in supermarkets (+2.4%), pharmacies (+4.6%), clothing and footwear stores (+2%) and furniture and household equipment (+ 7.7%) were offset by reductions in specialized food, beverages and tobacco stores (butchers, pastry shops, greengrocers, etc.), department stores (-4.3%) and bookstores, mobile and new technology stores (-6.1%). However, compared with January 2018, the seasonally adjusted non-fuel retail sales volume rose by +1%, following the upward trend in business expectations in retail trade, while in the period Jan – Feb 2018, increased by +0.4%, on top of + 4.3% in the corresponding period in 2017.
 - The seasonally adjusted unemployment rate fell to 20.8% in February 2018 compared with 22.6% in February 2017, but was marginally higher compared with January 2017 (20,7%). It is to be noted that the decline in unemployment slowed down after September 2017, following partly the seasonality of previous years, while the beginning of tourist season is likely to strengthen employment in the following months. This fact is already reflected in net hirings which grew at a faster pace in April 2018 (+100.2 thousand), resulting in Jan – Apr 2018 (+155.8 thousand posts) to an all-time best performance since 2001.
 - Finally, household deposits rose by +€992 million in March 2018 (net monthly flow), on top of €505 million in the previous month, while since July 2015, when capital controls were imposed, they have increased by +€4.6 billion.

These figures reflect the gradual emergence of a favourable economic climate, which is likely to improve further, assuming that the uncertainty surrounding the completion of the 4th (and last) review of the financial assistance programme and Greece's exit to the markets is overcome. However, gradual improvements are difficult to deliver sustainably high growth. In the current conjuncture, the strengthening of private investment remains the only way to increase employment and income. On this basis, it is absolutely necessary for the government and the public administration to prioritize the implementation of structures, mechanisms and procedures for accelerating investment. A series of measures to achieve this goal was presented for the first time at SEV's conference "[Designing the Future With Investments](#)" on 23 and 24 April 2018 and was analyzed in the Weekly Bulletin of [26/04/2018](#).



Main indicators

Economic sentiment

	2016	2017	2018	
	Average	Average	Mar	Apr
😊 Economic climate	91.8	96.8	99.8	103.6
😊 Consumer confidence	-68.0	-63.0	-52.8	-48.8
😊 % stating that their own economic situation will get worse	72%	67%	61%	57%
😊 % stating that the country's economic situation will get worse	79%	74%	63%	59%
😊 % stating that unemployment will rise	77%	68%	52%	53%
😊 % stating that they are unlikely to save	90%	91%	89%	88%

Employment, Unemployment, prices, wages

	2016	2017	2018	Period
Employment (persons, change year-to-date, seasonally adjusted)	-65,800	+41,600	-30,100	Jan – Feb
Employment (persons, change during month, seasonally adjusted)	+15,100	+45,100	-14,200	Feb
Registered unemployed (change year-to-date)	+35,339	+7,713	+5,885	Jan – Mar
Registered unemployed (change during month)	-425	-17,929	-12,916	Mar
😊 Net hirings (year-to-date)	124,465	125,770	155,826	Jan – Apr
😊 Net hirings (current month)	90,631	92,132	100,246	Apr
😊 Unemployment rate (seasonally adjusted)	24.1%	22.6%	20.8%	Feb
😊 Year to date average rate (seasonally adjusted)	24.3%	22.9%	20.8%	Jan – Feb
Index of wages (whole economy, at constant prices, seasonally adjusted)	0.7%	1.2%	...	Q4
Change Year to date (whole economy, in constant prices, seasonally adjusted)	2.5%	-0.4%	...	Jan – Dec
Consumer Price Index	-1.3%	+1.6%	0.0%	Apr
Change Year to date	-1.0%	+1.5%	-0.1%	Jan – Apr

GDP

(seasonally adjusted, at constant prices, yoy % change)

	2016	2017	2017		
			Q2	Q3	Q4
😊 GDP	-0,2%	1.4%	1,5%	1,4%	1,9%
😊 Domestic demand	0,5%	1.6%	0,0%	0,8%	2,2%
😊 Private consumption	0,0%	0.1%	0,8%	-0,2%	-1,0%
😊 Public consumption	-1,5%	-1.1%	-2,1%	-1,1%	2,1%
😊 Investment (including inventory change)	7,4%	15.7%	-1,1%	10,9%	22,6%
😊 Fixed investment	1,6%	9.6%	1,8%	-6,5%	28,9%
😊 Residential construction	-12,6%	-8.8%	-5,1%	-7,4%	-11,6%
😊 Non – residential construction	26,3%	-5.4%	-2,1%	-14,4%	9,0%
😊 Machinery and equipment (incl. weapons)	-10,7%	5.2%	3,0%	-2,5%	21,0%
😊 Transport equipment (incl. weapons)	-8,7%	83.2%	12,3%	9,1%	127,5%
Net exports					
😊 Exports of goods and services	-1,8%	6.8%	9,7%	7,6%	5,3%
😊 Exports of goods	3,7%	5.5%	8,8%	2,8%	7,1%
😊 Exports of services	-7,7%	8.3%	12,1%	12,1%	2,9%
Imports of goods and services	0,3%	7.2%	4,8%	9,5%	4,9%
Imports of goods	2,9%	6.4%	2,8%	9,4%	3,9%
Imports of services	-10,8%	10.8%	15,5%	6,9%	9,7%

Short term conjunctural indicators

(yoy % change)

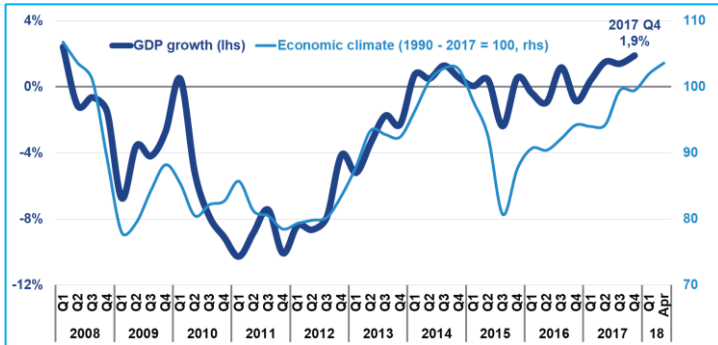
	2016 (full-year)	2017 (full-year)	2018	Period	2018	Period
😊 Industrial production	2.5%	4.5%	-0.6%	Jan – Mar	1.1%	Mar
Manufacturing (excluding oil)	3.4%	3.1%	1.6%	Jan – Mar	-0.8%	Mar
Production in construction	22.9%	-14.6%	...	...	...	...
Building	18.1%	-10.2%	...	...	...	...
Non – building	26.8%	-17.9%	...	...	...	...
Private building activity – building permits (volume in m³)	-6.9%	19.4%	21.5%	Jan - Feb	-15.0%	Feb
Retail sales (volume)	-0.6%	1.3%	0.4%	Jan – Feb	-0.1%	Feb
Excluding automotive fuel	0.4%	1.3%	0.4%	Jan – Feb	0.0%	Feb
😊 New vehicle licenses	11.0%	20.8%	32.2%	Jan – Apr	29.3%	Apr
Revenue from tax on mobile telephony	-10.7%	-0.1%	-21.3%	Jan – Mar	-99.9%	Mar
😊 Exports of goods excl. Oil & ships (ELSTAT, current prices)	2.0%	7.2%	13.8%	Jan – Mar	7.2%	Mar
Exports of goods excl. Oil & ships, volume	4.9%	3.7%	12.7%	Jan – Mar	6.3%	Mar
Imports of goods excl. oil & ships (ELSTAT, current prices)	6.0%	7.6%	8.8%	Jan – Mar	3.0%	Mar
Imports of goods excl. oil & ships, volume	8.1%	7.9%	9.9%	Jan – Mar	4.4%	Mar
😊 Tourism – receipts	-6.4%	10.8%	4.2%	Jan – Feb	12.6%	Feb
😊 Transportation – receipts	-21.6%	16.9%	11.2%	Jan – Feb	11.0%	Feb
Other services* – receipts	4.4%	13.8%	0.0%	Jan – Feb	-6.5%	Feb
😊 Inbound travelers (excl. cruises)	5.1%	9.7%	12.7%	Jan – Feb	8.9%	Feb

* includes construction business activity abroad, software and technology exports, etc

Source: IOBE, ELSTAT, Bank of Greece, Ministry of Labour and Social Solidarity, DG ECFIN, European Commission



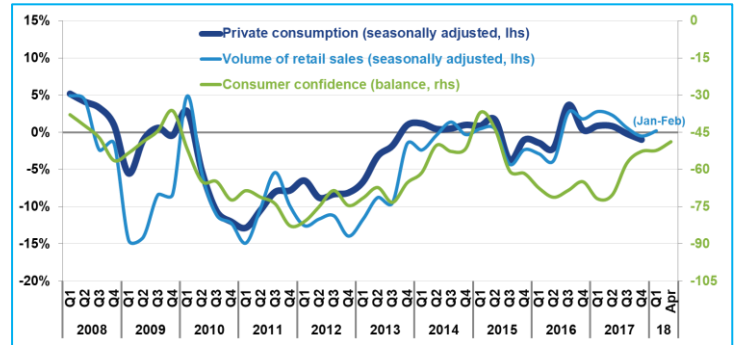
Economic climate



GDP AND ECONOMIC CLIMATE

(ELSTAT, Q4 2017, IOBE-DG ECFIN, Apr. 2018)

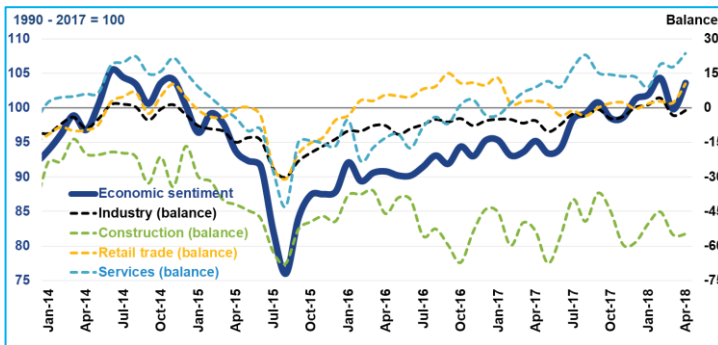
Growth in 2017 (+1.4% vs 1.6% projected in 2018 State Budget and +2.7% initially projected) ended up with investment accelerating and external demand substantially supporting domestic production.



PRIVATE CONSUMPTION, RETAIL SALES, CONSUMER CONFIDENCE

(ELSTAT, Q4 2017, IOBE-DG ECFIN, Apr. 2018)

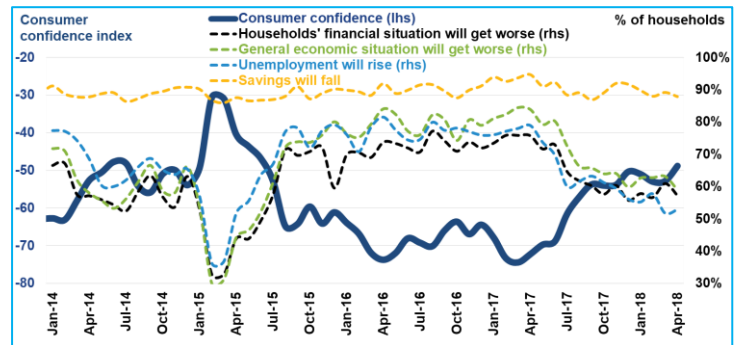
The recovery in retail sales in December 2017 narrowed down to -0.5% the loss in Q4 2017, while private consumption fell by -1% in Q4 2017 and rose marginally (+0.1) in 2017 as a whole.



ECONOMIC CLIMATE AND BUSINESS EXPECTATIONS

(IOBE-DG ECFIN, Apr. 2018)

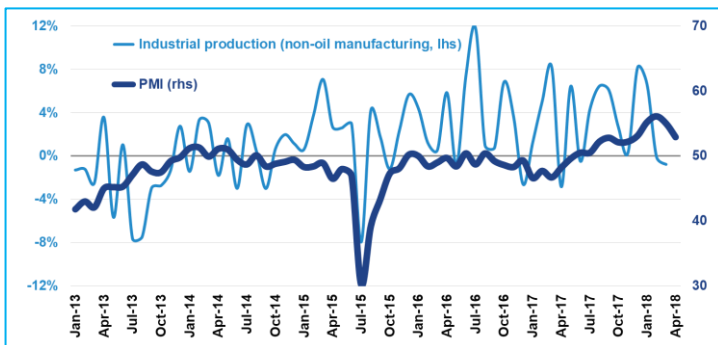
The beginning of the tourist season and Easter holidays, led to the improvement of the economic climate in April 2018, which rebounded closer to the highs of February of this year.



CONSUMER CONFIDENCE

(IOBE-DG ECFIN, Apr. 2018)

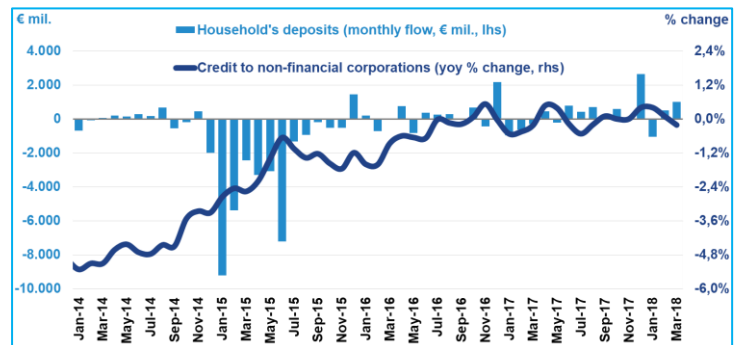
Consumer confidence also improved in April 2018, as household appear less pessimistic on their economic situation, recovering a significant part of the big drop that began in February 2015 (-30.6 points) and was substantially halted in March 2017 (-74.4 points).



PURCHASING MANAGERS' INDEX (PMI)

(Markit, Apr. 2018)

Despite a slight decline in April 2018 (at 52.9 points from 55.0 in the previous month), manufacturing PMI remained well above the 50-point limit (zero growth threshold). Growth of production and new orders has moderated, but optimism on business activity in the coming months remained high, while employment continued growing.



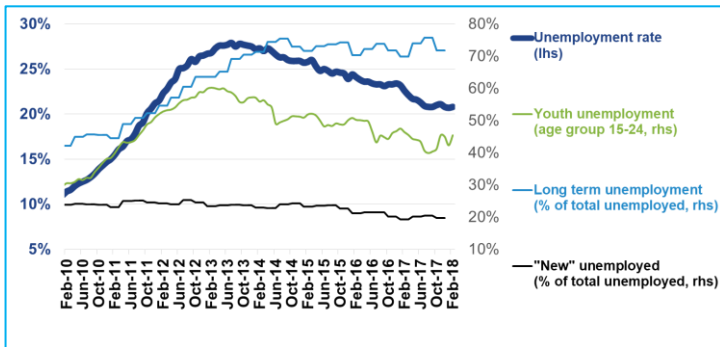
CREDIT TO BUSINESSES AND HOUSEHOLDS DEPOSITS

(Bank of Greece, Mar. 2018)

Bank business credit expansion has been marginal since Autumn 2017 (-0.2% in March 2018), indicating that the deleveraging of almost 6 years comes to an end. Household deposits stabilize (+€992 million in March 2018), while since July 2015, when capital controls were imposed, they have increased by +€4.6 billion.



Employment, prices, wages



UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)

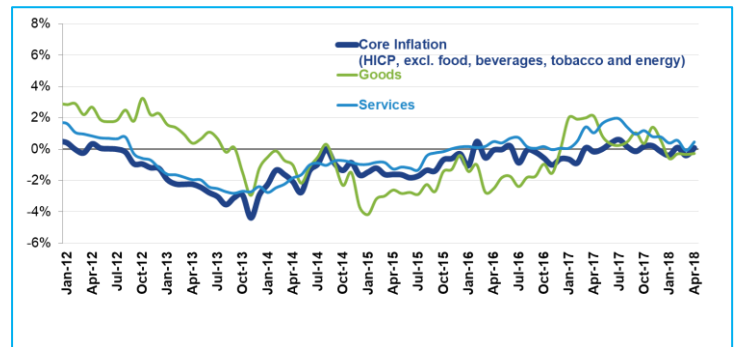
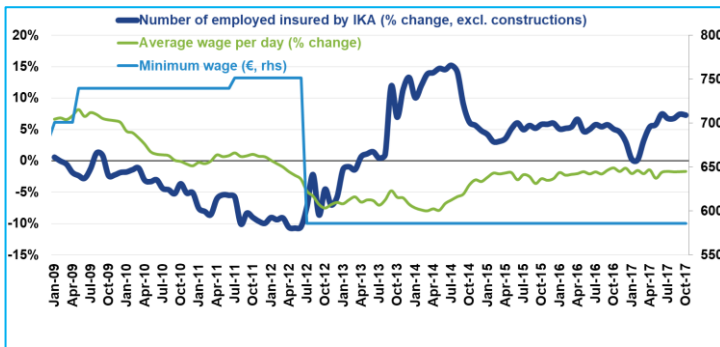
(ELSTAT, Feb. 2018)

The unemployment rate declined at a faster pace in the period Jan – Aug 2017, as a result of rising tourism and active labour policies implemented by the Hellenic Manpower Organisation (OAED). The decline slowed down after Sep 2017 (20.8% in Feb 2018), following partly the seasonality of previous years, while the beginning of tourist season is likely to strengthen employment in the following months.

NET HIRINGS

(ERGANI, Apr. 2018)

Net hirings grew at a faster pace in April 2018 (+100.2 thousand), resulting in Jan – Apr 2018 (+155.8 thousand posts) to an all-time best performance after since 2001.



NUMBER OF EMPLOYED INSURED BY IKA AND AVERAGE WAGE

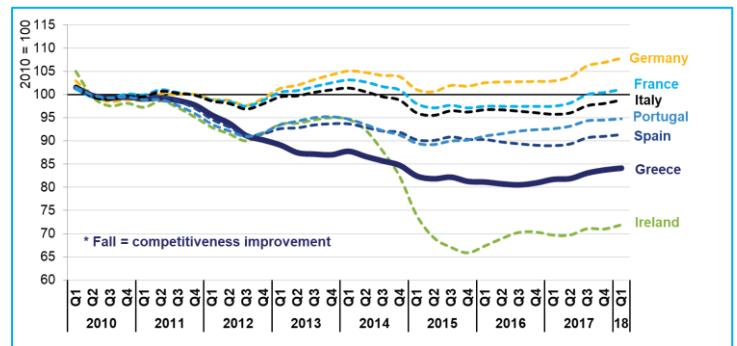
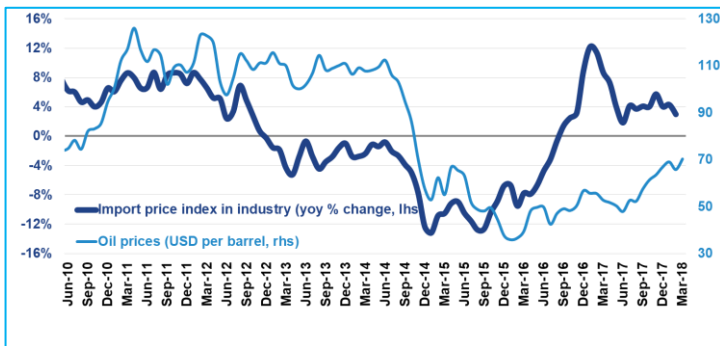
(Yoy % change, IKA, Oct. 2017)

The number of employed insured by IKA has been rising since April 2013. Part of this increase may be due to shifts from undeclared to formal employment. The growth rate was weakened in Jan. 2017 but rebounded in March, while average earnings continue to decline.

GOODS AND SERVICES INFLATION, CORE INFLATION

(ELSTAT, Apr. 2018)

Prices remained unchanged in April 2018, while core inflation was marginal (+0.1%) and price index at constant taxes rose by +0.4%, evincing increased demand in the economy, especially in the services sector.



IMPORT PRICE INDEX IN INDUSTRY AND OIL PRICES

(ELSTAT, Feb. 2018, Bloomberg, Mar. 2018)

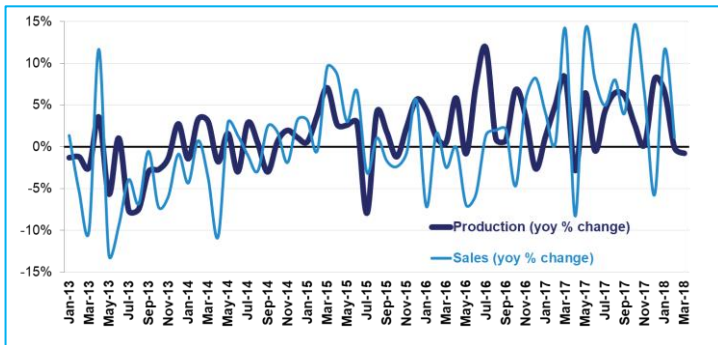
After almost 4 years of decline, import price index in industry is on the rise since Sep 2016 (+3% in Feb. 2018), while oil prices are moving upwards since June 2017.

PRICE AND COST COMPETITIVENESS: REAL EFFECTIVE EXCHANGE RATE

Reforms in recent years have contributed to the recovery of a significant part of Greece's competitiveness compared with other European countries. However, the improvement of the Greek competitiveness appears to be reversed since Q4 2016.



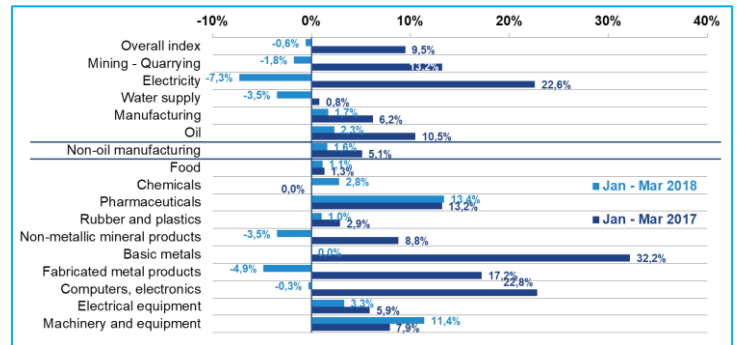
Industry, trade, services



PRODUCTION AND TURNOVER IN NON-OIL MANUFACTURING

(ELSTAT, Mar. 2018)

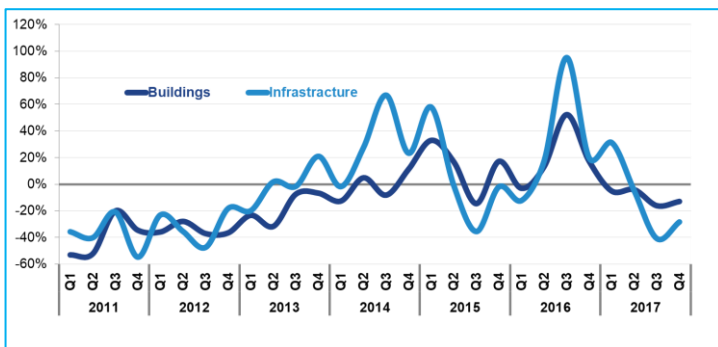
Despite declining marginally in February and March 2018 (-0.1% and -0.8% respectively), non-oil manufacturing production has been on the rise since the beginning of 2017, while in Q1 2018 it was higher by +1.6%, on top of +5.1% in Q1 2017.



INDUSTRIAL PRODUCTION BY SECTOR

(ELSTAT, Mar. 2018)

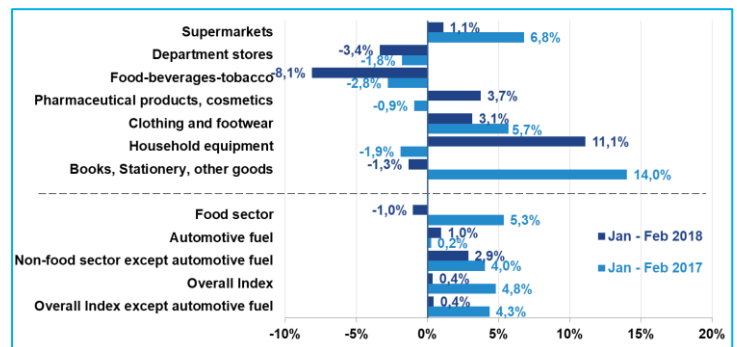
Greek non-oil manufacturing production has been favoured by the increased external demand and the implementation of large construction projects. With the completion of these projects and as global manufacturing output slows down after the strong growth of Q4 2017, non-oil manufacturing production growth is moderating, yet business expectations in industry move upwards.



VOLUME OF PRODUCTION IN CONSTRUCTION

(Yoy % change, ELSTAT, Q4 2017)

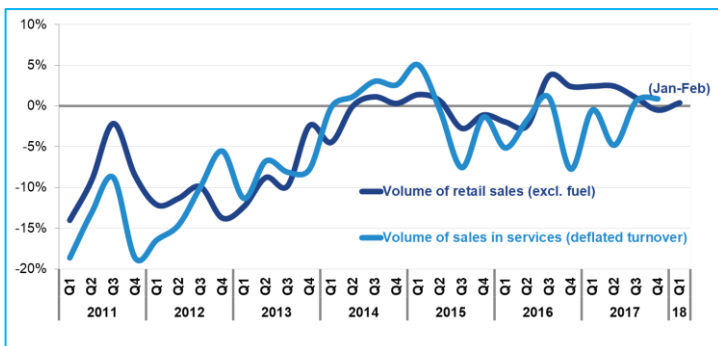
Although output in construction declined in 2017 (-14.6%) after three consecutive years of growth (+15.5% in 2014, +3.1% in 2015 and +22.9% in 2016), reflecting the completion of some major road construction projects, private building activity as measured by the volume in m3 of permits shows signs of recovery (+19.4% in 2017 and +41.7% in January 2018).



VOLUME OF RETAIL SALES

(% change by store category, ELSTAT, Feb. 2018)

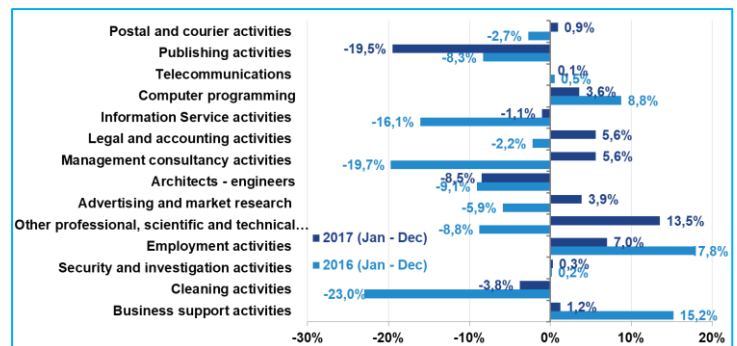
The trend in retail sales volume was mixed in Jan - Feb 2018, with increases in supermarkets, pharmacies and clothing, furniture and household equipment stores being offset by reductions in specialized food, beverages and tobacco stores and bookstores, mobile and new technology stores.



VOLUME OF RETAIL AND SERVICES SALES

(ELSTAT, Eurostat, Q4 2017, ELSTAT, Feb. 2018)

The rise of tourism, contributed to the recovery of sales volume in Services in Q3 and Q4 2017, which is likely to be sustained or strengthened in 2018.



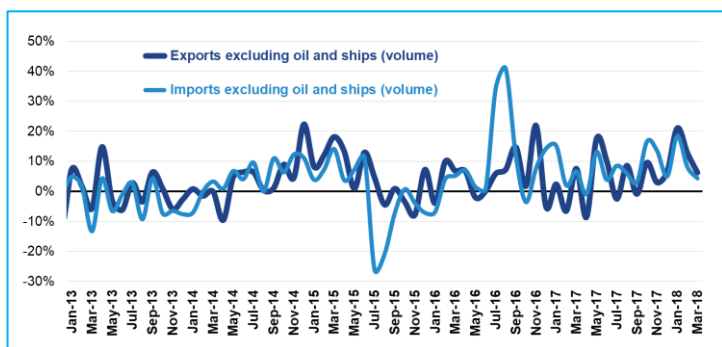
TURNOVER INDICES IN SERVICES

(ELSTAT, Q4 2017)

The sectors of employment activities, management consultancy activities and legal and accounting activities, contributed the most to the increase in services turnover in 2017 as a whole.

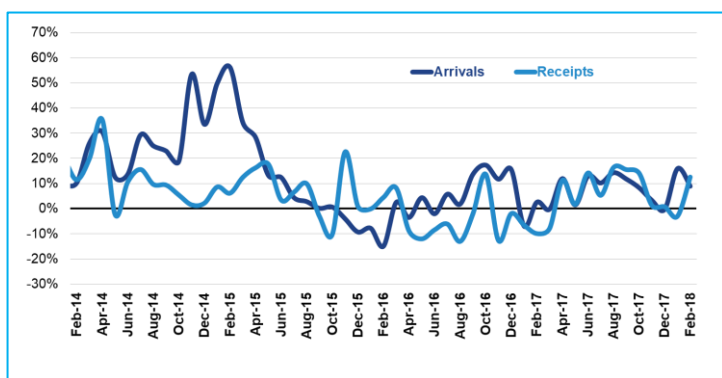


Exports, tourism



VOLUME OF NON-OIL EXPORTS AND NON-OIL IMPORTS OF GOODS
(ELSTAT, Mar. 2018)

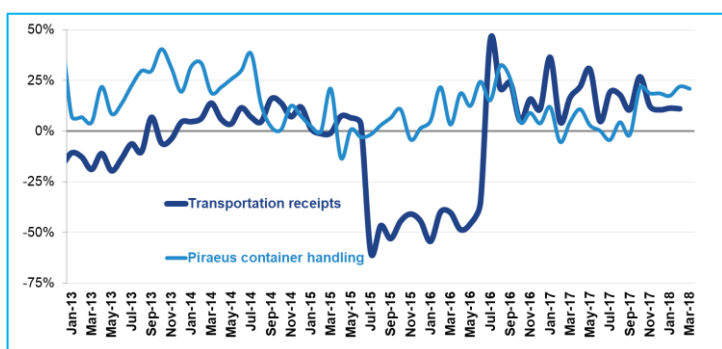
Exports of goods excluding oil and ships rose by +7.2% (+6.3% at constant prices) in March 2018, on top of +13.6% (+7.6% at constant prices) in March 2017, moving in positive territory for the 11th consecutive month.



TOURIST ARRIVALS AND RECEIPTS

(Bank of Greece, Feb. 2018)

Early indications regarding tourism performance show that, barring any unforeseen circumstances, there will be a new record of arrivals in 2018. In the period Jan – Feb 2018 tourist arrivals and receipts grew by +12.7% and +4.2% respectively.



TRANSPORTATION RECEIPTS

(BoG, Feb. 2018, Piraeus container handling: COSCO, Mar. 2018)

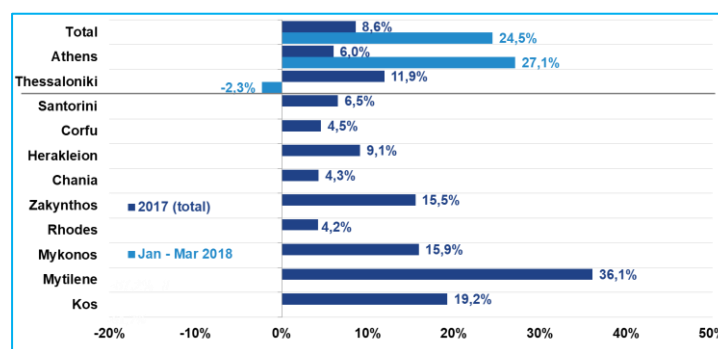
The gradual recovery of transport receipts (+11% in February 2018), along with the constant growth of Greek merchant fleet since the beginning of 2017 (+0.7% in the February 2018), indicate stabilising conditions in the shipping sector.

Group of products	Jan – Mar		%Δ	
	(€ mil.)			
	2017	2018		
Agricultural products	1,329.1	1,525.8	14.8%	
Food	1,014.4	1,115.8	10.0%	
Beverages / Tobacco	151.8	139.4	-8.2%	
Animal and vegetable oil	162.8	270.6	66.2%	
Crude Materials	320.3	339.2	5.9%	
Mineral Fuels	2,165.5	2,472.1	14.2%	
Industrial products	2,970.6	3,371.0	13.5%	
Chemicals	756.9	833.2	10.1%	
Goods classified by material	1,083.5	1,263.8	16.6%	
Machinery & transport equipment	626.5	728.6	16.3%	
Misc. manufactured articles	503.7	545.4	8.3%	
Not classified commodities	134.9	141.3	4.7%	
Total	6,920.3	7,849.4	13.4%	
Total excl. Oil	4,754.8	5,377.3	13.1%	
Memo item:				
	Jan - Dec:	2016	2017	%Δ
Manufactured products		15,548,3	16,858,7	8,4%
of which: Food / Beverages		3,141,4	3,261,2	3,8%
Crude materials & primary products		3,132,0	3,198,3	2,1%
of which: Agricultural products		2,038,3	1,889,4	-7,3%

EXPORTS BY PRODUCT

(ELSTAT, Eurostat, Mar. 2018)

Total exports of goods increased by +13.4% in the period Jan – Mar 2018, mainly due to rising exports of industrial products (+13.5%), especially industrial goods classified by material (+16.6%) and machinery (+16.3%).



INTERNATIONAL ARRIVALS AT MAIN AIRPORTS

(SETE, Mar. 2018)

International arrivals in the Greek airports increased by +24.5% in Jan-Mar 2018. Traffic in classic tourist destinations was particularly strengthened in 2017, while in Kos and in Mytilene the downward trend of 2016, mainly due to the refugee issue, was reversed.



SEV Members Financial Data

ASSETS
€368^{bn}
67% of total*



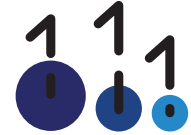
EQUITY
€60^{bn}
51% of total*



TURNOVER
€62^{bn}
43% of total*



PROFITS BEFORE TAXES
€2,4^{bn**}
30% of total**



EMPLOYEES
190.000
11% employees insured by IKA



WAGES
€4,8^{bn}
20% of total***



SOCIAL SECURITY CONTRIBUTIONS
€2,1^{bn}
20% of total***



TAXES ON PROFITS
€0,8^{bn}
29% of total****



* 20,500 financial statements for fiscal year 2015 included in ICAP database

** sum of reported profits

*** % of total regular earnings (excluding bonuses and overtime)/social security contributions of employees insured by IKA

**** % of total revenues from corporate income tax

Source: ICAP, IKA, Ministry of Finance



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